

# THE ECONOMIC IMPACT OF THE EBOLA EPIDEMIC: SHORT & MEDIUM TERM ESTIMATES FOR WEST AFRICA

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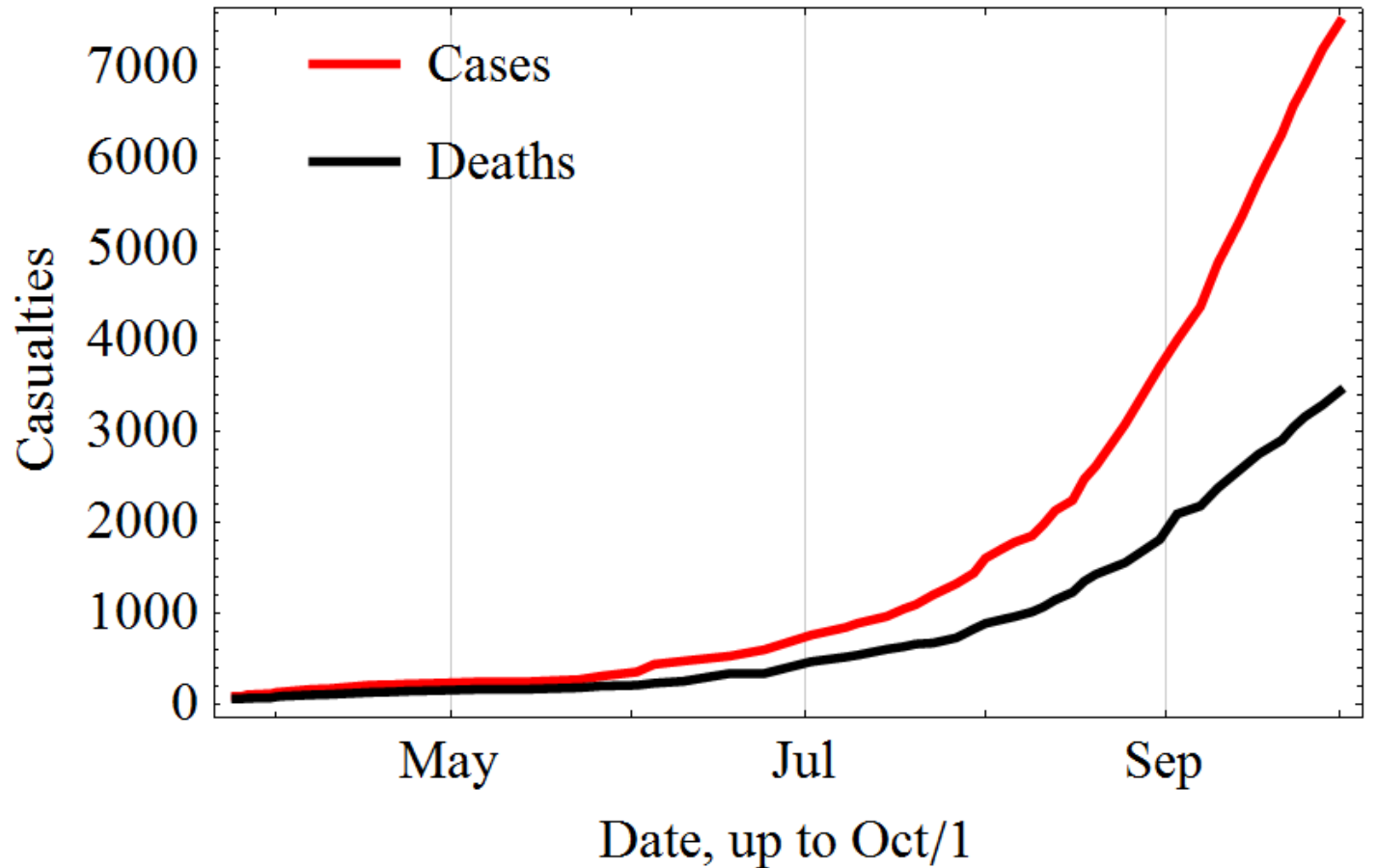


# OUTLINE

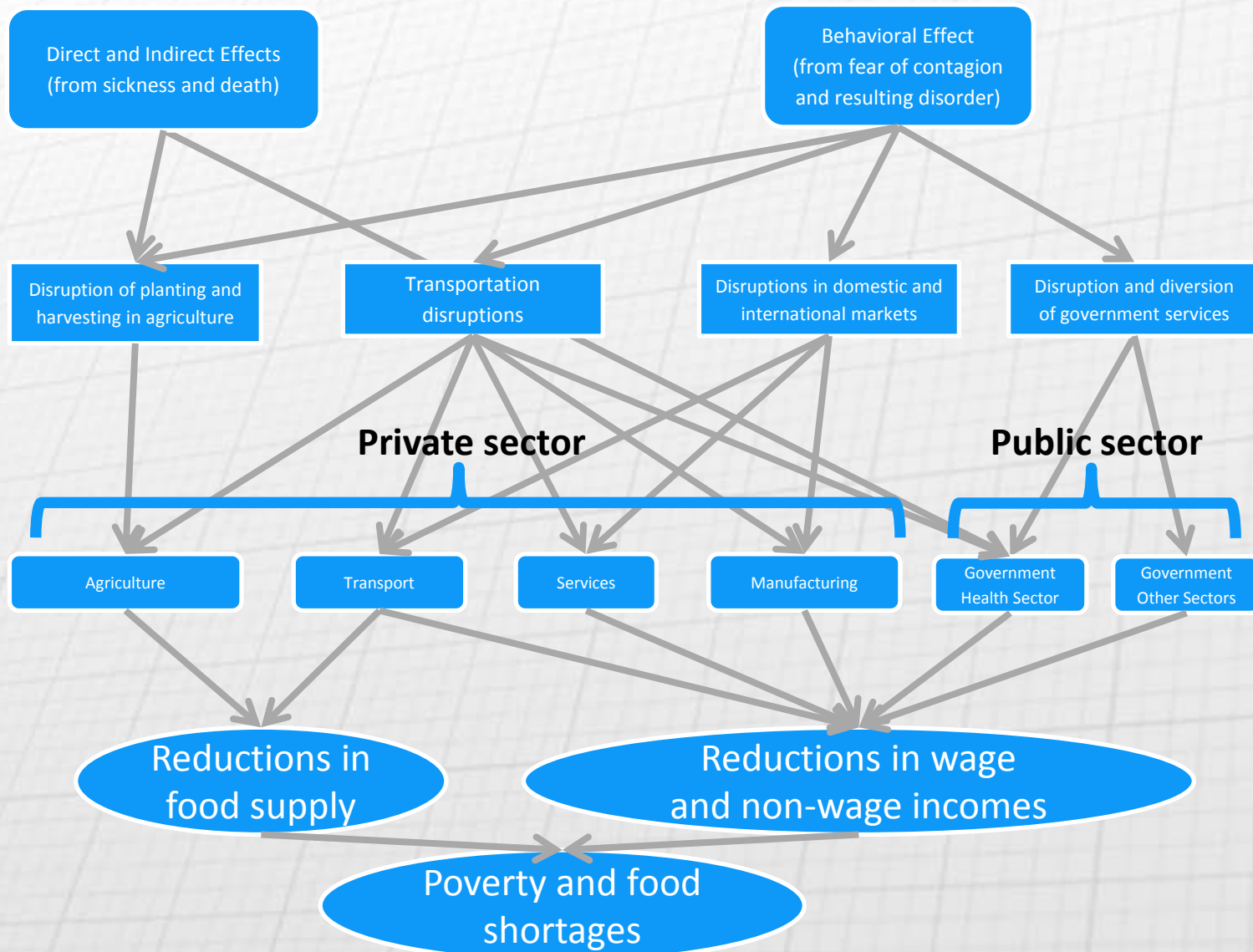
- 1. The Ebola epidemic and its economic impact**
2. Impact estimates for the core three countries
3. Impact estimates for the sub-region as a whole

# THIS IS THE WORST EBOLA OUTBREAK EVER

WHO reports 7,470 cases & 3,431 deaths so far, not accounting for massive underreporting.



# MOST OF THE IMPACT COMES THROUGH "AVERSION" BEHAVIOR RATHER THAN ACTUAL SICKNESS & DEATH



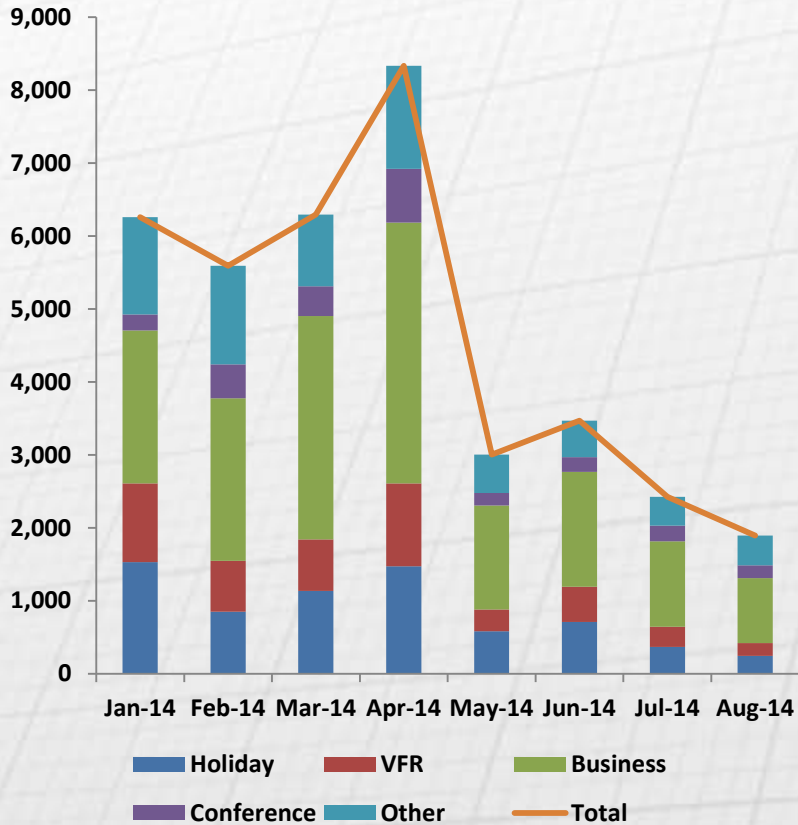
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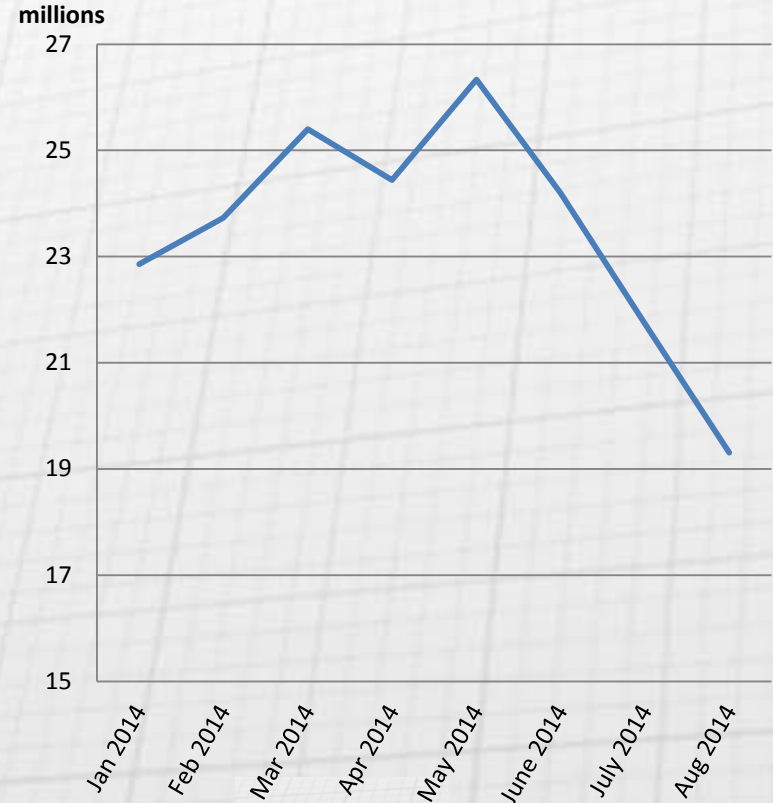
# LEADING INDICATORS SUGGEST SIGNIFICANT ECONOMIC IMPACTS

Sierra Leone – Visitor arrivals by air (2014)



Source: Sierra Leone Immigration Department

Sierra Leone – Diesel Fuel Sales Volume In Liters (2014)

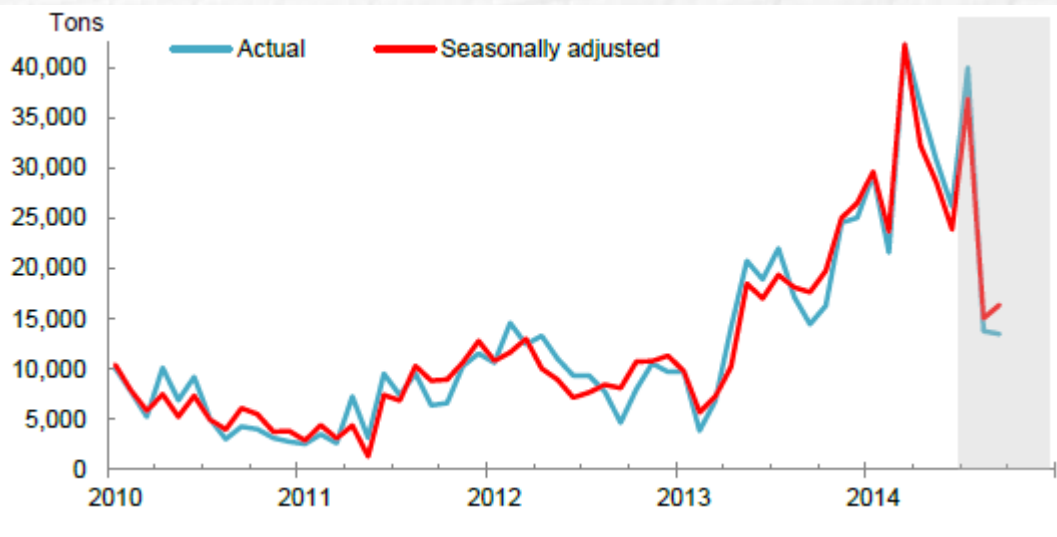


Source: Petroleum Directorate, Sierra Leone.

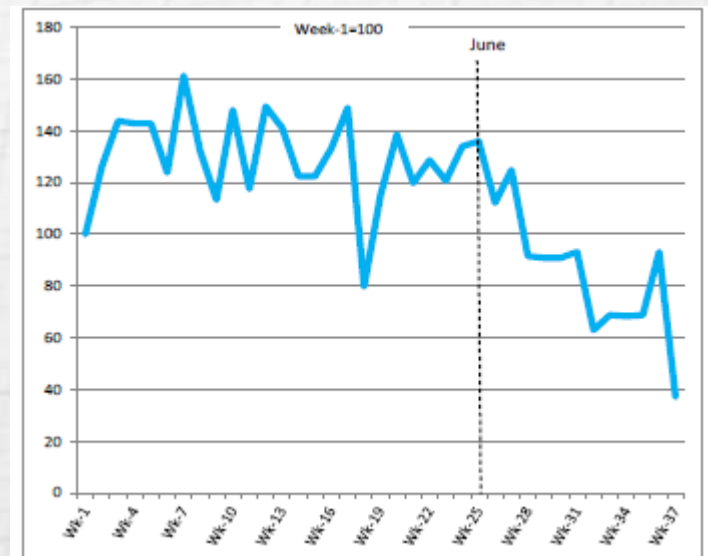
# LIKEWISE, CONSTRUCTION HAS DROPPED MARKEDLY SINCE THE ONSET OF THE EPIDEMIC.

Liberia – Cement Sales (2014)

Sierra Leone – Cement Sales (2014)



Source: World Bank calculations based on Liberia Cement Corporation.

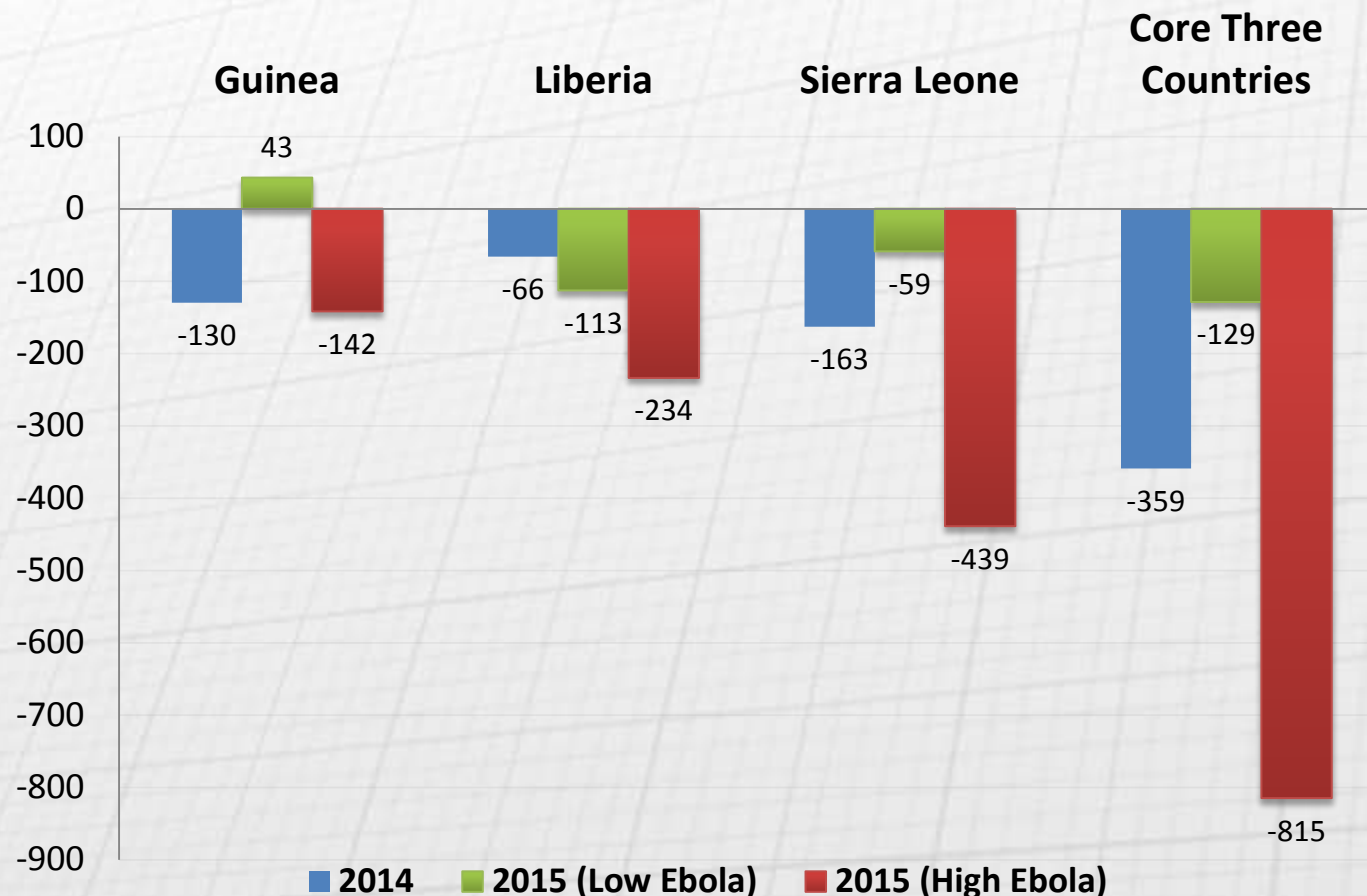


Source: World Bank calculations based on cement factory reports.

These leading indicators are combined to adjust sector-specific growth projections, which are then weighted to adjust GDP projections.

# THE OVERALL IMPACT ON THE THREE COUNTRIES WILL BE LARGE

## Impact of Ebola over the short and medium term (Millions of dollars in lost GDP)



Fiscal impacts -- from reduced taxes and increased spending -- are at US\$113 million for Liberia, US\$95 million for Sierra Leone, and \$120 million for Guinea. These will rise.

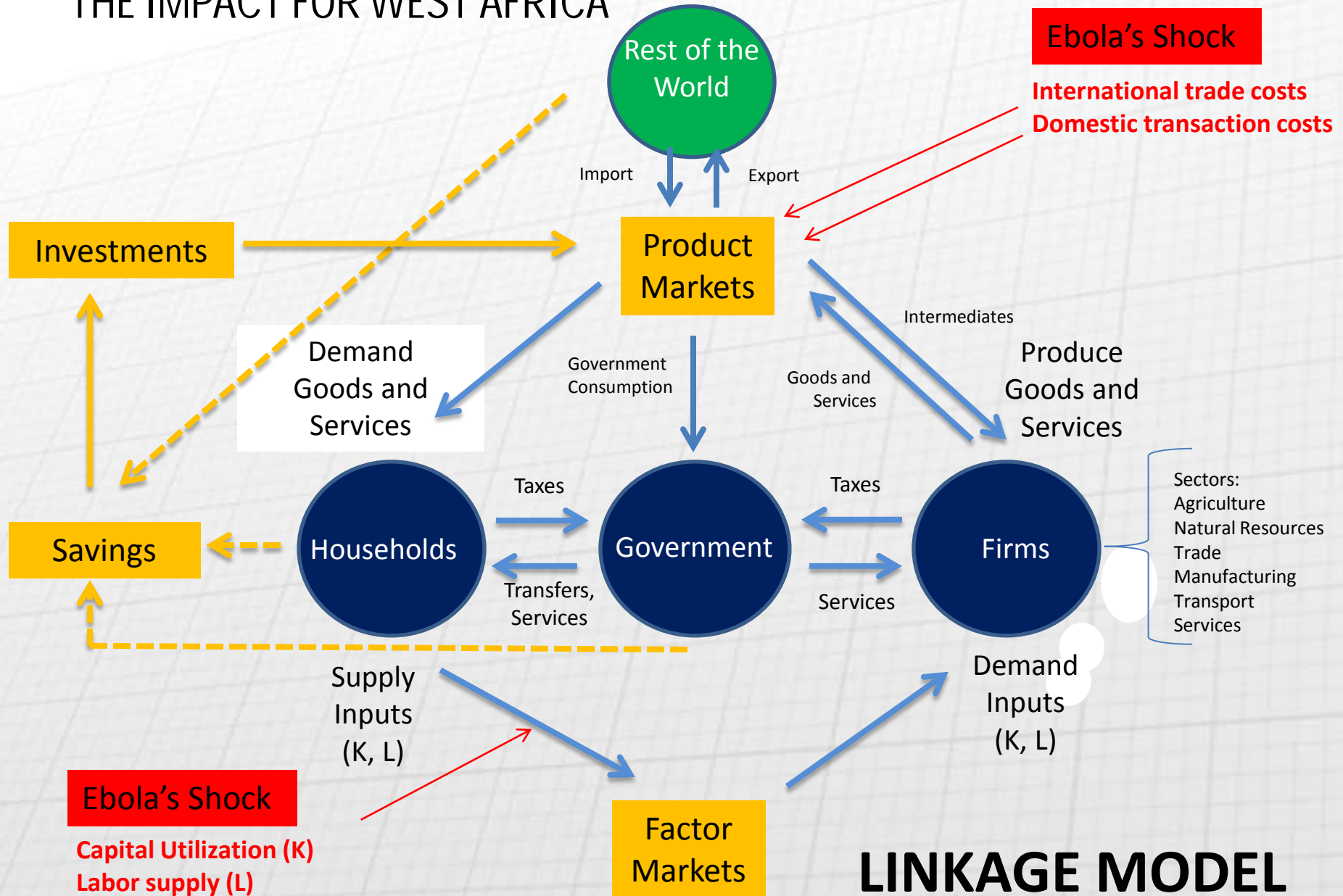
Note: All estimates are in 2013 dollars.



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# A MODEL OF INTERLOCKING ECONOMIES (A "CGE" MODEL) SIMULATES THE IMPACT FOR WEST AFRICA



- Sectors:
- Agriculture
- Natural Resources
- Trade
- Manufacturing
- Transport
- Services

# HOW MUCH ARE NEIGHBORING ECONOMIES AFFECTED?

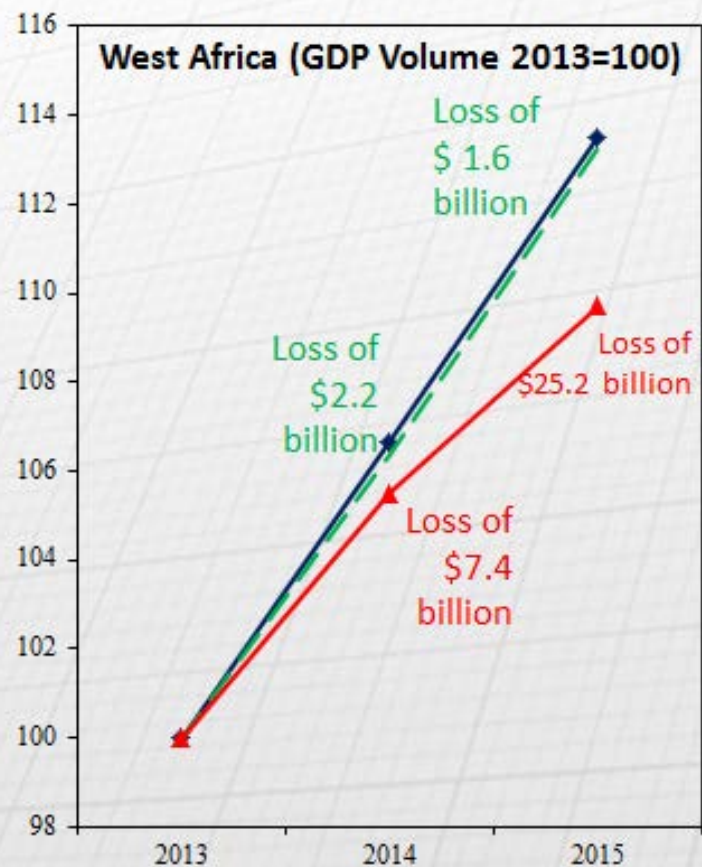
The expected number of cases is estimated for countries around the world using flight patterns (Gomes et al 2014).



This number is adjusted by a proxy for the strength of the health sector and used to scale down the factor and transaction shocks from Liberia's level for other countries.

# THE RESULT IS A POTENTIAL REGIONAL CALAMITY

High and low scenarios depend on the magnitude and reach of the spread.



◆ baseline    - - Low Ebola    ▲ High Ebola



# CONCLUSIONS

1. With swift containment, the impact will be sizeable on the three countries but limited for the region.
2. Without swift containment, the impact for the region could be enormous: US\$32 billion over just two years.
3. There is a need to
  - a. Contain the epidemic: Nothing will do more to restore confidence and reduce aversion behavior.
  - b. Provide fiscal support: This is crucial to let governments keep providing other services while fighting the epidemic.
  - c. Restore investor confidence: Enable the flow of commercial exchange while safeguarding partners from contagion.
  - d. Strengthen health systems: Systematic, consistent investment can avoid the next outbreak.



**THANK YOU**