Middle East and North Africa

Macro Poverty Outlook

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

Annual Meetings 2021

WORLD BANK GROUP
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Middle East and North Africa

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ALGERIA

Table 1	2020
Population, million	43.9
GDP, current US$ billion	147.7
GDP per capita, current US$	3364.5
National poverty rate[a]	5.5
International poverty rate ($1.9)[a]	0.4
Lower middle-income poverty rate ($3.2)[a]	3.7
Gini index[a]	27.6
School enrollment, primary (% gross)[b]	107.3
Life expectancy at birth, years[b]	76.9
Total GHG Emissions (mtCO2e)	212.1

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

The Algerian economy is undergoing a fragile recovery, supported by a rebound in hydrocarbon output, exports and prices. Together with high oil prices, continued exchange rate depreciation and import compression policies have eased fiscal and external financing requirements, however contributing to a significant uptick in inflation. Amid protracted economic uncertainty, accelerating the implementation of the Government Action Plan will be essential to sustain the recovery, transition away from dependance on hydrocarbon exports and restore macroeconomic equilibria, while safeguarding social achievements.

Key conditions and challenges

Algeria's economic performance has been declining, due to stagnating hydrocarbon production and a winded public sector-led model. The oil and gas sector shrank by 2.1 percent yearly since 2010 due to declining investments, with the rise in domestic consumption leading to a steeper contraction in export volumes. This, combined with the decline in international oil prices, resulted in the current account and overall budget deficits averaging 13 percent and 11 percent of GDP, respectively, since 2015, leading to consecutive phases of currency depreciation and import compression policies, as well as to large scale monetary financing. Real public spending stagnated, nonhydrocarbon sectors slowed down, and average annual real GDP growth fell to 1.1 percent in 2017-2019, causing GDP per capita to decline. The transition to a private sector-led growth model is proving challenging, with private firms remaining small, of low productivity, largely informal, and confronted to a high regulatory burden, limited access to credit and skills, or the omnipresence of state-owned enterprises.

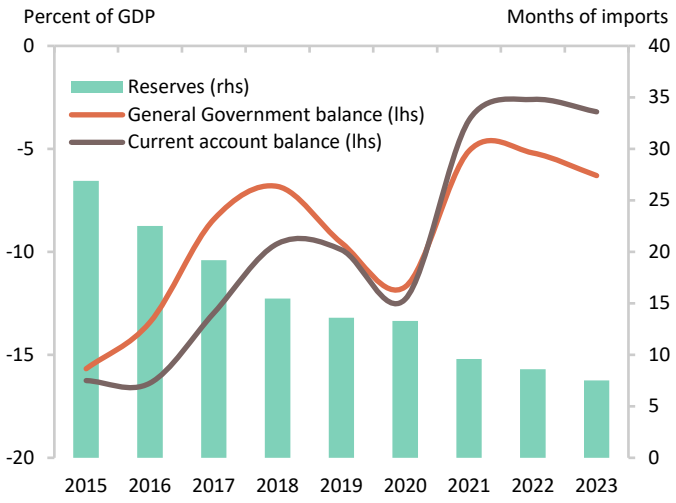
In 2021, the strong recovery in global hydrocarbon prices and demand is providing temporary relief to the Algerian economy, as well as an opportunity for the new Government to engage key structural reforms. In September 2021, the authorities presented an updated Action Plan, which ambitions to foster the economy's transition towards a sustainable, private-led growth model, and restore macroeconomic equilibria. It argues for continued public finance management reforms and spending rationalization, including through the transition from a costly universal subsidy system to a targeted one, to foster social equity. It advocates for cross-cutting and significant improvements to the business environment, including through the reform of the Investment Law, as well as the restructuration and opening to private shareholding of public banks and state-owned enterprises. To protect waning international reserves, it reaffirms its commitment to curb imports and boost nonhydrocarbon exports.

Recent developments

In Q1-2021, GDP staged a modest recovery from a 4.9 percent contraction in 2020, as the surge in natural gas production added to the increase in OPEC crude oil production quotas to boost hydrocarbon production and exports. Supported by the lifting of lockdown measures, nonhydrocarbon GDP timidly reached Q1-2019 levels, with the rebound in construction and industrial activity overperforming the services sector. On the demand side, the rebound in consumption outpaced that of investment, as both returned to pre-pandemic levels.

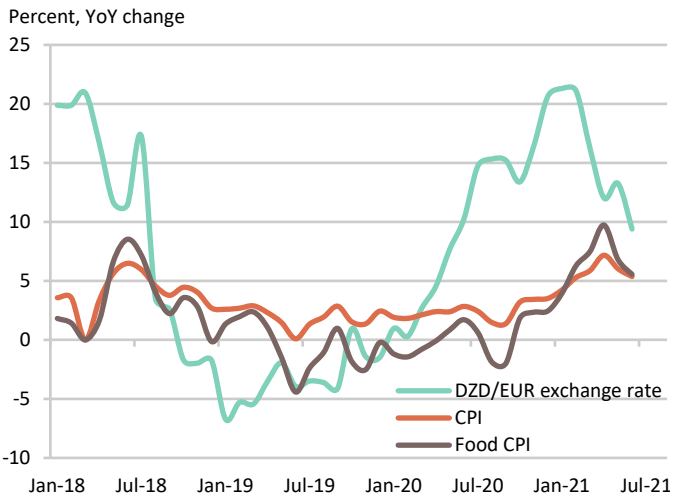
In 2020, the overall budget deficit increased moderately, to reach 11.7 percent of GDP. Oil revenues plummeted and tax

FIGURE 1 **Algeria** / Twin deficits declined markedly



Sources: Algerian authorities and World Bank staff estimates.

FIGURE 2 **Algeria** / But inflationary risks are materializing



Sources: Algerian authorities and World Bank staff estimates.

revenues declined markedly, amid contracting activity and imports, as well as tax deferrals to alleviate the crisis' impact on firms. Current expenditures and support to public banks exposed to struggling SOEs increased markedly, but overall spending contracted nonetheless, as public investment collapsed. Public debt remained stable, as fiscal financing needs were addressed by absorbing Treasury savings and SOE liquidity, leaving official public debt unaffected. In 2021, the Treasury resumed financing through the Central Bank, and banks purchased large amounts of Treasury securities as part of a debt buyback program, causing public debt to rise by 16 percent in H1-2021.

After a moderate increase in 2020, the current account and trade deficit narrowed significantly in H1-2021, benefitting from the recovery in hydrocarbon exports and prices and a limited recovery in imports, held down by continued import compression policies and a depreciated exchange rate. Therefore, the pace of international reserves depletion moderated in H1-2021, after having reached 13.3 months of imports at end-2020. Efforts to curb imports, however, caused imports of equipment and intermediate products to plummet, holding back investment and the recovery, and contributed to a marked acceleration in inflation during H1-2021.

Outlook

A fragile recovery is expected in 2021 and 2022, amid a modest one in nonhydrocarbon sectors and a strong rebound in the hydrocarbon sector. As the latter resumes its structural decline, GDP growth is expected to slow down. Despite the acceleration of the COVID-19 vaccination campaign (13% of Algerians have received at least one dose as of September 12), deteriorated employment and firm revenues will constrain private consumption and investment, while limited fiscal space will constrain the recovery in public investment. Sustained exchange rate depreciation and high hydrocarbon prices will help contain the overall budget deficit, as higher hydrocarbon revenues balance out increases in public spending and realized contingent liabilities. Together with import compression policies, they will also contain the current account deficit. Domestic financing through the central bank and the banking sector will increase public debt, which will remain on favorable terms. Higher liquidity, depreciation and increased scarcity of imports will keep fueling inflation which, combined with subdued activity and employment, will negatively impact living standards. Vulnerable households, already disproportionally affected by the negative consequences of the COVID-19 crisis, will be more seriously affected.

Developments in the global hydrocarbon market and the pace of domestic structural reform implementation will condition the economic outlook. Lower hydrocarbon prices and demand would raise fiscal and external financing needs, and weigh on the availability of liquidity and credit to finance the recovery. Absent external financing, they would imply further depreciation and import restrictions to protect international reserves, increasing the scarcity of imported inputs and equipment, hindering investment, and raising inflation. While domestic production could substitute for imports, contribute to addressing macroeconomic equilibria and curb inflationary pressures, there remains significant uncertainty surrounding the implementation of the Government Action Plan, essential to private sector development. Therefore, a slower pace of structural reform implementation would delay the recovery, prevent embarking on a sustainable growth path, and increase the social cost of contingency measures.

TABLE 2 Algeria / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	1.2	0.8	-4.9	3.9	1.8	1.6
Private Consumption	2.8	2.1	-2.9	2.2	2.1	2.0
Government Consumption	2.3	1.9	-0.3	1.3	-2.4	-2.4
Gross Fixed Capital Investment	3.1	1.0	-5.0	3.5	1.7	2.6
Exports, Goods and Services	-3.7	-7.2	-9.8	13.8	1.1	-0.5
Imports, Goods and Services	-3.6	-7.2	-16.0	8.7	-2.9	-2.6
Real GDP growth, at constant factor prices	1.5	1.0	-4.6	3.9	1.8	1.6
Agriculture	3.5	2.7	1.6	1.6	1.5	1.4
Industry	-2.6	-1.7	-7.3	7.1	1.5	1.0
Services	5.6	3.3	-3.4	1.5	2.2	2.2
Inflation (Consumer Price Index)	4.3	2.0	2.4	5.8	6.8	6.6
Current Account Balance (% of GDP)	-9.6	-9.9	-12.3	-3.8	-2.7	-3.4
Fiscal Balance (% of GDP)	-6.8	-9.6	-11.7	-5.3	-5.5	-6.6
Debt (% of GDP)	37.8	45.1	49.8	49.8	52.5	56.7
Primary Balance (% of GDP)	-6.3	-9.1	-10.8	-4.5	-4.7	-5.7
GHG emissions growth (mtCO2e)	3.2	0.8	-3.9	5.5	3.0	2.5
Energy related GHG emissions (% of total)	63.4	64.7	65.9	66.1	66.6	67.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

BAHRAIN

Table 1	2020
Population, million	1.7
GDP, current US$ billion	34.0
GDP per capita, current US$	20000.0
School enrollment, primary (% gross)[a]	98.0
Life expectancy at birth, years[a]	77.3
Total GHG Emissions (mtCO2e)	47.6

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

The economy will see a return to moderate growth in 2021, with the ease in restrictions helped by a rapid vaccination rollout. Fiscal and external deficits are expected to narrow, reversing their expansion observed in 2020. Debt to-GDP-ratio will remain above 130 percent during the forecast period, highlighting the priority of fiscal adjustment to put debt on a downward path. Downside risks arise from prolonged pandemic effects, oil price volatility and inadequate fiscal adjustment to contain the twin deficits which could lower growth outcomes and risk social tensions.

Key conditions and challenges

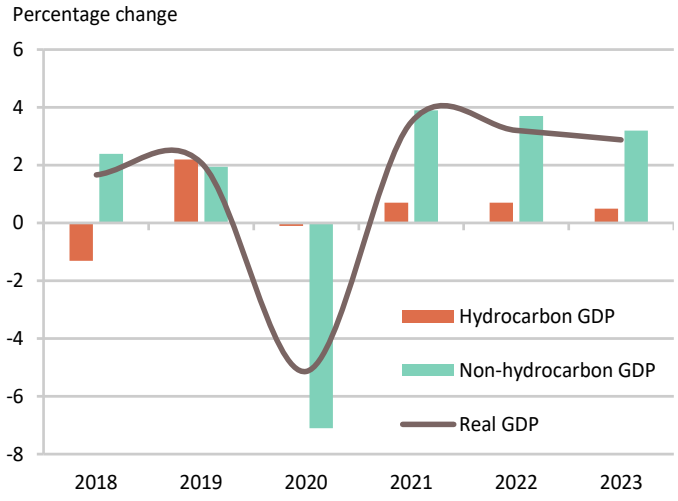
Bahrain entered the COVID-19 crisis with weak macroeconomic conditions. Even before, the fiscal and external deficits deteriorated following the 2014 oil price shock, and remained weak, notwithstanding progress under the 2018 Fiscal Balance Program (FBP), whose implementation was halted due to the pandemic and related oil price shock. The substantial pandemic-related crisis package of US$11.3 billion introduced in March 2020, and an additional US$1.3 billion stimulus package in June 2021 to support the sectors hardest-hit by COVID-19, have further limited the country's fiscal space, and aggravated already weak growth dynamics. Meanwhile, more is needed to facilitate private investment and trigger more private business development, strengthening the education system and support female labor force participation.

While the authorities remain committed to achieving the key reforms of the FBP, challenges remain. Achieving an FBP balanced budget by 2022 is unfeasible, following the pause of the fiscal consolidation caused by the pandemic, insufficient fiscal adjustment measures and considering that the FBP excludes extra budgetary spending financed by the budget. The authorities could also face the challenges of renewed oil price volatility and prolonged pandemic which could slow the pace of reforms. Phasing out of the temporary supporting measures and/or resuming the fiscal adjustment could spur social tension and delay the reform agenda, thus amplifying vulnerabilities. Advancing structural reforms including these related to supporting business environment, investing in renewable energy and digital solutions, would attract foreign investment, and increase employment opportunities, particularly among women and youth.

Recent developments

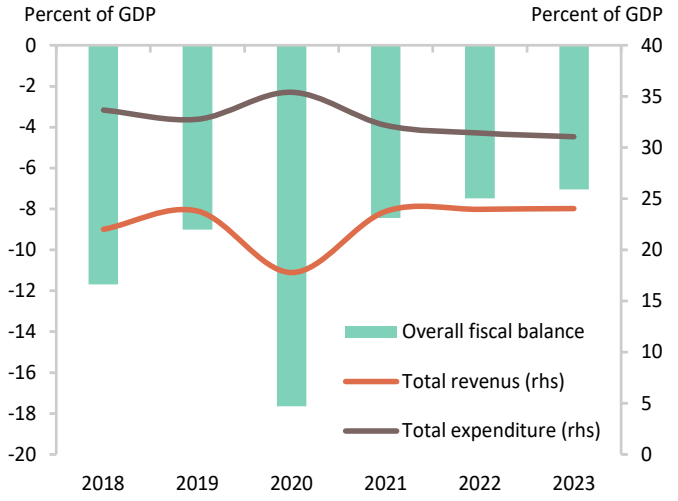
Preliminary official data reveals that the economy contracted by 2.1 percent year on year (y/y) in the first quarter 2021 (Q1-21), compared to the 5 percent contraction in 2020. The rebound is driven by the recovery of the oil sector, which grew by 2 percent (y/y) in Q1-21. This recovery outperformed the slowdown in the non-oil sector, down by 3 percent in Q1-21, as containment measures and travel restrictions hit hard services and tourism sectors where Bahrain has heavily invested. However, the overall growth will rebound by end-21 on the back of rising hydrocarbon output and further easing in lockdown. Disruption in economic activity caused by the COVID-19 pandemic brought 1.3 percent (y/y) deflation in the first half 2021 (H1-21). Official figures for the first half 2021 (H1-21) indicate that government revenues increased by 23 percent (y/y) primarily due to 33 percent increase in oil revenues. Other gains are related to non-oil revenues which increased by 4 percent mainly on the back of

FIGURE 1 Bahrain / Real annual GDP growth



Sources: Bahrain authorities, World Bank, and IMF staff projections.

FIGURE 2 Bahrain / General government operations



Sources: Bahrain authorities, World Bank, and IMF staff projections.

the VAT proceeds introduced in 2019. This will aid the fiscal deficit to narrow by end-2021, which may help to bring the total debt slightly down by end-2021. As a result, the central government debt is expected to slightly decline by 3.5 percentage points of GDP in 2021. High frequency data disclose that Bahrain's trade deficit slightly narrowed to 1.0 percent of GDP in Q2-21, as the value of exports increased by 75 percent (y/y) driven by hydrocarbon exports revenues.

According to the most recent data from the Labor Market Regulatory Authority (LMRA), total employment in Q1-21 fell with respect to the 2020, driven by lower foreign employment. The number of new work visas decreased by 10.6 percent in Q1 -21 (y/y), and visa renewals fell by 27.9 percent. The number of foreign workers reached 531,447 in Q1-21, declining by 9.4 percent (y/y), and accounting for 77.6 percent of the country's total employment. Bahraini employment reached 153,757 during the same period in 2021. However, median monthly wages for Bahrainis reached BHD 556, a 3.2 percent increase (y/y).

Outlook

The economic outlook hangs on oil market prospects, the global path of the pandemic, and the government's commitment to the reforms plan. The hydrocarbon GDP is estimated to recover reaching almost 1.0 percent growth in 2021 and to remain stable in the forecast period with the unwinding OPEC+ deal by 2022 and further expanding the gas output from new fields. Non-hydrocarbon GDP is forecast to accelerate to almost 4 percent in 2021 as rapid vaccination deployment boosts activity in the services sectors, before bouncing back to an average of 3.5 percent in 2022-23 with the uncertainties on the path of delta variants and the need for fiscal consolidations. The swift rollout of 5G services last January coupled with a robust digital infrastructure in e-commerce and ICT sectors are likely to be important drivers of growth going forward. Inflation is estimated to increase to 1.5 percent in 2021 as aggregate demand improves and pandemic-related subsidies are phased out.

More favorable oil market conditions are projected to narrow the fiscal deficit to 8.4 percent of GDP in 2021. Resuming spending restraints under the FBP along with more hydrocarbon-driven revenues would help the fiscal deficit to further narrow in 2022-23. In the absence of significant reforms, the public debt-to-GDP ratio will remain over 130 percent in 2021 -23 and the gross financing needs above 30 percent of GDP. Adherence to FBP accompanied by higher oil and non-oil revenues, will improve the outlook. Higher exports from oil and aluminum will narrow the current account deficit to 4.2 percent of GDP in 2021. While continue narrowing, the deficit is projected to persist in 2022-23 given high debt service payments and increased imports to boost oil production. The narrowing path of the current account deficit will in turn mitigate pressures on foreign exchange reserves. Risks to the outlook are looming on the downside. Oil market uncertainties and insufficient fiscal consolidation would further worsen the twin deficits, making medium-term debt sustainability harder to achieve. The prolonged impact of the pandemic would intensify economic scarring of the most affected sectors, and spark social unrest. On the upside, additional reform effort, anchored in a transparent medium-term framework, and strengthening PFM to reduce the fiscal risks from off-budget expenditures will help to improve Bahrain's outlook. The government has made efforts aimed at reducing unemployment by promoting the hiring of Bahrainis in the private sector through incentives to firms and increasing the local skill base. The strengthening of market-relevant skills among the Bahraini workforce would contribute to, gradually, help reduce unemployment among nationals as well as the demand for foreign labor.

TABLE 2 Bahrain / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	1.7	2.1	-5.1	3.5	3.2	2.9
Private Consumption	1.4	-1.4	-4.2	4.0	4.2	3.4
Government Consumption	1.8	-1.5	7.6	4.3	1.7	-1.2
Gross Fixed Capital Investment	9.5	-4.7	-7.0	2.3	4.2	4.5
Exports, Goods and Services	3.3	0.4	-10.3	6.5	4.5	4.3
Imports, Goods and Services	5.7	-5.3	-9.7	6.5	5.6	4.2
Real GDP growth, at constant factor prices	1.7	2.1	-5.1	3.5	3.2	2.9
Agriculture	3.8	-1.0	0.1	1.5	2.2	2.4
Industry	1.1	2.3	-1.2	2.4	3.0	3.7
Services	2.1	1.9	-8.1	4.4	3.4	2.2
Inflation (Consumer Price Index)	2.1	1.0	-2.3	1.5	2.0	2.0
Current Account Balance (% of GDP)	-6.5	-2.4	-9.6	-4.2	-3.7	-3.4
Net Foreign Direct Investment (% of GDP)	3.7	3.1	1.2	1.3	1.9	2.6
Fiscal Balance (% of GDP)	-11.7	-9.0	-17.6	-8.4	-7.5	-7.0
Primary Balance (% of GDP)	-7.3	-4.5	-12.8	-3.7	-2.9	-2.7
GHG emissions growth (mtCO2e)	2.0	1.6	-4.1	9.0	3.9	4.1
Energy related GHG emissions (% of total)	61.8	61.3	60.2	58.8	58.2	57.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

DJIBOUTI

Table 1	2020
Population, million	10
GDP, current US$ billion	3.4
GDP per capita, current US$	3400.0
International poverty rate ($ 1.9)[a]	17.0
Lower middle-income poverty rate ($ 3.2)[a]	39.8
National poverty rate[a]	21.1
Gini index[a]	41.6
School enrollment, primary (% gross)[b]	73.8
Life expectancy at birth, years[b]	67.1
Total GHG Emissions (mtCO2e)	1.5

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2017), 2011 PPPs.
(b) WDI for School enrollment (2020); Life expectancy (2019).

Djibouti's economic activity recovered in 2021, driven by a rebound in global and regional trade demand for transshipment and logistics. GDP growth is estimated to have reached 5.1 percent compared to 0.5 percent in 2020. In line with the economic recovery, poverty is expected to resume its downward trend in 2021 after a modest increase in 2020. Djibouti's growth prospects depend critically on Ethiopia's political and economic conditions, as well as continued reforms to maintain the country's competitive edge in transportation.

Key conditions and challenges

Djibouti is strategically located at the southern entrance to the Red Sea, along some of the world's busiest shipping lanes. Djibouti also plays an important security role in the Horn of Africa, hosting several military bases for foreign countries with forces supporting global anti-piracy efforts.

Over the past decade, the Djibouti economy grew rapidly by over 6 percent per year, on average. Growth was driven by externally financed, large-scale investments in transport and port infrastructure, to make the most of its strategic location and deep-water port that serves as key regional refueling, trade and transshipment center. The economic expansion of Ethiopia, Djibouti's large landlocked neighbor, has also fueled Djibouti's growth by stimulating trade and logistic activities. Djibouti will increasingly need deep trade facilitation reforms to maintain its regional competitive advantage on cost and throughput.

Djibouti's economy weathered the initial impact of the COVID-19 pandemic, averting a contraction. This good performance primarily reflects a relatively quick recovery of key domestic market-oriented in the latter half of 2020 after the lifting of a two-month lockdown imposed in March 2020. Strong trade activity in Ethiopia also boosted re-export activities and transportation and logistics services.

Djibouti's development strategy based on sizable investments financed by non-concessional public debt has put the country at high risk of external debt distress. To reduce debt vulnerabilities and increase the fiscal space for necessary spending in social sectors, Djibouti needs to prioritize concessional borrowing, strengthen debt management, improve the management of SOEs and broaden its tax base.

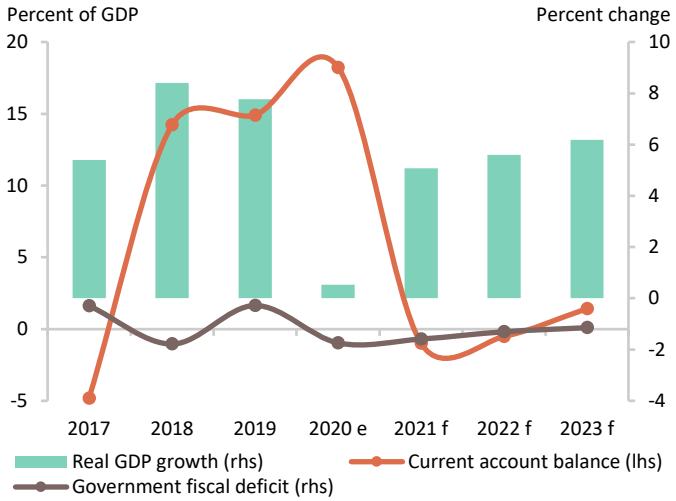
Poverty, while declining overall, remains another major problem. In 2017, an estimated 39 percent of the population lived below the lower-middle income poverty line (US$3.2 per day) and 17 percent in extreme poverty (below the international poverty line of US$1.9 per day). Heavy reliance on food imports is a key vulnerability for the country.

Recent developments

Djibouti's economy is estimated to grow by 5.1 percent in 2021, driven by a rebound of transport and logistics services demand from Ethiopia. The resumption of the Ethiopia-Djibouti railway activities - which connects Ethiopia to Djibouti Ports - that had been affected by the COVID-19 pandemic - were the main driver of the rebound. On a year-to-year basis, headline inflation recorded a moderate increase of 0.6 percent at the end of June 2021.

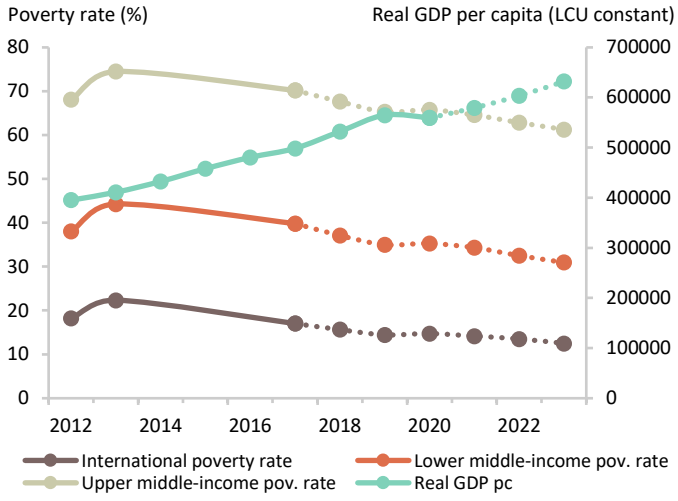
In line with the recovery, poverty which stood at 17 percent in 2017 at the $1.90 per day poverty line, is expected to decline to around 14.1 percent in 2021, compared to 14.7 in 2020 and 14.4 in 2019. Indeed, recent

FIGURE 1 Djibouti / Real GDP growth, fiscal, and current account balances



Sources: Government of Djibouti and World Bank staff projections.

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



Source: World Bank. Notes: see Table 2.

phone surveys show a steady recovery in employment and food security indicators, among others. However, while preliminary employment data show a continuing recovery trend, some groups of the population remain affected– particularly those in the informal sector. Inequalities are also apparent as poorer households are less likely to get tested for COVID-19, raising potential concerns on equity in the road to recovery from the pandemic.

On the fiscal side, the overall deficit is expected to remain low at 1.6 percent of GDP in 2021. This is driven by a contraction in spending on goods and services and the government's measures to rationalize wages and salaries and capital expenditure. Revenues are also witnessing a 50 percent decline in grants, lower SOEs dividends compared to 2020 reflecting the lagged impact of Covid. The fiscal gap is projected to be covered by external financing, including from fiscal savings from the G20 Debt Service Suspension Initiative.

The current account surplus is expected to turn from a positive 11.6 percent of GDP to a negative 1 percent of GDP, as import of goods and services (mostly for infrastructure projects) growth is expected to outpace exports of goods. Rising FDI and external public debt disbursements are expected to partially absorb the trade deficit resulting from high imports. Notwithstanding a decline by US$65 million compared to December 2020, gross official reserves were estimated at US$611.1 million (equivalent to 5.2 months of imports) at end-June 2021, and currency board coverage at 106 percent, above the minimum required.

Outlook

Despite the considerable uncertainty, the economic outlook remains positive. GDP growth is expected to reach 5.6 percent in 2022 and 6.2 percent in 2023. Key drivers will be the rebound of global trade that would drive re-exports and demand for Djibouti's transshipment and logistics. Construction and public works activities are also expected to drive growth, boosted by the ongoing and planned constructions, such as the redevelopment of the old port land into a business complex, the construction of a Ship Repair Yard and the development of the Damerjog Industrial free zone. The fiscal deficit is projected to stay above 1 percent of GDP in 2022 and 2022 with an expected increase in capital expenditure (in line with the implementation of the second phase of the Vision 2035) and the announced additional targeted measures to support businesses and households, including a halving of the minimum flat-rate tax. After their decline in 2021, grants are expected to remain stable over 2022-2023. The current account will remain in deficit in 2022, reflecting a surge in capital goods imports for infrastructure projects. The main risks to the outlook remain the escalation of political and social tensions in Ethiopia and its spillover which could ignite tensions from its early 1990s civil war and disrupt the main rail and road freight transport corridor connecting Addis to Djibouti. The current projected GDP levels suggests that poverty should resume its downwards trend from 14.7 percent in 2020 to 12.5 percent in 2023, provided Djibouti's growth and job creation rates are both inclusive and equitable. Policy action may need to place particular attention to groups of the population, such as those in the informal sector, that are at risk of being left behind in the road to recovery from the pandemic.

TABLE 2 Djibouti / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	8.4	7.8	0.5	5.1	5.6	6.2
Private Consumption	4.8	5.0	-5.0	5.5	4.7	4.9
Government Consumption	1.9	-0.5	-2.1	-8.0	1.6	-0.7
Gross Fixed Capital Investment	-30.8	26.4	-37.2	7.1	7.9	11.3
Exports, Goods and Services	10.3	12.9	7.5	5.7	6.1	6.3
Imports, Goods and Services	-15.3	13.9	-0.5	5.0	6.1	6.1
Real GDP growth, at constant factor prices	8.8	7.2	0.5	5.1	5.6	6.2
Agriculture	15.3	0.7	3.5	3.5	3.5	3.5
Industry	45.3	9.4	2.0	5.0	8.2	8.2
Services	3.0	6.8	0.1	5.1	5.0	5.7
Inflation (Consumer Price Index)	-0.1	3.3	1.8	1.6	2.0	2.0
Current Account Balance (% of GDP)	14.2	28.9	11.6	-1.0	-0.5	1.4
Fiscal Balance (% of GDP)	-1.8	-0.3	-1.7	-1.6	-1.3	-1.1
Debt (% of GDP)	69.2	65.3	73.3	71.5	70.0	63.6
Primary Balance (% of GDP)	-0.6	0.9	-1.2	-0.7	0.0	0.1
International poverty rate ($1.9 in 2011 PPP)[a,b]	15.6	14.4	14.7	14.1	13.5	12.5
Lower middle-income poverty rate ($3.2 in 2011 PPP)[a,b]	37.1	35.0	35.3	34.3	32.5	31.0
Upper middle-income poverty rate ($5.5 in 2011 PPP)[a,b]	67.7	65.3	65.8	64.6	62.8	61.3
GHG emissions growth (mtCO2e)	1.7	2.5	0.9	1.9	1.8	1.9
Energy related GHG emissions (% of total)	26.0	27.3	27.2	27.7	28.2	28.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

(a) Calculations based on 2017-EDAM .Actual data: 2017. Nowcast: 2018-2020. Forecast are from 2021to 2023.

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

ARAB REPUBLIC OF EGYPT

Table 1	2020
Population, million	102.3
GDP, current US$ billion	363.1
GDP per capita, current US$	3549.4
Lower middle-income poverty rate ($3.2)[a]	28.9
National poverty rate[a]	32.5
Gini index[a]	31.5
School enrollment, primary (% gross)[b]	106.4
Life expectancy at birth, years[b]	72.0
Total GHG Emissions (mtCO2e)	352.3

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2017), 2011 PPPs.
(b) Most recent WDI value (2019).

Growth, foreign-income sources and government debt were adversely impacted by COVID-19, but are starting to improve due to favorable base effects, recovering global conditions, and easing restrictions. Sustaining the nascent uptick requires expediting vaccination, especially with risks from the Delta variant. Strengthening fiscal management to enhance social protection and human development spending whilst pushing ahead with structural reforms are crucial to unleash the private sector's potential for export-oriented growth and job-creation, and ensure an inclusive recovery path.

Key conditions and challenges

Egypt's macroeconomy continues to show resilience more than a year and a half through the pandemic. Stabilization reforms implemented in recent years and mobilization of international financing helped in weathering the crisis. Monetary easing and selected sectoral support partially alleviated pressures on households and private businesses, and contributed to the reduction of domestic borrowing costs. Egypt also continues to address entrenched economic problems, through taking steps to strengthen public debt management, enhance aspects of the business environment and promote financial inclusion. Nevertheless, long-standing challenges persist. Fiscal space is constrained by low revenue-generation and the burden of interest payments. Therefore, the country faces the dual challenge of continuing to pursue fiscal consolidation, whilst simultaneously boosting productive spending, notably on social protection, health, education and infrastructure to advance human and physical capital for the (largely youthful) population of above 102 million. Official estimates suggest recent gains in welfare, though poverty (reported for the period October 2019—March 2020) remained elevated at 29.7 percent.

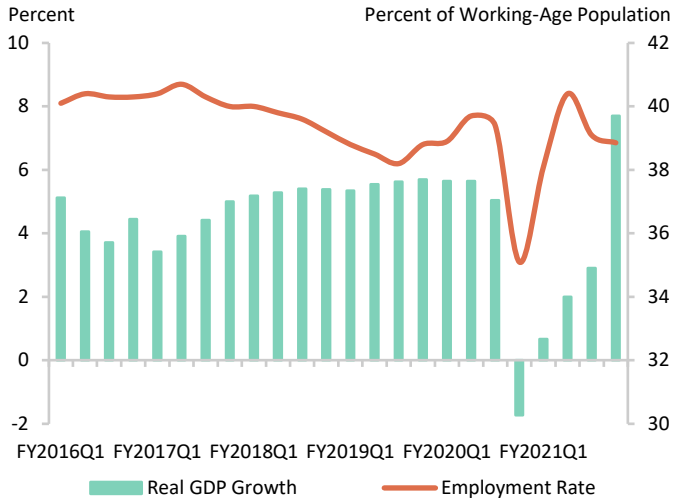
The growth model that shifted over the years towards non-tradable lower productivity sectors contributed to below -potential outcomes in terms of poverty-reduction and job-creation, notably for youth and women. The limited merchandise export penetration and sophistication, as well as the erosion of competitiveness during episodes of real exchange rate appreciation have altogether contributed to the chronic trade deficit. Structural reforms are underway to improve trading-across-borders and support Egypt's ability to expand its export-oriented growth, including a new Customs law aiming to simplify and automate customs clearance procedures.

In the near term, it is crucial to expedite vaccination (overcoming supply bottlenecks, improving logistics and tackling hesitancy) as less than 8 percent of the population had received at least one dose of the COVID-vaccine by end-August 2021. Further, a sustainable recovery requires pushing ahead with structural reforms to upgrade workers' skills and firm capabilities, improve governance and shift the role of the State towards regulatory functions, while preserving a level-playing-field to unleash the private sector's potential.

Recent developments

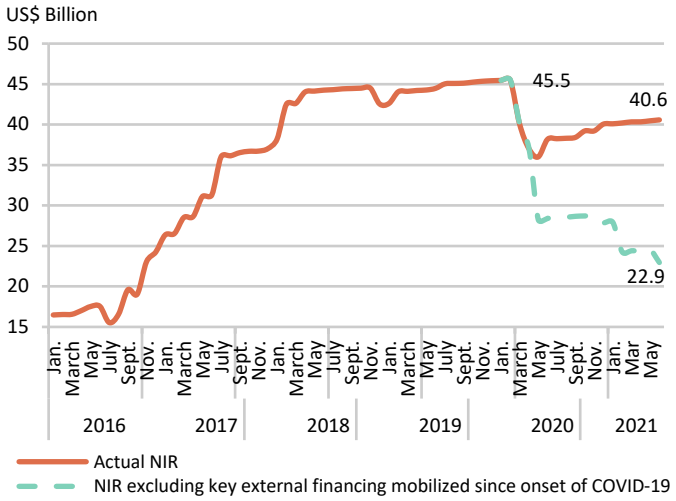
Growth declined from 3.6 percent in FY2019/2020 to 3.3 percent in FY2020/2021 (July 1, 2020—June 30, 2021), affected by the ongoing impact of COVID-19. However, exposed sectors that were contracting since the beginning of the pandemic (tourism, manufacturing, extractives, and Suez Canal) started rebounding during

FIGURE 1 Arab Republic of Egypt / Real growth and employment rates (FY2016Q1-FY2021Q4)



Source: Ministry of Planning and Economic Development and CAPMAS.

FIGURE 2 Arab Republic of Egypt / Net international reserves (Actual vs Counterfactual)



Sources: World Bank calculations based on CBE data.
Note: In the counterfactual scenario, the IMF RFI and SBA, Green-bond and Eurobonds issued since onset of COVID-19 are excluded.

April—June 2021 (Q4-FY2020/2021); in part reflecting base effects, easing restrictions and the gradual resumption of economic activity, international travel and trade. Unemployment declined to 7.3 percent by Q4-FY2020/2021, from the 9.6 percent peak a year earlier at the height of the COVID-shock. Yet, labor force participation and employment rates remain low at 41.9 percent and 39 percent of the working -age population, further hindering poverty reduction.

Inflation remained relatively subdued at 4.5 percent during FY2020/2021, from 5.7 percent a year earlier (below the CBE's inflation range of 7 percent +/-2 PPT), reflecting the output gap created during the pandemic. Nevertheless, the monetary easing cycle kickstarted at the outset of the pandemic has been on hold since end-2020, in light of looming increases in international commodity prices, and unfavorable base effects expected to start taking effect. This pause also helps preserve robust portfolio investment inflows, a key source of foreign income.

International reserves are below their pre-pandemic peak of US$45.5 billion due to the crisis' impact on foreign-income activities, but remain ample at US$40.7 billion in end-August 2021 (covering 7 months of merchandise imports); supported by remittances, portfolio inflows, and external financing. The budget deficit-to-GDP ratio declined from 8 percent in FY2019/2020 to 7.5 percent in FY2020/2021, driven by the uptick in government revenues. But, the government debt-to-GDP ratio is expected to have increased from 87.5 percent at end -June 2020 to around 91 percent at end-June 2021, despite the sustained fiscal consolidation. This partly reflects continued fiscal pressures arising from arrears and/ or extra-budgetary items.

Outlook

The outlook remains uncertain given the slow vaccination rate, the emergence of the Delta-variant and the resurgence of COVID-19 cases, which could threaten the recovery, especially for Egypt's exposed sectors. Nevertheless, under the baseline scenario that assumes that the pandemic continues to ease, and lockdown measures are not reinstated, growth is expected to rise from 3.3 percent in FY2020/2021 to 5 percent in FY2021/2022; supported by favorable base effects and global growth. Domestic economic activity is expected to be supported by the gradual return of tourists (especially with the resumption of flights from Russia after a 6-year hiatus), continued growth in the ICT sector, an uptick in gas extractives and exports, in addition to the public investments.

The current account deficit-to-GDP ratio is forecast to widen from 3.1 percent in FY2020/2021 to 4.1 percent in FY2021/2022, before narrowing again to 2.8 percent of GDP over the medium term, as the Suez Canal revenues improve with the restoration of global trade, tourism rebounds with the resumption of international travel, and gas exports improve. The capital and financial account is projected to remain buoyed, supported by the recent IMF SDR allocation. Portfolio inflows will depend on the attractiveness of yields on Egyptian debt instruments, and more generally on investors' sentiment towards emerging markets, but are still expected to be supported by sovereign issuances. FDI inflows to the extractives sector are expected to inch up with the global recovery.

Efforts to improve public expenditure efficiency will be key to create room for increased spending on priority areas, while potential reforms – for example to food subsidies - must be accompanied by adequate measures to protect the poor. Finally, the debt-to-GDP ratio should resume its downward path, with the continued fiscal consolidation and as the need for external borrowing declines in tandem with the improving foreign-income sources, as the pandemic gradually abates.

TABLE 2 Arab Republic of Egypt / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	5.3	5.6	3.6	3.3	5.0	5.5
Private Consumption	1.0	1.0	7.3	8.6	4.5	4.3
Government Consumption	1.7	2.8	6.7	5.0	4.4	4.4
Gross Fixed Capital Investment	16.9	14.1	-20.9	-24.0	2.5	10.0
Exports, Goods and Services	31.6	-2.2	-21.7	-22.0	9.0	10.0
Imports, Goods and Services	10.6	-8.9	-17.9	-9.0	3.0	4.0
Real GDP growth, at constant factor prices	5.3	5.1	2.5	2.0	4.9	5.4
Agriculture	3.1	3.3	3.3	3.7	3.3	3.3
Industry	6.4	5.8	0.6	-2.4	4.3	6.0
Services	5.1	5.1	3.6	4.4	5.7	5.5
Inflation (Consumer Price Index)	21.6	13.9	5.7	4.5	7.0	8.0
Current Account Balance (% of GDP)	-2.4	-3.6	-3.1	-4.1	-3.6	-2.8
Net Foreign Direct Investment (% of GDP)	3.0	2.6	2.0	1.6	1.7	1.9
Fiscal Balance (% of GDP)	-9.7	-8.1	-8.0	-7.5	-7.2	-6.8
Primary Balance (% of GDP)	0.1	1.9	1.8	1.5	1.8	2.0
International poverty rate ($1.9 in 2011 PPP)[a,b]	3.9	4.2				
Lower middle-income poverty rate ($3.2 in 2011 PPP)[a,b]	29.6	30.3				
GHG emissions growth (mtCO2e)	2.8	3.5	3.4	3.5	3.5	4.1
Energy related GHG emissions (% of total)	68.5	68.7	69.5	69.9	70.1	70.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

(a) Calculations based on 2017-HIECS.Actual data: 2017. Nowcast: 2018-2020. Forecast are from 2021to 2023.

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

IRAN, ISLAMIC REPUBLIC

Table 1	2020
Population, million	84.0
GDP, current US$ billion	202.8
GDP per capita, current US$	2414.3
Upper middle-income poverty rate ($5.5)[a]	14.0
Gini index[a]	42.0
School enrollment, primary (% gross)[b]	110.7
Life expectancy at birth, years[b]	76.7
Total GHG Emissions (mtCO2e)	817.1

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2018), 2011 PPPs.
(b) WDI for School enrollment (2017); Life expectancy (2019).

Iran's economy exited a two-year recession in 2020/21, aided by limited COVID-19 mitigation measures and a gradual rebound in oil production in the second half of 2020. Yet, poor economic activity, partly due to US sanctions, low oil revenues and higher recurrent and COVID-19 related expenditures widened the fiscal deficit, leading to significant inflationary pressures and currency depreciation. Growth is expected to remain modest and challenged by further waves of COVID-19 variants, uncertainties in the materialization of sanctions relief, recent tensions in Afghanistan, and climate change impact.

Key conditions and challenges

Having undergone multiple waves of COVID-19 infections, Iran continues to be heavily impacted by the pandemic. With more than 5.3 million confirmed cases and 115K deaths, as of mid-September 2021 (population: 84 million), Iran remains the most affected country in the Middle East and North Africa region. The spread of the Delta variant since August 2021 has led to a new record number of daily cases (50K) and deaths (709). As of September 15, 2021, only 31 percent of the population have received the first dose of a vaccine and about 16 percent were fully vaccinated. As a result, the hospitalization rate remains high.

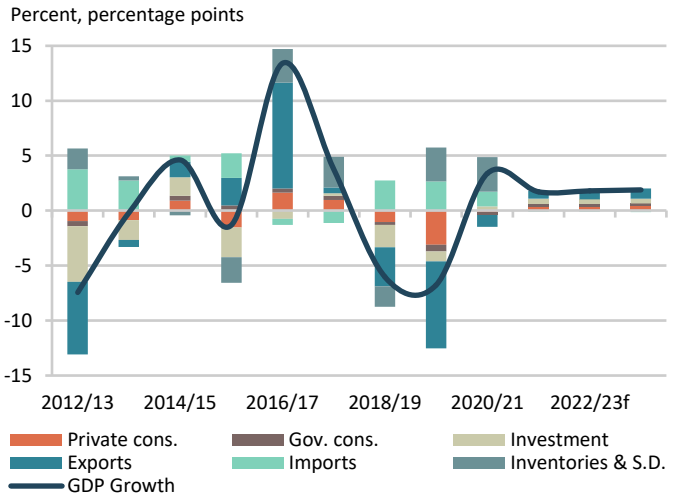
Over the last decade, Iran's real GDP growth has been negligible and has resulted in a drop of real GDP per capita to its 2006 level. Despite some progress towards economic diversification, high public sector presence continues to inhibit private sector job creation and investment. Even prior to recent sanctions, job creation fell short of meeting new labor supply and unemployment remained stubbornly high. The labor market is characterized by low participation and large gender disparities. Adverse events owing to climate change, such as droughts and desertification, have impacted the agriculture sector but also hurt industrial production due to lower hydroelectricity generation. Furthermore, since 2019/20,[1/] a sharp decline in oil revenues due to US sanctions combined with the onset of the pandemic have accentuated the pro-cyclicality of government spending and volatility of the economy.

Income losses have worsened households' welfare. The loss in household incomes due to the pandemic (owing to lockdowns) and rising living costs due to inflation added more pressures on low-income households. Given the large share of vulnerable households, these shocks are likely to have determined a sizeable increase in poverty. While a range of social protection measures were aimed to compensate for the welfare loss, their mitigating impact was eroded by inflation. Inflation has remained high (36 percent YoY on average since 2018/19) largely due to a sharp currency depreciation (over 400 percent since 2018/19) and deficit monetization.

Recent developments

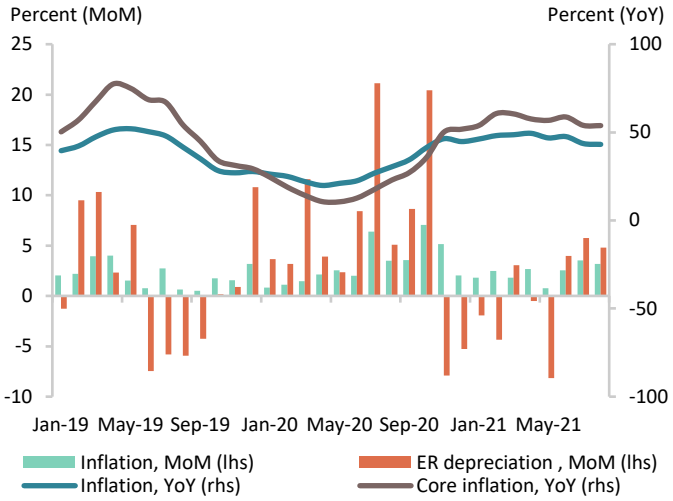
Iran's economy witnessed a moderate recovery in 2020/21 following more than two years of recession. A gradual recovery in global demand and limited COVID -19 lockdowns contributed to stronger growth in the oil sector (11.2 percent) and in manufacturing (7.1 percent) which led GDP to grow by 3.4 percent in 2020/21. On the expenditure side, public and private consumption contracted by 2.3 percent and 0.4 percent, respectively, and import bans led to another year of declining Imports (-29.2 percent) offsetting the decline in exports (-5.4 percent). The latest industrial production data indicates a

FIGURE 1 Islamic Republic of Iran / GDP growth and demand side decomposition



Sources: CBI and World Bank staff calculations.

FIGURE 2 Islamic Republic of Iran / Inflation and parallel market ER



Sources: CBI, SCI, and World Bank staff calculations.

decline in economic activity after the spread of the Delta variant in August 2021, though oil production gradually increased to 2.4 million barrels/day. The employment population ratio in Apr-Jun 2021 remains 2.1 percentage points below the pre-pandemic level of 39.8 percent (Apr-Jun 2019) with a disproportionate negative impact on women.

The government faces challenges in financing a growing fiscal deficit due to declining oil revenues. The fiscal impact of the global oil market recovery in 2020/21 was limited as oil revenues only accounted for under 10 percent of government revenues. Faced with low revenues, the government adjusted expenditures to reduce the adverse impact on the deficit, which increased by almost 2 percentage points to 6.9 percent of GDP. Deficit financing through bond auctions (46 percent lower in Apr-Sep 2021, YoY) was less successful due to heightened economic uncertainties and negative real interest rates. This led the government to exhaust its revolving fund and monetize the remaining deficit as planned sales of public assets also slowed.

CPI inflation rose to 43.2 percent (YoY) in August 2021 driven by inflationary expectations due to uncertainties in the economic outlook and ongoing nuclear talks. This came as the currency depreciated again (16 percent depreciation in Apr-Aug 2021) pushing up the price of imported goods.

In 5M-21/22 (Apr-Aug 2021), non-oil exports recovered to their pre-pandemic level, reaching US$17.6 billion (61 percent YoY growth), while imports reached US$16.6 billion (21 percent YoY growth), leading to a modest non-oil trade surplus. The large growth in exports mainly reflects the impact of boarder closures at the onset of the COVID-19 in 2021. However, Iran's access to foreign exchange reserves continues to be restricted due to US sanctions which complicate trade and international financial transactions.

Outlook

Iran's economic outlook is shaped by the expectations about the course of the pandemic, the recovery in demand from export partners, and geopolitical developments. Average GDP growth is projected to remain under 3 percent per annum in the medium term. Domestically, slow COVID-19 immunization in the face of the large Delta variant and potential lockdowns alongside low investment rates are key drivers of the outlook. The impact of new variants on global demand together with ongoing US sanctions on exports is expected to weigh down on growth in both oil and non-oil sectors. Disruptions to trade with immediate neighbors, such as Afghanistan following the government collapse, could also undermine exports and further restrict availability of much needed foreign currency. In addition, the mounting climatic challenges resulting in water and energy shortages together with high inflation could further increase pressures on the most vulnerable and add to social grievances. Upside risks include the possibility of sanctions relief which could materially boost economic activity, especially since it has operated below potential capacity for several years.

Importantly, in the absence of a rebound in Iran's oil revenues in the medium term, the new government will face a large fiscal deficit. Limited non-oil revenue growth owing to a slow recovery, uncertain prospects for higher oil revenues, and higher wage bill and pensions expenditures are expected to keep the fiscal balance in deficit. The government is expected to continue to issue bonds and sell public assets to finance the deficit. More short-term issuances will increase roll-over risks while monetization will add to inflationary pressures.

1/ The Iranian calendar year starts on March 21 of every year and ends on March 20 of the following year.

TABLE 2 Islamic Republic of Iran / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018/19	2019/20	2020/21	2021/22 e	2022/23 f	2023/24 f
Real GDP growth, at constant market prices	-6.0	-6.8	3.4	3.1	2.4	2.2
Private Consumption	-2.6	-7.7	-0.4	2.1	1.8	1.5
Government Consumption	-2.9	-6.0	-2.3	2.4	1.7	1.5
Gross Fixed Capital Investment	-12.3	-5.9	2.5	1.2	2.1	2.7
Exports, Goods and Services	-12.5	-29.9	-5.4	12.0	7.1	5.9
Imports, Goods and Services	-29.5	-38.1	-29.2	9.8	4.8	3.9
Real GDP growth, at constant factor prices	-5.4	-6.5	3.6	3.1	2.4	2.2
Agriculture	-0.9	8.8	4.5	1.6	2.1	4.0
Industry	-11.0	-15.9	8.4	3.6	3.5	3.4
Services	-0.7	-0.5	-0.1	2.9	1.6	0.9
Inflation (Consumer Price Index)	31.1	41.3	36.4	42.9	41.6	40.3
Current Account Balance (% of GDP)	9.1	1.5	-0.3	1.4	1.5	1.7
Fiscal Balance (% of GDP)	-1.7	-5.0	-6.9	-7.3	-6.9	-6.8
Gross Public Debt (% of GDP)	38.5	48.0	52.0	53.7	53.2	52.6
Primary Balance (% of GDP)	-1.5	-4.3	-5.9	-6.2	-5.9	-5.8
GHG emissions growth (mtCO2e)	1.7	-4.6	3.4	3.0	2.6	2.6
Energy related GHG emissions (% of total)	70.9	69.7	70.1	70.1	70.0	69.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

REPUBLIC OF IRAQ

Table 1	2020
Population, million	40.2
GDP, current US$ billion	153.7
GDP per capita, current US$	3823.4
Lower middle-income poverty rate ($3.2)[a]	14.8
Upper middle-income poverty rate ($5.5)[a]	52.4
National poverty rate[a]	22.5
Gini index[a]	29.5
School enrollment, primary (% gross)[b]	108.7
Life expectancy at birth, years[b]	70.6
Total GHG Emissions (mtCO2e)	229.4

Source: WDI, Macro Poverty Outlook, and official data.
(a) Most recent value (2012), 2011 PPPs.
(b) WDI for School enrollment (2007); Life expectancy (2019).

Economic growth is gradually recovering following last year's pandemic-related contraction, partly due to higher non-oil activity. Improved global oil market conditions are expected to reinforce growth in the medium term and to turn the fiscal and external balances to surpluses from 2021, and to reverse the recent surge in debt. Key downside risks relate to potential pandemic developments, oil price volatility, setbacks in the security situation, and the derailing of economic reform implementation.

Key conditions and challenges

Iraq is one of the most oil-dependent countries in the world. Over the last decade, oil revenues accounted for more than 99 percent of exports, 85 percent of government budget, and 42 percent of GDP. This excessive dependence on oil exposes the country to macroeconomic volatility while budget rigidities, linked to growing wage bill and transfers, restrict fiscal space and opportunities for counter cyclical policy. The COVID-19 pandemic had a significant impact on Iraq's GDP in 2020, which contracted by 15.7 percent, and its budget revenues which shrank by 9 percentage points to 32 percent of GDP, leading to a severe reduction in public spending and investments.

As of January 2021, the unemployment rate was more than 10 percentage points higher than the pre-pandemic level of 12.7 percent. Unemployment among the displaced, returnees and women jobseekers, and those pre-pandemic self-employed and informal workers remains elevated. Food security concerns remained despite the recent upward trend in the share of households receiving public and private transfers including ration food from the Public Distribution System. Access to healthcare, including COVID-19 testing and vaccines continues to be a struggle for many Iraqis.

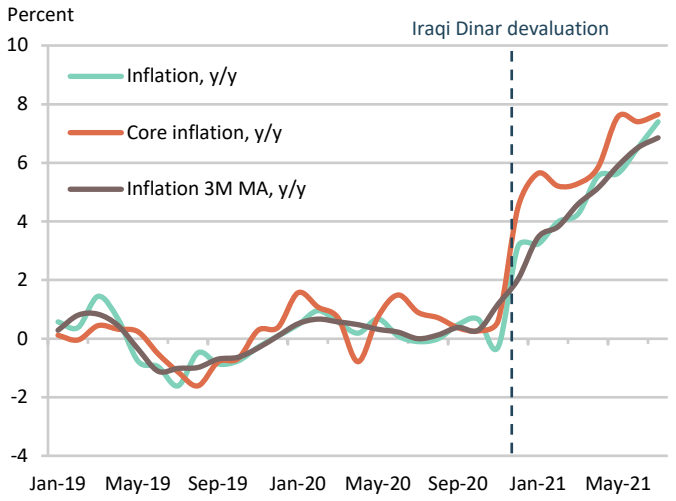
While Iraq's economic conditions are gradually improving as international oil markets recover, this recovery is also fraught by major risks posed by structural bottlenecks, including public investment management constraints that have impacted public service delivery, slow clearance of arrears especially those related to public wages, and large exposure of state-owned banks and the central bank to the sovereign. These fragilities are aggravated by a fragile political condition, a weak healthcare system, and rampant corruption that continue to trigger unrest across the country.

The Iraq White Paper is a comprehensive framework to address oil dependence and structural bottlenecks, but capacity constraints and the upcoming parliamentary elections could undermine implementation plans and span further uncertainty.

Recent developments

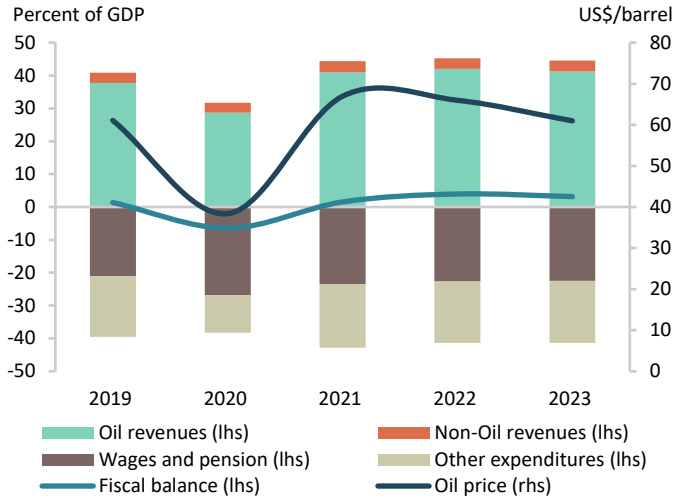
The economy is gradually recovering from the double oil and COVID-19 shocks of 2020. In the first half of 2021 (H1-21), GDP grew by 0.9 percent year on year (y/y). The non-oil economy grew by over 21 percent in H1-21 (y/y) owing to a solid performance in the services sectors (COVID-19 containment measures were eased, aided by a pick-up in the vaccination campaign and the decline in COVID infection positivity rate). This recovery outpaced the slowdown in the oil sector, down by 10 percent in H1-21, as Iraq adjusted to its OPEC+ quota early in the year. Since then, OPEC's gradual increase in members' production

FIGURE 1 Republic of Iraq / Consumer price inflation, headline, and core



Sources: Iraq's COSIT and World Bank staff calculations.

FIGURE 2 Republic of Iraq / Fiscal account outlook



Sources: Iraq's MoF, MoO and World Bank staff calculations.

quotas has allowed oil GDP to grow. Iraq's headline and core inflation in Jan-Jul 2021 reached 5.2 and 6.3 percent (y/y), respectively, owing to the increased domestic demand coupled with the effect of the 23 percent devaluation which took place last December. The pickup in inflation was dampened by lower import prices due to the depreciation of the Turkish and Iranian currencies, the main import partners of Iraq.

Fiscal data for H1-21 shows important gains in budgetary revenues (up 42 percent y/y) as average oil export prices trended above US$64/barrel. These budgetary gains were also compounded by the fiscal effects of last year's devaluation. Moreover, customs and tax administration reforms outlined in the 2021 budget law have started paying off, contributing to a 53 percent surge in domestic revenue mobilization. This was enough to turn the overall fiscal deficit (cash basis) into a small surplus of 0.6 percent of GDP despite spending rigidities. The fiscal balance calculated on accrual basis is considerably less favorable owing to the large size of unaccounted arears.

On the external side, the current account deficit also turned into a surplus of 4.7 percent of GDP in Q1-21 (y/y), after a 6 percent of GDP deficit in 2020, due to a 66 percent (y/y) decline in imports, mainly related to private sector imports. As a result, gross official reserves increased by almost US$5 billion to reach US$58.5 billion in Q1-21 compared to US$54 billion at end-2020.

Outlook

The prospects of Iraq's economy have improved with the recovery in global oil markets, but the spread of new COVID-19 variants and climate change challenges are significant headwinds. The economy is forecast to gradually recover on the back of rising oil prices and OPEC+ production quotas which are planned to be phased out in 2022. Oil GDP will be the main driver of growth in the medium term. Non-oil GDP is forecast to recover but remain under 3 percent on average in 2021-23 due to the impact of the new COVID-19 Delta variant along with water and electricity shortages that impact agriculture and industries. Under this scenario, the fiscal balance is forecast to remain in surplus in the medium term leading the debt-to-GDP ratio to steadily improve.

The surge in poverty will gradually reverse with the economic recovery and mass vaccination. However, the disproportional impact of COVID-19 on the pre-pandemic poor and vulnerable groups and the resulting inequality will be felt for a long time to come. The diverging trends between groups and regions that overlaps with Iraq's existing ethnic and religious divisions makes the situation more precarious and calls for appropriate planning in the recovery phase, including in the implementation of an equitable vaccination program.

Iraq's economic outlook is mired by significant downside risks that call for accelerated implementation of structural reforms. These include: a potential decline in the oil price, a worsening COVID-19 crisis due to the spread of new variants, a deterioration in security conditions, the intensification of climate change shocks and additional macroeconomic volatility. Averting or mitigating the impact of downside risks depends on the policies of the future government and commitment to comprehensive reforms in line with those envisioned in the GoI White Paper. Progress on regional economic integration together with an improved security environment could provide new momentum for growth and diversification.

TABLE 2 Republic of Iraq / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	1.7	5.2	-15.7	2.6	7.3	6.3
Private Consumption	2.3	1.5	-9.0	2.0	2.5	3.0
Government Consumption	17.7	25.2	-10.6	5.3	3.1	3.0
Gross Fixed Capital Investment	-75.4	-13.8	-40.0	10.0	8.0	8.0
Exports, Goods and Services	6.3	4.6	-15.8	3.0	10.2	8.2
Imports, Goods and Services	16.6	28.4	-9.4	3.0	3.0	3.5
Real GDP growth, at constant factor prices	2.6	6.0	-15.7	2.6	7.3	6.3
Agriculture	37.7	46.2	4.5	4.0	4.5	4.8
Industry	-1.6	7.5	-16.9	2.9	9.7	7.9
Services	10.7	-0.7	-15.3	1.7	2.1	2.6
Inflation (Consumer Price Index)	0.4	-0.2	0.6	7.5	3.5	3.1
Current Account Balance (% of GDP)[a]	9.8	5.6	-5.8	4.8	5.9	5.2
Net Foreign Direct Investment (% of GDP)[a]	2.2	1.4	1.8	1.7	1.7	1.7
Fiscal Balance (% of GDP)[a]	11.0	1.3	-6.5	1.5	4.0	3.2
Debt (% of GDP)[a]	48.6	44.4	64.5	55.0	47.4	42.5
Primary Balance (% of GDP)[a]	12.1	2.4	-5.3	2.9	5.9	5.6
GHG emissions growth (mtCO2e)	3.8	11.4	-2.6	4.5	10.9	9.0
Energy related GHG emissions (% of total)	71.1	72.5	73.8	74.7	75.3	75.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

(a) Share of factor cost GDP.

JORDAN

Table 1	2020
Population, million	10.2
GDP, current US$ billion	43.8
GDP per capita, current US$	4294.1
School enrollment, primary (% gross)[a]	81.8
Life expectancy at birth, years[a]	74.5
Total GHG Emissions (mtCO2e)	33.8

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

GDP growth suggests that Jordan's economy has weathered the COVID-19 shock better than many peers. Yet unprecedented high unemployment rates, widening external imbalances, rising debt, and weak investment highlight sizable challenges to a robust recovery. Going forward, Jordan's economic outlook is constrained by the slow rebound of tourism and chronic structural impediments. Swift implementation of structural reforms, especially to support investment and exports, remain essential for overcoming these challenges and relaunching inclusive and sustained growth.

Key conditions and challenges

During the past decade, Jordan's small open economy has faced a number of adverse external shocks, including regional conflicts and a large refugee influx that directly affected its growth performance and contributed to the accumulation of public debt. During the period, public and private investment have weakened, and growth has been driven by consumption. As such, pre-pandemic growth has not been able to create enough productive jobs for the young and fast-growing population, contributing to high unemployment rates, particularly among females and youth. Many workers rely on informal employment, which affects over 40 percent of Jordanians and the vast majority of non-Jordanian workers.[1]

Amidst these challenges, Jordan's GDP contracted by 1.6 percent during 2020 as the COVID-19 pandemic unfolded. This contraction, however, remained relatively muted in global comparison in part due to the authorities' timely fiscal and monetary stimuli. Economic performance was further supported by an improvement in its terms of trade caused by steep decline in the international oil prices in the first half of 2020.

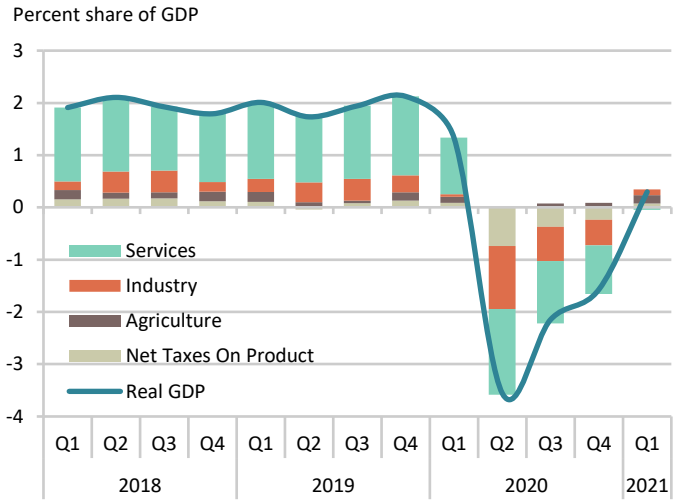
Despite this relatively muted impact of the pandemic, a robust and sustainable economic upswing hinges on the authorities' ability to advance comprehensive reforms and overcome prolonged structural obstacles. Jordan needs to stay the course and fully implement reforms to support public and private investment (including PPPs), streamline business regulations, and reduce operating costs (including energy). In addition, contingent liabilities continue to pose fiscal risks amid already limited fiscal space. Rising pressures on the external account due to protracted tourism recovery and recovering oil prices present key challenges in the immediate run. Finally, as of September 2021, vaccination levels remain low and may not prevent reinstatement of social distancing measures in the event of a new COVID-19 wave.

Recent developments

During February to May 2021, Jordan experienced one of the strongest COVID-19 waves since the beginning of the pandemic, leading to a modest 0.3 percent real GDP growth in Q1-2021. This timid growth, however, surpassed expectations considering the sharp drop in tourism and social distancing measures imposed during this time. Yet, a contributing factor to the better-than-expected performance was the CBJ and government support programs.

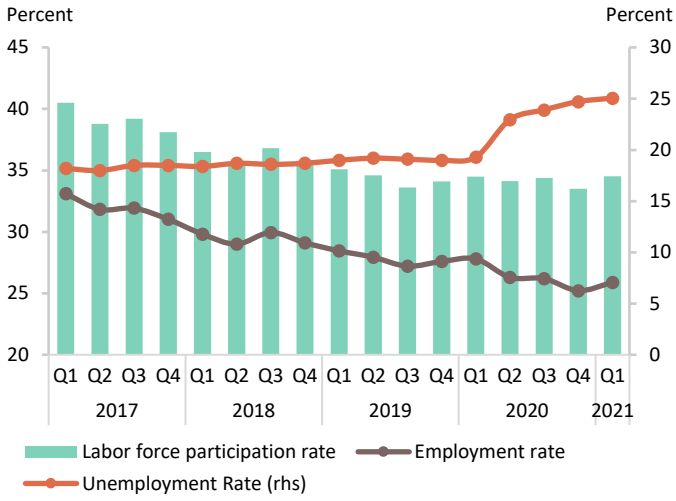
Jordan's Central Government (CG) deficit (excl. grants) during 5M-2021 stood at 2.3 percent of GDP, 1.5 percentage points of GDP lower than during 5M-2020. This improvement was driven by broad-based rebound in domestic revenues. On the spending side, recurrent spending remained pressured while capital spending

FIGURE 1 **Jordan** / Sectoral contribution to real GDP growth



Sources: Jordanian Department of Statistics and World Bank staff calculations.

FIGURE 2 **Jordan** / Labor market indicators



Sources: Department of Statistics and World Bank staff calculations.
Note: Employment rate is defined as percentage of employed Jordanians adults to total population 15+.

bounced back to its 5M-2019 level. Jordan's CG debt-to-GDP ratio at end-May 2021 stood at 109 percent, almost on par with end-2020.

Jordan's current account deficit (CAD, incl. grants) widened to 15.1 percent of GDP in Q1-2021 compared 2.3 percent of GDP in Q1-2020. Around 90 percent of this increase can be explained by substantial increase in deficit of the goods and services account. Although merchandise exports recovered modestly, travel receipts declined by 78 percent (y-o-y) and imports grew by 14 percent. On the financing side, foreign investment inflows remained weak, whereas other private sector inflows increased.

Poverty and employment indicators raise concern for households' welfare. The most recent national poverty rate from 2018 was 15.7 percent; declines in employment incomes at the height of the pandemic lockdown may have increased it by as much as 11 percentage points. The employment rate remained low at 25.9 percent (Q1-2020), and women's rate was even lower at 10 percent. Unemployment reached 25 percent in Q1-2021, a 5.7 percent increase from the previous year. Youth and female unemployment stood higher at 48 and 28 percent, respectively.

Outlook

Jordan's real GDP is projected to grow at 1.9 percent in 2021, as economic indicators suggest an upswing in private demand while global demand remains supportive. Although early indicators point to some output recovery (such as real estate sales, construction activity and industrial production), Jordan's private sector may not be able to galvanize quickly, while the government is contending with lack of fiscal space. Hence, we expect the rebound to be gradual in the next few years. Once global recovery consolidates, vaccination expands, and tourism recovers, growth is projected to average around 2.3 percent, consistent with the pre-pandemic performance.

The CG fiscal deficit (incl. grants) is projected to improve to 5.8 percent of GDP in 2021, as the demand upswing and higher oil prices propel domestic revenues. However, COVID-19 related transfers are expected to keep spending elevated, while consolidation efforts may restrain capital spending. Over the medium term, the CG fiscal balance (incl. grants) is projected to gradually improve assuming additional fiscal measures materialize. Consequently, CG debt is projected to increase by around 4 percent of GDP during 2021 and remain high over the medium term.

On the external front, despite the recovery in exports, improved domestic demand along with higher oil prices are projected to substantially increase the import bill during 2021. This trade deficit increase, modest recovery in tourism and stagnant remittances are projected to widen the CAD (incl. grants) to 11.3 percent of GDP. Going forward, an improvement in vaccine rollouts, return of tourism, and modest increase in remittances, would help narrow Jordan's CAD in the medium-term.

Modest economic growth, high unemployment and limited job creation raise concerns about the extent of poverty reduction that can be achieved. Despite low economic contraction in 2020, household recovery may be slow and uneven. Larger households, young, female, informal workers and those in interaction-intensive services sectors will likely see depressed incomes for longer.

1/ Winkler, H.; Gonzalez, A. (2019). Jordan Jobs Diagnostic. Jobs Series, No. 18. World Bank, Washington, DC.

TABLE 2 Jordan / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	1.9	2.0	-1.6	1.9	2.2	2.3
Private Consumption	2.3	3.3	2.8	4.5	0.2	1.4
Government Consumption	-0.9	2.1	5.2	3.2	2.1	1.2
Gross Fixed Capital Investment	-18.3	-30.1	-6.5	5.6	3.5	3.9
Exports, Goods and Services	0.9	6.5	-35.8	15.8	21.5	10.3
Imports, Goods and Services	-6.6	-3.1	-18.2	17.3	9.7	5.6
Real GDP growth, at constant factor prices	2.0	2.2	-1.4	1.8	2.2	2.3
Agriculture	3.2	2.6	1.6	2.4	2.5	2.2
Industry	1.2	1.4	-2.4	2.2	1.5	1.8
Services	2.3	2.4	-1.2	1.6	2.5	2.5
Inflation (Consumer Price Index)	4.5	0.8	0.3	2.0	2.0	2.3
Current Account Balance (% of GDP)	-6.9	-2.1	-8.0	-11.3	-8.0	-5.7
Net Foreign Direct Investment (% of GDP)	2.2	1.5	1.6	1.6	2.2	2.9
Fiscal Balance (% of GDP)[a]	-3.3	-4.9	-7.3	-5.8	-5.0	-4.4
Debt (% of GDP)[b]	92.9	97.4	109.0	113.2	115.0	115.2
Primary Balance (% of GDP)[a]	0.0	-1.3	-3.1	-1.7	-0.9	-0.5
GHG emissions growth (mtCO2e)	-2.5	-1.8	-3.8	0.1	0.4	0.6
Energy related GHG emissions (% of total)	64.8	63.6	63.4	63.1	63.0	62.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

(a) Central Gov. fiscal balance incl. grants, use of cash and unident. fiscal measures as per IMF-EFF (Aug 2021) of 1.1% of GDP in 2022 and 2.2% of GDP in 2023.

(b) Government and guaranteed gross debt including debt holdings by SSIF. Includes WAJ estimated borrowing for 2021-2023. Includes legacy arrears in 2019 and 2020.

KUWAIT

Table 1	2020
Population, million	4.3
GDP, current US$ billion	107.5
GDP per capita, current US$	25000.0
School enrollment, primary (% gross)[a]	88.0
Life expectancy at birth, years[a]	75.5
Total GHG Emissions (mtCO2e)	107.3

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

Kuwait's economy contracted sharply in 2020 and the fiscal deficit reached an all-time high due to the fallout from the pandemic and OPEC+ oil production cuts. The economic recovery is expected to gather pace in 2021 and continue into the medium term as pandemic related restrictions are eased, and the combined effects of higher oil production and rising oil prices create scope for looser fiscal policy. However, emerging coronavirus variants and renewed downward pressure on oil prices are key downside risks.

Key conditions and challenges

Kuwait's long-term challenges relate to the economy's heavy dependence on oil and domestic consumption, and slow progress in the implementation of diversification plans. Hydrocarbons account for over 85 percent of fiscal revenue and 50 percent of GDP, a key issue in the New Kuwait 2035 Development Plan. The third development plan 2020-2025 was launched to meet these goals but implementation has been slow. Large financial assets underpin Kuwait's economic resilience, but these assets alone cannot substitute for the fiscal and structural reforms that would offset the risks of lower oil prices, low oil demand in the future, and rising marginal cost of production. Such reforms include non-oil revenue mobilization, enhancing human capital, and reforming economic governance to invigorate private sector-led development.

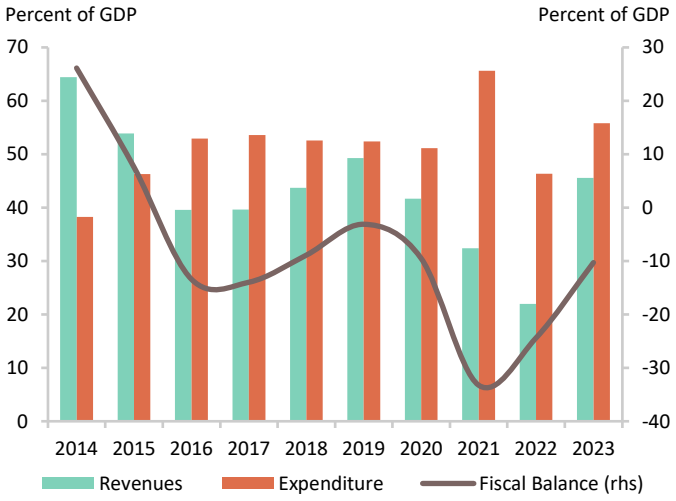
Non-oil growth is stalled due to short-term challenges related to the fallout from the coronavirus pandemic, and structural problems such as the lack of a dynamic private sector, compounded by political barriers to structural reform. Kuwaiti authorities still need to balance containing mounting fiscal pressures while supporting citizens and businesses disrupted by the pandemic. Capital spending and development projects have stalled; fiscal outturns show a 27.5 percent reduction in capital spending in FY20/21. Parliamentary pressure to expand 'Kuwaitization' (replacing expatriates with Kuwaitis to curb unemployment) is mounting, against the lack of demand by nationals to take on lower-skilled jobs. Friction between the executive and legislative branches has led to frequent cabinet reshuffles and parliamentary opposition to critical fiscal reforms.

Key risks to the outlook relate to the uncertainty over new variants of COVID-19, continued volatility in oil demand and prices and the political deadlock over debt financing. If these risks materialize, Kuwait will face unfavorable macro-financial dynamics. A more rapid rollout of the vaccine programs in Kuwait and the GCC should strengthen domestic recovery, but the persistent challenge of diversification remains.

Recent developments

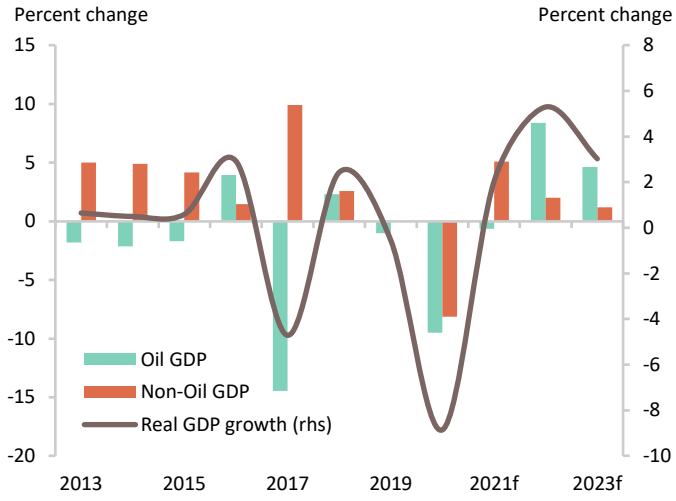
Early 2021 showed signs of recovery with a rebound of domestic consumption supported by renewed debt payment deferrals, and higher consumer loans. The oil sector picked up in May in line with OPEC+'s decision to ease production cuts. A spike in covid-19 cases in July 2021 prompted authorities to tighten restrictions allowing only vaccinated individuals to enter malls/restaurants. The case count has since dropped dramatically; the 7-day moving average for daily new cases was 166 in September, down from 1,827 in July. The vaccination drive has made significant progress; more than 70 percent of the population has received

FIGURE 1 **Kuwait** / General government operations



Sources: World Bank staff estimates and IMF WEO.
Notes: (1) Fiscal year cycle = April 1-March 31 ; (2) Balances exclude investment income and before oil revenue transfers to the Future Generations Fund.

FIGURE 2 **Kuwait** / Growth: Real GDP, real oil, and real non-oil sectors



Sources: Kuwait CSB and World Bank staff estimates.

at least one dose. Real GDP in 2020 had contracted by 8.9 percent due to the fallout from the coronavirus pandemic in both oil and nonoil sectors. Oil production fell from 2.7 mn b/d in 2019 to 2.4 mn b/d in 2020. Inflation increased from 1.1 in 2019 to 2.1 in 2020 mainly due to higher food prices.

The fiscal deficit widened from 9.5 percent of GDP in FY19/20 to 33.2 percent in FY20/21 (the fiscal year begins in April and figures exclude investment income and transfers to the Future Generations Fund (FGF)). The parliament approved an expansionary budget for FY21/22 with a narrower deficit (24.5 percent of GDP) as oil revenues are expected to increase, but financing the deficit will remain a challenge without the approval of the new debt law that seeks to raise the borrowing limit. In tandem with severely depressed global oil prices and export volumes as the pandemic hit international trade and supply chains, the current account shrunk by 3.5 percent of GDP in 2020. The drop in exports was partially mitigated by lower imports, outbound tourism and remittances. However, trade is recovering in 2021 with total trade increasing by 20 percent q/q in Q12021 and oil exports increased by 34 percent q/q mainly due to higher oil prices.

The labor market in Kuwait is highly segmented. According to the 2016-17 Labor Force Survey, nine out of ten employed Kuwaitis work in the public sector, and thus were insulated from the pandemic-related restrictions on economic activity. In addition, labor force participation rate is 73.8 percent on average but also differs substantially by nationality: 39.5 percent of Kuwaitis participate in the labor market, against 82.2 percent of non-Kuwaitis. Heterogeneity also exists across genders (female unemployment is 5.8 percent versus 0.9 percent among men) and age (unemployment rate in the 15-24 years old group is 15.4 percent, versus a 2.2 percent at the national level).

Outlook

OPEC production cuts are due to remain in place but are set to taper by April 2022. Rising oil production, and higher oil prices combined with the rapid rollout of vaccines will support a rapid recovery in 2021. As COVID-related restrictions are further eased consumer spending is expected to surge, mainly due to a low base effect. Over the medium term, real GDP will expand (averaging 4.2 percent for 2022-23) thanks to stronger oil exports, public spending and credit growth. Inflation is anticipated to gain momentum as economic activity recovers and higher global food and oil prices raise import costs.

In the medium term, a recovery in oil receipts will support incremental improvements in the fiscal position, but it will remain in deficit. Introducing the VAT in line with its GCC peers will enable Kuwait to diversify fiscal revenues. The trajectory of government debt is subject to the passing of the debt law which would raise the debt ceiling and increase maximum maturity. The Kuwait Investment Authority's assets (estimated at US$690 billion) will continue to act as a fiscal backstop. There is critical need for a comprehensive sovereign asset and liability management capability, since assets will be run down more quickly even if debt does not increase, in the absence of fiscal reforms. As oil export earnings recover in the medium term, underpinned by improvements in global demand conditions, and as concerns over the pandemic wane, the current account balance will continue to expand. A downside risk to this is economic recovery in China, which constitutes 25 percent of Kuwait's exports.

TABLE 2 Kuwait / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	2.4	-0.6	-8.9	2.0	5.3	3.0
Private Consumption	4.0	2.3	-4.5	2.9	4.2	3.1
Government Consumption	6.3	7.7	-1.6	2.0	3.8	2.5
Gross Fixed Capital Investment	3.4	-2.6	-3.1	0.5	2.0	3.8
Exports, Goods and Services	-0.4	-10.0	-13.3	3.2	7.8	4.3
Imports, Goods and Services	1.5	-10.4	-4.0	3.5	5.0	5.1
Real GDP growth, at constant factor prices	1.3	0.7	-8.9	2.2	5.1	2.9
Agriculture	-3.6	-4.6	-3.8	0.5	1.0	1.3
Industry	2.2	-0.9	-12.2	2.2	7.1	3.1
Services	-0.2	3.4	-3.5	2.1	2.2	2.5
Inflation (Consumer Price Index)	0.6	1.1	2.1	2.4	2.6	2.5
Current Account Balance (% of GDP)	14.4	24.4	20.8	12.2	13.3	14.9
Fiscal Balance (% of GDP)[a]	-3.1	-9.5	-33.2	-24.4	-10.3	-7.7
GHG emissions growth (mtCO2e)	2.3	0.5	-6.3	3.2	5.5	3.7
Energy related GHG emissions (% of total)	78.2	77.2	75.8	76.6	76.4	75.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

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

LEBANON

Table 1	2020
Population, million	6.8
GDP, current US$ billion	31.7
GDP per capita, current US$	4661.8
National poverty rate[a]	27.4
Gini index[a]	31.8
Life expectancy at birth, years[b]	78.9
Total GHG Emissions (mtCO2e)	26.7

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

On September 10, Lebanese leadership formed a new Government under PM Mikati and with the participation of major political parties. This followed a 13-month vacancy in the executive branch and inadequate policy responses in face of compounded crises—the country's largest peace-time economic and financial crisis, COVID-19 and the Port of Beirut explosion. The Lebanese lira (LBP) continues to lose value as inflation rates remain in the triple digits. For the fourth year in a row, real GDP is projected to decline (by 10.5 percent in 2021).

Key conditions and challenges

The Spring 2021 Lebanon Economic Monitor finds that Lebanon economic and financial crisis is likely to rank in the top 10, possibly top three, most severe crises episodes globally as observed by Reinhart and Rogoff (2014) over the 1857–2013 period. In fact, Lebanon's GDP plummeted from about US$55 billion in 2018 to a projected US$20.5 billion in 2021, while real GDP per capita fell by 37.1 percent. Such a brutal contraction is usually associated with conflicts or wars.

Monetary and financial turmoil continue to drive crisis conditions. The exchange rate deteriorated more briskly over the past six months (March-August 2021), with the US$ banknote rate depreciating by 68 percent to LPB 19,800/US$, compared to an 18 percent depreciation over the preceding six-month period. This is within a multiple exchange rate system that also includes the official exchange (LBP 1,507.5/ US$), central bank (BdL)-backed lower rates for critical imports. Overall, the World Bank Average Exchange Rate depreciated by 213 percent year-on-year (yoy) in August 2021 (Figure 1). Meanwhile, inflation rate averaged 131.9 percent over the first six months of 2021 (6M-2021).

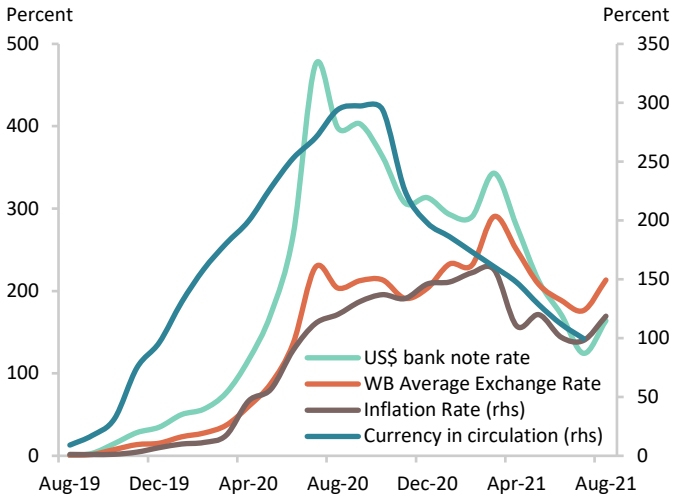
Poverty is on the rise with the share of the Lebanese population under the US$5.50 international poverty line estimated to have risen by 13 percentage points (pps) by end-2020 and is expected to further increase by as much as 28 pps by end 2021. The proportion of households facing challenges in accessing food, healthcare and other basic services are on the rise. Inflationary effects are highly regressive factors, disproportionally affecting the poor and middle class. Inflation in the food and non-alcoholic beverages category averaged 64.7 percent in 6M-2021 and has been a key driver of overall inflation (Figure 2). Phone surveys conducted in June-July 2021 by the World Food Program with support from the WB, found that 46 percent of households reported challenges in accessing food and other basic needs, up from 40 percent from July-August 2020. Half of the households surveyed reported adults restricting consumption in favor of children. The share of households having difficulties in accessing health care has increased sharply from 25 percent (July-August 2020) to 48 percent (June-July 2021).

Lebanon has witnessed a dramatic collapse in basic services, driven by depleting foreign exchange (FX) reserves and the high cost of the FX import subsidies on food, fuel and medication. Acute shortages of fuel for both the private and public utilities have led to severe electricity blackouts across the country, with the public utility, EdL, supplying a little as 2 hours per day. Further, medication is in severe shortage, while health services have suffered heavily.

Recent developments

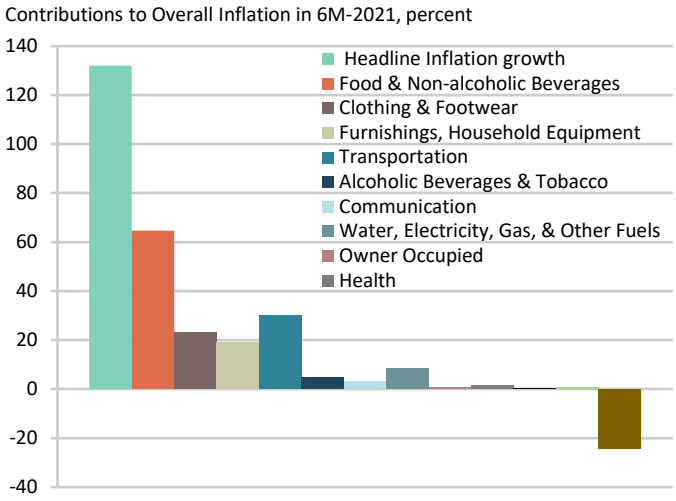
Real GDP is projected to decline by 10.5 percent in 2021, on the back of a 21.4

FIGURE 1 Lebanon / Exchange rate depreciation along with surging inflation



Sources: Lebanese authorities and World Bank staff calculations.

FIGURE 2 Lebanon / Inflation in basic items has been a key driver of overall inflation, hurting the poor and the middle-class



Sources: Lebanese authorities and World Bank staff calculations.

contraction in 2020. High frequency indicators support continued albeit slower contraction in economic activity. The BLOM-PMI index, which captures private sector activity, averaged 45.6 over 7M-2021 (<50 represents a contraction of activity), compared to 40.2 over 7M-2020.

By July 2021, gross FX reserves at BdL reached US$20.1 billion, declining by US$4 billion since end-2020. The gross position, however, guises key pressure points (BdL, contrary to other central banks, does not publish net reserves; these are however estimated to be negative). The breakdown includes US$5 billion in Lebanese Eurobonds and an unpublished amount lent out to banks since October 2019, leaving the remainder as required reserves on banks' customer FX deposits.

Official fiscal data are distorted by exchange rate considerations. In 2020, total revenues declined by 8 percent, driven by 42.8 and 28.4 percent decreases in VAT and customs revenues, respectively. Total expenditures also decreased by 23.6 percent, led by 63.7 percent fall in interest payments—resulting from the Eurobond default and a favorable arrangement with BdL on TBs it holds—and to a lesser extent, due to cuts in primary spending (38.6 and 30.9 percent decreases in transfers to EdL and municipalities, respectively). As a result, the official overall fiscal deficit narrowed by 54.1 percent in 2020 even as the primary balance deteriorated. A key distortion on both the revenue side and expenditures side has been the exchange rate. The official exchange rate continues for be the basis for custom duties and VAT—lowering revenue generation—as well as transfers to EdL, which are mainly for fuel imports.

Outlook

BdL is soon expected to remove most of the FX subsidies. The impact can vary based on (i) the new exchange rate(s) used for these imports; and (ii) the source of the FX supply. BdL proclaimed that it will offer credit lines for fuel imports based on the market exchange rate. It is not clear what BdL considers the market rate, but one option is the BdL-administered Sayrafa platform rate, which has been moving at about 2000 LBP lower than the US$ banknote exchange rate. This proclamation also suggests that BdL will provide the FX supply from its reserves. Implications of this modality include: a reduction of subsidy to a value determined by the gap between the Sayrafa and the banknote rates; a spike in prices of these good and a commensurate drop in their demand; continued, albeit slower, depletion of valuable FX reserves at BdL. On the other hand, if importers resort completely to the market for both the rate and FX supply, implications are: the complete removal of the subsidy; a more pronounced first-degree spike in prices and drop in demand; a worsening of the US$ banknote exchange rate and second-degree effects on pricing and demand.

TABLE 2 Lebanon / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e
Real GDP growth, at constant market prices	-1.9	-6.7	-21.4	-10.5
Private Consumption	-1.3	-5.7	-10.0	-5.0
Government Consumption	6.7	-6.2	-58.1	-43.5
Gross Fixed Capital Investment	-0.2	-16.9	-71.9	-26.9
Exports, Goods and Services	-4.7	-1.2	-57.1	3.7
Imports, Goods and Services	1.2	-9.2	-50.4	1.4
Real GDP growth, at constant factor prices	-1.7	-5.3	-17.0	-8.5
Agriculture	-4.0	6.0	53.5	-10.5
Industry	-4.2	-17.4	-21.8	-10.5
Services	-1.1	-4.0	-21.0	-7.9
Inflation (Consumer Price Index)	6.1	2.9	84.3	130.0
Current Account Balance (% of GDP)	-24.3	-21.2	-6.9	-10.1
Net Foreign Direct Investment (% of GDP)	3.7	3.4	9.6	7.2
Fiscal Balance (% of GDP)	-11.0	-10.5	-3.3	-3.0
Debt (% of GDP)	154.9	171.0	179.1	197.5
Primary Balance (% of GDP)	-1.2	-0.5	-0.8	-2.3
GHG emissions growth (mtCO2e)	-3.5	-6.2	-16.9	5.8
Energy related GHG emissions (% of total)	74.3	73.8	70.9	74.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

LIBYA

Table 1	2020
Population, million	6.9
GDP, current US$ billion	25.4
GDP per capita, current US$	3681.2
School enrollment, primary (% gross)[a]	109.0
Life expectancy at birth, years[a]	72.9
Total GHG Emissions (mtCO2e)	75.4

Source: WDI, Macro Poverty Outlook, and official data.
(a) WDI for School enrollment (2006); Life expectancy (2019).

Libya made significant progress towards ending its decade-long conflict and moving towards reunification in 2021. This resulted in a strong rebound of oil production and economic activity, and a consequent upswing in fiscal, trade, and current account balances. Nevertheless, households still struggle with food insecurity, poverty, and poor public service delivery. Challenges with organizing national elections for December 2021 raise the specter of a deteriorating political and security situation which would threaten progress towards peace and recovery.

Key conditions and challenges

The year 2021 marked a turning point in Libya's decade-long conflict. A ceasefire agreed in October 2020 has persisted and a unified interim government – the Government of National Unity (GNU) – was formed in March. Oil production has recovered to 2019 levels (1.2 million barrels per day – mb/d) and an exchange rate devaluation in January 2021 largely removed the wide and growing wedge between black market and official rates.

The authorities initiated efforts to reunify competing public institutions in the East and West, but significant challenges remain. A financial review of the Central Bank in Tripoli and the Bayda branch has been finalized; the next steps are formidable and require political agreement on unification under a single decision making authority, in addition to unifying balance sheets, policy making, regulatory and supervision processes, and operations. Efforts to approve a unified 2021 budget, the first since 2014, have been protracted, with multiple drafts submitted by the GNU and rejected by the House of Representatives since March 2021. The process has been mired with disagreements around the size of total expenditures, capital projects, wage hikes, salaries of the Libyan National Army, *inter alia*.

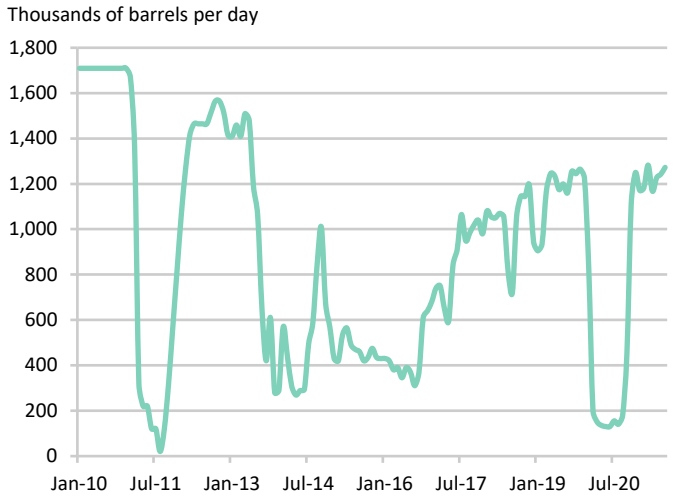
The country's protracted liquidity crisis persists, albeit with some improvement in 2021. Due to the conflict and consequent decline in confidence in the banking sector, Libyans have had a strong preference for holding cash outside banks. This resulted in an almost doubling of currency outside the banking system as a share of broad money supply in 2020 compared to 2010. Survey data from April 2021 by the Joint Market Monitoring Initiative, however, reveal some improvements in access to cash in the West, where 43 percent of interviewed households reported being able to withdraw sufficient cash to meet needs, compared to 12 percent in November 2020.

Libya's health system infrastructure is incapacitated following a decade of war, with implications for the population's access to quality care amid a raging pandemic. The COVID-19 vaccination rollout severely lags regional comparators. By end-August, only 15 percent of the population had been vaccinated, with 1 percent fully vaccinated, which may delay the recovery of economic activity from the impact of the pandemic.

Security in Libya is fragile, with violence, protests, riots, and kidnappings remaining commonplace. The presence of numerous militias, mercenaries and foreign forces poses a considerable threat to stability.

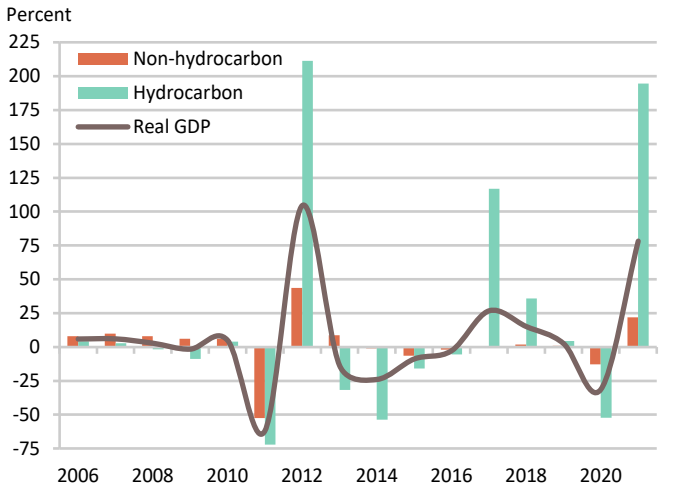
Efforts are underway to develop the legal framework and constitutional basis for national parliamentary and presidential elections. However, the divergence of views and interests among competing political actors and militias is resulting in escalating tensions that could risk derailing or delaying the process, with adverse implications for Libya's path towards recovery and reconstruction.

FIGURE 1 Libya / Oil production



Source: Organization of the Petroleum Exporting Countries.

FIGURE 2 Libya / Real annual GDP growth



Sources: Libyan authorities and World Bank staff estimates.

Recent developments

Following a massive contraction of the hydrocarbon sector in 2020, driven by intensifying conflict and a blockade of oil terminals and fields, the sector, and in turn the Libyan economy overall, are witnessing a significant rebound. Oil production has averaged 1.2 mb/d during the first half of 2021, compared to an average of 0.3 mb/d during the first 9 months of 2020 and 0.9 mb/d during the fourth quarter of the year (during which the oil blockade was lifted).

Libyans continue to struggle with poverty and food insecurity. More than half of households reported their household income cannot cover basic expenses (WFP-WB survey, April 2021). While prices of essential goods have been stable in 2021, the price of the Minimum Expenditure Basket (MEB)[1/] in May 2021 was 12.3 percentage points higher than in March 2020. Rising food costs could have major impacts on vulnerable households, pushing those least able to cope further into poverty and hunger. In fact, an April 2021 WFP-WB survey revealed that 14 percent of Libyans have inadequate food consumption, with food insecurity highest in the South (19 percent).

Fiscal data for the first seven months of 2021 reveals total expenditures of around LYD 31 billion and total revenues of 40.6 billion LYD. These figures, which imply a budget surplus for the period, contrast sharply with the large fiscal deficit recorded in 2020 (64.4 percent of GDP). The ease of servicing state liabilities has increased as well in 2021, as liabilities are denominated in LYD (the official exchange rate depreciated by almost 70 percent in early 2021) whereas the vast majority of government revenues are sourced from oil exports denominated in US$.

Following the lifting of the oil blockade in late 2020 and the resilience of global oil prices, hydrocarbon export receipts and in turn the trade balance and current account balance are on an upward swing. Data for January-April 2021 reveal a goods trade surplus of US$4.2 billion.

Outlook

Should the political process progress positively and the security situation remain stable, Libya will continue its path of economic recovery. In the coming months, if presidential and parliamentary elections and the reunification of public institutions proceed, and oil production persists, Libya is projected to record a GDP growth rate of 78.2 percent in 2021. In turn, trade and current account balances are projected to record double digit surpluses as a share of GDP. The fiscal balance may record a surplus as well given the strong rebound of oil production and exports and following the devaluation of the currency (which has reduced the cost of financing public sector salaries and goods and services using dollar-denominated oil revenues). This, however, will depend on whether there are any major deviations in spending patterns compared to the first half of the year.

Risks to the economic outlook are significant and tilted to the downside. The risk of a deteriorating political and security situation looms large over the coming months in light of tensions surrounding the elections and subsequent formation of a new government. Should this risk materialize, it would dampen the effect of the economic recovery recorded to date in 2021. Any adverse impact of the COVID-19 pandemic on the global economic outlook and in turn global oil prices, would have a major impact on the Libyan economy, as would a worsening of the epidemiological situation in the country.

1/ The MEB represents the minimum culturally adjusted group of items required to support a five-person Libyan household for one month. The MEB is measured by the REACH initiative.

TABLE 2 Libya / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e
Real GDP growth, at constant market prices	15.1	2.5	-31.3	78.2
Private Consumption	3.6	1.7	-12.8	40.7
Government Consumption	0.0	2.7	-21.6	8.1
Gross Fixed Capital Investment	28.8	17.1	-12.7	33.2
Exports, Goods and Services	32.2	33.6	-64.8	195.0
Imports, Goods and Services	23.8	43.9	-27.5	27.4
Real GDP growth, at constant factor prices	15.1	2.5	-31.3	78.2
Hydrocarbon GDP	35.9	4.3	-52.3	194.7
Non-Hydrocarbon GDP	1.8	1.0	-12.8	21.9
Exchange Rate (USD/LYD)	1.4	1.4	1.4	4.5
Current Account Balance (% of GDP)	21.4	11.6	-34.8	19.7
Fiscal Balance (% of GDP)	-7.0	1.7	-64.4	11.9
Crude oil production (million barrels per day)	1.0	1.2	0.4	1.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate, f = forecast.

MOROCCO

Table 1	2020
Population, million	36.0
GDP, current US$ billion	114.7
GDP per capita, current US$	3186.1
National poverty rate[a]	4.8
Lower middle-income poverty rate ($3.2)[a]	7.3
Gini index[a]	39.5
School enrollment, primary (% gross)[b]	114.8
Life expectancy at birth, years[b]	76.7
Total GHG Emissions (mtCO2e)	88.9

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

Real GDP growth is projected to rebound to 5.3 percent in 2021, sustained on by the extraordinary performance of the agricultural sector. Although ongoing reforms should improve the long-term performance of the Moroccan economy, the short-term outlook is subject to significant risks given the spread of new COVID-19 variants and the persisting financial vulnerability of the private sector. Poverty indicators should resume their declining trajectory in 2021, but the number of poor is only expected to return to pre-pandemic level by 2023.

Key conditions and challenges

Morocco´s growth model showed signs of exhaustion even before the COVID-19 crisis hit. The reforms implemented since the late 1990s contributed to increase real GDP growth from an average of 3.6 percent between 1980 and 1999 to 4.8 percent between 2000 and 2009. However, during the past decade, it fell back to 3.5 percent. This weakening performance was partly the result of various exogenous shocks, but it also evidences the increasingly apparent structural limitation of a development model that has relied on public capital accumulation as an engine of growth, with insufficient productivity and human capital gains, and with persistently high inactivity rates in the labor market.

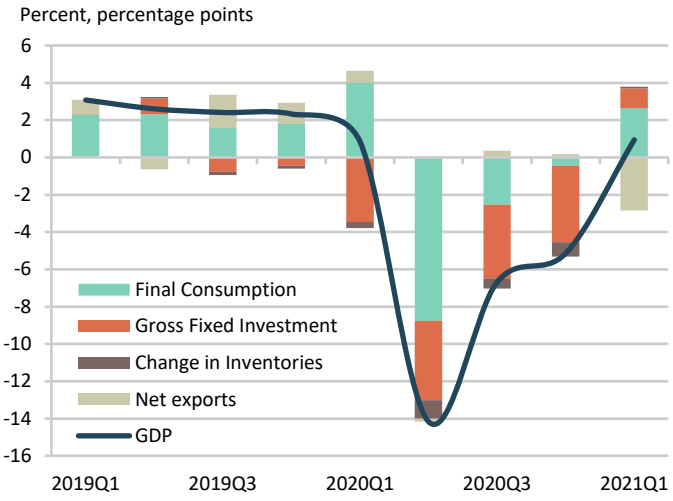
Morocco, however, stands out for having seized the COVID-19 crisis as an opportunity to launch ambitious transformative reforms to correct the weaknesses of its growth model. The recovery strategy included important measures to reform the SOE sector, modernize its social protection system and support the recovery of private investment. More recently, a New Development Model (NDM) has been unveiled, prioritizing: (i) structural reforms to boost competitiveness and private sector development; (ii) improvement in the quality of education and health services to boost human capital; (iii) deepening of the decentralization and deconcentration process to address territorial inequities; and (iv) preservation of natural resources.

By accelerating productivity growth and human capital accumulation, the implementation of this plan could improve the long-term performance of the economy. In the shorter-term, however, the growth dividend associated with these reforms may take time to materialize, and Morocco will have to cope with the increased macro-financial and social vulnerabilities derived from the crisis.

Recent developments

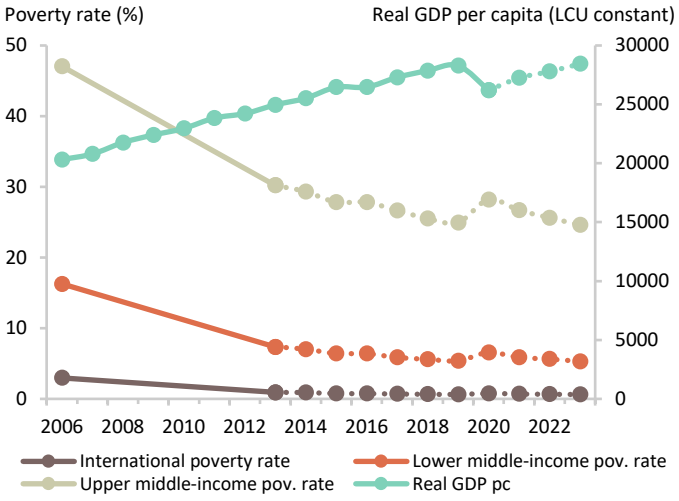
An incipient recovery began in late 2020, but it is still incomplete. After a 6.3 percent contraction in 2020, the economy posted a 1 percent real GDP YoY expansion during the first quarter of 2021, boosted by the strong rebound of agricultural value added (20.5 percent expansion) after abundant rainfall and by certain manufacturing exports. The service sector, instead, still posted a contraction, pulled by the underperformance of Morocco's relatively large tourism industry. Various indicators suggest that the recovery of non-agricultural activity may have slowed during the second quarter: 50,000 urban jobs were lost QoQ; total exports and cement sales contracted, and the consumer confidence index declined. Despite the success of its vaccination program (48.6 percent of the population fully vaccinated as of September 22), Morocco has undergone a third wave of COVID-19 contagions over the summer.

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



Source: World Bank staff calculations.

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



Source: World Bank. Notes: see Table 2.

Macroeconomic policy continues to be supportive. The fiscal response to the shock led to a widening of the budget deficit to 7.6 percent of GDP in 2020, and total public spending has continued to edge upwards in 2021. Following the US$3 billion international bond placed in December 2020, the government has relied primarily on domestic markets to cover its financing needs. In a context of moderate price pressures, the central bank's policy rate has remained at a historical low of 1.5 percent. The non-performing loans have stabilized, but still represent 8.4 percent of credit. Morocco´s external position has been resilient and foreign exchange reserve still cover seven months of imports, but the trade deficit is widening due to a rise in oil prices and the recovery of imports.

The government's cash transfer program alleviated the impact of the pandemic on poverty, particularly during the confinement. However, these measures were temporary in nature, and insufficient to fully offset the impact of a historically large recession on labor incomes and households´ livelihoods. As a result, poverty as measured by the US$3.2PPP/day line is expected to have reached 6.6 percent in 2020 up from 5.4 percent one year earlier. Based on a recent national panel survey across 2,500 households, the national statistics institute reports that poorer households were disproportionately impacted by revenue losses, with 44 percent of the poor reporting income losses, versus only 10 percent among the wealthy. The most affected households operate in the urban, informal sector and are engaged in precarious jobs in services and art crafts sectors.

Outlook

Growth is projected to rebound to 5.3 percent in 2021, led by a base effect and an extraordinary agricultural campaign rather than by a broad-based acceleration of economic activity. Morocco may return to its pre-pandemic level of GDP only in 2022, followed by a gradual acceleration of growth, contingent on the successful implementation of ongoing and planned reforms. Sustained mainly by the recovery of indirect taxes, the budget deficit is expected to start falling in 2021 (6.7 percent of GDP), stabilizing debt below 79 percent of GDP. By contrast, the current account deficit will widen to 3.7 percent of GDP, as the recovery of imports more than offsets the good performance of manufacturing exports and remittances. This baseline scenario is subject to high uncertainty. The last wave of contagions evidences that the pandemic may still postpone a complete normalization of economic activities. The crisis has increased Morocco´s macro-financial vulnerabilities and a surge in corporate bankruptcies and loan defaults cannot be discarded yet given the precarious liquidity situation that characterizes a large share of businesses. Under such a scenario, the banking sector's capital base and lending capacity would be impaired, potentially affecting public finances through the contingent liabilities associated with loan guarantee programs.

In 2021, poverty is expected to resume its decline but not to return to its pre-crisis level. Extreme poverty (US$1.90 PPP line) should remain below 1 percent, while poverty (US$3.2 PPP line) is expected to fall below the 6 percent threshold, a level achieved in 2017. The percentage of "vulnerable" population (US$5.5 PPP line) is expected to slowly decrease in 2021 to about 26.7 percent from 28.2 in 2020. This decline is expected to continue thereafter, but poverty indicators are not expected to get back to pre-Covid-19 levels until 2023. The successful implementation of the social protection reform or a boost to job creation, particularly among women and youth, could accelerate that process.

TABLE 2 Morocco / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	3.1	2.6	-6.3	5.3	3.2	3.5
Private Consumption	3.4	1.9	-4.1	3.0	3.2	3.5
Government Consumption	2.7	4.8	1.7	4.9	2.9	2.7
Gross Fixed Capital Investment	1.2	1.0	-9.0	4.7	4.8	5.1
Exports, Goods and Services	6.0	6.2	-14.3	10.5	9.5	11.7
Imports, Goods and Services	7.4	3.4	-12.2	5.2	8.8	10.4
Real GDP growth, at constant factor prices	3.0	1.8	-6.1	5.4	3.3	3.5
Agriculture	2.4	-4.6	-6.9	17.6	-2.0	3.1
Industry	3.0	3.6	-3.8	3.1	3.1	3.5
Services	3.1	2.7	-6.8	3.3	4.9	3.7
Inflation (Consumer Price Index)	1.9	0.2	0.7	1.3	1.5	1.7
Current Account Balance (% of GDP)	-5.3	-3.7	-1.5	-3.7	-3.5	-3.2
Net Foreign Direct Investment (% of GDP)	3.0	1.3	1.4	1.2	1.3	1.2
Fiscal Balance (% of GDP)	-3.8	-4.1	-7.6	-6.7	-6.6	-5.3
Debt (% of GDP)	65.2	64.8	76.4	77.9	78.8	77.8
Primary Balance (% of GDP)	-1.4	-1.8	-5.1	-4.3	-4.1	-2.9
International poverty rate ($1.9 in 2011 PPP)[a,b]	0.7	0.6	0.8	0.7	0.7	0.6
Lower middle-income poverty rate ($3.2 in 2011 PPP)[a,b]	5.6	5.4	6.6	5.9	5.6	5.3
Upper middle-income poverty rate ($5.5 in 2011 PPP)[a,b]	25.5	24.9	28.2	26.7	25.6	24.6
GHG emissions growth (mtCO2e)	1.3	1.7	-5.4	3.9	2.5	2.4
Energy related GHG emissions (% of total)	67.9	68.4	68.7	68.1	68.0	68.0

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

(a) Calculations based on 2013-ENCDM .Actual data: 2013. Nowcast: 2014-2020. Forecast are from 2021to 2023.

(b) Projection using neutral distribution (2013) with pass-through = 0,7 based on GDP per capita in constant LCU.

OMAN

Table 1	2020
Population, million	5.1
GDP, current US$ billion	63.5
GDP per capita, current US$	12451.0
School enrollment, primary (% gross)[a]	102.9
Life expectancy at birth, years[a]	77.9
Total GHG Emissions (mtCO2e)	86.9

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

The economy is expected to recover gradually after a difficult 2020. Oil and non-oil growth are projected to rebound as oil production increases and widespread vaccine distribution boosts domestic activity. Fiscal and external deficits are projected to swing into surplus driven by the oil market recovery and the fiscal adjustment, putting the debt on a downward path. Key risks arise from oil price down cycles, protracted economic scarring from a prolonged pandemic and potential social pressures.

Key conditions and challenges

Oman faced significant economic disruption from the twin shocks of COVID-19 and oil price collapse, amplifying fiscal and external vulnerabilities. Despite past efforts to expand non-hydrocarbon revenue, public spending remained heavily susceptible to oil price volatility, with hydrocarbon sector accounting for over 41 percent of GDP (2019). Persistent large fiscal and current account deficits have resulted in further debt build up, a series of credit rating downgrades, and sizable financing needs. Structural vulnerabilities arise also from the dominant role of the state in the economy, heavy reliance on hydrocarbon revenue, unviable private sector, and low competitiveness, among other.

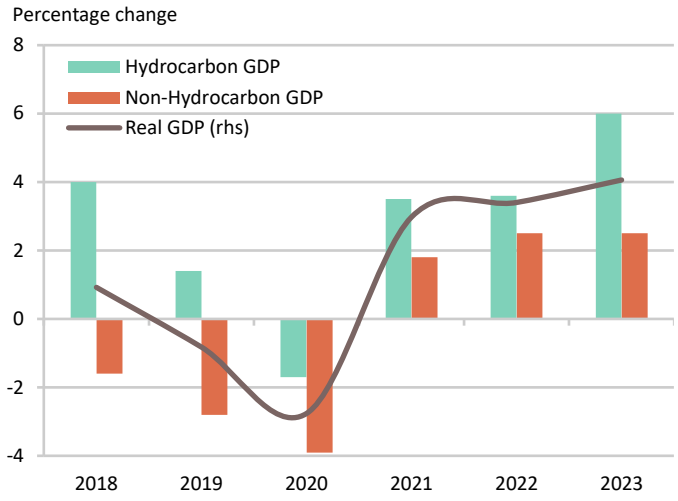
Recognizing the severity of the crisis, the government announced the Medium-Term Fiscal Balance Plan (MTFP) 2020-24 at end-2020 with several fiscal adjustment reforms aiming to boost non-hydrocarbon revenues, rationalize expenditures and put public debt on sustainable path. However, the success of these reforms ultimately depends on political will and public support to implement them. For example, the increase of electricity subsidies introduced last August will delay the previously announced subsidy reform under the MTFP, making the goal of austerity measures very challenging. Key challenge is to translate the government reforms plan into concrete and credible actions to ensure inclusive growth.

Recent developments

Oman's economy is gradually emerging from last year contraction as COVID-19 pandemic battered key sectors such as energy, tourism, and manufacturing. While no official data are available yet on the real economy in 2021, preliminary nominal data indicate that Oman's nominal GDP contracted by 2.5 percent in Q1-2021 (y/y), mainly due to the negative performance of the oil sector which contracted by 20.6 percent (y/y) capped by OPEC+ commitment. Non-hydrocarbon output increased by 5.7 percent driven by swift policy response to the pandemic. Inflation switched from last year negative territory and picked up to an average of 0.2 percent (y/y) in the first half 2021 (H1-2021) due to the introduction of the VAT last April and partial rebounding in domestic demand.

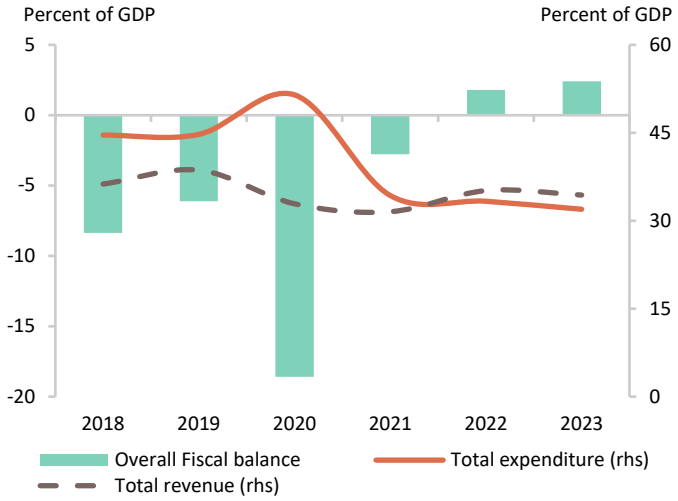
Official data for the first half 2021 (H1-21) reveals a substantial decline in budgetary revenues (down 9.7 percent y/y) as oil revenues dropped by almost 12 percent. As such, the country posted a fiscal deficit of 3.7 percent of GDP (y/y) versus 3.2 percent of GDP same period last year. On the upside, ongoing fiscal reforms to diversify revenue sources along with the above-mentioned VAT introduction, led to 31 percent (y/y) increase in non-oil revenues. Going forward, oil market recovery and fiscal restraints are projected to improve

FIGURE 1 **Oman** / Real annual GDP growth



Sources: Oman authorities; and World Bank staff projections.

FIGURE 2 **Oman** / General government operations



Sources: Oman authorities; and World Bank staff projections.

Oman's public finances, with the public debt-to-GDP ratio expected to decline by over 10 percentage points in 2021.

Available data indicate that the trade balance recorded a surplus of over 6 percent of GDP (y/y) in the first five months 2021 (5M-21), up by 0.8 percentage points of GDP the 5M-20. This is driven by high merchandised exports of US$2.8 billion, of which US$2.3 billion is related to the hydrocarbon sector. This is expected to be a key factor behind narrowing the current account deficit by end-2021.

Latest official data from the National Centre for Statistics and Information shows that the unemployment rate in Oman was 3.2 percent in July 2021, down from 3.9 percent in June 2021. However, unemployment among the young population (aged 15 to 24) was significantly higher, reaching 19.6 percent, and among women whose unemployment rate was 10.1 percent. The gender gap in unemployment was especially large among the 25 to 29 years old, where female unemployment rate (27.0 percent) was more than ten times the male rate (2.1 percent). Between July of 2020 and 2021, the number of Omanis employed in the private sector remained virtually constant. In contrast, the number of expatriates working in the private sector decreased by 10 percent in the first 7M-21 (y/y), driven by reduction in the number of workers in the manufacturing and construction services.

Outlook

The economy is forecast to gradually rebound driven by higher oil prices and development of the hydrocarbon sector. The oil sector will remain the driving force of the economy, which is projected to grow by 3.5 percent in 2021 and accelerate to 6 percent by 2023, driven by higher oil output. The non-oil economy is forecast to post a modest recovery of 1.8 percent in 2021 as the fast-spreading delta variant continues to cause intermittent lockdown, before picking up to an average of 2.5 by 2022-23 supported by lifting the restrictions and the resurgence in tourism. Inflation is projected to pick up to 3 percent in 2021, owing to the recovery of domestic demand and introduction of VAT, but then to decline as the VAT-driven impact on inflation dissipates.

Public finances will gradually improve thanks to higher oil prices and accelerating fiscal consolidation committed under the MTFP. The fiscal deficit is expected to narrow to almost 3 percent of GDP in 2021 as revenues rebound and spending is reduced following the pandemic-related overshoot in 2020. It is then projected to switch to a surplus averaging 2.1 percent in 2022-23 supported by steady implementation of the fiscal reforms, and removal from the budget of expenses related to Petroleum Development Oman (PDO), with the restructuring of the oil and gas sector in the new entity Energy Development Oman (EDO).

Oil recovery and export diversification are projected to narrow the current account deficit to 5 percent of GDP in 2021, reversing the nearly 14 percent of GDP deficit observed in 2020. The current account balance will significantly improve in 2021-23 driven by the diversification efforts, but to remain in negative territory given large import inputs. Following a US$1.7 billion decline in 2020, gross foreign reserves are estimated to remain stable at US$15 billion (over 5 months of imports) in 2021 and beyond supported by more favorable terms of trade. Downside risks stem from the emergence of COVID-19 variants and renewed lockdown measures which could aggravate economic scarring and impede reforms. Oil price volatility and insufficient fiscal adjustment could worsen the twin deficits and increase gross financing needs. Fiscal consolidation could also give rise to social tensions, thus undermining the reform drive. On the upside, a further rise in oil prices accompanied with a successful implementation of the reforms would improve the outlook.

TABLE 2 Oman / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	0.9	-0.8	-2.8	3.0	3.4	4.1
Private Consumption	2.2	0.9	-2.5	3.1	3.0	2.8
Government Consumption	2.7	0.3	-3.6	-1.2	-0.6	-0.6
Gross Fixed Capital Investment	-5.5	-3.8	-4.4	1.5	3.5	3.8
Exports, Goods and Services	2.6	4.8	-8.6	6.3	6.6	6.7
Imports, Goods and Services	-4.4	-0.4	-10.0	5.2	6.1	4.9
Real GDP growth, at constant factor prices	0.9	-0.8	-2.8	3.0	3.4	4.1
Agriculture	28.3	2.0	4.0	1.5	3.5	4.0
Industry	2.2	0.5	-1.1	2.4	2.6	3.7
Services	-2.4	-3.2	-6.1	4.1	4.8	4.6
Inflation (Consumer Price Index)	0.9	0.1	-0.9	3.1	2.8	2.5
Current Account Balance (% of GDP)	-5.4	-5.5	-13.6	-5.0	-1.1	-0.8
Fiscal Balance (% of GDP)	-8.4	-6.1	-18.6	-2.8	1.8	2.4
Primary Balance (% of GDP)	-6.3	-3.9	-15.8	-0.2	4.1	4.4
GHG emissions growth (mtCO2e)	4.8	2.7	2.8	8.8	10.4	11.3
Energy related GHG emissions (% of total)	83.8	84.1	84.5	84.1	84.6	85.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

PALESTINIAN TERRITORIES

Table 1	2020
Population, million	4.8
GDP, current US$ billion	15.6
GDP per capita, current US$	3250.0
Upper middle-income poverty rate ($5.5)[a]	21.9
Gini index[a]	33.7
School enrollment, primary (% gross)[b]	97.7
Life expectancy at birth, years[b]	74.1
Total GHG Emissions (mtCO2e)	

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

Following an improvement in the health situation, lockdowns were eased in Q1 2021 and the Palestinian economy started showing signs of recovery. The recovery was interrupted in Gaza by an 11-day conflict in May while the West Bank continued its upward trajectory. Despite strong revenues, the fiscal situation remained difficult in 2021 due to high public spending and very low aid. Given the start of a fourth COVID-19 wave, the outlook remains precarious and subject to additional political and security risks.

Key conditions and challenges

The Palestinian economy was stagnant and the socio-economic situation already difficult prior to the breakout of the COVID-19 pandemic. This is attributed to ongoing restrictions by Israel on trade, movement and access, recurrent hostilities, the internal divide, and falling aid inflows. During 2017-19, annual GDP growth averaged 1.3 percent - lower than the population growth rate resulting in decreasing per capita incomes and increasing poverty. Decomposing growth historically makes it evident that it was driven by accumulation of factors (both capital and labor) and not improvements in productivity. In recent years, gross investment averaged about 26 percent of GDP, but the bulk of this has been channeled into activities in the non-tradable sectors, rather than sectors that could have served as escalators for growth. Likewise, Foreign Direct Investment (FDI), at a mere 1 percent of GDP, is very low. Potential sources of growth will be limited going forward, even in the post-COVID environment.

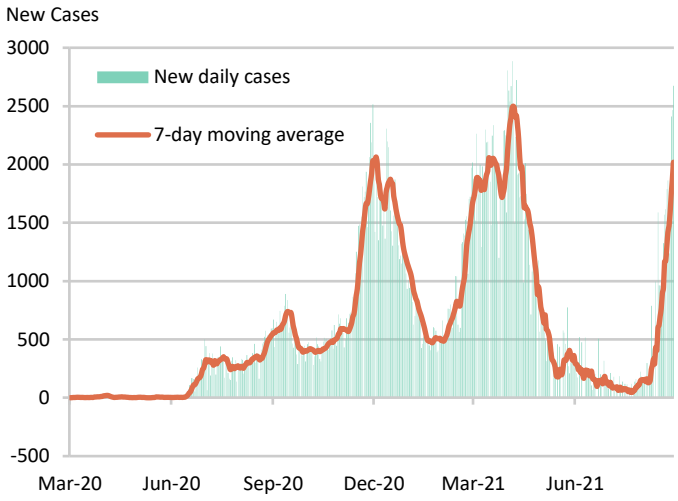
COVID-19 has exacerbated existing economic and social challenges. The Palestinian territories are currently going through a fourth wave, dominated by the delta variant, with no immediate sign of a flattened curve. If this continues and given that so far only 18 percent of the population is vaccinated, further stringent lockdowns may become necessary, amid eroding compliance; this would further impact growth.

Recent developments

The Palestinian Authority (PA) took a decision to significantly ease lockdowns in January and February 2021, following a decline in the daily number of new COVID-19 cases. The ease in lockdowns combined with the launch of the vaccination campaign allowed business activity to gradually rebound. Real GDP of the Palestinian economy grew by 1.9 percent in Q1 2021, compared to the previous quarter. However, comparing the economic performance in Q1 2021 to the same quarter in 2020 results in a contraction of 5.9 percent, indicating that the economy has not yet rebounded to its pre-COVID levels. Even though GDP figures for Q2 2021 are not available yet, business cycle indicators suggest that the West Bank economy continued on an upward trajectory while the recovery in Gaza was short lived due to the 11-day conflict in May 2021, which resulted in the destruction of about 2 percent of Gaza's capital stock.

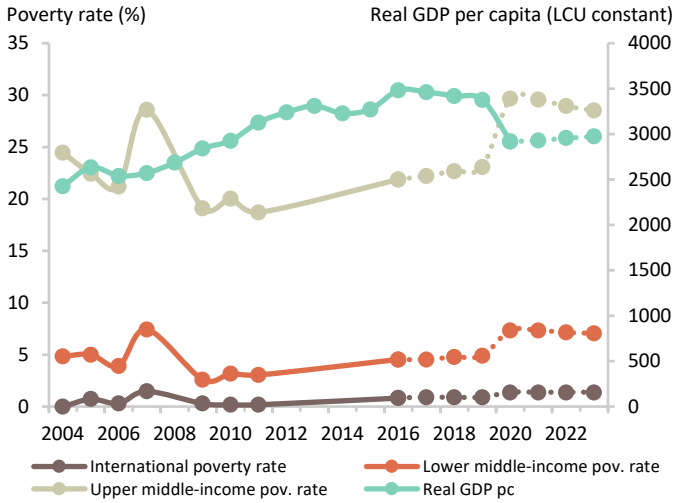
Growth in consumer prices had been modest prior to the outbreak of COVID-19, where prices generally moved in the 1-2 percent range. However, prices in 2020 were 0.7 percent lower than in 2019, reflecting weak demand by consumers and a widening output gap. In 2021, consumer prices have started to gradually increase and by July, they were 2.3 percent higher than in July 2020 reflecting a pickup in demand.

FIGURE 1 Palestinian territories / New daily Covid-19 infections and 7-day moving average



Sources: John Hopkins University CSEE and World Bank staff calculations.

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



Sources: Palestine Expenditure and Consumption Survey (PECS) and World Bank staff calculations.

The PA's revenues grew by 19 percent in the first half of 2021, year-on-year, driven by an improvement in economic activity. Public spending also grew by 19 percent mainly due to an increase in the wage bill following the PA's decision to reinstate the wages of Gaza employees to 100 percent in March 2021. The total deficit amounted to US$472 million in the first half of 2021 while aid received was US$75 million resulting in a financing gap (deficit after aid) of US$397 million. To finance it, the PA mostly relied on arrears to the private sector and the public pension fund.

The unemployment rate in the Palestinian territories increased from 23.4 percent in Q4 2020 to 26.4 percent in Q2 2021. The increase could be explained by a 1.9 percentage point rise in the participation rate as a higher number of men and women were encouraged to join the labor market with the improvement in economic conditions. The overall rate masks a wide regional divergence whereby unemployment in the West Bank reached 16.9 percent in Q2 2021 while in Gaza it was 44.7 percent.

Based on the latest official data, about 22 percent of Palestinians lived below the upper-middle income poverty line (US$5.5 2011 PPP a day) in 2016/17 – a 2.8 percentage points increase with respect to 2011. There is a significant regional income disparity with 46 percent of the population in Gaza below the poverty line in 2016/17 compared to only 9 percent in the West Bank.

Outlook

If the pace of the reconstruction process in Gaza remains slow, the Strip's economy is expected to shrink in 2021 due to the lingering effect of the conflict. The West Bank's performance, however, is expected to be more positive, especially if the vaccination campaign continues and the lockdown measures continue to be relaxed for most of the remainder of the year. We project a growth rate of 2.9 percent for the Palestinian economy in 2021, implying a near stagnation in real per capita income and worsening social conditions, especially in Gaza. Growth is expected to hover around 3 percent in 2022 and 2023 as the impact of the conflict in Gaza is slowly reversed, and the West Bank continues to regain what was lost in 2020 due to COVID-19. However, if some of the confidence-building measures that have recently been discussed between the PA and the Government of Israel (GoI) materialize, including easing the movement of goods and people in and out of Gaza, and increasing the number of Palestinian workers in Israel, growth could further strengthen, as would living standards.

Gross public revenue is projected to grow in 2021. However, unilateral deductions by the GoI from revenues it collects on behalf of the PA are projected to increase to 1.5 percentage points of GDP, offsetting this growth and pushing down the share of net revenue in GDP to 21.4 percent in 2021. Total expenditure, including on development projects, is projected to remain constant as a share of GDP at 32.1 percent, due to GDP growth and not expenditure control. Put together, the deficit before financing is projected at US$1.73 billion. Identified financing is expected to reach US$512 million: US$264 million in aid to the budget (almost half of what was received in 2020) and US$248 million from the GoI in the form of an advance revenue payment. This results in a government deficit of US$1.22 billion or 7.5 percent of GDP—up from 7.4 percent in 2020.

Projections based on GDP per capita growth suggest that the poverty rate has continued to be high since 2016, reaching 29.6 percent in 2021—a significant increase of approximately 8 percentage points in the last five years. This represents approximately 1.5 million people living in poverty in 2021.

TABLE 2 Palestinian territories / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	1.2	1.4	-11.5	2.9	3.3	3.1
Private Consumption	1.1	4.1	-12.5	1.5	3.0	2.5
Government Consumption	7.3	-3.5	0.2	9.8	1.6	2.2
Gross Fixed Capital Investment	2.5	-2.6	-24.0	6.9	9.2	8.3
Exports, Goods and Services	2.5	2.0	-7.0	2.0	3.0	3.0
Imports, Goods and Services	4.5	1.4	-15.4	5.0	4.5	4.0
Real GDP growth, at constant factor prices	1.9	1.3	-12.1	2.9	3.3	3.1
Agriculture	1.6	0.9	-9.2	3.3	3.4	3.3
Industry	2.2	-0.5	-19.5	4.0	4.3	4.2
Services	1.8	2.0	-10.1	2.5	3.0	2.7
Inflation (Consumer Price Index)	-0.2	1.6	-0.7	1.0	1.2	1.2
Current Account Balance (% of GDP)	-13.1	-10.4	-6.9	-7.5	-7.8	-7.9
Net Foreign Direct Investment (% of GDP)	1.7	1.1	0.7	0.6	0.7	0.8
Fiscal Balance (% of GDP)	-2.5	-4.7	-7.4	-7.5	-7.4	-7.3
Debt (% of GDP)	36.1	38.6	53.5	58.9	61.5	63.3
Primary Balance (% of GDP)	-2.1	-4.4	-7.0	-7.1	-6.9	-6.7
International poverty rate ($1.9 in 2011 PPP)[a,b]	0.9	0.9	1.4	1.4	1.4	1.4
Lower middle-income poverty rate ($3.2 in 2011 PPP)[a,b]	4.8	4.9	7.3	7.3	7.1	7.1
Upper middle-income poverty rate ($5.5 in 2011 PPP)[a,b]	22.7	23.1	29.7	29.6	29.0	28.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

(a) Calculations based on 2016-PECS.Actual data: 2016. Nowcast: 2017-2020. Forecast are from 2021to 2023.

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

QATAR

Table 1	2020
Population, million	2.9
GDP, current US$ billion	156.8
GDP per capita, current US$	54069.0
School enrollment, primary (% gross)[a]	103.5
Life expectancy at birth, years[a]	80.2
Total GHG Emissions (mtCO2e)	97.4

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

Strict COVID-19 restrictions, a strong vaccination campaign and the lifting of the diplomatic riff with neighbors, places Qatar on a clear recovery path. Resilient global demand for gas as a transition fuel, significant expansion of North Field production, extensive business environment reforms, and a tourism sector geared for the December 2022 World Cup strengthen the country's outlook.

Key conditions and challenges

Key structural challenges that face Qatar are the high and persistent dependence on hydrocarbons, which are inherently volatile, and the need to bolster competitiveness in the non-oil economy. Fortunately, the three-year diplomatic rift between Qatar and four Arab states (Saudi Arabia, the UAE, Bahrain and Egypt) that had resulted in an embargo against Qatar for three years has recently been resolved, which should further boost short- and medium-term growth prospects.

Qatar is the world's third-largest gas exporter and vies with Australia as the largest exporter of Liquified Natural Gas (LNG). The dominance of natural gas exports sets the country apart from other GCC nations, and the sharp recovery in oil prices during 2021 has also reverberated through to LNG markets, especially oil-linked LNG contracts, which has been stronger than initially expected.

Departing from the twelve-year self-imposed moratorium on further development of the North Field in the first quarter of 2017, hydrocarbon production will remain a growing component of the Qatari economy in coming years. Qatar is also expanding LNG investments in the maritime and onshore North Field which will total around US$29 billion and lift production capacity to 126 million tons per annum (mtpa) by 2027, up from the current production rate of 77 million mtpa.

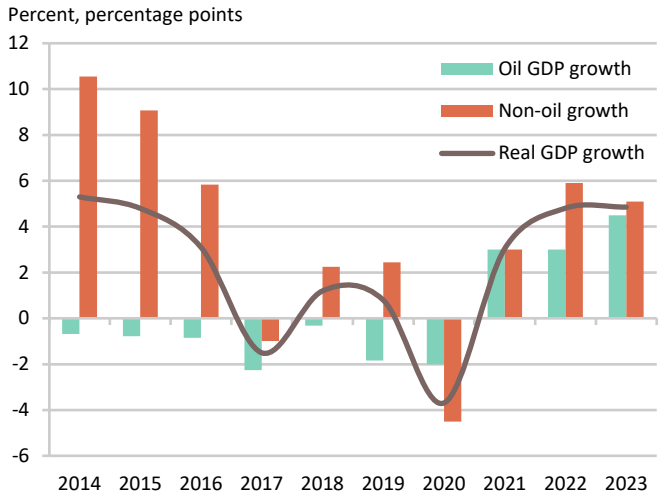
To the extent that LNG is viewed less as a brown intermediate feed stock and more as a complement to a renewable hydrogen -energy based future economy, Qatar is likely to export hydrocarbons for a longer period than other MENA hydrocarbon exporters focused on oil.

In addition to LNG investments, there have been years of efforts to bolster competitiveness. Recently, these included: the abolishment of the Kafala sponsorship system which will help facilitate labor mobility and raise productivity; a new Public-Private Partnerships law which should improve FDI attractiveness; the recognition of real estate ownership by non-Qataris, moving towards a longer-term expatriate residency model including access to healthcare, education, and a level playing field with citizens in some commercial activities. A non-discriminatory minimum wage has also come into force, applying to all workers, of all nationalities, in all sectors, including domestic workers. Qatar is the first country in the region to introduce a non-discriminatory minimum wage.

Recent developments

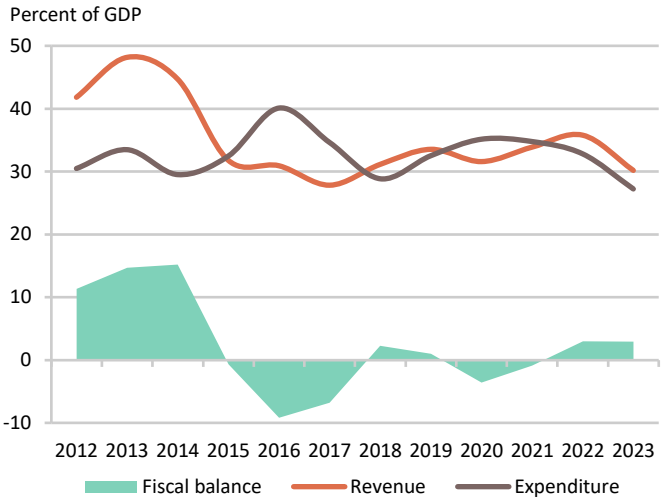
Early indicators suggest a timid economic recovery. Qatar's economy is estimated to have contracted by 3.7 percent in 2020 due to the lockdowns following the pandemic and the historic fall in oil prices in the second quarter of that year. Nonetheless, Purchasing Manager's Index (PMI) readings in 2021 have remained above 50,

FIGURE 1 **Qatar** / Real GDP growth



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

FIGURE 2 **Qatar** / Public finances



Sources: Haver and WB staff calculations.

indicating expansion, and they have gathered momentum in June (54.6) and July (55.9). The COVID-19 pandemic in Qatar was on a path of low and stable new cases and deaths after an initial spike in 2020. A brief uptick in cases in January 2021 has not turned into a new trend. The high vaccination rate (98 doses per 100 people) has allowed the authorities to gradually unwind restrictions. This has had a palpable effect on activity. Mobility as measured via Google data, has returned to pre-pandemic levels although there was a short-lived dip in April and May. Retail and recreation, transit station and workplace mobility, have once again converged to average pre-pandemic levels which broadly remained intact for residential activity during the Covid-19 restrictions.

Qatar also unveiled a more than 60 percent expansion of LNG production over the next several years, and secured supply deals with Bangladesh and Pakistan. This is a clear sign that the energy sector will remain a driver of economic activity in post-pandemic Qatar.

The fiscal deficit in 2021 is estimated at 0.9 percent of GDP, an improvement from the deficit of 3.6 percent in the previous year, following the recovery in hydrocarbon prices, from where the bulk of government revenues are derived. Offsetting expenditures to mitigate the economic effects of COVID-19 amongst hardest hit sectors (travel, tourism and real estate) are expected to continue in the coming quarters. Consumer price deflation which was apparent since the outbreak of the pandemic reversed in the second quarter of 2021 with the annualized rate of inflation reaching 3.1 percent in July. The introduction of a VAT, which was postponed due to the pandemic, is likely to take place later this year.

Outlook

Real GDP growth for 2021 is expected to be 3 percent, with the same rate of growth for both oil and non-oil GDP, driven by domestic and foreign demand given a successful vaccination roll out and with the end of the diplomatic rift. Strengthening energy prices and final preparations for the FIFA World Cup 2022, fortuitously timed for December, as well as expected bumper tourist receipts from what could be the world's first post-Covid mass audience sporting event, should lead to 4.8 percent growth in 2022, with non-oil GDP expected to grow 5.9 percent and oil GDP remaining at 3 percent. Continuation of strong oil prices (at US$65 pb) and with expanded North Field production beginning to kick-in in 2023 should maintain real GDP growth near 5 percent in 2023 after the World Cup.

The narrowing of the fiscal deficit in 2021 will be mostly due to the recovery in hydrocarbon prices and a general easing of fiscal mitigation as the pandemic unwinds. The potential introduction of a VAT in the current year is likely to mostly impact revenue in 2022. Like other macroeconomic indicators, the current account in Qatar is largely a function of energy-related commodity prices and export volumes. With a strong improvement in energy prices, the current account will likely return to surplus (3.1 percent of GDP in 2021) and should be further bolstered by World Cup tourist receipts in 2022.

The economic rebound in 2021 and beyond depends on the control of the COVID-19 pandemic. Nonetheless, even if there are renewed bouts of Covid-19 globally and an intensification of "breakthrough" contagion among the vaccinated, the Tokyo Olympics have shown that major sporting events can be carried out despite the pandemic. Doha, however, has spent much more ahead of these singular events than Tokyo. The resolution of the diplomatic rift also revives the prospect of further GCC integration and regional crisis burden-sharing.

TABLE 2 Qatar / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	1.2	0.8	-3.7	3.0	4.8	4.9
Private Consumption	5.0	3.5	-5.6	4.5	5.9	5.1
Government Consumption	-3.0	2.5	10.3	3.6	5.3	5.0
Gross Fixed Capital Investment	4.0	2.5	-3.2	2.3	4.0	4.0
Exports, Goods and Services	1.5	1.1	-6.8	4.1	5.3	7.0
Imports, Goods and Services	3.0	6.0	-2.7	5.5	7.1	7.6
Real GDP growth, at constant factor prices	1.2	0.8	-3.6	3.0	4.7	4.8
Agriculture	15.7	1.0	3.0	5.0	6.0	3.0
Industry	0.6	1.2	1.0	2.7	3.5	3.8
Services	2.7	-0.3	-15.2	4.0	8.2	7.6
Inflation (Consumer Price Index)	0.1	-0.9	-2.6	1.0	3.0	2.5
Current Account Balance (% of GDP)	9.1	2.4	-2.5	3.1	4.0	5.7
Fiscal Balance (% of GDP)	2.3	1.0	-3.6	-0.9	3.0	2.9
Primary Balance (% of GDP)	3.7	2.7	-1.7	0.8	4.6	4.4
GHG emissions growth (mtCO2e)	2.6	0.8	-3.3	5.7	3.0	3.7
Energy related GHG emissions (% of total)	91.5	91.5	91.1	90.2	90.0	89.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

SAUDI ARABIA

Table 1	2020
Population, million	34.8
GDP, current US$ billion	701.6
GDP per capita, current US$	20160.9
School enrollment, primary (% gross)[a]	100.7
Life expectancy at birth, years[a]	75.1
Total GHG Emissions (mtCO2e)	640.1

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

The Saudi Arabian economy is on a recovery path as the spread of the pandemic is kept under control and the vaccination rollout is making significant progress. Improvement of global conditions and spillovers in the oil market have strengthened medium-term fiscal and external outlook. A breakout of new variants, tighter global financial conditions, and renewed downward pressure on oil prices are key downside risks to the outlook. A slow and orderly withdrawal of the remaining COVID-19 support programs is warranted to maintain recovery and protect vulnerable groups.

Key conditions and challenges

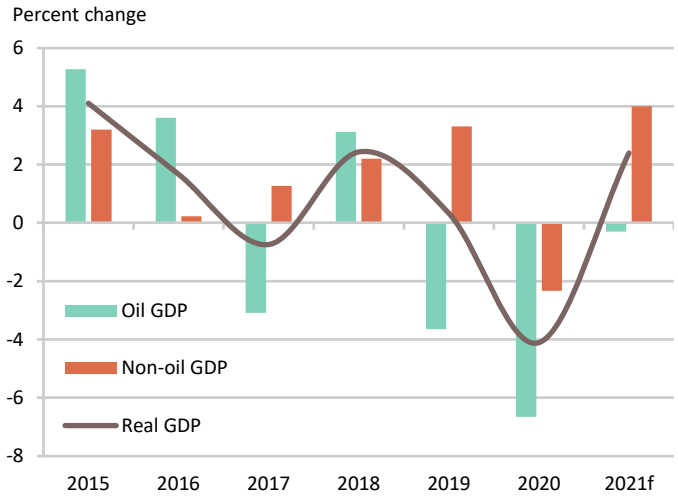
The Saudi Arabian economy is dominated by oil, and a long-term diversification plan (Vision 2030), which started implementation in 2016, promotes structural reforms targeting strong, sustained, inclusive, greener, and service-led growth. The economy fell into a deep recession in 2020 in the aftermath of the twin shocks of COVID-19 and lower oil prices, creating large shortfalls in fiscal and external positions. While the oil sector impact of COVID-19 has accelerated the urgency to delink the path of the economy from the oil sector, the pandemic is also likely to change the nature of the services model in many countries, and oil will remain a valuable asset to finance the transformation and adaptation to this emerging model or any other non-oil growth model for Saudi Arabia.

Risks to economic performance remain. While authorities lifted many stringent public health measures with the improvement of pandemic conditions, a spike in cases due to new variants of the virus risks a cycle of movement restrictions and delaying recovery. Furthermore, a rise in global risk premia and tighter global financial conditions due to rising inflationary pressures would result in a monetary tightening in Saudi Arabia; further dampening recovery. With oil prices rebounding as global demand recovers, the incentive to overproduce by OPEC+ members increases, adding further uncertainty to the global oil market. The withdrawal of the remaining COVID-related support programs will need to be carefully gauged to reduce adverse impacts on individuals, businesses, and vulnerable groups. To lessen the burden on the budget as a driver of growth, the Public Investment Fund (PIF) is taking on a larger developmental role in the domestic economy, requiring enhanced fund's transparency and predictability for the private sector.

Recent developments

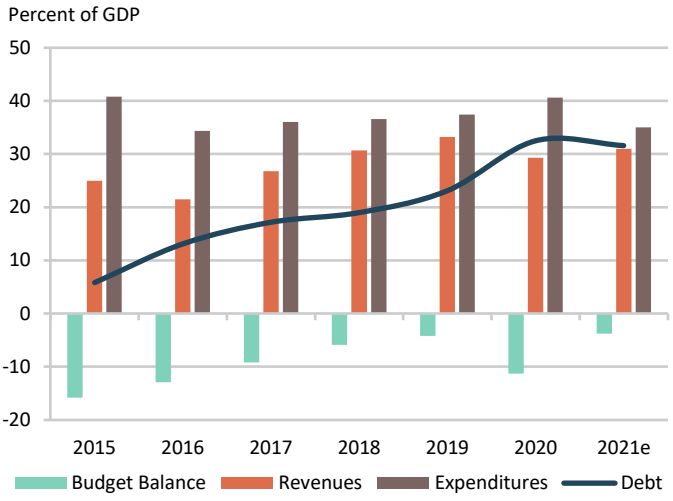
Saudi Arabia continues to cope directly with the pandemic and indirectly with oil market implications from the pandemic. The 7-day new cases average increased since Jan 2021 (110 cases), as a result of the spread of the new more transmissible COVID-19 variant, to reach a second peak in July 2021 (1400 cases). Since then, cases had been on a downward trajectory reaching 160 cases in early Sept 2021. Meanwhile, vaccination rollout is making significant progress with fully inoculated individuals reaching 50 percent of the population. On the other hand, the Kingdom has navigated extraordinary volatility in the oil market, using the OPEC+ structure and its own carefully calibrated production adjustments to keep supply in line with the gradual global relaxation of containment measures. Nevertheless, oil prices are now at a level where unconventional supply will be induced back into the market. Against this background, the

FIGURE 1 Saudi Arabia / Annual real GDP growth



Sources: GASTAT Saudi Arabia and WB staff estimates.

FIGURE 2 Saudi Arabia / Central government operations



Source: World Bank, Macroeconomics, Trade, & Investment Global Practice.

economy is showing signs of recovery during H1 2021, after contracting by 4.1 percent in 2020. Quarter-to-quarter real growth registered -0.5 and 0.6 percent on seasonally adjusted basis for Q1 and Q2 in 2021, respectively. The oil sector recovered parts of its losses during Q2 2021 on the back of the unwinding of the 1 mbpd voluntary output cut that lasted from February to April. Non-oil sectors reported better-than-expected signs of recovery as containment measures eased which supported domestic demand—with seasonally adjusted growth registering 4.9 and -0.5 percent for Q1 and Q2, respectively. However, high frequency data suggests that consumer spending and the construction sector are losing steam in July and August. Inflation averaged 5.5 percent during H1 2021 and is expected to fall sharply in the remainder of this year as the effects of last year's VAT hike fall out of the annual price comparison. The budget deficit narrowed during H1 2021 (SAR 12 billion) compared to the same period of previous year (SAR 143 billion). Higher oil revenues and stronger fiscal adjustments have contributed to a favorable fiscal position. Thus far, use of reserves and ample market access have proven sufficient to finance the deficit, and shielding the economy from the full oil price volatility.

There is no publicly available information on official poverty rates in Saudi Arabia and access to micro data from household surveys is limited. However, in recent years the government has made gains creating the capacity to identify and support low-income households. The most recent labor market data shows that unemployment during Q1 2021 was 6.5 percent, 0.9 p.p. lower than in the previous quarter (Q4 2020), but still 0.8 p.p. higher than a year ago (Q1 2020). Similarly, the unemployment rate among Saudis fell to 11.7 percent in Q1 2021, down from 12.6 percent in Q4 2020, almost reaching the level from the previous year (11.8 percent in Q1 2020). In addition, total labor force participation rate has increased to 61.1 percent in Q1 2021, up from 58.2 percent in Q1 2020. Unemployment among women in Q1 2021 (16.1 percent) remains four times higher than for men (3.7 percent), and despite rising female labor force participation, a significant gender gap remains.

Outlook

The recovery is expected to continue with growth reaching 2.4 percent in 2021 and 4.9 percent in 2022. The oil sector is projected to grow at -0.3 percent in 2021 following OPEC+ agreed path of production levels until Dec 2021 and rebound significantly in 2022 as OPEC+ production cuts end as announced. As the vaccination program gains more momentum and COVID-related restrictions are further eased, non-oil sectors will continue their growth trajectory, estimated to reach 4 percent in 2021 and 3.3 percent in 2022 reflecting stronger private consumption, gradual resumption of religious tourism, and higher domestic capital spending signaled through the National Investment Strategy, which targets SAR 12 trillion over the next 10 years. Headline inflation in 2021 is expected to reach 3.3 percent, as VAT-driven impact on inflation dissipates, but is expected to be offset by higher food and oil prices.

The budget deficit is anticipated to reach 3.8 percent of GDP in 2021 and will continue its narrowing path in the medium term, but not quickly enough to achieve the self-imposed medium-term balanced budget target articulated in the Fiscal Balance Program (FBP) by 2023. Signs of urgency by authorities to push forward with PPP and privatization programs will instill confidence about private sector role in Vision 2030 and ease financing needs, with debt-to-GDP projections staying comfortably below 50 percent target in the medium term. The external current account is projected to return into surplus during 2021-2023 as energy prices and export earnings recover.

TABLE 2 Saudi Arabia / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	2.4	0.3	-4.1	2.4	4.9	2.3
Private Consumption	1.9	4.4	-4.9	2.8	2.2	2.4
Government Consumption	6.0	0.6	2.6	0.5	-0.6	-0.5
Gross Fixed Capital Investment	-2.9	4.9	-14.0	7.5	4.1	4.0
Exports, Goods and Services	6.8	-4.5	-8.7	0.9	9.6	3.2
Imports, Goods and Services	2.7	1.3	-14.6	2.7	3.0	3.1
Real GDP growth, at constant factor prices	2.6	0.3	-4.0	2.4	4.8	2.3
Agriculture	0.3	1.3	0.0	0.1	0.2	0.2
Industry	2.7	-2.6	-5.3	-0.2	5.4	1.6
Services	2.5	4.3	-2.5	5.9	4.4	3.2
Inflation (Consumer Price Index)	2.5	-1.2	3.4	3.3	2.0	2.0
Current Account Balance (% of GDP)	9.0	4.7	-2.3	4.8	5.0	2.3
Fiscal Balance (% of GDP)	-5.9	-4.2	-11.1	-3.8	-2.2	-1.7
Debt (% of GDP)	19.0	23.1	32.5	31.6	31.3	30.7
Primary Balance (% of GDP)	-5.4	-3.4	-10.1	-2.7	-1.1	-0.5
GHG emissions growth (mtCO2e)	-2.7	0.4	-0.1	1.2	4.5	1.6
Energy related GHG emissions (% of total)	77.4	77.8	78.8	79.2	79.1	79.1

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

TUNISIA

Table 1	2020
Population, million	11.8
GDP, current US$ billion	41.6
GDP per capita, current US$	3525.4
National poverty rate[a]	15.2
Lower middle-income poverty rate ($3.2)[a]	3.0
Gini index[a]	32.8
School enrollment, primary (% gross)[b]	115.4
Life expectancy at birth, years[b]	76.7
Total GHG Emissions (mtCO2e)	35.2

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

Tunisia's economic outlook remains highly uncertain. The economic recovery is less robust than previously expected given the escalation of the COVID-19 pandemic in mid-2021 and the heightened political uncertainty. This increases the downside risks particularly regarding debt sustainability, which is a source of increasing concerns. Moving out of the crisis zone and fast-tracking the recovery will require a solid political settlement and the speedy implementation of structural reforms.

Key conditions and challenges

A decade after the Jasmin revolution, Tunisia faces increasingly difficult economic and political conditions. Persistent political instability has prevented the implementation of reforms to open up an economy that remains inefficiently closed to investment and trade. As a result, GDP growth averaged just 1.7 percent between 2011 and 2019 and investment and exports remain significantly below pre-revolution levels. As growth and private job creation stagnated, the state stepped in as a key provider of jobs and a guarantor of affordable consumption of goods and services. This has caused a deteriorating fiscal balance under the weight of a large public sector wage bill, underperforming state-owned enterprises and consumer and producer price subsidies. The COVID-19 pandemic has exacerbated these weaknesses, causing a steep further rise in the fiscal deficit and public debt.

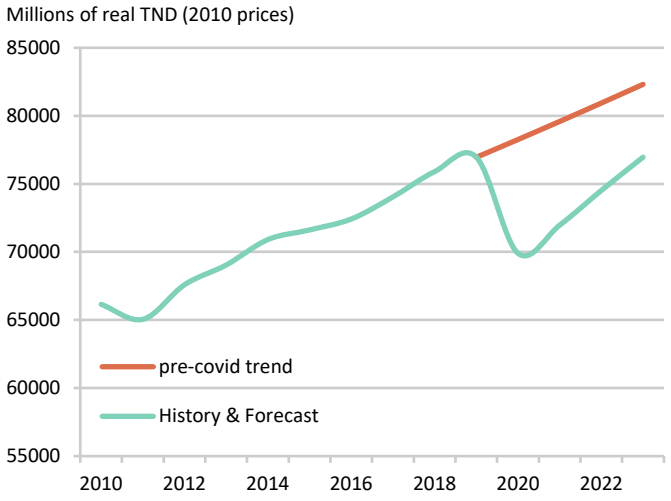
The latter appears to be unsustainable in the absence of structural reforms to address the myriad distortions of the economy and the related inefficient public spending. These reforms include the elimination of different types of permits and licenses that unnecessarily restrict entry across most sectors, such as ex-ante authorization, cahiers the charge, restrictions on foreign investments. On the fiscal side, key reforms include reducing and better targeting the subsidy system, improving the efficiency of the state-owned enterprise sector and limiting the growth of the large public wage bill while improving its effectiveness. This would facilitate Tunisia's access to further multilateral and bilateral financing, including also through an IMF program, as well as eventually international capital markets.

Recent developments

Real GDP has continued its slow rebound in the first half of 2021 with a year-on-year 5.9 percent increase. This reflects the low basis - GDP had dropped 11.9 percent in the first semester 2020 – and a partial recovery in domestic and external demand. Rising demand led to a 25 percent increase in exports (and a 22 percent in imports), which – along with a 24 percent rise in remittances - contributed to reduce the current account deficit to 6.6 percent of GDP (from 7.6 percent in the first semester 2020).

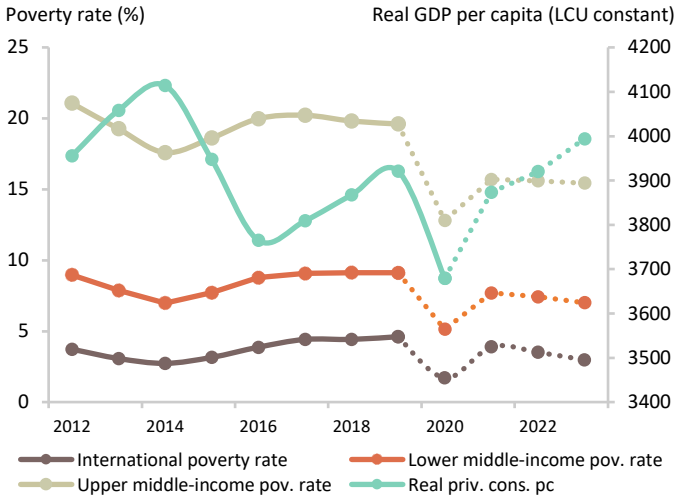
However, the escalation of the pandemic in June and July is likely to have slowed down the recovery. The rapid spread overwhelmed the health system resulting in almost 200 deaths per day in the last week of July 2021, one of the highest COVID death per capita in the world. The pandemic has started to ease in August 2021 following new mobility restrictions and an acceleration in the vaccination campaign, which has benefited from 6 million doses donated to Tunisia by various countries. As of September 25th, 29.2

FIGURE 1 Tunisia / Real GDP: Actual, forecast and pre-covid trend



Sources: National Institute of Statistics and World Bank.

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



Source: World Bank. Notes: see Table 2. Note: Projection using neutral distribution (2015) with pass-through = 0.7 (Low) based on GDP per capita in constant LCU.

percent of the population was fully vaccinated and a further 11.6 percent had received one dose.

Public expenditures rose slightly (by 1.6 percent) in the first semester of 2021 after their steep rise to battle the pandemic and its economic impact in the same period of 2020. This moderate increase was driven by the fall in investment (-39 percent) which compensated the 6 percent increase in wages and15.8 percent increase in subsidies and transfers. Revenues increased by 13.6 percent - mainly because of indirect taxes – and this led the reduction in the budget deficit by 46.2 percent. This helped reduce the rate of growth in the public debt, which had expanded from 67.9 to 79.3 percent of GDP between 2019 and 2020.

This is important considering the perceived uncertainty around public debt sustainability, which the recent political developments have exacerbated. On July 25th in the wake of public protests against the government and parliament for the handling of the health and economic crisis, President Saied dismissed part of the Cabinet including the Prime Minister, suspended the Parliament and removed the immunity of members of Parliament. The day after this move Tunisian Government bonds fell substantially and have remained subdued since then.

Outlook

GDP growth is expected to reach 3 percent in 2021, below that in the first semester. This lower growth is due to the weakening of the base effect and the worsening of the pandemic. The uptick is not large enough to return output to pre-pandemic levels of 2019. Growth is eventually expected to stabilize at a modest 3.3 percent by 2023, reflecting pre-existing structural weaknesses and a gradual global recovery from the pandemic. These estimates are presented with significant downside risks. The pace of the recovery will depend on the political developments, including the nomination of a new Prime Minister and the resumption of parliamentary activities, on the evolution of the pandemic and of the financing of the public debt.

Poverty is not expected to decline to pre-COVID levels before 2023. Predicted poverty rates using the US$3.2 PPP line are expected to reach 3.3 in 2022 and 3.1 percent in 2023 using the US$3.2 PPP line. Using the upper-middle income countries poverty line (US$5.5 PPP), poverty is projected to decrease to 18.7 in 2022 and 17.8 percent in 2023.

The current account deficit is expected to widen slightly to 6.1 percent of GDP in 2021 as imports begin to recover and oil prices increase. The deficit would stabilize around 7 percent of GDP by 2023 as the effects of the pandemic ease and trade flows recover. But risks to the external outlook remain high, including a sluggish export recovery, given the heavy impact of the pandemic on firm capacity and the pace of recovery amongst Tunisia's main trading partners.

The gradual decline of the fiscal deficit is expected to continue in the medium term, reaching 5-7 percent of GDP in 2021-23, as vaccination coverage and the moderately positive trajectory of expenditures and revenues. However, meeting the public financing needs will remain challenging. Even before the fall in government bonds following the July 25th events, Fitch had downgraded Tunisia's sovereign rating to "B-". This reflects increased fiscal and external liquidity risks amid further delays in agreeing a new program with the IMF. As a result, Tunisia has furthered its reliance on debt monetization with Central Bank reserves steadily declining from US$ 8.2 billion at the end of 2020 to US$ 7.1 billion in August 2021. This increases the risks on the monetary financial stability side, which are exacerbated by the Central Bank soaking liquidity from the banking system and the high level of Non-Performing Loans (13.6 percent in 2020).

TABLE 2 Tunisia / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	2.5	1.5	-9.2	2.9	3.5	3.3
Private Consumption	2.4	1.9	-4.9	1.0	2.5	2.2
Government Consumption	0.6	0.4	-2.6	-26.5	-3.2	-1.0
Gross Fixed Capital Investment	2.1	-2.6	-38.9	18.7	13.4	4.5
Exports, Goods and Services	4.8	-0.8	-27.4	39.0	12.0	10.1
Imports, Goods and Services	2.6	-5.0	-21.9	38.2	10.6	7.2
Real GDP growth, at constant factor prices	2.5	1.4	-9.5	3.0	3.5	3.3
Agriculture	5.9	5.7	0.4	-4.6	4.0	4.0
Industry	0.9	-1.6	-9.1	8.5	3.5	3.2
Services	2.7	2.1	-11.1	2.0	3.5	3.2
Inflation (Consumer Price Index)	7.3	6.7	5.6	5.6	6.0	6.0
Current Account Balance (% of GDP)	-10.4	-7.9	-6.0	-6.1	-7.6	-7.1
Fiscal Balance (% of GDP)	-4.2	-2.9	-9.4	-7.6	-5.7	-5.2
Debt (% of GDP)	72.7	66.6	81.9	85.1	84.8	85.5
Primary Balance (% of GDP)	-1.7	-0.4	-5.8	-4.3	-2.0	-0.9
International poverty rate ($1.9 in 2011 PPP)[a,b]	0.2	0.2	0.3	0.3	0.3	0.3
Lower middle-income poverty rate ($3.2 in 2011 PPP)[a,b]	2.9	2.9	3.7	3.5	3.3	3.1
Upper middle-income poverty rate ($5.5 in 2011 PPP)[a,b]	16.7	16.5	20.1	19.5	18.7	17.7
GHG emissions growth (mtCO2e)	0.8	0.0	-8.2	2.5	5.2	4.6
Energy related GHG emissions (% of total)	73.9	73.8	72.3	73.0	72.4	71.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

(a) Calculations based on 2015-NSHBCSL.Actual data: 2015. Nowcast: 2016-2020. Forecast are from 2021to 2023.

(b) Projection using neutral distribution (2015) with pass-through = 0.7 based on GDP per capita in constant LCU.

UNITED ARAB EMIRATES

Table 1	2020
Population, million	9.9
GDP, current US$ billion	358.9
GDP per capita, current US$	36252.5
School enrollment, primary (% gross)[a]	108.4
Life expectancy at birth, years[a]	78.0
Total GHG Emissions (mtCO2e)	256.7

Source: WDI, Macro Poverty Outlook, and official data.
(a) WDI for School enrollment (2017); Life expectancy (2019).

After a contraction of real GDP in 2020 due to pandemic related disruptions, the UAE's economy is showing signs of recovery in 2021 driven by a successful vaccination program and a reduction in OPEC+ oil production cuts. Over the medium term the recovery will be bolstered by trade and tourism as health concerns wane. The outlook is subject to risks from slower global recovery, renewed coronavirus outbreaks and oil sector volatility. The authorities continue to work towards UAE's long-run priority—diversification.

Key conditions and challenges

Economic transformation continues, but vulnerability remains. Over the past decade, the authorities have intensified efforts to diversify the economy away from hydrocarbons, successfully positioning the UAE as the region's global trade, financial and travel hub. While the non-hydrocarbon sector accounts for two-thirds of GDP, the economy continues to rely on hydrocarbon activity as the engine of growth and the main source of government revenue, and thus the economy remains vulnerable to oil price volatility. Recent business regulation and investment reforms include the new Companies Law that allows 100 percent foreign ownership at the federal level in selected sectors, wide-ranging reductions in fees, consumer protections and improved bankruptcy provisions. However, economic departments at the emirate-level retain the power to approve business licenses.

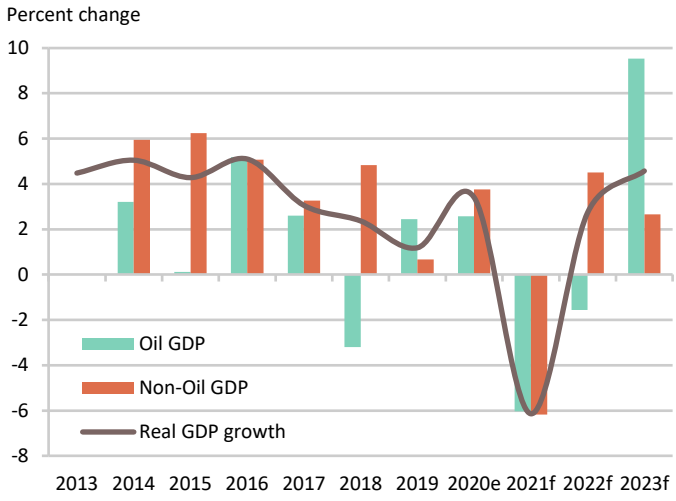
Short-term challenges related to the coronavirus pandemic compound concerns regarding UAE's government related entities (GRE's) and the protracted slump in the real estate sector. The ability of GRE's to meet their debt obligations is uncertain. Aggregate outstanding debt by Abu Dhabi's GRE's was U.S.$41.8 billion in June 2019. Dubai's direct aggregate debt was US$33.6 billion in June 2020 (29 percent of Dubai GDP) while the estimated GRE debt was US$60.3 billion in 2018 (IMF). Almost US$30 billion of debt will fall due in 2023, which is more than what matured during Dubai's debt crisis in 2009. Some of Dubai's contingent obligations include payment guarantee of US$3 billion for the New Dubai World Facility, shortfall guarantees for obligations to contractors of US$2.2 billion for Dubai Aviation City Corporation and US$0.4 billion for Dubai Expo 2020. Meanwhile oversupply in the real estate and hospitality sectors has caused a protracted slump in Dubai's real estate—residential property prices have fallen for the past six years and are 30 percent below their 2014 peak. This structural problem of oversupply may be exacerbated following the Dubai Expo which is now expected to undershoot its original target of attracting 11 million visitors.

While the authorities' mitigation measures have cushioned the impact of the pandemic on the economy, the UAE's near-term economic prospects depend on the recovery in global trade and global demand for oil as well as the risk of potential outbreaks of coronavirus variants. Continued diversification efforts will remain a key priority to maintain the UAE's dynamic comparative advantage in the face of competition from other GCC countries.

Recent developments

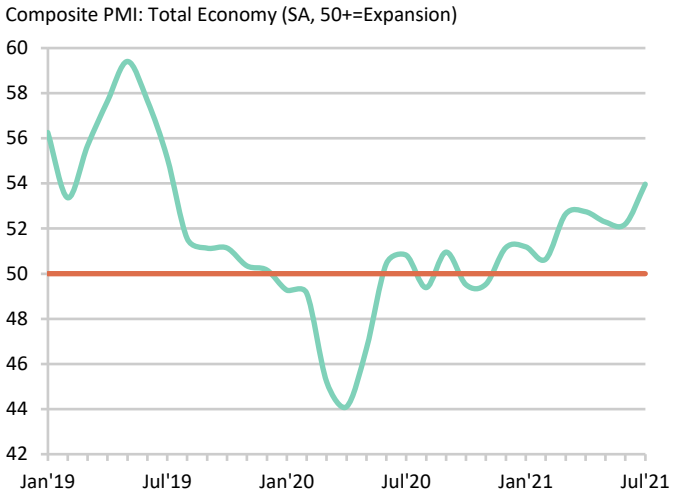
Economic recovery in 2021 appears underway. COVID-19 and its economic fallout led to a contraction of real GDP by 6.1 percent in 2020. Oil production declined by 9 percent in line with OPEC+

FIGURE 1 United Arab Emirates / Annual real GDP growth



Sources: UAE authorities and IMF and World Bank staff estimates.

FIGURE 2 United Arab Emirates / Composite purchasing manager's index



Source: IHS Markit Purchasing Managers Survey.

production cuts. In 2021 a robust rebound in the non-hydrocarbon sector is evident. The Purchasing Manager's Index (PMI) registered positive growth in February 2021 and in July-August it averaged at the highest level in two years. The hydrocarbon sector also picked up pace as OPEC+ production quotas were eased; oil production went up by 6 percent in August compared to Q1-2021. The health situation is improving with daily new cases below 1,000 in September (on a 7-day rolling average basis) for the first time since 2020. The UAE is leading the world in the vaccine race and has begun offering booster shots. The successful vaccination drive, resumption of travel, relaxation of lockdowns, and large-scale monetary and fiscal measures have aided the recovery. The Central Bank extended some pandemic support measures, until 30 June 2022, including the collateralized AED50 billion Zero Cost Facility.

Government finances continue to be strained. Fiscal outturns for the federal government in 2020 showed a deficit of 2.5 percent of GDP, compared with a surplus of 2.6 percent in 2019, due to reduced hydrocarbon revenue and fiscal mitigation measures. The consolidated deficit is estimated at 7.1 percent of GDP in 2020. Financing needs were mostly met by international debt issuances at the emirate level, with total public debt estimated at 37 percent of GDP in 2021.

Inflation in Q1-2021 continued its negative trend since 2019, albeit reduced, driven by lower prices for rents and energy compounded by the departure of expatriates (total population shrank by 2.3 percent in 2020). However, real estate prices that were depressed prior to 2020 due to oversupply of residential properties, are now showing an uptick in Abu Dhabi while in Dubai they continued to decline on average by 5.5 percent y/y.

The current account balance dropped to 6 percent of GDP in 2020 from 8.5 percent in 2019 due to underperformance of both hydrocarbon and non-hydrocarbon exports mitigated by lower imports. However, a rebound is expected in 2021 and the UAE's external position remains strong, with official reserves equivalent to 5.9 months of imports (as of December 2020).

Understanding of poverty, inequality, and livelihoods in the UAE continues to be limited due to sparse representative household and labor data. According to the CBUAE, employment in March 2021 remained at the same level of December 2020, while salaries paid in Q1 2021 was higher than at the end of 2020 and higher than in February 2020 (the last pre-crisis month), as per CBUAE's Wage Protection System.

Outlook

The rapid roll-out of COVID-19 vaccines is expected to boost domestic spending and lead to a recovery in tourism. This coupled with a recovery in global trade, rising oil production and higher oil prices, will support recovery in the medium term (projected real GDP will average 3.4 percent in 2021-23). Authorities have taken steps to lure tourists to the country ahead of the World Expo, such as providing visas to fully vaccinated travelers, which is expected to provide a boost, albeit a milder one than previously projected, to the economy. As the OPEC+ oil production quotas are eased oil revenues will enable fiscal and external balances to recover to pre-pandemic levels by 2023. Accommodative monetary policy, fiscal stimulus and a rebound in domestic demand, will lead to a return of moderate inflation. The long-run economic prospects continue to hinge on the authorities' efforts to create a favorable business environment to foster non-hydrocarbon growth and create jobs in the private sector.

TABLE 2 United Arab Emirates / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018	2019	2020	2021 e	2022 f	2023 f
Real GDP growth, at constant market prices	1.2	3.4	-6.1	2.7	4.6	2.9
Private Consumption	6.1	10.0	-12.5	3.2	3.8	3.6
Government Consumption	-5.0	10.0	0.7	1.7	2.7	2.9
Gross Fixed Capital Investment	3.6	0.0	5.8	5.6	3.4	3.5
Exports, Goods and Services	11.5	-1.3	-7.0	7.5	5.9	4.8
Imports, Goods and Services	10.9	-5.5	-6.4	9.6	5.5	4.5
Real GDP growth, at constant factor prices	1.2	3.4	-6.1	2.7	4.6	2.9
Agriculture	5.4	3.8	6.9	3.8	4.6	4.9
Industry	1.8	2.6	-5.5	0.4	6.6	2.9
Services	0.6	4.2	-6.9	5.0	2.7	2.9
Inflation (Consumer Price Index)	3.1	-1.9	-2.1	-0.2	1.1	1.7
Current Account Balance (% of GDP)	9.3	8.5	6.0	6.5	7.7	9.1
Fiscal Balance (% of GDP)	1.2	-1.0	-7.1	-1.3	-1.0	0.5
GHG emissions growth (mtCO2e)	-2.4	3.3	-5.6	8.0	4.5	4.2
Energy related GHG emissions (% of total)	75.7	75.8	75.3	76.3	76.4	76.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate. f = forecast.

REPUBLIC OF YEMEN

Table 1	2020
Population, million	29.8
GDP, current US$ billion	18.8
GDP per capita, current US$	630.9
School enrollment, primary (% gross)[a]	93.6
Life expectancy at birth, years[a]	66.1

Source: WDI, Macro Poverty Outlook, and official data.
(a) WDI for School enrollment (2016); Life expectancy (2019).

With the conflict continuing in 2021, the value of the Yemeni riyal continues to depreciate to new historic lows, driving large increases in food prices and pushing more people into extreme poverty. Socioeconomic conditions are deteriorating rapidly, further affected by declining remittances, trade disruptions, severe fuel supply shortages, and the disruption and declining humanitarian operations. Intensifying violence and the fragmentation of macroeconomic policies add further strains on the fragile economic conditions. An unprecedented humanitarian crisis persists, further aggravated by COVID-19, leaving many Yemenis dependent on relief and remittances.

Key conditions and challenges

The economic fallout of currency depreciation and COVID-19 continue to hit hard the people and the economy, after more than seven years of armed violence and the unprecedented humanitarian crisis in Yemen. Socioeconomic conditions are deteriorating rapidly in 2021, driven by currency devaluation and the ensuing increase in food and fuel prices, as well as by the adverse climate conditions and depleted coping capacity.

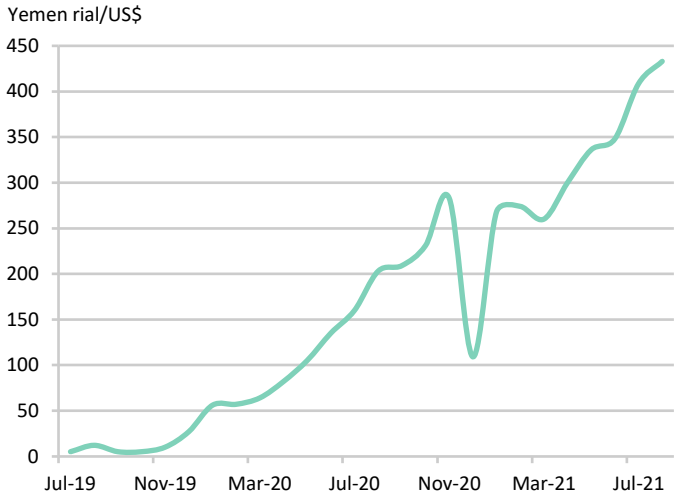
The macroeconomic policy environment remains complicated by the ongoing conflict. Given Yemen's high dependence on imports, the weakening of the currency has passed through to domestic prices, eroding purchasing power of households and businesses. Debt service to external creditors (except for IDA) have been halted since 2015. Regular salary payments to public sector workers continue to experience re-occurring delays and uneven geographical coverage.

The overarching socioeconomic risks derive from perpetuating violence and subsequent competition over resource transfers. In the South, continued monetization of the fiscal deficit, including for public salary payments, remains a major driver for macroeconomic instability. In the North, lack of liquidity and compressed inflow of commercial imports remain key challenge activities. At the same time, the private sector faces enormous challenges due to an arbitrary - and sometimes coercive - business environment in both sides of the country.

Recent developments

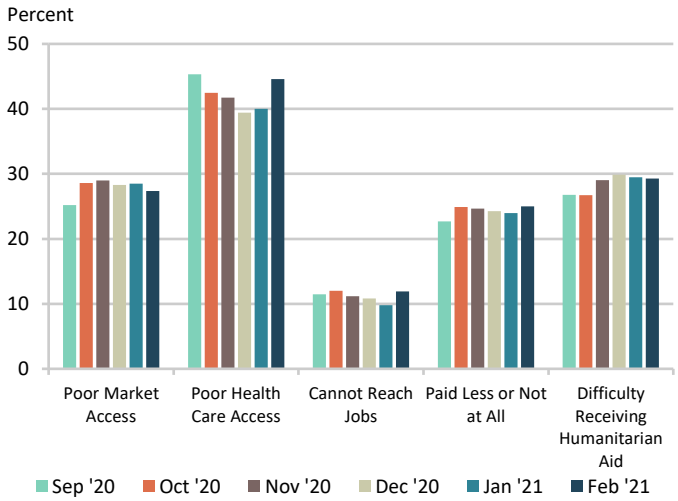
Preliminary estimates suggest that the economy had shrunk by 8.5 percent in 2020. Non-oil economic activity was affected by the COVID-19-induced slowdown in trade, dual taxation systems in the north and south, scarcity of inputs, and commodity price hikes. The negative impact of recent tightening of immigration to Saudi Arabia and the Saudization policies is not clear yet on Yemeni overseas workers and their associated remittances, although trends in workers remittance inflows since 2020 were already affected by the COVID-19 crisis. Shortages in foreign exchange have further intensified in 2021, due to the slow recovery in oil production and export capacity and the declining humanitarian funding and operations. The IMF general SDR allocation to Yemen of US$665 million, approved in August 2021, should ease pressures on the balance of payments and foreign exchange markets. Fiscal policy of the internationally recognized government (IRG) continues to rely on money printing to cover the bulk of government expenditures, which focuses on salaries (to recipients under IRG's controlled territories), goods and services, and social transfers (mostly related to COVID-19 spending). Public revenue is underperforming, constrained by the slow recovery in oil production and

FIGURE 1 Republic of Yemen / Divergence between dual exchange rates (eom, daily average)



Source: World Bank staff estimates.

FIGURE 2 Republic of Yemen / Share of respondents with access to food, health care, and employment during pandemic



Sources: WFP Mobile Vulnerability Analysis and Mapping Survey.

exports and the weak non-hydrocarbon revenue, while the fiscal deficit continues to be monetized. It is not clear how previously projected recovery in oil export capacity could translate into improved government's finances in 2021, since any progress in the oil industry remains tightly connected to political stability and security (beside international prices).

Inflation has accelerated in 2021. The average cost of the Minimum/Survivable Food Basket increased in June 2021 (y-o-y) by 52 percent and 19 percent in the southern and northern governorates, respectively.[1] Besides currency devaluation, fuel shortages and dual taxation contribute to domestic price increases and disruptions in basic services delivery. The monthly average of imported fuel products discharged through the Hodeidah port in January-August 2021 have declined by an estimated 72 percent compared to the same period of last year. The divergence in dual exchange rates between Sana'a and Aden have widened considerably in 2021, reaching nearly YR 433 (approximately 72 percent) at the end of the August 2021. The divergence between exchange rates, the increasing demand for foreign currency, and the tightening of exchange controls and payment networks have increasingly fragmented local financial markets, impeding domestic transfer services. Therefore, the cost of financial transfers and associated fees through commercial banks and exchange bureaus from the South to the North (i.e., from new to old banknotes) increased sharply in recent months, reaching more than 70 percent by early September 2021.

The humanitarian response that supported households through years of conflict was significantly scaled back since 2020. Consequently, the risk for a potential famine increases without progress in socioeconomic conditions and scaled up humanitarian assistance. The already difficult situation for the people of Yemen has been exacerbated by both the COVID-19 pandemic and rising food and fuel prices over the first half of 2021. New estimates from the WFP mobile phone survey corroborates the worsening food security situation with at least 40 percent of households reported having inadequate food consumption in 12 of 22 governorates. Moreover, repeated food and fuel price spikes are eroding real incomes, further limiting access to other basic needs and services (e.g., education and healthcare).

Outlook

Economic prospects in 2021 and beyond will critically depend on rapid improvements in the political and security situation, and ultimately whether a cessation of hostilities and eventual political reconciliation will allow for rebuilding the economy and Yemen's social fabric. Without additional external financing and with a continuation of the pandemic, output is expected to further contract by 2 percent in 2021. Improved monetary supervision and policy controls could reduce currency exchange volatility and temporarily limit speculative activities, with possible moderate gains in the relative value of the US dollar in the south. A more durable stabilization of the exchange regime will require solutions to tackle the root causes of volatility.

In the absence of stable sources of foreign currency, expansionary monetary policy risks accelerating the depreciation of the Yemeni riyal. Yet, increasing oil production and export capacity could ease the strain on public finances in the IRG-controlled areas and reduce the recourse to central bank financing, while also requiring military de-escalation and relative security stability around the production sites. Inflation is anticipated to accelerate rapidly in 2021, to an estimated 45 percent compared to 35 percent in 2020. Progress in implementing past agreements on access to supplies and fuel imports through the Hodeidah port, as well as the scaling up of humanitarian funding, would, *ceteris paribus*, improve prices and access to food. It should also enhance the provision of public services and the operational environment for humanitarian operations.

1/ FAO-FSIS & MoPIC-FSTS Quarterly Food Security Report, April-June 2021.

TABLE 2 Republic of Yemen / Macro poverty outlook indicators (annual percent change unless indicated otherwise)

	2018 e	2019 e	2020 f	2021 f
Real GDP growth, at constant market prices	0.8	1.4	-8.5	-2.0
Inflation (Consumer Price Index, eop)	14.3	10.0	35.0	45.0
Current Account Balance (% of GDP)	-0.8	-3.9	-5.9	-8.8
Fiscal Balance, cash basis (% of GDP)	-7.8	-5.6	-5.2	-5.2

Source: IMF, World Bank, Macroeconomics, Trade & Investment Global Practice.
Notes: e = estimate, f = forecast.

Macro Poverty Outlook

10/
2021

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