Navigating a Long Pandemic

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2020 outturn somewhat better though still worst on record

Real GDP Growth Revisions since October 2020
(Percent)

2020. From -3.0 to -1.9

Non-resource-intensive countries
Sub-Saharan Africa
Oil exporters
Other resource-intensive countries
Tourism dependent countries

2021. From 3.1 to 3.4

Tourism dependent countries
Non-resource-intensive countries
Other resource-intensive countries
Sub-Saharan Africa
Oil exporters

Source: IMF, World Economic Outlook.
...on account of some larger economies doing a bit better

Top 5 GDP Growth Revisions, by Contribution
(Compared to October 2020, percent)

Source: IMF, World Economic Outlook.
...so the improved baseline is still subject to downside risk

Real GDP per Capita
(Index 2019 = 100)

Source: IMF, World Economic Outlook.
Challenge #1: Facing diverging growth outlook

**Real GDP per Capita**
(Index 2019 = 100)

- Sub-Saharan Africa
- Sub-Saharan Africa Oct. 2020
- Rest of the world
- Rest of the world Oct. 2020

Source: IMF, World Economic Outlook.

**Real GDP per Capita**
(Index 2019 = 100)

- Sub-Saharan Africa
- Oil exporters
- Non-resource-intensive countries

Source: IMF, World Economic Outlook.
Challenge #2: Dealing with long COVID-19

**Vaccine Deliveries by End-2021**
(As of March 19, million doses)

- AEs: 4,000
- Non-SSA EMDEs excl China and India: 2,000
- SSA: 0

**Timeline to Vaccinate 60 Percent of Population**

Sources: Survey of country teams and IMF staff calculations.
Notes: Syringes represent countries. Gray indicates no response.

**Cost of Vaccinating 60 Percent of Population**

- 10 BILLION US$
- 0.1-3.4 PERCENT OF 2020 GDP
- 1.7-52 PERCENT OF 2018 HEALTH EXPENDITURES

Sources: IMF, World Economic Outlook, World Bank, and IMF staff calculations.
Challenge #3: Addressing scarring

Extreme Poverty in SSA
(Persons living below $1.90, millions)

Learning Losses due to COVID
(Average missed days of instruction, 2020)

Sources: Mahler et al. (2021) and IMF staff calculations.

Sources: ILO and IMF staff calculations.
Challenge #4: Repairing public sector balance sheets...

Average Fiscal Balance and Public Debt, 2018–22

Debt Risk Status for PRGT Eligible SSA Countries

Source: IMF, World Economic Outlook.

Source: IMF, Debt Sustainability Analysis Low-Income Developing Countries database.

Note: Debt risk ratings for Cabo Verde begins in 2014, and South Sudan in 2015.
PRGT = poverty reduction and growth trust.
...and private sector balance sheets

**Change in Monthly Sales, 2020**
(Percent, average)

Sources: World Bank Business Pulse Surveys and Enterprise Surveys and IMF staff calculations.

**Income Losses, May/June 2020**
(Percent of surveyed households)

Sources: World Bank High-Frequency Phone Surveys on Covid-19 and IMF staff calculations.

**Non-Performing Loans**
(Percent of total gross loans)

Source: IMF Financial Soundness Indicators.
Challenge #5: Catalyzing external financing

Additional External Financing Needs, 2021–25

Source: IMF staff calculations.

SSA: Selected Inflows
(Billion US$)

Sources: IMF, World Economic Outlook, World Bank, and IMF staff calculations.
Notes: Excluding Mauritius. FDI and Portfolio inflow data for 2020 are based on the WEO database. Remittances inflows for 2020 are projections.
Challenge #6: Advancing transformative reforms

Potential for Digitalization
(Value of mobile money transactions, billion US$)

Potential for Diversification
(Percent of exports)

Sources: UN Comtrade and IMF staff calculations.

Note: Sub-Saharan Africa includes 42 countries, East Asia and Pacific includes 15 countries and does not include China or Japan, and South Asia includes 7 countries.

Source: GSMA, Global Mobile Money Dataset.
Policy priorities: Expanding what is possible

Protect lives and livelihoods

• Plan and secure funding for vaccine purchase and distribution and where needed seek donor support.
• Prevent health systems from being overwhelmed.

Create policy space

• Prioritize spending and mobilize domestic revenue to create space in near term.
• Address debt vulnerabilities and where needed seek debt-restructuring/reprofiling.

Attract private capital and promote private sector development.

• Improve the business climate.
UGANDA OUTLOOK
May 2021
Growth and inflation outlook

GDP Growth Contribution by Sector
(Percent, y-o-y)

Business Tendency Indicators
(Index)

Inflation Rates*
(Percent, y-o-y)

* Dash and dot lines show the outer and inner band of average core inflation target.
Interest rate and credit

Central Bank and Interbank Rates (Percent)
- Central Bank rate
- 7-day interbank rate

Interest Rate Structure (Percent)
- Time deposits (lbs)
- Central Bank rate
- Lending rate

Contribution to Private Credit Growth (Percent)
External position

Contributions to Current Account (Percentage points)

- Goods
- Services
- Primary inc.
- Secondary inc.
- CA (percent of GDP)

International Reserve Buffers
- Gross reserves (billions of US$)
- Month’s of next year’s imports (RHS)

Nominal Exchange Rate (Ugandan Shilling per FX)
- USH/USD
- USH/EUR
- USH/KSH (RHS)
Debt-to-GDP ratios in 2020
(Percent)

Source: WEO; and IMF staff calculations.
Reform pillars

Near term: close the financing gap by increasing revenue (administration reforms) and reducing expenditures compared to “normal” times in non-priority areas while preserving social spending and ring-fencing resources for financing vaccine distribution.

Medium-term: fiscal consolidation focusing on --

• **DRMS** to increase revenues by at least 0.5 percent of GDP per year over the medium term.

• **Spending efficiency**, including through strengthened PFM and PIM.

• Increasing priority **social spending** by boosting social assistance programs.

• **Financial sector reforms** to enhance bank supervision, the resolution framework, implement the financial inclusion strategy and protect against cyber risks.

• **Governance reforms** including enhancing the effectiveness of the AML/CFT framework, and EITI reforms.