



The World Bank

PNoWB Attends Regional Economic Outlook for Africa: The Great Recession and Sub-Saharan Africa - 21 October, 2009

The International Monetary Fund marked the launching of the latest report of its *Regional Economic Outlook* series. *Sub-Saharan Africa: Weathering the Storm* examines the impact of the global financial crisis on economic performance in countries across the region and on sub-Saharan Africa as a whole.

Co-sponsored by the *Agence Française de Développement* (AFD), the event brought together academics, economists and development specialists from the World Bank, IMF, AFD, the Organization for Economic Cooperation and Development (OECD) and the French Ministry for European and Foreign Affairs, among others.

The *Economic Outlook for Sub-Saharan Africa* report reveals that in comparison with previous large global economic downturns, countries in the region are weathering the current storm relatively well. This is due in large part to positive economic policies put in place by many countries prior to the crisis. According to Shanta Devarajan, chief economist of the World Bank's Africa Region, strong policies and coherent development frameworks in the years preceding the crisis led to lower inflation rates and more robust reserves, putting countries in a stronger position heading into the current recession, the largest since the 1930s.

Increased support from the IMF has also helped to mitigate the effects of the downturn on the continent, according to Antoinette Monsio Sayeh, the director of the IMF's African Department. "Scaled-up financial support from the IMF has buttressed countries' policy response," Ms. Sayeh said, adding that "the doubling of lending limits and more flexible policies have facilitated a rapid response to countries' needs, and new IMF commitments to sub-Saharan Africa have reached over US\$3 billion so far this year, compared to some US\$1.1 billion for the whole of 2008 and only US\$0.1 billion in 2007."

Despite the protective effect of strong economic policies and increased IMF support, the region has nonetheless been heavily affected by the global downturn, the report finds. Exports of many countries have fallen drastically, capital flows have suffered and unemployment and under-employment have likely risen. In the five years preceding the crisis, annual economic growth rates of 6.5 % were seen across the region—the highest in thirty years. However, rates for 2009 are expected to fall to a meager one percent, with the IMF predicting that the crisis "will likely slow, if not reverse, progress on poverty reduction" in all countries in the region.

"The IMF's *Economic Outlook for Sub-Saharan Africa* reminds us that we must continue to act to ensure that the economic and development policy achievements realized by many African countries are not lost in the wake of the crisis," said Hugh Bayley, Chairman of PNoWB. He added, "Sub-Saharan Africa must have the resources it needs to emerge successfully and prosperously from the global recession."

Looking ahead, Shanta Devarajan sees both a peek of aid need and aid productivity in the coming recovery. The IMF believes that the region's growth may rebound to four percent in 2010 and to more than five percent in the following years. However, this will not be achieved without international cooperation. "[I]t will be critical that other development partners support ... [the IMF's response] effort and those of other international financial institutions," Ms. Sayeh said.