THE IMPACT OF THE FINANCIAL CRISIS ON SUB-SAHARAN AFRICA

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To qualify as a democracy, a country must score 4 or less on the combined Freedom House score AND 2 or more on the *polity* score from Polity IV.
INFLATION IN AFRICA

Average for all SSA excluding country-year inflation rates > 150%
FOREIGN EXCHANGE RESERVES

Reserves in Months of Imports

THE RISE AND DECLINE OF EXTERNAL DEBT IN AFRICA

![Graph showing the rise and decline of total long-term debt to GDP in Africa from 1970 to 2005.](image)

- The graph illustrates the percentage of total long-term debt to GDP over the specified period.
- There is a clear trend of increase in debt to GDP until around 1995, followed by a decline thereafter.
Exports/GDP

- Democracies
- Non-Democracies
- Oil-Exporters
GDP GROWTH

![GDP Growth Chart]

The chart shows the GDP growth (%) from 1980 to 2005 for Democracies, Non-Democracies, Oil-Exporters, and a line without a specific label.
TRANSMISSION OF THE CRISIS

- Financial sector – not as central as in other regions
- Export demand
- Commodity prices
- Budget revenues
- Investment
- Remittances
- Foreign assistance
RESPONSES BY GOVERNMENTS

- Expansionary stimulus where possible
- Reduce unnecessary barriers to business
- Focus on strengthening productive base for the future
- Resist protectionism
RESPONSES BY INTERNATIONAL COMMUNITY

- IMF – more resources, quickly, with few onerous conditions
- World Bank and MDBs – front load resources, budget support where possible
- Foreign assistance levels and effectiveness
- Export Credit agencies
- Resist protectionism