REGIONAL ECONOMIC OUTLOOK

SUB-SAHARAN AFRICA

INTERNATIONAL MONETARY FUND | AFRICAN DEPARTMENT

Navigating a Long Pandemic
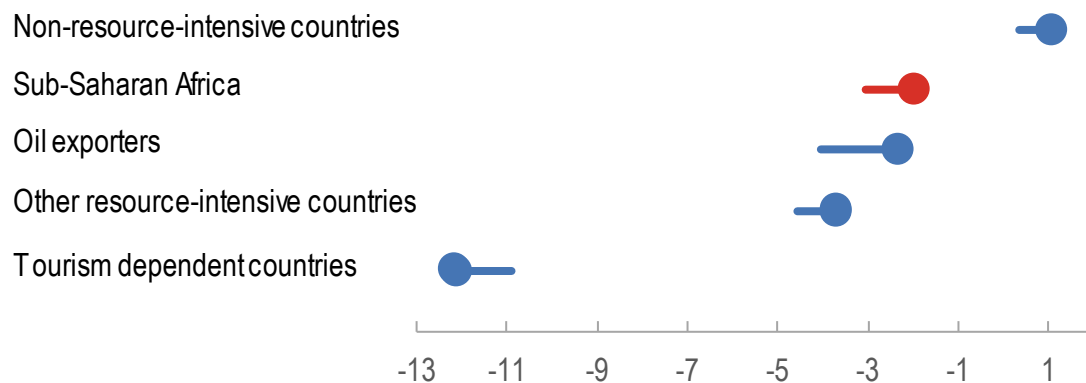
APRIL 2021

Izabela Karpowicz, IMF Resident Representative

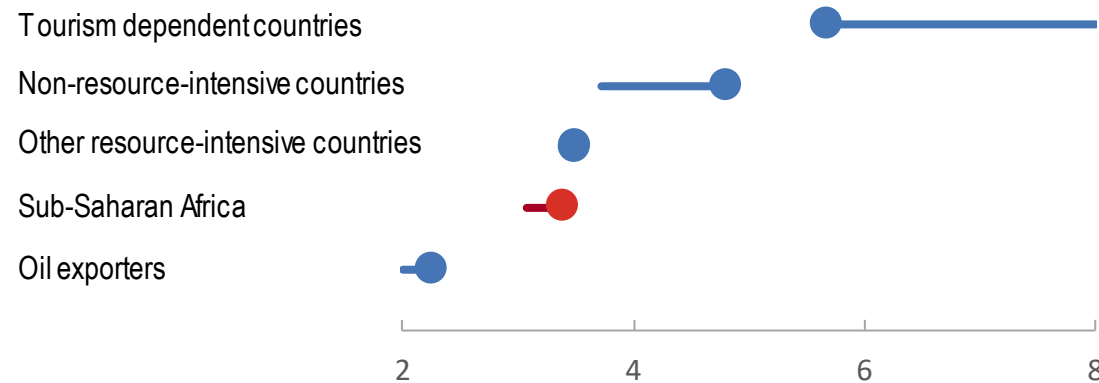# 2020 outturn somewhat better though still worst on record

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

-13 -11 -9 -7 -5 -3 -1 1

2021. From 3.1 to 3.4

Tourism dependent countries

Non-resource-intensive countries

Other resource-intensive countries

Sub-Saharan Africa
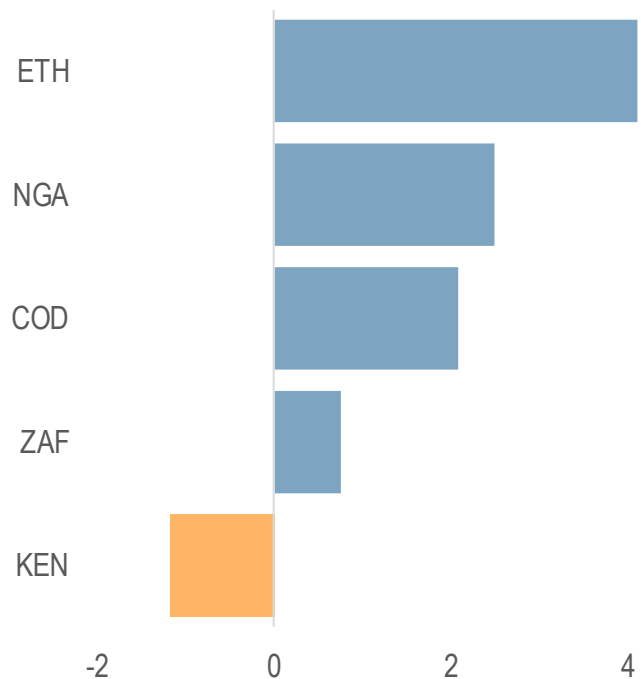
Oil exporters

2 4 6 8

Source: IMF, World Economic Outlook.

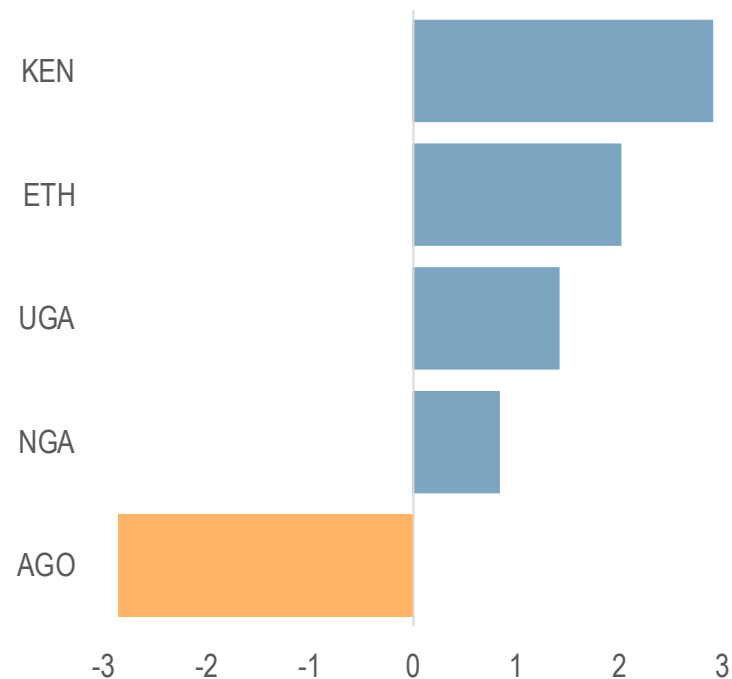# ...on account of some larger economies doing a bit better

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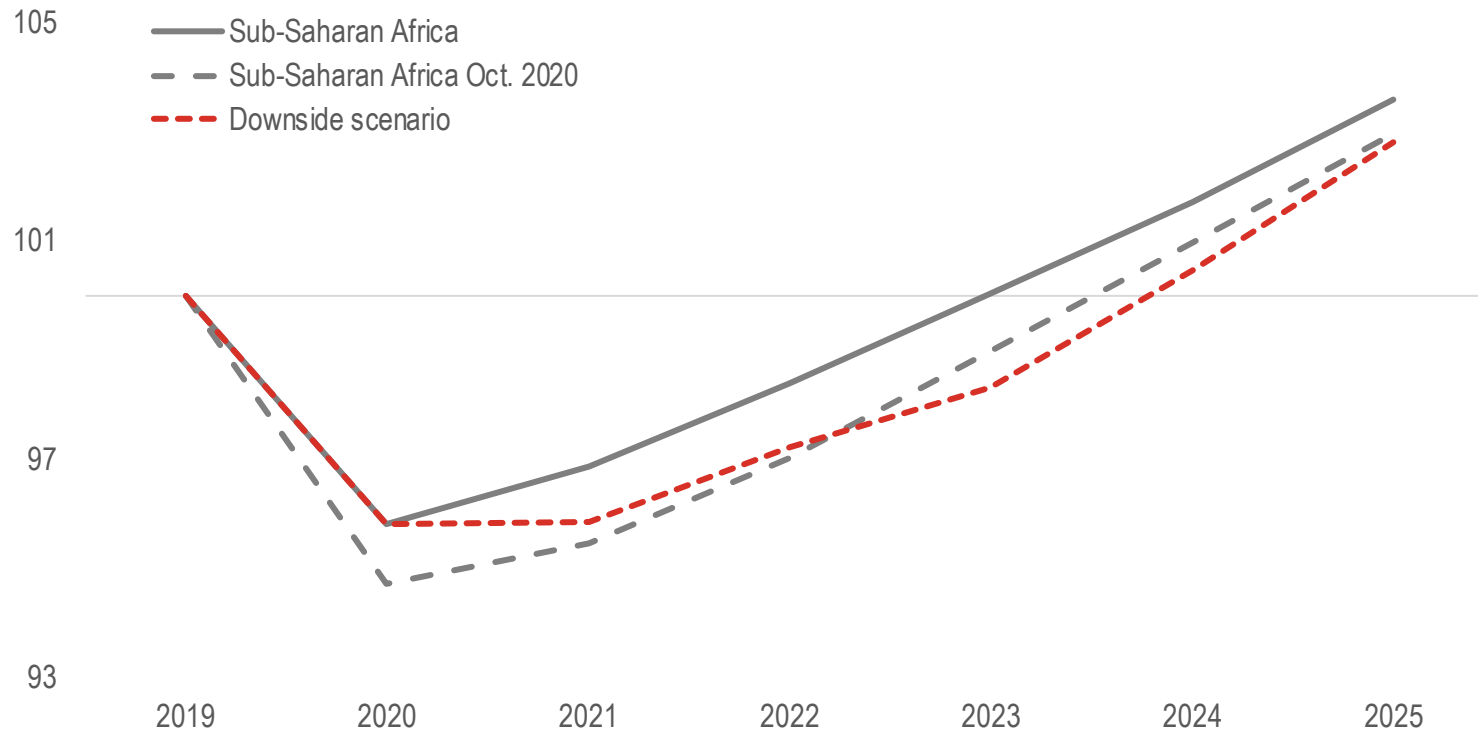(Compared to October 2020, percent)

2020

2021

Source: IMF, World Economic Outlook.

...so the improved baseline is still subject to downside risk
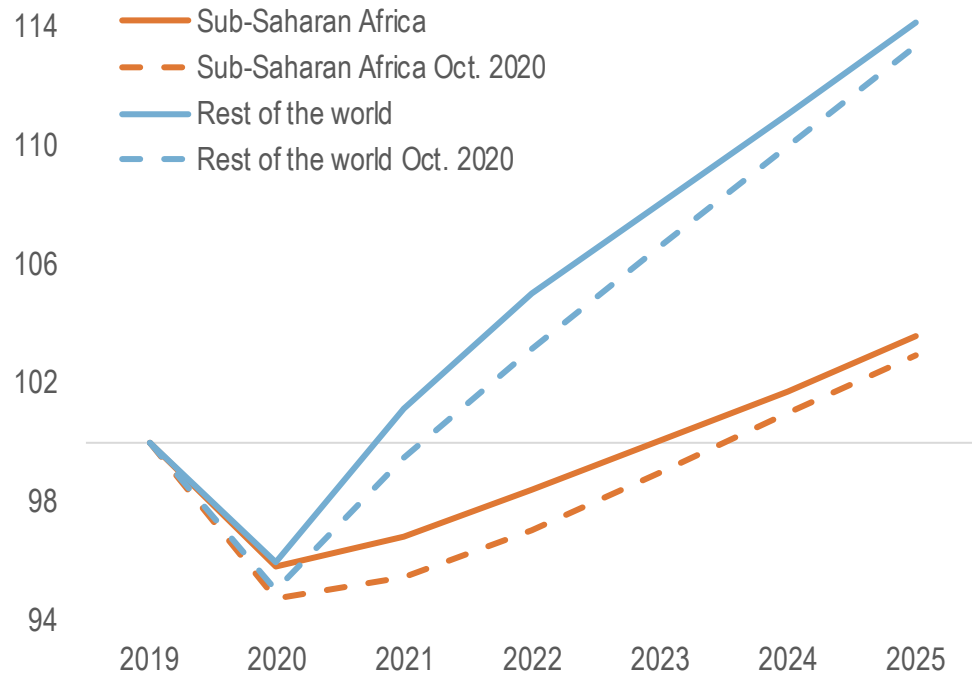
Real GDP per Capita
(Index 2019 = 100)

Sub-Saharan Africa
Sub-Saharan Africa Oct. 2020
Downside scenario

Source: IMF, World Economic Outlook.

Challenge #1: Facing diverging growth outlook

Real GDP per Capita
(Index 2019 = 100)

Legend:
- 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)

Legend:
- Sub-Saharan Africa
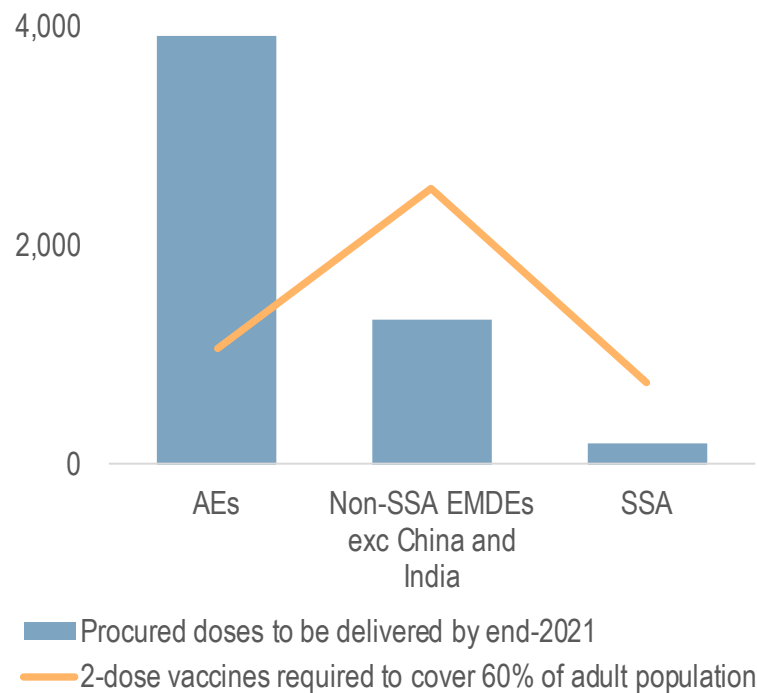- Oil exporters
- Non-resource-intensive countries
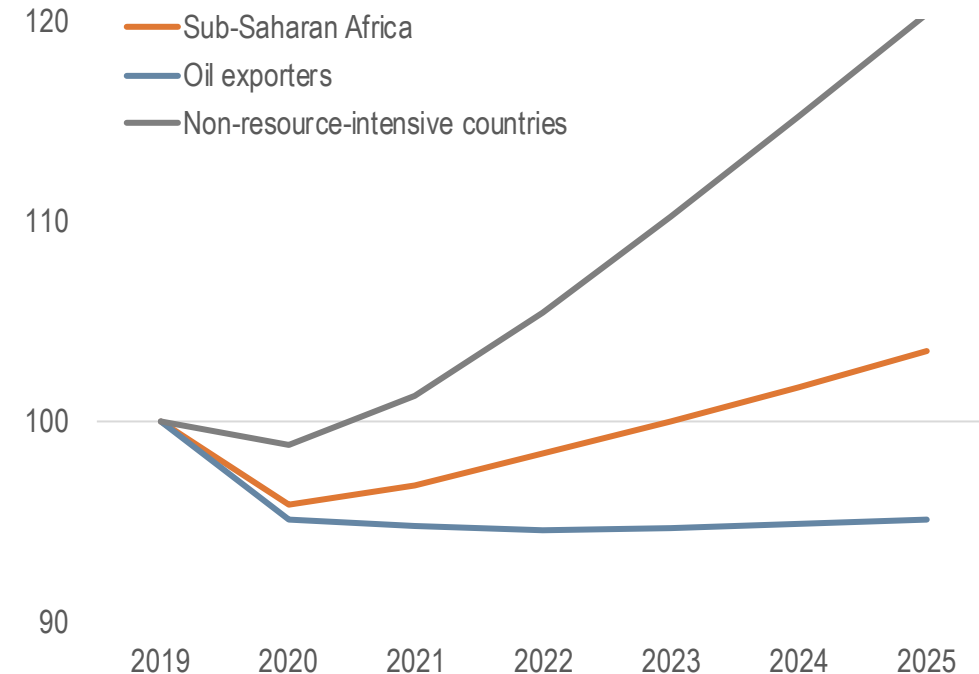
Source: IMF, World Economic Outlook.

Challenge #2: Dealing with long COVID-19

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

- Procured doses to be delivered by end-2021
- 2-dose vaccines required to cover 60% of adult population

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

Timeline to Vaccinate 60 Percent of Population

OCT 2021
DEC 2021
FEB 2022
MAR 2022
JUN 2022
DEC 2022
NO TIMELINE
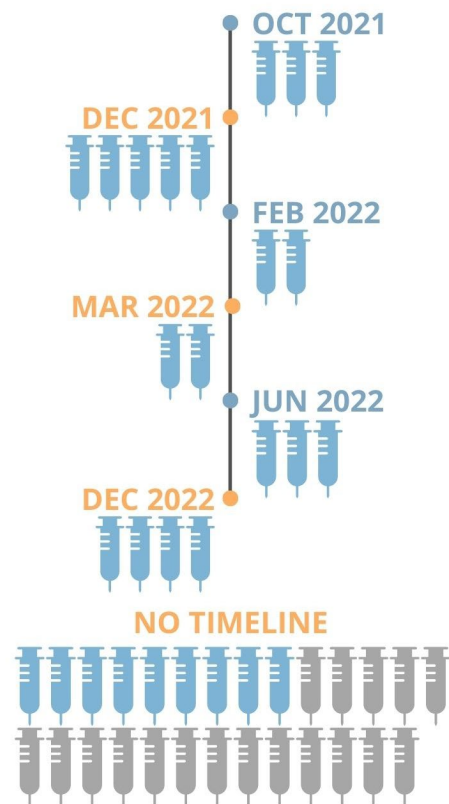
Sources: Survey of country teams and IMF staff calculations.
Notes: Syringes represent countries. Gray indicates no response.

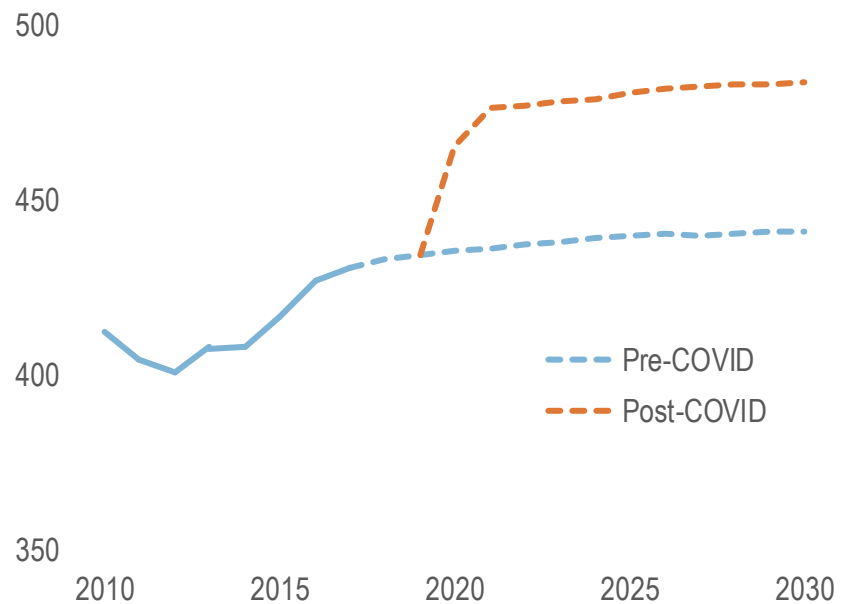## Cost of Vaccinating 60 Percent of Population

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)

Pre-COVID
Post-COVID

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

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

Sub-Saharan Africa

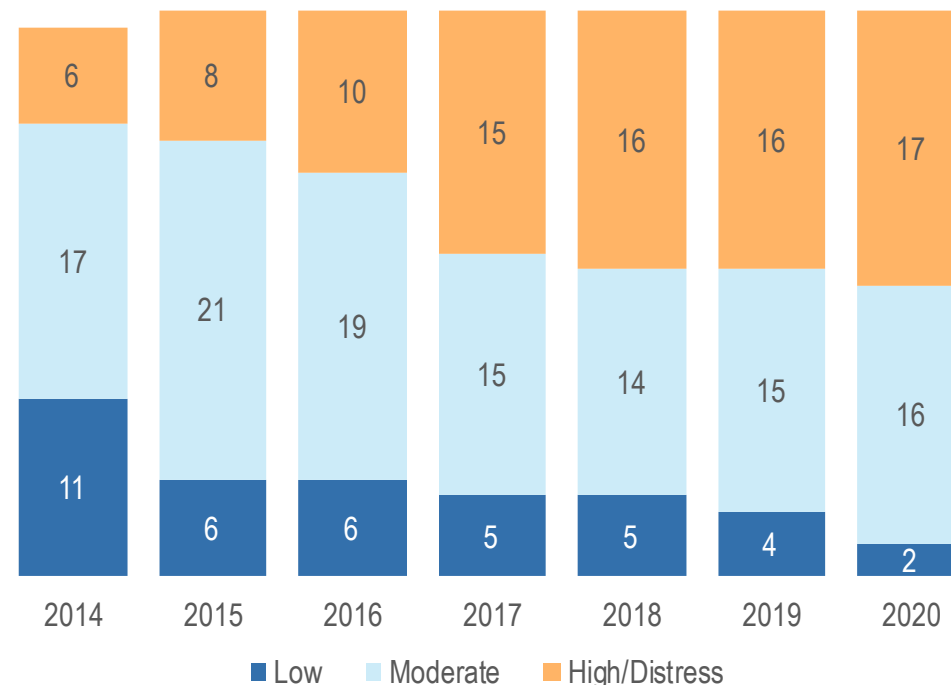Non-SSA EMDEs

Advanced Economies
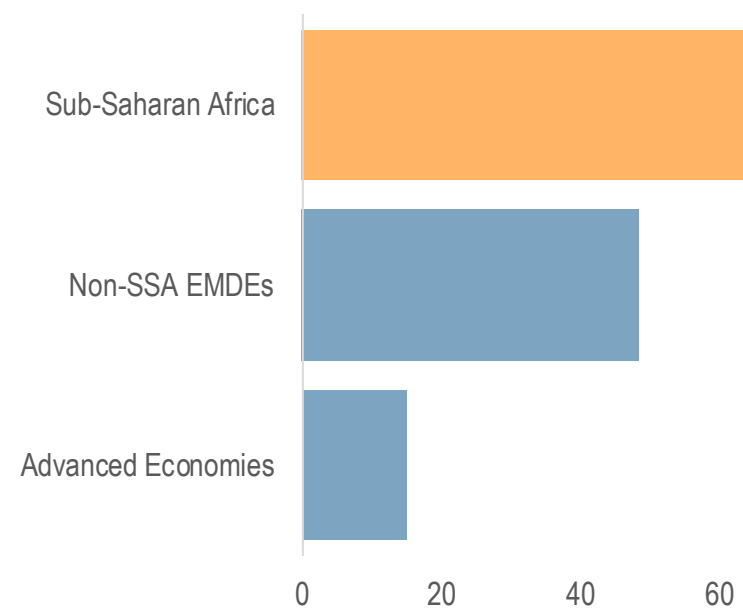
Sources: ILO and IMF staff calculations.

Challenge #4: Repairing public sector balance sheets...

Average Fiscal Balance and Public Debt, 2018–22

Source: IMF, World Economic Outlook.
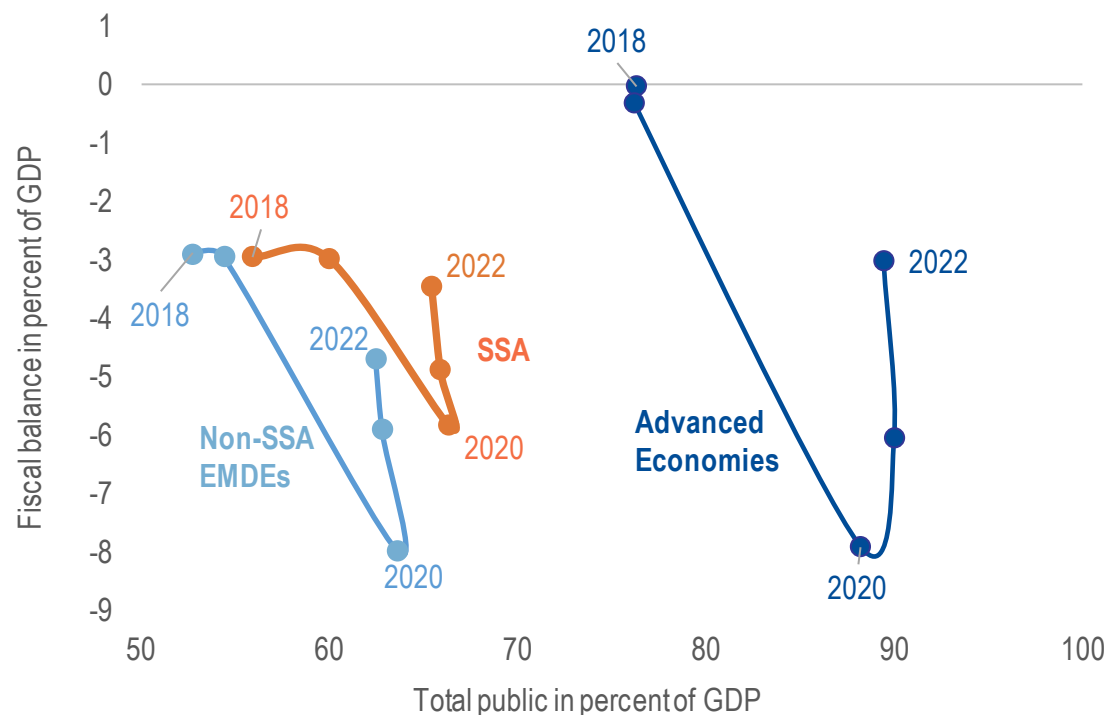
Debt Risk Status for PRGT Eligible SSA Countries
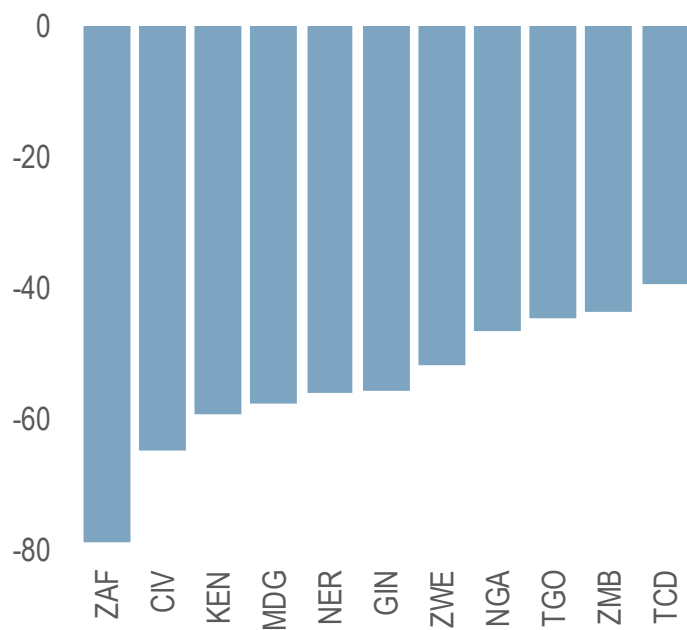

Source: IMF, Debt Sustainability Analysis Low-Income Developing Countries database.
Note: Debt risk ratings for Cabo Verde begins in in 2014, and South Sudan in 2015.
PRGT = poverty reduction and growth trust.

...and private sector balance sheets
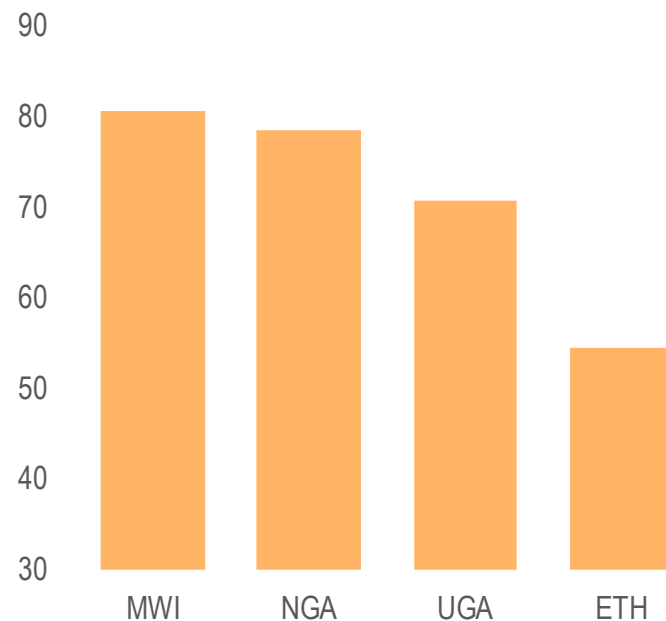
Change in Monthly Sales, 2020
(Percent, average)

Sources: World Bank Business Pulse Surveys and Enterprise Surveys and IMF staff calculations.
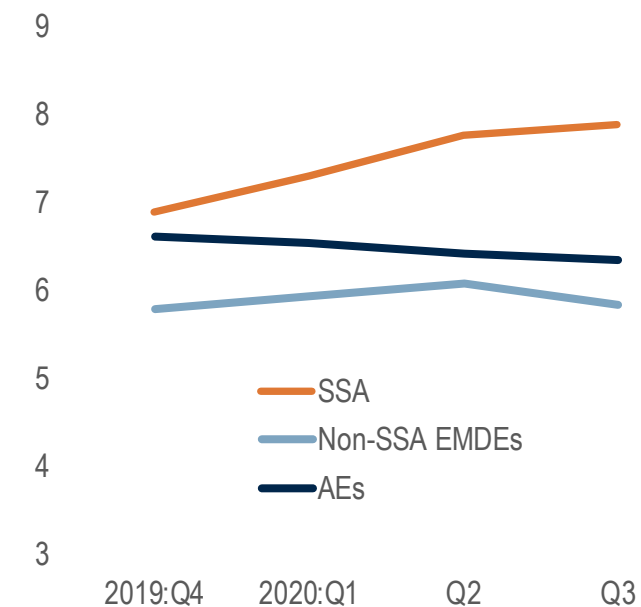
Income Losses, May/June 2020
(Percent of surveyed households)

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

Non-Performing Loans
(Percent of total gross loans)

SSA
Non-SSA EMDEs
AEs

Source: IMF Financial Soundness Indicators.

Challenge #5: Catalyzing external financing

Additional External Financing Needs, 2021–25

245 BILLION US$ SSA LICs

425 BILLION US$ SSA

Source: IMF staff calculations.

SSA: Selected Inflows
(Billion US$)
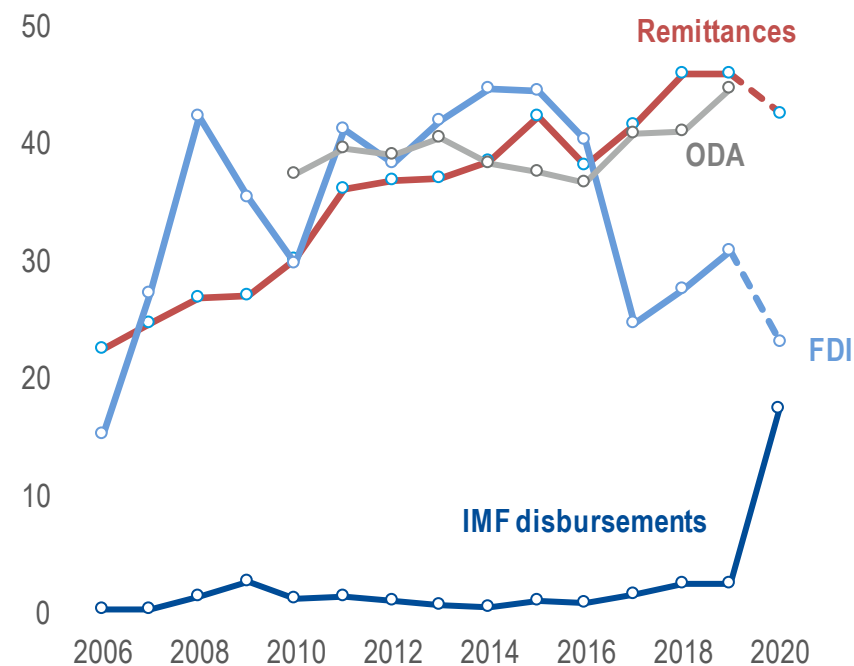
Sources: IMF, World Economic Outlook, World Bank, and IMF staff calculations.
Notes: Excluding Mauritius. FDI and Portfolio inflow data for 2020 are based on the WEO database. Remittances inflows for 2020 are projections.

Challenge #6: Advancing transformative reforms

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

Legend:
- East Asia and Pacific
- South Asia
- Sub-Saharan Africa
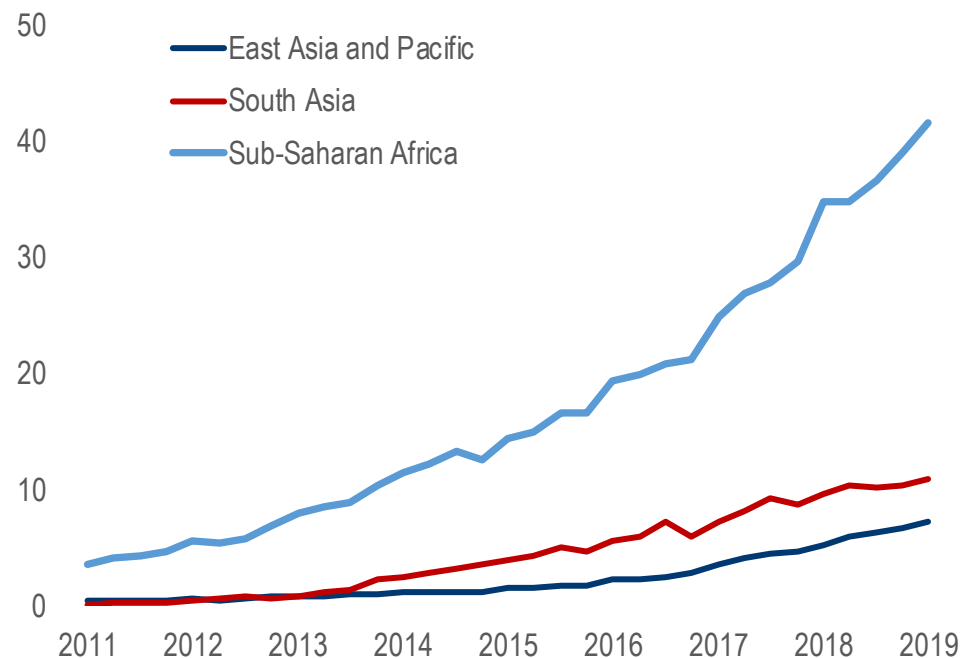
Source: GMSA, Global Mobile Money Dataset.
Note: Sub-Saharan Africa includes 42 countries, East Asia and Pacific includes 15 countries and does not include China or Japan, and South Asia includes 7 countries.

Potential for Diversification
(Percent of exports)

SSA - Primary products and processing

Comparators - Primary products and processing
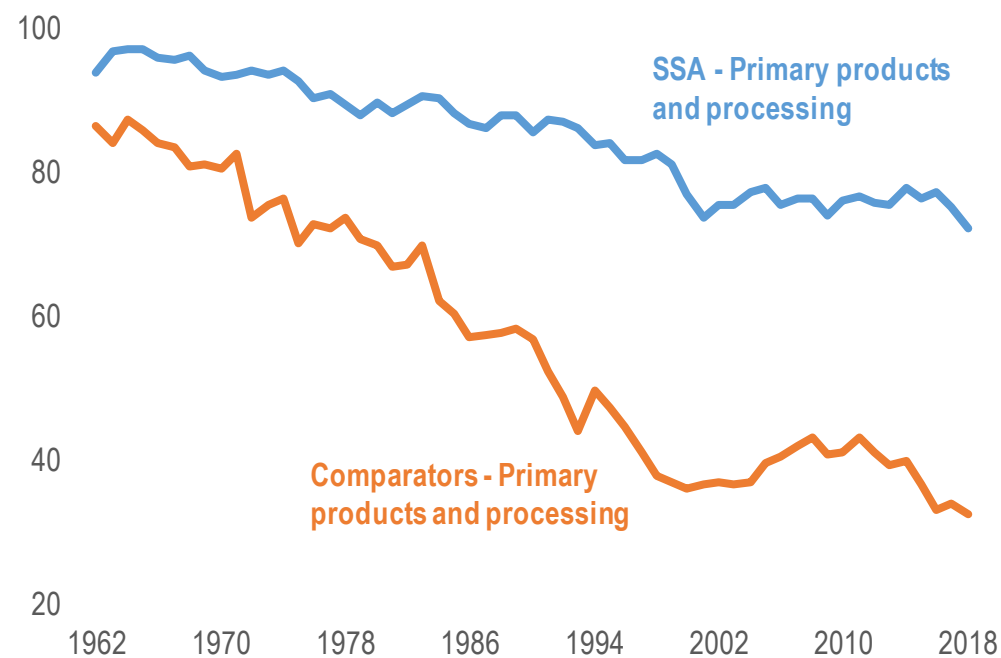
Sources: UN Comtrade and IMF staff calculations.

Policy priorities: Expanding what is possible
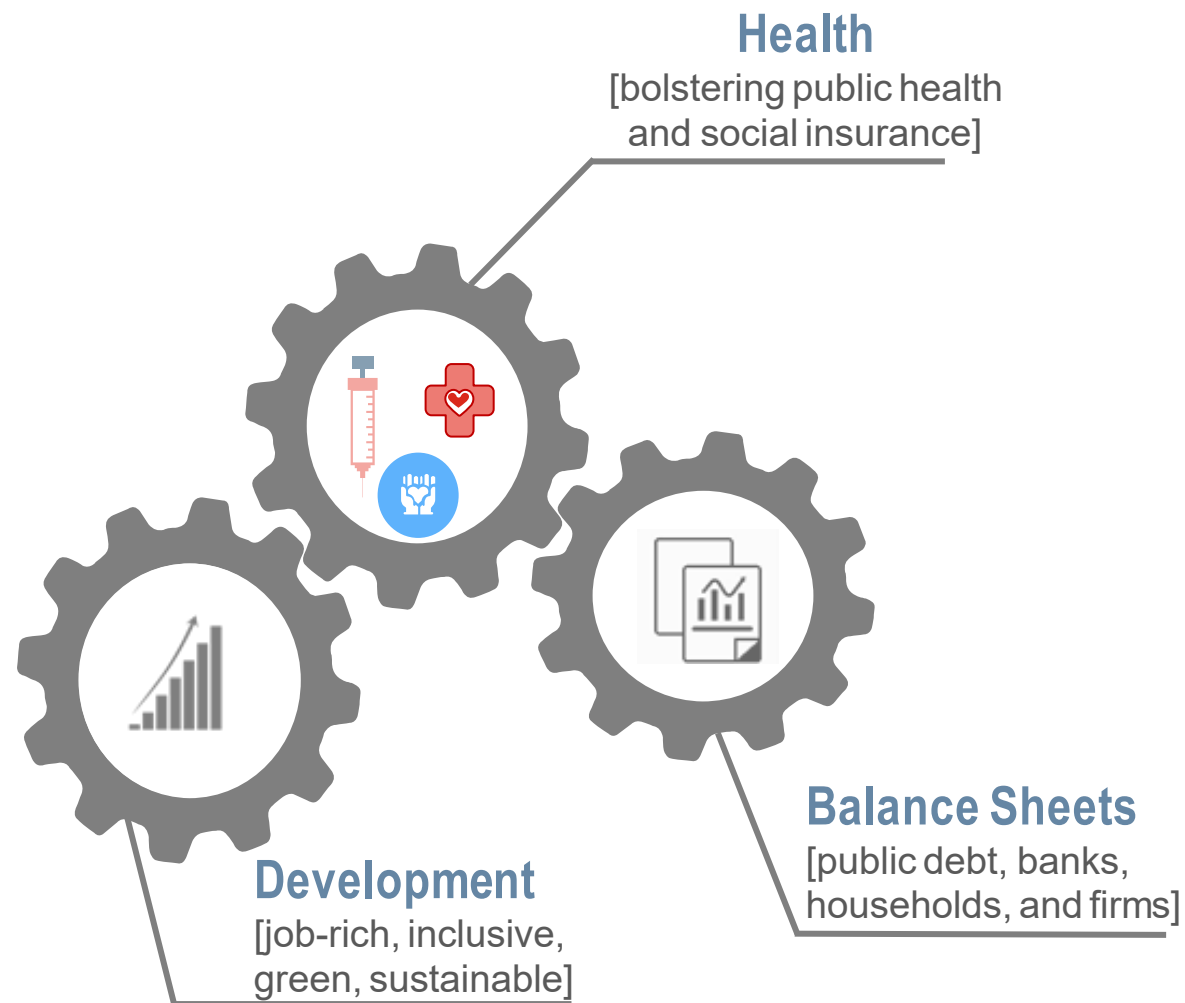
Protect lives and livelihoods

- 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.
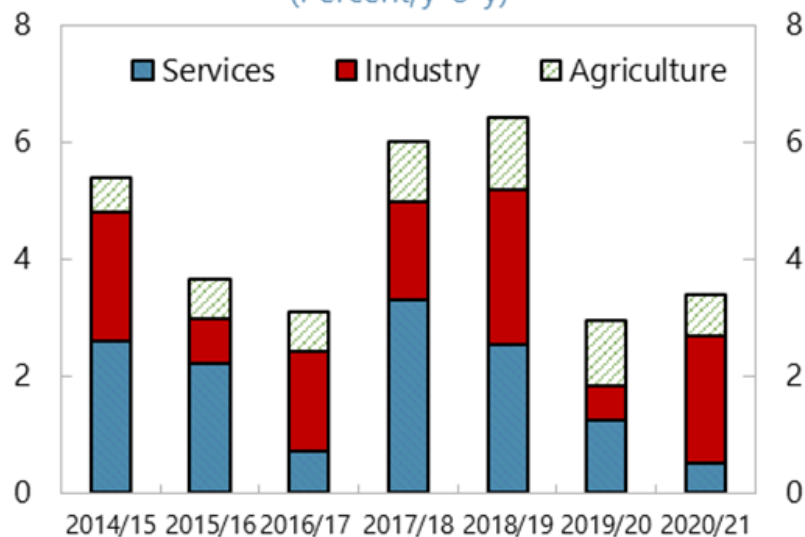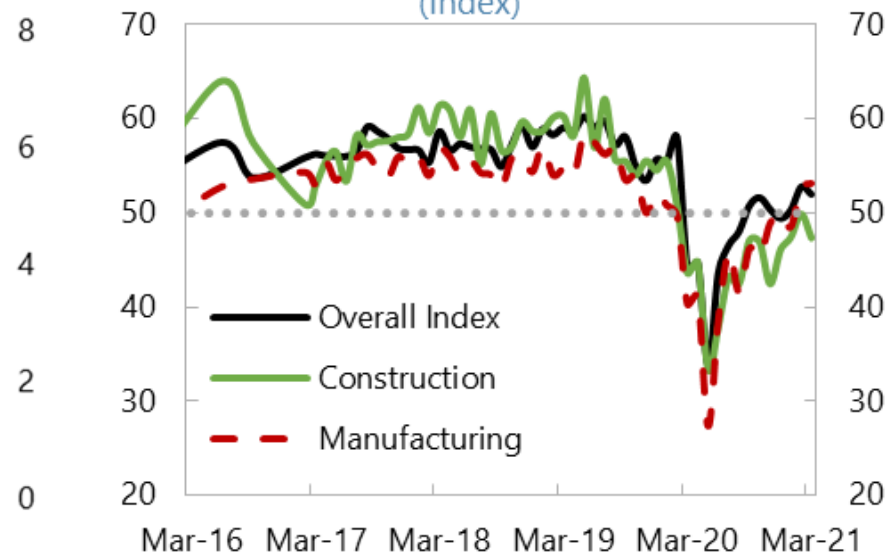
- Improve the business climate.

Health
[bolstering public health and social insurance]

Balance Sheets
[public debt, banks, households, and firms]

Development
[job-rich, inclusive, green, sustainable]
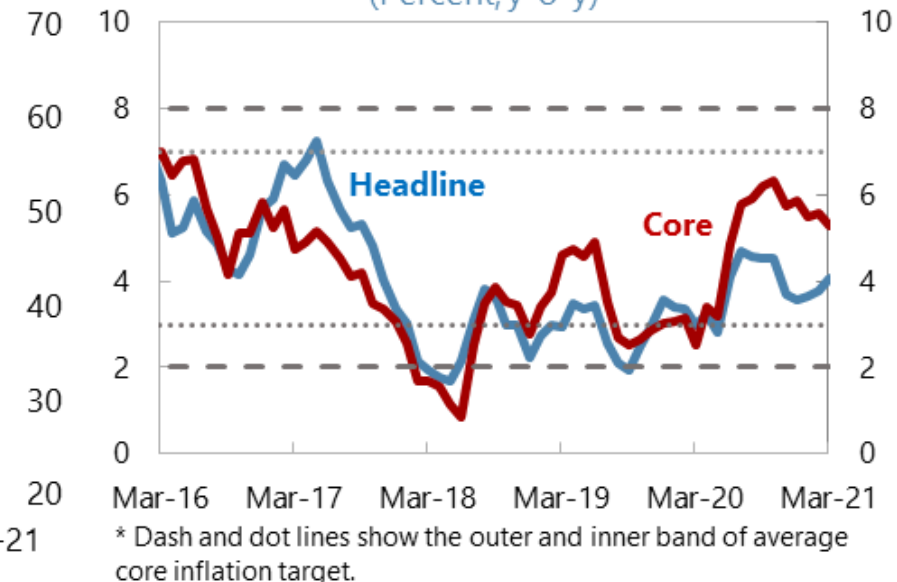
UGANDA OUTLOOK
May 2021
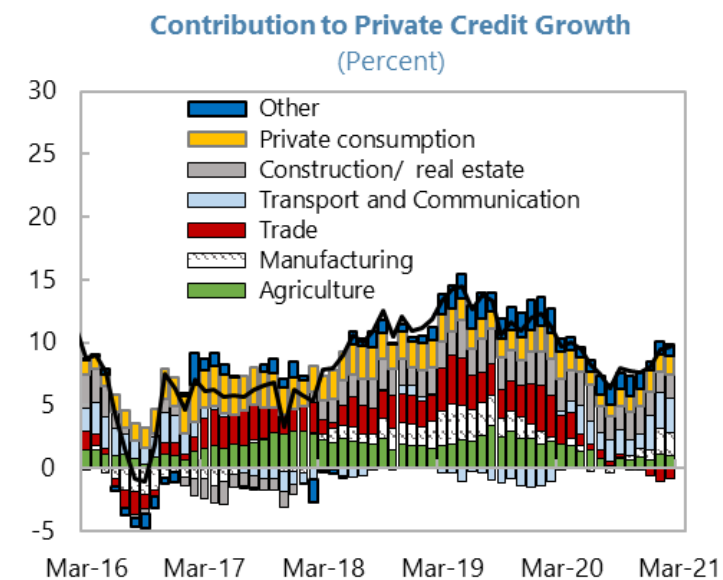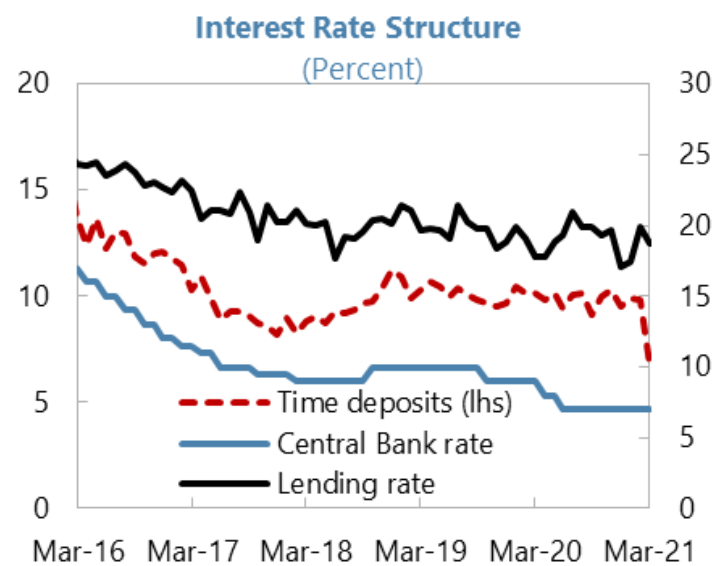
Growth and inflation outlook
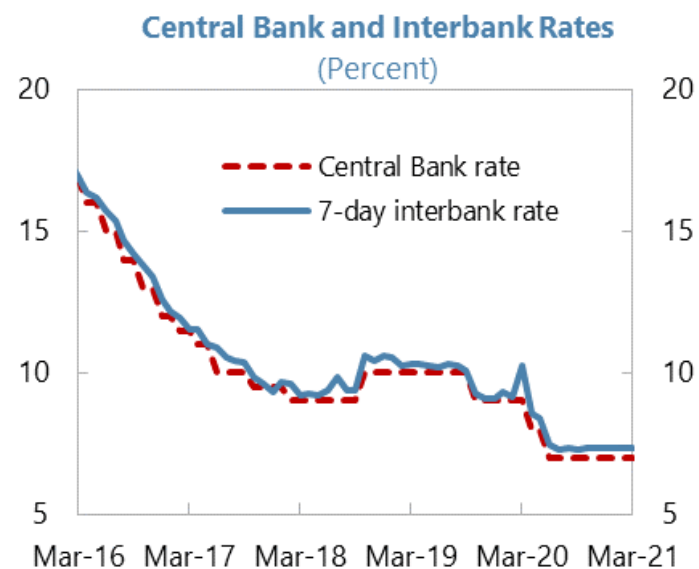

GDP Growth Contribution by Sector
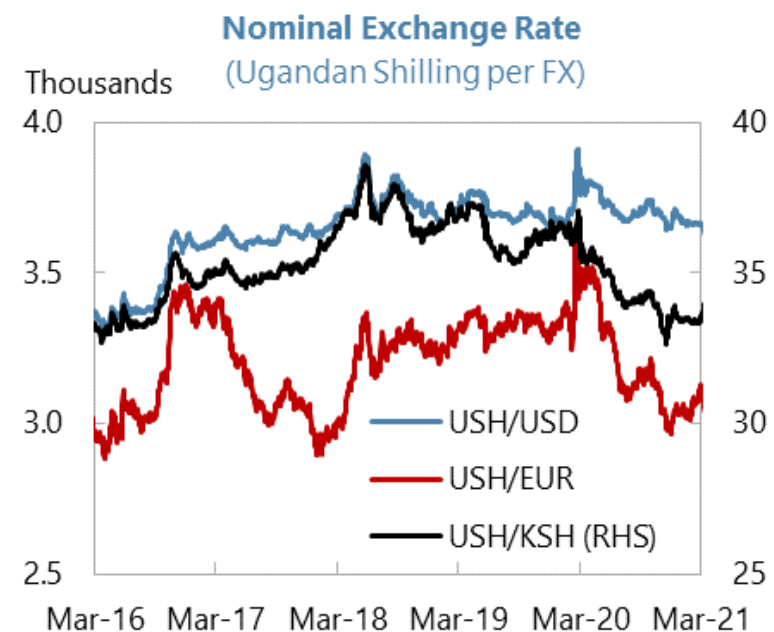(Percent, y-o-y)

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)

Interest Rate Structure
(Percent)

Contribution to Private Credit Growth
(Percent)

External position

Contributions to Current Account
(Percentage points)

International Reserve Buffers

Nominal Exchange Rate
(Ugandan Shilling per FX)
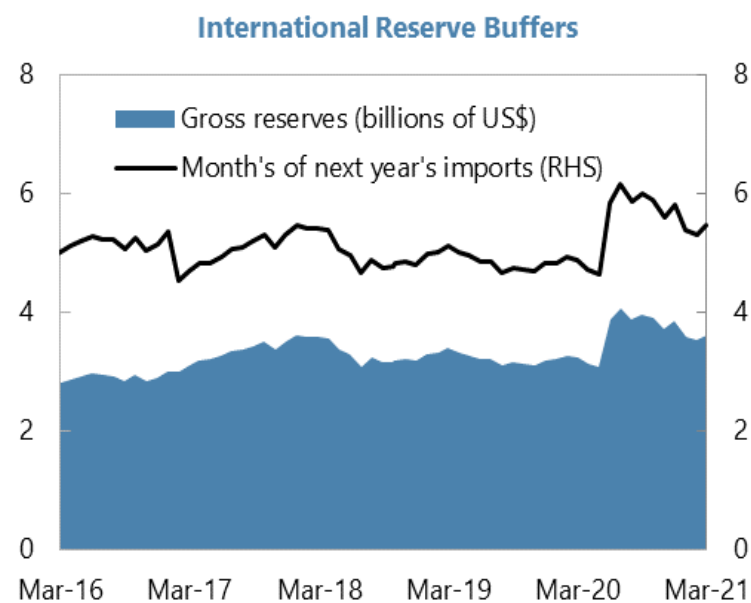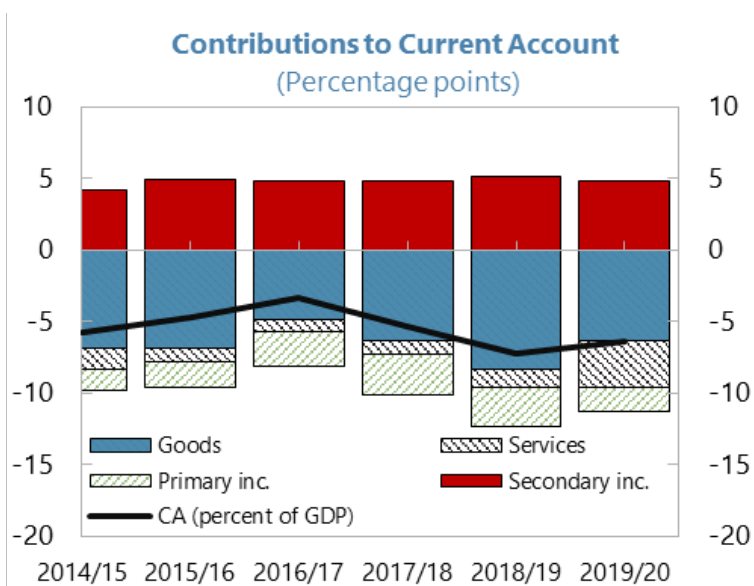
Fiscal position

Tax & Non-tax Revenue (Percent of GDP)
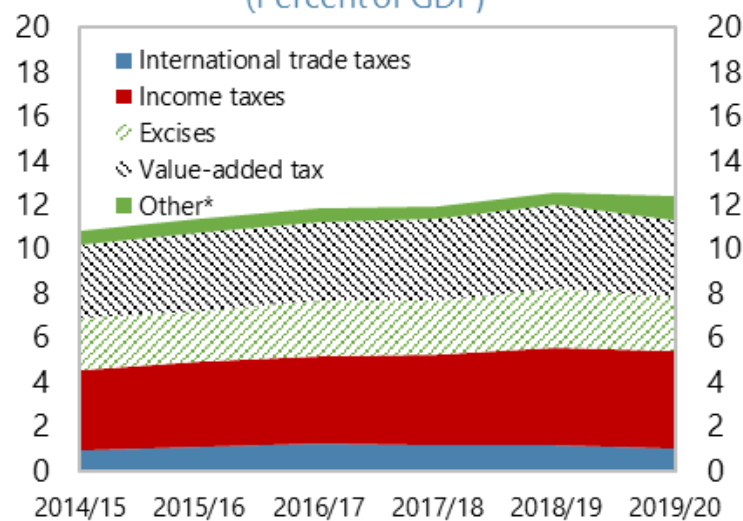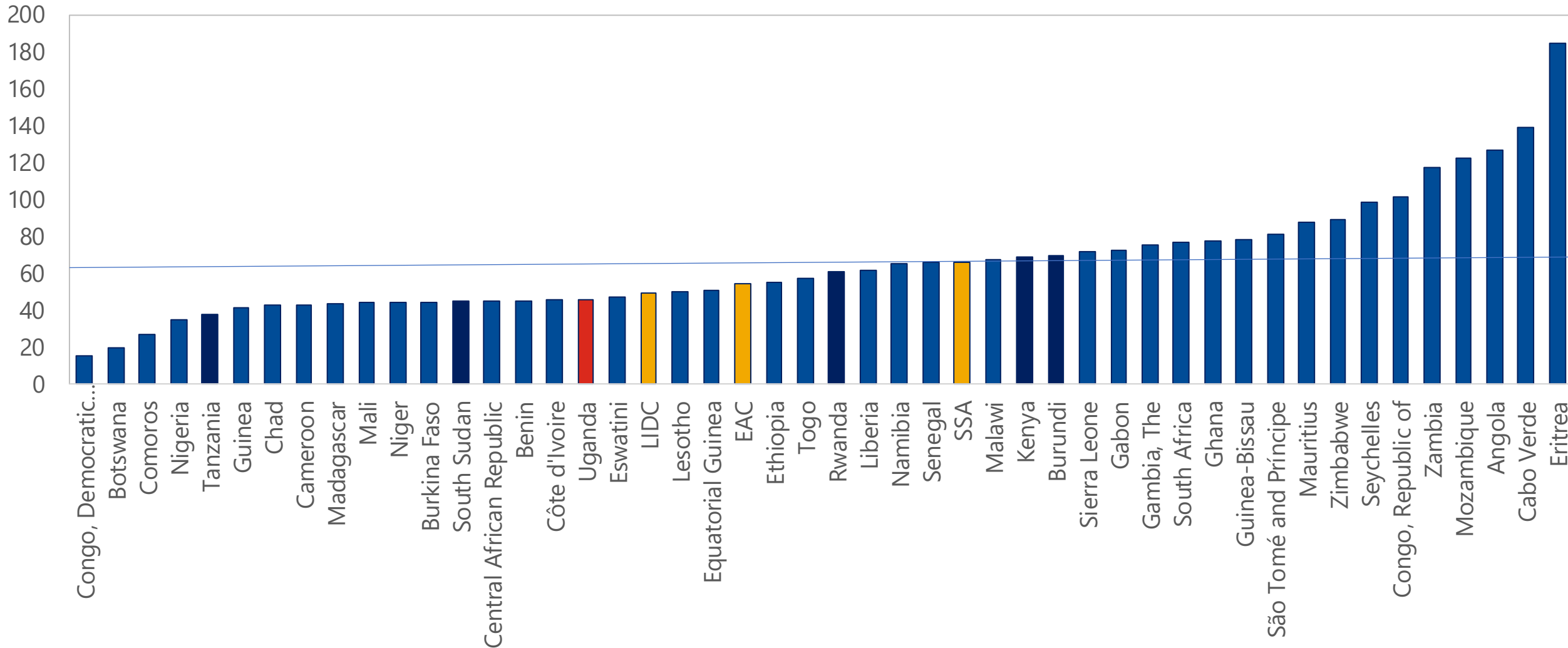
Total Expenditures (Percent of GDP)
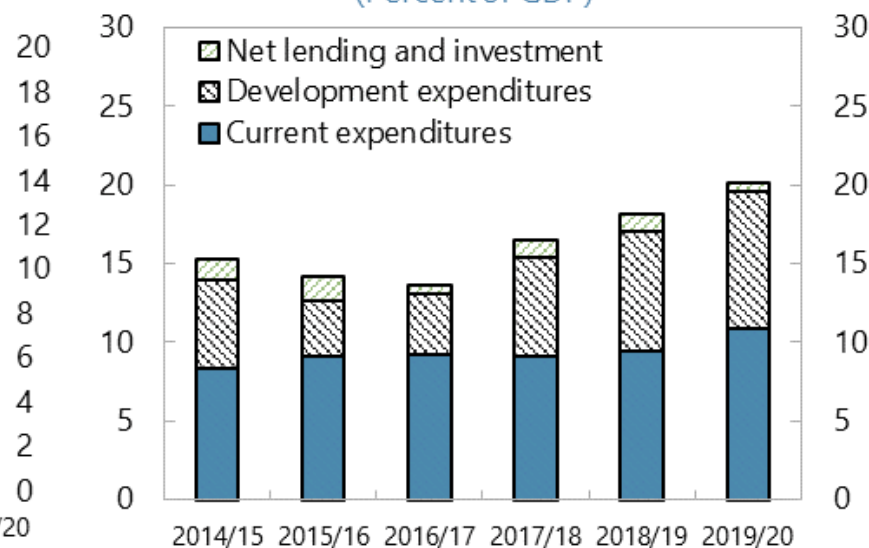
Overall Balance and Public Debt (Percent of GDP)
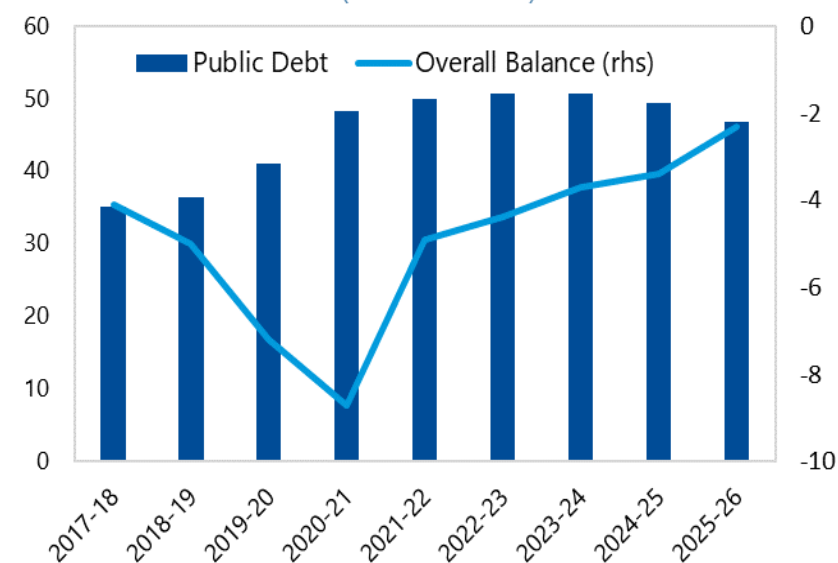
Debt-to-GDP ratios in 2020
(Percent)

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.