Abebe Aemro Selassie's Introductory Remarks

African Department Press Briefing

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Good morning, or good afternoon to those of you joining us online from Africa. Thank you for joining us today for the release of the April IMF Regional Economic Outlook for Sub-Saharan Africa.

Let me start with some good news: after four challenging years and multiple shocks, Sub-Saharan Africa economy appears to be on the mend.

We expect economic growth to rise to 3.8 percent in 2024, from 3.4 percent last year. After peaking at almost 10 percent in late 2022, inflation has nearly halved to around 6 percent in the early part of the year thanks to decisive action by central banks. This includes slower food price increases, a positive development for a region where the cost of crises has been acute in recent years.

In addition, fiscal consolidation efforts are starting to pay off, with the median public debt stabilizing at around 60 percent of GDP, halting a 10-year upward trend. And with global financial conditions easing, a few countries have been able to return to international markets, ending a two-year hiatus.

These are encouraging signs. But the region is not out of the woods yet.

Far too many countries still face a funding squeeze. Their borrowing costs are high, and funding sources curtailed. Government interest payments now account for about 12 percent of revenues, more than double the level a decade ago. And official development assistance has become scarcer.

What does this mean for countries? It means much-needed funds are being diverted from spending on investment and development to interest payments, with consequences for the region's growth potential and its ability to withstand future shocks.

Sustaining reforms will be important for macroeconomic conditions to continue to improve. This will ensure that countries in the region can build their resilience to shocks, generate jobs, diversify their economies, and improve living standards for all.

We see three policy priorities for governments in the region:

- First, continue to improve public finances, with an emphasis on domestic revenue mobilization. This would help meet the region's vast development needs in a context of scarce concessional financing and high borrowing costs.

- Second, sustain the focus on reducing inflation wherever inflation remains well above target.

- Third, implement reforms that enhance skill development, spur innovation, improve the business environment, and promote trade integration to secure more affordable and stable financing.

But the burden should not be on countries alone. Support from the international community will remain essential. The IMF stands ready to support, having already provided $58 billion in financing to the region since the start of the pandemic.

Let me conclude by stressing that the region is at a turning point. With the right policy choices today, I am confident that this moment could set the stage for this century to be the *African century*.