Regional Economic Outlook
Sub-Saharan Africa

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Main Points

1. In 2007 sub-Saharan Africa experienced one of its highest growth rates in decades.

2. The region’s economic prospects remain robust: GDP growth is expected at 6½ percent; inflation to remain contained at 8½ percent.

3. Compared to the 1990s, the region is better placed to withstand a worsening of the global environment.
Main Points (cont’d)

4. Risks to the outlook are tilted to the downside.
5. Rising commodities prices pose immediate challenges.
6. Main medium-term challenge: accelerate growth and reduce poverty to achieve the MDGs
A Comparison of Growth

Sub-Saharan Africa growth is robust.

Real GDP Growth (Percent)

- Sub-Saharan Africa
- World
- Developing countries

Sources: IMF, *World Economic Outlook*; and IMF, African Department database.
The Economic Expansion Cuts Across Countries

Growth in SSA

Real GDP Growth (Percent)

Oil Prices and GDP Growth in Sub-Saharan Africa

Sources: IMF, World Economic Outlook; and IMF, African Department database.
Growth Prospects in Sub-Saharan Africa

Growth is projected to remain robust.

Sources: IMF, *World Economic Outlook*; and IMF, African Department database.
Rising Commodity Prices Pose Challenges

World Oil and Food Prices

(Index 2005QIV=100) (US$/barrel)

Metals (Left scale)

Oil (Right scale)

Food ¹ (Left scale)

Source: IMF, World Economic Outlook.

¹ Includes Cereal, Vegetable Oils, Meat, Seafood, Sugar, Bananas, and Oranges. Prices in US dollars.
Pass-through of Oil Prices

Sub-Saharan Africa: Pass-Through of Higher Gasoline, Kerosene, and Diesel Prices, 2003-07
(Ratio of change in the retail price to change in import price)

Source: IMF, country desk data.
Food Price Inflation in Sub-Saharan Africa

Food price inflation (y-o-y percent change)
Spikes in oil and food prices are building inflationary pressures


1 The February 2008 figure includes available data for 12 countries (67 percent of regional PPP GDP).
Terms of Trade in Sub-Saharan Africa

Terms of trade have improved for oil exporters.

(Index, 1997=100)

Sources: IMF, *World Economic Outlook*; and IMF, African Department database.
Food Price Increases: What Can and Should Be Done?

Policy responses depend on country circumstances:
- Temporary and targeted subsidies can help the most vulnerable.
- For permanent shocks, countries should aim to put in place an efficient social safety net. But second-best solutions may be needed.
- Countries should seize the opportunity to encourage agricultural production.
- Direct price and export controls may have unintended negative consequences.
In Response to Higher Food and Fuel Prices, the Fund:

- Is ready to provide financial support in those countries where price shocks are having a significant BoP impact.
- Stands ready to provide policy advice: fiscal policy implications, effects on inflation, exchange rate management.
- Supports increased aid to help the most vulnerable groups.
Sub-Saharan Africa:
Reserve Coverage for Terms of Trade Shocks, 2007

(Reserves to GDP, 75 percent of terms of trade shocks)

Source: IMF, African Department database.
Total Government Debt in Sub-Saharan Africa

(Central Government, Percent of GDP)


1 The band is calculated based on 88 developing countries. The lower and upper limits are the 25th and 75th percentiles.
Central Government Social Spending in Sub-Saharan Africa

Social spending has been sustained across countries.

(Health and education spending, percent of GDP)

Sources: IMF, World Economic Outlook; and IMF African Department database.
Sub-Saharan Africa: Doing Business, 2007

Sub-Saharan Africa: Governance Ranking, 2000–06

The REO also has three analytical chapters

- Many African economies are adapting their monetary frameworks to preserve hard-won stabilization gains, anchor expectations, and adapt to shocks (Chapter 2).
- Private capital flows have overtaken official aid as the main source of external finance for sub-Saharan Africa (Chapter 3).
- The power sector in sub-Saharan Africa requires urgent attention (Chapter 4).