REGIONAL ECONOMIC OUTLOOK
SUB-SAHARAN AFRICA

ONE PLANET, TWO WORLDS, THREE STORIES

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One Planet
An Ongoing Pandemic

No country is safe until every country is safe.

An Emerging Climate Crisis

Without immediate and coordinated action, previous goals may be out of reach.
Two Worlds
On COVID-19, cannot leave the future to luck...

**COVID-19 Cases, Select Regions**
(Cases per week)

**Sub-Saharan Africa. COVID-19 Cases**
(Cases per week)

Waves are getting larger

Waves are growing faster

Sources: JHU COVID-19 Tracking Project and IMF staff calculations.
...especially in light of a slow vaccine rollout

Fully Vaccinated Persons, Select Regions
(Percent of population)

- Advanced Economies
- Non-SSA EMDEs 1/
- Sub-Saharan Africa

Sub-Saharan Africa. Fully Vaccinated Persons
(Percent of population, red = low-income countries)

Sources: Our World in Data and IMF staff calculations.
1/ Excluding China.
On growth, the region is reemerging...

**Sub-Saharan Africa. GDP Growth, 2017-23 (Percent)**

- **Pre-crisis growth projections**
  - 3.7
  - -1.7

**Sub-Saharan Africa. Containment Measures and Activity, 2020-21**

- **First Wave**
  - Workplace mobility relative to pre-crisis (percent)
  - Stringency Index (Mean, 1-100)

- **Second Wave**

- **Third Wave**

Sources: IMF, World Economic Outlook.

Sources: Google, Oxford COVID-19 Policy Tracker, and IMF staff calculations.
supported by the global environment...

**Bond Market Spreads**
(Cumulative relative to start of COVID-19 crisis, basis points)

**Sub-Saharan Africa. Terms of Trade**
(Index, 2019=100, dashed line = pre-crisis projection)

Sources: Bloomberg and IMF staff calculations.

Source: IMF, World Economic Outlook.
...but the recovery is slower than elsewhere

Real GDP Growth Revisions since April 2021: Select Regions
(Percent)

2021

- **Sub-Saharan Africa**
  - April 2021: 3.4
  - Current Baseline: 3.7

- **non-SSA EMDEs**: 4.0 (Current Baseline: 3.8)
- **Advanced Economies**: 3.7 (Current Baseline: 3.8)

2022

- **Sub-Saharan Africa**
  - April 2021: 4.0
  - Current Baseline: 3.8

- **non-SSA EMDEs**: 4.0 (Current Baseline: 3.8)
- **Advanced Economies**: 5.0

Source: IMF, World Economic Outlook.
And losses may be permanent

**GDP Per Capita, 2019-24**
(2019 = 100, dashed line = pre-crisis projections)

**Advanced Economies**

**Sub-Saharan Africa**

**Why is Sub-Saharan Africa recovering so slowly?**

- Lack of **policy space**, especially compared to extraordinary efforts in key advanced markets.
- The region is still in grip of the crisis, with a **slow vaccine rollout**, undermining confidence and investment.

Source: IMF, World Economic Outlook.
Three Stories
Three stories for sub-Saharan Africa...

► Across the region, *widening divergence*.
► For policy makers, a more complex environment with increasingly *difficult tradeoffs*.
► Looking forward, *international solidarity* remains crucial.
Divergence at every level: Between countries

Why are some countries doing better than others?

- **Policy options**
  Fiscal buffers and capacity

- **Underlying resilience**
  Pre-crisis split on growth has been exacerbated

- Higher commodity prices have helped some, but only provide a **transitory** boost

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**Sub-Saharan Africa. GDP Per Capita, 2019-22**
(2019=100)

- **Non-Resource Intensive Countries**
  - 2019: 96
  - 2020: 98
  - 2021: 100
  - 2022: 104
  - **Change**: +3.8

- **Resource Intensive Countries**
  - 2019: 96
  - 2020: 98
  - 2021: 98
  - 2022: 102
  - **Change**: -2.9

Source: IMF, World Economic Outlook.
Divergence at every level: Within countries

Sub-Saharan Africa. Geographic Inequality, 2019-20
(Index)

Impact on communities within each country?

- The most vulnerable have been the hardest hit
  - Services, informal workers
  - Widening gender gap
  - Limited buffers or social distancing options
- Rising geographic inequality
  - Social tensions, political instability
- Added food-price shock

Sources: Earth Observation Group, Colorado School of Mines, and IMF staff calculations.
Policy makers face a difficult trilemma

Policy makers are constrained by

- Elevated debt levels
- Rising spending needs
- Difficulty in raising extra tax revenue
The Trilemma: Debt levels are elevated

Sub-Saharan Africa. Interest Payments on Public Debt, 2005-2021
(Percent of Revenue)

Source: IMF, WEO database.

Sub-Saharan Africa. Debt Risk Status for PRGT-eligible countries, 2015-21

Source: IMF, Debt Sustainability Analysis Low-Income Developing Countries database.
Note: PRGT = poverty reduction and growth trust.
The Trilemma: Raising extra revenue is even harder

Non-Resource Tax Revenues, Select Regions
(Percent of GDP, filled points are fuel exporters)

Sources: ICTD Database and IMF staff calculations.
Notes: Data for 2018 or latest available. Data exclude social contributions.

Ratio of Total Government Revenues, Select Regions
(2021 vs 2019)

Sources: IMF, World Economic Outlook and IMF staff calculations.
The Trilemma: Spending needs are rising

Population: Select Regions, 1800-2100
(Billions)

Difficult tradeoffs: A complex monetary environment

With a divergent recovery, monetary policy is now more complicated

- Local and global supply-demand mismatches
- Elevated food-price inflation, adding to social costs and uncertainty
- Need to weigh policy support against risk of inflationary expectations
- Greater heterogeneity
- Global volatility may test exchange rates

Sub-Saharan Africa. Policy-rate Actions in 2021

<table>
<thead>
<tr>
<th>Country</th>
<th>Action</th>
<th>Inflation</th>
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</thead>
<tbody>
<tr>
<td>Angola</td>
<td>Up 450 bps</td>
<td>Rising</td>
</tr>
<tr>
<td>Uganda</td>
<td>Down 50 bps</td>
<td>Flat</td>
</tr>
<tr>
<td>Dem. Rep. Congo</td>
<td>Down 1,000 bps</td>
<td>Falling</td>
</tr>
<tr>
<td>Seychelles</td>
<td>Down 100 bps</td>
<td>Rising</td>
</tr>
<tr>
<td>Ghana</td>
<td>Down 100 bps</td>
<td>Falling</td>
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<td>Rising</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>Up 500 bps</td>
<td>Falling</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Up 300 bps</td>
<td>Flat</td>
</tr>
</tbody>
</table>
International solidarity: Vaccines are needed urgently

Sub-Saharan Africa. Doses Required for 40-percent Coverage
(Millions 1/)

Sources: Airfinity and IMF staff calculations.
1/ Assumes 2 doses per person. Figures as of October 7, 2021
Vulnerability to Climate Change, 2019
(Index)

Sources: Notre Dame Global Adaptation Initiative, IMF, World Economic Outlook, and IMF staff calculations.

Notes: Index captures country-level exposure and sensitivity to climate shocks.
International solidarity: Funding to strengthen resilience

Sub-Saharan Africa. IMF Assistance, 2020–21

Sub-Saharan Africa. Impact of SDR Allocation on Reserves, 2021
(Months of imports 1/)

Source: IMF, Financial data.

1/ Excludes WAEMU and CEMAC countries.
Nigeria

Recent Developments and Outlook
The economy is on the mend

**Real GDP growth and contribution**
(annual percentage change)

**Recovery and drivers**
(q/q s.a. growth and contribution)

Sources: National Bureau of Statistics, Haver
Note: 2020Q3-2021Q2 shows cumulative q/q SA growth during these four quarters.
Headline inflation has started to decline, still high

Y-o-Y Inflation
(in percent)

Contribution to M-o-M inflation
(annualized 3-m rolling average in percent, unless otherwise indicated)

Stable risk sentiment, successful Euro bond issuance

**Nigeria and peers: CDS Spreads**
(basis points)

- Turkey
- Brazil
- South Africa
- Ghana
- Nigeria

**Nigeria and peers: 2021 Sovereign Bond Issuance**
(in billions of U.S. Dollars)

Sources: Bloomberg.

S&P Long-Term Foreign Currency Rating

Sources: Bloomberg.
But investors yet to return to domestic markets

Gross capital inflows by type
(USD billion)

- FDI
- Portfolio - Bonds
- Portfolio - Money market
- Other

Sources: NBS.

FGN bond holding by residency
(in billions of naira)

- Domestic
- Foreign

Sources: CBN.
IMF
African Department

Pandemic in its third wave, risks from low vaccination

**COVID-19 cases and vaccination**

- Total Vaccinations, thousands (YTD, RHS)
- Daily new cases, 7 day m.a.

**Vaccination**

(in percent of population)

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<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
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<tr>
<td><strong>Goal</strong></td>
<td>40%</td>
<td>70%</td>
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</table>
| **Vaccinated so far**  
| Fully vaccinated  | 1.5% |      |
| At least one dose | 2.7% |      |
| **Doses of vaccines delivered so far (in millions)**  
| COVAX            | 22.8 |      |
| African Union    | 1.8  |      |
| Donations        | 0.4  |      |

Sources: CEIC.
Global economy recovering, oil prices holding up

**Real GDP growth, 2021 and 2022**
(annual percentage change)

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<thead>
<tr>
<th></th>
<th>World</th>
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Sources: WEO Database.

**Daily Oil Prices**
(USD per barrel)

Sources: Bloomberg.

- Bonny Light
- Brent Spot
- Brent Future November 2021
- Brent Future January 2021
- Brent Future March 2021
Nigerian economy is projected to recover, subdued MT.

**Real GDP Growth**
(annual percentage change)

- Oil
- Non-oil, non-agriculture
- Agriculture
- GDP at Constant Market Price

**Real GDP Level**
(Billion naira, natural log)

1/ Based on the 2013-24 average growth rate

Sources: Haver and IMF Staff Calculations
Nigeria: Risks to Outlook

**Downside:**
- Covid-19 – third or fourth wave infections & low vaccination
- Spending pressures within narrow fiscal space
  - Persisting insecurity, particularly banditry and kidnapping
  - Elections

**Upside:**
- Faster-than-expected reaching of the Dangote refinery’s production capacity
- Effective implementation of the 2021 Petroleum Industry Act (PIA).
  - Increased manufacturing production and investments in the oil and gas sectors
Thank you

Additional Information