POCKET EDITION

African Economic Outlook 2013

SPECIAL THEME:

Structural Transformation and Natural Resources

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African Economic Outlook 2013

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The AEO is published annually with additional financial support from the European Union and the Committee of African, Caribbean and Pacific Group of States (ACP).

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- an overview of Africa´s performance and prospects (Part one);
- an in-depth analysis of a special theme of particular importance for the continent: Structural Transformation and Natural Resources in Africa (Part two);
- two-page summaries of the 53 country notes (Part three);
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This pocket edition of AEO 2013 provides you with the key facts and data of this year's report in a portable format. It contains:

- a summary of Africa's Performance and Prospects;
- a summary of the report's analysis on Structural Transformation and Natural Resources in Africa;
- key figures on African countries' macroeconomic prospects, for each of the five regions.

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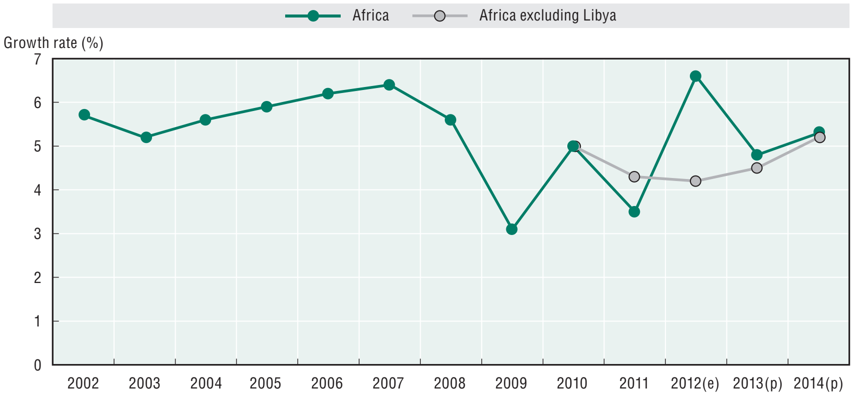
Macroeconomic prospects for Africa

Africa's economy continues to show a high degree of resilience against global economic turbulences. However, the growth momentum has eased in countries with strong links to global markets and also in those where political and social tensions have increased. With a gradual recovery of the global economy, the continent's average growth of gross domestic product (GDP) is likely to amount to 4.8% in 2013 and 5.3% in 2014. In 2012 Africa's growth was higher at 6.6%. But this was due to the rebound of oil production in Libya. Excluding Libya, Africa's growth was 4.2% in 2012 and is projected to accelerate to 4.5% and 5.2% in 2013 and 2014 respectively.

Figure 1. **Africa´s economic growth**



Note: e: estimates; p: projections.
Source: Authors' calculations.
StatLink http://dx.doi.org/10.1787/10.1787/888932806904

Resource-rich countries continue to benefit from relatively high commodity prices although easing of global demand has reduced price levels. After the peak in mid-2011 prices have softened due to weaknesses in the global economy and the deepening of the debt crisis in the euro area. Nonetheless, at current levels, commodity prices remain high enough to support the growth of resource-rich countries. Good harvests have boosted agricultural production in many countries and helped mitigate the adverse effects of high international food prices on consumers. Africa's oil exports increased significantly as Libya resumed production.

Africa's growth is supported by domestic activity while exports remain subdued

On the *demand side,* domestic demand and more favourable supply conditions were the main driving forces in many African countries. But this could not fully offset the adverse effects from the weaker global environment on external demand. Domestic demand was often boosted by private consumption and investment, both public and private. Higher earnings in domestic sectors, record inflows of remittances and expanding consumer credits backed private consumption. Private investment was often related to oil production and mining and was supported by inflows of direct investment. The weakness of the global economy has restrained Africa's export volumes but, with a few exceptions, commodity prices have remained generally favourable for African exporters. In some parts of Africa, notably in North Africa, Mali, DRC and Nigeria, growth was constrained by political tensions and/or security problems.

On the *supply side*, the main engines of growth were often agriculture and services, in several resource-rich countries rising production of oil and mining activity. Manufacturing activity played a role in a few countries. While many African countries have taken measures to diversify their economies, progress has been slow.

Monetary policy: aiming at controlling inflation and stabilising exchange rates

Africa's average inflation rate increased in 2012 to around 9%, from 8.5% in 2011 and 7% in 2010. Inflation is expected to decline but remain above 7% in 2013/14. The increase of inflationary pressures in 2011/12 was mainly due to higher food and fuel prices, which hit Africa's consumers, notably the urban poor. In several countries imported inflation in 2012 was exacerbated by currency depreciation. Food and fuel prices have recently eased but remain at elevated levels. Our forecast of a moderation of inflationary pressure is based on the assumption that food and fuel import prices will not significantly push up inflation during the projection period. But there are also risks. Poor national and international harvests and political conflicts in major oil producing countries could again boost food and fuel prices respectively.

Monetary policies in many African countries will have to continue to strike a balance between controlling inflation and supporting economic growth. Countries with high inflation and limited fiscal space have basically no room for expansionary macro policies to counteract an economic downturn. By contrast, in countries where inflationary pressures are contained, central banks may see room to reduce interest rates further. But in order to ensure that the reduction in policy interest rates also reduces financing costs for the private sector, the transmission from policy interest rates to lending rates must be strengthened. This transmission mechanism is currently weak in many African countries.

Fiscal policy: accommodative or restrictive depending on countries' economic conditions and fiscal space

Given the risk of another economic downturn due to lower global demand, several countries continue to pursue expansionary fiscal policies. But many other countries follow fiscal consolidation strategies to ensure debt sustainability. This is particularly important in countries which are already at risk of debt distress. In 2012, expansionary policies were implemented in Algeria, Burkina Faso, the Republic of Congo, Cameroon, South Africa, Namibia and Zambia. By contrast, Egypt, Ghana, Ethiopia, Botswana, Rwanda, Malawi and Zimbabwe saw little fiscal space or need for an expansionary policy and tightened the fiscal stance.

Current account deficits have further increased in oil-importing countries

Higher food and energy costs increased import prices much faster than export prices resulting in weakened terms of trade and deteriorations in current accounts in many African countries. In 2012, current account deficits of oil-importing countries increased to above 7% of GDP (up from around 6% in 2011) and are likely to remain on average at around 7% of GDP in 2013/14. By contrast, oil-exporting countries saw their surpluses rise in 2012 to 5% of GDP (up from around 3%) and are expected to remain in surplus of similar magnitude in 2013 and further increase to above 6% in 2014.

Risks and policy challenges for African economies

Africa's economic prospects depend on global and domestic factors, which are highly uncertain. The main channels of transmission of weaker global growth would be lower commodity export earnings, shrinkages in export volumes of other goods, tourism receipts, official development assistance (ODA), foreign direct investment inflows (FDI) and workers' remittances. According to our estimates, a one-percentage point decline in the GDP of OECD member countries causes African GDP to decline by about 0.5% and Africa's export earnings by about 10%. Trade is the most important channel of transmission. African exports are already affected by the downturn of the global economy; a worsening of Europe's debt crisis could constrain Africa's exports even more. While ODA, FDI and remittances have so far remained supportive of growth in Africa, a prolonged and deeper crisis in Europe could rapidly curb these financial flows.

On top of external uncertainties, downside risks also exist within Africa. Two years after the revolutions in Tunisia, Egypt and Libya, political stability in the region remains elusive and social tensions linger on. In Mali, the political situation has improved after the military intervention of French and ECOWAS regional forces . However, as long as security is not restored, the economies of the region remain vulnerable. After the secession of South Sudan, agreement with Sudan has been reached on important issues, but some regional issues remain contentious and full peace will only be achieved once they are resolved.

Despite those risks, our economic outlook for Africa remains cautiously optimistic. Africa's impressive growth over the past 15 years, underpinned by its resilience during the 2009 global recession and the recent global downturn, support such optimism. The main short-term challenge for the continent is to consolidate stable macroeconomic conditions in the face of a more volatile global economic environment. In addition, institutions and regulations for private sector activity must be further improved. Addressing infrastructure bottlenecks increasing access to key public services such as education, health and security would put countries on a durable high growth path and reduce poverty and inequality.

Table 1. **Macroeconomic developments in Africa**

Real GDP growth (%)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
Central Africa	5.2	5.7	5.7	5.4
Eastern Africa	6.3	4.5	5.2	5.6
Northern Africa	-0.1	9.5	3.9	4.3
Southern Africa	4.0	3.7	4.2	4.6
Western Africa	6.8	6.6	6.8	7.4
Africa	**3.5**	**6.6**	**4.8**	**5.3**
Africa (excluding Libya)	4.3	4.2	4.5	5.2
Memorandum items				
North Africa (including Sudan)	0.1	8.8	3.8	4.3
Sub-Saharan Africa	5.5	5.2	5.4	5.8
Oil-exporting countries	2.8	8.7	5.2	5.6
Oil-importing countries	4.3	3.9	4.3	4.8
Consumer prices (Inflation in %)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
Central Africa	4.5	4.4	3.5	3.4
Eastern Africa	16.1	21.3	10.9	9.4
Northern Africa	7.3	7.2	7.1	7.3
Southern Africa	6.7	6.5	6.5	6.2
Western Africa	9.3	9.8	8.0	7.8
Africa	**8.5**	**9.1**	**7.4**	**7.2**
Memorandum items				
North Africa (including Sudan)	8.2	8.9	8.0	8.0
Sub-Saharan Africa	8.7	9.2	7.1	6.7
Oil-exporting countries	10.3	10.6	9.0	9.1
Oil-importing countries	6.9	7.9	5.9	5.3
Overall fiscal balance, including grants (% GDP)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
Central Africa	1.9	0.0	-1.2	-1.9
Eastern Africa	-3.0	-4.1	-3.2	-3.2
Northern Africa	-6.3	-5.1	-5.1	-4.6
Southern Africa	-1.9	-2.3	-2.7	-2.6
Western Africa	-1.3	1.4	2.0	3.1
Africa	**-3.1**	**-2.5**	**-2.5**	**-2.0**
Memorandum items				
North Africa (including Sudan)	-5.8	-5.1	-5.1	-4.6
Sub-Saharan Africa	-1.6	-1.1	-1.0	-0.6
Oil-exporting countries	-2.0	-0.8	-1.1	-0.6
Oil-importing countries	-4.5	-4.9	-4.4	-4.0
External current account, including grants (% GDP)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
Central Africa	-2.6	-1.4	-3.3	-4.6
Eastern Africa	-4.6	-8.4	-8.7	-8.7
Northern Africa	0.7	2.3	2.4	3.1
Southern Africa	-1.9	-3.5	-3.1	-3.0
Western Africa	-0.7	3.8	4.9	7.1
Africa	**-1.1**	**-0.4**	**-0.1**	**0.6**
Memorandum items				
North Africa (including Sudan)	0.6	1.4	1.7	2.6
Sub-Saharan Africa	-2.1	-1.5	-1.0	-0.4
Oil-exporting countries	2.9	5.0	5.1	6.3
Oil-importing countries	-5.9	-7.4	-6.9	-7.0

Source: Authors' calculations.
Note: e: estimates; p: projections.

Foreign investment, aid, remittances and tax revenue in Africa

After one record level in 2011, external financial flows reached a new record high of USD 186.3 billion in 2012. Foreign investment and remittances drove this recovery. Both surpassed aid as the most important external source of finance for Africa. Sub-Saharan Africa has been particularly dynamic in attracting an increasing share of external financial resources after the 2008 economic crisis. In contrast, with the notable exception of Morocco, the full resumption of foreign investment to Northern Africa has been lagging due to lingering political unrest and economic policy uncertainty in the region. Through their impact on investment and tax revenue, the evolution of commodity prices will determine future external financial flows to Africa.

Looking at individual financial flows before and after the 2008 economic crisis, we find two major trends. Firstly, remittances have become a crucial source of finance to Africa and overtook aid and FDI for the first time. The second is the confirmation of Africa's increased integration with emerging economies. Not only through trade - as highlighted in the 2011 AEO - but increasingly so through investment flows. Indeed, given the sluggish economic growth in OECD countries, investment in Africa increasingly comes from emerging economies. Although this provides an opportunity to further diversify trade and investment partners, the majority of investment from emerging economies is resource-seeking.

The increased external financial flows reflects Africa's projected economic dynamism and its improved macroeconomic management. However, the external financing is highly concentrated in a handful of countries. Five countries account for more than 50% of total external flows: Nigeria, South Africa, Egypt, Morocco and DRC. Indeed, these populous, resource-rich countries offer large potential markets for foreign investors and have a strong diaspora for sustained remittance inflows.

In contrast, half of African countries rely on aid as the largest external source of finance for development needs. These are mostly post-conflict countries, resource-poor, small economies, landlocked or a combination of these characteristics. Strong population growth combined with the likely stagnation of aid in the near future will lead to a further decrease of aid per capita. The donor community needs to pay special attention to vulnerable countries, which may suffer the most should the global economic downturn worsen.

Table 2. **Overview of total financial flows and tax revenue to Africa for 2001-13**

(billion USD, current)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012(e)	2013(p)
1. Inward foreign direct investment (FDI)	20.0	14.6	18.2	17.4	30.5	36.8	51.5	57.8	52.6	43.1	42.7	49.7	56.6
2. Portfolio investments	-3.3	-0.1	-0.4	7.1	6.3	22.5	14.4	-24.8	-0.4	21.0	7.5	20.1	26.2
3. Official development aid (net total, all donors)	16.8	21.4	27.4	30.0	35.8	44.6	39.5	45.2	47.8	48.0	51.3	56.1	57.1
4. Remittances	12.1	12.8	15.4	19.5	33.7	37.7	44.9	49.7	45.4	52.3	56.9	60.4	64.0
5. Tax revenues	145.4	137.7	174.1	219.1	279.4	333.9	371.5	485.4	384.4	465.7	513.7	..	..
Total external flows (1+2+3+4)	45.6	48.8	60.6	73.9	106.3	141.5	150.3	127.9	145.4	164.4	158.3	186.3	203.9
North Africa	14.2	13.6	15.0	20.2	27.4	37.3	42.5	32.6	24.3	43.0	32.0	38.5	45.0
West Africa	7.9	9.6	10.7	13.7	34.5	45.1	40.9	41.9	47.0	51.0	56.9	59.4	61.9
Central Africa	2.8	4.0	8.8	5.4	6.9	6.4	9.8	7.8	10.0	14.9	15.1	14.0	14.7
East Africa	7.7	8.4	10.9	12.9	14.6	18.3	21.3	23.7	23.5	22.3	24.4	28.2	29.6
Southern Africa	11.6	11.5	12.7	19.1	20.2	31.3	31.8	16.9	34.8	28.1	24.6	38.6	45.3

Note: Author's estimations and projections are based on the forecasted rate of increase for Country Programmable Aid (2012 OECD Aid Predictability Report) for ODA; IMF WEO (2012) for FDI and portfolio flows; World Bank's projected rate of growth for remittances in Africa (2012). This table excludes loans from commercial banks, official loans and trade credits. (e) estimates, (p) projections.
Source: OECD/DAC, World Bank, IMF and *African Economic Outlook* Data.

Figure 2. **The tax mix in Africa: Collected amounts for each type of tax as a share of GDP (weighted)**

Source: World Bank, Authors' calculation, based on *African Economic Outlook* country surveys, 2013.
StatLink http://dx.doi.org/10.1787/10.1787/888932807322

Government tax revenue reached a record USD 513 billion in 2011, after USD 466 billion in 2010. Tax accounted for 26.8% of Africa's GDP, up from 26.6% in 2010. The tax share peaked at 31.1% in 2008 as the financial crisis struck, driven by resource taxes. The 2011 figure was cut by the conflict in Libya. Libya's tax revenues, which come 90% from oil, plummeted from USD 48.6 billion in 2010 to USD 13.5 billion in 2011. From 2000 to 2011, Africa's tax share increased by an annual compound rate of 0.3% (see Figure 2.8). Resource taxes as a share of GDP increased by an annual rate of 0.9%. Over the same period, direct taxes and indirect taxes as a share of GDP increased at an annual compound rate of 1% and 0.5% respectively. The share of trade taxes in GDP declined at an annual compound rate of 5%.

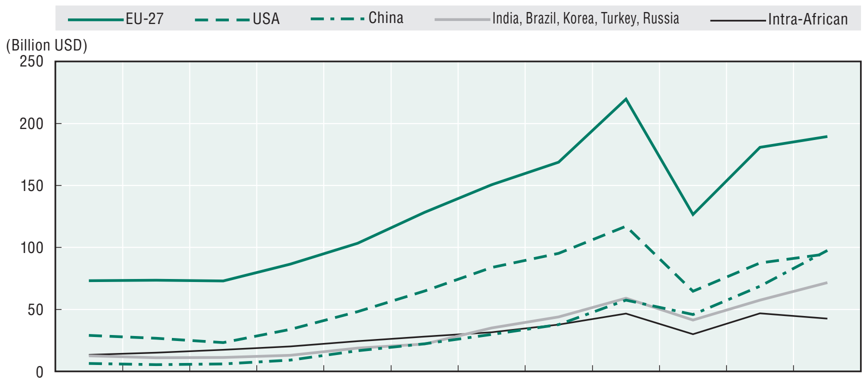
Volatile commodity prices can have a strong impact on investment and tax revenue in Africa. It is important that African policy makers lower their exposure to these potentially strong external shocks as well as ensure that resource wealth benefits the entire population and future generations.

Trade policies and regional integration in Africa

China, India and Brazil are consuming more and more of Africa's oil, commodities and manufactured goods. The emerging economies are steadily eating into the lion's share of the African export market held by Europe and the United States.

From 2000 to 2011, Africa's exports almost quadrupled in value, from USD 148.6 billion a year to USD 581.8 billion, according to UN Conference on Trade and Development (UNCTAD) figures. First, the European Union and the United States saw their share of Africa's exports fall – from 47% in 2000 to 33% in 2011 in the case of Europe and from 17% to 10% for the United States. Second, the emerging economies increased their trade. China increased its share of African exports from 3.2% in 2000 to 13% in 2011; India from 2.8% to 6%; Brazil from 2% to 3% and the Russian Federation from 0.2% to 0.3%. Emerging economies took 8% of Africa's exports in 2000. This had mushroomed to 22% in 2011.

Figure 3. **Sum of Africa's exports**



Source: Authors' calculations based on UN (2013), UN ComTrade, (database), via http://wits.worldbank.org/wits

Africa is also seeking to strengthen regional integration and recognises the need to speed up its implementation process. This should allow tackling specific challenges linked to the small size of many African economies. These include stiff competition in international markets and impaired bargaining power in international trade negotiations.

One major impediment to boosting regional integration is a lack of finance. Many governments do not have a specific budget for activities and programmes on the topic. They need to allocate resources to integration. Africa's fragmentation, characterised by many small economies also poses another challenge. This has been worsened by poor institutional arrangements and insufficient co-ordination at national and sub-regional levels, which collectively undermine the role of regional integration communities in fostering trade and economic growth. Nonetheless, the initiative of the Tripartite Free Trade Area adopted by Heads of State and Government of COMESA, EAC and SADC can serve as a useful model for a new approach to regional integration.

Human development in Africa

Many countries in Africa have recorded improvements in human development – expanding the choices of its people and giving them a chance to lead full lives – as measured by the Human Development Index. However, progress has been slow. Africa's breakthrough came with Seychelles achieving a "very high human development" ranking in 46th place, ahead of wealthier states in Europe and the Middle East. Many countries with a "low" ranking are still improving rapidly with the biggest improvements in Angola, Burundi, Ethiopia, Mozambique, Rwanda, Sierra Leone and Zimbabwe. These countries have a rising life expectancy and incomes, but low educational attainment is holding them back.

Income inequality is widening and education and health indicators are deteriorating in some parts of the continent. As a result and, in addition to resurging cycles of conflict and a restricted access to finance and other services, many people have remained trapped in poverty, depriving them the benefits implied by higher economic growth. Thus, African countries are faced with a "development challenge" – one of transforming renewable and non-renewable natural capital into national wealth – infrastructure, shared income and human capital.

Table 3. **Human development in Africa**

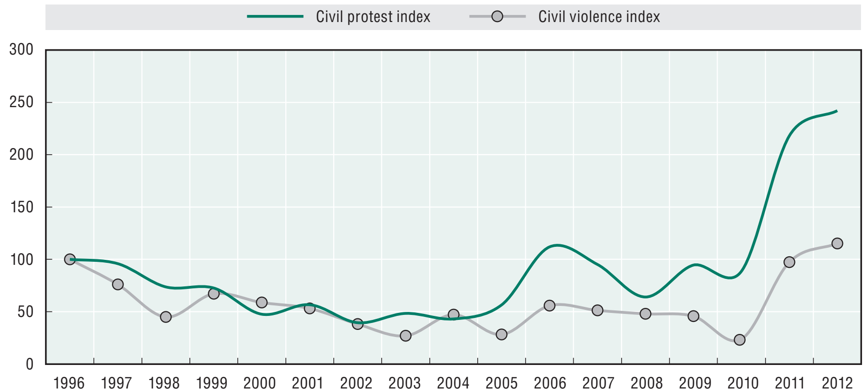
Very high and high human development	Medium human development	Low human development	
Algeria	Botswana	Angola	Liberia
Libyan Arab Jamahiriya	Cape Verde	Benin	Madagascar
Seychelles	Egypt	Burkina Faso	Malawi
Tunisia	Equatorial Guinea	Burundi	Mali
	Gabon	Cameroon	Mauritania
	Ghana	Central African Republic	Mozambique
	Morocco	Chad	Niger
	Namibia	Comoros	Nigeria
	South Africa	Congo	Rwanda
	Swaziland	Congo, Dem.Rep.	São Tomé and Príncipe
		Côte d'Ivoire	Senegal
		Djibouti	Sierra Leone
		Eritrea	Sudan
		Ethiopia	Tanzania
		Gambia	Togo
		Guinea	Uganda
		Guinea-Bissau	Zambia
		Kenya	Zimbabwe
		Lesotho	

Source: UNDP (2013).

Political and economic governance in Africa

Public protests in North Africa in 2012 had a political undertone that reflected an extension of the Arab Spring revolts. The protests were primarily motivated by calls for further and deeper political reforms. Tunisia and Egypt, in particular, saw intense protests that cast a shadow over their democratic consolidation. Their societies became increasingly polarised between a more secular opposition and supporters of democratically elected Islamist governments. Clashes between opposing political groups erupted as opposition denounced measures perceived to be threatening the secular nature of the state, or insufficiently protecting individual and religious freedoms.

Figure 5. **Public protests and civil violence, 1996-2012 (base year: 1996 = 100)**



Source: Authors' calculations based on AFP information.
StatLink http://dx.doi.org/10.1787/10.1787/888932807474

Protests in sub-Saharan Africa were mostly over economic concerns. More than half of public protests were to demand salary increases or to complain against the increasing cost of living. As populations grow, pressure is likely to stay on African governments to provide sustainable answers to economic and social grievances. The year also saw a concentration of unrest in fewer, large economies. This was in contrast to 2011 when nearly all African countries faced increased protests.

More than 50 presidential, parliamentary and legislative elections were held during 2011 and 2012, in a sign that democracy is taking root across Africa. However, factors such as low socio-economic development, poor state capacity or the military influence on politics undermined the consolidation of democracy in several countries. In addition, election-related violence remains a concern.

Militant attacks and organised crime have emerged as major threats to Africa's security, stability and democracy. Combined with lingering cross-border conflicts they form pockets of instability in remote areas with little government control. The UN Office on Drugs and Crime's (UNODC) 2013 report on transnational organised crime emphasises its undermining impact on state capacity. It also foments corruption. The transnational nature and origin of these "global crime chains" calls for solutions supported at a national and international level.

Structural transformation and natural resources in Africa

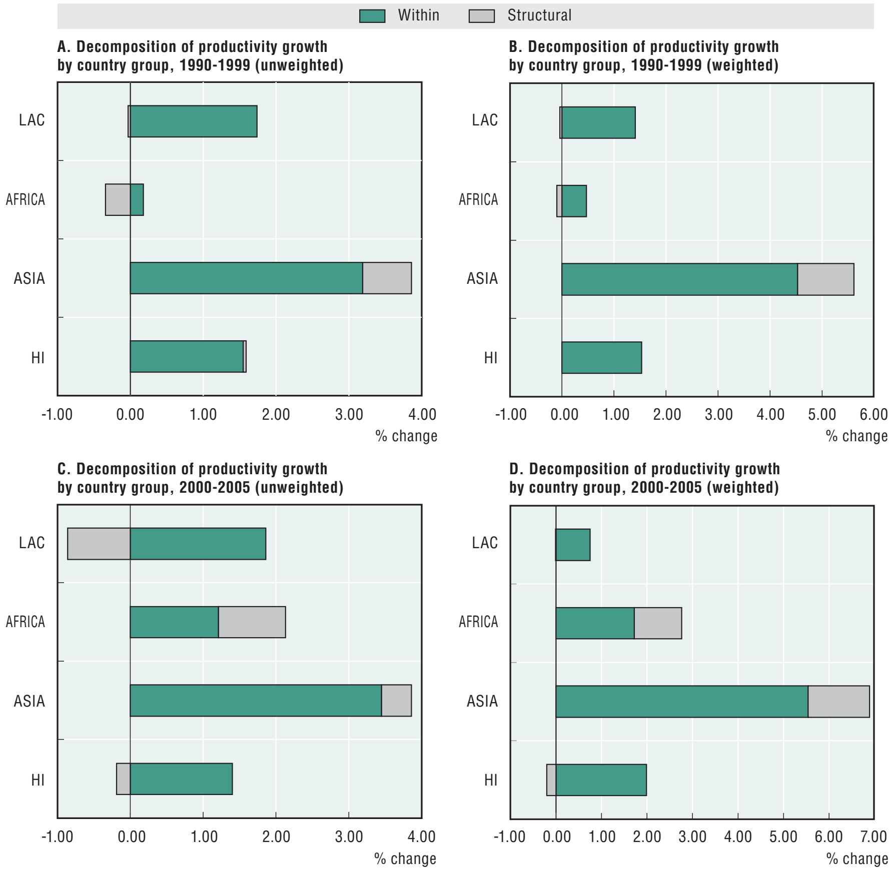
African economies today are facing nothing less than the formidable challenge of creating more and better jobs, not just by sustaining the pace of growth, but by making it, too, more inclusive. Compared to Africa's historical trend, the pace of GDP growth has indeed been impressive and is likely to continue. Growth has averaged 5.1% since 2000, doubling the average growth rate of the 1990s and this report predicts a continued favourable outlook for the coming years. However, the employment-to-population ratio, which measures the share of the working-age population in active employment, has remained virtually unchanged over the last 20 years. It reached 60% in 2011, compared with 59% in 1991.

African countries need to accelerate the transformation of their economies to create more and better jobs.

To be job-intensive, growth must be accompanied by structural transformation: that is, the reallocation of economic resources from activities with low productivity – such as family farming, or petty informal trading – to more productive ones – such as manufacturing. This contains two elements: the rise of new, more productive activities and the movement of resources and labour from traditional activities to these newer ones, raising overall productivity and with it wages and the quality of jobs. In more technical terms, the rise of new activities is referred to as "within" sector productivity growth and the movement of labour to these new activities as "structural" productivity growth. Structural transformation occurs when both measures are positive. Figure 6 shows that Africa's record of structural transformation is mixed. Within sector productivity growth has been slower than in other regions of the world but, after a decade of readjustment, "structural" productivity growth is taking place: labour has started moving in the right direction since 2000 – from less to more productive activities. Africa thus compares well with Latin America, which continues to experience net movements of labour into less productive activities, but the gap with Asia is widening.

To accelerate this nascent structural transformation, African countries must make the most of existing sectors and capabilities. With a few exceptions (notably the small island states), natural resources of agricultural and extractive origin account for an important share of economic activity and exports in most African countries. Several countries around the globe have shown that natural resource sectors can drive structural transformation when governments put in place the right conditions and policies and focus on managing their resource wealth for the common good. From past mistakes it is also known that pushing for structural transformation without regard for existing capabilities and a strong primary sector is unsustainable. Strong demand from emerging partners and historically favourable terms-of-trade of natural resources offer a great opportunity for African countries to seize.

Figure 6. **Structural transformation in Africa: Comparing the patterns across periods**

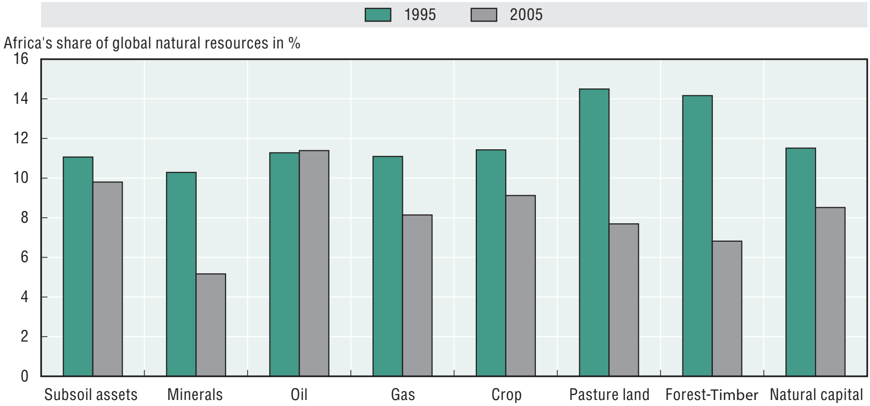


Note: These graphs are based on the nine country sample used in McMillan and Rodrik, 2011.
Source: Authors' calculations based on data from McMillan, M.S. and D. Rodrik (2011), "Globalization, structural change and productivity growth", NBER Working Paper No. 17143, http://www.nber.org/papers/w17143.

StatLink http://dx.doi.org/10.1787/10.1787/888932807531

However, only a few African countries can claim to have developed a primary sector that lives up to its potential. Agriculture, in particular, has long been penalised for its perceived backwardness instead of receiving the support that could have turned it into a driver of structural transformation as in China or India. But extractive resources have not faced an optimal environment, either. Despite the last decade's global resource boom, Africa's resource wealth grew more slowly than elsewhere, indicating that there is much room for improvement.

Figure 7. **Africa's share of global natural capital decreased between 1995-2005**



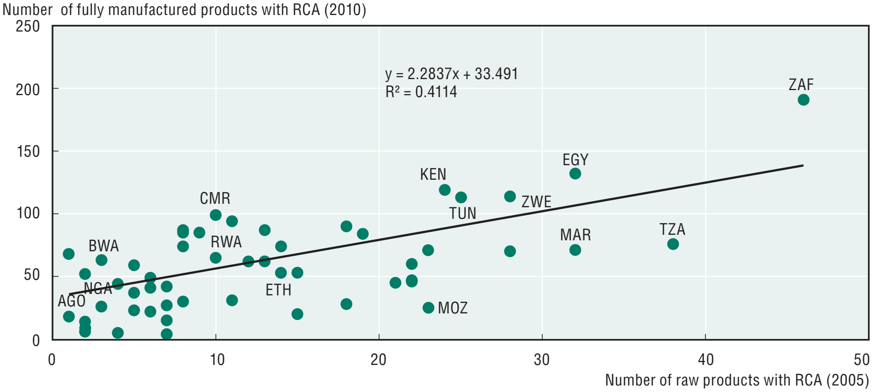
Source : Authors' calculations based on data from World Bank (2012a) The Changing Wealth of Nations, http://data.worldbank.org/data-catalog/wealth-of-nations

StatLink http://dx.doi.org/10.1787/10.1787/888932807721

A strong natural resource sector enables structural transformation

The key message of this report is that structural transformation towards more productive activities and better jobs is closely linked with a strong natural resource sector. While dependence on any set of products, but especially dependence on high-rent extractive commodities, can stand in the way of diversification and inclusive growth, countries with a diversified commodity sector also tend to have more diversified activities in other sectors. Applying Balassa's (1986) concept of revealed comparative advantage (RCA) separately to raw commodities and products with higher value added it can be seen that the RCAs of countries in both categories are closely related. Countries that have comparative advantages in a large range of raw commodities also tend to have comparative advantages in a wide range of higher value added products. Thus, instead of holding a country back, a strong and diversified primary sector is an important step towards a diversified economy that creates productive jobs. Many of the crucial ingredients for structural transformation such as infrastructure; education and skills; good institutions and regulations; government capacity; a balanced tax system; financial access; and sufficiently large effective markets are also necessary conditions for strong agriculture and extractive industries, with off-shore oil being an exception.

Figure 8. **Relative comparative advantage (RCA) in unprocessed commodities and manufactured products: Africa**



Note : To exclude reverse causality effects data for raw products are from 2005, data for manufactured products from 2010. Selected countries are highlighted for illustratory purposes: Angola (AGO), Botswana (BWA), Cameroon (CMR), Egypt (EGY), Ethiopia (ETH), Kenya (KEN), Morocco (MAR), Mozambique (MOZ), Nigeria (NGA), Rwanda (RWA), Tanzania (TZA), Tunisia (TUN), South Africa (ZAF), Zimbabwe (ZWE).

Source: Authors' calculations based on UN (2013), UN ComTrade, (database), via http://wits.worldbank.org/wits

StatLink http://dx.doi.org/10.1787/10.1787/888932807626

How can African countries promote natural-resource based structural transformation?

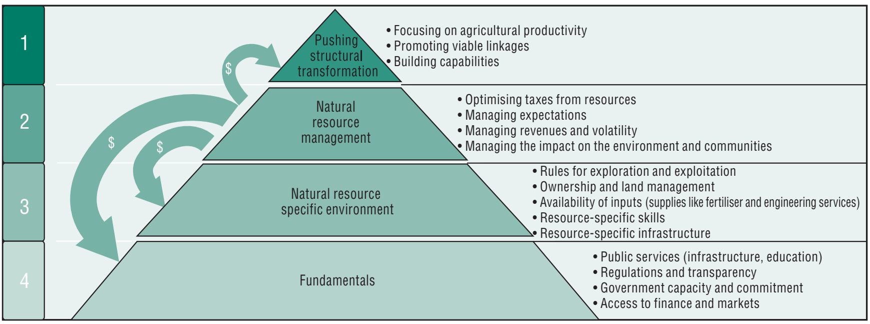
This report proposes a four-layer policy approach that combines investment in fundamentals with a push for transformation.

Putting in place the right conditions for structural transformation is ***layer one.*** Irrespective of the sector, new activities with potential for structural transformation need a favourable environment if they are to thrive. Providing the fundamentals such as high-quality public services, a favourable institutional and regulatory environment, capable government and access to finance and markets constitutes the first layer. Where this is provided, entrepreneurial activity can bloom across the spectrum, in agriculture and extractives but also in manufacturing and services. The fundamentals also comprise transparent, accountable and inclusive governance systems which ensure that revenues are used for broad-based growth in the interest of society as a whole.

The environment specific to the natural resource sectors constitutes the ***second layer*** for structural transformation based on natural resources. Extractive-resource exploration and exploitation need regulations that provide incentives for investment (see also Box 10), and all natural resource-related activities require effective systems of land management and ownership as well as a supply of skills and research specific to the resource sectors. Agriculture is often held back by insufficient supplies of fertiliser, a crucial input.

Layer three is crucial for the natural resources of countries that generate rents and can have significant impacts on the rest of the economy as well as on the environment. Resource rents can provide the revenue needed to reinforce the conditions in place for structural transformation (layers 1 and 2). At the same time, if not well managed, they can wreak havoc through volatility and wastage as well as by replacing performance orientation with rent seeking. Resource booms also carry the risk of crowding out other tradeable sectors by pushing up the exchange rate and the domestic price level[1] (Dutch disease). Finally, extensive exploitation also poses environmental problems that need to be managed. In the light of these challenges, this section reviews the questions of revenue optimisation and management. State ownership has not necessarily proved to be the most efficient tool of revenue optimisation. Taxing resource rents can be more effective, but comes with its own challenges, such as negotiating agreements that balance incentives for resource exploration and production with a fair take for society. Once revenues are in they must be well managed. Stable expenditures are crucial to counteract the volatility of resource-based revenues. This requires transparency and a good balance between savings, consumption and investment. The next challenge is to ensure that investments are efficient and not wasted. Layers 1, 2 and 4 of the four-layer approach to natural resource-based structural transformation provide the guidance for investment. Where investments are used to create the right conditions for productivity gains they can also help to overcome the challenges of Dutch disease.

Figure 9. **Natural resource-based structural transformation**
A 4-layer policy approach



Source: Authors' illustration.

StatLink http://dx.doi.org/10.1787/10.1787/888932807797

Layer four is about promoting structural transformation with active policies, focusing on increasing agricultural productivity and building linkages to and from the extractive industries. Agricultural transformation has been the key to many economic success stories in Asia, Latin America and Europe. Africa can do a lot to start its own green revolution and push ahead the commercialisation of agriculture. Extractive industries, especially mining, provide many more opportunities than commonly thought. Any policy must focus on viable linkages for which a business case exists. The creation of capabilities that form the basis for long-run potential must remain a core objective. Linkages through the supply chain (backward linkages) hold potential for employment creation and for building new capabilities that can be the basis for new activities in a variety of sectors. The policy toolkit for governments includes coordination of investments in training, infrastructure, logistics and research, policies geared at attracting FDI and local content regulations.

Africa's natural resources also require commitment from its partners. Rising global demand for natural resources has boosted Africa's exports and brought large amounts of foreign investment to the continent. Yet not all foreign involvement has been unequivocally positive, especially where done without regard to transparency and sustainability. Investors and partner countries can do much to improve this state of affairs. Transparency initiatives and multi-stakeholder dialogues are a positive force in this respect. Further, international firms can do much to partner local firms and schools to ensure that local jobs and capabilities are created. Partner countries can do more to allow for African exports of processed goods.

Finally, strong co-operation among African nations themselves is fundamental to natural resource-based structural transformation towards economic structures that can provide income and employment for all. The African market promises immense opportunities but suffers from limited access. Similarly, to get the best deal from investors it is important to agree on minimum standards and preventing races to the bottom. Where partners and African countries work together towards the common goal of making Africa's structural transformation happen, the chances are better that they will succeed.

Note:

1. Directly estimating the impact of exports of extractive resources, Harding and Venables (2013) find that one dollar of such exports on average decreases non-resource exports by 65 cents, increases imports by 20 cents and leaves 15 cents for savings. For a sub-Saharan Africa sub-sample they find the effects to be 55 cents fewer exports, 35 more imports and only 10 cent into savings.

NORTH AFRICA: Key facts and figures

Due to the resumption of oil production and exports, Libya's GDP bounced back by 96% in 2012, boosting growth in North Africa to 9.5%, after the region's GDP had stagnated 2011. Given political uncertainties and difficult international economic conditions in Egypt growth is expected to remain subdued at 2% and accelerate to 3.5%, thus remaining below pre-revolution levels. After negative growth of around 2% in 2011, the Tunisian economy recovered in 2012, growing by above 3%. It is expected that the economy continues to grow by around 3.5% in 2013 but achieves higher growth of around 4.5% in 2014. Morocco and Mauritania continue to achieve solid growth in 2013/14 at average rates of 6% and almost 5% respectively. In Algeria growth is expected to accelerate from 2.5% in 2012 to above 3% in 2013 and to 4% in 2014.

Macroeconomic prospects

Real GDP growth (%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**3.5**	**6.6**	**4.8**	**5.3**
Africa (excluding Libya)	***4.3***	***4.2***	***4.5***	***5.2***
Northern Africa	**-0.1**	**9.5**	**3.9**	**4.3**
Algeria	2.4	2.5	3.2	4
Egypt	1.8	2.2	2	3.5
Libya	-59.7	95.5	15	8.1
Mauritania	3.9	6	6.4	5.5
Morocco	5	3.2	4.6	5
Tunisia	-1.9	3.3	3.4	4.6
Consumer prices (inflation)(%)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
AFRICA	**8.5**	**9.1**	**7.4**	**7.2**
Northern Africa	**7.3**	**7.2**	**7.1**	**7.3**
Algeria	4.5	8.9	4.9	4.7
Egypt	11.1	8.7	10.6	11.7
Libya	15.9	6.9	4.7	3.4
Mauritania	5.7	4.9	6.2	5.6
Morocco	0.9	1.3	2.3	2.4
Tunisia	3.5	5.6	5.5	4.5
Overall fiscal balance, including grants (% GDP)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
AFRICA	**-3.1**	**-2.5**	**-2.4**	**-1.9**
Northern Africa	**-6.3**	**-5.1**	**-5.1**	**-4.6**
Algeria	-1.3	-3.3	-1.5	-2.1
Egypt	-9.7	-10.8	-11.4	-9.9
Libya	-15.6	13.1	6.1	5.9
Mauritania	-1.5	-3.6	-1.9	-3.6
Morocco	-6.8	-7.5	-5.3	-4.7
Tunisia	-3.4	-6	-5.9	-4.8
External current account, including grants (% GDP)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
AFRICA	**-1.1**	**-0.4**	**0**	**0.7**
Northern Africa	**0.7**	**2.3**	**2.4**	**3.1**
Algeria	9.9	8.2	7.5	7.5
Egypt	-2.6	-3.1	-2.9	-2
Libya	8.4	27.2	23.4	24.9
Mauritania	-7.3	-18.5	-21.1	-18.8
Morocco	-8	-8.6	-5.5	-5.7
Tunisia	-7.4	-8.0	-7.5	-6.7

Note: (e) estimates, (p) projections.
Source: Authors' calculations.

WEST AFRICA: Key Facts and Figures

West Africa is expected to continue its rapid growth with rates of 6.7% in 2013 and 7.4% in 2014. It has become the fastest growing region of the continent. Growth in the region is not only driven by oil and mineral sectors but also by agriculture and services and on the demand side often by consumption and investment. Nigeria is expected to continue growing by between 6.7 and 7.3% in 2013 and 2014 respectively. In Ghana and Côte d'Ivoire average growth in 2013/14 is likely to exceed 8% and 9% respectively. In most countries of the region growth is expected to pick up in 2013/14, exceeding 5%. But in a few countries, such as Benin, Cape Verde and Guinea-Bissau, growth will remain more subdued.

Macroeconomic prospects

Real GDP growth (%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**3.5**	**6.6**	**4.8**	**5.3**
Africa (excluding Libya)	***4.3***	***4.2***	***4.5***	***5.2***
Western Africa	**6.8**	**6.6**	**6.7**	**7.4**
Benin	3.5	3.6	4.1	4.6
Burkina Faso	4.4	8	6.7	6.8
Cape Verde	5	4	4.8	5
Côte d'Ivoire	-4.7	8.6	8.9	9.8
Gambia, The	-4.4	1	4.3	5.1
Ghana	14.4	7.1	8	8.7
Guinea	3.9	4.2	4.8	5.6
Guinea-Bissau	5.3	-1.5	4.2	3.5
Liberia	8.2	8.9	7.7	5.4
Mali	2.7	-1.5	5.4	5.1
Niger	2.1	13.1	5.5	6.5
Nigeria	7.4	6.6	6.7	7.3
Senegal	2.1	3.7	4.3	5.1
Sierra Leone	6	16.7	7.2	12.1
Togo	4.9	5	5.3	5.5

Consumer prices (inflation)(%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**8.5**	**9.1**	**7.4**	**7.2**
Western Africa	**9.3**	**9.8**	**8**	**7.8**
Benin	2.7	6.7	3.1	3
Burkina Faso	2.8	3.6	2.2	2.1
Cape Verde	4.5	2.5	2.4	2.5
Côte d'Ivoire	4.9	2.1	2.2	2.3
Gambia, The	4.8	4.2	5	5.1
Ghana	8.7	9.2	8.9	8.5
Guinea	21.4	13.1	10.6	8.5
Guinea-Bissau	5	2.1	3.3	2.5
Liberia	8.3	6.9	5.1	4.9
Mali	3	5.3	2.9	3.3
Niger	2.9	3.9	1.8	1.4
Nigeria	10.9	12	9.7	9.5
Senegal	3.4	2.5	1.6	1.8
Sierra Leone	18.5	11.6	7.1	6.9
Togo	3.6	2.3	2.4	2.7

Overall fiscal balance, including grants (% GDP)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**-3.1**	**-2.5**	**-2.4**	**-1.9**
Western Africa	**-1.3**	**1.3**	**2**	**3.1**
Benin	-1.8	-1.5	-2.3	-2.3
Burkina Faso	-1.4	-0.5	-1.5	-2.3
Cape Verde	-7.5	-7.3	-8.9	-8.9
Côte d'Ivoire	-1.8	-3.5	-4	-3.1
Gambia, The	-4.6	-6	-5.2	-4
Ghana	-3.9	-4.9	-3.5	-3
Guinea	-0.3	-1.4	-0.6	-0.3
Guinea-Bissau	0.7	-2.3	-0.8	-1
Liberia	-2	-4.7	-6.4	-6.6
Mali	-3.3	-6.4	-5.8	-4
Niger	-6.8	-2.8	-2	-2.5
Nigeria	-0.1	3.7	4.4	5.7
Senegal	-6.6	-7	-7.9	-7.4
Sierra Leone	-4.5	-1.8	-2.3	-2
Togo	-1.2	-3.1	-3.6	-3.9

External current account, including grants (% GDP)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**-1.1**	**-0.4**	**0**	**0.7**
Western Africa	**-0.7**	**4**	**5**	**7.1**
Benin	-10	-9.5	-10.4	-10.6
Burkina Faso	-1.2	-3.5	-5	-4.4
Cape Verde	-16.4	-14.1	-15	-16.4
Côte d'Ivoire	6.7	-3.3	-3.8	-1.9
Gambia, The	-14.8	-11.3	-13	-12.9
Ghana	-9.6	-11.2	-14.4	-14.9
Guinea	-24.2	-25.4	-25	-28.7
Guinea-Bissau	-1.6	-6.3	-4.7	-4.3
Liberia	-34	-52.4	-65.6	-72
Mali	-10	-0.8	-6.8	-9.9
Niger	-22.7	-22.7	-21.5	-17.8
Nigeria	3.2	10.4	11.8	14.6
Senegal	-7.7	-8.6	-9.3	-10
Sierra Leone	-52.3	-44	-11.6	-12
Togo	-6.4	-6.2	-3.9	-4.7

Note: (e) estimates, (p) projections.
Source: Authors' calculations.

EAST AFRICA: Key Facts and Figures

In East Africa, most countries in the region are on a solid growth path of between around 5 and 7% during the projection period, such as Rwanda, Tanzania, Ethiopia and Uganda. With the assumption of no major post-election turmoil in Kenya, growth is expected to amount to 4.5% in 2013 and to accelerate to above 5% in 2014. In Sudan, the economy has been heavily affected by the secession of South Sudan. In 2012, GDP contracted and for 2013 only moderate growth is projected and some acceleration in 2014.

Macroeconomic prospects

Real GDP growth (%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**3.5**	**6.6**	**4.8**	**5.3**
Africa (excluding Libya)	***4.3***	***4.2***	***4.5***	***5.2***
Eastern Africa	**6.3**	**4.5**	**5.2**	**5.6**
Burundi	4.2	4.3	4.6	4.9
Comoros	2.6	2.7	3.2	3.8
Djibouti	3.5	4.5	5	5
Eritrea	8.7	5.5	7	6.5
Ethiopia	11.2	6.9	6.6	6.3
Kenya	4.4	4.2	4.5	5.2
Rwanda	8.3	7.7	7.1	7.3
Seychelles	5	2.8	3.2	4.3
Sudan	2.7	-0.6	2.2	3.4
South Sudan	...	...	...	...
Tanzania	6.4	6.4	6.9	7
Uganda	5.9	4.4	4.9	5.5
Somalia	...	...	...	...

Consumer prices (inflation)(%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**8.5**	**9.1**	**7.4**	**7.2**
Eastern Africa	**16.2**	**21.4**	**10.9**	**9.4**
Burundi	9.6	14.5	8.6	5.8
Comoros	6.8	5.6	3	2.7
Djibouti	5.1	5	2.8	2.7
Eritrea	20	17	12.3	12.3
Ethiopia	18.1	31	10	8.7
Kenya	14	9.6	6.3	6
Rwanda	5.7	7.3	6	5.3
Seychelles	2.6	7.1	4.4	3.9
Sudan	20	36	22	19.5
South Sudan	...	...	...	...
Tanzania	12.7	16.1	8.4	6.9
Uganda	18.7	14.6	10.2	7.8
Somalia	...	...	...	...

Overall fiscal balance, including grants (% GDP)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
AFRICA	**-3.1**	**-2.5**	**-2.4**	**-1.9**
Eastern Africa	**-3**	**-4.1**	**-3.2**	**-3.2**
Burundi	-8.4	-8	-8.7	-9.5
Comoros	-1.8	-2.3	-3	-3.4
Djibouti	-0.1	-2	-2	-1.7
Eritrea	-16.2	-13.5	-12.5	-11.7
Ethiopia	-1.6	0.2	0.8	1
Kenya	-4.5	-4.7	-3.5	-3
Rwanda	-2.4	-1.9	-1.4	-3.7
Seychelles	2.5	2.6	0.3	-2
Sudan	-1	-4.4	-4.8	-5.1
South Sudan	...	...	...	...
Tanzania	-6	-9.1	-3.9	-3.1
Uganda	-3.6	-3	-4.9	-6.2
Somalia	...	...	...	...

External current account, including grants (% GDP)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
AFRICA	**-1.1**	**-0.4**	**0**	**0.7**
Eastern Africa	**-4.7**	**-8.5**	**-8.8**	**-8.9**
Burundi	-12	-16.2	-16.2	-17.8
Comoros	-13.6	-14.7	-15.8	-17.3
Djibouti	-12.6	-12.9	-14.8	-17.1
Eritrea	-3.9	-5.7	-5.3	-6.1
Ethiopia	-0.9	-3.4	-5.5	-7.1
Kenya	-5.5	-6.7	-6.1	-7.7
Rwanda	-8.5	-10.5	-10.2	-9.9
Seychelles	-22.6	-25.8	-28.4	-29.2
Sudan	-0.5	-10.2	-8.9	-5.7
South Sudan	...	...	...	...
Tanzania	-11.9	-11.1	-11.9	-10.8
Uganda	-10.9	-11.6	-13.3	-14.6
Somalia	...	...	...	...

Note: (e) estimates, (p) projections.
Source: Authors' calculations.

CENTRAL AFRICA: Key Facts and Figures

In Central Africa, GDP is likely to continue to grow by 5.7% in 2013 and 5.4% in 2014 with above-average growth in Chad and in DRC. In Chad, oil production and agriculture are the main drivers of growth. In DRC, mining, agriculture and construction are boosting growth. But sustainable growth also requires further progress in political stability and the security problem in the eastern part of the country has significantly affected economic activity in that region.

Macroeconomic prospects

Real GDP growth (%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**3.5**	**6.6**	**4.8**	**5.3**
Africa (excluding Libya)	***4.3***	***4.2***	***4.5***	***5.2***
Central Africa	**5.2**	**5.7**	**5.7**	**5.4**
Cameroon	4.1	4.9	5	5.2
Central African Rep.	3.1	3.1	3.2	4.6
Chad	1.6	7.2	7.4	11.5
Congo Rep. of	3.4	4.9	5.1	5.3
Congo Dem. Rep.	6.9	7.2	8.2	9.4
Equatorial Guinea	7.7	5.5	4.9	-2
Gabon	7.0	5.7	6.2	6.0
São Tomé & Príncipe	4.9	4	5.2	5.8

Consumer prices (inflation)(%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**8.5**	**9.1**	**7.4**	**7.2**
Central Africa	**4.5**	**4.4**	**3.5**	**3.4**
Cameroon	2.9	3	3	3
Central African Rep.	0.7	3.5	2.4	2.9
Chad	2	7	3.1	3.1
Congo Rep. of	1.8	5.1	4.2	2.9
Congo Dem. Rep.	15.4	6.4	5.9	5.5
Equatorial Guinea	4.8	4.5	3.1	3.5
Gabon	1.3	3	3	3
São Tomé & Príncipe	14.3	9.5	7.9	7.7

Overall fiscal balance, including grants (% GDP)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**-3.1**	**-2.5**	**-2.4**	**-1.9**
Central Africa	**1.9**	**-0.1**	**-0.3**	**-0.4**
Cameroon	-2.7	-3.5	-3.9	-4.2
Central African Rep.	-2.9	-3.5	-3.4	-3.4
Chad	2.4	0.8	0	3.8
Congo Rep. of	16.4	2.4	3.2	2.4
Congo Dem. Rep.	-0.4	-6.2	-5.2	-3
Equatorial Guinea	0.9	6	6.3	3.5
Gabon	0.7	0.9	-1.3	-1.8
São Tomé & Príncipe	-11.9	-9.4	-13.4	-13.2

External current account, including grants (% GDP)	**2011**	**2012(e)**	**2013(p)**	**2014(p)**
AFRICA	**-1.1**	**-0.4**	**0**	**0.7**
Central Africa	**-2.7**	**-1.8**	**-2.8**	**-3.6**
Cameroon	-4.5	-5.3	-5.3	-6.2
Central African Rep.	-7.2	-7	-5.4	-5.3
Chad	-2.3	-6.1	-8.9	-2.1
Congo Rep. of	0.8	0.3	0.6	-3
Congo Dem. Rep.	-11.5	-11.1	-11	-9.1
Equatorial Guinea	-6	3.5	2	-1
Gabon	8.9	7.5	5.4	3.4
São Tomé & Príncipe	-30.1	-22.5	-27.5	-27.7

Note: (e) estimates, (p) projections.
Source: Authors' calculations.

SOUTHERN AFRICA: Key Facts and Figures

In Southern Africa, GDP is expected to grow by 4.1% in 2013 and to accelerate to 4.6% in 2014. In Angola, Mozambique, Zambia and Botswana growth is likely to remain buoyant. Malawi is expected to emerge from its 2012 economic crisis and return to solid growth. In 2012, economic growth in South Africa was adversely affected by heavy strikes in the mining sector and the recession in the euro area. With improved global demand and supportive macroeconomic policies a gradual recovery is expected for 2013 and 2014. Zimbabwe continues to record positive growth rates of above 5%. But due to the economic crisis with declining production levels until 2009, by the end of 2014, real GDP will still be more than a quarter lower than in 2001. Swaziland's economic growth continues to be the lowest in the region and in Africa as a whole. Economic weakness is widespread across sectors although better weather conditions are likely to boost agriculture. Although after the fiscal crisis fiscal austerity measures have helped to improve the fiscal position they have depressed short-term demand.

Macroeconomic prospects

Real GDP growth (%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**3.5**	**6.6**	**4.8**	**5.3**
Africa (excluding Libya)	***4.3***	***4.2***	***4.5***	***5.2***
Southern Africa	**4**	**3.7**	**4.1**	**4.6**
Angola	3.9	7.9	8.2	7.8
Botswana	8	5.8	5.6	5.5
Lesotho	3.7	3.8	3.9	3.5
Madagascar	1.6	1.9	3	4
Malawi	4.3	2	5.5	6.1
Mauritius	3.8	3.3	3.8	4.2
Mozambique	7.3	7.4	8.5	8
Namibia	4.9	4.7	4.2	4.3
South Africa	3.5	2.5	2.8	3.5
Swaziland	0.7	-0.3	0.7	1.8
Zambia	6.8	7.3	7.5	7.8
Zimbabwe	10.6	4.4	5	5.7

Consumer prices (inflation)(%)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**8.5**	**9.1**	**7.4**	**7.2**
Southern Africa	**6.7**	**6.5**	**6.5**	**6.2**
Angola	13.5	10.3	8.7	9.3
Botswana	8.5	7.2	6.2	5.9
Lesotho	5	5.5	5	4.5
Madagascar	9.8	6.4	10.4	8.9
Malawi	6.4	19.2	17.6	7.5
Mauritius	6.5	4.1	6	4.6
Mozambique	10.4	2.7	6.5	5.7
Namibia	5	6.5	5.5	4.9
South Africa	5	5.6	5.7	5.5
Swaziland	6.1	8.9	6	5.3
Zambia	8.7	6.5	6.2	6.5
Zimbabwe	3.9	5.1	5.7	5.5

Overall fiscal balance, including grants (% GDP)	2011	2012(e)	2013(p)	2014(p)
AFRICA	**-3.1**	**-2.5**	**-2.4**	**-1.9**
Southern Africa	**-1.9**	**-2.3**	**-2.7**	**-2.6**
Angola	10.2	7.8	4.8	3.5
Botswana	-8.4	-1.2	-5.5	-4.6
Lesotho	-5	-10.4	2.2	1.3
Madagascar	-1.7	-3.1	-3	-2.2
Malawi	-2.8	-7.2	-7.4	-7.6
Mauritius	-3.2	-2.9	-2.6	-2.4
Mozambique	-4.3	-8.2	-9.2	-9.5
Namibia	-5.7	-9	-4.7	-4.6
South Africa	-4.2	-4.7	-4.5	-4
Swaziland	-9.6	3	-0.1	-0.2
Zambia	-4.4	-4.2	-4.8	-5
Zimbabwe	-3.4	-4	-3.9	-3.9

External current account, including grants (% GDP)	2011	2012(e)	2013(p)	2014(p)
AFRICA	-1.1	-0.4	0	0.7
Southern Africa	-1.9	-3.5	-3	-3
Angola	9.6	8.2	8.1	7.6
Botswana	2.4	6.5	7.4	6.3
Lesotho	-16.6	-18.8	4.4	1.3
Madagascar	-6.9	-8.3	-7.6	-5.7
Malawi	-17.9	-12.7	-7	-9.5
Mauritius	-11	-10.6	-10	-9.5
Mozambique	-10	-18.8	-15.5	-15.8
Namibia	-1.4	3.2	2.3	3
South Africa	-3.4	-5.9	-5.6	-5.3
Swaziland	-10.3	-2.6	-11.7	-12.6
Zambia	0.3	-3.3	-3.3	-3.8
Zimbabwe	-38.7	-35.3	-33.1	-34.1

Note: (e) estimates, (p) projections.
Source: Authors' calculations.