

**Table A11 Sub-Saharan Africa forecast summary**  
(annual percent change unless indicated otherwise)

	1995–2005 <sup>a</sup>	2006	2007	2008	2009 <sup>e</sup>	2010 <sup>f</sup>	2011 <sup>f</sup>
GDP at market prices (2005 US\$) <sup>b</sup>	4.0	6.4	6.5	5.1	1.1	3.8	4.6
GDP per capita (units in US\$)	1.4	3.9	4.0	3.1	-0.8	1.9	2.7
PPP GDP <sup>c</sup>	4.0	6.4	6.5	5.2	1.6	4.1	4.9
Private consumption	2.0	7.0	8.1	3.5	0.4	3.2	4.5
Public consumption	5.2	5.8	5.8	5.6	5.6	5.2	5.2
Fixed investment	6.5	16.9	19.5	12.2	0.3	6.3	5.7
Exports, GNFS <sup>d</sup>	4.9	4.8	3.8	4.6	-5.2	6.6	5.9
Imports, GNFS <sup>d</sup>	6.1	13.2	11.8	6.7	-5.2	7.5	6.6
Net exports, contribution to growth	-0.1	-2.7	-2.9	-0.9	0.2	-0.6	-0.5
Current account balance/GDP (%)	-1.7	0.7	-0.1	0.1	-3.4	-2.5	-2.4
GDP deflator (median, LCU)	7.3	7.3	7.6	9.7	6.2	6.1	4.1
Fiscal balance/GDP (%)	-2.3	4.3	0.4	0.9	-4.2	-2.1	-1.7
<b>Memo items: GDP</b>							
Sub-Saharan Africa excluding South Africa	4.5	6.9	7.1	5.9	2.8	4.8	5.6
Oil exporters	4.6	7.5	7.9	6.3	2.8	4.9	5.3
CFA countries	4.4	2.7	4.5	4.0	1.6	3.4	3.8
South Africa	3.3	5.6	5.5	3.7	-1.8	2.0	2.7
Nigeria	4.6	6.2	6.3	5.3	4.3	4.8	5.1
Kenya	2.9	6.4	7.1	1.7	2.8	3.7	4.8

Source: World Bank.

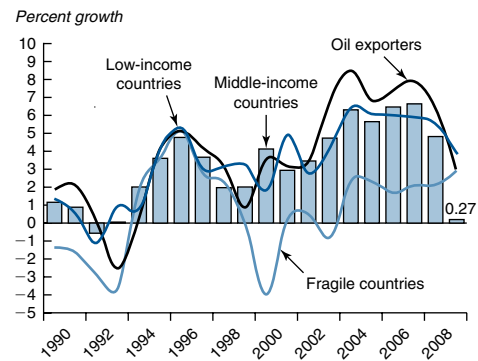
- a. Growth rates over intervals are compound average; growth contributions, ratios, and the GDP deflator are averages.
- b. GDP measured in constant 2005 U.S. dollars.
- c. GDP measured at PPP exchange rates.
- d. Exports and imports of goods and nonfactor services.
- e. Estimate.
- f. Forecast.

## Sub-Saharan Africa

### Recent developments

The global financial crisis has had a marked, negative impact on economic performance in Sub-Saharan Africa, affecting trade, foreign direct investment, tourism, remittances, and official assistance. GDP is estimated to have grown only 1.1 percent for the region as a whole in 2009 (table A11). Notwithstanding the severity of the shock, the improved macroeconomic fundamentals in place in many countries of the region as they entered the crisis meant that the impact was less pronounced than in other regions and relative to previous external shocks. The growth slowdown has varied across countries in Sub-Saharan Africa, with oil exporters and middle-income countries affected more severely, at least initially, than low-income, fragile, and less globally integrated countries (figure A32). Per capita GDP has declined by an estimated 0.8 percent in 2009, the first decline in a decade. This is

**Figure A32 Middle-income and oil-exporting countries of Sub-Saharan Africa hit hardest by global crisis**



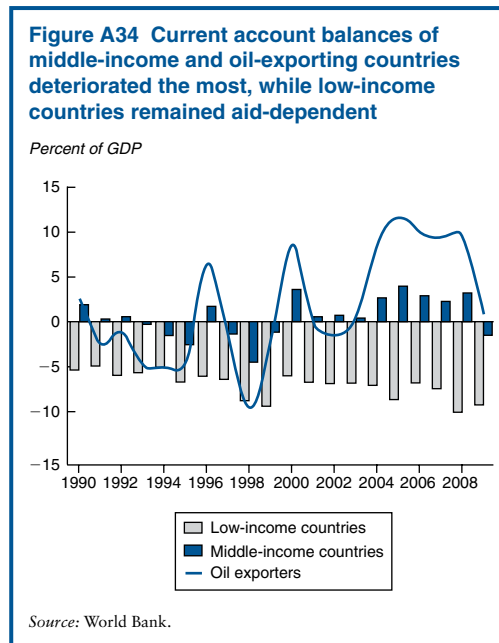
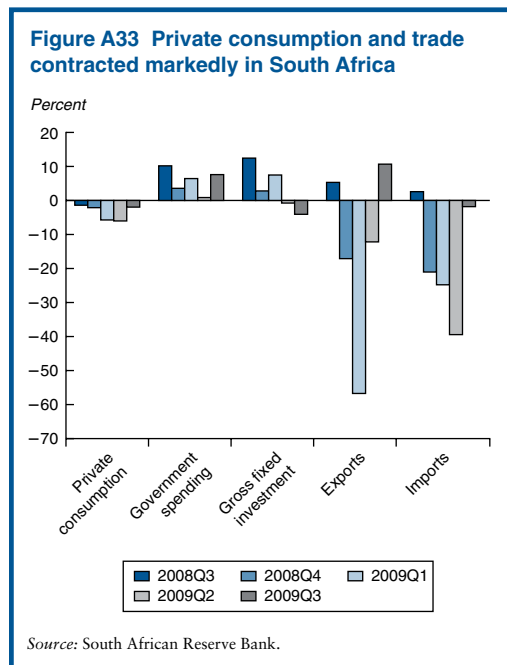
Source: World Bank.

likely to have long-term consequences for Sub-Saharan African countries, as more people fall into poverty in the region, according to Chen and Ravallion (2009); 30,000 to 50,000 more

infants are likely to die of malnutrition in 2009, with a larger impact among infant girls (Friedman and Schady 2009).

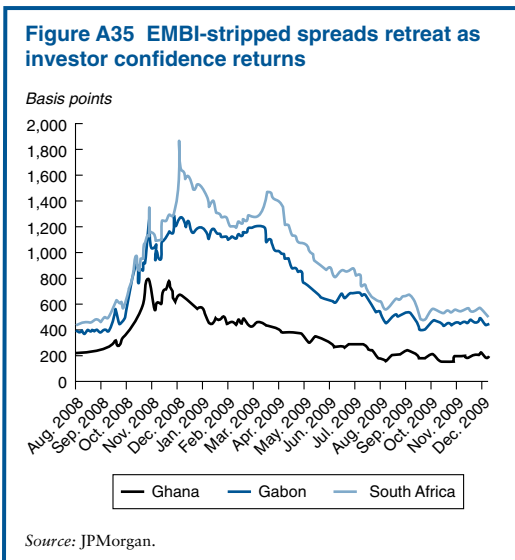
As Sub-Saharan Africa is a major commodity exporting region, lower commodity prices, declining export volumes, as well as lower tourism revenues, and declining remittances have all undermined income and private consumption, which decelerated to 0.4 percent growth in 2009, down from 3.5 percent the previous year. Weak external demand for commodities, excess capacity, scarce credit, and tight liquidity all led to delays and scaling back of investment spending. Although FDI declined by 19 percent in 2009 the decline was more muted than in other regions except South Asia, mainly because of sustained investment in the extractive sectors. Weak private consumption and investment resulted in lower imports, partially offsetting the negative growth impact emanating from the sharp contraction in export volumes (figure A33).

As expected, the contraction in both export and import volumes was more severe in middle-income countries, which are more



integrated into the global economy. Because of the marked declines in oil prices, the deterioration in current account balances was most pronounced in oil-exporting countries, where it fell from 9.7 to 1.4 percent of GDP (figure A34). Meanwhile lower tourism revenues, remittances, and private current net transfers brought the current account balances in middle-income countries to a deficit of 1.2 percent of GDP—down from a surplus of 3.3 percent of GDP in 2008. Low-income countries remain dependent on foreign assistance to finance deficits of nearly 10 percent of GDP. For most of these countries the terms-of-trade boost from lower oil prices was offset by lower export prices or volumes (primarily metals and minerals, agricultural products), or both. Indeed, the marked decline in oil imports merely offset the decline in current account inflows, with current account balances improving by less than 1 percent of GDP.

Sovereign spreads rose sharply in the wake of the financial crisis but have declined significantly since the first quarter of 2009. In many cases, however, these spreads remain above the pre-crisis level (figure A35).



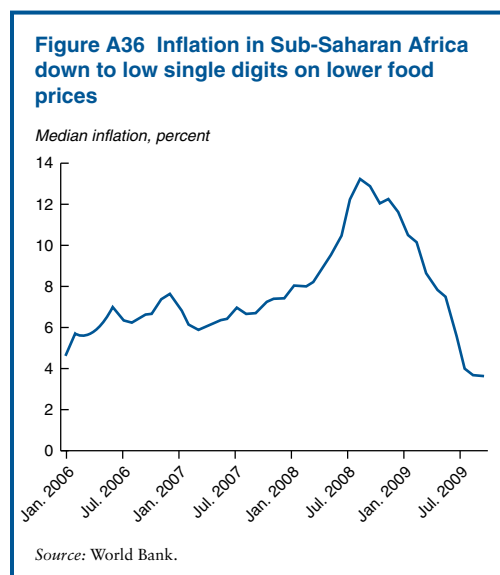
Most countries in the region have been spared from the most abrupt financial turbulences experienced by other regions, but in countries that enjoyed rapid credit expansion in the boom years (like Cape Verde, the Democratic Republic of Congo, Ethiopia, Nigeria, Rwanda, Tanzania, Uganda, and Zambia), nonperforming loans will mount in the quarters ahead, putting strains on the shallow financial systems.

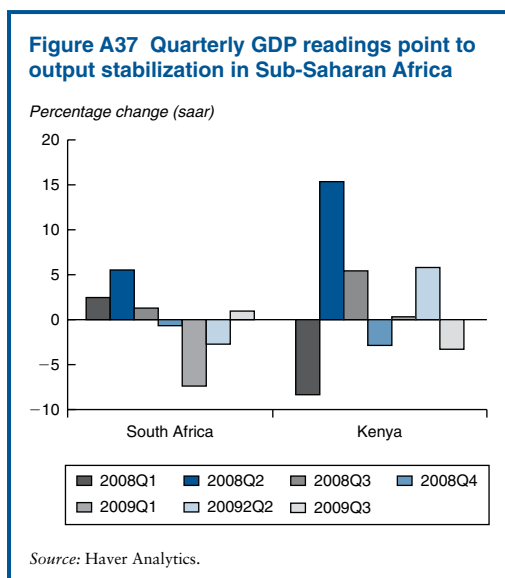
Expectations about an imminent recovery in the global economy triggered a return of investors to stock markets across the world, boosting share prices. In South Africa share prices rose by 56 percent in dollar terms since January 2009. The capital inflows have also supported the rand, which gained 28.1 percent against the U.S. dollar during the course of 2009. Furthermore, a more positive investor attitude toward risk taking in emerging-market economies boosted inflows of direct and portfolio investment during the second quarter.

On the policy front many countries in the region had only limited space for countercyclical measures, notwithstanding more prudent fiscal stances during the boom period. Automatic stabilizers worked in South Africa and the

Seychelles, which were among the small number of countries that were able to implement significant countercyclical fiscal policies. A large part of the deterioration in fiscal balances in commodity exporters is linked to both lower volumes and lower export prices for commodities. For the region as a whole, the fiscal balance deteriorated from a surplus of 0.9 percent of GDP in 2008 to a deficit of 4.2 percent of GDP in 2009. Furthermore, monetary policy remains ineffective in bolstering domestic demand in many countries owing to a lack of depth in the financial systems and weak transmission mechanisms.

Lower food and oil prices since mid-2008 contributed to a sharp decline in headline inflation, which has eased to low single-digit levels in many countries (figure A36). By September 2009 several countries in the region were reporting falling headline prices. However, in East Africa, as a result of high food inflation related to recurrent droughts, inflation has remained stubbornly high. Subdued inflation in many countries in the Sub-Saharan Africa region has created room for lowering interest rates. Moreover, lower food and energy prices have relieved some of the pressure on fiscal balances, although sharply lower trade volumes and lower export





and import prices have slashed trade-related government revenues, which has been particularly acute in the Southern Africa Customs Union countries.

In South Africa output contracted for three consecutive quarters, starting with the final quarter of 2008, then posted 0.9 percent growth (saar) in the third quarter of 2009, thereby ending the recession (Figure A37). Domestic demand remains weak, undermined by declining disposable income, higher unemployment, and high levels of debt. Growth in both government consumption and fixed investment deteriorated in the second quarter, the latter partly attributable to more conservative lending practices. Weaker domestic demand, in particular postponements of capital expenditure by the private sector, led to a sharp contraction in imports during the first half of 2009. This in conjunction with less rapidly falling exports brought the second quarter trade balance into surplus, and helped bring the current account deficit down to 3.2 percent of GDP in the third quarter from 7 percent of GDP in the first quarter.

Nigeria's economy, the second largest in the region, seems to have weathered the crisis well. Notwithstanding lower oil prices and

disruptions in oil production, GDP expanded 4.5 percent and 7.2 percent in the first two quarters of the year, and growth remained strong in the third quarter, largely on account of the non-oil sectors. Agriculture and wholesale and retail trade made positive contributions, suggesting continued strength in domestic demand. However poor performance in the manufacturing, mining, and electricity-generation sectors led to a decline in industrial output. The central bank's recent bailouts of Nigeria's top five commercial banks underscore the weakness of Nigeria's financial system. Together these banks account for 40 percent of all loans, 30 percent of deposits, and 31.5 percent of total assets. These banks had a very large exposure to capital markets and the gas and oil sectors, as well as a high level of nonperforming loans, thanks to poor corporate governance practices, lax credit administration, and nonadherence to the banks' credit risk management practices. The stock market has been severely battered since the onset of the global crisis, with share prices down 57.6 percent and market capitalization down 50.7 percent in the first nine months of 2009.

Kenya's economic growth has been constrained by recurrent drought and ensuing electricity shortages while also suffering the effects of the global economic crisis. When compared with a year earlier, growth decelerated from 4.3 percent in the first quarter, to 2.1 percent in the second quarter, to -0.1 percent in the third quarter, in contrast with growth rates of above 6 percent in 2007, before the election-related tensions. The drought-generated general crop failure affected food security, leading to higher imports of basic foods. Major export crops fell, with tea output down 11.6 percent and horticulture output down 7.4 percent in the first eight months of 2009. Power shortages, higher power costs, and weak global demand caused mining and quarrying, manufacturing, construction, and wholesale and retail trade to contract in the second quarter. On the bright side, transport and communications, as well as the hotel and restaurant sector rebounded as the effects of the postelection violence in early

2008 dissipated. Tourist arrivals rose 42 percent in the first eight months of 2009.

In Ethiopia economic activity has been supported by growth in the agricultural sector, underpinned by an expansion of roads and better market access that have enabled subsistence farmers to enter the commercial sector. The economy was faced with significant external shocks, however. The global recession caused remittances to fall by 6 percent in the first half of 2009 relative to a year earlier, while merchandise exports fell 11 percent. In manufacturing, capacity utilization has been affected by weak demand, shortages of water and electricity, insufficient raw materials and other inputs, and a shortage of capital. Foreign direct investment has also been affected, making it more difficult to finance the large current account deficit. Economic growth is estimated to have decelerated to 7.2 percent in 2009, as remittances, investment, and export growth weakened. Two new hydroelectric dams, one commissioned in November 2009 and the other to become operational in the next few months, will help ease power shortages and remove some of the growth constraints.

Lower demand for minerals is estimated to have weakened performance in southern Africa, and the region was also negatively affected by the recession in South Africa, with which it has close trade, investment, and financial links. Angola's economy also performed poorly: oil output declined to below 1.8 million barrels a day, while falling oil revenues forced the government to cut back on investment spending, and private consumer spending contracted. Lower demand for mining and hydrocarbon products pushed the Democratic Republic of Congo into recession in the last quarter of 2008, and this contraction was extended into the first half of 2009, when output dropped a cumulative 5.8 percent. Strong growth in the agriculture sector helped Mozambique's economic growth to stay at 5.9 percent in the first quarter of 2009 notwithstanding a deceleration in growth in the services sector. Subsequently, growth accelerated to above 6 percent in the second and third quarters.

Growth performance has been stronger in West and Eastern Africa: major economies in the regions have recovered and reform-oriented economies such as Burkina Faso, Mali, Senegal, and Tanzania have turned in relatively strong performances. In Côte d'Ivoire, which has been enjoying a peace dividend following the easing of political tensions, growth accelerated to above 3 percent in 2009, as agricultural, mining, and hydrocarbon output increased. In Central Africa, growth remained plagued by weak performances in the oil sectors of Cameroon and Gabon.

### *Medium-term outlook*

The recovery in growth is projected to be modest and fragile, with output in Sub-Saharan Africa expected to accelerate to below-trend growth rates of 3.8 percent in 2010 and 4.6 percent in 2011. The growth pace will be well below the 6 percent growth rate recorded during the boom years, as a result of lower real commodity prices and slower global growth. Excluding South Africa, the region is projected to enjoy a modest acceleration in growth, from 2.8 percent in 2009 to 4.8 and 5.6 percent in 2010 and 2011, respectively, as global growth recovers; however, this is still below the average 6.6 percent experienced during the boom years. The South African economy is expected to recover modestly in 2010, growing by 2.0 percent, before accelerating further to 2.7 percent in 2011. In per capita terms, GDP in Sub-Saharan Africa is projected to grow 1.9 percent in 2010 and 2.7 percent in 2011.

The rebound in economic activity will primarily be fueled by a recovery in private demand, exports, and investment, with the largest contribution expected to come from exports. However, the overall strength of the recovery will depend on the growth performance in key export markets and investment partners, particularly the United States, the European Union, and China. The projected rebound in growth in these economies, fueled by the inventory cycle and impressive countercyclical policies, is expected to result in stronger

external demand for Sub-Saharan African exports and should trigger a modest recovery in investment flows. However growth in external demand is expected to wane in the second half of 2010, as the growth impact of the inventory restocking cycle and fiscal stimulus wanes. Stronger domestic demand will cause import growth to accelerate, with net exports contributing negatively (−0.6 percent) to overall growth. Furthermore, given that recovery in global labor markets will lag, the recovery in tourism revenues and remittances is expected to be modest in 2010. Many countries in

Sub-Saharan Africa have very limited social safety nets, which means that recovery of private consumption will be weaker than in other regions. Indeed private demand is projected to grow by 3.2 percent, partly fueled by higher incomes in export-oriented sectors that benefit from stronger external demand.

Middle-income countries such as Botswana, Seychelles, South Africa, and oil-exporting countries like Angola are likely to register the most dramatic turnaround from low bases owing to weak performance in 2009 (table A12; figure A38). Growth in middle-income countries

**Table A12 Sub-Saharan Africa country forecasts**  
(annual percent change unless indicated otherwise)

	1995–2005 <sup>a</sup>	2006	2007	2008	2009 <sup>c</sup>	2010 <sup>d</sup>	2011 <sup>d</sup>
<b>Angola</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	8.3	18.6	20.3	13.2	−0.9	6.5	8.0
Current account balance/GDP (%)	−2.2	25.1	15.6	8.5	−4.2	5.9	6.2
<b>Benin</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.6	3.8	4.6	5.0	3.1	3.3	4.8
Current account balance/GDP (%)	−7.2	−7.1	−12.1	−8.7	−8.5	−7.4	−7.3
<b>Botswana</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	6.8	3.0	4.4	2.9	−8.3	4.8	5.6
Current account balance/GDP (%)	8.1	17.6	15.6	7.8	−7.3	−7.2	−7.7
<b>Burkina Faso</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	6.4	5.5	3.6	4.9	3.6	4.6	5.2
Current account balance/GDP (%)	−10.1	−11.5	−8.7	−10.4	−9.8	−9.5	−10.2
<b>Burundi</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	0.4	5.1	3.6	4.4	2.6	3.7	5.1
Current account balance/GDP (%)	−13.7	−35.3	−26.7	−28.4	−23.2	−21.8	−21.8
<b>Cameroon</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.2	3.2	3.3	3.1	1.4	2.6	3.2
Current account balance/GDP (%)	−3.5	−0.8	−2.7	−1.0	−6.0	−5.0	−5.5
<b>Cape Verde</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	5.2	10.8	7.8	5.9	3.3	4.4	5.4
Current account balance/GDP (%)	−10.1	−6.9	−13.5	−18.3	−23.1	−22.3	−19.9
<b>Central African Republic</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	0.7	4.0	3.7	2.2	2.4	2.8	2.7
Current account balance/GDP (%)	−4.4	−7.6	−5.9	−8.5	−7.2	−7.3	−7.6
<b>Chad</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	8.6	0.2	0.2	0.2	0.8	2.7	3.0
Current account balance/GDP (%)	−24.2	−7.5	−10.7	−12.2	−20.7	−14.8	−14.3
<b>Comoros</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	2.1	1.2	−1.0	0.6	0.5	1.7	2.3
Current account balance/GDP (%)	−6.3	−5.5	−6.8	−11.8	−8.2	−8.2	−8.5
<b>Congo, Dem. Rep. of</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	0.1	5.6	6.3	7.1	3.0	5.2	6.9
Current account balance/GDP (%)	−1.7	−4.0	−2.7	−14.5	−13.6	−12.8	−12.0

(continued)

**Table A12 (continued)**  
*(annual percent change unless indicated otherwise)*

	1995–2005 <sup>a</sup>	2006	2007	2008	2009 <sup>c</sup>	2010 <sup>d</sup>	2011 <sup>d</sup>
<b>Congo, Rep. of</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.4	6.2	-1.6	5.8	6.8	11.0	2.9
Current account balance/GDP (%)	-2.2	1.6	-9.3	-2.6	-9.3	3.2	0.9
<b>Côte d'Ivoire</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	1.6	0.7	1.6	2.3	3.2	4.0	4.1
Current account balance/GDP (%)	-0.2	2.8	-0.7	2.6	23.6	2.6	0.8
<b>Eritrea</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	1.7	-1.0	1.3	1.2	1.5	4.2	4.3
Current account balance/GDP (%)	-15.3	-20.8	-15.7	-16.3	-8.7	-9.3	-10.1
<b>Ethiopia</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	5.5	11.5	11.5	11.6	7.2	7.0	7.5
Current account balance/GDP (%)	-3.3	-9.2	-4.5	-5.6	-5.8	-8.1	-6.5
<b>Gabon</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	1.0	1.2	5.6	2.3	-1.2	2.3	3.4
Current account balance/GDP (%)	10.6	15.7	13.6	17.1	1.7	6.7	7.8
<b>Gambia, The</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.4	6.6	6.3	6.1	4.6	5.0	5.1
Current account balance/GDP (%)	-5.3	-13.9	-13.1	-15.6	-18.3	-16.8	-16.3
<b>Ghana</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.7	6.4	5.7	7.3	4.1	4.6	17.5
Current account balance/GDP (%)	-5.4	-8.2	-12.9	-18.2	-12.6	-15.5	-12.7
<b>Guinea</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.7	2.2	1.8	3.0	2.0	2.6	4.1
Current account balance/GDP (%)	-5.2	-11.4	-10.5	-15.6	-11.5	-11.1	-11.6
<b>Guinea-Bissau</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	-1.4	3.5	2.7	2.9	2.1	3.4	3.4
Current account balance/GDP (%)	-13.5	-18.5	-9.7	-12.5	-16.4	-15.4	-15.3
<b>Kenya</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	2.9	6.4	7.1	1.7	2.8	3.7	4.8
Current account balance/GDP (%)	-7.5	-2.3	-3.5	-6.9	-8.3	-7.6	-6.9
<b>Lesotho</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	2.8	6.5	2.4	4.5	0.6	2.3	2.8
Current account balance/GDP (%)	-22.0	4.4	13.7	9.8	-3.1	-18.5	-19.6
<b>Madagascar</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.1	5.0	6.2	6.9	0.9	3.1	3.6
Current account balance/GDP (%)	-8.6	-9.5	-14.7	-21.6	-17.1	-15.8	-15.2
<b>Malawi</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	2.4	8.2	8.6	9.7	6.5	5.4	4.6
Current account balance/GDP (%)	-5.7	-4.2	-1.6	-6.3	-3.4	-4.8	-4.6
<b>Mali</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	5.8	5.3	4.3	5.1	3.9	4.7	4.8
Current account balance/GDP (%)	-8.7	-3.9	-7.4	-8.5	-6.8	-7.9	-8.5
<b>Mauritania</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.3	11.7	1.9	2.2	2.5	4.1	5.0
Current account balance/GDP (%)	-3.2	-3.4	-10.9	-16.4	-15.0	-16.3	-17.6
<b>Mauritius</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.8	3.6	5.5	4.5	1.9	3.5	4.4
Current account balance/GDP (%)	0.1	-9.4	-6.4	-9.0	-8.2	-8.1	-8.8
<b>Mozambique</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	8.0	8.7	7.0	6.8	5.0	5.5	5.7
Current account balance/GDP (%)	-15.1	-10.9	-12.9	-11.5	-10.6	-10.1	-9.1

(continued)

	1995–2005 <sup>a</sup>	2006	2007	2008	2009 <sup>c</sup>	2010 <sup>d</sup>	2011 <sup>d</sup>
<b>Namibia</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.2	7.1	5.5	2.9	-1.9	3.0	3.3
Current account balance/GDP (%)	3.0	12.7	9.1	1.9	-1.3	-2.0	-1.2
<b>Niger</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.5	5.8	3.3	9.4	1.6	4.9	5.3
Current account balance/GDP (%)	-7.1	-8.6	-7.8	-12.8	-17.9	-16.3	-17.7
<b>Nigeria</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.6	6.2	6.3	5.3	4.3	4.8	5.1
Current account balance/GDP (%)	5.4	15.7	17.7	19.1	8.0	10.6	10.3
<b>Rwanda</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	8.3	7.3	7.9	11.2	5.1	5.5	5.8
Current account balance/GDP (%)	-4.6	-6.4	-3.8	-7.0	-6.9	-7.0	-7.1
<b>Senegal</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.4	2.4	4.7	2.5	2.1	3.4	4.2
Current account balance/GDP (%)	-5.7	-9.2	-11.2	-12.4	-11.4	-10.5	-10.6
<b>Seychelles</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	2.8	8.3	7.3	0.1	-10.1	2.7	3.7
Current account balance/GDP (%)	-13.4	-15.0	-29.9	-47.5	-8.8	-16.0	-17.5
<b>Sierra Leone</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	4.6	7.3	6.4	5.3	4.0	4.7	6.5
Current account balance/GDP (%)	-12.4	-9.5	-14.3	-16.1	-17.0	-16.6	-16.6
<b>South Africa</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.3	5.6	5.5	3.7	-1.8	2.0	2.7
Current account balance/GDP (%)	-1.3	-6.2	-7.3	-7.4	-5.0	-5.7	-6.0
<b>Sudan</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	6.2	11.3	10.2	6.8	3.8	4.9	5.1
Current account balance/GDP (%)	-6.3	-15.2	-12.5	-9.1	-11.5	-9.6	-8.8
<b>Swaziland</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.5	2.9	3.5	2.4	0.2	1.1	2.4
Current account balance/GDP (%)	-0.8	-7.3	0.8	-4.3	-8.6	-10.5	-11.5
<b>Tanzania</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	5.4	6.7	7.1	7.5	4.6	5.5	6.2
Current account balance/GDP (%)	-6.3	-8.0	-9.4	-9.9	-7.9	-8.5	-8.4
<b>Togo</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.2	3.9	1.9	1.0	1.7	2.0	3.2
Current account balance/GDP (%)	-9.6	-7.8	-7.7	-11.2	-7.0	-7.6	-7.6
<b>Uganda</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	6.4	10.8	8.4	9.0	5.1	5.6	5.9
Current account balance/GDP (%)	-7.1	-4.4	-3.7	-3.5	-4.8	-6.0	-6.4
<b>Zambia</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	3.8	6.2	6.2	5.7	5.2	5.4	5.9
Current account balance/GDP (%)	-11.8	1.2	-6.1	-7.6	-4.2	-4.3	-4.4
<b>Zimbabwe</b>							
GDP at market prices (2005 US\$) <sup>b</sup>	-2.4	-6.3	-6.9	-14.1	4.7	7.1	6.3
Current account balance/GDP (%)	-11.5	-16.6	-10.3	-26.6	-20.8	-23.6	-21.3

Source: World Bank.

Note: World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

Liberia, Somalia, and, São Tomé and Príncipe are not forecast owing to data limitations.

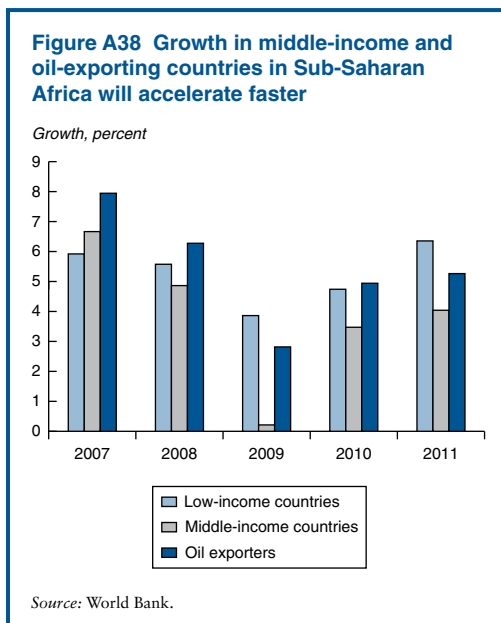
a. Growth rates over intervals are compound average; growth contributions, ratios and the GDP deflator are averages.

b. GDP measured in constant 2000 U.S. dollars.

c. Estimate.

d. Forecast.





is projected to accelerate from 0.3 percent in 2009 to 3.5 percent in 2010 and to accelerate further to 4 percent in 2011, boosted by stronger external demand and a moderate recovery in tourism and remittances. Meanwhile growth in oil-exporting countries will almost double, reaching 4.9 percent in 2010, and accelerate marginally, to 5.3 percent in 2011, helped by stronger demand for energy. For low-income countries, a more moderate acceleration in growth of slightly less than 1 percentage point is forecast, as remittances, tourism, and private capital flows recover more slowly. Indeed, remittances to Sub-Saharan African are projected to rise only modestly, by 1.8 percent in 2010, after having declined by 2.9 percent in 2009, as weak labor markets in destination countries undermine migrants' incomes. In contrast, remittances grew 40 percent over the 2006–2008 period (World Bank Group 2009). Growth in fragile states will accelerate by slightly more than 1 percentage point to above 4.2 percent having weathered the global crisis remarkably, benefiting in some cases from the peace dividend.

Current account balances in middle-income countries will improve only marginally in the next couple of years, as recovery in domestic

demand, and in particular investment (with high import content), will boost import demand, causing imports to grow faster than exports. Furthermore the recovery in tourism revenues and remittances will also be moderate because of a weak (even jobless) recovery in high-income labor markets during the forecast period. Current account balances in these middle-income countries are projected to improve by less than 1.5 percent of GDP between 2009 and 2011. Current account balances in oil-exporting countries should improve by 2.7 percent of GDP, with stronger oil revenues partially offset by stronger import demand and higher profit repatriations.

Higher commodity prices and increased trade volumes, along with more robust levels of domestic economic activity, should reduce fiscal deficits in the region. After fiscal balances deteriorated to  $-4.2$  percent of GDP in 2009, fiscal balances are expected to ameliorate in 2010, narrowing to  $-2.1$  percent of GDP, before improving further to  $-1.7$  percent of GDP by 2011 as accelerating output growth raises tax revenues. However, most low-income countries will continue to experience fiscal gaps in excess of 3 percent of GDP. Fiscal balances in oil-exporting countries are expected to improve from a deficit of 5.2 percent of GDP to marginal surpluses over the forecast horizon.

### Risks

The major risk facing the Sub-Saharan economies is that the world economy could experience a double dip or economic stagnation. This would undermine the recovery in external demand for the Sub-Saharan economies and would put pressure on commodity prices, undermining government revenues and possibly pushing debt to unsustainable levels. This could in turn force governments to implement procyclical fiscal cuts, increase taxation, or both, with adverse implications for poverty, health, education, and long-term growth prospects. Tourism, remittances, and private capital flows may also decline further, thereby negatively affecting

growth and incomes and ultimately causing more people to fall into poverty. Furthermore, safety nets in many countries in the region are very limited, which means that the impact on the poor cannot be cushioned. A jobless recovery in high-income countries would have similar negative consequences for tourism and remittances to Sub-Saharan African countries, some of which depend heavily on these revenues.

The Sub-Saharan Africa region will face a large external financing burden in 2010, equivalent to close to 12 percent of GDP, and growth could fall short of the baseline forecast if unmet financing requirements lead to lower investment and growth prospects. For countries with external financing needs, maturing foreign debt will amount to close to 6.5 percent of GDP in 2010, while the current account deficit including grants is forecast at 5.2 percent of GDP. There is thus a risk in many Sub-Saharan economies, and in particular in low-income countries, that concessional lending will fall short of the need to finance a swift return to growth. In some cases, this shortfall may be exacerbated by institutional capacity constraints, which also limit effectiveness. Given the role that foreign investment flows play in the region, a reversal in these flows not only would directly affect external financing needs, but also would have a severe impact on investment and growth. Given the increased global growth uncertainties, investment flows to the region may be adversely affected.

The fiscal position in some of the smaller members of the Southern Africa Customs Union (particularly Lesotho and Swaziland) may come under severe pressure over the next two to three years, because one of the major revenue sources of the union's revenue pool is related to taxes on South African imports, which have deteriorated rapidly in the aftermath of the global financial crisis.

In countries that experienced rapid credit growth during the boom years, there is a marked risk that nonperforming loans will rise sharply during the economic downturn

affecting the financial sector, which in turn would have an adverse impact on the real sector. Countries like Cape Verde, the Democratic Republic of Congo, Ethiopia, Nigeria, Rwanda, Tanzania, Uganda, and Zambia have registered rapid increases in nonfinancial private sector claims (as a share of broad money) and therefore run larger risks. For countries with low capital adequacy, the effect of deteriorating balance sheets on performance will be even more severe.

## Notes

1. Fixed investment plummeted across most developing and high-income countries of the East Asia region from the final quarter of 2008 through the second quarter of 2009. For example, investment in Thailand tumbled 40 percent in the first quarter of 2009 (saar), Malaysia experienced sequential falloffs of 35 and 14 percent over the final quarter of 2008 and the first of 2009, while several newly industrialized economies (NIEs) were much more severely affected, with Taiwan, China, suffering four successive quarterly declines, two of which were in excess of 40 percent.

2. The developing East Asia region as referenced in this report comprises the larger countries of China, Indonesia, Malaysia, the Philippines, and Thailand, as well as Fiji, Cambodia, Lao People's Democratic Republic, Papua New Guinea, Vanuatu, and Vietnam. Smaller Pacific island nations generally carry insufficient economic and financial data for inclusion in the database and projections. The importance of high-income East Asian countries—those noted in the text—as well as Australia, should be underscored in the current context of crisis and recovery, because the strong trade relationships among all countries in East Asia tend to amplify the down-phase of recession, but should come to support the rebound and recovery in a similar fashion as recovery evolves over coming months and years.

3. Dollar-based exports picked up to growth of 52 percent for China by November 2009 (saar) from declines of 54 percent in March; to 41 percent for the remainder of the developing region by October, and to 17 percent for the NIEs, also by October of the year. At the same time industrial production for most economies rebounded sharply, for example, to 25 percent for Thailand in September (saar) from trough declines of 48 percent in December 2008.

4. The countries covered in the Europe and Central Asia section of the appendix are those that fall into the World Bank's definition of low- and middle-income