



IMF POLICY PAPER

October 8, 2021

CATASTROPHE CONTAINMENT AND RELIEF TRUST— FOURTH TRANCHE OF DEBT SERVICE RELIEF IN THE CONTEXT OF THE COVID-19 PANDEMIC AND APPROVAL OF ADDITIONAL BENEFICIARY MEMBER COUNTRIES

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 October 6, 2021 consideration of the staff report.
- The **Staff Report**, prepared by IMF staff and completed on September 23, 2021 for the Executive Board's consideration on October 6, 2021.

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International Monetary Fund
Washington, D.C.



The IMF Executive Board Extends Debt Service Relief for 24 Eligible Low-Income Countries

FOR IMMEDIATE RELEASE

Washington, DC— October 8, 2021: The Executive Board of the International Monetary Fund (IMF) approved on October 6, 2021 a fourth tranche of debt service relief from the Catastrophe Containment and Relief Trust (CCRT) for 24 member countries with eligible debt falling due in the period through January 10, 2022.¹ The Executive Board also approved the inclusion of the Kyrgyz Republic and Lesotho among the beneficiary countries, enabling these members to receive relief of their debt service falling due to the Fund through January 10, 2022.

The approval of the fourth tranche, totaling approximately SDR 87.9 million (US\$124 million), follows three prior tranches approved on April 13, 2020, October 2, 2020, and April 1, 2021 (see Press Releases [20/165](#), [20/304](#), and [21/99](#)). This debt service relief helps free up scarce financial resources for vital 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 for all beneficiary countries could be provided for the remaining period from January 11 to April 13, 2022, amounting to approximately SDR 82.1 million and a cumulative debt service relief of about SDR 690 million (US\$973 million) for the entire two-year period.

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. So far, donors have pledged contributions totaling about SDR 609 million (US\$860 million), including from the European Union, the UK, Japan, Germany, France, the Netherlands, Spain, Switzerland, Norway, Singapore, Greece, China, Mexico, the Philippines, Sweden, Bulgaria, Luxembourg, and Malta. On September 20, 2021, Japan provided a second grant contribution of US\$50 million (SDR 35.2 million) in addition to the US\$100 million (SDR 73.4 million) it provided in April 2020.

Executive Board Assessment²

Executive Directors endorsed staff's proposal for a two-step approach for the approval of debt service relief under the Catastrophe Containment and Relief Trust (CCRT) for the Fund's poorest and most vulnerable members for the remaining period through April 2022. This would entail an immediate fourth tranche for the period through January 10, 2022, followed by consideration of a subsequent tranche in January 2022 for the final portion, informed by an update on CCRT resources.

¹ There remains a lack of clarity within the international community regarding the recognition of the government in Afghanistan. As such, the Fund's engagement with Afghanistan continues to be on pause. Therefore, approval of a fourth tranche of debt relief for Afghanistan was not proposed at this stage.

² 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>.

Directors agreed that the Kyrgyz Republic and Lesotho meet the eligibility and qualification requirements for CCRT debt service relief in connection with the COVID-19 pandemic. Accordingly, they approved grant assistance for debt service relief under the CCRT for 24 beneficiary countries that have eligible debt service falling due during the fourth tranche period, including the Kyrgyz Republic and Lesotho.

Directors noted that the resources freed up so far by CCRT debt service relief have helped mitigate the impact of the pandemic on CCRT-eligible countries.

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 noted that a number of these countries have continued the transition to upper credit tranche-quality programs, which would provide a stronger policy framework for the recovery period, and looked forward to further progress in this area. Directors also underlined the importance of continued Fund policy support for other CCRT beneficiary countries through regular surveillance and capacity building activities.

Directors noted the varied progress made in implementing governance safeguards commitments regarding COVID-19 related spending in CCRT-eligible countries. They regretted implementation delays in some countries, particularly in conducting ex-post audits of crisis-related spending and disclosing beneficial ownership information on entities awarded government contracts, while delays in some cases are linked to capacity constraints to make needed legal changes. Directors thus underscored the importance of continued follow-through on the commitments on governance and transparency, supported by technical assistance, if needed.

Directors welcomed the recent generous contributions by Spain, Greece, and the Philippines and the second contribution by Japan. They stressed, however, that additional resources are needed to ensure that adequate grant resources are in place for other CCRT qualifying shocks in the future while continuing to provide debt service relief for the remaining period through April 2022.

Directors looked forward to the review of the CCRT expected in 2022/23, including discussion of CCRT eligibility criteria and funding. They stressed the need to ensure evenhandedness while retaining sufficient flexibility, taking into account also the availability of resources.



September 23, 2021

CATASTROPHE CONTAINMENT AND RELIEF TRUST— FOURTH TRANCHE OF DEBT SERVICE RELIEF IN THE CONTEXT OF THE COVID-19 PANDEMIC AND APPROVAL OF ADDITIONAL BENEFICIARY MEMBER COUNTRIES

EXECUTIVE SUMMARY

On March 26, 2020, the Executive Board approved changes to the Catastrophe Containment and Relief Trust (CCRT). These enabled the Fund as Trustee of the CCRT to provide grants for debt service relief to its poorest and most vulnerable members up to a maximum of two years from April 14, 2020 to help tackle the COVID-19 pandemic and its economic repercussions. To date, the Executive Board has approved three tranches of debt service relief to all CCRT-eligible countries with eligible debt service to the Fund falling due from April 14, 2020 through October 15, 2021.^{1,2}

Based on the latest GNI figures released in July 2021, two PRGT-eligible countries—the Kyrgyz Republic and Lesotho—became newly CCRT-eligible and they have eligible debt service to the Fund falling due through April 13, 2022. These two members have requested CCRT grant assistance under the Catastrophe Containment window to free up resources to cope with their exceptional balance of payment needs arising from the COVID-19 pandemic, a qualifying public health disaster (QPHD) as determined by the Executive Board effective April 14, 2020, including their policy responses.³

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. Tanzania did not have eligible debt service falling due during the third period from April 14, 2021 to October 15, 2021 (see Table 5).

³ The new alternative test, under the reforms to the CCRT Instrument approved on March 26, 2020, 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—Policy Proposals and Funding Strategy \(SM/20/74, March 23, 2020\)](#) and associated Decision approved on 03/26/20.

Staff considers that, in light of the continued human and economic toll from COVID-19 and staff's assessment of the appropriateness of the macroeconomic policy frameworks in place in these two countries, both countries meet the qualification requirements, under the alternative qualification test that was adopted in March 2020 and on the basis of which 29 countries qualified for debt service relief in the context of a life-threatening global pandemic. In this context, this paper proposes that the Executive Board approve the qualification of the Kyrgyz Republic and Lesotho for CCRT grant assistance.

The paper 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 financial situation of the CCRT. The generous support from 17 donor countries and the EU has mobilized SDR 609 million in new pledges since the onset of the pandemic. This is about 60 percent of the SDR 1 billion fundraising target and well short of the estimated cost of two years of COVID-related relief. Based on undisbursed pledges and cash balances at hand in the CCRT, staff considers resources to be too low to recommend at this point a full six-month fourth tranche of CCRT grant relief in view of the likely need of other potentially qualifying members. Staff also considers that the ongoing reflections related to the expected end of the Debt Service Suspension Initiative (DSSI) at the end of 2021, against a backdrop of continued high uncertainty on the health and economic impact of the COVID-19 pandemic, may have a bearing on donor's decisions to provide new contributions to the CCRT. Hence, to allow for continuation of CCRT debt relief while providing time to raise additional resources, the paper proposes a two-step approach: (i) an immediate approval of the disbursement of a fourth tranche of debt service relief to all qualified beneficiary countries⁴ covering the period from October 16, 2021 through January 10, 2022, and (ii) consideration in January 2022 of a further final tranche of CCRT debt service relief through April 13, 2022, possibly on a lapse of time basis without country specific updates, and based on an assessment of resources at that time.

Lastly, the paper recognizes that the possibility of additional members becoming CCRT eligible after the Board declaration of a QPHD could raise issues, in particular for fundraising purposes, and proposes to take this issue up at the time of the next CCRT review, scheduled for 2022/23.

⁴Burundi, the Democratic Republic of the Congo, Nepal, Tanzania, Togo, and Yemen do not have eligible debt service falling due during the proposed fourth tranche covering the period through January 10, 2022 (see Table 5). In addition, at the time of issuance of this paper, there remained a lack of clarity within the international community regarding the recognition of the government in Afghanistan. As such, the Fund's engagement with Afghanistan continues to be on pause. Therefore, approval of a fourth tranche of debt relief for Afghanistan is not proposed at this stage. Staff will keep the issue under review and will update the Board when there are further developments. Afghanistan's next payments to the Fund are due on November 23, 2021 and January 10, 2022 for SDR 1.2 million each. Due to the lack of data and no recent country engagement, a country annex for Afghanistan is not included in this Board Paper.

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

1. The COVID-19 pandemic continues to exact a significant human and economic toll on IMF members eligible for assistance from the Catastrophe Containment and Relief Trust (CCRT).

- Human toll:** CCRT-eligible countries continue to see a high rate of new cases in the context of a challenged and uneven vaccine rollout. Cumulative cases have risen to over 2 million while associated deaths have exceeded 38 thousand; both have almost doubled since April 2021 (see Figure 1).
- Economic toll:** According to the latest WEO outlook, real GDP growth in CCRT-eligible countries is projected to remain slower than the pre-COVID forecasts in 2021, despite the sharp GDP contraction in 2020 compared to pre-COVID projections. The performance is weaker than in the wider group of low-income developing countries (LIDCs) and is in sharp contrast to the prospective solid recovery in the advanced economies (AEs) and emerging market and developing economies (EMDEs) (see Table 1).

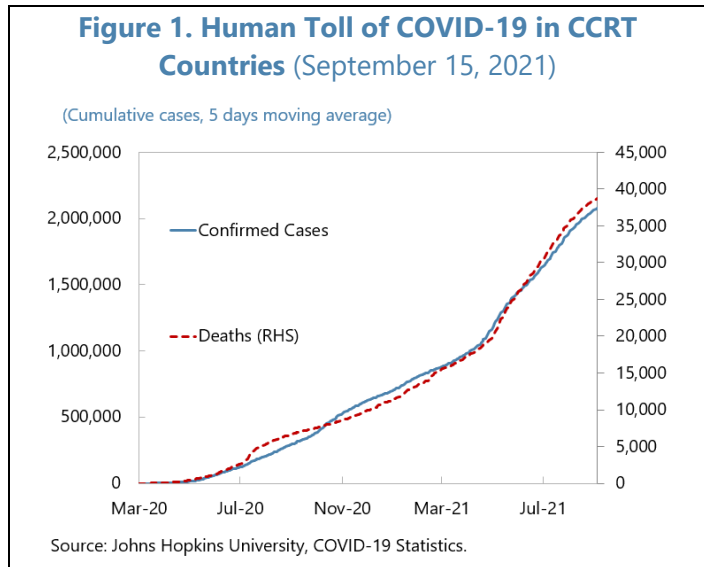


Table 1. Real GDP Growth Across IMF Member Groups (Percent)

IMF member group	2019	2020		2021			
	Actual 2/	Pre-COVID proj. 1/	Estimate 2/	Change	Pre-COVID proj. 1/	Current proj. 2/	Change
CCRT	4.3	4.5	-0.9	-5.4	4.9	3.3	-1.6
LIDCs	5.3	5.1	0.2	-4.9	5.1	3.9	-1.3
EMDEs	3.7	4.4	-2.1	-6.5	4.6	6.3	1.7
AEs	1.6	1.6	-4.6	-6.3	1.6	5.6	4.0
Global	2.8	3.3	-3.2	-6.5	3.4	6.0	2.6

Source: Staff calculations.
1/ January 2020 WEO.
2/ July 2021 WEO.

2. To date, the Executive Board has approved three tranches of debt service relief, totaling SDR 520 million, for all CCRT-eligible members with eligible debt service falling due to the Fund, in the period from April 14, 2020 through October 15, 2021 (Table 5).

3. CCRT-eligible members have also benefitted from other IMF financial support and a new general SDR allocation which became effective in August 2021.

Since the onset of the pandemic, the IMF has approved SDR 5.2 billion in financial assistance to 29 CCRT-eligible countries: 28 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 four countries (Afghanistan, Democratic

Republic of Congo, The Gambia, and Madagascar); and four countries (Benin, The Gambia, São Tomé and Príncipe, and Togo) have received augmentations of access under existing arrangements.⁵ CCRT-eligible countries share of the new General SDR Allocation, effective August 23, 2021, amounts to about SDR 5.8 billion. The SDR allocation will help address the long-term reserve needs while helping the broad membership cope with the impact of the COVID-19 crisis.⁶

CCRT ELIGIBLE COUNTRIES: POLICY RESPONSE AND STAFF ASSESSMENT

4. The economic impact of the pandemic on CCRT eligible countries has persisted, weighing on their balance of payment (BoP) financing needs. Real GDP growth in 29 CCRT-beneficiary countries is expected to stay at a slower pace in 2021 than the pre-COVID projections and reach the pre-COVID level only in 2022, leaving the GDP level substantially lower than the pre-COVID trend in coming years (Figure 2).⁷ Current projections for general government overall deficit (excluding grants) remain larger than the pre-pandemic projections through 2022, reflecting the persistently weak economic activities and necessity of prolonged support for the economy. On the external side, elevated gross financing needs (GFNs)⁸ are projected to ease only gradually in coming years with the external debt stabilizing at higher levels.

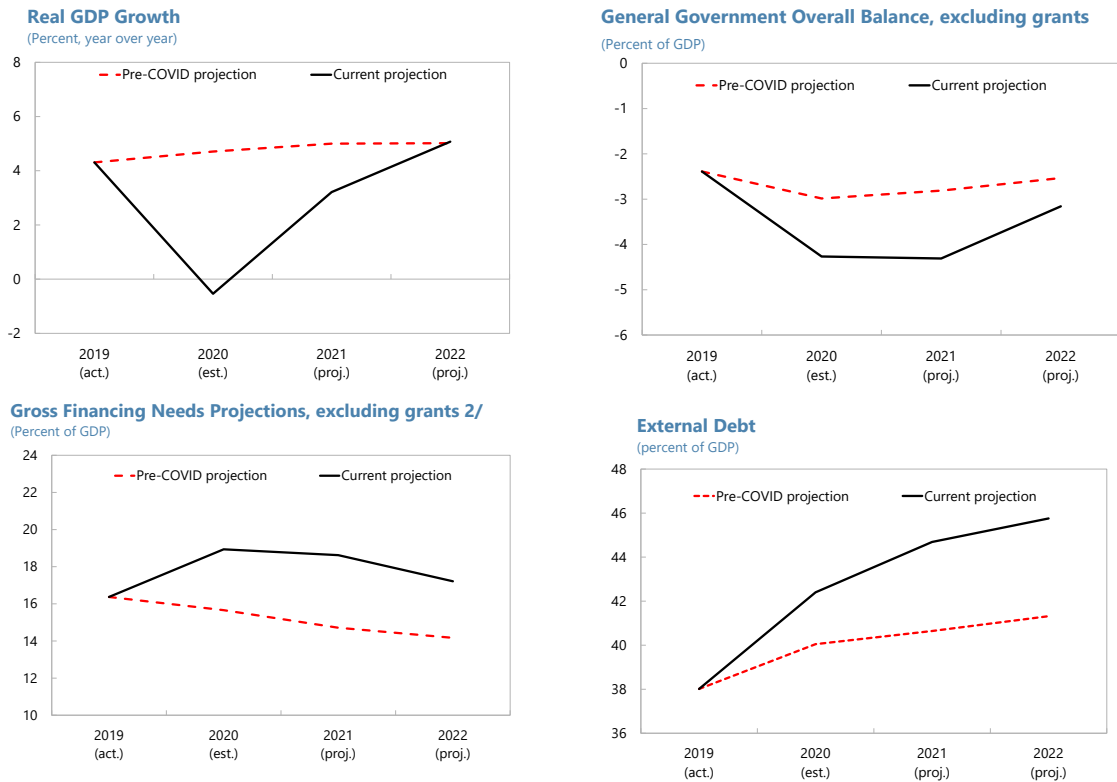
⁵ Several countries received financial support through multiple channels: Afghanistan (RCF and new ECF), Benin (ECF augmentation and RCF/RFI), Democratic Republic of Congo (RCF and new ECF), The Gambia (new ECF, RCF and ECF augmentation), and São Tomé and Príncipe (RCF and ECF augmentation).

⁶ The IMF is also exploring other options to help poorer and more vulnerable countries, including by channeling SDRs, to support their recovery efforts and build long-term resilience to climate change and other challenges.

⁷ Comparing January 2020 and July 2021 WEO vintages.

⁸ GFNs are calculated as the sum of current account deficit (excluding grants), MLT external debt service, and short-term external debt. The chart shows the average of the CCRT-eligible countries that have positive GFNs.

Figure 2. Selected Macroeconomic Projections in CCRT Countries 1/



Source: IMF staff estimates.

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

2/ The chart shows the average of the CCRT-beneficiary countries that have positive GFNs.

5. CCRT-eligible countries have continued the transition from emergency financing to financing under arrangements that support UCT-quality programs.

Since the last update in the context of the approval of the CCRT third tranche in late March, new arrangements have been approved for two members (Democratic Republic of Congo and Madagascar), and four program requests (Burkina Faso, Mozambique, Malawi, and Niger), including new requests received in recent months, are under discussion (see Table 2).

Five countries have completed reviews under UCT-quality programs, including one PCI (Afghanistan, The Gambia, Rwanda, São Tomé and Príncipe, and Sierra Leone). The evolution of their IMF engagement from emergency financing to UCT-quality multi-year Fund-supported programs provides more appropriate financial and policy support, including in the area of fiscal policy and governance and transparency arrangements, as members also begin addressing the medium-term effects of the crisis.

Table 2. CCRT Countries' Fund Engagements Since the Last Update in March 2021 (Number of countries)

Arrangement type	Status		Total
	Approved / completed	Under discussion / prospective 1/	
ECF	6	4	10
New requests	2	4	6
Reviews	4	0	4
PCI	1	0	1

Source: Staff calculations.

1/ Prospective reviews exclude those of countries whose program request was approved or another review was completed in recent months. Thus each country appears in the table at most once.

6. This trend is supported by accelerating IMF surveillance operations. One Article IV consultation (Guinea) was conducted during the period of the third tranche, and ten missions are scheduled during the remaining full CCRT period.

7. CCRT countries are working on their commitments to enhance accountability and transparency arrangements in the context of COVID-19 related spending, though some implementation delays have been observed.⁹ Many countries are reporting on COVID-19 related spending and publishing procurement contract information. Most countries have also committed to undertake ex-post audits of crisis-related spending and publish them online, with some of these audits now published (e.g., Burkina Faso, Central African Republic, Rwanda), while some countries are experiencing delays due to technical and other reasons. Most countries committed to publish beneficial ownership information of COVID-related awarded companies, of which several made necessary changes to the procurement legal framework to publish the information on a structural and permanent basis (e.g., Benin, The Gambia, Guinea, Kyrgyz Republic). Several countries are now publishing such information, with a few additional countries publishing legal ownership information only. Delays are reflective of challenges relating to the need to first revise the legal framework for procurement, capacity constraints, and/or the novelty of the measure in some countries. Nine CCRT countries are receiving Fund technical assistance to help address these challenges. Fund staff has also begun providing assistance to support efforts to audit crisis-related spending.

8. The CCRT beneficiary countries have been implementing a set of macroeconomic policy measures to address the pandemic, supported by financial resources freed up by the debt service relief. On average, these countries have boosted priority spending in 2020 relative to pre-COVID projections by some 0.8 percentage points of GDP, as well as other COVID-related spending by an additional 1.7 percent of GDP (Table 3). These are expected to continue in 2021 as priority spending is anticipated to be around 1.4 percentage points of GDP higher than pre-COVID projections, reflecting the need for continued social outlays given the slow economic rebound and continuing threat from new COVID variants. These countries are expected to expand their spending on education and social protection, as well as health-related expenditure. Other COVID-related spending is expected to be some 1.3 percent of GDP in 2021, mainly in the area of prevention and containment, including vaccination programs, and support for households and businesses.

9. Staff assesses that CCRT-eligible countries are generally pursuing appropriate macroeconomic policies in response to the economic fallout from the global pandemic, broadly in line with commitments made to the Fund. Staff also assesses that the resources freed up by the earlier tranches of Fund debt service relief under the CCRT are helping provide emergency health, social and economic support to mitigate the impact of the pandemic on lives and livelihoods of populations.¹⁰

⁹ This includes publication of COVID-related spending on-line, audits of COVID-related spending, and publication of COVID-related procurement contracts, including information on beneficial-ownership. See the annexes for country-specific information on the implementation status of governance safeguards.

¹⁰ Comoros and Yemen face data constraints inhibiting a comprehensive assessment.

Table 3. COVID-19 Related Fiscal Measures Adopted by CCRT Countries

	2019	2020		2021	
	Act.	Pre-COVID proj.	Act./Est.	Pre-COVID proj.	Current proj.
Priority & social spending	5.0	5.1	5.9	5.4	6.8
<i>of which</i>					
Health	1.6	1.6	2.0	1.7	2.0
Education	2.9	2.9	2.8	3.0	3.4
Social protection	0.9	0.9	1.3	1.2	1.7
Other COVID spending 1/	...	...	1.7	...	1.3
<i>of which</i>					
Prevention & containment	...	...	0.7	...	0.7
Support for HH	...	...	0.6	...	0.4
Support for business	...	...	0.7	...	0.5
<i>Memorandum Item</i>					
Revenue	16.9	15.8	16.3	18.7	16.0
Priority & social spending (percent of public spending)	22.3	25.8	26.9	24.5	29.5

Source: Staff calculations.

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

ELIGIBILITY AND QUALIFICATION FOR ASSISTANCE UNDER THE CCRT FOR TWO ADDITIONAL MEMBERS

10. On March 26, 2020, in the wake of the COVID-19 pandemic, the Executive Board approved changes to the CCRT Instrument to enable the Fund to provide grant assistance for relief on debt service for its poorest and most vulnerable members affected by the pandemic.¹¹ The Executive Board determined that, effective April 14, 2020, the COVID-19 pandemic constitutes a Qualifying Public Health Disaster (QPHD) under the CCRT, pursuant to the newly-introduced alternative QPHD test (see below), enabling the Fund to approve relief for eligible and qualified members for up to two years from that date. The Fund subsequently approved grant assistance for an initial period of six months, with additional debt service relief for up to two years from April 14, 2020 to be approved subject to the availability of CCRT resources.¹² Twenty-nine countries have so far received CCRT debt relief for the period from April 14, 2020 through October 15, 2021.

¹¹ 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.

¹² See [Catastrophe Containment and Relief Trust—Approval of Grant Assistance for Debt Service Relief \(EBS/20/46, April 8, 2020\)](#). Burundi, Djibouti, Ethiopia and Tanzania made requests and were determined to qualify after the initial relief approved for the first 25 countries.

11. The design of the CCRT Instrument takes into account potential resource constraints and provides eligibility and qualification criteria.¹³ Under the amended CCRT Instrument, debt service relief for pandemics is limited to obligations falling due during a maximum period of two years from the declaration of a QPHD. To address resource constraints, the debt service relief is provided in tranches, to meet the most pressing needs while fundraising continues and avoid a “first-come, first-serve” dynamic

- Eligibility for the CCRT, under the CCRT Instrument, is limited to PRGT-eligible members with annual Gross National Income (GNI) per capita below the IDA operational cut-off (or twice that cut-off for small states).¹⁴ Accordingly, the list of eligible countries is not fixed as of a specific cut-off date; rather, it can evolve to reflect changes in countries’ GNI per capita. Hence, during the maximum two-year debt relief period, new countries can become CCRT-eligible just as already eligible countries can be determined to qualify. At the same time, members for whom debt relief was approved because they met the eligibility and qualification requirements at the time of the Board decision, do not lose access to the approved debt service relief due to income increases during the two-year period that would affect their CCRT-eligibility.
- Qualification is determined by the Board’s assessment that (i) a member is facing an exceptional BOP need arising from a global pandemic determined to constitute a QPHD, including the member’s policy response, and (ii) the country’s macroeconomic policy framework put in place to address the BoP need created by the pandemic and the ensuing policy response is appropriate. The alternative QPHD test is a life-threatening global pandemic that inflicts severe economic disruptions across the Fund’s membership and creates balance of payment needs warranting a concerted international effort. The period of debt service relief based on the April 13, 2020 Executive Board's declaration of a pandemic QPHD is limited to a maximum of two years from the date of the declaration. Qualification requirements are not reassessed for each member at the time of subsequent tranches. Rather they are only assessed at the time of the first approval of debt relief.

12. Based on the latest data, the GNIs per capita for Kyrgyz Republic and Lesotho (both PRGT-eligible countries) have fallen below the IDA operational cut-off thereby meeting the eligibility criteria for the CCRT. GNI per capita for the Kyrgyz Republic and Lesotho in 2020 is below the new IDA operational cut-off (US\$1,205) released on July 1, 2021. Also, both countries have eligible debt service to the Fund falling due in the period through April 13, 2022 (Table 4).¹⁵

¹³ Decision No. 14649-(10/64), June 25, 2010, as amended by Decision No. 15708-(15/12), February 4, 2015, 16684-(20/32), March 26, 2020, and 16709-(20/41), April 13, 2020.

¹⁴ The cut-off level at the time of the first tranche was US\$1,175 based on the 2018 Gross National Income (GNI) per capita data for all IDA-eligible countries. The cut-off is updated annually by the World Bank and published at the start of the Bank’s fiscal year. The latest cut-off level published in July 2021 is US\$1,205.

¹⁵ Though GNI per capita of Zambia and Zimbabwe also fell below the new IDA operational cut-off, these two countries do not have eligible debt service to the Fund falling due during the period through April 13, 2022. Note also that three members’ (Benin, Djibouti, and Haiti) income per capita increased to over the respective cut-off since the approval of the third tranche, while their eligibility for IDA resources would not be affected immediately given the (continued)

Table 4. New Countries Eligible for CCRT Debt Service Relief
(as of September 13, 2021)

Country	GNI	Quota	Eligible Debt Service
	(USD per Capita, 2020)	(SDR million)	(Oct 8, 2021-Apr 13, 2022) 1/ 2/ (SDRs)
Kyrgyz Republic	1,160	177.6	9,189,508
Lesotho	1,100	69.8	3,835,512
Total	...	247	13,025,020

1/ Eligible debt service includes principal payments under the PRGT and estimates for the GRA charges.
2/ Eligible debt service starts from the date of the Board approval of CCRT debt relief, currently expected on October 8, 2021.

13. The Kyrgyz Republic and Lesotho have requested CCRT grant assistance under the CC Window and staff considers that the qualification criteria are met for these two CCRT-eligible members. The authorities have submitted a letter of intent (LOI) containing a request for assistance from the CCRT grant assistance and outlining the policy responses to the global pandemic and governance and transparency arrangements (see Annex II and IV). Staff assesses that these two countries are experiencing an exceptional balance of payments need arising from the COVID-19 pandemic, including their policy responses, to address the impact of the pandemic, and the authorities are pursuing appropriate macroeconomic policies to address the BoP need.

14. The prospect that member countries may become eligible at a later stage due to a decline in per capita income was not explicitly discussed at the time the policy was adopted in April 2020. That said, the CCRT Instrument allows that additional countries become CCRT-eligible and the Executive Board may decide qualify under the alternative test for CCRT qualification based on the QPHD declared in April 2020. In light of the continuing exceptional BoP needs created by the pandemic, *staff therefore recommends the inclusion of the Kyrgyz Republic and Lesotho for debt service relief related to the COVID-19 pandemic, starting from the date of the Board meeting, for the remainder of the two-year period.*

FUNDING STATUS AND FURTHER RELIEF

15. Thanks to the generous support of 17 Fund members and the EU, the Fund has received grant pledges of SDR 609 million to date, including a recent second pledge by Japan (Table 6). This includes SDR 63.6 million in new pledges made since the approval of the third tranche in April 2021 (Table 2). Greece and Spain committed US\$11 million (SDR 7.7 million) and EUR 25 million (SDR 20.7 million), respectively. Japan committed a second grant contribution of US\$50 million (SDR 35.2 million) in addition to the US\$100 million (SDR 73.4 million) it already disbursed in April 2020. The

need to assess the IDA criteria averaged over several years and they will not lose access to the approved CCRT debt relief for the reasons discussed above.

European Union plans to transfer the remaining portion (SDR 10.8 million) of its EUR 183 million grant commitment to the CCRT in support of the fourth tranche.¹⁶

16. Total pledges to date still fall significantly short of the SDR 1 billion fundraising goal, and remain below the cost of two full years of COVID-related debt relief (estimated at SDR 692 million including newly eligible members).¹⁷ The generous support by donors to date has been critical to deliver 18 months of debt relief, and the most recent pledges by Japan, Greece, and Spain are very important contributions to help fund a further tranche. Staff and management continue to urge other donors to join in this important effort to ensure that COVID-related CCRT relief can be approved for the maximum two-year period through April 13, 2022.

17. In light of the CCRT's current limited resource level, staff proposes a two-step approach for the remaining period. Under the CCRT Instrument, the Executive Board “shall take into account the availability of resources in the Trust and the likely need of other potentially qualifying members under the Trust” when taking decisions on approving any tranche of CCRT grants. The Instrument leaves broad discretion to the Fund in making this assessment. Taking into account current balances and pledges,¹⁸ staff considers that resources are too low to decide at this point on a full six-month fourth CCRT tranche, including debt service relief to the Kyrgyz Republic and Lesotho for the period from the date of the Board meeting up to October 15, 2021, totaling SDR 172.8 million, while maintaining an adequate resource cushion for other potential CCRT-qualifying shocks. Staff also considers that the ongoing reflections related to the expected end of the Debt Service Suspension Initiative (DSSI) at the end of 2021, against a backdrop of continued high uncertainty on the health and economic impact of the COVID-19 pandemic, may have a bearing on donor's decisions to provide new contributions to the CCRT. *Hence, staff proposes a two-step approach for the remaining period: i) an immediate approval of a further period of debt service relief through January 10, 2022, including debt service relief to the Kyrgyz Republic and Lesotho, based on the resources mobilized so far, allowing for more time to secure any additional grant pledges and contributions; and ii) consideration, possibly on a lapse-of-time basis in January 2022 for a final tranche of debt relief through April 13, 2022.* The LOT decision would be based on a brief Board paper with an update on resources and a final staff assessment, taking into account the likely needs of other potentially qualifying members. This two-step approach will allow for continued debt service relief while providing more time for additional donor contributions to materialize. It is consistent with

¹⁶ A contribution agreement with the European Union was signed on March 17, 2021. The total amount of EUR 183 million was deposited, on an interim basis, to 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, three initial installments totaling SDR 141.1 million were transferred to the CCRT in support of the third CCRT tranche in April, May, and August 2021, while the remaining portion will be used to provide assistance in the context of the fourth tranche, provided that any unused funds would have to be returned to the EU, if requested by the EU.

¹⁷ The estimate includes Afghanistan's debt falling due in the remaining period (SDR 2.85 million).

¹⁸ Cash balances in the CCRT amounted to SDR 227.9 million as of September 23, 2021. In absence of new contributions, delivery of COVID-related debt service relief through April 13, 2022 would reduce the CCRT cash balance to about SDR 69 million (assuming the expected transfer of the remaining portion of the EU grant commitment), implying significant depletion of the SDR 150 million pre-COVID cash buffer available for other qualifying events.

the spirit of the tranching approach, approved in April 2020 to reduce the risk of depletion of the CCRT and does not prejudice the outcome of the January decision in view of the broad discretion of the Executive Board in its judgment on adequacy of CCRT resources.

18. More broadly, based on grant pledges to date, substantially more resources will be required to address the underfunding of the CCRT, including the estimated pre-COVID shortfall of SDR 200-275 million. Significant additional grant pledges will be required to reach the funding target of SDR 1 billion to ensure that adequate grant resources are in place to address the needs of members under other CCRT-qualifying shocks in the future. A more comprehensive assessment of resource adequacy and potential demand for CCRT debt relief beyond COVID would be addressed as part of the five-yearly CCRT review envisioned for late 2022/early 2023.

ELIGIBILITY UNDER THE CCRT INSTRUMENT

19. As noted in paragraphs 11-14 above, changes in the list of CCRT eligible members are possible after a QPHD has been declared when official GNI data change. In the view of staff, this creates uncertainty about the number of eligible countries and needed resources and potentially poses difficulties for fundraising and the delivery of resources to the initial set of identified beneficiaries. At the same time, the current rules allow the Board to approve debt service relief to newly eligible countries that may have an exceptional BoP need resulting from the same QPHD and are similarly situated as those members that were eligible at the time of the determination of a QPHD. Staff proposes to explore changes to the eligibility rules under the CCRT instrument at the time of the next CCRT review, which staff currently plans in late 2022/early 2023, taking into account Directors' views.

ISSUES FOR DISCUSSIONS

1. Do Directors agree that the Kyrgyz Republic and Lesotho meet the qualification requirements and therefore be included for the remainder of the two-year period?
2. Given the current financial situation of the CCRT, do Directors agree on the proposed approach to tranche further the remainder of the two-year period, with an immediate approval of a tranche through January 10, 2022, and a second decision to be made in January 2022 for the final portion of the full two-year period?
3. What are Directors' views on the possible amendments in the context of the expected 2022/2023 review, as regards the evolution of income eligibility and tranching in line with evolving GNI data?

Table 5. Eligible Countries and Eligible Debt Service Relief for the CCRT Tranches
(As of September 13, 2021; in SDRs)

Country	Eligible Debt Service					
	1st tranche	2nd tranche	3rd tranche	4th tranche	Remaining	Two-year total 2/
	(actual) (Apr 14- Oct 13, 2020)	(actual) (Oct 14, 2020- Apr 13, 2021)	(actual) 1/ (Apr 14- Oct 15, 2021)	(Oct 16, 2021- Jan 10, 2022)	period 2/ (Jan 11, 2022- Apr 13, 2022)	(Apr 14, 2020- Apr 13, 2022)
Afghanistan, Islamic Republic of	2,400,000	2,400,000	2,400,000	2,400,000 3/	450,000	10,050,000
Benin	7,428,000	6,366,000	5,305,000	2,122,000	2,122,000	23,343,000
Burkina Faso	8,737,400	10,295,000	9,650,000	10,607,000	255,000	39,544,400
Burundi	5,480,000	4,820,000	4,160,000	0	3,500,000	17,960,000
Central African Republic	2,955,800	2,924,300	2,924,300	1,531,800	2,645,000	12,981,200
Chad	0	1,997,000	4,062,000	4,062,000	0	10,121,000
Comoros	969,857	811,199	654,001	638,747 4/	15,747	3,089,551
Congo, Democratic Republic of	14,847,900	9,898,600	4,949,300	0	0	29,695,800
Djibouti	1,692,000	1,692,000	1,396,800	624,600	624,600	6,030,000
Ethiopia	8,560,166	4,504,835	471,804	239,658 4/	239,658	14,016,121
Gambia, The	2,099,250	2,099,250	1,866,000	1,088,500	777,500	7,930,500
Guinea	16,371,000	16,371,000	18,207,000	1,836,000	16,371,000	69,156,000
Guinea-Bissau	1,079,200	1,363,200	1,121,800	596,400	284,000	4,444,600
Haiti	4,095,000	3,978,000	3,978,000	865,800	2,293,200	15,210,000
Kyrgyz Republic	...	...	...	8,876,154 4/ 5/	313,354	9,189,508
Lesotho	...	...	...	3,206,006 4/ 5/	629,506	3,835,512
Liberia	11,632,800	11,188,800	11,483,000	3,102,600	7,936,400	45,343,600
Madagascar	3,055,000	3,055,000	6,110,000	6,110,000	3,142,800	21,472,800
Malawi	7,202,000	7,202,000	7,809,000	6,724,000	3,905,000	32,842,000
Mali	7,300,000	7,500,000	7,700,000	5,700,000	1,800,000	30,000,000
Mozambique	10,886,667	9,466,667	9,466,667	9,466,667	0	39,286,668
Nepal	2,852,000	3,565,000	3,565,000	0	3,565,000	13,547,000
Niger	5,640,000	5,640,000	9,540,500	5,028,500	5,746,000	31,595,000
Rwanda	8,010,000	12,015,000	14,017,500	8,010,000	8,010,000	50,062,500
São Tomé and Príncipe	111,000	174,428	174,428	137,428	100,428	697,712
Sierra Leone	13,364,500	12,220,500	15,110,000	5,999,500	11,554,500	58,249,000
Solomon Islands	59,428	74,285	103,999	59,428	44,571	341,711
Tajikistan, Republic of	7,830,000	5,218,000	3,913,500	1,304,500	1,304,500	19,570,500
Tanzania	10,277,889	8,288,888	0	0	0	18,566,777
Togo	3,740,000	2,310,000	880,000	0	0	6,930,000
Yemen, Republic of	14,441,500	10,962,500	17,050,000	0	4,875,000	47,329,000
Total	183,118,357	168,401,452	168,069,599	90,337,288	82,504,764	692,431,460

Source: IMF Finance Department.

1/ Given the flexibility provided in the Trust Instrument, the duration of the third tranche was two business days longer than six months to provide grants for debt service relief to two eligible members (Yemen and Malawi), whose CCRT eligible repayment obligations (totaling close to SDR 7.4 million) fall on national holidays observed on October 14 and October 15, 2021, respectively. The third tranche was approved by the Board on April 1, 2021.

2/ Subject to sufficient resources being secured.

3/ In view of the absence of a government of Afghanistan that is recognized by the international community, staff will not propose Afghanistan (AFG) for inclusion in the fourth tranche of debt service relief at this point.

4/ Eligible debt service includes estimates for the GRA charges for Ethiopia, Comoros, Kyrgyz Republic, and Lesotho. Principal repayment obligations for Comoros, Kyrgyz Republic, and Lesotho amount to SDR 623,000, SDR 8,562,800, and SDR 3,144,500, respectively. There are no principal repayment obligations on the CCRT-eligible debt for Ethiopia.

5/ For the Kyrgyz Republic and Lesotho, the amounts listed in the fourth tranche column include principal payments falling due on October 15, 2021 in the amount of SDR 951,400 and SDR 2,008,500, respectively.

Table 6. Contributions to the CCRT
(As of September 22, 2021)

Contributor	CCRT grants			Current status of contribution
	In millions of SDRs	In millions of original currency (if appl.)	In millions ¹ of US\$	
European Union ²	152.0	€ 183	215.7	Partially disbursed
UK	135.8	£150	192.7	Disbursed
Japan ³	108.6	\$150	154.2	Disbursed
Germany	66.2	€ 80	94.0	Disbursed
France	33.3	€ 40	47.3	Disbursed
Spain	20.7	€ 25	29.4	Disbursed
Netherlands	20.8	€ 25	29.5	Disbursed
Switzerland	19.5	CHF 25	27.7	Disbursed
Norway	14.5	NOK 180	20.6	Disbursed
Singapore	12.4	\$17.6	17.5	Disbursed
Greece	7.7	\$11.0	10.9	Disbursed
China	5.6		7.9	Disbursed
Mexico ⁴	2.9	\$4	4.2	Disbursed
Philippines ⁵	2.8	\$4	4.0	Partially disbursed
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
Total	609.3		864.9	
Target	SDR 1 billion		US\$1.4 billion	

Source: IMF Finance Department.

¹ SDR value of contributions (received and pending receipt) is expressed in US dollars using the spot exchange rate as of September 22, 2021.

² During the third tranche, the EU contributed SDR 141 million to the CCRT. The remaining balance, which is held in the EU Interim Subaccount, could be used for additional CCRT debt relief in the context of the fourth tranche.

³ Japan made two contributions: US\$100 million (April 2020) and US\$50 million (September 2021).

⁴ Contributed as part of the 2015-17 fundraising campaign.

⁵ On September 10, 2021, the Philippines contributed SDR 0.7 million to the CCRT as the first annual installment of its pledge.

Annex I. Kyrgyz Republic: Staff Appraisal—CCRT Request

The Kyrgyz Republic faces exceptional balance of payments needs resulting from the impact of COVID-19 and has requested support under the Catastrophe Containment window of the CCRT.

Economic impact. The COVID-19 crisis led to a sharp recession with output contracting by 8.6 percent in 2020 and by 1.7 percent in H1 2021 compared to the pre-crisis projections of about 4 percent growth annually. The decline in activity was pronounced in exports, gold mining, industry, tourism, transport, and construction. Headline inflation rose to 9.7 percent in 2020 and further to 14 percent in 2021 from 3.1 percent in 2019, primarily due to imported food price inflation and the pass-through from the exchange rate depreciation of 19 percent. The fiscal deficit widened to 3.3 percent of GDP in 2020 from close to a balance due to the sharp decline in tax revenue and higher expenditure on health and other anti-crisis measures. Public debt rose by 16.5 percent of GDP to 68 percent in 2020 reflecting lower output, a higher fiscal deficit, and currency depreciation. A surge in imports following the reopening of borders this year is expected to weaken the current account to a deficit of 7.7 percent of GDP, resulting in balance of payments financing needs even after counting the SDR allocation of about US\$242 million.

Macroeconomic policies. The authorities responded swiftly in 2020 with a range of measures to protect public health and mitigate the economic impact of the pandemic. These included emergency health spending, stepping up the food security program for the vulnerable, temporary tax deferrals and subsidized loans for small and medium enterprises. The total fiscal cost of the COVID response amounted to 7.2 percent of GDP. The central bank provided liquidity to banks and temporarily eased enforcement of prudential norms. Since 2021, however, it raised policy rates three times by cumulative 250 basis points in response to rising inflation.

Governance safeguards. A special audit report on all emergency spending is expected to be completed in September/October and will be presented to Parliament and subsequently published. The revised procurement law requires disclosure of beneficial owners in all public contracts starting from the enactment of the law in January 2021. With the support of the USAID, the authorities are developing an online database, which will be accessible to public and contain beneficial ownership information of all public procurement contracts.

IMF program status. The Kyrgyz Republic currently has no Fund-supported program. However, the country was the first IMF member to receive the Fund's COVID-related emergency financial assistance in two equal disbursements of about US\$121 million (50 percent of quota) each under the Rapid Financing Instrument (RFI) and the Rapid Credit Facility (RCF).

Staff appraisal. Staff supports the Kyrgyz Republic's request for debt relief under the CCRT. The Kyrgyz Republic meets the income threshold with GNI per capita of US\$1,160 in 2020 which is below the threshold of US\$1,205. Staff assesses that it faces an exceptional BoP need of US\$150 million stemming from the impact of COVID-19 and is pursuing appropriate macroeconomic policies to address the crisis.

Upcoming debt service. The Kyrgyz Republic has debt service of SDR 9.19 million (US\$12.1 million) falling due in the period of debt service relief from October 8, 2021 through April 13, 2022.

Table 1. Kyrgyz Republic: Selected Economic Indicators, 2018–2026

I. Social and Demographic Indicators									
Population (in millions, 2021)	6.6		GINI Index (2019)						0.36
Unemployment rate (official, in percent, 2019)	3.0		Life expectancy at birth in years (2019)						71.5
Poverty rate (in percent, national definition, 2019)	20.1		Adult literacy rate (percent of popul., 2018)						99.6
Per capita GNI (2020, U.S. dollars)	1,160		Under-five mortality (per 1000 live births, 2019)						17.5
II. Economic Indicators									
	2018	2019	2020	2021	2022	2023	2024	2025	2026
			Est.				Proj. 6/		
Real sector									
Nominal GDP (in billions of soms)	569.4	619.1	598.3	690.3	786.3	872.2	952.8	1,041.7	1,134.4
Nominal GDP (in millions of U.S. dollars)	8,271	8,872	7,747	8,150	8,928	9,614	10,196	10,823	11,443
Real GDP (growth in percent)	3.5	4.6	-8.6	2.1	5.6	4.6	4.1	4.1	3.8
Nongold real GDP (growth in percent)	3.5	4.1	-9.0	3.7	5.0	4.5	4.1	4.1	4.1
GDP per capita (in U.S. dollars)	1,322	1,389	1,189	1,225	1,314	1,387	1,441	1,498	1552.2
Consumer prices (12-month percent change, eop)	0.5	3.1	9.7	12.6	5.6	5.1	5.1	5.0	5.0
Consumer prices (12-month percent change, average)	1.5	1.1	6.3	13.0	7.8	6.1	5.0	5.0	5.0
Investment and savings (in percent of GDP)									
Investment	27.7	26.4	18.6	26.4	27.1	28.1	29.5	30.5	30.6
Public	5.9	7.2	5.3	8.8	8.8	8.0	8.2	8.2	8.2
Private	21.8	19.2	13.4	17.6	18.3	20.1	21.3	22.3	22.4
Savings	15.7	14.3	23.2	18.7	19.5	21.2	23.1	24.3	24.2
Public	3.6	4.3	0.0	0.7	0.9	1.2	1.4	1.6	1.6
Private	12.1	10.0	23.2	18.0	18.6	19.9	21.7	22.7	22.6
Savings-investment balance	-12.1	-12.1	4.5	-7.7	-7.6	-6.9	-6.4	-6.2	-6.4
General government finances (in percent of GDP) 1/									
Revenue	32.5	32.4	31.0	31.3	30.7	30.6	30.5	30.7	30.6
Of which: Tax revenue	20.2	19.6	17.5	19.2	19.9	19.9	19.9	20.2	20.1
Expense	27.9	27.4	30.1	29.1	28.7	28.3	28.1	28.0	27.9
Gross operating balance	4.6	5.1	0.9	2.2	2.0	2.3	2.4	2.7	2.7
Net acquisition of nonfinancial assets	5.2	5.2	4.1	5.9	5.7	5.4	5.5	5.5	5.5
Overall balance (net lending/borrowing) 2/	-0.6	-0.1	-3.3	-3.7	-3.8	-3.2	-3.1	-2.8	-2.8
Primary net lending/borrowing	0.4	0.7	-2.3	-2.8	-2.8	-2.2	-2.0	-1.7	-1.6
Total state government debt 3/	54.8	51.6	68.0	67.6	63.1	61.3	61.2	61.5	61.7
Of which domestic debt	7.8	8.3	9.8	11.6	11.7	13.2	15.5	17.9	20.0
Monetary sector									
Reserve money (percent change, eop)	6.3	11.0	24.8	9.1	13.5	9.9	8.5	8.9	8.6
Broad money (percent change, eop)	5.5	12.8	23.9	9.7	14.1	11.0	9.6	9.4	9.1
Credit to private sector (percent change, eop)	18.2	14.9	12.6	9.6	14.1	10.8	9.2	9.3	8.8
Credit to private sector (in percent of GDP)	22.9	24.2	28.2	26.8	26.9	26.8	26.8	26.8	26.8
Velocity of broad money 4/	2.8	2.7	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Policy Rate	4.8	4.3	...	...	...	...	...	...	...
External sector									
Current account balance (in percent of GDP)	-12.1	-12.1	4.5	-7.7	-7.6	-6.9	-6.4	-6.2	-6.4
Export of goods and services (in millions of U.S. dollars)	2,746	3,126	2,432	2,571	3,165	3,410	3,653	3,941	4,103
Export growth (percent change)	4.1	13.8	-22.2	5.7	23.1	7.8	7.1	7.9	4.1
Import of goods and services (in millions of U.S. dollars)	5,913	5,690	4,000	5,561	6,252	6,534	6,821	7,189	7,527
Import growth (percent change)	15.6	-3.8	-29.7	39.0	12.4	4.5	4.4	5.4	4.7
Gross International reserves (in millions of U.S. dollars) 5/	1,919	2,176	2,628	2,475	2,267	2,086	1,913	1,763	1,569
Gross reserves (months of next year imports, eop)	4.0	6.5	5.7	4.8	4.2	3.7	3.2	2.8	2.4
External public debt outstanding (in percent of GDP)	47.0	43.3	58.3	56.0	51.4	48.2	45.7	43.5	41.6
External public debt service-to-export ratio (in percent)	6.5	6.6	9.7	8.2	8.0	9.4	9.6	9.5	8.3
Memorandum items:									
Exchange rate (soms per U.S. dollar, average)	68.8	69.8	77.4	...	...	...	...	...	...
Real effective exchange rate (2010=100) (average)	100.8	101.0	90.4	...	...	...	...	...	...
UN Human Development Index	0.696	0.697	...	...	...	...	...	...	...
Social and health expenditure (in percent of GDP)	9.6	9.5	10.4	...	...	...	...	...	...

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ General government comprises the State government, the Social Fund, and the Mandatory Health Insurance Fund (MHIF).

The State government comprises central and local governments.

2/ Includes loans on-lent by the State government to state-owned enterprises in the energy sector.

3/ Calculated at end-period exchange rates.

4/ Twelve-month GDP over end-period broad money.

5/ Gross international reserves exclude reserve assets in non-convertible currencies.

6/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Table 2. Kyrgyz Republic: Balance of Payments, 2018–2026
(Millions of U.S. dollars)

	2018	2019	2020	2021	2022	2023	2024	2025	2026
			Est.			Proj. 5/			
Current account balance	-997	-1,073	349	-627	-678	-666	-654	-667	-729
Excluding transfers	-3,418	-3,344	-1,897	-3,280	-3,409	-3,474	-3,543	-3,648	-3,811
Trade balance	-3,034	-2,626	-1,413	-2,709	-2,857	-2,938	-3,015	-3,133	-3,338
Exports, fob	1,916	2,043	2,010	2,028	2,362	2,530	2,710	2,927	3,029
CIS countries	938	916	791	1,050	1,184	1,260	1,361	1,487	1,613
Of which: Energy products	160	127	93	283	269	249	263	279	295
Of which: Re-exports of consumer goods	52	49	37	41	49	54	58	64	70
Non-CIS countries	978	1,127	1,219	978	1,177	1,270	1,350	1,440	1,416
Of which: Gold	664	833	987	727	878	940	989	1,040	977
Imports, fob	4,950	4,669	3,422	4,737	5,218	5,468	5,725	6,060	6,367
CIS countries	2,223	2,215	1,975	2,630	2,883	3,005	3,156	3,317	3,461
Of which: Energy (including for re-exports)	810	627	491	886	926	927	944	957	964
Non-CIS countries	2,727	2,454	1,447	2,107	2,335	2,463	2,569	2,744	2,906
Of which: Goods for re-exports	42	39	30	33	39	43	47	52	56
Services	-133	62	-154	-281	-231	-186	-153	-115	-86
Receipts	830	1,083	423	543	803	880	943	1,014	1,074
Payments	-963	-1,021	-577	-824	-1,034	-1,066	-1,095	-1,129	-1,160
Income	-251	-779	-330	-290	-322	-350	-376	-400	-387
Interest payments	-77	-82	-102	-50	-59	-67	-76	-82	-88
Other net income	-174	-698	-228	-240	-263	-283	-300	-318	-299
Current Transfers (net)	2,421	2,270	2,246	2,653	2,731	2,808	2,889	2,982	3,081
Of which: Private	2,375	2,158	2,166	2,581	2,733	2,810	2,891	2,984	3,083
Capital Account	95	89	80	159	135	144	151	159	167
Official	102	89	80	159	135	144	151	159	167
Private	-7	0	0	0	0	0	0	0	0
Financial account	178	466	-353	331	358	421	437	416	395
Commercial banks	44	-1	-179	0	0	0	0	0	0
Medium- and long-term loans (net)	-84	135	90	40	145	158	137	97	96
Disbursement	606	766	628	575	650	666	675	784	801
Public	145	188	191	296	271	258	192	204	216
Private	461	578	437	279	379	408	483	579	586
Amortization	-690	-630	-538	-535	-504	-509	-538	-686	-705
Public	-360	-122	-154	-176	-201	-210	-206	-280	-272
Private	-331	-509	-383	-359	-303	-299	-332	-407	-433
Foreign direct investment	139	337	-512	48	213	263	300	318	299
Portfolio investment	-9	25	15	0	0	0	0	0	0
Other (including SDR allocation)	0	0	0	243	0	0	0	0	0
Net short-term flows	89	-30	233	0	0	0	0	0	0
Errors and omissions	302	566	-203	0	0	0	0	0	0
Overall balance	-422	47	-126	-138	-185	-101	-65	-92	-166
Financing	422	-47	126	138	185	101	65	92	166
Net international reserves	177	-42	114	126	183	101	65	92	166
Gross official reserves (–, increase)	188	-16	-108	153	208	181	174	149	194
IMF	-11	-26	222	-26	-25	-80	-108	-58	-28
Exceptional financing (including arrears) 1/	245	-5	12	11	2	0	0	0	0
Financing gap	0	0	0	0	0	0	0	0	0
<i>Memorandum items:</i>									
GDP (in millions of U.S. dollars)	8,271	8,872	7,747	8,150	8,928	9,614	10,196	10,823	11,443
Current account balance (percent of GDP)	-12.1	-12.1	4.5	-7.7	-7.6	-6.9	-6.4	-6.2	-6.4
Current account balance excluding official transfers (percent of GDP)	-12.6	-13.4	3.5	-8.6	-7.6	-6.9	-6.4	-6.1	-6.4
Growth of exports of GNFS (volume, percent)	-1.1	15.1	-25.1	-11.1	24.2	9.1	6.3	6.5	2.9
Growth of imports of GNFS (volume, percent)	7.9	-0.9	-24.3	14.3	12.3	5.4	4.0	4.4	3.7
Terms of trade (goods, percentage change)	-2.6	1.7	7.2	-4.5	-0.6	0.0	-0.1	-0.3	-0.4
Gold price (U.S. dollars per ounce)	1,269	1,392	1,770	1,810	1,821	1,835	1,877	1,919	1,953
Fuel Price Index (2005=100)	157.7	130.4	91.4	162.6	155.3	141.7	136.0	132.6	130.7
External Public Debt (in millions of U.S. dollars) 2/	3,830	3,851	4,217	4,452	4,519	4,562	4,590	4,641	4,692
As percent of GDP	47.0	43.3	58.3	56.0	51.4	48.2	45.7	43.5	41.6
External public debt service-to-exports ratio 2/ 3/	6.5	6.6	9.7	8.2	8.0	9.4	9.6	9.5	8.3
Gross reserves 4/	1,919	2,176	2,628	2,475	2,267	2,086	1,913	1,763	1,569
In months of subsequent year's imports	4.0	6.5	5.7	4.8	4.2	3.7	3.2	2.8	2.4

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ Russian debt write-off.

2/ Public and publicly-guaranteed debt.

3/ Net of rescheduling.

4/ Valued at end-period exchange rate. Gross international reserves exclude reserve assets in non-convertible currencies.

5/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Table 3. Kyrgyz Republic: Debt Service Due to the IMF, October 8, 2021–April 13, 2022
(As of July 21, 2021)

Loan Type	Disbursement Date	Due Date	Amount (million of SDR)	% of Quota	Cumulative % of Quota
PRGT Repayment (ECF)	4/16/2015	10/15/2021	0.95	0.54	0.54
GRA Charges		11/1/2021	0.31	0.18	0.71
PRGT Repayment (ECF)	5/9/2012	11/5/2021	0.95	0.54	1.25
PRGT Repayment (ECF)	12/11/2012	12/10/2021	0.95	0.54	1.78
PRGT Repayment (ECF)	12/12/2013	12/10/2021	0.95	0.54	2.32
PRGT Repayment (ECF)	12/14/2015	12/14/2021	0.95	0.54	2.85
PRGT Repayment (ECF)	12/19/2011	12/17/2021	0.95	0.54	3.39
PRGT Repayment (ECF)	6/21/2013	12/21/2021	0.95	0.54	3.93
PRGT Repayment (ECF)	6/28/2016	12/28/2021	0.95	0.54	4.46
PRGT Repayment (ECF)	7/7/2014	1/7/2022	0.95	0.54	5.00
GRA Charges		2/1/2022	0.31	0.18	5.17
Total			9.19	5.17	

Source: IMF staff projections.

Table 4. Kyrgyz Republic: Implementation Status of Governance/Transparency Measures Under the RCF/RFI

Commitment	Status	Challenges (if not fully implemented)
Increase procurement transparency by disclosing the beneficial owners in all public contracts	Revised procurement law enacted in January 2021	Retroactive application of the revised law to the emergency spending of 2020 might not be possible.
Ex-post audit of emergency spending in the health sector	In progress	A special audit report by the Chamber of Accounts on emergency spending, including ex-post validation of deliveries, is expected to be finalized in September/October 2021
Publication of all direct procurement documents	Partially implemented	Extended summaries of procurement contracts are published by procuring agencies on the public procurement portal, including by SOEs with more than 50 percent government ownership.
Publication of bidding documents for competitive procurement, including those of state-owned enterprises and joint stock companies with state shares of more than 50 percent and their subsidiaries	Partially implemented	All publicly available information on participating vendors/suppliers is published on the official website for public procurement. Work is underway to resolve technical issues related to information exchange on beneficial ownership between ministries and departments, after which beneficial owners' information will be disclosed in the vendors' database, to be introduced in January 2022

Source: Kyrgyz authorities.

Annex II. Kyrgyz Republic: Letter of Intent—CCRT Request

Bishkek, Kyrgyz Republic
September 13, 2021

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Ms. Georgieva:

The COVID-19 pandemic is having severe effects on health and on economic activity across the globe.

We in the Kyrgyz Republic are experiencing an exceptional balance of payments need arising from the pandemic and our response to it, as detailed below. More generally, we are suffering severe shocks in the area of public health and on economic activity:

- The epidemiological situation in the Kyrgyz Republic worsened considerably from mid-March 2021 with new COVID cases rising from under 100 per day to nearly 2000 per day by end-June. The spread of the virus has declined since then, but the risk of resurgence remains significant due to still low vaccination rates. Because of supply constraints and lack of financing only about 10 percent of the adult population has been fully vaccinated. Containing the mortality rate will require better access to vaccines and improving the quality of our health services.
- We currently anticipate that: i) real output growth in 2021 will be 2.1 percent, compared with pre-crisis projections of 4 percent; ii) the impact on the budget of rising health and related outlays is estimated at about 1 percent of GDP; and iii) the emerging balance of payments need resulting from the crisis is projected to be about US\$150 million (1.8 percent of GDP and 5.5 percent of our end-2020 official external reserves). The BoP need takes into account the new SDR allocation, which helped to strengthen our international reserves. We are also exploring options how to channel these exceptional resources to finance crisis-related spending in 2021 and 2022, including procurement of vaccines.

Our response to the crisis has several dimensions:

- We plan to increase health spending by 5.5 billion soms (0.8 percent of GDP) in 2021 to i) procure medical equipment and vaccines, ii) strengthen medical infrastructure and iii) train medical personnel. We also plan to increase compensation for infected and deceased medical workers and general compensation for working in red zones. To support these efforts, the World Bank approved US\$20 million, and we expect another US\$25 million from the Asian Development Bank to finance vaccines.

- We are seeking to create budgetary space for these and other outlays to support economic activity, particularly in the poorer areas of the country, by suspending or sharply curtailing outlays not seen as essential to tackling the immediate crisis (including non-health capital expenditure), but still expect an increase in the primary budget deficit by 0.5 percent of GDP. We hope that additional donor support will help meet part of this fiscal financing need, with the remaining financing expected to come from domestic sources.
- We already raised policy rates by 250 basis points in 2021 to contain rising inflation and are prepared to tighten monetary policy further if second-round inflation pressures emerge. At the same time, we will provide liquidity support selectively to banks if they experience temporary liquidity difficulties. We will maintain and enhance exchange rate flexibility to support our balance of payments and help narrow the financing gap if warranted.

Against this backdrop and given the large balance of payments need created by the impact of the coronavirus, we hereby request grant assistance under the Catastrophe Containment (CC) window of the Catastrophe Containment and Relief Trust (CCRT) to cover our debt service to the IMF falling due in the period from October 8, 2021 to April 13, 2022, or as much as is available from resources. This debt relief will free up budgetary resources to address public health needs and support economic activity in key sectors; it will also help contain the exceptional balance of payments need resulting from the pandemic.

We are working closely with IMF staff in seeking to maintain broad macroeconomic stability during the current global pandemic and will continue to do so in the post-pandemic recovery period. We received support from the IMF's Rapid Credit Facility and Rapid Financing Instrument in March and May 2020, in the amount of SDR 177.6 million (100 percent of quota). We are confident that strong IMF support for our country will help catalyze wider support from other development partners.

We authorize the IMF to publish this letter and all staff Board documents related to this request for debt relief from the CCRT.

Sincerely yours,

/s/

Akylbek Zhaparov
Deputy Chairman of
the Cabinet of Ministers - Minister
of Economy and Finance of
the Kyrgyz Republic

/s/

Tolkunbek Abdygulov
Chairman of the National Bank of
the Kyrgyz Republic

Annex III. Kingdom of Lesotho: Staff Appraisal—CCRT Request

Summary. The Kingdom of Lesotho faces exceptional balance of payments (BoP) needs resulting from the impact of COVID-19 and has requested support under the Catastrophe Containment window of the CCRT.

Economic impact. COVID-19 has caused widespread social and economic disruption, heavily impacting many key sectors—including construction, mining, and textiles. Remittances, labor flows, and exports collapsed, while heavy rains and border closures caused a recent surge in food price inflation. The pandemic also set back development, disrupted education, compounded pre-existing inequalities, and disproportionately impacted women and other vulnerable groups. The projected drop of Southern African Currency Union (SACU) revenues has added pressure to the external and fiscal positions and economic activity is estimated to have declined by 5.3 percent in FY20/21 before recovering to 2.8 percent in FY21/22.¹ This compares to pre-pandemic forecasts of -0.2 and 3.7 percent for FY20/21 and FY21/22, respectively. The contraction in FY20/21 compounds an already 3-year long recession, which will see the real economy shrink by 8 percent since FY17/18. Sources of growth going forward remain uncertain but require a scaling back of government to provide space for the private sector to develop and eventually drive growth. The current account deficit is expected to widen significantly to 13.3 percent in FY21/22 due to pandemic-related spending and the anticipated fall in SACU transfers. Even with the SDR66.9 million (US\$95 million) allocation, a BoP need of US\$143 million (6 percent of GDP) remains for the next three years.

Macroeconomic policies. The government temporarily loosened macroeconomic and financial policies to accommodate the impact of the pandemic. Fiscal measures, including the use of tax deferrals, addressed both social protection and economic mitigation and amounted to 3.8 percent of GDP. These included the purchase of critical goods and services, security and border management, payments to informal-sector vendors, support to SMEs (grants and rental payment support), partial credit guarantees, and subsidies for vulnerable sectors (agriculture and textiles). Monetary and financial sector measures included four policy rate reductions between March and July 2020 from 6.25 to 3.5 percent; an initial drop in the international reserve target by 20 percent in May 2020; the suspension of bank loan repayments for 6 months and insurance premium payments for 3 months; delayed implementation of Basel II.5 to maintain bank lending capacity, and a directive for banks not to pay dividends to shore up capital and liquidity. The Central Bank of Lesotho also encouraged banks to reduce fees on digital platforms. Going forward, financing difficulties mean that the government will need to contain and align expenditures with available resources and provide space for priority spending and high value capital expenditure.

Governance safeguards. Progress on governance commitments from the 2020 Rapid Credit Facility/Rapid Financing Instrument (RCF/RFI) remains mixed (see attached table). Only partial quarterly budget implementation reports on COVID-related spending were published in 2020 and a partial internal audit was completed. The Auditor General has reported that the full audit for FY20/21 can only be finalized by March 2022, though a transactions audit—an important input to the final

¹ The fiscal year in Lesotho runs from April 1 – March 31.

audit—is expected to be published by end-September 2021. The government is also working on the online publication of COVID-19 spending-related procurement contracts. Despite important progress on public procurement legislation, other key Bills (Anti-Corruption and Public Financial Management and Accountability) are still being (re)drafted before they can be submitted to Parliament.

IMF program status. Lesotho has requested a medium-term Fund-supported program. Discussions are currently underway on macroeconomic policies and structural reforms to bring the economy back on to a path of fiscal sustainability and inclusive, resilient growth. The country already received support from the IMF's RCF/RFI in July 2020, in an amount of SDR34.9 million (50 percent of quota).

Staff appraisal. Staff supports Lesotho's request for debt relief under the CCRT. Lesotho meets the income threshold with [GNI per capita](#) of US\$1,100, below the threshold of US\$1,205, and staff assesses that it faces exceptional BoP needs stemming from the impact of COVID-19 and is pursuing appropriate macroeconomic policies to address the difficulties.

Upcoming debt service. Lesotho has debt service of SDR 3.8 million falling due in the period of debt service relief from October 8, 2021, to April 13, 2022.

Table 1. Lesotho: Selected Economic Indicators, 2018/19–2026/27¹

Population (1,000; 2020 est.)	2,142									
GNI per capita (U.S. dollars; 2020 est.):	1,100									
Poverty rate at national poverty line (percent, 2017 est.):	50									
Human Development Index (HDI, 2019):	0.527									
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
	Act.	Act.	Est.			Projections ⁴				
	(12-month percent change, unless otherwise indicated)									
National account and prices										
GDP at constant prices	-1.0	-1.3	-5.3	3.2	2.1	2.6	2.8	0.4	2.9	
GDP at constant prices (exc. LHWP-2 project)	-1.0	-1.7	-5.9	1.5	1.9	2.1	1.9	4.4	3.8	
GDP at market prices (billions Maloti)	31.9	33.0	32.9	35.8	38.3	41.1	44.3	46.8	50.6	
GDP at market prices (billions US\$)	2.3	2.2	2.0	2.4	2.4	2.5	2.7	2.7	2.9	
Consumer prices (average)	4.7	4.9	5.4	6.1	5.2	5.0	4.9	4.9	4.9	
Consumer prices (eop)	5.2	4.0	5.2	5.8	4.9	4.9	4.9	4.9	4.9	
GDP deflator	5.3	4.8	5.1	5.5	4.9	4.6	4.6	5.3	4.9	
External sector										
Terms of trade (deterioration -)	-0.4	1.9	4.1	-0.9	1.3	1.1	0.9	-3.2	-3.2	
Average exchange rate										
(Local currency per U.S. dollar)	13.8	14.8	...	...	...	...	...	...	...
Nominal effective exchange rate change (- = depreciation) ²	-0.1	-5.6	...	...	...	...	...	...	...
Real effective exchange rate (- = depreciation) ²	2.1	-2.9	...	...	...	...	...	...	...
Current account balance										
(Including official transfers, percent of GDP)	-1.4	-5.8	-14.6	-14.8	-11.2	-8.9	-9.1	-2.4	-0.2	
Current account (exc. LHWP-2 project, percent of GDP)	-0.2	-2.8	-9.4	-2.7	-5.7	7.1	11.0	6.1	9.7	
Net international reserves										
(Months of imports, excluding imports for LHWP-2)	3.7	4.3	3.9	3.9	4.2	4.2	4.2	4.2	4.3	
(Percent of M1 Plus)	116	122	104	109	117	121	120	120	117	
Domestic credit to the private sector	7.7	8.0	0.6	-13.5	8.9	11.0	13.6	9.1	13.3	
	7.7	8.0	0.6	-13.5	8.9	11.0	13.6	9.1	13.3	
Reserve money	-11.5	14.2	-0.1	11.3	7.4	7.0	7.1	8.6	8.3	
Broad money	5.5	7.2	17.2	5.7	3.1	5.3	7.7	6.7	8.4	
Interest rate (percent) ³	6.8	...	...	...	...	...	...	...	...
				(in percent of GDP)						
Public debt	51.4	59.2	46.6	52.4	55.8	60.2	62.2	63.3	62.3	
External public debt	40.6	48.3	37.8	38.6	39.9	43.0	44.8	46.1	46.7	
Domestic public debt	10.8	10.9	8.7	13.8	16.0	17.2	17.4	17.3	15.6	
Central government fiscal operations										
Revenue and grants	50.5	49.8	56.9	45.6	46.8	43.9	44.2	44.6	44.2	
<i>Of which: SACU revenue</i>	17.4	18.9	27.3	16.8	17.0	14.5	14.5	15.0	15.0	
<i>Of which: grants</i>	4.3	3.8	3.2	3.9	3.4	3.2	3.3	3.1	3.0	
Recurrent expenditure	41.6	41.3	44.6	39.8	37.5	36.3	35.2	34.6	33.7	
<i>of which: wages, including social contributions</i>	18.8	17.8	18.3	17.3	16.1	15.0	14.1	13.9	13.3	
<i>of which: social & health expenditures</i>	8.6	7.7	7.5	8.1	7.9	7.7	7.4	7.2	6.9	
Capital expenditure	13.3	16.1	11.9	12.5	12.6	12.4	12.3	11.7	11.6	
Overall balance	-4.4	-7.6	0.4	-6.7	-3.3	-4.9	-3.3	-1.7	-1.1	
(Excluding grants)	-8.7	-11.4	-2.8	-10.6	-6.7	-8.0	-6.6	-4.8	-4.1	
Primary balance	-5.8	-9.0	-1.2	-8.6	-5.0	-6.7	-5.2	-3.6	-3.1	
Non SACU primary balance	-20.4	-25.0	-25.2	-21.7	-18.6	-17.6	-15.9	-14.7	-14.1	
Statistical discrepancy/Arrears	3.0	-0.8	-1.6	-2.0	0.0	0.0	0.0	0.0	0.0	

Sources: Lesotho authorities, World Bank, and IMF staff calculations.

¹ The fiscal year runs from April 1 to March 31.

² IMF Information Notice System trade-weighted; end of period.

³ 12-month time deposits rate.

⁴ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Table 2. Lesotho: Balance of Payments, 2018/19–2026/27¹

(US\$ millions, unless otherwise indicated)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Act.	Act.	Est.			Projections ²			
Current account	-33	-129	-294	-353	-271	-226	-243	-67	-6
Trade balance	-701	-720	-845	-814	-876	-691	-706	-732	-828
Exports, f.o.b.	1,126	1,097	735	1,146	1,148	1,390	1,558	1,486	1,588
Imports, f.o.b.	1,827	1,817	1,580	1,960	2,024	2,081	2,263	2,218	2,416
Services (net)	-435	-406	-366	-533	-423	-626	-739	-559	-535
Primary income (net)	534	457	262	476	476	556	633	638	654
Secondary income (net)	570	540	656	518	553	535	569	587	703
Official transfers	434	447	564	426	437	393	414	427	536
Of which: SACU revenue	403	421	549	400	412	368	385	411	432
Other transfers	136	93	91	92	116	142	155	160	168
Capital account	41	113	123	319	161	491	644	212	112
Financial account	-39	79	245	-5	146	-245	-380	-109	-77
Foreign direct investment	37	36	11	24	24	25	26	27	28
Portfolio investment	-2	-2	-2	-2	-2	-2	-2	-2	-3
Other investment	-75	45	236	-28	124	-267	-403	-133	-103
Of which:									
Public sector (net)	21	4	31	87	45	93	68	71	88
Disbursements	56	52	81	137	95	141	113	118	136
Central government	56	52	81	76	53	109	113	118	136
Other public sector	0	0	0	61	41	32	0	0	0
Amortization	-35	-48	-50	-50	-49	-47	-46	-46	-47
Errors and omissions	122	0	0	0	0	0	0	0	0
Overall balance	92	63	74	-39	36	21	21	36	29
Financing	-92	-63	-74	-77	-66	-51	-36	-36	-29
Net official reserve movements (- increase)	-92	-63	-74	-77	-66	-51	-36	-36	-29
SDR allocation (- increase)	0	0	0	-48	0	0	0	0	0
Other reserves (- increase)	-92	-63	-74	-29	-66	-51	-36	-36	-29
Financing gap	0	0	0	116	30	30	15	0	0
SDR budget support	0	0	0	48	0	0	0	0	0
Prospective grant for debt relief under CCRT	0	0	0	5	0	0	0	0	0
Residual financing				63	30	30	15	0	0
Memorandum items:									
Nominal GDP (millions of Maloti)	31,914	33,013	32,860	35,795	38,332	41,135	44,260	46,816	50,565
Nominal GDP (millions of US\$)	2,320	2,233	...	...	...	...	...	...	...
Gross international reserves									
(US\$ millions)	735	642	809	885	951	1,002	1,038	1,074	1,103
(Months of imports)	3.83	4.32	3.83	4.02	3.90	3.72	4.16	4.06	4.56
(Months of imports, excluding imports for LHWP-2)	3.95	4.57	4.32	4.25	4.57	4.51	4.54	4.49	4.56
NIR (US\$ million) at program exchange rate			745	748	841	931	1,017	1,109	1,204
National currency per US\$	13.8	14.8	...	...	...	...	...	...	...
				(In percent of GDP)					
Current account	-1.4	-5.8	-14.6	-14.8	-11.2	-8.9	-9.1	-2.4	-0.2
Current account (exc. LHWP-2 project)	-0.2	-2.8	-9.4	-2.7	-5.7	7.1	11.0	6.1	9.7
Trade Balance	-30.2	-32.3	-42.1	-34.1	-36.2	-27.3	-26.6	-26.7	-28.8
Current and capital account	0.4	-0.7	-8.5	-1.4	-4.6	10.5	15.1	5.3	3.7
Official transfers	18.7	20.0	28.1	17.9	18.1	15.5	15.6	15.6	18.6
				(12-month percent change)					
Exports of goods and services									
Percent change (Maloti terms)	5.8	4.7	-27.6	43.4	8.2	23.5	14.8	-1.9	9.6
Percent change (US\$ terms)	-0.1	-2.6	-34.6	56.6	2.3	20.6	11.8	-4.4	6.8
Imports of goods and services									
Percent change (Maloti terms)	0.5	5.6	-4.3	17.7	4.8	13.2	13.8	-4.9	9.1
Percent change (US\$ terms)	-5.0	-1.7	-13.5	28.4	-0.9	10.5	10.8	-7.4	6.3
Imports of goods and services (excl. LHWP)									
Percent change (Maloti terms)	0.0	3.8	-6.7	10.1	12.0	2.0	10.0	5.8	7.6
Percent change (US\$ terms)	-5.3	-3.7	-15.3	19.5	6.0	-0.4	7.1	3.1	4.9

Sources: Lesotho authorities and IMF staff calculations.

¹ The fiscal year runs from April 1 to March 31.² CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Table 3. Lesotho: Debt Service due to the IMF Over the Period From October 8, 2021 Through April 13, 2022
As of July 31, 2021 (in SDR)

Concept	Original Disbursement Date	Due Date	Total Amount	Eligible for CCR Debt Relief	Debt Relief as % of Quota	Debt Relief as Cum. % of Quota
PRGT Repayment (ECF)	17-Apr-12	15-Oct-21	2,008,500	2,008,500	2.9	2.9
GRA Charges		01-Nov-21	61,506	61,506	0.1	3.0
PRGT Repayment (ECF)	17-May-13	17-Nov-21	568,000	568,000	0.8	3.8
PRGT Repayment (ECF)	06-Dec-12	06-Dec-21	568,000	568,000	0.8	4.6
GRA Charges		01-Feb-22	61,506	61,506	0.1	4.7
PRGT Repayment (ECF)	17-Sep-13	17-Mar-22	568,000	568,000	0.8	5.5
Total			3,835,512	3,835,512		
Memo:						
Quota (in SDR)	69,800,000					

Source: IMF staff calculations.

Table 4. Lesotho: Implementation Status of Governance/Transparency Measures Under the RCF/RFI

Commitment	Status	Challenges (if not fully implemented)
Publish quarterly reports on budget implementation, including specific budget lines accounting of expenditures for COVID-19 mitigation measures.	Partially complete	Due to capacity constraints, only some reports for 2020 have been published so far. For example, the Mitigation Report shows expenditure related to COVID-19 and budget implementation. http://www.finance.gov.ls/official_documents.php?id=budget_documents&div=budget_implementation ; Spending on (i) social protection measures and (ii) COVID-related spending by quarter can also be found here: http://www.finance.gov.ls/documents/Budget%20Implementation/Budget%20COVID%20mitigation%20Measures.pdf
Quarterly internal audits focusing on the COVID-19 related expenditure.	Partially complete	The Ministry of Finance is close to completing an internal audit of the first tranche of COVID-related spending approved at the start of the pandemic. An internal audit of the remainder is expected end-September 2021.
Full audit by the Auditor General of the revised FY2020/21 budget, including a targeted audit of COVID-19 related expenditure, with the results to be published and disseminated within 5 months after the end of the fiscal year.	Incomplete	COVID-19 related expenditure is expected to form part of the consolidated financial statements of government of Lesotho, which are only submitted for audit five months after close of the financial year (by end-August). After this, the statutory period for audit is 90 days.
Publish on the government's website signed procurement contracts for crisis-mitigation spending, the names of the companies awarded these contracts and their beneficial owners, and ex-post validation of delivery.	Partially complete	Some Ministries have provided contracts for publishing. The Public Procurement Act will further empower the Ministry of Finance to obtain full coverage.
Submit the Anti-corruption Bill (the draft bill is complete) to Parliament.	Incomplete	This Bill is currently under review with the Attorney General.
Submit the PFM Bill (at advanced stage) to Parliament	Incomplete	This Bill is awaiting final review and submission to Cabinet.
Submit the Procurement Bill to Parliament.	Complete	The Public Procurement Bill was read for the first time by the Parliament on April 6, 2021. The Bill has to be twice before royal assent to become an Act.

Source: Lesotho authorities.

Annex IV. Kingdom of Lesotho: Letter of Intent—CCRT Request

Ministry of Finance
P.O. Box 395
Maseru 100, Lesotho
September 17, 2021

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Ms. Georgieva,

The COVID-19 pandemic is having severe effects on both the health situation and prospects of the general public and on the level of economic activity across the globe.

We in Lesotho are experiencing an exceptional balance of payments need arising from the pandemic and our response to it, as detailed below. More generally, we are suffering severe shocks in the area of public health and on economic activity:

- Since June 2021, the country has been subject to a third wave of the pandemic with confirmed cases of the delta variant. As of September 9, 2021, there have been 15,145 confirmed cases and 532 recorded deaths, and underreporting is believed to be significant. Despite our efforts, the vaccination program is still in its early stages with 216,370 doses administered as of August 28, 2021 (just over 10 percent of the population).
- We currently anticipate that: i) real output will grow by 2.8 percentage points in FY21/22, compared with pre-crisis projections of 3.7 percent growth; ii) the impact on the budget of rising health support, economic lifelines, and an urgent need for macroeconomic adjustment will precipitate an emerging balance of payments (BoP) need to the order of US\$143 million (6 percent of GDP and 17.6 percent of our projected end-2021 official external reserves). The BoP need estimate already takes into account the recently approved SDR allocation, which we intend to use to boost international reserves and provide short-term budget support, as needed.

Our response to the crisis has had several dimensions:

- We implemented nonpharmaceutical containment measures early on, including social distancing, travel restrictions, border closures, school closures, and suspension of business activity. The first lockdown was lifted on May 19, 2020, but by end-December 2020, the country experienced a significant surge in cases and a second lockdown went into effect for two weeks from January 15 to February 3, 2021. Curfews have remained in place, and during the current third wave, the national COVID alert level was raised back to its third highest level on July 22, 2021. We also

reinstated restrictions on activities and international travel. We spent around LSL1.2 billion (3.8 percent of GDP) on economic and social mitigation measures to cushion the impact of the pandemic on households and businesses. These measures included the expansion of existing social transfers to the most vulnerable parts of the population (for example, through the child grants and public assistance programs); the provision of food parcels and stamps; salary subsidies for textile industry workers; and sector-specific grants to SMEs.

- We switched to the use of cash warrants to contain public spending and preserve vital room for COVID-related expenditures. Tax payments were also deferred. We implemented several monetary and financial measures. Our monetary policy rate was reduced from 6.25 to 3.5 percent (275bp) between March and July 2020 and has been kept at this level since then. Insurance companies' premium payments were suspended for 3 months, banks were instructed not to pay dividends to shore up capital and liquidity, and we paused Basel II.5 implementation temporarily to help banks maintain their lending capacity. We remain committed to the exchange rate peg and to this end, the Central Bank of Lesotho has continued to set reserve targets appropriately. As such, we increased the target floor for net international reserves by US\$150 million to US\$780 million on July 27, 2021.

Against this backdrop and given the extraordinary BoP need created by the impact of the coronavirus, we hereby request grant assistance under the Catastrophe Containment (CC) window of the Catastrophe Containment and Relief Trust (CCRT) to cover our debt service to the IMF falling due in the period from October 8, 2021 to April 13, 2022, or as much as is available from resources. This debt relief will free up budgetary resources to address public health needs and support economic activity in key sectors; it will also help contain the BoP need resulting from the pandemic.

We received support from the IMF's Rapid Credit Facility/Rapid Financing Instrument in July 2020, amounting to SDR 34.9 million (50 percent of quota). We also reaffirm our commitment to the governance commitments on the publication of key audits and COVID-related procurement made under this arrangement and continue to work to enhance governance and transparency. We are also working closely with IMF staff to put together a new medium-term Fund-supported program that will help tackle our protracted BoP problem caused by secular economic decline, a lack of competitiveness, volatile SACU revenues, and an oversized public sector with a large wage bill. These factors are constraining our ability to combat the pandemic, limit economic scarring, reduce vulnerability to climate shocks, address underlying inequalities, and protect the exchange rate peg. We are confident that strong IMF support for our country will reinforce our efforts to tackle the pandemic, advance reform momentum in line with our development priorities, and catalyze wider support from development partners and private investment.

We authorize the IMF to publish this letter and all staff Board documents related to this request for debt relief from the CCRT.

Sincerely yours,

/s/

Hon. Thabo Sophonea (MP)

Minister of Finance

Annex V. Benin: Update for CCRT Debt Relief

Recent economic developments. The COVID-19 pandemic, coupled with subdued land trade with Nigeria¹, continues to adversely impact the Beninese economy. Growth is projected at around 5.5 percent in 2021 (compared to 3.8 percent in 2020), still short of the pre-COVID forecast of 6.7 percent. This rebound is expected to be driven by a recovery in trade, and transport sectors, in addition to robust agricultural exports and public investment. Recent spikes in food prices (which have increased by nearly 14 percent since the beginning of the year) could jeopardize the recent slight declines in still high poverty rate²— from 45.6 percent in 2019 to 45.1 percent in 2021.³ Public finances continue to be under pressure from COVID-19-related spending needs and a weakened revenue base. The overall fiscal deficit is projected at 4.5 percent of GDP in 2021 (compared to 4.7 percent of GDP in 2020), due to the steady implementation of public investments, and is expected to gradually converge towards the WAEMU's 3 percent of GDP criterion by 2023. The Eurobond issuances in January (EUR 1 billion, 7 percent of GDP) and July 2021 (EUR 500 million, 3.3 percent of GDP) will amply ensure the financing of the fiscal deficit as well as the

Benin: COVID-19 Related Fiscal Measures (Percent of GDP, unless otherwise indicated)									
	2019	2020			Change	2021		Change	2022
		Pre-COVID proj ¹	Actual			Pre-COVID proj ¹	Current proj.		
Total revenue	12.9	13.5	12.7	-0.8	13.5	12.9	-0.6	13.5	
Grants	1.2	1.0	1.7	0.7	1.0	1.1	0.2	0.9	
Priority spending	4.3	4.9	5.3	0.5	4.9	5.4	0.6	5.7	
Health	0.6	0.8	1.4	0.7	0.8	1.0	0.2	1.0	
Education	2.6	3.0	2.7	-0.3	3.0	3.2	0.2	3.4	
Social protection/assistance	1.1	1.1	1.2	0.1	1.1	1.2	0.1	1.3	
Other COVID-19 spending			1.0	1.0		0.6	0.6	0.5	
COVID-19 prevention/management			0.7	0.7		0.2	0.2	0.2	
Support for households			0.1	0.1		0.3	0.3	0.3	
Support of business			0.3	0.3		0.0	0.0	0.0	
Memorandum									
Other COVID-19 related measures			1.6	1.6					
Of which : Credit lines and refinancing			0.7	0.7					
Of which : Government guarantees			0.9	0.9					
Total public spending and net lending	14.6	16.3	19.1	2.8	16.2	18.2	2.0	18.0	
Fiscal overall balance (commitment basis, incl. grants)	-0.5	-1.8	-4.7	-2.9	-1.7	-4.1	-2.4	-3.6	

Sources: Beninese authorities; and IMF staff estimates and projections.
¹ IMF Country Staff Report No 19/398 (5th review, December 2019).

Source: Beninese authorities; and IMF staff estimates and projections

accumulation of government deposits. The current account deficit is projected to widen in the medium term owing to an increase in imports and a decrease in budgetary grants. Total public debt is projected to increase to around 52 percent of GDP at end-2021 (from 46.1 percent of GDP at end-2020).

Public health and macroeconomic policies. A third wave of the pandemic hit Benin in late July 2021, with the number of new daily confirmed cases reaching a weekly record of 2,309 cases by end-August 2021. While a nation-wide vaccination campaign was launched in end-March 2021, the vaccine rollout has been slow⁴—less than 1 percent of total population received at least one vaccine dose as of August 31, 2021—indicating deployment challenges and vaccination hesitancy. To contain

¹ In August 2019, Nigeria closed its land borders, negatively impacting Benin's informal trade and revenue collection. In December 2020, the Nigerian authorities announced the immediate reopening of its land borders with Benin. Nevertheless, cross-border land traffic remains limited.

² International poverty rate at US\$1.9 in 2011 PPP. Source: World Bank.

³ Nearly 40 percent of Benin's total population is suffering from or at risk of insufficient food consumption at end-August 2021 according to the World Food Programme HungerMap.

⁴ Benin received 610,000 vaccine doses as of end-July 2021, including from the COVAX initiative.

the current wave and entice more vaccination, the authorities have recently suspended large events, increased the mobile vaccination teams, and diversified vaccine offerings. Some public entities have also made vaccination mandatory for their employees. The authorities are maintaining a robust COVID-19 response in 2021, while spending on education, health and social protection is expected to increase to 5.6 percent of GDP in 2021 (or US\$1 billion) compared to 5.5 percent in 2020 (US\$0.8 billion) and 4.3 percent in 2019 (US\$0.6 billion). Benin has benefited from the 1st, 2nd, and 3rd tranche of the CCRT covering the period between April 14, 2020 and October 13, 2021 for an amount of SDR 19.11 million (CFAF 15 billion), representing about 4.6 percent of its COVID-19 response plan.

Governance safeguards. In their latest Letter of Intent⁵, the authorities reiterated their commitments to ensure transparency and accountability in the management of COVID-19-related expenditures. Since December 2020, they have been publishing, monthly, procurement documents online and key information related to contracts above CFAF 10 million implemented under the COVID-19 response plan; the names of the beneficial owners of the awarded companies; and the ex-post validation of delivery. A new legal framework for the transformation of the Audit Chamber into a supreme audit institution has been enacted to comply with WAEMU directives. This has delayed the publication of the independent audit of the use and effectiveness of the committed Covid-related funds.⁶ Following the recommendations of an IMF fiscal transparency mission in July 2021, the authorities have committed to further improving the public financial management system and enhancing fiscal transparency.

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 by 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 expressed interest in a new Fund-supported program, whose focus and timeline will be discussed at the time of the forthcoming Article IV mission.

Upcoming debt service. Benin has debt service of SDR 2.122 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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,

⁵ December 2020 Letter of Intent accompanying the emergency support request under the RCF/RFI (Country Report No. [2021/014](#)).

⁶ While the publication of the independent audit was initially planned for end-June 2021, a new publication date is yet to be determined by the authorities.

and the emergency financing under the RCF/RFI are being used to help provide emergency health, social and economic support to the economy, and to speed up the economic recovery.

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

	2019	2020		2021		2022	2023	2024	2025	2026
	Actual	Pre-Covid 19	Est.	Pre-Covid 19	Proj.			Projections ⁶		
National income and prices										
Real GDP	6.9	6.7	3.8	6.7	5.5	6.5	6.5	6.5	6.5	6.5
Nominal GDP	6.5	8.0	6.8	9.2	9.8	8.5	8.1	8.4	8.5	8.4
GDP deflator	-0.3	1.2	2.9	2.1	3.9	1.8	1.4	1.7	1.8	1.8
Consumer price index (average)	-0.9	1.0	3.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0
Consumer price index (end of period)	0.3	1.9	1.2	2.0	3.0	2.0	2.0	2.0	2.0	2.0
External sector										
Terms of trade (minus = deterioration)	5.1	0.0	-5.6	0.0	1.0	0.1	-1.5	-0.4	0.0	-0.2
Real effective exchange rate (minus = deterioration)	-3.1	...	3.7	...	...	...	...	...	...	...
Money and credit										
Credit to the private sector	11.9	10.1	-5.7	11.0	18.9	11.2	...	...	...	...
Broad money (M2)	6.0	8.0	17.3	...	9.8	8.5	...	...	...	...
Central government finance										
Total revenue	12.9	13.5	12.7	13.5	12.6	13.1	13.7	13.9	14.1	14.3
<i>of which: Tax revenue</i>	10.6	11.4	10.5	11.4	10.6	11.1	11.7	11.9	12.1	12.3
Grants	1.2	1.0	1.7	0.8	1.1	1.0	1.0	1.0	0.8	0.8
Total expenditure and net lending	14.6	16.3	19.1	16.2	18.2	18.0	17.7	17.4	17.4	17.1
Overall balance (commitment basis, including grants)	-0.5	-1.8	-4.7	-1.7	-4.5	-3.9	-3.0	-2.5	-2.5	-2.0
Overall balance (cash basis, including grants)	-0.6	-2.0	-4.2	-2.8	-4.7	-4.0	-3.1	-2.6	-2.6	-2.1
Domestic financing, net	-3.6	0.8	1.7	0.8	-0.7	1.4	0.7	1.8	1.8	1.7
External financing, net	4.2	1.1	2.4	2.1	5.3	2.7	2.4	0.8	0.8	0.4
External sector										
Balance of goods and services ¹	-5.0	-6.8	-4.8	-5.9	-4.7	-4.7	-4.8	-4.9	-5.0	-5.1
Exports of goods and services ¹	24.9	14.7	16.9	15.5	20.5	20.6	20.9	21.0	21.1	21.3
Imports of goods and services ¹	-29.9	-20.0	-21.7	-19.9	-25.2	-25.3	-25.7	-25.9	-26.1	-26.4
Current account balance, including official transfers ¹	-4.0	-4.7	-3.9	-4.5	-4.0	-4.3	-4.4	-4.5	-4.6	-4.8
Overall balance of payments ^{1,2}	0.5	3.1	3.4	3.2	7.2	-0.4	-0.6	-0.8	-1.0	-1.4
Public debt (end period)³										
Total public debt	41.2	40.1	46.1	37.4	52.3	48.9	46.3	44.8	43.4	41.7
External public debt	24.0	23.3	26.0	22.9	34.9	34.3	33.8	31.6	29.6	27.6
Domestic public debt	17.3	16.7	20.2	14.6	17.4	14.6	12.5	13.2	13.8	14.1
Memorandum items										
Nominal GDP (CFAF billions)	8,432	9,036	9,009	9865.4	9,889	10,731	11,598	12,569	13,633	14,783
Nominal GDP (US\$ billions)	14.4	15.4	15.7	17.0	18.1	...	...	...	...	...
Nominal GDP per capita (US\$)	1,218.3	1,271.0	1,290.5	1,362.5	1,446.8	...	...	...	...	...
US\$ exchange rate (average)	585.9	585.4	574.8	579.8	547.4	...	...	...	...	...
International price of cotton (Cotlook "A" Index, U.S. cents a)	77.9	73.3	71.9	77.8	94.3	94.7	87.2	84.8	84.8	84.8
International price of oil (U.S. dollars a barrel)	61.4	55.5	41.3	54.1	66.2	64.7	61.0	58.3	56.5	55.3
UN Human Development Index	0.545	...	...	...	...	...	...	...	...	...
Social & health expenditures (percent of GDP)	1.7	1.9	2.6	1.9	2.2	...	...	...	...	...
WAEMU gross official reserves ⁴	...	...	...	...	...	...	...	...	...	...
In months of imports of goods and services ⁵	5.9	4.3	5.5	4.4	5.0	4.6	4.5	4.3	3.9	...
In millions of US dollars	17,547	17,361	19,275	19,068	19,497	19,801	21,135	22,276	22,555	...

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

¹ Includes re-exports and imports for re-export.

² In 2021, the increase in the overall balance of payments reflects the issuance of January and July 2021 Eurobonds.

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).

⁴ 2021 Regional Consultations, Country Report (No. 21/49). Pre-Covid19 figures refer to 2019 Regional Consultations, Country Report (No. 19/90).

⁵ Excluding intraregional trade.

⁶ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex VI. Burkina Faso: Update for CCRT Debt Relief

Recent economic developments. New COVID-19 cases remain low, while the security situation is still concerning, with an uptick of attacks in recent months. COVID-19 vaccination started in June 2021, and the authorities have requested donors' support to bridge the financing gap for vaccinating the population (60 percent of the targeted population by 2022). As of end-August 2021, Burkina Faso had secured about 8.53 million of courses of vaccine supply that are expected to cover for about 41 percent of the population ([COVID-19 vaccine tracker](#)). Economic activities continued to recover since the third quarter of 2020. Consequently, real GDP growth is now estimated at 1.9 percent in 2020 (compared to 2 percent contraction projected earlier and the 5.5 percent pre-COVID-19 projection), and is expected to rebound to about 6.7 percent in 2021 (compared to 5.7 percent pre-COVID-19 projection). Higher prices of imported goods and upward adjustment of fuel pump prices have pushed inflation up to 3 percent at end-May 2021, but inflation is projected to decline to 2.7 percent by year-end. On the fiscal front, the overall deficit widened to 5.7 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 the GDP decline and additional borrowing to finance the COVID-19 response.

	FY2020			FY2021		
	Pre-Covid proj.	Prel	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	7.7	8.7	1.0	7.7	8.3	0.6
<i>of which</i>						
Health	2.4	3.1	0.7	2.5	2.7	0.2
Education	5.2	5.4	0.2	5.0	5.4	0.4
Social	0.1	0.2	0.1	0.2	0.2	0.0
Other Covid-related spending	-	2.4	2.4	-	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
<i>Memorandum:</i>						
Revenue (percent of GDP)	18.0	16.6	-1.4	18.0	15.4	-2.6
Priority expenditures (% of public spending)	31.1	34.0	2.9	32.8	34.4	1.6
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
¹Most recent projection before March 1, 2020.

Source: Burkina Faso authorities; and IMF staff estimates and projections

Public health and macroeconomic policy response. The higher fiscal deficit was financed through policy adjustment and substantial external resources, including debt relief under the CCRT, and program and rapid access disbursements from the Fund. Relative to pre-COVID projections, priority spending is estimated to have increased by 1.0 percent of GDP in 2020 and other COVID-19-related spending by 2.4 percent of GDP. These increases were partially accommodated by keeping the wage bill unchanged, cancelling some non-priority spending on goods and services, and reducing current transfers. The authorities also postponed important but non-urgent public investments to accommodate new COVID-19-related health investments and security spending ([Country Report No.2020/304](#)). The COVID-19-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. Priority spending is projected to increase by 0.6 percent of GDP in 2021, owing to 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, 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. An audit of COVID-19 related spending up to December 2020 was published in June 2021¹. The audit 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 addressing 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.

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 stands at SDR 256.58 million (213.11 percent of quota) as of August 31, 2021. The authorities have adopted a new national development plan for 2021-2025 to guide post-COVID-19 recovery, resilience building, development policies and reforms, and negotiations are underway for a new financial arrangement with the Fund to support these reform efforts.

Upcoming CCRT eligible debt service. Burkina Faso has debt service of SDR 10.61 million falling due during October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 three 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.

¹ The publication of beneficial ownership of COVID-19-related procurement contracts is still outstanding. Given the emergence surrounding the outbreak, most of the COVID-19 related spending were undertaken urgently through direct procurement contracts, which are not required to be automatically published under the existing legal framework. However, authorities are exploring the scope for resolving this issue.

Table 1. Burkina Faso: Selected Economic Indicators, 2018–23

	2018	2019	2020		2021		2022 2/	2023
			Pre-COVID	Post-COVID	Pre-COVID	Post-COVID		
<i>(Annual percentage change, unless otherwise indicated)</i>								
GDP and prices								
GDP at constant prices	6.8	5.7	5.5	1.9	5.7	6.7	5.6	5.3
GDP deflator	2.4	-3.0	2.0	4.6	2.2	2.4	2.3	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	6.0	13.8	16.2	...	...
Credit to the government (banking system) 1/	-0.2	2.6	7.7	1.1	6.6	10.7	...	...
Credit to the private sector	12.4	9.4	10.2	9.9	10.6	9.2	...	...
Broad money (M3)	10.4	8.8	15.4	18.0	15.7	20.3	...	...
Private sector credit/GDP	26.6	28.9	28.1	29.3	28.7	29.3	...	...
External sector								
Exports (f.o.b.; valued in CFA francs)	10.1	4.8	10.5	15.4	3.2	8.0	5.7	3.4
Imports (f.o.b.; valued in CFA francs)	7.7	2.5	4.1	-0.7	5.4	25.2	12.0	4.3
Current account (percent of GDP)	-4.1	-3.3	-3.4	-0.1	-3.7	-2.5	-4.1	-4.3
<i>(Percent of GDP, unless otherwise indicated)</i>								
Central government finances								
Current revenue	17.0	18.9	18.0	16.6	18.0	15.4	15.9	16.2
Total expenditure and net lending	23.6	23.6	24.7	25.4	23.5	24.2	23.3	22.3
Overall fiscal balance, incl. grants (commitments)	-4.2	-3.2	-3.5	-5.7	-3.3	-5.5	-4.8	-4.0
Total Public Debt	37.7	42.7	39.0	46.5	39.3	48.2	48.9	49.1
Of which: external debt	21.5	23.7	21.3	23.8	20.2	24.0	22.9	22.1
Memorandum items:								
Nominal GDP (CFAF billion)	8,998	9,226	10,465	9,988.4	11,310	10,910.0	11,793.2	12,707.9
Nominal GDP per capita (US\$)	821	775	836	831.0	885	926.2	988.3	1,050.0
UN Human Development Index	0.443	0.452						
Education, Health and Social spending (% GDP)		8.6	7.7	8.7	7.7	8.3	...	...

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

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

2/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex VII. Burundi: Update for CCRT Debt Relief

Recent economic developments. The number of new COVID cases is rising fast since January 2021. New cases increased from an average of 20 cases per week in 2020 to an average of 340 cases per week during January–August 2021, with more than a thousand cases per week from mid-July to end-August. The impact of the COVID-19 pandemic on economic activities is broadly in line with the assessment made during the third 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 percent in 2020. Lockdown measures in trading partner 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 and increase in exports during H2 of 2021, growth in 2021 could reach about 1.6 percent.
- The current account deficit is expected to worsen in 2021, despite the projected exports recovery, mainly because of a large increase in COVID-related imports and imports of intermediate goods. Notwithstanding the recent SDR allocation, the level of foreign exchange reserves would remain precarious (2.5 months of imports) without additional external support.
- Despite good revenue performance, the fiscal deficit reached 6.9 percent of GDP in 2020/21 (July 2020–June 2021, i.e., FY2021), well above the budget target of 2.5 percent of GDP, mainly because of COVID-related spending and the transition to the new administration. This deficit was mainly financed with higher-than-expected domestic debt issuance. COVID-related spending is expected to push the fiscal deficit in 2021/22 well above the budget target of 2.3 percent of GDP.
- The banking sector appears generally in good health. However, frequent loan restructurings, including in response to the pandemic, could mask potential vulnerabilities.

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 prices 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 reopened on November 8, 2020. Testing is mandatory for all international travelers, but quarantine requirements have been lifted for them. The authorities' ongoing pandemic response plan (estimated at US\$150 million or 4.7 percent of GDP) focuses on strengthening the health care system, social safety net, and parts of the road network to facilitate

	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. ^{1/}	Current proj.	Change
Priority expenditures	11.0	10.8	-0.2	10.1	12.3	2.3
<i>of which</i>						
Health	2.9	1.9	-0.9	1.7	3.7	2.0
Education	5.2	5.9	0.6	5.2	5.3	0.1
Social	2.9	3.0	0.1	3.2	3.3	0.1
Other Covid-related spending	0.0	5.2	5.2	0.0	7.3	7.3
Covid prevention, containment & mgmt	0.0	0.2	0.2	0.0	0.8	0.8
Transfers to HHs	0.0	0.9	0.9	0.0	0.9	0.9
Transfers to businesses, SOEs, govt entities	0.0	4.2	4.2	0.0	5.6	5.6
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	38.7	38.0		36.2	40.8	
Other Covid-related spending (percent of public spending)	0.0	18.5		0.0	24.0	
Tax relief to HHs/businesses/other revenue measures	0.0	n.a.		0.0	35.9	

^{1/} Most recent projection before March 1, 2020.

Source: Burundi authorities; and IMF staff estimates and projections

access to sick people. It also includes tax forgiveness to some private companies. The authorities are still collecting data on the implementation of their pandemic response plan, which only accelerated from the second half of 2020 (FY2021). Staff estimates that COVID-related spending amounted to about 0.8 percent of GDP in 2020/21 and could reach 3.3 percent of GDP in 2021/22 if the expected financing (including from the IMF) materializes. The plan's implementation continues however to be impeded by limited availability of financing beyond a grant from the World Bank (US\$5 million) and the first three 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 and 2021. The authorities are using domestic resources to boost priority expenditures above pre-COVID projections (Text Table).

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. The authorities are preparing reports on COVID-related spending, which will be audited by the Court of Auditors and published on the government's website within nine months of the end of FY 2021 (i.e., before end-March 2022). In July 2021, they also committed to preparing timely bi-annual reports on COVID spending that will be audited by the Court of Auditors and will be published within three months of the end of each semester. The authorities also committed to collecting information on the ultimate beneficiary ownership of companies that will be awarded COVID-related contracts moving forward.

IMF support status. The authorities have requested financial assistance to support their efforts to respond to the COVID crisis. Fund financial support in March and October 2020 and April 2021 entailed three tranches of debt relief under the CCRT (totaling SDR 14.46 million or 9.4 percent of

quota). In August 2021, Burundi received an SDR allocation amounting to SDR 147.6 million (US\$ 211 million or 6.6 percent of GDP). Burundi's international engagement has been limited and currently there is no Fund-supported program. During a recent virtual mission (June 23-July 26, 2021), the authorities and staff agreed on policies that could be supported by a disbursement of SDR 53.9 million (about US\$ 78 million) under the Rapid Credit Facility (RCF) to address the economic and social impacts of the COVID pandemic. This staff level agreement is subject to IMF management approval and Executive Board consideration. 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.

Upcoming debt service. Burundi does not have debt service falling due to the Fund during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 three 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.

Table 1. Burundi: Selected Economic Indicators, 2019–26

	2019	2020		2021		2022	2023	2024	2025	2026
	Est.	Pre-Covid	Est.	Pre-Covid	Proj.	Proj. 2/	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise indicated)									
Output, prices, and exchange rate										
Real GDP	1.8	2.1	-1.0	2.1	1.6	4.2	4.7	4.9	5.2	4.8
GDP deflator	0.8	5.7	5.8	5.3	5.9	4.7	4.5	4.4	4.3	4.5
CPI (period average)	-0.7	5.6	7.3	5.2	5.6	4.6	4.2	4.2	4.2	4.2
Terms of trade (- = deterioration)	53.3	5.9	-12.3	2.1	-9.5	3.0	1.2	0.8	0.2	-0.5
Money and credit										
Broad Money (M2)	23.4	20.9	24.8	19.8	15.8	21.3	12.0	11.6	11.8	11.2
Credit to non-government sector	14.4	7.8	18.3	7.5	21.0	21.2	13.6	12.9	13.2	13.1
M2/GDP (percent)	32.3	37.4	38.5	41.4	41.5	46.1	47.2	48.1	49.0	49.7
	(Percent of GDP, unless otherwise indicated)									
Central government budget 1/										
Revenue and grants	20.4	21.8	22.3	22.0	23.4	24.8	25.5	25.5	25.6	25.6
of which: grants	4.0	4.5	4.3	4.6	4.4	5.5	6.0	6.1	6.1	6.1
of which: revenue	16.4	17.4	18.0	17.4	18.9	19.3	19.4	19.5	19.5	19.5
Expenditure	26.5	28.3	28.4	27.9	30.2	31.5	28.7	27.6	27.5	27.4
Expense	18.0	19.1	20.4	18.8	22.3	21.5	18.6	17.6	17.6	17.5
Net acquisition of non-financial assets	8.5	9.2	7.9	9.0	8.0	10.0	10.1	10.0	9.9	9.9
Primary balance	-4.2	-5.0	-3.2	-3.1	-4.3	-4.3	-1.1	0.0	0.1	0.3
Overall balance	-6.2	-6.5	-6.1	-5.8	-6.9	-6.7	-3.2	-2.1	-1.9	-1.8
Excluding grants	-10.2	-11.0	-10.4	-10.5	-11.3	-12.2	-9.3	-8.1	-8.0	-7.8
Net acquisition of financial assets	-1.2	-0.5	1.6	0.0	-0.9	0.1	0.0	0.0	0.0	0.0
Net domestic borrowing	5.5	3.9	4.5	5.2	7.6	3.7	2.8	1.8	1.7	1.6
Net foreign borrowing	1.7	0.8	0.6	0.6	0.2	0.6	0.4	0.3	0.2	0.2
Accounts payable	-2.3	1.3	2.6	0.0	-1.8	-0.7	0.0	0.0	0.0	0.0
Unidentified financing	0.0	0.0	0.0	0.0	0.0	3.2	0.0	0.0	0.0	0.0
Public debt										
Public gross nominal debt	60.3	59.7	67.0	61.5	72.3	70.8	67.0	63.5	60.0	56.7
of which: external public debt	18.6	17.5	18.0	16.9	20.8	19.7	18.5	17.4	16.3	15.4
domestic public debt	41.7	42.2	49.0	44.5	51.5	51.0	48.5	46.1	43.6	41.4
Investment and savings										
Investment	19.3	19.3	19.8	19.4	19.8	19.8	19.8	19.8	19.8	19.8
Public	5.2	4.5	4.3	4.5	7.1	6.8	6.6	6.6	6.6	6.5
Private	14.1	14.8	15.5	14.9	12.7	13.0	13.1	13.2	13.2	13.2
Savings	7.7	2.4	9.4	2.9	2.5	-2.7	0.7	1.1	1.4	1.3
Public	-1.2	-1.6	-2.4	-1.4	0.0	2.5	4.5	4.6	4.7	4.9
Private	9.0	4.0	11.9	4.3	2.5	-5.1	-3.8	-3.6	-3.3	-3.6
External sector										
Exports (goods and services)	9.9	9.9	8.9	10.1	9.5	9.9	10.1	10.1	10.3	10.2
Export volume growth (goods, in percent)	-4.7	-0.7	-21.6	2.7	10.8	6.9	6.7	7.3	8.1	4.7
Imports (goods and services)	33.7	35.6	33.6	35.4	41.9	48.2	44.7	43.9	43.2	42.8
Import volume growth (goods, in percent)	44.5	0.5	-16.1	2.2	12.8	14.7	4.4	4.2	4.3	4.2
Trade Balance (goods and services)	-23.8	-25.7	-24.7	-25.3	-32.3	-38.3	-34.7	-33.8	-32.9	-32.6
Current account balance (incl. grants)	-11.6	-16.9	-10.4	-16.4	-17.3	-22.4	-19.1	-18.7	-18.4	-18.5
Current account balance (excl. grants)	-11.6	-16.9	-10.4	-16.4	-17.3	-22.9	-19.6	-19.2	-18.9	-19.0
Gross international reserves										
In millions of US\$	113.4	113.4	94.3	113.4	409.2	406.5	428.3	452.6	481.0	510.5
In months of next year imports	1.3	1.1	0.8	1.1	3.0	3.0	3.0	3.0	3.0	3.0
Unidentified BOP financing (US\$ millions)	0.0	0.0	0.0	0.0	108.5	42.6	28.4	27.9	29.1	29.6
Memorandum items:										
Official Current transfer	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.5	0.5
Official Capital transfer	4.5	4.5	4.5	4.5	5.7	5.4	5.6	5.6	5.6	5.6
GDP at current market prices										
In billions of Burundi Francs	5,560	6,191	5,821	6,657	6,266	6,838	7,480	8,192	8,992	9,852
In billions of US\$	3.0	3.2	3.0	3.4	3.2	3.4	3.6	3.9	4.2	4.5
Gross international reserves (w/o unidentified BOP financing)										
In millions of US\$	113.4	113.4	94.3	113.4	346.4	310.4	310.4	310.4	310.4	310.4
In months of next year imports	1.3	1.1	0.8	1.1	2.5	2.3	2.2	2.1	1.9	1.8
GDP per capita (Nominal US\$)	261.3	273.0	256.0	275.8	261.1	269.6	280.3	291.8	304.5	317.2
Population (million)	11.5	11.9	11.9	12.2	12.2	12.6	13.0	13.4	13.8	14.2
Health and social spending 1/										
Health	1.6	2.9	1.9	1.7	3.7	3.5	...	...	...	...
Social	2.5	2.9	3.0	3.2	3.3	3.3	...	...	...	...
Human Development Index Score (HDI/UNDP)	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). Includes Covid related fiscal measures starting in FY2020/21.

2/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

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

Recent Economic Developments. After seeming to be contained in the second half of 2020, the incidence of the pandemic grew rapidly during the Spring of 2021 before returning to a very low level, possibly reflecting seasonal factors and lower testing. The authorities launched their vaccination campaign in May and are finalizing their vaccination strategy, which aims at vaccinating 60 percent of the population in 2022 with the financial assistance of their development partners. Only 7 percent of adults are fully vaccinated as of August 24, 2021. Though the Covid-19 pandemic had a substantial impact on services such as commerce, transportation, tourism, and hospitality, this impact was smaller than initially envisaged, with growth estimated at 1 percent in 2020 compared to 0 percent projected shortly after the pandemic hit. However, the growth projection for 2021 has been revised significantly downward (from 3½ to - 1 percent) owing mostly to the deterioration of the security situation and the closure of the trade corridor between Bangui and Douala during the first few months of the year. A sharp decline in exports (from lower external demand and closure of the corridor), along with lower financial flows, are expected to have contributed to a significant increase in external and fiscal financing needs in 2021, which are expected to be covered by part of the general SDR allocation. Reflecting lower domestic revenue and a lower nominal GDP, the domestic primary fiscal deficit is expected to exceed 5.5 percent in 2021, compared with 4 percent projected at the end of 2020. Consequently, public debt is projected to increase from 44.1 percent of GDP at end-2020 to 46.5 percent of GDP at end-2021. The Covid-19 pandemic and the security crisis have exacerbated the humanitarian situation, with the World Bank estimating that 70 percent of Central Africans live below the international poverty line, while the numbers of refugees and internally displaced persons have both increased to close to 700,000 at end-July.

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 2.8 percent of GDP, compared to 2.0 percent of GDP before the pandemic. Other Covid-related spending excluding health expenditure amounted to 1.1 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 continue the implementation of the health response plan in 2021, with priority expenditures amounting to 2.5 percent of GDP, of which 1.3 percent of GDP will be spent on health. Other Covid-related expenditures represent 0.7 percent of GDP in the 2021 revised budget law.

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 ECF arrangement and the discussions around a possible SMP, 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,

	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	2.04	2.83	0.79	1.97	2.46	0.49
<i>of which</i>						
Health	0.69	1.36	0.66	0.67	1.26	0.59
Education	0.79	0.84	0.05	0.76	0.63	-0.13
Social	0.12	0.16	0.04	0.12	0.15	0.03
Other Covid-related expenditures		1.09			0.67	
Covid prevention, containment and mgmt		0.87			0.67	
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						
Nominal GDP	1,464	1,372		1,575	1,393	

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

Source: Central African Republic authorities; and IMF staff estimates and projections

2020, the authorities published ([here](#)) an initial list of nine (9) COVID-19-related procurement contracts approved between August 14, 2020, and November 17, 2020. In addition, on July 12, 2021, they also published ([here](#)) a list of nineteen (19) contracts approved in the first half of 2021. While this list includes observations on the criteria for selection of the awardees, it does not include the beneficial ownership information of firms awarded these procurement contracts. The Court of auditors conducted an independent audit of 2020 Covid-related expenditures and the report was published ([here](#)) on August 26, 2021 on the ministry of finance's website. Yet, the audit report has identified several irregularities in Covid-related expenditures such as the excessive recourse to direct procurement arrangements. Finally, the ministry of finance continued to publish quarterly expenditure execution reports ([here](#)).

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 arrangement, which enabled the disbursement of SDR 23.87 million (21.4 percent of quota). With the existing ECF-supported program off-track, discussions on a 7-month Staff Monitored Program (SMP) have advanced.

Upcoming debt service. C.A.R has debt service of SDR 1.532 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. As discussed in the public health and governance paragraphs above, 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. While the ECF-supported program went off-track in late 2020, with the government significantly overspending and delays in implementation of structural reforms, the authorities have since requested an SMP to establish a track record of policy implementation that could pave the way for a renewed IMF financial arrangement and help catalyze needed donor support. Staff also assesses that the resources freed by the first, second and third tranches of Fund debt service relief under the CCRT, and other support from the Fund, have helped the authorities 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, 2019–26

	2019		2020			2021			2022	2023	2024	2025	2026
	ECF	Est.	Pre-Covid	3-tranch	Proj.	Pre-Covid	3-tranch	Proj.			Proj. ⁵		
(Annual percentage change; unless otherwise indicated)													
National income and prices													
GDP at constant prices	4.5	3.0	5.0	0.0	1.0	5.0	3.5	-1.0	4.0	5.0	5.0	5.0	4.9
GDP per capita at constant prices	2.8	1.3	3.2	-1.8	-0.8	3.1	1.5	-3.0	2.1	2.9	3.0	3.0	2.7
GDP at current prices	7.4	5.4	7.6	1.9	2.8	7.6	6.1	1.5	6.7	7.6	7.6	7.6	7.5
GDP deflator	2.8	2.4	2.5	2.0	1.9	2.5	2.5	2.6	2.5	2.5	2.5	2.5	2.5
CPI (annual average)	3.2	2.7	2.5	2.1	2.3	2.5	1.8	3.7	2.5	2.5	2.5	2.5	2.5
CPI (end-of-period)	-0.3	-2.8	2.5	3.0	4.8	2.5	2.5	3.3	2.5	2.5	2.5	2.5	2.5
Money and credit													
Broad money	3.2	8.9	14.9	7.5	11.0	5.8	10.3	8.8	5.4	4.0	4.8	6.4	3.9
Credit to the economy	3.0	-1.0		-3.0	8.5	7.0	5.0	3.0	8.0	8.0	8.0	8.0	8.0
			5.0										
External sector													
Export volume of goods	-6.5	-6.7	14.9	-3.1	0.4	6.0	8.2	-5.4	24.1	12.6	10.0	8.9	9.0
Import volume of goods	10.4	11.3	7.8	-0.8	0.4	4.0	0.1	-7.8	22.3	-3.9	6.2	10.5	3.7
Terms of trade	12.7	14.7	3.5	-19.6	-20.8	2.2	5.3	4.4	10.3	-6.3	2.3	8.4	3.1
(Percent of GDP; unless otherwise indicated)													
Gross national savings	10.5	9.7	10.6	11.1	10.3	11.0	9.7	9.0	10.0	10.9	11.7	12.4	12.7
Of which: current official transfers	6.0	6.0	3.7	5.7	5.1	3.4	3.7	3.3	3.4	2.8	2.3	1.9	1.9
Gross domestic savings	-1.9	-3.7	0.3	-0.8	-0.9	0.9	-1.2	-1.7	-0.8	0.4	1.4	2.7	3.7
Government	-1.6	-2.5	-1.3	-4.5	-4.5	-0.9	-2.3	-3.6	-1.9	-0.9	-0.2	0.0	0.2
Private sector	-0.3	-1.2	1.6	3.8	3.6	1.7	1.1	2.0	1.0	1.3	1.7	2.7	3.5
Consumption	101.9	103.7	99.7	100.8	100.9	99.1	101.2	101.7	100.8	99.6	98.6	97.3	96.3
Government	7.3	8.0	7.5	9.0	9.6	7.5	8.0	8.7	8.2	7.7	7.7	7.7	7.8
Private sector	94.6	95.6	92.3	91.7	91.3	91.7	93.2	93.0	92.7	91.9	90.9	89.6	88.5
Gross investment	16.2	14.7	16.9	18.6	18.9	16.3	15.8	16.2	16.2	16.8	17.5	18.2	18.4
Government	7.1	5.6	7.9	11.1	11.3	7.2	7.5	7.9	7.3	7.2	7.5	7.6	7.3
Private sector	9.0	9.0	9.0	7.5	7.5	9.0	8.3	8.3	8.9	9.5	10.0	10.5	11.1
External current account balance													
with grants	-5.6	-4.9	-6.3	-7.6	-8.6	-5.3	-6.1	-7.1	-6.2	-5.9	-5.8	-5.7	-5.6
without grants	-12.9	-12.3	-11.6	-15.0	-15.4	-10.4	-11.7	-12.4	-11.6	-10.8	-10.2	-9.7	-9.7
Overall balance of payments	1.0	-1.1	1.3	-0.3	-1.3	1.5	-0.2	3.8	-0.9	0.2	2.3	2.4	1.8
Central government finance													
Total revenue (including grants)	19.4	18.3	18.6	21.8	21.8	18.4	18.0	16.9	18.1	17.9	18.0	17.7	17.6
of which: domestic revenue	8.7	8.7	9.7	8.5	9.2	10.0	9.3	8.6	9.9	10.4	11.0	11.3	11.5
Total expenditure ¹	17.6	16.9	19.0	24.3	25.1	18.3	19.3	20.2	19.1	18.6	18.9	19.1	18.7
of which: capital spending	7.1	5.6	7.9	11.1	11.3	7.2	7.5	7.9	7.3	7.2	7.5	7.6	7.3
Overall balance													
Excluding grants	-8.9	-8.2	-9.3	-15.8	-16.0	-8.2	-10.0	-11.6	-9.3	-8.2	-7.9	-7.7	-7.2
Including grants	1.8	1.4	-0.4	-2.5	-3.4	0.2	-1.3	-3.3	-1.0	-0.7	-0.9	-1.3	-1.1
Domestic primary balance ²	-3.0	-3.5	-2.7	-6.2	-6.6	-2.5	-4.0	-5.7	-3.6	-2.8	-2.4	-2.3	-2.0
Public sector debt ³	47.1	47.2	42.6	46.8	44.1	39.8	44.1	46.5	44.0	42.3	40.4	38.6	36.8
Of which: domestic debt ⁴	10.4	11.1	6.9	9.5	9.4	5.8	7.1	11.2	9.4	8.7	8.1	7.5	6.9
Of which: external debt	36.7	36.1	35.7	37.3	34.7	34.0	36.9	35.3	34.6	33.6	32.4	31.1	29.9
Memorandum items:													
UNHDI (index)	.....	0.397	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Social expenditure (in percent of GDP)	.....	1.6	.....	.....	2.4	.....	.....	2.1	.....	.....	.....	.....	.....
GDP per capita (US dollars)	500	480	534	481	494	567	525	526	557	589	622	655	689
Nominal GDP (CFA franc billions)	1,360	1,334	1,464	1,360	1,372	1,575	1,443	1,393	1,486	1,599	1,721	1,852	1,991

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 RCF⁵ 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.⁵ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex IX. Chad: Update for CCRT Debt Relief

Recent economic developments. Byproducts of major shocks in 2020—the COVID-19 pandemic, the drop in oil prices, heightened insecurity, and floods—continue to severely strain Chad’s vulnerable economy. As a result, non-oil GDP is expected to remain flat in 2021, due to a more protracted recovery while oil GDP is expected to grow by 4.4 percent. Inflation is expected to weaken to 2.6 percent during the same period, given the slower recovery. Chad is also facing a liquidity squeeze, hampering its ability to adequately conduct fiscal policy towards anti-COVID measures and social spending. The recent SDR allocation (of about US\$191m) will help increase regional reserve buffers while providing the needed fiscal space for vaccine rollout, priority spending, and measures to support economic recovery. The first half of 2021 witnessed significant political events with the death of President Deby, which was followed by the formation of a transitional government. Chad scores very low 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. In the first half of 2021, priority spending were estimated at 25.5 percent of total spending, an increase compared to FY2020, but it is expected to remain below the pre-Covid level for the whole year, mainly because of some covid related expenditures that were phased out during 2021, and expenditures (other than priority spending) including capital spending that are expected to increase following the approval of the IMF program by the board.[] Moreover other measures in

FY21 to fight Covid-19 were hindered by the liquidity squeeze in government finances. At the same time, tax advantages were introduced in 2021 that include exemptions 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.

	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
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					0.8%	
Covid prevention, containment & mgmt		0.7%				
Transfers to HHs		0.9%				
Transfers to businesses, SOEs, govt entities		2.2%				
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	22.5%	21.1%	-1.4%	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.

Source: Chad authorities; and IMF staff estimates and projections

Governance Safeguards. Chad faces governance and corruption vulnerabilities. The government is taking steps to ensure transparency in the use of COVID-19 resources consistent with commitments made under the second RCF disbursement. Resources dedicated to combatting COVID-19 will be used in full transparency. In addition to being reflected in the budget law, resources will be committed in line with 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, including analysis of compliance with procedures with regards to regulated agreements, will be published within a month of completion on the Ministry of Finance and Budget's website. This was expected to be published in July 2021 but there are delays following the death of the President in April and the formation of a transition government. In addition, the authorities will continue publishing on-line the full text of all COVID-19-related procurement contracts, (link: [République du TCHAD - Ministère des Finances et du Budget - MARCHES SPECIAUX COVID 19 \(gouv.td\)](https://www.gouv.td/fr/le-ministere-des-finances-et-du-budget/marches-speciaux-covid-19)). The procurement system currently doesn't identify beneficial owners of awarded legal persons. The authorities could benefit from strengthening transparency in public procurement, particularly to enhance the framework for identifying the beneficial owners, with the help of IMF technical assistance. They are also expected to publish on-line the *ex-post*-delivery reports for goods and services, including the lists of suppliers and contractors, for all such contracts starting October 2021.

IMF engagement. On January 27th, IMF staff reached a staff-level agreement with the Chadian Authorities on a new medium-term program that could be supported by IMF resources of about \$573 million under the Extended Credit Facility (ECF). Despite the fiscal adjustment and structural reforms incorporated in the new program, Chad's debt is assessed to be unsustainable, and the authorities have requested a debt workout under the Common Framework. Chad has already received financing assurances in mid-June from official bilateral creditors, but it has yet to receive similar assurances from its main private creditor.

Upcoming debt service. Chad has debt service of SDR 4.062 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. There is no debt service falling due during the remaining period from January 11, 2022 to April 13, 2022.

Staff assessment. Staff assesses that Chad is pursuing appropriate macroeconomic policies to address the global pandemic and urged the authorities to continue undertaking steps to ensure transparency in use of Covid-19 resources. Staff also assesses that the resources freed by the first, second, and third 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.

Table 1. Chad: Selected Economic and Financial Indicators, 2019–24

	2019	2020		2021		2022	2023	2024
		Pre- COVID19	Est.	Pre- COVID19	Proj.	Proj.	Proj.	Proj.
(Annual percentage change, unless otherwise indicated)								
Real Economy								
GDP at constant prices	3.0	3.9	-0.8	5.8	0.9	2.4	2.5	4.4
Oil GDP	7.6	7.5	2.4	13.4	4.4	0.4	-0.5	6.5
Non-oil GDP	2.0	3.0	-1.5	4.0	0.1	2.9	3.3	3.9
GDP deflator	1.5	2.8	-2.0	3.0	7.8	1.4	1.8	2.0
Consumer price index (annual average)	-1.0	3.0	4.5	3.0	2.6	2.8	2.8	2.9
Oil prices								
Brent (US\$/barrel) ¹	64.0	60.5	42.3	58.0	61.7	58.2	56.1	55.0
Chadian price (US\$/barrel) ²	61.0	57.5	40.3	54.0	58.7	55.2	53.1	52.0
Oil production for exportation (millions of barrels)	47.0	51.1	48.3	58.9	50.7	50.9	50.6	54.4
Exchange rate CFA franc per US\$ (period average)	585.9	...	574.8	...	...	...	...	...
Money and Credit								
Net foreign assets	7.2	11.2	-4.5	11.1	4.2	0.3	2.5	2.4
Net domestic assets	19.1	1.2	17.8	-1.8	13.7	1.3	2.3	3.0
Of which: net claims on central government	11.8	-1.1	9.8	-3.4	13.4	-2.7	0.1	0.1
Of which: credit to private sector	1.0	2.3	4.7	1.6	-0.3	3.3	2.2	2.9
Broad money	24.4	12.4	17.6	9.3	15.4	1.6	4.8	5.5
Velocity (non-oil GDP/broad money) ³	4.7	4.8	4.1	4.7	3.7	3.8	3.9	3.9
External Sector (valued in US dollar)								
Exports of goods and services, f.o.b.	3.3	3.0	-18.8	8.2	38.3	-0.2	0.6	7.7
Imports of goods and services, f.o.b.	4.5	4.1	1.4	7.2	13.1	2.5	2.4	3.5
Export volume	9.5	8.5	10.0	12.5	5.0	1.8	0.6	6.8
Import volume	4.0	3.8	4.8	6.8	8.0	-0.6	1.4	1.5
Overall balance of payments (percent of GDP)	0.0	1.1	-1.5	1.1	-0.7	-1.2	-1.3	-1.8
Current account balance, including official transfers (percent of GDP)	-4.8	-6.2	-8.1	-6.6	-5.3	-4.7	-5.8	-5.4
Terms of trade	-6.1	-5.4	-23.7	-4.2	25.8	-4.9	-1.0	-1.1
External debt (percent of GDP) ⁴	24.6	23.2	25.3	20.5	25.0	25.0	25.7	25.2
NPV of external debt (percent of exports of goods and services)	65.6	59.1	81.0	53.5	60.7	62.9	66.1	63.3
(Percent of non-oil GDP, unless otherwise indicated)								
Government Finance								
Revenue and grants	17.3	22.5	24.2	22.5	19.6	21.6	20.8	20.7
Of which: oil revenue	6.4	9.7	10.6	9.7	7.5	9.1	7.5	6.9
Of which: non-oil revenue	9.4	9.4	9.1	9.8	9.1	9.6	10.2	10.7
Expenditure	18.0	19.5	22.3	20.0	21.6	20.7	20.6	20.2
Current	12.5	13.1	15.2	13.3	14.5	13.7	13.4	12.9
Capital	5.6	6.4	7.1	6.7	7.1	7.0	7.2	7.3
Non-oil primary balance (commitment basis, excl. grants) ⁵	-4.8	-4.9	-8.1	-5.0	-6.9	-5.7	-5.0	-3.9
Overall fiscal balance (incl. grants, commitments basis)	-0.8	3.0	1.9	2.5	-2.0	0.9	0.2	0.5
CEMAC reference fiscal balance (in percent of GDP) ⁶	-2.1	-1.1	-3.2	-0.3	-2.0	-0.9	-0.4	-5.0
Total debt (in percent of GDP) ⁴	52.3	39.7	47.9	35.1	44.0	44.3	42.9	41.7
Of which: domestic debt	27.8	16.6	22.6	14.5	19.0	19.3	17.2	16.5
Memorandum items:								
Nominal GDP (billions of CFA francs)	6,406	6,880	6,228	7,502	6,778	7,033	7,342	7,820
Of which: non-oil GDP	5,130	5,466	5,276	5,850	5,420	5,731	6,085	6,502
Nominal GDP (billions of US\$)	10.9	11.8	10.8	12.9	12.3	12.9	13.7	14.8
Human Development Index	0.4							
Social and Health Expenditure (in percent of GDP)			4.1		4.2			

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

¹WEO projections for Brent crude oil price.

²Chadian oil price is Brent price minus quality discount.

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

⁴Central government, including government-guaranteed debt.

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

⁶The CEMAC reference fiscal balance is calculated as the overall fiscal balance minus the savings from oil revenue, which is the sum of 20 percent of oil revenue of the current year and 80 percent of the oil revenue in excess of the average oil revenues in the previous three years.

Annex X. 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 COVID casualties has remained low (by mid-August 2021, there was a cumulative total of 4,035 officially recorded infections and 147 deaths in a population of 850,000), the economy contracted by 0.5 percent in 2020 (compared with projections of 4.4 percent growth pre-COVID). 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 slightly and grants, while more than expected, came late in the year. Government expenditure shrank noticeably due to weak capital expenditure owing in part to capacity limitations and delays in grants. Accordingly, the fiscal cash deficit was lower than anticipated, reaching 0.8 percent of GDP (versus pre-COVID projections of 2.2 percent of GDP), and the debt burden rose by less than expected (debt data revisions also contributed).¹ Exports fell by almost half and imports declined somewhat, while strong aid and remittance inflows helped to provide a comfortable reserves buffer. In 2021, the economy is projected to grow by only 1.6 percent (compared with projections of 3.5 percent growth pre-COVID). Muted growth prospects reflect a weak start into the year due to a second wave of COVID infections, slow progress in vaccinations (only 7 percent of the population have been vaccinated so far), and an only slow return of visitors. The fiscal deficit is expected to widen to 4.2 percent of GDP (1.7 percent of GDP higher than pre-COVID projections), reflecting slightly lower revenue due to weak performance at SOEs, higher COVID-related spending (e.g., cash transfers to the poor), and higher capital investment. While the terms of trade have deteriorated due to higher prices of key imports, still higher than usual remittance inflows and the recent SDR allocation (US\$ 24 million, 1.8 percent of GDP) have continued to support reserves coverage. 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. In 2020, the authorities sought to lessen the pandemic's health impact including by imposing social distancing measures and to reduce 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 general government purposes, partially offsetting the pandemic's impact on revenue. In 2021, the authorities cautiously eased the social distancing measures and ended the temporary tax reductions. They also plan to provide cash transfers to the poor of 1.1 percent of GDP (using part of the SDR allocation and drawing on WB project support) and hope to vaccinate a total of 35 percent of the population by the end of the year, using vaccines doses already received. Data constraints prevent a full understanding of trends in social spending (health, education, and social assistance/insurance).

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.

Governance safeguards. In their Letter of Intent of April 2020 accompanying a request for RCF/RFI emergency financing, the authorities made several governance related commitments.

Implementation has been mixed:

- The authorities had committed to reporting quarterly on the spending of IMF emergency financing. So far, the authorities have reported to staff in early 2021.
- The authorities had committed to commissioning an independent and robust third-party audit of the spending of IMF emergency financing by about mid-April 2021 and publishing its results. The authorities have inscribed the audit in the work plan of the government court of auditors. The audit is yet to be started.
- The authorities had committed to publishing quarterly documentation on large public procurement projects, together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owner(s). In July 2022, the authorities have published limited information on procurement made with the help of IMF emergency financing and related to addressing the impacts of the pandemic. The information includes a description of the goods and services that were the object of the project, the procurement procedure (direct contracting vs. call for tender), the amount of the project, and the name of the provider. In discussions with staff, the authorities have reaffirmed their intention to publish comprehensive procurement information on all large procurement projects and have requested IMF capacity building on the concept of beneficial ownership and how they can best collect and publish such information.

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 fiscal and balance of payment needs from the COVID-19 pandemic. The authorities have requested a Staff Monitored Program (SMP) to establish a track record to pave the way for an eventual ECF arrangement. The SMP request is currently under discussion.

Upcoming debt service. Comoros has debt service of SDR 638,747, which includes estimates for the GRA charges on the CCRT-eligible debt, falling due to the Fund during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 three 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 welcomes recent progress and urges the authorities to proceed as quickly as possible with the publication of an audit

of the use of IMF-provided funds and the publication of information on all large procurement projects.

Table 1. Comoros: Selected Economic and Financial Indicators, 2019-26

	2019	2020		2021		2022	2023	2024	2025	2026
	Est. ¹	Pre-Covid	Proj. ¹	Pre-Covid	Proj. ¹			Proj. ^{1,7}		
	(Annual percentage change, unless otherwise indicated)									
National income and prices										
Real GDP	1.8	4.4	-0.5	3.5	1.6	3.8	3.7	3.9	4.3	4.4
GDP deflator	4.5	1.2	0.9	2.0	-0.9	1.4	1.4	1.5	1.7	2.0
Consumer price index (annual average)	3.7	1.4	0.8	2.1	-1.0	1.2	1.4	1.6	1.7	2.0
Money and credit										
Net foreign assets	2.1	1.6	30.3	2.9	14.6	-0.5	-6.1	-5.2	-4.0	-4.0
Domestic credit	10.6	0.5	-8.7	0.7	16.3	2.6	-0.9	-1.7	1.4	4.0
Credit to the private sector	4.1	2.0	-2.8	2.1	0.5	3.0	4.0	5.0	5.5	6.0
Broad money	5.9	4.6	11.5	4.8	14.6	1.0	-0.7	5.4	6.1	6.5
Velocity (GDP/end-year broad money)	3.6	3.6	3.2	3.6	2.8	2.9	3.1	3.1	3.1	3.1
External sector										
Exports, f.o.b.	-0.9	-0.9	-46.7	5.8	24.5	38.4	4.6	4.8	5.5	6.5
Imports, f.o.b.	2.6	12.7	-2.8	2.4	10.8	14.4	4.2	-1.3	7.4	7.6
Export volume	0.6	-0.1	-34.5	6.3	27.2	39.0	4.7	4.5	4.9	5.5
Import volume	-4.3	10.3	6.9	5.9	-7.7	24.9	9.2	1.2	9.9	8.1
Terms of trade	-3.7	-2.8	-3.1	2.9	-12.1	7.4	3.7	2.4	2.3	1.3
	(In percent of GDP, unless otherwise indicated)									
Investment and savings										
Gross fixed capital formation	15.6	16.0	15.6	15.9	16.2	17.3	16.9	15.5	15.6	15.9
Gross national savings	12.4	12.2	13.9	12.9	12.1	9.7	8.3	9.0	8.8	9.0
Total revenue and grants										
Total revenue	15.8	17.5	18.3	16.7	16.5	16.9	15.6	15.8	16.2	17.1
Tax Revenue	9.6	9.1	9.3	9.2	8.9	9.2	9.5	9.8	10.1	10.4
Non-tax Revenue	6.8	7.8	7.7	7.9	7.9	8.2	8.5	8.7	9.0	9.3
Total grants	2.8	1.3	1.6	1.4	1.0	1.0	1.0	1.1	1.1	1.1
Total expenditure and net lending	6.3	8.5	9.0	7.4	7.5	7.7	6.0	6.0	6.1	6.7
Current expenditure	20.2	19.7	19.3	19.1	20.7	21.7	19.6	17.8	18.0	18.4
Capital expenditure	11.3	11.1	11.2	11.5	12.4	12.4	10.9	10.6	10.8	11.0
Domestic primary balance ²	8.4	8.7	7.8	7.6	8.3	9.3	8.7	7.2	7.2	7.4
Overall balance (cash basis)	-2.9	-2.7	-1.9	-2.8	-3.5	-3.8	-2.1	-0.1	-0.1	-0.2
Excluding grants	-3.9	-2.2	-0.8	-2.5	-4.2	-4.8	-4.0	-2.1	-1.8	-1.3
Net Financing	-10.2	-10.7	-9.8	-9.9	-11.8	-12.5	-10.1	-8.0	-7.9	-8.0
Foreign (Including IMF)	3.7	2.2	0.9	2.5	4.2	3.7	3.3	0.8	1.0	0.5
Domestic	3.1	2.3	1.9	2.5	2.6	4.0	3.8	0.8	1.0	0.5
Of which : Net acquisition of assets	0.6	-0.1	-1.0	0.0	1.7	-0.4	-0.5	0.0	0.0	0.0
Financing gap/errors and omissions ³ (+ = underfinancing)	0.0	0.0	0.0	0.0	-0.7	-0.6	-0.5	0.0	0.0	1.0
0.2	0.0	-0.1	0.0	0.0	0.0	1.1	0.8	1.3	0.8	0.8
External sector										
Exports of goods and services	12.0	12.4	7.3	12.5	8.9	11.1	11.1	11.2	11.3	11.4
Imports of goods and services	29.6	31.8	28.4	31.1	30.4	34.2	33.9	31.5	31.8	32.0
Current account balance	-3.3	-5.5	-1.7	-4.9	-4.1	-7.6	-8.6	-6.5	-6.8	-6.9
Excl. official and private transfers	-17.2	-19.0	-20.4	-18.3	-20.5	-22.4	-22.3	-20.0	-20.2	-20.4
Private remittances, net ⁴	12.1	12.1	15.3	12.0	13.2	11.5	11.5	11.5	11.5	11.5
Official grants and loans	8.6	11.6	10.3	10.4	10.7	12.4	10.8	8.6	8.6	8.6
Gross international reserves (end of period) ⁵										
In millions of U.S. dollars	200.2	197.7	292.2	201.3	349.6	354.0	329.7	303.3	286.3	274.2
In months of imports of goods & services	7.0	5.9	9.0	5.8	9.0	8.6	8.1	6.9	6.0	5.4
Exchange rate CF/US\$ (period average)	439.4	439.2	431.1							
Memorandum items:										
Public external debt (in Percent of GDP) ⁶	19.9	27.1	21.2	29.4	25.7	29.1	31.8	31.9	31.6	30.7
GDP (nominal, in billions of CF)	522.0	550.4	524.2	581.1	527.6	555.3	583.6	615.4	653.0	695.5
GDP per capita (nominal, in US Dollars)	1,360	1,397	1,355	1,451	1,390	1,427	1,467	1,510	1,560	1,613
Human Development Index	0.554									

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

¹ From 2017, includes budgeted-for revenues and expenses related to fuel subsidies of SOEs.

² Domestic revenues minus current primary expenditures and domestically financed capital expenditures, excluding the World Bank-financed spending to combat the COVID epidemic and the cost of restructuring SNPSF.

³ For 2022-23, includes unmet financing needs for restructuring SNPSF

⁴ From 2015, net private official transfers include estimates made by the Central Bank of Comoros of debit items other than wire transfers.

⁵ From 2021, includes new SDR allocation of \$24 million.

⁶ Coverage of debt: The central government, the central bank and government-guaranteed debt. Definition of external debt is Residency-based.

⁷ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XI. 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 the Congo (DRC), mostly due to containment measures. Between May and August 2021, the country has seen an increase in the number of COVID-19 cases (45% of the country's 54,863 cumulative cases at the end of August were recorded during that period); authorities responded by increasing containment measures which curbed the number of new cases since end-August. There is widespread skepticism about vaccines, only 0.1% of the population have received and even partially vaccinated. The brunt of the pandemic was particularly felt in the services sector, with the retail and manufacturing sector also affected. 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 grown by 1.7 percent in 2020 and is expected to expand by 4.9 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 1.3 percent in 2020, due to the impact of containment measures on the services sector. In 2020, the pandemic led to combined losses in revenue and grants of 2.9 percent of GDP relative to the pre-COVID projection while increased spending for pandemic-related and education purposes was offset by spending reductions in other areas, leading to a fiscal deficit of 2.1 percent of GDP in 2020 (compared to a pre-COVID projection at the time of the SMP of 0.6 percent of GDP). DRC's fiscal deficit was 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. For 2021, the projected fiscal deficit is 1.7 percent of GDP. Public debt projections have not been significantly affected by the pandemic. In 2020, nominal exports grew by 4.6 percent thanks to booming mining exports, more than a pre-COVID projection of a 5.4 percent decline; nominal imports shrank by 8.3 percent against a pre-COVID projection of 0.1 percent growth, which is explained by lower capital goods imports. Despite a drop in remittances, the current account deficit was therefore significantly smaller than expected at 2.2 percent of GDP (including transfers), relative to 4.3 percent pre-COVID. The balance of payments financing gap was US\$433 million in 2020 and rose to US\$798 million in 2021, or 0.9 and 1.5 percent of GDP respectively. 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. In 2020, US\$52 million have been identified as COVID-19-related spending. Detailed information has been provided, including spending by the Inter-ministerial Committee to Fight against COVID-19, contributions for GAVI's vaccination campaigns (US\$16 million), and about US\$10 million spent by the Ministry of Health. Other spending includes wages and payments undertaken under emergency spending procedures (some with no procurement process), and some regular spending redirected for COVID-19 purposes (mostly in security, sanitation, and transport sectors) for which information is not yet available due to limited capacity. In

addition, the Ministry of Health published detailed information on spending by categories, and by provinces, including their beneficiaries. Regarding specific COVID19-related spending committed and executed by external donors, the Ministry of Health published a note with details of this spending which amounts to more than US\$200 million in commitments and US\$116 million executed by end-April 2021. Budgetary health spending is projected to increase by 0.1 percent in 2021. The government continues with the implementation of its free education initiative despite financing constraints. IMF financing, other donors' support, and debt relief have covered government revenue losses associated with the pandemic and helped rebuild external buffers.

Democratic Republic of the Congo: 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	3.0	2.7	-0.3	3.2	2.9	-0.2
<i>of which</i>						
Health	0.1	0.1	0.0	0.1	0.1	0.0
Education	2.8	2.5	-0.3	2.9	2.7	-0.2
Social	0.1	0.1	0.0	0.1	0.1	0.0
Other Covid-related spending	N/A	0.1		N/A	0.1	
Covid prevention, containment & mgmt						
Transfers to HHS	N/A	...		N/A	...	
Transfers to businesses, SOEs, govt entities						
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	22.8	22.8	0.0	22.8	22.8	0.0
Other Covid-related spending (percent of public spending)	-	0.9		-	0.7	
Tax relief to HHS/businesses/other revenue measures	-			-		
1/ Most recent projection before March 1, 2020.						
Source: Congolese authorities; and IMF staff estimates and projections						

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.¹ Under the ECF arrangement, the authorities have committed to reinforce the expenditure chain by producing quarterly reports detailing the nature and amount of each procedure. These quarterly reports will then be reconciled with the treasury plan and the BCC notices, with publication starting by end-2021. 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. By June 23rd, 2021, the authorities have published 32 contracts, totaling US\$6.8 million, including one contract above one million with the name of the supplier but not the one of its beneficial owners. The General Finance Inspectorate is undertaking an audit of COVID-19 related expenditures. Additionally, the annual report of the Audit court will include a

¹ For details on the implementation of 2020 RCF commitments to track COVID-related expenditures, please see Box 2 in the latest staff report ([Staff Report for the Request for a 3-year ECF Arrangement \(July 2021\)](#)).

special audit on COVID-19 related expenditures, which authorities have committed to publish after its presentation to Parliament in September 2021.

IMF support status. On July 15, 2021, the Executive Board of the International Monetary Fund (IMF) approved a 3-year arrangement under the Extended Credit Facility (ECF) for the Democratic Republic of the Congo in an amount equivalent to SDR1,066 million (100 percent of quota or about US\$1.52 billion). The ECF arrangement will support the authorities' medium-term reform program aimed at maintaining macroeconomic stability, increasing fiscal space, and promoting a sustainable and private sector-led economic growth. Under the terms of the August 2021 general SDR allocation, the country received 95.8 percent of the quota (equivalent to US\$ 1.46 billion). The use of the SDR allocation will be discussed with the authorities during the first review under the ECF arrangement.

Upcoming debt service. DRC does not have debt service to the Fund falling due during the interval from October 16, 2021 to April 13, 2022.

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 in 2020, while budget execution has been aligned to available funding and has discontinued recourse to central bank advances. Preliminary data would support the view that resources freed by the first three 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 population.

**Table 1. Democratic Republic of the Congo:
Selected Economic and Financial Indicators, 2019–26**

	2019	2020		2021		2022	2023	2024	2025	2026
	Prel.	Pre-COVID	Prel.	Pre-COVID	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
(Annual percentage change, unless otherwise indicated)										
GDP and prices										
Real GDP	4.4	3.2	1.7	3.5	4.9	5.6	6.6	6.8	6.7	5.4
Extractive GDP	1.0	-2.4	9.7	2.4	11.0	7.9	7.5	5.4	5.4	2.5
Non-Extractive GDP	5.8	5.4	-1.3	3.9	2.2	4.5	6.2	7.5	7.3	6.8
GDP deflator	4.0	5.7	6.7	4.9	16.0	6.2	5.8	5.9	6.0	5.7
Consumer prices, period average	4.7	5.0	11.4	5.0	9.4	6.4	6.6	6.9	6.9	6.3
Consumer prices, end of period	4.6	5.0	15.8	5.0	6.0	6.3	6.7	7.0	6.8	5.6
External sector										
Exports in U.S. dollars, f.o.b. value	-17.4	-5.4	4.6	6.5	46.7	7.8	7.0	5.4	6.0	3.3
Imports in U.S. dollars, f.o.b. value	-13.6	0.1	-8.3	5.0	54.1	7.2	7.2	6.5	7.0	3.6
Exports volume	-0.3	-5.4	13.9	5.6	10.8	9.1	9.8	8.3	8.9	4.1
Import volume	-13.0	-0.3	0.7	8.7	32.2	8.1	6.9	4.7	4.7	2.6
Terms of trade	-9.2	-1.2	1.9	0.5	19.1	0.6	-1.4	-2.3	-2.1	-1.0
(Annual change in percent of beginning-of-period broad money)										
Money and credit										
Net foreign assets	16.2	6.2	36.4	8.9	18.7	13.7	13.3	12.8	13.6	14.3
Net domestic assets	18.5	0.5	8.3	1.1	5.3	3.5	3.8	4.6	3.6	2.6
Domestic credit	16.8	0.3	12.4	0.9	6.2	6.3	6.4	6.5	6.6	6.5
<i>Of which: net credit to government</i>	8.1	3.2	-0.1	-0.1	0.6	0.5	0.6	0.6	0.6	0.6
<i>credit to the private sector</i>	6.7	-2.9	12.0	-6.5	5.6	5.8	5.9	5.9	6.0	5.9
Broad money	34.7	6.6	44.6	10.0	24.1	17.3	17.1	17.4	17.3	16.9
(Percent of GDP, unless otherwise indicated)										
Central government finance										
Revenue and grants	10.8	12.7	9.8	13.0	11.2	12.2	13.0	14.0	14.1	14.4
Revenue	10.1	11.3	8.7	11.4	10.2	11.4	12.2	13.4	13.8	14.3
Grants	0.8	1.4	1.0	1.6	1.0	0.8	0.8	0.6	0.3	0.2
Expenditures	12.9	13.3	11.9	13.9	12.9	13.4	14.2	15.2	15.3	16.1
Overall fiscal balance (commitment basis)	-2.0	-0.6	-2.1	-1.0	-1.7	-1.2	-1.1	-1.2	-1.2	-1.6
Non-natural resource overall fiscal balance	-5.2	-2.7	-3.9	-2.3	-3.2	-3.7	-3.8	-3.7	-3.4	-3.7
Investment and saving										
Gross national saving	8.5	9.2	9.3	10.4	10.6	12.3	13.1	13.8	14.0	14.4
Government	-3.9	-1.3	-2.9	-1.4	-1.4	-0.1	0.5	1.5	2.6	3.0
Non-government	12.5	10.6	12.2	11.8	12.0	12.4	12.6	12.2	11.4	11.4
Investment	12.6	13.5	11.0	14.1	13.1	14.6	15.1	16.1	16.3	16.9
Government	2.2	3.0	2.1	3.5	3.3	3.8	4.4	5.4	5.8	6.6
Non-government	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	26.5	23.5	28.6	23.9	37.3	37.2	36.7	35.7	34.9	33.6
Imports of goods and services	30.2	26.9	29.9	28.0	38.5	38.1	37.4	36.5	35.6	34.3
Current account balance, incl. transfers	-3.2	-4.3	-2.2	-3.7	-2.1	-1.8	-1.5	-1.3	-1.0	-1.3
Current account balance, excl. transfers	-4.0	-5.6	-3.3	-6.3	-3.5	-3.4	-3.0	-2.7	-2.0	-2.2
Overall balance	0.6	0.6	-0.7	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Gross official reserves (millions of U.S. dollars)	730	1,078	709	1,493	1,344	1,922	2,397	2,779	2,916	3,151
Gross official reserves (weeks of imports)	3.0	4.2	1.9	5.4	3.4	4.6	5.3	5.8	5.9	6.1
(Percent of GDP, unless otherwise indicated)										
External public debt										
Total stock, including IMF	14.0	13.8	14.4	13.4	14.6	15.5	16.0	16.0	15.5	15.8
Scheduled debt service (millions of U.S. dollars)	490	632	403	769	562	634	754	743	729	680
Percent of exports of goods and services	3.7	5.1	2.9	5.8	2.7	2.9	3.2	3.0	2.8	2.5
Percent of government revenue	9.2	10.6	8.9	12.3	9.5	9.0	9.1	7.6	6.7	5.7
			...							
Exchange rate (CDF per U.S. dollars)										
Period average	1,648	...	1,852	...	...	...	...	...	...	...
End-of-period	1,673	...	1,972	...	...	...	...	...	...	...
Memorandum items:										
Nominal GDP (billions of CDF)	83,048	89,806	90,181	97,480	109,699	123,052	138,800	156,942	177,410	197,739
Nominal GDP (millions of U.S. dollars)	50,399	52,591	48,707	55,159	54,832	59,246	64,296	69,741	75,626	81,356
UN Human Development Index	0.480	...	...	...	...	...	...	...	...	...
Social & health expenditures (as percent of GDP)	2.9	3.0	2.7	3.2	2.9	3.1	3.0	2.9	2.8	2.8

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

Annex XII. Djibouti: Update for CCRT Debt Relief

Recent Economic Developments. Djibouti has endured two, relatively brief, waves of the COVID-19 pandemic. Following the first surge in cases in May 2020, the authorities successfully contained the spread of the virus through strict containment measures, including restrictions on local mobility and international travel. The second wave of infections in early 2021 was contained without significant confinement measures. The authorities have since launched a vaccination campaign, but have so far vaccinated under 4 percent of the population due to vaccine hesitancy. The pandemic has affected economic activity, largely through a slowdown in port traffic and investment, with growth slowing to 1 percent in 2020. External support helped to cushion the impact on macroeconomic stability. Nevertheless, lower growth has resulted in higher debt ratios. Assuming the virus remains contained, Djibouti is set to recover in 2021 with growth projected at 5 percent, consistent with the rebound in regional partners and global trade. Modest additional fiscal support in 2021 will reinforce the recovery, but the outlook remains highly dependent on the evolution of the virus and regional developments, 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 supported the economy in 2020 through a supplementary budget with 2.1 percent of GDP in COVID-related expenditures, including job protection measures, cash transfers, deferral of social and corporate tax contributions, and deferral of loan repayments. With the economic recovery underway, the authorities have maintained modest COVID-related spending of 0.6 percent of GDP to support households and businesses in 2021. Support under the CCRT has helped cover the costs of vaccine delivery, including two mass vaccination sites. Despite ample supply and eligibility for the entire adult population, only 35,556 people, about 3.5 percent of the population, had been vaccinated as of August 25, 2021. The authorities have launched an information campaign to combat hesitancy and instituted vaccination requirements for international travel.

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
<i>Memorandum:</i>		
Other Covid-related spending (percent of public spending)	9.4	3.0
Note: The authorities were unable to provide data on priority expenditures		
Source: Djibouti authorities; and IMF staff estimates and projections		

Governance safeguards. COVID-related spending in 2020 and 2021 was legislated through regular budget procedures, promoting transparency in resource allocation. The authorities agreed to commission this year an external audit of COVID-related spending as part of the May 2020 RCF commitments and to publish the results. 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 a disbursement under the RCF for SDR 31.8 million (US\$43.4 million, 100 percent of quota). Djibouti has benefitted from the first three tranches of the CCRT totaling SDR 4.7808 million and from the recent SDR allocation of SDR 30 million. Djibouti is also a beneficiary of the Debt Service Suspension Initiative.

Upcoming debt service. Djibouti has debt service of SDR 0.625 million, falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 three 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.					
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	1.8	2.8	1.2	2.0	2.0	2.0	2.0	2.0
Consumer prices (end of period)	2.0	3.3	3.5	0.3	2.0	2.0	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	15.3	17.4	16.0	18.1	15.8	15.1	12.9	12.5
Non-government	7.3	8.0	10.6	9.7	10.1	10.1	12.2	9.7	9.2	7.2	7.0
Central government	8.8	7.1	7.1	5.6	7.2	5.9	6.0	6.1	5.9	5.7	5.5
Gross national savings	30.3	31.9	17.8	26.0	18.1	15.2	17.6	15.9	15.5	13.7	13.7
Savings/investment balance	14.2	16.9	0.0	10.7	0.7	-0.8	-0.5	0.1	0.5	0.9	1.2
Central government											
	(In percent of GDP)										
Revenues and grants	23.1	21.7	19.6	21.0	19.0	18.6	18.7	18.6	18.3	18.1	17.8
Tax revenues	12.9	12.0	11.7	10.5	11.3	10.8	11.0	11.2	11.3	11.3	11.4
Nontax revenue	7.0	6.4	6.2	7.4	5.8	6.1	6.1	5.9	5.7	5.5	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	22.3	21.2	20.4	20.3	20.3	20.0	19.6	19.2
Current expenditure	17.2	15.5	14.7	14.4	13.9	13.9	14.3	14.1	14.1	13.9	13.7
Capital expenditure	8.8	7.1	7.1	5.6	7.2	5.9	6.0	6.1	5.9	5.7	5.5
Domestically financed	3.2	3.8	2.8	2.9	2.7	2.8	2.8	2.7	2.6	2.5	2.5
Foreign-financed	5.6	3.2	4.4	2.7	4.5	3.1	3.2	3.5	3.3	3.2	3.0
Overall balance (commitment basis)	-2.8	-0.8	-2.3	-1.3	-2.2	-1.7	-1.6	-1.6	-1.6	-1.5	-1.4
Change in arrears	0.4	0.5	-0.3	-0.9	-0.2	-0.3	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-2.4	-0.4	-2.5	-2.1	-2.4	-2.0	-1.6	-1.6	-1.6	-1.5	-1.4
Memo: Overall balance, excluding large projects	-1.5	-0.4	-2.1	-2.1	-1.9	-1.1	-1.1	-1.1	-1.6	-1.5	-1.4
Monetary sector											
	(Annual change in percent of broad money)										
Broad money	-5.6	8.8	13.4	19.4	9.0	2.9	6.3	6.7	6.7	6.7	6.8
Net foreign assets	-6.1	0.5	16.0	20.1	8.6	-1.7	3.2	2.9	2.8	3.1	3.1
Net domestic assets	0.6	8.3	-2.7	-0.7	0.4	4.6	3.1	3.8	3.8	3.6	3.7
Of which: Claims on government (net)	0.5	1.0	-0.4	0.4	-0.2	1.1	-0.1	0.0	0.0	-0.1	-0.3
Of which: Claims on non-government sector	3.7	3.7	4.6	2.4	4.1	3.7	3.3	3.8	3.7	3.8	3.9
Credit to non-government (in percent of GDP)	23.8	23.5	24.2	24.4	24.5	25.5	25.9	26.4	26.8	27.2	27.7
External sector											
	(In millions of US dollars)										
Current account balance	429	564	1	366	28	-29	-20	4	22	42	66
(In percent of GDP)	14.2	16.9	0.0	10.7	0.7	-0.8	-0.5	0.1	0.5	0.9	1.2
Underlying current account balance 1/	-34.5	-99.9	1.4	62.0	28.5	-29.2	-20.0	4.4	21.7	42.3	65.8
(In percent of GDP)	-1.1	-3.0	0.0	1.8	0.7	-0.8	-0.5	0.1	0.5	0.9	1.2
External public and publicly guaranteed debt	2,085	2,230	2,342	2,412	2,476	2,719	2,968	3,107	3,198	3,156	3,097
(In percent of GDP)	69.2	66.6	64.1	70.1	61.6	74.4	75.5	73.1	69.6	63.5	57.6
Foreign direct investment	170	175	219	158	277	190	227	245	265	286	310
(In percent of GDP)	5.6	5.2	6.0	4.6	6.9	5.2	5.8	5.8	5.8	5.8	5.8
Exports of goods and services (percent change)	10.0	12.9	8.6	-28.3	8.6	9.2	9.1	8.5	8.1	8.1	8.4
Imports of goods and services (percent change)	-2.7	13.7	26.8	-28.1	8.1	20.7	8.6	7.8	7.6	7.6	8.0
Gross official reserves	445	494	529	677	560	643	680	720	765	816	866
(In months of next year's imports of goods and services, exc. re-exports)	3.7	4.7	4.2	5.7	4.2	5.0	4.9	4.8	4.7	4.7	4.6
Gross foreign assets of commercial banks	1,345	1,408	1,499	1,753	1,618	1,784	1,829	1,869	1,909	1,954	1,999
(In months of next year's imports of goods and services, exc. re-exports)	11.1	13.4	11.8	14.8	12.2	13.9	13.2	12.5	11.8	11.2	10.6
Exchange rate (DF/US\$, end of period)	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	611,325	713,798	649,305	698,717	755,453	816,796	883,120	954,829
Nominal GDP (in millions of US dollars)	3,013	3,346	3,653	3,440	4,016	3,654	3,932	4,251	4,596	4,969	5,373
Nominal GDP per capita (US dollars)	2,872	3,103.1	3,295.2	3,102.9	...	...	...	...	...	...	...
Population (million)	1,049	1,078	1,109	1,109	1,138	1,138	1,167	1,196	1,226	1,226	2,226
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.

2/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

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

Recent Economic Developments. COVID-19 continues to affect lives and livelihoods. A proactive and forceful response in 2020 led to a steady decline in cases from August to December, which allowed removal of most containment measures. However, a second surge in infections in late January 2021 led to reinstatement of some containment measures. Though cases declined after March, a third surge has taken hold since July. At the same time the progress on vaccination has been slower than expected. Though Ethiopia received 2.2 million vaccine doses through COVAX in March, supply constraints have delayed subsequent planned shipments and endanger the goal of vaccinating 20 percent of the population by the end of 2021. Real GDP growth for 2020/21 is projected at 2 percent (unchanged from 3rd CCRT tranche update), well below past trends, due to the effects of the pandemic on non-agricultural activity, locusts infestation's adverse impact on agricultural production and domestic conflict.¹ Convergence to trend growth in the medium-term is expected to be slower than forecast previously and from below, as against a sharp v-shaped recovery with an overshooting in 2021/22 envisaged earlier (3rd tranche update), in light of significantly slower-than-expected vaccine rollout, emergence of more transmissible variant(s) of the virus, and limited policy space to offset the effects of the pandemic and procure and administer vaccines at a faster pace. Even so, there are further significant downside risks due to the widening of the conflict, as evidenced by recent deterioration in high frequency indicators such as inflation and the parallel market exchange rate. Moreover, the ongoing pandemic and conflict are expected to slow down or possibly reverse the declining trend of poverty over the past two decades. Fiscal policy was expected to be moderately expansionary in 2020/21, with the deficit at 3 percent of GDP (compared with 3.3 percent projected during the February staff-level agreement with the IMF), as the authorities cut or deferred other current and capital spending to accommodate COVID-related measures (mainly on additional payments to health workers, food assistance, and procurement of health equipment, amounting to 0.7 percent of GDP in 2020/21). Outturns suggest that tax revenues in 2020/21 are expected to be in line with the budget, but much lower than in the pre-COVID projections. In 2020/21, the current account balance improved significantly, compared to 2019/20, due to a turnaround in private transfers while foreign direct investment increased. However, net repayment of loans by SOEs and lower donor support resulted in lower reserves.

Debt relief helped in supporting public health and macroeconomic policy responses. In 2019/20, the authorities allocated 1.6 percent of GDP to combat the COVID-19 pandemic, comprising healthcare, emergency food distribution and sanitation, and social welfare support.² 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. For 2020/21, the authorities continued to provide fiscal support for pandemic related

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

² 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.

spending and humanitarian assistance (about 0.8 percent of GDP)³, although the detailed decomposition is not available. As noted above, the government also initiated the vaccination program, supported by the World Bank under the COVAX initiative. Given tight budget constraints amid shortfalls in external financing and the expected increase in conflict-related outlays, there are significant risks that COVID-related and other social/priority spending would be crowded out.

Governance safeguards. Tenders for public contracts (primarily for healthcare supplies, personal protective equipment, and humanitarian support goods) have been carried out through a competitive bidding process, in accordance with national procurement law, and bidding documents and outcomes are published online.⁴ 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 now expected to be published online by December 2021 (previously expected in September 2021) due to capacity constraints.

	FY2019/20			FY2020/21		
	Pre-Covid proj. 1/	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures (Recurrent poverty-reduction spending)	4.0	4.4	0.4	4.7	4.8	0.2
<i>of which</i>						
Health	0.9	1.0	0.2	1.0	1.2	0.2
Education	2.5	2.6	0.2	2.7	2.7	-0.1
Other	0.7	0.7	0.1	0.9	0.9	0.0
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
<i>Memorandum:</i>						
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	26.7	30.4	3.7	29.0	34.6	5.5
Other COVID-related spending as percent of total spending	0.0	8.0	8.0	0.0	2.1	2.1

1/ Pre-COVID19 projections for FY2019/20 were based on original FY19/20 budget by the authorities. Projections for FY2020/21 refer to levels at IMF 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.

Source: Ethiopian authorities; and IMF staff estimates and projections

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 (SDR 2.1 billion or about US\$2.9 billion), 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 (about US\$12 million) were approved by

³ The authorities had allocated 4.36 percent of GDP for priority expenditure on poverty reduction in the original budget in FY2020/21. Staff has projected recurrent priority poverty-reduction expenditures of 4.8 percent of GDP and other COVID-19 related expenditures of 0.3 percent of GDP for FY2020/21, which would be similar to the ³/₄ percent of GDP as announced by the authorities.

⁴ See the website for the Ethiopian Public Procurement and Property Administration Agency, www.ppa.gov.et.

the Board on April 30, 2020 along with a reduction in EFF access by 50 percent of quota to comply with then applicable annual access limit policies. Though the ECF arrangement of the ECF-EFF program expired on September 19, due to the non-completion of reviews since program approval amid a lack of financing assurances through the Common Framework, the EFF remains operational. On August 23, 2021 Ethiopia received \$410 million as part of the general allocation of SDRs approved by the IMF Board of Governors.

Upcoming debt service to the IMF. Ethiopia has eligible debt service estimated at SDR 239,658 in the form of GRA charges falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 fiscal space freed by the first three 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. Ethiopia: Selected Economic and Financial Indicators, 2018/19–2020/21^{1, 2}

		2018/19		2019/20		2020/21			
		Act.	Prog. ⁶	Est.	Prog. ⁶	Rev.	Proj.		
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									
In percent change, unless otherwise mentioned									
National income and prices									
GDP at constant prices (at factor cost)		9.0	6.2	6.1	6.1	2.0			
GDP deflator		12.9	19.4	18.2	12.3	19.6			
Consumer prices (period average) ³		12.6	19.4	19.9	11.1	20.2			
Consumer prices (end period) ³		15.3	18.1	21.6	9.4	24.5			
External sector									
Exports of goods and services (U.S. dollars, f.o.b.)		7.9	12.8	0.8	12.7	9.5			
Imports of goods and services (U.S. dollars, c.i.f.)		4.1	11.3	-9.2	9.4	1.6			
Terms of trade (goods, deterioration –)		-2.5	4.1	15.3	5.6	5.4			
Nominal effective exchange rate (end of period, depreciation –)		-1.5	...	-13.9	...	...	
Real effective exchange rate (end of period, depreciation –)		10.5	...	0.9	...	...	
Money and credit									
Change in net foreign assets		-63.2	83.9	-157.4	222.1	-90.2			
Change in net domestic assets (including other items net)		24.4	16.9	19.9	13.9	29.0			
Broad money		19.7	18.0	17.0	19.2	29.9			
Base money		15.3	12.5	22.8	13.0	7.2			
Velocity (GDP/broad money)		3.03	3.24	3.25	3.28	3.03			
In percent of GDP, unless otherwise mentioned									
Financial balances ⁴									
Gross domestic savings		22.1	25.2	20.9	25.0	22.3			
Public savings		1.7	2.6	1.6	3.6	1.5			
Private savings		20.4	22.6	19.3	21.4	20.7			
Gross domestic investment		35.3	34.3	30.8	36.3	31.9			
Public investment		11.2	10.0	9.5	10.3	8.0			
Private investment		24.1	24.3	21.2	26.0	23.8			
Resource gap		-13.1	-9.1	-9.8	-11.4	-9.6			
External current account balance, including official transfers		-5.1	-5.5	-4.1	-4.6	-2.5			
Government finances									
Revenue		11.6	11.7	10.5	13.0	10.5			
Tax revenue		10.0	10.1	9.2	11.5	9.0			
Nontax revenue		1.6	1.5	1.3	1.5	1.5			
External grants		1.2	0.9	1.2	0.8	0.6			
Expenditure and net lending		15.4	15.0	14.5	16.0	14.0			
Recurrent poverty reduction spending		4.5	4.5	4.4	4.7	4.8			
Fiscal balance, excluding grants (cash basis)		-3.8	-3.4	-4.0	-3.0	-3.5			
Fiscal balance, including grants (cash basis)		-2.5	-2.5	-2.8	-2.2	-3.0			
Total financing (including residuals)		2.5	2.5	2.8	2.2	3.0			
External financing		1.3	1.2	1.8	1.0	0.6			
Domestic financing		1.3	1.3	1.2	1.2	2.4			
Public debt ⁵		57.3	53.4	56.5	52.7	55.4			
Domestic debt		28.9	25.4	27.4	22.6	24.8			
External debt (including to the IMF)		28.4	28.0	29.2	30.1	30.6			
Overall balance of payments (in millions of U.S. dollars)		530	-346	-1,188	22	-44			
Gross official reserves (in millions of U.S. dollars)		3,387	4,031	3,110	5,661	2,864			
(months of prospective imports of goods and nonfactor services)		2.2	2.0	2.0	2.6	1.6			
Net international reserves (in millions of U.S. dollars, program definition)		3,134	3,154	2,172	3,978	1,947			
GDP at current market prices (billions of birr)		2,691	3,391	3,374	4,094	4,088			
Sources: Ethiopian authorities and IMF staff estimates and projections.									
¹ Data pertain to Ethiopian fiscal year from July 8 to July 7.									
² Projections for FY2022–26 are omitted due to an unusually high degree of uncertainty.									
³ The base is December 2016.									
⁴ 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).									
⁵ Public and publicly guaranteed external debt, which includes long-term foreign liabilities of NBE and external debt of Ethio-Telecom.									
⁶ Prog. columns refer to pre-COVID projections as of December 2019.									

Annex XIV. The Gambia: Update for CCRT Debt Relief

Recent Economic Developments. Due to the continued impacts of COVID-19 on economic activity, including on the tourism sector, real GDP declined by 0.2 percent in 2020. Some signs of recovery have emerged in late 2020 and early 2021 but they are less vigorous than anticipated as the country has experienced a third wave of the pandemic in recent months. The latter, combined with surges in other countries, is delaying the full resumption of tourism activities and continues to hinder trade volumes and revenue collection. Nonetheless, the authorities are making strong efforts to manage prudently the budget by controlling the pace of expenditure execution. The fiscal deficit at end-June 2021, at 2.3 percent of GDP, was stronger than anticipated. Delays in budget support disbursements from development partners will weigh on fiscal performance in the second half of 2021. Exports remained weak in early 2021 and imports were persistently high, suggesting deterioration in the trade deficit. However, remittances have remained strong; during January-July 2021, they amounted to about 80 percent of full-year inflows seen in 2020. Thus, gross reserves have steadily risen, to around US\$ 430 million in August 2021, and combined with the SDR general allocation (US\$85 million), are expected to exceed 5 months of prospective imports at end-2021. As of early September, about 10 percent of the population has received at least one dose of covid vaccines, supported by COVAX initiative and other development partners.

Public health and macroeconomic policies. The authorities' response continues to focus on (i) containment and mitigation measures; (ii) upgrading of the health system to strengthen first response and ensure social distancing; (iii) support to vulnerable households; and (iv) support to businesses, especially in the tourism sector. Policy measures have included purchases of health supplies, health emergency plan, food distribution, social safety net program, and temporary tax relief for some key economic sectors. These measures were financed through the authorities' own resources, IMF RCF disbursement, World Bank grant, and other resources. The authorities approved a special appropriation in July 2021, fully financed from one-off oil prospecting penalties, which included ambulance purchases. Priority expenditures were boosted in 2020 and 2021 to help fend off the economic and social effects of the pandemic. Staff estimates priority expenditures at 5.0 percent of GDP in 2021, including health spending of 3.6 percent of GDP, especially for vaccine purchases and distribution.

Governance safeguards. The authorities opened a dedicated account for COVID-19-related spending in 2020 and set up a committee comprising all actors involved in the budget execution process to execute the COVID-19 spending. All COVID-19-related spending items are included in and approved through supplementary budget appropriations to

The Gambia: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)				
	FY2020		Change	FY2021
	Pre-Covid proj. 1/	Actual		Current proj. 2/
Priority expenditures	4.2	6.7	2.5	5.0
<i>of which</i>				
Health	1.5	2.6	1.1	3.6
Education	2.6	2.7	0.1	1.3
Social	0.1	1.3	1.2	0.1
Covid-related spending		3.5		1.0
Covid prevention, containment & mgmt		1.5		1.0
Transfers to HHs, businesses, SOEs, govt entities		2.0		0.0
<i>Memorandum:</i>				
Priority expenditures (percent of public spending)	17.1	27.4	10.3	15.0
Other Covid-related spending (percent of public spending)		14.4		3.6
Tax relief to HHs/businesses/other revenue measures 3/		0.6		0.2

1/ Most recent projection before March 1, 2020.
2/ Based on budget numbers
3/ Preliminary estimates

Source: the Gambian authorities; and IMF staff estimates and projections

comply with the budgetary process and ensure transparency. The Ministry of Finance continues to publish monthly expenditure reports, but work is needed to track COVID-19-related spending on a running basis given that this spending is no longer being exclusively channeled through a TSA sub-account. The authorities committed to an independent *ex-post* audit of COVID spending and strengthened the internal audit at the health ministry. Consistent with their commitment, the authorities continued the publication on the Gambia Public Procurement Agency [website](#) (GPPA) of the list of all COVID-19-related procurement contracts and their beneficiary owners from March 2020 to June 2021. The National Audit Office (NAO) has completed the first phase of the *ex-post* audit on COVID-19-related spending and the second phase of the audit, covering the last few months of 2020, is at an advanced stage. Instead of publishing the first phase of audit separately (previously planned for September 2021), the NAO now plans to publish jointly the reports from both phases of audits in late 2021 or early 2022. 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). It 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) and an augmentation of the ECF arrangement in the context of the first review in January 2021 to SDR 55 million (88.4 percent of quota). The second ECF review was completed in May 2021.

Upcoming debt service. The Gambia has debt service of SDR 1.089 million falling due to the IMF during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. Staff assesses that The Gambia is pursuing appropriate macroeconomic policies to address the immediate impact of the global pandemic. Staff also assesses that the resources freed by the 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 mitigate the impact of the pandemic on life and livelihood of the population and support the post-pandemic economic recovery.

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 1/				
(Percent change; unless otherwise indicated)										
National account and prices										
GDP at constant prices	6.1	6.3	-0.2	5.8	4.9	6.0	6.5	6.5	5.8	5.6
GDP deflator	7.1	6.3	6.0	5.5	4.9	5.1	5.2	4.5	5.0	4.8
Consumer prices (average)	7.1	6.7	5.9	6.0	7.0	6.3	6.1	5.5	5.0	5.0
Consumer prices (end of period)	7.7	6.2	5.7	5.8	6.5	6.2	6.0	5.0	5.0	5.0
External sector										
Exports, f.o.b (US\$ values)	23.8	6.0	-50.9	7.9	60.4	37.4	27.6	7.6	5.7	5.8
Imports, f.o.b (US\$ values)	14.6	13.6	-3.5	8.3	29.8	10.2	6.8	1.6	2.4	2.1
Terms of trade (deterioration = -)	-4.8	-3.3	1.4	-2.9	-3.8	0.2	-1.2	-0.5	2.0	2.8
Real effective exchange rate (depreciation = -)	4.4	...	11.1	...	...	...	...	...	...	...
(Contributions to broad money growth; percent)										
Money and credit										
Broad money	27.1	15.5	22.0	11.5	10.4	7.6	...	...	...	...
Net foreign assets	18.9	9.2	17.6	9.2	1.6	0.4	...	...	...	...
Net domestic assets	8.2	6.3	4.4	2.3	8.8	7.2	...	...	...	...
<i>Of which:</i>										
Credit to central government (net)	4.0	1.2	3.6	0.0	6.7	2.7	...	...	...	...
Credit to the private sector (net)	6.0	3.4	0.1	2.3	2.3	4.4	...	...	...	...
Velocity (GDP/broad money)	2.1	2.0	1.8	2.0	1.8	1.9	...	...	...	...
(Percent of GDP; unless otherwise indicated)										
Central government finances										
Domestic revenue (taxes and other revenues)	13.9	13.7	14.1	14.0	15.1	13.8	14.0	14.1	14.2	14.4
<i>Of which: Tax Revenue</i>	10.9	11.6	10.8	11.9	10.8	11.3	11.6	11.7	11.9	12.1
Grants	7.1	9.3	8.2	8.5	7.7	7.9	7.8	6.7	6.4	5.5
Total expenditures and net acquisition of financial assets	23.2	24.4	24.4	24.2	26.9	24.8	23.3	21.5	20.5	20.5
<i>Of which: Interest (percent of government revenue)</i>	22.3	19.9	21.9	18.1	18.6	18.5	16.2	15.5	13.3	11.6
Net incurrence of liabilities	3.1	2.0	1.7	1.8	4.2	3.2	1.6	0.8	-0.1	0.5
Foreign	2.6	2.0	0.9	1.8	1.9	2.1	1.6	0.8	-0.1	0.5
Domestic	0.5	0.0	0.8	0.0	2.2	1.1	0.0	0.0	0.0	0.0
Primary balance	0.6	1.0	1.0	0.8	-1.3	-0.5	0.7	1.4	2.0	1.1
Public debt										
Domestic public debt	80.1	75.8	83.5	70.8	82.2	77.8	72.5	65.1	59.5	54.6
Domestic public debt	35.5	32.9	35.4	29.5	33.2	30.0	26.6	22.2	20.2	18.0
External public debt	44.6	42.9	48.1	41.3	48.9	47.8	45.9	42.8	39.3	36.6
External public debt (millions of US\$)	798.1	816.5	894.4	857.2	969.8	1022.7	1068.3	1088.8	1085.4	1096.0
External current account balance										
Excluding official transfers	-8.4	-11.9	-8.1	-12.4	-14.8	-15.3	-13.4	-10.7	-8.8	-8.0
Including official transfers	-5.3	-8.7	-3.6	-9.9	-12.7	-13.2	-11.2	-9.0	-7.0	-6.7
Gross official reserves (millions of US\$)	225.0	268.0	352.1	313.4	496.9	517.3	533.7	543.0	558.3	587.7
(months of next year's imports of goods and services)	3.9	3.7	4.7	4.1	5.6	5.4	5.5	5.4	5.4	5.5
Savings and investment										
Gross investment	19.7	20.5	19.7	20.0	24.7	24.5	24.5	23.2	22.9	23.1
<i>Of which: Central government</i>	9.0	10.3	6.9	10.2	10.6	10.1	10.2	8.8	8.4	8.8
Gross savings	14.4	11.8	16.1	10.1	12.0	11.3	13.4	14.1	15.9	16.3
Memorandum items:										
Nominal GDP (billions of dalasi)	91.4	100.2	96.0	111.9	105.6	117.7	131.9	146.7	163.0	180.4
GDP per capita (US\$)	774.2	795.8	769.7	840.0	819.2	846.5	893.6	942.1	995.3	1046.2
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
<i>Of which: 2020 RCF</i>	...	...	15.6	...	...	...	...	...	...	...
<i>Of which: ECF Augmentation</i>	...	...	...	...	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 1/	0	0	3.2	0	4.0	0.8	...	...	...	...
PV of overall debt-to-GDP ratio	69.9	65.6	68.7	61.5	67.3	63.8	59.6	53.6	49.3	45.4
UNDP Human Development Index	0.5	...	...	...	...	...	...	...	...	...
Priority spending (health, education and social)	3.7	4.2	6.7	...	5.0	...	...	...	...	...

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

1/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XV. Guinea: Update for CCRT Debt Relief

Recent Economic Developments.¹ COVID-19 continues to negatively impact Guinea's non-mining sector—which accounts for over $\frac{3}{4}$ of GDP and employs the vast majority of the population. Measures imposed by the government at the onset of the pandemic to contain the spread of the virus, as well as weakened external demand, adversely affected sectors such as retail trade, transport, and tourism in 2020. Furthermore, the health measures had to be recalibrated to curb the spread of a third wave in August 2021, with prevalence of the delta variant and a sharp increase in positivity rate (from 2 in May to 9 percent in mid-August). The pandemic also exacerbated poverty and inequality levels. World Bank survey data point to higher unemployment, reduced access to health and education services, and an increase in poverty levels. Nonetheless, the mining sector, particularly bauxite and artisanal gold, was more resilient than expected. Record mining production offset the relative decline in the non-mining sector, resulting in GDP growth of 7.1 percent in 2020. However, 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 reached -2.9 percent in 2020, reflecting the response plan to the crisis and revenue shortfalls arising from COVID-induced constraints to tax collection capacity. A significant financing gap emerged during 2020—reflecting imports needed for the pandemic response and an increase in service imports as a result of an increase in digitalization and shipping disruptions amid weak FDI—and was met through 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. Guinea also faced an additional health challenge due to a new Ebola outbreak in February 2021—fortunately localized. The Guinean authorities and the WHO declared the end of the Ebola outbreak on June 19, 2021. The authorities had started vaccinating the population against COVID-19 and Ebola in March 2021. By early September, roughly 6.6 percent of the population received at least one dose of the Covid vaccine.

Growth is expected to reach 5.2 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 gradually subside. Inflation has increased to over 12 percent year-on-year in recent months, mainly driven by a spike in food prices, stemming from border closures and domestic transport disruptions, as well as higher international freight costs. The overall fiscal deficit is projected at 2.3 percent of GDP in 2021, with the budget fully financed as approved. A supplementary budget will include vaccine-related expenditure—the bulk of the vaccine procurement needs are expected to be donor financed.

The CCRT third tranche of debt service relief contributed 0.2 percent of GDP to the financing of the approved 2021 budget. Relative to 2020, the external financing gap, at about US \$81 million, is estimated to be more modest in 2021, with the balance of payments supported by a strong mineral export sector and the unwinding of the pandemic support measures, expected to be covered by support from the CCRT and DSSI operations. While the June 2021 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. Preliminary

¹ [Guinea 2021 Article IV Consultation Staff Report](#).

discussions with the authorities indicate they will use about half of their August 2021 SDR allocation (worth SDR 205.3 bn, about 1.8 percent of GDP) to finance vaccine procurement.

- Public health and macroeconomic policy response.** The execution of the Government's covid-response plan amounted to 1.5 percent of GDP in 2020 (Text Table). The largest share (0.9 percent of GDP) went toward the health component, with a focus on improving surveillance infrastructure, as well as purchases of medical services and equipment.² Social support measures amounted to 0.3 percent of GDP, and included the provision of food stocks and utility subsidies to households. The originally projected scale-up of cash transfers was delayed until the first quarter of 2021 due to the authorities' inability to meet the conditions of effectiveness for receiving the World Bank funds. The remainder of the funding went to support the private sector, including through tax exemptions for health equipment, support to the hospitality sector, support for farmers and the creation of a special fund to provide financing and loan guarantees to firms, with a focus on SMEs. The 2020 execution of the response plan resulted in an over-execution of the health component by 0.2 percent of GDP and an under-execution of the social and economic support components each by 0.3 percent of GDP. The Covid-related fiscal measures in 2021 are expected to be lower than in the previous year though higher-than-expected at the time of the last CCRT report³ and amount to an overall 0.7 percent of GDP. The bulk of it is projected to be spent on health measures, notably vaccine procurement and distribution (0.5 percent of GDP), with the rest being devoted to social protection for vulnerable households (consisting of part of the cash transfers that were delayed from 2020) and support to the private sector and SOEs. Furthermore, on the monetary side the central bank lowered its policy rate and the reserve requirements to support liquidity in the banking sector. Prudential regulatory measures, which are expected to remain in place through 2021, included 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. The BCRG is closely monitoring the effects of the pandemic on the banking sector and stands ready to withdraw the support measures as the pandemic recedes.

² The reported amount of the "Actual" Covid-related spending has been revised relative to the 3rd Tranche of the CCRT report to reflect updated execution data provided by the authorities.

³ At the time of the combined 5th and 6th ECF review staff report published on December 2020 and the third CCRT tranche report, the authorities had made the assessment that no Covid-related fiscal measures would be needed for 2021. They revised this assessment later during the year, as reflected in the June 2021 Article IV report.

Governance safeguards. The authorities followed through on RCF-related governance commitments. 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, covering spending through July 2021. The inspectorate-general for finance conducted an ex-post control of high-risk expenditures for Phase 1 of the Response Plan, with the involvement of civil society (available [here](#)). The report on Phase II is not yet available. The authorities also published all awarded procurement contracts for COVID-19-related projects, including the names of entities and their beneficial owners (available [here](#)). The authorities could further strengthen transparency of awarded contracts by ensuring more frequent publication of information of awarded contracts. Finally, the Court of Accounts conducted an audit of COVID-19 spending albeit with some delays due to the presence of multiple entities in the audit process. The audit, which was expected to be published online in June 2021, is now expected to be published after the Ministry of Economy and Finance conducts a review of the report.

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

	FY2020			FY2021		
	Pre-Covid proj. 3/	Actual	Change	Pre-Covid proj. 2/	Current proj.	Change
Priority expenditures	3.3	2.0	-1.3	-	-	-
<i>of which</i>						
Health	1.1	0.6	-0.5	-	-	-
Education	2.1	1.4	-0.7	-	-	-
Social	0.1	0.1	-0.1	-	-	-
Other Covid-related spending	-	1.5	-	-	0.7	-
Covid prevention, containment & mgmt	-	0.9	-	-	0.5	-
Transfers to HHs	-	0.3	-	-	0.1	-
Transfers to businesses, SOEs, govt entities	-	0.3	-	-	0.1	-
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	18.3	13.0	-5.2	-	-	-
Other Covid-related spending (percent of public spending)	-	9.5	-	-	3.9	-
Tax relief to HHs/businesses/other revenue measures	-	0.2	-	-	-	-

1/ Government periphery is central government.
2/ Most recent projection before March 1, 2020.
3/ Projections are from the 4th ECF Review Staff Report, which was published 18. March 2020.

Source: Guinean authorities; and IMF staff estimates and projections

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 ECF arrangement, combining the fifth and six review, and providing a disbursement of the equivalent of SDR 34.43 million. The 2021 Article IV consultation was concluded in June 2021.

Upcoming debt service. Guinea has debt service of SDR 1.836 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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. ³	Proj.	Proj.	Proj.	Proj.
Annual percentage change, unless otherwise indicated											
National accounts and prices											
GDP at constant prices	6.4	5.6	5.8	7.1	6.2	5.2	6.3	5.9	5.6	5.2	5.4
Mining	14.0	9.4	8.6	34.6	11.3	7.7	7.1	6.3	6.4	5.7	6.8
Non-mining	4.9	4.9	5.1	1.3	5.1	4.5	6.0	5.8	5.3	5.0	5.0
GDP deflator	7.1	9.9	8.2	10.7	8.1	11.3	9.6	8.1	7.7	7.8	7.8
GDP at market prices	13.9	16.2	14.4	18.6	14.9	17.0	16.5	14.5	13.7	13.4	13.6
Consumer prices (average)											
Average	9.8	9.5	8.5	10.6	8.0	11.6	9.9	8.0	7.8	7.8	7.8
End of period	9.9	9.1	8.1	10.6	8.0	11.3	9.9	8.0	7.8	7.8	7.8
External sector											
Exports, f.o.b. (US\$ terms)	-2.3	-0.8	17.2	126.4	9.0	7.1	-6.7	2.1	5.7	4.7	7.5
Imports, f.o.b. (US\$ terms)	28.0	-21.1	33.4	76.0	-5.4	-1.9	-13.5	4.8	7.7	1.3	2.8
Average effective exchange rate (depreciation -)											
Nominal index	0.2	2.4	...	-2.4	...	...	...	...	...	...	...
Real index	7.2	9.3	...	5.9	...	...	...	...	...	...	...
Money and credit											
Net foreign assets ¹	7.4	10.5	1.8	8.6	4.6	5.8	9.4	7.5	7.4	7.6	8.6
Net domestic assets ¹	2.9	12.4	3.6	15.3	3.3	7.1	8.6	7.0	6.2	7.3	4.8
Net claims on government ¹	11.5	4.0	1.6	18.3	0.4	2.2	4.7	2.9	2.1	1.5	0.5
Net claims on government ¹ , excl. recapitalization	-3.9	4.0	0.7	17.4	-0.5	0.6	3.9	2.2	1.4	0.8	-0.1
Credit to non-government sector ¹	7.2	8.9	2.3	3.2	2.0	4.9	4.9	5.0	4.8	6.7	4.9
Reserve money	6.5	16.6	3.0	19.2	8.3	11.1	13.6	13.5	12.4	11.0	13.3
Broad money (M2)	10.3	22.9	21.7	23.0	8.4	13.7	18.0	14.5	13.6	15.0	13.2
Percent of GDP, unless otherwise indicated											
Central government finances											
Total revenue and grants	14.9	14.4	15.2	12.8	15.7	14.9	14.7	15.1	15.6	15.7	15.6
Revenue	13.5	13.9	14.1	11.8	14.7	13.2	14.1	14.7	15.2	15.3	15.6
Of which: Non-mining revenue	10.8	12.0	11.7	10.2	12.1	11.5	12.2	12.7	13.1	13.2	13.4
Grants	1.4	0.5	1.1	1.0	1.0	1.7	0.5	0.5	0.4	0.4	0.0
Total expenditure and net lending	16.0	14.9	18.2	15.7	19.7	17.2	17.8	18.1	18.5	18.7	18.4
Current expenditure	10.8	11.1	11.3	12.4	11.5	11.8	11.3	11.4	11.4	11.5	11.5
Of which: Interest payments	0.8	0.5	0.7	0.7	0.9	0.9	1.0	1.0	1.0	1.0	1.1
Capital expenditure and net lending	5.1	3.7	6.8	3.2	8.1	5.3	6.3	6.6	7.0	7.1	6.8
Overall budget balance											
Including grants	-1.1	-0.5	-3.0	-2.9	-4.0	-2.3	-3.1	-3.0	-2.9	-3.0	-2.8
Excluding grants	-2.5	-1.0	-4.1	-3.9	-5.0	-4.0	-3.7	-3.4	-3.4	-3.4	-2.8
Basic fiscal balance	0.9	0.6	0.6	-1.4	0.9	-0.2	0.3	0.7	0.5	0.4	0.6
Current account balance											
Including official transfers	-19.5	-11.5	-21.9	-13.7	-15.3	-8.5	-11.2	-12.3	-12.7	-9.4	-7.8
Excluding official transfers	-20.0	-11.6	-22.3	-14.3	-15.7	-9.3	-11.2	-12.3	-12.7	-9.4	-7.8
Overall balance of payments	1.6	1.9	-0.4	-0.9	1.0	1.9	0.9	1.1	1.1	1.1	1.4
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)	4,082.1	4,040.8	4,818.5	8,996.0	5,244.0	9,595.0	8,958.7	9,142.7	9,665.3	10,121.9	10,878.9
Imports, goods and services (US\$ millions)	6,096.6	5,027.2	7,254.3	9,939.2	6,833.4	9,119.9	8,095.7	8,495.0	9,121.1	9,293.4	9,592.5
Overall balance of payments (US\$ millions)	194.4	257.8	-62.7	-131.0	164.2	323.9	164.7	222.5	235.5	246.4	339.8
Net foreign assets of the central bank (US\$ millions)	565.6	843.3	918.8	948.5	1,087.6	1,187.1	1,491.3	1,828.0	2,211.2	2,665.5	3,284.4
Gross available reserves (months of imports) ²	2.3	2.1	3.8	2.1	3.9	2.7	2.6	2.6	2.8	2.9	3.0
External public debt, incl. IMF (percent of GDP)	19.4	19.9	28.5	25.8	32.4	28.0	30.1	30.7	31.2	31.8	32.2
Total public debt, incl. IMF (percent of GDP)	38.6	38.0	43.1	43.4	44.4	43.2	42.8	42.4	42.3	42.3	41.8
Nominal GDP (GNF billions)	106,845	124,109	144,980	147,188	166,521	172,280	200,779	229,922	261,492	296,435	336,826

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.³ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

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

Recent Economic Developments.¹ COVID-19 continues to have a severe economic impact on Guinea-Bissau, a fragile state with long-standing economic challenges. After the economy contracted by 1.4 percent in 2020, a modest recovery by about 3.3 percent is projected for 2021, still short of the pre-COVID forecast of 5 percent. This partial rebound is expected to be driven by higher cashew exports and prices, and a more stable political situation, in which structural reforms and enhancements in the business environment are expected to help promote private investment. Fiscal consolidation efforts (2.3 percent of GDP reduction in the domestic primary deficit) are expected to lead to 4.5 percentage points (p.p.) lower but still significant overall deficit in 2021, projected at 5 percent of GDP. The current account deficit is projected at 8.5 of GDP, around the same level of 2020. Total public debt is projected at 78.4 percent of GDP, 0.9 p.p. lower than in 2020. The CCRT fourth tranche of debt service relief will contribute 0.1 percent of GDP to close 2021 financing gaps². This outlook relies on the effectiveness of containment measures against the pandemic and increasing distribution of vaccines. 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 declared on August 7, 2021 for 30 days was much strengthened on August 27 for 2 weeks in response to the increase in cases and deaths in the country associated with a third wave.³ 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 2.7 percentage points of GDP in 2021. In 2020 the 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

	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	4.2	8.4	4.2	4.0	6.7	2.7
of which						
Health	1.4	4.6	3.2	1.4	3.8	2.4
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.
<i>Memorandum:</i>						
Onlending to banks	0.0	1.8	1.8	n.a.	n.a.	n.a.
Priority expenditures (percent of public spending)	18.4	32.4	14.0	17.7	28.6	10.9
Other Covid-related spending (percent of public spending)	-	0.7	0.7	-	n.a.	n.a.
Tax relief to HHS/businesses/other revenue measures	-	n.a.	n.a.	-	n.a.	n.a.

1/ Most recent projection before March 1, 2020.

Source: Guinea-Bissau authorities; and IMF staff estimates and projections

¹ IMF Country Report No. 2021/172 Request for a Nine-Month Staff Monitored Program [Staff Report](#) (July 2021), including a Debt Sustainability Analysis (DSA).

² The external and fiscal financing gaps were estimated at 3.6 and 5.4 percent of GDP, respectively.

³ The state of calamity imposes a curfew, suspends travel within the territory, prohibits all gatherings, order social distancing and use of masks. By end-August 2021, there were 5,676 reported cases and 115 deaths.

budget (3.8 percent of GDP) is 2.4 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. As of end-June, the execution of total priority expenditures reached about 50 percent of the total projected for the year. With the support of the international donor community, the authorities plan to vaccinate 1.4 million people by the end of the first quarter of 2022. 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-corruption⁴ and implemented several of its recommendations.⁵ 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. The audit process was originally planned to start in the first semester of 2021, however, it has not yet started and the Terms of Reference have not been finalized yet; 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 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 RCF commitments to disclose the beneficial ownership information of companies awarded COVID-19 related contracts. The authorities have indicated that they expect to implement pending RCF commitments by the end of 2021.⁶

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. A nine-month SMP was approved by the Managing Director on July 19, 2021 to support the government's home-grown program of reforms aimed at stabilizing the economy, improving competitiveness, strengthening governance, and securing debt sustainability. On August 23, Guinea-Bissau received an allocation of Special Drawing Rights of SDR 27.2 million.

Upcoming debt service. Guinea-Bissau has debt service of SDR 0.596 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

⁴ The [report](#) can be found at the Ministry of Finance's website.

⁵ Adopted measures include the approval and promulgation of the 2020 and 2021 Budget, the reestablishment of the Treasury Committee, and the launching of the system for tax returns filing and electronic payments.

⁶ The Ministry of Finance is conducting an audit on the High Commissioner for COVID-19 since end-May 2021. The High Commissioner, in its turn, requested an ex-post independent audit to the Audit Court on September 6.

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 three 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 impact of the pandemic on life and livelihood of the population.

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

	2019	2020		2021		2022	2023	2024	2025	2026
		Pre-Covid	Est.	Pre-Covid	Proj.						Proj. 1/
(Annual percent change, unless otherwise indicated)										
National accounts and prices										
Real GDP at market prices	4.5	4.9	-1.4	5.0	3.3	4.0	5.0	5.0	5.0	5.0
Real GDP per capita	2.3	2.6	-3.5	2.7	1.1	1.7	2.8	2.8	2.9	2.9
GDP deflator	-3.5	2.1	-0.9	3.6	2.7	2.8	2.8	2.8	2.8	2.8
Consumer price index (annual average)	0.3	2.0	1.5	2.0	1.9	2.0	2.0	2.0	2.0	2.0
External sector										
Exports, f.o.b. (based on US\$ values)	-26.8	9.2	-19.6	6.8	16.6	9.4	8.2	7.2	6.2	5.2
Imports, f.o.b. (based on US\$ values)	14.2	6.6	-6.6	10.6	12.4	-1.3	5.7	5.9	5.6	6.1
Terms of trade (deterioration = -)	-31.4	0.9	-3.7	5.7	-8.2	4.2	5.5	3.8	2.5	2.4
Real effective exchange rate (depreciation = -)	-2.8	...	2.3	...	...	...	...	...	...	...
Exchange rate (CFAF per US\$; average)	585.9	...	574.8	...	...	...	...	...	...	...
Government finances										
Revenue excluding grants	9.2	5.3	-5.5	12.9	15.2	11.6	10.2	9.1	9.1	7.5
Expenditure	-3.0	1.9	30.5	9.1	-3.2	5.3	7.4	3.7	5.5	7.7
Current expenditure	18.2	-0.6	10.1	8.9	-2.1	5.3	5.4	5.6	7.7	6.6
Capital expenditure	-38.5	6.1	96.7	9.4	-5.2	5.3	11.1	0.4	1.6	10.0
Money and credit										
Domestic credit	13.8	3.8	-1.7	5.3	9.1	13.5	14.2	12.5	10.3	8.1
Credit to the government (net)	13.8	-2.5	-19.7	-2.4	-2.8	-3.5	-6.4	-7.5	-6.7	-6.0
Credit to the economy	13.8	6.9	5.9	8.7	12.9	18.2	18.9	16.0	12.7	9.7
Net domestic assets	11.9	11.0	-13.8	16.1	7.6	20.9	20.6	17.1	13.6	10.3
Broad money (M2)	0.3	7.1	9.1	8.8	0.9	6.4	7.4	6.5	5.6	5.2
(Percent of GDP, unless otherwise indicated)										
Investments and savings										
Gross investment	14.2	23.1	22.4	22.9	21.1	21.1	21.8	21.1	20.6	21.2
Of which: government investment	8.4	16.1	16.9	16.2	15.1	14.9	15.3	14.3	13.4	13.7
Gross domestic savings	0.9	13.8	5.9	13.3	5.9	8.7	10.2	10.1	10.0	10.9
Of which: government savings	1.8	5.7	3.4	6.2	5.2	5.9	6.6	6.2	6.0	6.2
Gross national savings	5.4	18.6	14.1	18.3	12.5	15.6	17.0	16.3	16.1	16.8
Government finances										
Revenue excluding grants	12.5	12.2	12.1	12.7	13.1	13.7	14.0	14.2	14.3	14.2
Domestic primary expenditure	13.9	13.1	16.2	12.6	14.9	14.9	14.7	14.0	13.7	13.7
Domestic primary balance	-1.4	-0.9	-4.1	0.1	-1.8	-1.2	-0.7	0.1	0.6	0.5
Overall balance (commitment basis)										
Including grants	-3.9	-5.1	-9.5	-5.1	-5.0	-4.6	-4.2	-3.6	-3.0	-3.0
Excluding grants	-6.8	-10.4	-13.7	-10.0	-10.4	-9.5	-9.1	-8.1	-7.4	-7.4
External current account										
Excluding official current transfers	-8.8	-4.5	-8.3	-4.6	-8.5	-5.5	-4.8	-4.8	-4.5	-4.4
Excluding official current transfers	-10.0	-5.8	-9.7	-5.8	-11.4	-8.6	-7.9	-7.5	-7.1	-7.0
Stock of public and publicly guaranteed debt										
Of which: external debt	65.9	71.5	79.3	71.1	78.4	77.5	75.7	73.6	71.1	68.8
Of which: external debt	24.2	23.3	25.4	23.0	26.7	24.9	23.1	21.7	20.4	19.4
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\$)	17.6	...	21.8	...	...	...	...	...	...	...
(percent of broad money)	34.2	...	32.9	...	...	...	...	...	...	...
UN Human Development Index	0.5	...	...	...	...	...	...	...	...	...
Social & health expenditures (percent of GDP)	3.7	4.2	8.4	4.0	6.7	4.1	4.1	4.1	4.1	4.1

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

1/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XVII. Haiti: Update for CCRT Debt Relief

Recent COVID and Economic Developments. There have been about 20,962 confirmed COVID-19 cases and 586 reported COVID-related deaths since the start of the pandemic in Haiti, a country of 11.7 million people. The spread of COVID has been relatively contained since the outset, although the pace of infection and death related to the Delta variant accelerated in mid-2021. The global pandemic hit Haiti's export sector and private demand, aggravating the economic contraction related to political instability and social unrest. Real GDP is estimated to have contracted by 3.3 percent in FY2020 (ending September 30) and is expected decline by around 0.7 percent in FY2021, with activity affected more recently by political turmoil and the August 14th earthquake.¹ The poverty rate at the international poverty line (US\$1.90 per day) is estimated to have risen to 25.1 percent in 2020, up from 23.6 percent in 2019 (World Bank).

Partial data for FY2021 suggest that exports of goods and services (US dollars) could rise by 31 percent following a decline of over 41 percent in FY2020, while imports of goods of services are on track to rise by about 10 percent after a decline of 17 percent in FY2020. Given the much larger magnitude of imports compared to exports, this could give rise to a current account deficit of about 0.3 percent of GDP in FY2021 compared to a surplus of 3.4 percent of GDP in FY2020, an atypically strong outcome driven in part by a surge in remittances. Gross international reserves are nonetheless projected to remain stable in the coming months at about US\$2.5 billion, or 4.9 months of projected imports. Net international reserves have declined steadily as foreign exchange liabilities to the banking sector have risen. Overall, external financing needs are estimated at about 2.9 percent of GDP for FY2021, excluding official transfers.

Together with ongoing political instability, this context has weighed on domestic revenue collection, which as a percent of GDP is expected to fall from an already very low 6.2 percent of GDP in FY2020 to 6.0 percent in FY2021. With the rise in fuel subsidy costs related to higher global fuel prices, financing constraints have remained acute and have contributed to a sharp reduction in non-fuel domestically funded public spending which is expected to decline from 7.9 in FY2020 to 7.3 percent in FY2021. While inflation has decelerated over the past year, high monetary financing of the fiscal deficit, rising oil and commodity prices, and supply disruptions contributed to an average inflation estimated at 16.2 per-cent in FY2021.² Risks to the outlook are significant, particularly relating to ongoing political uncertainty and gang-related security problems. Following the assassination of President Moïse on July 7th and the formation of an interim government, the calendar for presidential

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 3.0 percent of GDP in FY2020 and public debt is now around 24 percent of GDP (see Table 1).

² The most recent public DSA for Haiti was completed in April 2020 during Haiti's RCF request. This DSA assessed Haiti's risk of overall debt distress as high, although debt was assessed as sustainable. Model-based risk ratings for both external and public debt were "moderate" but the high probability of threshold breaches in the baseline scenario supported the application of judgment to "high". Haiti's recent GDP rebasing will lead to an improved debt sustainability outlook given model-based results, though fiscal risks have risen due to, *inter-alia*, the collapse in public revenues, political uncertainty, and the rise in monetary financing.

and legislative elections is unknown and it is not clear whether a constitutional referendum will take place.

As the spread of COVID-19 was much lower than expected, the authorities have spent less on COVID-related needs than anticipated. Although the authorities have not provided data on COVID-related spending since January 2021 (covering the March 2020-January 2021 period), trends up to June 2021 suggest that FY2021 spending on education, health and social protection should be roughly one third less than expected and in line with the level of the pre-COVID period. In fact, the 2021 budget had already planned a decrease in COVID spending from 0.6 percent of GDP (realized) to 0.1 percent (budget) but the difficult revenue situation is likely to have pushed COVID spending even lower. 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 would provide support to health spending in the event the spread from the variants continues to rise, as well as to the announced broader medium-term recovery objectives.

Governance safeguards. The authorities tracked and monitored COVID-related expenditures, publishing four different reports in April, May, and September 2020 and January 2021. They have not provided any update since then as spending on COVID-related needs in 2021 largely stopped (see above). 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. A thorough audit of Covid-related spending remains a key aspect of the Fund's re-engagement in Haiti. In June 2021, the Minister of Economy and Finance formally requested the *Cour Supérieure des Comptes et du Contentieux Administrative* to prepare the audit and the authorities indicated that it should be concluded during 2021. Moreover, a revised central bank law, prepared with assistance from LEG last year, has not been finalized. This is needed to strengthen the central bank's autonomy and governance arrangements. Fund staff are providing technical assistance to the authorities in support of their efforts to strengthen the governance and transparency of public procurement processes, including related to beneficial owners.

Fund support status. Haiti does not currently have an IMF arrangement and has outstanding debt to the IMF of SDR 128.3 million. On April 17, 2020 the IMF Board approved a disbursement of SDR 81.9 million (US\$111.6 million) under the Rapid Credit Facility to help cover balance of payment needs stemming from the COVID-19 pandemic, providing funding in a context of limited external financing and raising amounts due to the Fund to 78 percent of quota (January 2021) from 33 percent in March 2020. Haiti also benefited from debt relief under the Catastrophe Containment and Relief Trust (CCRT) worth SDR 15.912 million (US\$ 22.679 million) covering debt service to the IMF falling due from April 14, 2020 to April 13, 2022, thus freeing up resources to meet exceptional balance of payments needs arising from the COVID-19 pandemic. Staff reached understandings with the authorities on a Staff Monitored Program (SMP) in May 2020 but the SMP was ultimately not approved because prior actions related to governance were not implemented. Since then, and as noted above, staff have been working with the authorities to strengthen governance in the area of public procurement so that sufficient assurances are in place to allow the Fund to resume discussions for an SMP.

Upcoming debt service. Haiti has debt service of SDR 0.866 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period currently covered by the fourth tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability. Note that the Haiti received SDR 157 million (about US\$224 million) from the August 2021 SDR allocation which could be used to meet upcoming debt service payments or be exchanged to meet spending related to earthquake needs, including response and recovery, medical and health spending, and possibly wage arrears. IMF members can also use SDRs in a range of other authorized operations among themselves (e.g., loans, payment of obligations, pledges) and in operations and transactions involving the IMF, such as the payment of interest on loans, repayment of loans, or payment for quota increases.

Haiti: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2019/20		Change	FY2020/21		Change
	Budget	Actual		Budget	Proj. 1/	
Priority expenditures						
<i>of which</i>						
Health	0.39	0.80	105%	0.59	0.35	-40%
Education 2/	0.95	1.03	8%	1.47	1.08	-26%
Social	0.10	0.15	53%	0.14	0.08	-44%
Other Covid-related spending						
Covid prevention, containment & mgmt	NA	-		0.07	NA	
Transfers to HHs	NA	0.15		0.02	NA	
Transfers to businesses, SOEs, govt entities	NA	0.03		-	NA	
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	13.65	22.10		20.23	19.53	
Other Covid-related spending (percent of public spending)	-	2.06		0.80	-	
Tax relief to HHs/businesses/other revenue measures	-	-		-	-	
1/ Projection based on October 2020 - June 2021 data.						
2/ Increase in Education spending in 2020/21 are not related to COVID-19.						
Source: Haiti authorities; and IMF staff estimates and projections						

Staff assessment. Staff assess that the resources freed by the first, second and third 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 and of the August 2021 earthquake on the life and livelihood of the population.

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

Nominal GDP (2020): US\$14.5 billion	GDP per capita (2020): US\$1,235						
Population (2020): 11.7 million	Percent of population below poverty line (2012): 58.5						
	FY2018	FY2019	FY2020		FY2021		FY2022
		Est.	Pre COVID-19 proj.	Current Proj.	Pre COVID-19 proj.	Current Proj.	Current Proj.
(Change over previous year; unless otherwise indicated)							
National income and prices							
GDP at constant prices	1.7	-1.7	-0.4	-3.3	0.9	-0.7	1.3
GDP deflator	7.3	17.6	19.0	20.6	15.9	16.2	15.5
Consumer prices (period average)	12.9	17.3	19.0	22.9	15.9	16.2	15.5
External Sector							
Exports (goods, valued in U.S. dollars, f.o.b.)	8.8	11.4	3.7	-26.2	2.2	11.4	6.3
Imports (goods, valued in U.S. dollars, f.o.b.)	16.1	-6.0	-2.3	-16.7	1.7	40.3	-3.4
Remittances (valued in U.S. dollars)	14.7	3.2	6.2	16.1	3.7	35.8	0.3
Real effective exchange rate (eop; + appreciation)	2.9	-10.8	...	34.1	...	...	...
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	13.3	13.6
Base money (currency in circ. and HTG deposits)	20.5	22.9	18.6	22.4	17.0	12.4	14.0
Broad money (excl. foreign currency deposits)	13.1	20.4	18.6	-0.3	17.0	25.6	15.3
(In percent of GDP; unless otherwise indicated)							
Central government							
Overall balance (including grants)	-1.0	-1.3	-2.2	-2.2	-2.0	-2.1	-2.3
Domestic revenue	7.6	6.4	10.0	6.2	11.1	6.0	6.5
Grants	2.5	1.7	3.4	1.3	3.0	1.9	1.3
Expenditures	11.1	9.4	15.6	9.7	16.2	10.0	10.2
Current expenditures	7.5	7.3	11.5	8.1	11.4	6.9	7.6
Capital expenditures	3.7	2.1	4.1	1.6	4.8	3.1	2.6
Overall balance of the nonfinancial public sector 1/	-2.7	-1.7	-3.4	-3.0	-3.1	-2.7	-2.5
Savings and investment							
Gross investment	18.7	20.3	28.5	17.7	28.9	18.5	21.2
Gross national savings	15.8	19.2	27.7	21.1	27.8	18.2	21.4
<i>Of which: central government savings</i>	0.4	0.5	2.0	1.2	2.8	1.7	2.1
External current account bal. (incl. official grants)	-2.9	-1.2	-0.9	3.4	-1.1	-0.3	0.2
Net fuel exports	-5.9	-7.5	-12.5	-5.0	-11.6	-5.6	-6.0
Public debt							
External public debt (medium and long-term, eop)	13.8	16.1	25.4	9.8	24.2	12.0	11.4
Total public sector debt (end-of-period)	24.8	27.5	46.1	24.3	44.9	26.8	26.6
External public debt service 2/	6.1	6.7	7.9	11.6	7.9	9.4	9.2
(In millions of dollars, unless otherwise indicated)							
Memorandum items:							
UN Human Development Index (value)	0.508	0.510	...	...	...	...	...
Health, education, agriculture spending (% of GDP)	1.9	1.5	...	2.0	...	2.3	2.4
Overall balance of payments	-46	-204	-21	136	73	43	8
Net international reserves (program definition)	774	732	541	677	569	423	364
Gross international reserves	2,086	2,100	2,145	2,501	2,207	2,545	2,545
In months of imports of the following year	4.9	6.0	4.8	4.9	4.8	5.1	4.9
Nominal GDP (millions of HTG)	1,076,413	1,244,014	868,582	1,449,888	1,015,809	1,672,487	1,957,549
Nominal GDP (millions of U.S. dollars)	16,454	14,787	8,533	14,508	8,842	20,143	18,825

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.

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

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

Annex XVIII. Liberia: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic continues to adversely affect the Liberian economy. The third wave of the pandemic, which started in June, is likely to slow non-mining economic recovery in 2021 to 2.9 from 3.4 percent reflecting protracted COVID-19 restrictions. However, the slowdown in non-mining GDP growth is compensated by mining sector growth leaving overall GDP growth projection for 2021 unchanged at 3.6 percent and the level of real GDP 4.7 percent below pre-COVID-19 projections. Since the onset of the third wave of the pandemic, the pace of vaccination has increased, thanks to the arrival of additional 96,000 doses of AstraZeneca vaccines under the COVAX Initiative, bringing the total under the initiative to 496,000, as well as 302,400 doses of Johnson and Johnson from the United States Government. This is enough to vaccinate about 20 percent of the eligible population.¹ As of September 3, 2021, a total of 113,680 doses have been administered, with 27,392 people (representing 1.2 percent of the eligible population) fully vaccinated. 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, but stronger-than-expected domestic revenue performance and more budget support from development partners reduced the pressure. 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) relative to pre-pandemic projections to 0.7 percent of GDP in FY2020. The balance for FY2021 remained unchanged. The economic fallout of the COVID-19 shock resulted in 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. Thanks to exchange rate appreciation in the last quarter of 2020, inflation has eased to single digits. However, financial sector risks are higher as the impact of the pandemic contributed to increasing NPLs.

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 FY2020,² FY2021, and July-December 2021,³ COVID-19-related spending is estimated at 6.1 percent of GDP—2.5 percent of GDP, 3.4 percent of GDP, and 0.2 percent of GDP respectively. It comprises: (i) increases in priority spending in health, education and expansion of social programs, including the distribution of food aid

¹ Estimate based on eligibility age of 18 years and above.

² Liberia's fiscal years runs from July to June.

³ The authorities are changing the fiscal year from July-June to January-December, with July-December 2021 bridging the transition. Additional COVID-19 related spending amounting to 0.8 percent of GDP has been approved by the Legislature for the Special Budget for July-December 2021 to purchase COVID-19 vaccines, and transfer to households and SOEs affected by the pandemic. A decline in priority spending in the Special Budget relative to Pre-COVID projections is due to downward revision of project grants based on recent data.

(2.7 percent of GDP), and (ii) other COVID-19-related spending (3.4 percent of GDP), including cash transfers and transfers to State Owned Enterprises whose performance was negatively affected by the pandemic.

Governance safeguards. The authorities have made 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 the full text of large procurement contracts for FY20 (these contracts cover all types of spending, not just COVID-19 related spending) and information on legal ownership of companies winning contracts; FY21 contracts are not yet published, (ii) increasing the scope of public expenditure being processed through the Integrated Financial Management Information System (including all on-budget COVID-19 emergency spending), (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. The audit of the annual financial statements of the government for FY2020 by the General Audit Commission is near

completion, but the preparation of the audit for FY2021 is facing delays amid implementation challenges. In addition, the special audit for COVID-related spending during February to June 2020 has been finalized and the preparation of an update for the period July to December 2020 is underway.

	FY2020			FY2021 ¹			2021 (Jul-Dec proj) ²		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current Est.	Change	Pre-COVID proj.	Current proj.	Change
Priority expenditures	8.2	10.1	1.9	8.2	9.6	1.4	9.4	8.8	-0.6
<i>of which</i>									
Health	4.5	4.6	0.1	4.5	4.6	0.1	4.5	3.9	-0.6
Education	2.1	2.0	-0.1	2.1	2.5	0.4	3.3	3.1	-0.2
Social	1.6	3.2	1.5	1.6	2.6	0.9	1.6	1.8	0.2
Other Covid-related spending	0.0	0.6	0.6	0.0	2.0	2.0	0.0	0.8	0.8
Covid prevention, containment & mgmt	0.0	0.3	0.3	0.0	0.5	0.5	0.0	0.2	0.2
Transfers to HHs	0.0	0.1	0.1	0.0	1.1	1.1	0.0	0.3	0.3
Transfers to businesses, SOEs, govt entities	0.0	0.2	0.2	0.0	0.4	0.4	0.0	0.2	0.2
<i>Memorandum:</i>									
Priority expenditures (percent of public spending)	23.1	31.6	8.5	24.6	28.4	3.7	29.8	32.7	3.0
Other Covid-related spending (percent of public spending)	-	1.8		-	6.1			2.9	2.9
Tax relief to HHs/businesses/other revenue measures	-	0.0		-					
Source: Liberian authorities, and IMF Staff estimates									
Notes:									
1/ Fiscal year is from July to June. FY2021 is from July 2020 to June 2021.									
2/ The authorities are changing the fiscal year from July-June to Jan-Dec, they are using the special budget for Jul-Dec 2021 to bridge the transition.									
Source: Liberia authorities; and IMF staff estimates and projections									

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 34 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 3.103 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. Staff assesses that Liberia is pursuing appropriate macroeconomic policies to mitigate the *negative* impact of the pandemic and that resources freed by the first, second and third tranches of Fund debt service relief under the CCRT, and other support from the Fund, have been 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, 2019–26

	2019		2020		2021		2022	2023	2024	2025	2026
	Est.	pre-COVID	Est.	pre-COVID	Proj.	Proj. ⁵	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change)										
Real sector											
Real GDP	-2.5	1.4	-3.0	3.4	3.6	4.7	4.9	5.7	5.6	5.6	5.6
of which, Mining & panning	13.2	9.7	2.0	6.8	7.1	4.7	5.7	6.7	7.5	5.3	5.3
of which, Non-mining	-4.7	0.0	-3.8	2.7	2.9	4.7	4.7	5.6	5.2	5.7	5.7
Nominal non-mining per capita GDP (U.S. dollars)	554	621	529	527	575	610	613	643	674	710	710
Nominal GDP (millions of U.S. dollars)	3,080	3099	3,037	3131	3,384	3,664	3,794	4,086	4,403	4,743	4,743
Inflation											
Consumer prices (annual average)	27.0	21.3	17.0	13.5	5.9	11.8	9.6	5.4	5.0	5.0	5.0
Consumer prices (end of period)	20.3	15.0	13.1	12.0	7.6	13.3	6.4	5.0	5.0	5.0	5.0
Population (millions)	4.6	4.7	4.7	4.8	4.8	4.9	5.1	5.2	5.3	5.4	5.4
	(Percent of GDP)										
Central government operations¹											
Total revenue and grants	27.4	29.9	31.2	29.8	29.9	28.1	28.0	28.9	28.5	28.0	28.0
Total revenue	13.9	14.9	15.8	15.9	16.8	16.8	17.3	17.6	17.8	18.0	18.0
Grants	13.5	15.1	15.3	13.9	13.0	11.2	10.7	11.3	10.6	9.9	9.9
Total expenditure	32.2	34.6	35.3	33.5	32.1	30.4	30.1	30.6	30.0	29.5	29.5
Current expenditure	21.4	22.7	25.0	22.0	22.0	20.3	19.3	19.1	18.5	17.8	17.8
Capital expenditure	10.8	11.9	10.3	11.5	10.1	10.2	10.8	11.5	11.5	11.7	11.7
Overall fiscal balance, including grants	-4.8	-4.7	-4.1	-3.7	-2.2	-2.4	-2.1	-1.7	-1.5	-1.5	-1.5
Overall fiscal balance, excluding grants	-18.3	-19.7	-19.4	-17.6	-15.3	-13.6	-12.8	-13.0	-12.1	-11.4	-11.4
Public external debt ²	35.2	38.0	40.7	42.7	39.8	39.5	40.7	39.2	38.5	37.9	37.9
Public domestic debt ³	13.6	19.1	21.2	18.4	18.7	17.2	16.7	15.5	14.1	12.8	12.8
	(Percent, unless otherwise indicated)										
M2/GDP	20.9	16.7	25.5	16.3	22.9	22.3	23.5	24.0	24.3	24.6	24.6
Credit to private sector (percent of GDP)	15.3	17.3	16.4	17.8	16.1	16.3	17.3	17.6	17.8	18.1	18.1
Credit to private sector (annual percent change)	-11.3	1.3	5.5	3.7	9.6	9.6	9.8	9.6	9.3	9.3	9.3
	(Percent of GDP, unless otherwise indicated)										
External sector											
Current account balance											
including grants	-19.1	-21.4	-17.2	-21.9	-16.3	-20.2	-20.5	-20.3	-19.4	-18.5	-18.5
excluding grants	-25.3	-35.9	-24.1	-35.5	-22.3	-25.1	-25.4	-25.1	-23.9	-22.1	-22.1
Trade balance	-12.8	-13.4	-14.0	-12.3	-7.6	-9.6	-9.4	-9.1	-8.6	-8.0	-8.0
Exports	17.5	20.3	18.9	21.9	22.9	22.2	22.1	21.4	20.8	20.3	20.3
Imports	-30.3	-33.7	-32.9	-34.2	-30.5	-31.8	-31.5	-30.5	-29.4	-28.3	-28.3
Grants (donor transfers, net)	6.2	14.6	6.9	13.5	5.9	4.9	4.9	4.8	4.5	3.7	3.7
Gross official reserves (millions of U.S. dollars) ⁴	292	308	358	333	740	786	828	835	860	887	887
Months of next years imports	2.3	2.3	2.6	2.4	4.8	4.9	4.9	4.7	4.8	4.6	4.6
CBL's net int'l reserves (millions of U.S. dollars) ⁴	27	54	0	63	391	416	447	487	540	603	603
UNHDI	0.5		0.5								
Social and health expenditure	8.3		10.3	8.2	10.0						

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

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

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 CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XIX. 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 number of cases has been kept low (at around 0.15 percent of the population) albeit with high positivity rates. In the context of a dramatic second wave and under pressure from development partners, the authorities joined the COVAX initiative in March 2021, but the vaccination rate of the population remains at about 0.7 percent. Real GDP is estimated to have contracted by 6.1 percent in 2020, owing to collapsing tourism and mining production, along with lower domestic demand due to lockdown measures. Due to the decline in economic activity and tax exemptions to mitigate the impact of the pandemic, tax revenue fell by 1.2 percentage points of GDP y-o-y in 2020 to 9.4 percent of GDP; and the domestic primary balance turned from a small surplus in 2019 to a deficit of about 2.3 percent of GDP in 2020. The current account deficit significantly widened to an estimated 5.3 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 and two ECF disbursements are expected to be disbursed in 2021. However, the economic and social crisis, combined with a protracted drought in the South, has created the conditions for a famine affecting 1.3 million people, and nearly 1.4 million people are expected to have fallen below the poverty line of US\$1.9/day in 2020, bringing the poverty rate to 77.4 percent, according to the World Bank. Following a deep recession in 2020, economic activity has started to rebound since early 2021, supported by net exports and resilient financial services. A partial economic rebound is expected in 2021, with real GDP projected to grow by 2.9 percent, while the fiscal stance will remain accommodative with an anticipated domestic primary deficit of 3.1 percent of GDP. The current account deficit is expected to widen to 5.8 percent of GDP in 2021 due to increasing energy prices and lower vanilla prices. The longstanding economic impact of the pandemic, postponement of some external budget support, and delays in structural reforms are also opening BOP financing gaps, estimated at about 3 percent of GDP in 2021 and 1.1 percent of GDP per year on average over 2022-24.

Public Health and Macroeconomic Policy Response

The government deployed a Multisectoral Emergency Plan to address the pandemic. A state of emergency was declared in March 2020 (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 adopted by the government in July 2020 but its implementation was slowed down until February 2021 due to the lack of an operational Steering Committee. Policy actions 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 4.4 percent of GDP in 2020 and 4.3 percent of GDP in 2021 (compared to 4.5 percent of GDP in the previous projection). The budget of the four main social ministries has been decreased by about 0.3 percent of GDP in the 2021 revised budget law

compared to the initial one. While it is difficult to identify which part 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. The authorities made progress on publishing information on COVID-19 related spending, following up on commitments made for the 2020 RCF (IMF Country Report No. 20/268). The Ministry of Economy and Finance website (see [here](#)) provides the list of all the external grants and loans received to mitigate the impact of the pandemic, information on spending (MGA 1,870 billion committed as of August 20th, 2021) including details by Ministries, by category of spending, and specific subcategories (e.g., payments for hospitalization, treatment, and care). The same website provides links to 99 of the 111 public procurement contracts (fewer than previously reported following data review) including information on their purpose, the amount of financial transfers, and the names of awardees (whether individuals or companies). 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-

	FY2020			FY2021		
	Pre-Covid proj. 1/	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures						
<i>of which</i>						
Health	3.6	3.8	0.2	3.6	3.9	0.3
Education	1.2	0.8	-0.4	1.2	1.2	0.1
Social	2.3	2.5	0.2	2.3	2.4	0.0
Social	0.1	0.5	0.4	0.1	0.3	0.3
Other Covid-related spending						
Covid prevention, containment & mgmt	-	0.7		-	0.4	
Transfers to HHS	-	0.1		-	0.3	
Transfers to businesses, SOEs, govt entities	-	0.2		-	0.1	
Transfers to businesses, SOEs, govt entities	-	0.4		-	-	
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	21.9	22.9		20.6	21.0	
Other Covid-related spending (percent of public spending)	-	4.0		-	2.1	
Tax relief to HHS/businesses/other revenue measures	-	-		-	-	

1/ January 2020 Article IV projection.

Source: Madagascar authorities; and IMF staff estimates and projections

related procurement contracts. However, the operationalization of a dedicated COVID-19 Pandemic Response Fund remains unclear. Created in July 2020, it was only operationalized in April 2021 with a reduced budget, and a governmental decision in April exempting the Fund from normal procurement rules has raised concern among development partners. Technical assistance support is continuing to further improve the monitoring of COVID-19-related spending as part of the broader PFM CD agenda.

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 the 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. A new 40-month arrangement under the Extended Credit Facility (ECF) was approved by the IMF Executive Board on

March 29, 2021, equivalent to SDR219.96 million (about US\$312.4 million or 90 percent of quota). The program focuses on mitigating the economic impact of the pandemic, maintaining macroeconomic stability, and reviving the reform momentum to raise and sustain growth and reduce poverty.

Upcoming debt service. Madagascar has debt service of SDR 6.11 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. Staff assesses that Madagascar is pursuing appropriate policy responses to the pandemic and 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 2021 mainly reflecting weaknesses in the planning, execution, monitoring and reporting of this spending. Finally, the COVID-19 Response Fund should be subject to the same transparency procedures as for all COVID spending.

Table 1. Madagascar: Selected Economic and Financial Indicators, 2020–26

	2020		2021		2022 ³		2023	2024	2025	2026	
	Est.	Est.	Pre-COVID	Est.	Pre-COVID	Proj.					
(Percent change; unless otherwise indicated)											
National account and prices											
GDP at constant prices	3.2	4.4	5.2	-6.1	5.4	2.9	4.8	5.1	5.0	5.0	4.9
GDP deflator	8.6	5.6	7.2	4.2	6.5	6.0	6.4	6.2	6.1	5.9	5.7
Consumer prices (end of period)	6.9	4.0	6.2	4.6	5.9	6.5	6.3	6.1	5.9	5.7	5.5
Money and credit											
Reserve money	13.0	-4.4	12.2	10.8	11.4	22.3	18.4	13.0	15.9	11.6	13.4
Broad money (M3)	11.2	7.3	16.2	12.1	14.9	24.2	16.7	12.5	12.9	11.9	12.4
(Growth in percent of beginning of period money stock (M3))											
Net foreign assets	4.8	-2.6	6.9	2.1	7.6	-1.0	3.7	4.4	5.9	5.4	5.9
Net domestic assets	6.4	9.9	9.3	10.0	7.2	25.1	13.0	8.1	7.1	6.5	6.6
of which: Credit to the private sector	8.7	10.3	7.3	5.6	5.8	8.2	7.2	6.5	5.9	5.9	5.6
(Percent of GDP)											
Public finance											
Total revenue (excluding grants)	10.5	10.8	11.2	9.7	11.7	10.2	11.5	12.1	12.8	13.3	13.5
of which: Tax revenue	10.3	10.6	10.9	9.4	11.3	9.9	11.2	11.8	12.5	13.0	13.2
Grants	2.5	3.1	2.5	2.5	1.4	2.0	1.9	1.3	0.9	0.7	0.6
of which: budget grants	0.9	0.7	0.7	0.9	0.0	0.2	0.3	0.3	0.3	0.3	0.2
Total expenditures	14.4	15.4	16.4	16.5	17.3	18.6	17.8	17.7	17.8	17.4	17.4
Current expenditure	9.4	9.5	8.9	9.7	8.9	11.3	10.0	9.7	9.9	9.9	10.0
Capital expenditure	5.0	5.8	7.6	6.8	8.3	7.4	7.8	8.0	8.0	7.5	7.5
Domestic financed	1.8	1.7	3.1	3.0	3.1	2.8	3.0	3.2	3.4	3.5	3.5
Foreign financed	3.2	4.1	4.4	3.7	5.2	4.6	4.9	4.8	4.5	4.0	4.0
Overall balance (commitment basis)	-1.3	-1.4	-2.7	-4.3	-4.2	-6.4	-4.5	-4.3	-4.1	-3.5	-3.4
Float (variation of accounts payable, + = increase)	-0.2	0.3	0.1	0.8	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	-3.5	-4.3	-7.3	-4.5	-4.3	-4.1	-3.5	-3.4
Domestic primary balance ¹	0.1	0.3	0.0	-2.3	0.3	-3.1	-0.7	0.0	0.3	0.8	1.0
Total financing	2.0	1.3	2.7	3.5	3.8	7.3	4.5	3.9	3.8	3.3	3.2
Foreign borrowing (net)	1.5	1.3	2.2	1.7	3.3	3.1	2.7	3.0	3.1	2.8	2.6
Domestic financing	0.5	0.0	0.5	1.8	0.4	4.2	1.8	0.9	0.8	0.5	0.6
Fiscal financing need ²	0.0	0.0	0.0	0.0	-0.5	0.0	0.0	-0.4	-0.3	-0.2	-0.2
Savings and investment											
Investment	19.5	18.3	22.0	16.0	23.0	17.6	19.7	20.9	21.4	21.2	21.3
Gross national savings	19.9	17.5	20.5	10.7	21.5	11.7	15.1	16.6	17.2	17.4	17.9
External sector											
Exports of goods, f.o.b.	22.0	18.5	19.0	14.8	20.1	16.5	17.4	19.2	19.3	20.0	20.1
Imports of goods, c.i.f.	27.8	26.9	27.0	24.1	27.3	26.6	26.6	28.4	28.8	29.5	29.2
Current account balance (exc. grants)	-1.9	-5.4	-4.0	-7.8	-2.9	-7.8	-6.5	-5.6	-5.1	-4.5	-4.0
Current account balance (inc. grants)	0.7	-2.3	-1.5	-5.3	-1.5	-5.8	-4.6	-4.3	-4.2	-3.8	-3.4
Public debt											
External Public Debt	26.8	27.0	27.6	33.9	29.1	35.8	36.0	36.6	37.1	37.3	37.2
Domestic Public Debt	13.6	11.5	12.2	12.2	11.6	13.1	13.3	12.8	12.4	12.2	12.2
(Units as indicated)											
Gross official reserves (millions of SDRs)	1,221	1,196	1,390	1,338	1,552	1,604	1,716	1,841	2,002	2,115	2,226
Months of imports of goods and services	4.3	4.2	4.4	6.0	4.5	6.3	6.0	5.6	5.5	5.4	5.3
Real effective exchange rate (pa, percent change)	-2.3	-0.5	...	-0.8	...	...	...	...	...	...	...
Terms of trade (percent change, deterioration -)	5.6	-15.5	-3.5	-8.6	6.3	0.1	5.1	0.6	0.9	0.7	1.1
Memorandum items											
GDP per capita (U.S. dollars)	518	512	557	462	588	499	531	565	592	632	667
Nominal GDP at market prices (billions of ariary)	45,886	51,035	57,786	49,919	64,860	54,456	60,697	67,767	75,485	83,884	92,985
UN Human Development Index	0.521	0.528									
Social and health expenditure (percent of GDP)	3.8	3.5	3.6	4.0	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.³ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XX. Malawi: Update for CCRT Debt Relief

Recent Economic Developments. Malawi has faced a severe second round of COVID infections in February 2021 and a further uptick in mid-June. The number of cumulative positive cases of COVID-19 increased from 25,895 to 60,090 between February and August 2021, though daily positive cases have started to decline since mid-July. The severity of COVID infections is expected to weigh on economic recovery in 2021 and 2022; growth has been revised downward to 2.2 and 3.0 percent, respectively, which implies negative per capita growth. Inflation increased to 8.7 percent at end-July 2021 from 7.6 percent in 2020, driven by increases in prices for fuel, fertilizer and food. Increasing health and social spending led to an increase in the FY2020/21 primary deficit to 4.5 percent of GDP (Table 1) from 1.6 percent of GDP the year before (Text Table 1).¹ A further increase in social spending will increase the primary deficit to 5 percent of GDP in FY2021/22. The overall deficit would reach 8.8 percent of GDP due to the sizeable domestic interest payments, putting further pressure on already high total public debt. The current account in 2021 has widened to 14.7 percent of GDP and is projected to remain elevated in 2022. Gross official reserves are projected to significantly decline to US\$144 million by end-2021 (equivalent to 0.5 months of imports) from US\$565 million (equivalent to 2.9 months of imports) at end-2020, even after accounting for the SDR allocation. External financing needs are projected to remain elevated in 2021 and the medium term.

Policy Response. With the help of development partners and the Fund, COVID-related health care and social spending reached 0.4 percent of GDP in FY20/21 but is expected to fall to 0.2 percent of GDP in FY21/22, as the number of positive COVID cases declined since July 2021 (Text Table 1). This financial support helped develop testing capabilities and isolation centers, import medical equipment, hire medical staff, and raise public awareness. In addition, the government rolled out in February 2021 a National COVID-19 Vaccine Deployment Plan with a target of reaching 20 percent of the population by end-2021, benefiting from the

	FY2020/21		FY2021/22 (proj)	
	pre-COVID proj 2/	actual	pre-COVID proj 2/	current proj. 3/
Total revenue	22.5	15.1	23.1	14.7
Grants	2.2	1.9	2.4	1.2
Priority spending	1.9	2.6	2.0	3.1
Health	0.9	0.6	1.0	0.6
Education	0.5	0.4	0.5	0.3
Social protection/assistance	0.6	1.6	0.5	2.1
Other COVID spending		0.4		0.2
COVID prevention/management		0.3		0.2
Support for HH		0.1		
Support of business				

Source: Malawian authorities; and IMF estimates and projections.
1/ Presented in CY but please convert to FY if necessary and specify FY. Per DSSI GN, CY to FY conversion would be CY21 is equivalent to FY21/22 and so on. Government periphery is central government.
2/ Most recent projection before March 1, 2020.
3/ FY2021/22 is a 9-month fiscal year.

Source: Malawi authorities; and IMF staff estimates and projections

¹ In October 2020, the National Statistics Office (NSO) of Malawi completed and published the 2017 rebased GDP. As a result of the GDP rebasing, Malawi's nominal GDP level for 2017 increased by 41 percent (Table 1).

COVAX facility.² To support small and medium enterprises (SMEs) during the evolving Covid-19 pandemic, commercial banks and micro-finance institutions have been providing moratoria on their debt service until a date to be determined, while continuously assessing economic conditions. To support the economy, the Reserve Bank of Malawi maintained its accommodative monetary policy stance adopted at the outset of the COVID shock, keeping the policy rate at 12 percent.

Governance safeguards. Addressing governance weaknesses is a top priority for the new government. Actions are already being taken against civil servants involved in the mismanagement of COVID-19 funds (MK6.2 billion). To ensure an effective and transparent use of financing related to COVID19, the authorities are publishing on an ongoing basis the 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. Work is ongoing to publish beneficial ownership information of awarded companies; conduct ex-post validation of delivery on contract-by-contract basis; publish quarterly statements on commitments and payments of COVID-19 related activities; and specify 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, within 180 days after the end of the pandemic, 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. In response to the pandemic, the Executive Board approved on May 1, 2020 the Malawian authorities' request for emergency financing under the Rapid Credit Facility (RCF) equivalent to 47.9 percent of quota or SDR 66.44 million. The new administration came into office in June 2020 and cancelled the 2018 ECF arrangement in September 2020. Due to the severe impact of the pandemic, the Executive Board approved on October 2, 2020 the authorities' request for another disbursement under the RCF of 52.1 percent of quota (SDR 72.31 million), 30 percent of which was provided as budget support. The authorities requested a successor arrangement in April 2021, aligned with their long-term development strategy (Malawi Vision 2063) launched in January 2021.

Upcoming CCRT-eligible debt service. Malawi has debt service of SDR 6.724 million falling due to the Fund during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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. In the context of the authorities' request of a Fund-supported program, discussions are ongoing on a set of well-targeted reforms to help the Malawian authorities respond to the global pandemic,

² 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. As of August 26, 4.6 percent of total population were vaccinated.

correct elevated and further growing macroeconomic imbalances, and support long-term development. Staff not only emphasize the importance of promptly addressing debt vulnerabilities, fiscal imbalances and rebuilding gross official reserves, but also the criticality of quickly strengthening fiscal and central bank governance to address significant weaknesses and ensure efficient use of public resources. The Fund continues to provide technical assistance in various areas, including domestic revenue mobilization, public financial management, and statistics to support the authorities' reform efforts. Ongoing efforts to enhance transparency and accountability of spending and strengthen commitment and cash expenditure controls by launching the much-improved Integrated Financial Management Information System (IFMIS) could 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
	Est.	RCF II Pre-rebase	RCF II Rebase	Est.	RCF II Pre-rebase	RCF II Rebase	Proj.			Proj. ⁵		
National accounts and prices (percent change, unless otherwise indicated)												
GDP at constant market prices	5.4	0.6	0.9	0.9	2.2	2.2	2.2	3.0	4.5	5.0	6.0	6.0
Nominal GDP (billions of Kwacha)	8,220	6,252	8,815	8,815	6,933	9,976	9,774	10,885	12,097	13,354	14,781	16,358
GDP deflator	7.8	8.8	8.8	8.5	8.5	8.5	8.5	8.1	6.4	5.1	4.4	4.4
Consumer prices (end of period)	11.5	9.0	9.0	7.6	9.5	9.5	9.5	8.1	6.7	5.3	5.0	5.0
Consumer prices (annual average)	9.4	9.1	9.1	8.6	9.5	9.5	9.5	9.0	6.9	5.7	5.0	5.0
Investment and savings (percent of GDP)												
National savings	9.2	-8.5	-6.0	-5.5	-5.9	-4.1	-3.7	-1.3	0.4	2.0	3.6	4.7
Government	-2.3	-13.2	-9.4	-5.9	-13.0	-9.1	-5.2	-4.4	-4.1	-3.6	-3.2	-2.7
Private	11.6	4.7	3.4	0.4	7.2	5.0	1.5	3.1	4.5	5.6	6.8	7.4
Gross investment	21.8	11.3	8.1	9.3	14.4	10.1	11.0	12.6	12.4	12.7	12.4	12.2
Government	3.9	5.3	3.8	3.9	8.1	5.7	4.3	5.0	4.9	4.9	4.6	4.4
Private	18.0	6.0	4.3	5.5	6.4	4.4	6.6	7.6	7.5	7.8	7.8	7.8
Saving-investment balance	-12.6	-19.9	-14.1	-14.9	-20.3	-14.1	-14.7	-14.0	-12.0	-10.7	-8.8	-7.5
Central government (percent of GDP on a fiscal year basis) ^{1,2}												
Revenue	14.7	21.2	14.9	14.9	20.0	14.1	14.4	14.5	14.9	15.3	15.8	15.5
Tax and nontax revenue	13.3	19.1	13.4	13.4	17.4	12.3	12.6	13.3	13.7	14.2	14.8	14.9
Grants	1.4	2.1	1.5	1.5	2.6	1.8	1.8	1.2	1.2	1.1	1.0	0.7
Expenditure and net lending	19.6	30.6	21.5	21.5	33.0	23.1	22.7	23.3	23.1	23.3	23.0	22.6
Overall balance (excluding grants)	-6.3	-11.5	-8.1	-8.1	-15.6	-10.8	-10.0	-10.0	-9.3	-9.0	-8.2	-7.7
Overall balance (including grants)	-4.9	-9.4	-6.6	-6.6	-13.0	-8.9	-8.2	-8.8	-8.1	-7.9	-7.2	-7.0
Foreign financing	1.0	1.2	0.8	0.8	3.2	2.3	1.1	0.1	0.2	0.1	0.4	1.2
Total domestic financing	6.6	7.4	5.1	4.0	9.8	6.7	7.5	8.0	7.4	7.2	8.0	9.6
Financing gap residual gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.4	4.4	4.7	3.4
Discrepancy	-1.7	1.1	0.8	1.9	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
Primary balance	-3.7	-3.9	-2.7	-1.6	-7.2	-4.8	-4.5	-5.0	-3.4	-2.6	-1.6	-1.5
Domestic primary balance ³	-2.7	-2.5	-1.7	-0.6	-4.4	-2.9	-3.4	-2.8	-1.1	-0.5	0.4	0.4
Money and credit (change in percent of broad money at the end of the period, unless otherwise indicated)												
Broad money	8.1	9.5	9.5	18.7	10.9	10.9	10.9	11.4	11.1	10.4	10.7	10.7
Net foreign assets	2.4	-11.3	-11.4	-19.2	4.7	5.0	-37.4	4.1	16.4	4.1	10.2	11.6
Net domestic assets	5.6	20.8	20.9	37.9	6.2	5.9	48.3	7.3	-5.3	6.3	0.4	-0.9
o/w Net claims on the government	1.8	25.8	25.8	36.7	14.5	14.5	37.7	7.4	6.0	5.3	3.9	3.9
Credit to the private sector (percent change)	21.3	6.0	6.0	15.2	11.7	11.7	30.1	14.2	12.6	10.1	9.4	7.5
External sector (US\$ millions, unless otherwise indicated)												
Exports (goods and services)	1,196	1,132	1,132	966	1,245	1,246	1,078	1,196	1,330	1,523	1,709	1,899
Imports (goods and services)	3,043	3,204	3,208	3,205	3,402	3,410	3,175	3,176	3,112	3,187	3,264	3,344
Gross official reserves	753	873	884	566	958	974	144	368	747	890	1,027	1,219
(months of imports)	2.8	3.1	3.1	2.1	3.3	3.4	0.5	1.4	2.8	3.3	3.7	4.2
Current account (percent of GDP)	-12.6	-19.9	-14.1	-14.9	-20.3	-14.1	-14.7	-14.0	-12.0	-10.7	-8.8	-7.5
Current account, excl. official transfers (percent of GDP)	-13.0	-20.5	-14.5	-15.3	-20.3	-14.1	-14.7	-14.0	-12.0	-10.6	-8.8	-7.5
Current account, excl. project related imports (percent of GDP)	-10.8	-17.3	-12.3	-13.3	-16.9	-11.7	-12.7	-11.4	-10.0	-8.7	-7.1	-6.0
Real effective exchange rate (percent change)	13.9	...	...	...	...	...	...	...	...	...	...	...
Overall balance (percent of GDP)	-0.2	-4.5	-1.3	-3.1	-1.4	0.4	-3.5	-2.9	-1.5	-1.2	1.0	1.5
Financing gap (percent of GDP)	...	...	...	...	...	...	...	0.1	5.1	5.0	2.7	0.5
Terms of trade (percent change)	-1.3	7.0	7.0	7.5	-1.0	-1.0	-0.6	-1.4	-0.1	-1.0	-1.0	-1.0
Debt stock and service (percent of GDP, unless otherwise indicated)												
External debt (public sector)	27.8	31.8	22.7	32.8	34.4	24.1	32.7	32.6	31.7	30.8	30.7	30.2
NPV of public external debt (percent of exports)	117.7	150.5	151.2	169.1	148.6	149.3	163.3	143.8	133.5	17.7	17.5	17.0
Domestic public debt	17.5	37.3	26.2	21.9	43.7	30.1	26.7	32.7	37.9	42.2	44.3	45.5
Total public debt	45.3	69.2	49.0	54.7	78.2	54.2	59.3	65.4	69.6	73.0	75.0	75.7
External debt service (percent of exports)	5.5	8.3	8.3	7.2	8.8	8.8	47.1	43.8	36.6	29.4	13.7	13.4
External debt service (percent of revenue excl. grants)	1.3	5.3	5.3	1.7	6.6	6.5	2.0	1.9	1.6	1.4	1.0	0.9
91-day treasury bill rate (end of period)	6.2	10.0	10.0	10.0	...	...	...	...	...	...	...	...
<i>Memorandum items:</i>												
UN Human Development Index (UHD) ⁴	0.48											
Social & health expenditures (percent of GDP)			0.6	0.6	0.5	0.5	0.4	0.2				

Sources: Malawian authorities and IMF staff estimates and projections.

¹The current financial year, 2021, runs from July 1, 2020 to June 30, 2021. FY2021/22 covers 1 July 2021 to 31 March 2022, to accommodate the transition to an April - March fiscal year starting from FY2022/23

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 nontax revenues.

⁴Data source: Human Development Report, 2020.

⁵CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XXI. Mali Update for CCRT Debt Relief

Recent Economic Developments. COVID-19 continues to have a notable economic impact on Mali, exacerbating the effects of the socio-political and security crises.

- Mali has already undergone three waves of infection, with the total number of registered cases reaching 14,874 as of August 31, 2021, of which 539 deaths. The third and the strongest wave started at end-February 2021 and peaked at a record high of over 400 new cases on April 9, with the spread of the pandemic having slowed significantly since then.
- After contracting by 1.6 percent in 2020 due to the pandemic-related collapse of external demand, the containment measures, socio-political turmoil and a weak year in agriculture, real GDP is expected to recover in 2021 to some 4 percent of GDP, still below the estimated potential growth of around 5 percent (2 percent in per capita terms). A recovery in the cotton sector, continued accommodation by monetary and fiscal policies and stronger external demand appear to be supporting the recovery in 2021, but downside risks remain. As in other countries, headline inflation spiked in the first half of 2021 due to higher food and energy prices, to over 5 percent year-on-year, but has since subsided to within the central bank's target band 2 ± 1 percent. BOP pressures are also picking up in 2021 with a higher cost of imported fuel and a lower price of gold (main exports), with the external current account expected to widen to over 5 percent of GDP.
- The downturn in economic activity during 2020-21 is estimated to push 850 thousand people into extreme poverty, increasing its incidence from 42 percent of the population (8.2 million people) in 2019 to over 45 percent in 2020-21, according to World Bank estimates.
- Fiscal policies supported the economy and the most vulnerable through 2 percentage point of GDP wider deficits in both 2020 and 2021. However, as some of the economic and social pressures translated into permanently higher spending (e.g., for public wages, including teachers) and as heavy reliance on domestic financing following two coups d'état in 2020-21 increases the interest bill, the return to the WAEMU ceiling of 3 percent of GDP by 2024 will be more challenging.

Public health and macroeconomic policies. In 2021, the authorities focused on the vaccination campaign and prepared a national vaccination plan that prioritizes medical workers, the elderly and those with underlying health conditions. This first wave of vaccinations, under the umbrella of the COVAX initiative, started in April 2021, with the aim to reach some 20 percent of the population (40 percent of those above age 15) and a subsequent rollout to the rest of the population as more vaccines become available. In the event, the vaccination campaign has been slow, in large part due to weak demand, with only 0.8 percent of the population vaccinated by end-August 2021. Policy measures to contain the social and economic fallout from the pandemic have been steadily implemented. In addition to the monetary and financial measures taken by the regional central bank (BCEAO) in 2020 and a 2020 package of fiscal measures to support vulnerable households and firms totaling about 2 percent of GDP, the authorities allocated an additional 0.9 percent of GDP to combat COVID-19 pandemic in 2021 (text table). Estimates indicate that 95 percent of the 2020

stimulus had been implemented (although household income support is yet to reach all households due to delays in identifying potential beneficiaries) and around 20 percent of the 2021 stimulus has been executed by end-May 2021.

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 (i) the publication of information on COVID-19 spending; (ii) the commissioning and publication of an independent audit of this spending; and (iii) the publication of information on large procurement projects, including beneficial ownership, by end-May 2021. To meet these commitments, the authorities started the monthly publication of the COVID-19 expenditure reports in [October 2020](#); initiated an independent audit of COVID-19 related expenditure by the Office of the Auditor General (BVG), expected to be published by end- 2021; and—following technical discussions with the Fund on the collection and publication of beneficial ownership information, as well as a recent Governance Assessment—the government has committed to issuing a circular letter requiring all companies awarded with procurement contracts to submit beneficial owners’ information, subsequent to which the documentation on large public procurement contracts will be published. While the implementation of the safeguards has been delayed relative to the original plans, including by the recent coup d’état and the need to clarify data protection issues, the authorities have expressed their commitment to seeing them through.

Mali: 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	5.3	8.0	2.7	5.1	5.8	0.7
<i>of which</i>						
Health	1.2	1.5	0.4	-	1.1	-
Education	3.5	3.5	0.1	-	3.8	-
Social	0.5	2.2	1.7	-	0.2	-
Other Covid-related spending	-	2.0	-	-	0.9	-
Covid prevention, containment & mgmt	-	0.3	-	-	0.3	-
Transfers to HHs	-	1.2	-	-	0.1	-
Transfers to businesses, SOEs, govt entities	-	0.5	-	-	0.4	-
<i>Memorandum:</i>						
Priority expenditures 2/	19.9	30.5	10.5	-	21.1	21.1
Other Covid-related spending 2/	-	7.8	-	-	3.2	-
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

Source: Mali authorities; and IMF staff estimates and projections

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, second](#) and [third](#) tranche of debt service relief under the Catastrophe Containment Relief Trust (each around US\$10 million, 0.06 percent of GDP) approved on April 13, October 30, 2020, and April 1, 2021 respectively, and (iii) [second and third reviews](#) under the Extended Credit Facility arrangement (around US\$57 million, 0.3 percent of GDP) that were completed by the Executive Board on February 22, 2021.¹ Discussions under the fourth review started in May 2021 and were interrupted by a coup

¹ The three-year arrangement under the IMF’s [Extended Credit Facility](#) for Mali was approved on August 28, 2019, 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.

d'état. They resumed in July after the formation of the new government and, to allow more time for the completion of the reforms, will continue later in the fall 2021.

Upcoming CCRT eligible debt service. Mali has debt service of SDR 5.7 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. The unabating socio-political, health and security crises have delayed reforms and are adding to the fiscal pressures, but the government continues to pursue macroeconomic policies to address the pandemic and advance structural reforms. Staff assesses that the resources freed by the first three 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. Going forward, increased vigilance and a renewed reform momentum will be needed to preserve the government's ability to address the social and growth imperatives of Mali through sustainable and quality fiscal policies.

Mali: Selected Economic and Financial Indicators, 2017–25

	2017	2018	2019	2020		2021		2022	2023	2024	2025
				pre- COVID ¹	Est.	pre- COVID ¹	Proj.					Projections^{4}
National income and prices											
(Annual percentage change)											
Real GDP	5.3	4.7	4.8	5.0	-1.6	5.0	4.0	5.3	5.0	5.0	5.0
GDP deflator	1.9	1.5	1.9	1.8	0.9	2.3	2.7	2.0	2.0	2.0	2.0
Consumer price inflation (average)	1.8	1.7	-2.9	0.6	0.5	2.0	3.0	2.0	2.0	2.0	2.0
Consumer price inflation (end of period)	1.1	1.0	-3.3	1.7	0.7	2.3	3.9	2.0	2.0	2.0	2.0
Money and credit											
Credit to the government	55.7	64.1	-36.6	20.2	70.3	...	68.7	35.8	19.0	13.8	13.8
Credit to the economy	5.4	4.8	2.2	6.0	5.3	...	6.9	7.5	7.1	7.1	7.1
Broad money (M2)	4.3	14.2	9.0	11.2	22.2	...	8.5	7.5	7.1	7.1	7.1
Central government finance and public debt											
(Percent of GDP, unless otherwise indicated)											
Revenue	18.4	14.3	19.6	20.5	19.5	20.7	20.1	20.9	21.0	21.2	21.3
of which: Tax revenue ²	15.2	11.9	14.8	15.5	14.3	15.7	14.3	15.0	15.1	15.3	15.4
Grants	1.6	1.2	1.9	2.5	1.2	2.0	2.0	1.1	1.6	1.6	1.6
Total expenditure and net lending	22.9	20.3	23.1	26.4	26.1	25.9	27.5	26.5	26.0	25.8	25.9
Overall balance (accrual basis)	-2.9	-4.7	-1.7	-3.5	-5.4	-3.3	-5.5	-4.5	-3.5	-3.0	-3.0
Overall balance (cash basis)	-2.6	-3.9	-0.8	-3.6	-5.7	-3.2	-5.8	-5.0	-3.4	-2.9	-2.9
Public debt (end of period)	35.5	36.1	40.6	39.0	47.4	39.5	51.0	50.6	50.1	49.3	48.6
External public debt	24.5	23.4	26.5	26.1	29.9	25.7	30.1	27.5	25.8	24.2	22.7
Domestic public debt ³	11.0	12.7	14.1	12.9	17.5	13.8	20.9	23.1	24.4	25.1	25.9
Debt service (percent of revenues)	6.3	5.1	5.1	5.6	6.3	5.9	5.3	7.5	10.6	10.3	10.9
External sector											
Current account balance, including official transfers	-7.3	-4.9	-7.5	-4.4	-0.2	-4.6	-5.3	-5.0	-5.8	-6.2	-6.4
Current account balance, excluding official transfers	-12.1	-9.3	-11.8	-8.5	-4.0	-8.5	-9.3	-9.2	-10.0	-10.6	-11.0
Exports of goods and services	22.5	24.5	25.7	24.0	29.4	23.0	26.0	26.0	25.2	24.6	24.3
Imports of goods and services	36.2	35.6	38.0	34.0	35.3	32.9	37.2	37.2	37.0	37.1	37.3
Overall balance of payments	-0.5	1.1	3.0	0.1	5.7	-0.2	1.6	-1.1	-1.1	-1.6	-1.9
Terms of trade (deterioration -)	-25.3	-0.1	1.1	4.8	33.3	0.2	3.7	-11.1	-5.1	-2.4	-2.1
Real effective exchange rate (depreciation -)	0.5	0.3	-4.2	...	-0.2	...	...	...	...	...	...
Memorandum items:											
Nominal GDP (CFAF billions)	8,922	9,482	10,125	10,917	10,053	11,732	10,744	11,549	12,373	13,251	14,192
Nominal GDP (US\$ billions)	16.1	16.5	17.2	...	18.7	...	...	...	...	...	...
Public debt (CFAF billions)	3,165	3,424	4,106	...	4,768	...	5,478	5,840	6,205	6,532	6,900
Overall balance of payments (US\$ millions)	-71	189	451	...	998	...	...	...	...	...	...
US\$ exchange rate (end of period) ³	554	576	590	...	539	...	...	...	...	...	...
Gold Price (US\$/fine ounce London fix)	1,257	1,269	1,392	1,770	1,770	23.2	1,797	1,790	1,805	1,846	1,889
Cotton price (CFAF/kg)	1,017	1,063	956	...	866	...	1,113	1,128	1,008	955	954
Petroleum price (crude spot)(US\$/bbl)	53	68	61	58	41	55	66	65	61	59	57
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 Projections from 2022 include tax policy measures of 0.5-0.7 p.p. of GDP.

³ Includes BCEAO statutory advances, government bonds, treasury bills, and other debts.

⁴ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XXII. 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, with the poverty headcount rate estimated to have increased by 1.4 percent in 2020. 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 country has undergone two severe waves of infections during Jan-Mar and Jun-Aug 2021. Lockdown measures and weak external demand weighed on activity despite the support of a good agricultural harvest. With the pandemic ongoing, cyclone Eloise having struck the central regions of the country at the beginning of 2021, and a terrorist insurgency in the North of the country having displaced more than 800,000 people, real GDP growth is projected to only partially recover this year, to 2.5 percent (versus a pre-COVID projection of 4 percent). Inflation remained subdued in 2020 (3.1 percent e.o.p.) but has increased in 2021 due to currency depreciation and COVID measures periodically restricting the supply of consumer goods. The primary deficit after grants has widened to 2.7 percent of GDP in 2020 due to lower revenue and crisis spending, and is expected to widen further to 3.6 percent in 2021. The current account deficit has widened by 3 percentage points of GDP to 27.2 percent of GDP owing mainly to a decline in commodities export receipts, and is expected to widen to 34 percent of GDP in 2021. Public debt is now expected to peak in 2021 at about 135 percent of GDP. The external financing need reached 4.9 percent of GDP in 2020 and is projected to amount to about 3.4 percent in 2021.¹ 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 percent of GDP in 2020), and the 2020 revised budget has allowed for higher COVID-related spending to support businesses and vulnerable households (by about 1 percent of GDP). In 2020, the authorities received about US\$ 659 million (4.7 percent of GDP) in grants and concessional financing from development partners. For 2021, the authorities have assigned about 2.1 percent of GDP for COVID-19 emergency spending, of which 1.5 percent of GDP are earmarked for the vaccination campaign, while about 0.6 percent of GDP are expected to be used for social assistance for poor households. Other health expenditure is expected to increase to 3.9 percent of GDP in 2021, from 3.6 percent in 2020. 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.

¹ External financing need is defined as covering both project and non-project support (including the RCF).

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 made progress in implementing 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, which is being undertaken by the supreme audit institution (the Tribunal Administrativo), supported by ongoing Fund technical assistance, and is expected to be completed by the end of 2021. The government has published regular reports on funds received and their allocation on the Ministry of Finance website, while the Health Ministry has published information on public procurement contracts in the health sector on their website. In general, information on shareholders of companies is publicly

available through the Legal Entities Registrar, which could include companies awarded public procurement contracts. However, this information relates to shareholders and not beneficial owners as such, and the

authorities face significant challenges with holding accurate and up-to-date beneficial ownership information in the country. 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 are ongoing.

Upcoming debt service. Mozambique has debt service of SDR 9.467 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. There is no debt service falling due during the remaining period from January 11, 2022 to April 13, 2022.

Staff assessment. Staff assesses that Mozambique is pursuing appropriate macroeconomic policies to address the global pandemic. Staff also assesses that the resources freed by the initial tranche of Fund debt service relief under the CCRT, and other support from the Fund, are being used to help

	FY2020			FY2021		
	Pre-Covid proj.	Actual	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures	9.6	12.6	3.0	.	10.3	
<i>of which</i>						
Health	2.6	3.6	1.0	.	3.9	
Education	6.5	6.8	0.3	.	6.2	
Social	0.6	0.5	0.0	.	0.2	
Other Covid-related spending	.	1.0		.	.	
Covid prevention, containment & mgmt	.	0.5		.	1.5	
Transfers to HHs	.	0.3		.	0.6	
Transfers to businesses, SOEs, govt entities	.	0.2		.	.	
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	29.0	37.9	8.9	.	28.9	
Other Covid-related spending (percent of public spending)	-	3.1	.	-	6.2	
Tax relief to HHs/businesses/other revenue measures	-	.	.	-	.	

1/ Most recent projection before March 1, 2020.

Source: Mozambique authorities; and IMF staff estimates and projections

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
	Pre-l.	Est.	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	-1.2	4.0	2.5	5.3	12.6	3.5	3.5	13.9
Real GDP, excl. extractive industries	2.1	2.9	2.7	5.8	-0.2	3.7	2.3	4.3	4.0	4.0	4.0	4.0
Nominal GDP	11.7	6.5	7.5	14.5	1.2	10.6	8.4	11.1	18.8	9.2	9.2	20.2
GDP deflator	7.6	3.0	5.1	8.0	2.5	6.3	5.8	5.5	5.5	5.5	5.5	5.5
Consumer prices (end of period)	5.6	3.5	3.5	6.5	3.5	5.5	7.3	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	6.2	6.4	5.5	5.5	5.5	5.5
GDP (billions of meticaís)	841	896	963	1084	975	1198	1,056	1,174	1,394	1,523	1,664	2,000
GDP (billions of US dollars)	13.2	14.8	15.4	16.7	14.0	17.9	15.8	16.8	19.4	20.5	21.7	25.2
GDP per capita (US dollars)	461	503	507	522	449	544	492	506	569	586	603	682
Investment and savings (Percent of GDP)												
Gross domestic investment	33.2	50.0	60.1	88.3	57.8	87.0	59.9	48.8	65.4	69.9	71.2	56.7
Gross domestic savings, excl. grants	4.9	15.5	36.1	21.6	28.8	21.6	23.5	23.1	26.2	29.8	30.9	29.2
Central government (Percent of GDP)												
Total revenue ¹	25.1	23.8	28.7	25.1	24.5	25.8	24.1	25.5	24.6	25.1	25.8	26.2
of which: LNG revenues				...		...			0.6	0.4	0.4	1.1
Total expenditure and net lending	29.1	31.3	29.8	34.7	33.2	32.6	35.6	37.7	34.6	33.4	32.5	29.1
of which: current expenditure	19.3	21.7	22.0	21.7	23.6	21.1	26.3	27.3	25.8	25.5	24.7	21.7
Overall fiscal balance, before grants ²	-4.2	-7.9	-1.6	-9.7	-9.1	-6.7	-11.5	-12.2	-10.0	-8.3	-6.6	-2.9
Grants	2.0	2.0	1.0	4.9	3.6	3.0	4.2	4.0	2.6	1.6	1.1	0.9
Overall fiscal balance, after grants ²	-3.2	-8.2	-1.2	-4.8	-5.8	-3.7	-8.1	-8.2	-7.3	-6.7	-5.6	-2.0
Overall fiscal balance before LNG revenues, after grants	-3.2	-7.2	-0.2	-4.8	-5.8	-3.7	-8.1	-8.2	-7.9	-7.1	-6.0	-3.1
Primary fiscal balance, after grants	0.7	-3.8	2.0	0.0	-2.7	0.0	-3.6	-3.0	-2.5	-1.5	-0.3	3.0
Public sector debt (Percent of GDP)												
Nominal stock of total debt	103.7	110.3	108.4	111.4	130.5	111.4	135.3	133.1	126.9	127.6	126.2	108.4
of which: external	86.9	91.6	89.4	96.3	108.3	96.9	95.1	92.2	86.0	84.5	81.9	70.0
Nominal stock of total debt, excl. ENH's debt	98.0	103.2	99.8	93.3	117.9	89.5	122.6	119.0	111.6	109.8	106.4	89.7
of which: external debt, excl. ENH's debt	81.2	84.5	80.8	78.2	95.8	75.0	82.4	78.0	70.7	66.7	62.0	51.4
Money and credit (Percentage change, unless otherwise indicated)												
Reserve money	4.7	22.5	19.1	7.5	9.0	7.9	3.8	29.2	22.2	8.5	7.3	24.6
Broad Money (M3)	5.1	8.2	12.1	9.6	23.6	9.6	2.2	23.5	18.0	6.9	6.8	24.0
Percent of GDP	45.9	46.6	48.6	46.6	59.4	46.2	56.0	62.2	61.8	60.5	59.1	61.0
Credit to the economy	-13.7	-2.5	5.0	9.3	14.8	9.5	8.0	10.4	20.2	8.6	9.3	22.7
Percent of GDP	26.9	24.6	24.0	23.4	27.2	23.2	27.1	26.9	27.3	27.1	27.1	27.7
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	-19.6	-30.3	-19.6	-66.7	-27.2	-62.9	-34.0	-23.0	-37.6	-38.9	-39.6	-26.9
excl. megaprojects	-27.7	-26.0	-25.5	-23.2	-28.4	-22.5	-25.8	-23.2	-21.4	-19.3	-19.1	-19.2
excl. megaprojects (MP) and indirect MP imports	-17.6	-18.2	-17.5	-11.7	-18.0	-12.2	-15.9	-13.4	-12.3	-10.7	-10.5	-11.1
Merchandise exports	35.7	35.0	30.3	34.5	25.6	34.3	24.0	30.8	35.4	34.5	33.6	37.3
excl. megaprojects	8.1	8.6	9.0	9.3	7.7	9.6	5.9	7.7	7.3	7.6	7.9	7.4
Merchandise imports	39.5	41.6	43.9	50.3	41.9	47.0	41.7	40.4	40.1	39.5	39.1	33.6
excl. megaprojects	34.0	33.0	34.8	33.9	36.4	31.6	33.9	33.6	29.2	27.5	27.2	25.2
Net foreign direct investment	17.3	18.2	14.4	21.2	16.7	20.1	11.6	8.7	7.9	11.8	12.9	4.1
Terms of trade (Percentage change)	-0.3	-2.0	-1.0	-0.7	1.1	-0.3	-1.1	4.2	0.8	0.4	0.3	0.3
Gross international reserves (millions of US dollars, end of period)	3,338	3,081	3,884	2,991	4,070	3,078	3,943	4,162	4,312	4,794	5,494	5,488
Months of next year's non-megaproject imports	6.7	5.7	7.7	5.2	7.6	5.1	6.9	7.1	7.3	7.8	8.2	7.8
Net international reserves (millions of US dollars, end of period)	3,114	2,885	3,605	2,756	3,791	2,843	3,729	3,949	4,099	4,580	5,281	5,275
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 XXIII. Nepal: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic continues to have a severe economic impact on Nepal through a drop in tourism, stalled construction, and subdued economic activity. Since April 2021, the growth outlook deteriorated as Nepal experienced a devastating second wave of COVID-19 infections that interrupted the growth momentum earlier in the fiscal year (FY ends mid-July and estimates are still preliminary). In this context, real GDP growth in FY2020/21 is estimated at 1.8 and 4.4 percent in FY 2021/22 (compared to 5.7 and 5.5 percent respectively in the pre-pandemic baseline). As a result of temporary factors, the overall fiscal deficit narrowed from 5.3 percent of GDP in FY2019/20 to 4.6 percent of GDP and debt of 46.7 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).¹ Revenues in FY2020/21 benefited from increases in import related taxes and deferred tax receipts. However, budgeted expenditures including those in priority areas, underperformed relative to estimates in the last CCRT update due to implementation capacity constraints from the devastating effects of the second wave of COVID-19 and associated lockdown measures in place since April 2021. In FY2021/22, the fiscal deficit is estimated at 7.1 percent of GDP as the impact of temporary factors on revenues dissipate, while higher expenditure needs arise from the resumption of capital projects, ongoing need for economic support, and the government's plans to accelerate vaccine delivery. The current account deficit widened to 8.3 percent of GDP in FY2020/21 and will only fall slightly to 6.7 percent of GDP in FY2021/22 as imports surge due to the resumption of economic activities and higher global food and fuel prices. Reserve coverage (8.9 months of imports in FY2020/21) is expected to remain adequate in FY2021/22 supported by an SDR allocation of approximately US\$214 million approved by the IMF Executive Board in August 2021. While the flow of remittances surprised on the upside, job losses at home compounded by return migration, and limited coverage of social assistance programs, may likely be a setback to poverty alleviation gains in recent years.

Public health and macroeconomic policy response. The authorities have continued to take measures to address the domestic impact of the pandemic including the tailored reimposition of lockdown measures since April 29, 2021. Additional measures announced in the FY2021/22 budget include: (i) free tests, treatment and vaccinations for all Nepali citizens (11 percent of the population have received a 2nd dose of the vaccine); (ii) purchase of medical equipment and supplies such as ventilators and oxygen cylinders; (iii) further tax relief to households and businesses; (iv) increase in social security allowance by 33 percent including the amount of child protection grant and senior citizens allowance; (iv) expand the scope of Social Security Fund to informal sector workers. To support the continued supply of credit, the Nepal Rastra Bank (NRB) in FY2021/22 has maintained the Refinance Facility Fund to provide subsidized interest rates to banks willing to lend to priority sectors, and eased macroprudential measures (postponed the implementation of the regulation to require banks to build up a counter cyclical capital buffer).

¹ [Nepal is assessed at low risk of debt distress for both the external and overall public debt, unchanged from the assessment in the February 2020 Joint Bank-Fund Debt Sustainability Analysis \(DSA\).](#)

Nepal: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020/21			FY2021/22		
	Pre-Covid proj.	Actual 2/	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures		4.25			6.41	
<i>of which</i>						
Health		1.55			1.96	
Education		1.02			1.09	
Social		1.68			3.36	
Other Covid-related spending		n.a.			n.a.	
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)		14.77			20.31	
Other Covid-related spending (percent of public spending)	-	n.a.		-	n.a.	
Tax relief to HHs/businesses/other revenue measures	-	n.a.		-	n.a.	
1/ Most recent projection before March 1, 2020.						
2/ Projection as of August 2021.						
Source: Nepal authorities; and IMF staff estimates and projections						

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. Specifically, the Office of the Auditor General (OAG), an independent Constitutional body, audits the government accounts on an annual basis, as per its mandate, and publishes the results on the OAG website. The latest OAG report for FY2019/20 was published in August 2021². In addition, spending from the Covid-19 Fund—an extra-budgetary fund with financing from government, development partners, and the private sector—is being published monthly³ and the OAG is also expected to audit this Fund in 2022. In the context of the Rapid Credit Facility disbursed in May 2020, the authorities committed to take further steps, including publication of budget expenditures related to Covid-19 and publication of beneficial ownership information for new, large, Covid-19 related procurement contracts. The authorities have reiterated their intention to fully meet these commitments and have taken important steps in this regard including the preliminary publication of beneficial ownership information on the Department of Health’s website⁴, which continues to be strengthened, in consultation with Fund staff. Overall, progress on the full implementation of these measures continues to be impacted by the pandemic and associated prolonged lockdown measures.

Data gaps. The fiscal data available for Nepal only cover the central government. Therefore, the total public spending on priority areas (including on health, education, and social assistance) will be higher than reported due to additional spending in these areas by local and provincial governments

² [Auditor General Nepal \(oag.gov.np\)](https://oag.gov.np/)

³ https://www.fcgo.gov.np/storage/uploads/reportpublication/2021-07-29/20210729153015_2078%20Ashad.pdf

⁴ <http://dohslmd.gov.np/web/en/postdetail/1627562632>

which the data does not capture. The authorities do not currently have adequate mechanisms in place to track COVID-19 related spending in the budget separately from other priority spending.

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. Discussions are ongoing 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 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 including the governance safeguards set out above.

Upcoming debt service. Nepal does not have debt service due to the Fund during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. Staff assesses that Nepal is pursuing appropriate macroeconomic policies to address the global pandemic. Ongoing efforts to enhance transparency and accountability of COVID-19 related spending will help provide assurances that the resources freed by the first three tranches of Fund debt service relief under the CCRT, and other support from the Fund and development partners, 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. Nepal: Selected Economic Indicators, 2018/19-2025/26 1/

	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 4/			
Output and prices (annual percent change)										
Real GDP	6.7	6.0	-2.1	5.7	1.8	4.4	6.3	5.4	5.1	5.1
Headline CPI (period average)	4.6	6.0	6.1	5.9	3.6	5.7	5.7	5.6	5.4	5.4
Headline CPI (end of period)	6.0	5.9	4.8	5.8	4.2	5.7	5.6	5.6	5.3	5.4
Fiscal Indicators: Central Government (in percent of GDP)										
Total revenue and grants 4/	22.4	25.8	22.1	26.0	24.2	24.4	25.6	26.5	27.1	27.2
of which: Tax revenue	19.1	21.9	17.9	21.8	21.1	21.3	22.4	23.3	24.0	24.1
Expenditure	27.3	30.4	27.4	30.4	28.8	31.6	31.3	30.8	30.2	30.1
Expenses	21.1	23.1	22.6	23.1	23.2	25.1	25.2	24.9	24.6	24.4
Net acquisition of nonfinancial assets	6.3	7.3	4.8	7.3	5.5	6.4	6.1	5.8	5.6	5.6
Operating balance	1.3	2.8	-0.5	2.9	1.0	-0.7	0.4	1.5	2.5	2.7
Net lending/borrowing	-5.0	-4.5	-5.3	-4.4	-4.6	-7.1	-5.7	-4.3	-3.2	-2.9
Statistical discrepancy	-0.4	0.0	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial transactions	4.6	4.5	4.6	4.4	4.6	7.1	5.7	4.3	3.2	2.9
Net acquisition of financial assets	-0.3	1.6	1.9	0.9	1.5	1.5	1.5	1.5	1.5	1.5
Net incurrence of liabilities	4.3	6.1	6.5	5.3	6.1	8.7	7.2	5.8	4.7	4.4
Foreign 2/	2.7	2.4	2.4	1.9	1.9	2.5	2.1	2.0	1.9	1.3
Domestic	1.6	3.7	4.1	3.4	4.2	6.2	5.1	3.8	2.8	3.1
Money and credit (annual percent change)										
Broad money	15.8	13.2	18.1	11.9	21.8	6.5	7.2	7.6	10.8	10.7
Domestic credit	21.7	17.6	14.6	15.7	26.8	13.4	12.6	12.1	11.7	12.7
Private sector credit	19.1	15.0	12.6	13.8	26.3	11.0	9.2	10.4	11.3	13.0
Saving and Investment (in percent of nominal GDP)										
Gross investment	41.4	54.6	28.4	53.4	43.3	43.3	41.7	40.2	39.0	37.7
Private	27.6	25.1	23.6	24.4	32.5	31.6	30.6	29.5	28.6	27.5
Central government	6.3	7.3	4.8	7.3	5.5	6.4	6.1	5.8	5.6	5.6
Change in Stock	7.6	22.2	0.0	21.7	5.2	5.2	5.0	4.8	4.7	4.5
Gross national saving	34.4	49.4	27.4	48.5	35.0	36.6	36.2	35.4	34.8	33.9
Private	33.8	47.8	28.5	47.0	34.5	38.0	36.5	34.7	33.0	31.9
Central government	0.7	1.6	-1.1	1.5	0.5	-1.5	-0.3	0.8	1.7	2.0
Balance of Payments										
Current account (in millions of U.S. dollars)	-2,369	-1,760	-339	-1,832	-2,844	-2,429	-2,196	-2,015	-1,913	-1,869
In percent of GDP	-6.9	-5.2	-1.0	-4.9	-8.3	-6.7	-5.6	-4.7	-4.2	-3.8
Trade balance (in millions of U.S. dollars)	-11,373	-11,658	-9,186	-12,379	-11,510	-11,959	-12,446	-12,931	-13,427	-13,915
In percent of GDP	-33.3	-34.2	-27.0	-33.1	-33.6	-32.9	-31.6	-30.4	-29.3	-28.2
Exports of goods (y/y percent change)	12.1	1.4	-6.4	9.9	30.0	5.8	8.8	11.4	12.3	12.4
Imports of goods (y/y percent change)	5.4	2.4	-18.2	6.5	25.7	4.1	4.5	4.7	4.7	4.7
Workers' remittances (in millions of U.S. dollars)	7,769	8,402	7,533	8,825	8,150	8,394	8,696	9,096	9,514	9,952
In percent of GDP	22.7	24.7	22.2	23.6	23.8	23.1	22.1	21.4	20.8	20.2
Gross official reserves (in millions of U.S. dollars)	8,545	8,536	10,559	8,419	10,884	10,099	9,186	8,566	8,315	8,477
In months of prospective imports	8.9	6.6	9.0	6.1	8.9	7.8	6.8	6.0	5.6	5.5
Memorandum items										
Public debt (in percent of GDP)	33.1	33.7	42.2	35.7	46.7	52.7	55.2	56.5	56.6	56.3
Nominal GDP (in billions of U.S. dollars)	34.2	34.1	34.0	37.4	34.3	36.3	39.4	42.6	45.8	49.3
Nominal GDP (in billions of Nepalese Rupees)	3,859	3,892	3,915	4,354	4,129	4,556	5,119	5,699	6,316	6,994
Net International Reserves (in millions of U.S. dollars)	8,536	...	10,687	...	10,797	10,098	9,185	8,565	8,314	8,476
Primary Deficit (in billions of Nepalese Rupees)	172	154	183	162	156	286	241	184	129	117
Primary Deficit (in percent of GDP)	4.5	4.0	4.7	3.7	3.8	6.3	4.7	3.2	2.0	1.7
Tax Revenue (in billions of Nepalese Rupees)	737	851	700	951	870	969	1,149	1,331	1,514	1,685
Tax Revenue (in percent of GDP)	19.1	21.9	17.9	21.8	21.1	21.3	22.4	23.3	24.0	24.1
UN Human Development Index 3/	0.602	...	...	...	...	...	...	...	...	...
Health Expenditure (in percent of GDP)	...	...	1.0	...	1.5	2.0	2.0	2.0	2.0	2.0
Social Protection/Assistance (in percent of GDP)	...	...	1.7	...	1.7	3.4	3.4	3.4	3.4	3.4
CCRT debt relief (in millions of SDR) 4/	...	0.0	2.9	0.0	3.6	...	...	...	...	...
Private sector credit (in percent of GDP)	75.4	86.0	83.7	87.5	100.3	100.9	98.1	97.2	97.7	99.6
Exchange rate (NPR/US\$; period average)	112.9	...	115.2	...	...	...	...	...	...	...
Real effective exchange rate (average, y/y percent change)	-1.4	...	1.4	...	...	...	...	...	...	...

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

1/ Fiscal year ends mid-July.

2/ Net incurrence of foreign liabilities cover previously identified financing and new financing (identified as of end-August 2021) to support Nepal's COVID-response. The new financing include the IMF prospective ECF (US\$398.8 million for FY2021/22-FY2024/25), World Bank (US\$500 million for FY2020/21-FY2022/23), Asian Development Bank (US\$200 million for FY2020/21-FY2023/24), and DSSI (US\$52.6 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 third tranche of CCRT debt relief covering the period April 14, 2021 to October 15, 2021 for SDR 3.6 million was approved on April 1, 2021. CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Note: 2020 Article IV Baseline is based on data as of end-Jan 2020, and current baseline forecast is as of August 26, 2021.

Annex XXIV. Niger: Update for CCRT Debt Relief

Recent economic developments.¹ In April 2021, Niger achieved its first democratic transfer of power. The new government is committed to sustained macroeconomic policy and medium-term reform while the political economy remains challenging. The updated outlook for the Nigerien economy has been slightly revised compared to the projections of April 2021. Real GDP growth for 2020 has been revised upwards at 3.6 percent—due to higher agricultural production. It is projected to pick up this year at 5.4 percent—instead of 6.9 percent as previously forecasted, largely due to the base effect—, 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. While the direct health and economic impacts have been relatively mild with Niger’s limited exposure to international value chains and a large informal agricultural sector affording 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. 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 5.3 and 6.6 percent of GDP. This primarily reflects the need to step up security and infrastructure spending to address the heightened security risks in the Sahel region, as well as the revenue shortfalls related to the economic slowdown and difficulties in collecting taxes under pandemic conditions. The current account deficit is projected to widen from 13.5 percent of GDP in 2020 to 15.5 percent in 2021, as domestic economic activities recover and large-scale projects resume. External financing needs will remain high in the short-to-medium term, reflecting the difficult fiscal situation as well as sustained development needs.

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. With the resurgence of new cases, however, the authorities extended the state of emergency for a further period of three months from January 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. Expenditure figures are unchanged since last update because the latest available spending data by functional area are from Q3 2020. They 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 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 9.1 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

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>.

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

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.

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	8.2	7.9	-0.3	7.9	9.1	1.2
<i>of which</i>						
Health	1.7	1.3	-0.4	1.7	1.3	-0.4
Education	2.8	2.9	0.1	2.7	3.0	0.3
Social	3.7	3.7	0.0	3.6	4.9	1.3
Other Covid-related spending	...	0.5				
Covid prevention, containment & mgmt	...	0.2				
Transfers to HHs	...	0.2				
Transfers to businesses, SOEs, govt entities	...	0.0				
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	37.9	42.0	4.1	38.9	39.9	1.0
Other Covid-related spending (percent of public spending)	-	2.5		-		
Tax relief to HHs/businesses/other revenue measures	-			-		

1/ Most recent projection before March 1, 2020.

Source: Niger authorities; and IMF staff estimates and projections

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 Court of Audit is also committed to carrying out an audit of COVID-related spending, although to allow more time for the technical work of the audit, the government has noted that the publication date may have to be delayed to December rather than September.³ The government is publishing data on public procurement (plans, tenders, and contracts awarded)⁴ with larger contracts (over 0.5 billion CFA), which are subject to the review and approval of the Council of Ministers. Although it has not yet been published, the list of Covid-related emergency procurement contracts has been shared with the IMF and other development partners. The government has not yet begun collecting beneficial ownership information but has committed to begin doing so. 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. The authorities have published on an official website⁵ the updated report on asset declarations of all members of government—providing information on the total value of assets and the ministers that are current in their declaration. 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

³ The completed report will be published on the website of the Cour des Comptes (<http://www.courdescomptes.ne/>).

⁴ <http://www.armp-niger.org/documentation/journal-des-marches-publics-jmp/>

⁵ <http://www.courdescomptes.ne/index.php/publications/rapports-2/send/3-rapport-general-public/99-rapport-general-public-2020>

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 RCF (SDR83.66 million, 63.6 percent of quota) was approved on April 14, 2020. Following an official request from the authorities, discussion on a successor ECF program was initiated in June 2021.

Upcoming debt service. Niger has debt service of SDR 5.029 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff appraisal. Staff assess that Niger is pursuing appropriate macroeconomic policies to address the global pandemic. The government has reiterated its commitment to strengthen the governance framework under the new program in discussion. They notably intend to: (i) issue a regulation requiring all Covid-related new public contracts to request the beneficial ownership information of companies submitting bids, with the information of the winning company to be published (proposed program prior action); (ii) extend the requirement to provide and publish beneficial ownership information to all non-competitive bids; and (iii) improve transparency of the asset declaration regime by the adoption and publication of a new template for members of government providing more details on their assets while redacting sensitive information that might affect their security. Staff has received reasonable assurances from the authorities that these commitments will be met. Staff also assess that the resources freed by the first three 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. 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	Proj.	Projections ⁵				
(Annual percentage change, unless otherwise indicated)											
National income and prices											
GDP at constant prices	7.2	5.9	6.0	3.6	5.6	5.4	6.6	10.4	11.4	8.6	6.0
Oil production (thousand barrels per day)	17	18	20	17	20	17	17	49	90	108	108
GDP deflator	2.4	0.1	2.0	0.9	2.0	2.7	2.0	2.0	1.9	2.0	2.0
Consumer price index											
Annual average	2.8	-2.5	2.0	2.9	2.0	2.9	2.5	2.0	2.0	2.0	2.0
End-of-period	1.6	-2.3	2.0	3.1	2.0	3.0	2.5	2.0	2.0	2.0	2.0
External sector											
Exports, f.o.b. (CFA francs)	-5.2	-1.0	12.0	-3.1	5.9	3.7	13.2	53.4	40.7	23.9	1.6
Of which: non-uranium exports	-5.2	-1.0	15.7	-3.1	7.2	3.7	13.2	53.4	40.7	23.9	1.6
Imports, f.o.b (CFA francs)	11.6	7.9	14.9	3.8	7.5	13.9	16.0	3.3	11.5	11.5	4.5
Export volume	-6.9	-2.2	11.4	-1.1	3.9	-7.8	8.4	58.7	45.8	30.7	1.7
Import volume	8.7	9.7	14.7	1.9	6.9	4.3	14.6	4.8	5.6	8.2	5.6
Terms of trade (deterioration -)	-0.9	2.9	0.3	-3.9	1.4	3.0	3.2	-1.9	-8.7	-8.0	0.9
Government finances											
Total revenue	26.7	-1.6	15.1	0.5	10.2	9.6	12.6	25.9	19.9	14.4	9.6
Total expenditure and net lending	18.8	8.4	9.7	11.0	2.2	12.6	2.4	8.4	12.3	12.2	8.9
Current expenditure	6.0	2.3	9.3	12.4	4.8	14.6	2.8	13.6	18.1	14.7	10.0
Capital expenditure	33.0	13.8	10.1	5.3	0.0	11.5	0.2	5.3	11.4	9.6	7.6
(Annual percentage change, unless otherwise indicated)											
Money and credit											
Domestic credit	11.4	-12.2	8.9	25.2	8.6	12.7	17.5	15.0	13.3	12.7	13.5
Credit to the government (net)	127.8	-89.5	8.3	575.8	5.0	47.9	44.6	18.0	10.3	4.9	6.6
Credit to the economy	-4.5	13.0	9.1	8.6	9.8	6.1	10.4	14.0	14.4	15.4	15.7
Net domestic assets	13.4	-18.7	13.0	45.2	14.7	31.5	41.8	21.4	9.0	7.3	12.5
Broad money	-2.1	15.0	8.4	17.0	7.7	12.0	14.6	13.5	12.6	14.9	14.3
Velocity of broad money (ratio)	6.3	5.8	6.2	5.2	6.2	5.2	5.0	4.8	4.7	4.8	4.6
(Percent of GDP, unless otherwise indicated)											
Government finances											
Total revenue	12.1	11.2	12.1	10.8	12.4	10.9	11.3	12.6	13.4	13.8	14.0
Total expenditure and net lending	21.1	21.6	21.6	22.9	20.4	23.8	22.4	21.6	21.3	21.6	21.8
Current expenditure	9.9	9.6	9.9	10.3	9.6	10.9	10.3	10.4	10.8	11.2	11.4
Capital expenditure	11.2	12.0	11.7	12.1	10.9	12.5	11.5	10.7	10.5	10.4	10.4
Overall balance (commitment basis, incl. grants) ^{2,3}	-3.0	-3.6	-2.7	-5.3	-2.7	-6.6	-5.3	-3.7	-3.0	-3.0	-3.0
Gross investment	28.5	30.0	32.6	31.1	32.4	31.6	33.3	30.1	30.3	30.0	29.8
Non-government investment	18.4	19.3	20.9	20.5	21.5	20.7	23.3	20.7	21.1	20.9	20.8
Government investment	10.1	10.6	11.7	10.5	10.9	10.9	10.0	9.4	9.2	9.1	9.1
Gross national savings	15.8	17.4	16.7	17.6	15.8	16.1	17.1	18.6	21.5	22.1	21.1
Of which: non-government	12.1	13.2	12.5	15.2	11.5	14.5	14.5	14.8	17.5	18.0	17.0
Domestic savings	14.0	14.3	13.8	15.0	16.2	14.0	14.9	16.6	19.9	20.9	20.4
External current account balance											
Excluding official grants	-14.6	-15.3	-17.9	-15.6	-18.1	-17.2	-18.0	-13.1	-10.4	-9.5	-10.3
External current account balance (incl. grants)	-12.7	-12.6	-15.9	-13.5	-16.6	-15.5	-16.3	-11.5	-8.7	-7.9	-8.7
Debt-service ratio as percent of:											
Exports of goods and services	7.1	7.9	8.3	5.5	8.8	14.8	12.4	10.4	8.1	6.6	6.9
Government revenue	6.7	7.6	8.3	8.5	8.8	19.7	16.2	14.2	11.9	10.0	9.7
Total public and publicly-guaranteed debt	36.9	39.8	39.7	45.0	39.0	48.8	49.7	47.6	44.8	43.4	43.2
Public and publicly-guaranteed external debt	25.3	26.5	28.0	31.6	27.9	32.7	32.1	29.9	27.8	26.2	25.4
PV of external debt	23.1	24.5	19.6	24.2	19.4	23.4	23.0	21.3	19.7	18.5	17.9
Public domestic debt ⁴	11.6	13.3	11.7	13.4	11.2	16.2	17.7	17.8	17.0	17.2	17.7
Foreign aid	8.3	10.8	9.9	12.2	8.7	9.7	9.3	9.3	8.3	7.8	7.4
<i>Memorandum items:</i>											
GDP at current market prices, billions of CFA francs	7,134	7,565	8,240	7,909	8,880	8,559	9,301	10,471	11,895	13,166	14,229
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	6.1	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 Includes CCRT debt relief.³ Revenue including grants minus expenditure; WAEMU anchor.⁴ Includes from 2017 onward, debt associated with commercial PPPs.⁵ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XXV. Rwanda: Update for CCRT Debt Relief

Recent Economic Developments. COVID-19 continues to impact Rwanda. Despite a sizeable policy response, the protracted nature of the COVID-19 pandemic continues to affect the economy and social fabric. Notwithstanding a second wave of infections in December 2020 and a three-week lockdown in Kigali in January 2021, Q1 2021 growth registered 3.4 percent on the back of a strong performance in agriculture, helped by a good harvest, and rebound in manufacturing. High-frequency indicators point to a continued recovery in Q2 2021. Headline inflation remained low in 2021, reaching -0.4 percent y/y in July, owing to a decline in food prices supported by a good harvest and base effects from the increase of transport fares the previous year. Real GDP growth for 2021 is projected at 5.1 percent. The slow vaccination rollout and renewed mobility restrictions in 2021 Q2 following the latest surge of infections risks delaying the economic recovery. The social impact of the pandemic is expected to be significant, with poverty now projected to increase by almost 4 percent between 2019 and 2021, close to 900,000 new poor over two years.¹ The IMF's two RCF disbursements, concessional resources from development partners, and higher-than-anticipated remittances helped to close the fiscal and external financing gaps. Fiscal and external balances are projected to deteriorate relative to their pre-pandemic projections, reflecting mainly additional COVID-19-related spending, higher oil prices, and a decline in net exports with a delay in resumption of tourism activities. This deterioration is expected to gradually reverse, as domestic and trading partner demand recovers.

	FY 19/20			FY 20/21			FY 21/22 (proj.)			
	pre-COVID ¹	actual	change	pre-COVID ¹	budget ²	actual	change	pre-COVID ¹	budget ³	change
Total revenue	19.1	18.8	-0.3	18.8	17.9	19.9	2.0	18.8	18.7	-0.1
Grants	4.2	4.5	0.4	4.4	5.8	5.6	-0.2	4.1	5.5	1.5
Priority expenditures^{4,5}	9.1	10.1	1.0	9.5	9.5	10.6	1.1	7.8	13.3	5.5
Other COVID spending⁶	--	1.2	1.2	--	2.9	3.6	0.8	--	3.1	3.1
COVID prevention/management	--	0.3	0.3	--	0.7	1.4	0.8	--	1.5	1.5
Support for HH	--	0.6	0.6	--	0.4	1.2	0.8	--	0.7	0.7
Support of business	--	0.2	0.2	--	1.8	1.0	-0.8	--	0.8	0.8
Memo items										
Priority expenditures (percent of public spending)	30.1	31.1	1.0	33.0	29.4	31.9	2.5	27.6	42.7	15.1
Other COVID spending (percent of public spending)	--	3.6	3.6	--	8.9	11.0	2.1	--	9.9	9.9
Tax relief to HHs/businesses and other revenue measures	--	--	--	--	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 4th PCI review projections (June 2021) and current projection.

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

Public Health and Macroeconomic Response. The strong public health response sustained since CCRT-3 and containment measures continue to help prevent the spread of the virus and maintain fatality rates significantly below other sub-Saharan Africa countries. Despite Rwanda's preparedness, sustained efforts to secure doses and lock in financing, vaccination rates, albeit faster than the sub-

¹ [World Bank Rwanda Macro Poverty Outlook, April 2021](#)

Saharan average of about 1 percent, remain slower than planned due to vaccine supply constraints. As of September 7, 12.8 percent of the population has received at least one dose of COVID-19 vaccine of which 7.1 percent of the population has been fully vaccinated against a 30 percent target set for end-December 2021. The government has continued to scale up its economic response to the pandemic to facilitate the vaccine rollout, support the recovery, and minimize social scarring. Initially costed at 3.3 percent of GDP and spanning the last two fiscal years (FY19/20 and 20/21), COVID-related spending under the Economic Recovery Plan (ERP) has been increased since the last CCRT disbursement and now amounts to 10.1 percent of GDP and was extended until FY 23/24 to better mitigate the expected larger and protracted impact of the pandemic. Near half of this amount (4.8 percent of GDP) is estimated to have been spent over the last two fiscal years (i.e. by end-June 2021). More than 3/4 (7.9 percent of GDP) is projected to be spent by the end of the current FY 21/22 budget to (i) prevent, contain, and manage the pandemic and its scars, including the vaccination drive and investments in education to minimize learning losses (3.3 percent of GDP); (ii) support vulnerable households through cash transfers, subsidized access to agricultural inputs, and public works (2.5 percent of GDP); and (iii) assist firms in hardest-hit sectors through the provision of subsidized loans, direct support, and credit guarantees channeled through the Economic Recovery Fund (2.1 percent of GDP). Tax deferral and relief measures benefitting households and corporates have all been phased out at end-December 2020.

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 government expenditures and procurement tenders for FY19/20, including those linked to the pandemic have been audited by the office of the Auditor General, whose independence is enshrined in the Constitution and Law with findings made public by end-April.³ Audits of COVID-19 related spending for FY 20/21 are expected to be published by end-May 2022 as part of the annual independent audit of the government accounts envisaged in the Constitution and Organic Budget Law.

IMF Program Status. Rwanda has a PCI supported program in place since June 2019. Program performance has been strong with all reviews but the second completed. In the latter case, an interim performance update was issued to the Executive Board in September 2020, as it was not possible to complete the review within the three month-period of the scheduled review given the large uncertainty around the near-term outlook and required policies and the need to prioritize the authorities’ requests for RCF disbursement. The third review was completed in December 2020 and the fourth review on July 1st, 2021, with the Board approving a one-year extension of the PCI. The fifth review is expected to be completed by end-December 2021. Two RCF disbursements under the “exogenous shock window” totaling SDR160.2 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. With the approval of the new SDR allocation, Rwanda received SDR 153.5 million (2.1

² See [Rwanda E-procurement system](#).

³ See [IMF Country Report No. 21/164](#)

percent of GDP) which could be used for emerging needs related to the pandemic and to boost its reserves.

Upcoming Debt Service. Rwanda has debt service of SDR 8.01 million to the Fund falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 three tranches of Fund debt service relief under the CCRT, and RCF disbursements are being used appropriately 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.⁴

⁴ See [IMF Country Report No. 21/1](#) and [IMF Country Report No. 21/164](#)

Table 1. Rwanda: Selected Economic Indicators, 2020–26¹

	2020		2021			2022		2023		2024		2025		2026	
	1 st Rev. ¹	Act.	1 st Rev. ¹	4 th Rev.	Proj.	4 th Rev.	Proj. ⁶	4 th Rev.	Proj.	4 th Rev.	Proj.	4 th Rev.	Proj.	4 th Rev.	Proj.
(Annual percentage change, unless otherwise indicated)															
Output and prices															
Real GDP	8.0	-3.4	8.0	5.1	5.1	7.0	7.0	8.1	8.1	7.5	7.5	7.5	7.5	6.1	6.1
GDP deflator	5.6	8.3	5.0	1.9	1.9	5.4	5.4	5.8	5.8	5.0	5.0	5.0	5.0	5.0	5.0
CPI (period average)	5.4	7.7	5.0	2.4	2.4	4.9	4.9	5.8	5.8	5.0	5.0	5.0	5.0	5.0	5.0
CPI (end period)	5.0	3.7	5.0	3.5	3.5	5.2	5.2	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0
Terms of trade (deterioration, -)	-0.1	-0.9	0.0	2.6	2.6	0.2	0.2	1.6	1.6	-0.6	-0.6	1.7	1.7	2.3	2.3
Money and credit															
Broad money (M3)	21.9	18.0	17.4	10.1	10.1	13.1	13.1	17.3	17.3	14.7	14.7	12.7	12.7	11.4	11.4
Reserve money	22.1	21.7	17.8	10.6	10.6	13.1	13.1	15.2	15.2	14.7	14.7	12.7	12.7	11.4	11.4
Credit to non-government sector	14.8	21.8	7.9	10.0	10.0	12.7	12.7	14.6	14.6	13.3	13.3	13.5	13.5	12.7	12.7
M3/GDP (percent)	29.8	28.9	30.9	29.8	29.8	29.9	29.9	30.6	30.6	31.1	31.1	31.1	31.1	31.1	31.1
(Percent of GDP, unless otherwise indicated)															
Budgetary central government, FY basis ²															
Total revenue and grants	23.3	23.3	23.2	25.0	25.0	24.2	24.2	24.4	24.4	24.6	24.6	24.8	24.8	25.1	25.1
<i>of which</i> : tax revenue	16.4	16.2	16.6	16.0	16.0	15.9	15.9	16.4	16.4	16.8	16.8	17.0	17.0	17.5	17.5
<i>of which</i> : non-tax revenue	2.6	2.6	2.2	3.3	3.3	2.8	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
<i>of which</i> : grants	4.2	4.5	4.4	5.7	5.7	5.5	5.5	5.4	5.4	5.2	5.2	5.2	5.2	4.9	4.9
Expenditure	30.4	32.4	28.8	34.2	34.2	32.8	32.8	32.0	32.0	29.7	29.7	28.8	28.8	28.1	28.1
Current	15.0	16.0	14.8	15.9	15.9	15.4	15.4	15.7	15.7	14.5	14.5	14.6	14.6	14.4	14.4
Capital	12.0	12.7	12.0	14.5	14.5	12.3	12.3	12.4	12.4	11.9	11.9	12.3	12.3	11.9	11.9
Lending minus repayment	3.4	3.7	2.0	3.8	3.8	5.1	5.1	3.8	3.8	3.3	3.3	2.0	2.0	1.8	1.8
Primary balance	-5.5	-7.6	-4.1	-7.6	-7.6	-6.3	-6.3	-5.2	-5.2	-2.9	-2.9	-1.9	-1.9	-1.1	-1.1
Overall balance	-7.1	-9.1	-5.6	-9.2	-9.2	-8.6	-8.6	-7.5	-7.5	-5.1	-5.1	-4.0	-4.0	-3.0	-3.0
excluding grants	-11.3	-13.6	-10.0	-14.9	-14.9	-14.1	-14.1	-12.9	-12.9	-10.3	-10.3	-9.2	-9.2	-7.8	-7.8
Debt-creating overall bal. (excl. PKO) ³	-6.2	-7.7	-5.7	-9.2	-9.2	-8.6	-8.6	-7.5	-7.5	-5.1	-5.1	-4.0	-4.0	-3.0	-3.0
Net domestic borrowing	1.8	-0.6	1.0	-0.4	-0.4	4.0	4.0	1.3	1.3	0.5	0.5	0.0	0.0	-0.2	-0.2
Public debt															
Total public debt incl. guarantees	58.9	71.3	59.8	79.1	79.1	81.3	81.3	81.1	81.1	79.5	79.5	76.5	76.5	74.0	74.0
<i>of which</i> : external public debt	48.1	55.3	49.8	63.0	63.0	66.8	66.8	68.7	68.7	68.7	68.7	67.9	67.9	65.9	65.9
PV of total public debt incl. guarantees	43.1	51.0	42.9	55.7	55.7	56.7	56.7	56.5	56.5	55.5	55.5	53.4	53.4	51.9	51.9
Investment and savings															
Investment	28.2	24.5	28.8	24.2	24.2	26.8	26.8	28.8	28.8	28.7	28.7	29.0	29.0	26.9	26.9
Government	12.1	14.2	12.7	13.8	13.8	12.1	12.1	12.1	12.1	12.0	12.0	12.2	12.2	10.2	10.2
Nongovernment	16.1	10.4	16.1	10.4	10.4	14.7	14.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7
Savings	15.5	9.5	16.6	6.5	6.5	10.3	10.3	13.8	13.8	15.3	15.3	17.5	17.5	17.4	17.4
Government	4.5	3.1	4.0	-0.1	-0.1	0.4	0.4	1.9	1.9	2.8	2.8	3.7	3.7	3.3	3.3
Nongovernment	11.1	6.4	12.6	6.5	6.5	9.9	9.9	11.8	11.8	12.5	12.5	13.8	13.8	14.1	14.1
External sector															
Exports (goods and services)	21.8	18.7	22.6	22.3	22.3	25.7	25.7	27.7	27.7	29.5	29.5	31.0	31.0	30.8	30.8
Imports (goods and services)	34.1	35.1	34.3	41.2	41.2	43.4	43.4	43.9	43.9	44.3	44.3	43.7	43.7	41.7	41.7
Current account balance (incl grants)	-9.9	-12.2	-9.1	-13.4	-13.4	-12.2	-12.2	-11.2	-11.2	-9.6	-9.6	-7.5	-7.5	-6.8	-6.8
Current account balance (excl grants)	-12.7	-15.0	-12.2	-17.8	-17.8	-16.5	-16.5	-15.0	-15.0	-13.5	-13.5	-11.5	-11.5	-9.6	-9.6
Gross international reserves															
In millions of US\$	1,553	1,780	1,654	1,709	1,928	1,682	1,901	1,653	1,872	1,800	2,019	1,899	2,118	1,995	2,211
In months of next year's imports ⁴	4.6	6.0	4.6	5.1	5.7	4.5	5.1	4.0	4.6	4.1	4.6	4.2	4.6	4.0	4.4
Memorandum items:															
UN-HDI	0.543	0.543	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) ⁵	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															
Rwanda francs (billion), CY basis	10,313	9,746	11,688	10,438	10,438	11,772	11,772	13,463	13,463	15,207	15,207	17,163	17,163	19,119	19,119
Rwanda francs (billion), FY basis ²	9,679	9,402	11,000	10,092	10,092	11,105	11,105	12,617	12,617	14,335	14,335	16,185	16,185	18,141	18,141
Population (million)	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	14.2

Sources: Rwandan authorities and IMF staff estimates.

¹ Pre-COVID projections.² From FY19/20 (2020) to FY25/26 (2026). Fiscal year runs from July to June.³ Overall deficit excl. spending on materialized contingent liabilities and other items already incl. in the DSA.⁴ Based on prospective import of goods (excluding gold) and services.⁵ The latest HDI value is for 2019. While placing Rwanda in the low human development category, it reflects a steady increase of 60 percent since 2000.⁶ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

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

Recent Economic Developments.¹ São Tomé and Príncipe has maintained macroeconomic stability in the period since the April 2021 update. The authorities' containment measures and other initiatives as well as international support helped mitigate the impact of the pandemic but the latter is still expected to further heighten social vulnerabilities (22 percent of STP's population lived in extreme poverty as of 2019 and the country ranks 135 in the world Human Development Index). Growth is projected to slow to 2 percent in 2021 from 3 percent in 2020, reflecting delays in the return of tourists. This outlook is subject to significant uncertainty and downside risks, notably new waves of Covid infections. The 2021 overall fiscal balance is expected to widen by about 3.7 percentage points of GDP (compared with the 2020 outturn). The current account deficit is expected to narrow to 11 percent of GDP in 2021, an improvement of three percentage points over 2020, on account of lower imports of non-factor services and higher private remittances. The government's gross financing needs remain large in 2021 (62.6 million of US dollars), and are being met by external disbursements, including IMF resources. About 25,600 people (12 percent of population) were vaccinated with at least one dose of Covid vaccine as of mid-July 2021. The authorities aim to vaccinate 70 percent of the population by mid-2022, fully supported by the COVAX initiative and the World Bank. Though the outbreak has been broadly brought under control by containment measures, the global spread of new COVID-19 variants accentuates the need for a timely and sufficient supply of vaccines to implement inoculations as planned.

Public health and macroeconomic policy response. The authorities are implementing the 2021 budget, which is a step toward gradual fiscal consolidation while maintaining COVID-related and pro-poor spending programs. Priority expenditure (mainly on education, health, and social assistance) is estimated to increase to 11.3 percent of GDP in 2021 from 7.3 percent of GDP in 2020. This includes other Covid-related spending of 0.7 percent of GDP. However, significant risks of under-execution persist in 2021, as priority expenditure through June amounted to only 3.9 percent of GDP due to revenue under-performance. In this context, the planned implementation of the VAT in 2021 and mobilization of external financing on grant and highly concessional terms remain critical. The SDR allocation will provide welcome external buffers in 2021 and a portion of it could safeguard critical priority expenditures from 2022 onwards.

Governance safeguards. As part of the ECF arrangement, the authorities have been publishing public procurement contracts and monthly COVID-19-related expenditure reports on the Ministry of Finance website, as well as adjudication notices and an ex-post validation of the delivery of public contracts. Moreover, an independent audit of spending is planned by October 2021 and will publish the results to confirm that funds were used for their intended purpose. In order to enhance the transparency of public contract awards, the authorities are also reviewing the procurement legislation to enable the collection and publication of beneficial ownership information of all awarded contracts, with Fund technical assistance support.

¹ See [IMF Country Report No. 21/202](#).

São Tomé and Príncipe: COVID Related Fiscal Measures						
(Percent of GDP, unless otherwise indicated)						
	FY2020			FY2021		
	Pre-Covid proj. 1/	Actual	Change	Pre-Covid proj. 2/	Current proj.	Change
Priority expenditures	12.1	7.3	-4.8	-	11.3	-
<i>of which</i>						
Health	3.6	2.6	-1.0	-	3.7	-
Education	5.2	4.0	-1.2	-	5.2	-
Social	3.3	0.7	-2.6	-	2.4	-
Other Covid-related spending		0.3			0.7	
Covid prevention, containment & mgmt						
Transfers to HHs						
Transfers to businesses, SOEs, govt entities						
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	48.8	31.7		-	41.6	
Other Covid-related spending (percent of public spending)	-	1.5		-	2.8	
Tax relief to HHs/businesses/other revenue measures	-	...		-	-	
1/ Most recent projection before March 1, 2020.						
2/ Pre-COVID projections for 2021 are not available.						
Source: São Tomé and Príncipe authorities; and IMF staff estimates and projections						

IMF support 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 third review of the ECF arrangement on August 27, 2021. In addition, STP received SDR 14.2 million (3.6 percent of GDP) in the context of the general SDR allocation that became effective in August 2021.

Upcoming debt service. STP has debt service of SDR 137,428 falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. Staff assesses that STP is pursuing appropriate macroeconomic policies to address the global pandemic. Strong implementation of the policies and reforms supported by the ECF arrangement will be critical for macroeconomic stability going forward. Staff also assesses that the resources freed by the first three 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.

São Tomé and Príncipe: Selected Economic Indicators, 2019–26

(Annual change in percent, unless otherwise indicated)

	2019	2020		2021		2022	2023	2024	2025	2026
		Pre-COVID proj.	Proj.	Pre-COVID proj.	Proj.	Proj. ⁷	Proj.	Proj.	Proj.	Proj.
National income and prices										
GDP at constant prices	2.2	3.5	3.0	4.0	2.1	2.9	3.3	3.5	3.7	4.0
GDP deflator	7.0	3.5	5.6	3.0	2.7	2.0	2.8	2.9	2.9	3.9
Consumer prices (End of period)	7.7	10.0	9.4	4.0	4.7	6.2	5.0	5.0	5.0	5.0
Consumer prices (Period Average)	7.7	8.9	9.8	6.9	5.4	7.0	5.8	5.2	5.0	4.4
External trade										
Exports of goods and nonfactor services	-1.9	11.0	-46.3	14.9	18.4	48.0	23.4	6.4	9.0	8.5
Imports of goods and nonfactor services	-5.3	6.7	-10.4	6.0	9.4	2.9	8.9	4.5	5.0	5.8
Exchange rate (new dobras per US\$; end of period) ¹	22.0	...	20.1	...	...	...	...	...	...	...
Real effective exchange rate (period average, depreciation = -)	5.3	...	5.7	...	...	...	...	...	...	...
Money and credit										
Base money	-7.4	2.6	31.0	7.1	-10.8	1.3	13.8	...	...	...
Broad money (M3)	-2.2	7.1	10.9	7.1	7.5	5.2	6.3	...	...	...
Credit to the economy	3.2	0.6	-1.6	6.6	0.4	4.7	5.5	...	...	...
Velocity (GDP to broad money; end of period)	3.0	3.0	2.8	3.0	3.0	3.0	3.0	...	...	...
Central bank reference interest rate (percent)	9.0	...	9.0	...	...	...	...	...	...	...
Average bank lending rate (percent)	19.1	...	19.1	...	...	...	...	...	...	...
Government finance (in percent of GDP)										
Total revenue, grants, and oil signature bonuses	22.0	23.6	25.3	23.5	25.7	24.8	24.0	23.9	23.8	23.5
Of which: tax revenue	12.3	13.0	13.1	13.8	13.3	14.4	14.9	15.1	15.5	15.6
Nontax revenue	3.3	1.8	2.4	1.6	2.5	2.8	2.5	2.7	2.8	3.0
Grants	6.4	8.9	9.7	8.1	9.9	7.6	6.6	6.1	5.5	5.0
Total expenditure and net lending	22.1	23.9	23.1	23.3	27.2	24.2	25.0	24.4	24.0	23.8
Personnel costs	9.0	8.8	9.3	8.8	10.0	9.8	9.6	9.5	9.5	9.5
Interest due	0.7	0.6	0.3	0.6	0.4	0.4	0.4	0.3	0.3	0.2
Nonwage noninterest current expenditure	7.5	6.3	7.2	6.4	7.4	7.3	7.2	7.2	7.3	7.3
Treasury funded capital expenditures	0.1	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.7
Donor funded capital expenditures	4.7	7.8	3.0	7.2	7.4	6.1	7.2	6.7	6.3	5.9
HIPC Initiative-related capital expenditure	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
COVID-19 spending	...	...	2.9	...	1.5	...	...	...	...	...
Domestic primary balance ²	-1.8	-1.7	-3.2	-0.8	-3.5	-2.0	-0.2	0.3	0.6	0.6
Net domestic borrowing	-1.5	1.2	-1.7	0.5	1.3	-0.1	-1.0	-1.0	-1.0	-1.1
Overall balance (commitment basis)	-0.1	-0.3	2.2	0.2	-1.5	-0.5	-1.0	-0.5	-0.2	-0.3
Public Debt ³	99.9	93.8	87.4	91.3	87.9	86.5	84.3	80.9	76.8	71.2
Of which: EMAE's debt to ENCO	28.9	...	24.2	...	26.0	29.0	29.5	29.1	27.9	26.5
External sector										
Current account balance (percent of GDP)										
Including official transfers	-12.1	-9.0	-14.1	-7.9	-11.3	-7.5	-6.7	-6.3	-6.0	-5.7
Excluding official transfers	-18.5	-17.9	-23.9	-16.0	-21.2	-15.1	-13.3	-12.4	-11.5	-10.7
PV of external debt (percent of GDP)	27.2	24.0	25.4	20.9	24.4	24.2	23.9	23.3	22.6	21.7
External debt service (percent of exports) ⁴	4.5	5.3	5.0	4.7	11.6	8.4	6.8	8.7	9.0	7.4
Export of goods and non-factor services (US\$ millions)	96.2	120.5	51.7	138.5	61.2	90.5	111.7	118.9	129.5	140.5
Gross international reserves ⁵										
Millions of U.S. dollars	40.4	40.0	67.6	45.4	63.4	70.3	72.0	75.1	76.6	76.5
Months of imports of goods and services	2.8	...	4.3	...	4.0	4.0	3.9	3.9	3.8	3.8
Months of imports of goods and nonfactor services ⁶	4.0	3.6	6.4	3.9	5.7	5.9	6.0	6.1	5.9	6.2
Memorandum Item										
Gross Domestic Product										
Millions of new dobra	9,424	9,997	10,247	10,709.1	10,750	11,281	11,972	12,748	13,602	14,693
Per capita (in U.S. dollars)	2,022	2,036	2,190	2,151.5	2,393	2,524	2,657	2,794	2,938	3,002
Human Development Index	0.625	...	...	...	...	...	...	...	...	...
Social and health expenditure (percent of GDP)	2.3	6.9	3.3	...	6.1	...	...	...	...	...

Sources: São Tomé and Príncipe authorities' data and IMF staff estimates and projections, United Nations Human Development Report 2020.

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 debt to ENCO (and excludes the government's arrears to EMAE due to consolidation).

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.

⁷ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XXVII. Sierra Leone: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 pandemic continues to impose large costs on the lives and livelihoods of Sierra Leone’s people. The third wave of infections—that started in June 2021—appears to be flattening with the number of daily COVID-19 cases reducing from over 100 to a single digit in August, but uncertainty around true caseloads persists amidst still relatively slow vaccination progress. After a sharp contraction in real GDP growth (by about 2.2 percent) in 2020, high frequency indicators suggest a moderate pick-up of activity in early 2021 following easing of COVID-19 containment measures and the removal of restrictions on inter-district travel. Real GDP growth is now expected to rebound to 3.2 percent in 2021, partly driven by the normalization of production of iron ore mining (at Tonkolili and later on at Marampa) and favorable iron ore prices. Ramped up production is also expected to increase iron ore exports, partly offset by weakness in rutile exports that is facing acute business challenges. A balance of payment (BoP) financing gap of about 0.6 percent of GDP would emerge in 2021 in the absence of the prospective CCRT debt relief. The fiscal situation remains tight, reflecting a still low revenue base, an elevated public debt level, and substantial increase in COVID-19-related and other priority expenditures. The overall fiscal balance is projected at about -3.8 percent of non-iron ore GDP in 2021, against -3.4 percent projected pre-pandemic. Sierra Leone’s public debt—already assessed at high risk of debt distress pre-crisis—is expected to increase to 73 percent of GDP in 2021. A recent return to the Extended Credit Facility (ECF) arrangement (after COVID-19 related delays in program review) is expected to support the authorities’ goals under their National Development Plan and provide an important policy anchor for macroeconomic stability and steer the economy towards more inclusive and sustainable recovery. The recent SDR allocation (of about US\$283mn) will help increase reserve buffers while providing needed fiscal space for vaccine rollout, priority spending and to support economic recovery. 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 continued delays in vaccine rollout. Sierra Leone’s poverty head count of 57.9 percent in 2020 remains relatively high compared to other peers in sub-Saharan Africa and has potentially worsened. Further, the share of food insecure population has risen to 57 percent in 2020, 10 percentage points up from a decade earlier. Almost 4 percent of the population face severe acute malnutrition.

The government’s revised budget plans continue to appropriately support the COVID-19 response and emphasis is being placed on supporting the vaccination campaign. Updated expenditure plans that are expected to feature in the authorities’ 2021 revised budget remain consistent with estimates at the time of the April 2021 CCRT Board paper and recently completed ECF review. The 2021 budget reprioritized expenditure outlays to save lives and support livelihoods and economic recovery by allocating about 6.0 percent of GDP to COVID-related spending on health, education, and social sectors. The preliminary outturn for the period end-June 2021 suggests that

transfers to the National COVID-19 Emergency Response Center (NaCOVERC) (for health supplies, additional health care workers, quarantine expenditures, and public awareness program) was slightly higher-than-budgeted, at 0.6 percent of GDP, including due to an uptick in case numbers in the context of the second and third wave of infections in June 2021. Cash transfers (of 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 early 2021, supported by the World Bank and European Union.

Other COVID-related spending—including on prevention, containment, and management, transfers to households, transfers to SOEs (in the aviation sector), and labor-intensive public works projects—was around 1.3 percent of GDP in 2021. The 2022 budget envelope is expected to continue to prioritize health and social spending and supporting the recovery. The SDR allocation has allowed additional resources to be allocated to priority spending that needs to be safeguarded, can be ring-fenced and is easily monitorable such as vaccination expenditure, arrears clearance payments consistent with the arrears clearance strategy, domestically financed development spending, including support to ambulance services, school feeding program, and completion of water supply services). Vaccination rates have picked up slightly since June, helped by reinforced Government measures (restrictions to public building entry without vaccination, widening of the priority group to all those 18 years and older). Almost 2 percent of the population and almost 18 percent of health workers have received their first shot as of end-July 2021. The authorities are working with development partners to boost currently low vaccine supply stocks in-country and to address vaccination hesitancy through enhanced risk communication and public sensitization.

Governance safeguards. The authorities have continued to undertake their governance reforms, including by transparently accounting for the COVID-related spending. In line with their Rapid Credit Facility (RCF) commitments, they have published the unaudited financial statements of the NaCOVERC as of December 2020 and March 2021, and published certain details of large procurement contracts related to crisis mitigation through end-May 2021, including information on the names of companies awarded contracts and their beneficial ownership on the website of the National Public Procurement Authority (NPPA) and are reporting on their broader social and economic response. Parliament scrutinized the real-time external audit by the Audit Service of Sierra Leone (ASSL), a good practice that only few countries in sub-Saharan Africa have implemented. The authorities have started to take actions to address identified irregularities, including by implementing

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	21.7	-0.3	24.8	20.9	-3.8
Other Covid-related spending (percent of public spending)	-	10.8	-	-	6.0	6.0
Tax relief to HHs/businesses/other revenue measures 3/	-	0.2	-	-	0.1	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.

Source: Sierra Leone authorities; and IMF staff estimates and projections

standard operating procedures, training all District Covid-19 Emergency Response Centers on principles of financial management, and taking steps to improve HR processes. 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 2020. A chart of accounts developed with the Accountant General facilitates the recording and reporting of the emergency response transactions. A fiduciary agent has been appointed to support NaCOVERC's financial management.

IMF support status. Sierra Leone's current program supported by a 43-month 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 while the combined 3rd and 4th ECF reviews were completed and approved by the Board in July 2021. Completion of these reviews enabled the IMF to disburse SDR31.11 million (about US\$ 44.2 million), bringing total disbursements under the arrangement to SDR 77.775 million (about US\$ 111 million). Sierra Leone has also accessed emergency funding support from the IMF through RCF disbursement of SDR 103.7 million (50 percent of quota) in June 2020 and a second disbursement of SDR 35.26 million (17 percent of quota) in March 2021.

Upcoming debt service. Sierra Leone has debt service to the Fund of SDR 6.00 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. Staff assesses that Sierra Leone is pursuing appropriate macroeconomic policies to address the global pandemic and COVID-19 vaccination campaign is gathering momentum. The first three tranches of Fund debt service relief under the CCRT have provided needed fiscal space to support pandemic responses. The government's revised budget plans continue to appropriately support the COVID-19 response, while ensuring debt sustainability. Further debt relief under the CCRT in 2021 will allow the government to continue to respond to the COVID-19 pandemic, including ramping-up the vaccination drive. The government is taking steps to improve its PFM framework and has made notable progress towards fulfilling the governance commitments made under the RCF. Fund emergency support under the RCF as well as the ECF, that have been on-lent to the budget, have also played a vital role in funding Sierra Leone's emergency response and August 2021 SDR allocation provides further legroom to respond to the pandemic while supporting inclusive and sustainable economic recovery.

Table 1. Sierra Leone: Selected Economic Indicators, 2018–26

	2018	2019	2020		2021		2022	2023	2024	2025	2026
			Pre- COVID	Est.	Pre- COVID	Proj.			Proj. 2/		
	(Annual percent change, unless otherwise indicated)										
National account and prices											
Growth											
GDP at constant prices	3.5	5.5	4.2	-2.2	4.6	3.2	5.9	4.4	4.9	4.8	4.2
GDP excluding Iron ore	5.5	5.3	4.4	-2.0	4.5	2.6	3.1	4.4	4.9	4.8	4.4
Inflation											
Consumer prices (end-of-period)	14.2	13.9	13.0	10.4	11.0	14.6	12.0	10.8	9.8	8.0	6.0
Consumer prices (average)	16.0	14.8	13.4	13.4	12.0	11.3	13.3	11.4	10.3	8.9	7.0
External sector											
Terms of trade (deterioration -)	-10.4	-5.2	2.3	15.5	-1.0	-5.9	-1.6	2.5	1.0	0.7	0.9
Exports of goods	-2.0	4.4	28.1	-36.5	10.9	64.7	25.0	16.4	11.2	8.4	3.0
Imports of goods	0.6	14.7	4.0	-12.0	4.6	8.4	3.6	2.2	3.1	3.5	4.4
Gross international reserves (excluding swaps, months of next year's imports)	3.2	3.9	3.7	4.6	3.6	6.0	5.1	4.3	3.7	3.3	3.0
Money, credit and reserves											
Domestic credit to the private sector	30.6	22.9	9.3	4.9	20.2	20.4	26.0	26.5	24.6	14.0	13.1
Domestic credit to the private sector in percent of non-iron GDP	5.6	6.1	5.7	5.8	5.9	6.1	6.7	7.4	8.0	8.1	8.2
Base money	6.5	12.4	26.3	54.8	15.5	8.3	10.6	13.4	8.2	9.6	8.3
M3	14.5	14.3	17.4	38.2	15.5	14.7	12.4	13.4	11.8	9.6	8.3
Gross international reserves (excluding swaps, US\$ millions)	481	507	572	677	577	935	817	722	643	608	571
Net international reserves (excluding swaps, US\$ millions)	105	126	154	159	158	408	289	236	226	262	302
(Percent of non-iron ore GDP, unless otherwise indicated)											
National accounts											
Gross capital formation	16.9	16.2	17.6	16.3	16.9	15.4	17.0	18.1	19.1	18.4	18.1
Government	6.4	5.7	6.6	7.3	6.2	6.4	7.0	7.1	7.1	6.4	6.1
Private	10.5	10.5	11.0	9.0	10.7	9.0	10.0	11.0	12.0	12.0	12.0
National savings	-1.7	-6.1	6.3	-0.4	5.5	-0.7	1.7	5.2	7.4	7.5	6.9
Financing and debt											
Public debt	69.1	71.8	66.6	73.7	65.6	72.0	72.4	70.1	66.6	62.6	59.2
Domestic	27.9	27.6	19.4	25.7	17.8	22.0	21.2	19.9	19.0	17.8	17.2
External public debt (including IMF)	41.2	44.2	47.2	48.0	47.8	50.0	51.2	50.1	47.6	44.8	42.0
External sector											
Current account balance											
(including official grants)	-18.6	-22.3	-11.3	-16.7	-11.4	-16.1	-15.3	-12.9	-11.7	-10.8	-11.1
(excluding official grants)	-20.1	-24.2	-15.2	-21.5	-14.2	-19.4	-17.8	-15.9	-14.7	-13.7	-13.9
Central government budget											
Domestic primary balance 1/	-0.5	-0.8	0.3	-4.1	1.0	-2.0	-0.3	0.8	1.6	1.7	1.6
Overall balance	-5.6	-3.1	-3.3	-5.6	-3.4	-3.8	-3.5	-2.5	-1.3	-0.9	-0.7
Overall balance (excluding grants)	-7.7	-6.5	-7.4	-10.7	-5.8	-8.2	-7.6	-6.9	-5.8	-4.7	-3.8
Revenue (excluding grants)	13.7	14.6	14.8	13.3	15.3	14.1	14.3	14.4	14.9	15.2	15.5
Grants	2.1	3.4	4.0	5.1	2.4	4.4	4.1	4.4	4.5	3.8	3.1
Total expenditure and net lending	21.4	21.1	22.2	24.9	21.2	23.1	22.3	21.3	20.7	19.9	19.2
Memorandum item:											
GDP at market prices (billions of Leone)	32,402	37,138	43,846	41,344	50,908	47,689	56,978	65,816	75,762	86,115	96,034
Excluding iron ore	32,402	37,041	43,569	41,344	50,538	47,066	53,544	61,804	70,962	80,545	89,772
Excluding iron ore in millions of US\$	4,085	4,108	4,149	4,202	4,213	4,349	4,311	4,347	4,451	4,638	4,885
Per capita GDP (US\$)	534	527	523	527	521	541	552	545	548	560	578
UN Human Development Index	0.447	0.452	...	...	...	...	...	...	...	...	...
Social & Health Expenditures	...	1.2	1.6	2.6	1.6	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 from grants.

2/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

Annex XXVIII. Solomon Islands: Update for CCRT Debt Relief

Recent economic developments. The COVID-19 pandemic continues to have a severe economic and social impact on Solomon Islands. Following a fall in real GDP in 2020, growth is expected to recover to 1.2 percent this year, with the initial recovery phase hampered by ongoing pandemic-related disruption and uncertainties. Data from the National Provident Fund suggest a significant decline in formal employment and the pandemic is likely to have disrupted progress in poverty reduction. The government announced an economic stimulus package in 2020 (with implementation continuing into the first half of this year) and has continued to reprioritize spending towards the COVID-19 response and essential services. Reflecting the 2021 budget released in April this year, the fiscal deficit is projected to remain broadly unchanged (at 2.5 percent of GDP) in 2021, with the cash balance remaining well below the staff-recommended minimum of two months of spending. Higher budgeted development expenditure is expected to be sustained over the next several years, reflecting an ambitious pipeline of infrastructure projects. Public debt, which was assessed at moderate risk of debt distress prior to the pandemic, is expected to rise over the medium-term. Donor inflows and various official disbursements, including assistance from the Rapid Credit Facility/Rapid Financing Instrument (RCF/RFI) emergency financing¹ contributed to the build-up of foreign reserves. At end-July 2021, foreign reserves stood at US\$666 million (about 10.2 months of prospective imports), with reserves coverage helping to preserve macroeconomic stability amid elevated uncertainty.

Solomon Islands: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)				
	2020 2/		Change	2021
	Pre-COVID proj.	Actual		Current proj.
Priority expenditures 1/				
Health	4.3	5.2	0.9	4.7
Education	11.8	12.8	1.0	10.7
Social	2.2	2.4	0.2	3.0
Other Covid-related spending				
COVID prevention and containment		1.1		
Economic Stimulus Package		1.7		0.8
<i>Memorandum:</i>				
Priority expenditures (percent of public spending)	44.6	49.9	5.3	48.5
Other Covid-related spending (percent of public spending)		12.2		2.2
1/ IMF staff estimates that social spending includes spending on Women, Youth, and Children, Rural Development, and Land, Housing and Survey.				
2/ Post-COVID forecasts use the rebased GDP series (with 2012 as base year). Pre COVID-19 ratios have been recomputed using the new GDP series for comparability				
Source: Solomon Island authorities; and IMF staff estimates and projections				

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, and vaccinations. The initial

¹ 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)

pandemic-related increase in health care spending and support for the economy amounted to about 3.6 percent of GDP with additional support to those who lost their jobs provided through early withdrawals from the National Provident Fund (amounting to about 0.7 percent of GDP). The 2021 budget focuses on: (1) protecting economic and social wellbeing through improved service delivery and preventing the spread of COVID-19; (2) improving the quality of spending and redirecting resources to support the economic recovery; and (3) maintaining prudent macroeconomic and fiscal management. While about 60 percent of budgeted overall expenditure has been executed in the first seven months of this year, capital spending has been lower, in part owing to the late passage of the 2021 budget. COVID-19 related spending has been protected despite the overall reduction in budgeted recurrent spending. There is room to provide further support to the economy, including through prioritizing measures to safeguard health security (including vaccinations) and identifying additional financing to provide targeted lifeline support to vulnerable households and business. Monetary policy remains accommodative, and the central bank has 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 ongoing multistage monitoring and evaluation process. Building on the good practice of publishing information on stimulus recipients on the Ministry of Finance website and Fund technical assistance on procurement transparency, the authorities are working towards completing their commitments, including publication of an audit by the Solomon Islands Office of the Auditor General of COVID-19 related expenditures 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 financing 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 emergency financing assistance 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 0.059 million to the Fund falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 emergency financing 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, 2016–26

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

Poverty rate (2006): 23 percent

	2016	2017	2018	2019	2020		2021	2022	2023	2024	2025	2026
					Pre COVID 19 1/	Est.	Proj. 6/					
GROWTH AND PRICES												
Annual percentage change unless otherwise indicated												
Real GDP	5.9	5.3	3.9	1.2	2.5	-4.3	1.2	4.4	4.5	3.3	3.0	2.9
CPI (period average)	0.5	0.5	3.5	1.6	2.3	3.0	2.4	3.5	2.8	2.4	2.3	2.0
CPI (end of period)	-2.2	2.1	3.8	2.7	2.4	-2.5	4.0	3.7	2.8	2.9	2.9	2.9
GDP deflator	0.0	1.4	2.9	1.3	2.4	3.4	4.3	4.5	4.9	4.1	3.3	3.2
Nominal GDP (in S\$ millions)	10,957	11,703	12,522	12,833	13,475	12,697	13,404	14,620	16,032	17,240	18,338	19,483
CENTRAL GOVERNMENT OPERATIONS												
In percent of GDP												
Total revenue and grants	38.6	39.2	40.4	32.8	32.9	33.2	31.0	32.8	31.1	30.5	29.9	29.5
Revenue	28.4	30.2	30.5	26.4	26.8	24.5	22.1	24.5	24.3	24.1	23.8	23.5
Grants	10.2	9.0	9.9	6.3	6.0	8.8	8.9	8.3	6.8	6.4	6.2	6.0
Total expenditure	42.7	42.7	39.5	34.2	36.2	35.7	33.8	35.0	35.4	34.6	34.0	33.6
excluding grant-funded expenditure	32.5	33.6	29.6	27.9	30.2	26.9	24.8	26.7	28.6	28.1	27.8	27.6
Recurrent expenditure	29.3	29.2	29.5	25.6	25.7	28.1	22.3	22.4	22.5	22.6	22.6	22.8
Development expenditure	13.4	13.5	10.0	8.6	10.5	7.5	11.5	12.5	12.9	12.0	11.4	10.8
Unrecorded expenditure	-0.5	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-4.2	-3.4	0.9	-1.5	-3.4	-2.4	-2.8	-2.2	-4.3	-4.1	-4.1	-4.1
Foreign financing (net)	0.9	0.9	0.4	1.0	2.5	1.0	2.6	2.3	4.2	3.6	3.2	2.9
Domestic financing (net)	2.7	1.9	-1.2	0.4	0.8	1.4	0.2	-0.2	0.2	0.5	0.8	1.2
Central government debt 2/	7.1	8.5	8.2	8.3	17.0	14.0	15.9	17.4	20.2	22.7	25.4	28.0
MACROFINANCIAL												
Annual percentage change (end of year)												
Credit to private sector	12.1	6.4	4.1	6.7	5.5	0.3	2.5	6.0	5.0	4.0	3.5	3.5
Broad money	13.4	3.5	6.8	-3.1	2.4	6.6	7.3	6.8	6.5	6.1	4.0	4.1
Reserve money	14.5	7.5	10.6	-7.1	4.8	23.0	10.3	4.7	3.8	3.4	3.3	4.1
BALANCE OF PAYMENTS 3/												
In US\$ millions unless otherwise indicated												
Trade balance (goods and services)	-71.7	-81.7	-67.6	-161.6	-73.5	-127.4	-176.0	-313.8	-295.1	-287.2	-295.5	-269.6
(percent of GDP)	-5.2	-5.6	-4.3	-10.2	-4.4	-8.2	-10.7	-17.5	-15.0	-13.5	-13.1	-11.3
Current account balance	-48.8	-62.8	-47.8	-154.0	-120.2	-25.1	-95.7	-275.7	-284.1	-293.4	-311.4	-329.9
(percent of GDP)	-3.5	-4.3	-3.1	-9.8	-7.2	-1.6	-5.8	-14.7	-13.5	-12.3	-12.3	-10.5
Foreign direct investment (+ = decrease)	-36.0	-35.9	-15.9	-28.7	-53.4	-5.7	-43.8	-62.0	-64.0	-64.6	-66.8	-71.8
(percent of GDP)	-2.6	-2.5	-1.0	-1.8	-3.2	-0.4	-2.7	-3.4	-3.2	-3.0	-3.0	-3.0
Overall balance (+ = decrease)	-2.2	-41.2	-57.4	33.8	-0.5	-73.1	-83.0	64.2	26.7	31.3	37.2	2.1
Gross official reserves (in US\$ millions, end of period) 4/	513.6	576.9	613.1	574.1	600.8	660.6	743.9	680.0	658.3	636.8	605.5	605.3
(in months of next year's imports of GNFS)	9.1	9.3	9.8	12.4	7.6	12.3	10.2	8.7	8.0	7.3	6.7	6.2
EXCHANGE RATE (S\$/US\$, end of period)												
Real effective exchange rate (end of period, 2010 = 100)	8.2	7.9	8.1	8.2	...	8.0	...	...	...	...	...	...
	127.9	126.4	126.5	127.2	...	132.9	...	...	...	...	...	...
MEMORANDUM ITEMS:												
Broader cash balance (=Cash balance+ SIG Deposit Account; in S\$ millions)	552	483	451	346	269	326	120	120	120	120	120	120
in months of total spending 5/	1.9	1.5	1.5	1.2	1.0	1.1	0.4	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 comparability

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 in 2021, and actual and prospective disbursements under the IMF-supported programs.

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

6/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

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

Recent Economic Developments.¹ Tajikistan was hit hard by the COVID-19 shock, in terms of both lives and livelihoods. Official data indicates that growth dipped to 4.5 percent in 2020 from 7.5 percent a year earlier, reflecting the impact of the pandemic. The economy began to recover once the containment measures were relaxed, and a strong recovery is now underway driven by the agricultural, manufacturing (primarily food processing), and mining (including gold) sectors. Inflation remains above the NBT's target range (6±2 percent) due to higher food prices and the lagged effects of currency depreciation. The 2020 current account balance moved into surplus (4.2 percent of GDP) given high gold exports and import compression—a smaller surplus is expected in 2021 as imports pick up in line with the recovery and, over the medium term, a current account deficit is projected. Reserves have risen to 8 months of import cover. The increase in the fiscal deficit (by 250 bps to 4½ percent of GDP) in 2020 was less than budgeted due to delays on capital spending and low uptake on COVID relief programs. Monetary policy has been normalizing given the economic rebound. The 2021 budget deficit is expected to improve to –2.7 percent of GDP given delays in securing external financing for selected capital projects. However, although the recovery is expected to continue in the near term, risks to the outlook remain tilted to the downside due to uncertainty on the pandemic and regional inward spillovers.

Tajikistan: 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	12.5	13.2	0.6	12.1	13.3	1.2
<i>of which</i>						
Health	2.1	3.1	1.0	2.3	2.6	0.3
Education	5.8	5.4	-0.5	5.5	6.1	0.6
Social	4.6	4.7	0.1	4.3	4.6	0.3
Other Covid-related spending						
Covid prevention, containment & mgmt	...	...	...	...	...	...
Transfers to HHs	n.a.	0.5	n.a.	0.2	0.4	0.2
Transfers to businesses, SOEs, govt entities	n.a.	0.2	n.a.	0.0	0.0	0.0
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	39.9	44.4	4.6	40.6	43.1	2.5

1/ Most recent projection before March 1, 2020.
Source: Tajikistan authorities; and IMF staff estimates and projections

In response to the pandemic, the authorities took a range of decisive policies measures to protect public health and to cushion the impact on the economy. The NBT responded by loosening monetary conditions to support economic activity and safeguard financial stability. In particular, the NBT cut the refinancing rate by 200 bps, reduced reserve requirements, increased FX liquidity provisions, and engineered a 17 percent depreciation of the currency vis-à-vis the US dollar. Banks were asked to restructure loans and avoid dividend distributions; certain supervisory sanctions were temporarily waived. Fiscal policy entailed tax breaks and other targeted relief measures, VAT

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>

exemptions on medical supplies and food, one-time transfers to vulnerable households, delayed tariff increases, and financial resources allocated for the SME fund. Grain, seed, and fuel support was provided to farms to increase food security. The Targeted Social Assistance program was extended to all 68 districts. Amid a new wave of regional infections, COVID vaccinations have been made mandatory across Tajikistan for all above 18 years in age. Priority spending (including health, education, and social expenditures) in 2021 is expected to exceed pre-COVID projections.

Governance safeguards. The authorities are making credible efforts to implement transparency measures. Quarterly COVID spending reports as well as their audits were published on the external website of the Ministry of Finance. The government is in the process of reforming the public procurement law. A new Public Procurement Law was expected to be sent to Parliament in 2021Q1, but has been delayed because of the ongoing inter-agency consultation process. After the approval of the law, all procurement is expected to be switched to the newly developed e-procurement system.

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

Upcoming CCRT-eligible debt service. Tajikistan has debt service of SDR 1.305 million falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

Staff assessment. Staff assesses that Tajikistan is pursuing generally appropriate macroeconomic policies to address the pandemic. The CCRT debt relief has facilitated FX market liquidity and has boosted external buffers in a very uncertain environment. Staff also assesses that the authorities are making credible efforts to use the financial support from the Fund to help provide 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.	Act.	Pre-COVID Proj.	Proj.					
National accounts											
Real GDP	7.3	7.5	4.8	4.5	4.5	5.0	4.5	4.0	4.0	4.0	4.0
GDP deflator (cumulative)	5.0	4.5	6.3	2.1	6.2	6.3	5.9	5.8	5.9	5.9	5.9
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	25.2	27.2	26.1	25.4	25.7	25.8	26.0	26.2
Tax revenue	21.3	20.4	20.2	18.6	20.2	19.1	18.6	19.0	19.3	19.5	19.8
Expenditure and net lending	31.9	29.5	31.5	29.7	31.5	28.8	27.9	28.2	28.3	28.5	28.7
Current	17.2	17.1	17.9	17.4	17.9	17.0	16.7	16.8	16.7	16.7	16.6
Capital	14.6	12.4	13.5	12.3	13.6	11.7	11.2	11.4	11.6	11.8	12.0
Overall balance (excl. PIP and stat. discrepancy)	1.6	1.3	1.5	-2.2	1.5	1.6	1.7	1.3	0.3	1.4	1.1
Overall balance (incl. PIP and stat. discrepancy)	-2.8	-2.1	-4.3	-4.4	-4.3	-2.7	-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	5.7	4.3	2.7	2.5	2.5	2.5	2.5	2.5
Total public and publicly-guaranteed debt	47.8	43.1	46.4	51.3	47.5	49.3	48.1	47.6	47.2	46.7	46.1
Monetary sector											
Broad money (12-month percent change)	5.1	16.9	12.1	18.5	11.8	12.8	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	9.0	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	13.0	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	13.3	9.5	17.0	-15.6	7.2	6.2	6.3	5.4
Imports of goods and services (U.S. dollar, percent change)	16.6	5.8	7.0	-8.3	6.8	10.5	8.2	6.6	6.4	6.6	5.4
Current account balance	-5.0	-2.3	-5.2	4.2	-5.3	2.0	-1.8	-1.8	-1.8	-1.6	-1.7
FDI (net)	3.3	2.3	2.4	0.5	2.1	2.6	2.3	2.0	2.0	2.0	2.0
Total public and publicly guaranteed external debt	38.7	36.7	38.7	43.2	40.6	41.8	41.5	41.6	41.8	41.9	41.8
Gross official reserves (in millions of U.S. dollars)	1,160	1,465	1,329	2,238	1,307	2,929	3,127	3,344	3,587	3,811	4,088
In months of next year's imports	4.1	5.4	4.2	7.8	3.9	9.4	9.4	9.5	9.5	9.6	9.6
In percent of broad money	57.7	64.0	56.7	96.3	52.1	111.1	110.3	110.7	111.9	112.1	113.4
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	92,148	102,021	112,228	123,592	136,119	149,917
Nominal GDP (in millions of U.S. dollars)	7,520	8,117	8,539	7,997	9,081	8,104	8,756	9,304	9,870	10,498	11,063
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 (somoni per U.S. dollar)	9.15	9.53	11.56	10.32	...	...	...	...	...	...	...

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

1/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.

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

Recent Economic Developments. According to the government the economy grew 4.8 percent in 2020. However, high frequency indicators suggest a much lower pace of economic activity, and growth is expected to remain subdued in 2021 at about 4 percent.¹ The pandemic and the associated slowdown in economic activity have increased poverty and negatively affected employment. The World Bank estimates that poverty increased by about 1 million people in 2020, of which 0.6 million was due to the pandemic-induced growth deceleration. The overall fiscal deficit is expected to have widened to 2.5 percent of GDP by end-FY2020/21 due to a decline in revenues of about 1.2 percent of GDP and a reduction in grants of 0.3 percent of GDP. The fiscal deficit is expected to increase in FY2021/22 to about 3.9 percent of GDP to accommodate the health and economic response to the pandemic.² The current account deficit is expected to widen to 4.5 percent in 2021/22 to acquire vaccines and other emergency imports of medicines, testing materials, and protective equipment, while tourism receipts are expected to remain well below pre-crisis levels. This will open a financing gap of about 1.5 percent of GDP, which will be filled by IMF financing under the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI), as well as donors support.

Public health and macroeconomic policy response. The authorities have expanded their pandemic response substantially since April. The government has prepared a comprehensive plan, the Tanzania COVID-19 Socioeconomic Response Plan (TCRP), covering the authorities' health response (including vaccination deployment), as well as financing needs in other areas, such as tourism, education, water, and social protection, and transfers to Zanzibar to address the health and socioeconomic effects of the pandemic in the archipelago. The TCRP also provides support to SMEs and for expediting the clearance of spending arrears to provide additional liquidity to the private sector. The plan is estimated to cost 2.2 percent of GDP, but only about 1 percent of GDP is currently financed (see table) and projected to be executed. The bulk of the spending will go to COVID-19 prevention containment and management (0.5 percent of GDP), and transfers to Zanzibar and to cover revenue shortfall in public sector institutions in the tourism sector (0.4 percent of GDP).³ The plan also envisages spending about 0.05 percent of GDP to add about 300,000 households just above the income threshold into the government's cash transfer program, which would increase coverage by

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 more than 9 percent in real terms, and credit to the private sector also declined slightly in real terms (-0.2 percent). Other indicators, including electricity generation (which contracted by 4.3 percent), imports of capital goods (declined 13 percent), and tax collection (VAT, excises and other taxes declined by 0.5, 2.2 and 3.7 percent, respectively) also point to a much lower growth rate for 2020. The subdued growth outlook for 2021 is indicated by recent international flight data, according to which the tourism recovery in Tanzania will likely be more protracted than in sub-Saharan Africa and the EAC-region.

² The fiscal year runs from July until June.

³ In FY 2020/21 the authorities transferred funds to the Tanzania National Parks Authority (TANAPA), Ngorongoro Conservation Area Authority (NCAA) and Tanzania Wildlife Management Authority (TAWA) to cover revenue shortfalls for operational costs. The CCRT debt relief provided by the IMF helped finance the transfers for these institutions.

about a third. The authorities also intend to protect priority spending in health and social protection while increasing spending in education.

Tanzania: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020/21			FY2021/22		
	Pre-Covid proj. 1/	Current proj.	Change	Pre-Covid proj. 1/	Current proj.	Change
Priority expenditures 2/ of which	5.3	5.1	-0.2	5.4	5.5	0.1
Health	1.0	0.9	0.0	1.0	1.0	0.0
Education	2.7	2.7	0.0	2.8	2.9	0.1
Social	1.0	1.0	-0.1	1.1	1.1	0.0
Other Covid-related spending		0.2	0.2		1.0	1.0
Covid prevention, containment & mgmt		0.0	0.0		0.5	0.5
Transfers to HHs		0.1	0.1		0.05	0.05
Transfers to businesses, SOEs, govt entities		0.2	0.2		0.4	0.4
<i>Memorandum:</i>						
Priority expenditures (% of pub. spending)	27.9	31.0	3.1	27.9	30.8	2.9
Other Covid-related spending (% of pub. spending)	-	1.4		-	5.5	
Tax relief to HHs/businesses/other revenue measures	-			-		
1/ October 2019 WEO projections.						
2/ The authorities definition of priority spending also includes spending on water and rural roads. The definition of social spending used here differs from the one presented in the CCRT 3rd Tranche, which only comprised transfers (on health, education, social protection, water and rural roads), while the current definition also includes spending in those areas executed directly by the central government through the relevant ministries.						
Source: Tanzanian authorities; and IMF staff estimates and projections						

Governance safeguards. The authorities remain committed to undertaking and publishing ex-post audits of Covid-19 related spending to increase transparency and reduce corruption risks. 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 be published by April 2022. The government will also publish the ongoing audit of COVID-19 related spending financed with CCRT debt relief by April 2022, and an audit of FY2021/22 COVID spending by December 2022. The government also committed to publishing quarterly reports of RCF and RFI funds spent on the website of the Ministry of Finance, within one month after the quarter ends, which will include the list of financial transfers, all pandemic related public procurement contracts, and related documents, including the names of the awarded companies and their beneficial owners, as well as information on all other pandemic related spending.

IMF support status. On September 7, the IMF's Executive Board approved the authorities request for emergency support under the RCF (SDR 132.6 million) and the RFI (SDR 265.2 million), totaling SDR 397.8 million (100 percent of quota).

Upcoming debt service. Aside from RCF and RFI funds, Tanzania has no remaining outstanding debt to the IMF, and therefore will no longer benefit from debt service relief during the interval from October 16, 2021 to April 13, 2022.

Staff assessment. Staff assesses that Tanzania is pursuing appropriate macroeconomic policies to address the global pandemic. Staff supports the temporary loosening of macroeconomic and financial policies to accommodate the measures undertaken against the impacts of the pandemic. Staff assesses that the first two tranches of CCRT debt relief provided much needed space for the

authorities to address some of the challenges arising from the pandemic. It will be critical to ensure that the health spending in the TCRP is fully financed and executed otherwise Tanzania would be left vulnerable to the spread of the virus, and the economic recovery would falter. Staff also recommends delaying investments in large infrastructure projects as needed. If financing fails to materialize as expected, the authorities have committed to reallocating and prioritizing health spending to directly tackle the pandemic and bring it under control. Regularly and transparently reporting epidemiological data will be critical for the plan's success. The governance safeguards put in place, and the authorities' commitment to use IMF financing for COVID-19 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	5.9	5.9	4.4	6.1	4.6	5.3	5.7
GDP deflator	108.9	111.2	112.8	114.3	127.4	117.2	133.4	121.7	126.5	131.5
CPI (period average)	5.3	4.3	3.2	3.5	4.3	3.2	4.6	3.4	3.5	3.5
CPI (end of period)	5.4	3.4	3.7	3.2	4.5	3.2	4.7	3.4	3.5	3.5
Core inflation (end of period)	2.4	1.6	3.0	2.3	...	...	...	...	...	...
Terms of trade (deterioration, -)	0.0	-6.8	-3.4	11.6	1.9	6.4	0.7	-1.6	3.6	1.3
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	11.6	12.9	8.3	9.2	9.6
Average reserve money	1.1	4.0	3.2	9.3	7.6	2.4	7.8	12.4	9.5	9.9
Credit to the private sector (end of period)	1.3	4.0	7.6	5.5	14.5	3.6	14.6	7.4	8.8	9.2
Overall T-bill interest rate (percent; end of period)	7.6	5.6	8.7	3.0	...	4.9	...	...	...	...
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	15.3	15.7	13.8	15.9	14.0	14.7	14.9
Of which: grants	1.0	0.8	0.3	0.7	0.7	0.4	0.7	0.4	0.4	0.4
Expenditures	16.6	16.5	16.6	16.3	18.9	16.3	19.3	17.9	17.7	17.8
Current	10.2	10.4	10.3	9.8	11.3	9.3	11.5	10.5	10.1	10.3
Development	6.4	6.1	6.4	6.5	7.6	7.0	7.8	7.4	7.6	7.5
Overall balance	-1.4	-1.9	-3.1	-1.4	-3.2	-2.5	-3.4	-3.9	-2.9	-2.9
Excluding grants	-2.0	-2.0	-2.9	-1.7	-3.9	-3.0	-4.1	-4.3	-3.3	-3.2
Public debt										
Gross nominal debt ³	40.0	41.4	39.7	38.7	36.3	39.1	37.0	39.9	39.2	38.4
of which: external debt ⁴	28.3	29.5	28.6	28.0	26.3	28.2	26.8	28.0	27.1	25.5
Investment and savings										
Investment	33.2	36.3	39.0	39.8	39.5	38.1	40.2	37.7	38.8	38.9
Government ⁵	10.4	11.4	12.3	13.0	13.8	13.8	14.2	14.5	14.8	14.8
Nongovernment ⁶	22.8	24.9	26.8	26.8	25.7	24.3	26.0	23.2	24.0	24.1
Domestic savings	30.4	33.8	35.5	38.2	35.0	36.2	35.6	33.2	35.3	35.8
External sector										
Exports (goods and services)	16.8	15.9	14.8	14.9	15.4	13.3	15.7	13.4	13.6	13.9
Imports (goods and services)	18.7	17.7	17.6	15.9	18.6	14.6	18.8	17.2	16.0	16.1
Current account balance	-2.8	-2.5	-3.5	-1.6	-4.6	-1.9	-4.6	-4.5	-3.3	-3.1
Excluding current transfers	-3.1	-2.8	-3.6	-1.9	-4.9	-2.0	-4.9	-4.6	-3.4	-3.2
Gross international reserves										
In billions of U.S. dollars	5.0	5.5	4.4	5.2	5.6	5.2	6.4	5.5	6.2	6.7
In months of next year's imports	6.2	6.4	5.3	6.4	4.8	5.1	5.0	5.4	5.5	5.6
Memorandum items:										
GDP at current prices										
Trillions of Tanzanian shillings	114	124	134	144	168	154	187	168	183	202
Millions of U.S. dollars	51,500	54,963	58,755	62,607	69,182	66,812	74,618	71,833	77,210	83,032
GDP per capita (in U.S. dollars)	985	1,020	1,058	1,095	1,175	1,135	1,230	1,185	1,236	1,291
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		5.8	5.7	5.8	5.3	5.1	5.4	5.5	5.3	5.3

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 direct central government spending and transfers (recurrent and development) for education, health, water, and rural road maintenance.

Annex XXXI. Togo: Update for CCRT Debt Relief

Recent Economic Developments. The COVID-19 crisis has reduced economic growth with an expected output loss of about 5 percent of GDP (relative to the pre-pandemic projection) over 2020-21. The World Bank's latest estimates suggest that extreme poverty increased to just over 46 percent in 2020 from about 45 percent in 2019. There are signs of stronger economic activity (as demonstrated by high-frequency growth indicators up to June 2021 with higher household consumption, increasing port and airport activities, and growing production of items intended for export) and projected growth in 2021 has been revised upward to 4.8 percent (from 3.5 percent predicted a few months ago). That said, near-term growth prospects are uncertain. The delta variant is driving a third COVID-19 wave and the number of new cases started increasing in late June and surpassed the April peak of the second wave in mid-August. As of August 30, the total number of confirmed cases since the start of the pandemic reached 21,261 with 185 deaths and 4,353 active cases. The overall fiscal deficit is budgeted at 6.0 percent of GDP in 2021, compared with pre-COVID-19 projections of 1.5 percent of GDP. The related additional balance of payments needs from the COVID-19 crisis are tentatively estimated in the range of 2-3 percent of GDP in 2021, depending on the amount of additional spending because of COVID-19 and regional security concerns. The public debt-to-GDP ratio was reported at 60.3 percent at end-2020 and is projected to increase to 63.0 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. Priority expenditures are projected at 6.1 percent of GDP in 2021 with higher spending on education and reduced health spending compared to 2020, reflecting the conclusion of one-off spending launched in 2020 to upgrade medical facilities. The 2021 Budget assumed that the COVID-19 crisis would recede during 2021 and includes a provision of 0.4 percent of GDP for COVID-19 related spending. While the authorities have committed to adopt a supplementary budget to reallocate funds to COVID-19 related spending needs, including the cost of vaccination, the amounts are still pending, and the current projections of 0.7 percent of GDP are staff estimates. The goal is to administer 10.6 million of vaccine doses (covering about 60 percent of the population) by 2022, of which 6.1 million (covering about 35 percent of the population) in 2021 but due to supply constraints only about 0.5 million had been administered by August 20. About one-third of all vaccinations will be paid by the COVAX initiative, but the estimated fiscal cost for the remaining (two-thirds of) vaccinations is at least 0.5 percent of GDP. Togo's debt service to the Fund falling due during 2021 amounts to SDR 1.76 million (0.03 percent of GDP).

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>.

Togo: COVID Related Fiscal Measures (Percent of GDP, unless otherwise indicated)						
	FY2020			FY2021		
	Pre-Covid proj. 1/	Actual	Change	Pre-Covid proj. 1/ 2/	Current proj.	Change
Priority expenditures	5.6	6.4	0.8	5.3	6.1	0.9
<i>of which</i>						
Health	1.8	2.4	0.6	1.6	1.7	0.1
Education	2.7	2.9	0.2	2.7	3.3	0.7
Social	1.1	1.1	0.0	1.0	1.1	0.1
Other Covid-related spending	0.0	1.7	1.7	0.0	0.7	0.7
Covid prevention, containment & mgmt	0.0	0.9	0.9	0.0		
Transfers to HHs	0.0	0.7	0.7	0.0		
Transfers to businesses, SOEs, govt entities	0.0	0.1	0.1	0.0		
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	28.5	27.5	-1.0	27.1	26.4	-0.7
Other Covid-related spending (percent of public spending)	0.0	7.5	7.5	0.0	3.1	3.1
Tax relief to HHs/businesses/other revenue measures	0.0	1.0	1.0	0.0	1.0	1.0
1/ Most recent projection before March 1, 2020. Togo's GDP has been rebased, raising previously reported GDP numbers by about 35 percent. Staff has adjusted pre-Covid projected GDP by a similar share with the result that these ratios differ from previously published ratios.						
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.						

Source: Togo authorities; and IMF staff estimates and projections

Governance safeguards. Financial contributions from donors are deposited in a special account at the central bank (BCEAO). The authorities have committed to (i) publish a special audit report by the Auditor General (Cour des Comptes) on 2020 COVID-19 related spending and use of donor support dedicated to it and (ii) publish a list of the essential elements (such as the nature of the goods or services procured, the price per unit, the overall contract amount, and the names of the entities awarded contracts) of COVID-19 related public procurement issued in 2020 and the first half of 2021.

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. Following an official request, discussions on a new ECF-supported program started in June 2021 and are expected to resume in the fourth quarter of 2021.

Upcoming CCRT-eligible debt service. Togo does not have any eligible debt service to the Fund falling due during the interval from October 16, 2021 to April 13, 2022.

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 three 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 the economy 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 ¹	2020		2021		2022	2023	2024	2025	2026
	Estimates	Pre-Covid ²	Est.	Pre-Covid ²	Proj.	Projections				
(Percentage change, unless otherwise indicated)										
National income, prices, and exchange rates										
Real GDP	5.5	5.5	1.8	5.5	4.8	5.9	6.1	6.3	6.5	6.5
Real GDP per capita	2.9	2.9	-0.7	2.9	2.2	3.4	3.5	3.7	3.9	3.9
GDP deflator	1.5	2.8	1.3	2.9	1.8	2.4	1.9	1.7	1.5	1.5
Consumer price index (average)	0.7	2.0	1.8	2.0	2.7	2.5	2.2	2.0	1.5	1.0
GDP (CFAF billions)	4,231	3,469	4,360	3,767	4,649	5,042	5,452	5,896	6,376	6,892
Exchange rate CFAF/US\$ (annual average level)	585.9	...	574.8	...	...	...	...	...	...	...
Real effective exchange rate (appreciation = -)	2.2	...	-2.3	...	...	...	...	...	...	...
Terms of trade (deterioration = -)	3.2	1.0	8.1	1.1	-1.9	-1.1	-0.3	1.9	1.4	2.3
(Percentage change of beginning-of-period M2)										
Monetary survey										
Net foreign assets	10.1	1.7	14.1	1.7	4.3	1.3	1.1	2.0	0.9	0.8
Net credit to government	-9.7	0.6	-1.6	-0.1	3.2	2.2	1.9	0.9	2.3	2.3
Credit to nongovernment sector	4.4	8.1	0.2	8.3	4.9	6.2	6.4	6.5	6.3	6.2
Broad money (M2)	4.5	9.3	13.0	9.3	10.7	8.7	8.4	8.4	8.4	8.4
Velocity (GDP/end-of-period M2)	2.4	1.7	2.2	1.7	2.1	2.1	2.1	2.1	2.1	2.1
(Percent of GDP, unless otherwise indicated)										
Investment and savings										
Gross domestic investment	18.1	32.0	23.6	33.1	24.6	24.7	25.3	25.2	26.2	26.4
Government	3.1	9.5	9.0	9.7	9.4	8.5	8.1	7.5	8.0	8.2
Nongovernment	15.0	22.5	14.6	23.4	15.2	16.2	17.2	17.7	18.2	18.2
Gross national savings	17.3	27.1	22.1	28.6	21.9	22.0	22.7	23.4	24.6	24.8
Government	4.7	7.6	2.2	8.2	3.4	3.6	4.0	4.5	5.0	5.2
Nongovernment	12.6	19.6	20.0	20.4	18.5	18.5	18.7	18.9	19.6	19.6
Government budget										
Total revenue and grants	17.7	24.0	16.2	24.2	17.2	16.9	17.4	17.9	18.5	18.7
Revenue	14.8	20.0	13.8	20.2	14.3	14.9	15.4	15.9	16.5	16.7
Tax revenue	13.0	17.8	12.2	18.0	12.9	13.5	14.0	14.5	15.0	15.2
Total expenditure and net lending	18.5	26.0	23.1	25.7	23.2	21.9	21.4	20.9	21.5	21.7
Overall primary balance (commitment basis, incl. grants)	1.1	0.9	-4.6	1.0	-3.7	-2.8	-1.9	-0.9	-1.0	-1.0
Overall balance (commitment basis, incl. grants)	-0.9	-1.9	-6.9	-1.5	-6.0	-5.0	-4.0	-3.0	-3.0	-3.0
Overall balance (cash basis, incl. grants)	-0.9	-1.9	-6.9	-1.5	-6.0	-5.0	-4.0	-3.0	-3.0	-3.0
External sector										
Current account balance	-0.8	-4.9	-1.5	-4.5	-2.7	-2.7	-2.5	-1.8	-1.6	-1.6
Exports (goods and services)	23.1	31.4	21.8	31.2	24.6	23.9	22.8	22.8	22.7	22.7
Imports (goods and services)	-31.3	-44.5	-31.1	-43.9	-35.2	-34.1	-32.8	-32.0	-31.8	-31.8
External public debt ³	17.8	23.1	23.0	22.6	25.3	25.8	25.9	25.8	24.6	23.5
External public debt service (percent of exports) ³	4.9	4.0	3.4	3.7	5.2	6.5	8.3	8.6	9.2	9.3
Domestic public debt ⁴	34.6	42.9	37.3	39.4	37.6	36.6	35.4	33.5	33.0	32.5
Total public debt ⁵	52.4	66.0	60.3	62.0	63.0	62.4	61.3	59.3	57.6	56.0
Total public debt (excluding SOEs) ⁶	51.9	64.2	58.6	60.4	61.5	61.2	60.3	58.4	56.8	55.4
Memorandum items:										
Human development index	0.515	...	...	...	...	...	...	...	...	...
Social and health expenditures	5.2	7.4	6.4	7.0	6.1	...	...	...	...	...

Sources: Togolese authorities and IMF staff estimates and projections.

¹ Excluding transaction with the Social Security Fund, CNSS, in 2019.² Before the GDP rebasing, which resulted in an upward revision of Togo's GDP by about 35 percent on average.³ Includes state-owned enterprise external debt.⁴ Includes domestic arrears and state-owned enterprise domestic debt.⁵ Includes domestic arrears and state-owned enterprise debt.⁶ Includes domestic arrears.

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

Recent Economic Developments. The six-year long 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 in need of humanitarian assistance. COVID has aggravated this already-dire situation and cases continue to rise. With little testing capacity, however, reported cases likely underestimate the spread of the virus amongst a vulnerable population. Meanwhile, desperately needed foreign assistance has collapsed during the pandemic, adding to the already large financing need (over 7 percent of GDP in 2021). An in-kind fuel subsidy announced by Saudi Arabia in March and additional humanitarian assistance from the U.S. announced in August have alleviated some financing pressures, but much more is needed. Foreign exchange reserves are now nearly exhausted at less than a month of already-compressed imports, and economic activity is estimated to have contracted by 8.5 percent in 2020. With limited alternative resources, the central bank has resorted to monetary financing of the fiscal deficit. As a result, the exchange rate has depreciated by 66 percent since the start of 2020, further eroding purchasing power for critical food and medical imports. Food prices have increased by around 58 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 to contract by a further 2 percent.

Public health and macroeconomic policy response, including on the use of financial resources freed up by the debt relief. Despite limited resources and fragmented institutional capacity, Yemen implemented emergency policies to confront the health crisis, including containment measures and additional COVID (0.4 percent of GDP) and priority (0.5 percent of GDP) expenditures. 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. The government is engaging with donors and development partners on its vaccination strategy, with COVAX expected to cover about 23 percent of the population. However, only about 13,000 people have been fully vaccinated and about 300,000 people partially vaccinated, less than 1 percent of the

	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
<i>of which</i>						
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
Other Covid-related spending		0.4	0.4		0.1	0.1
Transfers to businesses, SOEs, govt entities		0.3	0.3		0.1	0.1
Other		0.1	0.1		0.0	0.0
<i>Memorandum:</i>						
Priority expenditures (percent of public spending)	10.9	23.4	12.6	13.9	21.7	7.8
Other Covid-related spending (percent of public spending)	-	3.4	3.4	-	1.3	1.3
Tax relief to HHS/businesses/other revenue measures	-	-	-	-	-	-

1/ Most recent projection before March 1, 2020.

Source: Yemeni authorities; and IMF staff estimates and projections

population, as of end-July 2021, owing to limited capacity and vaccine availability. Support under the CCRT has helped defray the costs of vaccine delivery. Going forward, priority expenditures, including on health and education, and modest COVID-related support are expected to be maintained.

Governance safeguards. The authorities established a high-level interministerial committee to oversee COVID-related spending, prioritize expenditures and monitor implementation. However, the limited capacity of institutions poses constraints to effective oversight of COVID-related spending. The authorities are 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. Yemen has benefitted from the first three tranches of the CCRT totaling SDR 42.454 million and the recent SDR allocation of SDR 467 million. Yemen is also a beneficiary of the Debt Service Suspension Initiative.

Upcoming debt service. Yemen does not have debt service falling due during the interval from October 16, 2021 to January 10, 2022, the maximum period covered by the 4th tranche of debt service relief under the CCRT. The debt service falling due during the remaining period from January 11, 2022 to April 13, 2022 will be covered subsequently subject to resource availability.

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 the vaccination strategy. Staff also assesses that the resources freed up 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, 2016–22

	2016	2017	2018	2019	2020		2021		2022
					Pre- COVID-19	Proj.	Pre- COVID-19	Proj.	Proj. 3/
Production and prices	(Change in percent, y-o-y, unless otherwise indicated)								
Real GDP at market prices	-9.4	-5.1	0.8	1.4	1.0	-8.5	6.0	-2.0	1.0
Consumer prices (end of period)	11.9	47.0	14.3	10.0	29.0	35.0	30.0	45.0	22.3
Consumer prices (period average)	21.3	30.4	27.6	12.0	17.9	23.1	29.5	40.7	31.5
Government finances	(In percent of GDP)								
Total revenue and grants	7.6	3.5	6.4	7.3	6.5	6.5	9.1	6.3	5.6
Total expenditure	16.1	8.4	14.3	12.9	15.3	11.8	17.2	11.5	10.8
Overall fiscal balance (cash basis)	-8.5	-4.9	-7.8	-5.6	-8.8	-5.2	-8.1	-5.2	-5.2
External debt 1/	(In millions of U.S. dollars)								
External debt 1/	6,769	6,831	6,765	...	...	...	...	...	...
External sector	(In millions of U.S. dollars, unless otherwise indicated)								
Exports of goods and services	1,047	1,006	1,309	1,562	1,977	1,178	3,474	1,886	2,209
Of which: Hydrocarbon	248	599	915	1,101	1,334	711	2,344	1,418	1,722
Imports of goods and services	6,869	7,826	9,344	10,490	9,975	8,408	10,175	10,423	10,765
Of which: Hydrocarbon	1,706	1,979	2,427	3,115	2,311	1,863	2,357	2,397	2,838
Of which: Basic food	1,400	1,519	2,139	3,250	2,398	3,315	2,446	3,395	3,479
Balance of goods and services	-5,822	-6,820	-8,035	-8,928	-7,998	-7,229	-6,700	-8,536	-8,556
Income net	-64	-40	-17	-18	-27	-19	-27	-17	-18
Current transfers net	4,999	6,490	7,870	8,100	7,553	6,145	5,773	6,848	6,638
Current account	-888	-370	-182	-846	-471	-1,104	-954	-1,705	-1,935
(in percent of GDP)	-2.8	-1.4	-0.8	-3.9	-2.2	-5.9	-4.1	-8.8	-9.7
Memorandum items									
Gross foreign reserves (Millions of US\$)	791	632	2,292	1,402	853	937	960	1,402	937
Exchange rate (YER per US\$, average)	284	373	536	576	716	743	...	...	...
Exchange rate (YER per U.S. dollar, eop)	304	444	535	612	841	669	...	...	...
Nominal GDP at market prices									
In billions of Yemeni rials	8,891	10,006	11,579	12,606	14,710	13,999	20,497	19,566	25,802
In millions of U.S. dollars	31,318	26,842	21,606	21,888	20,541	18,841	...	...	...
Per capita GDP (in U.S. dollars)	1,075	895	701	692	580	585	...	...	...
Population (in thousands)	29,132	29,977	30,816	31,648	...	...	...	...	...
UN Human development index ranking	0.474	0.467	0.468	0.470	...	...	...	...	...
Current health expenditure (percent of GDP) 2/	4.88	...	...	...	...	...	...	...	...

Sources: Yemeni authorities; and IMF staff estimates.

1/ 2018 debt data to September 30.

2/ Latest as of 2015.

3/ CCRT debt relief for the period from January 11, 2022 through April 13, 2022 is included in projections, but its approval is subject to the adequate resources under the CCRT.