REGIONAL ECONOMIC OUTLOOK

SUB-SAHARAN AFRICA

AFRICAN DEPARTMENT

Navigating a Long Pandemic

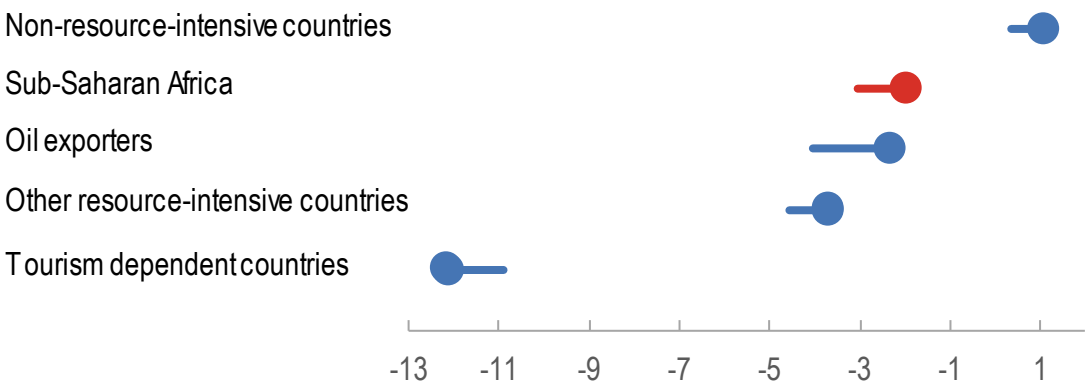
MAY 2021

AFR Regional Studies

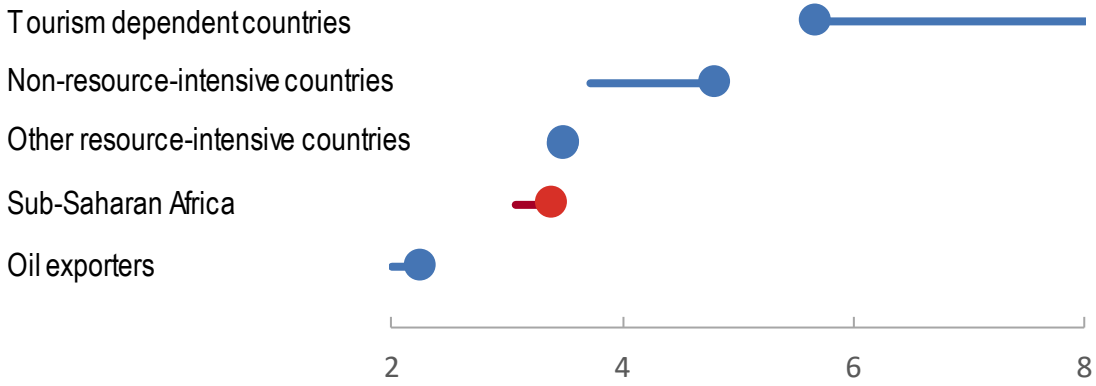
2020 outturn somewhat better though still worst on record

Real GDP Growth Revisions since October 2020
(Percent)

2020. From -3.0 to -1.9



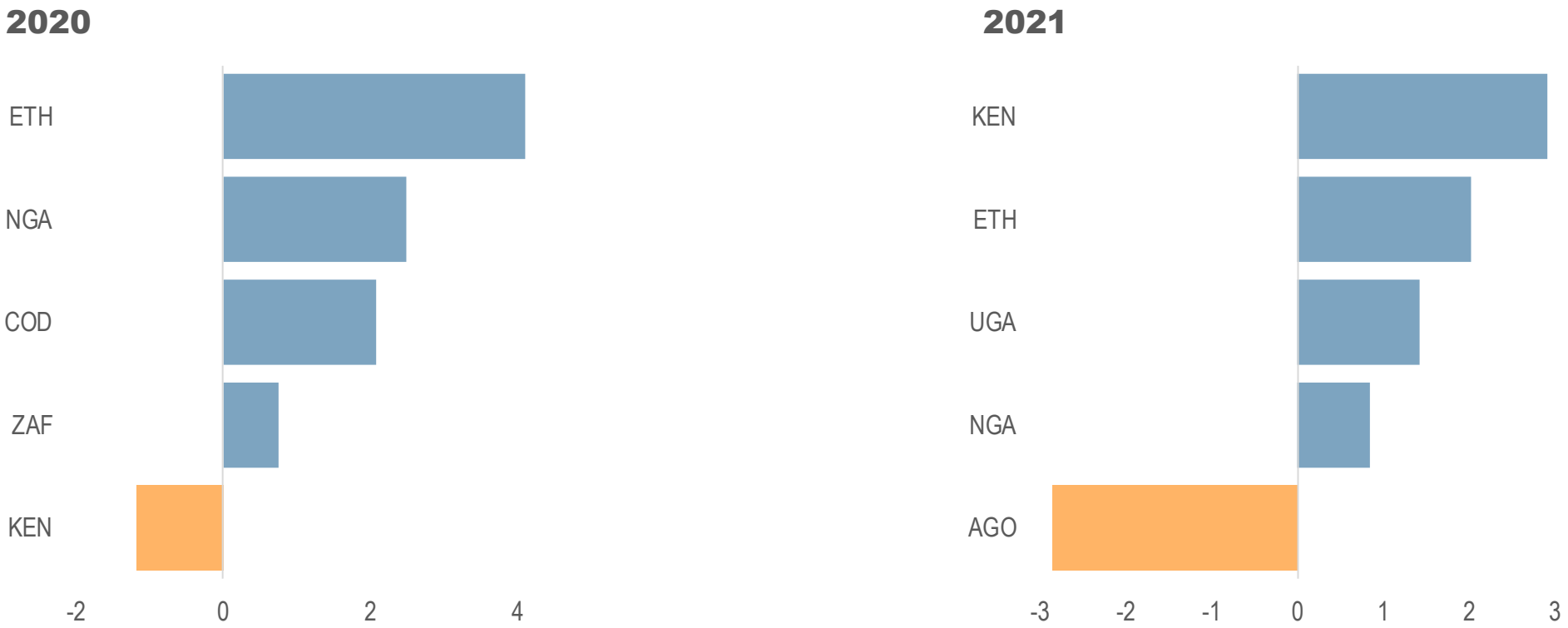
2021. From 3.1 to 3.4



Source: IMF, World Economic Outlook.

...on account of some larger economies doing a bit better

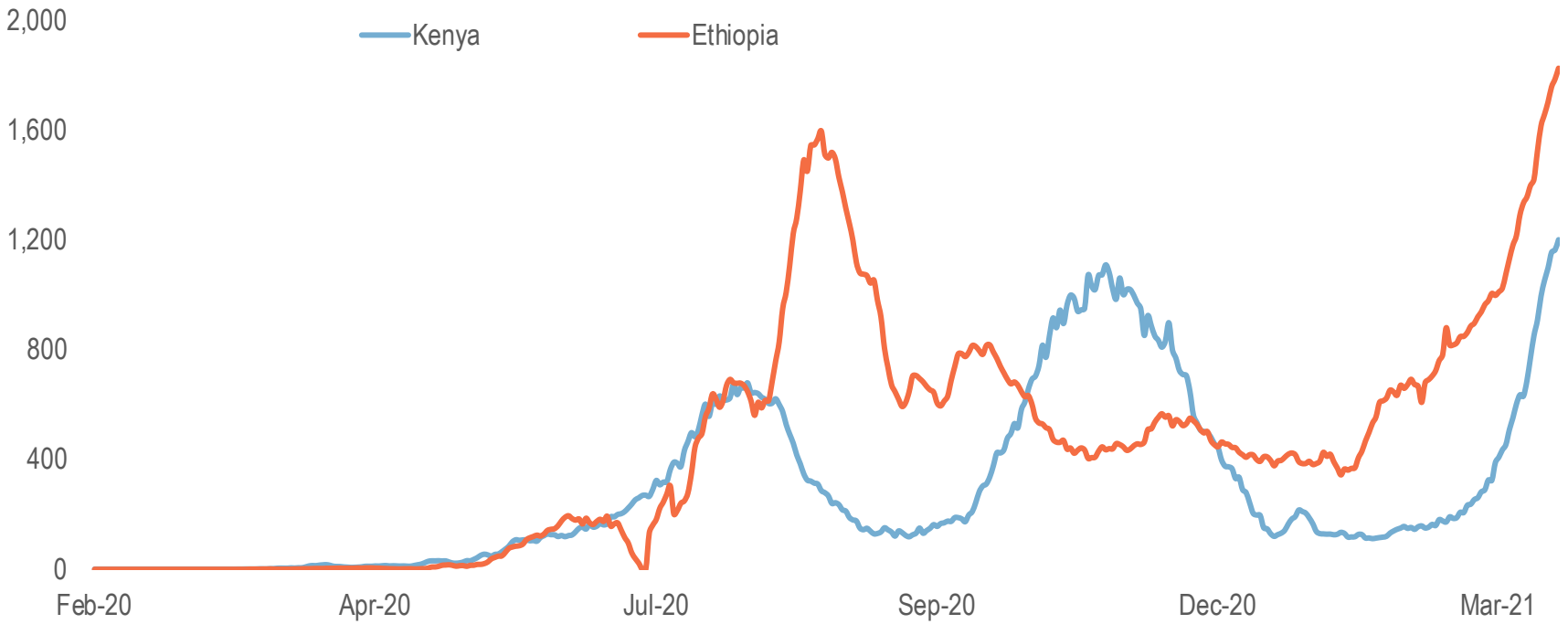
Top 5 GDP Growth Revisions, by Contribution
(Compared to October 2020, percent)



Source: IMF, World Economic Outlook.

The pandemic continues to reverberate

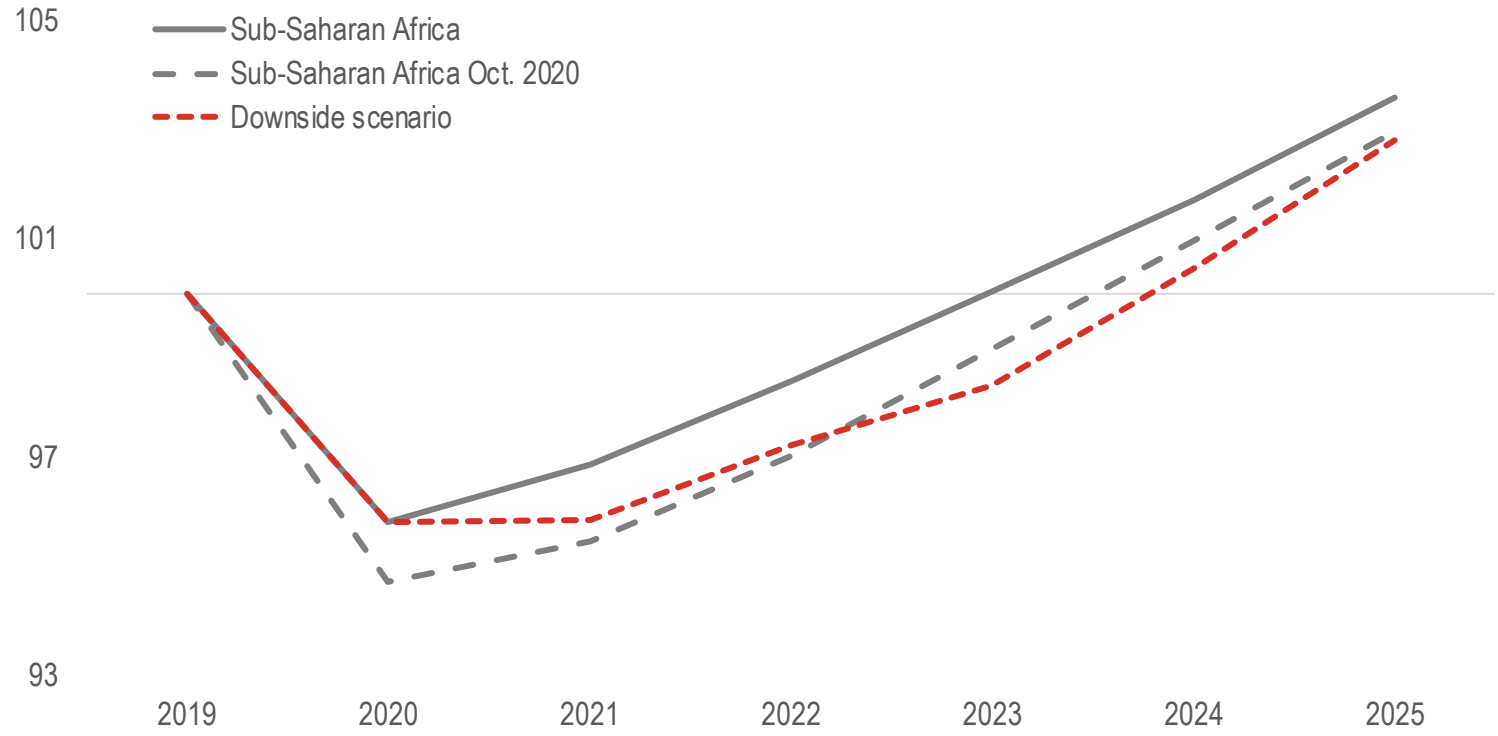
Recent Surges
(New cases per day, 7-day moving average)



Source: JHU COVID Tracking Project.

...so the improved baseline is still subject to downside risk

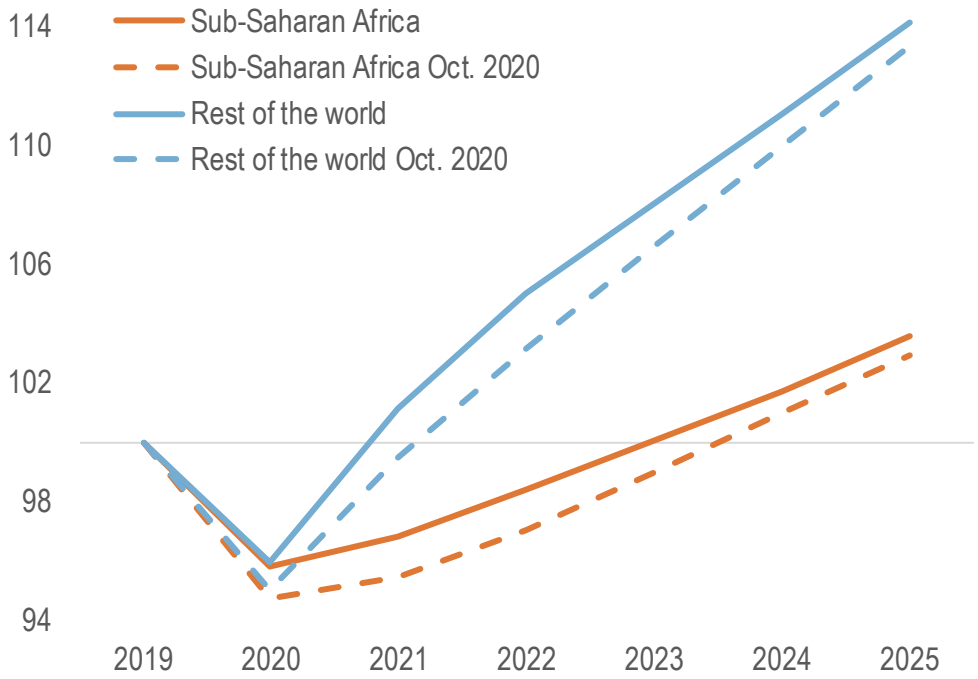
Real GDP per Capita
(Index 2019 = 100)



Source: IMF, World Economic Outlook.

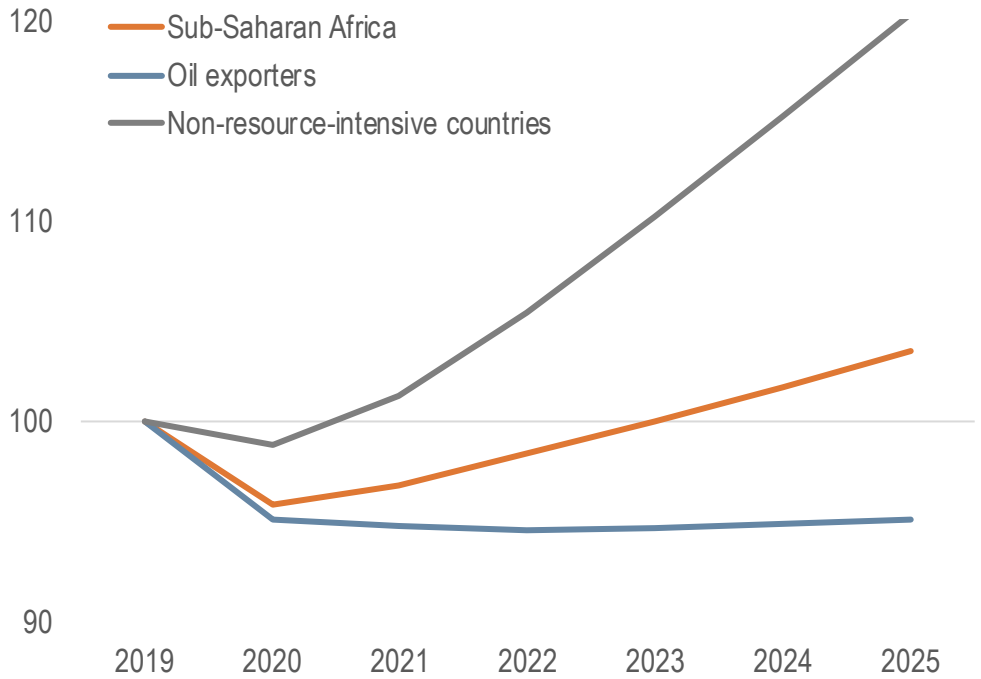
Challenge #1: Facing diverging growth outlook

Real GDP per Capita
(Index 2019 = 100)



Source: IMF, World Economic Outlook.

Real GDP per Capita
(Index 2019 = 100)

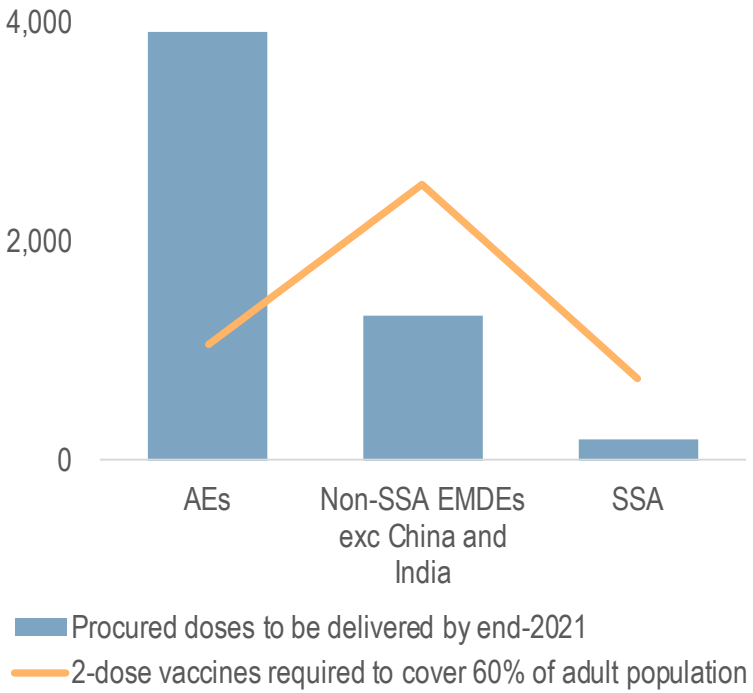


Source: IMF, World Economic Outlook.

Challenge #2: Dealing with long COVID-19

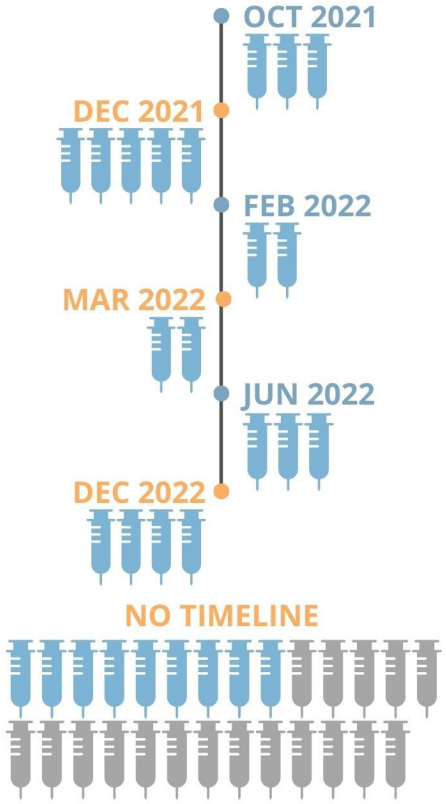
Vaccine Deliveries by End-2021

(As of March 19, million doses)



Sources: Duke Global Health Innovation Center's Launch and Scale Speedometer, and IMF staff calculations.

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$

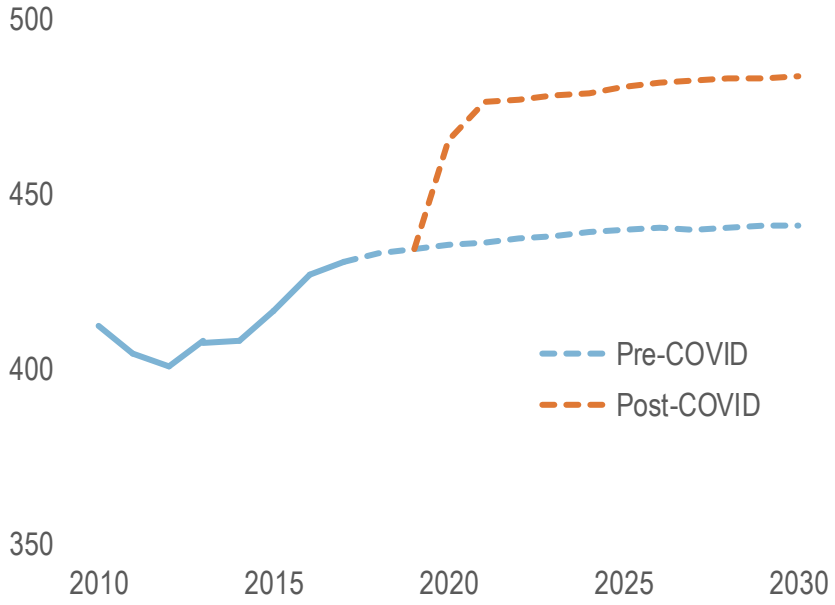
0.1-3.4
PERCENT OF 2020 GDP

1.7-52
PERCENT OF 2018 HEALTH EXPENDITURES

Sources: IMF, World Economic Outlook, World Bank, and IMF staff calculations.

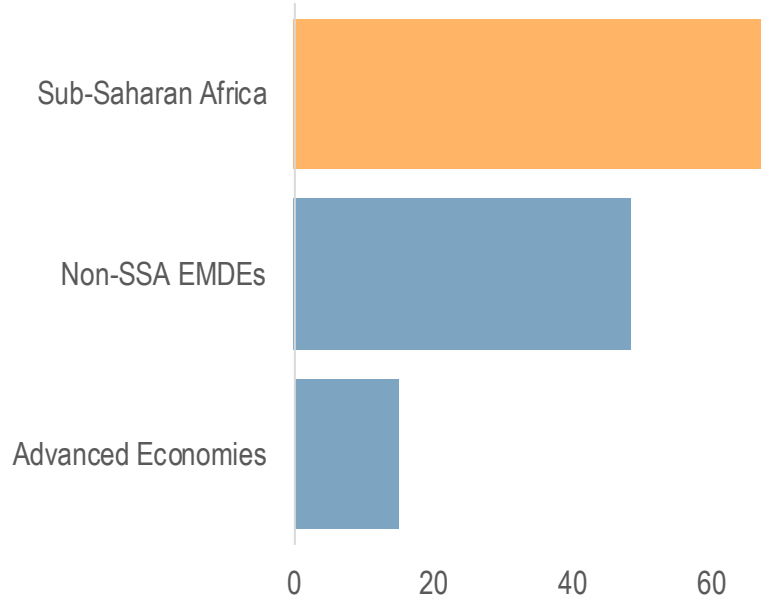
Challenge #3: Addressing scarring

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



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

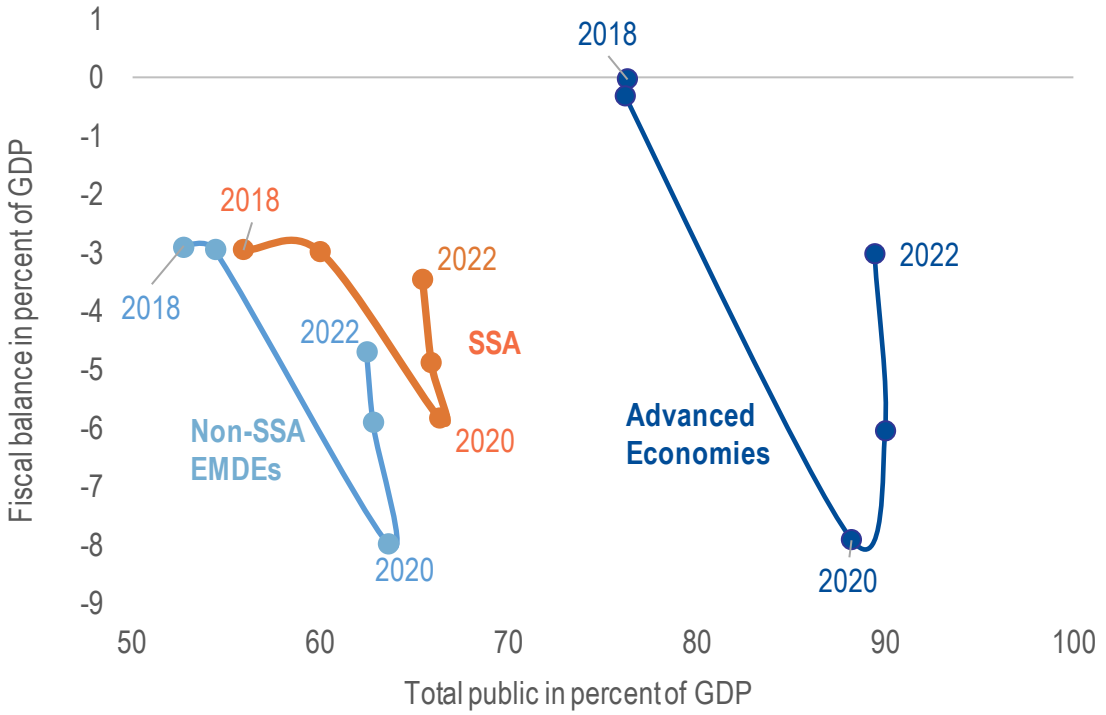
Learning Losses due to COVID
(Average missed days of instruction, 2020)



Sources: ILO and IMF staff calculations.

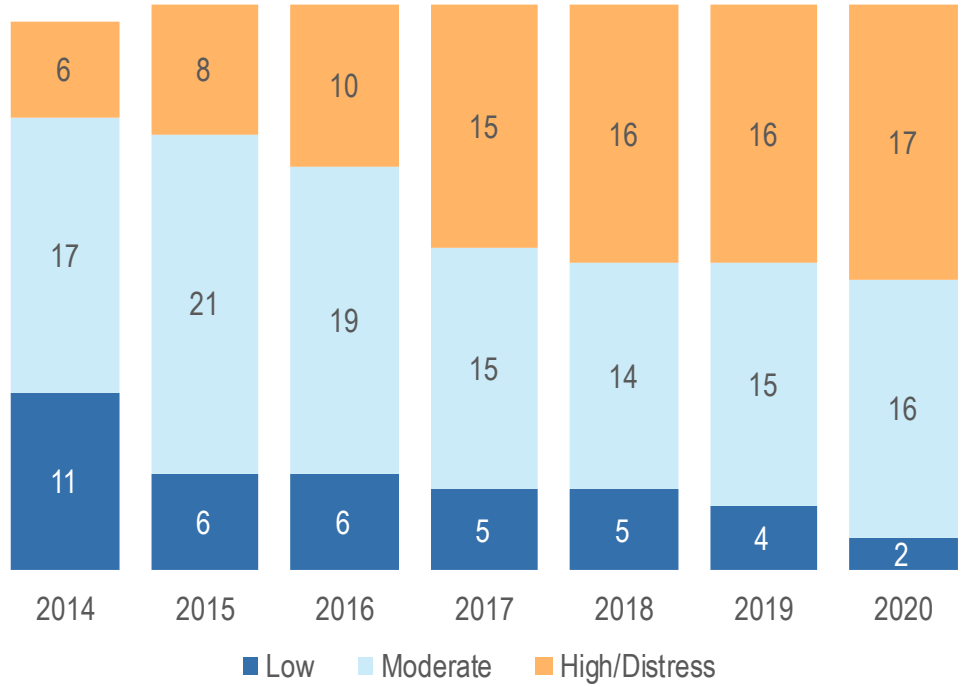
Challenge #4: Repairing public sector balance sheets…

Average Fiscal Balance and Public Debt, 2018–22



Source: IMF, World Economic Outlook.

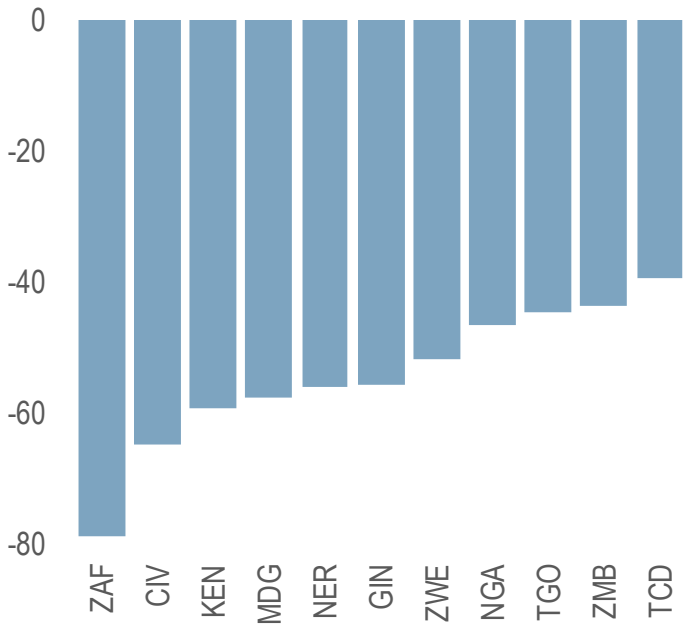
Debt Risk Status for PRGT Eligible SSA Countries



Source: IMF, Debt Sustainability Analysis Low-Income Developing Countries database.
Note: Debt risk ratings for Cabo Verde begins in in 2014, and South Sudan in 2015.
PRGT = poverty reduction and growth trust.

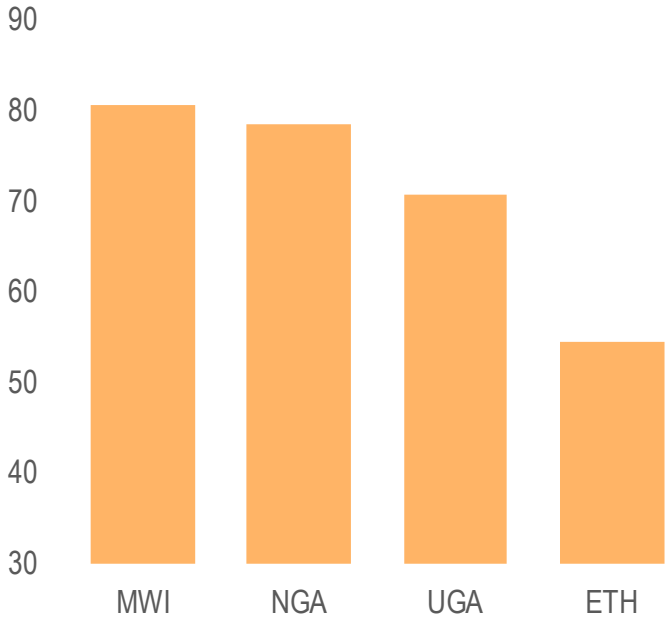
...and private sector balance sheets

Change in Monthly Sales, 2020
(Percent, average)



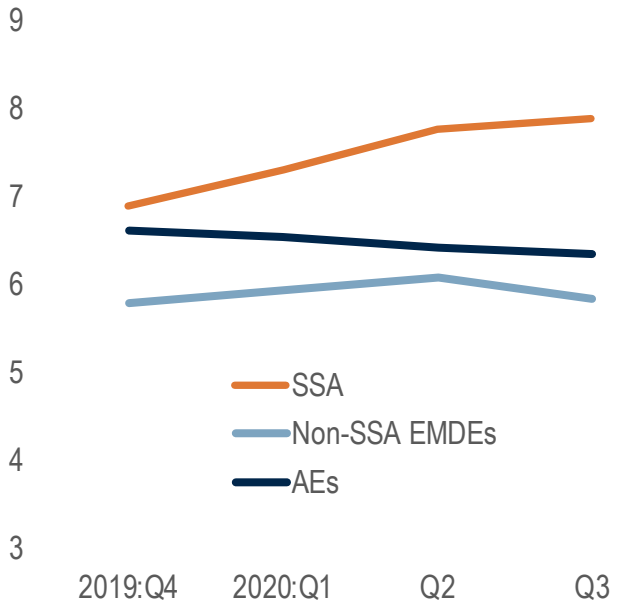
Sources: World Bank Business Pulse Surveys and Enterprise Surveys and IMF staff calculations.

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.

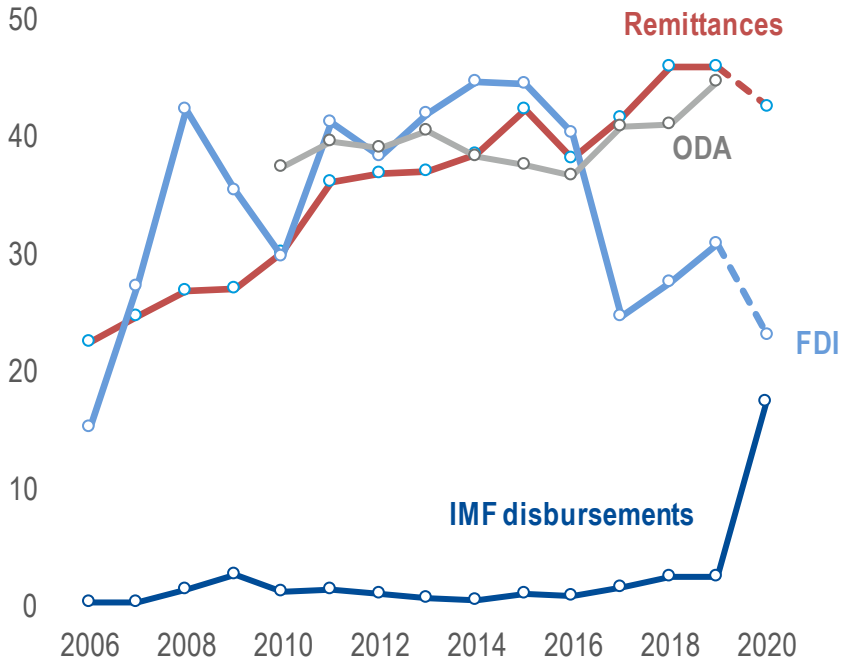
Challenge #5: Catalyzing external financing

Additional External Financing Needs, 2021–25

Source: IMF staff calculations.

SSA: Selected Inflows

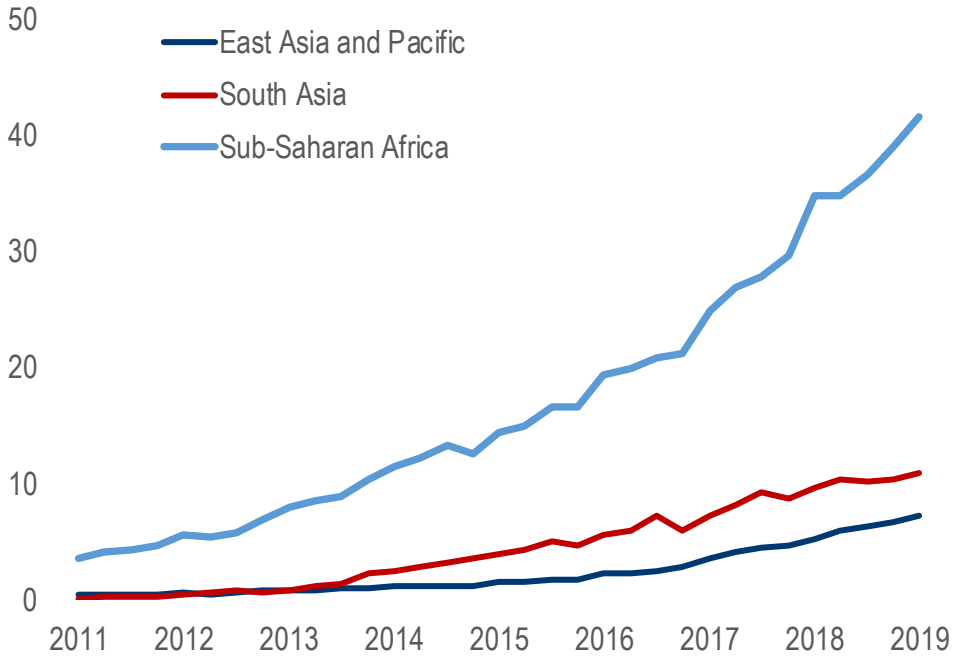
(Billion US$)



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.

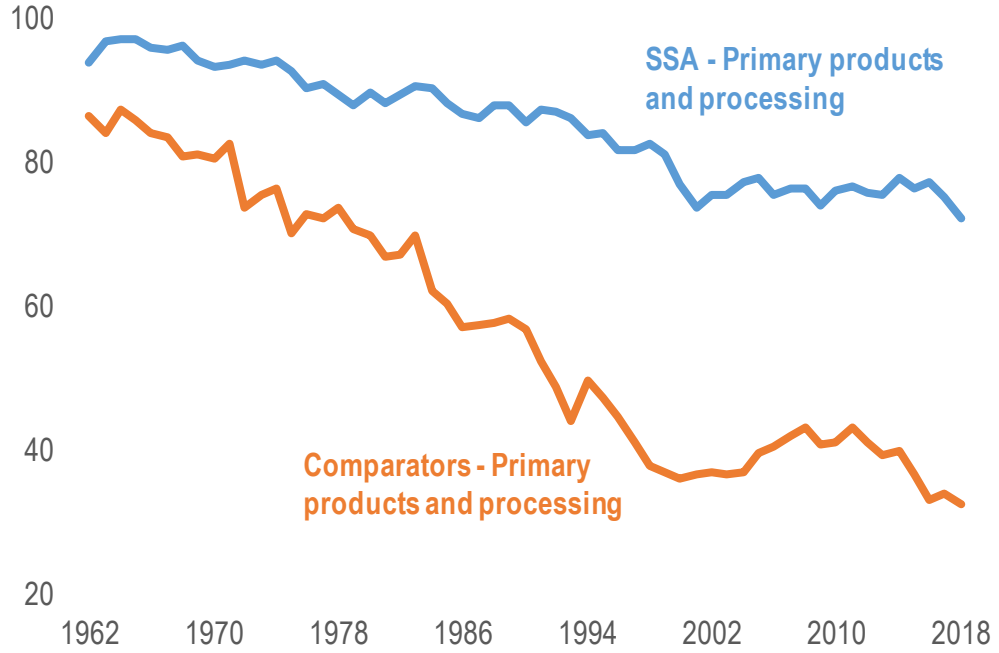
Challenge #6: Advancing transformative reforms

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



Source: GMSA, Global Mobile Money Dataset.
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.

Potential for Diversification
(Percent of exports)



Sources: UN Comtrade and IMF staff calculations.

Policy priorities: Expanding what is possible

Protect lives and livelihoods

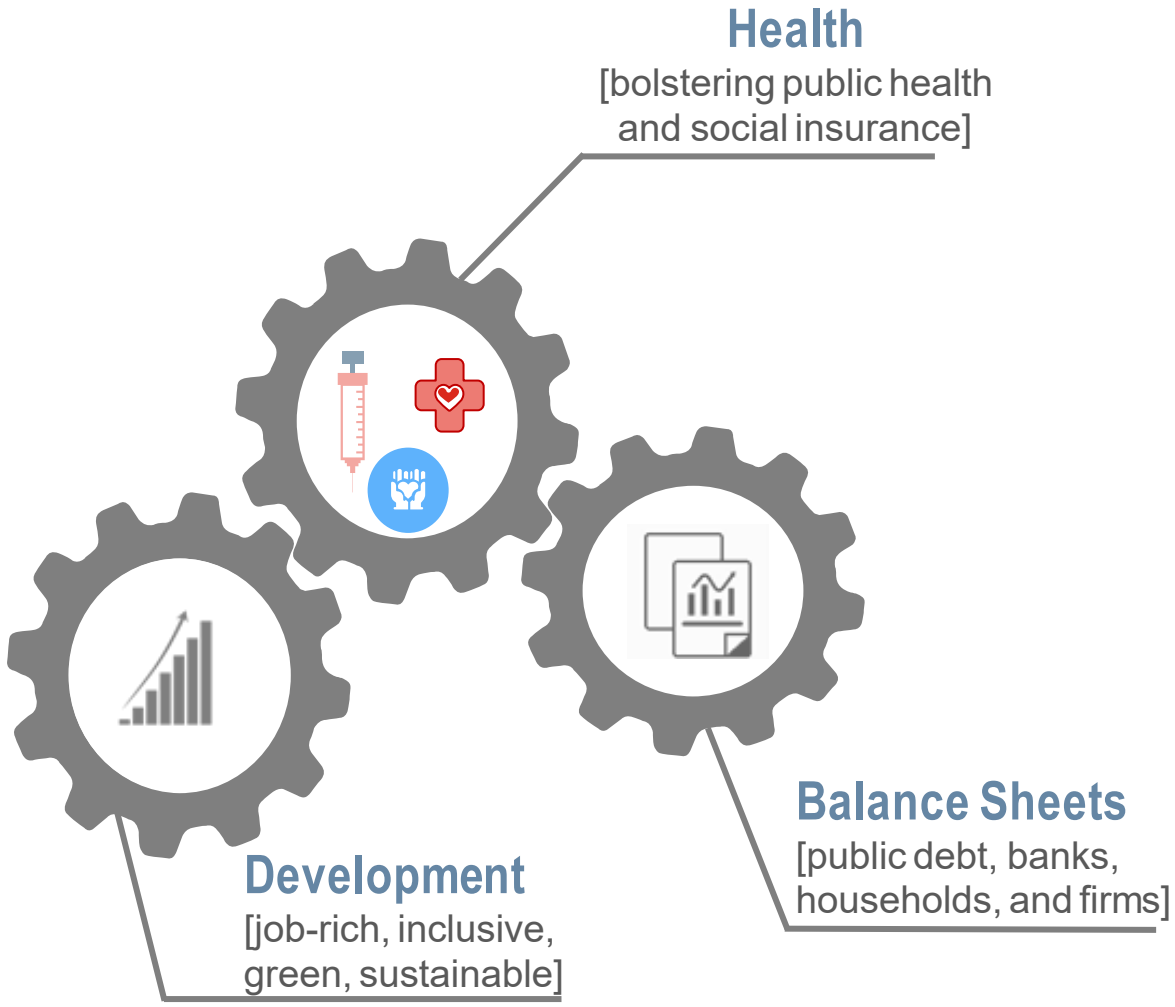
- Plan and secure funding for vaccine purchase and distribution and where needed seek donor support.
- Prevent health systems from being overwhelmed.

Create policy space

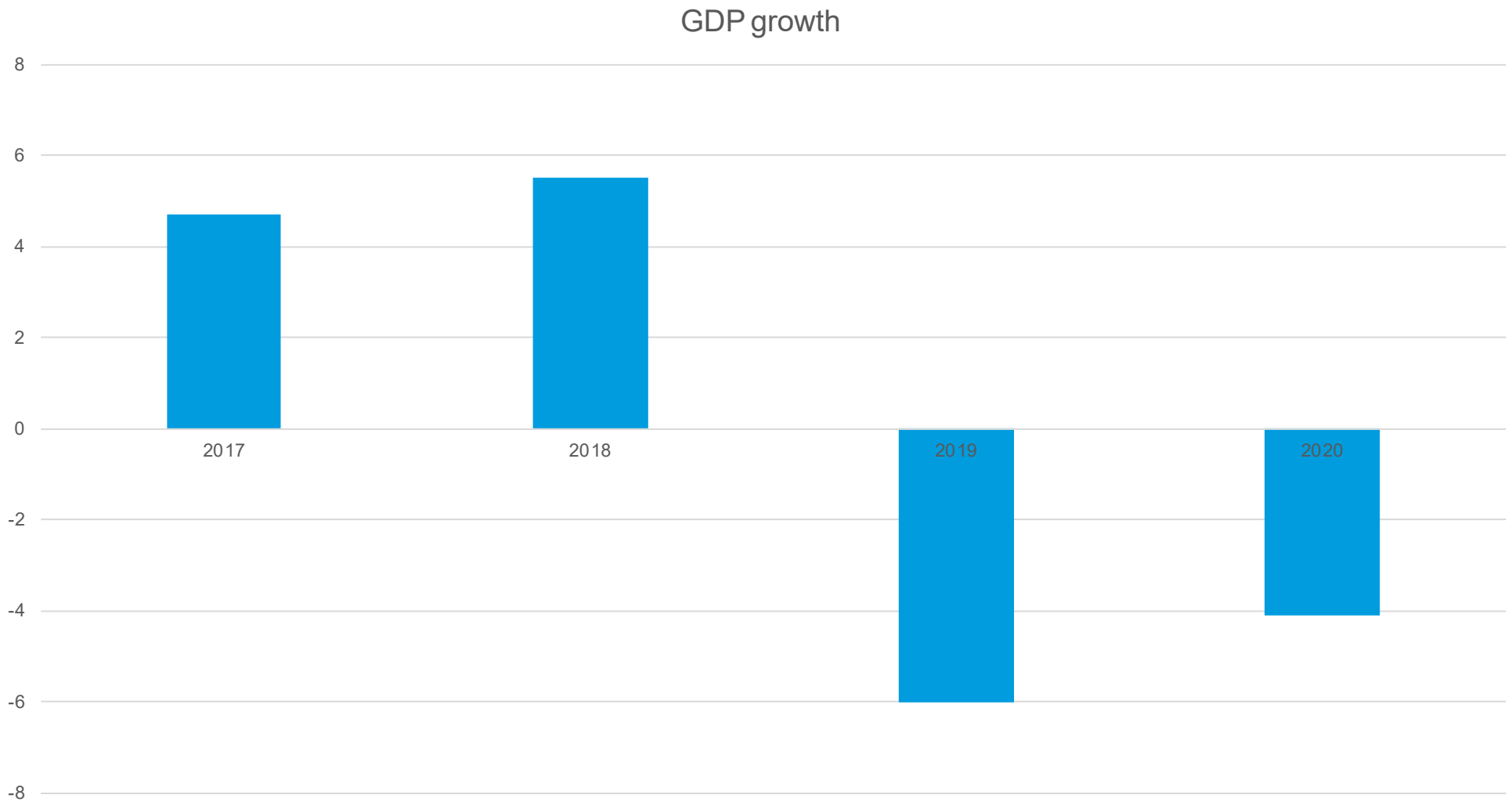
- Prioritize spending and mobilize domestic revenue to create space in near term.
- Address debt vulnerabilities and where needed seek debt-restructuring/reprofiling.

Attract private capital and promote private sector development.

- Improve the business climate.

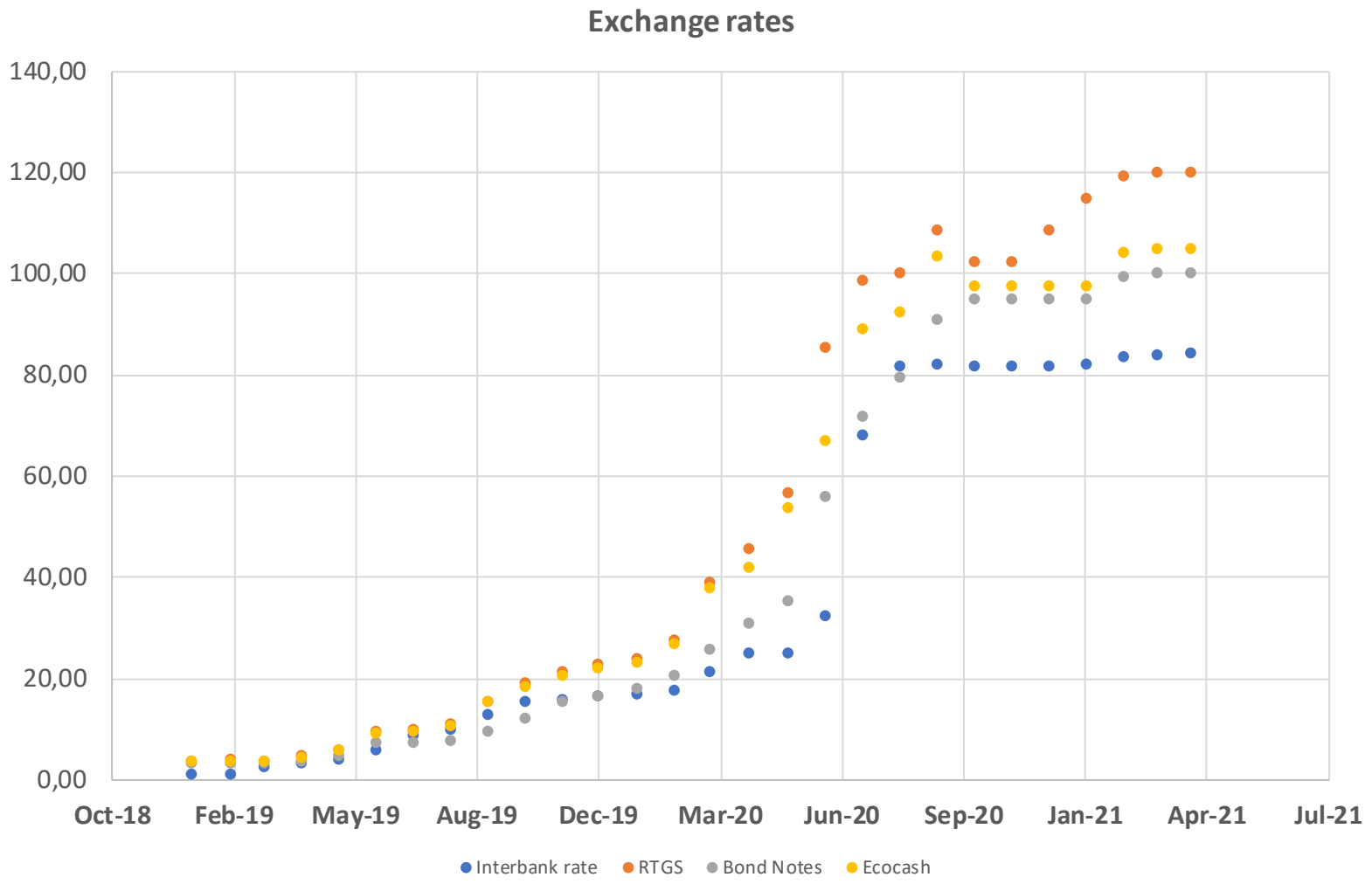


Zimbabwe: Growth improving due to (i) positive weather shock (ii) stabilizing macro environment (iii) Covid-19 relatively well managed and (iv) global recovery



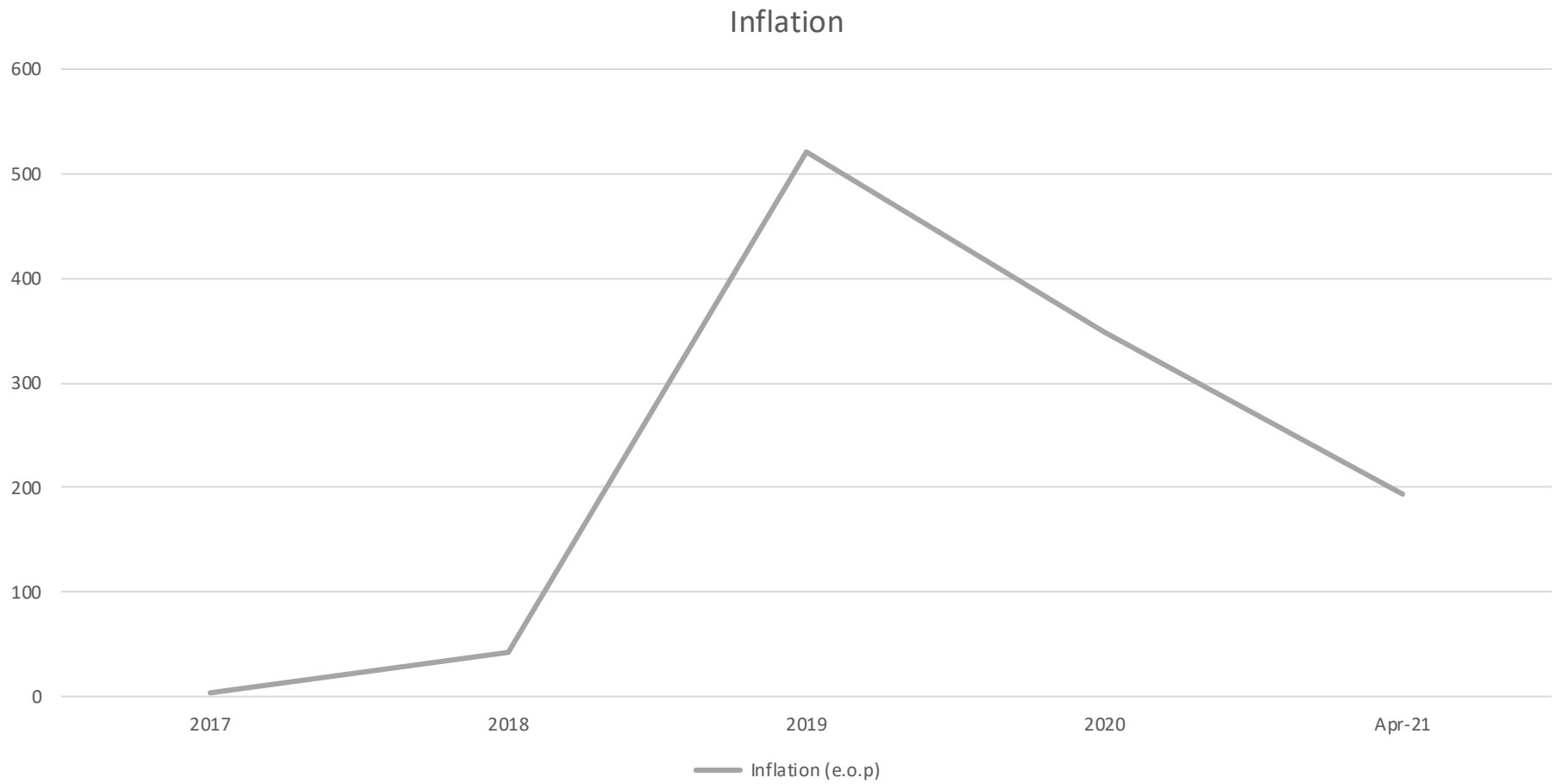
Source: IMF.

Zimbabwe: Exchange rate stabilized following the introduction of the auction system in June 2020



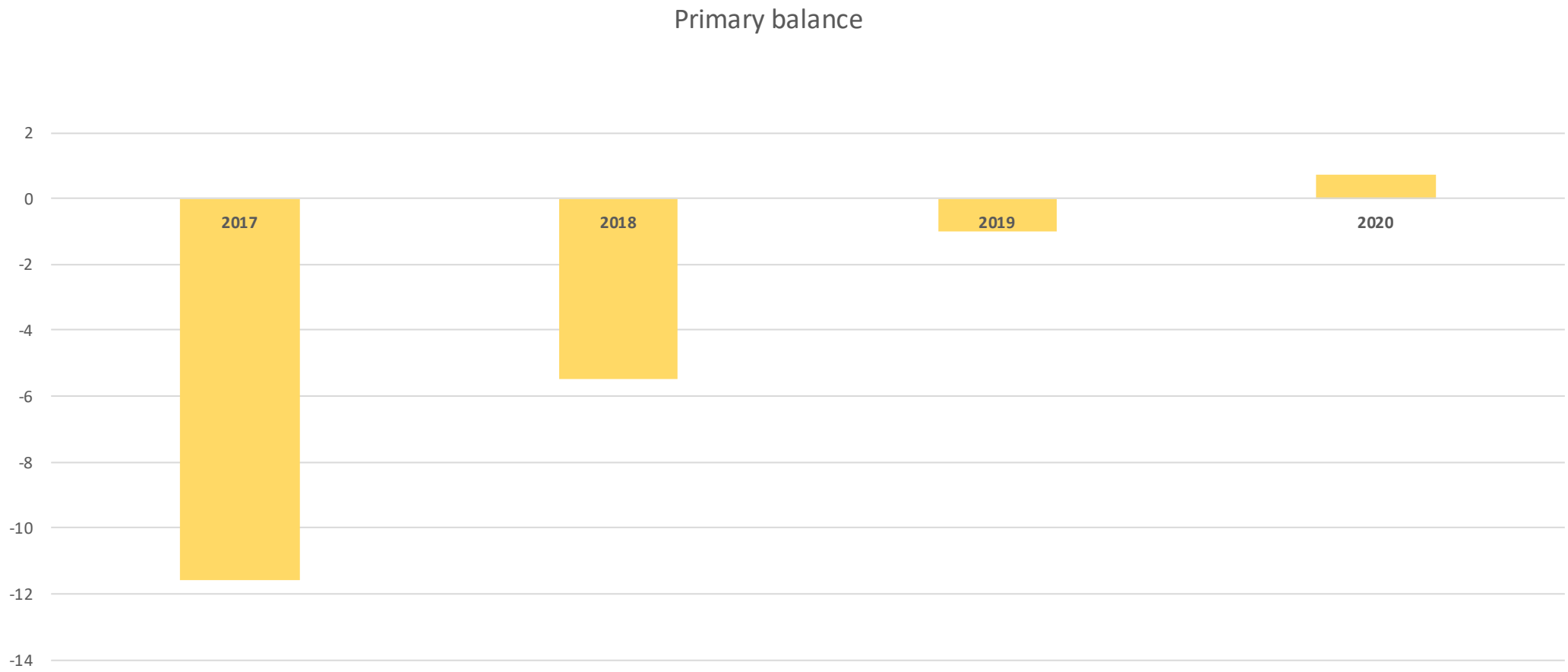
Source: IMF.

Zimbabwe: With more stable exchange rate, disinflation has set in and peak inflation was reached in 2020



Source: IMF.

Zimbabwe: Strong fiscal adjustment in 2018/19 means budget balance is close to equilibrium



Source: IMF.

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