Nigeria: Macroeconomic Developments and Outlook

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IMF Resident Representative
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Private Equity and Venture Capital Association (PEVCA)
Outline

- Global Economic Developments and Outlook
- Sub-Saharan Africa: Economic Developments and Outlook
- Nigeria: Economic Developments and Outlook
- Main Policy Recommendations
Outline

• Global Economic Developments and Outlook

• Sub-Saharan Africa: Economic Developments and Outlook

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• Main Policy Recommendations
Dark winter but light at the end of the tunnel

Output

Incomplete recovery

Risks

Tremendous uncertainty

- Upside: More vaccine success; additional fiscal support
- Downside: delays in vaccinations, virus mutations, stronger lockdowns, tighter financial conditions
- Geopolitical tensions and social unrest could escalate
- Prolonged decline in activity leads to scarring

Policies

Ensure a sustained recovery

- Accelerate universal vaccine rollout
- Avoid premature withdrawal of lifelines where contagion is high. Gradually shift to support reallocation of resources.
- Fiscal and monetary support should be maintained where debt sustainability and inflation are not at risk
- Foster inclusive, green recovery
- International support for vulnerable economies
## Growth projections: Advanced economies

*(percent change from a year earlier)*

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>Advanced Economies</th>
<th>U.S.</th>
<th>Euro Area</th>
<th>Japan</th>
<th>U.K.</th>
<th>Canada</th>
<th>Other Advanced Asia</th>
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</thead>
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## Growth projections: Emerging markets and LIDCs

(Percent change from a year earlier)

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<th>India</th>
<th>Brazil</th>
<th>Russia</th>
<th>Commodity Exporting Economies</th>
<th>Low Income Developing Countries</th>
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Financial Conditions have improved (SSA Bond Index Spreads vs. US Benchmark)…

Sources: Bloomberg LLC; and IMF staff calculations.
Note: GFC = global financial crisis.
...especially in the largest SSA economies.
Fiscal Policy Responded to Covid-19 (in 2020, as % GDP)…
... as did monetary policy (change in rates since January 2020)...

![Bar chart showing changes in monetary policy rates among various countries.](chart.png)
...helping in some cases to mitigate the impact of the crisis.

(Real GDP Index, 2019=100)
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Oil production remains subdued despite rising oil prices...
...COVID-19 cases increased...
…and gross capital inflows remained at historic low levels…
Contribution to Real GDP Growth
(Percent, y-o-y)

...resulting in low GDP growth...
…and subpar business expectations.
Headline inflation continued to rise driven mostly by food.
Fiscal deficits were partly financed by the CBN…
…who also maintained an accommodative monetary stance.
Risks from the COVID-19 pandemic clouds the outlook.

**Real GDP**
(Annual percentage change)

**Public Debt**
(percent of GDP)
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Revenue mobilization is a fundamental policy priority...

12.75 percent: minimum tax-to-GDP ratio for accelerated growth and development outcomes (Gaspar et al. 2016)
…as is unifying the various exchange rates into one market-clearing rate…
... and fostering structural reforms to enhance competitiveness and instill confidence.
Nigeria and the IMF

Cooperation under 3 main pillars:

• Surveillance and economic policy advice through annual Article IV consultations

• Financial emergency assistance (RFI, April 2020)

• Capacity Development Activities:
  - Budget
  - PFM
  - Revenue
  - Statistics
  - Financial sector supervision
  - Monetary policy and operations
Thank you

Additional information on IMF activities can be found at