

African Economic Outlook 2007

Measuring the Pulse of Africa

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OECD Development Centre

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Johannesburg**



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ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT



1

What is the African Economic Outlook Project?

2

African Economic Performance: Multifaceted Growth

3

Africa and Globalisation



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African Economic Outlook

Measuring the Pulse of Africa

- ***Joint publication of the AfDB and the OECD Development Centre, supported by the EC – 6th edition.***
- ***Mobilising a network of in-country African experts & collaboration with WB, IMF, bilateral donors, ...***
- ***A resource for policy makers, aid practitioners, investors, researchers, students, ...***
- ***A tool for policy dialogue among African policy makers (nationally, APRM, ...) and with their partners (EC, G8, OECD)***



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African Economic Outlook

An innovative product, an evolving process

- ***Comprehensive, comparative and independent analysis of 31 countries and short-term macroeconomic forecasts.***
- ***Annual focus***
 - *2003: Privatization*
 - *2004: Access to energy*
 - *2005: SME development*
 - *2006: Transport infrastructure*
 - *2007: Access to drinking water and sanitation*
- ***Statistical annex, including innovative indicators***



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Coverage 2007: 31 African countries



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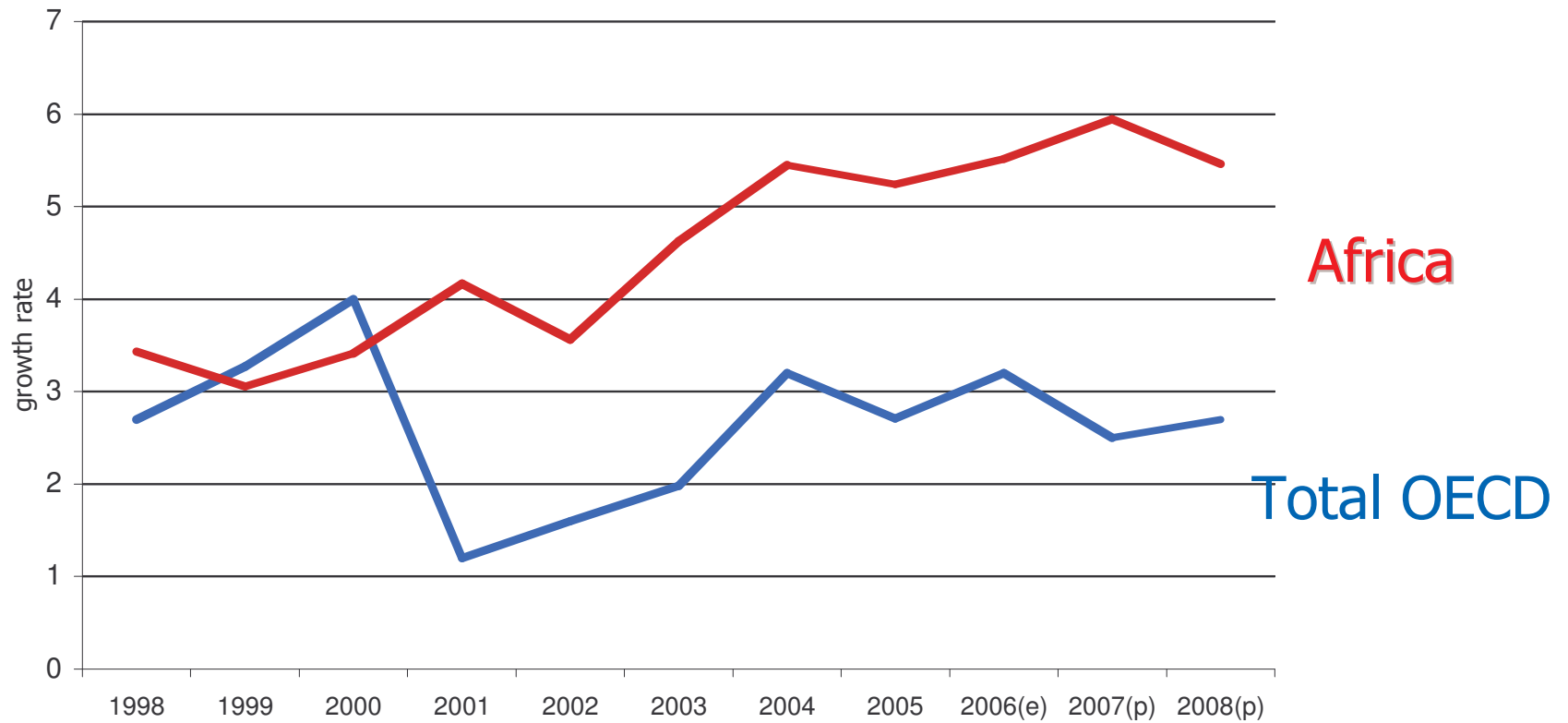
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Africa and Globalisation



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Africa continues to grow strongly



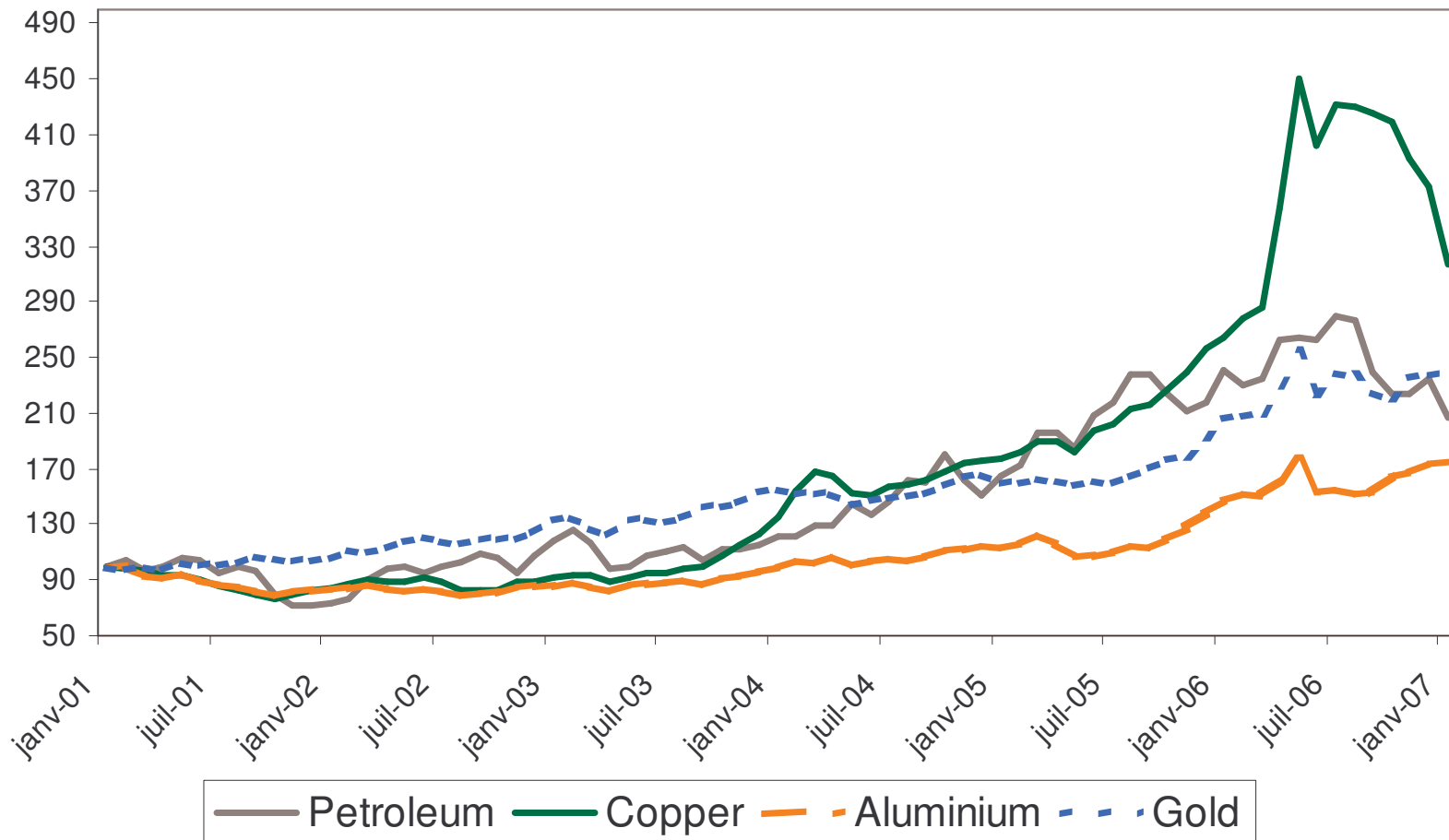
Sources: African Economic Outlook 2007 and OECD Economic Outlook 2006.



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The commodity boom has played an important role

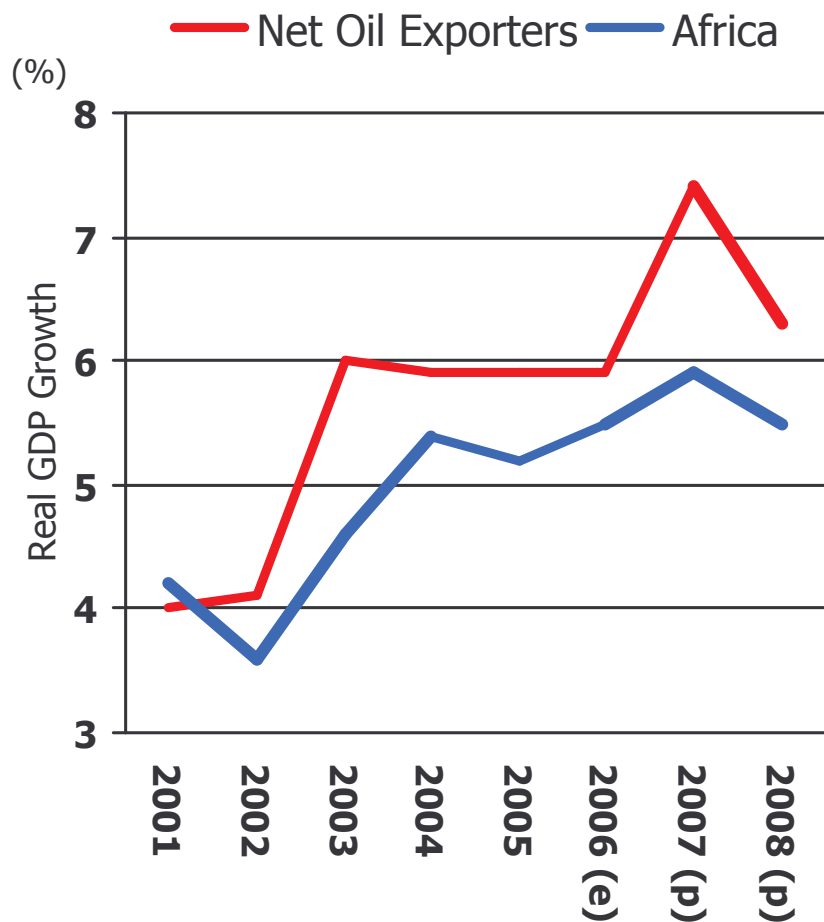


Source: World Bank 2007

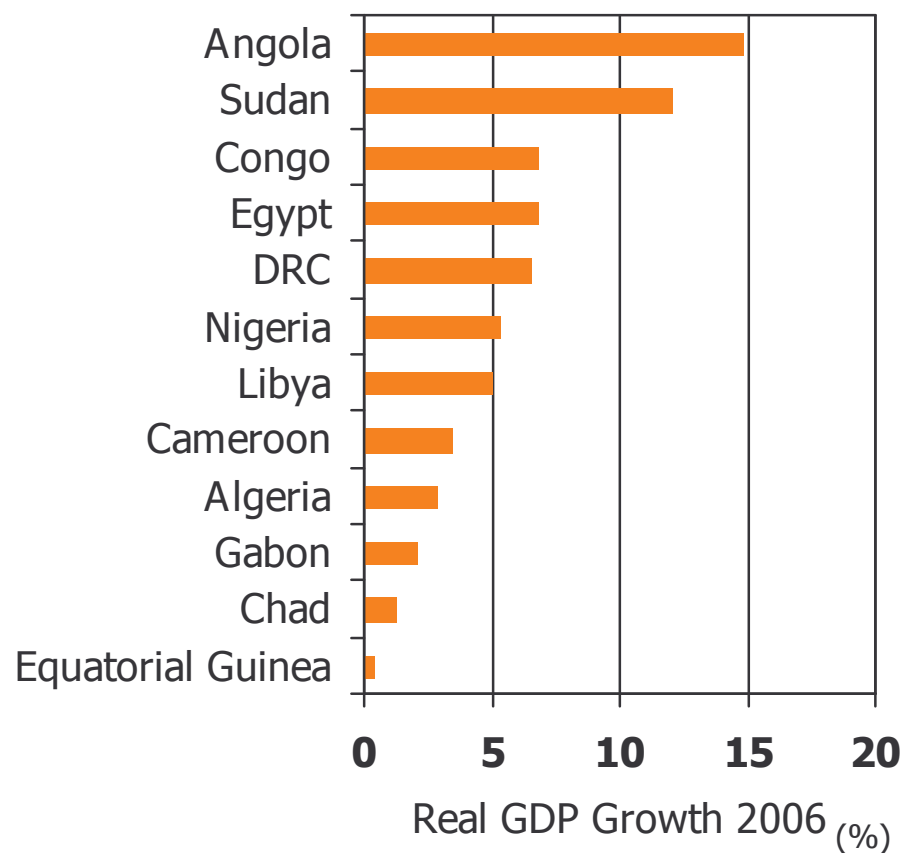


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Vibrant & stable growth in oil-producing countries in 2006



Best performing net oil exporters in 2006

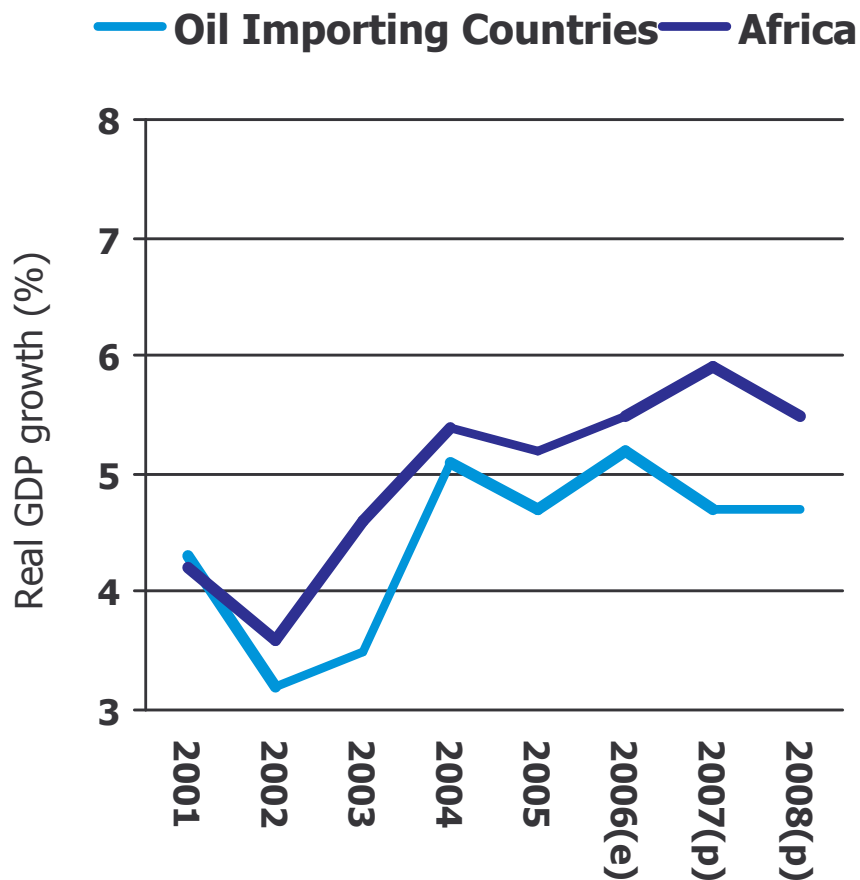


Source: African Economic Outlook 2007

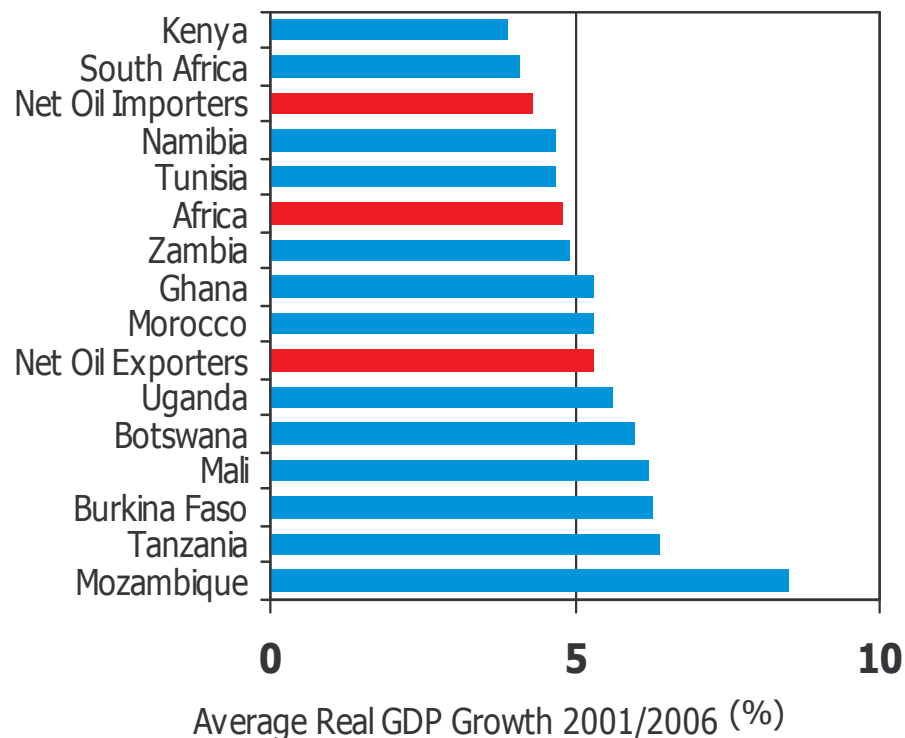


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Growth gaining momentum in oil importers: Good harvests and booming metal prices...



Best Performing net oil importers in 2001-2006



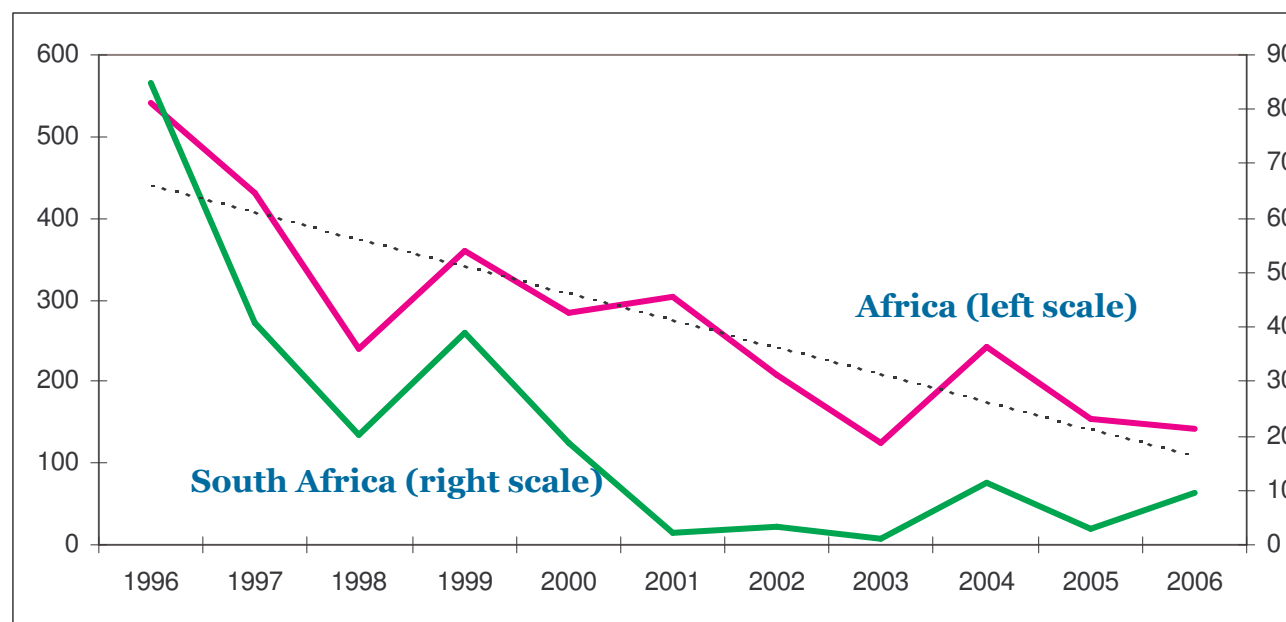
Sources: African Economic Outlook 2007



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...but also fewer bullets & more ballots

Political instability in Africa and in South Africa



Sources: African Economic Outlook 2007, Political Indicators (25 countries)

Presidential elections in 2006

- Benin
- Cape Verde*
- Chad
- DRC*
- Gambia
- Madagascar
- Sao Tome et Principe*
- Seychelles
- Zambia*
- Uganda

*Parliamentary elections as well



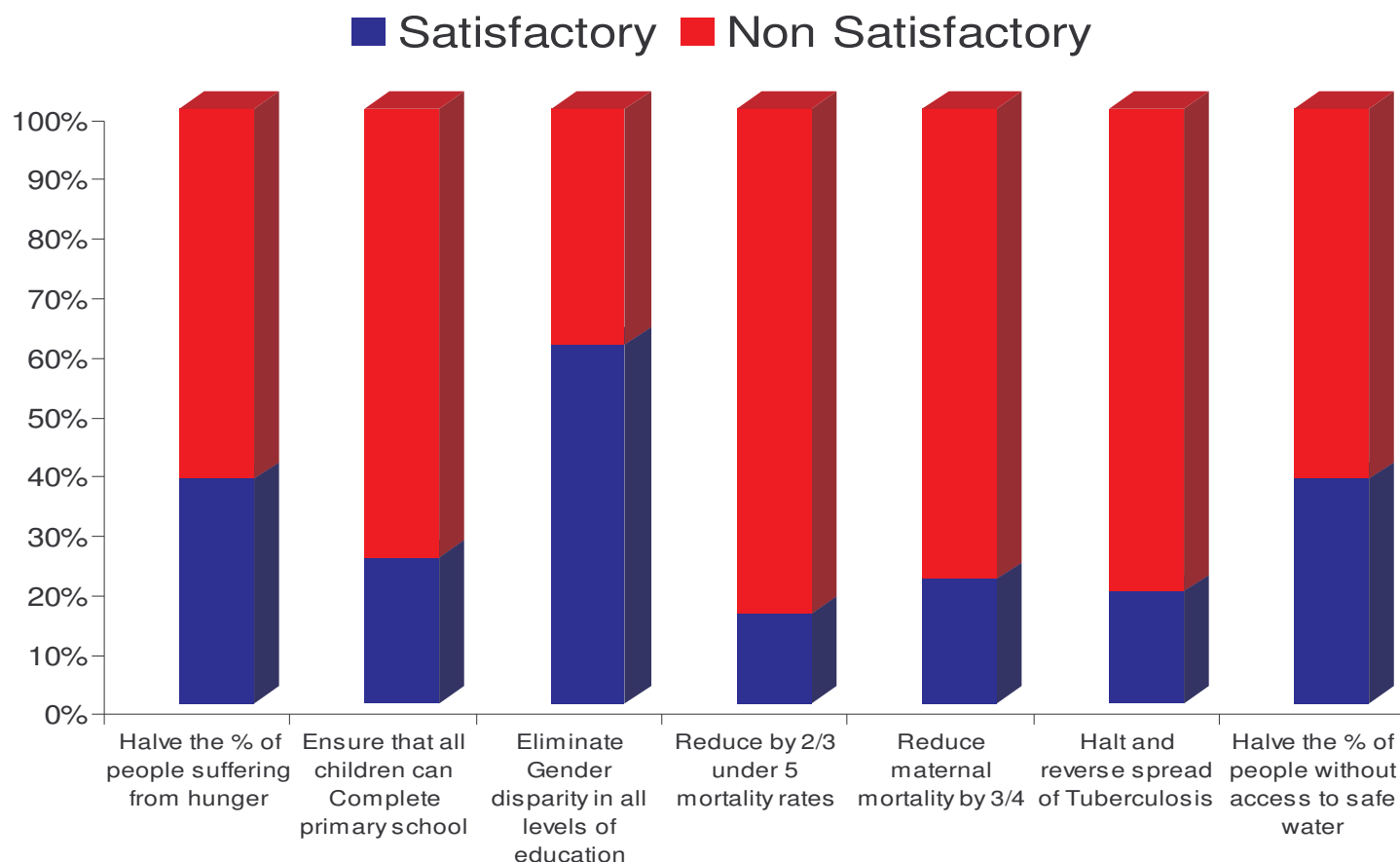
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Challenges ahead differ: Oil exporters and importers on a diverging path?

		1998-2004	2005	2006(e)	2007(p)	2008(p)
GDP Growth	Total Africa	4.0	5.2	5.5	5.9	5.7
	Net Oil exporters	4.5	5.9	6.0	7.4	6.7
	Net Oil importers	3.6	4.7	5.1	4.7	4.8
	South Africa	3.1	5.1	5.0	4.5	4.4
Inflation	Total Africa	10.0	8.8	9.1	9.2	9.5
	Net Oil exporters	11.6	9.4	5.7	5.3	5.3
	Net Oil importers	8.8	8.4	12.0	12.7	13.0
	South Africa	7.0	3.9	4.9	5.0	4.5
Fiscal Balance	Total Africa	-2.0	2.4	3.2	2.7	2.0
	Net Oil exporters	-0.8	7.0	8.2	7.3	6.4
	Net Oil importers	-3.1	-1.9	-2.3	-2.2	-2.4
	South Africa	-1.9	-0.3	-0.4	-0.4	-0.5
Trade Balance	Total Africa	1.8	6.7	7.8	7.6	6.6
	Net Oil exporters	7.5	20.3	21.3	20.6	19.4
	Net Oil importers	-3.4	-6.2	-6.5	-6.2	-6.8
	South Africa	2.7	-0.8	-1.3	-1.5	-2.3



Despite strong growth rate, progress towards the MDGs remains slow



Sources: African Economic Outlook 2007



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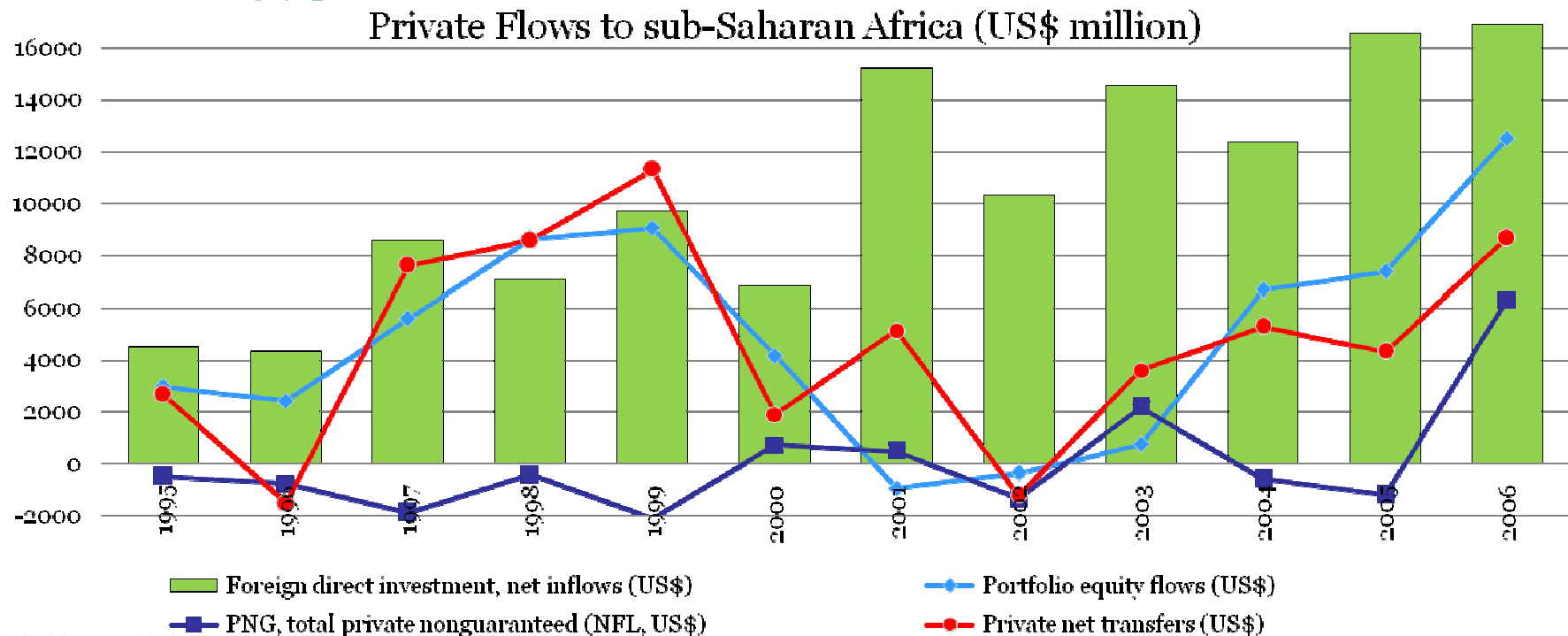
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Africa & globalisation

Noteworthy developments...

New actors, new trends

- New foreign direct investors and trade partners :
 - the Asian Drivers (China & India), trade & direct investment;
 - investors from Africa into Africa (South Africa, North Africa, Nigeria)
- Yield-hungry portfolio investors: Africa, the new investment / credit frontier?



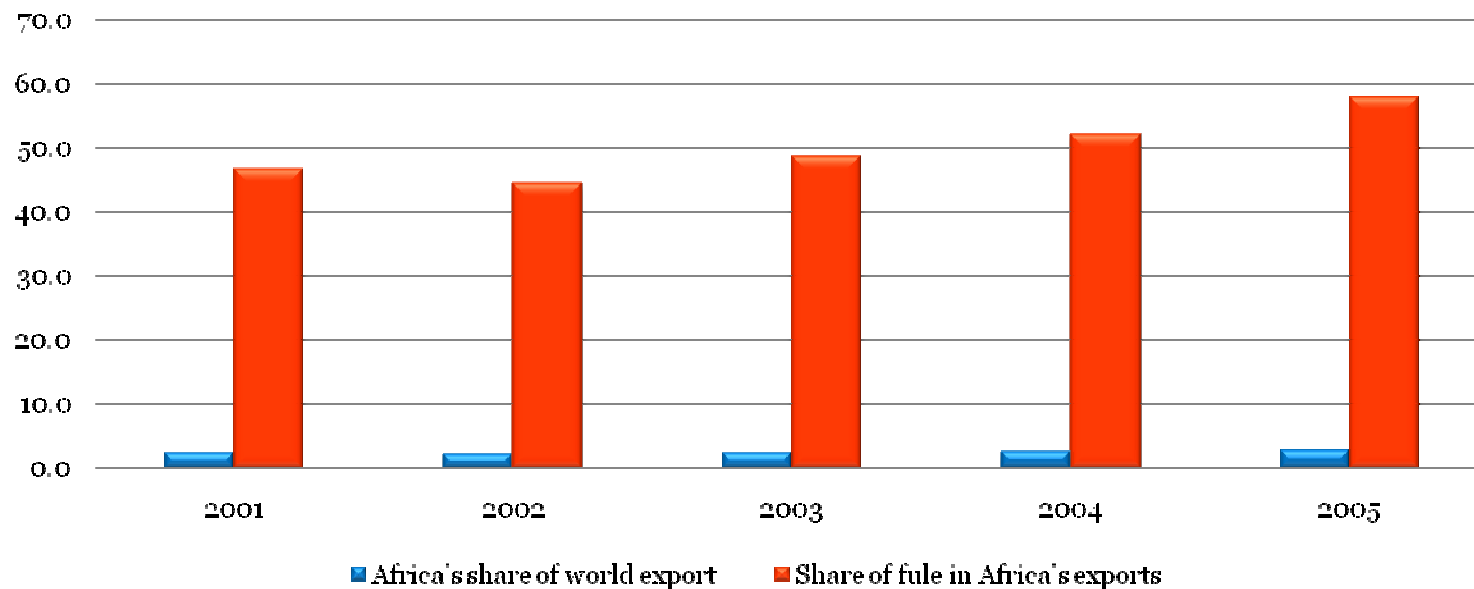
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Source: World bank, Global Development Finance

Africa and Globalisation: ... a vulnerable continent?

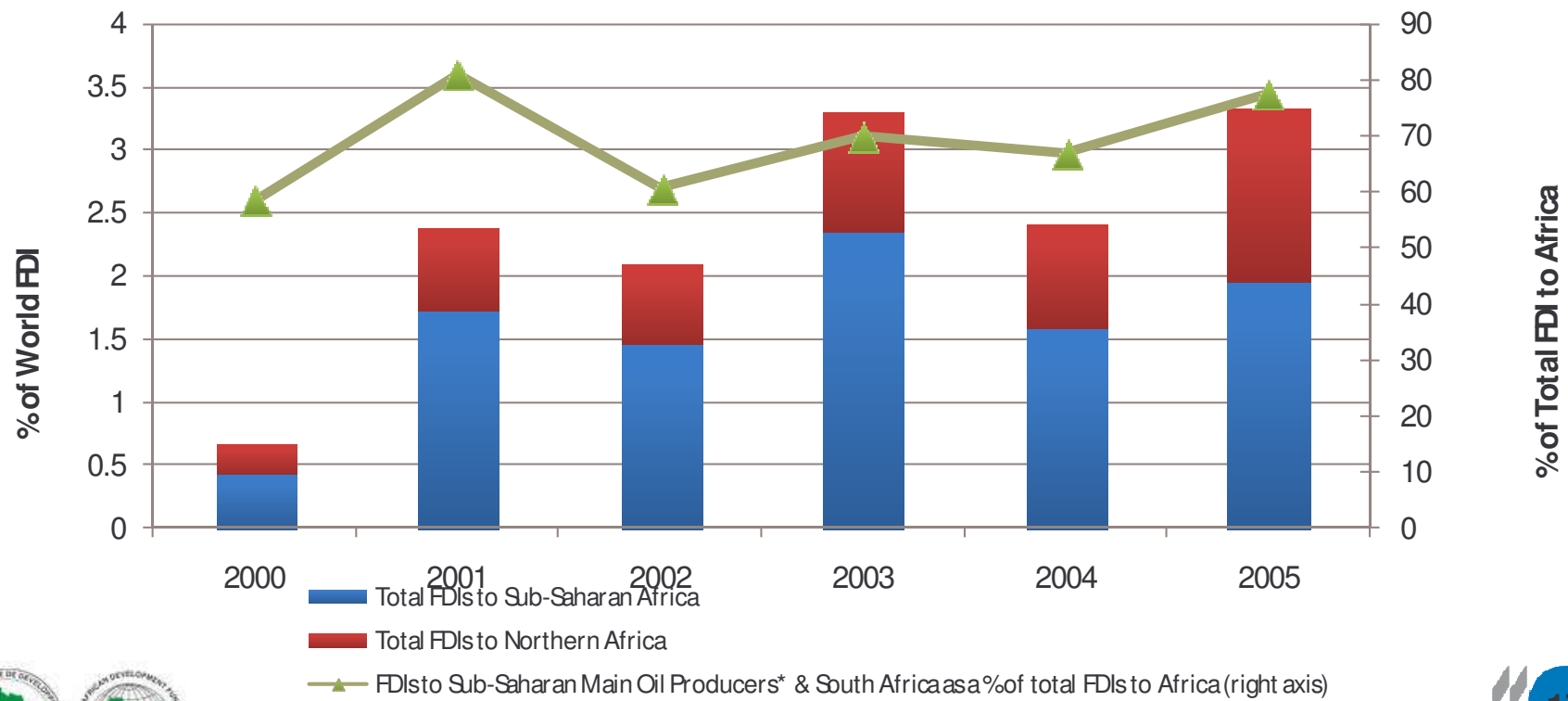
- Africa's share in world trade and investment remains minimal (1.5 % & 4% resp.) and concentrated in raw materials
- Partnering with the Asian drivers: opportunities / risk of further specialization and of raising the bar for competing in labor intensive industries

Oil dominates African exports



Africa and Globalization: ... Investment in Oil and South Africa

- Foreign investment in Africa is concentrated in oil exporting countries and in South Africa



Source: UNCTAD, World Investment Report

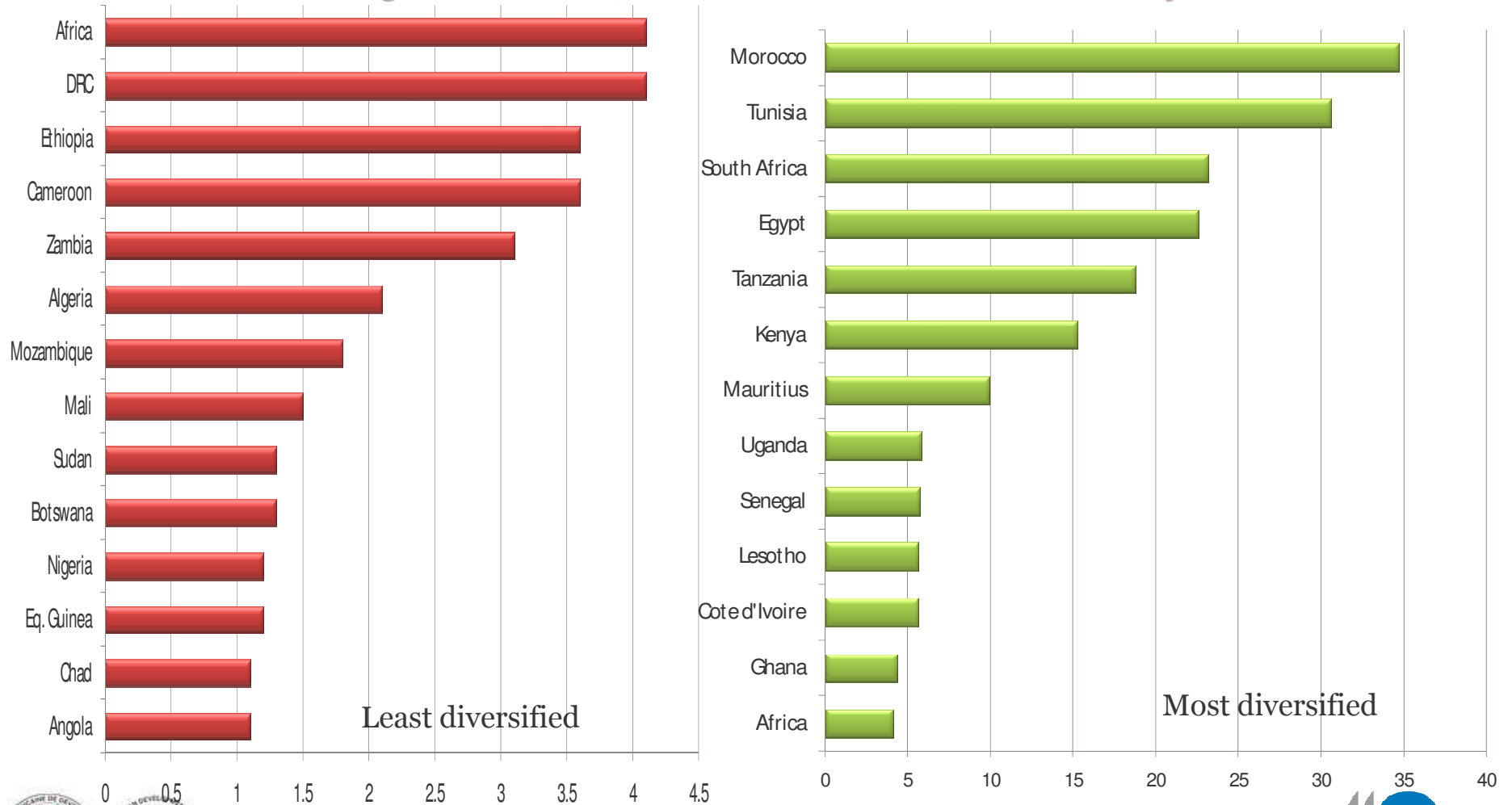


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Africa and Globalization:

... Slow progress in diversification

The higher the index, the more diversified the economy



Source: African Diversification Index, African Economic Outlook 2007



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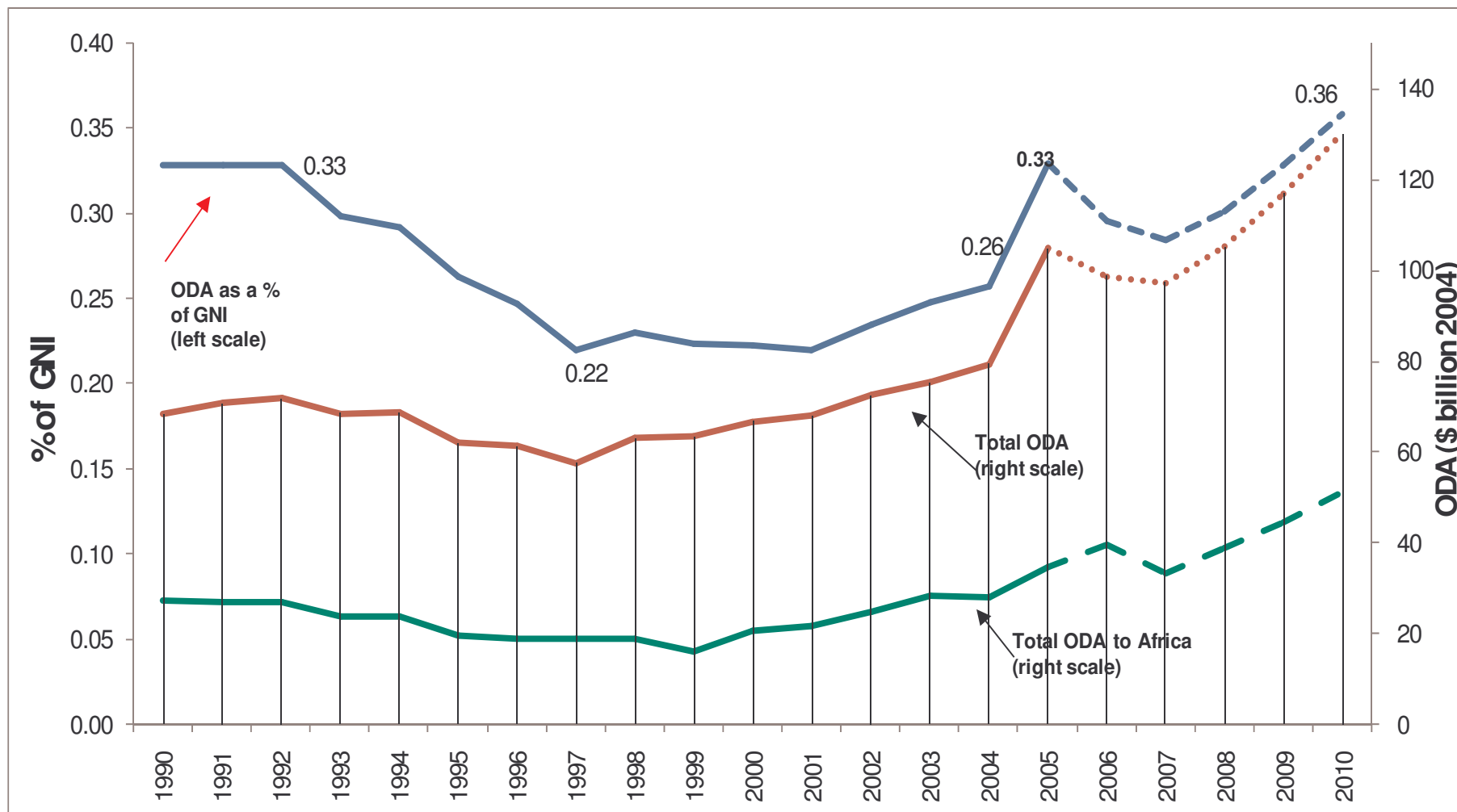
How can Africa become an *active* player in globalisation?

- ***Increase capacity for trade and investment:*** maintain macroeconomic stability, improving business environment, promote diversification
- ***Use external resources more effectively:***
 - Capitalize on oil and minerals windfall gains to invest in health, education and access to basic services
 - Use ODA as a catalyst: aid for trade is an instrument for enhancing Africa's integration in the global economy.



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Aid must be used strategically



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Thank you!

For more information:

www.oecd.org/dev/aeo



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