

IMF predicts Slower Growth for Sub-Saharan Africa

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October 10, 2023: Marrakesh, **Morocco**: Forecast by **the International Monetary Fund (IMF)** : Sub-Saharan Africa's economic growth will shrink for a second year in a row in 2023, (a year of global slow-down,) before rebounding in 2024, (along with global recovery).

The Annual Meetings in Marrakesh, Morocco is being organized from October 9-14, 2023. Besides the IMF Officials, Financial Times Chief Economics Commentator **Martin Wolf** , Minister **Marlene Malahoo Forte** of Jamaica, Harvard University's **Jason Furman** and European Central Bank President **Christine Lagarde** are participating in the meeting..



Growth in the region is expected to fall to 3.3% this year from 4% last year, before rebounding to 4% in 2024, the IMF said in its World Economic Outlook report.

Abebe Selassie, Director of the IMF's African Department, said that the region is currently facing a funding squeeze that has hit it hard. Public debt is at levels not seen in decades. Persistent global inflation and tighter monetary policies have led to higher borrowing costs for sub-Saharan African countries and have placed greater pressure on exchange rates. The interest burden on public debt is rising, owing to a greater reliance on expensive market-based funding combined with a

long-term decline in aid budgets. A shortage of funding may force countries to reduce resources for critical development sectors like health, education, and infrastructure, weakening the region's growth potential.

"As countries like **Nigeria** address the huge imbalances that they're facing, through removal of fuel subsidy, what we'll hopefully see is... an acceleration of growth."

This year, **non-commodity exporting countries** are expected to grow at a rate of 5.6%, which is more than twice as fast as **resource-dependent countries**. **Angola**, an oil-producing country, had its 2023 growth forecast reduced from 3.5% (as projected in April) to 1.3%. **Nigeria's** forecast was also lowered from 3.2% to 2.9%. Meanwhile, **South Africa**, which is facing significant economic challenges due to widespread power outages, is expected to grow by only 0.9% this year.

HIGHER GROWTH RATES: **Kenya's** growth will accelerate 5% this year, the IMF said, up from 4.8% in 2022, despite its government cutting budgets amid soaring debt costs. **Tanzania** and **Senegal** are also set to see higher growth this year.

"Growth... (is) nowhere near enough to make a dent in the employment challenge that Africa has," said **Selassie**.

INFLATION: Last year, Russia's invasion of Ukraine caused food, fuel, and fertilizer prices to increase significantly in Africa. This occurred after the global economy had already been heavily impacted by COVID-19.

Annual inflation across the region, which has seen violent protests against the cost of living in countries including in Ghana and Kenya, is expected to be 16.2% at the end of this year. It is expected to fall to 10.5% at the end of next year.

---By **Abel in Burundi**
