

Sub-Saharan Africa

Macro Poverty Outlook

Country-by-country Analysis and Projections for the Developing World

A teal, scalloped-edged circular badge containing the text "Spring Meetings 2022".

Spring
Meetings
2022



WORLD BANK GROUP
Macroeconomics, Trade & Investment
Poverty & Equity

© 2022 International Bank for Reconstruction and Development / The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: www.worldbank.org

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent.

The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Rights and Permissions

The material in this work is subject to copyright. Because The World Bank encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries on rights and licenses, including subsidiary rights, should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2625; e-mail: pubrights@worldbank.org.

Sub-Saharan Africa

Spring Meetings 2022

Angola
Benin
Botswana
Burkina Faso
Burundi
Cabo Verde
Cameroon
Central African Republic
Chad
Comoros
Congo, Dem. Republic
Congo, Republic

Côte d'Ivoire
Equatorial Guinea
Eritrea
Eswatini
Ethiopia
Gabon
The Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho

Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Rwanda
São Tomé and Príncipe

Senegal
Seychelles
Sierra Leone
Somalia
South Africa
South Sudan
Tanzania
Togo
Uganda
Zambia
Zimbabwe

ANGOLA

Table 1 **2021**

Population, million	33.9
GDP, current US\$ billion	81.8
GDP per capita, current US\$	2410.8
International poverty rate (\$1.9) ^a	49.9
Lower middle-income poverty rate (\$3.2) ^a	71.5
Upper middle-income poverty rate (\$5.5) ^a	88.5
Gini index ^a	51.3
School enrollment, primary (% gross) ^b	113.5
Life expectancy at birth, years ^b	61.1
Total GHG Emissions (mtCO2e)	112.5

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2015); Life expectancy (2019).

Angola recorded marginally positive GDP growth in 2021 following five consecutive years of economic contraction. With oil prices expected to remain high, the outlook for 2022 is favorable. However, despite improvements in macroeconomic policies in recent years, a legacy of underinvestment in physical and human capital poses considerable challenges to poverty reduction and economic diversification, leaving Angola highly exposed to risks from volatile oil prices, the pandemic, and climate change.

Key conditions and challenges

Angola remains excessively dependent on the oil sector. Although oil production declined by 39 percent since its peak in 2015, oil still accounts for 94 percent of exports as of 2021. This lack of diversification reflects the legacy of macroeconomic instability, underinvestment in infrastructure and human capital, and a challenging business environment. The decline in oil prices and production without growth elsewhere in the economy translated into a cumulative GDP contraction of 9.2 percent from 2015 to 2020, loss of formal jobs, and an increase in poverty, which has been exacerbated in recent years by high food inflation.

Underinvestment in the social sectors has resulted in low levels of schooling and poor health outcomes, such that Angola is among the countries with the lowest Human Capital Index (0.36 in 2020). Angola is also highly exposed to climate risks, with parts of the country continuously suffering from severe drought, floods, and soil degradation since around 2012.

Angola's economy suffered from COVID-19 indirectly through falling oil prices, but overall, the country has been relatively resilient against the pandemic. As of February 14, 2022, Angola had 55.9 COVID-19 deaths per million people (compared to 745.9 globally) and 10.9 million people (69.3 percent of the target

population) had received at least one dose of a COVID-19 vaccine.

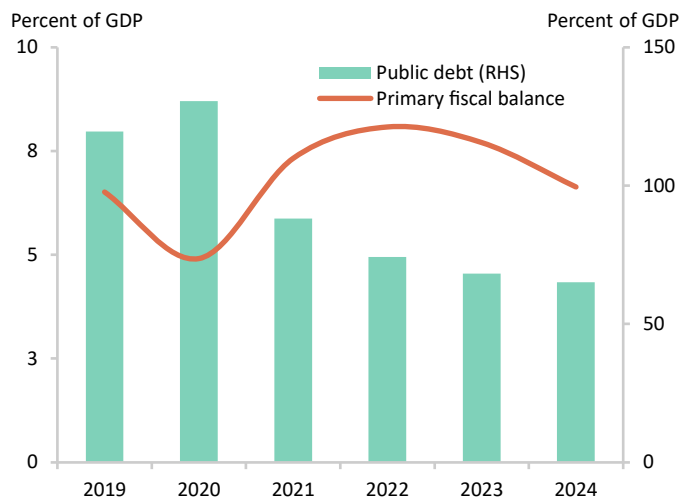
Main challenges include a steeper and renewed decline in oil production, limited economic diversification, difficulty in attracting foreign direct investment in non-oil sectors, as well as Angola's vulnerability to climate change. Moreover, food inflation, already at high levels, will likely be exacerbated by the increase in global commodity prices and economic uncertainty triggered by the Russian invasion of Ukraine and associated sanctions and supply disruptions.

Recent developments

Angola exited the recession in 2021, with growth expected at 0.2 percent as agriculture and services growth offset continued declines in oil production. Oil exports grew 60 percent while imports grew only 23 percent, widening the current account. This, together with an SDR allocation of US\$1 billion, increased Angola's net reserves, maintaining import coverage at around eleven months. Non-oil exports (wood, fish, granite, and beverages) remained small and volatile.

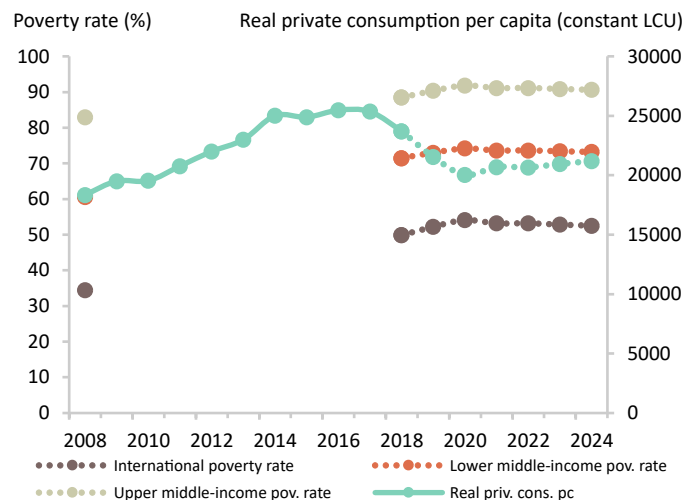
Largely because of higher oil prices, the exchange rate appreciated 13.4 percent YoY by December 2021, recovering almost a third of the 2020 depreciation. The stronger currency has not translated into lower inflation, which remains high at 27 percent, driven by high food prices and the lagged effect of monetary measures from 2020. In response, the central

FIGURE 1 Angola / Actual and projected public debt levels and primary balance



Sources: Angola Ministry of Finance, World Bank MTI.

FIGURE 2 Angola / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

bank raised the reference rate from 15.5 to 20 percent.

Higher oil receipts combined with buoyant non-oil revenues (especially VAT) led fiscal revenues to grow about 47.5 percent in 2021. Public spending growth, estimated at 18.6 percent, was driven by current spending as public investment grew by 0.2 percent. Most additional oil revenue was saved, increasing the primary surplus. This, together with currency appreciation and GDP growth, drove debt levels from 130.5 to 88.1 percent of GDP from 2020 to 2021. Consequently, bond yields declined, and Angola's credit rating was upgraded.

Employment declined to 61.2 percent of adults in Q4 2021 (from 62.8 percent a year earlier), with the vast majority (81 percent) employed in the informal sector. Food insecurity and poverty were exacerbated by limited employment opportunities and food inflation. After two years of stagnation, the minimum wage rose 50 percent against accumulated inflation of 52 percent. The Kwenda cash transfer program has about 500,000 out

of a projected 1.6 million vulnerable families enrolled, 300,000 of whom have received at least one transfer.

Outlook

With soaring oil prices, GDP growth is expected at 2.9 percent in 2022. The non-oil sector is expected to grow 2.3 percent, propelled by mining of diamonds and other minerals, the beverage and construction industry, agriculture and fisheries, and trade. With rising oil prices and a small but temporary recovery of oil production, oil sector growth is projected at 4.4 percent.

The 2022 budget keeps Angola on a path of fiscal consolidation. The government is expected to increase the primary surplus from 7.3 percent of GDP in 2021 to 8.1 percent of GDP, further decreasing public debt levels to 74.2 percent of GDP. This, however, remains subject to oil price risks as non-oil revenues are expected to increase only gradually. Despite continued monetary tightening and currency

appreciation, the government is expected to miss its inflation target of 18 percent due to rising global commodity prices which particularly affect staple foods.

Projections suggest that the share of the Angolan population living on less than US\$1.90 per day (2011 PPP) will remain at 53.2 percent in 2022 as economic growth fails to keep up with population growth. This includes over 1.3 million people facing severe hunger due to drought in some of the poorest provinces in the country. Meanwhile, the continued expansion of the Kwenda program and improvements in non-oil sectors are expected to increase the welfare of the poorest.

The risks to the outlook arise from possible future waves or variants of COVID-19, oil price volatility, and political uncertainty resulting from the 2022 elections. In addition, escalating geopolitical tensions or climate-related natural disasters can further disrupt global value chains and fuel food prices growth with potentially severe consequences for the food security and welfare of vulnerable households.

TABLE 2 Angola / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	-0.7	-5.5	0.2	2.9	3.1	3.3
Private Consumption	-6.2	-4.0	6.6	3.1	4.7	4.3
Government Consumption	-1.6	-7.1	6.5	2.8	2.5	4.4
Gross Fixed Capital Investment	-1.9	-1.6	8.0	3.0	4.5	5.5
Exports, Goods and Services	-5.9	-6.3	-10.8	4.3	1.3	-0.3
Imports, Goods and Services	-11.0	-21.7	6.0	6.0	8.0	6.5
Real GDP growth, at constant factor prices	-1.2	-6.7	0.2	2.9	3.1	3.3
Agriculture	-1.3	2.4	12.2	6.5	7.0	6.8
Industry	-3.6	-10.4	-9.1	0.8	-0.2	0.2
Services	2.2	-3.5	9.6	4.4	5.6	5.4
Inflation (Consumer Price Index)	17.1	22.3	25.6	20.0	12.3	9.5
Current Account Balance (% of GDP)	6.2	2.4	9.1	11.0	9.2	6.1
Net Foreign Direct Investment (% of GDP)	-2.1	-3.3	-3.2	-0.2	0.5	0.8
Fiscal Balance (% of GDP)	0.8	-1.9	2.5	2.9	2.0	1.5
Debt (% of GDP)	119.6	130.5	88.1	74.2	68.3	64.6
Primary Balance (% of GDP)	6.5	4.9	7.3	8.1	7.7	6.5
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	52.2	54.1	53.2	53.2	52.8	52.5
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	73.0	74.2	73.6	73.7	73.4	73.2
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	90.4	91.8	91.1	91.2	90.9	90.6
GHG emissions growth (mtCO₂e)	-5.0	-3.6	-1.5	-1.2	-0.4	-0.1
Energy related GHG emissions (% of total)	14.6	13.3	13.0	12.3	12.1	12.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-IDREA. Projection using point to point elasticity at regional level with pass-through = 0.7 based on private consumption per capita in constant LCU.

b/ Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

BENIN

Table 1 **2021**

Population, million	12.5
GDP, current US\$ billion	18.5
GDP per capita, current US\$	1487.0
International poverty rate (\$1.9) ^a	19.2
Lower middle-income poverty rate (\$3.2) ^a	51.3
Upper middle-income poverty rate (\$5.5) ^a	79.3
Gini index ^a	37.8
School enrollment, primary (% gross) ^b	114.2
Life expectancy at birth, years ^b	61.8
Total GHG Emissions (mtCO2e)	30.5

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2011 PPPs.
 b/ WDI for School enrollment (2020); Life expectancy (2019).

Backed by a rebound of services and dynamic construction sector, real GDP growth is estimated to have reached 6.6 percent in 2021, in-line with pre-COVID trends. The fiscal deficit deteriorated further as government extended its socio-economic response into 2021 and maintained capital expenditure levels, putting pressure on PPG debt. Global inflation, regional insecurity spreading through the northern border, and tightening global financial conditions cloud the outlook.

Key conditions and challenges

Prior to the pandemic, Benin experienced robust real GDP growth, averaging 6.4 percent between 2017-2019, due to a relatively favorable external environment and commitment to macroeconomic stability. The swift socio-economic response to COVID-19, combined with the continuation of large public infrastructure projects supported growth throughout 2020, keeping the real GDP deceleration among the lowest in SSA. The Government Action Plan (PAG) which initially covered the period 2016-2021 was extended to 2026 following the reelection of President Talon in April 2021, and PAG2 maintains its focus on strengthening governance and on ambitious infrastructure investments (transport, logistics, agriculture, and tourism).

Extending the recovery into the medium term will require continued structural reforms alleviating key constraints. First, productivity growth in services and industry has been slow, due to low quality education and skills mismatches. Second, the COVID-19 crisis highlighted a lack of resilience stemming from high gender disparities and inadequate social safety nets. Finally, even though fiscal consolidation efforts since 2016 enabled the use of countercyclical fiscal policy in response to the COVID-19 crisis, domestic revenue mobilization remains structurally weak, limiting fiscal space for productive spending.

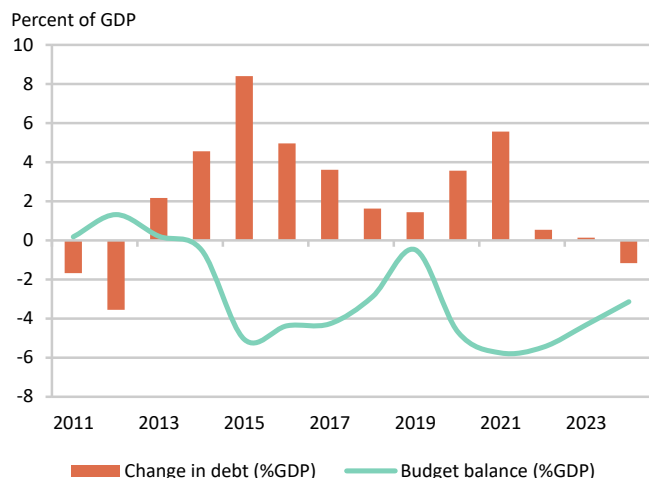
In terms of risks, sustained food and energy price volatility fueled by global geopolitical tensions would negatively impact poor and vulnerable households, increasing food insecurity and slowing poverty reduction. Extreme climate events would also cause damage and jeopardize agricultural output. Increased insecurity in the northern part of the country could threaten the economic development of these rural regions, push more households into fragility and trigger new security spending, reducing fiscal space. Finally, monetary policy tightening in advanced economies would put pressure on Benin's external financing and debt sustainability.

Recent developments

Real GDP growth is expected to have reached 6.6 percent in 2021, 3.8 percent in per capita terms, driven by a strong rebound of the tertiary and construction sectors. Private consumption (+3.9 percent) and total investment (+19.4 percent) benefited from easing cross border restrictions and large public investment projects. Inflation eased to 1.7 percent on average in 2021, notably on the back of lower energy prices until September 2021 and a good, yet delayed, local subsistence farming production.

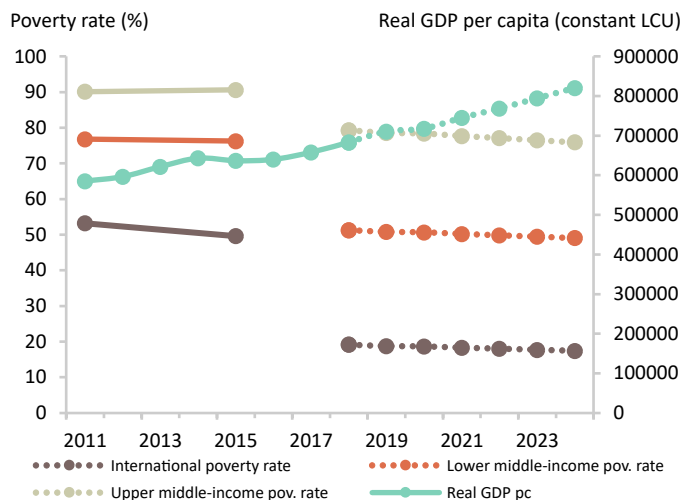
The external current account deficit (CAD) is estimated to have significantly deteriorated to -4.6 percent of GDP in 2021, after a temporary improvement to -1.7 percent of GDP in 2020. In 2021, the resumption of re-export activities following the end of the

FIGURE 1 Benin / Budget balance and change in public and publicly guaranteed debt



Source: World Bank.

FIGURE 2 Benin / Actual and projected poverty rates and real GDP per capita



Source: World Bank Notes: see Table 2.

border closure with Nigeria and the large import demand required for infrastructure projects fueled the deficit. The CAD was mainly financed by external commercial borrowing in 2021.

Fiscal policy remained expansionary for a second consecutive year with the fiscal deficit (incl. grants) up from 4.7 percent of the GDP in 2020, to 5.8 percent of GDP in 2021. The increase was mostly driven by capital expenditure and the extension of COVID related current spending. Revenues, excluding grants, increased from 12.7 to 13.4 percent of GDP in 2021, due to higher customs revenues and resilient tax revenues. Public and publicly guaranteed (PPG) debt increased to 51.7 percent in 2021 (+9.2 ppt compared to 2019), with Eurobond issuances representing the bulk of 2021's financing.

Benin's monetary and exchange rate policies are managed by the Central Bank of West African States (BCEAO), which maintains a fixed peg between the CFA Franc and the Euro. Its reserves reached 5.8 months of imports of goods and services in 2021, as a result of increased exports, the August 2021 SDR allocation, and portfolio inflows linked to Eurobond issuances in the region.

Poverty and vulnerability remain high. The poverty rate based on the national poverty line was 38.5 percent in 2019, with strong spatial disparities: rural poverty

stood at 44.2 percent, +12.8 ppts higher than in urban areas. Poverty reduction (\$1.9 a day, 2011 PPP) based on the 2018 EHCVM was estimated at 19.2 percent, and it slightly slowed down in 2021 (-0.5 percent y-o-y) versus 2020, as extreme poor represented 18.3 percent of the population end-2021.

Outlook

The ongoing war in Ukraine and its repercussions in fuel and food prices, are expected to negatively weigh on the short term outlook. Real GDP growth is expected to decelerate to 5.9 percent in 2022, before stabilizing at around 6 percent with fiscal consolidation muting the rebound. A gradual shift from public to private investments in the medium term is expected to drive growth on the demand side, underpinned by the implementation of the PAG 2.

Inflation is projected to sharply increase to 3.9 percent in 2022, and gradually abate as the impact of the ongoing conflict in Ukraine recedes.

The current account deficit (including grants) is expected to widen to 6 percent of GDP in 2022, as import prices rise driven by imports from construction and energy sectors. The CAD will be mainly financed

by regional bond emissions and concessional financing.

Swift response to alleviate the surge in food and fuel prices on households, will keep the fiscal deficit (including grants) high at 5.5 percent of GDP in 2022. A revenue-based fiscal consolidation is expected to narrow the fiscal deficit to 4.4 percent in 2023 and reach the WAEMU target of 3 percent of GDP by 2025. As a result, PPG debt is expected to peak at 52.4 percent end 2023 before gradually decreasing.

WAEMU reserves are expected to fall to around 5.5 months of imports in 2022 and 5.3 months in 2023 and 2024, reflecting faster growth in imports and a reduction in net capital inflows (as a percent of GDP), as the environment for Eurobond issuances remains uncertain. Growth-friendly fiscal consolidation and the implementation of structural reforms are key to maintaining reserves at an optimal level.

Poverty reduction is expected to gradually revert to its pre-crisis downward trend as the economy rebounds, but recent increases in food and energy prices could slow its pace. On the back of improved employment indicators, and social protection programs, the \$1.9/day PPP poverty headcount rate is expected to decrease to 18 percent in 2022 (-0.3 percent y-o-y), and to 17.4 percent by 2024.

TABLE 2 Benin / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	6.9	3.8	6.6	5.9	6.1	6.0
Private Consumption	3.5	3.0	3.9	3.5	3.6	4.3
Government Consumption	5.8	19.6	8.5	9.2	-2.0	3.0
Gross Fixed Capital Investment	8.4	-10.9	11.6	11.0	15.4	10.2
Exports, Goods and Services	-1.6	-15.4	23.8	14.0	8.3	5.8
Imports, Goods and Services	-6.1	-21.5	19.8	13.4	6.9	4.6
Real GDP growth, at constant factor prices	6.9	3.8	6.6	5.9	6.1	6.0
Agriculture	7.2	1.8	3.2	5.0	5.4	5.5
Industry	6.2	5.2	9.4	8.4	9.5	10.1
Services	7.1	4.5	7.4	4.7	3.9	2.9
Inflation (Consumer Price Index)	-0.9	3.0	1.7	3.9	2.5	2.0
Current Account Balance (% of GDP)	-4.0	-1.7	-4.6	-6.0	-5.3	-4.8
Net Foreign Direct Investment (% of GDP)	1.3	0.5	1.4	1.5	1.8	2.2
Fiscal Balance (% of GDP)	-0.5	-4.7	-5.8	-5.5	-4.3	-3.1
Debt (% of GDP)	42.5	46.1	51.7	52.2	52.3	51.2
Primary Balance (% of GDP)	1.1	-2.7	-3.6	-3.7	-2.6	-1.6
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	18.8	18.7	18.3	18.0	17.7	17.4
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	50.8	50.7	50.2	49.8	49.5	49.1
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	78.6	78.4	77.7	77.1	76.5	75.9
GHG emissions growth (mtCO₂e)	1.6	2.3	4.2	3.6	3.3	3.5
Energy related GHG emissions (% of total)	35.2	36.0	38.0	39.4	40.6	41.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2011-EMICOV, 2015-EMICOV, and 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using point to point elasticity at regional level with pass-through = 0.7 based on GDP per capita in constant LCU.

BOTSWANA

Key conditions and challenges

Table 1	2021
Population, million	2.4
GDP, current US\$ billion	16.5
GDP per capita, current US\$	6849.4
International poverty rate (\$1.9) ^a	14.5
Lower middle-income poverty rate (\$3.2) ^a	36.5
Upper middle-income poverty rate (\$5.5) ^a	59.1
Gini index ^a	53.3
School enrollment, primary (% gross) ^b	103.2
Life expectancy at birth, years ^b	69.6
Total GHG Emissions (mtCO2e)	59.1

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2015), 2011 PPPs.
 b/ WDI for School enrollment (2015); Life expectancy (2019).

Botswana's economic growth is projected to moderate to 4.1 percent in 2022 following a 12.1 percent rebound last year. Despite the headwinds created by COVID-19, economic growth surpassed expectations. Structural policies to deliver a stronger, resilient, equitable and sustainable recovery remain key to tackle among others the unemployment rate of 26 percent and the projected poverty rate of 56.6 percent in 2021, based on the upper middle-income country poverty line.

Botswana has historically enjoyed strong and stable growth since independence supported by the discovery of large diamond deposits and prudent use of the proceeds. The limitations of the existing diamond sector-led development model have become increasingly pronounced: growth remains sluggish, job creation is low, and inequality is high. Weakened global demand has kept diamond proceeds below pre-global financial crisis levels and competition from synthetic diamonds and higher production costs have added further pressures.

Since 2015, continued fiscal expansion to support growth has created large fiscal deficits, eroded buffers and weakened the external position. Low capital accumulation and sluggish productivity constrained growth in the non-diamond economy. Unemployment remains high, as the private sector struggles to create jobs due to high costs/barriers to doing business and the mismatch between poor domestic supply of skills and high demand.

COVID-19 exacerbated existing economic and social challenges, setting back some gains made in alleviating poverty, underscoring the urgent need for a significant shift towards a more diversified and export-led economy, with the private sector playing a leading role. Improving public sector spending efficiency,

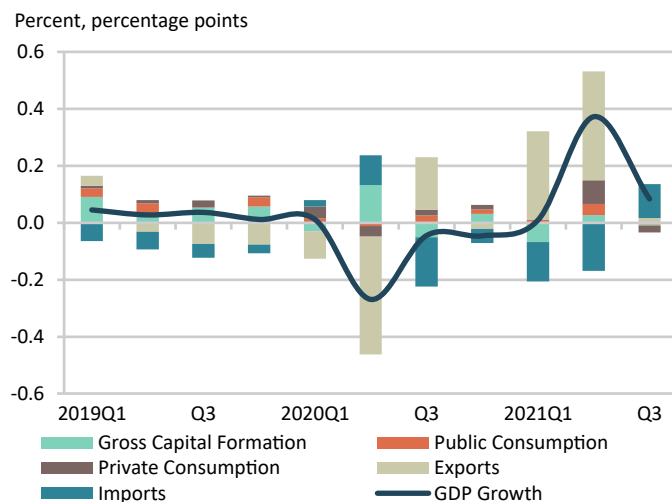
rationalizing the SOE sector and addressing constraints that hinder private sector engagement in trade and investment are central to the recovery.

Recent developments

Botswana's economy rebounded strongly in 2021 led by the mining sector. GDP growth is estimated to have bounced back to 12.1 percent in 2021, following a contraction of 8.5 percent in 2020, driven by a rebound in diamond activity. Botswana's economy grew 13.5 percent over Q1-Q3 2021 year-on-year (y-o-y). Supported by the rollout of COVID-19 vaccines, domestic consumption also significantly contributed to the recovery. Diamond prices returned to pre-pandemic levels after a sharp decline in 2020. Diamond mining increased 35.4 percent over Q1-Q3 2021, contributing 6.1 percent to overall GDP growth. Non-mining sectors showed more mixed recovery trajectories. The hospitality sector remained affected by intermittent restrictions. Unemployment peaked from 24.5 percent in Q42020 to 26 percent in Q42021. Poverty is projected to have declined to 56.6 percent in 2021 after a projected sharp increase in 2020, based on the upper middle-income country poverty line and remains high compared to other upper middle-income countries.

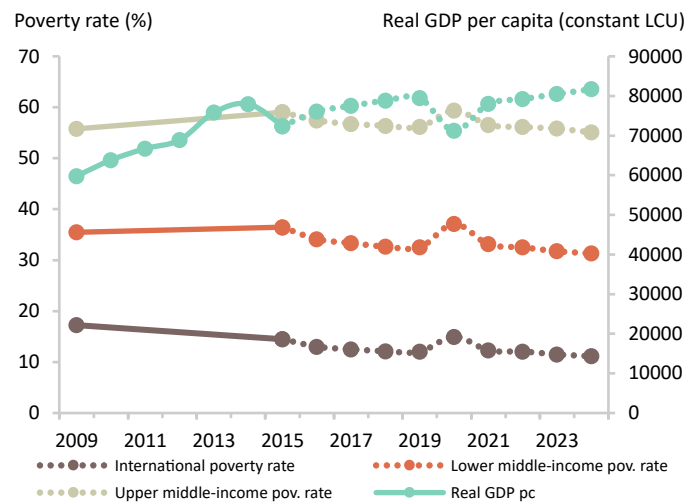
CPI averaged 6.7 percent in 2021 compared to 1.9 percent in 2020. Inflationary pressures were on an upward trajectory driven by adjustments to regulated

FIGURE 1 Botswana / Real GDP growth and contributions to real GDP growth



Source: Statistics Botswana.

FIGURE 2 Botswana / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

prices, notably utilities, VAT, Botswana Housing Corporation rentals, and increases in domestic fuel prices. Bank of Botswana maintained an accommodative monetary policy stance, maintaining the repo rate at 3.75 percent. The current account deficit narrowed in 2021 to an estimated 2.1 percent of GDP, buoyed by the rebound in diamond exports. Foreign exchange reserves are estimated to have increased from P58.8 billion (US\$4.9 billion) in December 2020 to P61.1 billion (US\$5.2 billion) in November 2021 with sound reserves at 10 months of import cover.

With the Government channeling fiscal resources towards healthcare and supporting the economy, the 2020 projected deficit increased to 9.4 percent of GDP hence further Government Investment Account drawdowns, dropping balances from US\$ 1.6 billion in 2020 to an all-time low of US\$ 0.8 billion as of September 2021. Debt is projected to reach 25.5 percent of GDP in 2021 from 23.9 percent in 2020.

Outlook

The outlook is not without substantial downside risks as the emergence of new COVID-19 variants pose a threat to the recovery. Prolonged higher inflation leading to monetary tightening around the world could slow the recovery exacerbated by the Ukraine-Russia conflict through high food and fuel prices. Muted mineral receipts against envisaged lower SACU receipts would dampen the fiscal position. Poverty levels are projected to reach 56.2 percent in 2022 (measured using the upper-middle-income country poverty line, US\$5.5/person/day in 2011PPP).

Growth is envisaged to moderate in 2022 but still maintain a robust recovery at 4.1 percent as the base effects from the pandemic shock fade. Progress in vaccination will support economic activity, especially in the non-mining sectors that have continued to be significantly affected by the pandemic in 2021. Diamond activity is also

poised to remain robust, supported by external demand. Investment in renewable energy projects will support growth and contribute to removing the energy supply constraint to higher private sector activity. Abundant copper reserves coupled with record-high copper prices will add the needed impetus. Implementation of structural reforms will support growth over the medium term as Government pursues fiscal consolidation. Growth is expected to average 4 percent over 2023-24.

The current account deficit is expected to narrow to 0.6 percent of GDP in 2022 and record a surplus of 1.6 percent of GDP in 2023 as the rebound in diamond production and favorable terms of trade owing to subdued diamond supply in Russia anchor the projected drop in SACU revenues. The fiscal deficit is expected to decline to 4.2 percent of GDP in FY2022/23, driven by higher revenue collection while expenditure remain under pressure. Public debt is estimated to reach 27.2 percent of GDP this year and 26.8 percent by 2023, driven by external borrowing.

TABLE 2 Botswana / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	3.0	-8.5	12.1	4.1	4.0	4.0
Private Consumption	3.5	-2.7	6.2	6.0	4.2	4.0
Government Consumption	9.8	3.6	0.7	-5.2	-2.2	-1.8
Gross Fixed Capital Investment	10.2	-7.7	7.0	4.1	4.0	4.1
Exports, Goods and Services	-7.1	-18.1	44.0	9.2	8.3	7.3
Imports, Goods and Services	11.9	5.2	5.1	5.0	4.9	4.8
Real GDP growth, at constant factor prices	3.2	-8.9	12.1	4.1	4.0	4.0
Agriculture	3.0	-1.7	3.0	3.0	2.8	2.6
Industry	-1.5	-20.6	26.7	4.6	4.4	4.4
Services	6.8	-0.8	4.1	3.8	3.8	3.8
Inflation (Consumer Price Index)	2.8	1.9	6.7	7.5	4.5	4.5
Current Account Balance (% of GDP)	-8.4	-10.6	-2.1	-0.6	1.6	1.9
Net Foreign Direct Investment (% of GDP)	1.3	-0.6	0.6	0.8	1.2	1.2
Fiscal Balance (% of GDP)^a	-6.2	-9.4	-5.7	-4.2	-0.5	0.0
Debt (% of GDP)	21.2	23.9	25.5	27.2	26.8	26.4
Primary Balance (% of GDP)^{a,b}	-5.5	-8.7	-4.9	-3.4	0.3	1.1
International poverty rate (\$1.9 in 2011 PPP)^{c,d}	12.0	15.0	12.3	12.1	11.5	11.2
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{c,d}	32.5	37.1	33.1	32.5	31.8	31.4
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{c,d}	56.2	59.4	56.6	56.2	55.8	55.1
GHG emissions growth (mtCO2e)	0.6	-1.4	3.7	0.4	0.3	0.4
Energy related GHG emissions (% of total)	17.2	15.7	16.8	17.2	17.4	17.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Fiscal balances are reported in fiscal years (April 1st -March 31st).

b/ Refers to Public and Publicly Guaranteed debt.

c/ Calculations based on 2015-BMTHS. Actual data: 2015. Nowcast: 2016-2021. Forecasts are from 2022 to 2024.

d/ Projection using neutral distribution (2015) with pass-through = 0.87 based on GDP per capita in constant LCU.

BURKINA FASO

Key conditions and challenges

Recent developments

Table 1 2021

Population, million	21.5
GDP, current US\$ billion	18.0
GDP per capita, current US\$	839.4
International poverty rate (\$1.9) ^a	33.7
Lower middle-income poverty rate (\$3.2) ^a	61.8
Upper middle-income poverty rate (\$5.5) ^a	80.0
Gini index ^a	47.3
School enrollment, primary (% gross) ^b	92.6
Life expectancy at birth, years ^b	61.6
Total GHG Emissions (mtCO2e)	62.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

The economy grew by an estimated 7.0 percent in 2021 (4.2 percent in per-capita terms), with investment-led growth in services, gold mining, and manufacturing. Due to supply bottlenecks in the agricultural sector, food insecurity remains high, and inflation approached a 10-year peak. The transition government, in place since the January 2022 coup d'état, faces significant challenges in addressing the multifaceted security, humanitarian, and food crises.

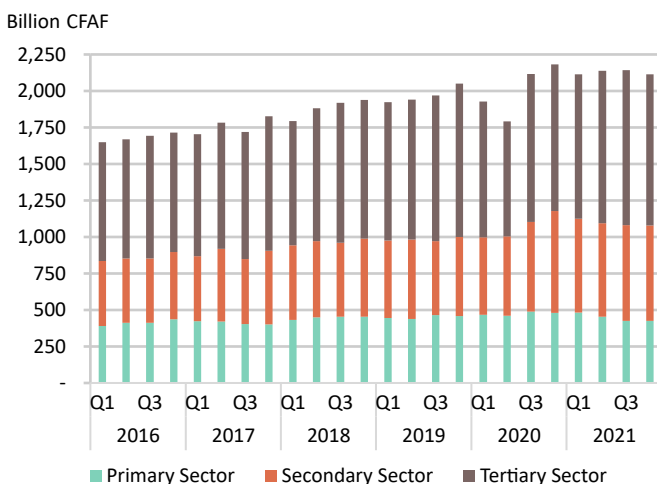
Over the past decade, the primary (mainly agriculture) sector has declined in importance, now contributing less than 20 percent to the economy, with a booming gold industry generating almost 20 percent of GDP and 85 percent of exports. Services account for nearly half of GDP, with the public and retail sectors creating most jobs and output. With an increasingly violent security context outside the capital, about a quarter of schools have closed in the two most affected regions, and the number of internally displaced persons reached 1.8 million as of March 2022.

Economic prospects are uncertain after the recent unconstitutional regime change, combined with growing insecurity, the impact of climatic change, and the lingering effects of COVID-19. On January 24, 2022, a military junta seized power in response to the worsening security situation, which reduced international community financial support and could prompt economic sanctions by ECOWAS, the regional bloc from which the country got suspended. The primarily rain-fed agriculture and livestock sectors remain highly vulnerable to climatic shocks and natural disasters, particularly droughts, floods, and locust invasion. A resurgence of COVID-19, with less than 20 percent of the population vaccinated, could also subdue domestic demand and hurt the services sector.

Following a sharp recovery in the second half of 2020, GDP growth remained strong in 2021, estimated at 7.0 percent. This reflected a strong rebound in services and robust gold production and was supported by private investment, mainly into mines, air transport, and beverages. The fiscal deficit remained above 5 percent as the government implemented the Economic Recovery Plan in response to COVID-19 while enacting additional security spending. Despite robust gold production, the trade deficit deteriorated, with imports rising faster than exports. With lower donor grants, the current account deficit is estimated to have widened to 3.0 percent of GDP.

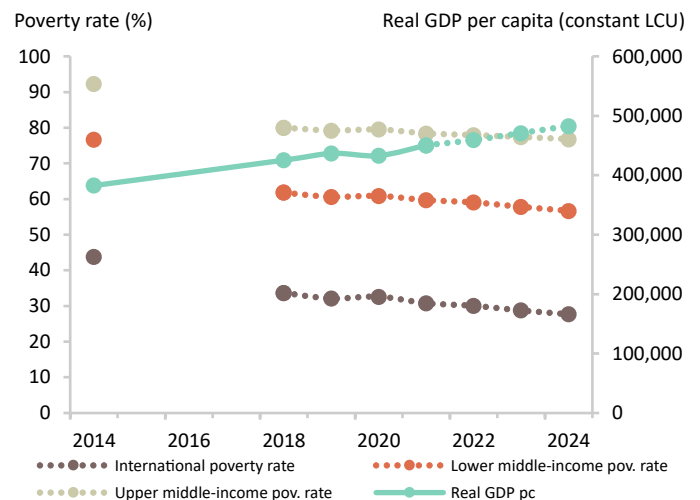
Fueled by an accommodative monetary stance and rising food prices (+14.7 percent) on account of a sharp contraction in agricultural output, inflation (CPI) reached 3.9 percent in 2021, a 10-year high. Food inflation is a particular concern for the poor, as food accounts for 48 percent of their total consumption. The Central Bank of West African States (BCEAO) manages the monetary and exchange rate policies, which maintains a fixed peg between the CFA Franc and the Euro. Its reserves reached 5.8 months of imports of goods and services in 2021 due to increased exports, the August 2021 SDR allocation, and portfolio inflows linked to Eurobond issuances in the region (by Benin, Côte d'Ivoire, Senegal, and BOAD).

FIGURE 1 Burkina Faso / Real GDP and sectoral decomposition of real GDP



Source: World Bank staff estimates based on the national statistical institute (INSD) data.

FIGURE 2 Burkina Faso / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

The international extreme poverty rate (US\$1.9/day per capita, 2011 PPP) increased by about half a percentage point to 32.6 percent in 2020, resulting in an additional 290,000 extreme poor. In 2021, poverty projections based on per-capita GDP growth estimated a decline to 30.8 percent. Food insecurity (as measured by the FIES) has followed the same pattern, rising from 44 percent in 2018 to 53 percent in June 2020 and then falling to 37 percent by June 2021 (phone surveys). However, the decline in poverty may be overestimated as mining and services growth is unlikely to quickly translate into increased incomes for poor and rural households, and the same surveys find that almost half of households had lower incomes in 2021, compared to 2020, with only 28 percent reported an increase.

Outlook

Over the medium term, the economy is expected to continue slightly below its pre-pandemic growth path amidst heightened uncertainty. Real GDP growth is projected

at 4.8 percent in 2022, assuming that there continue to be no significant sanctions from the international community in response to the January coup d'état and transition arrangements. Growth is expected to be driven by private consumption and a rebound in agriculture, while the current account deficit may widen further due to high oil prices and a decline in donor grants after the coup.

The fiscal deficit is projected to worsen in 2022 due to increased security spending and lower grants before gradually converging toward the WAEMU fiscal target of 3 percent of GDP by 2025. Over the medium term, further tax reforms and wage bill controls could significantly lower the fiscal deficit. Burkina Faso remains at moderate risk of external and overall public debt distress, with some space to absorb shocks on external debt.

WAEMU regional foreign exchange reserves are expected to fall to around 5.3 months of imports by 2024, reflecting faster growth in imports and a reduction in net capital inflows (as a percent of GDP), as the environment for Eurobond issuances remains uncertain. Growth-friendly fiscal consolidation and structural

reforms are crucial to maintaining reserves at an optimal level.

The extreme poverty rate is projected to continue to fall by about one percentage point a year over the medium term. The number of poor is also projected to decrease. Still, with high population growth, this means only 50,000 to 100,000 would escape poverty each year, and over 6 million Burkinabe will remain poor for the foreseeable future. Food insecurity is expected to deteriorate due to poor harvests in 2021 and rising food prices, with the situation particularly severe in the north.

There are significant downside risks to the economic outlook with multiple domestic risks, including further political instability, climate shocks, local COVID outbreaks, and widespread social discontent from high food inflation and insecurity. The economic consequences of the Russia-Ukraine war would primarily be through higher global food (grains and fertilizer) and energy prices. The projections already reflect recent sharp price increases of oil, gas, metals, minerals, and agricultural commodities since January 2022, including gold, which benefits Burkina Faso.

TABLE 2 Burkina Faso / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.7	1.9	7.0	4.8	5.4	5.3
Private Consumption	3.5	8.6	3.4	9.9	3.4	5.4
Government Consumption	13.4	8.0	6.6	13.7	12.5	3.2
Gross Fixed Capital Investment	3.0	-4.0	29.1	-9.2	6.2	8.0
Exports, Goods and Services	-0.3	-3.6	6.5	9.7	4.5	3.4
Imports, Goods and Services	-2.8	10.0	15.5	10.7	5.1	4.8
Real GDP growth, at constant factor prices	5.9	2.6	7.0	4.8	5.4	5.3
Agriculture	2.1	6.3	-4.1	6.3	4.6	6.2
Industry	2.7	15.6	11.0	4.8	5.9	6.9
Services	9.8	-6.0	10.6	4.1	5.5	3.9
Inflation (Consumer Price Index)	-3.2	1.9	3.9	5.0	3.5	3.0
Current Account Balance (% of GDP)	-3.3	-0.2	-3.0	-4.8	-4.7	-4.9
Net Foreign Direct Investment (% of GDP)	0.9	0.6	0.5	0.5	0.6	0.6
Fiscal Balance (% of GDP)	-3.3	-5.5	-5.5	-6.6	-5.1	-3.8
Debt (% of GDP)	42.0	46.3	55.0	59.3	58.4	56.4
Primary Balance (% of GDP)	-2.1	-4.2	-4.0	-4.4	-2.9	-1.8
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	32.1	32.6	30.8	30.1	28.8	27.7
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	60.6	60.9	59.7	59.0	57.8	56.7
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	79.2	79.5	78.4	77.9	77.4	76.8
GHG emissions growth (mtCO₂e)	4.3	4.7	4.4	5.1	5.0	4.9
Energy related GHG emissions (% of total)	10.5	10.9	10.7	11.2	11.7	12.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.87 based on GDP per capita in constant LCU.

BURUNDI

Table 1 **2021**

Population, million	12.3
GDP, current US\$ billion	3.5
GDP per capita, current US\$	287.3
International poverty rate (\$1.9) ^a	72.8
Gini index ^a	38.6
School enrollment, primary (% gross) ^b	119.0
Life expectancy at birth, years ^b	61.6
Total GHG Emissions (mtCO2e)	9.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2013), 2011 PPPs.
b/ Most recent WDI value (2019).

Economic growth is estimated at 1.8 percent in 2021 from 0.3 percent in 2020, driven by agriculture and a recovery in services. Industrial growth was subdued due to mining disputes. While recovery is expected to accelerate over the medium term, the country faces serious downside risks, including from fiscal slippages and inadequate external financing. Poverty continued to rise, reflecting the negative per capita GDP growth as population growth remains high.

Key conditions and challenges

Burundi's development has been hampered by structural weaknesses locking the economy in a low-level equilibrium sustained by mutually reinforcing fragility and poverty. Burundi faces a multidimensional fragility trap with recurring political instability, low economic diversification, high population growth, and environmental degradation, leading to low and volatile growth. The business environment is not conducive to private sector development. The cessation of most aid since 2015 constrained the government's ability to build infrastructure. These weaknesses have been exacerbated by inconsistent macroeconomic policies including foreign exchange restrictions, exchange rate overvaluation, fiscal dominance of monetary policy, and high public sector indebtedness. These factors lead to low capital accumulation, weak productivity growth and limited structural transformation of the economy and contribute to higher poverty rates and curtailed human capital development. The COVID-19 outbreak has increased the economy's vulnerability with a deterioration of macroeconomic accounts. A recent survey revealed that off-farm incomes decreased and food insecurity rose while large proportions of businesses reported declining sales, difficulty accessing inputs and cash flow crunches. The national development plan 2018-2027 and the President's program for peace consolidation,

social stability and economic growth aims to sustain growth and resilience by boosting promising sectors, developing human capital, enhancing environmental protection, and strengthening institutional capacity. Implementing this agenda poses significant financing needs and requires deeper economic reforms.

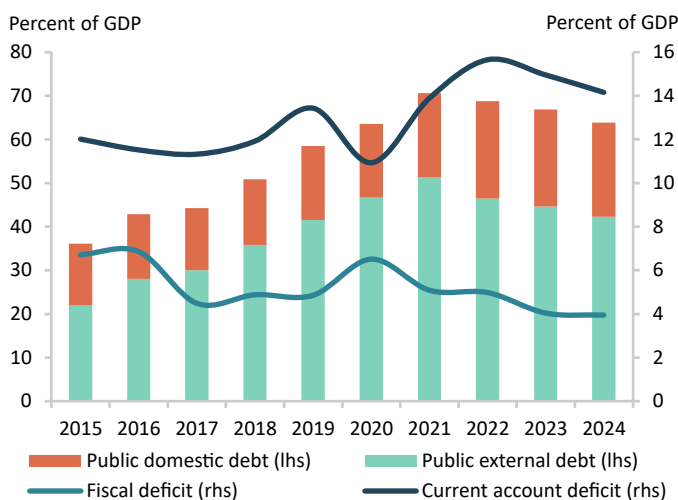
The rising oil and wheat prices resulting from the Russian invasion and associated sanctions, represent a negative term - of trade shock likely to slow economic growth, accelerate inflation, and increase fiscal and current account deficits. Although projected to accelerate in the medium term, economic growth in 2022 and 2023 will be lower than initially projected, which further complicates efforts to reverse poverty trends. The fiscal and current account deficit are projected to remain high in 2022 before improving gradually over the medium term.

Recent developments

Growth in 2021 reached 1.8 percent from 0.3 percent in 2020, with a rebound in services and steady agriculture growth. Industrial growth was subdued due to the ongoing suspension of mining activities as contracts were renegotiated. Private consumption and investment supported growth on the demand side. Inflation accelerated to 8.3 percent in December 2021 from 7.5 percent a year before, driven by food prices.

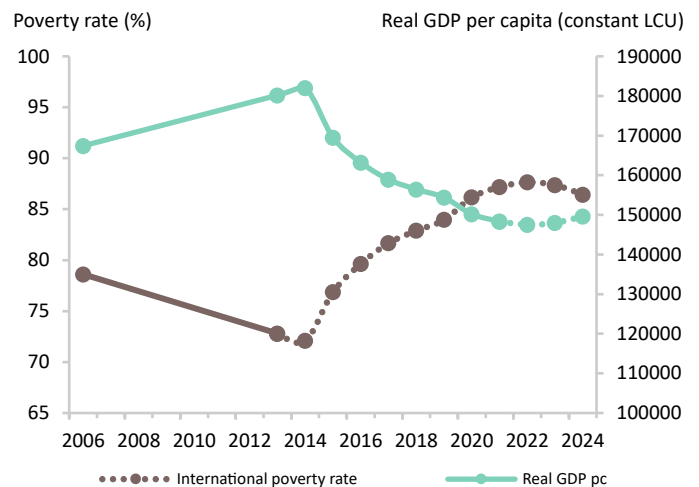
The fiscal deficit remained high at 5.1 percent of GDP in 2021 from 6.5 percent of

FIGURE 1 Burundi / Public debt, fiscal and current account deficits



Sources: Official statistics and World Bank calculations.

FIGURE 2 Burundi / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

GDP in 2020. The increase in revenue mobilization was not enough to cover expenditures, with increased interest payments. The fiscal deficit continues to be financed mainly by domestic borrowing, bringing public debt to 70.6 percent of GDP (73 percent of which is domestic debt).

Driven by oil prices, the current account deficit (CAD) remained high at 13.9 percent of GDP in 2021, primarily financed by trade credits. Despite higher prices for Burundi's main exports, export earnings declined due to the absence of gold exports following the suspension of mining. The increase in export volumes focused on a few regionally traded products (e.g., beer). Imports of both capital and consumption goods increased. The SDR issuance strengthened international reserves, covering 4.3 months of imports at end-October 2021 from 0.8 months a year before. The exchange rate remained overvalued with the parallel market premium averaging 70 percent (end-December 2021).

Burundi's Human Capital Index remains low at 0.39, with stunting and learning poverty at 52.2 and 93 percent, respectively. Literacy remains particularly low among women and rural residents. With high population growth, any demographic dividend remains out of reach. GDP

growth per capita remains negative, with poverty estimated at 87.2 percent in 2021 (based on international poverty line of \$1.90/day, in 2011 PPP), from 72.8 percent in 2013 (the last year with data availability).

Outlook

Growth is projected to range between 2.5 - 4.1 percent in 2022-24. Services should continue to recover while agriculture will keep its growth pace assuming favorable rainfall. Industrial growth is projected to accelerate due to a loosening of forex constraints from the SDR allocation, and assuming resolution in mining disputes and increased power generation. Private consumption and public investment are projected to remain high given economic recovery and public infrastructure programs. The fiscal deficit is projected to 5 percent of GDP in 2022 before narrowing in 2023-24 as current spending is contained and revenue collection increases. However, the deficit will remain high at 4 percent of GDP as external grants increase only gradually. Public debt is expected to decrease to 64 percent of GDP by 2024. The

CAD is expected to average 14 percent of GDP in 2024, since export growth (expected from minerals and traditional exports) will be offset by higher imports driven by higher consumption growth and exchange rate overvaluation. The share of the population living below 1.90/day (2011 PPP), is projected to reach 86.4 percent in 2024.

The outlook is vulnerable to climatic hazards, fiscal risks, and further spillover effects of the Ukraine/Russia conflict. Domestic fiscal risks include weaker growth performance and higher domestic debt service costs. External fiscal risks include weaker grants and higher interest rates on external borrowing. Inadequate financing of the CAD could heighten pressure on currency. With weak vaccination, the COVID-19 pandemic could return and affect the economy. On the upside, foreign aid could accelerate with the progress in international cooperation, following the lifting of sanctions by the USA in November 2021 and the EU in February 2022, and the re-engagement of the IMF. However, for growth to accelerate meaningfully, Burundi needs to implement reforms that support export growth and private sector development.

TABLE 2 Burundi / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	1.8	0.3	1.8	2.5	3.3	4.1
Private Consumption	3.1	0.3	2.8	3.0	3.4	3.6
Government Consumption	8.3	19.2	5.4	4.0	3.9	3.9
Gross Fixed Capital Investment	32.9	-16.6	17.8	7.7	10.3	13.5
Exports, Goods and Services	-0.5	-14.9	18.2	10.9	9.4	9.8
Imports, Goods and Services	17.1	3.4	13.5	7.3	7.0	7.1
Real GDP growth, at constant factor prices	1.8	0.3	1.8	2.5	3.3	4.1
Agriculture	3.1	2.8	2.9	3.0	3.4	4.0
Industry	2.1	1.8	1.4	2.4	3.1	4.4
Services	0.9	-1.7	1.3	2.2	3.3	4.0
Inflation (Consumer Price Index)	-0.8	7.5	8.3	9.0	6.7	6.7
Current Account Balance (% of GDP)	-13.4	-10.9	-13.9	-15.7	-15.0	-14.2
Net Foreign Direct Investment (% of GDP)	0.0	-0.1	0.0	0.0	0.0	0.0
Fiscal Balance (% of GDP)	-4.9	-6.5	-5.1	-5.0	-4.0	-3.9
Debt (% of GDP)	58.5	63.6	70.6	68.8	66.9	63.8
Primary Balance (% of GDP)	-4.3	-5.2	-2.3	-2.4	-1.8	-1.8
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	84.0	86.2	87.2	87.7	87.4	86.4
GHG emissions growth (mtCO₂e)	3.1	3.0	3.2	3.3	3.4	3.5
Energy related GHG emissions (% of total)	14.4	14.2	13.7	13.3	12.9	12.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2006-QUIBB and 2013-ECVMB. Actual data: 2013. Nowcast: 2014-2021. Forecasts are from 2022 to 2024.

b/ Projection using point-to-point elasticity (2006-2013) with pass-through = 1 based on GDP per capita in constant LCU.

CABO VERDE

Key conditions and challenges

Table 1 **2021**

Population, million	0.6
GDP, current US\$ billion	1.9
GDP per capita, current US\$	3363.6
International poverty rate (\$1.9) ^a	3.4
Lower middle-income poverty rate (\$3.2) ^a	15.4
Upper middle-income poverty rate (\$5.5) ^a	41.3
Gini index ^a	42.4
School enrollment, primary (% gross) ^b	100.9
Life expectancy at birth, years ^b	73.0
Total GHG Emissions (mtCO2e)	0.8

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2015), 2011 PPPs.

b/ Most recent WDI value (2019).

Growth rebounded to 7.1 percent in 2021, led by the gradual recovery in tourism, supporting poverty alleviation. Inflationary pressures increased, driven by energy and food. Growth-friendly fiscal consolidation should see growth converging to 6 percent and put debt-to-GDP on a declining path over the medium term. The outlook is subject to substantial downside risks stemming from new COVID-19 variants, the Ukraine crisis, and climatic shocks.

Political stability, democratic institutions, and pro-market reforms have generated significant economic and social progress since independence in 1975. However, Cabo Verde's development model, based on tourism and foreign direct investment (FDI) has shown signs of fatigue since the 2008 Global Financial Crisis. The subsequent sluggish recovery in Europe reduced the influx of funds, with dwindling private investment and growth. Ineffective expansionary fiscal policy between 2010-2015 led to growing fiscal financing needs and to put public debt back on a sustainable path, the authorities initiated a consolidation program in 2016, including the reform of loss-making state owned enterprises (SOEs).

The COVID-19 crisis reversed the progress in fiscal consolidation and exacerbated the growth model's vulnerabilities. In addition to the adverse economic effects of mitigation measures, global travel restrictions led to a sharp contraction in tourism and related activities. The authorities responded by expanding public health services and social protection programs, as well as by providing financial support to small businesses. However, poverty reduction gains made since 2015 were reversed in 2020 driven largely by substantial temporary job losses, particularly in the tourism sector. The unemployment rate increased from 11.3 to 14.5 percent in 2020.

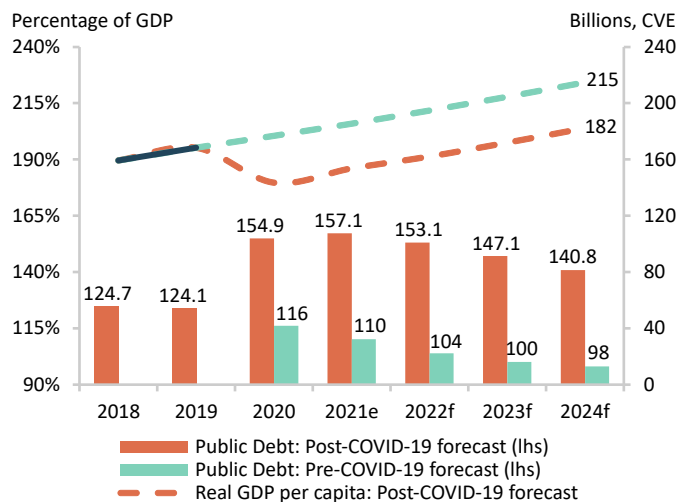
The pace of economic recovery is subject to substantial downside risks associated with rising uncertainty in Europe due to the Ukraine conflict, the emergence of new COVID-19 variants, and climatic shocks. Fiscal risks are high as the government is exposed to contingent liabilities in sectors that are particularly vulnerable to the crisis, such as aviation, ports, and utilities. A sustained Ukraine war could reduce investments and tourism flows and trigger fiscal liabilities. Moreover, Cabo Verde remains highly exposed to natural disasters such as volcanic eruptions, droughts, floods, and rising sea levels that could further weigh on external and fiscal balances.

Recent developments

Economic activity is estimated to have expanded by 7.1 percent in 2021, magnified by base effects after a contraction of 14.8 percent in 2020. Growth was led by a slight recovery of tourism from the second quarter. Retail and wholesale trade, construction, and public administration were the main contributors of growth. On the demand side, public consumption and net exports were the main drivers.

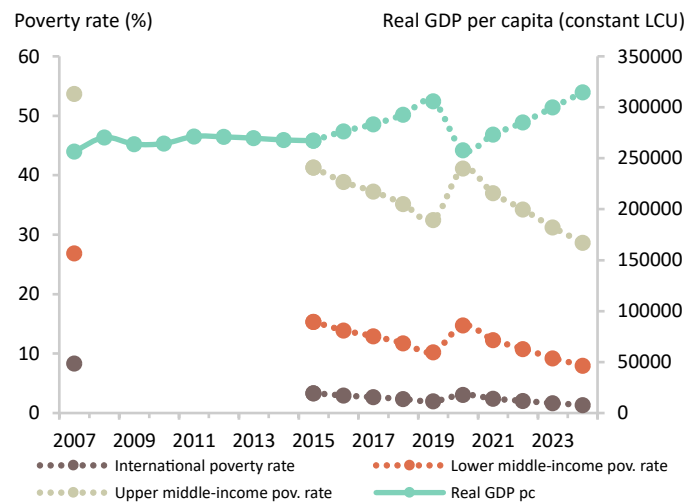
The current account deficit (CAD) is estimated to have declined from 15.9 percent of GDP in 2020, to 14.2 percent in 2021, supported by an increase in remittances and the moderate recovery in services exports. The CAD was financed by concessional loans and FDI. International reserves reached 6.9 months of prospective imports.

FIGURE 1 Cabo Verde / GDP per capita and debt outlook



Sources: World Bank and IMF staff estimates. Note: Pre COVID-19 GDP forecast refers to the 2019 Annual Meetings Macro-poverty Outlook.

FIGURE 2 Cabo Verde / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

The fiscal deficit is estimated to have narrowed slightly to 9.5 percent of GDP in 2021, driven by sustained high current expenditure (33.8 percent of GDP). Financing needs of 8.8 percent of GDP were covered by concessional credits, grants, domestic borrowing, and resources freed up by the Debt Service Suspension Initiative. Public debt as a share of GDP increased slightly to 157.1 percent of GDP, driven by increased domestic debt, and remains sustainable, but the risk of external and total debt distress is high.

Cabo Verde's monetary policy is aligned with the Eurozone, as the escudo is pegged to the euro. Inflationary pressures increased in 2021 due to higher international oil and food prices. Average headline inflation rose from 0.6 percent in 2020, to 1.9 percent in 2021. Food inflation, which stood at 0.6 percent, affected disproportionately the poor as the bottom forty percent of the population spends about 34 percent of their income on consumption.

The rebound in economic activity in 2021 resulted in a reduction in the poverty rate from 14.7 percent to 12.3 percent (using \$3.2 US per day PPP in 2011), reflecting nearly 12,000 fewer people living

in poverty. The extreme poverty rate fell slightly from 2.4 percent to 2 percent.

Outlook

Real GDP growth is projected to reach 5.5 percent in 2022 (4.4 percent in per capita terms), driven by the continued recovery of the tourism sector. The Ukraine crisis will weigh on growth, mainly through increasing oil and food prices. Over the medium term, private consumption and investment in tourism and the blue economy will be the main contributors to growth. The outlook is subject to substantial downside risks stemming from climate shocks, new COVID-19 variants, the realization of contingent liabilities, increased global uncertainty due to the Ukraine war, and delays in SOE reforms.

Inflationary pressures are expected to peak in 2022, reaching 3.5 percent, reflecting the stress on global value chains and the impact of the Ukraine war. Inflation is expected to start stabilizing in 2023 as supply disruptions abate and energy prices stabilize.

Inflation is projected to converge to 2 percent over the medium-term.

The CAD is projected to reach 11.8 percent of GDP in 2022, falling to 6.7 percent by 2024 driven by the rebound in service exports. Medium-term external financing needs are expected to be covered mainly by FDI, which is expected to reach 5.3 percent of GDP in 2024. International reserves are expected to remain strong, at 6 to 7 months of imports.

The authorities are committed to gradual fiscal consolidation over the medium term, which includes enhanced management of fiscal risks, notably from SOEs, and revenue mobilization. The primary fiscal deficit is projected to decline to 8 percent of GDP in 2022. Fiscal consolidation and prudent borrowing policies should reduce the public debt-to-GDP ratio to 140.8 percent by 2024.

The poverty rate (based on the lower-middle income poverty line of US\$3.2 a day, 2011 PPP) is projected to decline to 10.6 percent in 2022 and 8 percent by 2024. Poverty reduction will be supported by growth, mainly in the tourism sector, and the stabilization of inflation over the medium term.

TABLE 2 Cabo Verde / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.7	-14.8	7.1	5.5	6.1	6.0
Private Consumption	5.9	-11.3	3.9	2.3	3.4	3.0
Government Consumption	4.8	0.8	7.5	2.3	2.5	1.7
Gross Fixed Capital Investment	-6.3	19.7	11.2	12.5	10.4	10.6
Exports, Goods and Services	8.7	-58.4	8.4	22.4	13.4	12.7
Imports, Goods and Services	0.8	-22.5	7.4	13.6	9.1	8.8
Real GDP growth, at constant factor prices	5.7	-14.8	7.1	5.5	6.1	6.0
Agriculture	-6.8	-6.3	8.1	4.5	2.9	2.6
Industry	7.5	-2.0	10.3	6.4	6.3	5.6
Services	6.3	-19.2	5.9	5.3	6.3	6.5
Inflation (Consumer Price Index)	1.1	0.6	1.9	3.5	2.3	2.0
Current Account Balance (% of GDP)	-0.4	-16.5	-13.5	-11.8	-7.0	-6.7
Net Foreign Direct Investment (% of GDP)	4.2	3.7	5.8	2.6	4.2	5.3
Fiscal Balance (% of GDP)	-2.4	-10.0	-9.5	-8.0	-7.1	-5.9
Debt (% of GDP)	124.1	154.9	157.1	153.1	147.1	140.8
Primary Balance (% of GDP)	0.2	-7.1	-7.0	-4.8	-3.6	-2.2
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	2.0	3.1	2.4	2.0	1.6	1.4
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	10.2	14.7	12.3	10.8	9.2	8.0
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	32.5	41.1	37.0	34.2	31.2	28.7
GHG emissions growth (mtCO₂e)	2.5	2.2	2.1	2.5	2.4	1.5
Energy related GHG emissions (% of total)	87.5	88.1	88.7	88.9	89.1	90.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2007-QUIBB, 2019-, and 2015-IDRF. Actual data: 2015. Nowcast: 2016-2021. Forecasts are from 2022 to 2024.

b/ Projection using point-to-point elasticity (2007-2019) with pass-through = 1 based on GDP per capita in constant LCU.

CAMEROON

Key conditions and challenges

Table 1	2021
Population, million	27.2
GDP, current US\$ billion	42.0
GDP per capita, current US\$	1543.7
International poverty rate (\$1.9) ^a	26.0
Lower middle-income poverty rate (\$3.2) ^a	47.0
Upper middle-income poverty rate (\$5.5) ^a	71.0
Gini index ^a	46.6
School enrollment, primary (% gross) ^b	105.7
Life expectancy at birth, years ^b	59.3
Total GHG Emissions (mtCO2e)	126.1

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2014), 2011 PPPs.
 b/ Most recent WDI value (2019).

The completion of infrastructure projects is expected to boost GDP growth in 2022. Driven by higher oil prices, the fiscal deficit is projected to narrow in the medium term, while the current account deficit would decline gradually. The impact of the shipping crisis, along with the Ukraine-Russia war, could put further pressure on inflation and incomes. The outlook remains favorable, but is subject to several risks, hence the need to accelerate structural reforms.

Cameroon is the largest economy in the Economic and Monetary Community of Central Africa (CEMAC), accounting for over 40 percent of the region's GDP and over 60 percent of regional foreign exchange reserves. The oil sector accounts for 4 percent of the country's GDP and 13.8 percent of its fiscal revenues in 2021, highlighting Cameroon's exposure to commodities and oil price shocks. The current development model has run out of steam, as governance indicators have deteriorated, human capital remains weak, and the business environment is unfavorable. High market concentration and state ownership of commercial enterprises also limit domestic competition. The country has become more fragile. Conflicts affecting 6 out of 10 of Cameroon's regions have displaced people, increased violence, and led to a collapse in social services. The current growth level is too low to achieve a substantial poverty reduction. Although the poverty rate has declined over the last decade, the absolute number of poor people has increased consistently due to population growth. The COVID-19 crisis has reversed progress in poverty reduction, with the poverty rate estimated to have increased in 2020. The debt stock has been rising since 2016, calling for improved debt management to attract new investment.

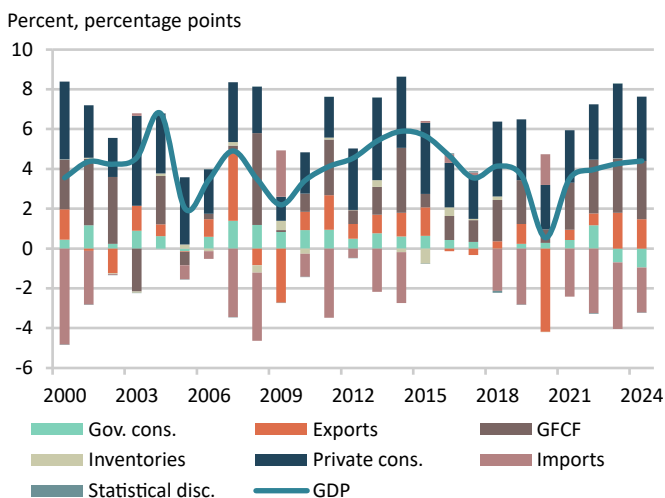
For growth to accelerate and become more inclusive, the government's role needs to shift from being the main driver of economic activity to: (i) providing a stable and fair regulatory environment and adequate infrastructure services; and (iii) effectively delivering basic services to the population.

Recent developments

Cameroon's economic activity gradually recovered in 2021 on the back of dynamic secondary and tertiary sectors and stronger external demand. Real GDP growth reached 3.5 percent in 2021, or 0.8 percent in per capita terms. Higher oil production and prices and a rebound in services and external demand have supported private consumption and investment. Increased shipping costs have put pressure on prices in recent months, limiting the availability of food staples in local markets. Meanwhile, higher exports and oil prices have improved Cameroon's current account balance. Following a sharp decline in 2020, imports moderately increased in 2021, driven by large infrastructure projects, including initiatives related to the Africa Cup of Nations. Despite the improving economic context, vaccination against COVID-19 remains low at 2.9 percent of the total population, as of end-March 2022.

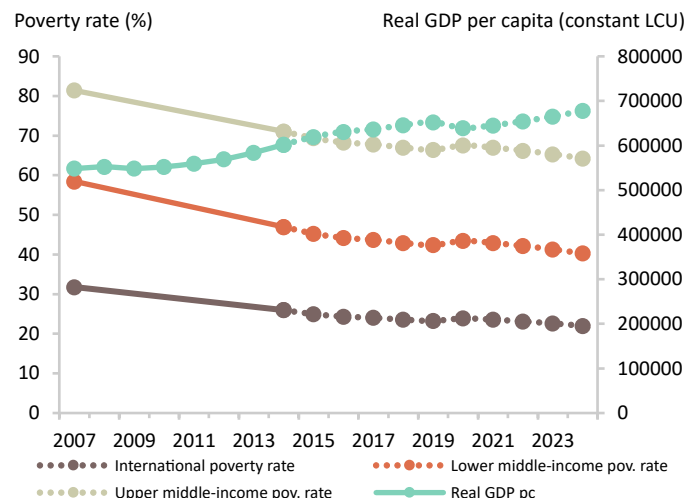
The fiscal deficit remained unchanged to 3.2 percent of GDP in 2021, owing to improved revenue collection and expenditure controls. Oil revenues reached 1.9

FIGURE 1 Cameroon / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Cameroon / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

percent of GDP in the same year due to higher oil prices. Tax revenues also increased in 2021 due to better-than-expected collection of the value-added tax (VAT), corporate income tax, and excises. Similarly, efforts to improve the tax administration, including digitization and tax audits, also contributed to the revenue increase. On the expenditures side, even though higher oil prices led to higher fuel subsidies, the authorities cut current expenditures on goods and services, allowing for some expansion of capital outlays. Capital spending increased from 4.6 percent of GDP in 2020 to 5.4 percent of GDP in 2021, while the public debt stock increased from 44.9 percent of GDP in end-2020 to 47.2 percent of GDP by end-2021.

The Bank of Central African States tightened its monetary policy in late 2021 over concerns about the evolution of foreign exchange reserves. Despite higher oil prices and the International Monetary Fund Special Drawing Rights allocation (equivalent to US\$1.4 billion), the country's foreign exchange reserves represented just above 3 months' worth of imports of goods and services by end 2021 (same as by end 2020).

Outlook

The economic recovery is expected to consolidate, with growth projected to reach 4.0 percent in 2022 and 4.4 percent in 2023. Economic growth would benefit from sustained higher oil prices as the pandemic comes progressively to an end. Unless the government introduces price subsidies, the Ukraine-Russia war will affect the outlook, have an impact on poverty reduction, and weigh on inflation. Key transmission channels are: (i) increased wheat prices, translating into higher prices for bread; (ii) higher oil and energy prices, leading to higher production costs; and (iii) higher fertilizer prices, affecting the majority of people working in agriculture. Efforts to reduce poverty will also be hampered by the ongoing security crisis in parts of the country. Nevertheless, the poverty rate is expected to remain constant at 23 percent in 2022.

The current account balance should continue to improve, owing to robust oil and non-oil commodity exports. The country's fiscal deficit is projected to narrow from

3.2 percent of GDP in 2021 to 2.8 percent in 2024. Non-oil revenues are expected to increase, due to simplified administrative measures on property income and the new tax on mobile money transfers. Spending reprioritization, including the gradual reduction of subsidies to SOEs, would contain expenditure in the medium term. Still, Cameroon remains at high risk of external and overall debt distress, although debt is assessed as sustainable, according to the latest Debt Sustainability Analysis conducted in February 2022.

The outlook remains subject to risks associated with: (i) a further tightening of monetary policy; (ii) a protracted Ukraine-Russia war; and (iii) a persistent security crisis in the North-West, South-West, and Far North regions. Should such risks materialize, real GDP would grow more modestly than under the baseline scenario, affecting fiscal and external accounts. A sharp rise in global risk premia following a monetary policy tightening in advanced economies would affect the outlook and debt sustainability. The increase in international oil and food prices would add on existing inflationary and fiscal pressures.

TABLE 2 Cameroon / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	3.7	0.5	3.5	4.0	4.3	4.4
Private Consumption	4.5	3.3	3.8	4.0	5.4	4.6
Government Consumption	1.8	2.3	3.4	9.1	-5.2	-7.9
Gross Fixed Capital Investment	8.1	2.4	8.2	8.9	8.5	8.9
Exports, Goods and Services	5.1	-21.0	3.2	3.9	11.5	8.8
Imports, Goods and Services	10.5	-5.4	9.0	11.5	11.0	7.0
Real GDP growth, at constant factor prices	3.6	0.5	3.5	4.0	4.3	4.4
Agriculture	2.8	0.1	4.1	4.3	5.6	5.6
Industry	3.6	1.3	4.1	4.4	4.5	4.5
Services	3.9	0.3	3.1	3.7	3.8	4.0
Inflation (Consumer Price Index)	2.5	2.5	2.5	3.0	2.5	2.0
Current Account Balance (% of GDP)	-4.4	-3.7	-4.0	-3.9	-3.8	-3.7
Fiscal Balance (% of GDP)	-3.3	-3.2	-3.2	-3.0	-2.9	-2.8
Debt (% of GDP)	43.0	45.8	47.1	45.1	42.3	39.8
Primary Balance (% of GDP)	-2.4	-2.3	-2.1	-1.9	-2.0	-1.9
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	23.2	23.9	23.6	23.1	22.6	22.0
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	42.4	43.4	42.9	42.2	41.3	40.3
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	66.4	67.5	67.0	66.2	65.3	64.2
GHG emissions growth (mtCO₂e)	0.9	0.4	0.9	1.0	1.0	1.1
Energy related GHG emissions (% of total)	9.6	9.5	9.8	10.1	10.3	10.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2007-ECAM-III, 2019-, and 2014-ECAM-IV. Actual data: 2014. Nowcast: 2015-2021. Forecasts are from 2022 to 2024.

b/ Projection using point-to-point elasticity (2007-2019) with pass-through = 1 based on GDP per capita in constant LCU.

CENTRAL AFRICAN REP.

Table 1

	2021
Population, million	4.9
GDP, current US\$ billion	2.4
GDP per capita, current US\$	484.6
Gini index ^a	56.2
School enrollment, primary (% gross) ^b	102.0
Life expectancy at birth, years ^b	53.3
Total GHG Emissions (mtCO2e)	88.9

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2008), 2011 PPPs.
 b/ WDI for School enrollment (2016); Life expectancy (2019).

Renewed insecurity prevented the Central African Republic's (CAR) economy from rebounding in 2021. The outlook is subject to downside risks arising from a reversal in security gains and the impact of the Ukraine-Russia war on commodity and food prices, which could adversely affect public finances and growth and result in significant social hardship and humanitarian costs. The ability of traditional partners to provide support in a geopolitically more complex environment weighs heavily on the outlook, which is vulnerable to headwinds.

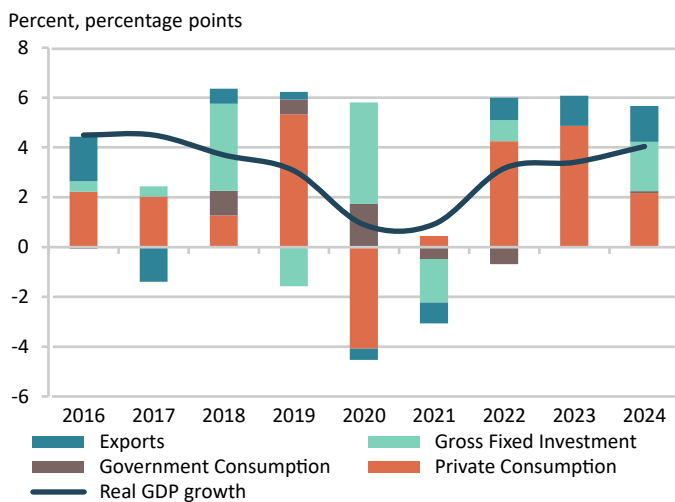
Key conditions and challenges

Repeated instability and violence have exacerbated CAR's socioeconomic indicators and kept the country at the bottom of most development rankings. While endowed with ample natural resources, the country's economy is poorly diversified, with agriculture and forestry constituting the backbone of economic activities. The agriculture sector accounts for more than 75 percent of total employment, and timber, cotton, coffee, diamond, and gold represented more than 85 percent of total exports in 2019. Poverty is high, with more than 7 in 10 Central Africans living below the international poverty line (measured using US\$1.90 per day, 2011 PPP). Inadequate social protection systems and limited access to education and healthcare facilities are major bottlenecks for human capital accumulation. The formal private sector is small and constrained by several structural challenges, including limited access to finance, a weak regulatory framework, poor infrastructure (e.g., energy and transportation), lack of skilled labor, and a fragile security and political environment. The humanitarian situation remains precarious, with 43 percent of the population facing acute food insecurity. As of January 2022, there were 734,000 refugees outside the country—the highest level since December 2013—and 652,000 internally displaced persons.

Recent developments

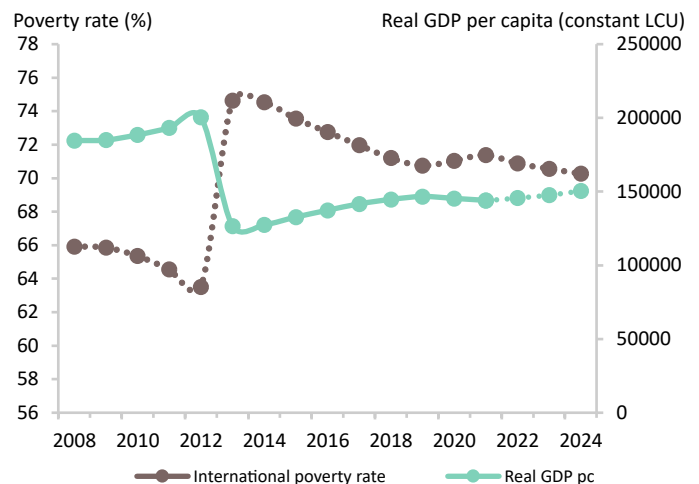
CAR's economic growth stagnated in 2021 due to renewed insecurity, coupled with the protracted effects of COVID-19 on the global economy. Economic activity suffered particularly in 2021Q1 as renewed insecurity amid election disputes disrupted production and trade. Boosted by the resumption of commerce along the Douala-Bangui corridor and security gains, economic activity picked up in the second half of the year. Mining and agricultural production accelerated, owing to improved security around production sites and favorable rainfall. Public investment declined from 11.4 percent of GDP in 2020 to 7.5 percent of GDP in 2021 as the government unwound its COVID-19 fiscal stimulus package. Economic growth is projected to increase by 3.2 percent in 2022, supported by the prospect of improved security and the ceasefire agreed in the Luanda roadmap (i.e., the regional initiative to restore peace). Conflict and COVID-19 have hampered progress in reducing extreme poverty, with 71.4 percent of the population living in extreme poverty in 2021, up slightly from 71.0 percent in 2020. Renewed conflict in late 2020/early 2021 contributed to significant inflationary pressures in the first half of 2021, which decelerated markedly as traffic along the country's lifeline resumed. As a result, inflation reached an average of 3.8 percent in 2021—above the 3 percent regional ceiling. High inflation is projected to linger in 2022 on the back of rising

FIGURE 1 Central African Republic / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Central African Republic / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

commodity prices and persistent disruptions in food supply chains. The Bank of Central African States tightened its monetary policy in late 2021 over concerns about the evolution of foreign exchange reserves, which, despite higher oil prices and the International Monetary Fund 2021 Special Drawing Rights (SDR) allocation, represented just above 3 months' worth of regional imports of goods and services by end-December 2021—roughly the same as at end-December 2020.

The overall fiscal deficit widened from 3.3 percent of GDP in 2020 to 6.1 percent of GDP in 2021, reflecting a decline in domestic revenue and the cancellation and postponement of budget support from donors due to geopolitical tensions and the lack of transparency of the country's security expenditures. Pressures on public finances were high throughout 2021 despite cuts in public spending, forcing the government to rely on bridge financing on the domestic market. Cashflow pressures are expected to remain high in 2022, with a risk of a potential liquidity shortage if budget support from donors does not materialize. The government has already revised downward its public expenditure plan and is considering new borrowing on the domestic market to prevent any liquidity shortages.

The current account deficit widened from 8.8 percent of GDP in 2020 to an estimated

10.8 percent of GDP in 2021, owing mainly to delays in the disbursement of official transfers. The SDR allocation (equivalent to 5.8 percent of GDP) did, however, provide additional liquidity to meet some of the country's financing needs. The trade balance improved as the rebound in exports during the second half of 2021 exceeded the uptick in imports. Persistent global uncertainty related to COVID-19 and renewed conflicts translated to a lower-than-expected recovery of foreign direct investment. The current account balance is projected to improve in 2022 as exports recover and official transfers resume.

Outlook

Provided that security gains are not reversed, and the impact of the Ukraine-Russia war on the global economic recovery is contained, economic growth is expected to average 3.5 percent in the medium term, supported by solid agricultural and industrial output on the supply side and high private consumption on the demand side. Under these assumptions, per capita income is expected to return to its pre-COVID-19 level by 2023. Extreme poverty is projected to remain high, with a slow decline between 2022 and 2024.

Inflation is expected to remain below the regional convergence criteria in the medium term, contingent on stable and improved security on the Douala-Bangui corridor and a slowdown in inflationary pressures at the global level. The fiscal balance is projected to remain in deficit in the medium term, as donor financing gradually declines without being offset by domestic revenues. Public debt is projected to remain sustainable. The current account balance is expected to improve in the medium term, reflecting an improvement in the trade balance, but it should remain structurally in deficit.

Risks to the outlook remain high and tilted to the downside. The absence of donor budget support could lead to the accumulation of external arrears and possible non-payment of public wages, resulting in significant socioeconomic hardship. A reversal in security gains could undermine economic activity and traffic on the main trade corridor. The possible lingering effect of the pandemic, coupled with the impact of the Ukraine-Russia war at the global level, could lead to persistent disruptions in global supply chains and higher commodity prices, resulting in higher fuel and grain prices, with adverse effects on public finances and private consumption, as well as on poverty due to the effects of higher food prices.

TABLE 2 Central African Republic / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	3.1	0.9	0.9	3.2	3.4	4.0
Private Consumption	5.7	-4.2	0.5	4.7	5.3	2.3
Government Consumption	7.7	21.5	-4.9	-10.3	2.9	1.0
Gross Fixed Capital Investment	-9.6	28.3	-9.6	6.7	-1.4	12.3
Exports, Goods and Services	1.9	-2.8	-5.5	6.3	8.2	9.3
Imports, Goods and Services	4.9	1.0	-10.3	7.1	8.4	4.9
Real GDP growth, at constant factor prices	2.6	0.9	1.2	3.1	3.4	3.9
Agriculture	3.1	4.5	3.2	3.8	4.2	4.0
Industry	2.1	0.0	-0.2	0.6	1.0	1.3
Services	2.3	-1.2	0.4	3.5	3.6	4.6
Inflation (Consumer Price Index)	2.8	2.3	3.8	3.6	2.7	2.5
Current Account Balance (% of GDP)	-4.8	-8.8	-10.8	-6.8	-7.9	-6.6
Fiscal Balance (% of GDP)	1.7	-3.3	-6.1	-2.3	-2.0	-1.8
Debt (% of GDP)	47.9	44.0	48.4	44.9	43.4	41.9
Primary Balance (% of GDP)	2.0	-3.0	-5.8	-1.8	-1.4	-1.3
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	70.8	71.0	71.4	70.9	70.6	70.3
GHG emissions growth (mtCO₂e)	0.9	0.6	0.6	1.9	2.2	2.4
Energy related GHG emissions (% of total)	39.8	39.8	39.7	40.3	40.8	41.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2008-ECASEB. Actual data: 2008. Nowcast: 2009-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2008) with pass-through = 0.7 based on GDP per capita in constant LCU.

CHAD

Table 1 **2021**

Population, million	16.9
GDP, current US\$ billion	11.4
GDP per capita, current US\$	672.8
International poverty rate (\$1.9) ^a	33.2
Lower middle-income poverty rate (\$3.2) ^a	66.4
Upper middle-income poverty rate (\$5.5) ^a	87.9
Gini index ^a	37.5
School enrollment, primary (% gross) ^b	89.2
Life expectancy at birth, years ^b	54.2
Total GHG Emissions (mtCO2e)	118.2

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2018), 2011 PPPs.

b/ Most recent WDI value (2019).

GDP contracted by 1.2 percent in 2021 (4.2 percent per capita) - the second consecutive year of recession – due to a temporary suspension of oil production, socio-political insecurity, and liquidity constraints. This situation likely increased extreme poverty by 2 percentage points. Growing food and general insecurity, climatic shocks, and continued dependency on volatile oil revenues heightens the risks to the fragile recovery during a sensitive political transition.

Key conditions and challenges

Chad's economy has performed below potential since the 2014-15 oil price shock. Notwithstanding the 2018-19 recovery, annual GDP growth contracted by 1.1 percent on average over the past six years, which, given the rapidly growing population, translated into an annual decrease in per capita income of 4.1 percent. Oil constitutes about 20 percent of GDP, 35 percent of revenue, and 75 percent of exports. Chad ranked 187th out of 189 countries on the Human Development Index in 2020. Living conditions and access to essential services remain poor due to severe weather conditions, cyclical insecurity, political unrest, weak governance, including oil revenues management, poor trade networks, low human capital investment, and a lack of infrastructure. Chad has not strengthened regional integration, economic transformation, or access to electricity and digital technologies. Growing political and security expenses and high levels of debt service relative to domestic revenue have constrained Chad's ability to improve basic services and infrastructure delivery.

Recent developments

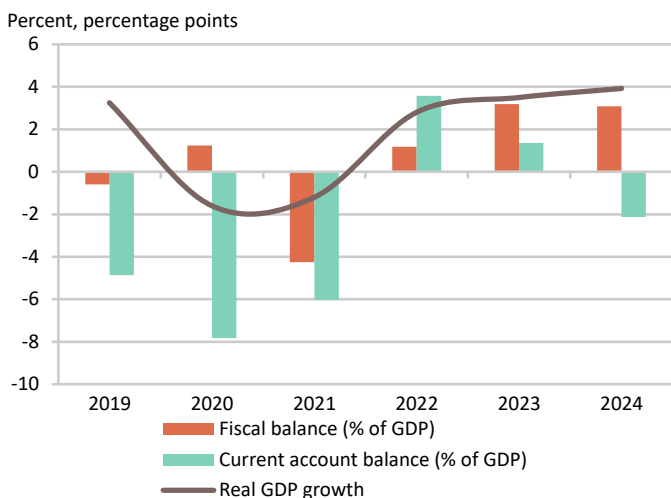
Chad's GDP contracted by 1.2 percent (4.2 percent per capita) in 2021, following a 1.6

percent (4.6 percent per capita) contraction in 2020. The passing of President Deby led to economic disruptions in the second quarter of 2021 as the new authorities consolidated power. Workers' strikes led to the suspension of oil production on Esso plants (one-fourth of Chad's production), driving a decline in oil production of 8.2 percent over the year. Although the country suffered from food insecurity, due partly to weak cereal production after poor rains, agriculture remained the main non-oil growth driver, contributing 1.9 percentage points (pp), while services contracted 4.4 pp. Export value increased by 55.3 percent due to the increase in oil prices (66.4 percent), helping the current account deficit narrow from 7.8 percent of GDP to 5.6 percent in 2021.

As containment measures on domestic supply chains were slowly lifted, inflation dropped from 3.5 percent to one percent in 2021. Food inflation was 3 percent, significantly lower than the rest of Sahel. Chad's monetary and exchange rate policies are managed by the regional Central Bank, which supported regional reserve accumulation by raising its policy rate to 3.5 percent and the marginal lending facility rate from 5 to 5.25 percent. As a result, regional reserves increased to 3.4 months of imports from 3.1 months in 2020, thanks also to regional fiscal consolidation policies and rising oil prices.

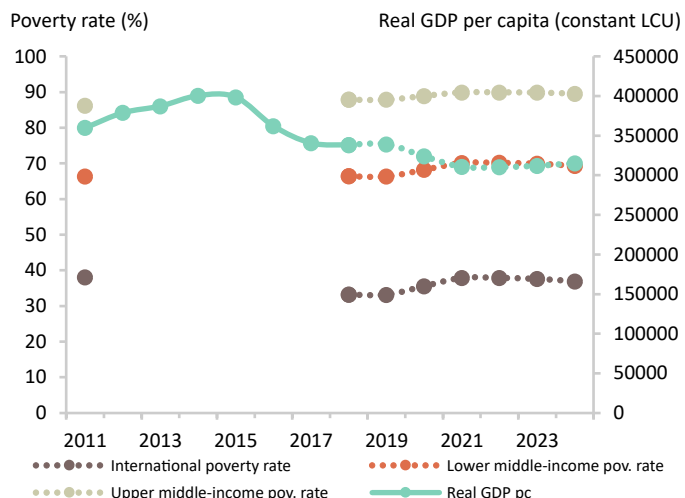
Despite a significant increase in oil prices, the fiscal deficit, excluding grants, stood at 6.7 percent of GDP (4.3 percent including grants) in 2021, due to the one-year lag in the main component of oil-revenue taxation as well as an increase in security and

FIGURE 1 Chad / GDP growth, current account and fiscal balance



Source: World Bank

FIGURE 2 Chad / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

political transition spending. Total public debt slightly increased while debt services remained too high; the Government has requested a debt restructuring under the G20 Common Framework to help restore debt sustainability.

The extreme poverty rate (US\$1.9/ day per capita, 2011 PPP) is projected to have increased by more than 2 pp between 2020 and 2021, reaching 37.8 percent, with the number of extremely poor increasing from 5.8 to 6.2 million. The COVID-19 crisis further impacted the livelihoods of poor and vulnerable households. In high-frequency phone surveys in 2021, 76 percent of households reported a loss in their total household income and 21 percent of households seeking health care could not get access to it.

Outlook

Based on current projections for oil prices, the global recovery, and the Government's gradual fiscal consolidation program, the economy is expected to

grow by 2.8 percent in 2022 (-0.2 percent per capita). The positive outlook for the oil sector, services, and agriculture should strengthen over the medium-term, with growth averaging 3.7 percent per annum. Higher global energy and food prices due to the Russia-Ukraine war is projected to increase inflation in 2022.

The current account balance is projected to become positive, at 0.9 percent of GDP on average over 2022-24, driven by increased activity in the oil and services sectors. The fiscal balance is expected to stand at 1.2 percent of GDP in 2022 and further improve in 2023-24 due to significant increases in oil revenues, more controlled security spending and less political transition-related expenditures. However, Chad will still need a significant debt restructuring to service its debts while increasing social and investment spending needs, and to reduce oil price volatility risk.

The extreme poverty rate is expected to increase to 38 percent in 2022 due to negative GDP per capita growth. The number of poor will likely increase to 6.4 million. Continued high food inflation, low coverage of social protection programs,

and lack of structural economic transformation will limit the space for poverty reduction. The social protection system should be strengthened to extend its coverage and better target the poorest and most vulnerable.

This outlook is subject to high uncertainty and multiple downside risks, including increased political instability during a transition period, intensified security risks, further climate-related shocks, continuing food security challenges, uncontrolled local COVID outbreaks, and widespread social discontent from food and general insecurity. At least one of these risks will likely materialize, and concurrent shocks are a possibility. The economic consequences of the Russia-Ukraine war would primarily be through higher global food (grains/fertilizer) and energy prices. The projections already reflect recent sharp increases in oil and gas, agriculture and metal and mineral prices since January 2022. Chad should benefit from higher global oil prices and direct this benefit towards inclusive growth to reduce poverty.

TABLE 2 Chad / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	3.2	-1.6	-1.2	2.8	3.5	3.9
Private Consumption	1.4	0.5	1.6	2.8	2.9	3.3
Government Consumption	1.7	11.1	3.7	3.7	0.2	0.0
Gross Fixed Capital Investment	6.6	-14.7	-4.5	0.7	5.3	7.2
Exports, Goods and Services	6.0	1.1	-0.4	3.9	4.6	3.7
Imports, Goods and Services	4.0	1.8	5.1	3.5	4.0	3.0
Real GDP growth, at constant factor prices	3.3	-1.6	-1.2	2.8	3.5	3.9
Agriculture	0.1	3.9	6.2	5.0	4.3	4.3
Industry	7.3	-0.1	-4.6	1.3	2.8	1.6
Services	2.5	-7.0	-4.4	2.1	3.3	5.6
Inflation (Consumer Price Index)	-1.0	3.5	1.0	3.5	3.0	3.0
Current Account Balance (% of GDP)	-4.9	-7.8	-6.0	3.6	1.4	-2.1
Fiscal Balance (% of GDP)	-0.6	1.2	-4.3	1.2	3.2	3.1
Debt (% of GDP)	51.1	49.9	52.1	51.6	53.2	47.6
Primary Balance (% of GDP)	1.0	2.9	-2.7	2.8	4.8	4.7
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	33.1	35.5	37.8	37.9	37.6	36.9
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	66.4	68.2	70.1	70.2	69.9	69.3
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	87.9	88.9	89.9	89.9	89.8	89.5
GHG emissions growth (mtCO2e)	3.8	4.0	4.2	4.2	4.2	4.2
Energy related GHG emissions (% of total)	1.6	1.5	1.5	1.5	1.5	1.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.7 based on GDP per capita in constant LCU.

COMOROS

Key conditions and challenges

Table 1 **2021**

Population, million	0.9
GDP, current US\$ billion	1.3
GDP per capita, current US\$	1444.6
International poverty rate (\$1.9) ^a	19.1
Lower middle-income poverty rate (\$3.2) ^a	39.7
Upper middle-income poverty rate (\$5.5) ^a	64.6
Gini index ^a	45.3
School enrollment, primary (% gross) ^b	99.5
Life expectancy at birth, years ^b	64.3
Total GHG Emissions (mtCO2e)	0.7

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2014), 2011 PPPs.
b/ WDI for School enrollment (2018); Life expectancy (2019).

The COVID-19 is still weighing on Comoros, as the economy grew below its potential in 2021. Driven by an expansionary fiscal policy, growth is expected to pick up in 2022-2024. However, the recovery could be constrained. The country, already at a high risk of debt distress, is facing growing imbalances. In addition, Comoros will however face several external headwinds. Poverty will decline in 2022 due to improvement in economic growth.

Comoros is a small and fragile island with significant structural challenges hindering its development. The GDP per capita growth rate which was, around 0.5 percent, over the last two decades, is a result of institutional and economic weaknesses, poor infrastructure provision, and natural shocks.

Low domestic revenue mobilization, stemming from weak administrative capacity as well as poor economic performance, translated into low human and physical capital. Consequently, between 2002 and 2018, the country's produced physical capital per capita declined by 27.7 percent while the human capital wealth per capita increased by only 0.16 percent. Thus, human and physical capital's contribution to Comoros growth has been marginal.

Growth is primarily led by private consumption, and private remittances are fueling the consumption-driven growth trajectory. On the supply side, growth is heavily driven by the service and agriculture sectors while there is an important untapped potential in the fishing and tourism industries. Realizing a sustainable and inclusive growth would require tapping in those industries while improving human and physical capital, better leveraging the diaspora potential, and improving the institutional quality.

Comoros outlooks face several headwinds related to the risks for additional inflation-

ary pressures that would reflect price trends in commodities and freight costs, the possible spread of new COVID-19 variants that would restrain international travel and trigger stringent restrictions at the national and global levels, and there is a high risk of sovereign debt distress.

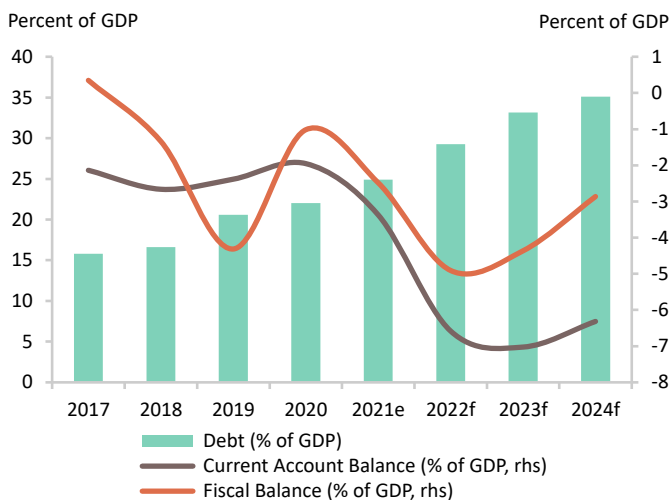
Recent developments

While Comoros has been relatively spared by the COVID-19, the pandemic still weighed on the economy through the impact of national restrictive measures on consumption. Thus, driven by an expansionary fiscal policy and a sluggish private consumption, the economy expanded by 2.4 percent in 2021. The service sector, which was the main driver of the growth, recovered slightly, growing by 2.8 percent in 2021 in comparison to -2.2 percent in 2020. Compared to 2020, the poverty rate remained stable at 39.7 percentage points in 2021.

Moreover, the pandemic and its impacts on the global supply chain fueled shortages and the inflation rate reached 7.1 percent (y-o-y) in December 2021 from -4.8 percent in December 2020. The price increase was primarily driven by food and non-alcoholic beverage products (+12.2 percentage points), health prices (+7.6 percentage points) and transport prices (+5.3 percentage points). Though, it remained low, on average, in 2021 (1.4 percent).

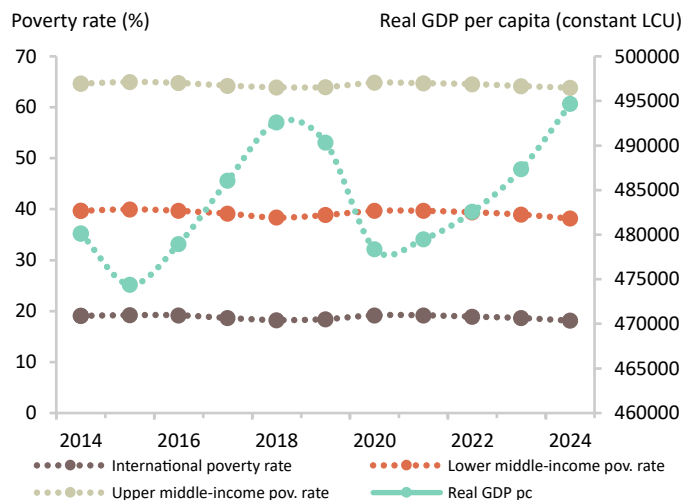
The expansionary fiscal policy led to a higher fiscal deficit (2.5 percent of GDP in 2021 from 1.0 percent in 2020). This policy

FIGURE 1 Comoros / Selected macroeconomic indicators



Sources: National authorities, and staff estimates and forecasts.

FIGURE 2 Comoros / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

was characterized by an increase in transfers (+0.7 percent of GDP) and capital expenditures (+4.5 percent of GDP). Moreover, the government kept the freight cost valuation for imports to pre-March 2021 levels to reduce inflationary pressures. The increased fiscal needs (13.0 percent of GDP in 2021) stemming from this policy was financed by external partners (10.7 percent of GDP), including the World Bank support for the vaccine rollout. The deficit was contained through the implementation of some tax and customs administration reforms under the IMF Staff Monitored Program. With a sluggish growth and expansionary fiscal policy, public debt increased to 24.9 percent of GDP in 2021 from 22.1 percent in 2020. There is a high risk of public debt distress due to the signature of a non-concessional loan for the tourism sector.

Following the decrease in remittances and the increase in the import bill, Comoros recorded a deterioration of its current account deficit to 3.4 percent of GDP in 2021, from 2.0 percent in 2020. However, Comoros' overall external position has marginally improved as reserves had

increased to 9.6 months of imports at end-September 2021, in comparison with 9 months at end-2020. This improvement in the overall external position stems from the Special Drawings Rights allocation of US\$24 million.

Outlook

The economy is projected to expand by 2.8 percentage points in 2022 on the back of an expansionary fiscal policy. This slow recovery also reflects difficulties in the service sector that would grow below its potential because of structural sectoral issues, existing COVID-19 restrictions, and a lower purchasing power due to increased inflationary pressures at the global and national levels. In fact, the Russian invasion, war, and associated sanctions will impede Comoros recovery through its consequences on increased inflationary pressures, less remittances from France which hosts a substantial share of the Comorian diaspora, and the resulting slower increase in the domestic demand. The

economy is expected to grow at a rate of 3.4 percent in 2023-2024 when the vaccination rate will increase, and if advanced economies fully recover, and tourists, mainly the ones from the diaspora, can return to Comoros for the different cycles of Grand Marriage.

A deterioration of the fiscal deficit is projected to increase to 4.9 percent of GDP on the back of an increase in domestically financed investment. With an increase in the import bill due to the expansionary fiscal policy, and a decline of remittances, a deterioration of the external position is projected, and the current account deficit is forecasted to increase to 6.6 percent of GDP in 2022 and reach 7.0 percent in 2023.

Against this backdrop, the poverty rate is expected to decrease only moderately over the next two years. By 2023, poverty is projected to return to its pre-COVID levels at 39.5 percent (when measured against the poverty line for lower middle-income countries of USD 3.2 a day per capita in PPP terms). Poverty rate is expected to continue to decrease to about 39.3 percent in 2024.

TABLE 2 Comoros / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	1.8	-0.3	2.4	2.8	3.1	3.7
Private Consumption	3.8	3.8	1.6	2.1	4.6	3.3
Government Consumption	3.5	4.1	2.3	12.1	-1.1	5.3
Gross Fixed Capital Investment	-8.4	-14.4	2.5	6.2	8.1	-1.7
Exports, Goods and Services	6.8	-46.3	23.1	28.4	9.8	4.9
Imports, Goods and Services	5.7	-9.3	0.9	13.8	9.7	0.8
Real GDP growth, at constant factor prices	1.9	-0.8	2.4	2.8	3.1	3.7
Agriculture	0.9	4.3	1.6	-4.5	0.4	4.9
Industry	4.0	-5.6	2.1	6.3	3.1	3.2
Services	1.9	-2.2	2.8	5.6	4.3	3.2
Inflation (Consumer Price Index)	3.7	0.8	1.4	6.4	3.3	1.0
Current Account Balance (% of GDP)	-2.4	-2.0	-3.4	-6.6	-7.0	-6.3
Fiscal Balance (% of GDP)	-4.3	-1.0	-2.5	-4.9	-4.4	-2.9
Debt (% of GDP)	20.6	22.0	24.9	29.3	33.2	35.1
Primary Balance (% of GDP)	-4.1	-0.8	-2.2	-4.5	-3.7	-1.9
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	18.4	19.2	19.2	18.9	18.6	18.1
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	38.9	39.7	39.7	39.4	39.0	38.2
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	63.9	64.8	64.7	64.6	64.2	63.8
GHG emissions growth (mtCO₂e)	3.5	2.4	2.6	3.2	3.1	3.1
Energy related GHG emissions (% of total)	42.4	42.3	42.5	43.0	43.4	43.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2014-EESIC. Actual data: 2014. Nowcast: 2015-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2014) with pass-through = 0.87 based on GDP per capita in constant LCU.

DEMOCRATIC REP. OF CONGO

Key conditions and challenges

Table 1 2021

Population, million	92.4
GDP, current US\$ billion	59.5
GDP per capita, current US\$	644.2
International poverty rate (\$1.9) ^a	77.2
Lower middle-income poverty rate (\$3.2) ^a	91.4
Upper middle-income poverty rate (\$5.5) ^a	97.9
Gini index ^a	42.1
School enrollment, primary (% gross) ^b	118.5
Life expectancy at birth, years ^b	60.7
Total GHG Emissions (mtCO2e)	683.4

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2012), 2011 PPPs.
 b/ WDI for School enrollment (2018); Life expectancy (2019).

Economic activity rebounded in 2021, with higher prices and production of copper and cobalt lifting GDP growth to an estimated 5.7 percent and supporting a narrower current account deficit. Reserves increased, easing pressures on the currency and inflation. Fiscal consolidation was achieved despite higher social and infrastructure spending. Continued uncertainty around the pandemic and local and international conflicts represent important risks to growth and poverty reduction.

The Democratic Republic of the Congo (DRC) has suffered from decades of conflict, poor governance, and volatile economic growth, which has led to persistently high levels of poverty. The economy is highly dependent on mineral extraction: copper and cobalt constitute over 80 percent of exports, with China absorbing 40 percent of exports. With its huge agriculture potential untapped, DRC is a net food importer, which increases vulnerabilities to external and climatic shocks. Structural constraints have led to an underdeveloped private sector and fostered a large informal economy. Improving the business environment and closing gaps in infrastructure and human capital are needed to achieve economic diversification and reduce commodity dependence.

DRC is led by a fragile coalition and political risks are high, a legacy of DRC's protracted periods of political unrest. Reaching political consensus and increasing the presence and credibility of the state, including through improved governance, will be key to maintain stability and advance structural reforms that will attract investments and create jobs. The need for the state to deliver more and better services to citizens means that expenditure-led adjustments to revenue shortfalls or external conditions could jeopardize not only long-term growth prospects and pro-poor spending but also political

stability. Therefore, improving domestic revenue mobilization to widen fiscal space is crucial.

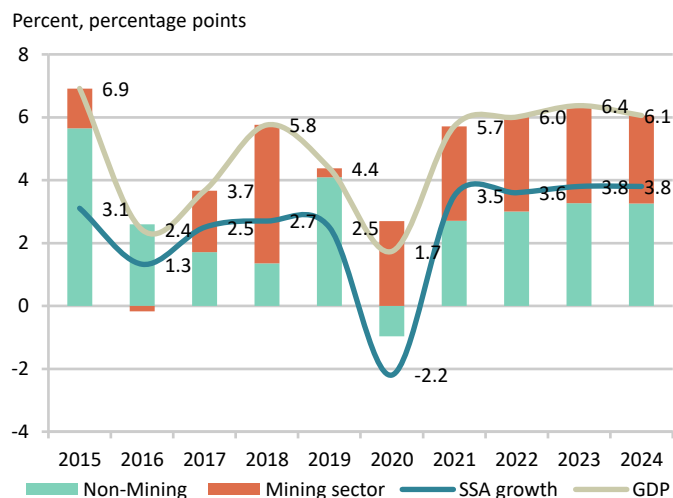
Poverty remains widespread, including in urban areas. Significant geographical disparities exist between provinces, with extreme poverty concentrated in central and northwestern provinces. DRC is second only to Nigeria in Sub-Saharan Africa in the number of extreme poor. Despite some improvements in recent years, social and human development indicators remain weak: in 2020, infant mortality was 63.8 per 1000 live births, higher than the Sub-Saharan average of 50.3, while the HCI of 0.37 is among the lowest of Sub-Saharan African countries.

Recent developments

Economic activity in DRC recovered strongly in 2021 with real GDP growth estimated at 5.7 percent. The mining sector was a key driver of growth—copper and cobalt production rose by 12.0 and 7.6 percent, respectively, as domestic production capacity increased with the launch in mid-2021 of the Kamoakakula mining project. The easing of COVID restrictions, and higher revenues from the mining sector, which also benefited from rising prices, supported growth of non-mining sectors by 3.9 percent (2020: -1.3 percent).

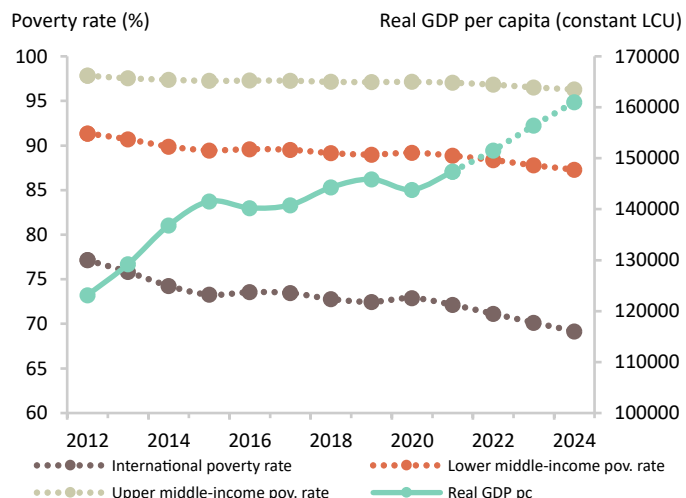
The CAD narrowed to about 1.0 percent of GDP in 2021 (2020: 2.2) due to improved terms of trade and higher mining exports volumes. Despite a small decline in foreign

FIGURE 1 Democratic Republic of Congo / Real GDP growth and sectoral contributions to real GDP growth



Sources: Democratic Republic of Congo Statistical Authorities, World Bank.

FIGURE 2 Democratic Republic of Congo / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

direct investment, the narrower current account and the IMF's SDR allocation boosted international reserves, which reached 6.4 weeks of imports in 2021 (2020: 2.1 weeks). With a slower depreciation rate of the CDF and a deceleration in inflation (to 9.1 in 2021), the Central Bank progressively cut its policy rate from 18.5 percent in January 2021 to 8.5 percent in mid-June 2021 and to 7.5 percent in early 2022.

Fiscal accounts were balanced in 2021 (2020: -1.2 percent) owing to higher revenues despite pressure on social and public infrastructure spending that lifted public expenditure up to 13.1 percent of GDP in 2021 (2020:10.1). Domestic revenue collection increased to 11.2 percent of GDP (2020: 8.7) with higher income and value-added tax collections and a better performance in non-tax revenue (of which mining revenue accounts for 30 percent).

The latest World Bank projections put poverty at 72.1 percent in 2021, a 0.8 percentage points decrease compared to 2020.¹ Despite adverse effects of the COVID-19 pandemic, explaining a slight

poverty increase in 2020 with job losses and reduced food consumption for 10 and 20 percent of households, respectively, according to COVID-19 High Frequency Phone surveys in Kinshasa, favorable economic prospects made it possible to reverse the trend by 2021.

Outlook

GDP growth is estimated to accelerate to 6.4 percent by 2023 driven by the services sector (mostly trade and telecommunication). The mining sector is expected to expand further in 2022 and pick up pace by 2024 as Kamoakakula - aiming to become the second largest copper mine in the world- enters its second phase of production in late-2022.

The fiscal deficit could widen to about 2.7 percent by 2022 as the government is likely to provide some cushion to higher oil and food prices. The CAD is projected to narrow further in 2022 with a slight surplus estimated at 0.1 percent as higher commodity prices improve terms of trade (higher oil prices might accelerate further the demand for cobalt, a key component in rechargeable batteries).

Despite the lasting adverse effect of the pandemic, high population growth, and the Russian invasion, extreme poverty is projected to decrease by 2.8 percentage points by 2024 given favorable economic prospects.

DRC's economy remains vulnerable to commodity price movements and growth performance of its major trading partners which might be disturbed by geopolitical conflicts and a resurgence of the pandemic. The economic consequences of the Russian invasion and associated sanctions, through rising global food costs and higher oil prices, could exert strong pressure on inflation and on households' consumption, raising the burden on expenditures by up to 15 percent and subsequently reducing private consumption growth.

With the agriculture sector employing over 60 percent of the working age population, vulnerability to climate change related risks (floods, droughts) is substantial. Finally, continued political uncertainty ahead of planned 2023 presidential elections, might delay reform efforts, worsen fiscal imbalances and generate arrears. DRC's immediate challenge is to maintain political and macroeconomic stability while stepping up ongoing reforms to ensure sustainable growth.

1/ The projections, estimated using macroeconomic forecasts, are preliminary and as more data come from the ground, poverty projections will be updated.

TABLE 2 Democratic Republic of Congo / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	4.4	1.7	5.7	6.0	6.4	6.1
Private Consumption	17.3	-8.0	1.6	1.5	2.0	2.2
Government Consumption	6.6	4.1	20.9	11.7	2.6	7.2
Gross Fixed Capital Investment	6.3	31.3	33.6	13.1	17.2	11.3
Exports, Goods and Services	1.4	8.0	14.9	12.5	8.0	8.0
Imports, Goods and Services	25.2	12.0	30.7	11.4	12.4	8.7
Real GDP growth, at constant factor prices	4.6	2.3	5.6	5.9	6.2	6.0
Agriculture	3.1	2.5	2.4	2.5	2.6	2.7
Industry	4.1	4.2	6.6	7.2	7.5	7.0
Services	5.7	0.1	5.6	5.7	6.1	6.0
Inflation (Consumer Price Index)	4.7	11.2	9.1	9.5	7.0	6.0
Current Account Balance (% of GDP)	-3.4	-2.2	-1.0	0.1	-0.5	-0.8
Fiscal Balance (% of GDP)	-2.0	-1.2	0.0	-2.7	-1.6	-1.1
Debt (% of GDP)	19.5	22.4	21.7	21.2	19.8	16.0
Primary Balance (% of GDP)	-1.8	-1.0	0.2	-2.2	-1.1	-1.1
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	72.5	72.9	72.1	71.1	70.1	69.2
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	89.0	89.2	88.9	88.4	87.8	87.3
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	97.1	97.2	97.1	96.8	96.5	96.3
GHG emissions growth (mtCO₂e)	0.1	0.0	0.2	0.2	0.1	0.1
Energy related GHG emissions (% of total)	2.2	2.2	2.3	2.3	2.4	2.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2012-E123. Actual data: 2012. Nowcast: 2013-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2012) with pass-through = 0.7 based on GDP per capita in constant LCU.

REPUBLIC OF CONGO

Key conditions and challenges

The Congolese economy, which is highly oil-dependent, has been contracting since the fall of oil prices in mid-2014, with GDP growth averaging -4.8 percent in 2015–21. The exposure to large swings in oil prices and weak governance, reflected in high levels of non-concessional borrowing, led the debt to become unsustainable and the country into debt distress, with its debt-to-GDP ratio increasing from 42.3 percent in 2014 to 113.2 percent in 2020. While debt restructuring agreements concluded in 2021, higher oil prices, and improved debt management (including restricting new external financing on concessional terms) have restored debt sustainability, ROC however remains in debt distress due to outstanding arrears with some external and domestic creditors. Natural resource revenues have not translated into higher income per capita growth, and human capital development remains below that of peer countries, owing to low government spending efficiency and weak governance in key sectors. The proportion of the population living below the international extreme poverty line of US\$1.90 PPP per day increased from 39.1 percent in 2015 to 53.9 percent in 2021, with the poverty rate increasing by 5.2 percentage points between 2019 and 2021 alone, driven by the pandemic. The social and economic cost of COVID-19 further highlights the importance of reforms to protect and develop

human capital and infrastructure, as well as to improve the business environment for faster, sustained, and inclusive economic growth. The pandemic continues to be a risk to the ROC's economic stability, especially given the slow pace of vaccination, with only about 12 percent of the population fully vaccinated as of March 17, 2022. Diversifying the economy away from oil remains a key challenge to reduce the country's vulnerability to volatile oil prices and production, which was highlighted by the 6.2 percent economic contraction recorded in 2020.

Table 1 2021

Population, million	5.7
GDP, current US\$ billion	12.1
GDP per capita, current US\$	2132.9
International poverty rate (\$1.9) ^a	39.6
Lower middle-income poverty rate (\$3.2) ^a	64.1
Upper middle-income poverty rate (\$5.5) ^a	83.9
Gini index ^a	48.9
School enrollment, primary (% gross) ^b	93.7
Life expectancy at birth, years ^b	64.6
Total GHG Emissions (mtCO2e)	20.4

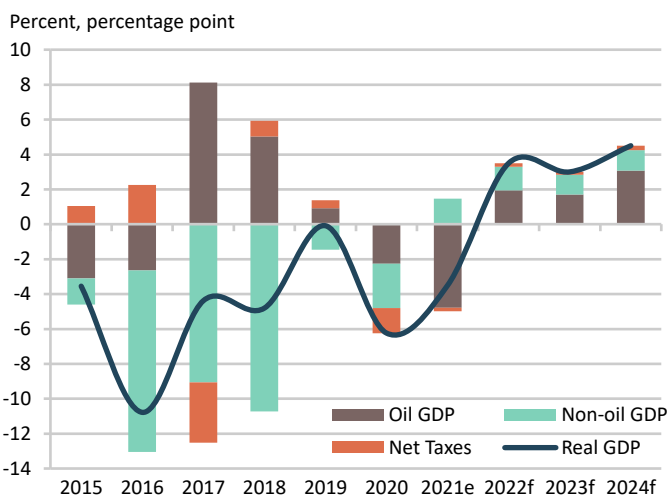
Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2011), 2011 PPPs.
b/ WDI for School enrollment (2018); Life expectancy (2019).

The Republic of Congo's (ROC) economy contracted by an estimated 3.5 percent in 2021. The poverty rate increased from 51.9 percent in 2020 to an estimated 53.9 percent in 2021. The ROC is expected to make a gradual recovery from the COVID-19 crisis, with GDP growth projected at 3.7 percent in 2022-24. A prolonged war in Ukraine could increase inflationary pressures in the country, but high oil prices may further sustain the recovery.

Recent developments

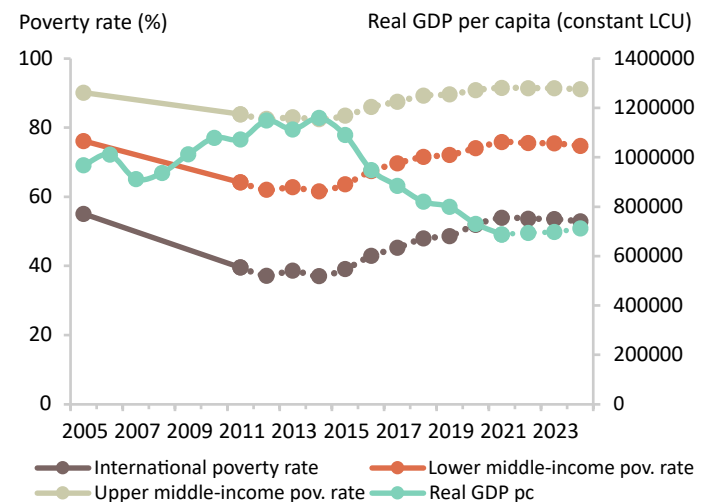
The Congolese economy is estimated to have contracted by 3.5 percent in 2021, a deeper recession compared to the World Bank fall forecast of -1.2 percent, owing to lower-than-expected oil production. Despite higher oil prices and increased global demand, oil production declined by 10.8 percent, year-on-year, in 2021 due to postponed investments, technical challenges, and maturing oil fields. By contrast, non-oil growth reached an estimated 3.4 percent in 2021, the first year of growth since 2014, driven by the resumption of economic activities (following the significant disruptions caused by the pandemic), increased use of locally sourced inputs by large firms, and progress in the repayment of domestic arrears. The overall GDP growth contraction resulted in an increase in extreme poverty from 51.9 percent in 2020 to 53.9 percent in 2021.

FIGURE 1 Republic of Congo / Real GDP growth and sectoral contributions to real GDP growth



Source: World Bank.

FIGURE 2 Republic of Congo / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

Overall inflation remained contained at 2.0 percent in 2021, but disruptions in global supply chains and high international commodity and agricultural prices exerted inflationary pressures on domestic food prices, which increased by about 3.4 percent, especially affecting the poor. Despite the fall in oil production, government revenues increased due to higher oil prices, which, together with a moderation in public spending, led to a fiscal surplus estimated at 2.1 percent of GDP in 2021 (compared to a deficit of 2.4 percent of GDP in 2020). Public debt fell sharply from 113.2 percent of GDP in 2020 to 98.5 percent of GDP in 2021, driven by high external debt service payments tied to oil prices and the increase in nominal GDP. In the external sector, high export receipts resulting from higher oil prices led to an estimated current account surplus of 9.0 percent of GDP in 2021 (compared to a surplus of 0.9 percent of GDP in 2020). The Bank of Central African States tightened its monetary policy in late 2021 over concerns about the evolution of foreign exchange reserves, which, despite higher oil prices and the International Monetary Fund's 2021 Special Drawing Rights allocation (equivalent to US\$1.4 billion), represented just above 3 months' worth of the region's imports of goods and services by end-December 2021 (roughly the same as by end-December 2020).

Outlook

The ROC is expected to gradually recover from the COVID-19 crisis, with GDP growth projected at 3.5 percent in 2022 and an average of 3.8 percent in 2023-24. Oil sector growth (expected at 4.0 percent in 2022 and an average of 4.9 percent in 2023-24) would be driven primarily by the resumption of investments by oil companies, including for asset maintenance, which had been postponed due to the pandemic and negotiations with oil companies over taxation arrangements. Non-oil economic growth (expected at 3.0 percent in 2022 and 2.5 percent, on average, in 2023-24) will be spurred by the removal of COVID-19 restrictions in early 2022, continued progress in repayment of domestic arrears, and the resumption of public investments (partially due to an increase in fiscal space from higher oil revenues). However, the war in Ukraine may also translate into higher inflation of about 2.8 percent in 2022 and an average of 3.0 percent in 2023-24. Food inflation is expected to rise even higher, impacting the country's food security, given that food accounts for about 30 percent of the ROC's merchandise imports. The poverty rate is expected to

slightly decline to an average of 53.4 percent in 2022-24, consistent with GDP per capita growth. The return of real GDP per capita to the pre-COVID level of US\$1,800 by 2030 will require the economy to grow by 4.5 percent, on average, starting in 2025. Meanwhile, the poverty rate is projected to return to pre-pandemic levels by 2028.

The fiscal balance is expected to remain positive at 4.1 percent of GDP in 2022 and an average of 2.3 percent in 2022-24 due to higher oil revenues, fueled by higher oil prices (resulting from the conflict in Ukraine) and improved non-oil revenue mobilization (resulting from tax administration reforms). Higher oil prices are also projected to widen the current account surplus to 15.3 percent of GDP in 2022, before it narrows to an average of 4.6 percent of GDP in 2023-24, as investments in new oil fields will lead to an increase in equipment imports.

Downside risks include uncertainties related to the pandemic and oil production. A prolonged war in Ukraine represents both downside and upside risks. While it would further raise international agricultural prices, adding substantial inflationary pressures, it could also sustain high oil prices, potentially strengthening the economic recovery.

TABLE 2 Republic of Congo / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	-0.1	-6.2	-3.5	3.5	3.0	4.5
Private Consumption	1.6	-6.9	7.5	5.0	4.5	5.5
Government Consumption	-18.7	-33.1	9.7	9.4	4.6	4.1
Gross Fixed Capital Investment	-2.3	-45.0	12.7	6.9	10.9	10.9
Exports, Goods and Services	7.4	-11.1	-9.6	4.7	3.4	6.0
Imports, Goods and Services	3.2	-36.3	5.0	11.0	9.8	11.5
Real GDP growth, at constant factor prices	-0.6	-5.1	-3.5	3.5	3.0	4.5
Agriculture	0.2	4.5	1.5	2.7	2.1	2.0
Industry	0.2	-3.7	-9.2	4.0	3.5	6.3
Services	-1.8	-9.2	3.9	3.0	2.6	2.7
Inflation (Consumer Price Index)	2.2	1.4	2.0	2.8	3.0	3.0
Current Account Balance (% of GDP)	-0.8	0.9	9.0	15.3	6.6	2.7
Net Foreign Direct Investment (% of GDP)	3.4	2.4	5.5	5.0	5.7	5.9
Fiscal Balance (% of GDP)	3.4	-2.4	2.1	4.1	2.8	1.9
Debt (% of GDP)	81.9	113.2	98.5	82.6	77.6	71.9
Primary Balance (% of GDP)	8.0	-0.6	4.3	6.0	4.7	3.5
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	48.7	51.9	53.9	53.6	53.5	52.9
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	72.1	74.1	75.8	75.5	75.5	74.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	89.6	90.9	91.5	91.5	91.4	91.1
GHG emissions growth (mtCO₂e)	2.3	-1.2	0.1	1.5	1.4	1.8
Energy related GHG emissions (% of total)	21.3	19.9	19.5	20.1	20.7	21.6

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2011-ECOM. Actual data: 2011. Nowcast: 2012-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2011) with pass-through = 0.7 based on GDP per capita in constant LCU.

CÔTE D'IVOIRE

Key conditions and challenges

Table 1 2021

Population, million	27.1
GDP, current US\$ billion	66.2
GDP per capita, current US\$	2445.4
International poverty rate (\$1.9) ^a	9.2
Lower middle-income poverty rate (\$3.2) ^a	34.9
Upper middle-income poverty rate (\$5.5) ^a	67.4
Gini index ^a	37.2
School enrollment, primary (% gross) ^b	100.5
Life expectancy at birth, years ^b	57.8
Total GHG Emissions (mtCO2e)	49.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

The recovery in 2021 registered 7.0 percent growth (4.4 percent per capita), with a rebound in domestic demand. Inflation reached a 10-year high, casting a shadow over the gains for poor households. Headwinds prevail in the short-term from the surge in global commodity prices, the tightening of financial markets, and supply-side disruptions resulting from the Ukraine conflict, along with heightened geopolitical and security tensions from the Sahel.

One of the fastest-growing economies in sub-Saharan Africa for almost a decade - with real GDP growth averaging 8.2 percent annually over 2012-19 (5.7 percent in per capita terms) - Cote d'Ivoire exits the global COVID-19 crisis facing a renewed imperative: addressing bottlenecks to enable structural transformation and sustain inclusive growth. Total factor productivity growth has remained flat since 2017, and economic complexity has stalled, below the level expected for its income level. The informal sector, although shrinking, still accounts for up to 40 percent of GDP.

Aiming to double GDP per capita by 2030, the authorities adopted the National Development Plan (NDP) 2021-2025 in December 2021, based on leveraging private investment, capital deepening, improvements in human capital, addressing climate risks, and strengthening governance. Improving factor accumulation while reducing allocative inefficiencies created by market distortions should improve productivity, and support the development of higher-value added sectors in services and manufacturing.

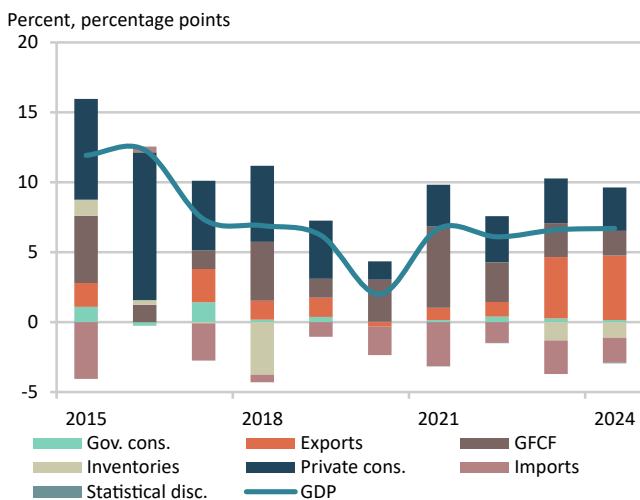
Downside risks in the short term have risen due to the Ukraine conflict's impact on global commodity prices and supply-side disruptions to agricultural inputs. A tightening of global financial conditions could increase debt vulnerabilities, while higher oil and food prices

will continue fueling inflationary pressures. While the vaccination rollout is among the highest in West Africa, vulnerabilities from new infection waves remain. Heightened regional and security tensions and climate-related factors could also dampen the outlook. In the medium term, the roll out of the NDP will depend on adequate financing, premised on greater domestic revenue mobilization and private financing.

Recent developments

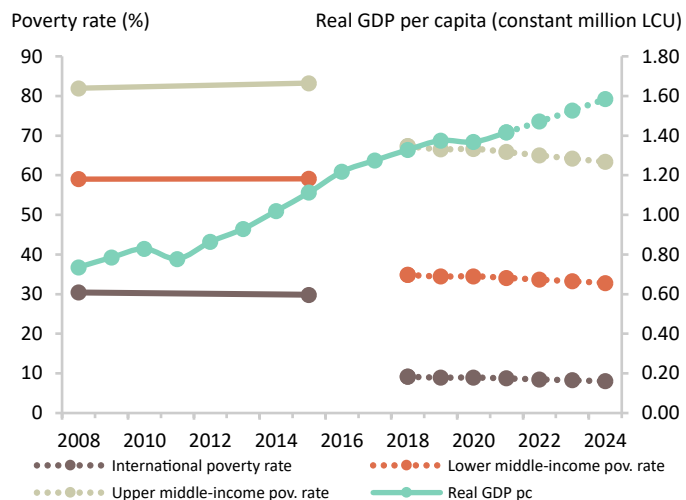
The economy rebounded strongly from the COVID-19-induced slowdown in 2020, aided by fiscal and monetary policy support and less disruptive containment measures. Real GDP growth is estimated at 7.0 percent in 2021 (4.4 percent in per capita terms) against 2 percent in 2020 (-0.6 percent in per capita terms), owing to stronger-than-expected domestic demand. Private consumption and investment were supported by strong credit (+13 percent) and employment (+7.5 percent) growth; while public consumption and investments remained high. Net exports were negative at end-November, as exports of cocoa and cashew nuts were offset by investment-driven imports (+15.1 percent). The supply side was marked by a strong expansion in commerce and services, including trade and telecom despite temporary disruptions in electricity supply caused by climate-related factors in the first half of the year. Agriculture's performance was more mixed with weak food

FIGURE 1 Côte d'Ivoire / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Côte d'Ivoire / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

crop production contrasting that of export crops. The current account deficit is expected to have widened to 3.8 percent of GDP in 2021 from 3.2 percent in 2020, reflecting lower trade surplus and higher primary and secondary deficits due to lower official grants and net remittances flows as well as higher interest payments.

Inflation reached a 10-year high of 4.2 percent, 1.2 percentage points above the regional target, mainly driven by foodstuffs because of a water deficit that affected production, and disruptions in the cultivation schedules of some crops because of mobility restrictions lingering since 2020 and increased security in the northern borders.

Côte d'Ivoire's monetary and exchange rate policies are managed by the Central Bank of West African States (BCEAO), which maintains a fixed peg between the CFA Franc and the Euro. Its reserves reached 5.8 months of imports in 2021 owing to increased exports, the August 2021 SDR allocation, and Eurobond issuances in the region (by Benin, Côte d'Ivoire, Senegal and the BOAD).

High expenditure levels to support economic recovery were offset by higher-than-expected revenue collection, allowing for a decline of the fiscal deficit to 5.1 percent of GDP in 2021. Tax revenues significantly increased (+20 percent yoy),

exceeding the annual target by more than 15 percent, mostly due to tax buoyancy. Meanwhile, expenditure increased on account of further security and health needs, and public investment. Capital expenditure outpaced their target by 20.3 percent, linked to PND projects. Increased financing needs were covered by recourse to the regional market, the allocation of IMF SDRs (1.3 percent of GDP) and Eurobond issuances. As a result, public debt also increased to 52.6 percent of GDP.

The incidence of extreme poverty measured with the US\$1.9 a day per capita (2011 PPP) international poverty line declined from 8.95 percent in 2019, to 8.75 percent in 2021, slightly higher in comparison to pre-COVID (2019) poverty projections of 8.6 percent. The recent inflation spike is estimated to have increased extreme poverty rate by 0.2 ppt point over the 2020-21 period.

Outlook

The medium-term outlook is broadly positive, supported by the PND and a commitment to macroeconomic stability, but real GDP growth is projected to decelerate

in 2022 due to the Ukraine conflict and its global effects. Trade flows with Ukraine and Russia are small, but the indirect impact through higher food and fuel prices would still impact the external and real sectors. The current account deficit should widen due to higher import prices in the short term. Coupled with worsening regional tensions and insecurity on the northern borders compounding supply disruptions, inflation could become a major threat forcing the BCEAO to tighten monetary policy earlier, increasing financing costs of domestic debt.

The fiscal deficit is now expected to increase in 2022, with fiscal consolidation delayed as a result of the external shock. It should converge towards the WAEMU target of 3 percent of GDP one year later, in 2025, with PPG debt only gradually stabilizing around 52 percent of GDP in 2023-24. In the medium term, creating fiscal space and preserving debt sustainability would require additional revenue mobilization. Increased borrowing in the domestic market could potentially crowd out private investment. Poverty alleviation should continue in the medium term on the back of the economic recovery and the rollout of the new social development plan (PSGOUV2).

TABLE 2 Côte d'Ivoire / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	6.2	2.0	7.0	5.7	6.8	6.6
Private Consumption	6.0	1.9	5.0	4.2	4.5	4.3
Government Consumption	4.1	0.3	1.3	3.1	2.1	-0.2
Gross Fixed Capital Investment	5.5	12.2	21.3	9.1	7.8	6.0
Exports, Goods and Services	5.7	-1.3	3.7	9.8	17.1	15.6
Imports, Goods and Services	4.4	8.8	12.7	9.2	10.8	7.5
Real GDP growth, at constant factor prices	6.3	2.0	7.0	5.7	6.8	6.6
Agriculture	5.3	2.7	1.9	2.0	2.8	2.9
Industry	11.5	1.6	6.2	6.6	10.0	10.9
Services	4.7	1.9	8.7	6.4	6.6	5.8
Inflation (Consumer Price Index)	0.8	2.4	4.2	5.5	3.5	3.0
Current Account Balance (% of GDP)	-2.3	-3.2	-3.8	-4.7	-4.2	-4.0
Net Foreign Direct Investment (% of GDP)	1.3	1.2	1.5	1.3	1.4	1.7
Fiscal Balance (% of GDP)	-2.3	-5.6	-5.1	-5.7	-4.8	-3.9
Debt (% of GDP)	38.8	47.6	52.0	52.6	52.7	51.8
Primary Balance (% of GDP)	-0.8	-3.7	-3.0	-3.4	-2.8	-2.1
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	8.9	9.0	8.8	8.5	8.3	8.0
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	34.5	34.5	34.1	33.7	33.3	32.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	66.6	66.7	65.9	65.0	64.2	63.4
GHG emissions growth (mtCO2e)	0.3	-0.5	-0.4	-0.3	0.3	0.0
Energy related GHG emissions (% of total)	21.3	20.2	19.6	18.8	18.1	17.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2015-ENV and 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using point to point elasticity at regional level with pass-through = 1 based on GDP per capita in constant LCU.

EQUATORIAL GUINEA

Table 1 **2021**

Population, million	1.5
GDP, current US\$ billion	10.7
GDP per capita, current US\$	7408.7
School enrollment, primary (% gross) ^a	61.8
Life expectancy at birth, years ^a	58.7
Total GHG Emissions (mtCO2e)	20.6

Source: WDI, Macro Poverty Outlook, and official data.
a/ WDI for School enrollment (2015); Life expectancy (2019).

The economy is estimated to have recorded its seventh consecutive year of negative growth in 2021 amid disappointed hydrocarbon production. Barring new substantial hydrocarbon discoveries, growth is projected to remain negative over the medium term. Uncertainties related to the Russian invasion of Ukraine, along with a deterioration of the financial sector and fiscal position associated with a prolonged COVID-19 crisis, represent downside risks to the outlook. There are no reliable data to track poverty.

Key conditions and challenges

Since the oil price drop in 2014, Equatorial Guinea's economic growth has been negative amid a declining trend of the dominant hydrocarbon sector. While the country is classified as upper-middle-income, the long recession has likely curtailed progress in shared prosperity and poverty reduction, with GDP per capita growth averaging -6.1 percent over the past decade. Human capital outcomes are weak and undermined by insufficient social spending and poor public service delivery. Public health spending represents only 0.7 percent of GDP, significantly lower than the average of 3.3 percent of GDP for upper-middle-income countries, while life expectancy at birth is low at only 58.9 years. The unfavorable business environment and poor governance (with corruption perception levels among the worst in the world) weigh down private sector development. The dependency on the hydrocarbon sector has made the country highly vulnerable to volatile oil prices, and the social and economic toll of COVID-19 has highlighted the urgent need to diversify the economy away from the hydrocarbon industry.

Poverty is likely to have increased during the COVID-19 pandemic, with phone surveys conducted in 2020 showing a significant impact on employment and schooling. Indeed, almost half of the working population stopped working for up to 6

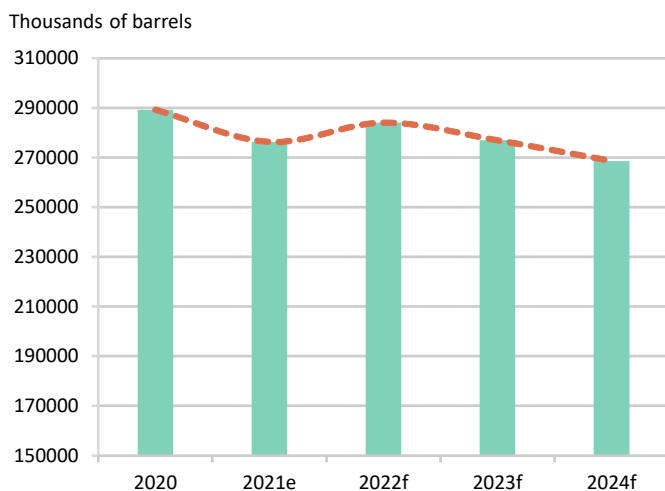
months during the crisis, and only 14 percent of students continued their education (either in person or from home). In the context of data paucity to track poverty, the Living Standard Measurement Survey (expected in 2022) will be key to benchmark poverty incidence.

Recent developments

The economy is estimated to have remained in recession in 2021 as GDP contracted by an estimated 1.6 percent (an improvement from a contraction of 4.9 percent in 2020), mainly due to a decline in hydrocarbon production (despite positive performance in liquified natural gas [LNG]). A new wave of COVID-19 at the end of the year, a slowdown in construction (due to moderate public investment), and the Bata explosions (which occurred in March 2021 and caused widespread damage in Equatorial Guinea's largest city) also contributed to dampening economic growth. The revival of the service sector that followed the end of mobility restrictions, including the full reopening of international borders, limited the extent of the economic downturn.

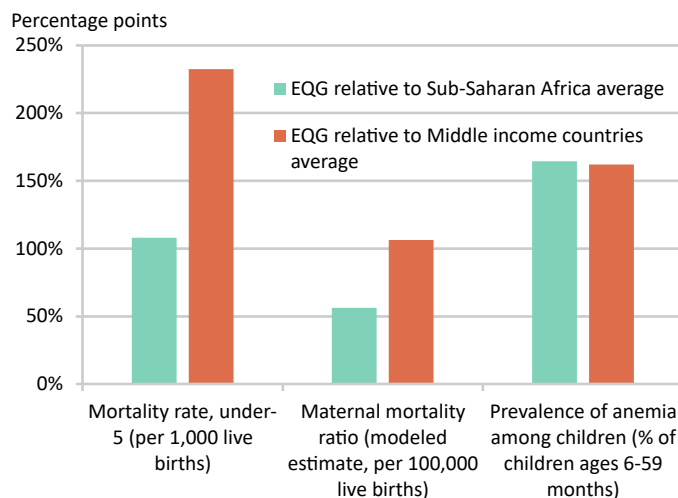
Notwithstanding higher global food and energy prices, inflation rate in Equatorial Guinea is estimated at 1.8 percent in 2021 (lower than 4.8 percent in 2020), driven mainly by the phasing out of restrictive COVID-19-related measures. The authorities made timid progress on the gradual repayment of

FIGURE 1 Equatorial Guinea / Hydrocarbon production (in thousands of barrels per day of oil equivalent)



Sources: National authorities and World Bank.

FIGURE 2 Equatorial Guinea / Non-income poverty indicators



Source: World Bank.

domestic arrears (currently at 36 percent of total public debt), helping to gradually reduce the share of non-performing loans and improve the liquidity and solvency of the banking sector. More favorable oil prices (resulting in higher oil revenues), coupled with government expenditure moderation (in particular public investment), significantly improved the government's fiscal position compared to the previous year, with the fiscal deficit narrowing from 3.3 percent of GDP in 2020 to 1.2 percent of GDP in 2021. In addition to higher year-on-year oil exports in 2021, lower imports also had a favorable impact on the external deficit, which narrowed to 2.4 percent of GDP (from 10.9 percent of GDP in 2020).

The Bank of Central African States tightened its monetary policy in late 2021 over concerns about the evolution of foreign exchange reserves, which, despite higher oil prices and the International Monetary Fund (IMF) 2021 Special Drawing Rights (SDR) allocation (equivalent to US\$1.4 billion), represented just above

3 months' worth of regional imports of goods and services by end-December 2021 (roughly the same as by end-December 2020).

Outlook

Economic growth is expected to rebound in 2022 (1.8 percent) due to higher hydrocarbon production (especially LNG) and sustained high oil and gas prices owing to the conflict in Ukraine, which should have positive spillover effects on domestic demand. Barring new substantial discoveries, hydrocarbon production will continue to decline as some of the country's largest oil fields are reaching maturity. As a result, GDP growth is projected to contract by an average of 2.4 percent in 2023-24. In the absence of significant diversification efforts or investments into new hydrocarbon reserves, GDP per capita will take nearly two decades to return to its pre-pandemic level.

The outlook could worsen if the global COVID-19 crisis lingers and the government fails to resolve the elevated outstanding arrears, which could intensify financial sector risks. Moreover, international donor budget support may fail to materialize (in particular, IMF lending program-related disbursements) if progress on key fiscal and governance reforms remains slow. Finally, negative medium-term growth prospects and associated rising fiscal pressures could hamper the government's plans to raise social spending, undermining social outcomes. Upside risks include the use of the IMF SDR allocation to resolve government arrears and stronger-than-projected oil revenues stemming from both higher-than-expected oil prices and oil production. A prolonged war in Ukraine presents both downside and upside risks. While it would raise international agricultural prices (adding inflationary pressures in Equatorial Guinea), it could also sustain high oil prices (which would increase oil revenues).

TABLE 2 Equatorial Guinea / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	-6.0	-4.9	-1.6	1.8	-2.6	-2.1
Private Consumption	3.4	3.4	1.0	1.4	1.2	0.7
Government Consumption	-4.5	-5.3	2.3	0.4	-8.5	-5.8
Gross Fixed Capital Investment	-55.8	-42.1	-18.0	-6.0	-17.0	-20.0
Exports, Goods and Services	-6.2	-9.0	-1.7	2.9	-0.8	-0.9
Imports, Goods and Services	-9.0	-7.8	2.0	2.0	1.0	0.5
Real GDP growth, at constant factor prices	-6.0	-5.0	-1.6	1.9	-2.6	-2.1
Agriculture	-5.8	0.4	2.8	1.4	1.4	1.4
Industry	-8.7	-6.8	-0.6	3.0	-2.0	-2.4
Services	-1.2	-2.1	-3.5	0.0	-4.0	-1.7
Inflation (Consumer Price Index)	1.2	5.8	1.8	2.8	2.5	2.5
Current Account Balance (% of GDP)	-1.6	-10.9	-2.4	1.4	-1.2	-2.1
Net Foreign Direct Investment (% of GDP)	5.3	3.9	5.9	5.0	5.4	5.6
Fiscal Balance (% of GDP)	2.0	-3.3	-1.2	-0.6	-1.4	-1.5
Debt (% of GDP)	45.9	52.3	47.4	43.2	47.9	45.9
Primary Balance (% of GDP)	2.7	-2.0	0.4	0.8	0.2	0.1
GHG emissions growth (mtCO₂e)	-8.5	-2.5	-0.1	0.5	-1.0	0.6
Energy related GHG emissions (% of total)	21.6	17.4	18.2	19.4	19.5	20.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

ERITREA

Key conditions and challenges

Table 1	2021
Population, million	3.6
GDP, current US\$ billion	2.3
GDP per capita, current US\$	632.6
School enrollment, primary (% gross) ^a	68.4
Life expectancy at birth, years ^a	66.3
Total GHG Emissions (mtCO ₂ e)	8.3

Source: WDI, Macro Poverty Outlook, and official data.
a/ WDI for School enrollment (2018); Life expectancy (2019).

Real GDP rebounded by 2.9 percent in 2021 after a 0.6 percent contraction in 2020, aided by external demand uptake and resumption of domestic activity. A significant boost to growth is expected in 2022 from new mining developments and rising prices of mineral exports. However, rising food inflation, climate vulnerabilities and geopolitical tensions cloud the medium-term outlook. National accounts and poverty statistics have not been produced over the last decade.

After UN sanctions were lifted in November 2018, Eritrea started emerging from a decade of international isolation. Efforts to shift from a centrally planned to a market-led economy have been slow and sporadic, and large SOEs dominate economic activity. Monetary policy is characterized by administrative measures, fiscal dominance, and a fixed exchange rate regime pegged to the US dollar, enabled by severe import restrictions in a context of low foreign exchange reserves. The banking system largely lends to government and lacks international correspondent banks, while payment and settlement systems are absent. The country is among the most vulnerable and least adapted to climate change in Sub-Saharan Africa, and frequent weather shocks pose a heavy burden for the economy and rural livelihoods. The mining sector, which started operating in 2011, accounts for over 90 percent of total exports, yet contributions to budget revenues are limited.

The Covid-19 crisis hit Eritrea amid a hiatus in its reengagement with development partners, leaving it without needed external funding. In addition, informal cross-border trade was affected by the conflict in northern Ethiopia. Yet, Eritrea's isolation moderated the magnitude of the initial external shock.

The emergency conditions prevailing in the country over the past decade have

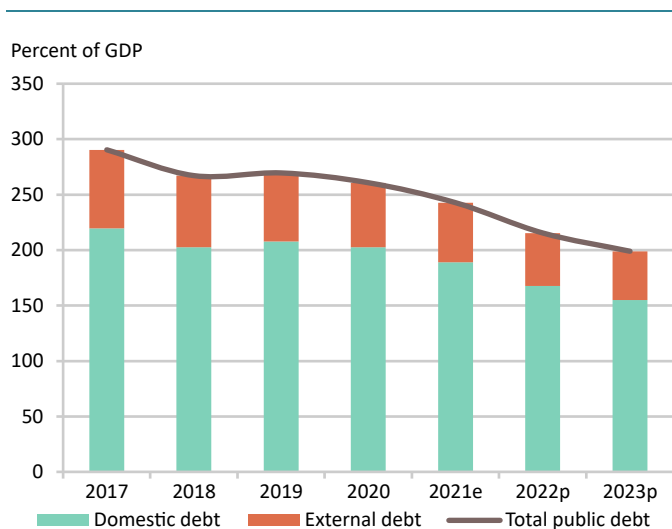
led to data production capacity constraints. National accounts data are limited to unofficial GDP estimates by the Ministry of Finance, inflation estimates cover only the capital, Asmara, and full balance of payments accounts are missing. The last population census in Eritrea took place more than 25 years ago. Therefore, little is known about poverty. Data from 1996/97, covering only urban areas, suggests that poverty was widespread with around 70 percent of the population living in poverty.

Recent developments

After contracting by 0.6 percent in 2020 amid the Covid-19 crisis, real GDP rebounded by an estimated 2.9 percent in 2021, supported by external demand uptake and the resumption of economic activity as the restrictions imposed at the onset of the pandemic were lifted. Inflationary pressures that build up following the closure of the border with Ethiopia after its temporary opening for two months in 2019 eased in 2021, and inflation hovered at 4.5 percent. The external current account surplus increased to 13.6 percent of GDP in 2021 from 11.4 percent the year before as commodity exports grew faster than the recovering imports. Reserves are estimated to hover at about two months of imports.

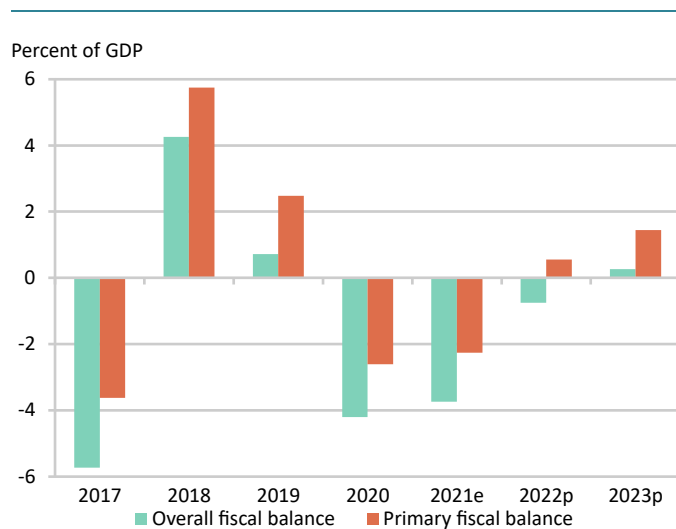
The UN Food and Agriculture Organization said in early March 2022 that the desert locust upsurge that ravaged the Horn of Africa for more than two years

FIGURE 1 Eritrea / Evolution of total public debt



Sources: Ministry of Finance, Planning and Economic Development, World Bank staff estimates.

FIGURE 2 Eritrea / Primary and overall fiscal balances



Sources: Ministry of Finance, Planning and Economic Development, World Bank staff estimates.

has ended as drier conditions prevail, but recommended vigilance as few residual infestations may linger. As part of efforts to reinvigorate the partnership between the UN and Eritrea and prepare for a new Sustainable Development Cooperation Framework for 2022-2026, a 24-person mission to Asmara led by UN Regional Directors took place end-January 2022, with discussions covering COVID-19 vaccination, regional dynamics in the Horn of Africa, regional trade integration and ACFTA, human rights, climate action, and data for development. However, Eritrea remains mostly isolated internationally. On November 12, 2021, the US imposed sanctions on four prominent Eritrean entities and two individuals in response to their role in the ongoing human rights crisis in Ethiopia.

The rebounding economic activity supported stronger revenues in 2021, driving a decline of fiscal deficit to 3.7 percent of GDP from 4.2 in 2020. Construction work associated to the Colluli and Asmara mines continued to drive capital expenditures. Public debt is estimated at around 243 percent of GDP, of which nearly 80 percent is owed to domestic banks. However, fiscal and domestic debt

outcomes remain uncertain given frequent data revisions due to reporting lags driven by widespread manual processes.

Outlook

Real GDP growth is expected to accelerate to 4.7 percent in 2022 as the Colluli and Asmara mines start exporting at full capacity. Rising international prices of zinc, gold and copper, which jointly account for over 90 percent of Eritrea's exports, will strengthen the current account and soften the negative impact from rising prices of oil and wheat, which are among the country's top imports, stemming from the Russia-Ukraine war. Similarly, the hike in potash prices, which have trebled over the past year and have low prospects of coming down soon as sanctions weigh heavily on Russia and Belarus, the second and third world producers of the commodity, could further boost Eritrea's growth and external accounts, bolstering government revenue and providing much needed foreign exchange. However, the increasing food inflation and possible shortages of key commodities will weigh negatively on

household's consumption, exacerbating poverty and food insecurity. Over the medium term, growth could continue in the range of 3.6 to 3.8 percent, supported by sustained mineral exports and potential spillovers from the new potash mine to fertilizer production, which could enhance agricultural productivity, improving livelihoods and food security.

Nevertheless, downside risks are significant. Rising global geopolitical tensions and new Covid-19 variants could further reduce global growth, negatively impacting exports. Eritrea's continued involvement in the northern Ethiopia conflict could attract renewed international sanctions, while escalation of war in Europe could further push up oil and wheat prices, with potentially dire effects on poverty and food insecurity. The absence of a Covid-19 vaccination campaign heightens risks to lives and livelihoods, while severe climate vulnerabilities that burden Eritrea could worsen in coming years. The fragile macroeconomic situation and severe credit constraints leave the country with little space to boost preparedness facing these risks, and to control damages should they materialize.

TABLE 2 Eritrea / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	3.8	-0.6	2.9	4.7	3.6	3.7
Private Consumption	5.5	-1.9	3.0	7.2	5.6	5.9
Government Consumption	39.3	16.4	9.9	3.5	4.0	2.2
Gross Fixed Capital Investment	67.5	152.2	39.1	-18.0	1.6	1.3
Exports, Goods and Services	-5.0	-5.4	49.7	25.7	3.8	1.6
Imports, Goods and Services	1.4	-3.5	42.6	28.0	2.0	3.1
Real GDP growth, at constant factor prices	3.7	-0.7	2.9	4.7	3.6	3.7
Agriculture	27.0	-0.5	4.5	3.1	2.5	3.3
Industry	13.0	-0.7	1.4	10.2	7.6	6.7
Services	-26.0	-1.1	2.0	0.6	0.2	0.3
Inflation (Consumer Price Index)	-16.4	4.8	4.5	6.2	3.5	2.2
Current Account Balance (% of GDP)	13.0	11.4	13.6	13.6	13.3	12.4
Net Foreign Direct Investment (% of GDP)	3.9	3.8	3.7	3.4	3.3	3.2
Fiscal Balance (% of GDP)	0.7	-4.2	-3.7	-0.8	0.3	1.0
Debt (% of GDP)	269.5	260.7	242.7	215.4	198.9	186.6
Primary Balance (% of GDP)	2.5	-2.6	-2.3	0.6	1.4	2.1
GHG emissions growth (mtCO2e)	4.3	-2.8	3.1	4.9	3.7	1.0
Energy related GHG emissions (% of total)	26.1	26.3	26.6	27.5	27.8	28.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

ESWATINI

Table 1 **2021**

Population, million	1.2
GDP, current US\$ billion	4.7
GDP per capita, current US\$	4009.7
International poverty rate (\$1.9) ^a	29.2
Lower middle-income poverty rate (\$3.2) ^a	52.1
Upper middle-income poverty rate (\$5.5) ^a	72.0
Gini index ^a	54.6
School enrollment, primary (% gross) ^b	114.5
Life expectancy at birth, years ^b	60.2
Total GHG Emissions (mtCO2e)	3.0

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2016), 2011 PPPs.
b/ Most recent WDI value (2019).

GDP growth is estimated to have rebounded to 3.1 percent in 2021, reflecting the easing of COVID-19 restrictions and subsequent boost on external demand. The fiscal deficit declined in 2021, as the government implemented expenditure cuts in line with its three-year fiscal adjustment plan. Poverty remains stagnant due to slow growth of per capita GDP. The economy is projected to continue to recover in 2022, albeit at a slower pace, slowing poverty reduction.

Key conditions and challenges

Eswatini has largely relied on government investment and consumption to drive growth since the end of apartheid in South Africa, as foreign private investment declined and relocated back to South Africa. Private investment remains constrained by an unfavorable investment climate and governance challenges. The risk of recurrence of political unrest in Eswatini and heightened global risks create uncertainty for medium-term private sector investment and economic growth.

The fiscal situation has been fragile due to overreliance on volatile Southern African Customs Union (SACU) revenues, which translates into significant fluctuations in public spending and pose a challenge to the management of fiscal operations and growth potential. Volatile SACU receipts have been met by rigid government expenditure, leading to persistent fiscal deficits in the recent past (Figure 1). SACU revenues consist of external trade and excise duties on imported goods, as well as a development component derived from excise taxes. The volatility in SACU revenues largely reflects the volatility in imports and the impact of exchange rate on custom receipts. The fall in SACU revenue was amplified by declining trade and growth during the COVID-19 pandemic.

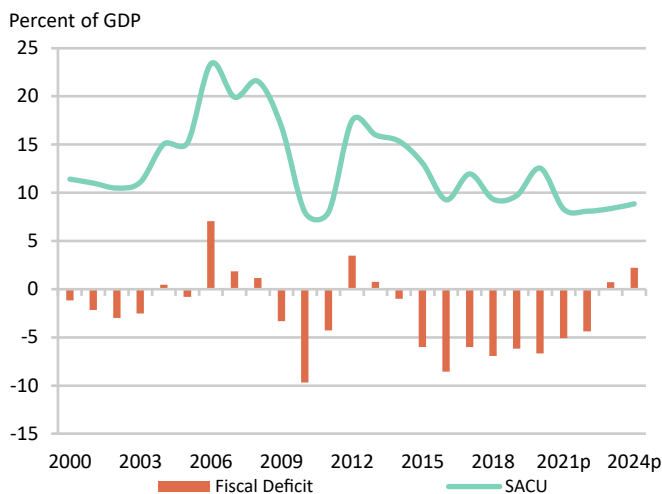
Poverty, unemployment, inequality, and HIV prevalence levels have historically been high. Progress toward reducing

poverty has been slow, with close to a third of the population living below the US\$1.90/day (2011 PPP) international poverty line. At about 27 percent, Eswatini has the world's highest HIV prevalence rate among adults aged 15 to 49, a driver and consequence of high poverty and inequality.

Recent developments

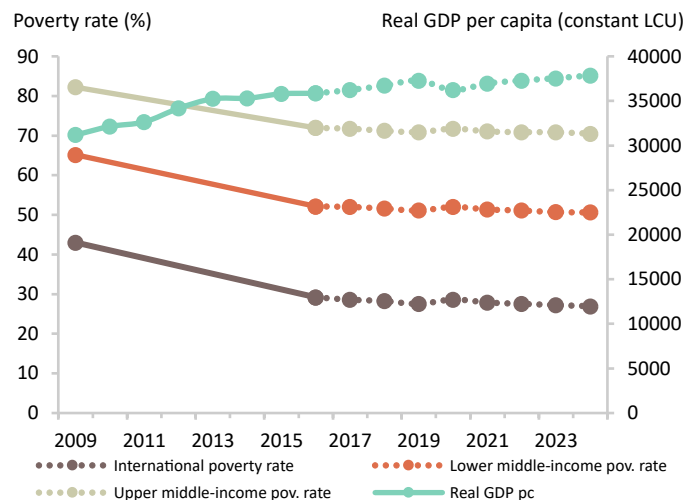
Despite the continued COVID-19 pandemic and the June 2021 political unrest, economic growth is estimated to have rebounded to 3.1 percent in 2021 from a contraction of 1.9 in 2020. The third and fourth COVID-19 wave containment measures were not as restrictive as those of earlier waves, allowing firms to ramp up production in 2021Q4. A recovery in external demand supported export-oriented manufacturing activities. The vaccination campaign, which reached about 25.3 percent of the population at end December 2021, helped to contain the spread of the virus and eased uncertainties on both demand and supply prospects. Though the June-July political unrest resulted in the destruction of physical assets, theft of inventory, and constrained operational hours, its impact on production was partly mitigated as firms accessed a Reconstruction Fund set up by the government to cushion business from damages of the political unrest. Inflationary pressures weakened in 2021 as the government kept the rental price constant, resulting in annual inflation slowing to 3.7 percent, from 3.9 percent in 2020.

FIGURE 1 Eswatini / Fiscal deficit and SACU revenue



Sources: Eswatini Ministry of Finance, and the World Bank staff projections.

FIGURE 2 Eswatini / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

Year-on-year inflation started to increase in December 2021 (to 3.5 percent from 3 percent in November 2021) after declining for three consecutive months from September 2021. Inflation increased further in January 2022 to 3.6 percent, prompting the Central Bank to increase the repo rate (for the first time since July 2020) in January 2022, from 3.75 percent to 4.0 percent.

The fiscal deficit is estimated to have declined in FY2021/22 mainly due to underspending on capital expenditure. The fiscal deficit is estimated at 5 percent of GDP, lower than the 6.5 percent of GDP initially projected in the original budget. The underspending on capital expenditure reflects low disbursements due to delays in the procurement process on foreign financed projects. It also reflects commitment to the fiscal adjustment plan that aims to limit the accumulation of expenditure arrears. At the same time, revenue collections declined mainly due to the pandemic and subsequent economic challenges. The current account surplus declined to 0.9 percent of GDP in 2021 from

6.5 percent in 2020 due to the decline in SACU revenues.

Poverty remains stagnant, in a context with limited growth in per capita GDP. About 28.5 percent of the population is estimated to live below the poverty line (\$1.90/day).

Outlook

Real GDP growth is projected to slow to 2 percent in 2022, reflecting the implementation of the government's three-year fiscal adjustment program that will dampen growth of sectors linked to government operations, such as construction and public administration. In addition, inflation is expected to rise to 4.7 percent in 2022, driven by higher international oil (partly triggered by the Russia-Ukraine conflict), administered utility prices, and continued supply shocks due to the COVID-19 pandemic. Nevertheless, the continuation of the vaccination program (at 28.6 percent

as at mid- February 2022) is expected to strengthen certainty on demand and supply chains. Poverty is projected to remain at around 28 percent, reflecting the slow economic recovery in the medium term.

The fiscal deficit is projected to further decline in 2022, as authorities implement the revenue and expenditure-led fiscal adjustment plan. Although the second-round effects of the pandemic are anticipated to manifest through a further reduction in SACU revenues in 2022, the fiscal deficit is projected to fall, as domestic revenues recover, and the authorities continue to maintain a tight expenditure framework. Public debt is projected to reach a peak in 2022 of 46 percent of GDP and will start to decline from 2023, reflecting declining fiscal deficit.

The current account balance is projected to turn into a deficit of 1.2 percent of GDP in 2022—the first time since the 2010/11 fiscal crisis—partly reflecting declining SACU revenues. The current account surplus is projected from 2023 onward on the back of recovering SACU revenue.

TABLE 2 Eswatini / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	2.6	-1.9	3.1	2.0	1.8	1.8
Private Consumption	-1.5	0.5	2.7	2.2	2.4	1.4
Government Consumption	-2.0	6.7	2.2	-0.5	-1.0	-0.5
Gross Fixed Capital Investment	1.0	-5.9	3.8	2.1	-0.8	1.5
Exports, Goods and Services	16.3	-2.4	2.7	3.6	3.9	4.3
Imports, Goods and Services	1.5	-0.7	2.1	2.5	2.3	2.3
Real GDP growth, at constant factor prices	2.7	-1.7	3.1	2.0	1.8	1.9
Agriculture	0.9	-5.4	3.3	3.5	4.5	3.6
Industry	5.5	-9.7	7.8	1.5	1.6	2.0
Services	1.1	4.5	0.2	2.1	1.4	1.5
Inflation (Consumer Price Index)	2.6	3.9	3.7	4.7	4.3	4.4
Current Account Balance (% of GDP)	4.7	6.5	0.7	-1.2	0.4	1.1
Net Foreign Direct Investment (% of GDP)	-2.4	-0.2	-0.7	-0.8	-0.8	-0.8
Fiscal Balance (% of GDP)	-6.2	-6.7	-5.1	-4.4	0.7	2.1
Debt (% of GDP)	40.0	41.7	42.8	45.7	44.7	42.2
Primary Balance (% of GDP)	-4.9	-4.5	-3.3	-1.4	3.4	4.5
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	27.5	28.6	27.9	27.5	27.2	26.9
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	51.1	52.0	51.4	51.1	50.7	50.7
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	70.9	71.8	71.1	70.9	70.9	70.5
GHG emissions growth (mtCO₂e)	0.5	0.2	-0.5	0.1	0.2	0.3
Energy related GHG emissions (% of total)	45.7	45.9	46.0	46.1	46.2	46.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2016-HIES. Actual data: 2016. Nowcast: 2017-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2016) with pass-through = 0.87 based on GDP per capita in constant LCU.

ETHIOPIA

Table 1

2021

Population, million	117.9
GDP, current US\$ billion	114.6
GDP per capita, current US\$	972.5
International poverty rate (\$1.9) ^a	30.8
Lower middle-income poverty rate (\$3.2) ^a	68.9
Upper middle-income poverty rate (\$5.5) ^a	90.2
Gini index ^a	35.0
School enrollment, primary (% gross) ^b	119.4
Life expectancy at birth, years ^b	66.6
Total GHG Emissions (mtCO2e)	213.6

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2015), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

An increased import bill and a decline in official aid flows have led to a weakening of the balance of payments and a significant drawdown in reserves. Growth in FY22 is expected to ease from 6.3 percent in FY21, impacted by the armed conflict, and inflation is likely to remain high, as oil and wheat prices increase. This is expected to result in a slowdown in poverty reduction.

Key conditions and challenges

Ethiopia has been among the fastest growing countries in the world, with GDP expanding at an average rate of 10 percent during FY04-FY20. Growth has been driven by large-scale public investment in infrastructure. While poverty declined by about 10 percentage points during 2004-2016, gains are modest when compared to other countries that saw fast growth, and inequality has increased in recent years.

The limitations of the state-led development model in Ethiopia have become apparent in recent years. Structural transformation remains incipient, and the role of the private sector is constrained by SOE dominance and an uneven playing field. The financing of the large capital investments coupled with a loss in competitiveness, caused by an overvalued exchange rate, have put the country at high risk of debt distress. Acknowledging these shortcomings, the authorities launched a Homegrown Economic Reform Agenda in September 2019, aiming to foster efficiency and introduce competition in key growth-enabling sectors (energy, logistics, and telecom), improve the business climate, and address macroeconomic imbalances. Among other measures, authorities are expected to adopt a market-determined exchange rate and introduce a modern monetary policy framework by end-2022.

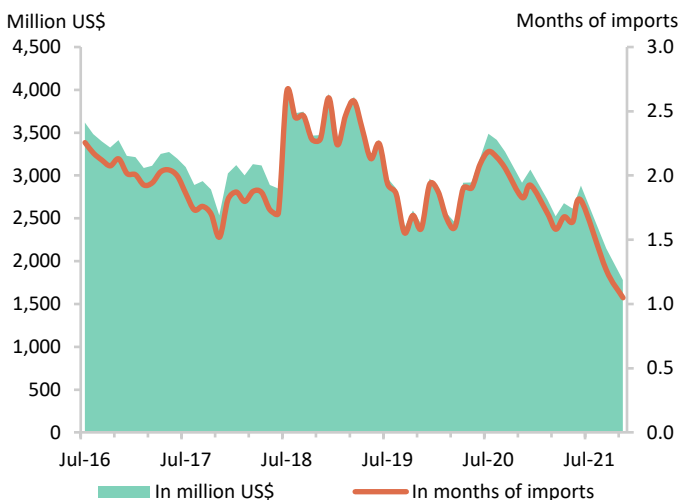
Downside risks loom large over the outlook presented below. While there has been a significant de-escalation in the armed confrontation between federal and allied regional forces and Tigrayan forces since December and both sides seem to be more open to seek a solution through diplomacy, the risks associated to a protracted conflict remain significant. Impacts on agriculture are also being compounded by the ongoing drought affecting the Horn of Africa. Finally, there are risks that macroeconomic stability is affected and economic reforms are delayed or reversed.

Recent developments

At 6.3 percent according to official figures, growth surprised on the upside in FY21, as agriculture performance in the second part of the year was better-than-expected. The few available high-frequency indicators suggest growth has been sluggish in the second half of 2021, as electricity generation dropped, capital imports contracted, and regional authorities in Amhara reported that 41 million quintals of agriculture production (or about 10 percent of the production of the previous year) had been lost due to the conflict.

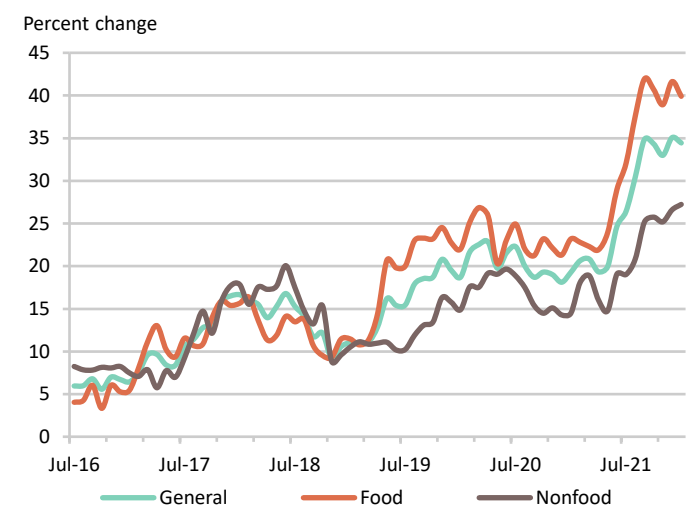
Merchandise exports grew at 21.8 percent year-on-year (y-o-y) during July-November 2021. While gold exports have declined after the surge in FY20, exports of coffee, meat, and vegetables have been strong in both volumes and values, and textile and flower exports have rebounded. Merchandise imports have expanded

FIGURE 1 Ethiopia / Gross foreign exchange reserves



Source: National Bank of Ethiopia.

FIGURE 2 Ethiopia / Evolution of inflation, y-o-y percentage change



Source: Central Statistical Agency of Ethiopia.

fast (24.3 percent y-o-y), driven by a larger fuel and cereal bill as international prices climb up. This has resulted in a significant widening of the current account deficit. During the first five months of FY22, a significant drawdown of reserves was needed, as official transfers halved (-47.8 percent y-o-y), and despite robust FDI inflows (26.9 percent y-o-y). Reserves stood in November at US\$1.8 billion (about one month of imports).

Inflation has averaged above 30 percent during the first seven months of FY22, driven by food prices, a recent increase in fuel prices, and expectations. Despite continued nominal depreciation, high inflation has resulted in the real exchange rate remaining broadly unchanged during this period. After some slowdown over the summer, base money growth has picked up again, reaching 33.4 percent during the first five months of the fiscal year. Broad money growth eased to 24 percent, impacted by the temporary instruction to freeze bank loan disbursements, which was lifted in December.

Revenue collection remains sluggish, growing at an estimate of 15 percent, in nominal terms, during the first half of FY22. In January, the parliament approved

a supplementary budget comprising additional outlays on defense and reconstruction amounting to about US\$2.5 billion (2.3 percent of GDP).

About 30 percent of households continue reporting inability to purchase essential items (food, medicines), and in the April 2021 round of the high-frequency survey there was a surge in the number of households mentioning high prices were their main impediment. The ongoing armed conflict has had a severe impact on food security: the World Food Program (WFP) estimated that as of November 2021, 9.4 million people needed humanitarian food assistance in northern Ethiopia.

Outlook

The growth figure for FY22 has been revised down on account of the intensification of the conflict during the first months of the fiscal year, the introduction of more stringent foreign exchange surrendering requirements, and the new requirement for banks to invest 1 percent of outstanding credit on Development

Bank of Ethiopia bonds, which will likely hold back economic activity. Prices are expected to keep rising the coming months, as monetary policy has loosened again, crop production has likely been impacted by the conflict, and international commodity prices remain high. The economic consequences of the Russian invasion of Ukraine, war and associated sanctions are expected to result in further deterioration of the balance of payments and inflationary pressures. This outlook expects some rebound in economic activity in FY23 assuming the conflict in Tigray does not reignite.

The poverty trajectory is uncertain due to offsetting factors. On one hand, armed conflict, persistent droughts in lowland regions and rising inflation, are expected to have driven a large number of people into poverty. On the other hand, growth in other sectors and parts of the country is expected to alleviate poverty. Whether the poverty effect of growth can fully offset the impact of the conflict, droughts and inflation is unclear, but their intensity suggests that progress in poverty reduction will be lower than in previous periods.

TABLE 2 Ethiopia / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2018/19	2019/20	2020/21	2021/22e	2022/23f	2023/24f
Real GDP growth, at constant market prices	9.0	6.1	6.3	3.3	5.2	5.9
Private Consumption	5.1	5.0	3.0	2.5	2.8	3.3
Government Consumption	7.2	0.6	12.2	21.1	3.8	3.1
Gross Fixed Capital Investment	15.1	5.6	7.6	-1.0	8.3	9.8
Exports, Goods and Services	3.0	3.4	5.5	6.2	6.8	7.5
Imports, Goods and Services	5.4	-1.9	2.0	3.8	4.2	5.1
Real GDP growth, at constant factor prices	9.0	6.1	6.3	3.3	5.2	5.9
Agriculture	3.8	4.3	5.5	2.5	4.0	4.0
Industry	11.5	9.6	7.3	5.5	9.5	9.5
Services	12.0	5.2	6.3	2.4	3.0	4.7
Inflation (Consumer Price Index)	12.5	19.9	20.2	34.2	25.6	16.9
Current Account Balance (% of GDP)	-5.1	-4.1	-2.7	-4.5	-4.1	-3.8
Fiscal Balance (% of GDP)	-2.5	-2.8	-2.8	-4.2	-3.3	-2.9
Debt (% of GDP)	57.3	56.5	56.6	56.0	55.6	53.2
Primary Balance (% of GDP)	-2.0	-2.4	-2.2	-3.6	-2.7	-2.3
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	25.9	25.2	24.5	24.4	23.9	23.3
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	63.7	63.0	62.2	62.0	61.5	60.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	83.4	82.4	81.4	81.2	80.5	79.5
GHG emissions growth (mtCO₂e)	2.0	1.1	1.2	0.6	1.2	1.5
Energy related GHG emissions (% of total)	24.6	23.2	21.7	19.9	18.4	17.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2015-HICES, 2018-, and 2015-HICES. Actual data: 2015. Nowcast: 2016-2021. Forecasts are from 2022 to 2024.

b/ Projection using point to point elasticity at regional level with pass-through = 1 based on GDP per capita in constant LCU.

Note: Growth projections are based on limited information and stand to be updated/revised based on improved data availability.

GABON

Table 1 **2021**

Population, million	2.3
GDP, current US\$ billion	17.6
GDP per capita, current US\$	7734.3
International poverty rate (\$1.9) ^a	3.4
Lower middle-income poverty rate (\$3.2) ^a	11.2
Upper middle-income poverty rate (\$5.5) ^a	32.2
Gini index ^a	38.0
School enrollment, primary (% gross) ^b	139.9
Life expectancy at birth, years ^b	66.5
Total GHG Emissions (mtCO2e)	13.2

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2017), 2011 PPPs.
b/ WDI for School enrollment (2011); Life expectancy (2019).

Gabon's economy expanded by an estimated 1.5 percent in 2021, driven by the booming mining and forestry sectors. The fiscal balance deteriorated slightly in 2021. Public debt remains sustainable, but risks are high. The spike in agricultural commodity prices due to the Ukraine conflict could add to food insecurity and disproportionately affect the most vulnerable. While higher oil prices will support the recovery, the transformation of Gabon's growth model to foster green and inclusive growth and accelerate job creation is crucial.

Key conditions and challenges

Gabon's economic recovery is underway, although inadequate governance and a poor business climate remain major challenges to channel resource wealth to sustainable development and ensure broad-based improvements in living conditions. Given the country's young workforce and fast-growing population, increasing human capital is a priority to meet the challenge of economic diversification and reduce the risk of social unrest in a context of high unemployment. Higher global oil prices expected for the forecast horizon might delay the implementation of measures to diversify exports, strengthen social safety nets, and promote competition. Sustained implementation of reforms to strengthen public financial management and the efficiency of public investment is crucial to meet the country's development needs and improve its growth prospects. Efforts to improve reporting and procurement practices are required to modernize and strengthen public investment management.

Despite the challenging global economic context, it is crucial for Gabon to accelerate its efforts to manage the macroeconomic volatility due to external shocks. Key to this is building fiscal buffers, by strengthening domestic revenue mobilization and ensuring a more selective allocation of tax exemptions. Efforts to foster transparency in natural resource management need to be

stepped up to reduce fiscal vulnerabilities. The reintegration of Gabon into the Extractive Industries Transparency Initiative in October 2021 was an important step, and the authorities need to ensure the effective implementation of all membership obligations. Despite reaching historic highs in 2020, public debt remains sustainable, although vulnerabilities are high.

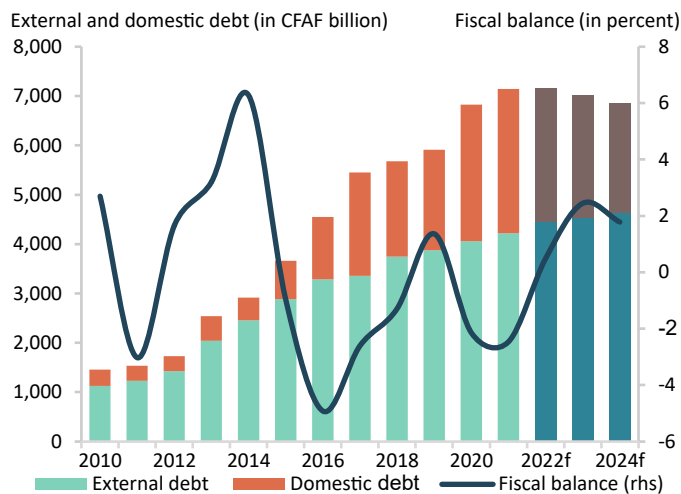
Recent developments

Following a recession in 2020 caused by the COVID-19 pandemic and oil price shocks, the Gabonese economy expanded by an estimated 1.5 percent in 2021. Growth was driven by the non-oil sector, in particular the booming mining and forestry sectors. Oil production is estimated to have declined by 5.5 percent in 2021, year-on-year (y-o-y), to meet the OPEC+ quota.

New measures to encourage vaccination have been in place since the beginning of 2022, but the number of fully vaccinated people remains low at 13 percent of the population in early March 2022. The poverty rate is estimated to reach 34.1 percent in 2021. Living conditions have not yet returned to their pre-COVID-19 crisis levels, when employment levels suffered from restrictive measures, resulting in major income losses, especially for self-employed and informal workers.

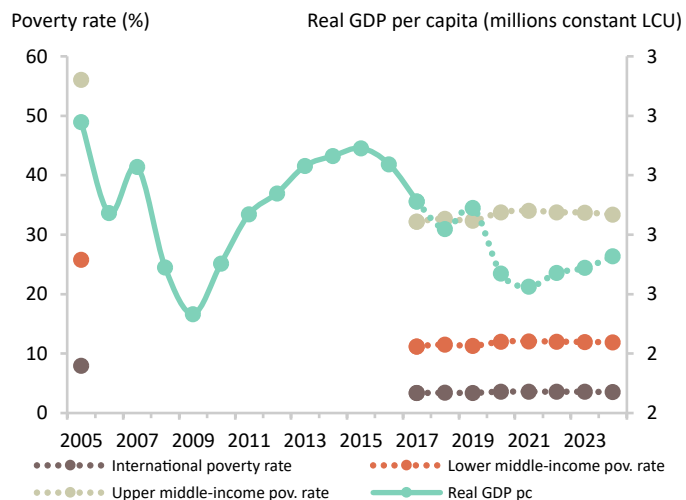
Despite higher global food and energy prices, inflation remained contained in 2021. The consumer price index increased by 2.0 percent in January 2022,

FIGURE 1 Gabon / Debt and fiscal balance



Sources: Official government data and World Bank calculations. Note: e = estimate, f = forecast.

FIGURE 2 Gabon / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

y-o-y, as food prices rose moderately by 2.4 percent. The Bank of Central African States tightened its monetary policy in late 2021 over concerns about the evolution of foreign exchange reserves, which, despite higher oil prices and the 2021 Special Drawing Rights allocation, represented just above 3 months' worth of imports of goods and services by end-December 2021.

The fiscal balance deteriorated slightly to an estimated 2.5 percent of GDP in 2021. High oil prices partially compensated for lower oil production and contributed to higher than initially anticipated oil revenue while tax revenues remained fragile. The government continued its efforts to keep spending under control while investment spending increased. Public debt is estimated to have declined to 70.5 percent of GDP at end-2021.

In 2021, the strong performance of the wood and manganese industries, combined with higher commodity prices, contributed to an overall increase in export earnings, while imports rose slightly compared to the previous year. The current account deficit is estimated to have narrowed to 4.9 percent of GDP in 2021.

Outlook

Gabon's economy is projected to gain momentum and grow by an average of 2.8 percent in 2023-24. Higher global oil prices due to the conflict in Ukraine are expected to have spillover effects on internal demand. Medium-term growth critically depends on the government's commitment to structural reforms and economic diversification.

Measures to strengthen domestic revenue collection and rationalize tax exemptions would contribute to higher tax revenues, and oil-revenue would be favorably impacted by higher global oil prices. There may be pressure on the wage bill in 2022 as the public servants' hiring freeze is discontinued. Fiscal balances and debt are expected to improve gradually over the medium term. Concrete efforts to improve public debt management and budget execution should prevent the accumulation of new domestic and external arrears.

The current account is projected to post a surplus in the medium term, supported by higher oil and manganese prices, the

continued easing of OPEC+ oil production cuts, and a resumption of investments in wood and agri-business.

Against this backdrop, the share of Gabonese households living on less than US\$5.5 per day is expected to decline gradually to 33.4 percent by 2024, which is 1.0 percentage point higher than the pre-pandemic rate estimated for 2019.

The outlook is subject to high levels of uncertainty. Gabon's fiscal sustainability could deteriorate if global financing conditions tighten substantially. While higher-than-expected global oil prices will favorably impact the country's fiscal and external balances, high global food and energy prices due to the Ukraine conflict pose inflation risks and will disproportionately affect Gabon's most vulnerable population and increase food insecurity. The emergence of new COVID-19 variants may also have a negative impact on domestic activity if the government were to impose new restrictions. Uncertainty surrounding the 2023 presidential election and weak institutional capacity could slow the government's implementation of structural reforms aimed at diversifying away from oil, thereby jeopardizing future growth.

TABLE 2 Gabon / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021	2022e	2023f	2024f
Real GDP growth, at constant market prices	3.9	-1.8	1.5	3.3	2.6	3.0
Private Consumption	0.9	-2.0	-1.0	0.1	3.3	2.6
Government Consumption	6.1	5.5	1.3	0.5	1.5	0.1
Gross Fixed Capital Investment	21.5	-16.7	10.8	-0.2	3.2	5.0
Exports, Goods and Services	14.0	10.1	0.6	6.4	1.8	0.9
Imports, Goods and Services	21.5	-16.7	34.8	0.1	2.7	2.3
Real GDP growth, at constant factor prices	4.2	-1.9	1.5	3.3	2.6	3.0
Agriculture	7.9	5.9	6.7	5.2	4.2	4.8
Industry	6.8	-2.2	0.4	3.0	1.5	2.9
Services	2.3	-2.8	1.3	3.1	2.9	2.7
Inflation (Consumer Price Index)	1.0	1.6	2.0	3.0	2.8	2.5
Current Account Balance (% of GDP)	-0.9	-6.0	-4.9	4.1	3.1	1.2
Net Foreign Direct Investment (% of GDP)	-7.4	-8.4	-7.5	-4.9	-5.0	-4.0
Fiscal Balance (% of GDP)	1.4	-2.1	-2.5	0.5	2.4	1.8
Debt (% of GDP)	59.8	77.4	70.5	61.6	60.0	59.0
Primary Balance (% of GDP)	3.6	1.2	0.4	3.2	5.0	4.5
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	3.4	3.6	3.6	3.6	3.6	3.5
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	11.3	12.0	12.1	12.0	11.9	11.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	32.3	33.8	34.0	33.8	33.7	33.4
GHG emissions growth (mtCO₂e)	-1.3	-2.4	-2.1	-1.7	-1.4	-1.2
Energy related GHG emissions (% of total)	17.6	14.7	12.1	9.6	7.4	5.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2017-EGEP. Actual data: 2017. Nowcast: 2018-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2017) with pass-through = 0.7 based on GDP per capita in constant LCU.

THE GAMBIA

Table 1 **2021**

Population, million	2.5
GDP, current US\$ billion	2.0
GDP per capita, current US\$	821.4
International poverty rate (\$1.9) ^a	10.3
Lower middle-income poverty rate (\$3.2) ^a	38.4
Upper middle-income poverty rate (\$5.5) ^a	72.7
Gini index ^a	35.9
School enrollment, primary (% gross) ^b	103.5
Life expectancy at birth, years ^b	62.0
Total GHG Emissions (mtCO ₂ e)	3.6

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2015), 2011 PPPs.
 b/ WDI for School enrollment (2020); Life expectancy (2019).

Economic recovery accelerated towards end-2021. However, the pace of recovery will slowdown owing to commodity prices and supply shocks. High fiscal deficits have led to domestic borrowing that could risk sustainability. Inflation may erode household incomes amidst a slow recovery in employment and hinder poverty reduction. The outlook is subject to downside risks from the speed of global recovery, the pandemic, and global contagion from the Russia-Ukraine conflict.

Key conditions and challenges

Semi-enclaved within Senegal, The Gambia is a small, fragile, densely populated country with historically low and volatile economic growth, characterized by limited economic diversification, insufficient capital accumulation, and low productivity. Since the democratic transition of 2017, the Government has taken steps to restore macroeconomic stability and reignite growth (6 percent during 2017-2019). The 2019 debt restructuring helped The Gambia to exit debt distress in early 2020 and paved the way for an IMF program. A successful 2021 election will further these gains.

Despite progress with COVID19 vaccination in tourist markets, it is slow within The Gambia at 13.5 percent, and the recovery will be gradual due to uncertainty around new variants and the Russia-Ukraine conflict. The 2021/22 tourist season (October to March) performed above expectations in 2021, however future travel restrictions, a potential downturn in tourist markets, and the rising cost of living globally could slow the recovery. GDP growth estimates for 2021 were revised up compared to the Fall, reflecting higher-than-projected tourist arrivals, remittances, FDI, project implementation and a private credit rebound. However, continued commodity price and supply shocks will constrain future agricultural growth. Recovery in the labor market remains slow and unequal as increases in employment

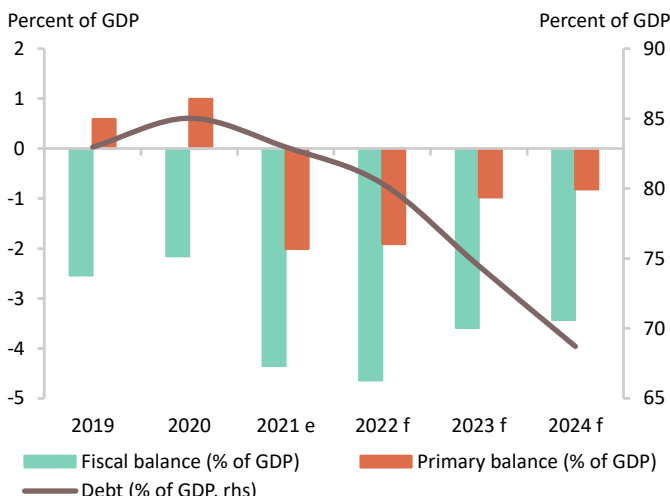
occurred mostly in the low-productive agriculture sector (employing 35.5 percent of workers), and not in the higher-paid services sector, slowing the pace of poverty reduction. Moreover, high food inflation exposes poor households – who spend 65 percent on food – to the risk of sliding deeper into poverty.

As the risk of debt distress and inflation remain high, The Gambia has limited fiscal and monetary policy buffers to respond to the spillovers from war. The outlook is subject to downside risks from vaccine-resistant virus mutations, slower vaccine roll-out, higher commodity prices, slower reform pace, and frequent climatic shocks.

Recent developments

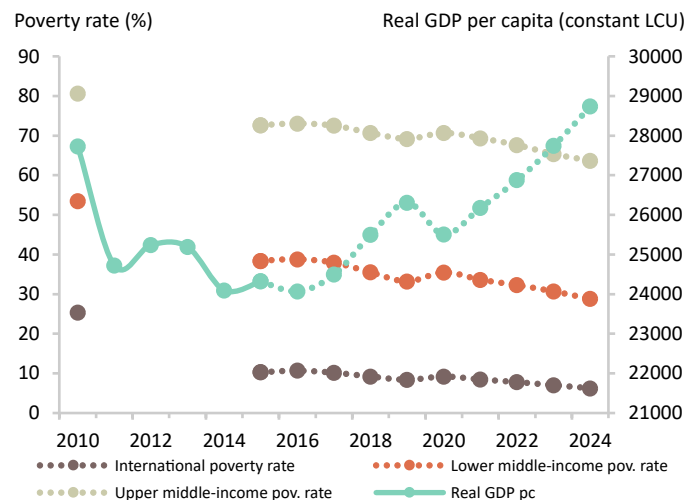
GDP grew by 5.6 percent (2.6 percent in per capita terms) in 2021, after falling by 0.2 percent in 2020 (-3 percent pc). All sectors grew, as tourist arrivals were above-expectations, rainfall was higher than average (supporting poor, rural and industrial workers) and record-high remittances continued to support the construction and distributive trade sectors. On the demand side, growth was supported by private consumption and investment while imports grew. The current account deficit (CAD) widened slightly in 2021 despite a rebound in tourism. FDI financed the deficit, while the exchange rate remained stable. Remittances increased by 31 percent y/y bolstering reserves to above 6 months of next year's imports at end-2021. Remittances

FIGURE 1 The Gambia / Actual and projected fiscal and primary balance



Sources: Gambian authorities and World Bank estimates.

FIGURE 2 The Gambia / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

were the same for almost half of the bottom 20 percent households responding to high-frequency phone surveys.

The fiscal deficit doubled as capital expenditure accelerated, mainly for locally-funded infrastructure projects, and tax revenues and grants declined. Recurrent spending fell as pandemic-related support was withdrawn. While public debt-to-GDP declined, short-term domestic borrowing increased significantly, elevating risks to debt sustainability.

Headline inflation rose, driven by high food prices (+3 percentage points). A negative output gap implies inflation is mostly imported. The central bank has thus sustained the 10 percent policy rate since May 2020. Broad money continued to grow in 2021, supported by the banking sector's high level of net foreign assets.

Poverty increased in 2020 – for the first time since 2016 – driven largely by COVID-19. Survey data indicate large employment losses and near universal income losses at the peak of the pandemic. However, the extreme poverty rate declined from 9.2 percent in 2020 to 8.5 percent in 2021, lifting over 10,000 people out of poverty, driven by the recovering agriculture labor market. Additionally,

ongoing cash transfers in rural areas, where most of the poor live, is likely to have contributed to the decline in poverty.

Outlook

The conflict in Ukraine will slow the recovery as the terms-of-trade worsen, The Gambia being a net oil, fertilizer, and food importer. It has, however, weak direct investment, tourism and trade links with Russia or Ukraine.

Private and public consumption would grow in 2022 to counter the shock, while large infrastructure projects are implemented. Over the medium-term, growth will be driven by services, industry and agriculture, and the pandemic-induced adoption of digital technologies, assuming implementation of structural reforms and normal weather. Real GDP will grow by 5.6 percent in 2022 (2.7 percent in pc) and 6.2 percent in 2023 (3.2 percent in pc).

The CAD will widen further, driven by commodity imports and the high import content of public investments, and by declining grants and private inflows over time. The deficit will be financed by FDI

and capital transfers. Reserves should remain above 4 months of imports.

The fiscal deficit will increase further in 2022 as subsidies/transfers increase to partially offset rising fuel, fertilizer and food prices. Starting 2023, fiscal consolidation will resume, supported by improved tax expenditure monitoring and revenue administration, and public finance reforms. The primary deficit is projected to reach 0.8 percent of GDP by 2024, with public debt-to-GDP remaining high but on a declining path.

Inflation is expected to continue rising from high commodity prices and structural challenges at Banjul Port. Rising food prices will limit the ability of vulnerable households to increase their real incomes. Surveys show that as of December 2021, 78 percent of households reported food prices as the main shock affecting their wellbeing. The economic recovery is expected to offset the negative distributional effects of inflation, so the poverty rate is expected to continue declining, reaching 7.8 percent in 2022 and 6.2 percent by 2024. The planned expansion in cash transfers to urban areas will provide some cushion against price increases and support poverty reduction.

TABLE 2 The Gambia / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	6.2	-0.2	5.6	5.6	6.2	6.5
Private Consumption	4.0	-2.4	4.3	7.0	6.0	4.7
Government Consumption	14.6	10.8	-2.8	2.6	6.1	7.4
Gross Fixed Capital Investment	28.7	40.7	21.0	7.1	6.5	4.2
Exports, Goods and Services	-10.6	-51.3	6.2	15.5	11.0	7.6
Imports, Goods and Services	-1.7	16.2	7.9	11.2	7.2	1.8
Real GDP growth, at constant factor prices	6.2	-0.2	5.6	5.6	6.2	6.5
Agriculture	-0.5	12.0	1.0	2.0	2.8	3.2
Industry	14.8	9.9	10.7	4.9	6.8	7.0
Services	6.1	-7.3	5.6	7.2	7.2	7.4
Inflation (Consumer Price Index)	7.1	5.9	7.4	8.0	8.0	6.3
Current Account Balance (% of GDP)	-6.2	-3.7	-4.6	-12.3	-12.7	-10.9
Fiscal Balance (% of GDP)	-2.5	-2.2	-4.4	-4.6	-3.6	-3.4
Debt (% of GDP)	83.0	85.0	83.0	80.4	74.5	68.7
Primary Balance (% of GDP)	0.6	1.0	-2.0	-1.9	-1.0	-0.8
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	8.4	9.2	8.5	7.8	7.0	6.2
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	33.2	35.5	33.6	32.3	30.7	28.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	69.2	70.7	69.3	67.6	65.3	63.7
GHG emissions growth (mtCO₂e)	2.5	2.1	3.4	2.7	2.9	2.5
Energy related GHG emissions (% of total)	30.4	30.3	30.1	30.2	30.2	30.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2015-IHS. Actual data: 2015. Nowcast: 2016-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2015) with pass-through = 0.87 based on GDP per capita in constant LCU.

GHANA

Table 1 **2021**

Population, million	31.7
GDP, current US\$ billion	73.0
GDP per capita, current US\$	2299.2
International poverty rate (\$1.9) ^a	12.7
Lower middle-income poverty rate (\$3.2) ^a	29.3
Upper middle-income poverty rate (\$5.5) ^a	55.1
Gini index ^a	43.5
School enrollment, primary (% gross) ^b	103.4
Life expectancy at birth, years ^b	64.1
Total GHG Emissions (mtCO2e)	18.0

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2016), 2011 PPPs.
 b/ WDI for School enrollment (2020); Life expectancy (2019).

Economic growth rebounded to 4.1 percent in 2021, but significant macroeconomic imbalances remain. The fiscal deficit and debt remained elevated, and inflation rose to double digits. Medium-term growth prospects are strong, but there are important risks related to fiscal and external vulnerabilities. Poverty reduction has stagnated in recent years as important regional disparities persist; the recent surge in food and fuel prices is likely to have a significant impact on the poor and vulnerable households.

Key conditions and challenges

Ghana has experienced strong economic growth over the past three decades, leading to a near doubling of GDP per capita. However, in the past decade, GDP growth fluctuated between 2.7 and 6.5 percent (except 0.4 percent in 2020 as a result of the pandemic), partially due to dependence on natural resources and exposure to external shocks. Moreover, Ghana's growth has not created sufficient job opportunities for the growing and young population, and the economy is not sufficiently diversified: gold, cocoa, and oil exports accounted for over 75 percent of all goods exports over 2015–2017, with limited manufacturing exports. Labor has continued to move out of agriculture and into low value-added services, and some manufacturing while some services subsectors have experienced fast growth (ICT, Financial and Professional Services) but they employ very few workers. Macroeconomic management has been uneven. Recently, relatively large fiscal imbalances and elevated public debt have put Ghana at high risks of debt distress. Ghana's sovereign spreads widened in the second half of 2021 effectively shutting the economy off from the Eurobond market and risking further strain on external sustainability.

Ghana's economy continues to suffer impacts of the pandemic, and the war in Ukraine and associated sanctions are further complicating the outlook, exacerbating

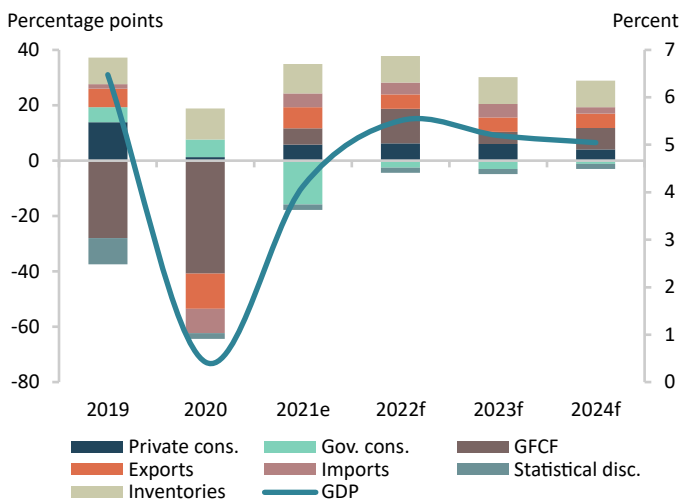
prior inflationary pressures and financing constraints. The developments are expected to raise global prices for several key commodities (including food, fuels, fertilizers, and metals used in manufacturing), lowering households' and firms' purchasing power and increasing poverty; these pressures have already hastened monetary policy tightening. Higher fertilizer and metal prices are expected to negatively impact construction, manufacturing, and agriculture. Although Ghana will enjoy a current account boost from rising commodity prices (particularly for oil and gold), benefits to real GDP are likely to be counteracted by domestic inflation and Ghana's falling oil production until at least 2025.

Recent developments

Ghana's economy rebounded in 2021, after the COVID-induced slowdown in 2020. Growth is estimated at 4.1 percent for 2021 – below pre-pandemic trends. Inflation averaged 10 percent in 2021, and accelerated further in early 2022, driven by exchange rate depreciation and food and non-food price hikes. Inflation reached 15.7 percent in February, its highest rate since 2016 and well above the Central Bank's target band of 6 – 10 percent.

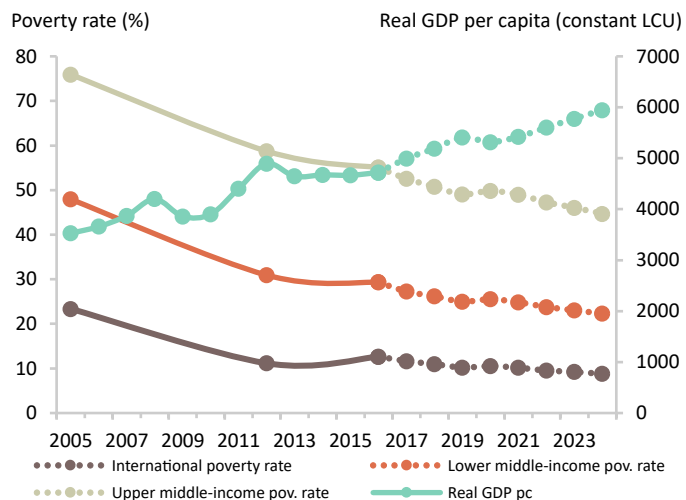
The fiscal deficit was 11.3 percent of GDP in 2021, reflecting significant budget rigidities, debt service obligations, and revenue mobilization challenges. The deficit had doubled from 7.6 percent of GDP in 2019 to 15.2 percent in 2020, due to pandemic-related spending and financial and energy sector

FIGURE 1 Ghana / Real GDP growth and contributions to real GDP growth



Source: World Bank.

FIGURE 2 Ghana / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

cleanups. Debt-to-GDP rose by 15.6 percentage points to 78.8 percent of GDP in 2020. New debt has been increasingly contracted from the domestic sector, at higher (nominal) rates and shorter maturities.

The 2021 Balance of Payments surplus is estimated at 2.1 percent of GDP. The trade balance was positive but narrowed as imports recovered more quickly than exports. The Current Account Deficit was 3.8 percent of GDP in 2021, reflecting high investment income outflows, including debt servicing. The Capital and Financial Accounts enjoyed a US\$3.7 billion surplus by 2021Q3 and foreign reserves were US\$11.0 billion (4.9 months' import coverage) by September 2021, up from US\$8.6 billion in December 2020. The exchange rate was relatively stable in 2021 (supported by US\$4 billion in Eurobond issuances and Special Drawing Rights allocations) but fell substantially in late 2021 and early 2022 (17 percent against the dollar from end December 2021 to March 2022).

Poverty reduction has slowed in recent years, with persistent spatial inequalities and increasing vulnerabilities. More than 20 percent live under the national poverty line. The poor are concentrated in the three northern regions, where poverty rates are

above 50 percent. Using the international poverty line (US\$1.9 PPP), poverty declined from 12.7 percent to 10.2 percent from 2016 to 2021, reflecting slow but steady real GDP per capita growth.

Outlook

Growth is projected to reach 5.5 in 2022 and an average of 5.3 over 2022-2024. Growth is expected to be broad-based, led by agriculture and services and a stronger industry sector supported by higher extractives prices. Higher fertilizer prices due to the Ukraine crisis may slightly depress agricultural output in 2023.

The government's 2022 budget set forth an ambitious consolidation plan, which may prove difficult to achieve. The government aims to raise revenue from 16 percent of GDP in 2021 to 20 percent in 2022, which, combined with spending cuts, would reduce the deficit to 4.5 percent of GDP by 2024. However, a significant revenue measure (an e-levy) has faced steep opposition, preventing its introduction so far, while targets for other revenue measures are optimistic. More conservatively, the fiscal deficit may average 7.5 percent in the

medium-term (2022-2024), compared to the Authorities' target of 5.8 percent.

Ghana's external position is projected to worsen after a temporary improvement in 2021. The current account deficit is expected to widen to 4 percent of GDP in 2022 and to remain elevated through to 2024, due to a gradual decline in oil export volumes and recovery of imports to pre-pandemic levels. In the coming years, there will be pressure to erode foreign reserves due to the widening current account deficit and constrained access to the Eurobond market.

Using the international poverty line (US\$1.9 PPP), poverty rate is projected to decrease from 10.2 in 2021 to 8.8 in 2024, with the uptick in growth. However, the ongoing conflict between Russia and Ukraine places increased pressure on prices. Year-on-year food inflation had already nearly tripled between May 2021 and February 2022 to 17.4 percent. Given that Ghanaians devote nearly half their budget to food, this will tighten the budget of millions of Ghanaians vulnerable to poverty. Combined with other pressures from the Russia-Ukraine conflict and associated sanctions, these risks imperiling the poverty reduction achieved by Ghana during the 21st century.

TABLE 2 Ghana / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	6.5	0.4	4.1	5.5	5.2	5.0
Private Consumption	13.9	1.3	5.8	6.2	6.0	4.0
Government Consumption	5.4	6.4	-15.9	-2.6	-3.0	-1.2
Gross Fixed Capital Investment	-27.9	-40.7	5.9	12.4	4.4	7.7
Exports, Goods and Services	6.7	-12.8	7.6	5.2	5.2	5.2
Imports, Goods and Services	1.7	-8.8	4.9	4.2	4.9	2.3
Real GDP growth, at constant factor prices	6.5	0.4	4.1	5.5	5.2	5.0
Agriculture	4.6	7.4	5.4	5.0	5.3	4.3
Industry	6.4	-3.6	-0.5	5.7	4.8	4.2
Services	7.6	0.9	8.0	5.6	5.5	6.2
Inflation (Consumer Price Index)	7.9	10.4	10.0	12.8	12.1	11.0
Current Account Balance (% of GDP)	-2.7	-3.3	-3.8	-4.0	-4.2	-3.0
Fiscal Balance (% of GDP)	-7.6	-15.2	-11.3	-10.6	-6.5	-5.5
Debt (% of GDP)	63.3	78.8	83.5	84.9	86.4	87.4
Primary Balance (% of GDP)	-1.9	-8.8	-3.7	-1.4	0.3	1.1
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	10.2	10.5	10.2	9.5	9.2	8.8
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	25.0	25.5	24.9	23.8	23.0	22.3
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	49.1	49.8	49.0	47.3	46.1	44.7
GHG emissions growth (mtCO₂e)	16.1	9.6	-2.0	15.2	13.8	8.2
Energy related GHG emissions (% of total)	148.7	143.9	144.2	137.6	132.3	129.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2016-GLSS-VII. Actual data: 2016. Nowcast: 2017-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2016) with pass-through = 0.87 based on GDP per capita in constant LCU.

GUINEA

Table 1 **2021**

Population, million	13.5
GDP, current US\$ billion	16.1
GDP per capita, current US\$	1194.6
International poverty rate (\$1.9) ^a	23.2
Lower middle-income poverty rate (\$3.2) ^a	60.4
Upper middle-income poverty rate (\$5.5) ^a	89.8
National GINI (2018/2019)	27.2
School enrollment, primary (% gross) ^b	100.8
Life expectancy at birth, years ^b	61.6
Total GHG Emissions (mtCO2e)	45.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

A slowdown in bauxite production and a modest recovery in services slowed growth to 3.1 percent in 2021. The fiscal deficit narrowed, reflecting lower capital spending, but public debt increased to 43.1 percent due to PPP infrastructure projects. Mining-related FDI is expected to support growth over the medium term, lowering poverty. Down-side risks include a prolonged political transition, persisting COVID-19 impacts, delayed structural reforms, and spillovers of the Ukraine conflict.

Key conditions and challenges

Growth averaged 8 percent 2016–2020, 5.1 percent in per capita terms, supported by a mining boom and low fiscal deficits (1.3 percent in 2016–2020). However, economic growth had a limited impact on poverty reduction and shared prosperity, with the national poverty rate declining from 48.5 percent in 2014 to 43.7 percent in 2018/19, equivalent to a growth elasticity of poverty of 0.47. The pandemic most likely erased those gains. About 32 percent of the population suffered deprivations in education, health, and access to basic infrastructure in 2018.

Guinea shares many of the economic features of resource-dependent countries. Exports are dominated by few products (e.g., bauxite and gold) and concentrated in few markets (China and the United Arab Emirates), exposing the country to commodity price shocks. The mining boom and high inflation have affected the competitiveness of other sectors through an appreciating local currency— a phenomenon known as ‘Dutch disease’. Guinea also has low levels of human capital and widespread gender gaps in education, earnings, agricultural productivity, and political representation. Governance challenges were brought to the forefront by the coup d’état in September 2021. Other constraints to inclusive growth include weak tax revenues, an underdeveloped financial sector, and large infrastructure gap.

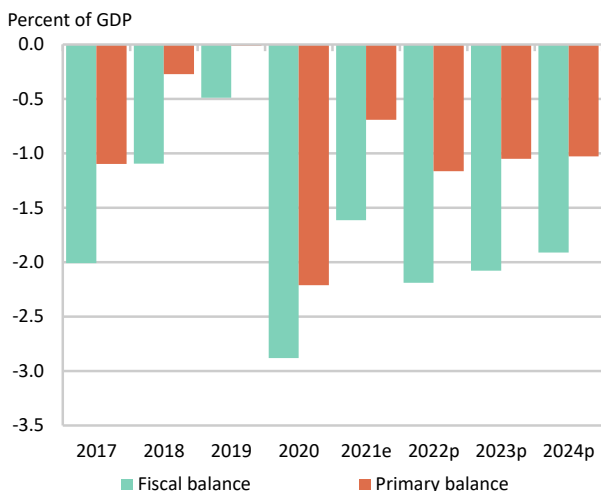
COVID-19 affected the non-mining sector and exacerbated existing development challenges. Enacting structural reforms to diversify the economy and promote inclusive growth has become more pressing. Guinea is at moderate risk of external debt distress with limited space to absorb shocks. This assessment hinges on commitments to maintain a prudent borrowing plan that maximizes concessional borrowing.

Recent developments

Growth decelerated to 3.1 percent in 2021 (0.3 percent in per capita terms). Bauxite exports (in tons) grew by 4 percent in 2021 compared to 24 percent in 2020 because of a slowdown in economic activity after the coup. Gold exports (in ounces) grew 11 percent in 2021, reflecting a strong artisanal production. Inflation accelerated from 10.6 percent in 2020, to 12.6 percent in 2021 due to higher food prices (15.1 percent) and supply disruptions (domestic and external). The Ukraine conflict will likely increase food price inflation in 2022, affecting disproportionately the poorest and threatening food security.

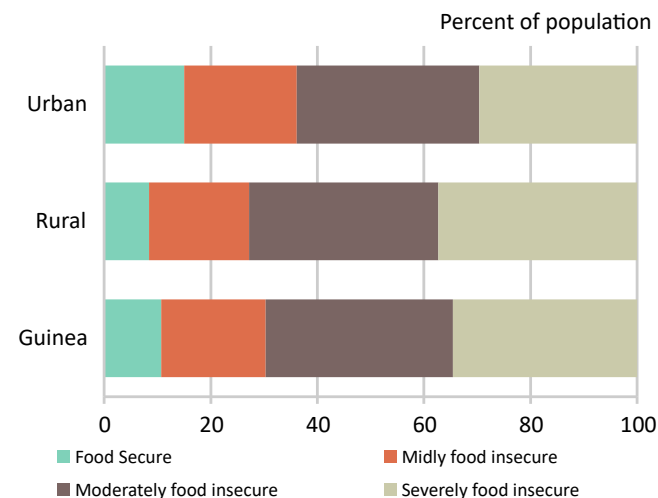
The overall fiscal deficit (including grants) improved to 1.6 percent of GDP in 2021, even though tax revenues remained low (11.4 percent of GDP). Weak tax administration and mining tax exemptions explain low tax revenues. Electricity subsidies doubled in 2021 to 20 percent of spending, reflecting low electricity tariffs and higher electricity generation from the

FIGURE 1 Guinea / Primary and overall fiscal balance



Sources: Guinean authorities and World Bank staff projections.

FIGURE 2 Guinea / Food security status of the population (January 2021)



Source: World Bank staff calculation based on HFPS 2021. Note: the household high-frequency phone survey (HFPS) includes a module to capture the Food Insecurity Experience Scale (FIES) following the FAO (2017) methodology.

Kaleta-Souapiti hydropower project. Under-executed capital spending helped offset those subsidies. Spending on social safety nets is small (0.5 percent of public spending in 2020). The debt-to-GDP ratio increased from 38.4 percent of GDP in 2018 to 43.3 percent in 2021, reflecting borrowing related to the pandemic and disbursement for the Souapiti hydropower project. The current account deficit improved to 9.4 percent of GDP in 2021, due to lower imports of intermediate goods. Mining-related FDI continued to be the main source of external financing and increased from 9.9 percent of GDP in 2020 to 10.8 percent in 2021. Estimated international reserves decline slightly in 2021 while the currency appreciated in nominal terms. Based on GDP per capita growth projections, the extreme poverty rate (percentage of the population living below the international poverty line US\$1.90 per capita per day, 2011 PPP) is estimated to have remained stagnant at 21.1 percent in 2020 and 2021. However, when considering that the pandemic most likely pushed into poverty nonpoor vulnerable populations close to the national poverty line (estimated at 5,006,362 GNF per capita

per year in 2018/19), the national poverty rate is estimated to have increased 4 percentage points, disproportionately affecting rural populations.

Outlook

Mining-related FDI will continue to drive growth. As the service sector and mining production recover, growth will accelerate in 2022. But the Ukraine conflict lowered growth projections to 4.4 percent in 2022, and to 5.8 percent in 2023–2024 and could affect the operations of Rusal, a Russian conglomerate that accounts for 7 percent of bauxite exports. Investment in energy and transport could support growth in the construction sector. Better provisioning of fertilizer stocks could improve agricultural productivity, but higher fertilizer prices could dampen earnings. Rising oil prices could increase fuel subsidies, widening the fiscal deficit. Uncertainties around the political transition could also decelerate the implementation of reforms to strengthen governance and the financial performance of the public electricity utility, which could

reduce private investment, and spending in social programs. Inflation is expected to remain high, but to decline gradually to 8.8 percent by 2024.

The external current account deficit is projected to widen to 13.3 percent of GDP in 2022, reflecting lower exports, higher imports for infrastructure spending, and higher energy and food costs due to the Russia-Ukraine war. The deficit is projected to stabilize thereafter, with exports projected to grow slower than imports, particularly for renewed infrastructure spending for road and railways. FDI inflows could increase, reflecting planned new mining projects, and support financing requirements.

Extreme poverty is projected to decline to 19.0 percent by 2023. Downward risks to poverty reduction include the persistence of high inflation and the deferral of social reforms. Higher fertilizer prices due to the Ukraine conflict could constraint farmers, disrupting the food industry. Following the COVID-19 crisis, 84 percent of Guinean households cited higher input prices as the most common challenge in farming and the prospects for a prolonged period of food insecurity is high.

TABLE 2 Guinea / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.6	4.6	3.1	4.3	5.9	5.8
Private Consumption	5.4	3.5	5.5	4.1	4.6	4.7
Government Consumption	-6.3	42.9	-1.3	11.8	9.5	9.4
Gross Fixed Capital Investment	-8.4	-10.2	19.0	18.4	26.4	22.8
Exports, Goods and Services	-0.6	33.5	3.4	3.8	4.0	4.0
Imports, Goods and Services	-9.5	39.4	7.2	10.2	10.1	10.1
Real GDP growth, at constant factor prices	6.5	4.6	3.1	4.4	5.8	5.8
Agriculture	7.6	-1.6	5.4	5.8	6.0	6.0
Industry	7.2	18.5	4.2	5.0	6.7	6.7
Services	5.5	-3.4	1.2	3.3	4.9	4.9
Inflation (Consumer Price Index)	9.5	10.6	12.6	12.0	10.0	8.8
Current Account Balance (% of GDP)	-10.8	-14.0	-9.4	-13.2	-13.4	-12.3
Net Foreign Direct Investment (% of GDP)	9.0	10.1	10.8	13.2	13.2	12.3
Fiscal Balance (% of GDP)	-0.5	-2.9	-1.6	-2.2	-2.1	-1.9
Debt (% of GDP)	33.8	40.0	43.1	42.6	41.6	42.2
Primary Balance (% of GDP)	0.0	-2.3	-0.7	-1.2	-1.0	-1.0
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	21.8	21.1	21.1	20.2	19.0	18.1
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	58.7	57.9	57.8	57.0	55.4	53.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	89.2	88.7	88.6	88.3	87.6	86.8
GHG emissions growth (mtCO₂e)	3.0	3.7	4.0	4.0	4.0	4.0
Energy related GHG emissions (% of total)	14.7	14.6	14.4	14.3	14.0	13.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019–2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.7 based on GDP per capita in constant LCU.

GUINEA-BISSAU

Key conditions and challenges

Table 1	2021
Population, million	2.0
GDP, current US\$ billion	1.6
GDP per capita, current US\$	793.9
International poverty rate (\$1.9) ^a	24.7
Lower middle-income poverty rate (\$3.2) ^a	59.5
Upper middle-income poverty rate (\$5.5) ^a	86.0
Gini index ^a	34.8
School enrollment, primary (% gross) ^b	118.7
Life expectancy at birth, years ^b	58.3
Total GHG Emissions (mtCO2e)	4.6

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2011 PPPs.
 b/ WDI for School enrollment (2010); Life expectancy (2019).

Growth is expected to continue to recover over the medium-term, as international cashew demand and production rebound, rising to around 4.5 percent and bolstered by fiscal consolidation and structural reforms. The outlook is subject to significant downside risks stemming from continued inflationary pressures, notably for food and petroleum, potentially exacerbated by conflict in Ukraine, new COVID-19 variants, external shocks affecting international cashew prices, political instability, and climatic shocks.

Exports of raw cashew nuts, which account for 90 percent of merchandise exports, determine economic performance. Cashew production is dispersed among smallholder farmers, whose income supports overall economic activity. Annual GDP grew 5.4 percent on average between 2015 and 2017 (3.2 percent in per capita terms) as cashew prices reached record highs, but Guinea-Bissau is structurally vulnerable to terms-of-trade shocks and climatic risks. Raw cashew prices had been on a downward trajectory since 2018, adversely affecting economic growth, poverty, and government finances, until a recovery in 2021. Around 15 percent of tax revenue is directly related to cashew exports.

Limited diversification and low agricultural productivity keep the country highly dependent on food and capital imports. Responding to the COVID-19 pandemic and externally financed infrastructure projects led to high primary deficits and considerable debt accumulation in 2021. Entrenched political instability has taken the country through multiple coups, including a failed attempt in February 2022, and precluded the implementation of structural reforms.

The banking sector is a looming risk. The sector continues to depend on the accommodative stance of the central bank injecting liquidity into the economy, which

started as a response to COVID-19 and continued into 2021. A systemic bank is undercapitalized. High levels of non-performing loans, 21.8 percent in all banks across the country and 10.3 percent excluding the undercapitalized bank, also represent an important vulnerability. A deterioration in this situation would generate contingent liabilities, adding to fiscal and public debt pressures.

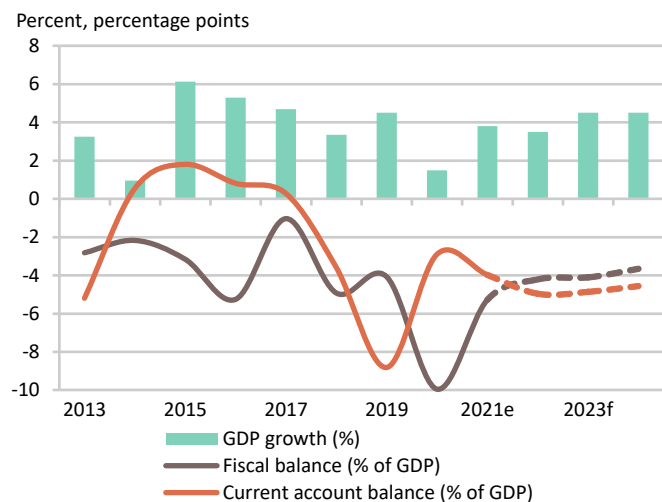
Recent developments

Economic activity expanded to 3.8 percent in 2021 (1.5 percent in per capita terms) from 1.5 percent in 2020. Strong cashew production, up 23.5 percent from 2020, and high international prices drove growth, causing an upward revision of growth forecasts. On the demand side, capital investments and net imports were the main drivers of growth. Inflation rose from 1.5 percent in 2020 to 3.3 percent in 2021, driven by an increase in food (+2 percentage points) and oil prices.

Increased cashew exports only partially offset the increase in oil and food import prices and the current account deficit (CAD) is estimated to have increased from 2.9 percent of GDP in 2020 to 4 percent in 2021. The CAD was financed by concessional loans and grants. The IMF SDR allocation of USD \$38.4 million (2.4 percent of GDP) contributed to closing the external financing gap.

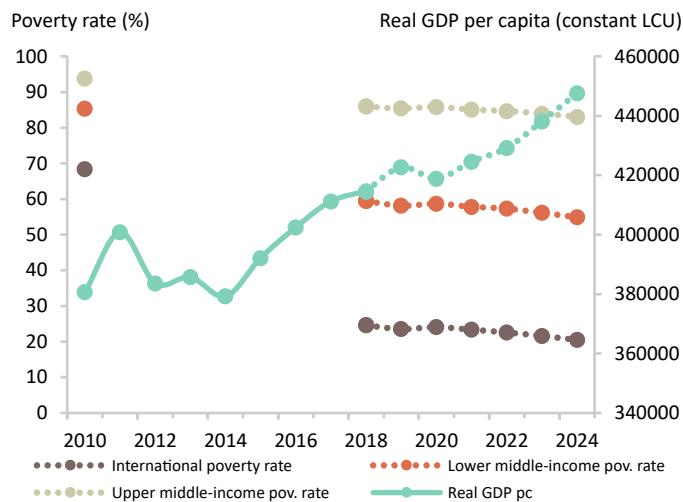
The fiscal deficit fell from 9.9 percent of GDP in 2020 to 5.3 percent in 2021, driven by an increase in tax revenues and

FIGURE 1 Guinea-Bissau / Evolution of main economic indicators



Sources: Ministry of Finance and World Bank.

FIGURE 2 Guinea-Bissau / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

a reduction in current expenditure. Public debt as a share of GDP increased from 78.3 percent in 2020 to 79.8 percent in 2021, driven by the depreciation of the euro against the dollar and the rephasing of legacy arrears. Although the risk of external and total debt distress is high, public debt remains sustainable.

Guinea-Bissau's monetary and exchange rate policies are managed by the Central Bank of West African States (BCEAO), which maintains a fixed peg between the CFA franc and the euro. Its reserves reached 5.8 months of imports of goods and services in 2021, because of increased exports, the August 2021 SDR allocation, and portfolio inflows linked to Eurobond issuances in the region (by Benin, Côte d'Ivoire, Senegal and the BOAD).

Using updated poverty indicators from 2018/19 (previous MPOs used 2010 indicators), extreme poverty (\$1.9/day PPP poverty line) declined from 24.1 percent in 2020 to 23.4 percent in 2021, lifting over 3,000 people out of extreme poverty. The decline in poverty indicates a slow recovery in the economy. Additionally, recent political events are likely

to further dampen the pace of recovery in sectors such as tourism, thereby affecting poverty reduction.

Outlook

The Ukrainian conflict will have a negative effect on the economy. Real GDP growth has been revised down from 4 percent in 2022, to 3.5 percent and medium-term growth from 5 percent to 4.5 percent, despite high forecasted cashew prices and infrastructure investments. The crisis will also cause inflation to rise to 4 percent in 2022, reflecting higher food and oil prices. The outlook is subject to substantial downside risks stemming from political instability, climate shocks, new COVID-19 variants, and non-performing loans in the financial sector.

The CAD will reach 5 percent of GDP in 2022 and 4.6 by 2024. External financing needs will continue to be met by concessional loans and grants in 2022. WAEMU reserves are expected to fall to around 5.5 months of imports in 2022 and 5.3 months

in 2023 and 2024, reflecting faster growth in imports and a reduction in net capital inflows (as a percent of GDP), as the environment for Eurobond issuances remains uncertain. Growth-friendly fiscal consolidation and the implementation of structural reforms are key to maintaining reserves at an optimal level.

The authorities are committed to a medium-term fiscal consolidation, which includes enhanced management of fiscal risks, notably from SOEs, revenue mobilization and control of the wage bill. The primary deficit is projected to decline from 2.3 percent of GDP in 2022, to 1.8 by 2024 with the public debt-to-GDP ratio expected to fall to 75 percent of GDP by 2024.

Sustained agricultural growth should continue to reduce poverty rates in 2022, to 22.6 percent and reaching 20.5 percent by 2024, lifting an additional 22,000 people out of poverty. Significant downside risks exist, notably related to the pace of the economic recovery, political and security instability, and the poor, who spend nearly 60 percent of their expenditure on food, are most vulnerable to rising food prices.

TABLE 2 Guinea-Bissau / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	4.5	1.5	3.8	3.5	4.5	4.5
Private Consumption	1.4	-1.0	3.0	1.0	2.5	2.5
Government Consumption	16.6	9.0	-0.4	16.2	3.2	10.2
Gross Fixed Capital Investment	33.8	7.3	14.1	7.2	16.2	8.4
Exports, Goods and Services	8.7	-2.5	5.3	5.5	6.0	7.0
Imports, Goods and Services	14.1	-1.0	5.9	6.0	6.4	6.4
Real GDP growth, at constant factor prices	4.5	1.5	3.8	3.5	4.5	4.5
Agriculture	5.8	-0.2	4.4	4.6	5.1	5.1
Industry	4.2	-0.2	3.5	3.6	4.4	4.4
Services	3.5	3.5	3.4	2.6	4.0	4.0
Inflation (Consumer Price Index)	0.3	1.5	3.3	4.0	2.0	2.0
Current Account Balance (% of GDP)	-8.8	-2.9	-4.0	-5.0	-4.9	-4.6
Fiscal Balance (% of GDP)	-4.1	-9.9	-5.3	-4.2	-4.1	-3.7
Debt (% of GDP)	65.9	78.3	79.8	80.9	76.1	75.0
Primary Balance (% of GDP)	-2.9	-8.3	-3.7	-2.3	-2.1	-1.8
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	23.6	24.1	23.4	22.6	21.6	20.5
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	58.2	58.7	57.9	57.4	56.2	54.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	85.4	85.8	85.1	84.7	84.0	83.1
GHG emissions growth (mtCO2e)	1.0	1.2	0.4	1.1	1.3	1.5
Energy related GHG emissions (% of total)	12.8	12.9	13.0	13.1	13.2	13.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.87 based on GDP per capita in constant LCU.

KENYA

Table 1 **2021**

Population, million	55.0
GDP, current US\$ billion	110.3
GDP per capita, current US\$	2005.8
International poverty rate (\$1.9) ^a	37.1
Lower middle-income poverty rate (\$3.2) ^a	66.5
Upper middle-income poverty rate (\$5.5) ^a	86.6
Gini index ^a	40.8
School enrollment, primary (% gross) ^b	103.2
Life expectancy at birth, years ^b	66.7
Total GHG Emissions (mtCO2e)	77.2

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2015), 2011 PPPs.
b/ WDI for School enrollment (2016); Life expectancy (2019).

Kenya's economy was severely disrupted by the COVID-19 shock but it has staged a strong recovery, and the poverty rate is projected to fall below its pre-pandemic level in 2022. However, prolonged drought in the north-east has caused severe hardship in affected areas. Progress on fiscal consolidation will be essential to achieve a durable, private sector-led recovery, and to restore space for pro-poor spending and investment in human capital.

Key conditions and challenges

Kenya was making strong economic progress prior to the COVID-19 pandemic, with real GDP growing at an annual average rate of 5 percent and major achievements in human development (the highest Human Capital Index score in continental sub-Saharan Africa); in energy access and sustainability (access to electricity almost doubled to 75 percent of households in 2018, based on a nearly 90 percent green energy mix); and in poverty reduction (the share of the population living below the \$1.90 a day poverty line fell from 45.2 percent in 2009 to 34.4 percent in 2019). Kenya aspires to become an upper middle-income country by 2030, which will require a shift away from the economy's recent reliance on debt-financed public investment and towards more private investment to sustainably generate jobs and income growth.

To support structural transformation towards a more inclusive and resilient private sector-led economy, it is critical to reinforce fiscal consolidation, since fiscal space has eroded and debt risks have mounted. Measures are also needed to strengthen productivity and private investment, by addressing economic distortions (including those which arise from an uneven playing field between the private sector and a large and inefficient SOE sector), improving the regulatory

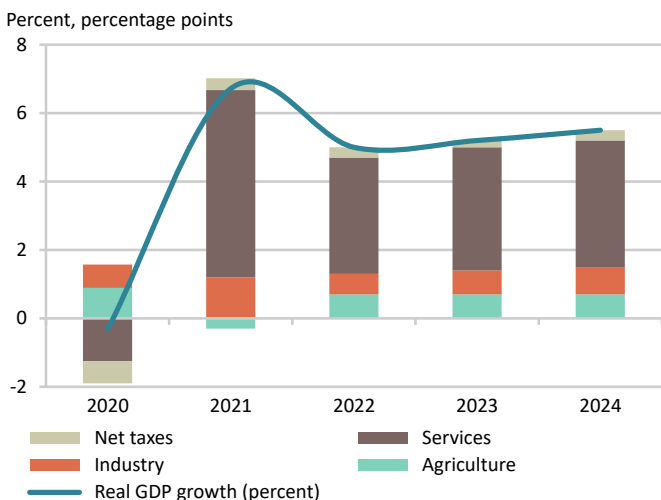
and business environment (including by reducing corruption and excessive red tape), and enhancing access to finance. Kenya's economy relies on tourism and rainfed agriculture, and is vulnerable to climate change and extreme weather events such as the severe drought currently affecting the north-east of the country. Over the past decade, climate-related annual losses have been 3-5 percent of GDP, despite Kenya's negligible contribution to global GHG emissions. Climate-related priorities include phasing out the remaining fossil fuel power supply, increasing tree-cover, adopting climate-smart agriculture, and making the transportation and waste management systems more efficient and sustainable.

Recent developments

Whilst the pandemic stalled growth in 2020, the economy has recovered, and output is well above pre-pandemic levels. The economy grew by an estimated 6.7 percent in 2021, supported by a strong recovery of the services sector (Figure 1), particularly education, and growth in manufacturing and construction. Agricultural output, however, contracted by 1.5 percent in 2021, due to below-average rains. Disruption caused by the omicron variant of COVID-19 led to some moderation of economic activity in the fourth quarter of 2021.

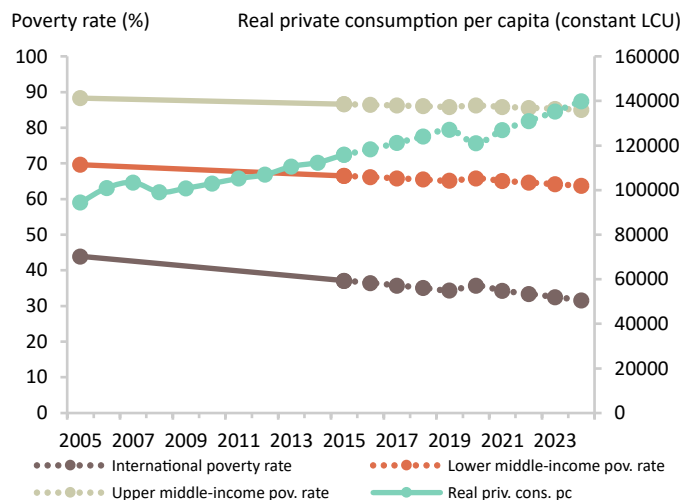
Monetary policy remained accommodative. Inflation pressures remained contained overall but the prices of some staple

FIGURE 1 Kenya / Real GDP growth and sectoral contributions to real GDP growth



Sources: Kenya National Bureau of Statistics and World Bank.

FIGURE 2 Kenya / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

products have risen significantly, affected by global supply chain challenges and below-average rains. The below-average rains have also resulted in deteriorating food security, especially in the north and east of Kenya which has been affected by a severe drought (USAID's Famine Early Warning Systems Network). The global fuel and food price shocks caused by Russia's invasion of Ukraine will increase import costs and prices, including of Kenya's significant net fuel and wheat imports, though the duration and magnitude of the price effects are highly uncertain.

The fiscal outturn in the first half (H1) of FY2021/22 improved, driven largely by the economic recovery, a strong rebound in revenues, and new tax policy and administration measures implemented under the government's medium-term fiscal consolidation program. Total expenditures have remained broadly steady at 10.8 percent of GDP in H1, with an increase in recurrent spending being offset by reduced development spending and below-target transfers to county governments. As a result, the fiscal deficit in H1 FY2021/22 decreased to 2.5 percent of GDP from 3.2 percent a year earlier.

Outlook

The course of the pandemic remains key to the outlook but increasing COVID-19 vaccinations will help to mitigate the risks. The government targets to vaccinate all adults by end-2022 and with the improvement in vaccine supply, the proportion of adults fully vaccinated increased from 15.3 percent in December 2021 to 27.8 percent in February 2022.

With GDP growth projected to average 5.2 percent over 2022–24, growth in real per capita incomes will help reverse the rising poverty rates caused by the pandemic. Poverty is expected to fall to 33.4 percent in 2022, below the pre-crisis level of 34.4 percent (2019). The baseline projections assume that normal rains support good agricultural harvests to drive food processing, sustain export growth, help anchor inflation expectations, and support households' consumption.

Progress on fiscal consolidation will bolster confidence and resources for private sector investment. The fiscal deficit is

expected to narrow to 4.4 percent of GDP by FY2023/24, through a mix of expenditure restraint and revenue measures, including further rationalization of tax expenditures and introduction of a digital tax. Public debt is expected to decline as a share of GDP, benefiting from economic growth, fiscal consolidation and reduced borrowing costs due to increases in concessional debt in the financing mix. Lower domestic borrowing by government will create more room for banks to finance private sector investment.

Domestic risks facing the outlook stem from election-related disruptions and adverse weather conditions (currently affecting north-eastern Kenya). External uncertainty will stem from re-intensification of the pandemic, and the global price and trade shocks emanating from the Russia-Ukraine conflict with potentially adverse impacts on inflation, the current account balance, and the fiscal deficit (depending on extent to which global oil price increases are passed on to retail fuel consumers).

TABLE 2 Kenya / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.0	-0.3	6.7	5.0	5.2	5.5
Private Consumption	4.9	-2.7	7.3	5.5	5.6	5.8
Government Consumption	7.0	4.3	4.2	4.9	3.6	3.5
Gross Fixed Capital Investment	3.8	3.4	6.4	4.1	6.7	7.6
Exports, Goods and Services	-3.2	-8.2	8.0	6.8	7.1	7.4
Imports, Goods and Services	1.8	-8.5	7.5	7.0	8.0	8.3
Real GDP growth, at constant factor prices	5.2	0.3	6.7	5.0	5.2	5.5
Agriculture	2.6	4.8	-1.5	3.6	3.8	4.2
Industry	3.4	4.0	6.6	3.5	4.0	4.3
Services	6.7	-2.2	9.6	5.9	6.0	6.2
Inflation (Consumer Price Index)	5.2	5.3	6.4	6.0	5.5	5.0
Current Account Balance (% of GDP)	-5.3	-4.6	-5.5	-6.0	-5.5	-5.0
Net Foreign Direct Investment (% of GDP)	0.9	0.5	0.2	0.6	0.8	0.9
Fiscal Balance (% of GDP)	-7.4	-7.9	-8.2	-7.5	-5.5	-4.3
Debt (% of GDP)	59.5	65.8	68.2	68.0	66.8	63.9
Primary Balance (% of GDP)	-3.2	-3.9	-3.7	-2.8	-0.6	0.5
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	34.4	35.7	34.3	33.4	32.5	31.6
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	65.1	65.8	65.1	64.7	64.2	63.7
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	85.9	86.2	85.8	85.6	85.3	85.0
GHG emissions growth (mtCO₂e)	3.8	2.2	2.2	2.1	2.5	2.4
Energy related GHG emissions (% of total)	41.2	39.8	42.1	43.0	44.4	45.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2005-IHBS and 2015-IHBS. Actual data: 2015. Nowcast: 2016-2021. Forecasts are from 2022 to 2024.

b/ Projection using annualized elasticity (2005-2015) with pass-through = 1 based on private consumption per capita in constant LCU.

LESOTHO

Table 1	2021
Population, million	2.2
GDP, current US\$ billion	2.4
GDP per capita, current US\$	1111.8
International poverty rate (\$1.9) ^a	27.2
Lower middle-income poverty rate (\$3.2) ^a	49.9
Upper middle-income poverty rate (\$5.5) ^a	73.2
Gini index ^a	44.9
School enrollment, primary (% gross) ^b	120.9
Life expectancy at birth, years ^b	54.3
Total GHG Emissions (mtCO2e)	5.0

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2017), 2011 PPPs.
 b/ WDI for School enrollment (2017); Life expectancy (2019).

Economic growth has been modest in recent years. Domestic economy is expected to recover and register a modest growth of 1.6 percent in 2021. However, political instability, fiscal challenges, and the COVID-19 pandemic present significant downside risks. With modest growth expected in 2022, the poverty ratio will stay around 30 percent, using the international poverty line.

Key conditions and challenges

Real GDP contracted by 6.5 percent in 2020 because of the effects of the COVID-19 pandemic. According to the National COVID-19 Secretariat (NACOSEC), about 56 percent of Lesotho's eligible population have been vaccinated as at mid-March 2022. Even though the number of positive COVID-19 cases has been low in recent months, possibility of new waves of infection cannot be ruled out yet, and this is expected to weigh down Lesotho's exports, lower remittances and capital inflows and present downside risks to growth.

The COVID-19 pandemic has exacerbated an already dire fiscal position. Southern African Customs Union (SACU) receipts – the major source of government revenues – have declined further, from 22.1 percent of GDP in 2020 to 18.8 percent in 2021. Public expenditure remains elevated at about 54.8 percent of GDP in 2021. Consequently, the financing gap remains wide in the face of limited government buffers and limited domestic borrowing capacity. Public debt has increased – from 48.1 percent of GDP in 2019 to 60.5 percent of GDP in 2021, reflecting growing current spending and large capital projects.

The country has, in recent years, experienced unstable governments, characterized by weak coalitions and frequent change in government and/or cabinet reshuffles which delays developmental progress. National elections are slated for

October 2022 and more splits in the current ruling coalition have emerged ahead of the elections.

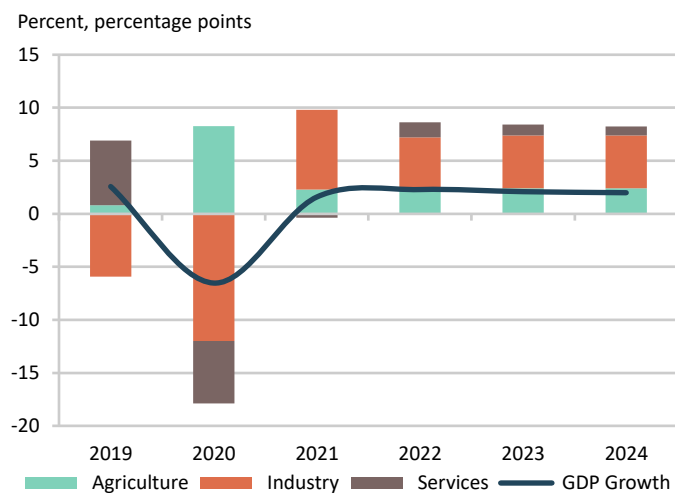
Even before the pandemic, Lesotho grappled with high poverty and unemployment rates. The unemployment rate was 22.5 percent in 2019 (strict definition), rising to 38.3 percent (when the expanded definition that includes discouraged job seekers is used). About a third of the population lives on less than US\$1.90/person/day (in 2011 PPP terms). Rural and mountainous regions tend to be the poorest, given their poorer access to basic infrastructure and services, limited economic opportunities, and vulnerability to climatic shocks which weighs down agricultural productivity. Remittances from migrant workers, which play a crucial safety net role, have been hard hit by the pandemic.

Recent developments

Lesotho's economy has been in recession even before the emergence of the COVID-19 pandemic. Real GDP contracted by an average 0.6 percent annually between 2017 and 2019 before the sharp 2020 recession. The downturn continued into the first quarter of 2021, after when some recovery was observed in sectors like information technology and communications, mining, and manufacturing sectors which recorded double-digit quarterly growth rates. It is estimated that the economy rebounded by 1.6 percent in 2021.

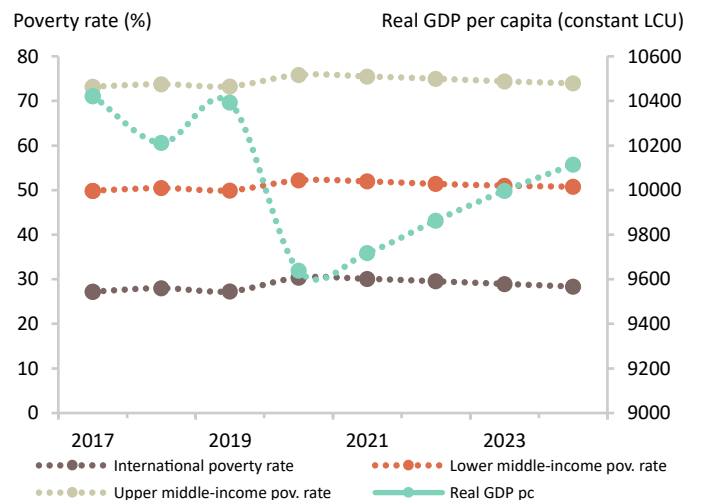
Annual inflation rate averaged 6.0 percent in 2021 compared with 5.0 percent

FIGURE 1 Lesotho / Real GDP growth and sectoral contributions to real GDP growth



Source: World bank.

FIGURE 2 Lesotho / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

in 2020, driven by higher food and energy prices, and by increased administered prices domestically. The inflation rate has accelerated to 7.6 percent in January 2022. The current account deficit narrowed from 3.4 percent of GDP in 2019 to 2.0 percent in 2020 primarily due to a decline in imports.

The fiscal situation remains challenging with a fiscal deficit of 5.9 percent of GDP expected in 2021. Central Bank of Lesotho reduced the policy rate four times from 6.25 to 3.5 percent (by 275 basis points) between March and July 2020. The policy rate has since been increased twice to 4.0 percent per annum to ensure that the domestic cost of funds remains aligned with the rest of the region.

Despite the modest recovery in 2021, poverty levels are estimated to have decreased only marginally from 30.4 percent in 2020 to 30.1 percent in 2021 (based on the US\$1.90/person/day, 2011 PPP terms). Other factors – such as rising food prices and slow labor market recovery from COVID-19-related lockdown measures – limit poverty reduction. Recurring climatic hazards which adversely affect performance of the agricultural sector exacerbate the challenge and increase levels

of food insecurity particularly among the rural population.

Outlook

The economic recovery is expected to pick up momentum over the medium term. Through 2024, real GDP growth is expected to average 2.1 percent annually, driven by strong agricultural sector growth on account of good seasonal rainfall (even though some parts of the country experienced droughts while others experienced floods), the expansion in the horticulture industry which is anticipated to come from the Fresh Produce Market Centre that was launched in 2021, and a growing domestic medicinal cannabis industry. Growth in the mining industry is anticipated as several mines resume production. Construction activities associated with the second phase of Lesotho Highlands Water Project (LHWP-II) should impact growth positively in the medium term, as will the construction of roads, the Mafeteng solar power plant, and Maseru district hospital. Services sector is also expected to recover due to improved

business and consumer confidence as the vaccination rollout improves. On the downside, infection waves of the COVID-19 pandemic coupled with emergence of new strains of the virus will challenge economic recovery.

Key inflationary pressures are expected to emanate from food prices, administered prices and spill-over effects of invasion of Ukraine by Russia which will likely drive-up food and energy prices. The precarious fiscal situation and political uncertainty are also weighing down the economic outlook. A wider fiscal deficit of 8.0 percent of GDP is expected in 2022. Public debt is projected to increase steadily to 63.1 percent of GDP by 2023 before moderating. Other downside risks include (a) general elections- that would adversely affect project implementation; (b) heavy rains experienced in the beginning of 2022.

Poverty rates is expected to trend downwards but will remain higher than in 2019 as pressure on food and energy prices as well as a fragile economic environment slow the pace of poverty reduction. The US\$1.90/person/day (in 2011 PPP terms) poverty rate is projected to fall slightly to 29.6 percent in 2022 and further to 28.4 percent in 2024.

TABLE 2 Lesotho / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	2.6	-6.5	1.6	2.3	2.1	2.0
Private Consumption	2.6	4.8	-2.0	3.6	3.6	3.6
Government Consumption	7.8	19.7	-5.3	13.4	6.3	-0.4
Gross Fixed Capital Investment	-12.2	-42.8	-1.7	-6.4	38.6	49.8
Exports, Goods and Services	-13.3	-17.5	38.1	1.6	2.2	2.2
Imports, Goods and Services	-1.4	-0.5	15.0	6.8	10.3	10.3
Real GDP growth, at constant factor prices	2.6	-6.5	1.6	2.3	2.1	2.0
Agriculture	0.8	8.3	2.3	2.4	2.4	2.4
Industry	-5.9	-12.0	7.5	4.8	5.0	5.0
Services	6.1	-5.9	-0.4	1.4	1.0	0.8
Inflation (Consumer Price Index)	5.2	5.0	6.0	5.3	5.3	5.5
Current Account Balance (% of GDP)	-3.4	-2.0	-4.9	-9.6	-7.7	-6.4
Net Foreign Direct Investment (% of GDP)	1.5	1.3	1.5	1.6	1.7	1.6
Fiscal Balance (% of GDP)	-5.6	-1.1	-5.9	-8.0	-3.6	-0.4
Debt (% of GDP)	48.1	49.7	60.5	60.0	63.1	45.3
Primary Balance (% of GDP)	-4.4	-0.2	-4.9	-7.2	-2.8	0.3
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	27.3	30.4	30.1	29.6	29.0	28.4
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	49.9	52.2	52.0	51.4	51.0	50.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	73.3	75.9	75.5	75.0	74.4	74.0
GHG emissions growth (mtCO2e)	-1.3	-5.5	0.1	1.5	1.8	1.9
Energy related GHG emissions (% of total)	66.9	64.1	63.1	62.9	63.0	63.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2017-CMSHS. Actual data: 2017. Nowcast: 2018-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2017) with pass-through = 0.87 based on GDP per capita in constant LCU.

LIBERIA

Table 1

	2021
Population, million	5.2
GDP, current US\$ billion	3.5
GDP per capita, current US\$	673.1
International poverty rate (\$1.9) ^a	44.4
Lower middle-income poverty rate (\$3.2) ^a	75.6
Upper middle-income poverty rate (\$5.5) ^a	93.2
Gini index ^a	35.3
School enrollment, primary (% gross) ^b	85.1
Life expectancy at birth, years ^b	64.1
Total GHG Emissions (mtCO2e)	22.5

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2016), 2011 PPPs.
 b/ WDI for School enrollment (2017); Life expectancy (2019).

Liberia's economy is recovering. GDP growth is projected to increase from an estimated 4.0 percent in 2021 to 4.4 percent in 2022, driven by mining and continued recovery from the pandemic. Meanwhile, inflation declined from 17.4 percent in 2020 to 7.9 percent in 2021, and it is expected to stay in single digits in 2022 due to prudent monetary and fiscal policies. However, there are downside risks and uncertainties associated with the Ukraine-Russia conflict, the ongoing currency changeover, and the COVID-19 pandemic.

Key conditions and challenges

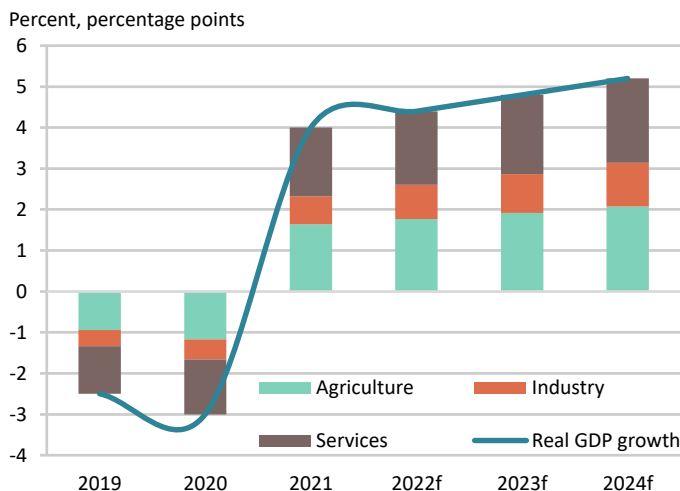
Liberia's economy is still recovering from years of poor economic and social performance. Between 2014 and 2020, the economy contracted by an average of 0.4 percent per year, and per capita GDP fell by 12.3 percent cumulatively, owing in part to repeated exogenous shocks such as the Ebola outbreak, the collapse of iron ore and rubber prices, the drawdown of United Nations peacekeeping forces, and the COVID-19 pandemic. As a result, by 2020, the poverty rate is projected to have risen to 52 percent, wiping out nearly half of the gains made post-conflict where poverty decreased from 71 percent to 42 percent between 2007 and 2014. Non-monetary poverty indicators such as access to healthcare, education, electricity, and basic utilities continue to be low by regional and international standards, with rural/urban and gender disparities exacerbated by unequal access to productive assets, infrastructure, public services, and markets. Liberia continues to face complex development challenges, including inadequate physical and human capital, a highly concentrated export structure, a narrow revenue base, significant spending needs, weak governance, and a challenging business environment. Transitioning to an economic path that reliably generates broad-based improvements in poverty and social outcomes would require significant investments in physical

and human capital, increased productivity in agriculture and other informal sector activities, accelerated formal job creation, strengthened socioeconomic resilience, improved governance, and expanded institutional capacity.

Recent developments

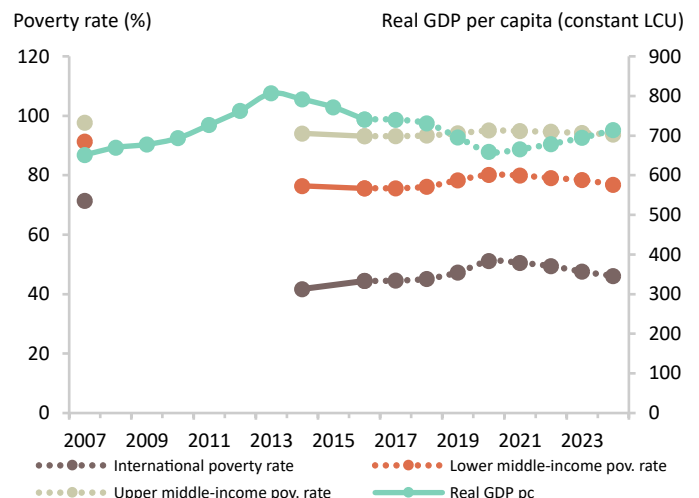
After contracting by 3.0 percent in 2020, GDP growth recovered to 4.0 percent in 2021, on the back of improved external demand, higher prices for Liberia's exports, and the resumption of normal domestic activity. Rubber production increased by 38 percent, year-on-year [y/y], palm oil (12 percent, y/y), iron ore (3 percent, y/y), and gold (79 percent, y/y), boosting agricultural and mining output. Cement, beverages, and electricity production all increased significantly, reflecting the materialization of pent-up demand and activity in the services sector. Inflation fell to single digits at 7.9 percent in 2021, down from 17.4 percent in 2020 due to the appreciation of the Liberian dollar and prudent fiscal and monetary policies. The Central Bank of Liberia maintained the monetary policy rates at 20 percent in 2021, well above the inflation rate, and began the implementation of a currency changeover to help curb disruptive cash shortages and boost confidence in the financial sector. While the rebound in growth and moderation in inflation led to a small recovery in consumption, poverty levels remained high. The government's fiscal deficit and public debt ratio improved in 2021. The overall

FIGURE 1 Liberia / Real GDP growth and sectoral contributions to real GDP growth



Source: World Bank staff calculations based on IMF and CBL data.

FIGURE 2 Liberia / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: see table 2.

fiscal deficit narrowed from 3.8 percent of GDP in 2020 to 2.9 percent in 2021, mainly thanks to strong revenue performance and successful efforts to contain the public sector wage bill. As a result, the public debt-to-GDP ratio declined from 55.0 percent in 2020 to 53.3 percent in 2021.

Liberia's current account deficit worsened despite stronger-than-expected export growth. The current account deficit widened from 16.3 percent of GDP in 2020 to 17.7 percent in 2021, mainly due to a worsening trade deficit. While exports increased by 5.4 percentage points of GDP, on the back of higher export prices (e.g., of gold and iron ore), imports also surged. The deficit was financed mainly by foreign direct investment (FDI) (7.3 percent of GDP) and capital grants. In 2021, Liberia benefited from a new Special Drawing Rights (SDR) allocation from the International Monetary Fund of SDR 247.7 million (approximately US\$350 million or 7.3 percent of GDP). The additional SDR allocation sharply increased the coverage of international reserves from 2.1 months of imports in 2020 to 4 months in 2021.

Outlook

The economy is projected to expand by 4.4 percent in 2022 and reach an average

of 5.0 percent in 2023-24. Per capita GDP will return to pre-crisis levels by 2023. The positive outlook is underpinned by significant tailwinds for mining, the government's planned scale-up of public investment, and the implementation of structural reforms. Specifically, the government has ratified a new mining concession that would triple the production of iron ore, boost employment, and attract FDI over the next decade. The sharp increase in metal prices, especially iron ore, presents terms of trade gains and improved prospects for the mining sector. Inflation is expected to increase due to rising global food and fuel prices, but it is projected to remain in single digits as the government's commitment to regulate the prices of some commodities (e.g., fuel, rice, and transport) helps mitigate the pressure on domestic prices. Even so, the conduct of the currency changeover is crucial for limiting inflation. Fueled by a buoying economy, private consumption per capita is also expected to increase in 2022, despite higher inflation. This will likely push the poverty rate below 50 percent for the first time since the pandemic began. The outlook is subject to the path of the pandemic at home and abroad.

The current account deficit is expected to remain around 16 percent of GDP. Liberia's direct exposure to Ukraine and

Russia is very limited, as these two countries together account for 1.5 percent of the country's imports and less than 1 percent of exports. The Ukraine-Russia conflict will affect Liberia mainly through changes in commodity prices, with a likely positive net effect on trade. FDI is expected to increase due to the recent expansion of a mining project. The country's foreign exchange reserves are projected to cover around four months of imports in the medium term. The fiscal deficit will remain at 2021 levels in 2022 as the national budget for the year targets a significant increase in revenue. Domestic revenues are projected to increase, reflecting an increase in both tax and non-tax revenue, thanks to royalties and rents from the mining sector. Meanwhile, total expenditure is projected to increase driven by the rise in government consumption expenditure despite a reduction in the public sector wage bill. Domestically financed capital expenditure is also projected to increase dramatically by 2.2 percentage points of GDP. Nevertheless, the Ukraine-Russia crisis could trigger higher inflation and fiscal overruns.

TABLE 2 Liberia / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	-2.5	-3.0	4.0	4.4	4.8	5.2
Private Consumption	-2.8	-1.9	1.2	3.0	3.0	3.0
Government Consumption	4.0	-11.6	-3.7	1.3	-14.4	-5.8
Gross Fixed Capital Investment	-7.8	-7.3	22.0	25.3	27.9	22.4
Exports, Goods and Services	1.6	1.2	15.4	2.0	2.0	2.0
Imports, Goods and Services	0.4	8.1	1.3	3.1	3.1	3.1
Real GDP growth, at constant factor prices	-2.4	-3.0	4.0	4.4	4.8	5.2
Agriculture	0.2	2.4	1.9	3.6	4.8	5.2
Industry	1.0	0.2	16.3	9.0	9.0	6.0
Services	-5.7	-8.8	1.1	3.1	2.8	4.8
Inflation (Consumer Price Index)	27.0	17.4	7.9	8.2	7.0	7.0
Current Account Balance (% of GDP)	-20.5	-16.3	-17.7	-16.3	-15.8	-14.6
Fiscal Balance (% of GDP)	-5.6	-3.7	-2.9	-2.9	-2.8	-2.3
Debt (% of GDP)	48.5	55.0	53.1	51.1	49.9	51.1
Primary Balance (% of GDP)	-5.0	-2.5	-1.9	-1.1	-1.1	-0.7
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	47.3	51.1	50.6	49.4	47.6	46.1
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	78.4	80.2	79.9	79.1	78.4	76.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	94.1	95.1	94.9	94.6	94.2	93.8
GHG emissions growth (mtCO₂e)	0.0	-0.9	0.0	-0.3	-0.6	-0.6
Energy related GHG emissions (% of total)	35.9	35.0	33.0	30.6	28.0	25.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2016-HIES. Actual data: 2016. Nowcast: 2017-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2016) with pass-through = 1 based on GDP per capita in constant LCU.

MADAGASCAR

Key conditions and challenges

Table 1	2021
Population, million	28.4
GDP, current US\$ billion	14.1
GDP per capita, current US\$	494.5
International poverty rate (\$1.9) ^a	78.8
Lower middle-income poverty rate (\$3.2) ^a	91.5
Upper middle-income poverty rate (\$5.5) ^a	97.5
Gini index ^a	42.6
School enrollment, primary (% gross) ^b	134.1
Life expectancy at birth, years ^b	67.0
Total GHG Emissions (mtCO2e)	42.2

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2012), 2011 PPPs.
 b/ Most recent WDI value (2019).

An economic recovery started in 2021 but was interrupted in 2022 by the combined impact of a third wave of the pandemic, a series of climate shocks, and the escalating conflict in Ukraine. In this context, growth projections were downgraded to 2.6 percent in 2022 and to an average of 4.4 percent in 2023-24, resulting in the poverty rate remaining close to 80 percent by 2024.

Development prospects in Madagascar continue to be hampered by the country's low growth potential and exposure to frequent, deep, and persistent shocks. Growth averaged about 3.5 percent from the return to constitutional order in 2013 to the onset of the pandemic and was followed by a recession in 2020 that was about 3 times deeper than in the rest of Sub-Saharan Africa. Activity had started to recover in 2021 but was interrupted in 2022 by a new wave of COVID-19, a series of extreme weather events and the fallout from Russia's invasion of Ukraine. Growth projections were nearly halved for 2022 and are significantly softer than previously-expected in 2023 and 2024. As a result, the poverty rate is now predicted to remain close to 80 percent over the next couple of years, compared with an average of 42 percent for the rest of Sub-Saharan Africa.

A further escalation of geopolitical tensions could heighten the risk of a hard landing of the global economy, which could jeopardize the recovery in Madagascar. At the national level, vulnerability to additional climate shocks, low vaccination rates, and policy uncertainty are among the key risks to the outlook. Beyond the need to scale up the response to recent shocks, accelerating growth and reducing poverty will require urgent reforms supporting private investment, connectivity infrastructures and access to basic services,

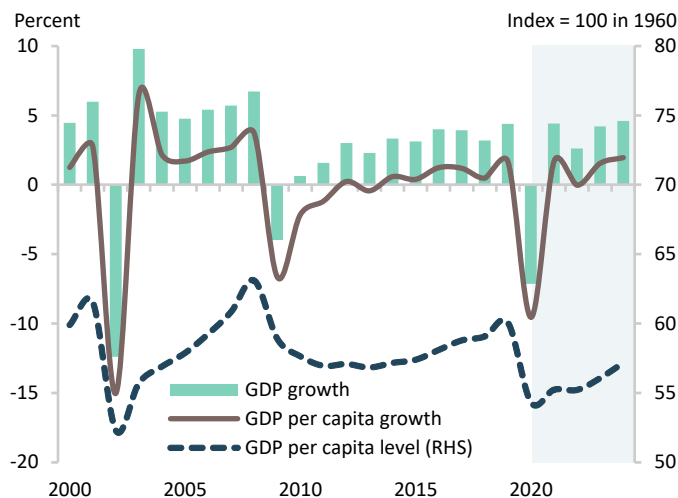
all of which require deep governance and institutional reforms.

Recent developments

During 2021, Madagascar faced two additional waves of COVID-19, one starting in March and another in November. Between these two waves, domestic activity had started to recover but private investment remained weak and employment registration started moderating again towards the end of the year. The reopening of the Ambatovy mine in March 2021 and rising international prices of nickel and cobalt bolstered export revenues and industrial activity during most of the year. However, agricultural production, which is the main source of income for an overwhelming majority of the population, remained subdued, which notably reflected a weak rice harvest. Severe droughts in the South also led to widespread crop failure and growing food insecurity. Households in most affected areas ran out of food reserves and have resorted to desperate feeding practices. Many households have also been forced to sell assets, accumulate debt, or migrate in search for food.

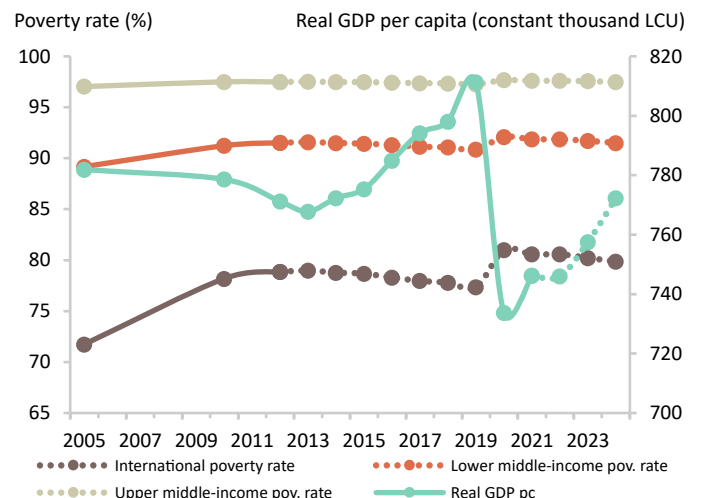
Despite an unprecedented sequence of shocks and growing financing needs, macroeconomic stability has been maintained throughout the crisis. Access to emergency lending allowed the government to increase public spending in both 2020 and 2021, in contrast with the experience of previous recessions when a sharp contraction in public spending deepened

FIGURE 1 Madagascar / Growth and income per capita levels



Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.

FIGURE 2 Madagascar / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

the crisis. While helping to alleviate the impact of the crisis, this countercyclical increase in both current and capital spending led the budget deficit to 4.1 percent in 2020 and 6.3 percent in 2021, which contributed to an uptick in public debt to 52 percent of GDP in 2021 (up from 38.5 percent in 2019), but still well below risk thresholds considered for a country like Madagascar.

Outlook

A third wave of the pandemic followed by a sequence of severe weather events and the adverse effects from the conflict in Ukraine are expected to contribute to decelerating activity in 2022. In particular, more than 450,000 people were affected by four tropical storm systems hitting Madagascar since the start of the year, making

it one of the most disruptive cyclonic seasons in recent years. Russia's invasion of Ukraine is also projected to have important repercussions, as it will negatively impact economic prospects in the European Union, which is Madagascar's main trading partner, and has already led to significant upward pressure on global energy and food prices. This conflict will result in slowing export growth, deteriorating terms of trade and rising inflation in Madagascar. The effect on the trade deficit will be somewhat offset by a continued increase in nickel and cobalt prices and a gradual pick up in tourism activity. In this context, growth projections for 2022 were downgraded to 2.6 percent, from 5.4 percent previously, which implies that GDP per capita would stagnate and remain about 8.5 percentage points below pre-crisis levels (Chart 1). Growth is expected to pick up to 4.2 percent in 2023 and 4.6 per-

cent in 2024, with structural constraints and slowing external demand preventing a faster rebound. The growth potential of the economy has been negatively impacted by deteriorating human capital, private investment and public sector governance during the crisis and is not expected to exceed 4 percent in the absence of a significant reforms.

Against this backdrop, the poverty rate is projected to remain well above pre-crisis levels. The expected recovery in economic activity will translate into a gradual decline in poverty rates, from an historical high of 81 percent in 2020 to 80.2 percent in 2023 and 79.9 percent in 2024, thereby remaining above pre-crisis levels (Chart 2). Progress with poverty reduction will largely be determined by progress with the policy response to recent crises, the capacity of the economy to rebound and the absence of additional climate shocks.

TABLE 2 Madagascar / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	4.4	-7.1	4.4	2.6	4.2	4.6
Private Consumption	1.2	-2.9	1.9	2.5	3.4	3.6
Government Consumption	1.9	1.8	15.5	-0.7	0.9	2.2
Gross Fixed Capital Investment	12.9	-10.1	3.0	5.2	8.9	8.5
Exports, Goods and Services	10.9	-22.6	11.6	4.9	5.4	6.4
Imports, Goods and Services	4.6	-13.8	7.4	4.5	5.4	6.1
Real GDP growth, at constant factor prices	4.3	-8.5	4.7	2.6	4.2	4.6
Agriculture	5.5	0.6	1.5	1.8	2.8	2.8
Industry	6.6	-29.5	13.2	5.0	5.6	5.9
Services	3.1	-6.2	4.4	2.4	4.5	5.1
Inflation (Consumer Price Index)	5.6	4.2	6.2	7.5	6.4	6.1
Current Account Balance (% of GDP)	-2.3	-5.4	-5.3	-6.2	-6.1	-6.1
Fiscal Balance (% of GDP)	-1.4	-4.1	-6.3	-6.0	-5.4	-4.4
Debt (% of GDP)	38.5	49.0	52.1	53.9	55.1	55.2
Primary Balance (% of GDP)	-0.7	-3.4	-5.4	-5.0	-4.3	-3.4
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	77.4	81.0	80.6	80.6	80.2	79.9
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	90.9	92.1	91.9	91.9	91.7	91.5
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	97.3	97.7	97.6	97.6	97.6	97.5
GHG emissions growth (mtCO₂e)	2.8	-1.4	0.7	0.4	0.7	0.9
Energy related GHG emissions (% of total)	14.5	14.1	14.9	15.0	15.4	15.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2012-ENSOMD. The historical poverty rates have been revised with respect to their CPI to account for the fact that the 2012-ENSOMD survey work took place from September 2012-November 2013. Previously, CPI measures used the starting year (2012) of the survey field work only.

b/ Projection using neutral distribution (2012) with pass-through = 0.87 based on GDP per capita in constant LCU.

MALAWI

Key conditions and challenges

Table 1 **2021**

Population, million	19.6
GDP, current US\$ billion	12.3
GDP per capita, current US\$	626.3
International poverty rate (\$1.9) ^a	73.5
Lower middle-income poverty rate (\$3.2) ^a	90.4
Upper middle-income poverty rate (\$5.5) ^a	97.1
Gini index ^a	38.5
School enrollment, primary (% gross) ^b	144.8
Life expectancy at birth, years ^b	64.3
Total GHG Emissions (mtCO2e)	28.2

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2011 PPPs.
b/ Most recent WDI value (2019).

Malawi's GDP growth rose to 2.8 percent in 2021, boosted by an improved agricultural harvest and the diminishing impact of the COVID-19 pandemic. However, growth is projected to stagnate in 2022 due to weather shocks and increased commodity prices, contributing to rising inflation and challenging the government's fiscal consolidation efforts. These dynamics reduce the impact of growth on poverty, which remains persistent and is among the highest in the region.

The economy continues to recover from the impacts of the COVID-19 pandemic. Cases surged during the spread of the Omicron variant in late 2021, but symptoms associated with the strain were milder and the government did not impose substantial additional mobility restrictions. However, vaccine uptake is low, and the country remains susceptible to new strains of the virus.

Exports continue to recover slowly, while imports have been increasing from a higher base, which continues to weaken the current account balance. Investment is limited by a weak business environment characterized by limited access to credit, numerous non-tariff barriers, and high transport costs. Together with erratic electricity supply, this constrains diversification and increased value addition despite the growth of some sectors, such as soya and mining. High reliance on subsistence rain-fed agriculture, susceptible to weather shocks, further impedes economic activity.

Implementation of expansionary policies and weak fiscal management have contributed to high fiscal deficits, resulting in increased high-cost domestic debt. This has crowded out private investment. The recent uptake of non-concessional external debt has pushed Malawi into high risk of public debt distress.

Associated higher debt servicing costs further reduce fiscal space for government investment.

Frequent weather shocks, along with the slow pace of structural transformation, have contributed to the high and stagnant poverty rate in the last decade. Between 2010 and 2020, the share of people below the \$1.90 per day poverty line increased from 72 percent to 74 percent.

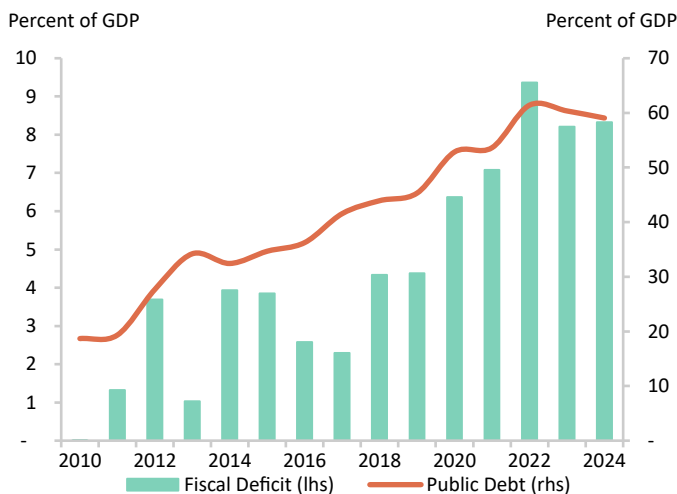
Recent developments

Economic growth increased to 2.8 percent of GDP in 2021 despite three waves of COVID-19 infections. Growth was driven by the strong performance of the agricultural sector, aided by favorable weather and increased input use. This offset weak growth in industry and services, which were more significantly impacted by restrictions related to COVID-19.

Headline inflation increased to 13.0 percent in February 2022, above the monetary policy rate of 12 percent. Food inflation reached 15.3 percent, largely due to an increase in maize prices, while non-food inflation has been driven by rising fuel prices. The official exchange rate remained relatively stable for the second half of 2021 but rising global commodity prices contributed to inflation, and the spread between the official and cash exchange rate has widened.

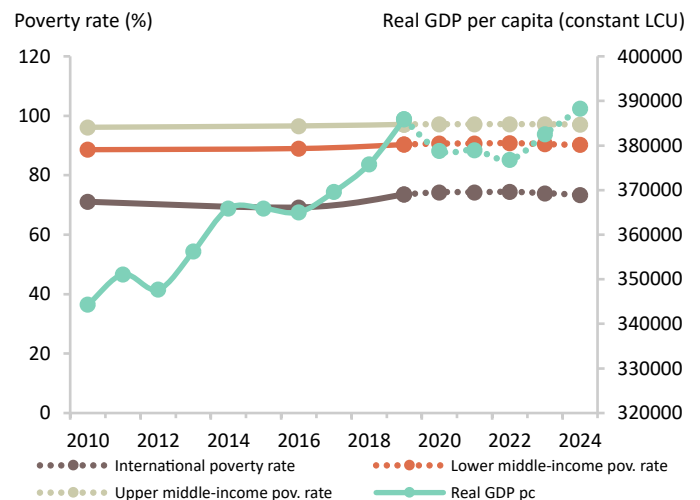
The FY22 budget deficit is expected to increase further, reaching 9.4 percent of GDP. The government is optimistic

FIGURE 1 Malawi / Fiscal deficit and public debt



Sources: Ministry of Finance, Economic Planning and Development, World Bank.

FIGURE 2 Malawi / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: See Table 2.

that revenues (including disbursement of grants) will increase to 16.7 percent of GDP. Expenditure is expected to increase significantly to 26.0 percent of GDP, driven by a surge in domestically financed development expenditure, rising debt servicing costs, social benefits (including implementation of the Affordable Input Program), and grants. The resultant deficit will be financed using high-cost domestic resources, further exacerbating an already challenging public debt situation.

The current account deficit remained large in 2021, at 13.0 percent of GDP. As mobility restrictions imposed to contain the pandemic were slowly eased, the performance of exports improved. Rising prices of goods such as fuel and fertilizer have resulted in rising import costs. Rising food prices have impacted households' budget by reducing consumption levels, resulting in declining welfare and counteracting improvements in economic growth. In turn, Malawi's \$1.90 international poverty rate has remained at 74 percent.

Outlook

Growth is projected to decline to 2.1 percent in 2022, from 2.8 percent in 2021. This reduction is largely due to weather-related shocks, macro-fiscal imbalances, and the impacts of the Russia-Ukraine war. The late onset of rains has been compounded by heavy rainfall and floods caused by Tropical Cyclones Ana and Gombe, which have negatively impacted production of key export crops and other sectors that rely on agricultural inputs. Electricity disruptions from the damaged Kapichira hydroelectric power station are affecting industry. The Russia-Ukraine conflict has impacted the economy through both direct price effects and implications on downstream activities. Instability in global commodity markets is resulting in higher prices for fuel and fertilizer, further constraining foreign currency reserves and exerting downward pressure on the exchange rate. Global commodity prices, which were already

elevated from pandemic-induced supply-chain disruptions and increased global demand, are also rising due to the conflict.

The current account deficit is estimated to increase to 14.4 percent of GDP. Exports are expected to maintain their current upward momentum, but the cost of imports is expected to increase, offsetting export gains. Rising commodity prices will also exert upward pressure on inflation. Supply-related pressures on the agriculture sector due to weather shocks could push average annual inflation into double digits. As a result of consolidation efforts on both revenues and expenditures, the FY23 fiscal deficit is expected to decline to 8.2 percent of GDP. Revenue is projected to increase to 16.8 percent of GDP driven by an increase in grant disbursements. Meanwhile, expenditure is expected to drop to 25 percent of GDP.

Due to the weather-related shocks affecting agricultural productivity and incomes, the share of the population below the international \$1.90 poverty line is projected to stagnate around 74 percent in 2022 and 2023.

TABLE 2 Malawi / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.4	0.8	2.8	2.1	4.3	4.2
Private Consumption	5.4	0.8	2.9	2.5	5.0	5.2
Government Consumption	5.4	0.8	-2.9	7.1	0.5	-3.6
Gross Fixed Capital Investment	5.4	0.8	6.1	0.8	2.5	6.2
Exports, Goods and Services	5.4	0.8	5.5	2.1	3.6	4.1
Imports, Goods and Services	5.4	0.8	4.3	3.6	4.0	5.2
Real GDP growth, at constant factor prices	6.0	0.8	2.8	2.1	4.3	4.2
Agriculture	5.9	3.4	5.2	-3.0	3.4	3.1
Industry	7.7	1.2	1.9	2.0	4.1	4.5
Services	5.5	-0.5	2.0	4.4	4.7	4.6
Inflation (Consumer Price Index)	9.4	8.6	9.3	12.6	11.5	9.8
Current Account Balance (% of GDP)	-13.8	-11.7	-13.0	-14.4	-13.6	-13.4
Net Foreign Direct Investment (% of GDP)	0.3	0.6	0.3	0.8	0.6	0.6
Fiscal Balance (% of GDP)	-4.4	-6.4	-7.1	-9.4	-8.2	-8.3
Debt (% of GDP)	45.3	52.8	53.6	61.5	60.3	58.9
Primary Balance (% of GDP)	-1.5	-3.3	-3.3	-4.9	-2.9	-3.2
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	73.5	74.3	74.3	74.4	74.0	73.4
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	90.4	90.7	90.7	90.8	90.5	90.3
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	97.1	97.2	97.2	97.2	97.1	97.1
GHG emissions growth (mtCO₂e)	1.6	1.4	2.1	1.9	2.4	1.8
Energy related GHG emissions (% of total)	34.2	34.2	34.2	34.5	34.7	34.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2019-IHS-V. Actual data: 2019. Nowcast: 2020-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2019) with pass-through = 0.7 based on GDP per capita in constant LCU.

MALI

Key conditions and challenges

Table 1 **2021**

Population, million	20.9
GDP, current US\$ billion	18.5
GDP per capita, current US\$	887.2
International poverty rate (\$1.9) ^a	16.3
Lower middle-income poverty rate (\$3.2) ^a	49.5
Upper middle-income poverty rate (\$5.5) ^a	77.8
Gini index ^a	36.1
School enrollment, primary (% gross) ^b	75.6
Life expectancy at birth, years ^b	59.3
Total GHG Emissions (mtCO2e)	47.6

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2018); Life expectancy (2019).

Two military coups in August 2020 and May 2021 and growing insecurity have resulted in a stagnant economy, with negligible per capita growth in 2021 and projected for 2022, exacerbated by food price inflation that particularly hurt the poor. The medium-term outlook is subject to significant downside risks, notably with uncertainty over the political transition and regional sanctions, with poverty expected to decline only slightly due to limited per capita income growth.

Insufficient investment in human and physical capital has hindered Mali's structural transformation. Subsistence farming with low productivity still dominates agriculture, manufacturing is concentrated in low-value added textiles and agri-food, while cotton and gold dominate exports. The services sector expanded rapidly over the last decade but lacks the skilled labor and infrastructure base for sustained growth. The under-diversified economy remains vulnerable to commodity price volatility and climate-related shocks. Contingent liabilities related to the energy utility and the surge of domestic debt constitute significant fiscal risks. National monetary poverty has stagnated over 2011-2020 while nonmonetary poverty indicators show mixed results: from 2011 to 2020 the share of households with a child not attending school fell from 62 to 41 percent, while the share with sick members unable to receive healthcare rose from 22 to 37 percent.

Violent conflict and insecurity have expanded to central and southern regions, disrupting agriculture and service delivery outside Bamako. Though transfers to local governments have increased, newly created administrative regions are not adequately staffed to provide public services. Following the postponement of national elections, due in February 2022, ECOWAS imposed tough sanctions against Mali in

January 2022 including border closure, suspension of commercial and financial transactions, freeze of public assets and suspension of regional funding.

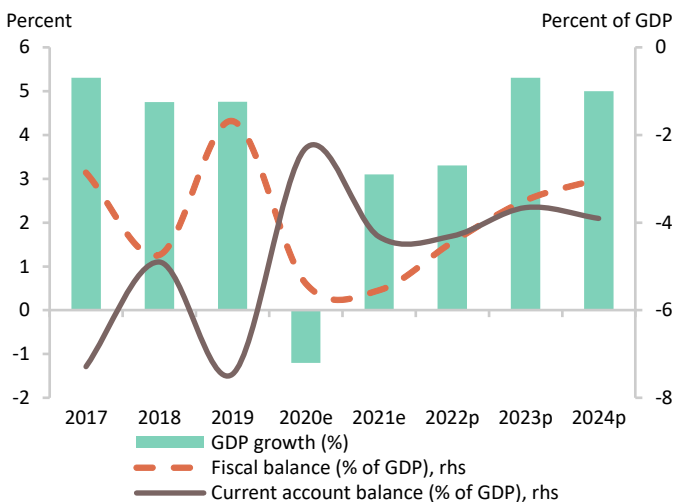
Recent developments

The economy grew by 3.1 percent, 0.1 percent in per capita terms, in 2021, driven by services and agriculture as the cotton sector recovered. Private consumption and public investment also rebounded. The current account deficit (CAD) widened in 2021 to 4.3 percent of GDP, as the terms of trade deteriorated following the gold price stabilization and oil price rise. Exports declined from lower gold and cotton exports, while imports rose from higher domestic demand.

The fiscal deficit stayed high, at 5.5 percent of GDP, with public expenditure estimated at 27.9 percent of GDP, driven by a larger wage bill, capital expenditure and quasi-fiscal measures to contain retail food and fuel prices. Revenues increased following improved indirect tax collections. Financing was covered by concessional credits, grants and domestic borrowing. Public debt rose to 52.7 percent of GDP though Mali remains at moderate risk of debt distress.

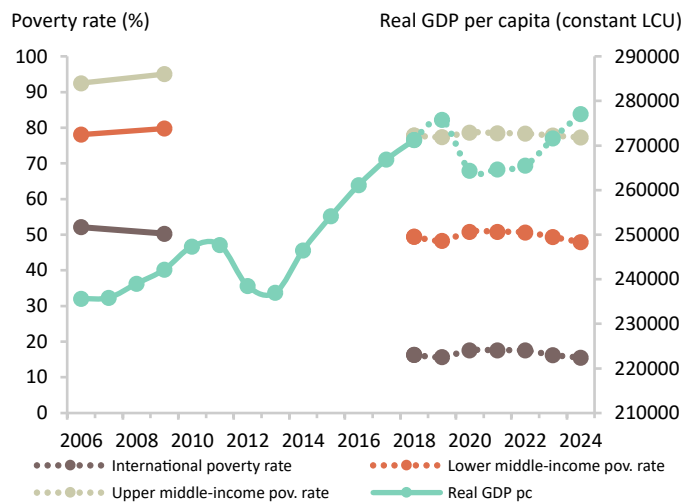
Annual average inflation rose to 4 percent in 2021, reaching 8.9 percent (y/y) in December, driven by food (5.2 percent), particularly cereals (8.9 percent), and services. Mali's monetary and exchange rate policies are managed by the BCEAO, which maintains a peg between the CFA

FIGURE 1 Mali / GDP growth, fiscal and current account balances



Sources: Malian government and the World Bank.

FIGURE 2 Mali / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

Franc and the Euro. Its reserves reached 5.8 months of imports of goods and services in 2021 following the recovery in export repatriation proceeds. Mali's WAE-MU membership was suspended as part of the sanctions. Commercial banks still benefit from the Central Bank's refinancing operations (at a reduced level), while the government's access to the regional market was suspended.

With near zero per capita income growth, the extreme poverty rate (US\$1.90/day per capita, 2011 PPP) remained at 17.6 percent, though high food inflation and insecurity disproportionately impact poor and vulnerable households, who spend 46 percent of the budget on food, compared with 31 percent for the non-poor.

Outlook

In 2022, the economy is expected to grow at 3.3 percent, which reflects the impact of regional sanctions on the construction and service sectors that depend on regional supply networks. However, this projection assumes that the sanctions will

expire by the end of March 2022. Growth is expected to recover gradually, reaching 5.2 percent on average over 2023-24. High levels of inflation will continue in 2022 but will normalize towards the regional target (2 percent) by 2024. The CAD is projected to stabilize around 4.2 percent of GDP in 2022 and narrow to 3.5 percent of GDP by 2025 with the easing of oil prices.

The fiscal deficit is expected to narrow to 4.5 percent of GDP in 2022, as part of a fiscal consolidation program that targets returning to the regional ceiling of 3 percent of GDP by 2024. Tax revenue is expected to slightly decline due to the slow recovery and trade embargo, while the suspension of international financial flows limits financing options. Spending should be reprioritized away from non-priority capital investment in response to the fiscal constraints. Public debt will subsequently decline to 48.2 percent of GDP by 2024.

WAEMU reserves are expected to fall to around 5.5 months of imports in 2022 and 5.3 months in 2023 and 2024, reflecting faster growth in imports and a reduction in net capital

inflows, due to the uncertain environment for Eurobond issuances.

The extreme poverty rate is projected to stagnate at around 17.5 percent in 2022, due to the high projected population growth rate of 2.9 percent over 2021-2023. Protracted sanctions may reduce employment and incomes for the urban poor engaged in construction, transport, commerce and hospitality. Internally displaced persons and refugees will increasingly flock into Bamako when the government is ill-equipped to mitigate humanitarian crises and support the vulnerable.

The outlook is subject to multiple downside risks, the most important being regional sanctions extending beyond March, but also from intensified insecurity, further climatic shocks, food insecurity and new COVID outbreaks. It is likely that at least some of these risks will materialize and concurrent shocks are possible. The Russia-Ukraine war presents additional risks through higher food and energy prices. The projections reflect recent sharp increases in commodity prices since January 2022, though with a high degree of uncertainty. Higher gold prices could help offset the negative impact of surging oil prices.

TABLE 2 Mali / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	4.8	-1.2	3.1	3.3	5.3	5.0
Private Consumption	3.8	1.9	5.0	4.0	4.0	4.0
Government Consumption	4.0	4.5	11.2	2.8	4.1	2.1
Gross Fixed Capital Investment	6.3	-1.2	3.8	-2.1	8.4	7.5
Exports, Goods and Services	2.3	0.5	-0.5	2.1	5.0	5.0
Imports, Goods and Services	5.9	-2.9	10.1	1.0	3.7	3.1
Real GDP growth, at constant factor prices	4.5	-1.1	3.1	3.3	5.3	5.0
Agriculture	4.0	-4.8	2.2	4.8	5.0	5.0
Industry	3.7	-0.1	0.7	2.6	6.0	4.0
Services	5.2	1.4	4.9	2.5	5.2	5.4
Inflation (Consumer Price Index)	-2.9	0.5	4.0	7.0	2.5	2.0
Current Account Balance (% of GDP)	-7.5	-2.3	-4.3	-4.3	-3.7	-3.9
Net Foreign Direct Investment (% of GDP)	5.0	3.1	2.4	2.4	2.4	2.6
Fiscal Balance (% of GDP)	-1.7	-5.4	-5.5	-4.5	-3.5	-3.0
Debt (% of GDP)	40.7	47.3	52.7	49.8	49.0	48.2
Primary Balance (% of GDP)	-0.7	-4.2	-4.0	-2.5	-1.8	-1.4
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	15.7	17.6	17.6	17.5	16.3	15.5
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	48.3	50.8	50.8	50.6	49.3	47.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	77.4	78.7	78.5	78.4	77.8	77.3
GHG emissions growth (mtCO2e)	4.8	-1.5	6.4	4.0	4.3	4.4
Energy related GHG emissions (% of total)	17.6	17.6	17.9	18.1	18.5	19.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018/19 EHCVM. This survey replaced the previous 2009-ELIM survey used to calculate poverty rates in previous years.

b/ Projection using neutral distribution (2018) with pass-through = 0.87 based on GDP per capita in constant LCU.

MAURITANIA

Key conditions and challenges

Table 1	2021
Population, million	4.8
GDP, current US\$ billion	8.3
GDP per capita, current US\$	1735.8
International poverty rate (\$1.9) ^a	6.0
Lower middle-income poverty rate (\$3.2) ^a	24.1
Upper middle-income poverty rate (\$5.5) ^a	58.8
Gini index ^a	32.6
School enrollment, primary (% gross) ^b	100.4
Life expectancy at birth, years ^b	64.9
Total GHG Emissions (mtCO2e)	14.1

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2014), 2011 PPPs.
 b/ Most recent WDI value (2019).

Growth rebounded in 2021 to 2.3 percent, supported by extractives and services, while extreme poverty remained at 5.8 percent. Fiscal balances remained positive, at 2.5 percent of GDP, supported by donor financing. Growth is expected to reach 7.7 percent by 2024 with the start of gas production. Downside risks include rising inflation pressures, potentially exacerbated by a prolonged conflict in Ukraine, export price volatility, and regional insecurity.

Macroeconomic stability had improved before the Covid-19 pandemic from improved terms of trade and reforms to reduce fiscal deficits after the 2014-2015 commodity price shock. Growth increased to 5.8 percent in 2019, driven by extractive sector growth of 14.9 percent. However, with the pandemic, structural reforms were delayed, and the economy remains undiversified and reliant on the extractives sector. Between 2015 and 2019, the Human Development Index remained unchanged, ranking Mauritania 157th out of 189 countries. This may be partially explained by insufficient investment in human capital and basic infrastructure, and the challenges of channeling economic gains to address development constraints.

The negative impact of the pandemic on human, economic, and social activities declined markedly in 2021, reflected by a rebound in growth and government mitigations measures. The numbers of people in extreme poverty fell to 7,200 in 2021 from 38,000 in 2020. Phone survey results suggest that 20 percent of households fell into extreme poverty in July 2020 compared to 16 percent in May 2021. Since 2021, the Government has been implementing priority programs to sustain growth by supporting inclusive job creation, social protection, and infrastructure development, as well as mitigating the

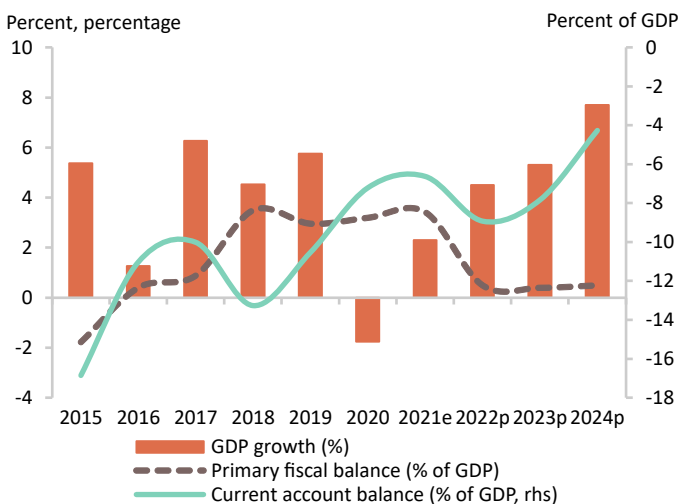
impact of climate related shocks on the primary sector, especially fisheries. Poverty reduction is threatened by rising food and energy prices, a higher cost of living, and supply disruptions. These imply a decline in extreme poverty rates of just 0.11 and 0.2 percent points per year between 2022 and 2024 using the US\$1.9/day and US\$3.2/day (2011 PPP) international poverty lines respectively. To meaningfully reduce the absolute number of the poor by 2024, agriculture sector reforms are necessary to support the mechanization, irrigation, and the use of improved seedlings to enhance domestic food production and resilience, and the consumption of cheaper locally produced cereals and grains.

Recent developments

Growth rebounded in 2021 to 2.3 percent (-0.4 percent in per capita terms) from a contraction of -1.8 percent in 2020. Services contributed 1.1 percentage points (pp) to GDP growth supported by the relaxation of containment measures, vaccination of the population, and the growing extractives sector. The main drivers of growth were private investment, government consumption and exports. The exchange rate remained stable in 2021, while average headline inflation rose from 2.4 percent y/y in 2020, to 3.6 percent y/y in 2021, driven by higher food prices.

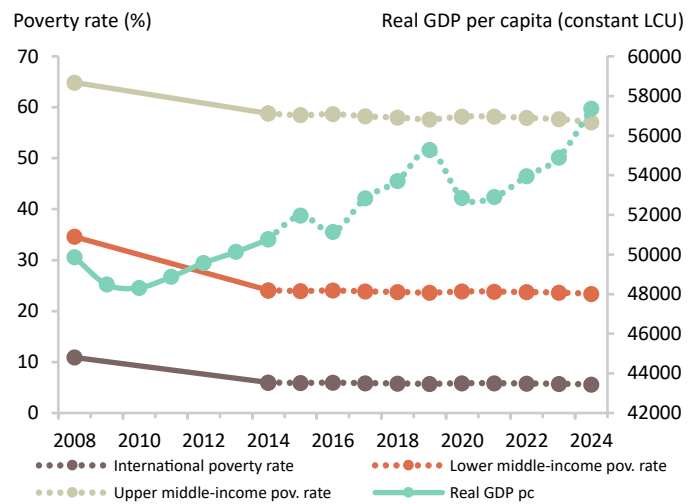
The current account deficit (CAD) narrowed from 7.1 percent of GDP in 2020, to 6.6 percent of GDP in 2021 on account of favorable exports prices. The CAD was

FIGURE 1 Mauritania / Evolution of main macroeconomic indicators



Source: World Bank.

FIGURE 2 Mauritania / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

financed by foreign direct investment, donor financing, the suspension of debt service, and the allocation of special drawing rights. Gross international reserves increased to 6.2 months of imports of goods and services in 2021, from 4.8 months of imports in 2020.

The overall fiscal balance remained in surplus at 2.5 percent of GDP in 2021 driven by increases in taxes and mining revenues. Domestic revenues rose with increased economic activity, stronger domestic demand, and higher dividend payments. Expenditure increased from 19.5 percent of GDP in 2020 to 22.8 percent in 2022, driven by higher current expenditure. Though at high risk of external debt distress, public debt remains sustainable, falling from 59.3 percent of GDP in 2020, to 56.7 percent in 2021.

The 2021 economic recovery was led by the industrial sector, though it employs one percent of the poor (Table 2). Agricultural and services sectors, which employ 57 percent and 42 percent of the poor, respectively, grew by 0.7 percent and 2.5 percent. Extreme poverty, based on the international

poverty lines of US\$1.9/day and US\$3.2 (2011 PPP), remained unchanged in 2021, at 5.8 percent and 23.8 percent, respectively.

Outlook

The ongoing conflict in Ukraine is expected to have a mixed impact on Mauritania. It is projected to have negative impact on inflation, through higher imports prices of food and crude oil, and a positive impact through higher iron ore and gold export prices. The net effect should be positive on the current account, but negative on the fiscal account, as government fuel subsidies may be increased to maintain a constant administered price.

The economy is expected to continue to rebound in 2022, by 4.5 percent (5.1 per capita terms) and over the medium term. Growth will be driven by a successful vaccine roll-out, higher gold and iron production in response to rising international prices, and stronger substitution of imported cereals with locally produced

alternatives. In the medium term, growth will be sustained by gas production starting in 2024, financial services and public sector investments. Inflation is expected to gradually fall to 4 percent y/y in 2024 from 5.3 percent in 2022.

The CAD is projected to deteriorate to 8.9 percent of GDP in 2022 with higher imports of equipment for mining and gas industry. It should improve to 4.3 percent of GDP in 2024 as new gas exports offset lower projected prices for iron exports. FDI related to the extractive industry and concessional borrowing should finance the current account, with resulting gross international reserves of more than 5 months of non-extractive imports.

Fiscal balances are projected to slightly deteriorate to a deficit of 0.5 percent of GDP in 2022, due to the scaling up of public investment and stronger spending on education, health, and social protection. The authorities are expected to continue renegotiating for better financial terms for public debt to lower costs and levels. As real GDP per capita rises, poverty rates are projected to trend downwards (Figure 2).

TABLE 2 Mauritania / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.8	-1.8	2.3	4.5	5.3	7.7
Private Consumption	2.7	2.7	2.5	2.3	2.4	2.7
Government Consumption	1.0	9.2	12.6	5.7	3.5	7.6
Gross Fixed Capital Investment	24.4	-8.9	12.8	5.2	6.4	6.9
Exports, Goods and Services	19.1	-1.9	-2.5	3.4	4.8	8.6
Imports, Goods and Services	11.7	2.0	2.1	2.4	2.5	2.4
Real GDP growth, at constant factor prices	6.6	-1.0	2.3	4.5	5.3	7.7
Agriculture	8.7	-4.0	0.7	0.9	1.0	1.1
Industry	5.6	2.7	3.3	3.9	4.0	6.1
Services	6.2	-1.5	2.5	6.4	7.8	11.2
Inflation (Consumer Price Index)	2.3	2.4	3.6	5.3	5.1	4.0
Current Account Balance (% of GDP)	-10.5	-7.2	-6.6	-8.9	-7.8	-4.3
Net Foreign Direct Investment (% of GDP)	11.2	11.4	11.7	11.4	8.5	8.0
Fiscal Balance (% of GDP)	2.0	1.9	2.5	-0.5	-0.6	-0.4
Debt (% of GDP)	63.5	65.5	59.3	56.7	56.7	54.5
Primary Balance (% of GDP)	3.0	3.2	3.4	0.5	0.4	0.5
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	5.7	5.8	5.8	5.8	5.7	5.6
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	23.6	23.8	23.8	23.7	23.6	23.4
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	57.6	58.2	58.2	57.9	57.7	57.1
GHG emissions growth (mtCO2e)	2.2	1.5	4.5	2.2	2.9	3.4
Energy related GHG emissions (% of total)	33.5	34.3	33.8	34.3	34.9	35.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2008-EPCV and 2014-EPCV. Actual data: 2014. Nowcast: 2015-2021. Forecasts are from 2022 to 2024.

b/ Projection using point to point elasticity at regional level with pass-through = 0,7 based on GDP per capita in constant LCU.

MAURITIUS

Table 1 **2021**

Population, million	1.3
GDP, current US\$ billion	11.1
GDP per capita, current US\$	8654.6
Lower middle-income poverty rate (\$3.2) ^a	2.2
Upper middle-income poverty rate (\$5.5) ^a	12.7
Gini index ^a	36.8
School enrollment, primary (% gross) ^b	99.5
Life expectancy at birth, years ^b	74.2
Total GHG Emissions (mtCO ₂ e)	6.3

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2017), 2011 PPPs.

b/ Most recent WDI value (2019).

GDP grew 3.9 percent in 2021 aided by widespread Covid-19 vaccination, although subsequent virus waves dampened tourism recovery and output remains below pre-pandemic levels. External factors fuel inflation, while public debt is at a historically high level. Recovery hinges on the creation of fiscal space to address longstanding structural challenges and boost preparedness for future shocks. The effects of Covid-19 reversed recent gains in poverty reduction and female labor force participation.

Key conditions and challenges

Mauritius became a High-Income Country in July 2020 based on 2019 data, but fell back into Upper-Middle income category in July 2021 as real GDP plunged by 14.9 percentage points in 2020 amid the Covid-19 pandemic. Even before the Covid pandemic, several interrelated structural challenges had rendered the country's growth trajectory more fragile. These include stagnating private investment, sustained loss of export competitiveness, skill shortages coexisting with high structural unemployment, rising inequality, and mounting pressure on public finances from high and increasing social security spending driven by the ageing population, leading to persistent fiscal deficits and a growing public debt to GDP ratio.

Mauritius' handling of the Covid-19 health emergency was very successful, and the extensive state support was effective in protecting livelihoods. However, this came at high fiscal cost, causing public debt to spike despite a Rs 55 billion (12.6 of GDP) non-refundable transfer to government from the Bank of Mauritius in FY2020/21, which followed a previous Rs 18 billion transfer (3.9 of GDP) under the FY2019/20 budget. Additionally, the blurring in the separation of monetary and fiscal functions stemming from the direct involvement of the BoM in the Covid-19 response, as well as through the newly created Mauritius

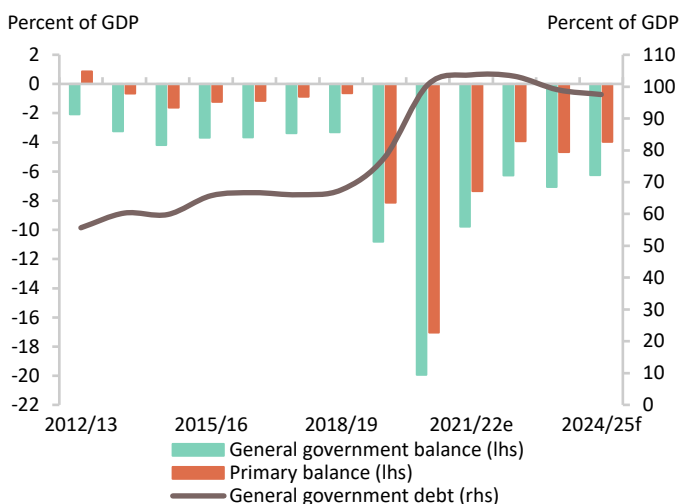
Investment Corporation owned by it, increased contingent liabilities.

Achieving inclusive growth will require overcoming constraints to a more inclusive labor market. This includes increasing the participation of youth and women with low educational attainments. Over 50,000 youth aged 16 to 29 are neither in education nor in employment, and about 1 out of 3 of these has obtained at most a certificate of primary education. Similarly, only 1 in 2 women participates in the labor market, and only 1 in 3 among women with low education. The impact of Covid-19 reversed recent gains in labor force participation of women. Women were significantly more likely to be displaced during this time, while men and women with a better education were significantly less likely to be laid off overall.

Recent developments

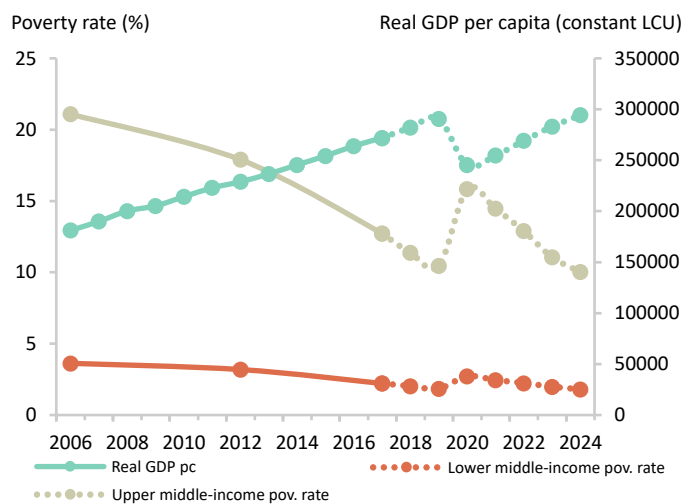
GDP grew an estimated 3.9 percent in 2021, although subsequent Covid-19 waves dampened growth and output remains below pre-pandemic levels. A successful Covid-19 vaccination campaign resulting in 76 percent of the population being fully vaccinated by end-February 2022 has been a cornerstone of recovery. However, a large output gap remains in tourism, with 179,780 arrivals in 2021 marking a 41.8 percent decrease compared to 308,980 in 2020. Even after full reopening of borders since October 1, monthly arrivals hovered below 50 percent of pre-pandemic figures. Total exports increased

FIGURE 1 Mauritius / General government balance and debt



Sources: Statistics Mauritius, World Bank staff estimates.

FIGURE 2 Mauritius / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

16.9 percent in 2021 compared to 2020, driven by manufactures. As total imports increased by 29.8 percent, the trade deficit was 39.4 percent higher. However, the current account deficit still narrowed from 12.5 to 11.1 percent of GDP, aided by net income inflows.

Fiscal deficit escalated to 19.9 percent in FY20/21, and despite being partially financed through a 12.6 percent of GDP non-refundable Central Bank transfer, still caused public debt to spike to 100.6 percent of GDP. Headline inflation rose to 4 percent in 2021 from 2.5 percent in 2020, driven by external supply shocks leading to higher freight, energy, and food prices. As oil prices rose to historical heights in the wake of the Russian invasion of Ukraine and ensuing sanctions on Russia, the BoM raised the Key Repo Rate 15 bps to 2 percent on March 9, representing its first hike since June 2011. The removal of Mauritius from the FATF, UK and EU watchlists between October 2021 and January 2022 bolstered the financial sector, and following closing of the Mandatory Offer made by Airport Holdings Limited on October 15, 2021, the state-controlled entity

expects to fully control Air Mauritius by end-March 2022. The rising of the Mauritian flag in the Chagos archipelago on February 14 during a scientific expedition to the Blenheim reef signaled Mauritius' intent to recover the islands in dispute with the UK.

Poverty (Upper-MIC threshold of \$5.5 a day 2011 PPP) fell from 18 to 10 percent between 2012 and 2019. However, given the dramatic contraction of GDP in 2020, poverty is estimated to have increased by over 5 percentage points in 2020, subsequently dropping by over 1 point in 2021.

Outlook

GDP is expected to grow by 5.9 percent in 2022 and 6.0 in 2023, before decelerating to 3.9 percent in 2024, in a global context of low growth, high inflation, and heightened geopolitical tensions.

The current account deficit would rise to 14.2 percent of GDP in 2022 hit by higher oil and food import costs and with rising airfare costs hindering a stronger

recovery of tourism, before gradually narrowing down over the medium term, assuming continued recovery of tourism and efforts to strengthen export competitiveness. The fiscal deficit is expected to moderate to 9.8 percent in FY21/22 as the economic recovery accelerates and Covid-19 support measures are lifted, aiding a progressive fiscal consolidation. Public debt would peak at 103.7 percent of GDP in FY21/22 and gradually decrease over the medium term. Projections indicate that poverty will fall to 10 percent, the pre-COVID-19 level, well into 2024.

Significant downside risks cloud the horizon. New Covid-19 variants may continue to inhibit the rebound of tourism, while escalation of war in Europe and harsher economic sanctions could push fuel and food prices higher and further disrupt global supply chains, fueling inflation. Pensions' reform and the phased unwinding of Covid-19 support will be key to maintain debt sustainability and create fiscal space to address structural challenges and boost preparedness facing future shocks, including from climate change.

TABLE 2 Mauritius / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices^a	3.0	-14.9	3.9	5.9	6.0	3.9
Private Consumption	3.2	-18.6	6.3	2.0	2.0	2.2
Government Consumption	2.0	-1.2	2.9	1.4	2.9	2.9
Gross Fixed Capital Investment	6.1	-26.1	19.0	3.8	5.7	4.7
Exports, Goods and Services	-4.2	-38.1	-1.4	32.0	12.7	7.0
Imports, Goods and Services	2.1	-28.9	5.9	12.3	2.5	2.6
Real GDP growth, at constant factor prices	3.2	-14.7	3.9	5.9	6.0	3.9
Agriculture	4.1	-2.5	6.6	1.5	3.8	1.8
Industry	2.4	-19.1	13.2	1.7	3.3	1.3
Services	3.3	-14.3	1.4	7.3	6.9	4.7
Inflation (Consumer Price Index)	0.5	2.5	4.0	8.4	5.7	5.0
Current Account Balance (% of GDP)	-5.4	-12.5	-11.1	-14.2	-10.4	-9.3
Net Foreign Direct Investment (% of GDP)	14.3	26.0	31.9	32.5	32.3	33.1
Fiscal Balance (% of GDP)^b	-10.8	-19.9	-9.8	-6.3	-7.1	-6.2
Debt (% of GDP)^b	77.7	100.6	103.7	103.2	99.0	97.5
Primary Balance (% of GDP)^b	-8.1	-17.0	-7.4	-3.9	-4.7	-4.0
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{c,d}	1.8	2.7	2.4	2.2	2.0	1.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{c,d}	10.5	15.8	14.5	12.9	11.1	10.0
GHG emissions growth (mtCO2e)	0.4	-12.9	7.5	5.7	4.5	6.5
Energy related GHG emissions (% of total)	61.5	62.1	61.2	61.5	61.4	61.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Historical demand-side data is being revised due to a consistency problem.

b/ Fiscal balances are reported in fiscal years (July 1st - June30th).

c/ Calculations based on 2017-HBS. Actual data: 2017. Nowcast: 2018-2021. Forecasts are from 2022 to 2024.

d/ Projection using neutral distribution (2017) with pass-through = 0.87 based on GDP per capita in constant LCU.

MOZAMBIQUE

Key conditions and challenges

Table 1 2021

Population, million	32.2
GDP, current US\$ billion	16.1
GDP per capita, current US\$	500.0
International poverty rate (\$1.9) ^a	63.7
Lower middle-income poverty rate (\$3.2) ^a	82.4
Gini index ^a	54.0
School enrollment, primary (% gross) ^b	118.4
Life expectancy at birth, years ^b	60.9
Total GHG Emissions (mtCO ₂ e)	112.2

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2014), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

Mozambique's economy recovered moderately in 2021. Growth reached 2.2 percent, driven by agriculture and a gradual rebound in demand. Yet, the poverty rate remains high at 63.5 percent as per capita income declined. The medium-term outlook is positive with growth projected to reach 6 percent in 2023, largely reflecting the start of LNG production. However, considerable uncertainties remain, including from the pandemic, insurgency in the north, and natural disasters.

The economy was already weak when it entered the pandemic. Growth plunged from 8 percent in 1993–2015, to 3 percent in 2016–2019, due to the hidden debt crisis in 2016, the insurgency escalation in Northern Mozambique, and the cyclones in 2019. In 2020, COVID-19 led to a GDP contraction of 1.2 percent, as demand fell and liquified natural gas (LNG) investments were delayed. The pandemic exacerbated pre-existing vulnerabilities stemming from overreliance on large investments in the extractive industry and exports of commodities, with weak domestic linkages. The private sector's potential remains untapped due to weak governance, a difficult business environment, and infrastructure and human capital deficits. Structural transformation has been limited with most jobs remaining in low productivity activities. Despite considerable downside risks—including COVID-19, natural disasters, and insurgency—economic prospects remain positive. Growth is projected to average 5 percent in 2022–2024, driven by developments in the LNG sector. The poverty rate is expected to fall marginally from 63.2 to 61.1 percent between 2022 and 2024, but the number of poor will increase by some 600,000 people due to rapid population growth. Mozambique needs to capitalize on the gains from the economic recovery to

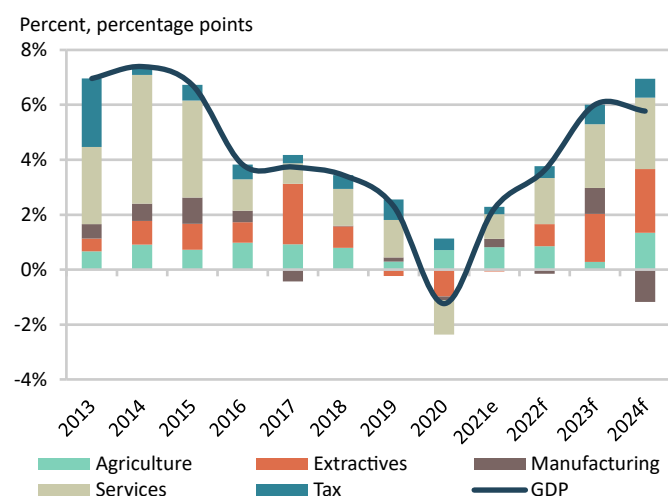
promote inclusive growth. Achieving this requires, among others, investments in infrastructure and social sectors, but the country faces substantial fiscal constraints. The public sector wage bill and debt service absorb about 90 percent of total tax revenues. In addition, significant fiscal revenues from the LNG sector may materialize only in about a decade. Mobilizing additional financing needs involve: (i) resuming fiscal consolidation, notably through wage bill reforms; (ii) increasing public spending efficiency; (iii) improving debt management and bringing public debt back to more sustainable levels; and (iv) greater private sector development.

Recent developments

Growth reached 2.2 percent in 2021, driven by increased agricultural and services output. The resumption of mobility supported the recovery of private consumption. The global recovery impacted food, energy, and fuel prices, contributing to a rise in inflation to 5.7 percent in 2021, double the rate registered in 2020. The loss of income and employment due to the pandemic meant that the poverty rate remained unchanged at 63.5 percent in 2021, but the number of poor increased by 650,000, totaling 20.4 million as of end-2021.

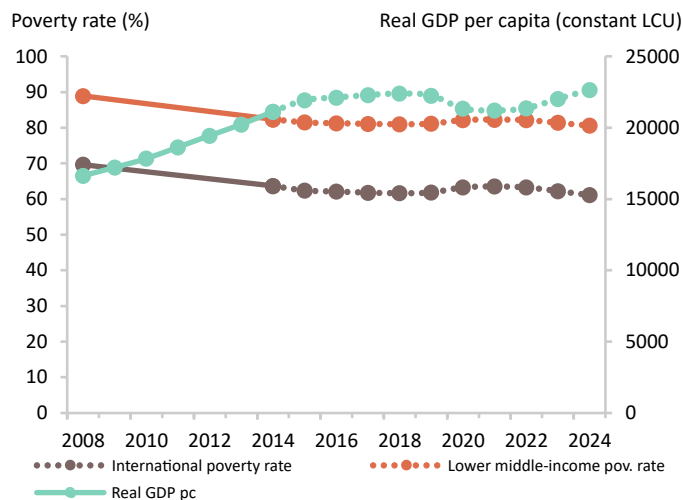
Although revenues held up well in 2021, fiscal pressures persisted. The overall fiscal deficit declined to an estimated 4.8 percent of GDP in 2021, down from 5.7 percent in

FIGURE 1 Mozambique / Real GDP growth and sectoral contributions to real GDP growth



Source: World Bank.

FIGURE 2 Mozambique / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

2020. Despite the pressures from COVID-related as well as humanitarian and security spending, total public expenditure fell to 31.6 percent of GDP in 2021 (from 33.6 percent in 2020). This was driven by lower debt service, reflecting currency appreciation and debt service deferral under the DSSI. Total public debt dropped from 125 to 117 percent of GDP in 2021, largely due to the currency appreciation. Mozambique is in debt distress with debt assessed to be sustainable in a forward-looking sense. Recovering trade and delayed implementation of LNG projects have led to a stable current account deficit (CAD). The CAD declined from 25.7 to 22 percent of GDP between 2020 and 2021. The drop was mainly driven by lower imports of services, due to the delays in LNG projects. Total exports—mainly coal and aluminum—grew by 55 percent, following a decline of 23 percent in 2020. The CAD was mostly financed by FDI and, to some extent, private borrowing. FDI was considerably high at US\$ 5.1 billion (against US\$ 3 billion in 2020), surpassing pre-pandemic levels. As a result of these developments, net external reserves closed

at US\$3.2 billion (equivalent to 6-7 months of imports, excluding megaprojects) in November of 2021—representing a drop of 14 percent (y-o-y).

Outlook

Growth is projected at 3.6 percent in 2022, before peaking at 6 percent in 2023. The start of LNG production at the Coral South offshore is expected to boost exports. Agricultural output growth is expected to remain considerable, given favorable weather conditions, and services activities will continue to steadily recover. Inflationary pressures will remain substantial as fuel and food prices continue to increase. Nonetheless, inflation is projected to remain within single digit in the medium-term, supported by a conservative monetary policy and a stable exchange rate. Poverty is expected to remain over 63 percent in 2022, despite the growth recovery and increased social transfers. Fiscal pressures are likely to persist. The deficit is projected at 6.3 percent in 2022

but expected to decline to 3.6 percent of GDP over 2023–2024, partly driven by a lower wage bill. Structural reforms, including streamlined salary and career structures, and fiscal consolidation measures are expected to reduce wage bill pressures. Revenue is projected to perform well as the economy recovers. Despite this, financing needs will remain substantial in 2022–2024, due to high debt service and short-term cost of wage bill reforms.

The CAD is expected to reach 32.5 percent of GDP in 2022, and stay close to 40 percent in 2023–2024 owing to increased imports of services and machinery for LNG development. Further, the push in fuel, and wheat will add extra US\$ 300 million to total imports. However, exports are set to grow significantly as LNG production begins and commodity prices recover. The external financing gap will be covered by FDI inflows and external loans, mainly for LNG investments. These FDI inflows, combined with the anticipated World Bank DPF and the IMF program, will allow external reserves to remain at comfortable levels.

TABLE 2 Mozambique / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	2.3	-1.2	2.2	3.6	6.0	5.8
Private Consumption	3.1	-2.1	18.1	0.3	7.6	3.7
Government Consumption	3.6	-19.3	-5.8	10.5	-18.7	-7.5
Gross Fixed Capital Investment	-0.6	60.1	36.1	-0.9	3.8	6.8
Exports, Goods and Services	-9.5	-15.0	24.1	9.6	15.1	6.4
Imports, Goods and Services	-1.5	-0.4	40.7	2.1	3.5	2.5
Real GDP growth, at constant factor prices	1.8	-1.9	2.2	3.6	6.0	5.8
Agriculture	1.3	3.1	3.4	3.5	1.2	5.8
Industry	-0.4	-5.8	1.3	3.6	14.9	5.8
Services	2.9	-2.7	2.0	3.7	5.1	5.7
Inflation (Consumer Price Index)	2.8	3.1	5.7	6.4	5.5	5.5
Current Account Balance (% of GDP)	-19.6	-25.7	-22.1	-32.5	-39.0	-42.0
Net Foreign Direct Investment (% of GDP)	14.4	16.7	31.8	22.2	20.6	19.1
Fiscal Balance (% of GDP)^a	-0.5	-5.7	-4.8	-6.3	-3.7	-3.5
Debt (% of GDP)	107.5	125.3	117.4	120.0	113.5	104.1
Primary Balance (% of GDP)^a	2.7	-2.3	-1.1	-2.4	0.1	0.8
International poverty rate (\$1.9 in 2011 PPP)^{b,c}	61.9	63.3	63.5	63.2	62.2	61.1
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{b,c}	81.1	82.2	82.3	82.1	81.4	80.6
GHG emissions growth (mtCO₂e)	0.9	0.7	0.3	1.1	1.7	1.5
Energy related GHG emissions (% of total)	8.0	8.3	8.0	8.2	8.7	9.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Figure includes once-off capital gains revenues in 2017, estimated at 2.7 percent of GDP.

b/ Calculations based on 2014-IOF. Actual data: 2014. Nowcast: 2015–2021. Forecasts are from 2022 to 2024.

c/ Projection using neutral distribution (2014) with pass-through = 0.87 based on GDP per capita in constant LCU.

NAMIBIA

Table 1 **2021**

Population, million	2.6
GDP, current US\$ billion	12.4
GDP per capita, current US\$	4794.1
International poverty rate (\$1.9) ^a	13.8
Lower middle-income poverty rate (\$3.2) ^a	30.3
Upper middle-income poverty rate (\$5.5) ^a	51.0
Gini index ^a	59.1
School enrollment, primary (% gross) ^b	124.2
Life expectancy at birth, years ^b	63.7
Total GHG Emissions (mtCO2e)	22.2

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2015), 2011 PPPs.
 b/ WDI for School enrollment (2018); Life expectancy (2019).

Namibia's growth rebound in 2021 is estimated to have been weaker than expected. The outlook for 2022 is favorable boosted by an improved pandemic situation and strong prospects for the mining sector. The protracted effects of the pandemic have left significant scarring in the economy, worsening socio-economic indicators. The projected upper middle-income poverty rate remains high at 65 percent for 2021 while employment is estimated to be below pre-pandemic levels.

Key conditions and challenges

Namibia's growth challenge predated the COVID-19 crisis. In the decade leading up to 2015, economic growth averaged nearly 5 percent annually boosted by investments in mineral extraction, a boom in exports and government spending. The period from 2016 onwards has mostly been marked by recession. Pre-pandemic, fiscal retrenchment, weak export prices, completion of major investment projects and poor growth in key trade partners brought growth to a halt. In real terms, GDP per capita has contracted since 2016, with corresponding projected poverty increases. Weak demand and skills mismatches have constrained job creation with the unemployment rate averaging above 20 percent since 2016. With persisting labor market challenges, Namibia remains one of the most unequal countries in the world.

Global and regional developments are an important driver of Namibia's fiscal and external positions as the country is highly reliant on commodity exports and SACU transfers. Volatility in prices of Namibia's exports, particularly diamonds and uranium, present risks. While Namibia enjoyed good rains in 2021, the country is amongst the driest in the world and severe drought is a persistent threat for economic performance and for the welfare of poor subsistence farmers.

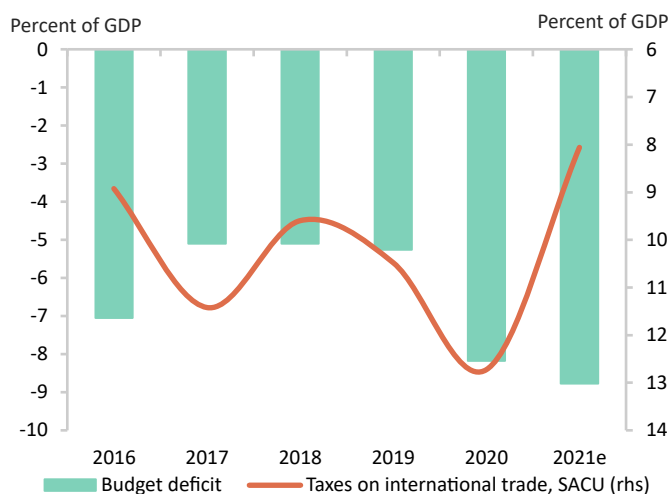
Raising productivity, including through reforms to improve the business environment

and foster job-rich growth, is critical to reverse the trend of declining potential output. In the long term, progress in the planned development of a green hydrogen sector carries significant upside potential for the economy. Short-term risks to Namibia's recovery are dominated by pandemic uncertainties, amid relatively low vaccine coverage, and evolving effects of the war in Ukraine.

Recent developments

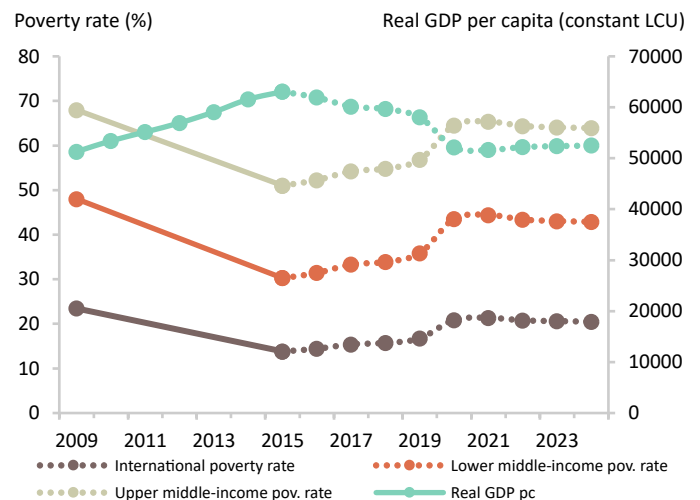
Mainly driven by a rebound in private consumption, the economy is estimated to have expanded by 0.8 percent in 2021 following the historic contraction of -8.5 in 2020. The economic rebound was weaker than projected in October 2021 due to a marked deterioration in the net export balance. Exports contracted further and imports rebounded. The supply side assessment suggests that the tertiary sector underpinned growth in 2021, coming from depressed levels in the prior year, while industry output contracted, led by declines in construction activity and electricity generation. Tight COVID-19 restrictions were in place during parts of the year to manage surges in infections. The protracted effects of the pandemic have left significant scarring in the economy, worsening socio-economic indicators. Given the sluggish economic expansion, the projected upper middle-income poverty rate remained high at 65 percent while employment is estimated to be well below pre-pandemic levels.

FIGURE 1 Namibia / Budget balance and SACU revenues



Sources: Ministry of Finance, Central Bank and World Bank staff estimates.

FIGURE 2 Namibia / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: See table 2.

Namibia experienced a deterioration of its current account balance to an estimated deficit of 8 percent of GDP in 2021 from an atypical surplus of 3.3 percent of GDP in 2020, while being able to maintain an adequate level of international reserves. The weaker external balance was due to lower mineral exports, a decrease in SACU receipts, investment income outflows, and an increase in imports that has been fueled by rebounding domestic demand. Thanks to significant financial inflows from International Financial Institutions, gross reserves increased from US\$2.2 billion at end-2020 to US\$2.8 billion at end-2021 (representing about 5.5 months of imports).

Amid the limited growth rebound, the fiscal position deteriorated with the budget deficit increasing to 8.8 percent of GDP in 2021 (from 8.2 percent in 2020), and public debt (including guarantees) further rising to 75.3 percent of GDP from 69.2 percent in 2020. The wider deficit was on the back of lower SACU revenues, which fell from 12.5 percent of GDP in FY2020 to 7.9 percent of GDP in FY2021. Namibia redeemed its Eurobond which

matured in November 2021, limiting the rise in debt levels.

Monetary policy remained accommodative and aligned with the SARB. The policy rate was unchanged at 3.75 percent through 2021, before the Bank of Namibia hiked by 25 basis points in February 2022. Inflation remained contained in 2021, averaging 3.6 percent.

Outlook

Namibia's economic performance is expected to improve in 2022-23, premised on waning effects of the pandemic and strong prospects for the mining sector. GDP growth is projected to accelerate to 2.9 percent in 2022. Diamond output, in particular, is expected to increase as the new Debmarmine vessel begins operating and the life of mines that were previously slated to close is extended. The new diamond recovery vessel is expected to boost production by at least a third. Activity in the mining sector is broadly expected to find support from firm global commodity prices.

So long as the effects of the conflict in Ukraine last, higher mineral prices will benefit Namibia's terms of trade but the related oil price shock will raise the import bill and inflationary pressures.

Government consumption is expected to be a drag on growth over the medium term given fiscal consolidation. Authorities remain committed to restoring fiscal sustainability over the MTEF period, although the speed of consolidation will depend on recovery in revenues. Monetary policy normalization is expected to continue at a prudent pace, driven by the exchange rate peg with the rand. As mining exports rebound and SACU receipts increase from next year, the current account deficit is expected to narrow gradually over the medium term and projected at 6.3 percent of GDP in 2022. The trajectory of the pandemic globally is an intractable risk to the outlook while the projected growth path is insufficient to address socio-economic challenges. Poverty is projected to remain high at 64 percent (US\$5.50 line, 2011 PPP) in 2022 due to weak per capita GDP growth and slow job creation.

TABLE 2 Namibia / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	-0.9	-8.5	0.8	2.9	2.1	2.0
Private Consumption	0.4	-10.3	11.9	3.3	3.0	3.0
Government Consumption	1.5	-1.5	0.5	-0.6	-0.1	-0.2
Gross Fixed Capital Investment	-8.9	-11.2	-8.8	5.0	4.3	4.7
Exports, Goods and Services	-9.0	-17.7	-9.8	13.1	6.0	3.5
Imports, Goods and Services	-3.4	-14.7	8.0	6.9	5.1	4.0
Real GDP growth, at constant factor prices	-0.2	-7.1	0.5	2.9	2.1	2.0
Agriculture	-3.2	6.1	-0.1	2.0	2.0	2.0
Industry	-2.3	-13.7	-2.9	7.2	2.1	2.5
Services	1.1	-5.7	1.9	1.4	2.1	1.7
Inflation (Consumer Price Index)	3.7	2.2	3.6	5.2	4.5	4.5
Current Account Balance (% of GDP)	-1.8	3.3	-8.0	-6.3	-4.5	-3.8
Net Foreign Direct Investment (% of GDP)	-1.5	-2.0	2.3	1.6	1.6	1.9
Fiscal Balance (% of GDP)	-5.3	-8.2	-8.8	-7.4	-6.2	-5.4
Debt (% of GDP)^a	62.8	69.2	75.3	79.5	81.5	83.6
Primary Balance (% of GDP)	-1.4	-3.8	-4.3	-2.6	-1.1	-0.4
International poverty rate (\$1.9 in 2011 PPP)^{b,c}	16.7	20.8	21.3	20.8	20.6	20.5
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{b,c}	35.8	43.5	44.4	43.4	43.1	42.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{b,c}	56.8	64.5	65.3	64.4	64.1	63.9
GHG emissions growth (mtCO₂e)	-1.1	0.0	-0.1	1.5	1.5	0.3
Energy related GHG emissions (% of total)	19.9	19.3	19.2	19.5	19.9	19.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Refers to Public and Publicly Guaranteed debt

b/ Calculations based on 2009-NHIES and 2015-NHIES. Actual data: 2015. Nowcast: 2016-2021. Forecasts are from 2022 to 2024.

c/ Projection using annualized elasticity (2009-2015) with pass-through = 1 based on GDP per capita in constant LCU.

NIGER

Key conditions and challenges

Table 1 **2021**

Population, million	25.1
GDP, current US\$ billion	14.3
GDP per capita, current US\$	569.8
International poverty rate (\$1.9) ^a	41.4
Lower middle-income poverty rate (\$3.2) ^a	75.2
Upper middle-income poverty rate (\$5.5) ^a	91.8
Gini index ^a	37.3
School enrollment, primary (% gross) ^b	66.4
Life expectancy at birth, years ^b	62.4
Total GHG Emissions (mtCO2e)	52.3

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2018), 2011 PPPs.

b/ Most recent WDI value (2019).

Niger avoided recession in 2020, but the recovery was interrupted in 2021 with growth falling to 1.4 percent (-2.3 percent per capita), due to heightened insecurity and climatic shocks (drought, erratic rains and flash floods) that significantly reduced agricultural output. Consequently, extreme poverty increased to 41.8 percent in 2021. While the outlook remains positive, with oil revenues coming on-stream in 2024, significant downside risks require a strong reform effort.

Despite robust GDP growth (averaging 6.2 percent annually over 2010-2019), the level of per capita GDP (US\$ 554 in current prices) in 2019 remains well below regional peers. High demographic growth is the main drag to a more sustained increase in per capita incomes.

Niger needs to address at least two key factors to reduce its structural fragility and sustain a higher pace of economic growth. First, Niger needs to better adapt to climatic changes as 75 percent of the workforce is still in subsistence agriculture and volatile climatic conditions have led to large agricultural production fluctuations (as highlighted by the collapse of production in 2021) and food insecurity. Second, Niger needs to address domestic insecurity and regional instability, which impact Niger's overall economic performance, public finances, service delivery and access to markets.

With relative political stability in a turbulent region, Niger is relatively well positioned to adopt structural reforms that lay the foundations for more inclusive and resilient economic growth. Reforms need to increase overall productivity (especially in agriculture) by strengthening economic governance, promoting financial inclusion, adopting digital technologies, and broadening access to education and training to support waged jobs creation. Accelerating crisis preparedness through climate adaptation investments,

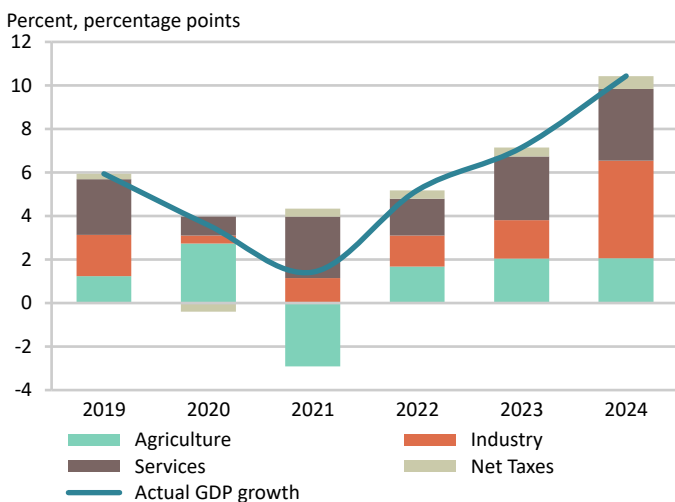
a stronger disasters management framework, and robust social safety nets, are also key to increase resilience to natural shocks. Supporting demographic transition by reducing large gender gaps also needs to be a central piece of Niger's development strategy, while the pace of vaccination for COVID-19 needs to accelerate to reach the target of 42 percent of the population.

Recent developments

The pace of economic growth came to a sudden halt in 2021, falling to 1.4 percent from 3.6 percent in 2020 due to the collapse of cereal production (-38 percent), caused by drought in September, crop infestation, and insecurity. This agricultural production shock left more than 2.5 million people food insecure.

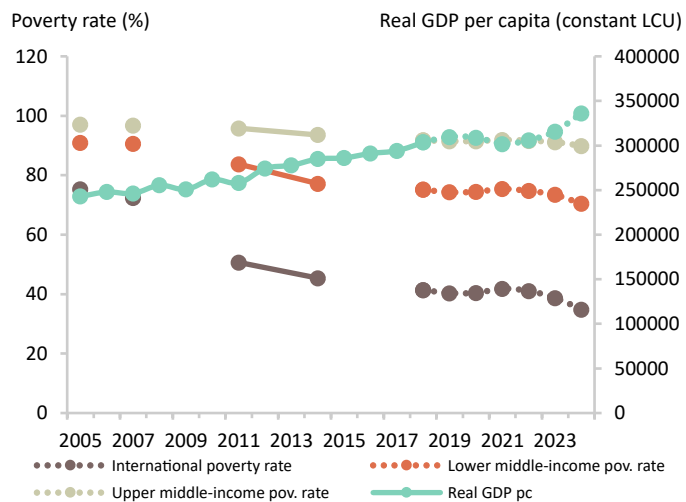
The fiscal deficit remained high, at 6.6 percent of GDP, in 2021 due to the increase in spending to support the recovery and to address security and food insecurity issues, for example by strengthening food for work, school feeding, or cereal distribution programs. As a result of lower growth and the higher deficit, public debt is projected to have reached 52.3 percent of GDP in 2021, and the risk of debt distress is assessed as moderate. The current account deficit (CAD) is estimated to have widened to 14.9 percent of GDP in 2021, driven by a deterioration of the trade balance amid high oil and gas projects-related imports and higher food import prices.

FIGURE 1 Niger / Real GDP growth and sectoral contributions to real GDP growth



Sources: INSN and World Bank staff estimates.

FIGURE 2 Niger / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: See table 2.

Inflationary pressures persisted, fueled by rising food prices (7.8 percent), particularly cereals (16.8 percent). Average annual inflation reached 3.8 percent for 2021. Niger's monetary and exchange rate policies are managed by the BCEAO, which maintains a fixed peg between the CFA Franc and the Euro. Its reserves reached 5.8 months of imports of goods and services in 2021, as a result of the recovery in export repatriation proceeds, the August 2021 SDR allocation, and portfolio inflows linked to Eurobond issuances in the region.

The 2.3 percent decline in per capita GDP in 2021 resulted in an increase of 1.4 percentage point in the international extreme poverty rate (US\$1.90/day per capita, 2011 PPP) to 41.8 percent in 2021. As a result, the number of extreme poor rose from 9.8 million to 10.5 million. Data from high frequency phone surveys indicated that 40 percent of households experienced an income loss during the pandemic. Furthermore, higher food inflation would have impacted poor households as 40 percent of

Nigerien households are net food buyers and food represent 58 percent of their consumption basket.

Outlook

Amidst high uncertainty, economic growth in 2022 is projected at 5.2 percent. This forecast hinges upon several positive developments, particularly the absence of new climatic shocks, and on an improvement in the security situation. Over the medium term, growth is expected to surpass 10 percent in 2024 due to the start of oil production. Inflation is set to overshoot the standard 3 percent target again in 2022, driven by higher food and energy prices. An ambitious fiscal adjustment supported by the IMF program, aimed at reducing the deficit from 5.5 percent of GDP in 2022, to around 3 percent in 2024, would put the debt-to-GDP ratio onto a declining path. Extreme poverty is expected to decline to 41.0 percent in 2022 as growth, particularly

in agriculture improves. However, in order to achieve a reduction in the absolute number of poor, annual GDP growth must be significantly above Niger's projected high population growth rate of 3.8 percent during the period 2022-2024, and the rents from the petroleum sector must be broadly shared through proactive government policies for inclusive growth.

The GDP growth outlook is subject to a high degree of uncertainty and multiple downside risks, including intensified security risks, further climatic-shocks, continuing food security challenges, local COVID outbreaks, and widespread social discontent from food inflation and insecurity. It is likely that at least one/some of these risks will materialize and concurrent shocks are possible. The economic consequences of the Russia-Ukraine war are a further source of risk, primarily through higher global food (grains/fertilizer) and energy prices. The projections already reflect recent sharp increases in oil and gas, agriculture and metal and mineral prices since January 2022.

TABLE 2 Niger / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.9	3.6	1.4	5.2	7.1	10.4
Private Consumption	3.7	4.4	-1.5	5.1	5.9	6.7
Government Consumption	8.1	3.7	2.0	7.6	13.0	12.1
Gross Fixed Capital Investment	13.6	4.9	9.1	5.4	6.0	6.5
Exports, Goods and Services	1.1	-6.3	3.6	5.5	20.8	41.7
Imports, Goods and Services	6.2	2.7	3.5	6.8	11.1	11.0
Real GDP growth, at constant factor prices	6.1	4.2	1.1	5.1	7.1	10.4
Agriculture	3.4	7.7	-7.9	5.0	6.1	6.2
Industry	9.0	1.7	5.4	6.4	7.9	20.0
Services	7.0	2.3	7.7	4.4	7.6	8.5
Inflation (Consumer Price Index)	-2.5	2.8	3.8	3.5	3.0	3.0
Current Account Balance (% of GDP)	-12.2	-13.2	-14.9	-16.9	-15.5	-12.2
Net Foreign Direct Investment (% of GDP)	5.3	2.5	4.6	5.2	3.5	2.8
Fiscal Balance (% of GDP)	-3.6	-5.4	-6.6	-5.5	-4.5	-3.2
Debt (% of GDP)	39.8	45.0	52.5	53.0	52.2	48.7
Primary Balance (% of GDP)	-2.6	-4.4	-5.5	-4.1	-3.1	-2.1
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	40.3	40.4	41.8	41.0	38.7	34.8
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	74.3	74.5	75.5	74.8	73.5	70.4
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	91.5	91.5	91.9	91.6	91.1	89.9
GHG emissions growth (mtCO₂e)	4.8	3.8	3.9	4.3	4.8	5.3
Energy related GHG emissions (% of total)	14.8	14.6	14.6	14.9	15.5	16.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.7 based on GDP per capita in constant LCU.

NIGERIA

Table 1 **2021**

Population, million	211.4
GDP, current US\$ billion	488.6
GDP per capita, current US\$	2311.1
International poverty rate (\$1.9) ^a	39.1
Lower middle-income poverty rate (\$3.2) ^a	71.0
Upper middle-income poverty rate (\$5.5) ^a	92.0
Gini index ^a	35.1
School enrollment, primary (% gross) ^b	87.5
Life expectancy at birth, years ^b	54.7
Total GHG Emissions (mtCO2e)	387.0

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2011 PPPs.
 b/ WDI for School enrollment (2018); Life expectancy (2019).

Nigeria's real GDP is expected to grow by 3.8 percent in 2022. Nevertheless, given high population growth and stagnant poverty reduction, the number of Nigerians living below the international poverty line is projected to rise by 2.5 million between 2021 and 2024. Nigeria's growth outlook remains uncertain due to the war in Ukraine and its impact on the global economy. Macroeconomic and business climate reforms will be necessary to ensure a sustained recovery beyond the base effects seen in 2021.

Key conditions and challenges

After two decades of uneven growth, poverty in Nigeria remains widespread, affecting around 4 in 10 Nigerians. Nigeria grew rapidly between 2000 and 2014 (average of 7 percent per year), but the 2014-2015 collapse in global oil prices, a reversal in macroeconomic reforms, and the fall in domestic non-oil production led to a cycle of sluggish growth. Subsequently, economic growth has been muted at 1.1 percent, on average, in 2015-21, below the rate of population growth of 2.6 percent. Nigeria's fiscal position has been deteriorating since 2015, mainly due to low and declining oil revenues (50 percent of consolidated revenues come from oil) and rising expenditures, resulting in fiscal deficits averaging 5.4 percent of GDP in 2020-21. After the 2015-16 recession, Nigeria's already low level of general government revenue fell and averaged 7.0 percent of GDP between 2016 and 2020, the second lowest globally. As a result, general government expenditure remains low. In the short term, recouping the welfare and human capital losses incurred during the COVID-19 pandemic remains vital. To this end, the authorities should consider three policy priorities. First, a fast and equitable vaccine rollout is still needed to tackle the virus' direct health effects. Second, reversing learning losses from school closures can mitigate long-term effects on human capital. Finally, social protection,

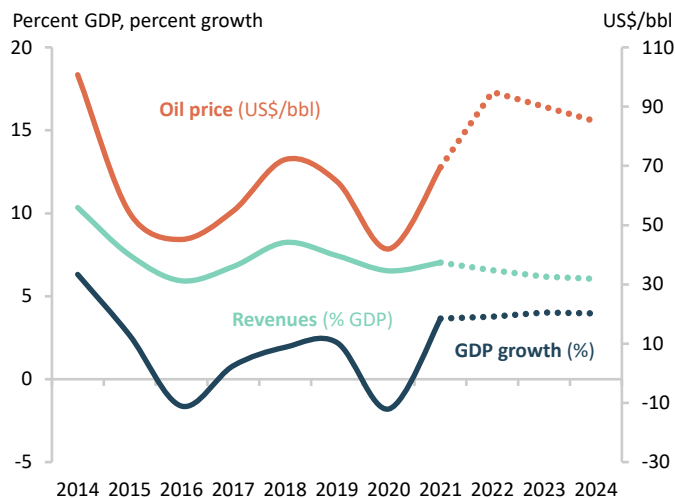
which remains scant, should be expanded to offset income losses and prevent households from falling into—or further into—poverty.

In the medium term, the government must adopt reforms to sustain Nigeria's economic recovery. These include merging its multiple exchange rates, reducing trade restrictions, improving the business climate, and reducing the monetization of the fiscal deficit. In addition, diversifying the economy, especially reducing the dependence of revenues on oil, is essential to build resilience against future shocks, create productive jobs, and reduce poverty.

Recent developments

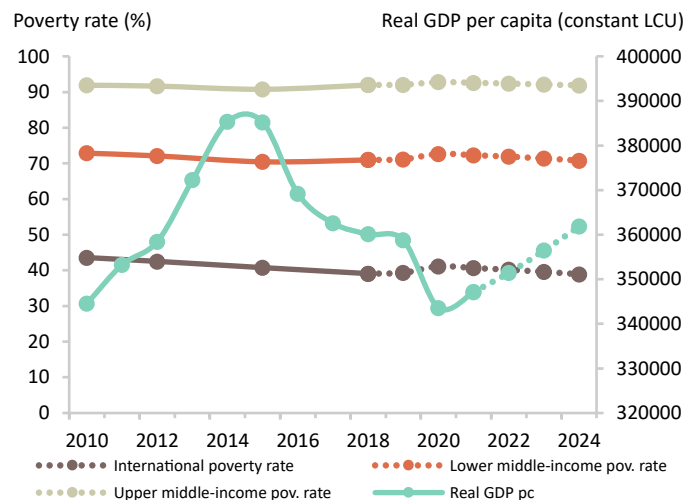
GDP grew by 3.6 percent in 2021, exceeding population growth for the first time since 2015, led by base effects in most sectors and organic growth in agriculture, telecommunications, and financial services. Oil production, however, continued to decline and reached a two-decade low due to inefficiencies and insecurity. Inflation remains high in Nigeria, reaching 15.6 percent, year-on-year, in January 2022—above the average of the last 4 years and one of the highest in Sub-Saharan Africa. Inflation has been driven by higher prices of staples, which are especially reducing the purchasing power of poor and vulnerable Nigerians, constraining any potential poverty reduction. Nigerian authorities have not taken any recent concerted actions to tackle inflationary pressures.

FIGURE 1 Nigeria / Oil price shock transmission channels



Sources: WDI, NBS, and World Bank.

FIGURE 2 Nigeria / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

The government's fiscal position typically improves when oil prices rise, but this was not the case in 2021 when the consolidated fiscal deficit remained above 5.0 percent of GDP. Nigeria has not been able to fully benefit from the current price boom because: (i) oil production declined in 2021; and (ii) the domestic price of petrol remained fixed while global petrol prices rose, increasing the cost of the Premium Motor Spirit (PMS) subsidy. The PMS subsidy disproportionately benefits richer Nigerians and imposes a massive and unsustainable fiscal burden. Its cost rose from 4 to 35 percent of oil and gas revenues in 2021 (US\$4.5 billion, roughly 1 percent of GDP).

Buoyed by rising oil prices and improved remittance inflows, Nigeria's external position improved in 2021. The current account balance improved from -2.4 percent of GDP in 2020 to 2.0 percent of GDP in 2021. Despite the central bank taking steps to merge its multiple exchange rates by adopting the Importer and Exporter FX window rate as its official rate in May 2021, the parallel rate premium increased to 37 percent of the official rate in 2021.

Outlook

Nigeria's GDP growth is projected at 3.8 percent in 2022, driven by growth in the services, trade, agriculture, and construction sectors as well as a recovery in oil production. Yet, GDP per capita at end-2022 is expected to be below the level recorded in 2014, and it is not expected to return to pre-COVID-19 levels before 2027.

The impact of the pandemic on poverty could linger. Combining the effects of the COVID-19 crisis and high population growth, the number of Nigerians living in extreme poverty (measured using the international poverty line of US\$1.90 per day, 2011 PPP) could rise by 10 million between 2019 and 2024, with the absolute number of poor people reaching 89 million by 2024. While these forecasts are slightly rosier than the World Bank fall forecasts, they still paint a sobering picture of Nigeria's prospects for poverty reduction.

The country's economic outlook remains highly uncertain. The projected recovery

can be threatened by: (i) the impact of the Russia-Ukraine conflict on the global economy through lower capital flows, heightened uncertainty, higher prices of imported food and inputs for fertilizers, lower global growth, and volatile oil prices; (ii) lower-than-expected oil production due to technical inefficiencies; (iii) heightened insecurity; (iv) higher uncertainty on policy direction arising from the upcoming February 2023 general elections; and (v) worsening fiscal risks related to the PMS subsidy deductions. Even in the most favorable global context, the policy response of Nigeria's authorities will be crucial to lay the foundation for a robust recovery. The authorities can boost growth by strengthening macroeconomic reform efforts, including measures aimed at: (a) adopting a more flexible and transparent foreign exchange management regime; (b) accelerating revenue-based fiscal consolidation; (c) strengthening expenditure and debt management; and (d) improving the business climate.

TABLE 2 Nigeria / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	2.2	-1.8	3.6	3.8	4.0	4.0
Private Consumption	-2.4	1.3	0.2	2.4	2.6	2.9
Government Consumption	15.0	13.6	-1.1	4.8	0.4	7.5
Gross Fixed Capital Investment	11.8	19.0	8.5	3.2	5.2	7.9
Exports, Goods and Services	15.0	-32.2	10.4	8.5	7.5	5.0
Imports, Goods and Services	27.3	-23.5	3.5	5.5	4.3	9.0
Real GDP growth, at constant factor prices	2.3	-1.9	3.7	3.8	4.0	4.1
Agriculture	2.4	2.2	2.1	2.7	2.7	3.0
Industry	2.3	-5.9	-0.2	4.5	5.1	3.5
Services	2.2	-2.2	6.0	4.1	4.1	4.8
Inflation (Consumer Price Index)	11.4	13.2	17.0	14.8	13.0	11.0
Current Account Balance (% of GDP)	-3.8	-2.4	2.0	5.8	4.9	3.2
Net Foreign Direct Investment (% of GDP)	0.4	0.2	0.6	0.5	0.4	0.4
Fiscal Balance (% of GDP)	-4.6	-5.8	-5.8	-5.1	-4.9	-5.3
Debt (% of GDP)	21.7	25.2	29.6	29.6	30.4	31.7
Primary Balance (% of GDP)	-2.6	-4.1	-3.6	-2.6	-2.4	-2.4
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	39.3	41.1	40.7	40.2	39.6	38.9
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	71.1	72.6	72.3	71.9	71.4	70.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	92.1	92.8	92.6	92.4	92.1	91.9
GHG emissions growth (mtCO₂e)	3.1	1.1	3.9	4.0	4.4	4.6
Energy related GHG emissions (% of total)	39.3	38.1	38.0	37.8	37.9	38.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-LSS. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.7 based on GDP per capita in constant LCU.

RWANDA

Table 1 **2021**

Population, million	13.3
GDP, current US\$ billion	11.0
GDP per capita, current US\$	828.7
International poverty rate (\$1.9) ^a	56.5
Lower middle-income poverty rate (\$3.2) ^a	80.3
Upper middle-income poverty rate (\$5.5) ^a	91.9
Gini index ^a	43.7
School enrollment, primary (% gross) ^b	131.3
Life expectancy at birth, years ^b	69.0
Total GHG Emissions (mtCO2e)	8.4

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2016), 2011 PPPs.
 b/ Most recent WDI value (2019).

Rwanda's economy grew at around 11 percent in 2021, as targeted measures helped economic activities to effectively navigate the pandemic. The twin deficits remained—requiring more external financing—and are expected to ease below their pre-crisis levels in 2022–2024. Despite an unprecedented assistance program, poverty likely increased due to the adverse effects of the pandemic on output and employment, but is expected to return to pre-crisis levels in 2022.

Key conditions and challenges

Despite exceptional economic performance in recent decades, including rapid growth in per capita income over 2005–2019, Rwanda faces major development challenges. Poverty rates (measured as US\$1.90 a day) fell from 69.1 percent in 2005 to 56.5 percent in 2017 and was projected to fall even further to 52.9 percent in 2019 behind strong growth in GDP and private consumption. With the emergence of COVID-19, poverty is expected to have increased to 56.0 percent for 2020. Rwanda has relatively higher poverty rates than African peers with similar income per capita, and poverty reduction has become less responsive to growth in recent years. Rwanda now faces challenges in fully translating its strong growth into commensurate gains in poverty reduction and shared prosperity, with the aim of eliminating poverty by 2050.

A shift from public investment-led growth to the private sector is key to Rwanda's aspiration of becoming an upper-middle income country by 2035 and a high-income country by 2050. Capital accumulation, mostly large-scale public investment in infrastructure, has been the main driver of growth. Limitations of the state-led development model have become apparent. Labor productivity and total factor productivity are low for its income level. Moreover, the private sector still maintains a relatively limited presence, restricted in part

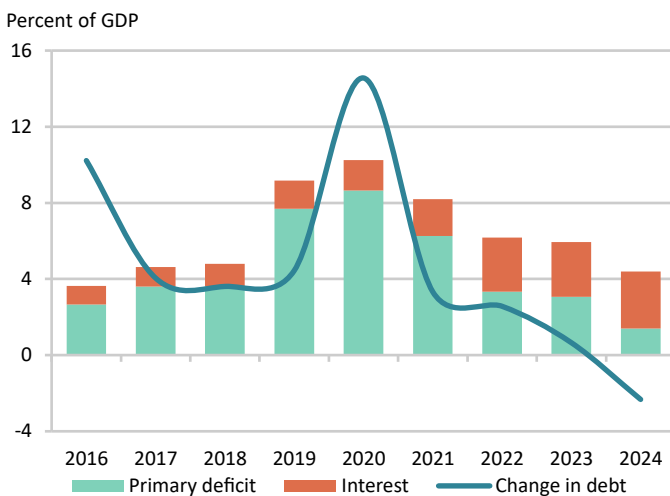
by high costs of finance, energy, and transport, coupled with dominance of SOEs. Key reforms should aim to enable competitive domestic enterprises, foster innovation, develop long-term finance, and foster regional integration.

Recent developments

Effective vaccination measures helped Rwanda navigate the pandemic. After grappling with the third—and more severe—wave in June–August 2021, Rwanda successfully contained the spread of infections while continuing its vaccination campaign. By end-February, about 68 percent of the total population had received at least one dose of COVID vaccine, while 60 percent had received two doses. These vaccination rates place Rwanda among the top ten countries in Africa. Rwanda started administering a booster shot dose in December 2021.

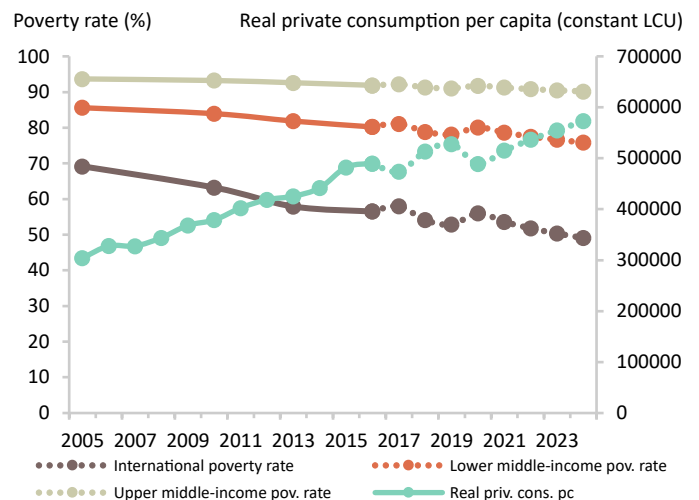
The economy surged in 2021, growing by about 11 percent. Gradually easing mobility restrictions have supported a broad-based rebound, stimulating private consumption, by increasing incomes amid the reopening of economic activities, and falling inflation. Household consumption made significant contribution to growth, thanks to government transfers rolled out to households affected by the pandemic. Government investment spending contributed significantly, accounting for one-third of GDP growth. However, unemployment continued to be higher relative to the pre-crisis levels as firms were not yet

FIGURE 1 Rwanda / Primary deficit, interest payments, and public debt



Source: World Bank.

FIGURE 2 Rwanda / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

confident about the recovery sustainability and did not hire permanent employees. In August 2021, the unemployment rate was more than 3 percentage points higher than in August 2019.

The authorities have maintained a fiscal expansion to support the recovery amid rising revenues. Total government revenues (including grants) peaked in 2021, estimated at 25.5 percent of GDP, up from 23.6 percent in 2020. Government outlays also increased, reaching 33.3 percent of GDP in 2021, compared to 32.9 percent in 2020, driven mainly by continued fiscal support for firms and households affected by the pandemic. The government fast-tracked a US\$250 million package to support private investments in manufacturing and construction. The overall fiscal deficit eased to 8.2 percent of GDP in 2021, compared to 10.3 percent of GDP in 2020, as Rwanda continued to benefit from large external COVID-related support.

Driven mainly by rising prices of fresh food and energy products, annual urban inflation rose to 5.8 percent in February and is expected to remain high in 2022. In expectation of higher inflationary pressures from higher international commodities, the National Bank of Rwanda raised the policy interest rate by 50 basis points

(to 5 percent) in mid-February 2022, while continuing to support the recovery.

Outlook

Short- to medium-term growth prospects of Rwanda's economy are positive but conditional on continued national vaccination, recovery of the domestic economy, as well as the economic consequences of the Russian invasion in Ukraine. Energy and commodity prices (especially wheat) have surged, adding to inflationary pressures from supply chain disruptions and hobbling the rebound from the COVID-19 pandemic. While the economic consequences of the Russian invasion, war, and associated sanctions are still unfolding, Rwanda's GDP growth is likely to be lower than expected in 2022. Commodity prices and fiscal subsidies are expected to be the main channels of the crisis. Even though poverty is expected to return to pre-crisis levels in 2022 behind expected increases in household consumption, large increases in food prices have the potential to delay or even revert these poverty gains. With eased COVID-19 restrictions, domestic demand and trade are expected to gradually

improve, raising GDP growth to around 7 percent over 2022–2024, a lower growth trajectory than before the pandemic. Rwanda is likely to reach its pre-pandemic trend on its real per capita US\$ GDP by 2023. The pace of national vaccination should be kept up to ensure that 70 percent of the population 12 years and above is fully vaccinated by mid-2022.

The fiscal deficit is expected to remain elevated at around 7.4 percent of GDP in 2022 before gradually declining as revenues recover and emergency spending subsides. The deficit is projected to narrow to about 4 percent of GDP in 2024 in line with government commitments. Public debt is forecast to peak in 2023 (Table 2), but Rwanda remains susceptible to external shocks to growth and/or exports, and worse-than-expected external financing conditions, which can be aggravated by a prolonged pandemic and uneven recovery. Rwanda needs to identify credible revenue and spending measures for a growth-friendly fiscal consolidation with a view to reaching their debt anchor within a reasonable timeframe and further strengthening their debt management capacity. However, higher interest payments could put pressure on fiscal space in the medium-term, absent revenue reforms.

TABLE 2 Rwanda / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	9.5	-3.4	10.9	6.8	7.2	7.4
Private Consumption	5.5	-5.0	8.8	6.2	6.1	5.8
Government Consumption	17.5	1.9	4.3	7.7	7.5	8.3
Gross Fixed Capital Investment	32.1	-4.5	17.0	15.2	7.6	6.6
Exports, Goods and Services	19.9	-9.2	2.8	14.9	16.2	15.7
Imports, Goods and Services	18.0	-3.4	3.6	17.7	11.0	9.3
Real GDP growth, at constant factor prices	8.9	-3.5	10.9	6.8	7.2	7.4
Agriculture	5.0	0.9	5.8	5.5	5.5	5.0
Industry	16.6	-4.2	14.7	10.7	9.2	8.5
Services	8.3	-5.5	12.2	6.0	7.2	8.2
Inflation (Consumer Price Index)	2.4	7.7	0.8	7.2	6.8	5.0
Current Account Balance (% of GDP)	-11.9	-12.2	-10.9	-11.8	-11.4	-10.2
Net Foreign Direct Investment (% of GDP)	2.5	1.0	1.9	3.2	3.6	3.7
Fiscal Balance (% of GDP)	-9.2	-10.4	-8.4	-7.4	-5.7	-4.2
Debt (% of GDP)	56.8	72.4	74.9	77.9	78.8	76.0
Primary Balance (% of GDP)	-7.7	-8.8	-6.3	-5.0	-3.2	-1.8
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	52.9	56.0	53.6	51.8	50.4	49.1
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	78.1	80.0	78.6	77.5	76.6	75.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	91.1	91.8	91.3	90.8	90.5	90.2
GHG emissions growth (mtCO₂e)	2.8	2.1	2.9	3.2	3.3	3.2
Energy related GHG emissions (% of total)	26.1	25.9	25.3	24.6	24.0	23.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2010-EICV-III and 2016-EICV-V. Actual data: 2016. Nowcast: 2017–2021. Forecasts are from 2022 to 2024.

b/ Projection using average elasticity (2010–2016) with pass-through = 0.7 based on private consumption per capita in constant LCU.

SÃO TOMÉ AND PRÍNCIPE

Key conditions and challenges

Table 1 2021

Population, million	0.2
GDP, current US\$ billion	0.5
GDP per capita, current US\$	2559.2
International poverty rate (\$1.9) ^a	25.6
Lower middle-income poverty rate (\$3.2) ^a	57.0
Upper middle-income poverty rate (\$5.5) ^a	82.9
Gini index ^a	40.7
School enrollment, primary (% gross) ^b	106.8
Life expectancy at birth, years ^b	70.4
Total GHG Emissions (mtCO2e)	0.4

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2017), 2011 PPPs.
b/ WDI for School enrollment (2017); Life expectancy (2019).

The challenges presented by the COVID-19 pandemic and the energy crisis on São Tomé and Príncipe have been further aggravated by flooding and landslides from severe rain in end-2021. Nevertheless, the economy continues to grow and the outlook for 2022 is encouraging as tourism is projected to recover. Implementing reforms in the tax system and energy sector is paramount to ensure fiscal sustainability, robust growth, and long-term poverty reduction.

STP is a small island country heavily exposed to shocks and constrained by its remote location, weak private sector, limited institutional capacity, and low human capital. Underdeveloped infrastructure, especially unreliable and costly electricity, is a key challenge to growth and fiscal sustainability. STP is highly dependent on external concessional financing and has effectively pursued a “public expenditures-led” growth model. With the structural decline in external financing compounded by low domestic revenue mobilization, the pace of growth has slowed in recent years.

STP’s fast-growing population is young and lacking employment opportunities, heavily relying on informal and subsistence activities. Poverty remains widespread, with about 25.9 percent of the population living on less than \$1.90 per day (in 2011 PPP terms) in 2017.

The COVID-19 pandemic in STP brought the highest death rate in Africa, at about 33 deaths per 100,000 inhabitants, compared to 19 in the rest of the continent. Vaccination has been advancing well, however, and as of end-February, nearly 112 thousand Santomean (corresponding to 97 percent of the adult population or 49 percent of the total population) had received at least one vaccine dose. In December 2021, heavy rainfall and the consequent flooding caused significant damage, which led the authorities to declare

a state of emergency. The December 2021 floods led to agricultural and livestock losses and, if uncompensated, will lead to an increase in poverty. Most Santomean households lack insurance or strategies for coping with shocks, with 65 percent reporting either having to reduce spending or having no strategy in the event of a shock.

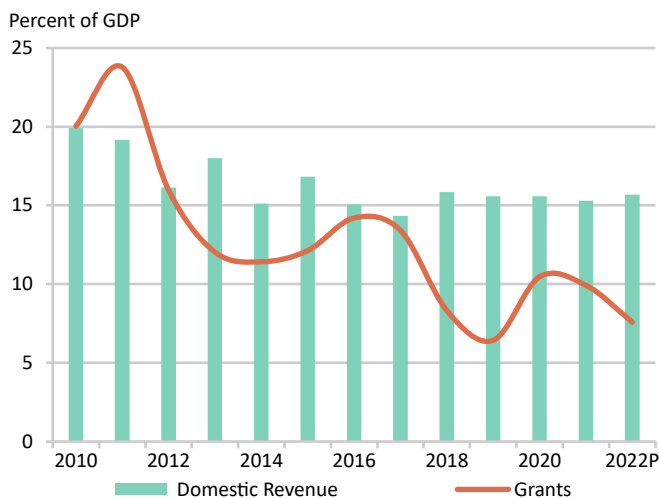
Recent developments

Real GDP growth is estimated to have slowed down from 3.1 percent in 2020 to 1.8 percent in 2021 as international financing from development partners for COVID-19 response declined, continued global travel restrictions dampening the recovery of tourism, and prolonged energy shortages in mid-2021 disrupting economic activity.

The current account deficit (CAD), excluding grants, is expected to have widened given the increase in imports, which was driven primarily by higher oil prices, while low tourism activity undermined receipts. To address the unexpected fiscal expenditures resulting from rainfall and floods, the government drew on the recently allocated SDRs. Thus, net international reserves in early 2022 were reduced to around US\$ 30 million (28 percent YoY) and covered two months of imports.

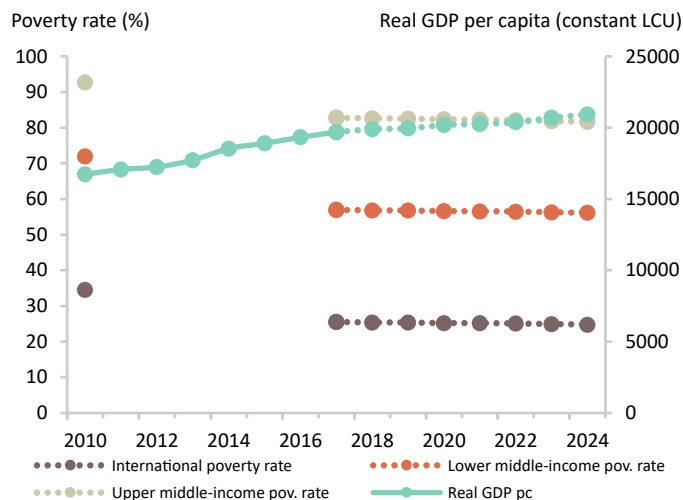
Lower levels of external grants and domestic revenues due the economic deceleration reduced overall fiscal revenues. However, expenditures increased given

FIGURE 1 São Tomé and Príncipe / Domestic revenue and grants



Sources: Ministry of Finance, IMF, World Bank MTI.

FIGURE 2 São Tomé and Príncipe / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

the continued pandemic-related needs. The domestic primary deficit is estimated to have deteriorated to around 3.8 percent of GDP and debt-to-GDP ratio increased to 95.6 percent in 2021, with new debt mostly from multilateral lenders.

Inflation stood at 9.5 percent in 2021 driven by higher food prices, mainly explained by the hike in global commodity prices. The central bank continues to tighten liquidity that was earlier injected to support the economic response to the pandemic: the growth rate of the monetary aggregate (M2) went from an increase of 14 percent in 2020 to a contraction of 4.1 percent in 2021.

To help poor families better absorb shocks and alleviate poverty, the authorities have expanded youth skills training programs and the vulnerable families' cash transfer program. They also extended the emergency COVID-19 shock response program providing cash transfers to an additional 16,000 households in 2021 and 2022, which will help mitigate the impacts of the flood and prevent an increase in poverty.

Outlook

Real GDP growth is expected to increase modestly to 2.8 percent in 2022, driven by higher agricultural production and exports (cocoa and palm oil), a more robust recovery of tourism, and improved industrial activity due to better conditions in the energy sector and the implementation of externally financed projects. Additional fiscal needs resulting from the floods, remaining pandemic-related expenditures, and the slow recovery of domestic revenues are expected to cause a deterioration of internal and external balances in 2022. While inflation dynamics should be generally favourable, the introduction of the VAT may lead to temporary increase in inflation. Food inflation and insecurity may be further exacerbated by the increase in food prices triggered by the economic consequences of the Russian invasion, war and associated sanctions.

As global economic conditions improve, exports and tourism earnings will bolster

the current account, although this may be offset by the higher costs of food and fuel imports. Private and official external capital could finance a wider deficit. Addressing prolonged unsettled external arrears in the energy sector is the main challenge for debt sustainability.

Infrastructure destruction and economic disruption due to the December 2021 floods highlight the risks faced by São Tomé from climate events as well as the need to focus on adaptation to climate change as a key priority in the country's development strategy. Uninsured household losses due to the recent flooding and the potential increase in inflation of some basic items, partially due to the current increase in the price of grains, could increase poverty. These effects are mitigated by the continued economic recovery that is expected to improve household earnings and the extension to the temporary cash program that will maintain elevated levels of social protection coverage through end-2022. As a result, poverty projections suggest little movement in overall poverty rates.

TABLE 2 São Tomé and Príncipe / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	2.2	3.1	1.8	2.8	3.0	3.3
Real GDP growth, at constant factor prices	2.5	2.3	1.8	2.8	3.0	3.3
Agriculture	1.0	-1.1	1.1	2.4	3.2	3.5
Industry	0.7	4.4	-0.8	3.8	4.0	4.2
Services	3.2	2.2	2.5	2.6	2.7	3.1
Inflation (Consumer Price Index)	7.7	9.4	9.5	12.5	11.0	9.5
Current Account Balance (% of GDP)	-19.9	-11.4	-10.8	-12.0	-9.6	-8.6
Fiscal Balance (% of GDP)	-2.6	-4.9	-4.5	-3.7	-5.3	-4.7
Debt (% of GDP)	99.9	87.1	95.6	93.3	89.9	85.3
Primary Balance (% of GDP)	-2.0	-4.5	-3.8	-3.3	-4.9	-4.3
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	25.4	25.2	25.2	25.1	24.9	24.8
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	56.8	56.6	56.6	56.5	56.3	56.2
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	82.6	82.4	82.3	82.2	81.9	81.7
GHG emissions growth (mtCO2e)	1.2	0.8	0.9	0.8	1.0	1.1
Energy related GHG emissions (% of total)	39.3	39.6	39.9	40.1	40.3	40.6

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Projection using point to point elasticity at regional level with pass-through = 0.7 based on GDP per capita in constant LCU. Actual data: 2017. Nowcast: 2018-2021. Forecasts are from 2022 to 2024.

b/ Actual data: 2017. Nowcast: 2018-2021. Forecast are from 2022 to 2024. Actual data: 2017. Nowcast: 2018-2021. Forecasts are from 2022 to 2024.

SENEGAL

Table 1 **2021**

Population, million	17.2
GDP, current US\$ billion	26.6
GDP per capita, current US\$	1549.2
International poverty rate (\$1.9) ^a	7.6
Lower middle-income poverty rate (\$3.2) ^a	34.0
Upper middle-income poverty rate (\$5.5) ^a	66.8
Gini index ^a	38.1
School enrollment, primary (% gross) ^b	83.0
Life expectancy at birth, years ^b	67.9
Total GHG Emissions (mtCO2e)	39.1

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2011 PPPs.
 b/ WDI for School enrollment (2020); Life expectancy (2019).

Growth accelerated to 6.1 percent in 2021, from 1.3 percent in 2020, driven by industrial production and a recovery in services as COVID-19 restrictions eased. The fiscal deficit remained at 6.2 percent of GDP, further increasing the debt-to-GDP ratio. Risks to the outlook include inflationary pressures, potentially exacerbated by a prolonged conflict in Ukraine, regional insecurity, new COVID-19 variants, and extreme climate events.

Key conditions and challenges

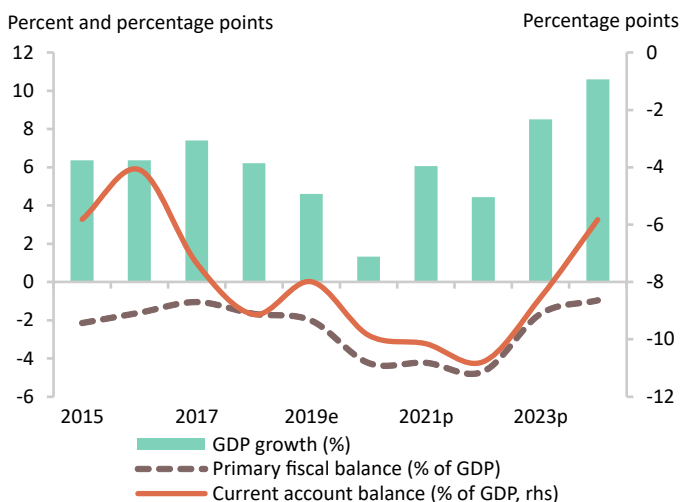
Over the last decade, Senegal benefited from enhanced international competitiveness, lower fertility rates, and structural transformation. Pre-COVID, real GDP growth averaged around 6 percent between 2014-19, boosted by investment, private consumption, and a favorable external environment. However, growth was less inclusive, characterized by slow poverty reduction and stagnating inequality. The poverty incidence (using the national poverty line at FCFA 332,539 a year) declined from 43 percent in 2011 to 37.8 percent in 2018/19 – falling short of top performing sub-Saharan African countries, while socio-economic disparities persist. COVID-19 worsened the situation, especially in urban areas, where service activities are concentrated. However, the poverty gap deteriorated more in rural areas, suggesting that the rural poor suffered most. In addition, the pandemic worsened non-monetary poverty with potential long-term negative effects on human capital, notably through lower school attendance. Structural vulnerabilities hamper Senegal's potential growth. Total factor productivity declined from 2000 to 2014 and grew tepidly from 2015, highlighting both the low level of human capital and structural labor-supply constraints. In addition, insufficient competition, and inadequate financing have constrained the development of the private sector, limiting job creation in productive sectors.

Risks are mainly on the downside. A more prolonged conflict in Ukraine could increase pressure on food and energy prices, further reducing global demand and increasing the risk of food insecurity in the rural regions. The COVID-19 crisis aggravated emerging fiscal vulnerabilities, underlining the importance of transparent, effective fiscal and debt management in the mid-term. In addition, insecurity spreading from the Sahel and political turmoil in neighboring countries could negatively affect economic activity and investments in the eastern provinces and reduce exports. Finally, Senegal is exposed to climate shocks (floods, droughts, and associated health hazards), which could reduce agricultural productivity and adversely impact the recovering tourist industry.

Recent developments

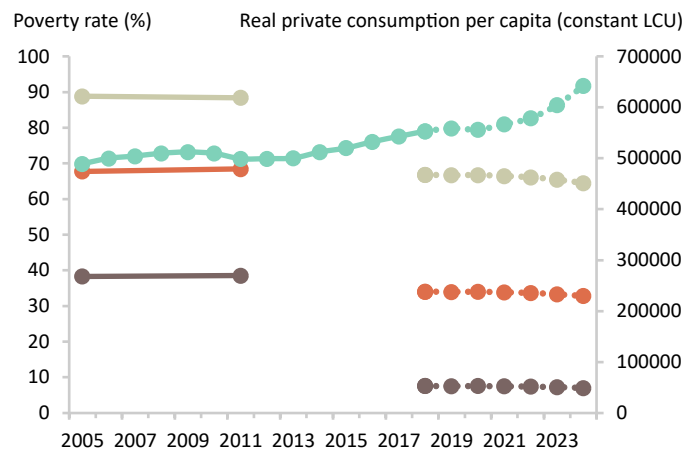
Growth accelerated in 2021 to 6.1 percent (3.3 percent in per capita terms), from 1.3 percent in 2020 (-1.4 percent in per capita terms), driven by private consumption and investment. Industrial production and services were strong while agriculture grew moderately after a record contribution in 2020. Inflation decelerated from 2.5 in 2020, to 2.2 in 2021 percent, due to a slower increase for food prices and lower telecommunication prices. Food prices contributed 1.4 ppts in 2021, compared to 1.6 ppts in 2020 driven by robust domestic supply in H1-2021, from record production in 2020, and fiscal measures implemented to limit basic food price increases. However, food

FIGURE 1 Senegal / Evolution of main macroeconomic indicators



Sources: Senegalese authorities and World Bank staff calculations.

FIGURE 2 Senegal / Actual and projected poverty rates and real private consumption per capita



Sources: Senegalese authorities and World Bank staff calculations. Notes: see Table 2.

prices started picking up in June 2021, reaching 3.8 percent y/y in December 2021. The current account deficit (CAD) widened slightly from 9.9 percent of GDP in 2020, to 10.2 percent in 2021, driven by oil and gas investment-related services imports, while key export markets such as tourism remained subdued. The deficit was financed by strong hydrocarbon related foreign direct investment and commercial borrowing. The fiscal deficit remained high for a second consecutive year, at 6.2 percent of GDP in 2021 (6.3 percent of GDP in 2020) as COVID response measures extended into 2021. An increase in tax revenues partly offset a drop in grants, with total expenditures at 25 percent of GDP. The debt-to-GDP ratio reached 72.5 percent of GDP end 2021, a +9.4 ppt increase since 2019. Senegal's monetary and exchange rate policies are managed by the Central Bank of West African States (BCEAO), which maintains a fixed peg between the CFA Franc and the Euro. Its reserves reached 5.8 months of imports of goods and services in 2021, as a result of increased exports, the August 2021 IMF SDR allocation, and portfolio inflows linked to Eurobond issuances in the region (by Benin, Côte d'Ivoire, Senegal and BOAD). Poverty incidence (USD 3.2 a day, 2011 PPP) is estimated to have remained at around 34 percent in 2021. Spatial inequalities increased as

growth drivers were concentrated in urban areas, while rural areas remain more vulnerable to shocks as social safety nets remain nascent.

Outlook

The recovery momentum is jeopardized by the conflict in Ukraine. Real growth is expected to decelerate to 4.4 percent in 2022, as private consumption and investment decline with higher food and energy prices and greater uncertainty. In 2023-2024, growth could average 9.5 percent, driven by the expected start of hydrocarbon production. Inflation is expected to peak at 3.8 percent in 2022, due to trade disruptions exacerbated by the conflict in Ukraine, with energy and food prices rising the most. The CAD is expected to widen to 10.8 percent of GDP as import prices, notably for energy, sharply increase. Hydrocarbon receipts should significantly improve CAD balances in 2023-2024. The deficit will be financed by oil-sector related foreign investment and a mix of concessional and commercial borrowing. Fiscal policy is expected to remain expansionary for a third consecutive year as the government tries to shield the population from the impacts of the Ukraine crisis. The fiscal deficit is projected to increase to 6.8

percent of GDP in 2022 up from a projected 4.8 percent before the war, as fuel subsidies rise and import duties and VAT tax holidays are implemented to limit the increase in domestic food prices. The deficit should gradually narrow to reach the WAEMU target of 3 percent by 2024, driven by a revenue based fiscal consolidation. The debt-to-GDP ratio should peak at 73.1 percent in 2022, before gradually decreasing driven by higher nominal GDP and lower fiscal deficits.

WAEMU reserves are expected to fall to around 5.5 months of imports in 2022 and 5.3 months in 2023 and 2024, reflecting faster growth in imports and a reduction in net capital inflows (as a percent of GDP), as the environment for Eurobond issuances remains uncertain. Growth-friendly fiscal consolidation and the implementation of structural reforms are key to maintaining reserves at an optimal level. The poverty rate is expected to remain stable at around 34 percent in 2022 as growth remains concentrated in urban areas. Recent fiscal measures, including the removal of regressive tax exemptions, should contribute to alleviate poverty. Over the medium-term, poverty rates are expected to gradually revert to pre-crisis levels with more progressive fiscal measures, combined with the extension of social safety nets, preventing vulnerable households from falling into poverty.

TABLE 2 Senegal / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	4.6	1.3	6.1	4.4	8.5	10.6
Private Consumption	3.8	2.2	6.0	4.0	6.1	8.9
Government Consumption	7.5	2.6	5.4	11.5	10.4	7.8
Gross Fixed Capital Investment	10.3	4.3	5.0	3.3	4.3	5.3
Exports, Goods and Services	14.7	-13.2	14.7	9.1	16.9	16.0
Imports, Goods and Services	6.8	7.0	8.0	7.5	7.0	6.8
Real GDP growth, at constant factor prices	4.5	1.9	5.8	4.4	8.5	10.6
Agriculture	4.3	12.8	-1.0	5.1	5.4	6.5
Industry	5.0	-0.4	10.9	5.3	10.0	12.8
Services	4.3	-0.1	5.7	3.8	8.7	10.8
Inflation (Consumer Price Index)	1.0	2.5	2.2	3.8	2.9	2.6
Current Account Balance (% of GDP)	-8.0	-9.9	-10.2	-10.8	-8.5	-5.8
Fiscal Balance (% of GDP)	-3.9	-6.3	-6.2	-6.8	-3.9	-3.0
Debt (% of GDP)	63.1	67.8	72.5	73.1	69.7	64.5
Primary Balance (% of GDP)	-2.0	-4.2	-4.2	-4.7	-1.7	-1.0
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	7.6	7.6	7.5	7.4	7.3	7.0
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	33.9	34.0	33.8	33.7	33.3	32.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	66.7	66.7	66.4	66.1	65.4	64.5
GHG emissions growth (mtCO₂e)	6.2	2.9	4.1	3.7	6.4	6.3
Energy related GHG emissions (% of total)	36.1	36.4	37.4	38.2	39.9	41.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2011-ESPS-II and 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using point to point elasticity at regional level with pass-through = 0,7 based on private consumption per capita in constant LCU.

SEYCHELLES

Table 1 **2021**

Population, million	0.1
GDP, current US\$ billion	1.4
GDP per capita, current US\$	13991.5
International poverty rate (\$1.9) ^a	0.5
Lower middle-income poverty rate (\$3.2) ^a	1.1
Upper middle-income poverty rate (\$5.5) ^a	5.2
Gini index ^a	32.1
School enrollment, primary (% gross) ^b	100.8
Life expectancy at birth, years ^b	73.9
Total GHG Emissions (mtCO2e)	0.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

Real GDP increased by 7.9 percent in 2021 and is projected moderate to 4.6 percent in 2022 as tourist arrivals decline because of the impact of the Russian invasion of Ukraine. In the medium-term the fiscal balance is expected to return to a sustainable path as the government undertakes fiscal consolidation and the economy continues to recover. Poverty declined in 2021 due to improvement in economic growth.

Key conditions and challenges

Tourism and fisheries are the key sectors of the Seychelles' economy. The fishing industry, which is host to one of the largest tuna canneries in the world, contributes to between 8 and 20 percent to GDP annually and the tourism sector contributes 30 percent to GDP. The country is also dependent on imports. This lack of economic diversification exposes Seychelles to external shocks. These shocks are transmitted through disruptions in international travel and tourism demand, as well as through fluctuations in fishing stocks and instabilities in the price of essential commodities such as food and fuel prices.

Before the pandemic, Seychelles was on a steady path to decrease poverty, reaching around 5.0 percent in 2019 (when measured against the poverty line for upper middle-income countries of USD 5.5 a day per capita in PPP terms). While the decline in the poverty rate has been driven by a rise in incomes from paid employment and self-employment and substantial benefits from various social protection programs, salary cuts and job losses in the tourism industry due to COVID-19 increased poverty rates to 6.6 percent in 2020. To limit the poverty impacts of the crises, the government introduced several social protection programs and some low-income households opened

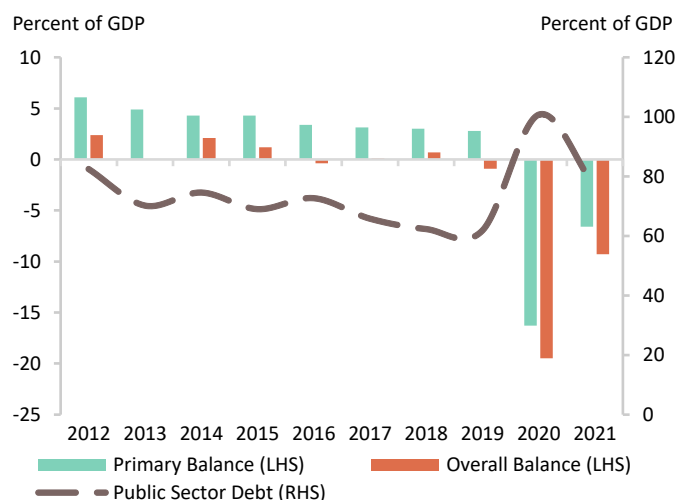
temporary roadside stalls to sell fruits and seafood products to cope with the shock. As tourism started to return, social protection programs were ended as they became a burden to the national budget. While the end of social protection programs reduced government fiscal pressures, there are reasons to believe that poverty may have been negatively affected.

The recovery process may be hindered by the emergence of new COVID-19 variants. In addition, Russia's attack on Ukraine is expected to increase the concerns around inflation since Russia is among the world's biggest oil exporters and a major grain exporter along with Ukraine, whose Black Sea ports have been closed to shipping.

Recent developments

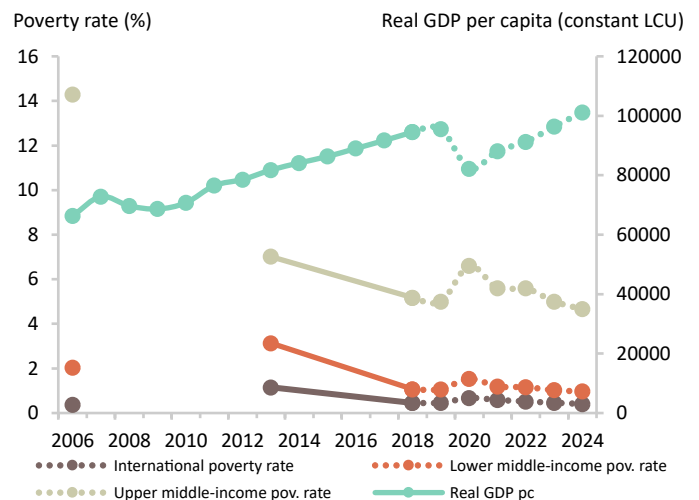
Economic growth is estimated at 7.9 percent for 2021 due primarily to a recovery in the tourism sector. Tourist arrivals rebounded in 2021 following the reopening of borders in late March 2021, and the emergence of new tourist markets (Russia, UAE and Israel). With the fishery sector selling about 50 percent of the domestic artisanal catches to resorts and restaurants, the fishery sector grew by 2.5 percent in 2021 as the tourism sector recovered. Private consumption also contributed to the recovery in the economy. The average inflation rate was 10.0 percent in

FIGURE 1 Seychelles / Fiscal balance and public sector debt



Sources: WDI and World Bank staff estimates.

FIGURE 2 Seychelles / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

2021 due to increased domestic demand and rising imported inflation due to tight supply conditions. Despite a gradual revival of tourist activity, the current account deficit remained high at -20.3 percent of GDP in 2021 (compared to -29.7 percent in 2020). Gross international reserves stood at US\$ 702 million at end-December 2021 (4.8 months of imports). Due to the withdrawal of the COVID-19 fiscal support package, the fiscal balance deficit improved from 17.8 percent of GDP in 2020 to 9.1 percent of GDP in 2021. The decline in transfers (to around 9.0 percent of GDP in 2021 from 18.0 percent of GDP in 2020), reflects the removal of COVID-19 measures such as the guarantee of salaries to the private sector and the increase in allocation to social protection to finance the unemployment relief scheme program which were all stopped in early 2021.

As a result of the increase in visitor arrivals, poverty is expected to decrease from 5.3 percent in 2021 to 5.2 percent in 2022. However, due to the end of the financial assistance for job retention program that the government had introduced to

mitigate the poverty impacts of COVID-19, poverty numbers for 2021 and 2022 could be higher than the above projection.

Outlook

Economic growth is projected to average 5.1 percent over the medium-term. Given the structure of the domestic economy, its recovery is conditional on external developments, specifically the revival of the global travel and tourism industry. Tourist arrivals are projected to moderate to a growth rate of 14 percent in 2022, relative to 59 percent in 2021 (due to projected lost in tourist arrivals from Russia and Ukraine (23 percent of arrivals in 2021)) and the economy is projected to grow by 4.6 percent. In 2023 and 2024, economic growth is projected to be 5.6 percent and 5.0 percent, respectively, as tourism continues to rebound. Food and oil prices are expected to remain elevated in 2022 as the Russian invasion of Ukraine continues and cause supply disruptions in commodity (wheat and maize) and fuel.

The fiscal deficit is expected to contract over the medium-term, as the government continues fiscal adjustment. The GOS introduced expenditure-saving measures in 2021 that are expected to continue in the medium term, including: limiting new recruitments to key positions in certain ministries and departments; freezing salaries for public service employees; freezing long term service allowance; and limiting the introduction of new schemes of government service. In the medium-term, revenue collection will increase, driven by a resumption of economic activities as well as measures to improve tax policy such as: (i) the prevention of base erosion of the corporate tax base through international profit shifting; (ii) streamlining of VAT exemptions.

Poverty is projected to continue to decline gradually to 5.1 percent and 5.0 percent by 2023 and 2024 (\$5.5 a day per capita line), respectively. Nevertheless, this depends on the ability of the tourism and services sectors to fully bounce back to their pre-COVID-19 levels over the next few years.

TABLE 2 Seychelles / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	2.0	-13.3	7.9	4.6	5.7	5.0
Private Consumption	4.8	-10.8	8.8	6.8	7.0	4.7
Government Consumption	-0.2	4.3	2.3	0.4	-3.8	4.0
Gross Fixed Capital Investment	-2.7	-37.7	22.1	7.1	9.7	3.5
Exports, Goods and Services	2.0	-39.6	12.2	16.8	17.8	17.4
Imports, Goods and Services	0.9	-38.2	14.3	15.3	14.4	14.9
Real GDP growth, at constant factor prices	1.8	-13.4	7.9	4.6	5.6	5.0
Agriculture	1.1	-0.2	3.1	1.0	1.4	1.1
Industry	2.1	0.7	3.6	2.4	2.0	2.0
Services	1.7	-15.4	8.7	5.0	6.2	5.5
Inflation (Consumer Price Index)	2.0	1.2	10.0	5.7	1.6	1.2
Current Account Balance (% of GDP)	-18.8	-29.7	-20.3	-27.7	-23.0	-18.4
Net Foreign Direct Investment (% of GDP)	17.7	10.1	13.1	11.0	14.6	13.1
Fiscal Balance (% of GDP)	1.0	-17.8	-9.1	-5.7	-1.6	0.9
Debt (% of GDP)	58.7	102.3	76.5	79.6	76.8	73.5
Primary Balance (% of GDP)	3.6	-14.3	-6.6	-3.2	0.9	3.2
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	0.5	0.7	0.6	0.5	0.5	0.4
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	1.1	1.5	1.2	1.2	1.0	1.0
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	5.0	6.6	5.3	5.2	5.1	5.0
GHG emissions growth (mtCO2e)	3.7	-2.8	7.3	5.8	6.3	5.3
Energy related GHG emissions (% of total)	79.8	80.6	81.5	82.1	82.8	83.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-HBS. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.87 based on GDP per capita in constant LCU.

SIERRA LEONE

Key conditions and challenges

Table 1	2021
Population, million	8.1
GDP, current US\$ billion	4.1
GDP per capita, current US\$	504.4
International poverty rate (\$1.9) ^a	43.0
Lower middle-income poverty rate (\$3.2) ^a	76.0
Gini index ^a	35.7
School enrollment, primary (% gross) ^b	141.3
Life expectancy at birth, years ^b	54.7
Total GHG Emissions (mtCO ₂ e)	11.4

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2011 PPPs.
 b/ WDI for School enrollment (2020); Life expectancy (2019).

After contracting in 2020, Sierra Leone's economy grew by 3.1 percent in 2021, driven mainly by agriculture and mining. The fiscal deficit remained elevated, despite improvements in revenues, driven by overruns in recurrent spending. With growth averaging 4.4 percent during the medium-term, poverty is expected to return to its 2019 level by 2023, but high inflation is eroding real incomes and may affect the outlook. The Ukraine-Russia crisis presents risks to the outlook primarily through fluctuations in commodity prices.

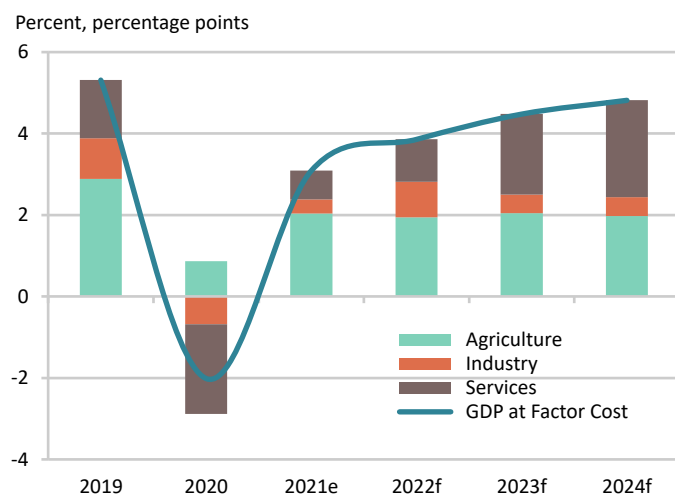
Sierra Leone's economy is highly dependent on mining and agricultural activities, making it vulnerable to external (e.g., commodity prices and global demand) and domestic shocks (e.g., weather). Prior to the Ebola epidemic, mining, primarily iron ore, accounted for 15 percent of GDP and about 80 percent of merchandise exports. However, the sector has exhibited significant volatility in recent years, with iron ore output declining to almost zero in 2018–20. Thus, while growth averaged 4.2 percent over the past decade, it has fluctuated widely (by 10.3 percent from the mean, two-thirds of the time). In 2015, the economy was hit simultaneously by a collapse in global commodity prices and the Ebola epidemic. In 2020, the COVID-19 pandemic also affected domestic and external demand concomitantly. Mobility restrictions adversely impacted private sector employment and incomes, especially in urban areas, leading to a likely increase in poverty. The authorities have struggled to restore macroeconomic stability and fiscal balances since the Ebola shock. Since 2014, the budget deficit has exceeded 5.5 percent of GDP, due to low domestic revenue mobilization (average of 12.6 percent of GDP) and expenditure overruns (average of 22.0 percent of GDP). Sierra Leone is at high risk of debt distress, with debt dynamics partly affected by increased reliance on expensive domestic borrowing. The ratio of

interest payments to domestic revenue was estimated at 19.8 percent in 2020. Inflation has remained elevated, largely in double digits, raising concerns for food security. Economic growth has translated into modest per capita income gains because of rapid population growth (averaging 2.1 percent per annum). About 80 percent of the population is under the age of 35 years, making efforts to accelerate job creation and increase access to public services (e.g., healthcare and education) a critical challenge. Poverty (measured using the international poverty line of US\$1.9 per day, 2011 PPP) fell by 11.7 percentage points over the last decade to 43 percent in 2018. Since three-quarters of the poor live in rural areas, poverty among subsistence farmers remains a major challenge.

Recent developments

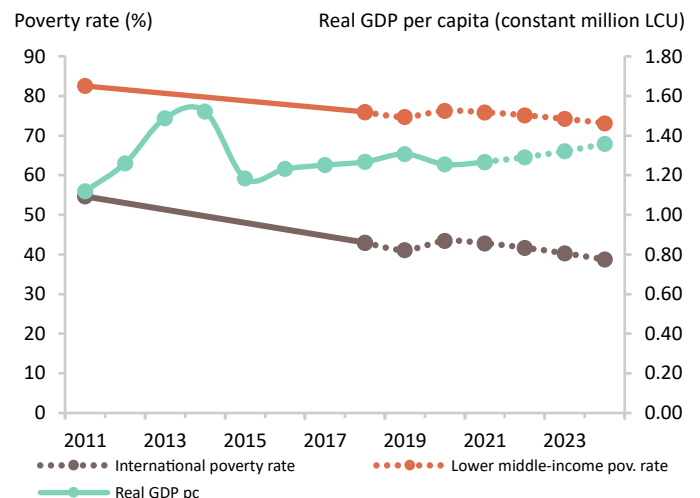
After contracting by 2 percent in 2020, the economy grew by 3.1 percent in 2021, reflecting the easing of mobility restrictions as well as fiscal stimulus and structural reform efforts. Agriculture contributed more than half of overall growth (1.9 percentage points) due to increased private sector participation in input market. Both industry and services contributed 0.6 percentage points each, reflecting a gradual recovery of mining and manufacturing as well as trade and tourism. On the demand side, growth was driven by final consumption and gross investments (mainly public investment following the resumption of capital projects). Headline

FIGURE 1 Sierra Leone / Real GDP growth and sectoral contributions to real GDP growth



Sources: StatSL and World Bank.

FIGURE 2 Sierra Leone / Actual and projected poverty and real GDP per capita



Source: World Bank. Notes: See Table 2.

inflation declined to 8.9 percent in March 2021, before it accelerated to 17.9 percent (year-on-year) by end-December, reflecting global food price increases as well as a combination of recovering domestic consumer demand and enduring supply chain disruptions. High food inflation increased the share of the food insecure population from 50 percent (3.6 million) in 2015 to 57 percent (4.7 million) in 2020. The share of the population living in poverty is estimated to have increased during the early stages of the pandemic in 2020 (especially in urban areas among the self-employed) by about 2 percentage points, before it fell marginally in 2021. The overall fiscal deficit increased slightly by 0.1 percentage points to 5.9 percent of GDP in 2021, mainly due to higher-than-expected expenditure on wages, goods and services, and subsidies for electricity generation. The expenditure overruns were aggravated by inflation as the price of goods and services rose. However, revenue collection improved remarkably, and tax revenue reached 15.3 percent of GDP, up from 13.8 percent of GDP in the previous year, due in part to one-off mining revenues. Public debt increased from 76.3 percent in 2020 to an estimated 76.9 percent of GDP in 2021, mainly because of new multilateral borrowing. The current account deficit widened with the recovery in domestic demand and the depreciation of the Leone (by 11 percent

against US dollars, and 9 percent in the parallel market). However, gross external reserves increased to US\$933 million (6.1 months of imports), with the new International Monetary Fund Special Drawing Rights allocation (US\$281 million) enhancing the country's ability to cushion external shocks.

Outlook

The economy is expected to gradually recover, mainly due to mining and agriculture. Real GDP growth is projected to average 4.4 percent over the medium term (2022–24), with contributions from investments (especially in mining and agriculture) on the demand side, and from agriculture, tourism, construction, and mining and manufacturing on the supply side. Headline inflation is expected to remain elevated in the coming years and decline gradually to single digits as domestic food production increases by 2024 and offsets the effect of high international prices. A sustained increase in fertilizer and fuel prices in 2022 due to the ongoing Ukraine-Russia conflict is likely to hamper agricultural production. While strong overall growth may reduce poverty, headwinds from inflation, including the rise of fuel and fertilizer prices, may dampen progress, keeping the poverty rate above

the level recorded in 2019 for longer than expected. The overall fiscal deficit is projected to narrow to 3.0 percent of GDP by 2024, driven by gains in domestic revenue mobilization, expenditure rationalization, and public financial management reforms. Fiscal policy would focus on protecting social expenditures to support human capital development. The current account deficit is expected to narrow to 12.9 percent of GDP by 2024 as the recovery in the mining sector boosts export growth.

The outlook is subject to significant downside risks and uncertainties related to the Ukraine-Russia crisis, the 2023 general elections, and the path of the pandemic. Wide fluctuations in commodity prices due to the war in Ukraine can pose both gains and losses for the economy, while a sharp rise in global food and fuel prices poses a risk of higher inflation and potentially increased food insecurity. Higher domestic inflation can cause expenditure overruns, while higher fuel prices, if not passed through to consumers, can put pressure on the government's subsidy bill. On the upside, a sharp increase in the price of metals such as iron ore can: (i) significantly affect the mining outlook; (ii) present terms of trade gains; (iii) bolster the demand for Sierra Leone's iron ore as the world searches for alternative sources; and (iv) increase government revenue from mining.

TABLE 2 Sierra Leone / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.3	-2.0	3.1	3.9	4.4	4.8
Private Consumption	4.3	4.3	4.2	6.2	4.9	5.9
Government Consumption	5.1	2.7	0.1	0.0	15.7	0.9
Gross Fixed Capital Investment	-34.2	-4.1	7.6	9.8	13.1	12.4
Exports, Goods and Services	-1.6	-9.8	40.5	18.0	9.5	10.1
Imports, Goods and Services	-7.0	7.5	18.4	12.4	13.1	7.8
Real GDP growth, at constant factor prices	5.3	-2.0	3.1	3.9	4.4	4.8
Agriculture	5.4	1.6	3.7	3.5	3.6	3.6
Industry	10.9	-7.1	3.8	9.4	4.7	4.7
Services	3.8	-5.9	2.0	2.9	5.5	6.7
Inflation (Consumer Price Index)	14.8	13.5	11.9	14.2	12.1	10.9
Current Account Balance (% of GDP)	-15.3	-7.0	-13.7	-15.9	-13.9	-12.9
Net Foreign Direct Investment (% of GDP)	7.9	3.4	8.5	8.0	6.8	6.2
Fiscal Balance (% of GDP)	-3.1	-5.8	-5.9	-5.0	-4.2	-3.0
Debt (% of GDP)	70.9	76.3	76.9	76.8	76.8	75.3
Primary Balance (% of GDP)	-0.4	-2.7	-2.8	-2.0	-1.4	-0.1
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	41.1	43.4	42.8	41.7	40.3	38.8
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	74.7	76.3	75.9	75.2	74.2	73.1
GHG emissions growth (mtCO₂e)	3.1	1.4	3.0	3.0	2.7	2.8
Energy related GHG emissions (% of total)	15.1	14.6	14.5	14.4	14.3	14.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2011-SLIHS and 2018-SLIHS. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using point-to-point elasticity (2011-2018) with pass-through = 0.87 based on GDP per capita in constant LCU.

SOMALIA

Table 1 **2021**

Population, million ^a	15.2
GDP, current US\$ billion	7.3
GDP per capita, current US\$	480.0
International poverty rate (\$1.9) ^b	69.1
Gini coefficient ^b	37.0
School enrollment, primary (% gross) ^c	33.0
Life expectancy at birth, years ^d	57.4

Sources: World Development Indicators (WDI), World Bank, UNFPA, and Macro Poverty Outlook.

a/ Estimates based on 2013 population estimates by UNFPA and assumes an average annual population growth of 2.8 percent.

b/ Most recent value (2017).

c/ Somali Poverty and Vulnerability Assessment Report (World Bank, 2019).

d/ Life expectancy for 2019 from WDI.

The economy is showing modest signs of recovery with real GDP growth estimated at 2.2 percent in 2021, following a contraction of 0.3 percent in 2020. Increased private sector activity in urban areas, higher remittance inflows, and a rebound of exports are driving the recovery. However, recurrent climatic shocks and political uncertainty are affecting the economy and wellbeing of the population, contributing to forced displacement and widespread poverty.

Key conditions and challenges

While Somalia is making gradual progress towards building its foundational institutions, key drivers of fragility prevail. Decisions on power and resource sharing between the Federal Government and the regions are still to be made, particularly in sectors such as security and natural resources. Decades of conflict destroyed infrastructure, led to a flight of human capital, and eroded the social contract. The current administration's term ended in February 2021, but disagreements over election modalities have led to delays in the elections and contributed to rising tensions between the regions.

Poverty levels are high and widespread. The international poverty rate (using the US\$1.90/person/day poverty line) was estimated at 69 percent in 2017. Although remittance inflows support household consumption, most Somalis will remain poor without growth in per capita income. External shocks such as climatic disasters and the COVID-19 pandemic have led to a loss of livelihoods, increased food insecurity, and contributed to forced displacement.

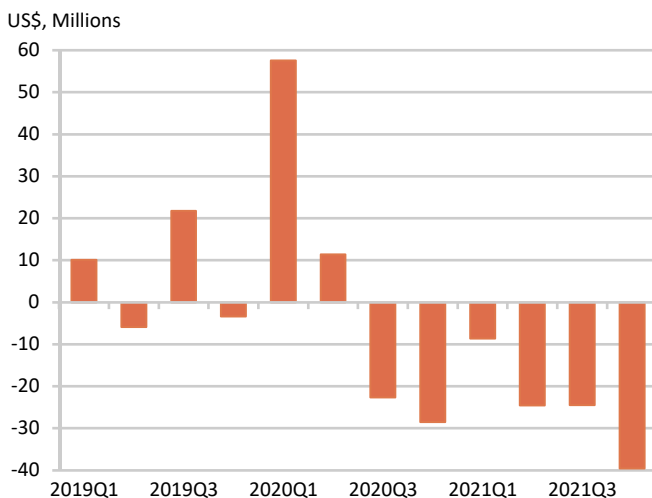
Economic growth has been low and volatile due to persistent insecurity and climatic shocks, leading to insufficient job creation. Real GDP growth averaged 2.9 percent between 2014 to 2021, on par with population growth rate. Overall employment remains low, with just over half of the population participating in the labor

market. The traditional economic activities such as livestock production and the booming new services sectors such as telecommunications provide insufficient jobs to move people out of poverty. With no monetary policy instruments and almost no fiscal space, Somalia lacks the policy options to respond to shocks or to invest in human and physical capital. Somalia is addressing high levels of indebtedness through the Heavily Indebted Poor Countries (HIPC) initiative, which provides an anchor for implementing structural reforms and accessing financing for investments required to stimulate growth and reduce poverty.

Recent developments

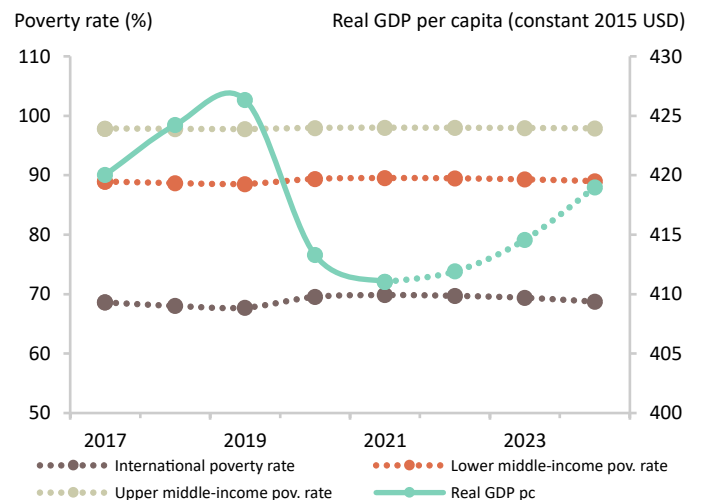
The economy made a modest recovery in 2021, growing by an estimated 2.2 percent following a contraction of 0.3 percent in 2020. By February 2022, only 5.5 percent of the population was fully vaccinated, raising the prospect of a lingering COVID-19 pandemic. Economic activities in cities are the main drivers of growth and higher demand for imported consumer goods (y-o-y increase of 9 percent in 2021) is supporting consumption and investment. Credit to the private sector grew by over 40 percent and remittance inflows increased by 30 percent in 2021 compared to the previous year. Exports in 2021 have recovered to the pre-COVID-19 level, although a severe drought muted performance in the fourth quarter. Inflation has remained below 5 percent due

FIGURE 1 Somalia / Overall budget balance



Sources: Somalia authorities and World Bank staff calculations.

FIGURE 2 Somalia / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

to de facto dollarization. However, the worsening drought and the Ukraine/Russia crisis are pushing up prices and worsening the external position. A 35 percent increase in both wheat and oil prices will widen the import bill by 2.2 percent of GDP in 2022.

The delayed election is contributing to fiscal challenges. While domestic revenue mobilization improved in 2021 (rising by 9 percent compared to 2020), multilateral partners have withheld budget support until the elections are completed. Total expenditures outstrip revenue collection (see Figure 1) leading to liquidity pressures which were addressed through the 2021 SDR allocation. To mitigate the impact of recent climatic shocks, the government's social safety net program, Baxnaano, has been supported by development partners. The need for humanitarian assistance remains critical as over 4.1 million people are estimated to be food insecure.

Poverty in Somalia is deep and widespread, increasing susceptibility to negative shocks. 70 percent of the population are projected to have lived below the

poverty line in 2021 with the majority of the population having experienced a reduction in income compared to pre-pandemic levels.

Outlook

The COVID-19 vaccination rate is expected to pick up with increasing support from development partners in the health sector. The economy is projected to grow over the medium-term, but risks remain significant. Real GDP growth is estimated at 3.0 percent in 2022 and is projected to reach 3.5 percent in 2023. The outlook assumes sustained growth in remittances which will boost investment and consumption; continued social protection measures to cushion household incomes, especially among the vulnerable; as well as elections dividends which will support improved business confidence and unlock donor flows. Economic reforms and increased public investment should attract

FDI and encourage broad-based private sector activity, which will gradually boost Somalia's low domestic productive capacity. Climate shocks, political risks, and insecurity pose significant challenges to growth prospects. A prolonging of the Russian invasion in Ukraine could further exacerbate inflationary pressures for food and fuel, which are likely to hurt the poor, and increase the overall import bill.

While the economic rebound has pushed nominal GDP per capita to US\$480 in 2021 from US\$471 in 2020, real per capita GDP declined by -0.5 percent per year on average between 2017 and 2021, depressing living standards for most Somalis. The international poverty rate is projected to remain at around 70 percent between 2022 and 2024. Accelerating the pace of poverty reduction will require policy interventions and public investments that raise productivity, create jobs, and expand pro-poor programs which focus on women and youth.

TABLE 2 Somalia / Macro poverty outlook indicators

(percent of GDP unless indicated otherwise)^a

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	3.3	-0.3	2.2	3.0	3.5	3.9
CPI Inflation, annual percentage change	4.8	4.2	4.6	5.0	4.0	3.8
Current Account Balance	-10.9	-11.7	-13.2	-12.9	-14.4	-15.3
Trade balance	-66.3	-66.6	-69.4	-73.8	-76.2	-75.7
Private remittances	24.4	23.2	28.7	32.3	32.1	31.5
Official grants	29.4	29.9	28.2	29.8	30.8	30.1
Fiscal Balance^b	0.3	0.1	-1.3	0.0	0.1	-1.1
Domestic revenue	3.5	3.0	3.1	3.2	3.7	4.0
External grants	1.7	4.2	2.0	3.3	3.5	2.3
Total expenditure	4.9	7.1	6.5	6.5	7.0	7.3
Compensation of employees	2.5	3.3	3.4	3.2	3.0	3.1
External debt	82.0	65.0	61.8	58.0	54.4	49.9
International poverty rate (\$1.9 in 2011 PPP)^{c,d}	67.7	69.5	69.8	69.7	69.4	68.7
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{c,d}	88.5	89.4	89.5	89.5	89.3	89.0
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{c,d}	97.8	98.0	98.0	98.0	97.9	97.9

Sources: Federal Government of Somalia, IMF, and World Bank staff estimates.

Notes: e = estimate; f = forecast.

a/ GDP baseline estimates 2019-20 are by Somalia National Bureau of Statistics (SNBS, June 2021).

b/ Federal Government of Somalia (FGS).

c/ Calculations based on 2017 SHFS-wave 2. Actual data: 2017. Nowcast: 2018-20. Forecasts are from 2022-24.

d/ Projection using neutral distribution (2017) with pass-through = 1 based on private consumption per capita in constant US dollars.

SOUTH AFRICA

Key conditions and challenges

Table 1	2021
Population, million	60.0
GDP, current US\$ billion	418.1
GDP per capita, current US\$	6963.9
International poverty rate (\$1.9) ^a	18.7
Lower middle-income poverty rate (\$3.2) ^a	37.3
Upper middle-income poverty rate (\$5.5) ^a	56.9
Gini index ^a	63.0
School enrollment, primary (% gross) ^b	98.4
Life expectancy at birth, years ^b	64.1
Total GHG Emissions (mtCO2e)	565.7

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2014), 2011 PPPs.
 b/ Most recent WDI value (2019).

The South African economy rebounded by 4.9 percent in 2021, driven by a more favorable global environment and less severe economic impact of domestic COVID-19 waves. However, the recovery has been jobless so far. Poverty has reached levels not seen in over a decade, which puts further pressure on budget spending. Domestic growth drivers remain weak and structural reforms need to continue to achieve higher growth and job creation.

The global environment – especially favorable commodity prices – has driven South Africa’s economic recovery so far, supporting GDP growth, the current account, and fiscal revenues. Households’ consumption growth has recovered from last year’s recession but the deteriorated labor market is likely to hamper a more dynamic and sustainable growth trend. Investment continues to be weak amid persistent structural constraints, such as electricity outages. Despite slow vaccination uptake (29.6 percent of the population is fully vaccinated), the last wave of COVID-19 infections, driven by the Omicron variant, has had limited health and economic impacts. However, some sectors, such as tourism, remain affected by the global pandemic.

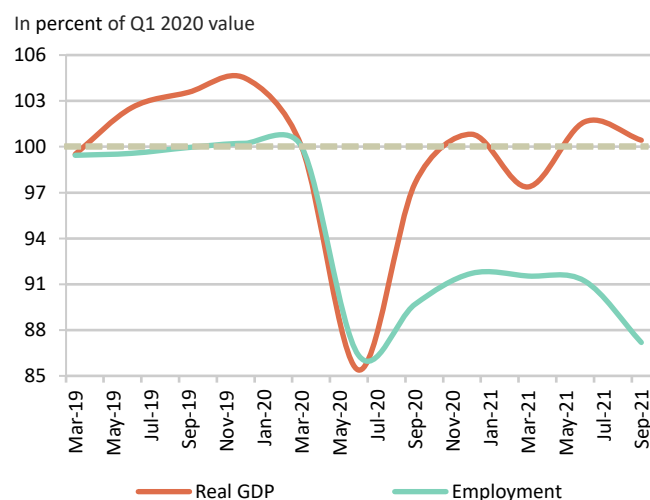
The recovery has not improved social outcomes. Net jobs have continued to contract over Q1-Q3 2021. The unemployment rate reached 34.9 percent end-September 2021. Labor force participation is also low, resulting in only about 1 in 3 South African of working age having a job. Consequently, poverty rates have climbed to the levels of more than a decade ago, undoing years of progress. This social hardship translated into civil unrest in July 2021, causing significant economic damage and putting pressure on the government to increase social support, with calls from different stakeholders to introduce basic income support.

South Africa’s economy remains fragile and is only expected to get back to its 2019 real GDP level this year. After more than a decade of slow growth, real GDP per capita is close to its 2015 level. As domestic growth drivers remain weak, South Africa is vulnerable to changes in the global environment, including external demand and prices, inflationary pressures, and financing conditions, especially in the context of the Russia-Ukraine war and associated sanctions from other countries. Elevated global oil prices are expected to translate into more inflation, which affects the poor disproportionately. Higher metal prices should help cushion the impact on the trade balance and growth and support fiscal revenue. Domestically, additional waves of COVID-19 infections could translate into further job losses. A lack of improvement in living standards would threaten social stability and put additional pressure on already strained public finances.

Recent developments

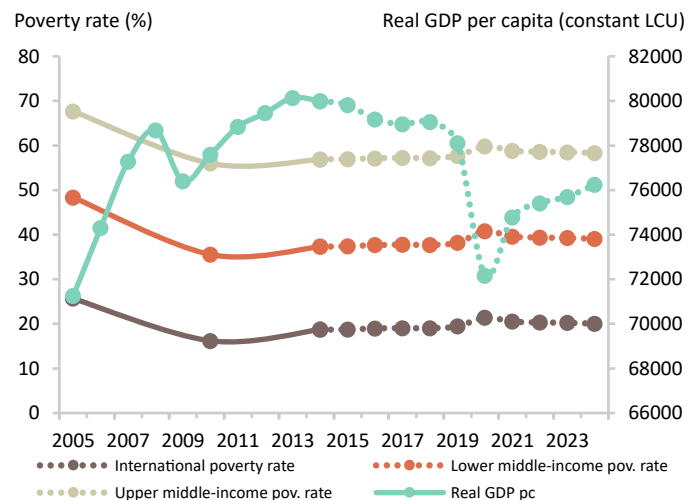
South Africa’s economy started to recover in 2021, with GDP growth reaching 4.9 percent. Buoyed by favorable global demand and prices, the mining sector grew by 11.8 percent. Terms of trade are more than 10 percent higher than their pre-pandemic level, supporting the external sector. The merchandise trade balance recorded a surplus of 7.2 percent of GDP in 2021.

FIGURE 1 South Africa / Real GDP and employment



Sources: Stats SA, World Bank.

FIGURE 2 South Africa / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

South Africa's inflation rate has been rising but pressures have been more muted than in other emerging countries, with inflation expectations well anchored within the Central Bank's target band of 3-6 percent. Average inflation reached 4.6 percent last year while core inflation was 3.1 percent. This allowed the South African Reserve Bank (SARB) to maintain an accommodative monetary policy stance. It only started hiking the key repo rate end-2021. After three 25 basis points increases, the monetary policy rate stands at 4.25 percent. Boosted by higher growth and commodity prices, fiscal revenue outperformed budget forecasts. Tax revenue is estimated at R1.55 trillion for fiscal year 2021, R182 billion more than in the budget (+2.9 percent of GDP). This windfall has been used to increase spending, notably R38 billion (about 0.6 percent of GDP) to mitigate the persistent effects of the pandemic after the July unrest, and to reduce the fiscal deficit, now projected at 5.8 percent of GDP (against 7.8 percent of GDP in the last MPO).

Outlook

Hampered by persistent structural constraints, GDP growth is expected to slow down to 2.1 percent in 2022 and to average 1.7 percent over the medium term. Weak investment, electricity shortages, transport and logistical costs, and bottlenecks continue to weigh on economic activity. Important long-standing steps were taken last year, including the increase in the licensing threshold for embedded electricity generation. However, more needs to be done to stimulate private investment and job creation. Inflation is projected at 5.5 percent in 2022, before returning to the SARB target rate in 2023-2024. Unemployment is expected to remain elevated, projected at 33.4 percent in 2022, which will limit the potential for progress on poverty and inequality. The upper-middle-income-country poverty rate is estimated to reach 58.6 percent this year and decline only marginally to 58.3 percent in

2024. To mitigate these social impacts, Government has extended the Social Relief of Distress grant ("COVID-19" grant) provided to unemployed working-age adults by another year, for an estimated cost of R44 billion.

Despite recent improvements, South Africa's public finances remain in a difficult situation. The revenue performance is expected to be temporary. The government has an ambitious consolidation plan, which mostly relies on controlling the public sector wage bill. Slippages coming from pressures from the wage bill, financially distressed SOEs, and social protection would put fiscal sustainability at risk. This would also crowd-out developmental expenditure, as debt service costs are already the fastest spending category and represent about 15 percent of total spending. Prioritizing the allocation of limited resources where they can have the highest impact will be critical to balance fiscal sustainability and developmental needs.

TABLE 2 South Africa / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	0.1	-6.4	4.9	2.1	1.5	1.8
Private Consumption	1.1	-6.5	5.7	3.0	2.8	2.4
Government Consumption	2.7	1.3	0.0	-0.9	-1.6	0.6
Gross Fixed Capital Investment	-2.4	-14.9	2.0	5.5	4.4	4.4
Exports, Goods and Services	-3.4	-12.0	9.9	2.5	2.5	3.0
Imports, Goods and Services	0.5	-17.4	9.4	6.0	5.0	5.0
Real GDP growth, at constant factor prices	0.1	-5.9	4.8	2.1	1.5	1.8
Agriculture	-6.3	13.4	8.3	2.5	2.5	2.5
Industry	-1.7	-12.6	6.2	1.6	1.2	1.2
Services	0.9	-4.3	4.2	2.3	1.6	2.0
Inflation (Consumer Price Index)	4.1	3.3	4.6	5.5	4.3	4.5
Current Account Balance (% of GDP)	-2.6	2.0	3.7	0.4	-1.0	-1.5
Net Foreign Direct Investment (% of GDP)	0.5	1.5	9.5	0.4	0.5	0.5
Fiscal Balance (% of GDP)	-5.1	-10.0	-5.8	-6.2	-5.9	-5.5
Debt (% of GDP)	57.4	70.7	69.1	73.7	76.6	78.4
Primary Balance (% of GDP)	-1.5	-5.8	-1.4	-1.5	-0.9	-0.3
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	19.4	21.4	20.5	20.3	20.3	20.0
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	38.2	40.8	39.6	39.4	39.3	39.1
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	57.7	59.8	58.8	58.6	58.5	58.3
GHG emissions growth (mtCO₂e)	4.5	0.9	3.1	1.4	0.3	0.1
Energy related GHG emissions (% of total)	83.8	83.8	84.4	84.3	84.1	83.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2014-LCS. Actual data: 2014. Nowcast: 2015-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2014) with pass-through = 0.87 based on GDP per capita in constant LCU.

SOUTH SUDAN

Key conditions and challenges

Population, million	11.4
GDP, current US\$ billion	5.0
GDP per capita, current US\$	437.3
International poverty rate (\$1.9) ^a	76.5
Lower middle-income poverty rate (\$3.2) ^a	91.7
Upper middle-income poverty rate (\$5.5) ^a	97.8
Gini index ^a	44.2
School enrollment, primary (% gross) ^b	73.0
Life expectancy at birth, years ^b	57.8
Total GHG Emissions (mtCO2e)	71.0

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2016), 2011 PPPs.
 b/ WDI for School enrollment (2015); Life expectancy (2019).

South Sudan's recovery is constrained by falling oil production and climate shocks. Consequently, the economy is projected to contract by 0.8 percent in FY2021/22 despite higher oil prices. Food insecurity deteriorated, and poverty is estimated to increase for the second consecutive year, reaching 80 percent in FY2021/22. Living conditions continue to be impacted by violence, displacement, climate shocks, and inadequate service delivery.

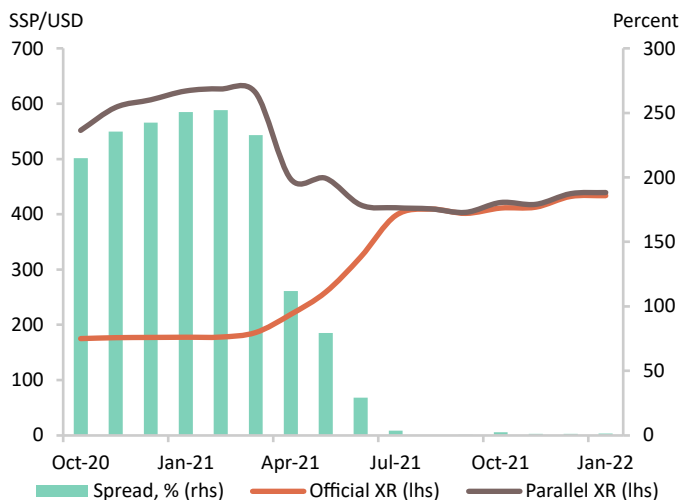
South Sudan is at a crossroads in its recovery, reconstruction, and development path. Having gained independence in 2011 in what was expected to be a new dawn for the conflict-torn country, optimism was high on the back of high commodity prices, abundant natural resources, and international goodwill. However, weak institutions and recurring cycles of conflict have curtailed progress. Initial peace efforts proved futile as successive peace agreements collapsed and the country relapsed to conflict in 2013 and again in 2016. The conflict precipitated a macroeconomic crisis and economic decline with widening fiscal deficits, high and persistent inflation, and spiraling foreign exchange rate premia. Oil production plummeted and did not recover to pre-independence levels. Consequently, a decade after independence, South Sudan remains caught in a web of fragility, economic stagnation, and instability. Due to this fragility, real household incomes declined and living standards deteriorated. Poverty and food insecurity remain major concerns and have been reinforced by inadequate provision of services, infrastructure deficits, displacement, and recurring climatic shocks. In 2021, there were 2 million internally displaced persons in the country (55 per cent of whom were women and girls), as compared to 1.7 million in 2020. An additional

2.3 million South Sudanese remain refugees hosted in neighboring countries. While the signing of the 2018 peace deal started to bring positive economic outcomes in FY2018/2019, the COVID-19 pandemic and natural disasters halted this positive dynamic. With lower oil exports, government revenues, and disrupted agricultural production, the economy contracted by an estimated 5.1 percent in FY2020/21, while 4 in 5 individuals remain under the international poverty line. Going forward, strengthening service delivery institutions, governance, and economic and public financial management systems will prove critical as the country seeks to build resilience to future shocks, providing building blocks for a diversified, inclusive, and sustainable growth path.

Recent developments

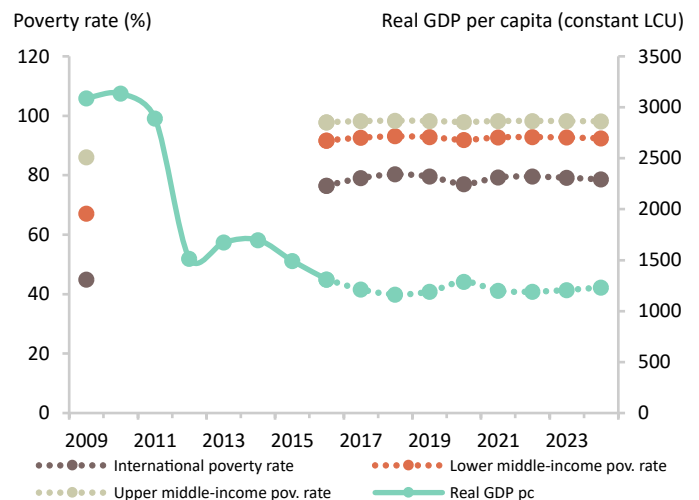
South Sudan faced significant headwinds in FY2020/21, with the pandemic, floods, and violence flareups affecting economic activities. Consequently, the economy is estimated to have contracted by 5.1 percent in FY2020/21 and poverty to increase by 2.3 percentage points. Oil production declined by 0.3 percent, as floods affected production and the COVID-19 pandemic delayed new investments to replace exhausted wells. In the agriculture sector, cereal production declined by 4 percent as flooding precipitated estimated losses of 38,000 tons of cereals and 800,000 livestock according to FAO estimates. These events had

FIGURE 1 South Sudan / Exchange rate developments



Source: World Bank.

FIGURE 2 South Sudan / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

detrimental effects on household wellbeing as flooding was concentrated in areas that were already facing high levels of food insecurity.

Inflation averaged 43 percent in FY2020/2021 (compared to 33 percent in FY2019/2020) but was on a declining path in the first half of FY2021/2022. According to official CPI data, the 12-month inflation rate for Juba declined to 1.6 percent in December 2021, from a peak of 93.8 percent in January 2021. This brings some degree of relief to households amid stalled disposable incomes. These positive developments are consistent with recent reform efforts. The premium between the official and parallel exchange rates has been eliminated in 2021 and monetization of the fiscal deficit has ceased since September 2020.

The FY2021/22 budget includes a fiscal surplus equivalent to 1.1 percent of GDP, reflecting a large planned fiscal adjustment from an estimated fiscal deficit of 6.9 percent realized in FY2020/21. However, the financing gap in the FY2021/22 budget is estimated at 1.8 percent of GDP, despite a budgetary drawdown of SDRs equivalent to 2.7 percent of GDP. Due to higher oil export values, lower financial transfers to Sudan, and weaker import demand growth for capital projects, the current account deficit is estimated to have narrowed to 5.5

percent in FY2020/21 from 20.3 percent in FY2019/20. South Sudan remains at a high risk of debt distress for both external and overall public debt.

Outlook

South Sudan's economy is projected to contract by 0.8 percent despite higher oil prices and improving macroeconomic conditions in FY2021/22. These developments reflect falling oil production, which is projected to decline by 7.2 percent in FY2021/22, and the impact of climate shocks on agriculture. Nevertheless, higher budget revenues are expected to support domestic demand, with growth in the services sector projected to recover to 4.7 percent in FY2021/22 from a contraction of 9.7 percent in previous year. Over the medium-term, growth could average around 2.5 – 4.0 percent, with developments in the non-oil sectors and a recovery in consumption being the main contributing factors. Poverty, in turn, is expected to remain stagnant at 80 percent in the coming years. Successful implementation of the ongoing public financial management reforms and macroeconomic stabilization program, along with prudent

use of budgetary resources, are vital to create opportunities for the achievement of faster and more inclusive growth.

High frequency data indicate that food prices started increasing in February 2022. Nevertheless, inflation is expected to decline gradually over the medium term and will benefit from improved fiscal and monetary discipline, exchange rate market liberalization, and deepening public financial management reforms. Non-oil tax revenue performance is projected at 3.2 percent of GDP in FY2021/22, higher than the 2.6 percent of GDP contained in the FY2021/22 budget, reflecting the National Revenue Authorities' efforts to expand the tax base and the implementation of a range of measures to strengthen its tax administration functions.

The fiscal deficit could narrow to 2.5 percent of GDP in FY2021/22 from an estimated 6.9 percent of GDP in FY2020/21, on the back of a strong recovery of international oil prices. In parallel, the current account is expected to record a surplus of 0.3 percent of GDP in FY2021/22, from a deficit of 5.5 percent in FY2020/21, reflecting higher oil export revenues, lower financial transfers to Sudan, and lower import demand for capital projects especially in the oil sector.

TABLE 2 South Sudan / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	3.2	9.5	-5.1	-0.8	2.5	4.0
Real GDP growth, at constant factor prices	3.2	9.5	-5.1	-0.8	2.5	4.0
Agriculture	9.9	6.0	-4.0	-1.3	2.1	3.4
Industry	20.9	27.5	-2.3	-4.0	0.9	3.1
Services	-12.1	-9.6	-9.7	4.7	5.1	5.6
Inflation (Consumer Price Index)	63.6	33.3	43.1	24.0	16.0	12.1
Current Account Balance (% of GDP)	-6.3	-20.3	-5.5	0.3	2.8	1.2
Net Foreign Direct Investment (% of GDP)	-1.7	-0.4	0.9	0.9	0.8	2.1
Fiscal Balance (% of GDP)	-1.0	-9.8	-6.8	-2.6	-1.8	-3.5
Debt (% of GDP)	32.7	40.7	57.6	53.7	49.2	44.9
Primary Balance (% of GDP)	-0.5	-7.8	-4.4	-0.5	-0.2	-2.4
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	79.6	77.0	79.3	80.2	80.2	79.6
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	92.9	91.9	92.7	93.1	93.0	92.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	98.3	97.9	98.2	98.4	98.4	98.3
GHG emissions growth (mtCO₂e)	1.3	0.5	1.9	3.9	6.5	10.7
Energy related GHG emissions (% of total)	2.4	2.1	1.8	1.6	1.3	1.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2016-HFS-W3. Actual data: 2016. Nowcast: 2017-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2016) with pass-through = 0.87 based on GDP per capita in constant LCU.

TANZANIA

Table 1 **2021**

Population, million	61.4
GDP, current US\$ billion	67.3
GDP per capita, current US\$	1095.8
International poverty rate (\$1.9) ^a	49.4
Lower middle-income poverty rate (\$3.2) ^a	76.8
Upper middle-income poverty rate (\$5.5) ^a	91.8
Gini index ^a	40.5
School enrollment, primary (% gross) ^b	96.9
Life expectancy at birth, years ^b	65.5
Total GHG Emissions (mtCO2e)	191.1

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

The Tanzanian economy is on a gradual recovery path. GDP growth increased from 2.0 percent in 2020 to an estimated 4.3 percent in 2021. As employment and nonfarm business revenues recover, the poverty rate should fall slightly in 2022. Continued recovery hinges on easing pandemic conditions and supportive private sector policies, but faces risks from an uncertain external environment. Policy priorities should be to strengthen pandemic response while laying the groundwork for inclusive private-sector-led growth.

Key conditions and challenges

Tanzania became a lower middle-income country in July 2020 following a long period of sustained income growth and macroeconomic stability. In the last two decades, GDP growth averaged 6.5 percent annually and inflation remained low while fiscal and current-account deficits remained manageable. Investment was a key driver of growth, with about three quarters coming from private sources. In recent years, however, private investment has declined with waning extractives FDI and a more challenging business environment, including excessive bureaucracy, high taxes, inadequate infrastructure, and skills shortages.

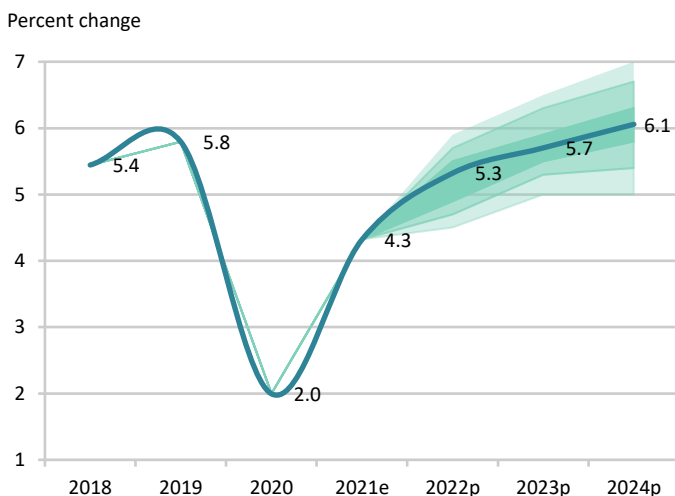
The poverty impact of economic growth has waned in recent years. High population growth, insufficient levels of education, low agricultural productivity, and slow and uneven creation of more productive income earning opportunities have hindered the inclusiveness of growth. The COVID-19 pandemic has further exacerbated these challenges, reversing some of the gains in poverty reduction achieved over the last decade, especially in urban areas. The Tanzanian government is implementing a nationwide COVID-19 vaccination program, but the pace of vaccination remains slow. The government will need to strengthen its pandemic response in the short term while laying the groundwork for a private-sector-led recovery over the medium-to-long

term. Priority policy actions should focus on saving lives, protecting poor and vulnerable households, attracting new foreign and domestic investment, supporting an employment-intensive and resilient recovery, and expanding the available fiscal space while maintaining debt sustainability. Achieving Tanzania's development vision of becoming a successful middle-income country by 2025 will require the government to revise, strengthen, and expand its existing efforts to support struggling firms while implementing structural reforms to address longstanding constraints on private investment and women's access to economic opportunities.

Recent developments

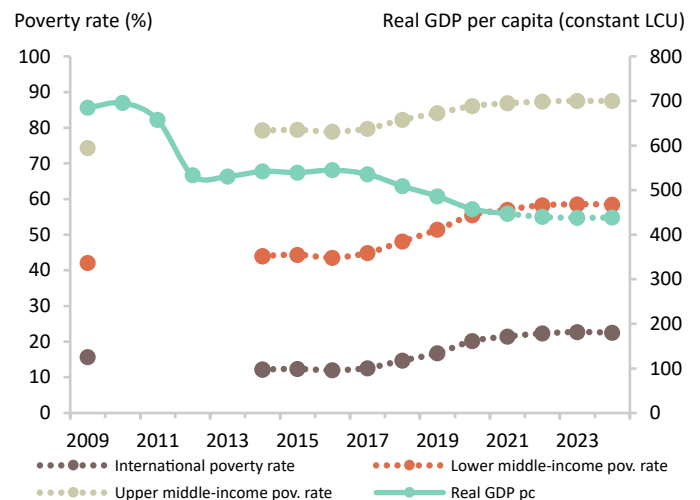
High-frequency indicators suggest that economic activity is gradually recovering. The accommodation and restaurants, mining, and electricity sectors drove a sharp rebound of 5.2 percent in quarterly GDP during Q3 2021. Leading indicators such as cement production, electricity generation, private-sector credit, goods and services exports, nonfuel goods imports, telecommunications, mobility, and tourist arrivals all improved in 2021, though activity in most sectors remains below pre-pandemic levels. Meanwhile, the preliminary findings from a recent survey suggest that by the end of 2021, the proportion of heads of household indicating they were working was higher than the pre-pandemic level by about 5 percentage points, with stronger recovery for men than for women. As a result, the World

FIGURE 1 Tanzania / Real GDP growth forecasts under alternative scenarios



Sources: World Bank Staff Estimates and Projections (2018-2024).

FIGURE 2 Tanzania / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: See table 2.

Bank estimates a real GDP growth rate of 4.3 percent. Inflation remained low and stable averaging 3.7 percent in 2021 but increased to 4.0 in January 2022, largely driven by higher energy prices.

Tanzania's current-account deficit has widened slightly to 2.0 percent of GDP at end-September 2021, as imports grew faster than exports. The current-account deficit was funded largely by external loans and, to a lesser extent, by foreign direct investment. The Tanzanian shilling remained relatively stable against the currencies of major trading partners in 2021. Gross official reserves increased to about US\$6.7 billion by end-October 2021.

The fiscal deficit, which was largely funded by increased domestic borrowing, expanded to 4.2 percent of GDP in 2020/21 as a result of significant shortfalls in revenue. The public and publicly guaranteed debt stock remained relatively low at US\$29.6 billion (40.6 percent of GDP) in October 2021 and interest payment consumes about 12 percent of domestic revenue. The latest joint IMF-World Bank Debt Sustainability Analysis, conducted in September 2021, concluded that Tanzania's risk of external debt distress had increased from low to moderate.

The GDP per capita growth rate is estimated at 1.3 percent in 2021, following a 1.0 percent of per capita GDP contraction in 2020. Meanwhile, the national poverty rate

is estimated to have declined marginally from 27.1 percent in 2020 to 27.0 percent in 2021, driven by the recovery of employment and agricultural growth.

Outlook

Tanzania's real GDP growth rate is projected to reach 5.3 percent in 2022 assuming continued easing of pandemic conditions and implementation of supportive policies for the private sector, but risks from an uncertain external environment have increased. The current-account deficit is projected to widen to 3.9 percent of GDP in 2022 due to rising imports (capital goods and oil), which will more than offset an expected increase in exports. The fiscal deficit is projected to widen to 3.7 percent of GDP in 2022, driven by pandemic-related public spending and the implementation of several major capital projects, including SGR and the Nyerere Hydro Power Project.

Under alternative scenarios, real GDP is expected to grow by between 4.5 and 5.5 percent in 2022, below its long-run potential growth rate of about 6 percent. Tanzania's vulnerability to the global pandemic remains high amid the slow vaccination rollout. Additionally, the Russia-Ukraine conflict would affect Tanzania through the commodity prices channel, which could

result in inflationary pressures and expanded current and fiscal deficits. An accelerated domestic vaccination program, increased regional trade and cooperation, and policy reforms designed to improve the business environment and support the growth of the private sector have somewhat mitigated downside risks, but the emergence of new coronavirus variants, reduced capital flows, elevated debt levels, persistent inflationary pressures, supply bottlenecks, and the Russia invasion and associated sanctions continue to threaten the projected recovery.

The international poverty rate is projected to fall by more than a percentage point to 48.6 percent in 2021 and drop to below the pre-crisis level. But to sustainably reduce poverty, and lower the number of poor people, the recovery must create more jobs, including for low-skilled workers, enable small enterprises growth, and foster productivity of agriculture, on which three-quarters of poor households depend. Inflation driven by higher energy and grain prices caused by the Russia-Ukraine crisis could undermine purchase power, with the poor and the urban consumers being particularly vulnerable to food price rises putting poverty reduction at risk. The government will need to carefully monitor the impact of price rises on low-income groups and expand the TASAF social safety net to affected population groups.

TABLE 2 Tanzania / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.8	2.0	4.3	5.3	5.7	6.1
Private Consumption	3.1	1.0	3.9	5.2	3.9	3.5
Government Consumption	2.3	7.4	10.9	6.2	3.6	3.3
Gross Fixed Capital Investment	8.0	2.4	7.5	8.2	8.0	8.9
Exports, Goods and Services	19.0	-8.6	2.2	5.2	7.5	7.6
Imports, Goods and Services	-1.4	-7.6	13.3	12.6	6.3	5.2
Real GDP growth, at constant factor prices	5.8	2.0	4.3	5.3	5.7	6.1
Agriculture	3.5	3.1	3.5	3.8	4.1	3.9
Industry	10.3	2.5	6.5	7.6	8.2	8.6
Services	4.2	0.9	3.0	4.4	4.6	5.4
Inflation (Consumer Price Index)	3.5	3.4	3.7	4.5	4.2	4.0
Current Account Balance (% of GDP)	-2.3	-1.6	-2.9	-3.9	-3.6	-3.1
Net Foreign Direct Investment (% of GDP)	2.0	1.1	1.0	1.3	1.4	1.6
Fiscal Balance (% of GDP)	-2.2	-2.0	-3.5	-3.7	-3.2	-2.5
Debt (% of GDP)	38.3	38.7	38.8	39.0	39.1	38.8
Primary Balance (% of GDP)	-0.5	-0.3	-1.7	-1.9	-1.3	-0.6
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	49.3	50.4	49.8	48.6	48.0	47.6
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	76.7	77.5	77.1	76.3	75.8	75.5
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	91.8	92.1	92.0	91.6	91.4	91.3
GHG emissions growth (mtCO₂e)	3.0	2.5	3.1	2.9	3.3	3.2
Energy related GHG emissions (% of total)	21.3	21.9	22.7	23.2	23.7	24.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-HBS. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 1 based on private consumption per capita in constant LCU.

TOGO

Table 1 **2021**

Population, million	8.5
GDP, current US\$ billion	8.0
GDP per capita, current US\$	940.1
International poverty rate (\$1.9) ^a	24.1
Lower middle-income poverty rate (\$3.2) ^a	51.8
Upper middle-income poverty rate (\$5.5) ^a	78.0
National GINI (2018/19)	38.1
School enrollment, primary (% gross) ^b	126.3
Life expectancy at birth, years ^b	61.0
Total GHG Emissions (mtCO2e)	9.9

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2018), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

Growth rebounded to pre-crisis levels in 2021, reflecting health measure rollbacks and a global recovery. Growth is expected to stabilize in 2022 and strengthen in the medium term, supported by investment and consumption, while poverty should decline. New debt management and revenue mobilization measures should create fiscal space. Risks include slower global growth and higher inflation due to the impact of the Ukraine conflict, regional insecurity, debt vulnerabilities, and climatic shocks.

Key conditions and challenges

Togo experienced a robust economic growth prior to the COVID-19, but with only limited impacts on living standards and poverty. Growth averaged 5 percent between 2017-19 (2.4 percent in per capita terms), driven by private investment as the business climate improved. Prudent fiscal management underpinned growth and helped reduce debt vulnerabilities. However, growth did not translate into higher living standards, i.e. access to electricity and safe drinking water were 52.2 percent and 60.3 percent respectively in 2018/19, whereas in rural areas these were only 27.2 percent and 44.5 percent, respectively.

COVID-19 disrupted growth, fiscal consolidation, and poverty reduction. It heightened the urgency to deal with major development challenges and to revert toward the WAEMU fiscal target to contain debt vulnerabilities. Structural reforms to improve infrastructure, notably in energy and telecommunications, governance and customs procedures would help Togo harness its potential as a transport and logistics hub. Digital technology also presents untapped opportunities for innovation in key economic sectors despite large inequalities in access: the share of the population aged 15 years or older with access to the internet was 6 percent and 35 percent, respectively, among the poor and the nonpoor.

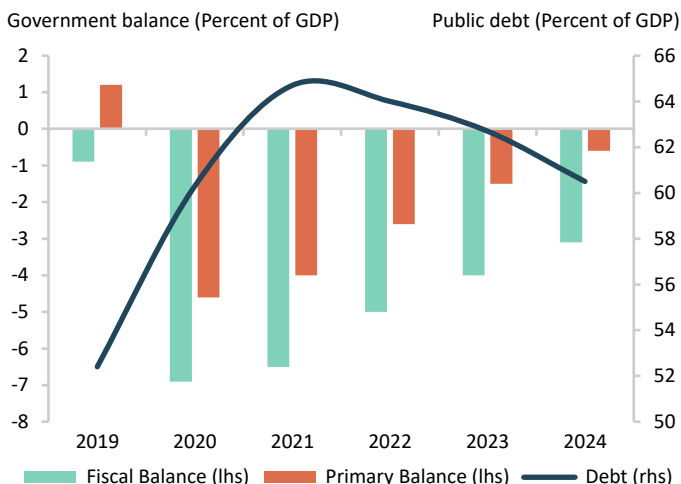
Despite the ongoing recovery, the Ukraine conflict could further increase food/fertilizer and energy price inflation and is a threat to poverty reduction and could lead to increased social tensions. According to a household survey realized by the National Statistics Office, over 30 percent of Togolese households were unable to access main staple foods when needed, with poor and rural households disproportionately affected (40 percent of the poor and 43 percent of the rural households). Heightened regional insecurity could trigger higher security spending and increase fragility in the north. Other risks include domestic debt vulnerabilities and weather shocks, which could negatively affect agricultural production.

Recent developments

After decelerating to 1.8 percent in 2020, growth rebounded in 2021 to 5.1 percent (2.7 percent per capita). The global economic recovery enabled export expansion, and domestic activity rebounded following containment measure abatements. Private consumption picked-up, benefitting from increases in business activity and labor income (6.5 percent). Growth was partially offset by rising inflation, at 4.3 percent in 2021, as higher consumption demand and supply chain disruptions raised food and energy prices.

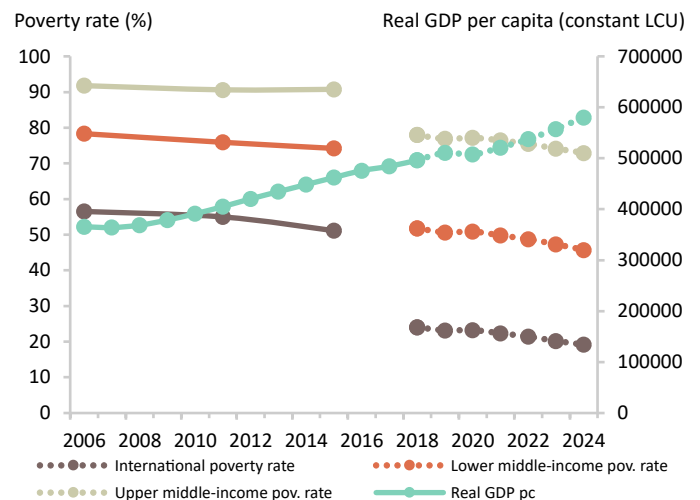
The current account deficit widened to 3.2 percent in 2021, more than doubling its 2020 level. Increases in imports outpaced exports due to import growth

FIGURE 1 Togo / Evolution of fiscal indicators



Sources: INSEED and World Bank staff estimates.

FIGURE 2 Togo / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Note: See table 2.

from increasing domestic demand from infrastructure projects and increases in private consumption.

The fiscal deficit remained high at 6.5 percent of GDP in 2021. Tax revenues rebounded in 2021, reflecting an improvement in economic conditions and new tax measures (digitalization of tax administration and tax registries), but remained below pre-crisis levels. Expansionary public spending continued with the implementation of an ambitious investment program. Reliance on external financing continues to cover the fiscal deficit. Public debt increased from 60.3 percent of GDP in 2020 to 64.7 percent in 2021. The risk of external debt distress remains moderate, while the risk of overall debt distress was high.

Togo's monetary and exchange rate policies are managed by the BCEAO, which maintains a peg between the CFA Franc and the Euro. Reserves reached 5.8 months of imports in 2021, due to a recovery in exports, an SDR allocation, and portfolio inflows.

Poverty remains high and concentrated in rural areas. The national poverty incidence was 45.5 percent in 2018-19 (749.6 CFAF/day), while extreme poverty was 23.15 percent (US\$1.9 2011 PPP/day) in 2019. Poverty projections estimate that extreme poverty rate maintained at 23.2 percent between 2019 and 2020. Despite steady extreme poverty, the pandemic probably pushed

some households into poverty: simulations show an increased poverty of about 4 percentage points, disproportionately affecting urban populations.

Outlook

Real GDP is projected to stabilize at 5 percent in 2022, 2.6 percent in per capita terms, and accelerate over 2023-24. Downward revisions to the forecasts in 2022 mainly reflect the negative impacts of the Ukraine conflict, through higher energy and food prices, lower public investment as authorities allocate more resources to transfers to the poorest, and lower private investment because of higher uncertainty. Growth should still be supported by the "Togo 2025 Roadmap" public investments, before gradually giving way to private investment following positive business climate developments, but a changing global policy environment creates significant uncertainty around the investment climate. The current account deficit will keep deteriorating, reaching 6.4 percent of GDP in 2022, as rising import demand from increased consumption and investment outpaces export growth.

The fiscal deficit is projected to gradually decline from 5 percent of GDP in 2022. Current forecasts indicate meeting the

WAEMU convergence criteria in 2024, with delays to 2025 if additional expenditure requirements materialize. Revenues should rise with GDP growth, supported by improvements in revenue management and tax holiday expirations. Total expenditure as a percent of GDP will decrease starting in 2023, as counter-cyclical pandemic spending winds-down. Public debt will decrease to 64 percent of GDP in 2022, declining over the medium-term as growth outpaces a declining primary fiscal deficit, to almost reach 60 percent in 2024.

WAEMU reserves will decrease to around 5.5 months of imports in 2022 and 5.3 in 2023/24, reflecting fast growth in imports and a reduction in net capital inflows (as a percent of GDP), with uncertainty around global monetary policy. Growth-friendly fiscal consolidation and implementation of structural reforms will be key to maintaining reserves at an optimal level.

Extreme poverty declined to 22.4 percent in 2021 (-0.9 percentage points from 2020), as food prices remain high. Extreme poverty should decrease by one percentage point to 21.4 percent in 2022 and decrease in the medium-term, supported by the scaling-up of Government cash transfer programs. Inclusive service-sector programs and agricultural growth will be needed for inclusive and sustained poverty reduction.

TABLE 2 Togo / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	5.5	1.8	5.1	5.0	5.8	6.4
Private Consumption	3.0	-4.9	5.3	5.5	7.1	7.4
Government Consumption	-2.9	21.1	6.4	0.2	7.0	8.9
Gross Fixed Capital Investment	20.2	13.7	8.9	12.9	2.7	2.5
Exports, Goods and Services	1.0	3.6	12.0	7.0	6.5	5.5
Imports, Goods and Services	1.2	4.1	13.8	10.5	6.9	6.1
Real GDP growth, at constant factor prices	4.4	1.9	5.1	4.9	5.9	6.4
Agriculture	1.9	4.0	6.0	5.6	3.6	5.9
Industry	6.5	0.8	6.8	7.3	5.6	7.3
Services	4.5	1.5	4.0	3.4	7.1	6.2
Inflation (Consumer Price Index)	0.7	1.8	4.3	6.0	4.0	2.0
Current Account Balance (% of GDP)	-0.8	-1.5	-3.2	-6.4	-7.3	-6.3
Net Foreign Direct Investment (% of GDP)	-4.2	-0.2	-0.3	-0.4	-0.5	-0.6
Fiscal Balance (% of GDP)	-0.9	-6.9	-6.5	-5.0	-4.0	-3.1
Debt (% of GDP)	52.4	60.3	64.7	64.0	62.7	60.5
Primary Balance (% of GDP)	1.2	-4.6	-4.0	-2.6	-1.5	-0.6
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	23.2	23.2	22.4	21.4	20.2	19.2
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	50.6	50.9	49.8	48.7	47.3	45.7
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	76.9	77.2	76.5	75.5	74.1	72.9
GHG emissions growth (mtCO₂e)	1.9	1.4	3.3	3.6	4.2	4.4
Energy related GHG emissions (% of total)	29.7	27.8	26.6	25.4	24.3	23.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2018) with pass-through = 0.7 based on GDP per capita in constant LCU.

UGANDA

Table 1 **2021**

Population, million	47.1
GDP, current US\$ billion	34.6
GDP per capita, current US\$	733.9
International poverty rate (\$1.9) ^a	41.0
Lower middle-income poverty rate (\$3.2) ^a	70.5
Upper middle-income poverty rate (\$5.5) ^a	89.0
Gini index ^a	42.7
School enrollment, primary (% gross) ^b	102.7
Life expectancy at birth, years ^b	63.4
Total GHG Emissions (mtCO2e)	75.8

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2011 PPPs.
b/ WDI for School enrollment (2017); Life expectancy (2019).

Real GDP growth is expected to rise from 3.4 percent in FY21 to 3.7 percent in FY22, as the economy reopens. The planned reduction in the fiscal deficit, to 3.5 percent of GDP by FY24, augurs well for debt sustainability. Growth is expected to average 5.7 percent in FY23 and FY24, given the elevated trade, inflation, and investment risks from the Russia-Ukraine crisis. Poverty should fall as incomes recover.

Key conditions and challenges

Compared to the strong performance in the 2000s, recent economic growth has slowed considerably. With reduced reform momentum, a less supportive external environment, and other exogenous shocks like droughts, growth since 2011 has barely surpassed the high population growth rate. As a result, in the five years prior to the COVID-19 crisis, per capita real GDP growth halved to 1.1 percent on average per year.

Structural transformation is key for growth and poverty reduction. However, most of the workforce remains in low productivity jobs, and total factor productivity growth has been negative. Whereas the services sector contributes to a large share of growth, many jobs are informal and low-skilled. Instead, the majority of the poor rely heavily on agriculture and remain vulnerable to climate change and weather shocks. Although there were positive signs leading into the COVID-19 crisis – including a decline in poverty, reduction in the workforce employed in agriculture, take-off in agro-processing, and expansion of the services sector – some of this has been reversed, and poverty and inequality have increased.

As Uganda moves towards oil production, achieving structural transformation will require changing the growth model and role of the state. The current model of debt-financed public spending –

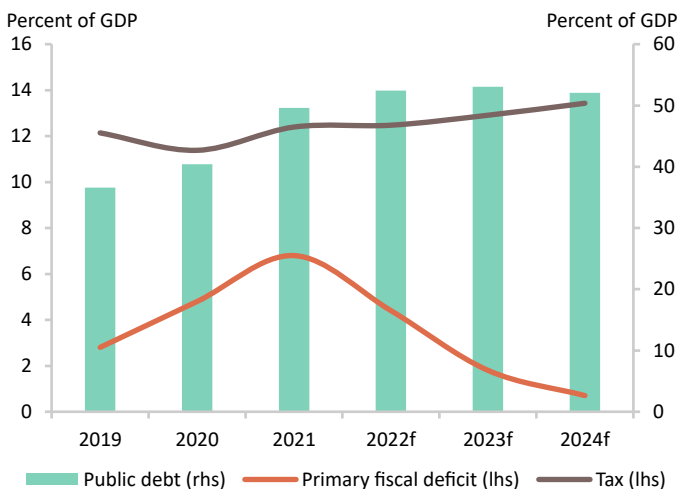
which emphasizes infrastructure and has crowded out private sector borrowing – needs to be replaced with one where the private sector drives growth. The state can then provide support through a better balance of investments in human capital and infrastructure, alongside targeted regulations to promote inclusive growth that reduces inequality and ensures sustainability. The prospects for this shift will also rely on maintaining macroeconomic stability; better supporting the vulnerable, farmers, and small enterprises; increasing the uptake of digital technologies; and more effective use of public resources.

Recent developments

Uganda's recovery slowed after the second COVID-19 wave and lockdown in mid-2021. Although Omicron introduced some uncertainty, the economy has since rebounded, with the PMI increasing for the seventh successive month to a high of 55.7 in February 2022. Economic conditions continue to improve, buoyed by the reopening of schools, lifting of all mobility restrictions, and a milder third wave of infections. Over 5 of the 22 million target population (aged 18+) were fully vaccinated by mid-February 2022.

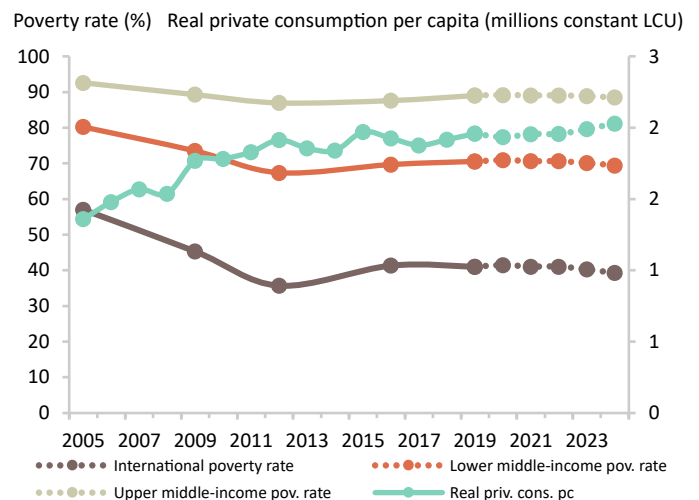
Despite the economic rebound, inflation has been modest, which has allowed the central bank to maintain the policy rate at 6.5 percent to support the recovery. Lending rates remain high though, thereby slowing growth in private sector credit. An

FIGURE 1 Uganda / Fiscal adjustment



Sources: Ministry of Finance, Planning and Economic Development, and World Bank calculations.

FIGURE 2 Uganda / Actual and projected poverty rates and real private consumption per capita



Source: World Bank. Notes: see Table 2.

uptick in annual headline inflation to 3.2 percent in February was anticipated, given the reopening of the economy and sudden increase in demand.

Whilst gold imports and exports have stalled in the first half of FY22 – due to a new FY22 tax levy on gold exports – coffee exports are up over 60 percent and tourist receipts in early FY22 were approaching pre-COVID levels. This bodes well for an improvement in the current account deficit compared to the sharp deterioration in FY21.

In line with government’s consolidation agenda, the fiscal deficit has narrowed to an estimated 5 percent of GDP in the first half of FY22, driven by cuts to lower priority recurrent spending (e.g. travel and workshops) and delaying investments that are not critical or ready.

With lower consumption growth – due to reduced remittances, limited credit, and job losses – poverty increased from 27.5 to 32.7 percent (using Uganda’s official upper poverty line) after the first lockdown in 2020. Employment rates fell again after the second lockdown, accompanied by increased food insecurity and

significantly lower revenues for non-farm household enterprises.

Outlook

Given a more positive COVID-19 and vaccine outlook, and the recent signing of the final investment decision in the oil sector, growth was projected to accelerate to an average of over 6 percent in FY23 and FY24. Following Russia’s invasion of Ukraine, this average will likely drop to below 6 percent and possibly lower, given the trade disruptions, higher commodity prices, and increased risk aversion that may slow investments. Costlier inputs (e.g. fertilisers and transport) will also pose challenges for agricultural production, food security, and household incomes that are still recovering.

The combination of pent-up domestic demand – as economic activity picks up – and increasing commodity prices will exert additional pressures on prices, which could raise inflation above the official target of 5 percent over the next year.

Inflationary and exchange rate pressures may then induce monetary policy tightening, which would constrain the private sector recovery.

The decline in the fiscal deficit will be driven by expenditure cuts (Figure 1), as measures to enhance revenues will take longer to pay off. This adjustment will ultimately shift debt to a more sustainable path – peaking at around 54 percent of GDP in FY23 – and limit private sector crowding out. Nonetheless, debt vulnerabilities will persist if spending pressures remain, new shocks arise, or reliance on non-concessional and/or domestic debt continues.

Even with stronger growth in the medium-term, per capita GDP will remain below the NDPIII target. As a result, zero growth is projected in private consumption per capita, which will keep the international poverty rate at about 41 percent in 2022. Accelerated growth may reduce poverty to 39.3 percent by 2024, but this will depend on how COVID-19 evolves, how long Russia’s invasion continues, the pace of food inflation, and any environmental shocks that adversely affect households due to their limited adaptive capacity.

TABLE 2 Uganda / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	6.4	3.0	3.4	3.7	5.1	6.5
Private Consumption	5.9	2.0	4.2	2.8	4.4	4.6
Government Consumption	6.9	7.9	6.1	0.9	-0.6	0.7
Gross Fixed Capital Investment	9.9	-0.1	5.1	4.1	7.0	10.5
Exports, Goods and Services	6.3	-1.2	2.6	11.1	12.4	13.3
Imports, Goods and Services	8.6	-5.4	8.6	5.3	8.4	8.6
Real GDP growth, at constant factor prices	6.4	3.0	3.4	3.7	5.1	6.5
Agriculture	5.2	4.6	3.8	3.4	3.6	4.0
Industry	9.0	3.1	3.4	2.6	6.8	7.9
Services	5.6	2.2	3.3	4.6	4.9	6.9
Inflation (Consumer Price Index)	2.6	2.3	2.5	3.7	6.0	5.0
Current Account Balance (% of GDP)	-7.1	-6.7	-10.2	-8.2	-7.9	-7.0
Net Foreign Direct Investment (% of GDP)	3.5	2.6	2.1	2.5	2.7	3.3
Fiscal Balance (% of GDP)	-4.9	-7.1	-9.5	-7.5	-4.7	-3.5
Debt (% of GDP)	36.6	40.4	49.6	52.5	53.5	52.4
Primary Balance (% of GDP)	-2.8	-4.8	-6.8	-4.4	-1.9	-0.7
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	41.0	41.5	41.1	41.0	40.3	39.3
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	70.5	71.0	70.6	70.6	70.1	69.4
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	89.0	89.2	89.1	89.1	88.9	88.5
GHG emissions growth (mtCO2e)	2.5	1.8	2.8	3.9	4.0	4.1
Energy related GHG emissions (% of total)	31.9	31.3	31.0	31.4	31.9	32.4

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2019-UNHS. Actual data: 2019. Nowcast: 2020-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2019) with pass-through = 0.7 based on private consumption per capita in constant LCU.

ZAMBIA

Key conditions and challenges

Table 1	2021
Population, million	18.9
GDP, current US\$ billion	21.2
GDP per capita, current US\$	1120.6
International poverty rate (\$1.9) ^a	58.7
Lower middle-income poverty rate (\$3.2) ^a	75.4
Upper middle-income poverty rate (\$5.5) ^a	88.1
Gini index ^a	57.1
School enrollment, primary (% gross) ^b	98.7
Life expectancy at birth, years ^b	63.9
Total GHG Emissions (mtCO2e)	99.2

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2015), 2011 PPPs.
 b/ WDI for School enrollment (2017); Life expectancy (2019).

The Zambian economy grew by an estimated 3.6% in 2021 following a 2.8% recession in 2020; bolstered by firmer copper prices, favorable external demand, good rainfall, and post-election market confidence. However, poverty remained high, at about 60%, reflecting the impact of the COVID-19 crisis. The medium-term outlook, while positive, faces downward risks from prolonged debt negotiations, low COVID-19 vaccination rates, and the impact of the Russia-Ukraine war.

The Zambian economy remains structurally fragile and vulnerable to external shocks. The economy was already weak before the COVID-19 crisis, with declining growth, increasing inflationary pressures, a tightening fiscal space and weak external balances. The public-investment-led growth model that relied heavily on debt financing did not deliver sustained economic growth or poverty reduction. As a result, Zambia's public debt became unsustainable by 2019. The onset of the COVID-19 crisis unraveled these structural weaknesses and amplified existing macroeconomic vulnerabilities. The country has had persistently high poverty rates. Poverty in Zambia is concentrated in rural areas – where 80% of the poor reside. In contrast, the recent surge following the COVID-19 pandemic has disproportionately come from urban households.

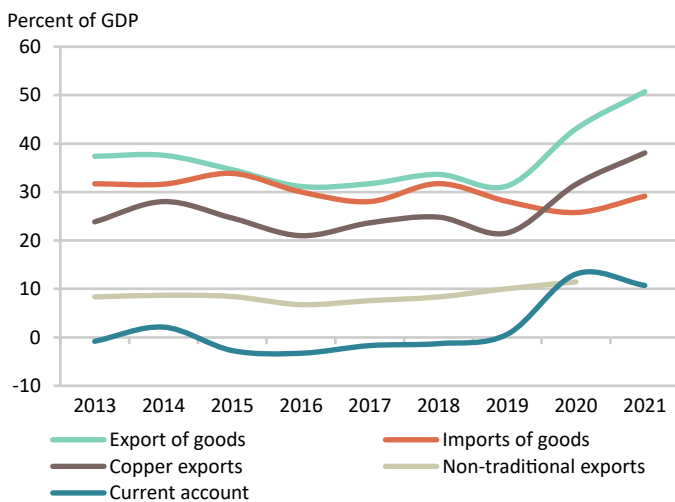
The key challenge for Zambia is to restore macroeconomic stability and debt sustainability and to return to an economic growth path that uplifts more Zambians out of poverty. Resolving the severe macroeconomic imbalances that built up over the past decade and culminated into a debt crisis will require a combination of ambitious fiscal adjustment, structural fiscal reforms, and public debt restructuring. The new administration, elected to office in August 2021, has shown willingness to undertake some

of these significant economic reforms, including to improve the efficiency and inclusiveness of public spending and promoting a private sector-led and export-oriented growth path. To bear fruits on debt sustainability and growth, these reform efforts will need to be complemented by comprehensive and timely debt restructuring. In early 2021, Zambia asked for debt treatment under the G-20 Common Framework (CF) to help restore public debt to sustainable levels.

Recent developments

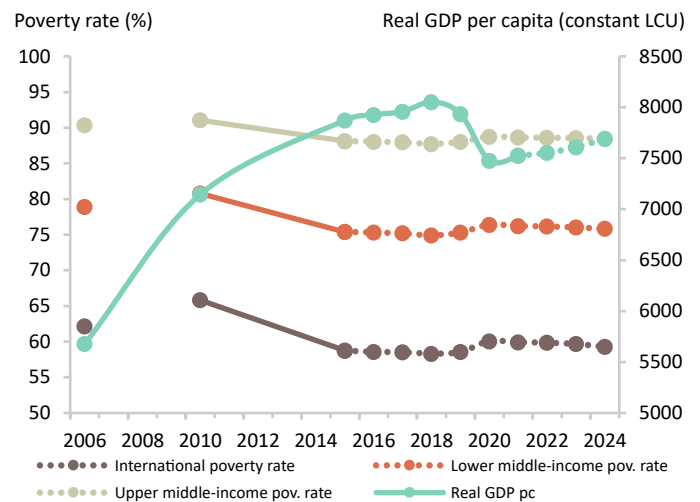
Economic activity picked up in 2021 with GDP growth at an estimated 3.6% per annum, reflecting recovery from initial COVID-19 shocks and lockdown measures, post-election market confidence, and improved global copper price outlook. Monetary policy stance tightened by a cumulative 100 basis points during the year, as the central bank balanced between responding to persistently high inflationary pressures and weak aggregate demand. Despite stronger revenue performance, the fiscal outcome was more expansionary than planned, resulting in a deficit (on cash basis) of over 10% of GDP. Domestic revenues performed better on account of favorable copper prices and improved non-tax revenue collection. However, this was outweighed by expenditure overruns in the run-up to the elections, including in goods and services, and agriculture and fuel subsidies. The large deficit was financed by

FIGURE 1 Zambia / Developments in the current account balance (2013-21)



Sources: Zambian authorities and World Bank staff estimates and projections.

FIGURE 2 Zambia / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see table 2.

further accumulation of domestic arrears and increased domestic borrowing.

On the external sector, strong growth in exports outpaced the rebound in imports resulting in a large trade surplus and a current account surplus of 7.7% of GDP in 2021. The Kwacha appreciated by 21% in 2021, reflecting an improved reserve position from the new IMF SDR allocation, high post-election consumer and investor confidence, and increased portfolio inflows from non-resident holders of domestic sovereign debt. However, the continued weak fiscal position saw Zambia continue to accumulate external debt service arrears, which amounted to \$1.8 billion at end-September 2021.

The effects of the pandemic on poverty and vulnerability have continued in 2021. After an estimated 1.5 percentage point increase in the international poverty rate between 2019 and 2020, the poverty headcount is projected to have remained stagnant at 60% in 2021, with GDP per capita growth projected to be at only 0.7% in 2021. The rise in poverty has been largely driven by falling incomes in urban areas, especially among those relying on employment income from the informal sector. A World Bank Household Monitoring phone survey found that 4 in 5 house-

holds reported a drop-in income from nonfarm business, and that 1 in 3 reported a reduction or disappearance of wages due to the pandemic. Job losses have been particularly severe in the tourism, manufacturing, and services sectors. Food security indicators are also of increasing concern. A recent Socio-economic Impact Assessment conducted by the National Statistical Office found that 9 in 10 households have experienced spikes in the price of food, and that 64% of these had to reduce food consumption as a result.

Outlook

Growth is projected to pick up over the medium-term, averaging 3.8% in 2022-24, buoyed by an improved macroeconomic environment; a positive copper price outlook and stable and predictable mining policy environment; and improved electricity supply supported by new generation capacity at Kafue Gorge. The outlook is anchored on government's implementation of the macro-fiscal reforms outlined in its 2022-24 medium-term budget plan, aimed at restoring fiscal sustainability and credibility, re-orienting expenditure away

from inefficient subsidies to more social spending (education, health, and social protection), and bringing public services closer to the communities. Implementation of structural reforms aimed at removing market distortions and bringing financial sustainability in the energy sector (electricity and petroleum), improving transparency, and fighting corruption, will also be critical to achieving this growth path. It also assumes normal rainfall patterns and timely completion of the debt restructuring process. The pace of poverty reduction, however, is expected to remain slow. At current growth rates, the poverty rate will fall by less than a percentage point by 2024. Risks to the baseline outlook are tilted downwards. A sustained upward trajectory in global copper prices will boost copper production, domestic revenue, and external stability. However, delays in concluding the debt restructuring process and risks of any COVID-19 resurgence given the low vaccination rates could dampen market confidence and perpetuate an uncertain economic environment. Moreover, the impact of the Russia-Ukraine war on global oil and fertilizer prices presents key risks to Zambia's economic recovery and reform efforts.

TABLE 2 Zambia / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	1.4	-3.0	3.6	3.3	3.6	4.0
Private Consumption	2.3	3.1	3.6	4.5	4.5	4.5
Government Consumption	-10.1	10.8	3.6	-6.1	13.7	7.2
Gross Fixed Capital Investment	-14.3	-35.8	-15.9	44.0	6.6	2.4
Exports, Goods and Services	-7.2	10.7	24.3	-3.9	6.9	6.9
Imports, Goods and Services	-13.7	-10.7	17.4	14.3	13.1	7.5
Real GDP growth, at constant factor prices	1.5	-2.5	3.6	3.3	3.6	4.0
Agriculture	7.7	17.2	14.2	3.0	4.0	4.0
Industry	-3.3	0.6	1.8	3.3	3.5	3.9
Services	3.5	-6.2	3.2	3.3	3.6	4.0
Inflation (Consumer Price Index)	9.1	15.7	22.1	13.0	10.0	9.7
Current Account Balance (% of GDP)	0.6	12.8	10.7	3.7	4.3	4.1
Net Foreign Direct Investment (% of GDP)	-0.6	-1.1	1.9	2.4	2.3	2.1
Fiscal Balance (% of GDP)	-9.6	-11.0	-10.3	-7.8	-5.5	-4.6
Debt (% of GDP)	87.8	86.2	77.6	74.9	99.2	114.2
Primary Balance (% of GDP)	-5.6	-7.7	-7.0	-4.3	-2.9	-2.4
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	58.6	60.1	59.9	59.9	59.7	59.3
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	75.3	76.4	76.2	76.2	76.0	75.8
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	88.0	88.8	88.6	88.6	88.6	88.5
GHG emissions growth (mtCO₂e)	-1.8	2.0	3.2	2.6	2.9	2.6
Energy related GHG emissions (% of total)	11.6	11.5	10.8	10.6	10.8	11.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2015-LCMS-VII. Actual data: 2015. Nowcast: 2016-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2015) with pass-through = 0.7 based on GDP per capita in constant LCU.

ZIMBABWE

Table 1 **2021**

Population, million	15.1
GDP, current US\$ billion	26.2
GDP per capita, current US\$	1737.2
International poverty rate (\$1.9) ^a	39.5
Lower middle-income poverty rate (\$3.2) ^a	63.8
Upper middle-income poverty rate (\$5.5) ^a	82.8
Gini index ^a	50.4
School enrollment, primary (% gross) ^b	97.3
Life expectancy at birth, years ^b	61.5
Total GHG Emissions (mtCO2e)	116.1

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2019), 2011 PPPs.
b/ WDI for School enrollment (2020); Life expectancy (2019).

GDP growth is estimated to have rebounded to 5.8 percent in 2021, reflecting an exceptionally good harvest and relative stabilization of prices. Disinflation policies were effective in bringing down inflation to double digits for the first time in two years. As a result, poverty levels declined. The economy is projected to continue to recover in 2022, albeit at a slower pace, as agriculture conditions worsen and food and fuel prices surge.

Key conditions and challenges

Macroeconomic challenges and natural disasters have kept Zimbabwe's growth volatile. High inflation, unstable exchange rates, and unsustainable debt have constrained macroeconomic stability and productivity growth. Trade integration has declined, and foreign direct investment (FDI) remained low, limiting transfer of new technologies and investment in modernizing the economy. After almost three years of droughts, favorable rains boosted economic growth in 2021, supporting the recovery. Steps to stabilize prices and exchange rates, as well as relaxation of COVID-19 restrictions, improved the environment for doing business. As a result, after two years of recession, Zimbabwe's economy is estimated to have grown by 5.8 percent in 2021.

The extreme poverty rate has increased steadily between 2011 and 2020, only declining in 2021 following exceptionally good harvest and disinflation policies. International poverty rate was 22 percent in 2011, and it was estimated to be 41 percent in 2021 and 40 percent in 2022. Although poverty remains an overwhelmingly rural phenomenon, in recent years it has increased relatively faster in urban areas, leading to an urbanization of poverty. Zimbabwe's international poverty rate (PPP \$1.90/person/day) was half the level in sub-Saharan African in 2011 but by 2019, it was on par with the rest of the continent

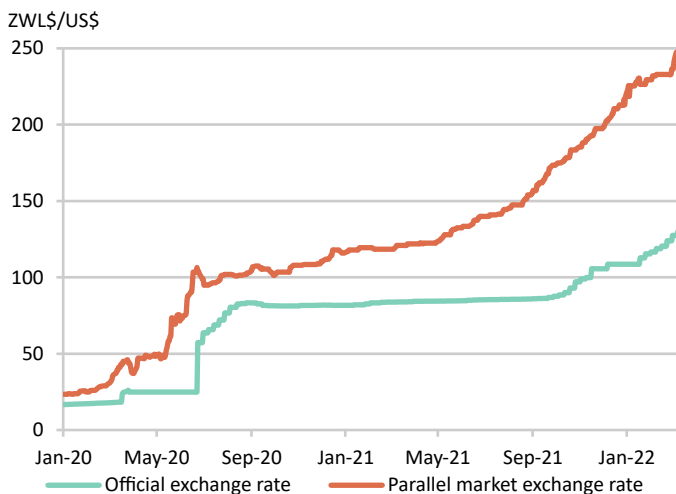
(42 percent). Inequality has also increased over the last decade, with the Gini coefficient increasing from 42 in 2011 to 50.3 in 2019 – among the highest in the world. Unemployment remained high at 19.1 percent in 2021.

In addition to further efforts to solidify macroeconomic stability, Zimbabwe's recovery needs to be underpinned by policies promoting productivity growth. These policies would include reducing state intervention in the economy, lessening the regulatory burden, strengthening governance and anti-corruption efforts, lowering barriers to regional trade integration, and removing forex retention requirements. Service delivery needs to be strengthened and household vulnerability reduced through robust social safety net programs.

Recent developments

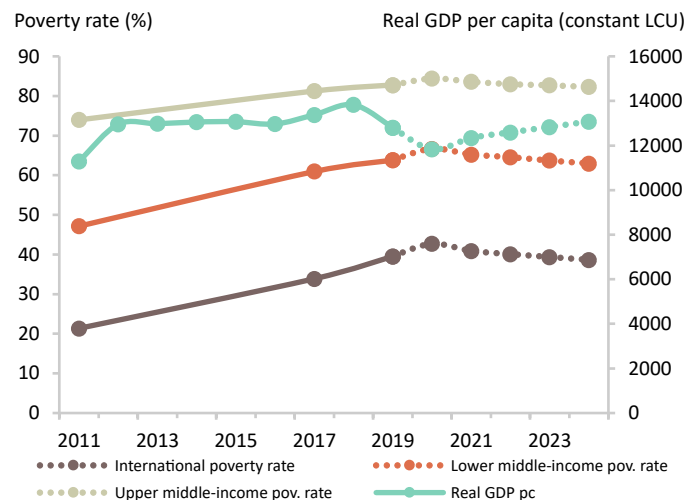
The economy rebounded in 2021 driven by recovery of agriculture and industry and relative stabilization of prices and exchange rates. GDP is estimated to have grown by 5.8 percent in 2021 after contracting by 6.2 percent in 2020. An exceptionally good agriculture season, coupled with slowing inflation and higher remittances boosted domestic demand. Relaxed pandemic restrictions, good vaccination levels, and favorable terms of trade supported stronger industrial production and exports, with exports of minerals expanding by over 51 percent in a year. A widening of the current account

FIGURE 1 Zimbabwe / Exchange rates



Sources: Zimstat and World Bank staff estimates.

FIGURE 2 Zimbabwe / Actual and projected poverty rates and real GDP per capita



Source: World Bank calculations using data from Zimstat PICES surveys 2011, 2017 and mini-PICES 2019.

surplus in 2021 and the SDR allocation helped increase international reserves. Disinflation policies were effective in bringing down inflation in 2021. Inflation slowed from 838 percent in July 2020 to 60.7 percent in December 2021. Monetary policy was further tightened in the end of 2021 and in early 2022 to calm inflationary pressures from continuing distortions in the foreign exchange market and rising international prices.

Fiscal policy remained relatively tight, with most of the additional spending financed by SDRs. The fiscal balance turned into a cash deficit of 1.5 percent of GDP. Procurement of vaccines and higher spending on agriculture and public infrastructure contributed most to the fiscal deficit. Revenue collection improved, driven by better performance of corporate income tax, VAT, and money transfer tax. Public indebtedness worsened further as the government assumed RBZ's legacy debt, adding over US\$2.5 billion to external arrears and external debt reached US\$14.5 billion.

Poverty levels decreased, reflecting the bumper maize harvest of the 2021 season. After peaking at 43 percent, in 2020, international poverty rate fell to 41 percent in 2021. The decline in poverty is primarily driven by rural areas thanks to the bumper

harvest of 2021. There was also a marked improvement in food security, with the share of population in severe or moderate food insecurity falling from 61 to 38 percent between March and November 2021. The lack of improvement in the extreme poverty rate in urban areas suggests that despite the reopening of the economy and loosening of mobility restrictions, intermittent closures continue to affect employment, incomes, and livelihoods of urban residents. Social assistance programs play a limited role in reducing poverty and vulnerability due to their low coverage and lack of poverty focus in targeting.

Outlook

The economy is projected to continue to recover in the medium term, amid downside risks. GDP is projected to grow by 3.7 percent in 2022 but slowdown in the medium term as the positive base effects diminish. The downward revision to the growth outlook is based on worsening agriculture conditions as well as global price increases and supply side disruptions due to the conflict in Ukraine and associated sanctions on Russia. Agriculture output is set to contract by 1.5 per-

cent in 2022 from double digit-growth in 2021 on the account of falling rain levels and rising prices of key agriculture inputs. Mining production and exports are expected to benefit from continuing high international prices while tourism, trade, and transport are likely to start recovering with positive spillover effects on other sectors of the economy. The risks to the outlook are significant with heightened global risks as global growth slows down and uncertainty about the pandemic remains. Domestic risks also weigh on growth performance and are linked to climatic shocks, expansionary fiscal and monetary policy in the run up to the 2023 parliamentary elections that might undermine disinflation policies and keep large distortions in the foreign exchange market, thereby delaying economic recovery.

Poverty levels are expected to further decline in 2022, albeit marginally. As conditions for a good harvest deteriorate, prices remain high, and the capacity of the social system to target and reach the poor with adequate social safety nets is constrained. If inflation is not adequately managed, the purchasing power of incomes will be eroded, putting more people in or at risk of poverty and delaying improvements in basic service delivery.

TABLE 2 Zimbabwe / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	-6.1	-6.2	5.8	3.7	3.6	3.6
Private Consumption	-19.9	-5.2	11.6	3.3	3.4	3.5
Government Consumption	-1.7	-2.0	3.0	4.3	5.5	4.4
Gross Fixed Capital Investment	-9.0	-3.0	6.2	4.9	4.8	4.0
Exports, Goods and Services	29.7	1.6	6.0	3.3	3.2	3.4
Imports, Goods and Services	-29.5	9.8	25.1	2.9	3.4	3.5
Real GDP growth, at constant factor prices	-7.5	-6.6	5.8	3.7	3.6	3.6
Agriculture	-17.8	4.2	17.2	-1.5	2.5	2.7
Industry	-11.1	0.0	6.4	4.6	3.6	4.1
Services	-2.1	-13.6	2.5	4.3	3.9	3.5
Inflation (Consumer Price Index)	255.3	557.2	98.5	72.0	44.0	34.0
Current Account Balance (% of GDP)	4.6	3.6	4.0	2.6	0.3	-0.7
Net Foreign Direct Investment (% of GDP)	-1.2	-0.8	-0.4	-0.7	-0.5	-0.4
Fiscal Balance (% of GDP)	0.2	1.7	-1.5	-1.7	-2.0	-1.1
Debt (% of GDP)	94.8	109.7	88.4	81.6	78.3	76.3
Primary Balance (% of GDP)	0.4	1.8	-1.4	-1.5	-1.9	-0.9
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	39.5	42.7	40.9	40.1	39.4	38.6
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	63.8	66.7	65.2	64.6	63.7	63.0
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	82.8	84.4	83.6	83.0	82.7	82.3
GHG emissions growth (mtCO₂e)	-1.6	-2.9	2.3	1.2	0.7	0.8
Energy related GHG emissions (% of total)	12.6	10.5	10.4	10.1	9.5	8.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

a/ Calculations based on 2019-PICES. Actual data: 2019. Nowcast: 2020-2021. Forecasts are from 2022 to 2024.

b/ Projection using neutral distribution (2019) with pass-through = 0.87 based on GDP per capita in constant LCU.

Macro Poverty Outlook

04 /
2022



WORLD BANK GROUP
Macroeconomics, Trade & Investment
Poverty & Equity