

Ebola: New World Bank Group Report Shows Growth Shrinking, Economic Impact Worsening in Guinea, Liberia, and Sierra Leone

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The Ebola epidemic continues to cripple the economies of Guinea, Liberia, and Sierra Leone, and is projected to result in negative or contracting growth in these countries next year as they work to eradicate the virus, according to an Ebola Economic Impact Update released today by the World Bank Group. The report comes as World Bank Group President Jim Yong Kim begins a two-day visit to West Africa to assess the epidemics impact and discuss with governments and international agencies what steps need to be taken to reach the goal of zero cases as soon as possible. This report updates the World Bank Groups October 8 analysis of the economic effects of the Ebola crisis on the three hardest-hit countries. GDP growth estimates for 2014 have been revised sharply downward since pre-crisis estimates to 2.2 percent for Liberia (versus 5.9 percent pre-crisis and 2.5 percent in October); and 4.0 percent for Sierra Leone (versus 11.3 percent pre-crisis and 8.0 percent in October); and 0.5 percent for Guinea (versus 4.5 percent pre-crisis and 2.4 percent in October). All three countries had been growing rapidly in recent years and into the first half of 2014. In addition, the World Bank Group is now projecting negative growth for 2015 of -0.2% in Guinea (down from pre-crisis estimates of 4.3 percent and 2.0 percent in October) and -2.0% in Sierra Leone (down from 8.9 percent and 7.7 percent in October). In Liberia, where there are signs of progress in containing the epidemic and some increasing economic activity, the updated 2015 growth estimate is 3.0 percent, an increase from 1.0 percent in October but still less than half the pre-crisis estimate of 6.8 percent. These latest projections imply forgone income across the three countries in 2014-15 totaling more than \$2 billion. "This report reinforces why zero Ebola cases must be our goal. While there are signs of progress, as long as the epidemic continues, the human and economic impact will only grow more devastating," said Jim Yong Kim, President of the World Bank Group. "As we accelerate the immediate health response, the international community must also do everything we can to help the affected countries back on the road to economic recovery and development." The report finds that the total fiscal impact is more than half a billion dollars in 2014 alone, imposing additional budget needs of more than 6.0 percent of GDP in Liberia, more than 3.0 percent in Guinea, and more than 2.5 percent in Sierra Leone. Governments have also been forced to cut public investments - such as Liberias Mount Coffee hydroelectric plant, which now remains on hold in the absence of foreign contractors - by more than \$160 million across the three countries, hurting future growth prospects. Source: World Bank Analysis
In October, the World Bank Group released a report that said that if the virus continued to surge in the three worst-affected countries and spread to neighboring countries, the two-year regional financial impact could range from a "low Ebola" estimate of \$3.8 billion to a "high Ebola" estimate of \$32.6 billion by the end of 2015. These estimates of the scale of impact remain valid, given that the epidemic is not yet under control. Further progress toward ending the epidemic combined with a concerted effort to restart business activity and bring back investors could help these countries get back on their feet. "The key to avoiding the higher scale of economic impact is not only to eradicate the existing epidemic, but also to invest in preparedness in neighboring countries," said Marcelo Glugale, Senior Director of the Macroeconomics and Fiscal Management Global Practice at the World Bank Group. "A full-fledged recovery effort could help the affected countries improve on growth estimates, and return to building their economies and reducing poverty." World Bank Groups Response to Ebola Crisis
The World Bank Group is mobilizing nearly \$1 billion in financing for the countries hardest hit by the Ebola crisis. This includes \$518 million for the epidemic response, and at least \$450 million from IFC, a member of the World Bank Group, to enable trade, investment, and employment in Guinea, Liberia, and Sierra Leone. Media Contacts
In Washington
Lillian Foo
Tel : +1 202-458-7726
lfoo@worldbankgroup.org
Melanie Mayhew
Tel : +1 202-459-7115
mmayhew1@worldbankgroup.org
For Broadcast Requests
Mehreen Sheikh
Tel : +1-202-458-7336
msheikh1@worldbankgroup.org
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Pressekontakt

The World Bank

DC 20433 Washington

Firmenkontakt

The World Bank

DC 20433 Washington

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