Commonwealth Economic Development Report

2019

The Commonwealth

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Commonwealth Secretariat

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Foreword

The Rt Hon Patricia Scotland QC

Secretary-General of the Commonwealth

This report marks a new departure for the Commonwealth Secretariat; it is the first time we have published an economic development report drawing together the aggregate economic performance of our 54 member countries. Previously, reports have tended to be produced only periodically in response to issues of particular contemporary concern for the Commonwealth. They have addressed topics such as flows of intra-Commonwealth aid and international capital markets, or been quarterly updates on specific sectors such as wool, fruit and tropical products. More recently, the biennial *Commonwealth Trade Review* has focused on international trade.

Recent shifts and developments in the global outlook have prompted fresh thinking and consideration of innovative approaches on trade and a range of related economic matters. These have led to deeper examination of the immense potential there is within the Commonwealth, and the strengths and value of connection arising from shared history and traditions, widespread use of a common language, related legal and regulatory frameworks, and similar systems of governance and administration. Such links and commonality are to be cherished at a time when many longstanding expressions of multilateralism seem to be under threat, and economic vulnerabilities are being tested in ways never previously experienced.

The financial crisis of 2007/8 impressed upon us the need for closer bilateral and multilateral co-operation, and the economic impact of the 2020 coronavirus pandemic has shown this even more starkly. This publication provides an evidence base on which to prioritise and target collective action by our member countries, and demonstrates that Commonwealth Advantage offers crucial opportunities for deeper and closer collaboration on economic development. Research published in our 2015 trade review demonstrated that because of their commonalities Commonwealth countries enjoy an advantage of 19 per cent when trading with each other. Through the Commonwealth Connectivity Agenda adopted at the 2018 Commonwealth Heads of Government Meeting, our member countries are now working together to capitalise on and make more of the benefits this offers.

The scope of the *Commonwealth Economic Development Report* extends beyond trade to examine broader prospects both of promise and of peril on which Commonwealth countries could profitably collaborate more closely. By examining trends in the specific context of our member countries, it will help to inform and add to the value of Commonwealth meetings, particularly of government ministers and officials, and will complement other economic analyses including those of the World Bank, IMF and member governments. We hope it will shine a searchlight and help our membership to pick out new opportunities to work together on tackling economic challenges, including those relating to climate change, youth unemployment and gender disparity. Our shared Commonwealth values and inheritances combine to create immense potential for working together in pioneering ways to find solutions to issues of global concern and to advance inclusive international economic development.

Prologue

Dashed hopes for economic recovery

Before the COVID-19 pandemic, global economic prospects were expected to improve, with projections pointing towards a 3.4 per cent growth rate in 2020. However, hopes for a resuscitated economic performance were dashed by the onset of the COVID-19 pandemic. Towards the end of 2019, a few localized cases of the virus in China began to spread quickly across the globe. The spread persisted for most of 2020 and the world continues to grapple with this deadly virus in 2021. This unprecedented health crisis has posed huge challenges for some of the most advanced economies. On 11 March 2020, the World Health Organization (WHO) officially declared COVID-19 a global pandemic. With over 67.6 million cases and 1.54 million deaths reported as of December 2020, the pandemic has placed immeasurable pressure on the health systems in many affected countries.

Asian member countries registered the highest number of COVID-19 cases by Commonwealth region, at 11.9 million, followed by European and African member countries, which reported 1.79 million and 1.18 million cases, respectively. Commonwealth regions with fewer reported infections included the Caribbean (480,000 cases) and the Pacific (30,000). India, with a population of 1.37 billion, recorded over 9 million infections in December 2020. In late January 2021, the United Kingdom had recorded over 3.4 million infections, 90,000 deaths and had the highest coronavirus death rate in the world.

Some advanced Commonwealth countries have managed to contain the virus relatively effectively, due in part to their size and location. These include Canada (37.7 million population; 718,000 infections), Australia (25.5 million population; 28,731 infections) and New Zealand (5 million population; 2,262 infections). Commonwealth small states have generally had low infection rates, especially countries like Kiribati, Samoa and Tonga which had, at the time of writing, reported no COVID-19 cases.

Attenuated economic performance in 2019

Following sustained economic growth throughout the previous decade, global GDP expansion dipped to 2.9 per cent in 2019 from the 3 per cent registered in 2018. This was the lowest growth rate in the decade since the global financial crisis (GFC) in 2008-2009. The dismal economic performance in 2019 was against the backdrop of a tariff trade war between the United States and China, which imposed uncertainty on global value chains. This was coupled with economic volatility related to Brexit. Consequently, firms had to reduce their long-term spending, resulting in lower investment. In addition, household demand for durable goods decreased. Due to the decreased demand and the disruption in global value chains, 2019 was characterised by a substantial weakening of manufacturing activity, reminiscent of that experienced during the GFC.

Regional economic performance

Economic performance varied across different Commonwealth regions. Growth in the Caribbean contracted slightly from 1.5 per cent in 2018 to 1.4 per cent in 2019. This stemmed from fiscal challenges due to high debt to GDP ratios, and vulnerabilities to weather-related shocks. Economic growth also slowed in Europe from 2.1 per cent in 2018 to 1.5 per cent in 2019, stemming in part from decreased manufacturing. Africa showed some resilience, reflected in a 3.5 per cent rise in growth from the 3 per cent registered in 2018. This performance was buoyed by improvements in macroeconomic fundamentals, which saw an increase in investment and exports. In the Pacific, higher liquefied gas production and increased construction contributed to an increase in GDP growth from 3.5 per cent in 2018 to 4.2 per cent in 2019. Despite growing at its lowest rate since the GFC, Asia remained the fastest-growing Commonwealth region, registering a growth rate of 5 per cent in 2019.

Adverse impact of COVID-19 on economic growth in 2020

As countries implemented lockdown measures in the first half of 2020, economic activity was severely impacted, with businesses suspending their operations. This had a negative impact on employment and livelihoods. On the supply-side, infections reduced labour supply and productivity, whilst layoffs and losses of incomes had demand-side effects. By the third quarter of 2020, 345 million full-time jobs had been lost, at an estimated cost of US$3.5 trillion in income. Consequently, it is expected that the burden brought on by the pandemic could push 70 million to 100 million people into extreme poverty.

As economic activity continues to suffer worldwide, global economic output is projected to contract by -4.4 per cent. This reflects a more precarious outlook compared to the GFC. The projected economic contraction in 2020 was, however, slightly less severe than the initially predicted contraction of -4.9 per cent in the first half of the year, due to the speed with which some countries re-opened their economies after the first wave of COVID-19.

More than 144 countries implemented fiscal and monetary measures in 2020. Efforts to lessen the economic consequences of the pandemic included increased spending on social support measures and increased bailouts for ailing industries, such as furlough schemes. Such expansionary fiscal policies exerted further fiscal pressure on countries already dealing with decreased revenues, and limited fiscal space. Moreover, this has increased debt burdens in already heavily indebted countries. Furthermore, it is estimated that external private inflows could fall by up to US$700 billion, partly due to the dismal economic outlook. Nevertheless, the global prioritisation of protecting health has been necessary.

Economic performance across Commonwealth countries

In Europe, tourism-oriented countries like Malta and Cyprus are expected to suffer the brunt of the effects of the COVID-19 pandemic, with projected contractions in GDP of 7.25 and 7.5 per cent, respectively. In Asia, the IMF predictions for growth in 2020 were reduced to -2.2 per cent from the 0.6 per cent growth rate previously forecast. This was due to sharp downturns faced in some countries such as Maldives (20per cent), India (9per cent) and Malaysia (5per cent).

Despite registering fewer COVID-19 cases, Commonwealth small states – particularly small island developing states (SIDS) – are predicted to experience large output contractions. This is because their high reliance on tourism, which contributes an estimated 30 per cent to GDP on average, has been severely affected. As 2020 drew to a close, tourism arrivals had declined by 70 to 75 per cent compared to last year, equating to a decline of about 1 billion international tourism arrivals. The decline in tourism, by extension, led to flagging demand for services such as accommodation and food, and reduced demand in other sectors in which tourism has backward and forward linkages, resulting in job losses. As such, tourism-dependent countries in the Caribbean experienced declines in GDP ranging from 3 to 7 per cent.

Travel restrictions also contributed to a decrease in international trade, with merchandise trade volumes falling by 9.2 per cent. The effects have been most widespread in commodity-dependent countries that were faced with a protracted decline in commodity prices. In addition, travel restrictions and economic challenges in many countries contributed to decreased investment, with greenfield investments showing a decline of 500 per cent across Commonwealth small states.

The Commonwealth Economic Development Report 2019

The *Commonwealth Economic Development Report 2019*, which had been prepared prior to the onset of COVID-19, captures advances made in growth and structural transformation in Commonwealth countries in the pre-COVID-19 era. The macroeconomic platforms it identifies could be important drivers in building back better. It also reports on the challenges besetting Commonwealth countries such as climate change and high youth unemployment, which continue to threaten future economic growth and prosperity. The *Commonwealth Economic Development Report 2019* therefore provides a solid foundation for the next issue, which aims to provide a comprehensive review of Commonwealth economic performance in 2020.

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Executive Summary

1. Overview of the *Commonwealth Economic Development Report*

This inaugural *Commonwealth Economic Development Report* covers economic development trends across the Commonwealth of Nations, an association of 54 independent countries that are home to 2.4 billion people. Commonwealth member countries are highly diverse, encompassing large, advanced economies and small island developing nations, but they have agreed shared goals, including development, democracy and peace.

The Report outlines economic progress among Commonwealth countries and identifies common trends and challenges. It comes at a time when there is great and urgent need for broad cross-border collaboration to harness opportunities and counter threats such as diseases, climate breakdown and terrorism.

Taking this as a lead, the Report aims to provide an evidence base for economic collaboration among Commonwealth countries – highlighting shared opportunities, challenges and risks. Specifically, Commonwealth countries are grouped into advanced and developing nations, with developing countries further divided into their respective regions. For the purposes of this Report, advanced economies are defined as those with average per capita gross domestic product (GDP) (at purchasing power parity (PPP) in 2018) above US$40,000: Australia, Canada, Cyprus, Malta, New Zealand, Singapore and the UK.

Chapter 1 provides a summary of global economic trends as well as a broad picture of economic development and the outlook for the 54 Commonwealth nations. Chapters 2–6 provide a more detailed analysis of economic performance, prospects and challenges for Commonwealth countries: in Asia, Africa, the Caribbean and the Pacific. The analysis covers economic development in the context of rapid technological transformation and the growing importance of services sectors such as FinTech in Africa and citizenship by investment programmes in Cyprus and Malta. Other areas of focus include the potential risks associated with Guyana's new-found oil wealth and the impact of a changing climate on small island nations in the Pacific.

Chapter 7 includes a special analysis of debt developments since the global financial crisis. It highlights key Commonwealth debt challenges, including increases and changes in the types of debt financing; the impact of exogenous shocks; and issues with the adequacy of debt relief.

Appendix 1 provides a snapshot of data across Commonwealth countries, and Appendix 2 spells out the Report's limitations, which centre primarily on data issues. Specifically, our analysis is based on data that are available for only 32.5 per cent of the sample population, and with disaggregation that is poor across gender, age, income and location (rural/urban) dimensions. This reflects weak capacities in data collection and poor data-sharing – notably in smaller countries in the Caribbean and the Pacific.

2. The Commonwealth economic and development context

Commonwealth G20 countries account for approximately 80 per cent, or four-fifths, of economic output across the 54 countries. This is as measured by their average share of economic activity since 2009. In this period, the UK (29.0 per cent), India (18.2 per cent), Canada (17.2 per cent) and Australia (14.6 per cent), were the top four drivers of the association's economic output by a considerable margin. Comprising the other 15 per cent of economic output are Singapore, Malaysia, South Africa, Nigeria, New Zealand, Bangladesh and Pakistan, in that order, with shares of Commonwealth output between 1 and 2 per cent. On average, output from the other 42 countries in the membership combined accounts for the remaining 5 per cent of Commonwealth economic activity.

The primary income earners in the Commonwealth are tourism, agriculture, mining and manufacturing. Resource-based economies are mostly to be found in Africa, where there is an abundance of minerals and commodities. Oil exporters are currently few (11) but growing in number (Guyana), and stretch across regions.

The majority of Commonwealth countries follow a Westminster style of government; therefore, fiscal and monetary institutions governing Commonwealth economic activity have some similarities.

The Eastern Caribbean countries are in a monetary union, governed by the Eastern Caribbean Central Bank, whereas Cyprus and Malta are both members of the euro zone, with the currency governed by the European Central Bank. Cameroon shares the Central African CFA Franc with five other independent countries (none of which is in the Commonwealth). Other Commonwealth countries are in free trade blocs – notably the Caribbean Community, the Southern African Development Community, the East Africa Economic Community, the Association of Southeast Asian Nations, the South Asian Free Trade Area and the Australia–New Zealand Closer Economic Agreement. Further, a majority of African, Caribbean and Pacific countries are party to the EU's Economic Partnership Agreement, Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Association of South Eastern Nations (ASEAN) and Australia-New Zealand Single Economic Market (SEM).

Development challenges are typically common and widespread in the Commonwealth, since 60 per cent (31) of the membership comprises small states. These countries are located in the Caribbean, Africa and Pacific regions, and share related challenges. They possess small populations and are highly susceptible to environmental shocks, given their mainly coastal geographies. Small states are generally highly open economies, making them vulnerable to economic disturbances, and are remote, with disproportionately high institutional and infrastructure costs.

Development challenges are otherwise concentrated in the larger Commonwealth developing countries based in Africa and Asia, where inequality, poverty, limited educational attainment and gender and youth disparities remain challenges. The Commonwealth contains 14 least developed countries and 6 fragile and conflict-affected states.

As regards demographics, India holds by a large margin the highest share of the Commonwealth's 2.5 billion people, at 54 per cent. Pakistan (8.2 per cent), Nigeria (7.9 per cent), Bangladesh (6.7 per cent), the UK (2.7 per cent) and South Africa (2.4 per cent) make up 30 per cent, as the next most populous Commonwealth countries. In terms of regions, Africa holds the fastest-growing population, at 2.6 per cent, followed by the Pacific, Asia, Advanced and Caribbean regions.

3. Prospects and challenges facing the Commonwealth membership

Notwithstanding the data limitations, the *Commonwealth Economic Development Report* provides a useful insight into the key prospects and challenges facing the majority of Commonwealth countries.

Commonwealth prospects

- **Technological transformation**: From advanced to developing Commonwealth countries, and across the regions, there has been a shift into more technology-based economic activity. Commonwealth African countries are at the forefront of FinTech and technology-based agriculture industries, which are helping transform sectors by developing entirely new markets, thereby increasing the potential for greater and inclusive economic activity. They are also helping communities adapt to a changing climate.

G20	Small states	Least developed countries	Fragile and conflict-affected states
Australia	Antigua and Barbuda	Bangladesh	The Gambia
Canada	The Bahamas	The Gambia	Kiribati
India	Barbados	Kiribati	Mozambique
South Africa	Belize	Lesotho	Papua New Guinea
UK	Botswana	Malawi	Solomon Islands
	Cyprus	Mozambique	Tuvalu
	Dominica	Rwanda	
	eSwatini	Sierra Leone	
	Fiji	Solomon Islands	
	The Gambia	Tuvalu	
	Grenada	Uganda	
	Guyana	United Republic of Tanzania	
	Jamaica	Vanuatu	
	Kiribati	Zambia	
	Lesotho		
	Malawi		
	Maldives		
	Malta		
	Mauritius		
	Mozambique		
	Namibia		
	Nauru		
	Papua New Guinea		
	Samoa		
	Seychelles		
	Solomon Islands		
	St Kitts and Nevis		
	Saint Lucia		
	St Vincent and the Grenadines		
	Tonga		
	Trinidad and Tobago		
	Tuvalu		
	Vanuatu		

- **Transition to services:** Economies that have traditionally been based on agriculture, mining and manufacturing, notably in Commonwealth countries across Asia and the Pacific, are increasingly developing services such as telecommunications and tourism. This is helping expand growth and raise tax bases and per capita incomes. In Asia, increasing numbers of people are being lifted out of poverty, although income inequality is also rising.
- **Windfall gains:** Several Commonwealth countries, in different regions, are using proceeds from citizenship by investment programmes (CBIs) to fast-track growth and development. Though CBIs have been largely criticised by the international community, including by institutions such as the EU, they seem to be driving positive change in several Commonwealth jurisdictions. In Cyprus and Malta, for example, CBI windfalls have been associated with a construction boom and investment in tourism real estate, which will have further knock-on effects. Employment is increasing in these countries, with gaps filled by Commonwealth neighbours such as Sri Lanka. In other quarters, for instance in St Kitts and Nevis and Grenada, CBI growth is linked to reduced debt burdens. In this region, governments have implemented a target-based approach to CBI utilisation, whereby a fixed percentage of the proceeds has to be used for debt reduction.

Key challenges

The most prominent issues affecting Commonwealth countries in 2018 were as follows:

- **Climate change**: Economic activity across several sectors of Commonwealth countries, including tourism, agriculture, oil production and trade, was affected by or continued to suffer from the aftermath of natural disasters – primarily intense storms and flooding, but also extreme temperatures and droughts. Climate change impacts were most notable in the Caribbean and Africa, where the aftermath of disasters weighed on the economic output of several countries in 2018/19. Several low-lying Pacific nations may become uninhabitable within decades if global greenhouse gas emissions are not reduced rapidly. Several African nations are experiencing intensified droughts and, devastating cyclones have recently swept through Malawi, Mozambique and Zambia.
- **Economic uncertainty:** Amid persistent tensions fuelled by the China–USA trade dispute and the UK's prolonged withdrawal from the EU, many Commonwealth economies are facing rising uncertainty, which is undermining prospects for growth in the short term. The UK's economy has slowed significantly since 2016, and other advanced economies, notably Australia and Canada, have been constrained by the China–USA drag on global output.
- **Youth unemployment:** Albeit most prevalent in Africa, where in some countries it reaches over 50 per cent, youth unemployment is a key labour market and development issue across all regions, even in advanced economies. The disparity, particularly among unemployed young women, is broad-based, but especially significant in Commonwealth Asia. Youth unemployment has the main disadvantage of restricting growth potential and future uptake in tax revenues in Commonwealth countries, necessary to fund future pension systems. It also poses a threat to peace and development, which, if offset, can lead to more fragile Commonwealth economic environments.

4. Commonwealth economic performance and outlook

Expectations for global growth in 2018 have not materialized owing to global uncertainty revolving around the China–USA trade dispute, other rising geopolitical tensions across the world, and uncertainty over the impact of Brexit. Moreover, climate change impacts have taken their toll, with the Commonwealth's economic performance similarly affected by these global challenges.

Growth in Commonwealth countries in 2018 was half of that of the rest of the world, at 2 per cent, with gross domestic output of approximately US$96.1 billion, one-sixth of the income generated by non-Commonwealth countries. This performance represented an improvement of 1.3 percentage points on the year 2017, compared with a GDP increase of 0.9 percentage points across the rest of the world.

Output generation in Commonwealth countries was driven primarily by India, which had a weighted growth rate of 2.5 per cent, triple that of Canada and Australia, the second and third largest drivers of Commonwealth GDP. The UK's negative outturn in 2018 was a significant drag on Commonwealth expansion. On average, however, the upswing in Commonwealth output was fairly synchronised, with 80 per cent of countries registering positive income growth.

In 2018, the average (median) per capita income of the Commonwealth increased by 6.2 per cent, from US$10,233.6 to US$10,865.7. Roughly half of Commonwealth countries earned GDP per capita between US$29,298 and US$40,707, an increase in the top range of 4.7 per cent compared with 3.3 per cent in the bottom tier of per capita income.

Price increases in 2018 were a modest 3.5 per cent on average, as inflation expectations across the Commonwealth remained low. In other countries, inflationary pressures were slightly stronger, at an average 5.5 per cent, and higher than the average 5 per cent rate recorded between 2010 and 2018. In contrast, Commonwealth price growth was below its 10-year trend, reflecting in large part constrained economic activity.

According to available unemployment statistics, with the exception of Nigeria, unemployment in Commonwealth countries was largely in the single digits. In particular, unemployment in the Asia, Advanced and Caribbean regions ranged between 5 per cent and 7 per cent on average.

Commonwealth population growth continued apace at 1.6 per cent; non-Commonwealth countries recorded only half of this. This outturn was driven largely by an effervescent youth population, particularly in Commonwealth Africa.

There was a slight uptick in Commonwealth debt, from an average of 58.8 per cent of GDP to 59.9 per cent of GDP in 2018. This aligns with a marginal increase in fiscal deficits, which stood at an average 2.8 per cent ratio to GDP. This fiscal expansion was on the basis of marginally higher revenue, outstripped by a slightly larger increase in governments' expenditure – meagrely larger fiscal expansion than recorded in the rest of the world.

Trade balances of Commonwealth members fared worse than in other countries, with the average current account deficit expanding to 3.1 per cent of GDP, above the average deficit observed since 2010. The less-than-favourable external outcomes in the Caribbean, Africa and Asia overshadowed positive outturns in the Advanced and Pacific regions.

The International Monetary Fund (IMF) has downgraded its 2019 and 2020 forecasts, and warns that, should tensions continue, global forecasts will be more at risk. According to IMF projections, the outlook for Commonwealth countries is disappointing, with GDP growth heading towards a deceleration 0.2 per cent, a rate significantly lower than the prospective 1.2 per cent expansion expected for non-Commonwealth countries.

5. Regional performance, development challenges and special issues

Advanced economies

Advanced economy progress in 2018 was modest yet steady, with economic output in this group registering growth of 1.9 per cent, half of the advance recorded a year earlier. Collectively, advanced Commonwealth countries amassed US$94.2 billion worth of output, or 89.7 per cent of Commonwealth GDP. CBIs drove growth in Cyprus and in Malta, while the UK registered its lowest growth rate since 2016 – underpinned by continued uncertainty surrounding Brexit. Nonetheless, employment levels in the UK remained favourable.

At the aggregate level, advanced country unemployment dipped by 0.6 of a percentage point to 7.6 per cent. Cyprus' employment, and particularly employment among its youth, did not reflect recovery from the 2012 crisis, despite CBI returns to growth. Whereas expatriate labour continued its rise in Malta and in New Zealand, externally recruited labour was curtailed in Singapore. Inflation in advanced Commonwealth countries remained modest, at 2 per cent on average, owing to the modest recovery.

Trade in European advanced countries was uplifted by tourism arrival surges, while in Canada and Singapore trade performance improved, concomitant with growth in their main trading partners – the USA and China, respectively. Less negative balances were recorded in Australia, Cyprus and Malta. Fiscal developments, including debt, in advanced Commonwealth economies were positive across the board, including in the UK, which registered a meagre 1.4 per cent deficit.

Brexit poses downside risks to the future direction to UK fiscal policy, however, and is a dominant underlying factor as regards the UK and other European advanced countries' outlook. Australia, New Zealand and Singapore being heavily exposed to China, and with Canada strongly tied to the USA, with regard to trade and tax reform, the continuing escalation of China–USA tensions poses the greatest risk to their development.

Developing economies

Asia region

Commonwealth Asia, the growth engine of the globe and the Commonwealth, continued to show great dynamism and buoyance in both economic and demographic terms, reflected in a GDP increase of 6 per cent – 4 percentage points on top of last year's growth figure. Benefiting from proximity to China, Commonwealth Asia has been successful in transitioning from rural and agricultural economies, with accompanying challenges associated with rapid urbanisation. Growth in Malaysia and Bangladesh was most positive, in spite of the slowdown in China.

In this region, growth has translated into falling poverty and improved health and education, although with some lags (e.g. in Pakistan). The region's life expectancy has also increased. Slower improvements surround gender equality in employment and employment generation for youth, which is lowest among Commonwealth Asian females.

On average, employment in Commonwealth Asia rose in line with global trends, particularly in services, while employment in manufacturing and agriculture in the region continued to decline. The unemployment rate available stood at 5.77 per cent,[1] whereas inflation was contained at 3.1 per cent, mainly by environmental factors, notably drought and excessive rainfall.

At a ratio of 5.5 per cent of GDP, the fiscal expansion in Asia was the largest among the regions, headlined by deficit growth in Brunei Darussalam and Pakistan. Debt edged up marginally, as debt expansion in Pakistan and Sri Lanka were rebalanced by declines elsewhere. Trade shares in Commonwealth Asia slid further away from pre-recession levels, owing mainly to weaker balances in Maldives, which overshadowed a double-digit surplus in Brunei Darussalam.

There are positive expectations for 2019 as Commonwealth Asia ups its investments in digital innovation (Bangladesh and Malaysia). Challenges in this region include terrorist attacks, for example to Sri Lanka's tourism, and fiscal risks in Pakistan. Climate change owing to dependence on rice production; a lack of inclusive growth; and a growing and ageing population are among the main development pressures.

Africa region

Economic activity in Commonwealth Africa was flat but positive, given the decline in GDP of 7.5 per cent reported in 2017. Although growth is still largely commodity price-driven, the African recovery is increasingly being buoyed by those countries diversifying away from natural resources to more knowledge- and technology-based platforms. In addition, there has been an uplift in agricultural production, supported by better agricultural systems, in addition to increased domestic demand, public investment and consumer spending.

Countries in the East African Community and the Economic Community of West African States – mainly Ghana and Rwanda – were the top performers in the Africa region, marking a reversal of growth away from former powerhouses Nigeria and South Africa.

Nonetheless, growth within the sub-Saharan basin is still not translating as quickly into development outcomes as would be expected. Particularly, poverty reduction and improvements in income inequality, especially through increased employment for the youth, are lagging significantly.

Unemployment in Commonwealth Africa remained relatively unchanged in 2018, at an average 9.2 per cent, based on available data from the IMF World Economic Outlook.[2] These figures mask substantial unemployment among youth in Commonwealth Africa, ranging between 2.1 per cent in Rwanda and 57.4 per cent in South Africa. The median age in sub-Saharan Africa at 2018 is 25 years, and this age group carries an average unemployment rate of 21.3 per cent. Tackling youth unemployment is therefore a critical development challenge for Commonwealth African countries, whose working-age population is set to move from 705 million in 2018 to 1 billion in 2030. Without robust structural reforms, the rise in youth unemployment is likely to be absorbed in the informal sector, where productivity and wages are low and employment security are poor.

Attributed to poor revenue collection, the region's average fiscal balance increased marginally to 5 per cent of GDP, with broad-based deficits recorded in all but Seychelles. African region debt too registered a minor uptick, as countries continued to switch from concessional to non-concessional debt holdings, meant to build up the region's infrastructure.

Despite a widening of the current account balance to 6.6 per cent of GDP in 2018, Commonwealth African economies showed rapid trade growth both extra- and intra- regionally. Intra-regional trade within sub-Saharan Africa was surpassed only by trade with the EU and China, which, when factoring in the African Continental Free Trade Area, raises great hope for a boon in Africa trade.

The outlook for Commonwealth Africa is more positive but modest, with growth expansion anticipated at 1.5 per cent. To secure this projection, Africa will have to strengthen its resilience to shocks – which will include economic diversification; increasing fiscal space; revenues; tackling corruption and governance issues; raising productivity; and increasing private investment.

Caribbean region

Notwithstanding the impacts of climate change, which were most rampant in the 2017 hurricane season, the Commonwealth Caribbean posted a recovery of 1 per cent, after experiencing negative growth of 0.3 per cent the preceding year. Contributing to the recovery was a diversification into services, agriculture, digital technology and logistics. This expansion was led by accelerated output in Antigua and Barbuda (5.3 per cent), Grenada (4.8 per cent), Belize (3 per cent), St Kitts and Nevis (3 per cent) and The Bahamas (2.3 per cent).

However, there was some divergence with tourism-dependent countries (Barbados, Dominica and Jamaica), whose performance was interrupted by spill-overs from weather-related disasters and fiscal restraint.

Unemployment in this region is estimated to have dipped to 8.9 per cent since 2017, based on available data.[3] As in Commonwealth Africa, youth unemployment is reported to be an issue, but data measuring the exact extent within the Commonwealth Caribbean remain elusive. Likewise, kept in check by sluggish global growth and lower oil prices, inflation was moderate, falling slightly to 1.6 per cent on average, from 1.9 per cent previously.

Debt remains a problem in the Caribbean region but seems to be on the decline, as indicated by a fall from 80.8 per cent to 78.2 per cent of GDP. Except for in Dominica, fiscal pressures were relatively contained. Expenditure fell by on aggregate 0.3 per cent, while revenue growth stabilised.

Trade was on the downside, giving rise to a current account deficit of 9.1 per cent, 2.1 percentage points higher than in 2017. This owed mainly to a 46.2 per cent deficit in Dominica, which outweighed broad-based but marginal improvements in current account deficits regionally. On top of Dominica's slow recovery, the global slowdown as well as the tension between China and the USA weighed on Commonwealth Caribbean external activity. The turnout also reflected inherent challenges, including small size and high production and transport costs.

With regard to future prospects, Commonwealth Caribbean output is expected to be more positive, barring further disasters and taking into calculations China–USA trade tensions and potential impacts of Brexit, which remain on the horizon.

Pacific region

Pacific growth declined by an average 1.7 per cent, falling further from flat output growth of 0.79 per cent in the past year. This disappointing performance owed to disturbance to oil production in Papua New Guinea, which had been struck by an earthquake off its coast in 2017. Papua New Guinea accounts for on average 77 per cent of the Commonwealth Pacific's output, and hence its 2.8 per cent downturn had a disproportionate impact on Pacific growth. Elsewhere, economic activity was positive; notably, Tuvalu registered an expansion of 8.6 per cent. In non-resource-based countries, tourism and fishing were the main drivers of economic performance. The only contractions were in Kiribati and Samoa.

The Pacific, too, has been undergoing a transition from agriculture to tourism, and similarly from more rural to urban communities. And, while youth unemployment is not so much of a problem, the region continues to suffer from a disproportionately ageing society. Corroborating employment statistics in the Pacific are not readily available; however, the International Labour Organization estimates that labour force participation is between 50 per cent and 70 per cent, and there has been shift towards services employment and away from agriculture. Price growth in this region during 2018 is estimated to have been low because of lower commodity prices.

Fiscal authorities in the Commonwealth Pacific recorded an average surplus of 0.4 per cent, supported both by improvements in revenue collection and expenditure. Debt therefore remained contained, at 38.8 per cent of GDP, making the Pacific the least indebted region in the association.

With regard to the region's external performance, a weaker current account

	Year 2017							Year 2018 (Including Estimates)						
	Commonwealth Countries						Rest-of-World	Commonwealth Countries						Rest-of-World
	All	Advanced	Developing					All	Advanced	Developing				
			Africa	Asia	C'bean	Pacific				Africa	Asia	C'bean	Pacific	
Indicator														
Values														
Real GDP	94.2	83.0	4.6	5.9	0.5	0.2	607.6	96.14	84.6	4.6	6.2	0.5	0.24	632.6
GDP Per Capita	10233.6	35.5	3688.1	16542.9	14572.2	3814.6	13208.3	10865.72	35.5	3828.2	17578.7	15260.7	4051.93	13287.1
Inflation	4.4	2.2	7.9	3.7	1.9	3.4	5.9	3.49	2.2	5.8	3.1	1.6	3.34	5.5
Population	2417.1	1512.5	529.3	414.7	6.6	10.5	4964.5	2455.59	1532.5	542.8	420.7	6.7	10.67	5006.6
Total Investment	23.2	22.9	23.0	27.3	22.0	7.2	23.8	23.30	22.6	23.3	26.9	22.1	7.55	24.2
Fiscal Deficit	−2.4	−0.3	−4.6	−5.1	−2.5	1.5	−2.8	−2.78	−0.7	−5.0	−5.5	−2.2	0.38	−1.8
Revenue	32.9	33.1	22.8	18.6	28.4	63.3	29.0	31.72	33.2	22.5	18.1	28.4	67.98	29.6
Expenditure	35.7	33.4	27.4	23.7	31.0	61.8	32.0	34.76	33.9	27.5	23.6	30.7	67.60	31.6
General Government Det	58.8	69.5	51.3	49.7	80.8	39.8	55.7	59.93	70.0	53.6	51.9	78.3	38.80	56.5
Current Account Balance	−2.9	0.2	−5.1	−1.9	−7.3	3.6	−2.2	−3.11	0.4	−6.6	−3.8	−9.4	0.31	−2.2

Growth Rates														
Real GDP	3.3	4.0	–7.5	2.9	–1.3	0.8	3.2	2.0	1.9	–0.1	6.0	1.0	–1.7	4.1
GDP Per Capita	–5.5	6.3	2.9	5.9	5.8	4.8		6.2	7.2	3.8	6.3	4.7	6.2	
Inflation	0.3	1.9	6.2	4.1	1.6	3.4	–0.5	–0.9	2.0	4.7	3.9	1.3	3.8	–0.4
Population	1.6	1.0	2.6	1.5	0.7	1.9	1.0	1.6	1.0	2.6	1.4	0.7	1.9	0.8
Total Investment	0.2	–0.4	0.1	–0.4	0.4	0.1		0.1	0.2	0.3	0.5	0.1	0.4	
Fiscal Deficit	0.4	0.9	1.0	–0.5	–1.7	–0.1	1.6	–0.4	–0.4	–0.4	–0.4	0.3	–1.2	1.0
Revenue	0.6	0.4	0.7	–0.5	–0.4	0.5	0.4	–1.2	0.1	–0.3	–0.1	0.0	4.7	0.6
Expenditure	1.0	–0.5	–0.3	–0.1	1.3	0.6	–1.3	–0.9	0.5	0.0	0.3	–0.3	5.8	–0.4
General Government Det	–0.7	–1.5	0.1	2.2	–0.6	–1.5		0.5	0.6	2.3	0.7	–2.5	–1.0	
Current Account Balance	–0.3	0.4	1.7	–1.9	–0.6	–1.5	1.4	–1.8	0.2	–1.5	2.2	–2.0	–3.3	0.0

Source: IMF 2019 World Economic Outlook
Note**
Real GDP is in constant prices total USD billions, calculated by deflating nominal GDP. Per capita GDP is average and measured in purchasing power parity (PPP) terms. Inflation is in average median percent and population in total millions of people.; The other indicators are in average percent of GDP.

surplus was recorded. Trade balances were particularly positive in Kiribati, Papua New Guinea, Samoa and Tuvalu, which just managed to overshadow less robust net trade in other countries.

In terms of the outlook, economic growth in 2019 is expected to rebound through Papua New Guinea's resumption of oil production. Other positive contributors will include Tonga's continued post-disaster reconstruction and returns from tourism and fishing. However, risks to this outlook centre on climate change, which could dampen the region's primary exports, including oil, wood, metals, agriculture, palm oil and fish. The region's ageing population and healthcare pressures (including from non-communicable diseases), as well as the potential impact of climate change on tourism, are also factors worth mentioning.

Notes

1 Available for Brunei Darussalam, Malaysia, Pakistan and Sri Lanka.

2 Mauritius, Nigeria and Seychelles.

3 The Bahamas, Barbados, Belize, Jamaica, St Vincent and the Grenadines and Trinidad and Tobago.

01
Commonwealth Outlook

1.1 Introduction

The Commonwealth is far more than the sum of its parts. Made up of 53 countries, and spanning nearly every continent, this organisation brings together a population of 2.4 billion people – just under a third of the global population. It is also no lightweight from an economic perspective, with the total gross domestic product (GDP) of its members estimated at US$10.4 trillion in 2017 and predicted to top US$13 trillion in 2020. Despite the many differences that define them, the countries' longstanding association through their Commonwealth membership has provided a framework for dialogue and cooperation, one that has the potential to develop further as we approach a new decade.

This report provides an economic assessment of the Commonwealth, discussing member countries on a regional basis and identifying the main risks and challenges that will shape their future development. This is detailed further from Chapter 2 of this report. This opening chapter, however, looks at the organisation as a bloc, reviewing the most recent macroeconomic developments across it as well as the direction that such developments may be taking into the medium term. Membership of the Commonwealth includes countries from different regions and at various stages of economic development, from the most advanced to small states classified as 'under-developed' by the UN. Nevertheless, as integration in the global economy increases across the Commonwealth, it is possible to identify common trends and challenges that are shaping the macroeconomic landscape in the various regional groups.

The following sections set out a high-level overview of recent macroeconomic developments in the Commonwealth's member countries. For clarity's sake, these are organised by region, except for the advanced economies, which are dealt with separately.

1.2 Recent macroeconomic development and outlook

Throughout the first half of this decade, the global economy dealt with a series of crises and shocks as it recovered from the global recession of 2009. Cautious optimism that recovery had truly set in began to emerge in 2016, and by the end of that year economic growth had surged in virtually every region of the world. This was evident in the increase in manufacturing activity and the rebound in global trade. This growth was projected to remain steady in 2018 and 2019, with the International Monetary Fund (IMF) projecting in its October 2018 outlook that global growth would rise to 3.9 per cent into 2019 (IMF, 2018a). However, this rate of growth has not materialised, with the latest IMF outlook referring to global growth as 'subdued' and 'sluggish' (IMF, 2019a). This general loss of momentum is linked to ongoing uncertainty caused by the escalating trade dispute between the USA and China, the many questions still surrounding a post-Brexit global economy and rising geopolitical tensions in many parts of the world.

All this has led the IMF to downgrade its global growth forecast for 2019 and 2020, bringing both down by 0.1 percentage point to 3.2 and 3.5 per cent, respectively. Even then, the agency stresses that this projected upturn in 2020 is precarious and may not materialise if investment and trade do not stabilise.

The following sections review how the Commonwealth countries in the different regions have performed against this global economic backdrop. The loss of momentum the IMF has highlighted, slight so far but that may persist and intensify, has affected advanced and developing economies alike. The emerging economies that were the engine of global growth earlier in the decade continue to grow fast compared with their developed counterparts but may in some instances be faltering. On the other hand, while growth continues slowly but surely in the advanced economies, uncertainty is growing in a number of key areas of economic activity, trade in particular.

Advanced economies

The Commonwealth includes a cluster of seven countries that the IMF classifies as advanced economies. Spanning four continents, and highly diverse in their size, population and geopolitical context, these countries are Australia, Canada, Cyprus, Malta, New Zealand, Singapore and the UK. Beyond their evident diversity, however, all seven economies present the basic characteristics that commonly define mature economies. These include a high level of GDP per capita, as well as a significant degree of industrialisation that is progressing in tandem with robust public and private sector commitment to maintaining technological readiness and innovation. To varying degrees, they have all, for better and for worse, become intrinsically tied to the global economy, largely because of their reliance on trade at regional or global levels as well as their integration with the international financial system.

These shared characteristics indicate that the Commonwealth's advanced economies are facing many of the challenges that are confronting the world's most developed countries. In certain cases, however, we can identify emerging issues and trends that are particular to individual countries within this group, emanating mainly from their regional environment as well as fluctuating relations with new or longstanding trade partners.

Macroeconomic indicators

Growth

Recovery across the Commonwealth advanced countries has continued at a modest yet steady pace, characterised largely by healthy domestic demand and positive export figures. This 'modest yet steady' performance is highlighted by average GDP growth for all seven countries, levelling at 3.2 per cent in 2018. Some exceptions to this trend can be identified, however.

Malta emerges as the strongest economic performer within the group, with an expansion of 6.6 per cent in real GDP in 2018. Cyprus exhibits similarly elevated rates of growth, at 5.5 per cent. In both cases, this success owes to some extent to the impact of the islands' respective schemes of citizenship by investment.

The UK lies at the opposite end of the spectrum, registering the lowest rate of GDP growth within the group in 2018, at 1.4 per cent. Given the UK's generally favourable economic conditions, not least a buoyant labour market with unemployment at historically low levels, this sluggish performance is somewhat anomalous. Leading observers agree that it owes mainly to the persistent uncertainties surrounding Brexit, which continue to limit economic activity.

Employment

In general terms, all seven countries exhibit positive labour market conditions, with Malta and the UK registering significantly low levels of unemployment. The poorest performer in this regard continues to be Cyprus, which is still contending with youth and long-term unemployment issues rooted in the 2012 crisis. In a number of countries, particularly Malta and New Zealand, this buoyancy is driving increased migration to support economic activity. However, other interesting trends are emerging, with Singapore recently announcing cuts to long-established foreign worker quotas and reversing an established policy of fuelling economic growth with expatriate workers. This development is likely to have some impact on the services sector over the coming months.

Prices

A generally consistent picture emerges across all seven economies in terms of inflationary pressures. These have been relatively low and broadly within the established parameters of 2 per cent. Canada and the UK have registered the highest inflation rate, at 2.3 per cent.

This overall inflationary stability can be viewed as a further indicator of the 'modest yet steady' economic growth trend referred to above.

Trade developments

All seven economies under review in this section are highly export-oriented, making trade a particularly important indicator in gauging their economic outlook. The current situation appears to be generally positive, with all having benefited from favourable cyclical conditions in the global economy that have sustained steady growth in world trade in recent years.

All three European countries under review have registered a healthy increase in exports. In all three cases, tourism is a common denominator: Cyprus, Malta and the UK saw a record number of tourist arrivals in 2017 and 2018; further increases are forecast for Cyprus and Malta in 2019.

The situation for Canada and the Commonwealth countries in the Asian region is similarly positive; however, these countries are characterised by the dependency of their export activity on the trade heavyweights in their respective regions. Canada's exports have been boosted by improvements in the US economy, whereas the Asian countries under review have generally been affected positively by China's aggressive trade expansion.

Beyond this current positive assessment, however, the outlook remains uncertain, given rising trade tensions at a global level. Any further deterioration could conceivably affect the advanced Commonwealth countries by slowing global economic growth and having negative impacts on trade. Canada and the Asian countries will be particularly affected by any escalation in the current standoff between the USA and China. However, among the seven, it is the UK that currently has the most unpredictable trading outlook: the effects of Brexit on the UK's main trading partners remain unclear, with the persistent uncertainty posing increasing risks and limitations to further growth.

Fiscal developments

Most of the advanced Commonwealth economies present a generally positive fiscal scenario, indicating that the respective governments have made some progress in implementing sounder fiscal policies. However, the level of success varies from case to case.

Singapore continues to exert a steady hand in its public finances, strengthening its position in recent years to close 2018 with a fiscal balance of 5 per cent of GDP. Australia and New Zealand exhibit a similarly positive outlook, with Australia forecast to swing from a fiscal deficit of 1 per cent of GDP in 2018 to a surplus in 2019 while New Zealand retained a fiscal surplus in 2018, having successfully maintained this position since 2015.

Over in Europe, significant progress has been registered in Cyprus and Malta, which have delivered the first substantial results of the policy commitments both governments have made to address longstanding fiscal issues. The UK also appears to be reaping the benefits of its own sustained fiscal consolidation efforts, returning a deficit below 2 per cent of GDP in 2018. Although the UK remains committed to fiscal consolidation, it is unclear at this time how Brexit, and particularly a hard Brexit, will affect fiscal policy, forcing a deviation from the consolidation initiatives undertaken to date.

Outlook

The outlook for the advanced Commonwealth countries reflects the realities that are currently facing developed economies across the globe. If all this could be summed up in one word, it would be 'uncertain.' With the latest IMF World Economic Outlook referring to global growth as generally 'sluggish' (IMF, 2019a), most advanced economies, including those within the Commonwealth, are facing a series of challenges that could halt or reverse the modest recovery pattern seen in recent years.

Among the risks are the developing trade tensions referred to above: global trade uncertainty persists and appears to be escalating, largely as a consequence of unilateral US tariff decisions and the retaliatory measures taken by trading partners, particularly China. Should this stand-off persist, or the situation deteriorate, the resulting disruption in global supply chains together with a widespread loss of business confidence could trigger a global slowdown. A further cause of uncertainty remains the UK and its post-Brexit trading relations.

From a Commonwealth perspective, the global trading landscape poses particular challenges. Australia, New Zealand and Singapore, currently all enjoying a general positive economic outlook, are heavily exposed to developments in China's trade policy; any negative actions in this area could seriously compromise their current performance. Across the globe, the recent economic recovery Canada has registered could be at serious risk as a result of its close association with the US economy. This recovery, which to some extent has been propelled by economic growth in the USA and the resulting increase in demand for Canadian exports, could therefore be adversely affected by unfolding global trade tensions; US tax reforms could also have serious consequences for the Canadian economy.

On the European front, the key trading challenge lies in the UK and the post-Brexit scenario. Apart from the uncertainty that this watershed poses for the UK itself, Cyprus and Malta will also be affected by the changes it will bring to longstanding trade relations with the UK. Significant shifts are likely to have impacts on the tourism and financial services sectors in both islands. This affects Cyprus and Malta in particular because of their longstanding trade relations with the UK.

Asia

The six Commonwealth countries situated in Asia are Bangladesh, Brunei Darussalam, India, Malaysia, Pakistan and Sri Lanka. All are classified as developing or emerging economies and they vary in size, demographics and socioeconomic characteristics. However, they all exhibit to different degrees the vitality that has spurred Asia's significant economic growth in recent years. As a region that includes China and India, two of the world's fastest-growing countries in both economic and demographic terms, Asia has been at the forefront of the rapid and radical progress emerging countries have made, at a pace that has at times left the established advanced economies lagging behind. In regional terms, in recent years Asia has in fact been the 'growth engine' of the global economy.

The six Commonwealth Asia countries under review are no exception to this rapid-onset growth. Indeed, despite the real differences noted above, they are all bound by the fact that, to a greater or lesser extent, they are transitioning from rural and agricultural economies to models that are more diversified, often associated with rapid urbanisation and social development. This transition, however, brings with it deeper integration in the global economy and a growing reliance on trade – and this opens all six countries up to wider risks and challenges. In addition, growing social and demographic pressures, often exacerbated by sudden growth, represent significant policy challenges for these countries.

Macroeconomic indicators

Growth

Emerging economies in Asia grew by 6.2 per cent in 2018, maintaining the level of the previous year. Growth among the six Commonwealth countries ranged from the above-average rates achieved by Bangladesh and India, which both recorded growth over 7 per cent, to the –0.2 per cent registered by Brunei Darussalam. The region was undoubtedly affected by the economic slowdown in China, although direct effects of this on the Commonwealth countries in the region have not to date been notable. In fact, India has surged ahead without any major issues, and Bangladesh is also performing strongly, with robust and stable growth exceeding the regional average. Both countries are expected to maintain this momentum in 2019 and into 2020.

Malaysia has also registered steady growth, at over 4 per cent, this despite tense political elections in May 2018, as these were followed by a peaceful political transition that shielded the economy from any shocks. Growth in Pakistan and Sri Lanka was more subdued, with GDP growth at 2.9 and 3 per cent, respectively, in 2018.

Employment

Rapid economic growth in the Asian region has generated jobs at a fast rate, resulting in a generally low unemployment rate across the region relative to global standards. This was estimated to average 4.2 per cent in 2018 (ILO, 2018a). These trends also apply to the Commonwealth Asia countries under review, which have all experienced a reduction in unemployment over recent years. A common trend across these economies, in terms of the sectoral composition of employment, is a sustained decline in employment in manufacturing and agriculture and an increase in services sector jobs.

Prices

Average annual inflation across Asia averaged 3 per cent in 2018. Within the Commonwealth countries in the region, this has been significantly affected by environmental factors in recent months, notably drought and excessive rainfall, which have disrupted agricultural production and affected food and other prices. Current forecasts indicate negligible rises in inflation across the region, and within the six countries under review, in 2019 and into 2020. This likely owes to the stabilisation of oil prices as well as stronger currencies across the region.

Trade developments

Given the ever-increasing integration of Asia's emerging economies in the global economy, economic activity in Asia remains highly dependent on external trade performance. Trade as a share of the GDP of the six Commonwealth countries in the region has risen steadily over recent years. Although some decline was registered earlier in the decade following the global recession, over the past year trade has approached pre-recession levels. The average GDP share of trade across the six countries stood at 64 per cent in 2017, compared with 71 per cent in 2013. Within the group, Brunei Darussalam and Malaysia are the most dependent on international trade; they are also the most export-oriented of the Commonwealth Asian economies.

The contribution of trade to the economies of all six countries is forecast to remain stable, and could potentially intensify as a number of countries, India and Malaysia in particular, focus on carving out a competitive edge in high-tech manufacturing and digital innovation.

Fiscal developments

The fiscal situation across the Asian region is not a particularly rosy one. In fact, the fiscal position of most governments deteriorated in 2018, with significant increases noted in government debt. Among the Commonwealth countries, India, Pakistan and Sri Lanka have the highest rates of debt as a share of GDP, rising to 82 per cent in the case of the latter. One major cause of this position is the fact that tax revenues have not expanded in line with economic growth: in Bangladesh, Brunei Darussalam and Malaysia, tax revenues as a percentage of GDP have declined in recent years. This has led to some restrictions in infrastructure spending, which may ultimately have an impact on economic growth and job creation in the long term.

Outlook

Asia is expected to grow by around 5.5 per cent this year, accounting for nearly two thirds of global growth, and the region remains the world's most dynamic by a considerable margin. In this context, positive economic performance is expected from the economies of the Commonwealth countries under review. Bangladesh and India in particular should maintain their current rates of expansion, supported by focused investment in infrastructure and digital innovation. Malaysia may also emerge as a stronger economy into the medium term, as the relatively new government addresses governance weaknesses and corruption, while boosting productivity, particularly in the expanding digital industry. On a more negative note, Sri Lanka is facing particular challenges as a result of the unexpected impact of the recent terrorist attacks on its tourism industry, a major contributor to its GDP. Growth is also forecast to be slower in Pakistan as fiscal consolidation falters.

Despite the risks posed by China–US tensions, trade within the region is also set to receive a boost through the Asia-Pacific Trade Agreement (APTA), which includes Bangladesh, China, India, Mongolia, the Republic of Korea, Lao People's Democratic Republic and Sri Lanka. If this agreement takes hold, it will increase intra-regional trade and, to some extent, dilute the negative impacts of further deterioration in trade relations outside the region.

As is discussed further below, this relatively favourable outlook for these six countries may also be affected by the risks and challenges that are facing advanced and emerging economies alike, including climate change and social pressures triggered by a lack of focus on inclusive economic growth. The Asian countries also face a further challenge that does not affect the advanced Commonwealth economies to the same degree: population growth and an ageing population. These demographic pressures are already having an impact on public expenditure as healthcare and other social costs are rising in line with these realities. In addition, these trends may also affect productivity levels in the medium to long term.

Africa

There are 19 African Commonwealth countries, all of which are in the Sub-Saharan region. For ease of reference, these are assessed in this report in line with the regional economic community (REC) of which they form part. Table 1.1 identifies the Commonwealth countries within each community.

Sub-Saharan African economies differ widely, shaped by the availability or otherwise of natural resources and the relative stability of governments and institutions. In many cases, economic growth is being triggered in those countries that are diversifying their economies beyond reliance on natural resources and towards a more knowledge- or technology-based economic platform. These differences result in a relative unevenness in the economic performance of the different states

Table 1.1 Commonwealth countries as members of African RECs

Southern African Development Community (SADC)	East African Community (EAC)	Economic Community of Central African States (ECCAS)	Economic Community of West African States (ECOWAS)
Botswana	Kenya	Cameroon	The Gambia
Lesotho	Rwanda		Ghana
Malawi	Tanzania[1]		Nigeria
Mauritius	Uganda		Sierra Leone
Mozambique			
Namibia			
Seychelles			
South Africa			
eSwatini			
Zambia			

that make up the region. This also applies to the Commonwealth countries under review, all of which are emerging economies.

In terms of the overall macroeconomic outlook, following the economic slowdown of 2015 and 2016, Sub-Saharan Africa is maintaining a gradual but sustained recovery. This continues to be supported by higher commodity prices, improving agricultural systems and increasing domestic demand and consumer spending. While these positive trends are projected to prevail over the forecast period, what is significant in the case of these Commonwealth countries is the disconnect that can sometimes be detected between human development and economic growth: like other emerging markets in different regions (including the Asian countries discussed above), many of these countries are showing undeniable signs of economic success; however, in many cases, this has yet to make a real dent in combatting poverty and income inequality at a domestic level.

Macroeconomic indicators

Growth

The slight improvement in the global economy over the past two years has also been registered in Sub-Saharan Africa, with most economies in the region experiencing an expansion in real output growth. This is indicated by GDP growth figures for 2018, which averaged 4.4 per cent compared with 4 per cent and 3.8 per cent in 2017 and 2016, respectively. This trend is reflected in the Commonwealth African states, which generally experienced broad-based GDP growth in 2018. The most successful of these economies currently fall within the EAC and ECOWAS communities, which are currently the key drivers of economic growth across the region. GDP growth across the EAC averaged 6.8 per cent in 2018, whereas average growth in ECOWAS stood at 4.5 per cent. The southern states within the SADC group lag far behind, with average GDP growth of 2.4 per cent. This is an interesting emerging trend, which sees former leading economies such as Nigeria and South Africa experiencing a slowdown while formerly fragile economies are performing well. It is also notable that non-resource-rich economies – supported by higher agricultural production, increasing consumer demand and rising public investment – are growing at the fastest rates in the region.

Two Commonwealth countries within the ECOWAS and EAC communities that are pursuing particularly successful macroeconomic strategies are Ghana (ECOWAS) and Rwanda (EAC). Within ECOWAS, the IMF has singled out Ghana as one the world's fastest-growing economies in 2019, following a successful diversification from an overreliance on oil production and a move towards non-oil economic activities such as agriculture, manufacturing and services. The latest country report issued by the IMF on Rwanda points to the 'considerable progress' made in sustaining growth (GDP growth levelled out at over 7 per cent in 2018, significantly above the regional average) and emphasising the inclusivity of this growth and the resulting reduction in poverty (IMF, 2019b).

Employment

In 2018, the average unemployment rate for the Sub-Saharan African region stood at 7.1 per cent, a position that has remained largely unchanged from that of 2010. However, there are some sub-regional differences to be noted. Unemployment is far lower than the regional average in the EAC (3.5 per cent) and ECCAS (3.4 per cent) and just beneath the average in ECOWAS (6.4 per cent). However, the unemployment rate in the SADC region is far higher than the regional average, climbing to 15.2 per cent in 2018. This reflects the more sluggish economic performance across the community. The figure for South Africa is also significantly higher, reaching 27 per cent, a development that is undoubtedly tied to the economic slowdown the country is currently experiencing.

However, this employment position should be viewed with some caution. Figures that point to relatively low levels of unemployment in so many countries in the region, including most of the Commonwealth countries under review, mask to some degree high levels of youth unemployment (the median age is below 25 in each Sub-Saharan African country with the sole exception of South Africa). This trend is set to intensify given the rapid population growth across the region. Africa's working-age population is projected to increase from 705 million in 2018 to almost 1 billion by 2030.[2] As millions of young people join the labour market, the pressure to provide decent jobs will intensify.

Prices

In Sub-Saharan Africa, as in advanced economies, inflation has fallen over the long term. In the 1980s, many countries in the region endured average annual inflation of at least 20 per cent; however, in this decade runaway prices are now the exception, not the rule. Downward inflation has in fact been an established trend since 2010. Over 2018, the average inflation rate for the Commonwealth African countries fell from 6.7 per cent in 2017 to 5.1 per cent in 2018, with most of these presenting rates under 10 per cent. The lowest inflation rates were recorded in Cameroon (0.9 per cent) and Rwanda (1.4 per cent).

Trade developments

Despite a tendency to fall behind other developing regions, Asia in particular, Sub-Saharan Africa has seen its trade grow rapidly in recent decades. During 1990–2018, the region's trade openness (imports and exports of goods and services) increased from about 53 per cent of GDP to 67 per cent, after peaking around 2011 as commodity prices surged (IMF, 2019c). This prolonged period of growth radically changed the region's trading landscape, creating new partnerships with emerging market economies such as China. In parallel, Sub-Saharan Africa's intraregional trade also increased substantially, rising from approximately 5 per cent in 1990 to about 12 per cent in 2017. In fact, the share of trade with African countries by 2017 was surpassed only by trade with the EU and with China.

The latest IMF regional outlook for Sub-Saharan Africa highlights recent regional trade developments that could constitute a 'game changer' for the region: the African Union's creation in 2018 of the African Continental Free Trade Area (AfCFTA). This is a major step towards boosting regional trade and economic integration and will eventually create a single continental market through the elimination of tariffs on most goods, the liberalisation of trade in key services and the free movement of labour and capital. Once operational, AfCFTA will establish a market of 1.2 billion people with a combined GDP of US$2.5 trillion. This development is a major advantage for the 19 Commonwealth African countries, since, besides opening new opportunities for trade with non-Commonwealth countries, it will enhance trade between the member countries using the advantages that this membership provides (the 'Commonwealth Advantage'). Finally, this intra-regional boost could increase the region's resilience in dealing with any negative impact from the escalating trade tensions between the US and China, as well as any fallout from the UK's post-Brexit trade policies.

Fiscal developments

In the past decade, public debt levels have risen significantly in Sub-Saharan Africa, as a result of heightened fiscal deficits leading to an accumulation of domestic and external debts. The regional ratio of general government debt to GDP has in fact risen, from 32.2 per cent at the end of 2014 to an approximately 45 per cent by the end of 2017. This is a serious concern within the region given issues with revenue collection capacity in a number of countries.

This situation is also affecting a number of Commonwealth African countries, some of which are the largest recipients in the region of official development assistance. This applies particularly to Kenya, Mozambique, Nigeria, Tanzania and Uganda. Another facet of the issue is a shift to non-concessional debt to finance infrastructural capital projects, further contributing to rising public debt levels. The average level of general government debt for Commonwealth members in the region stood at 29.3 per cent of GDP in 2018, up from 47.2 per cent in 2017.

Outlook

Economic growth in Sub-Saharan Africa is forecast to increase marginally to average at 3.4 per cent in 2019, rising to 3.6 per cent in 2020 (IMF, 2019a). This growth will continue to be driven mainly by the EAC and ECOWAS sub-regions. This moderate economic growth for a second successive year is positive, indicating some entrenched resilience that could buffer the region's economies from the modest slowdown in global economic growth that the IMF has forecast for 2019–2020 (IMF, 2019b). As indicated above, differences within the region in terms of economic performance at a national level will prevail. About half of the region's countries – mostly non-resource-intensive countries – are expected to grow at 5 per cent or more, which would see per capita incomes rise faster than the rest of the world on average over the medium term. For all other countries, mostly resource-intensive countries, improvements in living standards will be slower. Notwithstanding these different economic prospects and policy priorities, countries share the challenge of strengthening resilience and creating higher, more inclusive and durable, growth. Addressing these challenges requires building fiscal space and enhancing resilience to shocks by stepping up actions to mobilise revenues, alongside policies to boost productivity and private investment.

The Caribbean

The 12 Caribbean countries that are members of the Commonwealth extend across the Caribbean basin, from The Bahamas in the north to Guyana in the south. With a combined population exceeding 6 million, the Commonwealth Caribbean is developing into a vibrant region with considerable economic potential. Many countries within the group are looking beyond dependence on tourism or, in many cases, export of a few specific products, and are actively diversifying their economic activities. This is driving the growth of new sectors, including services, agriculture, digital technology and logistics. The fact that small states predominate in this group provides an interesting facet to this economic review. This factor carries both advantages and disadvantages for economic growth. Limited size and the insularity associated with an island status can create some logistical challenges; however, it can also support flexibility and focus in responding to innovation. Opportunities also abound in the blue economy.

The key challenge for these countries is their extreme exposure to the effects of climate change, as well as the natural disasters that may be increasingly prevalent as a direct or indirect result of this. This is evident in the economic and environmental damage caused by the unprecedented hurricane season in 2017.

Macroeconomic indicators

Growth

Supported by the slight recovery of the global economy, economic trends in the Caribbean are encouraging and slow growth has been consistent over the past three years. This optimism extends to the majority of Commonwealth members, which have generally participated in this growth. It is estimated that average GDP growth across the member countries will reach 2.9 per cent in 2019. However, this rate of growth varies across the different countries, particularly between tourism-dependent countries (The Bahamas, Barbados and Jamaica) and commodity-producing countries (Guyana as well as Trinidad and Tobago). The former, particularly The Bahamas, are now recovering from the effects of the 2017 hurricanes that led to higher public spending and interrupted flows of revenue. The latter are benefiting from increases in the prices of raw materials.

Employment

After rising year on year since 2016, unemployment in the Caribbean dipped slightly in 2018 (ILO, 2018b). The forecast unemployment rate in the region averaged at 7.8 per cent in 2018, compared with 8.1 per cent in 2017. This improvement reflects the modest economic growth registered by several countries. Despite this more positive picture, there is no room for complacency, given the many structural problems that continue to limit labour market growth – this may over time impede job creation even as economic growth gathers speed. One growing issue in the region is youth unemployment, with recent International Labour Organization (ILO) estimates gauging that a fifth of those aged 14–25 were looking for but failing to find work (ILO, 2018c).

Prices

All member countries with the sole exception of St Kitts and Nevis experienced inflationary conditions in 2018, and these are forecast to increase in 2019.

Trade developments

Trade developments across the region in 2018 have tended to the downside. This extends to most Commonwealth Caribbean countries, which continue to experience a negative trade balance. The only member countries in the Caribbean that have seen an improved trade position for the same period are Antigua and Barbuda, Saint Lucia and Trinidad and Tobago.

Countries in the Caribbean region experience unique trade challenges. Despite their proximity to the large markets of Canada and the USA, and access to numerous products in North America and the EU, Caribbean exporters face significant hurdles as a result of their small size and high production and transport costs. These persistent difficulties may be continuing to hinder significant improvements.

Fiscal developments

Fiscal adjustment remains a priority in the Caribbean. The average primary balance has improved only slightly, from a deficit of 5.7 per cent of GDP in 2017 to 4 per cent in 2018, and public debt remains high compared with levels prior to the global financial crisis.

Despite the economic growth registered in many countries, the indications are that most Commonwealth governments continue to deal with a persistent fiscal deficit.

Gross general government debt is expected to decline steadily in the medium term and, according to the most recent IMF estimates, the Commonwealth Caribbean's general government gross debt is 74.9 per cent of GDP in 2019, the lowest in the past decade.

Outlook

Economic activity in the Caribbean is projected to improve slightly in 2019–2020, mainly driven by tourism, reconstruction from the devastating hurricanes of 2017 in some tourism-dependent countries and higher commodity production in some commodity exporters. However, the latest IMF projections point to this growth being 'sluggish' and slower than earlier forecasts indicated ('a stalling recovery'). Real GDP is expected to grow by 0.6 per cent in 2019 – the slowest rate since 2016 – before rising to 2.3 per cent in 2020 (IMF, 2019d).

The weak momentum reflects negative surprises in the first half of 2019, elevated domestic policy uncertainty in some large economies, heightened China–USA trade tensions and somewhat lower global growth.

Growth is expected to be strongest in tourism-dependent economies into 2020, supported by still strong US growth – the main market for tourism in the region – and continued reconstruction from the 2017 hurricanes.

With improved energy production and higher commodity prices, commodity-exporting countries are also expected to see some modest recovery in growth, except Guyana, where the start of oil production in 2020 will provide a substantial boost to growth.

More generally, regional growth continues to be impeded by lingering structural problems, including high public debt, poor access to finance, high unemployment and vulnerability to commodity and climate-related shocks.

The Pacific

The Commonwealth Pacific as a regional group consists of 11 member countries. These include the two advanced economies of Australia and New Zealand; the remaining nine states are developing economies differing in size, population and availability of natural resources.

Each of these countries shares similar challenges and opportunities as small and remote island economies. They are vulnerable to external shocks and must deal with the vast distances that separate the economies from each other, as well as from the rest of the world. They are also particularly exposed to the effects of climate change and natural disasters.

However, there is significant potential for growth, not least in the burgeoning blue economy. This potential would be greatly enhanced through better long-term cooperation between governments in the region.

Macroeconomic indicators

Growth

GDP growth in the developing economies of the Commonwealth Pacific in 2018 averaged 2.4 per cent, indicating a slight downturn from the average of 2.6 per cent recorded in 2017. This downward trend owes primarily to the economic struggles of Papua New Guinea in the aftermath of the devastating earthquake that struck in February. The situation in the other economies is more positive, and steady growth has been maintained in the past year, mainly supported by healthy tourism figures and a strong fishing sector.

Fiji, Samoa and Vanuatu had the strongest growth in 2018, with tourism as a key driver. The economies of the northern states of Kiribati, Solomon Islands, Tonga and Tuvalu also performed well, maintaining steady growth over the previous year. The only contraction occurred in Nauru, as a result of the exhaustion of primary phosphate mining.

Employment

Employment statistics for the small Pacific island states are scarce and often unreliable. The countries with the longest series of original data are Fiji and Vanuatu, which point to a fairly consistent labour force participation rate of approximately 55 per cent and 71 per cent, respectively (ILO, 2017). A recent analysis conducted by the ILO concludes that Papua New Guinea and Vanuatu hover around a 70 per cent labour force participation rate, while that for Fiji, Samoa, Solomon Islands and Tuvalu stands at around 50 per cent.

The same analysis points to a downward trend in labour participation in most of the island states. This may owe to the rate of total population growth exceeding that of labour force growth. Unemployment is particularly prevalent among the youth and female population.

In sectoral terms, there has been a marked shift towards employment in the services sector (mainly tourism) over the past decade, followed by agriculture. The industrial sector across most of the region is still undeveloped and is therefore not a major employer.

Prices

Based on the latest confirmed statistics released by the IMF (2017), inflation has remained moderate in most Pacific small states, mainly as a result of low commodity prices. The average inflation rate for 2017 for the economies under review amounted to 3.5 per cent, with Tonga registering the highest rate, at 7.1 per cent (IMF, 2018b).

Trade developments

Exports across the Pacific small island states are relatively underdeveloped, primarily because of limited productive capacity. Exports consist mainly of primary commodities, such as oil, wood and metals, and agricultural commodities like palm oil and fish. This renders the trade landscape quite volatile and susceptible to external price fluctuations.

Among the Commonwealth Pacific states, Papua New Guinea is the largest trading economy, accounting for 41.9 per cent of the total trade by the small island states in the region based on the latest confirmed data (2016). Fiji is in second place at 11.5 per cent.

The latest statistics issued by the UN Economic and Social Commission for Asia and the Pacific indicate that external trade contracted sharply in 2016, by 12.5 per cent. This decline is far higher than the average for the wider Asia-Pacific region in the same year (4.4 per cent) (UN, 2017). The major export markets in 2016 were Australia, China and Singapore.

Fiscal developments

Although many Commonwealth Pacific states made revenue gains in 2018, these were partly offset by rising expenditure requirements. In some countries, mainly Papua New Guinea and Tonga, these rising costs were associated with the reconstruction that kicked in after the 2017 natural disasters; in others, it owes to higher capital spending on goods and services.

In this context, fiscal balances have deteriorated and are generally projected to decline further into 2020 despite steady or higher economic growth, implying that a number of governments are taking a more expansionary stance in their monetary policy. These developments must be assessed within the framework of the rising debt in the majority of the Pacific small states, where the average public debt to GDP ratio rose from 20 per cent in 2010 to 35 per cent in 2017 (IMF, 2018c). Among the Commonwealth Pacific states, Papua New Guinea, Samoa, Tonga and Vanuatu have the highest debt levels.

Outlook

According to the most recent IMF assessment, average GDP growth in the Pacific small states is expected to pick up in 2019, doubling from 2.2 per cent in 2018 to reach an estimated 4 per cent (IMF, 2018d). The key driver will be the resumption of oil production in Papua New Guinea following the disruption throughout 2017 and 2018 caused by the earthquake – this was one of the main causes of the slight downturn in the region registered in 2018. A similar effect will be experienced in Tonga, where post-cyclone reconstruction efforts will boost wider economic growth. Elsewhere, tourism will continue to boost this improvement, particularly in Fiji, Samoa and Vanuatu, as will the fishing sector, which is set to maintain its positive performance.

However, risks remain. In the short term, these are tilted to the downside because of the ever-present risk of natural disasters. Beyond that, any further slowing of the global economy may affect tourism revenues, which may dampen the current optimistic forecast. This will apply particularly if the large economies in Asia are affected, with any spill-over effects into Australia and New Zealand.

In the long term, these small states may be negatively affected by rising costs associated with climate change and healthcare. The latter risk is directly linked to the sub-region's growing and ageing populations and is increasingly an issue across the emerging economies of the Asia-Pacific region.

Conclusions

The above regional assessments point to a situation of general economic growth across the Commonwealth countries, irrespective of region or stage of economic development. This is aligned with the current state of play in the global economy, which continues to register slight growth. However, the rate of this growth is not reaching the levels forecast in 2018, when it was expected that the recovery that set in during 2016 and into 2017 would pick up speed. This did not materialise for the various reasons outlined above, and the latest projections issued by the IMF are couched in far more cautionary terms, indicating that recovery slowed in the second half of 2018 and remains 'subdued' (IMF, 2019a).

In this context, the overall picture of the Commonwealth that emerges is a mixed one. With Asia's GDP forecast to grow at

6.2 per cent in 2019, the Asian member countries that have so far spearheaded the organisation's GDP expansion will probably continue to do so. However, this region is also being affected by the rising uncertainty triggered by China–USA tensions as well as the regional aftereffects of the 2018 slowdown in the Chinese economy. The rising demands of a growing and ageing population are also taking their toll. On this basis, although in the period under review it is likely that the Asian member countries will continue to be the fastest-growing developing economies within the Commonwealth, there are issues that must be monitored closely. The boundless enthusiasm of previous years is now somewhat qualified.

A second powerful regional group of member countries within the Commonwealth is Sub-Saharan Africa, although here too current growth is more subdued than previously estimated. Although larger, more developed, economies such as Kenya and South Africa are stalling to some degree, some emerging economies are performing strongly and have significant potential if they continue to pursue diversification strategies. Advanced negotiations to conclude AfCFTA also represent a major opportunity for the African members of the Commonwealth to boost trading partnerships within the region.

The Pacific and Caribbean member countries share a number of common issues and challenges, particularly related to climate change and exposure to natural disasters. A significant majority are also islands and small states. Although many economies in both regions continue to grow, in many cases their economic potential is not fully realised: in both cases, the blue economy presents significant opportunities, while the manufacturing and services sectors can be developed further. However, a more consistent and focused approach is required to ensure results. In this context, it may be concluded that these two regional groups within the Commonwealth present immense opportunities for growth if focused economic diversification strategies are applied.

Finally, the advanced economies within the Commonwealth continue to evolve, currently affected by global uncertainty and with their own set of challenges to address. During the period under review, it is interesting to note that it is the smallest Commonwealth advanced economies that registered the strongest growth. One key area of focus is the UK's economic direction post-Brexit, and any changes that may result in its trade policy. There may be implications for the Commonwealth if the UK considers deepening its trading relations with other states within the organisation.

1.3 Key development challenges

Given the different socioeconomic and political realities within the Commonwealth's membership, many development challenges are particular to a country or group of countries. This can depend on the region in which it is located or on the stage of development it has reached. These region- or country-specific challenges are discussed in the following chapter. This initial overview sets out to capture those wider challenges that are global in scale and, as such, affect all the Commonwealth countries to some degree.

1.3.1 Disruptions to global trade

The recent escalation of trade disputes between China and the US is having a significant effect on the global economic climate. The ongoing tension is dampening the appetite for investment, reining in productivity and disrupting global supply chains. These issues apply particularly to the advanced economies within the Commonwealth but are also having a trickle-down effect on the developing member countries (a downward trend in trade volume growth was in fact most evident in emerging Asia as at July 2019). Developing member countries, particularly in the Asian region, are already pressed by the Chinese slowdown given that their exports are highly dependent on the Chinese economy. Finally, the unfolding

Brexit situation is also a global challenge for many economies within the Commonwealth. Beyond the UK itself, which must forge a new economic rationale, those Commonwealth members within the EU – namely, Cyprus and Malta – may also have to rethink their external trade policies in advance of the UK's exit from the EU.

1.3.2 Global economic developments

The fact that the global economic recovery experienced in 2016–2017 appears to be faltering is also a significant challenge, since its effects will undoubtedly have impacts on both the advanced and the developing countries within the Commonwealth. The fact that this recovery was rather fleeting and there was limited time for many countries to consolidate economic growth is also a concern.

1.3.3 Economic sustainability

The far-reaching impact of climate change on every aspect of social and economic activity should not be underestimated and is possibly the most significant challenge to sustainable development across the globe. Efforts to mobilise multilateral mitigation measures have been negligible, thwarted mainly by the inconsistent participation of key players. This is further undermined by lack of commitment on the part of many governments to driving adequate domestic policy programmes. This also applies to high-income countries; in fact, none of the seven Commonwealth advanced economies can be said to have registered sufficient progress in attaining its environmental goals.

If this situation persists, the effects of climate change on these countries' economic development pose a real risk, not least because of the heightened geopolitical and social tensions that could arise. The developing countries within the Commonwealth, particularly the islands in the Pacific, are particularly exposed to the impact of climate change, and this is already restricting their economic development as they divert resources to deal with the issue, and to reconstruct their infrastructure after the recent spate of natural disasters.

1.3.4 Inclusive development

A significant risk facing the Commonwealth's economies is that of inclusive development. A concept that is fast gaining traction, the notion of inclusive development looks beyond standard metrics to assess if and how society is benefiting from the effects of economic growth and prosperity. On this basis, a failure to ensure this inclusion can lead to economies that prioritise short-term revenue and prosperity over sustainable and socially inclusive growth. Indicators of this approach are income inequalities and increased polarisation between different social sectors. The developed and developing economies under review are all, to a greater or lesser extent, facing this increasing risk. A facet of this challenge that applies particularly to developing countries is the rate of population growth, which far exceeds that of the advanced economies: this is increasingly outstripping the rate of economic growth, leading to increased poverty and exclusion.

1.3.5 Technological divide

Advanced economies are sustaining their competitiveness by investing in digital innovation and technological development. This now applies to virtually every economic activity, from manufacturing, where Manufacturing 4.0 is fast becoming a reality, to financial services, which is now driven by increasingly sophisticated and integrated fintech systems. Any economy seeking to thrive in the global economy must innovate in line with these developments. Although several emerging economies are successfully tapping into digital innovation – here Asia leads the way, although Sub-Saharan Africa is making progress – there is still vast room for improvement. In terms of the Commonwealth, small states in the Pacific and Caribbean regions in particular could benefit from increased capacity in this regard.

1.3.6 Ageing populations

The global phenomenon of an ageing population is a growing challenge for the Commonwealth's advanced and developing economies; in the latter case, it is exacerbated by high rates of total population growth. In all cases, this trend will trigger increased public spending on healthcare systems, which in developing countries are already inadequate. In advanced economies, an ageing workforce also affects productivity and increases fiscal pressures.

1.4 Policy priorities

1.4.1 Multilateral cooperation

Two of the key challenges referred to above – trade tensions and climate change – are exacerbated by a persistent lack of effective multilateral cooperation. This is stalling any meaningful progress and escalating disputes. In terms of global trade, policy-makers should work together to address this gap and to strengthen the rules-based multilateral trading system. More effective international collaboration in combatting climate change is also an absolute priority, involving both advanced and developing economies. The Commonwealth can serve as a valid platform for pursuing both aims.

1.4.2 Ensuring adequate fiscal space

In a climate where global economic growth is plateauing, the need for sufficient fiscal space is a priority. The ability of governments to service their obligations in the event of a downturn is key and applies to both advanced and developing economies. This fiscal space narrowed considerably earlier in the decade, as governments sought to contain the effects of the global financial crisis. In many cases, the need to rebuild this buffer has not been prioritised, and the premature slowdown at a global level has not helped the situation. In developing Commonwealth countries, particularly in Sub-Saharan Africa and the Pacific, rising public debt highlights the issue. A policy priority across the Commonwealth should therefore be to rebuild fiscal buffers through structural reforms that increase business and labour market dynamism. These measures will increase resilience.

1.4.3 Increase inclusivity

A further priority is to address the lack of inclusive development within a number of advanced and developing economies, characterised by the slow growth of workers' incomes, a perceived lack of social mobility and inadequate policy responses to structural economic change. Regardless of their stage of development, governments should work to translate economic growth into improved living standards for all. This priority is emphasised in the Organisation for Economic Co-operation and Development (OECD)'s recent Inclusive Growth Initiative, which promotes policies to address the bottom 40 per cent of the income distribution. These include investing in child and workforce education (particularly in digital skills), providing effective access to quality healthcare and housing and enhancing business competitiveness to boost the creation of new and better jobs (OECD, 2018). Such programmes should also be aligned with efforts to achieve the Sustainable Development Goals.

Notes

1 Tanzania is a member of both the EAC and SADC; however, for the purposes of this report, it is reviewed as an EAC state.

2 https://www.busiweek.com/africas-working-age-population-to-reach-1-bln-by-2030-amid-rising-jobless-rate-report/

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02

Advanced Commonwealth Economies

2.1 Recent macroeconomic developments and outlook

Overview

The seven advanced countries of the Commonwealth – Australia, Canada, Cyprus, Malta, New Zealand, Singapore and the UK – are a diverse group of developed, industrialised economies that span four continents. All are highly integrated into the global economy through regional trade blocs: the economies are export-oriented and very much dependent on the fate of the global economy. Particular exposure to China can be a source of vulnerability for some. The biggest short-term challenge is probably faced by the UK, which could still leave the EU without a formal agreement in 2021. This would risk a significant disruption for the UK's economy and its closest trading partners.

In general, the challenges facing the Commonwealth group of advanced economies mirror those in other developed countries. While they are broadly experiencing steady expansion, escalating trade wars – notably between China and the USA – represent the key external risk. Malta's economy is the fastest growing, with annual real gross domestic product (GDP) expansion in 2018 exceeding the 6 per cent mark.

Economic performance

Commonwealth advanced countries continued to recover at a modest pace, with encouraging figures for both domestic demand and exports. Average GDP growth for the group of countries for 2018 stood at 3.2 per cent, ranging from expansion of 6.6 per cent in Malta to 1.4 per cent in the UK.

Cyprus and Malta continue to reap the benefits of their citizenship by investment schemes, which have supported a boom in construction. Rising tourism receipts are a factor in Malta's fast growth, with exports of services related to remote gaming and the financial services sector the main reason for this. The uncertainties surrounding Brexit have held back the UK's economic recovery despite broadly favourable economic conditions. However, risks remain tilted downwards on account of rising economic uncertainties and trade tensions.

Prices, wages and employment

Labour markets have been buoyant in most of the seven countries, with unemployment at historically low levels in both Malta and the UK. While the employment picture has gradually improved in Cyprus since the crisis in 2012, youth unemployment and the number of long-term unemployed remain key challenges.

This buoyancy in labour markets has meant that migratory flows continue to play an important role in Malta and New Zealand. However, supply constraints are being felt elsewhere, notably in Singapore, where restrictions have been placed on foreign workers.

Inflationary pressures have been relatively low and mostly contained within targets, broadly accepted to be below, but close to, 2 per cent over the medium term. Canada and the UK are the only two advanced Commonwealth countries to have exceeded this mark, each reporting an inflation rate of 2.3 per cent. Singapore, which experienced a period of deflation, returned to positive territory with an inflation rate of 0.4 per cent in 2018.

Trade developments

Trade developments continue to hinge on the global economic environment. The advanced economies of the Commonwealth are all export-oriented and have experienced a positive run as a result of favourable broad-based cyclical economic conditions.

The three European countries have demonstrated strong export economies driven mainly by services and tourism. Cyprus and Malta have shown strong increases in exports of services and tourism, with both countries reporting record levels of arrivals during 2018 and predicted to hit 3 million and 4 million tourist arrivals, respectively, by the end of 2019. On the other hand, the UK has benefited from the depreciation of the pound sterling following the Brexit referendum, with tourist arrivals reaching an all-time high of 39.2 million in 2017 and total exports of goods and services increasing by 10.6 per cent over 2016.

In Canada, the improving US economy has supported the exports of services, while the Asian region benefited from China's expansion, although its GDP growth slowed to an estimated 6.1 per cent in 2019. Commodity exports in Australia and New Zealand have supported growth, while the upswing in the electronics market has supported the expansion of exports in Singapore.

However, looking forward, the outlook remains tilted to the downside owing to increasing trade tensions on a global level, and this may impinge on global economic growth, which in turn will negatively affect trade. A disorderly exit from the EU is still possible for the UK, which would disrupt trade with its main partners. In any case, the uncertainty is damaging the UK economy at a time of rising geopolitical risk.

Fiscal developments

The fiscal situation of most advanced Commonwealth countries continues to improve, although debt remains an issue in some places, such as the UK, with a debt to GDP ratio of 85 per cent. Cyprus and Malta have made significant progress in this respect, with the Cypriot authorities strengthening the tax system following the 2012 crisis, although the debt to GDP ratio remains high – the fourth-highest in the EU in 2018. The Maltese government has overseen a return to a fiscal surplus and external debt has entered a downward trend. Citizenship investment schemes have proved beneficial for both countries. In the UK, a period of consolidation has brought 'fiscal headroom' of around £26.6 billion, but the Chancellor of the Exchequer has warned that a 'no deal' Brexit could cost the UK Treasury £90 billion.

In Canada, fiscal improvements have been registered at federal level and the focus will increasingly be on fiscal consolidation in the provinces. In Singapore, government finances remain healthy. It is expected that Australia and New Zealand will launch public investment programmes.

In terms of fiscal policy, it is imperative that advanced economies rebuild their fiscal buffers in case there should be a global slowdown. Such a buffer will allow governments to intervene in the economy through supportive fiscal policy. The main challenges all revolve around demographics and an ageing population, as these will impinge on social security entitlements and also healthcare costs. The Singaporean government is in fact focusing heavily on these challenges to ensure they are tackled in a holistic and sustainable manner.

Outlook

The main risks for the economies of the advanced economies of the Commonwealth reflect the global economy and are on the downside. Global trade uncertainties abound. The China–USA trade war and eventual tariffs could lead to a global slowdown. Australia, New Zealand and Singapore are heavily exposed to developments in China.

Brexit continues to present serious uncertainty to the global economy and to the UK's main trading partners, such as Cyprus and Malta, which are highly exposed to the UK for international trade. Canada too faces rising uncertainty, as US tax reform may have consequences for the country's economy.

Therefore, in general, the outlook remains highly uncertain, with signs of a slowing global economy, which will obviously have implications for the performance of the economies under study.

As more nations have to deal with high-impact hurricanes, extreme temperatures, rising CO_2 emissions and natural disasters, environmental risks have started to weigh more heavily on the progress of advanced and developing countries alike. Climate change is becoming one of the most defining issues of our time and the greatest challenge to sustainable development. The Sustainable Development Report 2019 (Sachs et al., 2019) acknowledges that some countries have started to act by preparing nationally determined contributions and increasing financing to combat global warming. Notwithstanding, it calls for more ambitious plans to realistically prevent runaway climate change. None of the seven advanced countries of the Commonwealth is currently on track to achieving the environmental goals. Worse, high-income countries in general obtain their worst rankings on environment-related indicators such as life below water and life on land.

Rising income inequalities and growing polarisation of sectors of society are also posing a significant risk to the global economy, so much so that the World Economic Forum's Global Risks Report 2019 (WEF, 2019) ranks these two variables first and third, respectively, among underlying trends to shape the world over the next 10 years. Environmental concerns are considered the second-most-pressing risk.

With an overall score of 79.5 on the Sustainable Development Goal index, New Zealand ranks first among the seven advanced economies of the Commonwealth and lies in 11th place in comparison with 162 other countries. The UK, Canada and Malta rank in 13th, 20th and 28th place, respectively. Australia ranks 38th, Cyprus 61st and Singapore, with an overall index score of 69.6, 66th.

In terms of income inequality measured by the Gini coefficient, where 0 is complete equality and 100 is total inequality, Malta has achieved the best result in terms of income inequality of the seven advanced Commonwealth countries, with an index of 29.4. UK ranks last in this respect, with an index of 37.7.

2.2 Australia

Country data	
Population (millions) (2017)	24.6
Area '000 km^2	7,741.2
GDP (US$, billion, 2018)	1,418.3
GDP per capita, PPP current international US$ (2018)	52,373
Currency	Australian dollar (AUD)

Economic performance

Australia has continued on its now two-decade trajectory of robust and resilient performance. Following the end of the commodity price and mining investment boom of the early 2000s, the Australian economy is continuing with its adjustment and rebalancing. Annual growth continues to remain moderate, with growth averages throughout the past few years hovering below 3.0 per cent. The housing market is also cooling off following a long boom, and accumulated vulnerabilities related to house prices and debt levels remain high. The financial sector remains robust, with banks broadly well capitalised and profitable. Public infrastructure investment, together with tax reform based on a reduction in both personal and corporate tax, is expected to support economic performance.

Prices, wages and employment

Over the past few years, headline inflation has continued to hover around the floor of the Reserve Bank of Australia, which is set at 2–3 per cent. Low inflation is driven mainly by strong retail competition and one-off declines in administered prices. This is expected to continue weighing in on inflation rates. On the other hand, the positive economic performance has supported employment growth. Unemployment has continued on its downward trend since 2016 and today stands close to 5.0 per cent. Although wage growth remains relatively weak, the latest data point to a reversal reflecting prevailing labour market conditions.

Trade developments

The Australian economy has benefited significantly from its closeness to and the growth of the Asian economies. In fact, exports of goods and services have been on upward trend, outstripping both domestic demand and GDP growth. The current account deficit narrowed significantly in 2017 and 2018 as a result of improved terms of trade, explained by a lower interest differential on Australian bonds relative to foreign bonds compared with longer-term averages, and increased resource exports, including liquefied natural gas and coal. Exports of metal ores and minerals remain strong and on an upward path. From an exchange rate perspective, there has been a widening interest differential in favour of the US dollar with some pointers indicating continued overvaluation of the Australian dollar. However, going forward, it is expected that the current account deficit will remain below 3 per cent of GDP, lower than historical averages.

Fiscal developments

Fiscal policy has been supportive of macroeconomic performance. The fiscal deficit has been narrowing over the past few years and is expected to hover to less than 1 per cent of GDP in 2018. This is notwithstanding the fact that government has adopted a supportive fiscal policy. Higher investment outlays on infrastructure and a tax reduction programme are expected to be implemented. The fiscal deficit is expected to swing into surplus in 2019. Following the strong rise in public debt over the past decade, this is expected to stabilise at the 40 per cent of GDP level before starting a downward path post-2020.

Outlook

The adjustment process towards potential growth and full employment is expected to continue in the coming years. A big drive towards general public infrastructure spending across a number of Australian states is expected to support the process. Employment growth is set to remain buoyant with a resulting increase in personal consumption. Exports will continue but resource-based exports are set to slow down, while lower growth in China, as well as recent tensions over Chinese port restrictions and Australian coal shipments, is likely to affect exports of goods and services. Although the outlook is generally positive, downside risks to economic growth remain on the high side. On the external side, global economic growth remains uncertain and Australia's reliance on exports to China remains a key risk and vulnerability.

2.3 Canada

Country data	
Population (millions) (2017)	36.71
Area '000 km^2	9,984.67
GDP (US$, billion, 2018)	1,711.39
GDP per capita, PPP current international US$ (2018)	49,651
Currency	Canadian dollar (CAD)

Economic performance

For two consecutive years, the Canadian economy was beleaguered by slow economic growth, from which it rebounded in 2017, with real GDP expanding by 3.0 per cent, the fastest rate among the G7 countries. This reflected a strengthening US economy, rising oil prices and a supportive policy framework. Domestic demand also picked up, although household debt remains high. Business investment has remained subdued, however, and exports of goods and services have disappointed – in 2018 real GDP growth cooled to 1.9 per cent. The financial sector has remained strong, although it is exposed to the sometimes-volatile real estate market. Although economic performance has improved, the recovery has been moderate and subject to significant downside risks, which means it has been fragile.

Prices, wages and employment

The economic recovery in 2017 had a positive impact on the labour market – Canada's unemployment rate fell below 6 per cent - a record low. The employment rate has also increased, with labour force participation stabilising. The services sector is the main driver of the improved performance in labour markets. Falling unemployment rates have also affected wage growth, which has continued on its upward trend. This has also had the effect of increasing minimum wages in some provinces. Inflation has remained moderate but it went up to 2.3 per cent in 2018, its highest level since 2011.

Trade developments

Canada has long pursued deep economic integration with its southern neighbour: the USA is the destination of around 75 per cent of Canada's exports and the source of 52 per cent of its imports (2018). The EU is Canada's second-largest export market, accounting for 7.7 per cent of shipments, followed by China (4.1 per cent) and Japan (2.1 per cent). The strong recent performance of the US economy has led to a boost to Canadian exports. In addition to its membership of the North Atlantic Free-Trade Agreement – a trilateral bloc signed with Mexico and the USA in 1994 – Canada has 14 free trade agreements with 51 countries, including the Canada-EU Comprehensive Economic and Trade Agreement.

Despite this, the external trade sector presents some challenges. The increase in oil and gas exports reflects the increase in prices, while non-energy exports continue to disappoint, mainly as a result of competitiveness issues. On the other hand, growth in services-based exports has continued, driven primarily by transportation and commercial services. Although the trade deficit has narrowed on account of the improved oil terms of trade, the Canadian dollar remains slightly overvalued, negatively affecting the country's competitiveness. Uncertainties around global trade tensions and the impact of US tax reform will present key challenges to Canada's external sector.

Fiscal developments

Over the past couple of years, the fiscal deficit in Canada has widened as a result of the fiscal stimulus implemented to support the economy. There have been improvements in the federal government fiscal balance but wide discrepancies exist at provincial level. This improvement is also being ring-fenced to reduce the government debt ratio. Moving ahead, the government is focusing on strengthening its fiscal buffers and on continuing to reduce its government debt to GDP ratio to the pre-crisis level. Improvements in the federal fiscal balance give the government more leeway to support inclusive growth by promoting social and gender equity. Key measures include more generous tax benefits for low-income workers and raising the highest income eligibility threshold, incentives to encourage more female participation in the workforce and more support to indigenous communities, mostly in areas of housing and health.

Outlook

The uncertainties facing the global economy driven by increased trade tensions will affect Canada's outlook. In addition, internally, the economy is expected to face capacity constraints, and tightening of both fiscal and monetary policy is likely to weigh in on private consumption. Strength in the US economy has been encouraging for Canadian exporters (real GDP grew by 2.9 per cent in 2018), but it is expected to slow in 2019 and further in 2020. External sector risks are rising, mainly caused by a slowing Chinese economy, intensified trade war discourse and tighter financial conditions.

International efforts to tackle global warming may also momentarily disrupt economic development, as countries could be forced to cut down on fossil fuel imports in substitution for cleaner sources of energy. Countries investing in research and development (R&D) and new green technologies could turn this into an opportunity for growth, however. According to the Sustainable Development Report 2019, Canada has not yet made any significant inroads in this respect. The challenge for the country may be less daunting, however, as it is already on target with reference to availability of affordable and clean energy: around 22 per cent of total energy consumption is generated from renewable sources.

2.4 Cyprus

Country data	
Population (millions) (2017)	1.18
Area '000 km^2	9.25
GDP (US$, billion, 2018)	24.49
GDP per capita, PPP current international US$ (2018)	39,973
Currency	Euro (EUR)

Economic performance

Cyprus's economy has recovered strongly since the 2012–2013 banking crisis. With a growth rate exceeding 4.0 per cent in 2018, the country maintained strong growth momentum. Growth has been driven primarily by foreign investment aided by the government's citizenship by investment scheme. This has boosted investment in the construction sector, which has also been supported by strong performance in tourism and professional services. Private consumption has also expanded robustly, aided by the improved labour market conditions. Moving ahead, it is expected that performance will be maintained as foreign-financed investments – in residential properties, education, health, energy and tourism infrastructure – are underway that are anticipated to leave a positive economic effect. However, more progress on structural reforms is required to be able to sustain such momentum.

Prices, wages and employment

Despite strong economic performance and a narrowing output gap, inflationary pressures remain subdued as core inflation remains close to negative. This is consistent with weak wage pressures and the limited capacity of the labour market. Although improved economic performance has reduced unemployment, it remains above 7.0 per cent. Employment has increased, mainly in the tourism and construction sectors, where wage pressures remain weak. Cyprus faces a challenge of high youth unemployment, and the share of long-term unemployed has more than doubled, requiring key policy responses aimed at strengthening the education system to provide intensified individual support, labour market-oriented curricula and dual education apprenticeships to better connect work- and school-based programmes. In addition, an increasing share of the employed are working part time, further confirming the weak and sluggish employment market.

Trade developments

A member of the EU since 2004, Cyprus has developed as a trading hub in the eastern Mediterranean. More than a third of Cyprus' trade in goods is with the EU, with exports primarily heading to Greece, followed by the UK, Sweden, Germany and France. Around 25 per cent of exports are destined for the Middle East and North Africa. An increase in tourism has supported this growth in exports; however, the current account deficit has widened on account of higher imports following an increase in domestic consumption. Export competitiveness is expected to remain strong as unit labour costs remain subdued. Projections for the tourism sector remain healthy, which also reflects increased investment in accommodation and ancillary services. This notwithstanding, Cyprus remains exposed to ongoing weakness in the Greek economy, the UK's intended departure from the EU and overall political stability in the region.

Fiscal developments

In line with its strong economic momentum, Cyprus' fiscal performance has been largely positive. The primary general government balance has improved by more than 1 percentage point in a year and stands at 4.3 per cent of GDP. Improved tax revenues and inflows from the citizenship schemes have supported this improvement. Public debt is declining but remains high. In 2018, notwithstanding a contraction of over 9 percentage points, the debt to GDP ratio stood at 96.1 per cent. Going forward, continued progress in the fiscal sector hinges on continued reform in public sector spending.

Outlook

The economic outlook for the Cypriot economy remains favourable. Growth is expected to remain strong, driven mainly by the continued strong performance of the tourism sector. Higher investment inflows in various economic sectors including hospitality and real estate will also continue to support economic performance. The export sector is expected to retain its competitive advantage. However, further reforms are needed to continue strengthening the banking and financial sectors and to ensure the necessary safeguards are in place to combat money laundering and terrorist financing risks more effectively. Risks remain on the downside. The government intends to gradually reduce its dependence on its citizenship by investment schemes and construction investment.

2.5 Malta

Country data	
Population (millions) (2017)	0.47
Area '000 km^2	0.32
GDP (US$, billion, 2018)	14.51
GDP per capita, PPP current international US$ (2018)	45,606
Currency	Euro (EUR)

Economic performance

Malta has been the fastest-growing and best-performing EU country in recent years. Real GDP growth exceeded 6.0 per cent in 2018 amid strong services-based exports, coupled with a construction boom facilitated by inflows from the country's citizenship by investment. This strong showing has had strong positive impacts on the labour market, which is becoming heavily dependent on migrant inflows. Several bottlenecks are appearing, meanwhile, as the economy faces capacity constraints. In fact, such constraints may negatively affect Malta's competitiveness, suggesting the country's economy has approached its peak – real GDP growth is expected to slow to around 5.0 per cent in 2019 and further in 2020. Increasing reputational problems, particularly with regard to money laundering and institutional monitoring reports, could also undermine further economic development if Malta's attractiveness to foreign investment is somewhat tarnished.

Prices, wages and employment

Strong economic performance has naturally had a very strong impact on the labour market. Unemployment is at historic lows and strong employment growth has been supported by increased labour participation, and primarily by inward migratory flows. In fact, the share of foreign workers has tripled over the past five years. The labour market remains buoyant, with demand outstripping supply. The inflow of foreign workers, and rising labour force participation, has helped contain wage growth. This is under pressure, however, especially in sectors that are facing supply constraints. Inflation has also picked up – to around 2 per cent in 2018 – driven primarily by tourism-related services.

Trade developments

Driven by strong exports in services, Malta's current account has remained on a positive trend, with a growing surplus. Strong performance in sectors such as remote gaming and tourism has supported the expansion in exports. In addition, new export sectors such as blockchain, cryptocurrencies and medical cannabis are expected to generate further growth in the coming years. Meanwhile, import intensity has decreased on the basis of not only greater reliance on services sectors but also energy reform that saw Malta's imports of oil plummet – as it buys electricity from the European grid and has now shifted its power stations to gas. Malta's external competitiveness is expected to support growth in new export-oriented sectors.

Fiscal developments

Malta's strong economic performance supported by its citizenship by investment schemes has had a positive impact on its fiscal position. In fact, following a long period of deficits, the general government deficit swung into surplus and record amounts are being achieved. Excluding the significant proceeds from the citizenship schemes, the structural balance remains in surplus driven by large tax revenues. Strong performance on the fiscal balance is set to continue, as is the downward trajectory in the debt to GDP ratio, as the ration has fallen beyond the 50 per cent mark. However, Malta's high reliance on citizenship schemes and taxation revenue makes it vulnerable to regime changes.

Outlook

The outlook for the Maltese islands remains positive, with growth expected to remain above 4 per cent on account of strong domestic demand and robust export sectors. Investment levels, primarily in real estate, are also expected to support the economy. A significant public sector investment programme aimed at improving the island's general infrastructure is expected to contribute significantly to this growth.

However, the economy continues to face bottlenecks as the labour market continues to tighten, and an increase in general wage levels and prices is likely. Meanwhile, as an export-focused economy, Malta remains vulnerable to headwinds in the global economy and in particular to EU countries and the UK. Furthermore, it is essential to safeguard the jurisdiction's good name, especially in an increasingly complex international context.

2.6 New Zealand

Country data	
Population (millions) (2017)	4.79
Area '000 km^2	267.71
GDP (US$, billion, 2018)	203.40
GDP per capita, PPP current international US$ (2018)	40,135
Currency	New Zealand dollar (NZD)

Economic performance

New Zealand has developed an open, advanced market economy buttressed by strong trade links with Australia, China, the EU and Japan. It was ranked 16th on the UN's 2018 Human Development Index and third on the Index of Economic Freedom for the same year. Hit hard by the global financial crisis in 2007-2008, the economy has rebounded, boosted by a free trade agreement with China, although growth has slowed in recent years: real GDP expanded by 2.9 per cent in 2018 and it is expected to grow by around 2.3 per cent in 2019 and 2020. Reconstruction efforts post-2011 and 2016 earthquakes have represented an important contributor to growth, but improving terms of trade, strong external demand from Asia and supportive economic policies have also been a factor.

Strong migratory flows have also supported growth. Employment gains have aided domestic demand while stronger commodity prices have also supported agricultural exports. Although residential investment has been low, new incentive programmes and policy responses are expected to support a recovery, aiding the positive economic momentum. These programmes are also expected to put a brake on real estate prices, which in recent years have increased faster than growth in average incomes, with consequences on household credit growth and affordability constraints, notably for first-time home buyers.

Prices, wages and employment

The closing output gap has been a strong contributor to the improved labour market. In particular, record-high migratory inflows have led to employment growing above trend. Unemployment continued to decrease through 2017, with indicators pointing to full employment. This increase in migratory flows has contained wage pressures. Inflation remains on the lower end of the Reserve Bank of New Zealand's inflation target of 1–3 per cent. Despite a temporary hike in commodity prices, downward pressures on prices for imported goods and services have kept inflation on the lower end.

Trade developments

The external position of New Zealand remains strong thanks to strong export growth. In particular, New Zealand's export sectors have benefited from increased demand for both goods and services, notably meat and dairy products, from China (the country's second-largest export market). On the other hand, it has become increasingly exposed to China's economic prospects. The terms of trade remain strong and the New Zealand dollar remains moderately overvalued.

Fiscal developments

New Zealand public finances remain in good shape. Fiscal discipline, primarily expenditure reviews, together with strong revenues have allowed the government to register fiscal surpluses since 2015, and these are expected to continue going forward. Debt remains particularly low, below the 20 per cent of GDP level, and no expansion is projected.

Outlook

Growth is expected to remain strong on the back of anticipated expansionary fiscal policy and an increase in population growth. Capacity constraints are expected to become more significant, exerting upward pressures on wages and inflation. Investment programmes, especially in infrastructure, are expected to be the basis of expansionary fiscal policy. Although risks are broadly balanced, the economy remains susceptible to the external environment. Weaker-than-expected global growth, particularly growth in China, will negatively affect the country's export sector. This will be exacerbated in particular by the ongoing trade disputes, which are likely to hurt smaller countries more than larger ones.

Moreover, strong economic performance has not translated into strong per capita income growth. Much of the growth has been centred around the major cities, with less progress registered in the regions. New Zealand's policy agenda is now geared towards supporting more productive, sustainable and inclusive growth. The initial emphasis has been placed on minimum wage increases to tackle income inequality; productivity, including R&D and education; tax reform aimed at shifting incentives towards broader business investments; and establishment of a three-year provincial growth fund for regional development.

2.7 Singapore

Country data	
Population (millions) (2017)	5.61
Area '000 km^2	0.72
GDP (US$, billion, 2018)	361.11
GDP per capita, PPP current international US$ (2018)	100,345
Currency	Singapore dollar (SGD)

Economic performance

Singapore has developed into one of the world's most open and dynamic market economies – a major entrepot linking South-East Asia to the rest of the world. Average income per capita topped US$100,000 in 2018 at purchasing power parity - the third-highest in the world, behind Qatar and Luxembourg.

At independence in 1965, Singapore relied on its port, a modest electrical assembly industry and some oil refining. A rapid expansion in refining ensued and, in 1967, attracted by tax incentives, Texas Instruments set up a semiconductor plant. Other electronics companies followed, and Singapore swiftly became a world player in the electronics industry.

Pharmaceuticals subsequently developed, alongside financial services and tourism. Since the late 1990s, policy has aimed to increase the innovative R&D aspects of electronics, biotechnology and other high-tech sectors, although manufacturing remains a key sector. Hit hard by the global financial crisis in 2007–2008, the economy rebounded strongly, although real GDP growth has stabilised at around 3 per cent in recent years. It expanded by 3.1 per cent year on year in 2018, but annual growth is expected to slow to less than 1 per cent in 2019, largely as a result of the China–USA trade war.

Prices, wages and employment

Singapore's overall unemployment rate has continued to decline and stands at close 2.0 per cent. However, the labour force contracted in 2017 for the first time since 2003, owing to ongoing restrictions on foreign workers. In fact, employment of residents increased. In addition, the slowing growth of the working-age population and demographics will present one of the main challenges for the country. Following a period of deflation, inflation has turned positive, on account of higher prices for imported oil and changes in administered prices. However, inflation remains stable.

Trade developments

The strong export-driven economy continues to support the substantial positive current account and its external position as a regional economic hub and as a founding member of the Association of Southeast Asian Nations (ASEAN), set to continue promoting economic growth, social progress and cultural development in the region. Strong manufacturing exports, especially electronics, have supported the significant current account surplus; however, the country's import content has increased too.

Moving forward, Singapore is transforming its economy and industries with the aim of cementing its position as a regional hub and major centre for hi-tech manufacturing. Its growing reliance on China as a market for its exports is a risk, however, given current trade tensions. Nevertheless, it is expected that the current account will remain in surplus for the foreseeable future.

Fiscal developments

On the back of prudent fiscal policy, Singapore's fiscal position has strengthened significantly over the past few years on account of cyclical and one-off factors. The fiscal balance as at 2018 was close to 5 per cent of GDP, with higher-than-projected revenues. However, the rise in spending on healthcare underlines the significance of the ageing population to Singapore's future. Significant fiscal surpluses mean the Singaporean government has a policy buffer, even in the face of demographic challenges and the expected increase in expenditure.

Outlook

The outlook for Singapore remains positive. Growth is expected to remain moderate and broad-based. The government is focused on transforming the economy, making it embrace the opportunities the digital era is bringing across all industries. It is expected that such a structural transformation will allow Singapore to achieve higher productivity levels and improved growth. Risks are also broadly balanced and stem primarily from the external sector.

The main risks relate to a slowdown in the electronics sector as well as the slowdown of China's economy and escalating trade tensions. Ongoing regional uncertainties may lead to some additional volatility. In the longer term, demographics and population ageing will present some major challenges to

Singapore, as will climate change. Singapore placed in 66th position out of 162 countries in the latest Sustainable Development Report 2019, getting the green light when it comes to poverty eradication, quality education and industry innovation and infrastructure. On climate action, such as reductions in CO_2 emissions and marine protection, no improvements have been registered as yet, and it remains unclear how Singapore will reach these Sustainable Development Goal targets over the short to medium term.

2.8 United Kingdom

Country data	
Population (millions) (2017)	66.02
Area '000 km^2	243.61
GDP (US$, billion, 2018)	2,828.64
GDP per capita, PPP current international US$ (2018)	45,705
Currency	Pound sterling (GBP)

Economic performance

The UK is an advanced market economy, ranking sixth globally with reference to nominal GDP. The services sector contributes 80 per cent of total GDP, with financial services particularly important. Since the referendum to leave the EU in 2016, uncertainty has gripped the UK economy, leading it to register sluggish growth. Business investment remains considerably lower than expected in the context of relatively favourable external conditions. Weak domestic demand has also contributed, on the basis of slow real income growth. However, net exports are positive on account of a weaker sterling and strong global demand. The uncertainty over the nature of a post-Brexit trade agreement with the EU will certainly continue to dampen the economy – it is likely to enter recession in 2020 – and the risks clearly remain on the downside.

Prices, wages and employment

Despite moderate growth, unemployment is at a historic low, with the increase in labour force participation coming mainly from older workers and also UK-based workers as migratory flows decrease in view of uncertainties around Brexit. As uncertainties abound on the future of EU workers in the UK, more migratory flows are expected to occur in the coming months and year. Given the limited capacity in the labour market, labour costs are on the increase too. In addition, the depreciation of the pound sterling post-Brexit referendum has supported inflation growth.

With a Gini index of 37.7, UK tops the list for income inequality in comparison with the other advanced Commonwealth nations. Productivity levels in the UK are also lower than in peer economies and improvements on this front, since the financial crisis of 2008, have fallen short of expectations. Brexit could compound this through reduced foreign investment, trade and immigration.

In the short term, the key reform priority is strengthening human capital, including support for retraining, to help facilitate adjustments for both low-skilled and specialised workers. Government initiatives to improve support for childcare costs and doubling the free childcare available to three and four year olds of working parents will continue to promote economic opportunities for women and help address gender pay inequalities. The introduction of T-level technical qualifications and reforms to apprenticeship funding is also aimed at reducing income inequality and the skills gap and fostering social mobility.

Trade developments

The sterling depreciation that happened in 2016 post-Brexit referendum supported export growth in line with the stronger global economy. This has led to a narrowing in the current account balance, although the deficit exceeds average historical values. Going forward, the effect of Brexit remains uncertain, as the possible increase in trade barriers between the EU will impinge negatively on UK exports to the EU, its largest trading partner. A disorderly departure from the EU may lead to further depreciation of sterling, which could increase the UK's export competitiveness. As a result, although external trade developments remain uncertain, the risks remain on the downside.

Fiscal developments

Over the past decade, the UK has followed a fiscal consolidation policy path. This has been broadly successful: the latest deficit is below 2 per cent of GDP. However, at 85 per cent of GDP, general government debt remains relatively high, especially from a cross-country perspective. Bringing the ratio down should be a priority, as this will allow the government to build fiscal buffers, especially if a hard Brexit will require a supportive fiscal policy. However, spending pressures pose numerous risks to the current fiscal stance, in particular in relation to pledged increases in healthcare-related expenditures.

Outlook

The outlook for the UK remains plagued by uncertainty. Three years after the referendum on EU membership, there are still three possibilities for the country: leaving the EU with a deal, remaining in the EU or leaving with no deal. A disorderly exit would significantly disrupt external trade in both goods and services, with the latter losing their passporting rights into the EU. It is expected that such uncertainty will continue to constrain investment growth although, on the upside, the UK would have fewer impediments to negotiating bilateral trade deals. This uncertainty will also significantly dent the UK economy and the downside risks remain high.

2.9 Advanced economies: Key challenges

The global economy has slowed considerably since strong growth was registered in 2017 and early 2018. The slowing of China's economy coupled with growing trade tensions with the USA and the euro area's lost momentum have all contributed to increased uncertainty about the stability of the global economy. Advanced economies are all facing a number of challenges.

Trade tensions. Over recent months, there has been a notable increase in trade tensions between advanced economies, primarily between China and the USA. These are all fomenting uncertainty about the global economy. Such tensions are also affecting the external sector of numerous countries, as international trade has slowed down. Meanwhile, the same concerns are having an impact on business investment and productivity growth and are disrupting global supply chains.

Global risks. The slowdown in China and the new coronavirus outbreak is a cause for concern for many nations, especially those whose exports are highly dependent on the Chinese economy. While the UK has agreed an extension of existing terms with the EU during 2020, negotiations on future trade relations could prove challenging, and a 'no deal' outcome remains possible. This could trigger market and economic disruption in Europe and beyond.

Global economy. Global economic momentum has lost steam and, as a result of a number of risks, there are further concerns that it will slow down further. This will negatively affect all of the advanced economies, as exports will be hard hit.

Limited policy buffers. Most advanced countries are also facing a lack of policy tool arsenals for if the global economy slows down and they are required to intervene. The majority of countries do not have strong fiscal buffers that can be used to aid in a supportive fiscal policy stance. Meanwhile, low interest rates have reduced capacity with regard to accommodative monetary policies.

Sustainability. As more and more people demand action on environmental protection, sustainability becomes more central to many global organisations' social and economic strategies. Innovation in technology will be key to achieving global sustainability as it empowers businesses to adopt new technological solutions to keep up with society's changing priorities.

Demographics. Most advanced economies will be facing a key demographic challenge in the medium to long term. As populations continue to age, there will be increased pressures on public spending to finance rising healthcare and other associated expenditure. This will put stress on both the general productivity of the countries and, more importantly, on their fiscal situation. Income and wealth inequalities, as well as gaps in health and education outcomes by population groups, are also important policy challenges in developing and advanced countries alike.

2.10 Advanced economies: Policy priorities

In view of the increased uncertainties facing the global economy, and the limited policy space most advanced economies are operating in, the biggest priority should be for each and every government not to take any policy missteps. As discussed throughout this chapter, each country is facing downside risks, mainly external in nature as a result of the slowdown in the global economy. Although each country faces specific policy priorities, there are some common threads between countries and experiences.

Competitiveness. Improving competitiveness is a cornerstone of all policy priorities across the advanced economies. As different countries have shown, improving competitiveness can be a central point in enhancing economic growth, bolstering the labour market and improving public finances. The Singaporean initiative aimed at transforming industries on the basis of the digital era is commendable, as is Malta's interventions to attract new industries to its shores.

Ageing population. Advanced economies are experiencing immense pressure from their ageing populations. Health and pension-related expenditures are expected to increase in the coming years, leading to strain on fiscal positions. It is of prime importance that attention be given to this area that has such a strong impact on fiscal sustainability.

Global cooperation. During the global crisis in 2008, the world came together to find a common response to financial meltdown. Today, the reality is different: the cooperative spirit seems to have waned. It is therefore important that the advanced economies continue to work together and stress the importance of global cooperation and collaboration. Such a policy will also support the alleviation of trade tensions by reiterating the importance of global trade.

Technological solutions. In the past, technological innovations may not always have worked in the best interests of the environment. Today, technology may be the world's only hope to solve the environmental woes it has created. Some of the most recognised tech advancements in recent years have been in the clean energy sector, including solar, wind and hydroelectric power, the technology behind battery-powered cars that will cut down on CO_2 emissions and the high-tech gadgets that make our homes smarter and more energy-efficient. Countries, advanced and developing alike, will do well to embrace these advancements.

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03
Commonwealth Asia

3.1 Recent macroeconomic developments and outlook

Overview

The six Commonwealth Asian countries are a diverse group, encompassing oil exporters, islands and large emerging economies, as well as small states. They have all experienced rapid development and expansion in recent years, along with other Asian nations including China, which is the world's second-largest economy, and the largest if measured in purchasing price parity (PPP) terms. Traditionally, many of these countries were agriculturally based, providing food and jobs for rural populations. Over the past two decades, they have diversified their economies by developing high-tech manufactured goods and services.

Nevertheless, the cultivation of staple crops such as rice remains vital, and the regional economy is therefore inextricably linked with seasonal monsoon rains (Khuma and Lhada, 2011). The summer monsoon (May to September) and the winter monsoon (October to November) can vary significantly from year to year, fluctuating between periods of heavy and low rainfall (Singh et al., 2014). Using eastern India as an example, approximately 82 per cent of rainfall occurs between July and September, 16 per cent between January and May and only 2 per cent between October and December (Mukherjee et al., 2009). In recent years, however, there has been a statistically significant reduction in peak season rainfall in the region linked to global warming. Concurrently, there has also been a rise in likelihood of wet spells as well as very intense wet spells (Singh et al., 2014). This implies that countries in the region will have to prepare and adapt to a future characterised by stronger typhoons, landslides, floods, crop failures and sea level rise.

Achieving this, and spurring sustainable development, will depend on strengthening links with neighbouring countries through bodies such as the South Asian Free Trade Area (SAFTA) and the Association of Southeast Asian Nations (ASEAN) and potentially the Commonwealth. The proposed Regional Comprehensive Economic Partnership (RCEP) – a proposed grouping of 10 ASEAN member states as well as Australia, China, India, Japan, New Zealand and South Korea – has the potential to boost trade and development even further in the region. This has created more employment opportunities and higher wages. These economies have also been modernising their business facilitation services to enhance their competitiveness and support the formation of new businesses.

Economic performance

As Commonwealth Asian countries diversified, economic growth rates and general prosperity rose. The rising tide did not lift all boats, however. Poverty, inequality, access to education, housing and clean air and water remain significant challenges across the region (UNESCAP, 2014).

In 2018, the rate of economic growth within the group of countries ranged from as high as 7 per cent within Bangladesh and India to -0.2 per cent in Brunei Darussalam. Life expectancy at birth has also risen since 1990. Then, average life expectancy for the six countries was 65 years; by 2000, it had risen to 68 years; and it reached 73 years in 2017. Countries such as Brunei Darussalam and Malaysia have invested heavily in education and retooling their population and have seen the benefits in terms of growth and a reduction in poverty. Within Bangladesh and India, growth has been driven by increased activity within mining and manufacturing. In Malaysia, the tertiary enrolment ratio rose from 37 per cent in 2010 to 42 per cent in 2017, the highest among Commonwealth Asian countries. Over the same period, access to the Internet has also risen significantly in the region. However, there remains significant variability in access. At the end of 2017, the Internet penetration rate ranged from 80 per cent in Malaysia to 15 per cent in Pakistan.

Prices, wages and employment

Inflation among member countries was significantly affected by environmental factors during the period under review. Drought conditions in some countries and excess rainfall in others affected food prices and by extension the overall rate of change in prices. Average annual inflation ranged from above 5 per cent in Bangladesh, Pakistan and Sri Lanka to below 1 per cent in Brunei Darussalam and Malaysia.

Driven by strong rates of economic growth, the rate of joblessness has fallen significantly in most countries. In Pakistan, for example, in 2018 the unemployment rate was estimated at 4.4 per cent, compared with 5.4 per cent in 2008 and 8.8 per cent in 2002. Nevertheless, there are still significant differences between the participation rates for men and women in the labour force.[1] Between 2017 and 2018, rate for men was 48 per cent whereas that for women was 14 per cent. Within the 20-59 age group, the differences were even more stark, with the participation rate for males estimated at over 90 per cent for males and less than 30 per cent for females.

Fiscal developments

The fiscal position of most governments in the region deteriorated in 2018. Gross general government debt reached 69 per cent of GDP in India and 72 per cent in Pakistan. In Sri Lanka, the level of government indebtedness has spiralled to around 82 per cent of GDP – partly the result of maturing Chinese loans for post-war reconstruction that were agreed by the Rajapaksa administration. Both Pakistan and Sri Lanka have been identified as potential targets of debt diplomacy – that is, the practice of lending millions of dollars to countries that may struggle with repayments, using the debt as leverage on assets and sovereignty.

Despite the expansion in economic activity, growth in tax revenue has been relatively weak in Commonwealth Asian nations. Tax revenues as a percentage of GDP fell by 1 percentage point between 2013 and 2018 in Bangladesh, 20 percentage points in Brunei Darussalam and 5 percentage points in Malaysia. These declines have put pressure on these governments to reign in development spending and could have implications for long-run economic growth. It is therefore important that the tax base in these countries be widened to capture more revenues and build a closer link between tax revenues and economic growth.

Trade developments

Commonwealth Asian countries are highly integrated into the global economy. Trade as a share of gross domestic product (GDP) in 2017 was estimated at 64 per cent, down slightly from 2013, when it was as high as 71 per cent. The decline owed partially to the negative effects of the great recession on some economies and competition from more developed neighbours in the region. Brunei Darussalam and Malaysia are very dependent on international trade. In Brunei Darussalam, the share of trade in GDP in 2017 was 88 per cent; in Malaysia, it was 138 per cent. Both countries are also more export-oriented than their neighbours. In the case of Brunei Darussalam, this owes largely to its dependence on exports of fossil fuels. In Malaysia, there has been a growing emphasis on high-tech manufactured goods and the export of services.

Outlook

Given the relatively strong growth expected for countries within the region, most of the Commonwealth Asian countries are expected to report relatively strong growth over the medium term. In Bangladesh, Brunei Darussalam and Sri Lanka, economic activity is anticipated to be boosted by further investment spending, while growth in government and household activity was responsible for most of the expansion in India. Growth is anticipated to slow in Pakistan as a result of macroeconomic imbalances on the fiscal accounts. In Sri Lanka, the Easter Sunday terrorist attacks are likely to have negative impacts on the country's vital tourism industry.

With the anticipated improvement in the standard of living, key indicators of poverty are also expected to improve in most countries. Over the past 10 years, poverty in most Commonwealth Asian countries has declined. If these trends continue, poverty rates could fall to their lowest recorded levels. In Bangladesh and India, poverty could decline to below 20 per cent, whereas in Malaysia and Sri Lanka it should remain below 5 per cent. This should help many of these countries meet the targets for the Sustainable Development Goals (SDGs).

Malaysia is best placed to reach many of the SDGs. The country is on track to meet the targets in relation to Ending Poverty (SDG 1), Industry, Innovation and Infrastructure (SDG 9), Quality Education (SDG 4), Good Health and Well-Being (SDG 3) and Affordable and Clean Energy (SDG 7). Most countries, however, need to work more on meeting targets in relation to Zero Hunger (SDG 2), Gender Equality (SDG 5), Clean Water and Sanitation (SDG 6) and Affordable and Clean Energy (SDG 7).

In addition to indicators of poverty, many health indicators have been improving in recent years. In Bangladesh, the mortality rate for children under five years (per 1,000 live births) is expected to fall below 30; the rate is expected to remain below 10 in Malaysia and Sri Lanka. These improvements will be the result largely of rising ratios of physicians and access to physicians.

Trade within the region is likely to be boosted with the Asia-Pacific Trade Agreement (APTA), which includes Bangladesh, China, India, Lao People's Democratic Republic, South Korea and Sri Lanka. Countries concluded the fourth round of negotiations in 2017 covering over 10,000 items for preferential trade. Members of the grouping stand to reap significant groupings from the preferential trade agreement as it includes two of the fastest-growing economies in the world. As a result, since 2005, intraregional exports in the region have more than doubled. If these trends continue, the members of the APTA will provide a dynamic market for each other's exports.

The fiscal positions of most countries in the Commonwealth Asian region is expected to improve in the short term. The only exception is Pakistan, where weak revenue growth and rising government spending is expected to lead to government debt continuing to expand. Without any adjustment to the structural challenges in relation to raising revenue, it is unlikely that debt levels in the country will decline in the short term. Challenges in relation to raising revenue are compounded by the demands of the populous for spending in relation to health, education and housing.

3.2 Bangladesh

Country data	
Population (millions) (2017)	164.7
Area '000 km^2	147.6
GDP (US$, billion, 2018)	287.6
GDP per capita, PPP current international US$ (2018)	1,744.5
Currency	Bangladeshi taka (BDT)

Straddling the delta of the mighty Ganges, Brahmaputra and Meghna rivers, Bangladesh has traditionally relied on crops grown on its fertile, alluvial soils. Rice is the main food crop, cultivated for domestic consumption, and it remains a key export commodity, along with sugarcane and potatoes. Bangladesh is also a major producer of jute. However, millions of people live in flood-prone areas, whether from rivers swollen with monsoon rains and Himalayan meltwater or from coastal storm surges whipped up by cyclones in the Bay of Bengal.

Economic performance

The level of economic activity in Bangladesh has grown significantly over the past 10 years. In 2017, the total value of goods and services produced in the country was US$638 billion (GDP, PPP current international US$), an increase of US$317 billion when compared with 2008. During this period, the economy continued its transition from a primarily agriculture-based economy to one more driven by manufacturing and services. During the period under review, value added was driven largely by three main industries: agriculture, mining and manufacturing, which accounted for 54 per cent of gross value added in Bangladesh. Growth in all of these key industries has been relatively strong: mining and manufacturing both grew by on average 10 per cent per annum while agriculture, hunting, forestry and fishing rose by 3 per cent. The average rate of inflation over the past 10 years has been 5 per cent. In 2017, average inflation fell to 4 per cent, about 2 percentage points lower than in the previous year.

Bangladesh's economic expansion has been driven largely by investment spending in recent years. Gross capital formation expenditure rose from US$421 million in 2014 to US$542 million in 2017. This represents an average annual rate of growth of 9 per cent per year, one of the fastest rates of growth among Commonwealth Asian countries. In 2017, in particular, gross capital formation rose by US$50 million, or from US$492 million in 2016 to US$542 million in 2017. As a result, the share of investment spending in GDP rose from 28 per cent in 2013 to 30 per cent by 2017. Conversely, exports of goods and services were relatively weak for the period under review. Exports of goods and services fluctuated around US$273 million, with virtually zero growth in exports of goods and services reported during the period.

Prices, wages and employment

As a result of floods, food prices have remained high within recent years and have pushed up the overall rate of inflation. In 2018, the rate of inflation was estimated at 5.6 per cent, following increases of more than 5 per cent since 2009. In an attempt to reduce the impact of food price inflation, government has been attempting to increase food imports. This has slowed the rate of food price inflation and non-food prices have remained stable.

Bangladesh in 2017 had a population of 164 million, up from 162 million in 2016. This relatively rapid rate of population growth has characterised the economy. Since 2010, the population has risen by 12.5 million, or an annual rate of increase of 1.1 per cent.

Fiscal developments

The central government fiscal deficit has remained quite small and hence the ratio of debt to GDP has not changed much over the period. In 2018, the fiscal deficit was estimated at 4.1 per cent of GDP, up from 3.3 per cent in 2017 and in line with the five-year average fiscal deficit of 3.4 per cent. As a result, the gross debt to GDP ratio was estimated at 35 per cent in 2018, just 2 percentage points higher than in 2017, and marginally higher than the five-year average for the ratio.

Trade developments

In line with the relatively small fiscal deficit, the external current account was balanced for much of the period. Only in 2017 and 2018 did the external current balance turn into a deficit, largely because of a slowdown in the rate of growth of exports.

Key development challenges

Poverty remains a challenge for the country. In 2016, it was estimated that 24 per cent of the country lived below the national poverty line, and it ranked 136 out of 189 countries in relation to human development.[2] In addition, issues in relation to income and gender equality are also relevant. Women account for only approximately 11 per cent of senior and middle management positions, while prevalence of undernourishment is estimated at 15 per cent of the population. In addition, although the most recent estimate of the Gini coefficient of 37 is 7 percentage points lower than in 2010, it still indicates that inequality remains an issue for the country.[3]

3.3 Brunei Darussalam

Country data	
Population (millions) (2017)	0.450
Area '000 km^2	5.76
GDP (US$, billion, 2018)	14.1
GDP per capita, PPP current international US$ (2018)	32,413.9
Currency	Brunei dollar (BND)

Brunei Darussalam is situated on the northern coast of the island of Borneo, with the South China Sea to the north and surrounded by the Malaysian province of Sarawak. Relative to the other Commonwealth Asian countries, it has a small population but boasts a high rate of adult literacy (96 per cent), largely in English. The country's economy is dependent mainly on the export of hydrocarbons, with crude oil and natural gas accounting for almost 70 per cent of the economy and more than 90 per cent of exports. Brunei Darussalam became the sixth member of ASEAN in 1995.

Economic performance

Brunei Darussalam is a small and prosperous Commonwealth Asian country, with an average GDP per capita of US$32,413.9 in 2018. The global financial crisis hit its hydrocarbon-based economy hard, however; real GDP has contracted every year since 2012 amid subdued oil and gas prices and falling investment. In 2017, the real value of goods and services produced by the country was estimated at $30.8 billion, or approximately $1.3 billion less than in 2013. Brunei Darussalam has experienced falling or negative rates of economic growth since 2012.

Over the past five years, GDP per capita on a PPP basis has contracted by 2.6 per cent per year. In 2017, exports of goods and services declined by 2.7 per cent, following declines of 2 per cent and 10 per cent in 2016 and 2015, respectively. Spending on gross capital formation has been erratic over the period under review. In 2017, gross capital formation spending increased by 8 per cent, following a decline of 11 per cent in 2016 and an even larger decline of 31 per cent in 2014.

Economic activity in the country is largely driven by activities in mining and manufacturing, specifically oil production, which accounted for more than 56 per cent of GDP in 2017 (and 66 per cent in 2013). One of the reasons for the decline in the share of economic activity of mining has been the contraction in value added: while real value added in the industry rose by 1.2 per cent in 2017, this followed a contraction of 3.5 per cent in 2014 and a decline of 2.8 per cent in 2016.

Prices, wages and employment

The average rate of inflation in 2018 was low, estimated at less than 1 per cent. This was the ninth consecutive year of inflation below 1 per cent. The fall in consumer prices was broad-based across most categories, with most prices falling, including in housing, water, electricity, gas and other fuels, clothing and footwear, food and non-alcoholic beverages, and furnishing, household equipment and routine maintenance.

Fiscal developments

The slowdown in economic activity has resulted in a narrowing of the fiscal deficit in recent years, but it still remains large. In 2018, the fiscal deficit was estimated at 8.4 per cent of GDP following a deficit of 10.6 per cent in 2017, 21.7 per cent in 2016 and 14.5 per cent in 2015. The deterioration in the government's fiscal deficit owes largely to a slowdown in government tax revenue. In 2018, tax revenue was estimated at 23 per cent of GDP, down from 47 per cent in 2013. However, gross government debt remained low at just 19 per cent of GDP. The country maintained an external current account surplus throughout most of the period, estimated at 11 per cent in 2018.

Trade developments

The economy of Brunei Darussalam is based mainly on the production of energy products for export. Oil and gas exports account for over 90 per cent of total exports from the county, with major trading partners linked to oil and gas exports – including other ASEAN member states and Australia, China, Japan and South Korea. Japan imports 90 per cent of liquefied natural gas exports from Brunei Darussalam; most of the remainder goes to South Korea (Islam and Bahari, 2012).

Key development challenges

Diversifying the economy to other areas of economic activity could reduce the volatility of economic activity and generate new employment opportunities. In 2014, an Energy White Paper outlined a long-term vision of utilising more renewable energy resources, given that climate change is likely to be a significant threat to Asia.[4] These goals include 10 per cent of total energy demand being met by renewables, the development of utility-scale solar projects and an Export-Import Bank that would finance new energy projects in the country.

3.4 India

Country data	
Population (millions) (2017)	1,339
Area '000 km^2	5,765
GDP (US$, billion, 2018)	2,972
GDP per capita, PPP current international US$ (2018)	7,166
Currency	Indian rupee (INR)

With a population of more than 1.3 billion, India is the second most populous country in the world, behind China. Given its higher rate of population growth, India is expected to overtake China in 2024. The country borders six countries (Bangladesh, Bhutan, Burma, China, Nepal and Pakistan). Its economy is based mainly on agriculture, with approximately 60 per cent of the country classified as agricultural land. However, India also has a large variety of natural resources such as coal, iron ore, lead, bauxite, rare earth elements and diamonds, among others.

A key plank of development over the medium term will be the success of SAFTA, which encompasses Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Progress on expanding trade within the region has been slow, however, partly because of the large number of products on the 'sensitive list', which exempts them from the tariff liberalisation programme. The proliferation of 'para tariffs' – duties applied on imports rather than domestic production – is also an issue that needs to be addressed if SAFTA is to have any chance of emulating ASEAN in boosting regional trade (Kathuria, 2011).

In addition to trade, the new Indian government has identified a number of priorities, such as boosting the economy through a massive programme of investment in infrastructure, including housing. It also plans to step up reforms to the banking system, including merging some of the weaker banks. The government aims to reach 50th in the World Bank's Ease of Doing Business ranking – it jumped 23 places to 77th in the 2019 edition to become the highest-ranked nation in South Asia.

Economic performance

The total value of goods and services produced by India rose throughout most of the five-year period under review. In 2017, the country's real GDP surged to an estimated US$9.6 trillion, compared with US$8.8 trillion the previous year. This expansion is even more significant if one compares the level of economic activity to that of five years ago. In 2013, real economic activity in India amounted to only US$6.5 trillion. This means that, in just five years, GDP on a PPP basis has grown by more than a third, or the equivalent of US$2.2 trillion.

On the supply side, the economy is largely driven by activities in the areas of agriculture (including hunting, forestry and fishing), mining and manufacturing. In 2017, these three sectors generated 55 per cent of all economic activity. In 2017, mining and manufacturing was up by 5.5 per cent, following gains of 8.7, 12.1 and 8.1 per cent, in 2016, 2015 and 2014, respectively. The services industries also reported relatively robust rates of growth. Wholesale and retail trade as well as transport storage and communications both rose by just under 7 per cent in 2017 following similar rates of growth in 2016.

Despite the tremendous growth in the size of the Indian economy over the past five years, the country still has one of the lowest levels of GDP per capita among Commonwealth Asian countries. In 2017, GDP per capita on a PPP basis was US$7,166, up from US$6,636 in 2016 and US$5,262 in 2013. In contrast, the average level of GDP per capita on a PPP basis among Commonwealth Asian countries was US$22,993 in 2017. Growth in the standard of living in India has been, on average, above that for other Commonwealth Asian countries. In 2017, GDP per capita on a PPP basis rose by 6 per cent, in line with the average rate of growth for the previous five years of 6.2 per cent, but marginally slower than the 6.9 per cent reported one year prior in 2016. This growth was driven largely by increases in government and household expenditure. In 2017, government final consumption spending rose by 11 per cent, while in household expenditure was up by 6.6 per cent. Since 2014, government final consumption expenditure has grown steadily, reaching as high as 12 per cent in 2016. Similarly, household consumption expenditure has grown by approximately 7 per cent per year since 2014.

Prices, wages and employment

Inflation has slowed in recent years, largely because of lower food prices owing to increased rainfall during the monsoon season, reforms in agriculture and reduced domestic demand.[5] In 2018, the rate of consumer price inflation was estimated at 3.5 per cent, down from 3.6 per cent in 2017, and significantly lower than the double-digit rates of inflation experienced in 2012 and 2013.

The unemployment rate in India has risen sharply in recent years. At the end of 2018, the unemployment rate was just over 7 per cent compared with 2017, when unemployment was just 5 per cent. This significant increase in unemployment owed to rising urban as well as rural unemployment.

Fiscal developments

The Indian government's fiscal position has improved in recent years owing to significant increases in revenue as well as expenditure restraint. In 2018, the fiscal deficit was estimated at 6.7 per cent of GDP, down from 7 per cent in 2017 and 2013. General government revenue rose from 19.6 per cent in 2013 to 20.6 per cent in 2018, while government expenditure fluctuated around 26-27 per cent of GDP. Gross government debt, however, has not changed much over the period under review, fluctuating around 69 per cent of GDP over much of 2013 to 2018.

Trade developments

In an attempt to enhance export competitiveness, a number of export support mechanisms have been implemented. Exporters of finished goods can receive a refund of Goods and Services Tax (GST) paid. In addition, for labour-intensive businesses, the export subsidy has increased by 2 per cent.

Key development challenges

Youth unemployment (persons aged 15-24 years) remains a significant challenge for India. In the 2011 Census, it was estimated that almost 20 per cent of youth were unemployed. Given that young people account for almost 40 per cent of the labour force, it is clear that a significant portion of the labour force is not being utilised. The country is also significantly behind in relation to a number of SDG targets. Against a target of 11 per cent, almost 22 per cent of Indians live below the poverty line and just 29 per cent are covered by some type of health insurance scheme. In terms of female participation in the labour force, the average female to male wage ratio is 0.7 against a target of 1, while the ratio of female to male labour force participation is 0.32, well below the target of 1. In relation to adaptation to climate change, while most homes are electrified (94 per cent), just 44 per cent use clean cooking fuel, and the renewable share of installed generating capacity is just 17 per cent.[6]

3.5 Malaysia

Country data	
Population (millions) (2017)	32.4
Area '000 km^2	330.8
GDP (US$, billion, 2018)	354.3
GDP per capita, PPP current international US$ (2018)	29,511
Currency	Malaysian riggit (MYR)

Malaysia comprises the peninsula bordering Thailand and the northern portion of the island of Borneo (Sabah and Sarawak). Most of the country's people live on the Malay Peninsula. While Bahasa Malaysia is the official language, almost 134 languages are spoken in the country, including English, Chinese and Tamil, among others. The country has been slowly transitioning from an exporter of primary products to a diversified high-technology services economy. The 2019 Budget identified a number of key medium-term policy priorities. These include addressing the slowdown in Malaysian exports, promoting fiscal responsibility, managing debt sustainability and protecting the most vulnerable members of society. To this end, the Bantuan Sara Hidup Rakyat (a cash transfer programme) will attempt to take better account of household size, while there will be a focus on education, skills and entrepreneurship.

Economic performance

The level of real GDP on a PPP basis has risen significantly in recent years in Malaysia. At the end of 2017, GDP on a PPP basis was US$933 million, US$68.4 million greater than in 2016. Malaysia's real GDP in 2017 was also 30 per cent higher than the figure reported for 2013. As a measure of the size of the Malaysian economy, GDP in the country was almost 40 per cent higher than the average Commonwealth country in Asia. Malaysia is also one of the most prosperous Commonwealth countries in the region. GDP per capita on a PPP basis in 2017 was estimated at US$29,511, up from US$27,731 in 2016. This means that, for 2017, GDP per capita in Malaysia was US$5,000 more than the average for Commonwealth Asian countries.

The growth in the standard of living in Malaysia was on par with that of most Commonwealth Asian countries. Between 2013 and 2017, the average growth in real per capita income for Malaysia was 3.5 per cent. Over the same period, the average growth in real GDP per capita on a PPP basis for the typical Commonwealth country in Asia was 3.1 per cent. In recent years, however, growth has accelerated in Malaysia, with GDP per capita on a PPP basis rising by 4.4 per cent, following growth of just under 3 per cent in the previous year. Household consumption expenditure was the key driver of economic activity over the period. Between 2014 and 2017, annual household consumption expenditure rose by 6-7 per cent. In 2017, growth in GDP was also driven by a 9.4 per cent increase in exports of goods and services, the largest annual rate of change during the five-year period under investigation.

Industrial output is relatively evenly balanced between manufacturing and services industries. Annual average annual growth in services has outpaced that for mining and manufacturing over the past five years. During this period, the average annual change in wholesale, retail trade, restaurants and hotels was 7.2 per cent compared with just 4.6 per cent for mining and manufacturing. Construction activity was also strong over the period, increasing by just under 9 per cent on average over the past five years.

Prices, wages and employment

The rate of change in prices in Malaysia during 2018 was less than 1 per cent, down from 3.8 per cent in 2017. The slowdown in the rate of change in prices occurred as a result of suspension of the domestic fuel price adjustment, zero-rating of GST and a fall in food prices.

Underpinned by the relatively strong growth in economic activity, unemployment in the country remained low. The unemployment rate at the end of 2018 was therefore estimated at 3.3 per cent, down from 3.4 per cent in 2017. Employment gains were mainly among skilled workers, as firms attempted to meet demand for export goods and services.

Fiscal developments

The fiscal deficit has fluctuated around 3 per cent of GDP over the past five years. In 2018, the fiscal deficit was 3.6 per cent of GDP, almost 1 percentage point higher than the deficit reported in 2017 and the largest fiscal deficit reported since 2013. This worsening of the government's fiscal position owed largely to a rise in government expenditure as a percentage of GDP from 22 per cent in 2017 to 23 per cent in 2018. At the same time, government's tax revenue collections were virtually unchanged from the previous year. As a result of the deterioration in the government's fiscal position, the level of gross government debt rose from 55 per cent of GDP in 2017 to 56 per cent of GDP in 2018. The external current account was in surplus for most of the period.

Exporters are allowed to keep their earnings in Trade Foreign Currency Accounts to meet their demands for foreign currency of up to six months. This policy should make the process of managing the foreign currency needs of exports significantly smoother.

Key development challenges

As a consequence of its development, air pollution has become a serious challenge across the country. Carbon dioxide emissions are estimated to be over 8 MT per person, up from just 5 MT per persons in 2000. Even more worryingly, more than 90 per cent of the population is exposed to air pollution levels exceeding World Health Organization guidelines.

3.6 Pakistan

Country data	
Population (millions) (2017)	201.0
Area '000 km^2	881.9
GDP (US$, billion, 2018)	312.6
GDP per capita, PPP current international US$ (2018)	5,539
Currency	Pakistani rupee (PKR)

Pakistan is divided into three main geographic areas, with the climate ranging from dry desert to arctic in the north. The economy is still largely based around agriculture, but in recent years the country has been diversifying towards textiles, chemicals and other manufactured products. The new government in Pakistan has identified a number of priorities, including reviving economic growth, addressing corruption, maintaining fiscal discipline, boosting manufacturing and enhancing productivity in agriculture (Ashgar, 2018). Targeting these areas should help diversify the economy and put it on a stable growth path.

Economic performance

The value of goods and services produced in Pakistan over the past five years has risen significantly. In 2013, GDP on a PPP basis was US$841 billion. By 2016, it had crossed the US$1 trillion mark and continues to rise. Indeed, GDP in 2017 was estimated at US$1.1 trillion, up from 2016 when it was US$1.0 trillion. In line with the rise in GDP, the standard of living has also been rising. In 2017, GDP per capita on a PPP basis was US$5,539, up from US$5,244 in 2016 and just US$4,629 in 2013. This is something of a recovery for the economy, as it was significantly affected by the global financial crisis.

After 2007, the real rate of economic growth in the economy was zero or negative. It was only in 2012 that the real rate of change in GDP per capita on a PPP basis rose above 1 per cent. Since then, growth has been relatively robust, rising at over 2 per cent per year and then in 2016 and 2017 at over 3 per cent per year. In 2017, real per capita GDP on a PPP basis rose by 3.7 per cent following growth of 3.4 per cent in 2016. Much of this growth in recent years has owed to increases in final consumption expenditure as well as gross capital formation. In 2017, household consumption rose by 8.6 per cent, while general government final consumption expenditure was up by 10.7 per cent. The growth in gross capital formation over the period was also quite robust. Spending on new machinery and buildings increased by 8 per cent in 2017, following growth of 6.6 per cent and 14.6 per cent in 2016 and 2015, respectively.

The boom in spending on gross capital formation supported strong growth in the construction industry. In 2017, the construction industry expanded by 9 per cent, following growth of 15 per cent in 2016. This industry was by far the most buoyant over the period under review. Nevertheless, the economy still remained quite dependent on agriculture as well as mining and manufacturing to generate most of its activity. Agriculture, hunting, forestry and fishing accounted for a quarter of economic activity throughout the period. In contrast, the mining and manufacturing industry, which generated almost 20 per cent of economic activity in 2013, witnessed a fall in its contribution to overall economic activity by 2017. By 2017, it accounted for 17 per cent of overall economic activity.

Prices, wages and employment

As a result of rising food prices, consumer price inflation was estimated at 5.2 per cent in 2018, compared with just 3.9 per cent in 2017. Prior to 2018, however, inflation was largely contained to between 3 and 4 per cent per annum. The monetary authorities are working towards the implementation of an inflation-targeting regime and within recent years monetary policy communications have been enhanced.

Unemployment remains a challenge, particularly among the young and females. The overall rate of unemployment in 2018 was estimated at 6 per cent, largely in line with the reported rate of unemployment over the previous years. The unemployment rate for youth and females, on the other hand, is estimated at approximately 10 per cent. These rates of unemployment are even higher within rural areas.

Fiscal developments

The overall level of government indebtedness rose over the period as the government's fiscal position continued to deteriorate. In 2018, the fiscal deficit was estimated at 6.5 per cent of GDP, worsening from 5.7 per cent and 4.4 per cent in 2017 and 2016, respectively. The deterioration in the fiscal accounts owed mainly to relatively weak growth in tax revenues and continued rapid expansion in government expenditure. Over the period, government total expenditure rose from US$4,884 billion in 2013 to US$7,488 billion in 2018. Over the same period, government's tax revenue intake was just US$5,264 billion in 2018, up from US$3,011 in 2013. As a result of this widening in the fiscal deficit, the government's debt to GDP ratio was estimated at 72 per cent in 2018, almost 12 percentage points higher than in 2013. As Pakistan borrows to build out the China-Pakistan Economic Corridor of the Belt and Road Initiative, there is the possibility that debt will continue to rise. In addition to a worsening deficit on the fiscal accounts, the external current account balance deteriorated during the period and was estimated at 19 per cent of GDP, some 17 percentage points higher than in 2013.

Trade developments

Within recent years Pakistan has implemented an electronic platform for trade (WeBOC). This is meant to streamline import, export and custom clearance activities. The system can create and manage good declarations, letter of credit and e-payments, among other services.

Key development challenges

Poverty and access to technology are two of the key challenges to growth in Pakistan. It is estimated that a quarter of the population still lives below the national poverty line. In relation to technological access, only 15 per cent of people had access to the Internet in 2018, up from just 1 per cent in 2000.

3.7 Sri Lanka

Country data	
Population (millions) (2017)	21.7
Area '000 km^2	65.6
GDP (US$, billion, 2018)	88.2
GDP per capita, PPP current international US$ (2018)	11,691
Currency	Sri Lankan rupee (LKR)

Sri Lanka is an island in the Indian Ocean, located to the south of India. The country is prone to frequent weather-related natural disasters that affect agriculture. It depends on the export of textiles, tea, spices and other commodities to provide most of its foreign exchange. The island relies on imported fossil fuels as well as hydroelectric plants to provide most of its electricity needs. In 2017, 42 per cent of installed electric capacity was from hydroelectric plants, which are vulnerable to disruption during droughts.

Economic performance

The Sri Lankan economy has expanded quite rapidly over the past five years. In 2017, GDP on a PPP basis was US$275 billion, 5.3 per cent higher than in 2016. The amount of goods and services produced in the economy in 2017 was almost 30 per cent higher than in 2013. The continued expansion in the Sri Lankan economy occurred in spite of a series of major weather events that affected agricultural output. Recent terrorist attacks, however, have had a negative impact on the country's important tourism industry and will likely reduce economic activity in 2019.

The real change in the standard of living has not changed much over the period. In 2017, real GDP per capita on a PPP basis was US$11,691, just marginally higher than in 2016 and US$1,000 more than in 2013. Over the five-year period under review, the average annual rate of economic growth in GDP per capita on a PPP basis was 3.2 per cent per year. Most of this growth was driven by increases in gross capital formation. In 2017, gross capital formation is estimated to have risen by 18 per cent, following growth of 27 per cent in 2016. This significant growth in investment stimulated a significant increase in imports of goods and services, which reported double-digit rates of growth during much of the five-year period. Both household consumption and general government consumption, while positive, were significantly below the rate of growth reported for gross capital formation.

In line with the rapid pace of growth in gross capital formation, the construction industry has been the fastest-growing industry in Sri Lanka over the past five years. The average rate of growth in construction activity was 6 per cent per annum over the past five years. This growth tapered off somewhat in 2017, however, when the rate of change in construction value added was just 4.4 per cent, after expanding by 8 per cent in 2016.

Economic activity in Sri Lanka is driven largely by mining and manufacturing as well as services. The share of mining and manufacturing, led by textiles, in 2017 was estimated at 21.5 per cent, down somewhat from the 23.3 per cent reported in 2013. Besides these two areas, most economic activity is driven by services. Indeed, wholesale, retail trade, restaurants and hotels accounted for 13. 3 per cent of value added in 2017 while transport, storage and communications accounted for 13.1 per cent of GDP.

Prices, wages and employment

As a result of higher levels of food prices owing to domestic shortages caused by floods and droughts, inflation in Sri Lanka has risen in recent years. In 2017, the average rate of change in consumer prices was 7.2 per cent, up from 4.5 per cent in 2016. In 2018, however, prices declined to just 2.8 per cent as the rate of change in food prices moderated.

Since 2002, unemployment in Sri Lanka has generally trended downwards. In 2018, the average unemployment rate was estimated at 4.4 per cent, just marginally higher than the unemployment rate in the previous year. The jobless rate for women was estimated at 7.1 per cent, more than twice that for men (3 per cent).

Fiscal developments

The government's level of indebtedness has worsened over the past five years. In 2018, gross government debt was estimated at 84 per cent of GDP, up from 71 per cent of GDP in 2013. Sri Lanka's rate of indebtedness is the highest among all Commonwealth Asian countries – resulting from rising costs of servicing loans for post-war reconstruction at a time of structural economic weakness and shrinking export revenue. Many loans were arranged through Chinese banks during the Rajapaksa administration, including for Hambantota Port. In 2017, the underused facility was leased to China Merchant Port Holdings Limited for 99 years for US$1.12 billion.

The Sirisena administration has succeeded in bringing down the fiscal deficit, which narrowed to 5.3 per cent of GDP in 2018 from 6 per cent in 2016 and 7 per cent in 2015, amid improvements to the rickety tax system. The deficit remains below target, however, and a target of 3.5 per cent of GDP by 2020, in line with agreements with the International Monetary Fund (IMF), looks optimistic.

Trade developments

In attempt to enhance Sri Lanka's competitiveness, the Cabinet approved a New Trade Policy in 2017. This calls for the elimination of barriers to trade, improving the investment climate and policy, fostering firm growth and competitiveness and enhancing the efficiency of state-owned enterprises.

Key development challenges

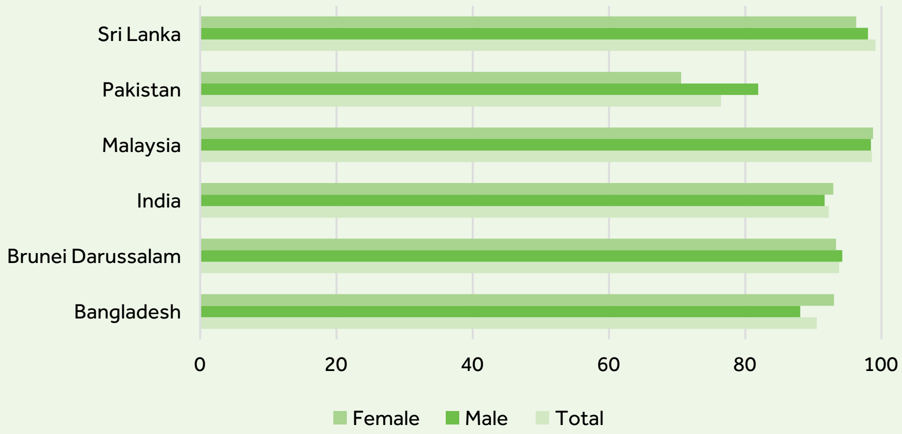
Sri Lanka has a relatively low female labour force participation rate; in 2017, this stood at 37 per cent compared with 75 per cent for men. This disparity persists despite the availability of free government-sponsored education and health care. Poverty levels remain high in parts of Sri Lanka's northern and eastern provinces. In the districts of Mullativu, Mannar and Batticaloa, rates of poverty are over 20 per cent. These areas were significantly affected by the country's civil war and still require significant investment in infrastructure and social cohesion to ease tensions (World Bank, 2017).

Special focus: Education

Access to education, at all levels, is one of the key drivers of growth and development. Access to education provides opportunities to escape poverty and also the quality labour that both the private and the public sectors require. In the majority of Commonwealth Asian countries, the primary school enrolment ratio exceeds 90 per cent (Figure 3.1). Pakistan's enrolment ratio, estimated at 70 per cent, is the lowest among the six countries. In addition to the relatively low primary enrolment ratio, there is also a significant gap between male enrolment (81 per cent) and female enrolment (70 per cent). While the policy documents of the government of

Figure 3.1

Primary school enrolment ratios for Commonwealth Asian countries (2017)



Source: World Bank, World Development Indicators.

Pakistan identify universal primary education as a goal, the enrolment ratios for the country are still far below those for other Commonwealth Asian countries with similar levels of income (Arif et al., 1999).

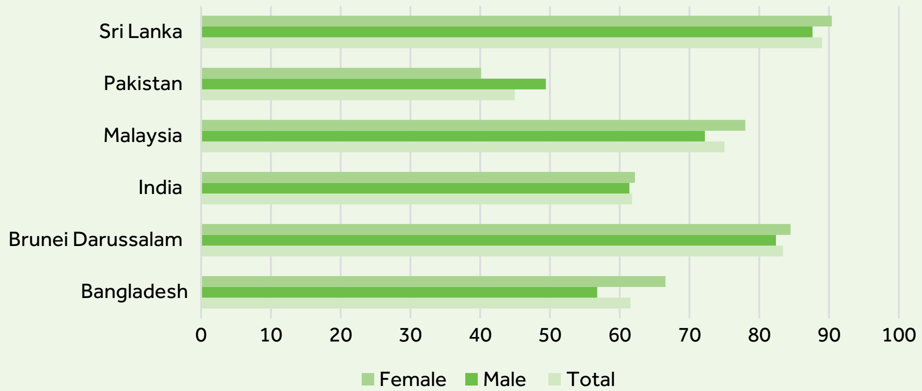
Factors influencing access to education include household income, parents' education and the ethnic background of the student. It is a something of a vicious cycle whereby poverty negatively affects the probability of school attendance for many generations. Addressing the issue of relatively low rates of primary school enrolment in Pakistan is therefore inextricably linked to the issue of poverty and it will require a multi-pronged approach to address the issue.

The performance of most Commonwealth Asian countries does not extend to the second and tertiary levels, with most countries performing poorly in relation to universal secondary school enrolment. The secondary school enrolment of most countries was over 60 per cent but nowhere close to the 90 per cent reported at the primary school level. Both Brunei Darussalam and Sri Lanka had enrolment ratios above 80 per cent. The achievements of Brunei Darussalam have been achieved through the promotion of inclusive educational practices within secondary schools. All children in the country are entitled to 12 years of free education in government schools, and under the Compulsory Education Order of 2007 attendance at school during the first nine years is mandatory for all children of school age (Fitzgerald, 2010).As a commitment to its Education For All efforts, the government also submits national reports to the United Nations Educational, Scientific and Cultural Organization. Meanwhile, in 1997, the government of Sri Lanka initiated a comprehensive set of education reforms aimed at improving access and learning outcomes (Little, 2011). While there are still a number of challenges with the implementation of these reforms (e.g. availability of finance and human resources), the policies have been beneficial, given high enrolment at the secondary level in Sri Lanka relative to its peers.

The performance of Commonwealth Asian countries on tertiary education is mixed, with countries such as Malaysia seeing relatively high rates of enrolment and

Figure 3.2

Secondary enrolment ratios for Commonwealth Asian countries (2017)



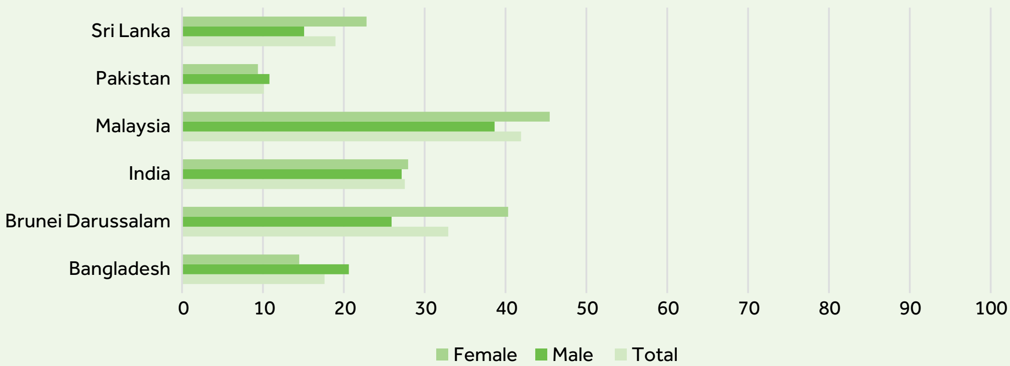
Source: World Bank, World Development Indicators.

Bangladesh, Pakistan and Sri Lanka all below 20 per cent. Enrolment at the tertiary level normally provide the human capital needed for innovative and expanding industries. Providing access to students to education beyond tertiary level will be a key part of providing the labour resources of the 21st century.

Malaysia's performance in relation to tertiary education was set out in its Wawasan 2020 (Vision 2020) of the Mahathir Administration in 1991. According to this, approximately 40 per cent of youth aged 19–24 would be admitted into tertiary education. Wawasan 2020 was then supported by the National Higher Education Strategic Plan 2020 and the National Higher Education Action Plan 2007–2010 (Mok, 2012). One of the interesting features of the Malaysian educational system is that it provides multiple routes to university education: students can pursue the traditional academic path or technical and vocational education and training as a secondary or alternative route (Da Wan et al., 2018). In addition, supporting mechanisms such as the Higher Education Student Loan Fund has also widened access

Figure 3.3

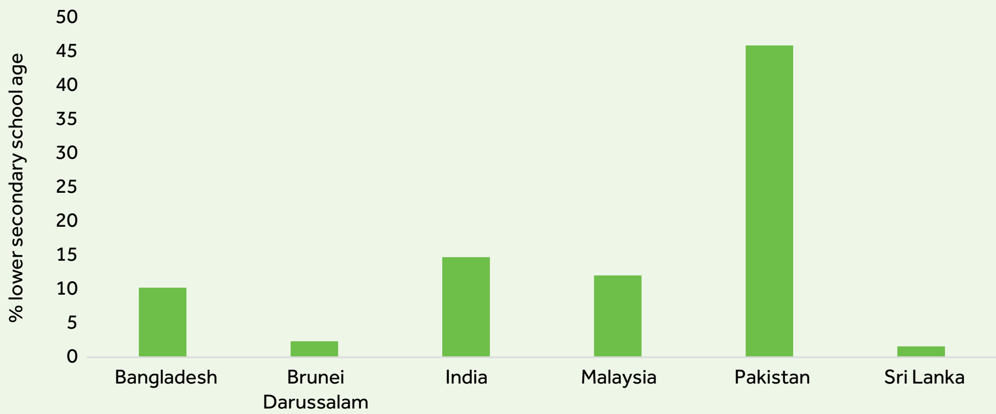
Tertiary enrolment ratios for Commonwealth Asian countries (2017)



Source: World Bank, World Development Indicators

Figure 3.4

Adolescent dropout rate for Commonwealth Asian countries (2017)



Source: World Bank, World Development Indicators.

and enhanced equity in relation to higher education. It should be noted, however, that the loan fund suffers from several problems (e.g. a high non-repayment rate) that will need to be addressed.

Despite the advancements in relation to education made in recent years, the adolescent dropout rate among Commonwealth Asian countries remains a problem. In four out of the six countries under investigation, the dropout rate is more than 10 per cent; in Pakistan, it is almost 50 per cent. Adolescent dropouts not only lag behind in key social statistics but also can have a negative effect on the economic, social, cultural and political balance of society (Farooq, 2013).

The key factors identified to explain this relatively high dropout rate in Pakistan include difficulty in learning, lack of interest in studies, lack of interest in school, corporal punishment, class repetition, financial difficulties and the harsh attitude of teachers. Addressing the issue of the relatively high dropout rate will therefore require both changes to the educational systems and targeted interventions to inform both parents and students about the importance of schooling to their long-run opportunities.

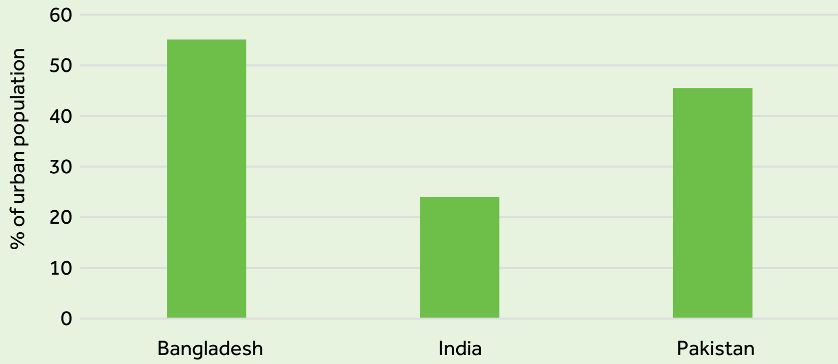
3.8 Key development challenges

The effects of climate change are already one of the main development challenges facing the Commonwealth Asian developing countries. Extreme rainfall events and flooding are an increasing risk across the region (Mirza, 2011), linked to shifts in the start and end dates of the monsoon season and more frequent and intense cyclones. Global climate change models suggest that, relative to the 1960-1990 period, rainfall in India could be more than 50 per cent higher. Floods can devastate crops and communities, with significant economic implications. In Bangladesh, for example, flood-related damage is on average US$175 million per year.

Maintaining food security, especially for the most vulnerable communities, is clearly a priority for authorities in the region as the climate changes. For many low-income households, this is about not only access to harvested crops but also jobs and income

Figure 3.5

Population living in slums in various Commonwealth Asian countries (2016)



Source: World Bank, World Development Indicators.

obtained from agriculture. Women and children are particularly vulnerable to shocks to agriculture.

Floods also have public health implications. Downstream areas of the Ganges, Brahmaputra and Meghna basins are frequently affected by cholera during flood and drought seasons. Indeed, most of the diseases occurring during the monsoon season are water-related. These include diarrhoea, dysentery and dengue fever, outbreaks of which increase if wells are drowned during floods. A lack of fuel and wood to boil and purify water only makes the problem worse. It is estimated that a 45 cm rise in sea levels would impact 11 per cent of the population in Bangladesh (Mirza, 2011). These effects could worsen if they are combined with severe cyclones and could lead to the creation of climate refugees.

While floods affect largely rural populations, cities in Commonwealth Asian countries also face challenges in relation to sustainability. In Bangladesh more than half of the urban population lives in slums, while in India and Pakistan this figure is above 20 per cent. Residents are vulnerable to many health challenges, such as HIV/AIDS (Ghosh et al., 2009), low levels of immunisation (Nath et al., 2007) and food insecurity (Gupta et al., 2015). Residents of these slums therefore face a number of development challenges that require a multi-pronged approach.

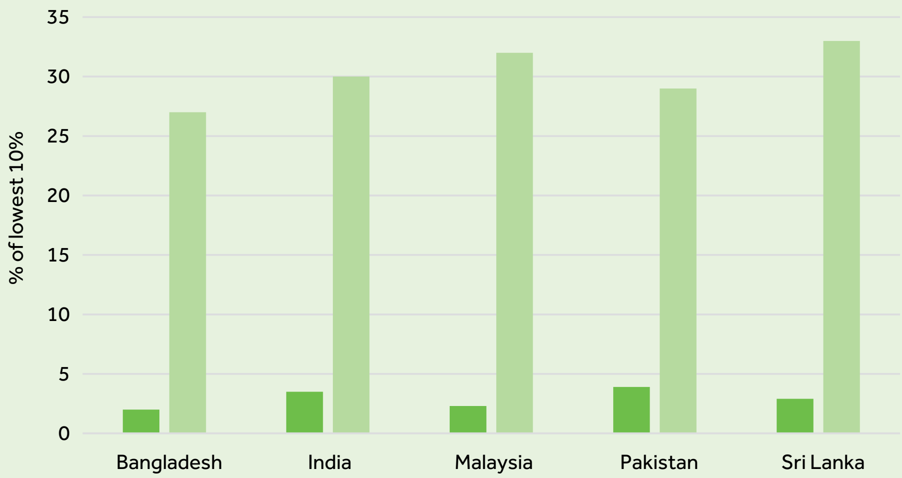
Slums are to some extent symptomatic of the problem of inequality in Asia. Even though many Commonwealth Asian countries have grown quite rapidly over the past 10 years, many on the bottom rung of society have been left behind. In many countries, the bottom 10 per cent of the population normally accounts for less than 5 per cent of national income, while the top 10 per cent normally accounts for over 25 per cent.

3.9 Policy priorities

The countries of Commonwealth Asia are very diverse. In terms of human development, some countries perform poorly in relation to indicators of human development, while other countries are in the upper tier of the United Nations Human Development Index (HDI). Brunei Darussalam was the highest ranked country, at 39th, while Malaysia was ranked 57th out of 189 nations. Both these countries performed well above their neighbours in relation to schooling (expected years of schooling in Brunei Darussalam was 14.5 years and that in Malaysia 13.7 years), the adult literacy rate was over 90 per cent and life expectancy at birth was over 75 years.

Figure 3.6

Income share held by lowest 10% in Commonwealth Asian countries (2016)

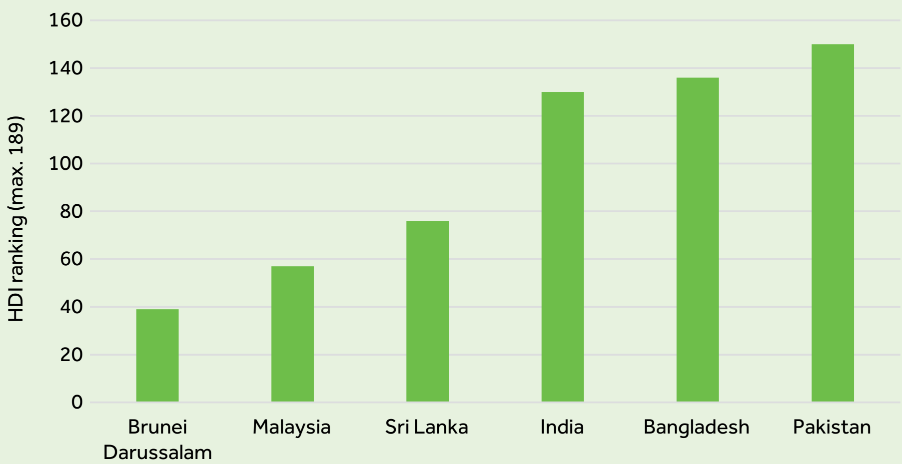


Source: World Development Indicators Database.

For those countries with poor records in relation to human development, providing essential services will be a key part in addressing the human development challenge. This means prioritising universal access to education and health as a key part of achieving the SDGs. In Bangladesh, less than half of all births are attended by a skilled health practitioner. This is in contrast with Brunei Darussalam, where the ratio is 100 per cent, and India, where it is 86 per cent. In India and Pakistan, however, over 10 per cent

Figure 3.7

HDI rank for Commonwealth Asian countries (2017)



Source: United Nations Development Programme.

of one year olds are reported to be lacking proper immunisation. Infant mortality also tends to be a challenge, with the mortality rates for infants (per 1,000 live births) estimated at 28.2 in Bangladesh, 34.6 in India and 64.2 in Pakistan.

In relation to education, many of the countries that perform poorly in terms of health also ranked low in relation to education indicators. With the exception of Malaysia, all the countries under investigation reported mean years of schooling below 10 years. In addition, mean years of schooling for females is lower than that for males. It is therefore not surprising that Malaysia, the country with the highest mean years of schooling, also reports the fastest rate of economic growth over the period and the lowest rates of poverty in the region.

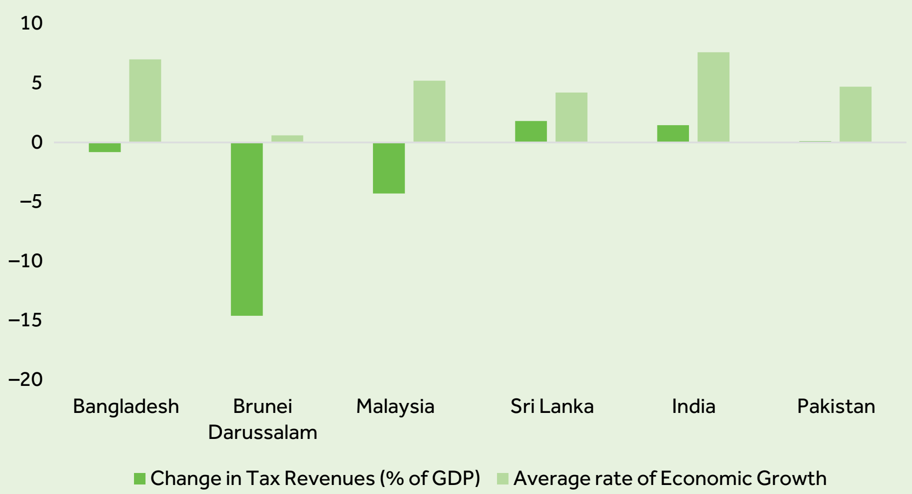
While one would have expected that growth in many Commonwealth Asian countries would be associated with increased tax revenues, there seems to have been a decoupling of the relationship between revenues and economic growth in the region. Figure 3.8 suggests that, in all of the countries under investigation, economic growth exceeded the growth in tax revenues over the period (2014–2018). This implies that, while growth and incomes are being generated in the region, this is not resulting in additional revenues that can be used to provide social services for citizens and help those at the bottom of the income ladder. This will mean the region will need to focus on utilising broader-based approaches to taxing beyond just direct taxes, as well as reducing the number of exemptions available to those contributing to income taxes.

3.10 Risks to the outlook

The countries in Commonwealth Asia are highly integrated into the global economy. Growth in many countries is driven largely by exporting to more developed countries. Any slowdown in the growth prospects for developed countries will have implications for export-dependent countries. These spill-over effects between developed countries and South Asia have been identified in relation to capital markets (Wang et al., 2005), foreign direct investment (Sahoo, 2006) and trade (Din, 2004). In addition, even if some countries are not directly affected by a slowdown in

Figure 3.8

Change in tax revenues and economic growth rates for Commonwealth Asian countries (2017)



Source: IMF, World Economic Outlook.

demand from more developed countries, integration within the region means there are likely to be spill-over effects to other nearby countries. India, for example, because of its linkages to other countries in the region, has a significant effect on growth in many other South Asian countries (Ding and Masha, 2012).

The USA, driven by accusations of unfair trade practices, imposed tariffs worth billions of dollars in 2016, prompting China to retaliate with similar tariffs. While there have been off-and-on trade talks between the two countries, an agreement has yet to be put in place to settle the dispute. The impact on Commonwealth Asian countries has been mixed. Some countries are expecting to benefit from the dispute between the two economic powers. Malaysia, for example, is hoping that some manufacturing currently based in China will move to Malaysia to avoid the tariffs placed on Chinese goods. Overall, however, the dispute between China and the USA is likely to have a negative effect on the region, owing to its effects on global growth. The China-US dispute is likely to shave a couple points off global growth and therefore negatively affect the Commonwealth Asian countries.

Political turbulence in the region has the potential to negatively affect development in the region. Sri Lanka is still tense after the suicide bomb attacks on Easter Sunday, which has exacerbated political tensions. Disputes between Buddhist and Muslim populations have increased since the attacks. The terrorism and the backlash have had a negative impact on the island's tourist industry, with many countries issuing travel warnings.

The countries of Commonwealth Asia are all likely to face significant environmental risks as a result of climate change. Typical climatic events such as cyclones and floods are likely to be more frequent and devastating, while rising sea levels will magnify the impact of these climatic changes. In 2019, both India and Bangladesh were affected by a rare summer cyclone, which killed 34 people in India and 15 in Bangladesh. The frequency of extreme floods is already on the rise in Bangladesh, India and Pakistan, and this trend will likely continue with further global warming (Mirza, 2011). Malaysia has a number of policies in place to tackle the issue of climate change, including a National Policy on Climate Change. A key plank of adaptation efforts has seen a focus on the availability of water, given that most projections for the region suggest this will be a key challenge. Other countries in the region will need to take a similar proactive stance as the effects of climate change affects the region's agricultural industry and food supply.

Notes

1 http://www.pbs.gov.pk/sites/default/files//Labour%20Force/publications/lfs2017_18/TABLE-15_perc_R.pdf

2 http://hdr.undp.org/en/data

3 A Gini coefficient of 0 indicates perfect equality.

4 https://oxfordbusinessgroup.com/analysis/embracing-renewables-confronting-reality-climate-change-has-become-priority-sultanate

5 http://www.fao.org/giews/countrybrief/country.jsp?code=IND

6 https://sdgindiaindex.socialcops.com/YuJbcq9d44/state-ut-ranking/basic#3/23.00/81.26

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04

Commonwealth Africa

4.1 Overview

Commonwealth Africa comprises 19 countries, all located in Sub-Saharan Africa and further divided into four economic communities – namely, the Southern African Development Community (SADC), the East African Community (EAC), the Economic Community of Central African States (ECCAS) and the Economic Community of West African States (ECOWAS).[1] Although Tanzania is a member of both the EAC and SADC, it is included only under the ambit of the EAC for the purposes of this report.

The World Bank classifies the majority of Commonwealth African countries (i.e. 14 countries) as low- or lower-middle-income countries,[2] with four countries (Botswana, Mauritius, Namibia and South Africa) classified as upper-middle-income. Seychelles is the only high-income country. In terms of human development, 16 countries are characterised as low or medium human development, with Botswana, Mauritius and Seychelles exhibiting high human development (see UNDP, 2018).

Many of the Commonwealth African countries under review continue to experience high levels of extreme poverty and income inequality, despite positive signs of macroeconomic performance. In addition, key economic development challenges persist, including in building on commendable and collaborative efforts to reduce incidence of HIV/AIDS and other diseases, combating corrupt practices and strengthening institutional governance. Vulnerability to climate change is widely recognised as a major threat, and programmes have been introduced to mitigate the effects in the most cost-effective ways. In view of these challenges, recommended policy priorities are to focus on fostering economic diversification and on innovation that strengthens economic growth and builds resilience. Addressing the persistence of extreme poverty persistence, income and gender disparities and concerns related to security and safety are additional goals.

4.2 Recent macroeconomic developments and outlook

This section reviews the recent macroeconomic performances of the Commonwealth member countries in Africa for the period 2017–2018 and presents the outlook for 2019. The improvement in the global economy over the past two years has provided the impetus for expansion in real output growth and the outlook for the economies of the Commonwealth African countries. Real gross domestic product (GDP) is estimated to have increased by on average 4.4 per cent in 2018, up from 4.0 per cent in 2017 and 3.8 per cent in 2016 (see Table 4.1). The moderate strengthening of economic growth in the majority of the countries is encouraging and indicates momentum in building resilience, despite still the continued existence of many economic development challenges.

While inflationary pressures moderated in the majority of countries in 2018, unemployment rates, particularly among youth, continue to be higher than desirable. Tackling youth unemployment is a critical development challenge. This is because, without relevant and robust structural reforms, the rise in youth unemployment is likely to be absorbed in the informal sector, where there is low productivity, wages and employment security.

The International Monetary Fund (IMF) predicts a modest slowdown in global economic growth in 2019 (IMF, 2019a), which in the short term is unlikely to reverse significantly the economic gains registered in the past two years. Economic growth in the Commonwealth African countries is forecast to increase marginally to an average of 4.6 per cent in 2019, buoyed primarily by continued strong growth in the EAC and ECOWAS regions, as a result of anticipated increases in private consumption, agricultural production, construction activity and commodity exports (see Table 4.1).

Broad-based increases in real GDP growth were recorded across the region, with the EAC recording an expansion of 6.8 per cent

Table 4.1 Real GDP growth by region and country (%)

Region/ country	2010–2015 (yearly average)	2016	2017	2018 (estimate)	2019 (projection)
Total	**5.3**	**3.8**	**4.0**	**4.4**	**4.6**
SADC	**4.8**	**3.8**	**2.4**	**2.4**	**2.8**
Botswana	5.5	4.3	2.9	4.6	3.9
Lesotho	4.2	3.1	–1.6	1.5	3.9
Malawi	4.6	2.3	4.0	3.2	4.0
Mauritius	3.8	3.8	3.8	3.8	3.9
Mozambique	7.0	3.8	3.7	3.3	3.9
Namibia	5.7	0.6	–0.9	-0.1	1.4
eSwatini	3.3	3.2	1.9	0.2	–0.4
Seychelles	5.1	4.5	5.3	3.6	3.4
South Africa	2.3	0.4	1.4	0.8	1.2
Zambia	6.0	3.8	3.4	3.5	3.1
EAC	**6.3**	**5.3**	**5.7**	**6.8**	**6.0**
Kenya	6.0	5.9	4.9	6.0	5.8
Uganda	5.3	2.3	5.0	6.2	6.3
Rwanda	7.5	6.0	6.2	8.6	7.8
Tanzania	6.5	6.9	6.8	6.6	4.0
ECCAS	**4.8**	**4.6**	**3.5**	**4.0**	**4.3**
Cameroon	4.8	4.6	3.5	4.0	4.3
ECOWAS	**5.5**	**2.1**	**4.3**	**4.5**	**5.4**
The Gambia	2.9	0.4	4.6	6.6	5.4
Ghana	7.9	3.4	8.1	5.6	8.8
Nigeria	5.8	–1.6	0.8	1.9	2.1
Sierra Leone	5.3	6.4	3.8	3.7	5.4

Note: Average figures by region computed by author
Source: IMF World Economic Outlook Database

in real GDP, as the fastest-growing region, and advancements in real GDP per capita. The Rwandan, Tanzanian, Ugandan and Kenyan economies expanded by 8.6 per cent, 6.6 per cent, 6.2 per cent and 6.0 per cent, respectively, driven principally by higher agricultural production and services activities. These together account for over two thirds of total economic production in these countries. In addition, The Gambian and Ghanaian economies (ECOWAS) also performed well, with growth of 6.6 per cent and 5.6 per cent, respectively. In contrast, the SADC region grew by an estimated 2.4 per cent on average, which was significantly below the average for the other regions. In particular, the economies of eSwatini, Lesotho, Namibia and South Africa recorded real GDP growth of less than the regional average in 2018. In particular, the economic slowdown in South Africa reflected the negative spill-over effects of lower trade and revenue-sharing from the customs union (SADC) from neighbouring countries.

Table 4.2 shows that the Commonwealth African countries recorded a moderate increase in real income per capita, which rose to US$5,075 from $4,984 in 2017 and $4,897 in

Table 4.2 Real per capita income by region and country (US$)

Region/ country	2010-2015 (yearly average)	2016	2017	2018 (estimate)	2019 (projection)
Total	**4,545**	**4,897**	**4,984**	**5,075**	**5,181**
SADC	**9,368**	**10,171**	**10,351**	**10,496**	**10,666**
Botswana	14,416	15,394	15,52	15,969	16,292
Lesotho	2,819	3,062	2,994	3,017	3,113
Malawi	1,027	1,052	1,063	1,066	1,078
Mauritius	17,392	19,590	20,319	21,066	21,860
Mozambique	1,015	1,130	1,141	1,148	1,163
Namibia	9,655	10,474	10,181	9,981	9,929
eSwatini	9,051	9,729	9,843	9,795	9,685
Seychelles	22,455	25,311	26,464	27,116	27,781
South Africa	12,372	12,343	12,318	12,156	12,109
Zambia	3,477	3,625	3,634	3,648	3,648
EAC	**2,222**	**2,472**	**2,542**	**2,647**	**2,731**
Kenya	2,842	3,120	3,183	3,281	3,379
Uganda	2,039	2,115	2,155	2,220	2,290
Rwanda	1,570	1,833	1,900	2,027	2,135
Tanzania	2,434	2,820	2,929	3,061	3,121
ECCAS	**3,033**	**3,318**	**3,352**	**3,403**	**3,463**
Cameroon	3,033	3,318	3,352	3,403	3,463
ECOWAS	**3,559**	**3,627**	**3,691**	**3,754**	**3,865**
The Gambia	2,438	2,369	2,402	2,482	2,535
Ghana	4,832	5,238	5,544	5,735	6,112
Nigeria	5,510	5,504	5,400	5,358	5,326
Sierra Leone	1,456	1,397	1,419	1,440	1,486

Note: Average figures by region computed by author
Source: IMF World Economic Outlook Database

2016. The countries of SADC have the highest incomes on a per capita basis, of $10,496, significantly higher than the other regions of Commonwealth Africa. This compares with a GDP per capita of $2,647 in the EAC, $3,403 in ECCAS and $3,754 in ECOWAS. The richest countries in 2018 and certainly in 2019 are Seychelles, Mauritius and Botswana; the poorest are Sierra Leone, Mozambique and Malawi.

During 2018, the moderate expansion of real GDP in the majority of Commonwealth Africa was reflected in continued levels of investment. Total investment in the region (as a percentage of GDP) for 2018 was an estimated 25 per cent, which compares favourably with investment in SADC at 24.4 per cent, 25.7 per cent for the EAC and 30.1 per cent for ECCAS. Export performances worsened slightly, with the external current account deficit widening to an average of 5.8 per cent of GDP in 2018, compared with 4.4 per cent in 2017. The deterioration in external balances stemmed mainly from the weakening of export performance in SADC and ECOWAS. Most noticeably, Mozambique's external current account deficit rose to 23 per cent of GDP, three times the size of the average deficit for the SADC region.

After exhibiting a general downward trend since 2010, commodity prices have rebounded in the past three years, strengthening the performance of the commodity-based producers of mainly oil and metals. However, there is an expectation that the rebound in global commodity prices will be short-lived, depending on the resilience in global economic conditions in 2019. In 2018, the average inflation rate fell from 6.7 per cent to 5.1 per cent. Many of the countries recorded single-digit inflation rates, with the exception of Sierra Leone (16.9 per cent) and Nigeria (12.1), compared with low inflation rates in Rwanda (1.4 per cent) and Cameroon (0.9 per cent), the latter country benefiting from being a member of the CFA zone, which is linked to the euro.

In 2018, the average unemployment rate for Commonwealth Africa stood at about 7.1 per cent, which has not statistically changed since 2010. The unemployment rate in SADC stabilised at around 15.2 per cent – much higher than in ECOWAS (6.4 per cent), the EAC (3.5 per cent) and ECCAS (3.4 per cent). In South Africa, the unemployment rate stood at 27 per cent in 2018, with youth unemployment reaching 50 per cent, representing a pervasive and challenging socio-economic issue. Unemployment rates above 20 per cent were also recorded in Lesotho, Namibia and eSwatini; Botswana had 17.9 per cent. Meanwhile, unemployment rates of below 5 per cent in some member countries did not necessarily translate into improved standards of living, income distribution and well-being. Indeed, in the case of Africa in general, and Commonwealth Africa in particular, low unemployment is likely to mask high youth unemployment, a large number of self-employed individuals and widespread underemployment (see Table 4.3). The situation may be exacerbated in contexts of high population growth, as is usually the case in many African countries.

Kenya, Mozambique, Nigeria, Tanzania and Uganda are some of the largest recipients of official development assistance (ODA). However, in response to the changing global finance landscape, many African countries have been shifting to non-concessional debt to finance their infrastructural needs, contributing to rising public debt levels. As a result, the average level of general government debt for Commonwealth Africa stood at 49.3 per cent of GDP in 2018, up from an average of 47.2 per cent in 2017, 45.5 per cent in 2016 and an average of 54.2 per cent over the period 2010–2015. While the debt levels of the majority of Commonwealth African countries are below the traditional 60 per cent of GDP threshold, the region's low- and lower-middle-income countries are likely to have more limited capacity to raise public revenue to service increasing debt. Furthermore, borrowing on commercial terms is costlier and more susceptible to changes in global financing conditions. For instance, Mozambique, whose debt to GDP ratio has risen significantly over the past three years, has been in default and donor funds have been suspended.

4.3 Sustainable development

This report extends beyond the macroeconomic performance and outlook of the Commonwealth African countries to review progress on key Sustainable Development Goals (SDGs). In this regard, the state of economic development in each country is assessed by examining a range of development indicators from the perspective of outcomes on health, education, youth development, poverty, income inequality, governance, corruption and the environment. The main development challenges across the member countries are fairly similar but vary in degree. They include primarily high unemployment, particularly among youth, undesirable levels of extreme poverty, income inequality, improving but still too high prevalence of HIV/AIDS, malaria and tuberculosis and vulnerability to negative effects of extreme weather and climate change.

Table 4.3 Selected sustainable economic development indicators for Commonwealth African regions and countries

Region/ country	HDI[1]	HDI[2]		Gender Development Index[3]	HDI adjusted by inequality[4]	Income inequality (Gini coefficient)[5]	Youth unemployment (% ages 15–24)[6]	Health outcomes[7]		Governance Index[8]	Corruption Perceptions Index[9]	Population growth 2015–2020[10] (%)
		Female	Male					Malaria[7]	HIV[8]			
SADC	**0.63**	**0.59**	**0.62**	**0.96**	**0.42**	**52.9**	**35.7**			**62.7**	**44.3**	**1.8**
Botswana	0.717	0.707	0.725	0.976	n.a.	60.5	35.7	2.4	21.9	68.5	61	1.8
Lesotho	0.520	0.519	0.516	1.004	0.359	54.2	38.5	n.a.	25.0	57.1	41	1.3
Malawi	0.477	0.460	0.492	0.936	0.332	45.5	8.0	249.1	9.2	55.8	32	2.9
Mauritius	0.790	0.773	0.799	0.922	n.a.	35.8	23.3	n.a.	n.a.	79.5	51	0.2
Mozambique	0.437	0.414	0.458	0.904	0.294	54.0	42.7	307.8	12.3	51.0	23	2.9
Namibia	0.647	0.651	0.642	1.014	0.422	61.0	45.5	29.3	13.8	68.6	53	2.1
eSwatini	0.588	0.568	0.603	0.943	0.414	51.5	54.8	1.9	27.2	48.7	38	1.7
Seychelles	0.797	n.a.	n.a.	n.a.	0.683	46.8	n.a.	n.a.	n.a.	73.2	66	0.5
South Africa	0.699	0.692	0.704	0.984	0.467	63.0	57.4	1.1	18.9	68.0	43	1.2
Zambia	0.588	0.569	0.605	0.941	0.388	57.1	15.4	189.8	12.4	56.2	35	3.0
EAC	**0.54**	**0.52**	**0.56**	**0.92**	**0.39**	**44.4**	**8.8**	**202.4**	**4.9**	**59.4**	**36.3**	**2.8**
Kenya	0.590	0.568	0.610	0.931	0.434	48.5	26.2	85.3	5.4	59.8	27	2.5
Uganda	0.516	0.475	0.550	0.865	0.370	41.0	2.9	187.2	6.5	55.0	26	3.2
Rwanda	0.524	0.508	0.540	0.941	0.367	50.4	2.1	392.7	3.1	64.3	56	2.4
Tanzania	0.538	0.517	0.557	0.928	0.404	37.8	3.9	144.2	4.7	58.5	36	3.1
ECCAS	**0.56**	**0.513**	**0.593**	**0.87**	**0.376**	**46.6**	**8.9**	**271.3**	**3.8**	**46.2**	**25**	**2.6**
Cameroon	0.556	0.513	0.593	0.866	0.366	46.6	8.9	271.3	3.8	46.2	25	2.6
ECOWAS	**0.50**	**0.47**	**0.53**	**0.89**	**0.33**	**38.8**	**10.1**	**267.1**	**1.97**	**55.5**	**33.8**	**2.5**
The Gambia	0.460	0.434	0.487	0.890	0.289	35.9	12.9	129.6	1.7	54.9	37	3.0
Ghana	0.592	0.563	0.619	0.910	0.420	42.4	4.9	285.6	1.6	68.1	41	2.2
Nigeria	0.532	0.494	0.569	0.868	0.347	43.0	13.4	349.6	2.9	47.9	27	2.6
Sierra Leone	0.419	0.389	0.446	0.872	0.266	34.0	9.0	303.5	1.7	50.9	30	2.1

Sources: [1,2,3,4,5,6,7 & 10] UNDP Human Development Indices and Indicators 2018 Statistical Update; [8] Ibrahim Index of African Governance score estimated by aggregating the four categories: Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity, Human Development; the Ibrahim Index of African Governance Index measures and monitors governance performance in African countries. The key components of the Index are Safety & Rule of Law, Participation & Human Rights, Sustainable Economic Opportunity and Human Development; [96] the 2018 Transparency International Corruption Perceptions Index estimates relative public corruption sector corruption in 180 countries and territories. Each score ranges from 0 (highly corrupt) to 100 (very clean).

In the case of poverty and inequality, these challenges are multifaceted and complex, and exacerbated by weak institutional capacity, corruption and concerns for peace and security. In particular, persistent inequality undermines support to inclusive and sustainable economic growth and development, with adverse consequences for social cohesion and the quality of policies.

The World Bank defines extreme poverty as living on less than US$1.90 per day (2011 PPP), and income inequality is estimated using the Gini Index coefficient. The following countries have a sizable share of the population living in extreme poverty: Malawi (70.3 per cent, 2016), Mozambique (62.4 per cent, 2014; 61.8 per cent, 2018), Zambia (57.5 per cent, 2015; 57.2 per cent, 2018), Nigeria (55.5 per cent, 2016) and Rwanda (55.5 per cent, 2016). Countries with lower estimates (i.e. below 50 per cent) are Tanzania (49.1 per cent, 2011; 35 per cent, 2018), Uganda (41.7 per cent, 2016; 34.2 per cent, 2028), Kenya (36.8 per cent, 2015; 30 per cent, 2018), Ghana (13.3 per cent, 2016), South Africa (18.9 per cent, 2014; 24.6 per cent, 2018) and eSwatini (10.1 per cent, 2015). Little progress has been made on lowering income inequality, meanwhile. The Gini coefficient[3] indicates that a number of Commonwealth African countries are among the most unequal countries in the world, particularly South Africa (63), Namibia (61.0), Botswana (60.5), Zambia (57.1), Lesotho (54.2), Mozambique (54) and eSwatini (51.5).

4.4 Southern African Development Community

Botswana

Country data	
Population (millions) (2017)	2.3
Area '000 km^2	581,730
GDP (US$, billion, 2018)	18.61
GDP, PPP current international US$ (2018)	17,965
Currency	Botswana pula (BWP)

An expansive, landlocked plateau in the centre of Southern Africa, Botswana includes the Kalahari Desert (which accounts for around 70 per cent of the territory), the Okavango Delta and the Makgadikgadi Salt Pan. The broad grasslands and savannahs, along with river valleys and forested wetlands, support a rich biodiversity. Independent since 1966, it is one of Africa's most sparsely populated countries, with a population of around 2.3 million, mostly located in the southeast, close to the borders with South Africa (the economic giant of the region, which exerts a powerful influence on Botswana) and Zimbabwe.

Economic performance

Botswana's economy has been driven by the extraction and export of minerals, particularly diamonds, since independence. The country has become the world's largest diamond exporters by value. Through a stable social structure, sound management and fiscal discipline, Botswana has transformed itself from one of the world's poorest countries to a middle-income nation with a per capita GDP (at PPP) of around US$18,000 in 2018. The economy performed well in 2018, expanding by an estimated 4.6 per cent, compared with 2.9 per cent in 2017 (see Table 4.1), primarily because of higher output in the industrial and services sectors.

The government has sought to diversify the economy by developing other minerals, including coal, copper and salt, as well as engaging in manufacturing, notably of textiles and vehicle assembly. It has also supported a thriving tourism sector linked to the country's extensive wildlife reserves.

During the global financial crisis, for example, world demand for diamonds slumped, and the economy moved sharply into recession, shrinking by 7.8 per cent in 2009, but it recovered very strongly in 2010 with rises in world commodity prices, recording growth of 8.6 per cent in 2010 and 6.2 per cent in 2011, and continuing at more than 4 per cent per year in 2012–2015. The outlook for the mining sector in 2019 is expected to be positive, reflecting anticipated demand for Botswana's rough diamonds (AfDB, 2019a).

Fiscal developments

Customs revenue from this and revenue from diamond exports account for a third of total fiscal revenue. A decline in customs revenue and higher government expenditure are the main contributors to deterioration in the fiscal deficit to 3.1 per cent of GDP, compared with 1.0 per cent in 2017. The general government debt level declined in 2018 to 12.9 per cent of GDP, after reaching 14.1 per cent in 2017 and 15.6 per cent in 2016. Overall, the public debt level is not a major cause for concern, as it is at a sustainable level below the country's statutory ceiling of 40 per cent of GDP. Furthermore, macroeconomic prudence realised through the achievement of balance of payment surpluses allows Botswana to meet its international payment obligations, including international debt service.

The commendable improvement in economic performance during 2018 sits against a backdrop of relatively low public corruption and good governance. Indeed, Botswana has a score of 61 on the Corruption Perceptions Index, making it the second least corrupt country in Africa after Seychelles (with a score of 66). Moreover, the Ibrahim Index of African Governance score of 72.7 in 2017 ranks Botswana third of African countries.

Prices, wages and employment

Headline inflation remained low at 3.4 per cent in 2018, compared with 3.3 per cent in 2017, and is projected to increase marginally to 3.6 per cent in 2019. However, despite commendable economic growth over the past two decades, overall unemployment remains high at 17.9 per cent; youth unemployment stood at an estimated 37.1 per cent in 2018. This is largely because the mining sector, which contributes significantly to overall economic activity, does not create many quality job opportunities.

Botswana has embraced the fintech revolution, which is empowering the previously unbanked population with lower-cost e-money services. In terms of human development, it ranked 101st out of 189 countries in 2017 with a score of 0.717, which places the country in the category of high human development. In addition, some progress has been made in terms of income per capita (US$15,534; 2011 PPP), life expectancy (67.6 years) and education (9.3 years) (Table 4.3).

Trade developments

Botswana's trade balance is highly dependent on global prices and demand for diamonds – which account for around 93 per cent of total exports. In recent years Botswana has frequently run trade surpluses; the external current account surplus registered in 2018 contributed to the country's 18.3 months' foreign reserves import cover for goods and services – significantly above the international threshold of 3 months.

Botswana has made significant efforts to open up to international trade and strengthen its integration in the region. It is a member of several regional and trade organisations including the World Trade Organization (WTO), SACU (the Southern African Customs Union) and SADC, and has signed trade agreements with the EU and the USA. Other key exports include copper, coal, nickel, machinery and electrical equipment, meat, salt, transport equipment and textiles. Botswana primarily imports fuel, vehicles, medicines, foodstuffs, machinery, electrical products, chemical products and wood and paper. The country is heavily dependent on electricity imports, as it produces only 60 per cent of its needs, domestically.

Key development challenges

Estimates of extreme poverty and income inequality in Botswana are relatively low compared with its peers, but certainly not desirable. Extreme poverty is estimated to comprise 16.1 per cent of the population and income inequality is at 60.5 (see Table 4.3). With 21.9 per cent of the population affected, Botswana has the third highest prevalence of HIV in the world, surpassed only by Lesotho and eSwatini. In addition, incidence of tuberculosis, estimated at 326 per 100,000 people, is high, and a critical health problem. The impact of climate change manifests itself primarily as temperature rises, droughts, heavy and variable rainfall, crop diseases and water shortages. During 1999–2003, only the year 2000 was free of drought. Botswana has introduced a plan that encompasses adaptation and mitigation in the context of the country's development.

Lesotho

Country data	
Population (millions) (2018)	2.1
Area '000 km^2	30,355
GDP (US$, billion, 2018)	2.79
GDP per capita, PPP current international US$ (2018)	3,494
Currency	Loti (LSL)

Encompassing Southern Africa's highest mountains and plains, Lesotho is the only nation where all of the territory lies above 1,000m. Entirely surrounded by South Africa, it is the source of several of the regions' largest rivers and supports a wide range of alpine flora and endemic species. Formerly known as Basotholand, it became an independent country in the British Commonwealth in 1966. Around three-quarters of the population live in rural areas. The capital, Maseru, has expanded rapidly in recent years, reaching a population of 330,000 in 2016, according to the national census of that year.

Economic performance

Lesotho's economy is dominated by agriculture, which employs around two-thirds of the workforce. This includes subsistence farming, livestock husbandry and cash crops - principally maize, followed by potatoes, wheat and sorghum. The garment sector has developed robustly and water and diamond resources are important foreign exchange earners. Nevertheless, Lesotho's economy remains heavily reliant on remittances – mainly from workers in South Africa – and receipts from SACU.

In 2017 Lesotho ranked 159th out of 189 countries on the UN's Human Development Index (HDI), scoring 0.520, which places the country in the category of low human development. In terms of the key HDI components, per capita income of a modest US$3,494 (IMF estimate for 2018, at PPP), life expectancy of 54.6 years and educational achievements (mean years of schooling: 6.3) reinforce this low score. However, the 2017 HDI score for females (0.519) is marginally greater than that for males (0.516) (see Table 4.3), representing a positive gender development

Real GDP growth rebounded by an estimated 1.5 per cent in 2018, after negative growth of 1.6 per cent in 2017 (see Table 4.1). Key factors with an impact on economic performance are political instability, sluggish growth in South Africa, falling revenue from SACU and fiscal challenges. Real GDP is forecast to pick up in 2019 to 3.9 per cent on the strength of the construction associated with the second phase of the Lesotho Highlands Water Project (LHWP), diamond mining and clothing and textile manufacturing, the latter being one of the main contributors to economic output and employment.

Fiscal developments

The fiscal deficit for 2018 increased to 4.9 per cent of GDP from 3.1 per cent in 2017, as a result of declining revenue from SACU, which normally contributes on average 50 per cent to total revenue but registered a decline from 24 per cent of GDP in 2014/15 to an estimated 17.2 per cent in 2017/18 and a huge public sector wage bill (about 24 per cent of GDP). SACU revenue is projected to decline further to 15.8 per cent of GDP in 2019/20. General government debt levels increased to 39.0 per cent of GDP in 2018 from 36.8

per cent in 2017, an indication the country is approaching the debt risk distress threshold of 40 per cent of GDP.

Prices, wages and employment

Headline inflation was estimated at 5.0 per cent in 2018, compared with 4.5 per cent in 2017. In 2018, the salaries of general workers (i.e. the minimum monthly wage for factory workers) rose by 62 per cent, to US$138 from US$85.0. Worker wages in other sectors jumped to US$112, from US$102 per month. However, the average annual salary is relatively low, at US$8,704.92, compared with the other Commonwealth African countries. Unemployment remains high, at 23.6 per cent in 2018, and is expected to continue at this level in the near term. Youth unemployment is particularly alarming, at an estimated 40 per cent.

Trade developments

Lesotho relies on imports of fuel, food and capital equipment, mostly from South Africa (source of 84.1 per cent of total imports) and it runs persistent trade deficits. Garments are the leading export (accounting for around 40 per cent, followed by diamonds and water – the country exports an estimated 780 million m^3 to South Africa through the LHWP. Lesotho's key export partners are South Africa (56.4 per cent) and the USA (35.4 per cent).

Key development challenges

Extreme poverty in Lesotho was estimated to be 59.7 per cent of the population in 2015, but a more recent measure of income inequality (Gini coefficient) of 54.2 suggests inequality is also a challenge. In addition, indicators of corruption and governance, estimated using the Corruption Perceptions Index (41) and the Ibrahim Index of African Governance (57.1), suggest improvement is needed on both fronts.

With 25 per cent of the population affected, Lesotho has the second highest HIV prevalence in the world, surpassed only by eSwatini. This level is concerning as it negatively affects productivity, employment and economic growth. The incidence of tuberculosis stands at 724 cases per 100,000, according to the 2017 Global Tuberculosis Report – the second-highest level globally.

Climatic fluctuations are of concern in Lesotho, particularly because of the negative impacts on farming, agriculture including livestock, water resources and the poor. The government faced criticism during drought conditions in 2016, when locals experienced shortages of drinking water while exports to South Africa continued. The second phase of the LHWP, including the Polihali Dam, is expected to be completed in 2025 and should lead to improved drinking water provision in local towns and villages. The Lesotho National Adaptation Programme of Action is a response to climate change.

Malawi

Country data	
Population (millions) (2018)	18.1
Area '000 km^2	118,484
GDP (US$, billion, 2018)	21.1
GDP per capita, PPP current international US$ (2018)	1,159
Currency	Kwacha (MWK)

A landlocked southern African nation, Malawi is shaped by the Great Rift Valley and dominated by the ancient Lake Malawi, which forms part of its borders with Mozambique and Tanzania. The lake has one the richest faunas in the world, and the surrounding forests, grasslands and mountains are home to a wide range of tropical and subtropical species. Formerly known as Nyasaland, Malawi became independent in 1964. It remains one of the world's least developed countries, with around 85 per cent of the population reliant on subsistence agriculture or cash crops such as tobacco, sugar beet and tea.

Per capita income at PPP was estimated at just US$1,159 in 2018 (IMF). On its 2018 HDI, the UN ranked Malawi 172nd of 189 countries (score of 0.485), placing the country in the category of low human development. Average life expectancy is 63.8 years and expected years of schooling is 11.0. The score for female development (0.466) is lower than that for males (0.501) (see Table 4.3), indicating the existence of some inequality between sexes that is worth examining further.

Economic performance

Malawi's economy expanded by 3.2 per cent in 2018, compared with 4.0 per cent in 2017 (see Table 4.1). Annual growth is expected to rebound to 4.5 per cent in 2019 and to strengthen to around 6.0 per cent in the medium term, fuelled by recent improvements to the electricity and transport infrastructure in the wake of Cyclone Idai, irrigation technology and cropping techniques, along with better access to finance. The main contributors to economic growth are services, agriculture and industry, which together account for over three quarters of real GDP.

International donors in the form of the IMF, World Bank and individual nations are also key – contributing around 40 per cent to Malawi's recurrent budget. They withdrew support amid a scandal of mismanagement of public funds in 2013 but returned after a change of government led by President Mutharika in mid-2014. Malawi has seen a steady improvement of its scores on the Ibrahim Index of African Governance, with an overall ranking of 19th out of 54 countries in 2018 – well above the continent's average. Transparency International's Corruption Perceptions Index recorded a score of 32 in the 2018 edition, seeing the country rise to 120th out of 180 countries.

Prices, wages and employment

Headline inflation fell to 8.7 per cent in 2018, down from 11.5 per cent in 2017. It had spiralled to 25 per cent in 2014 amid a corruption scandal that caused donors to withdraw funds and the kwacha to depreciate sharply. The incoming Mutharika administration's tightening of monetary and fiscal policies had the desired effect, stabilising the currency and bringing down the cost of imported fuel and goods. The inflation forecast for 2020 is expected to be around the 2019 rate, assuming the government's tight monetary policy stance is maintained, controls on expenditure are in place and food prices stabilise. The unemployment was estimated by the World Bank to have dropped to 5.4 per cent in 2018, around the same rate as in 2017, with youth unemployment running at around 8.0 per cent.

Fiscal developments

Malawi frequently runs high current account and fiscal deficits, but improved management under the IMF's Extended Credit Facility (ECF) has resulted in a narrowing of both – the external current account deficit constricting to 9.2 per cent of GDP in 2018, from 11 per cent the year earlier, as exports picked up. The fiscal deficit narrowed to 5.1 per cent of GDP in 2018, from 7.3 per cent in 2017. The IMF reported good progress, but noted that the target on the primary balance had been missed, largely because of shortfalls in tax revenues, unexpected goods and services spending to hold elections and to support post-cyclone disaster relief, and increased domestic development spending.

Structural reforms are advancing and the banking system remains stable and increasingly resilient, with reduced non-performing loans. Credit to the private sector has picked up, but increasing access to finance will require addressing structural barriers, such as strengthening the legal framework for property rights and mobile banking. The debt to GDP ratio, which stood at 61 per cent of GDP in 2018, remains high: above the threshold and warranting close monitoring. Debt solvability and debt sustainability are two important challenges for Malawi.

Trade developments

Malawi has run a negative trade balance since 2001 – it widened to 2.5 per cent of GDP between 2017 and 2018 amid a surge in imports, in spite of government programmes such as the National Export Strategy and the Buy Malawi Strategy. Raw tobacco continues to be Malawi's leading export – accounting for around 58 per cent of annual shipments in 2018. Other important cash crops include tea, raw sugar, dried legumes and nuts. The government's efforts to diversify agriculture are severely constrained by budgetary and infrastructural issues, but livestock farming, aquaculture, soybean cultivation and honey production will be gradually developed. Belgium-Luxembourg is the largest export market, followed by Germany, Russia and the USA.

Petroleum products continue to be the largest import, followed by machinery, electronics, packaged medicines and motor vehicles. South Africa is the origin of the lion's share of Malawi's imports, followed by China, India and Zambia.

Key development challenges

Although some economic gains have been made, Malawi is still one of the poorest countries in the world. In 2018, at least 70 per cent of the population were characterised as facing extreme poverty. Progress on income inequality has not fared any better, as indicated by an estimated Gini coefficient of 45.5. High population growth (2.9 per cent) makes it difficult to reach most development targets. Although some progress has been made, HIV prevalence is still undesirably high, at 9.2 per cent, or approximately 1 million people, with females more affected than males.

Malawi is highly vulnerable to the effects of climate change, notably flooding and drought, which are exacerbated by rapid deforestation and soil erosion. Parts of the country endured severe flooding in 2015 and 2018; other areas experienced prolonged droughts in 2016-2017. Cyclone Idai affected over 800,000 people across southern Malawi in March 2019, with 63,000 acres of crops destroyed 23,000 animals killed and homes flattened and flooded by powerful winds and torrential rain. Initiatives such as the National Climate Change Programme, in partnership with the United Nations Development Programme, are helping the government climate-proof the policies, strategies and plans of the economic sectors most directly affected by climate change.

Mauritius

Country data	
Population (millions) (2018)	1.33
Area '000 km^2	2.4
GDP (US$, billion, 2018)	14.8
GDP per capita, PPP current international US$ (2018)	23,699
Currency	Mauritian rupee (MUR)

An island nation in the western Indian Ocean, Mauritius includes the main island, Rodrigues, 600 km further east, the two outer islands of Agaléga, 1,000 km to the north, and the archipelago of Cargados Carajos Shoals (Saint Brandon), 430 km to the northeast. Formed from volcanoes rising from the ocean floor, the subtropical archipelago is home to variety of endemic flora and fauna. Its total land area is 2,040 km^2. An exclusive economic zone – one of the world's largest - encompasses 2.3 million km^2.

Since becoming independent in 1968, Mauritius has developed from a low-income, agriculturally based economy to a middle-income, diversified economy with growing industrial, financial and tourism sectors. With an average GDP per capita of US$23,699 (at PPP, IMF 2018) Mauritius is one of Africa's wealthiest countries and a stable democracy, with regular, free elections. It is the highest-placed country on the 2018 Ibrahim Index of African Governance, with a score of 79.5 out of 100.

In 2017, Mauritius ranked 65th of 189 countries on the UN's HDI, the second-highest placed African country, with commendable life expectancy (74.9 years – the highest in Africa) and educational achievements (mean years of schooling: 9.3 years).[4] The female HDI score (0.733) is lower than that of males (0.799), suggesting room for improvement on gender development (see Table 4.3).

Economic performance

Mauritius has developed an open, dynamic economy with a strong emphasis on a liberal trade regime. Strong public and private sector institutions have devised and implemented broadly sound macroeconomic policies and a competitive exchange rate – leading to robust and sustained expansion from the 1970s. Real GDP expanded by an estimated 3.8 per cent in 2018 (see Table 4.1), driven by the services sectors, mainly financial services and tourism, construction and information communication technology. Remittances account for about 2 per cent of GDP. Barring no worsening of macroeconomic fundamentals, real GDP is projected to expand by 4.0 per cent in 2019. Renewable energy, medical tourism and higher education have considerable potential in the medium term.

Prices, wages and employment

Inflationary pressures rose during 2018, mainly because heavy rainfall led to declines in food production, which resulted in higher food prices. Headline inflation rose to an estimated 5.1 per cent, up from 3.7 per cent in 2017. Rising global energy and food prices are likely in the short to medium term. The minimum monthly wage in 2018 was estimated at US$251.73, and the average annual salary is US$9,324.24. Unemployment reached 6.9 per cent in 2018, virtually the same as the previous year, with youth unemployment considerably higher, at 23.5 per cent.

Fiscal developments

The fiscal deficit widened slightly to 3.5 per cent in 2018, up from 3.4 per cent of GDP in 2017, but is projected to decline to 3.4 per cent in 2019 as a result of fiscal consolidation efforts and the disbursement of a grant from India. With public debt levels of around 65.0 per cent of GDP in 2018, fiscal consolidation measures are likely to be required to significantly reduce the rising ratio in the near term.

Trade developments

The current account deficit widened from 6.6 per cent of GDP in 2017 to an estimated 8.8 per cent in 2018 amid rising commodity prices and substantial imports for a public infrastructure programme. International gross reserves stood at 11 months of imports. The main exports are processed fish and garments, followed by sugar (sugar cane accounts for around 90 per cent of the cultivated land) and cut flowers. The export of services continues to rise, driven by tourism and financial services – notably banks and insurance firms intending to develop markets on the African continent. Mauritian experts in the sugar trade are, for example, working in the sector across Madagascar, Mozambique, Tanzania and Uganda.

France is the largest export market, followed by the USA, the UK and South Africa. Petroleum products are the largest import by value, followed by frozen fish, vehicles and medicines. India is the leading supplier, then China, South Africa and France.

Key development challenges

Extreme poverty is not a major issue in Mauritius, with less than 1 per cent of the population living below the poverty line. The Gini coefficient of 23.3, which is much lower than that of its peers, indicates nevertheless the existence of pockets of income inequality, particularly income- and gender-based income inequality.

As a small island economy, Mauritius is extremely vulnerable to climate change and climate variability, as it is located in the path of tropical cyclones and is already experiencing the effects of ocean warming and rising sea levels. In response, the government has introduced a programme of adaptation that fits well with its SDGs.

Mozambique

Country data	
Population (millions) (2018)	29.5
Area '000 km^2	799.3
GDP (US$, billion, 2018)	15.4
GDP per capita, PPP current international US$ (2018)	1,291
Currency	Mozambique metical (MZN)

Mozambique is a large country on the eastern fringe of Southern Africa. The mountains that form its western border give way to a plateau and a broad coastal plain, dominated in the south by the delta of the River Zambezi. The combination of highlands, savannah and lowland forest support a wide variety of flora and fauna, with a notable biodiversity hotspot along the border with South Africa. Formerly a Portuguese colony, Mozambique became independent in June 1975. The new constitution adopted in 1990 introduced a multiparty democratic system and a free market economy, which paved the way for a peace process. Mozambique became the Commonwealth's 53rd member (and the first not to have once been associated with the British Empire) in November 1995.

Economic performance

Since the mid-1990s, Mozambique's economy has recovered from almost two decades of war and neglect, but it remains one of the least developed countries in the world. Average GDP per capita at PPP was estimated at just US$1,291 in 2018 – only Malawi's is lower in the Commonwealth. Mozambique has one of lowest HDI scores (0.437) and rankings (180th) in the world, placing it in the category of low human development. Furthermore, the female HDI score of 0.414 compared with a male score of 0.458 suggests gender disparity. Agriculture accounts for around 30 per cent of GDP, industry around 25 per cent and services 44 per cent.

Rich in natural resources, Mozambique is a significant producer of aluminium, beryllium and tantalum. Coke and coal are the largest exports, together amounting to 45 per cent of the country's shipments. Recent discoveries of large offshore natural gas reserves suggest Mozambique could become a major exporter of liquefied natural gas (LNG) in the next decade.

The economy expanded by an estimated 3.3 per cent in 2018, compared with 3.7 per cent in 2017 (see Table 4.1). The main sources of growth were services, industry and agriculture, which together contributed over two-thirds to the increase in real GDP. The decline in growth resulted from decreased public investment and a 23 per cent decrease in foreign direct investment (AfDB, 2019b).

Prices, wages and employment

Inflation, which reached 19.9 per cent in 2016, declined to 15.1 per cent in 2017 and 4.6 per cent in 2018, owing to tight control of spending and monetary easing by the central bank. In an environment of high levels of unemployment across the African continent, Mozambique has recorded low unemployment rates of 3.2 per cent in the past two years.

Fiscal developments

The fiscal deficit has risen to 4.9 per cent of GDP from 3.1 per cent recorded in 2017. The debt to GDP ratio remained relatively high, at 61.3 per cent, in 2018, after reaching 62 per cent in 2017, pushing Mozambique into debt default and a crisis that is likely to persist in the near term. The proximate cause of the spiralling debt comes from 2016, when US$2 billion in loans with state guarantees were uncovered.

There is much room for improvement in the detection and prevention of corrupt practices and strengthening the governance framework. Indeed, Mozambique ranks 158th out of 180 countries, with a score of 23, on the Corruptions Perception Index. In addition, quality of governance, as measured by the

Ibrahim Index of African Governance, scores 51.0, compared with a score of 53.0 in 2015. Recent fraudulent loans to Mozambique state firms illustrate ongoing issues of corruption and weak governance.

Trade developments

The external current account deficit widened sharply in 2018 to 20.4 per cent of GDP, from 16.2 per cent in 2017, mainly because of cyclone-induced damage to crops and infrastructure combined with falling prices for coke and coal exports. Rising imports of food, fuel and capital goods for reconstruction are expected to keep the import bill elevated and cause a further widening of the current account deficit in the short term.

India is the largest export market, followed by South Africa, China, Italy and Spain. Refined petroleum products are the largest import by value, followed by raw aluminium and vehicles. South Africa is the leading supplier, then China, India and Australia.

Key development challenges

Mozambique is highly vulnerable to climate change and climate variability. In 2000, Cyclone Leon-Eline resulted in damage estimated at US$309 million. In March 2019, Cyclone Idai killed more than 1,000 people and adversely affected more than 1.8 million across Mozambique. Flooding and a storm surge destroyed around 90 per cent of the city of Beira – a humanitarian disaster that provoked a major international response.

More than 60 per cent of Mozambique's population lives in low-lying coastal areas, where intense storms from the Indian Ocean and sea-level rise put infrastructure, coastal agriculture, key ecosystems and fisheries at risk. Increased frequency and severity of intense storms, droughts and floods are likely to exacerbate the country's development challenges in the coming years.

Mozambique has a high prevalence of HIV/AIDS, malaria (308 per 1,000 people at risk) and tuberculosis (551 per 100,000). An estimated 62.4 per cent of the population lives below the poverty line (i.e. US$1.90 per day). A Gini coefficient of 54.0 (see Table 4.3) suggests the existence of income inequality. Population growth at 2.9 per cent is not helping improve performance on most development indicators.

Namibia

Country data	
Population (millions) (2017)	2.5
Area '000 km^2	825,615
GDP (US$, billion, 2018)	14.5
GDP per capita, PPP current international US$ (2018)	11,229
Currency	Namibia dollar (NAD)

Namibia spans much of the western edge of Southern Africa, with a central plateau comprised of rocky outcrops, sand-filled valleys and undulating savannah accounting for about half of the land area. The Namib Desert stretches west to the South Atlantic Ocean and the Kalahari Desert dominates the east of the country and much of neighbouring Botswana. The saline lakes of the Etosha Pan in the north support a rich biodiversity and include one of the world's largest national parks. Formerly a German protectorate known as South West Africa, Namibia became an independent nation and member of the Commonwealth in March 1990.

Economic performance

Resource-rich, with a small population and an economy closely linked to South Africa, Namibia is classified as an upper-middle income country. In 2018, the IMF estimated per capita GDP at US$11,229 – one of the highest levels in sub-Saharan Africa. Mineral exports and fish processing are the dominant sectors, with significant extraction of diamonds, uranium, copper, zinc, gold, silver, phosphate and oil. Onshore reserves of diamonds are becoming depleted, but offshore output has risen quickly, helped by new mining technology. Large offshore phosphate deposits have been discovered near Walvis Bay.

The economy experienced high levels of investment and growth averaging around 5 per cent in the early to mid-2000s, fuelled by a mining boom, vibrant SACU revenue and high public spending. However, the global economic crisis in 2008–2009 dampened demand for mineral exports, notably diamonds. While the economy rebounded in the early 2010s, it remains dependent on a few sectors and concentrated on the capital city, Windhoek. Other regions are isolated and undeveloped, with high rates of inequality, unemployment and poverty that are partly the legacy of the apartheid system.

In 2018, Namibia's real GDP contracted by 0.4 per cent, following a contraction of 0.9 per cent in 2017 (see Table 4.1), largely because of a sharp reduction in public spending, weak growth in regional trading partners and lacklustre household expenditure.

Prices, wages and employment

Inflation fell from 6.1 per cent in 2017 to 4.3 per cent in 2018, a reflection of lower food prices and depressed domestic demand. The parity of the Namibian dollar and the South African rand, with low inflation and maintenance of the repo rate at 6.75 per cent, represents the core of the macroeconomic stability. Unemployment remains high, at 23.1 per cent in 2018, with youth unemployment estimated at a critically high 44 per cent.

Fiscal developments

A fiscal consolidation process that started in 2016 – following several years of excessive public spending – continued in 2018, but at a slower pace. The primary fiscal deficit was further reduced by 1.1 per cent to an estimated 4.1 per cent of GDP through additional reductions in public sector wage bills, transfers to parastatals and capital expenditure. With higher deficit financing, the debt to GDP ratio rose to 47.1 per cent of GDP in 2018, up from 41.5 per cent in 2017.

Trade developments

The external current account deficit narrowed in 2018 to 4.3 per cent of GDP from a deficit of 6.3 per cent in 2017, a reflection of the depreciation in the real effective exchange rate during 2018, which boosted export competitiveness. Rising uranium exports also contributed, led by expansion at Husab Mine and strong demand in the USA and EU.

Diamonds are Namibia's most valuable resource, accounting for around a quarter of the country's exports. Second is unrefined copper, followed by uranium ores, ships and boats and fish products. The main export partners are South Africa (27 per cent), the UK, the USA and Angola. Key imports are food products, petroleum products, machinery and equipment and chemicals. South Africa is by far the largest import partner (66 per cent of total imports), followed by the Netherlands, UK and China.

Key development challenges

Namibia has made considerable progress in reducing poverty since independence – the number of people living below the national poverty line fell from nearly 70 per cent in 1993 to around 17 per cent in 2016. Nevertheless, inequality is deep-seated in Namibia – a Gini coefficient of 61 in 2018 suggests the second-highest level of income inequality in the world. Unemployment has remained stubbornly high, particularly among women and young people. A small segment of poor Namibians benefit from employment income, while the majority rely instead on subsistence farming or social grants.

Namibia is vulnerable to climatic changes – it is experiencing one of the worst droughts in its history, which prompted the president to declare a state of emergency in 2019. Some 500,000 Namibians face food insecurity and water shortages. The government's Integrated Land and Water Management project will spearhead efforts to mitigate the effects of drought, in partnership with international donors.

eSwatini

Country data	
Population (millions) (2017)	1.2
Area '000 km^2	17,364
GDP (US$, billion, 2018)	4.7
GDP per capita, PPP current international US$ (2018)	11,020
Currency	Lilangeni (SZL)

The Kingdom of eSwatini is a small, landlocked Southern African nation. Known as the Kingdom of Swaziland until 2018, it became an independent member of the Commonwealth in September 1968. Mountains form the western frontier with South Africa, dropping to a high plateau where the capital, Mbabane, and most towns are located. The lowlands to the east are sparsely populated and dominated by grassland and thorn trees.

Economic performance

eSwatini's economy is small, relatively diverse and highly dependent on neighbouring South Africa, which accounts for around 85 per cent of its imports and 60 per cent of exports. Per capita income at PPP was estimated at US$11,020 in 2018, lower than South Africa, similar to Namibia and well above the average in sub-Saharan Africa. Around three-quarters of the population are employed in subsistence agriculture. Sugar beet, cane and citrus fruits are the main cash crops – together with forestry and mining they amount to around 13 per cent of the economy. Manufacturing – mainly textiles and sugar-related processing – contributes 37 per cent to GDP, with services making up the lions share (50 per cent).

During 2010-2015, eSwatini's economy expanded steadily on the strength of the South African economy, the state of SACU, which provides revenue and contributes a significant share to GDP, public sector spending, a boom in mining and high commodity prices.

In 2018, real economic growth increased to 2.4 per cent, after expanding by 2.0 per cent in 2017 and 3.2 per cent in 2016 (see Table 4.1). This weak performance reflects a combination of factors, including the pressure of fiscal consolidation, sluggish output from the agriculture, services and raw materials extraction sectors and a slowdown in South African. Corruption appears to be an issue – the country ranked 89th out of 180 nations in Transparency International's 2018 Corruption Perceptions Index. A rank of 32nd out of 54 nations surveyed on the 2018 Ibrahim Index of African Governance puts eSwatini below the continent's average score.

Prices, wages and employment

Inflation decreased in 2018 to 4.8 per cent, from 6.2 per cent in 2017, as a result of declining food prices and an accommodative monetary policy stance. The government's target of keeping inflation below the 3 per cent lower band threshold in 2019 looks ambitious. Government services form a key part of eSwatini's economy, and public sector wages are relatively high by regional standards. Unemployment remains stubbornly high, and rose to 22.5 per cent in 2018, with youth unemployment reaching a critical 44.15 per cent. Many people seek work in South Africa – remittances have been on the rise since 2010, and were estimated to be equivalent to 3 per cent of GDP in 2018.

Fiscal developments

The fiscal situation has deteriorated amid high public sector wages and an inefficient tax system – the fiscal deficit widened from around 5 per cent of GDP in 2017 to 7 per cent in 2018. As a result, gross official reserves have been consistently below the three-month international benchmark, reaching a low of two months of imports of goods and services in March 2019. Public finances are expected to remain negative in the medium term. Consequently, public debt has rapidly increased, from 10 per cent of GDP in 2009, expected to hit around 35 per cent of GDP in 2019 in the context of falling SACU revenue.

Trade developments

The current account registered a surplus of 0.4 per cent of GDP in 2018, according to the African Development Bank (AfDB), after recording a deficit of 1.3 per cent in 2017, largely because of merchandise trade surpluses and secondary income inflows from South Africa. Other than South Africa, which accounts for the lion's share of eSwatini's exports, the USA and EU are the key export markets, which have been driven by preferential trade agreements for apparel (USA) and sugar (EU), although both will be phased out. Essential oils and resinoids are the largest exports, by value, followed by sugar, chemical products, textiles and wood products. Imports are dominated by mineral fuels, followed by machinery and mechanical appliances and vehicles.

Key development challenges

Extreme poverty is estimated at 42 per cent of the population in 2018, and a Gini coefficient of 51.5 suggests relatively high level of income inequality. Serious policies have been mounted to deal with these twin issues but progress is not yet evidenced. The country has the highest HIV prevalence in the world (27.4 per cent of those aged 15–49). Tuberculosis incidence is high too, at 398 per 100,000 people. Education is also in crisis: few children enrol in secondary schools (just above 50 per cent).

eSwatini is affected by extreme weather events. Not long ego, an El Niño-induced drought negatively affected agriculture/crop production. The country has a national committee to deal with climate change and is the first African country to have eliminated the use of fridges with chlorofluorocarbons. The country is seeking a comprehensive industrial policy to support diversification, develop local entrepreneurs and promote industrialisation across the country. Challenges include climate vulnerability (drought and floods), a lack of technological readiness and dependence on South Africa.

Seychelles

Country data	
Population (millions) (2017)	0.95
Area '000 km^2	459
GDP (US$, billion, 2018)	2.9
GDP per capita, PPP current international US$ (2018)	30,505
Currency	Seychelles rupee (SCR)

Seychelles is an archipelago of 115 islands located in the Indian Ocean around 1,500 km from the East African coast. More than 85 per cent of the population lives on the largest island, Mahe. Previously a plantation economy controlled by France, then Britain, and reliant on imported labour, Seychelles became an independent republic and member of the Commonwealth in June 1976.

Since independence, the economy has generally expanded strongly, fuelled by tourism and fisheries. Growth has been uneven, however, reflecting the country's vulnerability to external shocks, from economic downturns in key markets to fears associated with terrorist attacks and the activities of Somali pirates in the Indian Ocean. The tourism sector now directly employs more than a quarter of the labour force and indirectly accounts for more than 55 per cent of GDP.

Seychelles enjoys the highest GDP per head in Africa, estimated at US$30,505 in 2018, and it is classed as an upper-middle-income country, with low levels of corruption and good governance practices (see Table 4.3). In recent years, the government has encouraged foreign investment to upgrade hotels and tourism industry services and sought to attract visitors from emerging markets such as China. At the same time, the government is promoting the development of the offshore financial, information and communication sectors and renewable energy.

Real GDP growth slowed to 3.6 per cent in 2018, from 5.3 per cent the previous year (see Table 4.1) – a reflection of the impact of rising oil prices and uncertainty in the euro zone, which undermined tourism. Real economic output is forecast to expand by an estimated 3.4 per cent in 2019 on the strength of services activity.

Prices, wages and employment

Inflation rose to an estimated 4.4 per cent in 2018, up from 2.9 per cent in 2017, primarily because of higher international oil prices and wage increases. The unemployment rate is low by regional standards, at 3.7 per cent in 2018, with youth unemployment higher at 10.9 per cent.

Fiscal developments

The government was forced to introduce sweeping reforms to its finances in 2008 when it defaulted on a US$240 million debt amid slowing tourism and fishing revenue, which prompted an IMF rescue package. The reforms included laying off more than 1,500 government workers, selling state assets, dropping foreign exchange controls and floating the currency. The fiscal situation gradually stabilised; a small surplus was recorded in 2017, followed by a return to deficit in 2018 (estimated at 0.5 per cent of GDP)

Seychelles' external debt stock soared to an unsustainable 183 per cent of GDP. Successive reforms and austerity policies have made a mark – at the end of 2017 it was estimated at 98.2 per cent of GDP for public and private sectors combined. The latest external debt sustainability framework shows the external debt burden declining to around 88 per cent of GDP in 2022.

Trade developments

Seychelles runs large, structural current account deficits, financed substantially by foreign direct investment (FDI). The external current account deficit continues to be high, at 16.3 per cent of GDP, but narrower than the 20.5 per cent of GDP recorded in 2017. The country's main trading partners are Europe and the Middle East, which together represent more than 60 per cent of trade. Mineral fuels dominate the country's imports, followed by fish and crustaceans (partly for processing and export) and ships, boats and floating structures. Seychelles is a member of several trade blocs – namely, COMESA and SADC. Recently, Seychelles was among the 54 out of 55 African countries that signed the AfCFTA.

Key development challenges

Extreme poverty is estimated to be very low in Seychelles. However, with a Gini coefficient of 46.8, the country is experiencing reasonably high incidence of income inequality.

Seychelles is vulnerable to climate change, with tourism, fishing and natural resources particularly affected. The country's adaption plan deals particularly with the issues of water scarcity and flooding. Seychelles has virtually eliminated communicable diseases and is concentrating on non-communicable diseases. This health progress has translated into an increase in life expectancy, which is now at 73.7 years.

South Africa

Country data	
Population (millions) (2017)	58.7
Area '000 km^2	1,219
GDP (US$, billion, 2018)	317.3
GDP per capita, PPP current international US$ (2018)	13,675
Currency	South African rand (ZAR)

A large, geographically and ethnically diverse nation, South Africa stretches between the South Atlantic and Indian Oceans. Its interior is predominately a high plateau, framed to the south and east by the Great Escarpment, which rises to over 3,000m in the Drakensburg Mountains. The combination of broad grasslands, semi-deserts, humid coastal plains and mountains equates to a rich diversity of flora and fauna. Beyond reserves such as Kruger National Park, however, much natural habitat has been lost in recent decades through deforestation and urban development.

Economic performance

South Africa's economy is the continent's second-largest, behind Nigeria and it is the only African nation that is a member of the G20. The economy's performance has an impact well beyond South Africa's borders, and is critical to smaller neighbouring nations including Lesotho, Namibia, eSwatini and Zimbabwe, which use the South African rand as a second currency.[5] With an average per capita income estimated at US$13,675 (at PPP) in 2018, South Africa is classified by the UN as an upper-middle-income country, but also characterised by high levels of income inequality. In terms of human development, South Africa ranked 113th out of 189 countries in 2017 on the HDI, with a score of 0.699, which places it in the category of medium human development. Key HDI components are as follows: income per capita (US$11,923; 2011 PPP), life expectancy (63.4 years) and education (mean years of schooling: 10.1). The HDI score for females (0.692) is lower than that for male (0.704), which indicates room for improvement in terms of the gender bias against females.

The drivers of the economy are primarily agriculture, mining, manufacturing and services. In particular, mining output accounts for 60 per cent of exports, although its share of total GDP has decreased by an estimated 6 per cent in 2018, and mining is a source of jobs for many migrants from neighbouring countries. The manufacturing sector accounts for 15 per cent of GDP and generates roughly 13.3 per cent of total employment, while agriculture contributes around 2.8 per cent of GDP. With the economy shifting towards the tertiary sector, services activities are also rising as an important contributor to GDP (approximately 65 per cent) and to job creation. In addition, the country has evolved into a hub for fintech development pathway. As Table 4.3 highlights, South Africa has pockets of corruption practices and requires improvements in governance.

Real GDP growth was estimated to be 0.8 per cent in 2018, down from 1.4 per cent in 2017 (see Table 4.1), a reflection mainly of sluggish services activity, moderate household consumption expenditure and lower manufacturing output. The economy is projected to expand by 1.4 per cent in 2019 and 1.7 per cent in 2020. Therefore, strengthening the capacity to increase economic growth is an important challenge.

Prices, wages and employment

Inflation fell to an estimated 4.6 per cent in 2018 from 5.3 per cent in 2017 and 6.3 per cent in 2016, primarily because of lower food prices. The depreciation of the rand in 2018 against many international currencies negatively affected the economy and by extension the neighbouring economies reliant on South Africa for trade.

The average annual salary is about US$13,837.44 and the minimum monthly wage in 2018 was $244.19. The labour force is dominated by services (72 per cent), industry (23.5 per cent) and agriculture (4.6 per cent), reflecting the shift in the economic structure of South Africa away from the primary and secondary sectors to the tertiary sector. Unemployment continues to be high at 27 per cent in 2018, with youth unemployment unsustainably high at 54 per cent. Prospects for policies tackling unemployment are not promising.

Fiscal developments

The fiscal deficit was estimated at 4.4 per cent in 2018, slightly higher than the 4.3 per cent in 2017, largely because of declining revenues resulting from the slowdown in economic growth. New tax policies have been proposed to increase domestic resources. The general government debt to GDP ratio in 2018 continues to be high, at 56.7 per cent, up from 53.0 per cent in 2017, with domestic debt accounting for a substantial share of 90 per cent of total public debt.

Trade developments

Extractive industries continue to dominate exports, notably precious metals (South Africa is the world's largest producer of platinum) including palladium, chromium and gold. Uranium, iron ore, coal and diamonds continue to be key exports, followed by vehicles and transport equipment. Fuel oil accounts for the lion's share of South Africa's imports, primarily from Saudi Arabia and Nigeria. Other major imports include machinery, electrical equipment and vehicles. In 2018, the trade balance reverted to a deficit, following two years of surplus, reflecting rising prices for imported petroleum and a depreciating rand. Southern Africa's current account deficit widened from an average of 2.1 per cent of GDP in 2017 to 2.9 per cent in 2018 (AfDB).

China continues to be South Africa's largest export market, followed by the USA, Germany and India. In 2018, China was also the main source of overall imports, then Germany, the USA and Saudi Arabia.

Key development challenges

South Africa has made considerable strides toward improving the well-being of its citizens since its transition to democracy in the mid-1990s but progress is slowing. Based on the international poverty line of US$1.90 per day (2011 PPP, exchange rates), around 19 per cent of South Africans were poor in 2015, compared with almost 34 per cent in 1996. This is partly the result of structural challenges and weak growth since the global financial crisis of 2008, but increasingly too by labour market developments that demand skills that the country's poor currently lack.

Extreme poverty continues to affect around a fifth of the population, and South Africa's estimated Gini coefficient (63.0) points to one of the highest level of income inequality in the world. Policies that break discrimination or exclusion and promote income-sharing are a natural starting point for reversing this issue.

Crime is a serious matter in South Africa. In 2017, there were 35.8 murders per 100,000 people, the fifth-highest in the world and the highest in Africa. Crime is connected to poverty, income inequality and issues related to productivity. The country has the biggest HIV epidemic in the world, with 7.2 million people affected, and 18.9 per cent of people living with HIV. Progress has been made, though; in particular, South Africa has embraced the Joint United Nations Joint on HIV/AIDS (UNAIDS) 90-90-90 programme: awareness of HIV status (90 per cent), on HIV treatment (90 per cent), virally suppressed (90 per cent). Tuberculosis incidence is the highest among the Commonwealth African countries, at 781 per 100,000 people.

Zambia

Country data	
Population (millions) (2017)	16.2
Area '000 km^2	752.6
GDP (US$, billion, 2018)	23.1
GDP per capita, PPP current international US$ (2018)	4,104
Currency	Zambian kwacha (ZMK)

Zambia is a large, landlocked Southern African nation. It shares several of its key geographical and economic features with neighbouring Zimbabwe – the Victoria Falls, Lake Kariba (and its hydroelectric power plants) and a stretch of the Zambezi River. Landscapes range from mountains to high plateaux and lowland floodplains and swamps, which support a rich biodiversity – 14 distinct ecosystems have been identified. Formerly part of the British protectorate of Northern Rhodesia, then the Federation of Rhodesia and Nyasaland, Zambia became an independent republic in the Commonwealth in October 1964.

Most people live in the central region known as the copperbelt – towns and cities built close to Zambia's extensive copper deposits, including the capital, Lusaka. Zambia ranked 144th out of 189 countries in 2017 on the HDI, with a score of 0.588 putting the country in the category of medium human development. The HDI components are as follows: income per capita (US$3,557; 2011 PPP), life expectancy (62.3 years) and education (mean years of schooling: 7.0). The HDI score for females (0.569) is lower than that for males (0.605), which is indicative of gender inequality. With a per capita income estimated at US$4,104 in 2018 (PPP), Zambia is wealthier than many neighbouring countries to the north and east and is classified as a lower-middle-income country.

Economic performance

Zambia is one of the most highly urbanised African countries and copper accounts for around 85 per cent of exports. Services are expanding, particularly fintech activity, which is quietly penetrating the economy. Zambia's economy grew by an estimated 3.5 per cent in 2018 (see Table 4.1), up from the 3.4 per cent recorded in 2017, mainly because of increased copper production and construction activity. The growth forecast of 3.1 per cent for 2019 is predicated on a rebound in agricultural production and mining.

Prices, wages and employment

Inflation increased to an estimated 7.0 per cent in 2018, up from 6.6 per cent in 2017. Relative price stability led the central bank to reduce the policy rate from 15.5 per cent to 9.75 per cent in the first quarter of 2018. The average annual salary in 2018 was estimated at US$20,076.00, and the minimum monthly wage varies from $65.16 (domestic workers) to $157.56 (assistant salespersons). The unemployment rate stood at 6.9 per cent in 2018, down marginally from 7.0 per cent in 2017. However, the rate of youth unemployment is high (14.4 per cent in 2017), with females estimated at 19.1 per cent and males 16.2 per cent.

Fiscal developments

The fiscal deficit narrowed to 6.5 per cent, following a deficit of 7.7 per cent in the previous year, primarily because of fiscal consolidation. The fiscal deficit is forecast to narrow further to 5.2 per cent in 2019. The debt to GDP ratio is high – and rising rapidly, reaching 72.4 per cent of GDP in 2018, from 60.7 per cent in 2016 and 20.5 per cent in 2011, driven by accumulation of both external and domestic debt. The debt composition has shifted towards commercial and Non-Paris Club bilateral creditors, exacerbating the country's exposure to exchange rate and market risks. The 2019 World Bank/IMF Debt Sustainability Analysis concludes that Zambia's risk of overall and external debt distress remains very high and that public debt under the current policies is on an unsustainable path.

The Corruption Perceptions Index ranks Zambia 105th, with a score of 35 out of 100. This level of corruption may have deleterious effects on the working of the economy. In addition, Zambia needs to improve on governance, as implicitly indicated by the Ibrahim Index of African Governance score of 56.2 out of 100 (see Table 4.3).

Trade developments

The current account deficit widened from 1.5 per cent of GDP in 2017 to 2.6 per cent in 2018, reflecting increased deficits in income and services accounts amid a narrowing trade surplus. With reduced capital inflows, the overall balance of payments was financed by a drawdown in official reserves. Gross official reserves therefore dropped to US$1.6 billion (just 1.8 months of imports) at end-December 2018 from US$2.1 billion at end-2017 as at end-June 2019.

Copper remains at the heart of Zambia's economy, despite efforts to diversify. Higher copper prices and improved, more efficient production augur well for exports in the short term, but the economy will remain vulnerable to external shocks. Inorganic chemicals are the second-largest export by value, followed by printed matter. Switzerland is the largest export market, followed by China, India and South Africa. Machinery and fuels are Zambia's leading imports, followed by ores and vehicles, with South Africa, Democratic Republic of Congo and China the main suppliers.

Key development challenges

While Zambia's economy has recovered in recent years as copper prices have stabilised, only a small segment of the urban population has benefited. In remoter, rural areas most people are reliant on subsistence agriculture; extreme poverty was estimated in 2015 to affect 57.5 per cent of the population. A Gini coefficient of 57.1 indicates a very high level of income inequality. There are several contributing factors: weak economic growth, infrastructure and regional development, inadequate policies to curb poverty, a high rate of population growth (3.3 per cent per year on average), high food prices, food insecurity, and few opportunities for higher education and training and government corruption.

A high prevalence of HIV in Zambia – 12.4 per cent of the population – further undermines the country's economic and societal development. Malaria (189.8 per 1,000 people at risk) and tuberculosis (376 per 100,000 people) continue to be critical and widespread health issues. Furthermore, climate change, which manifests primarily through droughts and floods, is a serious threat to Zambia, given its impact on physical infrastructure and human life.

4.5 East African Community

Kenya

Country data	
Population (millions) (2017)	47.5
Area '000 km^2	580.4
GDP (US$, billion, 2018)	99.2
GDP per capita, PPP current international US$ (2018)	3,691
Currency	Kenyan shilling (KES)

Straddling the equator in East Africa, Kenya stretches from the Indian Ocean to Lake Victoria and Uganda in the west and from Tanzania in the south to Ethiopia, South Sudan and Somalia in the north. Its topography ranges from humid coastal lowlands to a high plateau framed by some of the continent's highest mountains and bisected by the Great Rift Valley. Expansive grassland, thornbush and sub-tropical forests harbour a rich biodiversity. Kenya attained independence in December 1963 and was declared a republic on 1 June 1964, with Jomo Kenyatta the first Prime Minister.

Economic performance

Kenya has recently made strides economically, politically and socially. Its robust economy is driven by sectors spanning agriculture (which has recovered strongly amid more favourable weather conditions after a drought), forestry, fishing, manufacturing, energy, tourism and financial services. Over the past decade, the nation has made significant progress in the development of the fintech industry, as the traditional banking and financial infrastructure created fertile ground to satisfy a large unfulfilled demand for payment services using mobile phones. In 2017. it became the first country to sell government bonds through mobile phones. Kenya is Africa's eighth-largest economy, with a nominal GDP estimated at US$99.2 billion in 2018.

During 2018, real GDP expanded by 6 per cent year on year (see Table 4.1), moderately above the 4.9 per cent in 2017 and 5.9 per cent in 2016, on account of higher private consumption expenditure and output growth from services (which account for around 45 per cent of GDP), agriculture (35 per cent) and the industrial sector (20 per cent). The economy is expected to continue to grow strongly in 2019 and 2020, although gains in the medium term will probably need to coincide with fewer corrupt practices and further improvements in governance. Indeed, corruption is estimated to be at a high level, as measured by Transparency International's Corruption Perceptions Index 2019, which ranked Kenya at 137th out of 180 countries. In the case of governance, the Ibrahim Index of African Governance ranks Kenya 11th for 'overall governance' out of 54 nations in its 2018 edition.

Prices, wages and employment

Inflation declined to 4.7 per cent in 2018 from 8 per cent in 2017 and 6.3 per cent in 2016 – it remains within the target band. A further decrease is projected in 2019, to 4.4 per cent. Easing inflationary pressures reflect both lower food prices linked to more favourable weather conditions and improved monetary policy-making in a more stable political scene. The (monthly) minimum wage is fixed at US$133.25. The annual average salary is US$16,966. Kenya employed 17,783,200 people in 2018, compared with 10,012,500 in 2008; the main sectors hiring new workers were administrative and support services, arts, entertainment and recreation and education.

Kenya's unemployment rate has stabilised around 9.3 per cent but youth unemployment is higher, at an estimated 11.4 per cent. The level of unemployment is often connected to poverty and income inequality. An appreciable share of the population (36.1 per cent in 2016) is living below poverty line, and the Gini coefficient of 48.5 (2018) suggests income inequality is not low. Crime is very noticeable and is on the rise. In 2017, 77,992 crimes were recorded, or 167 crimes per 100,000 people. The risk of terrorist acts remains high, particularly in the northern region bordering Somalia, where extremists linked to Al Shabaab, a militant group opposed to the Somali government, are to be found.

Fiscal developments

Kenya's fiscal deficit narrowed to a still high 7.5 per cent of GDP in 2018, from 8.9 per cent the previous year following a scaling-back of public investment in the Vision 2030 development strategy, which focuses on manufacturing, affordable housing, universal health coverage and food and nutrition security. The fiscal deficit is projected to continue to contract to 5.2 per cent into 2019. Further reforms to government expenditure and the tax system are being planned. The IMF is monitoring progress before agreeing any new standby loan facility. Public debt rose to 51.6 per cent of GDP in 2018, from 54.2 per cent the previous year.

Trade developments

The current account deficit narrowed to an estimated 5.8 per cent of GDP in 2018, from 6.7 per cent in 2017, as a result of advancing agriculture exports, increasing tourism receipts and rising remittances. Coffee and tea are the most valuable exports – Kenya is the world's second-largest tea exporter, with this followed by plants and cut flowers, mineral fuels and vegetables. Uganda was the largest export market in 2018, followed by Pakistan, the USA, Netherlands and the UK. Imports are dominated by mineral fuels, machinery and vehicles, with China the largest source of shipments, followed by India, Saudi Arabia, the USA and Japan.

Key development challenges

Despite recording strong economic growth, Kenya faces a number of economic and social challenges to achieving the SDGs: persistently high debt to GDP ratios, high youth unemployment, rapid population growth, notable levels of poverty and income and gender inequality. Kenya is also vulnerable to a changing climate – particularly rising temperatures, drought and increasingly powerful storms that cause flooding, given its large rural economy dependent on cash crops. The government has responded with a national climate change action plan.

The threat from HIV is gradually improving, affecting an estimated 4.8 per cent of the population in 2018, compared with 5.4 per cent in 2016. Other health risks, from malaria (85.3 per 1,000 people at risk) and tuberculosis (348 per 100,000 people), are noteworthy.

Rwanda

Country data	
Population (millions) (2017)	12.5
Area '000 km^2	26.3
GDP (US$, billion, 2018)	10.2
GDP per capita, PPP current international US$ (2018)	2,280
Currency	Rwandan franc (RWF)

Rwanda is a small, landlocked country in the Great Lakes region of central Africa. Its territory is dominated by forested mountains in the west, along the border with Uganda and the Democratic Republic of Congo, and high savannah stretching to the Tanzanian frontier in the east. The majority of Rwandans live in rural areas – it is one of Africa's most densely populated nations – with around 80 per cent of the population involved in subsistence farming. Agriculture accounts for around 31 per cent of GDP and it is dominated by exports of coffee, tea and horticulture (notably pyrethrum, an insecticide derived from chrysanthemums).

Formerly part of German East Africa, then administered by Belgium after World War I, Rwanda gained independence as a republic in 1962. In 2008, the government changed the medium of education from French to English. Rwanda joined the Commonwealth in 2009.

Economic performance

Following two years of strong growth, Rwanda's real GDP expanded by 7.2 per cent year on year in 2018 (see Table 4.1), which is almost double the average rate of growth across Commonwealth Africa. This trend of robust growth is forecast to continue in 2019, with a projected increase of 7.8 per cent. The main drivers of growth in 2018 were services, including banking and finance and tourism, along with agriculture through higher yields for tea and coffee, the main export crops. Tourism has become a major source of foreign exchange in recent years, boosted by a rise in the number of international conferences. Mining of precious metals such as coltan and tantalum has also increased. This has been underpinned by sustained investment in education and infrastructure and an accommodative monetary policy.

The industrial sector is also growing swiftly, mainly linked to processing of agricultural produce. The government is committed to progressively privatising the productive sector and supporting small and medium enterprises to develop regional expertise in information technology. Around 70 per cent of Rwanda's industry is located close to the capital, Kigali. Rwanda is ranked 8th out of 54 nations for overall governance in the 2018 edition of the Ibrahim Index of African Governance. It ranks 51st of 180 countries in Transparency International's 2019 Corruption Perceptions Index - among the least corrupt in Africa.

Prices, wages and employment

Inflation is low by regional standards, at 3.3 per cent in 2018, compared with 4.8 per cent in 2017 and 5.7 per cent in 2016. The (monthly) minimum wage is fixed at US$41.33, which is in the lowest percentile of all countries globally. The employment to population ratio has risen to 47.3 per cent from 41.0 per cent in 2016. In addition, informal sector workers and underemployment are persistent challenges.

Rwanda's unemployment rate has remained stable at around 1.0 per cent in 2018 and over the past two years. However, a substantial share of the population (55.5 per cent in 2016) lives below poverty line, with associated inequality captured by a Gini coefficient of 50.4, which indicates a noticeable inequality issue. Population growth, estimated at 2.4 per cent in 2018, is projected to fall marginally to 2.35 per cent in 2019.

Fiscal developments

The fiscal deficit widened to 4.2 per cent of GDP in 2018 and is expected to reach 4.9 per cent in 2019 amid rising spending on health and education. The government is continuing to implement a programme of macroeconomic reforms, including to the tax system, with support from the IMF. During 2018, pressure on the local currency diminished and fiscal revenues expanded faster than expected. The public debt has been increasingly steadily in recent years to fund infrastructure investment, reaching 46.2 per cent of GDP in 2018. It is considered manageable as it is largely composed of concessional loans.

Trade developments

In 2018, an external current account deficit of 7.8 per cent was recorded, compared with 6.8 per cent in 2017 and 14.3 per cent in 2016. A higher deficit is projected for 2019. Precious metals account for around 15 per cent of exports as the second-largest source of revenue behind tourism (primarily cassiterite, followed by coltan, wolfram (tungsten ore) and tantalum). Coffee and tea make up the second-largest export category. Democratic Republic of Congo is the leading export market, then United Arab Emirates and Switzerland. Mineral fuels are the dominant import, then machinery, vehicles and cereals. China is the leading source of imports, above United Arab Emirates, India and Uganda.

Key development challenges

While Rwanda's economy is performing strongly, it remains a poor country, with per capita income averaging an estimated US$2,280 (at PPP) in 2018, and it is classified as a country of low human development, with an HDI score of 0.524 and a rank of 158 out of 189 countries. The key human development indicators of income per capita (US$1,811), life expectancy (67.5 years) and educational achievements (mean years of schooling: 4.1) are reflective of this low ranking. In terms of gender development, females score (0.508) lower than males (0.540), indicative of gender inequality (see Table 4.3).

Instability/insecurity and rebellions in neighbouring countries (Democratic Republic of Congo) have the potential to spill over into the country and jeopardise economic performance and attainment of development goals. Prevalence of HIV/AIDS has remained stable at around 3 per cent since 2005. Other health hazards are malaria (392.7 per 1,000 people at risk) and tuberculosis (50.0 per 100,000 people). Rwanda is also vulnerable to climate change in the forms of increasing temperatures, floods and periodic droughts, with resulting impacts on agriculture, food security, infrastructure, poverty, diseases and income inequality. Rwanda has launched a national plan to counter vulnerability to climate change – its Vision 2050 campaign also includes aspirations to reduce dependency on foreign aid and strengthen local manufacturing and service industries.

Tanzania

Country data	
Population (millions) (2017)	56.3
Area '000 km^2	942.8
GDP (US$, billion, 2018)	61.0
GDP per capita, PPP current international US$ (2018)	3,444
Currency	Tanzanian shilling (TZS)

A large east African nation, Tanzania stretches inland from a humid coastal belt to a high plateau and to the continent's highest mountains in the northwest. The ancient great lakes of Victoria, Tanganyika and Malawi form part of Tanzania's western frontier. Their unique wildlife contributes to a highly bio-diverse landscape that is internationally renowned and contains 16 national parks. Formerly part of German East Africa, Tanganyika became independent in 1961, then combined with Zanzibar and Pemba to become the United Republic of Tanzania in April 1964.

Economic performance

Tanzania's economy has grown robustly over the past decade – averaging 6–7 per cent – and real GDP expanded at 6.6 per cent year on year in 2018, compared with 6.8 per cent in 2017 (see Table 4.1), primarily a result of expansion in services, including banking and finance and tourism, and agriculture. Services account for close to 40 per cent of GDP, with agriculture taking a 30 per cent share and industry around 26 per cent. FDI has grown significantly in recent years, led by China, primarily into large infrastructure projects such as electrified railways, rehabilitated ports and the expansion of Julius Nyerere International Airport.

The banking sector is broadly stable and efforts to improve lending to the private sector are beginning to bear fruit. Tanzania's overall economic prospects look promising in the medium to long term, given recent investment in infrastructure, education, reforms to institutions and growing international demand for the country's natural resources, which include gold, diamonds, phosphates, tin, uranium and natural gas.

Prices, wages and employment

Inflation has been relatively low in recent years, at 3.5 per cent in 2018, a decline from the 4.8 per cent recorded in 2017 amid favourable weather conditions and lower food prices along with relatively stable global fuel prices. Inflation is expected to edge up to close to the government's medium-term target of 5 per cent in 2019–2020 as public spending accelerates.

Employment is dominated by agriculture (67 per cent of workers) and services (27 per cent). Tanzania's unemployment rate has stabilised at 1.9 per cent in 2018 and 2017. Unlike other countries, its youth unemployment is about 3.5 per cent, which is low with respect to the regional average (around 10 per cent).

Fiscal developments

Tanzania's fiscal deficit widened to 3.9 per cent of GDP in 2018, reflecting increased public spending on infrastructure projects. The government aims to bring the deficit down to around 2.5 per cent in 2019–2020, but in the medium term it is expected to edge up to between 3 and 4 per cent of GDP.

Tanzania remains highly dependent on foreign aid, which contributes around one-third of the annual budget. Public debt has widened to a relatively manageable 39 per cent of GDP, from 38.2 per cent in 2017. External debt accounts for around three-quarters of overall public debt. Gross foreign reserves are high compared with most nations in the region – estimated at US$5.4 billion at end-2018, the equivalent of almost six months of imports.

Trade developments

In 2018, the external current account balance widened to an average of 5.2 per cent of GDP in 2020, amid rising imported services and capital equipment linked to new infrastructure projects. The recent stability of the Tanzanian shilling has persuaded more smaller firms to expand, which will spur imports in the medium term – the current account deficit is likely to widen to around 6.5 per cent of GDP.

Precious metals are the leading export, reaching a value of US$3.8 billion in 2018, more than twice the amount of the next-largest export, tobacco. Coffee and tea are the next most valuable exports, followed by fish and crustaceans. South Africa and India are the largest export markets by a large margin, above Switzerland and Belgium. Mineral fuels dominate Tanzania's imports, followed by machinery and vehicles, with China, India and the United Arab Emirates the main suppliers. Tanzania is a member of both the EAC and SADC.

Key development challenges

Tanzania has made considerable progress in reducing poverty in the past decade, with the official rate of poverty dropping from 60 per cent in 2007 to an estimated 27 per cent in 2016. Nevertheless, some 13 million people remain below the poverty line, and many rural communities lack basic sanitation, healthcare facilities and electricity. Tanzania is defined as a low human development country on the HDI, with a score of 0.538 and ranked 154th out of 189 countries – exhibiting some gender bias against females (see Table 4.3).

Population growth is high, at 3.1 per cent and a Gini coefficient of 37.8 suggests a mild level of income inequality.

The country also has a high rate of HIV (4.5 per cent in 2017), which is steadily declining – down from 5.1 per cent in 2011. It is higher for females (6.5 per cent) than males (3.5 per cent). The UNAIDS 90-90-90 programme is in place. Malaria prevalence is at 144.2 per 1,000 people at risk and tuberculosis at 287.0 per 100,000 people. The threats from climate change in the forms of increasing temperature, floods and periodic droughts are fully acknowledged in Tanzania as it affects agriculture, food security, infrastructure, poverty, diseases and income inequality.

Uganda

Country data	
Population (millions) (2017)	44.5
Area '000 km^2	241
GDP (US$, billion, 2018)	30.8
GDP per capita, PPP current international US$ (2018)	2,498
Currency	Ugandan shilling (UGX)

Uganda is a landlocked Eastern African country that includes a substantial portion of Lake Victoria, whose waters are shared with Kenya and Tanzania. Much of the county is a high plateau, dotted with lakes and rivers that drain northwards to South Sudan and the Nile valley. Formerly a British protectorate, Uganda became fully independent in October 1962 and joined the Commonwealth.

Economic performance

Uganda has experienced rapid economic growth since the early 1990s. Between 1992 and 2010, the average rate of growth was around 8 per cent, fuelled by industrial expansion and investment in the country's infrastructure and institutions. Expansion has slowed in recent years amid drought conditions and political instability both in Uganda and in neighbouring countries.

Uganda is ranked 20th out of 54 African nations in the 2018 edition of the Ibrahim Index of African Governance (see Table 4.3), below regional peers including Tanzania (14th), Kenya (11th) and Rwanda (8th).

The economy picked up in 2018, with real GDP growing by 5.9 per cent year on year (see Table 4.1) thanks to more favourable weather conditions and advances in ICT services, notably mobile telecommunications. The economy is forecast to grow by around 6 per cent in 2019–2020 on the strength of higher investment in infrastructure, FDI in the oil and mining subsectors and the implementation of business efficiency reforms (AfDB, 2019).

Prices, wages and employment

Inflation has stabilised since 2016, in line with a strengthening Ugandan shilling and easing prices for imported fuels. While the rate of inflation dropped to 3.8 per cent in 2018, it is expected to rise above 4 per cent in 2019 and 4.5 per cent in 2020 as food and fuel prices rise. The (monthly) minimum wage in Uganda is fixed at US$35.28 and the annual average salary in the capital, Kampala, is US$18,496.

The majority of the population is rural, however, and earn far less than that – around 70 per cent are engaged in agriculture. The industrial sector, which contributes roughly 20 per cent of GDP, employs on 7 per cent of the workforce, primarily for manufacturing textiles, processing agricultural goods and cement. Uganda's unemployment rate is relatively low, at 1.7 per cent in 2018. Youth unemployment is higher, but not as significant as in its African peers, at approximately 3 per cent.

Fiscal and debt issues

Uganda has run persistent but relatively low fiscal deficits in recent years, in line with efforts to curb public spending and broaden the tax base associated with the IMF's Policy Support Instrument. The deficit widened to 4.8 per cent of GDP in 2018, compared with 3.8 per cent in 2017 and 4.8 per cent in 2016. Public debt has been rising steadily, reaching 42.2 per cent of GDP in 2018 compared with

39.7 per cent in 2017 and 37.1 per cent in 2016. The ratio is forecast to reach 45 per cent in 2019, which has raised concerns about future repayment. China is the largest creditor, providing loans for large infrastructure projects such as an oil pipeline linking western Uganda with a Tanzanian port.

Trade developments

The external current account deficit was estimated to have widened to 6.8 per cent in 2018, compared with 5 per cent in 2017 and 3.4 per cent in 2016, principally because of growing imports of capital goods for the country's numerous infrastructure projects – notably machinery for new factories and power plants.

Uganda's imports are dominated by mineral fuels, followed by machinery and vehicles, with China, India, United Arab Emirates and Saudi Arabia the largest suppliers. Coffee and tea are the largest export category, followed by precious metals (notably cobalt, gold, tungsten and tin) and cereals. Kenya, United Arab Emirates and Sudan are the key export markets.

Uganda is a member of the EAC, which is a free trade area including the member states of SADC.

Key development challenges

Uganda has made significant progress in reducing the proportion of the population that has insufficient food and access to water and basic sanitation. It reached the Millennium Development Goal target of halving poverty by 2015. Nevertheless, it remains a poor country, with around 21 per cent of the population living below the national poverty line. Wars and instability in neighbouring Democratic Republic Congo and South Sudan have led to a tripling of Uganda's refugee population since 2016 to more than 1.3 million, which is straining host communities and service delivery.

Uganda's annual population growth rate is estimated at 3 per cent – among the highest in the world, which means the country's population could reach 100 million by 2050 if the current rate is maintained. In the early 1990s Uganda was at the epicentre of the HIV epidemic. Public awareness campaigns, antiretroviral medication and the UNAIDS 90-90-90 programme have all helped. The rate dropped to 6.2 per cent of the population in 2018. Malaria prevalence is at 187.2 per 1,000 people at risk and tuberculosis at 201 per 100,000 people. The mounting threats from climate change: increasing temperatures, floods and droughts are increasingly being acknowledged by the authorities, which are introducing a plan for adaptation with the assistance of the United Nations and other international organisations.

4.6 Economic Community of Central African States

Cameroon

Country data	
Population (millions) (2017)	25.2
Area '000 km^2	475.4
GDP (US$, billion, 2018)	38.4
GDP per capita, PPP current international US$ (2018)	3,828
Currency	Central African CFA franc (XAF)

Cameroon, a West/Central African nation, stretches from the humid Gulf of Guinea to the arid edges of the Sahara Desert at the frontier with Chad. It has one of the continent's most diverse landscapes, with five distinct geographical zones. The majority of the population lives in the south and southwest of the country, where the two principal cities of Douala and Yaoundé are located. Formerly a German protectorate, then divided into two zones, one of which was French-controlled and the other British, Cameroon became a united, independent state in January 1960. It joined the Commonwealth in 1995.

Economic performance

Cameroon is well endowed with natural resources, including oil (discovered in the 1970s) and gas, minerals including bauxite and iron ore, timber and agricultural produce such as coffee, cotton, cocoa, bananas, tobacco and maize. The primary sector accounts for around 14 per cent of GDP and employs more than 60 per cent of the workforce. Industry accounts for close to a quarter of GDP – primarily food processing, textiles and light manufacturing. Services are expanding rapidly and now comprise more than half of Cameroon's economic activity. Key sectors include telecommunications, transportation and construction.

Economic growth picked up to 3.8 per cent in 2018 after a sluggish two years, reflecting higher consumption and investment spending. It is expected to expand by 4.3 per cent in 2019 (see Table 4.1), supported by continued fiscal consolidation, restrictive monetary policies and rising natural gas output. A new floating LNG production platform opened in 2018.

Prices, wages and employment

Inflation, which has been in the low single digits in recent years, was an estimated 1.0 per cent in 2018, significantly below the 3 per cent ECCAS requirement. The unemployment rate has stabilised at slightly above 3.4 per cent, which is considerably below the average rate of 7 per cent for Commonwealth Africa.

Fiscal developments

Cameroon is vulnerable to fluctuations in global commodity prices. Its state finances worsened considerably when global oil prices slumped in 2014–2016, which necessitated consolidation under the IMF's Extended Credit Facility (signed in June 2017). The tighter fiscal stance and overdue structural reforms resulted in a reduction in the fiscal deficit to 2.6 per cent of GDP in 2018, from 4.9 per cent in 2017 and 6.2 per cent in 2016. General government revenue increased by 6.3 per cent, compared with only 3.2 per cent in expenditure, resulting in a 1 percentage point decline in total expenditure as a percentage of GDP. The financing of infrastructural development through commercial and public loans under the country's emergence policy led to an accumulated government debt of 38 per cent of GDP (including large state enterprises) in 2018, compared with 36.9 per cent of GDP in 2017. The government aims to reach 'economic emergence' by 2035 by investing in institutions to foster private sector jobs and opportunities.

Trade developments

During 2018, the external current account deficit (as a percentage of GDP) widened to 3.2 per cent, compared with 2.7 per cent in 2017, as a result of faster growth in imports of goods and services for various infrastructure projects and manufacturing plant (5.8 per cent) relative to exports of goods and services (down 4.4 per cent).

Cameroon's imports are dominated by electrical and other machinery, followed by fuels and vehicles, with China, France and Thailand the largest suppliers. Oil and gas are the largest exports, followed by timber and cocoa.

Cameroon is a member of ECCAS and the Economic and Monetary Community of Central Africa (CEMAC).

Key development challenges

Cameroon is categorised as a low-income country and it ranks 150th out of 189 countries on the HDI, with a score of 0.556, which places it in the category of medium human development. Population growth remains high, at an estimated 2.6 per cent. In terms of the key components of human development, Cameroon's average income per capita at PPP is estimated by the IMF to have reached US$3,828 in 2018, its life expectancy is 58.6 years and education achievement was 6.3 mean years of schooling in 2017 (see Table 4.3). Low rankings on Transparency International's Corruption Perceptions Index (153rd out of 180 countries) and the Ibrahim Index of African Governance (36th out of 54 nations) point to weak governance and institutions, which may hamper progress on tackling poverty.

An estimated 23.8 per cent of the population is estimated to be living in extreme poverty, chiefly in remoter, rural districts. While the economy is well-diversified, a worsening security situation in the northwest and southwest regions could undermine prospects, as these regions generate important business for agricultural producers. Climate change events are primarily manifested as high and rising temperatures, which affect the whole ecosystem, including human beings. In collaboration with external organisations, Cameroon has mounted a plan for climate change adaptation (2016-2020) based on climate monitoring and early warning systems.

4.7 Economic Community of West African States

The Gambia

Country data	
Population (millions) (2017)	2.1
Area '000 km^2	10.7
GDP (US$, billion, 2018)	1.0
GDP per capita, PPP current international US$ (2018)	2,612
Currency	Dalasi (GMD)

The Gambia consists of a narrow ribbon of land on either side of the River Gambia, one of West Africa's major waterways. It is the smallest nation on the African continent, and one of the most densely populated. Other than a 50 km stretch of Atlantic coastline, it is entirely surrounded by Senegal. The terrain is generally flat and low-lying; the port and the capital Banjul lie only 1m above sea level. Inland, the country rises to a low plateau with flat-topped hills. Following lengthy periods of French and then British rule, The Gambia became an independent nation in the Commonwealth in February 1962. The nation left the Commonwealth in 2013 and rejoined in 2018 following the ousting of President Jammeh.

Economic performance

The Gambia's small economy is reliant on tourism, cash crops and remittances – and it is vulnerable to external shocks. The agriculture sector, largely based on peanuts, groundnuts and cashew nuts contributes an estimated 20 per cent of GDP and employs 75 per cent of the labour force.

Real GDP growth was an estimated 5.4 per cent in 2018, significantly above the 4.6 per cent recorded in 2017 (see Table 4.1), driven largely by improvements in services (up 10 per cent), coupled with robust growth in the tourism, construction and telecommunications sectors. This largely reflects improved business confidence under Adama Barrow's presidency. The tourism sector recorded an impressive 31 per cent rise in visitors to 225,000 in 2018, from 171,000 in 2017. Real GDP growth is forecast to remain at around 5.4 per cent in 2019–2020, barring no resurgence in political instability, delays in the implementation of earmarked structural reforms and unfavourable weather conditions that weaken rain-fed agriculture.

The Gambia's political scene has stabilised since the ousting of the long-serving authoritarian president, Yahya Jammeh, in January 2017, but it remains fragile. The Ibrahim Index of African Governance ranks the nation 21st out of 64 nations – above Guinea and Nigeria and below Senegal and Ghana. On Transparency International's latest Corruption Perceptions Index, The Gambia's rank of 96th is low, but it represents an improvement compared with the previous two years.

Prices, wages and employment

Inflation declined to 6.5 per cent in 2018 from 8 per cent in 2017 and it is expected to decelerate towards the central bank's target of 5 per cent in 2019–2020 amid easing global prices and prudent fiscal and monetary policy-making. Unemployment continued to be in the neighbourhood of 9 per cent, around 2 percentage points above the average rate for Commonwealth Africa. Youth unemployment is higher, at 12.9 per cent.

Fiscal developments

The fiscal deficit widened to 6.0 per cent of GDP in 2018, compared with 5.3 per cent in 2017, owing to lower grant revenues and unbudgeted transfers to state-owned enterprises. The state finances should improve in the coming years as major post-2017 structural reforms, supported by the IMF, take effect. They will also be boosted by a robust recovery in tourism and remittances, which has helped stabilise the dalasi and enabled reserves to rebound to the equivalent of three months of exports.

Debt weighs heavily on The Gambia's economic prospects. Public debt declined slightly in 2018, but at 89 per cent of GDP it is higher than in most countries in the region, and interest payments accounted for a quarter of government spending in 2018. It should gradually decline to around 70 per cent of GDP in the next few years under the government's restructuring programme.

Trade developments

During 2018, the external current account deficit widened to an estimated 11.5 per cent of GDP, from a deficit of 7.1 per cent in 2017. Total imports are estimated to have increased by 12.9 per cent, while growth in exports was only 5.3 per cent. The Gambia's imports are dominated by refined fuels, followed by cereals, sugars and vehicles. Côte d'Ivoire, Brazil and China are the leading suppliers. The largest exports are fish and crustaceans, textiles and nuts, with Mali, South Korea and India the main export markets.

Key development challenges

While The Gambia's economy has recovered strongly since 2017, it faces a number of interlinked challenges, from reducing the public debt burden to building more a more diverse economy with resilient infrastructure and institutions. An estimated 74 per cent of the rural population lives below the poverty line, with women disproportionately affected. Average per capita income was estimated at just US$2,612 in 2018 (IMF, at PPP). Certain sectors, notably tourism, can provide much higher rates of pay. The Gini coefficient for income inequality is 35.9 (see Table 4.3), the third-lowest level in Commonwealth Africa.

Water storage and dispersal systems are limited, meaning farmers are highly vulnerable to droughts. The road network is generally poor, although completion of the Senegambia Bridge across the Gambia River in 2019 will boost the economy through greatly improved north-south links and connections with the Casamance region of Senegal.

As a low-lying coastal state, The Gambia is vulnerable to sea-level rise and flooding from increasingly powerful sub-tropical storms associated with a warming climate.

Ghana

Country data	
Population (millions) (2017)	29.6
Area '000 km^2	239.6
GDP (US$, billion, 2018)	68.0
GDP per capita, PPP current international US$ (2018)	6,452
Currency	Ghanaian cedi (GHS)

A West African nation, Ghana stretches inland from tropical rainforests of the Gulf of Guinea to semi-arid plains bordering Burkina Faso. Drained by a large number of rivers and streams, central Ghana is dominated by the huge man-made Lake Volta, created when the Akosombo Dam was completed in 1965. Ghana's four distinct geographical regions support a rich diversity of wildlife. The majority of Ghanaians live in the south of the country – greater Accra is the most densely populated region, followed by Ashanti, centred on the city of Kumasi. Formerly known as the Gold Coast, Ghana achieved independence in March 1957 and joined the Commonwealth.

Economic performance

Ghana's well-diversified economy includes oil and gas extraction, agriculture, manufacturing, industry and services. It is the second largest producer of gold and cocoa after South Africa and Côte d'Ivoire, respectively. Ghana is categorised as a medium-income country, with a rank of 140 out of 189 countries in 2017 in terms of human development, which indicates the country is at the stage of medium human development (see Table 4.3). As with its peers in Commonwealth Africa, the HDI score for females (0.563) is lower than that for males (0.619). In terms of income per capita, Ghana is the wealthiest nation in West Africa – estimated at US$6,452 in 2018 at PPP. Life expectancy is 63.0 years and the average time spent in education is 7.1 years – both high by regional standards.

Some progress has been made in reducing corrupt practices and improving governance, as indicated by Ghana's relatively high score of 41 (and ranking of 80th out of 180 countries) on Transparency International's most recent (2018) Corruption Perceptions Index. On the 2018 Ibrahim Index of African Governance Ghana is ranked a creditable 6th out of 54 nations.

The economy expanded strongly from the mid-1990s, following a series of IMF-backed reform programmes and substantial investment in agriculture, industry and infrastructure. The start of oil extraction in 2010 pushed annual GDP growth above 15 per cent for a time, until slumping oil prices brought it down to 3.6 per cent in 2016. The economy strengthened in 2017, with real GDP growth of 8.1 per cent, and it moderated to 5.6 per cent in 2018 (see Table 4.1). The services sector is the largest component of the economy, accounting for around 57 per cent of GDP and employing 45 per cent of the population (World Bank).

The banking sector is stable and well capitalised and has developed considerably, along with telecommunications and information and communication technology, reflecting the rapid roll-out of broadband Internet and mobile payments. Industry comprises around a quarter of economic output and is dominated by mining (chiefly of gold, bauxite and manganese), light manufacturing, aluminium smelting, food processing, cement production and petroleum. Agriculture remains important to Ghana's economy, accounting for about 19 per cent of GDP and mostly managed on small and medium-sized farms. Cocoa, palm oil, coffee and rubber are the main cash crops.

Prices, wages and employment

Inflation fell to a still-high 9.8 per cent in 2018, from an average double-digit rate of 13.8 per cent in 2015–2017. The lower inflation rate helped stabilise the Ghanaian cedi against major currencies, except for a slight depreciation against the US dollar in the second quarter of 2018. Inflation is expected to remain with in the central bank's target range of 6–10 per cent in the medium term. Wages in the formal sector average around US$170 per month, although monthly salaries as high as US$15,000 have been reported in some sectors.

Unemployment continued to be in the neighbourhood of 6.7 per cent for 2016–2018, around 0.2 percentage points above the average rate for Commonwealth Africa. Youth unemployment is higher, at 13.7 per cent.[6]

Fiscal developments

Ghana's fiscal deficit narrowed to an estimated 3.7 per cent in 2018, reflecting its efforts to tighten public spending and broaden the tax base. It is expected to widen again in 2019–2020 as certain loan repayments mature and amid financial difficulties in the energy sector.

Ghana's public debt to GDP ratio was estimated at 69 per cent in 2018; in April 2018, the IMF warned of a high risk of debt distress.

The public debt is expected to gradually diminish as debt management strategies take effect and amid solid expansion in the overall economy. Nevertheless, Ghana remains vulnerable to global price fluctuations in key exports such as oil, gas, gold and cocoa. India, China, South Africa and Switzerland are the leading export markets.

Trade developments

After recording an average external current account deficit of 6 per cent of GDP in 2015–2016, the deficit stabilised at 3.3 per cent of GDP in 2018, reflecting rises in oil and gold prices. It is expected to narrow further in 2019–2020. Precious metals were the most valuable export in 2018, followed by oil and gas, cocoa and edible fruit and nuts. Ghana's imports are dominated by machinery, mainly for the country's growing industrial and food processing sectors, and vehicles. Substantial amounts of cereals are also imported each year. China is the dominant supplier, followed by the USA, Belgium and India.

Key development challenges

An estimated 10 per cent of Ghana's population is affected by extreme poverty. There is also the connected issue of income inequality: a Gini coefficient of 42.4 indicates a relatively high level of inequality, although below that of South Africa, Namibia and Botswana. There is high incidence of malaria (285.6 per 1,000 people at risk) but prevalence of HIV among adults (1.6 per 1,000 persons) is low relative to other countries in Commonwealth Africa. Population growth is fairly high (2.2 per cent), but decreasing and lower than in many neighbouring countries in the region.

Increasing temperatures, declining rainfall or variability, rising sea levels and weather extremes and disasters are the realities of climate change, and they are already affecting Ghana. Like its regional peers, Ghana has benefited from the assistance of United Nations entities in implementing a national climate change adaptation strategy.

Nigeria

Country data	
Population (millions) (2017)	202
Area '000 km^2	923.8
GDP (US$, billion, 2018)	447
GDP per capita, PPP current international US$ (2018)	6,027
Currency	Naira (NGN)

Nigeria is a large West African nation stretching from the tropical rainforests in the south, along the Gulf of Guinea, to the semi-desert of the Sahel at the northern frontier with Niger and Chad. The varied landscape includes the vast Niger Delta, famed for its mangrove swamps and oil reserves. Highly bio-diverse rainforests surround the eastern border with Cameroon, while savannah characterises the central plateau.

With a population of around 202 million, Nigeria dominates the region – it accounts for about half of West Africa's population. A culturally diverse federation, it is made up of 36 autonomous states and the Federal Capital Territory (Abuja). The largest city, Lagos, has a population of around 14 million, with a total of 21 million estimated for the wider urban area.

Economic performance

Nigeria's economy is the largest in Africa, with nominal GDP estimated at US$447 billion in 2018. The economy depends mainly on exploitation of its abundant natural resources – namely, oil, accounting for 70 per cent of earnings – the agriculture sector (cocoa, peanuts, rubber and palm oil), the vibrancy of the tech industry, which is having a transformative impact on communities and businesses, the inventiveness of its services, including financial services, and its pool of highly skilled labour.

However, Nigeria is also known for the pervasiveness of corruption practices, which is reflected in its lowly rank of 146 out of 180 countries on Transparency International's

2018 Corruption Perceptions Index. Moreover, the Ibrahim Index of African Governance score of 47.9 in 2018 (33 out of 54 nations) indicates weak governance, despite some progress in recent years.

After two years of insignificant real GDP growth (-1.6 per cent in 2016 and 0.8 per cent in 2017), the Nigerian economy expanded by an estimated 1.9 per cent in 2018 (see Table 4.1), reflecting primarily higher production in the services, industrial and manufacturing sectors as well as an increase in oil prices. Agricultural production was severely hampered by social unrest, clashes between farmers and herders, flooding in key agricultural regions, low productivity and poor management. Despite some downside risks to the economic outlook based on expectations of lower oil prices, prolonged insurgency in the northeast and corruption, real GDP is projected to grow by 2.1 per cent in 2019, buoyed primarily by the government's implementation of the Economic Recovery and Growth Plan.

Prices, wages and employment

Inflation was estimated at 12.1 per cent in 2018, compared with 16.5 per cent in 2017, which reflected rapidly rising food prices, in part because borders with neighbouring Benin and Niger were closed during a crackdown on smuggling. Inflation-targeting policies are expected to bring down the rate of inflation to around 11 per cent in 2019–2020.

According to the National Bureau of Statistics, the unemployment rate increased from 16.5 per cent in 2017, to 23.1 per cent in 2018, with the rate higher still among young people. Unemployment was a major theme in the run-up to the 2019 presidential election, and the government has made the decrease of the unemployment rate a priority.

Fiscal developments

Nigeria's fiscal performance improved in 2018, as the deficit fell to 4.5 per cent of GDP from 5.4 per cent of GDP, boosted by a significant increase in total government revenue of 40 per cent, mainly from oil revenues and a value-added tax on luxury items, relative to a 21 per cent rise in total expenditure. Although oil contributes only 9.4 per cent of GDP and the non-oil sector 90.6 per cent, in terms of revenue Nigeria's economy is overly dependent on crude oil, which accounts for 81 per cent of total exports. Nigeria has a relatively low debt to GDP ratio, which stood at 28 per cent of GDP at the end of 2018.

Trade developments

Nigeria recorded a current account deficit of 2.1 per cent of GDP in 2018, significantly below the average deficit of 6.6 per cent for the ECOWAS region – a reflection of strong oil export receipts and improvements in the terms of trade. Oil and gas absolutely dominate exports, ahead of ships, boats and floating structures, cocoa and oil seeds. India is the largest export market, followed Netherlands, Spain and France. Mineral fuels are the largest import, ahead of machinery and vehicles, primarily from China, Netherlands and South Korea.

Key development challenges

While Nigeria's economy has expanded and become more sophisticated in recent years, the country faces immense development challenges, epitomised by sharply growing inequalities in income and opportunity. This partly reflects a growing north-south divide, with the poorer and more remote north suffering from instability and the Boko Haram insurgency. Population growth is high (2.6 per cent on average and unsustainably high in some rural areas). Corruption and poor governance is rife, the transport infrastructure and energy supply is largely inadequate and the banking system is fragile and there are insufficient links between higher education and employers.

In 2018, Nigeria ranked 158th out of 189 countries in terms of human development, placing the country in the category of low human development. The key HDI components are as follows: income per capita (US$6,027, 2018 at PPP), life expectancy (53.9 years) and education achievement (mean years of schooling: 6.2). Females score lower in terms of human development than males, which is confirmed by the Gender Development Index score of 0.868 (see Table 4.3). Indeed, according to Adebayo, a CNN correspondent, Nigeria overtook India in terms of extreme poverty in 2018 and is now the country with 'the largest population of people living in extreme poverty (less than US$1.90 a day) with an estimated 87 million Nigerians'.[7]

In 2018, HIV prevalence was estimated at 1.4 per 1,000 persons, which represents an improvement over the score of 2.9 in 2016, which is far lower than in SADC countries. However, this still means an estimated 1.9 million people are currently living with HIV in Nigeria. Malaria incidence of 349.6 per 1,000 people at risk and tuberculosis prevalence of 219 per 100,000 people are other serious health matters, affecting productivity, poverty, income inequality and economic growth.

Nigeria is also vulnerable to the impacts of climate change, which manifest in the form of rising temperatures and recurrent flooding. There is a need to focus on the

> ... diversification and extension of protected areas for the conservation of vulnerable ecosystems, maintaining ecological structure and process at all levels and ecosystem vulnerability to the changes and reorientation of their evolution towards higher resistance to the changes; incorporating biodiversity conservation into adaptation strategies in the other sectors of the Nigerian economy; establishment and protection of protected area (in situ preservation), and the active management of wild populations outside protected areas (ex situ management)... monitoring to evaluate species and ecosystems stability from climate change perspective.[8]

Sierra Leone

Country data	
Population (millions) (2017)	7.5
Area '000 km^2	71.7
GDP (US$, billion, 2018)	3.8
GDP per capita, PPP current international US$ (2018)	1,602
Currency	Leone (SLL)

Sierra Leone lies between Guinea and Liberia on West Africa's Atlantic coast. Apart from the hilly Freetown peninsula, the coastal belt is flat. The land rises to a broad plateau and to the Guinea highlands in the east, with mountain peaks up to almost 2,000m. The capital and largest city, Freetown, is located at the mouth of Africa's largest natural deep-water harbour. Formerly a British colony, Sierra Leone became an independent member of the Commonwealth in April 1961.

Economic performance

After experiencing a devastating civil war in 1991–2002 and an Ebola outbreak in 2014–2016, Sierra Leone is gradually recovering. The Ebola outbreak caused more than 3,900 deaths and a revenue loss equivalent to 29 per cent of GDP, according to the World Health Organization (WHO). Sierra Leone's agriculture-dominated economy (it accounts for 51.5 per cent of GDP) is the poorest in ECOWAS, with per capita income estimated at US$1,602 in 2018 (at PPP). It also has the lowest life expectancy in the region.

Real GDP growth slowed marginally to an estimated 3.8 per cent in 2018 (see Table 4.1), mainly as a result of a decline in the production in iron ore mining stemming from a decline in prices over the past four years and closure of the main mine, the Tonkolili facility. However, real GDP growth is projected to increase to 5.4 per cent in 2019, the impetus provided by higher private investment in agriculture, diamond mining and oil extraction.

Prices, wages and employment

Inflation continues to be among the highest in Commonwealth Africa, reaching 16.9 per cent in 2018, reflecting the depreciation of more than 30 per cent in the exchange rate and steadily rising prices for imported food and fuel. The official unemployment rate is 4.3 per cent (ILO), but youth unemployment is estimated to be closer to 50 per cent, with the vast majority of employees classed as being vulnerable to losing their job.

Unemployment has several consequences, including the generation of poverty. In this regard, an estimated 52.3 per cent of the population is affected by extreme poverty, with a higher proportion of the poor living in rural areas and more females categorised as poor than males. Although some progress has been made in combating poverty, the present level is still high. The Gini coefficient for income inequality indicates a score of 34, the lowest in ECOWAS.

Fiscal developments

The fiscal deficit worsened to an estimated 7.7 per cent of GDP in 2018 from 6.8 per cent in 2017, largely the result of a shortfall in revenue collections and higher spending related to elections. As a result, the public debt to GDP ratio jumped to 79.2 per cent of GDP in 2018, and it is expected to spiral above 90 per cent of GDO in 2019–2020, an unsustainable level – the country is now classified as being at high risk of debt distress.

Trade developments

The external current account deficit widened to an estimated 16.9 per cent of GDP in 2018, compared with 13 per cent in 2017, stemming from higher imports of consumer goods and weak export performance. Cereals become the largest import by value in 2018, ahead of machinery and vehicles, with China, United Arab Emirates, Belgium and India the leading suppliers. Following the closure of a major iron ore mine, ores are now only the country's second most valuable export, behind fish and crustaceans. Cocoa and vehicle parts are the third and fourth most important exports. China, South Korea and Netherlands are the three largest export markets.

Key development challenges

Sierra Leone continues to face the daunting challenge of rebuilding its shattered economy against the backdrop of widespread poverty, health and sanitation issues and unemployment. The country's institutions and infrastructure are in urgent need of sustained investment. Gradual progress is being made under President Julius Maada Bio, with assistance from the international donor community, including the IMF's Extended Credit Facility.

Special focus: Fintech development

The development of the fintech industry in Sub-Saharan Africa, including the Commonwealth Africa countries, is revolutionising the financial services landscape by improving access to basic banking and other payment services, as well as fostering innovative digital solutions in other economic sectors, such as agriculture, education, medical services and infrastructure. These activities hold tremendous potential to strengthen financial inclusion and accelerate knock-on effects for job creation, poverty alleviation and inclusive economic growth.

Notwithstanding the transformational change ushered in by the fintech industry, though, there are concerns related to the potential risks associated primarily with cyber-security threats, fraud, money laundering and financing of terrorism. Therefore, collaboration among regulators, governments and sector participants is imperative to create an enabling environment that mitigates these risks and ensures digital literacy continues to gain momentum.

The ability of the average citizen in Sub-Saharan Africa to execute digital payments and money transfers has been a key driver of fintech activity. The most widely used vehicle is mobile phones supported by Internet connectivity of consumers to business firms and peer-to-peer transactions (i.e. remittances or money transfers to family and friends across borders and within countries). As a result, subscriber mobile phone penetration has risen significantly, with the emergence of three main fintech hubs, South Africa, Kenya and Nigeria, far exceeding those of other countries. In addition, Africa has the highest mobile money penetration in the world, with an estimated 10 per cent of the adult population and over 100 million active mobile money accounts.

East Africa is the leader in mobile money transfer payment adoption and usage. Kenya's M-Pesa, the hugely successful mobile money transfer and financing service, has expanded to Ghana, Lesotho, Mozambique and Tanzania. Prior to the launch of M-Pesa, more than a quarter of Kenya's population was dependent on traditional – and inaccessible – banking services to transfer money to family and friends. In Nigeria, peer-to-peer money transfers, bill payments, online payments and payroll services are increasingly being carried out, and in Botswana and Cameroon payment and withdrawal cards are rising in frequency each year. In Senegal, large mobile operators and money service providers, Orange Group and MTN Group, have created a joint venture Mowali, which offers mobile wallet interoperability that facilitates payments across the breadth of Africa (IMF, 2019b).

There is tremendous potential to enhance the range of financial products and services beyond mobile payments. In this vein, central banks are partnering with fintech start-ups and established players to design, test and redesign new products and services. This collaboration is critical to deepening Africa's participation in the global digital economy and engendering inclusive economic growth and development. In those economies with large informal sectors, new technologies can incentivise citizens to formalise their business and day-to-day transactions, which bodes well for increasing fiscal revenue. Indeed, striking the right balance between regulation and technological innovation without compromising mitigation of the associated risks is worth pursuing.

4.8 Key development challenges

The major development challenges in Commonwealth Africa are inextricably linked to perennial concerns related to fragility, conflict and violence in many of the countries. Addressing these challenges will involve strengthening mechanisms to reduce extreme poverty, improving income and gender equality and boosting shared economic progress. It is also essential to put in place a business environment that is attractive to investors and to ensure the drivers of economic growth are sustainable. A worthy objective would be to target real GDP growth of at least 6 per cent in each country, which, if underpinned by stronger institutions, lower population growth, reduced corruption and improved service delivery, could boost incomes and positively affect the countries of the region. Indeed, the digitisation of economic activity across Africa could unlock the creativity and innovation needed to catalyse inclusive growth.

Economic progress improves when real income per capita growth keeps pace with real GDP growth. The data for the Commonwealth African countries indicate divergence occurs in the presence of high rates of population growth, which is an emerging development challenge. Therefore, average real GDP growth of 4.4 per cent is necessary, but unfortunately not sufficient. Improving institutional quality and governance, which encompasses political stability, corruption, government effectiveness and maintaining the rule of law, also represent a critical challenge, one that is currently stymying inclusive economic growth and poverty alleviation.

Furthermore, general government debt levels (as a percentage of GDP) are increasing, with many of the Commonwealth African countries either approaching or having surpassed the indicative debt threshold of 60 per cent of GDP. The Gambia, Ghana, Mauritius, Seychelles, South Africa and Zambia are approaching this threshold and Mozambique has surpassed it. The proximate reasons for public debt accumulation have to be understood and strategically managed, considering the country-specific circumstances, particularly as the composition of debt is shifting to private creditors.

The lack of quality jobs, especially for youth and recent university graduates, and persistent unemployment are also challenging. In many countries, most formal job opportunities are concentrated in the agriculture sector, which is low productivity. This contributes to worker apathy, leading to migration to the informal sector, which in and of itself is characterised by job insecurity and low wages. Youth unemployment is evident across the breadth of Africa and is far greater than the overall unemployment rate. A good example is Namibia, where the unemployment rate is 23.1 per cent and youth unemployment rate has reached 44 per cent.

Furthermore, the prevalence of HIV/AIDS, malaria, tuberculosis and other diseases is costly in terms of maintaining a healthy and productive workforce. The problem is more acute in the southern belt than in other regions. Lesotho, for example, has 25 per cent adult HIV prevalence, the second highest rate in the world. Security and safety concerns owing to violence, rebellions and other forms of crimes are a major challenge. This is the case with Boko Haram in Nigeria/Cameroon region, rebellions in the Democratic Republic of Congo region, which spill over into the EAC, and political instability as well as insecurity in The Gambia.

4.9 Policy priorities

The historical context of the Commonwealth African countries suggests core policy priorities geared towards tackling fragility issues, poverty, income disparities and concerns related to security and safety. This involves improving the business climate to stimulate investment and creating new opportunities for entrepreneurs that generate inclusive real economic growth capable of creating quality jobs with decent wages and benefits. These pro-growth policies must also be environmentally friendly and relevant in order to break the cycle of poverty and stagnation in income distribution. Equally important is the need to enhance regional trade facilitation and embrace economic integration.

An important policy issue is the impact of annual population growth of more than 2 per cent, as this requires a constant and sustained increase in real GDP growth beyond 2 per cent per annum to maintain real GDP per capita at levels that aid in poverty alleviation and reduce inequality. The majority of countries in Commonwealth Africa have recorded population growth greater than 2 per cent. Furthermore, the impact of climate change is critical for enhancing economic prospects, in view of the high contribution of agricultural production to real output growth. Periods of drought and floods, which are occurring more frequently, could have severe impacts on economic performance. Furthermore, improving institutional quality and enhancing the business climate to attract higher foreign direct investment are equally important for creating new avenues for economic growth.

Despite high levels of economic growth in many countries, the employment (youth employment) story is less glowing. Sustained economic growth is needed to generate quality jobs. Although each sector has to be promoted to generate jobs, it is also important to acknowledge that some sectors generate more (quality) jobs than others. The mining sector is poor in terms of job creation and this goes a long way in explaining Botswana's weak record on jobs. In addition, job creation is meaningless if the workforce is not qualified. With the ever-changing environment, it is not only formal education that needs to be adapted to the requirements of workplace but also training, especially to meet the needs of the digital economy. HIV/AIDS prevalence, particularly in SADC, negatively affects productivity; policies to curb this are necessary.

Finally, taking further steps towards the full integration of the four communities (SADC, EAC, ECCAS and ECOWAS) could create synergies to boost trade and greater movements of labour and capital; financial markets; and infrastructural projects. Making this a reality will substantially increase economic growth across the region and possibly help solve other developmental issues.

Notes

1 The SADC region includes Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, eSwatini (Swaziland) and Zambia. The EAC comprises Kenya, Rwanda, Tanzania and Uganda. ECCAS includes Cameroon and ECOWAS The Gambia, Ghana, Nigeria and Sierra Leone.

2 According to World Bank estimates, low-income economies are defined as those with a current gross national income (GNI) per capita of US$1,025 or less (2018); lower-middle-income economies are between $1,026 and $3,995; upper-middle-income economies are between $3,996 and $12,375; and high-income economies are at $12,376 or higher.

3 See Table 4.3. The Gini Index coefficient is computed as an average for 2010–2017.

4 Human Development Report 2019 (http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/MUS.pdf)

5 In July 2019, Zimbabwe banned the use of foreign currencies, including the South African rand.

6 This figure comes from Statista (https://www.statista.com) rather than Table 4.3.

7 Nigeria overtakes India in extreme poverty ranking: https://edition-m.cnn.com ; information from the Brookings Institution

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05

The Commonwealth Caribbean

5.1 Recent macroeconomic developments and outlook

Overview

The 12 countries that comprise the Commonwealth Caribbean are also members of the Caribbean Community (CARICOM) regional trade bloc and have considerable economic potential and growth opportunities. The region has an educated, multilingual workforce and sophisticated financial systems, and is in the sphere of the large and growing markets of the USA and Central America. Its natural beauty and vibrant cultures have made it one of the world's leading tourist destinations. Meanwhile, the region is also beginning to develop its services, logistics, agriculture and creative and digital sectors. While most of the 12 Commonwealth countries are small groups of islands, which can prove logistically challenging, this also means they can respond quickly to opportunities for innovation and to improve their competitiveness.

However, the region is extremely vulnerable to climate change and natural disasters, and for some nations the damage can surpass annual gross domestic product (GDP). Indeed, natural disasters cost the region an estimated US$8.6 billion between 1996 and 2015. Since then, major hurricanes, including Irma and Maria in 2017, have caused even more damage. Investing to prepare for climate change and natural disasters will be critical to the region's resilience and the reduction of human and economic costs. The Caribbean Community Climate Change Centre coordinates the Caribbean region's response to climate change via effective solutions and projects to combat its environmental impacts and global warming.

Economic performance

Against a backdrop of relatively desirable conditions globally, Commonwealth Caribbean members have experienced an overall improvement in economic activity in the past three years, originating largely from improved performance of some key economic sectors.

Annual GDP growth will average an estimated 2.9 per cent across the Commonwealth Caribbean in 2019, ranging from a high of 8.0 per cent in Dominica to a contraction of –0.1 per cent in Barbados. There is expected to be significant real growth in Dominica – a total turnaround on the negative double-digit decline of –12.0 per cent in 2018 after the independent island nation was hit especially hard by Hurricane Maria a year earlier. Grenada continues to experience above-average Commonwealth Caribbean real GDP growth rates. The International Monetary Fund (IMF) estimates that its economy will expand by 4.2 per cent this year.

Real GDP per capita across the Commonwealth Caribbean in 2017 ranged from US$3,871 in Guyana to $26,539 in The Bahamas. This was the result of a compound annual growth rate of 0.07 per cent over a three-year period (2015–2017). A large decline in growth of about –10 per cent is attributed to Dominica, while Grenada and Saint Lucia experienced the highest growth in their GDP per capita (World Bank, 2019). Nominal GDP per capita in 2019 is estimated at US$13,334, representing a compound annual growth rate of 1.94 per cent between 2017 and this year (2019) (IMF, 2019).

Prices, wages and employment

Apart from St Kitts and Nevis, all member countries are expected to experience inflationary conditions during 2019. Increases in consumer prices in 2018 ranged from 1.1 per cent in Trinidad and Tobago to 3.6 per cent in Jamaica. Caribbean members functioning under elevated price conditions over 2.0 per cent were Guyana (2.9 per cent), The Bahamas (2.6 per cent), St Vincent and the Grenadines (2.0 per cent) and Antigua and Barbuda (2.0 per cent). In Grenada and St Kitts and Nevis, construction activity is prominent and employment levels are projected to increase.

According to the Eastern Caribbean Central Bank, preliminary estimates point to reduced unemployment levels in Dominica and Saint Lucia, where the number of persons employed has increased, particularly in the public service. On average, however, the unemployment rate may have edged downwards. Structural impediments in the labour market persist and, while the region has made small strides in the area of employment, a more targeted regional approach is necessary to drive down unemployment and underemployment to sustainable levels for the long-run survival of its social security systems.

Trade developments

The Commonwealth Caribbean's outlook remains hinged on global developments, of which China–US trade tensions are most likely to play an important role. The region continues to experience a negative trade balance, although 2017's nominal net trade in goods and services was an improvement on the 2016 trade balance. The only member countries in the Caribbean that have had an improved trade position for the same period are Antigua and Barbuda, Saint Lucia and Trinidad and Tobago. When trade in services is omitted, only Trinidad and Tobago held a favourable trade position in 2017.[1]

The third consecutive negative balance of trade (goods and services) was realised for this Commonwealth region in 2017 – that is, an outflow of domestic currency to foreign markets.[2] The current account balance for the Caribbean in 2019 is estimated to be US$0.23 billion (IMF, 2019). The only territory with a positive estimate is Trinidad and Tobago (US$0.15 billion representing 0.65 per cent of its GDP), while the largest deficit, in terms of US dollars, was recorded in The Bahamas (–US$1.51 billion).

Fiscal developments

IMF estimates show that for 2019 central governments will operate on a shortfall; however, this is significantly lower than the shortage presented in the past three years. A current account deficit persists in the Commonwealth Caribbean, a position that has worsened marginally compared with 2018 but that is also the second-worst position at least in the past decade. Of the 12 Caribbean member countries, Trinidad and Tobago has held a current account surplus more frequently than the other members. Guyana, according to IMF estimates, is projected to become the most improved relative to its current account's balance of payments through 2024, as newly discovered offshore oil come on stream. The Bahamas is expected to experience the largest current account deficit of the Caribbean this year.

Gross general government debt is expected to decline steadily in the medium run. According to IMF staff estimates, the Commonwealth Caribbean's general government gross debt is 74.9 per cent of GDP in 2019, the lowest in the past decade. Trinidad and Tobago currently experiences the lowest ratio (49.8 per cent of GDP) whereas Jamaica and Barbados hold the highest, near an unsustainable level of 100 per cent of GDP during the same period. The sub-region's debt as a share of GDP is expected to decline to 67.7 per cent in the next five years. Four of the 12 Caribbean member countries – Antigua and Barbuda, St Kitts and Nevis, Saint Lucia and Trinidad and Tobago – may expect an increase in their government debt to GDP ratios in the short to medium term.

Antigua and Barbuda can expect 99.2 per cent of its GDP as its gross general government debt in the next five years according to IMF estimates, compared with Trinidad and Tobago's 54.8 per cent. Conversely, Trinidad and Tobago's net government debt shows a considerably favourable position for the twin island state. Its financial assets corresponding to debt instruments outweigh its debt. Barbados and Grenada are expected to have the most improved debt to GDP ratios of the Caribbean members in the short to medium term.

Outlook

Several risks threaten the growth outlook, beginning with changes to trade terms with the global north, such as the USA and the UK (uncertainty over Brexit). The Consumer Price Index (CPI) is estimated to rise by 1.8 per cent in 2019, relative to an increment of 2.4 per cent in 2017. This is related generally to the more volatile sub-indices, such as food. Persistent financial shortfalls intensify financing needs and may hinder the capacity of specialists to execute capital ventures, battle and oversee wrongdoing, execute changes to enhance the commerce environment and foster a feasible business environment.

As with projections related to Commonwealth Caribbean and regional efforts to increase growth, improvement is expected in economic activity in the short to medium term. It is anticipated that the improvement will be influenced by resilience in the construction sector, reinforced by improvement in the wholesale and retail trade sectors, hotels and restaurants, agriculture, transport and real estate. Progress in tourism is likely to have encouraging spill-over impacts on other sectors – an added boost for the Commonwealth Caribbean.

5.2 Eastern Caribbean

Antigua and Barbuda

Country data	
Population (millions) (2017)	0.10
Area '000 km^2	0.4
GDP (US$, billion, 2018)	1.62
GDP per capita, PPP current international US$ (2018)	25,160
Currency	Eastern Caribbean dollar (XCD)

Buttressed by favourable global conditions and a year free of natural disasters, both the tradable and non-tradable sectors in Antigua and Barbuda thrived in 2018. Real growth accelerated to more than double the 2017 outturn on the back of broad-based economic expansion. Higher food prices drove inflation up to 2.4 per cent, however.

The overall fiscal deficit widened as a result of a substantial increase in expenditure, including a 5 per cent public servant salary increase, which overshadowed revenue gains and led to an increase in public debt for the year. Wage movements in the public sector in Grenada, where a 3.0 per cent raise, coupled with a one-time payment of US$750, was given to public servants, did not result in a similar outcome. Altogether, the tabled 2019 budget for Antigua and Barbuda targets an improved fiscal stance through both revenue boosting and expenditure-cutting measures. The economy's growth outlook is positive, contingent on sustained favourable economic conditions in key advanced economy trading partners.

Additional room stock and greater capital injections could potentially bolster the growth upswing in the most productive sectors, such as tourism, which contributes about 60 per cent of GDP and 40 per cent of investment. Downside risks to the near-term outlook include unforeseen slowdown in the economic growth in the USA, the UK and the Euro Area, heightened geopolitical tensions and uncertainty over Brexit. As in the country's Commonwealth Caribbean neighbours, adverse weather shocks to Antigua and Barbuda could constrain project implementation and ward off tourist arrivals.

Economic performance

Real GDP is estimated to have grown by 6.5 per cent in 2018, more than double the 3.0 per cent expansion registered a year earlier. The growth momentum owed to robust multi-sectoral performance, including expansion in construction; wholesale and retail trade; real estate; renting and business activities; hotels and restaurants; and transport, storage and communications. Construction sector activity was driven upward to 13.7 per cent of GDP by public and private investments in housing development, the enhancing of maritime infrastructure and hotel and resort development. Between 2005 and 2017, Antigua and Barbuda's Human Development

Index (HDI) value increased from 0.766 to 0.780, an increase of 1.8 per cent. Its 2017 HDI of 0.780 is above the average of 0.757 for countries in the high human development group and above the average of 0.758 for countries in Latin America and the Caribbean.

Directly linked to robust activity in construction, mining and quarrying activities were up by 22 per cent. The 2017 contraction in the hotels and restaurants sector was reversed to growth of 5.2 per cent to reach 13.5 per cent of GDP. Increases in both stay-over arrivals (8.8 per cent) and cruise passenger arrivals (7.5) and a combined increase of 7.6 per cent in visitor expenditure bode well for the tourism sector. Together, the trade, transport, communications and storage, real estate and renting and business activities sectors contributed an increased 37.7 per cent to GDP, with a doubling of the rate of growth in the latter two sectors.

Barring no exogenous shocks, the quickened pace of economic activity is expected to continue through 2019 as activity in the construction and tourism sectors will remain robust, benefiting from joint public–private projects and increased marketing and destination branding.

Prices, wages and employment

Disinflation resulted in 2018, as the CPI rose at a decelerated rate of 1.5 per cent (compared with 2.4 per cent in 2017). The sub-indices for food (3.9 per cent) and housing (2.2 per cent) registered the highest increases, while the lowest were noted for transport and communications (0.2 per cent) and clothing and footwear (0.9 per cent). The sub-indices for alcoholic beverages and tobacco (1.5 per cent) and personal services (4.2 per cent) decreased. Moderation in global economic activity and the stabilisation of oil prices should keep inflationary pressure subdued.

During 2018, retroactive payments and a 5 per cent wage hike for public servants cost the government an estimated EC$53 million. Proxy indicators for employment point to increased job creation in the construction sector, as well as in the transportation, accommodations, wholesale and education sub-sectors.

Fiscal developments

At 2018 year end, preliminary estimates are evidence of a widened overall fiscal deficit, equal to 2.3 per cent of GDP, for the government of Antigua and Barbuda. While the value of the deficit was up to EC$101.5 million in 2018 from $96.8 million, its share of GDP was virtually unchanged (from 2.4 per cent in 2017). The combination of revenue underperformance, current expenditure over-performance and lower capital grants explains the deficit overshooting projections by 18.8 per cent. Current revenue has increased by 2.9 per cent, 7 per cent below expectations, despite the highest intake in tax revenue in a decade. Improvement in tax administration can be credited with this improved tax revenue performance (up by 5.9 per cent year on year). A minimal decline in the ratio of tax revenue to GDP to 15.2 per cent reveals a lack of tax buoyancy. Improved tax collections have been worsened by worsened non-tax collections owing to reduced feed and charges on varied public services.

Though the nominal value of the outstanding public sector debt increased at end-December 2018 (year on year), the debt to GDP ration dipped from 80.6 per cent at 2017 year end to 77.2 per cent a year later. Domestic debt increased in response to the issuance of securities on the Regional Government Securities Market and increased borrowing from two local financial institutions. External debt also increased, reflecting disbursements from the Caribbean Development Bank (CDB), China EXIM Bank and Treasury Bills. Arrears to some Paris Club credits and local institutions added to the debt stock.

Trade developments

Antigua and Barbuda's trade deficit widened to 39.9 per cent of GDP at the end of 2018, from 35.3 per cent of GDP in 2017.

Construction and tourism-related imports drove the import bill up by 22.7 per cent from 2017 levels. Increased imports of mineral fuels; lubricants and related materials; manufactured goods; machinery ad transport; food and live animals; and machinery and transport equipment contributed to the higher bill. Exports decreased minimally, by 1 per cent. Further widening of the deficit is expected owing to higher imports to support increased construction and tourism activity. The current account has registered a net outflow of EC$4.3 million.

Key development challenges

Building macroeconomic resilience remains a significant challenge. Antigua and Barbuda's vulnerability to global economic shocks and adverse weather conditions poses significant risk to medium-term prospects. Foremost among the downside risks to growth prospects is lower-than-anticipated global economic growth, especially in the USA, UK and Euro Area, and continued uncertainty over Brexit.

The realisation of these risks could restrain demand in tourist travel and reduce foreign direct investment flows, ultimately slowing the pace of economic activity. Meteorological disasters and the resultant damage to infrastructure could erode gains in capital accumulation, redirect construction activity to rebuilding, rather than expanding, and severely compromise the tourism product.

Other structural issues include persistent fiscal deficit that constrain the execution of capital projects, crime management and reforms to the business environment and employment creation.

Antigua and Barbuda is an accredited entity of the Green Climate Fund. The twin-island state has engaged with the International Renewable Energy Agency and has received funding from the United Arab Emirates for its renewable Barbuda project, all in an effort to finance its climate change projects and policies.

Dominica

Country data	
Population (millions) (2017)	0.07
Area '000 km^2	0.8
GDP (US$, billion, 2018)	0.50
GDP per capita, PPP current international US$ (2018)	10,680
Currency	Eastern Caribbean dollar (XCD)

Dominica consistently ranks among the most vulnerable countries in the world, because of its high susceptibility to natural hazards. Economic activity in post-Hurricane Maria Dominica remained subdued in 2018, but signs of recovery are evidenced by a reversal of negative growth for the first time since the hurricane. Hurricane Maria was a Category 5 hurricane, one of the strongest to hit the island. It devastated the island in 2017, destroying entire crops and disrupting water and power supply. Rebuilding efforts in the aftermath of the hurricane spurred positive, albeit minimal, growth. Increased activity in the wholesale and retail trade sectors also contributed to the turnaround. With unfulfilled pledges of international financial assistance, an overall fiscal imbalance prevailed, and the fiscal outlook is uncertain, notwithstanding a reduction in public debt. Construction-driven imports have caused the trade deficit to balloon and current account deficit to widen.

Further improvement in economic activity is expected in 2019 as sectors recover. Further deterioration in the fiscal and external balances is expected in order to sustain reconstruction. Going forward, the government's primary focus is on building climate and economic resilience including 'Building Back Better'. This is necessary to reduce the volatility of the country's economic growth trajectory.

Economic performance

The magnitude of the destruction from Hurricane Maria – estimated to be 226 per cent of Dominica's 2016 GDP – quashed economic activity in the member country. The result was a 9.5 per cent contraction in real GDP in 2017. Output recovery in the second half of 2018 was promising and should continue through to 2019. Post-Hurricane Maria-related construction and value added in the wholesale and retail sector were enough to crowd out declines in all other major sectors, netting Dominica a real positive growth rate of 0.5 per cent. Construction activity grew by 33 per cent and wholesale and retail trade expanded by 15 per cent, while visitor arrivals plummeted by 68 per cent.

Public sector construction was preoccupied with recovery and rebuilding efforts, while private sector construction activity centred around construction of three hotels and, to a lesser extent, home repair and reconstruction. Construction-related sectors such as transport, storage and communications benefited from 2.4 per cent growth, while expansions in public administration, defence and compulsory social security and financial intermediation contributed to the marginal increase in output.

A sharp drop in visitor arrivals – following the destructive Tropical Storm Erika and Hurricane Maria – have contributed to four consecutive years of contraction and a 40 per cent fall in visitor expenditure. The manufacturing sector has also experienced four consecutive years of depressed economic activity – it contracted by 25 per cent in 2018. The departure of Ross University School of Medicine was a significant loss to the economy, with an 85 per cent fall in value added from private education. Output in the real estate, renting and business activities and electricity and water sectors has also declined by 9.8 per cent and 25.9 per cent, respectively, owing to damage sustained to dwellings and the departure of the university.

Prices, wages and employment

Consumer prices rose by 2.8 per cent at 2018 year end, more than four times the rate of increase recorded for 2017 (0.6 per cent). Inflationary pressures were generated by the prices of food and non-alcoholic beverages (10.4 per cent), housing, utilities, gas and fuels (1.5 per cent) and transport (1.5 per cent).

Public sector employment rose by 1.5 per cent by the end of 2018 to reverse the previous year's 6.3 per cent decline. Notably, the increase was in temporary workers and contractors.

Fiscal developments

Government operations resulted in a widening of both the overall and the primary fiscal deficits equivalent to 9.8 per cent and 7.9 per cent of GDP, respectively. The increased deficits were attributed mostly to a 40.8 per cent increase in capital spending on post-hurricane reconstruction for the first nine months of 2018, relative to the same period in 2017. Capital expenditure on public works included rehabilitation of the Douglas Charles Airport, construction of the West Bridge in Roseau, house-building and dredging of rivers. Payments for goods and services associated with building maintenance, the purchase of medical and office supplies and equipment and professional consultancy fees as well as higher transfers and subsidies added to the surge in public spending (to 34.8 per cent of GDP). On the revenue side, collections fell by 6.5 per cent, in large part because of a 25 per cent decline in receipts from the Citizenship by Investment Programme. This was only minimally offset by a 4.6 per cent increase in tax collections, manly receipts of taxes on domestic taxes on goods and services. Import duties on higher import intakes contributed to the enhanced tax revenue performance.

In 2018, public debt to GDP fell to 76.3 per cent from 77.8 per cent in 2017, mainly because of decreased indebtedness of public corporations (8 per cent).

Trade developments

The merchandise trade imbalance in 2018 deteriorated to 56.3 per cent of GDP (EC$765.5 million), the worst deficit in Dominica's history. A surge in import payments amounting EC$815.4 million in the aftermath of Hurricane Maria was driven by reconstruction-related imports. To compound the imbalance, export receipts followed the disruption in domestic production, sinking by 10 per cent. Exports reduced in bananas (EC$0.3 million), beverages (EC$9 million) and paints (EC$1 million), barely offset by an EC$1.8 million increase in soap exports after the plant was rebuilt following 2015's Tropical Storm Erika.

Key development challenges

With the cost of disaster recovery more than doubling real production in Dominica, reducing vulnerability to shocks of this nature is key to the realisation of the country's growth potential. The government has acknowledged the need to invest in resilience to natural hazards and climate change more broadly. With support from development partners, it has embarked on several initiatives to build more resilient infrastructure and will embark on initiatives for a more comprehensive water sector and provide support for housing reconstruction and school rehabilitation. The operationalisation of the Climate Resilience Execution Agency of Dominica is likely to boost the government's capacity for implementing projects.

In the near to medium term, risks to growth recovery are skewed to the downside. These include a slowdown in revenue from the Citizenship by Investment Programme and delays in recovery and reconstruction efforts from fewer grants or delays in the disbursement of grant funds, as well as global uncertainty from the fallout associated with geopolitical tensions and Brexit.

Grenada

Country data	
Population (millions) (2017)	0.11
Area '000 km^2	0.3
GDP (US$, billion, 2018)	1.21
GDP per capita, PPP current international US$ (2018)	14,270
Currency	Eastern Caribbean dollar (XCD)

Largely tourism-based, over the past two decades Grenada has shifted from agriculture-dominant to services-dominant, with tourism serving as the leading foreign currency-earning sector. Buoyed by gains in the construction, tourism, private education and manufacturing sectors, Grenada's economy remained robust in 2018, despite a minimal deceleration in the rate of growth. Enhanced economic activity in select selectors paved a downward trajectory for unemployment. Consumer prices rose by 1.0 per cent at 2018 year end. The fiscal outturn was doubly positive, with an increase in the primary surplus to reach 6.2 per cent of GDP and a decrease in public debt as a percentage of GDP to 62.7 per cent. The merchandise trade deficit widened during 2018, pushed open by rising import demand and higher oil prices. Economic growth is expected to slow moderately in the medium term to 4.5 per cent on the back on of strong performance in construction, tourism, agriculture and education. The positive correlation between the Grenadian and global economies makes stable economic growth globally a condition for the realisation of positive forecasts. Grenada's HDI value for 2017 put the country in the high human development category.

Economic performance

In 2018, Grenada continued its record as the fastest-growing Commonwealth Caribbean economy. Real growth amounted to 4.8 per cent in 2018, marginally slower than the rate of growth of 5.1 per cent registered in 2017, bringing the five-year average (2014–2018) to 5.0 per cent. Economic growth was bolstered by developments in construction, tourism, manufacturing and education. Governance also played a crucial role through budgetary assistance and support from the Public Sector Investment Programme and increased investment in tourism and manufacturing. In fact, the pace of expansion in construction, private education and manufacturing overshot the government's budget forecasts.

The construction sector continued to be an impetus for growth. Value added in the sector expanded by 14.9 per cent in 2108, relative to its 2017 outturn, driven by the implementation of key projects, most notably the St George's University Expansion Project, Silver Sands Resort and the Parliament Building. Notably, this outturn was a deceleration from the rate of growth of 29 per cent recorded in 2017.

The tourism sector grew by 7.8 per cent in 2018, a faster pace than the 5.1 per cent realised in 2017. Sectoral activity was spurred by a five-year high in visitor arrivals, from increased arrivals in both cruise (14.5 per cent) and stay-over (10 per cent) visitors. Calls from seven new cruise lines in the aftermath of the 2017 hurricane season benefited the sector in Grenada. Stay-over tourists from all major northern markets and regional markets increased.

Decreased enrolment at St George's University slowed the rate of growth in the education sector in 2018. Still, the sector grew by 3.6 per cent and contributed the largest share to GDP, at 18.3 per cent. This slowdown had direct spill-over effects on the real estate, renting and business activities sectors, where growth slowed slightly from 2.5 per cent in 2017 to 2.2 per cent in 2018. The forward linkages from tourism, construction and education catalysed growth in transport, storage and communications (6.4 per cent) and wholesale and retail trade (10 per cent). Together, these two sectors contributed 21.5 per cent of GDP.

Value added in the manufacturing sector shot up by 7 per cent in 2018, more than two and half times the growth rate of the previous year. The production of chemicals and paints recorded the largest increase, of 8.1 per cent, while the beverage sector featured increased production in all categories, except rum, which contracted by 4.5 per cent. Economic activities in manufacturing and real estate contributed to a 3.6 per cent expansion in value added in the electricity and water sector. Contrastingly, agriculture, livestock and forestry recorded its third consecutive year of decline, with contraction of 3.8 per cent in 2018.

Prices, wages and employment

In 2018, consumer inflation doubled but remained subdued. Growth in consumer prices closed 2018 at 1 per cent, up from 0.5 per cent in 2017. The largest increases were registered in the sub-indices for education (6.0 per cent) and health (3.1 per cent). The largest weighted sub-index – namely, housing, utilities, gas and other fuels – advanced by 1.5 per cent. Higher airfares pushed the transportation sub-index up by 1.7 per cent.

In honouring its collective bargaining agreements, the government granted a 3 per cent salary increase to public services, along with a one-time payment as compensation for the sacrifices made during structural adjustment. Doing so cost it EC$7.3 million. The unemployment rate declined from 23.6 per cent at 2017 year end to 20.6 per cent at 2018 year end, underpinned by job creation in the tourism and construction sectors.

Fiscal developments

The government continued to reap returns from the Home Grown Structural Adjustment Programme, with the highest overall surplus observed since the programme's implementation. All fiscal targets set by the Fiscal Responsibility Act – the wage bill, primary surplus and primary expenditure – were met during 2018. An overall surplus equal to 4.2 per cent of GDP was realised in 2018, an increase from the 3.0 per cent of GDP noted in 2017. The surplus is explained by higher-than-anticipated revenues and reduced capital expenditure.

A surplus, equal to 6.2 per cent of GDP, also presented in the primary account, far exceeded the minimum target of 3.5 per cent of GDP. This laudable performance was the combined result of enhanced compliance, greater enforcement in revenue collection and contained discretionary spending. The surplus was used to service debt and augment the contingency fund. Growth in current revenue was stronger than that of current expenditure, netting a surplus in the current account, though current revenue as a percentage of GDP remained unchanged at 23 per cent. All line items contributing to current revenue registered increases during the period under review. Budget estimates put the overall surplus lower at approximately 3.8 per cent of GDP in 2019. Similarly, the primary surplus will also trend downwards, to 6.0 per cent of GDP, still well above primary balance target of 3.5 per cent of GDP. Higher primary surpluses, together with successful debt restructuring, led to a reduction of the public sector debt stock to 64.3 per cent of GDP at the end of 2018.

Trade developments

Higher import demand pushed the merchandise trade deficit open to 35.2 per cent of GDP. The import bill increased by 85 per cent, influenced by higher outlays for mineral fuels and related materials and manufactured foods. The increase in imports was only partially offset by a 4.3 per cent increase in exports. Domestic export growth came as receipts from agricultural exports (47.7 per cent), particularly for cocoa and fish, and manufactured exports (10.3 per cent), most notably animal feed, climbed.

Travel receipts grew at an increasing rate of 10.1 per cent in 2018, compared with 6.8 per cent in 2017. Concessional lending from the World Bank and CDB increased external inflows to the government, but outflows to creditors overshadowed receipts. The commercial banking sector also netted an outflow in short-term capital.

Key development challenges

While Grenada boasts a more diversified economy than its Organisation of East African States (OECS) neighbours, with thriving multi-sectoral growth in construction, tourism, manufacturing and education, it shares the downside risks of its regional counterparts. On account of a reliance on a few key source markets for tourist visitors and destination markets for exports, growth prospects are clouded by any macroeconomic slowdown in any of these markets. Grenada's economic performance is also tied to positive economic trends globally, which come under threat from oil price volatility and geopolitical tensions. Lower-than-projected foreign direct investment, via the Citizenship by Investment Programme, will also be a likely result of unfavourable global conditions and will have negative ripple effects in the fastest-growing sectors (construction and tourism).

High levels of debt relative to real output eat up hard-earned surpluses and create external imbalances, but, promisingly, the debt stock is on the decline and trending towards sustainable levels, barring adverse shocks that prompt emergency borrowing. Unique to Grenada's reality, fiscal targets could be at risk if introduction of the National Insurance Scheme causes fiscal expenditure to overshoot expectations.

Like its neighbours, Grenada is highly vulnerable to the economic and environment shocks of natural disasters. Its growth prospects may be squashed by a direct hit from a single hurricane, as was Dominica's 2017 experience. Plans to mitigate the risks of the increased frequency and intensity of natural disasters for the productive sectors and populace are key to the development agenda.

Grenada's record-setting growth has not translated to increased employment, with persistently high unemployment rates continuing to challenge the authorities. Weak institutional capacity is another structural hindrance.

Saint Lucia

Country data	
Population (millions) (2017)	0.18
Area '000 km^2	0.6
GDP (US$, billion, 2018)	1.88
GDP per capita, PPP current international US$ (2018)	12,970
Currency	Eastern Caribbean dollar (XCD)

Saint Lucia been able to attract foreign business and investment, especially in its offshore banking and tourism industries. The Commonwealth member country has experienced anaemic growth since the onset of the global financial crisis in 2008, largely because of a slowdown in tourism. There was an overall deceleration in economic activity in Saint Lucia in 2018. Real GDP was only marginally higher in 2018, relative to 2017 levels. The slowdown owed largely to a reversal in the construction sector, which almost completely offset gains in other significant contributing sectors – namely, tourism, manufacturing and agriculture. On a year-end basis, inflation rose by 1.6 per cent, largely because of inflationary pressures from housing, utilities, gas and fuel consumption. A smaller current account surplus and improvements in the capital account contributed to the narrowing of the overall fiscal deficit. Public debt increased in 2018, reflecting increased borrowing by the central government.

Notwithstanding downside risks, economic growth is expected to pick up in 2019. Private sector activity is expected to be an impetus for recovery of activity in the construction sector, including hotel construction and renovation. Public sector support, via a major airport rehabilitation project and other infrastructural rehabilitation and maintenance works, will also contribute to the sector's turnaround. Positive forecasts in tourism arrivals and buoyant performance in other productive sectors will support growth. A deterioration of the fiscal stance is anticipated, and could compromise prevailing economic conditions, as the overall deficit is projected to persist, and the debt level remains on its upward trajectory.

Economic performance

The tourism industry remained buoyant for a second straight year. Valued added in hotel and restaurants increased by an estimated 4.3 per cent in 2018 – 6 per cent slower than the growth recorded in the previous year. The sector's contribution to GDP is relatively stable, at around 10 per cent. This outturn reflected an increase in visitor arrivals of 10.2 per cent, partially owing to 13.6 per cent more cruise ship passengers than in 2017. There was a sharp decline in stay-over visitors (year on year), which grew five times slower than it had in the previous year. Fewer visitors arriving from Canada explained the slowdown as arrivals from all other key northern and regional source markets increased.

The manufacturing and agriculture sectors also expanded. Manufacturing activity picked up and grew by 6 per cent in 2018 – 8.5 times faster than the 2017 rate of expansion. The uptick is attributed to increased output in manufactured goods (8.9 per cent) and miscellaneous manufactured articles (16.9 per cent). Activity in the agriculture, livestock and forestry sector was up by 11.4 per cent. This performance reflected growth in all sub-sectors except fishing. The crop sub-sector registered the largest increase, of 11.8 per cent, owing to higher banana output.

The downside of the growth performance featured a contraction in the value added in the construction sector of 17 per cent, to reverse the previous year's 11.4 per cent growth, and an associated decline in the mining and quarrying sector of 5.8 per cent, which contrasts with growth of 14.6 per cent in the previous year.

Prices, wages and employment

Prices of goods and services in Saint Lucia had increased by 1.6 per cent at 2018 year end. Increases in the sub-indices for housing, utilities, gas and fuels (9.1 per cent), alcoholic beverages, tobacco and narcotics (5.2 per cent), health (4.0 per cent) and food and non-alcoholic beverages (3.7) more than offset declines in the sub-indices for clothing and footwear (9.4 per cent), hotels and restaurants (4.4 per cent) and recreation and culture (3.8 per cent).

The unemployment rate was estimated to have fallen sharply (by 23.2 per cent at the end of 2017) to 16.5 per cent at the end of 2018. The youth unemployment rate also declined, from 38.5 per cent to a still-high 36.3 per cent over the same period. Declines notwithstanding, the rate of unemployment is Saint Lucia is higher than that of its regional counterparts. This owes to high unit labour costs and the lingering effects of the 2008 global crisis. Police recruitment contributed to increased employment of 1.2 per cent in the public sector.

Fiscal developments

The central government's operations resulted in an overall deficit equal to 0.9 per cent of GDP, an improvement on the deficit of the previous year, which stood at 1.2 per cent of GDP. This marginally improved fiscal stance was explained by a 33.8 per cent cut in capital spending to reach 2.8 per cent of GDP and a slightly higher primary surplus equivalent to 2.2 per cent of GDP (compared with 1.9 per cent of GDP in the previous year). The current account yielded a surplus (1.3 per cent of GDP), albeit 35.7 per cent smaller than the outturn at the end of 2017. Underpinned by an increased outlay on good and services, transfers and subsidies, interest payment and public sector wages, current expenditure increased by 13 per cent. Current revenue increased at a slower rate of 8.3 per cent by 2018 year end, from increases in both tax and non-tax revenue. The slowdown in revenue performance came as property tax collection fell by 14.8 per cent during 2018.

Saint Lucia's debt to GDP ratio has increased marginally, from 65.1 as at 2017 year end to 65.9 as at 2018 year end. Outstanding debt of public corporations declined, while the central government increased its debt holdings.

Trade developments

The merchandise trade deficit widened nominally but remained around 29 per cent of GDP. An increase in the value of imports of minerals, fuels, lubricants and related materials put upward pressure on the import bill. Total exports increased at a decreasing rate of 4.4 per cent, reflecting a 3.6 and 5.6 per cent increase in domestic exports and re-exports, respectively. Banana exports were up 7.7 per cent over 2018, with increased export volumes to the UK.

In the private sector, foreign earnings from travel receipts grew by an estimated 12.7 per cent, while commercial banks registered a net outflow. In the public sector, external debt repayment more than doubled, while eternal loan disbursements to the government declined from 2017 levels. The net effect was reversal of the net disbursement position in 2017 to a net outflow position in 2018.

Key development challenges

Risks to the outlook tilt to the downside and include exogenous shocks, a precipitous decline in foreign investments, inability of the Citizenship by Investment Programme to deliver according to expectations, the adverse impact of global warming and climate change, labour market and other social impediments like crime and poverty. High levels of public debt and debt-servicing costs resulting from past expansionary spending have constrained the government, and relatively high tariffs and nontariff barriers limit market openness. Saint Lucia also faces chronic levels of unemployment, especially among its youth. Persistent high levels of debt erode foreign reserves and are on an upward trend.

St Kitts and Nevis

Country data	
Population (millions) (2017)	0.05
Area '000 km^2	0.3
GDP (US$, billion, 2018)	1.04
GDP per capita, PPP current international US$ (2018)	30,120
Currency	Eastern Caribbean dollar (XCD)

Buttressed by an upswing in tourist activity, its main contributor to GDP, the economy of St Kitts and Nevis grew at an accelerated rate in 2018, *vis-à-vis* 2017. Real GDP grew at least twice as fast in 2018, compared with performance in the previous year. This outturn reflected expansion in the key economic sectors – hotels and restaurants, construction and manufacturing – with positive linkages to the wholesale and retail and transport, storage and communications sectors. Notwithstanding downside risks, hotels and restaurants and construction, in addition to agriculture, are expected to spur upward momentum in 2019.

Activity in the public sector will lead the charge in the construction sector, with the resurfacing of roadways, the renovation and construction of public buildings and completion of work on a second cruise pier, while the tourism industry will benefit from investments in increasing room stock and increases in airlift. However, the authorities should be aware of the downside risks of the growth outlook. Chief among these is a strengthening of global prices for food and fuel and the resultant impact on the cost of doing business locally and the overall fiscal balance. Structural damage and impairment of the key producing sectors as a result of adverse weather events also threaten the growth trajectory. Barring any jarring exogenous shocks, the realisation of downside risks is forecast to slow growth rather than reverse it, though.

A surge in non-tax revenue, supplemented by higher tax revenue, pushed the government's overall balance into a surplus. Public debt holdings increased in 2018. A more modest outlook for non-tax revenue and sustained public sector capital expenditure, resilient tax review (reflecting expansion in the real sector) and budgeted higher current expenditure are anticipated to translate to a narrower fiscal surplus.

Economic performance

Real GDP in the economy of St Kitts and Nevis rose by an estimated 3 per cent in 2018, more than twice the 1.2 per cent recorded for 2017. The tourism industry was the biggest contributor to this accelerated rate of growth. Hotels and restaurants (read tourism sector) expanded by 9.9 per cent in 2018, a whopping 14 times larger than the previous year's expansion (0.7 per cent). Tourist arrivals jumped by 7 per cent during the year, mostly from a strengthening in stay-over visitor arrivals in total (1.5 per cent), and specifically from the USA (3.2 per cent), reversing the previous year's declines. The industry benefited from increased airlift in major gateway destinations. Regional tourist arrivals got a boost from special events.

The impact of Brexit, as in its OECS neighbours, presents uncertainty in St Kitts and Nevis, however: arrivals from the UK sank by 11.5 per cent year on year on 2018. The construction sector expanded but at a decreased rate of 0.8 per cent, almost six times slower than 2017's 4.7 per cent. The sector maintained its largest contribution to GDP, at 18 per cent. Construction activity in the public sector was preoccupied with roadworks and accelerated progress on a second cruise ship pier to ensure completion before the 2019 cruise season. Private activities on both islands focused on renovation and expansion of hotels and resorts.

The manufacturing sector recovered by 3 per cent to reverse the previous year's decline of 6.5 per cent on the back of increased production in electronics and beverages. The agriculture sector was stable, with marginally higher output in 2018 (0.2 per cent) relative to 2017. Together, the expansion of tourism, construction, manufacturing and agriculture filtered to related sectors, including wholesale and retail trade (11.1 per cent); transport, storage and communications (4.2 per cent); and renting and business activities (2.2 per cent), which together contributed 30.8 per cent to GDP in 2018.

Prices, wages and employment

In 2018, consumer prices dipped by the same margin by which they went up in 2017 (0.8 per cent). Decreases in the highest weighted sub-indices explained the decline. Most significantly, the sub-indices for transport (2.7 per cent), housing, utilities, gas and fuel (1.5 per cent) and education (7.3 per cent) all declined. Falling prices also brought down the sub-indices for recreation and culture (1.8 per cent), hotels and restaurants (1.2 per cent) and communication (0.4 per cent). The declines were only partially offset by increasing prices for food and non-alcoholic beverages (1.8 per cent), household furnishings (1.3 per cent) and alcoholic beverages, tobacco and narcotics (1.9 per cent).

Though no official statistics are available, the 2,000 persons employed under the Skills Training and Empowerment Programme have clearly eased the unemployment situation. Enhanced activity in the tourism and construction sectors is estimated to have had a similar effect.

Fiscal developments

In 2018, the central government's fiscal stance was bolstered by a strengthening of Citizenship by Investment (CBI) receipts via the launch the Sustainable Growth Fund, which directly fed into the Consolidated Fund. In the first nine months of 2019, CBI inflows contributed 39 per cent to government revenue. A 23.5 per cent increase in government revenue owed primarily to the CBI-driven 84 per cent increase in non-tax revenue and a supplementary 8.5 per cent increase in tax revenue. Total expenditure was up by 11.4 per cent, while capital expenditure increased by 34.6 per cent. The result was an increase in the overall surplus to 6.7 per cent of GDP, up from 1.9 per cent of GDP in 2017, while the primary surplus more than doubled from 3.4 per cent of GDP in 2017 to 8.1 per cent of GDP in 2018. The outturn in the current account was an almost three-fold increase relative to the 17.5 per cent contraction in 2017.

Total outstanding public debt increased by 1.2 per cent in 2018, less than half the rate of increase registered in 2017 (3.1 per cent). Greater indebtedness of public corporations reflected investments in the construction of the new cruise ship pier and a housing development project by the National Housing Corporation. Central government's indebtedness declined but still accounted for 74.4 per cent of total debt.

Trade developments

The visible trade account deficit widened to reach 26.5 per cent in 2018. The value of both imports and exports increased, but the former outpaced the latter. Imports cost 7.1 per cent more in 2018, on account of increases in the value of imports of machinery and transport equipment, manufactured goods, food and live animals and chemicals. Exports earned 9.5 per cent more in 2018, influenced by increases in the value of exports of machinery and transport equipment, live food and animals and beverages and tobacco. Trade volumes also increased by 21.5 per cent.

Gross international reserves were comfortably above the benchmark of 3 months of imports. The current account deficit narrowed slightly to 6.4 per cent of GDP, partly as a result of stronger services exports, including tourism. Foreign currency was earned by a 15.2 per cent increase in gross travel receipts and net inflows from commercial banks' transactions, to reverse 2017's net outflows. Currency was lost to a net outflow from government transactions; however, this was a smaller outflow than the previous year.

Key development challenges

Risks to St Kitts and Nevis' growth prospects are largely external, although there are some structural issues to contend with. The downside risks are not unique. A higher-than-anticipated slowdown in global economic conditions, and especially in northern markets, will dampen expected growth in tourism. An escalation of trade tension, the tightening of global financial and conditions and higher commodity prices temper the positive outlook. More stringent financial conditions will, in all likelihood, affect CBI inflows, to the detriment of the central government's fiscal accounts.

Several resorts, hotels and villas are under construction or renovation or are carded to begin in 2019. This, together with positive brand destination exposure that has been garnered, is expected to deliver a further boost to the industry. However, with the outlook hinged on expansion in tourism, the onslaught of a natural disaster has the potential not simply to impair activity in the sector but to set it back. It is key that the thrust to increase room stock be done with sustainable building and resilience in mind.

The CBI programme remains a major catalyst for tourism-related foreign investments. In the past, weak monitoring of these types of programmes has brought them into disrepute. Confidence has rallied, but any further diminution in the attractiveness of the programme threatens prospects for construction and other projects funded by CBI inflows. Another major structural impediment in general, and to tourism and CBI programmes in particular, is persistently high crime and violence that compromise the feeling of security and safety in what is being marketed as a high-end destination. Moreover, efforts to address crime require significant government resources.

Crime and security is the fourth pillar of the regional integration process of the Caribbean Community with the Council for National Security and Law Enforcement coordinating security and law enforcement arrangements across the Community. CARICOM's Strategic Plan for 2015–2019 identifies as areas for immediate focus deepening crime prevention initiatives and programmes; facilitating justice reform; pursuing functional cooperative security engagements to tackle and manage shared risks and threats; enhancing human resource capabilities; strengthening regional security systems; strengthening CARICOM borders; and enhancing maritime and airspace awareness.

St Vincent and the Grenadines

Country data	
Population (millions) (2017)	0.11
Area '000 km^2	0.4
GDP (US$, billion, 2018)	0.81
GDP per capita, PPP current international US$ (2018)	13,210
Currency	Eastern Caribbean dollar (XCD)

Dependent on agriculture, tourism, construction, remittances and a small offshore banking sector, the momentum of growth in St Vincent and the Grenadines picked up strongly in 2018 after a lacklustre 2017. Though fairly broad-based, the increase was underpinned by a rise in tourist arrivals and a surge in demand for building materials from regional counterparts in the throes of recovery from the 2017 hurricane season.

The economy remains vulnerable to global price fluctuations and natural disasters. Growth was accompanied by steady inflation as consumer prices rose by 1.4 at year end. Contingent on global and domestic developments, growth is expected to be moderate in 2019.

Central government's operations resulted in a marginally narrower overall fiscal deficit and a higher stock of public debt, particularly central government debt. The government's fiscal stance is expected to deteriorate in the near term in response to increased expenditure from budgeted initiatives for 2019 and the full impact of fiscal incentives announced in 2018.

Economic performance

Real GDP in St. Vincent and the Grenadines accelerated more than four-fold to 3.2 per cent in 2018, up from a marginal 0.7 per cent in the year prior. This outturn reflected multi-sectoral positive trends. The 18.2 per cent contraction in value added in the hotels and restaurants sector in 2017 rebounded to a 3.8 per cent expansion in 2019, buoyed by the first full year of operations of Argyle International Airport. The rebound followed a similar movement in stay-over visitor arrivals – particularly from North American markets – which reversed 2017's 4.3 per cent contraction to a 5.4 per cent expansion in 2018. Arrivals from the largest source market, the USA, climbed by 13 per cent, 12 per cent higher than the previous year, and accounted for the largest share of total arrivals. Arrivals from Canada increased at a similarly remarkable rate of 13 per cent. The introduction of non-stop direct flights from New York and direct flights from Air Canada Rouge during the winter season gave arrivals from both markets a further boost. Growth in stay-over arrivals was accompanied by expansion in both the cruise (25.1 per cent) and yachting (10.7 per cent) segments of visitors.

Manufacturing continued along its upward trajectory, expanding by 5.8 per cent in 2018, compared with 3.2 per cent in 2017. Increased external demand spurred the increased output of building materials, which was accompanied by increases in the production of beer and flour. Gains were tempered by declines in banana and feed production. A delay in the implementation of public infrastructure projects and a slowdown in residential construction moderated activity in construction, which grew by 2.2 per cent, following a more robust pace of 6.4 per cent a year earlier. Growth was subdued in the real estate, renting and business activities sector (1.4 per cent) and negative in agriculture (–1.7 per cent), hampered by foreign exchange shortages in Trinidad and Tobago.

Prices, wages and employment

Relative to 2017, inflation moderated. On an end-of-year basis, the CPI increased by half as much as it did in the previous year. Increases in the sub-indices for beverages, tobacco and narcotics (3.5 per cent), transport (3.3 per cent) and housing, electricity, gas and other fuels (2.3 per cent), reflecting higher prices for wines, spirits and local beers and higher oil prices and regional airfares were mitigated by decreases for food and non-alcoholic beverages (0.03 per cent) and clothing and footwear (0.2 per cent).

Data for the National Insurance Services suggest that employment, proxied by the total insured population, increased by 4.2 per cent. Advances were registered in all sectors but mining and quarrying, with the largest increase registered for self-employed persons.

Fiscal developments

The government's overall deficit narrowed slightly from 1.7 per cent of GDP in 2017 to 1 per cent of GDP in 2018. In contrast, the primary surplus widened from 0.7 per cent of GDP in 2017 to 1.2 per cent in 2018, reflecting increases in current revenue (2 per cent). Current revenue reached 27.1 per cent of GDP after expansions in taxes on goods and services, sales of goods and services, property incomes and other current revenue. For the first time, the government levied taxes on previously exempt international business companies and trust in response to the EU's Code of Conduct for Business Taxation.

This new tax regime could push offshore companies to competitor jurisdictions. Current expenditure rose by 1.7 per cent to reach 26.1 per cent of GDP, reflecting a higher wage bill (mainly because of the recruitment of police officers), higher transfers and subsidies associated with the operations of Argyle International Airport and slightly higher interest payments, particularly to service domestic obligations. Investment in the government's capital programme decreased for a fourth consecutive year (29.6 per cent) owing to delayed implementation of large infrastructure projects.

The public debt stock rose to by 1.3 per cent in 2018, in nominal terms, but the debt to GDP ratio fell to 73.1 per cent, from 75.3 at 2017 year end. The central government's debt service obligation rose to 30.8 per cent of revenue and accounted for 86.2 per cent of total public debt.

Trade developments

The merchandise trade deficit worsened to 38.1 per cent of GDP in 2018, relative to a deficit of 36.9 per cent of GDP in 2017. The widening deficit is attributed to a higher import bill, which rose by 7.2 per cent, double the rate of growth of export earnings. The most significant increase was in the value of imports of mineral fuels and related material, which ballooned by 64.2 per cent, while marked increases were recorded in the value of imports of miscellaneous manufactured articles (16 per cent) and animal and vegetable oils (12.6 per cent). Decreases in the import value of machinery and transport equipment (9.6 per cent) and food and live animals (0.4 per cent) were only partially offsetting. The expansion in exports was driven by an 8.7 per cent increase in domestic exports, especially of beer, agricultural produce and building materials. These expansions were moderated by a decline in flour and rice exports.

Gross travel receipts, which increased by 9.8 per cent, and a net inflow from government's external debt added to international reserves, while a net outflow from commercial banking activity reduced the reserve balance. The outturn in the banking sector was a reversal of 2017's net inflow position.

Key development challenges

The government of St Vincent and the Grenadines is taking decisive policy action to moderate some key development challenges. The implementation of previously delayed capital projects, including the construction of a geothermal energy plant and a new port facility in the capital as well as initiatives aimed at improving competitiveness in the tourism and agriculture sector, is projected to be beneficial to the growth outlook. A strengthening of the fiscal framework to achieve these ends is of paramount importance. This strengthening should have as its priorities increasing the efficiency of public expenditure, limiting the growth of the public wage and pension bill and better targeting of social programmes. Collectively, these measures should aid in reversing persistent fiscal imbalances and putting downward pressure on chronic high debt levels.

To mitigate the inherent threat of natural disaster-related economic shocks, the government has established a Fiscal Contingency Fund and an ongoing climate adaptation investment programme. Similar funds have been set up in other CARICOM territories.

5.3 Other Caribbean

The Bahamas

Country data	
Population (millions) (2017)	0.39
Area '000 km^2	1.0
GDP (US$, billion, 2018)	12.16
GDP per capita, PPP current international US$ (2018)	30,920
Currency	Bahamian dollar (BSD)

In 2015, The Bahamas was ranked the 10th most tourist-dependent economy in the world by the World Travel and Tourism Council. Tourism accounts for approximately 44 per cent of GDP, almost 52 per cent of employment and around 62 per cent of exports. The economy's next largest earner is the financial sector. As an archipelagic nation, with concentrated earning centres and limited source and export markets, The Bahamas is faced with a trifecta of vulnerabilities: the increased frequency and intensity of natural disasters with even more disastrous environmental and economic effects; the threat of unfavourable global financial conditions that would undermine the local sector; and the risk of depressed tourist arrivals from northern visitors facing adverse economic conditions at home. Robust economic conditions in the nearby USA contributed to much improved economic growth in 2018 but the risks loom large.

With the second highest gross national income (GNI) per capita in the Commonwealth Caribbean (bettered only by Trinidad and Tobago), The Bahamas scored above the region average with an HDI of 0.778 that put the country in the high human development category. However, a decade of low growth and fiscal wastage has had an unfavourable impact on social indicators. Poverty rates are on the rise, with higher levels in the southern Family Islands, for young adults (where unemployment is especially high) and in female-headed households.

Economic performance

Amid sound macroeconomic policies and progress on fiscal reforms, the IMF asserts that The Bahamas achieved strong economic performance in 2018. Real GDP expanded by 1.6 per cent in 2018, up from 0.1 per cent in 2017. This is a major improvement over the decade average of 0.3 per cent. In the 10 years prior to the 2018 uptick, a fall-off in tourist arrivals and higher operational costs in the financial sector owing to stricter international regulations combined to produce low growth rates and escalating levels of debt. However, the rebound comes on the back of higher tourism earnings and increased foreign direct investment inflows surrounding the completion of the Baha Mar Luxury Hotel, which significantly spurred construction activity.

Increased high-end room capacity drove up revenue per room by 30 per cent and new direct flight routes contributed to a 16 per cent increase in air tourist arrivals. Listings for vacation rentals were up 20 per cent, with occupancy rates trending above 40 per cent. Growth is expected to reach 1.9 per cent in 2019 before settling at 1.5 per cent in the medium term. However, these growth prospects may be dampened by slowing growth in the USA, Canada and the UK, which together account for 90 per cent of tourist arrivals.

Prices, wages and employment

The CPI increased by 2.2 per cent on average in 2018, mainly because of to the value added tax (VAT) rate increase from 7.5 to 12 per cent in July 2018. Higher fuel prices also caused some inflationary pressure, but core inflation remained controlled. Inflation is expected to decline to 1.6 per cent in 2019, as the impact of the VAT rate hike tapers.

A minimal decline in the unemployment rate to 10.7 per cent is evidence of a persistent mismatch in the pace of job creation and labour force growth (IADB, 2019), with the latter outstripping the former. Despite the dip, the archipelagic state has among the highest unemployment rate in the Commonwealth Caribbean. The labour force participation rate has increased by 8.7 per cent over the past five years (2014–2018), almost double that of the increase in employment (4.7 per cent) over the same period. Youth unemployment is especially high: 24.1 per cent for 18–24-year-old women and 22.4 per cent for 18–24-year-old men as at November 2018. Not peculiar to The Bahamas, youth unemployment in the Caribbean is among the highest in the world. In The Bahamas there are supply- and demand-side factors, which include the skills mismatch between employers and workers as well as fragmented workforce development policy and low effectiveness of existing labour intermediation initiatives. High youth unemployment has also led some youth to give up on their job search and is helping feed the rising crime and murder rates.

Fiscal developments

The budget deficit narrowed to 3.4 per cent of GDP in FY2017/18, down from 5.5 per cent a year earlier. This was the combined result of a concerted effort to reduce public spending by 10 per cent and improving tax collection. Government expenditure also stabilised as the bulk of the hurricane rebuilding efforts neared an end. Enhanced tax revenue performance is expected to continue to close the deficit, bringing it down to 2.3 per cent of GDP by FY 2018/19.

Central government debt increased to 63.3 per cent of GDP in FY2017/18 from 54.4 per cent in FY2016/17. The government has announced a plan for fiscal consolidation and fiscal responsibility legislation to the end of bringing the budget deficit and stock of debt down to sustainable levels. Worthy of mention is the public pension bill. At an estimated 160 per cent of GDP, this is underfunded and poses a significant long-term challenge.

Trade developments

Increased foreign earnings from the pick-up in tourist activity were offset by higher construction-related imports and an increased oil import bill resulting in a weakened external position. The current account deficit widened to 16.4 per cent of GDP in 2018. The higher import bill and the refinancing by a public sector entity of foreign currency with local currency debt pushed reserves down by US$222 million in 2018. The completion of the Baha Mar Hotel is expected to bring about a decline in construction-related imports going forward, while its full opening gives a welcome boost in tourism receipts. Together, fiscal consolidation and lower oil prices are expected to contribute to the narrowing of the current account deficit, converging to 5 per cent of GDP, while foreign exchange reserves are estimated to stabilise at 2.9 months of imports, below the international import cover benchmark of 3 months and one of the lowest in the Caribbean.

Key development challenges

Development in The Bahamas is challenged by an overreliance on tourism and on a limited number of tourism markets, heightened vulnerability to environmental shocks, the geographic makeup of the country with numerous islands and cays, low levels of investment and entrepreneurship, high financing costs, low levels of productive human capital, weak governance, fiscal inefficiencies and mounting debt.

The dependence on key trading partners presents a downside risk as a slowdown in demand for tourist services or a tightening of financial conditions will have adverse effects on growth potential. Rebuilding efforts after Hurricanes Joaquin, Matthew and Irma cost an estimated total of US$750 million and destabilised public expenditure. In addition to the displacement of the lives of affected citizens, natural disasters could wreak havoc on the tourism-based economy in terms of physical damage to natural attractions, access to the island and the financial burden to repair or rebuild.

It also has implications for attracting more foreign direct investment in the sector. The geographic expanse of the islands, with weak infrastructure, poses a challenge in public service provision, especially in the areas of air and maritime connectivity and water and sanitation. Transfers to inefficient state-owned enterprises have drained government coffers of much-need resources to improve service provision across the islands.

Low levels of investment and entrepreneurship derive from low levels of return from economic activity outside of the tourism industry and an inadequately trained workforce. High financing costs are prohibitive to the private credit needed to spur activity and to accessing international finance. Additionally, the private sector must grapple with high energy costs, frequent power outages, limited infrastructure, poor public services, elevating levels of crime and low levels of public-private coordination. In the absence of a thriving private sector, the potential to diversify to mitigate the island's dependence on exogenous factors is diminished.

The government has deployed cost-cutting and revenue-generating measures but more work is needed to better manage state resources, use more competitive procurement methods, improve monitoring of government-issued contracts and strengthen state institutions. Deficiencies in human capital, as a result of poor training of school leavers, leave the island without adequate resource cover for essential health services and the labour market, outside of low-paying service jobs, with a staggering skills gap.

Barbados

Country data	
Population (millions) (2017)	0.29
Area '000 km^2	0.4
GDP (US$, billion, 2018)	4.67
GDP per capita, PPP current international US$ (2018)	17,640
Currency	Barbados dollar (BBD)

A high-income country at the southern end of the Caribbean archipelago, Barbados is well ahead of its CARICOM neighbours in the social sphere. Barbados is classified as having attained high human development, ranking 58th (of 188) on the HDI. A falling GNI coefficient that reached 0.32 in 2016, high life expectancy of 75.8 years (2015) and the halving of extreme poverty from 6.8 per cent to 3.4 per cent between 2010 and 2016 all contribute to a high quality of life for the people of Barbados. The country ranks in the top 80th per centile on most World Governance Indicators to be on par with Organisation for Economic Co-operation and Development countries. However, its progress has been slowed by recent macroeconomic and fiscal hurdles, which have their origins in the global financial crisis of 2008. The Barbados economy derived half of its GDP in 2017 from the tourism and financial services sectors, both of which are vulnerable to exogenous shocks. Volatility in oil prices, one of the top two imports, also puts the country at risk.

As a hub of offshore financial activity in the region, Barbados has been trapped in a cycle of low or negative growth and ballooning debt since the crisis. Things seemed to come to a head when, by end-May 2018, public debt reached a staggering 160 per cent of GDP and international reserves plummeted to between 5 and 6 weeks' import coverage. Since then, the government has embarked on an ambitious and comprehensive Economic Recovery and Transformation plan, with programmatic support from the IMF. By March 2019, all quantitative performance criteria under the IMF's Extended Fund Facility were met, thanks to swift progress made by the government of Barbados. The passing of key financial sector legislation, domestic debt restructuring and the doubling of international reserves from its May 2018 levels are notable strides made. The outlook is cautiously optimistic as growth is expected to rebound and private sector confidence is on the rise despite elevated downside risks.

Economic performance

Since 2010, growth of the Barbados economy has averaged 0.3 per cent. In real terms, the Barbados economy shrank by 0.6 per cent in 2018. A moderate gain in the tourism sector was counterweighted by a loss in other services. An increasing number of tourist arrivals was not enough to overcome a shorter average length of stay, thereby curbing gains in the sector. Output is expected to continue to contract in 2019, albeit minimally. Continued growth in the tourism sector and a boost in private sector activity are expected to be countered by the throughput of fiscal tightening. With reduced policy uncertainty and expectations of inflows from international investors, the IMF estimates that growth will return to the medium-term average of 2 per cent.

Prices, wages and employment

At end-June 2018, inflation reached 4.9 per cent, owing to higher oil prices and increased tax measures. However, average inflation slowed to 3.7 per cent in 2018, as the impact of higher oil prices was countered by the removal of a temporary consumption tax later in the year.

A crucial part of the fiscal restructuring plan is the rationalisation of state-owned enterprises (SOEs), which necessarily includes reducing the wage bill by severing employees and merging cross-enterprise functions. It is expected that unemployment levels will increase as a direct result.

Fiscal developments

The rapid completion of the domestic phase of debt restructuring has allayed concerns of economic uncertainty. This, together with the renegotiation of terms with creditors, has reversed the upward momentum in the stock of public debt. The debt restructuring has recovered 3.7 per cent of GDP, as interest on public debt declined from 7.5 per cent in FY2017/18 to 3.8 per cent in FY2018/19. The debt to GDP ratio has fallen by 30 per cent, while gross financing needs have fallen by 35 per cent.

Suspension of servicing of the external commercial debt contributed to a sharp rebound in international reserves in the second half of 2018 to reach about 3 months' import coverage and 100 per cent of the Assessment of Reserve Adequacy metric. Sustaining this will require fully restored confidence in Barbados' macroeconomic outlook. The suspension has caused downgrades in the Barbados' international credit rating, with S&P further downgrading global bonds in 2019 and 2022 from CC to D (default).

A primary surplus of approximately 3.5 per cent of GDP was realised over FY2018/19, owing to a lower interest bill and revenue over-performance of VAT and customs import taxes. However, revenue performance was dampened by higher-than-expected tax refunds and lower-than-expected performance in several new taxes introduced (airline travel fee, room levies, fuel tax, health service contribution). A series of fiscal consolidation measures include reforming SOEs by tightening reporting requirements, shedding excess staff and merging compatible entities. Other measures include reviewing tariffs and fees charged by SOEs, reforming the customs department and public pension scheme and amending the central bank law. The FY 2019/20 target for the primary surplus is 6 per cent of GDP. However, this hinges on the timely implementation of fiscal consolidation measures, and new taxes measures delivering review performance as expected.

Trade developments

With a large fuel and food import bill, Barbados historically records a current account deficit, but this has been narrowing in recent years. The current account deficit closed from –9.2 per cent in 2013 of GDP to –3.8 per cent of GDP in 2017. By end-June 2018, the deficit was even lower, at –1.7 per cent of GDP. The further decline can be attributed to a lower interest bill from the suspension of payment to external creditors and reduced import demand. Volatile oil prices threaten the reversal of this trend.

Key development challenges

While Barbados outperforms many of its neighbours on social and institutional development indicators, it shares the challenges of low levels of economic diversification and competitiveness as well as susceptibility to environmental shocks, with ripple effects throughout the economy, and a weak business climate – although business confidence is on an upward trajectory in response to swift fiscal progress. Added to that, downside risks to the medium-term outlook include reduced access to financing owing to successive credit rating downgrades, higher interest rates in the USA and instability in the UK market – a key source of tourist arrivals – over the polarising Brexit issue.

Above all, fiscal consolidation, while generating a more sustainable position for the central government, will have a negative impact on the economy in the near term. The thrust to reduce public expenditure will likely erode gains made in the social sectors, particularly with the reduction of transfers and subsidies and wages. Cuts to transfers to two of the largest recipients, the University of the West Indies and the Queen Elizabeth Hospital, will affect gains made in health service delivery and education (free tuition). The loss of wages will put further upward pressure on the household poverty rate, which was 17.2 per cent in 2017, up from 15.1 per cent in 2013. A reduction in capital expenditure on operation and maintenance spending will have likely implications for the tourism industry, which relies on high-quality infrastructure.

Short- to medium-term stabilisation must be followed by structural reforms that unlock the country's growth potential. Improving the environment to invest and do business is one priority. Barbados ranked 132nd out of 190 countries in the 2018 World Bank Doing Business Report. Inadequate human capital, burdensome red tape and onerous tax requirements for businesses are impediments to private sector activity. Diversifying away from imports and dependence on a few sectors is another priority.

A third priority is an improvement in competitiveness. Barbados' small market size, rigid labour law, fiscal imbalances and high trade tariffs contribute to its global ranking of 72 for competitiveness. These structural constraints inhibit even existing mainstay sectors (tourism and financial services), which are key for growth. Overcoming the aforementioned development challenges would put the Barbados economy in a more resilient position with regard to shocks, particularly environmental shocks from natural disasters. More than half of the country's GDP is generated in areas at risk of natural disasters. There are also higher-than-expected levels of CO_2 emissions for a country with no sizeable manufacturing industry.

Belize

Country data	
Population (millions) (2017)	0.38
Area '000 km^2	23.0
GDP (US$, billion, 2018)	1.93
GDP per capita, PPP current international US$ (2018)	8,200
Currency	Belize dollar (BZD)

Belize has the third highest per capita income in Central America, but there is a large income disparity between the rich and the poor. Tourism is the number one foreign exchange earner. After decades of high growth levels, the convergence of the Belizean economy with advanced economies has reversed. Belize now joins its Commonwealth Caribbean neighbours that are challenged to grow and reform their way out of a cycle of low growth and elevated debt. With average population growth (2.5 per cent) outpacing real economic growth (2.2 per cent), GDP per capita has been on a downward trajectory since 2010. Domestically, persistent macroeconomic deficits and structural impediments have weakened growth. Growth slowed primarily because of weakening domestic demand, rising public debt and slowed tourist arrivals from its main market, the USA. Globally, the abolition of once-advantageous trade agreements with European markets, the decline of official developments and increased frequency of natural disasters have weakened fiscal and external positions. Moreover, fiscal malaise has overshadowed private investments and required higher taxes, further impeding growth.

In March 2017, a debt restructuring agreement was reached, providing much-needed cash flow relief while simultaneously setting fiscal targets – close the budget deficit to 3 per cent in FY2017/18 and maintain a surplus of 2 per cent of GDP – which the government has succeeding in meeting.

Economic performance

Economic growth slowed to an average of 2.2 per cent between 2010 and 2017. However, recovery is on an upswing. Real GDP grew by 1.4 per cent in 2017, up from –0.6 per cent recorded for 2016. Owing, chiefly, to a boom in tourism underpinned by economic expansion in Belize's trade partners, data point to accelerated business activity, evidenced by 5.4 per cent year-on-year growth in real GDP in the second quarter of 2018. Tourism arrivals were up by 17.1 per cent during the first six months of 2018, compared with the same period in 2017, owing to faster growth in the USA and Canada – which account for three quarters of total stay-over tourist arrivals – and a 7.4 per cent increase in air arrivals. This was well above the average for the Caribbean region. Competitive prices in the tourism sector also work in Belize's favour.

The agriculture sector has also expanded, particularly banana and sugarcane products, as a result of capacity-building and foreign direct investment. However, disease-related challenges have hindered the sector's potential. This, together with reduced government capital expenditure, has kept growth levels below projected levels.

The near-term growth outlook is positive, with expected growth of 2.1 per cent in 2019 with increases in tourist arrivals, remittances and citrus and sugar exports. Growth is expected to gradually slow in the medium term to 1.7 per cent. Of concern is that Belize's growth outlook hinges on economic activity in the advanced economy trading partners.

Prices, wages and employment

The unemployment rate declined to 9.4 per cent by end-June 2018, the lowest rate ever recorded, on the back of strong job creation in the services industries. According to the International Labour Organization, in 2018 the unemployment rate in Latin America and the Caribbean was slightly lower than its 8.1 per cent in 2017.

Despite higher fuel prices and an increase in sales tax, the CPI dipped from 1.0 per cent (year on year) in 2017 to 0.5 per cent for the first half of 2018. This continues Belize's historical record of low inflation in the context of its exchange rate peg to the US dollar.

Fiscal developments

Two significant rulings by the Caribbean Court of Justice put downward pressure on international reserves and forced government debt upward. The first was a November 2017 ruling that required the government to pay US$78 million to the former owners of the nationalised Belize Telemedia Limited. The second ruling ordered the government to assume the BZ$92 million (US$46 million) debt of universal health services, which it had previously guaranteed. Excluding this one-off transfer, a primary fiscal surplus of 1.3 per cent of GDP was recorded for FY2017/18, a turnaround of 3.2 of GDP from the previous year and above the 3 per cent adjustment committed to creditors under debt restructuring. The FY2018/19 budget raised the primary surplus target to 2 per cent of GDP. Other fiscal adjustments, aimed at meeting commitments to creditors, include decreased government investment (with some downward pressure and economic activity) and increased tax measures, though the impact of these has been lower than expected. The public wage bill inched upwards as a result of a one-off was increase from a previous bargaining agreement. The stock of public debt reached 94 per cent at the close of 2017.

Trade developments

The payment to Belize Telemedia Limited, when added to the wide current account deficit and reduced PetroCaribe flows, brought international reserves to US$304 million (3.3 months of import cover) at the end of 2017.

Key development challenges

Belize faces both downside risks to its growth prospects and structural impediments to growth. The government faces US$100 million (5.2 per cent of GDP) in inherited claims that may lead to significant public and external financing needs. Economic slowdown in Belize's main trading partners could constrain growth via a slowdown in tourism, export demand and remittances. Other potential growth shocks include higher energy prices and increasingly severe and more frequent natural disasters. These shocks have the potential to trigger liquidity risks whereby depressed businesses reduce bank holdings – the largest source of loanable funds to the banking sector. A deficient capital market will not be able to make up the shortfall. The realisation of these risks endangers fiscal recovery and debt sustainability.

Structurally, Belize is afflicted with declining factor productivity and a weak business climate. A growth-inducing, competitive business environment calls for easier access to credit, including microfinance, especially for farmers and small and medium enterprises, modernising and accelerating business registration procedures, amending labour legislation to allow greater flexibility in working hours to the benefit of the tourism and business process outsourcing sectors, improving education and training, quelling corruption and reducing crime and violence.

Guyana

Country data	
Population (millions) (2017)	0.78
Area '000 km^2	214,999
GDP (US$, billion, 2018)	6.3
GDP per capita, PPP current international US$ (2018)	8,100
Currency	Guyana dollar (GYD)

Guyana is well endowed with natural resources, from fertile agricultural lands to extensive reserves of bauxite, gold and, more recently, oil. Unspoiled tropical forests swathe much of the interior – accounting for more than 80 per cent of the country's land mass. The primarily coastal economy yields GDP of US$8,100 for each of its citizens – one of the lowest in the Commonwealth Caribbean. However, Guyana's medium-term outlook looks positive, as the windfall from the initiation of oil production in 2020 is potentially life-changing for its citizens. The government of Guyana is challenged to bolster its institutional capacity to regulate its new oil industry, to be vigilant in stemming corruption (a known evil of resource-rich economies) and to establish resilience funding (in the form of sovereign wealth fund) to ensure the economy is insulated from the volatility of global energy markets, as well as to foster improved competitiveness in its traditional mainstay exports to ensure the economy does not become oil-dependent. Like other countries in the region, Guyana is vulnerable to extreme weather events including hurricanes, floods, landslips and sea level rise.

Economic performance

Guyana's economy, which is based largely on agriculture and extractive industries, has expanded moderately in recent years, growing by 2.1 per cent, year on year, in 2017.The country's five-year average (2014–2018) GDP growth was 3.65 per cent. The economy is heavily dependent on the export of six commodities – sugar, gold, bauxite, shrimp, timber and rice – which represent nearly 60 per cent of the country's GDP and are highly susceptible to adverse weather conditions and fluctuations in commodity prices.

Guyana closed or consolidated several sugar estates in 2017, reducing production of sugar to a forecasted 147,000 tonnes in 2018, less than half of 2017 production. Much of Guyana's growth in recent years has come from a surge in gold production, which is offsetting the decline in sugar output. In 2018, an estimated 3.2 billion barrels of oil were discovered offshore and Guyana is scheduled to become a major petroleum producer by March 2020.

Prices, wages and employment

Inflation remained subdued throughout 2017, falling from 2.3 per cent in January to 1.5 per cent in December. The main driver was the food component, which began 2017 at 6.2 per cent but dropped to 2.8 per cent by December. The year-on-year change in the housing component of the urban CPI remained below 1 per cent throughout the year, while transportation and communication fluctuated around 1 per cent over the course of 2017. The miscellaneous component of the price index recorded negative year-on-year growth for all but three months in 2017.

In late 2017, the government of Guyana announced wage increases for approximately 14,000 public servants, ranging from 8 per cent for those earning between US$266 and $478 per month to 0.5 per cent for those earning between $3,827 and $4,784 per month. Wages of over $4,784 were not increased. Structural reforms led to major downsizing among the sugar estates, which left as many as 7,000 workers jobless. There was also retrenchment in the logging industry. This contributed to a higher unemployment rate of 12 per cent, 4.2 per cent above the average for the wider Latin America and Caribbean region.

Trade developments

Guyana's entrance into the CARICOM Single Market and Economy in January 2006 broadened the country's export market, primarily in the raw materials sector.

Fiscal and debt developments

Recent years have seen the government's stock of debt reduced significantly – with external debt now less than half of what it was in the early 1990s. Despite these improvements, Guyana is still juggling a sizable external debt against the urgent need for expanded public investment. In March 2007, the Inter-American Development Bank, Guyana's principal donor, cancelled Guyana's nearly US$470 million debt, equivalent to 21 per cent of GDP, which, along with other Heavily Indebted Poor Country debt forgiveness, brought the debt to GDP ratio down from 183 per cent in 2006 to 52 per cent in 2017.

The five-year average fiscal deficit (2013–2017) amounted to 3.7 per cent of GDP. Impending oil production is expected to translate to a significant increase in government revenues, which may be used to further improve the country's debt position and invest in necessary institutional strengthening and human capital improvements.

Key development challenges

Strengthening institutional capacity and human capital formation are among Guyana's major development priorities. Chronic problems also include ongoing poverty and inequality, a shortage of skilled labour and neglected infrastructure.

Evidence suggests the existing quality of human capital is insufficient for sustainable growth. Addressing the human impediment to development requires focus on increasing life expectancy from 66.6 (2016) to be on par with its Commonwealth Caribbean neighbours, addressing higher-than-average levels of undernourishment, bolstering public health investment, which was estimated at 4.1 per cent of GDP in 2018, and improving the quality of schooling and training to ensure skills are available for new and existing industry. Further compounding the issue of human capital formation is the mass exodus of skilled labour, with Guyana having the seventh highest emigration rate globally.

The government of Guyana has made progress towards institutional strengthening, particularly in shoring up the regulatory framework of the oil sector to ensure the expected economic and social transformation, financed by oil gains. Establishment of the Energy Department, drafting of the Petroleum Commission Bill and proposal of a Sovereign Wealth Fund are notable strides. However, there is a need to correct deficiencies in the larger public sector. In 2016, Guyana ranked in the 42nd and 37th per centiles for government effectiveness and regulatory quality, respectively. The quality of public service delivery is lacking and compounded by management inadequacies. Weak governance together with low human capital and limited budgets sums up to low public sector institutional effectiveness. The financial management deficits of the government also come into sharp focus: this will be key to managing expected oil wealth.

To truly capitalise on envisaged gains, infrastructural improvement is needed. In this area, better electricity generation and distribution is paramount. Improving domestic and international transport links is also key.

Guyana faces significant climate risks from rising sea levels, more unpredictable rainfall and increased frequency and severity of flooding. These risks pose the biggest threat to the coastal agriculture sector and, as such, there will be a need to develop comprehensive measures to increase its resilience amid changing climatic conditions.

Guyana also lags behind other commodity-dependent small economies on crime and security – business costs of terrorism, business costs of crime and violence, organised crime and reliability of the police service – with the biggest gap seen in its police service. Understaffing and tense community relations are just two of the more significant challenges here.

Jamaica

Country data	
Population (millions) (2017)	2.93
Area '000 km^2	11
GDP (US$, billion, 2018)	15.78
GDP per capita, PPP current international US$ (2018)	8,930
Currency	Jamaican dollar (JMD)

The largest island in the English-speaking Caribbean, and the most populated, Jamaica has a relatively large and diversified economy. Against the backdrop of programmatic support from the IMF, Jamaica has rebounded from nearly a quarter of a century of volatile and lacklustre economic performance. The country's crippling stock of debt has been slashed by a third since 2013, inflation and interest rates are at historical lows, external deficits have narrowed and confidence in the country's economy has improved tremendously – and so too have credit conditions. Added to that, employment and business confidence are the highest they have ever been. Owing to good governance, Jamaica's strong reformed policy track record is being rewarded in the stock market. Jamaica's equity market was the globe's best performer in 2018. In January 2019, Fitch upgraded Jamaica's credit rating to B+ and pushed the rating ceiling to BB-, the highest in a decade. Sustaining this upward trajectory will require continued fiscal prudence and structural reform geared towards faster, more inclusive, economic growth.

Economic performance

The IMF has acknowledged the existence of sustained improvements in macroeconomic outcomes, under successive Fund arrangements (2013 and 2016), describing Jamaica's programme performance as exemplary. The economy has experienced growth for the past 15 quarters. Real GDP increased by 1.8 per cent annually in Q3 2018 – the highest-recorded growth in a decade – buoyed by strong outturns in the construction, tourism and mining sectors. Real GDP is estimated to grow by 2.4 per cent in the medium term against the backdrop of increased public and private investment and enhanced productivity.

Prices, wages and employment

As at July 2018, the unemployment rate dipped to 8.4 per cent, the lowest level in 50 years. This was indicative of jobs created by the upswing in activity in the construction, mining and tourism sectors. Labour force data pointed to a shift in employment from agriculture, domestic households and other informal sectors to services and skilled professional occupations, and a decline in youth labour force participation as persons aged 14–30 years are seeking education and training.

Inflation is subdued, closing 2018 at 2.4 per cent, well below the Bank of Jamaica's target of between 4 and 6 per cent. Up to February 2019, the inflation rate was inelastic to a 225 bps change in the Bank's overnight policy rate, owing to low oil and food prices and structural rigidities in the monetary transmission. The Bank has made another 25 basis points policy rate cut and reduced the cash reserve ration from 12 to 9 per cent effective 1 March 2019, to the end of pushing inflation upwards to the target range.

In line with the Fiscal Responsibility Law, the public sector wage bill is expected to reach the target of 9 per cent of GDP as four-year wage agreements have been made with 96 per cent of central government employees.

Trade developments

Jamaica's external position has improved. The current account deficit for FY2018/19 is estimated at 2.5 per cent of GDP, up from 2.0 for FY2017/18. Growth in tourism and mining exports has been countered by increased imports of raw material and fuel. International reserve coverage is consistently high, with gross reserves at 115 per cent of the IMF Assessing Reserve Adequacy metric.

Fiscal developments

Public debt is a third of its 2013 level, at 101.1 per cent of GDP for FY2017/18, and is estimated to fall below 100 per cent (to 99.6 per cent) for the first time since FY2000/01. The Fiscal Responsibility Law also provides the schematics for reducing the debt to GDP ratio to 60 per cent by FY2025/26.

Despite significant public outlay on road construction, resilient tax revenue equated to a primary surplus of US$295 million (2 per cent of GDP) above target. The revenue over-performance, and widened tax base, supported reductions in distortionary financial taxes and a higher general consumption tax (GCT) threshold. Ad-valorem stamp duty was eliminated, the transfer tax was lowered by 3 per cent to 2 per cent, the GCT threshold was increased from $14,790 to $73,950 and the estate tax threshold was raised from $740 to $73,950. The expected net effects of these, and other, tax cuts are reduced business costs, reduced informality and enhanced economic activity.

Heightened revenue performance has also given way to higher expenditure of 0.6 per cent of GDP. Spending has been concentrated on capital investments for security, school-related expenditure for the school feeding programme and exam fees, among other things.

Key development challenges

With its narrow export and production base and dependence on commodity imports, Jamaica is vulnerable to exogenous shocks. Moreover, it is heavily dependent on remittances (at 15 per cent of GDP) and tourist arrivals. Any significant downturns in one of three key markets (for exports, remittances and tourists) – Canada, the UK, the USA – will have ripple effects on the economy. Like its Commonwealth neighbours, Jamaica's outlook may be clouded by adverse weather shocks, which would bring activity in its most productive sectors – tourism and mining – to a crawl.

Sustaining gains achieved in the past decade will require overcoming the challenge of weak governance and lack of transparency and crime as a top priority. Jamaica's ranks seventh on Transparency International's Corruption Perceptions Index 2018 of the 12 CARICOM countries; it is above par for public engagement in external audits and below par on transparency. Significant deficiencies have been uncovered in technical compliance and effectiveness of the anti-money laundering/ countering the financing of terrorism framework. The government is taking steps to address these issues, including by establishing the Integrity Commission and implementing policies and boards to overhaul appointments to public boards of public bodies and the performance of public entities.

Jamaica has experienced large economic losses as a result of natural disasters in the past. Its vulnerability to these climate change impacts has motivated the Commonwealth member to develop a national climate change policy framework to ensure climate change issues are mainstreamed into national policies and development activities.

With risks to business and consumer confidence and tourism arrivals, the economic consequences of crime are broad-based. States of emergency across multiple parishes reduced the murder rate in the first half of 2018, but there is a need to develop a sustainable framework to effectively reduce crime during normal times.

The combination of engineered fiscal space in the budget for social spending and cuts to distortionary financial taxes has not translated to commensurate upticks in private sector activity. Sluggish private investment underscores the need to address supply-side impediments to growth and job creation. Jamaica's business climate is weak in areas of accessing electricity, resolving legal disputes, obtaining construction permits and trading across borders, as well as innovation. High electricity prices are especially a drag for local businesses. Domestic private sector credit trails far behind the average for middle-income countries and the wider Latin America and the Caribbean region.

Strides made in reducing the central government's debt stance may be threatened by exchange rate fluctuations. There is a need to refinance foreign currency debt to Jamaican dollar debt. Further monetary loosening is required to bring inflation inline with Bank of Jamaica targets.

Trinidad and Tobago

Country data	
Population (millions) (2017)	1,39
Area '000 km^2	5.1
GDP (US$, billion, 2018)	23.41
GDP per capita, PPP current international US$ (2018)	32,060
Currency	Trinidad and Tobago dollar (TTD)

Trinidad and Tobago is inching its way out of a deep economic recession, ushered in by plummeting oil prices on the global market and a fall in the domestic production of oil and natural gas. The pace of contraction of the real sector slowed towards the end of 2017, underpinned by a recovery in gas production. However, dampened activity in construction, financial services and trade, as well as persistent foreign exchange shortages and sluggish private investment, continues to constrain growth in the non-energy sector. A sizeable primary deficit has been lessened by fiscal consolidation and cuts to public expenditure, but public debt has neared the soft target of 65 per cent of GDP. The country's sovereign credit ratings have been downgraded, citing macroeconomic imbalances, with a risk of failure to reduce the fiscal deficit, contain public debt and implement key intuitional reforms. Gross international reserves and the Heritage Stabilisation Fund provided significant buffers. The economic outlook is expected to improve in the medium term, but this hinges on the energy sector, making the economy's rebound susceptible to inherently volatile energy prices.

Economic performance

With unfavourable energy market conditions, globally and domestically, the economy contracted by 6.1 per cent in 2016. However, it began to rebound in 2017, as contraction halved to 2.7 per cent. New oilfields and improving pumping technologies in mature fields fed a pivot in the performance of domestic energy sector and the economy. It is expected that the economy will expand by 1 per cent in 2018 on the back of the recovering energy sector. However, this improvement will be offset by a third consecutive year of negative growth in the non-energy sector, particularly construction, trade and financial services. Slow implementation of public investment projects has also weighed on the sector. According to the IMF, the economy is expected to grow by an average of 1.5 per cent in the medium term. The government is seeking to establish a legislative framework for the generation of electricity from renewable energy sources: by 2021, 10 per cent of the country's electricity will come from renewable sources.

Prices, wages and unemployment

Buttressed by weak demand, headline inflation stood at an all time low of 1.9 per cent in 2017. By June 2018, it had reached 0.9 per cent. Core inflation was only 0.8 per cent for the same period, relative to 1.7 per cent a year earlier.

The unemployment rate remains among the lowest in the Commonwealth Caribbean, at 5.3 per cent by the end of Q2 2017 – 2 per cent higher than levels three years prior. There was a sharper increase in youth unemployment over the same period, from 7.9 per cent in Q2 2014 to 12 per cent in Q2 2017.

Fiscal developments

The fiscal deficit widened in FY2017/18, reversing its positive trend for the first time in seven years. Higher energy prices did not translate to significantly higher energy revenues, partly because of fiscal incentives. Tax reforms in both the energy and the non-energy sectors improved revenue into the first quarter of FY2018/19. The improvement in the primary fiscal balance was earned through two years of fiscal tightening by the central government, equal to 2.2 per cent of GDP. The most significant cuts were in the areas of transfers and subsidies (1.6 per cent of GDP), particularly the fuel subsidy, goods and services (1 per cent of GDP) and capital investment (0.7 per cent of GDP). Borrowing 3.5 per cent of GDP from the Heritage Stabilisation Fund and one-off asset sales helped finance the slightly smaller deficit.

In September 2017, the debt to GDP ratio was 2.3 per cent below the soft target of 65 per cent. By March 2018, the ratio had reached 59.6 per cent, 5.4 per cent below the target.

Trade developments

At the end of the first half of 2018, net official reserves stood at 8.5 months of import cover, or US$7.7 billion – an 11 per cent year-on-year decline. This is also lower than year-end 2017 levels of 9.4 months of import cover. Outflows in the financial account in 2017 were attributed to net acquisitions of investment instruments by residents. Trinidad and Tobago remains a net creditor, although reserves have been on a downward trajectory for the past 15 years. Together, energy investments, tax reforms and favourable production and price conditions in the oil and gas sector may slow the contraction in reserves.

In 2017, the trade balance improved by approximately 11 per cent of GDP, on account of higher energy exports and a moderate recovery of energy prices. Depressed domestic demand also lowered imports.

Key development challenges

The central government is challenged to envisage a multi-pronged strategy for sustainable recovery that aims to counter the upward trajectory of public debt and an overreliance on the energy sector while creating an enabling environment for the non-energy sector, to spur growth and increasing transparency of the operating environment for the energy sector. As a matter of urgency, the imbalance in the foreign exchange market must be narrowed. Continued scarcity in the foreign exchange market puts downward pressure on business and consumer confidence, increases business costs, hinders non-energy sector activity and could solicit a response that further exacerbates shortages. Structural reforms will necessarily combat other issues that are strangling non-energy sector growth, including weak tax collection and contract enforcement, high cost of doing business, high (and increasing) levels of crime and a sizeable skills gap.

Trinidad and Tobago scored below potential in 2017 for public sector performance, in large part because of inefficient public spending. The problem is characterised by high transfers and subsidies (17 per cent of GDP in FY2017/18) and low capital investment (2.4 per cent in FY2017.18). The IMF estimates that fiscal adjustments equal to 6.5 per cent of GDP are required to put government debt on a sustainable path. Key areas of focus include addressing tax arrears, value added tax reform, new transfer pricing mechanisms, optimising transfers and subsidies and restructuring and reducing the number of SOEs. Though steps have been taken to reduce fuel subsidies, total subsidies to the energy sector are highly distortionary. Restoring macroeconomic stability requires the completion of the fiscal consolidation programme. Key legislation and regulation, including the gaming tax; the Revenue Authority's reintroduction of property taxes and the Tax Policy Unit; as well as further savings from reduced subsidies (well above regional averages) are outstanding, and could erode progress already made. Weak governance of SOEs has also led to inefficient expenditure. A framework to assess and prioritise capital expenditure programmes is absent, making it difficult to match projects to development priorities.

Several downside risks threaten the near- to medium-term outlook. A reversal of energy prices would curtail economic recovery, worsen an already challenged foreign exchange imbalance and reduce government revenues. Rising US rates and US dollar appreciation could worsen competitiveness under the stable exchange rate regime, worsening currency pressures. Implementation delays in delivery of energy-related projects and in fiscal adjustments, when added to currency scarcity, threaten market confidence and may erode the country's credit rating. With gross international reserves projected to continue to decline, reaching 4.9 months of import cover by 2023, accelerated depletion of foreign reserves puts the economy at risk of a balance of payments crisis.

Trinidad and Tobago is up against structural constraints to achieving economic diversification and improving competitiveness. Ranked 83rd (of 137) on global competitiveness, the country urgently needs to tackle crime and violence and institute measures to foster ease of doing business. The country's ranking is the second worst globally (136th) on labour market efficiency, particularly for employee-employer relations. Rigidities in public-private partnerships severely stem the potential to develop non-energy industries.

Special focus on Guyana: Avoiding the 'resource curse'

With doing business and transparency indicators less than favourable, can Guyana, on the cusp of the world's next big oil boom, handle its newfound riches?

With ExxonMobil set to begin oil production in Guyana in 2020, mining crude oil from its seven new deep-water wells, Guyana is poised to assert itself as the largest oil-producing country per person, with conservative estimates putting output at

700,000 barrels per day among 770,000 people. The World Bank estimates that the latest oil discovery in the region will see Guyana more than tripling its 2016 GDP (US$3.4 billion) by 2025 to reach $13 billion. The IMF projects that, based on the revenue-sharing agreement between the government and ExxonMobil, the economy will earn $380 million in the first three years until the oil conglomerate recoups its initial exploration outlay. Thereafter, the government will receive approximately half of ExxonMobil's oil revenue. These earnings, which equate to $17,000 per person, are potentially transformational for the people of Guyana, four in 10 of whom cannot afford the basic costs of living. However, with exploration as far as 120 miles offshore and no onshore refinery in the making, oil executives estimate at most 1,000 Guyanese being hired by offshore drilling. As such, the earning windfall will reach the population most directly through fiscal management by the government (IMF, 2019). There is a remarkable opportunity to channel oil revenue into strengthening education, health care and infrastructure.

If history is any guide, an influx of oil wealth blends seamlessly with corruption and stagnation in the non-oil economy, which is made worse by weak political institutions, limited experience regulating a booming oil industry with decade's old international players and sluggish innovation in the private sector – all conditions that define the Guyanese reality. Dubbed the 'resource curse', a series of risks present with a great boom in oil wealth, which will undoubtedly choke the potential gains to the Guyanese economy and populace. Guyana only needs to look to its neighbour, Venezuela, as a cautionary tale of the resource curse. The once-dominant regional oil producer is in the throes of an alarming economic and political crisis, with inflation predicted to reach a mind-blowing 10 million per cent in 2019.

On top of the aforementioned risk factors, there is temptation to overspend oil revenues on social programmes. Citizen-centric programmes would be a welcome positive use of Guyana's newfound wealth but mismanagement can mean such programmes are used to placate citizens in place of proper democratic representation. The experience of Venezuela and others (Angola, Nigeria) is evidence that corruption flourishes as elected leaders use oil income as their political slush funds and governments become less accountable to the electorate, buying votes instead of earning them. Guyana ranks 93rd (out of 180 countries) on transparency and public corruption, making it more susceptible to this aspect of resource course.

The $13 billion question: How can Guyana avoid the resource curse?

Focus on reducing the budget deficit rather than spending higher revenues. The IMF notes that, where governments increase expenditure in anticipation of higher current and future income, budget deficits have widened and led to increased borrowing. However, increased expenditure and debt holdings can quickly become unsustainable once the windfall subsides and, if the volatility in oil prices that crippled Venezuela's oil industry is any indication, the windfall may be reduced or reversed quite quickly and unexpectedly.

Strengthen commitment to restructure underdeveloped sectors. Learn from the ill-fated experiences of other countries, overly confident in their oil revenues, which failed to create and develop growth-supporting infrastructure and institutions. It is not enough to simply prop up these sectors with oil-funded subsidies, as this too can become unsustainable if there is a downturn in revenues. Rather, best practice is to use the oil gains to finance the restructuring of identified sectors during the boom, so they function without or with sustainably smaller subsidies when the boom slows or reverses.

Promote economic diversification. The key is to prevent an overreliance on oil revenues by increasing the competitiveness of non-oil industrial sectors. Guyana already has good candidates for this in its rice, gold and, to a lesser extent, sugar industries, which have been the mainstays of the economy up to this point.

Establish a stabilisation fund. The IMF singles out Norway as the flagship example of windfall management. Norway has established the Government Pension Fund Global to invest surplus oil revenue. The fund is only accumulated when there is an overall fiscal surplus, with the savings amount determined annually during the budgeting process. The government has also adopted a countercyclical fiscal policy, tightening the fiscal stance during oil price increases to control inflation and loosening the stance during downturn. The central bank manages the fund's investment, which has reaped annual returns of 6 per cent for more than two decades.

What has Guyana done so far?

Guyana has joined the Extractive Industries Transparency Initiative and the New Petroleum Producers Group, both of which provide guidance and transparency requirements for managing resource-driven wealth.

In January 2019, Guyana's National Assembly approved a bill to establish a sovereign wealth fund. The successful deployment of a stabilisation fund requires strict oversight and management to prevent over-borrowing, as was the case for another of Guyana's neighbours, Trinidad and Tobago. All withdrawals from the fund will require parliamentary approval.

With a US$20 million credit from the World Bank, the Guyana Petroleum Resources Governance and Management Project was approved in April 2019 to the end of providing technical assistance to the government of Guyana to strengthen laws, regulations and intuitions to promote good governance, introduce ironclad checks and balances to mitigate social and environmental risks and build the capacity of the Ministry of Finance, the Department of Energy and the Environmental Protection Agency as well as to enhance social accountability through citizen education and engagement.

5.4 Major development challenges

The key challenges facing the 12 Caribbean Commonwealth member countries manifest in all three dimensions of the Sustainable Development Agenda. Arguably, the most stifling of these challenges presents in the economic dimension. Although an upturn in the global economy has trickled down to select sectors in select countries, economies of the Commonwealth Caribbean have continued to be plagued by low, albeit positive, growth since the global financial and economic crisis of 2008/09. This reality has translated to chronic fiscal deficits and an oppressive stock of debt. Relative to the size of the economy, the Commonwealth Caribbean bears among the most burdensome debt holdings globally, although this is expected to improve in the medium term. Tourism-dependent economies are especially indebted, having to allocate significant shares of government revenue to debt servicing and face the threat fiscal crises from rollover risks. With many Commonwealth

Caribbean countries categorised as middle-income countries, they are unable to access concessional funding reserved for vulnerable small island states but are still too risky for traditional international capital markets, often resulting in taxing loan terms.

Unable to achieve economies of scale, the public sector in many Commonwealth Caribbean countries is characterised by deficient public service delivery, a lack of human resources with specialised skills and a high wage bill. Further, service delivery is wrapped up in red tape, thanks to a paper-based culture, regulatory complexity, insufficient coordination among ministries and lack of digitisation and use of information technology solutions. While the CARICOM Single Market and Economy is an enlarged market that offers more and better opportunities to produce and sell goods and services in addition to greater economies of scale, it faces limitations regarding the necessary legal foundations on which to build and enforce an effective regional system.

The external sectors are entrenched with issues, including low levels of diversification of markets and products and deficiencies in competitiveness, which have amplified the impact of the dissolution of once-advantageous preferential trade arrangements, with traditional northern trade partners, for major commodity exports. The simultaneous liberalisation of import markets in the sub-region has disrupted the competitive dynamic of the local economies, to the detriment of local producers. The proof is in the three-years-running trade deficit. Commodity-dependent economies are especially volatile to exogenous price swings and changes in trade terms.

An impediment to boosting innovative production and economic diversification lies in the human resource capacity of member countries. While the labour force is highly educated, there is an apparent mismatch between the educational qualifications of persons attempting to enter the labour force and the requirements of the labour market, especially in the area of technology. Moreover, the region continues to involuntarily export tertiary-educated and skilled labour at one of the highest rates in the world.

Private sector activity in the Commonwealth Caribbean is sluggish, at best. The relatively small scale of the market, a weak institutional framework, a mismatch between skill supply and demand and high energy prices choke private business development. Stemming from the poor service delivery culture in the regulatory public sector, the business environment does not generally spur innovation and growth. Average ease of doing business in the 12-country Commonwealth Caribbean scored 58.63 for 2017/18, which lands the region at a global ranking of 120, suggesting that, even at the most optimistic, innovation in the region is lethargic and lags behind other small island developing states. Jamaica is at the top of the table in fostering a growth-inducing business sector but still ranks 70th. Outside of a growth-hampering institutional framework, private sector activity is constrained by difficulties in accessing credit, especially for small and medium enterprises. This owes in part to steep collateral requirements, which range from 60 per cent of the loan amount in Guyana to 180 per cent in Barbados.

Globally, there is heightened recognition of the threat of climate change and disproportionate impact of natural disasters on the economies of small island states like those in the Commonwealth Caribbean. With all but two of the constituent economies being defined as tourism-dependent, the impact of more frequent and more intense natural disasters has dire economic (and environmental) impacts. Not only must central governments outspend their own real production on recovery and rebuilding efforts but also the damage suffered by tourist-dependent service providers and the physical landscape brings activity in the sector to a painful slowdown, if not a screeching halt.

The 2017 experience with Hurricanes Irma and Marie is an all-too-recent cautionary tale of the arduous burden left in the wake of more intense storms: the hardest-hit members, such as Dominica, experienced a double-digit contraction in GDP. Recovery expenditure also puts upward pressure on central government borrowings. The burden of climate change gets heavier when issues of biodiversity, coastal protection and the need to promote renewable energy in economies heavily dependent on oil are considered. While the occurrence of these disasters is beyond the control of member governments, they are challenged to improve preparedness, recovery and sustainable reconstruction.

The financial services sector in the Commonwealth Caribbean is touted as being sophisticated. However, the outlook of the sub-region's financial sector, and by extension its economy, is darkened by threats of de-risking, resulting in the loss of correspondent banking relationships, as well as new challenges to the offshore financial sector, which had been developing as an opportunity for economic diversification and economic resilience-building. This threatens to exclude indigenous institutions from the global banking system. Meaningfully addressing both these phenomena will require strong advocacy at the international level.

The same trans-Americas location that makes the shores of the Commonwealth Caribbean a convenient and affordable tourist destination has placed the sub-region at the centre of heightened challenges of illicit trafficking and transnational crime, which local legislation and security personnel are limited to address. Added to this is the prevalence of violent crimes, including crimes against women, which is a turn-off to business investment and tourists. High levels of unemployment, and even higher levels of youth unemployment, contribute to prevalence of crime.

Achieving sustainable development will necessitate innovative, comprehensive and integrated policies to meet and rise above the aforementioned challenges. However, with fiscal institutions in the region described as weak, on their own they are not equipped to address the challenges faced in terms of potential for shocks, volatility and vulnerability. Implementing a national and sub-regional development agenda will require enhanced support from and collaboration with the global community.

5.5 Policy priorities

Challenges

- Sluggish recovery in economic growth
- High debt, low savings, declining reserves
- Financial sector vulnerabilities and stability risks
- High annual natural disaster costs
- Low ranking on Ease of Doing Business

Policy priorities

- Economic growth and diversification
- Prudent fiscal policy
- Strong resilient financial sector
- Environmental resilience fund
- Private sector-led growth

The macroeconomic challenge stacked against the economies of the Commonwealth Caribbean is a two-headed monster: low growth and high indebtedness. Together, these two issues translate into strained public accounts with high fiscal expenditure (most notably high wage bills, transfers and subsidies) that outstrips government tax and other income and results in unsustainable primary balances.

Prudent fiscal policy

With the implications of debt distress including anaemic growth, an unstable macroeconomic environment and possible deterioration of a country's sovereign wealth rating, prudent fiscal management is tantamount to far-improved debt management. More rules-based fiscal management will allow member governments to stabilise the fiscal accounts and generate the fiscal space needed to respond to the natural disasters and exogenous economic shocks to which the sub-region is prone. The 'nudge and flex' rule caps government expenditure and mandates the ratio of government expenditure to savings. Savings are allocated to a stabilisation fund. It also caps the debt to GDP ratio at 50 per cent, with a 10 per cent buffer for disaster recovery. Governments are challenged to borrow to finance productive enterprises that generate returns well above the cost of borrowing.

Reduction of transfers and subsidies

An essential component of ensuring the upper limit on government expenditure is attainable is a reduction in spending on transfers and subsidies. Since blanket subsidies and other social spending are notorious for failing to reach the pockets of the population most in need of them, a means-testing approach to defining eligibility for social programmes should be implemented. More frequent Household Budget Surveys and Standard of Living Surveys will be instrumental to identifying households in need and ensure that said households receive the much-needed assistance, while minimising wasted expenditure on individuals and households not in dire need. An overall reduction on transfers and subsidies also necessitates the rationalisation of SOEs, such that inefficient enterprises with operating costs that exceed the economic and social benefit of the services they provide are divested.

A blueprint laid out by PwC (2015)[3] dictates that profitable SOEs that do not provide a public good or social benefit should be privatised; SOEs that neither generate a profit nor provide a public good or social benefit should be discontinued; SOEs that are socially beneficial but do not generate significant earnings should be maintained and regulated to maximise efficiency; and, finally, SOEs that do not provide a pure public good but earn profits should either be divested and regulated or converted to public-private partnerships (hospital services and air and sea ports are notable examples). Jamaica is already engaging in the latter with the privatisation of its seaports and airport, as just one of the measures undertaken as part of extensive reforms that are bearing fruit.

A resilient financial sector

A stable exchange rate, buttressed by a stable fiscal framework, along with low interest rates, will contribute to enhancing the intermediary function of the financial sector. The focus will be on ease of accessing credit, ensuring adequate regulatory framework and fostering financial inclusion. Policies aimed at establishing collateral registries, business credit guarantee schemes, insolvency and other legislative reforms to encourage entrepreneurship are also key. The onus is on governments to foster development in financial and regulatory technology including anti money-laundering and anti-terrorism financing practices and customer due diligence (credit rating, etc.). Creating the legislative space for financial technology would have significant implications for improving the speed and cost of cross-border transfers for business as well as for remittances. Together, these measures could bode well with regard to reducing the threat of de-risking that hangs over the financial sector.

Resilience funding

As a direct result of the 'nudge and flex' rule, Commonwealth Caribbean governments will earmark a non-negotiable proportion of government revenue to be allocated to a stabilisation fund, which may provide much-needed financing for disaster recovery. Taking into account individual proneness to disasters and shocks and historical values of damage costs and lost revenues, individual member governments will be tasked with identifying the level of resource cover required to maintain operations for a specific period after an environmental or economic shock has occurred.

Notably, this type of fund is only one part of wider management framework that necessarily includes sound macroeconomic management, structural reforms to improve competitiveness and disaster risk management. The fund is intended to thwart a structural crisis by allowing the fiscal space to rebuild infrastructure, supplement revenue streams and reduce the need for emergency borrowing. Governments are also encouraged to establish or bolster existing natural disaster tool kits comprising a range of financial instruments. This will ensure they have access to liquidity in the immediate, recovery and reconstruction phases of a disaster. The Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company is one such instrument. On another note, minimising the cost of the rebuilding phase of a disaster is key to ensuring the total recovery effort can be sustainably financed. Upgrading, ratifying and/or enforcing building codes, as the case may be in each member country, is required to minimise property and other infrastructural damage, especially for buildings that house essential and public services.

Private sector-led growth

Achieving growth-spurring activity in the private sector entails a trifecta of reducing the cost of doing business, reducing resource and infrastructure gaps and bringing down energy costs. Various scholarly assessments of the wider Caribbean region prioritise access to finance and a skilled labour force to achieve a boost in doing business. CDB has identified a range of policy reforms that may improve access to finance and associated costs, including adequate laws and regulation for venture capital, angel investment and private equity. It also suggests incentives for the promotion of junior stock exchanges, where these do not already exist, to improve access to finance (CDB, 2018).

To address the skills gap, focus should shift towards the quality of education being offered, with evidence-based system reviews. There should also be more emphasis on Science, Technology, Engineering, Arts and Mathematics (STEAM) subjects as well as innovation and entrepreneurship skills-building. Successful curriculum and system reforms should be measured by employment and labour market outcomes for graduates of the education systems in each member country. This will achieve multiple ends: correcting the mismatch between graduates' skill sets and labour market demands; reducing unemployment (and associated ills); and increasing the employed labour force who may contribute to social security schemes. The latter is particularly important, since the IMF has alerted that social security pay-outs to the rapidly ageing population are expected to outpace collections in 12 Caribbean countries by 2020 and deplete reserves by 2045, based on current rates.

Public-private partnerships

Public-private partnerships are the prescription for addressing the US$10.6 billion shortfall in infrastructure financing facing Caribbean governments over the next decade[4] (CDB, 2014). Successfully engaging in these arrangements may require institutional strengthening, to ensure public officials are skilled to assess the efficacy of arrangements. Good examples of these types of arrangements can already found in the sub-region, in Jamaica – namely, the Highway 2000 project and Sangster International Airport.

Energy efficiency

Energy efficiency is key to economic growth and resilience. Opportunities for achieving this include smart architecture and construction, sale of energy-efficient consumer appliances and electricity grid interconnection and grid infrastructure improvement (CDB, 2018). Improving energy efficiency is already a key focus area for the wider CARICOM region, of which the Commonwealth Caribbean member countries are a part, with renewable energy targets of 28 per cent by 2022 and 47 per cent by 2027 having been set. To assist with reaching these targets, governments may implement policies, legislation and regulations that foster renewable energy development;

provide innovative financing or incentives for renewable energy products and projects; introduce policies including energy-efficient building codes, clean vehicle regulations and energy standards for appliances and equipment; and integrate the power grid with solar, wind power and energy storage.

Notes

1 World Bank World Development Indicators 2019

2 Ibid.

3 PWC (2015): https://www.pwc.com/gx/en/psrc/publications/assets/pwc-state-owned-enterprise-psrc.pdf

4 CDB (2014): https://www.caribank.org/newsroom/news-and-events/usd30-billion-needed-modernise-caribbean-infrastructure-over-next-decade

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06

The Commonwealth Pacific

6.1 Recent macroeconomic developments and outlook

Overview

With a total estimated population of 10.9 million dispersed over 15 per cent of the earth's surface, the Commonwealth Pacific represents an archipelagic region of nine small states with varied landmasses, population dynamics, natural resource endowments, cultural practices and economic activities; yet, it possesses considerable economic potential and growth opportunities.

Of the nine countries classified as Commonwealth small states – Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Tonga, Tuvalu and Vanuatu – Kiribati, Solomon Islands, Tuvalu and Vanuatu are also classified by the United Nations as least developing countries (LDCs), owing to the disadvantageous outcomes arising from their development processes, for structural, historical and also geographical reasons. Such countries are deemed underdeveloped, are often characterised by higher incidence of poverty relative to their intra-regionally and extra-regionally based comparators and hence require substantial investments and donor contributions from the international community.

Given the dominance of the marine environment, from fisheries to tourism and maritime transport, the Commonwealth Pacific nations have an opportunity to develop a 'blue economy' for the Eastern Hemisphere. Through innovative practices, the Pacific states can increase their competitiveness on the global scale through the adoption of sustainable practices in the areas of offshore renewable energy, aquaculture and waste management.

Macroeconomic performance

In comparison with for their extra-regionally based counterparts, gross domestic product (GDP) growth rates for the Pacific states accounted for 3.6 per cent in 2018 and surpassed that of the Caribbean[1] and other small states.[2] Over the period under investigation, an average growth rate of 2.4 per cent was maintained in the Pacific compared with 2.9 per cent for the Caribbean and 5.2 per cent for other small states. Predominant declines in growth were noted for all groupings in 2009, in light of the global financial crisis, whereas a sharp subsequent decline in growth for the Pacific was associated with the passage of extreme weather events.

In 2018, the estimated total population within the nine Commonwealth Pacific countries was close to 10.9 million. With 8.6 million inhabitants, Papua New Guinea is by far the most populous country in the region, followed by Fiji (883,483) and Solomon Islands (652,858). For six out of the nine countries under consideration (Kiribati, Papua New Guinea, Solomon Islands, Tonga, Tuvalu and Vanuatu), the rate of population growth in 2018 was higher than 1 per cent in 2018. In Nauru, the population shrank by more than 1 per cent. The fastest rate of population growth was reported by Solomon Islands (2.6 per cent), followed closely by Vanuatu (2.5 per cent) and Papua New Guinea (2.0 per cent).

In most Commonwealth Pacific small states,[3] the proportion of the population aged 65 years and over has been rising. In Fiji and Samoa, this trend has been quite significant. While in 2009 both countries reported that persons 65 years and over accounted for around 5 per cent of their population, by 2017 this rate was almost 6 per cent in both countries. Kiribati, Papua New Guinea, Solomon Islands and Vanuatu ended the period with at least 4 per cent of their population above 65 years of age, while in Tonga a ratio of 5.9 per cent was maintained.

The average rate of life expectancy[4] in the Commonwealth Pacific is relatively high, with most countries reporting that on average most residents live well beyond 60 years of age. Females in Samoa experienced the highest average life expectancy of 78 years, followed by females in Tonga, Vanuatu and Fiji. While males in the four aforementioned countries have shorter lifespans than their female counterparts, they still exhibited higher rates of life expectancy than males in Kiribati and Papua New Guinea.

With an increasingly ageing population, more funds and resources generally must be allocated to health care services and associated amenities. Within the Pacific region, a large proportion of funds are in place primarily to treat non-communicable diseases. This, coupled with high fertility rates, will result in a labour force surplus in the coming years. This will have positive implications for productivity, labour costs and possible business expansions, and also enhance the overall competitiveness of firms across intra- and extra-regional markets. The average fertility rate across the countries under investigation stood at 3.4 per cent in 2017.

Jointly, these two indices will heighten the age dependency ratios across Pacific small island developing states (SIDS) and place an increasingly heavy burden on national budgets.[5]

Advances in economic activity present opportunities in more lucrative sectors such as tourism and manufacturing away from primary activities such as agriculture. As such, more people are moving towards centralised commercial districts away from rural communities.

Prices, wages and unemployment

Unemployment in the region is largely skewed towards women – particularly youth – and is consistent with the extent of employment in small states across other regions.

Trade developments

The Commonwealth Pacific demonstrates limited export potential as most commodities are derived from the terrestrial or marine environments and are largely associated with limited economic diversification strategies.

Fiscal developments

Noting the inherent vulnerabilities of the Commonwealth Pacific, many territories experience difficulties when servicing their debt,[6] have repeatedly relied on external sources for funding and in some instances have qualified to receive official development assistance (ODA) from bilateral and multinational sources in efforts to subdue challenges posed by exogenous and environmental shocks as they strive to attain the Sustainable Development Goals (SDGs).

Outlook

SIDS in the Pacific face myriad unique developmental challenges. As such, the region has been recognised as a special case for sustainable development by various international fora in view of its particular features and vulnerabilities. These include small size, remoteness, high vulnerability to exogenous economic and environmental shocks such as price volatility and natural hazards, low adaptive capacity to climate change, narrow resource and export bases, limited economic diversification strategies and high debt burdens.

The following section provides a detailed analysis of individual country dynamics for the following Commonwealth Pacific countries, divided into two sections:

- Lesser developed countries: Fiji, Nauru, Papua New Guinea, Samoa and Tonga;
- Least developed countries: Kiribati, Solomon Islands, Tuvalu and Vanuatu.

6.2 Lesser developed small states

Fiji

Country data	
Population (millions) (2017)	0.9
Area '000 km^2	18,270
GDP (US$, billion, 2018)	5.12
GDP per capita, PPP current international US$ (2018)	9,877
Currency	Fiji dollar (FJD)

The Republic of Fiji consists of 330 islands dispersed over more than 18,000 km^2 of the South Pacific, around one-third of which are inhabited. Its tropical forests, estuaries, lagoons, mangroves and coral reefs make for a rich biodiversity, with many endemic species. Most people live on the two largest islands: Viti Levu and Vanua Levu. The overall population was estimated at 905,502 in 2017, with an annual population growth rate of 0.7 per cent, which is the second-lowest growth rate in the Commonwealth Pacific. On the Human Development Index (HDI), Fiji ranked 92nd out of 189 countries.

Economic performance

Fiji's economy is the fourth-largest in the Commonwealth Pacific and one of the most industrially advanced after Australia and New Zealand, with well-developed services and manufacturing sectors. A hub for re-exports across the region, Fiji has developed a thriving tourist industry, which makes up almost 40 per cent of annual GDP. Sugar exports and remittances from citizens working abroad have been the other main sources of foreign exchange over the past decade.

Economic expansion has been relatively modest: GDP growth has averaged 2.8 per cent since independence in 1970. This reflects a lack of investment in infrastructure and training and education amid the shift from a primarily agricultural economy to manufacturing and services. Political instability has been a factor at times – the country underwent coup d'états in 1987, 2000 and 2006 – and the islands are regularly hit by destructive cyclones. In 2016, Cyclone Winston killed 44 people and destroyed more than 40,000 homes across the country. The damage to Fiji's economy has been estimated at close to US$1 billion, or 25 per cent of GDP.

Real GDP expanded by 5.4 per cent year on year in 2017, according to the Fiji Bureau of Statistics, and slipped to an estimated 3.5 per cent annual growth in in 2018. The outlook is for slowing growth amid increasingly challenging global economic conditions, including trade and technology disputes and geopolitical tensions. On a per capita basis, Fiji's GDP reached an estimated US$9,577 (PPP) in 2017, which the government hopes to double by 2035. This will be challenging, given that this would require annual GDP growth of about 5 per cent. Sectors identified for future growth include tourism, fisheries, deep-sea mining and the knowledge economy.

Prices, wages and employment

Headline inflation averaged around 2.4 per cent in 2013–2018, within in the 2–4 per cent target range set by the Reserve Bank of Fiji. This is higher than the average for most advanced economies in the Commonwealth in that period, but lower than headline inflation figures for many comparable developing economies, including Jamaica, Mauritius, Trinidad and Tobago and Papua New Guinea. Nevertheless, prices are vulnerable to sharp fluctuations as a result of extreme weather events and policy shifts – headline inflation ratcheted up to 5.2 per cent in late 2018 owing to higher prices for imported fuel, vegetables, alcohol and tobacco. Prices cooled in 2019, with average inflation standing at 1.2 per cent in August.

The World Bank estimates Fiji's unemployment rate at about 8 per cent, and there is concern about high levels of underemployment, especially among women. Employment has grown at a steady rate of around 2 per cent a year since 2000, with most additional jobs created in the relatively low-wage construction and retail sectors. Among higher-wage sectors, financial services and public administration saw the highest level of job creation.

Fiscal developments

Fiji benefits from a well-developed and relatively efficient civil service. Tax revenue contributes to around 23 per cent of GDP, higher than in peer countries, but the fiscal deficit has been rising. It averaged around 4.5 per cent of GDP in 2014–2017, and widened to 4.8 per cent in 2018 amid sharp increases in capital spending on infrastructure and health and education ahead of a general election in November 2018 (won by the ruling Fiji First party of Prime Minister Frank Bainimarama).

Government debt reached 46 per cent of GDP in 2017 and rose to an estimated 50 per cent of GDP in 2018. Financing risks are expected to increase in 2020 as a high-interest US$200 million global bond matures. Multilateral and bilateral loans tied to capital projects have considerably lower rates. A fiscal sustainability study suggested that, at current economic growth and spending rates, the debt could rise to more than 60 per cent of GDP, with a budget deficit of 6.2 per cent by 2021. Avoiding this and keeping debt on a sustainable path would require a significant fiscal adjustment over the next three years.

Trade developments

At independence, sugar was a mainstay of Fiji's economy, accounting for 13.5 per cent of GDP and more than a third of exports. While it now accounts for only 1.2 per cent of GDP, it remains a significant source of foreign exchange – enjoying quota-free and duty-free access to the EU market and amounting to around 5 per cent of exports. Other key exports include fish products, gold, bottled water and ginger, spices and tropical fruits. The largest imports by value are refined petroleum, followed by automobiles and wheat. Singapore, New Zealand, Australia, China and South Korea are the leading countries of origin of Fiji's imports. The trade deficit is large and has widened as increasingly prosperous consumers and developers have sought more imported goods. Trade in services has fared better, mainly reflecting Fiji's increasing popularity among tourists – primarily from Australia and New Zealand, and increasingly from China and India.

Key development challenges

The government plans to build on the country's achievements in reducing poverty and inequality and double real per capita income by 2035. This will require a significant boost to private and public investment in infrastructure and to create higher-wage employment in sectors such as information and communication technology and knowledge-intensive industries. Both urban and rural infrastructure and housing need to be strengthened to cope with an expected rise in extreme weather events, and the fiscal system will need to be made more flexible and resilient through a broader tax base and wider insurance cover.

Nauru

Country data	
Population (millions) (2017)	0.13
Area '000 km^2	21.3
GDP (US$, billion, 2018)	0.12
GDP per capita, PPP current international US$ (2018)	12,326
Currency	Australian dollar (AUD)

Economic overview

A small coral island in the Western Pacific, Nauru is best known for its phosphate mining industry, which proved highly lucrative for the small population for two decades after independence in 1968. Continuous mining caused significant damage to the island's environment and biodiversity remains low compared with other Pacific nations. Mismanagement, corruption and a fall in global phosphate prices led to severe economic problems in the late 1980s and early 1990s. In 1993, the UK and Australia paid compensation for environmental damage.

The island developed an offshore banking industry but faced accusations of money-laundering and was blacklisted by the Organisation for Economic Co-operation and Development official watchdog until 2005. The central bank collapsed in 2004 and the country has effectively operated as cash economy since then, relying heavily on aid from Australia, New Zealand and Taiwan – it is one of only 15 countries that officially recognise Taiwan. Australia opened an offshore detention and processing centre on Nauru in 2001, which proved highly controversial. Known as the Regional Processing Centre (RPC), this was shut down in 2007, then reopened in 2012. Allegations of poor conditions and mental health issues resurfaced, and increasing numbers of refugees left for the USA under a resettlement arrangement agreed with the Obama administration.

Phosphate exports are still a mainstay of Nauru's economy, but reserves are being depleted and attention is shifting to the prospect of mining for precious metals such as nickel and manganese on the sea bed. A Canadian company (DeepGreen) hopes to begin deep-sea extraction in 2025. The other main source of income is from the sale of fishing rights in Nauru's territorial waters – the country claims an exclusive economic zone stretching 200 nautical miles in all directions. Nauru imports most of its basic goods, including drinking water, fuel oil and manufactured goods, primarily from Australia and New Zealand. Nauru became the 189th member of the IMF in 2016 and it is gradually reforming its financial institutions and building a fairer tax system.

Key development challenges

Climate change and the threat of rising sea levels, salt contamination of water supplies and more frequent and damaging tropical storms represent an existential threat to Nauru in the coming decades. Other development challenges include recovering from over-exploitation of land and marine resources, controlling pollution and dealing with an epidemic of obesity and poor health. A new undersea cable is expected to improve Nauru's connectivity and offer growth opportunities.

Papua New Guinea

Country data	
Population (millions) (2017)	8.6
Area '000 km^2	462,840
GDP (US$, billion, 2018)	21.32
GDP per capita, PPP current international US$ (2018)	3,804
Currency	Papua New Guinean kina (PGK)

Papua New Guinea occupies the eastern half of the island of New Guinea and around 600 smaller islands. Its terrain is immensely diverse, encompassing mountains, high plateaux, dense rainforests, swamps, estuaries and coral reefs that support thousands of species. In 2018, Papua New Guinea's population was estimated at 8,606,316, with an annual rate of growth close to 2 per cent – the third highest growth rate in the Commonwealth Pacific. The country's official language is English and over 800 indigenous languages are spoken.

Economic performance

Papua New Guinea's economy is dominated by agriculture, forestry and fishing and increasingly by extractive industries. Minerals, including oil, copper, nickel and gold, now account for more than two-thirds of export earnings. The extraction of liquefied natural gas (LNG) has developed swiftly over the past decade, in response to rising demand in China, Japan, Taiwan and elsewhere. The vast majority of the population lives in rural areas and relies on a mixture of subsistence agriculture and cash income crops. Annual GDP per capita is estimated at just US$3,804 at PPP – among the lowest in the Commonwealth Pacific.

Massive investment in oil and gas infrastructure over the past decade led to a construction boom in the cities of Port Moresby and Lau and fed into rapid economic growth – real GDP expanded by 13.5 per cent year on year in 2014, among the world's fastest growth rates. The pace slowed subsequently, dipping to 2.7 per cent in 2017 and an estimated contraction of 0.5 per cent in 2018.

This reflected a combination of the ending of the LNG-led construction boom, a commodity price shock and a 7.5 magnitude earthquake in early 2018 that shut down much of the extractive industry. Domestic demand was sluggish in 2018 but the economy picked up in 2019 as mining and agriculture recovered – it is expected to expand by around 5 per cent year on year. However, the economy faces the risk of slower growth amid challenging economic conditions in key export markets.

Prices, wages and employment

Headline inflation averaged around 6 per cent in 2015–2017 and has since moderated, averaging 4.5 per cent in 2018 and early 2019 amid the overall slowdown in economic growth. Softening prices for food, beverages, tobacco and betel nut have also played a part, offsetting sharper price rises in housing and transport.

Wages in the formal economy reportedly stagnated in 2018/19 in line with a downturn in mining and extraction and a slowing overall economy. Survey information points to a 2 per cent decline in formal private sector employment in 2018, although public sector employment continues to rise, with new positions, including for teachers, health workers and security personnel. Wages in Port Moresby are considerably higher than elsewhere in the country, but oil, gas and mining firms reportedly find it difficult to source sufficiently trained and experienced personnel. Most Papua New Guineans occupy the informal economy, engaged in a range of subsistence agriculture and cash income from certain crops. Poverty levels are high in some rural areas: a World Bank report from 2010 estimated that 28 per cent of the population lived below the internationally recognised extreme poverty line of less than US$1.90 per day based on PP9 at 2011 prices. This is below most countries in the Commonwealth Pacific and comparable with some of the poorer sub-Saharan African nations.

Fiscal developments

Papua New Guinea faces fiscal challenges amid the ending of the LNG-driven construction boom and falling government revenues. The fiscal deficit narrowed from 4.6 per cent of GDP in 2016 to 2.5 per cent in 2017, according to the Asian Development Bank (ADB), after spending cuts were brought in under a supplementary budget. Papua New Guinea's Treasury reports that both revenue (from mining and petroleum taxes) and spending exceeded their targets in 2018, and the fiscal deficit widened to 2.7 per cent of GDP. A significant overspend on public sector wages is a concern. The government's response has been to implement a fiscal rule, establish a sovereign wealth fund and boost domestic revenues.

Papua New Guinea continues to face a shortfall in its foreign exchange reserves, largely sustained by an overvalued exchange rate. This has resulted in severe import concessions, inhibiting investment opportunities and production in the non-resource sector. Debt Sustainability Analysis (DSA) indicates that Papua New Guinea has a moderate score on risk of debt distress (based on an assessment of its public external debt); however, it possesses limited space to absorb shocks.[7] Debt levels have almost doubled since 2012, with interest payments increasing by 2.5 times. In 2017, Papua New Guinea's external public debt to credit groups stood at US$2.3 billion – largely comprising multilateral debt (55 per cent). Papua New Guinea's external debt is disaggregated in the following manner: Asian Development Bank (ADB) (42 per cent), China (23.5 per cent), Credit Suisse (14 per cent), the

World Bank (12 per cent), Japan International Cooperation Agency (JICA) (5 per cent) and other entities (4 per cent).

Trade developments

Papua New Guinea's booming extractive industries, led by investment in LNG, have delivered current account surpluses since 2014. The surplus rose to a record high of US$5.8 billion in 2018 (25 per cent of GDP) as production was ramped up after the disruption caused by an earthquake, along with rising LNG prices and a contraction in spending in imports. Much of the additional revenue was directed to debt repayments covering investment in extractive infrastructure, so had little impact on international reserves, although they rose through a US$500 million sovereign bond and a new ADB loan.

Papua New Guinea is privy to many regional and international trade agreements.[8] For the Commonwealth Pacific, it is the primary hub of commercial activity within the Eastern Hemisphere. In 2017, it was deemed as the 86th largest export economy in the world, attaining a positive trade balance of US$5.35 billion.[9] Commodities such as LPG[10] (US$2.53 billion), gold (US$2.11 billion), copper ore (US$755 million), crude oil (US$633 million) and rough wood (US$588 million) are destined for Australian, Chinese, Dutch, Filipino and Japanese markets. Similarly, commodities originating from top import markets such as Australia, China, Indonesia, Malaysia and Singapore include refined petroleum (US$321 million), broadcasting equipment (US$128 million), delivery trucks (US$102 million), evacuation machinery (US$80.8 million) and crude oil (US$76.4 million).

Key development challenges

Key challenges include Papua New Guinea's weak institutional capacity and poor governance, which threatens to derail donor and investment opportunities, citizen security and social justice. Rising sea levels and temperatures as well as increased rainfall and likelihood of damaging cyclones constitute the main risks associated with climate change. Valuable crops such as coffee and cocoa are likely to become increasingly susceptible to pests and diseases such as coffee berry borer. To avert these risks, the government of Papua New Guinea is seeking to strengthen its institutions and coordination between them to encourage a greater diversity of agricultural activities to secure sustainable rural livelihoods.

Samoa

Country data	
Population (millions) (2017)	0.2
Area '000 km^2	2,831
GDP (US$, billion, 2018)	0.86
GDP per capita, PPP current international US$ (2018)	5,890
Currency	Tala or Samoan dollar (WST)

The Independent State of Samoa, referred to as Western Samoa until 1997, joined the Commonwealth in 1970. Samoa comprises two large volcanic islands, Savai'i and Upolu, the smaller islands of Manono and Apolima and several uninhabited islets in the south-western Pacific. Much of the archipelago's original tropical forest has been cleared over centuries, but around 700 km^2 survives in central Savai'i, which is home to most of Samoa's endemic species. Around 45 per cent of the total land area is cultivated, principally for coconut, as well as cocoa, coffee, bananas and taro.

Samoa's population was recorded as 194,320 in its 2016 census, around three-quarters of whom live on the island of Upolu. The capital, Apia, is home to around 40,000 people. Samoa's estimated population growth rate is 0.42 per cent per annum – the second lowest rate across the Commonwealth Pacific.

Economic performance

Samoa's economy has traditionally been dependent on subsistence agriculture, with cash crops, notably coconut and its by-products, coffee and cocoa grown for export. As such, it has been vulnerable to natural hazards, such as cyclones and crop diseases, and to fluctuations in world prices for commodities. Structural reforms in the 1990s encouraged diversification and boosted the private sector; a relatively stable financial and macroeconomic environment was established. Fisheries and tourism were developed – the latter now contributes more than 25 per cent of GDP. Remittances from Samoans living overseas, mainly in New Zealand, continue to be vital – they amounted to US$190 million in 2017/18, as the largest source of foreign exchange.

The economy's vulnerability to external shocks has again been demonstrated in recent years, with the closure of a key manufacturing plant Yazaki Samoa, the largest private sector employer, in 2017 and the devastating impact of Cyclone Gita in February 2018. Real GDP growth slumped to 1.0 per cent year on year in 2017 and contracted by 2.2 per cent in 2018, according to ADB. It picked up in the first half of 2019 and growth is expected to accelerate in 2020, driven by commerce, infrastructure spending and development of the transport and communication sector.

Prices, wages and employment

Headline inflation has been subdued in recent years and below the central bank's target of 3 per cent, but it ratcheted up to 3.7 per cent in 2017/18 amid rising food and fuel prices caused by Cyclone Gita combined with a one-off hike in education fees. It is expected to dip back below 3 per cent in 2019/20.

Based on 2017 national estimates, the unemployment rate in Samoa was 14.5 per cent and was generally skewed towards women in all age categories, particularly youth – at 21.3 per cent of the total labour force and 43.4 per cent within the 15–24 age category.

Samoa has made considerable progress in reducing poverty in the past decade, with improvements in the supply of drinking water to more remote villages. Around 18 per cent of the population lives below the poverty line, down from almost 27 per cent in 2008. The vast majority of people in rural areas work in the informal economy. Wages are low in tourism and hospitality and construction and relatively high in financial services. A recent government report recommends that the national minimum wage increase by 60 per cent in 2020, which would bring it into line with Fiji and Papua New Guinea.

Fiscal developments

The current account recorded a surplus of 2.3 per cent of GDP in 2017/18, compared with a deficit of 1.8 per cent of GDP in the previous year, mainly because of a temporary increase in transfers in the wake of Cyclone Gita. It is expected to revert to a mild deficit as transfers normalise, underlining the need for the government to strengthen the tax system and improve public financial management.

Samoa experienced a deterioration of its external risk of debt distress from moderate to high during 2017. External debt was estimated at 49.1 per cent of GDP in 2017. The IMF has recommended lowering the long-term debt to GDP target, and ensuring that newly contracted loans are consistent with the Medium-Term Debt Strategy. It also stresses the need to make progress in monitoring and disclosing fiscal risks, including from state-owned enterprises.

Trade developments

Despite economic reforms and trade liberalisation, Samoa has run persistent trade deficits. This reflects a deteriorating base of export commodities, in part because of increased competition and crop diseases and a lack of capacity to develop alternatives such as fisheries. This has led to an increased reliance on remittances and foreign development assistance. The trade deficit widened in 2017 and 2018, in part because of the closure of Yazaki Samoa, a key employer and exporter. Fisheries were the largest export category in 2017 (US$12.3 million) followed by refined petroleum ($US11.7 million), processed fruits and nuts (US$2.36 million) and sports equipment (US$1.99 million), destined primarily for New Zealand, Australia and the USA. Oil and mineral fuels are by far the largest import by value, followed by motor vehicles and parts, meat and electrical machinery. New Zealand, Singapore and China are the three largest sources of imports.

Key development challenges

Climate change, in the form of rising sea levels, increasing temperatures and more frequent and intense cyclones, poses the most significant challenge to Samoa's economy, which is heavily reliant on agriculture and tourism. About 70 per cent of Samoa's population and infrastructure is located in low-lying coastal areas. The country has adopted a whole-of-government approach to climate change adaptation in partnership with the United Nations Development Programme, focusing on women, youth and small businesses.

Tonga

Country data	
Population (millions) (2017)	0.1
Area '000 km^2	748; Tongatapu 256.
GDP (US$, billion, 2018)	0.47
GDP per capita, PPP current international US$ (2018)	6,111
Currency	Pa'anga or Tongan dollar (TOP)

Spread out across around 700 km^2 of the central south-west Pacific, the Kingdom of Tonga comprises 172 islands of varied volcanic and coral origins, 36 of which are inhabited. Much of the tropical rainforest that once covered the islands has been cleared, with the notable exception of the rugged Eua Island. Tonga's territorial waters are among the deepest in the Pacific.

In 2017, the population estimate was 101,998, with the country having attained an annual population growth rate of 0.89 per cent – the third lowest in the Commonwealth Pacific. Most Tongans (around 70 per cent) live on Tongapatu, the largest island and the location of the capital, Nuku'alofa. The republic ranked 98th out of 189 countries on the UN's 2017 Human Development Index, placing it in the high development category. The HDI value has increased steadily since 1990, reflecting improvements in education and GDP per capita. Life expectancy, however, has declined since 2012, dropping to an average of 67 years in 2017 amid an epidemic of obesity and diabetes.

Economic performance

Agriculture remains a key component of Tonga's economy, through a mixture of subsistence cultivation and cash crops, with squash, vanilla beans and yams the main exports. The republic is highly dependent on remittances, which account for around 26 per cent of GDP, one of the world's highest levels. Tourism has grown steadily, albeit from a low base; the sector contributed an estimated 11.5 per cent to GDP in 2017 – the second-largest source of foreign exchange. Visitor arrivals dropped back in 2018 – largely because of Cyclone Gita, a category 4 storm that struck Tongapatu in February, killing two people, injuring 400 and damaging more than 2,000 buildings, as well as crops and infrastructure across the island. The IMF estimates that the cost of the damage is equivalent to around 30 per of GDP.

Economic growth slowed to an estimated 0.4 per cent year on year as a result, well down on the 3.2 per cent annual average expansion in 2015–2017, and underlining the country's vulnerability to external shocks. Economic growth is expected to pick up to around 2 per cent year on year in 2019 and 2020, buoyed by considerable inflows of international development aid and strong remittances – mostly from Tongans living and working in New Zealand.

Prices, wages and employment

Tonga's dependence on imported fuel and food has made it vulnerable to fluctuations in prices. Headline inflation has tended to be higher than neighbouring nations, and it remained relatively high (at 5.3 per cent) in 2018 and 2019, linked to higher prices for popular foods including corned beef, chicken and mutton – imported from Australia and New Zealand.

Waged and salaried employees account for around 38 per cent of the workforce, with a slightly lower proportion self-employed and some 20 per cent unpaid family workers. The formal labour sector remains underdeveloped and labour regulations are not effectively enforced. Unemployment is high, especially on the smaller and more remote islands, at 16.4 per cent, according to the 2016 census. The figure depends on the definition, however – if it excludes those not looking for work, the rate drops to 1.0 per cent. Unemployment rates are estimated to be slightly higher for women than for men.

Fiscal developments

Tonga's fiscal situation gradually improved in the wake of the global financial crisis, amid improvements in domestic revenue collection and prudent policy-making. The outlook is challenging, however, with rising expenditure on infrastructure post-cyclone reconstruction expected to feed into fiscal deficits in 2019 and 2020. Storm damage has also necessitated new loans, notably from China – loans from there are estimated to account for over half of total outstanding debt. Tonga's public debt is expected to rise above 50 per cent of GDP in 2019, which the IMF sees as a warning threshold. The issue for Tonga, as with other small Pacific nations, is its remoteness and the difficulty of developing new income-generating sectors.

Trade developments

Heavily reliant on imports – primarily refined fuels and processed meat, as well as vehicles and electronic goods – and with limited diversity of relatively low-value exports (vegetables, processed fish and coconut products), Tonga frequently experiences large trade deficits. The current account deficit is estimated to have widened to 17.1 per cent of GDP in 2018, reflecting growing demand for construction materials to repair cyclone damage. The deficit is expected to gradually narrow in 2020 and 2021. Tonga's key export markets are Australia, Japan, New Zealand and South Korea.

Key development challenges

Strengthening Tonga's infrastructure to cope with high winds, flooding, landslides and tsunamis is a major development challenge. The country has developed a National Strategy Planning Framework to make its institutions more resilient and able to deliver more efficient public services. In 2019 Tonga joined the Pacific Islands Regional Oceanscape Programme, a multi-year regional initiative designed to help countries develop sustainable management of their coastal fisheries and the critical habitats on which they depend. Ecotourism, including activities such as diving and whale watching, has considerable potential in Tonga.

6.3 Least developed small states

Kiribati

Country data	
Population (millions) (2017)	0.12
Area '000 km^2	811
GDP (US$, billion, 2018)	0.19
GDP per capita, PPP current international US$ (2018)	2,140
Currency	Australian dollar (AUD)

Economic overview

Spanning more than 3.5 million km^2 of the equatorial Pacific, the Republic of Kiribati is one of the world's most isolated and sparsely populated nations. It gained independence in 1979 and encompasses three distinct archipelagos: the Gilbert Islands, the Phoenix Islands and the Line Islands. These comprise 32 atolls and one raised coral island amounting to a total land area of 811 km^2. The population in 2018 was estimated at 115,847, more than half of whom live on the atoll of Tarawa – one of the Gilbert Islands.

Kiribati is the poorest country in the Commonwealth Pacific, with an estimated GDP per capita (at PPP) of US$2,140 in 2018. The islands have few natural resources, and have struggled since the depletion of the phosphate mines on Banaba Island since the late 1970s, although the government still benefits from a sovereign wealth fund from phosphate receipts dating back to the 1950s. Fuel, most consumer goods and processed food are imported, often at high prices, owing to elevated transport costs from the key suppliers: Australia, China, Fiji and Japan. The nation is highly dependent on the sale of fishing licences – notably to Japan, South Korea and Taiwan – as well as remittances, foreign aid and tourism.

The economy has performed well in recent years, expanding by an average of 5.2 per cent year on year between 2015 and 2017, driven by record-high fishing revenue – mainly from Taiwan – combined with expanded donor-financed infrastructure investment. Kiribati's development of its fisheries resources is considerably higher than that of most of other Pacific nations, reflecting the sheer scale of its marine territory, which includes the migratory routes of valuable fish including skipjack tuna.

Economic expansion slowed in 2018 to annual growth of 2.3 per cent, amid a reduction in the sale of fishing licences. This is likely to rise again following the government's decision in September 2019 to terminate its diplomatic alliance with Taiwan in favour of formal diplomatic links with China.

Kiribati's fiscal situation improved in 2015 in line with the bonanza in fishing licences and moves to strengthen the tax base. This prompted much-needed public spending on infrastructure and development projects part-financed by international aid, including a seawater desalination plant, a solar farm and photovoltaic plant and improvements to the water supply in the capital, South Tarawa. Civil service wages were raised, which fed into a fiscal deficit equivalent to 20.1 per cent of GDP in 2018 – it is likely to persist in the short term.

Kiribati has run current account surpluses in recent years, although they are expected to narrow as fishing licence revenue diminishes while imports related to development spending remain high. The risk of debt distress remains high irrespective of the improved fiscal position, but the sizeable sovereign wealth fund limits the risk in the short term.

Key development challenges

Kiribati's low-lying atolls are highly vulnerable to sea-level rise, as well as the storm surges and damaging winds associated with more frequent and powerful cyclones. Coastal erosion and saltwater intrusion further jeopardise the country's integrity and agricultural potential. Rising oceanic temperatures and acidity levels may disrupt migration and spawning patterns of certain species of fish that have become key to the economy. The government will attempt to strengthen institutions, root out corruption and enable more investment in sustainable and potentially lucrative industries such as fish processing and IT.

Solomon Islands

Country data	
Population (millions) (2017)	0.66
Area '000 km^2	28,370
GDP (US$, billion, 2018)	1.42
GDP per capita, PPP current international US$ (2018)	2,242
Currency	Solomon Islands dollar (SBD)

Economic overview

Solomon Islands comprise six main islands and over 900 smaller islands scattered across 1.3 million km^2 of the western Pacific – the total land area is around 28,000 km^2. The larger islands are mountainous and forested, and contain a high level of biodiversity and endemism – 69 species of bird are found nowhere else in the world.

The population estimate for Solomon Islands stood reached 660,121 in 2018, with an annual population growth rate of 2.6 per cent – the highest rate across the Commonwealth Pacific. More than 100,000 people live on the largest island, Guadalcanal, the location of the capital city and largest port, Honiara. With average annual income estimated at US$2,242, Solomon Islands is the second-poorest nation in the Commonwealth Pacific, ahead of Kiribati. More than three-quarters of the population is engaged in subsistence farming and fishing and an estimated 25 per cent live in poverty – defined as surviving on less than US$1.90 per person per day. The country has nevertheless made considerable progress on poverty reduction since 2003, when a period of civil conflict was brought to an end.

Logging the tropical forest has driven economic growth in recent years, at a rate the World Bank has described as 'grossly unsustainable'. Annual GDP expansion peaked in 2012 at 13.2 per cent, amid a buoyant export market for timber in China and an upturn in Solomon Islands' extractive sector – notably Gold Ridge Gold Mine. The boom proved short-lived, with mining suspended at Gold Ridge in 2015 owing to severe flooding and a drop-off in logging bringing average economic growth rates down to around 3 per cent in 2015–2018. Gold Ridge was re-launched in October 2019 under Chinese ownership: Wanguo International, working with AXF Group and local landowners. This coincided with the government's decision to sever longstanding diplomatic links with Taiwan and forge ties with China. Other exports include coconut products, palm oil and bauxite, with considerable potential for other minerals such as zinc and nickel as well as fisheries.

Exports continue to be outweighed by imports, with the current account deficit widening to 4.2 per cent of GDP in 2017 and to 6.4 per cent in 2018. It is expected to widen further in 2020 and beyond, amid rising investment in construction and infrastructure (such as the Tina hydropower project, financed by aid and concessional borrowing), increasing import costs and a weakening currency. The main imports in 2017 were refined petroleum (amounting to US$88.7 million), electric filaments (US$45.7 million), rice (US$40.7 million), construction vehicles (US$20.7 million) and cars (US$13.1 million) mainly originating from Australia, China, Malaysia, New Zealand and Singapore.

The fiscal situation has worsened in recent years, with elevated spending on tertiary scholarships, shipping grants and constituency developments funds and slow progress on reforming the tax system. The fiscal deficit reached 3.8 per cent of GDP in 2017, and is estimated to have remained at close that level in 2018. The IMF has warned about cash reserves dwindling to zero in 2021 if fiscal buffers are not swiftly rebuilt.

External debt[11] stood at US$100 million (7.6 per cent of GDP) in 2017, held with the International Development Association (IDA) (29 per cent) and ADB (36 per cent). The DSA indicates that the external risk to debt distress remains moderate. Given the territory's low development status, all external debt indicators remain well below the relevant baseline threshold scenario[12] of 35 per cent. Noting such, DSA suggests there is substantial pace to absorb shocks, yet this comprises inherent limitations in cash flow, rising domestic expenditures and a low cash flow balance. As a result, an environmental shock, in line with the historic experience of Solomon Islands, could cause significant deterioration in debt sustainability.

Overall, the framework seeks to limit the public debt to GDP ratio to 35 per cent in nominal terms with a debt service to domestically sourced revenue ratio set at of 10 per cent. In addition, the government set an annual target of SDB462 million it its 2018 budget.

Key development challenges

Solomon Islands are highly vulnerable to natural disasters in the form of cyclones, sea-level rise, saltwater inundation, landslides, volcanic eruptions and tsunamis. These risks have been exacerbated in recent years by climate change and soil erosion as a result of rapid deforestation in places where governance has been weak or non-existent. Strengthening the country's institutions is essential to rebuilding fiscal buffers and enhancing resilience against exogenous shocks. The National Development Strategy 2016–2035 aims to reduce extreme poverty and promote shared prosperity across three broad and interrelated pillars: 1) strengthening the foundations of well-being; 2) achieving inclusive and sustainable growth; and 3) managing uneven development.

Tuvalu

Country data	
Population (millions) (2017)	0.11
Area '000 km^2	0.026, although the atolls extend in a chain 595 km long
GDP (US$, billion, 2018)	0.05
GDP per capita, PPP current international US$ (2018)	4,052
Currency	Australian dollar (AUD); Tuvaluan dollar

Tuvalu[13] comprises nine atolls and low-lying islands in the western central Pacific. Formerly known as the Ellice Islands, it was renamed Tuvalu in 1975 and became an independent Commonwealth nation in 1978. The total land area comprises just 26 km^2, with an exclusive economic zone covering an oceanic area of around 900,000 km^2. In 2017, Tuvalu's population was estimated at 11,192, with an annual growth rate of 1.3 per cent. Most inhabitants reside on the largest island, Funafuti.

Economic performance

In terms of population, Tuvalu is among the smallest countries in the world. It has very limited resources and most people practise subsistence fishing and agriculture. The main sources of income are fishing licences, remittances (especially from sea workers and those living in New Zealand), small-scale copra exports, sale of postage stamps and coins, sale of passports and resale of rights to international telephone codes (initially to the sex industry and subsequently for gambling). Imports persistently outweigh exports, typically led by refined fuels, followed by iron structures, fishing strips, refined copper and gravel and crushed stones.

Tuvalu's economy has performed well in recent years, with annual GDP growth rising to 3.2 per cent in 2017 and an estimated 4.3 per cent in 2018, amid strong revenue from the sale of fishing licences and infrastructure and housing projects ahead of the 2018 Polynesian Leaders Summit and the Pacific Forum Secretariat in 2019. The elevated capital expenditure fed into a fiscal deficit equivalent to 4 per cent of GDP in 2017, which is expected to widen to around 5 per cent in the short to medium term.

Deficits are financed by a combination of the Consolidated Investment Fund (CIF), the Tuvalu Survival Fund and public debt. A sovereign wealth fund known as the Tuvalu Trust Fund, established by the government along with those of Australia, New Zealand, the UK, Japan and South Korea in 1987, makes distributions to the CIF when the TTF's balance exceeds its 'maintained value' – a baseline that is adjusted in line with Australia's consumer price index. In 2018, the fund remained broadly stable, valued at around 315 per cent of GDP.

Nevertheless, Tuvalu's debt trajectory is highly vulnerable to exogenous shocks owing to the country's remoteness, its reliance on fishing and remittances and the potential for natural disasters. Weak institutions and banks continue to limit the scope of private sector activity and the DSA finds that Tuvalu remains at a high risk of debt distress.

Key development challenges

Tuvalu is among the countries most at risk from sea-level and coastal erosion rise linked to global warming. Most of its islands sit barely 3m above the ocean and two of the nine atolls are in danger of being inundated during storms. Strengthening physical defences, homes, public buildings, water supplies and waste management will be essential. Future governments will also need to build resilience in institutions such as banks and the tax system to enable the economy to become more diverse and sustainable. The government's ambitious National Strategy for Sustainable Development is receiving international assistance from Australia, New Zealand, ADB and the World Bank.

Vanuatu

Country data	
Population (millions) (2017)	0.28
Area '000 km^2	12.19
GDP (US$, billion, 2018)	0.93
GDP per capita, PPP current international US$ (2018)	2,862
Currency	Vatu (VUV)

Vanuatu, a Y-shaped archipelago located in the south-western Pacific around 800 km west of Fiji, comprises 40 mountainous islands and 40 islets of volcanic and coral origin. Formerly known as the New Hebrides, the archipelago became an independent nation in the Commonwealth in 1980. Its land area equates to 12,190 km^2 and the country claims an exclusive economic zone of 680,000 km^2. Vanuatu's population was estimated at 276,244 in 2017, with an average growth rate of 2.1 per cent – among the highest in the Commonwealth Pacific.

The economy is based predominantly on subsistence agriculture and fishing, combined with cash crops (coconut products, cocoa, coffee and timber). Other exports include non-frozen fillet fish (amounting to US$70.5 million in 2017), marine towage and salvage (US$70 million), molluscs (US$8.18 million) and perfume plants (US$7.97 million). The top export destinations are China, Japan, Mauritania, the Philippines and South Korea. Imports are dominated by refined petroleum (US$38.8 million in 20917), poultry meat (US$6.83 million), baked goods (US$6.72 million), broadcasting equipment (US$6.13 million) and delivery trucks (US$5.4 million) originated mainly from Fiji, New Caledonia and Solomon Islands.

Financial services played an important role from the 1970s – contributing 12 per cent of GDP by the late 1980s – but the sector diminished in the wake of tighter anti-money laundering legislation in the 1990s. A prolonged strike by public sector workers in 1993/94 and subsequent dismissal of all those involved plunged the country into crisis, which was only resolved when ADB agreed (in 1997) to financial support in return for a commitment to comprehensive structural reforms, including reducing the public sector, tighter fiscal control and boosting exports. Tourism is an increasingly important sector, with 109,000 visitor arrivals in 2017, which contributed 18.2 per cent to GDP according to the World Travel and Tourism Report (2017). This places Vanuatu second among Pacific nations (after the Cook Islands) in terms of the relative economic importance of tourism.

Like the other Commonwealth Pacific nations, Vanuatu's economy is highly vulnerable to shocks such as rapid price rises for essential imported goods such as refined petroleum and natural disasters.

It also suffers from weak institutions with a limited capacity to build resilience and a reliance on overseas aid and remittances. The economy is gradually recovering from widespread damage to housing, infrastructure and crops caused by cyclone Pam in March 2015.

GDP growth slowed to 3.2 per cent in 2018 but it is expected to continue to expand at around that rate in the next few years, buoyed by the sale of fishing licences, rising tourism receipts and donor-funded economic assistance programmes. Modest fiscal and current account deficits are expected to widen, however, as spending on infrastructure picks up. External public debt has risen sharply since 2015, in line with reconstruction work after Cyclone Pam, which affected 70 per cent of the population and required extensive support from international development partners. Public debt reached 51.3 per cent of GDP in 2018 and will probably rise further in 2019 and 2020. The IMF expects external debt will breach the government's 60 per cent of GDP target by 2025.

Key development challenges

Primary concerns include maintaining a safe and reliable water supply and, more broadly, strengthening the country's infrastructure to cope with rising sea levels and the risk of more frequent and stronger cyclones. Like other Commonwealth Pacific countries, Vanuatu intends to build greater resilience into its institutions – improving efficiency, curbing corruption and strengthening the banking system to provide a platform for investment and sustainable development. Vanuatu should benefit from the upcoming PACER plus free trade agreement with Australia, New Zealand and other Pacific island states. As members start cutting tariffs (assumed to be from 2022), Vanuatu would experience cheaper imports, which should stimulate consumption. Vanuatu Tourism Office, Air Vanuatu and the Vanuatu Airports Authority have elaborated a 'shared vision' for tourism, intended to raise the number of annual visitor arrivals to 300,000 by 2030. The main target markets are Australia, New Zealand, China and Japan.

Special focus: Climate change in the Pacific region

Climate change represents the greatest challenge facing the global community. The inherent characteristics of developing countries – particularly small island developing states (SIDS) and least developed countries (LDCs) – such as small size, remoteness, fragmentation and dispersion, vulnerability to natural disasters and external shocks, limited adaptive capacities and high debt burdens mean they are affected disproportionately.

Many Pacific SIDS face an existential threat in the coming decades – most graphically from losing low-lying land to rising seas, but more insidiously by the loss of fresh water – as islands' aquifers become contaminated by saltwater. Findings from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC, 2014) indicate there will be an increase in the frequency and intensity of tropical storms (cyclones) in the region, with devastating consequences for life, housing, crops and infrastructure.

Ironically, Pacific SIDS are responsible for just 0.03 per cent of the world's carbon dioxide emissions, and the average island resident produces only one-quarter of the emissions of the average person worldwide (Hay, 1999).

On 30 July 2019, the Pacific Islands Development Forum, including Fiji, Kiribati, Nauru, Solomon Islands, Tonga, Tuvalu and Vanuatu, came together at Nadi Bay, Fiji, and declared a climate change crisis in the Pacific. The Nadi Bay Declaration reiterated the stark warnings of the IPCC Special Report on limiting the global temperature to 1.5 degrees Celsius above pre-industrial levels and the Special Report on oceans and cryosphere. 'The science warns of the real possibility that coral atoll nations could become uninhabitable as early as 2030', it declared, adding that, by 2100, coral atoll nations, including Kiribati and Tuvalu, could be submerged. The Declaration called for 'urgent actions by all countries to fully implement their Kyoto Protocol and its amended GHG [greenhouse gas] emissions reduction targets, as well as to meet their NDCs [Nationally Determined Contributions] under the Paris Agreement.' It also urged fossil fuel producers to put an end to fossil fuel development and to manage the decline of existing production.

With SIDS projected to lose approximately 20 per cent of their capital stock each year in disasters (UN-ORHRLLS, 2015, p. iv) and the estimated global cost of inaction amounting to 5 per cent of their GDP by 2050 (Stern, 2007; UN-ORHRLLS, 2015), concerted efforts must be taken to avert current and future climatic risks. Disaster risk reduction calls for knowledge-sharing through collaborations at the local, national, regional and international scales and data collection based on relevant climate information. It is therefore imperative that Pacific SIDS use the resources at their disposal, whether intra-regionally or extra-regionally sourced; implement country-specific and/or localised disaster management policies and approaches to enhance resilience; and adopt measures that not only respond to changing global pressures but also consider the needs and concerns of disadvantaged groups.

6.4 Key development challenges

On 30 July 2019, the Pacific Islands Development Forum convened at Nadi Bay in Fiji and declared a climate change crisis in the Pacific. The science, country representatives argued, suggested that rising seas and more frequent storms could render low-lying atolls uninhabitable as soon as 2030 – their shorelines eroded and freshwater supplies contaminated by seawater. Beyond the existential threat to coral atolls, hillier and more forested Pacific islands face severe challenges from a combination of natural disasters such as cyclones, earthquakes, floods, droughts and issues linked to land management and weak institutional capacity, such as deforestation, soil erosion, loss of biodiversity and urban sprawl.

From an economic standpoint, price volatility in the global market will negatively affect economic growth and erode developmental achievements – especially as it relates to attainment of the SDGs. This, coupled with the existence of limited diversification in livelihood opportunities within the main productive sectors such as agriculture and tourism, will limit the region's adaptive capacity to cope with exogenous shocks. On the regional scale, persistently low levels of economic growth will hamper productivity, increase operating costs and result in job losses as governments and business seek to minimise expenditure.

Inherently weak institutions with low technical and financial capabilities, low levels of government effectiveness and a general disregard for the rule of law will erode public confidence in the political sphere and potentially rekindle instances of factionalism that have marred the political process in the region.

Widely dispersed and highly inaccessible communities predominate in the Pacific archipelagos, which means nations are vulnerable to delays and price rises for imported goods. Maintaining food security, safe and reliable water supplies and health and education services can be challenging for under-resourced authorities in normal circumstances, and especially so in instances of natural hazards and extreme weather events.

Four of the nine Commonwealth Pacific states are classified as LDCs, given the disadvantageous outcomes arising from their development processes, for various structural, historical and or geographical reasons. They face high levels of unemployment, poverty and social deprivation and hence require substantial assistance from the international community in sectors such as education and training and institutional capacity-building.

International initiatives such as the Barbados Programme of Action and the SIDS Accelerated Modalities of Action (SAMOA) Pathway seek to address these challenges and to offer some resolution to these issues across the Commonwealth Pacific.

6.5 Policy priorities

Noting the key development challenges identified, policy priorities for the Commonwealth Pacific should be in consensus with nationally and regionally determined objectives and closely aligned with internationally agreed initiatives such as the Barbados Programme of Action, the SAMOA Pathway, the SDGs and the 2030 Agenda for Sustainable Development.

To date, most Commonwealth Pacific member countries[14] have made several strides towards attainment of the SDGs via their incorporation into sectoral and subsequently national development policies. The adoption of the National Development Plan for Vanuatu[15] emphasises the government's commitment towards not only national development goals and policy objectives but also the 17 SDGs and the 2030 Agenda. The framework includes a monitoring and evaluation component to track SDG progress. Strides have been made towards SDG 4: Quality Education, SDG 5: Gender Equity, SDG10: Reducing Inequalities, SDG 13: Climate Action and SDG 16: Peace, Justice and Strong Institutions.

Emphasis on SDGs has been also articulated in the Kiribati Development Plan 2016-2019. Coupled with the formulation of national indicators, this tracks SDG progress within the public and private sectors, civil society and non-governmental organisations. Concerns regarding a general lack of alignment with some national, regional and global indicator sets have been raised. Significant strides have been made towards SDG 3: Good Health and Well-Being, SDG 4: Quality Education, SDG 5: Gender Equality and SDG 8: Decent Work and Economic Growth. Even though significant advances have been made in education and employment, Kiribati is plagued by a series of water and health challenges,[16] particularly related to children under five and maternal mortality rates, as well as high incidence of tuberculosis and gender-based violence.

In conjunction with the government of Nauru's National Sustainable Development Strategy, a Voluntary National Review was conducted to promote efficiency and effectiveness within governmental processes and procedures. This involved the selection of baseline benchmarks and quantifiable indicators. The government, though aware of the synergies between the National Strategy and international frameworks, experienced financial, institutional and technical challenges: only 26 per cent of the milestones were achieved. However, Nauru has made strides towards SDG 3: Good Health and Well-Being, SDG 13: Climate Action, SDG 14: Life Below Water and SDG 16: Peace, Justice and Strong Institutions. To date, treatment of non-communicable diseases represents a substantive proportion of the national budget and generalised health standards are poor. Rates of enrolment in education have improved; however, incidence of truancy and retention and pass rates are still concerning.

Similarly, Tonga launched its Strategic Development Plan 2015-2025 alongside a Voluntary Review mechanism. Strides have been made towards SDG 3: Good Health and Well-Being, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 7: Affordable and Clean Energy, SDG 10: Reduced Inequalities, SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action and SDG 16: Peace, Justice and Strong Institutions.

The launch of the five-year and 20-year National Development Plan in 2017 in Fiji provided a holistic approach towards sustainable development for the republic. Significant strides have been made towards SDG 1: No Poverty, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 10: Reduced Inequalities, SDG 13: Climate Action, SDG 14: Life Below Water, SDG 16: Peace, Justice and Strong Institutions and SDG 17: Partnership for the Goals.

In 2014, the government of Samoa conducted a preliminary assessment of its overarching policy in an attempt to highlight any existing synergies and gaps between the National Strategy for the Development of Samoa (2012-2016) and the SDGs at the sectoral and subsequently national levels. The National Strategy was generally closely aligned with SDG goals and targets and ongoing efforts in addressing some SDGs.[17] However, concerns regarding the attainment of SDGs 1-6[18] within a specified timeframe were raised.

Notes

1 These include Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, St Kitts and Nevis, St Vincent and the Grenadines, Suriname and Trinidad and Tobago.

2 These include Malta, Mauritius and Seychelles along with Iceland and other African, European and Indo-Pacific small states.

3 No estimates for the proportion of the population aged 65 years and over were available for Nauru and Tuvalu.

4 No estimates for average life expectancy were available for Nauru and Tuvalu.

5 No estimates were available for Nauru and Tuvalu.

6 In terms of Debt Sustainability Analysis (DSA), the external risk to debt distress for most small states in the Commonwealth Pacific has increased from moderate to high owing to an amendment in the debt sustainability analysis methodology, which now incorporates the average annual effects of natural disasters in medium-term growth, fiscal and current account balances projections.

7 This is based on the premise that a single short-lived breach of debt service to revenue ratio is discounted.

8 At the regional level, these include MSGTA, PICTA, the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), Asia Pacific Economic Cooperation, the Economic Partnership Agreement and the WTO. Given the territory's long-standing ties with Australia, the following bilateral arrangements were put in place: the Papua New Guinea-Australia Trade and Commercial Relations Agreement II; the Agreement for the Promotion and Protection of Investment; the Double Taxation Agreement; and the Torres Strait Treaty.

9 The top export destinations of Papua New Guinea are Australia (US$2.54 billion), Japan ($2.23 billion), China ($1.94 billion), the Philippines ($362 million) and the Netherlands ($319 million). The top import origins are Australia ($1.14

billion), China ($768 million), Singapore ($441 million), Malaysia ($325 million) and Indonesia ($174 million).

10 Papua New Guinea is the leading exporter of refined petroleum in the Commonwealth Pacific.

11 Classified as public and public guaranteed debt.

12 The revised DSA methodology incorporates average long-term effects of natural disasters on growth, fiscal balance and current account balance.

13 No estimates were available for the HDI, life expectancy at birth and mortality rates.

14 No current information was obtained related to SDG progress for the following Commonwealth Pacific states: Papua New Guinea, Solomon Islands and Tuvalu. These territories are scheduled to undertake Voluntary National Reviews in 2020.

15 Commonly referred as Vanuatu 2030: The People's Plan.

16 Under-five and maternal mortality rates are the highest in the Pacific Rim.

17 These include SDG 7: Affordable and Clean Energy; SDG 8: Decent Work and Economic Growth; SDG 9: Industry, Innovation and Infrastructure; SDG 13: Climate Action; SDG 14: Life Below Water; SDG 15: Life on Land; SDG 16: Peace, Justice and Strong Institutions; and SDG 17: Partnerships for the Goals.

18 These include SDG 1: No Poverty; SDG 2: Zero Hunger; SDG 3: Good Health and Well-Being; SDG 4: Quality Education; SDG 5: Gender Equality; and SDG 6: Clean Water and Sanitation.

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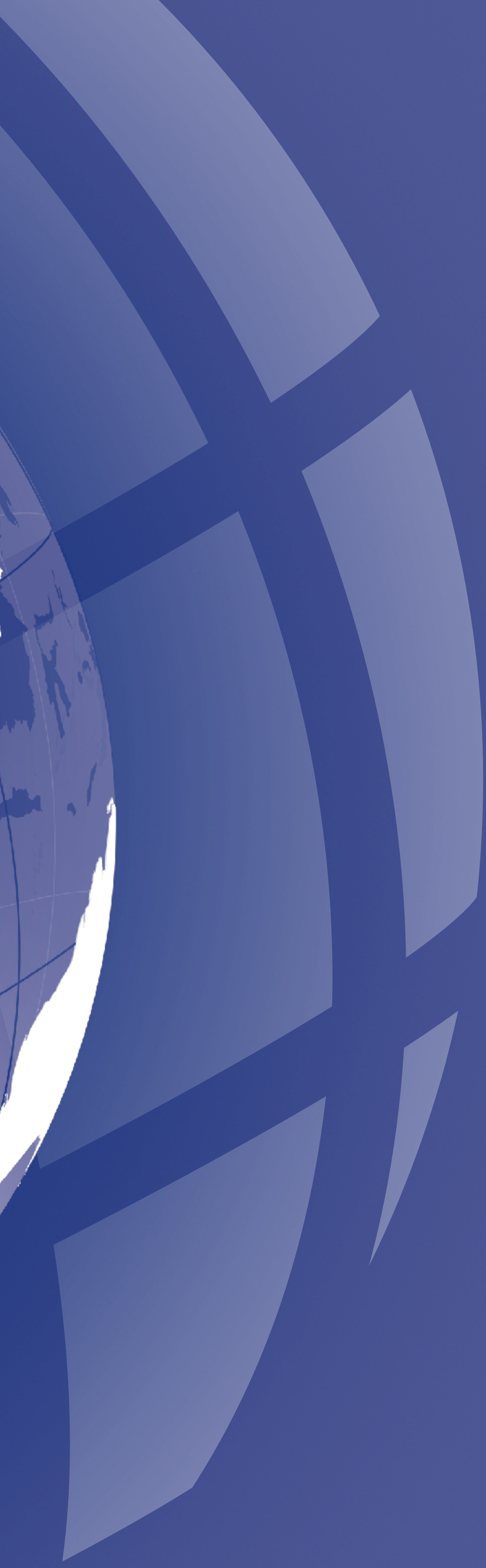
07

Developments in Commonwealth Debt Since the Global Financial Crisis



7.1 Introduction

The Commonwealth has long played a key role in supporting its member countries with analysis and policy suggestions regarding debt issues. This began in the 1980s with the Commonwealth Expert Group Report on The Debt Crisis and the World Economy, chaired by Lord Lever of Manchester (Commonwealth Secretariat, 1984), which was highly influential in provoking policy measures on debt reduction cancellation for developing countries during the 1980s and thereafter. Since then, the Commonwealth has produced multiple analytical reports on debt issues, mostly for its Finance Ministers' Meetings, and most recently focusing on small island developing states (SIDS). Between 1999 and 2010, this assistance peaked with the establishment of a Heavily Indebted Poor Countries (HIPC) Ministerial Forum (changed into a Ministerial Debt Sustainability Forum from 2008). This met during the Commonwealth Finance Ministers' Meetings and provided a forum for detailed discussions and policy suggestions on the progress of the HIPC and Multilateral Debt Relief Initiatives (MDRIs), which since 1995 have cancelled close to US$100 billion of lower-income country debt. The forum, chaired by HIPC ministers but attended by all member countries, reported annually to the broader plenary of finance ministers and was a valuable source of feedback and advocacy for faster progress on providing relief. The forum was ended when almost all Commonwealth HIPCs had received their HIPC and MDRI debt relief.

Partly as a result of HIPC debt relief, which relieved debt burdens for many of the most indebted countries, sovereign debt issues have not been at the forefront of the international community's agenda for the past decade. Nevertheless, as this special report discusses in more detail, debt burdens have been on an upward trajectory since the global financial crisis of 2008, for most groups of Commonwealth member countries. More recently, the International Monetary Fund (IMF, 2018a) and the World Bank (2019) have begun to speak of a new debt 'crisis' or 'vulnerabilities' for considerable numbers of developing countries, including those in the Commonwealth, and to suggest new policy measures are needed to resolve this crisis.

In this context, the objective of this special report is to provide Commonwealth member countries with an independent assessment of the current state of debt in Commonwealth countries. It provides an analysis of the trajectory of Commonwealth debt since the global financial crisis (Section 2), analyses the factors and policy measures that have contributed to this trajectory (Section 3) and identifies the key emerging debt policy problems that require solutions and makes suggestions for the policy measures which could resolve these problems (Section 4).

7.2 Developments in Commonwealth debt since the global financial crisis

7.2.1 Analytical methodology

This section analyses trends in the debt of Commonwealth member countries over the past decade – since the global financial crisis of 2008. Many indicators could be used to assess these trends. However, the focus here is on two key indicators:[1]

- **Debt stock compared with gross domestic product (GDP)**. This is a key indicator of the 'overhang' burden of debt on economic growth and development, above all its potential discouraging effects for investment. It is therefore widely used by international organisations such as the IMF, World Bank, Organisation for Economic Co-operation and Development (OECD) and UN to compare country debt burdens, as well as by rating agencies and other private sector analysts.
- **Debt service compared with budget revenue**. This is a key indicator of the 'liquidity' burden of debt on the national budget, and is especially important for its potential impact in terms of

crowding out the high government spending on other sectors needed to reach Agenda 2030 and the Sustainable Development Goals (SDGs). It is also widely used by international organisations and independent analysts to assess debt burdens, especially for developing countries.

In interpreting the following analysis, it is important to be aware that assessments of the weight of debt burdens should vary with the income level of the economy. Wealthier countries can generally support a much higher level of debt to GDP, as well as more easily borrow in international capital markets to refinance and repay debt service. They should also vary with the vulnerability of the economy to exogenous shocks (as the IMF is now introducing for climate shocks in its Debt Sustainability Analyses (DSAs)). Nevertheless, criteria used by governments to judge sustainable levels of debt are often similar. For example, the EU and Eastern Caribbean Currency Union use debt stock to GDP of 60 per cent; the Economic and Monetary Community of Central Africa and the West African Economic and Monetary Union use stock to GDP of 70 per cent; the East African Community uses 50 per cent present value of debt to GDP; and the IMF/World Bank Low-Income Country (LIC) DSA framework uses a range of 35–70 per cent present value to GDP (varying based on the strength of country debt management capacity).

For both indicators, this report focuses on **total public sector debt** rather than total national debt – that is, excluding private sector debt. Private sector (especially household) debt is also an issue of growing concern in Commonwealth countries, and will be the subject of a separate paper to be presented to Finance Ministers by the Secretariat in October 2019.

Total public sector debt includes both external and domestic debt (i.e. debts held by residents and non-residents). This distinction is not usually important in higher-income countries where debts are issued on international capital markets to residents and non-residents alike, but in many developing countries debts are issued separately on international and domestic capital markets and therefore called 'external' and 'domestic'. This is even though many of the latter are bought by non-residents, exposing countries to additional risks of capital flight in times of economic volatility.

To conduct the analysis, this report relies on two main data sources:

- For data on debt stock compared with GDP, it uses the IMF World Economic Outlook database, from which data are available for all countries except Tonga.[2]
- For data on debt service compared with budget revenue, it uses DSAs prepared by the IMF and World Bank for 27 LICs and lower-middle-income countries (LMICs), supplemented by data from individual countries' budget and other economic publications for 14 other developing countries, and World Bank external debt data for four others.[3]

In order to assess which groups of countries have the most vulnerable debt situations, we have grouped them according to income level, special UN status (SIDS and landlocked countries) and region.

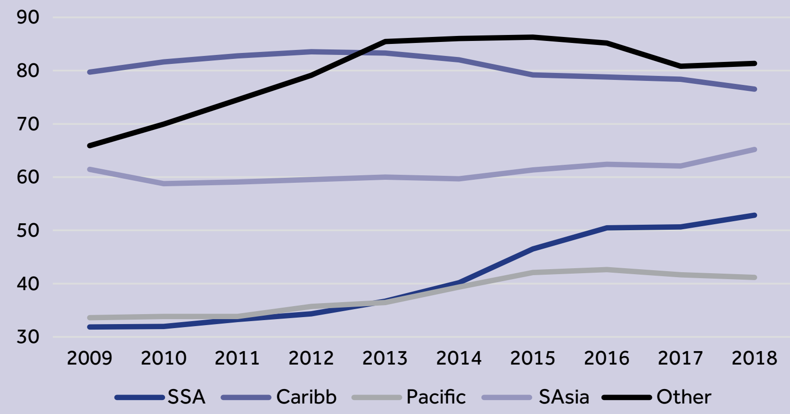
7.2.2 Trends in debt stock

Figures 7.1–7.3 show trends in debt stock to GDP ratios for different country groupings since the global financial crisis. They show that debt problems are concentrated in Sub-Saharan Africa and the Caribbean, and in SIDS, ex-HIPCs and LICs, especially as these are also the groups of countries with the lowest incomes, least access to capital markets or highest vulnerability to shocks.

Analysed by region, Figure 7.1 shows that the developing region with the highest debt burdens has consistently been the Caribbean. Though debt stocks have fallen by about 7 per cent of GDP since they peaked in 2012, they remain at 77 per cent on average, well above levels considered

Figure 7.1

Trends in debt to GDP by region (%)



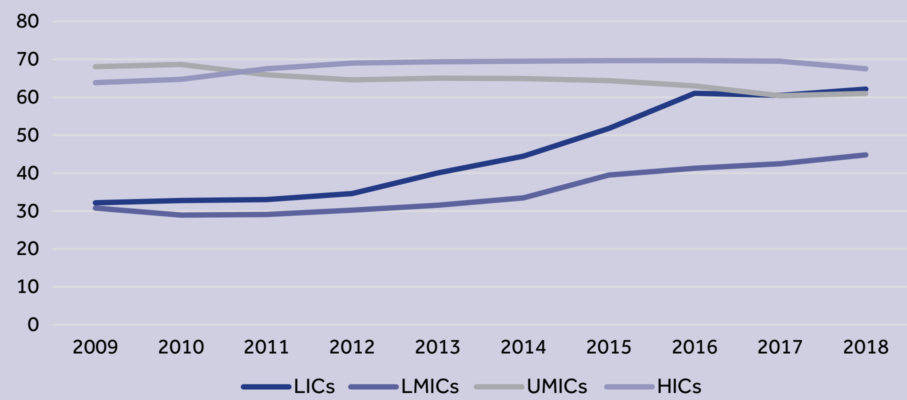
Note: 'Other' grouping includes Canada, Cyprus, Malta and the UK

Source: IMF World Economic Outlook database and national sources

sustainable by the international institutions. The 'other' grouping also has high levels of debt stock and has seen a sharp rise in Canada, Cyprus and the UK since the global financial crisis (with small declines in recent years), but their higher income levels and greater access to capital markets make their debts far more sustainable. South Asian debt has been relatively stable at around 60 per cent of GDP, though it has been rising recently. East Asian and Pacific countries (excluding Nauru) have seen the second largest rise, of 8 per cent of GDP, though average debts remain sustainable at 41 per cent. Sub-Saharan Africa has seen the sharpest rise, of 19–51.8 per cent, average debt levels which are becoming unsustainable.

Figure 7.2

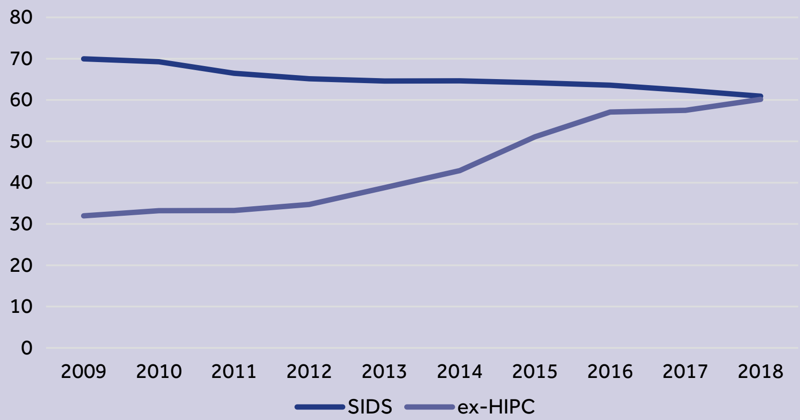
Trends in debt to GDP by income group (%)



Source: IMF World Economic Outlook database and national sources

Figure 7.3

Trends in debt to GDP of SIDS and ex-HIPCs (%)



Source: IMF World Economic Outlook database and national sources

Looking at different income groups, Figure 7.2 shows that high-income countries (HICs) and upper-middle income countries (UMICs) had much higher debt to GDP levels coming out of the global financial crisis, at around 70 per cent and, while UMIC debt has fallen by 10 per cent of GDP over the past decade, HIC debt has risen by 4 per cent. However, LIC and LMIC debt levels have risen much more rapidly since 2009, by 14 per cent and 30 per cent of GDP respectively, so LIC debt levels are now averaging 62 per cent of GDP and looking very unsustainable, whereas LMICs are at only 45 per cent.

It is also vital to take account of groups of countries in special development situations. This report focuses on two that have historically been of particular interest to the Commonwealth: SIDS and former HIPCs. Figure 7.3 shows that, just after the financial crisis, SIDS had average debt levels more than twice as high as those of ex-HIPCs (not surprisingly as ex-HIPCs had recently received their debt relief under the HIPC initiative and MDRIs). By 2018, SIDS had reduced their debt levels by around 10 per cent of GDP to 60.1 per cent, but the debt levels of ex-HIPCs had risen by 28 per cent to the same proportion of GDP as SIDS.

7.2.3 The liquidity burden: Debt service to budget revenue

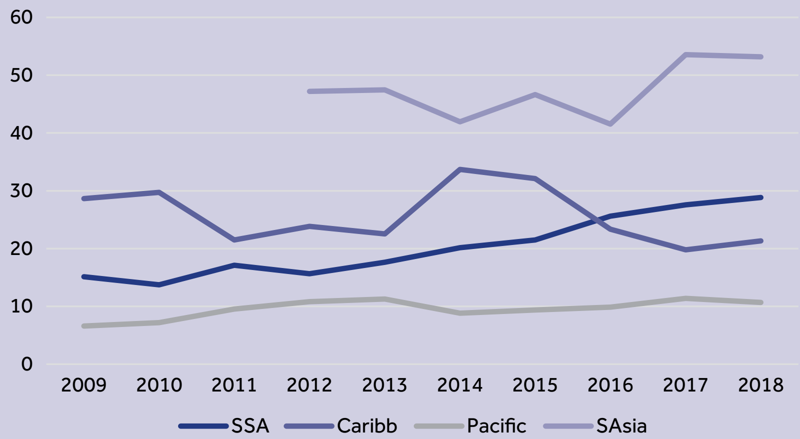
How does the picture look in terms of the debt liquidity burden – debt service payments compared with budget revenue? Figures-6 show the same analysis of trends for different groups.

Figure 7.4 shows that, by region, South Asia (53 per cent) has by far the highest debt service burdens, with Sub-Saharan Africa (29 per cent) and the Caribbean (21 per cent) at high levels, and the Pacific considerably lower at only 11 per cent. The sharpest rises in debt service burdens since the global financial crisis have been in Sub-Saharan Africa (14 per cent) and South Asia, while Pacific debt service has risen slightly (4 per cent) and Caribbean debt service has come down in recent years by around 10 per cent of revenue.

Figure 7.5 shows that, analysed by income group, LICs have by far the highest debt service burdens, up by 22 per cent of revenue from 13 per cent in 2009 to 35 per cent in 2018. Debt service for two other groups has also risen considerably, by 14 per cent for HICs (mostly SIDS, given the lack of data for other countries) and 13 per cent for LMICs; for UMICs it has come down slightly.

Figure 7.4

Trends in debt service to revenue by region (%)



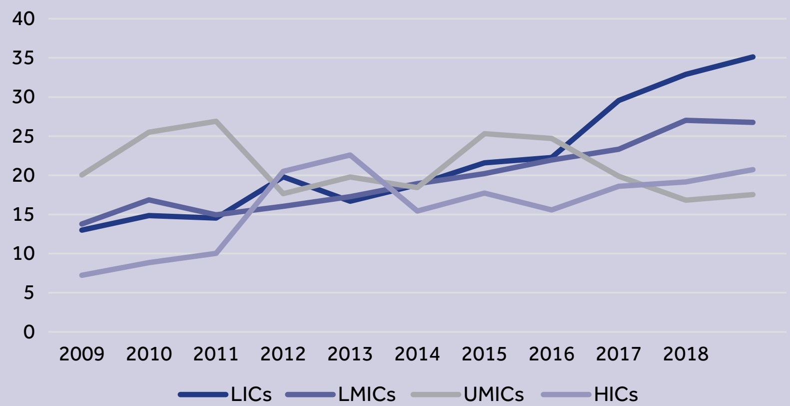
Note: No data available for countries in 'other' group. No data for Sri Lanka before 2012 so South Asia average begins 2012.

Source: IMF/World Bank DSAs and national documents

Finally, in terms of countries in special situations, Figure 7.6 shows that the debt service burdens of HIPCs have risen dramatically in the past decade, from 16 per cent to 36 per cent of budget revenue. Those of SIDS rose at the same speed as HIPCs until 2014 (by 7 per cent of revenue) but have since fallen back to 21 per cent in 2018 as a result of substantial debt relief. Nevertheless, both groups have levels of debt service that would commonly be regarded as unsustainable and diverting large sums from the SDGs.

Figure 7.5

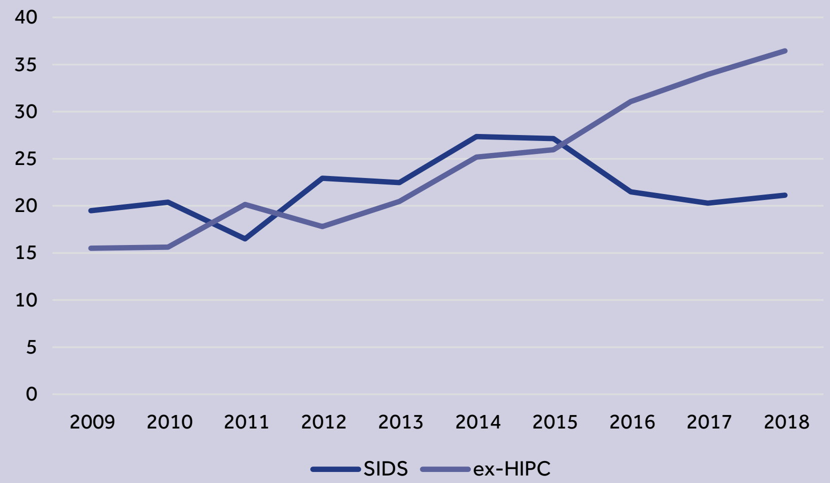
Trends in debt service to revenue by income group (%)



Source: IMF/World Bank DSAs and national documents

Figure 7.6

Trends in debt service to revenue of SIDS and ex-HIPCS (%)



Source: IMF/World Bank DSAs and national documents

7.3 Identifying key countries in debt distress

Averages of country groups are of limited use in identifying the countries with debt problems. This section of the report therefore identifies countries that currently have high debt burdens, using two methods: 1) the IMF/World Bank assessment of a country's level of debt distress risk (limited to the 27 countries for which such assessments are made); and 2) countries with the highest levels of debt to GDP and debt service to revenue based on data collected from a broader range of sources.

Table 7.1 shows the classifications of Commonwealth countries according to the latest IMF and World Bank DSAs. It is important to remember in interpreting these assessments that they 1) use present value of debt instead of stock; 2) place a heavy weight on overhang/stock as opposed to liquidity/service indicators; and 3) focus above all on external debt.

The table shows that Commonwealth countries are reasonably evenly distributed in terms of debt distress risk, with marginally more at high risk or in debt distress than are at low or moderate risk. However, this marks a significant deterioration compared with five years ago, when more than two thirds of the countries were at low or moderate risk. The table also shows that ex-HIPC countries are relatively evenly distributed, with six out of 11 at high risk or in debt distress; SIDS are at slightly higher risk (seven out of 12 at high risk or in debt distress). All the countries at high risk or in debt distress are either SIDS or ex-HIPCs.

The final line of the table as well as Figure 7.7 indicates the proportion of Commonwealth countries in each category compared with the total for all countries. It shows that Commonwealth countries are at somewhat higher risk than others – with 52 per cent of Commonwealth countries at high risk or in debt distress, compared with 41 per cent of non-Commonwealth countries.

It is important to note one recent welcome development in the LIC-DSAs. In line with the methodology used in the 2016 IMF Board Paper, 'Small States' Resilience to Natural Disasters and Climate Change', for countries vulnerable to natural disaster and

Table 7.1 Risk of debt distress: LIC-DSA classifications

Low risk	Moderate risk	High risk	In debt distress
Bangladesh	Guyana (H) (S)	Cameroon (H)	The Gambia (H)
Rwanda (H)	Kenya	Dominica (S)	Grenada (S)
Tanzania (H)	Lesotho	Ghana (H)	Mozambique (H)
Uganda (H)	Malawi (H)	Kiribati (S)	
	Papua New Guinea (S)	Samoa (S)	
	Saint Lucia (S)	Sierra Leone (H)	
	Solomon Islands (S)	St Vincent and the Grenadines (S)	
	Vanuatu (S)	Tonga (S)	
		Tuvalu (S)	
		Zambia (H)	
4 of total 14	**8 of total 26**	**10 of total 25**	**3 of total 7**

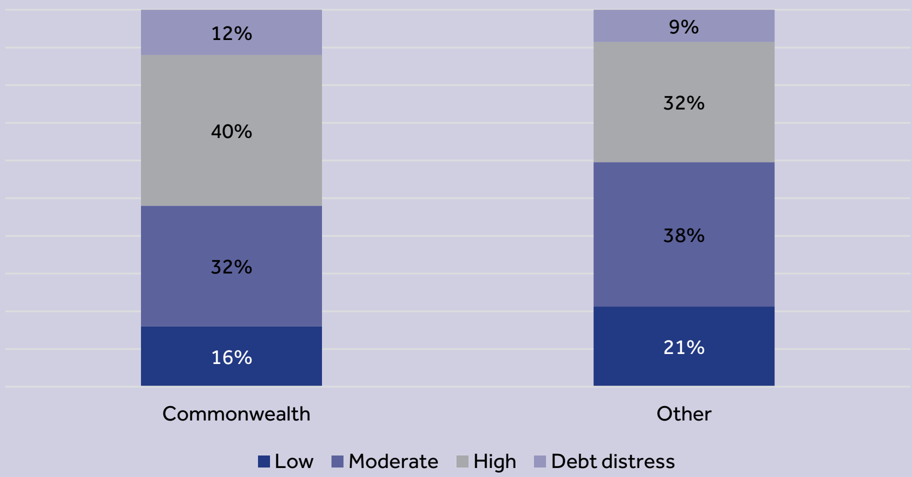
Source: https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf, as at 5 July 2019

climate shocks the DSAs now include tailored baseline or alternative scenarios based on the past impact of natural disasters (e.g. Samoa, Solomon Islands, St Vincent and the Grenadines, Tonga, Tuvalu, Vanuatu) or the likely long-term impact of climate change (Kiribati, Tuvalu) – and these correctly make major contributions to the assessment of countries as having higher risks of debt distress than before. However, the policy conclusions generally drawn are about more prudent fiscal policy and borrowing, and do not resolve the problem of how to finance infrastructure or growth.

In order to take a broader view of total public debt levels, as well as to analyse other countries not covered by the LIC-DSA, Figure 7.8 shows the debt to GDP and debt service to budget revenue ratios for

Figure 7.7

LIC-DSA debt classifications (Commonwealth and other) (%)



Source: https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf, as at 5 July 2019 all Commonwealth countries at the end of 2018.[4] Because it includes domestic debt, looks at debt stock rather than present value and gives equal weight to stock and service ratios, it gives a somewhat different picture of debt burdens from the LIC-DSAs.

Figure 7.8 shows that a considerable number of Commonwealth countries have debt levels that are commonly considered unsustainable (not just by the LIC-DSAs but also by regional economic convergence criteria in the EU and other regions as cited above). In particular:

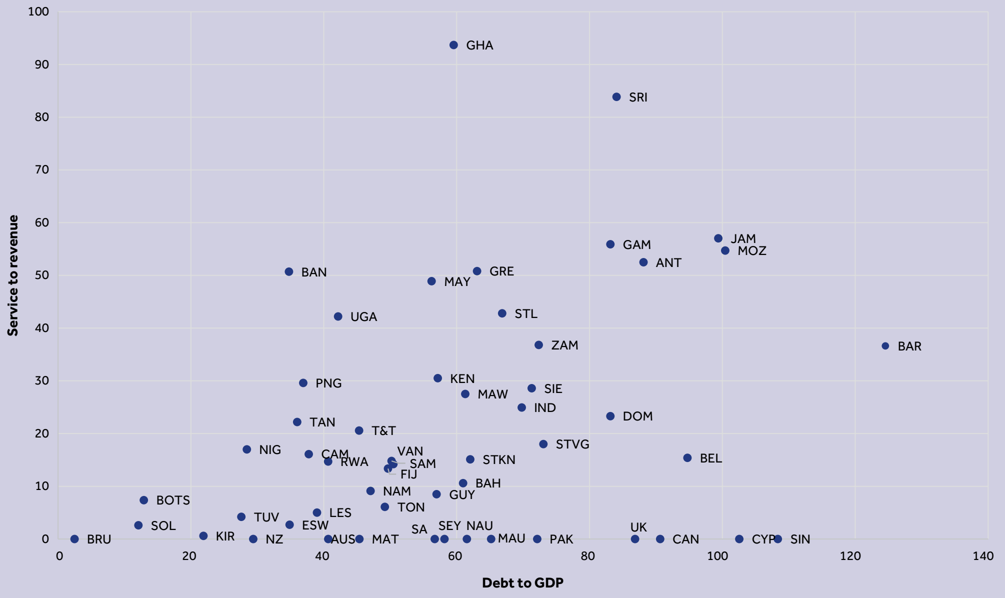
- Twenty-five countries have debt stock levels at above 60 per cent of GDP. Of these countries, 14 are SIDS, six are ex-HIPCs and six are from other categories
- Twenty-one countries have debt service to revenue ratios above 20 per cent. Of these eight are SIDS, eight are ex-HIPCs and five are from other categories.

Once again, as with the previous assessments of debt indicators and debt distress classifications, heavy debt burdens appear to be concentrated in the SIDS and ex-HIPC group. However, when looking beyond averages to individual countries, the situation appears more concerning in SIDS than in ex-HIPCs in terms of debt overhang, with almost two thirds of SIDS affected, compared with only half of HIPCs. However, the reverse is true in terms of debt service costs, with almost two thirds of ex-HIPCs having high debt service burdens compared with only a third of SIDS. As the following section explains, this results from the 'high-service' composition of new ex-HIPC debt.

It is also important to note that there are several non-SIDS or HIPCs, such as Cyprus, Pakistan and Sri Lanka, that have very high debt levels, notably crowding out large amounts of budget expenditure on other priorities; and even several HICs might be facing high debt service burdens (given their high debt stocks) if it were not for the historically low current costs of borrowing in international markets for such countries. In other words, as the IMF has also pointed out, the existence of high debt burdens is by no means confined to SIDS and ex-HIPCs.

Figure 7.8

Debt burdens 2018 (%)



7.4 Underpinning factors and policy actions

What are the underlying factors and policy actions that explain the recent rise in debt burdens? They fall into four categories: 1) increases in debt financing needs; 2) changes in financing sources and instruments; 3) exogenous shocks; and 4) other policy factors. This section examines each of these factors in turn in order to identify which have been the most important for different groups and individual countries.

7.4.1 Increases in debt financing needs

Across the globe, in the context of Agenda 2030 and the SDGs (and for some HICs where the SDGs are less central to their economic plans, as a result of other promises to voters), government spending needs have been rising. Most important, Agenda 2030 and the SDGs acknowledge new global challenges on which government action is expected – notably on environmental issues such as climate change, biodiversity and life below water; on social issues such as inequality, decent work and social protection; and on new economic concepts such as sustainable production and consumption; and on governance. They also imply very high levels of expenditure on particular infrastructure sectors and individual projects (notably energy, transport and telecoms), which will mean making large upfront spending commitments over relatively short-term periods during the SDG period.

Estimates of SDG-related public spending needs show that government spending will need to rise by between 100 per cent and 200 per cent to fulfil most of the SDGs. Two of the most comprehensive analyses of these needs are by the IMF (see Gaspar et al., 2019), which suggest that spending will need to rise by US$2.6 trillion a year by 2030, which represents on average 4 per cent of GDP in emerging market economies and 15 per cent in LICs; and by the Sustainable Development Solutions Network (Schmidt-Traub et al., 2015) which estimates additional spending needs at $1.4 trillion a year.

7.4.2 Changes in debt financing sources and costs

The second key factor pushing up debt and especially debt service levels since the financial crisis has been a change in the key debt financing sources available to countries, and in their financial conditions and debt service costs. Based on analysis made in recent IMF/World Bank LIC DSAs and other country-specific IMF Board Papers, the most important of these sources have been as follows.

External bonds Since 2008, in spite of increased volatility in financial markets, a growing number of Commonwealth countries have been accessing global bond markets for financing; those already accessing such markets have been increasing the amounts they are borrowing. New Eurobond borrowers have included Ghana, Kenya, Nigeria, Rwanda, Seychelles, Tanzania and Zambia. Many of these countries are LICs or LMICs with significant past debt problems that have not had major access to international capital markets since the 1980s. Kenya and Seychelles were attempting to diversify their financing sources by tapping Eurobond markets. Countries that have increased their borrowing have included Bangladesh, India, Jamaica, Malaysia, Pakistan, Singapore, South Africa and Trinidad and Tobago. The borrowing costs for these bonds have varied but they have often been 3–5 per cent above standard Eurobond borrowing costs for OECD creditor countries.

Other external commercial creditors Various other external creditors (banks, suppliers and commodity traders) have offered countries commercial loans – for example to Cameroon, Ghana, Kenya and Mozambique. These loans have generally not been for specific projects, and their costs have typically been 1–2 per cent higher than those of external bonds.

Domestic debt Virtually every country has made efforts to develop its domestic capital markets by issuing shorter-term bills and longer-term bonds in domestic currency. In some cases, where either there is a stable currency and a well-organised reasonable market (as in Central Africa for Cameroon or in the Eastern Caribbean) or governments have issued fixed-price bonds (as in Rwanda), such debt has not been excessively expensive. However, in other countries, depending on the prevailing inflation rate and the balance between government financing needs and private sector willingness to buy government paper, interest rates have peaked at 25–30 per cent (with volatility sometimes exacerbated by non-residents buying 'domestic debt' and then selling it following signs of currency weakness or accelerating inflation). These issues have affected The Gambia, Kenya, Malawi, Mozambique, Sierra Leone, Tanzania, Uganda and Zambia.

South-South lending There has been a large amount of media focus on the impact of China in pushing up debt burdens in other developing countries. This has certainly been true for a few Commonwealth countries (including Cameroon, Sri Lanka and Tonga), especially where they have borrowed at near commercial rates from the less concessional windows of Chinese state-owned banks or directly from enterprises. However, in most other countries, Chinese lending has not been a major cause of increased debt because China has in general respected country borrowing policies as defined in national debt management strategies or IMF programmes; and has a wide range of more concessional windows available for financing most sectors from its different lending banks. Most other South-South lending has not been large enough to have a significant impact on debt burdens, though Indian and Turkish export credits have been growing.

OECD government aid and export credit lending Since the end of the HIPC debt crisis, various OECD governments have decided to switch from loans to grants for certain projects (e.g. France, Germany and Japan) or to resume export credit cover for low-income and other vulnerable post-debt relief countries (notably Italy). Typically, both the aid loans and the export credit loans have been relatively cheap, given current global financing conditions, and there are no countries where these have been the main types of credit increasing debt levels.

Graduation from concessional funds Several countries (Cameroon, Ghana, Guyana, Kenya, Lesotho, Nigeria, Zambia) have graduated from LIC to LMIC status and seen a gradual reduction of their access to aid funds (grants or concessional loans) from both bilateral and multilateral sources. At the same time, various multilateral organisations have been making efforts to leverage their funding to provide larger amounts to LICs and LMICs, by providing them with access to less concessional funds for high-return projects (African Development Bank), or pooling funds and offering more variable graduated terms depending on the project and country debt situation (Asian Development Bank, World Bank). Other regional organisations such as the Inter-American Development Bank and Caribbean Development Bank have so few 'low-income' members that they have no longer been replenishing concessional windows.

Public-private partnerships Many countries decided in their post-Addis Ababa national development strategies that they would try to fund a much higher share through 'public-private partnerships' (PPPs) and 'private financing initiatives', especially for large infrastructure projects. Large-scale financing of this type has mostly been confined to high-income Commonwealth and larger middle-income countries such as India, Malaysia and South Africa. More recently, smaller and lower-income countries have been moving into PPPs, but so far without major financing implications, because most projects have been small (partly because private financiers are wary of perceived high risks and uncertain returns in such countries). The lessons of these projects are generally that they are two to three times as expensive in financing costs as even the most expensive external bonds or commercial loans, which are paid for by an automatic loss of the revenue generated by the project to repay the financiers (sometimes supplemented by government budget subsidies if such revenue is insufficient). They also carry large potential risks of non-performance by the private implementing partner, or underestimates of costs and overestimates of revenue streams, which can lead the project to fail financially and all the costs to fall back on the government budget. Countries with long histories of PPPs (including the UK) have lived this experience: however, the scale of the additional liabilities so far for lower-income and smaller developing countries is only just being quantified by current IMF missions under the new LIC-DSA framework, and no consistent data are available to analyse countries.

Overall, it is important to ask why countries have been turning to these new, more expensive, sources of financing. One very strong reason is that there have been factors in the international community that have pushed them towards these sources. First, on the negative side, a clear message was transmitted by OECD governments and received by developing countries at the Addis Ababa Financing for Development Summit in 2015 (but even before that, in 2010) that, after a decade of significant increases, aid was likely to stagnate, and therefore countries should look to private sector and commercial financing (as well as domestic revenue mobilisation) to fund their development. Second, there were massive 'sales campaigns' by international bond advisory organisations and investment banks, together with encouragements and offers of financing to acquire credit ratings as a precursor to bond market access; and other potential commercial creditors such as banks and commodity traders or suppliers were just behind them in the queue to offer new finance. Third, there was considerable technical assistance and political support provided behind the development of domestic capital markets and issuance of increased treasury bills and bonds, as well as liberalisation to allow non-residents to purchase such 'domestic' debt. Fourth, China and other South-South creditors, owing to high growth and commodity prices, found themselves flush with money and in a position to offer much higher loans; as well as wanting to promote their own political and economic links with smaller developing countries. Fifth, multilateral organisations wanted to maximise their own financial leverage and be able to offer more funds to countries for funding the SDGs.

7.4.3 Exogenous shocks

Another important factor influencing the rise in country debt levels since the financial crisis has been exogenous shocks. The most prominent of these in recent years have been:

- The global financial crisis itself – which pushed up borrowing levels in Commonwealth OECD countries during 2009/10, as well as in Caribbean countries, which most felt the immediate spill-over effects from slower US growth.
- Repeated – as well as more frequent and damaging – natural disasters in the form of hurricanes, cyclones and typhoons, notably for SIDS. Most of the Commonwealth SIDS in the Caribbean, and many in the Pacific, have been hit by such disasters since 2008, resulting in debt increases ranging from 5 per cent to 30 per cent of GDP in the years following the disasters, as the countries need to fund reconstruction and absorb lower growth. Other countries, such as Malawi and Mozambique, have had to absorb shocks of droughts or flooding, also on a relatively regular basis, depressing GDP but not provoking so much new borrowing for immediate reconstruction, owing to greater concessional funding.
- Commodity price and other growth shocks – for example to iron production in Sierra Leone, copper prices and

production in Zambia and more broadly to many commodities for a wide range of countries in 2015/16 as Chinese and broader global demand reduced.

- The Ebola crisis, which sharply pushed up Sierra Leone's borrowing in 2011–2013.

It is of course doubtful whether many of these events should be called 'shocks'. Those from natural disasters and commodity volatility have been so common for many decades that they could have been planned into forecasts of country ability to repay their debts. Overall, earlier studies have found that 80–90 per cent of 'shocks' are so predictable that they can be factored into economic policies and insured or protected against in various ways (Matthews, 2018). But, because such measures have only recently begun to be taken, following most of the existing Commonwealth country shocks, debt burdens increased significantly.

7.4.4 Borrowing country policy factors

The final set of factors had to do with policies in borrowing countries, notably:

The **higher spending needs** discussed in Section 3.1 above – often for 'higher-return' infrastructure projects felt to be able to repay less expensive loans.

A wish to diversify funding away from existing sources, in a new 'Age of Choice' (Prizzon et al., 2016). Existing funders were seen as having negative characteristics such as OECD bilateral or multilateral donor conditionality, or slow implementation of projects. On the other hand, commercial funders offered immediate disbursement and no conditionality; and South-South funders were seen to have faster implementation and less conditionality. However, to some degree, this Age of Choice turned out to be illusory, since the choice was sometimes to go for more expensive funding with new types of conditions and pitfalls, or not to have the funding needed for key national development projects.

Lack of sufficient knowledge of the new financing sources on offer. Many of the countries using the new financing sources had had little or no prior experience of them (especially of international bonds, Chinese export credit lending or PPPs) – and contracts such as those for PPPs and infrastructure projects were often extremely complex and hard to negotiate. There was also often no immediately available source of independent advice on negotiating the financing and contracts – or sometimes advisors did not do the best-quality job in protecting the borrowing country interests. So some countries suffered from overpriced (as often indicated by very oversubscribed) bonds, borrowed too expensively from the Chinese or other lenders, or saw major costs and risks materialise from PPPs, owing to poor negotiation.

Poor investment project design and implementation. Particularly in the context of the SDGs, many poorer and smaller countries have been trying to plan and implement major investments in sectors where they have relatively little experience (airports, ports, dams, railways, etc.). Their public investment management systems have been assessed as weak by the IMF and World Bank.[5] Many countries have therefore seen significant problems in designing and implementing large infrastructure projects, with major delays and cost overruns. Others have dramatically overestimated the returns or revenues projects would produce, and therefore borrowed much more expensively than the project could justify. Many did not have in place any system for 'matching' a realistic rate of return for a project with an appropriate cost or source of financing. Others even borrowed very expensive funds without allocating them to any specific projects. At all stages of the public expenditure and financing cycle, insufficient capacity or faulty procedures undermined the likelihood that the project would generate returns to repay more expensive debt.[6]

Corruption and non-transparency. Corruption and non-transparency are often a problem in (especially large) projects in countries in all regions and at all income levels.

However, in a few country cases, very large-scale corruption has been seen to be a major cause of increased debt. Two of the most public cases are the defence and fishing loans by state-owned enterprises of a Southern African Commonwealth country exceeding US$2 billion in 2013–2016;[7] and the massive borrowing followed by embezzlement of the proceeds by the former president of a West African Commonwealth country in the build-up to his flight from the country in 2017. This has led to renewed focus on the systems in place in countries for approving and using loans, and especially the unique role finance ministers should play in loan signature, and Parliament in approving debt limits or even individual loans, to ensure full transparency in borrowing. Additional similar problems have been caused in various countries by more widespread non-transparency in loans contracted by public enterprises and other decentralised agencies, in guarantees of private sector loans and in PPPs. It is naturally vital to point out that there has been a similar lack of transparency and evidence of corruption among the providers of these funds.

7.4.5 Inadequate debt relief

One additional factor increasing (or failing to reduce sufficiently) debt burdens in Commonwealth countries has been the inadequacy of debt relief provided to non-HIPC countries (and post-HIPC countries). Since the financial crisis, at least nine Commonwealth countries (Antigua and Barbuda, Belize, Cameroon, Grenada, Jamaica, Mozambique, Seychelles, St Kitts and Nevis and St and the Grenadines) have received debt relief, and debt relief discussions are currently underway for The Gambia. Other countries have reduced their debt service by refinancing Eurobonds or domestic debts at lower interest rates (in Ghana's case with a World Bank guarantee).

In particular, debt relief for countries has:

- Largely failed to take account of countries' needs to restore long-term **debt sustainability**. A 2015 review of debt relief for Commonwealth small countries (Robinson, 2015) concluded that restructuring of middle-income countries' debt had continued to treat the problem as 'one of short-term liquidity rather than solvency' and to ignore the persistent vulnerability of such countries to exogenous climate and economic shocks. It had therefore involved almost entirely liquidity relief (medium-term postponement of debt service) rather than comprehensive debt reduction.
- Not been sufficiently comprehensive in **coverage of creditors**. Countries that have received Paris Club debt relief have often had major problems negotiating with non-Paris Club bilateral creditors (e.g. The Gambia, Grenada, Mozambique under HIPC). More recently, some post-HIPC countries, like Cameroon, Mozambique and St Vincent and the Grenadines, have owed little to Paris Club creditors so have instead been trying to negotiate bilaterally with non-Paris Club creditors (e.g. Brazil, China, India and Venezuela). Even the recent discussions of debt relief for The Gambia have focused on Arab creditors, South-South multilateral institutions (the Arab Bank for Economic Development in Africa, Islamic Development Bank, the Organization of the Petroleum-Exporting Countries Fund for International Development) and India, rather than multilateral creditors, which account for one third of external debt (though the authorities have been requesting that it cover all debt service). Relief of domestic debt has focused on measures to reduce inflation (and therefore in theory domestic interest rates), to reduce net borrowings, and to extend maturities, rather than on comprehensive restructuring of domestic debt.
- Been **delayed or limited in their scope** by concerns about preserving county access to financial markets (external or domestic). This has long been an

important issue delaying or limiting the scope of debt relief for countries, even though many studies and surveys of creditors and ratings agencies have indicated that they would prefer an immediate hit from debt reduction followed by sustainable economic recovery, to the longer-term, more corrosive, damage to growth and financial market access caused by accumulation of arrears, repeated short-term rescheduling and unsuccessful fiscal austerity. In the case of middle-income countries with very little access to aid, this has been exacerbated by a concern about the lack of other potential non-market sources of flexible financing. An additional worry for some countries has been potential damage to domestic financial institutions (such as commercial banks), which have become heavily dependent on government debt interest payments for their own financial sustainability.

One positive aspect of recent restructurings has been the 'hurricane contingency clause' negotiated by Grenada in 2015 with bondholders, Taiwan and the Paris Club, bringing a service moratorium of up to one year and potentially saving EC$45 million (around one third of external debt service). Such clauses could be more systematically built into all restructurings with countries vulnerable to weather-related shocks, with considerably longer deferrals of service given that the IMF and others have estimated that the after-effects of such disasters can last anything up to five years (IMF, 2016; Mitchell et al., 2017).

7.4.6 Overall relative importance of the factors

Overall, it is not possible to identify precisely the relative weight of these factors in increasing debt burdens in Commonwealth countries. However, it is possible to identify the more widespread and clear factors for different groups, notably higher debt funding needs for virtually all, the widespread availability of new financing sources, exogenous shocks especially for SIDS and Sierra Leone, poorer investment management and debt negotiation capacity in lower-income countries. Table 7.2 also shows the key factors that have affected debt sustainability for the countries identified as being in or at high risk of debt distress in Table 1 above. It underlines that the predominant factors have been exogenous shocks, Eurobond and domestic borrowing, large infrastructure projects and contingent liabilities. The next section of this paper explores the policy implications of these contributing factors.

7.5 Key emerging issues and policy implications

7.5.1 Key emerging issues

The key issue emerging from this report is that debt should once more and for the next few years be at the forefront of Commonwealth finance ministers' discussions. Section 2 shows that:

- Debt stock to GDP and debt service to budget revenue ratios have been rising consistently for most analytical groups (regions, income levels, HIPCs and SIDS) since the global financial crisis.
- As judged by the IMF and World Bank LIC-DSAs, 52 per cent (and rising) of Commonwealth LICs and LMICs are at high risk of debt distress or in debt distress, higher than the overall global total of 42 per cent.
- As judged by a broader picture of total public debt burdens, 25 countries have high debt stock levels, and 21 have high debt service to revenue ratios, and could require concentrated and continuing action to reduce their debt burdens and avoid debt crises over the next decade.

Section 3 identifies the key factors and policy actions underlying the recent rise in debt burdens among many Commonwealth countries as being:

- Dramatically increased debt financing needs, owing to a combination of much more ambitious SDG-related development plans, stagnating or

Table 7.2 Factors causing high risk or debt distress

Country	Exogenous shocks	Non-concessional borrowing	Other factors
Cameroon	Oil/commodity 2014	Eurobond, domestic	Infrastructure, state-owned enterprise contingent liabilities
Dominica	Hurricane (2017), tourism		No debt relief
The Gambia	Aid	Domestic	Political instability, embezzlement
Ghana	Falling aid flows	Eurobonds, domestic	Infrastructure, pre-election fiscal laxity
Grenada	Hurricane (2017), tourism	Domestic, non-Paris Club	Inadequate debt relief
Kiribati	climate change and lower aid flows*		
Mozambique	Cyclone 2019, commodities and exchange rate	Commercial loans	Poor state-owned enterprise transparency ad high contingent liabilities, inadequate debt relief
Samoa	Cyclone shock;* falling grants	China	Infrastructure
Sierra Leone	Ebola, iron prices		Infrastructure, state-owned enterprise contingent liabilities
St Vincent and the Grenadines	Storms/floods 4% GDP, tourism		PPP contingent liabilities
Tonga	Cyclone 2014		
Tuvalu	Cyclone 2015	Commercial fishing loans	
Zambia	Copper exports	Eurobonds, domestic	Infrastructure

Note: * As explained earlier, the high risk classifications of these countries owe to inclusion of future scenarios for climate change or disaster shocks.
Source: IMF Article IV and programme documents

slowly rising tax revenues and growing budget deficits and falling aid grants and concessional loans;

- Changes in debt financing sources and costs, notably newfound access to international bond markets for lower-income countries, and increased access by existing users; the return of other external commercial creditors to those countries; rapidly growing use of domestic debt markets; increased South-South lending including by China; renewed lending by OECD (non-Commonwealth) governments; graduation from bilateral and multilateral concessional funds; and growing use of PPP financing agreements. All of these have been strongly promoted as financing alternatives to concessional flows, regardless of their much higher costs and risks;
- Exogenous shocks, including the global financial crisis itself; more frequent natural disasters owing to climate change; commodity price and other

growth shocks; and health pandemics such as Ebola. Most of these were relatively predictable but were not protected against;

- Policies in borrowing countries, including a wish for greater choice on funding sources; lack of knowledge of new instruments leading to poor negotiating results; poor investment project design and implementation; and (in a minority of cases) corruption and lack of transparency.

Overall, the most important of these factors have been higher debt funding needs, greater access to diversified funding sources, exogenous shocks for some countries and poor investment management and debt negotiation capacity.

7.5.2 Policy implications

Given the multiple causes of the problem, potential policy solutions need to be equally comprehensive.

Across a wide range of countries, there is need to pay **closer attention to the levels of debt stock and service** and the degree to which these may be crowding out private investment or public spending to achieve Agenda 2030 and national development plans. For countries eligible for LIC-DSAs, annual assessments already provide the key data needed to analyse debt sustainability. However, the higher the income level of the country, often the more difficult it is to locate easily clear and comparable debt stock and service figures for all levels and agencies of government. One key step forward here could be to make sure IMF Market Access Country DSAs (for which the system is currently being reviewed) present such numbers and ratios as clearly as the LIC-DSAs.

Slowing the rise in debt. To cope with the factors underlying increases in debt levels:

- Countries will need to prioritise their development plan spending needs even more clearly, and ensure any financing mobilised is compatible with debt sustainability.
- Countries (and the international community in terms of changing the global tax system and providing technical support to lower-income countries) will need to accelerate dramatically their efforts to increase tax revenues.
  - The international community (notably major OECD economies) needs to sharply reinforce its efforts to increase concessional aid flows, not just to lower-income countries but also to vulnerable groups such as SIDS, or they will not be able to reach the development goals or the SDGs without falling into debt crisis.
  - There is a need for action to monitor (and where necessary regulate) the behaviour of creditors to ensure they are lending responsibly, including:
    - More specific guidelines and recommendations for pricing and maturity of international bonds, including where necessary staggered repayments to avoid bunching of bullet maturities; and greater use of bond guarantees by the multilateral development banks in return for sharply reduced interest costs;
    - More caution in use of domestic debt markets, based on in-depth analysis of trends in maturities and costs as well as liquidity among potential purchasers, and promotion of greater competition in the markets or use of 'fixed price' securities to reduce debt costs;
    - Further encouragement of South-South lenders to follow responsible lending principles, including any debt limits contained in country debt strategies or IMF programmes;

  - Potential rethinking by OECD government agencies of their recent decisions to move from loans to grants for lower-income countries, and to restore export credit loan cover;
  - Redesigning and delaying 'graduation' from concessional funding for countries that have not yet achieved the SDGs, and greater use of concessional funds for lower-return projects in LMICs and 'vulnerable' (e.g. SIDS) UMICs.
  - Much greater caution in use of PPPs, which should be subject to the same rules on debt sustainability and transparency as other types of borrowing.
- There is a need to step up the multiplicity of solutions currently being provided against exogenous shocks, but above all through highly concessional low-conditionality rapidly disbursed funding to affected countries from official sources, including higher IMF quotas.
- It is critical to dramatically increase capacity-building, negotiating and legal support to countries in identifying funding sources, understanding new instruments and designing and implementing projects and contract
- Current measures to fight corruption and increase transparency already being promoted by the G20 need to be accelerated, but with an equal focus on transparency of creditors through a mandatory public register of loans; and on transparency to citizens and parliaments of borrowing countries.

Enhancing debt relief. For countries already in debt distress, and indeed for those beyond the LIC-DSA group with high public debt and debt service burdens, there should be scope for greater and genuine debt relief, either through rescheduling for countries with only a liquidity problem or through outright cancellation for countries with a severe overhang/stock problem. There is also an urgent need to reintroduce HIPC principles for such actions, to ensure they are based on country debt sustainability and not creditor preferences, and cover all creditors comprehensively and on comparable terms – but preferably also learning the lessons of HIPC so relief is provided faster and with fewer conditions.

One objection frequently raised to such comprehensive debt restructurings in the context of new creditors and instruments is that it will be much more difficult to convince the new types of creditors to participate, or to include the new instruments, because of their different characteristics. This is not a credible argument because all of these 'new types of debt' have existed for any decades in other countries and frequently been restructured. To take a few examples:

- China and many other South-South creditors have been providing debt relief for many decades, most recently in a HIPC context, albeit not via the Paris Club Forum. There will of course be a need to design relief to fit with the financial procedures and regulations of new creditor agencies (such as ExIm banks and development banks), but efforts are already under way to work with China and other South-South creditors on such procedures.
- Bonds have been restructured by sovereign debtors multiple times over the past few centuries. Ensuring they are again is more a question of political will, technical solutions like collective action clauses and, where necessary, laws to enforce creditor participation, as were necessary against vulture funds during the HIPC process.
- Domestic debts have also been restructured in many countries over the past few decades. While this requires

great care so as not to destabilise or undermine the domestic financial system, it has been done with success most recently in countries such as Cameroon and Cape Verde.

7.5.3 Specific priority actions for the Commonwealth

Within this list of potential policy actions, there are two the Commonwealth may be particularly well placed to pursue:

1. To enhance its support to countries on ***transparency*** in debt recording, reporting and monitoring, already being undertaken by the Debt Management team in the Economic, Youth and Sustainable Development Directorate, as part of the rollout of the new Meridian debt management system. This would require even more intensive training and capacity-building support to countries to ensure they can deliver on all the different data transparency needs discussed above – both to the international and creditor community and to their own citizens and parliaments. It would also require support to countries in designing laws, regulations and reporting formats that reflect the priorities of their creditors and citizens. However, for this to be feasible, the Meridian trust fund will require enhanced resources, as current resources are barely sufficient for systems development, installation and initial training for users.

2. To revive a separate two-hour ***Commonwealth Debt Sustainability Forum*** just before the Commonwealth Finance Ministers' Meeting, along the lines of the former Commonwealth Ministerial Debt Sustainability Forum. This could have a particular focus on exchanging best practices among the groups of countries that currently have the highest debt levels (notably LICs, ex-HIPCs and SIDS), in preventing debt crises and reducing debt burdens, discussing the various solutions proposed above and taking forward specific initiatives in each of the areas depending on Commonwealth member country priorities. It could be chaired by a country from among these groups, but of course would be open to participation by all Commonwealth countries, as well as inviting BWI and other independent experts to present analyses and potential initiatives, as was the case with the HIPC Forum. The Organisation Internationale de la Francophonie (with which the Commonwealth already has a strong partnership) is also focusing the work of its Finance Ministers' Forum on Financing for Development on debt issues for the years 2019–2021, and therefore it may also be possible if desired to broaden the discussion and organise joint events and consultations.

Notes

1 These are not the only indicators that can be used to assess debt sustainability and burdens (others include debt to exports, present value of debt to gross domestic product (GDP), etc.). They are used here because they are the only indicators for which it is possible to find a consistent series of data for all Commonwealth countries.

2 For Tonga, data are taken from IMF/World Bank DSAs undertaken since 2012. Data for Nauru start in 2009.

3 Unfortunately, for countries that do not undertake LIC-DSAs, there is no adequate global data source for total public debt liquidity ratios. For this reason, we this report uses individual country budget and debt management office data for 14 countries and only external debt data for five countries (Mauritius, Pakistan, Seychelles, South Africa); and omits eight high-income countries (Australia, Brunei, Canada, Cyprus, Malta, New Zealand, Singapore and the UK). There are no data available for Nauru except estimates in the most recent IMF Article IV document, which

put service at 2 per cent of revenue. This is one crucial issue that current efforts to enhance debt transparency could tackle, by including these in data collected and analysed by the IMF and World Bank.

4 Countries for which debt service ratio data are not available appear on the y axis of the graph.

5 For a summary of the IMF's views see IMF (2018b).

6 For a comprehensive analysis of the problems in public investment management and how they have contributed to renewed rises in debt, see DFI's study for DFID, ***Productive Expenditure for Debt Sustainability***, October 2016, based on case studies of Ghana and Rwanda, available at www.development-finance.org

7 For a frank civil society analysis of what happened in Mozambique, see https://jubileedebt.org.uk/countries-in-crisis/mozambique-secret-loans-unjust-debts

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Appendix 1

	Country Name	Antigua and Barbuda				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	–0.1	4.7	4.0	5.6	3.0
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.1	1.1	1.0	–0.5	2.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–17.1	0.6	3.8	–2.7	2.3
Trade (% of GDP)	NE.TRD.GNFS.ZS	106.2	104.5	93.6	88.5	
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	11.3	3.6	7.9	5.5	7.5
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	–5321430.7	5193808.3	30381484.5	15329640.7	29213178.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.7	2.7	2.7	2.7	2.7
Population, total	SP.POP.TOTL	97824.0	98875.0	99923.0	100963.0	102012.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	1.8	1.9	2.3	1.8	2.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	25.4	25.2	25.0	24.8	24.7
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS			98.9		
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	10.5	11.1	11.1	11.1	11.1
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	32.9	29.6	27.9	27.4	23.2
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	17.2	16.6			
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.1	0.2	0.1	0.0	0.7
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	63.4	67.8	70.0	73.0	76.0
Access to electricity (% of population)	EG.ELC.ACCS.ZS	95.8	96.3	96.8	97.4	

	Country Name	Australia				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	2.6	2.6	2.4	2.8	2.0
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	2.4	2.5	1.5	1.3	1.9
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−3.0	−3.0	−4.3	−3.4	−2.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	41.3	42.6	41.5	40.8	41.9
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	3.4	4.3	3.3	3.2	3.2
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−55041109408.0	−22541719714.0	−30886740792.0	27604226362.0	−8695635827.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	27.8	26.8	26.1	25.2	24.0
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.0	1.1	1.3	1.3	1.3
Population, total	SP.POP.TOTL	23128129.0	23475686.0	23815995.0	24190907.0	24601860.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	5.7	6.1	6.1	5.7	5.6
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.2	0.2	0.2	0.2	0.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	85.5	85.6	85.7	85.8	85.9
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	2.5	2.5	2.5	2.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	26.0	26.0	26.7	28.7	28.7
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	30.1	29.1	28.7	27.7	29.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	22.1	22.0	22.0	22.3	22.2
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	7.7	7.3	5.2	6.1	7.2
Individuals using the Internet (% of population)	IT.NET.USER.ZS	83.5	84.0	84.6	86.5	86.5
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Bahamas, The				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	–0.4	–0.1	1.0	–1.7	1.4
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.7	1.5	1.9	–0.3	1.5
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–14.1	–17.2	–10.2	–9.3	–16.3
Trade (% of GDP)	NE.TRD.GNFS.ZS	85.5	87.7	73.7	73.5	75.5
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	3.6	2.3	0.6	0.6	4.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	52797000.0	20638115.0	12403833.3	21696500.0	16687500.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	27.8	31.0	23.7	24.0	26.3
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.0	1.0	1.0	1.0	1.0
Population, total	SP.POP.TOTL	377240.0	382169.0	386838.0	391232.0	395361.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	16.2	13.8	12.0	12.7	12.4
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS					
Urban population (% of total)	SP.URB.TOTL.IN.ZS	82.6	82.7	82.7	82.8	82.9
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	13.2	13.2	13.2	13.2	12.8
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	34.0	33.4	29.7	29.6	26.1
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	11.4	11.4	12.7	14.2	15.1
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	72.0	76.9	78.0	80.0	85.0
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Bangladesh				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	6.0	6.1	6.6	7.1	7.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	7.5	7.0	6.2	5.5	5.7
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	1.4	0.4	1.3	0.4	−2.5
Trade (% of GDP)	NE.TRD.GNFS.ZS	46.3	44.5	42.1	38.0	35.3
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.7	1.5	1.5	1.1	0.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−126534155.0	−967895754.5	−203400248.4	−42067755.3	367078405.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	28.4	28.6	28.9	29.7	30.5
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	19.6	17.9	17.5	16.6	18.1
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	78.1	77.6	77.9	78.5	80.4
Population, total	SP.POP.TOTL	157571292.0	159405279.0	161200886.0	162951560.0	164669751.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	4.4	4.4	4.4	4.3	4.4
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	9.2	8.7	7.8	6.1	5.4
Urban population (% of total)	SP.URB.TOTL.IN.ZS	32.8	33.5	34.3	35.1	35.9
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	1.5	3.2	2.6	1.8	1.9
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	16.8	16.5	15.8	15.2	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS	61.0	61.1	65.1	72.8	72.9
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	19.7	19.8	20.0	20.0	20.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	8.0	8.2	8.4	8.4	8.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	9.0	8.6	8.5	8.8	
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	1.6	1.3	1.2	1.1	1.4
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	1.3	1.2	1.0	0.6	0.7
Individuals using the Internet (% of population)	IT.NET.USER.ZS	6.6	13.9	14.4	18.0	18.0
Access to electricity (% of population)	EG.ELC.ACCS.ZS	61.5	62.4	68.2	75.9	

	Country Name	Barbados				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	0.0	0.0	0.9	2.0	1.0
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.8	1.8	–1.1	1.3	4.7
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–5.4				
Trade (% of GDP)	NE.TRD.GNFS.ZS	93.5	91.5	79.0	82.6	82.8
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	–0.2	12.1	1.5	5.1	6.1
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	–20862975.6				
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	16.5	16.5	17.1	16.9	18.1
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.0	2.0	2.0	2.0	2.0
Population, total	SP.POP.TOTL	282509.0	283385.0	284217.0	284996.0	285719.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	11.6	12.2	11.4	9.7	9.5
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	2.3	2.4	2.4	2.4	2.4
Urban population (% of total)	SP.URB.TOTL.IN.ZS	31.4	31.3	31.2	31.2	31.2
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	4.4	4.0	3.8	3.7	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		99.6			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	16.7	16.7	16.7	16.7	16.7
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	19.3	21.0	16.1	16.5	
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	23.4	24.0	26.1		
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.5	0.4	0.1	0.1	0.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	71.8	75.2	76.1	79.5	81.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Belize				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	0.9	3.7	3.4	−0.6	1.4
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG					
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−4.5	−8.0	−9.9	−9.0	−7.0
Trade (% of GDP)	NE.TRD.GNFS.ZS	129.6	125.3	122.3	112.2	111.8
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	5.7	8.3	3.4	1.8	1.4
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	15918403.9	430.6	558.4	654.9	644.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	17.5	17.6	20.2	21.0	18.4
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	83.5	82.4	79.1	78.5	82.9
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.0	2.0	2.0	2.0	2.0
Population, total	SP.POP.TOTL	344181.0	351694.0	359288.0	366954.0	374681.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	11.7	11.6	10.0	7.9	9.0
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	4.6	4.7	4.8	5.4	4.8
Urban population (% of total)	SP.URB.TOTL.IN.ZS	45.3	45.3	45.4	45.5	45.6
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	0.1	0.1	0.0	0.0	0.0
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	6.6	6.7	6.6	6.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	3.1	3.1	3.1	3.1	9.4
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	24.1	23.4	21.0	20.4	19.8
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	23.4	25.1	24.5	25.6	26.0
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	3.4	2.4	1.7	2.1	2.0
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	3.5	2.6	1.0	0.9	1.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	33.6	38.7	41.6	44.6	47.1
Access to electricity (% of population)	EG.ELC.ACCS.ZS	91.6	91.8	91.8	92.2	

	Country Name	Botswana				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	11.3	4.1	−1.7	4.3	2.4
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.9	4.4	3.1	2.8	3.3
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	7.6	13.2	5.6	13.7	12.3
Trade (% of GDP)	NE.TRD.GNFS.ZS	122.9	114.8	105.8	92.9	73.8
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	2.7	3.2	4.7	0.8	2.3
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	1228002549.0	516947917.2	986625940.3	−1801492.0	560180263.3
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	33.5	30.5	34.0	31.1	29.0
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	16.4	16.0	15.7	13.6	10.2
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	8.4	9.0	10.1	10.9	10.3
Population, total	SP.POP.TOTL	2128507.0	2168573.0	2209197.0	2250260.0	2291661.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	18.3	18.2	18.0	17.9	17.6
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.2	0.3	0.2	0.2	0.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	65.6	66.4	67.2	67.9	68.7
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	0.5	1.4	0.4	0.8	2.0
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	24.9	25.5	26.8	28.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		87.7			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	7.9	9.5	9.5	9.5	9.5
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	8.6	8.7	8.1	8.3	7.7
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	25.6	25.8	24.7	20.8	22.1
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.7	0.6	0.5	0.6	0.6
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	3.5	2.5	1.4	1.1	1.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	30.0	36.7	37.3	39.4	41.4
Access to electricity (% of population)	EG.ELC.ACCS.ZS	54.2	56.4	58.5	60.7	

	Country Name	Brunei Darussalam				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	–2.1	–2.3	–0.6	–2.5	1.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.4	–0.2	–0.4	–0.7	–0.2
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	20.9	30.7	16.7	12.9	16.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	110.9	99.4	84.9	87.3	85.2
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	4.3	3.3	1.3	–1.3	3.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	458361041.3	795748378.0	336369777.5	624753867.4	–59796335.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	39.5	27.3	35.0	34.4	34.6
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.3	1.3	1.4	1.4	1.4
Population, total	SP.POP.TOTL	405716.0	411704.0	417542.0	423196.0	428697.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	7.0	7.0	7.8	8.6	9.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS					
Urban population (% of total)	SP.URB.TOTL.IN.ZS	76.0	76.3	76.7	77.0	77.3
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	2.7	2.7	2.6	2.6	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS				6.5	9.1
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	22.9	20.2	20.7	19.4	18.2
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	22.8	21.4	19.0	14.7	17.9
Individuals using the Internet (% of population)	IT.NET.USER.ZS	64.5	68.8	71.2	90.0	94.9
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Cameroon				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.4	5.9	5.7	4.6	3.5
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	2.1	1.9	2.7	0.9	0.6
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−3.5	−4.0	−3.8	−3.2	−2.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	55.6	55.1	49.9	43.2	41.2
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.7	2.1	2.2	2.0	2.3
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	69795962.7	63644919.8	−704202125.0	65112124.1	−20421406.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	22.6	23.7	23.0	22.6	23.0
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	16.3	16.6	23.8	25.9	30.3
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	494.0	494.4	591.4	593.0	582.1
Population, total	SP.POP.TOTL	21655715.0	22239904.0	22834522.0	23439189.0	24053727.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	3.7	3.5	3.5	3.5	3.4
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.8	0.8	0.8	0.8	0.9
Urban population (% of total)	SP.URB.TOTL.IN.ZS	53.4	54.0	54.6	55.2	55.8
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	321.4	327.5	316.3	306.2	303.8
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	7.4	6.5	6.5	7.3	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	31.1	31.1	31.1	31.1	31.1
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	2.0	2.0			
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	2.4	2.5	2.2	2.4	3.5
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	8.4	8.0	6.6	5.9	6.6
Individuals using the Internet (% of population)	IT.NET.USER.ZS	10.0	16.2	20.7	23.2	23.2
Access to electricity (% of population)	EG.ELC.ACCS.ZS	56.4	56.8	58.9	60.1	

	Country Name	Canada				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	2.5	2.9	1.0	1.4	3.0
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.9	1.9	1.1	1.4	1.6
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−3.2	−2.4	−3.6	−3.2	−2.8
Trade (% of GDP)	NE.TRD.GNFS.ZS	62.0	64.1	65.8	64.8	64.5
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	3.6	3.6	4.0	2.3	1.7
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−26949707603.0	−33731873192.0	−49799813122.0	−118020000000.0	−80747637846.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	24.2	24.4	23.9	23.0	22.8
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.0	1.1	1.3	1.3	1.3
Population, total	SP.POP.TOTL	35152370.0	35535348.0	35832513.0	36264604.0	36708083.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	7.1	6.9	6.9	7.0	6.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.1	0.1	0.1	0.1	0.1
Urban population (% of total)	SP.URB.TOTL.IN.ZS	81.2	81.2	81.3	81.3	81.4
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	2.5	2.5	2.5	2.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	24.7	25.1	26.0	26.0	26.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	24.1	23.9	23.6	23.0	21.5
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	11.7	11.8	12.4	12.5	12.5
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	2.4	2.1	0.8	1.2	1.7
Individuals using the Internet (% of population)	IT.NET.USER.ZS	85.8	87.1	88.5	91.2	92.7
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Cyprus				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	−5.8	−1.3	2.0	4.8	4.2
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	−0.4	−1.4	−2.1	−1.7	0.5
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−5.0	−4.3	−1.4	−5.0	−8.4
Trade (% of GDP)	NE.TRD.GNFS.ZS	115.9	122.3	128.8	129.7	133.6
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	−25.0	−3.2	41.2	40.2	50.0
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−16759533332.0	−4185715554.0	−2282627066.0	−3676485047.0	−25523021.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	14.1	11.7	13.0	17.7	20.9
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF					
Population, total	SP.POP.TOTL	1143896.0	1152309.0	1160985.0	1170125.0	1179551.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	15.9	16.1	14.9	12.9	11.1
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	1.6	1.1	1.3	1.7	1.7
Urban population (% of total)	SP.URB.TOTL.IN.ZS	67.1	67.0	66.9	66.9	66.8
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	4.4	4.5	4.5	4.6	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	10.7	12.5	12.5	17.9	17.9
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	39.3	37.9	36.2	34.3	50.5
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	23.4	24.6	24.1	24.0	24.6
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.1	0.1	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	65.5	69.3	71.7	75.9	80.7
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Dominica				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	−0.6	4.4	−2.6	2.5	−9.5
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.0	0.8	−0.8	0.2	0.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−14.4	−7.0	−6.8	−8.4	40.6
Trade (% of GDP)	NE.TRD.GNFS.ZS	87.1	116.0	107.7	103.4	113.7
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	3.6	2.7	2.0	7.2	−0.4
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	16264292.2	27605923.7	−21652255.5	−4700381.3	6650625.2
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	64.2	60.9	60.7	52.7	54.8
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.7	2.7	2.7	2.7	2.7
Population, total	SP.POP.TOTL	72400.0	72778.0	73162.0	73543.0	73925.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	4.7	9.6	10.3	7.7	8.9
Urban population (% of total)	SP.URB.TOTL.IN.ZS	69.0	69.3	69.6	69.9	70.2
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	6.0	5.9	5.6	5.2	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	12.5	12.9	21.9	21.9	25.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	21.2	19.3	19.2	17.4	15.5
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	22.4	22.1			
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	4.2	3.2	2.3	1.5	3.9
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.1	0.0	0.1	0.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	51.0	57.5	65.0	67.0	69.6
Access to electricity (% of population)	EG.ELC.ACCS.ZS	98.9	99.6	99.9	100.0	

	Country Name	Eswatini				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	6.4	1.9	0.4	3.2	1.9
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.6	5.7	5.0	7.8	6.2
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	16.9	17.5	18.3	14.2	12.5
Trade (% of GDP)	NE.TRD.GNFS.ZS	99.5	105.4	99.7	100.5	110.6
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.8	0.6	0.8	0.7	−1.3
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−69652544.6	1611836.0	819329.2	−8912935.3	5993558.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	12.1	12.3	11.4	12.1	11.7
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	9.4	9.0	9.2	13.1	14.7
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	9.7	10.9	12.8	14.7	13.3
Population, total	SP.POP.TOTL	1271456.0	1295097.0	1319011.0	1343098.0	1367254.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	25.4	24.5	23.6	22.7	22.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	1.6	2.2	2.4	2.6	3.3
Urban population (% of total)	SP.URB.TOTL.IN.ZS	23.0	23.1	23.3	23.5	23.6
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	2.7	2.0	0.4	0.9	1.9
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	21.5	21.3	21.0	20.7	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	6.2	6.2	6.2	6.2	6.2
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	5.9	5.7	6.6	5.9	5.2
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	2.6	2.0	2.3	3.9	3.4
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	5.5	3.5	2.8	2.9	2.8
Individuals using the Internet (% of population)	IT.NET.USER.ZS	24.7	26.2	25.6	28.6	30.3
Access to electricity (% of population)	EG.ELC.ACCS.ZS	57.4	65.0	63.0	65.8	

	Country Name	Fiji				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.7	5.6	3.8	0.4	3.8
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	2.9	0.5	1.4	3.9	3.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−9.7	−6.6	−2.7	−3.1	−5.9
Trade (% of GDP)	NE.TRD.GNFS.ZS	128.5	115.9	105.5	78.0	
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	6.3	7.8	7.1	6.0	5.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	32161057.1	10721342.7	87984400.1	29354825.3	42420939.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	26.0	17.4	16.4		
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	20.3	21.4	20.4	20.0	18.7
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.8	1.9	2.1	2.1	2.1
Population, total	SP.POP.TOTL	879715.0	885806.0	892149.0	898760.0	905502.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	4.4	4.5	4.5	4.3	4.1
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	4.9	4.9	5.8	5.8	5.4
Urban population (% of total)	SP.URB.TOTL.IN.ZS	53.7	54.2	54.7	55.2	55.7
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	4.4	4.4	4.4	4.4	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS		14.0	16.0	16.0	16.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	11.0	12.2	12.3	11.8	11.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	23.6	24.6	25.5	24.8	26.0
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	2.2	2.2	2.4	2.6	3.0
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	2.0	1.8	1.7	1.7	1.6
Individuals using the Internet (% of population)	IT.NET.USER.ZS	35.2	37.4	42.5	46.5	50.0
Access to electricity (% of population)	EG.ELC.ACCS.ZS	91.8	95.6	97.1	98.6	

	Country Name	Gambia, The				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.8	–0.9	5.9	0.4	4.6
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.7	5.9	6.8	7.2	8.0
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–7.1	–6.7	–7.1	–6.6	–7.4
Trade (% of GDP)	NE.TRD.GNFS.ZS	46.4	51.5	48.1	44.1	47.1
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	5.0	1.8	–0.1	–0.1	0.4
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD					
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	63.7	65.5	60.9	55.2	65.9
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	36.0	41.7	42.5	43.9	46.6
Population, total	SP.POP.TOTL	1859324.0	1917852.0	1977590.0	2038501.0	2100568.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	9.7	9.6	9.5	9.4	8.9
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	8.0	10.9	9.8	14.4	15.3
Urban population (% of total)	SP.URB.TOTL.IN.ZS	57.8	58.5	59.2	59.9	60.6
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	253.8	152.0	208.6	124.6	56.7
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	9.7	9.9	9.8	9.6	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS	42.0				
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	7.5	9.4	9.4	9.4	10.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	9.2	9.0	9.0	8.1	7.4
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	8.4	8.2	7.9	6.6	18.5
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	5.8	5.8	6.1	5.9	5.8
Individuals using the Internet (% of population)	IT.NET.USER.ZS	14.0	15.6	16.5	18.5	19.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	44.5	45.2	46.5	47.8	

	Country Name	Ghana				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	7.3	2.9	2.2	3.4	8.1
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	11.7	15.5	17.1	17.5	12.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−9.0	−6.9	−5.7	−5.1	−3.4
Trade (% of GDP)	NE.TRD.GNFS.ZS	61.7	65.2	75.6	69.4	73.6
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	5.1	6.3	6.5	6.3	5.5
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−658931000.0	−835933489.8	−899999584.6	−553701689.8	−2536100000.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	25.8	28.7	29.2	27.0	20.6
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	35.8	49.2	56.2	51.2	48.1
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.0	2.9	3.7	3.9	4.4
Population, total	SP.POP.TOTL	26346251.0	26962563.0	27582821.0	28206728.0	28833629.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	6.4	6.5	6.8	6.8	6.6
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	2.9	3.7	10.1	5.4	6.0
Urban population (% of total)	SP.URB.TOTL.IN.ZS	52.7	53.4	54.1	54.7	55.4
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	324.6	300.9	272.4	271.3	270.7
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	6.3	6.4	6.3	6.1	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	10.9	10.9	10.9	10.9	12.7
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	5.8	6.0	7.1	7.1	8.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	2.1	2.2	3.7	2.4	2.2
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	12.6	14.1	12.4	11.7	13.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	15.0	25.5	31.4	34.7	37.9
Access to electricity (% of population)	EG.ELC.ACCS.ZS	70.7	78.3	75.7	79.3	

	Country Name	Grenada				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	2.4	7.3	6.4	3.7	5.1
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.0	−1.0	−0.5	1.7	0.9
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−25.3	−10.9	−11.0	−10.1	−12.8
Trade (% of GDP)	NE.TRD.GNFS.ZS	75.8	119.1	114.7	107.9	
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	8.9	9.8	15.1	8.9	9.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−14272587.8	−2654948.3	123197431.2	60187870.3	102877394.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	72.2	72.6	62.0	58.5	49.2
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.7	2.7	2.7	2.7	2.7
Population, total	SP.POP.TOTL	105909.0	106360.0	106823.0	107317.0	107825.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	3.5	4.5	4.3	4.2	4.1
Urban population (% of total)	SP.URB.TOTL.IN.ZS	35.9	35.9	36.0	36.1	36.2
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		98.6			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	33.3	33.3	33.3	33.3	33.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	34.8	34.6	34.4	25.3	25.2
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	18.4	19.4			
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	1.5	4.8	2.7	0.9	0.6
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	35.0	51.6	53.8	55.9	59.1
Access to electricity (% of population)	EG.ELC.ACCS.ZS	90.9	91.4	91.9	92.3	

	Country Name	Guyana				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.0	3.8	3.2	3.3	2.9
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.9	0.9	−1.0	0.8	1.9
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−15.3	−12.5	−1.2	3.6	
Trade (% of GDP)	NE.TRD.GNFS.ZS	130.9	116.0	100.3	100.4	104.1
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	6.7	7.7	4.3	0.9	5.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−2920000.0	−116480000.0	11917797.9	51093574.1	
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	18.6	28.7	23.4	29.6	30.5
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	77.7	76.8	52.1	46.8	43.5
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	205.4	206.4	206.5	206.5	206.5
Population, total	SP.POP.TOTL	758081.0	763393.0	768514.0	773303.0	777859.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	12.3	12.4	12.6	12.3	12.1
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	11.0	10.7	9.5	7.7	7.6
Urban population (% of total)	SP.URB.TOTL.IN.ZS	26.4	26.4	26.4	26.5	26.5
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	75.1	28.9	23.2	28.6	32.0
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	8.7	8.1	7.8	7.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		85.6			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	31.3	31.3	30.4	30.4	31.9
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	8.2	8.5	8.5	8.4	8.3
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	3.4	5.3	1.0	2.0	1.4
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	25.0	20.7	18.7	25.1	25.3
Individuals using the Internet (% of population)	IT.NET.USER.ZS	31.0	32.0	34.0	35.7	37.3
Access to electricity (% of population)	EG.ELC.ACCS.ZS	82.2	86.9	83.6	84.2	

	Country Name	India				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	6.4	7.4	8.0	8.2	7.2
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	10.9	6.4	5.9	4.9	2.5
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−2.6	−1.3	−1.1	−0.5	−1.4
Trade (% of GDP)	NE.TRD.GNFS.ZS	53.8	48.9	41.9	40.2	40.8
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.5	1.7	2.1	1.9	1.5
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−6857994918.0	−37740318603.0	−9486642829.0	4725209437.0	−30637784958.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	31.3	30.1	28.7	28.2	28.6
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	23.3	22.7	23.0	20.3	19.8
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	58.6	61.0	64.2	67.2	65.1
Population, total	SP.POP.TOTL	1278562207.0	1293859294.0	1309053980.0	1324171354.0	1339180127.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	2.8	2.8	2.8	2.7	2.6
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	3.8	3.5	3.3	2.7	2.6
Urban population (% of total)	SP.URB.TOTL.IN.ZS	32.0	32.4	32.8	33.2	33.6
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	9.4	9.5	10.0	10.2	7.7
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	16.7	16.0	15.3	14.8	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	11.0	11.4	12.0	12.0	11.8
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	11.9	12.9	13.5	14.1	14.7
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.1	0.1	0.2	0.1	0.1
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	3.6	2.8	1.8	1.8	2.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	15.1	21.0	26.0	29.5	34.5
Access to electricity (% of population)	EG.ELC.ACCS.ZS	79.6	81.2	88.0	84.5	

	Country Name	Jamaica				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	0.5	0.7	0.9	1.4	1.0
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	9.3	8.3	3.7	2.3	4.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−9.6	−8.0	−3.0	−1.2	−4.8
Trade (% of GDP)	NE.TRD.GNFS.ZS	83.3	84.7	76.1	75.9	82.6
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	3.8	4.2	6.5	6.6	6.0
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	23555863.6	−463258332.9	−1268247115.0	691831160.9	−1436177896.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	21.0	22.0	21.2	21.2	22.1
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	92.9	103.6	102.7	104.7	103.2
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	100.4	110.9	117.0	125.1	128.0
Population, total	SP.POP.TOTL	2851807.0	2862087.0	2871934.0	2881355.0	2890299.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	15.3	13.7	13.5	13.2	11.7
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	15.3	16.4	16.7	17.3	16.6
Urban population (% of total)	SP.URB.TOTL.IN.ZS	54.4	54.6	54.8	55.1	55.4
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	9.3	9.3	9.0	8.9	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		88.1			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	12.7	12.7	12.7	17.5	17.5
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	5.6	5.1	5.1	5.1	6.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	24.0	24.1	24.8	26.0	26.2
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.5	0.7	0.4	0.2	0.4
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	1.1	1.2	1.3	1.2	1.2
Individuals using the Internet (% of population)	IT.NET.USER.ZS	37.1	40.4	42.2	44.4	48.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	95.4	96.4	97.3	98.2	

	Country Name	Kenya				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.9	5.4	5.7	5.9	4.9
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.7	6.9	6.6	6.3	8.0
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−8.8	−10.4	−6.7	−5.2	−6.3
Trade (% of GDP)	NE.TRD.GNFS.ZS	53.1	51.3	44.2	36.8	37.3
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	2.0	1.3	1.0	0.6	0.8
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−270499782.4	−3716854384.0	155053165.8	383124984.6	775064208.5
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	20.6	22.9	21.6	17.2	17.8
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	25.4	28.0	31.2	31.8	35.7
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	86.1	87.9	98.2	101.5	103.4
Population, total	SP.POP.TOTL	44826849.0	46024250.0	47236259.0	48461567.0	49699862.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	9.8	9.6	9.7	9.6	9.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	2.4	2.3	2.5	2.5	2.5
Urban population (% of total)	SP.URB.TOTL.IN.ZS	24.8	25.2	25.7	26.1	26.6
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	83.8	85.1	73.2	71.2	70.8
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	20.8	20.8	22.5	24.2	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		78.7			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	18.6	19.1	19.7	19.7	21.8
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	5.3	5.5	5.7	5.4	
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS		16.9	16.3	15.8	15.6
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	6.1	4.4	3.9	3.1	3.2
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	3.0	2.8	2.8	2.7	2.5
Individuals using the Internet (% of population)	IT.NET.USER.ZS	13.0	16.5	16.6	16.6	17.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	31.6	36.0	41.6	56.0	

	Country Name	Kiribati				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.2	–0.7	10.4	5.1	0.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	–1.5	2.1	0.6		
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	19.4	53.4	46.2	20.1	
Trade (% of GDP)	NE.TRD.GNFS.ZS	91.3	102.4	110.1	112.1	105.2
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	–0.1	0.7	0.5	1.2	0.7
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	2402382.7	4917097.3	4285968.4	4592001.3	
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.0	1.1	1.3	1.3	1.3
Population, total	SP.POP.TOTL	108535.0	110458.0	112407.0	114395.0	116398.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	9.3	9.3	9.4	9.8	9.9
Urban population (% of total)	SP.URB.TOTL.IN.ZS	49.9	50.8	51.6	52.5	53.3
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	3.2	3.3	3.2	3.1	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	8.7	8.7	8.7	6.5	6.5
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	5.7				
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	18.0	17.7	22.1	24.9	22.2
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	21.0	23.6	18.5	17.5	21.2
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.1	0.1	0.1	0.1	0.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	11.5	12.3	13.0	13.7	14.6
Access to electricity (% of population)	EG.ELC.ACCS.ZS	78.6	80.7	90.6	84.9	

	Country Name	Lesotho				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	1.8	3.1	2.8	3.2	−2.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.0	5.3	3.2	6.6	5.3
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−6.6	−4.7	−3.1	−8.5	−7.1
Trade (% of GDP)	NE.TRD.GNFS.ZS	124.9	117.9	121.9	123.6	
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	2.0	3.6	4.5	3.4	1.7
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	2749239.8	2537015.6	2237957.3	1936058.5	2130386.8
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	28.0	27.3	26.0	23.6	
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	31.3	30.8	31.9	34.1	31.6
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	9.7	10.9	12.8	14.7	13.3
Population, total	SP.POP.TOTL	2117361.0	2145785.0	2174645.0	2203821.0	2233339.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	24.6	24.3	24.3	24.2	23.6
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	18.3	15.0	14.8	14.8	15.6
Urban population (% of total)	SP.URB.TOTL.IN.ZS	26.1	26.5	26.9	27.3	27.7
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	13.3	13.1	12.9	12.8	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		76.6			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	26.7	26.7	25.0	25.0	22.9
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	3.6	3.5			
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	33.6	33.9	31.7	26.7	29.1
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	11.1	3.7	3.0	4.3	5.1
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	4.8	4.9	5.5	6.3	5.9
Individuals using the Internet (% of population)	IT.NET.USER.ZS	15.0	22.0	25.0	27.4	29.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	24.3	27.8	27.9	29.7	

	Country Name	Malawi				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.2	5.7	2.8	2.5	4.0
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	27.3	23.8	21.9	21.7	11.5
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−22.4	−18.7	−14.6	−16.8	−16.2
Trade (% of GDP)	NE.TRD.GNFS.ZS	78.3	73.3	64.9	77.9	65.3
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	8.2	9.9	8.1	6.0	4.4
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−7697321.3	−8679453.1	−9356129.2	−7725764.5	−9223412.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	12.7	12.0	12.2	10.8	13.4
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	29.1	28.2	28.1	34.9	35.1
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	364.4	424.9	499.6	718.0	730.3
Population, total	SP.POP.TOTL	16577147.0	17068838.0	17573607.0	18091575.0	18622104.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	5.9	5.9	5.8	5.7	5.5
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.6	0.6	0.7	0.6	0.6
Urban population (% of total)	SP.URB.TOTL.IN.ZS	16.0	16.1	16.3	16.5	16.7
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	251.5	243.8	233.5	233.5	231.1
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	22.1	23.2	24.5	26.3	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		65.1	62.1		
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	22.3	16.7	16.7	16.7	16.7
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	3.2	3.1	3.2		
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	14.1	15.9	15.2	15.5	17.3
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	21.1	15.8	17.0	23.5	24.6
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	9.8	9.3	9.4	11.0	9.6
Individuals using the Internet (% of population)	IT.NET.USER.ZS	5.1	5.8	9.3	11.5	13.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	9.0	11.9	10.8	11.0	

	Country Name	Malaysia				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.7	6.0	5.1	4.2	5.9
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	2.1	3.1	2.1	2.1	3.9
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	3.5	4.4	3.1	2.4	3.0
Trade (% of GDP)	NE.TRD.GNFS.ZS	142.7	138.3	133.5	128.8	135.8
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	3.5	3.1	3.3	4.5	3.0
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	813576453.4	11883325039.0	7226139225.0	3331961296.0	2571820317.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	26.5	26.0	26.1	25.7	25.3
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	3.2	3.3	3.9	4.1	4.3
Population, total	SP.POP.TOTL	29706724.0	30228017.0	30723155.0	31187265.0	31624264.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	3.1	2.9	3.1	3.4	3.4
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.4	0.5	0.6	0.5	0.5
Urban population (% of total)	SP.URB.TOTL.IN.ZS	72.9	73.6	74.2	74.8	75.4
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	2.5	2.6	0.2	0.2	0.1
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	3.2	3.0	2.9	2.9	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS				93.7	
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	10.4	10.4	10.4	10.4	10.4
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	10.9	10.7	10.5	10.3	10.1
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	15.3	14.8	14.3	13.8	13.1
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.0	0.0	0.0	0.0	0.0
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	9.3	9.1	7.2	5.5	6.3
Individuals using the Internet (% of population)	IT.NET.USER.ZS	57.1	63.7	71.1	78.8	80.1
Access to electricity (% of population)	EG.ELC.ACCS.ZS	99.9	100.0	100.0	100.0	

	Country Name	Malta				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.6	8.1	9.6	5.2	6.4
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.2	0.3	1.1	0.6	1.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	2.7	8.8	2.8	3.9	10.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	307.8	285.7	272.4	264.6	249.2
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	5.0	1.4	27.9	22.0	27.7
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	12042628052.0	17567348917.0	5419276356.0	5275848086.0	7564623564.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	17.5	17.3	24.5	23.2	21.4
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF					
Population, total	SP.POP.TOTL	425967.0	434558.0	445053.0	455356.0	467999.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	6.4	5.8	5.4	4.7	4.6
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	2.4	2.3	2.1	2.0	2.1
Urban population (% of total)	SP.URB.TOTL.IN.ZS	94.3	94.3	94.4	94.5	94.5
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	2.5	2.5	2.5	2.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	14.3	14.3	12.9	12.9	11.9
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	37.9	37.1	37.3	34.4	32.4
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	26.8	26.9	25.6	26.1	26.9
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	68.9	73.2	76.0	77.3	80.1
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Mauritius				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	3.4	3.7	3.6	3.8	3.8
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	3.5	3.2	1.3	1.0	3.7
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–6.2	–5.4	–3.6	–4.0	–5.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	110.0	113.3	107.6	98.4	97.6
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	2.4	3.3	1.8	2.9	2.2
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	468892244.3	13469150709.0	–7704432636.0	3375996619.0	2186817372.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	20.8	18.9	17.4	17.2	17.4
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	102.2	88.4	77.7	85.9	77.6
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	30.7	30.6	35.1	35.5	34.5
Population, total	SP.POP.TOTL	1258653.0	1260934.0	1262605.0	1263473.0	1264613.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	7.3	7.5	7.4	6.8	6.8
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.0	2.6	1.9	1.6	1.9
Urban population (% of total)	SP.URB.TOTL.IN.ZS	41.2	41.1	41.0	40.9	40.8
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	5.5	5.5	5.6	5.8	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS	91.5	92.5	92.7	93.2	
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	18.8	18.8	11.6	11.6	11.6
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	22.2	22.5	21.7	20.4	18.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	18.4	18.5	9.0	18.1	18.5
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	1.2	0.4	0.7	0.3	0.1
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	40.1	44.8	50.1	52.2	55.6
Access to electricity (% of population)	EG.ELC.ACCS.ZS	98.7	98.7	98.7	98.8	

	Country Name	Mozambique				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	7.1	7.4	6.6	3.8	3.7
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG					
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−39.0	−34.2	−40.3	−35.0	−20.4
Trade (% of GDP)	NE.TRD.GNFS.ZS	114.4	118.1	104.2	111.2	113.4
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	41.8	29.5	26.1	28.5	18.3
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−741781573.1	−16066916.8	49400144.7	123864414.7	−15052235.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	39.4	43.1	32.0	22.5	24.6
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	53.4	56.4	71.3	99.5	100.8
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	30.1	31.4	40.0	63.1	63.6
Population, total	SP.POP.TOTL	26434372.0	27212382.0	28010691.0	28829476.0	29668834.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	3.2	3.2	3.4	3.4	3.2
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	1.0	0.9	1.0	0.9	2.0
Urban population (% of total)	SP.URB.TOTL.IN.ZS	33.4	33.9	34.4	34.9	35.5
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	364.8	346.4	339.0	338.3	337.9
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	29.1	29.8	30.4	30.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS			56.0		
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	39.2		39.6	39.6	39.6
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	3.7	4.0	4.1	4.2	4.1
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	23.1	25.4	21.9	22.2	23.2
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	14.5	12.6	12.5	14.3	14.5
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	13.5	13.6	14.2	17.6	19.5
Individuals using the Internet (% of population)	IT.NET.USER.ZS	7.3	9.2	16.9	17.5	20.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	20.7	21.9	24.0	24.2	

	Country Name	Namibia				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.6	6.4	6.1	0.6	–0.9
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.6	5.3	3.4	6.7	6.1
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–7.7	–9.5	–13.2	–13.2	–6.3
Trade (% of GDP)	NE.TRD.GNFS.ZS	99.2	102.1	107.1	103.3	84.1
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	6.2	3.5	10.0	3.2	4.5
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	139473877.1	354251470.6	–1063045813.0	–106570127.8	432476540.4
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	26.5	33.4	33.3	22.4	16.0
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	9.7	10.9	12.9	14.7	13.3
Population, total	SP.POP.TOTL	2316520.0	2370992.0	2425561.0	2479713.0	2533794.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	19.0	18.5	20.8	23.4	23.1
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.5	0.6	0.4	0.6	0.5
Urban population (% of total)	SP.URB.TOTL.IN.ZS	44.8	45.8	46.9	48.0	49.0
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	4.4	14.0	10.4	21.1	44.6
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	30.5	28.0	26.1	25.4	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	24.4		41.3	41.3	41.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	12.6	13.0	13.0	14.7	
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	31.5	33.6	32.5	28.6	30.8
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	2.1	1.8	1.2	1.5	1.4
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	2.2	2.6	3.4	4.1	4.6
Individuals using the Internet (% of population)	IT.NET.USER.ZS	13.9	14.8	25.7	31.0	36.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	47.4	49.6	50.7	51.8	

	Country Name	Nauru				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	34.2	36.5	2.8	10.4	4.2
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG					
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS					
Trade (% of GDP)	NE.TRD.GNFS.ZS	154.1	165.1	147.0	150.6	
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	0.0	0.0	0.0	0.0	
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD					
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.0	1.1	1.3	1.3	
Population, total	SP.POP.TOTL	10821.0	11853.0	12475.0	13049.0	12876.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS					
Urban population (% of total)	SP.URB.TOTL.IN.ZS	100.0	100.0	100.0	100.0	100.0
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	5.3	5.3	5.3	5.3	10.5
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5					
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	21.7	16.1	25.1	17.7	17.8
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS					57.0
Access to electricity (% of population)	EG.ELC.ACCS.ZS	99.2	99.2	99.0	99.2	

	Country Name	New Zealand				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	2.0	3.5	4.4	3.5	2.8
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.1	1.2	0.3	0.6	1.9
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−3.1	−3.1	−2.7	−2.2	−2.9
Trade (% of GDP)	NE.TRD.GNFS.ZS	56.0	55.0	54.4	51.3	53.4
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	0.0	1.6	0.0	1.1	1.1
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	3509631493.0	−456165366.3	−2327090150.0	−5442345022.0	688720220.1
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	21.2	22.4	23.1	24.0	24.1
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.2	1.2	1.4	1.4	1.4
Population, total	SP.POP.TOTL	4442100.0	4509700.0	4595700.0	4693200.0	4793900.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	6.3	5.8	5.4	5.1	4.7
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.2	0.2	0.2	0.1	0.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	86.2	86.3	86.3	86.4	86.5
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	2.5	2.5	2.5	2.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	32.2	29.8	31.4	31.4	34.2
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	30.8	29.6	29.0	29.7	27.3
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	26.6	26.8	27.4	27.2	27.6
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	1.7	1.6	1.3	1.0	1.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	82.8	85.5	88.2	88.5	90.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Nigeria				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	6.7	6.3	2.7	−1.6	0.8
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	8.5	8.1	9.0	15.7	16.5
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	3.7	0.2	−3.2	0.7	2.8
Trade (% of GDP)	NE.TRD.GNFS.ZS	31.0	30.9	21.4	20.7	26.3
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.1	0.8	0.6	1.1	0.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−10320959890.0	−1835787665.0	−830514460.4	−1709746689.0	−8509290906.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	14.2	15.1	14.8	14.7	14.7
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	4.3	4.5	6.2	7.9	11.0
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	157.3	158.6	192.4	253.5	305.8
Population, total	SP.POP.TOTL	171829303.0	176460502.0	181181744.0	185989640.0	190886311.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	3.7	4.4	5.3	6.2	6.0
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	4.0	3.7	4.3	4.9	5.9
Urban population (% of total)	SP.URB.TOTL.IN.ZS	46.1	47.0	47.8	48.7	49.5
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	360.9	336.4	290.9	281.5	281.2
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	7.1	7.8	9.0	11.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	6.7	6.7	5.6	5.6	5.6
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	5.9	5.6	5.0	4.7	4.4
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	1.5				
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.5	0.5	0.5	0.6	0.9
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	12.9	10.3	5.1	4.9	8.7
Individuals using the Internet (% of population)	IT.NET.USER.ZS	19.1	21.0	24.5	25.7	27.7
Access to electricity (% of population)	EG.ELC.ACCS.ZS	55.6	56.4	52.5	59.3	

	Country Name	Pakistan				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.4	4.7	4.7	5.5	5.7
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	7.7	7.2	2.5	3.8	4.1
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−1.9	−1.5	−1.0	−2.5	−5.3
Trade (% of GDP)	NE.TRD.GNFS.ZS	33.3	30.9	27.7	25.3	25.8
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	0.6	0.8	0.6	0.9	0.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−27000000.0	−3840000000.0	−916000000.0	−153000000.0	−1200000000.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	13.4	13.0	14.1	14.1	14.5
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	23.9	23.8	22.9	24.4	26.3
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	101.6	101.1	102.8	104.8	105.5
Population, total	SP.POP.TOTL	181712595.0	185546257.0	189380513.0	193203476.0	197015955.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	3.0	1.8	3.6	3.4	3.2
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	6.3	7.1	7.1	7.1	6.5
Urban population (% of total)	SP.URB.TOTL.IN.ZS	35.6	35.8	36.0	36.2	36.4
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	7.9	7.5	5.3	6.3	4.9
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	21.1	21.2	20.9	20.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS	55.6	57.0			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	20.7	20.7	20.6	20.6	20.6
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	9.4	9.6	10.0	10.4	10.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.9	1.4	1.3	1.0	0.7
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	2.3	2.2	1.3	0.9	1.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	10.9	12.0	14.0	15.5	15.5
Access to electricity (% of population)	EG.ELC.ACCS.ZS	93.6	96.0	93.5	99.1	

	Country Name	Papua New Guinea				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	3.8	15.4	5.3	1.6	2.5
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.0	5.2	6.0	6.7	5.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−16.2	10.4	22.0	27.2	26.9
Trade (% of GDP)	NE.TRD.GNFS.ZS					
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	0.1	−0.1	1.0	−0.2	−0.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	110269056.5	−373610792.3	−274453402.0	69357793.7	338192087.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	107.7	92.4	104.1	100.3	85.6
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.2	2.5	2.8	3.1	3.2
Population, total	SP.POP.TOTL	7592865.0	7755785.0	7919825.0	8084991.0	8251162.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	2.7	2.6	2.6	2.5	2.4
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.1	0.0	0.1	0.0	0.0
Urban population (% of total)	SP.URB.TOTL.IN.ZS	13.0	13.0	13.0	13.1	13.1
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	221.0	249.0	134.7	181.7	181.9
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	2.7	2.7	2.7	2.7	0.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	1.7	1.7	2.6		
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS		18.0	16.0	14.1	14.0
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	3.3	2.6	3.0	2.9	2.7
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	18.4	19.9	21.0	22.4	21.8
Individuals using the Internet (% of population)	IT.NET.USER.ZS	5.1	6.5	7.9	9.6	11.2
Access to electricity (% of population)	EG.ELC.ACCS.ZS	20.7	21.4	22.2	22.9	

	Country Name	Rwanda				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.7	7.6	8.9	6.0	6.1
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.9	2.4	2.5	7.2	8.3
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−7.3	−11.8	−14.5	−15.8	−6.9
Trade (% of GDP)	NE.TRD.GNFS.ZS	46.0	47.6	52.5	48.0	51.0
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	3.4	3.9	2.7	3.1	3.2
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−1703009.5	−1003805.8	−7749202.5	−3598795.4	71798689.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	25.4	24.4	25.8	25.3	22.9
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	22.6	24.2	27.0	33.7	37.4
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	646.6	681.9	721.0	787.3	831.5
Population, total	SP.POP.TOTL	11065151.0	11345357.0	11629553.0	11917508.0	12208407.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	1.2	1.2	1.1	1.0	1.0
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	2.2	2.3	1.9	2.0	2.4
Urban population (% of total)	SP.URB.TOTL.IN.ZS	16.9	17.0	17.0	17.1	17.1
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	117.9	212.0	326.7	554.5	505.6
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	31.6	32.1	34.0	36.1	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		70.8			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	63.8	63.8	63.8	63.8	61.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	6.0	5.8	6.1	6.2	6.1
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS		13.3	13.7	14.8	13.6
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	14.5	13.2	13.4	13.9	13.7
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	6.4	6.4	6.3	6.3	5.9
Individuals using the Internet (% of population)	IT.NET.USER.ZS	9.0	10.6	18.0	20.0	21.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	15.2	19.8	22.8	29.4	

	Country Name	Saint Kitts and Nevis				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.5	6.1	2.1	2.3	1.2
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.1	0.2	−2.3	−0.7	0.7
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−7.4	−0.7	−10.3	−12.6	−8.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	83.0	113.5	112.1	107.7	
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	13.0	17.8	12.9	9.8	5.1
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD		39874575.4	48250812.2	30672642.3	44411144.2
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.7	2.7	2.7	2.7	2.7
Population, total	SP.POP.TOTL	53169.0	53739.0	54288.0	54821.0	55345.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	6.1	2.2	2.2	2.2	2.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	31.0	30.9	30.8	30.8	30.8
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	6.7	6.7	13.3	13.3	13.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	49.6	44.4	43.9	41.2	31.7
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	18.4	19.2	20.1	19.3	18.6
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	3.6				
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	64.6	68.0	75.7	76.8	80.7
Access to electricity (% of population)	EG.ELC.ACCS.ZS	99.4	99.7	99.9	100.0	

	Country Name	Saint Lucia				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	−1.3	3.6	−0.9	3.4	3.8
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.5	3.5	−1.0	−3.1	0.1
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−6.8	0.8	4.3	−3.5	−2.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	91.4	87.9	81.9	82.6	
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	5.7	4.0	7.1	7.9	7.5
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−94062705.2	11489194.0	−6587522.0	19306041.9	22338751.3
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	32.5	36.3	34.5	35.0	39.0
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.7	2.7	2.7	2.7	2.7
Population, total	SP.POP.TOTL	175660.0	176421.0	177206.0	178015.0	178844.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	22.2	23.2	24.1	21.3	20.8
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	2.1	2.1	2.3	2.3	2.3
Urban population (% of total)	SP.URB.TOTL.IN.ZS	18.5	18.5	18.5	18.6	18.6
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	16.7	16.7	16.7	16.7	16.7
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	20.9	20.6	19.7	16.0	15.9
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	20.5	20.9	20.9	21.9	21.0
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	1.7	1.4	0.9	1.0	0.8
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	36.0	39.7	42.5	46.7	50.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	96.0	96.6	97.2	97.8	

	Country Name	Saint Vincent and the Grenadines				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	1.8	1.2	1.3	2.0	0.9
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.8	0.2	−1.7	−0.1	2.2
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−29.2	−25.8	−14.5	−15.2	−17.2
Trade (% of GDP)	NE.TRD.GNFS.ZS	84.5	95.8	92.1	95.8	90.5
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	17.6	16.6	7.6	19.9	12.5
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−14721960.4	−7315627.4	−3257487.5	2865561.1	4225266.2
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	26.9	25.0	25.3	26.1	25.9
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	43.2	46.9	45.7	43.7	42.7
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.7	2.7	2.7	2.7	2.7
Population, total	SP.POP.TOTL	109320.0	109357.0	109455.0	109643.0	109897.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	19.7	19.7	20.2	20.1	19.7
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	4.4	6.0	5.5	5.7	5.8
Urban population (% of total)	SP.URB.TOTL.IN.ZS	50.2	50.6	51.0	51.4	51.8
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	6.0	5.9	5.9	5.7	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	13.0	13.0	13.0	13.0	13.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	20.8	20.7	20.6	14.4	14.3
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	21.6	23.8	23.6	25.7	25.6
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	1.2	1.3	1.6	1.1	0.9
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	43.5	47.4	51.8	55.6	65.6
Access to electricity (% of population)	EG.ELC.ACCS.ZS	97.5	98.6	99.5	100.0	

	Country Name	Samoa				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	−1.9	1.4	1.5	7.2	2.7
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.6	−0.4	0.7	1.3	1.7
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−5.6	−5.8	−1.6	−4.9	−0.4
Trade (% of GDP)	NE.TRD.GNFS.ZS	77.0	79.7	76.5	80.7	77.6
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.7	2.8	3.3	0.3	1.1
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	1720738.8	5011672.9	3703319.5	−584777.6	8323858.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	58.0	58.2	55.5	54.4	53.5
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2.3	2.3	2.6	2.6	2.6
Population, total	SP.POP.TOTL	190757.0	192290.0	193759.0	195125.0	196440.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	8.8	8.7	8.6	8.6	8.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	20.5	17.5	16.3	16.6	16.4
Urban population (% of total)	SP.URB.TOTL.IN.ZS	19.4	19.1	18.9	18.7	18.5
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	3.1	3.1	3.1	3.1	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	4.1	6.1	6.1	10.0	10.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	22.7	24.1	21.4	22.7	22.5
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	22.1	23.0	22.7	24.2	24.3
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	14.5	12.1	11.9	11.5	15.9
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.3	0.6	0.4	0.5	0.4
Individuals using the Internet (% of population)	IT.NET.USER.ZS	15.3	21.2	25.4	29.4	33.6
Access to electricity (% of population)	EG.ELC.ACCS.ZS	99.3	97.9	99.9	100.0	

	Country Name	Seychelles				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	6.0	4.5	4.9	4.5	5.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	4.3	1.4	4.0	−1.0	2.9
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−11.9	−23.1	−18.6	−20.0	−19.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	189.5	192.0	172.0	172.2	174.8
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	4.3	8.1	7.7	2.9	8.3
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	17843140.7	12887941.5	−35918895.8	22170001.0	25546247.3
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	40.3	39.5	35.3	31.6	36.3
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	12.1	12.7	13.3	13.3	13.6
Population, total	SP.POP.TOTL	89949.0	91359.0	93419.0	94677.0	95843.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	1.0	1.1	1.3	1.5	1.4
Urban population (% of total)	SP.URB.TOTL.IN.ZS	54.5	55.0	55.4	55.8	56.3
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	43.8	43.8	43.8	21.2	21.2
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	48.4	53.2	53.3	52.8	52.3
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	28.1	30.1	29.6	31.7	
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	2.2	1.0	0.5	0.4	1.4
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.1	0.1	0.1	0.1	0.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	50.4	51.3	54.3	56.5	58.8
Access to electricity (% of population)	EG.ELC.ACCS.ZS	98.0	99.3	99.7	100.0	

	Country Name	Sierra Leone				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	20.7	4.6	−20.6	6.1	4.2
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.5	4.6	6.7	10.9	18.2
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−15.0	−9.4	−23.8	−4.6	−14.2
Trade (% of GDP)	NE.TRD.GNFS.ZS	87.5	83.2	66.8	79.4	74.1
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	8.7	7.5	6.0	3.9	14.8
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−3275682.9	−214271.8	−3426631.9	−2624353.5	−763468.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	14.4	13.1	15.6	18.9	18.0
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	28.5	29.1	37.3	50.4	47.3
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	4332.5	4524.2	5080.7	6289.9	7384.4
Population, total	SP.POP.TOTL	6922079.0	7079162.0	7237025.0	7396190.0	7557212.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	4.5	4.7	4.8	4.7	4.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	1.4	1.2	1.1	1.3	1.3
Urban population (% of total)	SP.URB.TOTL.IN.ZS	40.0	40.4	40.8	41.2	41.6
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	392.6	379.1	376.9	378.0	379.7
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	24.7	25.4	25.7	25.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS	32.4				
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	12.4	12.1	12.4	12.4	12.4
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5					
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	9.1	8.6			
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	9.2	18.7	22.7	21.9	14.5
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	53.6	36.5	12.1	12.4	22.2
Individuals using the Internet (% of population)	IT.NET.USER.ZS	4.0	6.1	6.3	11.8	13.2
Access to electricity (% of population)	EG.ELC.ACCS.ZS	13.5	16.0	16.5	20.3	

	Country Name	Singapore				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.1	3.9	2.2	2.4	3.6
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	2.4	1.0	–0.5	–0.5	0.6
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	15.9	18.0	17.1	17.9	16.6
Trade (% of GDP)	NE.TRD.GNFS.ZS	365.7	359.3	329.0	310.3	322.4
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	21.2	22.3	23.2	24.0	19.6
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	64035962599.0	46534154138.0	61651555653.0	19361565203.0	33526223365.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	27.9	28.4	27.8	26.6	24.8
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.3	1.3	1.4	1.4	1.4
Population, total	SP.POP.TOTL	5399162.0	5469724.0	5535002.0	5607283.0	5612253.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	3.9	3.7	3.8	4.1	3.9
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS					
Urban population (% of total)	SP.URB.TOTL.IN.ZS	100.0	100.0	100.0	100.0	100.0
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS	96.5	96.7	96.8	97.0	
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	24.2	25.3	23.9	23.8	23.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	9.4	9.3	9.3	9.0	8.5
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	13.4	13.7	13.3	13.7	14.8
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	80.9	79.0	79.0	84.5	84.4
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Solomon Islands				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	3.0	2.3	2.5	3.5	3.2
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.4	5.2	−0.6	0.5	0.5
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−3.4	−4.2	−3.1	−4.0	−3.6
Trade (% of GDP)	NE.TRD.GNFS.ZS	115.6	112.0	98.4		
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	4.7	1.8	2.8	3.0	2.8
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−63370.9	−83361.4	682086.6	1669583.6	2070330.8
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	19.4	17.0	18.5	20.7	28.6
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	7.3	7.4	7.9	7.9	7.9
Population, total	SP.POP.TOTL	563513.0	575504.0	587482.0	599419.0	611343.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	2.0	2.1	2.0	1.9	1.8
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	1.8	1.4	1.6	1.6	1.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	21.4	21.9	22.4	22.8	23.3
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	96.2	53.7	68.6	142.3	171.0
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	13.0	13.2	12.7	12.3	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	2.0	2.0	2.0	2.0	2.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	3.6	4.0	3.9	4.1	4.3
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	30.3	29.2	29.2	26.7	27.9
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	27.6	18.2	17.0	15.1	15.3
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	22.4	25.3	21.7	18.7	22.6
Individuals using the Internet (% of population)	IT.NET.USER.ZS	8.0	9.0	10.0	11.0	11.9
Access to electricity (% of population)	EG.ELC.ACCS.ZS	44.7	42.6	55.1	47.9	

	Country Name	South Africa				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	2.5	1.8	1.3	0.6	1.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.8	6.1	4.5	6.6	5.2
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−5.8	−5.1	−4.6	−2.8	−2.6
Trade (% of GDP)	NE.TRD.GNFS.ZS	64.2	64.4	61.6	60.8	58.2
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	2.2	1.7	0.5	0.7	0.4
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−11014274330.0	−13578311892.0	−10280699697.0	−16372515389.0	−16446869044.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	20.4	20.4	20.4	19.5	18.7
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	39.1	41.5	44.6	50.8	52.0
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	9.7	10.9	12.8	14.7	13.3
Population, total	SP.POP.TOTL	53767396.0	54539571.0	55291225.0	56015473.0	56717156.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	24.6	24.9	25.2	26.6	27.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.3	0.3	0.3	0.3	0.3
Urban population (% of total)	SP.URB.TOTL.IN.ZS	63.8	64.3	64.8	65.3	65.9
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	1.6	2.2	0.2	0.8	4.0
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	4.8	5.3	5.8	6.1	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		94.1	94.4		
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	42.3	41.5	42.0	41.8	42.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	10.1	10.9	10.5	10.2	10.4
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	26.0	26.5	27.3	27.2	27.0
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.4	0.3	0.5	0.4	0.3
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	7.0	5.8	4.5	5.1	5.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	46.5	49.0	51.9	54.0	56.2
Access to electricity (% of population)	EG.ELC.ACCS.ZS	85.4	86.0	85.5	84.2	

	Country Name	Sri Lanka				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	3.4	5.0	5.0	4.5	3.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	6.9	3.2	3.8	4.0	7.7
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–3.4	–2.5	–2.3	–2.1	–2.6
Trade (% of GDP)	NE.TRD.GNFS.ZS	49.3	50.3	49.6	50.0	51.0
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.3	1.1	0.8	1.1	1.6
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	–2068434452.0	–2065257521.0	–686421471.8	–992996066.7	–1771599444.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	29.3	27.7	25.7	26.7	26.3
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	54.2	54.5	55.9	58.6	59.1
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	129.1	130.6	135.9	145.6	152.4
Population, total	SP.POP.TOTL	20585000.0	20778000.0	20966000.0	21203000.0	21444000.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	4.4	4.4	4.7	4.4	4.2
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	8.6	8.9	8.7	8.9	8.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	18.2	18.2	18.3	18.3	18.4
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	0.0	0.0	0.0	0.0	0.0
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	11.6	11.0	10.8	10.9	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS				92.4	91.9
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	5.8	5.8	4.9	5.8	5.8
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	18.3	18.4	18.6		
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	10.5	10.1	12.4	12.3	12.5
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	0.6	0.6	0.5	0.4	0.3
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.1	0.1	0.1	0.1	0.1
Individuals using the Internet (% of population)	IT.NET.USER.ZS	21.9	25.8	30.0	32.1	34.1
Access to electricity (% of population)	EG.ELC.ACCS.ZS	90.2	92.2	93.9	95.6	

	Country Name	Tanzania				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	6.8	6.7	6.2	6.9	6.8
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	7.9	6.1	5.6	5.2	5.3
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−10.9	−10.7	−8.7	−4.3	−3.1
Trade (% of GDP)	NE.TRD.GNFS.ZS	48.6	45.4	40.8	35.4	32.2
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	4.6	3.3	3.4	2.7	2.2
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−4486131.0	−11518085.8	−27645300.6	5031221.7	−2876782.8
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	34.0	33.2	31.9	32.8	35.5
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	29.9	30.0	34.4	34.5	35.4
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1597.6	1653.2	1991.4	2177.1	2228.9
Population, total	SP.POP.TOTL	50636595.0	52234869.0	53879957.0	55572201.0	57310019.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	2.9	2.1	2.1	2.1	1.9
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.8	0.8	0.8	0.8	0.8
Urban population (% of total)	SP.URB.TOTL.IN.ZS	30.2	30.9	31.6	32.3	33.1
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	114.4	113.5	112.9	113.7	113.0
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	32.6	32.2	32.1	32.0	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS			77.9		
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	36.0	36.0	36.0	36.6	36.4
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	2.4	2.4	2.5		
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS		11.5			
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	7.6	5.4	5.6	4.8	5.0
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	7.1	6.2	6.6	6.8	6.6
Individuals using the Internet (% of population)	IT.NET.USER.ZS	4.4	7.0	10.0	13.0	16.0
Access to electricity (% of population)	EG.ELC.ACCS.ZS	16.4	18.9	18.5	32.8	

	Country Name	Tonga				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	−3.1	2.1	3.7	3.4	2.7
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	0.8	2.5	−1.1	2.6	7.4
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−9.5	−6.2	−14.1	−6.8	−6.9
Trade (% of GDP)	NE.TRD.GNFS.ZS	82.9	74.2	81.7	89.4	95.7
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	1.4	3.0	2.9	1.4	−1.3
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD				1226.6	1087.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	43.1	43.5	39.5	39.6	39.1
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	1.8	1.8	2.1	2.2	2.2
Population, total	SP.POP.TOTL	105328.0	105782.0	106364.0	107122.0	108020.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	1.1	1.1	1.1	1.1	1.0
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	27.2	26.9	34.4	31.5	37.1
Urban population (% of total)	SP.URB.TOTL.IN.ZS	23.4	23.3	23.3	23.2	23.2
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	3.6	0.0	0.0	0.0	3.8
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	21.1	18.0	29.7	29.3	28.9
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	17.6	18.0	15.5	20.5	18.5
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.1	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	32.8	36.0	38.7	40.0	41.2
Access to electricity (% of population)	EG.ELC.ACCS.ZS	94.6	95.4	96.2	97.0	

	Country Name	Trinidad and Tobago				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	1.0	−0.3	1.5	−6.0	−2.3
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	5.2	5.7	4.7	3.1	1.9
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	20.4	14.7	7.6	−3.8	4.9
Trade (% of GDP)	NE.TRD.GNFS.ZS					
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	−4.3	2.4	0.7	−0.1	−1.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	185459478.9	654068343.4	799314599.2	−1402797705.0	373075343.5
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	6.4	6.4	6.4	6.7	6.8
Population, total	SP.POP.TOTL	1348248.0	1354493.0	1360092.0	1364962.0	1369125.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	2.5	2.2	2.2	3.0	2.8
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.5	0.5	0.6	0.7	0.6
Urban population (% of total)	SP.URB.TOTL.IN.ZS	53.5	53.4	53.3	53.3	53.2
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	6.6	6.0	5.5	4.9	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	28.6	28.6	31.0	31.0	31.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	12.5	13.3	13.0	12.9	12.2
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	26.1	27.1	27.2		
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	17.9	13.8	7.9	5.0	7.7
Individuals using the Internet (% of population)	IT.NET.USER.ZS	63.8	65.1	69.2	73.3	77.3
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Tuvalu				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	4.6	1.3	9.1	3.0	3.2
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG					
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	18.2				
Trade (% of GDP)	NE.TRD.GNFS.ZS					
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	0.9	0.8	0.8	0.8	0.8
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	1076946.9				
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS					
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF					
Population, total	SP.POP.TOTL	10819.0	10908.0	11001.0	11097.0	11192.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS					
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	10.8	10.9	11.4	11.1	10.8
Urban population (% of total)	SP.URB.TOTL.IN.ZS	57.8	58.8	59.7	60.6	61.5
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS					
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	6.7	6.7	6.7	6.7	6.7
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5					
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS					
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	47.6	69.0	89.0	44.0	45.3
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.0	0.0	0.0	0.0	0.0
Individuals using the Internet (% of population)	IT.NET.USER.ZS	37.0	39.2	42.7	46.0	49.3
Access to electricity (% of population)	EG.ELC.ACCS.ZS	98.2	98.6	99.0	99.4	

	Country Name	Uganda				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	3.6	5.1	5.2	4.8	3.9
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	4.9	3.1	5.6	5.7	5.2
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−7.5	−7.9	−6.2	−3.5	−4.9
Trade (% of GDP)	NE.TRD.GNFS.ZS	50.9	46.3	47.7	47.1	43.5
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	4.5	3.9	2.7	2.6	2.7
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	14487777.3	−33140882.2	212071115.2	66688232.8	459447191.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	27.9	26.8	24.2	24.9	23.2
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	35.6	32.4	36.0	40.3	44.3
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	2586.9	2599.8	3240.6	3420.1	3611.2
Population, total	SP.POP.TOTL	37553726.0	38833338.0	40144870.0	41487965.0	42862958.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	1.9	1.9	1.9	1.8	1.7
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	3.8	3.3	3.3	4.7	4.8
Urban population (% of total)	SP.URB.TOTL.IN.ZS	21.0	21.5	22.1	22.6	23.2
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	197.3	181.3	203.8	203.1	200.7
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	33.7	35.5	38.6	41.4	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	35.0	35.0	35.0	33.5	34.3
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	2.8	2.9	2.9	2.8	2.6
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS			12.9	13.5	13.7
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	7.0	6.1	6.1	7.4	7.9
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	12.2	11.6	12.6	14.6	13.9
Individuals using the Internet (% of population)	IT.NET.USER.ZS	15.5	16.9	17.8	21.9	23.7
Access to electricity (% of population)	EG.ELC.ACCS.ZS	13.9	20.4	18.5	26.7	

	Country Name	United Kingdom				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	2.0	2.9	2.3	1.8	1.8
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	2.3	1.5	0.4	1.0	2.6
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	−5.2	−4.9	−4.9	−5.3	−3.7
Trade (% of GDP)	NE.TRD.GNFS.ZS	61.1	58.0	56.2	58.1	61.4
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	2.0	1.9	1.6	10.0	2.5
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	−284840000000.0	16516817721.0	−202619000000.0	−203173000000.0	−84326339384.0
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	16.0	16.6	16.8	16.8	17.1
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS					
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	0.6	0.6	0.7	0.7	0.8
Population, total	SP.POP.TOTL	64128226.0	64613160.0	65128861.0	65595565.0	66023290.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	7.5	6.1	5.3	4.8	4.3
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.2	0.2	0.2	0.2	0.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	82.1	82.4	82.6	82.9	83.1
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3					
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	2.5	2.5	2.5	2.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	22.5	22.6	29.4	29.6	32.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	25.1				
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	25.1	24.8	25.1	25.5	25.7
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS					
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.8	0.6	0.4	0.3	0.4
Individuals using the Internet (% of population)	IT.NET.USER.ZS	89.8	91.6	92.0	94.6	94.6
Access to electricity (% of population)	EG.ELC.ACCS.ZS	100.0	100.0	100.0	100.0	

	Country Name	Vanuatu				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	2.0	2.3	–0.8	4.0	4.5
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	1.5	0.8	2.5	0.8	3.1
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–0.6	2.4	–11.1		
Trade (% of GDP)	NE.TRD.GNFS.ZS	99.1	97.9			
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	7.4	1.6	4.2	2.7	2.9
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	17516875.7	–10236550.9	9786125.0		
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	25.2	25.9			
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	25.4	23.8	37.1	36.7	46.0
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	94.5	97.1	109.0	108.5	107.8
Population, total	SP.POP.TOTL	253142.0	258850.0	264603.0	270402.0	276244.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	6.0	5.9	5.5	5.7	5.4
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	3.0	3.5	3.3	2.4	2.2
Urban population (% of total)	SP.URB.TOTL.IN.ZS	24.8	24.9	25.0	25.1	25.2
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	21.1	9.4	3.0	15.5	8.2
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	6.5	6.7	6.9	7.1	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS		84.7			
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	0.0	0.0	0.0	0.0	0.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	22.0	22.6	21.4		
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	17.2	17.4	16.7	16.6	17.7
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	11.5	12.3	25.9	16.5	15.5
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	0.7	1.0	0.8	0.8	0.8
Individuals using the Internet (% of population)	IT.NET.USER.ZS	11.3	18.8	22.4	24.0	25.7
Access to electricity (% of population)	EG.ELC.ACCS.ZS	31.7	43.1	44.7	57.8	

	Country Name	Zambia				
Selected Macro-Stability Indicators	**Code**	**2013**	**2014**	**2015**	**2016**	**2017**
GDP growth (annual %)	NY.GDP.MKTP.KD.ZG	5.1	4.7	2.9	3.8	3.4
Inflation, consumer prices (annual %)	FP.CPI.TOTL.ZG	7.0	7.8	10.1	17.9	6.6
Current account balance (% of GDP)	BN.CAB.XOKA.GD.ZS	–0.6	–1.4	–3.6	–4.6	–3.9
Trade (% of GDP)	NE.TRD.GNFS.ZS	84.6	80.1	79.9	74.0	71.5
Foreign direct investment, net inflows (% of GDP)	BX.KLT.DINV.WD.GD.ZS	7.5	5.6	7.5	3.2	3.3
Portfolio investment, net (BoP, current US$)	BN.KLT.PTXL.CD	–96495000.0	–1205518199.0	–1221383415.0	–413849920.3	–192918666.6
Gross fixed capital formation (% of GDP)	NE.GDI.FTOT.ZS	26.0	31.0	38.5	36.4	
External debt stocks (% of GNI)	DT.DOD.DECT.GN.ZS	23.9	35.1	56.5	75.8	65.2
Official exchange rate (LCU per US$, period average)	PA.NUS.FCRF	5.4	6.2	8.6	10.3	9.5
Population, total	SP.POP.TOTL	15153210.0	15620974.0	16100587.0	16591390.0	17094130.0
Selected Development Indicators						
Unemployment, total (% of total labor force) (modeled ILO estimate)	SL.UEM.TOTL.ZS	7.8	7.7	7.4	7.4	7.2
Personal remittances, received (% of GDP)	BX.TRF.PWKR.DT.GD.ZS	0.2	0.2	0.2	0.2	0.4
Urban population (% of total)	SP.URB.TOTL.IN.ZS	40.9	41.4	41.9	42.4	43.0
Incidence of malaria (per 1,000 population at risk)	SH.MLR.INCD.P3	221.4	226.3	207.9	204.2	203.3
Prevalence of undernourishment (% of population)	SN.ITK.DEFC.ZS	46.1	44.9	44.4	44.5	
Literacy rate, adult total (% of people ages 15 and above)	SE.ADT.LITR.ZS					
Proportion of seats held by women in national parliaments (%)	SG.GEN.PARL.ZS	11.5	10.8	12.7	18.0	18.0
Commercial bank branches (per 100,000 adults)	FB.CBK.BRCH.P5	4.4	4.7	4.7	4.7	4.5
Tax revenue (% of GDP)	GC.TAX.TOTL.GD.ZS	14.3	15.8	14.4	13.4	15.2
Net ODA received (% of GNI)	DT.ODA.ODAT.GN.ZS	4.3	3.7	3.8	4.7	4.1
Total natural resources rents (% of GDP)	NY.GDP.TOTL.RT.ZS	16.9	15.4	16.2	15.3	15.9
Individuals using the Internet (% of population)	IT.NET.USER.ZS	15.4	19.0	21.0	25.5	27.9
Access to electricity (% of population)	EG.ELC.ACCS.ZS	25.5	27.9	31.1	27.2	

Appendix 2

A2.1 Data sources and classification

The report was prepared by the Economic Policy and Small States team of the Economic, Youth and Sustainable Development Directorate of the Commonwealth Secretariat. It is based on data from the World Development Indicators of the World Bank Group as well as publicly available data from the United Nations Statistics Division (UNStat), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), UNComtrade, the Asian Development Bank (ADB) and regional, national and private sources. Data presented and analysed in this report may differ from those published by other organisations for a variety of reasons: difference in aggregation methods, sample size and composition, and timing. There may also be small differences in data from previous reports by the Secretariat because of changing availability and updating of data for individual countries.

This report uses many different classifications for the 53 Commonwealth countries analysed. The classification could be based on level of development, by income level, whether they are part of the Commonwealth small states and by region. The composition of these groupings is presented in Tables A2.1–A2.5 below. By level of development, countries are classified as developed, consisting of six countries in the Americas, Europe and Asia-Pacific, developing, consisting of 33 countries in Africa, Asia, the Caribbean, the Americas and the Pacific, and 14 least developed countries (LDCs) in Africa, Asia and Pacific (Tables A2.1 and A2.2). These classifications are based on the United Nations Department of Economic and Social Affairs brackets, as of December 2018. The list of the LDCs is decided upon by the United Nations Economic and Social Council on the basis of recommendations made by the Committee for Development Policy.

The basic criteria for inclusion require certain thresholds be met with regard to per capita gross national income (GNI), a human assets index and an economic vulnerability index. For other parts of the analysis, countries are classified according to their level of development based on GNI per capita. Accordingly, countries are grouped as high-, upper-middle-, lower-middle- and low-income (Table A2.3). For compatibility, the threshold levels of GNI per capita are those established by the World Bank. Low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of US$1,025 or less in 2018; lower-middle-income economies have a GNI per capita between $1,026 and $3,995; upper-middle-income economies have a GNI per capita between $3,996 and $12,375; and high-income economies have a GNI per capita of $12,376 or more. In parts of the analysis, distinction is made for small states in the Commonwealth, which are 30 in number, classified as countries with populations of 1.5 million or less (Table A2.4). The five geographic regions for the classification are as follows: Africa, Asia, Caribbean and Americas, Europe and Pacific (Table A2.5). Table A2.6 details the ISO3 standardisation country codes.

Table A2.1 Commonwealth developed economies

Caribbean and Americas	Europe	Pacific
Canada	Cyprus	Australia
	Malta	New Zealand
	United Kingdom	

A2.2 Macroeconomic and development indicators

The analysis in this report is based on a database constructed by the Secretariat. Data on 498 unique indicators for 53 countries across the periods 1960–2018 have been collected. However, the dataset is not complete, with only 506,779 unique

Table A2.2 Commonwealth developing economies

Africa	Asia	Caribbean and Americas	Pacific
Botswana	Brunei Darussalam	Antigua and Barbuda	Fiji
Cameroon	India	The Bahamas	Nauru
eSwatini	Malaysia	Barbados	Papua New Guinea
Ghana	Pakistan	Belize	Samoa
Kenya	Singapore	Dominica	Tonga
Mauritius	Sri Lanka	Grenada	
Namibia		Guyana	
Nigeria		Jamaica	
Seychelles		St Kitts and Nevis	
South Africa		Saint Lucia	
		St Vincent and the Grenadines	
		Trinidad and Tobago	
Least developed countries			
The Gambia	Bangladesh		Kiribati
Lesotho			Solomon Islands
Malawi			Tuvalu
Mozambique			Vanuatu
Rwanda			
Sierra Leone			
Uganda			
Tanzania			
Zambia			

observations able to be collected. The challenges of data gaps and acquisition are detailed in Section A2.3 of this Appendix. The 498 indicators can be classified under macroeconomic (148) or development (375) indicators. In the analysis, 25 indicators are classified as pertaining to both the macro-economy and development sector. The macroeconomic indicators are classified into five categories: balance of payments, which includes trade, monetary and international finance statistics; external debt, which includes information on debt stocks and flows; foreign aid and remittances; national accounts, which includes domestic fiscal indicators; and prices, which includes indicators on inflation, deflators and exchange rates (Table A2.7). The development indicators are classified according to the 17 UN Sustainable Development Goals (SDGs) (Table A2.8).

A2.3 Data coverage

As mentioned in Section A2.2, data are available for 506,779 unique observations out of 1,557,246, an average of 32.5 per cent coverage in the full dataset. Table A2.8

Table A2.3 Commonwealth economies by GNI per capita in 2018

High-income	Upper-middle-income	Lower-middle-income	Low-income
Antigua and Barbuda	Belize	Bangladesh	The Gambia
Australia	Botswana	Cameroon	Malawi
The Bahamas	Dominica	eSwatini	Mozambique
Barbados	Fiji	Ghana	Rwanda
Brunei	Grenada	India	Sierra Leone
Canada	Guyana	Kenya	Uganda
Cyprus	Jamaica	Kiribati	Tanzania
Malta	Malaysia	Lesotho	
New Zealand	Mauritius	Nigeria	
St Kitts and Nevis	Namibia	Pakistan	
Seychelles	Nauru	Papua New Guinea	
Singapore	Saint Lucia	Solomon Islands	
Trinidad and Tobago	St Vincent and the Grenadines	Sri Lanka	
United Kingdom	Samoa	Vanuatu	
	South Africa	Zambia	
	Tonga		
	Tuvalu		

Table A2.4 Commonwealth small states

Africa	Caribbean and Americas	Europe	Pacific and Asia
Botswana	Antigua and Barbuda	Cyprus	Brunei Darussalam
eSwatini	The Bahamas	Malta	Fiji
Lesotho	Barbados		Kiribati
Mauritius	Belize		Nauru
Namibia	Dominica		Papua New Guinea
Seychelles	Grenada		Samoa
	Guyana		Solomon Islands
	Jamaica		Tonga
	St Kitts and Nevis		Tuvalu
	Saint Lucia		Vanuatu
	St Vincent and the Grenadines		
	Trinidad and Tobago		

Table A2.5 All Commonwealth countries by region

Africa	Asia	Caribbean and Americas	Europe	Pacific
Botswana	Bangladesh	Antigua and Barbuda	Cyprus	Australia
Cameroon	Brunei	The Bahamas	Malta	Fiji
eSwatini	India	Barbados	United Kingdom	Kiribati
The Gambia	Malaysia	Belize		Nauru
Ghana	Pakistan	Canada		New Zealand
Kenya	Singapore	Dominica		Papua New Guinea
Lesotho	Sri Lanka	Grenada		Samoa
Malawi		Guyana		Solomon Islands
Mauritius		Jamaica		Tonga
Mozambique		St Kitts and Nevis		Tuvalu
Namibia		Saint Lucia		Vanuatu
Nigeria		St Vincent and the Grenadines		
Rwanda		Trinidad and Tobago		
Seychelles				
Sierra Leone				
South Africa				
Uganda				
Uganda				
Tanzania				
Zambia				

presents a summary of data availability for each country. Overall, the countries with the best data availability are South Africa (45 per cent), India and Sri Lanka (44 per cent) and Pakistan and Bangladesh (43 per cent). Those with the sparsest datasets are Nauru (7 per cent), Tuvalu (11 per cent), St Kitts and Nevis and Antigua and Barbuda (20 per cent) and Kiribati (21 per cent). The disparities in coverage are starker when overall availability is subdivided into availability by macroeconomic and development indicators.

For macroeconomic indicators, average data coverage is 68 per cent, with South Africa (99 per cent), Sri Lanka (98 per cent), India (97 per cent), Kenya (93 per cent) and Pakistan (92 per cent) having the best availability and Nauru (9 per cent), Tuvalu (19 per cent), Antigua and Barbuda (42 per cent), Solomon Islands (43 per cent) and St Kitts and Nevis (43 per cent) the sparsest. For development indicators, average coverage is only 17 per cent, with the best data availability in Cyprus (23 per cent) and Australia, Bangladesh, Malaysia and

Table A2.6 International Organization for Standardization country codes

Country	ISO3 code	Country	ISO3 code	Country	ISO3 code
Antigua and Barbuda	ATG	India	IND	Saint Lucia	LCA
Australia	AUS	Jamaica	JAM	St Vincent and the Grenadines	VCT
The Bahamas	BHS	Kenya	KEN	Samoa	WSM
Bangladesh	BGD	Kiribati	KIR	Seychelles	SYC
Barbados	BRB	Lesotho	LSO	Sierra Leone	SLE
Belize	BLZ	Malawi	MWI	Singapore	SGP
Botswana	BWA	Malaysia	MYS	Solomon Islands	SLB
Brunei	BRN	Malta	MLT	South Africa	ZAF
Cameroon	CMR	Mauritius	MUS	Sri Lanka	LKA
Canada	CAN	Mozambique	MOZ	Tonga	TON
Cyprus	CYP	Namibia	NAM	Trinidad and Tobago	TTO
Dominica	DMA	Nauru	NRU	Tuvalu	TUV
eSwatini	SWZ	New Zealand	NZL	Uganda	UGA
Fiji	FJI	Nigeria	NGA	United Kingdom	GBR
The Gambia	GMB	Pakistan	PAK	Tanzania	TZA
Ghana	GHA	Papua New Guinea	PNG	Vanuatu	VUT
Grenada	GRD	Rwanda	RWA	Zambia	ZMB
Guyana	GUY	St Kitts and Nevis	KNA		

Table A2.7 Classification of macroeconomic indicators

Category	Number of indicators
Balance of payments (trade, monetary, international finance)	29
External debt (debt, official development assistance, remittances)	17
National accounts (GDP, income, expenditure, domestic fiscal)	93
Prices (Inflation, deflator, exchange rate)	9
Total	**148**

Table A2.7a Classification of development variables

SDG	Number of indicators
Goal 1: Poverty	6
Goal 2: Hunger	23
Goal 3: Health	51
Goal 4: Education	82
Goal 5: Gender	15
Goal 6: Water and Sanitation	22
Goal 7: Energy	8
Goal 8: Economic Growth	98
Goal 9: Infrastructure	10
Goal 10: Inequality	9
Goal 11: Sustainable Cities	5
Goal 12: Sustainable Consumption and Production	6
Goal 13: Climate Change	9
Goal 14: Life Under Water	2
Goal 15: Life on Land	8
Goal 16: Peace, Justice and Strong Institutions	11
Goal 17: Partnerships	10
Total	**375**

Malta (22 per cent) and the sparsest in Nauru, Samoa and Tuvalu (7 per cent), St Kitts and Nevis (9 per cent) and Antigua and Barbuda (11 per cent).

By region, average data availability is shown in Table A2.9. Asia has on average the best data coverage, while the lowest data coverage is for the Caribbean and Pacific regions. For macroeconomic data, Asia has the best coverage, at 87 per cent, and the Pacific the lowest, at 53 per cent. For development data, Europe has the best coverage, at 22 per cent, and the Pacific the least coverage, at 14 per cent, on average (Table A2.9).

A2.4 Challenges of data coverage and availability

With about 10 years remaining for achievement of targets under the SDGs, the road to 2030 appears more complex and challenging than previously anticipated. Meeting the challenges requires evidence-based policy-making and programme design based on data to solve problems at scale. However, as highlighted in Section A2.3, evidence and data for policy-making, especially as they relate to development in low- and middle-income countries, remain a major hindrance in identifying policy challenges and designing appropriate solutions. Overall, Commonwealth countries have better availability of macroeconomic data compared with development data and the former approaches complete coverage in many countries in recent years. This points to the fact that significant progress has been made at the national and international level to enhance collection of aggregated data, but disaggregated data at the local, regional and national levels has lagged behind. Aggregated data, a compilation of data points, mask the disparities that exist between

Table A2.8 Share of average data availability across all indicators by country

Country	Data available across all indicators and years	*Macroeconomic* data available across all indicators and years	*Development* data available across all indicators and years
Antigua and Barbuda	20%	42%	11%
Australia	39%	75%	22%
The Bahamas	31%	65%	16%
Bangladesh	43%	90%	22%
Barbados	30%	58%	18%
Belize	36%	76%	19%
Botswana	42%	91%	20%
Brunei	29%	53%	18%
Cameroon	42%	92%	20%
Canada	36%	75%	19%
Cyprus	38%	71%	23%
Dominica	24%	49%	12%
eSwatini	39%	85%	19%
Fiji	35%	76%	17%
The Gambia	32%	63%	18%
Ghana	37%	73%	21%
Grenada	24%	49%	13%
Guyana	35%	73%	18%
India	44%	97%	20%
Jamaica	37%	75%	21%
Kenya	41%	93%	18%
Kiribati	21%	44%	11%
Lesotho	39%	80%	20%
Malawi	38%	80%	19%
Malaysia	42%	89%	22%
Malta	35%	63%	22%
Mauritius	39%	79%	22%
Mozambique	33%	63%	19%
Namibia	31%	61%	17%
Nauru	7%	9%	7%
New Zealand	35%	67%	20%
Nigeria	37%	79%	18%
Pakistan	43%	92%	22%

(Continued)

Table A2.8 Share of average data availability across all indicators by country (*Continued*)

Country	Data available across all indicators and years	*Macroeconomic* data available across all indicators and years	*Development* data available across all indicators and years
Papua New Guinea	34%	75%	15%
Rwanda	38%	82%	19%
St Kitts and Nevis	20%	43%	9%
Saint Lucia	31%	62%	17%
St Vincent and the Grenadines	27%	56%	15%
Samoa	22%	56%	7%
Seychelles	29%	65%	13%
Sierra Leone	36%	80%	16%
Singapore	40%	90%	17%
Solomon Islands	23%	43%	14%
South Africa	45%	99%	21%
Sri Lanka	44%	98%	20%
Tanzania	33%	76%	21%
Tonga	28%	61%	20%
Trinidad and Tobago	28%	57%	15%
Tuvalu	11%	47%	19%
Uganda	37%	19%	7%
United Kingdom	38%	78%	19%
Vanuatu	28%	57%	15%
Zambia	31%	59%	19%

Table A2.9 Average data availability across all indicators by region

Region	Average overall data availability	Average macro data availability	Average development data availability
Africa	36%	77%	19%
Asia	41%	87%	20%
Caribbean and Americas	29%	58%	16%
Europe	37%	70%	22%
Pacific	28%	53%	14%

different groups, such as gender, income, age, vulnerable populations, etc. that development data aims to uncover. Our analysis in Section A2.3 reveals that there is still a long way to go towards achieving parity of disaggregated development data with macroeconomic data in developing counties, to ensure better outcomes and policy-making in light of achieving the SDGs.

For the 53 Commonwealth countries, challenges in the acquisition of development data relate to lack of granularity or disaggregation, data accessibility, availability of quality data from trusted sources and integration of local/regional data with national and international sources. With regard to lack of granularity, countries reveal weak disaggregation of indicators according to gender, age, income and location (rural/urban). For example, in Zambia there was availability of data on under-five mortality from 1960 to 2017, but for females the data was available for only five of the 58 years. Similarly, in Vanuatu, rural/urban disaggregated data on people using basic drinking water services was available for only 17 of 59 years. Country-level development data were also difficult to access, especially in the Caribbean and Pacific countries. There is very little capacity for collecting data and for data-sharing between the different actors (public services, research organisations, non-profits and local authorities). Antigua and Barbuda, for example, did not have any data on number of physicians per 1,000 people, literacy rate, school enrolment or informal employment, among many other important development indicators. Another accessibility challenge was the infrequent collection of data for many indicators. For example, poverty data for many Commonwealth countries are available only every four or five years, according to census cycles. In Bangladesh, Cameroon, Malawi, Samoa and many other countries we have data for poverty headcount ratio with five-year gaps. Other indicators, like coverage of social insurance programmes, are available for Jamaica only for 2002 and 2010; in the Pacific nations of Fiji and Solomon Islands, they are available for only one year in the entire sample (2008 and 2005, respectively).

The database used for this report has data only from the most reliable sources: trusted international organisations, research bodies and national government sources. A third challenge for data acquisition relates to quality of data, especially at the regional and local levels. This may owe to lack of appropriate tools or capacity to collect data at the subnational level, and this results in weak quality or absence of statistics at this scale in many developing countries. Commonwealth countries face different levels of challenges for data quality; there may be a methodology to collect data and there may be available data but these are not from reliable sources; there may be a methodology in place but no data, or neither a methodology nor available data. For example, there have been multiple academic studies on financial inclusion at the local level in Africa and Asia. However, we included data on financial inclusion only from the Global Findex Database (Demirguc-Kunt et al., 2018), which includes survey data covering almost 150,000 people in 144 economies. While there were other sources on financial inclusion, these were left out of consideration in the construction of the database, because methodologies and data availabilities of these sources were not of satisfactory quality.

Finally, the fourth challenge relates to integration of local and regional data with national and international sources. A majority of the countries have no systematic process for integrating data produced outside of the national statistical system, by non-profits, civil society and the private sector, for example. This is a serious shortcoming in the amount of potential data that can be collected, because non-governmental actors collect an immense amount of data, especially at the grassroots level, in their research or development interventions. Such data are collected, analyse and used locally for the purpose of research/interventions by these organisations but rarely integrated into national-level data. For example, non-profits operating in Uganda have been researching effects of unconditional cash transfers through randomised controlled trials since 2008. They have been able to collect data related to poverty count in certain villages and behavioural outcomes like investment in education or new businesses, and studied impacts on health outcomes. But these data remain missing from indicators of poverty, education, entrepreneurial activity and health because of the lack of a systematic integration of data sources at the national and subnational levels.

A2.5 Policy implications of data challenges

The construction of the macroeconomic and development database for this report revealed serious gaps and challenges with regard to data collection, especially as it relates to development data in the 53 Commonwealth countries. The previous section highlighted the specific challenges that prevent holistic development data collection and the insufficiency of reliable information that would enable data-driven, sound and evidence-based policy-making. The Secretariat can work with member governments to intervene in a number of ways to strengthen statistical capacity-building and improve methods of data collection in developing countries.

1. Improve data monitoring: The Secretariat can work with member governments to build on the data gap assessment presented in this report to monitor efforts to fill those gaps as well as implement plans to collect missing data. This includes working to build data and dissemination platforms, constructing disaggregated and metadata on aggregate economy-wide indicators and facilitating automatic data exchanges between local, regional and national authorities and bodies.
2. Strengthen capacity-building: The Secretariat can work with member governments towards strengthening national and local statistical systems for the follow-up and review of the SDGs, and develop and capture complex variables for measuring their progress. Such capacity-building is required not only at the central statistics offices in countries but also at the lower administrative levels, like municipal governments. The Secretariat would also work with other data producers in country (private, research and non-profit) to compile comprehensive and credible indicators and data that are representative of the macro-economy and stage of development of a country.

Reference

Demirguc-Kunt et al. (2018) *The Global Findex Database 2017: Measuring Financial Inclusion and Fintech Revolution*. Washington, DC: World Bank.

There is an urgent need to manage global risks and to deepen our understanding of their implications for Commonwealth development. This first edition of the Commonwealth Economic Development Report reviews macroeconomic developments across the Commonwealth, identifying areas of strength and risk. It highlights key development issues in the Commonwealth through the lens of the Sustainable Development Goals, including a special feature on debt issues since the global financial crisis. Overall, it makes a significant contribution to policy debates surrounding the appropriate actions Commonwealth member countries can take to meet development challenges.

The Commonwealth

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