

# 2022 AFRICA CAUCUS

Marrakesh 5th July 2022

-Donald Kaberuka

- Managing a perfect storm
- Keeping an eye on the long term





Opinion **Global economic growth**

# Policy errors of the 1970s echo in our times

Vast debts make the world economy more fragile than it was over 40 years ago

MARTIN WOLF

+ Add to myFT



Martin Wolf,  
FT



© James Ferguson

**Are we back to 1973? Yes and No**



# “A perfect Storm”

**1. Fragile macroeconomic buffers/fundamentals**

**1. Global shocks in quick succession**

**2.1. Pandemics**

**2.2. Energy Markets**

**2.3. Food and Fertilizer**

**2.4. Supply Chains**

**2.5. Currency**

**3. Security challenges/Sahel the Horn**

**4. Poverty/Inequality/Social tensions**

**5. A fractured multilateral order**

**6. Risk of De-globalization/Decoupling**

**7. Climate Adaptation/Energy Poverty**

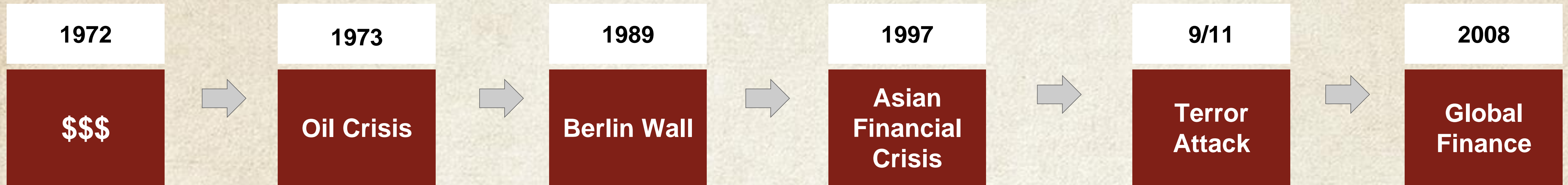
**8. Investing in the demographics**



# Pessimism - Optimism - Realism

## Crises The Norm Not The Exception

### The Last 50 years





De facto end of the  
Bretton Woods  
Agreement - 1972

First Oil Crisis -  
1973

30 Challenging Years  
1973- 2003



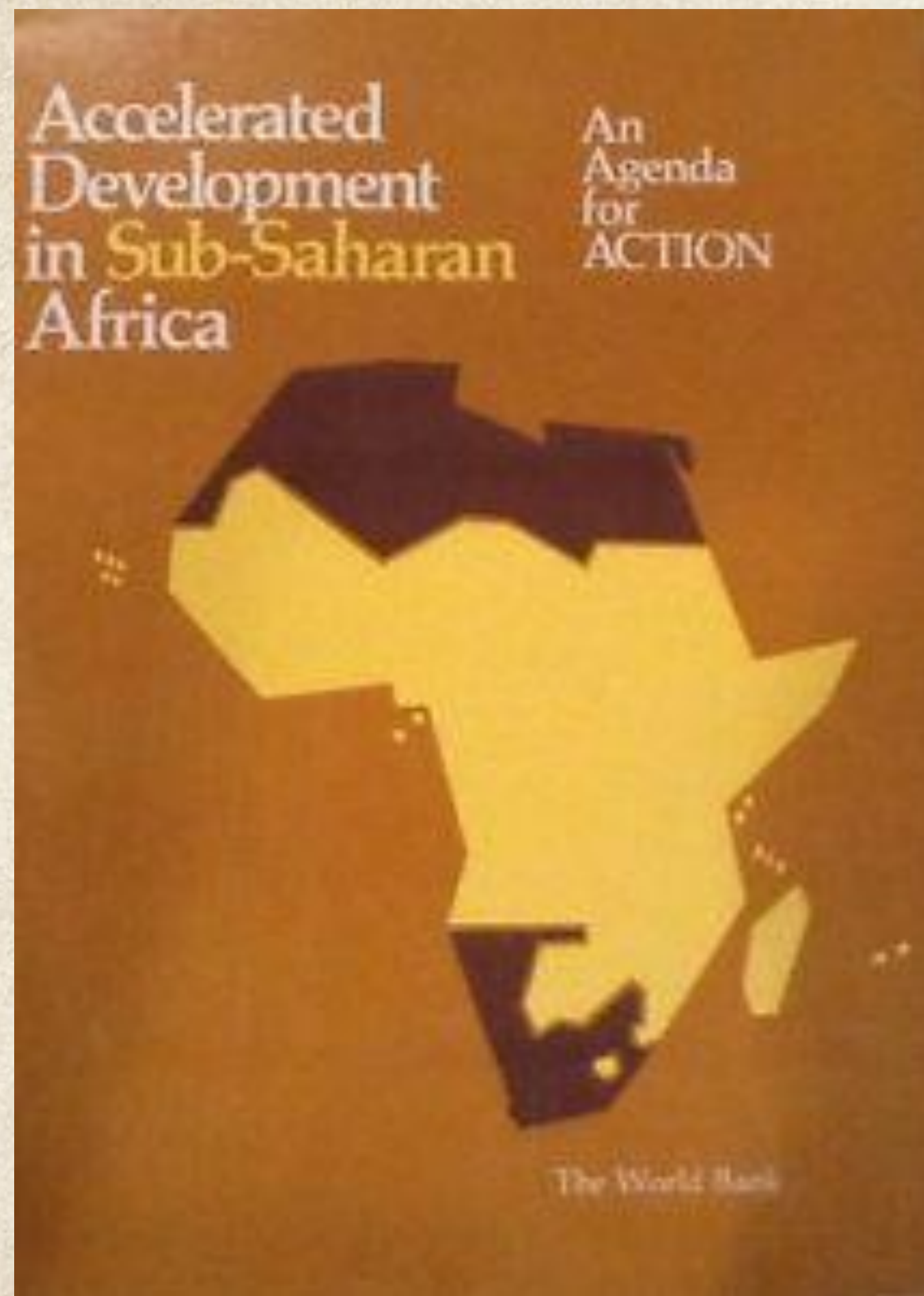


# First Oil Crisis - 1973

- Stagflation in the Global North
- Debt crisis in the Global South
- Oil Prices X4
- Prolonged economic decline in much of Africa
- Managing Surpluses in the Middle East







A. The Elliot Berg Report  
(1981)

A. First Generation Reforms  
1980s - 1990s

A. Much Needed Correction

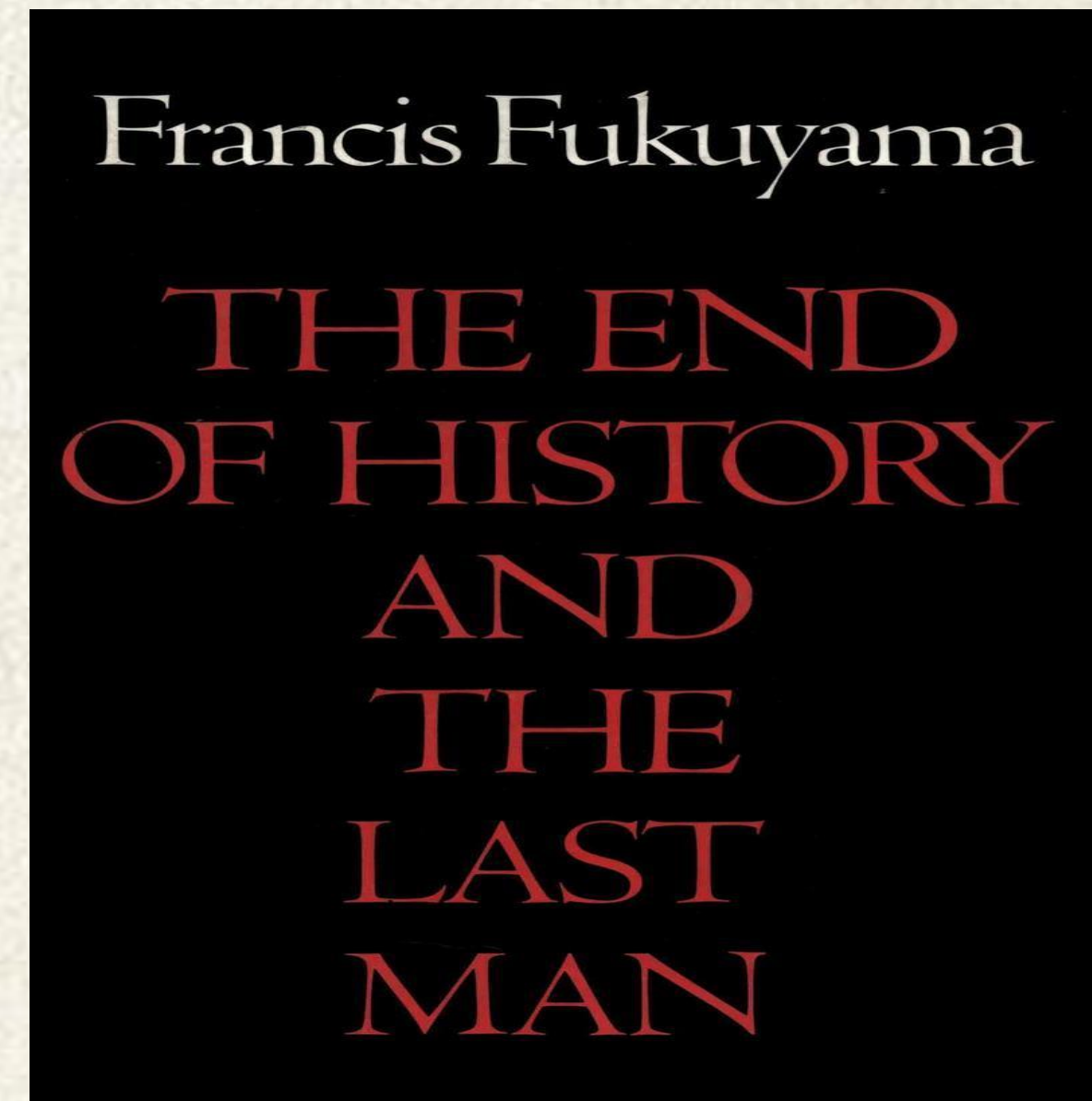
A. Over Correction,  
Sometimes?



# Fall of the Berlin Wall - 1989/Afro Pessimism

- Africa in the margins
- “Lost decades”

**On Our Own Again?**





# Asian Financial Crisis - 1997

**Malaysia vs Indonesia**

**Lessons on Resilience?**





9/11 - 2001

## **Global Ramifications**

**Geopolitical**

**Geo-economic**





2000



2011



2013



2019





# Global Finance Crisis - 2008

**Bruised but Recovered  
(IMF)**

**Not Everywhere**

# THE WALL STREET JOURNAL.

MONDAY, SEPTEMBER 15, 2008 - VOL. CCLII NO. 64 \*\*\*\*\* \$2.00  
Last week: DJIA 11421.99 ▲201.03 1.8% NASDAQ 2261.27 ▲0.2% NIKKEI 12214.76 unch. DJ STOXX 50 2858.68 ▲3.8% 10-YR TREASURY ▼20/32, yield 3.730% OIL \$101.18 ▼\$5.05 EURO \$1.4217 YEN 107.87



## Crisis on Wall Street as Lehman Totters, Merrill Is Sold, AIG Seeks to Raise Cash

*Fed Will Expand Its Lending Arsenal in a Bid to Calm Markets; Moves Cap a Momentous Weekend for American Finance*

The American financial system was shaken to its core on Sunday. Lehman Brothers Holdings Inc. faced the prospect of liquidation, and Merrill Lynch & Co. agreed to be sold to Bank of America. On Sunday night, Bank of America struck an all-stock deal to buy Merrill Lynch for \$29 a share, or \$50 billion. Lehman was working on a possible bankruptcy filing that would allow most of its subsidiaries to continue operating as the firm is wound down. Though it steered clear of a bailout, the Federal Reserve is

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mercial and investment banks announced Sunday night that they would pool \$70 billion of their own money to create a borrowing facility. The 10 institutions, which include Citigroup Inc., Credit Suisse Group, Deutsche Bank AG, could tap the pool to help them ride out the crisis. The banks also said they are mutual

ries that they needed capital. "Monday will be a day of reckoning for the financial markets," said Carlos Mendez, senior managing director of ICP Capital, a boutique investment firm in New York. On Sunday, he said, "it was like a fire alarm went off and people ran in all directions." AIG executives spent the

traders moved to disentangle themselves from trades with Lehman. When hopes of a potential sale dimmed, a quiet Sunday on Wall Street turned into a mad rush. Executives and traders hurried to their offices or worked their phones to unwind outstanding contracts with Lehman and to gauge their overall exposure.

### Ultimatum By Paulson Sparked



# MENA Libya - 2010

## Extended/Widespread Sahel Crisis





# Ebola - 2014

## Weak health systems





# Covid-19 Pandemic - 2020

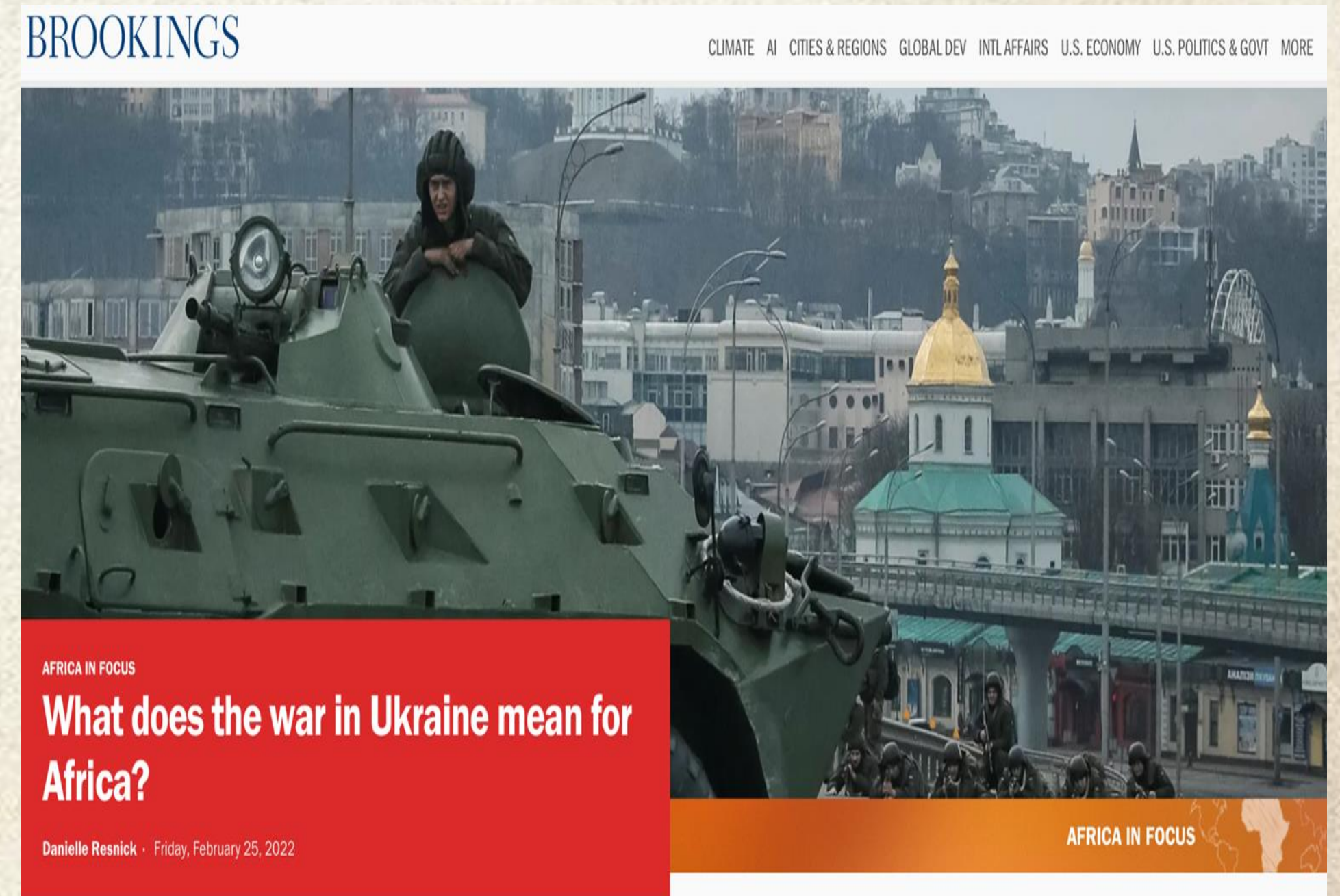
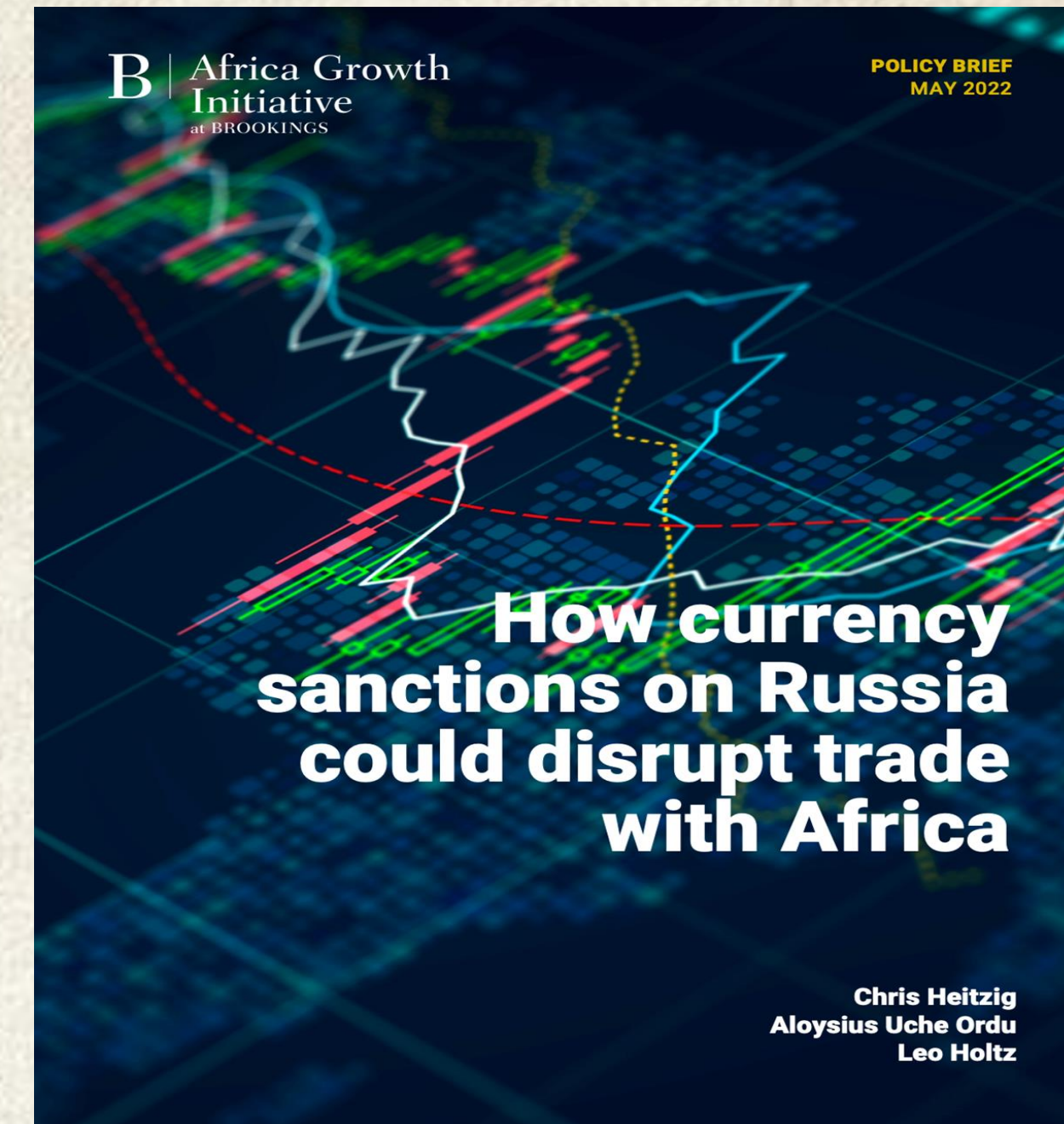
- A Stress test to  $\Rightarrow$  Health systems  
 $\Rightarrow$  Governance
- Global health security VS Global health equity
- African institutions rising to the occasion





# Ukraine/Russia - 2022

- Energy/Wheat/Fertilizer/ Currency
- Social economic impact in the aftermath of Covid
- Fractured multilateralism.....
- Sahel/Horn ⇒ But other crises in Africa forgotten?
- New big power competition?





# A Perfect Storm

## A. Challenges

1. Rebuilding economic buffers with narrowing fiscal base
2. Health Systems = Economy
3. Re-engineering social protection
4. Rebuild social capital

## B. Lessons

1. Multilateral response -No one owes Africa a living
  - Vaccine inequity
  - Global food supply chains

## C. Implications

1. Discipline in a tough new world ⇒ New thinking?
2. ACFTA
3. Strengthen African continental/regional institutions
4. Deal with structural fault lines
5. Retain focus on megatrends (e.g. Demographic Dynamics)





- Africa Rising?
- A Hopeless Continent?



- Deal With Crises
- Stay Focused On Long-term Trends
- There is a silver lining in every cloud



Thank you