



Economic and Financial Outlook of OIC Countries amidst the COVID-19 Pandemic

Nebil DABUR

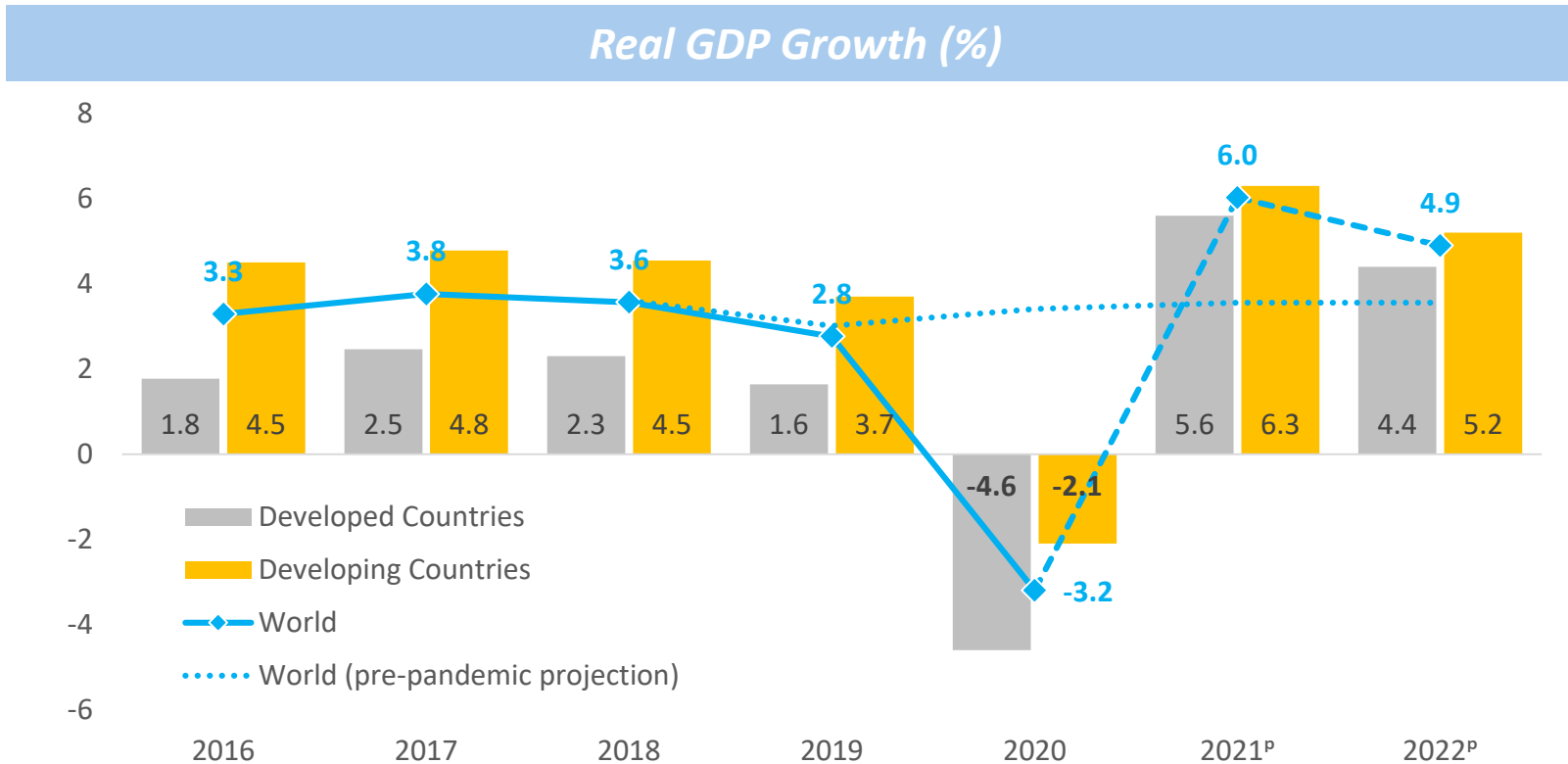
**Director General
SESRIC**

3rd Meeting of the OIC–COMCEC Central Banks Forum | 29 September 2021 |



Economic Growth in the World

Significant downturn in global economic activity in 2020.



Source: IMF, World Economic Outlook (WEO), October 2019, April 2021, and Update July 2021.
Note: P = Projection. Pre-pandemic projections refer to the IMF's WEO October 2019.

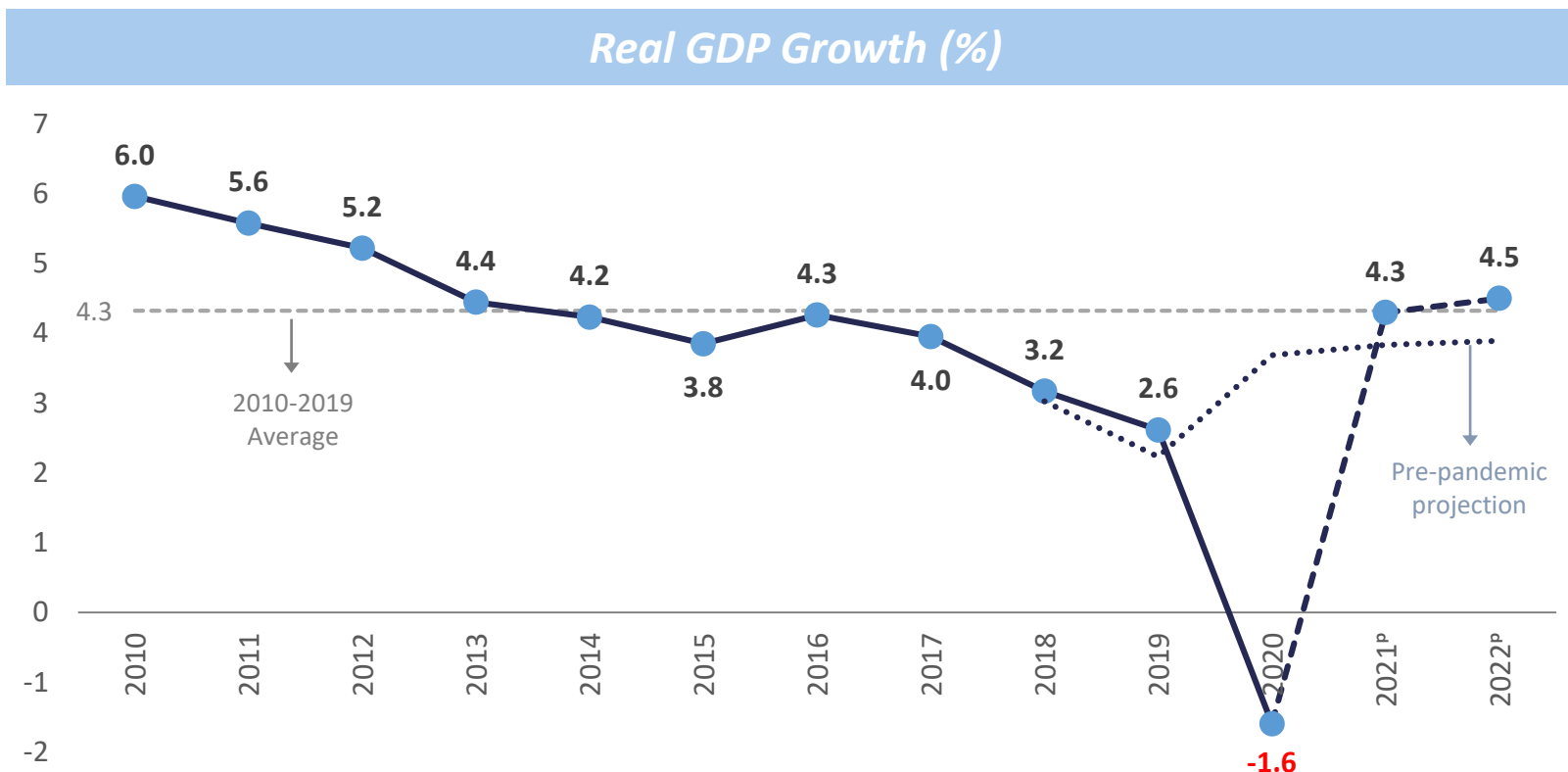
Growth in 2020 (%)





Economic Growth in the OIC

The contraction in OIC economies is relatively smaller.



Source: IMF, World Economic Outlook (WEO), October 2019, April 2021, and Update July 2021.
Note: P = Projection. Pre-pandemic projections refer to the IMF's WEO October 2019.

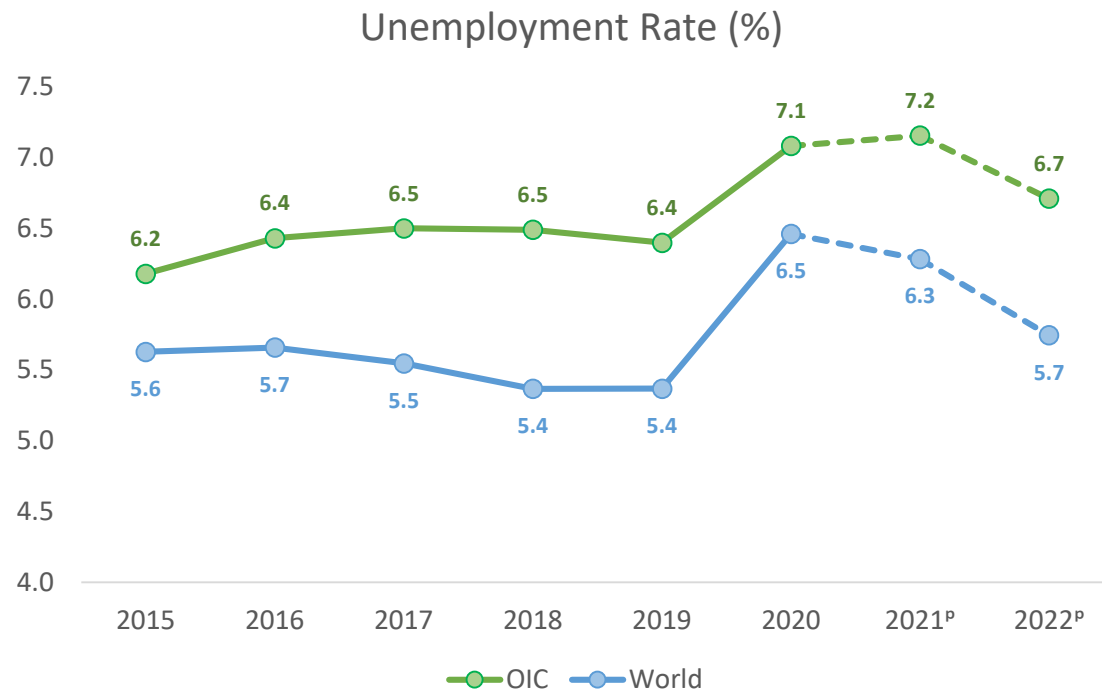
Projections Update (%)

	Pre-pandemic Projection	Current
2020	▲ 3.7	▼ -1.6
2021	▲ 3.8	▲ 4.3
2022	▲ 3.9	▲ 4.5



Unemployment

The pandemic wreaked havoc on labour markets worldwide.



Source: ILO, ILOSTAT, ILO Modelled Estimates.
P: Projection

In 2020...

Working-hour losses (in FTE)

Global

255 million

OIC

54 million

New Unemployment

33 million

4.1 million

Total Unemployment

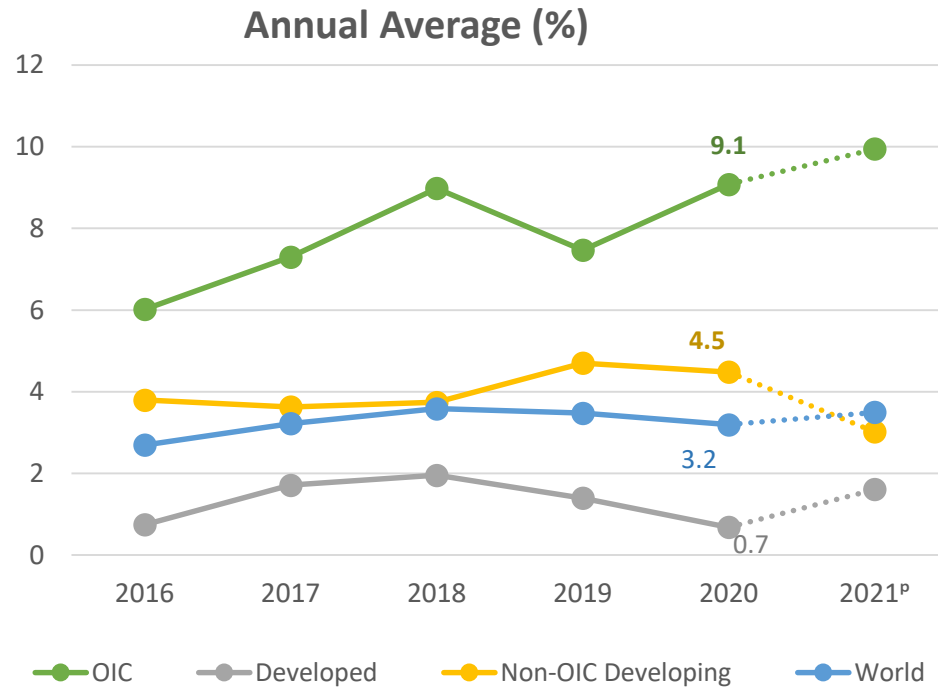
220 million

49.3 million

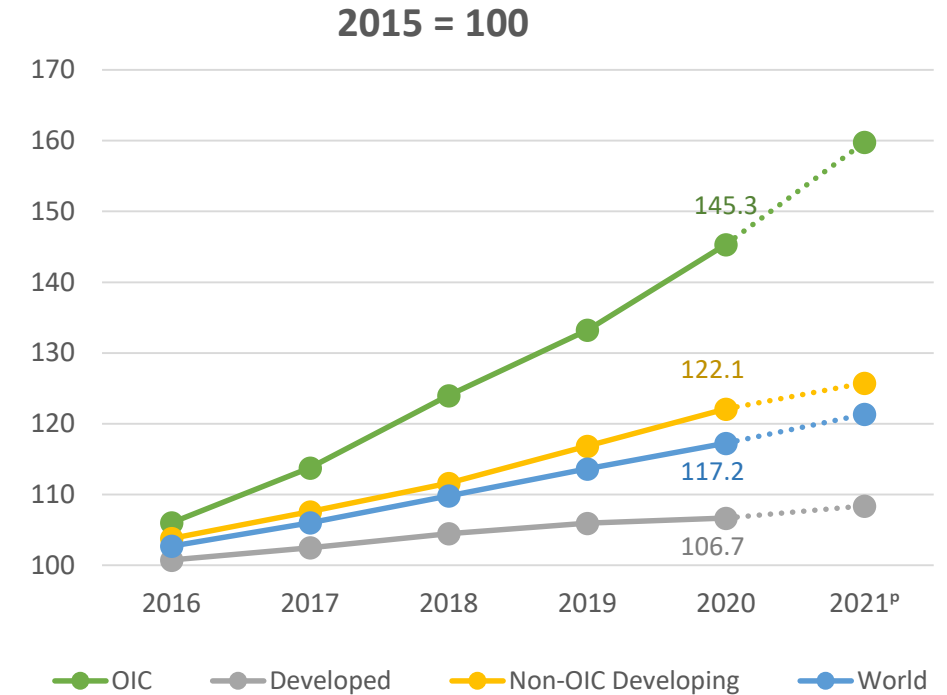


Inflation (Consumer Prices)

Inflation rose significantly in OIC countries in 2020, while it eased globally.



Average prices in OIC were 45.3% higher in 2020 compared to 2015.



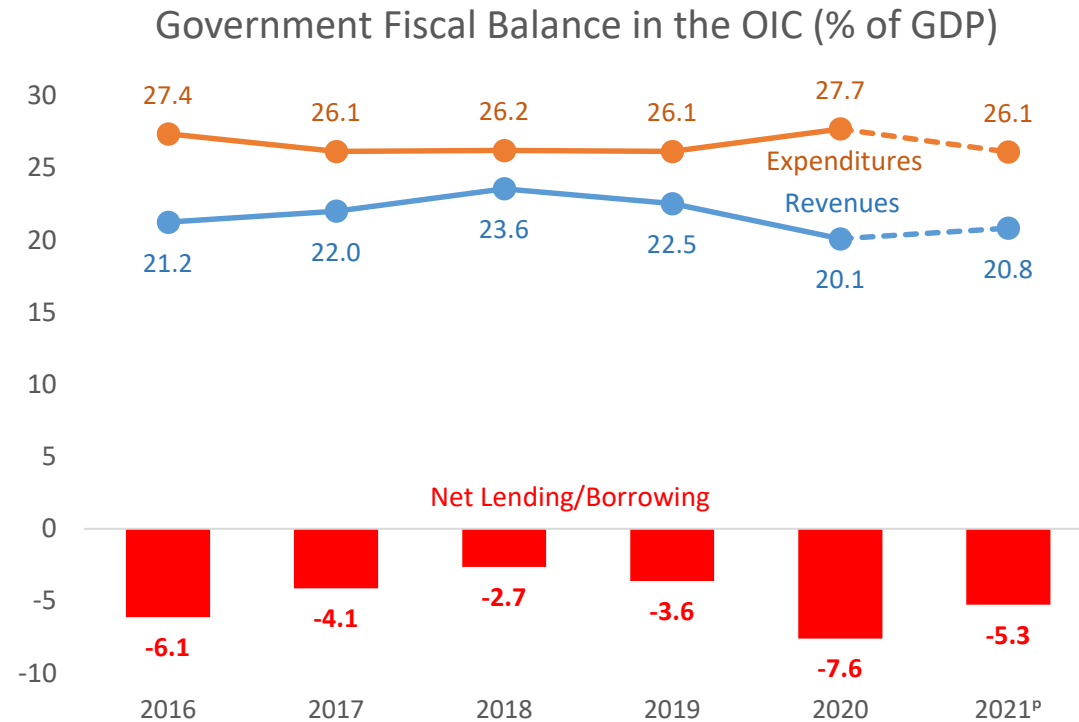
Source: IMF, World Economic Outlook, July 2021.

P: Projection

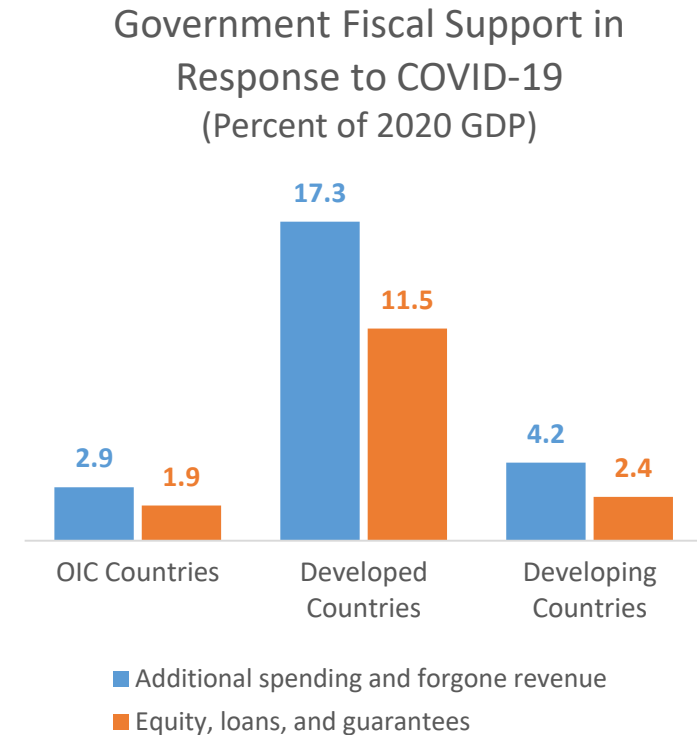


Fiscal Balance

Deficits grew as expenditures increased and revenues decreased.



Source: IMF, World Economic Outlook, April 2021.
P: Projection



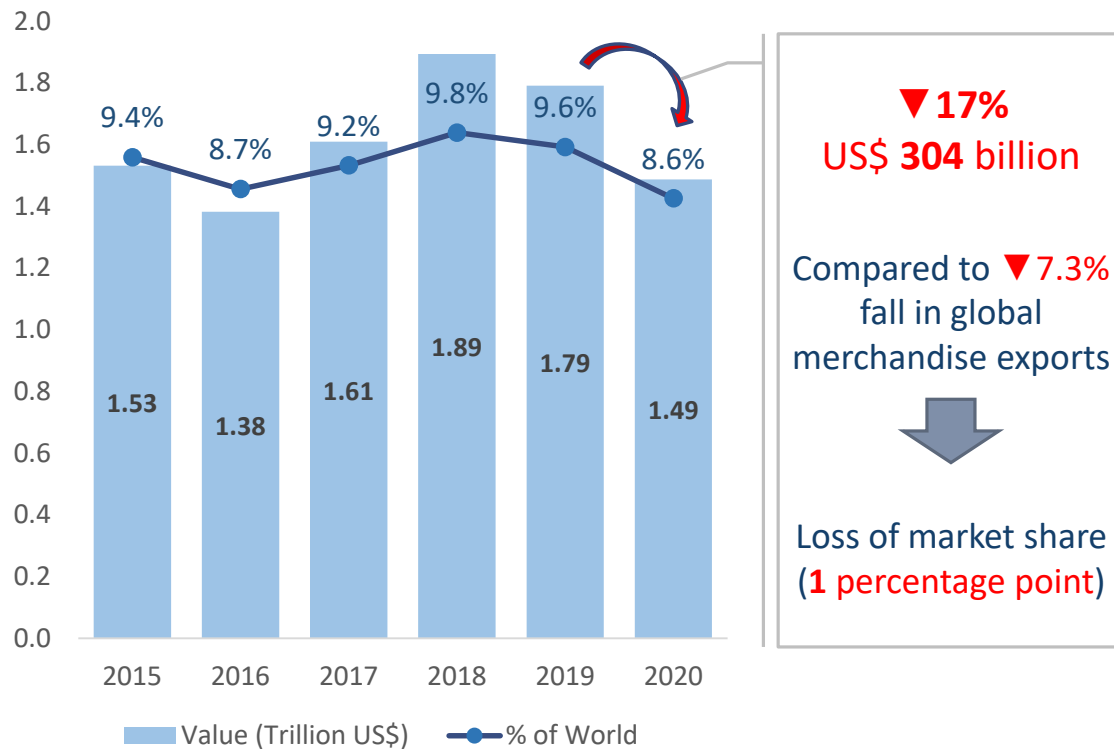
Source: IMF, Fiscal Monitor: Database of Country Fiscal Measures in Response to the COVID-19 Pandemic, July 2021.
Note: Data refers to the period from January 2020 to June 5, 2021.



Exports of OIC Countries

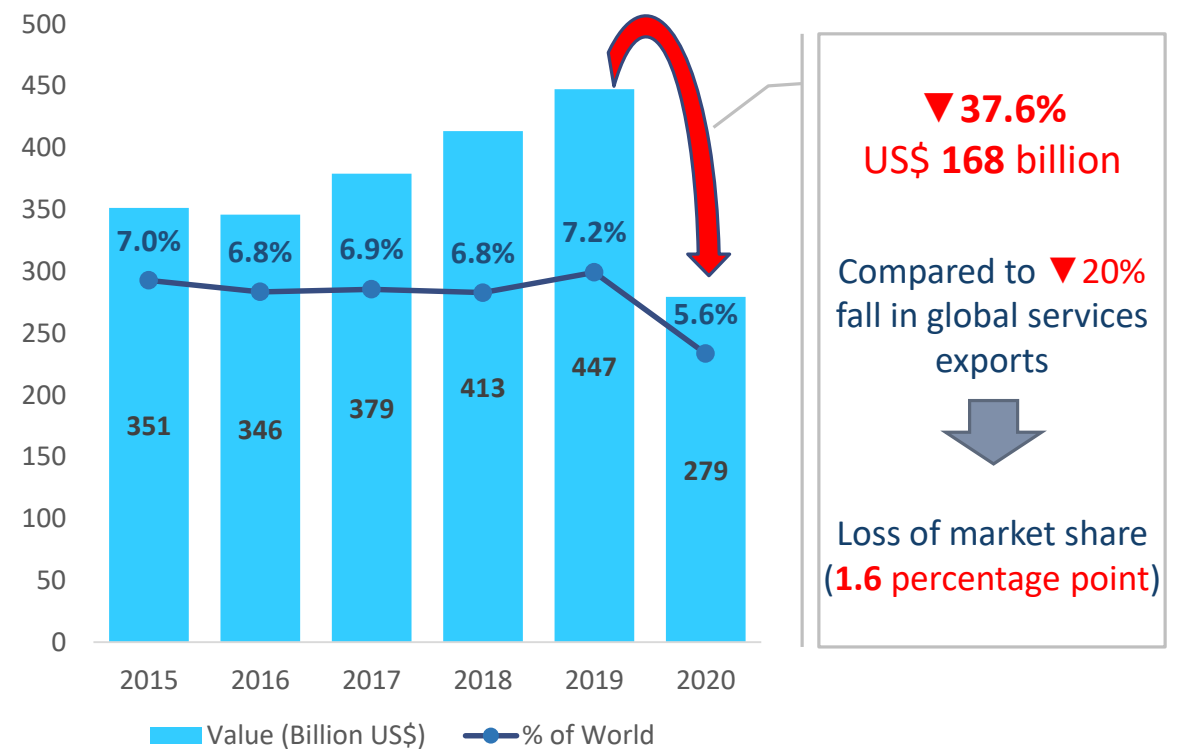
The pandemic affected exports of OIC countries more severely, particularly in services.

MERCHANDISE EXPORTS



Source: IMF, Direction of Trade Statistics (DOTS)

SERVICES EXPORTS



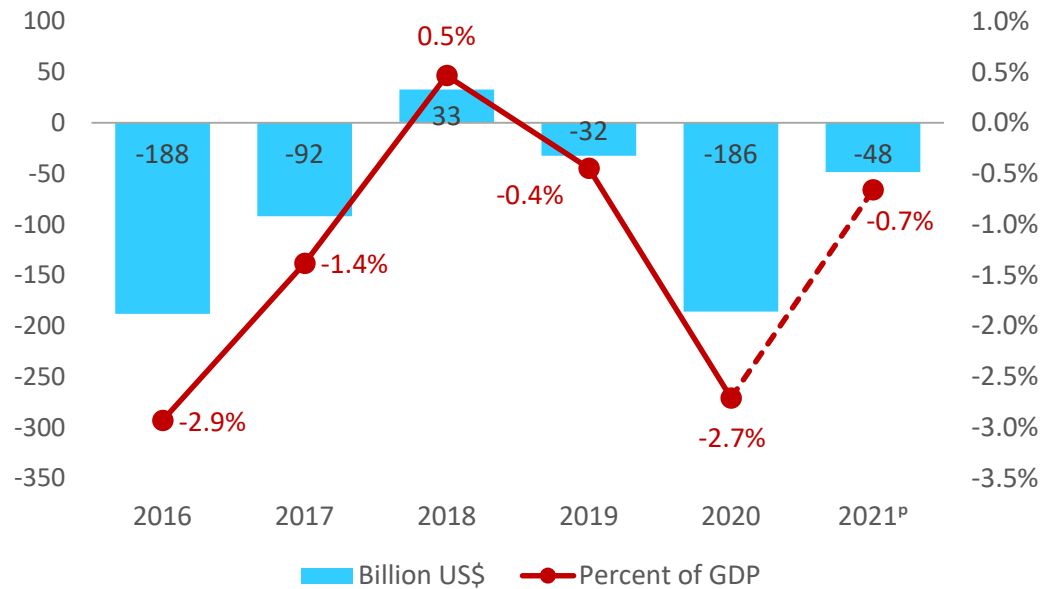
Source: WTO, Data Portal



Current Account Balance

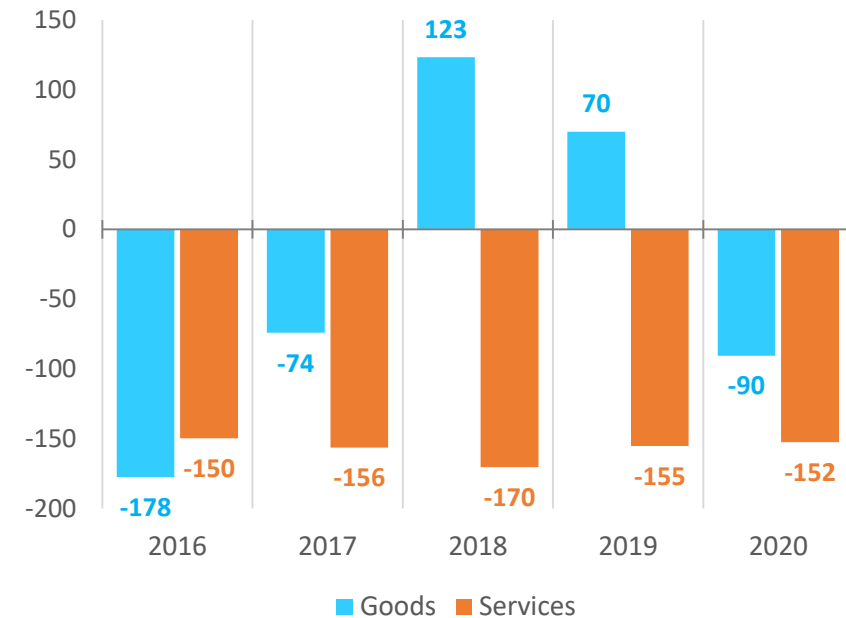
Deficits widened in 2020 as merchandise trade balance turned negative.

Aggregate Current Account Balance of OIC Countries



Source: IMF, World Economic Outlook, April 2021.
P: Projection

Aggregate Trade Balance of OIC Countries (US\$, billion)



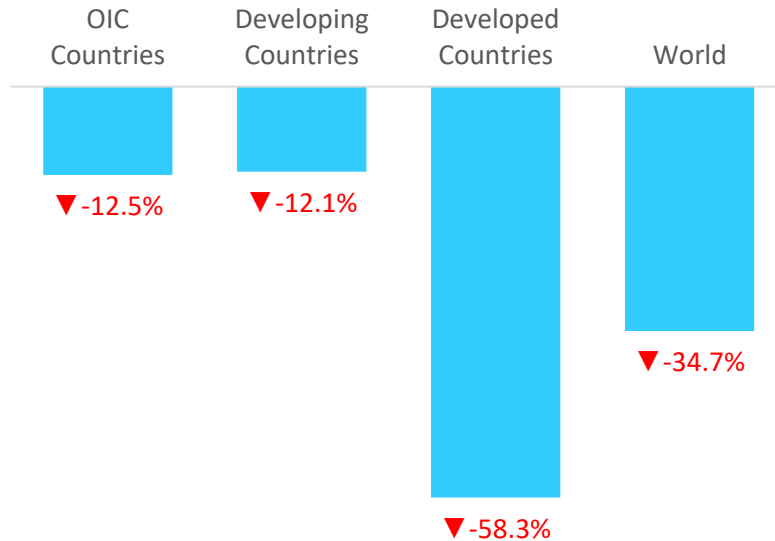
Source: IMF, Direction of Trade Statistics (DOTS); WTO, Data Portal.



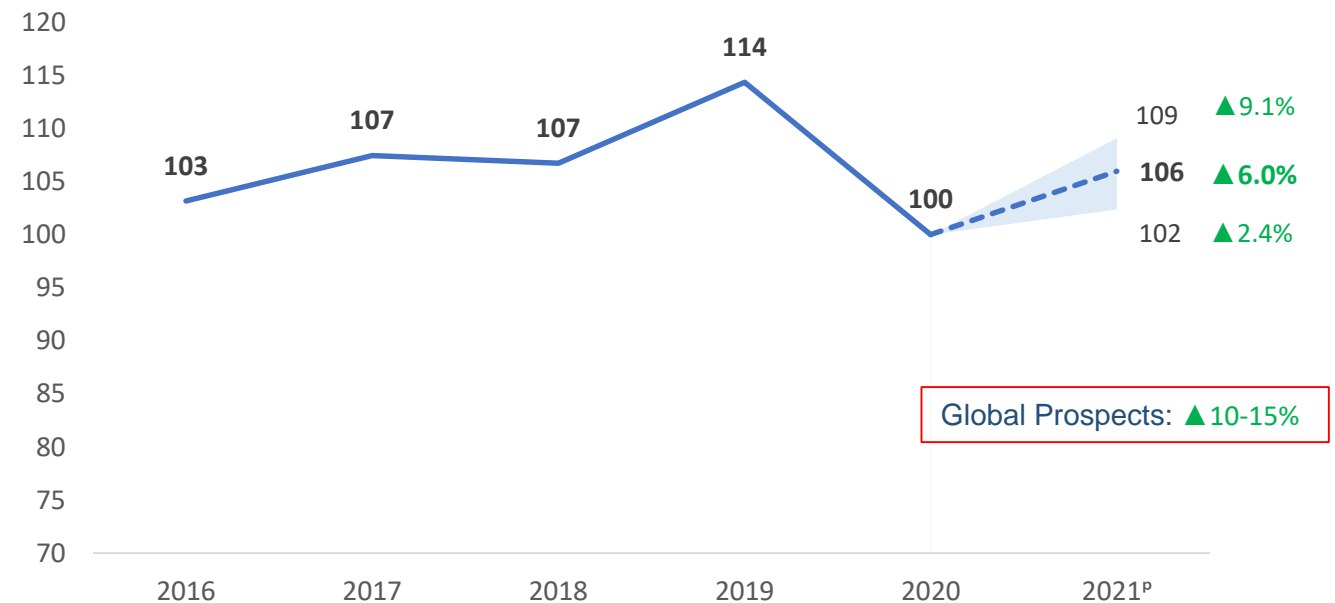
Foreign Direct Investment

Flows to developing countries, including OIC countries, were more resilient in 2020.

Decline in FDI Inflows in 2020



FDI Inflows to OIC Countries (US\$, billion)



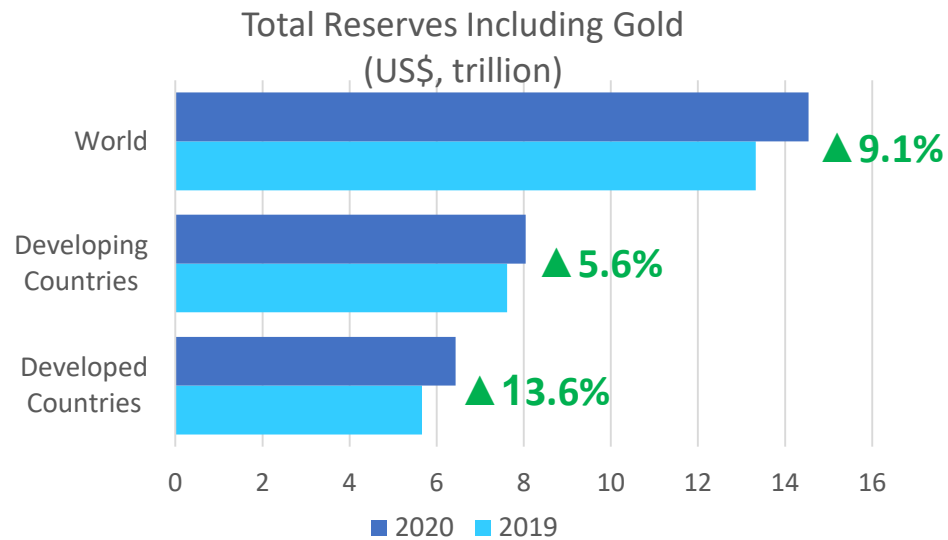
Source: UNCTAD, World Investment Report 2021.

P: Projection (Based on the regional prospects)



International Reserves & Recent SDR Allocation

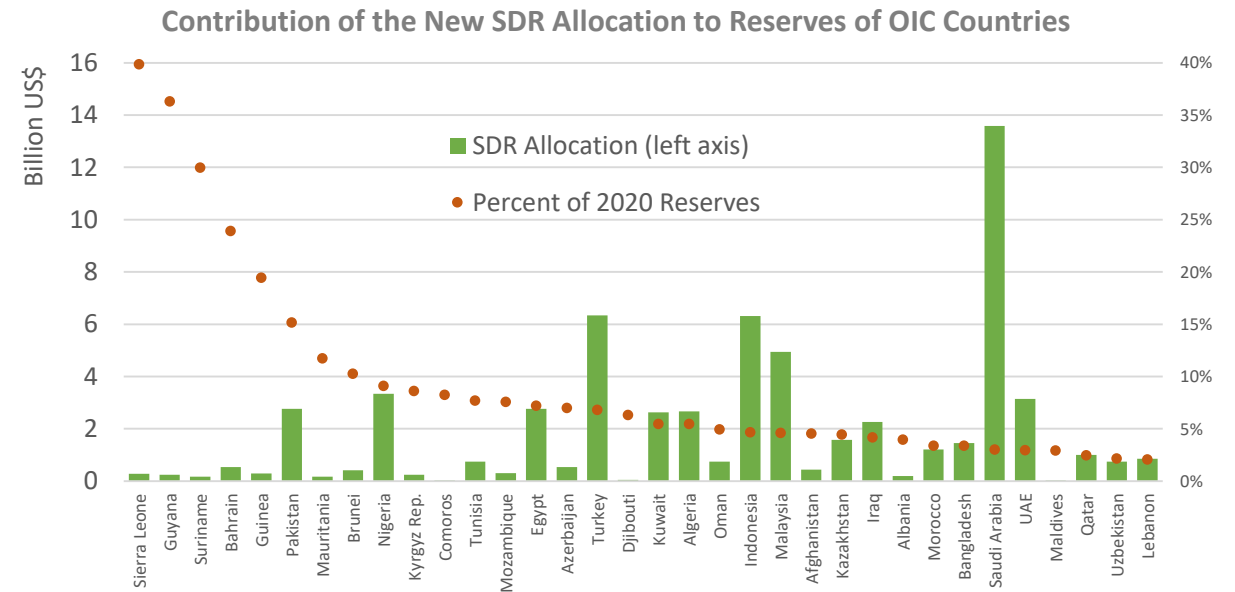
The new SDR allocation to boost reserves of individual OIC countries at varying rates from 2 to 40%.



Available data for
35 OIC countries

▼ 3.2%

Source: IMF, International Financial Statistics.



Source: IMF

Note: Based on the exchange rate of 0.700346 SDR per US\$ as of August 23, 2021.



Uneven Recovery and Divergence

- **The pandemic affected countries at different scales**, depending mainly on their economic structure, such as heavy reliance on tourism, access to vaccine, and the size and effectiveness of policy support.
- **Divergence within countries**, as young workers, women, informal workers, and low-skill workers have been more severely affected, increasing income inequalities and exacerbating disparities.
- **Targeted, country-specific or regional policies** are required to address different priorities.
- **‘Strong but Uneven Recovery’ after 2020**, a common concern shared by several international organizations like IMF, UN, World Bank, and OECD.
- **Divergent policy stances** may cause negative spillovers.
- **Transparency, communication, and international coordination and cooperation** are needed for more balanced and inclusive growth during the recovery from COVID-19 and beyond.

Thank you for your attention!



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