



# SUB-SAHARAN AFRICA REGIONAL ECONOMIC OUTLOOK

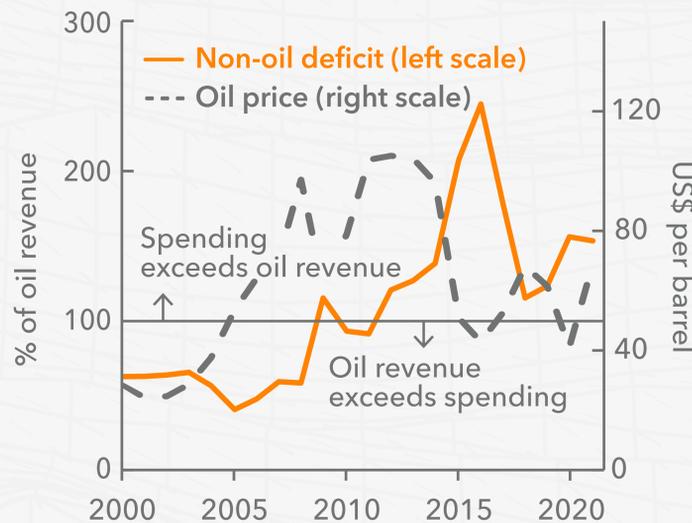
2022  
OCT

## Managing Oil Price Uncertainty and the Energy Transition

### Commodity price volatility is a challenge for fiscal policy

#### Sub-Saharan Africa **oil exporters** since 2011

- 60%** of fiscal revenue from **oil**
- 2%** **lower** growth than in SSA non-oil exporting countries
- 100%** of oil revenues was spent



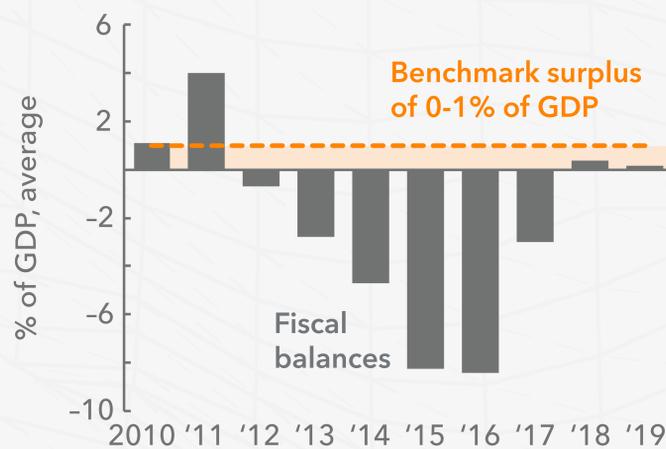
Sub-Saharan African oil exporters tend to spend more when oil prices are high...

### How much to save today...

A **3-year insurance** against future price shocks requires a **financial buffer about 5-10% of GDP...**



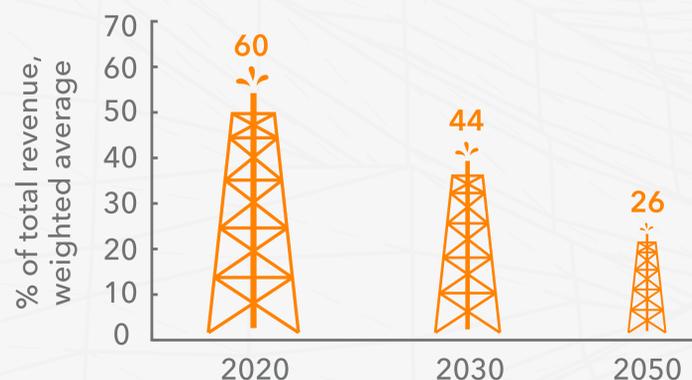
...equivalent to an annual **fiscal surpluses up to 1% of GDP** over 10 years



...leading to **insufficient savings to insure against oil price shocks...**

### ...to invest in a greener tomorrow

- » More **efficient spending** + social safety nets + subsidy reforms
- » The **transition** to clean energy will **halve oil revenue by 2050**, requiring international support to adapt



...while **oil revenues are projected to fall.**

#### Short-Term: Insure Against Oil Price Shocks Through...

- » Reducing debt
- » Building financial buffers

#### Long-Term: Adapt to Permanent Decline in Oil Revenues

- » Structural transformation away from fossil fuels

- » Incentives to renewable energy production
- » Improvements in governance, institutions and business environment