COMMONWEALTH ECONOMIC DEVELOPMENT REPORT

2021

The Commonwealth

The Commonwealth Economic Development Report 2021

The Commonwealth

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Foreword

The Commonwealth, and the wider world, faces complex, interlinked and accelerating crises.

The COVID-19 pandemic has claimed the lives of more than one million people in the Commonwealth and, in 2020, led to an economic contraction in the Commonwealth of more than $1 trillion.

The increasing force and frequency of the impacts of climate change, and the looming existential threat that it poses to our small states, are being felt more closely than ever.

And the humanitarian and inflationary impacts of conflict are profound, with spiking food and fuel prices, and extreme economic uncertainty further intensifying a looming debt crisis.

For our family of 54 nations, home to 2.5 billion people spread across six continents and five oceans, with 32 of the world's 42 small states and two thirds of the world's small island developing states, these challenges are serious and urgent.

This is the challenging context in which we deliver the second edition of the *Commonwealth Economic Development Report*, which assesses global developments and their impacts on Commonwealth economies.

This report offers cutting-edge analysis and a unique view on macroeconomic and development challenges within the Commonwealth – and there are clear messages for all of us.

First, inequitable access to COVID-19 vaccines has subdued economic recovery. The Secretariat is taking action on vaccine equity through our new partnership with the World Health Organization.

Second, economic recovery has been particularly challenging for the smallest and most vulnerable Commonwealth countries. The Secretariat is taking action on this through the development of a universal vulnerability index.

Third, the experience of the pandemic demands that we build back better. This report provides clear analysis of the *circular economy* as an opportunity for an alternate production process that could strengthen the global response to climate change.

The lesson of the Commonwealth is that, when we choose to work together, we can achieve anything. With the right intentions, the right commitment, the right analysis and the right policies we can collectively overcome the challenges we face and lay the foundations for sustainable development.

This report is an important step on that journey and I am proud to commend it.

Rt Honourable Patricia Scotland
Secretary-General
Commonwealth Secretariat

Acknowledgments

The Commonwealth Economic Development Report 2021, now in its second edition and prepared by the Commonwealth Secretariat, is an annual flagship report. The key focus is to update on recent developments that affect socioeconomic development for the 54 Commonwealth member countries.

The report was prepared under the general guidance of Dr Ruth Kattumuri, Senior Director for the Economic, Youth, and Sustainable Development Directorate, and Travis Mitchell, Adviser and Head of the Economic Policy and Small States Section. Christine Awiti led and co-ordinated the writing of the report with the core writing team: Akeem Rahaman, James Gregory, Tamara Mughogho, Heather Cover-Kus and Sophie Emily Brain. Motselisi Matsela and Devyn Holiday provided valuable feedback, while Enock Bamusi provided valuable logistical and administrative support.

The team is grateful for very constructive and thoughtful comments received from the external and internal reviewers: Dr Duvvuri Subbarao, former Governor of the Reserve Bank of India; Jason Cotton, Economist, Caribbean Development Bank; Habiba Ben Barka, Chief of Africa Section, Division for Africa and Least Developed Countries, UN Conference on Trade and Development (UNCTAD); Georgina Ryan, South Africa National Treasury; Brendan Vickers, Adviser and Head of Section, International Trade Policy, Commonwealth Secretariat; and Ali Salamat, Trade Adviser, International Trade Policy, Commonwealth Secretariat.

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Acronyms and Abbreviations

AI	artificial intelligence
CBDCs	central bank digital currencies
CE	circular economy
EMFEs	emerging markets and frontier economies
EMEs	emerging market economies
FinTech	finance technology
GDP	gross domestic product
ILO	International Labour Organization
IMF	International Monetary Fund
LIC	low-income countries
SDGs	Sustainable Development Goals
SMEs	small and medium-sized enterprises
UNCTAD	UN Conference on Trade and Development
UVI	Commonwealth Universal Vulnerability Index
WEF	World Economic Forum
WFP	World Food Programme

Executive Summary

Key messages:

1 Economic recovery is underway, but will nevertheless depend on vaccine rollout throughout the Commonwealth.

2 Lack of fiscal space for small and vulnerable states curtailed appropriate responses to the pandemic. The Commonwealth Universal Vulnerability Index offers a multidimensional approach to assess vulnerability.

3 A crisis not wasted: as economies emerge from this crisis and build back better, it is necessary to rethink output processes while considering climate change, a key message from the COP26 proceedings in Glasgow. The circular economy offers a viable alternative.

Economic recovery is underway, but largely depends on vaccine rollout

Economic recovery from the huge disruption caused by COVID-19 around the world, including in the Commonwealth, is going to be determined by a race between the virus and the vaccine. The pace of vaccine rollout and the resultant decline in the burden of disease can accelerate recovery, even as the spread of new variants can potentially trigger lockdowns, impede economic activity and slow the recovery.

As per International Monetary Fund (IMF) estimates (IMF World Economic Outlook, October 2021), the Commonwealth was expected to record economic growth of 3.6 per cent in 2021, a sharp 'V'-shaped recovery from a contraction of 5.3 per cent in the previous year. Even so, output in 2021 was still due to be below the pre-pandemic level recorded in 2019, implying a continuing loss of income.

As the fear of the pandemic continues to inhibit consumption and investment, the main driver of economic recovery has been exports, made possible by a rapid resurgence of demand in the rich world. Trade volume in 2021 was expected to expand by 7 per cent, although in absolute terms this would still be below the pre-pandemic level. As financial flows have remained subdued, the Commonwealth is expected to run a current account deficit of 8 per cent of gross domestic product (GDP) at the aggregate level.

The big picture above masks significant differences across member countries. Aided by a rapid vaccine rollout, rich member countries are expected to post strong growth. Similarly, growth is expected to accelerate in emerging member countries because of continued fiscal support and a vaccine rollout that is picking up momentum.

In contrast, recovery in developing member countries of the Commonwealth is expected to be much slower because of the continuing impact of the virus on lives and livelihoods. Their combined output is unlikely to recover to pre-pandemic levels before 2023.

Looking beyond the current year, the Commonwealth economy is expected to expand by 5.9 per cent in 2022, before moderating to 3.5 per cent in 2023. This outlook is critically dependent on access to the vaccine.

Unsurprisingly, the pandemic has slowed progress towards achieving the Sustainable Development Goals (SDGs) set by the UN for 2030. The Commonwealth SDG Tracker

shows an index score at the aggregate level for the group in the years 2020 and 2021 of 62.5 and 63.1, respectively, behind the world average of 68.0.

Fiscal space to fight the pandemic was crucial; small states had little of it

Since most poor countries lacked automatic stabilisers, fighting the pandemic required governments to spend on medical care to protect lives and on economic support to vulnerable households to protect livelihoods. Abrupt ramping up of public expenditure is a challenge even in normal times; it proved to be a more compelling challenge during the pandemic, as government revenues had dipped sharply on account of the curtailment in economic activity in its wake.

Consequently, governments were forced to borrow much more than they had planned for in their budgets to finance this huge unforeseen expenditure. As a result, public debt as a proportion of GDP spiked across the Commonwealth to 74 per cent of GDP in 2021, 10 percentage points higher than in 2019. Bringing down the debt-to-GDP ratio to more sustainable levels will be a crucial challenge once the pandemic is behind us.

A more complete index is necessary to assess the vulnerability of countries

Access to development finance by countries has historically been tied to an estimate of their vulnerability. Even as measurement of vulnerability has improved over the years as a result of experience, it is still largely weighed by per capita GDP. The Commonwealth Secretariat believes that a more complete index that captures vulnerability in all its dimensions is important both for addressing future shocks, as well as for determining access to development finance. The Commonwealth Secretariat is working on this, but the issue is yet a work in progress.

It is important not to waste this crisis

'Necessity', as they say, 'is the mother of invention'. This has proved true in this crisis, just as the combined health and economic disruptions have ignited innovations to improve service delivery. Such innovations have been driven by artificial intelligence (AI) and blockchain technologies, while the larger universe of financial technologies (FinTech) have expanded the range and quality of their products and services to meet the demands of pandemic management.

Spurred by the rapid growth of private cryptocurrencies such as Bitcoin and its clones, as well as the prospective stablecoin ***Diem*** to be launched by Facebook, central banks around the world have been working on launching digital versions of their own national currencies – central bank digital currencies (CBDCs). While there are many design and technology issues to be resolved, when issued, these CBDCs will have the potential to deepen financial inclusion and make domestic and cross-border payments cheaper and faster.

It is a matter of pride for the Commonwealth that one of its members, The Bahamas, has become the first country in the world to issue a CBDC – the Sand Dollar – which the government hopes will aid financial inclusion in the country.

Managing climate change requires shifting from a linear to a circular economy model

As the UN says, the climate crisis is 'code red for humanity'. Poor countries are most vulnerable to the ravages of climate change, even as their ability to cope with it is much weaker.

Underlying the task of addressing climate change is the challenge of shifting from a linear economy approach, with a take, make and dispose philosophy, to an eco-friendly

circular economy approach, with emphasis on the 3Rs – reduce, reuse and recycle. This report suggests a micro/macro nexus to create an enabling environment to facilitate a shift from the linear to a circular economy, which can be a win-win option by also encouraging local manufacturing and job creation.

01

A Drawn-Out Crisis

1.1 Global growth: green shoots of growth, but highly dependent on vaccine rollout and pandemic response measures

As the COVID-19 pandemic evolved, economic growth in 2021 largely depended on vaccine rollout. Inevitably, uncertainty around vaccine rollout and new COVID variants had detrimental impacts for growth, as lockdown policies to tackle the spread of third and fourth waves were adopted, leading to a slowdown in household consumption and investment, akin to what was experienced globally in 2020.

Within the Commonwealth, several countries in Africa and the Caribbean adopted new lockdown measures during or after the first quarter of 2021, while India experienced a particularly virulent second wave as a new COVID-19 variant spread throughout the country.

This notwithstanding, global growth was expected to pick up in 2021. Below are some projections of growth from selected institutions.

1. *Global economy expected to grow by 5.9 per cent in 2021 (IMF, 2022).*
2. *World Bank forecast of 5.5 per cent growth in 2021 (World Bank, 2022).*
3. *UN forecasts growth of 5.2 per cent in 2021 (UN DESA, 2022).*

1.2 Notwithstanding a broad-based recovery, growth in the Commonwealth will remain below the global average

Growth in the Commonwealth was expected to be 3.6 per cent in 2021 (Figure 1.1a). Uncertainty from COVID-19 in 2020, including policies adopted to contain the virus, meant that firms did not invest, with total investments declining to levels lower than during the global financial crisis (Figure 1.1b). Nonetheless, as uptake of vaccines picked up in the second half of the year, gradual opening up of economies led to a pick-up in economic growth. On the fiscal strand, government revenue, which had seen a steady decline since 2018, was expected to decline further in 2021, while expenditure would remain higher

Figure 1.1a

Growth was expected to pick up in 2021

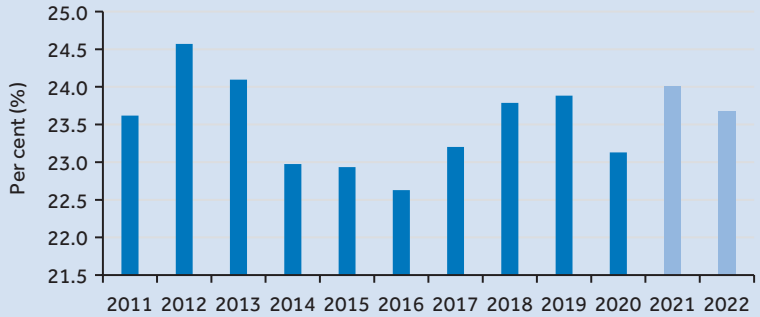
Commonwealth average GDP growth (% change), 2011–2023*

*Note: In this and all figures throughout this report that use data from IMF 2021a, data for 2021 and subsequent years are projections/forecasts only.
Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.1b

Investment levels remained subdued

Commonwealth average investment (% change), 2011–2021



Source: Commonwealth Secretariat (data from IMF 2021a).

than the pre-COVID levels (Figures 1.2a and 1.2b respectively). Consequently, debt was expected to increase by more than 10 percentage points of GDP compared to 2019, to stand at 73 per cent in 2021 (Figure 1.3).

Trade is expected to pick up, with an increase in volume of goods and services exports of 7 per cent in 2021. Nonetheless, despite this increase, trade volumes will still be lower than they were before COVID-19 (Figure 1.4a).

Financial flows will remain subdued and, as a result, the average current account balance was expected to remain in deficit at just above 6.5 per cent of GDP in 2021 (Figure 1.4b).

The Commonwealth analysis was based on weighted averages for all 54 Commonwealth countries, which masked differences in economic indicators. Economic recovery within the Commonwealth was largely dependent on the rollout of vaccines. Some

Figure 1.2a

Revenue will moderate into the medium term

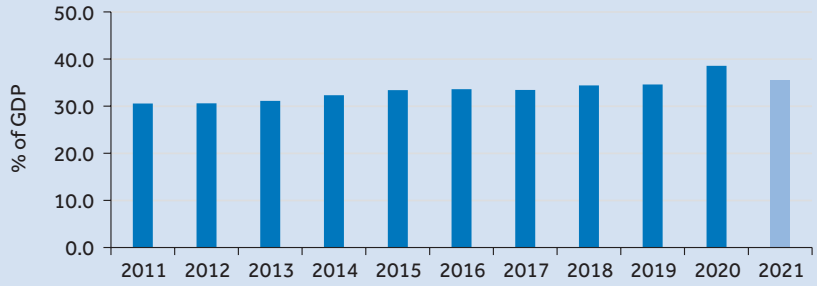
Government revenue (Commonwealth average, % of GDP), 2011–2023

Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.2b

Government expenditure remained elevated

Government expenditure (Commonwealth average, % of GDP), 2011–2021

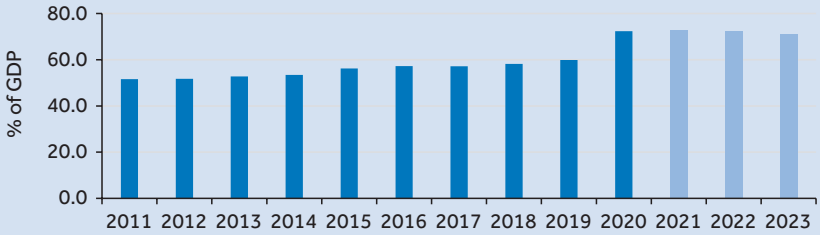


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.3

Sizeable Commonwealth average post-pandemic debt increase

Commonwealth average debt-to-GDP ratio (% of GDP), 2011–2023

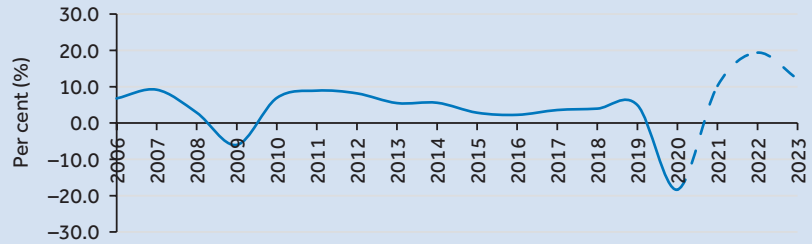


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.4a

Trade volumes picked up...

Change in volume of exports of goods and services (annual % change), 2006–2023

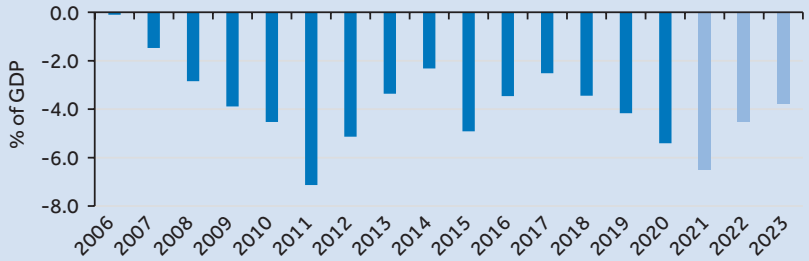


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.4b

...while current account imbalances persisted

Current A/C balance, % of GDP: 2006–2023



countries fared better than others, depending on vaccine access and the subsequent easing of lockdowns, in addition to uneven fiscal policy reactions. As economies recover, inflation is upward bound, in some cases breaching target levels. The next section reviews Commonwealth economies by economic classification.

Advanced economies

Economic recovery is well underway, with growth in Australia, Canada, New Zealand and the United Kingdom expected to pick up in 2021 (Figure 1.5). Growth will depend largely on successful rollout of vaccines, which will lead to easing of the restrictive measures/ policies in place aimed at containing the pandemic. All advanced Commonwealth countries, Australia, Canada, New Zealand and the United Kingdom, will see growth above the Commonwealth average, with GDP increasing by 4.5, 5.0, 4.0 and 5.3 per cent respectively over 2021, due to base effects due to the pandemic.

The total year-on-year investments percentage change is expected to remain constant for Australia, while Canada, New Zealand and the United Kingdom would see increases of between 0.4 to just over 1 per cent.

As government employment support schemes came to an end in 2021, unemployment was expected to increase – albeit moderately. Among the advanced Commonwealth economies, the UK will experience the highest increase, with the unemployment rate expected at 6.1 per cent in 2021 compared to 4.5 per cent in 2020, followed by New Zealand, which will see a 0.5 per cent increase to an unemployment rate of 5.1 per cent in 2021. Canada's unemployment was expected, however, to decline by 1.6 percentage points to 8.0 per cent in 2021. Nonetheless, a third/fourth wave of the pandemic, and slower than expected rollout of vaccines, could result in an upward trend in unemployment rates for all Commonwealth advanced economies.

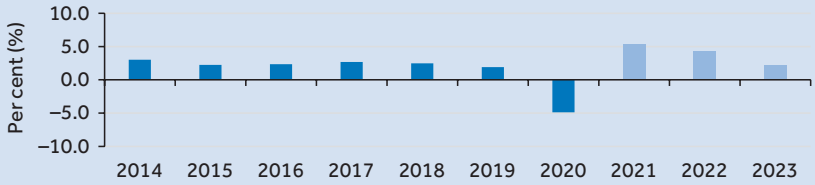
Inflationary pressures are expected once the COVID-19 measures are lifted and demand pressures increase. It is expected that the increase in prices will be higher than the decade average; in some cases, such as Canada, inflation will likely breach the inflation target of 3 per cent.

While monetary policy remained accommodative throughout 2021, with the key focus being to strengthen aggregate demand across the Commonwealth advanced economies, inflationary pressures will likely lead to the adoption of a tighter monetary stance. While all four economies (Australia, Canada, New Zealand and

Figure 1.5

GDP growth in advanced economies was at par with average Commonwealth growth

GDP growth in advanced Commonwealth economies (% change), 2014–2023



Source: Commonwealth Secretariat (data from IMF 2021a).

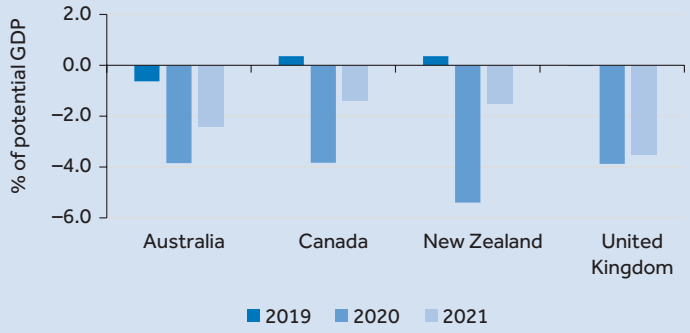
United Kingdom) have adopted supportive monetary policy through asset purchase programmes, it is likely that central banks will increase interest rates in the short run to tame inflation.

The vaccine rollout, which led to stronger economic growth, saw advanced Commonwealth countries tail off fiscal measures that were in place to moderate the effects of the pandemic. Policies such as the employment guarantee scheme in the United Kingdom, 'Job keeper wage' subsidies in Australia, direct aid to households and firms in Canada, and wage subsidies to support employers in New Zealand, which increased government expenditure during the pandemic, will likely be terminated. Similarly, the sun is likely to set on policies that supported the business sector, such as tax rebates, but also had a reducing effect on tax revenue collections. Consequently, discretionary fiscal deficit is expected to begin a downward turn, albeit moderately.

Figure 1.6

Adverse effects of the pandemic: all advanced Commonwealth economies remain below their potential

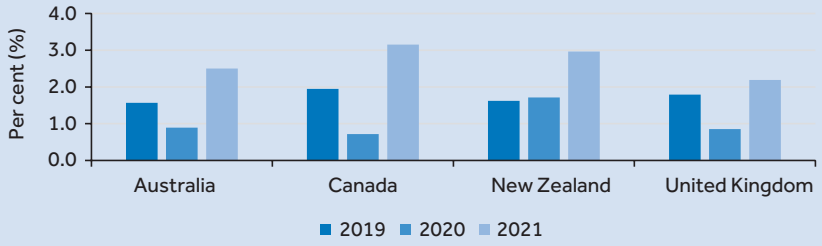
Output gap (% of potential GDP), 2019–2021



Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.7

Inflationary pressures mean that inflation rates are expected to abut targets
Inflation (annual % change), 2019–2021



Source: Commonwealth Secretariat (data from IMF 2021a).

For the first time in a decade, average gross debt for the four advanced Commonwealth states surpassed the 80 per cent debt-to-GDP ratio in 2020, mainly due to commendable government responses to the pandemic. Gross debt-to-GDP averaged 85.5 per cent in 2021, with the United Kingdom and Canada recording gross debt levels of 107.1 and 116.3 per cent of GDP respectively. Australia breached the recommended IMF/World Bank 60 per cent debt-to-GDP margins for market access countries, at 72.1 per cent of GDP, while New Zealand's debt-to-GDP remained below the 60 per cent mark at just over 46 per cent.

This notwithstanding, debt levels remain sustainable within the advanced Commonwealth states. The cost of borrowing remains low, with the yields on 10-year bonds broadly below 2 per cent over the last half decade (Figure 1.8). Economic recovery into the medium term, with growth rates above the price of bonds, and therefore negative-interest growth differentials, as well as expected declining discretionary primary balance into the medium term, imply sustainable debt.

On the external front, the volume of exports was projected to rebound, on average, by 4.2 per cent in 2021, a sharp recovery after a contraction of 12.3 per cent in 2020.

Nevertheless, the volume of exports will still be below the pre-pandemic level in absolute terms. The increase in volume of exports will strengthen growth prospects into the medium term. This notwithstanding, the current account balance for all four of the advanced Commonwealth economies will deteriorate, as demand for imports outstrips demand for exports.

Emerging markets and frontier economies[1]

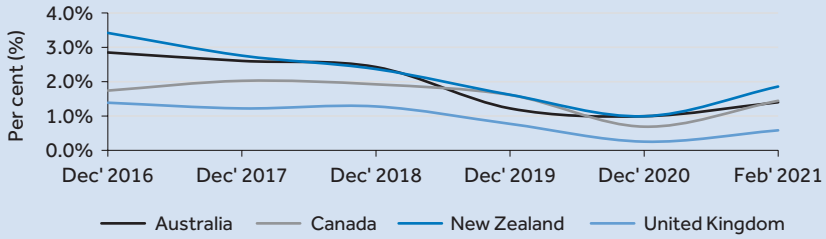
The rate of increase of new COVID-19 cases across Commonwealth emerging markets and frontier economies (EMFEs) has decelerated significantly since the start of 2021, with Bangladesh, Malaysia, Pakistan and South Africa all recording a decline in the rate of new cases. Since the beginning of 2021, Singapore's highest daily new COVID-19 case record was 58.[2] With multiple vaccine approvals and rollout assisted by the COVAX facility across all countries, it is expected that this deceleration in reported cases will continue.

Despite uncertainty due to the pandemic and as its effects continue, growth was expected to pick up to 5.4 per cent in 2021, driven by continued fiscal support and widespread vaccine rollout. Commonwealth EMFEs are among those projected to experience the

Figure 1.8

Advanced economy bond yields tapered off

10-year bond yields (%), 2016–2021



Source: Commonwealth Secretariat (data from Worldgovernmentbonds.org).

highest growth, with India and Singapore's growth projected at 9.5 and 6.0 per cent respectively (IMF 2021a).

Overall, inflationary pressures moderated at 4.7 per cent in 2021 compared to 5.1 per cent in 2020. This was in large part due to muted demand. In 2020, Pakistan experienced the highest inflation rate in the world, peaking in January 2020 at 14.6 per cent (State Bank of Pakistan 2020). It was expected to decline to 8.9 per cent in 2021. Conversely, Malaysia and Singapore faced falling prices of 1.1 and 0.2 per cent respectively in 2020.

Global trade volumes were estimated to fall by 8.5 per cent in 2020, with those of emerging market economies (EMEs) falling by 8.6 per cent. Contributing factors to this significant fall in trade include restrictions on the export of selected goods, port closures and supply chain bottlenecks. However, global trade volume was expected to rebound in 2021, growing by 8.4 per cent and EMEs by 9.0 per cent (IMF 2021a). The expected growth is largely driven by the easing of lockdowns and restrictions, as well as rising industrial production and demand for goods resulting from COVID-19, such as home office equipment and personal protective equipment (UNCTAD 2021). Trade value growth continues at a subdued rate compared to volume, due to depressed export commodity prices globally.

All Commonwealth EMFEs were forecast to experience an increase in imports for goods and services in 2021 compared to 2020. India,

Table 1.1 GDP growth (at constant prices) for Commonwealth emerging market and frontier economies (percentage change, year over year)

					Projections	
Country	2017	2018	2019	2020	2021	2022
Bangladesh	7.3	7.9	8.2	3.5	4.6	6.5
India	6.8	6.5	4.0	–7.3	9.5	8.5
Malaysia	5.8	4.8	4.4	–5.6	3.5	6.0
Pakistan	5.2	5.5	2.1	–0.5	3.9	4.0
Singapore	4.5	3.5	1.3	–5.4	6.0	3.2
South Africa	1.2	1.5	0.1	–6.4	5.0	2.2

Source: Commonwealth Secretariat (data from IMF 2021a).

Table 1.2 Consumer prices (period average) for Commonwealth emerging market and frontier economies (percentage change, year over year)

					Projections	
Country	2017	2018	2019	2020	2021	2022
Bangladesh	5.4	5.8	5.5	5.6	5.6	5.7
India	3.6	3.4	4.8	6.2	5.6	4.9
Malaysia	3.8	1.0	0.7	–1.1	2.5	2.0
Pakistan	4.1	3.9	6.7	10.7	8.9	8.5
Singapore	0.6	0.4	0.6	–0.2	1.6	1.5
South Africa	5.3	4.6	4.1	3.3	4.4	4.5

Source: Commonwealth Secretariat (data from IMF 2021a).

Singapore, Malaysia, Pakistan and South Africa were all projected to experience an above 5.0 per cent increase in imports of goods. Similarly, India, Bangladesh, Malaysia, Pakistan and Singapore were projected to have an increase in exports of goods above 5.0 per cent (IMF 2021a).

Strong policy support has been, and continues to be, crucial to cushion the effect of the pandemic on Commonwealth EMFEs, while saving lives and livelihoods. Furthermore, economic policy support should not be withdrawn prematurely as this could reverse any gains made thus far and worsen the economic impact of COVID-19. Rather, such support should be continued until recovery is concrete, sustainable and firmly proceeding.

Based on the Economic Support Index, Commonwealth EMFEs scored 50 or higher from June 2020 to January 2021, signalling continuous income support and debt relief for their citizens (Figure 1.9). In particular, Singapore continues to provide significant economic support to its citizens. Additionally, the Government Response Index[3] remained above 50 between June 2020 and January 2021 (Figure 1.10). However, there was a high degree of variation based on confirmed COVID-19 cases at that prevailing point in time.

While the overall effect of policy support has been to reduce the impact of COVID-19, the type and magnitude of social, economic and health policy support varied across the Commonwealth EMEs. A summary of some

Table 1.3 Import volume (goods) for Commonwealth emerging market and frontier economies (percentage change, year over year)

					Projections	
Country	2017	2018	2019	2020	2021	2022
Bangladesh	7.1	20.4	2.1	–3.3	10.2	–1.4
India	10.8	3.6	–5.6	–15.5	7.8	8.5
Malaysia	12.8	3.1	–3.2	–2.8	6.2	4.9
Pakistan	14.8	8.0	4.6	–1.3	7.1	10.5
Singapore	6.7	5.2	–1.6	–0.7	6.2	5.7
South Africa	1.5	4.5	–0.1	–17.4	15.1	11.3

Source: Commonwealth Secretariat (data from IMF 2021a).

Table 1.4 Export volume (goods) for Commonwealth emerging market and frontier economies (percentage change, year over year)

					Projection	
	2017	2018	2019	2020	2021	2022
Bangladesh	1.6	4.6	8.6	−14.3	10.2	3.6
India	5.2	5.1	−4.1	−7.1	6.5	5.8
Malaysia	10.8	5.6	−1.6	−2.1	8.5	1.6
Pakistan	−1.1	10.0	−6.1	−0.8	9.2	5.7
Singapore	6.8	4.0	−1.5	0.4	5.7	4.9
South Africa	0.1	3.8	−2.4	−12.0	12.2	1.8

Source: Commonwealth Secretariat (data from IMF 2021a).

key policy responses by Commonwealth EMFEs is presented in Table 1.5.

Developing economies

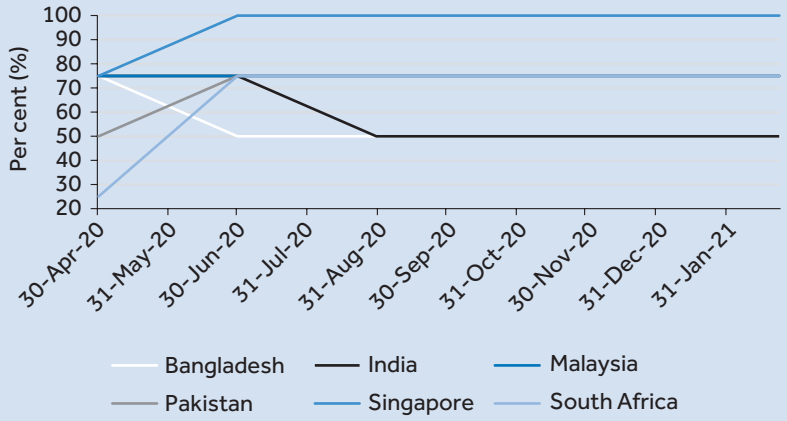
In the decade to 2020, economic growth (excluding the year 2020) for developing Commonwealth countries averaged 5.2 per cent.[4] Despite the projected rebound in growth in 2021 to 3.7 per cent (Figure 1.11), the adverse effects of the pandemic on Commonwealth developing economies mean that growth is unlikely to recover to pre-COVID levels before 2023.

The effect of the pandemic on prices varied across the Commonwealth developing economies in 2020. For some countries, lower food supply due to low imports led to inflationary pressures (Ghana, Mozambique and Sri Lanka), while for other countries, inflation was largely driven by the non-food consumer price index (CPI; Cameroon and

Figure 1.9

EMFEs provided support income and debt relief support for their citizens

Economic Support Index (%), April 2020–January 2021

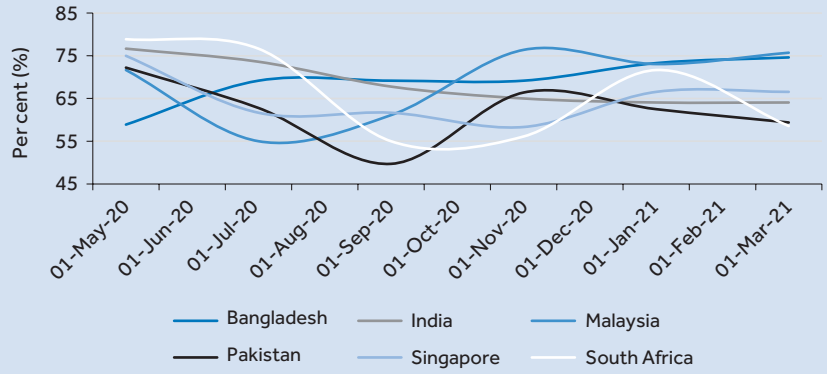


Source: Commonwealth Secretariat (data from OxCGRT 2021).

Figure 1.10

Government responses to EMFE economies varied during the pandemic period

Government Response Index (%), May 2020–March 2021



Source: Commonwealth Secretariat (data from OxCGRT 2021).

Nigeria). Oil importers such as Kenya and Malawi benefitted from the decline in crude oil prices during the first half of 2020, with Kenya containing inflation within target levels.

A broad-based decline in inflation was expected for 2021. Rwanda was expected to see the most gains, with CPI expected to decline to 2.5 per cent, compared to 8.0 per cent in 2020. Despite a moderation, inflation was expected to remain high in Nigeria, at 16.0 per cent for 2021, largely due to pass-through inflation from imported goods and services. Inflation in Sri Lanka was expected to hold steady at 4.4 per cent in 2021, while Ghana and Kenya's inflation was expected to remain within the upper bound target rate of 10 and 7.5 per cent respectively.

On average, investments into the developing Commonwealth in 2021 were expected to pick up pace to increase by 27.9 per cent year on year, higher than the decade average of 27.0 per cent. Mozambique was set to see the highest increase in investments at 73 per cent, with most of the investments set for the extractives sector. Kenya, which has seen a gradual decline in investments since the turn of the decade, including foreign direct investment (FDI), was due to see the lowest increase in investments at 13.4 per cent.

Fiscal measures taken in 2020 to contain the pandemic meant that government expenditures increased, while government revenue declined. On average, before the pandemic, government revenue growth in developing Commonwealth economies had picked up pace, increasing from 16.2 per cent of GDP in 2016 to 17.4 per cent of GDP in 2019, due to deliberate efforts at revenue mobilisation. However, the pandemic dealt a blow to revenue mobilisation efforts, with revenue declining to 16.2 per cent of GDP in 2020. Revenue was expected to pick up to 16.9 per cent of GDP in 2021, a lower level than pre-pandemic government revenue.

Additionally, increases in government spending, aimed at supporting households through the pandemic, led to a wider gap between revenue and expenditure in 2020, though this is expected to narrow in 2021 (the difference between expenditure and revenue in 2020 was 7.5 per cent of GDP, while the difference between revenue and expenditure in 2021 is expected to narrow to 6.1 per cent of GDP) (Figure 1.12a).

Table 1.5 Key policy responses for Commonwealth EMEs

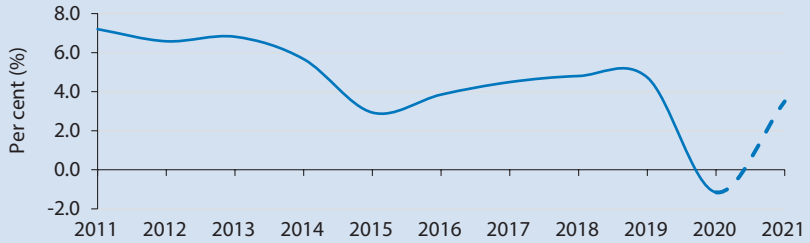
Country	Key policy response
Bangladesh	• 12 billion taka (Tk; around US$142 million) in cash assistance to the most vulnerable. • Tk15 billion (around US$177 million) in assistance for micro and cottage entrepreneurs. • Tk20 billion (around US$235.6 million) for loan interest payments for persons affected by the lockdown. • Suspension of duties and taxes on medical supply imports. • The repurchase agreement (repo) rate reduced from 6.0 per cent to 4.75 per cent. • The cash reserve ratio (CRR) for banks was reduced from 5.0 per cent to 3.5 per cent. • Provision of foreign currency to Bangladeshi nationals unable to return home due to travel disruptions.
India	• Cash and in-kind transfers to the most vulnerable (1.0 per cent of GDP). • Wage support to low-wage workers (0.5 per cent of GDP) • Credit support to businesses (1.9 per cent of GDP) • Reserve Bank of India (RBI) reduced the repo rate from 5.15 to 4.0 per cent and the reverse repo rate from 4.9 to 3.35 per cent.
Malaysia	• Fiscal stimulus package of 6 billion ringgit (RM; around US$1.48 billion) in February 2020. • RM25 billion (around US$6.17 billion) in March 2020 for the most vulnerable in East Malaysia. • RM50 billion (around US$12.34 billion) in business loan guarantees. • Overnight policy rate cut from 3.0 per cent to 1.75 per cent.
Pakistan	• 1.2 trillion Pakistan rupee (PRs; around US$7.6 billion) stimulus package approved in March 2020. • Elimination of import duties on emergency health equipment. • Cash transfers to the most vulnerable. • Tax refunds to exporters. • The State Bank of Pakistan (SBP) reduced the policy interest rate from 13.25 to 7.0 per cent between 2020 and 2021. • Principal loan payment deferral by banks.
Singapore	• Stimulus package of 100 billion Singapore dollars (S$; around US$75.1 billion) to support the most vulnerable. • COVID-19 Recovery Grant for low- and middle-income workers of up to S$700 per month (around US$526) for three months in 2021. • The Monetary Authority of Singapore provided liquidity of 25 billion renminbi (around US$3.87 billion) to banks to meet business needs.
South Africa	• Provision of unemployment insurance to distressed workers. • Loan guarantee scheme to eligible businesses to assist with operational expenses. • 1.2 billion rand (around US$80.1 million) Tourism Equity Fund announced in 2021. • Policy rates reduced from 6.25 to 3.5 per cent during 2020. • The Department of Trade and Industry introduced regulations against price gouging. • Restrictions on exports of essential goods.

Source: Commonwealth Secretariat (data from IMF 2021b).

Figure 1.11

Rebound in growth, albeit at a slow pace

Average GDP growth (% change) among developing Commonwealth countries, 2011–2021



Source: Commonwealth Secretariat (data from IMF 2021a).

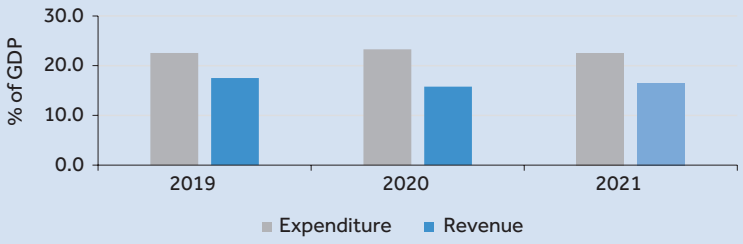
Expenditure increases were in part due to automatic stabilisers, such as increased social protection spending to cushion the economic effects of the pandemic on poor households. As the pandemic unfolded and vaccine rollout began in 2021, government spending was expected to moderate to an average of 23.4 per cent of GDP for Commonwealth developing economies. Notwithstanding the moderation in government spending and pick up in government revenues, government debt levels were expected to remain elevated into the medium term, with Commonwealth developing economies' debt expected above 70 per cent of GDP in 2021 (Figure 1.13).

The pandemic had adverse effects for Commonwealth developing economies' current account balances, with deficits worsening on average by 3.2 per cent of GDP to 11.4 per cent of GDP in 2020. For commodity exporters like Mozambique, the deterioration in current account balance to 60.7 per cent of GDP in 2020 was due to both a decline in demand for commodity volumes, as well as a decline in price. Cameroon and Tanzania also experienced

Figure 1.12a

The gap between revenue and spending is expected to narrow

Government expenditure and revenue in Commonwealth developing economies (% of GDP), 2019–2021

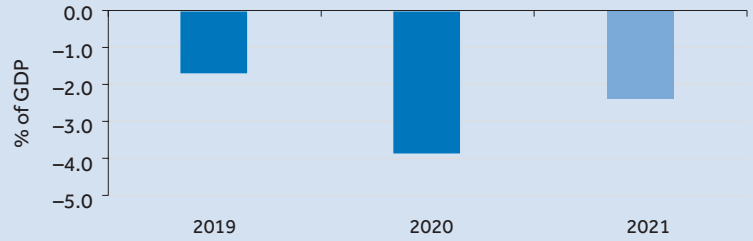


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.12b

Fiscal deficits will attenuate

Average primary balance of Commonwealth developing economies (% of GDP), 2019–2021



Source: Commonwealth Secretariat (data from IMF 2021a).

current account balance deterioration due to a decline in tourism, which is important for their economies.

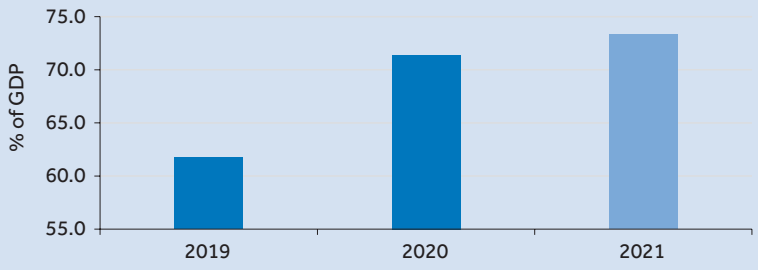
For Africa's largest commodity exporter, Nigeria, the current account balance improved by 0.1 of a percentage point of GDP to stand at 3.7 per cent of GDP in 2020, despite the decline in demand for crude oil. On average, the current account balance for Commonwealth developing economies was expected to remain in deficit at 11.6 per cent of GDP in 2021 (Figure 1.14).

The pandemic has highlighted the pernicious vulnerability that is created when countries have high levels of export concentration. In addition, a key economic effect of the pandemic on current account balances for developing economies has been the uncertainty in flow of secondary income, in particular, remittances. While there has been a decline in remittances on average to developing countries, the average masks differences between countries. Box 1.1 gives a detailed analytical review of remittance flows during the pandemic.

Figure 1.13

Moderation in debt increase, albeit in the context of persistent high debt levels

Average government debt of Commonwealth developing economies (% of GDP), 2019–2021

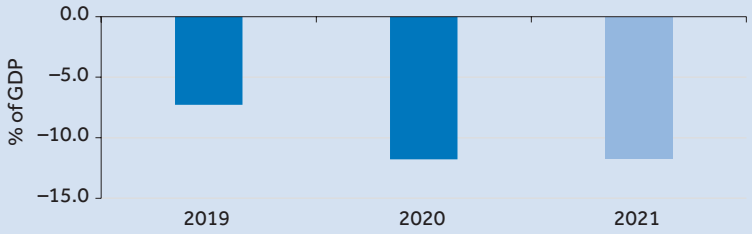


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 1.14

Current account balances remain in deficit

Average account balances of Commonwealth developing economies (% of GDP), 2019–2021



Source: Commonwealth Secretariat (data from IMF 2021a).

1.3 Commonwealth economic outlook: crisis expected to persist to 2022, with some countries recovering faster than others

The outlook: The Commonwealth economy is forecast to expand by 5.9 per cent in 2022, before moderating to 3.5 per cent in 2023.[5] The 5.9 per cent average growth in 2022 masks differences between countries. Small states will be at both ends. The fastest growing countries within the Commonwealth will be Guyana, with a growth rate of 46.5 per cent, followed by Antigua and Barbuda, and Maldives, with expected economic expansion of 11.9 and 13.4 per cent respectively. Meanwhile the economies with the slowest expansion will be Nauru and Eswatini, both at 0.9 per cent. Similarly, emerging markets such as India and Malaysia will fare well, with their economies forecast to expand by 6.9 and 6.0 per cent respectively, while the South African economy, which required structural adjustments pre-COVID, will expand by 2.0 per cent over the same period.

Risks to the outlook: Growth is mainly dependent on the successful rollout of vaccines, not just within the Commonwealth, but in the rest of the world. The main risk to the Commonwealth economic outlook is therefore a slower than expected rollout of the COVID-19 vaccine, which would have adverse effects for the economy. A third/fourth wave requiring lockdowns would slow down demand and derail the Commonwealth economy further from its potential output. The vaccine risk is at present the most significant risk, since several developing economies within the Commonwealth were set to receive and start the rollout of vaccines in the second half of 2021, with some expecting vaccines only in 2022 and reliant entirely on COVAX (WHO 2021). In addition, the inflation and the unfolding geopolitical situation in Europe present a risk to economies going forward.

Tailwinds: The tailwinds largely depend on the containment of the pandemic and inflation, and government policies that have been put in place, mostly by developed countries, to counter the adverse effects of the pandemic. The United States' [approval] of a third round of stimulus cheques could stimulate demand for exports from Commonwealth countries, thereby driving economic expansion.

Box 1.1 The COVID-19 remittances puzzle

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As the COVID-19 pandemic spread across the globe and large-scale lockdowns were implemented, the World Bank forecast a decline of 20 per cent in remittances in early 2020 to US$572 billion from a record high of US$712 billion in 2019 (UN Network on Migration 2020; Asare et al. 2020; Quinn 2020). This forecast was spurred by the slowing global economic growth, plummeting oil prices and loss of millions of jobs (World Bank 2020; World Bank and Knomad 2020; UN Network on Migration 2020; Asare et al. 2020). Against this backdrop there emerged an interesting remittances puzzle: while the Bank's predictions seemed to materialise in many countries, remittances continued to increase in a few others, including Bangladesh, Pakistan and Jamaica, defying expectations. This was at odds with the global pattern of economic decline and massive job losses observed across the main global remittance corridors. This remittances puzzle raises the question as to why some countries have been able to sustain remittances increases or to stabilise remittances inflows, contrary to expectations?

For Pakistan and Bangladesh, the record increases in remittances in July 2020 alone was attributed to the 'Hajj effect'. This was where decreased spending on Hajj pilgrimages to Mecca during the pandemic period led to the money saved being sent to relatives back home (World Bank and Knomad 2020). While 2019 saw more than 1.8 million people making the pilgrimage to Mecca, in 2020, only 1,000 people were permitted to make the trip. According to migration experts, this effect contributed to Bangladesh's 53 per cent year-on-year increase in remittances (Migration Data Portal 2020). The remittance boom in these countries may also have been due to a combination of retrenched workers returning home from Gulf states and increased demand for workers in e-commerce and other sectors that became more essential during the pandemic period Pakistan (Stone 2021).

While many countries faced initial declines in the early months of 2020, Kenya saw marked increases in remittances as source countries entered lockdowns. It was estimated that, by March 2020 alone, remittances to Kenya had increased by 4.3 per cent – that is, from US$2,722 million in March 2019 to US$2,838 million in March 2020 (Okoth 2020). The sustained flow of remittances to Kenya could be due to the fact that Kenyan banks made it easier to send money through traditional platforms such as Western Union and non-traditional platforms using mobile money (Kenya's M-Pesa).

The resilience of remittances during the pandemic can also be attributed to several other factors:

- The nature of the work of migrants. Some migrant workers were able to maintain their employment during the pandemic because they were employed in key roles such as nursing and care work (Lopez-Calvo 2020). The European Commission has shown that migrant workers in Europe are as likely as resident nationals to be employed as key workers and, further, that they are a vital source of labour supply in skilled jobs critical to European healthcare systems (Reuschkap and Ozguzel

2020). As such, an estimated 13 per cent of workers in essential jobs in the European Union are migrants and, for some such sectors, migrant workers account for a third of all such workers (Foresti 2020; Caron and Tiongson 2020). In the United States, 30 per cent of doctors and 27 per cent of farmworkers were born outside of the country; in Australia, the same is true of 54 per cent of doctors and 35 per cent of nurses (Foresti 2020).

- Migrants tapping into alternative income sources. In cases where migrants lost their jobs, those with savings may have drawn on these. It has been suggested that migrants were prepared for a crisis and had saved more since the global financial crisis, with a US$6,000 (30%) increase in savings compared to a decade previously (Welsh 2021). Additionally, some of those migrants that lost their jobs were eligible for income support measures, such as the furlough schemes adopted in the United Kingdom. In Italy and Portugal, reforms were implemented to enable undocumented workers to access services, while France, Spain and Germany opened sectors of their economy to migrants that had previously been closed (Caron and Tiongson 2020). Despite experiencing job losses and decreased earnings, migrants are still driven by altruism to send money home whatever their circumstances, with studies showing a positive correlation between altruism and remittances (Shimada 2011). Indeed, for many, the motivation to migrate is to provide for family members; hence, by sending remittances, migrant workers derive utility from their acts of kindness (Tchouassi and Sikod 2010).
- Government incentives aiming to attract remittances. In some countries, government incentives acted as a pull factor helping to attract remittances. One example was Pakistan, where incentives – including reducing withholding taxes on bank transfers – were put in place to encourage sending money through official bank channels (UN Network on Migration 2020). Stone (2021) has posited that there is a possibility that cross-border payments of goods and services may even have been reclassified as remittances to take advantage of these tax incentives.
- The diversion of remittances to formal channels. Another explanation of sustained and improving remittances inflows in some countries may simply be that the funds were no longer delivered through informal (unrecorded) hand-carrying channels but diverted to formal (recorded) means (Caron and Tiongson 2020). This was a consequence of decreased travel back home (World Bank and Knomad 2020). This was said to be true of Bangladesh, where barriers to the informal means of sending money (known as 'Hundu') meant increased use of more formal methods and likely increased recording of remittances (Dhaka Tribune 2021).

The resilience of remittances in these countries calls into question the idea of remittances as countercyclical. Remittances are often motivated by altruism and family ties, with some migrants moving to other parts of the world specifically so they can better support their dependants. For this reason, it has been suggested that remittances tend to be countercyclical with the remittance-receiving countries' economic performance – that is, remittances rise when a home country's situation worsens (Lopez-Calvo 2020).

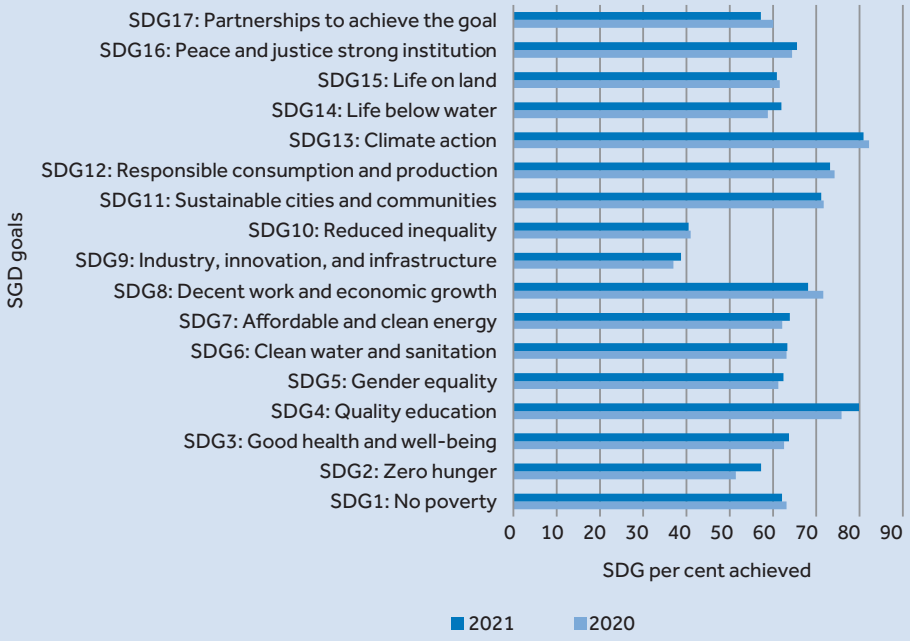
1.4 Commonwealth Social development: pandemic a hurdle on the path to achieving the SDGs

Launched in 2015, the 2030 Agenda for Sustainable Development highlights 17 Sustainable Development Goals (SDGs) and 169 targets to guarantee human prosperity for all. Prior to COVID-19, progress towards achieving the SDGs was uneven across the Commonwealth and off track in several countries. Prior to the pandemic, progress was satisfactory in areas such as children and youth in school, communicable diseases, drinking water, and women in leadership roles, while it in other areas – such as food insecurity, environmental deterioration and inequality – the performance was lacklustre or even regressive (UN DESA 2020).

The 2021 Commonwealth SDG Tracker identified that SDG progress for Commonwealth member countries decelerated significantly between 2020 and 2021, from an index score of 62.48 to 63.05. Commonwealth member countries' average SDG Index of 63.05 trails the rest of the world average of 67.96. On average, Commonwealth member countries continued to progress with SDG4 (quality education) despite the pandemic, with the index score increasing from 75.87 to 79.86 between 2020 and 2021. Progress remained elevated for SDG13 (climate action), SDG12 (responsible consumption and production), and SDG11 (sustainable cities and communities). However, Commonwealth countries continued to lag on two goals, SDG9 (industry, innovation and infrastructure) and SDG10 (reduced inequality), with index scores of 38.72 and 40.48 respectively. The most significant progress made between 2020

Figure 1.15

Commonwealth SDG Tracker



Source: Commonwealth Secretariat 2021.

and 2021 was on SDG2 (zero hunger), which jumped by approximately 6 points, from 51.40 to 57.23.

At the country level, Trinidad and Tobago had the largest decline in the SDG Tracker of approximately four points, followed by Guyana and Mozambique, with drops of approximately three points. Conversely, Mauritius had the greatest increase in the SDG Tracker, with a jump of approximately three points.

A closer examination of the performance of Commonwealth member countries for selected SDGs revealed that where data were available for 43 Commonwealth member countries, 26 per cent of those member nations were on track to end extreme poverty by 2030. However, 21 per cent experienced an increase in the poverty headcount ratio (that is, the percentage of the population living on less than US$1.90 or $3.20 per day.

Additionally, 26 per cent of those 43 member countries experienced moderate improvements against the goal of ending hunger and achieving food security. All other countries were stagnating and facing major challenges towards achieving SDG 2. Of the 50 Commonwealth member countries with available data, 41achieved at least moderate improvements in good health and well-being, while no member nation experienced a decline.

Table 1.6 Commonwealth SDG Index (2020–2021)

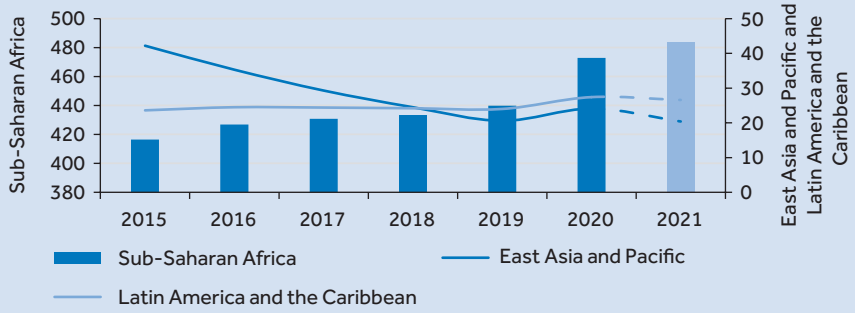
	2020	2021	Change		2020	2021	Change
Commonwealth (average)	62.48	63.05	0.57	Botswana	61.27	61.92	0.65
United Kingdom	79.79	79.97	0.18	Namibia	61.63	61.77	0.14
Canada	78.19	79.16	0.97	Kenya	60.17	60.60	0.43
New Zealand	78.25	79.13	0.88	Vanuatu	60.89	60.52	–0.37
Malta	75.97	75.75	–0.22	India	61.92	60.07	–1.85
Australia	74.87	75.58	0.71	Gambia, The	57.86	59.26	1.40
Cyprus	75.21	74.87	–0.34	Guyana	61.06	57.89	–3.17
Fiji	69.95	71.24	1.29	Pakistan	56.17	57.72	1.55
Malaysia	71.76	70.88	–0.88	Rwanda	56.07	57.58	1.51
Singapore	67.69	69.89	2.20	Tanzania	56.64	56.43	–0.21
Maldives	67.59	69.27	1.68	Cameroon	56.54	55.26	–1.28
Jamaica	68.66	68.97	0.31	Lesotho	53.35	54.59	1.24
Barbados	70.15	68.45	–1.70	Uganda	52.80	53.46	0.66
Brunei Darussalam	67.84	68.27	0.43	Zambia	51.94	53.39	1.45
Sri Lanka	66.88	68.10	1.22	Eswatini	52.71	53.33	0.62
Mauritius	63.77	66.71	2.94	Sierra Leone	51.91	51.69	–0.22
Belize	66.74	64.43	–2.31	Malawi	51.44	51.37	–0.07
South Africa	63.41	63.74	0.33	Papua New Guinea	51.66	51.33	–0.33
Trinidad and Tobago	67.47	63.50	–3.97	Mozambique	54.13	51.05	–3.08
Bangladesh	63.51	63.45	–0.06	Nigeria	49.28	48.93	–0.35
Ghana	65.37	62.49	–2.88				

Source: Commonwealth Secretariat 2021.

Figure 1.16

The pandemic has had adverse effects for the world's poor

Poverty headcount (living on less than US$1.90 per day), millions, 2015–2021



Source: Commonwealth Secretariat (data from Lakner et al., 2020 and World Bank, 2021b).

The progress on achieving quality education is worrying, as 18 per cent of Commonwealth member nations experienced a fall in their progress in this area. The pandemic was expected to undo progress due to school closures, with online learning only available for children with computers and an internet connection.

With COVID-19, there will be an unprecedented impact on the achievement of the SDGs and, by extension, their targets. SDGs 1–3, 8 and 10 are expected to be the highly impacted by the pandemic. For the first time since 2015, the global average SDG Index score decreased, due to rising poverty and unemployment caused by the COVID-19 pandemic (UN DESA 2021).

The pandemic will have a significant impact on poverty due to economic lockdowns, salary cuts and unemployment. Assuming the pandemic progresses on its current trajectory, the global poverty rate was projected to increase for the first time in 12 years, from 8.2 per cent in 2019 to 8.8 per cent in 2020. It is estimated that COVID-19 will force an additional 71 million people into extreme poverty, with sub-Saharan Africa accounting for 26 million people and Southern Asia accounting for an additional 32 million people (UN DESA 2020).

Three regions – Latin America and the Caribbean, East Asia and the Pacific, and sub-Saharan Africa (which account for many Commonwealth member nations) – were projected to experience an additional 3.4, 3.5 and 33.1 million people, respectively, in extreme poverty for 2020 (Lakner et al. 2020). With rising poverty levels, social safety nets are needed to mitigate the impact of the pandemic. However, these vary across the world: developed Commonwealth nations such as Australia and New Zealand provide at least half their unemployed people with income protection through unemployment insurance schemes whereas among sub-Saharan African nations only 3.0 per cent receive some form of unemployment payment (UN DESA 2020).

Food insecurity is on the rise, as global trade has contracted, creating bottlenecks in supply with rising prices. This is exacerbated by unemployment, falling incomes, and reduced capacity and availability of food production and distribution. As transportation and labour availability continued to be an issue in 2021, food insecurity was expected to be a heightened concern. In 2020, up to 132 million more people were expected to suffer from undernourishment because of COVID-19 (UN DESA 2020).

Table 1.7 Six SDG transformation building blocks

Transformation	Details
Transformation 1 (Education, Gender and Inequality)	Countries should invest in education to reduce the digital divide, strengthen social protection and enforce gender-sensitive policies.
Transformation 2 (Good Health and Well-Being)	Nearly 40 per cent of the world's population lack effective health coverage: they must resort to regressive out-of-pocket payments in order to access health services, or even forgo healthcare altogether (ILO 2020). Now, more than ever, efforts should be accelerated to enhance the capacity and resilience of the health system to achieve universal healthcare coverage.
Transformation 3 (Energy Decarbonisation and Sustainable Industry)	The aim should be to provide a clean, green recovery, with the continued focus on climate change.
Transformation 4 (Sustainable Food, Land, Water and Oceans)	With the focus on hygiene, universal access to water is needed to minimise the transmission of communicable diseases such as coronavirus. COVID-19 should also be used as a lesson and a reason to build and reinforce sustainable food systems.
Transformation 5 (Sustainable Cities and Communities)	Address the needs of the most vulnerable groups during and after the pandemic. Transformation is also needed 'in order to adapt to new realities including social distancing, changes in workplace practices and commuting patterns, and travel restrictions, which will impact business and tourism activities'.
Transformation 6 (Harnessing the Digital Revolution for Sustainable Development)	COVID-19 has accelerated the use of digital technologies and will continue to sustain education, remote working, commerce transactions and healthcare provision. The root of the acceleration of digital technologies relies on universal access to broadband services.

Source: Commonwealth Secretariat (data from Sachs et al. 2019).

In addition to existing risks to food security from factors such as natural disasters, conflict and the locust infestation in East Africa, it was estimated that COVID-19 would increase the number of people facing acute food insecurity – from 149 million in 2019 to 272 million in 2020. Between June and August 2020, the number of persons facing severe food insecurity in Nigeria increased by 1.3 million when compared to the corresponding period of the previous year. In The Gambia, 40 per cent of the population needed immediate food assistance (WFP 2020). With the closure of 90 per cent of schools due to the pandemic, an estimated 379 million children globally missed out on more than 39 billion school meals. Without school meals, many children go hungry (UNICEF 2021; Borkowski et al., 2021; FAO, 2021; WHO, 2021).

COVID-19 has caused significant loss of life, as well as placing significant strain on healthcare systems – to the point where governments set up parallel healthcare systems in some countries to deal with COVID-19, as people were afraid to seek medical attention for other reasons. As

COVID-19 disrupts routine healthcare services, spillover effects are expected in other aspects of healthcare, such as that for under-fives, maternal deaths and reduced childhood immunisation. Furthermore, the lockdowns and confinement, job loss and bereavements as a result of the pandemic can lead to mental health issues, such as anxiety and depression. The treatment of mental health issues, meanwhile, has been affected, as 93 per cent of mental healthcare services have been halted globally (WHO 2020). The current health effects of COVID-19 have taught us the need for improved preparedness and responsiveness for health emergencies.

Another SDG that has been significantly impacted by the coronavirus pandemic is SDG8: Decent work and economic growth, with profound changes and slowing of economic growth to levels that have not been experienced since World War II. The pandemic has disrupted the global economy as well as individual economies to varying extents. Especially impacted have been Commonwealth small states, with trade disruption and mass unemployment. Additionally, several Commonwealth small states are highly dependent on tourism for employment and revenue. However, with travel restrictions and lockdowns, global travel was expected to decrease by 60 to 80 per cent, significantly affecting revenue and employment from this sector (UN DESA 2020).

As Commonwealth member countries continue to grapple with the effects of the coronavirus pandemic and its impact on the SDGs, recovery priorities can be set with the 'six SDG transformation'. The six SDG transformation identifies the building blocks for achieving the SDGs and can now be used as part of the COVID-19 recovery. These building blocks are: '(1) education, gender and inequality; (2) health, well-being and demography; (3) energy decarbonisation and sustainable industry; (4) sustainable food, land, water and oceans; (5) sustainable cities and communities; and (6) digital revolution for sustainable development'. By identifying challenges, it calls for action by the government, together with business and civil society (Sachs et al. 2019).

Notes

1 Commonwealth emerging market economies are Bangladesh, India, Malaysia, Pakistan, Singapore and South Africa

2 WHO Coronavirus (COVID-19) Dashboard, 3 March 2021.

3 The Government Response Index was prepared as part of the Oxford COVID-19 government response tracker. It records how the response of governments has varied based on indicators, becoming stronger or weaker over the course of the outbreak. This includes eight of the policy indicators recording information on containment and closure policies, such as school closures and restrictions in movement, four of the indicators recording economic policies, such as income support to citizens or provision of foreign aid, and seven of the indicators recording health system policies such as the COVID-19 testing regime, emergency investments into healthcare and, most recently, vaccination policies (Petherick et al., 2020).

4 The developing Commonwealth is characterised by 12 economies that are not classified as advanced, EMFE or small states. These countries are: Cameroon, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Sierra Leone, Sri Lanka, Tanzania, Uganda and Zambia. With the exception of Sri Lanka, all other countries are in the sub-Saharan Africa region.

5 All data used are from the IMF World Economic Outlook Database and World Bank, World Development Indicators. Calculations are made by the Commonwealth Secretariat staff.

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02

Emerging Issues in the Commonwealth

2.1 The pandemic, fiscal pressures and debt sustainability

The pandemic had devastating effects for output, with small states worst affected

On average, Commonwealth countries had a good economic performance pre-COVID, relative to the global economic performance. At 2.0 per cent above potential output, actual output was broadly within the expected level for Commonwealth countries before the pandemic (Figure 2.1). In essence, output within the countries was 2 per cent above what was expected. Meanwhile annual average inflation exhibited a downward trend, from 4.0 per cent in 2016 to 3.2 per cent in 2019, an indication of easing supply-side constraints and increased output to meet consumption needs.

As with elsewhere in the world, the pandemic dealt a blow to economic performance in the Commonwealth. For the Commonwealth as a whole, output was 7.5 per cent below potential in 2020, with this projected to improve modestly to output 5.8 per cent below potential in 2021.

Given the nature of the pandemic and subsequent measures adopted aimed at minimising the effects of the pandemic, Commonwealth small state countries were the worst affected, with actual output deviating from potential output by about 7.5 per cent in 2020 (Figure 2.2). Commonwealth small state countries have contact sectors, such as tourism, as major contributors to GDP. The tourist markets are largely from advanced economies, which bore the initial brunt of the pandemic and which in turn imposed stringent measures to contain the spread of COVID-19. Consequently, small states came under severe economic pressure, with rising unemployment, increased fiscal pressures, including significant debt stock increases, and constrained external sectors.

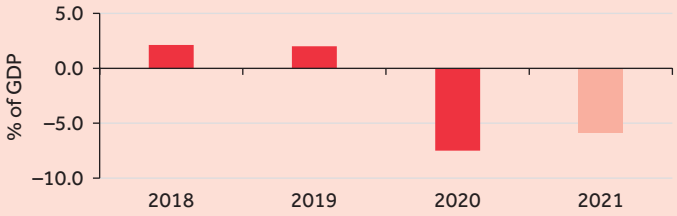
Pandemic fiscal impacts: slacking government revenues

On average, government revenue for all Commonwealth countries declined by 7.1 per cent in 2020, compared to a 5.9 per cent increase in 2019 (Figure 2.3). The average masked both country and regional differences. Small states had the largest drop in government revenue at 11.1 per cent in 2020, followed by advanced and developing Commonwealth countries, whose revenue declined by 1.6 per cent in 2020. For developing countries, the pandemic dealt a blow to deliberate efforts made in raising revenue, which had seen revenue rise by 11.1 per cent in 2019.

Figure 2.1

The pandemic had an adverse effect on economic output

Commonwealth average output gap (% of GDP), 2018–2021

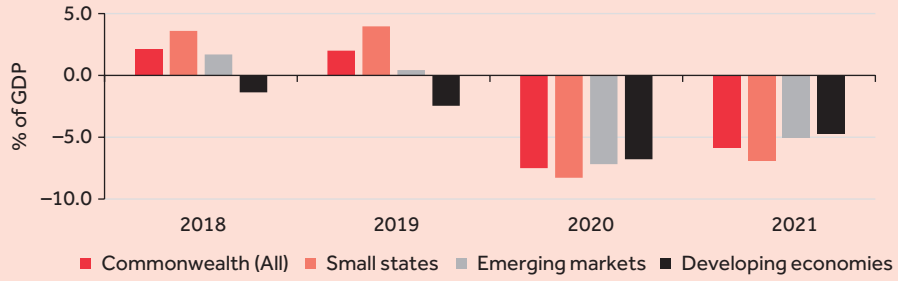


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 2.2

Small state economies worst affected by the pandemic

Output gap by Commonwealth country grouping and Commonwealth average (% of GDP), 2018–2021



Source: Commonwealth Secretariat (data from IMF 2021a).

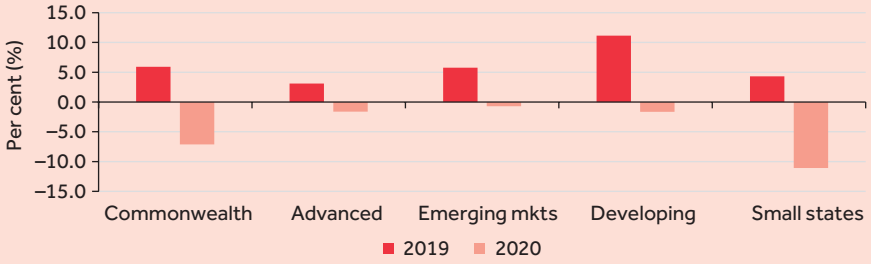
Of the five worst affected small states, two are oil exporters (Brunei Darussalam and Trinidad and Tobago), while the remaining three have tourism as a large contributor to GDP (Fiji, Maldives, and St Kitts and Nevis) (Figure 2.4a). The plummeting prices for crude oil due to the significant decline in demand for energy at the beginning of the crisis had adverse effects for the oil exporting small states in 2020. Similarly, lockdown policies implemented to contain the spread of the pandemic had adverse effects for economies that were largely dependent on tourism, which was the worst affected sector due to its being a contact sector.

In parallel, four of the five developing countries with the highest dip in revenue were commodity exporters (Cameroon, Nigeria, Mozambique and Ghana). Nigeria, the largest economy in sub-Saharan Africa, saw its revenue decline by 15.0 per cent (Figure 2.4b). Nigeria is a major crude oil exporter, and despite the oil sector contributing 10 per cent to GDP, revenues

Figure 2.3

Broad-based decline in government revenue, with small states worst affected

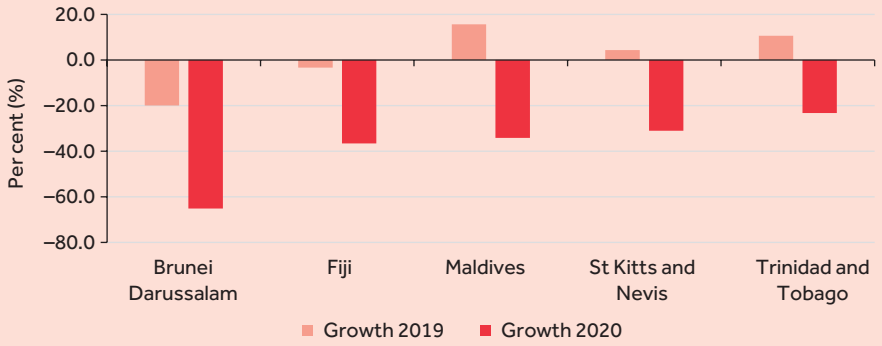
Change in government revenue by Commonwealth country grouping (annual % change), 2019–2020



Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 2.4a

The pandemic took its toll on commodity exporters
Government revenue from commodity exports among Commonwealth small states (annual % change), 2019–2020



Source: Commonwealth Secretariat (data from IMF 2021a).

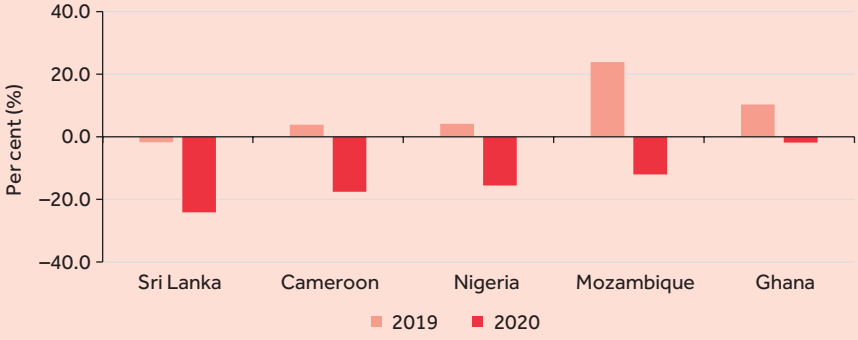
from oil account for about 90 per cent of total government revenue.

Pandemic fiscal impacts: limited fiscal space to counter economic fallout

Meanwhile, as the pandemic had adverse effects on government revenue, most Commonwealth countries lacked the fiscal space to appropriately respond to the economic fallout it caused. Primary government spending in advanced Commonwealth countries increased by almost one-fifth in 2020, with spending supporting programmes such as unemployment schemes and offering support for businesses. In contrast, primary government spending in small states grew by a negligible 1.4 per cent in 2020 (Figure 2.5).

Figure 2.4b

The pandemic took its toll on commodity exporters
Government revenue from commodity exports among Commonwealth developing economies (annual % change), 2019–2020



Source: Commonwealth Secretariat (data from IMF 2021a).

Box 2.1 Vulnerability to shocks and fiscal sustainability: Rebuilding economies post-COVID-19 in the Caribbean

The COVID-19 pandemic affected the Caribbean to a great extent, especially the nations that are highly dependent on tourism as a source of revenue and employment. In fact, most Commonwealth Caribbean nations rely on tourism revenue to contribute more than 30 per cent of GDP (Table 2.1) and tourism employment to total employment (Table 2.2). In 2020, all Commonwealth Caribbean economies contracted, with the exception of Guyana. In particular, countries such as Antigua and Barbuda, The Bahamas, St Kitts and Nevis and Saint Lucia, which are highly dependent on tourism as a source of earnings and employment, had a greater decline in economic activity (Table 2.3). To ease the effects of the pandemic and address the needs of the highly vulnerable due to lockdowns, governments provided stimulus packages of varying size. Except for Guyana, the financing of the stimulus package caused debt-to-GDP ratios to soar, with countries such as Antigua and Barbuda, Barbados, Belize, and Jamaica exceeding 100 per cent (Table 2.4).

Wright et al. (2017) in their study, 'Fiscal Rules: Towards a New Paradigm for Fiscal Sustainability in Small States', found that of 12 Caribbean countries surveyed, Jamaica and Grenada were the only two with fiscal rules. To address fiscal indiscipline and bring long-term sustainability and credibility of fiscal institutions and policies, comprehensive fiscal and structural reforms are needed (Wright et al. 2017). Amo-Yartey and Turner-Jones (2014) in their book, *Table* highlighted that 'many academics and policymakers in the Caribbean are of the view that fiscal consolidation might not be enough to reduce public debt in the region, since high primary surpluses need to be run over a long period of time' (Ibid., p. 19).

Table 2.1 Total contribution of tourism to GDP in Caribbean countries

Country	2015	2016	2017	2018	2019
Antigua and Barbuda	46.9	46.2	42.5	44.1	44.7
Bahamas, The	39.2	39.3	38.9	40.4	40.3
Barbados	32.6	34.4	34.4	34.9	36.2
Belize	38.6	40.6	43.9	44.9	44.7
Dominica	50.7	47.0	45.6	33.4	38.0
Grenada	53.0	52.2	55.4	56.6	55.8
Jamaica	30.4	31.3	33.0	34.0	34.7
St Kitts and Nevis	54.5	55.7	56.5	62.4	62.6
Saint Lucia	40.7	42.3	42.8	41.8	43.0
St Vincent and the Grenadines	42.3	43.9	43.2	45.5	46.2
Trinidad and Tobago	7.5	7.6	7.9	7.6	7.8
Guyana	7.0	7.6	7.7	7.8	7.7

Source: Commonwealth Secretariat (data from World Travel and Tourism Council [WTTC] 2021).

As a result, the Caribbean needs comprehensive fiscal reform to reduce the region's debt-to-GDP ratio and move to a point of sustainable growth and resilience. The fiscal rules should cover four types, namely budget balance rules, debt rules, expenditure rules and revenue rules (Lledo et al., 2017). With these rules in place, it encourages greater transparency and accountability in fiscal and debt operations and management.

Table 2.2 Total contribution of tourism to total employment in Caribbean countries

Country	2015	2016	2017	2018	2019
Antigua and Barbuda	46.9	46.2	42.5	44.1	44.7
Bahamas, The	47.0	47.0	46.4	48.2	48.1
Belize	34.8	36.6	39.5	39.9	38.9
Barbados	32.3	34.3	34.4	34.9	36.4
Dominica	46.2	42.9	41.7	30.6	34.7
Grenada	48.6	47.9	51.0	52.2	51.6
Jamaica	27.5	28.4	28.9	30.1	31.5
St Kitts and Nevis	51.9	53.0	54.1	59.9	60.2
Saint Lucia	40.7	42.3	42.8	41.8	43.0
St Vincent and the Grenadines	38.9	40.4	39.8	42.1	42.7
Trinidad and Tobago	10.0	9.8	10.0	9.5	9.9
Guyana	7.4	8.0	8.1	8.2	8.2

Source: Commonwealth Secretariat (data from WTTC 2021).

Table 2.3 GDP growth (year over year) in Caribbean countries

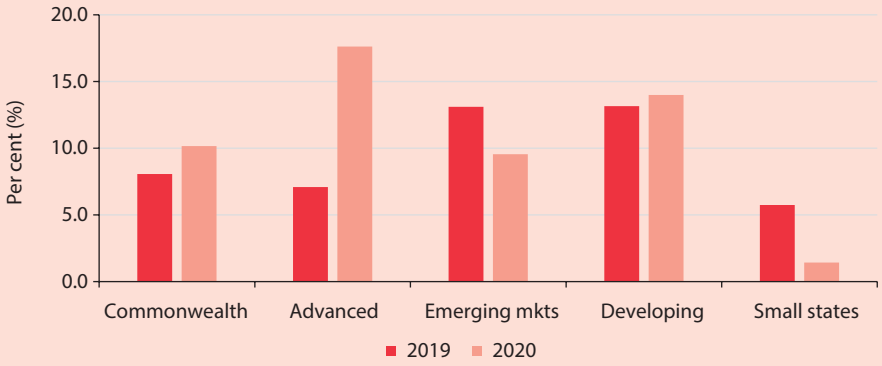
					Projections	
Country	2017	2018	2019	2020	2021	2022
Antigua and Barbuda	3.1	7.0	3.4	−17.3	−3.0	11.9
Bahamas, The	3.1	3.0	1.2	−16.3	2.0	8.5
Barbados	0.5	−0.6	−0.1	−17.6	4.1	7.7
Belize	1.8	2.9	1.8	−14.1	1.9	6.4
Dominica	−9.5	0.5	7.6	−10.4	−0.4	5.8
Grenada	4.4	4.1	1.9	−13.5	−1.5	5.2
Guyana	3.7	4.4	5.4	43.4	16.4	46.5
Jamaica	0.7	1.8	1.0	−10.2	1.5	5.7
St Kitts and Nevis	−2.0	2.9	2.8	−18.7	−2.0	10.0
Saint Lucia	3.5	2.6	1.7	−18.9	3.1	10.7
St Vincent and the Grenadines	1.0	2.2	0.3	−4.2	−0.1	4.9
Trinidad and Tobago	−3.0	0.1	−1.2	−7.8	2.1	4.1

Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 2.5

Advanced countries mounted a strong response to the pandemic

Change in government spending by Commonwealth country grouping (% year on year), 2019–2020



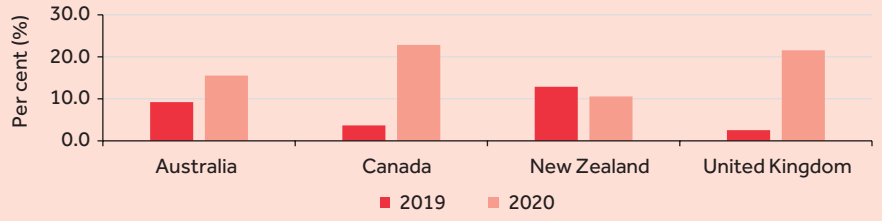
Source: Commonwealth Secretariat (data from IMF 2021a).

Among the Commonwealth advanced countries, Canada and the United Kingdom had the largest increases in primary spending, with spending increasing by just over 20 per cent, compared to Australia and New Zealand, where primary spending increased by about 15 per cent and 10 per cent respectively. In contrast, four of the small states with the largest decline in primary spending were Dominica, St Kitts and Nevis, Brunei Darussalam, and Samoa. Dominica, which was hard hit by Hurricane Maria in 2017, was in the process of implementing fiscal consolidation just before the onset of the pandemic, with a plan to reduce the fiscal deficit by 6 per cent of GDP every year (World Bank 2021a). The pandemic dealt a blow not only to fiscal consolidation efforts, but also plans to rebuild after the hurricane.

Figure 2.6a

Pre-pandemic conditions impacted governments' ability to spend

Government spending (annual % change), Commonwealth advanced economies, 2019–2020

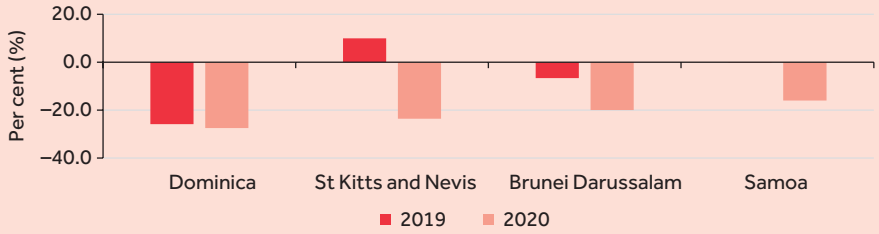


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 2.6b

Pre-pandemic conditions impacted ability to spend

Government spending (annual % change), Commonwealth small states, 2019–2020



Source: Commonwealth Secretariat (data from IMF 2021a).

Pandemic fiscal impacts: on average, fiscal stance was expansionary

On average, government discretionary fiscal policy was expansionary, with a broad-based increase in discretionary government spending to mitigate the effects of the pandemic. Generally, spending policy was in line with what is expected during a recession, where governments increase spending 'during rainy days' in order to strengthen demand, lower unemployment and avoid deflation.

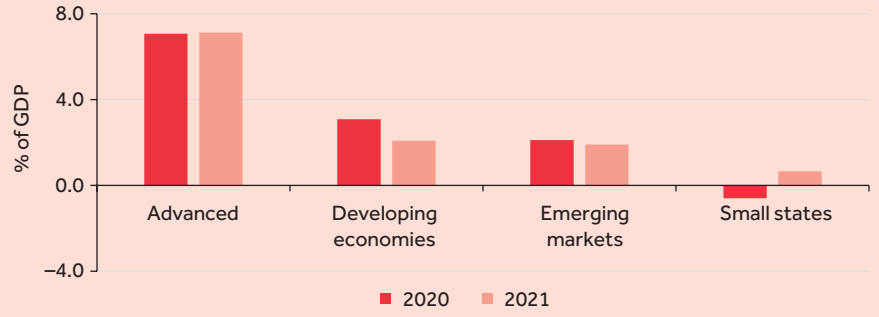
Nonetheless, a closer look by region shows that government discretionary fiscal policy was expansionary for advanced economies, developing economies and emerging market economies, while it was contractionary for small states (Figures 2.7a and b).

Several reasons can be advanced to explain the contractionary fiscal policy adopted by small states, i.e., discretionary spending was lower than the previous period. These include: (i) policies adopted to mitigate the crisis elsewhere, such us in developed countries, had adverse impacts for small states economies, which are highly dependent on advanced economies for revenue – such as with the tourism sector,

Figure 2.7a

Countries adopted expansionary fiscal stances in response to the pandemic shock

Fiscal stance (% of GDP) of Commonwealth country groupings, 2020–2021

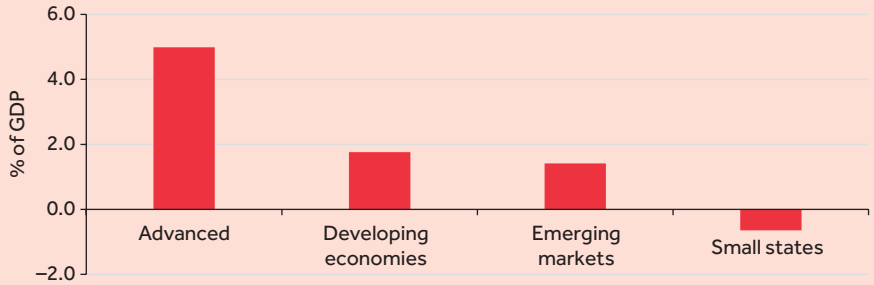


Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 2.7b

Small states had limited fiscal space

Fiscal impulse (annual % change in GDP), by Commonwealth country grouping, 2020



Source: Commonwealth Secretariat (data from IMF 2021a).

which accounts for about 30 per cent of GDP; and (ii) small states tend to have large fixed fiscal costs, which are especially apparent during a downturn.

On average, the top-ten countries with the largest interest on debt had payments of 4.1 per cent of GDP, with Jamaica paying interest on debt of about 6.4 per cent of GDP (Figure 2.8). Other countries that had high interest payments on debt in 2020 included Samoa (6.2% of GDP), Namibia (4.1% of GDP) and Barbados (3.8% of GDP).

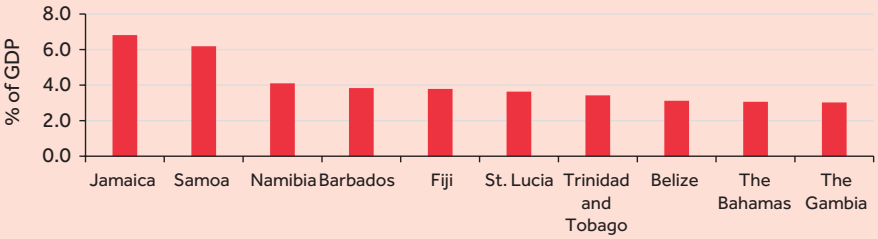
As the pandemic unfolded, small states' economies were worst affected. Therefore, small states had to make larger adjustments/ had larger bills to pay towards countercyclical spending, such as unemployment insurance (Figure 2.9). Consequently, small states fiscal policy was pro-cyclical/contractionary, as governments had very little room left to increase discretionary spending.

A key feature of small states is the openness of their economies, with high levels of trade integration. This often means that during

Figure 2.8

Top-10 small states with the highest public debt interest payments in 2020

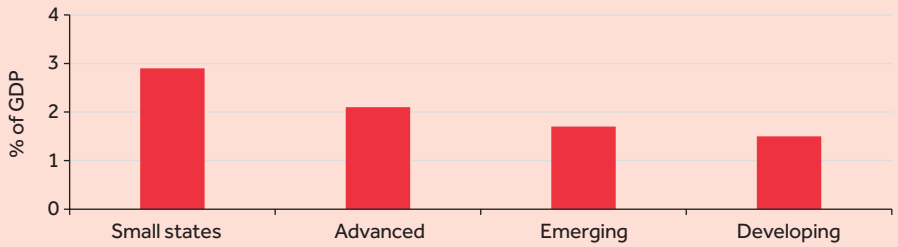
Interest payments as a % of GDP among Commonwealth small states, 2020



Source: Commonwealth Secretariat (data from IMF 2021a).

Figure 2.9

The pandemic meant that small states had to spend more due to cyclical effects
Cyclically adjusted primary spending (% of GDP) by Commonwealth country grouping, 2020



Source: Commonwealth Secretariat (data from IMF 2021a).

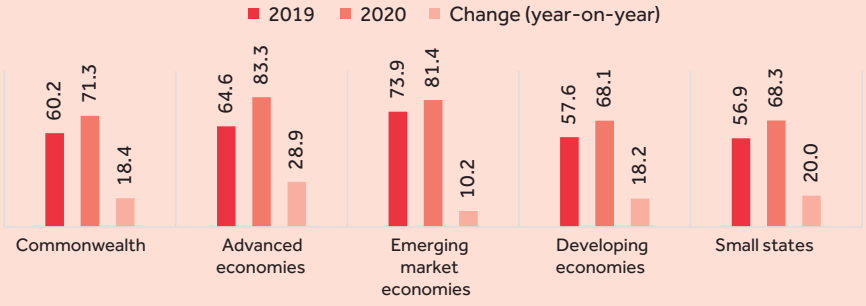
external shocks, revenue significantly declines, impeding the ability of small states to react appropriately. Consequently, small states fiscal policy is often pro-cyclical. Since it is important to build resilience to counter shocks, a key policy option for small states in relation to pro-cyclical fiscal policy could be to strengthen resilience spending, such as on infrastructure and the social sector, during good times in order to build capacity to mitigate downturns due to external shocks.

Pandemic has exacerbated vulnerabilities, renewing debate on debt sustainability

In the face of revenue declines owing to restricted economic activity during the pandemic, governments had to borrow more than they had planned to provide support to lives and livelihoods. As a result, the average debt-to-GDP ratio for Commonwealth member countries increased by 18.4 per cent, from 60.2 per cent in 2019 to 71.3 per cent in 2020.

Figure 2.10

Debt levels increased across the Commonwealth
Debt-to-GDP ratios (% of GDP) of Commonwealth country groupings, 2019–2020



Source: Commonwealth Secretariat (data from IMF 2021a).

Not only have debt-to-GDP ratios increased, but they are also expected to remain elevated into the medium term. This can be problematic, as high debt levels relative to output can militate against growth. While it is important to continue with fiscal support measures to alleviate poverty and pain in the short term, governments should focus on restoring fiscal sustainability in the medium term. The focus should be on undertaking medium-term debt sustainability analysis and on that basis, implement credible fiscal plans, rules and strategies that will allow for the accumulation of fiscal space.

Advanced economies

Canada's debt-to-GDP increased sharply between 2019 and 2020, from 86.8 per cent to 117.8 per cent (IMF 2021a). Like countries across the globe, the main factor contributing to the sharp rise in debt was the funding of stimulus packages to mitigate the economic and social impact of the COVID-19 pandemic. Debt levels are expected to remain elevated through the near term, as the government continues to provide support measures until the pandemic has been fully navigated and the economy is firmly back on track. Prior to the pandemic, Canada was in a position of strength relative to international peers and had prudential fiscal management. The expectation is that it will return to a position of public finance sustainability by building a stronger and more resilient economy (Department of Finance (Canada) 2020).

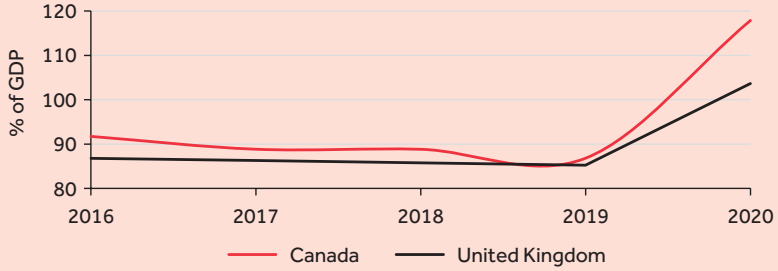
Australia's debt-to-GDP increased from 47.5 per cent to 63.1 per cent between 2019 and 2020 and is expected to rise even further, peaking in 2023 at 78.0 per cent (IMF 2021a). This rapid increase in debt has been due, in large part, to government borrowing to stabilise the economy and support economic recovery from the pandemic. Debt-to-GDP will increase further beyond 2021, as the government tries to secure the recovery from the COVID-19 pandemic while not prematurely withdrawing fiscal support measures. The government's medium-term fiscal strategy is to stabilise and reduce debt once the economy is secure. Prior to the pandemic, Australia had a more favourable fiscal space than most other advanced economies, and sees it as important to rebuild this fiscal space as it has limited conventional monetary policy space (Treasury (Australia) 2021).

After averaging 86.0 per cent between 2016 and 2019, the UK debt-to-GDP ratio increased to 103.7 per cent in 2020; it is expected to remain elevated over 100.0 per cent through 2026 (IMF 2021a). The surge in debt between 2019 and 2020 arose due to government borrowing to deal with the

Figure 2.11

Debt trajectories were impacted by the COVID crisis

Debt-to-GDP ratios (% of GDP) of Canada and the United Kingdom, 2016–2020



Source: Commonwealth Secretariat (data from IMF 2021a).

economic fallout of increasing expenditure and declining revenue from the pandemic. New Zealand's debt-to-GDP ratio increased slightly from 32.1 per cent in 2019 to 41.3 per cent in 2020; it is expected to average at 51.0 per cent through 2026 (ibid). Compared to other advanced economies, New Zealand's debt levels remain considerably lower.

Emerging market economies

Commonwealth EMEs as a group had a small increase in debt-to-GDP, from 73.9 per cent to 81.4 per cent between 2019 and 2020. Within the EME group, India's debt-to-GDP was estimated to be 89.6 per cent in 2020, up from 73.9 per cent in 2019 (IMF 2021a). Although India's debt is not anticipated to return to pre-pandemic levels, with growth rebounding from 2021 onwards, its debt-to-GDP ratio is projected to normalise at approximately 85.0 per cent through 2026 (ibid). As India's budget transparency improves, together with increasing revenue resulting from capital expenditure, India's fiscal space is expected to improve over time.

In 2019 and 2020, all other Commonwealth EMEs had manageable debt-to-GDP, albeit at higher levels compared to the rest of the world. Bangladesh, Malaysia and Pakistan had marginal increases in their debt-to-GDP ratios. However, Bangladesh's debt levels remained low, in large part due to the lack of market access when compared to other Commonwealth EMEs; it thus has a low risk of debt distress. Singapore, the only Commonwealth EME with a debt level of over 100.0 per cent prior to the pandemic, is projected to continue its upward trend, with an average debt-to-GDP ratio of 132.5 per cent between 2021 and 2026 (IMF 2021a).

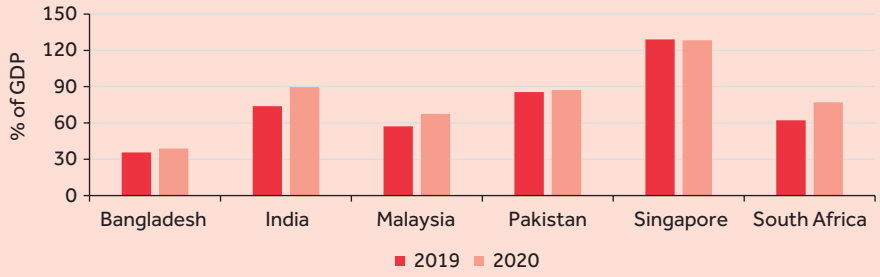
Developing economies and small states

Given their already vulnerable circumstances, developing Commonwealth countries experienced a sharp rise in debt-to-GDP levels. Caribbean Commonwealth member nations had some of the largest increase in debt-to-GDP of all Commonwealth countries. In fact, 4 out of 12 Caribbean Commonwealth countries have debt-to-GDP ratio of over 100.0 per cent. Barbados was estimated to have the highest debt level at 149.0 per cent to GDP in 2020, followed by Belize with 127.4 per cent. Other countries, such as Trinidad and Tobago and Saint Lucia, experienced more than a 25.0 per cent increase in their debt-to-GDP ratios between 2019 and 2020 (IMF 2021a). Given the heavy reliance

Figure 2.12

Only two EME countries – Bangladesh and Malaysia – had debt-to-GDP ratios within the 60% threshold

Debt-to-GDP ratios (% of GDP) of Commonwealth emerging market economies, 2019–2020



Source: Commonwealth Secretariat (data from IMF 2021a).

on the tourism sector in many Caribbean countries, revenue and growth is expected to be fragile, with the uncertainty of new waves and variants of COVID-19 and a slow vaccine rollout in the region. Additionally, the Caribbean continues to feel the impact of climate change and natural disasters. For the 2021 hurricane season, there was a 70.0 per cent chance that between 13 to 20 storms would develop (US Department of Commerce 2021). The combined effects of the pandemic and the hurricane season increases the difficulty for Caribbean countries to stabilise or even lower their debt, especially in the presence of limited or no fiscal space.

Meanwhile in Asia, Maldives' debt-to-GDP ratio nearly doubled, from 78.1 per cent to 142.6 per cent between 2019 and 2020 (IMF 2021a). This was as a direct result of tourism plummeting in 2020 due to global lockdown measures. Tourist arrivals reversed from the 14.7 per cent increase in 2019, falling by 67.4 per cent in 2020. This resulted in a precipitous fall in revenue and worsening fiscal balances (ADB 2021). Maldives' debt-to-GDP ratio is forecast to remain elevated at 140.0 per cent between 2021 and 2026 (IMF 2021a), as revenue from tourist arrivals remains uncertain due to multiple waves and variants of COVID-19 as well as limited flight connections.

In 2020, Sri Lanka's debt-to-GDP ratio stood at 100.1 per cent, up from 86.8 per cent in 2019 (IMF 2021a). Despite having a limited fiscal response due to its tight fiscal situation, there was a simultaneous increase in recurrent expenditure to limit the economic effects of the pandemic and the fall in tax and non-tax revenue due to lockdown measures. Debt was expected to increase in the short term, as the government planned to push recovery in 2021 through public investment. With an already weakened economy from droughts in the previous years, a constitutional crisis and previous terror attacks, economic recovery in Sri Lanka is heavily dependent on the pace of vaccine rollout and the government's reform priorities to promote a return to growth (ADB 2021). Fiscal space is expected to remain significantly low, with debt-to-GDP averaging 106.9 per cent through 2026 (IMF 2021a).

With already the highest debt of all African Commonwealth countries of 103.4 per cent, Mozambique had a sharp rise in its debt-to-GDP ratio, to 122.2 per cent, in 2020. This is expected to remain elevated and well over 100.0 per cent until 2024 (IMF 2021a). With expected revenue generated from increased commodity demand, as well as its uptake of the Debt Service Suspension Initiative (DSSI; see below), the country's short-term fiscal deficit should narrow (ADBG 2021). However, with limited fiscal space, Mozambique should keep medium-term debt sustainability in focus, especially in the presence of low commodity prices and military disturbances from the escalating conflict in Cabo Delgado.

For Seychelles in Africa, debt-to-GDP skyrocketed from 57.8 to 98.4 per cent between 2019 and 2020. It is expected to increase and remain elevated at over 100.0 per cent until 2023 (IMF 2021a). This suggests a high level of debt distress, which comes a decade after the country defaulted on international debt payments (ADBG 2021). Given Seychelles' reliance on tourism revenue and the uncertainty of a rebound in that sector, robust debt management is crucial to ensuring that a default repeat event does not occur.

Other Commonwealth countries such as Botswana, Cameroon, Eswatini, Nigeria, Uganda and Tanzania also faced an increase in their debt-to-GDP ratios. However, these debt levels remain low to moderate and are expected to decline in the short-to-medium term as the base effect is captured. The Gambia had a decline in its debt levels between 2019 and 2020. In large part, this was due to the country's adherence to fiscal rules under an IMF programme and austerity measures from its National Development Plan (AFDB 2021).

Pacific Commonwealth countries had a marginal increase in debt-to-GDP between 2019 and 2020, since they are more dependent on aid – as opposed to incurring debt to finance expenditure.

Following a proposal from the IMF and World Bank, G20 countries established the DSSI, which allowed for the temporary suspension of debt-service payments to creditors up to December 2021. This enabled countries to use their financial resources to continue to fight the pandemic (World Bank, 2021). Of 73 countries that were eligible to participate in the DSSI, 29 were Commonwealth member countries. However, several countries, including Rwanda, Nigeria and Bangladesh, opted not to participate (IMF 2021b). Following the debt sustainability analysis (DSA) of low-income countries, two Commonwealth member nations, Mozambique and Grenada, were classified as being in debt distress, while Bangladesh, Tanzania and Uganda exhibited low risk of debt distress – with debt-to-GDP levels below 50.0 per cent in 2020 (ibid).

2.2 The pandemic and exposures to vulnerabilities: the Commonwealth Universal Vulnerability Index

The pandemic exposed small states' vulnerabilities

Within the Commonwealth, small states have been worst affected by the pandemic, with GDP contracting on average by 7.5 per cent in 2020. Consequently, average revenue in small states declined by 4 percentage points more than the average Commonwealth revenue, which declined by 7.1 per cent in 2020. The adverse effects of the economic fall-out from the pandemic meant that countries globally adopted policies to cushion economies and ensure minimal losses.

Nonetheless, because of the large fiscal costs due to economic stabilisers from the pandemic shocks, small states had very little fiscal room to react to the pandemic. Within

Table 2.4 Commonwealth Poverty Reduction and Growth Trust countries' debt sustainability analysis status

Country	Risk of debt distress	Country	Risk of debt distress
Bangladesh	Low	Papua New Guinea	High
Cameroon	High	Rwanda	Moderate
Dominica	High	Samoa	High
The Gambia	High	Sierra Leone	High
Ghana	High	Solomon Islands	Moderate
Grenada	In Debt Distress	St. Vincent and the Grenadines	High
Guyana	Moderate	Tanzania	Low
Kenya	High	Tonga	High
Kiribati	High	Tuvalu	High
Lesotho	Moderate	Uganda	Low
Malawi	Moderate	Vanuatu	Moderate
Maldives	High	Zambia	High
Mozambique	In Debt Distress		

Source: Commonwealth Secretariat (data from IMF 2021b).

the Commonwealth, government primary spending increased on average by 1.4 per cent for small states, compared to an average increase in primary spending of just over 10 per cent for the Commonwealth countries, an indication of the extent to which small states are vulnerable to external shocks.

While developing countries are without a doubt often vulnerable to external shocks, and the current pandemic has been no different, the contrast in fiscal policy action between the two groups of countries is in part due to high debt costs for small states and very high fiscal costs because of the cyclicality from the pandemic shock on their economies.

The Commonwealth Secretariat has developed a vulnerability index that could strengthen global policy action in the event of future shocks, to include all vulnerable economies. The policy goes beyond the GDP per capita metric that is commonly used to determine a country's financing needs and delves deeper into other metrics. The following sections give an overview of the Commonwealth Universal Vulnerability Index (UVI). A detailed analysis of the UVI can be found in the Commonwealth Universal Vulnerability Index Report (Commonwealth Secretariat 2021).

The Commonwealth Secretariat Universal Vulnerability Index: a multidimensional approach

The Commonwealth UVI has three distinct features that set it apart from existing indices:

- universality – the index is universal, and is developed with all countries in mind, in contrast to existing indices, which have previously been developed with only one group of countries in mind;
- dynamism – the index is dynamic as it captures the changes in vulnerability of countries over time; and
- resilience – the index recognises the importance of resilience in assessing a country's vulnerability.

The Commonwealth UVI builds on previous work as well as work done by other organisations, which argue that a country's vulnerability should be a key consideration for the allocation of aid resources. The Commonwealth UVI defines a country as being vulnerable when it is at risk of various exogenous shocks, including economic, climate and societal shocks (Commonwealth Secretariat 2021, 3). In addition, the Commonwealth UVI posits that, within this new framework, it is imperative that factors strengthening a country's capacity to adapt to shocks, namely its resilience, should be a key consideration.

The multidimensional framework of the UVI implies that vulnerability comprises '*economic vulnerability to external and natural shocks, physical vulnerability to climate change and political or societal vulnerability*' (Commonwealth Secretariat 2021, 3),

Structural and non-structural vulnerability

The Commonwealth UVI report places emphasis on the distinction between structural and non-structural vulnerability, especially as regards the proposed use of vulnerability for concessional financing. At this point, we take a step back to the definition of vulnerability – which is a country's risk of exposure to shocks. The report identifies two types of shocks: (i) exogenous and (ii) endogenous.

Structural vulnerability is therefore a result of exogenous factors, and persistent factors, which the report defines as the intensity and frequency of past shocks.

For the sake of concessional financing, the report recommends, and adopts within its framework, vulnerability to exogenous shocks, or *structural vulnerability*, which can either be natural or external. In contrast, a country can be exposed to endogenous shocks that are a result of policy-making, either in the past or the present. The report further notes that vulnerability as a result of exposure to endogenous shocks should not be a criterion for consideration for concessional financing.

The UVI relies on indices to measure vulnerability, with the indices based on five key principles (Commonwealth Secretariat 2021, 9):

- *First, vulnerability indicators chosen must make it possible to isolate the exogenous elements, which are not influenced by the current policy of countries.*
- *Second, the indicators must be relatively simple and transparent, so that they can be easily read.*
- *Third, redundancy of components from one indicator to another should be avoided.*
- *Fourth, it is desirable wherever possible, to start from internationally recognised indicators, even if it means adapting them to be as consistent as possible with the conceptual framework.*
- *Finally, vulnerability indices should be used in a comparative manner, not only between countries, but also over time.*

The following three indices have been designed to measure vulnerability in the UVI:

i. *Economic vulnerability index*: The UVI establishes a new index with ten sub-components. The sub-components are divided into two groups, i.e., five components measure exposure to shocks, while the remaining five measure the intensity to shocks (ibid, 10–11).

ii. *The physical vulnerability to climate change index:* two risk categories are identified, i.e., risks related to progressive shocks, and risks related to the intensification of recurrent shocks (ibid, 12–13).

iii. The social political vulnerability as measured in the *internal violence index*, with five key clusters encompassing ten quantitative variables (ibid, 13–14).

Structural and non-structural resilience

The UVI report defines resilience as: '*the ability to cope with exogenous shocks by implementing measures to correct or mitigate their effects. It influences the magnitude of the impact of external shocks on sustainable development*'. Resilience can be both structural and non-structural, where structural resilience depends on factors within the country such as physical or human capital, while non-structural resilience depends on a country's will to implement measures and to mitigate the effects of shocks.

The report notes that, while measuring structural resilience might be more intuitive, measuring non-structural resilience is much more onerous – since it might be more practical to observe outcome indicators. In this regard, the report recommends the use of existing policy indices. In measuring resilience, the report proposes two indices:

i. The *structural resilience index*, which comprises human development, demographic structure and structural market connectivity.

ii. The *non-structural resilience index,* meanwhile, has three components, which take into account existing indices: the quality of governance index, the macroeconomic stability index, and the quality of regulations index.

For each of the five indices, a quadratic average is used to obtain the index, which has the advantage of placing emphasis on the components of high vulnerability for each country.

In the aggregation of all indices into the UVI, the multiplicative approach is preferred, as it avoids having to convert the resilience index into a lack of resilience index.

Classification of vulnerability

The UVI classifies country vulnerability in two ways (ibid, 20): (i) using an overall ranking comparing a country's vulnerability score relative to other countries; and (ii) by the level of vulnerability relative to the level of resilience.

Using the second approach, Table 2.5 classifies vulnerability according to four scores:

Table 2.5 Classification of vulnerability in the UVI

UVI > 1.5	Vulnerability significantly greater than resilience	Extremely vulnerable
1.5 < UVI > 1	Vulnerability somewhat less than resilience	Highly vulnerable
1 < UVI > 0.5	Vulnerability partially matched by resilience	Vulnerable
UVI < 0.5	Resilience significantly exceeds vulnerability	Resilient

Source: Commonwealth Secretariat, 2021.

The report provides caution, as below (ibid, 20):

> *It should be understood that a UVI score of 1, reflecting an equivalence of vulnerability and resilience, does not imply resilience of a country or their ability to cope with shocks. The classification of vulnerability with respect to the ratio of vulnerability to resilience considers the extent to which the country has built up resilience factors to cope with its exposure to shocks. In this line of reasoning, a country with a UVI of 1.5, meaning that its vulnerability is 50 per cent larger than its assessed resilience, is regarded as extremely vulnerable. Likewise, countries with UVI scores between 1 and 1.5 are deemed to be highly vulnerable; vulnerable for UVI scores of between 0.5 and 1; and resilient if its UVI scores is below 0.5. The latter reflects the situation where the country's assessed resilience is determined to cover more than 50 per cent of its vulnerabilities... .*

Initial results

Using 2018 data, the report provides some initial results from the vulnerability index for 138 countries. The UVI analysis found least developed countries (LDCs) to be extremely vulnerable and lacking resilience, while small states and small island developing states (SIDS) were found to be highly vulnerable, but also resilient. The report provides a detailed analysis of vulnerability, using the UVI, including vulnerability by rank for a country relative to other countries.

The report recommends the use of the UVI as an additional tool for the allocation of concessional aid, as it reflects additional information on the status of a country's vulnerability, other than its income levels.

2.3 Strides and stumbling blocks: FinTech in the COVID-19 era

The pandemic's silver lining

While it is evident that the onset of the COVID-19 pandemic in 2020 represented both a health crisis and an economic crisis, it can also be argued that it ignited innovation and sped up digitisation in many countries. Innovative technologies, like artificial intelligence (AI) and blockchain, have been used to help countries fight the pandemic.[1] Countries have also increasingly turned to financial technology ('FinTech') to address economic challenges that have been heightened by the pandemic. Recent research by the University of Cambridge, the World Bank and the World Economic Forum shows that FinTech has continued to help expand access to financial services during the pandemic – particularly in emerging markets (CCAF et al. 2020).

It is no surprise then that across every region of the Commonwealth, FinTech is being used to meet financing needs and development goals. Digital financial services, blockchain, AI and other FinTech innovations are helping to improve financial inclusion, support financing for small and medium-sized enterprises (SMEs), reduce the cost of providing services, and encouraging economic growth. In the face of COVID-19 challenges, FinTech innovations

have been resilient for the most part and have even grown in some areas, rising to meet the obstacles presented by the pandemic.

Growing momentum behind CBDCs

Recently, central bank digital currencies (CBDCs) have picked up momentum globally. The growth of these digital currencies, which use an electronic record or digital token to represent the virtual form of a country's fiat currency, have been spurred on in part by the growth of cryptocurrencies, such as Bitcoin and Libra. COVID-19 has also likely had a hand in prompting CBDC interest, by highlighting the need to disburse large sums of economic stimulus money to people quickly and effectively.

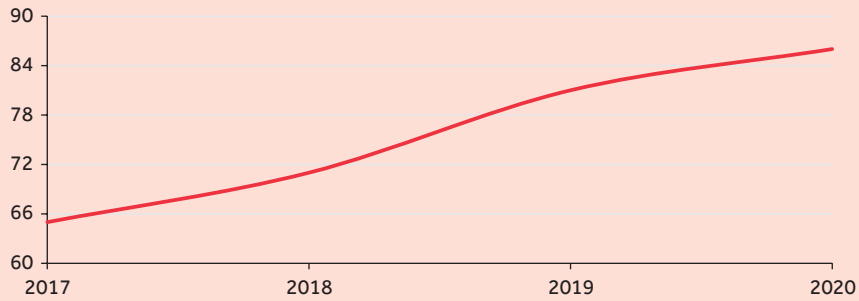
A 2020 survey of central banks found that 86 per cent were engaged in investigating CBDCs, up from 65 per cent in 2017, and 60 per cent have progressed past conceptual research to experimenting and running pilots (Boar and Wehrli 2021) (Figure 2.13a and b). It is no surprise then that 2020 has been dubbed 'the Year of CBDCs', as the currency entered the international financial policy discourse in a serious way. Engagement with CBDCs is still growing. In fact, in the first four months of 2021, at least three new countries – Jamaica, Bermuda and the UK – announced that they were exploring CBDCs for their jurisdictions. Twenty-six (26) of the 54 Commonwealth countries have announced their intention to research, develop, pilot or launch CBDCs.

Most notably, Caribbean countries are considered global pioneers in CBDCs (Boar and Whrli, 2021). With the nationwide rollout of the Sand Dollar in October 2020, The Bahamas people became the first country in the world to officially launch a central bank digital currency. The Central Bank of the Bahamas views the move as an important tool in increasing financial inclusion in the country. Similarly, the Eastern Caribbean Central Bank (ECCB) is working to replace physical dollars with digital equivalents called 'DCash' (Freeman Law n.d.), which it piloted in April 2021. As ECCB is the monetary authority for the Eastern Caribbean Currency Union, covering eight countries in the region, it is on track to be the first currency union to have a digital currency.

Figure 2.13a

Growing momentum in CBDCs: overall engagement

Proportion of responding central banks reporting engagement in work on central bank digital currencies, 2017–2020

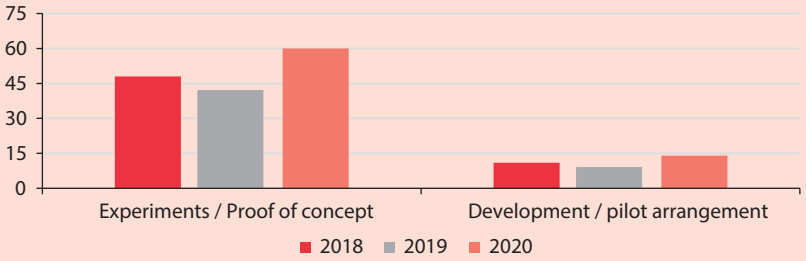


Source: Boar and Wehrli 2021.

Figure 2.13b

Growing momentum for CBDCs

Share (%) of central banks that reported conducting different types of work on central bank digital currencies, 2018–2020



Source: Boar and Wehrli 2021.

Digital payments in a pandemic

According to University of Cambridge research, transaction volumes for digital payments rose by 21 per cent during the first year of the COVID-19 pandemic (CCAF et al., 2020). In fact, several governments encouraged the use of contactless payments through digital financial services in an effort to minimise the spread of the virus through cash exchanged from person to person. Europe saw a 72 per cent increase in the use of FinTech apps after social distancing and lockdown measures were put in place across the continent (Chandler 2020). In Kenya, where the mobile money platform M-Pesa has transformed the economy and boosted financial inclusion from 36 per cent in 2006 to more than 80 per cent in 2017, mobile money providers waived fees on transactions of less than 1,000 Kenyan shillings (KSh; U$10) for 90 days and increased daily transaction limits specifically to support SMEs.

Digital payments are an important aspect of FinTech and are a key mechanism for improving financial inclusion and addressing development challenges, especially in hard-to-reach places. New products that use digital payments to boost inclusion have come to market despite the pandemic. In Solomon Islands, a new mobile wallet product called 'EziPei', was launched in 2020, allowing users to send and receive money, top up airtime, and pay for electricity and water from anywhere using any smartphone or feature phone, and on any network (Schou-Zibell and Phair 2020). Similarly, in Vanuatu non-governmental organisation Oxfam has introduced 'UnBlocked Cash', a blockchain-driven cash transfer system, for the delivery of disaster relief payments. The smartphone app, used along with tap-and-pay cards, saves on the cost of distributing aid, reduces delivery times, and brings more transparency and accountability to the process.

The rise of digital capital raising

Digital capital raising FinTech firms cater to SMEs and offer services like equity- and rewards-based crowdfunding. This FinTech sector saw a 16 per cent increase in transaction volumes in 2020, with several firms pivoting to offer COVID-19-specific funding. Kenyan crowdfunding platform M-Changa, which had several fundraisers for items like sanitisation, PPE (personal protective equipment) and food vouchers for vulnerable households, receives more than 90 per cent of its donations from mobile money. Thundafund, a rewards and revenue share crowdfunding platform which operates in The Gambia, Kenya and South Africa, ran

a 'BackaBusiness' campaign to raise money to financially support small businesses during lockdowns. Small business owners set up a page to raise emergency operational funds, while backers supported their chosen business on a pay now, receive later basis.

Equity crowdfunding is also being used in South Africa to support established businesses, including South African Airlines Express, which offers short internal flights connecting minor towns and cities around the country (Uprise.Africa 2020). In the UK, several equity crowdfunding sites delivered government match funding through their platforms as part of the 'UK Future Fund' – a scheme to support UK-based companies with financing difficulties due to the coronavirus outbreak. This service made it possible for start-ups with earlier equity-based crowdfunding to obtain a convertible loan at reduced interest rates.

A dip in digital lending

Globally, digital lending saw an 8 per cent decline in transaction volumes in 2020, in large part due to a decline in economic activity – as commercial bank lending experienced a similar decline in 2020. Notwithstanding the overall downturn, many SMEs across the Commonwealth turned to FinTech companies for financing during the pandemic. Online lending platform, Lulalend, is providing fast, affordable financing to SMEs in South Africa. The company uses AI-driven, data-centric methods to assess and underwrite customers. At the start of the pandemic, it saw a significant increase in the number of businesses applying for bridge financing to cover short-term cash flow shortfalls. Now, however, it is beginning to get applications for growth-related borrowing once more. Similarly, in India there is large unmet demand for financing of SMEs, which digital lenders like Mintifi are seeking to address.

The infrastructure obstacle

While there is promising growth for the sector in the Commonwealth, FinTech's ability to address financial inclusion and other development challenges is hampered by digital infrastructure gaps. A 2021 Commonwealth report notes that digital infrastructure gaps exist in all regions of the Commonwealth, although the extent of these gaps differs by various indicators (Kumar and Strazdins 2021). While Commonwealth Europe and Asia performed better than Commonwealth Africa, the Pacific and the Caribbean, within each region there were individual country-level digital divides. The report notes that these gaps have to be improved through basic and digital infrastructure, both in terms of hard and soft infrastructure, in order to improve the overall capacity of the Commonwealth to integrate into the digital economy. Some countries in Africa and the Pacific have developed digital infrastructure strategies as a part of wider financial inclusion plans.

Mapping the Commonwealth FinTech landscape

The lack of infrastructure is not the only challenge to the growth of FinTech. Financial inclusion, inadequate financial literacy and an unsupportive regulatory environment are all hurdles that impede growth across the Commonwealth. The forthcoming Commonwealth FinTech report explores the FinTech landscape in Commonwealth member countries. It examines the link between FinTech and development and assesses the current state of FinTech use across Commonwealth countries. The report also explores the main FinTech obstacles and offers recommendations for addressing them.

Note

1 AI was deployed to quickly scan the thousands of research papers written about the virus and identify useful insights and connections for understanding the virus and developing vaccines and treatments. Similarly, blockchain technology was used to develop a COVID-19 tracker that publishes up-to-date, accurate and trusted information on the spread of the disease.

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03

The Circular Economy

3.1 Rethinking the path to prosperity

The key challenge for developing countries is to: (i) accelerate their growth rates; and (ii) ensure that the benefits of growth are widely shared. The experience of the last five decades (1970–2020), especially the spectacular growth of the East Asian economies, shows that globalisation can be a key driver of economic growth.

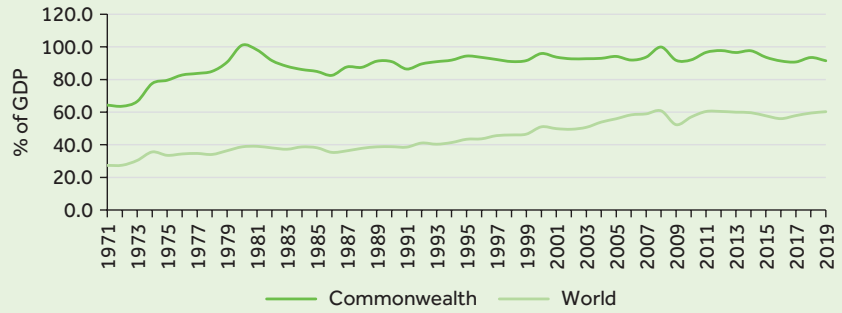
Indeed, over the last 50 years, global trade more than doubled, from 27.3 per cent of GDP in 1971 to 60.3 per cent of GDP in 2019. The numbers are much higher for Commonwealth countries, largely driven by small states – as trade as a proportion of GDP for the group increased from 63.6 per cent to 91.5 per cent in the space of these four decades (Figure 3.1).

Similarly, global economic output more than doubled. A sample of 174 countries shows that collective GDP increased from US$32 trillion in 1996 to US$84 trillion in 2020 (Figure 3.2a). Meanwhile, within the Commonwealth, GDP nearly tripled from US$3.8 trillion to US$11.3 trillion over the same period (Figure 3.2b).

Figure 3.1

Global trade more than doubled over the last five decades

Trade as a % of world and Commonwealth GDP, 1971–2019

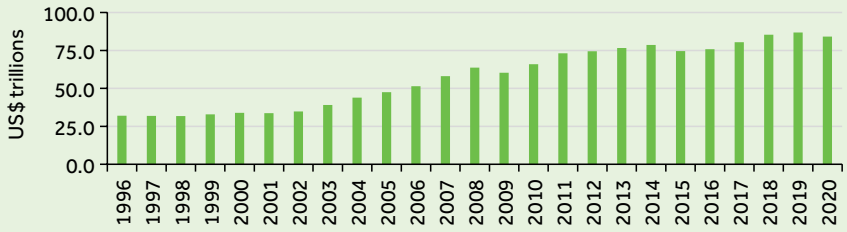


Source: Commonwealth Secretariat (data – World Bank, World Development Indicators [WDIs]).

Figure 3.2a

Global economic output more than doubled in 25 years...

Global GDP (US$ trillions), 1996–2020



Source: Commonwealth Secretariat (data – IMF 2021).

Figure 3.2b

...while Commonwealth output tripled over the same period

Commonwealth GDP (US$ trillions), 1996–2020

Source: Commonwealth Secretariat (data – IMF 2021).

Globalisation, economic growth and poverty reduction: 'the baby and the bathwater'

While the increase in globalisation and sustained global economic growth achieved the desired outcome, and global poverty headcount ratios (US$1.90 a day) declined from 36.2 per cent of the global population in 1990 to 9.3 per cent of the population in 2017, the strain placed on natural resources from production increased, with adverse effects for the climate.

The climate crisis, if not urgently addressed, will undo the gains in poverty reduction. Within the Commonwealth, the Caribbean small states are locked in a climate vulnerability cycle that threatens lives and livelihoods and has adverse impacts for the natural environment, while East and Southern African countries have recently experienced three-year cycles of draughts and floods.

Caribbean small states experienced three destructive hurricanes in 2017. While the intensity of these was of a similar magnitude (in terms of damage caused in US$ millions) to a hurricane in 2012, five years previously, the next hurricane of similar intensity occurred just two years later in 2019.

Advanced Commonwealth states have not been spared either. In 2020, in addition to the impacts of the pandemic, Australia bore the brunt of a adverse weather conditions, as forest fires extended unusually over the summer period.

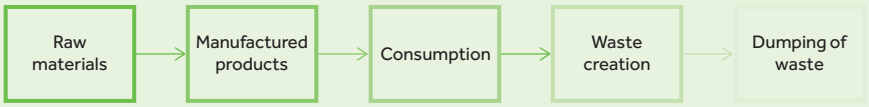
The linear economy approach, which is based on the take/make/dispose philosophy, where resources are extracted from the earth and then products are manufactured for consumption, places strain on natural resources and produces large amounts of waste. It therefore requires re-examination. The circular economy (CE) approach, an industrial economic model where products and services are designed with the end in mind, is gaining momentum. Its main concepts include the 3Rs – reduce, reuse and recycle – and aim to eliminate waste and the consumption of finite resources.

3.2 A race against time: the limits of linear consumption and why the time to act is now

The current linear economy is based on converting natural resources into waste via production, so deteriorating the environment (Garcés-Ayerbe et al. 2019). During lower the

Figure 3.3

Linear economy flow diagram



Source: Adapted from Upadhayay and Alqassimi, 2019.

industrial stages of the developed countries in the West, there were no serious limitations to production. Raw materials were easily available and there was the possibility to constantly improve and optimise new technologies, making the linear model widely accepted. This model was considered to be a way to grow production, employment, profits and standards of living, and as a way to continue to grow the demand for all types of goods.

The linear model has been criticised and challenged by governments and society for the way that it 'treats nature as an industry', leading to global negative impacts – such as increasing CO_2 emissions, global warming, scarcity of and permanent damage to natural and non-renewable resources, and pollution of soil and water.

As per research published by the United Nations (2020), primary resource extraction amounted to around 22 billion tons in 1970, including materials such as fossil fuel, metals and timbers. This ballooned to roughly 70 billion tons in 2010. If the rate of extraction continues at this speed, there will be 180 billion tons of materials needed annually by 2050 (Upadhayay and Alqassimi, 2019).

The limits of the linear model have been exposed, with many companies noticing increases in exposure to risk. This has become apparent with the high level of real commodity prices, and in their volatility. An increasing number of businesses have felt trapped between rising and volatiles prices in resource markets on the one hand, and high competition and stagnating demand for certain sectors on the other (WEF 2014).

Several other areas are showing us that the linear model is reaching its limits, including the fact that in manufacturing processes, the opportunity to increase efficiency exists, but it is mainly incremental with no possibility to create a competitive advantage or differentiation (ibid).

In addition, agricultural productivity has slowed, soil fertility is declining and the risks to supply security and safety associated with long, optimised global supply chains appear to be increasing (WEF 2014). Finally, production sites with excessive requirements for virgin resources, such as water, land or the atmosphere, are struggling to renew their licence to operate as they compete in sensitive resource markets (Ellen MacArthur Foundation 2014).

Going forward, global trends will entrench the deterioration of the potential of the linear economy. These trends can be classified in four key strands: demand side, supply side, trade and policy.

Demand-side trends include the following.

- Demographic changes in emerging markets such as China and India will increase the global mass of middle-class consumers by an estimated 3 billion, with increased corresponding consumption (Dobbs et al. 2011).
- As enablers of a new system come into play, the adoption and scale of the circular economy will be accelerated. For example, consumers are moving away from having ownership of products and towards a preference for accessing

products, i.e., services, therefore moving the economic model away from a linear system (WEF 2014).

Supply-side trends include the following.

- More infrastructure will be needed for companies to reach harder-to-access resources as they become scarcer.
- Stark and lasting resource price increases will take place, as well as unprecedented resource price volatility. For instance, we have recently seen higher price volatility for metals, food and non-food agricultural output than in any single decade in the twentieth century (Dobbs et al. 2011).
- There will be continued pressure on finite resources, with firms struggling to maintain high quality in the existing stock of materials as different resources such as gold, silver and tungsten reserves will be depleted (Hunt 2013).

Global trends in relation to trade include the following.

- Globalised markets and the highly interconnected world, which relies strongly on a rapid global flow of people, goods and information, mean that regional price shocks can quickly become global (Ellen MacArthur Foundation 2013).

Policy trends include the following.

- Governments have begun to provide support and stimulus for moving away from the linear system towards a circular model. At the European Union (EU) level, this includes member states increasing landfill costs for construction and demolition waste, boosting the reuse and recycling rate for concrete, timber and other construction materials (European Commission 2013).

A combination of increasing resource prices, scarcity and volatility, coupled with enabling factors, mean businesses that extract value from resources currently being wasted will reap higher rewards, whereas those with the take/make/dispose philosophy will likely find their economies of scale less prominent and will be left behind in the wake of innovators.

3.3 COVID-19 presents an opportunity to adopt the circular economy: a good crisis not wasted

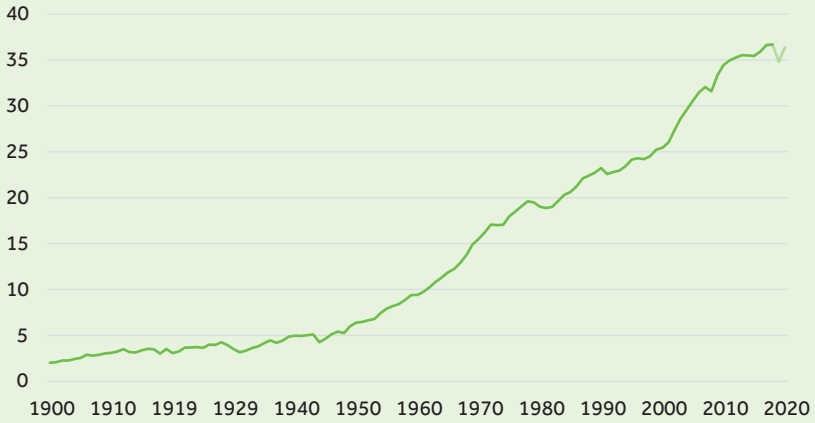
The global outbreak of COVID-19 has revealed many vulnerabilities within both supply chains and global production across the world, highlighting our limited ability to contain and adapt to the systemic risk caused by the pandemic because of a highly interconnected world that relies strongly on a rapid global flow of people, goods and information (Ellen MacArthur Foundation 2020). Consequently, the pandemic has instigated a focus on local manufacturing as a way to build a resilient economy and enable job creation, fostering behavioural change in consumer patterns, as well as triggering the need for diversification and circularity of supply chains (Mohammed et al. 2021).

During the strict lockdown measures put in place, the positive effects of an economic slowdown were clear; we saw reduced greenhouse gas emissions and improvements in air quality, highlighting the scale of the climate crisis (Figure 3.4). COVID-19 is the first instance where economic activity has been in direct opposition to public health, and through which humanity^{\prime}s impact on nature has begun to backfire in unpredictable ways (Tooze 2020). This has forced us to think of new ways to make things work and, in turn, create new methods to produce, distribute, purchase and consume (WEF 2020).

These new methods, combined with our new limitations, seem to favour a circular economy (CE), while accentuating the shortcomings of a linear system where resource extraction and waste production cause untenable environmental degradation, climate change, biodiversity loss and pollution (Ellen MacArthur Foundation 2020). Our

Figure 3.4

Greenhouse gas emissions fell during the early stages of the pandemic
Annual worldwide CO_2 emissions (billion tonnes per year), 1900–2021*



*Note: data shown for 2020 and 2021 are projections only.
Source: Global Carbon Project.

reliance on globalisation and economic growth as drivers of green investment and sustainable development is no longer realistic and, with around US$10 trillion in economic stimulus being unveiled by governments around the world, there is an unprecedented opportunity to move away from unmitigated growth and towards a lasting balance between people, prosperity and planetary boundaries (Mohammed et al. 2021).

The adoption of a CE has been proclaimed as a viable solution. It has been suggested that adopting CE principles will mitigate some of the detrimental effects of the COVID-19 pandemic and provide a long-term solution for change:

- First, adopting the CE at a national level will reduce overreliance on one country as a manufacturing hub for the world (Mohammed et al. 2021).
- Secondly, moving away from a traditionally polluting, energy-intensive manufacturing economy and towards an economy that is focused on renewable energy, smart materials and digital technology will help in the fight against pollution (ibid). A study by the Ellen MacArthur Foundation found that a CE development path could halve carbon dioxide emissions by 2030, relative to 2018 levels (Ellen MacArthur Foundation 2015).
- Finally, the transition to a CE, as it is typically labour intensive, will allow for local job creation to take place. Estimations by the International Labour Organization (ILO) suggest that if a 5 per cent annual increase in recycling rates replaces the direct extraction of primary resources for recycled products worldwide, employment would grow by 0.1 per cent by 2030 and the services and waste management sectors would grow by 50 and 45 million jobs, respectively (ILO 2018).

From a broader perspective, by reducing the cost of essential goods and services, a CE will also be beneficial for lower-income households, reducing the inequality that has increased both between and within countries since the beginning of the pandemic.

The CE model is being proclaimed as an environmentally responsible way of renewing economic growth in the aftermath

of COVID-19 (Panwar and Niesten 2020). However, achieving this new model will require rethinking, resetting and redesigning the economy in such a way that it becomes more prosperous, inclusive and low carbon, moving away from a traditional model that is simply reactive in times of crisis (Ellen MacArthur Foundation 2020).

This will require key enablers, such as incentive mechanisms, partnerships and collaboration, aligning the circular economy in mainstream policies, as well as the creation of traceable actions and targets to help unlock and accelerate circular actions (WBCSD 2020). Alongside this, there will be a need for complementary policies that enable a more inclusive and 'just' transition, allowing for reduced inequalities within and between countries, as well as ensuring that no one is left behind (Ellen MacArthur Foundation 2020).

3.4 Moving from linear to circular production

To reduce the impact on the environment, merely reducing the amount of natural resources we use will not be sufficient, as this will not alter the finite resources we have, but delay the inevitable depletion of these resources. Therefore, a change in the entire structure of the system is necessary.

The CE has thus been suggested as an alternative to the traditional linear economic model. The main aim of the CE is to replace the 'end of life' concept and 'disposal' ideas that are present within the linear model and shift towards restoration of products and the use of renewable energy, eliminating the use of toxic chemicals and focusing on removing waste through improved designs of materials, products, systems and business models (WEF 2014).

The key assumption in the move from a linear to a circular economy is a feedback loop that either returns the collected waste back into usable products or transforms it into valuable raw material because of the recycle, repair and remanufacture process (Figure 3.5). Depending on different technological characteristics, a single type of waste may be recycled several times and reused in subsequent cycles of production processes (Drljača 2015).

The CE is a paradigm shift, attempting to integrate both economic activity and environmental well-being by replacing the dispose mentality with the 4Rs – reducing, reusing, recycling and recovering – throughout the production and consumption processes (Garcés-Ayerbe et al. 2019).

In theory, this hinges on three main principles: i) designing out waste – products are designed and optimised for a cycle of disassembly and reuse; ii) keeping products and materials in use – where non-toxic products are returned to the biosphere; and iii) regenerating the natural systems – where the energy required to fuel a product cycle should be renewable by nature (Figure 3.6) (Ellen MacArthur Foundation 2013).

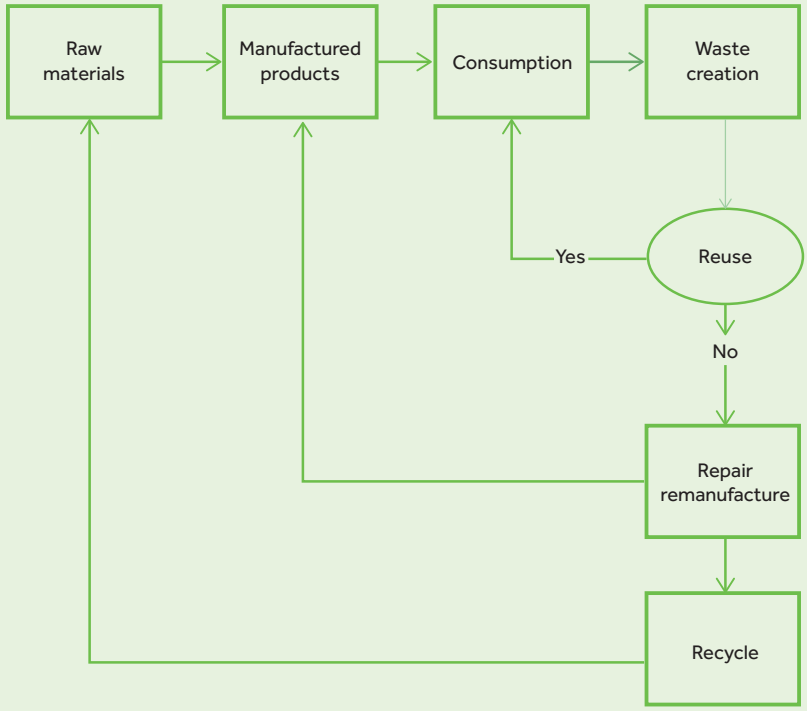
In the case of technical materials, the consumer is replaced by a user and durable products are leased, rented or shared wherever possible (Figure 3.6) (Ellen MacArthur Foundation 2013). If products are sold, there are incentives or agreements in place to ensure the return and the reuse of the product or its components and materials at the end of its period of primary use (WEF 2014).

In practical terms, the CE aims to: (i) emphasise environmentally conscious manufacturing and product recovery (Gungor and Gupta 1999); (ii) promote the prevention of unintended ecological degradation through partnerships between corporations, consumers and government (Bauwens et al. 2020); and (iii) shift the focus to an integrated product value chain via promotion of product repair/re-use and waste management (Mohammed et al. 2021).

Within the context of manufacturing activities, the CE economy aims to prolong the use of products, as well as putting products, by-products and waste materials back into the economy, making sure resources are in the economy for as long as possible (Garza-Reyes

Figure 3.5

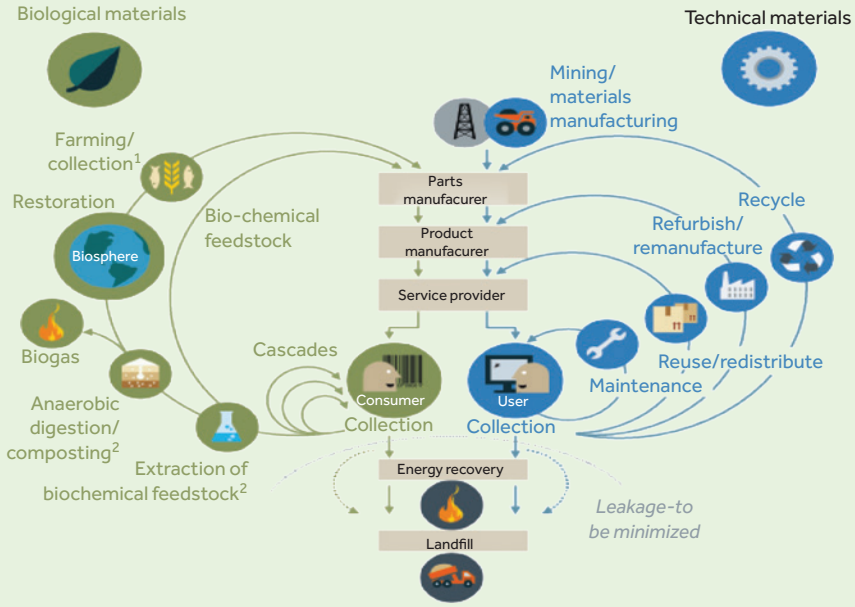
Circular economy flow diagram



Source: Adapted from Upadhayay and Alqassimi (2019) and Drljača (2015).

Figure 3.6

The circular economy: restoring damage done during resource acquisition



Source: Ellen MacArthur Foundation 2013.

2019). The principal goals of implementing a CE strategy in an organisation are to reduce virgin materials and waste output, as well as protecting the environment and preventing pollution (Garcés-Ayerbe et al. 2019). In other words, a CE strategy is implemented to achieve sustainable development through improved resource efficiency (ibid).

Despite being widely discussed, only limited progress has been accomplished so far regarding the implementation of the circular economy. Several factors have been suggested as main barriers to its implementation. One study, focusing on a range of manufacturing firms, found that there was a shallow understanding of and insight into the CE, as well as a knowledge level that was low, prohibiting an evolutionary change towards this model (Ritzén and Sandström 2017). In addition to this, there was a large risk aversion towards more disruptive changes and a preference for small incremental business steps, suggesting that the CE model would not be welcomed (ibid).

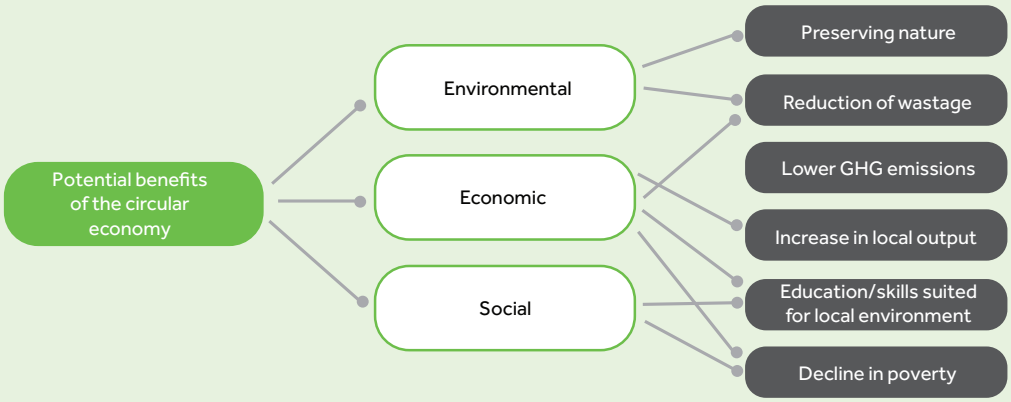
On the consumer side, research has found that there are the cultural barriers such as a lack of consumer interest and awareness in the subject, as well as the perception that a recycled or refurbished product produced by reclaimed material lacked the durability and performance of a completely new product (Kirchherr and Hekkert, 2017). Market barriers have also been cited as one of the main issues when it come to the CE, as high upfront investment costs stop businesses from going towards the CE model (ibid). Finally, a lack of synergistic governmental interventions has also been considered to be a barrier, as the lack of co-ordination means that policies to enact the CE are not achieving successful policy developments and, in turn, not achieving desired outcomes by governments (Nadeem et al. 2018).

Compared to the linear economy, the multiple benefits of the circular economy cannot be overemphasised. We classify the benefits into three main categories (Figure 3.7).

i. ***Environmental***: In contrast to the linear economy, the circular economy would significantly reduce waste, thereby minimising pollution through the reduction of greenhouse gas (GHG) emissions, and preserving the natural environment

Figure 3.7

The multiple benefits of the circular economy



Source: Commonwealth Secretariat.

through lower levels of resource extraction for raw materials.

ii. ***Economic***: A key tenet of the circular economy is local production, which means use of local resources and the local labour force. Increased use of local labour would increase employment, while safeguarding the rate of extraction of local resources. In addition, increasing demand for products, such as electronics, has the potential to create jobs in a circular economy. As demand for electronic products increases, e-waste recycling and urban mining could not only provide secondary resources, but also create decent employment (Xavier et. al. 2019).

iii. ***Social***: Increased local production indicates increased local output, which in turn increases incomes and reduces poverty. In addition, strengthening local skills improves social conditions, while also ensuring critical knowledge used to preserve nature is passed on.

Box 3.1 Examples of circular production in action

A report produced by the Ellen MacArthur Foundation in 2013 analysed several categories of resource-intensive products in order to understand how the circular economy could support improvements in these areas. It found that the cost of remanufacturing mobile phones could be reduced by 50 per cent per device if the different manufacturing companies made phones that were easier to disassemble, improved the reverse cycle, and encouraged individuals to return phones (Ellen MacArthur Foundation 2013).

When looking along the value chain, the report found that the UK would be able to create a revenue of US$1.5 billion annually at the municipal level by processing food waste discarded by households and in the hospitality sector (ibid). It also suggested that, in the UK, the aggregate impact of second-hand clothes reused by different industries to make insulation or upholstery stuffing, or recycled into yarn to make fabrics that save virgin fibre, could generate revenues of US$1,975 or a gross profit of US$1,295 for each tonne of clothing (ibid).

Substantial savings and reduced environmental impacts are also possible at the company level, demonstrated by an increasing number of reference cases. The textiles industry uses vast quantities of water and chemicals and produces huge amounts of toxic waste, a major problem in countries such as China, India, Bangladesh, Vietnam and Thailand (WEF 2019). Dutch company DyeCoo has developed a process of dyeing cloth that uses no water at all, and no chemicals other than the dyes themselves (ibid). The CO_2 they do use to dye clothes is reclaimed from existing industrial processes, recycling 95 per cent of it in a closed loop system (DyeCoo 2021). Because the cloth doesn't need to have time to dry, this reduces the length of the production process, using less energy and reducing costs.

Research suggests that if food waste was a country, it would be the third-highest emitter of greenhouse gases after the US and China (FAO 2013). British start-up Winnow has developed a smart meter that analyses the amount of food being wasted in commercial kitchens. These smart weighing meters are installed on kitchen bins and, as catering staff throw away food throughout the day, they also tap the screen installed above the bin to identify what food was thrown in and at what stage. This not only helps kitchens to reduce waste, but also increases profits as chefs are more aware of what is being wasted and are able to adapt their purchases accordingly (Winnow 2021).

3.5 The micro/macro nexus: policies to strengthen the circular economy

The significance of adopting a circular over a linear economy cannot be underscored enough. Several studies have pointed out that a business as usual (BAU) approach would be perilous as time races against the hazards of natural resource destruction (Garcés-Ayerbe et al. 2019; Bauwens et al. 2020). Micro-level research offers options and examples of how business can adapt from a linear to a circular economy.

In this section, we outline a micro/macro nexus. In particular, we place emphasis on the role of the government in promoting the CE, a role which, together with the private sector, would provide synergies and act as an accelerator for the circular economy (Nadeem et al. 2018). Inevitably, for firms to adopt circular economy models, policies that provide appropriate incentives at the national and global levels will go a long way in strengthening the move from the linear to the circular economy.

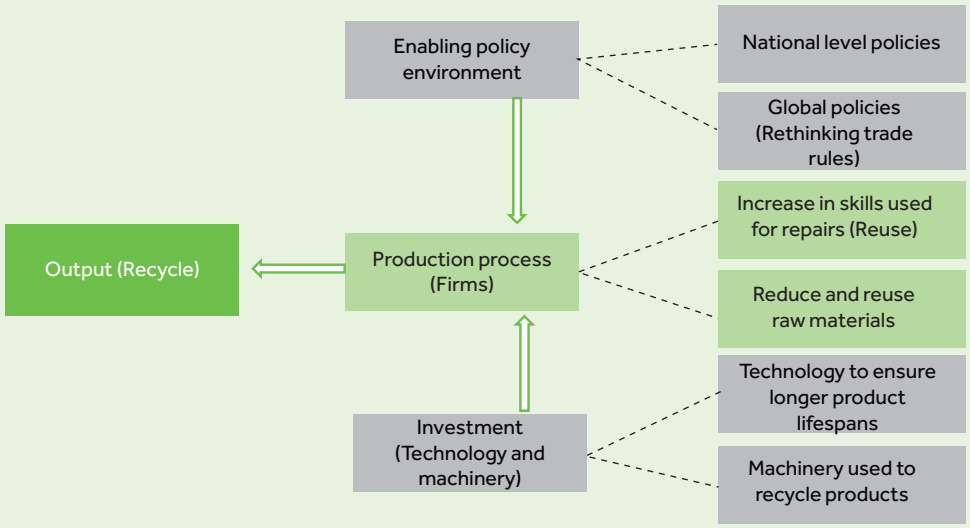
Figure 3.8 proposes an analytical framework that will identify policy options aimed at creating an enabling environment to encourage businesses to adopt the CE. The framework has its basis in the CE business process, i.e., designing out waste, and ensuring inputs such as raw materials are reusable and that final products can be recycled. In addition, the framework has its basis in the Solow model equation – ***the macro aspect***, with total output in an economy determined by factor inputs – technology, capital and labour.

Nevertheless, in identifying possible policy options for adoption by countries in the effort to enhance CE uptake by firms, we acknowledge that the structure of economies often differs from country to country.

From Figure 3.8, three levels for the macro analysis of the circular economy can be identified. At the first level are specific inputs

Figure 3.8

Analytical framework for creating an enabling business environment for the circular economy



Source: Commonwealth Secretariat.

that can be directly targeted by policies to create an enabling environment for the production process. The second level is the grouping of the specific inputs. The third level is output, which is assumed to adhere to the circular economy tenets of reduce, reuse and recycle.

Production process: identifying inputs and enablers

The first and second stage of the analytical framework are combined. We identify the production process and enablers, and within each, discuss the necessary inputs.

i. Firms: reusable raw materials and reskilling labour

Reducing waste and reusing raw materials are at the core of the circular economy. At the micro level, firms are encouraged to design out waste through their business processes and ensure lower levels of natural resource extraction. In addition, adoption of new business processes will require new labour skills, such as an increase in skills required for repairs and technical skills required for recycling products. At the national level, governments can work with firms by adjusting the policy environment. Suggestions include:

- ***Pricing waste***: Governments and the private sector have been working together and are in consensus on the important role of carbon pricing as a tool for reduction of greenhouse gas emissions. A similar tool for pricing waste production would strengthen adoption of the CE. Waste pricing would aid firms in determining waste production in their operations, as well as the impact of waste produced on natural resources and the environment. For governments, waste pricing would generate an additional source of revenue.
- ***Review of curriculum for skills required to adopt the CE***: Governments, in consultation with the private sector, could align the higher education curriculum to take into account skills required for the CE. Incentives such as financing research programmes that strengthen the CE could be prioritised. The curriculum could also ensure that CE principles are adopted at primary levels of education.
- ***Tax incentives***: Tax incentives include offering businesses that adopt CE models tax holidays, and lower tax rates for firms that reduce waste and take on labour skilled in CE.

ii. Investment: technology, plant and equipment

While governments can provide enabling environments for firms to invest, governments can also crowd in private investments by investing in CE infrastructure. Suggestions include:

- ***Incentives for firms to invest***: Use of fiscal and monetary policy to encourage firms to invest in the CE. For example, introducing subsidies to firms that invest in the CE by offering lower lending rates and guarantees to these firms.
- ***Government investment in plant and equipment***: Earmark funds from waste pricing for investments in infrastructure used for the CE.
- ***Tax incentives***: zero rate duty on investments used for the CE.

iii. Enabling policy environment: national and global level

At the macro level, the adoption of the CE requires a firm commitment at the national and global levels. At the national level, governments can commit to adopting the CE by setting deliberate targets, such as committing to reduce waste production by set amounts and within a target period.

At the global level, countries can come together multilaterally to agree on a way forward and to set global targets that must be adhered to by all member states. Two recent proposals in international discourse include:

1. The recently proposed minimum corporate tax, adopted through a vote by 130 Organisation for Economic Co-operation and Development (OECD) member countries (July 2021), and strongly endorsed by the G7 and G20 in July 2021, could have positive implications for CE, as it encourages firms to produce where there are markets rather than seek production in low-tax regions.
2. Concessional lending by international financial institutions (IFIs), such as the recently proposed ***Resilience and Sustainability Trust*** by the ***IMF***, which will provide lending for climate projects to developing and vulnerable middle-income countries.

Box 3.2 Bangladesh: a case study of the potential of the circular economy

After a decade of progressive economic growth, Bangladesh is now moving towards developing country status and it should achieve this by 2024 (Hossen 2021). With this in mind, the country will soon need to compromise on the prevailing duty-free, quota-free market access to preferred markets, making the future of exports more difficult (ibid). Alongside this, the COVID-19 pandemic is shifting the way that the world works, making it more complex, with technology and global competitiveness becoming one of the prime areas for growth and development. In this sense, the CE could be a sustainable economic model that can be used to reduce resource gaps and improve sustainability in the country (Hossen 2021).

The garment industry represents an area in which the CE could be implemented. It generates around US$5 billion in products annually and employs three million workers, of which 90 per cent are women (Edie 2021). The industry is traditionally characterised by a one-way system: resources are converted into manufactured products, which are sold for use and eventually discarded. The country is one of the biggest producers of deadstock (stock that is brand-new but unsold), ranking second worldwide in average deadstock volume per country (Hannon 2020). This is intensified as consumer demand increases, causing damage to the environmental quality of the planet. The COVID-19 pandemic has had adverse effects on the industry, as more than 200 apparel factories in Bangladesh have closed. As a result, 357,000 garment workers are said to be without work – more than six times higher than the initial estimate of 56,372 which was made in the very early stages of the pandemic (IHRB, 2021).

Several suggestions have been made by the Global Fashion Agenda, a Denmark-based sustainability forum, in order to respond to this issue. These include production of new garments made from recycled waste, and the implementation of a Circular Fashion Stock Marketplace for overstock garments that have piled up as a result of cancelled orders during the COVID-19 crisis (Ishty and Tasneem 2021). Mapping and tracing waste streams has also been suggested as a first step, as currently the waste is mixed together and sold on the cheap, making it less valuable (Atker et al., 2022).

The importance of dialogue has also been emphasised and by bringing both the brand and the recycler together, this will help to improve the quality of garments, as well provide a platform to talk about different pricing mechanisms and help recycled materials become

competitive with virgin material (Russel 2020). The hope is that the transition to a CE in the market for textiles has the potential to decrease the carbon and water footprints and waste to landfills by 15 per cent (Ishty and Tasneem 2021).

An analysis on the labour-market impacts of the circular economy model will also be necessary, as an implementation of the circular economy model could mean lower levels of production, translating into fewer working hours and job losses in some sectors. This could be devastating, as the country mainly relies on low-wage labour, suggesting an increase in re-skilling may need to take place (Ishty and Tasneem 2021). Both digital and technological investments would also need to be put into place to achieve a CE model that could also impact the labour market (ibid).

3.6 Conclusion

Over the last five decades, global trade and economic output have more than doubled. While increases in globalisation and sustained global economic growth have achieved the desired outcome, with global poverty headcount ratios (at US$1.90 a day) declining from 36.2 per cent of the global population in 1990 to 9.3 per cent of the population in 2017, the strain placed on natural resources from production has increased, causing adverse effects for climate change.

A business-as-usual approach will likely lead to climate-related shocks that have the potential to undo the gains in poverty reduction, hence 'throwing the baby out with the bathwater'. The circular economy is a way of reducing this increase in output while also meeting people's needs, by moving away from the traditional linear model. COVID-19 provides an opportunity for the CE to be implemented, as it has shown us the impact that a slowdown of economic activity has on the environment, as well as instigating a focus on local manufacturing as a way to build a resilient economy and enable job creation.

The limits of the linear economy have been exposed in this paper, including the idea that many companies have noticed that this system increases their exposure to risk through high levels of commodity prices and increased volatility in resources markets. A decrease in agricultural productivity, alongside a predicted difficulty in meeting future resource needs, have also been highlighted as limits to the model. The CE hopes to address these issues by moving away from the 'end of life' concept and towards the restoration of products and use of renewable energy in production.

The key assumption in the CE model is a feedback loop that either returns the collected waste back into usable products or transforms it into valuable raw material via the recycle, repair and remanufacture process. This helps to design out waste, keep products and materials in use, and regenerate natural systems. However, only limited progress has been accomplished so far regarding the implementation of the CE, due to a lack of understanding and insight into the topic, as well as limited consumer interest and awareness of the subject.

A micro/macro nexus has been suggested in this report in order to identify policy options aimed at creating an enabling environment to encourage businesses to adopt the circular economy. This framework includes both micro aspects such as: designing out waste, ensuring inputs such as raw materials are reusable, and that final products can be recycled, as well as a macro aspect, with total output in an economy determined by factor inputs – technology, capital and labour.

Different levels for the macro analysis of the CE have also been identified. The first level identifies specific inputs that can be directly targeted by policies to create an enabling environment for the production process, such as national-level policies and increases

in skills used for repairs. The second level groups these specific inputs into three main groups: the production process, an enabling policy environment, and investment in both technology and machinery. The third level is the output, which is assumed to adhere to the circular economy tenets of 'reduce, reuse and recycle'.

To understand the potential impact and opportunities for the CE on Commonwealth member states, further research is needed. Special attention must be paid to the effects of the CE on labour markets, especially in countries that are heavily reliant on low-wage labour. Furthermore, an understanding of how bringing together both private and public stakeholders can impact capacity building will be necessary to promote CE actions, share best practice and leverage national action. Finally, the impacts of new technologies will also need to be analysed, both from a labour market perspective but also from an environmental perspective.

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Appendix 1

Data tables

Table A1.1 Gross domestic product (constant prices, annual % change) of Commonwealth countries, 2011–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Antigua and Barbuda	−2.0	3.4	−0.6	3.8	3.8	5.5	3.1	7.0	4.7	−20.0	1.0
Australia	2.8	3.8	2.1	2.6	2.3	2.7	2.4	2.8	1.9	−2.4	3.5
The Bahamas	0.6	3.1	−3.6	2.3	1.6	0.1	1.6	2.8	0.7	−14.5	2.0
Bangladesh	6.5	6.5	6.0	6.1	6.6	7.1	7.3	7.9	8.2	3.5	4.6
Barbados	−0.7	−0.5	−1.4	−0.1	2.4	2.5	0.5	−0.6	−1.3	−18.0	3.3
Belize	1.9	2.4	1.3	4.0	2.6	0.0	1.8	2.9	1.8	−14.0	8.5
Botswana	6.0	4.5	11.3	4.1	−5.7	7.0	4.0	4.0	3.0	−8.5	9.2
Brunei Darussalam	3.7	0.9	−2.1	−2.5	−0.4	−2.5	1.3	0.1	3.9	1.1	2.0
Cameroon	4.1	4.5	5.4	5.9	5.7	4.6	3.5	4.1	3.7	−1.5	3.6
Canada	3.1	1.8	2.3	2.9	0.7	1.0	3.0	2.4	1.9	−5.3	5.7
Cyprus	0.4	−3.4	−6.6	−1.8	3.2	6.4	5.2	5.2	3.1	−5.1	4.8
Dominica	−0.2	−1.1	−1.0	4.8	−2.7	2.8	−6.6	3.5	7.5	−11.0	3.4
Eswatini	2.2	5.4	3.9	0.9	2.2	1.1	2.0	2.4	2.2	−2.4	1.5
Fiji	2.7	1.4	4.7	5.6	4.5	2.4	5.4	3.8	−0.4	−15.7	−4.0
The Gambia	−8.1	5.2	2.9	−1.4	4.1	1.9	4.8	7.2	6.2	−0.2	4.9
Ghana	14.0	8.4	7.2	2.9	2.1	3.4	8.1	6.2	6.5	0.4	4.7
Grenada	0.8	−1.2	2.4	7.3	6.4	3.7	4.4	4.4	0.7	−13.1	2.7
Guyana	5.4	5.0	3.7	1.7	0.7	3.8	3.7	4.4	5.4	43.5	20.4
India	6.6	5.5	6.4	7.4	8.0	8.3	6.8	6.5	4.0	−7.3	9.5
Jamaica	1.4	−0.5	0.2	0.6	0.9	1.5	0.7	1.8	1.0	−10.0	4.6
Kenya	5.1	4.6	3.8	5.0	5.0	4.2	3.8	5.6	5.0	−0.3	5.6
Kiribati	1.6	4.7	4.2	−0.7	10.4	5.1	0.9	3.8	3.9	−0.5	1.8
Lesotho	5.1	5.1	1.8	2.1	3.3	1.9	−2.7	−1.0	−1.5	−5.4	2.8
Malawi	4.9	1.9	5.2	5.7	3.0	2.3	4.0	4.4	5.4	0.9	2.2
Malaysia	5.3	5.5	4.7	6.0	5.0	4.5	5.8	4.8	4.4	−5.6	3.5
Maldives	8.6	2.5	7.3	7.3	2.9	6.3	7.2	8.1	7.0	−32.0	18.9
Malta	0.5	4.1	5.5	7.6	9.6	3.8	11.0	6.1	5.7	−8.3	5.7

Mauritius	4.1	3.5	3.4	3.7	3.6	3.8	3.8	3.8	3.0	−14.9	5.0
Mozambique	7.4	7.3	7.0	7.4	6.7	3.8	3.7	3.4	2.3	−1.2	2.5
Namibia	5.1	5.1	5.6	6.1	4.3	0.0	−1.0	1.1	−0.6	−8.0	1.3
Nauru	10.8	10.4	31.0	27.2	3.4	3.0	−5.5	5.7	1.0	0.7	1.6
New Zealand	1.8	2.5	2.3	3.7	3.6	3.9	3.5	3.4	2.4	−2.1	5.1
Nigeria	4.9	4.3	5.4	6.3	2.7	−1.6	0.8	1.9	2.2	−1.8	2.6
Pakistan	3.6	3.8	3.7	4.1	4.1	4.6	5.2	5.5	2.1	−0.5	3.9
Papua New Guinea	1.1	4.7	3.8	13.5	6.6	5.5	3.5	−0.3	5.9	−3.9	1.2
Rwanda	8.0	8.6	4.7	6.2	8.9	6.0	4.0	8.6	9.5	−3.4	5.1
Samoa	4.2	−4.1	−0.4	0.1	4.3	8.1	1.0	−2.1	3.6	−2.7	−7.2
Seychelles	5.4	3.7	6.0	4.5	4.9	4.4	5.0	1.3	1.9	−12.9	6.9
Sierra Leone	6.3	15.2	20.7	4.6	−20.5	6.4	3.8	3.5	5.5	−2.2	3.2
Singapore	6.3	4.5	4.8	3.9	3.0	3.3	4.5	3.5	1.3	−5.4	6.0
Solomon Islands	7.3	1.9	5.3	1.1	1.4	5.9	5.3	3.9	1.2	−4.3	1.2
South Africa	3.2	2.4	2.5	1.4	1.3	0.7	1.2	1.5	0.1	−6.4	5.0
Sri Lanka	8.4	9.1	3.4	5.0	5.0	4.5	3.6	3.3	2.3	−3.6	3.6
St Kitts and Nevis	1.6	−0.5	5.7	7.6	0.7	3.9	0.9	2.7	4.8	−14.4	−1.0
St Lucia	4.8	−0.4	−2.2	1.3	−0.2	3.8	3.5	2.9	−0.1	−20.4	3.5
St Vincent and The Grenadines	−0.4	1.4	1.8	1.2	1.3	1.9	1.0	2.2	0.5	−3.3	−6.1
Tanzania	7.9	5.1	6.8	6.7	6.2	6.9	6.8	7.0	7.0	4.8	4.0
Tonga	6.8	0.8	0.3	2.0	1.2	6.6	3.3	0.3	0.7	0.7	−2.0
Trinidad and Tobago	−0.2	−0.7	2.2	−0.9	1.5	−5.6	−3.0	0.1	−1.2	−7.9	−1.0
Tuvalu	7.5	−2.9	3.8	1.7	9.4	4.7	3.4	1.6	13.9	1.0	2.5
Uganda	7.7	2.3	3.9	5.7	8.0	0.2	6.8	5.6	7.7	−0.8	4.7
United Kingdom	1.3	1.4	2.2	2.9	2.4	1.7	1.7	1.3	1.4	−9.8	6.8
Vanuatu	3.1	1.0	0.5	3.1	0.4	4.7	6.3	2.9	3.9	−6.8	1.2
Zambia	5.6	7.6	5.1	4.7	2.9	3.8	3.5	4.0	1.4	−3.0	1.0

Source: IMF, 2021.

Table A1.2 Inflation (average consumer prices, annual % change) in Commonwealth countries, 2011–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Antigua and Barbuda	3.5	3.4	1.1	1.1	1.0	−0.5	2.4	1.2	1.4	1.1	1.6
Australia	3.4	1.7	2.5	2.5	1.5	1.3	2.0	1.9	1.6	0.9	2.5
The Bahamas	3.1	1.9	0.4	1.2	1.9	−0.3	1.5	2.3	2.5	0.0	3.0
Bangladesh	10.9	8.9	6.8	7.3	6.4	5.9	5.4	5.8	5.5	5.6	5.6
Barbados	9.4	4.5	1.8	1.8	−1.1	1.5	4.4	3.7	4.1	2.9	2.5
Belize	1.7	1.2	0.5	1.2	−0.9	0.7	1.2	0.3	0.2	0.1	3.1
Botswana	8.5	7.5	5.9	4.4	3.1	2.8	3.3	3.2	2.7	1.9	5.8
Brunei Darussalam	0.1	0.1	0.4	−0.2	−0.3	−0.4	−1.3	1.1	−0.4	1.9	2.5
Cameroon	2.9	2.4	2.1	1.9	2.7	0.9	0.6	1.1	2.5	2.4	2.3
Canada	2.9	1.5	0.9	1.9	1.1	1.4	1.6	2.3	1.9	0.7	3.2
Cyprus	3.5	3.1	0.4	−0.3	−1.5	−1.2	0.7	0.8	0.6	−1.1	1.7
Dominica	1.1	1.4	0.0	0.8	−0.9	0.1	0.3	1.0	1.5	−0.7	1.5
Eswatini	6.1	8.9	5.6	5.7	5.0	7.8	6.2	4.8	2.6	3.9	4.3
Fiji	7.3	3.4	2.9	0.5	1.4	3.9	3.3	4.1	1.8	−2.6	1.1
The Gambia	4.8	4.6	5.2	6.3	6.8	7.2	8.0	6.5	7.1	5.9	7.0
Ghana	7.7	7.1	11.7	15.5	17.2	17.5	12.4	9.8	7.1	9.9	9.3
Grenada	3.0	2.4	0.0	−1.0	−0.6	1.7	0.9	0.8	0.6	−0.7	2.5
Guyana	4.4	2.4	1.9	0.7	−0.9	0.8	1.9	1.3	2.1	0.7	3.2
India	9.5	10.0	9.4	5.8	4.9	4.5	3.6	3.4	4.8	6.2	5.6
Jamaica	7.5	6.9	9.4	8.3	3.7	2.4	4.4	3.7	3.9	5.2	5.6
Kenya	14.0	9.4	5.7	6.9	6.6	6.3	8.0	4.7	5.2	5.2	6.0
Kiribati	1.5	−3.0	−1.5	2.1	0.6	1.9	0.4	0.6	−1.8	1.8	3.3
Lesotho	5.0	6.1	4.9	5.4	3.2	6.6	4.4	4.8	5.2	5.0	5.8
Malawi	7.6	21.3	28.3	23.8	21.9	21.7	11.5	9.2	9.4	8.6	9.5
Malaysia	3.2	1.7	2.1	3.1	2.1	2.1	3.8	1.0	0.7	−1.1	2.5
Maldives	11.3	10.9	4.0	2.4	1.4	0.8	2.3	1.4	1.3	−1.6	1.4

Malta	2.5	3.2	1.0	0.8	1.2	0.9	1.3	1.7	1.5	0.8	0.7
Mauritius	6.5	3.9	3.5	3.2	1.3	1.0	3.7	3.2	0.5	2.5	5.1
Mozambique	11.2	2.6	4.3	2.6	3.6	17.4	15.1	3.9	2.8	3.1	6.2
Namibia	5.0	6.7	5.6	5.3	3.4	6.7	6.1	4.3	3.7	2.2	4.0
Nauru	−3.4	0.3	−1.1	0.3	9.8	8.2	5.1	0.5	4.3	0.9	1.2
New Zealand	4.0	1.1	1.1	1.2	0.3	0.6	1.9	1.6	1.6	1.7	3.0
Nigeria	10.8	12.2	8.5	8.0	9.0	15.7	16.5	12.1	11.4	13.2	16.9
Pakistan	13.7	11.0	7.4	8.6	4.5	2.9	4.1	3.9	6.7	10.7	8.9
Papua New Guinea	4.4	4.5	5.0	5.2	6.0	6.7	5.4	4.7	3.7	4.9	3.6
Rwanda	5.7	6.3	4.2	1.8	2.5	5.7	4.8	1.4	2.4	7.7	2.4
Samoa	2.9	6.2	−0.2	−1.2	1.9	0.1	1.3	3.7	2.2	1.5	−3.0
Seychelles	2.6	7.1	4.3	1.4	4.0	−1.0	2.9	3.7	1.8	1.2	10.0
Sierra Leone	6.8	6.6	5.5	4.6	6.7	10.9	18.2	16.0	14.8	13.4	11.3
Singapore	5.2	4.6	2.4	1.0	−0.5	−0.5	0.6	0.4	0.6	−0.2	1.6
Solomon Islands	7.4	5.9	5.2	5.3	−0.6	0.5	0.5	3.5	1.6	3.0	2.4
South Africa	5.0	5.6	5.8	6.1	4.6	6.3	5.3	4.6	4.1	3.3	4.4
Sri Lanka	6.7	7.5	6.9	2.8	2.2	4.0	6.6	4.3	4.3	4.6	5.1
St Kitts and Nevis	5.8	0.8	1.1	0.2	−2.3	−0.7	0.7	−1.0	−0.3	−0.6	−1.0
St Lucia	2.8	4.2	1.5	3.5	−1.0	−3.1	0.1	2.4	0.5	−1.8	2.5
St Vincent and The Grenadines	3.2	2.6	0.8	0.2	−1.7	−0.2	2.2	2.3	0.9	−0.6	2.0
Tanzania	12.7	16.0	7.9	6.1	5.6	5.2	5.3	3.5	3.4	3.3	3.2
Tonga	6.0	3.3	0.7	2.3	0.1	−0.6	7.2	6.8	3.3	0.4	1.4
Trinidad and Tobago	5.1	9.3	5.2	5.7	4.7	3.1	1.9	1.0	1.0	0.6	1.0
Tuvalu	0.5	1.4	2.0	1.1	3.1	3.5	4.1	2.2	3.5	1.6	2.5
Uganda	18.7	14.0	5.5	4.3	3.7	5.2	5.6	2.6	2.3	2.8	2.2
United Kingdom	4.5	2.8	2.6	1.5	0.0	0.7	2.7	2.5	1.8	0.9	2.2
Vanuatu	0.9	1.3	1.5	0.8	2.5	0.8	3.1	2.4	2.7	5.7	5.4
Zambia	8.7	6.6	7.0	7.8	10.1	17.9	6.6	7.0	9.2	15.7	22.8

Source: IMF, 2021.

Table A1.3 General government revenue (% of GDP) in Commonwealth countries, 2011–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Antigua and Barbuda	20.4	20.0	18.9	20.1	24.1	24.5	20.7	19.8	18.6	20.4	23.8
Australia	31.8	33.1	33.7	33.9	34.6	34.9	35.1	35.6	34.5	36.1	34.3
The Bahamas	14.2	13.7	12.8	13.4	14.7	16.1	16.8	16.2	18.4	18.5	18.9
Bangladesh	10.4	11.2	11.2	10.9	9.8	10.1	10.2	9.7	10.0	9.8	10.1
Barbados	27.4	26.6	24.9	25.6	25.9	28.3	28.6	29.1	31.1	31.9	28.4
Belize	28.1	27.5	29.1	29.6	29.0	29.0	29.5	30.5	29.6	28.9	27.1
Botswana	37.9	38.3	39.3	40.0	32.9	34.8	33.6	30.8	28.4	27.0	29.3
Brunei Darussalam	55.3	46.8	46.6	37.7	24.2	17.7	26.2	28.6	22.8	17.5	19.1
Cameroon	16.3	16.3	16.3	16.6	16.5	14.8	15.0	16.1	15.7	13.7	15.3
Canada	38.3	38.4	38.5	38.5	40.0	40.3	40.3	41.1	41.5	41.9	40.6
Cyprus	36.5	36.4	37.0	40.2	39.7	37.7	38.7	39.5	41.2	40.9	42.7
Dominica	30.8	30.8	30.6	27.2	43.8	58.7	49.4	44.2	38.1	43.6	43.9
Eswatini	20.6	29.6	28.5	28.8	27.6	25.2	28.2	25.1	27.4	28.4	26.3
Fiji	24.0	24.2	24.5	25.1	26.0	26.1	27.6	26.9	27.3	20.4	22.4
The Gambia	13.5	16.3	12.1	15.0	14.2	13.1	19.3	15.1	21.2	22.3	22.8
Ghana	14.1	13.6	12.4	13.2	14.6	13.1	13.6	14.1	13.5	12.5	14.4
Grenada	23.6	20.8	20.9	24.5	24.5	26.2	25.5	27.0	27.1	28.6	28.2
Guyana	21.4	18.7	19.2	19.2	21.0	22.0	23.2	25.0	25.6	22.7	19.8
India	19.3	19.8	19.6	19.1	19.9	20.1	20.0	20.0	19.7	18.3	19.2
Jamaica	25.6	25.7	27.1	26.2	27.0	28.0	29.1	30.6	30.6	29.2	29.6
Kenya	17.4	17.1	17.6	17.8	17.4	17.7	17.5	17.3	16.8	16.6	16.3
Kiribati	68.3	85.4	97.8	151.8	149.4	138.3	150.1	133.0	122.2	105.8	106.9
Lesotho	45.0	56.2	55.9	53.2	50.4	45.0	49.8	50.5	49.9	57.2	46.0
Malawi	14.1	17.3	17.0	15.2	15.4	14.8	15.8	15.0	14.8	14.7	14.3
Malaysia	23.5	25.4	24.3	23.3	22.2	20.1	19.5	20.2	21.3	20.2	20.1
Maldives	24.4	22.9	23.5	26.7	27.4	27.6	27.7	27.2	26.8	27.2	27.9
Malta	38.3	38.2	38.0	38.2	37.2	36.9	37.2	37.1	36.0	35.8	35.6

Mauritius	20.3	20.4	20.5	19.9	20.8	21.2	22.7	22.5	22.7	21.6	23.0
Mozambique	25.0	25.2	29.6	30.4	26.0	23.9	27.1	25.8	29.7	28.1	28.2
Namibia	30.0	31.2	32.4	34.6	34.7	31.8	32.6	31.2	32.1	30.9	28.3
Nauru	47.2	56.1	65.0	85.5	93.5	114.9	121.8	129.3	145.0	166.0	158.1
New Zealand	37.5	37.6	37.3	37.2	37.6	37.5	36.9	37.3	36.5	37.2	36.2
Nigeria	17.7	14.7	11.5	10.9	7.3	5.1	6.6	8.5	7.8	6.3	7.2
Pakistan	12.6	13.0	13.5	15.2	14.5	15.5	15.5	15.2	13.0	15.2	14.5
Papua New Guinea	21.9	21.2	20.7	20.8	18.3	16.1	15.9	17.7	16.3	14.8	14.0
Rwanda	23.8	22.2	24.9	23.6	23.9	22.9	22.6	23.8	23.1	23.6	25.5
Samoa	28.7	26.6	27.9	31.5	28.0	28.5	30.7	32.1	35.7	38.3	37.3
Seychelles	39.8	41.5	38.2	37.5	34.2	37.9	35.8	38.4	38.0	37.7	34.8
Sierra Leone	17.0	15.2	13.3	14.0	16.2	14.9	14.6	15.8	18.0	19.3	19.0
Singapore	17.6	17.2	16.9	17.2	17.3	18.9	18.9	17.6	18.0	17.6	19.0
Solomon Islands	49.9	46.9	44.8	41.5	42.4	38.6	39.2	40.4	32.8	33.2	31.0
South Africa	24.4	24.6	25.0	25.4	25.8	26.2	25.8	26.5	26.9	25.2	25.1
Sri Lanka	13.6	12.2	12.0	11.6	13.3	14.1	13.8	13.5	12.6	9.2	9.5
St Kitts and Nevis	31.9	32.1	40.7	37.5	35.3	30.4	27.5	36.8	35.5	31.3	33.2
St Lucia	21.4	20.1	20.2	20.3	21.2	21.3	20.9	22.0	21.4	21.3	22.3
St Vincent and The Grenadines	27.3	25.9	25.1	29.2	26.6	29.6	29.8	29.0	30.3	30.7	31.4
Tanzania	15.5	15.6	15.0	14.4	14.0	14.8	15.4	14.7	14.7	14.6	14.0
Tonga	26.6	27.5	33.1	37.9	34.7	38.7	43.2	42.6	41.7	43.8	42.9
Trinidad and Tobago	29.7	29.8	30.5	30.4	28.7	22.7	21.8	24.8	27.6	22.5	23.5
Tuvalu	68.4	86.5	106.3	100.1	131.7	147.1	108.6	156.1	111.7	121.5	121.9
Uganda	11.1	10.7	10.1	10.8	12.7	12.4	12.7	13.1	13.5	13.4	14.5
United Kingdom	36.1	36.1	36.5	35.6	35.8	36.3	36.8	36.8	36.6	36.6	35.8
Vanuatu	22.9	22.8	22.7	24.8	35.1	35.5	35.9	39.5	38.5	44.2	40.6
Zambia	17.7	18.7	17.6	18.9	18.8	18.2	17.5	19.4	20.4	19.0	19.6

Source: IMF, 2021.

Table A1.4 General government total expenditure (% of GDP) in Commonwealth countries, 2011–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Antigua and Barbuda	23.9	21.1	23.2	23.0	26.7	24.7	23.6	22.3	22.6	26.8	27.8
Australia	36.4	36.6	36.5	36.8	37.3	37.3	36.8	36.9	38.9	44.8	42.8
The Bahamas	17.1	17.0	16.9	17.1	17.3	18.6	22.0	19.5	20.0	25.6	32.6
Bangladesh	14.0	14.2	14.6	14.0	13.8	13.4	13.6	14.3	15.4	15.3	16.1
Barbados	31.6	34.6	35.2	33.1	35.0	33.6	32.9	29.4	27.3	37.0	32.5
Belize	29.6	29.0	29.9	31.9	35.6	34.4	33.8	32.1	33.1	38.5	34.8
Botswana	38.0	37.4	33.4	36.2	37.7	34.1	34.8	35.8	37.0	37.0	34.3
Brunei Darussalam	29.7	31.0	33.6	34.1	38.7	39.4	36.6	32.2	32.4	33.2	27.7
Cameroon	18.6	17.8	20.0	20.9	20.9	20.9	19.8	18.5	19.0	17.0	18.0
Canada	41.6	40.9	40.0	38.4	40.0	40.8	40.5	40.9	41.0	52.8	48.1
Cyprus	42.2	42.0	42.2	40.4	39.5	37.5	36.7	43.0	39.7	46.6	47.8
Dominica	35.2	36.2	33.4	32.7	32.4	47.3	52.6	62.7	46.4	56.6	48.0
Eswatini	24.4	26.3	27.9	31.5	33.6	34.2	35.1	34.7	34.4	35.1	34.3
Fiji	25.3	25.5	25.1	29.1	29.8	27.4	29.4	32.4	29.9	33.2	38.2
The Gambia	16.5	19.1	17.2	19.0	19.6	19.4	23.6	20.8	23.7	24.4	26.9
Ghana	19.5	22.0	21.6	21.0	18.6	19.9	17.6	20.9	20.7	28.2	28.9
Grenada	28.8	26.7	28.1	29.2	25.7	23.9	22.6	22.4	22.1	27.4	27.7
Guyana	23.7	22.0	21.6	23.3	21.9	25.3	26.5	27.8	28.4	30.7	27.0
India	27.6	27.4	26.6	26.2	27.1	27.2	26.2	26.3	27.1	31.1	30.4
Jamaica	32.0	29.8	27.0	26.7	27.3	28.2	28.6	29.4	29.7	33.1	29.5
Kenya	21.1	21.6	22.7	24.4	24.8	25.6	25.1	24.4	24.1	24.6	24.3
Kiribati	87.6	91.7	85.4	113.0	102.0	114.8	109.7	134.7	113.8	109.0	118.2
Lesotho	59.9	57.8	58.8	50.1	51.6	53.8	51.7	54.9	57.6	56.7	50.9
Malawi	17.0	18.8	20.7	18.3	19.5	19.7	21.0	19.4	19.3	22.8	22.5
Malaysia	27.1	28.5	27.8	26.0	24.7	22.7	21.9	22.8	23.5	25.4	26.0
Maldives	31.3	29.8	27.0	29.1	34.0	37.6	30.8	32.5	33.4	50.0	46.0
Malta	40.7	41.6	40.4	39.9	38.2	36.0	34.0	35.3	35.6	45.7	47.2

Mauritius	23.4	22.2	23.8	23.0	24.4	24.0	24.4	24.8	31.1	33.4	32.0
Mozambique	29.4	28.7	32.1	40.3	32.7	29.0	29.1	31.3	29.8	33.2	35.6
Namibia	36.8	34.2	36.9	40.9	42.8	40.9	37.6	36.3	37.6	40.3	38.1
Nauru	44.5	47.6	63.3	57.7	83.1	93.4	100.5	96.8	124.2	134.5	134.3
New Zealand	42.4	39.8	38.6	37.7	37.3	36.5	35.6	36.1	38.8	43.2	43.6
Nigeria	17.3	14.8	14.1	13.4	11.1	9.8	12.0	12.8	12.5	12.1	13.3
Pakistan	19.3	21.7	21.8	20.1	19.8	19.9	21.3	21.6	21.9	23.2	21.6
Papua New Guinea	19.7	22.4	27.6	27.1	22.8	20.9	18.4	20.3	20.7	23.8	21.2
Rwanda	24.7	24.6	26.2	27.5	26.6	25.1	25.1	26.4	28.2	29.8	29.4
Samoa	34.0	34.2	31.8	37.2	31.9	28.9	32.8	32.1	32.9	32.1	37.9
Seychelles	36.3	38.6	37.8	33.8	32.4	37.7	35.4	38.2	37.1	56.0	46.3
Sierra Leone	21.5	20.3	15.7	17.6	20.7	23.3	23.4	21.4	21.0	24.9	22.7
Singapore	9.7	9.8	10.9	12.6	14.4	15.2	13.6	13.9	14.1	26.5	19.2
Solomon Islands	42.4	43.6	41.2	39.7	42.4	42.7	42.7	39.5	34.2	35.7	33.8
South Africa	28.1	28.6	28.9	29.3	30.2	29.9	29.9	30.2	31.7	36.0	33.6
Sri Lanka	19.9	17.8	17.2	17.9	20.4	19.5	19.3	18.8	20.6	21.9	20.0
St Kitts and Nevis	30.3	27.8	29.7	29.0	29.3	26.6	26.9	35.7	35.3	36.0	35.0
St Lucia	26.7	27.6	25.0	23.3	23.5	22.7	23.1	23.0	24.8	32.2	29.8
St Vincent and The Grenadines	31.0	27.8	31.3	32.2	28.7	28.4	30.2	29.9	33.3	36.4	43.1
Tanzania	19.0	19.6	18.8	17.3	17.2	16.9	16.6	16.6	16.4	16.4	17.3
Tonga	32.6	29.0	34.4	31.5	37.4	37.2	39.6	39.7	38.5	38.5	44.6
Trinidad and Tobago	30.4	31.1	33.3	35.1	36.6	33.1	32.9	30.9	31.3	34.2	35.0
Tuvalu	77.2	76.9	80.2	96.8	117.0	119.6	106.5	125.8	112.8	116.5	129.1
Uganda	13.2	13.1	13.3	13.6	15.2	15.0	16.3	16.2	18.3	21.0	20.4
United Kingdom	43.6	43.7	42.0	41.2	40.3	39.6	39.3	39.0	38.9	49.1	47.7
Vanuatu	25.1	24.5	22.9	23.7	41.5	36.8	37.1	33.3	31.8	44.4	44.0
Zambia	19.5	21.5	23.8	24.7	28.3	23.9	25.0	27.7	29.8	31.9	28.1

Source: IMF, 2021.

Table A1.5 General government net lending/borrowing (% of GDP) in Commonwealth countries, 2021–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Antigua and Barbuda	−3.5	−1.1	−4.3	−2.9	−2.6	−0.1	−2.8	−2.5	−4.0	−6.4	−4.0
Australia	−4.5	−3.5	−2.8	−2.9	−2.8	−2.4	−1.7	−1.3	−4.4	−8.7	−8.5
The Bahamas	−2.9	−3.3	−4.2	−3.7	−2.5	−2.5	−5.3	−3.3	−1.7	−7.2	−13.6
Bangladesh	−3.6	−3.0	−3.4	−3.1	−4.0	−3.4	−3.3	−4.6	−5.4	−5.5	−5.9
Barbados	−4.1	−8.0	−10.2	−7.5	−9.1	−5.3	−4.3	−0.3	3.8	−5.1	−4.1
Belize	−1.5	−1.5	−0.8	−2.3	−6.5	−5.4	−4.3	−1.6	−3.6	−9.6	−7.7
Botswana	−0.1	0.9	5.8	3.9	−4.8	0.7	−1.1	−5.1	−8.6	−9.9	−5.0
Brunei Darussalam	25.6	15.8	13.0	3.6	−14.5	−21.7	−10.4	−3.6	−9.7	−15.7	−8.6
Cameroon	−2.4	−1.4	−3.7	−4.3	−4.4	−6.1	−4.9	−2.5	−3.3	−3.3	−2.8
Canada	−3.3	−2.5	−1.5	0.2	−0.1	−0.5	−0.1	0.3	0.5	−10.9	−7.5
Cyprus	−5.7	−5.6	−5.2	−0.2	0.2	0.2	2.0	−3.5	1.5	−5.7	−5.1
Dominica	−4.4	−5.4	−2.9	−5.5	11.4	11.4	−3.2	−18.5	−8.3	−13.0	−4.1
Eswatini	−3.8	3.3	0.6	−2.7	−6.0	−9.0	−6.8	−9.6	−7.0	−6.7	−8.0
Fiji	−1.3	−1.3	−0.6	−4.0	−3.8	−1.3	−1.8	−5.5	−2.7	−12.8	−15.8
The Gambia	−3.0	−2.8	−5.1	−3.9	−5.4	−6.2	−4.3	−5.7	−2.5	−2.1	−4.1
Ghana	−5.5	−8.3	−9.1	−7.8	−4.0	−6.7	−4.0	−6.8	−7.2	−15.7	−14.5
Grenada	−5.2	−5.9	−7.3	−4.7	−1.2	2.3	2.9	4.6	5.0	1.3	0.5
Guyana	−2.3	−3.3	−2.3	−4.1	−0.9	−3.3	−3.3	−2.9	−2.8	−8.0	−7.2
India	−8.3	−7.6	−7.0	−7.1	−7.2	−7.1	−6.2	−6.4	−7.4	−12.8	−11.3
Jamaica	−6.4	−4.1	0.1	−0.5	−0.3	−0.2	0.5	1.2	0.9	−3.9	0.1
Kenya	−3.7	−4.5	−5.1	−6.7	−7.4	−7.8	−7.5	−7.0	−7.3	−8.1	−8.0
Kiribati	−19.3	−6.3	12.4	38.8	47.4	23.5	40.4	−1.7	8.4	−3.1	−11.3
Lesotho	−15.0	−1.6	−2.9	3.1	−1.3	−8.7	−1.9	−4.4	−7.6	0.4	−4.8
Malawi	−2.9	−1.5	−3.7	−3.1	−4.2	−4.9	−5.2	−4.3	−4.5	−8.1	−8.2
Malaysia	−3.6	−3.1	−3.5	−2.6	−2.5	−2.6	−2.4	−2.6	−2.2	−5.2	−5.9
Maldives	−6.8	−6.9	−3.5	−2.4	−6.5	−10.0	−3.1	−5.3	−6.6	−22.7	−18.1
Malta	−2.4	−3.4	−2.3	−1.7	−1.0	0.9	3.1	1.9	0.4	−9.9	−11.6

Mauritius	−3.0	−1.8	−3.4	−3.1	−3.6	−2.8	−1.7	−2.2	−8.4	−11.9	−9.0
Mozambique	−4.4	−3.5	−2.5	−9.9	−6.7	−5.1	−2.0	−5.6	−0.1	−5.1	−7.3
Namibia	−6.8	−3.0	−4.5	−6.3	−8.1	−9.1	−4.9	−5.1	−5.5	−9.4	−9.8
Nauru	2.7	8.4	1.6	27.8	10.5	21.5	21.4	32.5	20.8	31.5	23.8
New Zealand	−4.9	−2.2	−1.3	−0.4	0.3	1.0	1.3	1.1	−2.3	−6.0	−7.4
Nigeria	0.4	−0.1	−2.7	−2.4	−3.8	−4.6	−5.4	−4.3	−4.7	−5.8	−6.1
Pakistan	−6.7	−8.6	−8.4	−4.9	−5.3	−4.4	−5.8	−6.4	−9.0	−8.0	−7.1
Papua New Guinea	2.2	−1.2	−6.9	−6.3	−4.6	−4.7	−2.5	−2.6	−4.4	−9.0	−7.1
Rwanda	−0.9	−2.4	−1.3	−3.9	−2.7	−2.3	−2.5	−2.6	−5.1	−6.2	−3.9
Samoa	−5.3	−7.6	−4.0	−5.7	−4.0	−0.4	−2.1	0.1	2.7	6.2	−0.7
Seychelles	3.4	2.9	0.4	3.7	1.9	0.2	0.5	0.2	0.9	−18.4	−11.5
Sierra Leone	−4.5	−5.2	−2.4	−3.6	−4.5	−8.5	−8.8	−5.6	−3.1	−5.6	−3.8
Singapore	8.0	7.3	6.0	4.6	2.9	3.7	5.3	3.7	3.9	−8.9	−0.2
Solomon Islands	7.5	3.3	3.6	1.8	0.0	−4.2	−3.4	0.9	−1.5	−2.4	−2.8
South Africa	−3.7	−4.0	−3.9	−3.9	−4.4	−3.7	−4.0	−3.7	−4.8	−10.8	−8.4
Sri Lanka	−6.2	−5.6	−5.2	−6.2	−7.0	−5.3	−5.5	−5.3	−8.0	−12.8	−10.5
St Kitts and Nevis	1.6	4.3	10.9	8.5	6.0	3.8	0.5	1.1	0.3	−4.7	−1.8
St Lucia	−5.3	−7.5	−4.8	−3.0	−2.3	−1.4	−2.2	−1.0	−3.3	−10.9	−7.5
St Vincent and The Grenadines	−3.7	−1.9	−6.2	−3.0	−2.1	1.1	−0.4	−0.9	−3.0	−5.7	−11.8
Tanzania	−3.5	−4.0	−3.8	−2.9	−3.2	−2.1	−1.2	−1.9	−1.7	−1.8	−3.3
Tonga	−6.0	−1.6	−1.3	6.4	−2.8	1.5	3.6	2.9	3.2	5.3	−1.7
Trinidad and Tobago	−0.7	−1.3	−2.8	−4.6	−7.9	−10.4	−11.1	−6.0	−3.8	−11.8	−11.5
Tuvalu	−8.8	9.6	26.1	3.3	14.7	27.5	2.1	30.3	−1.1	5.0	−7.2
Uganda	−2.0	−2.4	−3.2	−2.7	−2.5	−2.6	−3.6	−3.0	−4.8	−7.6	−5.9
United Kingdom	−7.5	−7.6	−5.5	−5.5	−4.5	−3.3	−2.4	−2.2	−2.3	−12.5	−11.9
Vanuatu	−2.2	−1.7	−0.2	1.1	−6.4	−1.3	−1.2	6.3	6.7	−0.1	−3.5
Zambia	−1.8	−2.8	−6.2	−5.8	−9.5	−5.7	−7.5	−8.3	−9.4	−12.9	−8.5

Source: IMF, 2021.

Table A1.6 General government primary net lending/borrowing (% of GDP) of Commonwealth countries, 2011–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Antigua and Barbuda	−1.4	1.2	−1.7	−0.2	−0.1	2.4	−0.1	0.0	−1.2	−3.8	−1.1
Australia	−4.1	−2.9	−2.1	−2.1	−1.9	−1.5	−0.8	−0.4	−3.5	−7.8	−7.5
The Bahamas	−0.8	−1.5	−2.3	−1.7	−0.5	−0.2	−3.1	−0.8	0.8	−4.1	−9.4
Bangladesh	−1.9	−1.1	−1.4	−1.0	−1.9	−1.5	−1.6	−2.8	−3.5	−3.4	−3.8
Barbados	1.5	−1.9	−3.7	−0.5	−2.0	2.2	3.3	3.4	6.2	−1.0	0.0
Belize	2.2	1.7	1.1	0.4	−3.8	−2.7	−1.2	1.5	−0.3	−6.6	−4.2
Botswana	0.4	1.5	5.4	4.2	−4.3	0.9	−0.6	−4.5	−7.9	−9.3	−4.3
Brunei Darussalam	25.6	15.8	13.0	3.6	−14.5	−21.7	−10.4	−3.6	−9.7	−15.7	−8.6
Cameroon	−2.0	−1.1	−3.3	−3.9	−4.0	−5.3	−4.0	−1.6	−2.3	−2.4	−1.6
Canada	−2.7	−1.8	−1.0	0.5	0.6	0.1	0.1	0.3	0.6	−10.6	−7.1
Cyprus	−4.1	−2.9	−1.9	2.8	3.1	2.7	4.3	−1.2	3.6	−3.7	−2.9
Dominica	−2.9	−3.4	−0.8	−4.0	13.3	13.0	−1.2	−16.5	−5.9	−11.0	−2.1
Eswatini	−3.0	4.1	1.3	−2.0	−5.4	−8.1	−5.7	−8.3	−4.9	−4.5	−5.7
Fiji	2.2	2.0	2.5	−1.1	−0.8	1.3	0.7	−2.8	0.1	−9.1	−11.8
The Gambia	−0.7	−0.2	−2.4	−0.2	−0.6	−1.2	0.0	−2.7	0.6	1.0	−1.3
Ghana	−3.5	−5.7	−5.6	−3.4	0.9	−1.5	1.2	−1.4	−1.7	−9.3	−6.5
Grenada	−2.7	−2.5	−3.9	−1.1	2.1	5.2	5.5	6.6	6.9	3.3	2.6
Guyana	−1.2	−2.5	−1.6	−3.3	−0.2	−2.6	−2.5	−2.0	−2.0	−7.3	−6.7
India	−4.0	−3.2	−2.4	−2.6	−2.7	−2.5	−1.5	−1.7	−2.7	−7.4	−5.7
Jamaica	3.2	5.4	7.6	7.5	7.2	7.6	7.5	7.5	7.1	2.9	6.0
Kenya	−2.0	−2.6	−2.9	−4.3	−4.8	−4.9	−4.3	−3.5	−3.7	−4.1	−3.7
Kiribati	−19.2	−6.3	12.4	38.9	47.5	23.6	40.6	−1.4	8.7	−2.9	−11.0
Lesotho	−14.3	−0.8	−2.2	3.8	−0.4	−8.5	−0.9	−3.1	−6.2	2.1	−3.0
Malawi	−1.3	−0.4	−1.2	0.0	−1.9	−1.8	−2.4	−1.6	−1.5	−4.9	−4.3
Malaysia	−2.0	−2.1	−2.1	−0.9	−0.9	−0.8	−0.6	−0.8	−0.2	−3.4	−4.2
Maldives	−5.2	−4.6	−1.7	−0.8	−4.5	−8.3	−1.7	−3.6	−5.0	−20.4	−14.4
Malta	0.8	−0.5	0.4	0.9	1.2	3.0	4.9	3.3	1.7	−8.6	−10.3

Mauritius	−0.3	0.9	−0.9	−0.7	−1.3	−0.5	0.7	0.3	−5.6	−9.1	−5.7
Mozambique	−3.6	−2.6	−1.7	−8.9	−5.5	−2.7	1.0	−1.2	3.1	−2.0	−2.9
Namibia	−5.7	−1.6	−3.1	−4.9	−6.5	−6.7	−2.0	−1.9	−1.8	−5.4	−5.6
Nauru											
New Zealand	−4.1	−1.3	−0.5	0.2	1.0	1.7	1.9	1.7	−1.6	−5.3	−6.6
Nigeria	1.3	0.8	−1.7	−1.5	−2.7	−3.4	−4.1	−2.6	−3.0	−3.7	−4.5
Pakistan	−2.9	−4.2	−3.9	−0.3	−0.5	−0.1	−1.5	−2.1	−3.5	−1.7	−1.3
Papua New Guinea	3.2	−0.2	−5.8	−4.6	−2.8	−2.8	−0.4	−0.2	−1.9	−6.3	−4.7
Rwanda	−0.5	−2.0	−0.4	−3.1	−1.8	−1.3	−1.5	−1.4	−3.8	−4.7	−1.9
Samoa											
Seychelles	6.4	6.6	5.3	6.0	4.9	3.9	3.5	3.4	3.4	−15.2	−7.7
Sierra Leone	−2.6	−3.4	−1.0	−2.6	−3.7	−7.6	−6.6	−2.8	−0.4	−2.6	−1.1
Singapore											
Solomon Islands	7.8	3.5	3.8	2.0	0.4	−3.4	−2.0	1.4	−1.0	−2.2	−2.6
South Africa	−1.4	−1.6	−1.2	−1.2	−1.4	−0.6	−0.8	−0.4	−1.2	−6.7	−4.2
Sri Lanka	−1.3	−0.9	−0.6	−2.0	−2.2	−0.2	0.0	0.6	−2.0	−6.2	−4.3
St Kitts and Nevis	7.1	9.6	14.4	11.0	8.0	5.3	1.9	2.4	1.4	−3.5	−0.7
St Lucia	−2.8	−4.7	−1.7	0.1	0.8	1.7	0.8	1.9	−0.4	−7.2	−3.7
St Vincent and The Grenadines	−1.8	−0.1	−4.1	−1.5	−0.2	2.4	1.5	1.2	−0.9	−3.8	−9.2
Tanzania	−2.8	−3.0	−2.6	−1.6	−1.7	−0.6	0.4	−0.2	0.0	−0.2	−1.5
Tonga	−5.2	−0.8	−0.4	7.3	−1.9	2.3	4.4	3.7	3.9	6.1	−1.3
Trinidad and Tobago	1.1	0.4	−1.2	−2.9	−5.8	−8.0	−8.2	−3.0	−0.6	−8.4	−8.2
Tuvalu	−12.0	7.6	25.8	−3.9	2.0	22.6	−1.5	28.3	−8.0	−0.3	−11.6
Uganda	−1.3	−1.4	−2.1	−1.5	−1.1	−0.6	−1.5	−1.2	−2.7	−5.3	−3.1
United Kingdom	−4.8	−5.3	−4.2	−3.7	−3.1	−1.7	−0.6	−0.6	−0.9	−11.4	−10.8
Vanuatu	−1.6	−1.0	0.5	1.9	−5.6	−0.2	−0.8	7.2	7.6	0.7	−2.5
Zambia	−0.8	−1.5	−4.7	−3.6	−6.7	−2.2	−3.5	−3.5	−2.5	−7.3	−3.9

Source: IMF, 2021.

Table A1.7 General government gross debt (% of GDP) of Commonwealth countries, 2011–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Antigua and Barbuda	91.8	87.5	95.8	101.4	99.1	86.1	92.2	87.7	81.3	101.3	105.2
Australia	24.1	27.5	30.5	34.0	37.7	40.5	41.1	41.6	46.6	57.3	62.1
The Bahamas	35.3	37.6	44.2	47.7	48.9	49.8	53.3	61.8	59.7	75.2	102.5
Bangladesh	36.6	36.2	35.8	35.3	33.7	33.3	33.4	34.6	35.7	38.9	39.9
Barbados	112.6	123.7	135.2	139.3	147.0	149.5	158.3	126.0	124.8	156.8	138.3
Belize	83.0	79.5	80.8	78.9	82.8	88.2	95.2	94.3	94.4	123.3	117.9
Botswana	21.3	20.0	18.2	18.1	18.1	16.4	14.6	15.7	16.3	19.5	22.8
Brunei Darussalam	2.1	2.1	2.2	3.2	3.0	3.0	2.8	2.6	2.6	2.9	2.3
Cameroon	15.7	15.4	18.2	21.5	32.9	33.3	37.7	39.6	42.3	45.8	45.8
Canada	81.8	85.4	86.1	85.6	91.2	91.7	88.8	88.8	86.8	117.5	109.9
Cyprus	65.0	79.4	102.9	109.1	107.2	103.1	93.5	99.2	94.0	119.1	111.0
Dominica	69.7	73.1	73.9	72.1	68.9	75.3	80.2	84.6	94.7	108.7	107.8
Eswatini	14.2	14.4	14.7	13.9	19.3	24.9	27.6	33.9	40.0	41.2	46.0
Fiji	48.6	47.7	45.8	44.5	43.0	44.7	44.4	46.4	48.9	70.8	86.8
The Gambia	49.2	49.5	58.2	71.1	69.4	80.9	87.0	83.6	83.0	83.5	82.3
Ghana	31.3	35.4	42.9	50.1	53.9	55.9	57.0	62.0	62.6	78.9	83.5
Grenada	100.7	103.3	108.1	101.8	90.1	81.6	70.1	64.5	60.6	71.3	70.2
Guyana	51.7	44.7	41.4	38.7	42.2	44.2	43.2	47.4	43.9	51.4	47.0
India	68.6	68.0	67.7	67.1	69.0	68.9	69.7	70.4	74.1	89.6	90.6
Jamaica	139.5	143.9	138.7	137.9	121.9	113.7	101.2	94.4	94.3	107.4	95.8
Kenya	38.5	39.2	39.3	38.6	44.4	46.7	54.8	57.3	59.0	67.6	69.7
Kiribati	8.0	7.4	8.3	8.7	19.9	21.9	21.4	19.4	18.1	17.4	20.9
Lesotho	36.4	39.8	41.2	41.3	45.6	40.4	39.9	49.6	50.6	50.4	50.0
Malawi	20.0	28.6	35.3	33.5	35.5	37.1	41.5	43.9	45.3	54.7	59.3
Malaysia	51.9	53.8	55.7	55.4	57.0	55.8	54.4	55.6	57.1	67.4	70.7
Maldives	51.9	57.1	55.9	55.1	54.9	62.3	64.6	72.0	78.3	146.0	137.2
Malta	69.3	65.9	65.8	61.6	55.9	54.3	47.5	43.4	40.6	53.3	63.0

Mauritius	55.7	55.1	57.5	60.6	65.0	65.0	64.3	66.2	84.6	96.9	101.0
Mozambique	34.7	37.4	50.1	64.3	87.4	119.9	99.6	107.1	105.4	128.5	133.6
Namibia	26.2	24.0	25.2	27.0	41.3	44.8	43.2	50.4	59.6	65.3	69.9
Nauru	188.2	127.6	121.7	105.9	105.8	79.6	76.7	74.3	62.0	59.3	28.2
New Zealand	34.7	35.7	34.6	34.2	34.2	33.4	31.1	28.0	32.0	43.6	52.0
Nigeria	17.4	17.6	18.3	17.5	20.3	23.4	25.3	27.7	29.2	35.0	35.7
Pakistan	59.0	63.4	64.5	63.5	63.3	67.6	67.1	72.1	85.3	87.6	83.4
Papua New Guinea	16.3	19.1	24.9	26.9	29.9	33.7	32.5	36.7	40.0	48.9	45.5
Rwanda	18.7	19.1	26.1	28.3	32.4	36.6	41.3	44.9	50.2	60.1	74.8
Samoa	41.9	51.8	56.0	57.8	58.9	51.7	49.6	52.8	47.4	46.5	47.6
Seychelles	82.5	80.1	68.2	72.7	67.1	69.1	62.1	59.1	57.7	96.5	81.9
Sierra Leone	42.0	36.4	30.6	35.1	45.7	60.7	69.2	69.1	71.7	73.7	71.1
Singapore	103.1	106.7	98.2	97.8	102.2	106.5	107.8	109.8	129.0	154.9	137.9
Solomon Islands	18.3	15.1	13.5	10.5	9.0	7.1	8.4	8.3	8.3	14.0	20.4
South Africa	34.7	37.4	40.4	43.3	45.2	47.1	48.6	51.6	56.3	69.4	68.8
Sri Lanka	71.1	69.6	71.8	72.2	78.5	79.0	77.9	84.2	86.8	101.2	109.3
St Kitts and Nevis	132.1	122.6	91.0	72.3	64.5	57.4	55.8	53.6	51.4	56.9	61.7
St Lucia	54.6	59.9	61.0	61.7	60.5	60.3	59.9	60.0	61.4	92.1	95.6
St Vincent and The Grenadines	68.8	72.5	75.0	79.4	79.4	83.5	73.5	75.6	75.1	85.0	101.0
Tanzania	28.4	30.0	32.7	36.1	39.2	39.8	40.7	40.5	39.0	39.1	39.7
Tonga	51.9	54.4	49.0	47.5	51.2	49.4	44.7	45.9	41.3	43.3	45.6
Trinidad and Tobago	28.9	24.6	24.7	23.5	27.3	37.1	42.6	42.4	46.5	59.3	70.4
Tuvalu	19.1	19.3	17.8	16.4	14.4	11.5	12.1	11.8	11.5	7.3	6.0
Uganda	18.0	19.5	22.1	24.8	28.7	31.0	33.6	34.8	37.0	44.1	49.1
United Kingdom	80.0	83.2	84.2	86.1	86.7	86.8	86.3	85.8	85.2	104.5	108.5
Vanuatu	21.3	19.3	18.6	20.1	37.6	43.6	51.8	48.1	45.3	48.7	46.1
Zambia	20.8	25.4	27.1	36.1	65.8	61.0	66.3	80.4	97.4	128.7	101.0

Source: IMF, 2021.

Table A1.8 Current account balances (% of GDP) of Commonwealth countries, 2011–2021

Country	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
Antigua and Barbuda	n/a	n/a	n/a	0.3	2.2	−2.4	−7.8	−14.5	−6.6	−8.0	−10.3
Australia	−3.1	−4.3	−3.4	−3.1	−4.6	−3.3	−2.6	−2.1	0.7	2.7	3.6
The Bahamas	−10.9	−14.3	−14.4	−19.7	−13.5	−8.8	−12.7	−8.7	4.0	−18.1	−20.9
Bangladesh	−1.7	−0.3	1.6	0.8	1.8	1.9	−0.5	−3.5	−1.7	−1.5	−1.1
Barbados	−11.8	−8.5	−8.4	−9.2	−6.1	−4.3	−3.8	−4.0	−3.1	−7.3	−12.7
Belize	−1.4	−2.2	−4.6	−8.1	−10.1	−9.1	−8.5	−7.9	−9.3	−7.5	−8.2
Botswana	−0.9	−5.3	4.5	10.9	2.2	8.0	5.8	0.7	−8.4	−10.6	−4.0
Brunei Darussalam	34.7	29.8	20.9	31.9	16.7	12.9	16.4	6.9	6.6	4.5	4.6
Cameroon	−2.6	−3.3	−3.5	−4.0	−3.8	−3.2	−2.7	−3.6	−4.3	−3.7	−2.8
Canada	−2.7	−3.5	−3.1	−2.3	−3.5	−3.1	−2.8	−2.3	−2.1	−1.8	0.5
Cyprus	−2.3	−3.9	−1.5	−4.1	−0.4	−4.2	−5.3	−3.9	−6.3	−11.9	−9.3
Dominica	n/a	n/a	n/a	−5.4	−4.7	−7.7	−8.6	−42.4	−37.9	−24.5	−35.5
Eswatini	−5.8	5.0	10.8	11.6	13.0	7.9	6.2	1.3	4.3	6.7	1.4
Fiji	−4.8	−1.4	−8.9	−5.8	−3.5	−3.6	−6.7	−8.4	−12.6	−13.4	−15.7
The Gambia	−7.4	−4.5	−6.7	−7.3	−9.9	−9.2	−7.4	−9.5	−6.1	−3.6	−12.7
Ghana	−6.6	−8.6	−9.0	−6.8	−5.7	−5.1	−3.3	−3.0	−2.7	−3.1	−2.2
Grenada	n/a	n/a	n/a	−11.6	−12.5	−11.0	−14.4	−15.5	−17.0	−22.2	−22.8
Guyana	−9.4	−7.4	−9.9	−6.7	−3.4	1.5	−4.9	−29.0	−54.4	−14.5	−16.8
India	−4.3	−4.8	−1.7	−1.3	−1.1	−0.6	−1.8	−2.1	−0.9	0.9	−1.0
Jamaica	−13.6	−9.8	−9.5	−8.0	−3.0	−0.3	−2.7	−1.6	−2.3	−0.1	−1.6
Kenya	−8.2	−7.5	−7.8	−9.3	−6.3	−5.4	−6.9	−5.5	−5.5	−4.4	−5.0
Kiribati	−9.5	1.9	−5.5	31.1	32.8	10.8	37.6	38.1	43.9	7.5	15.3
Lesotho	−14.5	−9.0	−5.3	−5.2	−4.0	−6.7	−2.6	−1.4	−2.2	−2.1	−13.3
Malawi	−6.1	−6.5	−5.9	−5.8	−12.2	−13.1	−17.8	−14.4	−11.9	−14.2	−15.8
Malaysia	10.7	5.1	3.4	4.3	3.0	2.4	2.8	2.2	3.5	4.2	3.8
Maldives	−14.8	−6.6	−4.3	−3.7	−7.5	−23.6	−21.6	−28.4	−26.5	−29.9	−15.9
Malta	−0.2	1.7	2.6	8.5	2.7	−0.6	5.6	6.1	5.5	−3.5	−2.4

Mauritius	−13.4	−7.1	−6.2	−5.4	−3.6	−4.0	−4.6	−3.9	−5.4	−12.6	−18.6
Mozambique	−23.1	−41.5	−40.5	−36.3	−37.4	−32.2	−19.6	−30.3	−19.6	−27.2	−34.0
Namibia	−6.9	−8.6	−8.2	−9.4	−13.6	−16.5	−4.4	−3.4	−1.8	2.4	−7.3
Nauru	28.7	35.7	49.5	25.2	−21.3	2.0	12.7	−4.6	10.6	4.0	3.4
New Zealand	−2.8	−3.9	−3.2	−3.1	−2.8	−2.1	−2.8	−4.0	−2.9	−0.8	−3.3
Nigeria	2.6	3.8	3.7	0.2	−3.1	1.3	3.4	1.5	−3.3	−4.0	−3.2
Pakistan	0.1	−2.1	−1.1	−1.3	−1.0	−1.8	−4.0	−6.1	−4.9	−1.7	−0.6
Papua New Guinea	−24.2	−36.7	−31.7	13.7	24.5	28.4	28.4	24.4	20.1	13.2	22.2
Rwanda	−6.9	−9.7	−7.5	−11.4	−12.7	−15.3	−9.3	−10.1	−12.1	−12.2	−13.4
Samoa	−6.8	−9.5	−1.5	−9.1	−2.8	−4.5	−1.9	0.9	3.1	1.0	−13.0
Seychelles	−23.0	−21.1	−11.9	−23.1	−18.6	−20.6	−19.6	−18.9	−16.1	−29.5	−28.9
Sierra Leone	−65.0	−31.8	−15.0	−9.4	−23.6	−9.4	−21.8	−18.6	−22.2	−16.7	−15.9
Singapore	22.2	17.6	15.7	18.0	18.7	17.6	17.3	15.4	14.3	17.6	15.9
Solomon Islands	−7.2	1.4	−3.0	−3.7	−2.7	−3.5	−4.3	−3.1	−9.8	−1.6	−5.8
South Africa	−2.0	−4.7	−5.3	−4.7	−4.2	−2.6	−2.3	−3.2	−2.7	2.0	2.9
Sri Lanka	−7.1	−5.8	−3.4	−2.5	−2.3	−2.1	−2.6	−3.2	−2.2	−1.3	−3.2
St Kitts and Nevis	n/a	n/a	n/a	0.1	−8.3	−12.3	−10.5	−5.4	−4.8	−14.5	−11.3
St Lucia	n/a	n/a	n/a	−2.5	0.0	−6.5	−1.0	2.2	6.1	−13.2	−13.5
St Vincent and The Grenadines	n/a	n/a	n/a	−26.1	−15.3	−13.9	−11.6	−12.1	−9.7	−16.0	−21.5
Tanzania	−10.5	−11.6	−10.7	−9.8	−7.7	−4.2	−2.6	−3.1	−2.5	−1.8	−3.2
Tonga	−20.2	−14.9	−9.6	−6.3	−10.1	−6.5	−6.4	−6.3	−0.9	−3.9	−1.3
Trinidad and Tobago	18.3	15.0	20.4	15.0	8.2	−3.5	6.3	6.9	4.4	0.1	13.2
Tuvalu	−84.8	−32.1	−7.2	−3.7	−70.6	13.9	11.5	53.9	−16.9	3.8	−4.5
Uganda	−7.6	−5.4	−5.7	−6.5	−6.1	−2.8	−4.8	−5.7	−6.4	−9.6	−8.9
United Kingdom	−1.8	−3.5	−4.9	−4.9	−5.0	−5.4	−3.8	−3.7	−3.1	−3.7	−3.4
Vanuatu	−8.1	−6.8	−3.5	7.8	0.3	3.4	−4.4	12.2	16.0	3.3	−6.9
Zambia	4.7	4.9	−0.8	2.1	−2.7	−3.3	−1.7	−1.3	0.6	10.4	13.5

Source: IMF, 2021.

Reference

International Monetary Fund (IMF) (2021), *World Economic Outlook Database April Edition*, IMF, available at: https://www.imf.org/en/Publications/WEO/weo-database/2021/April

This second volume of the *Commonwealth Economic Development Report* series examines the impacts of the COVID-19 pandemic on the economies, and progress against the Sustainable Development Goals, of the Commonwealth's 54 member countries, and considers the factors determining the pace of recovery. It offers an in-depth consideration of small and vulnerable states, whose lack of fiscal space curtailed appropriate responses to the pandemic, and reviews recent innovations in FinTech across the Commonwealth – could these be the pandemic's 'silver lining'? Furthermore, a special feature sets out the clear case for why, as we 'build back better', the time is right to transition to a greener and more resilient 'circular economy'.

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