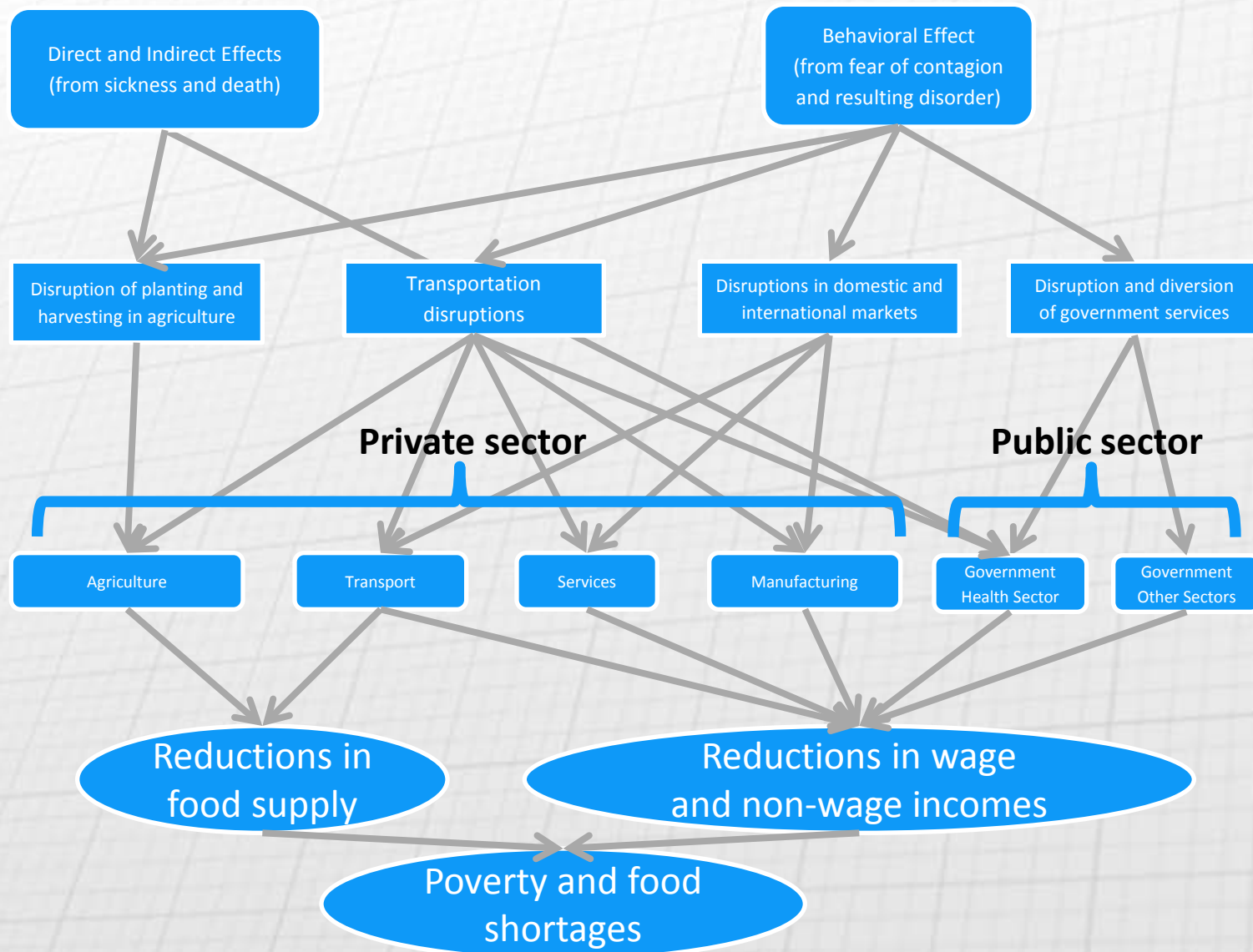


THE ECONOMIC IMPACT OF THE EBOLA EPIDEMIC: SHORT & MEDIUM TERM ESTIMATES FOR WEST AFRICA

David K. Evans
Senior Economist, Africa Region
The World Bank

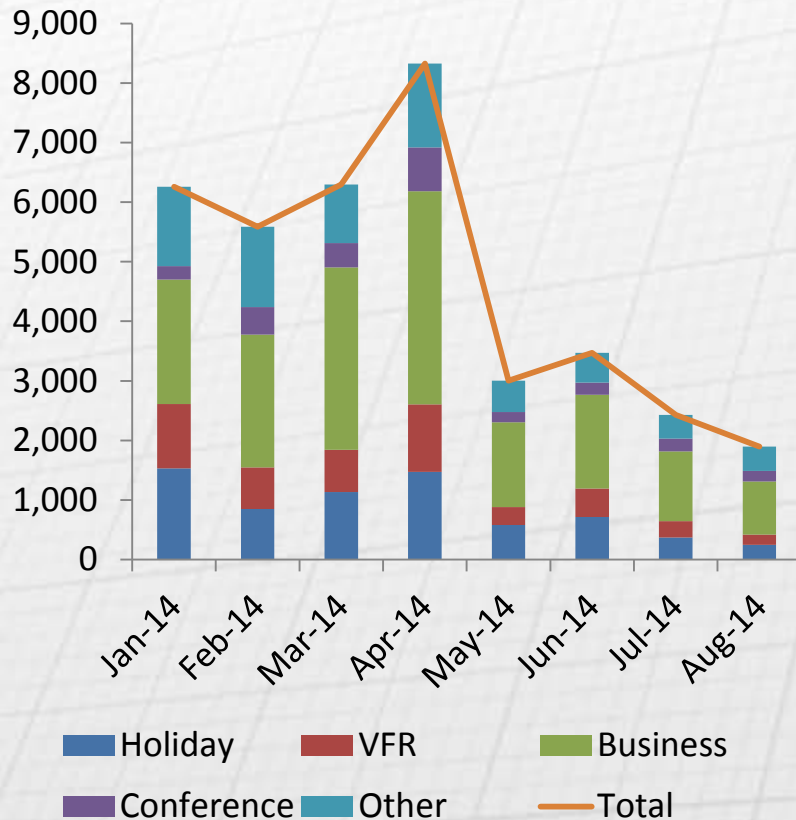


MOST OF THE IMPACT COMES THROUGH "AVERSION" BEHAVIOR RATHER THAN ACTUAL SICKNESS & DEATH



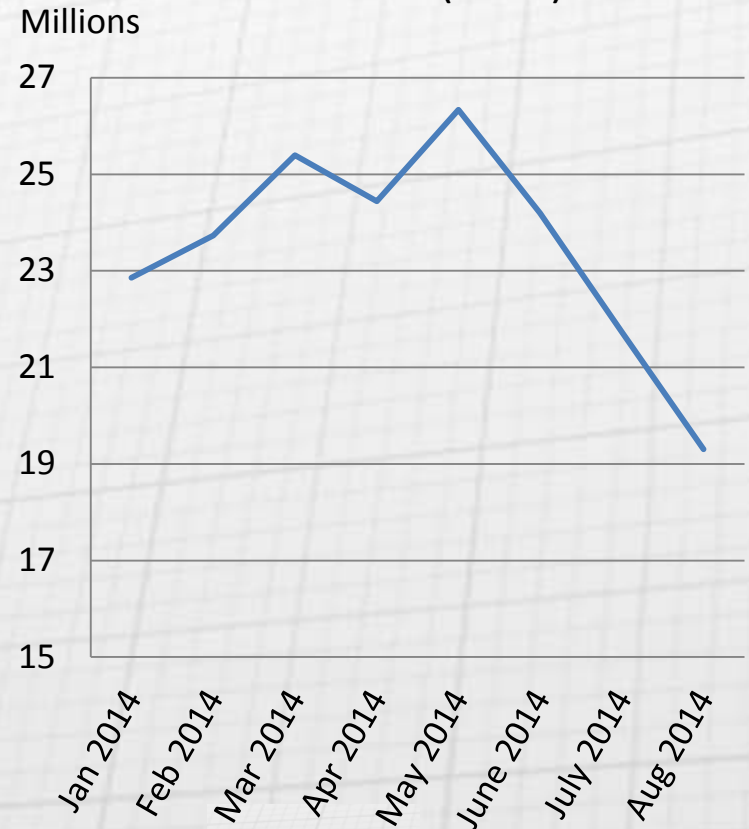
LEADING INDICATORS SUGGEST SIGNIFICANT ECONOMIC IMPACTS

Sierra Leone – Visitor arrivals by air (2014)



Source: Sierra Leone Immigration Department

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



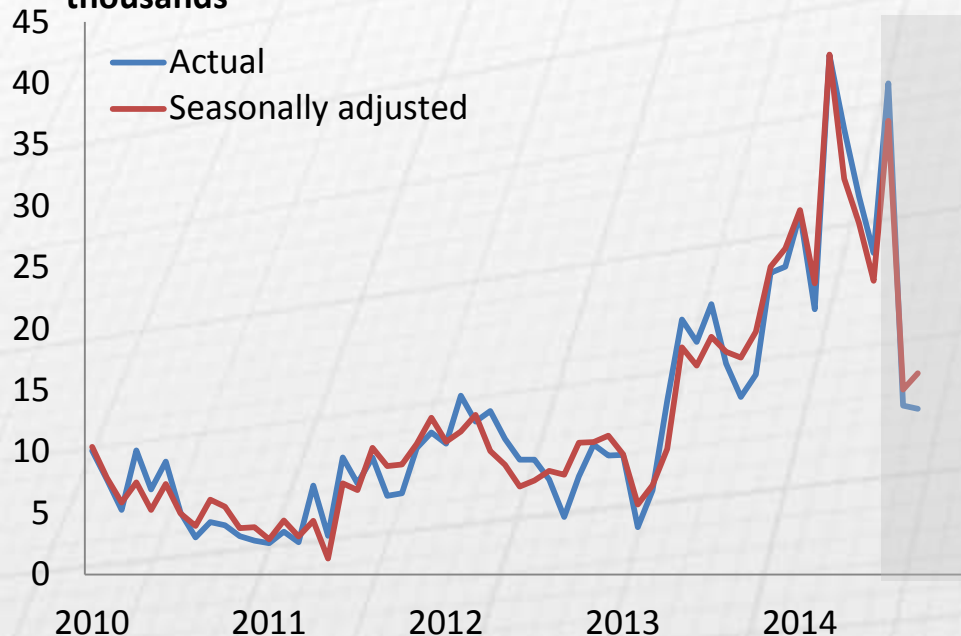
Source: Petroleum Directorate, Sierra Leone.

LIKELIHOOD, CONSTRUCTION HAS DROPPED MARKEDLY SINCE THE ONSET OF THE EPIDEMIC.

Liberia – Cement Sales (2014)

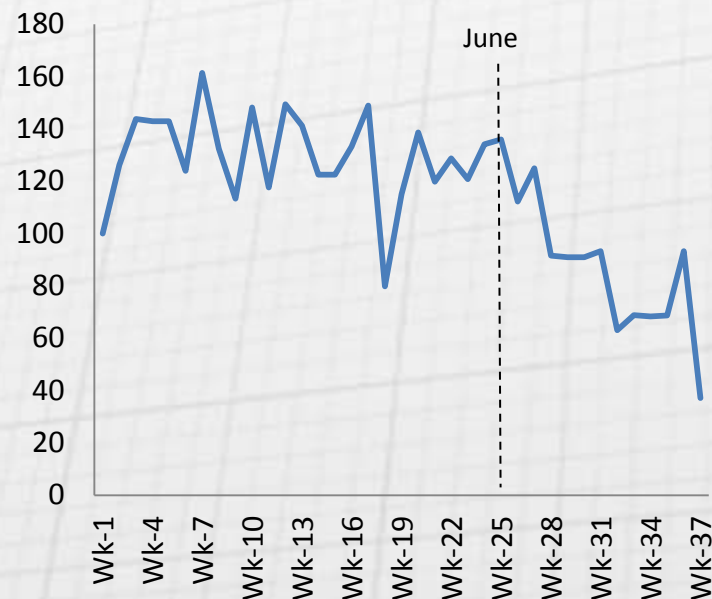
Tons,

thousands



Source: World Bank calculations based on Liberia Cement Corporation.

Sierra Leone – Weekly Cement Sales
Jan-Aug 2014 (Week-1=100)

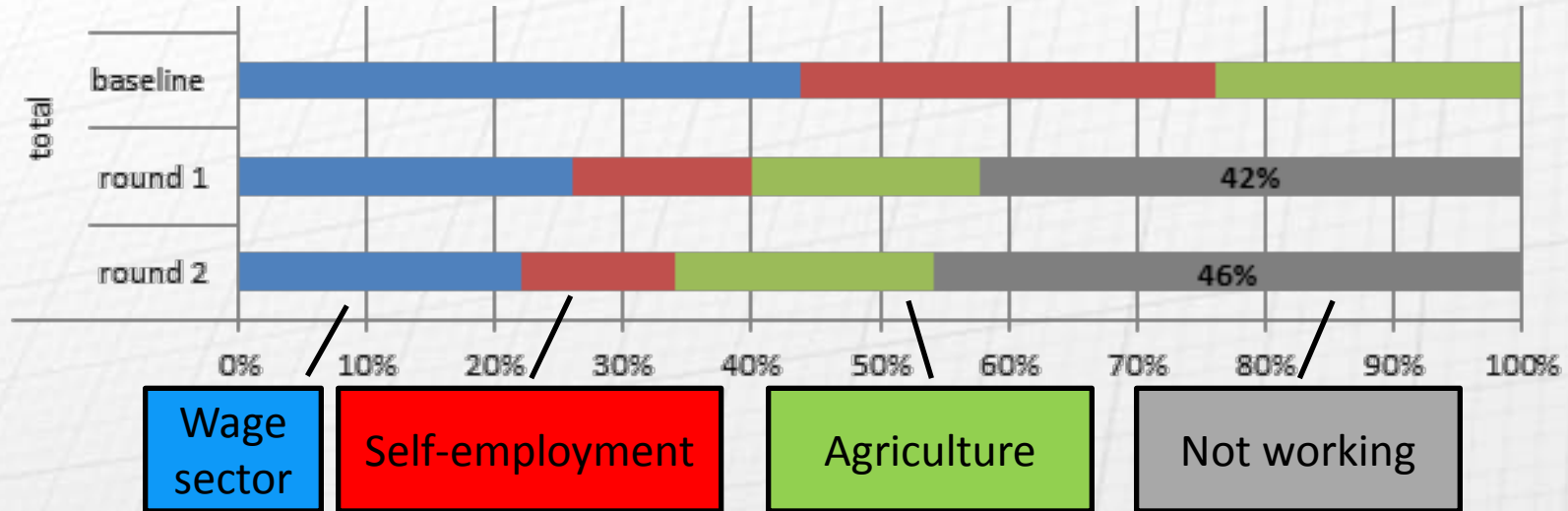


Source: World Bank calculations based on cement factory reports.

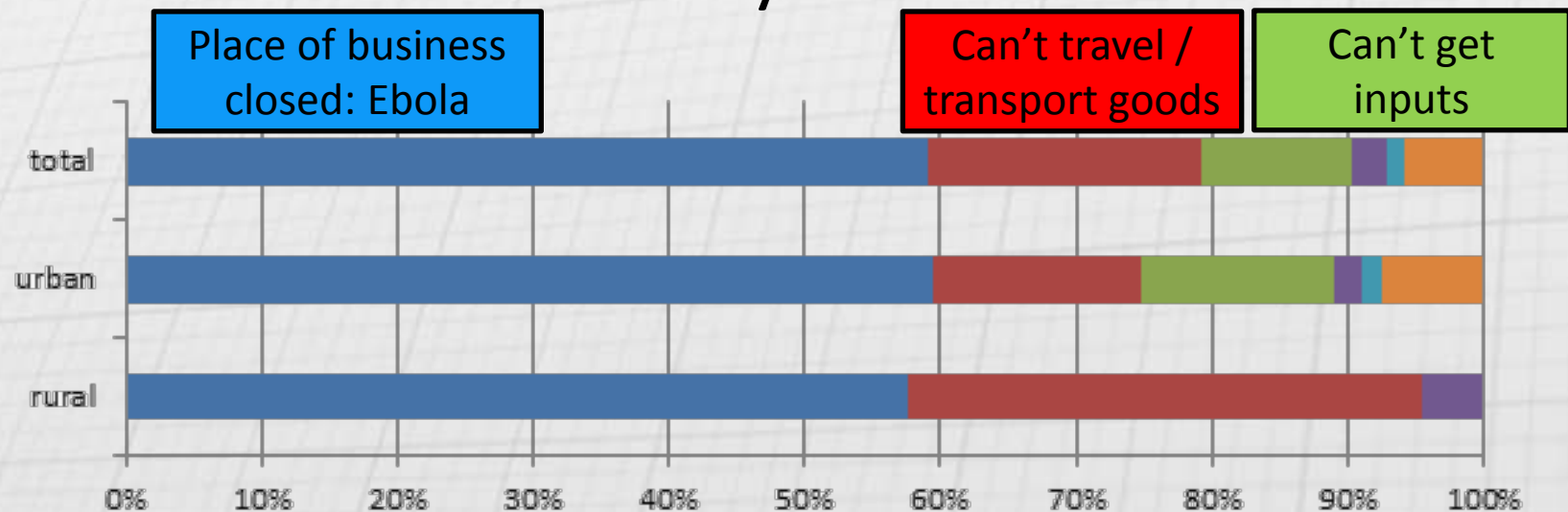
These leading indicators are combined to adjust sector-specific growth projections, which are then weighted to adjust GDP projections.

IMPACTS ON EMPLOYMENT IN LIBERIA

Among those working in early 2014



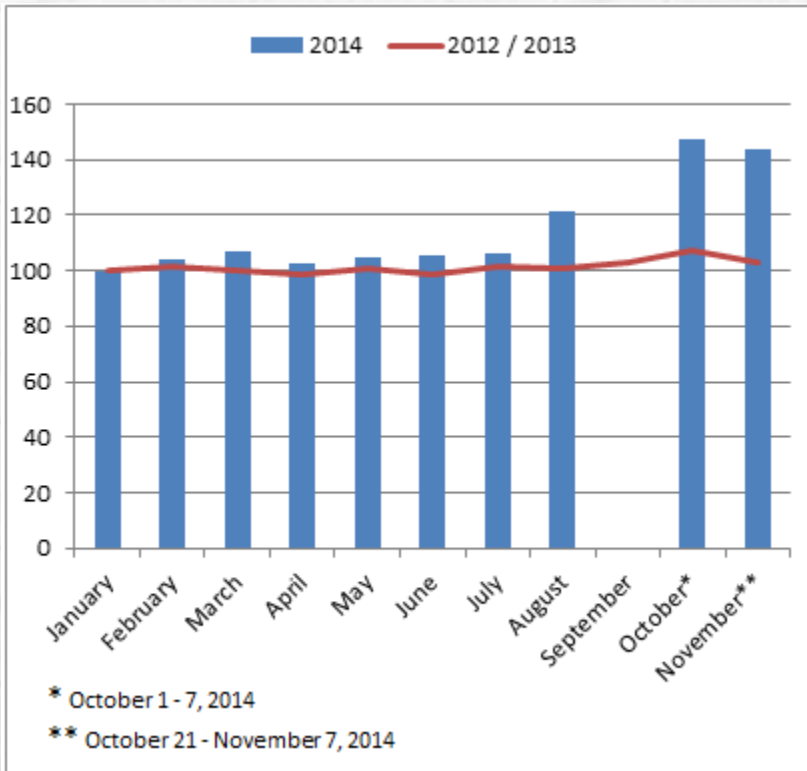
Why not?



FOOD PRICES

LIBERIA

- Rice prices are up



(World Bank – November 2014)

SIERRA LEONE

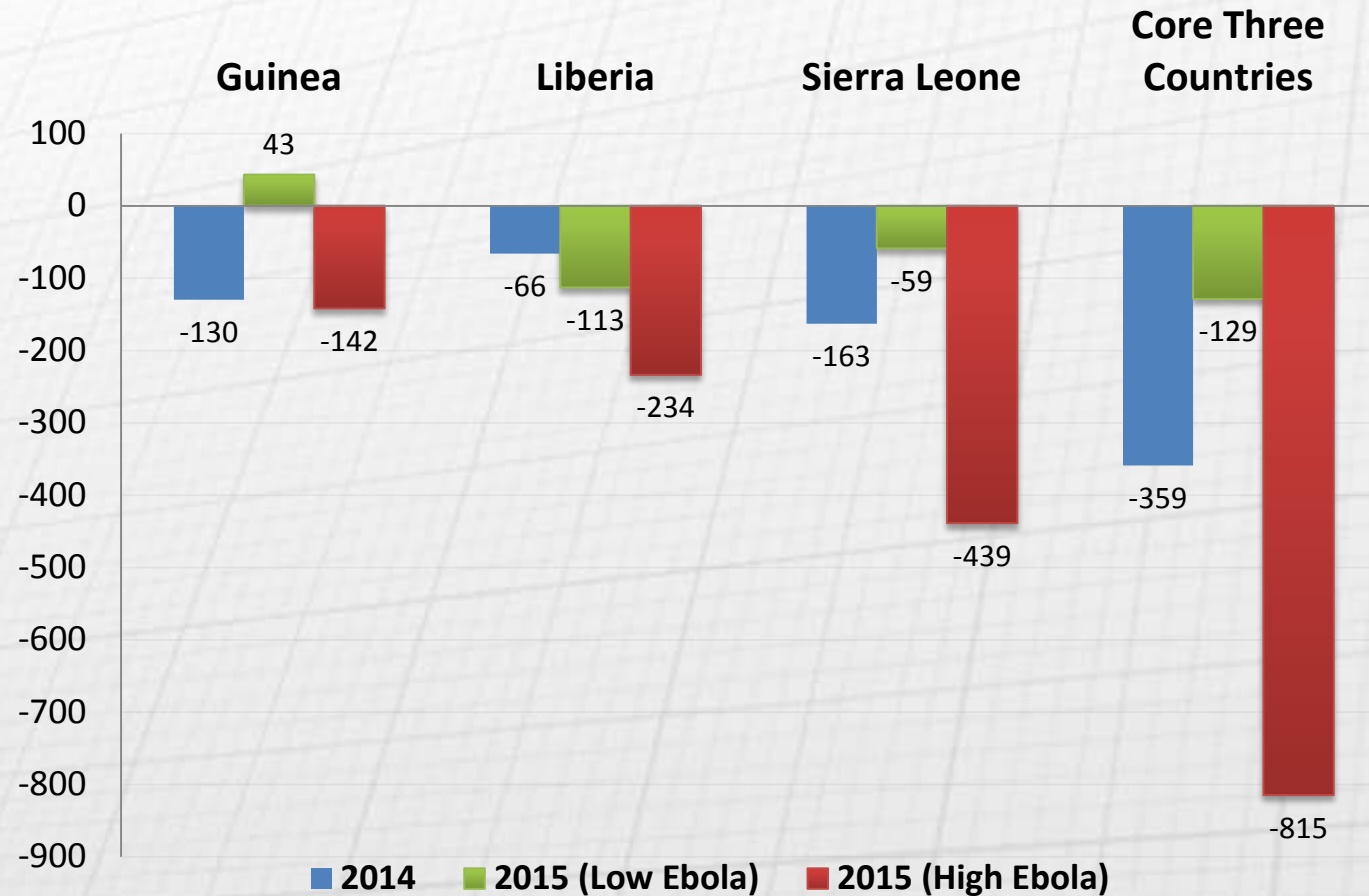
- Rice prices relatively stable
- Significant drop in trader activity
- Reduced income for farmers
- Indicator of reduced informal economic activity

(IGC – November 2014)



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)

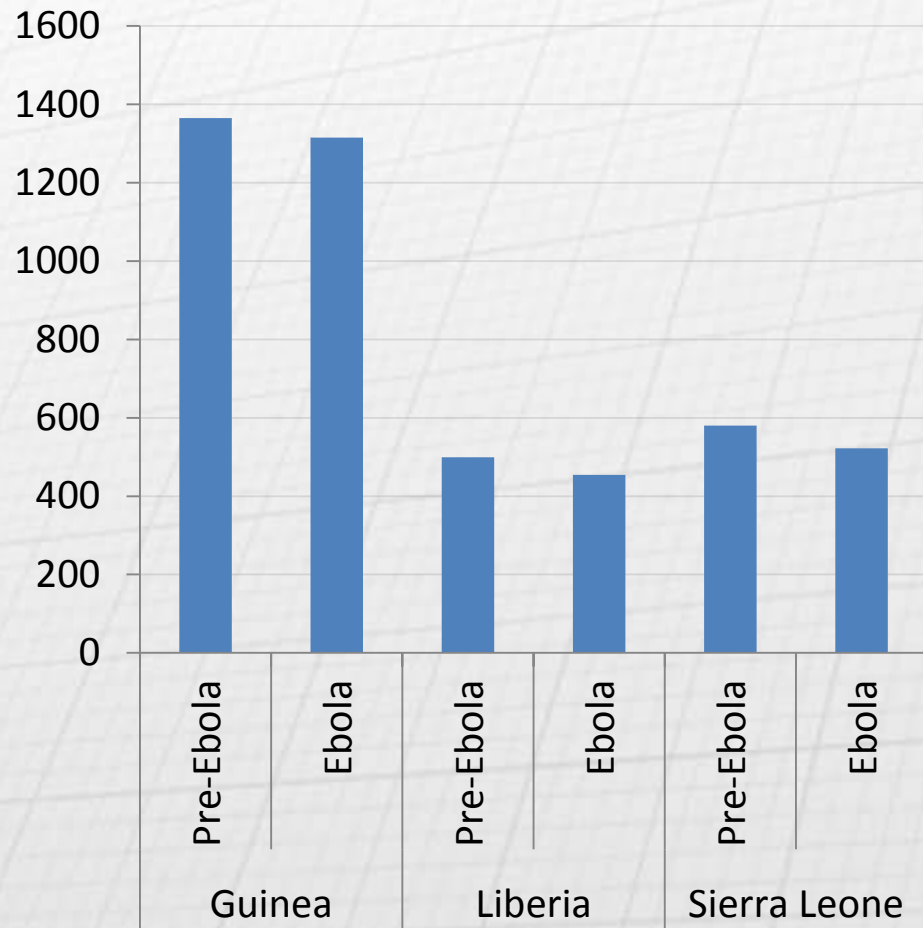


Note: All estimates are in 2013 dollars.

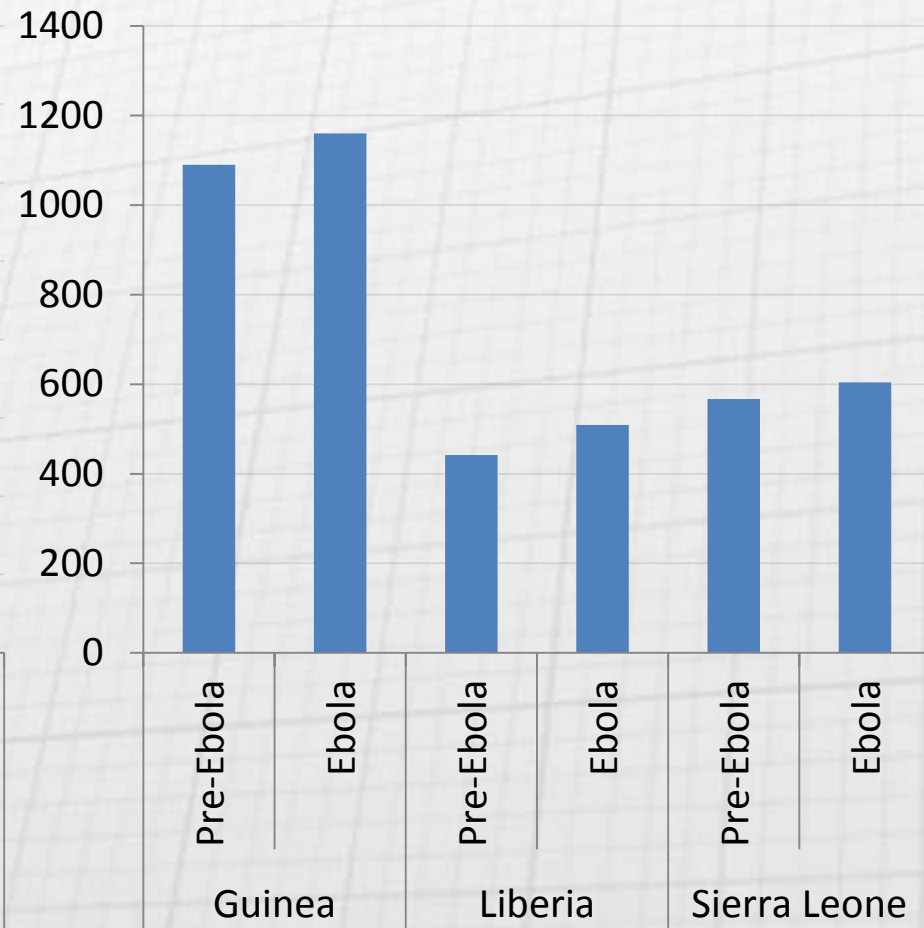


FISCAL IMPACTS AFFECT GOVERNMENT CAPACITY TO DO OTHER THINGS

Tax and non-tax revenue
(millions)

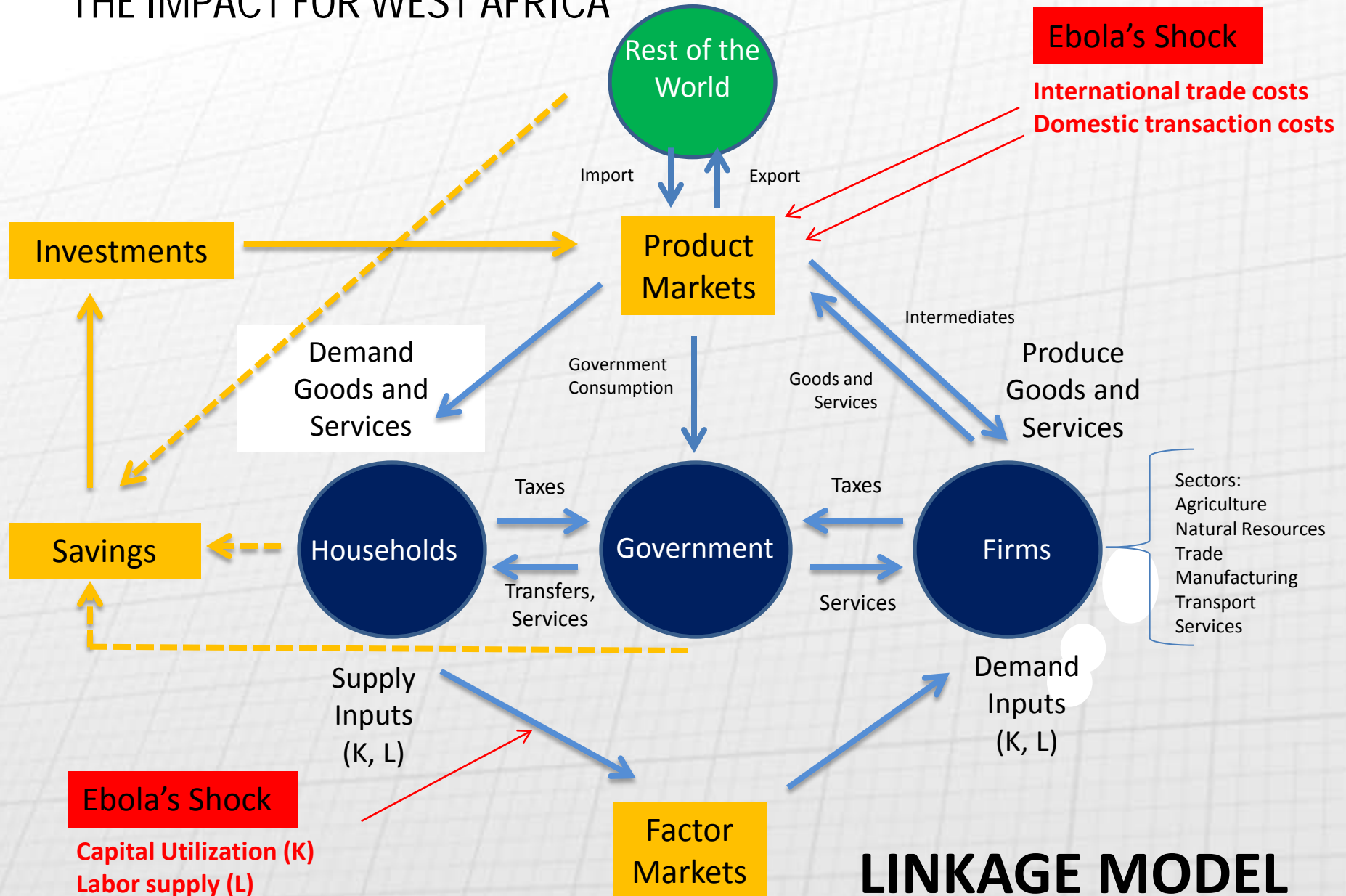


Expenditures
(millions)



Note: All estimates are in 2013 dollars.

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



HOW MUCH ARE NEIGHBORING ECONOMIES AFFECTED?

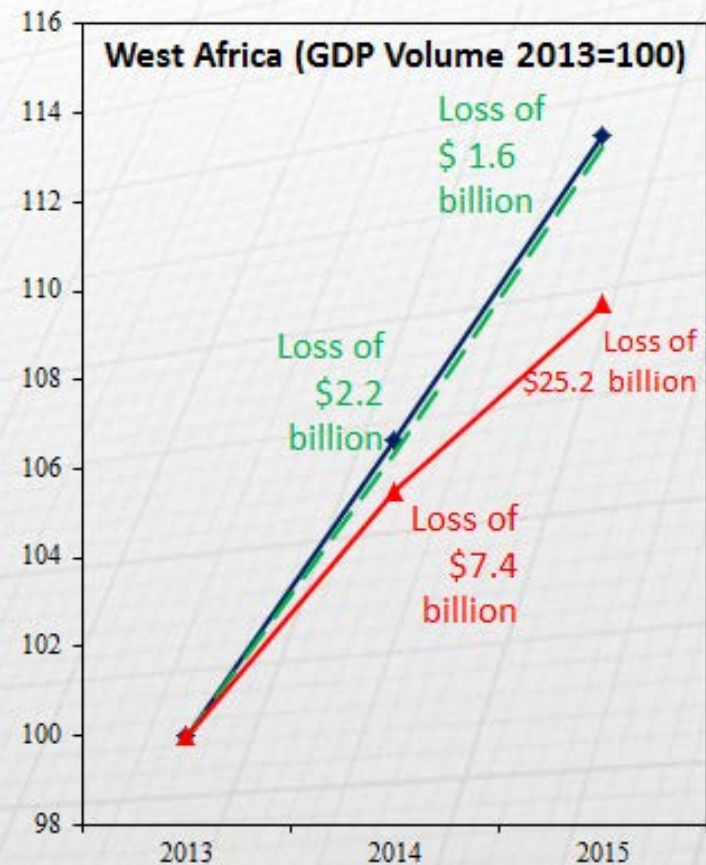
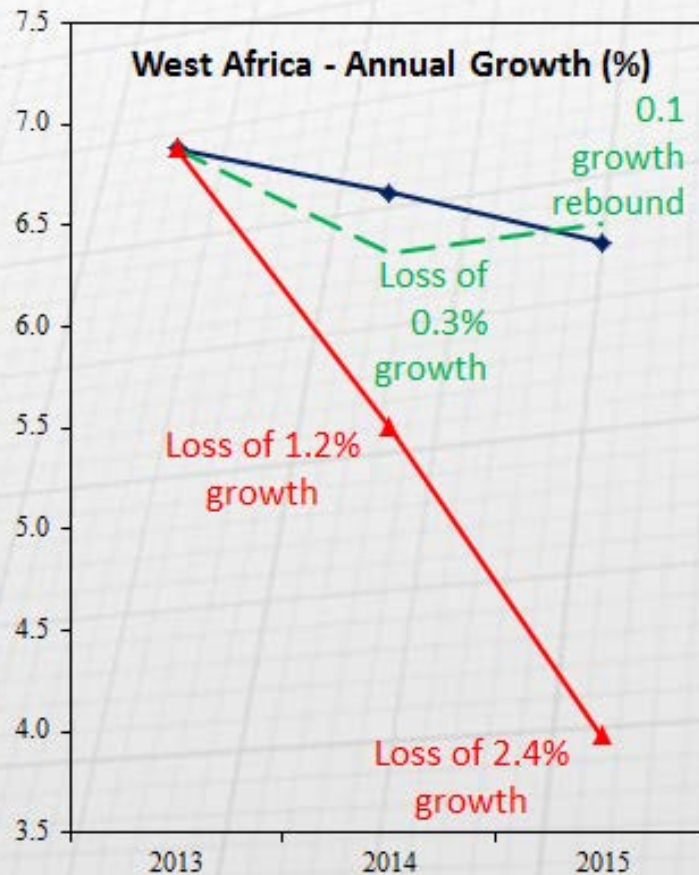
The expected number of cases is estimated for countries around the world using flight patterns (Gomes et al 2014).



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.

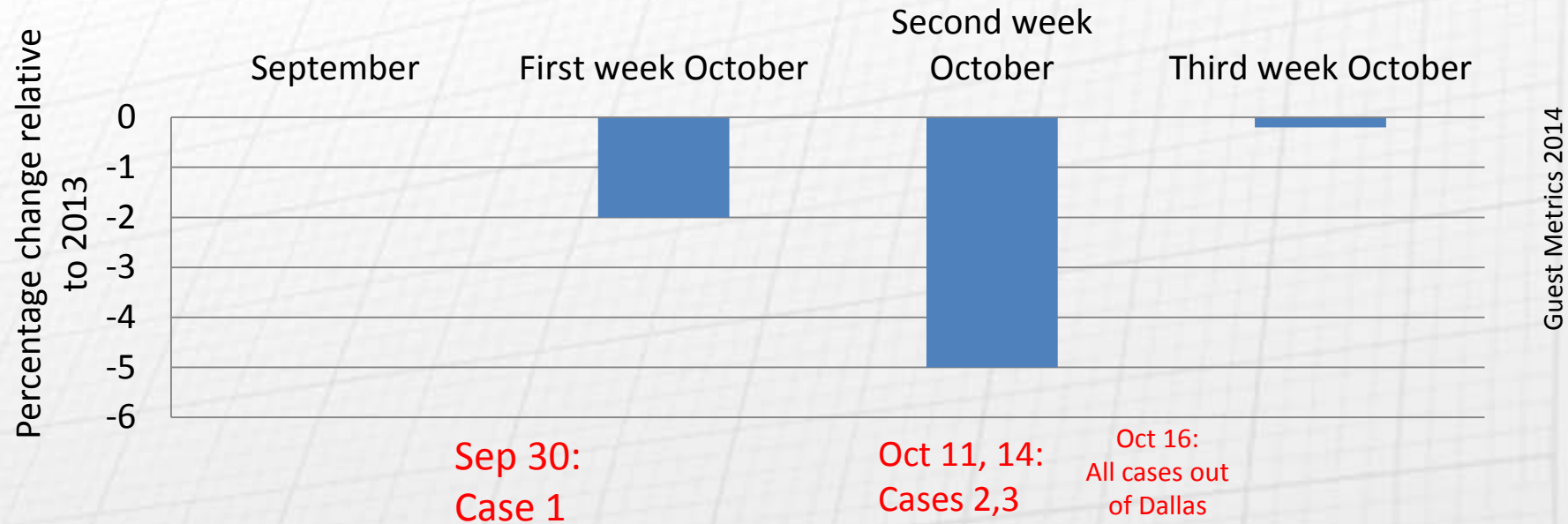


◆ baseline - Low Ebola ▲ High Ebola



LESSON FROM DALLAS

Traffic to Restaurants & Bars in Dallas



- Domestic reactions can recovery swiftly.
- International reactions may linger.
- Variation by sector
 - Large fixed costs: Mining
 - Tourism

HUMAN CAPITAL INVESTMENTS

Education

	# children affected	expected opening	returns to year of primary edu
Guinea	2.5 million		
Liberia	1.5 million	March 2015	
Sierra Leone	2 million	Jan 2015	5.5% 9.5% for girls

Montenegro & Patrinos 2014

Health

1. Supply: Overwhelmed facilities
2. Demand: Lost confidence, fear of contagion
3. Health worker mortality

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.

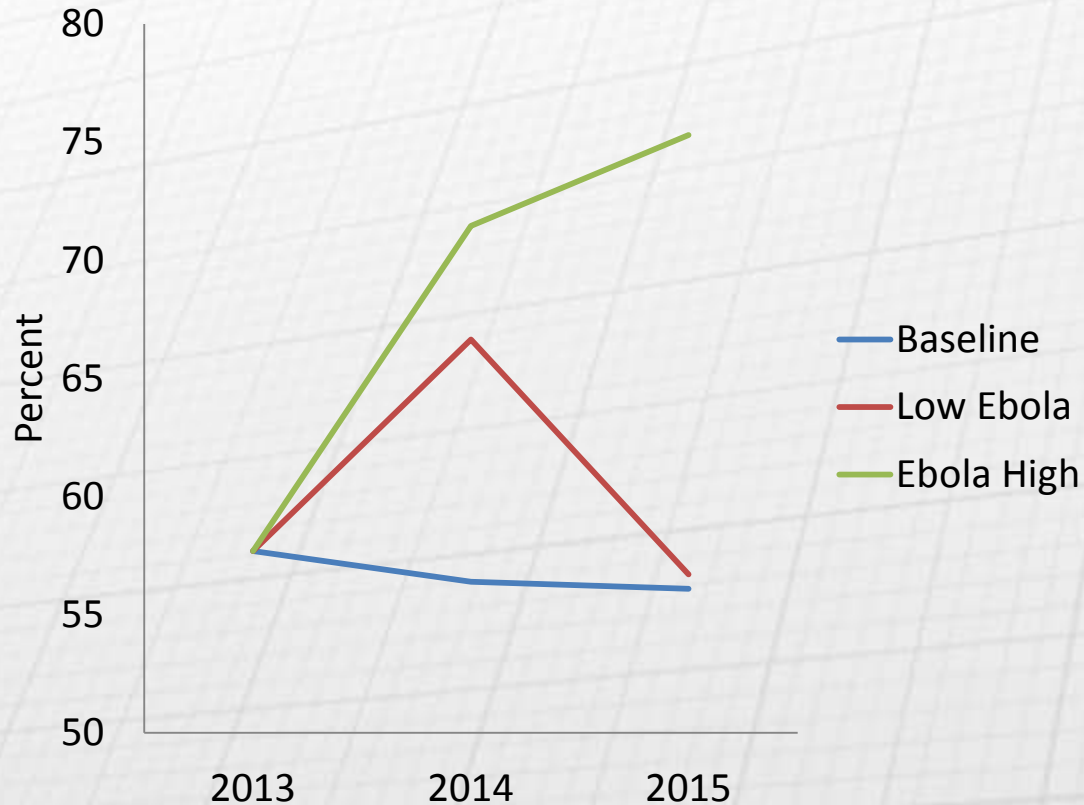
The background of the slide is a sheet of white graph paper with a light gray grid pattern. The paper is slightly tilted, creating a sense of depth. The text "THANK YOU" is centered on the page in a bold, black, sans-serif font.

THANK YOU

BONUS SLIDES

POVERTY IMPACTS ARE MAJOR

Headcount poverty rate in Liberia



Pre-Ebola poverty rates

Guinea: 55%

Sierra Leone: 53%

Note: All estimates are in 2013 dollars.