

# REGIONAL ECONOMIC OUTLOOK

SUB-SAHARAN AFRICA



**AFRICAN  
DEPARTMENT**

## **RECOVERY INTERRUPTED**

**APRIL 2025 *REGIONAL ECONOMIC OUTLOOK***

- **UNIVERSITY OF LIVINGSTONIA – KANING'INA CAMPUS (JULY 24)**
- **MZUZU UNIVERSITY (JULY 25)**
- **MALAWI UNIVERSITY OF SCIENCE AND TECHNOLOGY (JULY 31)**
- **MALAWI UNIVERSITY OF BUSINESS AND APPLIED SCIENCES (AUGUST 1)**

# Regional Economic Outlook for Sub-Saharan Africa

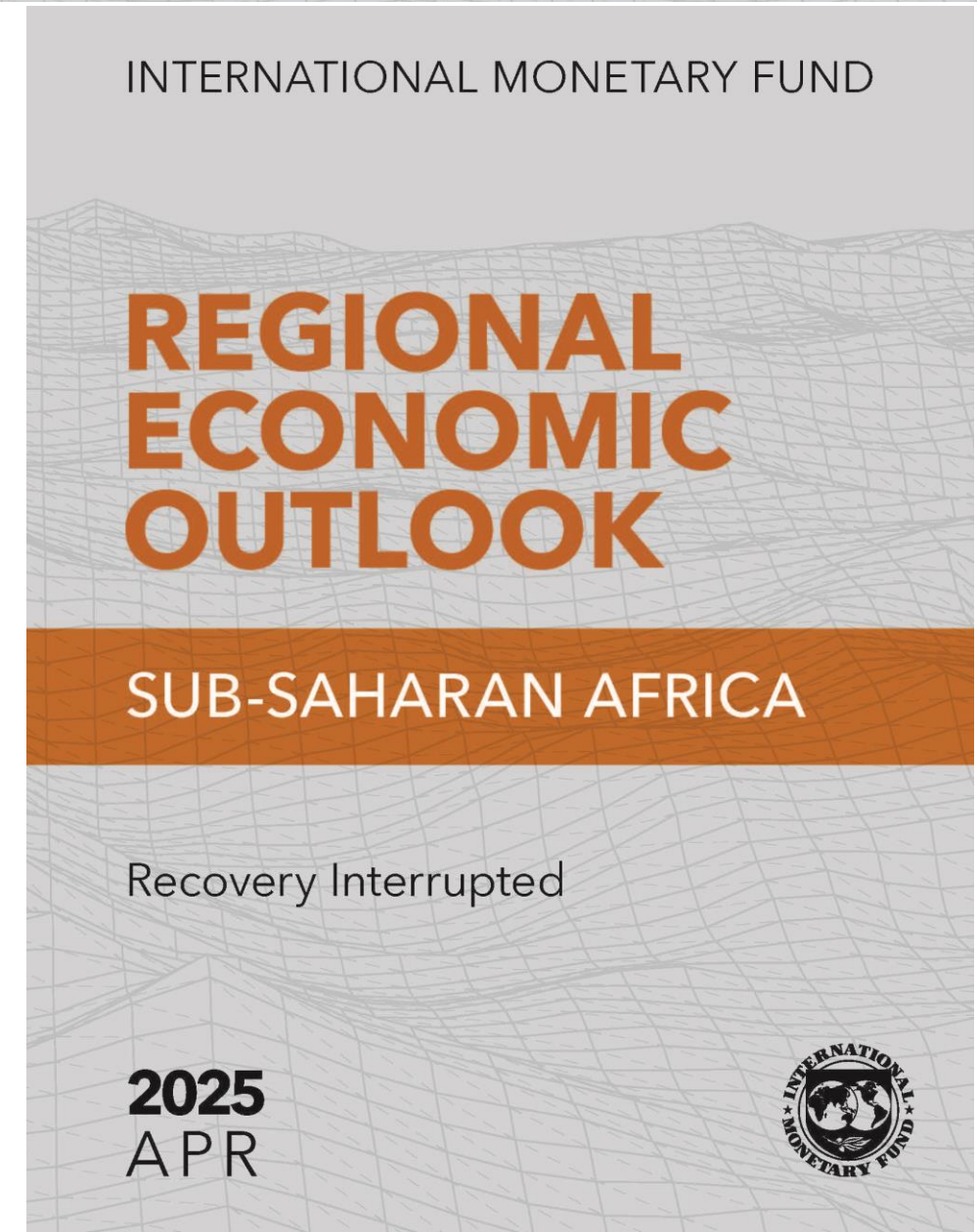
**Published twice a year**

## **Main Report**

- Recent developments, the outlook, and policy advice.

## **Two Analytical Notes**

- Debt stabilization.
- Fragility and conflict.



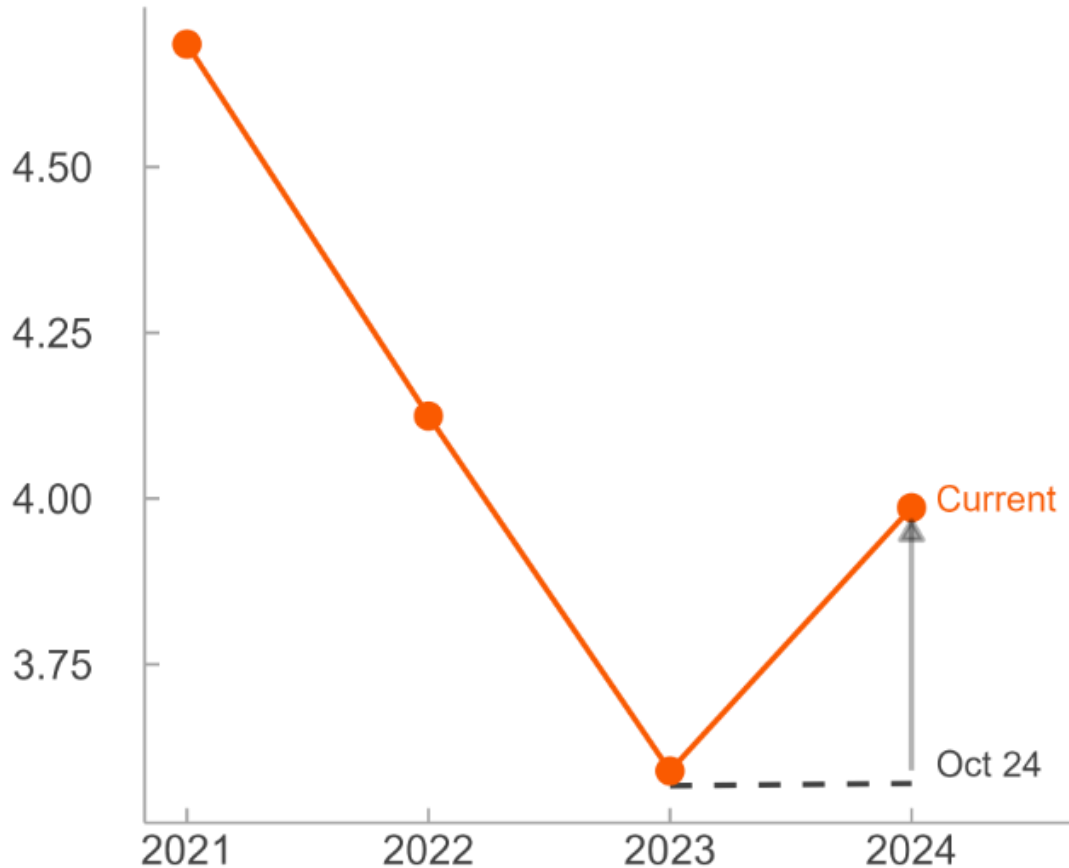


# **A LONG OVERDUE RECOVERY**

# A stronger-than-expected rebound last year

## Real GDP Growth, 2021-24

(Percent, current vs October 2024 projections)



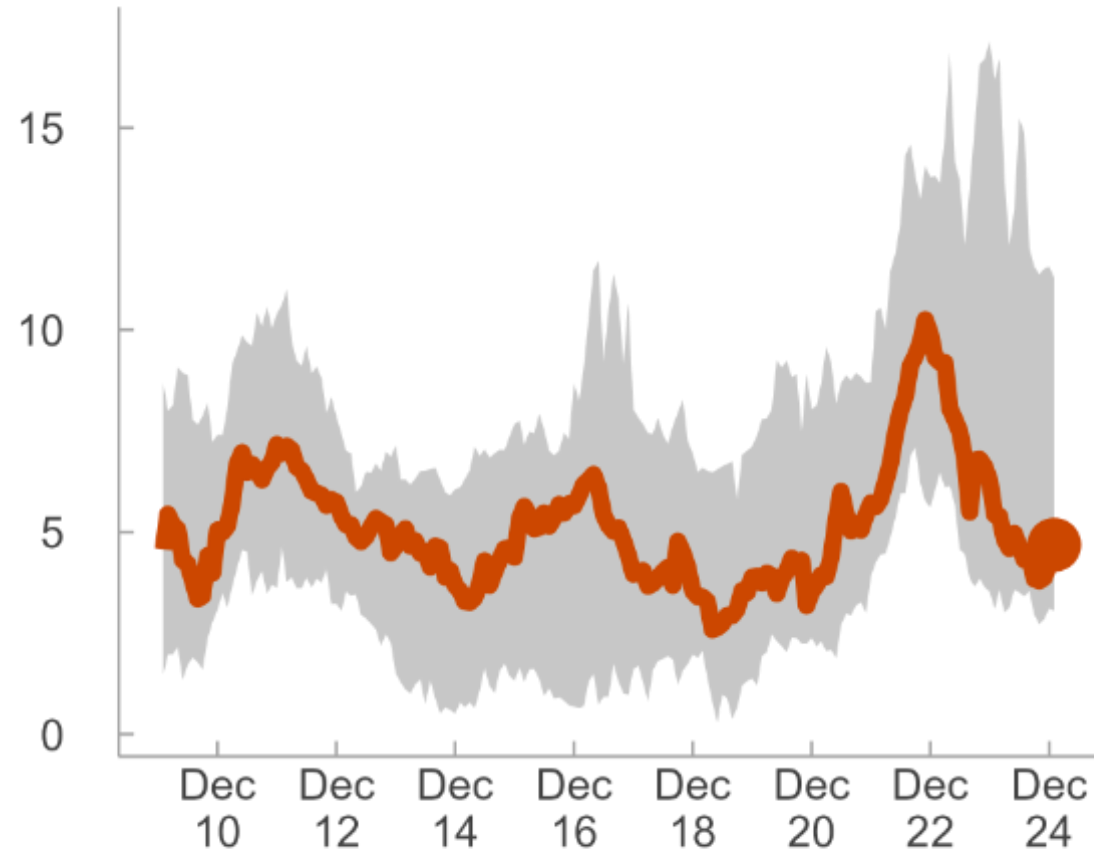
Source: IMF, World Economic Outlook database.

- In sub-Saharan Africa, **economic activity improved significantly in 2024**, exceeding expectations.
- High-frequency indicators suggest a pickup in growth momentum in the last quarter of the year.
- Activity especially strong in non-resource-intensive countries.

# with narrowing imbalances

## Headline Inflation, 2015-25

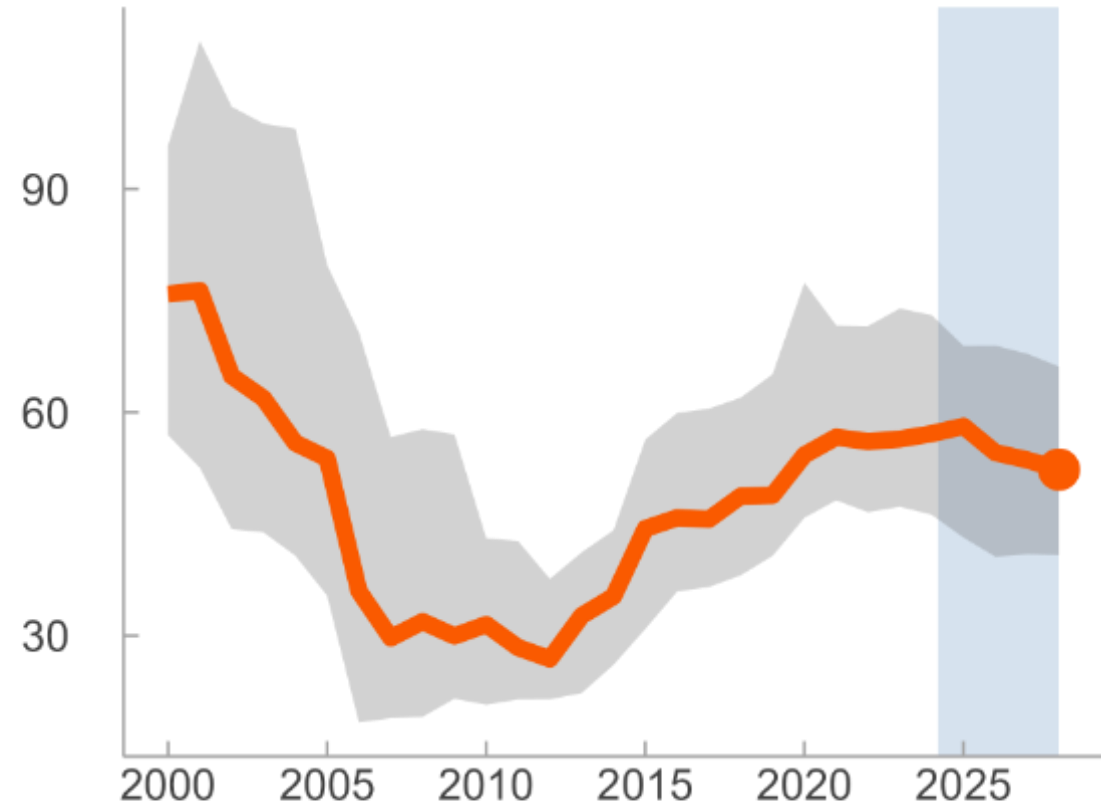
(Percent, year-over-year)



Sources: Haver Analytics; country authorities; and IMF staff calculations.

## Public Debt, 2000-28

(Percent of GDP, median)



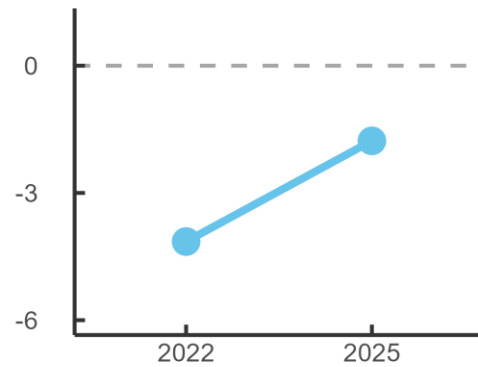
Source: IMF, World Economic Outlook database.

# both internal and external

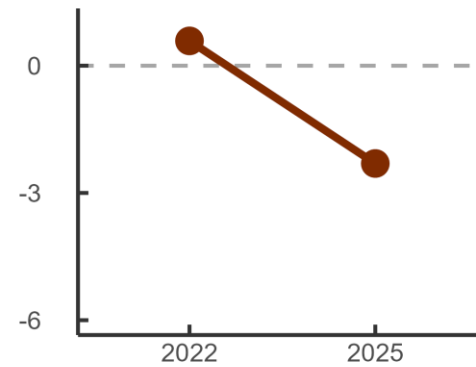
## Change in Fiscal Balance, 2022-25

(Percent of GDP, median for each group)

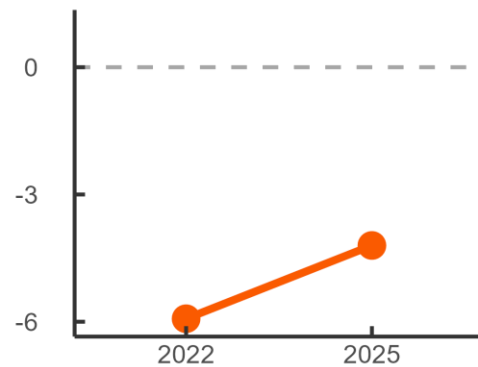
Non-resource-intensive countries



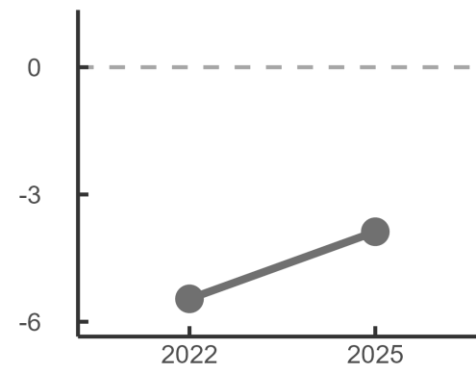
Oil exporters



Other resource-intensive countries



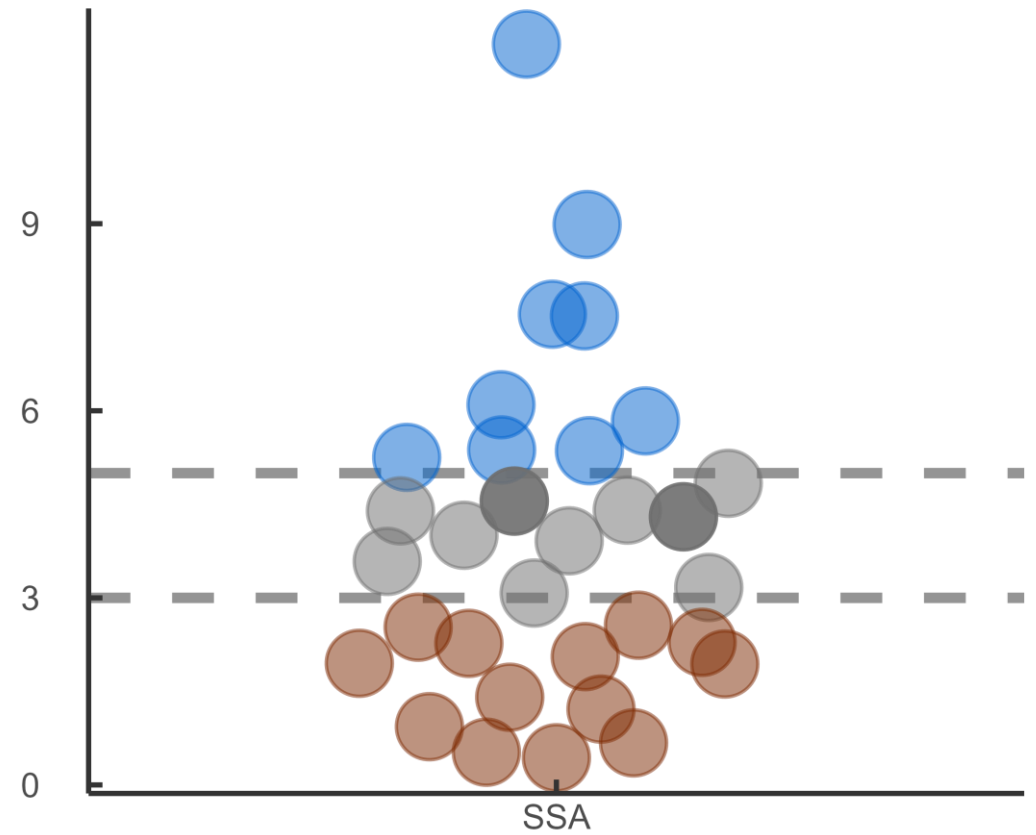
Sub-Saharan Africa



Source: IMF, World Economic Outlook database.

## Reserve Cover, 2024

(Months of imports)



Source: IMF, World Economic Outlook database.



# supported by tough policy choices

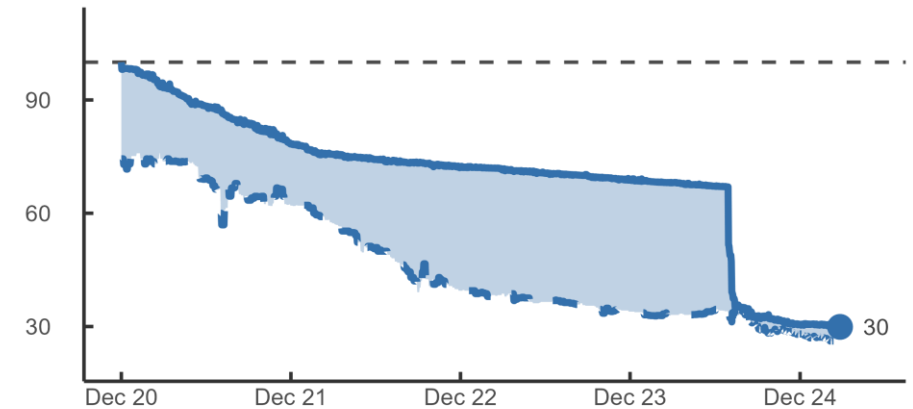
Several countries enacted **critical reforms, often under challenging conditions:**

- **Ethiopia:** 2024 exchange rate reform amid regional conflict spillovers.
- **Nigeria:** Lowered fuel subsidies and aligned exchange rates, despite flooding and food insecurity.
- **Madagascar:** Removal of tax expenditures; progressive reduction in transfers to SOEs.
- **Togo:** Adopted strategy to strengthen social safety net; prepared revenue mobilization strategy for 2025-26.

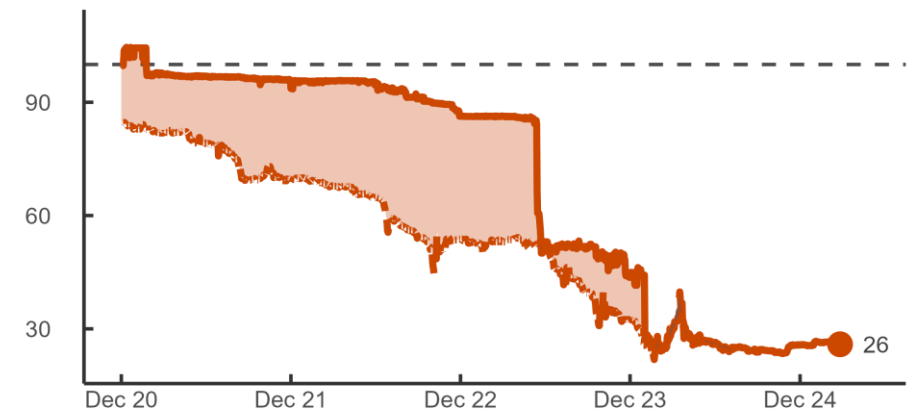
Exchange Rate versus US Dollar, Selected Countries, 2020-25

(Index, 31 Dec 2020 = 100, dashed line = parallel rate)

## Ethiopia



## Nigeria

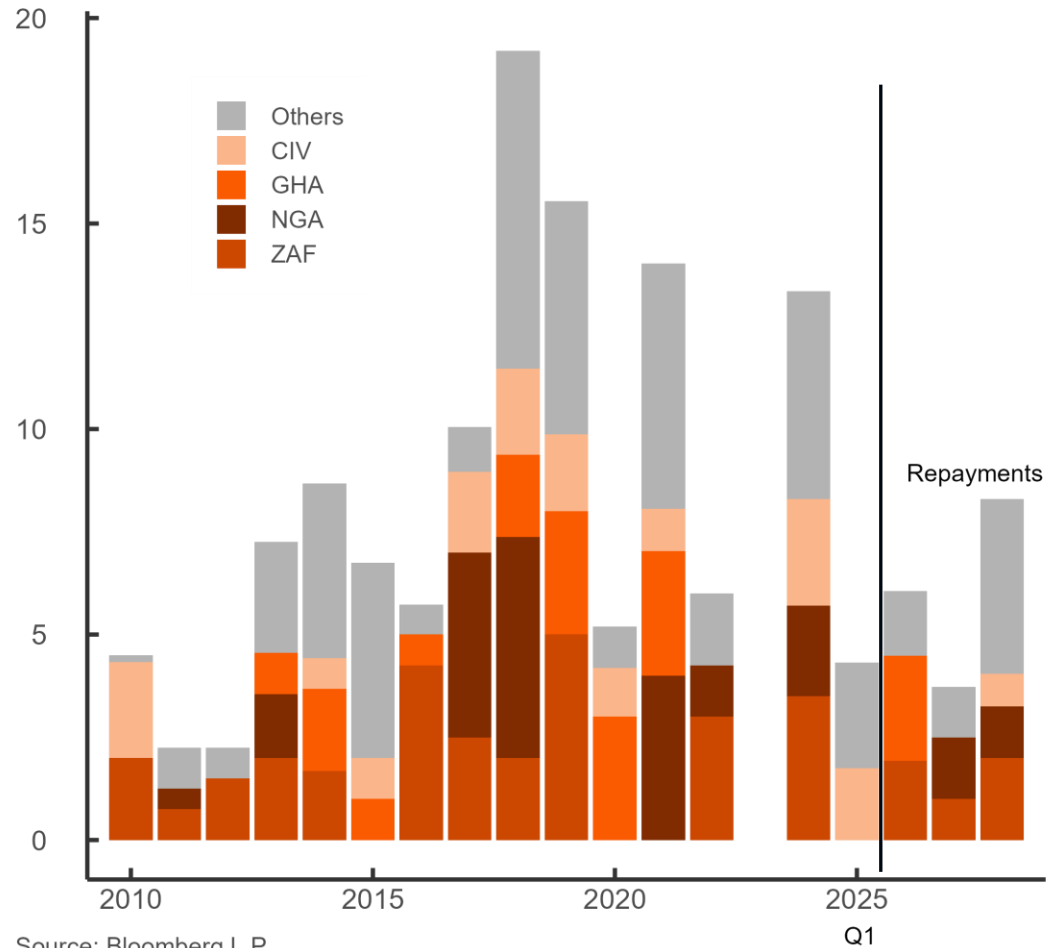


Source: Bloomberg, L.P.

# under financing constraints

## Eurobond Issuance, 2010-28

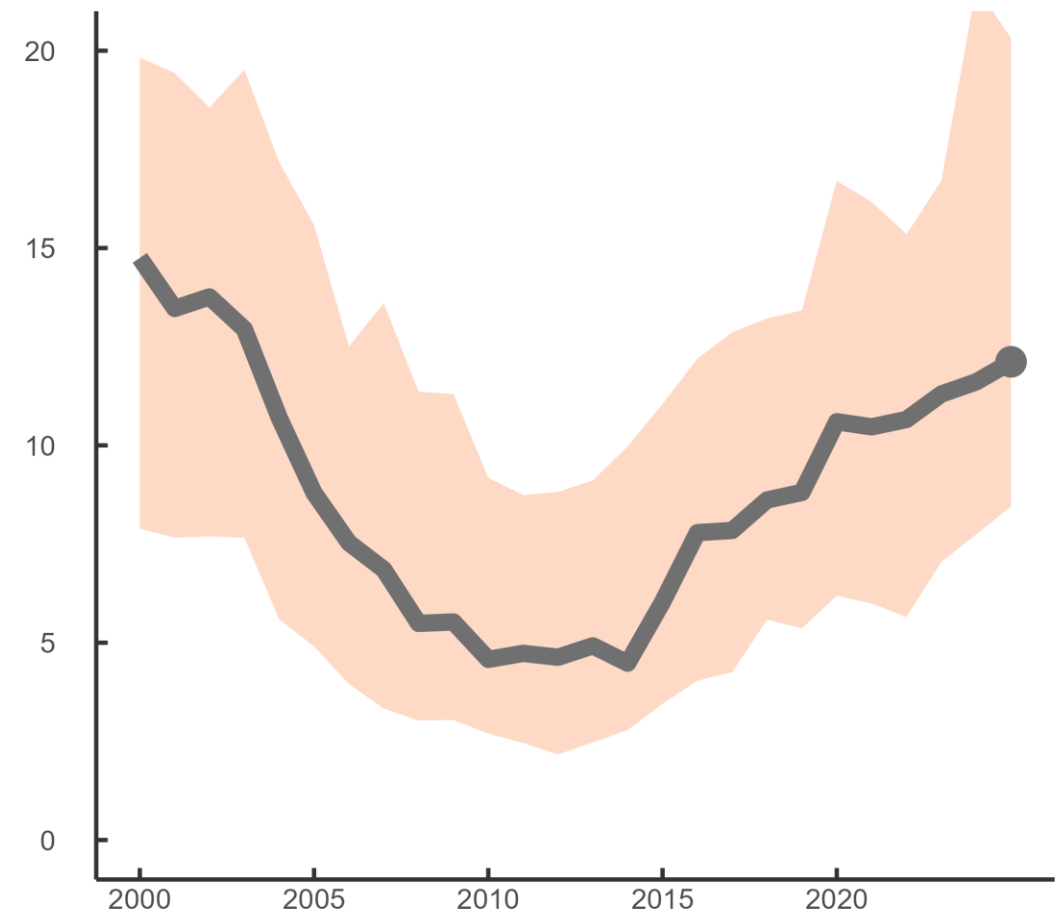
(Billions of US dollars)



Source: Bloomberg L.P.  
Note: As of March 2025.

## Interest Payments to Revenue, 2000-24

(Percent, excluding grants, median and 25-75 percentiles)



Source: IMF, World Economic Outlook database.



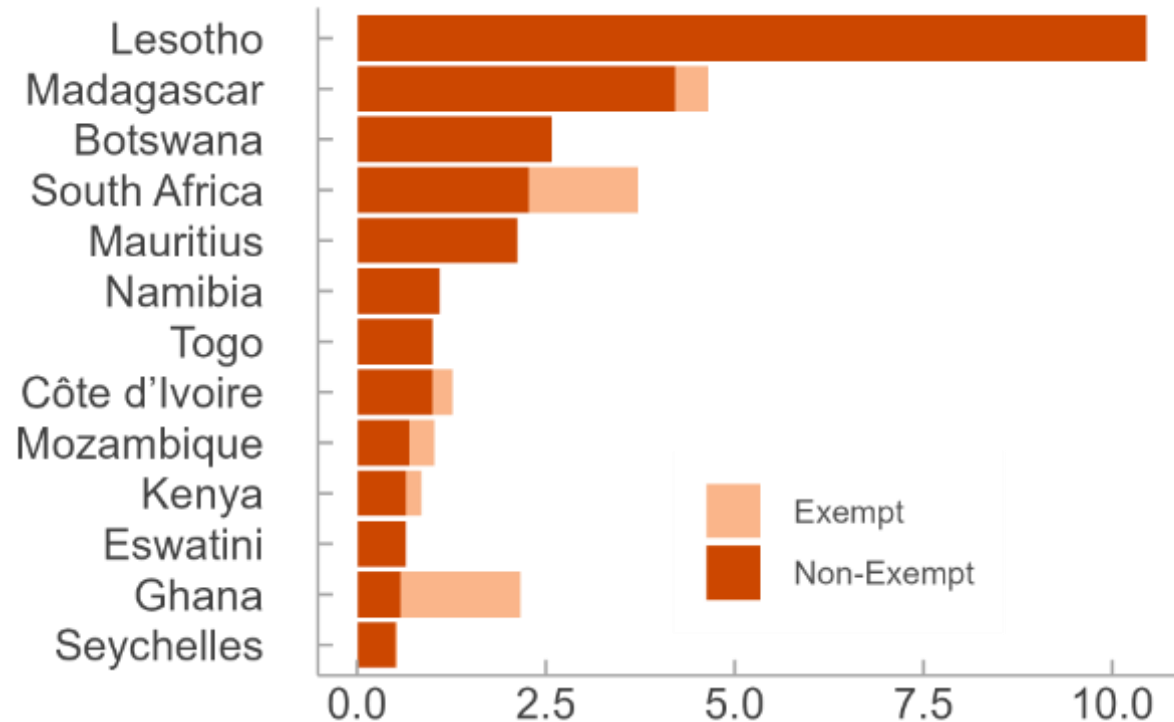
# RISING UNCERTAINTY



# A sudden shift in the external economic landscape

## Exports to the United States, 2023

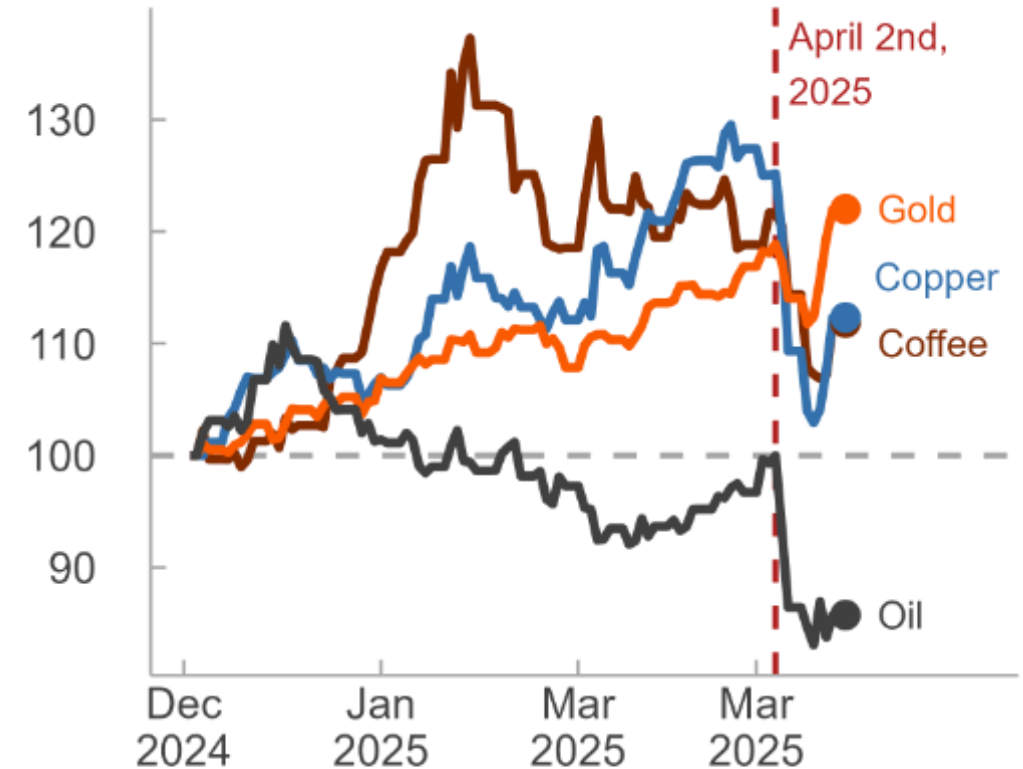
(Percent of GDP, countries where exports to the USA are larger than 0.5 percent of GDP)



Sources: United Nations, COMTRADE; Whitehouse.gov; IMF, World Economic Outlook database; and IMF staff calculations.

## Commodity Prices, 2025

(Index, Dec 31, 2024 = 100, as of Apr 13, 2025)

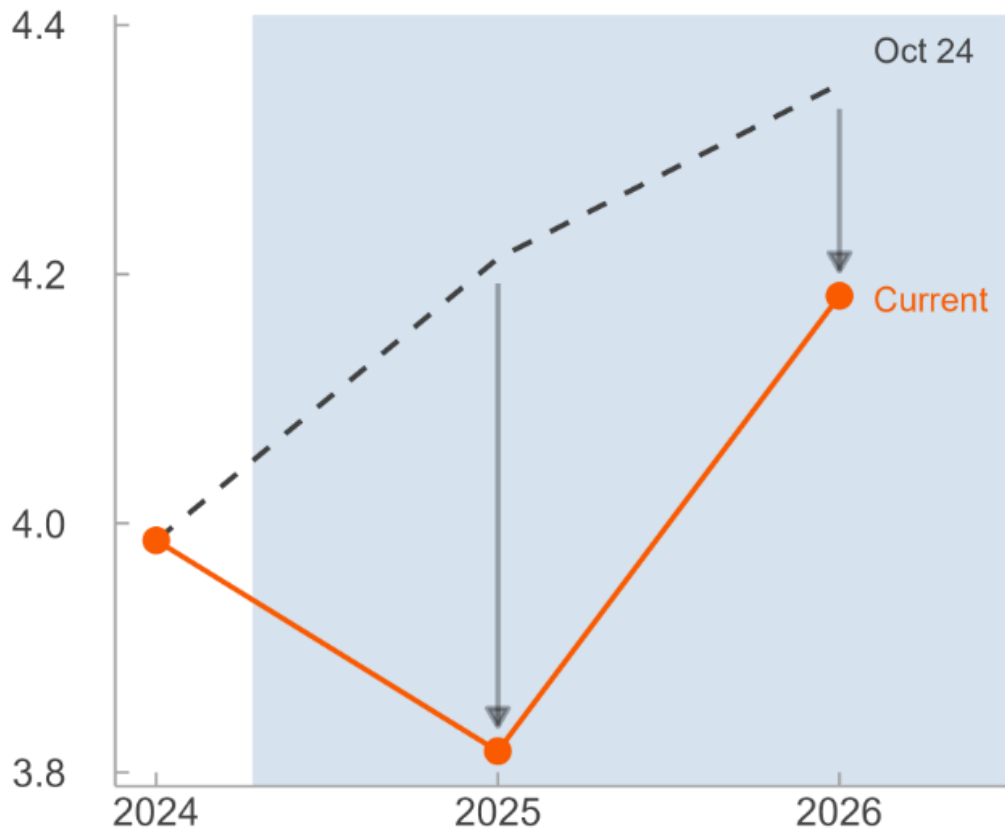


Source: Bloomberg L.P.

# has clouded the outlook

## Real GDP Growth, 2024-26

(Percent, current vs October 2024 projections)



Source: IMF, World Economic Outlook database.

Current changes in the global trade regime are projected to:

- Soften global growth.
- Weaken commodity prices.

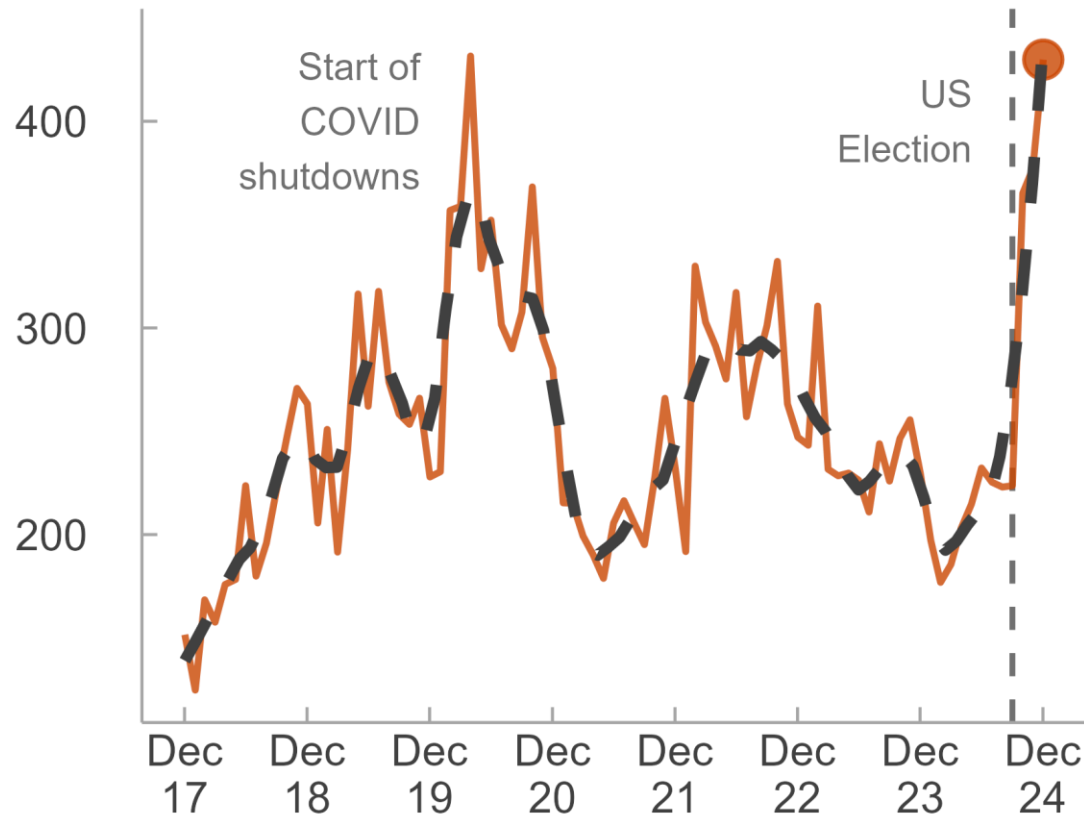
As a result,

- Regional growth is projected to decrease this year.
- Slowdown driven by oil exporters.
- Magnitude and duration of decline remain highly uncertain.

# and generated extreme uncertainty

## Global Economic Policy Uncertainty

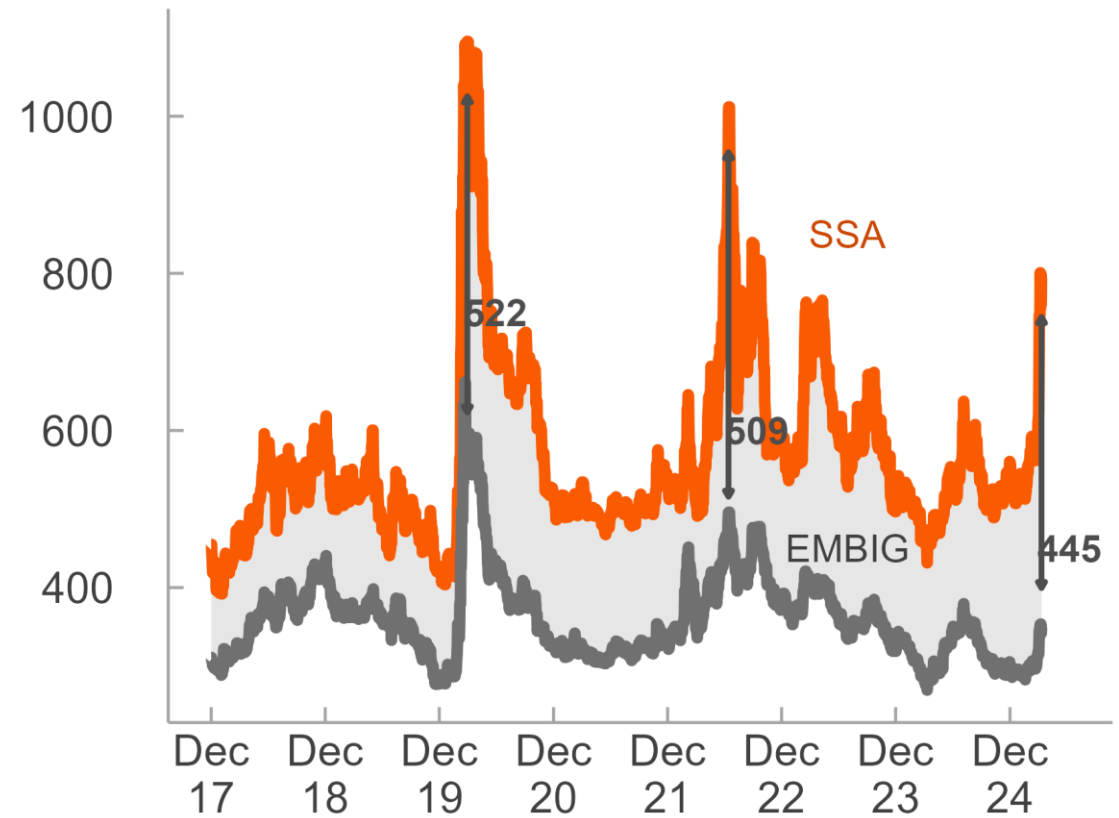
(Index, 1997-2015 = 100)



Sources: Baker, Scott R.; Bloom, Nick; Davis, Stephen J. via FRED®

## Sovereign Spreads

(Basis points, simple average)



Sources: Bloomberg L.P.; and IMF staff calculations

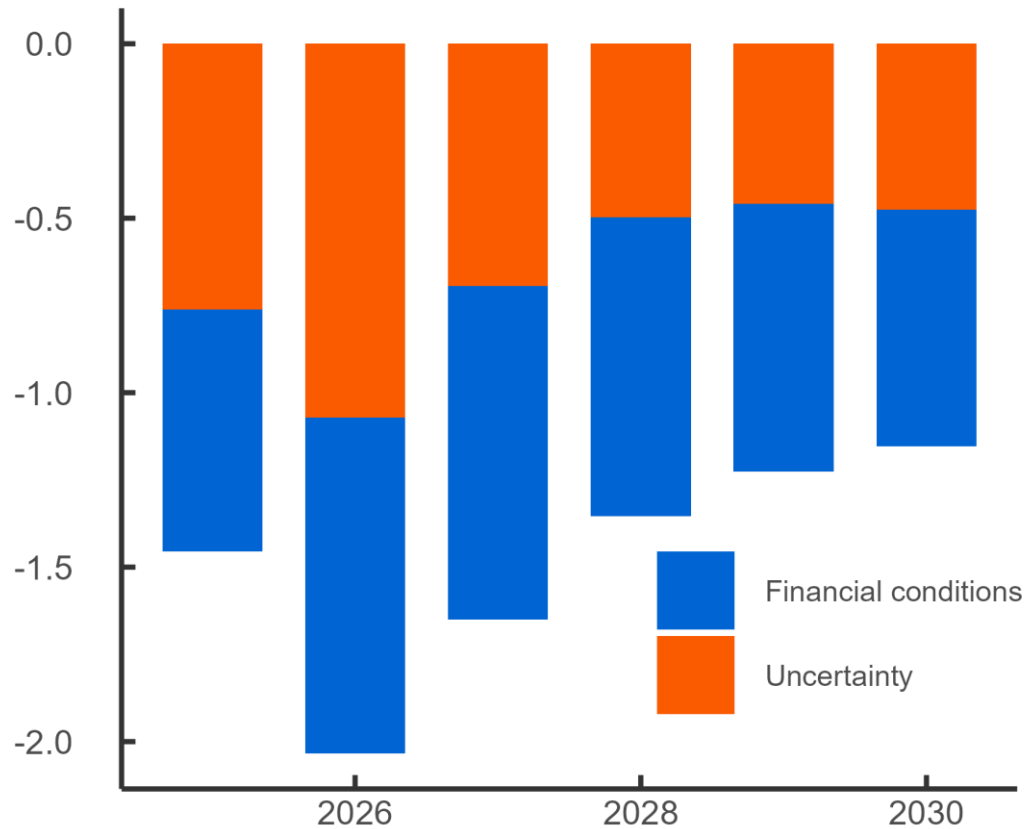
Note: Average includes ZAF, CIV, NGA, GAB, AGO, KEN, MOZ, NAM



# affecting the region through multiple channels

## Cumulative Impact of Shocks on Real GDP

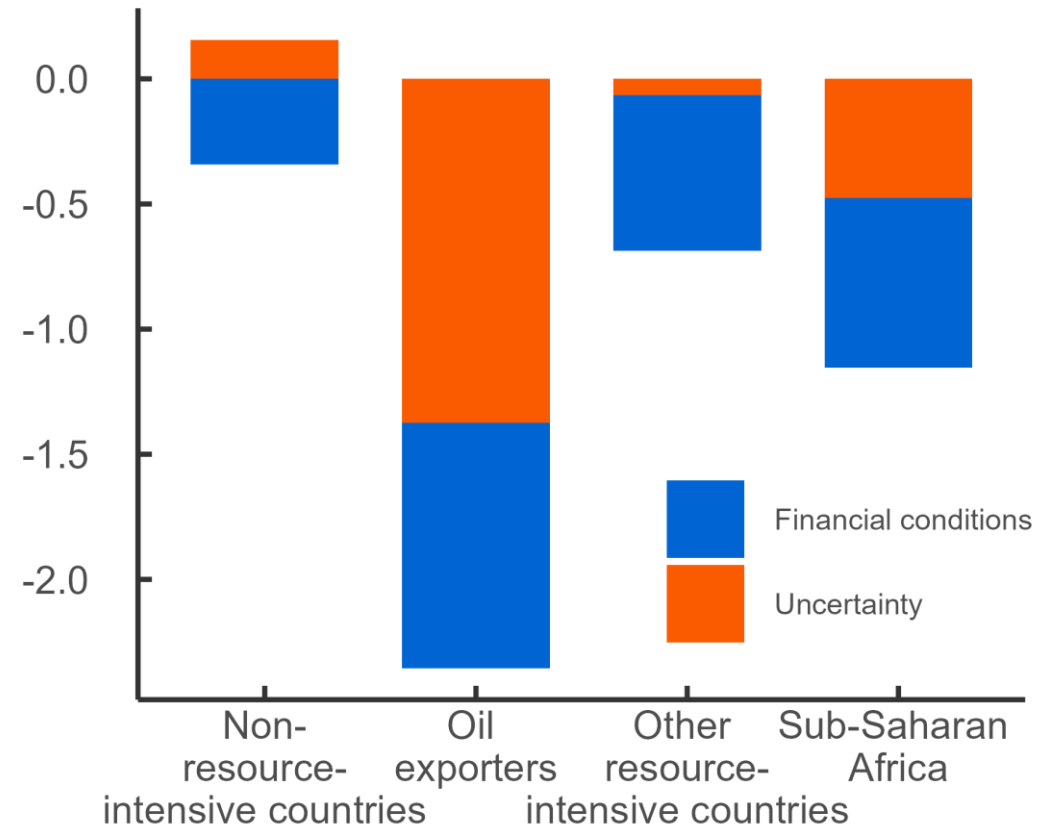
(Percentage points)



Source: IMF, AFRMOD model; and IMF staff Calculations.

## Medium-Term Impact on Real GDP

(Percentage points)

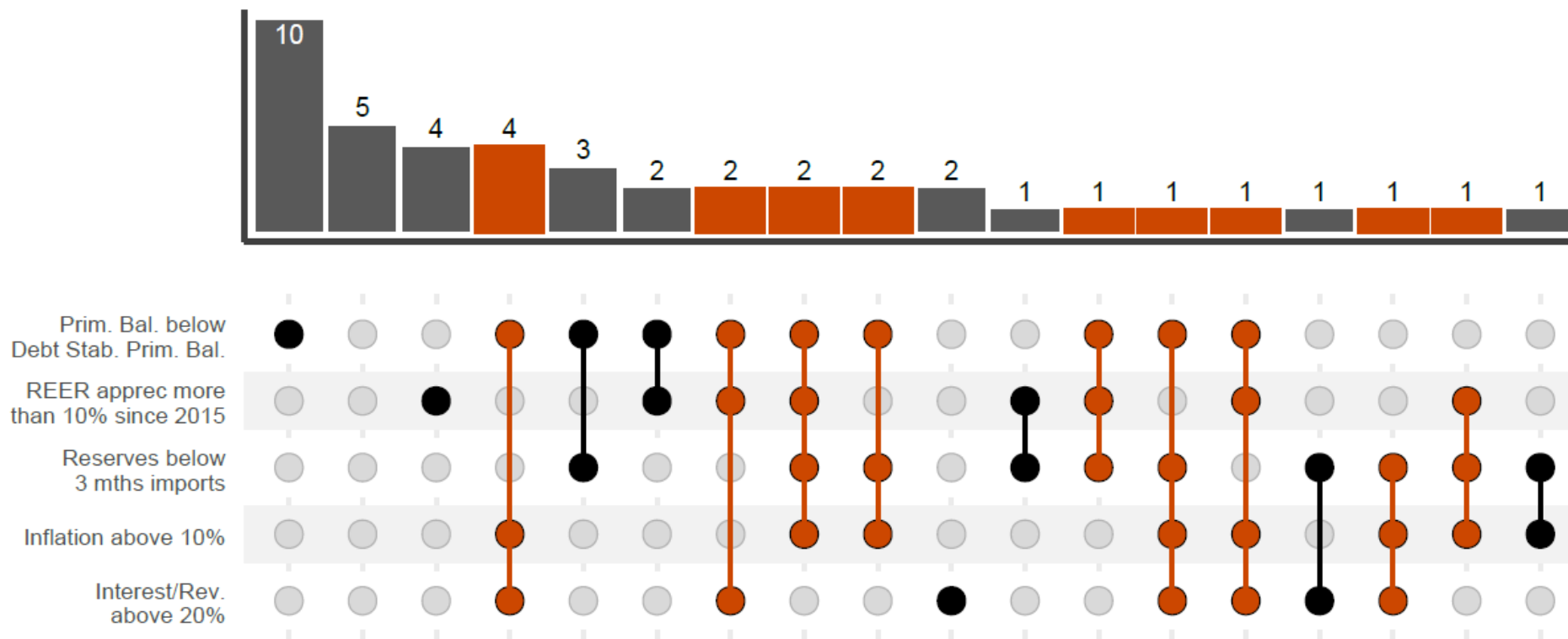


Source: IMF, AFRMOD model; and IMF staff calculations.

# Many countries are still vulnerable

## Overlap of Macroeconomic Imbalances, 2024

(No. of Countries in Intersection)



Sources: IMF, World Economic Outlook Database, IFS database

Note: The “upset chart” above shows all different combinations of the five key imbalances, along with the number of countries associated with each combination. For instance, 10 countries have their primary balance below the debt-stabilizing primary balance, but otherwise have no other imbalances. Combinations marked in orange represent groupings in which countries have three or more imbalances at the same time.

# A drop-off in aid

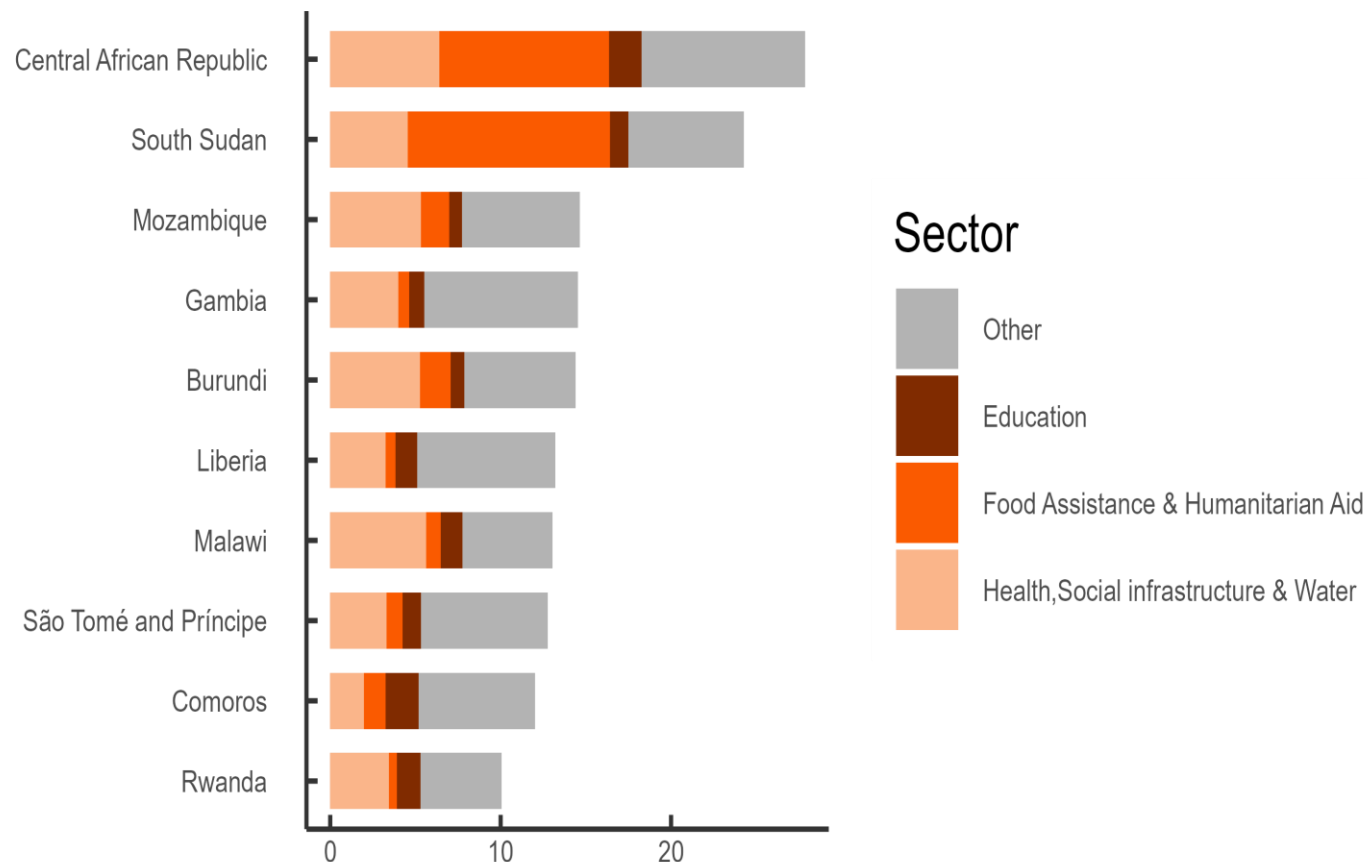
Many countries have announced cuts to foreign aid budget, with further reductions expected (Germany, Sweden, etc.):

- **US:** up to 53 percent cut to USAID programs (Mar).
- **Netherlands:** 30 percent cut (Feb).
- **Belgium:** 25 percent cut (Feb).
- **France:** 37 percent cut (Feb).
- **UK:** 40 percent cut (Mar).

Sources: Center for Global Development, Government NL, Devex, Le Monde, UK Parliament.

## Sub-Saharan Africa: 2023 Top Recipients of Official Development Assistance

Percent of GDP

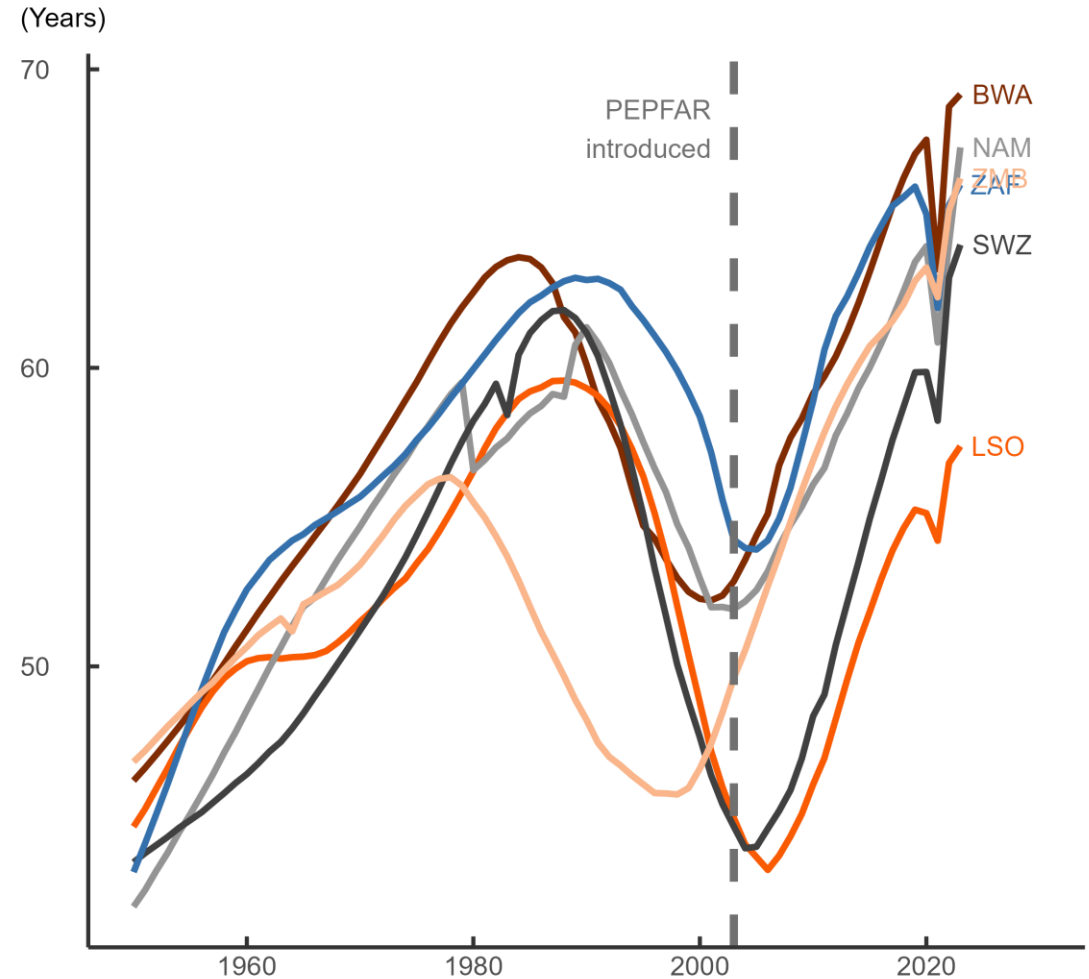


Sources: Organisation for Economic Co-operation and Development and Staff Calculations.

# will have a significant impact on the poorest countries

- Cuts in ODA are likely to prove persistent and will require **fiscal adjustment**.
- Even if cuts are temporary, countries have **limited and weakened borrowing capacity**.
- **Poorest LICs & FCS** are the most vulnerable.
- IMF: **tailored country engagement**, including through programs.

Life Expectancy at Birth, 1950-2023.



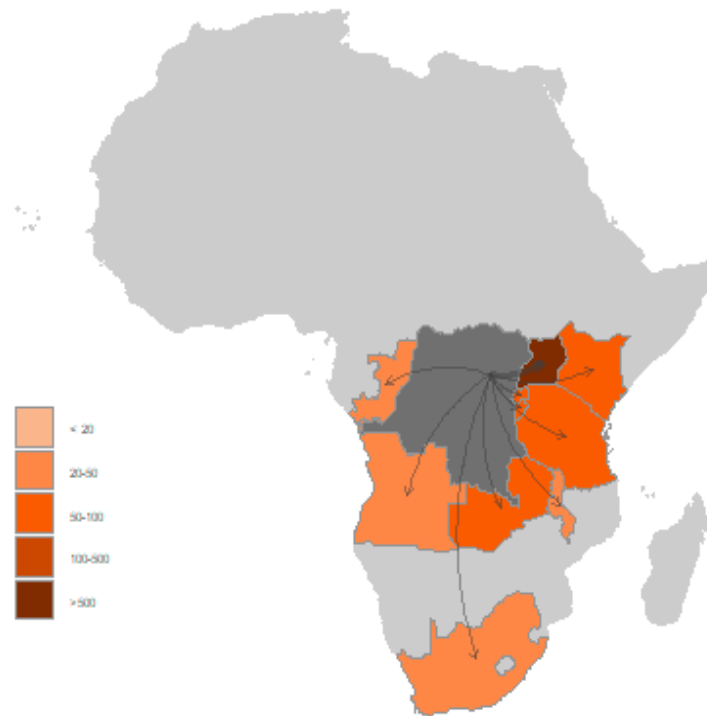
Source: OurWorldinData.org/life-expectancy



# And the region faces other persistent headwinds

## Top 10 Refugee and Asylum- Seeker Destinations from Democratic Republic of Congo, 2024

(thousands of people, as of Oct 2024)



Source: UNHCR  
Note: Internally Displaced Persons in Dem. Rep. Congo = 7 million

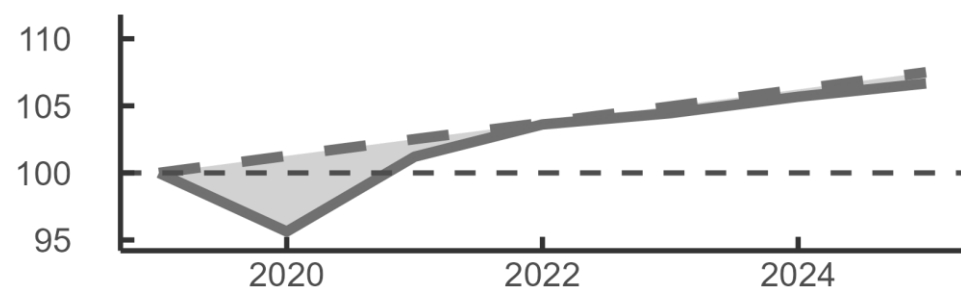
- Regional conflicts.
- Climate related shocks.
- Corporate sector vulnerability to higher financing costs.
- Banking sector vulnerability in low-income and fragile countries.

# threatening progress in living standards

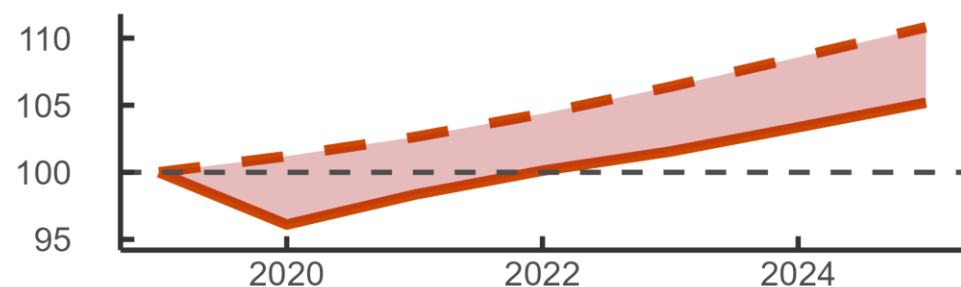
## Real GDP Per Capita

(Index, 2019=100, solid lines denote observed GDP per capita; dashed lines denote pre-COVID projections)

### Advanced economies



### Sub-Saharan Africa

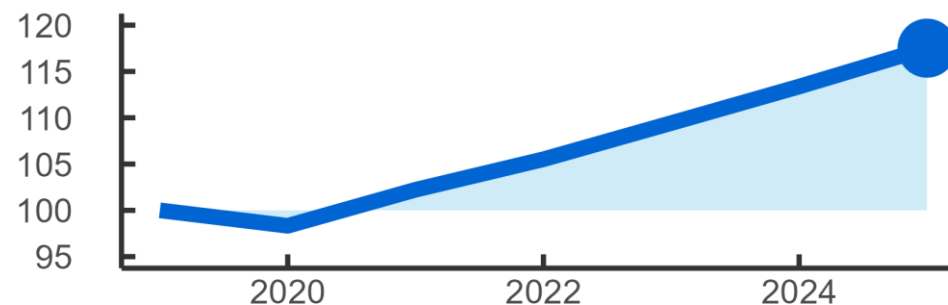


Source: IMF, World Economic Outlook database.

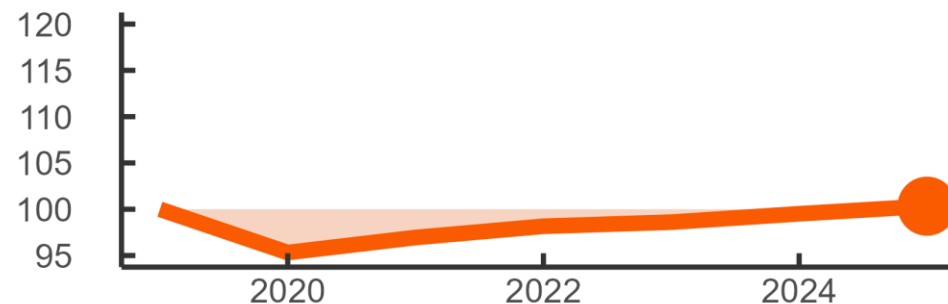
## Real GDP Per capita

(Index, 2019 = 100)

### Non-resource-intensive countries



### Resource-intensive countries



Source: IMF, World Economic Outlook database.

# MALAWI – Economic Forecasts

SELECTED INDICATORS	2024	2025	2026
	<i>(actual)</i>	<i>(Projections)</i>	
Real GDP Growth (%)	1.8	3.5	4.3
Consumer Prices, Annual average (%)	32.2	24.2	11.5
Overall Fiscal Balance (% of GDP)	-8.1	-8.9	-7.6
Government Debt (% of GDP)	74.4	73	73.4
Current Account Balance (% of GDP)	-21.8	-14.7	-13.1
Reserves (months of imports)	0.4	1.8	2.7

Source: IMF, Common Surveillance database and IMF, April 2025 WEO Database

# POLICY MAKING: MORE SHOCKS, TOUGHER TRADEOFFS



**Fiscal Policy**



**Monetary Policy**

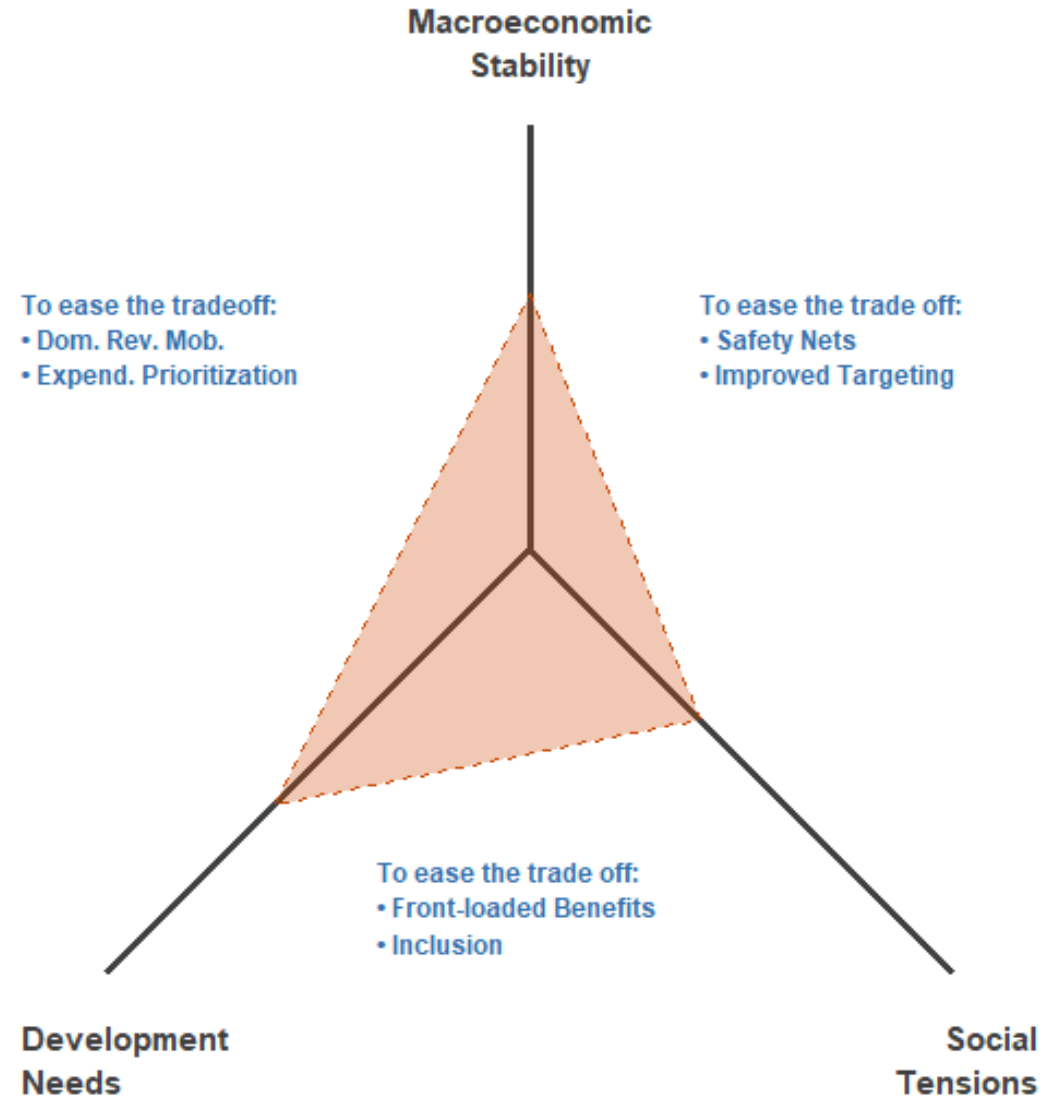


**Structural Reforms**



# More work to be done, despite significant progress

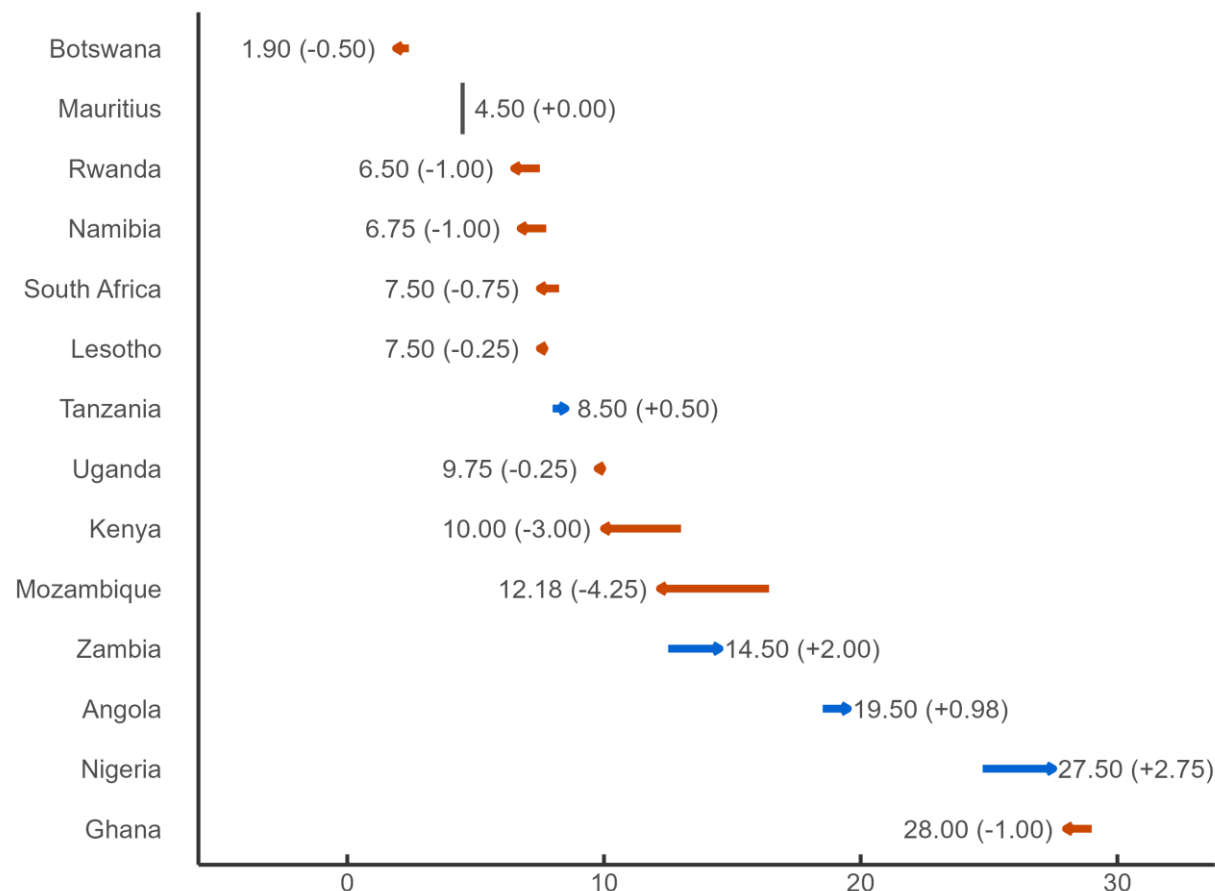
## Policy Maker's Trilemma



# Monetary policy: taming inflation

## Changes in Policy Rates, March 2025

(Percent)



Source: Haver Analytics.

Many countries had started monetary easing cycle.

Now will be critical to **adapt rapidly to shocks**:

- **High-inflation countries:** **Keep monetary policy tight** and anchor expectations, with fiscal policy support as needed.
- **Low-inflation countries:** Consider easing to support growth but **stay cautious**.

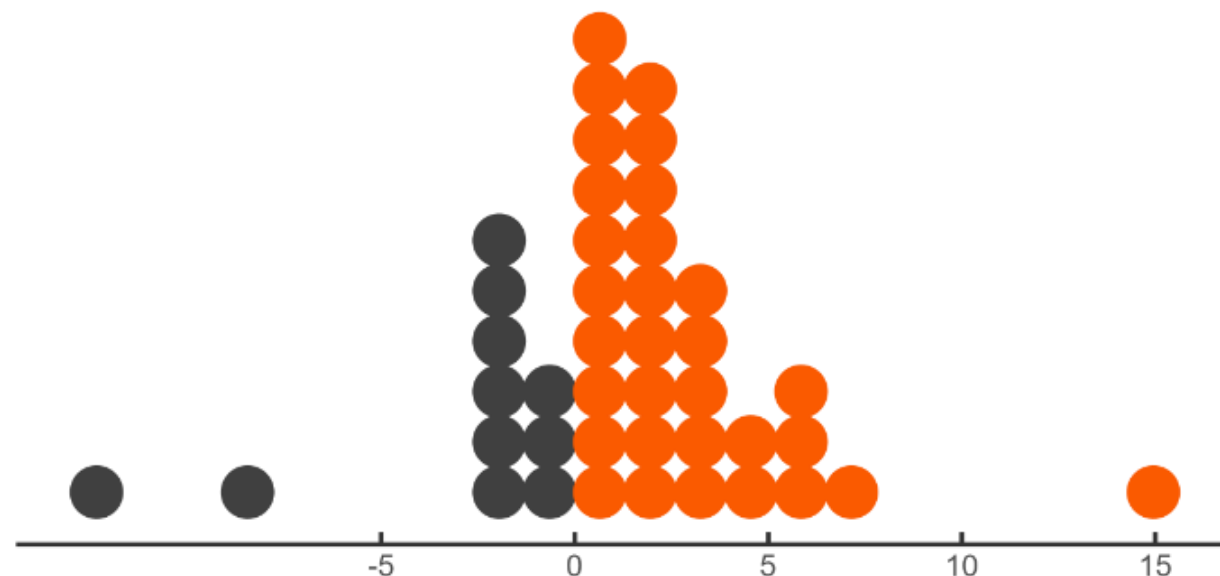
# Fiscal policy: staying the course

With elevated debt and limited financing, **countries must do more with less**, carefully balancing pressing needs against high vulnerabilities:

- **Raise revenues** to rebuild buffers.
- Improve **spending efficiency**.
- **Reform SOEs**.
- Strengthen **resilience to shocks**.
- Calibrate **pace of adjustment**.
- Garner **public support**.

## Fiscal Adjustment Needed to Stabilize Debt Below 70% of GDP

(Percent of GDP, number of countries)



Sources: Country authorities; and IMF staff calculations.

Note: 70-percent threshold represents top one-third of countries. For countries below this threshold, adjustment stabilizes debt at end-2024 level. For those above, adjustment brings debt to 70 percent over the forecast horizon.

# Addressing debt service challenges: Three pillar approach

**Domestic  
Reform  
Agenda**

**External  
Financial  
Support**

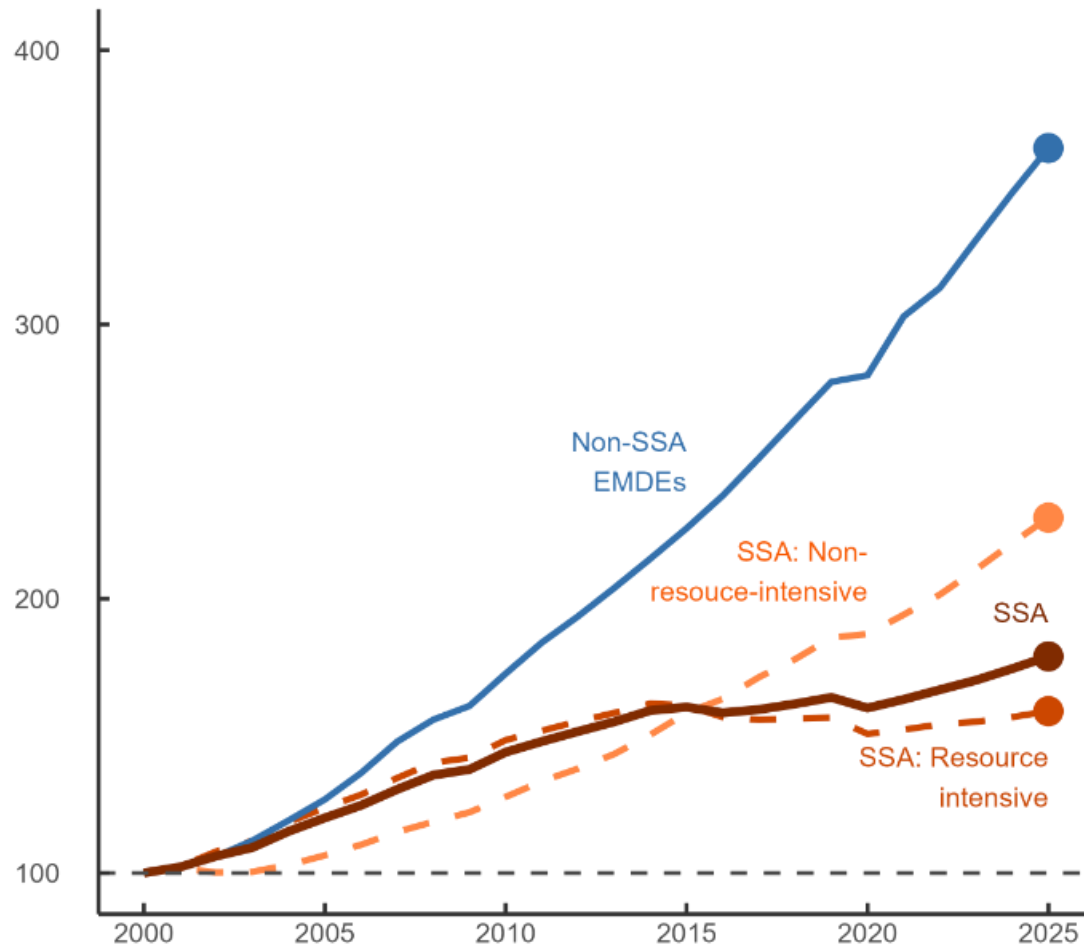
**Reducing  
Debt Service  
Burden**



# Structural reforms: Laying the Grounds for Transformative Growth

Real Per Capita GDP, 2000-25

(Index, 2000 = 100)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.

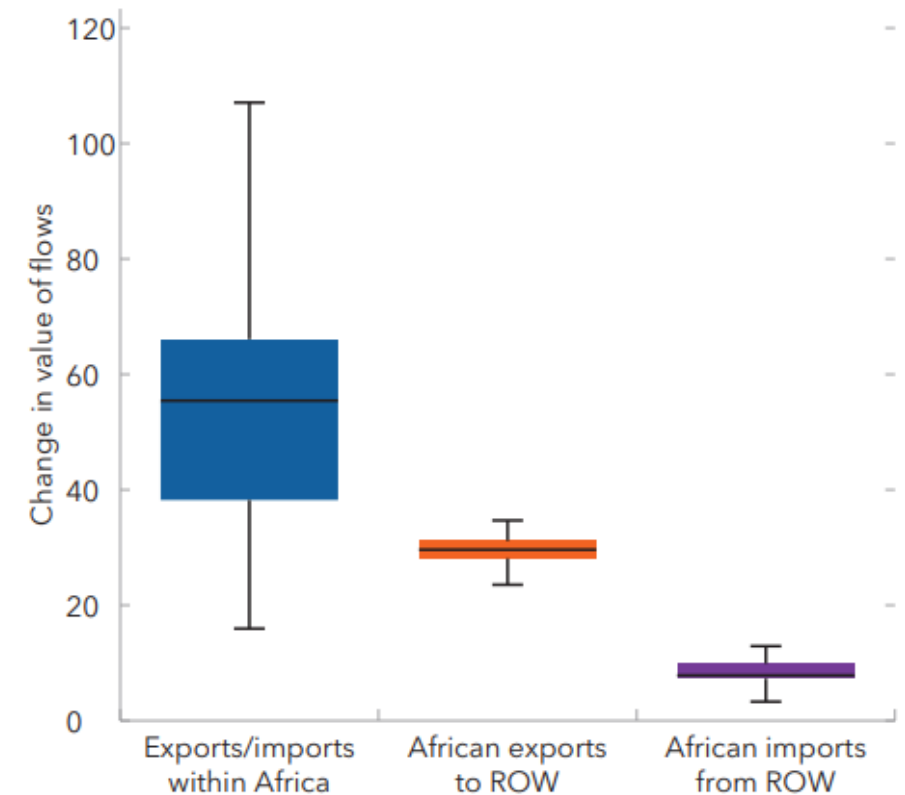
The region faces shocks, stagnant incomes, and high youth unemployment, requiring private-sector growth and continued reforms:

- **Private-sector growth:** Strengthen governance, business climate, skills and infrastructure.
- **Job creation:** Ease formal sector barriers and boost informal sector productivity.
- **Resilience:** Expand regional trade and financial integration, strengthen defenses against shocks.

# African Continental Free Trade Area (AfCFTA): an opportunity to lift trade, growth, and living standards

- Intra-African trade hampered by high tariff and non-tariff barriers, despite various Regional Economic Communities.
- AfCFTA established in 2018, ratified by 48 out of the 54 signatories (October 2024). Offers **significant opportunity** to increase intra-regional trade.
- Many countries plan to eliminate tariffs on 90% of goods and comprehensively liberalize service sectors.
- **Sustained policy efforts are essential** to realize the full benefits:
  - Implement planned tariff reductions.
  - Address non-tariff barriers, including “behind-the-border” barriers.
  - Improve infrastructure and develop workforce skills.

## Effects of AfCFTA+ on Trade by Partner (Percent)



Source: IMF, 2023, “Trade Integration in Africa”, Departmental Paper 23/3.

Note: “AfCFTA+” denotes tariffs cut to 1/10<sup>th</sup> of their current level; non-tariff measures cut by 1/2; trade infrastructure, financial development, and security raised to the level of the next-best performing Free Trade Area.

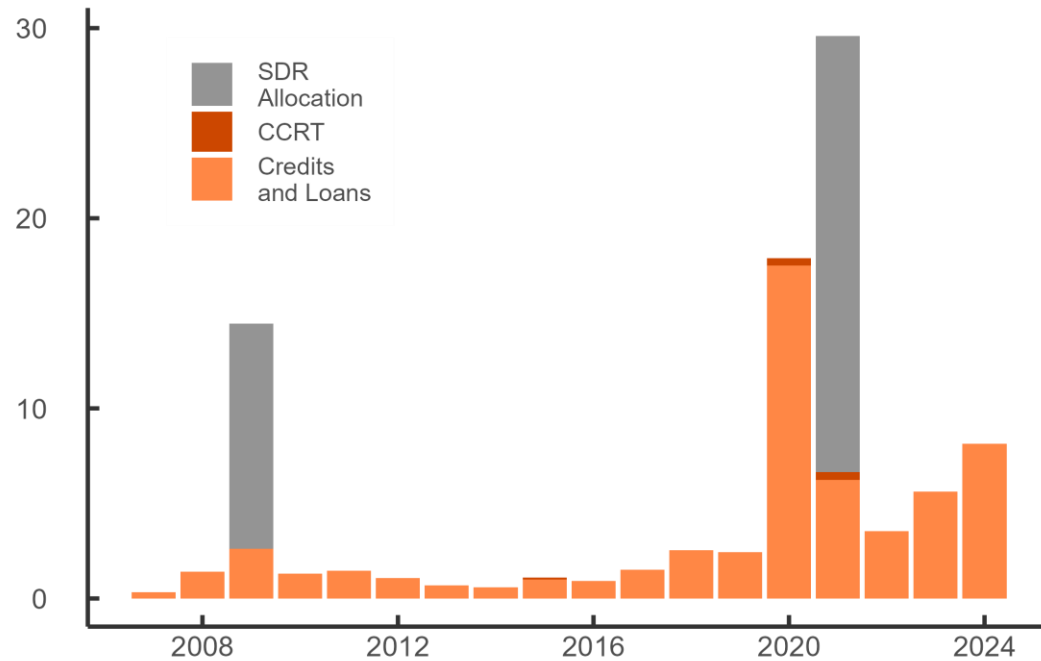
# Energy sector and broader SOE reforms

- **SOE reform** critical for supporting growth and public finances.
- In **energy sector**, as well as transportation, telecommunications, water...
- Focus on improved **governance** as the basis for greater **efficiency**.
- Supported by **subsidy reform**, which requires...
- stakeholder **engagement**, **stronger social safety nets**, and **confidence in public institutions**.

# The IMF will remain closely engaged

## IMF Disbursements, 2010-24

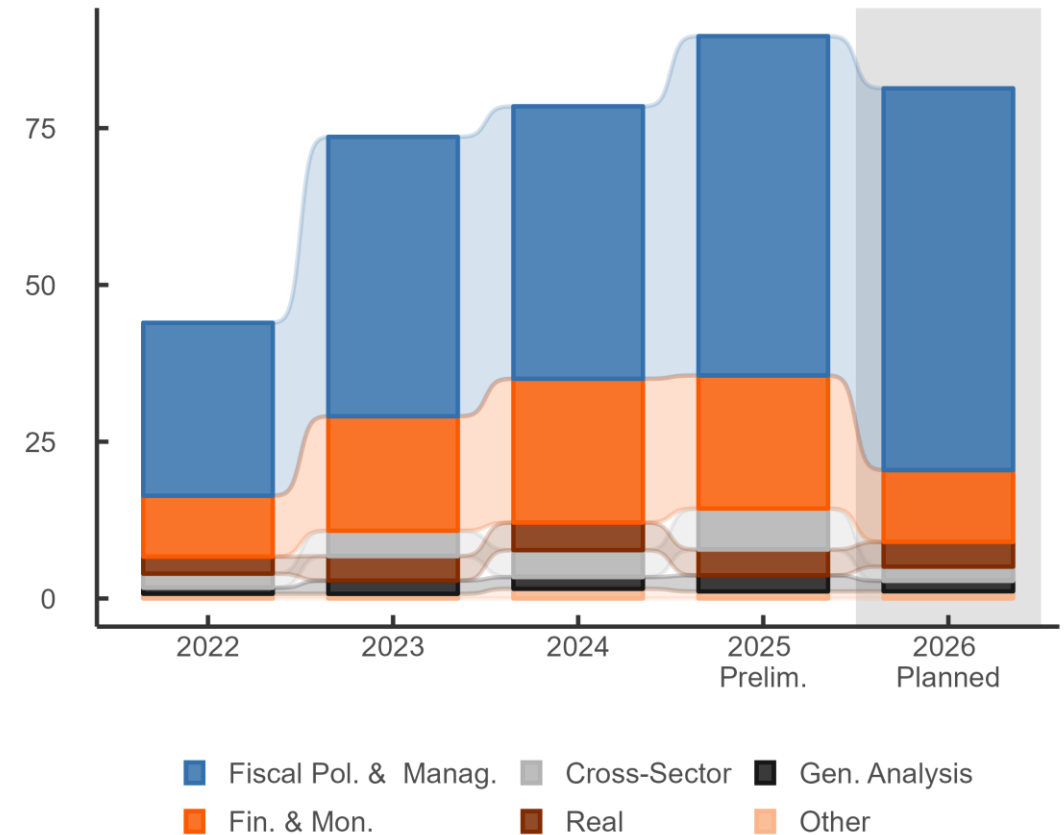
(Billions of US dollars)



Source: IMF, International Financial Statistics database.

## AFR Capacity Development Spending, Actual and Planned, by Sector, FY2022-26

(Fiscal year, millions of US dollars)



Source: IMF, CDMAP database.

Note: Amounts for FY2025 are preliminary; for FY2026 are planned, and will be revised upwards as projects are finalized.



# Key Takeaways

## 3 positive trends

- A long overdue recovery.
- Imbalances are narrowing.
- Market access has improved.

## 3 challenges

- Vulnerabilities remain in many countries.
- Fast-changing global environment with significant uncertainties.
- Funding squeeze likely to prove persistent.

## 3 policy priorities

- **Cautious** and calibrated but continued policy adjustments.
- **Consistent** structural reforms to boost growth, support diversification, create jobs, and build resilience.
- Clear and **credible** communication.

# ANALYTICAL NOTES

# Breaking the Trend: Debt Stabilization in Sub-Saharan Africa

INTERNATIONAL MONETARY FUND

## REGIONAL ECONOMIC OUTLOOK NOTES

### SUB-SAHARAN AFRICA

Breaking the Trend: Debt Stabilization  
in Sub-Saharan Africa

2025  
APR



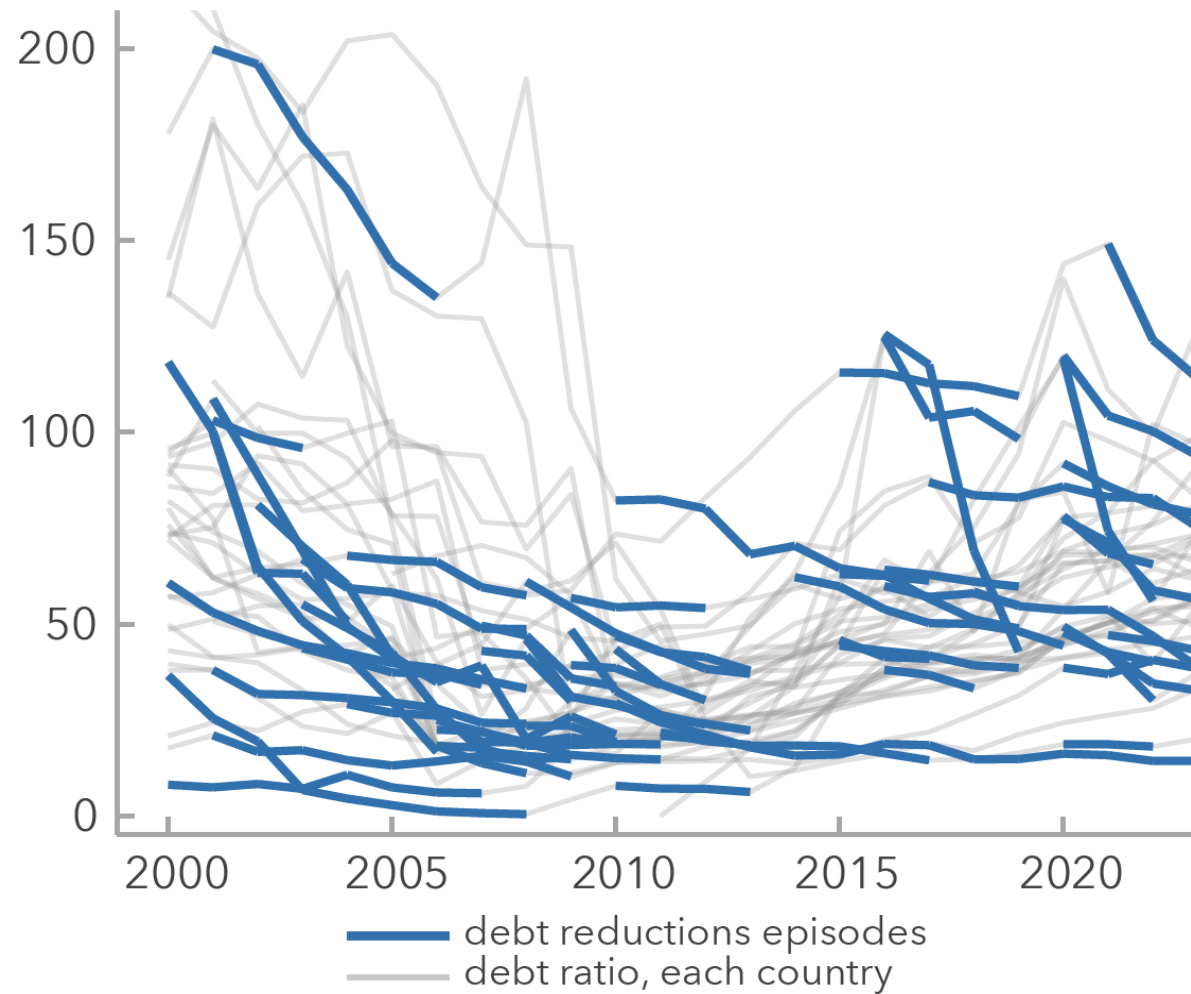
Across sub-Saharan Africa  
debt consolidations have been  
**frequent** and **significant**



What can we learn from these successes?

# Breaking the Trend: Debt Stabilization in Sub-Saharan Africa

**Public Debt, 2000–23**  
(Percent of GDP)



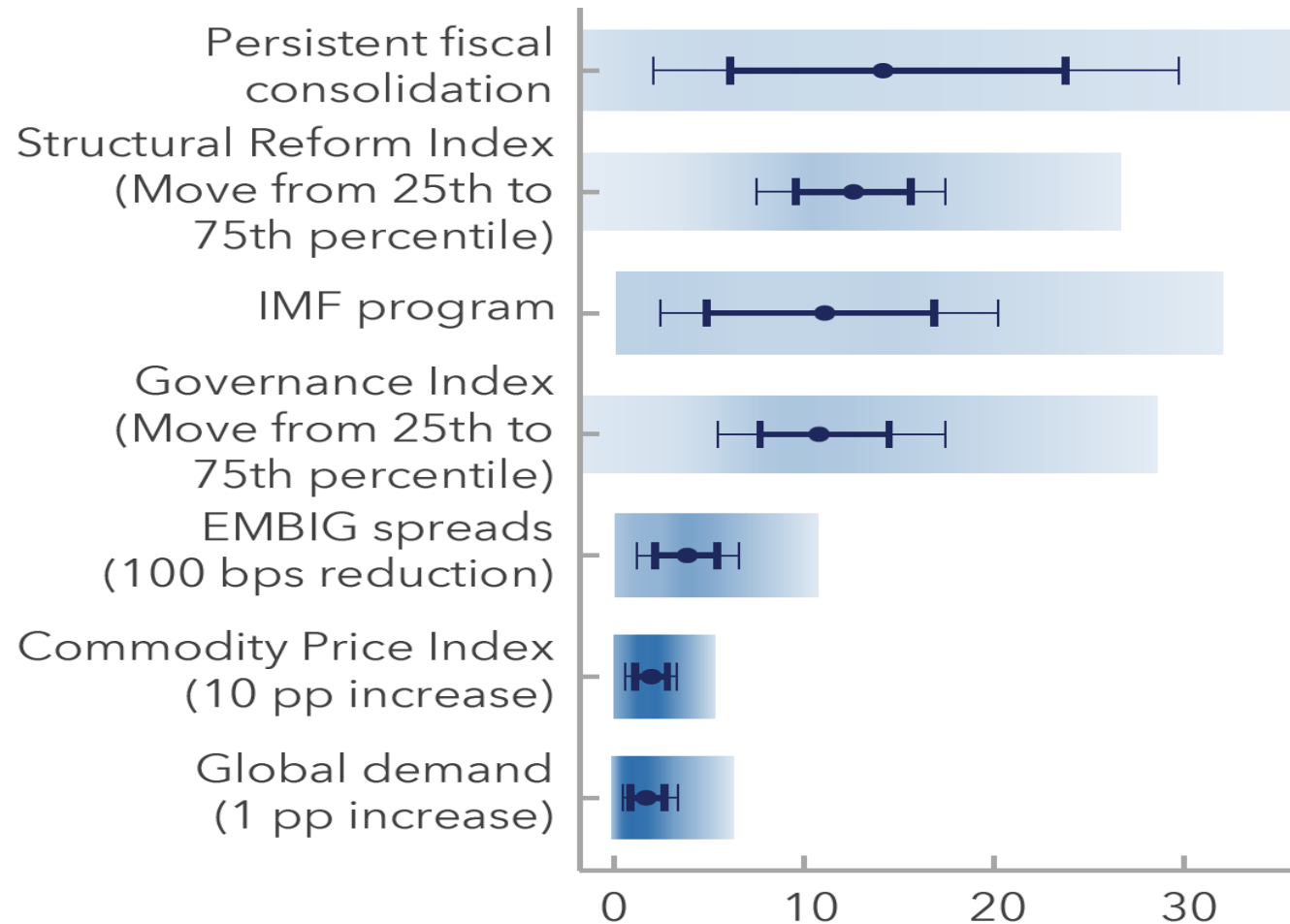
Sources: IMF, World Economic Outlook database and IMF staff calculations.



# Breaking the Trend: Debt Stabilization in Sub-Saharan Africa

## Drivers of Debt Reduction Episodes

(Percent increase in probability of observing an episode)



Sources: IMF, World Economic Outlook database; World Bank, World Development Indicators database; and IMF staff calculations.

# Pushed to the Brink: Fragility and Conflict in Sub-Saharan Africa

INTERNATIONAL MONETARY FUND

## REGIONAL ECONOMIC OUTLOOK NOTES

### SUB-SAHARAN AFRICA

Pushed to the Brink: Fragility and Conflict  
in Sub-Saharan Africa

**2025**  
**APR**



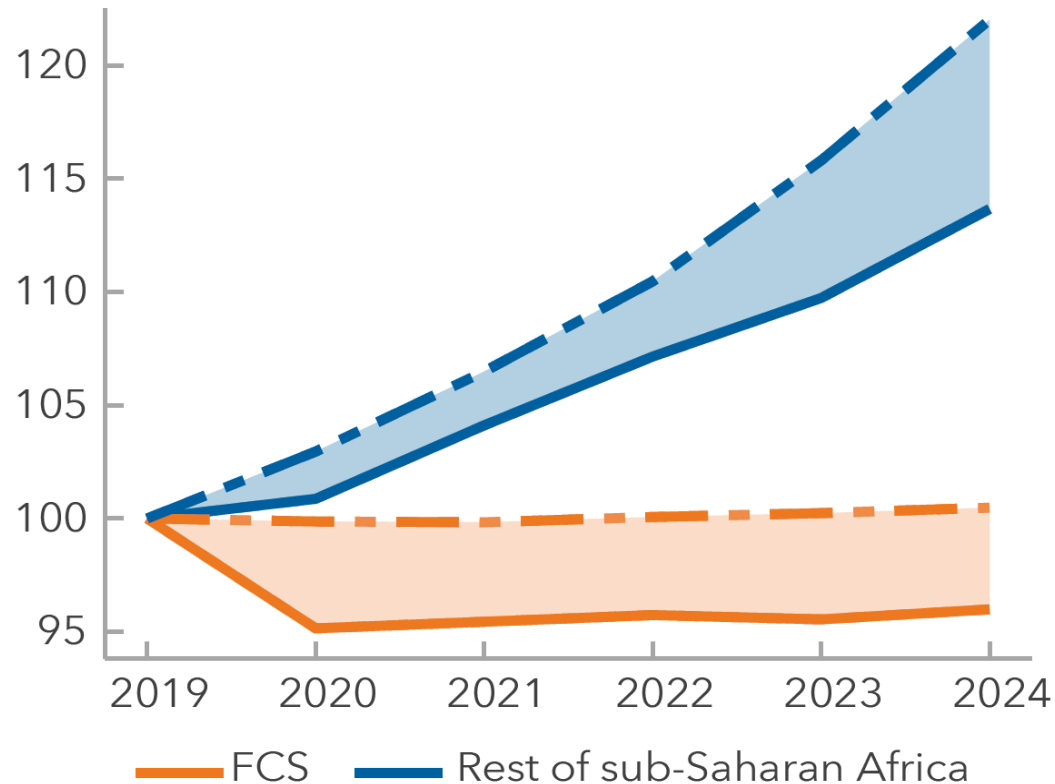
**Innovative policy can spur growth**  
for sub-Saharan African countries  
emerging from fragility.



# Pushed to the Brink: Fragility and Conflict in Sub-Saharan Africa

## Covid-19 and Growth Divergence

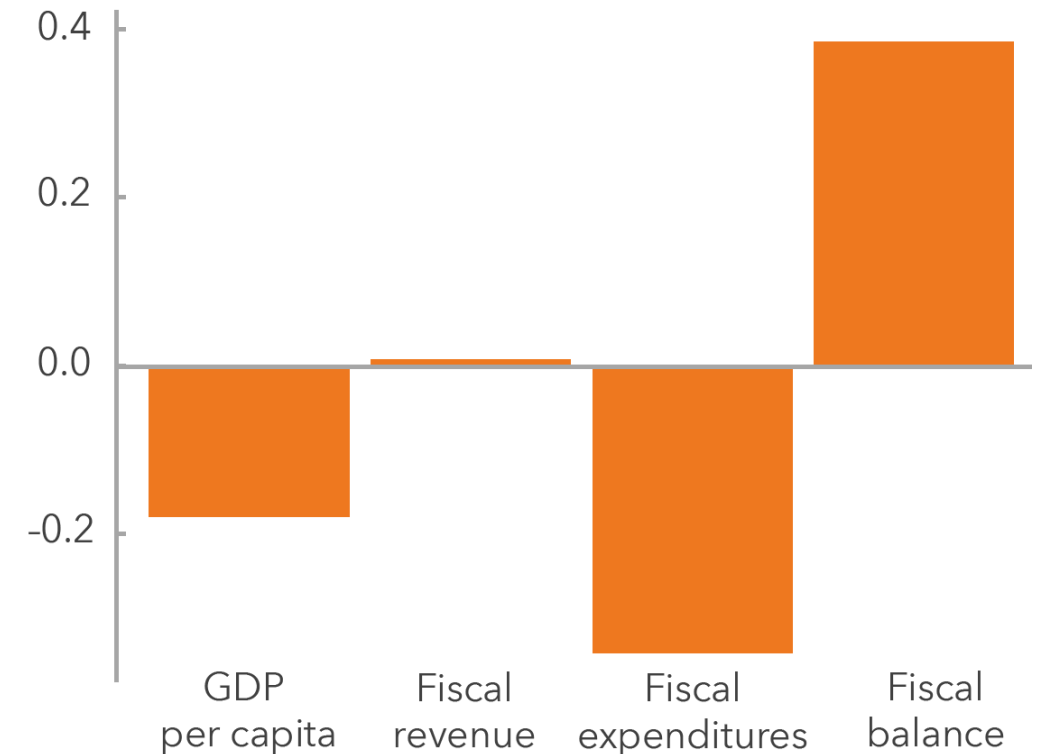
(Per capita incomes; PPP GDP weighted average; 2019 = 100)



Sources: IMF, World Economic Outlook database and IMF staff calculations.  
Note: FCS = fragile and conflict-affected states; PPP = purchasing power parity; solid line = actual; dashed line = forecast.

## Terms-of-Trade Shock: FCS versus Non-FCS

(Cumulative change over 5-year period in percentage points of GDP)

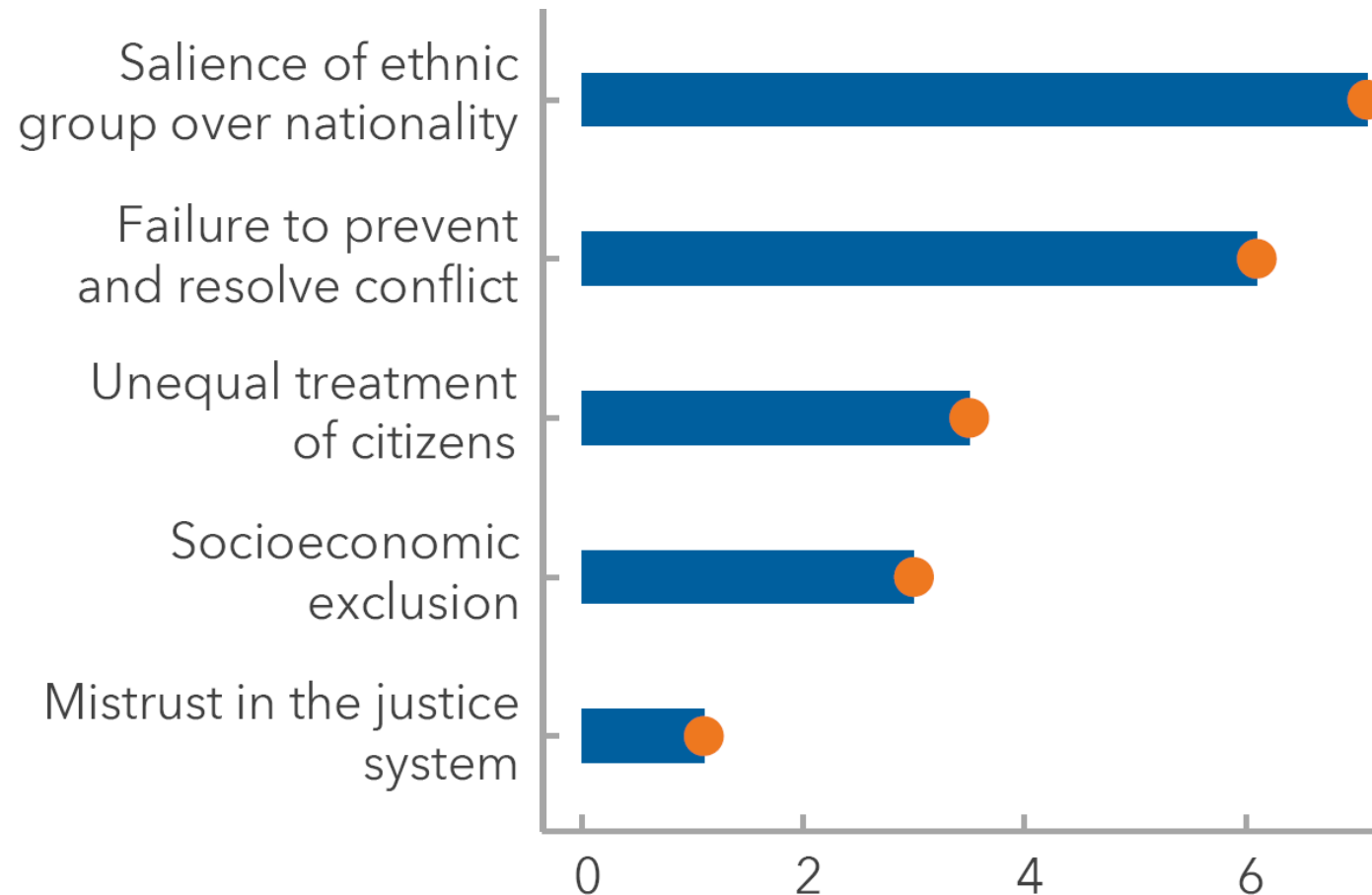


Sources: Bisca and others (forthcoming); and IMF staff calculations.  
Note: chart plots estimated 5-year cumulative differential responses to negative terms-of-trade shock between FCS and other countries. Shock is parameterized to 1 percentage point of GDP. Sample includes all low- and lower-middle income, PRGT-eligible countries in sub-Saharan Africa.

# Pushed to the Brink: Fragility and Conflict in Sub-Saharan Africa

## Sub-Saharan Africa: Opinion Surveys on Key Political Economy Dimensions

(Percentage points; difference of the share of respondents between FCS and non-FCS)



Sources: Afrobarometer Round 9 Survey 2023; and IMF staff calculations.

Note: FCS = fragile and conflict-affected state. Each bar represents the difference between the share of people answering in either of the two most extreme categories across respondents in FCS and in non-FCS. Sample includes all low- and lower-middle income, PRGT-eligible countries in sub-Saharan Africa.



**THANK YOU !**