

2011

African Economic Outlook

AFRICA, AND ITS EMERGING PARTNERS



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African Economic Outlook at 10

2001/02



AEO debut as an AfDB/OECD project
OECD Dev. Centre in the lead
22 country notes

2007/08



AfDB lead partner UNECA joins the partnership
35 country notes

2010/11



UNDP joins
51 country notes

Since 2001 European Commission has provided generous support through ACP grants



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African Economic Outlook



African Economic Outlook Partners



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The Growth Story



Robust Growth in Sub-Saharan Africa

Sub-Saharan Africa

Real GDP Growth expected to increase from **5.0%** in 2010 to **5.5%** in 2011

Excluding Côte d'Ivoire

SSA real GDP Growth is expected at **5.7%** in 2011



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The Growth Story (continued)



Much Lower in North Africa



Unrest led to near stagnation

2011 GDP growth: **0.7%**

2010 GDP growth: **4.7%**



Overall Africa's growth will decline

4.9% in 2010 to **3.7%** in 2011



2012

Africa's GDP up to **5.8%** assuming a quick return to stability in North Africa



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A New Landscape

Recent social unrests in North Africa and the revolution in Tunisia:
Demand for more accountability and better political governance in Africa

Short-term costs

Potential significant long-term benefits



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Drivers of Growth

Internal

Domestic consumer demand

**Good macroeconomic policies
and management**

Growth sectors: Agriculture,
services, construction and
manufacturing

External

Commodity prices

**Prices of
agricultural export**



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Outline of the Presentation

- **Macroeconomic Prospects: 2011 and 2012**
- **Policy Challenges**
- **Africa's Emerging Partners: Thematic part**



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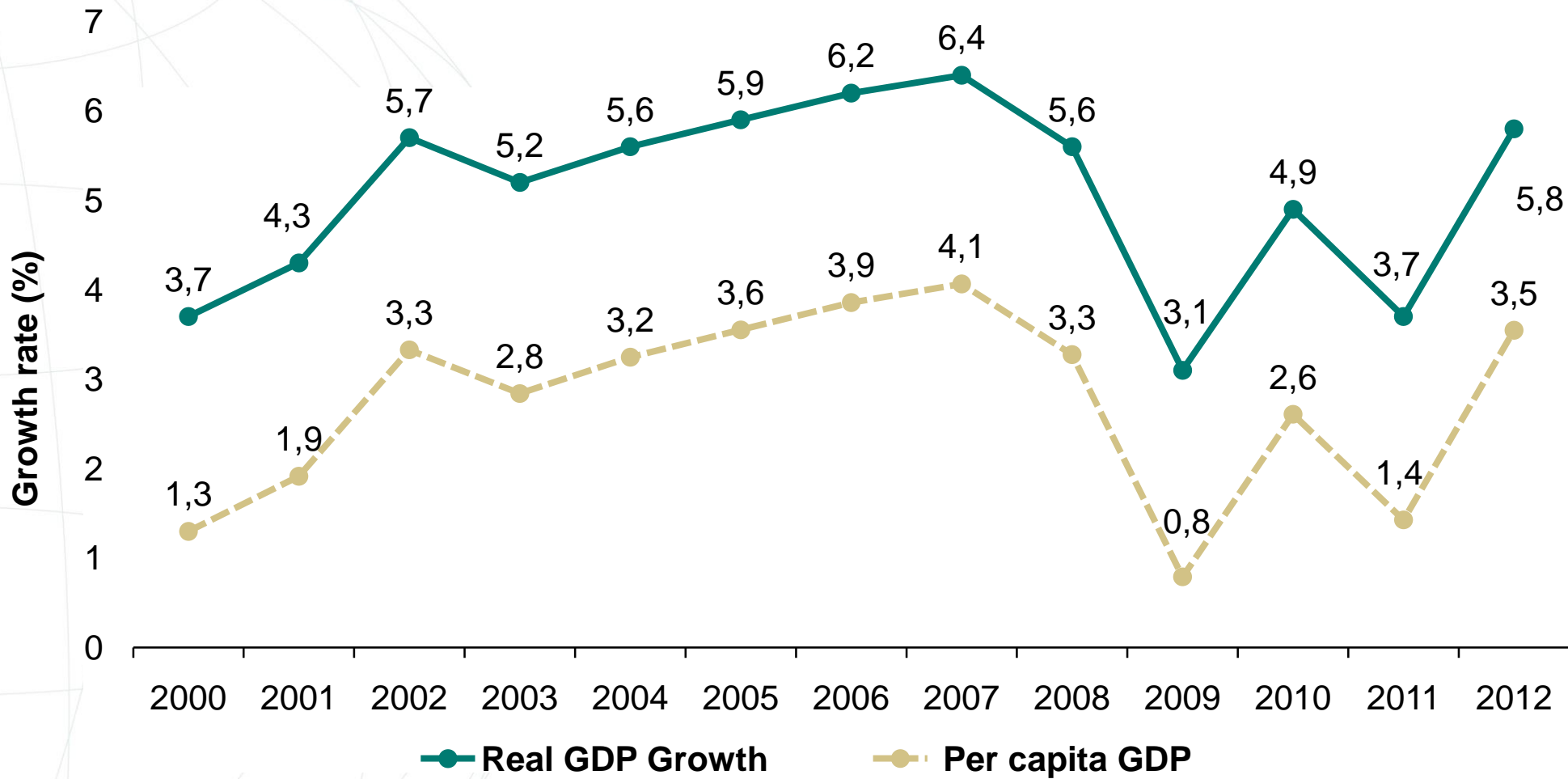
Macroeconomic Prospects



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Africa's Growth: The Big Picture



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Growth by Regions

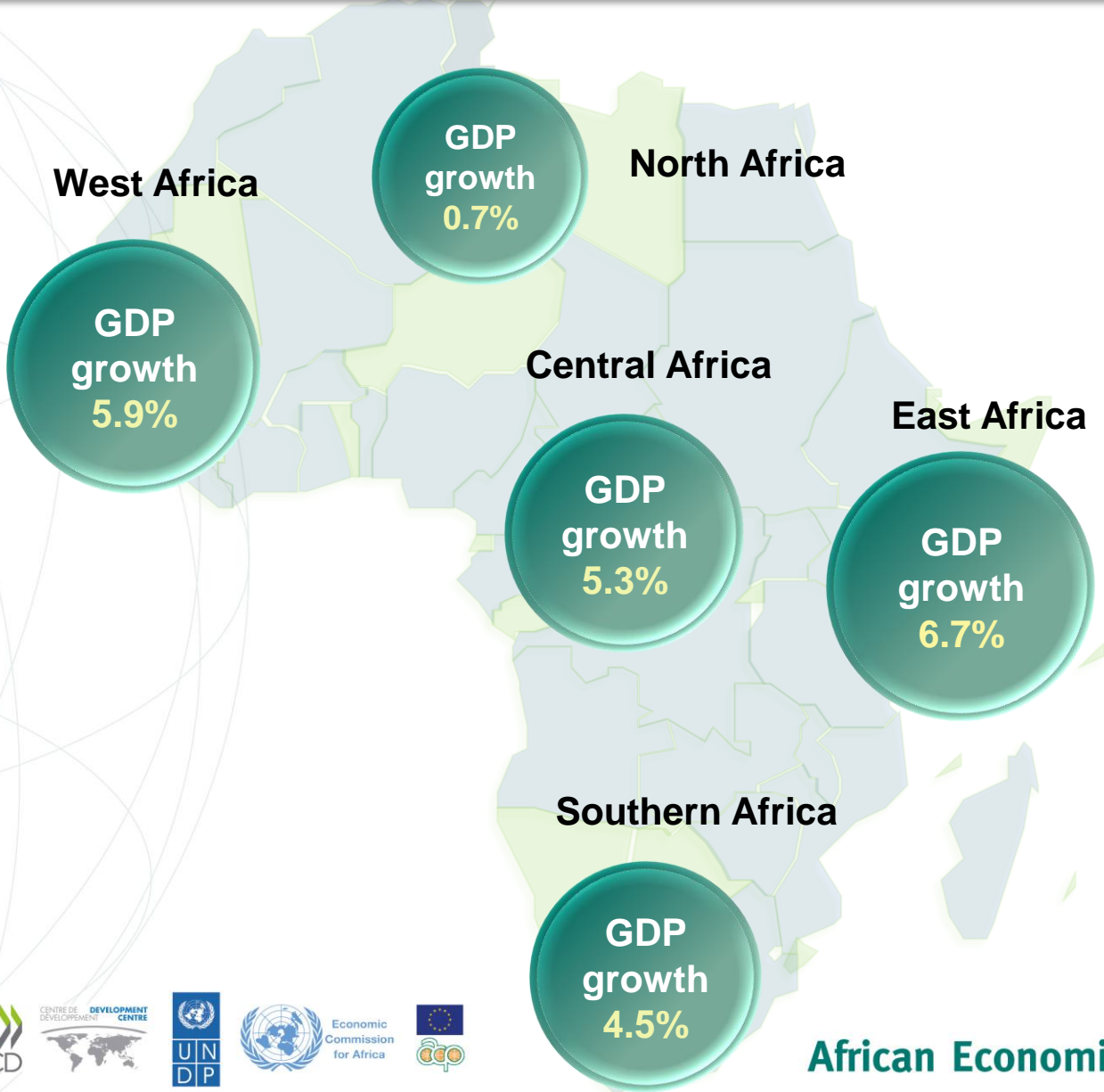
	2009	2010 (e)	2011 (p)	2012 (p)
	Real GDP Growth (%)			
Central Africa	2.6	4.3	5.3	5.7
East Africa	5.7	6.2	6.7	6.7
North Africa	3.5	4.7	0.7	5.1
Southern Africa	-0.5	3.4	4.5	5.5
West Africa	5.6	6.7	5.9	6.8
Africa	3.1	4.9	3.7	5.8



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Disparities in Economic Performance in 2011



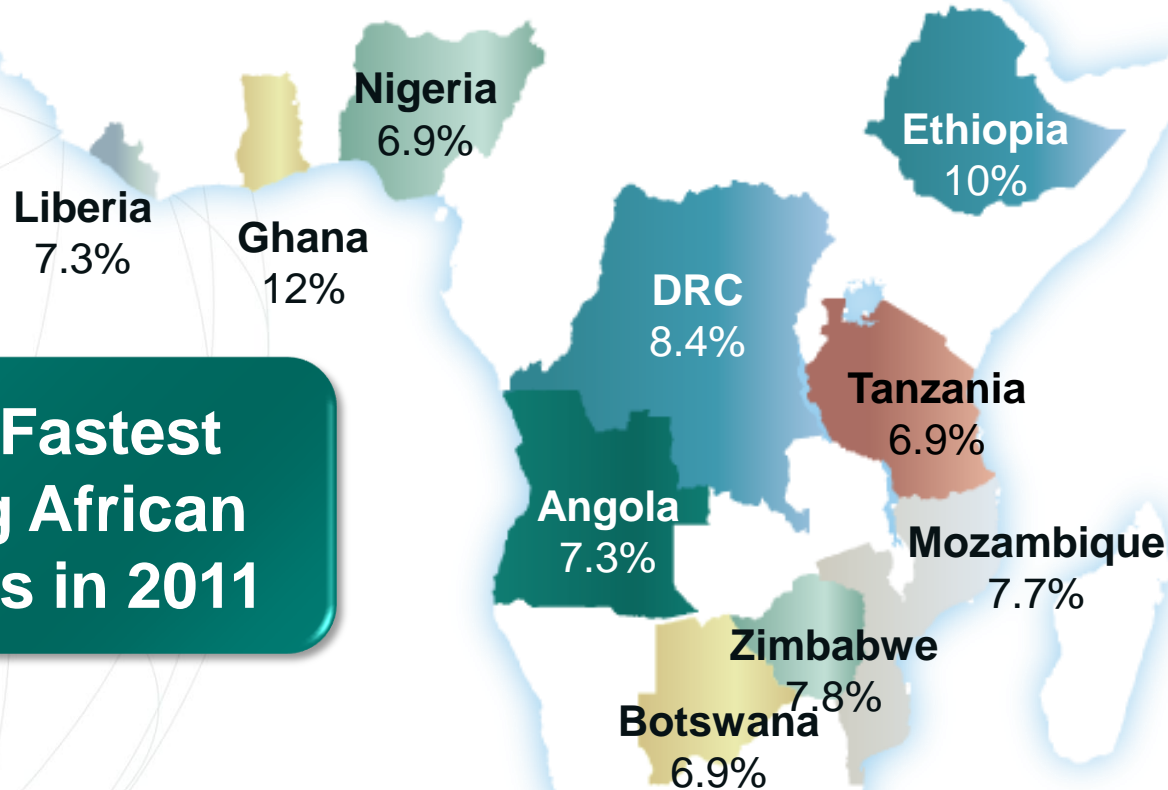
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The 10 Fastest Growing African Countries in 2011



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The 10 Slowest Growing African Countries in 2011

Tunisia
1.1%

Libya
-19%

Egypt
1.6%

Côte d'Ivoire
-7.3%

Benin
2.5%

Comoros
2.5%

Madagascar
0.6%

Swaziland
1.9%

South Africa
3.6%

Lesotho
2.9%



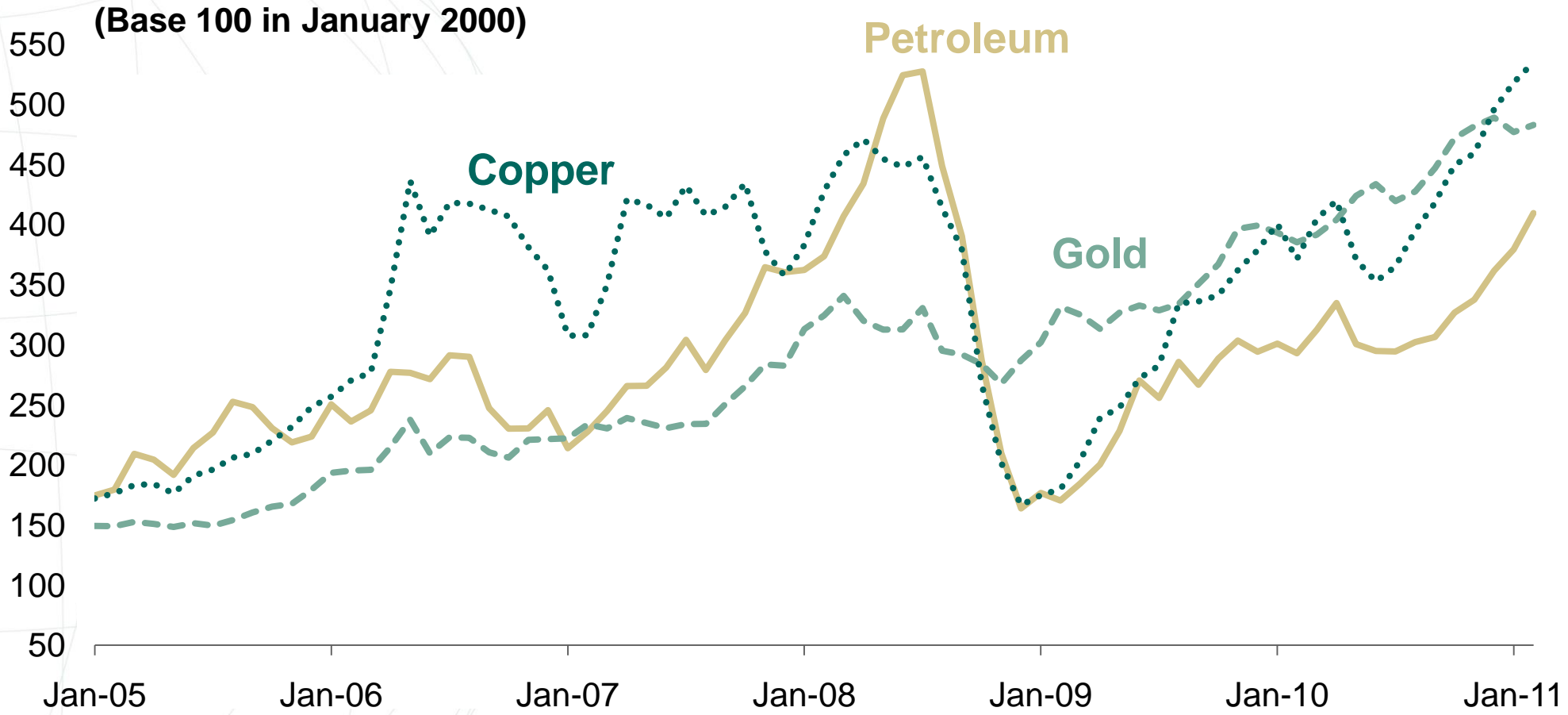
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Drivers of Growth: Commodity Prices



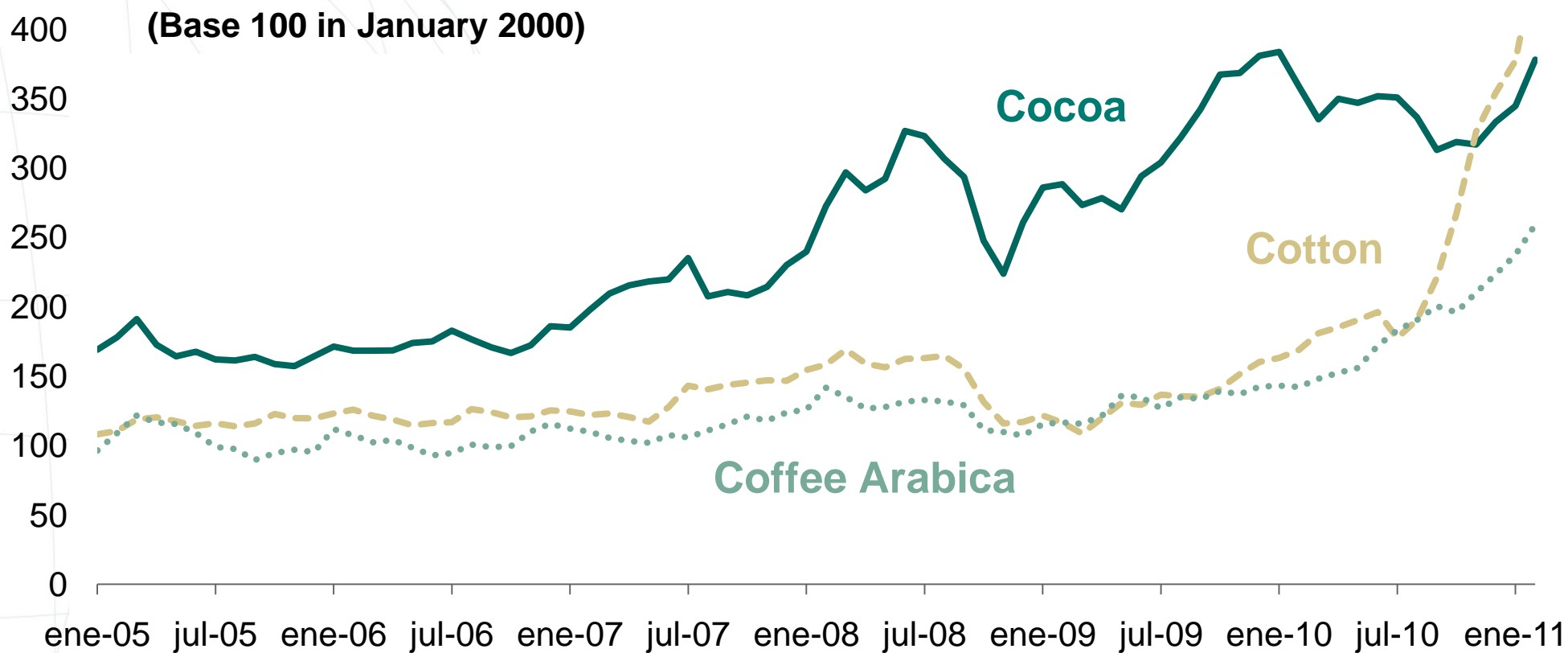
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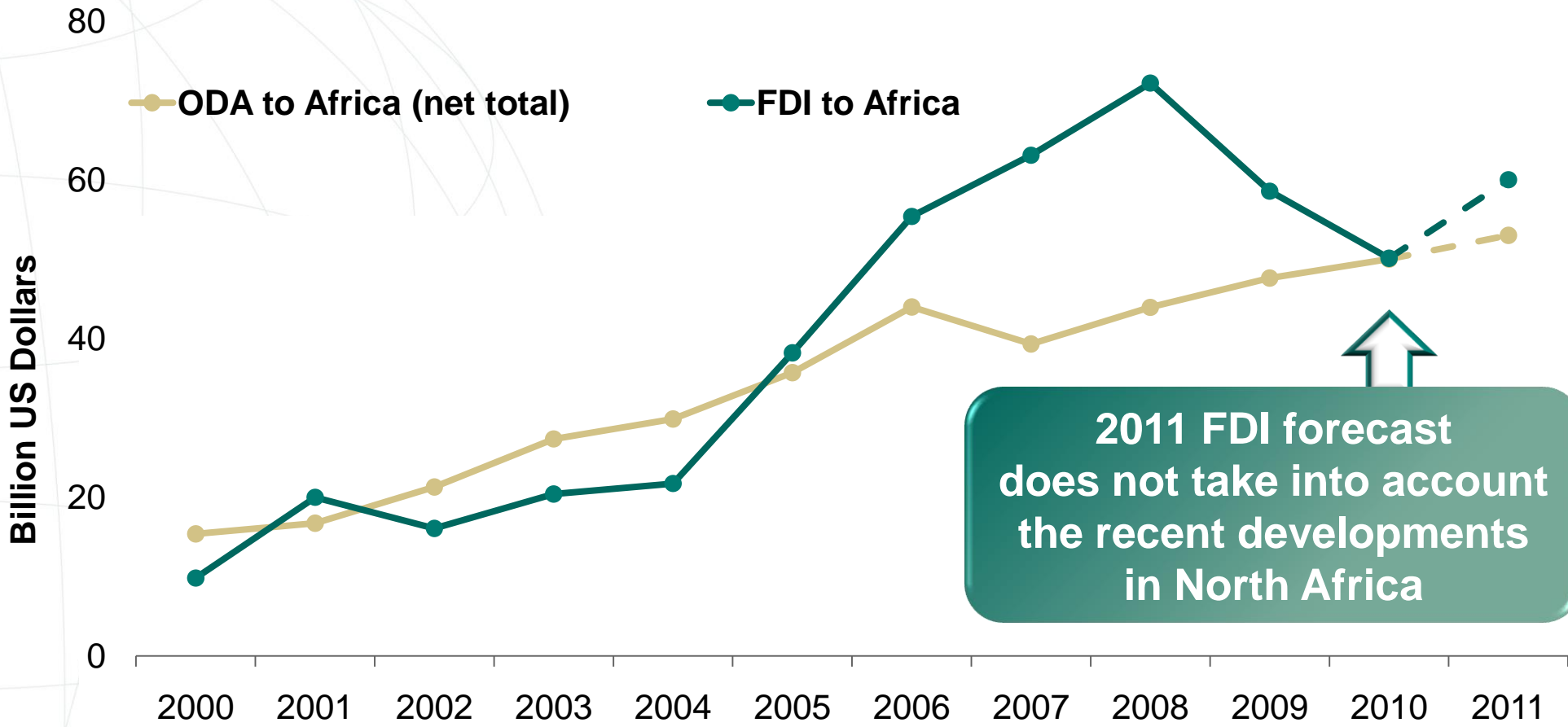
And Export Prices of Agricultural Products



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Financial Flows to African Countries



2011 FDI forecast does not take into account the recent developments in North Africa



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Challenges



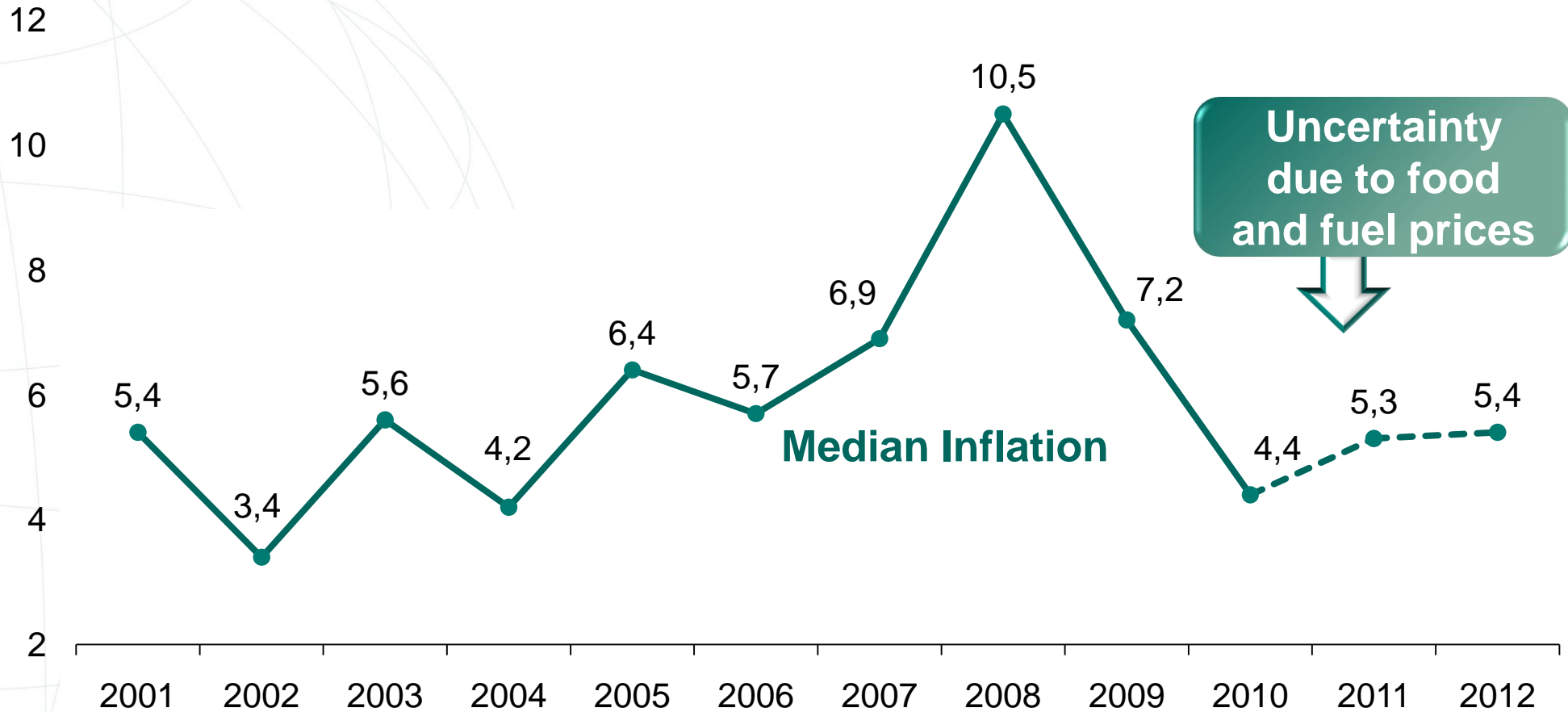
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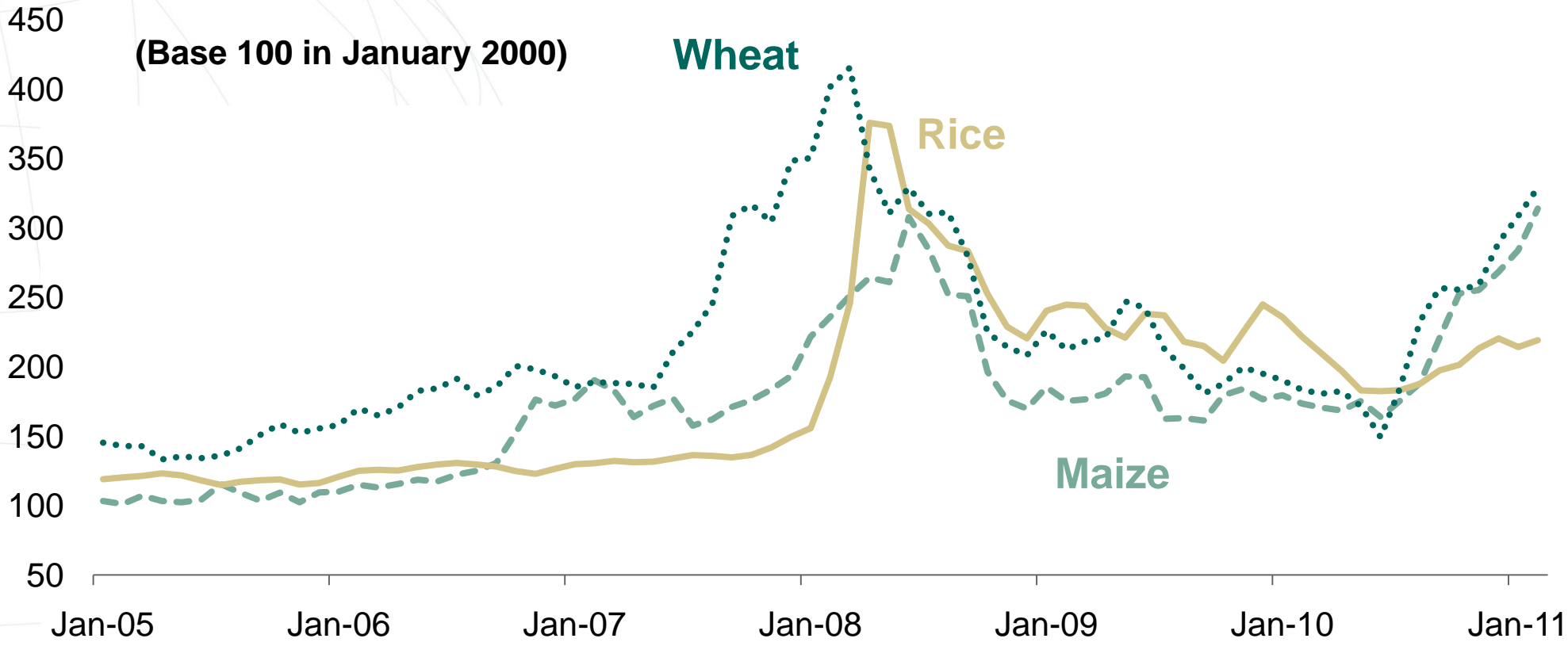
Inflation



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World Food Prices



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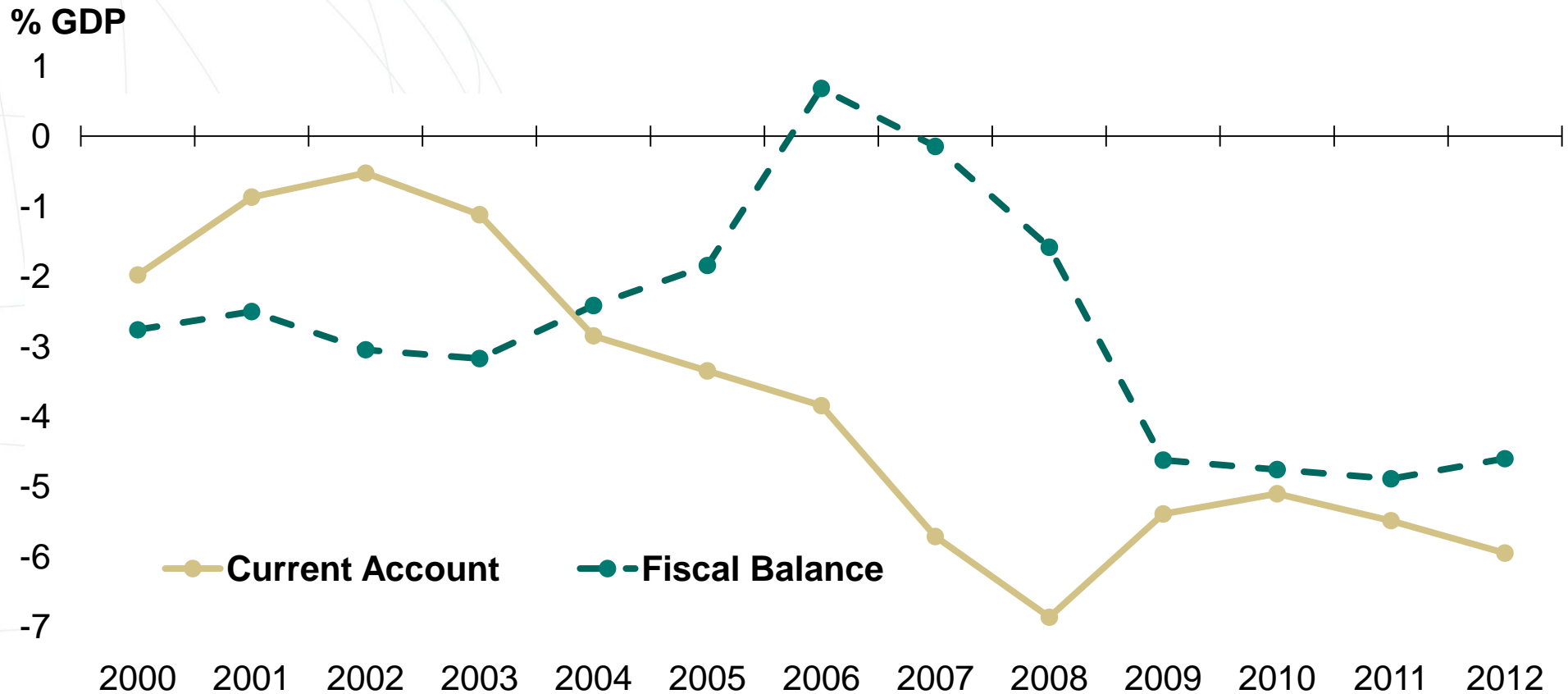


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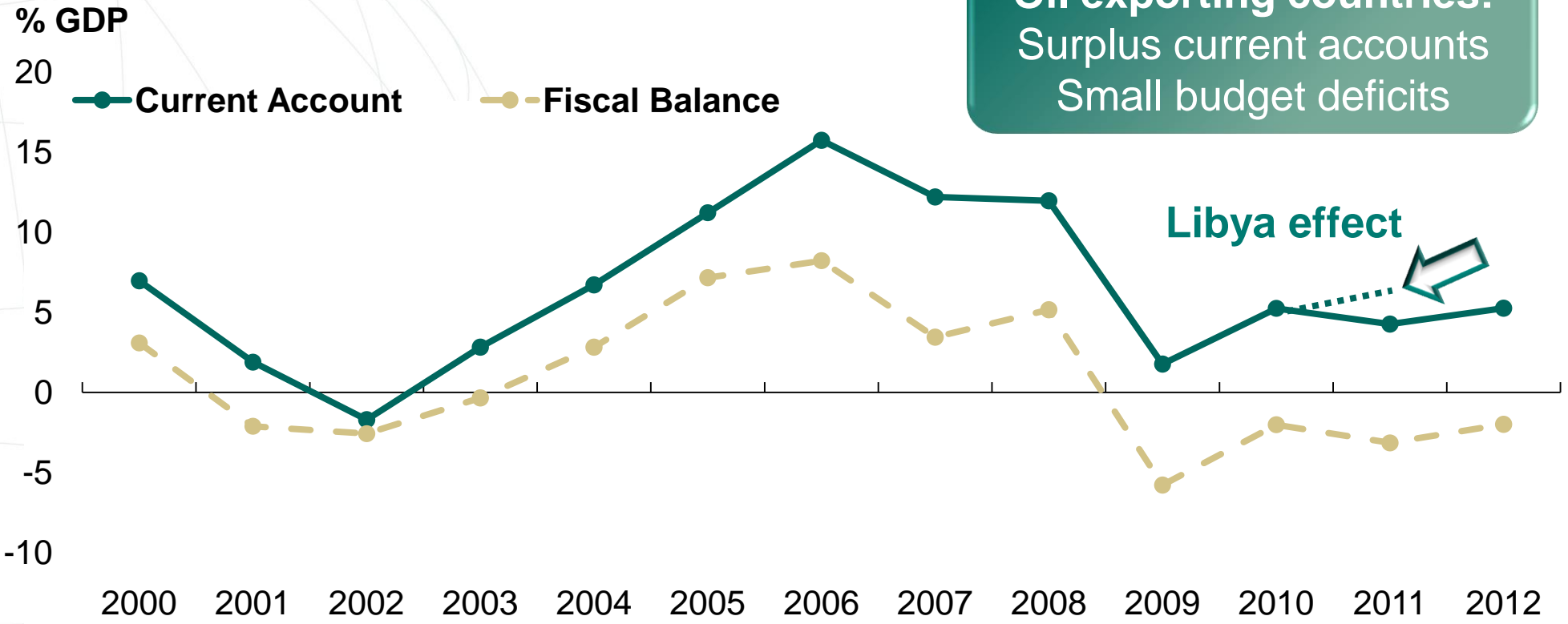


The Oil Divide

Oil Importing countries: twin deficits



The Oil Divide (continued)



Oil exporting countries:
 Surplus current accounts
 Small budget deficits

Libya effect

Political Stability

➤ **2011 Elections in 20 countries**

➤ **July 2011: Sudan to become two countries**

➤ **July 24, 2011: Constitutional elections in Tunisia**



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Africa's Main Challenges

Infrastructure deficit

Regional integration

Private sector promotion / SME development

Domestic resource mobilization / capital markets development

Diversification

Climate change



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2011 Thematic Chapter: Africa's Emerging Partners



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Key Questions

Who are the emerging partners (EPs)?

How does Africa interact with the EPs: trade, aid and investment?

What are the developmental impacts of the EPs on Africa?

How can Africa maximize the opportunities offered by EPs?



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Value Added

**Evidence from
field experiences**

**One framework
for all countries**

**By asking new and probing questions, it brings
forth important policy implications**



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Key Messages

- Emerging partners have become a **major driver of Africa's growth** in recent years
- Not all countries have engaged equally with **emerging partners**
- **Africa's traditional partners** are still very significant and will remain so in the years to come



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Key Messages (continued)

To maximize the benefits from EPs, African countries should:

Coordinate their **engagement strategy** regionally

Improve their **domestic policies**

Use the **increased policy space** to strike out better deals
(in trade, FDI and development assistance)



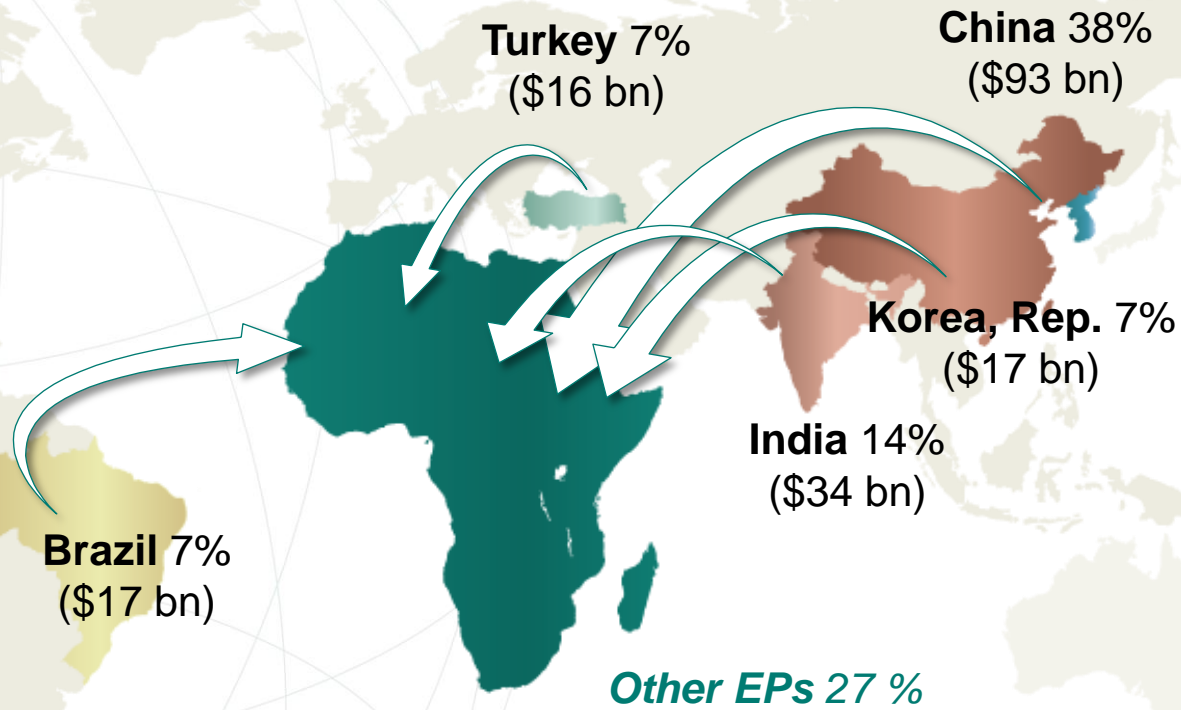
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Who are the EP's?



Africa Trade Volume, 2009 % of total (US\$ billion)

- Any non-OECD DAC (except South Korea) and non-African country is a potential EP for Africa
- EPs identified on the basis of trade and investment flows
- China (incl. HK), India, Korea, Brazil and Turkey are leading the pack

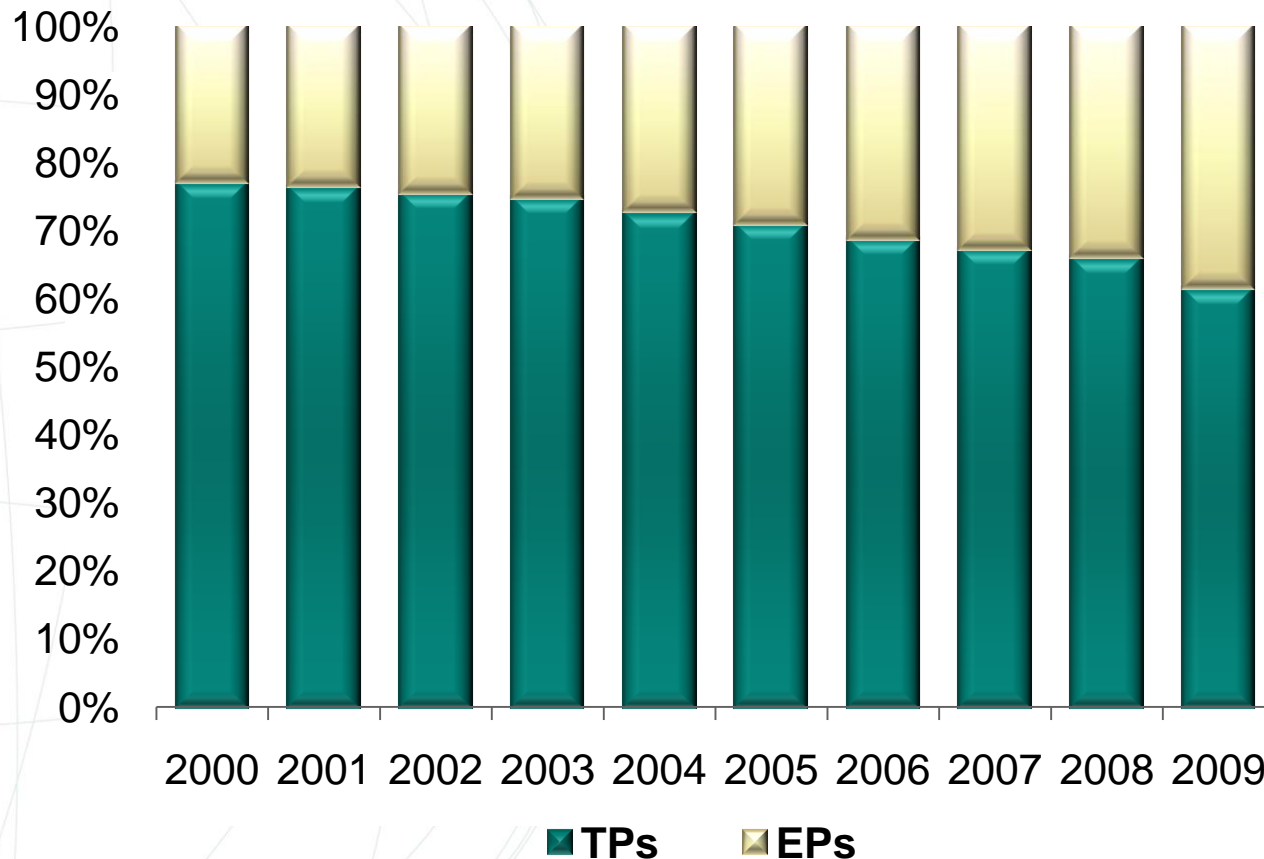


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Dramatic Rise of EP's...

Share of TP's and EP's in Africa's total trade



- Africa's total **trade doubled** between 2000 and 2009
- Share of trade with non-traditional partners **increased from 23% in 2000 to 39% in 2009**
- **China's share tripled**



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TPs remain critical to Africa's growth

TPs



62% of Africa's trade in 2009.

83% of all ODA-equivalent flows to Africa between 2005 - 2010 compared to 10% from EPs

EU



Africa's main trading partner: 40% of Africa's trade

OECD countries



72% of all FDI flows to Africa during 2000-2008
(15% from Asia)



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EPs' and TP's' are complementary

EPs and TP's are contributing to the exploration of new resources through FDI

EPs

Supply **affordable consumer goods** to Africa

Help to **close infrastructure gaps** in Africa



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The Way Forward

- **Improve the domestic policy framework** to attract FDI and to benefit from knowledge transfers
- **Develop and coordinate a regional strategy** to engage with the EPs
- **Use the increased policy space and greater bargaining power** to interact more effectively with both EPs and TPs



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Electronic Dissemination: www.afdb.org

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The screenshot shows the website's header with navigation links for English, Français, and Português, and sections for About us, Partners & affiliates, and Contact us. A search bar is present. The main navigation menu includes Home, Outlook (highlighted), In Depth, Countries, Data & Statistics, News & Events, and Resources. The main content area features a breadcrumb trail (Home » Outlook), a title 'Outlook', and social media sharing options. A text block discusses the 2010 African Economic Outlook findings. A featured article titled 'Global conditions are expected to improve in 2010' includes an image of a ship and text about global recovery. A sidebar on the right lists topics like Macroeconomic Situation and Prospects, External Financial Flows to Africa, Trade Policies and Regional Integration in Africa, Progress towards the Millennium Development Goals, and Political and Economic Governance. Below this is a section titled 'CHALLENGES AFRICA FACES AFTER THE GLOBAL CRISIS' with a partial image of a woman's face.



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Thank you: African Economic Outlook 2011



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