

Regional Economic Outlook

Fall 2008

Sub-Saharan Africa



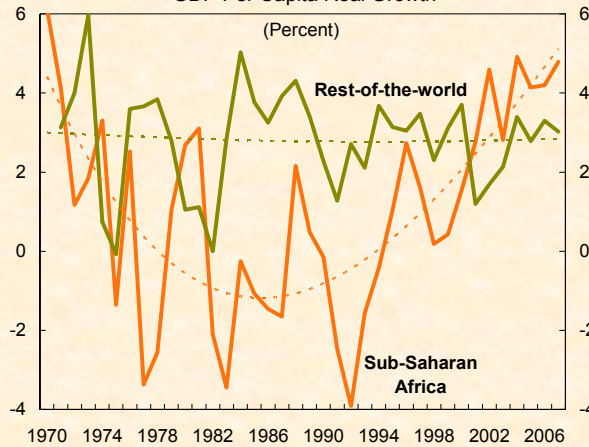
**African Department
International Monetary Fund**

Main Messages

1. Weaker economic performance:
 - Growth down
 - Inflation up
2. Main reason: difficult global environment.
3. Higher inflation has likely led to higher poverty.
4. Risks have intensified and are tilted to the downside.
5. Challenge for policymakers:
 - Complete adjustment to price shocks.
 - Reduce vulnerability to financial turmoil.

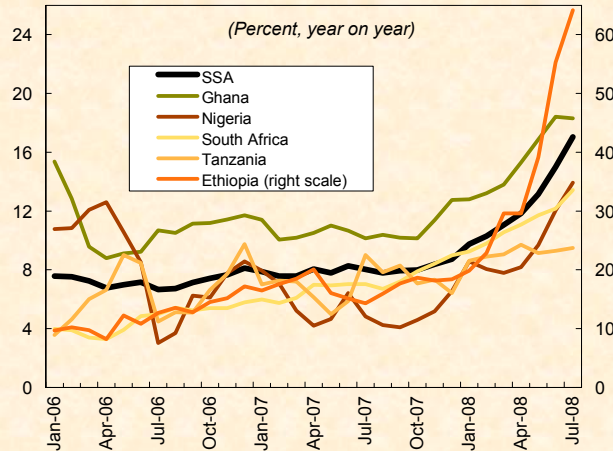
Sub-Saharan Africa Growth Diverging but not Decoupled

Sub-Saharan Africa: Diverging but not Necessarily Decoupled.
GDP Per Capita Real Growth



Higher Inflation Has Likely Led to Higher Poverty.

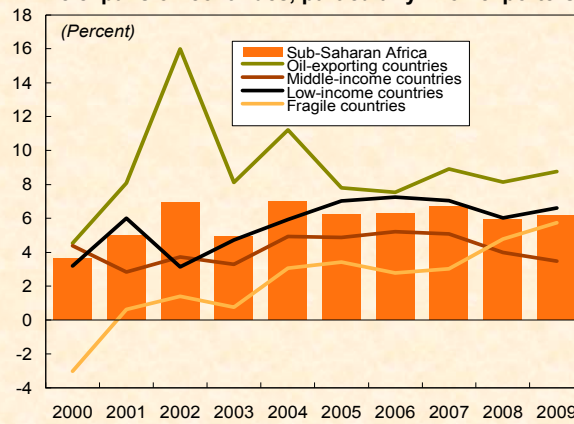
Sub-Saharan Africa: Inflation in Selected Countries
Inflation has risen substantially in 2008.



Important Idiosyncratic Factors Bolster Growth Prospects for 2009.

Sub-Saharan Africa: GDP Growth

The expansion continues, particularly in oil exporters.

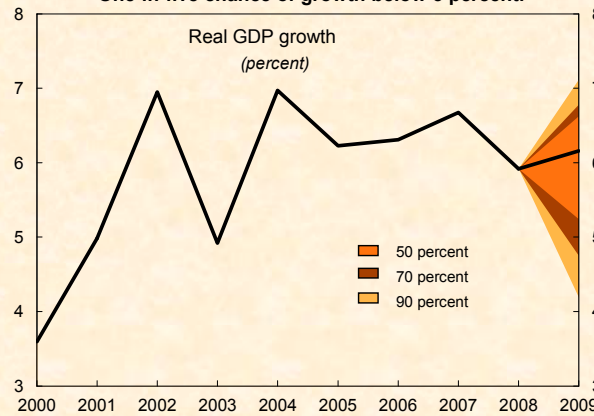


Sources: IMF, *World Economic Outlook*; and IMF, African Department database.

Risks from Financial Turmoil Large and Tilted to Downside

Sub-Saharan Africa: Growth Prospects¹

One-in-five chance of growth below 5 percent.



Sources: IMF, *World Economic Outlook*; and IMF, African Department database.

¹ Including Zimbabwe.

Difficult Policy Challenges

- Challenges:
 - Complete adjustment to food and fuel price shocks.
 - Reduce vulnerability to financial turmoil.
- For this:
 - If necessary, use monetary policy to counter remaining inflation pressures.
 - Adjust fiscal policy in line with country circumstances.
 - Develop plans for potential shortfalls in external financing and other shocks.