



Nigeria: Macroeconomic Developments and Outlook

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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



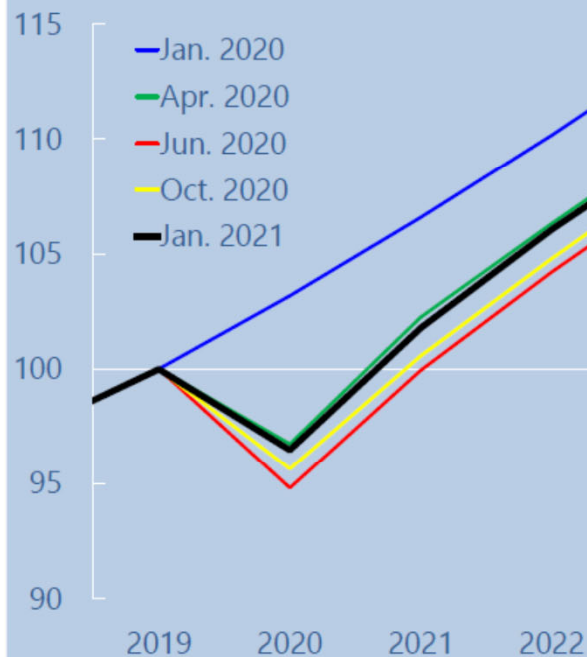
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Dark winter but light at the end of the tunnel

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)



World



Advanced Economies



U.S.



Euro Area



Japan



U.K.



Canada



Other
Advanced
Asia

	World	Advanced Economies	U.S.	Euro Area	Japan	U.K.	Canada	Other Advanced Asia
2020	-3.5	-4.9	-3.4	-7.2	-5.1	-10.0	-5.5	-1.5
Revision from Oct. 2020	0.9	0.9	0.9	1.1	0.2	-0.2	1.6	1.4
2021	5.5	4.3	5.1	4.2	3.1	4.5	3.6	3.6
Revision from Oct. 2020	0.3	0.4	2.0	-1.0	0.8	-1.4	-1.6	0.3
2022	4.2	3.1	2.5	3.6	2.4	5.0	4.1	2.9
Revision from Oct. 2020	0.0	0.2	-0.4	0.5	0.7	1.8	0.7	0.1

Revision from Oct. 2020

2021 **5.5** **4.3** **5.1** **4.2** **3.1** **4.5** **3.6** **3.6**

Revision from Oct. 2020

2022 **4.2** **3.1** **2.5** **3.6** **2.4** **5.0** **4.1** **2.9**

Revision from Oct. 2020

0.0 0.2 -0.4 0.5 0.7 1.8 0.7 0.1

Source: IMF, *World Economic Outlook* January 2021.

Growth projections: Emerging markets and LIDCs

(percent change from a year earlier)



World



Emerging
Market and
Developing
Economies



China



India



Brazil



Russia



Commodity
Exporting
Economies



Low Income
Developing
Countries

2020

-3.5

-2.4

2.3

-8.0

-4.5

-3.6

-4.4

-0.8

Revision from
Oct. 2020

0.9

0.9

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2021

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Revision from
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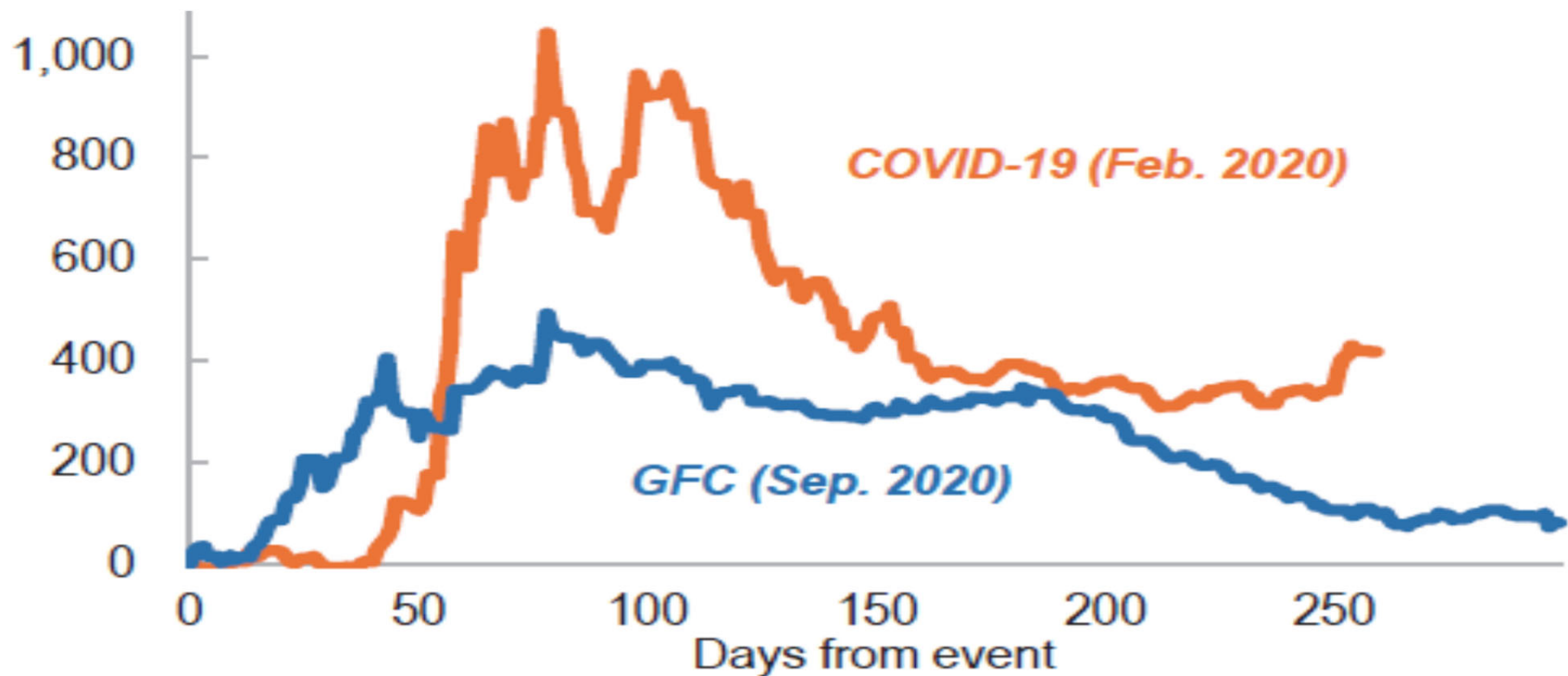
Source: IMF, *World Economic Outlook* January 2021.



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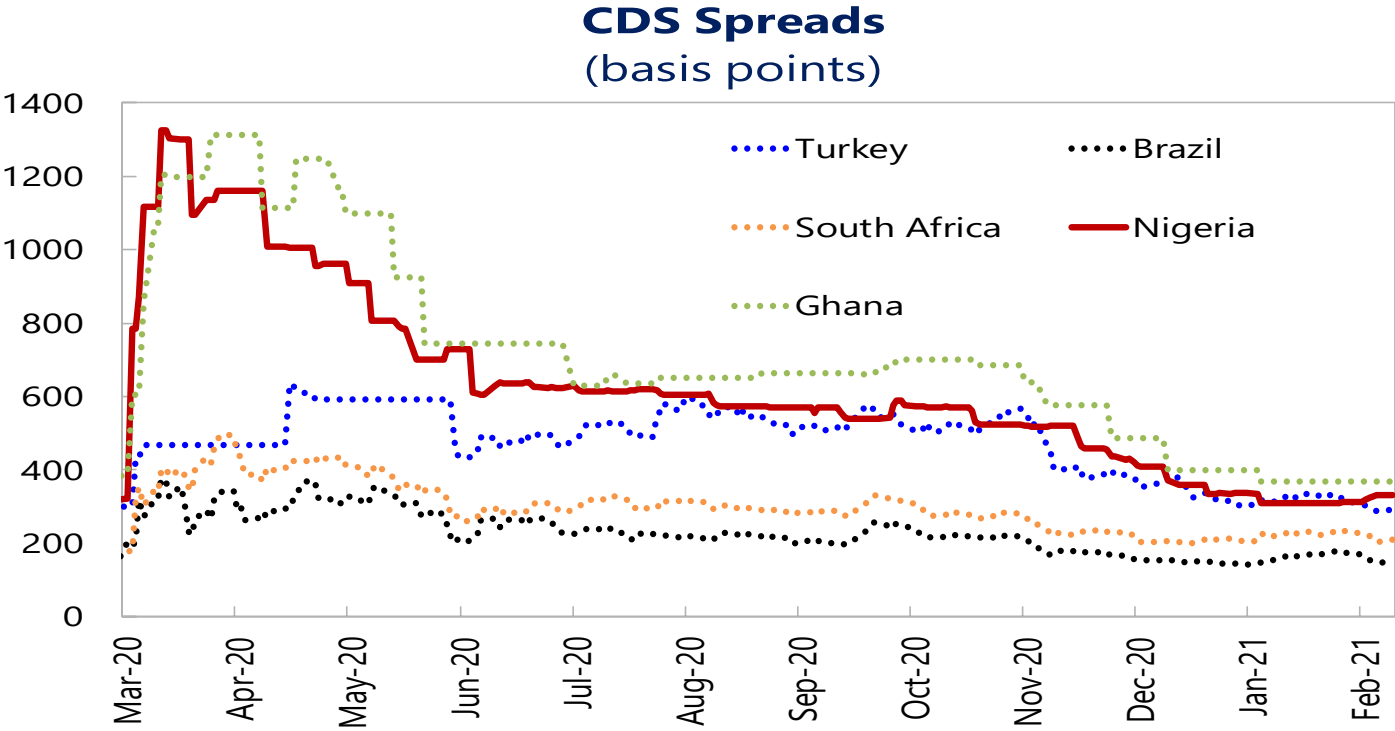
Financial Conditions have improved (SSA Bond Index Spreads vs. US Benchmark)...



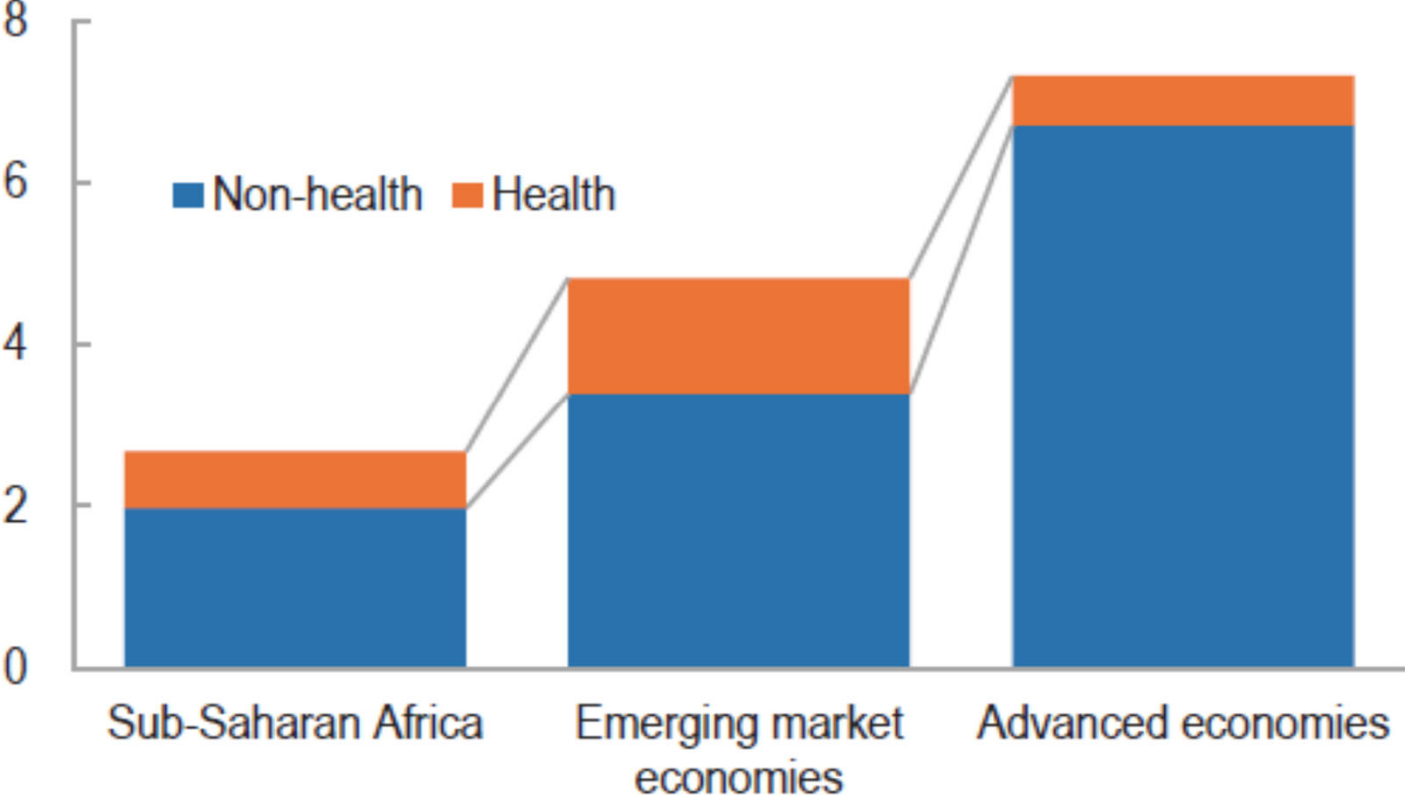
Sources: Bloomberg LLC; and IMF staff calculations.

Note: GFC = global financial crisis.

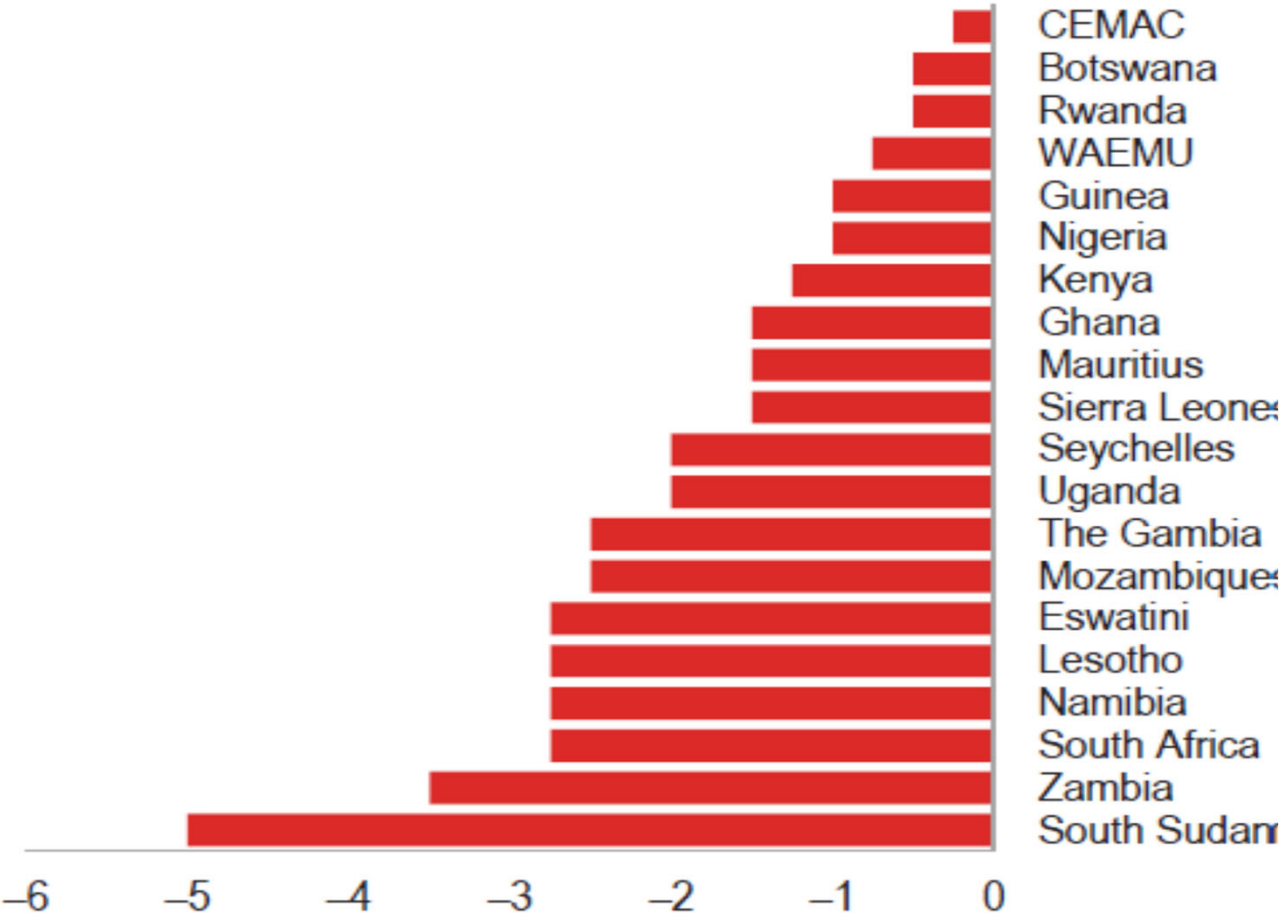
...especially in the largest SSA economies.



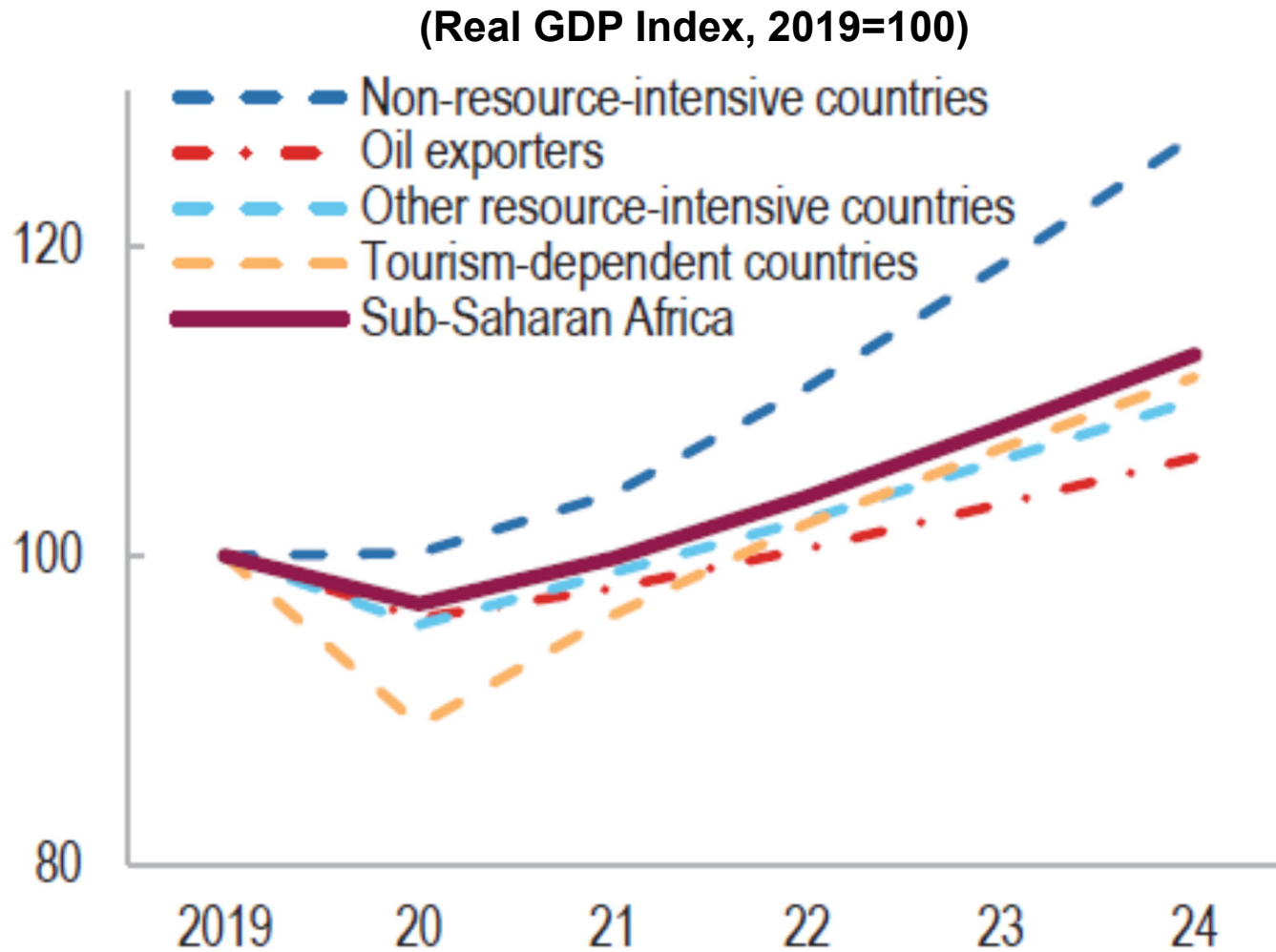
Fiscal Policy Responded to Covid-19 (in 2020, as % GDP)...



... as did monetary policy (change in rates since January 2020)...



...helping in some cases to mitigate the impact of the crisis.

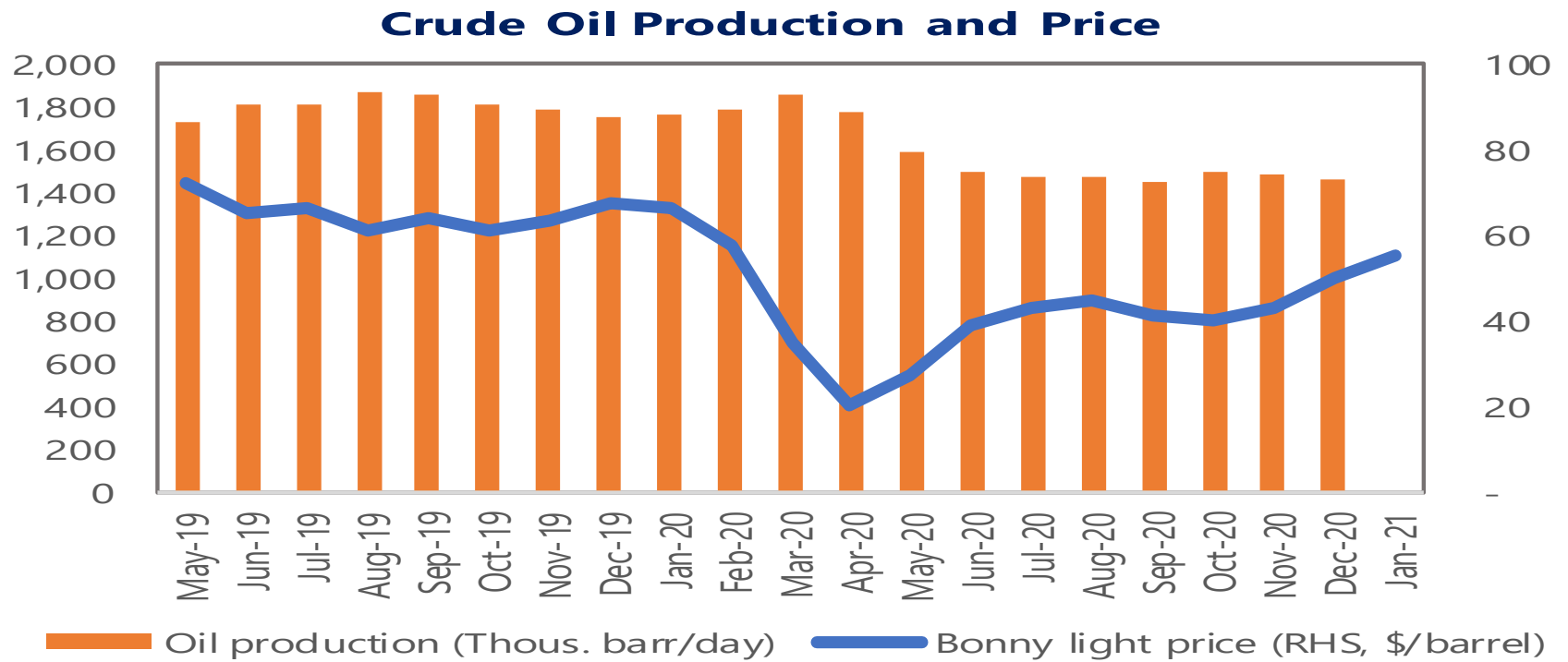




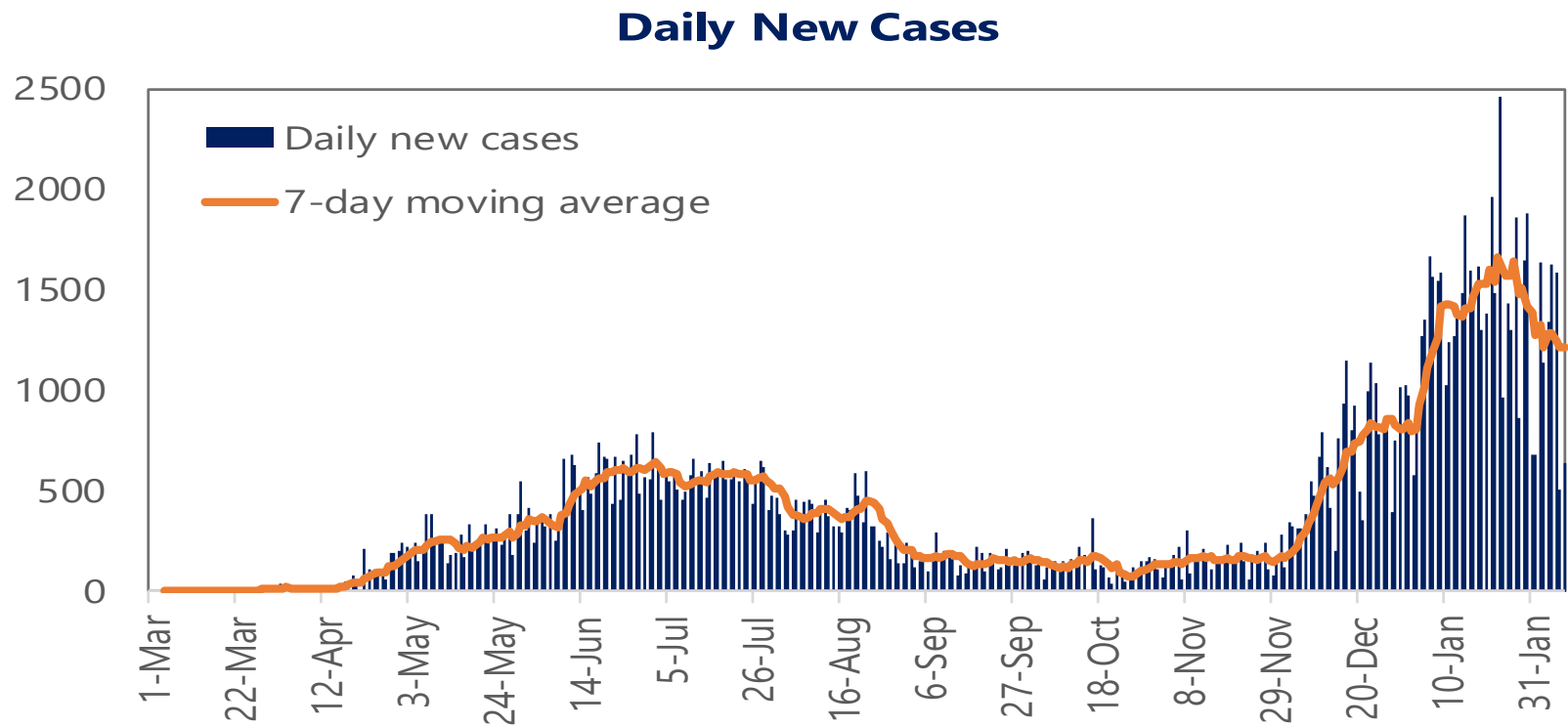
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Oil production remains subdued despite rising oil prices...

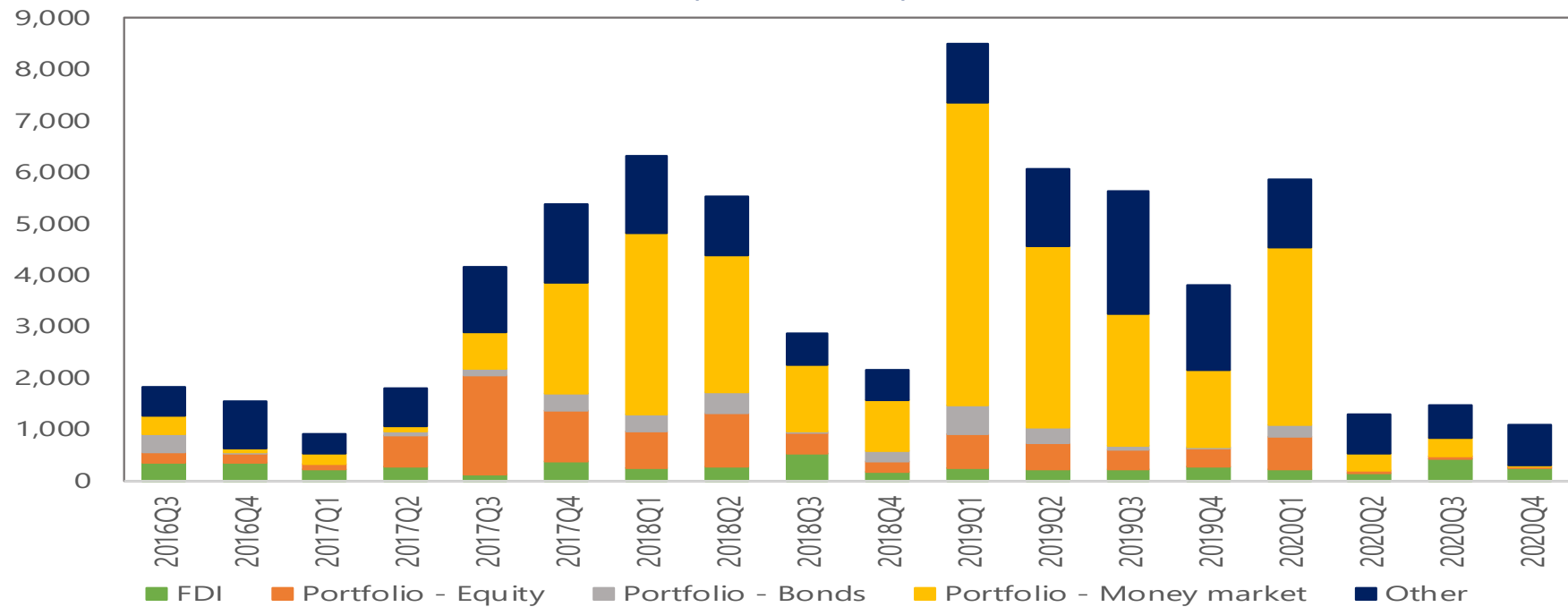


...COVID-19 cases increased...



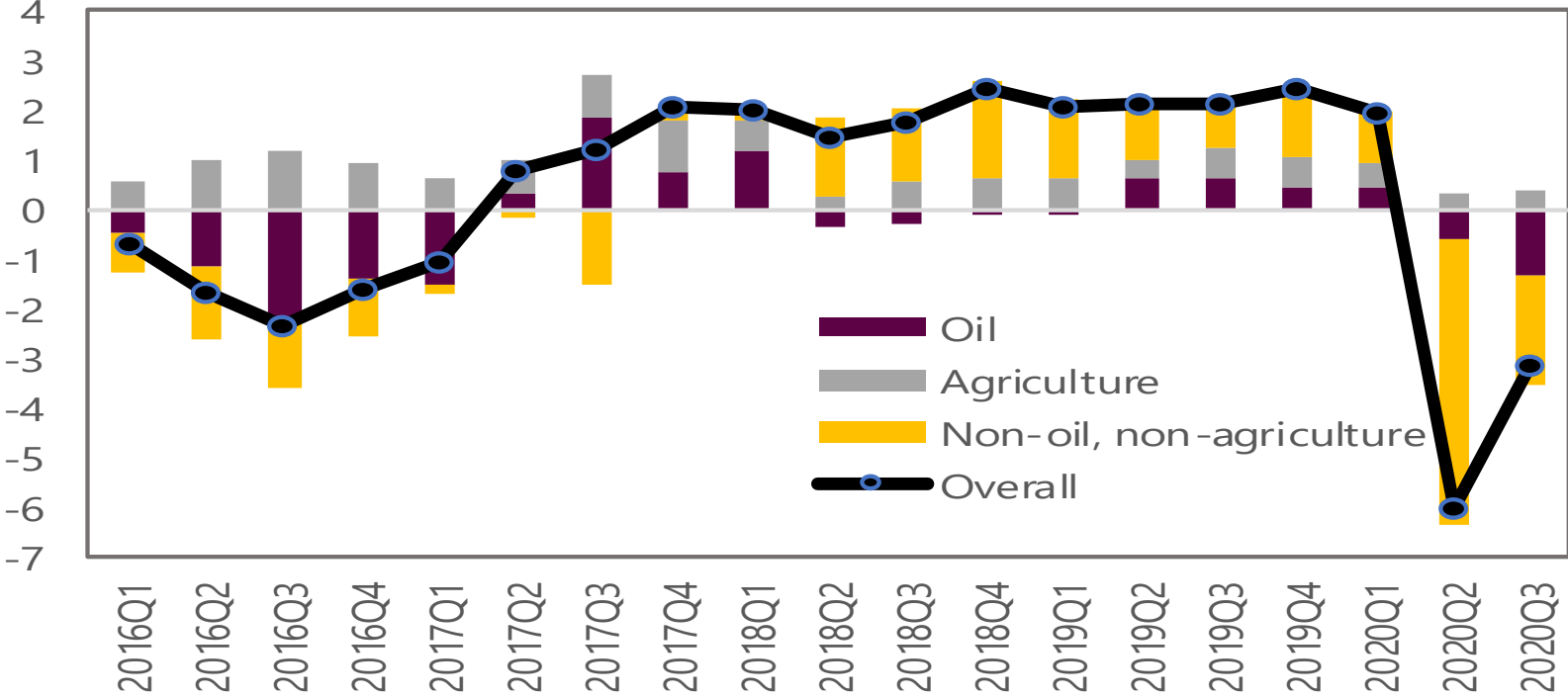
...and gross capital inflows remained at historic low levels...

Capital Importation by Type
(USD million)

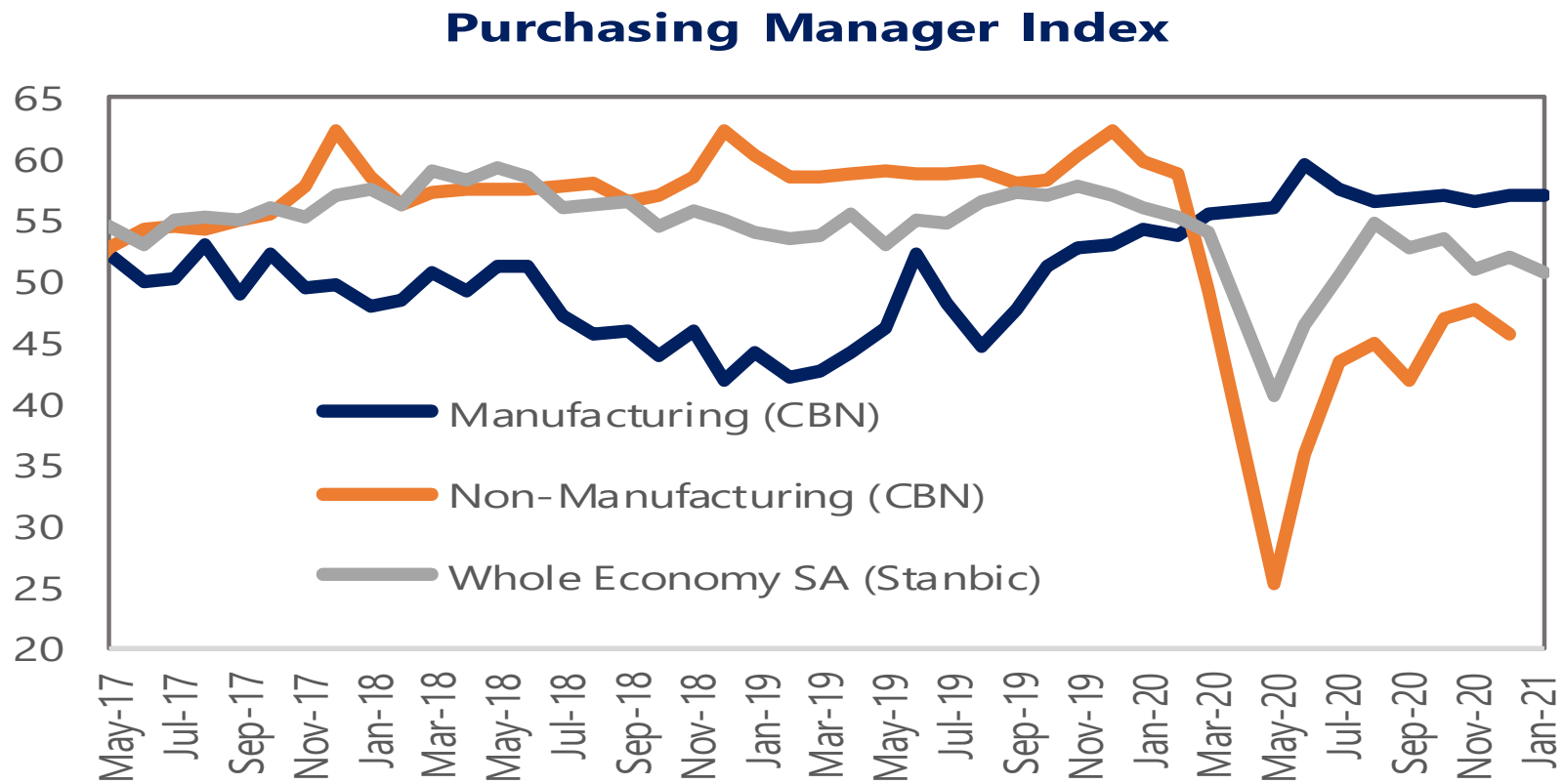


...resulting in low GDP growth...

Contribution to Real GDP Growth
(Percent, y-o-y)

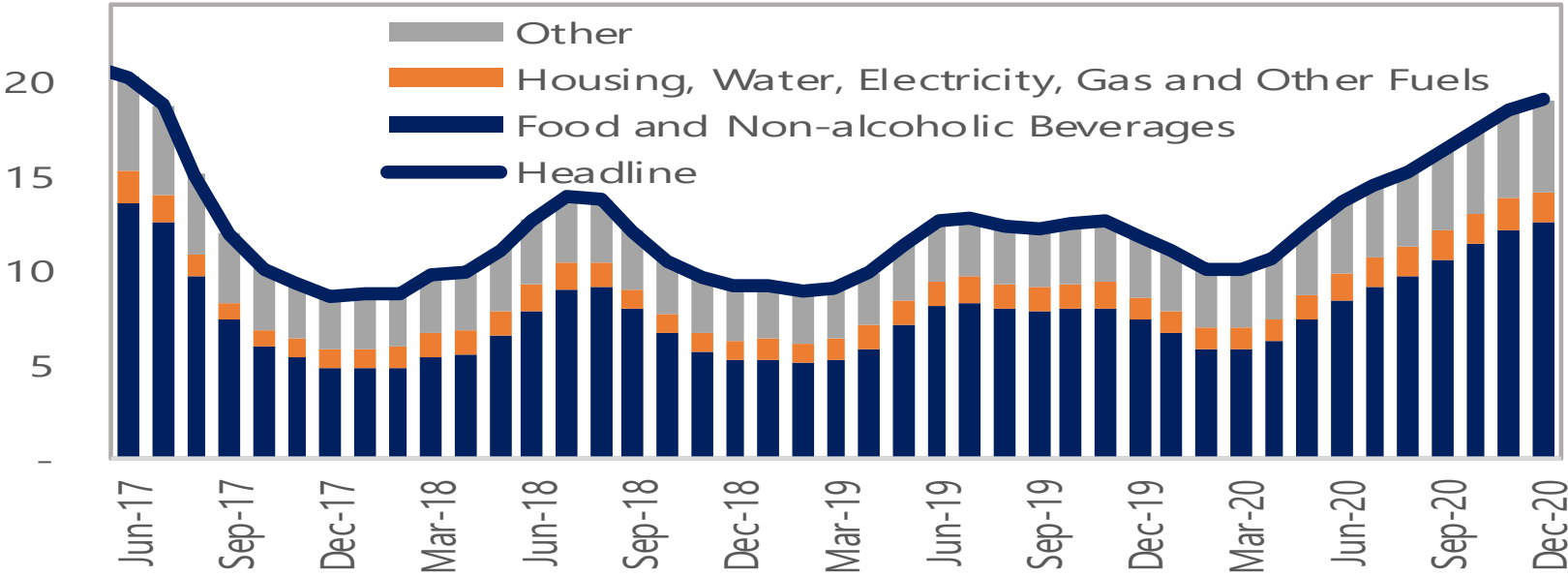


...and subpar business expectations.



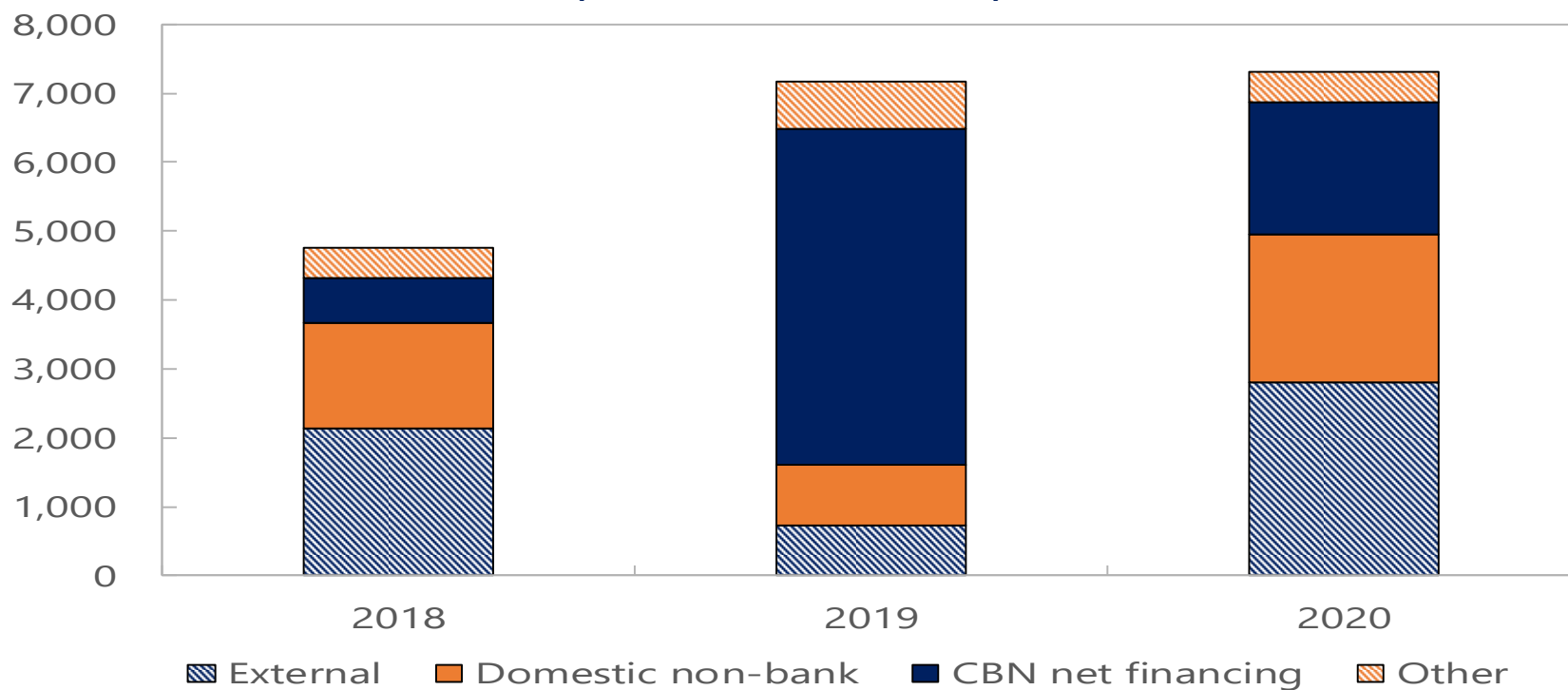
Headline inflation continued to rise driven mostly by food.

Contribution to Inflation
(Percent, 3M Moving Average Annualized)

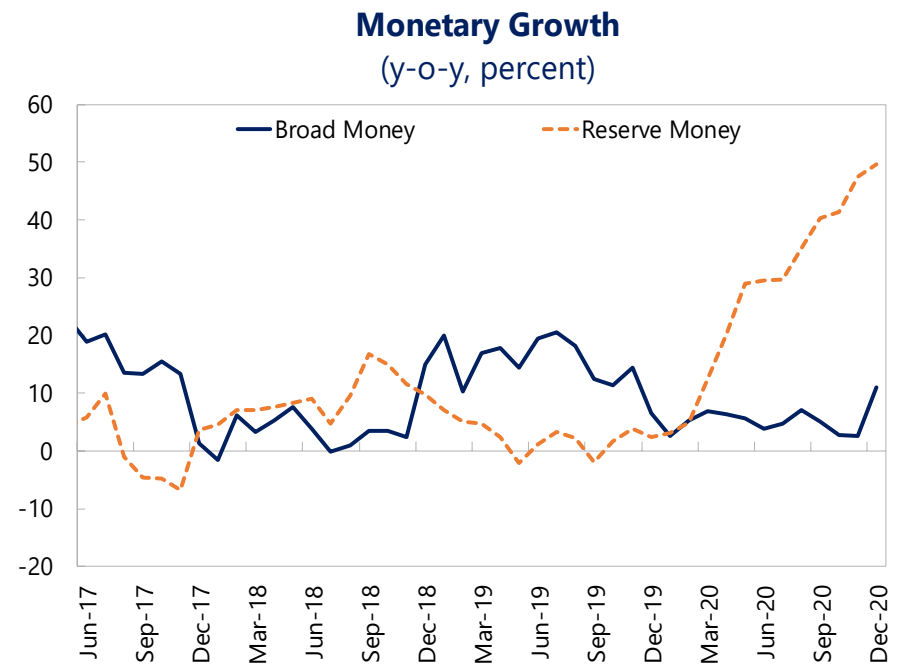
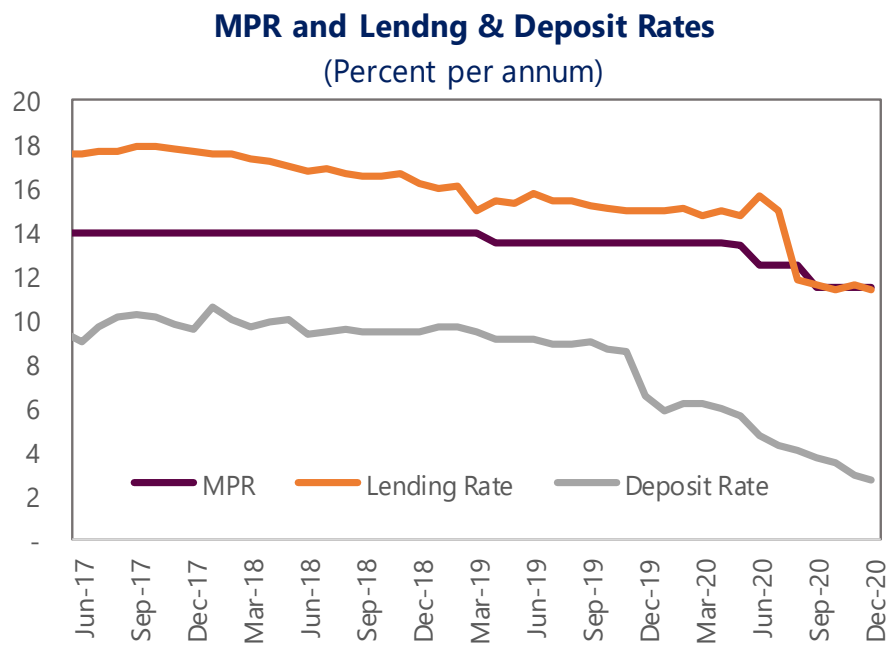


Fiscal deficits were partly financed by the CBN...

Fiscal financing and sources
(billions of Naira)

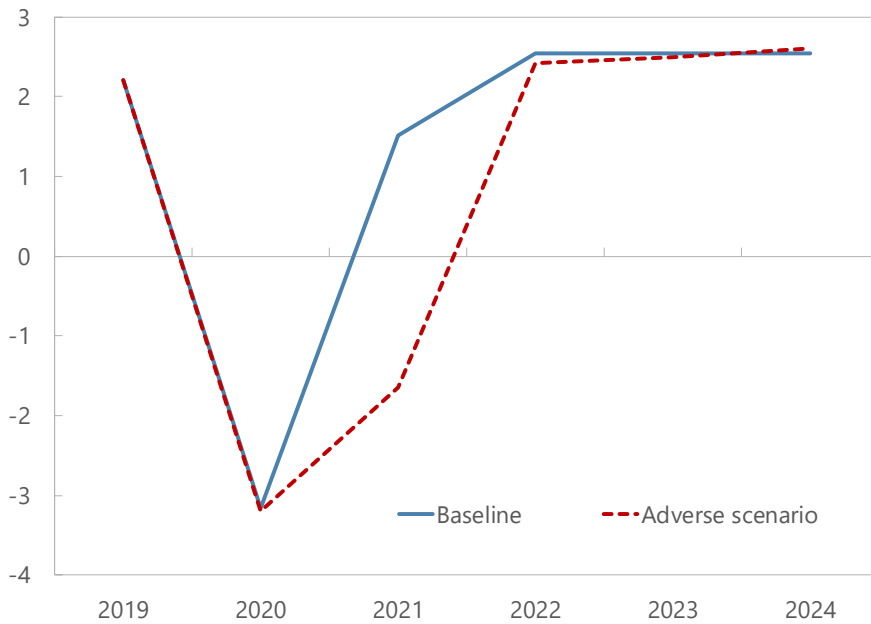


...who also maintained an accommodative monetary stance.

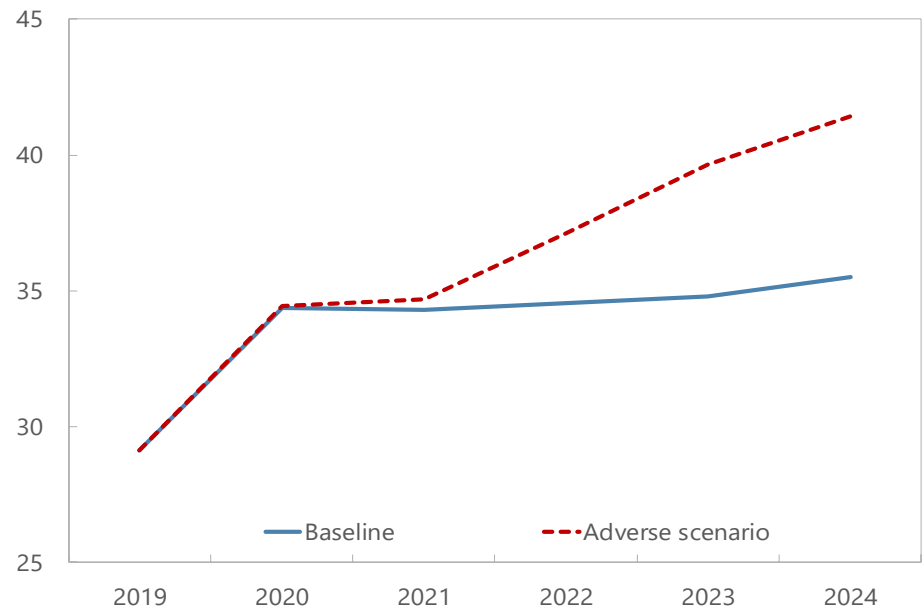


Risks from the COVID-19 pandemic clouds the outlook.

Real GDP
(Annual percentage change)



Public Debt
(percent of GDP)

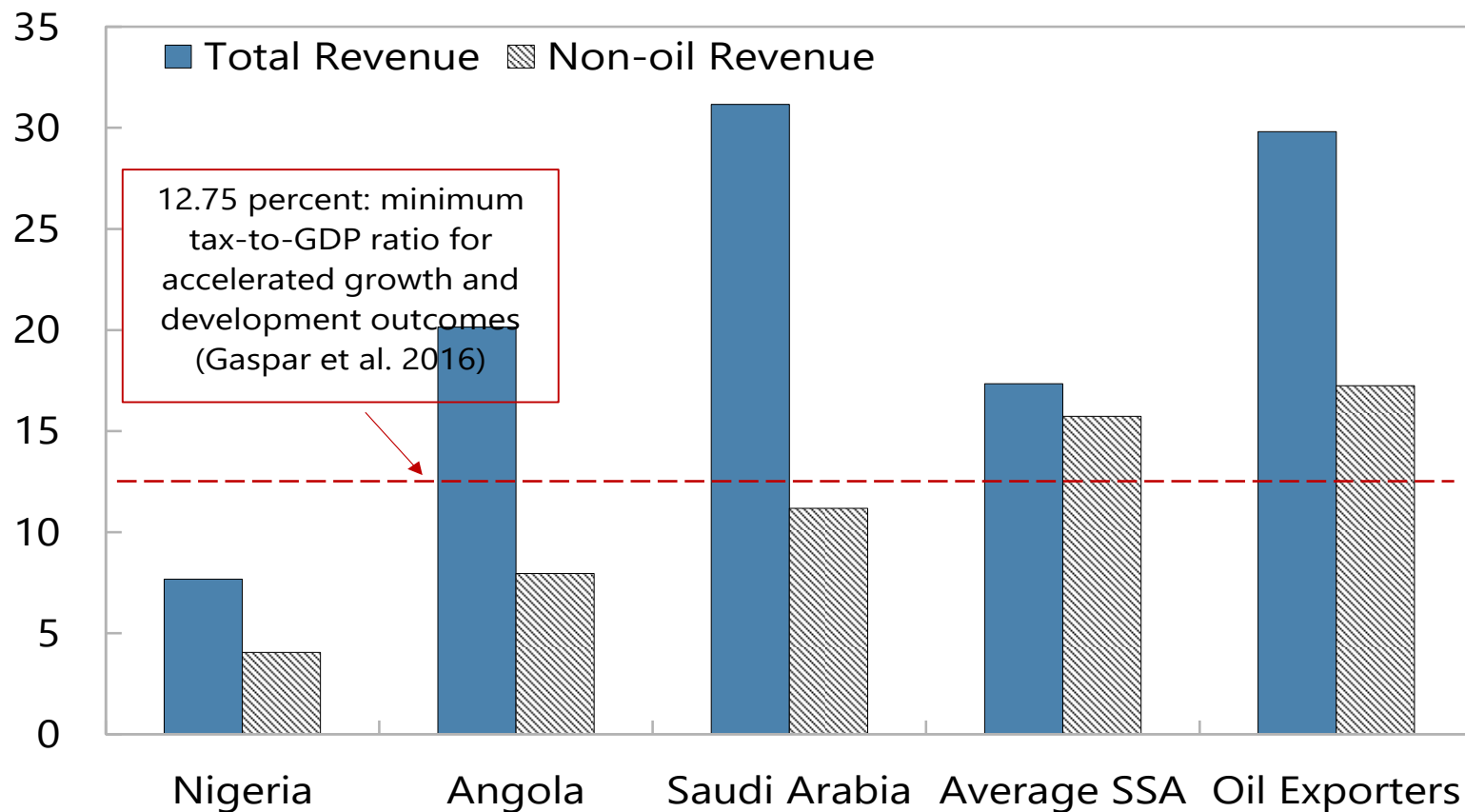




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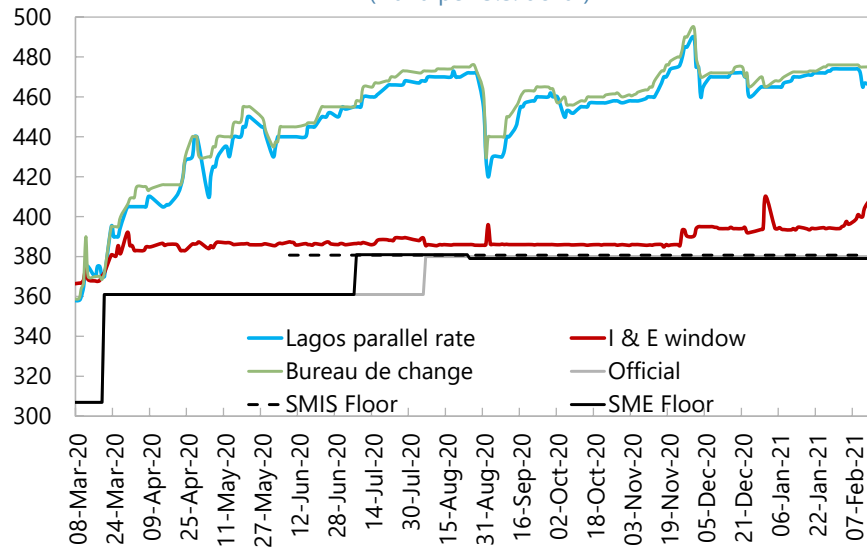
Revenue mobilization is a fundamental policy priority...



...as is unifying the various exchange rates into one market-clearing rate...

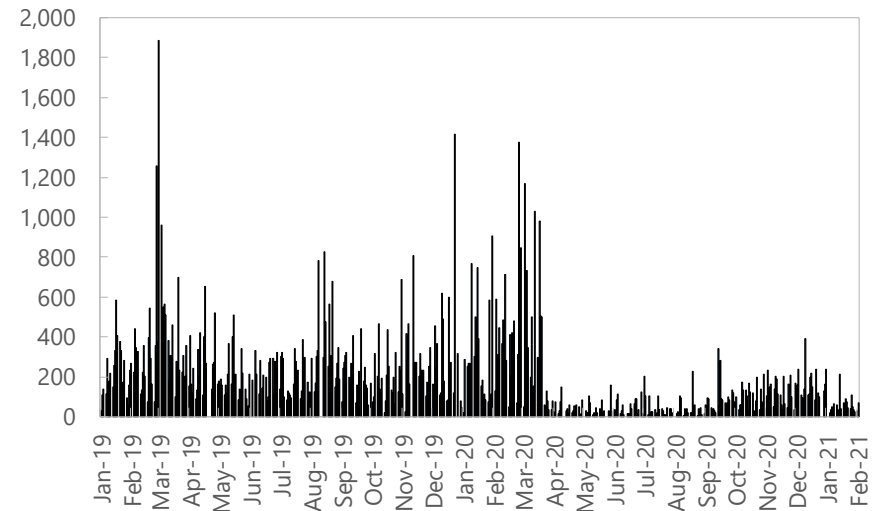
Nigeria: Exchange Rates

(Naira per U.S. dollar)

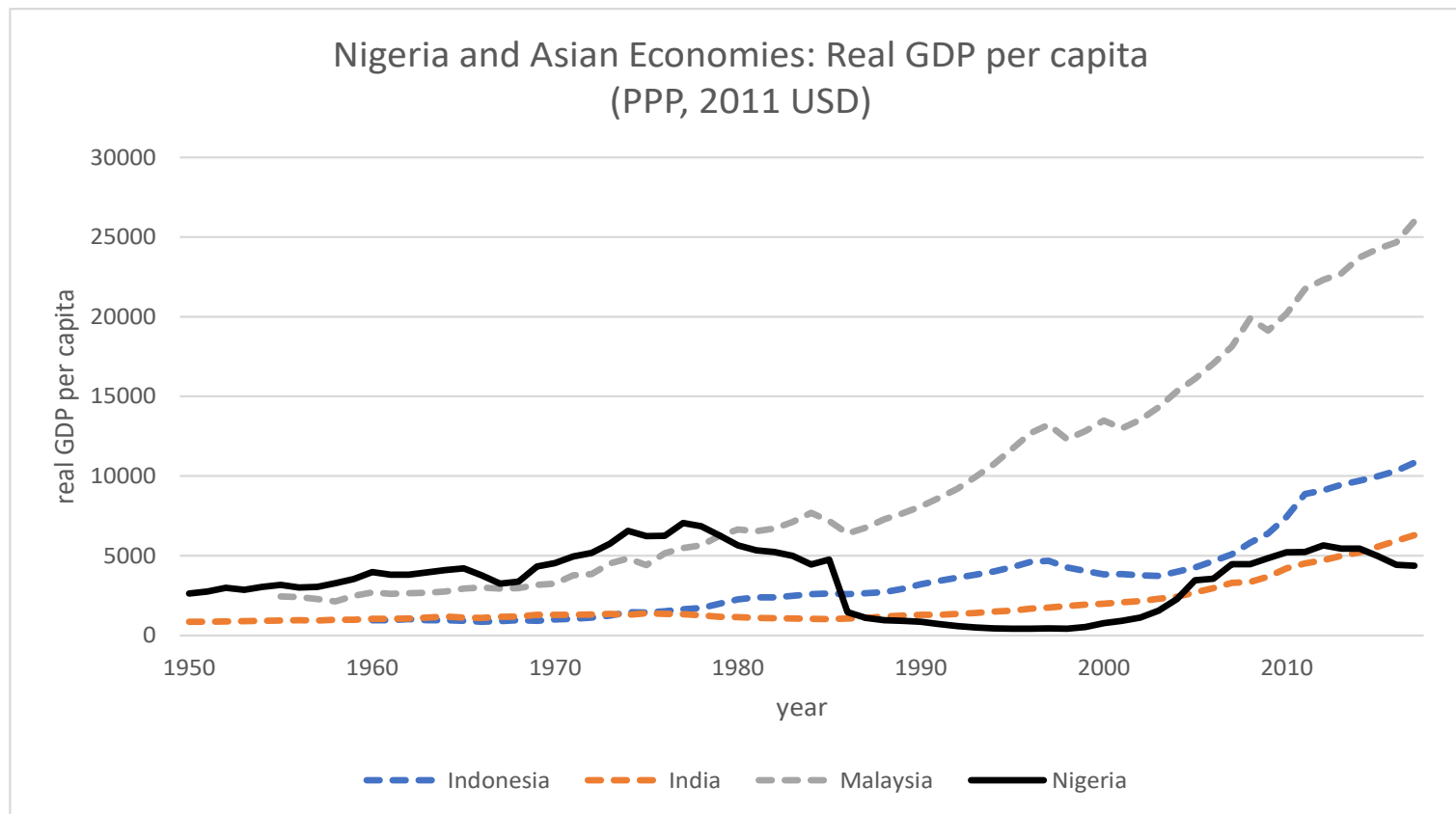


I&E Window Turnover

(millions of U.S. dollars)



... 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

<https://www.imf.org/en/Countries/ResRep/NGA>