AFRICAN DEPARTMENT
RESIDENT REPRESENTATIVE- MALAWI

ECAMA ANNUAL CONFERENCE
November 2019

Macroeconomic Developments in Malawi
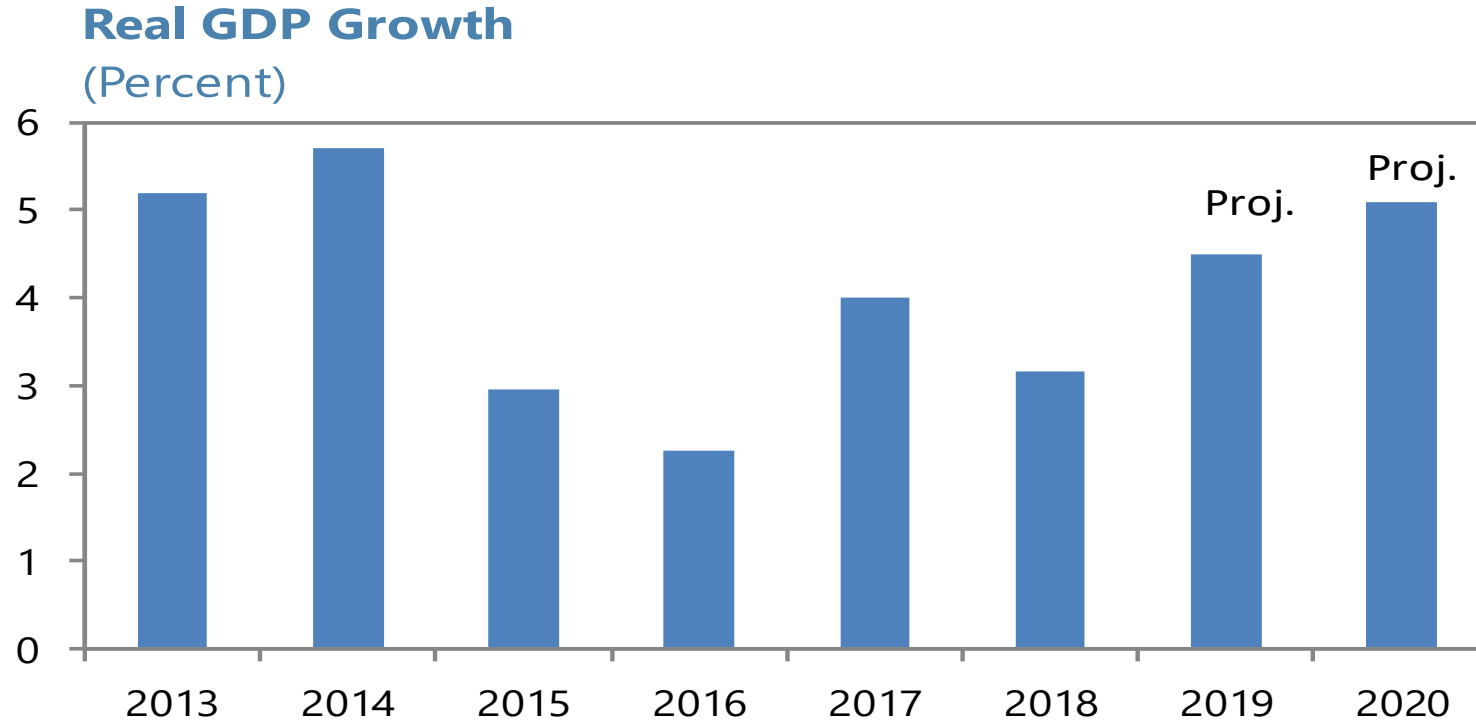
Farayi Gwenhamo

ECAMA 2019 Annual Conference

2019 ECAMA ANNUAL GENERAL MEETING
HELD FROM 7th-8th NOVEMBER AT SUNBIRD NKOPOLA LODGE.

Roadmap

- **Macroeconomic Developments and Outlook**

- **Implications on poverty reduction in the context of a growing population**

- **Role of the IMF**

Real GDP growth expected to rebound

Real GDP Growth
(Percent)

Source: IMF Staff Estimates and Malawian authorities.

Inflation has stabilized, converging to regional averages

Headline Inflation
(Percent, y-o-y)
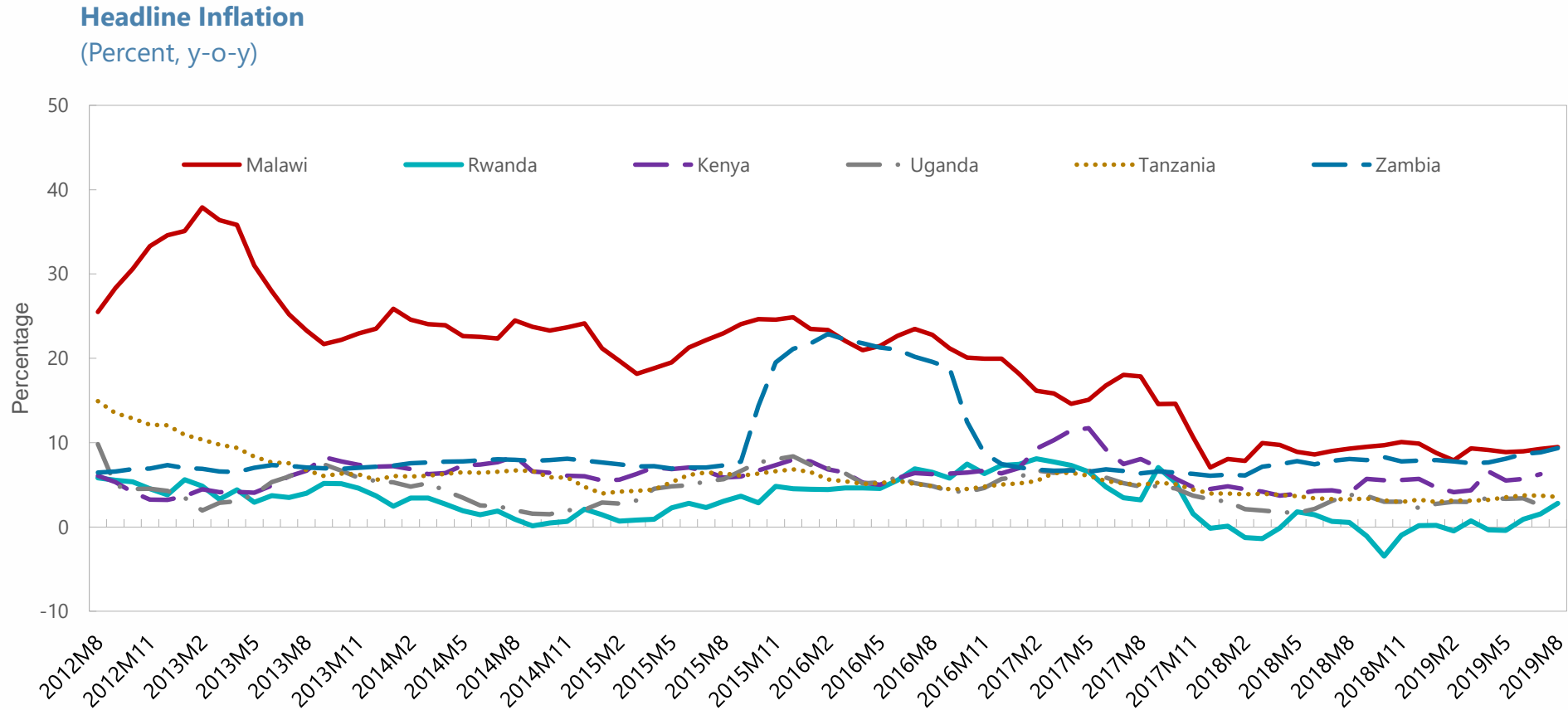
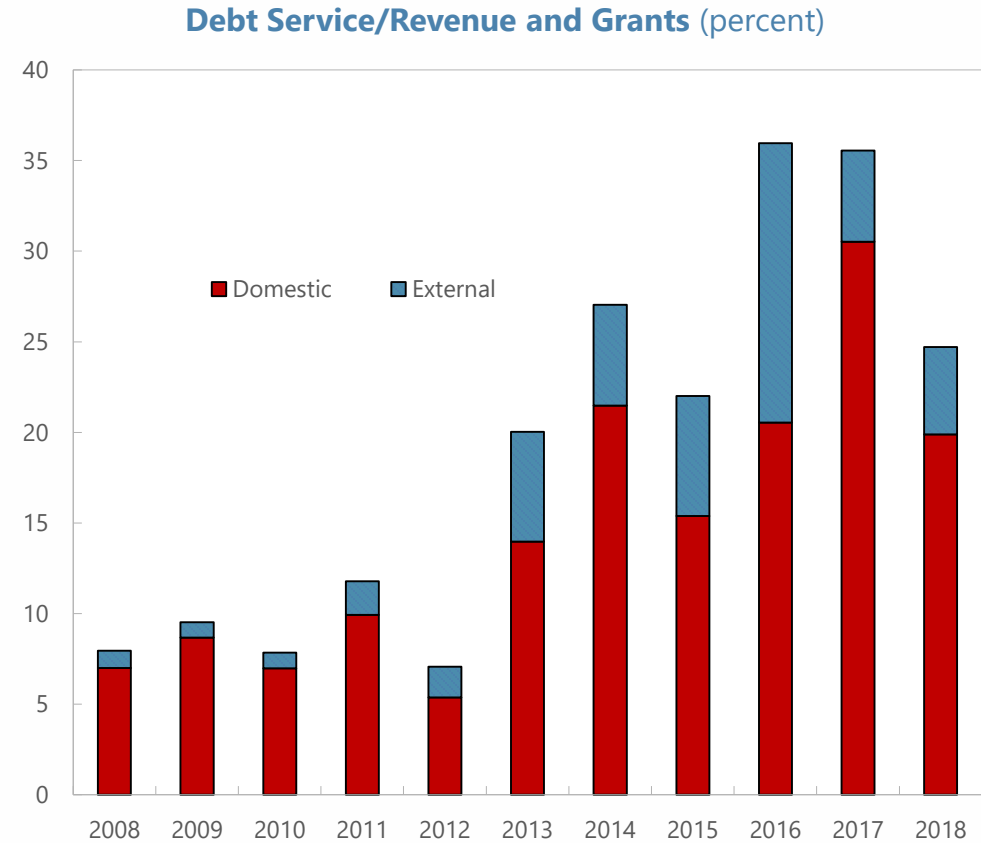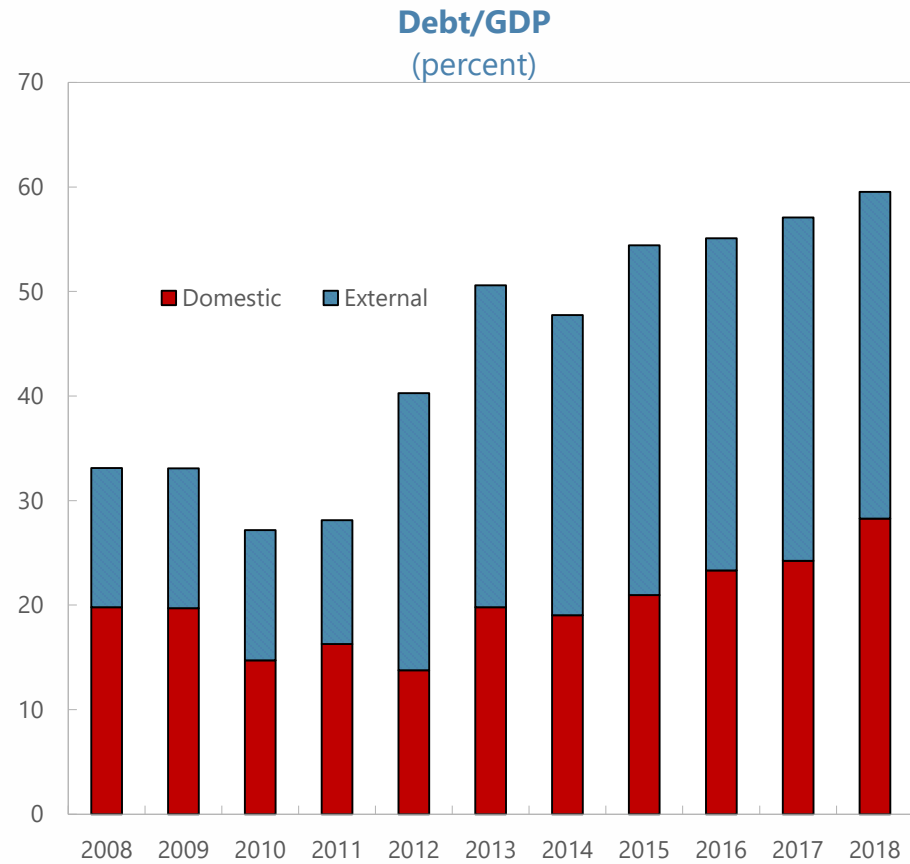Source: IMF World Economic Outlook database.

Fiscal Consolidation is ongoing but is it sufficient and pro-growth?

Overall Balance (Percent of GDP)
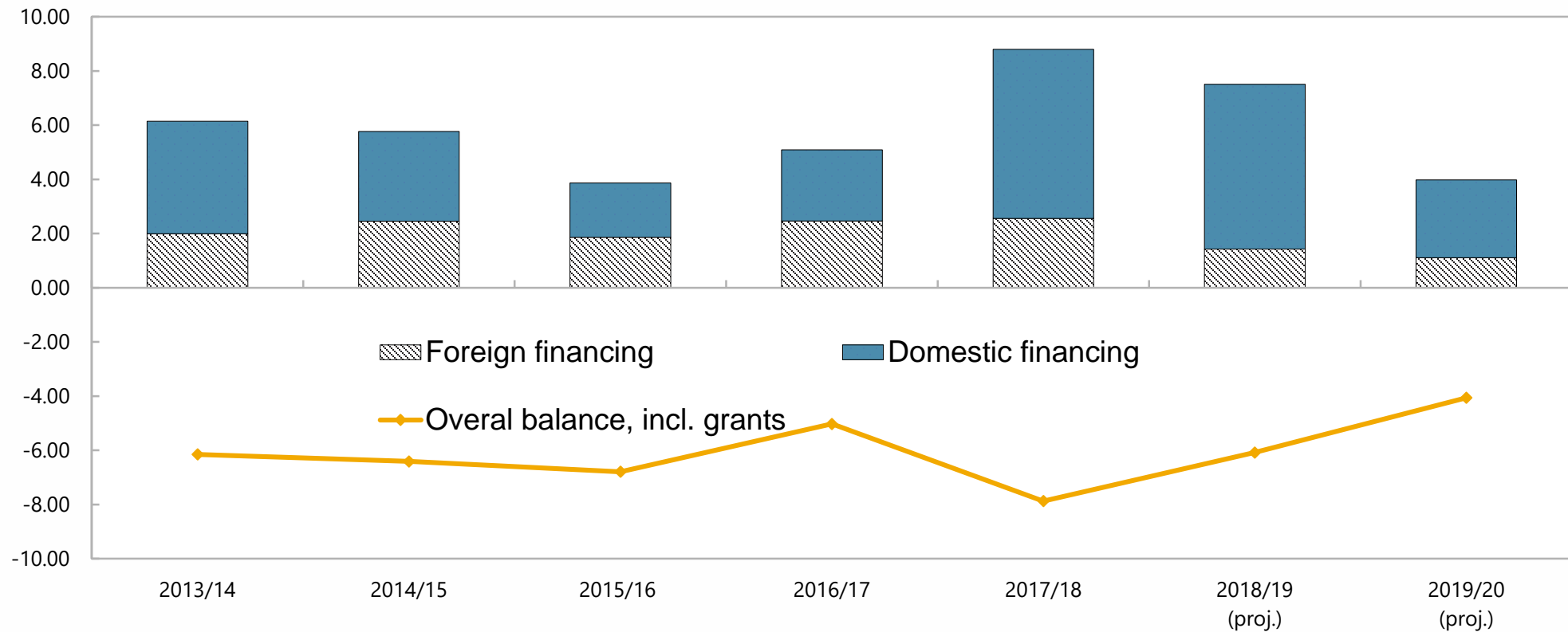
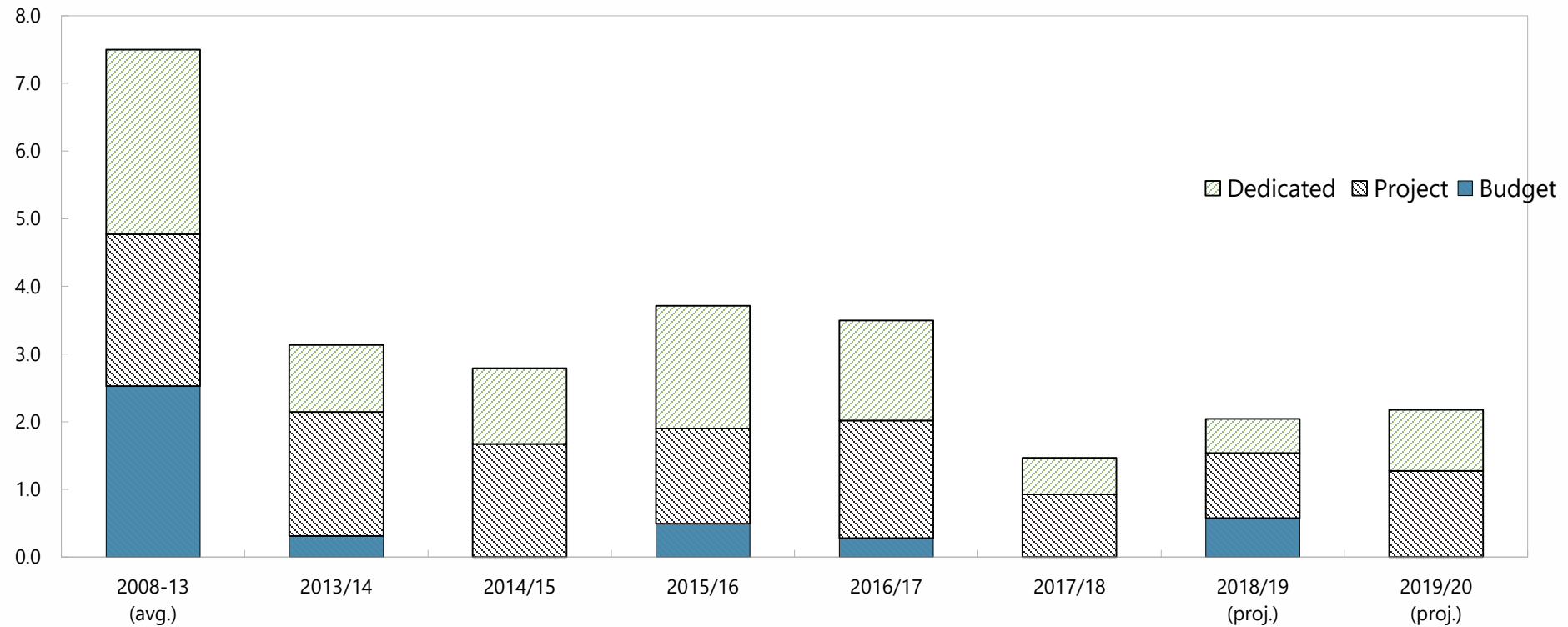
Source: IMF World Economic Outlook database.

Debt Vulnerabilities are still high

Debt/GDP
(percent)

Debt Service/Revenue and Grants (percent)

Donor assistance has not recovered...

**Evolution of Donor Assistance
(Fiscal years, percent of GDP)**
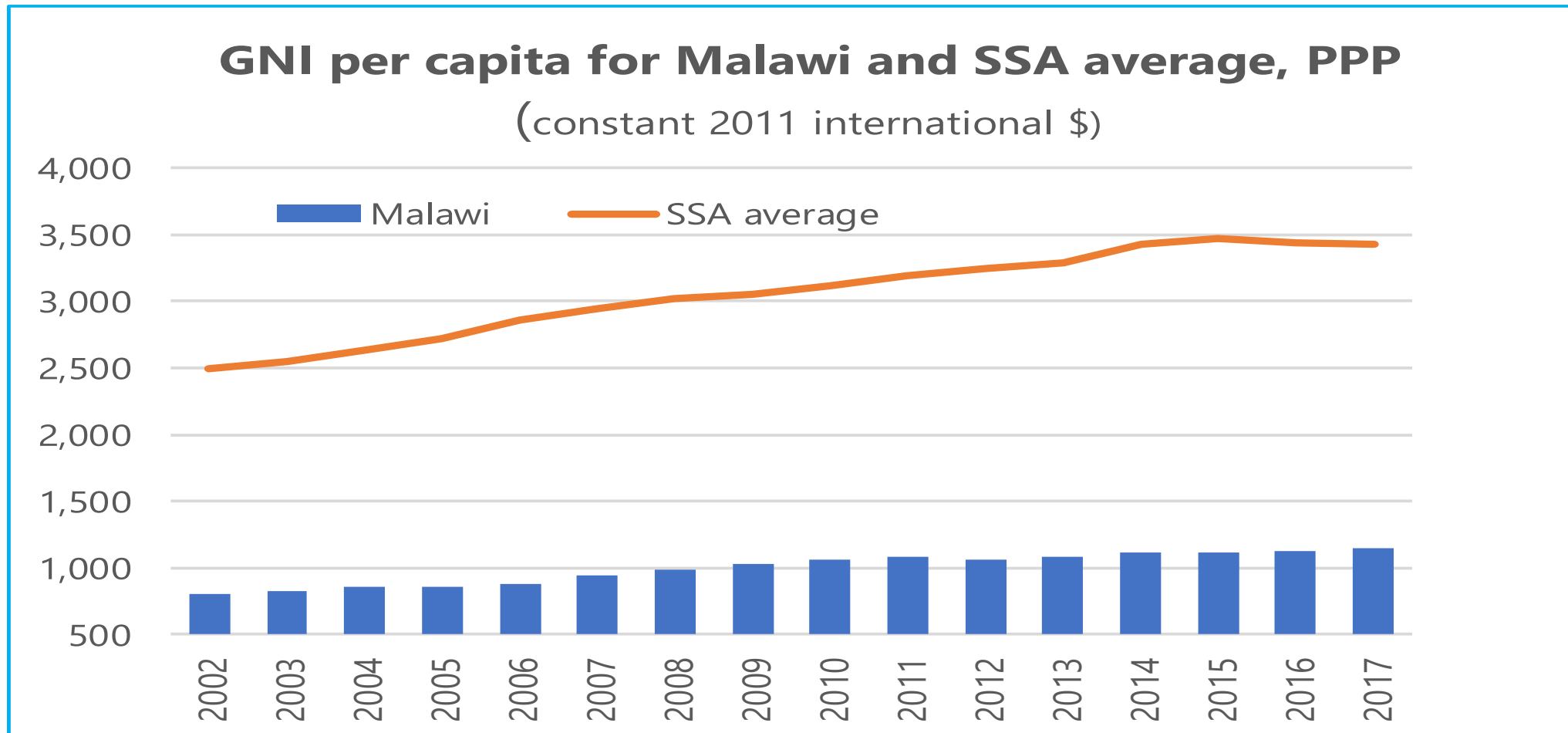

Source: IMF, Malawian country authorities

Looking Ahead
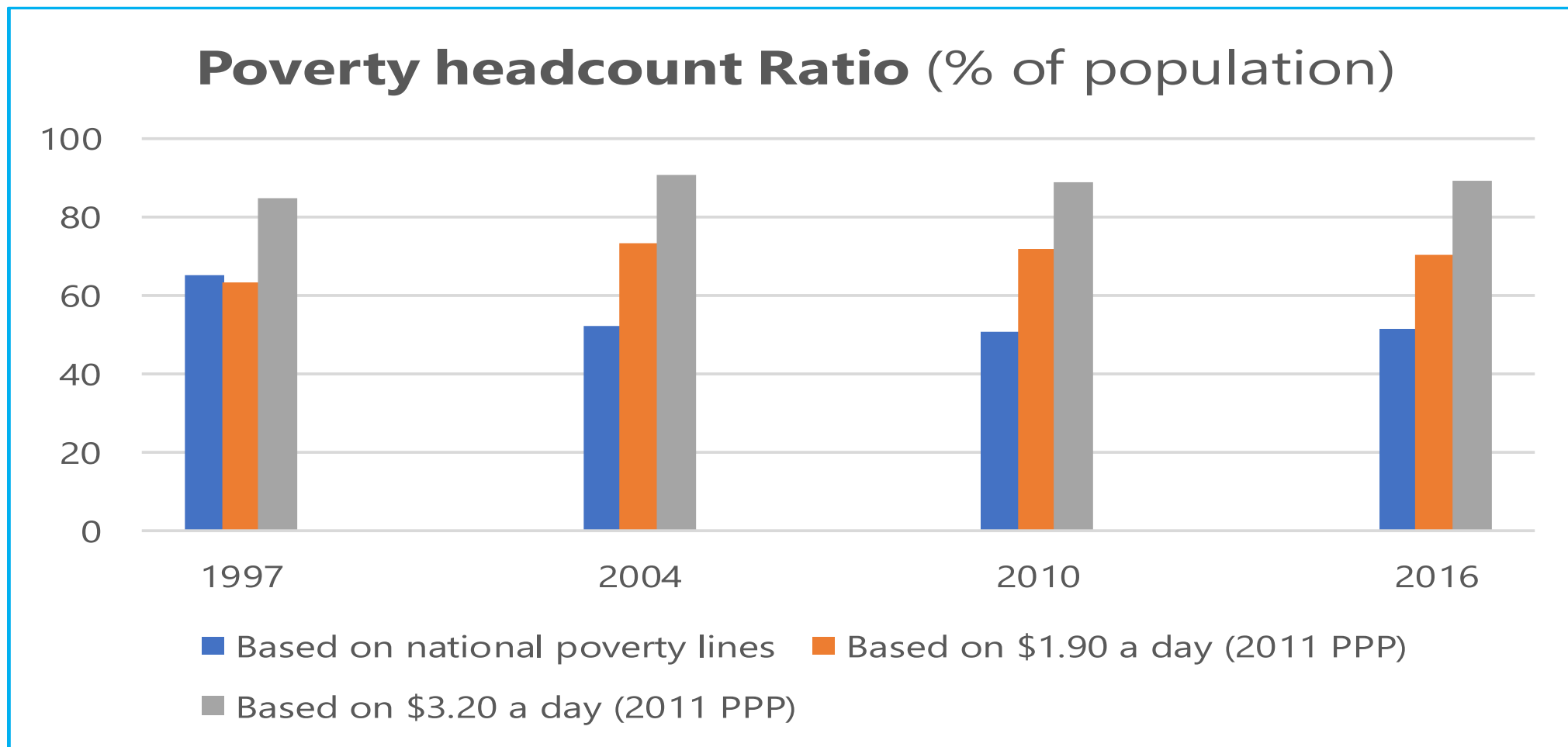
- Malawi made substantial gains on the Macroeconomic Stability Front?

- Is this sufficient to deliver visible poverty reduction on the back of growing population?

- Need to address:

- ✓ Vulnerability to climate shocks

- ✓ Human capital

- ✓ Continue to strengthen governance

Per capita income remains far below SSA average

GNI per capita for Malawi and SSA average, PPP
(constant 2011 international $)

Sources: World Bank

Poverty remains high

Poverty headcount Ratio (% of population)

Legend:
- Based on national poverty lines (blue)
- Based on $1.90 a day (2011 PPP) (orange)
- Based on $3.20 a day (2011 PPP) (gray)
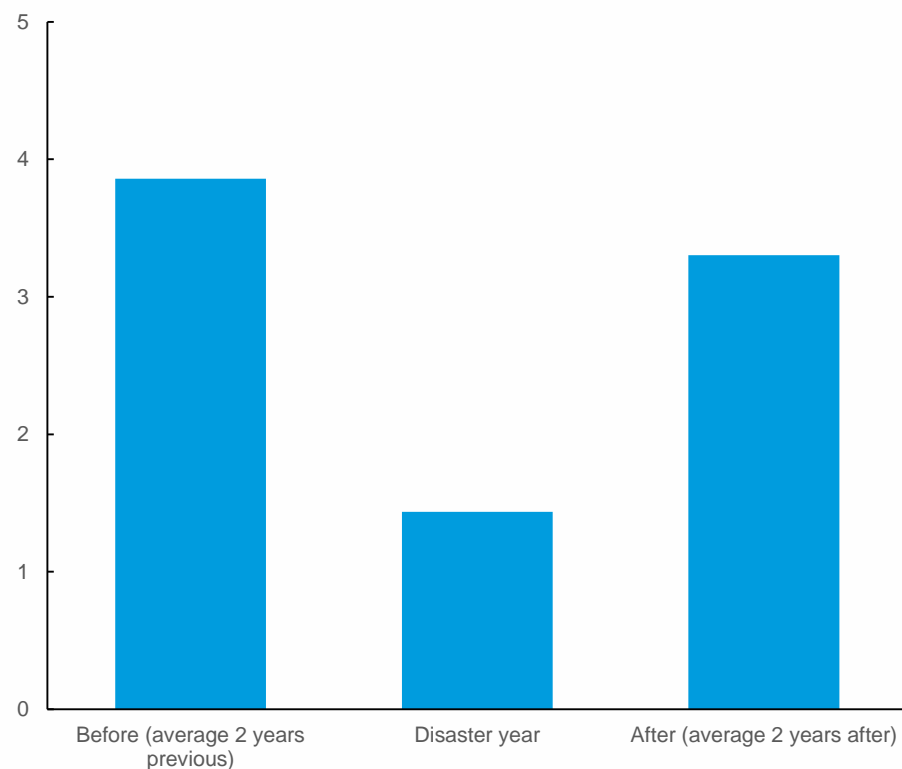
Years: 1997, 2004, 2010, 2016
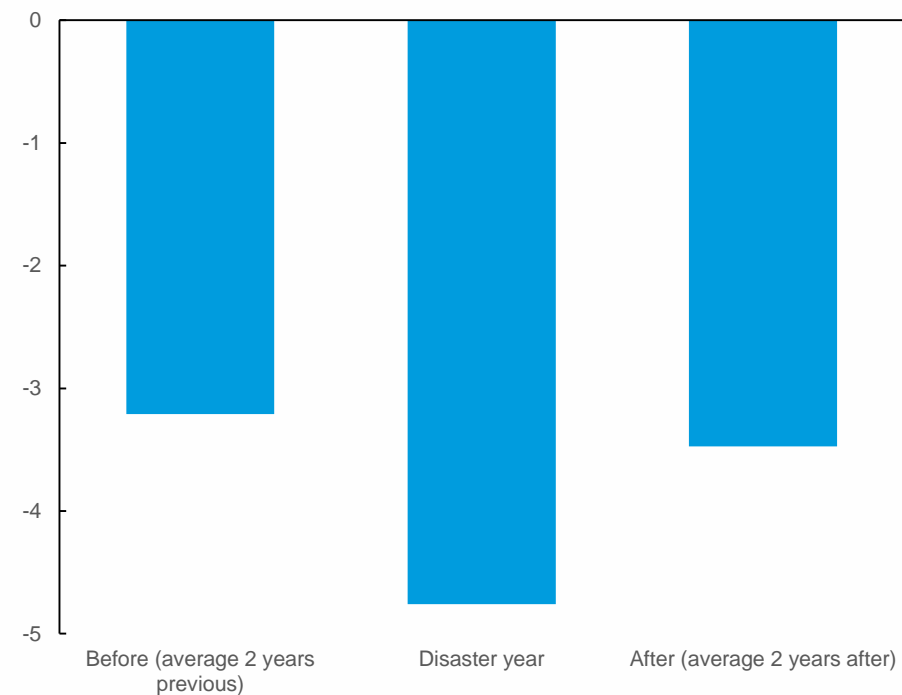
Sources: World Bank.

Need to address vulnerabilities to Natural Disasters

Event Analysis of the impact of shocks
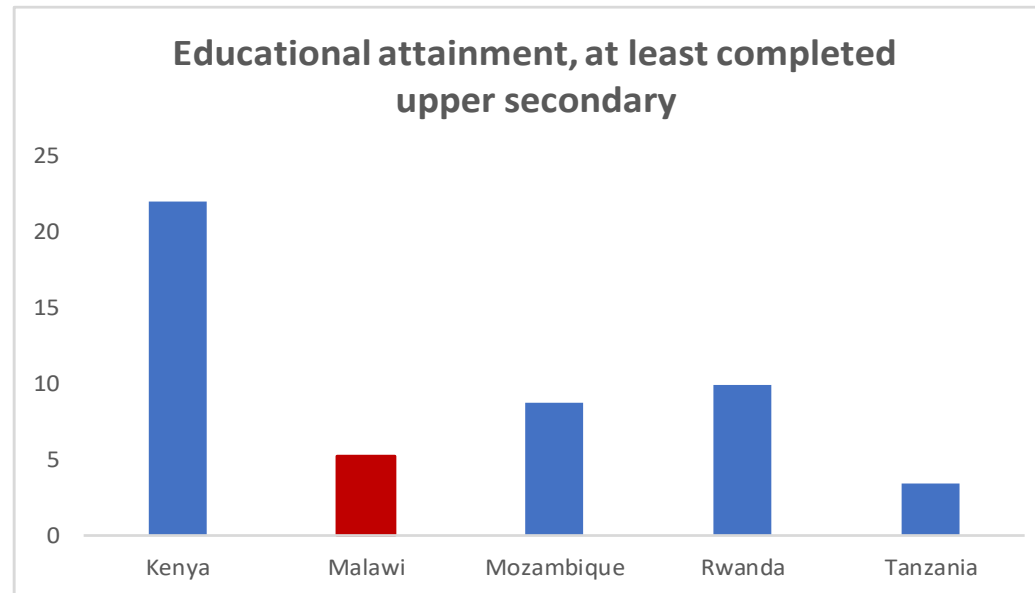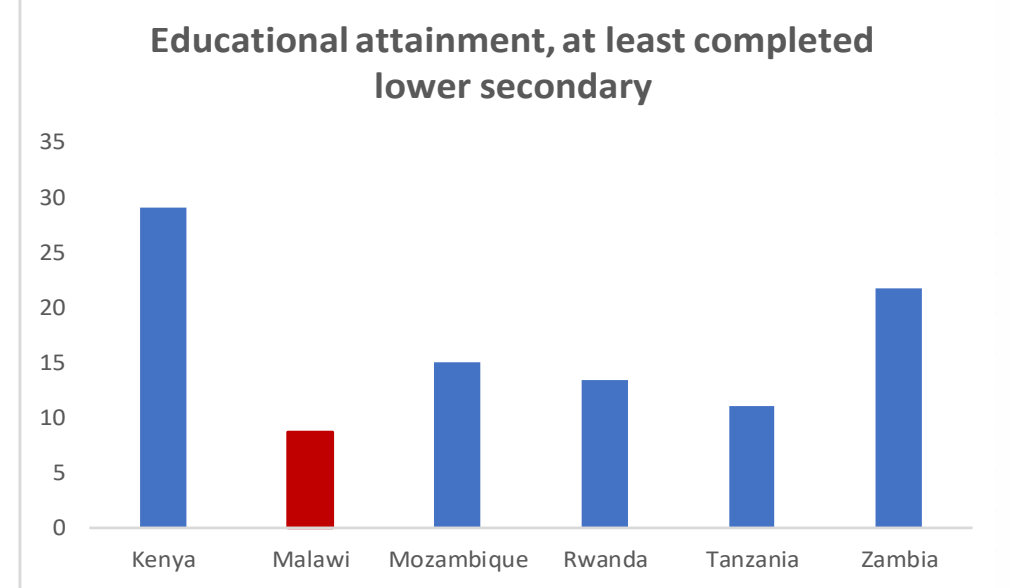
Real GDP Growth, in Percent

Overall Balance

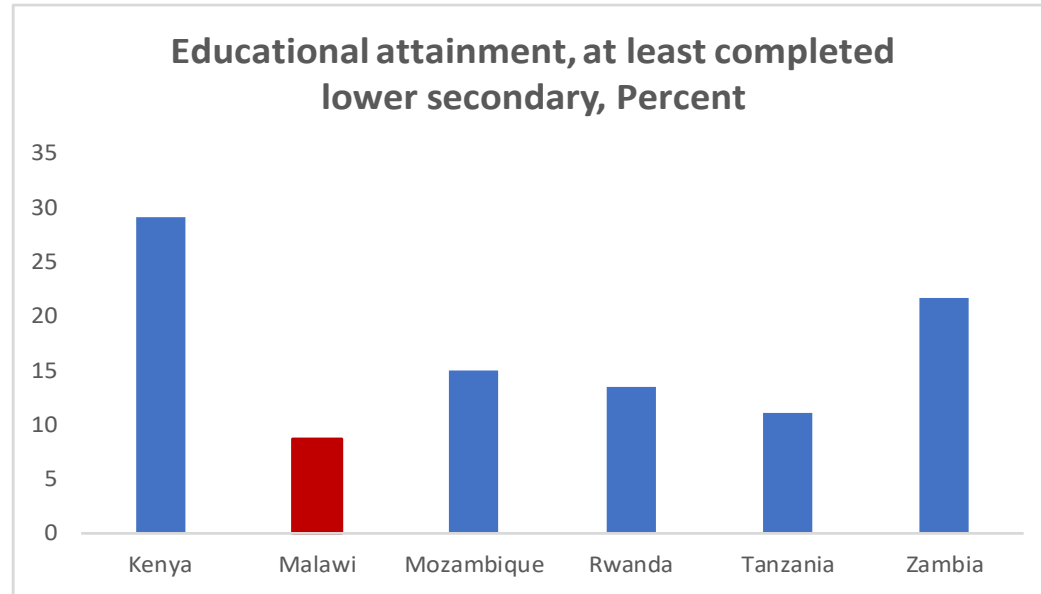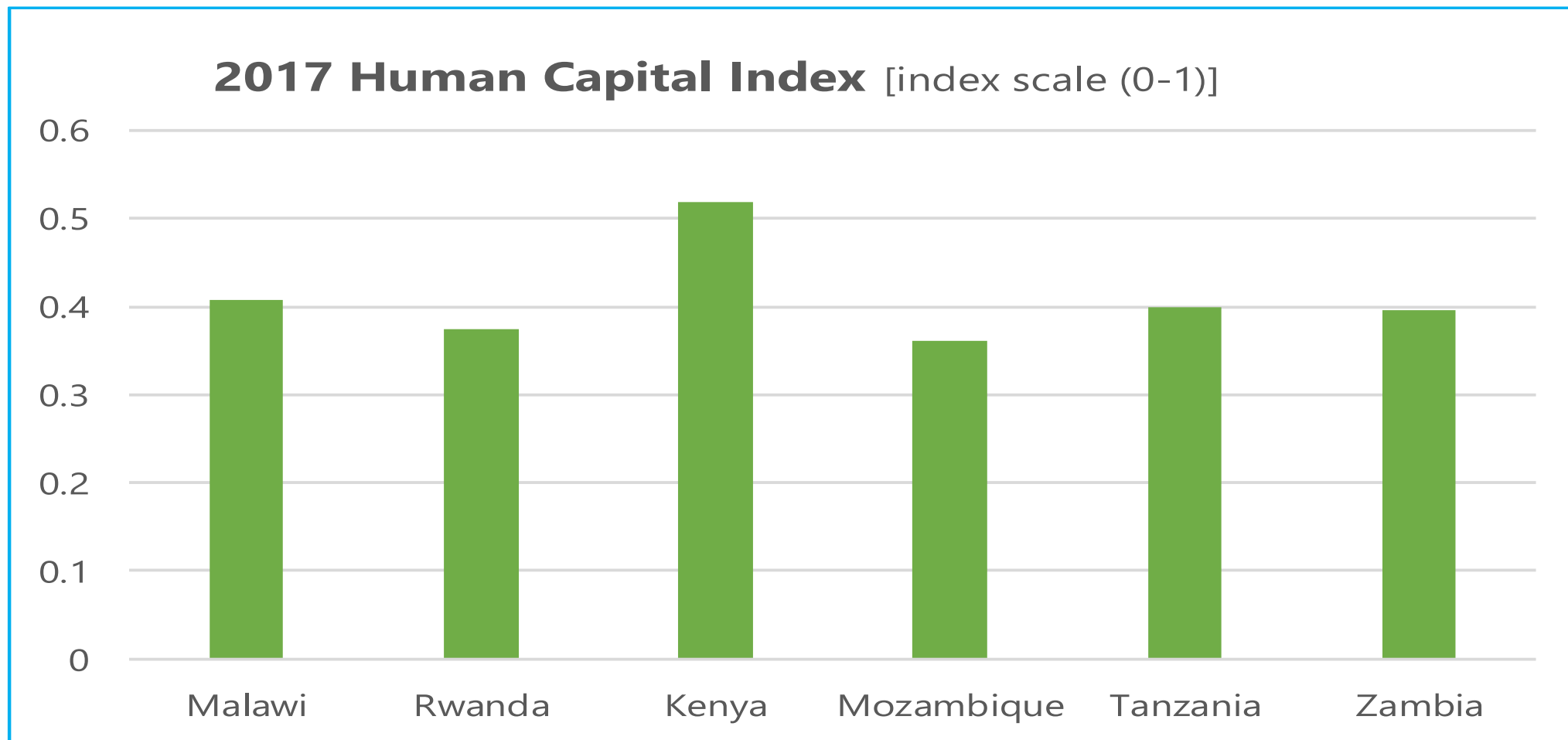Sources: IMF Staff estimates

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Educational Attainment, Percent of total

Educational attainment, at least completed lower secondary, Percent

Educational attainment, at least completed lower secondary

Educational attainment, at least completed upper secondary

Human capital

2017 Human Capital Index [index scale (0-1)]

Sources: World Bank

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Role of the IMF

Policy Advice

Balance of payment support

❑In response to shocks

Technical Assistance and Capacity Building

❑Fiscal: PFM, Tax policy and revenue administration

❑Monetary Frameworks and Financial sector stability

❑Statistics

Thank You