

IMF Publication

Catastrophe Containment and Relief Trust-Third Tranche Of Debt Service Relief In The Context Of The COVID-19 Pandemic

INTERNATIONAL MONETARY FUND



IMF POLICY PAPER

April 2021

CATASTROPHE CONTAINMENT AND RELIEF TRUST--- THIRD TRANCHE OF DEBT SERVICE RELIEF IN THE CONTEXT OF THE COVID-19 PANDEMIC

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its April 1, 2021 consideration of the staff report.
- The **Staff Report**, prepared by IMF staff and completed on March 18, 2021 for the Executive Board's consideration on April 1, 2021.

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International Monetary Fund
Washington, D.C.



The IMF Executive Board Extends Debt Service Relief for 28 Eligible Low-Income Countries through October 15, 2021

FOR IMMEDIATE RELEASE

Washington, DC— April 5, 2021: The Executive Board of the International Monetary Fund (IMF) approved on April 1, 2021 a third tranche of grants for debt service relief for 28 member countries under the Catastrophe Containment and Relief Trust (CCRT). This approval follows two prior tranches approved on April 13, 2020 and October 2, 2020, respectively (see Press Releases [20/165](#) and [20/304](#)). It enables the disbursement of grants from the CCRT for payment of all eligible debt service falling due to the IMF from its poorest and most vulnerable members from April 14, 2021 to October 15, 2021, estimated at SDR 168 (US\$238) million. This tranche of grants for debt service relief will continue to help free up scarce financial resources for vital emergency health, social, and economic support to mitigate the impact of the COVID-19 pandemic. Subject to the availability of sufficient resources in the CCRT, debt service relief could be provided for the remaining period through from October 16, 2021 to April 13, 2022 amounting to a total of about SDR 680 (US\$964) million.

In March 2020, Managing Director Kristalina Georgieva launched an urgent fundraising effort to raise SDR 1 billion (US\$1.4 billion) in grants for the CCRT. This would enable the CCRT to provide financial assistance for relief on debt service for up to a maximum of two years, while leaving the CCRT adequately funded for future needs. Thus far, donors have pledged contributions totaling about SDR 545 million (US\$774 million), including from the European Union, the UK, Japan, Germany, France, the Netherlands, Switzerland, Norway, Singapore, China, Mexico, Philippines, Sweden, Bulgaria, Luxembourg, and Malta.

Executive Board Assessment¹

Executive Directors welcomed the opportunity to consider the approval of grants under the Catastrophe Containment and Relief Trust (CCRT) to support the third tranche of debt service relief for the Fund's poorest and most vulnerable members. They noted that the COVID-19 pandemic continues to exact a severe human and economic toll on these countries and that the resources freed up by the first and second tranches of CCRT debt service relief had helped mitigate the impact of the pandemic.

Directors agreed that the available resources and pledges are sufficient to finance the third tranche of debt service relief for the period from April 14 to October 15, 2021. Accordingly, they approved grant assistance under the CCRT for relief for 28 eligible members that have debt service falling due during this period.

Directors concurred that countries that received the CCRT grants for debt relief are generally pursuing appropriate macroeconomic policies in response to the economic fallout from the global pandemic. They welcomed that a number of member countries were transitioning to Upper Credit Tranche-quality arrangements which would provide a stronger policy framework

¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

for the recovery period. Directors also observed that most countries would benefit from a resumption of Fund surveillance and updated debt sustainability assessments.

Directors noted the progress made in implementing governance safeguards commitments regarding COVID-19 related spending in CCRT-eligible countries. However, they regretted implementation delays in some countries, particularly in disclosing beneficial ownership information on entities awarded government contracts. Directors thus underscored the importance of continued follow-through on the commitments on governance and transparency, supported if necessary, by technical assistance.

Directors welcomed the generous contributions that enabled debt relief through the third tranche, and many Directors noted the recent large contribution by the European Union. Directors stressed, however, that additional resources will be needed to provide the CCRT grants for debt relief beyond the proposed third tranche. Directors also stressed that efforts to secure additional resources to reach the funding target of SDR 1 billion should continue to ensure that adequate grant resources are in place for other CCRT-qualifying shocks in the future.



March 18, 2021

CATASTROPHE CONTAINMENT AND RELIEF TRUST—THIRD TRANCHE OF DEBT SERVICE RELIEF IN THE CONTEXT OF THE COVID-19 PANDEMIC

EXECUTIVE SUMMARY

On March 26, 2020, the Executive Board approved changes to the Catastrophe Containment and Relief Trust (CCRT) to enable the Fund as Trustee of the CCRT to provide grants for debt service relief to its poorest and most vulnerable members to assist them in their efforts to tackle the COVID-19 pandemic and its economic repercussions. To date, the Executive Board has approved two six-month tranches of debt service relief to all 29 CCRT-eligible countries with eligible debt service to the Fund, covering all debt service falling due from April 14, 2020 to April 13, 2021.^{1,2}

This paper proposes that the Executive Board approve the disbursement of a third tranche of CCRT debt service relief to 28 of the 29 CCRT-eligible members, covering the period April 14, 2021 through October 15, 2021, given staff's assessment that sufficient financial resources are available.^{3,4} In this context, the paper also provides brief updates for each CCRT-eligible country on its policy responses to the pandemic and on staff's assessments of these policies, the use of resources freed up by debt service relief, and the implementation of governance safeguards commitments. The paper also provides an update on the finances of the CCRT and ongoing fundraising efforts. Based on grant pledges and disbursements to date, additional resources are urgently needed to extend CCRT debt relief beyond the proposed third tranche while leaving the CCRT adequately funded for future needs.

¹ Where debt service falling due to the Fund is referenced, this comprises debt service falling due to the General Resources Account and the Poverty Reduction and Growth Trust (PRGT).

² Chad did not have eligible debt service falling due during the first period from April 14, 2020 to October 13, 2020 (see Table 1).

³ Tanzania does not have eligible debt service falling due during the period from April 14, 2021 to October 15, 2021 (see Table 1).

⁴ Given the flexibility provided in the Trust Instrument, the duration of the third tranche is proposed to be two business days longer than six months to accommodate two payments (totaling close to SDR 7.4 million) by two eligible members (Yemen and Malawi) which fall due on October 14 and October 15, 2021, respectively.

Approved By
Christian Mumssen,
Seán Nolan, and
Bernhard Steinki,

Prepared by the Finance Department, the Legal Department, and the Strategy, Policy, and Review Department, with country annexes provided by Area Departments. The team was led by Daehaeng Kim (SPR), Linda Kaltani (FIN), and Gabriela Rosenberg (LEG), and comprised Lukas Kohler, Maxym Kryshko, Tomohide Mineyama (SPR), Elena Budras, Niklas Westelius, Courage Gumbanjera, Elena Liu, Elodie Goirand, Mariel Acosta (FIN), Kyung Kwak, Gomiluk Otokwala and Amira Rasekh (LEG). Khamza Sharifzoda (SPR) provided research assistance and Merceditas San Pedro-Pribram and Phyo Zin (SPR) provided administrative support.

CONTENTS

RECENT DEVELOPMENTS: COVID-19 PANDEMIC AND CCRT DEBT SERVICE RELIEF	<u>4</u>
--	-----------------

CCRT-ELIGIBLE COUNTRIES: POLICY RESPONSE AND STAFF ASSESSMENT	<u>5</u>
--	-----------------

FUNDING STATUS OF THE CCRT AND PROPOSAL FOR A THIRD TRANCHE OF DEBT RELIEF	<u>9</u>
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BOXES

1. Recent CCRT-Eligible Members' Fund Engagement	<u>7</u>
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TABLES

1. Eligible Countries and Eligible Debt Service Relief for CCRT Tranches	<u>10</u>
2. Contributions to the CCRT	<u>11</u>
3. CCRT Countries: Recent Fund Engagement	<u>12</u>

ANNEXES

I. Islamic Republic of Afghanistan: Update for CCRT Debt Relief	<u>13</u>
II. Benin: Update for CCRT Debt Relief	<u>16</u>
III. Burkina Faso: Update for CCRT Debt Relief	<u>19</u>
IV. Burundi: Update for CCRT Debt Relief	<u>22</u>
V. Central African Republic: Update for CCRT Debt Relief	<u>26</u>
VI. Chad: Update for CCRT Debt Relief	<u>29</u>
VII. Union of the Comoros: Update for CCRT Debt Relief	<u>32</u>
VIII. Democratic Republic of the Congo: Update for CCRT Debt Relief	<u>35</u>
IX. Djibouti: Update for CCRT Debt Relief	<u>38</u>
X. The Federal Democratic Republic of Ethiopia: Update for CCRT Debt Relief	<u>41</u>
XI. The Gambia: Update for CCRT Debt Relief	<u>45</u>
XII. Guinea: Update for CCRT Debt Relief	<u>48</u>
XIII. Guinea-Bissau: Update for CCRT Debt Relief	<u>52</u>

XIV. Haiti: Update for CCRT Debt Relief _____	<u>55</u>
XV. Liberia: Update for CCRT Debt Relief _____	<u>58</u>
XVI. Republic of Madagascar: Update for CCRT Debt Relief _____	<u>61</u>
XVII. Malawi: Update for CCRT Debt Relief _____	<u>65</u>
XVIII. Mali: Update for CCRT Debt Relief _____	<u>68</u>
XIX. Republic of Mozambique: Update for CCRT Debt Relief _____	<u>71</u>
XX. Nepal: Update for CCRT Debt Relief _____	<u>74</u>
XXI. Niger: Update for CCRT Debt Relief _____	<u>77</u>
XXII. Rwanda: Update for CCRT Debt Relief _____	<u>80</u>
XXIII. Democratic Republic of São Tomé and Príncipe: Update for CCRT Debt Relief _____	<u>84</u>
XXIV. Sierra Leone: Update for CCRT Debt Relief _____	<u>87</u>
XXV. Solomon Islands: Update for CCRT Debt Relief _____	<u>91</u>
XXVI. Republic of Tajikistan: Update for CCRT Debt Relief _____	<u>94</u>
XXVII. United Republic of Tanzania: Update for CCRT Debt Relief _____	<u>97</u>
XXVIII. Togo: Update for CCRT Debt Relief _____	<u>100</u>
XXIX. Republic of Yemen: Update for CCRT Debt Relief _____	<u>103</u>

RECENT DEVELOPMENTS: COVID-19 PANDEMIC AND CCRT DEBT SERVICE RELIEF

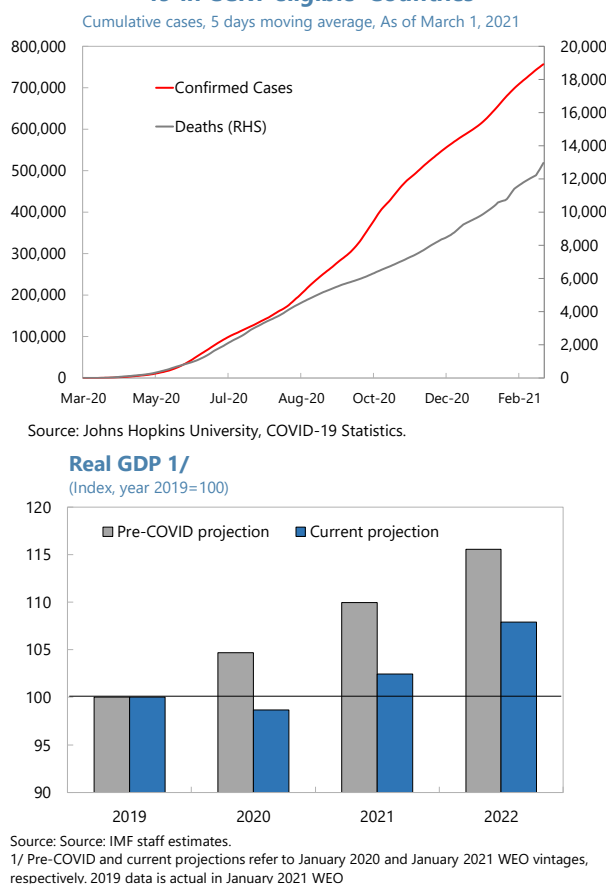
1. The COVID-19 pandemic continues to exact a severe human and economic toll on IMF members eligible for assistance from the Catastrophe Containment and Relief Trust (CCRT), even as the gradually increasing availability of vaccines—albeit uneven—provides a cautious glimmer of hope.⁵

- *Human toll:* CCRT-eligible countries continue to experience a high rate of new cases (cumulatively rising to over 750,000), while associated deaths have reached some 13,000: given limited testing capacity, these estimates are understated (see Text Figure 1).
- *Economic toll:* According to the latest WEO outlook, real GDP in CCRT-eligible countries, after contracting in 2020 and rebounding this year, is expected to surpass 2019 levels in 2021 though still remaining far below the pre-COVID projections for 2021—a possible measure of the loss incurred during the current crisis.

2. On March 26, 2020, the Executive Board approved changes to the CCRT to

enable the Fund as Trustee of the CCRT to provide grants for debt service relief to its poorest and most vulnerable members in the context of the COVID-19 pandemic.⁶ The Executive Board determined that, effective April 14, 2020, the COVID-19 pandemic constitutes a Qualifying Public Health Disaster (QPHD) under the Catastrophe Containment (CC) Window of the CCRT, pursuant to

Text Figure 1. Human and Economic Toll of COVID-19 in CCRT-eligible Countries



⁵ To be eligible for assistance from the CCRT, a member country has to be PRGT-eligible and have an annual per capita gross national income level that is less than the IDA operational cut-off level (or less than twice that level for small states); in April 2020, the cut-off level (applied to 2018 national income data) was \$1,175.

⁶ See [Catastrophe Containment and Relief Trust—Policy Proposals and Funding Strategy \(SM/20/74, March 23, 2020\)](#) and associated Decision approved on 03/26/20.

the new QPHD test⁷, and subsequently approved the qualification for up to two years of debt service relief for all 29 CCRT-eligible countries with eligible debt to the Fund, subject to the availability of CCRT resources.

3. To date, the Executive Board has approved two six-month tranches of debt service relief for all CCRT-eligible countries with eligible debt service. The first tranche covered debt service falling due from April 14 to October 13, 2020, totaling about SDR 183 million. The second tranche covered the period from October 14, 2020 to April 13, 2021, involving a total amount of SDR 168 million (Table 1).⁸ Financing for the debt service relief is supported by Special Disbursement Account (SDA) resources from the Fund, as well as generous contributions by 15 countries and the EU (Table 2).

4. CCRT-eligible members have also benefitted from other IMF financial support. Since the onset of the pandemic, the IMF has approved SDR 3.3 billion in financial assistance to 26 CCRT-eligible countries: 25 countries have received financial support through the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI), both emergency financing (EF) instruments; new arrangements under the Extended Credit Facility (ECF) have been approved for two countries (Afghanistan and The Gambia); and four countries (Benin, The Gambia, São Tomé and Príncipe, and Togo) have received augmentations of access under existing arrangements.⁹

CCRT-ELIGIBLE COUNTRIES: POLICY RESPONSE AND STAFF ASSESSMENT

5. With economic recoveries diverging across countries and sectors, CCRT-eligible countries remain severely affected by the pandemic and uncertainty lingers. Real GDP in CCRT-eligible countries is expected to grow by 3.8 percent in 2021 after contracting by 1.3 percent

Text Table 1. Real GDP Growth across IMF Member Groups

IMF member group	2019	2020			2021		
	Actual 2/	Pre-COVID proj. 1/	Estimate 2/	Change	Pre-COVID proj. 1/	Current proj. 2/	Change
29 CCRT	4.4	4.7	-1.3	-6.0	5.0	3.8	-1.2
LIDCs	5.3	5.1	-0.8	-5.9	5.1	5.1	0.0
EMDEs	3.6	4.4	-2.4	-6.8	4.6	6.3	1.7
AEs	1.6	1.6	-4.9	-6.5	1.6	4.3	2.7
Global	2.8	3.3	-3.5	-6.8	3.4	5.5	2.1

Source: Staff calculations.

1/ January 2020 WEO.

2/ January 2021 WEO.

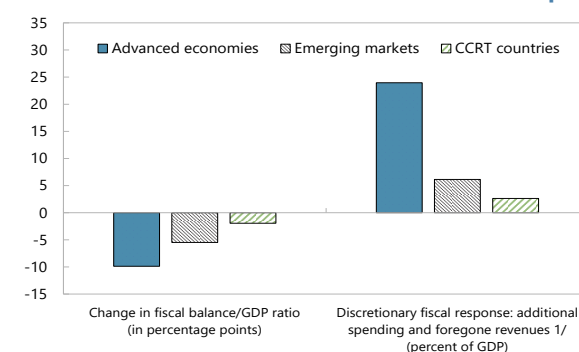
⁷ The new alternative test defines a QPHD as a life-threatening global pandemic inflicting severe economic disruption across the Fund's membership and creating balance of payments needs on such a scale as to warrant a concerted international effort to support the poorest and most vulnerable countries through substantial additional grant support and debt service relief. See [Catastrophe Containment and Relief Trust—Approval of Grant Assistance for Debt Service Relief](#) approved on 04/13/20.

⁸ <https://www.imf.org/en/Publications/Policy-Papers/Issues/2020/10/06/Catastrophe-Containment-and-Relief-Trust-Second-Tranche-Of-Debt-Service-Relief-In-The-49810>

⁹ Several countries received financial support through multiple channels: São Tomé and Príncipe (RCF and ECF augmentation), Benin (ECF augmentation and RCF/RFI), The Gambia (new ECF, RCF and ECF augmentation), Afghanistan (RCF and new ECF).

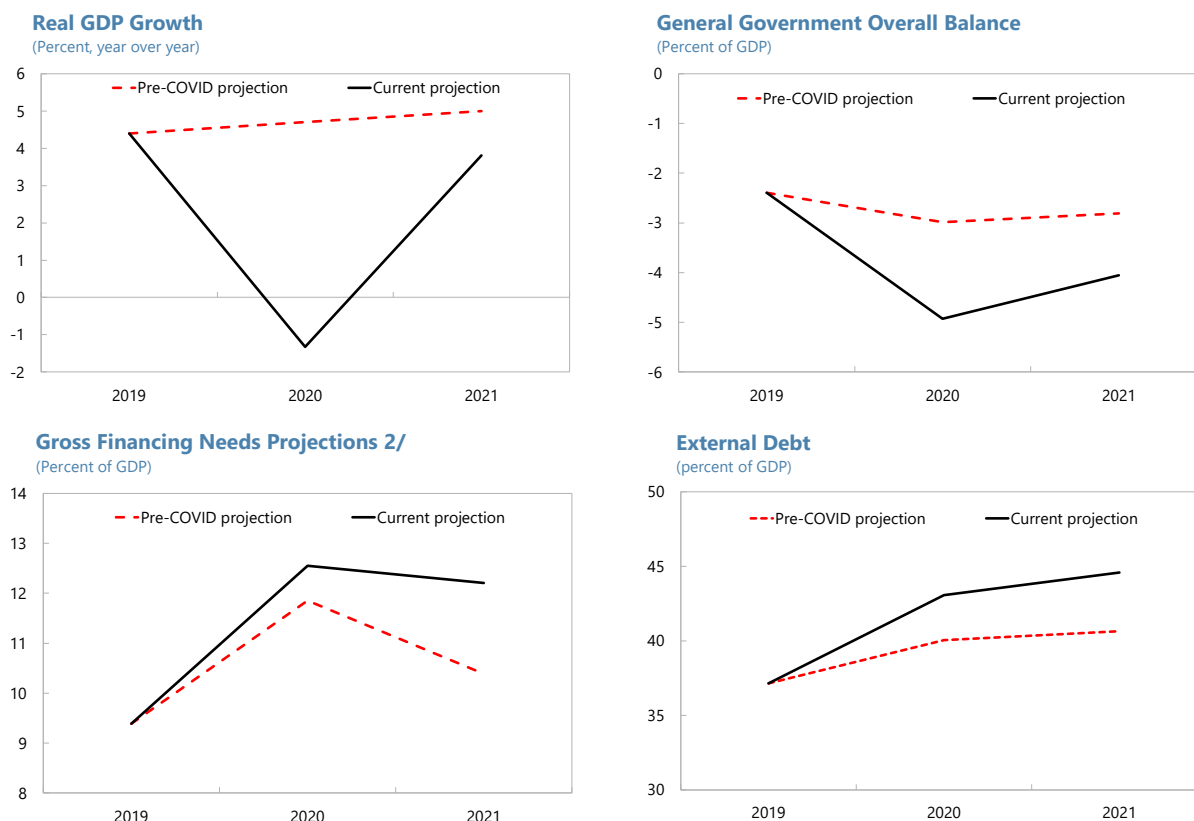
in 2020 (Text Table 1). This is substantially weaker performance than in the wider group of Low-Income Developing Countries (LIDCs), resulting in a decline in per capita income levels.¹⁰ Limited fiscal space has constrained the crisis response in CCRT countries compared to higher income countries, underscoring the benefits provided by CCRT support (Text Figure 2). In addition to real GDP growth, the fiscal balances, gross financing needs, and external debt continue to be negatively affected by the pandemic though some improvements are expected in 2021 over 2020 (Text Figure 3).

Text Figure 2. Selected Economic Indicators: Impact of COVID-19 in 2020 across IMF Member Groups



Sources: IMF, Fiscal Monitor and World Economic Outlook databases; and staff calculations.
1/ Including the provision of equity, loans, and guarantees.

Text Figure 3. Selected Macroeconomic Projections in CCRT Countries 1/



Source: IMF staff estimates.

1/ Pre-COVID and current projections refer to January 2020 and January 2021 WEO vintages, respectively. 2019 data is actual in January 2021 WEO.

2/ The average of the CCRT-eligible countries that have positive GFNs.

¹⁰ Comparing January 2020 and January 2021 WEO vintages.

6. The transition from emergency financing (EF) to UCT-quality arrangements started since October 2020 (see Box 1). These arrangements provide deeper macroeconomic and structural policy and reform dialogue, supported by conditionality, assisting member countries in implementing appropriate policies and improved governance and transparency, including those committed under earlier emergency financing and/or CCRT debt relief.

Box 1. Recent CCRT-Eligible Members' Fund Engagement

Summary of Fund-Supported Program Status: Since October 2020, 17 of the 29 CCRT-eligible members have engaged with the Fund on UCT-standard arrangements (see also Table 3). Among these, six program requests (for ECFs or ECF/EFFs)—by Chad, Democratic Republic of Congo, Madagascar, Mozambique, Nepal, and Tajikistan—are currently under discussion. Afghanistan's ECF arrangement was approved by the Board on November 6, 2020. In addition, eight reviews of ECF arrangements (Burkina Faso, Central African Republic, The Gambia, Guinea, Liberia, Mali, Niger, and São Tomé and Príncipe) and one review under a PCI (Rwanda) have been completed. Ethiopia's program review is scheduled in the coming weeks (see Box Table 1). In addition, four RCF or RCF/RFI disbursements (Benin, Guinea-Bissau, Malawi, and Sierra Leone) have been approved over this period.

Box Table 1. Recent CCRT Countries' Fund Engagement
(October 2020 – March 15, 2021)

Arrangement type	Number of countries	of which approved by the Board
ECF/EFF	16	9
of which		
New requests	7	1
Reviews	9	8
PCI	1	1
RCF	4	4

Sources: Staff calculations.

Summary of macroeconomic policies: Follow-up via these programs provides a strong policy framework, focusing on post-pandemic macroeconomic stabilization and on addressing medium-term structural issues, pre-existing or emerged during the crisis. Policy measures focus on the areas of expenditure management, public financial management, revenue mobilization, governance, debt management, monetary and exchange rate policy implementation, and access to financial services, in order of relative importance.

7. CCRT countries are making progress on their commitments to enhance accountability and transparency arrangements in the context of COVID-19 related spending, though some implementation delays have been observed.¹¹ A majority of countries are regularly reporting on COVID-19 related spending, and many have begun publishing procurement contract information.

¹¹ Please see country annexes for The Gambia, Comoros, Democratic Republic of Congo, Djibouti, Madagascar, Mali (TA and follow-up required), Nepal, São Tomé and Príncipe (TA requested), Tanzania (RCF/RFI discussions paused), Tajikistan, and Yemen (limited Fund engagement).

Most countries have also committed to undertake ex-post audits of crisis-related spending and publish them online, typically 3-12 months after the end of the fiscal year (i.e., later in 2021 in most cases). Disclosing beneficial ownership information of entities awarded government contracts is also advancing, with some countries (e.g., Benin, The Gambia, Guinea) already implementing this measure as part of their upgraded procurement framework. However, progress on disclosing beneficial ownership information has been limited in many other cases, reflecting challenges relating to capacity constraints, the novelty of the measure in some countries, and/or the need to first revise the legal framework for procurement. Several countries are expected to receive Fund technical assistance to address these challenges and to support efforts to audit crisis-related spending.

8. Financial resources freed up by the debt relief have helped support macroeconomic policy measures. CCRT-eligible members are implementing a broad set of policies to address the COVID-19 pandemic, including boosting social and priority spending and other COVID-related spending (see Text Table 2). On average, these countries have boosted 2020 (fiscal or calendar year) priority spending relative to pre-COVID projections by some 0.5 percentage points of GDP, notwithstanding significant loss of budgetary revenues in many cases. In 2021, they are expected to maintain higher levels of priority spending than anticipated in pre-COVID projections by around 0.9 percentage points of GDP, reflecting the need for continued social outlays given the slow economic rebound. Outlays on health and social protection are expected to be higher, on average, by about 0.4 and 0.3 percentage points of GDP than in the pre-COVID projections, respectively. Compared to pre-pandemic projections, education spending is expected to increase in 2021, after remaining flat in 2020.

9. Staff assesses that CCRT-eligible countries are generally pursuing appropriate macroeconomic policies in response to the economic fallout from the global pandemic.

Text Table 2. COVID-19 Related Fiscal Measures Adopted by CCRT Countries

(Percent of GDP, unless otherwise indicated)

	2019	2020		2021	
	Act.	Pre-COVID proj.	Act./Est.	Pre-COVID proj.	Current proj.
Priority & social spending	5.3	5.6	6.1	5.2	6.1
<i>of which</i>					
Health	1.4	1.5	1.9	1.3	1.7
Education	2.9	2.7	2.7	2.7	2.9
Social protection	0.9	1.0	1.4	1.0	1.3
Other COVID spending 1/	...	...	2.0	...	1.0
<i>of which</i>					
Prevention & containment	...	...	0.7	...	0.4
Support for HH	...	...	0.8	...	0.4
Support for business	...	...	0.8	...	0.4
<i>Memorandum Item</i>					
Revenue	16.3	16.6	15.2	16.7	15.6
Priority & social spending (percent of public spending)	23.4	23.8	25.8	24.5	26.9

Source: Staff calculations.

1/ Subcomponents do not add up to total: some items may be missing for some countries.

Importantly, the transition from emergency financing to UCT-standard arrangements in a number of countries is providing strong policy frameworks for the recovery period. Staff also assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT are being used as committed, contributing to emergency health, social, and economic support spending to mitigate the impact of the pandemic on life and livelihoods of populations, amid substantial revenue shortfalls.¹² In a few cases, the overall macroeconomic policy response to the pandemic fell short, even as CCRT debt relief resources supported priority and health spending. Execution of priority spending in social sectors could be improved in a number of countries to help cushion the impact of the pandemic.

FUNDING STATUS OF THE CCRT AND PROPOSAL FOR A THIRD TRANCHE OF DEBT RELIEF

10. The Fund has to date received grant pledges covering more than half of the SDR 1 billion fundraising target. So far, 15 countries and the EU have pledged about SDR 546 million in new grants, of which approximately SDR 189 million constitute new pledges made since the approval of the second tranche in October 2020 (Table 2). On November 23, 2020, the European Union announced a contribution of EUR 183 million (about SDR 153 million), which has been instrumental in unlocking the third tranche of debt service relief.¹³ In addition, France and the Philippines recently pledged grant contributions of EUR 40 million (about SDR 33 million) and US\$4 million (approximately SDR 3 million), respectively.¹⁴ Other member countries are considering additional contributions totaling SDR 12 million, subject to domestic procedures.

11. Staff assesses the available resources and pledges to be sufficient to finance the proposed third tranche of debt service relief from April 14 to October 15, 2021. In light of grant pledges already disbursed¹⁵, or expected soon and taking into account the SDR 352 million of debt

¹² As noted in the Country Annexes, a handful of countries (Comoros, Democratic Republic of Congo, Djibouti, The Gambia, Nepal, and Yemen) have some data gaps, particularly for 2021 (Guinea), which hamper a complete staff assessment.

¹³ A contribution agreement with the European Union was signed on March 17, 2021. The total amount of EUR 183 million (SDR 153 million) will be held, on an interim basis, in the newly established Interim EU Subaccount – see *Framework Interim Account—Establishment of the Interim European Union Subaccount (the “Interim EU Subaccount”) (EBS/21/10, 2/23/21)*. Of the total, an initial installment of approximately SDR 141 million will be transferred to the CCRT in support of the third CCRT tranche, while the remaining portion could be used to provide assistance in the context of the fourth or future tranches, provided that any unused funds would have to be returned to the EU, if requested by the EU.

¹⁴ The disbursement from France could take place in July 2021, followed by the first disbursement of four annual installments from the Philippines in September 2021.

¹⁵ Cash balances in the CCRT amounted to SDR 145 million as of March 16, 2021. In addition, cash resources of approximately SDR 141 million will be available in the Interim EU Subaccount to support the third tranche of CCRT debt relief. Barring any additional CCRT requests and assuming projected disbursements of existing pledges, the CCRT’s cash balance is projected to be SDR 164 million at the end of the third debt relief tranche on October 15, 2021, modestly above the pre-COVID balance of SDR 150 million. This amount remains lower than what is needed to address the original (pre-COVID) CCRT underfunding estimated at between SDR 200–275 million.

service relief already released under the first and second tranches, staff assesses that there are adequate resources to cover a third CCRT tranche estimated at SDR 168 million, while maintaining a resource cushion for other potential CCRT-qualifying shocks. *Hence, staff recommends the approval of the third tranche of grant assistance for debt service relief for 28 qualifying member countries that have CCRT-eligible debt during the period from April 14, 2021 through October 15, 2021.*

12. Based on grant pledges to date, more resources will be needed to extend CCRT relief beyond the proposed tranche. Future tranches, covering the period of October 16, 2021 through April 13, 2022, could be considered by the Executive Board, taking into account the availability of CCRT resources and the likely needs of members under other potentially qualifying events. Significant additional grant pledges will be required to reach the funding target of SDR 1 billion and unlock a possible fourth tranche.

Table 1. Eligible Countries and Eligible Debt Service Relief for CCRT Tranches
(In SDRs; as of end-February 2021)

Country	Eligible Debt Service				
	1st tranche (actual) (Apr 14-Oct 13, 2020)	2nd tranche (actual) (Oct 14, 2020-Apr 13, 2021)	3rd tranche 1/ 2/ 3/ (Apr 14-Oct 15, 2021)	Remaining period 1/ 2/ (Oct 16, 2021-Apr 13, 2022)	Two-year total 1/ 2/ (Apr 14, 2020-Apr 13, 2022)
Afghanistan, Islamic Republic of	2,400,000	2,400,000	2,400,000	2,850,000	10,050,000
Benin	7,428,000	6,366,000	5,305,000	4,244,000	23,343,000
Burkina Faso	8,737,400	10,295,000	9,650,000	10,862,000	39,544,400
Burundi	5,480,000	4,820,000	4,160,000	3,500,000	17,960,000
Central African Republic	2,955,800	2,924,300	2,924,300	4,176,800	12,981,200
Chad	0	1,997,000	4,062,000	4,062,000	10,121,000
Comoros	969,857	811,199	653,981	654,494	3,089,531
Congo, Democratic Republic of	14,847,900	9,898,600	4,949,300	0	29,695,800
Djibouti	1,692,000	1,692,000	1,396,800	1,249,200	6,030,000
Ethiopia	8,560,166	4,504,835	471,500	479,316	14,015,817
Gambia, The	2,099,250	2,099,250	1,866,000	1,866,000	7,930,500
Guinea	16,371,000	16,371,000	18,207,000	18,207,000	69,156,000
Guinea-Bissau	1,079,200	1,363,200	1,121,800	880,400	4,444,600
Haiti	4,095,000	3,978,000	3,978,000	3,159,000	15,210,000
Liberia	11,632,800	11,188,800	11,483,000	11,039,000	45,343,600
Madagascar	3,055,000	3,055,000	6,110,000	9,252,800	21,472,800
Malawi	7,202,000	7,202,000	7,809,000	10,629,000	32,842,000
Mali	7,300,000	7,500,000	7,700,000	7,500,000	30,000,000
Mozambique	10,886,667	9,466,667	9,466,667	9,466,667	39,286,668
Nepal	2,852,000	3,565,000	3,565,000	3,565,000	13,547,000
Niger	5,640,000	5,640,000	9,540,500	10,774,500	31,595,000
Rwanda	8,010,000	12,015,000	14,017,500	16,020,000	50,062,500
São Tomé and Príncipe	111,000	174,428	174,428	237,856	697,712
Sierra Leone	13,364,500	12,220,500	15,110,000	17,554,000	58,249,000
Solomon Islands	59,428	74,285	103,999	103,999	341,711
Tajikistan, Republic of	7,830,000	5,218,000	3,913,500	2,609,000	19,570,500
Tanzania	10,277,889	8,288,888	0	0	18,566,777
Togo	3,740,000	2,310,000	880,000	0	6,930,000
Yemen, Republic of	14,441,500	10,962,500	17,050,000	4,875,000	47,329,000
Total	183,118,357	168,401,452	168,069,275	159,817,032	679,406,116

Source: IMF Finance Department.

1/ Eligible debt service includes estimates for the GRA charges for Ethiopia and Comoros. For the 3rd tranche, principal repayment obligations for Comoros amount to SDR 623,000. There are no principal repayment obligations on the CCRT-eligible debt for Ethiopia.

2/ Subject to sufficient resources being secured.

3/ Given the flexibility provided in the Trust Instrument, the duration of the third tranche is proposed to be two business days longer than six months to accommodate two payments (totaling close to SDR 7.4 million) by two eligible members (Yemen and Malawi) which fall due on October 14 and October 15, 2021, respectively.

Table 2. Contributions to the CCRT
(As of March 16, 2021)

Country	CCRT grants			Current status of contribution
	In millions ¹ of SDRs	In millions of original currency (if appl.)	In millions of US\$	
European Union ²	152.7	€ 183	218.2	To be disbursed
UK	135.8	£150	194.1	Disbursed
Japan	73.4	\$100	104.9	Disbursed
Germany	66.2	€ 80	94.6	Disbursed
France	33.4	€ 40	47.7	Pledge
Netherlands	20.8	€ 25	29.7	Disbursed
Switzerland	19.5	CHF 25	27.8	Disbursed
Norway	14.5	NOK 180	20.8	Disbursed
China	5.6		8.0	Disbursed
Mexico ³	2.9	\$4	4.2	Disbursed
Philippines	2.8	\$4	4.0	Pledge
Sweden	2.4	SEK 30	3.5	Disbursed
Bulgaria	1.9		2.7	Disbursed
Luxembourg	1.7	€ 2	2.4	Disbursed
Malta	0.6	\$0.8	0.8	Disbursed
Other(s) ⁴	12.3	\$17.6	17.6	Pledge
Total	546.4		781.1	
Target	SDR 1 billion		US\$1.4 billion	

Source: IMF Finance department.

¹ Original currencies have been converted to the SDR equivalent using the relevant spot exchange rates on March 16, 2021.

² Out of the total EU contribution, approximately SDR 141 million will be used for the third CCRT tranche. The remaining balance could be used for additional CCRT debt relief in the context of the fourth or future tranches.

³ Disbursed as part of the 2015-17 fundraising campaign.

⁴ Subject to domestic approval.

Table 3. CCRT Countries: Recent Fund Engagement
(October 2020 –March 15, 2021)

Country	Recent engagement		Program description		
	Sequence	Approval date	Arrangement	Percent of Quota at approval	Approval year
Afghanistan, Islamic Republic of	Request	11/6/2020	ECF	80	2020
Burkina Faso	4th and 5th reviews	11/13/2020	ECF	90	2018
Central African Republic	1st and 2nd reviews	1/12/2021	ECF	75	2019
Chad	Request	Upcoming	ECF/EFF	-	-
Congo, Democratic Republic of	Request	Upcoming	ECF	-	-
Ethiopia	1st and 2nd reviews	Upcoming	ECF	-	-
Gambia, The	1st review	1/15/2021	ECF	56	2020
Guinea	5th and 6th reviews	12/9/2020	ECF	56	2017
Liberia	1st and 2nd reviews	12/21/2020	ECF	60	2019
Madagascar	Request	Upcoming	ECF	-	-
Mali	2nd and 3rd reviews	2/22/2021	ECF	75	2019
Mozambique	Request	Upcoming	ECF	-	-
Nepal	Request	Upcoming	ECF	-	-
Niger	6th review	10/26/2020	ECF	75	2017
São Tomé and Príncipe	2nd review	2/26/2021	ECF	90	2019
Tajikistan, Republic of	Request	Upcoming	ECF	-	-
Rwanda	3rd review	12/16/2020	PCI	-	2019
Benin	Request	12/21/2020	RCF/RFI	100	2020
Guinea-Bissau	Request	1/25/2021	RCF	50	2021
Malawi	Request	10/2/2020	RCF	52	2020
Sierra Leone	Request	3/15/2021	RCF	17	2021

Source: Staff calculations.

Annex I. Islamic Republic of Afghanistan: Update for CCRT Debt Relief

Recent economic developments. Activity rebounded in the second half of 2020 after containment measures were progressively removed over the summer. Mobility is back nearly to pre-crisis levels, and a few containment restrictions remaining in place are generally ignored by the public. The turnaround notwithstanding, the pandemic has imposed a heavy social, fiscal, and growth toll—it forced thousands into poverty,¹ set back efforts towards self-reliance, and caused a permanent output loss. The economy is estimated to have contracted by 5 percent in 2020 compared to pre-COVID growth projection of 3.5 percent. After peaking at 8.7 percent in April, annual inflation fell to 5 percent in December, reflecting a decline in food prices thanks to the resumption of trade and a good fall harvest. Budget revenue fell by 16 percent in 2020 compared to 2019, and spending rose to mitigate the health and economic impact of COVID-19, leading to a widening of the fiscal deficit to 2.5 percent of GDP. The current account deficit before grants is estimated at 26 percent of GDP in 2020, slightly lower than in 2019, as the drop in exports was offset by lower imports. The pace of the recovery seems to have moderated in late 2020 amid the second wave of COVID-19 infections in November and December although the infections trend reversed in January. Growth is projected to rebound to 4 percent in 2021 supported by a recovery in services and industry, sectors that suffered most from COVID-19. Risks to the outlook are to the downside and stem from security and the outcome of peace negotiations as well as a possibility of poor spring harvest due to a dry winter, shortfalls in aid, and political tensions.

Public health and macroeconomic policy response. Given the limited effectiveness of monetary policy, fiscal measures were mobilized to mitigate the social and economic impact of the pandemic. Priority expenditure, consisting of health, education, and social outlays, rose to 7.4 percent of GDP in 2020 compared to 5.1 percent of GDP projected pre-COVID. The increase was for the most part driven by COVID-related outlays, namely (i) pandemic response health programs to prevent and contain the spread of the virus (0.9 percent of GDP); and (ii) the government's bread distribution program and the REACH social distribution program financed by the World Bank (1 percent of GDP). In addition, the government directed 0.4 percent of GDP of spending to support employment,

Afghanistan: COVID-Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	5.1	7.4	2.3	4.4	6.6	2.2
of which						
Health	0.9	1.9	1.0	0.8	1.3	0.5
Education	3.0	3.3	0.4	2.6	3.5	0.9
Social	1.2	2.1	1.0	1.0	1.9	0.8
Covid-related spending	0.0	2.2	2.2	0.0	0.9	0.9
Covid prevention, containment & mgmt 2/	0.0	0.9	0.9	0.0	0.3	0.3
Transfers to HHs 3/	0.0	1.0	1.0	0.0	0.6	0.6
Transfers to businesses, SOEs, govt entities	0.0	0.4	0.4	0.0	0.1	0.1
Memorandum						
Priority expenditures (percent of public spending)	19.4	25.0	5.6	16.2	23.2	6.9
Other Covid-related spending (percent of public spending)	-	7.5	7.5	-	3.2	3.2
Tax relief to HHs/businesses/other revenue measures	-	n.a.	n.a.	-	n.a.	n.a.

1/ Most recent projection before March 1, 2020.
2/ Included in health outlays under the priority expenditures.
3/ Consisting of the bread distribution and REACH programs. Included in social outlays under the priority expenditures.

¹ The World Bank estimates that poverty rose to 61–72 percent from 55 percent in 2017.

agriculture, and food supply. In total, COVID-related expenditure in 2020 amounted to 2.2 percent of GDP, somewhat less than 2.9 percent of GDP envisioned at the time of the ECF approval last November. The authorities' response to the pandemic has been boosted by substantial support from donors, who in response to COVID-19 mobilized new and redirected existing grants, including for general budget support, in the amount of 2.7 percent of GDP. In 2021, the authorities plan to spend 0.9 percent of GDP on COVID-related expenditure, with two thirds accounted for by the remainder of the REACH program.

Governance safeguards. The authorities published the [first quarterly report on pandemic-related spending](#) last October. Further, and in line with the authorities' commitment under the Extended Credit Facility (ECF) arrangement, the Supreme Audit Council will soon undertake audits of selected COVID-19 spending and publish its reports by June 2021.² Finally, as part of their reforms to strengthen transparency in procurement and a prior action under the ECF arrangement, the authorities amended procurement procedures to require publication of beneficial ownership information of all entities contracting with the government within 30 days of contract signing. This will be made available through the online portal of the National Procurement Agency, which regularly publishes procurement contracts.³

IMF support. The Executive Board approved a disbursement in the amount of SDR 161.9 million (about US\$220 million; 50 percent of quota) under the Rapid Credit Facility in April 2020. On November 6, 2020, the Executive Board approved a [42-month SDR 259 million \(80 percent of quota; about US\\$370 million\) arrangement under the ECF](#). The mission to conduct the first review under the arrangement is scheduled for March.

Upcoming debt service. Afghanistan has debt service of SDR 2.4 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the third tranche of debt service relief under the CCRT.

Staff assessment. The authorities' priorities have rightly focused on mitigating the social and economic fallout of the pandemic and preparing the ground for a durable recovery. They appropriately allowed a fiscal loosening in 2020 and sought donor grants to help accommodate the revenue shortfall and fund critical health and social mitigation spending while curtailing lower priority outlays and putting in place governance safeguards to strengthen its accountability and transparency. Resources freed by Fund debt service relief under the CCRT and other support from the Fund have helped create room for priority health and social spending. While most of fiscal pandemic-support measures have been unwound, the authorities remain focused in 2021 on providing, with assistance from donors, targeted support to sustain the recovery, limit scarring, and mitigate the pandemic's impact on the health and livelihood of the vulnerable population.

² [FY2020 COVID-19 spending items to be audited comprise of health spending, including for building hospitals; the bread distribution and wheat purchase programs; package to support agriculture; and transfers to provinces for COVID-19 response.](#)

³ <https://www.npa.gov.af/en/home>.

Table 1. Afghanistan: Selected Economic Indicators, 2018–21

(Quota: SDR 323.8 million)

(Population: approx. 32.2 million; 2019)

(Per capita GDP: approx. US\$586; 2019)

(Poverty rate: 54.5 percent; 2016–2017)

(Main exports: dried and fresh fruits and vegetables, medical seeds, 2020)

	2018	2019	2020		2021	
			Pre-Covid proj.1/	Est.	Pre-Covid proj.1/	Proj.
Output and prices 2/						
(Annual percentage change, unless otherwise indicated)						
Real GDP	1.2	3.9	3.5	-5.0	4.0	4.0
Nominal GDP (in billions of Afghanis)	1,328	1,470	1,620	1,470	1,761	1,599
Nominal GDP (in billions of U.S. dollars)	18.4	18.9	20.3	19.1	21.3	19.9
Consumer prices (period average)	0.6	2.3	2.8	5.6	4.5	5.1
Food	-1.1	3.8	...	10.0	...	...
Non-food	2.3	0.9	...	1.4	...	...
Consumer prices (end of period)	0.8	2.8	4.0	5.0	5.0	5.8
Investment and savings						
(In percent of GDP)						
Gross domestic investment	18.0	18.2	17.4	16.4	17.5	17.4
Of which: Private	5.4	6.0	7.0	4.8	7.1	5.0
Gross national savings	30.2	29.9	21.4	27.1	20.0	27.4
Of which: Private	16.0	18.7	11.7	18.0	9.5	17.5
Public finances (central government)						
Domestic revenues and grants	30.6	26.9	25.3	27.0	27.1	26.0
Domestic revenues	14.3	14.1	12.5	11.8	13.5	12.3
On-budget grants (excl. donors' direct spending outside the budget)	16.3	12.9	12.8	15.3	13.6	13.7
Expenditures	28.9	28.0	26.0	29.5	27.1	28.5
Operating 3/	19.4	18.5	17.4	19.5	17.9	19.1
Development	9.5	9.5	8.6	10.0	9.2	9.4
Operating balance (excluding grants) 4/	-5.1	-4.5	-5.0	-7.7	-4.4	-6.8
Overall balance (including grants)	1.6	-1.1	-0.8	-2.5	0.0	-2.5
Public debt 5/ 6/	7.4	6.1	7.9	7.8	8.2	8.8
Monetary sector						
(Annual percentage change, end of period, unless otherwise indicated)						
Reserve money	-2.7	10.6	10.6	10.3	9.1	10.6
Currency in circulation	-0.2	13.6	2.6	13.1	7.0	9.5
Broad money	2.6	5.7	9.0	12.1	9.0	12.4
Interest rate, 28-day capital note (in percent)	3.0	3.0	...	1.3	...	...
External sector 2/						
(In percent of GDP, unless otherwise indicated)						
Exports of goods (in millions of U.S. dollars)	875	864	915	780	1020	860
Exports of goods (annual percentage change)	11.6	-1.3	7.3	-9.7	11.4	10.2
Imports of goods (in millions of U.S. dollars)	6,596	6,158	6,476	6,000	6,757	6,348
Imports of goods (annual percentage change)	-2.1	-6.6	2.7	-2.6	4.3	5.8
Merchandise trade balance	-31.1	-28.0	-35.0	-27.3	-35.0	-27.5
Current account balance 8/						
Excluding official transfers	-31.4	-27.0	-28.2	-26.2	-27.9	-26.3
Including official transfers	12.2	11.7	4.0	10.7	2.5	10.0
Foreign direct investment	0.4	0.0	0.5	0.0	0.5	0.5
Total external debt 5/	6.8	6.1	7.9	7.8	8.2	8.7
Gross international reserves (in millions of U.S. dollars)	8,273	8,573	8,499	9,763	8,356	9,500
Import coverage of reserves 7/	13.5	14.5	12.3	15.6	11.4	14.7
Memorandum items						
UN Human Development Index	0.5	0.5	...	...	...	...
Social & health expenditures (% of GDP)	...	2.6	2.1	4.0	1.8	3.1

Sources: Afghan authorities, United Nations Office on Drugs and Crime, UNDP, WITS database, and IMF staff estimates and projections.

1/ Pre-COVID refers to end-January 2020 projection.

2/ Excluding the narcotics economy.

3/ Comprising mainly current spending.

4/ Defined as domestic revenues minus operating expenditures.

5/ Public sector only. Incorporates committed but not yet delivered debt relief. Debt relief recorded fully at time of commitment.

6/ Public debt includes promissory note issued by MoF to settle DAB's Kabul Bank exposure.

7/ In months of next year's import of goods and services.

8/ Current account does not include COVID emergency financing grants.

Annex II. Benin: Update for CCRT Debt Relief

Recent Economic Developments.¹ Total confirmed COVID-19 cases reached 5,039, including 62 fatalities as of February 16, 2020. The pandemic continues to have a severe economic impact on the Beninese economy, but some signs of recovery, although fragile, appeared in the second semester of 2020. However, early socioeconomic indicators show that previously improving socioeconomic trends, including inclusiveness, have been curbed. The poverty rate is projected to increase from 38.5 percent in 2019 to above 45 percent in 2020. Real GDP growth is estimated at around 2 percent in 2020 and is projected to increase to about 5 percent for 2021. Agriculture, commerce and trade, transport, and the hospitality industry were among the most affected sectors in 2020 due to containment and mitigation measures, global spillovers (lower remittances, trade, transport, and FDI), and the prolonged border closure with Nigeria—Benin's main trading partner.² Growth estimates and outlook remain unchanged compared to the previous the CCRT Board paper (October 2020). The overall fiscal deficit is estimated at 4.9 percent of GDP in 2020 and is projected to ease slightly to 4.5 percent of GDP in 2021. The COVID-19 shock, coupled with the border closure with Nigeria, led to a revenue shortfall and higher expenditure from health-related needs and mitigation measures to support economic activity. Public debt is estimated to increase to 45.4 percent of GDP at end-2020. The current account deficit is projected to remain wider than pre-COVID-19. The recent EUR 1 billion Eurobond issuance in January 2021 helped increase buffers.

Public health and macroeconomic policies. The authorities adopted a set of measures in 2020 amounting to up to 3.7 percent of GDP and extending over multiple years (2020-22). It includes a health preparedness and response plan and a socio-economic response plan to support formal sector companies and vulnerable households—for the latter, through cash transfers, electricity and water bills subsidies, and urgent social projects. In addition, a public guarantee plan and credit lines and refinancing

Benin: COVID-19 Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	2019	2020		2021		
		Pre-COVID proj 1/	Est.	Pre-COVID proj 1/	Budget 2/	Current proj.
Total revenue	12.9	13.5	13.1	13.5	12.7	13.1
Grants	1.2	1.0	1.8	1.0	1.1	1.2
Priority spending	4.3	4.9	5.5	4.9	5.5	5.6
Health	0.6	0.8	1.5	0.8	1.0	1.0
Education	2.6	3.0	2.8	3.0	3.2	3.3
Social protection/assistance	1.1	1.1	1.2	1.1	1.3	1.3
Other COVID-19 spending			1.1		0.4	0.5
COVID-19 prevention/management			0.7		0.2	0.2
Support for households			0.1		0.2	0.2
Support of business			0.3		0.0	0.0
Memo items						
Other COVID-19 related measures			1.7			
Of which : Credit lines and refinancing			0.7			
Of which : Government guarantees			1.0			
Nominal GDP (CFAF billion)	8,432	9,036	8,732	9,865	9,559	9,299
Total public spending and net lending	14.6	16.3	19.7	16.2	18.3	18.7
Fiscal overall balance (commitment basis, incl. grants)	-0.5	-1.8	-4.9	-1.7	-4.5	-4.5
US\$ exchange rate (average)	585.9	585.4	573.8	579.8	533.4	533.4

Sources: Beninese authorities; and IMF staff estimates and projections.

1/ IMF Country Staff Report No 19/398 (5th review, December 2019).

2/ 2021 Budget Law (No. 2020-33, December 2020).

¹ See [IMF Country Report No. 2021/014](#) (January 2021).

² In August 2019, Nigeria closed its land border with neighbors, negatively impacting informal trade and revenue collection. In December 2020, the Nigerian authorities announced the immediate reopening of the land border - crossing point with Benin. Nonetheless, traffic remains limited. A bilateral working group has been set up with the objective of fully resuming the land trade by end-May 2021.

measures were established to foster access to finance for micro, small, and medium enterprises. Benin benefited from the 1st and 2nd tranche of the CCRT covering the period between April 14, 2020 and April 13, 2021 for an amount of SDR 13.8 million (CFAF 6 billion), about 4.2 percent of the COVID-19 total response.

Governance safeguards. In their latest Letter of Intent³, the authorities reiterated their commitments to ensure transparency and accountability in the management of COVID-19-related expenditures. The Accounting Chamber is expected to publish the result of its independent audit of the use and effectiveness of the funds committed by end-June 2021. Since December 2020, the authorities publish online, on a monthly basis, procurement documents and key information related to contracts above CFAF 10 million implemented under the COVID-19 response plan, also publishing the names of the beneficial owners of the awarded companies, as well as the validation of delivery. The new legal framework for the management of public investment was adopted on January 6, 2021.

IMF support status. Benin's three-year arrangement under the Extended Credit Facility (ECF) concluded on July 31, 2020. The completion of the sixth and final review under the arrangement enabled the disbursement of SDR 91.931 million (about US\$ 125 million), of which SDR 73.013 million (US\$ 103.3 million) were due to an augmentation of access of 61.4 percent of Benin's quota to address the urgent financing needs associated with the pandemic. The IMF Board approved the disbursement of emergency financing under the Rapid Credit Facility (RCF) and purchase under the Rapid Financing Instrument (RFI) in December 2020 equivalent to 100 percent of quota (SDR 123.8 million or US\$ 176 million). The authorities have expressed their interest in a new Fund-supported program following the presidential elections in April 2021.

Upcoming debt service. Benin has debt service of SDR 5.3 million falling due during the interval from April 14, 2021 to October 15, 2021, the period covered by the third tranche of debt service relief under the CCRT.

Staff assessment. Staff assess that Benin is pursuing appropriate macroeconomic policies to address the global pandemic. Staff also assess that the resources freed by the initial tranches of Fund debt service relief under the CCRT, the augmentation of access under the ECF-supported arrangement, as well as the emergency financing under the RCF/RFI are being used to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on the lives and livelihoods of the population.

³ Letter of Intent accompanying the emergency support request under the RCF/RFI (IMF Country report No. 2021/014, December 2020).

Table 1. Benin: Selected Economic and Financial Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
	Est.		Pre-Covid 19	Est.	Pre-Covid 19	Proj.	Projections				
National income and prices	(Annual percentage change)										
Real GDP	6.7	6.9	6.7	2.0	6.7	5.0	6.0	6.5	6.5	6.5	6.4
Nominal GDP	7.3	6.5	8.0	3.6	9.2	6.5	8.7	8.5	8.6	8.6	8.5
GDP deflator	0.6	-0.3	1.2	1.5	2.1	1.4	2.5	1.7	1.9	1.9	1.9
Consumer price index (average)	0.8	-0.9	1.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer price index (end of period)	-0.1	0.3	1.9	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
External sector											
Terms of trade (minus = deterioration)	7.8	5.1	0.0	-5.7	0.0	-2.1	2.8	-0.7	0.0	0.0	-0.1
Real effective exchange rate (minus = deterioration)	1.9	-3.3	...	...	...	...	...	...	...	...	...
Money and credit											
Credit to the private sector	8.5	11.9	10.1	0.8	11.0	12.9	...	...	...	...	...
Broad money (M2)	4.8	6.0	8.0	3.6	...	6.5	...	...	...	...	...
Central government finance	(Percent of GDP, unless otherwise indicated)										
Total revenue	13.0	12.9	13.5	13.1	13.5	13.1	13.6	14.2	14.4	14.6	14.8
<i>of which: Tax revenue</i>	10.3	10.6	11.4	10.9	11.4	10.9	11.4	12.0	12.2	12.4	12.6
Grants	0.6	1.2	1.0	1.7	0.8	1.2	1.0	1.0	1.0	0.8	0.8
Total expenditure and net lending	16.5	14.6	16.3	19.7	16.2	18.7	17.5	17.7	17.4	17.4	17.1
Overall balance (commitment basis, including grants)	-2.9	-0.5	-1.8	-4.9	-1.7	-4.5	-3.0	-2.5	-2.0	-2.0	-1.5
Overall balance (cash basis, including grants)	-3.0	-0.6	-2.0	-4.3	-2.8	-4.7	-3.2	-2.6	-2.1	-2.1	-1.6
Domestic financing, net	-0.6	-3.6	0.8	1.8	0.8	-1.0	2.1	1.7	1.8	1.7	1.1
External financing, net	3.6	4.2	1.1	2.5	2.1	5.7	1.1	0.9	0.3	0.4	0.5
External sector											
Balance of goods and services 1/	-5.8	-5.0	-6.8	-5.9	-5.9	-4.9	-4.1	-4.1	-4.0	-3.9	-3.8
Exports of goods and services 1/	27.0	24.9	14.7	18.5	15.5	22.9	22.7	22.1	21.8	21.4	21.3
Imports of goods and services 1/	-32.8	-29.9	-20.0	-24.4	-19.9	-27.8	-26.8	-26.2	-25.7	-25.3	-25.1
Current account balance, including official transfers 1/	-4.6	-4.0	-4.7	-4.7	-4.5	-4.4	-3.6	-3.7	-3.6	-3.6	-3.5
Overall balance of payments 1/ 2/	2.5	0.5	3.1	-0.2	3.2	3.2	0.0	-0.2	-0.7	-0.8	-0.7
Public debt (end period) 3/											
Total public debt	41.1	41.2	40.1	45.4	37.4	47.9	46.4	44.8	42.9	41.1	38.7
External public debt	19.4	24.0	23.3	25.3	22.9	31.3	29.7	28.2	26.2	24.6	23.0
Domestic public debt	21.7	17.3	16.7	20.1	14.6	16.6	16.8	16.6	16.7	16.6	15.7
Memorandum items											
Nominal GDP (CFAF billions)	7,916	8,432	9,036	8,732	9865.4	9,299	10,104	10,962	11,909	12,933	14,026
Nominal GDP (US\$ billions)	14.3	14.4	15.4	15.2	17.0	17.5	...	...	...	...	...
Nominal GDP per capita (US\$)	1,240.8	1,218.3	1,271.0	1,250.8	1362.5	1,402.6	...	...	...	...	...
US\$ exchange rate (average)	555.2	585.9	585.4	574.7	579.8	530.9	...	...	...	...	...
International price of cotton (Cotlook "A" Index, U.S. cents a lb.)	91.4	77.9	73.3	71.9	77.8	86.1	82.0	78.1	78.1	78.1	78.1
International price of oil (U.S. dollars a barrel)	68.3	61.4	55.5	41.3	54.1	52.6	50.1	48.7	48.0	47.6	47.4
UNHDI	0.541	0.545	...	...	...	...	...	...	...	...	...
Social & health expenditures as percent of GDP	2.6	2.3	2.3	5.5	4.9	5.6	...	...	...	...	...

Sources: Beninese authorities; and IMF staff estimates and projections.

1/ Includes re-exports and imports for re-export, except for EBS/19/398 for which re-export activities are recorded in current transfers.

2/ In 2021, the increase in the overall balance of payments reflects the issuance of the 2021 eurobond.

3/ The GDP rebasing published in 2019 revised down the public debt ratio by about 15 percentage points (see Annex I of IMF Country Report No. 19/398).

Annex III. Burkina Faso: Update for CCRT Debt Relief

Recent economic developments. COVID-19 continues to have a severe socio-economic impact on Burkina Faso, thereby exacerbating the ongoing security and humanitarian crisis. The cumulative number of confirmed cases stood at 11,982 as of end-February 2021, and the second wave of COVID-19 cases that spiked in the beginning of December 2020 is slowing down. Monthly [surveys](#), co-led by the World Bank, indicate that travel restrictions negatively affected farming activities as well as non-farming income. However, economic activity started to recover in the third quarter of 2020 as testing improved, lockdown measures and travel restrictions were relaxed, and gold production surged. Consequently, real GDP growth is now estimated at 0.8 percent in 2020 (compared to 2 percent contraction projected earlier and the 5.5 percent pre-COVID-19 projection), and the rebound is expected to continue in 2021 (around 4 percent compared to 5.7 percent pre-COVID-19 projection). On the fiscal front, the overall deficit is estimated to have widened to 5.1 percent of GDP in 2020, compared to a pre-COVID-19 projection of 3.5 percent of GDP, as revenues declined and spending increased to mitigate the economic and social impacts of the COVID-19 shock. The fiscal deficit is expected to remain higher (around 5.5 percent) in 2021, driven by the projected costs for COVID-19 vaccinations, recovery, and security. Debt indicators have deteriorated compared to pre-COVID-19 projections ([Country Report No.19/393](#)), reflecting both GDP decline and additional borrowing to finance the COVID-19 response. The current account deficit is estimated to have widened in 2020 relative to 2019, as external demand was subdued and imports rose, including for COVID-19-related internal demand. This contributed to substantial external financing needs in 2020-21, which are being filled by adjustment measures and support from the Fund, World Bank, and other development partners (see below).

Public health and macroeconomic policy response. The higher fiscal deficit is financed through policy adjustment and

substantial external resources, including debt relief under the CCRT. Priority spending is estimated to have increased by 1.4 percent of GDP in 2020 and other COVID-19-related spending by 2.5 percent of GDP (relative to pre-COVID projections). These increases were partially accommodated by keeping the wage bill unchanged, cancelling non-priority spending on goods and services, and reducing current transfers. The

authorities also postponed important but non-urgent investments to accommodate new COVID19-related health investments and security spending ([Country Report No.2020/304](#)). The COVID19-

Burkina Faso: COVID Related Fiscal Measures 1/ (Percent of GDP, unless otherwise indicated)							
	FY2020			FY2021			
	Pre-Covid proj.	Prel	Change	Pre-Covid proj. 1/	Current proj.	Change	
Priority expenditures	7.7	9.1	1.4	7.7	9.0	1.2	
<i>of which</i>							
Health	2.4	3.3	0.9	2.5	2.9	0.4	
Education	5.2	5.6	0.4	5.0	5.8	0.8	
Social	0.1	0.2	0.1	0.2	0.2	0.0	
Other Covid-related spending	-	2.5	2.5	-	0.4	0.4	
Covid prevention, containment & mgmt, vaccines	-	0.9	0.9	-	0.1	0.1	
Transfers to HHs	-	0.7	0.7	-	-	-	
Support to businesses (partial guarantee fund)	-	0.8	0.8	-	0.3	0.3	
Memorandum							
Revenue (percent of GDP)	18.0	17.3	-0.7	18.0	17.8	-0.2	
Priority expenditures (% of public spending)	31.1	34.0	2.8	32.8	34.2	1.4	
Covid prevention,mgmt, vaccines (% of public spending)	-	3.5	3.5	-	0.5	0.5	
Support to HHs, businesses (partial guarantee fund) (% spending)	-	5.8	5.8	-	1.1	1.1	

Sources: Burkinabe authorities and Fund staff estimates.
1/ Most recent projection before March 1, 2020.

related investments include a partial guarantee fund for companies in hard-hit sectors such as transport, hospitality, and restaurants to help the financial sector inject fresh credit into the economy in 2020-2021. In addition to the Fund's support (see below), the authorities received strong support from the World Bank and other donors. The 2021 budget projects an increase in priority spending by 1.2 percent of GDP, a continued support for businesses hard-hit by COVID-19 (0.3 percent of GDP), and enhanced public investment to kickstart the recovery process. Efforts to mobilize external support remain necessary, not only to offset revenue lost (about 0.2 percent of GDP), but also to meet the costs for vaccination, recovery, and security. Burkina Faso is expected to further benefit from debt service suspension from creditors participating in the DSSI in 2021.

Governance safeguards. All COVID-19-related support was channeled through the revised 2020 budget as well as the 2021 budget, and the authorities remain on course with fiscal measures to mitigate the socio-economic fallout of the pandemic. A high-level oversight mechanism, established at the onset of the pandemic, continues to operate, with the participation of civil society. The first internal audit report of COVID-19-related spending up to the end of June 2020 was completed in October 2020. The report highlights areas of strengths (including the establishment of specific units to manage COVID-19-related resources), but also improvements needed to enhance the effectiveness and regularity of spending. In this context, with technical assistance from the World Bank, the authorities have adopted a new emergency spending framework for dealing with future crises. The framework covers the overall institutional arrangements, financing of emergency mechanisms, appropriate budgetary, accounting, and financial management procedures, ex-post accountability mechanisms, and tools to ensure transparency. Public procurement contracts and beneficial owners of contract awardees will be published by end-June 2021 along with the audited report of COVID-19-related spending as of end-December 2020.

IMF support status. Burkina Faso received a disbursement of SDR 36.12 million (30 percent of quota) following the satisfactory completion in November 2020 of the 4th and 5th reviews of its three-year ECF-supported program. Together with the emergency assistance in April 2020 under the Rapid Credit Facility (RCF), the Fund's disbursements stood at SDR120.4 million (100 percent of quota) for 2020, and total outstanding credit now stands at SDR 266.2 million (221.5 percent of quota). The authorities are preparing a new national development plan for 2021-2025, and they have expressed interest in pursuing their reform agenda through a new financial arrangement with the Fund.

Upcoming CCRT eligible debt service. Burkina Faso has debt service of SDR 9.65 million falling due during April 13, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Burkina Faso is pursuing appropriate macroeconomic policies to address the effects of the COVID-19 global pandemic. Based on information available to date, staff also assesses that the resources freed by the first and second tranches of Fund debt relief under the CCRT debt service relief, and other support from the Fund, are being used to help provide emergency health, social, and economic support to the economy to mitigate the impact of the pandemic on the lives and livelihoods of the population.

Table 1. Burkina Faso: Selected Economic Indicators

	2018	2019	2020		2021		2022	2023
			Pre-COVID	Post-COVID	Pre-COVID	Post-COVID		
GDP and prices								
GDP at constant prices	6.8	5.7	5.5	0.8	5.7	4.3	5.2	5.6
GDP deflator	2.4	-3.0	2.0	2.2	2.2	2.4	2.4	2.3
Consumer prices (end of period)	0.3	-2.6	2.0	2.3	2.5	2.7	2.6	2.5
Money and credit								
Net domestic assets (banking system) 1/	8.6	7.6	13.3	12.6	13.8	15.4	...	...
Credit to the government (banking system) 1/	-0.2	2.6	7.7	7.8	6.6	9.9	...	...
Credit to the private sector	12.4	9.4	10.2	9.3	10.6	8.1	...	...
Broad money (M3)	10.4	8.8	15.4	15.6	15.7	18.8	...	...
Private sector credit/GDP	26.6	28.9	28.1	30.6	28.7	31.0	...	...
External sector								
Exports (f.o.b.; valued in CFA francs)	10.1	4.8	10.5	3.5	3.2	5.2	3.2	5.0
Imports (f.o.b.; valued in CFA francs)	7.7	2.5	4.1	4.2	5.4	7.6	5.6	6.5
Current account (percent of GDP)	-4.1	-3.3	-3.4	-3.7	-3.7	-4.5	-5.1	-5.3
Central government finances (Percent of GDP, unless otherwise indicated)								
Current revenue	17.0	18.9	18.0	17.3	18.0	17.8	18.3	18.6
Total expenditure and net lending	23.6	23.6	24.7	26.8	23.5	26.2	26.0	25.4
Overall fiscal balance, incl. grants (commitments)	-4.2	-3.2	-3.5	-5.1	-3.3	-5.5	-4.8	-4.0
Total Public Debt	37.7	42.7	39.0	44.3	39.3	46.8	48.1	48.5
Of which: external debt	21.5	23.7	21.3	23.9	20.2	23.5	23.4	23.5
Memorandum items								
Nominal GDP (CFAF billion)	8,998	9,226	10,465	9,507.1	11,310	10,149.6	10,928.4	11,804.3
Nominal GDP per capita (US\$)	821	775	836	791	885	876.0	928.7	977.1
UN Human Development Index	0.443	0.452						
Education, Health and Social spending (% GDP)		8.6	7.7	9.1	7.7	9.0	...	...

Sources: Burkinabè authorities; and IMF staff estimates and projections.

1/ Percent of beginning-of-period broad money.

Annex IV. Burundi: Update for CCRT Debt Relief

Recent economic developments. The number of new COVID cases is rising faster than during the first wave with an average of 170 new cases per week though fatalities remain limited.¹ Nevertheless, the COVID-19 pandemic has impacted economic activities to a lesser degree than envisaged during the second tranche of debt relief under the IMF's Catastrophe Containment and Relief Trust (CCRT), as Burundi imposed limited social distancing measures.

- Staff estimates that real GDP contracted by about 1.3 percent in 2020. Lockdown measures in trading partners' countries and the airport closure during part of 2020 disrupted supply chains and slowed down tertiary-sector activities (tourism-related activities and commerce), compensated somewhat by stable agricultural and industrial production. The pandemic seems to have impacted most households, especially through loss of income due to border closure, business bankruptcy, or furloughs. Assuming a partial recovery in services during H2 of 2021, growth in 2021 could reach about 2.8 percent.
- The current account deficit widened in 2020 on account of lower exports, partly due to regulatory changes in the gold and coffee sectors to enforce the repatriation of exports proceeds. Foreign exchange reserves have remained critically low, at less than one month of imports.
- The fiscal deficit reached 9.8 percent of GDP in 2019/20 relative to 7.8 percent of GDP at the time of the second tranche of CCRT in view of larger-than-projected current spending. Larger-than-budgeted COVID-related spending could push the fiscal deficit well above the budget target of 2.6 percent of GDP in 2020/21, although the authorities' response remains constrained by the limited availability of financing.
- The banking sector appears generally in good health. However, frequent loan restructurings, including in response to the pandemic, could mask potential vulnerabilities.

¹ Burundi registered 1,686 cases as of February 4, 2021, more than double the number of cases as of December 28, 2020 (833 cases). The mortality rate remains very low with two additional COVID-related deaths during the period (a total of three deaths as of February 4, 2021).

Public health and macroeconomic policy response. Health measures remain focused on preventative measures (frequent handwashing) but use of social distancing has been limited. Hand sanitizers and water for handwashing have been installed in public places and the price of soap and water are subsidized by up to 50 percent. On January 11, 2021, the authorities launched a large-scale testing campaign for 30 days and closed land and sea borders to passengers. The international airport, which reopened on November 8, 2020, imposed new restrictions to arriving passengers, including a seven-day quarantine and two mandatory COVID tests. The authorities' ongoing pandemic response plan (estimated at US\$150 million or 4.6 percent of GDP) focuses on strengthening the health care system and its infrastructure, social safety net, and parts of the road network to facilitate access to sick people. It also includes tax forgiveness to some private companies. The plan's implementation is however impeded by limited availability of financing beyond a grant from the World Bank (US\$5 million) and the first two tranches of CCRT debt relief. Burundi was also granted debt service relief under the DSSI by EXIM Bank China and the Kuwait fund for about \$1 million in 2020. The authorities are using domestic resources to boost priority expenditures above pre-COVID projections (Text Table).

Burundi: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020 projections		Change	FY2021 projections		Change
	Pre-Covid	Current		Pre-Covid	Current	
Priority expenditures	11.0	11.3	0.3	9.7	12.5	2.9
of which						
Health	2.9	2.0	-0.9	1.7	3.8	2.0
Education	5.2	5.9	0.7	5.2	5.4	0.2
Social	2.9	3.3	0.5	2.8	3.4	0.6
Other Covid-related spending	4.3	7.9	3.6	4.1	4.9	0.8
Covid prevention, containment & mgmt	0.0	0.2	0.2	0.0	1.7	1.7
Transfers to HHs	0.8	0.9	0.1	0.8	0.9	0.1
Transfers to businesses, SOEs, govt entities	3.5	5.2	1.7	3.3	4.0	0.7
Memorandum						
Priority expenditures (percent of public spending)	38.7	34.2		34.7	37.0	
Other Covid-related spending (percent of public spending)	15.3	24.0		14.6	14.3	
Source: Authorities and staff estimates and projections.						

Governance safeguards. The authorities remain committed to using the funds provided for COVID measures in the best possible way. A technical committee, overseen by the Minister of interior, was created to manage the response to the COVID-19 pandemic and a fund has been set up to centralize donor financing in a single account at the central bank. In line with commitments in the context of the original CCRT request, the authorities are preparing reports on COVID-related spending and the Court of Auditors is scheduled to undertake an ex-post audit of COVID expenses and publish it on the government's website within nine months after the end of the fiscal year.

IMF support status. The authorities have requested financial assistance to support their efforts to respond to the COVID crisis. Fund financial support last year entailed two tranches of debt relief under the CCRT (totaling SDR 10.3 million or 6.7 percent of quota). Burundi's international engagement has been limited and currently there is no Fund-supported program. The last Article IV consultation for Burundi was completed by the IMF Executive Board on August 25, 2014 and the sixth and last review under Burundi's ECF arrangement was completed on March 23, 2015. In late October 2020, the authorities requested the resumption of Article IV consultations. A virtual staff visit was held in December to update the macroeconomic framework and take stock of the authorities' response to the pandemic.

Upcoming debt service. Burundi has debt service of SDR 4.16 million falling due to the Fund during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Burundi continues to pursue broadly appropriate macroeconomic policies to address the impact of the pandemic. The authorities have committed to use resources freed by the first and second tranches of Fund debt service relief under the CCRT to continue providing emergency health, social, and economic support to the economy to mitigate the socio-economic impact of the pandemic. However, the fast-rising number of COVID cases poses a risk, notably considering the limited social distancing measures implemented so far.

Table 1. Burundi: Selected Economic Indicators, 2018–25

	2018	2019	2020		2021		2022	2023	2024	2025
	Est.	Est.	Pre-Covid	Proj.	Pre-Covid	Proj.	Proj.	Proj.	Proj.	Proj.
Output, prices, and exchange rate (Annual percentage change, unless otherwise indicated)										
Real GDP	1.6	1.8	2.1	-1.3	2.1	2.8	3.7	3.7	3.7	2.8
GDP deflator	-2.9	-0.6	5.7	6.0	5.3	4.5	2.5	2.4	2.3	2.4
CPI (period average)	-4.0	-0.7	5.6	7.3	5.2	4.1	2.0	2.1	2.1	2.1
Terms of trade (- = deterioration)	9.6	53.3	5.9	17.7	2.1	-8.1	2.0	1.0	0.0	-0.3
Money and credit										
Broad Money (M2)	21.0	23.0	20.9	34.9	19.8	34.1	11.4	10.4	9.4	8.2
Credit to non-government sector	13.0	14.9	7.8	16.3	7.5	13.0	11.9	11.9	11.8	11.1
M2/GDP (percent)	26.8	32.6	37.4	42.0	41.4	52.5	55.0	57.1	58.9	60.5
Central government budget 1/ (Percent of GDP, unless otherwise indicated)										
Revenue and grants	19.9	21.1	21.8	23.1	22.0	24.8	25.4	24.7	24.7	24.7
<i>of which: grants</i>	4.5	4.6	4.5	4.7	4.6	7.1	6.8	6.1	6.0	6.0
<i>of which: revenue</i>	15.5	15.1	15.5	16.0	15.5	16.0	18.6	18.6	18.6	18.7
Expenditure	27.0	30.2	28.3	32.9	27.9	33.9	32.7	27.8	27.4	27.0
Expense	20.0	21.1	19.1	25.4	18.8	23.2	21.5	17.8	17.4	17.1
Net acquisition of non-financial assets	7.0	9.1	9.2	7.5	9.0	10.7	11.2	10.0	10.0	9.9
Primary balance	-6.4	-8.6	-5.0	-8.9	-3.1	-6.2	-4.5	-0.6	-0.6	-0.5
Overall balance	-7.1	-9.1	-6.5	-9.8	-5.8	-9.1	-7.3	-3.1	-2.7	-2.3
Excluding grants	-11.6	-13.7	-11.0	-14.5	-10.5	-16.2	-14.1	-9.3	-8.7	-8.3
Net acquisition of financial assets	2.0	0.1	-0.5	-0.2	0.0	-0.3	0.0	0.0	0.0	0.0
Net domestic borrowing	5.7	7.5	3.9	7.1	5.2	8.4	7.1	3.0	2.7	2.3
Net foreign borrowing	0.5	1.7	0.8	0.4	0.6	1.1	0.2	0.1	0.0	0.0
Accounts payable	2.8	0.1	1.3	2.0	0.0	-0.6	0.0	0.0	0.0	0.0
Public debt										
Public gross nominal debt	53.0	60.1	59.7	69.5	61.5	75.6	74.2	72.6	70.8	69.3
<i>of which: external public debt</i>	17.2	18.6	17.5	19.6	16.9	18.6	17.5	16.4	15.3	14.5
domestic public debt	35.8	41.5	42.2	49.9	44.5	57.0	56.7	56.2	55.5	54.8
Investment and savings										
Investment	18.8	19.3	19.3	19.8	19.4	20.8	21.3	21.8	22.3	22.8
Public	5.3	5.2	4.5	5.7	4.5	6.1	5.0	5.0	5.0	5.0
Private	13.5	14.1	14.8	14.1	14.9	14.6	16.3	16.8	17.3	17.8
Savings	7.4	7.6	2.4	6.4	2.9	5.1	6.8	7.7	8.4	9.1
Public	-1.8	-3.4	-1.6	-6.5	-1.4	-5.2	1.7	2.0	2.5	2.8
Private	9.2	11.0	4.0	12.9	4.3	10.3	5.1	5.7	5.9	6.2
External sector										
Exports (goods and services)	9.9	10.1	9.9	9.0	10.1	9.3	9.8	9.9	10.0	10.0
Export volume growth (goods, in percent)	15.5	-4.7	-0.7	-21.7	2.7	8.0	12.4	6.2	5.0	5.2
Imports (goods and services)	29.8	34.2	35.6	34.2	35.4	36.8	36.4	35.8	35.3	35.0
Import volume growth (goods, in percent)	17.3	44.5	0.5	6.1	2.2	2.6	5.0	3.6	3.5	2.8
Trade Balance (goods and services)	-19.9	-24.1	-25.7	-25.3	-25.3	-27.5	-26.5	-25.8	-25.4	-25.0
Current account balance (incl. grants)	-11.4	-11.7	-16.9	-13.3	-16.4	-15.7	-14.5	-14.0	-13.9	-13.7
Current account balance (excl. grants)	-11.4	-11.7	-16.9	-13.3	-16.4	-15.7	-15.0	-14.5	-14.4	-14.2
Gross international reserves										
In millions of US\$	70.3	113.4	113.4	76.4	113.4	76.4	76.4	76.4	76.4	76.4
In months of next year imports	0.8	1.3	1.1	0.8	1.1	0.7	0.7	0.7	0.6	0.6
Memorandum items:										
Official Current transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5
Official Capital transfer	3.9	4.6	4.5	6.6	4.5	7.4	5.7	5.5	5.5	5.5
GDP at current market prices										
In billions of Burundi Francs	5,414	5,477	6,191	5,732	6,657	6,157	6,542	6,950	7,373	7,767
In billions of US\$	3.0	3.0	3.2	3.0	3.4	3.2	3.4	3.7	3.9	4.1
GDP per capita (Nominal US\$)	271	257	273	254	276	265	274	282	290	297
Population (million)	11.2	11.5	11.9	11.9	12.2	12.2	12.6	13.0	13.4	13.8
Covid related fiscal measures (as % of GDP) 1/										
Health	...	1.6	2.9	2.0	1.7	3.8	...	...	...	...
Social	...	...	2.9	3.3	2.8	3.4	...	...	...	...
Human Development Index Score (HDI/UNDP)	0.4	0.4	...	...	...	...	...	...	...	...

Sources: Burundi authorities; and IMF staff estimates and projections.
1/Fiscal year values (July-June) starting in 2019 (i.e., 2019 is FY 2018/19).

Annex V. Central African Republic: Update for CCRT Debt Relief

Recent Economic Developments. The measured incidence of the Covid-19 pandemic has been very limited since September 2020, with only 10 cases and 0 related death reported in January 2021. This limited incidence, whereas most containment measures have been progressively loosened, reflects in part the discontinuation of widespread testing. The Covid-19 pandemic had a substantial impact on C.A.R.'s economy especially on trade, transportation, tourism and hospitality but appears now somewhat contained (See [Staff Report](#) for more details). As a result, growth projections for 2020 and 2021 have been revised to 0 and 3.5 percent, respectively (from 4½ and 5 percent pre-pandemic) and are likely to be revised significantly lower in 2021 in view of the current security situation. A sharp decline in exports (from lower external demand and commodity prices), along with lower financial flows, have contributed to a significant increase in external financing needs. The impact of containment measures on economic activity, imports, and tax administration (less controls) had a substantial impact on domestic revenue. Reflecting this revenue shortfall, as well as the lower nominal GDP and the increase in Covid-related spending, the domestic primary fiscal deficit is expected to have exceeded 6 percent of GDP in 2020, compared with the less than 3 percent projected pre-pandemic. Moreover, the overall fiscal balance is projected to decline from 0.2 percent of GDP pre-Covid to -1.3 percent of GDP in 2021. This outlook is expected to be significantly revised downward owing to the deterioration of the security situation since late December.

Public health and macroeconomic policy responses. The government continued to implement the COVID-19 health response plan prepared in collaboration with the WHO, in order to strengthen the country's capacity to cope with the aftermath of the pandemic. The supplementary budget law adopted in July 2020 channeled the emergency external budget support provided by the Fund and donors to the financing of this response plan and of other measures to alleviate the economic impact of the pandemic. Priority expenditures in 2020 are estimated to have increased to 2.9 percent of GDP, compared to 2.0 percent of GDP before the pandemic. Covid-related spending excluding health expenditure amounted to 1.2 percent of GDP in 2020, including 0.9 percent of GDP for prevention and containment measures and 0.2 percent of GDP in transfers to vulnerable household and enterprises. The authorities plan to continue the implementation of the health response plan in 2021, with priority expenditures amounting to 2.4 percent of GDP, of which 1.2 percent of GDP will be spent on health. Covid-related expenditures represent 0.6 percent of GDP in the 2021 budget law.

Central African Republic: COVID Related Fiscal Measures (In percent of GDP, unless otherwise indicated)						
	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	2.04	2.85	0.81	1.97	2.38	0.41
of which						
Health	0.70	1.37	0.67	0.67	1.22	0.55
Education	0.79	0.85	0.06	0.76	0.61	-0.15
Social	0.12	0.16	0.04	0.12	0.15	0.03
Other Covid-related expenditures		1.16			0.64	
Covid prevention, containment and mgmt		0.87			0.64	
Transfers to HHs		0.04			0.00	
Transfers to businesses, SOEs, govt entities		0.19			0.00	
Memorandum						
Priority expenditures (percent of public spending)	10.73	11.75	1.02	10.77	12.33	1.56
Other Covid-related spending (percent of public spending)		4.78			3.34	
Tax relief to HHs/businesses/other revenue measures						

1/ If available, latest MT projection before March 1, 2020.

Governance safeguards. A committee, composed of representatives of the government and the donor community, was established in July 2020 to monitor Covid-related expenditures and funds derived from debt service relief (CCRT) and suspension (G20 DSSI). In the context of the current ECF arrangement, the authorities committed to publish on a monthly basis detailed data on Covid-related expenditures and on public procurement tenders as part of the pandemic response, as well as the outcome of these tenders, including the names of the winning companies, the names of their beneficial owners, and the criteria for their selection. The authorities also agreed to publish the names of enterprises that have benefited from transfers intended to help them deal with the pandemic, and the criteria for their selection. On December 14, 2020, the authorities published an initial list of nine (9) COVID-19-related procurement contracts approved between August 14, 2020, and November 17, 2020. While no subsequent list had been published as of March 3, 2021, the authorities have indicated that no new Covid-related contracts have been signed since the initial list was published. The authorities have also committed to have an ex-post independent audit of Covid-related expenditures by the Court of auditors conducted and published by end-April 2021. The Court has been mandated by the Minister of Finance to do so and has started working on it.

IMF support status. On December 20, 2019, the Executive Board approved a three-year SDR 83.55 million (75 percent of quota) arrangement under the Extended Credit Facility (ECF). Following the Covid-19 pandemic, an SDR 27.85 million (25 percent of quota) disbursement under the RCF was also approved on April 20, 2020. On January 12, 2021, the Executive Board completed the first and second reviews under the ECF. The completion of the reviews enabled the disbursement of SDR 23.87 million (21.4 percent of quota). The third review is tentatively scheduled for June 2021.

Upcoming debt service. C.A.R has debt service of SDR 2.924 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that the C.A.R authorities have sought to pursue sound macroeconomic policies since the onset of the pandemic, against the backdrop of a difficult security situation and its severe impact on the economic activity. Referencing the public health and governance paragraphs above, staff also assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, have been allocated to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on life and livelihood of the population.

Table 1. Central African Republic: Selected Economic and Financial Indicators, 2018–25

	2018	2019		2020			2021			2022	2023	2024	2025
	Est.	ECF	Est.	Pre-Covic	2-tranch	Proj.	Pre-Covic	2-tranch	Proj.	Proj.			
National income and prices													
	(Annual percentage change: unless otherwise indicated)												
GDP at constant prices	3.8	4.5	3.0	5.0	-1.0	0.0	5.0	3.0	3.5	5.0	5.0	5.0	5.0
GDP per capita at constant prices	2.3	2.8	1.3	3.2	-2.7	-1.8	3.1	1.0	1.5	3.0	3.0	3.0	3.0
GDP at current prices	5.2	7.4	5.4	7.6	1.8	1.9	7.6	5.6	6.1	7.7	7.6	7.6	7.6
GDP deflator	1.3	2.8	2.4	2.5	2.8	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
CPI (annual average)	1.6	3.2	2.7	2.5	2.9	2.1	2.5	2.5	1.8	2.5	2.5	2.5	2.5
CPI (end-of-period)	4.6	-0.3	-2.8	2.5	4.6	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Money and credit													
Broad money	14.0	3.2	8.9	14.9	9.7	7.5	5.8	2.6	10.3	4.0	4.7	6.6	7.9
Credit to the economy	11.5	3.0	-1.0	5.0	-3.0	-3.0	7.0	8.3	5.0	8.0	8.0	8.0	8.0
External sector													
Export volume of goods	10.3	-6.5	-6.7	14.9	-10.0	-3.1	6.0	13.5	8.2	10.7	12.6	10.0	8.8
Import volume of goods	-0.8	10.4	11.3	7.8	-5.5	-0.8	4.0	4.2	0.1	4.6	6.1	5.8	6.6
Terms of trade	-12.5	12.7	14.7	3.5	-3.3	-19.6	2.2	0.9	5.3	2.4	3.0	1.2	3.8
	(Percent of GDP; unless otherwise indicated)												
Gross national savings	8.4	10.5	9.7	10.6	10.8	11.1	11.0	10.6	9.7	10.6	11.3	12.0	12.6
Of which: current official transfers	3.0	6.0	6.0	3.7	5.3	5.7	3.4	3.8	3.7	3.2	2.7	2.2	1.8
Gross domestic savings	-1.4	-1.9	-3.7	0.3	-0.7	-0.8	0.9	-0.3	-1.2	0.2	1.3	2.1	3.2
Government	-1.2	-1.6	-2.5	-1.3	-4.6	-4.5	-0.9	-1.4	-2.3	-1.0	-0.5	-0.4	-0.2
Private sector	-0.2	-0.3	-1.2	1.6	3.8	3.8	1.7	1.1	1.1	1.2	1.9	2.5	3.4
Consumption	101.4	101.9	103.7	99.7	100.7	100.8	99.1	100.3	101.2	99.8	98.7	97.9	96.8
Government	7.7	7.3	8.0	7.5	9.0	9.0	7.5	7.8	8.0	7.7	7.7	7.8	7.7
Private sector	93.7	94.6	95.6	92.3	91.7	91.7	91.7	92.4	93.2	92.1	91.0	90.1	89.0
Gross investment	16.4	16.2	14.7	16.9	16.3	18.6	16.3	15.6	15.8	16.2	16.8	17.5	18.1
Government	7.4	7.1	5.6	7.9	8.8	11.1	7.2	7.3	7.5	7.3	7.3	7.5	7.6
Private sector	9.0	9.0	9.0	9.0	7.5	7.5	9.0	8.3	8.3	8.9	9.5	10.0	10.5
External current account balance													
with grants	-8.0	-5.6	-4.9	-6.3	-5.5	-7.6	-5.3	-5.0	-6.1	-5.6	-5.5	-5.5	-5.6
without grants	-12.3	-12.9	-12.3	-11.6	-12.5	-15.0	-10.4	-10.6	-11.7	-10.8	-10.2	-9.7	-9.4
Overall balance of payments	-1.7	1.0	-1.1	1.3	-0.7	-0.3	1.5	0.1	-0.2	0.2	2.0	2.4	2.6
Central government finance													
Total revenue (including grants)	16.6	19.4	18.3	18.6	19.7	21.8	18.4	18.5	18.0	18.3	18.1	17.7	17.4
of which: domestic revenue	8.9	8.7	8.7	9.7	8.5	8.5	10.0	9.8	9.3	10.2	10.7	10.9	11.1
Total expenditure 1/	17.6	17.6	16.9	19.0	22.0	24.3	18.3	18.6	19.3	18.6	18.6	18.8	19.0
of which: capital spending	7.4	7.1	5.6	7.9	8.8	11.1	7.2	7.3	7.5	7.3	7.3	7.5	7.6
Overall balance													
Excluding grants	-8.7	-8.9	-8.2	-9.3	-13.5	-15.8	-8.2	-8.8	-10.0	-8.4	-7.9	-8.0	-7.9
Including grants	-1.0	1.8	1.4	-0.4	-2.3	-2.5	0.2	0.0	-1.3	-0.4	-0.6	-1.1	-1.6
Domestic primary balance 2/	-1.7	-3.0	-3.5	-2.7	-6.1	-6.2	-2.5	-3.0	-4.0	-2.8	-2.5	-2.5	-2.5
Public sector debt 3/	50.0	47.1	47.2	42.6	46.6	46.8	39.8	44.0	44.1	40.9	38.8	37.2	35.8
Of which: domestic debt 4/	12.8	10.4	11.1	6.9	8.4	9.5	5.8	7.6	7.1	6.2	5.7	5.3	4.8
Of which: external debt	37.2	36.7	36.1	35.7	38.2	37.3	34.0	36.4	36.9	34.8	33.2	31.9	31.0
Memorandum items													
GDP per capita (US dollars)	489	500	480	534	480	481	567	522	525	558	591	622	655
Nominal GDP (CFAF billions)	1,266	1,360	1,334	1,464	1,358	1,360	1,575	1,434	1,443	1,554	1,672	1,799	1,935

Sources: C.A.R. authorities and IMF staff estimates and projections.

1/ Expenditure is on a cash basis.

2/ Excludes grants, interest payments, and externally-financed capital expenditures.

3/ The changes in domestic debt estimates reflect a correction of the estimates reported in the RCF staff report tables, which had not been updated. This did not affect the debt sustainability analysis.

4/ Comprises government debt to BEAC, commercial banks, and government arrears.

Annex VI. Chad: Update for CCRT Debt Relief

Recent economic developments. The last quarter of 2020 was no different from other parts of the year with COVID-19 continuing to have a severe economic impact on Chad. Real activity contracted by 0.9 percent over the year as a whole, reflecting lower-than-anticipated oil growth (2.4 percent) and a decline in non-oil activity (-1.6 percent). The non-oil primary balance (NOPB) recorded a deficit of 8.7 percent of non-oil GDP compared to a projected pre-COVID level of 4.9 percent. The deterioration is a result of a decline in non-oil revenues (0.9 percentage point) and an increase in expenditures (3.5 percentage points). In 2021, Chad is expected to embark on a substantial reform program that will bring its NOPB down to -6.9 percent of non-oil GDP, while non-oil economic growth is forecast to remain low at 0.8 percent and inflation is projected at 2.6 percent. Chad has a very low score on the UN Human Development Index at 0.398 and is ranked 187 among 189 countries covered by the index.

Public health and macroeconomic policy response, including on the use of financial resources, freed up by the debt relief. Fiscal measures taken in the revised 2020 budget, equivalent to 3.8 percent of GDP, have been extended into 2021. The 2021 budget law also included tax facilities, particularly to sectors affected by COVID-19. The fiscal package and the tax facilities include:

- COVID-19 containment and prevention measures are estimated at 0.7 percent of GDP.
- Measures to help households (0.9 percent of GDP): (i) suspension of payments of electricity and water bills, and (ii) clearance of arrears on death benefits due to deceased civil and military agents, indemnities and ancillary wages owed to retirees, and medical expenses for civilian agents and defense and security forces (iii) a food distribution program with the help of UN agencies; (iv) tax exemptions and simplification of the import process for food and necessity items, including health equipment; and (v) establishment of a Youth Entrepreneurship Fund; (vi) creation of a solidarity fund for the vulnerable population amounting to CFAF 100 billion.

	FY2020		Change	FY2021		Change
	Pre-Covid proj.	Actual		Pre-Covid proj. 1/	Current proj.	
Priority expenditures	3.6%	4.4%	0.8%	4.2%	4.1%	-0.1%
<i>of which</i>						
Health	0.9%	1.2%	0.3%		1.0%	
Education	1.6%	2.1%	0.5%		2.3%	
Social	1.1%	1.1%	0.0%		0.8%	
Other Covid-related spending						
Covid prevention, containment & mgmt		0.7%				
Transfers to HHs		0.9%				
Transfers to businesses, SOEs, govt entities		2.2%				
Memorandum						
Priority expenditures (percent of public spending)	22.5%	21.1%	-1.40%	26.7%	24.4%	-2.3%
Other Covid-related spending (percent of public spending)	-	22.0%		-		
Tax relief to HHs/businesses/other revenue measures	-			-		

1/ Most recent projection before March 1, 2020.

- Measures to help small- and medium-sized businesses (2.2 percent of GDP): (i) reduction in business license fees and the presumptive tax by 50 percent, and (ii) tax breaks, such as carryforward losses and delays in tax payments, which will be considered on a case-by-case basis; (iii) clearance of arrears to suppliers; and (iv) subsidies to agriculture.
- The tax advantages introduced in 2021 include exonerations of employer's charges for the recruitment of young graduates, exemption from VAT on many items, particularly on equipment

and other agricultural related ingredients, and reduction of charges for enterprises that work in the hotels' business.

Governance Safeguards. The Government is taking steps to ensure transparency in COVID-19 related expenditure in line with its commitments under the second RCF disbursement. Resources dedicated to the COVID-19 will be used in full transparency. In addition to being reflected in the budget law, they will be committed in line with the CEMAC PFM directives. All COVID-19-related expenditures, including emergency spending for urgently needed supplies will be subject to an ex-post compliance audit by a reputable international auditing firm, which will be completed with the support of the Inspectorate of Public Finances within six months of the end of the fiscal year. Auditing reports, also including analysis of compliance with procedures, with regards to regulated agreements, will be published within a month upon completion on the website of the Ministry of Finance and Budget. In addition, the authorities will begin publishing on-line the full text of all COVID-19-related procurement contracts, along with the names of the beneficial owners of awarded legal persons. They will also begin publishing on-line the *ex-post*-delivery reports for goods and services, including the lists of suppliers and contractors, for all such contracts.

IMF support status. IMF staff completed policy discussions with the authorities on a new medium-term program that could be supported by IMF resources of about \$560 million under the Extended Credit Facility (ECF) and the Extended Fund Facility (EFF).

Upcoming debt service. Chad has debt service of SDR 4 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Chad is pursuing appropriate macroeconomic policies to address the global pandemic. Referencing the public health and governance paragraphs above, staff also assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on life and livelihood of the population.

Table 1. Chad: Selected Economic and Financial Indicators 2020–24

	2020		2021		2022	2023	2024
	Pre-COVID19	Est.	Pre-COVID19	Proj.	Proj.	Proj.	Proj.
Real economy (Annual percentage change, unless otherwise indicated)							
GDP at constant prices	3.9	-0.9	5.8	1.5	2.3	2.6	4.3
Oil GDP	7.5	2.4	13.4	4.4	0.4	-0.5	6.5
Non-oil GDP	3.0	-1.7	4.0	0.8	2.8	3.3	3.8
GDP deflator	2.8	-1.9	3.0	7.2	1.3	1.8	2.0
Non-oil GDP deflator	2.7	4.5	2.8	2.6	2.8	2.8	2.9
Consumer price index (annual average)	3.0	4.5	3.0	2.6	2.8	2.8	2.9
Oil prices							
Brent (US\$/barrel) 1/	60.5	42.3	54.9	59.7	56.2	54.1	53.0
Chadian price (US\$/barrel) 2/	57.5	40.3	50.9	55.7	52.2	50.1	49.0
Oil production for exportation (millions of barrels)	51.1	48.3	58.9	50.7	50.9	50.6	54.4
Exchange rate CFA franc per US\$ (period average)	...	...	...	...	...	...	...
Money and credit							
Net foreign assets	11.2	-2.7	6.0	2.0	0.6	3.5	6.0
Net domestic assets	1.2	6.2	1.1	4.9	3.9	2.8	-1.6
Of which : net claims on central government	-1.1	4.0	-2.0	6.5	0.9	1.0	-2.5
Of which : credit to private sector	2.3	-2.7	3.1	1.9	1.3	1.7	0.9
Broad money	12.4	5.0	7.1	6.9	4.4	6.2	4.4
Velocity (non-oil GDP/broad money) 3/	4.8	4.6	4.9	4.4	4.5	4.5	4.6
External sector (valued in US dollar)							
Exports of goods and services, f.o.b.	3.0	-19.8	10.4	37.7	-3.1	-4.0	7.7
Imports of goods and services, f.o.b.	4.1	1.5	6.5	14.4	1.8	2.5	1.2
Overall balance of payments (percent of GDP)	1.1	-1.1	0.3	-1.2	-2.4	-2.9	-2.2
Current account balance, including official transfers (percent of GDP)	-6.2	-8.7	-5.9	-5.1	-5.6	-8.0	-7.1
External debt (percent of GDP) 4/	23.2	23.0	21.2	20.8	19.6	18.5	17.3
NPV of external debt (percent of exports of goods and services)	59.1	85.3	56.9	62.1	63.4	65.4	60.2
Government finance (Percent of non-oil GDP, unless otherwise indicated)							
Revenue and grants	22.5	24.5	21.8	20.8	21.5	20.8	20.8
Of which : oil revenue	9.7	10.7	8.8	7.8	8.1	6.8	6.3
Of which : non-oil revenue	9.4	8.5	10.0	9.1	9.6	10.1	10.6
o/w tax revenue	8.7	8.3	9.7	8.8	9.3	9.8	10.3
o/w non tax revenue	0.7	0.3	0.4	0.3	0.3	0.3	0.4
Expenditure	19.5	23.0	20.0	21.4	20.6	20.5	20.1
Current	13.1	15.5	13.5	14.3	13.7	13.3	12.8
Capital	6.4	7.5	6.5	7.1	6.9	7.2	7.3
Non-oil primary balance (commitment basis, excl. grants) 5/	-4.9	-8.7	-4.7	-6.9	-5.7	-4.9	-3.9
Overall fiscal balance (incl. grants, commitments basis)	3.0	1.5	1.8	-0.6	0.9	0.3	0.7
Total debt (in percent of GDP) 4/	39.7	52.0	34.4	48.8	48.0	47.7	46.3
Of which : domestic debt	16.6	29.0	13.2	28.0	28.4	29.2	29.0
Memorandum items							
Nominal GDP (billions of CFA francs)	6,880	6,225.5	7,442.3	6,772.4	7,020.2	7,335.1	7,804.5
Of which: non-oil GDP	5,466	5,273.6	5,790.5	5,451.3	5,756.5	6,115.4	6,527.1
Nominal GDP (billions of US\$)	11.8	10.8	12.8	12.6	13.2	13.8	14.7
UN Human Development Index		0.4					
Social and health Spending (in percent GDP)		4.1		4.2			

1/ WEO projections for Brent crude oil price.

2/ Chadian oil price is Brent price minus quality discount.

3/ Changes as a percent of broad money stock at the beginning of period.

4/ Central government, including government-guaranteed debt.

5/ Total revenue excluding grants and oil revenue, minus total expenditure excluding net interest payments and foreign-financed investment.

Annex VII. Union of the Comoros: Update for CCRT Debt Relief

Recent Economic Developments. COVID-19 continues to have a severe economic impact on Comoros. While the number of officially reported COVID casualties remained low in 2020 (at a cumulative total of 823 infections and 7 deaths in a population of 850,000), the economy contracted by 0.5 percent (compared with projections of 4.4 percent growth pre-COVID and of a 1.2 contraction at the time of the April 2020 RCF/RFI request). The contraction reflected mainly lower demand for services due to social distancing and fewer visitor arrivals. Fiscal tensions persisted through much of the year as revenue shrank by 0.5 percent of GDP relative to pre-COVID projections; and grants, while more than expected, came late in the year. Government expenditure shrank by 1.1 percent of GDP in 2020 relative to pre-COVID projections, as higher current spending was more than offset by weak capital expenditure owing in part to capacity limitations and delays in grants. Accordingly, the fiscal cash deficit was lower than anticipated, reaching 0.2 percent of GDP versus pre-COVID projections of 2.2 percent of GDP and RCF/RFI projections of 3.8 percent of GDP, and the debt burden rose by less than expected from its 2019 level.¹ External stability benefited from lower oil import prices and higher grants and remittances inflows. In recent weeks, the number of COVID related casualties has risen sharply, to a cumulative 3,571 infections and 144 deaths, likely due to the arrival of a mutated virus. Against the background of vulnerability to mutated virus forms, and limited prospects for vaccinations in 2021, staff now projects zero growth in 2021 compared with projections of 3.5 percent and 3.1 percent, respectively, before COVID and for the RCF/RFI request. The fiscal deficit could reach 3 percent of GDP, reflecting efforts to support the economy, helped in part by the grants received in late 2020. Fiscal and external financing needs will depend on the path of the pandemic in Comoros and abroad: the economy is highly vulnerable to shocks and faces protracted development needs. Data on the evolution of poverty or human development since the outbreak of the pandemic are not yet available.

Public health and macroeconomic policy response. The authorities sought to lessen the pandemic's health impact, including by imposing social distancing measures, closing the airport for several months, and creating health centers for COVID-19 patients. They sought to lessen the economic impact through various measures, including a temporary reduction in certain taxes. On the spending side, they used about half of the RCF/RFI support for health care and hygiene measures and to support public and private enterprises affected by the crisis.² They used the remainder of the support for building buffers and for general government purposes, partially offsetting the pandemic's impact on revenue. However, data constraints prevent a full understanding of trends in social spending (health, education, and social assistance/insurance). In 2020, social spending not specifically related to COVID and financed from domestic resources and donor budget support fell slightly, while data are not available on the evolution of such spending financed from donor project support. The authorities' plans to raise cash transfers to the poor, supported by the World Bank, suffered delays and were executed only to a limited extent in 2020. In 2021, the authorities plan to

¹ The latest published Debt Sustainability Analysis is available [here](#).

² The extent of the total increase in healthcare spending remains to be assessed as data are not yet available on health spending financed by donor project support.

increase these transfers, making up for delays in 2020, and to vaccinate at least 20 percent of the population with help from the COVAX initiative.

Governance safeguards. The authorities enhanced reporting and controls for the disbursement of funds provided by the IMF through the RCF and RFI by preparing an advance decree for the spending of these funds and regularizing it ex-post through a supplementary budget law for 2020, with technical assistance from the Fund. The authorities started reporting to Fund staff on the spending of these funds in February 2021, instead of in 2020 as envisaged. The authorities' intention remains to commission an independent and robust third-party audit of the spending of IMF-provided funds in mid-2021 and to publish its results. The audit has been entered in the work program of the General Inspectorate of Finance. The authorities intend to start publishing documentation on large public procurement projects and their beneficial owners in the coming weeks, which was originally envisaged to start within six months of RCF/RFI approval.³ The authorities report that in view of the need for speed, starting in April 2020 they eased requirements for all public procurement projects related to COVID by allowing restricted calls for expressions of interest.

IMF support status. The Executive Board approved emergency support on April 22, 2020 under the RCF equivalent to SDR2.97 million (16.7 percent of quota) and a purchase under the RFI equivalent to SDR5.93 million (33.3 percent of quota) to meet Comoros' urgent balance of payment needs from the COVID-19 pandemic.

Upcoming debt service. Comoros has debt service of SDR 653,981, which includes estimates for the GRA charges on the CCRT-eligible debt, falling due to the Fund during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses, based on limited available information, that the Comoros authorities have preserved broad macroeconomic stability and are thus pursuing broadly appropriate macroeconomic policies to address the impact of the pandemic. While data constraints prevent a fuller assessment, staff assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide health, social and economic support to the economy and to mitigate the impact of the pandemic on lives and livelihoods. With regard to governance-related commitments, staff commends the authorities for preparing advance spending decrees and a revised budget law and welcomes the reporting on spending that has started after some delay. Staff urges the authorities to proceed with the intention to publish procurement-related information.

³ The RCF/RFI letter of intent indicated the procurement documents would include ex-post validation of delivery, names of awarded companies, and their beneficiary owners.

Table 1. Comoros: Selected Economic and Financial Indicators, 2019–25

	2019	2020		2021		2022	2023	2024	2025
	Est.	Pre-Covid	Proj.	Pre-Covid	Proj.	Proj.			
National income and prices									
Real GDP	1.9	4.4	-0.5	3.5	0.0	3.6	3.7	3.8	3.8
GDP deflator	4.6	1.2	1.2	2.0	0.3	1.2	1.3	1.6	1.7
Consumer price index (annual average)	3.7	1.4	1.1	2.1	0.3	1.2	1.4	1.6	1.7
Money and credit									
Net foreign assets	2.1	1.6	19.0	2.9	1.1	4.2	6.5	7.1	3.4
Domestic credit	10.6	0.5	-3.7	0.7	10.9	1.2	-0.9	-1.6	1.3
Credit to the private sector	4.1	2.0	-5.5	2.1	0.0	2.0	3.6	4.8	5.0
Broad money	5.9	4.6	10.2	4.8	0.3	4.8	5.1	5.4	5.5
Velocity (GDP/end-year broad money)	3.6	3.6	3.3	3.6	3.3	3.3	3.3	3.3	3.3
External sector									
Exports, f.o.b.	2.9	-0.9	-9.0	5.8	2.4	5.2	4.2	3.1	4.0
Imports, f.o.b.	8.3	12.7	-5.3	2.4	4.1	6.0	6.3	6.3	6.6
Export volume	5.2	-0.1	-8.6	6.3	5.4	11.8	7.9	4.0	3.5
Import volume	1.8	10.3	-1.5	5.9	5.2	14.3	9.2	6.8	7.3
Terms of trade	-3.7	-2.8	8.2	2.9	-0.6	-1.4	1.0	0.3	1.1
Investment and savings									
		(In percent of GDP, unless Otherwise indicated)							
Gross fixed capital formation	16.0	16.0	16.0	15.9	16.4	16.4	16.5	16.6	16.5
Gross national savings	11.8	12.2	15.6	12.9	13.2	13.6	13.4	13.2	12.8
Total revenue and grants	17.0	17.5	18.4	16.7	17.8	17.1	17.0	17.1	17.2
Total revenue	9.6	9.1	8.6	9.2	8.1	8.2	8.3	8.4	8.5
Tax Revenue	6.8	7.8	7.1	7.9	7.1	7.2	7.3	7.4	7.5
Non-tax Revenue	2.8	1.3	1.5	1.4	1.0	1.0	1.0	1.0	1.0
Total grants	7.5	8.5	9.8	7.4	9.6	8.8	8.7	8.6	8.6
Total expenditure and net lending	20.1	19.7	18.6	19.1	20.7	19.7	19.6	19.5	19.4
Current expenditure	11.2	11.1	11.5	11.5	13.0	12.1	12.1	12.1	12.0
Capital expenditure	8.4	8.7	7.1	7.6	7.8	7.6	7.5	7.4	7.4
Domestic primary balance	-2.9	-2.7	-2.3	-2.8	-4.6	-3.4	-3.3	-3.2	-3.1
Overall balance (cash basis)	-3.1	-2.2	-0.2	-2.5	-3.0	-2.6	-2.5	-2.4	-2.3
Excluding grants	-10.5	-10.7	-10.0	-9.9	-12.6	-11.5	-11.2	-11.0	-10.9
Net Financing	3.2	2.2	0.2	2.5	3.0	2.2	2.1	2.4	2.3
Foreign (Including IMF)	2.8	2.3	1.9	2.5	2.0	2.6	2.5	2.4	2.3
Domestic	0.5	-0.1	-1.8	0.0	1.0	-0.4	-0.4	0.0	0.0
Of which : Net acquisition of assets	0.0	0.0	0.0	0.0	-0.9	-0.4	-0.4	0.0	0.0
Financing gap/errors and omissions	-0.2	0.0	0.0	0.0	0.0	0.4	0.4	0.0	0.0
External sector									
Exports of goods and services	12.3	12.4	8.9	12.5	9.2	11.8	11.8	11.7	11.7
Imports of goods and services	30.4	31.8	27.7	31.1	28.6	29.9	30.2	30.4	30.7
Current account balance	-4.3	-5.5	-0.4	-4.9	-3.2	-2.8	-3.1	-3.4	-3.7
Excl. official and private transfers	-17.6	-19.0	-18.2	-18.3	-18.9	-17.6	-17.9	-18.2	-18.5
Private remittances, net	11.9	12.1	15.0	12.0	13.3	12.9	12.9	12.9	12.9
Official grants and loans	11.0	11.6	12.1	10.4	12.1	12.0	11.9	11.8	11.8
Gross international reserves (end of period)									
In millions of U.S. dollars	200.2	197.7	266.7	201.3	277.1	287.4	294.0	298.2	299.2
In months of imports of goods & services	6.6	5.9	9.5	5.8	8.8	8.2	7.9	7.5	7.1
Exchange rate CF/US\$ (period average)	439.4	439.2	431.1						
Memorandum items									
Public external debt (in Percent of GDP)	24.4	27.1	26.0	29.4	28.7	29.8	30.8	31.6	32.2
GDP (nominal, in billions of CF)	523.1	550.4	526.7	581.1	528.4	554.0	582.2	613.8	647.6
GDP per capita (nominal, in US Dollars)	1,362	1,397	1,362	1,451	1,440	1,475	1,498	1,526	1,551
UN Human Development Index	0.554								

Sources: Comorian authorities; and IMF staff estimates and projections.

Annex VIII. Democratic Republic of the Congo: Update for CCRT Debt Relief

Recent economic developments. COVID-19 continues to have a serious economic impact on the Democratic Republic of Congo (DRC), mostly due to containment measures and the emergence of a second COVID-19 wave in the last quarter of 2020. By contrast, no major mine was shut down in the context of a limited spread of COVID to the mining regions. The continuous increase in copper prices after a rapid rebound and the recovery of world demand have led to higher mineral production than projected at the beginning of the pandemic and have contributed to contain the impact on economic growth (Table 1). Overall, real GDP is estimated to have contracted by 0.1 percent in 2020 and would expand by 3.8 percent in 2021, compared to projected pre-virus growth rates of 3.2 and 3.5 percent in 2020 and 2021, respectively. Non-extractive GDP is projected to have contracted by 2.1 percent in 2020, reflecting a weaker services sector and lower public investment. On the fiscal front, weak tax revenues and increased social spending led to a sizable fiscal deficit of 1.6 percent of GDP in 2020 (compared to a pre-COVID projection of a 0.6 percent of GDP), initially financed mostly by advances from the central bank and, from April 2020 onwards, by a Rapid Credit Facility (RCF) disbursement and other donors' support. In 2020, the pandemic led to combined losses in revenue and grants of 3.6 percent of GDP and higher public health outlays of 0.1 percent of GDP partly compensated by reductions in other spending. For 2021, the projected fiscal deficit is 1 percent of GDP, a similar figure to the pre-COVID projection. The net shock to the balance of payments (financing gap) is estimated at about US\$ 380 million, or 0.8 percent of GDP for 2020, and US\$ 530 million in 2021, or 1 percent of GDP. Public debt projections have not been significantly affected by the pandemic. DRC is a fragile state, ranked 175 out of 189 countries in human development according to the UNHDI. The authorities' efforts to reduce poverty and promote economic development have been significantly affected by the pandemic.

Public health and macroeconomic policy response, including on the use of financial resources freed up by the debt relief.

At the outset of the pandemic, the government adopted a COVID-19 national response plan with an estimated cost of US\$138 million (0.3 percent of GDP), including some off-budget outlays. Several key measures included temporary VAT exemptions on pharmaceutical and basic goods, a grace period for tax arrears, and targeted free provision of water and electricity. In 2020, the increase in COVID-related health spending (effected

Democratic Republic of Congo: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020		Change	FY2021		Change
	Pre-Covid proj.	Actual		Pre-Covid proj. 1/	Current proj.	
Priority expenditures	3.0	2.0	-1.0	3.2	2.8	-0.4
<i>of which</i>						
Health	0.1	0.2	0.1	0.1	0.2	0.1
Education	2.8	1.8	-1.0	2.9	2.5	-0.4
Social	0.1	0.1	0.0	0.1	0.1	0.0
Other Covid-related spending	N/A	0.1	-0.1	N/A	...	...
Covid prevention, containment & mgmt						
Transfers to HHs		0.1	-0.1			
Transfers to businesses, SOEs, govt entities						
Memorandum						
Priority expenditures (percent of public spending)	22.8	18.7	-4.1	22.8	23.6	0.8
Other Covid-related spending (percent of public spending)	-	0.9		-		
Tax relief to HHs/businesses/other revenue measures	-			-		

1/ Most recent projection before March 1, 2020.

through the budget) amounted to 0.1 percent of GDP. Most health-related expenditures are off-budget as they are funded by external donors. In addition, transfers to households amounted to 0.1 percent of GDP. Some additional marginal amounts were also spent on confinement and security measures. A similar increase in health spending is projected for 2021. The government continues with the implementation of its free education initiative despite financing constraints. The April 2020 RCF, other donors' support, and debt relief are projected to cover mostly the 2020-21 government revenue losses associated with the pandemic.

Governance safeguards. The authorities produced and published a revised 2020 treasury plan reflecting the expected impact of the pandemic and additional support from development partners. They started to include COVID-19 related expenditures in their monthly budget execution reports. The authorities are reporting on the nature and amount of the COVID-19 related expenditures on a monthly basis. The authorities have also committed to publish all COVID-19 related procurement contracts that exceed US\$12,000 and disclose beneficial ownership information for contracts exceeding US\$1 million but have not yet provided an update on the status of these publications. The General Finance Inspectorate is undertaking a specific audit of COVID-19 related expenditures. Additionally, the annual report of the Audit court will include a special audit on COVID-19 related expenditures.

IMF support status. On April 22, 2020 the Board approved an RCF of SDR 266.5 million, or 25 percent of quota. This disbursement followed a first RCF disbursement approved in December 2019, which was coupled with a Staff-Monitored Program (SMP) through end-May 2020. The authorities have requested a three-year Extended Credit Facility (ECF). Tangible political commitment to implementation of sound economic policies and governance and structural reforms are prerequisites for a Fund-supported program.

Upcoming debt service. DRC has SDR 4.9 million debt service falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that DRC is pursuing appropriate macroeconomic policies to address the global pandemic. Monetary policy was tightened substantially to contain inflation and exchange rate depreciation, while budget execution has been aligned to available funding to avoid recourse to central bank advances. Preliminary data would support the view that resources freed by the first and second tranches of Fund debt service relief under the CCRT are being used to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on the lives and livelihoods of the population.

Table 1. Democratic Republic of Congo: Selected Economic and Financial Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
			Projections		Projections		Projections				
	Prel.	Prel.	Pre-COVID	Current	Pre-COVID	Current					
GDP and prices											
(Annual percentage change, unless otherwise indicated)											
Real GDP	5.8	4.4	3.2	-0.1	3.5	3.8	4.9	4.9	5.2	5.1	4.1
Extractive GDP	16.9	1.0	-2.4	5.1	2.4	4.0	4.4	4.5	5.1	4.6	4.4
Non-Extractive GDP	1.9	5.7	5.4	-2.1	3.9	3.7	5.0	5.1	5.2	5.3	4.0
GDP deflator	29.8	4.2	5.7	13.4	4.9	11.1	7.4	7.3	5.1	4.8	4.6
Consumer prices, period average	29.3	4.7	5.0	11.3	5.0	10.9	7.5	7.5	5.5	5.0	5.0
Consumer prices, end of period	7.2	4.6	5.0	15.8	5.0	7.8	7.4	6.5	5.0	5.0	5.0
External sector											
Exports in U.S. dollars, f.o.b. value	38.3	-19.9	-5.4	5.3	6.5	35.1	7.2	8.4	8.2	4.6	-4.1
Imports in U.S. dollars, f.o.b. value	32.0	-14.3	0.1	-1.1	5.0	35.4	6.5	7.9	8.8	4.4	-2.8
Exports volume	22.2	-0.5	-5.4	8.6	5.6	5.6	7.3	10.1	6.0	5.0	5.0
Import volume	29.9	-13.6	-0.3	5.0	8.7	26.5	7.7	7.7	6.6	3.3	-3.9
Terms of trade	9.2	-12.5	-1.2	2.5	0.5	17.3	0.8	-0.6	-1.3	-1.3	-8.3
Money and credit											
(Annual change in percent of beginning-of-period broad money)											
Net foreign assets	10.2	16.4	6.2	32.9	8.9	19.2	13.2	10.4	9.8	8.5	6.7
Net domestic assets	20.2	13.0	0.5	9.0	1.1	6.7	12.6	13.8	13.2	14.7	16.4
Domestic credit	18.5	17.1	0.3	11.1	0.9	7.8	10.2	12.0	12.8	15.1	16.9
<i>Of which: net credit to government</i>	1.4	5.5	3.2	2.0	-0.1	1.2	1.0	1.1	1.0	0.8	0.5
<i>credit to the private sector</i>	20.3	7.0	-2.9	3.3	-6.5	6.6	9.2	11.0	11.8	14.4	16.3
Broad money	30.1	28.9	6.6	41.9	10.0	25.7	25.7	24.1	23.0	23.1	23.1
Central government finance											
(Percent of GDP, unless otherwise indicated)											
Revenue and grants	11.1	10.7	12.7	9.1	13.0	10.9	13.3	13.6	13.9	13.8	14.4
Revenue	10.0	10.0	11.3	8.3	11.4	9.2	11.7	12.0	12.3	12.3	13.1
Grants	1.1	0.8	1.4	0.8	1.6	1.7	1.7	1.7	1.6	1.5	1.4
Expenditures	11.1	12.6	13.3	10.7	13.9	11.9	13.7	14.2	14.9	14.7	15.2
Overall fiscal balance (commitment basis)	0.0	-1.9	-0.6	-1.6	-1.0	-1.0	-0.4	-0.5	-1.0	-0.9	-0.8
Investment and saving											
Gross national saving	8.1	7.9	9.2	6.9	10.4	8.3	10.6	11.3	12.1	12.0	12.0
Government	-0.9	-3.7	-1.3	-2.4	-1.4	-1.2	0.5	0.9	1.1	1.3	2.0
Non-government	9.1	11.6	10.6	9.2	11.8	9.5	10.1	10.4	11.0	10.8	9.9
Investment	11.7	12.6	13.5	10.5	14.1	12.7	14.9	15.3	16.0	15.8	16.1
Government	1.7	2.2	3.0	1.6	3.5	2.9	4.1	4.6	5.3	5.3	5.8
Non-government	10.0	10.4	10.5	8.9	10.5	9.8	10.8	10.7	10.7	10.5	10.3
Balance of payments											
Exports of goods and services	34.1	25.6	23.5	27.7	23.9	34.4	34.9	35.5	35.7	34.9	31.6
Imports of goods and services	37.7	29.9	26.9	30.7	28.0	38.2	38.4	38.9	39.0	38.1	35.0
Current account balance, incl. transfers	-3.6	-4.2	-4.3	-4.0	-3.7	-3.7	-3.7	-3.6	-3.6	-3.5	-3.6
Current account balance, excl. transfers	-5.3	-5.0	-5.6	-4.4	-6.3	-4.7	-4.5	-4.4	-4.3	-4.1	-4.2
Overall balance	0.2	-2.6	0.6	-1.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Gross official reserves (millions of U.S. dollars)	617	874	1,078	730	1,493	766	818	999	1,505	2,020	2,514
Gross official reserves (weeks of imports)	2.3	3.3	4.2	2.0	5.4	2.0	2.0	2.2	3.2	4.4	5.2
External public debt											
(Percent of GDP, unless otherwise indicated)											
Total stock, including IMF	13.7	13.1	13.8	15.9	13.4	15.1	14.4	13.9	13.8	13.6	13.4
Scheduled debt service (millions of U.S. dollars)	316	505	632	452	769	675	707	832	792	815	837
Percent of exports of goods and services	2.0	3.9	5.1	3.3	5.8	3.7	3.6	3.9	3.4	3.4	3.6
Percent of government revenue	6.6	9.5	10.6	10.4	12.3	12.7	10.1	10.8	9.3	9.0	8.3
Exchange rate (CDF per U.S. dollars)											
Period average	1,624	1,650	...	1,921	...	...	...	...	...	...	...
End-of-period	1,636	1,673	...	1,978	...	...	...	...	...	...	...
Memorandum items											
Nominal GDP (billions of CDF)	76,496	83,190	89,806	94,285	97,480	108,741	122,454	137,872	152,323	167,760	182,725
Nominal GDP (millions of U.S. dollars)	47,099	50,418	52,591	49,073	55,159	53,391	56,571	60,242	64,799	69,272	73,381
UN Human Development Index	0.478	0.480	...	...	...	...	...	...	...	...	...
Social & health expenditures (as percent of GDP)	1.8	2.0	3.0	2.0	3.2	2.8	2.7	2.7	2.7	2.7	2.7

Sources: Congolese authorities; and IMF staff estimates and projections.

Annex IX. Djibouti: Update for CCRT Debt Relief

Recent Economic Developments. After a brief surge in COVID cases in May 2020, the authorities have successfully contained the spread of the virus since June. Domestic demand initially contracted on strict containment measures, but quickly rebounded as the economy reopened. The pandemic also initially slowed port activity, which has since recovered, and exports from the free trade zones have accelerated. The short period of economic disruption, together with a COVID response of about 2 percent of GDP, limited the economic contraction in 2020 to 1 percent, compared to a pre-COVID projection of 7 percent growth. Nevertheless, lower growth has resulted in higher debt ratios. Assuming the virus remains contained, Djibouti is set to recover in 2021 with growth projected to return to 5 percent, supported by international trade and strong growth in Ethiopia, its most important trading partner. Modest additional fiscal support in 2021 will reinforce the recovery, but the outlook remains highly dependent on the evolution of the virus, and near-term growth is likely to remain below pre-COVID projections.

Public health and macroeconomic policy response, including on the use of financial resources freed up by the debt relief. The authorities responded swiftly by putting in place strict containment

and mitigation measures and allocated US\$88.3 million, equivalent to 2.6 percent of GDP, towards COVID-related expenditures through a supplementary budget. Of this amount, 2.1 percent of GDP was spent in 2020, including on job protection measures, cash transfers, deferral of social and corporate tax contributions, and deferral of loan repayments. With the stabilization of cases and ongoing economic recovery, the authorities plan to maintain modest

COVID-related spending of 0.6 percent of GDP in support to households and businesses in 2021. This spending will be offset by cuts to other current expenditures and measures to broaden the tax base.

Djibouti: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)

	FY2020	FY2021
	Actual	Current proj.
Other Covid-related spending	2.1	0.6
Covid prevention, containment & mgmt	0.1	0.0
Transfers to HHs	0.4	0.1
Transfers to businesses, SOEs, govt entities	0.4	0.1
Other	1.3	0.4
Memorandum		
Other Covid-related spending (percent of public spending)	9.4	3.0

Note: The authorities were not able to provide data on priority expenditures.

Governance safeguards. COVID-related spending in 2020 and 2021 was legislated through regular budget procedures, promoting transparency in resource allocation. As part of their commitments under the May 2020 RCF, the authorities are preparing to commission an external audit of COVID-related spending and will publish the results later this year. Regarding the commitment to publish procurement contracts of COVID expenditures and the beneficial ownership of the selected companies, the authorities informed staff that all contracts have so far fallen under the US\$100,000 threshold for publication.

IMF support status. On May 8, 2020, the Board approved disbursements under the RCF for SDR 31.8 million (US\$43.4 million, 100 percent of quota) and the CCRT for SDR 1.692 million. On October 2, 2020 additional CCRT support was approved under the second tranche for SDR 1.692 million. Djibouti

is also a beneficiary of the Debt Service Suspension Initiative (DSSI) and has applied for the extension of the initiative.

Upcoming debt service. Djibouti has debt service of SDR 1.397 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the third tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Djibouti is pursuing appropriate macroeconomic policies to address the pandemic. In light of the authorities' commitment to mitigate the negative impact of the crisis in a transparent manner, staff also assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT are being used to help provide emergency health, social and economic support to the economy.

Table 1. Djibouti: Selected Economic and Financial Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
			Pre-COVID	Est.	Pre-COVID	Proj.			Proj.		
National accounts					(Annual percentage change)						
Real GDP	8.5	7.5	7.0	-1.0	7.0	5.0	5.5	6.0	6.0	6.0	6.0
Consumer prices (annual average)	0.1	3.3	2.9	2.9	2.8	2.4	2.1	2.0	2.0	2.0	2.0
Consumer prices (end of period)	2.0	3.3	3.5	2.5	2.0	2.2	2.0	2.0	2.0	2.0	2.0
Saving and investment					(In percent of GDP)						
Fixed capital investment	16.1	15.0	17.8	15.6	17.4	13.7	17.2	15.1	13.9	12.6	12.4
Non-government	7.3	8.0	10.6	10.0	10.1	8.0	10.8	8.8	8.8	7.2	7.3
Central government	8.8	7.1	7.1	5.7	7.2	5.7	6.3	6.2	5.0	5.4	5.1
Gross national savings	30.3	28.0	17.8	18.5	18.1	11.7	16.4	15.6	15.3	14.7	15.2
Savings/investment balance	14.2	13.0	0.0	2.9	0.7	-2.0	-0.7	0.5	1.5	2.1	2.8
Central government					(In percent of GDP)						
Revenues and grants	23.1	21.7	19.6	21.2	19.0	18.6	18.8	18.8	18.6	18.4	18.2
Tax revenues	12.9	12.0	11.7	10.6	11.3	10.8	11.1	11.4	11.6	11.7	11.8
Nontax revenue	7.0	6.4	6.2	7.5	5.8	6.1	6.0	5.9	5.6	5.4	5.2
Grants	3.3	3.3	1.7	3.1	1.8	1.8	1.6	1.5	1.4	1.3	1.2
Expenditure	25.9	22.5	21.8	22.5	21.2	20.6	20.6	20.2	18.8	18.9	18.3
Current expenditure	17.2	15.5	14.7	16.9	13.9	14.3	14.2	13.9	13.8	13.5	13.3
Capital expenditure	8.8	7.1	7.1	5.7	7.2	5.7	6.3	6.2	5.0	5.4	5.1
Domestically financed	3.2	3.8	2.8	2.9	2.7	2.8	2.8	2.7	2.6	2.5	2.4
Foreign-financed	5.6	3.2	4.4	2.7	4.5	2.9	3.6	3.6	2.4	2.9	2.6
Overall balance (commitment basis)	-2.8	-0.8	-2.3	-1.3	-2.2	-2.0	-1.8	-1.4	-0.2	-0.5	-0.1
Change in arrears	0.4	0.5	-0.3	-0.9	-0.2	-0.3	0.0	0.0	0.0	-0.1	-0.1
Overall balance (cash basis)	-2.4	-0.4	-2.5	-2.2	-2.4	-2.3	-1.8	-1.4	-0.2	-0.6	-0.2
Memo: Overall balance, excluding large projects	-1.5	-0.4	-2.1	-2.2	-1.9	-2.2	-1.3	-1.0	-0.2	-0.6	-0.2
Monetary sector					(Annual change in percent of broad money)						
Broad money	-5.6	8.8	13.4	8.5	9.0	4.3	7.1	7.1	7.1	7.2	7.2
Net foreign assets	-6.1	0.5	16.0	9.6	8.6	0.0	3.5	3.3	3.0	3.3	3.6
Net domestic assets	0.6	8.3	-2.7	-1.1	0.4	4.3	3.6	3.8	4.1	3.8	3.6
Of which: Claims on government (net)	0.5	1.0	-0.4	0.1	-0.2	1.2	0.2	0.0	0.0	-0.2	-0.1
Of which: Claims on non-government sector	3.7	3.7	4.6	0.2	4.1	3.1	3.2	3.9	4.0	3.7	3.8
Credit to non-government (in percent of GDP)	23.8	23.5	24.2	23.2	24.5	23.6	23.9	24.5	25.0	25.4	25.7
External sector					(In millions of US dollars)						
Current account balance	429	435	0	99	28	-72	-28	23	67	105	153
(In percent of GDP)	14.2	13.0	0.0	2.9	0.7	-2.0	-0.7	0.5	1.5	2.1	2.8
Underlying current account balance 1/	-34	-399	0	-105	28	-72	-28	23	67	105	153
(In percent of GDP)	-1.1	-11.9	0.0	-3.1	0.7	-2.0	-0.7	0.5	1.5	2.1	2.8
External public and publicly guaranteed debt	2,085	2,214	2,342	2,459	2,476	2,627	2,897	3,030	3,118	3,145	3,152
(In percent of GDP)	69.2	66.2	64.1	72.2	61.6	71.7	73.5	71.1	67.6	63.1	58.5
Foreign direct investment	170	175	256	134	277	147	158	213	230	224	269
(In percent of GDP)	5.6	5.2	7.0	3.9	6.9	4.0	4.0	5.0	5.0	4.5	5.0
Exports of goods and services (percent change)	10.0	12.9	8.6	7.8	8.6	11.5	8.0	8.7	8.4	8.2	8.4
Imports of goods and services (percent change)	-2.7	13.7	26.8	15.3	8.1	14.8	7.2	7.9	7.8	7.8	7.9
Gross official reserves	445	494	529	664	560	640	680	735	795	860	930
(In months of next year's imports of goods and services, exc. re-exports)	3.3	3.7	4.2	4.6	4.2	4.1	4.0	4.0	4.0	4.0	4.0
Gross foreign assets of commercial banks	1,345	1,408	1,499	1,485	1,618	1,505	1,549	1,579	1,603	1,633	1,668
(In months of next year's imports of goods and services, exc. re-exports)	10.0	10.4	11.8	10.2	12.2	9.6	9.2	8.6	8.1	7.6	7.2
Exchange rate (DF/US\$, end of period)	177.7	177.7	177.7	177.7	...	...	...	...	...	...	...
Real effective exchange rate (yearly average, 2005=100)	105.3	109.6	...	...	...	...	...	...	...	...	...
(Change in percent; depreciation -)	-3.1	4.1	...	...	...	...	...	...	...	...	...
Memorandum items											
Nominal GDP (in millions of Djibouti francs)	535,438	594,702	649,205	605,702	713,798	650,933	700,850	757,759	819,289	885,815	957,743
Nominal GDP (in millions of US dollars)	3,013	3,346	3,653	3,408	4,016	3,663	3,944	4,264	4,610	4,984	5,389
Nominal GDP per capita (US dollars)	2,872	3,103	3,295	3,074	...	...	...	...	...	...	...
Population (million)	1,049	1,078	1,109	1,109	1,138	1,138	1,167	1,196	1,226	1,226	1,226
UN Human development index ranking	0.518	0.524	...	...	...	...	...	...	...	...	...
Health and education expenditure (in percent of GDP)	5.952	...	...	...	...	...	...	...	...	...	...

Sources: Djibouti authorities, IMF staff estimates and projections, UNDP, World Bank.

1/ Current account balance excluding imports and exports associated with re-export activities.

Annex X. The Federal Democratic Republic of Ethiopia: Update for CCRT Debt Relief

Recent Economic Developments. The Ethiopian authorities responded early and forcefully to the onset of the pandemic, declaring a 5-month state of emergency on April 8. COVID cases declined steadily after peaking in August 2020, even as containment measures were relaxed. A second wave of the pandemic hit Ethiopia starting in late January 2021, with a marked pick-up in new cases. Real GDP growth for 2020/21 has been revised up from zero percent (2nd tranche CCRT update) to 2 percent on the back of a positive growth surprise for 2019/20 (6.1 percent, against the earlier projected 1.9 percent, as the two largest sectors – agriculture and construction – remained largely unaffected by the pandemic), though growth remains well below past trends due to the lingering effects of the pandemic on non-agricultural activity, locusts infestation's adverse impact on agricultural activity and domestic security challenges.¹ Growth for FY 21/22 is projected to rebound to 8.7 percent, mainly driven by the assumption that the pandemic will be globally contained. Fiscal policy turned slightly expansionary in 2019/20, with the deficit rising modestly to 2.8 percent of GDP, as the authorities cut or deferred other current spending to accommodate additional COVID-related measures (mainly on health and emergency social assistance, amounting to 1.6 percent of GDP) to achieve a smaller-than-projected deficit. Sharply lower imports and higher-than-projected merchandise exports offset a lower-than-expected decline in services exports and remittances, leading to a narrowing of the current account deficit to 4.1 percent of GDP. However, shortfalls in foreign direct investment, and lower loan disbursements to SOEs offset most of the improvement in the current account, resulting in unchanged reserves.

Public health and macroeconomic policy response, including on the use of financial resources freed up by the debt relief. In May 2020, the authorities approved supplementary budget allocations of around 0.5 percent of GDP to cover COVID-related healthcare spending needs, and 1 percent of GDP to meet humanitarian needs accentuated by the crisis (primarily emergency food distribution and sanitation).

Ethiopia: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2019/20		Change	FY2020/21		Change
	Pre-Covid proj.	Actual		Pre-Covid proj. 1/	Current proj.	
Priority expenditures (Recurrent poverty-reduction spending)	4.0	4.4	0.4	4.7	5.2	0.5
of which						
Health	0.9	1.0	0.2	1.0	1.4	0.4
Education	2.5	2.6	0.2	2.7	2.8	0.1
Social spending and others	0.7	0.8	0.1	0.9	1.0	0.1
Other Covid-related spending	0.0	1.2	1.2	0.0	0.3	0.3
Covid prevention, containment & mgmt	0.0	0.1	0.1	0.0	0.1	0.1
COVID-related social and other spending	0.0	0.8	0.8	0.0	0.2	0.2
Additional COVID-related capital expenditure	0.0	0.3	0.3	0.0	0.1	0.1
Additional COVID-related measures to HHs 2/	0.0	0.1	0.1	0.0	0.0	0.0
Additional COVID-related measures to corporate/firms 2/	0.0	0.3	0.3	0.0	0.0	0.0
Memorandum						
Tax relief to HHs/businesses/other revenue measures	0.0	0.4	0.4	0.0	0.0	0.0
Priorities spending in percent of total spending	29.8	30.4	0.6	29.0	35.3	6.2
COVID19-related measures as percent of total spending	0.0	8.0	8.0	0.0	2.1	2.1
1/ Projections at program approval in December 2019. Fiscal year starts from July 8 of a calendar year to Jul 7 next year.						
2/ Measures include transfers and tax amnesty on interests and penalty for tax debt.						

¹ Ethiopia's fiscal years run July 8 – July 7.

In addition, the authorities introduced temporary tax reliefs aimed at alleviating pressures on businesses, mainly in the form of deferral of tax liabilities and amnesty on interests and penalties on tax debt. Spending and tax measures led to only a modest 0.3 percent of GDP widening of the deficit in FY2019/20 relative to pre-pandemic projections at program approval, amid some scaling back of planned capital expenditure. For 2020/21, the authorities envisage a supplementary budget with a larger 3.3 percent-of-GDP deficit (relative to the ECF-EFF program approval deficit target of 2.5 percent) to finance pandemic-related spending and additional spending on humanitarian assistance and reconstruction needs resulting from the security operations in Tigray.

Governance safeguards. Tenders for public contracts (primarily for healthcare supplies, personal protective equipment, and humanitarian support goods) have usually been carried out through a competitive bidding process, in accordance with national procurement law, and bidding documents are published online.² The limited tax relief provided to businesses during the crisis was enacted transparently through a published regulation by the Council of Ministers and a directive by the Ministry of Finance, with the impact of the measures fully reflected in the budget. All funds secured from donors in 2019/20 were included in the approved supplementary budget, and a directive was issued to ensure that all mobilized resources (including the government's own sources) are accounted for and managed transparently. Monitoring of COVID-19 spending is led by a steering committee chaired by the deputy Prime Minister, while a technical committee chaired by Ministry of Finance has been established to monitor all budgetary processes from allocation to audit. An ex-post audit by the Auditor General over COVID-19 related measures during FY2019/20 is underway and is expected to be completed by September 2021.

IMF support status. Ethiopia's 3-year program under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) arrangements, with a total access of 700 percent of quota, was approved by the Board on December 20, 2019. Ethiopia's request for assistance from the Fund under the RFI in the amount of 100 percent of quota (SDR 300.7 million or about US\$411 million) and debt relief under the CCRT were approved by the Board on April 30, along with a reduction in EFF access by 50 percent of quota to comply with then applicable annual access limit policies. The first and second reviews under the ECF/EFF arrangements are expected to be discussed at the Board in the coming weeks.

Upcoming debt service to the IMF. Ethiopia has debt service estimated at SDR 471,500 in the form of GRA charges falling due during the interval from April 14 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Ethiopia is pursuing appropriate macroeconomic policies as it responds to the health and economic impacts of the global pandemic. As discussed in the public health and governance paragraphs above, staff also assesses that the resources freed by the two tranches of Fund debt service relief under the CCRT, and other support from the Fund including under an exceptional access ECF/EFF, are being used to help provide emergency health, social and

² See the website for the Ethiopian Public Procurement and Property Administration Agency, www.ppa.gov.et.

economic support to the economy to mitigate the impact of the pandemic on life and livelihood of the population.

Data Assessment: The estimates of COVID-19 related measures are preliminary. The total estimates are provided by the authorities with some breakdowns and staff has made estimates on sub-categories based on available information to the extent possible. There are gaps in the quality of the data, but staff considers the data are broadly in line with the authorities' announcement. The authorities are undertaking an audit by the Auditor General on the COVID-19 related measures and some estimates may be revised.

Table1. Ethiopia: Selected Economic and Financial Indicators, 2018/19–2025/26

GDP		Poverty indicators in 2015/16 (national definitions)										
Nominal GDP (2019, billions of U.S. dollars)	96	Poverty headcount ratio (percent of population)										23.5
GNI per capita, Atlas method (2019, current US\$)	850	Food poverty (percent of population)										24.8
Population characteristics		Income distribution, 2015										
Total (2019, million)	112	Income shared by highest 10 percent of population										28.5
Urban population (2019, million)	4.6	Income shared by lowest 20 percent of population										7.3
Life expectancy at birth (2018, years)	66	GINI index										35.0
Human Development Index, 2019	0.485											
Economic Indicators												
	2018/19	2019/20		2020/21		2021/22		2022/23	2023/24	2024/25	2025/26	
	Act.	Prog. 4/	Est.	Prog. 4/	Rev. Proj.	Prog. 4/	Rev. Proj.	IMF Staff Proj.	IMF Staff Proj.	IMF Staff Proj.	IMF Staff Proj.	
National income and prices												
(In percent change, unless otherwise mentioned)												
GDP at constant prices (at factor cost)	9.0	6.2	6.1	6.1	2.0	7.0	8.7	8.2	8.0	8.0	8.0	
GDP deflator	12.9	19.4	18.2	12.3	20.2	8.8	9.5	7.8	7.9	7.9	8.0	
Consumer prices (period average) 1/	12.6	19.4	19.9	11.1	17.7	8.1	9.2	8.0	8.0	8.0	8.0	
Consumer prices (end period) 1/	15.3	18.1	21.6	9.4	13.5	8.0	8.0	8.0	8.0	8.0	8.0	
External sector												
Exports of goods and services (U.S. dollars, f.o.b.)	7.9	12.8	0.8	12.7	4.2	14.0	16.7	13.9	14.1	12.6	11.3	
Imports of goods and services (U.S. dollars, c.i.f.)	4.1	11.3	-9.2	9.4	-3.8	8.5	12.2	10.1	10.4	9.3	9.0	
Terms of trade (goods, deterioration –)	-2.5	4.1	15.5	5.6	12.7	3.2	1.6	-1.5	-0.6	-1.1	-0.3	
Nominal effective exchange rate (end of period, depreciation –)	-1.5	...	-13.9	...	...	...	...	...	...	...	...
Real effective exchange rate (end of period, depreciation –)	10.2	...	2.4	...	...	...	...	...	...	...	...
Money and credit												
Change in net foreign assets	-63.2	83.9	-152.8	222.1	-592.8	95.2	148.9	63.1	53.4	29.4	20.7	
Change in net domestic assets (including other items net)	24.4	16.9	19.8	13.9	15.6	14.4	12.0	14.4	14.3	17.2	19.3	
Broad money	19.7	18.0	17.0	19.2	20.1	19.9	16.2	17.5	17.9	18.6	19.4	
Base money	15.3	12.5	22.8	13.0	12.0	13.0	10.5	10.5	11.0	11.0	11.0	
Velocity (GDP/broad money)	3.03	3.24	3.25	3.28	3.30	3.23	3.42	3.42	3.42	3.36	3.29	
Financial balances 2/												
(In percent of GDP, unless otherwise mentioned)												
Gross domestic savings	22.1	25.2	20.9	25.0	21.4	26.7	18.5	19.3	21.7	22.4	22.6	
Public savings	1.7	2.6	1.6	3.6	0.7	4.7	2.3	3.6	4.6	4.9	5.1	
Private savings	20.4	22.6	19.3	21.4	20.6	22.0	16.3	15.8	17.1	17.5	17.5	
Gross domestic investment	35.3	34.3	30.8	36.3	30.3	38.1	28.7	29.8	31.7	32.0	31.8	
Public investment	11.2	10.0	9.5	10.3	8.4	10.3	7.3	8.0	8.9	7.4	7.7	
Private investment	24.1	24.3	21.2	26.0	21.9	27.8	21.4	21.8	22.8	24.6	24.1	
Resource gap	-13.1	-9.1	-9.8	-11.4	-9.0	-11.4	-10.2	-10.5	-10.0	-9.6	-9.2	
External current account balance, including official transfers	-5.1	-5.5	-4.1	-4.6	-3.2	-4.6	-3.6	-3.6	-3.5	-3.2	-3.1	
Government finances												
Revenue	11.6	11.7	10.5	13.0	10.4	14.2	11.7	13.1	14.4	14.7	14.9	
Tax revenue	10.0	10.1	9.2	11.5	9.0	12.7	10.2	11.6	13.0	13.3	13.5	
Nontax revenue	1.6	1.5	1.3	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	
External grants	1.2	0.9	1.2	0.8	1.1	0.6	0.9	0.9	0.7	0.7	0.7	
Expenditure and net lending	15.4	15.0	14.5	16.0	14.8	16.8	14.8	15.9	17.1	17.1	17.7	
Recurrent poverty reduction spending	4.5	4.5	4.4	4.7	5.2	4.8	5.0	4.9	5.0	5.0	5.0	
Fiscal balance, excluding grants (cash basis)	-3.8	-3.4	-4.0	-3.0	-4.4	-2.6	-3.1	-2.8	-2.7	-2.4	-2.8	
Fiscal balance, including grants (cash basis)	-2.5	-2.5	-2.8	-2.2	-3.3	-1.9	-2.2	-1.9	-1.9	-1.7	-2.1	
Total financing (including residuals)	2.5	2.5	2.8	2.2	3.3	1.9	2.2	1.9	1.9	1.7	2.1	
External financing	1.3	1.2	1.8	1.0	1.6	1.7	1.3	1.3	1.2	0.2	1.0	
Domestic financing	1.3	1.3	1.2	1.2	1.7	0.3	0.9	0.6	0.8	1.5	1.1	
Public debt 3/	57.3	53.4	56.5	52.7	57.6	52.0	55.0	51.2	47.0	43.1	39.5	
Domestic debt	28.9	25.4	27.3	22.6	25.3	19.1	21.3	18.7	16.5	15.4	14.2	
External debt (including to the IMF)	28.4	28.0	29.2	30.1	32.2	32.8	33.7	32.5	30.5	27.6	25.3	
Overall balance of payments (in millions of U.S. dollars)	558	-346	-1,275	22	-463	-547	-415	-521	884	826	975	
Gross official reserves (in millions of U.S. dollars)	3,415	4,031	3,110	5,661	4,142	7,441	6,064	8,060	9,265	10,061	11,041	
(months of prospective imports of goods and nonfactor services)	2.3	2.0	2.1	2.6	2.5	3.2	3.4	4.1	4.3	4.3	4.3	
Net international reserves (in millions of U.S. dollars, program definition)	3,134	3,154	2,172	3,978	2,901	4,753	3,846	5,944	n.a.	n.a.	n.a.	
GDP at current market prices (billions of birr)	2,691	3,391	3,374	4,094	4,108	4,828	4,944	5,826	6,857	8,000	9,345	

Sources: Ethiopian authorities and IMF staff estimates and projections.

1/ The base is December 2016.

2/ Based on data from Central Statistical Agency (CSA), except for the current account balance, which is based on balance of payments (BOP) data from National Bank of Ethiopia (NBE).

3/ Public and publicly guaranteed external debt, which includes long-term foreign liabilities of NBE and external debt of Ethio-Telecom.

4/ Prog. columns refer to pre-COVID projections as of December 2019.

Annex XI. The Gambia: Update for CCRT Debt Relief

Recent Economic Developments.¹ The pandemic continues to have severe implications on the Gambian economy as the infection rate is increasing due to the second COVID-19 wave, despite the containment measures taken by the authorities. Economic growth in 2020 is estimated at 0 percent, which is weaker than the pre-COVID projection of 6.3 percent, but stronger than the -1.8 percent growth rate projected at the time of the previous CCRT update in October 2020. The upward revision in 2020 GDP growth is predicated on a rebound in agriculture (spurred by favorable weather conditions) and vigorous activity in construction and commerce (supported by strong private FX inflows) which attenuated the negative impact of tourism on growth. Growth is projected to rebound to 6 percent in 2021. Inflation subsided from 7.7 percent (y/y) at end-2019 to 5.7 percent at end-2020, reflecting weak domestic demand and stability in the dalasi. The authorities managed to limit the impact of the crisis on public finances; domestic revenue mobilization held up, public spending was contained, but project grants fell short of pre-COVID projections. The overall fiscal deficit inched up by 0.2 percentage point of GDP relative to pre-COVID projections, to 1.9 percent of GDP. The 2021 budget includes strong one-off measures to contain a resurgence of the pandemic and support economic recovery, leading to an expected increase in the overall deficit to 3.9 percent of GDP, compared to a pre-COVID projection of 1.8 percent of GDP. Compared to the previous CCRT update, the current account deficit in 2020 declined to 5.5 percent of GDP, as increased inflow of remittances mitigated the deterioration in the current account balance due to a halt in tourism. Gross official reserves at end-2020 stood at US\$352 million, or 4.9 months of prospective imports. External financing needs are projected to be about 5 percent of GDP in 2021.

Public health and macroeconomic policy response. The authorities' response continues to be focused on (i) containment and mitigation measures, especially given the recent uptick in cases; (ii) upgrading of the health and education systems to strengthen first response and ensure social distancing; (iii) support to vulnerable households; and (iv) support to businesses, especially in the tourism sector. Staff estimates priority expenditures at 6.6 percent of GDP in 2020 (2.3 percent of GDP higher than pre-COVID projections and including 3.5 percent of GDP in COVID-related spending) mainly due to social and health spending, notably to provide food relief to vulnerable households and purchase essential health supplies. However, priority expenditures are 0.8 percent of GDP lower than in the October update as the authorities tried to keep some fiscal

The Gambia: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)				
	FY2020		Change	FY2021
	Pre-Covid proj.1/	Est.		Current proj.
Priority expenditures	4.2	6.6	2.3	3.9
of which				
Health	1.5	2.6	1.1	2.8
Education	2.6	2.7	0.1	1.1
Social	0.1	1.3	1.2	0.1
Covid-related spending		3.5		0.8
Covid prevention, containment & mgmt		1.5		0.5
Transfers to HHs, businesses, SOEs, govt entities 2/		2.0		0.3
Memorandum				
Priority expenditures (percent of public spending)	17.1	27.8	10.6	15.4
Other Covid-related spending (percent of public spending)	-	14.6		2.0
Tax relief to HHs/businesses/other revenue measures 3/	-	1.2		1.0

1/ Most recent projection before March 1, 2020.
 2/ The 2021 figure is the difference between current and pre-COVID projections of subsidies and transfers.
 3/ Revenue loss estimated as the difference between current revenue and pre-COVID projections.

¹ IMF Country Report No. 21/25.

prudence while addressing the pandemic. Priority expenditures in the 2021 budget are projected to decrease to about 4.0 percent of GDP—as the authorities allocate more resources to infrastructure projects to support the economic recovery. The Gambia is part of the African Union COVAX initiative and the authorities are working with the World Bank on a US\$8 million (0.4 percent of GDP) project to procure and rollout COVID-19 vaccines, which would bring the projected priority spending in 2021 to 4.4 percent of GDP.

Governance safeguards. In early 2020, a dedicated account was opened and a committee comprising all actors involved in the budget execution process was set up to execute the COVID-19 spending. This spending was published as part of the monthly expenditure reports on the website of the finance ministry; details of COVID-19 procurement contracts from March–October 2020, including the beneficial owners of successful bidding companies were published on the website of the Gambia Public Procurement Authority. All subsequent emergency appropriations were included in the 2020 supplementary appropriation bill and the 2021 budget approved by the National Assembly following extensive public debates. The internal audit at the Ministry of Health has been strengthened and the National Audit Office (NAO) launched in September an independent audit of the COVID-19 spending covering January–August 2020. The NAO will complement this audit with the COVID-19 spending covering the remainder of 2020 with a view to produce a full audit report along with the audit of the 2020 accounts by end-September 2021. To foster transparency, the authorities have entrusted the World Food Program to carry-out the distribution of the second phase of the government-funded COVID-19 food relief program.

IMF support status. The IMF Executive Board approved in March 2020 a 39-month ECF arrangement in the amount of SDR 35 million (56.3 percent of quota), which was followed in April 2020 by the approval of a COVID-19 emergency support under the RCF in the amount of SDR 15.55 million (25 percent of quota). In January 2021, the IMF Executive Board completed the first review of The Gambia’s performance under the ECF arrangement and also approved an augmentation of access under the program from SDR 35 million to SDR 55 million (88.4 percent of quota). The discussions for the second ECF review are planned for 2021Q2.

Upcoming debt service. The Gambia has debt service of SDR 1.866 million falling due from April 14, 2021 to October 15, 2021, the period covered by the third tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that The Gambia is pursuing appropriate macroeconomic policies to address the global pandemic. Staff also assesses that the resources freed up by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide emergency health, social and economic support to mitigate the impact of the pandemic on lives and livelihoods of the population. Finally, staff assesses that the quality of authorities’ data submission could be improved, taking into account capacity constraints; this would improve staff’s capacity to make a fuller assessment.

Table 1. The Gambia: Selected Economic and Financial Indicators, 2019–26

	2019	2020		2021		2022	2023	2024	2025	2026
	Act.	Pre- COVID	Proj.	Pre- COVID	Proj.	Projections				
National account and prices						(Percent change; unless otherwise indicated)				
GDP at constant prices	6.1	6.3	0.0	5.8	6.0	6.5	7.0	6.5	5.8	5.6
GDP deflator	7.1	6.3	7.1	5.5	4.2	4.4	4.2	4.1	4.8	5.2
Consumer prices (average)	7.1	6.7	5.9	6.0	6.0	5.5	5.1	5.0	5.0	5.0
Consumer prices (end of period)	7.7	6.2	5.7	5.8	5.8	5.2	5.0	5.0	5.0	5.0
External sector										
Exports, f.o.b (US\$ values)	23.8	6.0	-9.5	7.9	25.6	13.5	12.0	8.7	6.1	7.5
Imports, f.o.b (US\$ values)	14.6	13.6	-1.1	8.3	19.4	12.2	6.2	6.4	4.4	4.5
Terms of trade (deterioration = -)	-4.8	-3.3	1.4	-2.9	-1.7	-1.4	-1.0	-0.5	-0.6	6.0
Real effective exchange rate (depreciation = -)	4.4	...	...	...	...	...	...	...	...	...
Money and credit						(Contributions to broad money growth; percent)				
Broad money	27.1	15.5	22.0	11.5	9.4	...	...	...	...	...
Net foreign assets	18.9	9.2	17.6	9.2	-1.2	...	...	...	...	...
Net domestic assets	8.2	6.3	4.4	2.3	10.6	...	...	...	...	...
Of which:										
Credit to central government (net)	4.0	1.2	3.6	0.0	6.7	...	...	...	...	...
Credit to the private sector (net)	6.0	3.4	0.1	2.3	3.9	...	...	...	...	...
Velocity (GDP/broad money)	2.1	2.0	1.9	2.0	1.9	...	...	...	...	...
Central government finances						(Percent of GDP; unless otherwise indicated)				
Domestic revenue (taxes and other revenues)	13.9	13.7	13.8	14.0	14.1	13.9	14.2	14.5	14.9	15.2
Of which: Tax Revenue	10.9	11.6	10.5	11.9	11.2	11.6	12.0	12.3	12.6	12.9
Grants	7.1	9.3	8.0	8.5	7.4	7.7	7.2	6.4	6.0	5.6
Total expenditures and net acquisition of financial assets	23.2	24.4	23.4	24.2	25.2	23.5	22.5	21.7	21.0	21.1
Of which: Interest (percent of government revenue)	22.3	19.9	22.0	18.1	18.4	18.0	15.6	14.6	13.4	11.9
Net lending (+)/borrowing (-)	-2.5	-1.7	-1.9	-1.8	-3.9	-2.0	-1.2	-0.8	-0.2	-0.3
Net incurrence of liabilities	3.1	2.0	1.6	1.8	4.0	2.2	1.3	0.8	0.2	0.3
Foreign	2.6	2.0	0.9	1.8	1.6	1.8	1.3	0.8	0.2	0.3
Domestic	0.5	0.0	0.8	0.0	2.3	0.4	0.0	0.0	0.0	0.0
Primary balance	0.6	1.0	1.1	0.8	-1.3	0.5	1.1	1.3	1.8	1.5
Public debt	80.1	75.8	75.8	70.8	73.9	70.0	65.2	60.4	55.4	50.9
Domestic public debt	35.5	32.9	33.2	29.5	30.7	28.2	25.4	23.0	20.7	18.6
External public debt	44.6	42.9	42.6	41.3	43.2	41.8	39.8	37.5	34.7	32.2
External public debt (millions of US\$)	798.1	816.5	813.9	857.2	888.6	935.7	974.7	996.3	1002.4	1011.9
External current account balance										
Excluding official transfers	-8.4	-11.9	-10.2	-12.4	-14.1	-14.9	-12.8	-11.5	-9.9	0.0
Including official transfers	-5.3	-8.7	-5.5	-9.9	-12.0	-12.6	-10.9	-9.9	-8.4	0.0
Gross official reserves (millions of US\$)	225.0	268.0	352.0	313.4	412.3	432.8	449.1	458.4	473.8	127.0
(months of next year's imports of goods and services)	3.9	3.7	4.9	4.1	4.8	4.8	4.7	4.6	4.6	0.0
Savings and investment										
Gross investment	19.7	20.5	17.8	20.0	22.0	21.8	20.8	20.0	20.3	20.4
Of which: Central government	9.0	10.3	6.4	10.2	10.0	9.8	9.6	8.6	8.3	8.4
Gross savings	14.4	11.8	12.3	10.1	10.0	9.2	9.9	10.1	12.0	12.7
Memorandum items										
Nominal GDP (billions of dalasi)	91.4	100.2	98.0	111.9	108.3	120.3	134.1	148.7	164.9	183.3
GDP per capita (US\$)	774.2	795.8	790.8	840.0	833.9	881.8	934.6	986.3	1040.4	1098.0
Use of Fund resources (millions of SDRs)										
Disbursements	0	10.0	20.6	10.0	35.0	10.0	5.0	0.0	0.0	0.0
Of which: 2020 RCF	...	...	15.6	...	...	...	...	...	...	...
Of which: Proposed ECF Augmentation	...	...	...	...	20.0	...	...	...	...	...
Repayments	-4.3	-3.6	-3.6	-4.0	-4.0	-2.8	-4.1	-3.9	-5.2	-9.5
CCRT debt relief	0	0	3.2	0	4.0	0.8	...	...	...	...
PV of overall debt-to-GDP ratio	69.9	65.6	66.5	61.5	65.0	61.3	55.5	51.6	47.5	42.5
UNDP Human Development Index	0.5	...	...	...	...	...	...	...	...	...
Social and health expenditure	1.2	1.6	3.9	...	2.9	...	...	...	...	...

Sources: The Gambian authorities; and IMF staff estimates and projections.

Annex XII. Guinea: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic continues to have a severe impact on Guinea's non-mining activities. Measures imposed by the government to contain the spread of the virus adversely affected sectors such as retail trade, transport, and tourism. While there are no indications of a second wave for the time being, a new Ebola outbreak emerged in mid-January with 6 active cases and 5 deaths reported as of February 22, 2021. The pandemic has also exacerbated poverty and inequality levels. Preliminary World Bank survey data point to a worsening in the living conditions of the most vulnerable households and workers in the informal sector. Nonetheless, the mining sector, particularly bauxite and artisanal gold, was more resilient than expected. The boost in mining production offset the relative decline in the non-mining sector, with the result that GDP growth held up at 5.2 percent in 2020, only 0.6 percent below the 5.8 percent projected prior to the pandemic. The increase in mining activity did not translate into higher tax revenues due to exonerations, exemptions, and the untaxed nature of artisanal gold activities. The overall fiscal balance is projected to have reached -3.6 percent in 2020, reflecting a relaxation compared to pre-crisis projections of -3 percent to accommodate the response plan to the crisis and revenue shortfalls arising from COVID-induced constraints to tax collection capacity. A significant balance of payments financing gap emerged during 2020—reflecting imports needed for the pandemic response amid weak FDI—and was met through significant support from the international community, including US \$246 million from the Fund (including \$25 million from the CCRT) and US \$32 million from the DSSI.

Growth is expected to reach 5.6 percent in 2021, against a pre-pandemic projection of 6.2 percent, supported by the continuation in the production ramp-up of bauxite and iron ore and a gradual recovery in non-mining activities as COVID-related effects subside. The overall fiscal deficit is projected at 2.3 percent of GDP in 2021, versus the pre-pandemic projection of 4 percent, as the response plan measures wind down and lower than pre-pandemic capital expenditure is projected. The 2021 budget is fully financed as approved; however, work is ongoing to include the expenditure related to vaccines in the budget, for which financing is still not identified. The CCRT third tranche of debt service relief will contribute 0.2 percent of GDP to the financing of the approved 2021 budget. Relative to 2020, the external financing gap is estimated to be more modest in 2021, with the balance of payments supported by a strong export sector and the unwinding of pandemic support measures, reaching about US \$70 million expected to be covered by support from the CCRT and DSSI operations. While the December 2020 Debt Sustainability Analysis concluded that Guinea remains at moderate risk of debt distress, the pandemic has raised the path of public debt and limited the space for additional borrowing above the baseline.

Public health and macroeconomic policy response. The National Emergency Preparedness and Response Plan built on the country's experience from the Ebola virus pandemic of 2014-2015. The total budgetary cost of the plan was 1.7 percent of GDP, of which about 70 percent was spent through September last year. The largest share of the plan (0.7 percent of GDP) went toward the health component, with a focus on improving surveillance infrastructure, as well as purchases of medical services and equipment. To bolster social support, the authorities built food stocks, provided

utility subsidies to households, and increased cash transfers. However, the cash transfer project suffered delays, as it took longer than expected for the authorities to meet the conditions for World Bank external financing for this initiative. It is now projected to take place in early 2021. The fiscal cost of social sector support is estimated at 0.6 percent of GDP. The remainder of the funding went to the private sector, including tax exemptions for health equipment, support to the hospitality sector, and support for farmers. About 15 percent of the private sector support went

toward the creation of a special fund to provide financing and loan guarantees to firms, with a focus on SMEs. Apart from fiscal measures, the central bank lowered its policy rate and the reserve requirements to support liquidity in the banking sector. Prudential regulatory measures include a reduction in the liquidity coverage ratio, a suspension of the NPL classification and provisioning of loans to the most affected sectors, and a moratorium on supervision-related fees and contributions to the deposit insurance scheme. The central bank also eased identification requirements for electronic money accounts.

Governance safeguards. The authorities followed through on multiple governance commitments on COVID-19-related spending. They created a budgetary fund to account for all earmarked external and domestic COVID-related resources. They established a dedicated account, as part of the Treasury Single Account at the central bank, to receive and disburse COVID-19 funds. They also published monthly [reports](#) on the execution of COVID-19 related spending. The inspectorate-general for finance will conduct an ex-post control of high-risk expenditures, with the involvement of civil society. The authorities also publish all awarded procurement contracts for COVID-19-related projects, including the names of entities and their beneficial owners (available [here](#)). Finally, the Court of Accounts is conducting a full audit of COVID-19 spending (including ex-post validation of goods and services procured), which will be published online by June 2021.

IMF support status. In June 2020, the Board approved a disbursement of SDR 107.1 (50 percent of quota) under the Rapid Credit Facility. In December 2020, Guinea successfully completed its second ECF arrangement, combining the fifth and sixth review. An Article IV consultation is expected to be completed by June 2021.

Upcoming debt service. Guinea has debt service of SDR 18.207 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Guinea: COVID Related Fiscal Measures 1/ 2/ (Percent of GDP, unless otherwise indicated)							
	FY2020			Change	FY2021		
	Pre-Covid proj. 3/	Actual			Pre-Covid proj. 4/	Current proj. 5/	Change
Priority expenditures	3.3	2.0	-1.3		N/A	3.2	N/A
of which							
Health	1.1	0.6	-0.5		N/A	1.2	N/A
Education	2.1	1.4	-0.7		N/A	1.9	N/A
Social	0.1	0.1	-0.1		N/A	0.1	N/A
Other Covid-related spending							
Covid prevention, containment & mgmt		0.7			N/A	N/A	N/A
Transfers to HHs		0.6			N/A	N/A	N/A
Transfers to businesses, SOEs, govt entities		0.1			N/A	N/A	N/A
Memorandum							
Priority expenditures (percent of public spending)	18.3	11.2	-7.0		N/A	N/A	N/A
Other Covid-related spending (percent of public spending)	-	0	N/A		-	N/A	N/A
Tax relief to HHs/businesses/other revenue measures	-	0.2			-	N/A	N/A

1/ Most recent projection before March 1, 2020.
2/ Government periphery is central government.
3/ Projections are from the 4th ECF Review Staff Report, which was published 18. March 2020.
4/ Initial Budget Law (LFI).
5/ Combined 5th & 6th ECF review projection. Equals LFI, as LFI was discussed during ECF mission.

Staff assessment. Staff assesses that Guinea is pursuing appropriate macroeconomic policies to address the effects of the pandemic. The authorities swiftly implemented their COVID response plan and contagion mitigation measures. Based on information available, Staff believes that the resources freed by the CCRT debt service relief, and other support from the Fund, are being used to respond to the health and socio-economic crisis by mitigating the impact of the pandemic on the lives and livelihoods of the population.

Table 1. Guinea: Key Economic and Financial Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
	Act.	Prel.	pre-COVID proj.	Proj.	pre-COVID proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
National accounts and prices											
(Annual percentage change, unless otherwise indicated)											
GDP at constant prices	6.2	5.6	5.8	5.2	6.2	5.6	5.2	5.0	5.0	5.0	5.0
Mining	8.7	8.0	8.6	18.4	11.3	7.7	6.0	5.3	5.1	5.0	5.0
Non-mining	5.7	5.1	5.1	2.4	5.1	5.0	5.0	4.9	4.9	4.9	4.9
GDP deflator	10.0	9.3	8.2	10.9	8.1	8.0	7.9	8.1	7.8	7.8	7.8
GDP at market prices	16.8	15.4	14.4	16.7	14.9	14.0	13.5	13.5	13.1	13.1	13.1
Consumer prices (average)											
Average	9.8	9.5	8.5	10.6	8.0	8.0	7.9	7.8	7.8	7.8	7.8
End of period	9.9	9.1	8.1	10.6	8.0	8.0	7.9	7.8	7.8	7.8	7.8
External sector											
Exports, f.o.b. (US\$ terms)	-2.3	-0.8	17.2	22.3	9.0	10.8	6.1	10.9	12.6	6.8	8.7
Imports, f.o.b. (US\$ terms)	21.8	-8.0	33.4	10.4	-5.4	10.0	1.8	6.6	5.3	5.3	5.3
Average effective exchange rate (depreciation -)											
Nominal index	0.2	2.4	...	...	...	...	...	...	...	...	...
Real index	7.2	9.3	...	...	...	...	...	...	...	...	...
Money and credit											
Net foreign assets 1/	7.4	10.5	1.8	0.0	4.6	7.0	4.9	3.8	3.1	2.8	2.4
Net domestic assets 1/	2.9	12.4	3.6	14.7	3.3	11.9	9.0	9.7	9.3	8.4	6.6
Net claims on government 1/	11.5	5.1	1.6	9.8	0.4	7.8	5.5	4.3	4.2	4.9	4.4
Net claims on government ¹ , excl. recapitalization	-3.9	4.0	0.7	8.8	-0.5	6.8	4.7	3.5	3.4	4.1	3.7
Credit to non-government sector 1/	7.2	8.9	2.3	5.8	2.0	5.1	4.3	6.1	5.8	4.2	2.9
Reserve money	6.5	16.6	3.0	13.0	8.3	20.3	13.5	13.2	11.7	13.0	11.5
Broad money (M2)	10.3	22.9	21.7	14.6	8.4	19.0	13.9	13.5	12.3	11.2	12.8
Central government finances											
Total revenue and grants	14.5	14.1	15.2	14.6	15.7	14.3	15.0	15.5	16.0	16.3	15.8
Revenue	13.1	13.7	14.1	12.6	14.7	13.2	14.1	14.6	15.1	15.4	15.0
<i>Of which: Non-mining revenue</i>	10.6	11.8	11.7	11.1	12.1	11.7	12.2	12.6	13.0	13.3	12.9
Grants	1.4	0.5	1.1	2.0	1.0	1.0	0.9	0.9	0.9	0.9	0.8
Total expenditure and net lending	15.6	14.6	18.2	18.2	19.7	16.5	17.2	17.8	18.1	18.6	18.3
Current expenditure	10.6	10.9	11.3	13.4	11.5	11.2	11.2	11.1	11.3	11.3	11.8
<i>Of which: Interest payments</i>	0.8	0.5	0.7	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0
Capital expenditure and net lending	4.9	3.6	6.8	4.6	8.1	5.2	6.0	6.7	6.7	7.2	6.4
Overall budget balance											
Including grants	-1.1	-0.5	-3.0	-3.6	-4.0	-2.3	-2.3	-2.3	-2.1	-2.3	-2.4
Excluding grants	-2.5	-0.9	-4.1	-5.6	-5.0	-3.3	-3.2	-3.2	-3.0	-3.2	-3.3
Basic fiscal balance	0.8	0.6	0.6	-2.4	0.9	0.5	0.7	0.9	0.7	0.5	0.4
Current account balance											
Including official transfers	-20.3	-13.7	-21.9	-12.1	-15.3	-13.2	-12.4	-11.4	-10.2	-10.3	-10.3
Excluding official transfers	-20.7	-13.9	-22.3	-13.3	-15.7	-13.7	-12.8	-11.8	-10.6	-10.7	-10.7
Overall balance of payments	1.7	2.0	-0.4	-1.3	1.0	1.5	1.1	1.1	1.0	0.7	0.8
Memorandum items											
Human Development Index	0.5	0.5	...	...	...	...	...	...	...	...	...
Current Health Expenditure (percent of GDP)	4.1	4.1	...	...	...	...	...	...	...	...	...
Government Expenditure on Education (percent of GDP)	2.6	2.6	...	...	...	...	...	...	...	...	...
Exports, goods and services (US\$ millions)	4,082.0	4,139.8	4,818.5	4,904.9	5,244.0	5,427.9	5,756.5	6,378.6	7,173.6	7,659.2	8,322.9
Imports, goods and services (US\$ millions)	5,848.3	5,428.5	7,254.3	6,060.6	6,833.4	6,637.8	6,734.8	7,181.0	7,559.4	8,008.4	8,432.4
Overall balance of payments (US\$ millions)	210.7	277.6	-62.7	-196.3	164.2	241.0	191.0	203.8	193.1	159.1	187.4
Net foreign assets of the central bank (US\$ millions)	565.6	843.3	918.8	834.0	1,087.6	1,085.3	1,241.0	1,399.5	1,535.0	1,673.0	1,166.9
Gross available reserves (months of imports) 2/	3.3	4.6	3.8	3.8	3.9	3.9	4.0	4.1	4.1	4.1	4.1
External public debt, incl. IMF (percent of GDP)	18.9	19.5	28.5	25.6	32.4	28.2	30.4	31.0	31.1	31.1	31.0
Total public debt, incl. IMF (percent of GDP)	37.7	36.5	43.1	42.2	44.4	42.9	43.3	42.2	41.1	40.4	39.4
Nominal GDP (GNF billions)	109,761	126,707	144,980	147,824	166,521	168,592	191,383	217,176	245,715	277,995	314,514

Sources: United Nations Human Development Index, Guinean authorities; and Fund staff estimates and projections.

1/ In percent of the broad money stock at the beginning of the period.

2/ In months of the following year's imports excluding imports for large foreign-financed mining projects.

Annex XIII. Guinea-Bissau: Update for CCRT Debt Relief

Recent Economic Developments.¹ COVID-19 continues to have a severe impact on Guinea-Bissau, a fragile state with long-standing economic challenges. In addition to the effects of the containment and lockdown measures on domestic activity, border closures and limited circulation delayed the launch of the 2020 cashew campaign, severely impacting the agriculture sector. After the economy contracted by 2.4 percent in 2020, a modest recovery by about 3 percent is projected for 2021, still short of the pre-COVID forecast of 5 percent. This partial rebound is expected to be driven by a recovery of cashew exports and public investment, as well as increased consumption due to the gradual lifting of containment measures. Whereas in 2020 the fiscal and current account deficits widened to an estimated 9 and 10.1 percent of GDP respectively, in 2021 fiscal consolidation efforts (2.8 percent of GDP reduction in the domestic primary balance) and the gradual improvement of external conditions are expected to lead to lower but still significant deficits, estimated at 5.1 and 6.5 percent of GDP, respectively. Total public debt increased to 78.1 percent of GDP in 2020 and is expected to remain around that level in 2021. The CCRT third tranche of debt service relief will contribute 0.1 percent of GDP to close 2021 financing gaps. This outlook remains highly vulnerable to a deeper or more prolonged duration of the pandemic, a weaker recovery in the international cashew nut market and adverse terms-of-trade. The pandemic is set to have scarring effects on poverty (about 67 percent of the population was living below the poverty line of US\$1.90 per day before the pandemic). Guinea-Bissau ranks 175 out of 189 countries on the UN Human Development Index (2019).

Public health and macroeconomic policy response, including on the use of financial resources freed up by the debt relief.

A state of calamity was declared in January 23, 2021 for 30 days in response to signs of a second wave as weekly new COVID-19 cases exceeded 100.² The increase in total priority spending, other COVID-related spending and on-lending in response to COVID-19 amounted to 6.2 percentage points of GDP in 2020 and 2.4 percentage points of GDP estimated in 2021. In 2020 the expected execution of expenditures in the health sector amounted to 4.6 percent of GDP, well above the previously projected 1.4 percent of GDP. Additional health measures included upgrading the existing hospital capacity and equipment (estimated at 2.6 percent of GDP). The 2021 projected health budget

Guinea-Bissau: COVID Related Fiscal Measures
(Percent of GDP, unless otherwise indicate)

	FY2020		Change	FY2021		Change
	Pre-Covid proj.	Actual 1/		Pre-Covid proj. 2/	Current proj.	
Priority expenditures	4.2	8.4	4.2	4.0	6.4	2.4
of which						
Health	1.4	4.6	3.2	1.4	3.4	2.1
Education	2.6	3.2	0.6	2.4	2.7	0.3
Social	0.2	0.6	0.4	0.2	0.3	0.0
Other Covid-related spending						
Covid prevention, containment & mgmt	0.0	0.2	0.2	n.a.	n.a.	n.a.
Transfers to HHs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Transfers to businesses, SOEs, govt entities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Memorandum						
Onlending to banks	0.0	1.8	1.8	n.a.	n.a.	n.a.
Priority expenditures (percent of public spending)	18.4	32.0	13.6	17.7	27.4	9.7
Other Covid-related spending (percent of public spending)	-	0.6	0.6	-	n.a.	n.a.
Tax relief to HHs/businesses/other revenue measures	-	n.a.	n.a.	-	n.a.	n.a.

1/ Staff's estimate.

2/ Most recent projection before March 1, 2020.

¹ IMF Country Report No. 2021/029 Request for Disbursement Under the Rapid Credit Facility [Staff Report](#) (February 2021), including a Debt Sustainability Analysis (DSA).

² Out of a population of around 1.9 million.

(3.4 percent of GDP) is 2.1 percentage points of GDP above pre-shock estimates. Social spending also increased as a share of GDP in 2020 and 2021 as compared to pre-COVID projections, partially due to additional transfers to vulnerable families. Furthermore, the government in 2020 launched a program to support the financing of the critical cashew nut campaign by on-lending resources (1.8 percent of GDP) through the banking sector, which helped secure continued employment in this critical sector. The authorities are seeking international donor support for vaccination. The regional central bank (BCEAO) remains ready to satisfy banks' demand for liquidity at a fixed rate and, in December 2020, instructed WAEMU banks to refrain from distributing dividends with a view to strengthening capital buffers in anticipation of the impact of the crisis on asset quality.

Governance safeguards. The authorities published the 2019 IMF Report on Governance and Anti-corruption³ and implemented several of its recommendations. COVID-19 related funds, managed using a dedicated account at the BCEAO, will be subject to an ex-post independent audit by a reputable third-party auditor who will work jointly with the audit court is planned to start in the first semester of 2021. However, the audit process has not yet started, and the Terms of Reference have yet to be developed; as such, this commitment has not been implemented. The entire crisis-related spending is an integral part of the State Budget, so that reports on such spending have been published in the budget execution report presented to the National Assembly. The country published, through the High Commissioner for COVID-19, key information of all crisis-related contracts committed to publish in the year 2020, but the full text of contracts and ex-post validation of delivery reports remain to be published. The authorities also have yet to implement commitments to disclose the beneficial ownership information of companies awarded COVID-19 related contracts.

IMF support status. A request for a Rapid Credit Facility (RCF) of SDR 14.2 million (50 percent of quota) was approved by the Board on January 25, 2021. In December 2020, the authorities requested to join the Debt Service Suspension Initiative (DSSI) as well as a Staff Monitored Program (SMP), to build track record towards an upper-credit-tranche (UCT) quality program.

Upcoming debt service. Guinea-Bissau has debt service of SDR 1.122 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Guinea-Bissau is pursuing appropriate macroeconomic policies to address the global pandemic. Based on the above information on public health and governance safeguards, the staff also assesses that the resources freed by the first and second tranches of the Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide emergency health, social and economic support to the economy to mitigate the severe impact of the pandemic on life and livelihood of the population.

³ The [report](#) can be found at the Ministry of Finance's website.

Table 1. Guinea-Bissau: Selected Economic Indicators, 2019–26

	2019	2020		2021		2022	2023	2024	2025	2026
		Pre-Covid	Est.	Pre-Covid	Proj.			Proj.		
National accounts and prices										
Real GDP at market prices	4.5	4.9	-2.4	5.0	3.0	4.0	5.0	5.0	5.0	5.0
Real GDP per capita	2.3	2.6	-4.5	2.7	0.8	1.7	2.8	2.8	2.9	2.9
GDP deflator	-3.5	2.1	0.1	3.6	3.0	2.8	2.8	2.8	2.8	2.8
Consumer price index (annual average)	0.3	2.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
External sector										
Exports, f.o.b. (based on US\$ values)	-26.8	9.2	-25.4	6.8	28.5	13.8	14.2	7.7	7.7	5.3
Imports, f.o.b. (based on US\$ values)	14.2	6.6	-5.9	10.6	7.7	7.3	7.1	6.8	7.1	7.1
Terms of trade (deterioration = -)	-31.4	0.9	-3.9	5.7	1.1	6.9	5.3	3.7	3.6	2.0
Real effective exchange rate (depreciation = -)	-2.9	...	...	...	...	...	...	...	...	...
Exchange rate (CFAF per US\$; average)	585.9	...	574.7	...	...	...	...	...	...	...
Government finances										
Revenue excluding grants	9.2	5.3	-8.2	12.9	18.1	8.0	8.3	9.1	8.8	7.5
Expenditure	-3.0	1.9	32.1	9.1	-5.2	-1.4	5.9	6.7	8.3	8.0
Current expenditure	18.2	-0.6	9.2	8.9	3.1	1.8	4.7	5.3	8.0	7.0
Capital expenditure	-38.5	6.1	106.3	9.4	-19.4	-8.5	8.8	9.9	9.1	10.3
Money and credit										
Domestic credit	13.8	3.8	-11.7	5.3	17.3	9.8	9.3	9.4	9.0	8.8
Credit to the government (net)	13.8	-2.5	-38.5	-2.4	56.2	-3.1	-5.4	-6.1	-5.4	-4.8
Credit to the economy	13.8	6.9	-0.3	8.7	7.1	14.7	14.0	13.6	12.1	11.4
Net domestic assets	12.0	11.0	-15.6	16.1	24.1	12.9	11.9	11.8	11.0	10.6
Broad money (M2)	0.3	7.1	7.5	8.8	2.9	3.6	4.8	5.4	5.7	5.8
Investments and savings (Percent of GDP, unless otherwise indicated)										
Gross investment	14.6	23.1	24.5	22.9	20.4	18.3	18.3	18.5	18.5	18.7
Of which: government investment	8.4	16.1	17.7	16.2	13.5	11.5	11.6	11.8	12.0	12.2
Gross domestic savings	1.4	13.8	6.9	13.3	6.6	5.7	6.9	7.5	7.8	8.0
Of which: government savings	1.8	5.7	3.6	6.2	3.8	3.6	3.8	4.4	4.5	4.7
Gross national savings	6.0	18.6	14.4	18.3	13.9	12.9	14.0	14.5	14.9	15.1
Government finances										
Revenue excluding grants	12.5	12.2	11.8	12.7	13.1	13.2	13.3	13.4	13.5	13.5
Domestic primary expenditure	13.9	13.1	16.2	12.6	14.7	13.3	12.9	12.8	13.0	13.0
Domestic primary balance	-1.4	-0.9	-4.4	0.1	-1.6	-0.1	0.4	0.7	0.6	0.5
Overall balance (commitment basis)										
Including grants	-3.9	-5.1	-9.0	-5.1	-5.1	-3.6	-3.4	-3.0	-3.0	-3.0
Excluding grants	-6.8	-10.4	-14.4	-10.0	-10.3	-8.3	-7.9	-7.5	-7.4	-7.5
External current account	-8.6	-4.5	-10.1	-4.6	-6.5	-5.4	-4.3	-3.9	-3.6	-3.6
Excluding official current transfers	-9.8	-5.8	-12.4	-5.8	-9.8	-8.3	-7.0	-6.6	-6.3	-6.3
Stock of public and publicly guaranteed debt	66.9	71.5	78.1	71.1	78.2	76.5	74.2	71.8	69.5	67.3
Of which: external debt	25.3	23.3	26.9	23.0	27.7	26.0	24.2	22.6	21.3	20.3
Memorandum items										
Nominal GDP at market prices (CFAF billions)	843.5	892.9	824.1	971.7	874.2	934.7	1008.9	1089.0	1175.4	1268.8
WAEMU gross official reserves (billions of US\$)	17.5	...	...	...	...	...	...	...	...	...
(percent of broad money)	34.1	...	...	...	...	...	...	...	...	...
UN Human Development Index	0.5	...	...	...	...	...	...	...	...	...
Social & health expenditures (percent of GDP)	3.7	4.2	8.4	4.0	6.4	4.1	4.1	4.1	4.1	4.1

Sources: Guinea-Bissau authorities; and IMF staff estimates and projections.

Sources: Guinea-Bissau authorities; and IMF staff estimates and projections.

Annex XIV. Haiti: Update for CCRT Debt Relief

Recent Economic Developments. There have been about 12,150 confirmed COVID-19 cases in Haiti, a country of 11.3 million people, considerably less than expected. Reported COVID-related deaths have stabilized at about 250 since mid-2020. The global pandemic hit Haiti's export sector and private demand, aggravating the economic contraction in 2019 that was related to political and social unrest. Real GDP is estimated to have contracted by 3.7 percent in FY2020 (ending September 30) and is expected to recover by only 1.0 percent in FY2021.¹ In this context, the poverty rate at the international poverty line (US\$1.90 per day) is estimated to have risen to 27.3 percent from 25.9 percent in 2019 (World Bank).

Weaker external demand, particularly in the U.S., led to a drop in Haiti's goods exports by 26 percent in FY2020. However, a contraction in imports by almost 17 percent and unexpected surge in remittance inflows by 17 percent helped boost the current account to a surplus of 5.5 percent of GDP. Together with emergency financing support from the IMF, this helped support foreign reserves, which remained well above 5 months of imports. Aside from increased spending to address COVID-related needs (see below), other budget outlays were largely contained due in part to a decline in domestic revenue collection by 0.3 percent of GDP to 6.3 percent of GDP and the absence of fiscal financing sources. Monetary financing, which covered most of the fiscal deficit in FY2020, contributed to average inflation of 22.9 percent. Risks to the outlook are significant: a large appreciation in the exchange rate in September and its subsequent stability have been followed by the emergence of a parallel market rate. Monetary financing remains the main source of fiscal financing and poverty and security conditions remain dire. Risks surrounding the global recovery and ongoing political uncertainty will continue to weigh on growth. A constitutional referendum is planned some time before the first round of presidential elections in September; an uptick in social unrest in recent weeks reflects ongoing opposition to the government and this plan.

As the spread of COVID-19 was much lower than expected, the authorities spent less on COVID-related needs than anticipated. Of the HTG 18.2 billion (1.3 percent of revised GDP) allocated in April for COVID-related spending, actual expenditures amounted to HTG 8.4 Bn (0.6 percent of GDP). Most of this (HTG 5.6 billion) was dedicated to health, while transfers to households, businesses and schools were trimmed to HTG 2.3 billion from HTG 8.3 billion. Nonetheless, the level of spending on health, education, and social protection combined was well above pre-COVID-19 projections—by 0.6 percent of GDP. In FY2021, planned spending in these areas is forecast to rise slightly to 2.4 percent of GDP. In that respect, while additional CCRT debt relief supported an expansion of COVID-19 spending, the authorities appropriately adjusted the size of the package to the evolution of the pandemic. Future resources should provide support to the announced post-COVID recovery plan.

¹ In October 2020, Haiti's statistics institute released re-based national accounts that produced a large upward revision in nominal GDP by 65 percent (FY2019). This has led to a significant improvement in most fiscal, debt, and external ratios. The overall fiscal deficit was 2.3 percent of GDP in FY2020 and public debt is now around 25 percent of GDP. See Table 1.

Governance safeguards. The authorities tracked and monitored COVID-related expenditures, publishing four different reports in April, May, and September 2020 and January 2021. The reports track spending by ministry, project, and economic nature, but they were in a summary format without specific or standardized budget categories. The source of funding was not specified and actual spending was not matched with a description of the effective delivery of the goods and services provided.

Haiti: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020		Change	FY2021		Change
	Pre-Covid proj.	Actual		Pre-Covid proj. 1/	Current proj.	
Priority expenditures						
of which						
Health	0.40	0.82	105%	0.53	0.59	12%
Education	0.96	1.05	8%	1.65	1.65	0%
Social	0.10	0.15	53%	0.11	0.13	18%
Other Covid-related spending						
Covid prevention, containment & mgmt	NA	-		NA		
Transfers to HHs	NA	0.15		NA		
Transfers to businesses, SOEs, govt entities	NA	0.03		NA		
Memorandum:						
Priority expenditures (percent of public spending)	13.83	20.68		21.27	19.80	
Other Covid-related spending (percent of public spending)	-	1.93		-		
Tax relief to HHs/businesses/other revenue measures	-	Nil		-	Nil	

1/ Most recent projection before March 1, 2020.

In this respect, a thorough *ex-post* financial and operational report remains necessary. The authorities indicated that this audit would be undertaken by the supreme audit institution in the coming months. The government recently requested technical assistance to strengthen the transparency of public procurement processes, including incorporating requirements for beneficial ownership information.

Fund support status. Haiti does not currently have an IMF arrangement and has outstanding debt to the IMF of SDR 128.3 million. The country received emergency financing support in April 2020 under the RCF of SDR 81.9 million, raising amounts due to the Fund to 78 percent of quota (January 2021) from 33 percent in March 2020. A Staff Monitored Program (SMP) was negotiated *ad referendum* in May but could not be approved because two prior actions related to governance were not implemented.

Upcoming debt service. Haiti has debt service of SDR 4.0 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Notwithstanding challenges, particularly with respect to the containment of monetary financing and functioning of the foreign exchange market, the authorities have succeeded in maintaining broad macroeconomic stability and addressing needs posed by the COVID-19 pandemic. Staff assess that the resources freed by the first and second tranches of the Fund debt service relief under the CCRT are being used to help provide emergency health, social, and economic support to the economy to mitigate the impact of the pandemic on life and livelihood of the population.

Table 1. Haiti: Selected Economic and Financial Indicators, FY2018-22
(Fiscal year ending September 30)

Nominal GDP (2019): US\$14.3 billion	GDP per capita (2019): US\$1,273						
Population (2019): 11.3 million	Percent of population below poverty line (2012): 58						
	FY2018	FY2019	FY2020		FY2021		FY2022
		Est.	Pre COVID-19 proj.	Current Proj.	Pre COVID-19 proj.	Current Proj.	Current Proj.
National income and prices (Change over previous year; unless otherwise indicated)							
GDP at constant prices	1.7	-1.7	-0.4	-3.7	0.9	1.0	1.0
GDP deflator	10.1	17.4	19.0	22.9	15.9	20.5	22.4
Consumer prices (period average)	12.9	17.3	19.0	22.9	15.9	20.5	22.4
External Sector							
Exports (goods, valued in U.S. dollars, f.o.b.)	8.8	11.4	3.7	-26.2	2.2	6.9	2.5
Imports (goods, valued in U.S. dollars, f.o.b.)	16.1	-6.0	-2.3	-16.7	1.7	26.5	2.6
Remittances (valued in U.S. dollars)	21.1	8.5	6.2	15.2	3.7	10.7	7.7
Real effective exchange rate (eop; + appreciation)	2.9	-10.9	...	34.2	...	...	...
Money and credit (valued in gourdes-HTG)							
Credit to private sector (in U.S. dollars and HTG)	18.3	24.0	14.6	-11.2	17.0	20.7	20.9
Base money (currency in circ. and HTG deposits)	20.5	22.9	18.6	21.0	17.0	21.2	20.6
Broad money (excl. foreign currency deposits)	13.1	20.4	18.6	-0.8	17.0	34.5	22.0
Central government (In percent of GDP; unless otherwise indicated)							
Overall balance (including grants)	-1.0	-1.4	-2.2	-2.3	-2.0	-2.9	-2.7
Domestic revenue	7.9	6.6	10.0	6.3	11.1	6.5	7.1
Grants	2.6	1.7	3.4	1.4	3.0	1.5	1.5
Expenditures	11.5	9.6	15.6	10.0	16.2	10.8	11.2
Current expenditures	7.7	7.5	11.5	8.2	11.4	7.4	8.2
Capital expenditures	3.8	2.2	4.1	1.8	4.8	3.4	3.1
Overall balance of the nonfinancial public sector 1/	-1.7	-2.2	-3.4	-2.3	-3.1	-3.0	-2.8
Savings and investment							
Gross investment	14.0	16.5	28.5	15.8	28.9	16.6	16.0
Gross national savings	9.6	14.7	27.7	21.2	27.8	15.7	16.0
Of which: central government savings	0.4	0.5	2.0	1.2	2.8	1.6	1.9
External current account bal. (incl. official grants)	-4.4	-1.7	-0.9	5.5	-1.1	-0.9	0.0
Net fuel exports	-6.1	-7.8	-12.5	-5.0	-11.6	-4.6	-4.3
Public debt							
External public debt (medium and long-term, eop)	14.2	16.6	25.4	10.0	24.2	10.3	9.5
Total public sector debt (end-of-period)	25.6	30.3	46.1	24.4	44.9	25.2	24.5
External public debt service 2/	6.1	6.7	7.9	10.7	7.9	9.4	9.3
Memorandum items							
UN Human Development Index (value)	0.508	0.510	...	...	...	...	...
Health, education, agriculture spending (% of GDP)	2.0	1.6	...	2.0	...	2.3	2.4
Overall balance of payments	-46	-204	-21	136	73	-225	8
Net international reserves (program definition)	774	732	541	676	569	502	523
Gross international reserves	2,086	2,100	2,145	2,501	2,207	2,276	2,276
In months of imports of the following year	4.5	5.8	4.8	5.2	4.8	4.6	4.4
Nominal GDP (millions of HTG)	1,044,401	1,205,844	868,582	1,427,674	1,015,809	1,737,344	2,148,009
Nominal GDP (millions of U.S. dollars)	15,965	14,334	8,533	14,286	8,842	22,431	22,644

Sources: Ministry of Economy and Finance; Bank of the Republic of Haiti; World Bank; United Nations; Fund staff estimates and projections.

Note: Pre COVID-19 projections are from the 2019 Article IV Consultation. The GDP series was rebased in October 2020, which raised nominal GDP in gourdes by 65 percent in FY2019 (latest available).

1/ Includes transfers to the state-owned electricity company (EDH).

2/ In percent of exports of goods and nonfactor services. Includes debt relief.

Annex XV. Liberia: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic continues to adversely affect the Liberian economy. Activity in 2020 is estimated to have contracted by 3.0 percent, reflecting protracted COVID-19 restrictions that harmed the service sector and the initial slump in iron ore prices weighing on the mining industry. The recovery in 2021 will likely be lackluster, leaving the level of real GDP 4.7 percent below pre-COVID-19 projections. Coming on the heels of economic stagnation during 2018-19, the COVID-19-related economic and social disruptions further aggravate the human development situation. According to the World Bank, the share of the population living below the national poverty line has likely risen from 56 percent in 2019 to at least 65 percent in 2020. School closures impaired the education of the majority of Liberian students. Public finances came under pressure from COVID-19-related spending needs and a weakening of the revenue base. However, the reallocation of spending, efforts to improve tax compliance, and the introduction of a fuel excise tax kept the deterioration of the overall fiscal balance (excl. project aid) to 0.7 percent of GDP in FY2020 and 1.7 percent of GDP in FY2021. The economic shock from the pandemic opened an external financing gap of 5.6 percent of GDP. The effect on public debt dynamics has been limited. Liberia's debt distress rating remains assessed at high for total public debt and at moderate for external public debt.

Public health and macroeconomic policy response

The authorities' response to the pandemic included gathering all available resources, reallocating expenditure, and increasing expenditure in priority areas. For FY2020 and FY2021, COVID-19-related spending is estimated at 2.5 percent of GDP and 3.1 percent of GDP, respectively.¹ It comprises: (i) increases in health and education spending (0.4 percent of GDP), (ii) an expansion of social programs, including the distribution of food aid (2.8 percent of GDP), and (iii) other COVID-19-related spending (2.3 percent of GDP), including cash transfers. Of the total COVID-19 related spending of 5.6 percent of GDP for both fiscal years, 2.5 percent of GDP has been realized in FY2020 and the 3.1 percent of GDP envisaged for FY2021 are still being implemented.

Liberia: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020 1/			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj.	Current proj.	Change
Priority expenditures	8.2	10.1	1.9	8.2	9.5	1.3
of which						
Health	4.5	4.9	0.4	4.5	4.4	-0.1
Education	2.1	2.0	-0.1	2.1	2.2	0.2
Social	1.6	3.2	1.5	1.6	2.9	1.3
Other Covid-related spending	0.0	0.6	0.6	0.0	1.8	1.8
Covid prevention, containment & mgmt	0.0	0.3	0.3	0.0	0.6	0.6
Transfers to HHs	0.0	0.1	0.1	0.0	1.0	1.0
Transfers to businesses, SOEs, govt entities	0.0	0.2	0.2	0.0	0.2	0.2
Memorandum						
Priority expenditures (percent of public spending)	23.1	31.6	8.5	24.6	34.0	9.4
Other Covid-related spending (percent of public spending)	0.0	1.8	1.8	0.0	6.2	6.2
Tax relief to HHs/businesses/other revenue measures	0.0	0.0	0.0	0.0	0.0	0.0
Sources: Liberian authorities, and IMF staff estimates.						
1/ Fiscal year is from July to June.						

Governance safeguards. The authorities have made great strides to improve accountability and fiscal transparency. These include: (i) publishing information on procurement contract awards on the Public Procurement and Concessions Commission's website, including information on the legal

¹ Liberia's fiscal years runs from July to June.

owners of awarded companies, from March 2021, (ii) increasing the scope of public expenditure being processed through the Integrated Financial Management Information System, (iii) moving from annual to quarterly expenditure reconciliation; and (iv) posting summary fiscal reports on the Ministry of Finance and Development Planning's website from June 2020. Audit of FY2020 crisis spending by the General Audit Commission is near completion. The FY2021 audit is scheduled to follow early next year.

IMF support status. On December 11, 2019, the Executive Board approved a four-year arrangement under the Extended Credit Facility in the amount of SDR 155 million (US\$213.6 million, 60 percent of quota). The first and second reviews were completed on December 21, 2020, enabling a disbursement of SDR 18 million (US\$48.86 million), with US\$38 million on-lent to the government. In June 2020, Liberia also benefitted from a disbursement of SDR 36.176 million (US\$50 million) under the Rapid Credit Facility.

Upcoming debt service. Liberia has debt service to the Fund of SDR 11.483 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Liberia is pursuing appropriate macroeconomic policies to address the global pandemic and that resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide emergency health, social, and economic support to the economy to mitigate the impact of the pandemic on lives and livelihoods of the population.

Table 1. Liberia: Selected Economic and Financial Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
	Act.	Act.	ECF approval	Proj.	Pre-COVID	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Real sector											
(Annual percentage change)											
Real GDP	1.2	-2.5	1.4	-3.0	3.4	3.2	4.1	4.9	5.3	5.4	5.5
of which, Mining & panning	24.3	13.2	9.7	1.7	6.8	1.9	4.2	5.2	5.3	5.3	5.5
of which, Non-mining	-1.3	-4.7	0.0	-3.8	2.7	3.5	4.1	4.8	5.3	5.4	5.5
Nominal non-mining per capita GDP (U.S. dollars)	620	574	621	535	527	527	537	549	564	613	613
Nominal GDP (millions of U.S. dollars)	3264	3176	3099	3067	3131	3107	3247	3411	3601	3828	4115
Inflation											
Consumer prices (annual average)	23.5	27.0	21.3	16.2	13.5	9.8	7.0	5.5	5.0	5.0	5.0
Consumer prices (end of period)	28.5	20.3	15.0	11.6	12.0	8.0	6.0	5.0	5.0	5.0	5.0
Population (millions)	4.5	4.6	4.7	4.7	4.8	4.8	4.9	5.1	5.2	5.3	5.4
Central government operations 1/											
(Percent of GDP, fiscal year)											
Total revenue and grants	25.9	28.0	29.9	28.1	29.8	29.1	28.9	28.7	28.2	27.3	27.7
Total revenue	12.9	14.3	14.9	13.9	15.9	14.2	16.2	17.0	17.5	17.8	17.8
Grants	13.0	13.8	15.1	14.1	13.9	14.9	12.7	11.7	10.7	9.5	9.9
Total expenditure	30.8	34.2	34.6	31.7	33.5	32.0	31.7	30.6	29.9	29.5	30.1
Current expenditure	21.3	23.2	22.7	21.7	22.0	21.2	20.4	19.3	19.1	18.7	18.3
Capital expenditure	9.5	11.0	11.9	10.0	11.5	10.7	11.3	11.3	10.7	10.8	11.8
Overall fiscal balance, including grants	-4.8	-6.2	-4.7	-3.6	-3.7	-2.8	-2.8	-1.9	-1.7	-2.2	-2.4
Overall fiscal balance, excluding grants	-17.8	-20.0	-19.7	-17.7	-17.6	-17.8	-15.5	-13.6	-12.3	-11.7	-12.3
Public external debt 2/	25.9	31.5	38.0	37.2	42.7	43.1	46.2	46.9	46.5	46.1	40.2
Public domestic debt 3/	8.1	9.9	19.1	19.4	18.4	19.0	18.4	17.1	15.9	14.3	10.8
(Percent, unless otherwise indicated)											
M2/GDP	19.6	20.3	16.7	21.6	16.3	22.3	22.6	22.6	22.6	22.6	22.6
Credit to private sector (percent of GDP)	16.3	14.8	17.3	15.7	17.8	16.1	16.2	16.4	16.6	16.7	16.7
Credit to private sector (annual percent change)	4.1	-11.3	1.3	2.1	3.7	4.0	5.1	6.2	6.7	6.9	7.9
External sector											
(Percent, unless otherwise indicated)											
Current account balance											
including grants	-23.1	-22.5	-21.4	-21.4	-21.9	-22.2	-22.6	-22.9	-21.8	-20.7	-19.1
excluding grants	-37.8	-36.4	-35.9	-36.1	-35.5	-36.1	-34.8	-34.0	-31.9	-30.3	-28.3
Trade balance	-22.2	-19.2	-13.4	-17.9	-12.3	-18.9	-18.3	-17.6	-16.5	-15.5	-13.9
Exports	12.8	13.4	20.3	13.4	21.9	14.9	14.9	14.8	14.8	14.7	14.8
Imports	-35.0	-32.5	-33.7	-31.4	-34.2	-33.8	-33.2	-32.3	-31.3	-30.2	-28.7
Grants (donor transfers, net)	14.7	13.9	14.6	14.7	13.5	13.9	12.2	11.2	10.1	9.6	9.2
Gross official reserves (millions of U.S. dollars) 4/	297	292	308	331	333	403	429	448	438	443	431
Months of next years imports	2.2	2.3	2.3	2.5	2.4	2.9	3.0	3.1	2.9	2.8	2.6
CBL's net int'l reserves (millions of U.S. dollars) 4/	70	27	54	13	63	70	75	82	105	135	151
Development Indicators											
UNHDI	0.48	0.48									
Social and health expenditure	7.8	7.9	8.0	10.0	8.2	11.0 #	11.2	10.9	10.7	10.6	10.7

Sources: Liberian authorities; and IMF staff estimates and projections.

1/ Central government operation is based on a commitment basis and refers to the budgetary central government operations and off-budget projects. Fiscal year refers to July 1 to June 30.

2/ Ratios are calculated using external debt (in USD) evaluated at the end of period exchange rate over GDP (in USD) evaluated at the period average exchange rate.

3/ Including the central government debts from the Central Bank of Liberia.

4/ Projections for reserves assume that the remaining financing gap will be filled by donor financing, including possibly from the RCF, and other sources.

5/ 2020 CPI inflation is measured excluding health and education sub-index due to measurement issues.

Annex XVI. Republic of Madagascar: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic continues to have a severe economic impact on Madagascar. Official statistics indicate that the total number of people affected by the pandemic is less than 20,000 people (0.1 percent of the population) with less than 300 fatalities, but there are concerns about reduced testing and data quality. Real GDP is estimated to have contracted by 4.2 percent in 2020 (9 percentage points lower than the January 2020 Article IV projection), reflecting a worse global environment impacting tourism, manufacturing, and textile exports; the closing of the country's largest mine since mid-April 2020; and lower domestic demand impacted by lockdowns and associated reductions in income. Due to the decline in economic activity and tax exemptions to mitigate the impact of the pandemic, tax revenue fell by 1.4 percentage points of GDP y-o-y in 2020 to 8.9 percent of GDP; and the domestic primary balance turned from a small surplus in 2019 to a deficit of about 2.6 percent of GDP in 2020. The current account deficit significantly widened to an estimated 6.5 percent of GDP in 2020, largely due to a collapse in tourism receipts. Two RCF disbursements helped catalyze donor budget support and close short-term financing gaps in 2020 (see IMF support status), but according to the World Bank, nearly 1.4 million people are expected to have fallen below the poverty line of \$1.9/day in 2020, bringing the poverty rate to 77.4 percent, its highest level since 2012. A partial economic rebound is expected in 2021, with real GDP projected at 3.2 percent, while the fiscal stance will remain accommodative with an anticipated domestic primary deficit of 2.5 percent of GDP. The longstanding economic impact of the pandemic is also creating additional balance of payment needs, estimated at about 2.8 percent of GDP in 2021 and 1 percent of GDP per year on average over 2022–24.

The government developed a multisectoral emergency plan to address the pandemic. A

state of emergency was declared in March (and ended in October), complemented by measures such as the closure of borders, quarantines and systematic testing of all travelers, temporary lockdowns, and a limitation of business operations. A multisectoral emergency plan was developed and included paying for the medical treatment

of patients, the ramp-up of existing social safety net measures (such as distribution of food and staple products and cash transfers to the most vulnerable households), and the rescheduling of electricity bill payments. Measures to support the private sector focused on business continuity and job protection, and granting or rescheduling of loans for companies that benefited from the central bank's exceptional measures to support liquidity. Total spending on health, education and social protection is estimated at about 4.2 percent of GDP in 2020. While it is difficult to identify which part

Madagascar: COVID Related Fiscal Measures, 2020–21
(Percent of GDP, unless otherwise indicated)

	FY2020		Change	FY2021		Change
	Pre-Covid proj.	Actual		Pre-Covid proj. 1/	Current proj.	
Priority expenditures						
of which	3.6	3.6	0.0	3.6	4.1	0.5
Health	1.2	0.7	-0.5	1.3	1.3	0.0
Education	2.3	2.4	0.1	2.2	2.5	0.3
Social	0.1	0.5	0.4	0.1	0.3	0.2
Other Covid-related spending		0.6			0.4	
Covid prevention, containment & mgmt		0.1			0.0	
Transfers to HHs		0.1			0.2	
Transfers to businesses, SOEs, govt entities		0.4			0.1	
Memorandum						
Priority expenditures (percent of public spending)	21.9	23.8		20.8	22.4	
Other Covid-related spending (percent of public spending)	-	4.2		-	2.1	
Tax relief to HHs/businesses/other revenue measures	-	#N/A		-	#N/A	

1/ January 2020 Article IV projection

of this spending was specifically dedicated to mitigating the COVID shock, and most of the effective measures were implemented through externally financed projects, the two RCF disbursements and additional budget support from other donors, and the resources freed up by debt service relief were essential to support Madagascar's efforts to mitigate the impact of the pandemic, including closing the fiscal gap to allow for the continuity of essential public services.

Governance safeguards. There has been significant progress on the disclosure of COVID-19 related spending, in line with commitments in the Letter of Intent (LOI) for the request for a second-round RCF disbursement in July 2020 (IMF Country Report No. 20/268). The Ministry of Economy and Finance website provides the list of all the external grants and loans received in 2020 to mitigate the impact of the pandemic, information on spending including details by Ministries, by category of spending, and specific subcategories (e.g., payments for hospitalization, treatment, and care). For spending that relates to procurement contracts, the same website provides information on their purpose, the amount of financial transfers, and the names of awardees (whether individuals or companies). As of February 26, three quarters of the listed contracts also included links to contract documents with the names of either the natural persons to whom contracts were awarded or else those of the authorized representatives or agents signing each contract awarded to a legal person/company. The authorities have also started to publish ex-post delivery reports for the executed contracts, and intend to continue until all the remaining contracts are published. They also reiterated that they will implement the full range of the RCF LOI commitments, including the publication of an independent third-party audit of COVID-19 spending by end-2021 and the publication of the names of the beneficial owners of legal persons/companies awarded pandemic-related procurement contracts.

IMF support status. Two RCF disbursements, each equivalent to 50 percent of quota, were approved on April 3 and July 30 to help the country meet the urgent balance of payment needs stemming from pandemic. Together with disbursements under the 2016-20 ECF, total IMF outstanding credit reached SDR 546.88 million (about 223.8 percent of quota) at end-2020. In response to a request from the Malagasy authorities, discussions were held during January 18–February 12, 2021 to discuss a new medium-term program supported by IMF resources under the ECF, with a proposed access equivalent to 90 percent of quota (about US\$320 million).¹ The proposed program focuses on rebuilding fiscal space by mobilizing domestic revenue, improving quality of expenditure to increase investment and social spending, mitigating main fiscal risks including from natural disasters and climate change, strengthening governance and reinforcing the anti-corruption framework, and continuing monetary and financial reforms. The authorities' request for an ECF arrangement could be considered by the IMF Executive Board in end-March 2021.

Upcoming debt service. Madagascar has debt service of SDR 6.110 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

¹ See [Press release No. 21/39](#).

Staff assessment. Staff supports the strategy of a multisectoral plan to mitigate the impact of the pandemic, which requires continued and adequate fiscal support. Staff assesses that the resources freed by the Fund debt service relief under the CCRT are being used to help provide emergency health, social and economic support to mitigate the impact of the pandemic. It is crucial, however, to increase priority spending in social sectors, as under-execution has continued in 2020 mainly reflecting weaknesses in the planning, execution, monitoring and reporting of this spending. The budget of the four social ministries has been increased by more than 10 percent in the 2021 budget law, and the proposed program will focus on the authorities' accountability for spending execution and monitoring outcomes.

Table 1. Madagascar: Selected Economic and Financial Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
	Est.	Est.	Pre-COVID	Est.	Pre-COVID	Proj.					
National account and prices											
	(Present change, unless otherwise indicated)										
GDP at constant prices	3.2	4.4	5.2	-4.2	5.4	3.2	5.0	5.4	5.2	5.0	5.0
GDP deflator	8.6	5.6	7.2	4.2	6.5	5.4	5.7	6.0	5.7	5.5	5.4
Consumer prices (end of period)	6.9	4.0	6.2	4.6	5.9	5.4	6.0	5.8	5.6	5.5	5.5
Money and credit											
Reserve money	13.0	-4.4	12.2	10.8	11.4	17.1	4.4	4.9	4.0	5.5	4.2
Broad money (M3)	11.2	7.3	16.2	12.1	14.9	21.8	10.4	10.9	9.4	9.3	9.3
	(Growth in percent of beginning of period money stock (M3))										
Net foreign assets	4.8	-2.6	6.9	2.1	7.6	2.2	3.0	5.4	5.4	7.5	7.6
Net domestic assets	6.4	9.9	9.3	10.0	7.2	19.6	7.5	5.5	4.0	1.7	1.7
of which: Credit to the private sector	8.7	10.3	7.3	5.6	5.8	8.0	4.5	4.9	5.0	5.1	5.1
Public finance											
	(Percent of GDP)										
Total revenue (excluding grants)	10.4	10.5	11.2	9.2	11.7	10.3	11.4	12.2	12.8	13.3	13.6
of which: Tax revenue	10.1	10.3	10.9	8.9	11.3	10.0	11.1	11.9	12.5	13.0	13.3
Grants	2.4	3.0	2.5	1.8	1.4	2.3	1.8	1.3	0.9	0.6	0.6
of which: budget grants	0.9	0.7	0.7	0.8	0.0	0.5	0.3	0.3	0.3	0.3	0.2
Total expenditures	14.1	14.9	16.4	15.1	17.3	18.3	18.1	17.8	17.4	17.1	17.0
Current expenditure	9.2	9.3	8.9	9.5	8.9	10.7	9.5	9.2	9.4	9.5	9.5
Capital expenditure	4.9	5.6	7.6	5.6	8.3	7.6	8.6	8.6	8.0	7.7	7.5
Overall balance (commitment basis)	-1.3	-1.4	-2.7	-4.2	-4.2	-5.8	-4.8	-4.3	-3.7	-3.2	-2.9
Float (variation of accounts payable, + = increase)	-0.2	0.3	0.1	1.3	0.0	-0.8	0.0	0.0	0.0	0.0	0.0
Variation of domestic arrears (+ = increase)	-0.5	-0.2	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-2.0	-1.3	-2.7	-2.9	-4.3	-6.6	-4.8	-4.3	-3.7	-3.2	-2.9
Domestic primary balance 1/	0.1	0.3	0.0	-2.6	0.3	-2.5	-0.4	0.2	0.5	0.7	1.1
Total financing	2.0	1.3	2.7	2.9	3.8	6.6	4.2	3.9	3.5	3.0	2.7
Foreign borrowing (net)	1.4	1.2	2.2	1.4	3.3	3.6	3.6	3.3	3.0	2.7	2.5
Domestic financing	0.5	0.0	0.5	1.5	0.4	2.9	0.6	0.5	0.5	0.3	0.1
Fiscal financing need 2/	0.0	0.0	0.0	0.0	-0.5	0.0	-0.6	-0.4	-0.2	-0.2	-0.2
Savings and investment											
Investment	20.7	20.6	22.0	15.1	23.0	18.4	20.6	22.2	21.7	21.6	21.5
Gross national savings	21.1	19.8	20.5	8.5	21.5	13.4	16.2	17.8	17.8	17.7	18.0
External sector											
Exports of goods, f.o.b.	21.7	18.0	19.0	14.0	20.1	16.5	18.0	19.1	19.3	20.0	20.2
Imports of goods, c.i.f.	27.4	26.2	27.0	22.8	27.3	25.2	26.2	27.7	28.0	29.0	29.0
Current account balance (exc. grants)	-1.9	-5.3	-4.0	-9.6	-2.9	-7.2	-6.2	-5.7	-4.9	-4.5	-4.1
Current account balance (inc. grants)	0.7	-2.2	-1.5	-6.5	-1.5	-5.0	-4.4	-4.3	-4.0	-3.8	-3.6
Public debt	39.8	37.8	39.8	43.6	40.8	46.9	47.8	48.6	49.1	49.4	49.6
External Public Debt	26.4	26.6	27.6	32.0	29.1	34.7	36.1	37.3	38.1	38.6	39.0
Domestic Public Debt	13.4	11.2	12.2	11.6	11.6	12.2	11.7	11.3	11.0	10.7	10.6
	(Units as indicated)										
Gross official reserves (millions of SDRs)	1221	1196	1390	1338	1552	1449	1540	1680	1793	1940	2057
Months of imports of goods and services	4.3	4.2	4.4	5.9	4.5	5.4	5.1	5.0	5.0	5.0	5.0
Real effective exchange rate (pa, percent change)	-2.4	-0.7	...	-0.8	...	...	...	...	...	...	...
Terms of trade (percent change, deterioration -)	5.6	-15.5	-3.5	-8.5	6.3	6.2	1.8	0.2	0.1	0.3	0.9
Memorandum items											
GDP per capita (U.S. dollars)	533	540	557	502	588	521	551	582	609	635	662
Nominal GDP at market prices (billions of ariary)	46,601	52,533	57,786	52,413	64,860	57,024	63,300	70,701	78,626	87,118	96,381
UN Human Development Index	0.521	0.528									
Social and health expenditure (percent of GDP)	3.8	3.5	3.6	4.2	3.6	4.1	4.3	4.4	4.5	4.5	4.6

Sources: Malagasy authorities; and IMF staff estimates and projections.

1 Primary balance excl. foreign-financed investment and grants. Commitment basis.

2/ A negative value indicates a financing gap to be filled by budget support or other financing still to be committed or identified.

Annex XVII. Malawi: Update for CCRT Debt Relief

Recent Economic Developments. Malawi has faced a severe second round of COVID infections exceeding the first wave. The number of positive cases of COVID-19 quadrupled from 6,028 to 25,895 between December 2020 and February 2021, though daily positive cases have started to decline since mid-January. The severity of the second wave is expected to weigh on economic activity in the first half of 2021; growth in 2021 is projected at 2.2 percent, which is a decline from the pre-pandemic projection of 5.5 percent, but an improvement from 2020. Inflation has ended the year at 7.6 percent (the period average at 8.6 percent), but is projected to increase to 9.5 percent in 2021 as fuel and food prices pick up in 2021. Domestic primary deficit is projected to widen to 7.1 percent of GDP in FY20/21 from an outturn of 3.9 percent of GDP in FY2019/20 (Table 1), largely due to an increase in health and social spending (Text Table 1). With sizable interest payments on domestic debt, the overall fiscal balance is projected to reach 12.8 percent by end FY2020/21, putting further pressure on already high total public debt. On the external front, the current account in 2020 has widened to about 20 percent of GDP (compared to pre-pandemic projections of 17 percent of GDP) to remain elevated in 2021. Gross official reserves thus have ended 2020 at US\$565 million (equivalent to 2.9 months of imports) as opposed to US\$873 million (equivalent to 3.1 months of imports) as projected in October 2020. External financing needs for 2021 have been revised to 4.6 percent of GDP in 2021, about 2 percentage points of GDP higher than staff projection in October 2020.

Policy Response. With the help of development partners, and the Fund, COVID-related health care and social spending reached Kwacha 12.5 billion (0.2 percent of GDP) and Kwacha 36 billion (0.5 percent of GDP) in FY19/20 and FY20/21, respectively (Text Table 1). This financial support helped develop testing capabilities and isolation centers, import medical equipment, hire medical staff, and raise public awareness. The authorities are preparing a National Vaccine Deployment Plan and Community Engagement Strategy to inform plans and costs related to rolling out and administration of the vaccine.¹ To support small and medium enterprises (SMEs), commercial banks and micro-finance institutions are

Malawi: COVID Related Fiscal Measures, 2020–21 (Percent of GDP, unless otherwise indicated)						
	FY2020			FY 2021		
	pre-COVID proj.	current prelim.	Change	pre-COVID proj. 1/	current proj.	Change
Priority spending	2.1	2.4	0.2	1.8	3.7	1.9
Health	0.9	1.1	0.2	0.8	0.9	0.0
Education	0.5	0.5	0.0	0.5	0.5	0.1
Social protection/assistance	0.7	0.8	0.1	0.5	2.3	1.8
Other COVID spending		0.2	0.2		0.5	0.5
COVID prevention/management		0.2	0.2		0.3	0.3
Support for HH					0.2	0.2
Support of business (Percent of public spending)						
Memorandum						
Priority expenditures	7.9	7.7	-0.2	7.6	11.9	4.4
Other COVID-related spending	...	0.7	0.7	...	1.7	1.7
Tax relief to HHs/businesses/other revenue measures	...	...		...	...

Sources: Malawian authorities; and IMF estimates and projections.

1/ Pre-COVID projections refer to November 2019.

¹ Malawi has been approved for participation in the COVID-19 Vaccines Global Access (COVAX) Facility. The vaccines are expected in the second quarter of 2021 to cover 20 percent of the population (3.8 million people), starting with high risk groups. In addition, 100,000 doses covering 0.5 percent of the population have been secured through the African Union.

providing a moratorium on their debt service until end-June 2021. To support the economy, the Reserve Bank of Malawi reduced the policy rate by 150 basis points to 12 percent. The domestic currency Liquidity Reserve Requirement (LRR) has also been reduced by 125 basis points to 3.75 percent (aligned with the foreign currency LRR).

Governance safeguards. To ensure an effective and transparent use of financing related to COVID19, the authorities are publishing procurement documentation (<https://www.ppda.mw/covid-19-reports/>)—tenders, bids, and names of awarded companies and legal arrangements, products or services procured and their costs, beneficial owners, and ex-post validation of delivery on contract-by-contract basis; publishing quarterly statements on commitments and payments of COVID-19 related activities; and specifying COVID-19 related costs in published monthly salary report, budget funding, and cash management analysis. The National Audit Office will submit quarterly audits of COVID-19 related spending to the Minister of Finance and, once the pandemic abates, will publish and submit to Parliament a comprehensive audit of COVID-19-related spending.

IMF support status. A three-year ECF arrangement was approved in April 2018. Following Tropical Cyclone Idai, access was augmented from 56.25 to 76.25 percent of quota at the time of the 2nd and 3rd reviews in November 2019. In response to the pandemic, on May 1, 2020 the request for a disbursement of 47.9 percent of quota under the Rapid Credit Facility (RCF, no budget support) was approved. The new administration came into office in June 2020 and cancelled the 2018 ECF arrangement in September. A second disbursement under the RCF of 52.1 percent of quota (30 percent of which was budget support) was approved by the Board on October 2, 2020. The authorities have expressed interest in a successor ECF-supported program to align with their long-term development strategy (Malawi Vision 2063) which was launched in January 2021.

Upcoming CCRT-eligible debt service. Malawi has debt service of SDR 7.809 million (5.626 percent of Malawi's quota) falling due to the Fund during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Malawi is implementing appropriate measures to provide emergency health, social and economic support to minimize the impact of the global pandemic. Staff sees a need for a follow-up UCT-quality program that not only addresses the immediate impact of the global pandemic, but also supports the authorities' long-term development strategy with a set of well-targeted reform agenda. Staff assesses that ongoing efforts to enhance transparency and accountability of spending help ensure efficient use of resources freed by debt service relief under the CCRT.

Table 1. Malawi: Selected Economic Indicators, 2019-26

	2019	2020			2021			2022	2023	2024	2025	2026
	Act.	2nd & 3rd Review	RCF II/CCRT 2nd Tranche	Prelim.	2nd & 3rd Review	RCF II/CCRT 2nd Tranche	Proj.			Proj.		
National accounts and prices (percent change, unless otherwise indicated)												
GDP at constant market prices	4.5	5.1	0.6	0.6	5.5	2.2	2.2	6.5	6.5	6.3	6.3	6.0
Nominal GDP (billions of Kwacha)	5,711	6,466	6,252	6,234	7,279	6,933	6,898	7,852	8,788	9,767	10,829	11,980
GDP deflator	8.0	7.9	8.8	8.5	6.7	8.5	8.3	6.9	5.1	4.6	4.4	4.4
Consumer prices (end of period)	11.5	7.9	9.0	7.6	7.0	9.5	9.5	6.6	5.0	5.0	5.0	5.0
Consumer prices (annual average)	9.4	8.7	9.1	8.6	7.4	9.5	9.5	7.7	5.5	5.0	5.0	5.0
Investment and savings (percent of GDP)												
National savings	-4.7	-4.6	-8.5	-8.4	-3.6	-5.9	-6.2	-4.5	-2.8	-1.8	-1.2	-1.0
Gross investment	12.4	12.6	11.3	11.4	13.3	14.4	14.5	14.4	15.1	15.2	15.1	14.9
Government	5.6	5.8	5.3	5.3	6.3	8.1	8.1	7.6	8.2	8.0	7.9	7.6
Private	6.8	6.8	6.0	6.0	6.9	6.4	6.4	6.8	7.0	7.2	7.2	7.3
Saving-investment balance	-17.1	-17.2	-19.9	-19.8	-16.8	-20.3	-20.7	-18.9	-18.0	-17.0	-16.3	-15.8
Central government (percent of GDP on a fiscal year basis) ^{1, 2}												
Revenue	21.1	22.0	21.2	21.2	22.5	20.0	20.0	21.2	22.9	24.1	25.4	25.0
Tax and nontax revenue	19.1	19.8	19.1	19.1	20.3	17.4	17.3	18.6	20.1	21.3	22.8	22.7
Grants	2.0	2.2	2.1	2.1	2.2	2.6	2.6	2.6	2.8	2.7	2.6	2.3
Expenditure and net lending	28.2	26.8	30.6	30.6	25.7	33.0	32.7	32.5	31.8	32.0	31.2	30.7
Overall balance (excluding grants)	-9.1	-7.0	-11.5	-11.5	-5.4	-15.6	-15.4	-13.9	-11.6	-10.7	-8.4	-8.0
Overall balance (including grants)	-7.0	-4.9	-9.4	-9.4	-3.2	-13.0	-12.8	-11.3	-8.8	-7.9	-5.8	-5.7
Foreign financing	1.5	0.9	1.2	1.2	1.1	3.2	3.3	1.8	1.6	1.6	1.7	1.7
Total domestic financing	6.8	4.3	7.4	7.3	2.1	9.8	9.5	9.5	7.2	6.3	4.1	4.0
Discrepancy	0.1	0.0	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Primary balance	-2.7	-0.8	-3.9	-3.9	0.2	-7.2	-7.1	-6.1	-5.0	-3.8	-2.3	-2.1
Domestic primary balance ³	-1.2	0.9	-2.5	-2.5	2.0	-4.4	-4.4	-3.6	-2.6	-1.4	0.2	0.3
Money and credit (change in percent of broad money at the end of the period, unless otherwise indicated)												
Broad money	8.1	13.4	9.5	9.2	12.8	10.9	10.6	13.8	11.9	11.1	10.9	10.8
Net foreign assets	2.4	10.1	-11.3	-12.7	10.8	4.7	-1.9	-0.5	1.6	4.3	7.3	7.6
Net domestic assets	5.6	3.3	20.8	21.9	2.0	6.2	12.5	14.3	10.3	6.8	3.6	3.2
o/w Net claims on the government	1.8	2.3	25.8	25.8	1.8	14.5	14.5	8.1	6.4	5.6	4.1	4.2
Credit to the private sector (percent change)	21.3	14.8	6.0	6.0	15.2	11.7	11.7	14.0	13.4	12.9	12.0	12.1
External sector (US\$ millions, unless otherwise indicated)												
Exports (goods and services)	1,250	1,365	1,132	1,151	1,482	1,245	1,328	1,396	1,510	1,643	1,782	1,925
Imports (goods and services)	3,014	3,270	3,204	3,231	3,486	3,402	3,638	3,635	3,753	3,887	4,052	4,275
Gross official reserves	815	950	873	565	1,097	958	535	496	509	567	654	739
(months of imports)	3.0	3.3	3.1	2.9	3.6	3.3	2.8	2.6	2.6	2.6	2.7	2.8
Current account (percent of GDP)	-17.1	-17.2	-19.9	-19.8	-16.8	-20.3	-19.7	-18.9	-18.0	-17.0	-16.3	-15.8
Current account, excl. official transfers (percent of GDP)	-17.6	-17.2	-20.5	-20.4	-16.8	-20.3	-20.7	-18.9	-18.0	-17.0	-16.3	-15.8
Current account, excl. project related imports (percent of GDP)	-14.6	-14.9	-17.3	-17.2	-14.3	-16.9	-17.3	-15.7	-14.6	-13.7	-13.1	-12.8
Real effective exchange rate (percent change)	13.9	...	...	...	...	...	...	...	...	...	...	...
Overall balance (percent of GDP)	0.6	1.7	-4.5	-2.5	1.8	-1.4	-2.3	-2.1	-1.1	-0.6	-0.4	0.0
Financing gap (US\$ millions, unless otherwise indicated)												
Of which: Grants for debt relief under IMF CCRT	...	...	4.5	4.5	...	5.5	11.2	...	...	...	...	...
Prospective grants for debt relief under IMF CCRT	...	...	...	...	...	20.6	15.3	5.3	...	...	...	...
Financial support from other donors (incl. AfDB, WB, EU, UN, GAVI, DFID, Irish Aid, GIZ, KfW, USAID)	...	...	203.6	203.6	...	23.0	23.0	...	...	...	...	...
Of which: African Development Bank	...	...	45.1	45.1	...	...	...	...	...	...	...	...
Of which: World Bank	...	...	76.0	76.0	...	23.0	23.0	...	...	...	...	...
Of which: EU	...	...	60.8	60.8	...	...	...	...	...	...	...	...
G20 DSSI	...	...	17.9	17.9	...	...	...	...	...	...	...	...
Disbursement under IMF RCF I	...	...	91.0	91.0	...	...	...	...	...	...	...	...
Disbursement under IMF RCF II	...	...	101.8	101.8	...	...	...	...	...	...	...	...
Residual gap	...	...	0.0	0.0	...	187.5	378.1	398.6	209.4	133.6	87.2	0.0
Terms of trade (percent change)	0.3	0.5	7.0	7.9	0.6	-1.0	-3.0	-1.4	0.0	-0.8	-1.0	-1.0
Debt stock and service (percent of GDP, unless otherwise indicated)												
External debt (public sector)	29.5	29.5	31.8	30.0	29.1	34.4	32.8	33.2	33.5	33.6	33.6	32.5
NPV of public external debt (percent of exports)	117.7	110.8	150.5	149.1	107.7	148.6	141.2	141.0	137.1	148.3	142.1	135.2
Domestic public debt	30.0	30.5	37.3	37.3	29.0	43.7	44.0	46.7	48.2	49.0	48.5	49.0
Total public debt	59.5	60.0	69.2	67.3	58.1	78.2	76.8	79.9	81.7	82.6	82.1	81.5
External debt service (percent of exports)	6.5	6.9	8.3	8.1	7.2	8.8	8.3	10.0	9.4	9.2	8.5	9.6
External debt service (percent of revenue excl. grants)	5.7	5.5	5.3	5.2	5.9	6.6	6.2	7.5	6.9	6.6	6.2	7.0
91-day treasury bill rate (end of period)	6.2	...	...	9.9	...	...	...	...	...	...	...	...
Memorandum items:												
UN Human Development Index (UHDI) Ranking (out of 189 countries)	...	...	174	174	...	...	...	...	...	...	...	...
Social & health expenditures (percent of GDP)	...	...	0.6	0.6	...	0.5	0.5	0.3	...	...	...	...

Sources: Malawian authorities; IMF staff estimates and projections; and UN Human Development Index.

¹The fiscal year starts in July and ends in June. The current financial year, 2020, runs from July 1, 2019 to June 30, 2020.²Please note that government fiscal statistics are reported following the Government Finance Statistics Manual (2014) starting 2020 projections and going forward.³Domestic primary balance is calculated by subtracting current expenditures (except interest payment) and domestically-financed development expenditures from tax and non-tax revenues.

Annex XVIII. Mali: Update for CCRT Debt Relief

Recent Economic Developments. COVID-19 continues to have a significant economic impact on Mali, exacerbating the effects of the socio-political and security crises. After a relatively mild first wave during spring-summer 2020, the spread of infections accelerated in fall-winter of 2020-21 with the onset of a second, much stronger, wave. Daily infections peaked at over 100 at end-2020 (based on a 7-day moving average), with the total number of registered cases reaching 8,332 as of February 25, 2021, of which 348 deaths. Local outbreak of the pandemic, the early containment measures, and the contraction in external demand caused a slowdown in construction, accommodation services, and transportation. These—along with the temporary sanctions by the Economic Community of West African States following the August 2020 coup d'état and a poor performance in agriculture—are estimated to have contracted economic activity by around 2 percent in 2020, in line with the projections during the CCRT2 update, down from an average 5 percent during the past six years. Barring a significant deterioration in the dynamics of the pandemic, economic growth is expected to pick up to 4 percent in 2021 and to its potential of 5 percent thereafter, but the negative output gap will close only gradually over medium term. The downturn in economic activity is expected to increase extreme poverty incidence in Mali from 42 percent of the population (8.2 million people) in 2019, according to World Bank estimates, to over 45 percent in 2020-21. The effects of the pandemic and the needed policy response have also weakened fiscal outcomes, through a decline in revenues and expenditure measures to combat the pandemic. Fiscal deficits are expected to widen to around 5½ percent of GDP in 2020-21 (compared to 6.2 percent of GDP in 2020 and 4.5 percent of GDP in 2021 at the time of the previous update) and, in light of the weak economic cycle, to return to the WAMEU ceiling of 3 percent of GDP only gradually by 2024.

Public health and macroeconomic policies. As the second wave of infections picked up at end-2020, the authorities have reinforced containment and preventive measures, including testing and controls in public places, teleworking requirements in large companies and closure of educational institutions – these were relaxed as the second wave became more contained. The authorities also prepared a national vaccination plan

prioritizing medical workers, the elderly and those with underlying health conditions. This first wave of vaccinations, under the umbrella of the COVAX initiative, is expected to start in April 2021 and to reach some 20 percent of the population or 40 percent of those above age 15, with a subsequent rollout to the rest of the population as more vaccines become available. The policy measures to contain the social and economic fallout from the pandemic have been steadily implemented. In

Mali: COVID Related Fiscal Measures
(Percent of GDP, unless otherwise indicated)

	FY2020		Change	FY2020		Change
	Pre-Covid proj. 1/	Actual		Pre-Covid proj. 1/	Actual	
Priority expenditures	5.3	7.9	2.6	5.1	5.8	0.7
of which						
Health	1.2	1.5	0.3	-	1.1	-
Education	3.5	3.5	0.1	-	3.7	-
Social	0.5	2.0	1.5	-	0.2	-
Covid-related spending	-	2.0	-	-	0.8	-
Covid prevention, containment & mgmt	-	0.3	-	-	0.2	-
Transfers to HHs	-	1.2	-	-	0.1	-
Transfers to businesses, SOEs, govt entities	-	0.5	-	-	0.4	-
Memorandum						
Priority expenditures 2/	19.9	31.0	11.0		21.5	21.5
Covid-related spending 2/	-	7.9	-	-	3.0	-
Tax relief to HHs/businesses/other revenue measures	-	0.1	-	-	0.0	-

1/ IMF Country Report No. 20/8, Mali : First Review Under the ECF, January 8, 2020.

2/ Percent of public spending.

addition to the monetary and financial measures taken by the regional central bank (BCEAO) in March 2020, a package of supportive fiscal measures to vulnerable households and firms was announced by the authorities in April 2020, totaling about 2 percent of GDP in spending measures (text table). Preliminary estimates indicate that 95 percent of this stimulus had been implemented by end-2020, although household income support is expected to reach households only in 2021 due to delays in identifying potential beneficiaries under still narrow social safety nets. Further spending allocations to combat COVID-19 have been budgeted for 2021, albeit at a lower scale.

Governance safeguards. In the context of the IMF support under the Rapid Credit Facility, the authorities committed to the transparent use of the funds for the pandemic response through the publication of information on COVID-19 spending, the commissioning and publication of an independent audit of this spending, and publication of information on large procurement projects, including beneficial ownership. With a view towards meeting these commitments, the authorities started the monthly publication of the COVID-19 expenditure reports in [October 2020](#), have commissioned an independent audit of COVID-19 related expenditure by the Office of the Auditor General (BVG), to be published by end-July 2021, and have requested technical assistance from the Fund to assist them in implementing the commitment relating to the collection and publication of beneficial ownership information. The documentation on large public procurement contracts, including the beneficial ownership information of awarded entities, is expected to be published by end-May 2021.

IMF support status. Following the onset of the pandemic, the IMF supported Mali's policy response and its economic policies through (i) COVID-19 emergency support under the [Rapid Credit Facility](#) (around US\$200 million, 1.2 percent of GDP), approved on April 30, 2020, (ii) the [first](#) and [second](#) tranche of debt service relief under the Catastrophe Containment Relief Trust (both around US\$10 million, 0.06 percent of GDP) approved on April 13 and October 30, 2020, respectively, and (iii) [second and third reviews](#) under the Extended Credit Facility (around US\$57 million, 0.3 percent of GDP) that were temporarily delayed by the pandemic and the August 2020 coup d'état and approved by the Executive Board on February 22, 2021.¹

Upcoming CCRT eligible debt service. Mali has debt service of SDR 7.7 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Mali is pursuing appropriate macroeconomic policies to address the pandemic amid elevated uncertainty surrounding its dynamics and the unfolding political transition. Staff assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide emergency health, social and economic support to mitigate the impact of the pandemic on the population.

¹ On August 28, 2019, the Executive Board of the International Monetary Fund (IMF) approved a new three-year arrangement under the IMF's [Extended Credit Facility](#) for Mali in the amount of SDR 139.95 million (about US\$191.9 million, 1.1 percent of GDP), of which about US\$115.3 million (0.6 percent of GDP) has been disbursed.

Mali: Selected Economic and Financial Indicators, 2017–25

	2017	2018	2019	2020		2021		2022	2023	2024	2025
			Est.	pre- COVID ¹	Est	pre- COVID ¹	Proj.	Projections			
National income and prices	(Annual percentage change)										
Real GDP	5.3	4.7	4.8	5.0	-2.0	5.0	4.0	6.0	5.0	5.0	5.0
GDP deflator	1.9	1.5	2.1	1.8	2.0	2.3	1.5	2.0	2.0	2.0	2.0
Consumer price inflation (average)	1.8	1.7	-2.9	0.6	0.7	2.0	1.5	2.0	2.0	2.0	2.0
Consumer price inflation (end of period)	1.1	1.0	-3.3	1.7	2.1	2.3	1.5	2.0	2.0	2.0	2.0
Output gap	2.3	2.2	3.0	...	-1.4	...	-1.1	-0.1	0.0	0.0	0.0
Money and credit											
Credit to the government	55.7	64.1	-36.6	20.2	142.3	...	45.7	15.9	6.2	1.5	-1.2
Credit to the economy	5.4	4.8	2.2	6.0	3.7	...	5.6	8.1	7.1	7.1	7.1
Broad money (M2)	4.3	14.2	9.0	11.2	15.0	...	5.6	8.1	7.1	7.1	7.1
Central government finance and public debt	(Percent of GDP, unless otherwise indicated)										
Revenue	18.4	14.3	19.5	20.5	18.6	20.7	19.7	19.5	19.7	19.8	19.9
of which: Tax revenue	15.2	11.9	14.8	15.5	14.1	15.7	14.6	14.8	15.0	15.0	15.1
Grants	1.6	1.2	1.9	2.5	1.4	2.0	1.9	1.6	1.8	1.5	1.4
Total expenditure and net lending	22.9	20.3	23.1	26.4	25.5	25.9	27.1	25.7	25.0	24.3	24.3
Overall balance (accrual basis)	-2.9	-4.7	-1.7	-3.5	-5.5	-3.3	-5.5	-4.5	-3.5	-3.0	-3.0
Overall balance (cash basis)	-2.6	-3.9	-2.6	-3.6	-5.1	-3.2	-5.3	-4.4	-3.4	-2.9	-2.9
Public debt (end of period)	35.5	36.1	40.5	39.0	44.1	39.5	46.2	46.9	47.0	46.6	46.1
External public debt	24.5	23.4	26.4	26.1	26.3	25.7	25.6	25.6	25.8	26.0	26.6
Domestic public debt ²	11.0	12.7	14.0	12.9	17.8	13.8	20.6	21.3	21.3	20.6	19.5
Debt service (percent of revenues)	6.3	5.1	5.1	5.6	6.3	5.9	7.3	10.5	10.0	10.3	9.1
External sector											
Current account balance, including official transfers	-7.3	-4.9	-4.8	-4.4	-2.0	-4.6	-2.4	-2.9	-3.6	-4.5	-5.3
Current account balance, excluding official transfers	-12.1	-9.3	-9.7	-8.5	-4.3	-8.5	-5.8	-6.8	-7.4	-7.9	-8.5
Exports of goods and services	22.5	24.5	24.9	24.0	27.2	23.0	26.2	25.0	23.7	22.6	21.7
Imports of goods and services	36.2	35.6	36.0	34.0	32.2	32.9	33.1	32.9	32.4	32.0	31.7
Overall balance of payments	-0.5	1.1	3.0	0.1	1.6	-0.2	1.4	1.7	1.0	0.2	-0.2
Terms of trade (deterioration -)	-25.3	-0.1	9.8	4.8	31.8	0.2	3.9	-4.8	-2.4	-2.3	-1.7
Real effective exchange rate (depreciation -) ³	0.5	0.3	-4.2	...	-0.3	...	...	...	...	...	...
Memorandum items:											
Nominal GDP (CFAF billions)	8,922	9,482	10,140	10,917	10,138	11,732	10,704	11,573	12,394	13,274	14,217
Nominal GDP (US\$ billions)	16.1	16.5	17.2	...	...	...	...	...	...	...	...
Public debt (CFAF billions)	3,165	3,424	4,106	...	4,476	...	4,945	5,429	5,827	6,186	6,557
Overall balance of payments (US\$ millions)	-71	189	451	...	...	...	...	...	...	...	...
US\$ exchange rate (end of period) ³	554	576	590	...	554	...	...	...	...	...	...
Gold Price (CFAF billion/ton)	22.7	22.0	23.6	23.0	32.9	23.2	34.8	35.4	35.8	36.2	36.6
Cotton price (CFAF/kg)	1,017	1,063	956	...	868	...	971	916	863	861	869
Petroleum price (crude spot)(US\$/bbl)	53	68	61	58	41	55	50	49	48	48	48
Social expenditures (percent of GDP)	0.2	0.2	0.4	0.5	2.0	...	0.2	...	...	...	...
Health expenditures (percent of GDP)	2.0	0.8	1.0	1.2	1.5	...	1.1	...	...	...	...
UN Human Development Index	0.4	0.4	0.4	...	...	...	...	...	...	...	...

Sources: Ministry of Economy and Finance; and IMF staff estimates and projections.

¹ IMF Country Report No. 20/8, Mali : First Review Under the Extended Credit Facility Arrangement. The review was completed on January 8, 2020.² Includes BCEAO statutory advances, government bonds, treasury bills, and other debts.³ For 2020, the latest available data is for November.

Annex XIX. Republic of Mozambique: Update for CCRT Debt Relief

Recent economic developments. COVID-19 continues to have a severe economic impact on Mozambique. GDP contracted by 1.3 percent in 2020 (versus a pre-COVID projection of 6 percent), the first recession since 1992, and is expected to hit the most vulnerable households disproportionately and negatively impact recent progress in poverty reduction. Although Mozambique was relatively less affected by the pandemic in 2020 based on reported data (ending the year with an infection rate of about 550 per million inhabitants, and about 5 deaths per million), the infection rate has jumped in recent weeks, with total cases and fatalities tripling in the first two months of 2021.¹ Lockdown measures and weak external demand weighed on activity despite the support of a good agricultural harvest. With the infection rate increasing again in the first two months of 2021, cyclone Eloise striking the central regions of the country and an insurgency in a northern province that has displaced more than 500,000 people, real GDP growth is projected to only partially rebound this year, to 2.1 percent (versus a pre-COVID projection of 4 percent). Inflation remained subdued in 2020 (3.1 percent e.o.p.) but is expected to increase in 2021 due to currency depreciation (close to 15 percent against the dollar since March 2020) and border closures with South Africa periodically restricting supply of consumer goods. The primary deficit after grants is estimated to have widened to 2.3 percent of GDP in 2020 due to lower revenue and crisis spending, and the current account deficit to have widened by 40 percentage points of GDP to 60.6 percent of GDP owing mainly to a decline in commodities export receipts of 8.2 percentage points of GDP². Public debt is now expected to peak in 2022 at about 125 percent of GDP. The external financing need reached 3.7 percent of GDP in 2020 and is projected to amount to about 3.4 percent in 2021. Downside risks to these projections are significant.

Public health and macroeconomic policy response. The authorities have been implementing measures to limit the economic impact of the pandemic, preserve macroeconomic stability and support the most vulnerable, although data limitations constrain a full assessment. The CCRT debt relief was allocated to the ministry of health. Health, education, and social spending have been

increased (by about 1.1 percent of GDP in 2020), and the 2020 revised budget has allowed for higher

Mozambique: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020		Change	FY2021		Change
	Pre-Covid proj.	Actual		Pre-Covid proj. 2/	Budget	
Priority expenditures						
of which						
Health	2.6	3.5	0.9	...	3.3	...
Education	6.5	6.7	0.3	...	6.2	...
Social	0.6	0.5	-0.1	...	0.1	...
Other Covid-related spending						
Covid prevention, containment & mgmt	0	0.5	0.5	0	...	...
Transfers to HHs	0	0.3	0.3	0	...	...
Transfers to businesses, SOEs, govt entities	0	0.2	0.2	0	...	...
Memorandum						
Priority expenditures (percent of public spending)	29	40.3	11.3	...	31.0	...
Other Covid-related spending (percent of public spending)	0	3.2	3.2	0	...	...
Tax relief to HHs/businesses/other revenue measures	0	...	...	0	...	...

1/ The assessment is constrained by data limitation.

2/ Most recent projection before March 1, 2020.

¹ Reported infection rates may substantially understate true infection rates due to insufficient testing.

² This high value reflects ongoing large investments in extractive industries by international companies, financed almost entirely by linked FDI.

COVID-related spending to support businesses and vulnerable households (for about 1 percent of GDP). In 2020, the authorities received about US\$ 515 million (3.6 percent of GDP) in grants and concessional financing from development partners. After reducing the policy rate between April and December 2020 by 250 basis points, the central bank reversed course in January, increasing the policy rate by 300 basis points in response to rising inflation pressures.

Governance safeguards. The authorities are committed to reforms to strengthen governance, transparency and accountability in line with recommendations of the Government's Diagnostic Report on Transparency, Governance and Corruption published in August 2019. With respect to crisis mitigation measures, the government has taken steps to implement commitments from the Letter of Intent of the Rapid Credit Facility (approved in April 2020). These commitments included publishing an independent audit of spending and procurement processes once the crisis abates (it is not yet underway), which will be undertaken by the supreme audit institution (the Tribunal Administrativo). The government is publishing regular reports on funds received and their allocation on the Ministry of Finance website, while the Health Ministry has published information on large public procurement contracts in the health sector on their website. Publication of the beneficial owners of the companies awarded contracts, and ex-post validation of delivery have not started yet. The authorities submitted a revised budget to parliament in September 2020 to fully account for COVID measures and financing and have opened earmarked accounts at the central bank for spending on health and support to households.

IMF program status. The IMF Executive Board approved a US\$309 million disbursement (100 percent of quota) under the Rapid Credit Facility to address the pandemic on April 24, 2020. The authorities have requested an ECF, and technical discussions started in February.

Upcoming debt service. Mozambique has debt service of SDR 9.5 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff appraisal. Staff assesses that Mozambique is pursuing appropriate macroeconomic policies to address the global pandemic. Staff also assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on lives and livelihoods of the population.

Table 1. Mozambique: Selected Economic and Financial Indicators, 2017-2026

	2017	2018	2019	2020		2021		2022	2023	2024	2025	2026
	Est.			WEO 2019 ⁴	Proj.	WEO 2019 ⁴	Proj.			Proj.		
National income and prices (Percentage change, unless otherwise indicated)												
Real GDP	3.7	3.4	2.3	6.0	-0.5	4.0	2.1	4.7	8.7	11.1	11.3	5.3
Real GDP, excl. extractive industries	2.1	2.9	2.8	5.8	0.4	3.7	2.1	4.7	4.0	4.0	4.0	4.0
Nominal GDP	11.7	6.5	6.8	14.5	3.3	10.6	7.8	10.5	15.6	18.7	18.8	11.4
GDP deflator	7.6	3.0	4.5	8.0	3.8	6.3	5.6	5.5	6.4	6.8	6.7	5.7
Consumer prices (end of period)	5.6	3.5	3.5	6.5	3.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Consumer prices (annual average)	15.1	3.9	2.8	7.6	3.1	6.0	5.3	5.5	5.5	5.5	5.5	5.5
GDP (billions of meticaís)	841	896	957	1084	988	1198	1,066	1,177	1,361	1,615	1,918	2,136
GDP (billions of US dollars)	13.2	14.7	15.2	16.7	14.4	17.9	14.0	14.9	16.6	19.1	21.9	23.6
GDP per capita (US dollars)	445	485	488	522	450	544	425	442	481	537	601	631
Investment and savings (Percent of GDP)												
Gross domestic investment	33.2	50.0	42.3	88.3	66.6	87.0	73.0	88.8	72.2	52.3	43.0	42.6
Gross domestic savings, excl. grants	2.9	15.2	21.4	21.6	3.8	21.6	1.6	2.9	2.0	10.2	14.3	15.4
Central government (Percent of GDP)												
Total revenue ¹	25.1	23.8	28.9	25.1	21.8	25.8	23.7	25.0	25.1	24.1	22.6	22.7
of which: LNG revenues	N.A.	N.A.	N.A.	...	N.A.	...	N.A.	N.A.	1.2	1.7	1.8	1.5
Total expenditure and net lending	30.0	32.6	30.0	34.7	30.8	32.6	31.0	29.9	28.2	25.9	23.9	23.6
of which: current expenditure	19.3	21.7	22.2	21.7	22.6	21.1	23.0	21.3	19.6	18.2	16.8	16.4
Overall fiscal balance, before grants ²	-5.1	-9.2	-1.1	-9.7	-9.0	-6.7	-7.3	-4.9	-3.1	-1.8	-1.3	-0.9
Grants	1.9	2.0	1.0	4.9	3.6	3.0	3.2	3.1	1.9	1.1	0.9	0.8
Overall fiscal balance, after grants ²	-3.2	-7.2	-0.1	-4.8	-5.4	-3.7	-4.1	-1.9	-1.1	-0.7	-0.4	-0.2
Overall fiscal balance before LNG revenues, after grants	-3.2	-7.2	-0.2	-4.8	-5.4	-3.714	-4.1	-1.9	-2.3	-2.4	-2.2	-1.7
Primary fiscal balance, after grants	-0.2	-2.8	3.1	0.0	-2.3	0.0	-1.2	1.0	1.4	1.6	1.6	1.6
Public sector debt (Percent of GDP)												
Nominal stock of total debt	87.4	90.7	88.8	111.4	106.4	111.4	110.7	113.0	108.4	98.8	87.8	71.6
of which: external	87.4	90.7	88.8	96.3	106.4	96.9	110.7	112.9	108.3	98.7	87.8	71.6
Nominal stock of total debt, excl. ENH's debt	81.5	84.7	77.1	93.3	88.2	89.5	87.7	83.7	75.9	67.0	59.3	55.7
of which: external debt, excl. ENH's debt	81.5	84.7	77.1	78.2	88.1	75.0	87.7	83.7	75.9	67.0	59.3	55.7
Money and credit (Percentage change, unless otherwise indicated)												
Reserve money	4.7	22.5	19.1	7.5	12.5	7.9	9.0	9.1	10.1	10.2	11.1	11.0
Broad Money (M3)	5.1	8.2	12.1	9.6	11.1	9.6	9.5	10.4	12.2	12.4	13.4	13.0
Percent of GDP	45.9	46.6	48.9	46.6	52.7	46.2	53.5	53.4	51.8	49.1	46.8	47.5
Credit to the economy	-13.7	-2.5	5.0	9.3	10.5	9.5	10.1	10.4	11.0	11.1	10.6	10.6
Percent of GDP	26.9	24.6	24.1	23.4	25.8	23.2	26.4	26.4	25.3	23.7	22.1	21.9
Policy rate (percent) ³	19.5	14.3	12.8	12.8	10.3	12.8	...	...	...	...	...	...
External sector (Percent of GDP, unless otherwise indicated)												
Current account balance	-19.7	-29.6	-20.4	-66.7	-60.6	-62.9	-68.9	-83.2	-68.6	-41.1	-27.9	-26.5
excl. megaprojects	-29.8	-26.0	-27.1	-23.2	-29.0	-22.5	-27.8	-24.2	-24.3	-21.7	-20.8	-21.3
excl. megaprojects (MP) and indirect MP imports	-19.6	-18.1	-15.7	-11.7	-15.3	-12.2	-13.7	-10.4	-11.4	-10.4	-10.5	-10.9
Merchandise exports	35.9	35.3	31.0	34.5	23.1	34.3	33.8	36.3	41.7	48.2	52.8	49.7
excl. megaprojects	8.1	8.7	9.5	9.3	5.4	9.6	7.8	10.0	9.8	9.4	9.0	9.3
Merchandise imports	39.7	41.9	44.7	50.3	50.2	47.0	57.8	60.6	55.9	47.5	41.7	39.8
excl. megaprojects	34.1	33.3	35.5	33.9	36.6	31.6	39.5	37.6	35.3	31.7	29.4	29.5
Net foreign direct investment	17.4	18.3	14.6	21.2	17.2	20.1	22.6	28.6	21.3	15.1	11.4	12.5
Terms of trade (Percentage change)	-0.3	-2.0	-1.0	-0.7	1.1	-0.3	-2.3	1.7	0.9	0.7	0.6	0.5
Gross international reserves (millions of US dollars, end of period)	3,338	3,081	3,884	2,991	3,777	3,078	3,603	3,704	3,958	4,371	4,833	4,568
Months of next year's non-megaproject imports	6.7	5.7	7.6	5.2	7.0	5.1	6.4	6.2	6.4	6.7	6.8	6.1
Net international reserves (millions of US dollars, end of period)	3,114	2,885	3,605	2,756	3,576	2,843	3,402	3,503	3,757	4,170	4,632	4,367
Exchange rate												
Meticaís per US dollar, end of period	59.3	61.6	62.4	...	70.0	...	...	...	...	...	...	...
Meticaís per US dollar, period average	63.9	60.9	63.1	...	68.8	...	...	...	...	...	...	...
Memo items												
UNHDI ⁵	0.45	0.45	0.46									
Social and Health Spending (percent of GDP)				3.2	6.7		3.4					

Sources: Mozambican authorities; and IMF staff estimates and projections.

¹ Net of verified VAT refund requests.² Modified cash balances and including arrears.³ Liquidity injection standing lending facility rate (2016), Bank of Mozambique's MIMO rate (2017, and latest as of August 2020).⁴ Pre-Covid projections for 2020 corresponds to October WEO 2019.⁵ UN Human Development Index data for 2020 are not yet available.

Annex XX. Nepal: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic continues to severely impact Nepal's economy. Remittances have been volatile, tourism collapsed, and domestic activities weakened. For Nepal, it is assumed that the pandemic will still be prevalent in calendar year 2021 and a vaccine would be widely available in the second half of 2022, albeit this is subject to much uncertainty. In this context, real GDP growth is estimated at -1.9 percent in FY2019/20 (FY ends in mid-July) and 2.9 percent in FY2020/21 (compared to 6 and 5.7 percent respectively in the pre-pandemic baseline). Losses of jobs and income may likely be a setback to the important social development gains of the past decade. Revenue shortfalls and rise in expenditure needs (including for health, social assistance, economic support measures) will lead to an increase of the overall fiscal deficit from 5.6 percent of GDP in FY2019/20 to 9.2 percent of GDP and debt of 54.2 percent of GDP in FY2020/21 (compared to fiscal deficits of 4.5 and 4.4 percent of GDP respectively in the pre-pandemic baseline). While the current account deficit narrowed to 1 percent of GDP in FY2019/20 due to a sharp collapse in imports, in FY2020/21 it is expected to widen to 6.5 percent of GDP as restrictions are lifted and economic activity picks up. Further, growth underperformance in migrant-hosting countries, return migration, and fewer new workers going abroad suggest remittances will be subdued. In FY2020/21, the fiscal financing gap (estimated at 1¾ percent of GDP) and balance of payments gap (estimated at 5¼ percent of GDP) are expected to be financed with budget support from development partners and reserve drawdowns. Nepal needs to preserve foreign reserves to protect credibility of the peg, prepare in case remittances weaken further, and maintain buffers in case other risks materialize (including natural disasters).

Public health and macroeconomic policy response. Fiscal measures implemented include:

(i) higher health spending for additional insurance for front-line medical personnel; eliminating import duties on medical supplies; and setting up testing facilities, quarantine centers and temporary hospitals; (ii) tax relief to households and businesses; and (iii) expansion of social assistance, including subsidies for utility bills, in-kind food transfers, and wage support for informal sector workers (including through expansion of the public works program).

Nepal: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)									
	FY2018/19	FY2019/20				FY2020/21			
	Actual	Pre-Covid proj.	Budget	Actual	Change	Pre-Covid proj.	Budget	Current proj.	Change
Priority expenditures	3.3	n.a	5.2	4.1	n.a	n.a	6.1	5.5	n.a
of which									
Health	1.0	n.a	1.5	1.1	n.a	n.a	2.2	2.0	n.a
Education	1.0	n.a	1.8	1.1	n.a	n.a	1.5	1.3	n.a
Social	1.2	n.a	2.0	1.9	n.a	n.a	2.4	2.2	n.a
Other Covid-related spending	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Memorandum									
Priority expenditures (percent of public spending)	10.8	n.a	16.0	13.7	n.a	n.a	16.4	17.2	n.a
Tax relief to HHs/businesses/other revenue measures	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

As staff did not project expenditures by functional classification before COVID-19, these cannot be compared to actual outturns of priority expenditures to assess the impact of COVID related fiscal measures. However, in FY2019/20, priority expenditure (including health, education, and social assistance) increased by 0.8 percent of GDP compared to FY2018/19, notwithstanding perennial budget under execution in Nepal in part due to capacity constraints that have been further

exacerbated by the pandemic. Priority spending in FY2020/21 is expected to increase by 1.5 percent of GDP compared to FY2019/20. To support the continued supply of credit, the Nepal Rastra Bank has taken measures to ensure adequate liquidity in the financial system and support credit, including by cutting the policy interest rate and cash reserve ratio, and easing macroprudential measures. The authorities also enhanced the refinance facility and the concessional loan program to affected businesses.

Governance safeguards. The Government of Nepal continues to implement spending transparency commitments based on existing frameworks and practices notwithstanding the ongoing impact of Covid-19, which affected government operations and exacerbated capacity constraints. Regarding the transparency commitments in the context of the Rapid Credit Facility (RCF), spending from the Covid-19 Fund—an extra-budgetary fund with financing from government, development partners, and the private sector—is being published monthly. The Office of the Auditor General (OAG), an independent Constitutional body, is expected to audit Covid-19 related expenditure as part of its mandated annual audit of government accounts and publish the results on the OAG website. The OAG is also expected to audit the Covid-19 Fund. The authorities are expected to take further steps to fully meet the RCF transparency commitments, including publication of budget expenditures related to Covid-19 and publication of beneficial ownership information for new, large, Covid-19 related procurement contracts.

IMF support status. On May 6, 2020, the IMF Executive Board approved a 100 percent of quota (US\$214 million) disbursement under the Rapid Credit Facility to support Nepal's Covid-19 related response efforts. Staff is currently engaging closely with the authorities to design a new IMF program supported by the Extended Credit Facility (ECF) for 180 percent of quota (USD 403 million). The proposed ECF arrangement would help mitigate the COVID-19 impact on health and economic activity and protect vulnerable groups; preserve macroeconomic and financial stability; and implement reforms to support sustained growth and poverty reduction.

Upcoming debt service. Nepal has debt service to the IMF of SDR 3.57 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff supports the authorities' priorities to mitigate the impact of the pandemic and preserve macroeconomic stability. Efforts are appropriately focused on increasing health spending, strengthening social assistance, ensuring adequate liquidity to the banking system, and supporting access to credit. Further measures may be needed if downside risks materialize. Ongoing efforts to enhance transparency and accountability of COVID-19 related spending provide assurances that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to provide health, social and economic support to the economy to mitigate the impact of the pandemic on life and livelihood of the population.

Table 1. Nepal: Selected Economic Indicators, 2017/18-2025/26 1/

	2017/18	2018/19	2019/20		2020/21		2021/22	2022/23	2023/24	2024/25	2025/26
			2020 Article IV Baseline Proj.	Current Baseline Proj.	2020 Article IV Baseline Proj.	Current Baseline Proj.	Projections				
Output and prices					(Annual percent change)						
Real GDP	6.7	7.0	6.0	-1.9	5.7	2.9	4.2	6.0	5.4	5.2	5.2
Headline CPI (period average)	4.1	4.6	6.0	6.1	5.9	4.2	6.1	5.6	5.6	5.5	5.4
Headline CPI (end of period)	4.6	6.0	5.9	4.8	5.8	5.5	5.7	5.6	5.6	5.3	5.4
Fiscal Indicators: Central Government					(In percent of GDP)						
Total revenue and grants 4/	25.2	24.9	25.8	24.0	26.0	22.8	25.1	26.2	27.0	27.1	27.1
of which: Tax revenue	21.0	21.3	21.9	19.4	21.8	19.2	21.1	22.2	23.1	23.2	23.2
Expenditure	31.8	30.6	30.4	29.6	30.4	32.0	31.7	31.4	30.8	30.1	30.2
Expenses	22.9	23.6	23.1	24.3	23.1	25.7	24.9	24.6	24.2	23.7	23.8
Net acquisition of nonfinancial assets	8.9	7.0	7.3	5.3	7.3	6.3	6.8	6.8	6.6	6.4	6.4
Operating balance	2.3	1.3	2.8	-0.3	2.9	-2.9	0.2	1.6	2.8	3.4	3.3
Net lending/borrowing	-6.6	-5.7	-4.5	-5.6	-4.4	-9.2	-6.6	-5.2	-3.8	-3.0	-3.1
Statistical discrepancy	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial transactions	5.4	5.7	4.5	5.6	4.4	9.2	6.6	5.2	3.8	3.0	3.1
Net acquisition of financial assets	0.5	-0.3	1.6	2.7	0.9	1.7	1.7	1.7	1.7	1.7	1.7
Net incurrence of liabilities	5.9	4.8	6.1	8.3	5.3	10.9	8.3	6.9	5.5	4.7	4.8
Foreign 2/	2.4	3.0	2.4	3.7	1.9	2.7	2.4	2.2	2.1	1.9	1.1
Domestic	3.5	1.8	3.7	4.6	3.4	8.2	5.9	4.7	3.4	2.8	3.7
Money and credit					(Annual percent change)						
Broad money	19.4	15.8	13.2	18.1	11.9	18.5	18.3	18.6	16.4	14.4	10.8
Domestic credit	26.1	21.7	17.6	14.6	15.7	20.4	16.5	14.7	11.9	10.9	10.3
Private sector credit	22.3	19.1	15.0	12.6	13.8	13.3	13.6	13.2	11.4	10.8	10.4
Saving and Investment					(In percent of nominal GDP)						
Gross investment	53.9	56.6	54.6	49.4	53.4	50.4	50.4	49.1	47.6	46.0	44.9
Private	25.7	26.7	25.1	24.1	24.4	23.7	23.2	22.4	21.8	21.0	20.4
Central government	8.9	7.0	7.3	5.3	7.3	6.3	6.8	6.8	6.6	6.4	6.4
Change in Stock	19.4	22.9	22.2	20.0	21.7	20.4	20.4	19.9	19.3	18.6	18.2
Gross national saving	45.8	48.8	49.4	48.3	48.5	43.9	45.9	44.4	43.2	42.3	41.5
Private	44.9	48.2	47.8	49.3	47.0	47.9	47.2	44.2	41.7	40.2	39.5
Central government	1.0	0.6	1.6	-0.9	1.5	-4.0	-1.2	0.2	1.5	2.1	2.0
Balance of Payments											
Current account (in millions of U.S. dollars)	-2,350	-2,369	-1,760	-325	-1,832	-2,077	-1,537	-1,752	-1,826	-1,658	-1,648
In percent of GDP	-8.1	-7.7	-5.2	-1.0	-4.9	-6.5	-4.5	-4.7	-4.5	-3.8	-3.5
Trade balance (in millions of U.S. dollars)	-10,849	-11,373	-11,658	-9,192	-12,379	-9,788	-10,711	-11,054	-11,427	-11,777	-12,274
In percent of GDP	-37.2	-37.1	-34.2	-29.4	-33.1	-30.5	-31.2	-29.5	-28.1	-26.8	-25.8
Exports of goods (y/y percent change)	15.5	12.1	1.4	-6.6	9.9	1.8	13.8	12.8	11.8	12.3	12.8
Imports of goods (y/y percent change)	27.4	5.4	2.4	-18.2	6.5	6.1	9.8	4.1	4.2	4.0	5.2
Workers' remittances (in millions of U.S. dollars)	7,224	7,769	8,402	7,533	8,825	6,982	7,329	7,534	7,668	7,897	8,456
In percent of GDP	24.8	25.4	24.7	24.1	23.6	21.8	21.3	20.1	18.8	18.0	17.8
Gross official reserves (in millions of U.S. dollars)	9,304	8,545	8,536	10,559	8,419	9,415	8,824	8,194	7,553	7,428	7,631
In months of prospective imports	7.9	8.9	6.6	10.7	6.1	8.6	7.6	6.7	5.9	5.6	5.6
Memorandum items											
Public debt (in percent of GDP)	34.1	37.0	33.7	45.4	35.7	54.2	58.3	60.0	60.3	59.9	59.5
Nominal GDP (in billions of U.S. dollars)	29.2	30.6	34.1	31.3	37.4	32.1	34.4	37.5	40.7	44.0	47.6
Nominal GDP (in billions of Nepalese Rupees)	3,045	3,459	3,892	3,602	4,354	3,860	4,269	4,781	5,321	5,900	6,537
UN Human Development Index 3/	0.596	0.602	...	...	...	...	...	...	...	...	...
Health Expenditure (in percent of GDP)	...	...	...	1.1	...	2.0	...	...	...	...	...
Social Protection/Assistance (in percent of GDP)	...	...	...	1.9	...	2.2	...	...	...	...	...
CCRT debt relief (in millions of SDR) 4/	...	...	0.0	2.9	0.0	3.6	...	...	...	...	...
Private sector credit (in percent of GDP)	80.2	84.1	86.0	91.0	87.5	96.2	98.8	99.8	99.9	99.9	99.6
Exchange rate (NPR/US\$; period average)	104.4	112.9	...	115.2	...	...	...	...	...	...	...
Real effective exchange rate (average, v/y percent change)	0.2	-1.4	...	1.4	...	...	...	...	...	...	...

Sources: Nepali authorities; and IMF staff estimates and projections.

Note: 2020 Article IV Baseline is based on data as of end-Jan 2020, and current baseline forecast is as of Jan 21, 2021.

1/ Fiscal year ends mid-July.

2/ Net incurrence of foreign liabilities cover previously identified financing and new financing (identified as of October) to support Nepal's COVID-response. The new financing include the IMF prospective ECF (US\$398.8 million for FY2020/21-FY2023/24), World Bank (US\$500 million for FY2020/21-FY2022/23), Asian Development Bank (US\$200 million for FY2020/21-FY2023/24), and DSSI (US\$49.5 million for FY2020/21).

3/ The UN Human Development Index is a composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living.

4/ CCRT debt relief is included in grants and net incurrence of liabilities (foreign). The first tranche of CCRT debt relief covering the period April 14, 2020 to October 13, 2020 for SDR 2.9 million in FY 2019/20 was approved on April 13, 2020. The second tranche of CCRT debt relief covering the period October 14, 2020 to April 13, 2021 for SDR 3.6 million was approved on October 2, 2020. The grant for debt service falling due in the 12 months from April 14, 2021 is subject to the availability of resources under the CCRT.

Annex XXI. Niger: Update for CCRT Debt Relief

Recent economic developments.¹ The updated outlook for the Nigerien economy is close to the projections of October 2020. Real GDP growth for 2020 is estimated to be somewhat higher at 1.2 percent, while activity this year is projected to increase by 6.9 percent, driven by the removal of containment measures, the acceleration of the implementation of large-scale projects, and the reopening of the border with Nigeria. This compares to pre-pandemic projections of 6.0 percent for 2020 and 5.6 percent for 2021. Niger's limited exposure to international value chains and a large informal agricultural sector afford a degree of protection. The Covid-19 crisis adds to numerous pressing challenges—including the security crisis across the Sahel, climate change and the recent massive floods—thus worsening the incidence of poverty in the country with one of the lowest HDI in the world. Budgetary savings in non-priority areas and stepped-up budget support notwithstanding, the fiscal deficit is set to widen in 2020 and 2021 from pre-pandemic projections of 2.7 and 1.9 percent of GDP, respectively, to 5.8 and 4.4 percent of GDP. This reflects revenue shortfalls related to the economic slowdown and difficulties in collecting taxes under pandemic conditions. The current account deficit is estimated at 13.3 percent of GDP in 2020 and projected at 16.7 percent in 2021, below pre-pandemic projections, due to lower imports stemming from delays in large-scale projects. However, external financing needs will remain high in the short-to-medium term, reflecting the difficult fiscal situation.

Public health and

macroeconomic policy response.

Most containment and restriction measures adopted early after the outbreak of the pandemic in the context of the declaration of the state of emergency were gradually lifted from mid-May to August 2020. Only the closure of land borders to travel and the obligation to wear masks in public remain in place. With the resurgence of new cases, the authorities have decided on January 5, 2021 to extend the state of emergency for a further period of three months from January 08, 2021 and renewed the measure to close entertainment venues. The Government devised a comprehensive response plan to tackle the health, social, and economic aspects of the COVID-19 pandemic. Preliminary data covering the first three quarters of the year show that priority expenditures in 2020 amounted to 7.9 percent of GDP, slightly below the pre-covid-19 projection of 8.2, mainly due to lower than expected health expenditures—reaching 1.3 percent of GDP against a projection of 1.7

Niger: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures 2/ of which	8.2	7.9	-0.3	7.9	7.9	0.0
Health	1.7	1.3	-0.4	1.7	1.3	-0.4
Education	2.8	2.9	0.1	2.7	2.9	0.2
Social	3.7	3.7	0.1	3.6	3.7	0.2
Other Covid-related spending	...	0.5				
Covid prevention, containment & mgmt	...	0.2				
Transfers to HHs	...	0.2				
Transfers to businesses, SOEs, govt entities						
Memorandum						
Priority expenditures (percent of public spending)	37.9	42.0	4.1	38.9	34.7	-4.1
Other Covid-related spending (percent of public spending)	2.1	2.5	0.4			
Tax relief to HHs/businesses/other revenue measures						
1/ Most recent projection before March 1, 2020.						
2/ Available spending data only covers the first three quarter of 2020.						

¹ Most recent Staff Report and DSA: <https://www.imf.org/en/Publications/CR/Issues/2020/11/03/Niger-Sixth-Review-Under-the-Extended-Credit-Facility-and-Request-for-Waiver-for-49862>.

percent.² However, these figures are expected to be revised upwards when the outturn for the last quarter becomes available, as a large share of expenditures — notably about half of foreign-financed investment — is made during this quarter, and typically over 33 percent of health expenditure comes from foreign-financed investment. Priority expenditures are currently forecast at 7.9 percent of GDP in 2021. Spending on other Covid-related items in 2020 is estimated at 0.5 percent of GDP. A credit promotion scheme worth 1.9 percent of GDP, backstopped by government guarantees, remains without significant fiscal costs. Tax policy measures have been limited, but a large revenue shortfall for 2020 and projected in 2021, reflects the economic repercussions of the pandemic.

Governance safeguards. COVID-19 related spending is channeled through the budget and as such subject to the usual safeguards for budgetary spending, including auditing by the Court of Audit which is expected to be completed by the end of this year for the 2020 budget law. There are no significant extra-budgetary funds. The government is publishing data on larger contracts³ (over 0.5 billion CFA) and has published on an official website⁴ the asset declarations of all members of government. The government has centralized the costing and monitoring of crisis measures at the Ministry of Finance and issued a supplementary budget in line with commitments made by the authorities under the RCF. Niger has made progress in recent years with strengthening its governance framework more generally, including the establishment and strengthening of the anti-corruption agency, *Haute Autorité de Lutte contre la Corruption et les Infractions Assimilées* (HALCIA). A judicial process is currently investigating alleged procurement irregularities at the Ministry of Defense, and the government has committed to undertake all necessary measures to review and strengthen procurement procedures once the process is complete.

IMF support status. An ECF arrangement (SDR118.44 million or 90 percent of quota) was completed in October 2020. Emergency financial assistances under the Rapid Credit Facility (SDR83.66 million, 63.6 percent of quota) was approved on April 14, 2020. Staff are expecting to engage closely with the authorities on further support, including a possible successor ECF program, following the second round of Presidential elections in late February 2021.

Upcoming debt service. Niger has debt service of SDR 9.54 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff appraisal. Staff assess that Niger is pursuing appropriate macroeconomic policies to address the global pandemic. Staff also assess that the resources freed by the first two initial tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on life and livelihood of the population.

² The pre-COVID projection included a very ambitious 41 percent nominal increase in health spending

³ <http://www.armp-niger.org/documentation/journal-des-marches-publics-jmp/>

⁴ <http://www.courdescomptes.ne/>

Table 1. Niger: Selected Economic and Financial Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
			5th ECF Review 1/	Est.	5th ECF Review 1	Proj.	Projections				
National income and prices											
(Annual percentage change, unless otherwise indicated)											
GDP at constant prices	7.2	5.9	6.0	1.2	5.6	6.9	12.8	11.1	6.6	6.3	5.8
Oil production (thousand barrels per day)	17	18	20	17	20	17	53	98	108	108	108
GDP deflator	2.4	0.1	2.0	2.8	2.0	1.7	2.0	2.0	2.0	2.0	2.0
Consumer price index											
Annual average	2.8	-2.5	2.0	2.8	2.0	0.4	2.0	2.0	2.0	2.0	2.0
End-of-period	1.6	-2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
External sector											
Exports, f.o.b. (CFA francs)	-5.2	-1.4	12.0	-6.7	5.9	12.2	72.1	35.8	7.6	8.8	4.1
Of which: non-uranium exports	-5.2	-1.4	15.7	-6.7	7.2	12.2	72.1	35.8	7.6	8.8	4.1
Imports, f.o.b. (CFA francs)	11.6	7.6	14.9	0.1	7.5	25.9	2.6	6.1	3.2	6.8	3.0
Export volume	-5.9	-3.7	11.4	-8.6	3.9	4.4	88.9	44.4	8.4	9.4	1.8
Import volume	8.7	9.4	14.7	-2.2	6.9	26.9	4.7	0.4	-0.1	6.4	4.3
Terms of trade (deterioration -)	-2.0	4.1	0.3	-0.4	1.4	8.3	-7.0	-11.0	-3.9	-0.9	3.6
Government finances											
Total revenue	26.7	-1.6	15.1	-3.1	10.2	23.7	22.1	21.8	11.5	10.1	9.3
Total expenditure and net lending	18.8	8.4	9.7	12.8	2.2	6.1	8.5	9.3	10.1	9.9	8.6
Current expenditure	6.0	2.3	9.3	14.8	4.8	9.1	9.5	18.0	11.3	10.6	9.7
Capital expenditure	33.0	13.8	10.1	6.9	0.0	2.7	3.5	10.9	8.9	9.2	7.5
Money and credit											
(Annual percentage change, unless otherwise indicated)											
Domestic credit	11.4	-12.2	8.9	4.7	8.6	13.6	21.9	19.2	14.0	10.2	7.9
Credit to the government (net)	127.8	-89.5	8.3	174.4	5.0	51.4	27.5	4.9	-0.5	-1.0	1.2
Credit to the economy	-4.5	13.0	9.1	-0.4	9.8	10.5	21.3	20.9	15.5	11.2	8.4
Net domestic assets	13.4	-18.6	13.0	2.1	14.7	23.6	33.3	22.6	13.3	14.4	13.5
Broad money	-2.1	15.0	8.4	2.4	7.7	11.9	14.1	17.9	13.0	14.2	13.8
Velocity of broad money (ratio)	6.3	5.8	6.2	5.9	6.2	5.9	5.8	5.8	5.6	5.4	5.1
Government finances											
(Percent of GDP, unless otherwise indicated) 5/											
Total revenue	12.1	11.2	12.1	10.4	12.4	11.9	12.6	13.6	13.9	14.1	14.3
Total expenditure and net lending	21.1	21.6	21.6	23.4	20.4	22.8	21.5	20.8	21.0	21.3	21.4
Current expenditure	9.9	9.6	9.9	10.5	9.6	10.6	10.1	10.5	10.7	10.9	11.1
Capital expenditure	11.2	12.0	11.7	12.3	10.9	11.7	10.5	10.3	10.3	10.3	10.3
Basic balance (excl. grants) 2/	-2.9	-3.5	-2.0	-6.3	-1.4	-3.5	-2.6	-1.7	-1.8	-2.1	-2.1
Overall balance (commitment basis, incl. grants) 3/	-3.0	-3.6	-2.7	-5.8	-2.7	-4.4	-3.5	-2.5	-2.5	-2.6	-2.6
Gross investment	28.5	30.0	32.6	30.5	32.4	30.3	25.0	23.7	23.4	22.6	22.6
Non-government investment	18.4	19.3	20.9	19.6	21.5	20.0	15.7	14.6	14.3	13.5	13.4
Government investment	10.1	10.6	11.7	10.9	10.9	10.3	9.3	9.1	9.1	9.2	9.1
Gross national savings	15.8	17.7	16.7	17.2	15.8	13.6	14.2	16.3	16.9	16.2	16.1
Of which: non-government	12.1	13.5	12.5	15.0	11.5	10.6	10.1	11.8	12.3	11.6	11.5
Domestic savings	14.0	14.7	13.8	15.1	16.2	12.0	12.8	15.2	16.0	15.4	15.6
External current account balance											
Excluding official grants	-14.6	-15.1	-17.9	-15.9	-18.1	-18.6	-12.6	-9.0	-8.2	-8.1	-8.1
External current account balance (incl. grants)	-12.7	-12.3	-15.9	-13.3	-16.6	-16.7	-10.7	-7.3	-6.6	-6.5	-6.5
Debt-service ratio as percent of											
Exports of goods and services	7.1	7.6	8.3	13.1	8.8	21.3	11.7	10.0	8.4	7.5	7.4
Government revenue	6.7	7.6	8.3	11.6	8.8	18.2	13.0	12.1	9.8	8.5	8.0
Total public and publicly-guaranteed debt 4/	36.9	39.8	39.7	41.4	39.0	41.9	39.8	37.7	37.3	37.1	37.1
Public and publicly-guaranteed external debt	25.3	26.5	28.0	29.1	27.9	28.7	26.8	25.2	25.0	24.8	24.5
NPV of external debt	24.5	20.2	19.6	24.0	19.4	22.1	20.2	18.7	18.4	18.2	18.0
Public domestic debt 4/	11.6	13.3	11.7	12.3	11.2	13.2	13.0	12.4	12.2	12.3	12.6
Foreign aid	8.3	10.8	9.9	12.9	8.7	10.4	8.6	8.6	7.6	7.4	7.2
GDP at current market prices	7,134	7,565	8,240	7,873	8,880	8,559	9,845	11,157	12,139	13,162	14,207
GDP at current prices (annual percentage change)	9.8	6.0	8.9	4.1	7.8	8.7	15.0	13.3	8.8	8.4	7.9
Memorandum items											
UN Human Development Index	0.391	0.394	...	...	...	...	...	...	...	...	...
Social and health expenditures, percent of GDP	5.1	4.8	5.4	5.0	5.2	5.0	4.8	5.0	5.1	5.2	5.3

Sources: Nigerien authorities; and IMF staff estimates and projections.

1/ Completed in January 2020. Most recent pre-COVID-19 projections.

2/ Revenue excluding grants minus expenditure excluding foreign-financed capital expenditure.

3/ Revenue including grants minus expenditure; WAEMU anchor.

4/ Includes from 2017 onward, debt associated with commercial PPPs.

5/ In percent of GDP as revised in the context of the migration to SNA2008.

Annex XXII. Rwanda: Update for CCRT Debt Relief

Recent Economic Developments. COVID-19 continues to have a severe impact on Rwanda. While there was significant progress in containing the spread of the virus in 2020 H2, output in 2020 Q3 contracted by 3.6 percent y/y driven mainly by the continued deterioration in the services sector battered by containment measures. As a result, output in 2020, which was expected to contract by 0.2 percent at the time of the 3rd PCI review in December 2020 from a pre-pandemic projected expansion of 8 percent, is now estimated to have contracted further by 3.4 percent. Headline inflation declined steadily in H2 2020, reaching 2.8 percent y/y in January 2021 due to weak domestic and foreign demand and the normalization of transport fares. Since the second CCRT disbursement in October 2020 (CCRT-2), the pandemic has weakened the macroeconomic outlook further. The reinstitution of containment measures and a new lockdown in the capital Kigali in 2021 Q1, following a surge in infections and a slow vaccine rollout risk delaying the recovery this year, with annual economic growth revised downwards to 5.4 percent against 5.7 percent at the time of the 3rd PCI review. The social impact of the pandemic is expected to be significant, with available estimates suggesting that up to ½ million people could fall into poverty in the absence of any intervention and virtually the entire student population of 3.5 million out of school for most of 2020.¹ Fiscal and external financing gaps have been closed since CCRT-2 following the IMF's two RCF disbursements, concessional resources from development partners, and higher-than-anticipated remittances. Fiscal and external balances are projected to deteriorate through 2021 relative to their pre-pandemic projections, reflecting mainly additional COVID-19-related spending, higher oil prices, and a decline in exports. These imbalances are expected to be gradually reduced, as the economy recovers.

Public Health and Macroeconomic Response. The continued strong public health response since CCRT-2 is helping to contain the spread of the virus and maintain fatality rates significantly below other sub-Saharan Africa countries. Good public health preparedness, the systematic adoption and enforcement of stringent social distancing measures, and efforts to hike testing capacity led to a gradual reopening through the last quarter of 2020. A new lockdown in the capital Kigali was adopted in January following a spike in infections and deaths. The vaccination campaign started in February with doses to cover about 4 percent of the population already secured. Discussions are ongoing with COVAX, the AU, and bilateral suppliers to secure additional doses to vaccinate 20 percent of the population by end-2021 and 60 percent by end-2022. The government has significantly scaled up its economic response to the pandemic articulated in the Economic Recovery Plan (ERP) adopted in May 2020. Initially costing at 3.3 percent of GDP and spanning two fiscal years, the ERP now amounts to 7.7 percent of GDP and was extended to two additional fiscal years to reflect the expected larger and protracted impact of the pandemic. About 1/6 of this amount (1.2 percent of GDP) was spent in FY19/20 (ending in June 2020). More than 2/3 (5 ½ percent of GDP) will be spent by the end of the current FY 20/21 budget in measures to (i) prevent, contain, and manage the pandemic (2.1 percent of GDP); (ii) support vulnerable households through cash transfers, subsidized access to agricultural inputs, and public works (1.9 percent of GDP); and (iii) assist firms in hardest-hit sectors through the provision of subsidized loans, direct support, and

¹ [See World Bank Rwanda Economic Update, January 2021.](#)

credit guarantees channeled through the Economic Recovery Fund (1.2 percent of GDP). Tax deferral and relief measures benefitting households and corporates have also been adopted.

Rwanda: COVID-Related Fiscal Measures (Central government, percent of GDP, unless otherwise indicated)							
	FY 19/20			FY 20/21 (proj.)			
	pre-COVID ¹	actual	change	pre-COVID ¹	budget ²	current ³	change
Total revenue	19.1	18.8	-0.3	18.8	17.9	18.5	0.6
Grants	4.2	4.5	0.4	4.4	5.8	5.8	0.1
Priority expenditures^{4,5}	9.1	10.1	1.0	9.5	9.5	9.6	0.1
Other COVID spending⁶	--	1.2	1.2	--	2.9	4.2	1.3
COVID prevention/management	--	0.3	0.3	--	0.7	1.8	1.1
Support for HH	--	0.6	0.6	--	0.4	1.3	0.9
Support of business	--	0.2	0.2	--	1.8	1.0	-0.8
Memo items							
Priority expenditures (percent of public spending)	30.1	31.1	1.0	33.0	29.4	29.0	-0.4
Other Covid-related spending (percent of public spending)	--	3.6	3.6	--	8.9	12.7	3.8
Tax relief to HHs/businesses/other revenue measures ⁷	--	--	--	--	n/a	n/a	n/a

Source: Rwandan authorities and IMF staff estimates and projections.
¹ First PCI Review projections (December 2019)
² 3rd PCI review projections (December 2020)
³ Revised Budget (February 2021) since actuals only available in August 2021
⁴ Sum of recurrent/domestically-financed/policy lending expenditures identified as priority under the government's development plan (NST).
⁵ Breakdown by functional categories such as health, education, and social protection unavailable due to cross-functional nature of NST pillars.
⁶ Total COVID-related spending
⁷ Estimated amount for FY 19/20 was negligible at less than 0.02 percent of GDP and not available for other fiscal years.

Governance Safeguards. A financing item "COVID-19 response" was created under the chart of accounts for tracking crisis-related spending. A separate bank account under the treasury single account system was also set up to receive all contributions to the Economic Recovery Fund to support businesses. Information on awarded government contracts is publicly available from the government's e-procurement website.² All expenditures, including pandemic-related will be audited and published by May 2021.

IMF program status. Rwanda has a PCI supported program in place since June 2019. The first review was completed in January 2020. An interim performance update was issued to the Executive Board in September, as the second review could not be completed within the three-month period of the scheduled review date (June 15, 2020), given the large uncertainty around the near-term outlook and required policies at that time and the need to prioritize the authorities' RCF requests. The third review was completed in December 2020. The fourth review is expected to be completed before end-June 2021. Two RCF disbursements under the "exogenous shock window" totaling SDR 160.2 million (100 percent of the quota) were approved on April 2nd and June 11th, 2020 respectively, to mitigate the economic impact of the COVID-19 pandemic.

Upcoming debt service. Rwanda has debt service of SDR 14.02 million to the Fund falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

² See [IMF Country Report No 20/207](#).

Staff assessment. Staff assesses that Rwanda is pursuing appropriate macroeconomic policies to address the pandemic. Staff also assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and RCF disbursements are being properly used to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on lives and livelihoods of the population.³

³ See [IMF Country Report No. 21/1](#)

Table 1. Rwanda: Selected Economic Indicators, 2019–26¹

	2019			2020			2021			2022		2023		2024		2025		2026
	1 st Review ¹	3 rd Review	Act.	1 st Review	3 rd Review	Proj.	1 st Review	3 rd Review	Proj.	3 rd Review	Proj.	3 rd Review	Proj.	3 rd Review	Proj.	3 rd Review	Proj.	Proj.
(Annual percentage change, unless otherwise indicated)																		
Output and prices																		
Real GDP	8.5	9.4	9.4	8.0	-0.2	-3.4	8.0	5.7	5.4	6.8	6.8	8.0	8.0	7.5	7.5	7.5	7.5	6.1
GDP deflator	1.8	0.4	2.6	5.6	8.3	8.1	5.0	2.3	2.3	4.3	5.8	5.0	6.2	5.0	5.0	5.0	5.0	5.0
CPI (period average)	2.3	2.4	2.4	5.4	8.0	7.7	5.0	2.5	2.8	4.1	5.5	5.0	6.0	5.0	5.0	5.0	5.0	5.0
CPI (end period)	5.7	6.7	6.7	5.0	5.0	3.7	5.0	2.3	3.8	5.0	6.0	5.0	5.7	5.0	5.0	5.0	5.0	5.0
Terms of trade (deterioration, -)	-1.8	-1.8	-1.8	-0.1	0.2	0.1	0.0	0.0	-0.2	1.0	1.0	1.1	1.1	0.8	0.8	2.3	2.3	2.3
Money and credit																		
Broad money (M3)	21.8	15.4	15.4	21.9	11.3	18.0	17.4	12.0	6.2	13.6	13.2	22.0	23.4	14.9	15.3	12.8	12.5	11.4
Reserve money	21.5	17.2	16.0	22.1	12.1	21.7	17.8	11.2	6.6	17.8	13.2	19.8	21.1	14.9	15.3	12.8	12.5	11.4
Credit to non-government sector	17.6	12.6	12.6	14.8	14.1	21.8	7.9	12.6	9.4	12.1	13.7	14.0	15.5	13.7	13.5	14.0	12.9	13.1
M3/GDP (percent)	27.9	26.3	25.7	29.8	27.0	29.0	30.9	28.0	28.6	28.5	28.6	30.7	30.8	31.3	31.4	31.3	31.3	31.3
(Percent of GDP, unless otherwise indicated)																		
Budgetary central government																		
Total revenue and grants	23.6	23.6	23.1	23.1	23.1	23.6	22.9	23.4	24.0	23.2	23.3	23.8	23.6	23.9	23.7	23.3	23.1	22.7
<i>of which: tax revenue</i>	16.6	16.7	16.4	16.9	15.4	15.9	16.5	15.4	15.6	15.5	15.5	15.6	15.4	15.9	15.7	16.5	16.3	16.8
<i>of which: non-tax revenue</i>	2.6	2.7	2.7	2.1	1.9	2.9	2.1	2.4	1.8	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<i>of which: grants</i>	4.5	4.2	4.1	4.1	5.8	4.8	4.3	5.6	6.6	5.2	5.2	5.7	5.6	5.6	5.5	4.3	4.3	3.4
Expenditure	31.9	31.8	31.1	29.0	32.9	33.9	29.2	31.3	31.7	30.2	30.3	29.6	29.3	28.3	28.1	27.0	26.7	26.4
Current	15.9	15.6	15.3	14.5	15.7	15.7	14.6	15.2	15.8	16.0	16.0	15.0	14.9	13.9	13.8	13.4	13.2	12.9
Capital	12.7	13.2	12.9	12.1	12.9	14.2	12.7	12.2	11.5	11.5	11.6	11.4	11.3	11.5	11.4	10.9	10.8	10.9
Lending minus repayment	3.3	3.0	2.9	2.4	4.3	4.0	1.9	3.9	4.3	2.7	2.7	3.1	3.1	2.9	2.9	2.6	2.6	2.6
Primary balance	-6.9	-6.8	-6.7	-4.2	-8.0	-8.7	-4.9	-6.0	-5.6	-5.2	-5.2	-4.2	-4.1	-3.0	-3.0	-2.0	-2.0	-2.3
Overall balance	-8.2	-8.1	-8.0	-5.9	-9.7	-10.3	-6.3	-7.9	-7.7	-7.0	-7.0	-5.8	-5.7	-4.4	-4.4	-3.7	-3.6	-3.7
<i>excluding grants</i>	-12.7	-12.3	-12.1	-10.0	-15.5	-15.1	-10.6	-13.5	-14.3	-12.2	-12.2	-11.5	-11.4	-10.0	-9.9	-8.0	-7.9	-7.1
Debt-creating overall bal. (excl. PKO) ²	-6.7	-6.6	-6.5	-5.7	-9.1	-10.1	-6.4	-8.1	-7.4	-7.0	-7.0	-5.8	-5.7	-4.4	-4.4	-3.7	-3.6	-3.7
Net domestic borrowing	2.7	0.8	0.7	0.7	1.2	-0.2	2.0	2.4	3.7	1.0	1.0	2.3	2.3	0.5	0.5	0.5	0.5	-0.2
Public debt																		
Total public debt incl. guarantees	59.0	58.1	56.8	58.9	65.9	67.1	59.8	71.1	71.9	73.7	73.6	73.3	72.8	72.0	71.5	70.0	69.2	67.2
<i>of which: external public debt</i>	46.0	45.4	44.4	48.1	55.6	56.0	49.8	58.4	58.9	60.7	60.4	61.0	60.4	61.1	60.5	60.8	60.0	59.4
PV of total public debt incl. guarantees	44.5	42.8	42.9	43.1	45.5	47.6	42.9	48.8	50.7	50.6	51.8	50.9	51.7	50.4	51.1	49.3	49.8	47.9
Investment and savings																		
Investment	28.4	26.2	26.6	28.2	21.7	22.9	28.8	22.6	21.8	26.4	26.3	28.2	28.0	28.4	28.1	27.9	27.5	27.6
Government	12.7	13.2	12.9	12.1	12.9	14.2	12.7	12.2	11.5	11.5	11.6	11.4	11.3	11.5	11.4	10.9	10.8	10.9
Nongovernment	15.7	13.0	13.7	16.1	8.8	8.7	16.1	10.4	10.2	14.8	14.7	16.8	16.7	16.9	16.7	17.0	16.7	16.7
Savings	14.6	11.1	11.9	15.5	5.5	7.6	16.6	6.1	3.4	10.9	10.2	14.0	13.8	15.5	15.3	16.5	16.4	17.9
Government	3.3	3.8	3.7	4.5	1.7	3.1	4.0	2.6	1.5	2.0	2.0	3.0	3.0	4.4	4.4	5.6	5.5	6.4
Nongovernment	11.2	7.3	8.1	11.1	3.9	4.5	12.6	3.5	1.9	8.8	8.2	11.0	10.8	11.1	11.0	11.0	10.8	11.6
External sector																		
Exports (goods and services)	21.5	22.2	21.7	21.8	18.2	20.4	22.6	22.7	22.3	26.2	26.0	26.8	26.4	27.7	27.2	27.9	27.4	28.0
Imports (goods and services)	34.9	36.9	36.1	34.1	34.4	36.0	34.3	39.8	41.2	42.3	42.6	41.7	41.2	41.1	40.4	39.8	39.1	38.4
Current account balance (incl grants)	-10.6	-12.4	-12.1	-9.9	-12.2	-12.3	-9.1	-12.5	-13.3	-11.4	-12.0	-9.6	-9.6	-8.4	-8.2	-8.0	-7.9	-7.1
Current account balance (excl grants)	-13.9	-15.1	-14.7	-12.7	-16.2	-15.3	-12.2	-16.5	-18.3	-15.5	-16.0	-14.2	-14.2	-12.8	-12.7	-11.4	-11.2	-9.6
Current account balance (excl. large proj.)	-10.4	-11.1	-10.9	-8.9	-11.6	-11.8	-8.2	-11.0	-11.8	-9.6	-10.1	-7.1	-7.2	-6.3	-6.2	...	-6.6	-7.1
Gross international reserves																		
In millions of US\$	1,367	1,440	1,440	1,553	1,643	1,780	1,654	1,463	1,533	1,556	1,566	1,654	1,651	1,834	1,844	1,834	1,844	1,927
In months of next year's imports	4.4	5.8	5.7	4.6	5.5	5.7	4.6	4.3	4.4	4.2	4.2	4.1	4.1	4.2	4.3	4.2	4.2	4.2
Memorandum items:																		
UN-HDI	n/a	n/a	0.54	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Social & Health expenditures (percent of GDP)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GDP at current market prices (RWF billion)	9,045	9,105	9,313	10,313	9,841	9,722	11,688	10,641	10,484	11,862	11,845	13,449	13,580	15,184	15,337	17,129	17,312	19,285
Population (million)	12.4	12.4	12.4	12.7	12.7	12.7	13.0	13.0	13.0	13.3	13.3	13.6	13.6	13.9	13.9	14.2	14.2	14.2

Sources: Rwandan authorities and IMF staff estimates.

¹ Pre-pandemic projections done at the time of the 1st PCI review (December 2019).² Overall deficit excl. spending on materialized contingent liabilities and other items already incl. in the DSA.

Annex XXIII. Democratic Republic of São Tomé and Príncipe: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic is having a severe impact on São Tomé and Príncipe's economy, with real GDP growth projected at -6.5 percent in 2020 (compared with a pre-pandemic growth of positive 3.5 percent), and 3 percent in 2021, exacerbating fiscal and external imbalances. Growth in 2021 is driven by a rebound of tourism and construction activities, and a gradual recovery in sectors affected by the pandemic, including transportation and trade services. A tax policy package (permanent tax measures) implemented in 2019 contributed to a revenue windfall of about 1½ percent of GDP in 2020. This strong revenue performance is expected to carry through to 2021. What's more, the authorities are committed to implementing VAT in the second half of 2021, which would further boost revenue. With a sharp decline in budget grants and increased pandemic-related expenditures, the 2021 overall fiscal balance would widen by about 5½ percent of GDP (compared with the 2020 outturn), and the government's gross financing needs would reach 6 percent of GDP. While the current account deficit deteriorated in 2020, it is projected to improve by 2.5 percentage points to 14.9 percent of GDP in 2021 due in part to a pick-up in exports and tourism receipts. With exceptionally large external support to finance government operations, the authorities have begun to contain excess liquidity to adequately support the peg. Strong implementation of the policies and reforms supported by the ECF arrangement will be important to support the exchange rate peg going forward. Poverty in the country remains high, with roughly two-thirds of the population living below the poverty line. The IMF Board completed the second review of the ECF arrangement on February 26, 2021.¹

Public health and macroeconomic policy response. Priority expenditure as a share of GDP stood at 8.4 percent in 2020. These expenditures (mainly on education and health), together with other COVID-related spending (1.1 percent of GDP), were financed by unprecedented external financial support, including resources freed under the tranches of Fund debt service relief under the CCRT, the RCF, and the ECF arrangement. The decline in priority spending in 2020, compared with the budget, reflects the adverse impact of the pandemic on the implementation of externally financed projects.² In 2021, the authorities are seeking external financing to more adequately address COVID-19 emergency and rising social needs, in particular the rollout of their vaccination program and the construction of new schools and hiring of new teachers to ensure better social distancing in schools.

Governance safeguards. As part of the ECF arrangement, the authorities have begun publishing public procurement contracts and monthly COVID-19-related expenditure reports on the Ministry of Finance website. They are working with the World Bank to develop a webpage for the procurement agency COSSIL, which will expedite the publication of procurement documents and facilitate management and transparency over public contracts. The authorities will conduct an ex-post validation of the delivery of the contracts within two weeks of documents becoming available to the procurement agency COSSIL and an independent audit of spending by October 2021, and will

¹ See IMF Country Report No. 21/51.

² Several of these projects have been delayed longer than originally expected. Based on recent information, staff assess that the implementation of delayed projects, including large infrastructure projects (e.g., road and energy projects) should resume fully in 2022.

publish the results to confirm that funds were used for their intended purpose. They have also committed to overcoming current constraints in collecting and publishing information on beneficial ownership of firms awarded public contracts and have requested LEG TA in support of this measure.

IMF program status. A 40-month ECF arrangement was approved on October 2, 2019 in the amount of SDR 13.32 million (90 percent of quota). An RCF disbursement (61 percent of quota) was approved in April 2020, and the Board approved the first review of the ECF arrangement and an augmentation (10 percent of quota) in July 2020. The Board approved the second review of the ECF arrangement on February 26, 2021.

Upcoming CCRT-eligible debt service. The Democratic Republic of São Tomé and Príncipe has debt service of SDR 174,428 falling due from April 14, 2021 to October 15, 2021, the period covered by the third tranche of debt service relief under the CCRT.

Staff appraisal. Staff assesses that the authorities are pursuing appropriate macroeconomic policies to address the immediate impacts of the pandemic while maintaining their commitment to medium-term structural reforms under the ECF arrangement. The resources freed under the tranches of Fund debt service relief under the CCRT, the RCF, and the ECF arrangement are contributing to finance additional health services, protect the most vulnerable, and support the economy in the short-term.

São Tomé and Príncipe: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020		Change	FY2021		Change
	Pre-Covid proj.	Actual		Pre-Covid proj. 1/	Current proj.	
Priority expenditures	12.1	8.4	-3.7		8.8	
<i>of which</i>						
Health	3.7	3.0	-0.7		3.2	
Education	5.2	4.5	-0.6		4.8	
Social	3.3	0.8	-2.4		0.9	
Other Covid-related spending		1.1			1.7	
Covid prevention, containment & mgmt						
Transfers to HHs						
Transfers to businesses, SOEs, govt entities						
Memorandum						
Priority expenditures (percent of public spending)	48.8	31.3	-17.5	...	34.6	
Other Covid-related spending (percent of public spending)	-	4.2		-	6.8	
Tax relief to HHs/businesses/other revenue measures	-	...		-	...	
1/ Most recent projection before March 1, 2020.						

Table 1. São Tomé and Príncipe: Selected Economic Indicators, 2019–22
(Annual change in percent, unless otherwise indicated)

	2019	2020		2021		2022
		Pre- COVID	2nd Rev. Proj.	Pre- COVID	2nd Rev. Proj.	2nd Rev. Proj.
	Est.					
National income and prices						
GDP at constant prices	1.3	3.5	-6.5	4.0	3.0	5.0
GDP deflator	5.7	3.5	4.0	3.0	4.0	3.5
Consumer prices						
End of period	7.7	10.0	10.2	4.0	10.1	6.2
Period average	8.4	8.9	9.8	6.9	10.6	8.1
External trade						
Exports of goods and nonfactor services	-1.8	11.0	-47.5	14.9	58.0	45.9
Imports of goods and nonfactor services	-4.0	6.7	-7.1	6.0	3.8	15.7
Exchange rate (new dobras per US\$; end of period) ¹	22.0	...	...	...	...	...
Real effective exchange rate (period average, depreciation = -)	5.7	...	...	...	...	...
Money and credit						
Base money	-7.4	2.6	22.6	7.1	-6.6	1.3
Broad money (M3)	-2.2	7.1	1.2	7.1	7.1	8.7
Credit to the economy	3.2	0.6	1.1	6.6	4.6	5.6
Velocity (GDP to broad money; end of period)	3.0	3.0	3.0	3.0	3.0	3.0
Government finance (in percent of GDP)						
Total revenue, grants, and oil signature bonuses	22.5	23.6	28.2	23.5	21.5	24.4
Of which: tax revenue	12.6	13.0	14.5	13.8	14.8	15.5
Nontax revenue	3.3	1.8	2.5	1.6	2.9	3.1
Grants	6.6	8.9	11.2	8.1	3.8	5.9
Total expenditure and net lending	22.5	23.9	26.7	23.3	25.4	25.6
Personnel costs	9.2	8.8	10.9	8.8	11.1	10.6
Interest due	0.7	0.6	0.5	0.6	0.4	0.4
Nonwage noninterest current expenditure	7.6	6.3	8.4	6.4	8.3	8.1
Treasury funded capital expenditures	0.1	0.2	0.3	0.2	0.3	0.4
Donor funded capital expenditures	4.8	7.8	3.0	7.2	3.3	5.8
HIPC Initiative-related capital expenditure	0.1	0.2	0.2	0.1	0.2	0.2
COVID-19 Spending	...	...	3.5		1.7	...
Domestic primary balance ²	-1.8	-1.7	-5.3	-0.8	-3.9	-1.2
Net domestic borrowing	-1.5	1.2	-1.7	0.5	3.7	0.8
Overall balance (commitment basis)	-0.1	-0.3	1.5	0.2	-3.9	-1.2
Public Debt ³	94.8	93.8	103.5	91.3	101.7	96.8
Of which: EMAE's arrears to ENCO	26.4	...	31.8	...	33.1	33.1
External sector						
Current account balance (percent of GDP)						
Including official transfers	-12.5	-9.0	-17.4	-7.9	-14.9	-9.2
Excluding official transfers	-19.0	-17.9	-28.6	-16.0	-18.7	-15.0
PV of external debt (percent of GDP)	27.2	24.0	32.3	20.9	30.1	29.0
External debt service (percent of exports) ⁴	4.5	5.3	11.8	4.7	7.7	6.9
Export of goods and non-factor services (US\$ millions)	96.3	120.5	53.9	138.5	79.7	116.3
Gross international reserves ⁵						
Millions of U.S. dollars	40.4	40.0	40.4	45.4	58.1	64.9
Months of imports of goods and nonfactor services ⁶	4.4	3.6	3.9	3.9	5.0	5.2
National Oil Account (US\$ millions)	18.8	17.8	15.2	16.9	13.2	11.8
Social indicators						
Human development index (index number)	0.625	...	...	...	...	...
Social and health expenditure (percent of GDP)	2.3	...	3.8	...	4.1	...
Memorandum Item						
Gross Domestic Product						
Millions of new dobra	9,230	9,997	8,976	10,709	9,615	10,449

Sources: São Tomé and Príncipe authorities' data and IMF staff estimates and projections.

¹ Central Bank (BCSTP) mid-point rate.

² Excludes oil related revenues, grants, interest earned, scheduled interest payments, and foreign-financed capital outlay.

³ Total public and publicly guaranteed debt as defined in DSA, which includes EMAE's arrears to ENCO (and excludes the government's arrears to EMAE due to consolidation). The 5th review had "..." because this concept was not used then.

⁴ Percent of exports of goods and nonfactor services.

⁵ Gross international reserves exclude the National Oil Account and commercial banks' foreign currency deposits at the BCSTP in order to meet reserve requirements, for new licensing, and for meeting capital requirements.

⁶ Imports of goods and nonfactor services, excluding imports of investment goods and technical assistance.

Annex XXIV. Sierra Leone: Update for CCRT Debt Relief

Recent Economic Developments. Real GDP growth is estimated to have declined by 2.2 percent in 2020 (compared to 4.2 percent growth projected pre-COVID-19), with the services sector most impacted due to stringent containment measures in place through July. While exports weakened significantly, subdued imports and additional financing from development partners helped cushion the external sector impact and fill the balance of payments (BOP) gap that had emerged. The overall fiscal balance widened to an estimated -5.5 percent of non-iron ore GDP, against -3.3 percent projected pre-pandemic, on the back of falling revenues and increased emergency spending. Sierra Leone's public debt—already assessed at high risk of debt distress before the pandemic—increased to 72 percent of GDP in 2020 (rather than falling to 66.6 percent as expected). A moderate recovery to GDP growth of 3 percent is projected for 2021 (vs. 4.6 percent pre-pandemic), led by the mining sector. A BOP financing gap of about 2 percent of GDP is projected to emerge, as foreign grants and imports return to more normal levels. The outlook is subject to considerable downside risks, including a slower recovery if additional containment measures are needed in response to further waves of COVID-19 infections, particularly if there are delays in vaccine rollout. The projected overall fiscal balance for 2021 of -4.2 percent of non-iron ore GDP (against -3.4 percent pre-pandemic) is also subject to these downside risks, as is the public debt ratio, which is expected to decrease marginally to 71.3 percent of GDP. Pre-pandemic, the multidimensional poverty rate was high, at 57.9 percent, with an additional 19.6 percent classified as vulnerable to multidimensional poverty. Recent surveys suggest an increase in food insecurity and poverty since the pandemic, although the situation appears to have improved since mid-2020 and as containment measures have eased.

Spending on the overall emergency response in 2020 was broadly in line with expectations, while the 2021 budget prioritizes

COVID-related spending within a tight financing envelope. The

supplementary budget approved in July 2020 allocated 3.3 percent of GDP to COVID-related spending, on health, containment, and economic and social support under the Quick Action Economic Response Plan (QAERP). Preliminary fiscal estimates for 2020 suggest that

Sierra Leone: COVID-Related Fiscal Measures
(Percent of GDP, unless otherwise indicated)

	FY2020			FY2021		
	Pre-Covid proj.	Estimate/ Actual 2/	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	4.8	5.4	0.6	5.2	4.7	-0.5
<i>of which</i>						
Health	1.5	2.5	0.9	1.4	1.4	0.0
Education	3.2	2.8	-0.4	3.8	3.2	-0.6
Social	0.1	0.1	0.0	0.1	0.1	0.0
Other Covid-related spending	0.0	2.7	2.7	0.0	1.3	1.3
Covid prevention, containment & mgmt	0.0	0.9	0.9	0.0	0.2	0.2
Transfers to HHs	0.0	1.8	1.8	0.0	1.0	1.0
Transfers to businesses, SOEs, govt entities	0.0	0.0	0.0	0.0	0.1	0.1
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	22.0	21.8	-0.2	24.8	20.2	-4.6
Other Covid-related spending (percent of public spending)	-	10.8		-	5.8	
Tax relief to HHs/businesses/other revenue measures 3/	-	0.2		-	0.1	

1/ Most recent projection before March 1, 2020.

2/ 2020 outturn for Sierra Leone is an estimate.

3/ Includes customs duties and tax deferrals to beneficiary importers, as well as tax deferrals to the hospitality, travel, aviation, and other sectors.

public health spending (health supplies, additional health care workers, quarantine expenditures, and public awareness program) was slightly higher-than-budgeted, at 2.5 percent of GDP, including due to upticks in case numbers towards the end of the year. Cash transfers (0.1 percent of GDP) were targeted at workers in sectors vulnerable to the pandemic, while new household beneficiaries were added to the social safety net in late 2020/early 2021, supported by the World Bank and European Union. Other COVID-related spending—including on containment, support to farmers, and labor-intensive public works projects—was around 2.7 percent of GDP. The 2021 budget is set to deliver a contraction of the domestic primary balance of some 2½ percent of GDP relative to the current estimation for 2020, as the lingering impact of COVID-19 has slowed the recovery of revenue mobilization, and reduced external budget support necessitated a substantial adjustment. The authorities have prioritized spending on health (1.4 percent of GDP), food security, and labor-intensive public works (both included in transfers to households; 1.0 percent of GDP), in line with their QAERP/COVID response priorities, with a lower allocation for COVID-19 prevention and containment (0.2 percent of GDP), and no dedicated allocation for a vaccine rollout. A microcredit scheme to support small businesses, previously planned for 2020, was recently launched.

Governance safeguards. The authorities set up the National COVID-19 Emergency Response Center (NaCOVERC) early in the pandemic and subsequently put in place sound processes to deliver and track spending on health and containment measures. In parallel, the Audit Service Sierra Leone (ASSL) completed a real time audit of NaCOVERC's activities and submitted its report to Parliament in January 2021. The ASSL plans to complete an ex post audit of NaCOVERC and the COVID-19 response, and publish its report, within 12 months of the end of the fiscal year. The authorities have published the unaudited financial reports for NaCOVERC's operations through end-December 2020, as well as publishing certain details of all large procurement contracts through end-December 2020 on the website of the National Public Procurement Authority. Following encouragement from IMF staff to transparently report COVID-related spending outside of NaCOVERC, the authorities' 2020Q3 budget outturn—published on the Ministry of Finance's website—also includes an overview table, detailing budget spending related to containment, health and the socioeconomic COVID response.

IMF support status. Sierra Leone's current program supported by a 43-month Extended Credit Facility (ECF) arrangement for SDR 124.44 million (60 percent of quota) was approved in November 2018. The second review under the ECF was completed in early April 2020. ECF reviews have been delayed due to the pandemic but are expected to resume in the second quarter of 2021. A Rapid Credit Facility disbursement of SDR 103.7 million (50 percent of quota) was approved on June 3, 2020. A second disbursement under the RCF of SDR 35.26 million (17 percent of quota) was approved on March 15, 2021.

Upcoming debt service. Sierra Leone has debt service to the Fund of SDR 15.11 million falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Sierra Leone is pursuing appropriate macroeconomic policies to address the global pandemic. There was a significant scaling up of health and social expenditure in 2020, which was made possible in part through Fund debt service relief under the CCRT. Further

debt relief under the CCRT in 2021 will allow the government to continue to respond to the COVID-19 pandemic, despite the persistent disruption to revenues. While implementing the appropriate governance arrangements has been challenging, the government has made notable progress towards fulfilling the governance commitments made under the first RCF. Fund emergency support under the RCF (on-lent to the budget) has also played a vital role in funding Sierra Leone's emergency response.

Table 1: Sierra Leone. Selected Economic Indicators

	2018	2019	2020		2021		2022	2023	2024	2025	2026
			Pre-COVID	Est.	Pre-COVID	Proj.			Proj.		
(Annual percent change, unless otherwise indicated)											
National accounts and prices											
Growth											
GDP at constant prices	3.5	5.5	4.2	-2.2	4.6	3.0	3.6	3.8	5.0	5.1	4.8
GDP excluding Iron ore	5.5	5.3	4.4	-2.0	4.5	2.4	3.6	3.7	4.9	4.8	4.4
Inflation											
Consumer prices (end-of-period)	14.2	13.9	13.0	10.4	11.0	13.3	12.1	10.8	9.8	8.0	6.0
Consumer prices (average)	16.0	14.8	13.4	13.4	12.0	10.4	12.7	11.5	10.3	8.9	7.0
External sector											
Terms of trade (deterioration -)	-10.4	-5.2	2.3	15.0	-1.0	-1.2	-0.2	0.8	-0.1	0.1	0.2
Exports of goods	-2.0	4.4	28.1	-10.6	10.9	39.6	2.8	-5.0	16.2	15.6	17.7
Imports of goods	0.6	14.7	4.0	-12.0	4.6	6.6	2.1	-0.2	5.8	6.0	5.9
Gross international reserves (excluding swaps, months of next year's imports)	3.2	3.8	3.7	4.7	3.6	4.7	4.4	3.5	3.1	3.0	3.0
Money, credit and reserves											
Domestic credit to the private sector	30.6	22.9	9.3	1.6	20.2	22.8	20.0	27.5	20.7	14.5	15.2
Domestic credit to the private sector in percent of non-iron GDP	5.6	6.1	5.7	5.6	5.9	5.9	6.1	6.8	7.1	7.2	7.5
Base money	6.5	12.4	26.3	61.3	15.5	6.4	0.8	10.2	10.7	12.5	10.5
M3	14.5	14.3	17.4	33.4	15.5	13.4	13.6	13.7	14.2	12.5	10.5
Gross international reserves (excluding swaps, US\$ millions)	481	507	572	677	577	695	640	551	511	531	574
Net international reserves (excluding swaps, US\$ millions)	105	126	154	170	158	100	61	38	66	158	281
(Percent of non-iron ore GDP, unless otherwise indicated)											
National accounts											
Gross capital formation	16.9	16.2	17.6	15.8	16.9	17.5	16.0	17.3	18.3	18.2	18.4
Government	6.4	5.7	6.6	7.3	6.2	8.1	6.0	6.3	6.3	6.2	6.4
Private	10.5	10.5	11.0	8.5	10.8	9.4	10.0	11.0	12.0	12.0	12.0
National savings	-1.7	-6.1	6.3	0.8	5.5	3.1	1.5	2.6	4.5	5.4	7.4
Financing and debt											
Public debt	69.1	71.8	66.6	72.0	65.6	71.3	70.1	68.3	65.2	61.8	57.9
Domestic	27.9	27.6	19.4	26.2	17.8	22.5	21.9	21.2	19.9	18.2	16.1
External public debt (including IMF)	41.2	44.2	47.2	45.8	47.8	48.8	48.3	47.2	45.3	43.6	41.8
External sector											
Current account balance	-18.6	-22.3	-11.3	-15.0	-11.4	-14.4	-14.5	-14.7	-13.8	-12.7	-11.1
(including official grants)	-18.6	-22.3	-11.3	-15.0	-11.4	-14.4	-14.5	-14.7	-13.8	-12.7	-11.1
(excluding official grants)	-20.1	-24.2	-15.2	-19.8	-14.2	-16.9	-16.9	-17.1	-16.2	-15.1	-13.4
Central government budget											
Domestic primary balance 1/	-0.5	-0.8	0.3	-4.0	1.0	-1.5	0.7	1.6	2.1	2.3	2.3
Overall balance	-5.6	-3.1	-3.3	-5.5	-3.4	-4.2	-2.7	-2.3	-1.5	-0.8	-0.3
Overall balance (excluding grants)	-7.7	-6.5	-7.4	-10.6	-5.8	-9.4	-6.1	-5.7	-4.8	-4.1	-3.6
Revenue (excluding grants)	13.7	14.6	14.8	13.3	15.3	13.4	13.9	14.5	15.0	15.6	16.1
Grants	2.1	3.4	4.0	5.1	2.4	5.3	3.4	3.4	3.3	3.3	3.2
Total expenditure and net lending	21.4	21.1	22.2	24.8	21.2	23.5	20.4	20.1	19.9	19.7	19.6
Memorandum item:											
GDP at market prices (billions of Leone)	32,402	37,138	43,846	41,365	50,908	48,534	56,264	64,654	74,615	84,737	94,222
Excluding iron ore	32,402	37,041	43,569	41,365	50,538	47,865	55,581	63,870	73,554	83,271	92,114
Excluding iron ore in millions of US\$	4,085	4,108	4,149	4,204	4,213	4,361	4,394	4,474	4,646	4,848	5,069
Per capita GDP (US\$)	534	527	523	527	521	542	534	532	542	555	571
UN Human Development Index	0.447	0.452	..	..	..	..	..	..	..	..	..
Social & health expenditures (percent of GDP)	..	1.2	1.6	2.6	1.5	1.5	..	..	..	..	..
National currency per US dollar (average)	7,932	9,016	..	9,840	..	..	..	..	..	..	..
National currency per US dollar (EOP)	8,396	9,716	..	10,133	..	..	..	..	..	..	..

Sources: Sierra Leonean authorities; and Fund staff estimates and projections.

1/ Revenue less expenditures and net lending adjusted for interest payments, foreign financed capital spending, and arrears paydown.

Annex XXV. Solomon Islands: Update for CCRT Debt Relief

Recent economic developments. The global COVID-19 pandemic continues to have a severe economic impact on Solomon Islands. Real GDP is estimated to have contracted by 4.3 percent in 2020 (compared to 2.5 percent growth in the pre-virus baseline), owing to a decline in commodity exports, tourism, and domestic activities. Growth is expected to recover starting this year, with the initial recovery phase hampered by ongoing pandemic-related disruption. The government has further reprioritized spending towards the COVID19 response and essential services starting in late 2020. The execution of the economic stimulus package announced in 2020 will continue into this year, with about one third of the funds expected to be disbursed in early 2021. The fiscal deficit is estimated to have widened to 2.4 percent of GDP in 2020 from 1.5 percent in 2019 (less than the 3.4 percent deficit expected in the pre-virus baseline, due to a contraction in investment spending).¹ The government cash balance remains well below the staff recommended minimum of two months of spending. The fiscal deficit is projected to widen further in 2021 due to continued execution of the economic stimulus package and higher spending on public investment projects. Higher development expenditure is expected to be sustained over the next several years, reflecting an ambitious pipeline of infrastructure projects. International reserves stood at around 10.2 months of prospective imports in December 2020. The better-than-expected external position compared to the June 2020 RCF/RFI request projection reflects, among other factors, a smaller-than-expected decline in logging exports and delays in infrastructure projects, which contributed to lower imports. The current account deficit is projected to increase in 2021. The total external financing gap, before RCF/RFI disbursement and additional budget support from development partners, was projected at around US\$38.8 million (about 2.5 percent of GDP) at the time of the June 2020 RCF/RFI program request.²

Public health and macroeconomic policy response. Thanks to strong and timely COVID-19 containment measures, local transmission of the disease has been avoided. As a result, the focus of the public health response has been on prevention and containment. The planned pandemic-related increase in health care spending and support for the economy amounts to about

Solomon Islands: COVID Related Fiscal Measures				
Central government				
(In percent of GDP)				
	end-2019	2020 (proj)		2021 (proj)
		pre-COVID 2/	post-COVID	
Total revenue	26.1	26.5	24.4	24.4
Grants	6.3	6.0	7.0	5.7
Priority spending, 1/				
Health	4.2	4.3	5.1	4.6
Education	9.8	9.5	10.2	9.6
Social spending	1.4	2.2	2.4	2.2
Other Covid spending				
COVID prevention and containment			1.1	
Economic stimulus package			1.7	0.7
Memo items				
Nominal GDP (in millions SI\$)	12989	13638	12741	13370

1/ IMF staff estimates. Social spending includes spending on Women, Youth, and Children, Rural Development, and Land, Housing and Survey.
2/ Post-COVID forecasts use the recently published rebased GDP series (with 2012 as base year). Pre COVID-19 ratios have been recomputed using the new GDP series for comparability.

¹ Pre COVID-19 forecasts are from the 2019 Article IV. Post-COVID forecasts use the recently published rebased GDP series (with 2012 as base year). Pre COVID-19 ratios have been recomputed using the new GDP series and pre COVID-19 2020 growth projection for comparability.

² Solomon Islands: Requests for Purchase under the Rapid Financing Instrument and Disbursement under the Rapid Credit Facility-Press Release; Staff Report; and Statement by the Executive Director for the Solomon Islands (imf.org)

3.6 percent of GDP. Additional support to those who lost their jobs has been provided through exceptional early withdrawals from the National Provident Fund (with total withdrawals amounting to about 0.7 percent of GDP). The 2021 budget is expected to be presented to the parliament in March and to focus expenditure on the COVID-19 response, and in line with the governments redirection policy, to include support for accelerating the economic recovery, including through additional resources to the productive and resource sectors and to infrastructure investment. Monetary policy remains accommodative and the central bank has recently purchased government bonds in the secondary market.

Governance safeguards. An Oversight Committee has been established to oversee the COVID-19 stimulus spending and guard against any abuse or misuse of the package, including through an on-going multistage monitoring and evaluation process. While the implementation of the fiscal stimulus package continues, the government has published information on recipients whose applications for stimulus funds have been approved thus far on its website. The authorities have also committed to publication of an audit by the Solomon Islands Office of the Auditor General of COVID-19 related expenditures (before December 2021) and documentation on crisis-related procurement, including the names of the entities awarded the contracts and their beneficial owners.

IMF support status. Solomon Islands has received emergency support under the RCF/RFI (approved on June 1, 2020) for an amount of SDR 20.8 million (about US\$28.5 million, 100 percent of quota) to help cover urgent balance of payments needs stemming from the COVID-19 pandemic. The RCF/RFI disbursement is used to provide balance of payment support and was made to the Central Bank of Solomon Islands.

Upcoming debt service. Solomon Islands has debt service of SDR 0.104 million to the Fund falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the 3rd tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Solomon Islands is pursuing appropriate macroeconomic policies to address the domestic impact of the pandemic. Fund debt service relief under the CCRT and support under the RCF/RFI will be used to maintain macroeconomic stability, thus safeguarding public health, supporting livelihoods and the economic recovery. Fund support is also playing a catalytic role in respect of budget financing from development partners for emergency support to mitigate the impact of the pandemic on the lives and livelihoods of the population.

Table 1. Solomon Islands: Selected Economic Indicators, 2017–25

Per capita GDP (2019): US\$2,215 (p)										
Population (2019): 721,455 (p)										
UNHDI (2019): 0.567										
Social & health expenditures (2019): 5.6 percent of GDP										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
				Pre COVID-19 1/	Est.	Proj.				
GROWTH AND PRICES										
Real GDP	5.3	3.9	1.2	2.5	-4.3	1.5	4.5	4.3	3.3	3.0
CPI (period average)	0.5	3.5	1.6	2.3	3.4	2.6	3.2	3.3	3.0	2.5
CPI (end of period)	2.1	3.8	2.7	2.4	-1.8	3.8	3.6	3.5	3.3	3.2
GDP deflator	1.4	2.9	1.3	2.4	3.8	3.3	5.1	4.9	4.0	3.3
Nominal GDP (in SI\$ millions)	11,703	12,522	12,834	13,475	12,741	13,362	14,675	16,055	17,263	18,360
CENTRAL GOVERNMENT OPERATIONS										
Total revenue and grants	39.2	40.4	32.8	32.9	31.4	30.7	31.4	29.9	30.5	30.0
Revenue	30.2	30.5	26.4	26.8	24.4	24.4	24.6	24.4	24.2	23.9
Grants	9.0	9.9	6.3	6.0	7.0	6.3	6.8	5.5	6.3	6.1
Total expenditure	42.7	39.5	34.2	36.2	33.8	35.3	36.4	34.9	35.3	34.7
excluding grant-funded expenditure	33.6	29.6	27.9	30.2	26.8	29.1	29.6	29.4	29.0	28.7
Recurrent expenditure	29.2	29.5	25.6	25.7	26.4	23.7	23.7	23.8	23.8	23.9
Development expenditure	13.5	10.0	8.6	10.5	7.4	11.7	12.6	11.1	11.4	10.8
Unrecorded expenditure	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-3.4	0.9	-1.5	-3.4	-2.4	-4.7	-5.0	-5.0	-4.8	-4.8
Foreign financing (net)	0.2	-0.1	0.6	2.5	0.7	4.5	4.1	3.5	2.8	2.6
Domestic financing (net)	1.9	-0.8	0.9	0.8	1.7	0.2	0.9	1.5	2.0	2.2
Central government debt 2/	8.5	8.2	8.3	17.0	13.9	21.2	25.1	27.3	29.3	31.7
MACROFINANCIAL										
Credit to private sector	6.4	4.1	3.9	5.5	0.3	3.7	6.2	5.0	4.0	3.5
Broad money	3.5	6.8	-3.1	2.4	6.6	4.4	10.1	10.2	3.3	2.8
Reserve money	7.5	10.6	-7.3	4.8	23.1	7.4	5.9	4.8	3.9	3.1
BALANCE OF PAYMENTS 3/										
Trade balance	-81.7	-67.6	-161.6	-73.5	-131.7	-234.8	-337.5	-316.8	-307.3	-308.2
(percent of GDP)	-5.6	-4.3	-10.2	-4.4	-8.4	-14.3	-18.7	-16.0	-14.5	-13.6
Current account balance	-62.8	-47.8	-154.0	-120.2	-27.4	-164.9	-272.1	-270.1	-262.4	-272.4
(percent of GDP)	-4.3	-3.1	-9.8	-7.2	-1.7	-10.0	-15.1	-13.7	-12.4	-12.1
Foreign direct investment	-35.9	-15.9	-28.7	-53.4	-5.6	-43.8	-62.1	-64.1	-64.6	-66.8
(percent of GDP)	-2.5	-1.0	-1.8	-3.2	-0.4	-2.7	-3.4	-3.2	-3.0	-3.0
Overall balance	-41.2	-57.4	33.7	-0.5	24.0	-101.5	-11.7	26.7	29.0	36.6
Gross official reserves (in US\$ millions, end of period) 4/	576.9	613.1	574.2	600.8	631.0	732.2	743.6	711.9	673.1	630.6
(in months of next year's imports of GNFS)	9.3	9.8	12.2	7.6	10.2	9.5	9.0	8.3	7.4	6.7
EXCHANGE RATE (SI\$/US\$, end of period)										
Real effective exchange rate (end of period, 2010 = 100)	7.9	8.1	8.2	...	8.0	...	...	...	...	...
	126.3	126.5	127.1	...	132.9	...	...	...	...	...
MEMORANDUM ITEMS:										
Broader cash balance (=Cash balance+ SIG Deposit Account; in SI\$ millions)	483	451	346	269	326	120	120	120	120	120
in months of total spending 5/	1.5	1.5	1.2	1.0	1.1	0.4	0.3	0.3	0.3	0.3

Sources: Data provided by the authorities; and IMF staff estimates and projections.

1/ Pre COVID-19 forecasts are from the 2019 Article IV. Post-COVID forecasts use the recently published rebased GDP series (with 2012 as base year). Pre COVID-19 ratios have been recomputed using the new GDP series for compatibility.

2/ Includes disbursements under the IMF-supported programs.

3/ The presentation follows the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6).

4/ Includes SDR allocations made by the IMF to Solomon Islands in 2009 and actual and prospective disbursements under the IMF-supported programs.

5/ Total spending is defined as total expenditure, excluding grant-funded expenditure.

Annex XXVI. Republic of Tajikistan: Update for CCRT Debt Relief

Recent Economic Developments.¹ The COVID-19 pandemic has had an adverse impact on Tajikistan's economy in 2020H1. However, as the containment measures were gradually relaxed, the economy started to rebound in 2020H2. Real GDP grew by 4.5 percent in 2020, some 3½ percentage points above the projection made at the time of the October CCRT board paper. The better than envisaged outcome is mostly due to continued remittance inflows and an earlier than expected reopening of the economy amid stepped up sanitation and social distancing measures. Activity in agriculture, manufacturing, and mining sectors were especially resilient. While the 2020 fiscal deficit deteriorated by 2½ percentage points to 4½ percent of GDP, this outcome was much better than the 6.0 percent deficit expected at the time of the CCRT board paper. Revenues overperformed given stronger-than-expected growth outcomes, while expenditures remained relatively constant. For the most part, capital spending was implemented as planned, while COVID related spending measures were accommodated by deep cuts in other current expenditures. Health care spending was lower than anticipated through October given less need.

Despite a sharp drop in non-mineral exports, the current account deficit remained at 2.3 percent of GDP in 2020 on the back of higher gold exports and some expenditure switching following a depreciation of the Somoni against the US dollar. A weaker currency also supported remittance inflows, with remittances growing by almost 2 percent in Somoni terms in 2020. International reserves rose given the NBT's purchases of domestic gold, higher gold prices, donor support, and the RCF disbursement. Growth is expected to recover to 6 percent in 2021. In 2021, despite an expected uptick in imports as the COVID-19 shock dissipates and domestic demand recovers, the current account balance is expected to stay at a similar level (as a share of GDP) as a result of a further pick up in gold exports and remittance inflows. The 2021 fiscal deficit is expected to remain relatively constant at about 4½ percent of GDP.

The government took several measures in 2020 to combat the pandemic. The authorities deferred tax collections, increased health, and social spending, and eased monetary and fiscal policies. The actual 2020 fiscal outturn reflected an increase in healthcare expenditures by about 1 percent of GDP and restructured and expanded social assistance transfers to the population. The targeted social assistance program was rolled out to

Tajikistan: COVID Related Fiscal Measures
(Percent of GDP, unless otherwise indicated)

	FY2020		FY2021	
	Pre-Covid proj.	Actual	Pre-Covid proj. 1/	Current proj.
Priority expenditures	12.5	13.2	12.1	13.3
of which				
Health	2.1	3.1	2.3	2.6
Education	5.8	5.4	5.5	6.1
Social	4.6	4.7	4.3	4.6
Other Covid-related spending				
Covid prevention, containment & mgmt	...	...	...	...
Transfers to HHs	...	0.5	0.2	0.4
Transfers to businesses, SOEs, govt entities	...	0.2	0.0	0.0
Memorandum				
Priority expenditures (percent of public spending)	39.9	44.0	40.6	45.0
Other Covid-related spending (percent of public spending)	...	...	...	...
Tax relief to HHs/businesses/other revenue measures	...	...	...	...

1/ Most recent projection before March 1, 2020.

¹ <https://www.imf.org/en/Publications/CR/Issues/2020/05/07/Republic-of-Tajikistan-Request-for-Disbursement-under-the-Rapid-Credit-Facility-Press-49397>. <https://www.imf.org/en/News/Articles/2020/09/14/pr20292-tajikistan-imf-staff-completes-virtual-visit>.

an additional 28 districts, covering the entire country. Moreover, eligible families received a TJS 400 per year grant, which was increased further to TJS 464. The government also provided a one-time COVID assistance of TJS 500 to vulnerable groups. Overall priority expenditures as a percent of public spending, rose by about 5 percentage points in 2020 to 44 percent. Deferred tax payments and postponement of the administrative price increases provided liquidity support to households and businesses. For 2021, with the pandemic easing and many of the time bound measures lapsing, the authorities assume that health care expenditures will decline relative to 2020 by about a $\frac{1}{2}$ percentage point of GDP to some 2.6 percent. Education spending, however, will increase by $\frac{3}{4}$ of a percent point to 6.1 percent of GDP. In comparison to pre-COVID assumptions and in line with budget plans, projected 2021 priority expenditures are up by about 1.2 percent of GDP (and up by some 4.4 percentage points of overall spending).

Governance safeguards. The authorities are making credible efforts to implement transparency measures. They have published quarterly reports on the COVID fiscal spending in 2020 and are working to prepare an audit of COVID related spending by April 2021. A new Public Procurement Law (PPL) is expected to be sent to the Parliament in Q1 2021. Starting from January 2021, all procurement is expected to be switched to the newly developed e-procurement system. The system covers all procurement methods envisioned in the PPL and is fully integrated with the MIS of the Ministry of Finance, Tax Committee, and the payment system.

IMF support status. Tajikistan has received emergency support under the RCF equal to 80 percent of the quota. The country has expressed interest in a new ECF facility.

Upcoming CCRT-eligible debt service. Tajikistan has debt service of SDR 3.9 million falling due during the interval from April 14, 2021 to October 15, 2021.

Staff assessment. Staff assesses that Tajikistan is pursuing appropriate macroeconomic policies to address the global pandemic. The CCRT debt relief has supported FX liquidity to the market and boost external buffers in a very uncertain environment. Staff also assesses that the authorities are making credible efforts to use the support from the Fund, to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on lives and livelihoods.

Table 1. Tajikistan: Selected Economic Indicators, 2018–26

(Quota: SDR 174 million)

(Population: 9.3 million; 2019)

(Per capita GDP: US\$857; 2019)

(Poverty rate: 26 percent; 2019)

(Main exports: aluminum, gold, cotton; 2019)

	2018	2019	2020		2021		2022	2023	2024	2025	2026
			Pre-COVID Proj.	Est.	Pre-COVID Proj.	Proj.			Proj.		
National accounts											
Real GDP	7.3	7.5	4.8	4.5	4.5	6.0	4.5	4.0	4.0	4.0	4.0
GDP deflator (cumulative)	5.0	4.5	6.3	2.1	6.2	4.4	5.9	5.7	5.8	5.8	5.7
Headline CPI inflation (end-of-period)	5.4	8.0	6.8	9.4	6.7	8.0	6.5	6.5	6.5	6.5	6.5
Headline CPI inflation (period average)	3.8	7.8	7.4	8.6	6.7	7.9	6.5	6.5	6.5	6.5	6.5
General government finances											
Revenue and grants	29.1	27.4	27.2	25.5	27.2	26.3	27.5	27.8	27.9	28.0	28.1
Tax revenue	21.3	20.4	20.2	18.6	20.2	19.3	20.7	21.1	21.3	21.5	21.7
Expenditure and net lending	31.9	29.5	31.5	30.0	31.5	30.7	30.1	30.3	30.5	30.5	30.6
Current	17.2	17.1	17.9	17.5	17.9	17.1	16.8	16.9	16.9	16.9	16.8
Capital	14.6	12.4	13.5	12.4	13.6	13.6	13.2	13.5	13.6	13.6	12.6
Overall balance (excl. PIP and stat. discrepancy)	1.6	1.3	1.5	-2.3	1.5	1.7	1.7	1.4	0.3	1.5	0.9
Overall balance (incl. PIP and stat. discrepancy)	-2.8	-2.1	-4.3	-4.5	-4.3	-4.5	-2.5	-2.5	-2.5	-2.5	-2.5
Domestic financing	2.2	1.1	0.0	-2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External financing	1.0	0.9	4.3	5.3	4.3	4.5	2.5	2.5	2.5	2.5	2.5
Total public and publicly-guaranteed debt	47.8	43.1	46.4	48.1	47.5	49.4	48.8	48.6	48.4	48.0	47.5
Monetary sector											
Broad money (12-month percent change)	5.1	16.9	12.1	18.5	11.8	13.8	11.3	10.4	10.2	10.2	10.1
Reserve money (12-month percent change)	7.0	20.2	11.7	20.2	11.6	10.0	10.0	10.4	10.0	9.9	9.9
Credit to private sector (12-month percent change)	1.3	7.7	9.3	19.9	9.6	2.9	8.8	8.9	9.0	9.0	8.3
External sector											
Exports of goods and services (U.S. dollar, percent change)	-0.8	11.4	7.8	18.1	9.5	5.1	9.2	7.2	7.8	6.1	9.7
Imports of goods and services (U.S. dollar, percent change)	16.6	5.8	7.0	-4.0	6.8	5.1	6.4	6.3	6.1	7.0	9.8
Current account balance	-5.0	-2.3	-5.2	-2.3	-5.3	-2.3	-2.3	-2.3	-2.2	-2.1	-2.1
FDI (net)	3.3	2.3	2.4	1.2	2.1	2.6	2.4	2.2	2.2	2.1	2.1
Total public and publicly guaranteed external debt	38.7	36.7	38.7	41.9	40.6	43.8	43.7	43.9	44.1	44.2	44.0
Gross official reserves (in millions of U.S. dollars)	1,160	1,465	1,329	2,238	1,307	2,231	2,250	2,271	2,291	2,295	2,367
In months of next year's imports	4.1	5.4	4.2	7.8	3.9	7.3	6.9	6.6	6.2	5.7	5.5
In percent of broad money	57.7	64.0	56.7	96.3	52.1	88.0	83.2	79.2	75.6	71.7	70.0
Memorandum items:											
UNHDI Index	...	0.67	...	...	...	...	...	...	...	...	...
Social and health spending (percent of GDP)	...	...	6.7	7.8	6.5	7.1	...	...	...	...	...
Nominal GDP (in millions of somoni)	68,844	77,355	86,130	82,543	95,593	91,347	101,049	111,056	122,201	134,409	147,793
Nominal GDP (in millions of U.S. dollars)	7,520	8,117	8,539	7,997	9,081	7,900	8,380	8,840	9,331	9,870	10,392
Nominal effective exchange rate (Index 2010=100)	58.7	59.3	53.4	56.9	...	...	...	...	...	...	...
Real effective exchange rate (Index 2010=100)	72.2	75.8	70.6	74.1	...	...	...	...	...	...	...
Average exchange rate (somon per U.S. dollar)	9.15	9.53	11.56	10.32	...	...	...	...	...	...	...

Sources: Data provided by the Tajikistan authorities, and Fund staff estimates.

Annex XXVII. United Republic of Tanzania: Update for CCRT Debt Relief

Recent Economic Developments. According to the government the economy grew 4.7 percent in the first three quarters of 2020, surprising on the upside. However, high frequency indicators suggest a much more subdued pace of economic activity, and growth is expected to remain subdued in 2021 at about 2 percent.¹ The impact of lower global demand on the tourism sector, and the large cuts in government development spending due to revenue shortfalls and financing constraints, are the main drivers of the deceleration in activity. The pandemic is estimated to have reduced revenues by 1.2 percent of GDP in FY2020/21, with the government expected to reduce spending by more than 3 percent of GDP resulting in a smaller deficit of about 1 percent of GDP. While the pandemic reduced tourism receipts by almost 60 percent in 2020, Tanzania has benefited from higher gold prices and lower oil prices. The net impact leads to a projected, widening of the current account deficit to 4.3 percent of GDP in FY2020/21, opening a financing gap of about 1 percent of GDP. Although Tanzania has a nominally floating exchange rate, the external shock resulted in international reserves declining by almost US\$0.8 billion in 2020, and a projected further decline to US\$3.5 billion by end-June 2021, which will leave the country with 4 months of prospective imports in reserves. The financial system remains stable despite an uptick in NPLs, supported by an accommodative monetary stance.

Public health and macroeconomic policy response. The government maintains that Tanzania is free of local COVID-19

transmission and has not reported cases nor deaths to the WHO since May 2019. However, there are signs that a second wave of the pandemic is ongoing in the country. Furthermore, the authorities are currently not planning to participate in the COVAX initiative nor purchase vaccines on their own. More recently the authorities have recommended the public to follow health guidelines (e.g. frequent hand washing) to prevent the spread of respiratory illnesses. The authorities' fiscal response to the pandemic has been

Tanzania: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020/21		Change	FY2021/22		Change
	Pre-Covid proj. 1/	Actual		Pre-Covid proj. 1/	Current proj.	
Priority expenditures	3.0	3.2	0.2	3.0	3.3	0.3
of which						
Health	0.9	1.0	0.1	0.9	1.0	0.1
Education	1.1	1.2	0.1	1.1	1.2	0.1
Social	0.3	0.4	0.0	0.3	0.4	0.0
Other Covid-related spending		0.1	0.1		0.0	0.0
Covid prevention, containment & mgmt		0.0	0.0		0.0	0.0
Transfers to HHs		0.1	0.1		0.0	0.0
Transfers to businesses, SOEs, govt entities		0.0	0.0		0.0	0.0
Memorandum:						
Priority expenditures (% of pub. spending)	15.9	21.0	5.1	15.5	21.0	5.4
Other Covid-related spending (% of pub. spending)	-	0.4		-	0.0	
Tax relief to HHs/businesses/other revenue measures	-			-		

1/ October 2019 WEO projections.

¹ Tourist arrivals declined by 59 percent in 2020, cement and electricity production up to September were down 5 and 7 percent, respectively. Government spending in 2020 contracted by 8 percent with double digit declines in goods and services (-18.6 percent), and development spending (-17.4 percent), along with lower revenue collections on VAT (-0.5 percent) and excises (-2.2 percent). Credit to the private sector also decelerated to 3 percent in December 2020, down from 11 percent a year earlier.

limited to about 0.1 percent of GDP in FY2020/21, primarily to increase transfers to low-income households. The resources freed by the first two tranches of the IMF's debt relief under the CCRT are being used to maintain priority spending which is expected to increase by $\frac{1}{4}$ percent of GDP in FY 2020/21, relative to pre-COVID projections. In particular, the government is focused on improving health and education services, including purchases of medicine and equipment and enhancing educational infrastructure safety in primary and secondary schools. The authorities have not adopted any economic support measures for businesses and sectors affected by the pandemic.

Governance safeguards. The authorities remain committed to undertake and publish ex-post audits of Covid-19 related spending. The office of the Auditor General in consultation with the relevant partners providing funding will undertake and publish an ex-post audit of COVID-19 related spending to ensure the appropriate use of funds. The audit is expected to commence in FY2021/22, given that the space provided by debt relief under the CCRT began being used for spending during the current fiscal year (FY2020/21). The authorities also continue working on implementing governance measures related to the AML/CFT framework and the repayment of expenditure arrears. The reluctance of the authorities to publish data related to the pandemic (tests, infections, fatalities, impact on the health sector) may raise broader concerns about the authorities' commitment to transparency and accountability.

IMF support status. The authorities requested support under the RCF/RFI, but discussions were paused before the October 2020 general elections and have not yet resumed.

Upcoming debt service. Tanzania has no remaining outstanding debt to the IMF, and therefore will no longer benefit from debt service relief under the CCRT.

Staff assessment. Staff assesses that Tanzania's macroeconomic policies are broadly adequate to maintain macroeconomic stability, but insufficient to address the health and economic challenges posed by the global pandemic, and considerable downside risks remain. Substantially more could be done to provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on lives and livelihoods of the population affected, and to support badly affected sectors such as tourism and hospitality. The reluctance of the authorities to fully and transparently recognize and address the extent of the health challenges could derail the economic recovery and place the country in a lower growth path over the medium term. Close cooperation with the WHO and the African CDC, careful planning to acquire and distribute vaccines, and prioritizing social spending in health and education would significantly reduce risks and anchor the economic recovery. The governance safeguards put in place, and the authorities' commitment to use IMF debt relief to maintain priority spending ensure that resources are appropriately used to provide emergency support to mitigate the impact of the pandemic on the population and the economy.

Table 1. Tanzania: Selected Economic Indicators, 2016/17–2023/24¹

	2016/17	2017/18	2018/19	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2023/24
	Act.	Act.	Est.	Est.	Pre-covid	Proj.	Pre-covid	Proj.	Proj.	Proj.
(Percent change, unless otherwise indicated)										
Output, prices and exchange rates										
Real GDP ²	6.8	6.9	7.0	3.9	5.9	1.8	6.1	3.6	4.6	4.9
GDP deflator	108.9	111.2	112.8	115.6	127.4	119.8	133.4	124.5	129.6	134.8
CPI (period average)	5.3	4.3	3.2	3.5	4.3	3.3	4.6	3.6	3.5	3.5
CPI (end of period)	5.4	3.4	3.7	3.2	4.5	3.4	4.7	3.6	3.5	3.5
Core inflation (end of period)	1.9	1.6	3.4	3.1	...	...	...	...	...	...
Terms of trade (deterioration, -)	0.1	-6.8	-3.4	11.7	1.9	7.5	0.7	-1.4	2.8	0.9
Exchange rate (period average, TSh/USD)	2,199	2,251	2,294	2,302	...	...	...	...	...	...
Real effective exchange rate (end of period; depreciation = -)	1.9	-1.6	3.3	1.9	...	...	...	...	...	...
Money and credit										
Broad money (M3, end of period)	6.0	6.0	7.7	9.5	12.7	8.1	12.9	7.5	8.6	8.8
Average reserve money	1.1	4.0	3.2	9.3	7.6	6.0	7.8	7.8	8.9	9.1
Credit to the private sector (end of period)	1.3	4.0	7.6	5.5	14.5	5.9	14.6	6.8	8.1	8.4
Overall T-bill interest rate (percent; end of period)	7.6	5.6	8.7	3.0	...	...	...	...	...	...
Non-performing loans (percent of total loans, end of period)	10.6	10.3	10.7	11.1	...	...	...	...	...	...
(Percent of GDP, unless otherwise indicated)										
Central government operations										
Revenues and grants	15.6	15.2	14.1	15.4	15.7	14.3	15.9	14.4	14.6	14.7
Of which: grants	1.0	0.8	0.3	0.7	0.7	0.5	0.7	0.4	0.4	0.4
Expenditures	16.6	16.5	16.6	16.4	18.9	15.3	19.3	15.9	16.5	16.8
Current	10.2	10.4	10.3	9.9	11.3	9.8	11.5	9.8	10.3	10.5
Development	6.4	6.1	6.4	6.5	7.6	5.5	7.8	6.2	6.2	6.3
Overall balance	-1.4	-1.9	-3.1	-1.4	-3.2	-1.0	-3.4	-1.5	-1.8	-2.1
Excluding grants	-2.0	-2.0	-2.9	-1.7	-3.9	-1.5	-4.1	-2.0	-2.3	-2.5
Public debt										
Gross nominal debt ³	37.0	38.3	39.0	38.1	36.3	37.8	37.0	37.5	37.1	36.9
of which: external debt ⁴	28.3	29.5	28.6	28.1	26.3	28.0	26.8	28.0	27.2	25.6
Investment and savings										
Investment	33.2	36.3	39.0	37.0	39.5	35.7	40.2	37.7	38.5	38.6
Government ⁵	10.4	11.4	12.3	12.3	13.8	11.8	14.2	12.0	12.4	12.4
Nongovernment ⁶	22.8	24.9	26.8	24.7	25.7	23.9	26.0	25.7	26.1	26.2
Domestic savings	30.4	33.8	35.6	35.9	35.0	31.4	35.6	33.5	34.7	35.2
External sector										
Exports (goods and services)	16.8	15.9	14.7	15.5	15.4	11.7	15.7	12.4	13.1	13.6
Imports (goods and services)	18.7	17.7	17.5	15.7	18.6	14.9	18.8	15.3	15.4	15.6
Current account balance	-2.8	-2.5	-3.4	-1.1	-4.6	-4.3	-4.6	-4.2	-3.8	-3.4
Excluding current transfers	-3.1	-2.8	-3.5	-1.4	-4.9	-4.6	-4.9	-4.4	-3.9	-3.5
Gross international reserves										
In billions of U.S. dollars	5.0	5.5	4.4	5.2	5.6	3.5	6.4	3.8	4.1	4.3
In months of next year's imports	6.2	6.4	5.4	6.5	4.8	4.0	5.0	4.0	4.1	4.1
Memorandum items:										
GDP at current prices										
Trillions of Tanzanian shillings	114	124	134	143	168	151	187	163	177	193
Millions of U.S. dollars	51,500	54,963	58,755	62,027	69,182	64,581	74,618	67,993	72,206	76,794
GDP per capita (in U.S. dollars)	985	1,020	1,058	1,085	1,175	1,097	1,230	1,121	1,156	1,194
Population (million)	52.3	53.9	55.5	57.2	58.9	58.9	60.6	60.6	62.4	64.3
UNHDI		0.523	0.524	0.529						
Priority social spending (percent of GDP) ⁷	3.8	3.5	3.4	3.4	3.0	3.2	3.0	3.3	3.5	3.5

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ Fiscal year (July-June).² Historical figures are based on official data up to the fourth quarter of 2019.³ Excludes liquidity management papers and domestic arrears.⁴ Excludes external debt under negotiation for relief.⁵ Includes investments made by parastatals and other public sector institutions.⁶ Historical figures are based on official data up to 2019.⁷ Priority social spending comprises transfers (recurrent and development) for education, health, water, and rural road maintenance.

Annex XXVIII. Togo: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 crisis is eroding the hard-won macroeconomic gains of recent years. Economic growth is projected at 0.7 percent in 2020 and 3.0 percent in 2021, compared to pre-COVID-19 projections of 5.5 percent for each of these years. The World Bank's latest estimates suggest that extreme poverty (assessed at about 45 percent in 2019 and originally expected to recede in 2020) has increased by one percentage point. Thanks to strict health and containment measures, the number of COVID-19 cases in Togo was significantly below the WAEMU average in 2020, but this has started to change with the second wave of infections observed since January 2021. As of February 22, the total number of confirmed cases since the start of the pandemic reached 6,348 with 81 deaths and 944 active cases. The overall fiscal deficit is estimated to have reached 6 percent of GDP in 2020 and is budgeted at the same level in 2021, compared with pre-COVID-19 projections of 1.9 percent of GDP in 2020 and 1.5 percent of GDP in 2021. The associated additional balance of payments needs resulting from the COVID-19 crisis amounted to about 2½ percent of GDP in 2020 and are tentatively estimated in the range of 2-3 percent of GDP in 2021, depending on the amount of COVID-19-related spending including the cost of vaccinations. The public debt-to-GDP ratio is estimated to have reached 60.8 percent at end-2020 and is projected to increase to 63.2 percent at end-2021.¹

Public health and macroeconomic policy response. Togo is implementing a comprehensive response plan focused on: (i) containment and mitigation measures; (ii) upgrading of the health system; (iii) support to vulnerable households; and (iv) support to the private sector. Pending data on the actual 2020 outcome, staff estimates priority expenditures at 6.4 percent of GDP in 2020, which is 0.5 percent of GDP higher than pre-COVID-19 projections, primarily because of emergency outlays to rehabilitate hospitals and health centers. Priority expenditures are projected at 6.2 percent of GDP in 2021 with a larger budget allocation for education and reduced health spending, reflecting the discontinuation of one-off spending in 2020 to upgrade medical facilities. Other COVID-19-related spending is estimated at about 2 percent of GDP in both 2020 and 2021, of which about 0.5 percent of GDP is potentially for the vaccination campaign in 2021. In combination with financing from the

Togo: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020			FY2021		
	Pre-Covid proj. 1/	Estimate	Change	Pre-Covid proj. 1/ 2/	Current proj.	Change
Priority expenditures	6.0	6.4	0.5	5.7	6.2	0.5
of which						
Health	1.9	2.4	0.5	1.7	1.7	0.0
Education	2.9	2.9	0.1	2.9	3.4	0.5
Social	1.2	1.1	-0.1	1.1	1.1	0.0
Other Covid-related spending	0.0	2.0	2.0	0.0	2.0	2.0
Covid prevention, containment & mgmt	0.0	0.5	0.5	0.0	1.0	1.0
Transfers to HHs	0.0	0.8	0.8	0.0	0.5	0.5
Transfers to businesses, SOEs, govt entities	0.0	0.7	0.7	0.0	0.5	0.5
Memorandum						
Priority expenditures (percent of public spending)	28.5	27.5	-1.0	27.1	27.2	0.1
Other Covid-related spending (percent of public spending)	0.0	8.5	8.5	0.0	8.7	8.7
Tax relief to HHs/businesses/other revenue measures 3/	0.0	2.1	2.1	0.0	2.6	2.6
Total revenue	16.1	14.0	-2.1	16.6	14.0	-2.6

1/ Most recent projection before March 1, 2020. These ratios differ from the previously published ratios due to the rebasing of Togo's GDP, which has raised estimates of Togo's GDP by about 35 percent.
2/ Togo did not publish pre-COVID estimates based on a functional classification. Priority expenditures are staff estimates based on the overall size of the pre-COVID medium-term budget.
3/ Revenue loss estimated as the difference between current revenue estimates and pre-COVID revenue projections.

¹ The most recent DSA was included in the staff report for the Sixth Review Under the ECF Arrangement, IMF Country Report No. 20/107, April 2020, <https://www.imf.org/en/Publications/CR/Issues/2020/04/16/Togo-Sixth-Review-under-the-Extended-Credit-Facility-Arrangement-and-Request-for-49334>.

COVAX initiative, this would be sufficient to vaccinate at least 40 percent of the population. Togo's debt service to the Fund falling due during the period covered by the CCRT initiative (24 months from April 14, 2020), amounts to SDR 5.17 million in 2020 and SDR 1.76 million in 2021, which is about 4 percent of the spending associated with COVID-19 in 2020 and 1 percent in 2021.

Governance safeguards. Financial contributions from donors are deposited in a special account at the central bank (BCEAO). The authorities restricted the use of some financing items in the supplementary budget for 2020 to COVID-19-related actions. They have initiated an audit of COVID-19 spending by the Auditor General. A new mobile cash-transfer program, NOVISSI, aiming to support vulnerable informal workers was launched in 2020. Spending on this program amounted to about half of the total sum used for transfers to households in 2020 and is transparently reported on a dedicated web site.

IMF support status. Togo had an ECF-supported program during 2017–20. The final review was completed in April 2020, which also included an augmentation of access from 17.1 percent of quota in the original request to 65.8 percent of quota to address the impacts of COVID-19. The authorities made an official request for a new UCT-quality program in February 2021.

Upcoming CCRT-eligible debt service. Togo's debt service to the Fund, falling due during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the third tranche of debt service relief under the CCRT, amounts to SDR 0.88 million.

Staff assessment. Staff assesses that Togo is pursuing appropriate macroeconomic policies to address the impact of the global pandemic. As noted in the references above on public health and governance, staff also assesses that the resources freed by the first and second tranches of Fund debt service relief under the CCRT, and other support from the Fund, are being used to provide emergency health, and social and economic support to mitigate the impact of the pandemic on the lives and livelihoods of people.

Table 1. Togo: Selected Economic and Financial Indicators, 2019–26

	2019	2020		2021		2022	2023	2024	2025	2026
	Estimates	Pre-Covid 1/	Proj.	Pre-Covid 1/	Proj.	Projections				
National income, prices, and exchange rates										
	(Percentage change, unless otherwise indicated)									
Real GDP	5.5	5.5	0.7	5.5	3.5	4.5	5.0	5.5	5.5	5.5
Real GDP per capita	2.9	2.9	-1.7	2.9	1.0	2.0	2.5	3.0	3.0	3.0
GDP deflator	1.5	2.8	1.1	2.9	2.7	2.5	2.5	2.5	2.5	2.5
Consumer price index (average)	0.7	2.0	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0
GDP (CFAF billions)	4,231	3,469	4,308	3,767	4,580	4,906	5,280	5,710	6,174	6,677
Exchange rate CFAF/US\$ (annual average level)	585.9	...	574.7	...	...	...	...	...	...	...
Real effective exchange rate (appreciation = -)	2.3	...	...	...	...	...	...	...	...	...
Terms of trade (deterioration = -)	-4.6	1.0	-3.1	1.1	1.7	4.3	0.4	1.3	0.5	1.0
Monetary survey										
	(Percentage change of beginning-of-period M2)									
Net foreign assets	10.1	1.7	9.0	1.7	2.2	2.6	2.8	2.9	2.9	2.8
Net credit to government	-9.7	0.6	-0.1	-0.1	4.9	2.9	2.1	2.3	2.3	2.5
Credit to nongovernment sector	4.4	8.1	0.2	8.3	0.8	2.5	3.7	3.9	3.9	3.9
Broad money (M2)	4.5	9.3	10.4	9.3	6.6	7.4	7.9	8.4	8.4	8.4
Velocity (GDP/end-of-period M2)	2.4	1.7	2.2	1.7	2.2	2.2	2.2	2.2	2.2	2.2
Investment and savings										
	(Percent of GDP, unless otherwise indicated)									
Gross domestic investment	24.1	32.0	24.4	33.1	26.9	28.5	31.0	32.3	32.9	33.4
Government	3.1	9.5	7.4	9.7	9.4	8.5	7.9	8.8	9.4	10.0
Nongovernment	21.0	22.5	17.0	23.4	17.5	20.0	23.1	23.4	23.4	23.4
Gross national savings	21.6	27.1	20.6	28.6	23.5	25.1	27.4	28.8	29.8	30.4
Government	4.7	7.6	1.3	8.2	3.3	4.3	4.9	5.8	6.5	7.0
Nongovernment	16.9	19.6	19.4	20.4	20.2	20.8	22.5	23.0	23.4	23.4
Government budget										
Total revenue and grants	17.7	24.0	17.1	24.2	16.9	17.4	17.9	18.4	18.9	19.2
Revenue	14.8	20.0	14.0	20.2	14.0	14.5	15.0	15.5	15.9	16.3
Tax revenue	13.0	17.8	12.2	18.0	12.6	13.1	13.6	14.1	14.5	14.8
Total expenditure and net lending 2/	18.5	26.0	23.2	25.7	23.0	21.5	20.9	21.4	21.8	22.2
Overall primary balance (commitment basis, incl. grants) 1/	1.2	0.9	-3.2	1.0	-3.7	-1.9	-0.5	-0.6	-0.5	-0.6
Overall balance (commitment basis, incl. grants) 2/	-0.9	-1.9	-6.1	-1.5	-6.1	-4.1	-3.0	-3.0	-3.0	-3.0
Overall balance (cash basis, incl. grants)	-0.9	-1.9	-6.1	-1.5	-6.1	-4.1	-3.0	-3.0	-3.0	-3.0
External sector										
Current account balance	-2.5	-4.9	-3.7	-4.5	-3.4	-3.4	-3.6	-3.4	-3.0	-3.0
Exports (goods and services)	22.3	31.4	19.5	31.2	19.8	19.8	19.8	20.0	20.1	20.3
Imports (goods and services)	-31.2	-44.5	-29.6	-43.9	-29.4	-29.3	-29.6	-29.6	-29.3	-29.3
External public debt 3/	17.9	23.1	21.7	22.6	22.1	22.1	21.7	21.1	20.6	19.9
External public debt service (percent of exports) 3/	5.2	4.0	5.6	3.7	5.6	7.1	9.5	10.2	10.2	10.7
Domestic public debt 4/	35.6	42.9	39.1	39.4	41.1	41.1	40.2	39.4	38.7	38.2
Total public debt 4/	53.6	66.0	60.8	62.0	63.2	63.2	61.9	60.5	59.2	58.1
Total public debt (excluding SOEs) 5/	51.9	64.2	59.3	60.4	61.9	62.1	61.0	59.7	58.6	57.6
Memorandum items										
Human development index	0.515	...	...	...	...	...	...	...	...	...
Social and health expenditures	5.2	6.3	6.4	7.0	6.2	...	...	...	...	...

Sources: Togolese authorities and IMF staff estimates and projections.

1/ Before the GDP rebasing, which resulted in an upward revision of Togo's GDP by about 35 percent on average.

2/ Excluding transaction with the Social Security Fund, CNSS, in 2019.

3/ Includes state-owned enterprise external debt.

4/ Includes domestic arrears and state-owned enterprise domestic debt.

5/ Includes domestic arrears.

Annex XXIX. Republic of Yemen: Update for CCRT Debt Relief

Recent Economic Developments. The ongoing conflict has crippled Yemen's economy and pushed the country into an acute humanitarian crisis. The UN estimates that more than 24 million people—some 80 percent of the population—are now in need of humanitarian assistance. COVID has aggravated this already-dire situation. With little testing capacity, it is likely that the 2,300 reported cases highly underestimate the spread of the virus among a vulnerable population. Meanwhile, desperately needed foreign assistance and remittances have collapsed during the pandemic. Foreign exchange reserves are now nearly exhausted, and economic activity is estimated to have contracted by 5 percent in 2020. Fiscal revenues have declined with lower oil prices, while expenditure needs have increased resulting in a higher fiscal deficit. With limited alternative resources, the central bank in Aden has resorted to monetary financing of the deficit. As a result, the exchange rate has depreciated by 43 percent since the start of 2020, further eroding purchasing power for critical food and medical imports. Food prices have increased by around 45 percent over the same period. As the global pandemic continues, and absent an effective resolution to the conflict, the economic outlook for 2021 is bleak, with growth projected at 0.5 percent, 5.5 percentage points below the pre-COVID forecast. Significant additional external financing will be needed just to maintain a very basic level of critical imports.

Public health and macroeconomic policy response, including on the use of financial resources freed up by the debt relief. Despite the lack of resources and weak institutional capacity, Yemen

implemented emergency policies to confront the health crisis, including containment measures and additional COVID and priority expenditures of about 0.9 percent of GDP. Containment measures included school and business closures, bans on public and religious gatherings, and a shutdown of border points. The authorities established emergency facilities, procured test kits and additional ventilators, increased ICU capacity, deployed a public campaign on

personal hygiene, and enlisted healthcare workers. The authorities also allocated emergency funds to support local quarantine centers with medical equipment, including by reallocating non-priority outlays. Going forward, priority expenditures, including on health and education, and modest COVID-related support are expected to be maintained. The government is engaging with donors and development partners on its vaccination strategy, with COVAX expected to cover about 23 percent of the population.

Yemen: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	2.0	2.5	0.5	2.4	2.5	0.1
of which						
Health	0.4	0.5	0.1	0.9	0.9	0.0
Education	1.6	2.0	0.4	1.5	1.6	0.1
Social						
Other Covid-related spending		0.4	0.4		0.2	0.2
Transfers to businesses, SOEs, govt entities		0.3	0.3		0.1	0.2
Other		0.1	0.1		0.0	0.1
Memorandum						
Priority expenditures (percent of public spending)	10.9	16.9	6.1	13.9	22.7	8.8
Other Covid-related spending (percent of public spending)	-	2.6	2.6	-	1.4	1.4
Tax relief to HHs/businesses/other revenue measures	-	-	-	-	-	-
1/ Most recent projection before March 1, 2020.						

Governance safeguards. The authorities established a high-level interministerial committee, to oversee COVID-related spending, prioritize expenditures and monitor implementation. The authorities are also receiving Fund technical assistance on budget execution and cash management to enhance transparency and help improve accountability in fiscal operations.

IMF support status. Yemen is not currently under a Fund-supported program and has not received emergency support under the RCF. On April 15, 2020, the Board approved disbursements under the first tranche for CCRT for SDR 14.4 million. On October 2, 2020 additional CCRT support was approved under the second tranche for SDR 10.96 million.

Upcoming debt service. Yemen has debt service of SDR 17.05 million falling due to the Fund during the interval from April 14, 2021 to October 15, 2021, the maximum period covered by the third tranche of debt service relief under the CCRT.

Staff assessment. Staff assesses that Yemen is pursuing broadly appropriate macroeconomic policies to address the pandemic amidst conflict and very limited resources. Data challenges due to the ongoing conflict and weak institutional capacity complicate the assessment of the macroeconomic outlook. The authorities, in coordination with WHO and UN, have made progress in addressing the ongoing health shock in a highly constrained environment and are working with development partners on a vaccination strategy. Staff also assesses that the resources freed up so far due to Fund debt service relief under the CCRT are being used to help provide emergency health, social and economic support to the economy to mitigate the impact of the pandemic on lives and livelihoods.

Table 1. Yemen: Selected Economic Indicators, 2018–22

	2018	2019	2020		2021		2022
			Pre-COVID	Est.	Pre-COVID	Proj.	Proj.
Production and prices							
Real GDP at market prices	0.8	2.1	1.0	-5.0	6.0	0.5	2.5
Consumer prices (end of period)	14.3	6.2	29.0	45.0	10.3	20.7	17.9
Consumer prices (period average)	27.6	10.0	17.9	26.2	19.6	30.6	19.2
Government finances							
Total revenue and grants	6.4	8.5	6.5	5.7	9.1	4.9	5.2
Total expenditure	14.3	13.8	15.3	15.3	17.2	11.0	11.5
Overall fiscal balance (cash basis)	-8.0	-5.5	-8.8	-9.6	-8.1	-6.1	-6.2
External debt 1/	6,765	6,717	...	...	...	...	...
Of which: IDA	1,613	1,535	...	...	...	...	...
Central Bank liabilities vis-à-vis the IMF	155	119	...	...	...	...	...
External sector							
Exports of goods and services	1,315	1,558	1,977	979	3,474	1,201	1,240
Of which: Hydrocarbon	915	1,101	1,334	511	2,344	733	754
Imports of goods and services	8,844	10,678	9,975	7,452	10,175	9,187	9,422
Of which: Hydrocarbon	2,427	3,115	2,311	1,119	2,357	2,350	2,585
Of which: Basic food	2,139	3,250	2,398	3,315	2,446	3,395	3,479
Balance of goods and services	-7,529	-9,120	-7,998	-6,474	-6,700	-7,986	-8,182
Income net	-17	-18	-27	-20	-27	-21	-23
Current transfers net	7,070	8,250	7,553	6,003	5,773	5,882	6,185
Current account	-476	-888	-471	-491	-954	-2,125	-2,019
(in percent of GDP)	-2.0	-3.9	-2.2	-2.4	-4.1	-8.5	-7.8
Memorandum items							
Gross foreign reserves (in millions of US dollars)	2,292	1,402	853	833	960	863	878
Exchange rate (YER per US dollar, period average)	493	559	...	741	...	...	...
Exchange rate (YER per US dollar, end of period)	526	591	...	669	...	...	...
Nominal GDP at market prices							
In billions of Yemeni rials	11,579	12,606	14,710	14,924	20,497	19,687	23,952
In millions of US dollars	23,486	22,568	...	...	...	...	...
Per capita GDP (in US dollars)	762	713	...	...	...	...	...
Population (in thousands)	30,816	31,648	...	...	...	...	...
UN Human development index ranking	0.468	0.470	...	...	...	...	...
Health and education expenditure (in percent of	...	...	2.0	2.6	2.4	2.5	...

Sources: Yemeni authorities; and IMF staff estimates.

1/ 2018 debt data to September 30.