African Economic Outlook 2007

Measuring the Pulse of Africa

Nicolas Pinaud,
OECD Development Centre

Standard Chartered & the OECD Development Centre

AFRICA AND CHINA:
ECONOMIC AND BUSINESS PERSPECTIVES

Shanghai
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1 What is the African Economic Outlook Project?

2 African Economic Performance: Multifaceted Growth

3 Africa and Globalization
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)**
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
Coverage 2007: 31 African countries

91% of GDP
86% of population
1. What is the African Economic Outlook Project?


3. Africa and Globalization
Africa continues to grow strongly

Sources: African Economic Outlook 2007, OECD
The commodity boom has played an important role
Vibrant & stable growth in oil-producing countries in 2006

Best performing net oil exporters in 2006

- Angola
- Sudan
- Congo
- Egypt
- DRC
- Nigeria
- Libya
- Cameroon
- Algeria
- Gabon
- Chad
- Equatorial Guinea

Source: African Economic Outlook 2007
Growth gaining momentum in oil importers:
Good harvests and booming metal prices…
…but also fewer bullets & more ballots

Presidential elections in
2006

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

*Parliamentary elections as well

Sources: African Economic Outlook 2007, Political Indicators
Despite strong growth rate, progress towards the MDGs remains slow

Sources: African Economic Outlook 2007
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Africa & globalisation
Noteworthy developments…

New actors, new trends

- New foreign direct investors 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?

Private Flows to sub-Saharan Africa (US$ million)

Source: World bank, Global Development Finance
Africa and Globalization:  
... 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**

Source: UN COMTRADE
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
Africa and Globalization:

... Slow progress in diversification

The higher the index, the more diversified the economy

Source: African Diversification Index, African Economic Outlook 2007
How can Africa become an active player in globalization?

- **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.
Aid must be used strategically
Aid for trade is on the rise …
and Africa is the 2\textsuperscript{nd} largest recipient