Systematic Country Diagnostic
What is a Systematic Country Diagnostic (SCD)?

- **Country Economic Memorandum**
- **Poverty Assessment**
- **Other thematic reports**

**Analytical work**

- **Systematic Country Diagnostic**
  - Identifies priorities to achieve the poverty reduction and shared prosperity goals

**Country Partnership Framework**

- Integrated and selective framework for the WBG’s partnership with the country
Key **risks** identified in the 2017 SCD have materialized:

- Increasing macroeconomic instability, aggravated by pandemic.
- Jobless growth with rising inequality.
- Vulnerability to climate change, environmental degradation, and shocks (e.g. health-related).

**Recommendations:**

- **Stabilize** the economy (macro-financial risks).
- **Share** growth benefits equitably (through better jobs).
- **Sustain** progress by protecting environment and mitigating shocks.
Securing macroeconomic stability will require measures to tackle rising public debt, eroding fiscal space, declining reserve buffers, and growing financial sector risks.
Fostering inclusive growth will require a stronger effort to improve the business climate, develop connective infrastructure, and enhance human capital (education and health).
Resource depletion, climate change, and vulnerability to shocks requires an improved management of natural resources, climate action, and measures to safeguard livelihoods.

Households experiencing shocks (%, Mar-Jul 2020)

- Job loss: 20.4%
- Non-farm business closure: 7.1%
- Disruption in agricultural activities: 11.7%
- Increased prices of inputs: 19.2%
- Decreased prices of outputs: 20.6%
- Increased prices of most consumer goods: 69.9%
- Sickness: 5.5%
SCD Framework

**Challenges**

- Reemerged macroeconomic instability
- Jobless growth with rising inequality
- Vulnerability to climate change, environmental degradation and shocks

**Pathways**

- Stabilize
- Share
- Sustain

**Strengthened governance and institutions**

**Inclusive, resilient, and sustained growth for reducing poverty and promoting shared prosperity**
High-Level Outcomes and Development Objectives

Twin goals

High-Level Outcomes (HLOs)

- Greater Macroeconomic Stability
- Broad-Based Human Productivity Improvements
- Improved Resilience to Shocks

Development Objectives (DOs)

- Sustainable Debt Levels
- Increased Fiscal Space
- Stable Financial Sector
- Dynamic Private Sector
- Improved Connective Infrastructure
- Well-functioning labor market
- Reduced Stunting
- Enhanced Learning Outcomes
- Equitable Access to Quality Health Services
- Improved Management of Natural Resources
- Action on Disaster Risk and Climate Change
- Well-Managed Urbanization
- Comprehensive Social Protection
- Improved Financial Inclusion
- Improved Agricultural Productivity

Pathways

Cross-cutting: Strengthened Governance & Institutions

Stabilize
Share
Sustain
## Prioritization of Development Objectives

<table>
<thead>
<tr>
<th>Top</th>
<th>High</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable debt levels</td>
<td>Stable financial sector</td>
<td>Well-functioning labor market</td>
</tr>
<tr>
<td>Increased fiscal space</td>
<td>Improved connective infrastructure</td>
<td>Well-managed urbanization</td>
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<td>Improved management of natural resources</td>
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<tr>
<td>Increased agricultural productivity</td>
<td>Comprehensive social protection</td>
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</tbody>
</table>

**Strengthened governance and institutions**
## Re-prioritization

<table>
<thead>
<tr>
<th>SCD Update</th>
<th>SCD 2017</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Sustainable debt levels</td>
<td>Putting public debt on a sustainable path and strengthening financial sector stability</td>
<td>-</td>
</tr>
<tr>
<td>Stable financial sector</td>
<td></td>
<td>Revised down</td>
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<tr>
<td>Increased fiscal space</td>
<td></td>
<td>New</td>
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<tr>
<td>Dynamic private sector</td>
<td>Making it easier to do business and create good jobs</td>
<td>Revised up</td>
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<tr>
<td>Improved connective infrastructure</td>
<td>Investing in infrastructure for growth and inclusion</td>
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<tr>
<td>Well-functioning labor market</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>Reduced stunting</td>
<td>Investing in improving nutrition to achieve children’s full potential</td>
<td>Revised down</td>
</tr>
<tr>
<td>Enhanced learning outcomes</td>
<td>Improving quality of education and keeping girls in school</td>
<td>-</td>
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<tr>
<td>Equitable access to quality health services</td>
<td>Improving access to and quality of health services for more productive people</td>
<td>-</td>
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<tr>
<td>Improved management of natural resources</td>
<td>Promoting strategic use of natural resources and responsible management of the environment</td>
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</tr>
<tr>
<td>Action on disaster risk and climate change</td>
<td>Putting in place a strengthened DRM</td>
<td>Expanded</td>
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<tr>
<td>Well-managed urbanization</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>Comprehensive social protection</td>
<td>Introducing a basic social protection system to lower vulnerability</td>
<td>Revised up</td>
</tr>
<tr>
<td>Improved financial inclusion</td>
<td>Improving inclusiveness of the financial sector to improve access to credit and lower risks</td>
<td>-</td>
</tr>
<tr>
<td>Increased agricultural productivity</td>
<td>Increasing agricultural productivity to support incomes</td>
<td>-</td>
</tr>
<tr>
<td>Strengthened governance and institutions</td>
<td>Enhancing governance and creating a rules-based environment</td>
<td>Cross-cutting</td>
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