

Navigating a Long Pandemic

RECENT DEVELOPMENTS: A GLOBAL RECOVERY, BUT THE VIRUS OUTPACES VACCINES

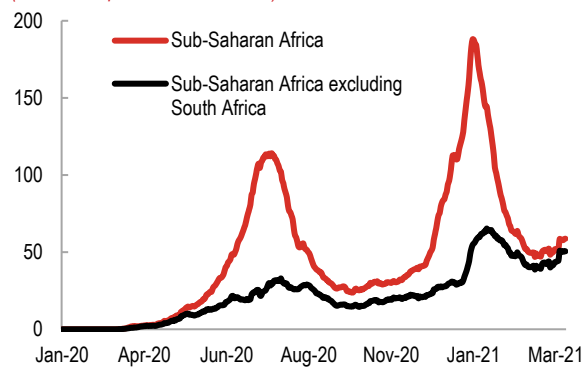
A longer, more widespread regional pandemic...

The coronavirus (COVID-19) crisis continues. Sub-Saharan Africa is still in the grip of a health and economic emergency. A year ago, most African countries swiftly implemented national lockdowns to contain the virus and spare the region from the worst of the crisis. While vital in saving lives, these measures added to the global recession and had a dramatic impact on local economies, prompting sub-Saharan Africa to shrink by an extraordinary –1.9 percent in 2020—the worst outcome on record.

With the decrease in the number of cases and amid the mounting economic and social costs of the lockdowns, many countries cautiously reopened their economies over the summer. But in the months since the October 2020 *Regional Economic Outlook: Sub-Saharan Africa*, the region—together with the rest of the world—confronted a second wave that swiftly outpaced the scale and speed of the first across a broader set of countries (Figure 1). Moreover, parts of southern Africa saw the emergence of a more infectious variant of the disease. This second wave has eased for now, but many countries in the Southern Hemisphere continue to brace themselves for more waves as their winter approaches.

Figure 1. Sub-Saharan Africa: New Confirmed Cases of COVID-19

(New cases per week, thousands)



Source: Johns Hopkins University, Center for Systems Science and Engineering, COVID Tracking Project.

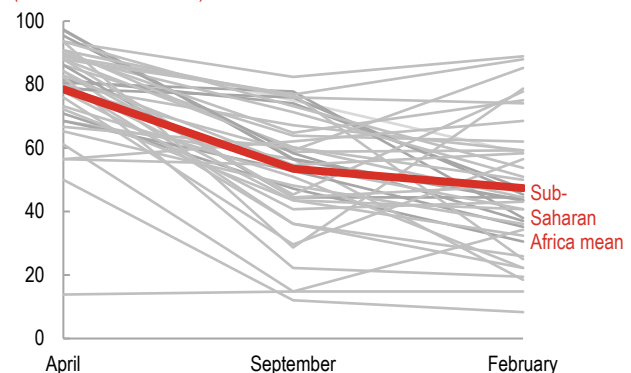
Note: SSA = sub-Saharan Africa.

Countries are stretched further. Most countries entered the second wave in a much worse position than the first, with depleted fiscal and monetary buffers, shrinking resources with which to protect the vulnerable, and additional millions thrown into poverty. Compared with the first wave, therefore, the containment measures implemented during the second wave were far more diverse (Figure 2). Although not always as stringent as in the first wave, some countries responded to the second wave's intensity by reinstating strict controls on movement and activity (Lesotho, South Africa, Zimbabwe). Others have been more reluctant to repeat the economically costly measures deployed in 2020 (Ghana, Senegal).

The long wait for vaccines. The global effort to develop an effective vaccine has been truly exceptional, and many countries are looking to the second half of the year with a renewed sense of hope, but the process of manufacturing, procuring, and deploying the vaccine is off to a slow and highly unequal start (Figure 3). Many advanced economies are scaling up their vaccination efforts rapidly and aim to have the bulk of their people vaccinated by mid-2021—indeed, some have secured enough doses to cover their own populations many times over. In Africa, however, with limited purchasing power and few options, most countries have found themselves at the end of the queue, and will instead be struggling to cover essential frontline workers (health care providers, teachers, and so on). As they wait, and in the context of their already stretched health systems, authorities will continue to face the threat of a resurgent pandemic.

Figure 2. Sub-Saharan Africa: Stringency of Containment Measures

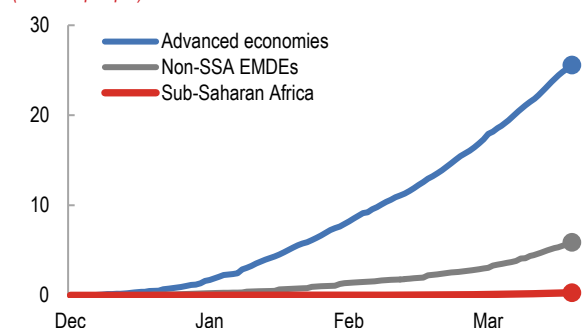
(Index, score out of 100)



Source: Oxford University COVID-19 Government Response Tracker.

Figure 3. Selected Regions: Vaccine Doses Administered, 2021

(Per 100 people)



Sources: Our World In Data; and World Bank, World Development Indicators.

Note: Non-SSA EMDE = Non-sub-Saharan African emerging market and developing economies.

...offsets a more supportive external environment...

An uneven global recovery. Current estimates suggest that the world economy shrank by –3.3 percent in 2020, but much of that contraction was concentrated in the first half of the year. Indeed, the 2020 estimate for global growth is 1.1 percentage points higher than in the October 2020 *World Economic Outlook* forecast because of a stronger-than-expected recovery in the second half.

Improved commodity prices. In line with the world economy, most commodity prices also rebounded in the second half of 2020, as strict lockdowns were lifted gradually across the globe and as worldwide

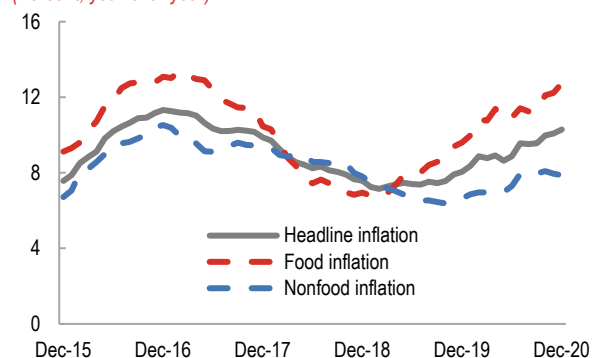
demand firmed, especially in China. Oil prices over the first quarter of 2021 averaged about \$59 per barrel, up significantly from \$41 in 2020. Non-oil commodity prices are also increasing. Base metal prices recovered strongly in the second half, increasing by 36 percent between June and December 2020.

Rising food prices. The second half of 2020 also saw a surge in prices for many staple crops, reversing an earlier decline over the first months of the pandemic, when swollen global supplies and weaker demand pushed prices to a four-year low.¹ In sub-Saharan Africa, these global developments came on top of preexisting regional trends—many drought-affected countries had already been contending with rising food prices (Figure 4), with some regions experiencing localized food price spikes and increased food insecurity (Burkina Faso, Democratic Republic of the Congo, Mali, Niger, Zimbabwe).²

Easier financial conditions. Similarly, global financial conditions improved significantly in the second half of 2020. From all-time highs in April, sovereign spreads in sub-Saharan Africa dropped by about 700 basis points over the course of 2020 (Figure 5). Regional Eurobond sales resumed at the end of 2020, with a successful issue by Côte d'Ivoire in November, followed by early-2021 issues by Benin and Ghana, and another issue by Côte d'Ivoire. In total, markets anticipate Eurobond sales of about \$15 billion in 2021 (Box 1).

Figure 4. Sub-Saharan Africa: Consumer Price Inflation

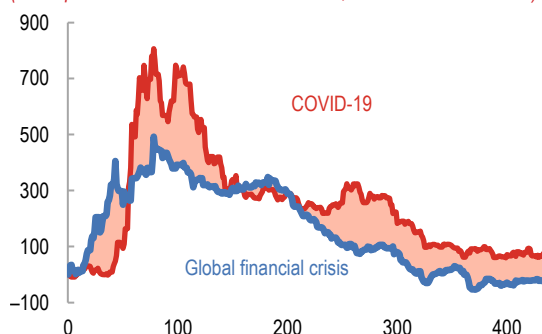
(Percent, year-over-year)



Sources: Country authorities; and IMF staff calculations.

Figure 5. Sub-Saharan Africa: Emerging Market Bond Index Spread

(Basis points versus US dollar benchmark, cumulative since event)



Sources: Haver Analytics; and IMF staff calculations.

Note: Excludes Zambia.

¹ See International Monetary Fund (IMF). 2021. "Special Feature: Commodity Market Developments and Forecasts," *World Economic Outlook*, Washington, DC, April.

² See International Monetary Fund (IMF). 2020. "Food Markets During COVID-19," IMF Special Series on COVID-19, Washington, DC, June.

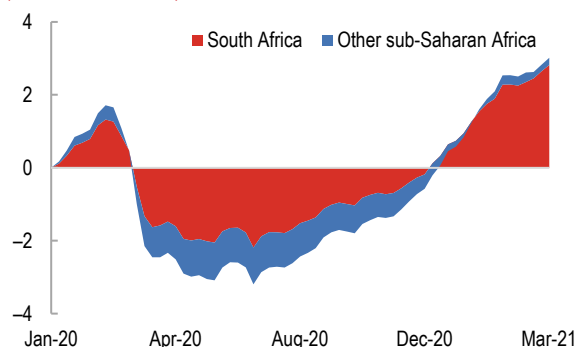
For the year ahead, major central banks will likely maintain their accommodative outlook over the near-to-medium term, so financial conditions for African borrowers are expected to remain broadly supportive, notwithstanding recent market volatility.

- Outflows from emerging and frontier markets in sub-Saharan Africa totaled \$5 billion between February and June 2020, but inflows resumed in July and amounted to almost \$4 billion over the second half of the year (Figure 6).
- In addition, remittance inflows also recovered for many countries (The Gambia, Kenya). These remain sub-Saharan Africa's largest source of foreign income and are tightly linked to global growth (about 60 percent of inflows originate from advanced economies).³ Overall, remittance inflows dropped by about 7 percent in 2020, but this compares favorably to a drop of about 20 percent projected at the time of the October 2020 *Regional Economic Outlook: Sub-Saharan Africa*, and reflects a surge toward the end of the year—a trend that is expected to continue into 2021.

...presenting further challenges for sub-Saharan African policymakers.

Despite an upward revision, sub-Saharan Africa will still be the slowest growing region in 2021. The global economy is expected to continue its recent strength and grow by 6 percent in 2021—an upward revision of 0.8 percentage point since

Figure 6. Sub-Saharan African Emerging Market and Frontier Economies: Cumulative Portfolio Flows, 2020–21
(Billions of US dollars)



Sources: Haver Analytics; and IMF staff calculations.

Note: Other sub-Saharan Africa = Angola, Côte d'Ivoire, Ghana, Kenya, Mozambique, Nigeria, Rwanda, Senegal, and Zambia.

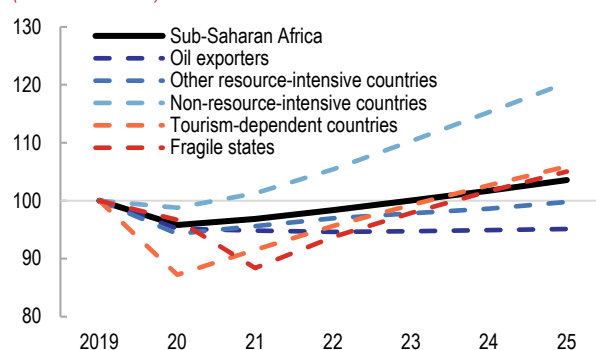
³ See International Monetary Fund (IMF). 2021. "Remittances in Sub-Saharan Africa: An Update," IMF Special Series on COVID-19, Washington, DC, February.

October—reflecting an accelerating vaccine rollout and ongoing stimulus efforts in key economies. Growth in sub-Saharan Africa, on the other hand, is forecast at 3.4 percent. This reflects the region's continued lack of policy space, but also partly the region's slower vaccine rollout, where most countries are unlikely to see broad coverage (at least 60 percent vaccination) before the end of 2023.

A lasting legacy. For the region as a whole, per capita output is not expected to return to 2019 levels until after 2022—and in many countries, per capita incomes will not return to precrisis levels before the end of the forecast horizon (Figure 7). Cumulative output losses from the pandemic will amount to almost 12 percent of GDP over 2020–21.

- **South Africa's** economy shrank by a remarkable –7 percent last year. A better-than-expected fourth quarter prompted an upward revision in 2021—although this will likely be offset by the second COVID-19 wave, which peaked in January 2021 and led to the reintroduction of some containment measures in the first quarter. The net impact will be a growth rate of 3.1 percent in 2021. Looking ahead, authorities have embarked on an ambitious vaccination program, which could limit the risk of additional waves if implemented swiftly. However, the scarring effects of the crisis, rising inequality, chronic electricity shortages, and product and labor market rigidities will likely weigh on growth over the medium term, limiting the economy's ability to take advantage of an improving global environment.

Figure 7. Sub-Saharan Africa: Real GDP Per Capita Growth, 2019–25
(Index 2019 = 100)



Source: IMF, World Economic Outlook database.

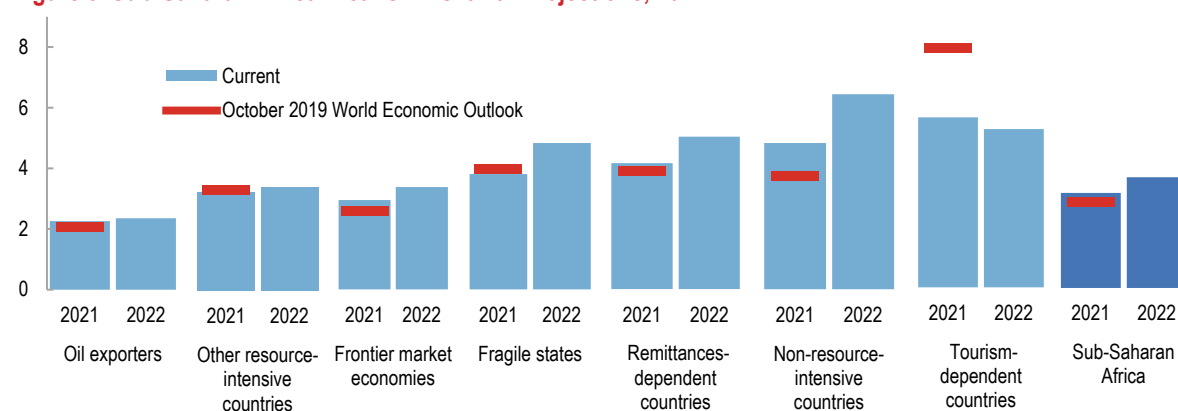
- **In Nigeria**, the economy contracted by 1.8 percent in 2020 and is expected to grow by 2.5 percent in 2021—boosted by higher oil values and production and a broad-based recovery in the non-oil sectors. Over the medium term, the global shift to greener energy will continue to weigh on oil production, while non-oil growth will likely remain sluggish without a determined effort to address Nigeria's long-standing structural weaknesses, including infrastructure and human-capital bottlenecks, and weak policies and governance.
- **Angola** in 2021 is projected to expand for the first time in six years. The crisis resulted in an output drop of –4.0 percent in 2020, but growth is expected to recover modestly to 0.4 percent this year. This latter projection has been revised downward significantly since October because of delayed investment and maintenance in the oil sector. Projections for improved non-oil growth reflect modest recoveries in the agricultural and service sectors.
- **Ethiopia's** growth forecast for fiscal year 2020/21 has been revised upward from 0 to 2 percent because of higher-than-expected momentum from fiscal year 2019/20 along with the broader global recovery. But COVID-19-related uncertainty will still burden nonagricultural activity, and projections for agricultural output have been revised downward, reflecting the recent locust swarms and the conflict in Tigray. A new surge in COVID-19 cases started in January 2021.

Tourism-dependent countries (Cabo Verde, Comoros, The Gambia, Mauritius, São Tomé and Príncipe, Seychelles) face a particularly demanding challenge. As a critical source of employment, foreign exchange, and government revenue, tourist receipts came to an abrupt halt in the first half of 2020, shrinking the economy by as much as 14–16 percent (Cabo Verde, Mauritius, Seychelles).⁴ Despite the global recovery, global travel remains subdued, and tourist inflows into Africa are not expected to return to 2019 levels until 2023. Nonetheless, from a low base, tourist receipts should start improving this year, assisted in some instances by early and ambitious vaccination programs (Seychelles). This should help support a return of private consumption and a modest pickup in investment (Figure 8).

In both **frontier and fragile economies**, constrained public spending and private investment will weigh on growth in 2021 but will be offset by an uptick in consumption. However, in some fragile economies—particularly for Sahel countries—ongoing security challenges (Burkina Faso) and political instability (Mali) may undermine the expected rebound in consumer confidence.

Supported by rising commodity prices and exports, growth for **oil exporters** will increase from –2.3 percent in 2020 to 2.3 percent in 2021, with the recovery weighed down by subdued investment. **Other resource-intensive countries**, however, are expected to rebound relatively quickly. Buoyed mainly by a return of consumption, output growth is forecast to increase from –3.7 percent in 2020 to 3.5 percent in 2021, about equal to precrisis growth rates.

Figure 8. Sub-Saharan Africa: Real GDP Growth Projections, 2021–22



Source: IMF, World Economic Outlook database.

⁴ For countries with a sizable diaspora, lower tourist inflows have been offset in part by higher remittances (Comoros).

Diversified non-resource-intensive countries will remain the region's most dynamic economies, buoyed by a normalization of consumption, but also supported by a return of investment. Growth for these countries will rise from 1.0 percent in 2020 to 4.8 percent in 2021—a welcome recovery, but still short of precrisis trends as non-resource-dependent countries are not expected to return to precrisis growth rates until 2022.

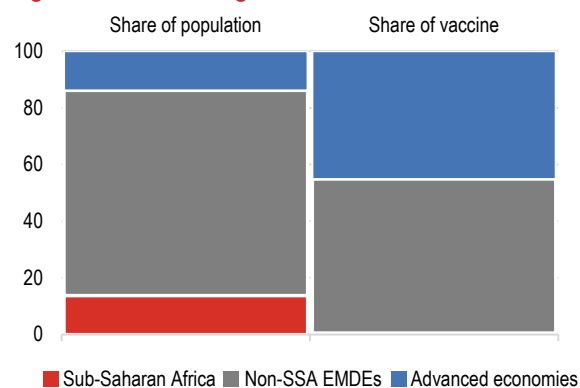
KEY RISKS: THE REGIONAL RACE AGAINST LONG COVID

Risks remain dominated by the pandemic and vaccine access.

An even longer COVID-19. The October 2020 *Regional Economic Outlook: Sub-Saharan Africa* stressed that the outlook for the region was subject to greater-than-usual uncertainty, and that projections for the region depended critically on the length of the COVID-19 shock—the worst of which was assumed to have passed.

That uncertainty persists. Indeed, considering the experience of the second wave, sub-Saharan Africa could well face repeated COVID-19 episodes before vaccines become widely available (Figure 9). The baseline assumes that further outbreaks will be accompanied by localized lockdowns as needed, but again, this still assumes that containment measures will be less stringent than they were in early 2020. Moreover, the baseline also assumes that any containment measures will have a smaller impact on activity compared with early 2020 because of more deliberate targeting, increased adaptation, and

Figure 9. Selected Regions: Vaccine Doses Administered



Sources: Our World in Data; and World Bank, World Development Indicators database.

Note: Data as of the end of March 2021. Non-SSA EMDEs = non-sub-Saharan African emerging market and developing economies.

a more subdued starting point for contact-intensive activities.

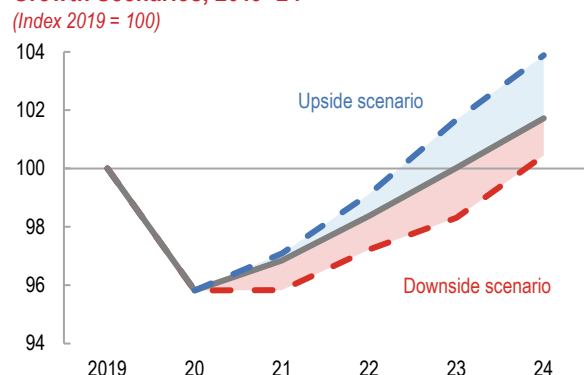
A race against the virus. Production constraints mean that most countries in Africa will rely on the COVID-19 Vaccines Global Access (COVAX) facility and the African Union to secure initial doses for their populations (Box 2). Moreover, the outlook is further complicated by the fact that different vaccines have different requirements and potentially different degrees of effectiveness. Where shipments have begun, the success of the vaccine rollout also depends crucially on the distribution infrastructure that the authorities and international community manage to put in place. If supply and distribution issues continue, most countries will struggle to reach herd immunity before the end of 2023, leaving them exposed to new, more virulent strains of the disease, and raising the prospect that COVID-19 will become a permanent, endemic problem across the region.

Simulations of a longer global pandemic suggest that downside risks to growth are significant.

In a **downside scenario** where the global rollout proceeds less smoothly than hoped—due to issues with either vaccine production, distribution, effectiveness, or hesitancy—global growth drops by 1½–2½ percentage points over 2021–22, key commodity prices fall, and the cost of borrowing for emerging and frontier markets increases. In sub-Saharan Africa, growth would dip by about ½–1 percentage point over 2021–22, resulting in cumulative additional per capita GDP losses of almost 2½ percent over the next two years. The region would only return to precrisis income levels in 2024, one year later than in the baseline (Figure 10).

In an **upside scenario**, the global vaccine rollout is even faster than under the baseline, boosting worldwide growth by more than ¼ percentage point in 2021, and 1¼ percentage points in 2022. In this more supportive environment, growth in sub-Saharan Africa improves over 2021–22 by about ¼ percentage point each year, resulting in a cumulative output gain of almost 1 percentage point over the next two years. COVID-19 developments, of course, are highly uncertain, and the development of a range of effective vaccines within the space of a year has been little short of miraculous, so further

Figure 10. Sub-Saharan Africa: Real GDP Per Capita Growth Scenarios, 2019–24
(Index 2019 = 100)



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

upside potential still exists. An accelerating rollout, for example, or a determined effort to ensure a swift and equitable global distribution of vaccines could materially boost the region's near-term prospects even further.

Beyond the pandemic, other uncertainties remain.

Key domestic risks include a worsening of preexisting socioeconomic inequities and social and political tensions, which might then undermine confidence and hinder effective policymaking. Thirteen countries will hold elections in 2021 in the context of limited fiscal space, increasing the risk of policy slippages. Others face elevated security concerns (Burkina Faso, Cameroon, Central African Republic, Chad, Ethiopia, Mali, Mozambique). The region also continues to be subject to climate-related shocks, such as floods and droughts (Benin, Lesotho, Mali).

Risks from an uneven global recovery. An unanticipated withdrawal of policy support in key advanced economies or a reevaluation by market participants of relative inflation prospects could trigger an increase in market volatility and a disorderly tightening of global financial conditions. Markets might then reassess the price of risky assets, and vulnerable borrowers might face higher rollover risks, jeopardizing access for emerging and frontier economies. In sub-Saharan African countries with limited fiscal space and little scope to weather another reversal of capital flows—especially those with elevated debt and/or low reserves—this could add to debt sustainability pressures, depreciation pressures, and, in some cases, higher inflation and lower growth.

Inadequate financing. Considering crisis-related financing needs, the baseline projection for sub-Saharan Africa assumes continued support from the international community and a swift normalization of private inflows. If this falls short of expectations, many countries may find themselves in a vicious circle—in which an external funding gap requires deeper fiscal consolidation, which then ends up choking off near-term growth, adding to social tensions, increasing risk premiums, and limiting the authorities' ability to pursue productivity-boosting reform, thus leaving them trapped on a path of low growth and high debt.

POLICIES AND RECOMMENDATIONS: EXPANDING WHAT IS POSSIBLE

Macroeconomic policies will be tightly constrained and will entail some difficult choices.

Policy in a long pandemic. During the height of the crisis, policy discussion was often tailored to different phases of the pandemic: immediate actions to save lives and livelihoods; near-term initiatives to secure a robust recovery once the acute phase of the crisis had passed; and then longer-term measures to build a more resilient, inclusive, and sustainable post-COVID-19 economy. However, for sub-Saharan Africa, as the pandemic persists, it is likely that all these phases will overlap, leaving policymakers in the unenviable position of trying to boost and rebuild their economies while simultaneously dealing with repeated outbreaks of the virus as they arise. Moreover, tackling these competing needs may become more difficult over time, given the fiscal legacy of 2020. Resources are already scarce and may shrink even further the longer the pandemic continues.

The first priority is still to save lives. But protracted lockdowns are simply not viable as an enduring solution, so containment measures and public health surveillance will have to be adapted to each individual outbreak. Striking the right balance will be difficult. It will require added spending, not only to scale up the resilience of local health systems and support the testing and tracing that a more tailored containment approach requires, but also to ensure that the logistical, administrative, and financial requirements of mass vaccination are in place.

None of this is ideal. As long as the pandemic endures, stop-start containment measures will continue to undermine consumer and business confidence, and as long as the economy remains held back by pandemic-related concerns, the potential for long-term scarring is greater as physical and human capital are worn away. Additionally, the added spending to contain the pandemic will necessarily come at the expense of other budget priorities, including vital spending on other key health areas and much-needed capital spending.

Policymakers will do what is possible, but ultimately this will require restoring the health of public balance sheets.

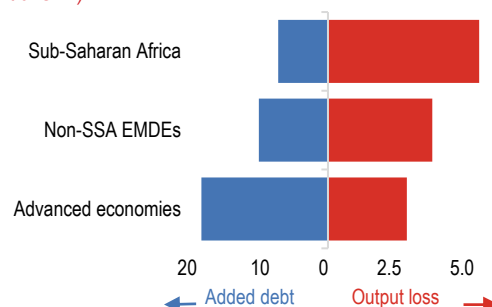
Creating space while maintaining fiscal sustainability.

Limited policy space. The region entered the COVID-19 crisis with less fiscal space than at the onset of the global financial crisis, with 16 countries either at high risk of debt distress, or already in distress in 2019. The Group of Twenty (G20) Debt Service Suspension Initiative has provided some scope to maintain critical spending, by temporarily deferring payments without reducing the overall level of debt (Box 3).

But COVID-19-related fiscal packages in the region averaged only 2.6 percent of GDP in 2020. This is markedly less than the amounts spent in other regions (spending in advanced economies was almost triple this amount at 7.2 percent of GDP in 2020) and has often come at the expense of essential spending in other areas. The result is that most countries in the region have been unable to cushion their economies to the same extent as elsewhere, and have consequently suffered greater output losses (Figure 11).

Although policies were less supportive than in many other regions, public debt nonetheless increased in sub-Saharan Africa to almost 58 percent of GDP in 2020—the highest level in almost 20 years and an increase of more than 6 percentage points in just one year. Seventeen countries were either in debt distress or at high risk of distress in 2020, one more than before the crisis (Figure 12). These countries include a number of small or fragile states (8) and represent about one-quarter of the region's GDP, or 17 percent of the region's debt stock.

Figure 11. Selected Regions: Output Loss and Debt Accumulation due to COVID-19, 2020–21
(Percent of GDP)



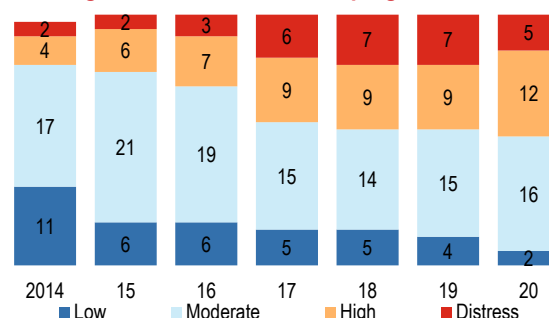
Source: IMF, World Economic Outlook database.

Note: Non-SSA EMDEs = non-sub-Saharan African emerging market and developing economies.

In addition, the crisis has also undermined the balance sheets of key state-owned enterprises, adding to the contingent liabilities of many authorities. This is particularly striking for some state-owned airlines (Kenya, Namibia) which have been hit hard by the sharp drop in international travel, but it is also evident in already-troubled utilities (South Africa) that have had to weather a prolonged drop in revenues in addition to their preexisting difficulties.

Even as they deal with the costs and demands of the ongoing pandemic, most countries will need to **undertake fiscal consolidation** to put debt back on a sustainable footing. Regionwide deficits are expected to narrow by about 1½ percent of GDP this year, easing the average debt level back to about 56 percent of GDP, though with marked differences across countries (Figure 13). In this context, some countries are withdrawing their emergency support more rapidly than would otherwise be desirable, which may undermine the strength of the recovery.

Figure 12. Sub-Saharan Africa: Debt Risk Status for PRGT-Eligible Low-Income Developing Countries, 2014–20



Source: IMF, Debt Sustainability Analysis Low-Income Developing Countries database.

Note: Debt risk ratings for Cabo Verde begin in 2014 and South Sudan in 2015. PRGT = Poverty Reduction and Growth Trust.

Acquiring space. The key challenge for policymakers will be to find ways to create more fiscal space through domestic revenue mobilization, prioritization and efficiency gains on spending, or perhaps through addressing their debt-service obligations.

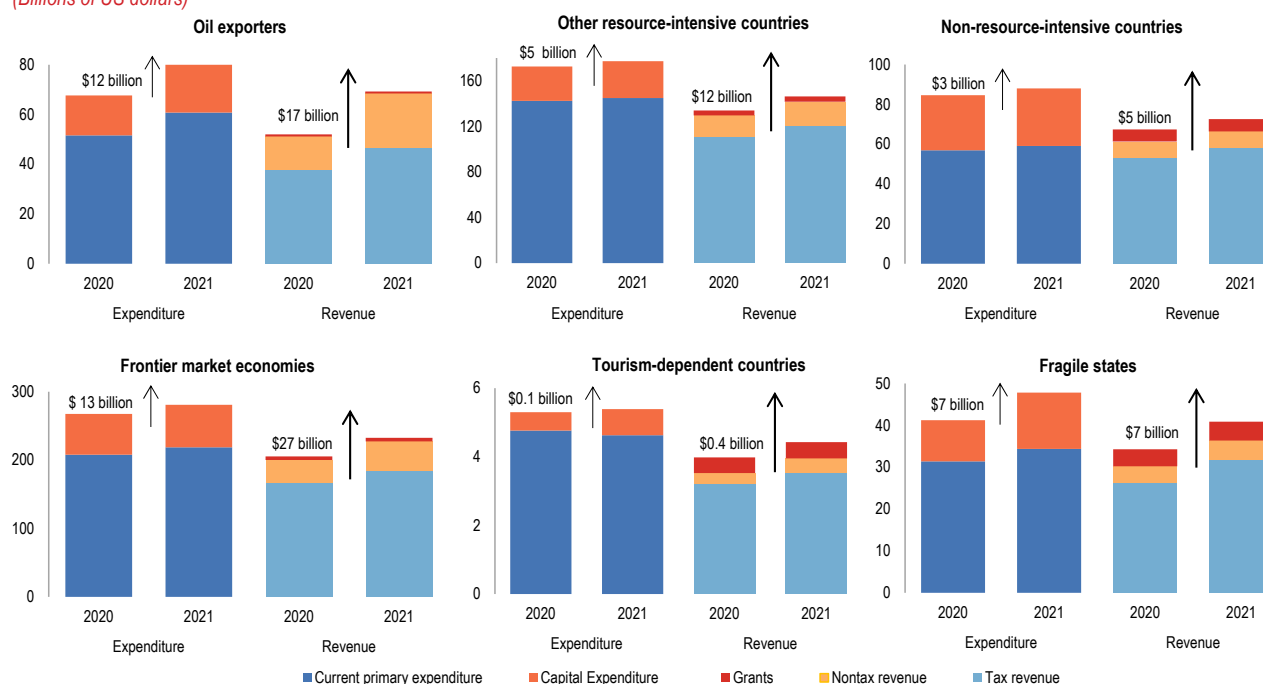
On the revenue side, and depending on country circumstances, authorities looking to expand their fiscal space can look to tax policies that (1) increase the progressivity and coverage of personal income taxes, (2) eliminate distortionary corporate income tax exemptions and incentives, (3) increase the role of property and environmental taxes, and (4) broaden the value-added tax (VAT) base. The last may offer significant scope for improvement in sub-Saharan Africa's case, as the region's VAT efficiency (the ratio between actual VAT revenues and theoretical revenue received if all consumption were charged at the standard rate) is only about 35 percent, compared with a global average of more than 50 percent. Increasing regional efficiency to the global average would boost revenues by about

2 percent of GDP.⁵ More generally, base-broadening efforts should aim to capture a larger proportion of the informal sector. Similarly, measures to broaden the tax base should be complemented by efforts to tackle illicit financial flows, which represent a sizable and ongoing drain on the region's fiscal resources and prosperity.

Authorities can also leverage the potential benefits of **new technologies** to enhance revenue administration over the near term. The introduction of e-filing, for example (Kenya, Uganda) has been shown to boost collection efficiency by quickly and significantly simplifying administration and reducing compliance costs.⁶ In São Tomé and Príncipe, e-invoicing allowed the authorities to expand the tax base into the country's informal sector, even during the COVID-19 crisis. Other measures to improve tax administration might include a more risk-based approach to revenue administration, as well as further governance and anti-corruption reforms to enhance tax efficiency.⁷

Figure 13. Sub-Saharan Africa: Fiscal Expenditure and Revenue, 2020–21

(Billions of US dollars)



Source: IMF, World Economic Outlook database.

⁵ See International Monetary Fund (IMF). 2020. "Tax Policy for Inclusive Growth after the Pandemic," IMF Special Series on COVID-19, Washington, DC, December.

⁶ See International Monetary Fund (IMF). 2020. "Digitalization in Sub-Saharan Africa," Chapter 3 in *Regional Economic Outlook: Sub-Saharan Africa*, Washington, DC, April.

⁷ See International Monetary Fund (IMF). 2019. "Curbing Corruption," Chapter 2 in *Fiscal Monitor*, Washington, DC, April.

On the expenditure side, many countries in sub-Saharan Africa have been forced to maintain critical spending by cutting back on lower-priority items and delaying public investment. This pressure will likely continue for the duration of the crisis, but authorities can nonetheless create space for more spending by improving public investment efficiency and the quality of public procurement.⁸ Here again, investing in government digitalization now may provide a relatively cost-effective way to boost efficiency and free up resources in the medium term. Digital public financial management solutions—such as information systems, procurement platforms, and fiscal transparency portals—have often played a key role in countries’ efforts to improve budget planning and efficiency, and to improve value for money. For example, in 2014, South Africa eliminated 850,000 ghost and ineligible social grant beneficiaries and halved administrative costs simply by requiring biometric registration.⁹

Transparency and good governance are key. The urgent and extraordinary nature of crisis spending often increases the risk and opportunity cost of wastage and fraud. Improving transparency and accountability can ensure that limited funds are helping the people who need it most.¹⁰ Although governance reforms were already a precrisis priority for many countries, in the context of emergency financial support from the international community, many have also committed to enhanced governance measures to ensure transparency and accountability for COVID-19-related spending. For countries receiving funds from the IMF, for example, more than 60 percent have committed to publishing procurement information, almost 80 percent have committed to publishing information on beneficial ownerships, and *all countries* have committed to audits. Implementation is ongoing and varies from country to country. Successful and innovative examples include procurement transparency (Benin), openness on beneficial ownership (Guinea, Malawi, Sierra Leone), and enhanced audits (Kenya, Sierra Leone, South Africa).¹¹

More policy space from improved policy frameworks. Beyond specific revenue and spending measures, authorities can also maximize fiscal space by improving their overall fiscal frameworks. In the context of elevated debt, a credible medium-term framework that balances the need for short-term policy support with medium-term consolidation can contain borrowing costs and sustain confidence. In this regard, given the extraordinary circumstances of the crisis, a temporary and timebound suspension of the application of West African Economic and Monetary Union’s (WAEMU) fiscal rules seems appropriate, if countries fulfill their commitment to return to more sustainable fiscal positions as the crisis abates.

Debt relief. Unfortunately, and especially if the pandemic lingers, some countries may still find themselves facing a difficult choice between their debt service obligations and essential health-spending requirements—suggesting the need for some form of debt treatment. The IMF has already provided some relief under the Catastrophe Containment and Relief Trust (CCRT) to 22 sub-Saharan African countries. In the context of the COVID-19 crisis, the CCRT currently aims to cover two years’ worth of debt service to the IMF and has been funded by donor contributions, including from the European Union, Japan, and the United Kingdom.

But some countries may need further assistance. For countries with sustainable debt but persistent liquidity needs (Ethiopia), the G20 Common Framework can help coordinate a rescheduling. For those countries with more fundamental sustainability concerns, the Common Framework can help coordinate the necessary restructuring process (Chad, Zambia). The circumstances of each of these countries are different, but the Common Framework can nonetheless provide a treatment that is tailored to their specific needs.

⁸ See International Monetary Fund (IMF). 2019. *Regional Economic Outlook: Sub-Saharan Africa*, Washington, DC, April.

⁹ See International Monetary Fund (IMF). 2020. “Enhancing Digital Solutions to Implement Emergency Responses,” IMF Special Series on COVID-19, Washington, DC, June.

¹⁰ See International Monetary Fund (IMF). 2020. “Keeping the Receipts: Transparency, Accountability, and Legitimacy in Emergency Responses,” IMF Special Series on COVID-19, Washington, DC, April.

¹¹ See International Monetary Fund (IMF). 2021. “Keeping the Receipts: One Year On,” Box 1.1. in *Fiscal Monitor*, Washington, DC, April.

More broadly, once a country's debt service exceeds its capacity to pay, it is in the best interest of both creditors and sub-Saharan African borrowers to quickly agree on the terms of a suitable debt treatment. The Common Framework requires that participating debtor countries seek treatment on at least as favorable terms from other creditors, including the private sector.

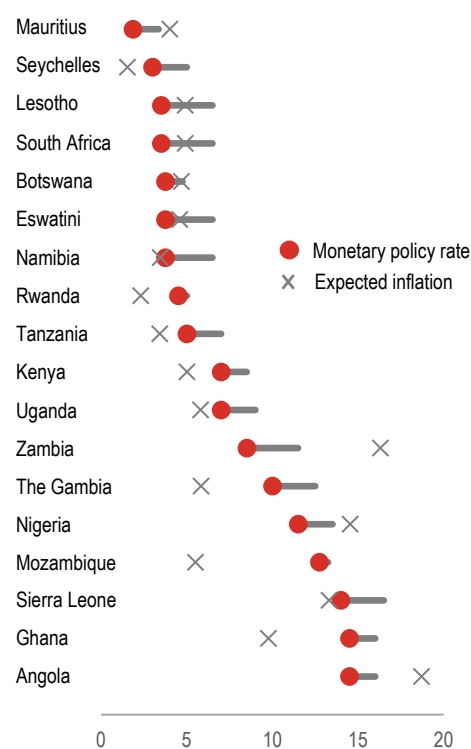
Supporting the recovery while maintaining price and external stability.

Central banks have been supportive, but are running out of room. Having declined from a double-digit peak in 2017, inflation in sub-Saharan Africa increased from 9.6 percent in 2019 (year over year) to 11.1 percent in 2020, mostly reflecting higher food prices (Ghana), the impact of depreciation (Angola, Zambia), and a rebound of energy prices toward the end of the year. As economies start to recover, and in the context of rising food and commodity prices, monetary authorities have become increasingly wary. Having loosened policy through 2020, most are now keeping policy rates on hold, and some (Mozambique, Zambia) have reversed some of last year's rate cuts (Figure 14).

Further easing may be possible for some. Where the pandemic continues to weigh on demand, and with fiscal policy remaining constrained, monetary policy may still play an important role in supporting the economy. Additional relaxation is appropriate for those with low inflation, although the scope for easing is somewhat more constrained for countries with a hard peg. For those with floating currencies, exchange rate flexibility can help cushion external shocks, though some intervention may be warranted to smooth disorderly adjustments and mitigate balance-sheet mismatches. Considering ongoing uncertainty over future global financial conditions, countries in crisis or imminent crisis circumstances may find temporary capital flow management measures useful, including for enhancing the autonomy of monetary policy. But these measures should not substitute for needed macroeconomic adjustment.¹²

Monetary deficit financing. With widening fiscal needs, and limited finance, a few sub-Saharan African countries tapped their central banks in 2020 to help fund their crisis spending (Democratic Republic of the Congo, Ghana, Mauritius, Nigeria, South Sudan, Uganda). If the pandemic persists, some may have little choice but to look to this source of funding once again. Direct central bank lending to the government may jeopardize the former's long-term effectiveness and undermine its commitment to contain inflation, with potential longer-term costs for the most vulnerable segments of the population. But in extraordinary circumstances, it may simply be impossible to obtain enough financing from any other source. Countries should use such financing only as a **last resort**, and if used, it should be on market terms, time-limited, and with an explicit repayment plan over the medium term. Repeated monetization would de-anchor inflation expectations and add to pressures on the currency (Zimbabwe).

Figure 14. Sub-Saharan Africa: Monetary Policy Rate Change, December 2019–March 2021
(Percent)



Sources: Haver Analytics; IMF, International Financial Statistics database; and IMF, World Economic Outlook database.

¹² See International Monetary Fund (IMF). 2020. "Toward an Integrated Policy Framework," IMF Policy Paper PR20/307, Washington, DC, September.

Supporting credit to the economy while maintaining financial stability.

Financial stability indicators have shown little change. But the longer the pandemic lingers, the more borrowers may find themselves compromised, with potentially significant implications for nonperforming loans (NPLs), bank solvency, and the triggering of public guarantees. So far, financial soundness indicators do not point to any major deterioration in the financial system's health, thanks, in part, to the exceptional policy support provided by local authorities. For countries where data are available, the average NPL ratio has increased only modestly from 7.2 percent at the end of 2019 to 8.3 percent as of October 2020—still below levels from 2018. Similarly, capital adequacy ratios have fallen only marginally from 17.6 percent to 17.4 percent regionwide. Appropriately, supervisory authorities in many countries have allowed their banks to use their countercyclical capital buffers to help deal with the crisis (Botswana, countries of the Central African Economic and Monetary Community [CEMAC], Ghana, Namibia) or have extended their transition to Basel Core Principles or IFRS9 prudential requirements (Lesotho, Uganda, WAEMU, Zambia). In return, however, they have also restricted dividend payments to help strengthen banks' capital positions (Benin, CEMAC countries, Guinea, Lesotho, Rwanda, South Africa, Uganda, WAEMU).¹³

The full impact of the crisis is yet to be felt.

Regulatory forbearance has perhaps prevented a number of non-viable loans from being captured properly in existing financial soundness indicators,¹⁴ and in some countries, regulatory forbearance is scheduled to end in 2021 (Botswana, Cabo Verde, CEMAC countries). Similarly, the recent crisis expanded bank exposures to the government in many countries—on average, credit growth to the government almost doubled that to the private sector, increasing by about 3 percent of GDP compared with 1½ percent of GDP.

Looking ahead, it will be important for banks and supervisors to have an accurate picture of the financial system's health, including adequate loan classification and provisioning that reflects potential losses, and a realistic projection of capital shortfalls and recapitalization needs.¹⁵ Early recognition of potential problems is important, and enhanced supervision procedures may be warranted (CEMAC countries), including a risk-based assessment of banks and assets with weaknesses that predate the crisis. As economies recover, crisis-related measures should be unwound slowly, deliberately, and transparently, replacing blanket interventions with more targeted and timebound measures.¹⁶ Prolonged forbearance or the relaxation of accounting rules would merely mask the true state of the financial system and exacerbate losses in the future, potentially undermining the financial system's health and stability and the private sector's ability to support growth in the long term.¹⁷

BUILDING A BETTER FUTURE: GETTING THE MOST FROM AFRICA'S POTENTIAL

A prolonged pandemic is leaving lasting scars...

In sub-Saharan Africa, estimated employment fell by about 8½ percent in 2020, more than 32 million people were thrown into poverty, and disruptions to education have jeopardized the prospects of an entire generation of schoolchildren. Moreover, a large proportion of Africa's most marginalized workers are concentrated in some of the region's hardest hit sectors (such as wholesale and retail, food and hospitality, tourism, and transport). Women are often overrepresented in these sectors, adding to the existing burden that many of them face from school closures and unpaid family care, and their exposure is due to their frequent roles as caregivers and health workers.

¹³ In February 2021, South Africa allowed the prudent payment of dividends, taking into consideration the current conditions and potential future uncertainty.

¹⁴ See Carmen Reinhart. World Bank. 2021. "The Quiet Financial Crisis," *Let's Talk Development* (blog), World Bank, January 7, 2021, <https://blogs.worldbank.org/developmenttalk/quiet-financial-crisis>

¹⁵ See International Monetary Fund (IMF). 2020. "Macro Financial Considerations for Assessing the Impact of the COVID-19 Pandemic," IMF Special Series on COVID-19, Washington, DC, June.

¹⁶ See International Monetary Fund (IMF). 2021. "Unwinding COVID-19 Policy Interventions for Banking Systems," IMF Special Series on COVID-19, Washington, DC, March.

¹⁷ See International Monetary Fund (IMF). 2020. "Banking Sector Regulatory and Supervisory Response to Deal with Coronavirus Impact (with Q and A)," IMF Special Series on COVID-19, Washington, DC, May.

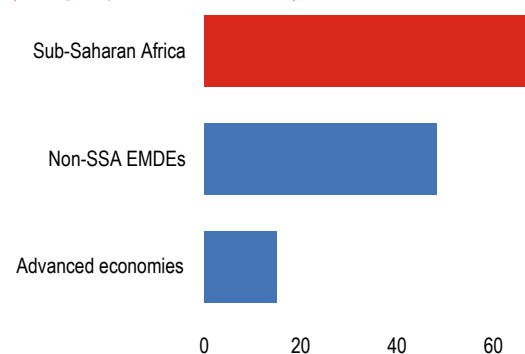
Development progress derailed. Erasing many of the past decade's gains, the pandemic has had a particularly harsh impact on the region's poor, placing the attainment of the Sustainable Development Goals (SDGs) by 2030 out of reach for most countries.¹⁸

Education disrupted. Of particular concern, lockdown measures during the pandemic have prevented many of the region's children from attending school. The World Bank estimates that globally the pandemic has disrupted the education of more than 90 percent of all students. In this context, remote learning is beyond the reach of most children in sub-Saharan Africa, so the pandemic's toll has been particularly harsh in the region (Figure 15). Estimates suggest that school closures in sub-Saharan Africa will cost nearly \$500 billion in future earnings, or almost \$7,000 per child.¹⁹ And faced with the prospect of ever-rising dropout rates, some countries have had little choice but to reopen their schools, despite potential infection risks.

Investment and physical capital reduced. Similarly, the depreciation of physical capital is likely to have accelerated because of the pandemic, especially in capital-intensive sectors (for example, the airline industry) or others that have struggled to cope with the sharp drop in demand. Looking ahead, if the

Figure 15. Selected Regions: Learning Losses due to COVID-19, 2020

(Average days of missed instruction)



Source: United Nations Educational, Scientific, and Cultural Organization; United Nations International Children's Emergency Fund; and World Bank, Survey on National Responses to COVID-19 School Closures, Round 2 (2020).

Note: Non-SSA EMDEs = Non-sub-Saharan African emerging market and developing economies.

¹⁸ See International Monetary Fund (IMF). 2021. "A Post-Pandemic Assessment of the Sustainable Development Goals," IMF Staff Discussion Note, Washington, DC, March.

¹⁹ João Pedro Azevedo and others. 2020. "Simulating the Potential Impacts of COVID-19 School Closures on Schooling and Learning Outcomes: A Set of Global Estimates," World Bank Policy Research Working Paper, 9284, Washington, DC, June.

pandemic persists, investment may remain subdued because of ongoing uncertainty and potential delays in key public infrastructure projects.

Overall, the potential for scarring is significant given the erosion of human and physical capital. Indeed, the current baseline projection for sub-Saharan Africa includes minimal catch-up growth, suggesting that the region's loss in per capita incomes is likely to be prolonged, if not permanent.

...resulting in a growing divide.

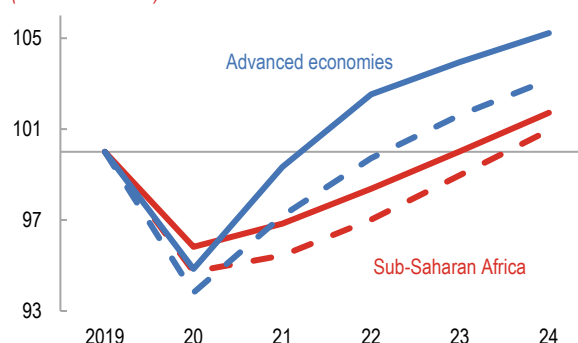
The fallout from the pandemic has not only resulted in a loss of income, but has expanded the gap between sub-Saharan Africa and the world's wealthier advanced economies. Following the shock early in 2020, and considering the uneven recovery in the second half of the year, the gap between the region's per capita GDP and that of advanced economies will increase in 2021 and is set to widen even further in 2022, interrupting the region's previous convergence path (Figure 16).

Bold and transformative reforms to unleash Africa's potential.

A strategic approach to reform. Over the near term with limited resources, authorities' reform priorities will need to be more focused, with a premium on bold reforms that boost resilience to future shocks, and that emphasize sectors with the best return on growth and employment.

Figure 16. Selected Regions: Real GDP Per Capita, 2020–24

(Index 2019 = 100)



Source: IMF, World Economic Outlook database.

Note: Dotted lines indicate October 2020 projections.

Every year in sub-Saharan Africa, 20 million new job seekers enter the labor market. In the short term, providing employment opportunities for these new entrants is perhaps one of the region's most pressing policy challenges. However, it may be one of the region's greatest strengths over the long term. Currently, sub-Saharan Africa accounts for 14 percent of the world's working-age population, but within the next 10–15 years, sub-Saharan Africa's contribution to growth in the global work force will exceed that of the rest of the world combined. With the right policies in place, the payoff from integrating the region's labor force into the broader global economy could be unprecedented.

Every week in sub-Saharan Africa, the region's economies export about \$6½ billion of merchandise goods. But only about one-fifth of those exports are destined for other countries in the region. In the wake of the pandemic's disruption of global value chains, one of the region's most promising prospects stems from the new African Continental Free Trade Area (AfCFTA), a potential market of 1.3 billion people with a combined GDP of almost \$3½ trillion.

Every day in sub-Saharan Africa, more than 90,000 new users connect to the internet for the first time. Worldwide, the diffusion of digital technologies promises to create new opportunities for progress and inclusion, and the pandemic has sharply accelerated this global trend.

Harnessing private investment.

A better investment climate. To avoid being left further behind, authorities in sub-Saharan Africa should renew their reform efforts to improve the region's business climate and attract more private investment. These reforms have long been understood and include enhancing the contestability of markets, removing key bottlenecks (such as unreliable electricity), leveling the playing field between public and private firms, aligning the treatment of firms in the formal and informal sectors, reducing red tape, improving governance,

and broadening financial inclusion. However, considering the economic and human costs of the crisis, and along with the need to minimize future scarring, these reforms are now more urgent than ever.

Policies to support people.

Stronger social safety nets have long been a technical and fiscal challenge for the region, particularly given the size of the informal sector. But the pandemic has highlighted the importance of being able to channel support quickly and efficiently to those most in need. Several countries have extended the reach and responsiveness of their social protection efforts through the innovative and cost-effective use of mobile money, electronic cash transfers, and virtual engagement.²⁰

Looking ahead, it will be important to build on these initiatives to further enhance the region's safety nets. This effort should stem from a focused social safety net strategy, which clearly sets out target populations and delivery mechanisms, and is capable of being scaled up rapidly in response to economic shocks or reforms. The effort should also be mapped to a credible strategy for boosting domestic revenue capacity to avoid crowding out other priority spending.

Policies to promote resilience.

Greater resilience requires greater diversification. This is particularly evident from the relatively poor performance of the region's oil-dependent countries—per capita incomes for oil producers are expected to shrink again in 2021 and are not expected to return to pre-COVID-19 levels within the forecast horizon. Oil producers should accelerate their efforts to develop alternative export industries in light of the falling price of greener energy sources, the accelerating global adoption of electric vehicles, and the worldwide effort to tackle climate change.²¹ A similar need exists for many other countries, given that sub-Saharan Africa trails other regions in terms of export volumes, export quality, and export complexity—the region remains relatively

²⁰ See International Monetary Fund (IMF). 2020. *Regional Economic Outlook: Sub-Saharan Africa*, Washington, DC, October.

²¹ See International Monetary Fund (IMF). 2021. "Sub-Saharan African Oil Exporters: The Future of Oil and the Imperative of Diversification," IMF Special Series on COVID-19, Washington, DC, February.

dependent on less sophisticated primary goods compared with countries in other regions at similar income levels (Figure 17).²²

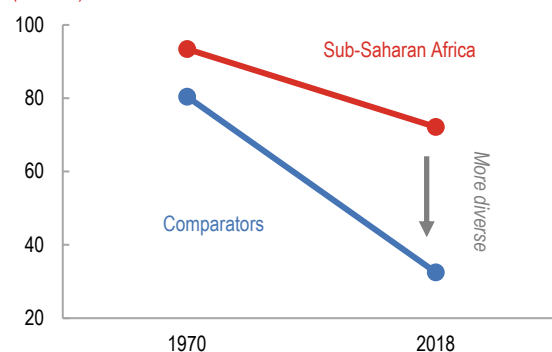
At its core, diversification entails the reallocation of resources from one activity to another, and policymakers may play a deliberate and proactive role in speeding this process along.

This may require a shift in current diversification strategies to better accommodate the contours of a new post-COVID-19 global economy, laying the groundwork for a faster and smarter recovery. A focused approach may also be helpful in ensuring that the region's recovery is consistent with authorities' green-growth and climate-resilience goals.²³ In this regard, reforms should tackle market and government failures through smart and broad sectoral targeting. This approach does not target specific firms, but instead focuses on promising sectors and addressing key bottlenecks (mismatched skills, poor regulation, lack of competition, coordination failures, information asymmetries, and so on).²⁴

The detailed priorities of such a sector-focused approach will depend on country circumstances: for example, removing tariff barriers and interest rate controls may be key to boosting agricultural productivity, whereas financial sector reforms, foreign direct investment liberalization, and improved roads may matter more for manufacturing. For services, liberalization of network industries, such as telecommunications, may be vital.²⁵ Export- and investment-promotion agencies can also be helpful in channeling resources swiftly to where they are needed most.

To be clear, sector-focused policies have a mixed history of success, so accountability, transparency, and domestic and international competition

Figure 17. Selected Regions: Export Share of Primary Goods (Percent)



Sources: United Nations, Comtrade database; and IMF staff calculations.

are vital (Box 4). Policies should avoid the mistakes of the past, such as costly and ineffective import substitution, which tends to entrench the economy's dependence on key inputs, while assuring rents for well-connected monopolies.

Greater diversification requires greater trade.

Trade under the AfCFTA was scheduled to start in mid-2020 originally but was delayed until January 2021 because of the pandemic. In other regions, trade integration has propelled regional development, allowing the benefits of economies of scale, improving productivity, and fostering structural transformation through new products and regional supply chains. In sub-Saharan Africa, opportunities to expand intraregional trade are particularly sizable for agriculture-related commodities and manufactures and in some subregional economic communities that trade significantly less than their peers.²⁶ An effective trade-integration framework would not only reduce Africa's vulnerability to global disruptions, but would boost regional competition, attract foreign investment, and promote food security.

²² See International Monetary Fund (IMF). 2017. Chapter 3 in *Regional Economic Outlook: Sub-Saharan Africa*, Washington, DC, October.

²³ See International Monetary Fund (IMF). 2020. "Adapting to Climate Change in sub-Saharan Africa," Chapter 2 in *Regional Economic Outlook: Sub-Saharan Africa*, Washington, DC, April.

²⁴ See International Monetary Fund (IMF). "Industrial Policy for Growth and Diversification: A Conceptual Framework," IMF Special Series on COVID-19, Washington, DC, forthcoming.

²⁵ See International Monetary Fund (IMF). 2014. "Sustaining Long-Run Growth and Macroeconomic Stability in Low Income Countries: The Role of Structural Transformation and Diversification," IMF Policy Paper, Washington, DC, March.

²⁶ See International Monetary Fund (IMF). 2019. Chapter 3 in *Regional Economic Outlook: Sub-Saharan Africa*, Washington, DC, October.

Policies to close the digital divide.

Sub-Saharan Africa still has a long way to go in closing the digital gap with the world's wealthier economies, but the region's **dynamism and potential** are striking nonetheless—in connectivity, some countries are global leaders in their income group (Cabo Verde, Ghana, Rwanda, Seychelles), and Africa is rapidly becoming a global epicenter for mobile-money applications (Figure 18).

Looking ahead, capitalizing on the digital revolution would enhance the region's resilience and efficiency, expand access to global markets, improve public service delivery, boost transparency and accountability, and foster the creation of new jobs. The latter will be particularly important in the context of regional trade integration, as the AfCFTA framework will likely increase the scope for increased trade in services and e-commerce.

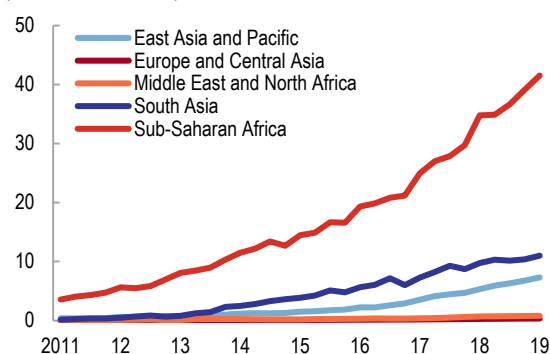
BUILDING TOGETHER: SOLIDARITY AND INNOVATIVE ENGAGEMENT BY THE INTERNATIONAL COMMUNITY

Tackling a worldwide pandemic in an interconnected world. The near-term prospects for the region depend critically on the pandemic's path, which will, in turn, depend on the rollout of an effective and affordable vaccine. However, ensuring adequate vaccine coverage for sub-Saharan Africa is not simply an issue of *local* livelihoods and *local* growth. Broad regional coverage is also a *global* public good. The longer the world allows a large proportion of its population to go unvaccinated, the greater the possibility that new variants of the virus will develop, adding to the prospect of a more protracted pandemic everywhere.

Accelerated access to vaccines. To be sure, the costs of an uneven global rollout that overlooks Africa will fall primarily on the poorest African countries and particularly on the most vulnerable residents of those countries. But for every country, anywhere, the most durable recovery from the current crisis will require a cooperative effort that covers everyone. Restrictions on the international distribution of

Figure 18. Selected Regions: Value of Mobile Money Transactions, 2012–19

(Billions of US dollars)



Source: GSMA, Global Mobile Money Dataset.

vaccines or medical equipment should be avoided, multilateral facilities such as COVAX should be fully funded, and channels should be put in place to ensure that excess doses in wealthy countries are redistributed quickly.²⁷

Easing funding constraints. To secure a robust recovery and regain ground lost during the crisis, sub-Saharan Africa's low-income countries face additional spending needs of \$245 billion over 2021–25 to help strengthen the pandemic response spending and accelerate income convergence.²⁸ The corresponding figure for all sub-Saharan Africa is \$425 billion. These issues will be discussed at the forthcoming High-Level International Summit on Financing for Africa.

In 2020, the IMF moved swiftly to help cover some of the region's emergency funding requirements and to catalyze additional support from the international community, extending loans under the Rapid Credit Facility and the Rapid Financing Instrument, increasing access in the context of existing arrangements and granting debt-service relief to its most vulnerable members through the CCRT.

Looking ahead, however, many countries are approaching their relevant access limits. The IMF has temporarily increased annual limits and allowed for more frequent disbursements under the Rapid Credit Facility, allowing members to obtain further financial support from the IMF during this extraordinary period. In addition, the IMF

²⁷ See International Monetary Fund (IMF). "Trade in Medical Goods: Challenges and a Way Forward for Sub-Saharan Africa: An Update," IMF Special Series on COVID-19, Washington, DC, forthcoming.

²⁸ See International Monetary Fund (IMF). "Macroeconomic Developments and Prospects in Low-Income Developing Countries," IMF Policy Paper, Washington, DC, forthcoming.

has expanded the CCRT, extending grant-based debt relief to its most vulnerable members for an additional six months to October 2021 and is seeking support to provide relief on debt service for the full two-year period ending April 2022. But as the global pandemic eases, financial assistance from the IMF will increasingly come through arrangements under IMF-supported programs, rather than emergency support. In this context, the IMF is also seeking additional donor support to expand its Poverty Reduction and Growth Trust concessional lending for low-income countries.

More broadly, increased bilateral grants and concessional loans will continue to be crucial for the region, especially for lower-income and fragile states. Such debt-neutral donor support has long been a key component of the SDG agenda, and gradually building donor support back toward the UN's 0.7 percent of gross national income official development assistance target would be a significant step towards closing the SDG gap.

In addition, a new special drawing rights (SDR) general allocation would strengthen the region's crisis response by swiftly boosting the reserves of all members in a transparent and accountable manner. There is growing support for an SDR allocation of about SDR 450 billion (\$650 billion) that would provide \$23 billion to sub-Saharan Africa—a sizable amount compared with anticipated IMF program support of \$4–5 billion in 2021. A further mechanism to allow wealthier members to onlend part of their SDRs to lower-income countries would also be most welcome, as it would expand the available pool of concessional resources significantly.

Mobilizing private finance. The development of local currency government-bond markets would help provide a secure and stable local source of financing, especially for low-income countries with limited or no access to international financial markets.²⁹ But the legacy funding constraints from this crisis may also provide a valuable opportunity for innovative *new* financing approaches, particularly in light of the scale of investment needed. To fund infrastructure investment, for example, many authorities are already looking to boost the impact of their own resources by scaling up involvement in public-private partnerships. The history of such partnerships in sub-Saharan Africa has been mixed, but authorities can improve the viability of future proposals by ensuring strong public investment governance, particularly in the preparation and appraisal of potential projects.³⁰

Looking beyond the resources of local authorities, official external financing could also be used to help crowd in private sector funding for long-term projects across the region. Blending, for example, uses international grants or other concessional resources to enhance the risk-adjusted returns of private projects, helping to mobilize additional private finance.

An additional source could be the use of equity-based regional pooled investment vehicles—capitalized by donors—that could be deployed to (co)finance infrastructure projects. Ultimately, the use of innovative financing could provide the much-needed flexibility and risk-reward ratios for investors that would help unlock much-needed social and development financing across the region.

²⁹ See International Monetary Fund (IMF) and World Bank, Guidance Note for Developing Government Local Currency Bond Markets, March 2021.

³⁰ See International Monetary Fund (IMF). “Private Finance for Development: Wishful Thinking or Thinking Out of the Box?” IMF African Department Paper, Washington, DC, forthcoming.

Box 1. Benefiting from Favorable Market Conditions to Improve the Debt Redemption Profile

After a pause in early 2020, international capital markets have reopened for sub-Saharan African countries. Côte d'Ivoire and Benin successfully placed about \$3.5 billion of long-term Eurobonds (12–31 years) at yields of about 5–7 percent, and Ghana issued \$3 billion at 6–9 percent. All countries used part of the proceeds to buy back existing Eurobonds, smoothing their maturity profiles over the next few years. Markets expect sub-Saharan African sovereign issuance to rebound to about \$15 billion in 2021, led by countries such as Ghana, Nigeria, and South Africa.

Regional frontier market economies could similarly use new issuance to buy back existing Eurobonds and smooth their redemption profile. Eurobonds maturing over 2021–23 amount to about \$1–2 billion per year, but this will rise to about \$8 billion in 2024 and 2025. As part of their debt management efforts, countries might take advantage of favorable market conditions to pre-finance or buy back this debt, replacing it with newer instruments with longer maturities and lower interest rates. However, countries should carefully monitor their foreign exchange risks and exposure to large creditors.

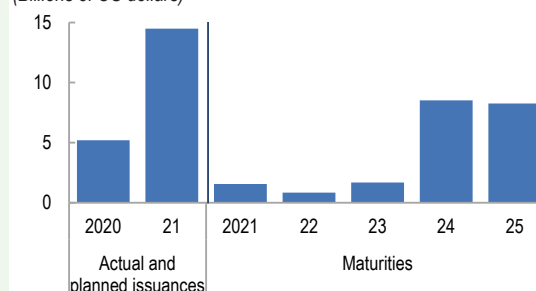
Frontier market countries might also use favorable market conditions to help cover the COVID-19 policy response, replenish international reserves, and finance priority investments. Both maintaining macroeconomic stability in the short term and ensuring robust growth over the long term are crucial for debt sustainability. At a time of near-zero policy rates in advanced economies, prudent borrowing that finances public investment but does not worsen debt dynamics can boost growth and lower country risk premiums, as long as returns on investment are sufficiently high and are captured in higher domestic revenue. Increased investment can also help progress toward the Sustainable Development Goals.

If low interest rates in advanced economies persist, the conditions for debt sustainability for market-access countries might warrant a careful reexamination. In the case of the United States—a reserve-currency issuer with deep, liquid markets and a very low country risk premium—former IMF Chief Economist Olivier Blanchard suggested that a prolonged gap between GDP growth and interest rates meant that public debt might have no fiscal cost (Blanchard 2019). For developing economies, Escolano and others (2017) have documented similarly large and negative interest rate-growth

differentials, reflecting mainly negative real interest rates in these countries. However, the country risk premium for these countries is likely to be much more sensitive to debt levels and vulnerability.

In sub-Saharan Africa, in the absence of acute shocks, most countries enjoy a negative interest-growth differential. The gap between the effective rate paid on government debt and the GDP growth rate averaged about –3 percent in 2019 (see Eyraud and Yenice 2019). The interest-growth differential reversed abruptly in 2020, but in the baseline projections, the differential for most countries will likely return to negative territory within the forecast horizon. Across individual sub-Saharan African countries, the differential varies greatly, for example, it ranged from –25 percent to 17 percent in 2020, up from –25 percent to 5 percent in 2018. However, even for those with a favorable interest-growth differential, many countries have seen their debt burden increase steadily over the last decade, which largely reflected rising budget deficits and, in some cases, currency depreciation.

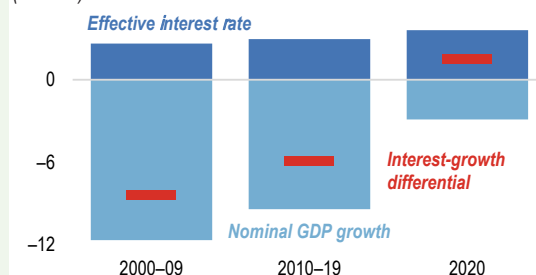
Figure 1.1 SSA: Eurobond Issuance and Maturities, 2020–25
(Billions of US dollars)



Source: Bloomberg Finance L.P.

Note: SSA = sub-Saharan Africa.

Figure 1.2 SSA: Decomposition of Interest-Growth Differential
(Percent)



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

Note: SSA = sub-Saharan Africa.

Blanchard, Olivier. 2019. "Public Debt and Low Interest Rates" *American Economic Review* 109 (4): 1197–1229.

Escolano, Julio, Anna Shabunina, and Jaejoon Woo. 2017. "The Puzzle of Persistently Negative Interest-Growth Differentials: Financial Repression or Income Catch-Up?" *Fiscal Studies* 38 (2): 179–217.

Eyraud, Luc, and Mustafa Yenice. 2019. "Favorable Interest Rate-Growth Differential and Why Fiscal Deficits Still Matter for Low-Income Countries," special feature in *Sub-Saharan Africa: Debt Monitor*, April.

Box 2: Vaccine Procurement, Deployment, Cost, and Financing

Global vaccination efforts will be challenging. In less than 12 months, the successful development of numerous effective vaccines against COVID-19 has been remarkable. Several have already been authorized for use. But vaccinating large portions of the global population will not be easy, as authorities will all face supply shortages, as well as allocation, financing, and logistics challenges.

Scaling up vaccine production could be difficult. Global production of approved vaccines is expected to reach 11 billion doses in 2021, enough to cover the adult population in most countries. But with only 15 percent of the global population, advanced economies have contracted over 70 percent of all available doses, limiting availability for many lower-income countries. This supply shortage could be mitigated by tapping into middle-income countries' manufacturing capacity through technology transfer agreements. For instance, Aspen Pharmacare in South Africa will start supplying Johnson & Johnson's vaccine in June 2021. So far, however, the broader proposal by India and South Africa, supported by the African Union (AU), to temporarily suspend COVID-19-related intellectual property rules—and so allow local production in poorer countries—has failed to get widespread support.

The authorities in sub-Saharan Africa are relying primarily on two procurement mechanisms. The COVID-19 Vaccines Global Access (COVAX) Facility—established in April 2020 by the World Health Organization (WHO), the Coalition for Epidemic Preparedness Innovations, and Gavi, the Vaccine Alliance—is a pooled procurement initiative that aims to provide all countries with equal access to a diversified portfolio of vaccines at relatively low prices (about \$11 per dose for high-income “self-financing” countries, and about \$2 per dose for 92 low- and middle-income countries, subsidized through official development assistance). COVAX has agreed with manufacturers to procure about 2.5 billion doses, sufficient to vaccinate 20 percent of participating countries' populations. To augment this effort, the AU has launched its own initiative, the African Vaccine Acquisition Task Team, which has secured an additional 1.1 billion doses. But many of the vaccines secured by COVAX and AU may not be available immediately due to regulatory requirements. Beyond COVAX and AU, some countries (for example, South Africa, Uganda, and Zimbabwe) have procured vaccines independently, and some (for example, Kenya, Mauritius, and Seychelles) received donations from China, India, and the United Arab Emirates. Nevertheless, the vaccine rollout in sub-Saharan Africa has been relatively slow (Table 2.1), and sizable uncertainty remains as to when the countries may feasibly cover 60 percent of their populations.

Substantial financing may be needed. For most countries in the region, the total cost of vaccinating 60 percent of the population will be sizable—up to 50 percent increase in their existing health expenditures—and will exceed 2 percent of GDP for a number of countries. Most expect to receive grants and concessional financing (for example, from the World Bank) to cover the vaccination costs; others plan to finance the cost from the national budgets or by domestic debt issuance. Additionally, the African Export–Import Bank has established an installment payment facility to facilitate purchases by AU member states, providing procurement commitment guarantees of up to \$2 billion.

In parallel, logistical and administrative challenges are also potentially daunting. Smooth deployment will require robust information-management and vaccine-storage infrastructure. Some countries lack immunization registries, while others need additional storage, delivery, and waste-management systems to handle a vaccination program of the scale required—for example, several sub-Saharan African countries already have ultra-cold facilities following the 2013–14 Ebola epidemic, but these are simply insufficient to deal with the volumes needed for a COVID-19 vaccine rollout. One-dose vaccines that can be kept refrigerated or at room temperature would greatly simplify the region's logistical and administrative challenges. WHO assessments suggest that country-level readiness varies greatly; Botswana, Rwanda, and Mozambique, for example, are relatively well advanced, while Burundi and Madagascar have not yet started implementing most of the WHO's key readiness components.

Table 2.1. Sub-Saharan Africa: Vaccine Procurement, Donations, Deliveries, and Rollout
(Thousands of doses, as of March 31, 2021)

	Procured/ Optioned	Donated	COVAX Delivered	Administered
Angola			624	131
Congo, Dem Rep.		100	1,716	
Côte d'Ivoire	100	50	504	40
Ethiopia		300	2,184	
Ghana	2	215	600	500
Kenya		100	1,020	162
Malawi		50	360	134
Mauritius	300	100	24	4
Nigeria		400	3,924	718
Rwanda		50	343	349
Senegal	200	25	324	261
Seychelles		100		101
South Africa	52,500			264
Uganda	18,000	100	864	81
Zimbabwe	1,800	400		92
Other Countries		1,660	1,566	202
Total	72,902	3,650	14,053	3,039

Sources: UNICEF COVID-19 Vaccine Market Dashboard; Our World in Data; and IMF staff calculations.

Box 3. The DSSI and Common Framework in Sub-Saharan Africa

Most sub-Saharan African countries have signed up for the Group of Twenty (G20) Debt Service Suspension Initiative (DSSI). Available only to the world's poorest countries, the initiative allows 73 countries to request suspension of debt-service payments to bilateral official creditors for a limited period on standardized repayments terms. Creditors agreed to extend the suspension from May 2020 until the end of June 2021, and the G20 is discussing whether to extend the DSSI further to the end of 2021. Although it provides valuable liquidity support, the initiative does not provide debt relief—the temporary suspension is designed to be neutral in net present value (NPV) terms—and does not address any underlying sustainability issues. While private creditors have been encouraged to participate on equivalent terms, including by the Institute of International Finance, there has been no uptake.¹

The debt relief from DSSI for sub-Saharan African borrowers has been valuable but limited. Of the 37 countries eligible within the region, 30 have benefited. The potential savings of sub-Saharan African countries were initially estimated at \$5.5 billion over May–December 2020. But the DSSI effectively delivered only about \$1.8 billion to sub-Saharan African countries during this period. From January to June 2021, with the exception of Angola, Mozambique, and the Republic of Congo, the potential savings will also amount to less than 1 percent of GDP. Over this six-month period, potential savings for the region will total \$4.3 billion, reaching up to 1.6 percent of GDP, with average savings of just 0.4 percent of GDP.

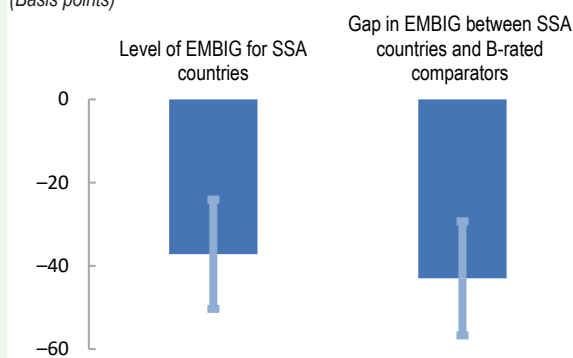
Initially, several eligible countries were hesitant to participate in the initiative, because of concerns about the potential impact on borrowing costs or sovereign credit ratings. Specifically, it was unclear whether DSSI participation would lower or increase a country's borrowing costs as it could potentially signal weak fundamentals. Before the pandemic, spreads for frontier markets in sub-Saharan Africa were comparable with those of B-rated countries. But with the onset of the pandemic, the gap with B-rated countries widened sharply. Since June 2020, as yields fell globally and as an improvement of global financial conditions coincided with DSSI implementation, this gap closed (except for Zambia).

Subject to the usual statistical uncertainties, spreads fell by 37 basis points, on average, for African frontier

economies participating in the DSSI, compared with non-participants in the region (Figure 3.1). The analysis suggests that DSSI participation did not adversely affect borrowing costs of African frontier markets as initially feared.²

The Common Framework for Debt Treatments was formulated by the G20 to coordinate debt treatments for DSSI-eligible countries that require debt relief or an NPV-neutral flow rescheduling. The Common Framework aims to facilitate the coordination of debt treatments tailored to the specific situation of the debtor country and fair burden sharing, ensuring a broad participation of creditors, including official creditors beyond those in the Paris Club and the private sector (as is the case under Paris Club treatments). By including more official creditors, the Common Framework strengthens the international debt architecture. A debtor country must have an IMF-supported program to receive debt treatments under the Common Framework. In early 2021, three countries requested debt treatments: Ethiopia is seeking a flow rescheduling, while Chad and Zambia have requested debt restructurings with NPV reductions.

Figure 3.1. Sub-Saharan Africa: Debt Service Suspension Initiative Participation and Change in Borrowing Costs
(Basis points)



Source: IMF staff calculations.

Note: This is from a difference-in-difference analysis after accounting for the countries' fundamentals and global market conditions, as well as time and country fixed effect. EMBIG = emerging market bond index global; SSA = sub-Saharan Africa.

¹ See Institute of International Finance (IIF). 2020. <https://www.iif.com/Publications/ID/4197/IIF-Provides-Two-Additions-to-the-Toolkit-to-Facilitate-Voluntary-Private-Sector-Participation-in-the-G20Paris-Club-DSSI>.

² See International Monetary Fund (IMF). "Has the DSSI helped lower Sovereign Spreads of Eligible Participating Countries?" IMF Special Series on COVID-19, Washington, DC, forthcoming.

Box 4. Diversification and Sector-Specific Policies: Successes and Pitfalls

Countries have followed different approaches to diversification. Commodity exporters have generally focused on vertical diversification that takes advantage of their existing comparative advantage. For example, Malaysia used its rubber industry to expand into medical products. Some countries have instead diversified horizontally into new areas; such as Chile's development of its salmon-farming industry, or Ethiopia's recent move into textiles. In other instances, countries have moved well beyond their initial production mix, often relying on foreign direct investment to fast track the development of significantly more sophisticated industries (electronics in Costa Rica and automotive manufacturing in South Africa and Morocco). Finally, integration into regional and global value chains has often been vital, especially for countries in Eastern Europe and southeast Asia.

Diversification has generally required broad-based horizontal policies, such as tackling government failures, ensuring macroeconomic stability, and avoiding exchange rate overvaluation. In addition, however, countries have also often looked to various forms of industrial policy to actively promote diversification into targeted sectors.

Targeted industrial policies have had varying successes, and analysis is complicated by selection bias issues. But a growing body of research has emphasized principles that might make a targeted approach more viable.^{1, 2}

- Promote competition and focus on export orientation rather than import substitution. Import substitution industrialization has often failed in sub-Saharan Africa, as high tariffs and subsidies aimed at protecting a local monopoly have also tended to encourage state capture and corruption. By contrast, greater competition (domestic and international) provides more incentives for firms to achieve economies of scale, innovate, increase productivity, and develop backward linkages—Malaysia's mixed success with Proton versus Korea's strong success with Hyundai provide valuable examples.³
- Enforce accountability by setting clear performance criteria, sunset clauses, clearly defined responsibilities, regular monitoring, and recognizing failures (closing firms if they fail).
- Establish well-resourced, autonomous, and sufficiently empowered public institutions to tackle sector-specific bottlenecks, broader regulatory and infrastructure constraints, and coordination failures. In the case of Chile's salmon industry and Malaysia's medical goods sector, Fundación Chile and the Rubber Malaysian Board played a key role in research and development support and technology diffusion, and provided quality-control services and export promotion assistance.^{4, 5}

¹ See Rodrik, Dani. 2004. "Industrial Policy for the Twenty-First Century," CEPR Discussion Papers 4767, Centre for Economic Policy Research, London, November.

² See Reda, Cherif, and Fuad Hasanov. 2019. "The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy," IMF Working Paper 19/74, International Monetary Fund, Washington, DC, March.

³ See Reda, Cherif, and Fuad Hasanov. 2019. "The Leap of the Tiger: Escaping the Middle-Income Trap to the Technological Frontier." *Global Policy* 10(4): 497–511.

⁴ See Lebdioui, Amir, "Economic Diversification and Development in Resource-Dependent Economies: Lessons from Chile and Malaysia," (doctoral thesis, University of Cambridge), <https://www.repository.cam.ac.uk/handle/1810/299448>.

⁵ See Lebdioui, Amir. 2020. "The Political Economy of Moving Up in Global Value Chains: How Malaysia Added Value to Its Natural Resources through Industrial Policy." *Review of International Political Economy* (2020): 1–34.

Statistical Appendix

Unless otherwise noted, data and projections presented in this *Regional Economic Outlook* are IMF staff estimates as of March 31, 2021, consistent with the projections underlying the April 2021 *World Economic Outlook*.

The data and projections cover 45 sub-Saharan African countries in the IMF's African Department. Data definitions follow established international statistical methodologies to the extent possible. However, in some cases, data limitations limit comparability across countries.

Country Groupings

Countries are aggregated into three (nonoverlapping) groups: oil exporters, other resource-intensive countries, and non-resource-intensive countries (see table on page 22 for the country groupings).

The oil exporters are countries where net oil exports make up 30 percent or more of total exports.

The other resource-intensive countries are those where nonrenewable natural resources represent 25 percent or more of total exports.

The non-resource-intensive countries refer to those that are not classified as either oil exporters or other resource-intensive countries.

Countries are also aggregated into four (overlapping) groups: oil exporters, middle-income, low-income, and countries in fragile situations (see table on page 22 for the country groupings).

The membership of these groups reflects the most recent data on per capita gross national income (averaged over three years) and the World Bank, Country Policy and Institutional Assessment score (averaged over three years).

The middle-income countries had per capita gross national income in the years 2017–19 of more than \$1,035.00 (World Bank, using the Atlas method).

The low-income countries had average per capita gross national income in the years 2017–19 equal to or lower than \$1,035.00 (World Bank, Atlas method).

The countries in fragile situations had average Country Policy and Institutional Assessment scores of 3.2 or less in the years 2016–18 and/or had the presence of a peacekeeping or peace-building mission within the last three years.

The membership of sub-Saharan African countries in the major regional cooperation bodies is shown on page 22: CFA franc zone, comprising the West African Economic and Monetary Union (WAEMU) and CEMAC; the Common Market for Eastern and Southern Africa (COMESA); the East Africa Community (EAC-5); the Economic Community of West African States (ECOWAS); the Southern African Development Community (SADC); and the Southern African Customs Union (SACU). EAC-5 aggregates include data for Rwanda and Burundi, which joined the group only in 2007.

Methods of Aggregation

In Tables SA1 and SA3, country group composites for real GDP growth and broad money are calculated as the arithmetic average of data for individual countries, weighted by GDP valued at purchasing power parity as a share of total group GDP. The source of purchasing power parity weights is the World Economic Outlook (WEO) database.

In Table SA1, country group composites for consumer prices are calculated as the geometric average of data for individual countries, weighted by GDP valued at purchasing power parity as a share of total group GDP. The source of purchasing power parity weights is the WEO database.

In Tables SA2–SA4, country group composites, except for broad money, are calculated as the arithmetic average of data for individual countries, weighted by GDP in US dollars at market exchange rates as a share of total group GDP.

Sub-Saharan Africa: Member Countries of Groupings

Oil Exporters	Other Resource-Intensive Countries	Non-Resource-Intensive Countries	Middle-Income Countries	Low-Income Countries	Countries in Fragile Situations
Angola	Botswana	Benin	Angola	Benin	Burundi
Cameroon	Burkina Faso	Burundi	Botswana	Burkina Faso	Central African Republic
Chad	Central African Republic	Cabo Verde	Cabo Verde	Burundi	Chad
Congo, Republic of	Congo, Democratic Republic of the	Comoros	Cameroon	Central African Republic	Comoros
Equatorial Guinea	Ghana	Côte d'Ivoire	Comoros	Chad	Congo, Democratic Republic of the
Gabon	Guinea	Eritrea	Congo, Republic of	Congo, Democratic Republic of the	Congo, Republic of
Nigeria	Liberia	Eswatini	Côte d'Ivoire	Eritrea	Côte d'Ivoire
South Sudan	Mali	Ethiopia	Equatorial Guinea	Ethiopia	Eritrea
	Namibia	Gambia, The	Eswatini	Gambia, The	Gambia, The
	Niger	Guinea-Bissau	Gabon	Guinea	Guinea
	Sierra Leone	Kenya	Ghana	Guinea-Bissau	Guinea-Bissau
	South Africa	Lesotho	Kenya	Liberia	Liberia
	Tanzania	Madagascar	Lesotho	Madagascar	Malawi
	Zambia	Malawi	Mauritius	Malawi	Mali
	Zimbabwe	Mauritius	Namibia	Mali	São Tomé and Príncipe
		Mozambique	Nigeria	Mozambique	Sierra Leone
		Rwanda	São Tomé and Príncipe	Niger	South Sudan
		São Tomé and Príncipe	Senegal	Rwanda	Togo
		Senegal	Seychelles	Sierra Leone	Zimbabwe
		Seychelles	South Africa	South Sudan	
		Togo	Zambia	Tanzania	
		Uganda		Togo	
				Uganda	
				Zimbabwe	

Sub-Saharan Africa: Member Countries of Regional Groupings

The West African Economic and Monetary Union (WAEMU)	Economic and Monetary Community of Central African States (CEMAC)	Common Market for Eastern and Southern Africa (COMESA)	East African Community (*EAC-5)	Southern African Development Community (SADC)	Southern African Customs Union (SACU)	Economic Community of West African States (ECOWAS)
Benin	Cameroon	Burundi	*Burundi	Angola	Botswana	Benin
Burkina Faso	Central African Republic	Comoros	*Kenya	Botswana	Eswatini	Burkina Faso
Côte d'Ivoire	Chad	Congo, Democratic Republic of the	*Rwanda	Comoros	Lesotho	Cabo Verde
Guinea-Bissau	Congo, Republic of	Eritrea	South Sudan	Congo, Democratic Republic of the	Namibia	Côte d'Ivoire
Mali	Equatorial Guinea	Eswatini	*Tanzania	Eswatini	South Africa	Gambia, The
Niger	Gabon	Ethiopia	*Uganda	Lesotho		Ghana
Senegal		Kenya		Madagascar		Guinea
Togo		Madagascar		Malawi		Guinea-Bissau
		Malawi		Mauritius		Liberia
		Mauritius		Mozambique		Mali
		Rwanda		Namibia		Niger
		Seychelles		Seychelles		Nigeria
		Uganda		South Africa		Senegal
		Zambia		Tanzania		Sierra Leone
		Zimbabwe		Zambia		Togo
				Zimbabwe		

Statistical Appendix Tables

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Tables SA1.–SA3.

Sources: IMF, Common Surveillance database; and IMF, World Economic Outlook database, April 2021.

¹ Fiscal year data.

² In 2019 Zimbabwe authorities introduced the real-time gross settlement (RTGS) dollar, later renamed the Zimbabwe dollar, and are in the process of redenominating their national accounts statistics. Current data are subject to revision. The Zimbabwe dollar previously ceased circulating in 2009, and between 2009–19, Zimbabwe operated under a multicurrency regime with the US dollar as the unit of account.

Note: “...” denotes data not available.

Table SA4.

Sources: IMF, Common Surveillance database; and IMF, World Economic Outlook database, April 2021.

¹ As a member of the West African Economic and Monetary Union (WAEMU), see WAEMU aggregate for reserves data.

² As a member of the Central African Economic and Monetary Community (CEMAC), see CEMAC aggregate for reserves data.

³ Fiscal year data.

⁴ In 2019 Zimbabwe authorities introduced the real-time gross settlement (RTGS) dollar, later renamed the Zimbabwe dollar, and are in the process of redenominating their national accounts statistics. Current data are subject to revision. The Zimbabwe dollar previously ceased circulating in 2009, and between 2009–19, Zimbabwe operated under a multicurrency regime with the US dollar as the unit of account.

Note: “...” denotes data not available.

Sub-Saharan Africa Country Abbreviations

AGO	Angola	COG	Congo, Republic of	KEN	Kenya	RWA	Rwanda
BEN	Benin	CIV	Côte d'Ivoire	LSO	Lesotho	STP	São Tomé and Príncipe
BWA	Botswana	GNQ	Equatorial Guinea	LBR	Liberia	SEN	Senegal
BFA	Burkina Faso	ERI	Eritrea	MDG	Madagascar	SYC	Seychelles
BDI	Burundi	SWZ	Eswatini	MWI	Malawi	SLE	Sierra Leone
CPV	Cabo Verde	ETH	Ethiopia	MLI	Mali	ZAF	South Africa
CMR	Cameroon	GAB	Gabon	MUS	Mauritius	SSD	South Sudan
CAF	Central African Republic	GMB	Gambia, The	MOZ	Mozambique	TZA	Tanzania
TCD	Chad	GHA	Ghana	NAM	Namibia	TGO	Togo
COM	Comoros	GIN	Guinea	NER	Niger	UGA	Uganda
COD	Congo, Democratic Republic of the	GNB	Guinea-Bissau	NGA	Nigeria	ZMB	Zambia
						ZWE	Zimbabwe

Table SA1. Real GDP Growth and Consumer Prices

	Real GDP (Annual percent change)						Consumer Prices, Annual Average (Annual percent change)					
	2010–17	2018	2019	2020	2021	2022	2010–17	2018	2019	2020	2021	2022
Angola	3.1	-2.0	-0.6	-4.0	0.4	2.4	15.5	19.6	17.1	22.3	22.3	13.1
Benin	4.3	6.7	6.9	2.0	5.0	6.0	1.6	0.8	-0.9	3.0	2.0	2.0
Botswana	5.0	4.5	3.0	-8.3	7.5	5.4	5.3	3.2	2.8	2.0	4.7	4.3
Burkina Faso	6.0	6.8	5.7	0.8	4.3	5.2	1.2	2.0	-3.2	1.9	2.7	2.6
Burundi	2.3	1.6	1.8	-1.3	2.8	3.7	7.4	-4.0	-0.7	7.3	4.1	2.0
Cabo Verde	2.2	4.5	5.7	-14.0	5.8	6.0	1.2	1.3	1.1	0.6	1.2	1.4
Cameroon	4.7	4.1	3.9	-2.8	3.4	4.3	1.8	1.1	2.5	2.8	2.2	2.1
Central African Republic	-1.1	3.8	3.0	-0.0	3.5	5.0	5.1	1.6	2.7	2.3	3.3	2.5
Chad	3.6	2.3	3.0	-0.9	1.8	2.6	1.5	4.0	-1.0	3.5	3.0	3.0
Comoros	3.3	3.6	1.9	-0.5	0.0	3.6	1.8	1.7	3.7	1.1	0.3	1.2
Congo, Democratic Republic of the	6.5	5.8	4.4	-0.1	3.8	4.9	10.1	29.3	4.7	11.3	10.9	7.5
Congo, Republic of	1.2	-6.4	-0.6	-7.8	0.2	1.0	2.4	1.2	2.2	2.4	2.6	2.8
Côte d'Ivoire	6.2	6.9	6.2	2.3	6.0	6.5	1.7	0.4	0.8	2.5	2.0	1.6
Equatorial Guinea	-2.7	-6.4	-5.6	-5.8	4.0	-5.9	3.1	1.3	1.2	4.8	1.5	3.1
Eritrea	4.5	13.0	3.8	-0.6	2.0	4.9	5.8	-14.4	-16.4	4.9	2.9	1.9
Eswatini	2.7	2.4	2.2	-3.3	1.4	0.9	6.2	4.8	2.6	3.9	4.5	4.7
Ethiopia ¹	9.9	7.7	9.0	6.1	2.0	8.7	13.5	13.8	15.8	20.4	13.1	8.0
Gabon	4.4	0.8	3.9	-1.8	1.2	2.7	1.9	4.8	2.0	1.3	2.0	2.0
The Gambia	1.9	7.2	6.1	0.0	6.0	6.5	6.0	6.5	7.1	5.9	6.0	5.5
Ghana	6.8	6.3	6.5	0.9	4.6	6.1	11.9	9.8	7.1	9.9	9.0	8.2
Guinea	6.0	6.2	5.6	5.2	5.6	5.2	12.4	9.8	9.5	10.6	8.0	7.9
Guinea-Bissau	4.1	3.4	4.5	-2.4	3.0	4.0	1.5	0.4	0.3	1.5	2.0	2.0
Kenya	5.8	6.3	5.4	-0.1	7.6	5.7	7.6	4.7	5.2	5.3	5.0	5.0
Lesotho	2.7	-1.0	1.1	-4.5	3.5	4.3	4.9	4.8	5.2	4.9	4.6	4.9
Liberia	4.1	1.2	-2.5	-3.0	3.6	4.7	8.6	23.5	27.0	17.0	10.9	15.2
Madagascar	2.7	3.2	4.4	-4.2	3.2	5.0	7.3	8.6	5.6	4.2	5.4	5.7
Malawi	4.2	3.2	4.5	0.6	2.2	6.5	17.9	9.2	9.4	8.6	9.5	7.7
Mali	4.3	4.7	4.8	-2.0	4.0	6.0	1.4	1.7	-2.9	0.6	1.7	2.0
Mauritius	3.8	3.8	3.0	-15.8	6.6	5.2	3.3	3.2	0.5	2.5	2.6	3.9
Mozambique	6.2	3.4	2.3	-0.5	2.1	4.7	8.9	3.9	2.8	3.1	5.3	5.5
Namibia	3.9	1.1	-1.6	-7.2	2.6	3.3	5.5	4.3	3.7	2.6	3.4	4.4
Niger	6.1	7.2	5.9	1.2	6.9	12.8	0.9	2.8	-2.5	2.8	0.4	2.0
Nigeria	4.2	1.9	2.2	-1.8	2.5	2.3	11.8	12.1	11.4	13.2	16.0	13.5
Rwanda	6.7	8.6	9.4	-0.2	5.7	6.8	4.2	1.4	2.4	8.0	2.5	4.1
São Tomé & Príncipe	4.7	3.0	1.3	-6.5	3.0	5.0	8.8	7.9	7.7	9.8	10.6	8.1
Senegal	4.7	6.2	4.4	0.8	5.2	6.0	1.1	0.5	1.0	2.5	2.0	1.7
Seychelles	5.0	1.3	1.9	-13.4	1.8	4.3	2.4	3.7	1.8	1.2	3.7	2.5
Sierra Leone	5.2	3.5	5.5	-2.2	3.0	3.6	8.3	16.0	14.8	15.7	15.5	12.3
South Africa	2.0	0.8	0.2	-7.0	3.1	2.0	5.4	4.6	4.1	3.3	4.3	4.5
South Sudan	-6.6	-1.9	0.9	-6.6	5.3	6.5	111.2	83.5	51.2	38.0	40.0	33.8
Tanzania	6.6	7.0	7.0	1.0	2.7	4.6	8.2	3.5	3.4	3.0	3.3	3.6
Togo	5.8	5.0	5.5	0.7	3.5	4.5	1.3	0.9	0.7	1.8	2.0	2.0
Uganda	5.3	6.0	8.0	-2.1	6.3	5.0	7.0	2.6	2.9	3.8	5.2	5.5
Zambia	5.4	4.0	1.4	-3.5	0.6	1.1	9.1	7.0	9.8	16.3	17.8	14.8
Zimbabwe ²	7.8	3.5	-7.4	-8.0	3.1	4.0	1.1	10.6	255.3	557.2	99.3	24.7
Sub-Saharan Africa	4.4	3.2	3.2	-1.9	3.4	4.0	8.4	8.4	8.5	10.8	9.8	7.8
Median	4.7	3.8	3.9	-1.8	3.4	4.9	4.8	3.9	2.8	3.8	4.1	4.3
Excluding Nigeria and South Africa	5.4	4.6	4.6	-0.4	3.9	5.3	7.8	8.0	8.7	12.1	8.8	6.3
Oil-exporting countries	3.8	1.2	1.8	-2.3	2.3	2.4	11.3	12.2	11.1	13.2	15.0	12.0
Excluding Nigeria	2.8	-0.7	0.7	-3.7	1.6	2.5	10.2	12.4	10.4	13.0	12.7	8.4
Oil-importing countries	4.7	4.4	4.0	-1.7	4.0	4.9	6.5	6.2	7.1	9.4	6.9	5.5
Excluding South Africa	6.1	6.0	5.5	0.3	4.4	5.9	7.2	6.9	8.3	11.8	7.9	5.9
Middle-income countries	3.8	2.3	2.2	-3.0	3.4	3.2	8.4	8.0	7.4	8.7	9.7	8.2
Excluding Nigeria and South Africa	4.7	3.5	3.5	-1.8	4.3	4.5	7.4	6.8	6.1	8.1	7.8	6.1
Low-income countries	6.3	5.9	5.9	1.0	3.4	6.1	8.3	9.4	11.7	16.7	9.9	6.6
Excluding low-income countries in fragile situations	6.9	6.6	7.4	2.0	3.4	6.7	8.4	7.3	7.2	9.7	7.3	5.8
Countries in fragile situations	5.1	4.6	3.6	-0.4	4.2	5.2	6.1	9.7	14.9	22.4	11.2	6.3
CFA franc zone	4.5	4.4	4.4	-0.3	4.4	5.2	1.7	1.4	0.2	2.4	2.0	2.0
CEMAC	2.8	0.9	2.1	-3.1	2.6	2.4	2.2	2.1	1.8	2.8	2.3	2.4
WAEMU	5.5	6.4	5.7	1.1	5.2	6.6	1.4	1.0	-0.6	2.2	1.9	1.9
COMESA (SSA members)	6.4	6.0	5.6	0.2	4.3	6.0	8.5	9.5	13.5	19.1	11.4	7.4
EAC-5	5.9	6.5	6.5	-0.2	5.7	5.3	7.5	3.6	4.0	4.5	4.4	4.6
ECOWAS	4.8	3.5	3.5	-0.7	3.5	3.8	9.6	9.3	8.2	10.2	11.5	9.8
SACU	2.2	1.0	0.3	-7.0	3.3	2.2	5.4	4.5	4.0	3.2	4.3	4.5
SADC	3.3	1.8	1.2	-4.9	2.7	2.9	7.5	8.3	9.6	12.2	9.4	6.7

See footnote on page 23.

Table SA2. Overall Fiscal Balance, Including Grants and Government Debt

	Overall Fiscal Balance, Including Grants (Percent of GDP)						Government Debt (Percent of GDP)					
	2010–17	2018	2019	2020	2021	2022	2010–17	2018	2019	2020	2021	2022
Angola	-0.5	2.2	0.7	-1.7	1.2	1.8	46.0	89.0	107.1	127.1	110.7	99.6
Benin	-2.3	-3.0	-0.5	-4.9	-4.5	-3.0	26.2	41.1	41.2	45.4	47.7	46.3
Botswana	-0.3	-4.6	-7.8	-13.2	-8.4	-7.1	17.6	14.2	14.9	20.0	25.3	29.9
Burkina Faso	-3.3	-4.4	-3.5	-5.2	-5.6	-4.8	28.5	37.7	42.7	44.3	46.8	48.1
Burundi	-4.6	-7.1	-8.7	-12.1	-11.3	-3.3	42.5	53.0	60.1	69.5	75.6	74.2
Cabo Verde	-7.0	-2.7	-1.8	-8.9	-7.9	-3.6	105.3	125.6	125.0	139.0	137.6	131.3
Cameroon	-3.5	-2.5	-3.3	-4.1	-2.6	-1.9	23.6	39.5	41.7	43.2	42.5	42.0
Central African Republic	-1.7	-1.0	1.4	-2.5	-1.4	-0.4	43.6	50.0	47.2	44.9	42.2	39.2
Chad	-1.8	1.9	-0.2	1.6	-0.8	0.7	38.1	49.1	44.3	43.0	41.7	41.2
Comoros	1.8	-0.4	-3.1	-0.1	-3.0	-2.6	19.5	18.6	25.2	26.8	30.0	31.0
Congo, Democratic Republic of the	0.3	-0.0	-1.9	-1.6	-0.9	-0.4	21.1	15.3	15.5	15.2	12.4	10.6
Congo, Republic of	-1.8	5.8	4.8	1.5	2.4	1.3	55.5	78.6	83.3	101.7	90.5	84.5
Côte d'Ivoire	-2.3	-2.9	-2.3	-5.9	-4.6	-3.6	37.3	40.1	41.2	45.7	46.3	46.6
Equatorial Guinea	-6.4	0.5	1.9	-2.8	-0.5	0.1	18.8	40.2	44.0	51.1	44.1	45.8
Eritrea	-6.1	4.2	-1.6	-5.0	-4.6	-1.1	173.5	185.6	189.3	184.7	175.6	164.2
Eswatini	-4.2	-9.7	-7.0	-8.1	-7.9	-8.7	17.9	34.3	39.8	47.1	52.8	57.8
Ethiopia ¹	-2.0	-3.0	-2.5	-2.8	-3.3	-2.2	48.7	61.1	57.7	55.3	56.0	56.3
Gabon	0.8	-0.2	2.1	-1.7	-0.7	0.3	37.6	60.9	59.5	72.5	71.1	70.3
The Gambia	-4.4	-6.1	-2.5	-1.9	-3.9	-2.0	63.5	84.6	80.1	75.8	73.9	70.0
Ghana	-6.7	-7.0	-7.3	-16.0	-12.6	-10.4	45.8	63.2	63.9	78.0	81.5	83.2
Guinea	-3.7	-1.1	-0.5	-3.6	-2.3	-2.3	43.5	38.3	36.8	41.4	42.3	43.3
Guinea-Bissau	-2.2	-4.9	-3.9	-9.0	-5.1	-3.6	53.1	59.2	66.9	78.1	78.1	76.4
Kenya	-6.4	-7.4	-7.7	-8.4	-8.1	-6.6	46.8	60.2	62.1	68.7	71.5	72.9
Lesotho	-4.6	-4.4	-7.4	-7.6	-9.0	-7.2	39.8	49.6	49.3	50.3	49.8	48.6
Liberia	-3.5	-5.1	-4.6	-2.8	-2.4	-2.0	24.6	39.7	55.4	61.8	57.0	54.5
Madagascar	-2.1	-1.3	-1.4	-4.2	-5.8	-4.8	36.4	39.8	37.8	43.6	46.9	47.8
Malawi	-4.4	-6.2	-6.5	-13.2	-12.5	-9.5	45.1	59.7	59.5	67.3	76.8	79.9
Mali	-2.6	-4.7	-1.7	-5.5	-5.5	-4.5	28.8	36.1	40.5	44.1	46.1	46.8
Mauritius	-2.8	-2.2	-8.3	-10.4	-6.8	-5.0	59.8	66.2	82.8	87.8	87.7	87.8
Mozambique	-4.9	-6.8	-0.1	-5.4	-4.1	-1.9	66.7	105.3	103.4	122.2	125.3	126.4
Namibia	-6.0	-5.1	-5.5	-9.1	-8.5	-7.6	31.0	50.4	59.9	65.7	71.4	74.1
Niger	-3.4	-3.0	-3.6	-5.8	-4.4	-3.4	23.6	36.9	39.8	44.2	44.5	42.0
Nigeria	-2.8	-4.3	-4.8	-5.8	-4.2	-4.6	18.7	27.7	29.2	35.1	31.9	32.5
Rwanda	-2.1	-2.6	-5.2	-5.4	-4.0	-4.3	27.6	45.0	51.0	61.0	66.0	67.9
São Tomé & Príncipe	-6.5	-1.9	-1.8	1.5	-3.9	-1.2	80.8	83.1	73.1	81.4	72.4	67.6
Senegal	-3.9	-3.7	-3.9	-6.4	-4.9	-3.9	41.0	63.5	64.8	65.8	66.8	66.6
Seychelles	1.7	0.2	0.9	-16.8	-13.0	-9.8	73.0	59.1	57.7	98.4	110.4	108.5
Sierra Leone	-5.3	-5.6	-3.1	-5.5	-3.3	-2.6	45.8	69.1	71.7	71.9	70.4	69.3
South Africa	-4.4	-4.1	-5.3	-12.2	-10.6	-8.3	44.9	56.7	62.2	77.1	80.8	84.4
South Sudan	-8.0	-0.6	0.0	-3.3	3.6	6.0	41.2	46.3	35.5	44.9	47.0	41.2
Tanzania	-3.2	-1.9	-1.7	-1.0	-1.3	-1.7	32.7	38.7	38.2	38.2	37.9	37.4
Togo	-4.2	-0.6	1.6	-6.1	-6.1	-4.1	45.6	57.3	53.6	57.6	60.0	59.9
Uganda	-3.0	-3.0	-4.8	-7.6	-5.5	-4.3	24.5	34.9	37.3	45.7	48.8	50.3
Zambia	-5.3	-8.4	-9.8	-13.9	-9.3	-6.9	39.7	77.3	94.5	117.8	118.7	129.5
Zimbabwe ²	-2.7	-4.7	-1.4	1.1	-0.8	-0.8	43.4	33.6	112.1	88.9	51.4	55.0
Sub-Saharan Africa	-3.3	-3.5	-4.1	-6.9	-5.6	-4.7	34.5	48.3	51.5	57.8	56.2	56.2
Median	-3.3	-3.0	-2.5	-5.4	-4.5	-3.4	38.2	50.0	55.4	61.0	57.0	57.8
Excluding Nigeria and South Africa	-3.0	-2.9	-3.3	-5.6	-4.6	-3.5	38.8	54.4	58.4	62.2	60.7	60.3
Oil-exporting countries	-2.5	-2.5	-3.3	-4.8	-3.2	-3.4	25.4	41.6	43.4	48.2	42.9	41.2
Excluding Nigeria	-1.8	1.2	0.3	-2.0	-0.1	0.5	39.5	70.3	78.2	85.2	75.7	70.3
Oil-importing countries	-4.0	-4.1	-4.5	-8.1	-7.0	-5.5	41.2	52.2	56.2	63.1	64.3	65.7
Excluding South Africa	-3.6	-4.1	-4.1	-6.4	-5.5	-4.4	38.9	49.8	53.4	57.4	57.4	58.2
Middle-income countries	-3.5	-3.8	-4.6	-8.1	-6.3	-5.4	33.9	49.2	52.4	60.4	58.7	58.6
Excluding Nigeria and South Africa	-3.2	-3.2	-4.0	-7.6	-5.7	-4.5	40.0	61.3	66.1	72.9	71.2	70.4
Low-income countries	-2.8	-2.6	-2.3	-3.4	-3.2	-2.4	37.0	45.1	48.7	50.0	48.4	48.4
Excluding low-income countries in fragile situations	-2.9	-3.0	-2.7	-3.7	-3.6	-2.9	37.6	50.3	50.0	52.2	53.0	53.1
Countries in fragile situations	-2.3	-1.8	-1.5	-3.6	-3.0	-2.1	37.6	40.4	47.5	49.0	45.1	44.8
CFA franc zone	-2.7	-2.0	-1.5	-4.5	-3.6	-2.7	32.7	46.3	47.8	51.7	51.5	50.9
CEMAC	-2.7	0.0	-0.1	-2.2	-1.2	-0.6	31.8	50.2	51.3	56.1	53.4	52.1
WAEMU	-2.9	-3.3	-2.4	-5.8	-4.9	-3.8	34.1	43.8	45.6	49.2	50.4	50.3
COMESA (SSA members)	-3.3	-4.2	-4.8	-5.7	-5.2	-4.0	40.2	50.9	56.6	59.3	58.3	59.4
EAC-5	-4.4	-4.7	-5.3	-5.9	-5.5	-4.6	36.5	48.4	50.0	55.2	57.4	58.3
ECOWAS	-3.2	-4.3	-4.4	-6.8	-5.1	-4.8	24.6	35.8	37.1	43.5	41.7	41.8
SACU	-4.3	-4.2	-5.4	-12.1	-10.4	-8.2	43.0	54.3	59.5	73.5	77.1	80.6
SADC	-3.3	-3.0	-3.9	-8.2	-6.8	-5.2	42.2	56.8	64.2	73.1	71.8	72.7

See footnote on page 23.

Table SA3. Broad Money and External Current Account, Including Grants

	Broad Money (Percent of GDP)						External Current Account, Including Grants (Percent of GDP)					
	2010–17	2018	2019	2020	2021	2022	2010–17	2018	2019	2020	2021	2022
Angola	35.3	29.3	31.3	32.5	31.0	29.9	2.6	7.0	5.7	-0.6	0.8	0.5
Benin	27.8	27.9	27.8	27.8	27.8	27.8	-5.1	-4.6	-4.0	-4.7	-4.5	-3.8
Botswana	43.1	41.2	43.0	48.7	46.3	45.1	5.7	0.6	-7.6	-10.3	-4.5	-3.3
Burkina Faso	29.4	38.9	41.3	45.9	49.3	52.4	-5.0	-4.1	-3.3	-3.7	-4.5	-4.8
Burundi	24.7	30.0	36.0	45.8	56.4	59.0	-14.5	-11.4	-11.7	-13.3	-15.7	-14.5
Cabo Verde	91.5	100.0	102.0	121.3	119.6	116.3	-8.8	-5.2	-0.4	-13.8	-10.6	-6.4
Cameroon	21.8	24.4	24.5	25.8	26.8	27.1	-3.3	-3.6	-4.4	-5.3	-4.4	-3.2
Central African Republic	22.2	27.1	28.0	29.2	29.8	28.5	-7.5	-8.0	-4.9	-7.9	-6.8	-5.9
Chad	13.9	14.3	17.0	18.4	18.4	18.5	-8.9	-1.4	-4.9	-8.8	-6.6	-6.3
Comoros	23.7	28.2	28.0	30.7	30.7	30.7	-2.7	-2.3	-4.3	-0.4	-3.5	-3.0
Congo, Democratic Republic of the	11.8	12.8	15.2	20.2	21.5	24.3	-5.6	-3.6	-4.2	-4.0	-3.4	-3.4
Congo, Republic of	27.8	22.8	24.9	38.8	39.7	41.0	-5.7	1.5	2.3	-3.8	-0.2	-2.1
Côte d'Ivoire	11.1	10.2	11.7	11.3	11.3	10.9	0.6	-3.6	-2.7	-3.6	-3.6	-3.4
Equatorial Guinea	15.1	15.5	16.6	18.2	17.0	18.8	-8.6	-5.4	-6.3	-8.4	-3.6	-4.4
Eritrea	193.9	239.7	237.7	231.5	228.6	223.8	11.7	15.4	12.1	10.7	13.9	13.5
Eswatini	26.1	29.2	28.4	30.5	32.0	32.5	5.0	1.3	4.3	7.0	4.9	2.0
Ethiopia ¹	27.9	33.7	33.0	30.7	30.3	29.3	-6.7	-6.5	-5.3	-4.6	-3.6	-3.9
Gabon	23.2	24.3	23.3	27.4	27.5	29.7	6.1	-3.3	-1.8	-5.1	-0.3	-0.2
The Gambia	36.1	41.9	46.9	53.4	52.9	51.0	-7.8	-9.5	-5.3	-5.5	-12.0	-12.6
Ghana	23.8	25.4	26.6	31.5	32.2	32.3	-6.5	-3.1	-2.8	-3.3	-2.8	-4.9
Guinea	24.5	22.5	24.0	23.6	24.6	24.7	-15.2	-20.3	-13.7	-12.1	-13.2	-12.4
Guinea-Bissau	35.8	43.7	43.4	47.7	46.3	44.9	-2.1	-3.6	-8.6	-10.1	-6.5	-5.4
Kenya	40.8	37.5	36.2	37.0	37.0	37.0	-7.8	-5.7	-5.8	-4.8	-5.3	-5.4
Lesotho	34.9	35.1	35.5	36.3	35.3	34.0	-7.1	-1.4	-8.0	-15.5	-16.9	-25.1
Liberia	20.2	19.6	21.0	25.6	23.8	23.8	-33.3	-22.3	-19.6	-18.1	-19.2	-20.7
Madagascar	22.7	25.3	24.1	27.1	30.3	30.2	-3.9	0.7	-2.2	-6.5	-5.0	-4.4
Malawi	24.3	23.6	22.6	24.6	22.6	22.6	-13.0	-20.5	-17.1	-19.8	-20.7	-18.9
Mali	26.2	29.0	29.6	34.0	34.0	34.0	-5.7	-4.9	-4.8	-2.0	-4.1	-4.4
Mauritius	102.9	115.3	120.8	161.5	151.9	142.9	-6.8	-3.9	-5.4	-11.3	-14.7	-6.6
Mozambique	31.6	34.7	37.1	39.5	40.5	40.5	-30.7	-29.6	-20.4	-60.6	-68.9	-83.2
Namibia	58.5	57.6	63.6	72.9	72.9	72.9	-7.6	-3.3	-1.7	-0.6	-3.4	-2.9
Niger	17.3	15.8	17.1	16.9	17.4	17.2	-12.9	-12.6	-12.3	-13.3	-17.0	-10.7
Nigeria	21.7	25.4	23.9	24.3	23.8	24.5	1.8	0.9	-3.8	-3.7	-2.2	-1.8
Rwanda	20.9	25.0	26.3	27.0	28.0	28.5	-9.9	-10.4	-12.4	-12.2	-12.5	-11.4
São Tomé & Príncipe	37.6	35.6	32.5	33.8	33.8	33.8	-17.4	-12.3	-12.5	-17.4	-15.5	-9.3
Senegal	32.2	40.9	41.6	44.4	45.3	45.6	-6.4	-8.8	-7.8	-11.0	-12.8	-11.7
Seychelles	64.5	79.5	87.8	108.7	102.8	102.8	-19.7	-18.4	-17.0	-29.1	-36.9	-34.9
Sierra Leone	21.8	23.0	23.0	28.5	27.6	27.0	-24.9	-18.6	-22.2	-15.0	-14.1	-14.9
South Africa	72.9	72.8	74.1	82.8	81.4	80.0	-3.7	-3.5	-3.0	2.2	-0.4	-1.5
South Sudan	18.9	13.5	17.3	22.5	21.4	23.3	3.4	1.5	-23.3	-4.5	-11.9	0.2
Tanzania	22.8	20.4	20.4	21.2	21.5	21.3	-8.1	-3.0	-2.2	-2.7	-4.3	-4.0
Togo	35.3	43.1	42.0	45.6	45.7	45.8	-5.6	-1.9	-2.5	-3.7	-3.4	-3.4
Uganda	17.1	18.5	19.5	22.4	23.4	23.2	-5.7	-5.7	-5.7	-9.1	-8.4	-5.7
Zambia	19.8	22.9	23.6	30.6	30.2	30.7	1.4	-1.3	0.6	1.5	6.5	5.6
Zimbabwe ²	22.9	23.3	21.6	17.4	18.5	19.9	-9.7	-8.3	4.4	4.7	4.4	1.7
Sub-Saharan Africa	35.6	36.3	36.3	38.7	38.4	38.1	-2.6	-2.6	-3.7	-3.7	-3.7	-3.7
Median	25.8	27.9	28.0	30.7	30.7	30.7	-6.2	-3.9	-4.9	-5.3	-4.5	-4.4
Excluding Nigeria and South Africa	28.1	29.0	29.7	31.7	31.8	31.7	-4.6	-3.9	-3.9	-5.8	-5.5	-5.5
Oil-exporting countries	23.5	25.4	24.7	25.6	25.1	25.6	1.3	1.4	-2.5	-3.7	-2.1	-1.7
Excluding Nigeria	27.8	25.4	26.7	28.9	28.3	28.2	0.1	2.4	0.7	-3.7	-1.9	-1.6
Oil-importing countries	43.7	42.7	43.0	46.2	45.9	45.0	-5.5	-5.0	-4.4	-3.8	-4.6	-5.0
Excluding South Africa	28.1	29.9	30.3	32.3	32.6	32.5	-6.7	-5.7	-5.0	-6.2	-6.3	-6.4
Middle-income countries	38.9	39.6	39.5	42.4	41.8	41.5	-1.2	-1.4	-3.0	-2.5	-2.3	-2.5
Excluding Nigeria and South Africa	31.1	30.9	31.7	34.6	34.3	34.0	-2.0	-1.6	-2.2	-4.3	-3.7	-3.8
Low-income countries	24.1	26.7	27.3	28.5	29.0	29.1	-8.6	-7.0	-5.9	-7.4	-7.7	-7.6
Excluding low-income countries in fragile situations	23.9	27.2	27.4	28.0	28.5	28.2	-9.5	-7.1	-6.1	-8.7	-9.1	-9.2
Countries in fragile situations	21.2	21.5	22.7	24.8	25.1	25.6	-5.3	-5.6	-4.7	-4.8	-4.7	-4.6
CFA franc zone	21.4	23.8	24.7	26.7	27.1	27.5	-3.5	-4.4	-4.2	-5.7	-5.4	-4.8
CEMAC	20.5	21.8	22.5	25.5	25.9	26.8	-3.4	-2.9	-3.3	-5.9	-3.4	-3.1
WAEMU	22.1	24.9	25.9	27.3	27.8	27.9	-3.9	-5.4	-4.8	-5.6	-6.5	-5.6
COMESA (SSA members)	30.4	32.7	32.7	34.4	34.6	34.4	-6.1	-5.4	-4.7	-4.9	-4.5	-4.3
EAC-5	28.4	28.0	27.7	29.1	29.7	29.7	-7.7	-5.2	-5.1	-5.4	-6.1	-5.5
ECOWAS	22.2	25.4	24.9	26.1	25.9	26.5	-0.6	-1.6	-4.3	-4.4	-3.6	-3.3
SACU	70.3	70.0	71.4	79.8	78.4	77.0	-3.4	-3.3	-3.1	1.4	-0.8	-1.8
SADC	52.9	50.7	51.8	57.1	56.4	55.4	-3.5	-2.5	-2.2	-1.8	-2.9	-3.8

See footnote on page 23.

Table SA4. External Debt, Official Debt, Debtor Based and Reserves

	External Debt, Official Debt, Debtor Based						Reserves					
	(Percent of GDP)						(Months of imports of goods and services)					
	2010–17	2018	2019	2020	2021	2022	2010–17	2018	2019	2020	2021	2022
Angola	26.8	46.5	56.1	84.0	82.5	79.9	8.2	8.7	12.4	8.8	10.1	9.9
Benin ¹	13.6	18.6	23.8	27.0	31.9	30.1	...	...	...	...	...	...
Botswana	15.3	11.3	10.7	11.1	10.0	12.8	11.9	10.7	11.3	8.4	7.8	8.2
Burkina Faso ¹	21.2	20.7	23.5	25.5	23.7	23.5	...	...	...	...	...	...
Burundi	20.4	16.9	18.2	19.6	18.5	17.4	3.0	0.8	1.3	0.8	0.7	0.7
Cabo Verde	78.2	100.2	101.9	116.8	109.2	103.3	5.0	5.8	8.9	6.7	6.6	6.3
Cameroon ²	15.2	27.6	28.8	32.5	30.7	30.4	...	...	...	...	...	...
Central African Republic ²	24.9	35.9	35.8	37.7	35.4	33.0	...	...	...	...	...	...
Chad ²	24.0	24.9	24.4	24.7	21.2	19.7	...	...	...	...	...	...
Comoros	18.3	16.8	24.3	27.7	29.3	30.3	7.0	6.8	7.2	7.9	7.7	7.5
Congo, Democratic Republic of the	16.1	12.9	13.4	12.9	10.6	9.2	1.1	0.5	0.7	0.6	1.0	1.4
Congo, Republic of ²	23.2	29.3	30.3	42.3	37.8	37.6	...	...	...	...	...	...
Côte d'Ivoire ¹	24.1	26.9	30.0	34.9	32.9	31.9	...	...	...	...	...	...
Equatorial Guinea ²	7.6	12.0	14.5	17.4	16.2	19.9	...	...	...	...	...	...
Eritrea	63.3	64.4	61.7	58.0	54.2	50.5	3.9	2.6	2.1	2.0	3.9	5.5
Eswatini	8.0	10.0	12.7	19.0	22.2	23.2	4.0	2.8	3.2	3.5	4.1	4.2
Ethiopia ³	23.6	30.6	28.5	29.1	30.9	33.1	2.0	1.7	2.3	2.1	2.5	3.4
Gabon ²	26.0	38.5	38.9	48.0	47.2	47.5	...	...	...	...	...	...
The Gambia	33.8	45.5	43.9	42.5	42.8	41.3	3.9	2.7	3.9	4.9	4.8	4.8
Ghana	22.7	34.5	30.3	35.7	36.5	38.0	2.8	2.4	3.2	3.4	3.0	2.9
Guinea	27.6	19.3	19.3	24.6	27.5	29.9	2.2	2.1	2.5	2.3	2.7	2.8
Guinea-Bissau ¹	23.9	21.0	25.1	28.7	27.9	26.0	...	...	...	...	...	...
Kenya	23.4	30.5	31.8	34.7	37.1	36.8	4.2	4.8	6.1	4.6	4.6	4.3
Lesotho	34.4	38.5	38.9	40.6	32.2	28.1	4.9	4.0	4.0	3.6	3.4	2.9
Liberia	13.4	28.8	35.6	40.5	40.1	39.3	2.0	2.3	2.3	2.6	2.9	3.1
Madagascar	22.9	25.4	26.5	31.7	34.3	35.6	3.0	4.3	5.2	4.9	4.7	4.5
Malawi	23.2	31.1	29.7	31.1	31.2	31.8	2.2	3.0	3.0	2.9	2.8	2.6
Mali ¹	22.0	22.5	26.3	28.1	25.7	25.6	...	...	...	...	...	...
Mauritius	14.0	11.2	10.9	20.7	22.7	22.1	6.5	10.3	16.8	13.5	12.4	11.1
Mozambique	56.1	89.6	89.6	97.5	108.8	111.0	3.2	3.8	3.7	3.3	2.7	2.8
Namibia	10.2	15.5	20.2	26.2	24.9	24.3	2.5	2.0	3.0	1.8	2.3	2.6
Niger ¹	16.2	23.2	25.4	30.3	28.9	26.9	...	...	...	...	...	...
Nigeria	2.6	6.8	6.7	8.4	7.4	7.0	5.9	5.1	6.5	5.4	4.8	4.1
Rwanda	22.6	40.2	44.2	54.0	56.9	59.1	3.7	4.2	4.8	4.7	3.7	3.6
São Tomé & Príncipe	77.9	66.3	66.7	81.4	72.4	67.6	4.0	2.7	3.2	4.5	4.5	4.8
Senegal ¹	28.2	45.1	47.6	49.1	45.3	42.7	...	...	...	...	...	...
Seychelles	39.7	29.1	28.1	46.4	55.6	53.1	3.3	3.7	5.2	4.1	2.8	2.1
Sierra Leone	29.4	38.9	40.9	44.4	44.8	44.8	2.8	3.3	4.0	4.8	4.7	4.4
South Africa	14.6	18.2	22.3	28.8	28.5	29.1	5.3	6.0	8.6	7.2	6.6	6.2
South Sudan	...	...	...	...	...	...	2.1	0.1	0.3	0.4	0.5	0.5
Tanzania	24.4	28.9	28.1	28.0	27.9	27.2	4.5	5.9	5.9	5.2	4.0	4.1
Togo ¹	12.6	14.9	17.8	23.1	22.2	22.2	...	...	...	...	...	...
Uganda	14.6	23.3	25.5	31.3	32.3	32.1	4.7	4.0	4.0	4.5	3.7	3.0
Zambia	21.5	42.8	53.5	72.4	72.4	68.1	2.9	2.1	2.4	1.2	0.7	0.0
Zimbabwe ⁴	35.5	33.5	37.2	33.9	27.3	24.1	0.5	0.2	0.3	0.3	0.2	0.2
Sub-Saharan Africa	15.1	22.1	23.6	27.8	26.7	26.1	4.9	4.7	6.0	4.8	4.6	4.3
Median	22.0	28.2	28.3	31.5	31.6	31.1	3.6	3.3	3.9	4.1	3.7	3.6
Excluding Nigeria and South Africa	22.7	30.9	32.4	36.8	36.4	36.0	4.2	3.9	4.8	3.8	3.8	3.9
Oil-exporting countries	9.1	16.6	16.9	20.3	18.3	16.9	6.0	5.3	6.9	5.4	5.2	4.6
Excluding Nigeria	23.1	37.5	42.3	55.0	52.0	50.9	6.3	5.7	7.8	5.4	6.2	6.3
Oil-importing countries	19.4	25.4	27.5	31.9	31.8	31.9	4.1	4.3	5.5	4.5	4.3	4.2
Excluding South Africa	22.8	29.1	29.9	33.2	33.2	33.0	3.4	3.4	4.1	3.4	3.3	3.4
Middle-income countries	13.0	20.4	22.0	26.8	25.6	24.8	5.5	5.2	7.0	5.5	5.2	4.8
Excluding Nigeria and South Africa	22.1	32.8	35.3	42.4	41.7	40.9	5.2	4.8	6.2	4.5	4.8	4.7
Low-income countries	23.8	28.3	28.7	30.5	30.2	30.2	2.8	2.7	3.0	2.9	2.7	2.9
Excluding low-income countries in fragile situations	24.1	31.9	31.8	34.0	35.1	35.8	3.4	3.7	3.9	3.7	3.4	3.6
Countries in fragile situations	23.4	24.1	25.7	28.4	26.2	25.3	2.6	1.6	2.1	1.8	2.0	2.2
CFA franc zone	20.1	27.1	29.5	33.7	32.0	31.2	4.8	3.9	5.0	4.9	4.9	4.6
CEMAC	18.3	27.5	28.8	33.9	31.8	31.9	4.5	2.7	3.6	3.1	4.0	4.2
WAEMU	21.8	26.8	30.0	33.6	32.1	30.8	5.0	4.7	5.9	6.0	5.4	4.8
COMESA (SSA members)	21.6	27.6	28.6	31.7	32.2	32.0	3.0	3.1	3.9	3.2	3.2	3.2
EAC-5	21.7	29.0	30.0	32.9	34.2	33.9	4.3	4.9	5.5	4.7	4.2	3.9
ECOWAS	8.6	15.0	15.1	18.1	16.8	16.1	5.0	4.2	5.4	4.5	4.2	3.7
SACU	14.5	17.9	21.7	27.8	27.4	28.0	5.5	6.0	8.4	7.0	6.4	6.1
SADC	19.2	25.7	29.2	35.8	34.8	34.4	5.3	5.7	7.7	6.0	5.6	5.4

See footnote on page 23.