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The Global Financial Crisis and Development: Whither Africa?

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Abstract

The global economic crisis beginning in 2008 has come at a very inopportune time for Africa. Sub-Saharan Africa (SSA) appeared to be on a march toward real economic and human progress, following the dismal performance of the 1980s and early 1990s. Economic growth had resurged since the mid-1990s, and was above the world average at the beginning of the early twenty-first century. Poverty had also declined considerably from their heights of the mid-1990s, rivaling the record over the same period for South Asia and India, for instance. Meanwhile, human development had also resurged since the mid-1990s. Then the crisis hit. In response, growth fell by more than two-thirds. There appears to be some recovery, however, and the growth decline has so far been less than in previous economic crises, even though the global recession precipitated by the current crisis is the deepest since the Great Depression of the 1930s. SSA's apparent resilience this time around might be attributable to the improvement...../

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in its economic and political governance. Although the full economic and social impacts of the crisis are yet to be realized, with some uncertainty still in the global economic picture itself, the current evidence provides some hope that SSA may once again resume its path toward prosperity. Meanwhile, there is much variation across countries in their vulnerability to the crisis. Even though low-income and 'fragile' countries appear to be holding up reasonably well, they may still require external assistance if they are to successfully weather the crisis.

1 Introduction

The global economic crisis that became abundantly evident in 2009 was precipitated by a financial crisis in the advanced countries. Although there had been rumblings in the earlier months of 2008, it was not until about September 2008 that the crisis came to the fore in the US financial markets. Meanwhile, the crisis led to deepened recessions in most advanced economies.[1] For Africa, two negative external shocks are discernible from the financial crisis: a 'financial shock' involving the curtailment in the availability of credit, and 'trade shock', which is reflected by a reduced demand for Africa's exports.

These shocks may, in turn, translate to the economic crisis. Indeed, GDP growth for sub-Saharan Africa (SSA)[2] fell from 6.9 per cent in 2007 to 5.5 per cent and 2.1 per cent in 2008 and 2009, respectively (IMF 2010a). The timing of the crisis is, of course, quite unfortunate for Africa. The dawn of the twenty-first century had witnessed strong economic performance for the region, having recovered from its disastrous record of the 1980s and early 1990s.[3] Then the global financial crisis erupted. The basic question, then, is: will the economic crisis seriously disrupt the current SSA march toward prosperity?

The current paper represents primarily an exploration of the implications of the crisis for Africa. In Section 2 we present evidence on SSA's progress before the crisis. Section 3 discusses the economic crisis problem and the expected impacts in terms of economic and social vulnerability. In Section 4, we examine key macroeconomic variables during the pre- and post-crisis periods. The intent is to shed light on the likely effects for SSA vis-à-vis the rest of the world (ROW), as well as for various country groups in Africa. Section 5 presents economic vulnerability measures historically for SSA in a global context. We assess in that section how SSA has fared during the present crisis in comparison with the historical record, both absolutely and relatively with respect to the ROW. Section 6 sums up and provides some explanation on why SSA seems to have evinced greater resiliency during the current episode.

2 Africa's progress before the crisis

2.1 The growth record

Figures 1 and 2 present the growth record of Africa, vis-à-vis the high-income OECD countries and the world, based on the annual growth rates of GDP and its per capita during 1961–2008. We note from these figures, first, that SSA's growth has been subject to a great deal of volatility. Second, growth trended downward until about the

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[1] The recessions in the advanced economies are deemed to have started in 2008. For instance, the US recession is estimated to have begun as early as December 2007, according to the National Bureau of Economic Research (NBER). For African economies, however, there is a considerable lag between recessions in advanced economies and realized impacts in these countries.

[2] I use 'Africa' and 'SSA' interchangeably here.

[3] From negative per capita GDP growth rates in the early 1980s and early 1990s, SSA's per capita growth was 4.8 per cent in 2007 (World Bank 2009a; IMF 2009a).

early 1990s. Since then, however, there seems to be a much more determined upward trend, with SSA growth considerably above the world's during the last decade or so. Third, Africa's growth has been pro-cyclical with respect to the world, though with a lag. Fourth, the region's recessions have historically been considerably deeper than those of the world. This phenomenon is particularly apparent in the early 1980s and early 1990s. Fifth, there has been a departure since then, however, with the sub-continent exhibiting a much shallower dip in growth than the ROW in the early 2000s. Finally, Africa's growth in 2008, during the early part of the global recession, remains above world growth.

2.2 The poverty picture

The pervasive view has been that even when Africa's growth resumed in the mid-1990s, it failed to reduce poverty. As recent evidence has shown, however, poverty at both the US$1 and US$2 levels has declined in SSA by about 0.5 percentage point per year since the mid-1990s, quite comparable with South Asia's record, for instance (Fosu 2009a: table 1). We present below additional evidence on these poverty trends based on the most recent World Bank data (World Bank 2009b).[4]

As Table 1 indicates, Africa' poverty rate at the US$1.25 barely budged between 1981 and 2005, falling by only 2 percentage points. This long-term record, however, belies the apparent intertemporal differences. While the poverty rate rose by 5.4 percentage points between 1981 and 1996, it fell by 8 percentage points during 1996–2005. This record compares favourably with South Asia and India, for instance, whose respective poverty rates declined by 7 and 8 percentage points during 1996–2005 and 1994–2005, respectively. Similar observations obtain at the US$2.50 level as well, where SSA's poverty rate remained virtually unchanged during 1981–2005 but fell by 4 percentage points between 1996 and 2005. This performance compares favourably with the 4 percentage point drop each for South Asia during 1996–2005 and for India during 1994–2005.

2.3 Progress on human development

Although most African countries still fall in the bottom two deciles on the global rankings based on 2007–09 data, by 2007 the region was making considerable progress on human development (HD), as measured by the UNDP human development index (HDI). From a dismal growth rate of about 0.3 per cent on an annualized basis in the 1980s through the early 1990s, following strong growth the 1970s, HDI in the region resurged to a growth rate that exceeded 1.0 per cent per year starting in the mid-1990s (Fosu and Mwabu 2010). This record matches that for per capita GDP growth in the sub-continent. Thus, on the HD front as well, SSA was doing rather well when the crisis hit (Fosu and Mwabu 2010).

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4 The new World Bank database includes many more and reliable data points for 1980-2007, with poverty lines based on a new 2005 PPP-adjusted value instead of the previous 1993-PPP measure. The previous US$1 and US$2 poverty lines are now represented by US$1.25 and US$2.50, respectively. More important for the present study, the African subsample is much larger and more reliable (for details see Chen and Ravallion 2008; Ravallion et al. 2009).

3 The economic crisis and its implications

The financial crisis, recognized in 2008, is likely to translate to economic crisis (EC) via two channels:

1. 'Financial shock', resulting from a decline in the availability of credit as well as an increase in the cost of international credit;

2. 'Trade shock', emanating from a decreasing derived demand for Africa's exports, leading to declining export prices and volumes.

In the short term, trade shock may constitute the more crucial channel for most African economies, given the limited reliance on private international financing,[5] except in primary exports, whose short-run supply is likely to be relatively inelastic in any case. We consider the trade shock channel first.

3.1 Trade shock

Rising prices of natural resources and other commodities have contributed to Africa's strong economic growth over the last decade or so (Arbache and Page 2009). During the 2003–07 pre-crisis period, for instance, the GDP growth of Africa's resource-intensive countries averaged 7.8 per cent per annum, compared with 5.4 per cent for their non-resource intensive counterparts (IMF 2009a). This period coincided with substantial increases in commodity prices (see Figure 3).[6]

As commodity prices have fallen sharply following the global recession precipitated by the financial crisis (Figure 3),[7] and in concert with accompanying declines in export volumes, export revenues would fall.[8] Exports have traditionally constituted an important source of growth for African economies (Fosu 1990). Currently averaging about 40 per cent, they represent a substantial share of GDP (IMF 2009a). Furthermore, most of these exports, some 69 per cent, have traditionally been destined for advanced economies, where the financial crisis has been most severe.[9]

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[5] Official sources tend to be more relevant for most African economies, and we shall consider these shortly.

[6] Between January 2003 and July 2008, energy, food, and metal price indices rose by 329 per cent, 102 per cent and 230 per cent, respectively (IMF 2009b). Arbache and Page (2009) argue that growth accelerations during 1995-2005 were explained in great part by such commodity price increases.

[7] Commodity prices, which had reached record levels by June 2008, dropped precipitously. Between January 2003 and July 2008, energy, food, and metal price indices fell by 64 per cent, 30 per cent and 46 per cent, respectively, between June 2008 and February 2009 (IMF 2009b).

[8] SSA's exports of goods and services have declined from 41.0 per cent of GDP in 2008 to 31.1 per cent in 2009 (IMF 2009a, 2010a).

[9] Exports to the USA and Europe would fall as a result of the recessions in these economies. Similarly, as China's exports declined (by 18 per cent from January 2008 to January 2009), its demand for commodity imports from African countries would also fall. For 2009, world trade contracted by 11 per cent and the share of exports in Africa's GDP by 10 percentage points (IMF 2010a, 2010b).

Meanwhile, recent trends show a substantial rise in export-trade diversification of the destination for Africa's exports, especially toward China.[10] To the extent that the derived import demands of these other emerging economies are less responsive to the financial crisis than those of the advanced economies, African countries' exports could, in turn, be less vulnerable to the crisis than they were previously.[11]

3.2 Financial shock

3.2.1 Financial and capital exposure

The direct exposure of Africa's domestic banks to the global financial system has been historically limited. Nonetheless, two recent innovations emanating mainly from structural adjustment may have reduced such immunity: (a) capital account liberalization and (b) expansion of foreign bank operation into the domestic market. Indeed, financial sector development has occurred in Africa generally in recent years, with credit to the private sector expanding rapidly and foreign banks owning more than 50 per cent of local banking assets in more than one-half of African countries. African stock markets have also begun to develop rapidly, with capitalization reaching 107 per cent of GDP by 2007, a higher ratio than in any other developing or emerging region (Maimbo 2008). Thus, while Africa may have been relatively immune to previously externally induced financial crisis, its vulnerability may be greater this time around.

Countries with high foreign ownership of banking include: Botswana, Cape Verde, Central African Republic, Chad, Côte d'Ivoire, Equatorial Guinea, Lesotho, and Zambia (IMF 2009c). For such countries, therefore, the contagion effect from external financial crisis may be significant. Moreover, though bank failures have historically been rare in Africa, a particular concern is the likelihood of an increased rate of non-performing loans precipitated by the crisis,[12] which would raise the risk of bank failures and financial instability. This outcome could in turn further reduce output growth. In effect, the financial crisis could negatively influence the supply side through a domestic constraint caused by the increased risk of repayment default. This impact would be similar to a reduction in the demand for Africa's exports caused by a decrease in the supply of finance such as export credits. Nonetheless, as external private capital flows still represent a relatively small portion of investment in most African economies, their effect should still be rather limited.

3.2.2 External flows and financing

External financial inflows, such as official development assistance (ODA), foreign direct investment (FDI), remittances and, to a lesser degree, private portfolio flows, represent an appreciable portion of the financial instruments for Africa's growth and

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[10] The share of SSA's exports going to China has risen from about 5 per cent in 2000 to nearly 20 per cent in 2006 (Wang 2007).

[11] For 2007-09, GDP growth fell by 6 percentage points each for emerging and developing countries and advanced countries, which translate to 70 per cent and over 200 per cent for these groups, respectively (IMF 2010b).

[12] For example, Ghana's ratio on non-performing loans to total loans rose from 7.9 per cent to 8.7 per cent between 2006 and the third quarter of 2008 (ibid.).

development.[13] Of these external flows, ODA remains the most important in a large majority of African countries. Representing an average of 4.1 per cent of GDP in 2007, external aid for SSA rose appreciably in response to the multilateral debt reduction initiative (MDRI) of 2005, but has now returned to nearly its level in 2000.[14] There is considerable variation across countries, however. ODA is particularly high for post-conflict countries like Liberia (45 per cent), Burundi (38 per cent), and Sierra Leone (34 per cent).[15] It is also appreciable for a number of countries where it has been employed in support of economic and political reforms; for example, Uganda (15 per cent), Mali (14 per cent), Tanzania (14 per cent), and Ghana (12 per cent). Thus, ODA in these countries could be playing a critical role in reducing the risk of conflict resurgence in post-conflict economies, or of policy reversal in reforming countries.[16] Indeed, external aid constitutes large proportions of government revenues therein and as such is crucial in providing public services. As many development partners have experienced declining incomes following the crisis, however, there are signs that their ODA contributions will likely not meet agreed-upon targets.[17] Hence, many African countries may face difficulties with meeting their budget shortfalls. Nonetheless, the evidence so far indicates that the most generous form of ODA in the form of grants going to fragile countries did not decrease during the crisis period. Its average value as per cent of GDP for this country group actually increased from 3.1 per cent in 2007 to 3.7 per cent and 4.8 per cent in 2008 and 2009, respectively (IMF 2010a).[18]

Related closely to the issue of ODA is external debt, which has fallen substantially from 30.1 per cent of GDP in 2004 to 11.1 per cent in 2007 for SSA generally (IMF 2009a), thanks in great part to MDRI.[19] A potential outcome of the current crisis is that many African governments may be compelled to contract additional loans, in the absence of sufficient ODA and domestic revenues, raising the spectre of another external debt crisis.[20] Furthermore, existing evidence suggests that external debt burdens can have

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[13] ODA, FDI, and remittances together represented more than 10 per cent of Africa's GDP in 2006.

[14] ODA/GDP increased from 3.9 per cent in 2000 to 5.5 per cent in 2006, but fell to 4.1 per cent in 2007 (World Bank 2009a).

[15] The numbers in parentheses are average ODA levels for (2000-07), expressed as proportions of gross national income (rather than GDP).

[16] Collier (2005), for instance, argues that ODA can play a crucial role in reducing the resurgence of conflict by supporting resettlement of combatants and the provision of public services.

[17] The 2002 Monterrey targets, for instance, are 0.7 per cent of GDP of donors. In March 2009 the USA President suggested that his administration may not be able to achieve its target of doubling foreign aid. In Europe, countries such as Ireland, Italy, and Latvia decreased their aid budgets, in contravention to the December 2008 commitments by advanced countries at the 'International Conference on Financing for Development' in Doha.

[18] There are differences among countries, however, despite the overall increase in the grant/GDP ratio during the crisis period. For example, the grant rate decreased from 21.6 per cent to 14.9 per cent in Burundi, and 146.8 per cent to 114.6 per cent in Liberia (IMF 2010a).

[19] Among MDRI countries, the decline is much larger: from 60.1 per cent in 2004 to 14.3 per cent in 2007 (IMF 2009a).

[20] There is the view that the economic crisis of the late 1970s and 1980s contributed substantially to the debt crisis that came to the fore in the 1980s (see, e.g., Greene 1989). The crisis in turn led to the various bilateral debt relief initiatives of the 1990s and to the multilateral 1996 and 1999 highly indebted poor countries programmes.

substantial adverse effects on growth in African economies (Fosu 1996, 1999). It would likely also divert government expenditures from the social sector (Fosu 2007, 2008c). Hence, mitigating the likelihood of a resurging debt crisis precipitated by the current economic crisis may require careful attention.

Remittances have traditionally played a useful counter-cyclical role in many economies generally (Chami et al. 2009).[21] In particular, they have been poverty-reducing in African countries (Gupta et al. 2007). Remittances are, however, expected to fall in response to declines in senders' incomes in the light of the severe recessions in relatively advanced countries. Coupled with their counter-cyclical nature, however, remittances might not decrease, if at all, during the crisis. Unfortunately, only sporadic data are currently available to shed light on the crisis's impact on remittances in SSA as a whole.

3.3 Economic and social vulnerability

As the above account suggests, financial and trade shocks are expected to have detrimental economic effects. The financial shock is likely to reduce the supply of financial instruments, with adverse implications for income. The trade impact would likewise entail reduced external demand for exports, with negative consequences for income as well. In particular, negative terms of trade shocks from international commodity prices have been observed to exert adverse impacts on growth (Deaton and Miller 1996). Through their deleterious effects on income, both shocks would also lead to higher employment and poverty, as well as reductions in other forms of human development. Moreover, the shocks could adversely influence the distribution of income as well as government spending on the social sector. Increasing income inequality would have negative socioeconomic consequences, including acting as impediments to sustainable growth, the promotion of social conflict and political instability, reductions in human capital (education and health), and crime promotion (Thorbecke and Charumilind 2002). Furthermore, rising inequality would likely increase poverty not only through lower growth in income but also via its tendency to retard the rate at which growth is translated to poverty reduction.[22]

Unfortunately, the data necessary for meaningfully analysing the full impacts of the current crisis are simply lacking. Additional effects may still be in the future. For instance, the trade shock could result in the failure of not only relatively unproductive but also efficient exporting firms. Such an outcome could lead to dislocations in the economy, reducing productive investment, raising the risk of doing business and skewing the portfolio of investment projects toward the relatively short term.

Social impacts of the crisis are particularly longer term in nature, except for sporadic social discontent in response to current or anticipated future hardships precipitated by the crisis. Because the seed for the longer term may be sowed in the short run, however, it is important to analyse the potential social impact.

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[21] The evidence is based on a sample of 70 countries (16 advanced economies and 54 developing countries). The authors find that remittances reduce output growth volatility of recipient countries.

[22] For recent African evidence see, for instance, Fosu (2010b, 2010c, 2009a).

One prominent case is the prevalence of serious conflicts, such as civil wars that result in 'state breakdown'. Despite the popular view, these conflicts in Africa are a relatively recent phenomenon.[23] For example, between 1960 and 1990, the relative frequency of country-years corresponding to 'state breakdown', defined as civil wars or severe political instability, was less than 10 per cent (Fosu 2010a: table 4). Since the 1990s, however, the frequency has risen to about 20 per cent (ibid.). While part of the explanation may be the political opening-up and the end of the Cold War, resulting in rising centrifugal forces (Fosu 2008a), dismal economic performance is likely to have played a role as well. The evidence that the risk of civil war rises with lower incomes (Brückner and Ciccone 2009; Collier and Hoeffler 1998), coupled with the 'lost decade' of the 1980s that resulted in much lower incomes,[24] very likely contributed to the increasing frequency of state breakdown in the 1990s.

Hence, the economic crisis may raise the risk of civil war via reducing incomes in African countries. Indeed, recent evidence suggests that negative international commodity price shocks, symptomatic of the present economic crisis, would increase the risk of the outbreak of civil wars in SSA through the reduction of economic growth (Brückner and Ciccone 2009). Such increasing frequency of civil wars, which may result in state failure, is likely to, in turn, lead to growth declines (Fosu and O'Connell 2006). Thus, the economic crisis can initiate a vicious circle that results in a low level equilibrium. It is noteworthy that most of the countries with reductions in per capita income during the early 1990s were those experiencing state breakdown (Fosu 2010a).

Fortunately, several of these conflicts in Africa have been ended or abated since the dawn of the twenty-first century (DFID 2006). As countries begin to experience the economic pinch precipitated by the crisis, however, there is the concern that political instability might resurge (Bakrania and Lucas 2009). Indeed, most SSA countries (32 out of 48) are classified as: 'failed state', 'critically weak', 'weak', or 'state to watch', according to the Brookings scheme (Rice and Patrick 2008). Meanwhile, the IMF similarly classifies some 14 SSA low-income countries as being highly vulnerable to the financial crisis, and another group of 18 countries as exhibiting medium risk (IMF 2009c). Furthermore, most of these high-risk countries are also considered 'failed states' (2), 'critically weak' states (7), or 'weak states' (4), only Ghana is not so categorized, but as 'state to watch'. Similarly, the large majority of SSA countries classified as medium-risk by IMF are also 'critically weak' or 'weak' (16/18). In sum, it appears that a large number of SSA countries may require attention, in order that the crisis does not weaken them even further.

In particular, the ethnic diversity of the region could be exploited, as various groups compete for benefits in the midst of a shrinking pie, potentially leading to political instability. Although ethnicity per se need not cause political instability such as civil war, possible adverse effects of ethnicity on underlying causes, such as poverty or low income, can (Fearon and Laitin 2003). Moreover, the evidence suggests generally that

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[23] The popular belief is based on the frequency of all conflicts, which may include more than one event in a given country; this frequency indeed increased steadily during post-independence until about the mid-1990s (DFID 2006). Thus, even though many African countries may be conflict-free in a given year, several conflicts in one country can accentuate the appearance of a high-conflict continent.

[24] On average SSA per capita GDP fell by an average of more than 1 per cent per year during 1981–90 (Fosu 2010a: table 1).

ethnic fractionalization may reduce growth (Easterly 2001; Easterly and Levine 1997). Montalvo and Reynal-Querol (2005) find that ethnic polarization increases the likelihood of civil wars, while Easterly (2001) further observes that ethnically polarized nations react more adversely to negative external terms of trade shocks. Hence, it would seem desirable to minimize the negative economic impacts of the crisis in order to insure against the likelihood of rising ethnic polarization and, hence, political instability.

4   Pre- and post-crisis: key macroeconomic variables

We present in this section evidence on likely short-run effects of the crisis by examining the pre- and post-crisis values of key macroeconomic variables: per capita GDP growth, consumer price inflation, exports, and international terms of trade. Similarly examined are measures of economic vulnerability risk: domestic fiscal balance, the (external) current account, and the availability of international reserves. It should be emphasized that these impacts are short run, with other possible, especially social, effects to be yet realized.

4.1 Real GDP growth: SSA vs. ROW

Table 3 sheds light on real GDP growth for SSA, comparatively with other global categories: world, advanced countries, and emerging and developing economies. The pre-crisis, crisis, and post-crisis periods are represented by years 2007, 2008, and 2009, respectively.[25] Also reported in the table are projections for 2010. While far from an ideal measure, growth in per capita income should provide an indication of how well a country is developing economically.

As the data in Table 3 indicate, the growth for all regions fell between 2007 and 2008; however, the decline was much larger between 2008 and 2009 when the brunt of the crisis seems to have been felt. Furthermore, the 2007–09 percentage point growth decrease was least in SSA, with the other global categories experiencing less but about the same rate of decline. As a proportion of the 2007 growth rate, SSA still displays the least drop, though it does not seem statistically distinguishable from that for emerging and developing economies. The decline is much larger for advanced economies.

The 2010 projected growth rates paint a different picture, however. SSA exhibits the largest decline from 2007, whether on per cent or percentage point basis. If these projections are correct, then SSA's recovery from the crisis would be least, suggesting less 'resilience' or a longer lag for SSA as compared to the other global categories.

4.2 Real per capita growth: SSA, by country group

Table 4 presents data on real per capita GDP growth in 2007–09 for SSA and by country group. The overall decrease in per capita GDP growth between 2007 and 2009 was nearly 5.0 percentage points, and similarly for resource-intensive and non-resource-intensive countries. The fall in growth is, however, larger in middle-income than in low-income economies. In the case of fragile countries, there is relatively little change in the

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25 The 'crisis' in this designation refers to the economic crisis, that is, the 2008-09 global recession. Obviously, the timing is only approximate, as there is a view of a possible 'double-dip' recession in the light of a continuing, though diminished, financial crisis.

growth rate, as the pre-crisis growth of this country group was minimal, to begin with. The projected growth rates for 2010, though, suggest that the low-income countries' growth resurgence between 2009 and 2010 is less than that for the middle-income countries, pointing to less resilience among the low-income country group.

4.3 Price stability: SSA and by country group

Price stability is an important indicator not only of the success of macroeconomic policy, but also of the room for the conduct of monetary policy. A highly inflationary atmosphere would make it difficult for monetary authorities to accommodate the use of fiscal instruments to counteract the effects of the crisis. Such instruments could include the funding of public services, such as education and health, especially for assisting the less well-off. The poor tend, furthermore, to be most adversely affected by high inflation, as they lack the assets to hedge against it.

Table 5 shows that consumer price inflation increased for SSA as a whole between 2007 and 2009, by nearly one-half its 2007 value. Much of this increase is attributable to low-income countries as a group, rather than to middle-income countries. The latter group exhibited no increase in its inflation rate, while the low-income countries saw their rate rising by almost two-thirds over the crisis period. Inflation also worsened in fragile countries, though less than in low-income countries. In addition, there was a substantial rise in inflation in resource-intensive countries, with the rate increasing by three-quarters of its value in 2007, compared with nearly 40 per cent in non-resource-intensive countries. In short, the crisis has worsened macroeconomic stability, as measured by the consumer price inflation, for instance, in SSA, though there are substantial differences across country groups. Worsening inflation in fragile countries is particularly worrisome, given their relatively large poverty sub-populations.

4.4 Trade variables

To shed light on the 'trade shock' channel, we examine the behaviours of exports and the barter terms of trade over the crisis period. Table 6 reports data on SSA exports, expressed as GDP shares, for 2007–09. As apparent, the export share fell for SSA, by 20 per cent of its value in 2007, with the decline occurring primarily between 2008 and 2009. The drop has been about twice (per cent basis) faster in middle-income than in low-income countries. These results suggest that the fall in per capita GDP growth was associated with a decline in the export share, so that exports fell faster than GDP during the crisis, an outcome that is consistent with an external-led shock. That the decline is faster for middle-income countries suggests, furthermore, that this phenomenon is more germane to middle-income countries. As apparent from Table 6, the fall in the export share was faster in resource-intensive countries than in the non-resource intensive counterparts.

It is anticipated that a trade shock would reduce not only the volume of exports but also its relative price, as measured by the barter terms of trade (TOT). Table 7 reports data for TOT, which expectedly declined in SSA as a whole between 2007 and 2009. While it decreased for middle-income countries, however, TOT actually increased substantially for low-income countries; it also rose slightly in the fragile-country group. Hence, the previously smaller decrease in the growth of low-income countries, relative to that of their middle-income counterparts, might be attributable at least in part to this difference in the TOT performance. In addition, TOT fell considerably in the resource-

intensive group but actually rose slightly in the non-resource-intensive countries. Note additionally that the resource-intensive group experienced a faster decrease in the export share while, as observed above, both groups exhibited a similar decline in the per capita growth rate. Thus, the non-intensive group of countries appears to have been less affected by the trade shock, given the nature of their export composition as well as their smaller export share: 30 per cent versus 50 per cent.

5   Economic vulnerability measures: a historical perspective

5.1 Vulnerability risks, SSA vs. ROW

To gauge the ability of the African region to withstand external shocks from a historical perspective, Figures 4–6 provide 1980–2007 data on domestic fiscal balance (government revenue less government expenditure), current account balance (trade balance plus net foreign receipts), and foreign exchange reserves (months of imports covered). As the figures show, improvements in these measures of economic vulnerability began in the late 1990s. For example, SSA's fiscal balance has improved tremendously from substantial deficits in the late 1990s to considerable surpluses by 2007. Indeed, as a proportion of GDP, the SSA large deficits, which were the highest among the four regions (SSA, MENA, Latin America, and emerging Asia), have recently given way to the largest surpluses among these regions (Figure 4).

SSA's current account was similarly in huge deficit in 1998, but by 2007 it had a considerable surplus. Indeed, as a proportion of GDP, SSA's 2007 surplus was well above those of the other regions (emerging Asia and Latin America), except for MENA (Figure 5). In the case of foreign exchange reserves, by contrast, SSA consistently lies below the other regions (Figure 6). Nonetheless, this measure has been rising steadily, reaching its highest level in 2007 since 1980.

There is considerable variation across country groups, though. For example, the bulk of the improvements appear to emanate from the resource-intensive countries, which represent one-third (14 out of 42) SSA countries (Table 8). These countries as a group have improved both their external account and fiscal balances, while the balances of non-resource-intensive countries have actually worsened (ibid.). These contrasting outcomes suggest that there might have been improvements in the management of revenues from resources, as illustrated in part by the setting up of oil-revenue funds in Chad and Nigeria, for example.[26]

The above three measures of economic vulnerability risks reflect the domestic and external fiscal policy spaces that countries have for increasing growth and income distribution via spending. A lower domestic fiscal balance, for example, would make a fiscal stimulus or expenditure in the social sector more feasible. An improved balance implies that countries are less constrained to spend, for they will have less need to raise

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[26] An alternative explanation may also be that revenues increased as a result of terms of trade improvements, and were not fully absorbed in expenditures, for reasons other than fiscal prudence. In any case, international reserves in months of imports have also improved from 3.8 in 1997-2002 to 6.0 in 2007 for SSA as a whole, and from 5.2 to 9.2 for resource-intensive SSA countries (IMF 2009b).

revenues from higher taxation or borrowing. Greater taxation would drain funds from the private sector, while more borrowing could increase interest rates; both outcomes would likely reduce private investment and, hence, growth.

On the external front, an improved external balance, in the form of a higher current account balance or larger foreign reserves, implies that countries could afford to import more. Such importation could be destined for consumption, which would improve social welfare, or for investment presumably intended to enhance growth (Savvides 1995). Thus, with greater space to undertake counter-cyclical measures to counteract the effect of the crisis, improved initial external balances should render SSA less vulnerable.

5.2 Economic growth vulnerability during crises, SSA vs. ROW

Table 9 presents historical evidence on the economic growth vulnerability of SSA, as measured by changes in the growth rate of GDP during the global recessions of 1980–82, 1990–91 and, most recently, 2008–09. For comparison, data are additionally provided for the ROW, represented by world and advanced economies. The rationale is to examine how the current SSA economic vulnerability compares with the historical record, both absolutely and relative to ROW. We define 'vulnerability' as the decline in the growth rate between the year immediately preceding the economic crisis (recession) and the year during which the crisis ends.

From Table 9 we make the following observations. First, the declines in the respective per capita growth rates between the years preceding the crises (recessions) and their end-years are about equal: -75 per cent, -77 per cent, and -70 per cent, chronologically. This result suggests that the 'immediate' impacts of the crises have been roughly the same for the three episodes. Meanwhile, in the case of ROW, the present crisis has exerted the greatest impact (-112 per cent and -218 per cent for world and advanced countries, respectively), followed by the early 1980s recession: -77 per cent. Hence, on a relative basis, SSA has been least vulnerable during the current recession, compared to the two previous episodes. This observation is buttressed by the SSA ratios relative to ROW, which show that SSA's GDP growth fell equally or by more than those of world and advanced countries in the earlier recessions (roughly 1.0 and 1.3 ratios), but considerably less during the current recession (0.6 and 0.3).

Third, recovery from crisis has been slower in SSA compared to the ROW in all the episodes shown in Table 9. For the first two recessions, growth declined even further in SSA following the end of the recession, in contrast to the ROW where there was positive growth. During the present episode, however, SSA would, as in the ROW, enjoy resurgence in growth (2009–10). SSA's growth decelerations one year later following the global recessions' ends were 110 per cent (1979–83), 142 per cent (1989–92), and 32 per cent (2007–10), respectively. Furthermore, these declines were four times higher in SSA than in the ROW during the early 1980s recession, three times higher during the early 1990s recession, and two times higher for the most recent recession. Thus, crisis recovery, 'resilience', appears to have improved considerably for SSA during the current episode, both absolutely and in comparison with ROW. Of course, the 2010 data are only projections, and the most accurate assessment must await the end of 2010. Nonetheless, these data suggest that SSA would likely enjoy a better bounce-back this time around than in previous recessionary episodes.

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6   Summing up and some explanatory conjectures

As observed above, the present global crisis has been the deepest in terms of the global decline in GDP growth since the late 1970s.[27] Yet, the recovery is on course to being the strongest globally, most likely the result of economic policies to counteract the decline. Our focus here has been on the SSA region, however, where sustained growth is particularly needed for economic and human development. Before the current crisis, the region seemed to be marching toward economic prosperity. For the last decade SSA's GDP growth has eclipsed that of the world. The sustained growth has, furthermore, been transformed to substantial poverty reduction. Indeed, poverty, as measured by the headcount ratio, has been reduced appreciably in SSA since the growth resurgence in the mid-1990s. Indeed, this progress on poverty rivals that of Southeast Asia, including India, despite the stronger GDP growth in that region. Moreover, human development had resurged by the end of the twentieth century.

Then the global crisis hit in 2008, precipitating a global recession from 2008 to 2009. SSA's GDP growth fell by some 70 per cent between 2007 and 2009. There have, of course, been considerable differences across SSA economies. While most countries have had their per capita GDP growth rates substantially reduced during the crisis period, several others, though a very distinct minority, have actually experienced a rise in the growth rate (e.g., Congo Republic, Eritrea, Guinea-Bissau, and Malawi) despite the crisis. We have also observed some differences across country groups during the crisis. Low-income countries generally seem to have fared better than their middle-income counterparts. And so have 'fragile' countries as compared to middle-income countries. Yet, the relatively very low pre-crisis growth performance of the former suggests that there is no cause for celebration. Nonetheless, at least the fragile countries do not seem to be getting any poorer as a result of the crisis.

There do not, however, appear to be any differences in the growth rate changes between resource-intensive countries and their non-resource counterparts. Nevertheless, the former group has experienced larger declines in the terms of trade, in export shares, and in the measures of relatively low vulnerability risks to the crisis: relatively high domestic fiscal budget, external current account, and foreign reserves. Apparently, the smaller pre-crisis risks enjoyed by the resource-intensive countries may have contributed to their relatively limited vulnerability during the crisis.

Fortunately, the rate of decline in growth during the most recent crisis was substantially lower in SSA than in the ROW. This outcome is in contrast to those from previous episodes, when the resulting global recessions led to faster declines in SSA generally than in the ROW. Africa's recovery, including the present one, has historically lagged behind that of the world, though. Despite the smaller decline in SSA than in the ROW during 2007–09, the projected fall in growth between 2007 and 2010 is much higher in SSA than in the ROW, suggesting larger recovery robustness in the ROW.

Nonetheless, SSA still evinces greater resilience during the present crisis than in previous ones. Its growth actually resumed in the year following the end of the global

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[27] Indeed, the evidence, not presented here, points to the deepest recession since the Great Depression of the 1930s.

recession, unlike in previous recessionary episodes when growth continued to fall one year later despite its resurgence in ROW.

Why does SSA seem to be enjoying less vulnerability and/or greater resilience in the more recent crisis than in previous episodes? In the absence of rigorous econometric estimation,[28] we must resort to informed conjectures. First, the global environment has changed significantly, with emerging developing countries like China and India currently assuming a much larger portion of Africa's trade than previously. To the extent that these countries' economies have been less adversely affected by the crisis, SSA would be similarly so, via the trade shock channel. For example, GDP growth in developing Asia, dominated by China and India, fell by 4.0 percentage points (37.7 per cent) between 2007 and 2009, compared with the decline of 5.9 percentage points (218.5 per cent) in advanced countries.[29] Second, as already observed above, economic governance has improved for SSA as a whole, which should provide room for the pursuit of measures to mitigate the economic impact of the crisis. Such instruments may include fiscal thrust or accommodating monetary policy.

Third, political governance has improved; that should help reduce the vulnerability of growth to shocks. For example, the level of democracy measured by the index of electoral competitiveness (IEC) has increased substantially in Africa, especially since the early 1990s, so that by 2007 it had pretty much converged with the world's (Figure 7).[30] This form of democracy does not, of course, necessarily guarantee economic resiliency. Indeed, for 'intermediate level' democracy, rising IEC could actually be deleterious to growth in SSA due to likely 'political disorder' (Fosu 2008b). In an 'advanced level' democracy, however, increasing IEC tends to be growth-enhancing (ibid.), and may, therefore, raise resiliency.

Similarly, the degree of constraint on the executive branch of government (XCONST)[31] has increased considerably over time (Figure 8). XCONST began to accelerate in SSA around 1990; the gap with the world's average considerably narrowed by 2007. Alence (2004), for example, argues that democratic institutions in Africa considerably improve 'developmental governance', which he defines as 'economic policy coherence (free-market policies), public-service effectiveness, and limited corruption'. He observes, further, that while 'restricted political contestation' (with limited executive constraints)

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[28] Conducting meaningfully rigorous estimation would require the ability to control for country idiosyncratic attributes, the data for which are quite lacking, especially in a cross-sectional analysis around the crisis period.

[29] Computation is by the author using data from IMF (2010b). GDP growth of China, currently the main non-advanced economy trading partner for SSA, fell by 3.4 percentage points (26.1 per cent) between 2007 and 2009 (ibid.).

[30] IEC is a weighted average (the first principal component) of the 'executive index of electoral competitiveness' and 'legislative index of electoral competitiveness'. It takes on values over 1-7, with a higher value indicating greater electoral competition. SSA's (average) IEC value increased from 3.0 in 1975-84 to 5.6 in 1995-2004. 'Thus, SSA generally went from roughly one-candidate dictatorships to multiparty electoral competitiveness'. (Fosu 2008b: 442).

[31] XCONST measures the degree of constraint on the executive branch of government and it takes on values of 0-7, where 7 is for 'strict rules for governance', 1 means 'no one regulates the authority', 0 signifies 'perfect incoherence', etc. (for details, see, Fosu 2009b).

has little direct impact, executive constraints improve developmental governance even if there is little political contestation. These results imply the critical role of XCONST.

Moreover, the prevalence of a 'syndrome-free' (SF) regime, [32] a 'combination of political stability with reasonably market-friendly policies' (Fosu and O'Connell 2006: 54), has increased considerably since the 1990s (Collier and O'Connell 2008; Fosu 2008a; Fosu and O'Connell 2006). Being SF is, furthermore, a necessary condition for sustaining growth and 'virtually a sufficient condition for avoiding short-run growth collapses' (Fosu and O'Connell 2006: 31). Such decelerations, which are precipitated by economic crises, have historically reduced Africa's per capita GDP growth, from 1.7 per cent to 0.7 per cent between 1975 and 2005 (Arbache and Page 2007). Avoiding growth collapses is, therefore, quite crucial. That the prevalence of SF has increased substantially in SSA since the mid-1990s (e.g., Fosu 2010a; Fosu and O'Connell 2006), then, may have contributed to the resilience of Africa to the current crisis.[33] Meanwhile, XCONST can attenuate the incidence of anti-growth 'policy syndromes' via mitigating the pernicious effects of ethnicity, and thereby increase GDP growth (Fosu 2009b). Hence, for policy purposes, improving political governance in the form of increased XCONST could render SSA countries relatively resilient.

It is, of course, too early to tell if the global crisis is truly over, or if another downturn is in store for the world economy. But even assuming that the recovery will continue, the current 2010 growth numbers are only projections. We must await more solid numbers to confidently estimate the longer-term effect on African economies. What we can say with a reasonable degree of confidence now, though, is that as badly as SSA has been hurt by the current/recent economic crisis, it seems to have weathered the storm much better than previously. The hope is that the crisis will not seriously disrupt the region's pre-crisis brisk march toward economic and human development.

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[32] By 'syndrome-free' regime it is meant the absence of any of the following 'anti-growth policy syndromes', 'state controls', 'adverse redistribution', 'sub-optimal inter-temporal resource allocation,' and 'state breakdown' (for details see, e.g., Fosu and O'Connell 2006; Ndulu et al. 2008a, 2008b).

[33] See also Fosu and Naude (2009) for stressing the importance of the syndrome-free regime for the increased resiliency of African economies.
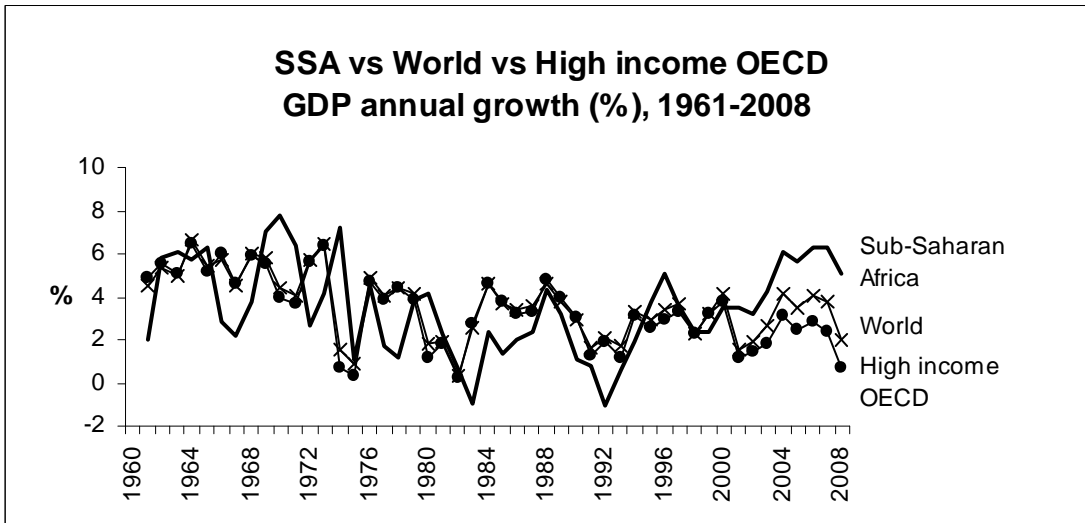
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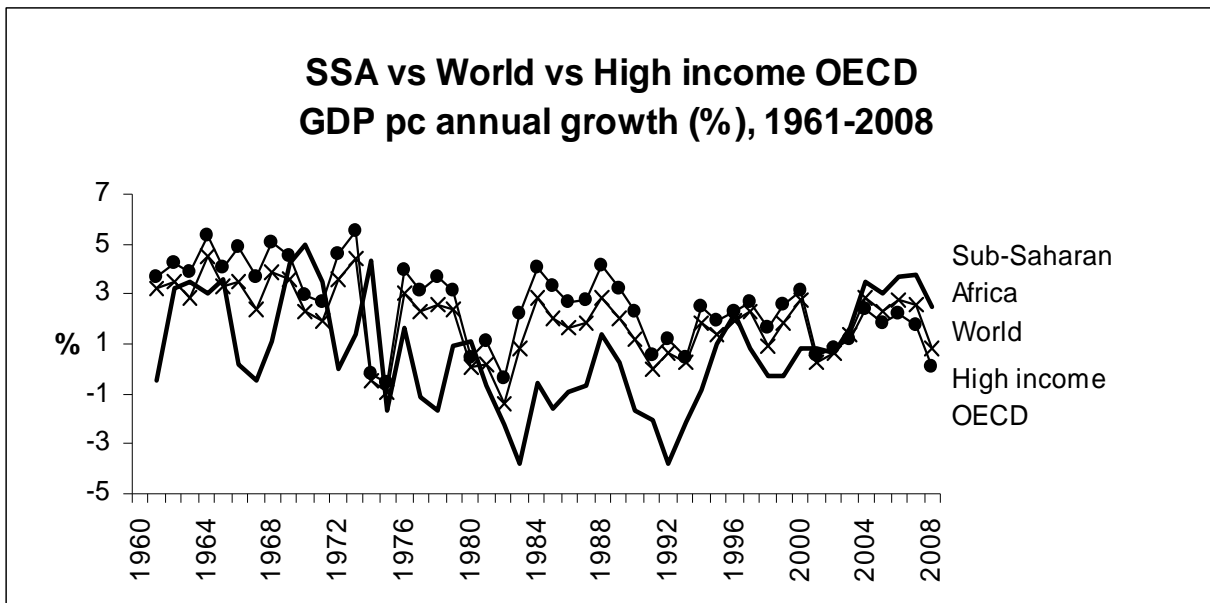—— (2009b). *World Economic Outlook*. Washington, DC: IMF.

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Figure 1: The African growth record, GDP growth

SSA vs World vs High income OECD
GDP annual growth (%), 1961-2008

Sub-Saharan Africa
World
High income OECD

Data source: World Bank (2010).

Figure 2: The African growth record, per capita GDP growth

SSA vs World vs High income OECD
GDP pc annual growth (%), 1961-2008

Sub-Saharan Africa
World
High income OECD

Data source: World Bank (2010).

Figure 3: Exportable commodity prices
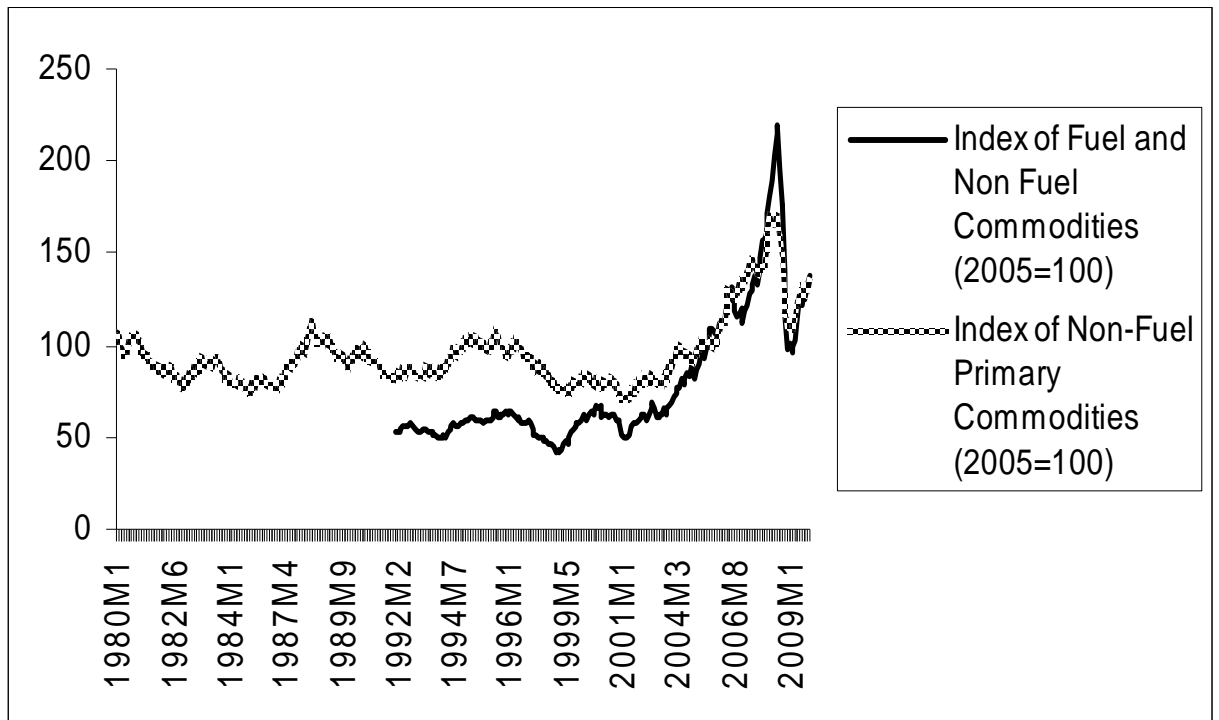
Data source: IMF (2009b).

Figure 4: Historical vulnerability measures, fiscal balance, SSA vs. other regions
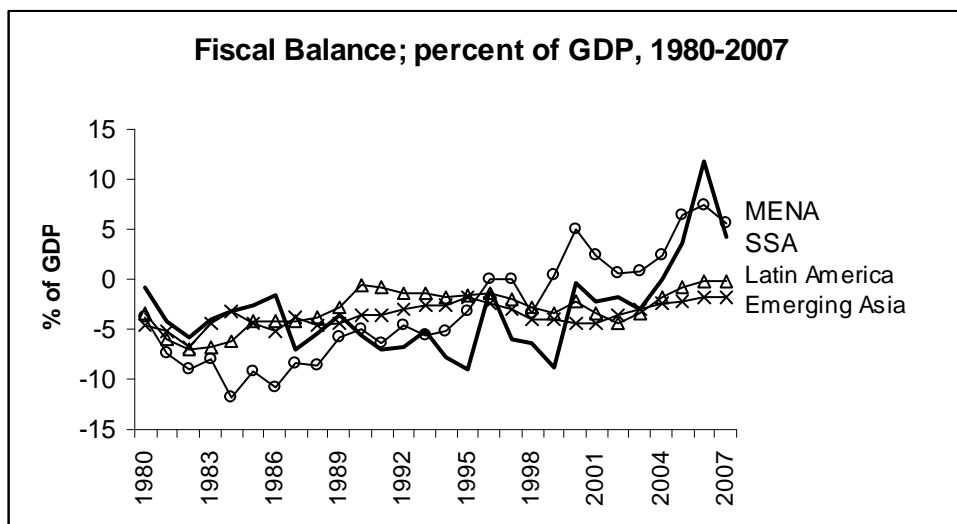
Data source: IMF (2009b).

Figure 5: Historical vulnerability measures, current account balance, SSA vs. other regions

Current Account Balance; percent of GDP, 1980-2007
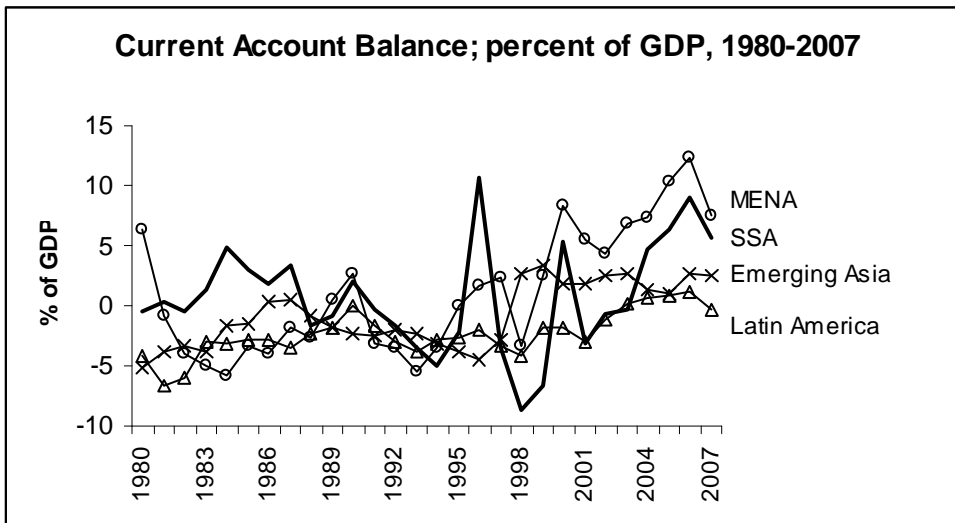
Data source: IMF (2009b).

Figure 6: Historical vulnerability measures, foreign exchange reserves, SSA vs. other regions

Foreign Exchange Reserves; months of imports covered, 1980-2007
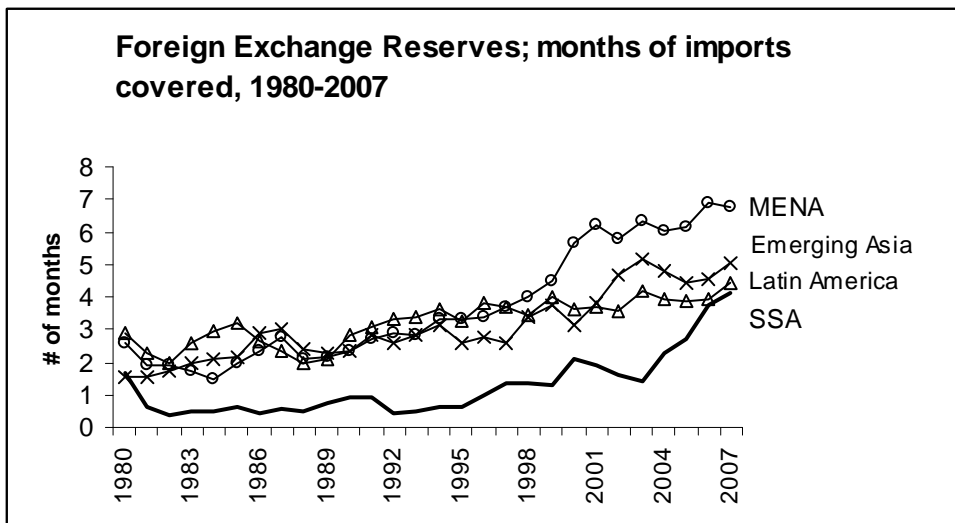
Data source: IMF (2009b).

Figure 7: Governance/institutional evolution, SSA vs. world

Index of electoral competitiveness (IEC)

IEC, 1975-2006
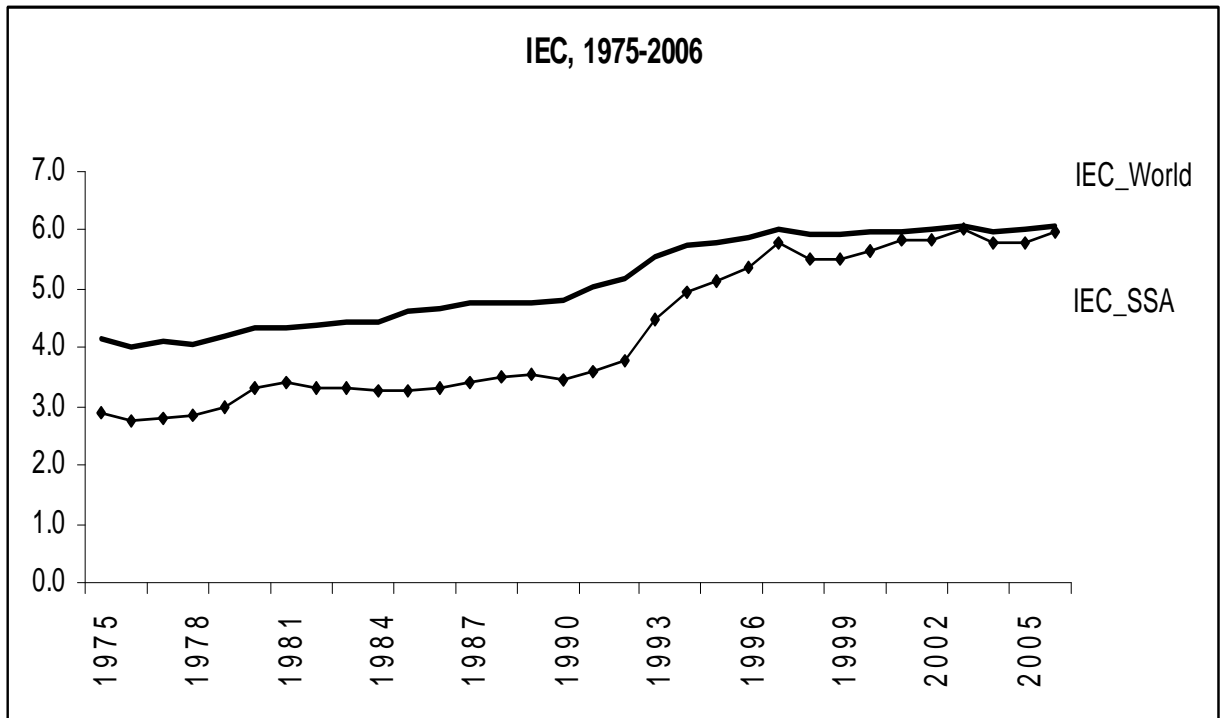
Source: Fosu 2008b: Polity IV.

Figure 8: Governance/institutional evolution, SSA vs. world—executive constraint (XCONST)

XCONST, 1960 - 2007
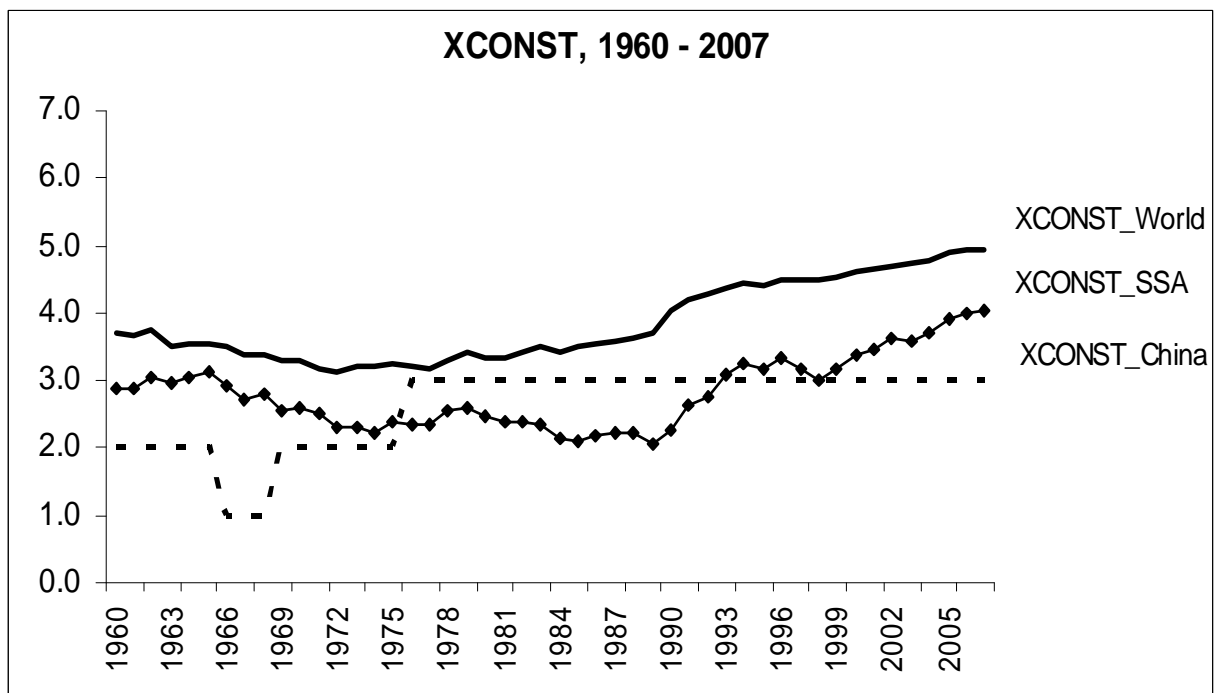
Source: World Bank Database of Political Institutions, Fosu (2009b).

Table 1: Historical poverty record (headcount ratio, %), SSA vs. South Asia (SAS) and India

a) US$1.25 standard

	1981	1996	2005
SSA	53.4	58.8	50.9
SAS	59.4	47.1	40.3
India	55.5*	49.4**	41.6

b) US$2.50 standard

	1981	1996	2005
SSA	80.9	84.2	80.4
SAS	92.6	88.5	84.4
India	91.5*	89.9**	85.7

Note: *for year 1983, **for year 1994.
Source: World Bank (2009b).

Table 2: Vulnerability to financial crisis and fragility

Risk of vulnerability to the financial crises		States to watch	Weak	Critically weak
	High	Ghana (84)	Zambia (32)	Somalia (1)*†
			Mauritania (37)	Dem. Republic of Congo (3)†
			Djibouti (38)	Burundi (5)
			Lesotho (53)	Sudan (6)
				Central African Republic (7)
				Liberia (9)
				Côte d'Ivoire (10)
				Angola (11)
				Nigeria (28)
	Medium	São Tomé & Principe (61)	Cameroon (29)	Sierra Leone (13)
		Benin (71)	Comoros (31)	Eritrea (14)
			Mozambique (39)	Chad (16)
			Burkina Faso (44)	Ethiopia (19)
			Malawi (46)	Republic of Congo (20)
			Madagascar (49)	Niger (21)
			Tanzania (55)	Guinea (23)
				Rwanda (24)
				Togo (26)
	Low	Senegal (68)	Kenya (50)	Guinea-Bissau (18)
			The Gambia (51)	Uganda (27)
			Mali (52)	

Notes: Figures in parentheses indicate the ranking on the Brookings Index of Weak States (Patrick and Rice 2008), while vulnerability classification is from IMF (2009c).

             † DRC and Somalia are classified as ´failed states´.

             * Somalia is not included in the IMF classification, presumably due to the lack of data; however, it is the weakest state in the Brookings Index and is the worst performer on the economic index, and is thus assumed here to be of 'high' vulnerability.

Source: Fosu and Mwabu (2010). For a similar classification, see also Bakrania and Lucas (2009).

Table 3: Pre- and post-crisis GDP growth, SSA vs. ROW

Year	2003–06	2007	2008	2009	2010*	Percentage point change		Percentage point change	
						2007–09	2007–10	2007–09	2007–10
SSA	6.2	6.9	5.5	2.1	4.7	-4.8	-2.2	-69.6	-31.9
World	4.5	5.1	3.2	-0.6	4.2	-5.7	-0.9	-111.8	-17.6
Advanced	2.6	2.7	0.8	-3.2	2.3	-5.9	-0.4	-218.5	-14.8
Em&Devg**	7.2	8.3	6.1	2.4	6.3	-5.9	-2.0	-71.1	-24.1

Notes**:** *Projected, **emerging and developing economies.
Source: IMF data and author computations, using IMF (2009b), except 2009–10; and IMF (2010b) for 2009–10.

Table 4: Pre- and post-crisis SSA real per capita GDP growth, by country group

Year	2007	2008	2009	2010*	Percentage point change		Per cent change	
					07–09	07–10	07–09	07–10
SSA	4.8	3.1	-0.1	2.6	-4.9	-2.2	-102.1	-84.6
Middle income (8)**	4.0	1.4	-3.0	1.7	-7.0	-1.3	-175.0	-76.5
Excl. South Africa	3.6	2.5	-3.0	3.1	-6.6	-0.5	-166.7	-16.1
Low-income (15)**	4.9	4.4	2.4	2.7	-2.5	-2.2	-51.0	-81.5
Fragile (14)	0.1	0.4	0.2	0.9	0.1	0.8	100.0	88.9
Excl. Zimbabwe	0.4	0.9	0.0	0.9	-0.4	0.5	-100.0	55.5
Resource-intensive (14)	5.6	3.7	0.7	3.4	-4.9	-2.2	-87.5	-64.7
Non-resource-intensive (28)	4.3	2.7	-0.6	2.0	-4.9	-2.3	-139.5	-115.1

Notes: *Projected, **excluded group is 'oil-exporting countries' (7); numbers in parentheses are the frequencies.
Source: IMF (2009a) and author's computations; 2009 and 2010 data from IMF (2010).

Table 5: Pre and post-crisis SSA consumer price inflation, by country group

Year	2007	2008	2009	Percentage point change 2007–09	Per cent change 2007–09
SSA	7.1	11.6	10.5	3.4	47.9
Middle income (8)	7.1	11.4	7.1	0.0	0.0
Excl. South Africa	7.5	11.0	7.3	-0.2	-2.7
Low-income (15)	8.6	13.1	14.1	5.5	63.9
Fragile (14)	--	--	--	--	--
Excl. Zimbabwe	8.5	11.9	12.0	3.5	41.2
Resource-intensive (14)	5.9	10.5	10.3	4.4	74.6
Non-resource-intensive (28)	7.8	12.3	10.7	2.9	37.2

Source: IMF (2009a) and author's computations; 2009 data from IMF (2010).

Table 6: Pre- and post-crisis exports of goods and services (%GDP), by country group

Year	2007	2008	2009	Percentage point change 2007–09	Per cent change 2007–09
SSA	38.9	41.0	31.1	-7.7	-19.8
Middle income	33.6	36.9	28.9	-4.7	-14.0
Excl. South Africa	51.1	48.1	43.1	-8.0	-15.7
Low-income	24.8	24.2	23.0	-1.8	-7.3
Fragile	--	--	--	--	--
Excl. Zimbabwe	44.8	42.9	39.4	-5.4	-12.0
Resource-intensive	50.3	51.2	37.9	-12.4	-24.6
Non-resource-intensive	30.4	32.0	26.3	-4.1	-13.5

Source: IMF (2009a) and author's computations; 2009 data from IMF (2010).

Table 7: Pre- and post-crisis SSA terms of trade (2000=100), by country group

Year	2007	2008	2009	Percentage point change 2007–09	Per cent change 2007–09
SSA	120.3	130.6	118.0	-2.3	-1.9
Middle income	113.7	116.8	110.5	-3.2	-2.8
Excl. South Africa	110.1	107.6	102.3	-7.8	-7.1
Low-income	92.3	92.2	102.0	9.7	10.5
Fragile	--	--	--	--	--
Excl. Zimbabwe	117.2	125.5	118.6	1.4	1.2
Resource-intensive	146.1	169.6	131.0	-15.1	-10.3
Non-resource-intensive	105.1	107.2	107.5	2.4	2.3

Source: IMF (2009a) and author's computations; 2009 data from IMF (2010).

Table 8: Pre- and post-crisis measures of vulnerability risk, by country group

a) Overall fiscal balance (central government), %GDP (excluding grants, in brackets)

Year	1997–2002	2007	2008	2009	Percentage point change 2007–09	Per cent change 2007–09
SSA	-2.6	0.8	0.2	-5.9	-6.7	-837.5
	[-3.8]	[-0.7]	[-1.2]	[-7.5]	[-6.8]	[-971.4]
Resource-intensive*	-2.5	3.2	4.6	-7.2	-10.4	-325.0
	[-3.2]	[2.6]	[4.2]	[-7.6]	[-11.2]	[-429.7]
Non-resource-intensive**	-2.8	-0.8	-2.8	-5.0	-4.2	-525.0
	[-4.1]	[-3.0]	[-4.8]	[-7.4]	[-4.8]	[-161.0]

b) External current account, %GDP (excluding grants, in brackets)

Year	1997–2002	2007	2008	2009	Percentage point change 2007–09	Per cent change 2007–09
SSA	-2.5	1.3	1.1	-1.9	-3.2	-246.1
	[-3.5]	[0.5]	[0.2]	[-2.9]	[-3.4]	[-680.0]
Resource-intensive*	-2.6	12.6	11.8	3.5	-9.1	-72.2
	[-3.6]	[11.8]	[11.0]	[2.7]	[-9.1]	[-77.1]
Non-resource-intensive**	-2.4	-7.0	-8.4	-5.8	1.2	17.1
	[-3.6]	[-7.9]	[-9.5]	[-6.9]	[1.0]	[12.7]

c) International reserves (months of imports of goods and services)

Year	1997–2002	2007	2008	2009	Percentage point change 2007–09	Per cent change 2007–09
SSA	3.8	6.0	5.2	6.0	0.0	0.0
Resource-intensive*	5.2	9.2	8.0	8.2	-1.0	-10.9
Non-resource-intensive**	2.9	3.8	3.2	4.4	0.6	15.8

Notes: *Resource-intensive countries (14), **Non-resource-intensive countries (28)
Source: IMF (2010) and author's computations.

Table 9: Economic vulnerability/resilience in recessions (crisis periods), historical evidence: SSA vs. ROW

Recession period	1980–82		1990–91		2009–09	
	1979–82	1979–83	1989–91	1989–92	2007–09	2007–10*
SSA	-2.9 (-75%)	-4.3 (-110%)	-2.4 (-77%)	-4.4 (-142%)	-4.8 (-70%)	-2.2 (-32%)
World	-2.9 (-77%)	-1.0 (-27%)	-2.2 (-59%)	-1.7 (-46%)	-5.7 (-112%)	-0.9 (-18%)
Advanced	-3.7 (-95%)	-1.0 (-26%)	-2.6 (-60%)	-1.8 (-45%)	-5.9 (-218%)	-0.4 (-15%)
SSA/World	1.0	4.1	1.3	3.1	0.6	1.8
SSA/Adv.	0.8	4.2	1.3	3.2	0.3	2.1

Notes: *Projection for 2010.

The figures corresponding to the respective regions are the percentage point changes in the GDP growth rate within the specified sub-period (between the two interval limits, which are the year preceding the recession period and the last year of the recession or one year after the end of the recession); the numbers in parentheses are the percentage points expressed as per cent of the initial year growth rate. The figures corresponding to SSA/World and SSA/Advanced are the ratios of the SSA per cent changes to the World's and Advanced Countries' per cent changes, respectively.

Source: IMF data and author computations using: World Bank (2010) for SSA historical data, except 2007–10; IMF (2009b) for ROW historical data, except 2007–10; and IMF (2010b) for 2007–10.