

# Regional Economic Outlook for sub-Saharan Africa

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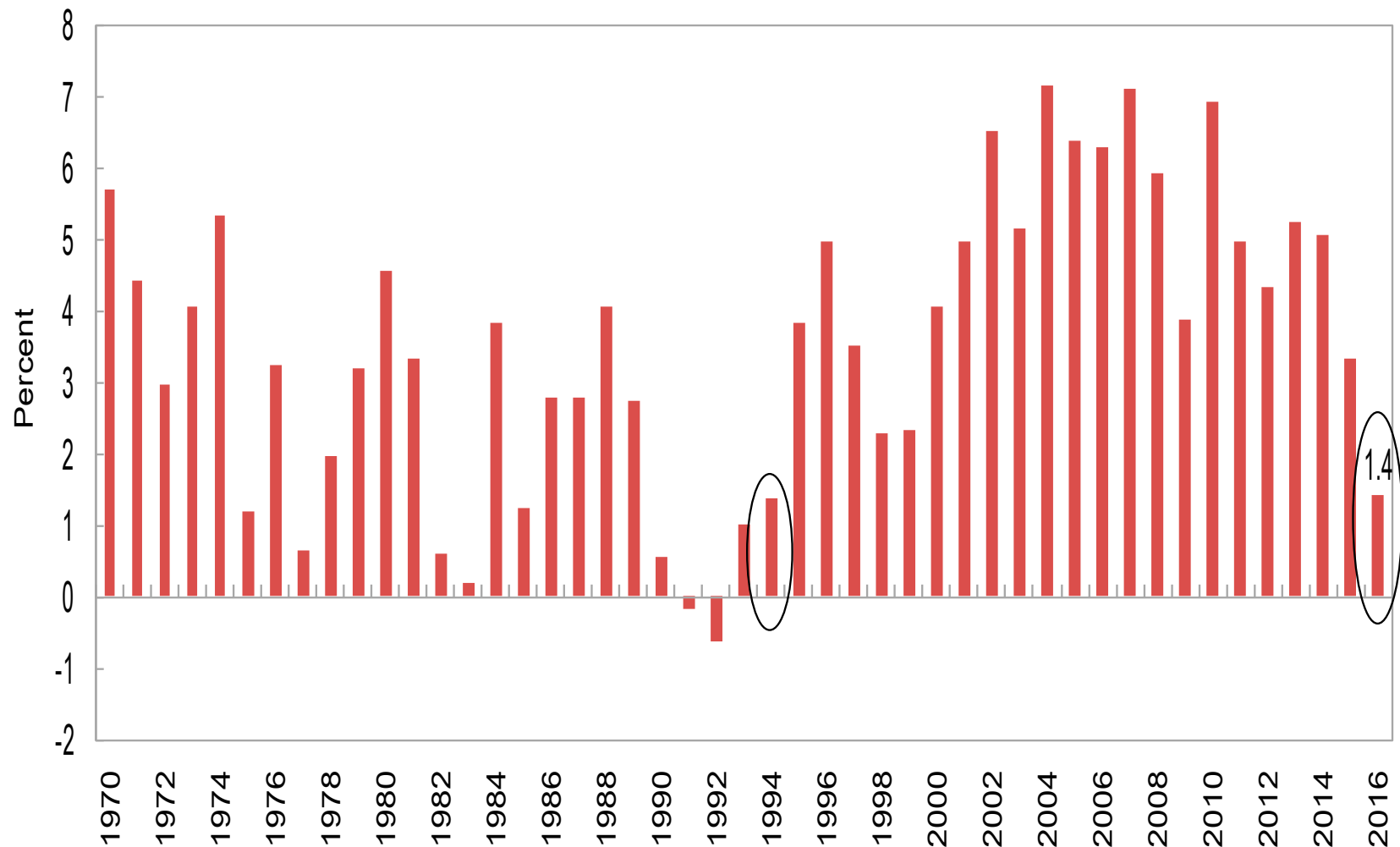


African Department  
International Monetary Fund  
November 30, 2017

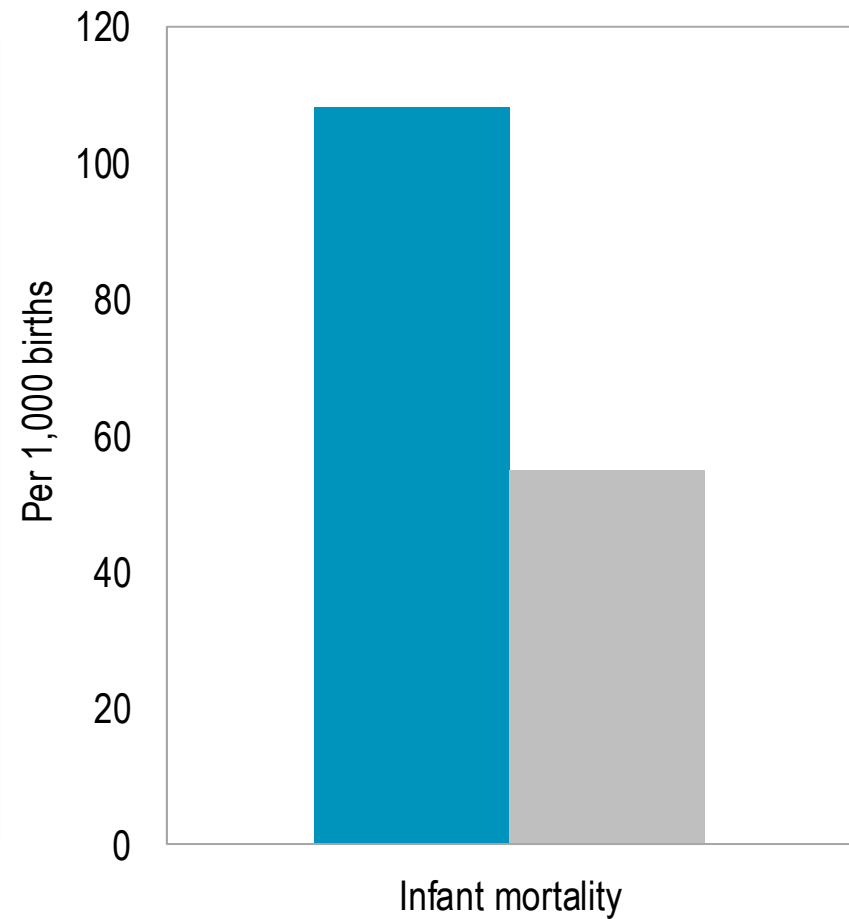
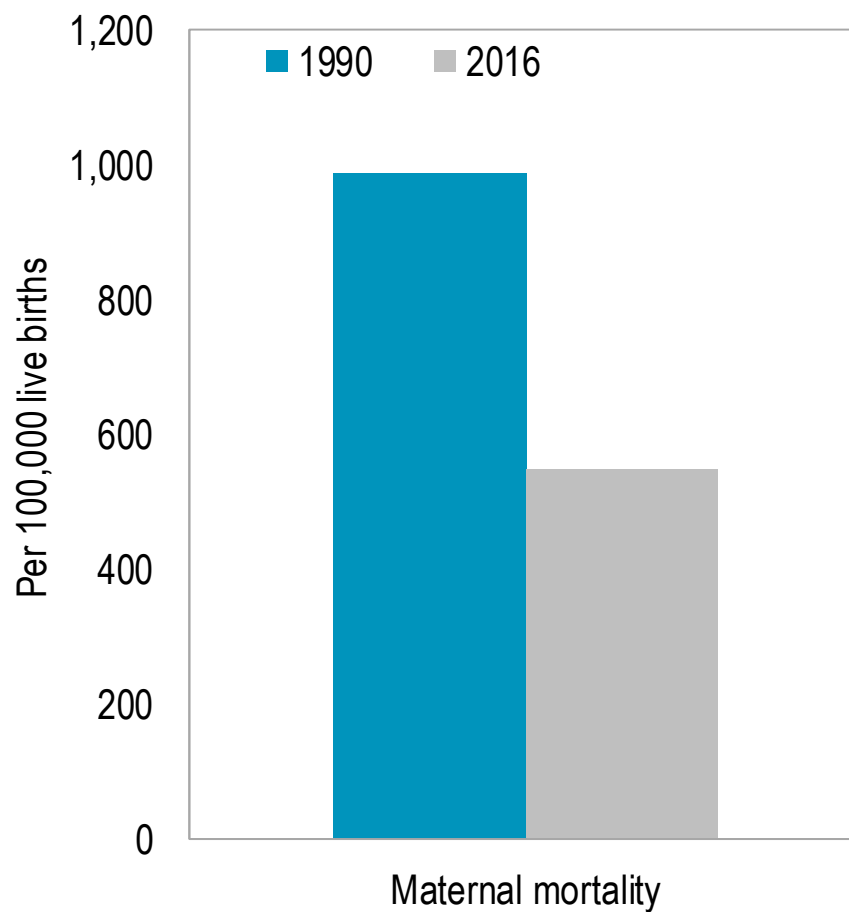
# Outline

- 1. Sharp slowdown after two decades of strong growth**
- 2. A partial and tentative policy response**
- 3. Near-term macroeconomic challenge**
  - Addressing debt vulnerabilities
  - Emphasis on revenue mobilization
  - Fostering economic diversification
- 4. Medium-term prospects remain strong**
  - Demographic dividend
  - Technology facilitating stronger catch-up growth

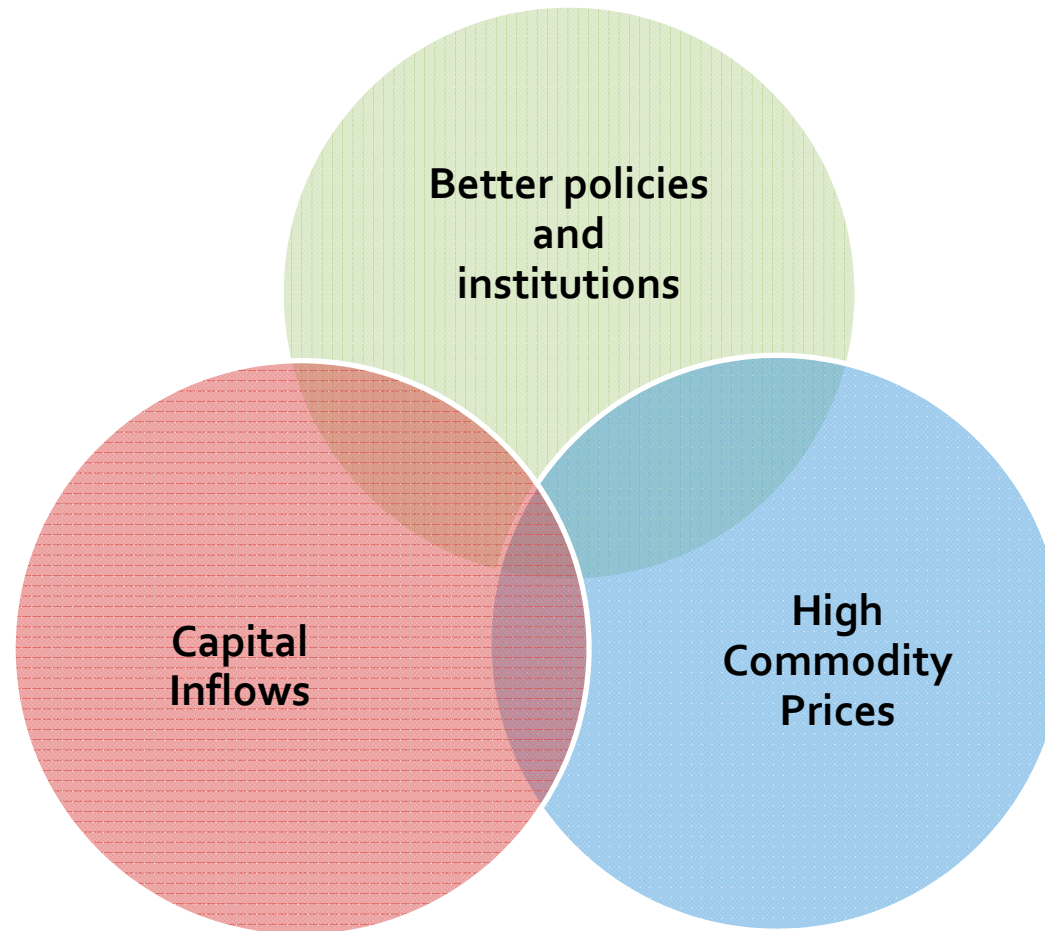
**Since the mid-1990s, most sub-Saharan African countries have been registering high growth rates**



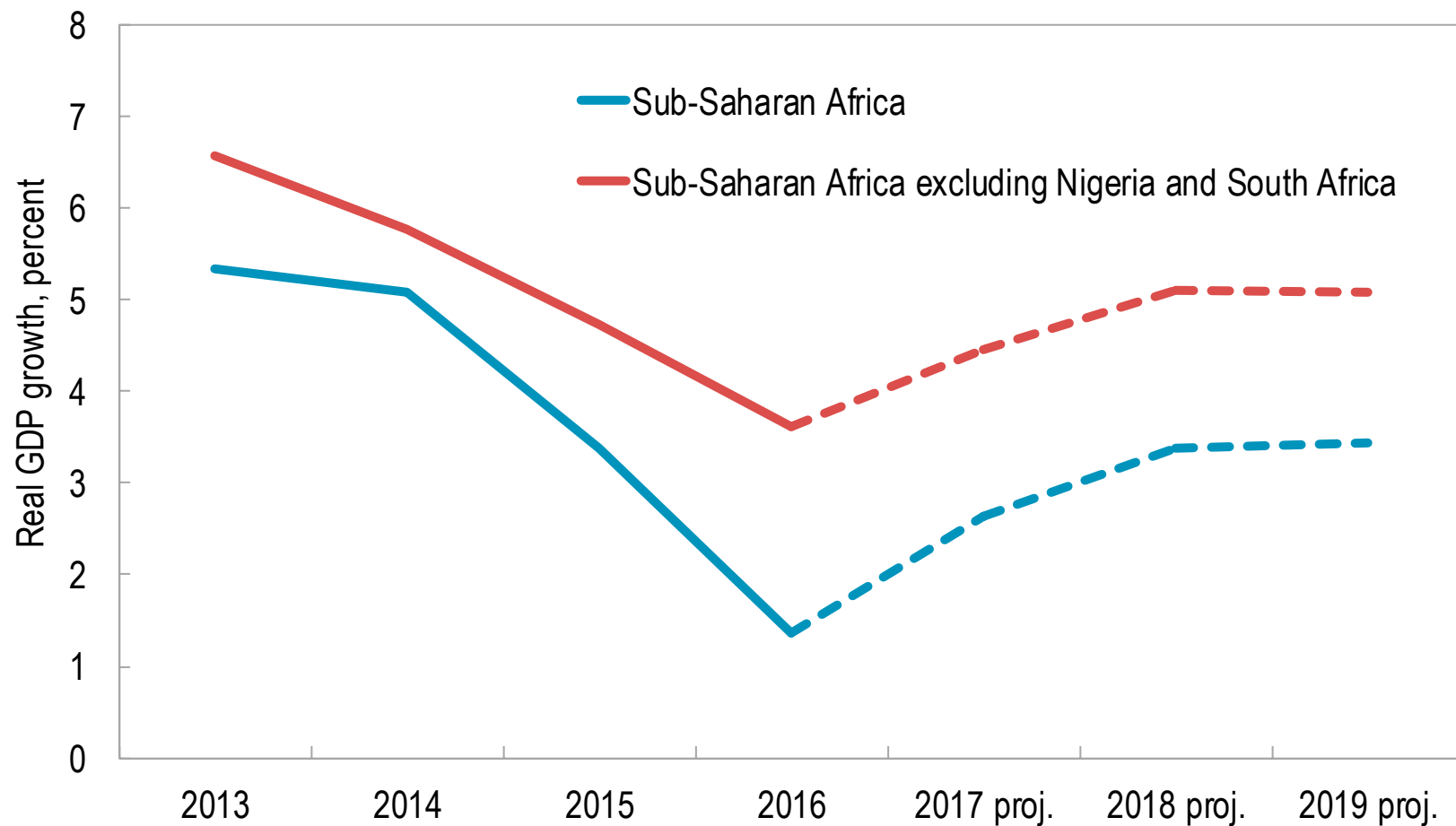
# Important progress in human development



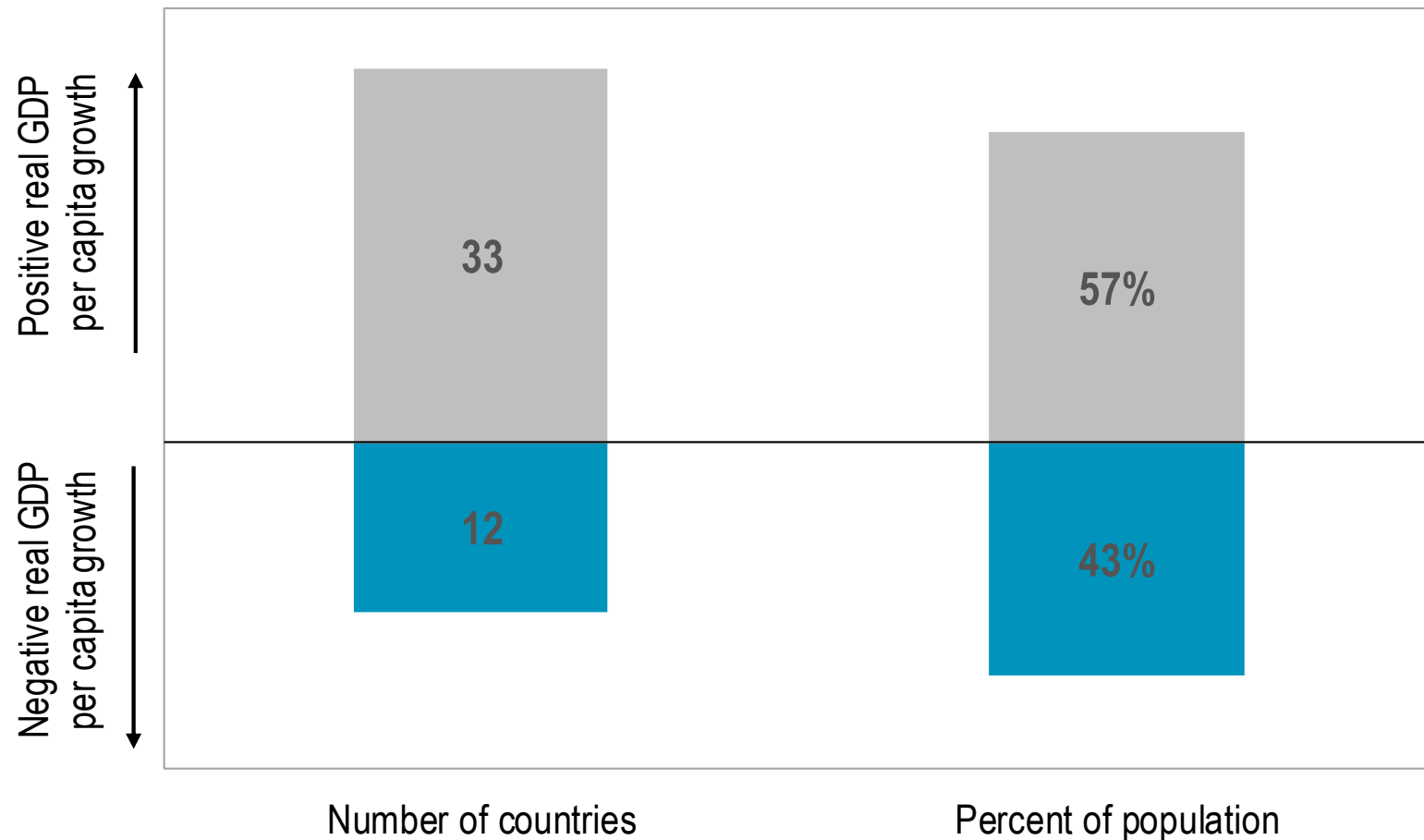
# Three broad factors have facilitated the strong growth



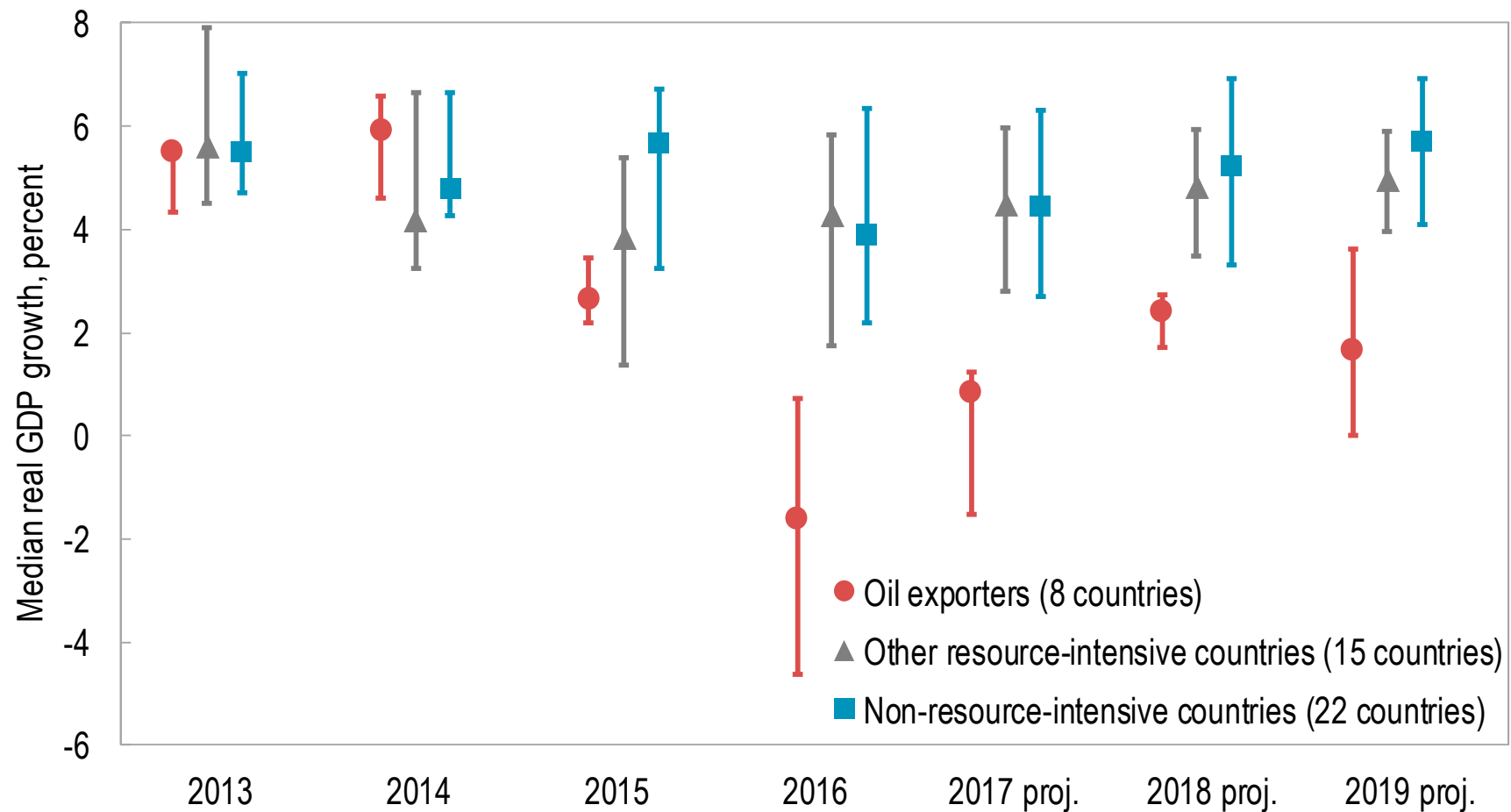
# But in 2016 growth slumped sharply and only a modest recovery is expected



# The recovery is not sufficient to raise per capita growth in many countries



# Oil exporting economies have been hit the most

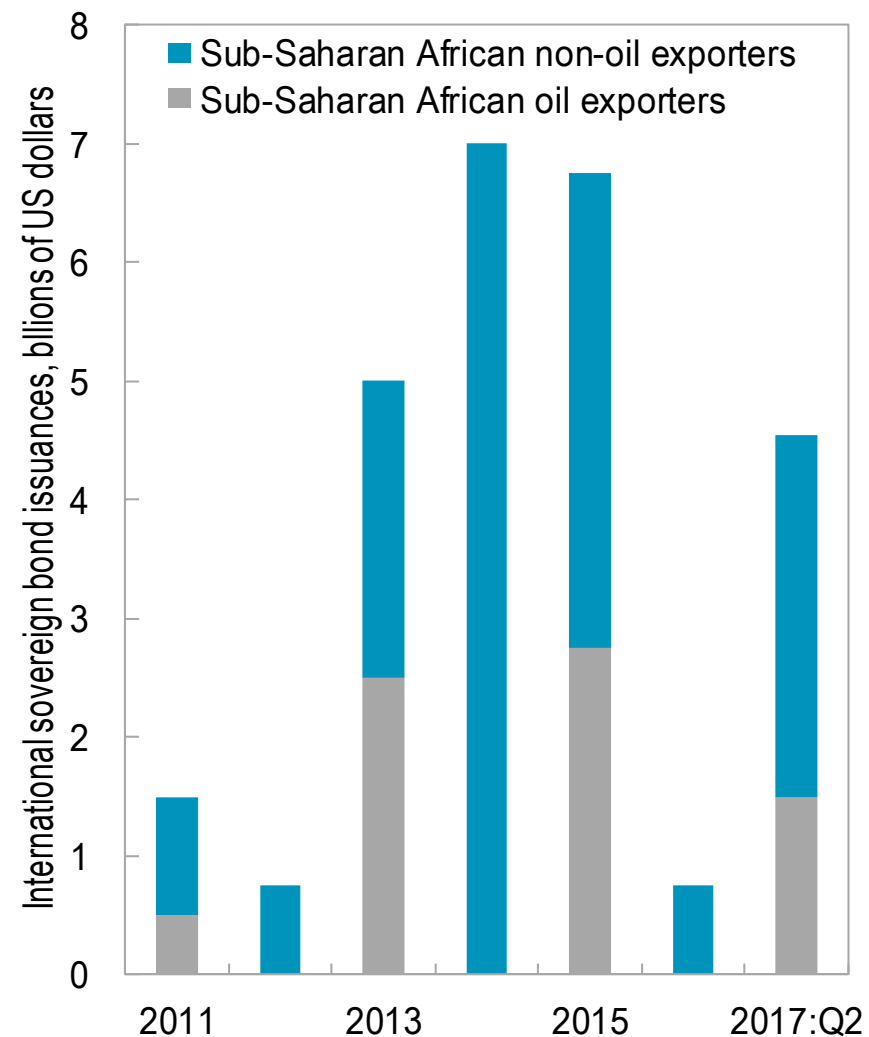
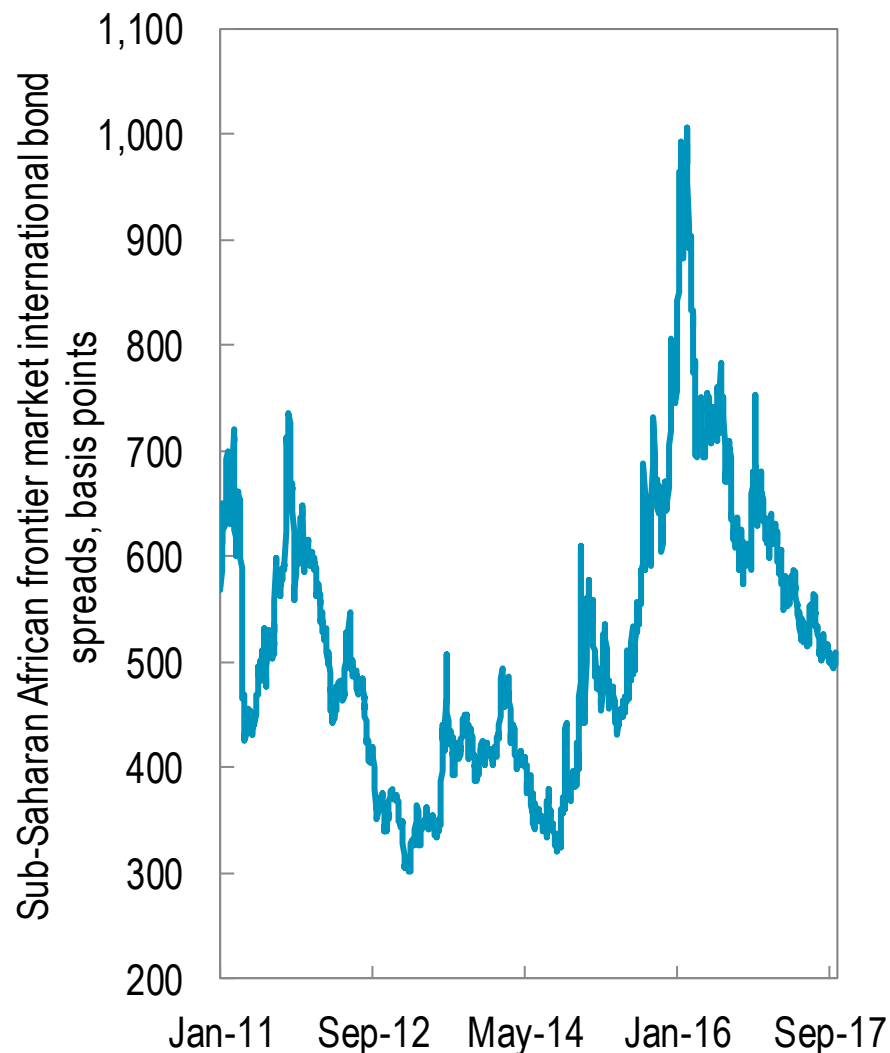




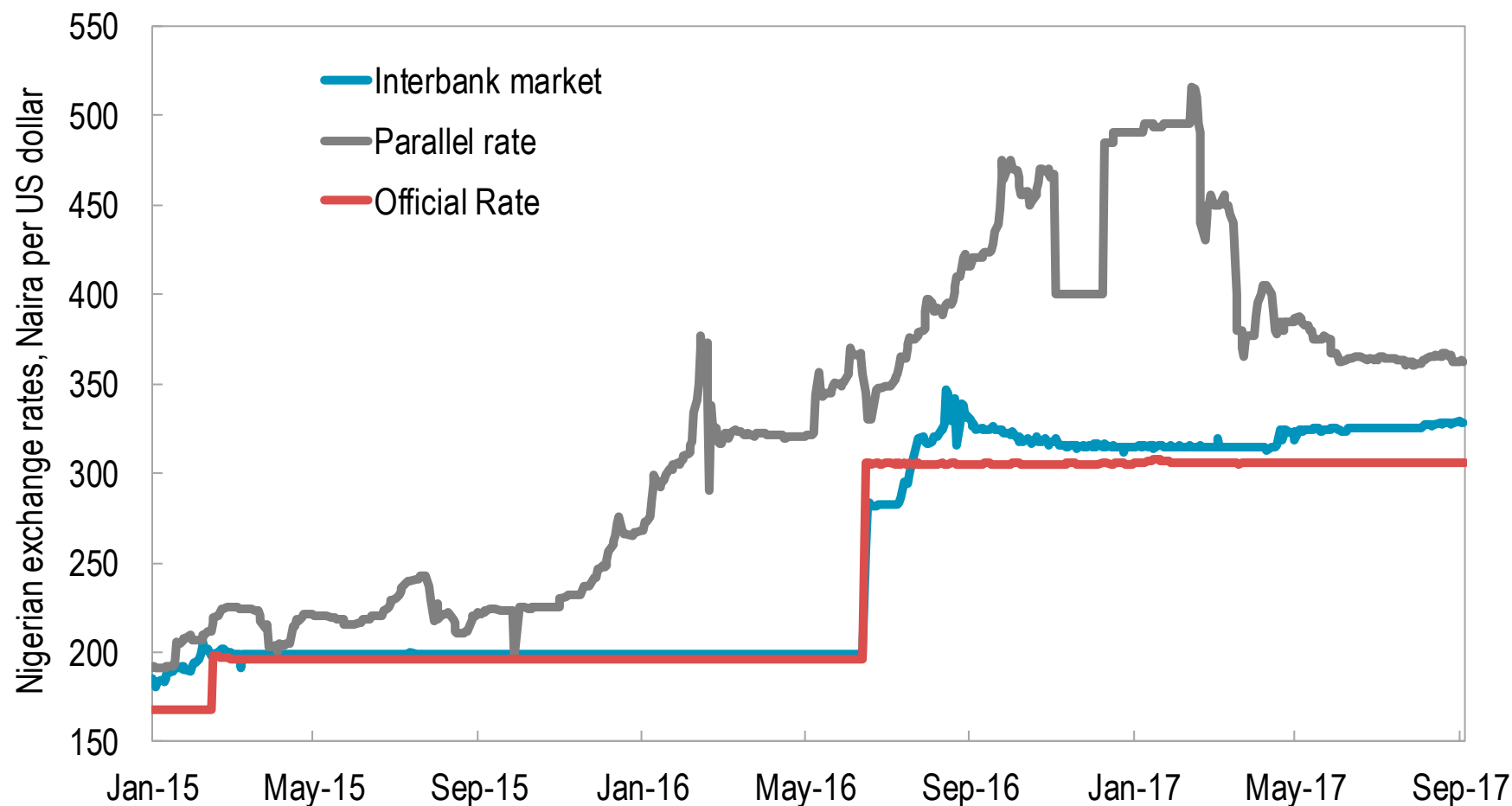
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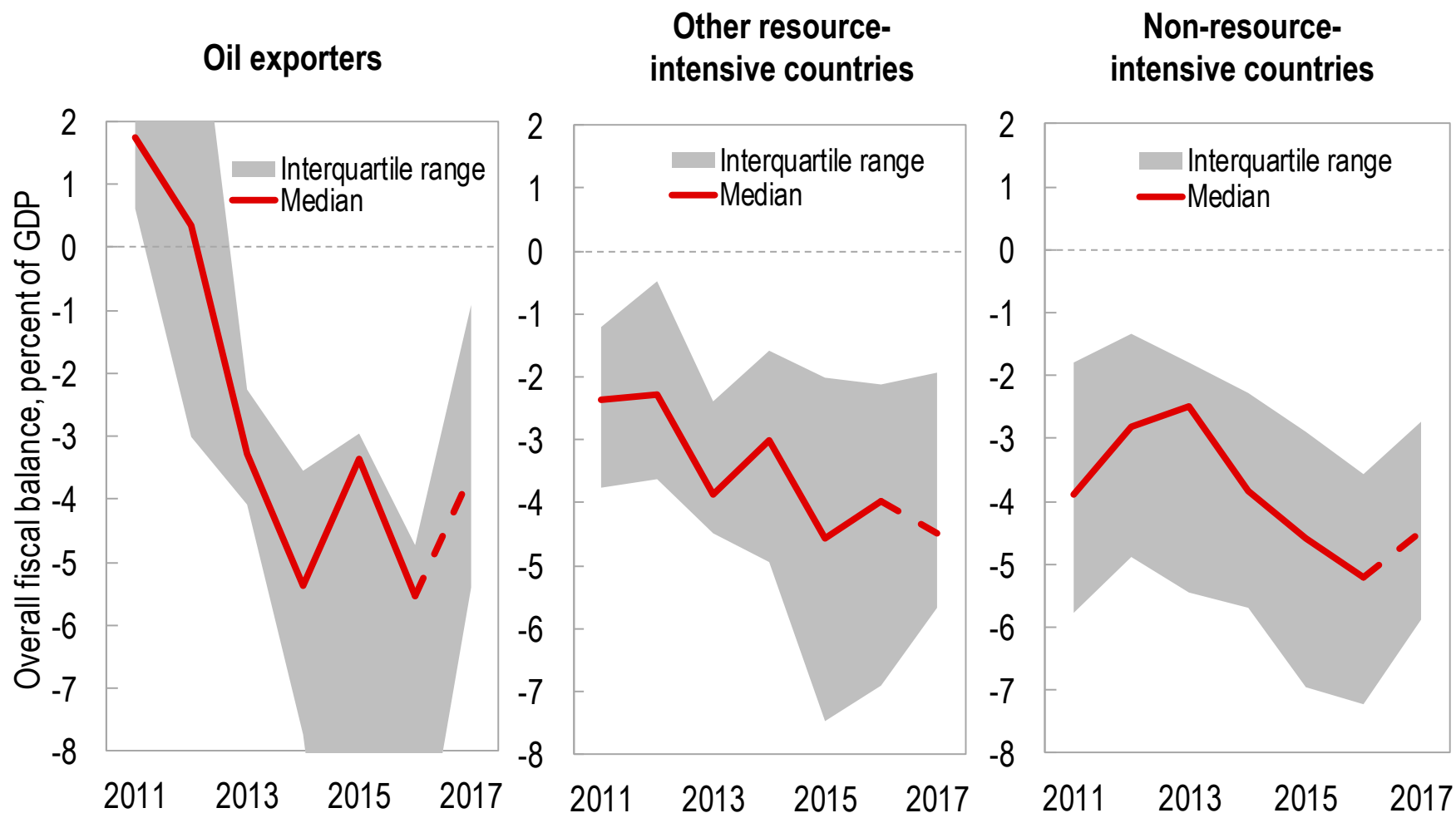
# Easier financing conditions have brought frontier economies back to the market



# Exchange rate pressures have eased in many countries—the case of Nigeria



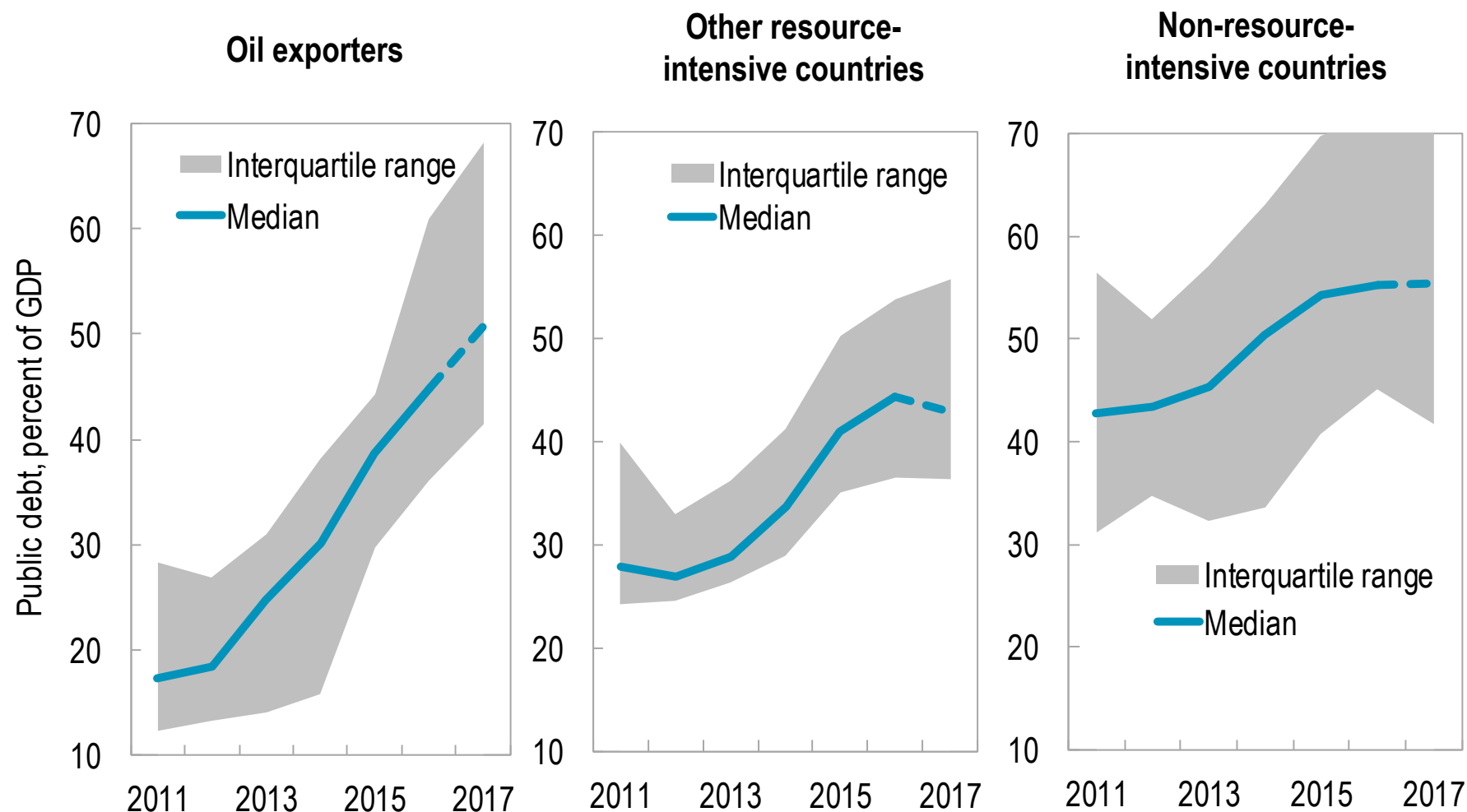
# Fiscal deficits are stabilizing



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# Debt stocks have risen throughout the region

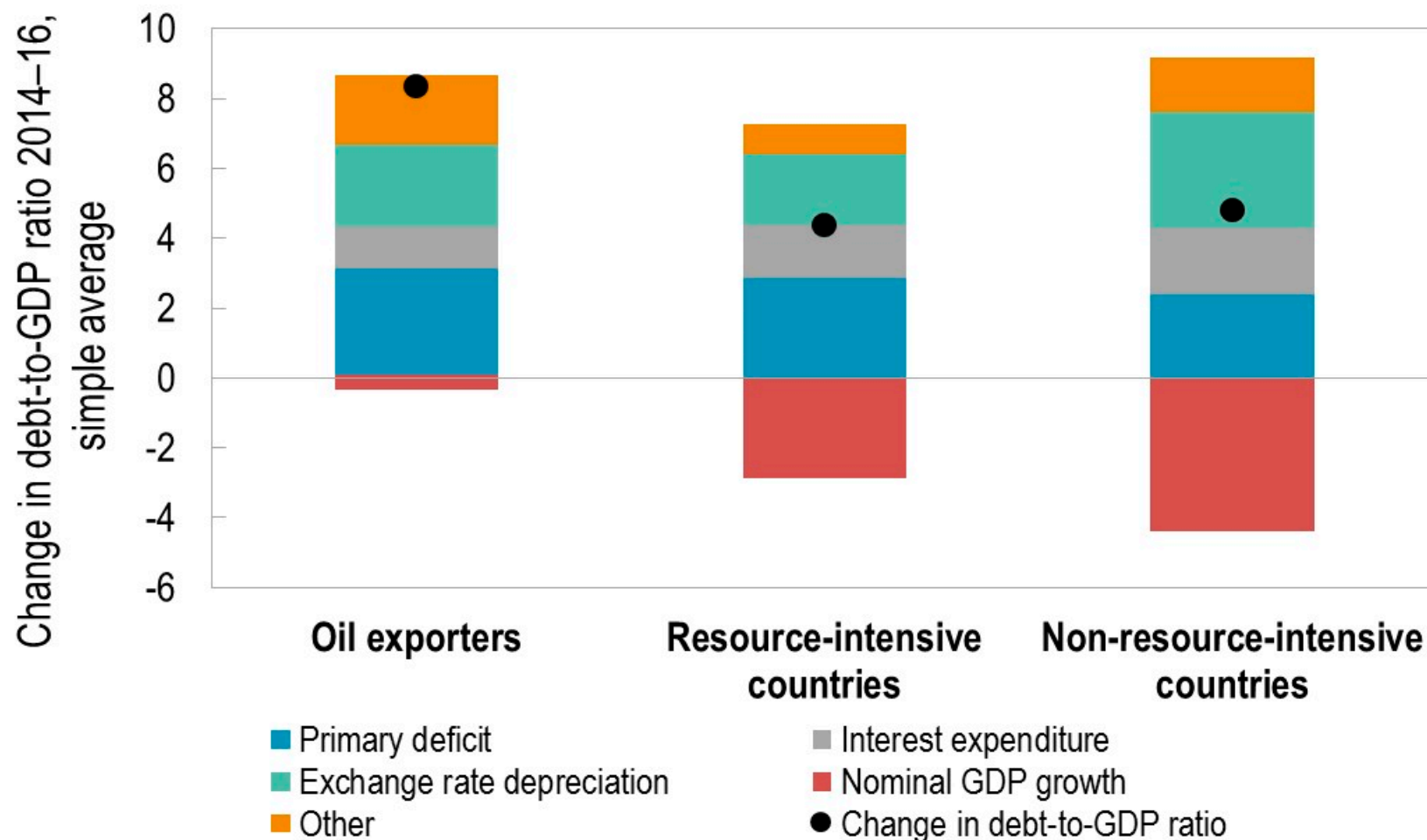


Addressing debt vulnerabilities

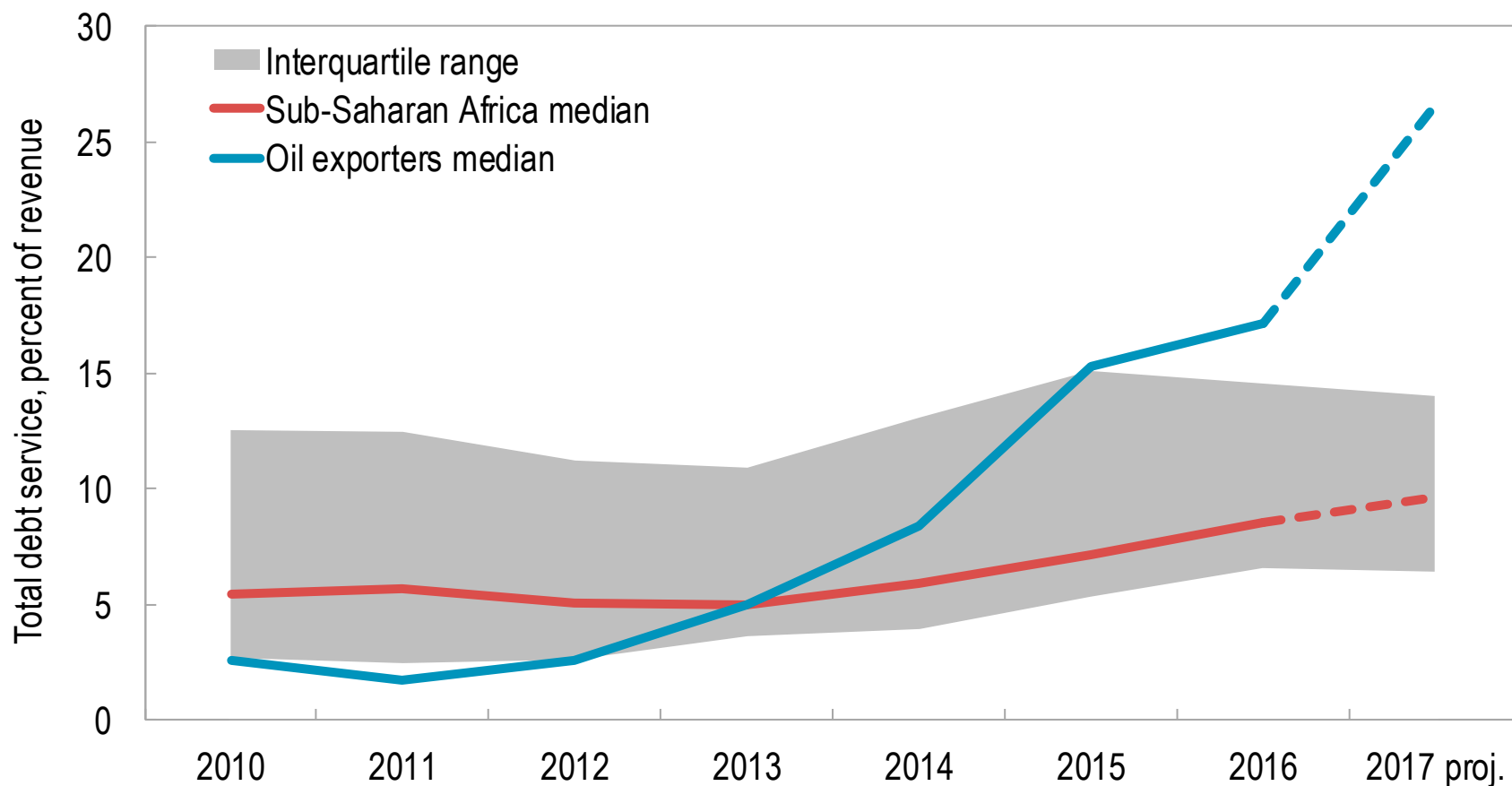
Emphasis on revenue mobilization

Fostering economic diversification

# Driven by large fiscal deficits and depreciation

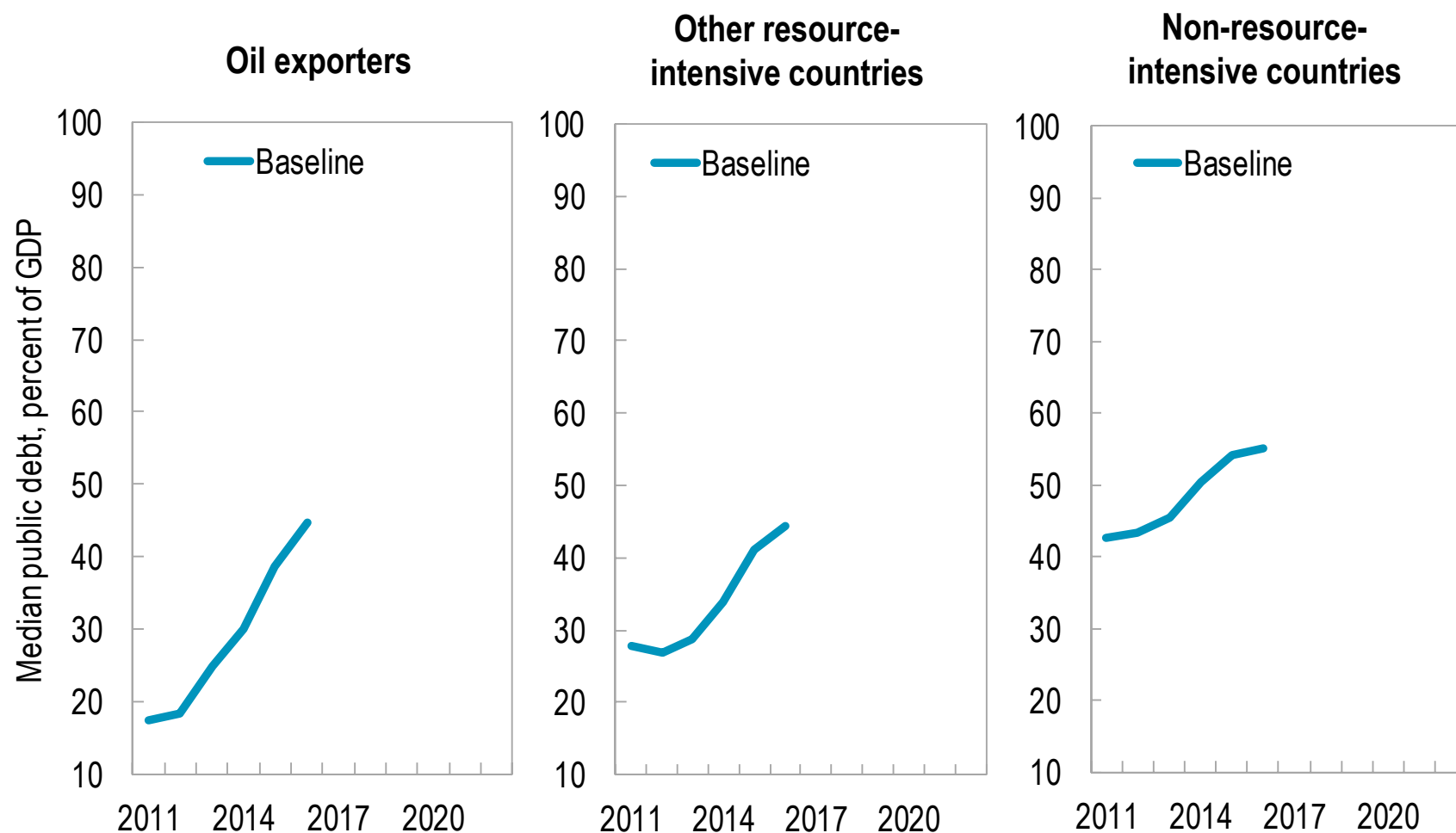


# Debt service costs have increased





# Fiscal consolidation plans need to be implemented

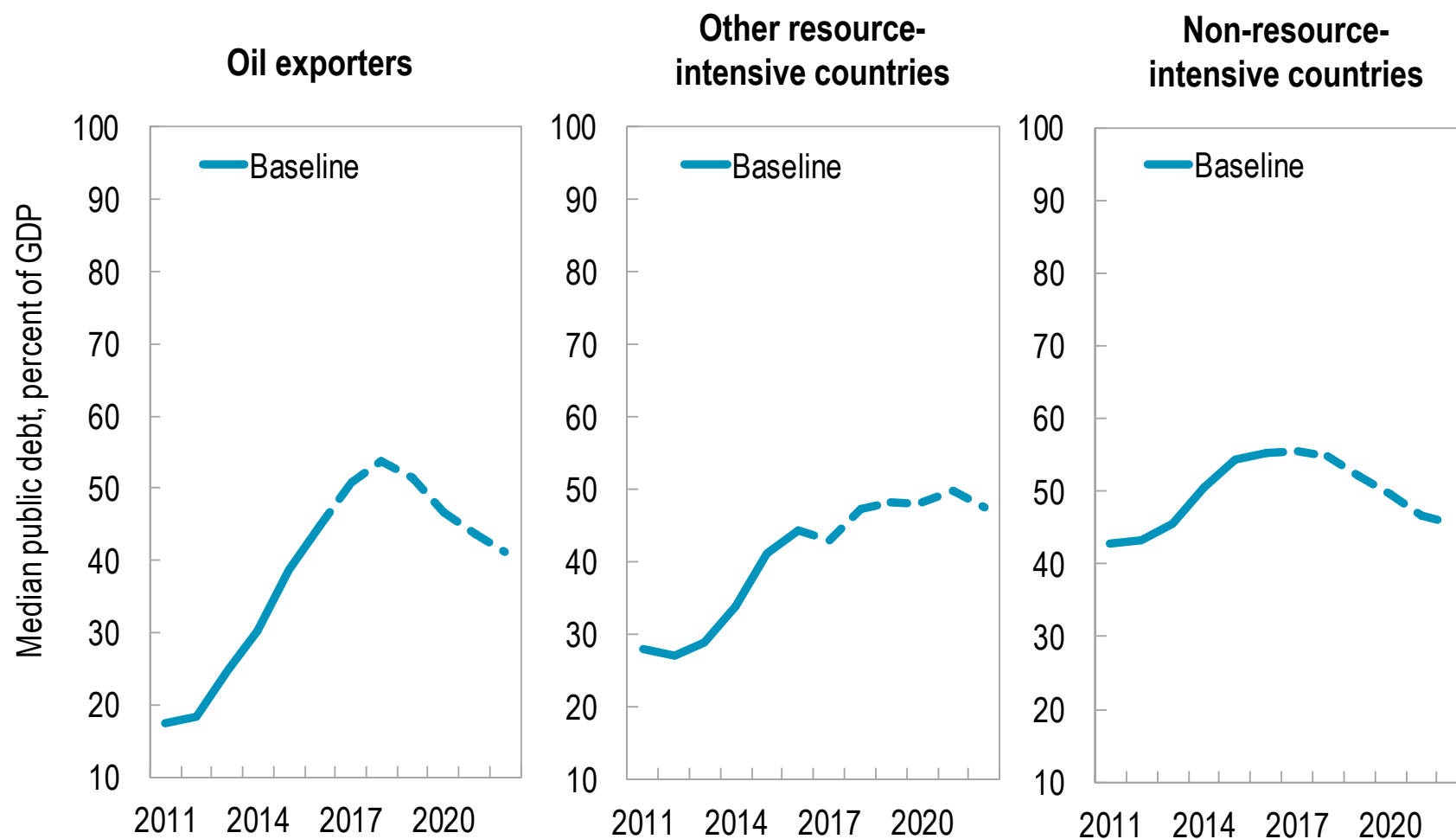


**Addressing debt vulnerabilities**

Emphasis on revenue mobilization

Fostering economic diversification

# Fiscal consolidation plans need to be implemented

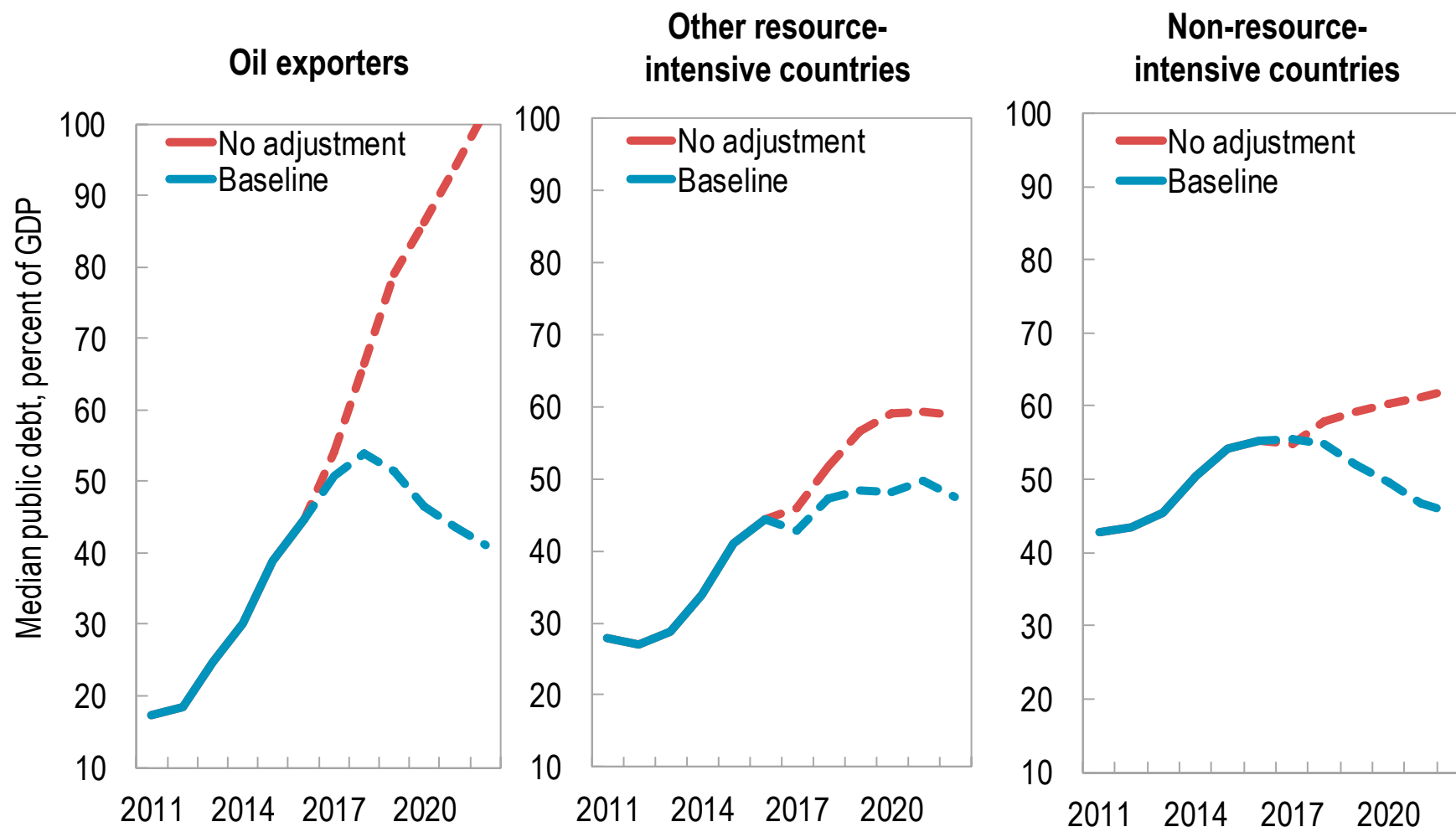


**Addressing debt vulnerabilities**

Emphasis on revenue mobilization

Fostering economic diversification

# Fiscal consolidation plans need to be implemented



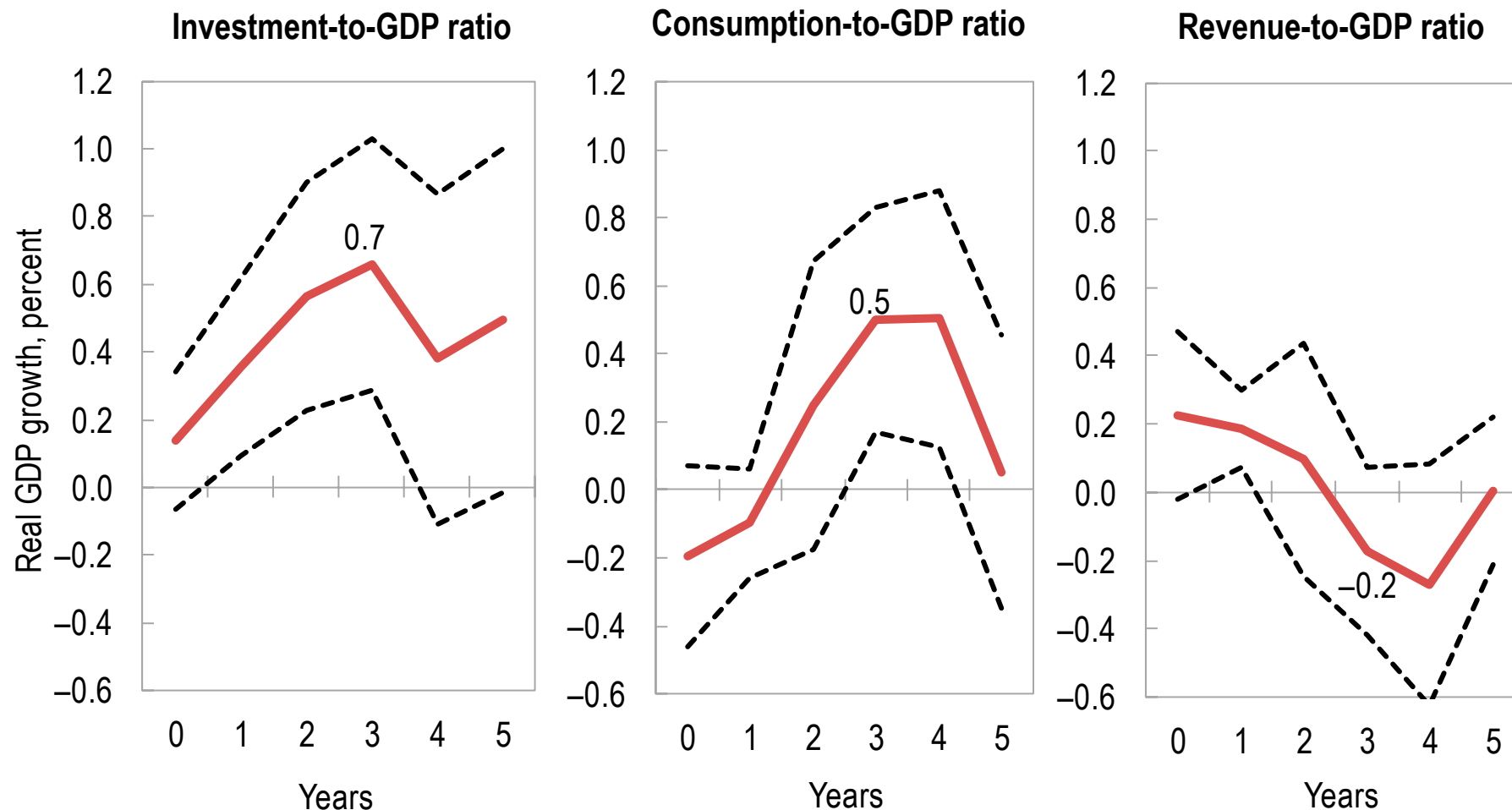
**Addressing debt vulnerabilities**

Emphasis on revenue mobilization

Fostering economic diversification

# Fiscal multipliers are lower in SSA

Impact on GDP growth of a 1 pp increase in ...

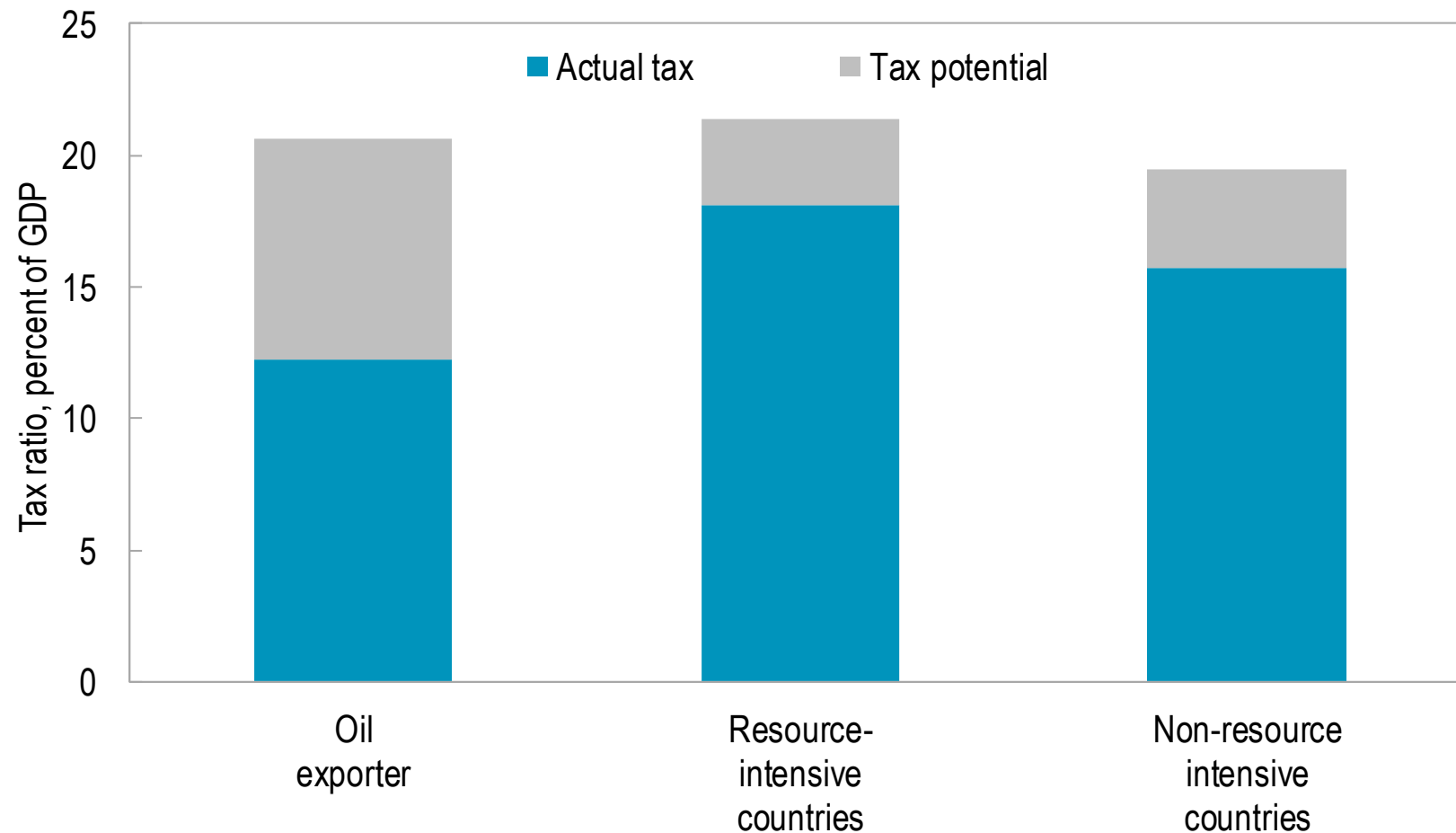


Addressing debt vulnerabilities

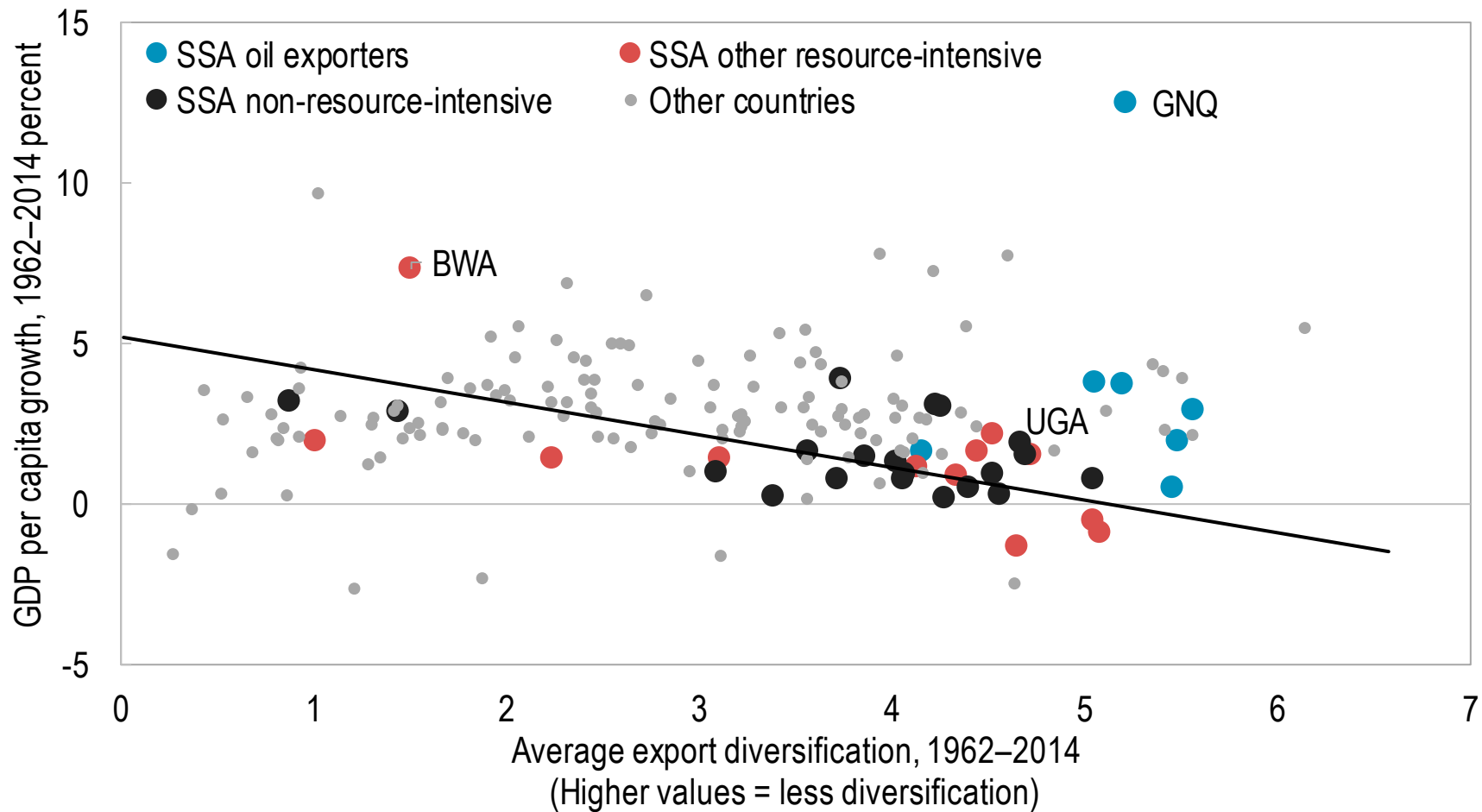
**Emphasis on revenue mobilization**

Fostering economic diversification

# Significant potential for raising tax revenues

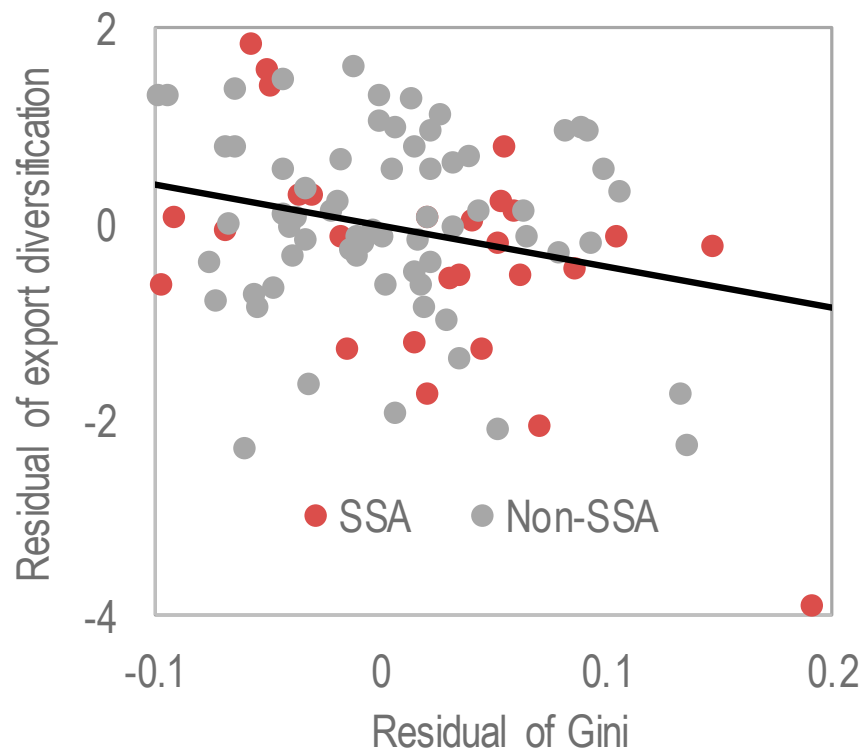


# Diversification offers a path to growth

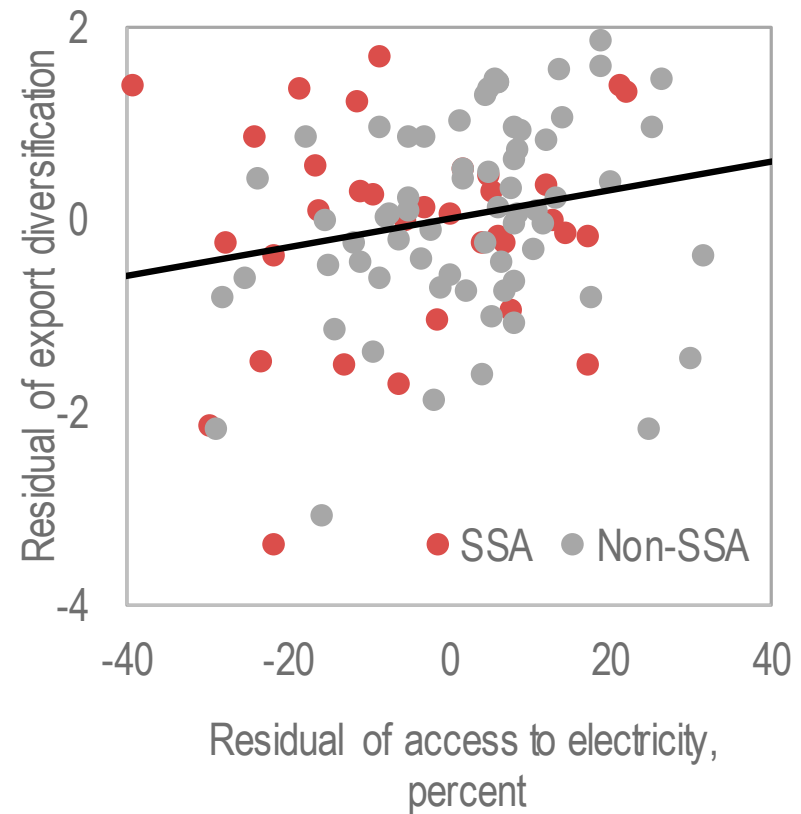


# Usual factors important for diversification...

## Income Inequality (Gini)

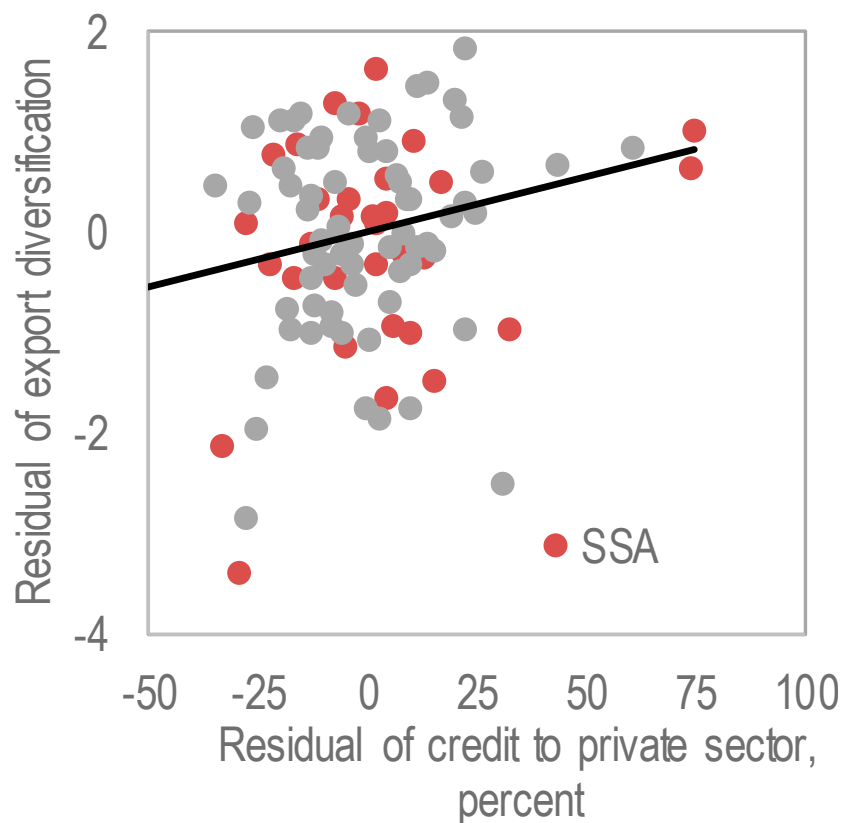


## Access to Electricity

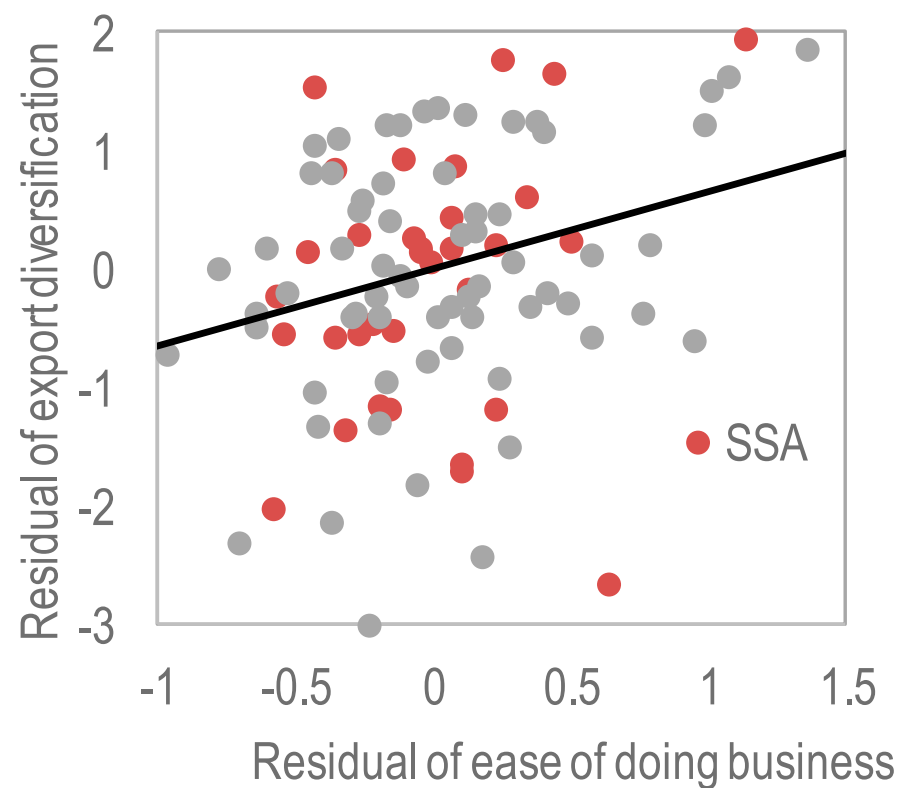


# Usual factors.... (cont)

## Credit to private sector



## Ease of doing business





# Getting the policy mix right and playing to your strengths

## Botswana: Expanding along the value chain

- Built on an existing position in the diamond industry
- Helped to create positive spillovers to supporting sectors
- Strong record of good governance
- Prudent economic management

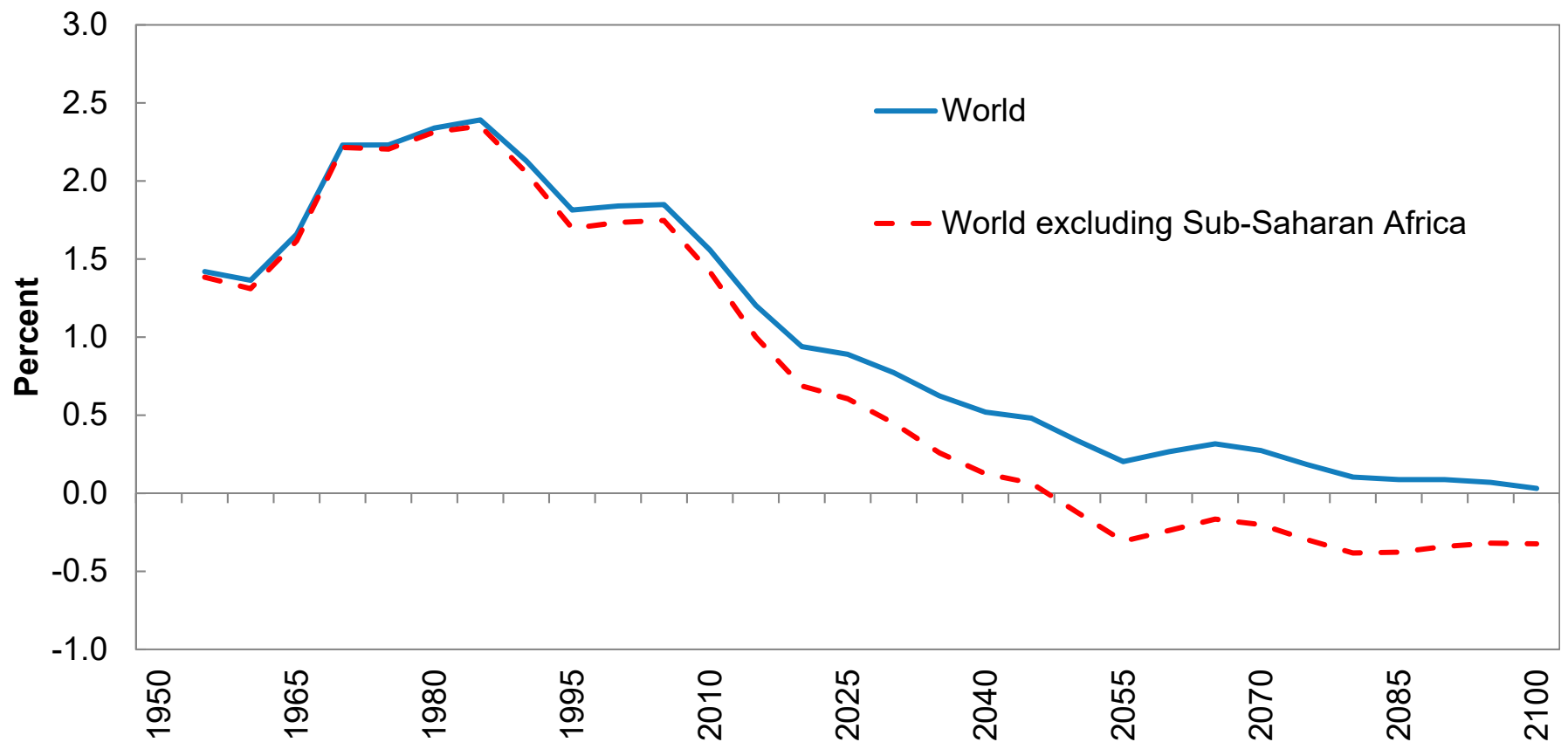
## Uganda: Moving into manufacturing

- Expanded from agro-commodities to agro-processing
- Industrial clusters supported exports of light manufacturing
- Sustained macroeconomic stability
- Expanding regional trade supported export growth

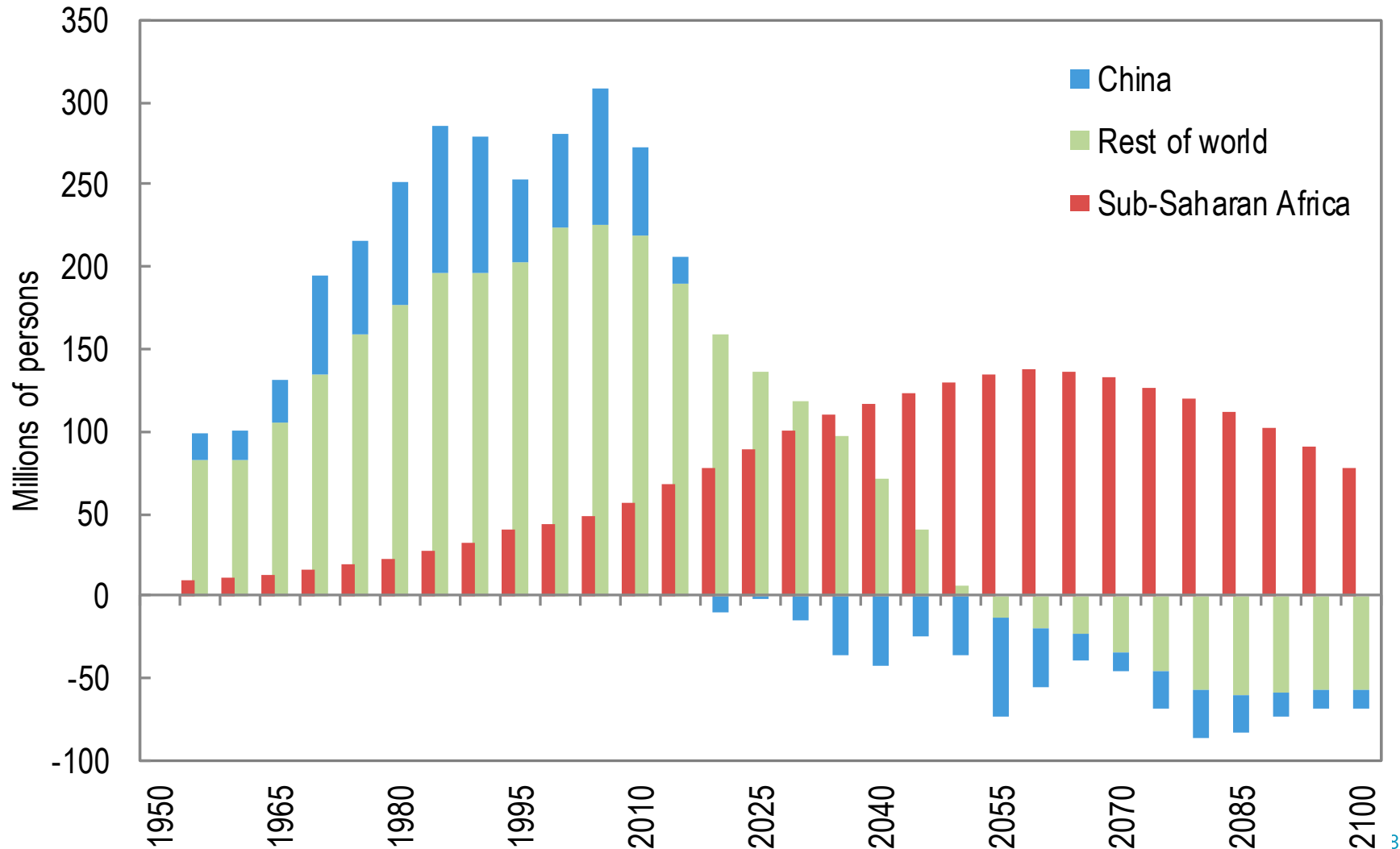
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# Globally, working age population is projected to decline sharply in coming years



# By around 2030, half the increase in global work force will come from sub-Saharan Africa

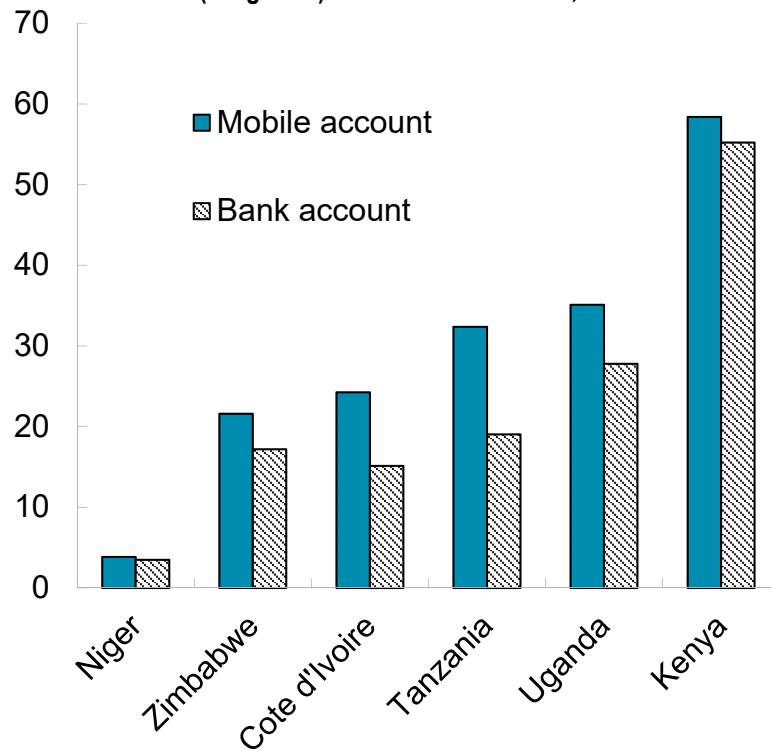


# FinTech for financial inclusion

In some countries, mobile account growth outpaced bank account

## Countries with more mobile accounts than bank accounts

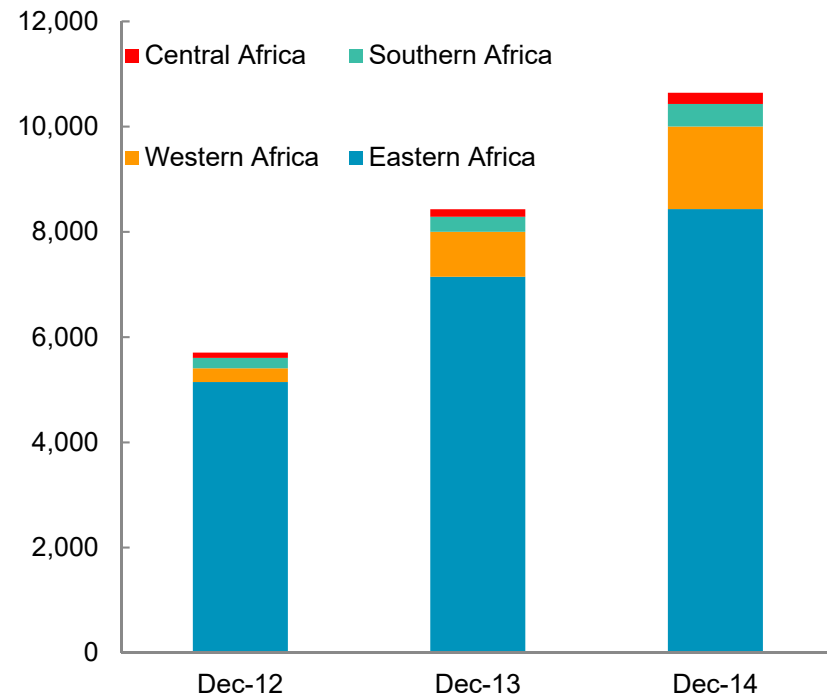
(% age 15+) in Sub-Saharan Africa, 2014



Source: Global Findex, World Bank

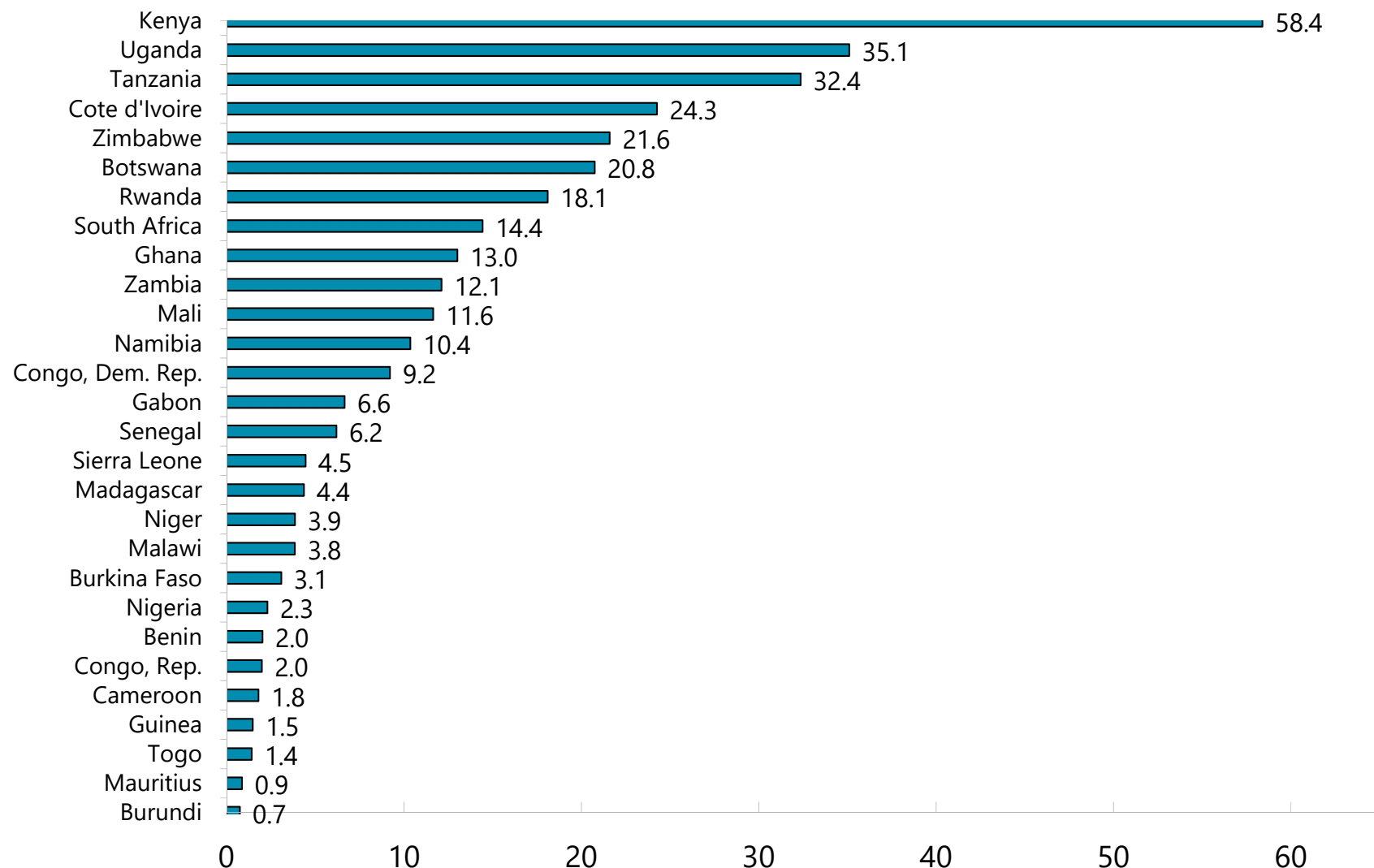
## East Africa leads mobile money transactions

Monthly \$ million



Source: GSMA Mobile Money

## Mobile account (% age 15+) in Sub-Saharan Africa, 2014



Source: Global Index, World Bank

# Thank you!

The online edition of the  
Regional Economic Outlook  
for sub-Saharan Africa  
is now available online at  
[www.imf.org](http://www.imf.org)

