

Regional Economic Outlook

Sub-Saharan Africa

Keeping the Pace

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OCT 13

World Economic and Financial Surveys

Regional Economic Outlook

Sub-Saharan Africa

Keeping the Pace

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Cataloging-in-Publication Data

Regional economic outlook. Sub-Saharan Africa. — Washington, D.C.: International
Monetary Fund, 2003–
v. ; cm. — (World economic and financial surveys, 0258-7440)

Twice a year.

Began in 2003.

Some issues have thematic titles.

1. Economic forecasting — Africa, Sub-Saharan — Periodicals. 2. Africa, Sub-Saharan —
Economic conditions — 1960– — Periodicals. 3. Economic development — Africa, Sub-Saharan
— Periodicals. I. Title: Sub-Saharan Africa. II. International Monetary Fund. III. Series: World
economic and financial surveys.

HC800.A1 R445

ISBN-13: 978-1-47555-341-3 (paper)

ISBN-13: 978-1-48435-095-9 (Web PDF)

Publication orders may be placed online, by fax, or through the mail:

International Monetary Fund, Publication Services

P.O. Box 92780, Washington, DC 20090 (U.S.A.)

Tel.: (202) 623-7430 Telefax: (202) 623-7201

E-mail : publications@imf.org

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Editor's Note:

Table 1.4 in the online versions of this publication differs from the print product in that Ghana's bond issuance amount and yield rate were revised, as well as the Total amount issued.

Table 2.4 in the online versions of this publication differs from the print product in that the Group weighted averages were revised.

Abbreviations

ADP	accelerated data program
AfDB	African Development Bank
AFRITAC	IMF Regional Technical Assistance Centers in Africa
BIS	Bank for International Settlements
BOG	Bank of Ghana
BOP	balance of payments
BOT	Bank of Tanzania
CBN	Central Bank of Nigeria
CEMAC	Economic and Monetary Community of Central Africa
CFA	currency zone of CEMAC and WAEMU
CFM	capital flow management
CGD	Center for Global Development
CIP	crop intensification program
CPI	consumer price index
EM	emerging market
EMBI	emerging markets bond index
EMBIG	emerging market index
EPFR	Emerging Portfolio Fund Research
FAI	fixed asset investment
FDI	foreign direct investment
FSAP	Financial Sector Assessment Program
FX	foreign exchange
GDP	gross domestic product
GDDS	General Data Dissemination System
GMM	generalized method of moments
HIPC	Heavily Indebted Poor Countries
ICP	international comparison program
IHSN	International Household Survey Network
LICs	low-income countries
MCM	Monetary and Capital Markets
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MPM	macroprudential measures
MTEF	medium-term expenditure framework
MSCI	emerging markets indices
NAEIP	National Agriculture Extension Intervention Program
ODP	open data platform
PFM	public financial management
PPP	public-private partnerships
REO	Regional Economic Outlook
SDDS	Special Data Dissemination Standard
SSA	sub-Saharan Africa
SSAFM	sub-Saharan Africa frontier market
TFP	total factor productivity
UNECA	United Nations Economic Commission for Africa
VIX	Chicago Board Options Exchange Market Volatility Index
WAEMU	West African Economic and Monetary Union
WEO	World Economic Outlook
WGI	Worldwide Governance Indicators

Acknowledgments

This October 2013 issue of the *Regional Economic Outlook: Sub-Saharan Africa* (REO) was prepared by a team led by Alfredo Cuevas under the direction of Anne-Marie Gulde-Wolf, and David Robinson.

The team included Isabell Adenauer, Javier Arze del Granado, Trevor Alleyne, Jorge Iván Canales-Kriljenko, Rodrigo Garcia-Verdu, Cleary Haines, Juan Sebastian Corrales, Cheikh Anta Gueye, Mumtaz Hussain, Kareem Ismail, Byung Kyoon Jang, Mauro Mecagni, Montfort Mlachila, Marco Pani, Seok Gil Park, Jens Reinke, George Rooney, Alun Thomas, Juan Treviño, Sebastian Weber, and Masafumi Yabara.

Specific contributions were made by Dalmacio Benicio, Paulo Drummond, Estelle Xue Liu, Borislava Mircheva, and John Wakeman-Linn; and editorial assistance was provided by Jenny Kletzin DiBiase. Natasha Mingos was responsible for document production, with assistance from Anne O'Donoghue and typesetting assistance from Charlotte Vazquez. The editing and production were overseen by Joanne Johnson of the Communications Department with assistance from Martha Bonilla and Mary Fisk.

The following conventions are used in this publication:

- In tables, a blank cell indicates “not applicable,” ellipsis points (. . .) indicate “not available,” and 0 or 0.0 indicates “zero” or “negligible.” Minor discrepancies between sums of constituent figures and totals are due to rounding.
- An en dash (–) between years or months (for example, 2009–10 or January–June) indicates the years or months covered, including the beginning and ending years or months; a slash or virgule (/) between years or months (for example, 2005/06) indicates a fiscal or financial year, as does the abbreviation FY (for example, FY2006).
- “Billion” means a thousand million; “trillion” means a thousand billion.
- “Basis points” refer to hundredths of 1 percentage point (for example, 25 basis points are equivalent to $\frac{1}{4}$ of 1 percentage point).

In Brief

CHAPTER 1: KEEPING THE PACE

Global headwinds have moderately lowered sub-Saharan Africa's growth in 2013, but the pace is expected to pick up in 2014. Strong investment demand continues to support growth in most of the region. Output is projected to expand by 5 percent in 2013 and 6 percent in 2014. The softer outlook for 2013 reflects both a more adverse external environment—characterized by rising financing costs, less dynamic emerging markets, and less favorable commodity prices—and diverse domestic factors, including slower investment and weakening consumer confidence in some cases, and adverse supply developments in others. Inflation is expected to maintain its downward trend for a third consecutive year, toward less than 6 percent by end-2014, with benign prospects for food prices throughout the region and the continuation of prudent monetary policies.

Most of the major risks to the outlook for the region stem from external factors. Further weakening in emerging market economies—including some of sub-Saharan Africa's new economic partners—or in advanced economies could affect sub-Saharan Africa's prospects for growth, including through commodity price declines. The chapter presents two alternative scenarios where large but plausible temporary international commodity price shocks are considered. A downside scenario would not derail growth at the regional level; but growth and current account balances could be significantly affected in some resource-intensive countries. Domestic risks, such as those related to weather and other supply-side shocks or political events, pose important risks to individual countries and perhaps their immediate surroundings, but are less of a threat at the regional level.

Widening current account deficits in sub-Saharan Africa since 2008 do not seem to pose immediate concerns, except in a few countries. In the aftermath of the global crisis, current account deficits in sub-Saharan Africa widened significantly, in most cases reflecting increased investment in export-oriented activities and infrastructure (particularly for development of energy supply and natural-resource extraction), and lower saving in some countries. These current account deficits have been largely financed with foreign direct investment, and, except in a few cases, have not resulted in higher external indebtedness. In the medium term, as investments mature and export capacity increases, current account deficits are expected to narrow; however, in some cases, measures to increase domestic saving would be warranted also. External debt—reduced significantly among low-income countries by debt forgiveness—remains low by historical standards in most countries.

Policy prescriptions made in previous issues of this publication remain broadly valid. Revenue mobilization remains a priority in most countries to help fund priority social and capital spending, and in some cases also to help strengthen buffers. (Most countries in the region are not constrained from financing by high debt levels, but some could find it difficult to raise financing in a downturn.) Efforts to keep inflation under control should continue in several countries. Countries facing balance of payments pressures arising from declining commodity prices and capital flow reversals should let their currencies adjust where feasible, with foreign exchange intervention limited to preventing disorderly market conditions. All countries should step up efforts to further improve the domestic business climate by streamlining regulations and reducing red tape, and work to improve their economic statistics.

CHAPTER 2: DRIVERS OF GROWTH IN NONRESOURCE-RICH SUB-SAHARAN AFRICAN COUNTRIES

It is often argued that high global commodity prices have allowed sub-Saharan Africa to grow on the basis of high commodity revenue and related investment. Although this is true for many countries, several nonresource-rich low-income countries have also been able to sustain high growth rates over a relatively long period. This chapter focuses on this less well-known story by looking at a group of six countries that managed to grow fast although they were not resource intensive during the period examined: Burkina-Faso, Ethiopia, Mozambique, Rwanda, Tanzania, and Uganda.

This chapter identifies several key characteristics common to these countries—improved macroeconomic management, stronger institutions, increased aid, and higher investment in human and physical capital. Their experience demonstrates that improvements in macroeconomic policy, combined with structural reforms and reliable external financing, can foster productive investment and stimulate growth. Despite the robust growth achieved so far in these countries, they still face low productivity and capital stocks, significant infrastructure gaps, and limited structural transformation. Addressing these challenges will require sustained policy efforts and continued growth.

CHAPTER 3: MANAGING VOLATILE CAPITAL FLOWS: EXPERIENCES AND LESSONS FOR SUB-SAHARAN AFRICAN FRONTIER MARKETS

This chapter examines the evolution of portfolio and cross-border bank flows in sub-Saharan African frontier markets since 2010 and discusses the various policies these countries have designed and implemented to reduce risks stemming from the inherent volatility of these flows. The analysis finds that in the past three years, foreign portfolio flows to sub-Saharan Africa's frontier economies have grown considerably, and the current bout of global financial market turbulence has so far left most of these countries relatively unscathed. This muted impact reflects, in part, strong fundamentals and prospects in these economies, but it may also reflect their relatively small and illiquid financial markets. As frontier economies in the region become more integrated with global financial markets, they will also become increasingly vulnerable to global financial shocks. If the global turmoil persists, risks of contagion and possible reversals may increase.

The chapter recommends that frontier markets in the region strengthen policy frameworks to ensure that access to capital markets is beneficial, with the appropriate combination of policies depending on country-specific circumstances. Among the key policy recommendations are the following: (i) enhance monitoring by improving data; (ii) enhance macroeconomic and financial policies to provide policy room in case of capital flow surges or reversals; (iii) improve capacity to effectively use macroprudential policies to prevent systemic financial sector risks that may arise from volatile capital flows; and (iv) reinforce the toolkit of capital flow management measures.

1. Keeping the Pace

Softening and increasingly volatile global economic conditions are expected to have only a moderate downward impact on sub-Saharan Africa this year and next. Growth is projected to remain robust at about 5 percent in 2013 and 6 percent in 2014, backed by continuing investment in infrastructure and productive capacity. This outlook is not as strong as portrayed in the May 2013 edition of this publication,¹ reflecting, in part, a more adverse external environment—characterized by rising financing costs, less dynamic emerging market economies, and less favorable commodity prices—as well as diverse domestic factors. However, the magnitude of the revisions is modest (–0.7 percent of GDP on average in 2013 and –0.1 percent in 2014).

Most of the major risks to the outlook for the region stem from external factors. Large but plausible temporary international commodity price shocks would not derail average headline growth in sub-Saharan Africa, but growth and current account balances could be significantly affected in some resource-intensive countries. Other risks to the outlook include further weakening in emerging market economies (including some of sub-Saharan Africa’s new economic partners) or in advanced economies. Home-grown hazards, such as those related to weather-driven supply shocks or political events, pose important risks to individual countries and perhaps their immediate surroundings, but are less of a regional threat.

The recent widening of the current account deficit in many countries in sub-Saharan Africa reflects, in most cases, increased investment in export-oriented activities and infrastructure. To a significant

This chapter was prepared by Alfredo Cuevas, Jorge Iván Canales-Kriljenko, Montfort Mlachila, Marco Pani, Seok Gil Park, and Juan Treviño. Research assistance was provided by Cleary Haines and George Rooney.

¹ In the present edition, all regional aggregates include South Sudan.

extent the increased deficits are being financed by foreign direct investment (FDI) and capital transfers. Nevertheless, there are some economies in which the deficits have been accompanied by lower saving or higher external borrowing, giving rise to some concern.

Fiscal deficits have remained elevated in a large set of countries since the global crisis. Although in most countries government debt remains manageable, a few cases now need fiscal consolidation to ensure sustainability of the public finances in the medium term or to rebuild buffers. In many low-income countries, revenue mobilization remains a priority to provide resources for social and capital spending. Monetary policy settings seem appropriate in most countries, as inflation continues to moderate in an environment of benign food price dynamics.

Looking ahead, policymakers should focus on structural reforms for growth and inclusiveness, and will need to grapple with the risks of a lasting reduction in momentum in commodity prices as the world economy transitions toward a new configuration of growth drivers.

INTERNATIONAL CONTEXT

After sluggish growth in 2013, the global economy is expected to pick up in 2014. The near-term outlook for the global economy presented in the IMF’s October 2013 *World Economic Outlook* (WEO)—with world output growth of 2.9 percent and 3.6 percent in 2013 and 2014, respectively—is more subdued than in the April 2013 issue, which projected the world economy to grow 3.3 percent in 2013 and 4.0 percent in 2014 (Figure 1.1).² Despite the retreat of large threats such as the U.S. fiscal cliff in 2012, volatility has risen again in the course of 2013.

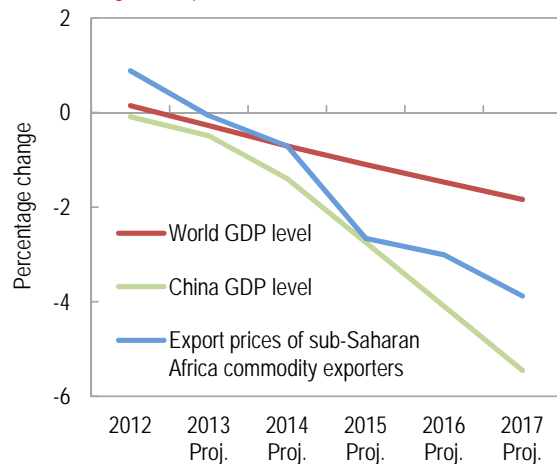
² The July 2013 *World Economic Outlook* update already revised these forecasts down to 3.1 and 3.8 percent, respectively.

The global outlook reflects, in any case, a variety of prospects for the main economies:

- The U.S. economy has continued to recover, to the point that its monetary authorities indicated in May that they would consider starting a tapering of their program of monetary stimulus beginning in 2013. However, in its September meeting, the Federal Open Market Committee decided to maintain its level of stimulus unchanged for the time being in view of renewed fiscal risks and other domestic news.
- Although Europe appears to be finally out of its recession, it is growing more slowly than projected in April. Meanwhile, Japan seems to be responding well to policy stimulus, but could still lose momentum in 2014 as the stimulus wanes.
- China and other emerging market economies, which have become increasingly important in the global economy and for sub-Saharan Africa in particular, have shown signs of slowing down.

Although remaining at levels above their historical norms, commodity prices have experienced large volatility in recent months, and are projected to be weaker during the next few years than had been anticipated only a few months ago. For example, the highly volatile petroleum spot price, after recovering from the postcrisis trough in 2011, hovered around US\$100 a barrel for a substantial period, before rising again on geopolitical fears. By end-August, gold prices had declined by 18 percent and copper prices by 26 percent from their recent peaks—although gold and industrial metal prices recovered some ground after the postponement of tapering by the U.S. Federal Reserve. Iron ore and coal prices have been on a declining trend since late 2010. Coffee prices were hit hard by oversupply and plunged 39 percent from the peak in the second quarter of 2011. In recent months, maize prices dropped 11 percent from the peak, and wheat prices 12 percent, a positive development for many countries in sub-Saharan Africa that rely on imported food (Figure 1.2).

Figure 1.1. World Economic Forecast Revisions
(Percent change from April 2013 World Economic Outlook forecast)

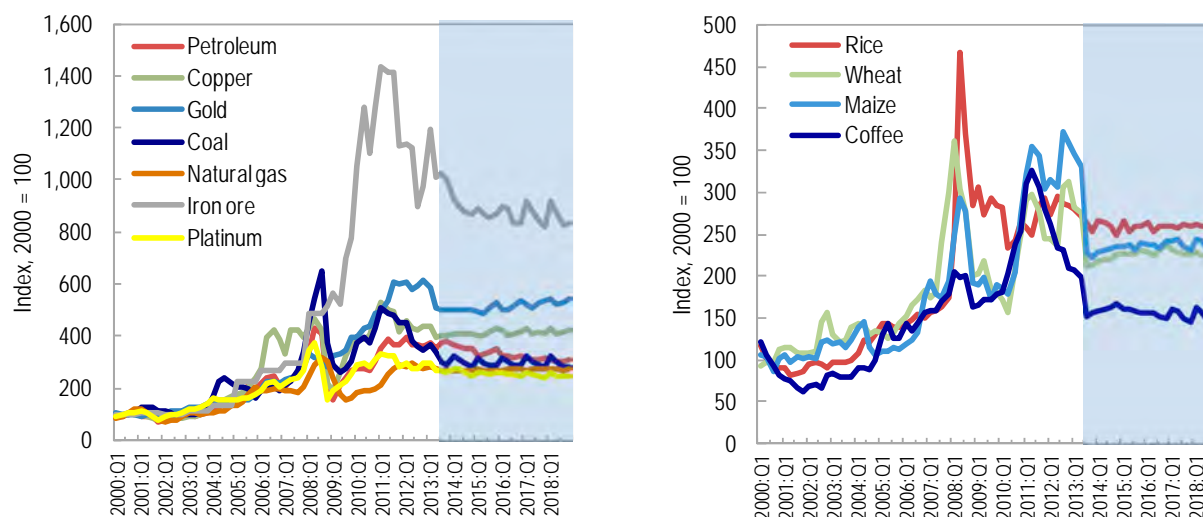


Source: IMF, World Economic Outlook database.

Against this backdrop, one of the potentially most important questions for sub-Saharan Africa pertains to the sustainability of high growth rates in emerging market economies. As noted in previous issues of the *Regional Economic Outlook: Sub-Saharan Africa* (REO), the gradual reorientation of sub-Saharan Africa's trade toward new emerging market partners has been beneficial during recent years as traditional partners have struggled to recover from the effects of the Great Recession. A sustained deceleration in these economies—particularly China—could pose some challenges for sub-Saharan Africa as it attempts to sustain its own vigorous growth, especially in the context of subdued prospects for overall global growth (Box 1.1 and Figure 1.1).

Finally, tightening liquidity in global financial markets since May this year has reduced or reversed portfolio flows to most emerging and frontier markets, including in sub-Saharan Africa. Expectations that the U.S. Federal Reserve would start winding down its unconventional monetary policy led to a repricing of risks in June, triggering portfolio outflows from emerging and developing countries. Domestic and foreign currency yields rose by about 1–2 percentage points, currencies depreciated across the emerging market universe, and equity prices fell. After some respite in July, tensions in financial markets returned in August, but more selectively—to emerging markets with significant external deficits.

Figure 1.2. International Commodity Prices



Sources: IMF, Commodity Price System; and World Bank Commodity Markets database.

THE REGIONAL OUTLOOK: BASELINE SCENARIO

Activity is projected to remain robust, but changes in the global environment and domestic developments suggest for 2013 somewhat less buoyant growth, generally lower inflation, and higher current account and fiscal deficits than envisaged in May 2013. Growth is expected to increase in 2014.

Sub-Saharan African growth has been revised down moderately for 2013, but is expected to remain robust (Table 1.1 and Figure 1.3). The region's economy is expected to grow on average by 5 percent this year, a rate that would be equivalent to the 70th percentile of the distribution of growth forecasts across IMF members (Figure 1.4). Growth is expected to be particularly strong in mineral-exporting and low-income countries, including Côte d'Ivoire, the Democratic Republic of the Congo, Mozambique, Rwanda, Sierra Leone, and a few others. Among the domestic factors dampening growth projections for 2013 in some oil countries are delays in budget execution in Angola, and increased oil theft in Nigeria that led to the temporary shut-down of some operations. Among fragile countries, a large contraction is expected in the Central African Republic (associated with civil unrest).

In South Africa, the region's largest economy, real growth in 2013 is projected at 2 percent, well below the regional average. Relatively slow growth in South Africa reflects lower potential growth than in oil exporters and low-income countries—arising from the relative maturity of South Africa's industrial, extractive, and services sectors, and binding structural bottlenecks—as well as cyclical factors. The current slowdown in particular reflects anemic private investment resulting from the weak external environment and tense industrial relations, as well as moderate consumption owing to slowing disposable income growth and weakening consumer confidence. Spillovers from the slowdown in South Africa into sub-Saharan Africa are expected to affect

Table 1.1. Sub-Saharan Africa: Real GDP Growth
(Percent change)

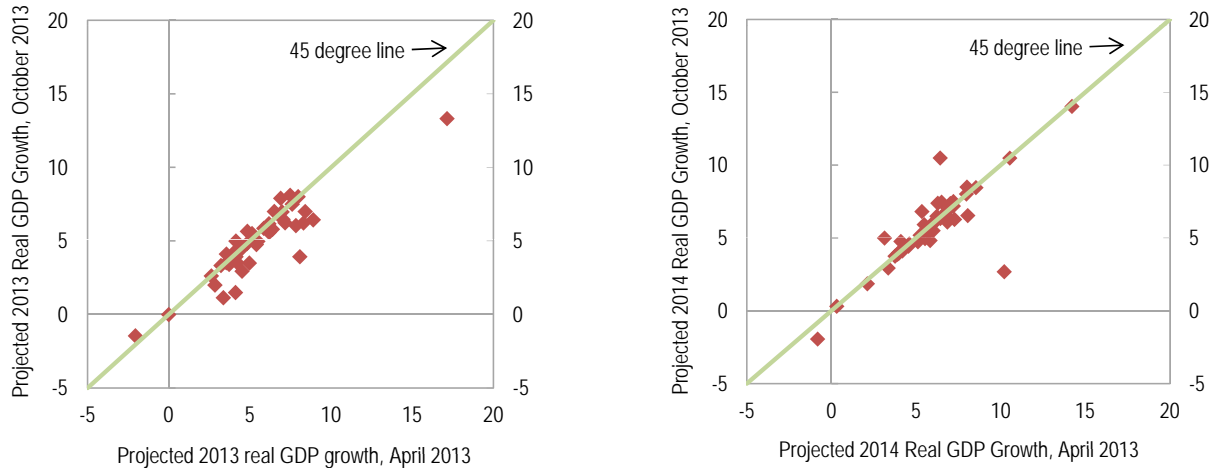
	2004–08	2009	2010	2011	2012	2013	2014
Sub-Saharan Africa (Total)	6.5	2.6	5.6	5.5	4.9	5.0	6.0
<i>Of which:</i>							
Oil-exporting countries	8.5	4.9	6.7	6.1	5.3	6.1	7.7
Middle-income countries ¹	5.1	-0.8	4.0	4.8	3.4	3.0	3.6
<i>Of which: South Africa</i>	4.9	-1.5	3.1	3.5	2.5	2.0	2.9
Low-income countries ¹	7.3	5.1	7.1	6.5	6.2	6.3	6.9
Fragile countries	2.5	3.3	4.2	2.4	7.0	5.4	7.2
Memo item:							
Sub-Saharan Africa ²	6.5	2.6	5.6	5.5	5.1	4.8	5.7
World	4.6	-0.4	5.2	3.9	3.2	2.9	3.6

Source: IMF, World Economic Outlook database.

¹Excluding fragile countries.

²Excluding South Sudan.

Figure 1.3. Sub-Saharan Africa: Growth Forecast Revisions Relative to April 2013

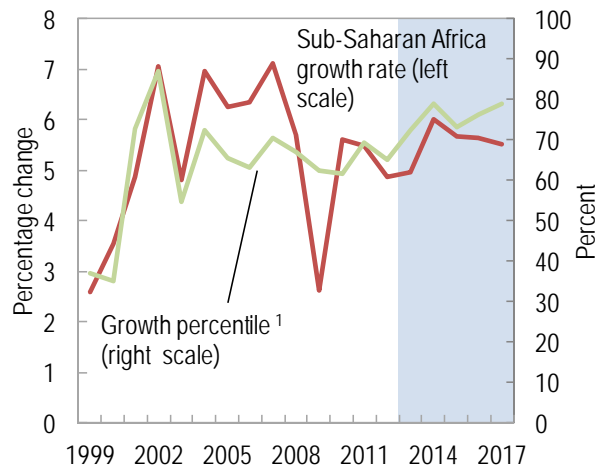


Source: IMF, World Economic Outlook database.

mostly its immediate neighbors in the Southern African Development Community, especially those in the Southern Africa Customs Union (SACU), where trade and financial linkages are concentrated. SACU members could be affected if remittances from their nationals working in South Africa and South African trade taxes (the bulk of shared revenues in SACU) were to underperform. Beyond SACU, trade linkages to South Africa are relatively small, because that country is not a significant buyer of sub-Saharan African goods. In contrast, sub-Saharan Africa is an increasingly important

export market for South African manufactures and services, facilitated in part by the ongoing expansion of South African retailing, financial, and construction firms in the region. The effect of a slowdown in South Africa on outward FDI into the rest of sub-Saharan Africa is unclear, as adverse domestic conditions can encourage some South African companies to step up their investment abroad (see October 2012 REO).

Figure 1.4. Sub-Saharan Africa: Real GDP Growth and Percentile in the World Distribution of Growth



Source: IMF, World Economic Outlook database.
¹Percentile of the weighted average growth rate in sub-Saharan Africa in the distribution of IMF member country growth rates.

In 2014, average growth in sub-Saharan Africa is expected to pick up by about 1 percentage point (Table 1.1). The main factor behind the continuing underlying growth in most of the region is, as in previous years, strong domestic demand, especially associated with investment in infrastructure and export capacity in many countries. The improvement relative to 2013 reflects higher global growth—especially in Europe—and other expected favorable domestic conditions. For example, in Nigeria oil production is expected to increase in 2014, and electricity reform is advancing.

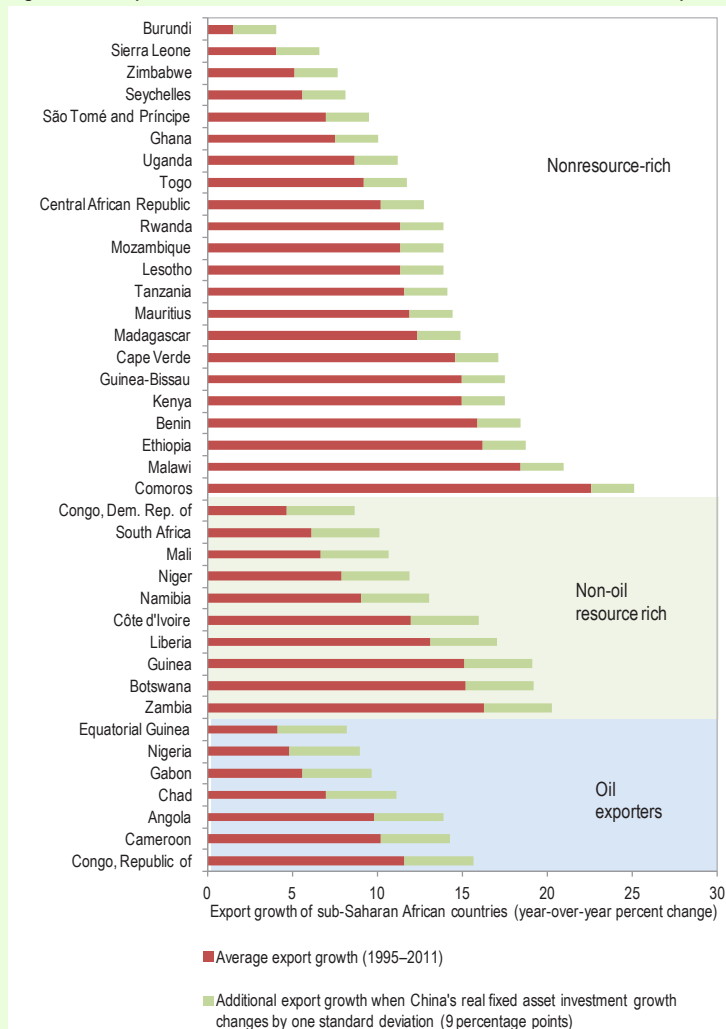
Inflation in the region is expected to remain moderate in 2013–14, reflecting continuing disinflation in low-income countries and benign prospects for food prices (Figure 1.5). Headline inflation in sub-Saharan Africa has been on a declining trend since early 2012, facilitated by a slowdown and occasional reversal in food price inflation and the maintenance of tight monetary policies in some

Box 1.1. Africa's Rising Exposure to China: How Large Are Spillovers through Trade?

Rising linkages with China have supported growth but also expose sub-Saharan African countries to potentially negative spillovers from China if its growth slows or the composition of its demand changes. In recent years, China has become the largest single trading partner for the region and a key investor and provider of aid (see the October 2011 *Regional Economic Outlook: Sub-Saharan Africa*).

How large are the spillovers? Drummond and Liu (forthcoming) use panel data to analyze the way in which China's domestic investment has affected sub-Saharan Africa's export growth during the past 15 years. They find

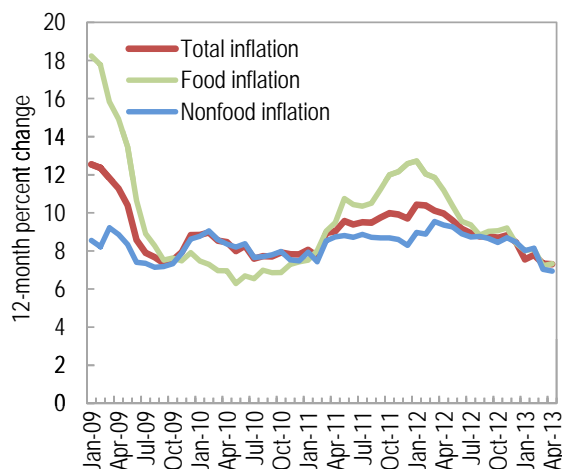
Figure 1.1.1. Impact of China's Investment on Sub-Saharan African Countries' Export Growth



Sources: IMF, World Economic Outlook database; and IMF staff calculations.

that a 1 percentage point increase in China's real domestic fixed asset investment (FAI) growth has tended to increase sub-Saharan Africa's export growth rate on average by 0.6 percentage point (see Figure 1.1.1, which shows the effect of a one standard deviation shock to FAI); but the intensity varies by country group. For example, this effect is larger for resource-rich countries in sub-Saharan Africa, especially oil exporters, which account for a large share of the region's exports to China. Part of the effect is indirect, working through the impact of Chinese investment on global growth and commodity prices. But direct trading links are also important. For the top five resource-rich sub-Saharan African countries ranked by exports to China as a share of GDP—Angola, South Africa, the Republic of Congo, Equatorial Guinea, the Democratic Republic of the Congo—a 1 percentage point increase in China's domestic investment growth is accompanied by a 0.8 percentage point increase in their export growth rate.

This box was prepared by Paulo Drummond and Estelle Xue Liu.

Figure 1.5. Sub-Saharan Africa: Food and Nonfood Inflation

Sources: IMF, African Department database; and IMF, International Financial Statistics.

previously high-inflation economies. Nevertheless, in a few countries inflation remains in double digits, reflecting a diverse set of circumstances, including transportation bottlenecks in neighboring countries (Burundi), sustained money growth (Eritrea), inertia during a gradual slowdown (Guinea), and currency depreciation (Malawi).

Despite a continuation of prudent monetary policies, broad money is projected to increase at

a somewhat faster pace in 2013 relative to 2012 on average for the region, prompted by increased money demand and an accumulation of reserves, and to slow down somewhat in 2014. Money growth decelerated in 2012, broadly reflecting prudent monetary policies and limited lending to the public sector, even as private sector credit continued to accelerate (from a generally low base) in most middle-income countries. In 2013, money growth is projected to increase in all country groups except for low-income countries, most notably in Angola (reflecting policy efforts to build up reserves and reduce dollarization under the new monetary policy framework) and Malawi (driven by private sector credit). Whereas money growth is projected to slow down somewhat in these countries in 2014, in others it is expected to accelerate, led, for example, by private sector credit (The Gambia) or credit to government (Uganda).

Fiscal deficits are expected to expand in 2013 and 2014 in many countries in the region, although debt indicators remain benign in most countries (Tables 1.2, 1.3; and Box 1.2). The deterioration of fiscal balances is mainly on account of weakening revenues relative to GDP. This is especially true among resource exporters who are facing weaker commodity prices or lower production (or both),

Table 1.2. Sub-Saharan Africa: Debt Indicators

	Debt risk index ¹				Public debt-to-GDP ratio (2012)	Changes in public debt-to-GDP ratio in percent ²	External debt-to-official creditors ratio in percent of GDP (2012)	Changes in external debt-to-official creditors ratio in percent of GDP ²	Interest payment to revenue ratio (2007)	Interest payment to revenue ratio (2012)
	L	M	H	D						
Sub-Saharan Africa (Total)	17	19	6	2	33.0	2.6	9.7	-2.4	6.4	6.9
<i>Of which:</i>										
Oil-exporting countries	5	1	1	0	20.7	2.9	5.4	-1.1	3.4	4.6
Middle-income countries	5	5	1	0	41.8	13.5	5.9	1.8	8.3	9.4
Low-income countries	6	8	0	0	34.4	0.9	22.6	3.1	6.1	6.1
Fragile countries (HIPC) ³	1	5	4	0	39.1	-61.4	20.8	-67.6	13.1	6.4
Fragile countries (Non-HIPC)	0	0	0	2	84.6	-15.4	60.3	-13.0	12.4	6.4

Sources: IMF, World Economic Outlook database; and IMF staff estimates.

Note: HIPC = Highly Indebted Poor Countries.

¹ Number of countries with low, moderate, high, and in debt distress categories from debt sustainability analysis. The index for nine middle-income and oil-exporting countries is based on the recent Article IV staff reports and the staff's discretionary assessment.

² Changes from end-2007 to end-2012.

³ Countries that received relief under the HIPC initiative and the Multilateral Debt Relief Initiative from end-2007 to end-2012.

Table 1.3. Sub-Saharan Africa: Other Macroeconomic Indicators

	2004–08	2010	2011	2012	2013	2014
		(percent change)				
Inflation, end-of-period	8.7	7.1	10.1	7.9	6.8	5.8
		(percent of GDP)				
Fiscal balance	2.0	-4.0	-1.3	-2.8	-3.1	-3.0
Of which: Excluding oil-exporters	-0.7	-4.7	-4.0	-4.2	-4.4	-4.3
Current account balance	0.5	-1.4	-1.4	-3.0	-4.0	-4.0
Of which: Excluding oil-exporters	-5.2	-4.8	-5.6	-8.3	-8.4	-8.7
		(months of imports)				
Reserves coverage	4.8	4.2	4.5	4.7	4.9	5.2

Source: IMF, World Economic Outlook database.

while ambitious public investment programs are being pursued in a number of countries, for example, in oil-producing economies such as Angola and Cameroon.³

Some countries also exhibit rising government debt ratios. Among the middle-income group, South Africa's fiscal deficit has not fallen as expected after the stimulus provided during the global financial crisis. Although real spending growth has been consistent with that country's potential growth, revenue has repeatedly fallen short because of sluggish economic activity. Ghana saw its deficit surge in 2012, an election year characterized by strong economic growth and buoyant revenues, but also extraordinary growth in spending. Although a few countries in the region, such as Botswana, the Republic of Congo, and Togo, are expected to adjust their fiscal policies in 2013–14, deficits will likely remain high in many countries, resulting in public debt increases (see Box 1.2 on page 19). In most low-income countries, especially fragile states with large unmet infrastructure and social needs, containing expenditure is likely to be difficult. However, considerable scope exists to increase revenues further in most low-income countries where the average revenue-to-GDP ratio is low, at less than 20 percent.

³ The group of resource exporters includes Angola, Botswana, Burkina Faso, Cameroon, the Central African Republic, Chad, the Democratic Republic of the Congo, Republic of Congo, Equatorial Guinea, Gabon, Ghana, Guinea, Mali, Namibia, Niger, Nigeria, Sierra Leone, South Africa, Tanzania, Zambia, and Zimbabwe. See the April 2012, *Regional Economic Outlook: Sub-Saharan Africa* for a discussion of the criteria for membership in this group.

Table 1.4. Sub-Saharan Africa: Bonds Issued, 2013

Country	Issuing Date	Amount (\$ million)	Maturity (years)	Yield (percent)
Tanzania	March 2013	600	7	6.284
Rwanda	April 2013	400	10	6.875
Nigeria	July 2013	500	5	5.375
Nigeria	July 2013	500	10	6.625
Ghana	July 2013	1,000	10	7.940
Mozambique ¹	September 2013	500	7	8.500
South Africa	September 2013	2,000	12	6.060
Total		5,500	5–12	...

Sources: Bloomberg, L.P.; Reuters; and the *Wall Street Journal*.

¹ Government-guaranteed.

Current account balances are projected to deteriorate in 2013–14, on average, in the region, particularly in oil-exporting countries running expansionary fiscal policies. Despite this, the region is expected to maintain the postcrisis trend toward increasing its reserves coverage in 2013–14. The current accounts of sub-Saharan African countries are examined in detail in the next section.

Developments in the financial account of the balance of payments point to increasing integration of the region with global markets, with more to come. The group of “frontier market” countries⁴ has continued to tap global capital markets, taking advantage of favorable global financial conditions and improved domestic economic prospects. In addition to South Africa, which is an emerging market economy, six countries have issued government or government-guaranteed bonds so far this year (Nigeria twice), and Kenya and Zambia are considering an issue before the end of 2013 (Table 1.4). As discussed in the May 2013 REO, increased access to markets offers frontier market economies an opportunity to find new sources of funding for their spending. This access, however, also raises new challenges, including risks of a sudden reversal; a possibly higher debt burden; higher refinancing, currency, and interest rate risks; and appreciation pressures on the exchange rate. In addition, the

⁴ The group of “frontier market” countries includes Ghana, Kenya, Mauritius, Mozambique, Nigeria, Senegal, and Tanzania, which are covered in Chapter 3. Other sub-Saharan African countries that could be considered in this group are Côte d'Ivoire, Namibia, and Rwanda, which have issued sovereign bonds (see Chapter 3 of the May 2013 REO).

risk emerges that an increase in liquidity could spur inflation, a rally in asset prices, or an excessive increase in private sector credit. As discussed in Chapter 3, the new capital raised through portfolio inflows was absorbed mainly in a buildup of reserves, and its impact on liquidity was generally sterilized (with the exceptions of Mauritius, Zambia). However, some countries experienced an expansion in private sector credit (Ghana, Mauritius) or an increase in stock prices (Kenya, Nigeria).

In sub-Saharan Africa, global financial market volatility in 2013 has affected mostly South Africa and a few frontier economies (Figures 1.6 and 1.7). In South Africa, the rand depreciated by about 8 percent and domestic bond yields rose by about 170 basis points between late May and end-August, as the effects of external factors were reinforced by domestic economic vulnerabilities. These developments affected monetary conditions in the Common Monetary Area of the rand, including Lesotho, Namibia, and Swaziland.

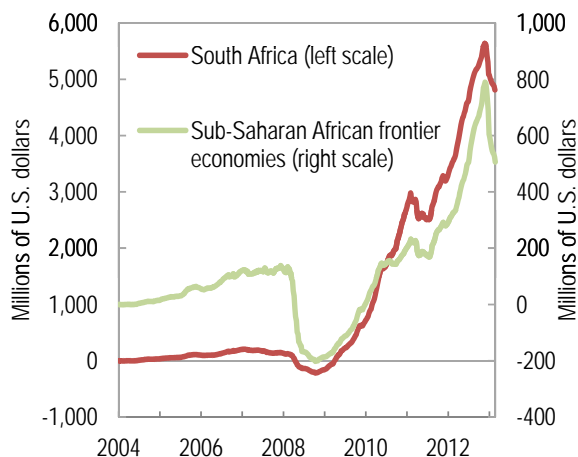
Among frontier markets, Nigeria’s currency weakened against the U.S. dollar at the peak of the volatility, and there was some increase in government bond yields, while the Ghanaian cedi and the Kenyan shilling also lost ground. Global financial prices largely stabilized in July and August,

but capital flows have remained volatile, associated with increased financial stress in some emerging markets, especially those with wide current account deficits as in South Africa. Altogether, the increase in global financial volatility had a milder impact in sub-Saharan Africa than in other regions. This may reflect the comparative shallowness of African frontier markets that attract mainly long-term, “real-money” investors who respond primarily to the fundamentals of the recipient countries. In the period ahead, continuing volatility and increasing funding costs can be expected, as monetary conditions in advanced economies gradually move away from their current unprecedented accommodative stance.

Real exchange rates have tended to appreciate in all country groups, except middle-income countries (Figure 1.8). Some countries experiencing large real exchange rate appreciation include Seychelles (15 percent) and Uganda (14 percent). Fluctuations in the rest of the region have been much less pronounced, though mostly positive. Among middle-income countries, which include the four members of the Common Monetary Area of the rand, developments were driven by the depreciation of the South African currency, which started well before the market tension of June, reflecting a change in investor sentiment toward South Africa and weakening international gold and platinum prices,

Figure 1.6. Sub-Saharan Africa: Bond Flows to Emerging Market and Frontier Economies

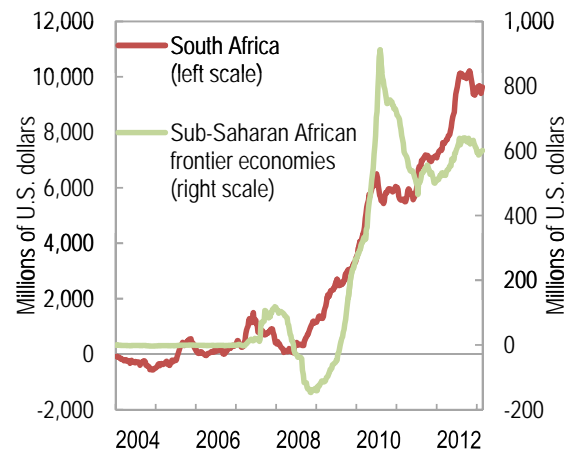
(Millions of U.S. dollars, cumulative since 2004)



Source: EPFR Global Database.

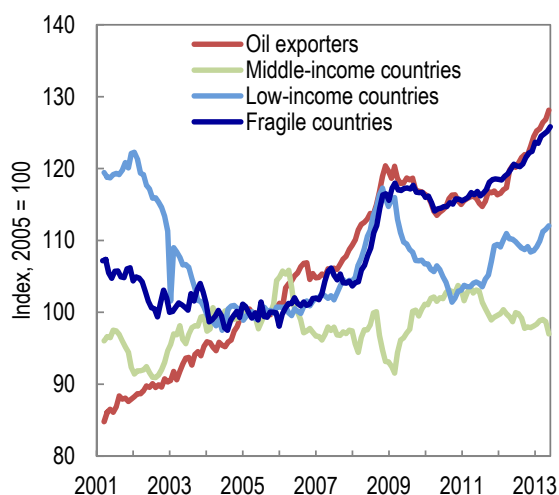
Figure 1.7. Sub-Saharan Africa: Equity Flows to Emerging Market and Frontier Economies

(Millions of U.S. dollars, cumulative since 2005)



Source: EPFR Global Database.

Figure 1.8. Sub-Saharan Africa: Real Exchange Rate Developments by Traditional Country Groups, 2001–13 (June)



Sources: IMF, Information Notice System database; and IMF staff estimates.

Note: Simple average. Excludes South Sudan, the Democratic Republic of the Congo, and Zimbabwe.

among other factors. The 17 countries pegging to the euro (including the members of CEMAC and WAEMU)⁵ have experienced relatively stable real exchange rates, although since mid-2012 they have been on a moderate appreciating trend. Outside South Africa, the 20 countries with some degree of exchange rate flexibility have experienced real currency appreciation since end-2010, a trend that has been particularly marked for the frontier markets and oil exporters in this group. As noted, in the period following the announcement by the U.S. Federal Reserve concerning the tapering of extraordinary stimulus, in addition to South Africa, Ghana, Kenya, and Nigeria saw their currencies depreciate.

⁵ CEMAC is the Economic and Monetary Community of Central Africa; WAEMU is the West African Economic and Monetary Union.

ARE SUB-SAHARAN AFRICAN CURRENT ACCOUNT DEFICITS A SOURCE OF CONCERN?

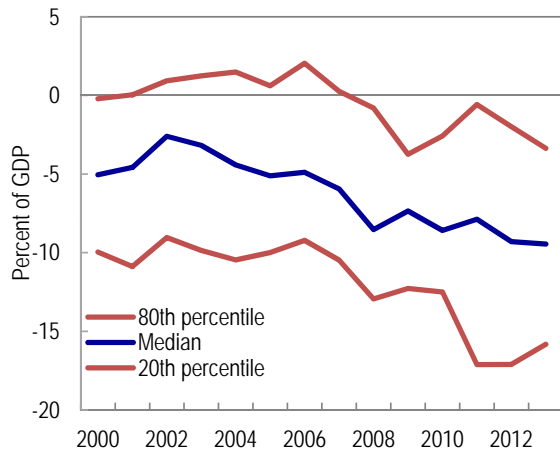
Large current account deficits imply a significant dependence on external saving; but the prevalence of FDI is a mitigating factor in many countries.

Current account deficits in sub-Saharan Africa have increased markedly since 2007–08 and the median current account deficit has been on a gradually rising trend since 2002. Although current account deficits changed little, or even fell slightly on average during the 2004–08 boom years, a rise in current account deficits became widespread and marked between 2008 and 2012, with the average current account deficit (not weighted by country size) rising by about 2.5 percentage points of GDP. Since the global financial crisis there has been a large and persistent increase in the number of countries with current account deficits exceeding 10 percent of GDP (Figures 1.9 and 1.10), and a reduction in the number of countries with current account surpluses.

Important drivers of the deterioration in current account balances since 2007 have been higher imports and lower official transfers (Figure 1.11, right panels). For sub-Saharan Africa, current official transfers declined by about 2 percent of GDP compared with the period 2005–07, returning to the levels observed before the global boom that started in 2005. At the same time, imports of goods and services increased by about 4 percent of GDP, while, on average, exports edged down, driven by oil exporters. Other current account components roughly offset each other and have not changed significantly since the crisis.

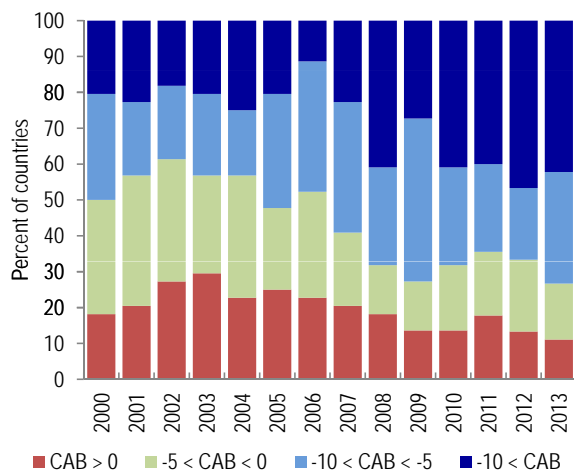
The widening in current account deficits since the onset of the global crisis reflects both lower saving rates and higher investment rates. Since the global financial crisis began, saving rates for the region as a whole have declined by 2.5 percentage points of GDP, on average, compared with 2005–07. The decline in saving rates in middle-income countries in part reflects policy stimulus that has remained in place (South Africa)—although saving in this

Figure 1.9. Sub-Saharan Africa: Distribution of External Current Account Balance-to-GDP Ratio (Center Quintiles), 2000–13



Sources: IMF, World Economic Outlook database; and IMF, African Department database.

Figure 1.10. Sub-Saharan Africa: Ratio of External Current Account Balance to GDP, 2000–13



Sources: IMF, World Economic Outlook database; and IMF, African Department database.
Note: CAB = current account balance.

group of countries shows an incipient recovery in the last year, as some of the previous expansion starts to be reversed. In oil-exporting countries national saving has fallen too, mainly in the public sector, as government spending capacity has caught up with the significant increase in fiscal revenue experienced in the last decade. In fact, public saving ratios in that group of countries fell with the oil price collapse of 2009, but have not increased subsequently despite the recovery in crude prices. Nevertheless, oil exporters' aggregate saving ratios

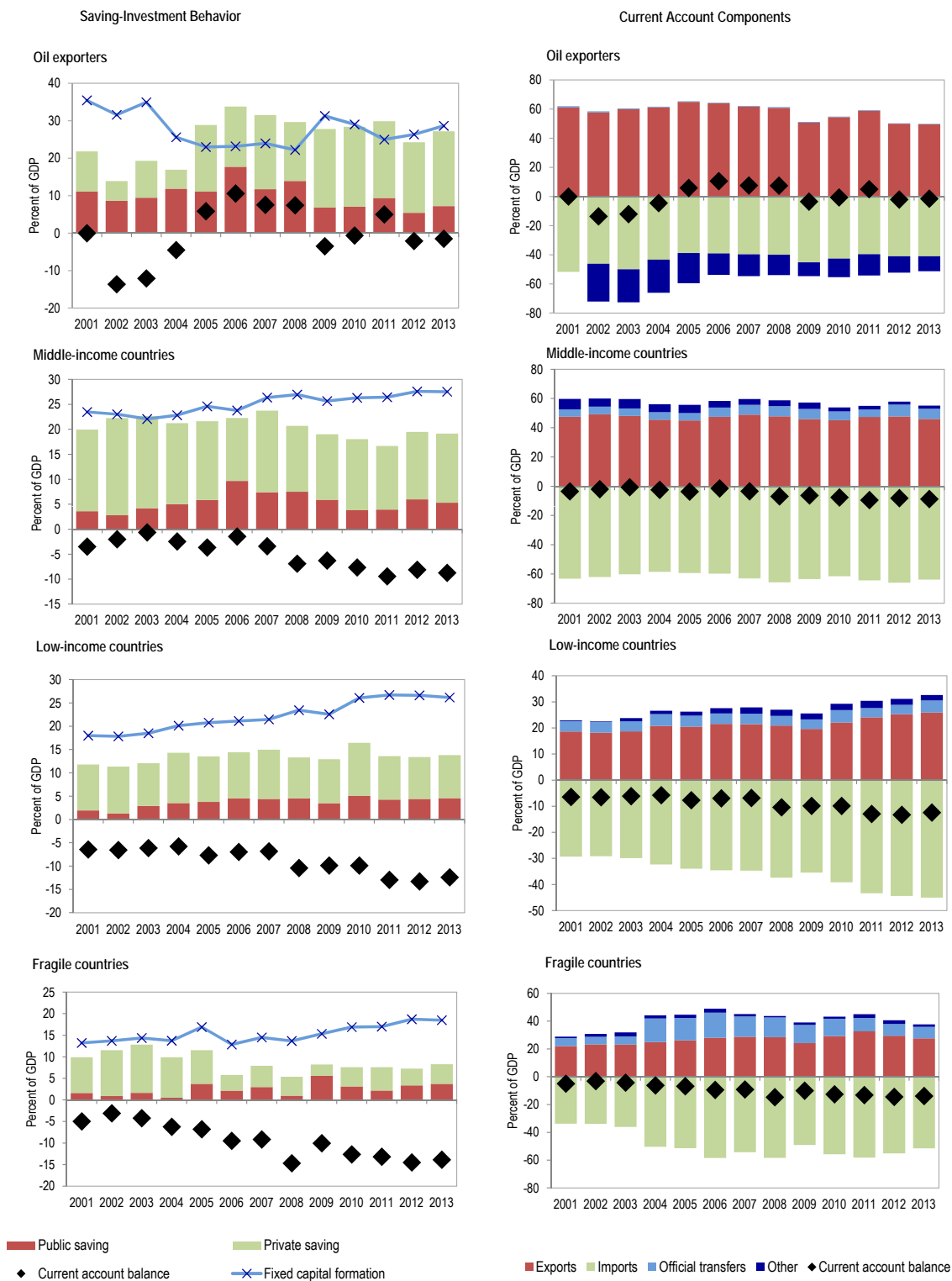
remain slightly higher than during 2000–04. In low-income countries, national saving rates have been more stable, with no clear trend in public or private saving rates. Meanwhile, total fixed capital formation has increased by about 3.5 percentage points, partly reflecting a marked increase in FDI in extractive activities and infrastructure. Although differences across country groupings exist, the common theme is that current account balances worsened on average after the global financial crisis, mainly reflecting a level increase in investment rates (Figure 1.11, left panels). Easy global financial conditions since 2008 have enabled countries in sub-Saharan Africa to expand their fixed capital stock by mobilizing external saving.

Assessing the sources of financing can be challenging in sub-Saharan Africa because of severe data limitations (Figures 1.12 and 1.13). Nevertheless, according to official data, in the past four years, more than half of the current account deficit in sub-Saharan Africa⁶ has been funded by FDI (including intercompany loans). Net portfolio investment flows were negative on average, and positive only in a few countries. The net accumulation of official debt explains about an additional 2 percent of GDP. Among fragile countries, the achievement of debt relief during 2006–10 created additional space for governments to borrow, including from multilateral sources. Net capital transfers have been an important source of non-debt-creating funding (2 percent of GDP, on average), mostly associated with the capital component of foreign aid. Errors and omissions are large among fragile countries, reflecting particularly severe data weaknesses (Annex 1.1).

The number of countries receiving net FDI inflows of more than 5 percent of GDP doubled after 2006. In nine countries, average annual FDI inflows increased by more than 5 percent of GDP in the years 2007–12, compared with the period 2000–06. During 2007–12, average annual FDI inflows exceeded 5 percent of GDP in 18 countries compared with the 9 countries in 2000–06. These reflected projects to develop energy supply and the

⁶ Unweighted average of 45 countries.

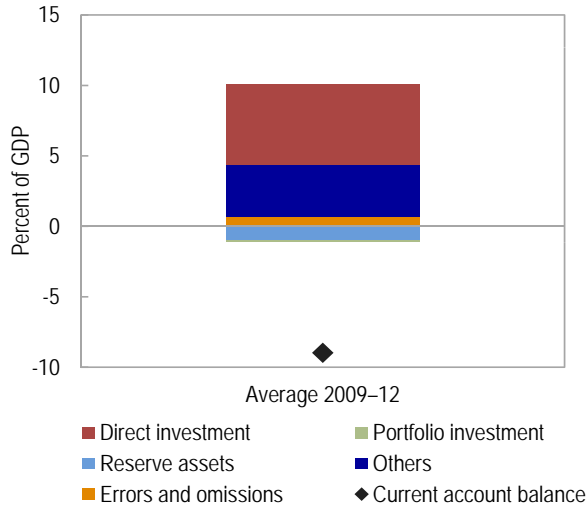
Figure 1.11. Sub-Saharan Africa: Current Account Developments, by Country Groupings: 2001–13



Source: IMF, World Economic Outlook database.

Note: Simple average.

Figure 1.12. Sub-Saharan Africa: Balance of Payments, 2009–12 Average



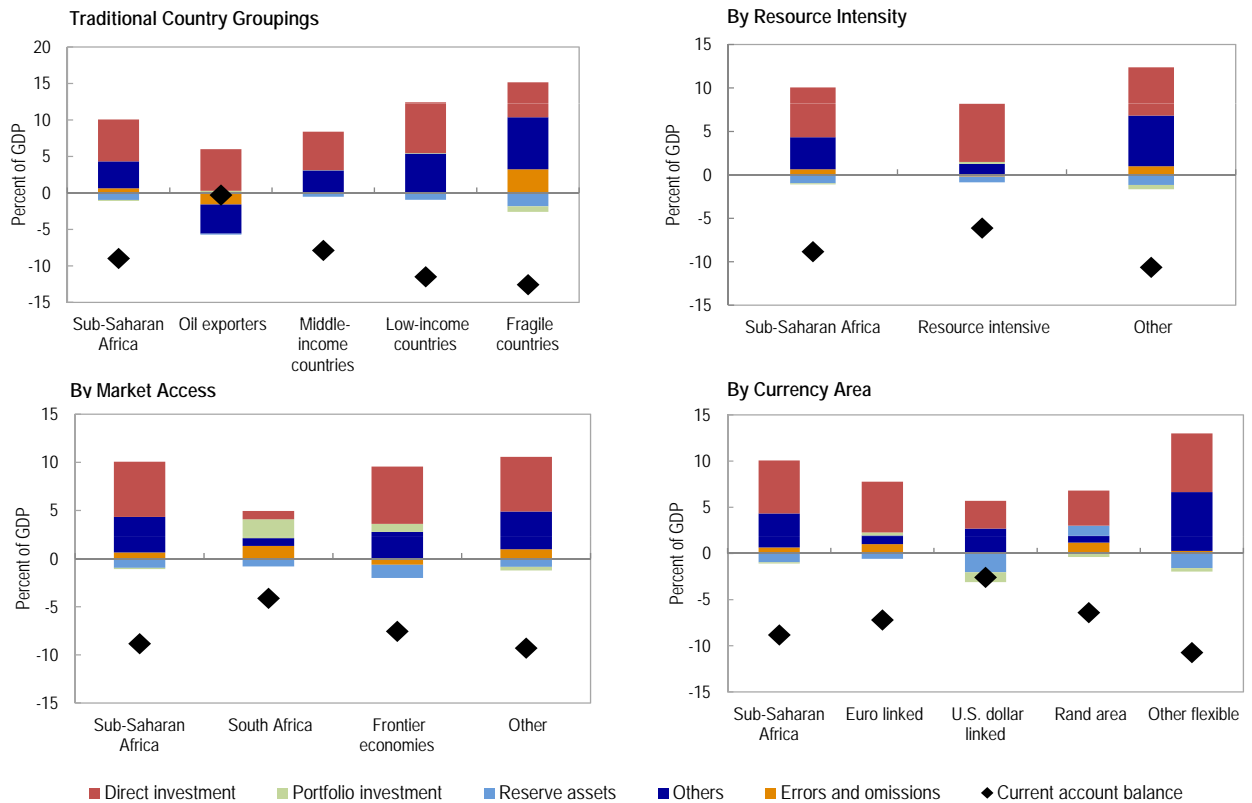
Source: IMF, World Economic Outlook database.

extraction of natural resources and related activities (for example, the mega-projects to develop the production of liquefied natural gas in Mozambique and of iron ore in Sierra Leone) encouraged by strong commodity prices. In contrast, FDI has been relatively lower in South Africa, where portfolio flows have been prominent.

Nevertheless, several countries experienced large current account deficits since 2007 even after netting out FDI-related flows. These include Burundi, Cape Verde, The Gambia, Guinea, Liberia, Mauritius, Rwanda, Togo, and Zimbabwe, among others. These deficits were largely financed through net external borrowing, although in some countries (including Guinea, Liberia, and Togo) the stock of debt actually declined as a result of debt relief.

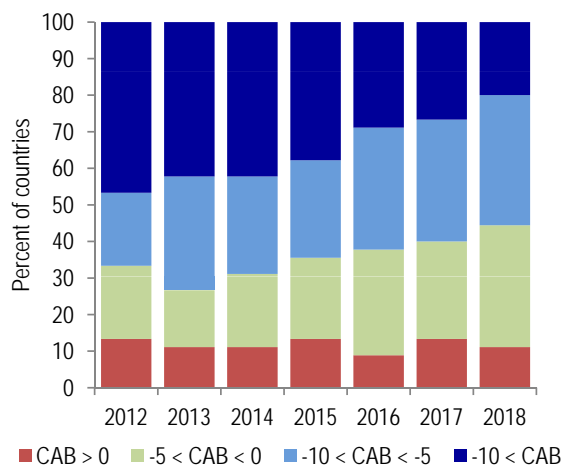
Looking forward, current account balances are expected to improve in the medium term (Figure 1.14). The median current account balance

Figure 1.13. Sub-Saharan Africa: Current Account Financing, 2009–12 Average



Source: IMF, World Economic Outlook database.

Figure 1.14. Sub-Saharan Africa: External Current Account Balance-to-GDP Ratio, 2012–18

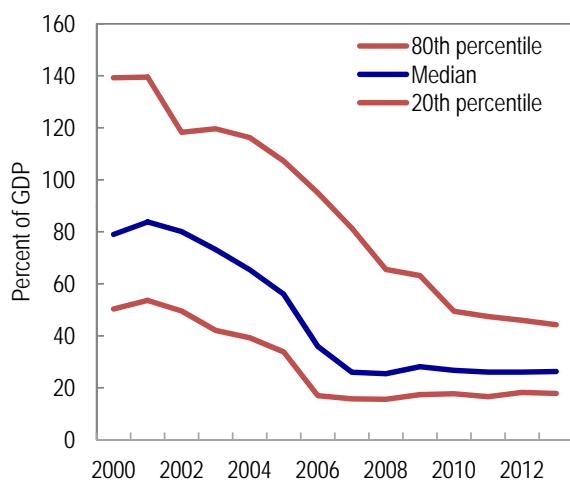


Sources: IMF, World Economic Outlook database; and IMF, African Department database.

Note: CAB = current account balance.

is expected to improve by about 4 percentage points of GDP between 2012 and 2018, partly as ongoing projects funded by FDI mature and export capacity increases. These effects are expected to be partially offset by profit repatriation by foreign investors. The non-FDI-funded current account deficits are also expected to improve during this period, undoing to a significant degree the deterioration observed since 2007. Nevertheless, in a large number of countries,

Figure 1.15. Sub-Saharan Africa: Distribution of External Debt-to-GDP Ratio (Center Quintiles), 2000–13



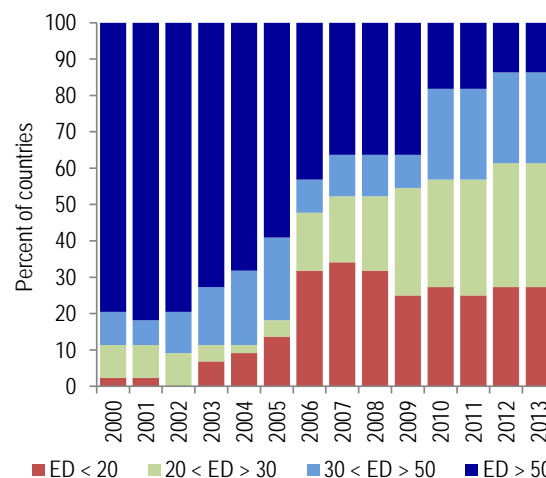
Sources: IMF, World Economic Outlook database; and IMF, African Department database.

the deficit is still projected to exceed 5 percent of GDP, and some countries (including Burundi, Côte d'Ivoire, Gabon, Guinea, and Mozambique) are expected to experience significant current account deterioration in the near term.

Where the deficits are financed primarily by FDI, risks are contained because the bulk of the funding sources do not create debt and have proved to be very resilient in trying times. Dependence on portfolio flows carries additional risks; this type of financing is especially important for South Africa, which has been subject to volatile financing for its current account deficit, especially since June of this year. Despite large and pervasive current account deficits in sub-Saharan Africa, debt-to-GDP ratios remain fairly low on average. The stock of external debt is expected to exceed 50 percent of GDP at end-2013 in only six sub-Saharan African countries (Figures 1.15 and 1.16). However, despite some recent accumulation, reserve buffers remain low in low-income and fragile states; and in some countries (Cape Verde, Madagascar, Mauritius, Namibia, Niger, Tanzania), external debt levels have increased significantly as a result of the worsening of the current account deficit between 2008 and 2012.

Nevertheless, FDI-financed deficits carry risks of their own. Countries are exposed to the risk

Figure 1.16. Sub-Saharan Africa: External Debt-to-GDP Ratio, 2000–13



Sources: IMF, World Economic Outlook database; and IMF, African Department database.

Note: ED = external debt.

of a reversal in domestic demand—with adverse consequences on employment and economic activity—should future investment flows (and associated construction activity) decline in response to a tightening of global financing conditions or a reassessment of the economic viability of the projects.

Where the deficits are financed by borrowing from external sources, there could be a risk for countries that already bear some risk of debt distress, particularly where borrowing is not contracted on concessional terms. Attention should also be paid to the quality and economic viability of debt-financed investment, with careful selection and prioritization of projects.

SCENARIO ANALYSIS: COMMODITY PRICE VARIATIONS

In this section, two scenarios are constructed—downside and upside—to examine the implications of temporary commodity price shocks (Table 1.5). These are partial equilibrium exercises, and neither case explicitly considers the cause of the commodity price shock, nor is a complete set of assumptions for growth in other regions developed. The effects of commodity price shocks on output growth, inflation, the current account balance, and foreign reserves are considered.

The commodity price assumptions in the two scenarios (Table 1.5) reflect market assessments of the risks around expected future prices.⁷ In the downside scenario, commodity prices drop significantly relative to the baseline starting in the second half of 2013, but affect more importantly the 2014 forecast. Specifically, the commodity price level in 2014 is lower than the baseline by about 26 percent, on average, across major commodities in this scenario—a level chosen because derivative markets priced in a 10 percent probability of prices falling this low or lower. The upside scenario assumes commodity prices 19 percent higher in

⁷ These assumptions are derived from the prices of commodity futures and option contracts, as of end-July. They are not exactly the same as in the October 2013 *World Economic Outlook* risk scenario.

2014 than in the baseline on average—with markets assessing a 10 percent probability of prices rising this high or higher. As in previous issues of the REO, separate macroeconomic projections under the alternative scenarios are developed for 14 of the largest economies in the region.⁸ Although the price reductions in the downside scenario are substantial, commodity prices would still be high by historical standards.

The impact on external balances would be significant. The downside scenario would worsen the current account balance by about 2 percent of GDP each year, on average, in the region. While the cost of imports would decrease (by 1.1 percent of GDP in 2014), especially in oil-importing countries such as Kenya, Senegal, and Tanzania, the value of exports would fall by 3.8 percent of GDP in 2014, especially among exporters of oil and metals. Some of the largest adverse effects would be felt in Angola, the Democratic Republic of the Congo, and Zambia. Considering that the average trade balance in sub-Saharan Africa deteriorated by 5.5 percent of GDP, on average, in 2009, and that foreign reserves have, on average, more than recovered since the crisis, a shock of the magnitude assumed in this scenario would be manageable with the current level of external buffers in nearly all countries. That is, foreign reserves only decrease, on average, by 0.6 months of imports in the downside scenario compared with the baseline. However, some resource-rich countries would be placed in a difficult situation given their dependence on export revenues from a few commodities. Even some of the better-prepared countries might run through a significant fraction of their buffers in this scenario.

In both scenarios, the impact on output growth would be relatively moderate, on average, for the region, but large in some resource-dependent countries (Figure 1.17). On average, real GDP growth in the region (proxied by the sample of

⁸ Angola, Burkina Faso, Cameroon, Côte d'Ivoire, the Democratic Republic of the Congo, Ethiopia, Ghana, Kenya, Nigeria, Senegal, South Africa, Tanzania, Uganda, and Zambia. This group accounts for more than 80 percent of regional output and includes a number of countries significantly exposed to commodity price risk.

Table 1.5. Scenario Assumptions

	Baseline			Downside			Upside		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Petroleum price (U.S. dollars per barrel) ¹	102	98	93	98	74	70	106	115	110
Metals price index (Index, 2005 = 100) ²	182	171	172	175	132	131	191	215	218
Copper price (U.S. dollars per metric tonne)	7,185	6,855	6,921	6,891	5,241	5,221	7,521	8,694	8,859
Gold price (U.S. dollars per troy ounce)	1,386	1,251	1,267	1,333	978	977	1,445	1,557	1,589
Food price index (Index, 2005 = 100) ³	174	162	159	166	119	115	179	188	185
Coffee, other mild Arabicas (U.S. cents per pound)	138	133	141	133	106	112	146	176	189

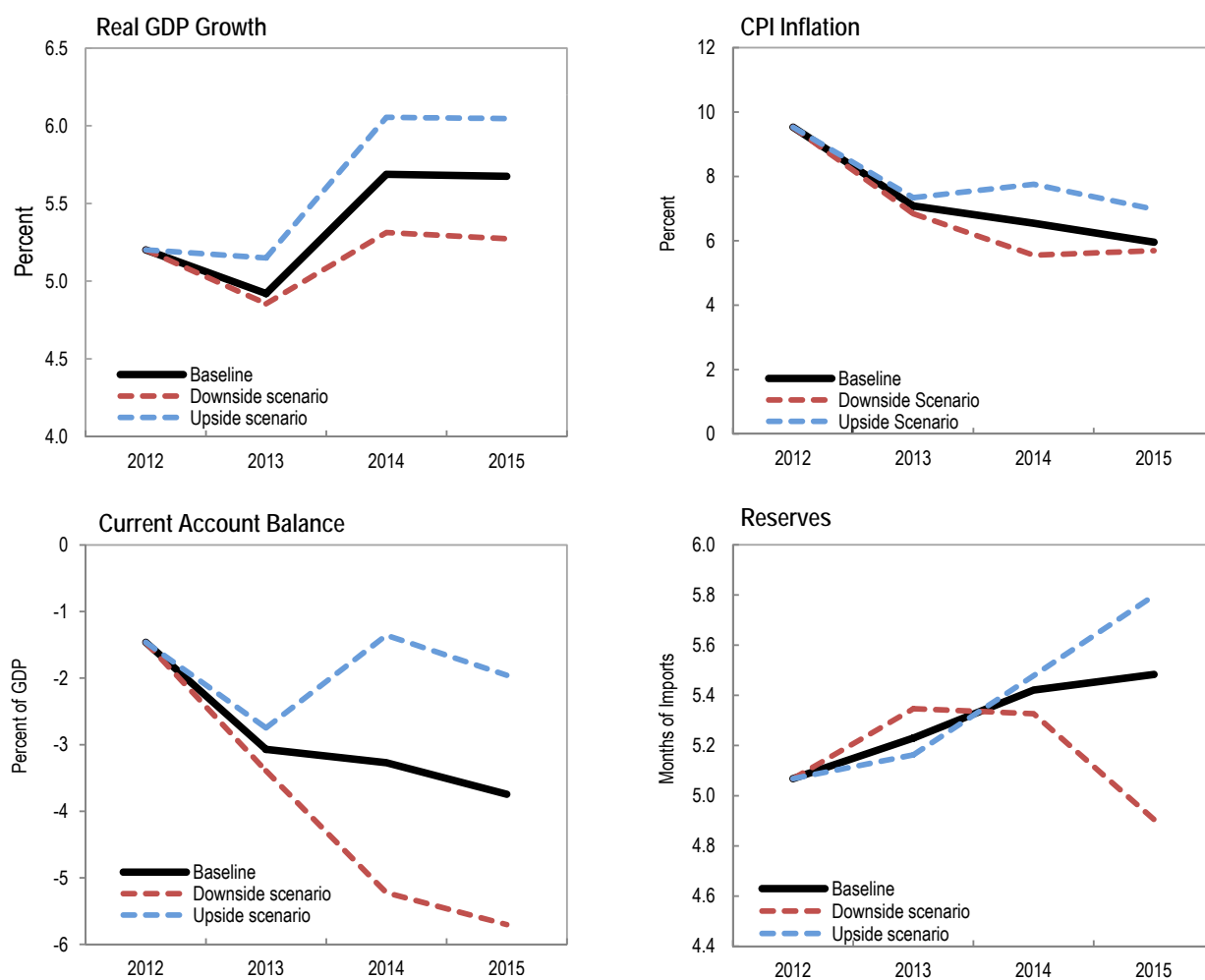
Sources: IMF, World Economic Outlook database; and IMF staff calculations.

¹ Simple average of three spot prices; Dated Brent, West Texas Intermediate, and Dubai Fateh.

² Includes copper, aluminum, iron ore, tin, nickel, zinc, lead, and uranium price indices.

³ Includes cereal, vegetable oils, meat, seafood, sugar, bananas, and oranges price indices.

Figure 1.17. Sub-Saharan Africa: Commodity Price Scenarios



Sources: IMF, World Economic Outlook database; and IMF staff estimates.
Note: CPI = consumer price index.

14 countries) would be lower by about 0.5 percentage point each year in the downside scenario, whereas growth would be higher by about the same margin in the upside scenario. The magnitude of the impact on growth would be much larger in Angola and the Democratic Republic of the Congo. In all cases, however, growth would remain positive. As one might expect, nonresource-exporting countries are generally isolated from these developments, and should register negligible changes in their growth rates (for example, Ethiopia, Uganda).

The effect of the commodity price shocks on inflation would be rather modest on average. Consumer price index inflation in the upside scenario would be higher than under the baseline by 1.2 percentage points in 2014, with the effect waning by 2015. However, countries that have recently experienced bouts of high inflation, such as Tanzania and Uganda, appear more sensitive to the upside shock scenario. Inflation rates in these countries could temporarily reach double digits. Although lower commodity prices would ease inflationary pressures in almost all cases, the opposite effect could materialize in some countries if the drop in export prices were to result in large currency depreciation or in the monetization of large government deficits arising from the loss of resource revenues.

The results provide a lower bound for the effects of these shocks. One reason is that if the downside scenario were to materialize, it would likely be in conjunction with other adverse circumstances, including the underlying drivers of commodity price changes, such as an investment slowdown in China (see Box 1.1), which have not been modeled here. Another reason is that the scenario described here corresponds to a negative shock of limited duration (fewer than 18 months).

On this point, commodity prices have undergone what has often been called a “super cycle” since 2000—a long-term upward trend in prices driven by the secular rise of the emerging market economies, notably China and India, reinforced by abundant liquidity around the world. With emerging market economies appearing to decelerate and the development of new supply sources for some of

these commodities, there is the distinct possibility that price trends will change significantly and may even reverse. From today’s perspective, this is still a low-probability risk. However, this uncertainty may affect the development of projects and investment. For resource-intensive countries, this underscores the need to improve their macro-fiscal frameworks, which need to become more forward looking, and to continue efforts at structural reform to foster the nonresource sectors.

RISKS, POLICY CHALLENGES, AND RECOMMENDATIONS

Addressing near-term risks

Three main near-term risks threaten the economic outlook for the region:

- *Further global economic slowdown.* A further deceleration in global growth (which remains subdued and subject to significant downside risks), especially in China, could weaken exports (mainly through lower commodity prices) and reduce inflows of aid and FDI. A sharp or protracted decline in oil and other commodity prices would hurt commodity exporters that do not yet have sufficient fiscal buffers (Angola, the Democratic Republic of the Congo), but would benefit oil importers.
- *Capital flow reversal.* South Africa and some frontier markets, such as Ghana and Nigeria, could also be vulnerable to a persistent, broad-based and protracted reversal of financial capital flows that could follow a possible tightening of global monetary condition, as U.S. monetary policy begins to normalize. It is possible that a tightening of U.S. monetary conditions (or a new change in expectations) could lead to renewed strains in financial markets that would reverberate on financing conditions of the most financially integrated African countries, some of which are planning to issue new bonds in the coming months.
- *Homegrown risks.* Risks of domestic unrest remain elevated, particularly in the Sahel, and

could become exacerbated in an environment of subdued growth. Although the political situation in Mali has progressively stabilized, spillovers from that conflict to neighboring countries are still possible. Emerging security problems in northern Nigeria, while so far geographically contained, are a threat. In the Central African Republic, continuing political instability has seriously affected economic activity.

Macroeconomic and financial policies should focus on preserving stability. For some countries, the focus would be on rebuilding any depleted buffers. For others, it would mean renewing efforts to keep inflation under control. For all, the focus should be on encouraging productive private investment. Policy prescriptions made in previous issues of this publication generally remain valid.

- *Fiscal policy.* Although most countries in the region are not constrained from financing deficits by high debt levels, many could find it difficult to raise financing for larger deficits in a downturn. This underscores the need for rebuilding fiscal buffers in a number of countries, especially those facing unfavorable debt dynamics and those particularly vulnerable to commodity price shocks. In most cases, fiscal buffers will need to be rebuilt through a combination of expenditure restraint and revenue mobilization. In some middle-income countries, including South Africa and Ghana, the need to contain rapid debt accumulation entails delivering on the planned fiscal consolidation. In most low-income and fragile countries, the focus should be on widening domestic tax bases to finance investment and address social needs, while making up for less dynamic foreign aid. On the expenditure side, the focus should be on containing the relative size of the public wage bill and rationalizing energy and other untargeted subsidies, while continuing to improve project selection and execution capacity.
- *Monetary and exchange rate policies.* Monetary policy frameworks remain generally appropriate and inflation pressures are contained in most countries. In the countries where inflation

remains high, such as Malawi, tight monetary policies are needed. Countries facing balance of payment pressures arising from declining commodity prices and capital flow reversals should let their currencies adjust where feasible. Some monetary authorities may need to consider foreign exchange intervention to prevent disorderly market conditions.

- *Investment climate.* To continue to attract foreign capital for the development of the countries' productive capacity and infrastructure, authorities in sub-Saharan Africa should step up efforts to further improve the domestic business climate (also tapping technical assistance from the international community), including through appropriate reforms in tax policy and administration and by streamlining regulations and red tape.

Meeting medium- and long-term policy challenges

In many countries large current account deficits largely reflect high FDI, typically in export-oriented sectors. In such cases, the vulnerability to a change in the external financing environment is reduced because no significant debt liabilities are being incurred. However, tighter global financing could affect the ability of foreign investors to execute projects, and a reversal of investment flows could still produce an adverse impact on domestic demand and production capacity in host countries. Most notably, during their early stages, these projects are subject to significant risks of delays and rescaling. During their operating phases, they will necessarily increase the exposure of host countries to swings in commodity prices, necessitating the establishment of policy frameworks designed to manage this volatility.

Nevertheless, in a small set of countries with rising debt ratios, weaker domestic savings, or both, current account deficits need closer attention, and fiscal adjustments may be needed. In particular, rapidly growing low-income countries will need to diversify their sources of funding for capital infrastructure, because capital transfers may wane as a result of tightening financial conditions in

donor countries and increased reluctance to provide support as recipient countries continue to develop. Fiscal policies could help establish more reliable sources of financing by mobilizing domestic savings and attracting foreign risk capital in public-private partnerships. Finally, continued efforts to improve the quality of balance of payments statistics are needed to better gauge external risks in the region.

During the near and medium terms, there could be threats to investment plans. Countries benefiting from large FDI flows are exposed to the risk that less favorable prospects for commodity prices, tighter global financing conditions, or general increased uncertainty about global growth prospects could induce investors to scale down or postpone some projects. This could result in reduced job opportunities and domestic demand as construction activity slows, and in slower-than-projected growth in production and exports in the medium term.

To offset this risk, structural policies aimed at improving productivity and promoting economic diversification should be implemented with renewed vigor. Addressing infrastructure bottlenecks is particularly important, especially energy shortages and poor transport networks. Insufficient capacity in electricity generation is a binding constraint to growth in the vast majority of countries.

Growth in sub-Saharan Africa has helped reduce poverty levels. The headcount poverty ratio (the percentage of people living on less than US\$1.25 a day) has fallen significantly in middle- and low-income countries, although average improvements in the region are being pulled down by slow progress in fragile and oil-exporting countries. However, despite considerable progress in a number of areas, such as reducing maternal and child mortality, sub-Saharan Africa appears to be falling short of achieving most Millennium Development Goals (MDGs) by 2015, including that of halving poverty (Box 1.3).

Achieving the MDGs will require additional work, and countries should take action to make growth more inclusive. There is evidence that the fairly robust growth seen in most countries in the region in the past decade has in many cases been

accompanied by rising income inequality (Box 1.4). The evidence collected by various studies suggests that policies should aim to provide targeted support in key areas, including the agricultural sector.

CONCLUDING REMARKS

Sub-Saharan Africa is projected to grow vigorously in the medium term, as it has for much of the past decade. Export activities and related investment have been important drivers of growth in many countries, and will remain so. As a side effect of investment, current account deficits have grown in many cases. However, it is expected that these will moderate as projects come into production.

As Chapter 2 explains, this does not mean that the growth story of sub-Saharan Africa can be reduced to the development of export-oriented extractive sectors. Growth has also been strong in many nonresource-intensive countries, and has generally been based on improved macroeconomic policies and institutions, leading to better business environments, as has been noted in previous issues of the REO. Growth can benefit from policy strategies that pay attention to the continued improvement of the domestic economic environment, support productivity in agriculture, and prioritize the health and skills of the population. The achievements in these areas should be preserved and furthered.

Looking ahead, the region's economies will operate in a global environment presenting new challenges and opportunities for policymakers. More economies in the region are becoming able to tap international capital markets, increasing the range of their funding options, but also exposing them to the characteristic volatility of portfolio flows. The expected unwinding of the monetary stimulus in advanced economies is likely to cause tensions in global financial markets in the period ahead. As a growing number of countries in the region become more closely integrated in international capital markets, these developments will be increasingly relevant (see Chapter 3).

Box 1.2. Government Debt: Old and New Risks

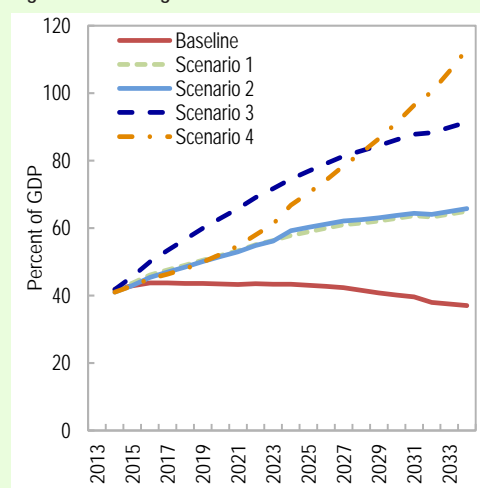
The May 2013 issue of the *Regional Economic Outlook: Sub-Saharan Africa* presented a brief overview of government debt trends in sub-Saharan African countries. A number of countries have been taking advantage of the borrowing space created by debt relief in the past decade. Consequently, debt ratios have been rising rapidly, with six countries¹ experiencing increases in their debt-to-GDP ratios of at least 5 percentage points since they obtained debt relief as well as having debt-to-GDP ratios of 40 percent or higher.

Some of the new borrowing has been on nonconcessional terms, reflecting the emergence of new donors and creditors and increased interest in these countries from international investors. Under IMF debt policies, such borrowing can take place in IMF-supported programs if neither debt sustainability nor government capacity is a major concern. Access to this new source of financing made it possible for governments to, among other things, accelerate investments in infrastructure. But it also exposed governments to new risks (in particular, higher interest rates and rollover risks).

To assess the significance of these risks for debt sustainability, two of the six countries—Ghana and Senegal—are examined more closely. Their recent debt dynamics have been driven by a rising fiscal deficit. In Senegal, this reflected a combination of a trend increase in investment in infrastructure and a countercyclical policy response to the 2008–09 financial crisis; in Ghana, higher current spending, particularly on wages and subsidies, was critical. Four alternative risk scenarios are examined, reflecting both new risk factors (higher global interest rates and rollover risks) and “traditional” ones (higher fiscal deficits and lower growth).

In Senegal, the scenario analysis suggests that growth and fiscal performance remain the key factors affecting debt sustainability (Figure 1.2.1). Significantly lower growth than currently projected or absence of fiscal consolidation, which is assumed in the baseline, would lead to unsustainable debt dynamics. These results are consistent with earlier debt sustainability analyses and explain the focus of the authorities’ program on reducing the fiscal deficit and sustainably raising growth. The new risk factors (scenarios 1 and 2) also have a destabilizing impact, but to a lesser degree because Senegal’s reliance on external nonconcessional financing has been limited so far.

Figure 1.2.1. Senegal: Present Value of Public Debt



Source: IMF staff calculations.

This box was prepared by John Wakeman-Linn and Borislava Mircheva.

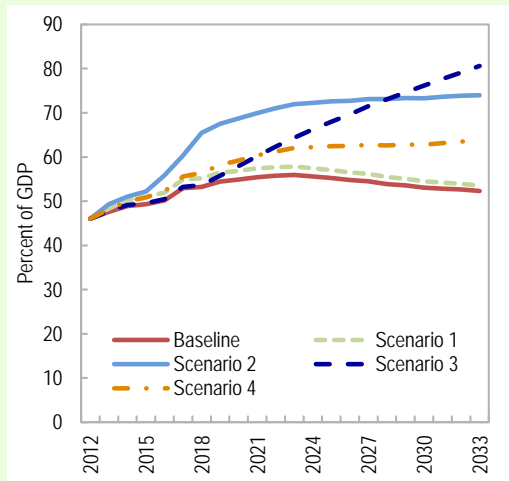
¹ The Gambia, Ghana, Malawi, São Tomé and Príncipe, Senegal, and Tanzania, at end-2012.

These risks, however, could increase in the medium term because Senegal’s recourse to market financing (either on international or regional markets) is likely to increase. From this perspective, prudent fiscal management and a further strengthening of debt management capacity remain highly desirable.

In Ghana, fiscal consolidation during the next several years is required (and assumed in the baseline); without it, public sector debt could move onto an unsustainable path (scenario 3; Figure 1.2.2). In addition, higher global interest rates would increase the debt-servicing burden, while a longer-lasting loss of global appetite for “frontier market” debt could create significant challenges. Under that scenario, a shift to domestic borrowing, to compensate for the loss of external financing, would further raise domestic interest rates, and the associated crowding out of private investment would lower growth. Assuming no international market access (including no rollover of domestic paper) for three years—an extreme scenario—and no offsetting policy measures, the shock would cut official reserves to about one month of import cover in the medium term; public debt would rise to more than 70 percent of GDP. Even though this scenario describes a low-probability event that would normally trigger remedial policy actions, it illustrates how the growing reliance on private capital flows exposes Ghana to new risks.

Thus, while access to nonconcessional debt has proven valuable to many sub-Saharan African countries, it is also exposing them to new and potentially significant risks. Governments should assess these risks carefully and build cushions to help deal with them should they occur.

Figure 1.2.2. Ghana: Present Value of Public Debt

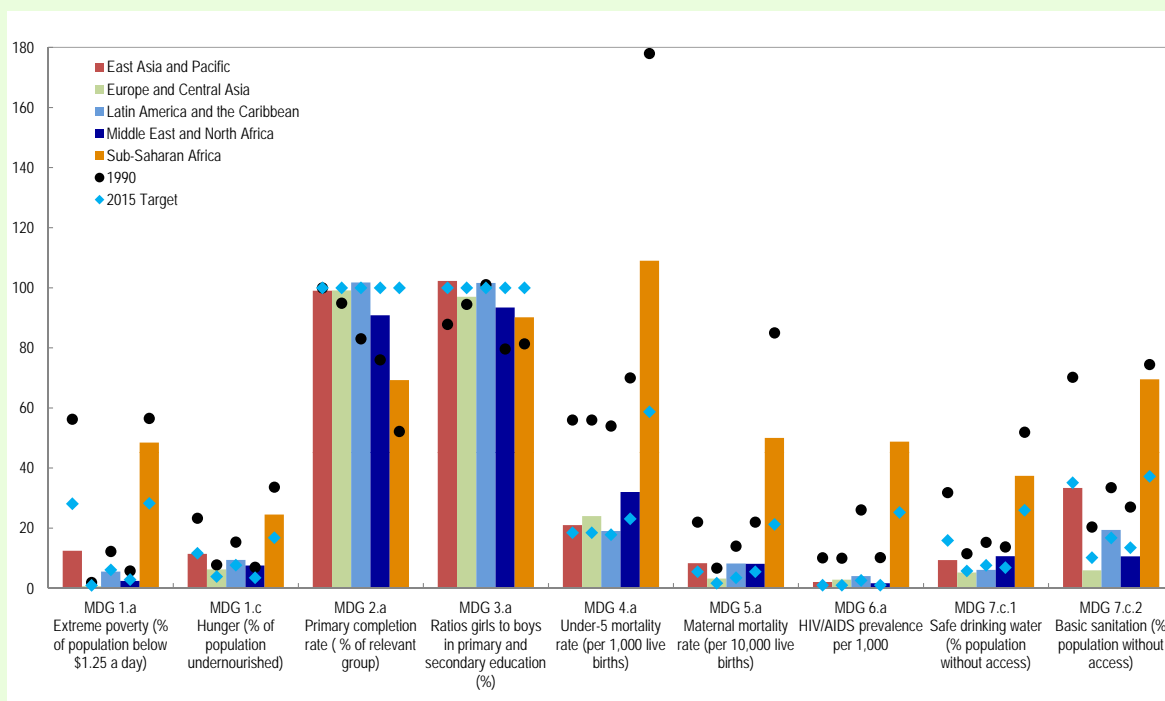


Source: IMF staff calculations.

Box 1.3. Sub-Saharan Africa's Progress in Achieving the Millennium Development Goals (MDGs)

As the 2015 deadline approaches, sub-Saharan Africa risks being the only major developing region of the world unlikely to meet most of the MDG targets (Figure 1.3.1). In particular, while the goal of reducing extreme poverty by half has already been met globally owing to fast progress in East Asia and the Pacific, Latin America and the Caribbean, and the Middle East and North Africa regions, sub-Saharan Africa lags well behind. However, in some target areas, sub-Saharan Africa has made significant progress, along with the rest of the world, including in gender parity and increased access to potable water and improved sanitation.

Figure 1.3.1. Regional Progress toward MDGs, 2010–11
(Percent of countries in region)



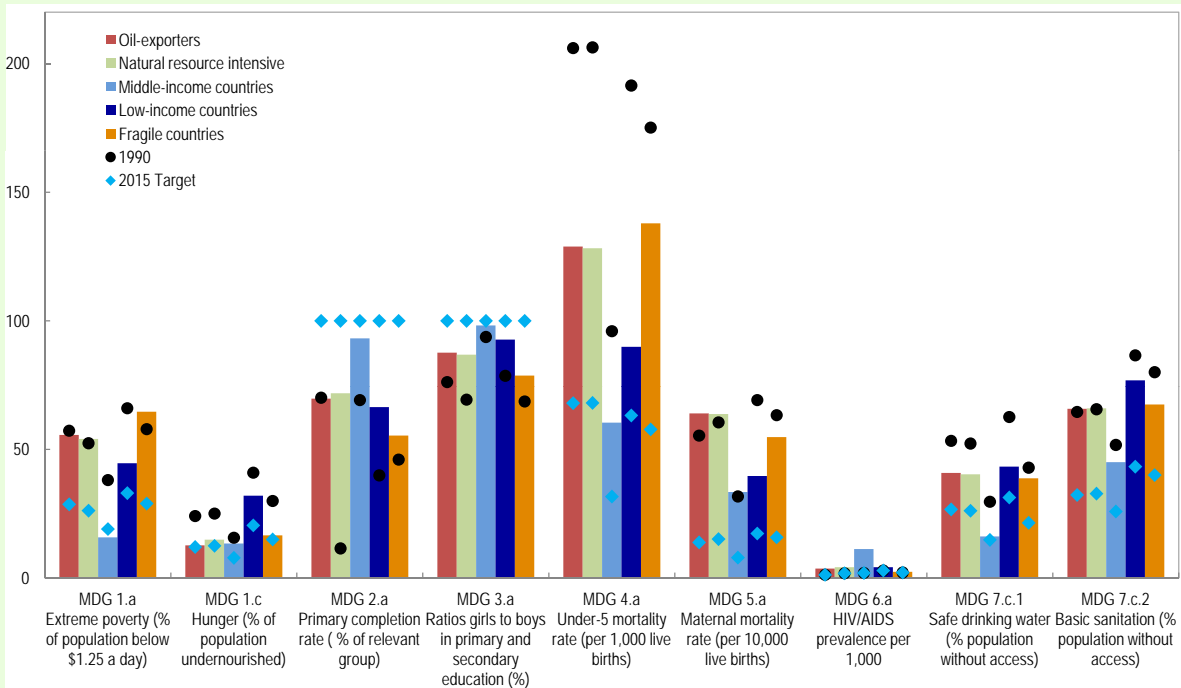
Sources: World Bank Development Indicators; and IMF staff estimates.

Progress on indicators related to health and education in sub-Saharan Africa has been slower than needed to reach the 2015 targets. The goal of universal completion of primary schooling is unlikely to be met (with more than 55 percent of sub-Saharan African countries currently off track). Although in recent years sub-Saharan African countries have made significant progress in reducing child and maternal mortality rates (57 percent and 68 percent of countries, respectively, are either on track or partially on track to meet these two goals), the remaining distance to these goals requires significant resource mobilization and gains in efficiency from health and education expenditure.

This box was prepared by Dalmacio Benicio.

Sub-Saharan Africa’s progress toward the MDGs has been uneven across goals, country groups, and individual countries (Figures 1.3.2 and 1.3.3). Overall, the rate of progress has been increasing steadily, and the number of countries in the region that have made significant progress on at least five out of the seven goals rose from six in 2010 to ten in 2012. Reflecting in part their different starting points, the rate of progress among the sub-Saharan Africa middle-income and larger countries has slowed while the rate of progress among the low-income and nonresource-dependent countries has accelerated, doubling their ranks among the region’s best performers from four (Burkina Faso, Ethiopia, The Gambia, Uganda) to eight (Benin, Burkina Faso, Ethiopia, The Gambia, Malawi, Mali, Rwanda, Uganda).

Figure 1.3.2. Sub-Saharan Africa: Starting and 2010/11 Millenium Development Goal Positions



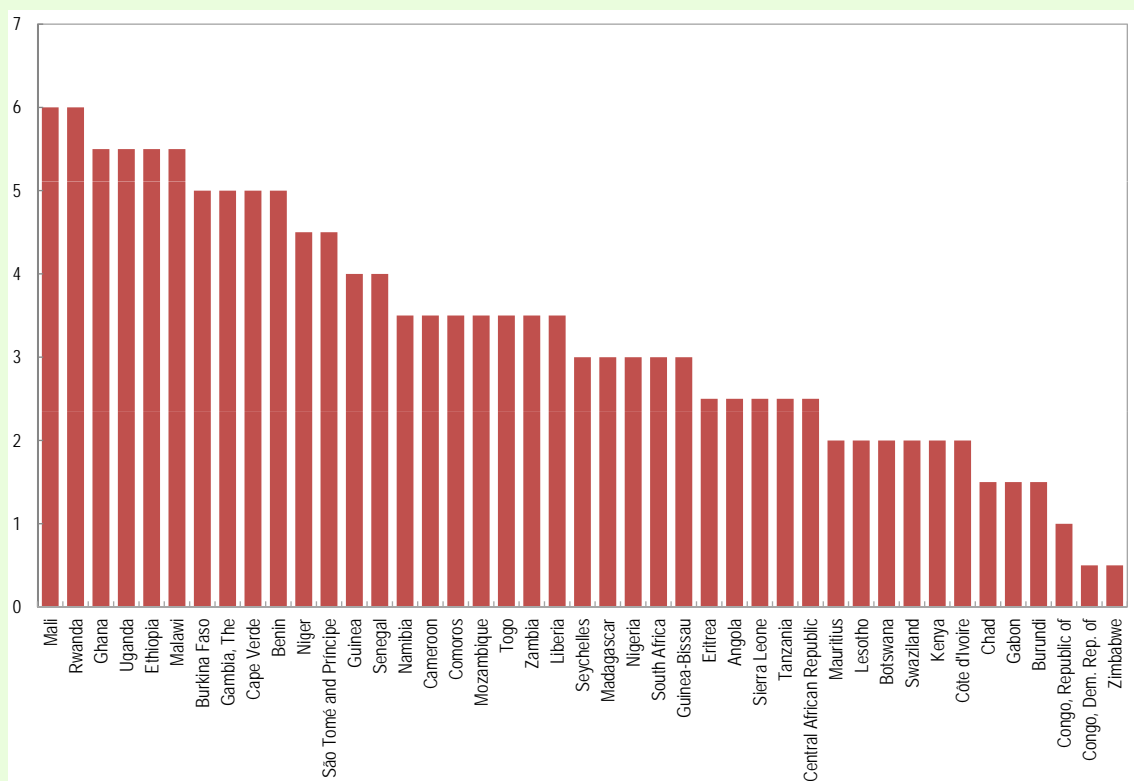
Sources: World Bank, World Development Indicators; and IMF staff estimates.

Different starting points, diverse growth performance, and quality of institutions have resulted in a unique trajectory for each country to reach specific goals. Higher initial per capita GDP in 1990 and stronger and more balanced growth in the subsequent years have generally been associated with better overall progress toward the MDGs. In particular, better quality of policies and institutions (measured by the World Bank Country Policy and Institutional Assessment score) together with greater expenditure allocation to the social sector have proven crucial for the progress on education- and health-related MDGs.

Box 1.3. (concluded)

Faster and more inclusive growth is needed to reduce poverty more decidedly. Overall in the region, nearly half of the population was still living on less than \$1.25 a day in 2011, despite faster growth than in the previous decade. Only about 19 of the 45 countries in sub-Saharan Africa are at least partially on track to reduce extreme poverty by half by 2015. This suggests that growth in many countries, notably some oil exporters (Gabon, the Republic of Congo, Chad) and fragile states (Burundi, the Democratic Republic of the Congo, Zimbabwe), needs to be both more inclusive and faster.

Figure 1.3.3. Sub-Saharan Africa: Countries Ranked by Millenium Development Goal Progress Score, 2012



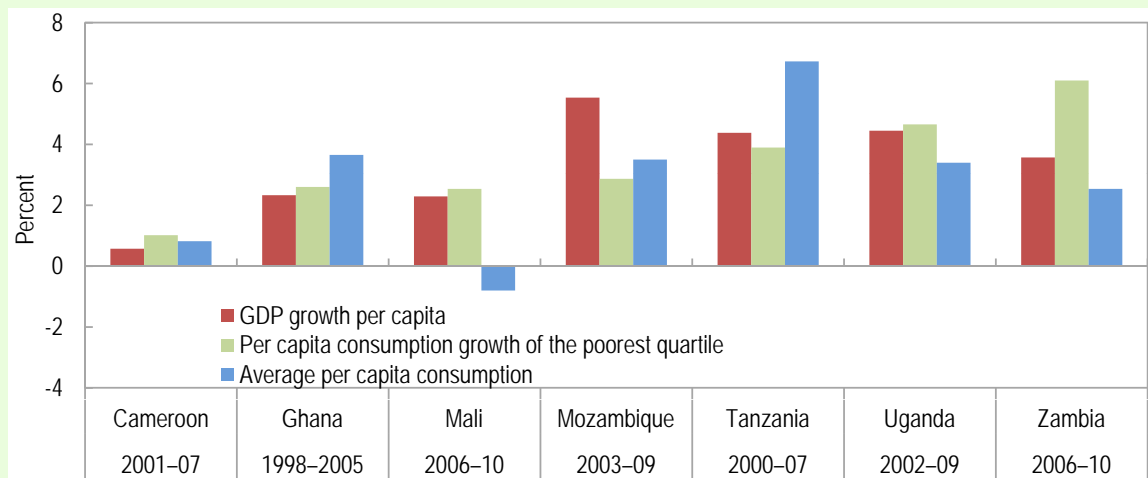
Sources: World Bank, World Development Indicators; Center for Global Development; and IMF staff estimates.

Note: MDG Progress Score is a summary measure of a country's rate of progress toward seven MDGs. Specifically, it is a sum across goals (whose theoretical values range from 0 to 7, maximum progress), where each goal is assigned one of the three possible index values of 0, 0.5, and 1 based on actual progress against required achievement trajectories.

Box 1.4. Has Growth in Sub-Saharan Africa Been Inclusive?

One recurrent question about sub-Saharan Africa’s growth acceleration since the mid-1990s is to what extent it has been inclusive, improving living standards for the majority of the population and particularly the poor. The October 2011 *Regional Economic Outlook: Sub-Saharan Africa* examined the experience of six countries (Cameroon, Ghana, Mozambique, Tanzania, Uganda, Zambia), finding that growth had benefited the poorest quartile of the population in all countries except Zambia, although more recent evidence suggests that there have been improvements in the 2006–10 period in Zambia too. Growth benefited the poorest quartile more than the population in general in Cameroon, Uganda, and Zambia in the more recent period (green bar higher than blue bar in Figure 1.4.1).

Figure 1.4.1. Sub-Saharan Africa: Comparison of Inclusive Growth



Sources: Country household surveys; and World Bank, World Development Indicators.

Inclusiveness has featured increasingly in IMF policy discussions with sub-Saharan Africa country authorities. By July 2013, 23 IMF country teams had conducted diagnostic analyses, mainly based on household surveys, of how inclusive growth has been in individual sub-Saharan African countries, identifying remaining obstacles, and offering tailored advice to enhance the inclusiveness of growth. These are some examples:

- In the oil-producing Republic of Congo, growth has not been very inclusive. Despite significant oil revenues (about \$1,000 per capita) and sustained growth at about 4 percent per year for the past 15 years, more than half of the population continues to live in poverty, and a large share is excluded from participation in income-earning activities. The oil sector, by its nature, is not inclusive, and diversification is hindered by a difficult business climate. Moreover, the existing infrastructure (roads, energy, water) remains very limited. A labor skills mismatch, resulting from a poor education system, leads to high un- and underemployment. Policies should aim to address these shortcomings by prioritizing investment in infrastructure and enhancing investment capacity, improving the business climate, and fostering the development of labor-intensive sectors that do not depend on exhaustible resources.

This box was prepared by Isabell Adenauer, Javier Arze del Granado, Rodrigo Garcia-Verdu, and Alun Thomas.

Box 1.4. (concluded)

- In Botswana, Namibia, and Mauritius, three established middle-income countries, growth has recently become less inclusive for various reasons. In Botswana and Namibia, expanding the number of welfare programs and their beneficiaries had led to a significant decline in poverty and income inequality in the 1990s. However, in the 2000s, government programs became relatively less focused on the very poor, and the consumption growth of the lowest quartile flattened out. In Mauritius, richer households' real expenditure per capita grew faster than for all other groups during the period 2001–06, reversing previous trends. This loss of inclusiveness in a relative sense was associated with structural changes in the economy, including the loss of trade preferences for textiles, which lowered the demand for low-skilled labor. In all three countries, policies should aim to address inequality by investing in health and education, as well as supporting financial inclusion. The poorest and most vulnerable segments of the population should be targeted directly, for example, through cash transfer programs.
- In Mali, a low-income country, growth was inclusive in a relative sense, benefiting the poorest the most between 2001 and 2010. This inclusiveness was related to high growth in the agricultural sector, generating employment for the lower-skilled segments of the population.

Two general points that emerge from the IMF country team exercises are that growth has been accompanied by increasing inequality in a large number of countries, even when poverty has fallen; and that the extent to which growth was inclusive seems to depend on the magnitude of the increase in employment in the agricultural sector.

ANNEX 1.1. STATISTICAL CHALLENGES FOR AFRICA AND THE WAY FORWARD

Good quality data engender numerous benefits, especially in helping to inform good policy decisions and in evaluating their impact. For example, a more accurate assessment of output and its components can improve the calculation of various tax ratios and propel countries to take a closer look at tax burdens and tax policy. Similarly, the production of reliable high-frequency indicators is a condition for improving monetary policy frameworks. Sound data can also help identify resource constraints and pinpoint the need for policy action in specific areas.

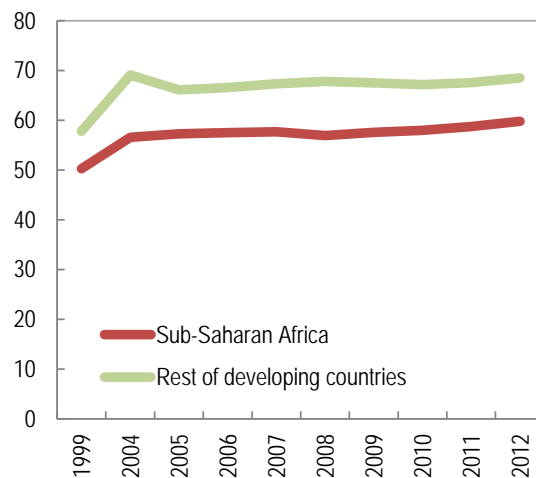
In the wake of the impressive growth of the region in the last decade, interest in the economic structure of sub-Saharan African countries has blossomed in recent years. This has stimulated increased demand for sub-Saharan African statistics from many sources. Unfortunately, the availability and quality of economic data in sub-Saharan Africa often do not measure up, as some commentators have recently emphasized (Devarajan and others, 2013; Devarajan 2012, Jerven, 2013). Indeed, in terms of quality, the World Bank's Statistical Capacity Indicator puts sub-Saharan Africa below the average for developing countries (see Figure 1.18). African data exhibit deficiencies in accuracy, periodicity, and timeliness.

The basic problem afflicting sub-Saharan African statistics remains one of poor data sources. The countries conducting a general population census in the last 10 years account for only about 65 percent of the sub-Saharan African population, and among those, some countries were conducting a census for the first time (Ethiopia). Household surveys, which remain the bedrock for estimating the large informal sector in sub-Saharan Africa, were conducted in 11 out of 45 countries during the 2008–13 period (compared with 26 out of 37 countries in the Asia and Pacific region, see

Table 1.6).¹ Infrequent updates of both household and establishment surveys, a lack of adequate surveys for national accounting needs, and delays in processing and releasing data all made it difficult to update national accounts base years on a regular basis. Only four sub-Saharan African countries have updated their base years to 2007 or a more recent year (Cape Verde, Malawi, Mauritius, and South Africa), compared with 6 out of 27 in the Western Hemisphere region. As noted in the May 2013 issue of the REO, infrequent updates of years can have significant implication for the measurement of output levels, but their impact on the estimates of growth rates is less clear-cut.

A major reason for the slow speed of base year updates for GDP is that agricultural surveys are generally far out of date. Agriculture accounts for more than 30 percent of GDP, on average, among sub-Saharan African countries, but 14 sub-Saharan African countries have conducted an agricultural survey since 2008 (compared with 15 out of 29 countries in the Middle East region). For price statistics, base year updates are more recent: about half of sub-Saharan African countries have adopted

Figure 1.18. Statistical Capacity Indicator
(Simple average of the overall score)



Source: World Bank, Bulletin Board on Statistical Capacity.

¹ This Annex was prepared by Jens Reinke and Alun Thomas.

¹ Botswana, Côte d'Ivoire, Ethiopia, Mauritius, Mozambique, Nigeria, Rwanda, São Tomé and Príncipe, South Africa, Uganda, and Zambia.

Table 1.6. Selected Regions: Percentage of Countries Meeting Specific Benchmarks

	Sub-Saharan Africa	Non-Sub-Saharan Africa	Asia and Pacific	Europe	Western Hemisphere	Middle East and Central Asia
Benchmark						
Household survey since 2008	24.4	66.9	70.3	67.6	85.2	44.8
GDP base year 2007+	8.9	10.8	13.5	2.7	22.2	6.9
Agricultural survey since 2008	31.1	57.7	45.9	86.5	40.7	51.7
Consumer price index base year 2007+	35.6	42.3	51.4	27.0	51.9	41.4
Number of countries	45	130	37	37	27	29

Source: IMF Statistics Department.

a base year for the consumer price index that is within the last six years (AfDB, 2013), which is about average for other regions too.

Many reasons exist for the poor compilation and dissemination of statistics in sub-Saharan Africa:

- *Weak capacity in many countries.* The average number of national accountants per country is eight, and more than half of African countries have fewer than six professional staff working in the national accounts departments of their respective national statistics offices (Sanga, 2013). In addition, low salaries, unattractive career paths, and lack of recognition lead to high turnover. For example, in Rwanda, because of budget constraints, only two staff members currently compile national accounts. In Zimbabwe, the head of the national accounts unit is the sole statistician permanently engaged in the compilation of GDP, requiring the national statistics office to divert staff temporarily from other units.
- *Inadequate funding and multiple sources of finance.* Funding of statistical agencies in Africa from regular domestic budgetary resources is often inadequate. Therefore, compilers rely on projects funded by donors that may have different objectives and financial commitments from national authorities. Donors also work on project cycles and may not provide the reliable, continuous budget required for maintaining capacity in statistics. In Tanzania, for example, a conscious decision was made in the 2007 Household Business Survey to collect only data

on total income for nonagriculture household businesses to save costs, resulting in significant data gaps in the “supply and uses” table for 2007.

- *Relatively low priority.* Initiatives to improve economic statistics compete for limited pools of funding and management time against other projects, which may enjoy preference at the margin. Focus on the Millennium Development Goals and the need for statistics to monitor poverty reduction strategies has diverted resources away from economic statistics.
- *Uncertainty about who is in charge of statistical services.* The Minister of Planning is often responsible for this service, but when a large share of financial support for statistics improvement comes from donors, the accountability for quality between the donors and national agencies becomes blurred.
- *Insufficient traction outside government.* Without a proper understanding of the importance of statistics collection, and credible commitments to impartiality and confidentiality, the motivation for the private sector to complete surveys is low, as evidenced by a low response rate. In Botswana, for example, the average response rate in the last economic census was about 45–50 percent.

There is general recognition of the need to make improvements in the quality of statistics in sub-Saharan Africa, and a number of initiatives have been launched:

- The International Comparison Program (ICP) for Africa was launched in 2002 as a collaborative effort between the African Development Bank (AfDB), the UN Economic Commission for Africa, and the World Bank to help produce comparable indicators of price levels and economic aggregates in real terms. The most recent project began in 2010, together with a Statistical Capacity Building Program, and covers price statistics and national accounts activities. ICP results are expected to be released by end 2013.
- The International Household Survey Network was established in 2004 to foster improvement in the availability, accessibility, and quality of survey data in developing countries. A related Accelerated Data Program (ADP) was developed to make better use of existing data and align survey programs with priority data needs (27 sub-Saharan African countries have joined the ADP).
- The AfDB open data platform is being implemented in 54 African countries and provides user-friendly access to data, query tools, and dashboards.
- The Global Strategy to Improve Agricultural and Rural Statistics was endorsed in February 2010 by the UN Statistical Commission to provide a framework for improving the quality of national food and agricultural statistics. This is a long-term project (with a horizon of more than 15 years), but country data assessments are currently being compiled and should be available by end-2013.

A frequently voiced concern is that these initiatives are not well coordinated, making it difficult to properly support the general improvement in the quality of statistics. This view is underscored by the time profile of the World Bank's Statistical Capacity Index, showing little change over time in the quality of sub-Saharan Africa statistics. As Figure 1.18 shows, the failure to improve statistical capacity is not specific to sub-Saharan Africa, but Africa scores consistently lower than the rest of the developing world.

Only two countries in sub-Saharan Africa have subscribed to the IMF's Special Data Dissemination Standard (SDDS), the lowest participation rate of any region. However, most African countries participate in the IMF's General Data Dissemination System (GDDS), which focuses on assisting countries that do not meet SDDS requirements to formulate comprehensive, but prioritized, plans for improvement in data compilation and dissemination practices.

The IMF's Statistical Department helps countries in sub-Saharan Africa diagnose and address deficiencies in their data quality and methodology. Every year it fields about 200 technical assistance and training visits to these countries to help improve the methodology of macroeconomic statistics (national accounts, prices, balance of payments, government finance statistics, monetary and financial statistics) (see Table 1.7). The missions are implemented from IMF headquarters or one of the IMF Regional Technical Assistance Centers in Africa (AFRITACs). About 20 countries are expected to revise their base years, with the assistance of the AFRITACs, before end-2014 (see the May 2013 REO).

Table 1.7. IMF Statistics Department Technical Assistance Missions in Sub-Saharan Africa

Technical Assistance Missions	Fiscal Year 2011/12	Fiscal Year 2012/13	Fiscal Year 2013/14 (planned)
National accounts and price statistics	92	107	108
Balance of payments	18	22	23
Government finance statistics	31	23	21
Monetary and financial statistics	16	15	17
Data dissemination	1	1	7
Multi-sector statistics	0	1	0
Total	158	169	176
Training	Fiscal Year 2011/12	Fiscal Year 2012/13	Fiscal Year 2013/14 (planned)
National accounts and price statistics	9	11	15
Balance of payments	3	1	2
Government finance statistics	2	3	3
Monetary and financial statistics	4	3	8
Data dissemination	0	0	1
Total	18	18	29

Source: IMF Statistics Department.

Despite the difficulties mentioned, there are promising signs. Senior officials are demonstrating more interest in economic statistics. A number of countries are on the verge of initiating new agricultural surveys this year (Mozambique, Rwanda), and donors are trying to better coordinate among themselves. In Mali, donors meet each month and plan to establish a Statistical Fund that will centralize all donors' contributions for statistical operations. In Uganda, capital flows surveys are being initiated, which will help improve the estimation of the income and transfers component of the current account balance in the national accounts.

Improving capacity in statistics compilation is a long-term process and it will take time to see durable improvements in the quality and consistency of statistics from the region. However, more national authorities now recognize the importance of reliable macroeconomic data and understand that consistent data collection and frequent surveys are prerequisites. They are encouraged to devote more resources to make this endeavor a reality. Better data will help improve economic policy and support the view that the rapid growth shown by many sub-Saharan African countries during the past 15 years is being manifested in durable improvements in the standard of living.

2. Drivers of Growth in Nonresource-Rich Sub-Saharan African Countries

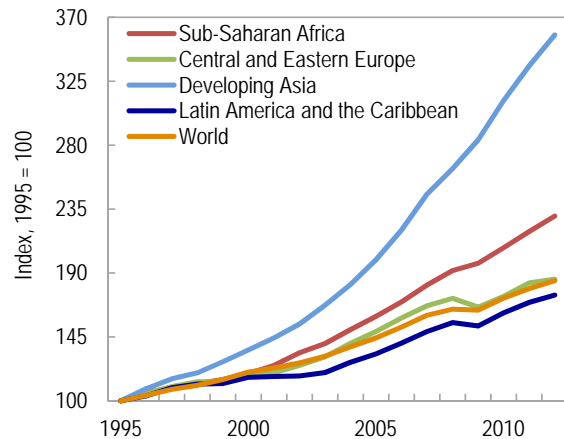
Africa's growth takeoff since the mid-1990s is more than a commodity story. Several countries have achieved sustained high growth rates without that growth being driven by the exploitation of natural resource wealth. Reviewing the experiences of the six nonresource-intensive low-income countries (LICs) that registered the highest growth rates over the period 1995–2010 reveals a number of common characteristics that accompanied this growth success. Many of these characteristics have been previously identified as critical in the growth literature and help generate a virtuous circle of growth: improved macroeconomic management, stronger institutions, increased aid, and higher investment in both physical and human capital. Given that these countries started their growth takeoffs with similar or worse initial conditions than the group of low-growth, nonresource-intensive LICs and even some of the countries currently classified as fragile, their success holds important lessons for the rest of the region.

Sub-Saharan Africa has grown strongly since the mid-1990s (Figure 2.1). There is a common perception that this growth has been the result of relatively high commodity prices, particularly for natural resources such as oil and minerals, generating both higher commodity revenues and attracting substantial new investment. Although growth in some countries in the region is heavily dependent on the export of natural resources, many nonresource-intensive LICs have also experienced rapid growth. In fact, 8 of the 12 fastest-growing economies in sub-Saharan Africa since 1995 were LICs considered nonresource-rich during this period, and as a group they have grown slightly faster than the oil exporters (Figure 2.2). More recently, some of these countries have made resource discoveries and will likely become resource producers in the near term.

This chapter was prepared by Isabell Adenauer, Rodrigo Garcia-Verdu, Kareem Ismail, Alun Thomas, and Masafumi Yabara under the guidance of David Robinson. Research assistance was provided by Cleary Haines.

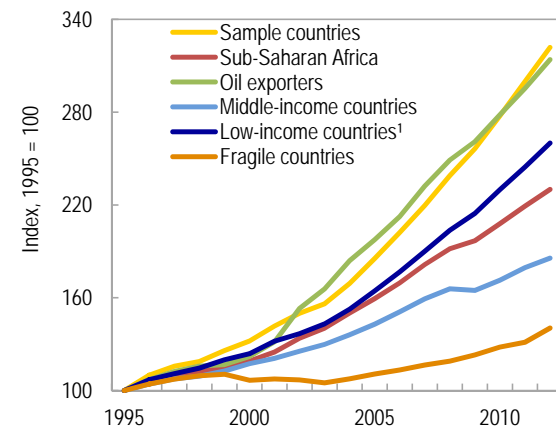
This chapter builds on the many studies of growth takeoffs, such as IMF (2008), Commission on Growth and Development (2008), Salinas, Gueye, and Korbut (2011), and Bluedorn and others (2013). The approach taken is to focus on the growth paths followed by the six LICs in sub-Saharan Africa—Burkina Faso, Ethiopia, Mozambique, Rwanda, Tanzania, and Uganda—that experienced the fastest sustained growth during 1995–2010, although they were not natural resource producers during that time.

Figure 2.1. Selected Regions: Real GDP Index



Source: IMF, World Economic Outlook database.

Figure 2.2. Sub-Saharan Africa: Real GDP Index



Source: IMF, World Economic Outlook database.

Note: Low-income countries excludes fragile countries.

Although each country's growth path has been unique, a number of common features emerge from these experiences.¹ These common factors are, of course, interrelated—and no attempt is made here to try to establish causality. These factors are also identified in a panel regression analysis on growth in the nonresource-rich LICs (Annex 2.1). The main conclusions follow:

- All countries managed to create a virtuous circle of sensible and medium-term-oriented policymaking and important structural reforms, which attracted higher aid flows. These flows, coupled with debt relief, created fiscal space enabling rapid expansion in both social spending and capital investment, such as infrastructure, boosting growth. In some cases this occurred following a civil war or a fundamental regime change.
- Although structural transformation remains limited, agriculture was a contributing force in some countries, and offers much future potential. Services were also important; however, the manufacturing sector remains hampered by small internal markets and limited infrastructure.
- Ahead, much progress will depend on closing the remaining infrastructure gap and increasing productivity, especially in agriculture, in which much of the population is employed. This would not only help to sustain growth, but also would distribute the benefits of growth more widely across the concerned populations.

¹ Previous studies of the growth experience during this period for the individual countries include: IMF, *Regional Economic Outlook: Sub-Saharan Africa*, April 2011, for Rwanda, Tanzania, and Uganda; further work on Tanzania by Nord and others (2009) and Robinson, Gaertner, and Papageorgiou (2011); work on manufacturing in Ethiopia by Dinh and others (2012); and on Mozambique by Jones and Tarp (2013).

THE OVERALL GROWTH EXPERIENCE IN THE SAMPLE COUNTRIES

All sample countries—Burkina Faso, Ethiopia, Mozambique, Rwanda, Tanzania, and Uganda—have achieved strong and sustained growth since the mid-1990s, despite not having exploited natural resources on a large scale during this period. The countries were chosen on the basis of having experienced real output growth greater than 5 percent on average during the period 1995–2010, and real per capita GDP growth of more than 3 percent over the same period. Malawi is a borderline case, coming close to meeting these criteria. Burkina Faso and Tanzania have more recently started to produce gold, and Tanzania is now considered a resource-rich country. Mozambique is set to become an important coal, gas, and oil producer. Nevertheless, at the onset of their growth takeoffs in the early to mid-1990s, none of these countries was considered resource rich. However, the sample countries might have benefited indirectly from high commodity prices, as some, such as Mozambique, received large external inflows to finance investment in natural resource production.

At the time of their growth takeoffs, the sample countries had worse initial conditions—in some dimensions—than other similar countries in sub-Saharan Africa that have had weaker growth records during the past 15 years. In the early 1980s, Côte d'Ivoire and Zimbabwe were deemed to have some of the best economic prospects in the sub-Saharan African region, but these forecasts never materialized. Even in the mid-1990s, there were few indications that these six countries would be among the fastest-growing countries in the world a decade and a half later.

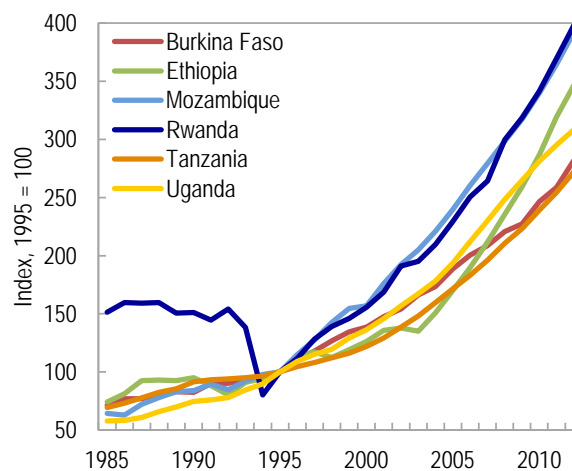
The accuracy of economic growth statistics for sub-Saharan African countries has been questioned. Owing to a lack of regular surveys and large informal sectors, national accounts data are sometimes derived from proxies for economic activity and qualitative assessments. As a result, some observers question their meaningfulness and adequacy for statistical analysis and policy conclusions. Alternative

indicators, however, appear broadly consistent with high growth in the six sample countries, and indications suggest that the rebasing of GDP estimates currently taking place in many sub-Saharan Africa countries is likely to raise country estimates of the level of output on average (see Box 2.1 and Annex 1.1).

Turning to the salient features of growth in the six sample countries, this analysis finds significant variation in their growth experiences (Figure 2.3, Table 2.1). Each country, though, had a comprehensive policy vision and strategic framework:

- Burkina Faso’s growth takeoff was aided by the devaluation of the CFA franc in 1994, together with an early focus on medium-term macroeconomic planning and improved management of the cotton sector.
- Ethiopia, by far the most populous country in the sample, accelerated growth by actively supporting agriculture and certain export products and services (cut flowers, tourism, and air travel).
- Mozambique attracted significant foreign direct investment (FDI) and other external capital flows in the late 1990s, which funded the capital-intensive mega-projects to produce and transmit electricity and gas, with the former used to produce aluminum.
- Rwanda experienced a rebound effect after achieving political stability, underpinned by a national recovery strategy that successfully focused on specific sectors such as tourism and coffee.
- Tanzania achieved sustained high growth by way of three well-sequenced waves of macroeconomic and structural reforms, which reached across all sectors.
- Uganda started to carry out significant macroeconomic and structural reforms just before 1990, stimulated private investment, and launched a policy to diversify its export base to include nontraditional products.

Figure 2.3. Sub-Saharan Africa Sample Countries: Real GDP Index



Source: IMF, World Economic Outlook database.

Table 2.1. Sub-Saharan Africa Sample Countries: Real GDP and Real GDP per Capita Growth, Average 1995–2010 (Percent)

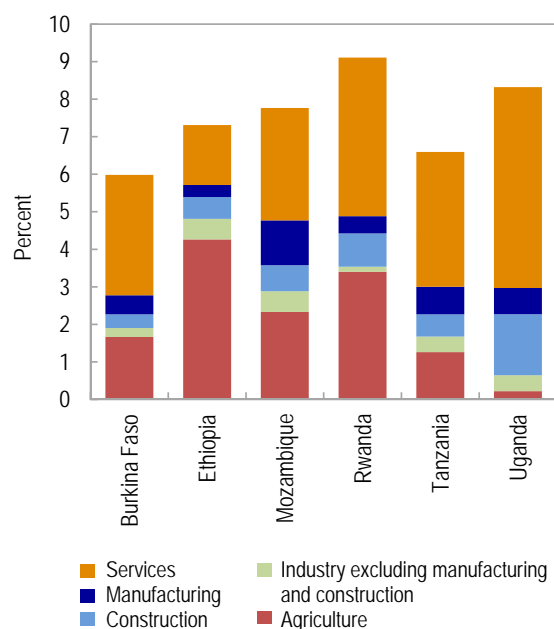
	Real GDP Growth	Real GDP per Capita Growth
Burkina Faso	6.2	3.2
Ethiopia	7.3	4.6
Mozambique	8.1	5.9
Rwanda	9.6	5.2
Tanzania	5.8	3.3
Uganda	7.4	4.0

Source: IMF, World Economic Outlook database.

Turning to the relative contributions of individual sectors to growth, the evidence from the sample countries suggests that services and, in some cases, agriculture were important driving forces (Figure 2.4).

Agricultural growth has provided a strong impulse to aggregate growth in Ethiopia and Rwanda, yet it has provided much less of an impulse in the other countries, especially Uganda. Services have grown rapidly among the sample countries, averaging between 8 percent and 10 percent per year in the fastest-growing countries of the sample. In Uganda, construction and services have contributed more than 60 percent to the growth rate.

Figure 2.4. Sub-Saharan Africa Sample Countries: Contributions of Sectors to Real GDP Growth, Average 1995–2010



Source: IMF, World Economic Outlook database.

Although manufacturing output grew in all countries, it started off from such a low base that its contribution to overall growth remained limited during the sample period (Table 2.2). Ethiopia had the lowest share of manufacturing in total GDP—at 5 percent—whereas the shares for Rwanda and Uganda at 8 percent and 7 percent, respectively, were comparable with the median for LICs in sub-Saharan Africa. The development of the manufacturing sector remains hampered by structural impediments such as high production input costs and limited infrastructure. In particular, limited and expensive electricity supply remains a major obstacle.

Despite sustained growth, structural transformation remains limited in the sample countries. As argued in Chapter 3 of the October 2012 *Regional Economic Outlook: Sub-Saharan Africa*, a basic definition of structural transformation is the movement of labor from sectors with low levels of labor productivity (generally agriculture) to sectors with above-average levels of productivity (industry and a subset of services). A new employment

Table 2.2. Sub-Saharan Africa Sample Countries: Sectoral Growth in Real GDP (Percent)

	Agriculture			Manufacturing			Construction		
	Share of total GDP 1995	Growth 1995–2010	Contribution to total growth 1995–2010	Share of total GDP 1995	Growth 1995–2010	Contribution to total growth 1995–2010	Share of total GDP 1995	Growth 1995–2010	Contribution to total growth 1995–2010
Burkina Faso	34.6	5.30	1.60	13.9	4.33	0.51	4.7	7.70	0.36
Ethiopia	73.5	6.14	4.26	5.4	11.51	0.32	3.2	17.00	0.58
Mozambique	40.2	7.02	2.32	6.5	12.26	1.19	2.8	19.89	0.69
Rwanda	43.8	8.37	3.40	7.8	6.62	0.46	4.9	21.19	0.89
Tanzania ¹	33.0	4.32	1.26	9.0	7.86	0.73	5.7	9.42	0.59
Uganda	47.2	1.18	0.22	7.1	9.08	0.70	7.1	16.61	1.62

	Industry Excluding Manufacturing and Construction			Services		
	Share of total GDP 1995	Growth 1995–2010	Contribution to total growth 1995–2010	Share of total GDP 1995	Growth 1995–2010	Contribution to total growth 1995–2010
Burkina Faso	1.4	14.64	0.33	45.4	6.93	3.21
Ethiopia	3.3	23.96	0.55	14.5	9.10	1.59
Mozambique	1.8	30.96	0.55	48.7	6.76	3.00
Rwanda	1.2	11.86	0.14	42.3	10.12	4.22
Tanzania ¹	4.4	8.31	0.41	47.9	7.30	3.59
Uganda	1.2	19.94	0.42	37.2	11.82	5.35

Source: IMF, African Department database.

¹ Data for Tanzania are from 1999 to 2010.

Box 2.1. Is It Real? Alternative Benchmarks Evaluating GDP Estimates

In the majority of sub-Saharan African countries, economic growth statistics are characterized by considerable weaknesses. Recent work (Jerven, 2013; Young, 2012) has focused on the issue, and suggests that GDP estimates in many African countries lack accuracy and reliability. Limited capacity and financial means hamper the quality and coverage of national accounts data because surveys are not conducted in a regular and reliable fashion (Chapter 1, Annex 1.1). Large informal sectors, including the continued prevalence of subsistence agriculture, also pose a distinct obstacle for data accuracy. As a result, some observers question its meaningfulness for statistical analysis and policy conclusions.

A broader perspective on the growth takeoff in the sample countries can be obtained by comparing the GDP data with alternative quantity indicators from different sources collected in the sample countries (Figure 2.1.1). The six sectors chosen for the comparison include agriculture, construction, utilities, hotels and restaurants, transportation and communications, and financial services. These sectors constitute the lion's share of output in the countries examined (Burkina Faso, Ethiopia, Mozambique, and Rwanda). The red bars in each of the sectors correspond to the growth rate from national accounts on a value-added basis, and the green bars correspond to physical output of some of the components of each sector. The components are not expected to match the sectoral aggregates because of the different basis—production versus value added—but we would expect to see a pattern of the components exceeding the national accounts data.

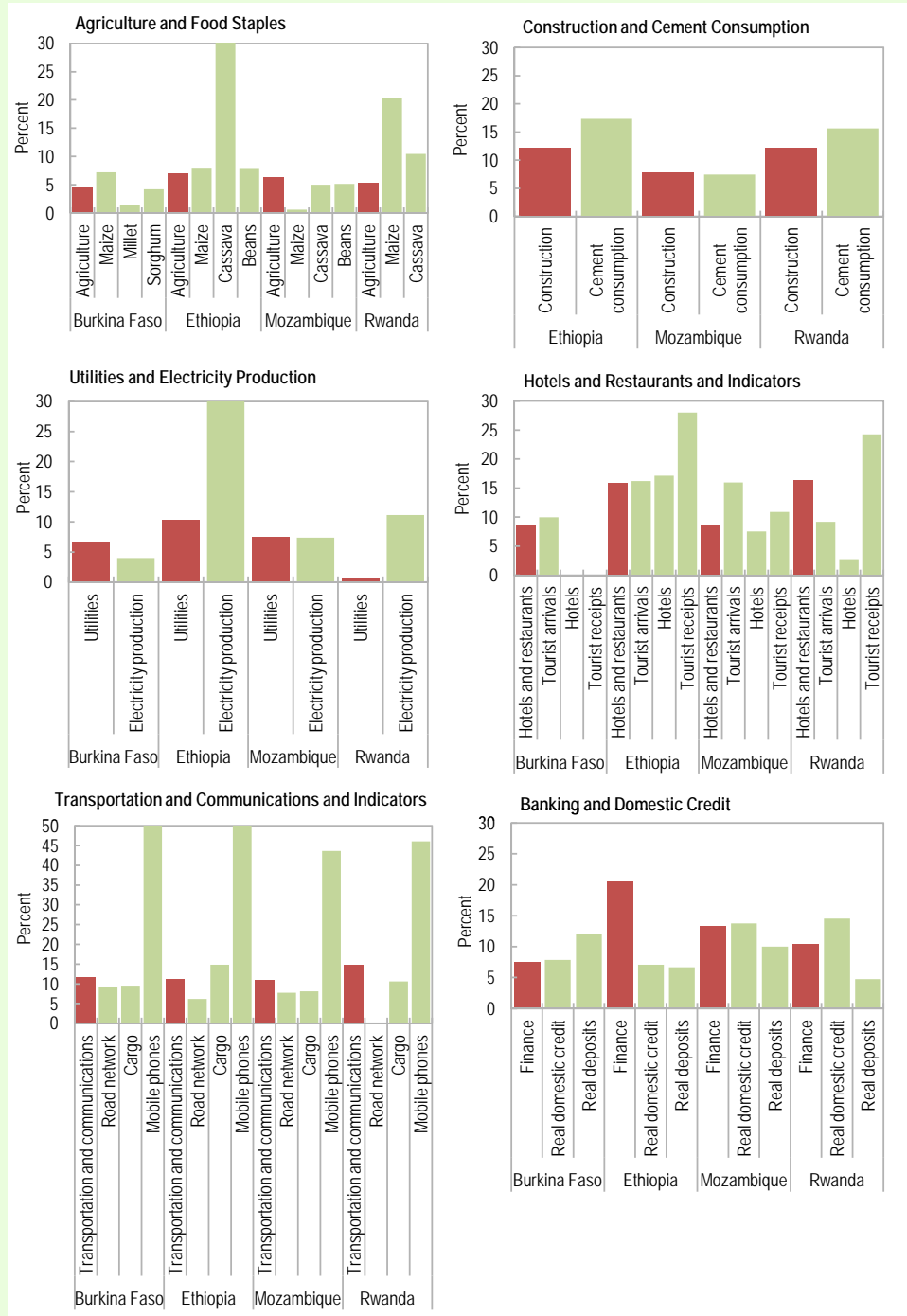
Comparing agricultural production data for major crops with national accounts estimates for the agricultural sector suggests that staple crops have grown much faster than the aggregate agricultural growth rate in Ethiopia and Rwanda, whereas maize has been very weak in Mozambique, and millet has been weak in Burkina Faso. For Burkina Faso, though, the overall sectoral growth rate does not seem out of line. The official agricultural growth rate is difficult to reconcile in Mozambique, because even cash crops have not grown very fast. For construction, the growth rate in cement consumption is similar to the construction growth rate in Mozambique and Rwanda, but considerably higher in Ethiopia. The estimates for utilities do not seem to be too high for any country. Ethiopia's electricity production has been very strong in recent years, and it has also been fairly robust in Mozambique and Rwanda. In Rwanda, the strong growth rate in electricity production is not reflected in the utilities growth rate, because a large amount of imports have been used in the generation process, so the value-added component is low.

Growth in services as reported in national accounts data has also been in line with alternative indicators. Hotels and restaurants' growth has generally followed the growth in tourist arrivals, but more use should be made of length of stay to benchmark the sectoral growth rate, because length of stay can vary significantly from arrivals. Currently, only Mozambique uses information on length of stay to benchmark this growth rate. In transport and communications, mobile telecom penetration has been very strong in all four countries, which helps explain why the national accounts growth rates for this sector are higher than the modest growth rates for road and rail transportation and cargo. Except for Ethiopia, real growth in domestic credit has been comparable to the estimate for growth in financial services, with real deposit growth more variable (in Burkina Faso and Rwanda, in particular).

Thus, overall, the underlying indicators appear broadly consistent with the high aggregate growth estimates for these countries.

This box was prepared by Alun Thomas.

Figure 2.1.1. Sub-Saharan Africa: Comparison between Sectoral Growth Rates and Underlying Indicators, 2000–11¹



Source: IMF staff calculations based on data from the country authorities.

¹ Data for Rwanda are 2000–12.

database, based on household surveys for about 30 sub-Saharan African economies, helps to analyze the degree of structural transformation in the sample of countries and compare them with other sub-Saharan African countries (Fox and others, 2013). This analysis suggests that the most significant labor reallocations have occurred in Rwanda and Tanzania, with sizable declines in the agricultural employment shares, combined with large increases in services employment (Table 2.3). In general, workers in the sample countries have moved out of agriculture mostly into the service sector, and this profile is similar to that of Nigeria, the region's most populated country and its largest oil producer, as well as to other, more advanced economies on the continent.

EVIDENCE FROM COUNTRY CASES

This section synthesizes the findings of the detailed background case studies from the six sample countries. A common theme emerging from this analysis is that macroeconomic stabilization and decisive structural reforms were crucial in laying the foundations for sustained growth. Several of the countries emerged from armed conflict or had been characterized earlier by African socialism and state-led development strategies stemming from post-independence periods. Therefore, countries had to address major macroeconomic imbalances, often with the help of IMF-supported programs.

Table 2.3. Sub-Saharan Africa Sample Countries: Annual Change in Relative Employment Shares through 2010 (Percent)

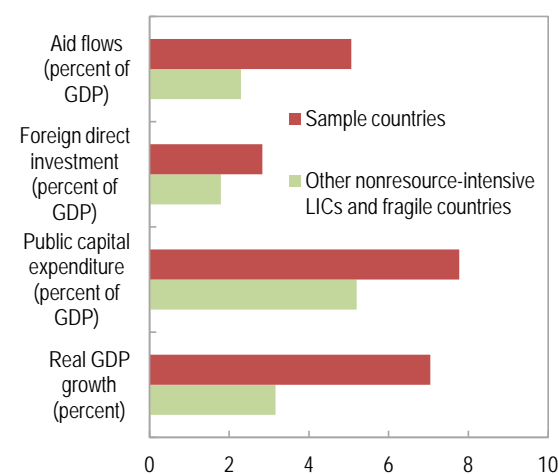
	Agriculture	Industry	Services
Burkina Faso	-0.2	0.0	0.2
Ethiopia	-0.7	0.2	0.5
Mozambique	0.4	0.1	-0.5
Rwanda	-1.3	0.3	1.1
Tanzania	-1.5	0.4	1.2
Uganda	-0.3	0.1	0.2
Nigeria	-4.1	0.1	3.9

Sources: IMF, African Department database; and IMF staff calculations.
Note: Initial period for Burkina Faso and Mozambique is 2003; Rwanda, 1995; Tanzania and Uganda, 2001; and Ethiopia and Nigeria, 2005.

Moreover, the six countries all saw higher aid flows, higher FDI, significant debt relief, and higher public capital expenditure than other nonresource-intensive LICs and fragile states (Figure 2.5).² Although the nexus between investment and economic growth is not fully understood, this sustained high investment is likely to have supported high growth in the sample countries.³ This link is also confirmed by the results of the growth decomposition discussed in Box 2.2, and the econometric evidence presented in Annex 2.1.

Against this background, the following sections detail a range of dimensions of the growth experience in the sample countries, highlighting the roles of the overall macroeconomic environment and structural reforms, governance and institutions, human capital formation, and the financial sector; and the roles of aid, investment, and driving forces at the sectoral level.

Figure 2.5. Sub-Saharan Africa Sample Countries: The Virtuous Circle, Average 1995–2010



Sources: IMF, African Department database; and IMF, World Economic Outlook database.

Note: LIC = low-income country.

² The comparator group is the average of sub-Saharan African countries in the low-income group (including fragile countries) with natural resource exports less than 25 percent of total exports, weighted by purchasing power parity.

³ Bond, Leblebicioglu, and Schiantarelli (2010) find empirical evidence of a positive relationship between investment and the long-term growth rate.

Box 2.2. The Role of Total Factor Productivity in the Growth Acceleration of Nonresource-Rich Low-Income Countries

Growth can come from two sources: using more factors of production or inputs (labor and capital) to increase the number of goods and services that an economy is able to produce, or combining inputs more efficiently to produce more output for a given amount of inputs. Decomposing growth into these two sources yields insights into the proximate causes of growth.

This box presents the results of a human-capital augmented growth accounting exercise for the six nonresource-intensive low-income countries. It is based on the standard decomposition proposed by Solow (1957), which decomposes the growth rates of real GDP into a fraction attributed to the growth rates of factor inputs and a residual, commonly labeled total factor productivity (TFP).¹ TFP should be broadly understood to encompass the use of new, more efficient technologies, as well as any improvements in the way inputs are combined, which can include improvements in governance, regulatory quality, business climate, and so on.

Given that educational attainment in the sub-Saharan Africa region has increased significantly during the past two decades as a result of the reallocation of resources toward public education, it is important to take into account the improvement in the skills of the labor force. Otherwise, improvements in the quality of the labor force would be incorrectly attributed to increases in TFP. To do so, the accounting exercise adjusts the quality of the labor input using data on educational attainment from the Barro and Lee (2012) data set.²

Table 2.2.1 shows the results of the decomposition exercise. The first column shows the growth rate of real GDP; the next three columns show the contributions of capital, labor, and education, respectively, to growth, and the last column shows the growth rate of TFP. As can be seen, the growth rate of real GDP accelerated in the 1990s relative to the 1980s (except in Tanzania and Rwanda, where it remained nearly constant), and in all cases except for Uganda it also accelerated in the 2000s relative to the 1990s.

Moreover, in almost all countries, TFP accelerated between the 1980s and the 1990s, suggesting a rebound growth effect. This acceleration is also likely to reflect innovation and structural changes, which supported higher real GDP growth for Ethiopia, Mozambique, and Tanzania through the 2000s.

The exercise also shows a higher contribution of capital accumulation in the 2000s in all countries, which is consistent with the fact that investment rates in the sample countries increased significantly, even when compared with the group of nonresource-rich low-income and fragile countries. The contributions of capital accumulation are not uniform across countries: physical capital contributed to the acceleration of growth of real GDP during the 1990s in all cases, but only strongly in Burkina Faso, Mozambique, and Uganda.

This box was prepared by Rodrigo Garcia-Verdu and Alun Thomas.

¹ To construct the time series for capital, this exercise uses data on investment rate from the Penn World Table (PWT), Version 8, and applies the perpetual inventory method, according to which capital is built by assuming a value for the initial stock of capital and adding up investment and subtracting a constant depreciation in subsequent years. For labor, the exercise uses the recent estimates by the IMF and the World Bank of the number of workers constructed from household surveys from the last two decades for each of the six countries. Given that almost no household survey data are available for the 1980s, these are taken from the implicit PWT series.

² In particular, the exercise uses the production function proposed by Bosworth and Collins (2002), in which labor (L), measured by number of workers, is multiplied by a measure of human capital (H), which in turn is obtained by combining an estimate of the rate of return to schooling (assumed to be 14 percent per year) with the average years of schooling for the population ages 25 and older from the Barro and Lee (2012) data set.

Table 2.2.1. Sub-Saharan Africa Sample Countries: Output Growth Decomposition
(Contribution to annual growth rates, percent)

Country	Period	Real GDP	Capital Stock	Adjusted Labor	Education	Total Factor Productivity
Burkina Faso	1980–90	2.3	2.6	1.0	0.6	-1.8
	1990–2000	4.6	1.7	1.3	0.6	1.0
	2000–10	5.5	1.9	2.8	0.4	0.4
Ethiopia	1980–90	2.2	1.7	0.8	0.7	-1.1
	1990–2000	2.9	0.7	1.0	0.4	0.9
	2000–10	8.1	2.4	2.1	0.3	3.4
Mozambique	1980–90	-0.1	0.7	0.6	-0.1	-1.4
	1990–2000	5.4	2.3	3.9	0.0	-0.8
	2000–10	7.9	2.4	1.9	0.4	3.2
Rwanda	1980–90	1.8	2.8	0.9	0.2	-2.1
	1990–2000	1.7	0.5	-2.2	0.3	3.1
	2000–10	7.7	2.4	2.3	0.2	2.8
Tanzania	1980–90	3.5	-0.2	1.8	0.1	1.6
	1990–2000	3.3	1.2	1.4	0.1	0.6
	2000–10	6.8	2.5	1.6	0.2	2.6
Uganda	1980–90	3.1	0.8	1.5	0.3	0.5
	1990–2000	7.2	2.1	1.2	0.2	3.7
	2000–10	6.4	3.1	1.7	0.2	1.4

Sources: IMF staff calculations based on Penn World Table, Version 8; the Barro and Lee (2012) education attainment data set; and country household surveys.

In sum, the growth acceleration among nonresource-intensive low-income countries has been driven by higher TFP growth and faster factor accumulation. To the extent that the labor force is expected to continue growing in most countries in the region, and that relative to other fast-growing countries the investment rate is still low in many countries (Ethiopia, Mozambique, Rwanda, Uganda), productive inputs could continue to be sources of growth in the future.

Macroeconomic policymaking and structural reforms

All sample countries were able to carry out comprehensive macroeconomic reforms and conduct policies geared toward stability throughout the 1990s. In this fashion they often turned around an economy that had been characterized by stop-and-go cycles. A prime example is Tanzania, which went through three phases of comprehensive liberalization reforms (Nord and others, 2009; and Robinson, Gaertner, and Papageorgiou, 2011). After dismantling state control of the economy and taking the first steps toward a market economy, the country liberalized its exchange rate and its trade and agricultural marketing regimes, and also conducted significant reforms of the domestic financial system through the mid-1990s. These reforms began to bear fruit, though only after 1996, when the country also privatized some of the remaining parastatals and pursued fiscal consolidation and a more independent monetary policy. Growth accelerated markedly from the mid-1990s onward, and remained sustained despite external shocks in the form of fluctuating international commodity prices and plummeting global demand, as well as domestic shocks such as droughts. Burkina Faso maintained macroeconomic stability through a period of external and domestic shocks, such as international food and energy price shocks, climatic shocks, and political unrest in neighboring Côte d'Ivoire, reflecting responsible policymaking and political stability.

Most of the sample countries rebuilt their nations after ending violent conflicts. These countries had experienced armed conflicts and unrest in the 1980s or early 1990s, and thus transformed their economies starting from a low base with damaged infrastructure into growing and well-managed countries ahead of their peers. In the early 1990s, Mozambique launched a first wave of structural reforms, and started attracting significant donor flows and FDI that were channeled into infrastructure investment and mega-projects.

In Uganda, well-sequenced macroeconomic reforms in a postconflict environment focused on loosening

price controls, liberalizing and eventually floating the exchange rate, reforming the civil service, and privatizing parastatals.

Because the unstable years before the turnaround in the mid-1990s were characterized by the destruction of physical capital, low or no growth, or declines in output per capita, some of the growth takeoff can be attributed to a rebound effect (Box 2.2). However, the sample countries have experienced sustained and accelerating growth for more than 15 years, suggesting structural shifts in their economies that transcend a rebound effect. Furthermore, other nonresource-rich countries that also experienced civil war have not yet managed to attain high sustained growth (for example, Burundi and Eritrea).

Another important factor in promoting macroeconomic stability was debt relief. Most sample countries qualified for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) in the early 2000s. As a result, their debt burdens were reduced significantly, freeing up considerable fiscal space that countries were encouraged to use for poverty-reducing expenditure, bringing about a shift in the composition of expenditure toward the education and health sectors. The extra fiscal space also enabled the building of fiscal buffers, which were critical in enabling countries to pursue countercyclical fiscal policies during the global financial crisis, and to adopt a more medium-term strategic view of expenditure policies.

Better macroeconomic management has been accompanied by accelerated growth, lower inflation, narrower fiscal deficits, and higher international reserves (Table 2.4). By contrast, current account deficits widened in some countries, reflecting the high level of investment they carried out during the sample period, often financed by both aid and FDI.

Governance and institutions

Governance and institutional quality can be measured along numerous dimensions. The sample countries registered improvements in governance relative to the comparator group in four out of the five dimensions considered in the World Bank's

Table 2.4. Sub-Saharan Africa Sample Countries: Economic Indicators

	1980–94	1995–2010
	(Percent change)	
Real GDP Growth		
Burkina Faso	3.3	6.2
Ethiopia	1.7	7.3
Mozambique	1.7	8.1
Rwanda	-2.0	9.6
Tanzania	2.8	5.8
Uganda	3.5	7.4
Group average	1.8	7.4
Group weighted average	2.4	7.0
Inflation, period average		
Burkina Faso	5.0	3.1
Ethiopia	7.4	8.8
Mozambique	43.0	14.2
Rwanda	9.5	10.1
Tanzania	29.7	9.6
Uganda	92.1	6.3
Group average	31.1	8.7
Group weighted average	27.8	8.5
	(Percent of GDP)	
Fiscal Balance		
Burkina Faso	-2.2	-2.7
Ethiopia	-4.4	-4.0
Mozambique	-6.7	-3.3
Rwanda	-5.8	-1.4
Tanzania	-4.6	-2.4
Uganda	...	-1.9
Group average	-4.7	-2.6
Group weighted average	-4.4	-2.9
Current Account Balance		
Burkina Faso	-3.0	-8.9
Ethiopia	-2.0	-3.5
Mozambique	-13.3	-13.3
Rwanda	-7.2	-3.9
Tanzania	-5.1	-6.7
Uganda	-2.9	-6.0
Group average	-5.6	-7.1
Group weighted average	-4.3	-6.5
	(Months of imports)	
Reserves Coverage		
Burkina Faso	4.3	5.2
Ethiopia	1.9	3.2
Mozambique	2.2	4.4
Rwanda	3.7	5.0
Tanzania	0.7	4.7
Uganda	1.3	6.1
Group average	2.4	4.8
Group weighted average	1.8	4.6

Source: IMF, World Economic Outlook database.

Note: ... = not available.

Worldwide Governance Indicators: control of corruption, government effectiveness, political stability and absence of violence, and regulatory quality (Figure 2.6). This analysis suggests that improvements registered in these dimensions of governance and more effective institutions relative to the comparator group could be among the driving forces of the higher growth rates registered among the case study countries. Indeed, the panel regression (see Annex 2.1), as well as earlier empirical work (Salinas, Gueye, and Korbut, 2011), confirms the significance of such institutional factors.⁴ All sample countries also benefited from extensive technical assistance directed at improving the quality of their institutions.

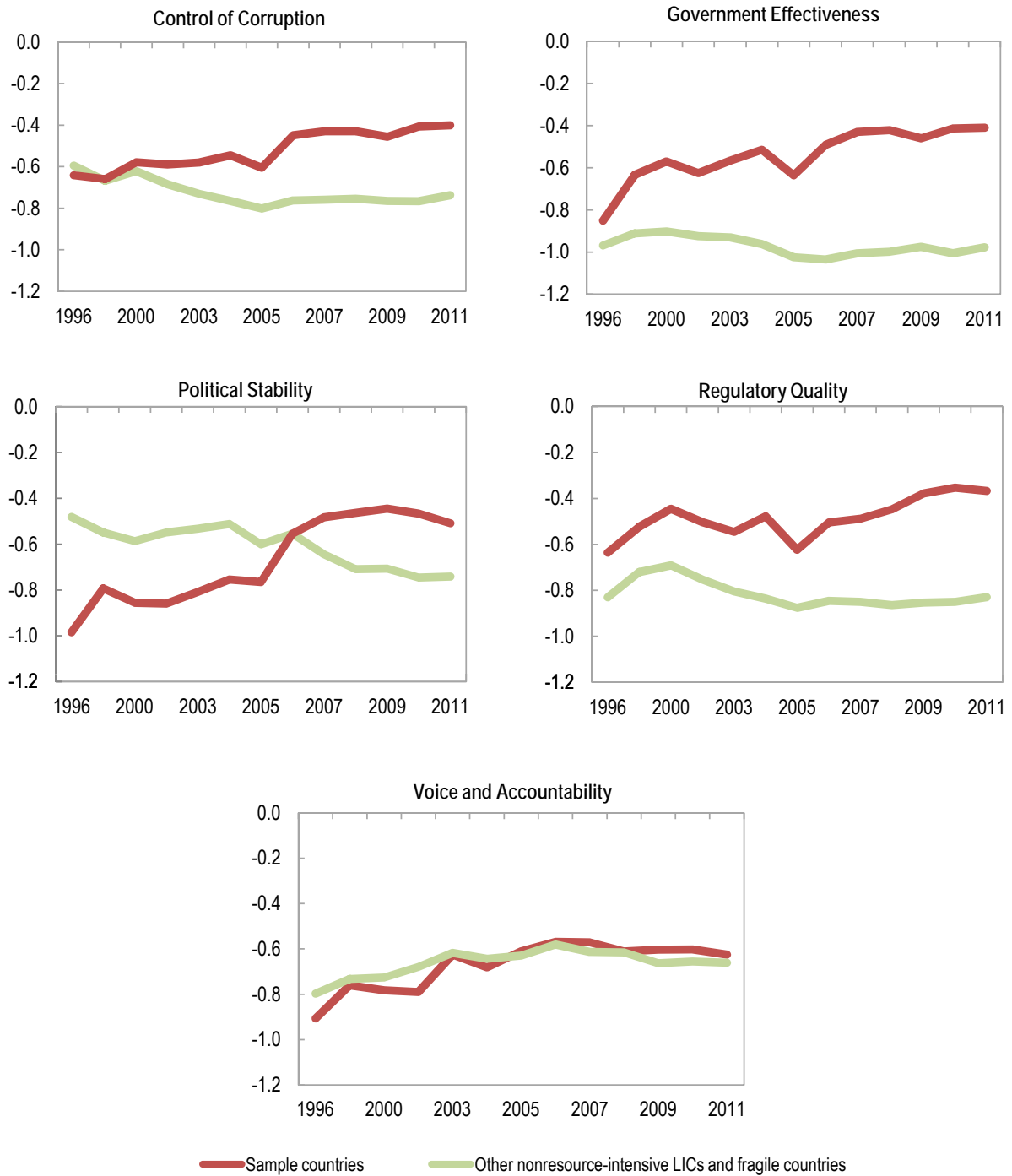
Decisive structural reforms in the sample countries and efforts to upgrade institutional capacity were accompanied by a better business environment (Table 2.5). Various measures of business regulations from the World Bank's Doing Business database show that the group of high-growth, nonresource-abundant LICs does indeed have better regulations than the average for the comparator group, based on most of the indicators. For reference, the averages for all of sub-Saharan Africa and middle-income countries are also presented in Table 2.5.

Human capital formation

Some of the sample countries have taken advantage of their expanding fiscal space to invest in education, as reflected in both the amount of resources allocated to education (Figure 2.7) and the increase in the average number of years of schooling per individual. The East African countries stand out as having the most education, with the average years of schooling at between five and six for Rwanda, Tanzania, and Uganda, compared with slightly more than one year of schooling for Burkina Faso.

⁴ The fact that the voice and accountability dimension is not among the potential causal factors should not be interpreted as implying that voice and accountability are not important determinants of growth, as high-growth LICs could have registered even higher growth had they improved in this dimension. The results simply suggest that they cannot account for the higher growth over the period, given that the gap with the comparator group remained relatively constant.

Figure 2.6. Sub-Saharan Africa: Worldwide Governance Indicators
(Higher values correspond to better governance)



Sources: IMF staff estimates based on World Bank, Worldwide Governance Indicators.

Note: LIC signifies low-income country. The composite measures of governance of the Worldwide Governance Indicators are expressed in units of a standard normal distribution, with mean zero, standard deviation of one, and running from approximately -2.5 to 2.5, with higher values corresponding to better governance.

Table 2.5. Sub-Saharan Africa: Cost of Doing Business Indicators

	Ease of Doing Business Index (1 = easiest; 185 = most difficult)	Cost to Build a Warehouse (Percent of income per capita)	Cost to Enforce a Contract (Percent of claim)	Cost to Get Electricity (Percent of income per capita)	Cost to Register Property (Percent of property value)	Cost to Start a Business (Percent of income per capita)	Strength of Investor Protection Index (0 = no protection; 10 = most protection)
	2011–12	2009–12	2009–12	2009–12	2009–12	2009–12	2009–12
Sample countries	120.4	500.1	62.9	5,549	5.7	65.5	4.9
Other nonresource-intensive LICs and fragile countries	158.7	894.1	49.9	8,024	9.6	105.4	4.1
Middle-income countries	89.8	499.2	29.5	1,549	8.2	20.4	5.3
Sub-Saharan Africa	139.0	998.0	51.3	5,769	9.9	93.5	4.5

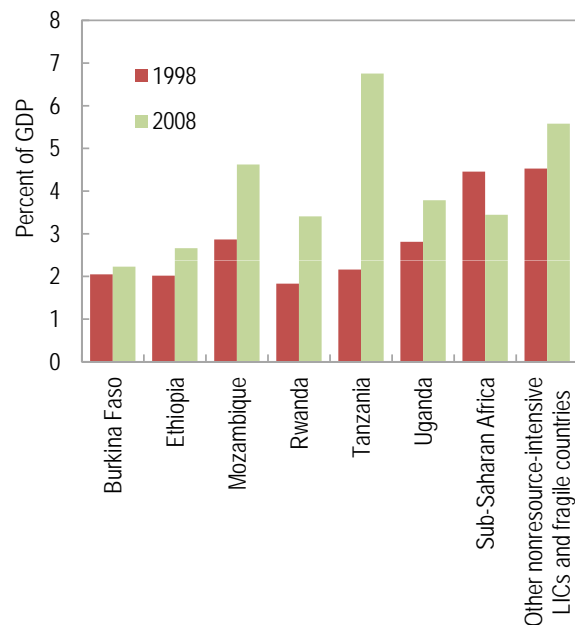
	Credit: Strength of Legal Rights Index (0 = weak; 10 = strong)	Depth of Credit Information Index (0 = low; 6 = high)	Total Tax Rate ¹ (Percent of profit)	Labor Tax and Contributions ² (Percent)	Minimum Paid-in Capital Required to Start a Business (Percent of income per capita)	Trade: Cost to Export (U.S. dollars per container)	Trade: Cost to Import (U.S. dollars per container)
	2009–12	2009–12	2009–12	2012	2009–12	2009–12	2009–12
Sample countries	5.4	2.5	37.1	10.7	125.6	2,182	2,961
Other nonresource-intensive LICs and fragile countries	4.5	0.8	86.4	13.0	169.8	1,477	1,846
Middle-income countries	6.5	3.2	29.9	8.0	23.4	1,552	1,810
Sub-Saharan Africa	5.3	1.8	64.4	13.1	130.6	1,964	2,495

Source: World Bank, *Doing Business* 2013.

¹ The total tax rate measures the sum of all the different taxes and contributions payable by the business in its second year of operation (profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, turnover taxes, and other taxes, such as municipal fees and vehicle and fuel taxes) after accounting for allowable deductions and exemptions.

² Labor tax and contributions measure the amount of taxes and mandatory contributions on labor, such as payroll taxes and social security contributions (even if paid to a private entity such as a required pension fund), paid by the business as a percentage of commercial profits.

Figure 2.7. Sub-Saharan Africa Sample Countries: Expenditure on Education



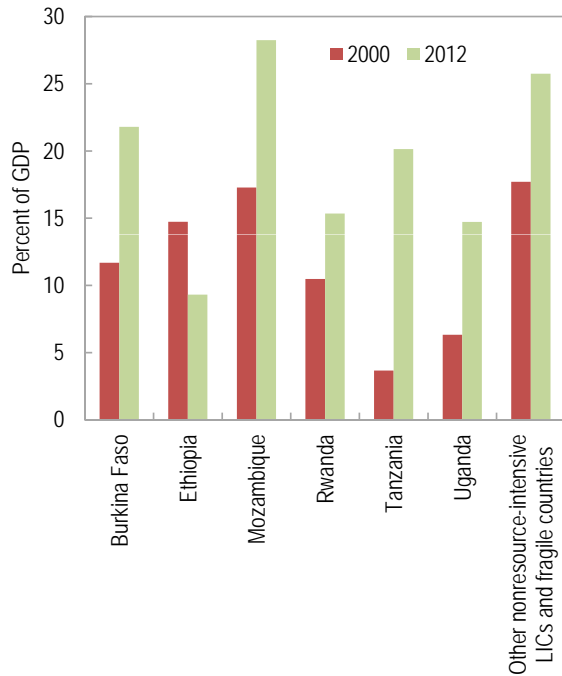
Sources: IMF, African Department database; and IMF, Fiscal Affairs Department, Public Spending on Health and Education database.
Note: LIC = low-income country.

Financial sector development

The financial sector experience in the six sample countries has been mixed. All countries—although to different degrees—have made progress in deepening their financial sectors in the past decade, including modernizing regulatory and supervisory frameworks, restructuring banking systems, and developing microfinance institutions. Banking systems have steadily expanded and remained well capitalized in general, accompanied by significant increases in credit to the private sector as a percentage of GDP, except in Ethiopia (Figure 2.8).⁵ However, except for Mozambique, the levels of intermediation by commercial banks have remained well below the levels of countries with similar economic structures, and access to financial services has been relatively limited (Figure 2.9).

⁵ In Ethiopia, lending to public enterprises by the dominant state-owned bank and the requirement for private banks to purchase treasury bills have crowded out credit to the private sector.

Figure 2.8. Sub-Saharan Africa Sample Countries: Credit to the Private Sector



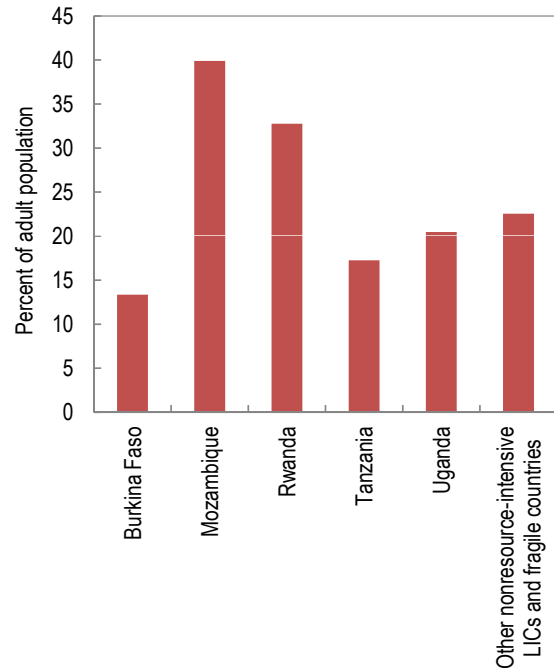
Sources: IMF, African Department database; and IMF, Fiscal Affairs Department, Public Spending on Health and Education database.
 Note: LIC = low-income country.

Aid

The improved macroeconomic management attracted significant donor financing to the sample countries. Grants through the central government were equivalent, on average, to 6.4 percent of GDP over 1995–2010 for the group, compared with a sub-Saharan Africa nonresource-intensive low-income and fragile country average of 2.1 percent of GDP. Program and project loans added a further 3.5 percent of GDP of donor financing to the fast growers, compared with 1.5 percent of GDP for the comparator group. This aid financed a relatively large share of expenditure in the sample countries, compared with other nonresource-intensive LICs (Figure 2.10).

Ethiopia was the lowest recipient of donor flows at 7 percent of GDP, still more than double the level of the comparator groups. Mozambique was the highest at 14.5 percent of GDP, whereas Burkina Faso and Rwanda ranged between 11.5 and 12.5 percent. As the regression analysis presented

Figure 2.9. Sub-Saharan Africa Sample Countries: Adults with an Account at a Formal Financial Institution, 2011



Sources: IMF, World Economic Outlook database; and World Bank, Global Financial Development database.
 Note: LIC = low-income country.

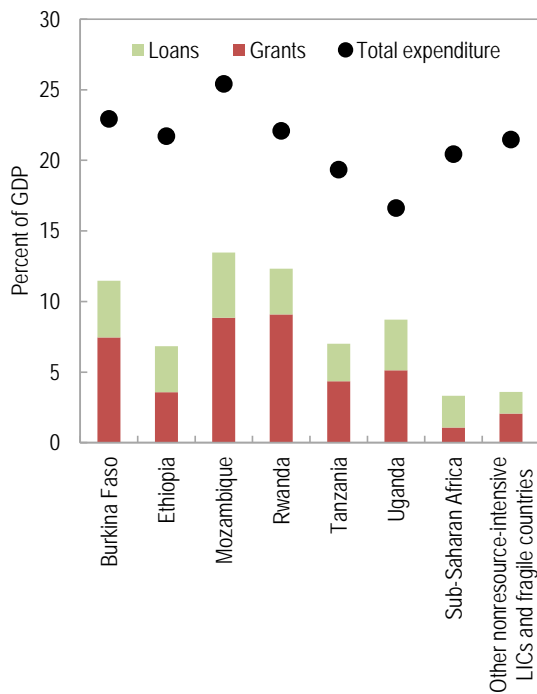
in Annex 2.1 shows, the aid-to-GDP ratio was significantly associated with growth in the sample countries.

Higher levels of aid and changes in the method of aid delivery have placed an increased focus on achieving better donor coordination to enhance the predictability of aid flows both within a budget cycle and in a multiyear planning environment. Many countries have introduced a continued and structured dialogue between donors and governments designed to facilitate the connection of aid delivery to national poverty-reduction strategies, but this has also come with considerable transaction costs in some cases for both donors and governments.

Increased levels of aid may pose challenges to macroeconomic management stemming from volatility of inflows and the ability of economies to absorb large volumes of aid. This can lead to overheating, exchange rate appreciation, and loss of competitiveness (see IMF, 2013b). Although

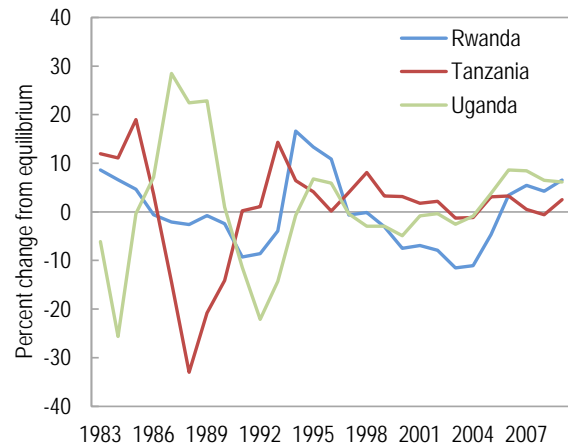
the sample countries may appear vulnerable to these adverse (or Dutch disease) effects from aid—rigidities in the supply of nontradables owing to scarcity of skilled workers, limited access to ports, and infrastructure bottlenecks (four out of the six are landlocked)—there is little evidence of major misalignments of the real exchange rate in the sample countries. In some cases, such as Tanzania, the closing of macroeconomic imbalances and the adoption of market-oriented reforms resulted in the erasure of large exchange rate misalignments (Figure 2.11). The ability of the sample countries to manage the increase in aid may reflect improved use of donor financing and the fact that most countries have opened up their construction sectors to foreign companies, particularly, but not just, from China, thereby reducing a potentially binding capacity constraint. However, for Uganda, Atingi-Ego (2006) finds some real exchange rate appreciation pressures in 2003–04, reflecting donor-funded increases in government spending.

Figure 2.10. Sub-Saharan Africa Sample Countries: Donor Financing, Average 1995–2010



Sources: IMF, African Department database; and IMF, World Economic Outlook database.
 Note: LIC = low-income country.

Figure 2.11. Sub-Saharan Africa: Misalignment with Equilibrium Exchange Rate

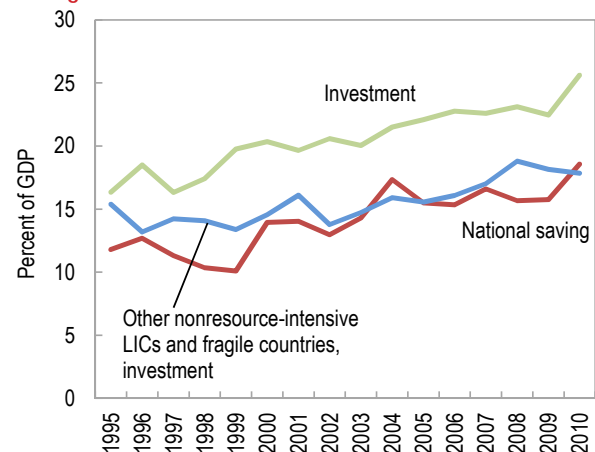


Source: *Sub-Saharan Africa: Regional Economic Outlook*, April 2011.

Investment

Investment rates outpaced the region’s upward trend. Excluding Burkina Faso, where investment lagged relative to the rest of the group, the sample group’s investment rate averaged about 22 percent of GDP in 2000–10, compared with an 18 percent average for low-income and fragile countries in sub-Saharan Africa (Figure 2.12). This rate increased by 4 percent of GDP between 2000 and 2010, reaching 25 percent. In the sample countries, financial intermediation and the level of domestic savings remain relatively low, even though the mobilization of domestic resources increased in the sample period.

Figure 2.12. Sub-Saharan Africa Sample Countries: Saving and Investment, 1995–2010



Source: IMF, World Economic Outlook database.
 Note: LIC = low-income country.

Early and determined efforts by the sample countries to strengthen public financial management resulted in improvements in capital expenditure planning and execution that helped sustain public investment and channel aid flows toward infrastructure (Dabla-Norris and others, 2011).⁶ Burkina Faso was one of the first LICs in sub-Saharan Africa to introduce medium-term planning tools such as rolling medium-term budgetary and expenditure frameworks. Ethiopia and Rwanda also conducted important public financial management reforms, placing fiscal policy into a medium-term budgetary framework. These measures helped to link budgetary allocations with policy priorities as identified in countries' poverty-reduction strategies. Finally, all countries are characterized by advanced public investment management in project selection and implementation.

Moreover, enhanced donor coordination protected sample countries from aid shortfalls within a given budget cycle, thus avoiding cutbacks in public domestic investment, which is often one of the few discretionary expenditure items (Figure 2.13). Celasun and Walliser (2006) find that shortfalls in budget aid typically lead to cutbacks in domestically financed investment spending. They contrast the experience of Burkina Faso, where enhanced donor coordination led to more predictable aid flows and a smoother budget execution, with that of Mali, where donors were less coordinated and aid disbursements more erratic, hampering budget execution (although the situation has now changed see Annex 1.1).

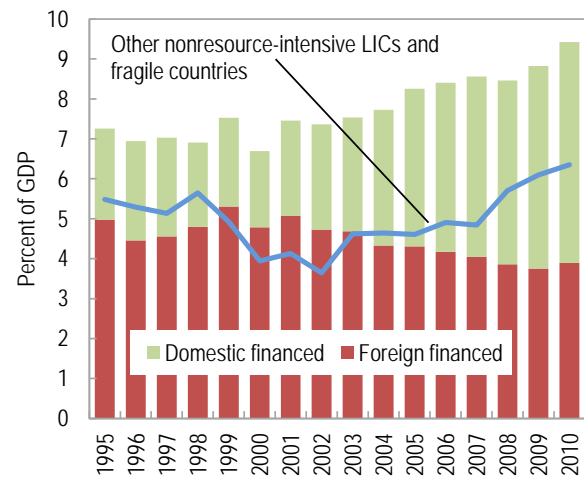
Uganda relied more on the private sector to boost its investment rate (Figure 2.14). Uganda's private gross capital formation is estimated to be the strongest in the sample for 2000–10, reaching 18 percent of GDP, more than 4 percent of GDP above Mozambique, which had the second highest private investment rate by 2010. Although all sample countries managed to establish business-friendly environments, Uganda's business environment

⁶ All sample countries score highly on the Index of Public Investment Efficiency (Dabla-Norris and others, 2011), with Rwanda scoring highest for sub-Saharan Africa LICs, closely followed by Burkina Faso.

compares favorably with the rest of the group. The country also undertook a significant privatization program of public enterprises in the 1990s, and liberalized markets and lending rates.

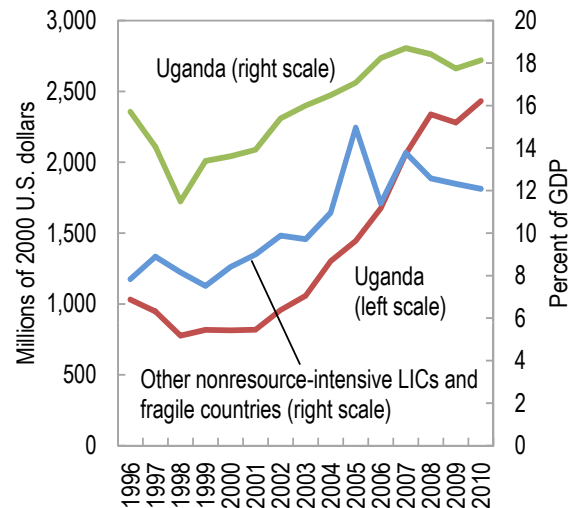
Overall, however, infrastructure investment and rehabilitation needs remain massive in all sample countries. Poorly targeted energy subsidies often keep energy prices artificially low, hampering investment in the sector. At the same time, limited energy supply and frequent blackouts severely

Figure 2.13. Sub-Saharan Africa Sample Countries: Public Capital Expenditure, 1995–2010



Source: IMF, African Department database.
Note: LIC = low-income country.

Figure 2.14. Uganda: Private Investment, 1996–2010

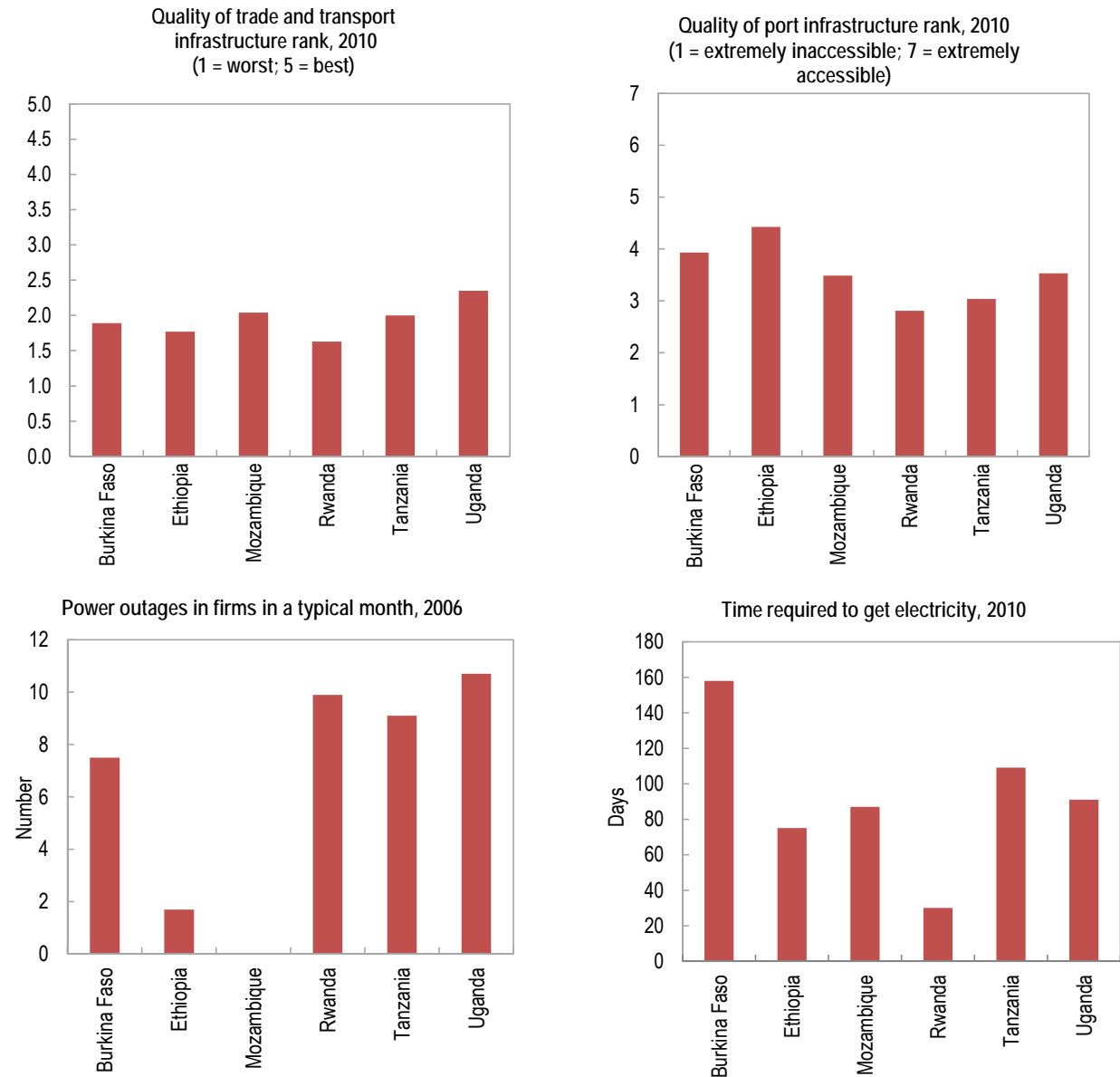


Source: IMF, African Department database.
Note: LIC = low-income country.

impede the development of a manufacturing sector, and create significant extra costs for existing businesses (Figure 2.15)(World Bank, 2011). Poor port governance and difficult trade logistics are also important obstacles. Even in Mozambique, which focused on priority districts and corridors (Box 2.3), the connectivity between urban and economic clusters remains poor—corridors link these clusters to ports but not to one another. In Tanzania, coverage of electricity and road

networks is also low, even by regional standards (Ter-Minassian, Hughes, and Hajdenberg, 2008). In Rwanda, transport costs remain high, hampering even sectors that have recently been transformed and contribute to poverty reduction, such as the coffee sector (World Bank, 2011). Similarly, some sample countries, in particular Burkina Faso, have some of the most underdeveloped power systems in sub-Saharan Africa, with insufficient electricity production to meet increasing demand. However,

Figure 2.15. Sub-Saharan Africa Sample Countries: Infrastructure Indicators



Sources: World Bank, World Development Indicators; and World Economic Forum.

this situation is projected to change in Ethiopia with the carrying out of massive new investment to take advantage of the low generation costs of hydropower.

Driving forces of growth at the sectoral level

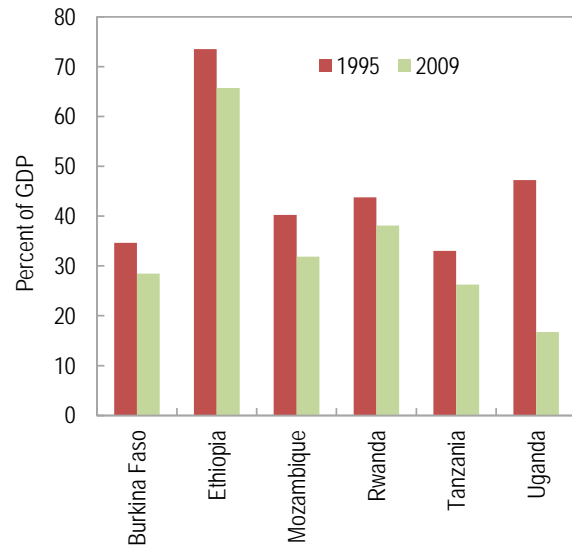
Agriculture remains an important sector in the sample countries, for its contribution to output and the large share of the labor force that is concentrated in this sector. As a result, even modest growth rates may have a significant impact on overall growth, because the sector accounts for a high share of GDP (Table 2.2). Ethiopia, and Rwanda saw productivity and output gains in the sector above the average for sub-Saharan Africa in 1995–2010, whereas in Uganda, agriculture growth was low in relative terms (Figure 2.16).

In Uganda, this is mostly attributed to slow productivity growth in the sector, owing to already elevated cereal yields by regional standards at the beginning of the period. In other countries, in particular Burkina Faso, agricultural production is hampered by the increasing frequency of weather shocks, land degradation, and desertification. Overall, agricultural growth was more volatile than growth in other sectors, reflecting the continued dependence on weather conditions, and a lack of irrigation systems and advanced farming practices.

Sources of agricultural growth varied across the group and over time. Burkina Faso relied mainly on increases in factors of production, particularly the farming area for cotton, with limited gains in productivity. However, it was also the first country to experiment successfully with genetically modified cotton seeds to increase cotton yields dramatically, albeit toward the end of the sample period. Although Rwanda initially also relied on factor growth, it later achieved significant improvements in yields and productivity (Box 2.4).

Agriculture in Ethiopia and Mozambique, however, relied equally on improved yields and increased farming area. Uganda had the least increase in arable land within the group, which together with near constant yields and a declining share of labor

Figure 2.16. Sub-Saharan Africa Sample Countries: Share of Agriculture in GDP



Source: IMF, African Department database.

in agriculture contributed to the relatively weak performance in the sector.

Where they occurred, increases in agricultural productivity in the sample countries were supported by public policy, either through structural reforms or more direct interventions. In Burkina Faso, decisive and well-sequenced market reforms helped expand the cotton sector, which was the main driver of growth in agriculture. The introduction of a stable producer price throughout the planting season, backed by the cotton parastatal, created the right incentives for farmers to cultivate cotton. Other important steps were enhancing the role of producer organizations, transferring some economic functions to these groups, and allowing the entry of private operators into the sector (Table 2.6). These reforms led to a significant increase in cotton production in the mid-2000s.⁷ In Ethiopia and Rwanda, national programs to improve or subsidize access to fertilizer and offer extension services to poor farmers helped boost yields (Box 2.4).

⁷ Kaminski, Heady, and Bernard (2011) estimate that two-thirds of the threefold increase in production from 1996 to 2006 is explained by these reforms, and underline that the Burkinabe reform model is unique in addressing government failures and local realities within the current institutional framework.

Box 2.3. Investment in Mozambique

Mozambique managed to attract the highest foreign direct investment (FDI) flows among the sample countries, reaching 14 percent of GDP in 2010. After stabilizing the macroeconomy and launching the first wave of structural reforms in the early 1990s, Mozambique started attracting FDI, which was channeled into mega-projects and infrastructure development.¹ The World Bank (2011) estimates that during the late 2000s, Mozambique spent, on average, 10 percent of GDP a year on infrastructure. A prime example is the Mozal aluminum smelter, which is the key anchor project of the Maputo Development Corridor, linking the port of Maputo with major South African cities. This project is considered a success and is estimated to have supplied about 7 percent of total global aluminum production in 2005 (Economic Commission for Africa, 2004). To attract FDI, the authorities launched a wide range of tax incentives for foreign investors, and also established industrial zones. They also established several specific investment promotion institutions, and issued investment guarantees for foreign investors.

Mozambique was also one of the first low-income countries in sub-Saharan Africa to make use of public-private partnerships (PPPs) to develop its infrastructure. These arrangements offer opportunities to share the costs and risks associated with big infrastructure projects between the public and the private sectors, provided that they are properly structured and carried out to increase efficiency. Moreover, the private operator can contribute significant technical know-how and better execution skills than governments typically have. After some initial difficulties with individual PPPs, related to lower-than-projected user volumes, the authorities used PPPs successfully to operate major railway lines and to improve the performance of ports. Six of Mozambique's seven seaports are operating with the involvement of the private sector. The country also developed its road network with the help of concessions, but the quality of the road system remains poor, except for the toll road between Maputo and South Africa.

This box was prepared by Isabell Adenauer.

¹ FDI in Mozambique increased from an average of 1.5 percent of GDP in 1993–98 to 5.4 percent of GDP in 1995–2010 (World Bank, 2011; and IMF staff estimates).

Table 2.6. Burkina Faso: Cotton Reforms, 1992–2008

Year	Development
1992	Formal commitment made by Société Burkinabé des Fibres et des Textiles (SOFITEX), the national cotton parastatal company, to let producers' representatives participate in reform debate.
1999	State partially withdraws from the sector through partial privatization of SOFITEX.
2000–06	Economic activities—including provision of cereal input credit; management assistance of cotton groups; and participation in quality grading, financial management, and price bargaining—progressively delegated from SOFITEX and the government to the cotton union.
2002–06	New players—including private input providers, new regional private cotton monopsonies (SOCOMA, FASOCOTON), and private transport companies—begin operating in the sector.
2006–08	Price-setting mechanism changed to better reflect world price levels; new price-smoothing fund managed by an independent organization becomes operational in 2008.

Source: Kaminski, Heady, and Bernard (2011).

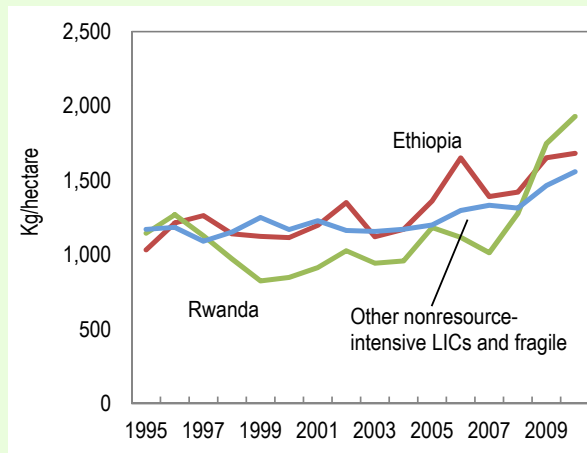
Box 2.4. Examples of National Programs Aimed at Raising Yields

In Ethiopia and Rwanda, the government played an active role in raising agricultural yields, including by providing extension services to small farmers and intervention in the fertilizer market (Figure 2.4.1).

In 1994, Ethiopia undertook a national program to promote the use of improved seeds and fertilizer. The National Agricultural Extension Intervention Program (NAEIP) provided integrated access to seeds, fertilizer, and credit to nearly 40 percent of farming households over a 10-year period. As a result, the use of improved seeds and fertilizer increased by nearly 50 percent and 30 percent, respectively, between 1998 and 2008 (Speilman, Kelemwork, and Alemu, 2011). However, while NAEIP was initially successful, gains in yield have been volatile, and the scale up fell short of expectations for increasing yields (the target was a doubling of yields). This was caused by inefficiencies stemming from government crowding out of the private sector via the extension services. The challenge ahead is to provide agricultural inputs in a more targeted manner, while motivating the private sector to take over the role of intermediary, to improve efficiency and limit costs for the government.

Rwanda has enjoyed significant growth in the agricultural sector since 2006, driven by higher crop yields and increased cultivation of arable lands. This was partly due to a comprehensive reform package, the Crop Intensification Program (CIP), focusing on crop regionalization (matching eligible crops for subsidy to agro-ecological conditions across regions), increasing use of fertilizer, land consolidation and protecting arable lands from erosion, as well as providing more productive seed varieties and extension services. As a result, yields have increased significantly, from being among the lowest to among the highest in sub-Saharan Africa. Unlike other fertilizer programs, the CIP had an exit strategy regarding fertilizer subsidies, and the subsidy was gradually phased out. Over the course of the program, fertilizer use increased 300 percent (Druilhe and Barreiro-Hurlé, 2012).

Figure 2.4.1. Sub-Saharan Africa: Cereal Yields, 1995–2010



Source: World Bank, *World Development Indicators*.
 Note: LIC = low-income country.

This box was prepared by Kareem Ismail.

Most of the labor force in the sample countries remains concentrated in the agricultural sector, and more significant productivity increases will be crucial to promoting inclusive growth and lifting more people out of poverty. It is estimated that the bulk of the sample countries' active labor force is engaged in the agricultural sector—about 80–81 percent in Mozambique and Burkina Faso, 71 percent in Uganda, and 65 percent in Tanzania (2010 estimates) (Fox and others, 2013). Moreover, most of the extremely poor rely on subsistence farming for their livelihoods. The limited increases in labor productivity and in total factor productivity of the agricultural sector in the sample countries discussed above therefore hampered more inclusive growth and faster reduction of poverty. Important structural obstacles include limited access to markets because of the lack of roads; limited crop research; lack of access to quality inputs such as seeds, fertilizer, and finance; and lack of property rights, which discourages farmers from investing in and planting on significant parts of available land.

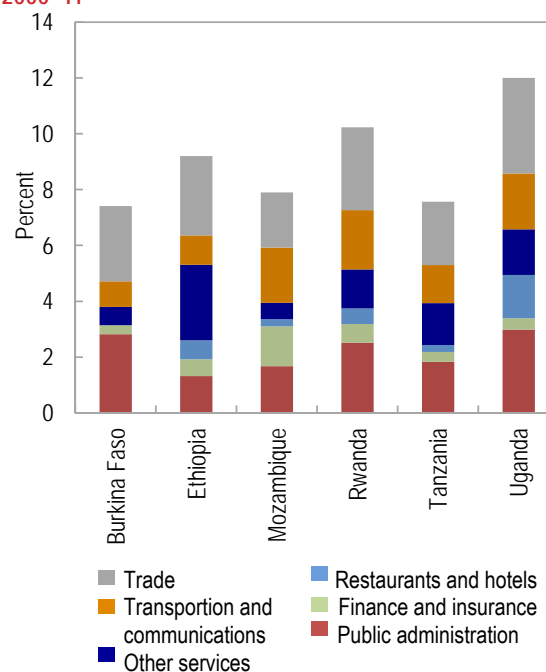
However, all countries have significant potential to increase their agricultural production in the future. The two coastal sample countries—Mozambique and Tanzania—have the greatest potential, because they have large areas of uncultivated land, coupled with relatively low cereal yields.

Where agricultural growth was driven by performance of cereal crops, growth proved more inclusive, and rural poverty declined more significantly. Growth in agriculture for Burkina Faso and Mozambique was primarily driven by cash crops such as cotton, sugar, and tobacco, whereas growth in Ethiopia and Rwanda was driven by increased production of staples. Growth in cash crops brought dividends from exports, whereas growth in staples helped support domestic food supply and lower poverty. Despite similar average growth rates in the agricultural sectors, rural poverty in Burkina Faso and Mozambique remained high, at about 50 percent and 70 percent, respectively, whereas it declined in Ethiopia by 15 percent during

1995–2010 to 30 percent; and in Rwanda, by 15 percent during 2006–11 to 49 percent.⁸

The service sector has been the strongest component of growth in the sample countries except in Ethiopia. A further decomposition shows that this contribution has been fairly equally shared between the various subcategories of services (Figure 2.17). Public administration and trade have made the largest contributions to the overall services sector, which might reflect higher government wages due to hiring in health and education, and estimates for the large informal sectors, in which trade plays a role. Growth in finance and insurance contributed the least, except in Mozambique, which may be related to the very large FDI flows that the country has experienced. Transportation and telecom has also made a large contribution—particularly the mobile phone market, which has grown exponentially in all countries and supported overall growth (Annex 2.1).

Figure 2.17. Sub-Saharan Africa Sample Countries: Contributions of Sectors to Services Growth, Average 2000–11



Source: IMF, African Department database.

⁸ Burkina Faso, Poverty Reduction Strategy Papers (2009); Ethiopia and Rwanda National Household Surveys; and World Bank analysis on Mozambique.

CONCLUDING REMARKS AND OUTLOOK

The country cases presented in this chapter highlight both the commonalities and the differences in the paths taken by the six fastest-growing nonresource-rich sub-Saharan African economies. The experience demonstrates that a shift in macroeconomic policymaking, combined with comprehensive structural reforms and sustained external financing, can create the fiscal space to finance productive investment and generate a growth dividend. These components are clearly interconnected and have been present in all these successes, but each of these economies reached this virtuous circle in somewhat different fashions.

However, some general observations can be drawn from the analysis of the six country cases:

Macroeconomic stability. All countries in the sample show that improved macroeconomic policies, structural reforms, and a greater degree of overall stability are crucial for economic growth. Greater fiscal space—reflecting expenditure prioritization and a combination of debt relief, aid, and greater domestic resource mobilization—can translate into higher levels of social and investment spending, supporting growth in both the near and medium terms. Lower inflation and a more predictable economic environment reduce risks and transaction costs, encouraging private sector activity. Improved macroeconomic policies also help to attract foreign financing, in the form of both foreign aid and private resources, such as FDI.

Effective use of foreign aid. The increased level and predictability of foreign aid enabled a greater focus on medium-term planning and greater opportunities for alignment with national poverty-reduction strategies.

Strong national policymaking institutions. Identifying and translating increased fiscal space into sustainable growth requires effective macro policymaking and strong institutions, in particular regarding public financial management capacity.

High investment levels. Sustained high investment levels are crucial to increasing the capital stock and boosting overall productivity levels. Investment in infrastructure is particularly important because it promotes private sector development by lowering overall business costs. The lack of an adequate transport infrastructure can bar large segments of the population from access to markets, particularly in rural areas, where poverty is concentrated.

Deeper financial markets. Deeper financial markets support growth by enhancing domestic savings to finance investment. Financial inclusion has tended to lag, and could—including through use of new technologies—be prioritized to make the growth process more inclusive.

Initial conditions are not so important. The majority of the countries in the sample are landlocked, and many were just emerging from conflict situations in the early 1990s. Postconflict and other fragile states can move onto rapid growth paths once a clear vision is formulated and consistently implemented.

Looking ahead, the question is whether the robust growth achieved in these six countries is sustainable. Even after a period of high growth, the six sample countries are still far from attaining their full potential—productivity and capital stocks remain relatively low; significant infrastructure gaps remain; exports are concentrated in a small number of products; cross-border trade within sub-Saharan Africa remains low; and there has been limited progress on the structural transformation of the economies. Thus, a large agenda remains, providing significant new growth opportunities.

Annex 2.1. Quantitative Assessment of Factors Influencing the Growth Surge

To assess the importance of the factors identified in the case studies in a quantifiable manner, this annex discusses a basic econometric specification of the determinants of the growth of real GDP per capita for low-income countries that are identified as nonresource-intensive (Table 2.7). The sample comprises countries in the low- and lower-middle-income country group as defined by the level of income per capita in 2010 (World Bank definition), for which natural resource exports account for less than 20 percent of total exports. Small states are excluded. This covers about 40 countries, 20 of which are in sub-Saharan Africa, and includes the six countries that are the basis of this chapter. The sample period is 1990–2011.

The case studies identified a few characteristics common to each of the six countries that stimulated

their recent growth rates. These include initial conditions, as measured by GDP per capita or agricultural output per capita, the level of schooling, the investment rate, foreign aid, and mega-projects (in particular for Mozambique).

The results, based on ordinary least squares regression, show an inverse relationship between the growth of real GDP per capita and the initial levels of agricultural productivity so that countries that began the period with low levels of agricultural productivity had faster growth rates (similar results hold when the random effects model is used).

This effect comes from both strong agricultural performance during the two decades (convergence in the agricultural sector is faster than for the whole economy), and from spillovers between the agricultural sector and other sectors. This finding may appear surprising, given the small sample of countries with similar levels of GDP per capita.

Table 2.7. Determinants of Real per Capita Output Growth

Dependent variable: Per capita real output growth							
	[1]	[2]	[3]	[4]	[5]	[6]	[7]
Initial output per capita	-0.003	0.001	-0.003	-0.006 *	-0.004	-0.006 *	-0.008 **
Initial agriculture output per capita	-0.045 ***	-0.043 ***	-0.038 ***	-0.039 ***	-0.043 ***	-0.039 ***	-0.042 ***
Real exchange rate (log)	-0.014 *	-0.011	-0.009	-0.015 *	-0.013 *	-0.014 *	-0.006
Schooling (log)	0.005	0.003	0.007 *	0.008 *	0.004	0.008 *	0.006
Public investment rate		0.046					
Investment rate	0.049 ***	-0.01	0.023	0.023	0.042 **	0.024	-0.02
Aid ratio	0.031	0.082 ***	0.066 **	0.061 *	0.035	0.060 *	0.102 ***
FDI ratio	-0.035	-0.136	-0.152 **				
External debt ratio	-0.005 ***	-0.01 *	-0.012 **	-0.014 ***	-0.005 ***	-0.014 **	-0.013 **
Real manufacturing output growth (Mozambique)			0.25 ***	0.279 ***		0.275 ***	0.192 ***
Cell phone subscriptions						0.002	0.002
Government effectiveness							0.013 **
Number of observations	708	331	564	591	737	536	398
R-squared	0.22	0.24	0.27	0.5	0.46	0.34	0.27

Source: IMF staff calculations.

Note: *, **, and *** indicate significance at the 10 percent, 5 percent, and 1 percent levels, respectively.

FDI = foreign direct investment.

However, in 1990, a few countries had relatively high levels of agricultural output per capita, but their growth prospects have faltered since (Burundi, Haiti, Madagascar, and Moldova). Moreover, a number of countries that have grown rapidly subsequently had relatively low initial levels of agricultural productivity (Cambodia, Egypt, Ethiopia, Ghana, and Malawi).

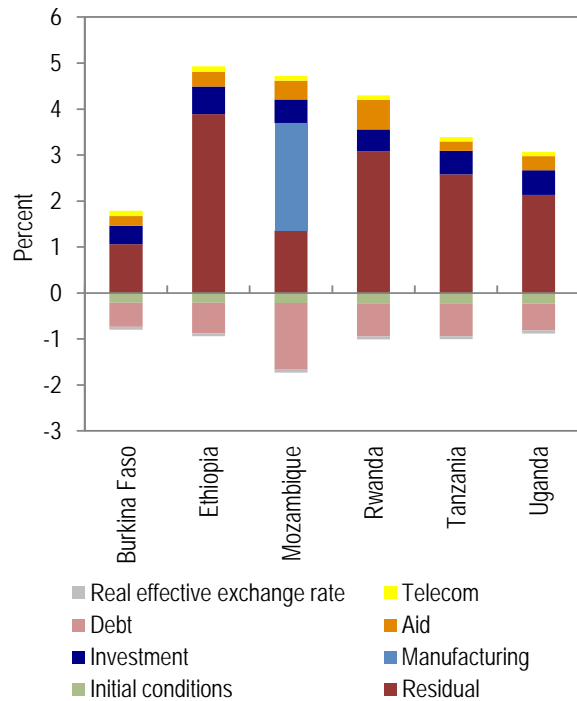
The investment rate, especially public investment, appears to be a driving force that propels output in most low-income countries, although aid also plays a determining role. Significant other determinants of per capita growth include the real exchange rate and the external debt ratio. Perhaps surprisingly, FDI does not appear to have played a determining role in the growth surge.

The manufacturing sector is an important determinant of output growth in Mozambique, dominated by mega-projects, such as the Mozal aluminum plant, and is consistent with the view that the manufacturing sector plays an important role in the

growth performance of some countries (Figure 2.18, which shows regression specification 6). The very large effect for Mozambique from manufacturing is partly a catch-all effect because the other variables cannot fully explain its growth surge. Depreciated real exchange rate levels have also benefited output growth, as have reductions in external debt.

Telecommunications, measured by cell phone usage, also has an effect on growth. This variable could also be capturing more generally the impact of technological change on output growth, a fact that would be consistent with the role of higher TFP growth in accounting for GDP growth shown in Box 2.2. However, the residual is fairly large for most countries, showing that not all country-specific factors are being picked up by the model specification. Finally, an indicator of government effectiveness based on surveys of perception has significant explanatory power, although its inclusion results in a considerable loss of observations. This outcome shows that the quality of public institutions can make a significant difference to the growth profile of individual countries.

Figure 2.18. Selected Countries: Contributions to Real GDP per Capita Growth, 2000–11



Source: IMF staff calculations.

3. Managing Volatile Capital Flows: Experiences and Lessons for Sub-Saharan African Frontier Markets

Throughout the past three years, the frontier market economies of sub-Saharan Africa have received growing amounts of portfolio capital flows.¹ During the 2000s, sub-Saharan African frontier markets garnered growing interest from foreign investors, but heightened risk aversion from the Great Recession temporarily caused investors to retreat. Since 2010, continued positive macroeconomic performance, coupled with unprecedented accommodative monetary policies in advanced economies, renewed foreign investors' interest on a much larger scale, resulting in sub-Saharan African frontier markets becoming more integrated with international capital markets. The number of sub-Saharan African countries with international credit ratings has increased, a large number of countries issued sovereign bonds—many of them for the first time—and foreign investors have become active players in some domestic bond and equity markets.

Although these increased foreign capital inflows may supplement domestic financing of investment, they also pose challenges. Compared with foreign direct investment (FDI), portfolio capital flows and cross-border bank loans tend to be more volatile and more sensitive to changing conditions in global financial markets. Most sub-Saharan African frontier markets have, so far, largely escaped the

turbulence in financial markets suffered by emerging and developing countries in recent months. However, there is still the risk that, in the future, capital flow volatility may overwhelm the relatively shallow financial markets of sub-Saharan African frontier markets and test the capacity of macroeconomic policies to adjust. Therefore, it is important for these countries to have in place or to strengthen frameworks so as to manage vulnerabilities to sudden reversals, should the related risks materialize.

Against this background, this chapter examines the evolution of capital flows since 2010, in particular portfolio and cross-border bank flows in sub-Saharan African frontier markets.² It discusses the macroeconomic policies and macroprudential policies that these countries have designed or implemented to reduce risks from the inherent volatility of these flows, and looks at how such policies might need to be strengthened as these countries become more integrated with the global financial system. It also examines the appropriate role for capital flow measures (CFMs). In this way, the chapter updates some of the work done in the April 2011 *Regional Economic Outlook: Sub-Saharan Africa*, and complements the analysis of issues surrounding new international sovereign bond placements of sub-Saharan African frontier economies in the April 2013 *Regional Economic Outlook: Sub-Saharan Africa*.

The analysis in this chapter suggests that sub-Saharan African frontier markets should strengthen policy frameworks to ensure that access to capital markets is beneficial. Specifically, as these countries become more integrated with the global financial system, they need to reduce vulnerabilities associated with capital flow surges and capital reversals in the short term as well as in the long term. Therefore,

This chapter was prepared by Cheikh Anta Gueye, Javier Arze del Granado, Rodrigo Garcia-Verdu, Mumtaz Hussain, Byung Kyoong Jang, Sebastian Weber, and Juan Sebastian Corrales, with supervision by Trevor Alleyne and Mauro Mecagni, and under the guidance of Anne-Marie Gulde-Wolf.

¹ In this chapter, a relatively wide definition of frontier markets for sub-Saharan Africa is adopted. Criteria used to select countries include recent growth dynamics and prospects, financial market development, general institutional conditions and evolution, and political conditions and perspectives. Although some of the countries are not included in investment bank indices, there has been sufficient foreign investor interest during the past five to ten years to warrant their consideration here. The list includes Ghana, Kenya, Mauritius, Mozambique, Nigeria, Senegal, Tanzania, Uganda, and Zambia (*Regional Economic Outlook: Sub-Saharan Africa*, April 2011).

² The April 2011 *Regional Economic Outlook: Sub-Saharan Africa* examined capital flow developments in sub-Saharan Africa up to 2009.

the following recommendations are provided for sub-Saharan frontier market economies:

- *Improve data.* The first step in being able to manage capital flows is to be able to monitor them effectively with data that are timely and of good quality. IMF Article IV reports for most sub-Saharan African frontier markets have already highlighted the need to strengthen balance of payments data, including the coverage of cross-border private capital flows and stocks.³
- *Enhance macroeconomic and financial policies.* The management of capital flows is more likely to be successful if it is supported by sound fiscal, monetary, and exchange rate policies and adequate fiscal and international reserve buffers.
- *Improve capacity to effectively use macroprudential policies.* In sub-Saharan African frontier markets, supervisory resources, including qualified staff, the availability of high-frequency data, and analytical tools to assess systemic risks, are limited and will need to be strengthened to ensure the effectiveness of macroprudential policies.
- *Exercise caution in the use of capital flow management measures.* The imposition of new CFMs could jeopardize further financial sector deepening, so it should be considered to be a temporary measure in the context of managing a crisis or near-crisis situation (IMF, 2013e).

³ A survey of the issues raised in the Article IV staff reports on the quality of data include (1) large net errors and omissions for the published balance of payments; (2) data collection on transactions in nonresident securities is still a challenge; (3) unreliable current and capital transfer split for foreign aid and no detailed data on the costs of embassies abroad; (4) poor coverage of reinvested earnings; (5) data on outstanding debt stocks and principal payments are inconsistent; (6) financial account is incomplete because it does not record substantial transactions in assets; and (7) flows and stocks of gross international reserves and net foreign assets position often require substantial adjustments.

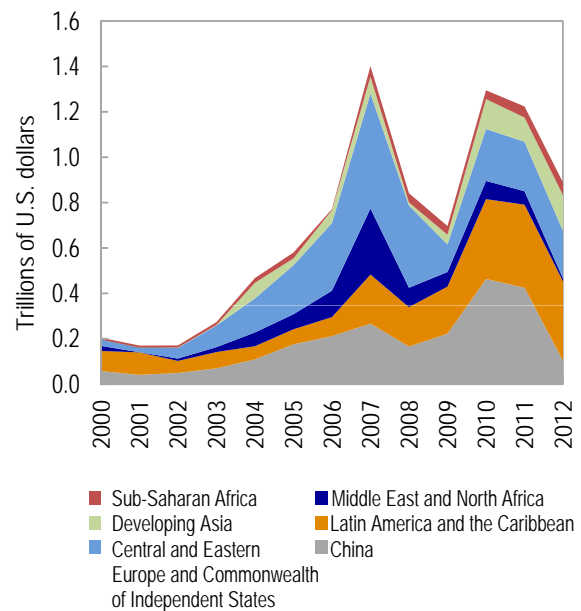
SHORT-TERM FLOWS IN SUB-SAHARAN AFRICAN FRONTIER MARKETS

Nature and characteristics of capital flows

Private capital flows to sub-Saharan Africa grew considerably in the past decade. In the past, Africa had to rely heavily on official resources to finance balance of payments needs. Since 2010, however, easy global financial conditions combined with sustained high growth and improved economic prospects led to a significant increase in private capital inflows to sub-Saharan African countries (Box 3.1 and Figure 3.1). During 2010–12, net private flows to sub-Saharan African countries doubled, from a low base, compared with the 2000–07 period; in sub-Saharan African frontier markets, however, there has been a fivefold increase.

Sub-Saharan African frontier markets were the main beneficiaries of the recent surge in private capital flows. Although FDI contributed significantly to this trend, portfolio and cross-border bank flows also increased (Figure 3.2), surpassing the US\$17 billion mark in 2012. Ghana, Nigeria, and Zambia were the main beneficiaries among sub-Saharan

Figure 3.1. Selected Regions: Capital Inflows, 2000–12



Source: IMF, World Economic Outlook database.

Note: Capital inflows are defined as the aggregate of foreign direct investment, portfolio, and other liabilities.

Box 3.1. Drivers of Portfolio Flows to Sub-Saharan African Frontier Markets

Both push and pull factors contributed to the surge in portfolio private capital flows to sub-Saharan African frontier markets between 2011 and 2013:Q1. Push factors include weak economic growth, excess liquidity, and low bond yields in advanced economies. Pull factors include the better economic prospects in sub-Saharan African frontier markets. Improved macroeconomic policy management, low debt levels, and structural reforms, including those related to the development of capital and securities markets, have encouraged foreign investment. Some factors, such as excess global liquidity, are cyclical; others, such as the positive potential growth differential between sub-Saharan African frontier markets and advanced economies, are structural and may persist. One important factor—investor risk aversion—is highly volatile, and can change abruptly in response to political as well as economic events.

An econometric analysis of the determinants of net portfolio flows in sub-Saharan African frontier markets did not yield convincing results. Although the global risk aversion variable (VIX) was negative and significant and robust across many model specifications, none of the other push or pull factors were statistically significant—most likely because of a combination of factors, including poor data quality (Annex 3.1).

Table 3.1. Examples of Factors Affecting Capital Flows

	Cyclical	Structural
Push (from outside sub-Saharan Africa)	<ul style="list-style-type: none"> ● Interest rates in advanced economies ● Global risk aversion 	<ul style="list-style-type: none"> ● International portfolio diversification ● Potential growth differential between advanced and sub-Saharan African frontier markets
Pull (inside sub-Saharan Africa)	<ul style="list-style-type: none"> ● Commodity prices ● Domestic interest rates ● Domestic inflation ● Exchange rate stability 	<ul style="list-style-type: none"> ● Fiscal and external balance sheets ● Trade openness and other reforms ● External capital account openness

This box was prepared by Javier Arze del Granado, Mumtaz Hussain, and Juan Sebastian Corrales.

African frontier markets (Table 3.1).⁴ These countries recorded estimated portfolio flows of about 1.9 percent of GDP, 2.7 percent of GDP, and 1.6 percent of GDP, respectively. For the other sub-Saharan African frontier markets, portfolio flows still remain quite small. Cross-border bank lending to sub-Saharan African frontier markets also rose (Table 3.2), but net deposit positions remained stable for banks as deposits in foreign banks grew steadily (Figure 3.3). Also, equity and bond flows increased (Figure 3.4).

Although portfolio flows to sub-Saharan African frontier markets remain tiny compared with flows to other emerging and developing economies, their importance relative to country size is about equal. During 2010–12, net portfolio flows to sub-Saharan African frontier markets still constituted a small share of total net portfolio flows to emerging and

developing countries. This share has, however, almost doubled compared with 2000–07. More important, during 2010–12, sub-Saharan African frontier markets' net portfolio flows as a share of country GDP outstripped those of emerging and developing economies (about 1.8 percent versus 0.9 percent for emerging and developing countries).

Beginning in June 2013, capital flows in emerging market economies became particularly volatile. Through mid-September 2013, following the May announcement by the U.S. Federal Reserve chairman about the possible tapering off of unconventional monetary policy, outflows from emerging market mutual funds reached US\$50 billion (3.9 percent of total), with roughly US\$23 billion coming from bond funds. Although the June 2013 emerging market economy sell-off was broad based, the renewed volatility in August that followed some stabilization in July was more selective. Countries with weaker fundamentals, such as Brazil, India, South Africa, and Turkey, have experienced large depreciations and exchange rate volatilities

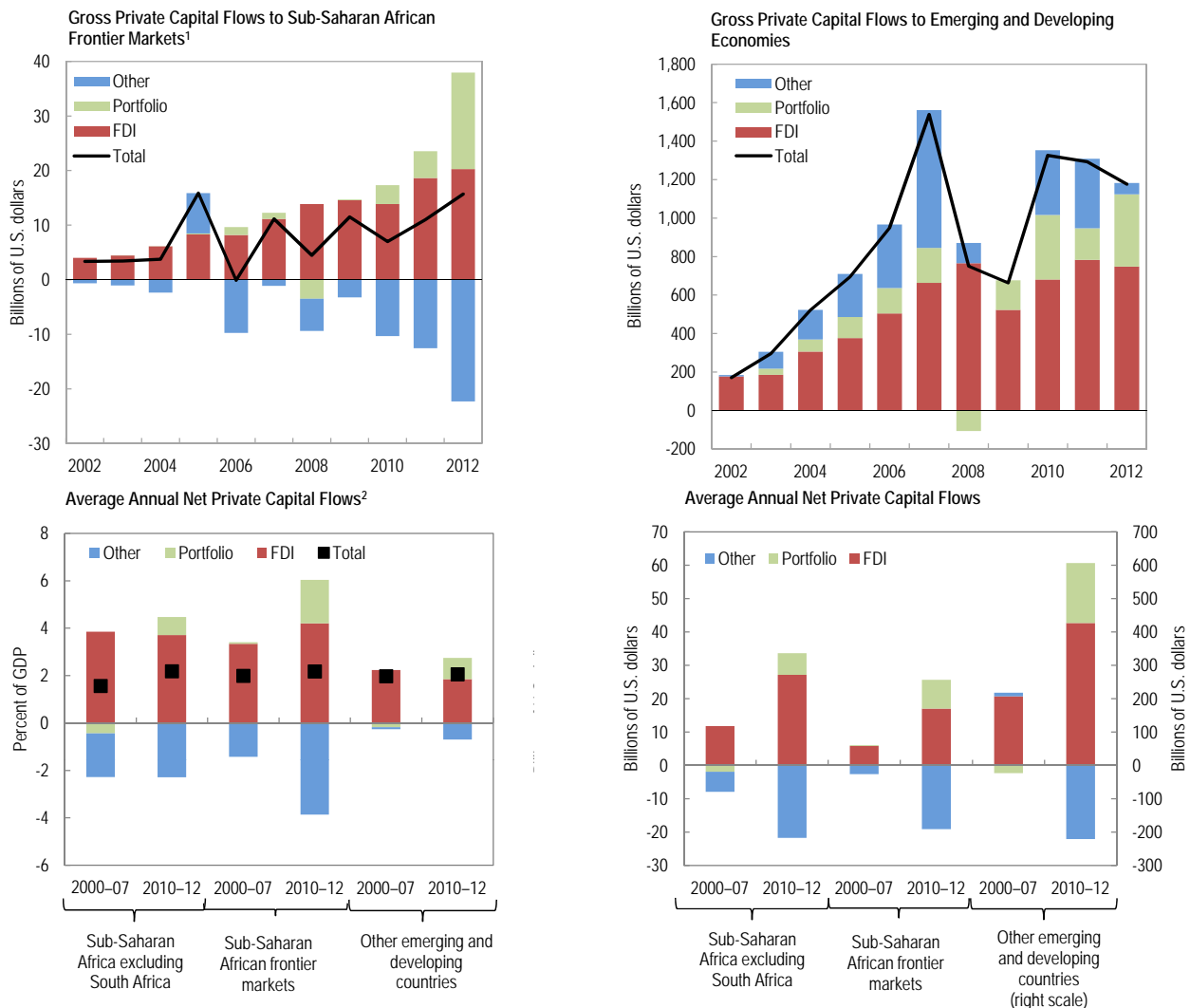
⁴ The capital inflows recorded by Senegal since 2010 are mostly, if not exclusively, related to the Eurobond issued in 2011, which was used in part to repay early a Eurobond issued in 2009 (which may explain a negative number for “other” in Table 3.1).

(Figures 3.5 and 3.6)—measured as the percentage change in the exchange rates of their national currencies versus the U.S. dollar—sharper declines in equities, greater widening of sovereign spreads and local bond yields, and generally greater outflows from bond funds.

Most sub-Saharan African frontier markets have so far been largely unscathed by the current turmoil

affecting emerging and developing economies. In aggregate terms, U.S. dollar-denominated debt of sub-Saharan African frontier markets has not sold off as dramatically as that of the more liquid emerging and developing economies. Between May 22 and late August, the broader emerging market bond index (EMBIG) declined by 8.5 percent, while the average frontier market bond price has declined by 5 percent (MCM, GMM, August 23).

Figure 3.2. Selected Regions: Private Investment



Source: IMF, World Economic Outlook database.

Note: FDI = foreign direct investment.

¹ Gross private capital flows are defined as the aggregate of liabilities related to foreign direct investment, portfolio, and other. Other investment is a residual category that includes short- and long-term loans, deposits, trade credits, and other financial transactions not covered in direct investment, portfolio investment, or reserve assets. Liabilities to official creditors are excluded.

² The World Economic Outlook database follows the convention used in the *Balance of Payments Manual*, fifth edition, in which an increase in financial assets (outflow) is recorded as a negative number. Conversely, an increase in financial liability (inflow) is recorded as a positive number. Thus, net flows are calculated as the sum of assets and liabilities. The category Other excludes liabilities to official creditors.

Table 3.1. Sub-Saharan African Frontier Markets: Average Private Flows
(Percent of GDP)

	Period	Total	Foreign		
			Direct Investment	Portfolio ¹	Other ²
Ghana	2000–07	-3.1	1.4	0.0	-4.5
	2010–12	7.3	8.1	1.9	-2.7
Kenya	2000–07	1.9	1.2	-0.1	0.8
	2010–12	8.2	2.3	0.0	6.0
Mauritius	2000–07	2.0	1.4	-0.6	1.2
	2010–12	10.7	2.4	0.0	8.4
Mozambique	2000–07	8.2	4.8	-0.4	3.8
	2010–12	23.8	23.8	0.0	0.1
Nigeria	2000–07	1.1	4.0	0.2	-3.0
	2010–12	-2.5	2.5	2.7	-7.7
Senegal	2000–07	4.3	1.2	0.2	2.9
	2010–12	3.0	2.0	3.5	-2.5
Tanzania	2000–07	4.7	3.9	0.0	0.7
	2010–12	6.9	5.3	0.0	1.6
Uganda	2000–07	4.1	3.9	0.1	0.1
	2010–12	7.2	5.4	0.3	1.5
Zambia	2000–07	9.9	6.4	0.3	3.2
	2010–12	-5.6	5.0	1.6	-12.2
Sub-Saharan African frontier economies	2000–07	2.0	3.3	0.1	-1.4
	2010–12	2.2	4.2	1.8	-3.9
Other emerging market economies	2000–07	2.0	2.2	-0.2	-0.1
	2010–12	2.1	1.9	0.9	-0.7

Source: IMF, World Economic Outlook database.

¹ Portfolio investment includes, in addition to equity securities and debt securities in the form of bonds and notes, money market instruments and financial derivatives such as options.

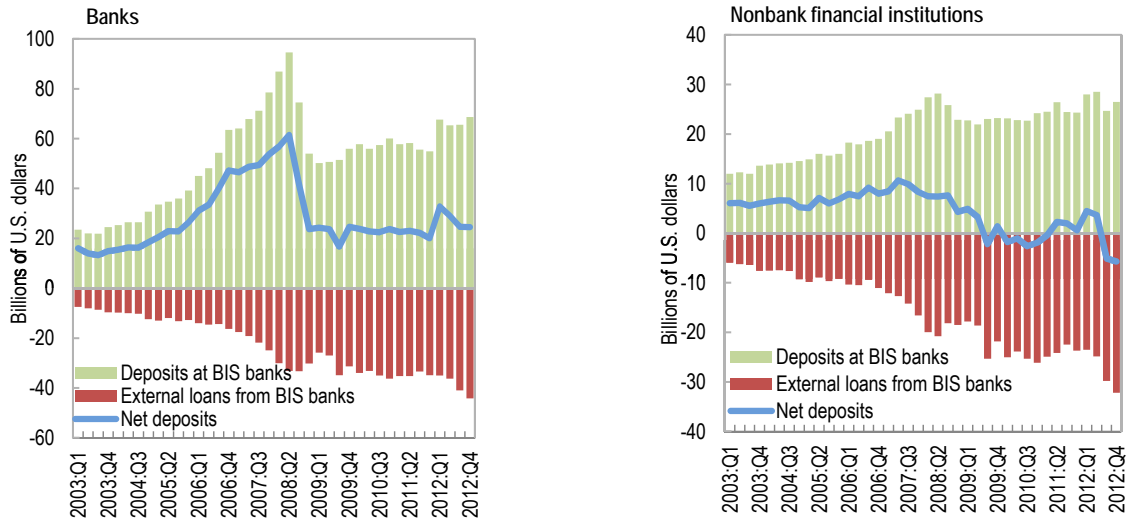
² Other investment is a residual category that includes all financial transactions not covered in direct investment, portfolio investment, or reserve assets, excluding liabilities to official creditors.

Table 3.2. Cross-Border Bank-Related Flows to Sub-Saharan African Countries
(Billions of U.S. dollars)

	Total Loans		Loans to Nonbanks	
	2000–04	2010–12	2000–04	2010–12
Sub-Saharan Africa	50	109	39	51
Sub-Saharan Africa (excluding South Africa)	35	82	28	39
Sub-Saharan African frontier economies	8	36	6	25
Other sub-Saharan African countries (excluding South Africa)	28	46	22	14

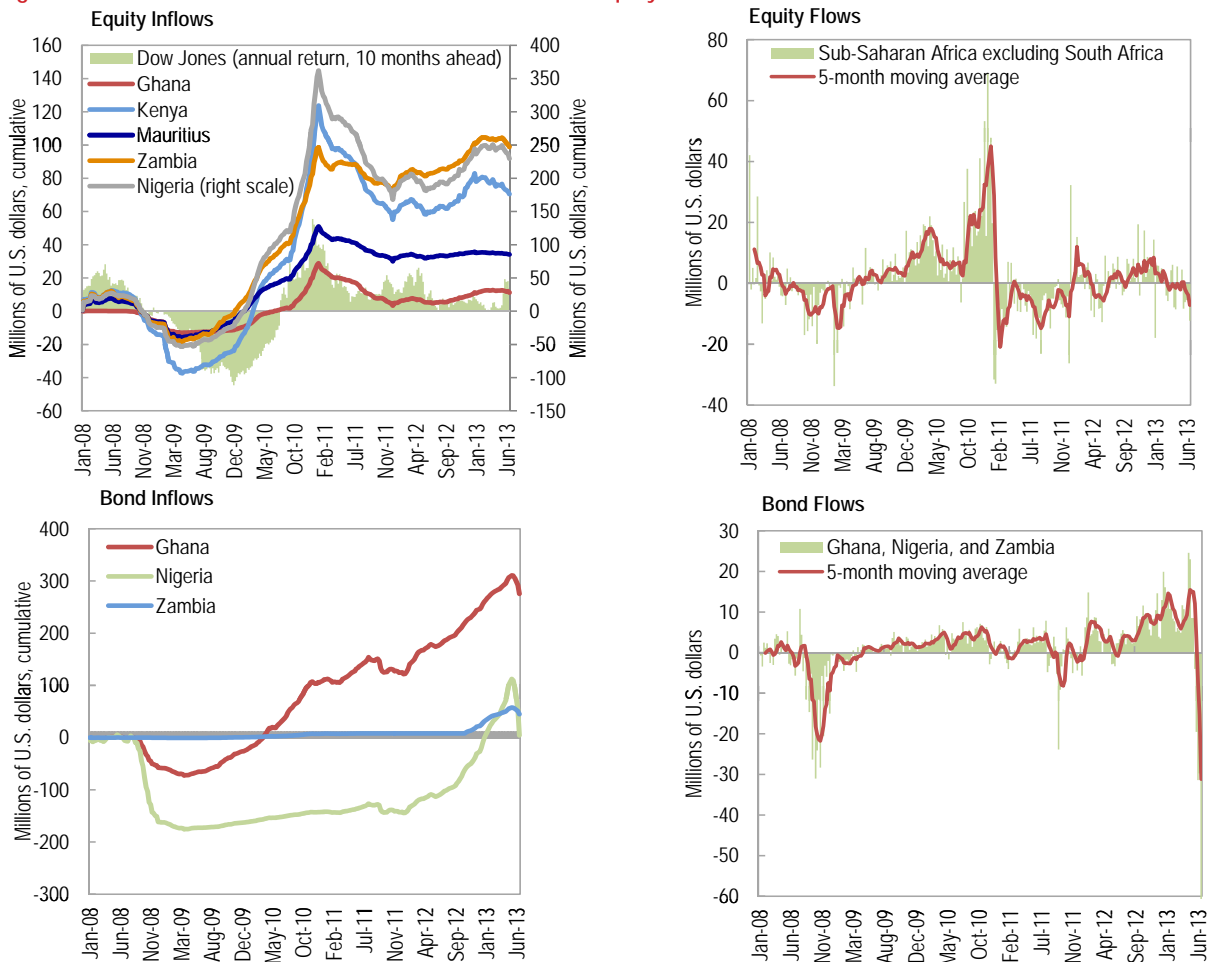
Sources: Bank for International Settlements (BIS) locational banking statistics.

Figure 3.3. Sub-Saharan African Frontier Markets: External Loans from and Deposits at BIS-Reporting Banks



Sources: Bank for International Settlements (BIS), locational banking statistics.

Figure 3.4. Sub-Saharan Africa: Trends and Fluctuations in Equity and Bond Flows



Source: EPFR Global.

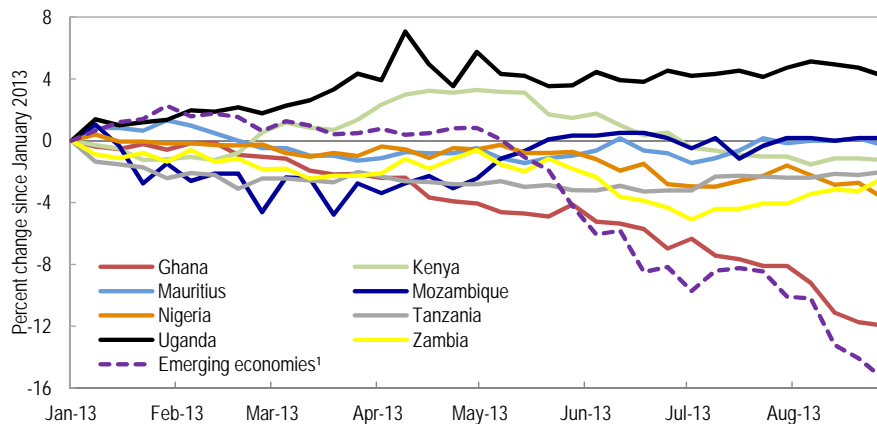
Similarly sub-Saharan frontier markets' currencies, with the exception of the Ghanaian cedi, have come under relatively little pressure compared with those of some emerging market economies (Figures 3.5 and 3.6). Some countries, however, such as Ghana and Tanzania, experienced widened bond spreads comparable to those of emerging markets (Figure 3.7).

The relatively muted impact on some sub-Saharan African frontier markets is possibly due to their liquidity levels. Frontier markets represent a tiny fraction of the overall portfolio of dedicated emerging market investors and are very illiquid. So even when dedicated emerging market investors have needed liquidity, they may have been forced to sell the most liquid assets first. Frontier positions tend to be retained for longer. However, if foreign

investors do liquidate their positions in such markets, the effect could be amplified because there are not enough participants in the domestic market to substitute for the foreign investor.

Where liquidity conditions permitted, investors have differentiated among sub-Saharan African frontier markets based on their economic fundamentals. The more liquid sub-Saharan African frontier market currencies faced relatively more pressures in the second stage of the sell-off (June 24–mid-September) than in the first stage of the sell-off (May 22–June 21). Ghana (Box 3.1), which is facing double-digit inflation, a high fiscal deficit, and relatively low international reserves, has underperformed other frontier currencies in the period (Figures 3.5 and 3.6). In Nigeria, which is the only

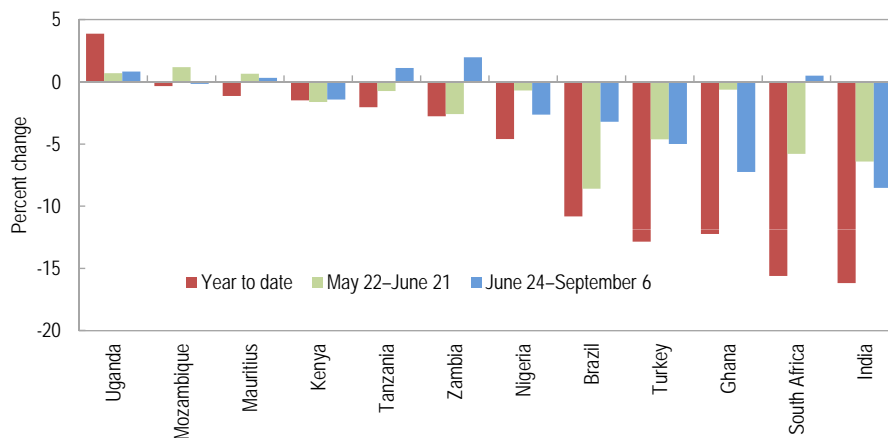
Figure 3.5. Sub-Saharan Africa Frontier Markets: Exchange Rate Depreciation, 2013



Source: Bloomberg, L.P.

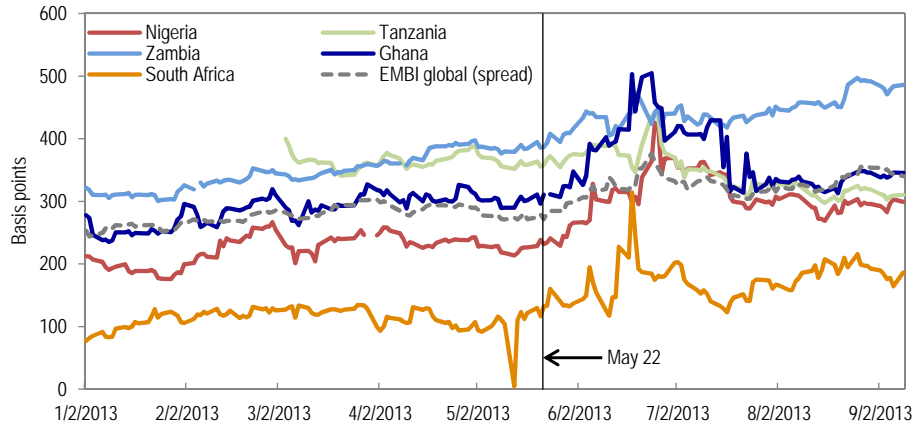
¹ Emerging economies is a weighted average of Brazil, India, South Africa, and Turkey.

Figure 3.6. Sub-Saharan Africa: Exchange Rate Volatility, 2013



Source: Bloomberg, L.P.

Figure 3.7. Sub-Saharan Africa: Government Bond Yield to Maturity Spreads to 10-year U.S. Bonds, 2013



Sources: Bloomberg, L.P.; and IMF staff calculations.

in the major emerging market domestic government bond indices, the naira has come under some pressure (Box 3.1). After May 22, the naira slightly depreciated (Figures 3.5 and 3.6), and there was an increase in government bond yields (Figure 3.7). However, this pressure seems to have subsided; the authorities’ strategy to use their ample international reserves to keep the naira relatively stable and the strong outlook for oil prices have calmed investors thus far.

The relatively muted impacts in other sub-Saharan African frontier markets may not be sustained if the financial turmoil affecting emerging market economies persists. Ghana, Kenya, Tanzania, and

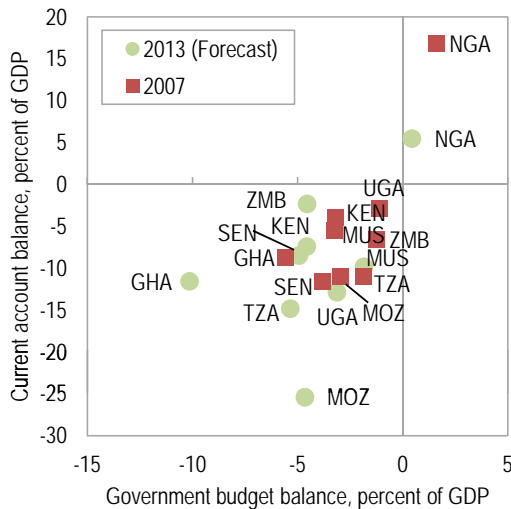
Zambia seem to be the most exposed to shifts in foreign investor appetite for risky assets given their large current account deficits, deteriorating fiscal balance, or both (Figure 3.8).

Macroeconomic impact of recent portfolio capital flows

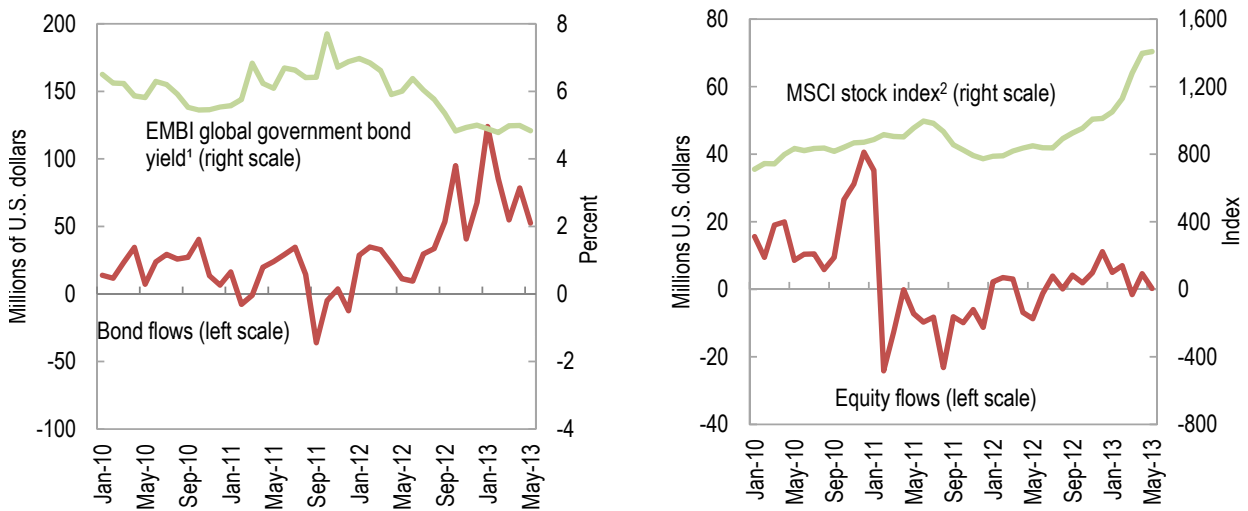
The surge in portfolio flows into some sub-Saharan African frontier markets during the 2011–13:Q1 period had important macroeconomic effects. With the exception of Nigeria, Kenya, and Mauritius, most portfolio inflows may have contributed to expansionary fiscal policies (Figure 3.8). Inflows also generally induced declining government bond yields (Figures 3.9) and funded government bond purchases. In Nigeria and Kenya, inflows also funded purchases of equities and private bonds, resulting in a sharp run-up in stock prices that exceeded the average increases in stock markets in emerging market economies or advanced economies (Box 3.3). In some countries, capital inflows, in the form of cross-border bank loans, fueled credit growth. However, in general, private credit growth in sub-Saharan African frontier markets remained broadly in line with nominal growth of GDP.

Policymakers in sub-Saharan African frontier markets used part of these capital inflows to rebuild international reserves and prevent large appreciations in their currencies (Figure 3.10). In Nigeria, reserves jumped from 5 months of imports to 6.8 months of imports between end-2011 and 2013:Q1, while the naira appreciated slightly by

Figure 3.8. Sub-Saharan African Frontier Markets: Twin Deficits



Source: IMF, World Economic Outlook database.

Figure 3.9. Sub-Saharan African Frontier Markets: Portfolio Flows

Sources: EPFR Global; and Thomson Reuters.

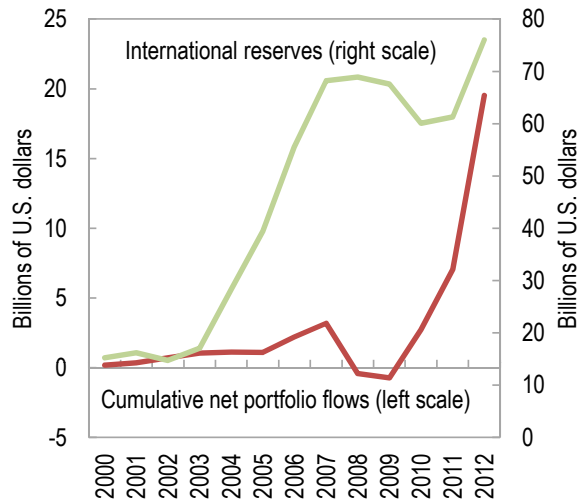
¹ The EMBI global government bond yield is the average of Ghana, Nigeria, Senegal, and Zambia.

² The MSCI stock index is the average for Ghana, Kenya, Mauritius, Nigeria, and Zimbabwe.

about 3 percent against the U.S. dollar during that period. In some countries, central banks confronted the task of ensuring that the increase in liquidity arising from the capital inflows did not subvert their inflation and other monetary policy objectives. Thus, in Nigeria, although policy rates were kept unchanged, the authorities raised the cash reserve requirement. In a number of countries, central banks also needed to step up open market

operations to sterilize the capital inflows. However, in light of concerns about large sterilization costs (Mauritius) and weak central bank capital position (Zambia), some countries at times allowed excess liquidity to build up.

POLICY RESPONSES TO CAPITAL FLOWS IN SUB-SAHARAN AFRICAN FRONTIER MARKETS

Figure 3.10. Sub-Saharan African Frontier Markets: Net Portfolio Flows and Gross International Reserves

Sources: IMF, World Economic Outlook database; and IMF, *International Financial Statistics*.

Managing volatile capital flows has not yet created major policy challenges in most sub-Saharan African frontier markets. Looking ahead, however, given the trend toward deeper integration with global financial markets, sub-Saharan African frontier markets are likely to become increasingly vulnerable to global financial shocks. In that context, a key emerging lesson is the need for coherent macro-economic frameworks that are credible and well communicated. Experience in the more troubled countries and discussions of expected U.S. Federal Reserve tapering with sub-Saharan central banks in East Africa highlight the need for clarity in the monetary framework, avoiding loose talk on the imposition of capital controls, which may lead to deteriorating confidence and worsen the situation.

How prepared are sub-Saharan African frontier markets to handle the consequences of increased integration with global capital markets? Managing volatile capital flows typically requires a combination of (1) macroeconomic policies, which should be primary adjustment policies; (2) macroprudential policies and prudential tools designed to limit systemic financial risk; and (3) CFMs, which should not be substitute for policy adjustment, but could play a temporary role, buying time to implement more fundamental adjustment. The specific policy mix depends on, among others factors, existing macroeconomic conditions, the quality of domestic prudential regulation, and related institutional development.

Macroeconomic policies

Whenever possible, macroeconomic policies should be the primary instruments used to minimize any undesirable macroeconomic effects from volatile capital flows (IMF, 2013e). However, ensuring maximum macroeconomic policy flexibility requires the maintenance of overall macroeconomic stability along with adequate buffers. These conditions are typically not always present; thus, the recommended mix of macroeconomic policies is likely to differ across countries. In particular, some sub-Saharan African frontier markets exhibit areas of macroeconomic vulnerability with limited depth of financial and credit markets, constraining their monetary policy options. In addition, timely policy implementation is critical, which requires adequate and timely data on sources and types of capital flows and on other macroeconomic indicators. Therefore, sub-Saharan African frontier markets will need to invest in building their capacity to collect and analyze data on capital flows and, more generally, capital and financial accounts of the balance of payments as well as asset prices, particularly real estate prices.

In considering an appropriate policy response for a given country, several factors must be taken into account. These include (1) a current assessment of the exchange rate and competitiveness; (2) analysis of foreign exchange reserve adequacy—both for import cover and for short-term debt and other

liabilities cover—and also of the alignment of the exchange rate with fundamentals⁵ (Table 3.3); (3) the cyclical position of a country, including its output gap and the extent of inflation pressures; (4) the extent of risks for asset bubbles; and (5) the balance sheet conditions of banks, corporate entities, and financial intermediaries. Thus, for example, Nigeria, with a healthy international reserve buffer and a currency generally in line with fundamentals, can choose to intervene in the foreign exchange market as part of its strategy to manage capital outflows caused by a perceived temporary episode of global risk aversion (IMF, 2012c). Its robust economic growth and still high inflation also suggest that some tightening of monetary conditions might also be used. Ghana, however, with much lower reserves, and large fiscal and current account deficits, would need to allow its currency to adjust, while also substantially tightening monetary and fiscal policies to attenuate the capital outflow and reduce its need for foreign financing, respectively (IMF, 2013f).

Table 3.3. Sub-Saharan African Frontier Markets: Real Exchange Rate and International Reserves Performance

Country	2012 Exchange Rate Assessment	End-2012 Reserves in Months of Imports
Ghana	+	2.8
Kenya	0	3.8
Mauritius	0	4.3
Mozambique	0	3.3
Nigeria	0	5.7
Senegal ¹	0	5.2
Tanzania	0	3.4
Uganda	0	4.2
Zambia	0	3.3

Sources: IMF, African Department database; and IMF country staff reports.

Note: + signifies an overvaluation of national currency and 0 means that the real exchange rate is aligned with economic fundamentals.

¹West African Economic and Monetary Union (WAEMU) reserves in months of imports excluding intraregional trade.

⁵ With a few exceptions, the real exchange rates in frontier markets have remained aligned with fundamentals despite the surge in capital inflows. Until end-2012, only Ghana seems to have had an overvalued exchange rate while no other appreciation pressures are recorded for the rest of sub-Saharan frontier market economies. Moreover, real exchange rates weakened recently in most of the frontier market countries.

Macroprudential measures

Apart from complicating macroeconomic management, volatile capital flows may increase financial system risks. Capital inflow surges may jeopardize banking system stability if they facilitate excessive credit growth by banks or foster asset/liability currency mismatches. Surges might also fuel asset price bubbles (for example, in real estate or in the equities market). The Nigerian banking crisis of 2009 was fueled, in part, by foreign borrowing by banks, the proceeds of which were used to invest in the stock market. When the stock market bubble burst, a number of banks became insolvent. Therefore, macroprudential policies also have an important role to play in managing capital flows.

Although macroeconomic policies can limit the adverse impact of volatile capital flows, they cannot completely insulate sub-Saharan African frontier markets from major global financial shocks. To limit negative spillovers, policies that promote sound and stable domestic financial systems are important. Healthy local banking systems would provide a buffer like they did after the global financial crisis. In this context, reported capital adequacy ratios exceed regulatory norms in most sub-Saharan African frontier markets, whereas recognized non-performing loans are relatively low compared with those in other low-income countries. Nevertheless, as sub-Saharan African frontier markets become more integrated into the global financial system, it will be important for policymakers and supervisors to better tailor prudential regulations to address systemic risks arising from such integration and build capacity to monitor and assess risks associated with cross-border activities.

Macroprudential instruments can be grouped in three broad categories: (1) tools to address threats from excessive credit expansion in the system (countercyclical capital requirements, dynamic provisioning, increased risk weights); (2) tools to address key implications of systemic financial risk (caps on foreign currency lending, limits on maturity mismatches, limits on net open currency positions); and (3) tools to mitigate structural vulnerabilities and limit spillovers from banking

stress (bank resolution requirements, disclosures for markets and institutions targeting systemic risks).

Sub-Saharan African frontier markets have started to adopt macroprudential measures in varying degrees (Box 3.4). In Nigeria, the authorities recently reviewed the risk weights on certain industry exposures in the computation of the capital adequacy ratio and have also limited bank investments in the stock market. In Uganda, currently the authorities are designing contingency plans to deal with excessive inflows through macroprudential means. However, in sub-Saharan African frontier markets, where financial systems are becoming more complex, effective macroprudential policies will require the authorities to strengthen technical capacity and improve information. For example, in these economies, as in emerging market and developing economies, nonbank financial institutions (such as pension funds and insurance companies) are becoming systemically important, and nonbank financial institutions can account for a significant share of the financial system's total assets, and be a source of funding to banks. Linkages among financial institutions are increasing and becoming more complex; financial institutions are becoming more integrated with the global economy, and cross-border banking activities are growing rapidly. However, supervisory processes have traditionally focused on compliance with regulations for individual banks instead of the monitoring of systemic risks. In addition, supervisory resources, including qualified staff and analytical tools, are limited (Beck and others, 2011). And limited high-frequency data on the concentration of risks within the system impede the efficient monitoring of systemic vulnerabilities.

Strengthening supervisory capabilities for the enhanced use of macroprudential policies would require the following: (1) developing ways to monitor a risk buildup; (2) putting in place indicators and analytical tools to detect when risks are about to materialize; and (3) using macroprudential tools in a timely manner (IMF, 2011c). For instance, the recent Financial Sector Assessment Program for Nigeria recommended that the authorities continue to strengthen consolidated

supervision of financial entities and improve capacity for cross-border supervision, given the increase in cross-border operations of Nigerian and regional banks. Mauritius also recently started joint supervisory exercises for important financial institutions, and improved significantly the coverage and quality of its balance of payments statistics, better capturing flows related to the offshore banking sector. Although a number of countries have developed high-frequency indicators of economic activity as part of an exercise in improving their monetary policy frameworks, similar data and reporting requirements for capital flow characteristics (for example, origin, destination, type of investment, maturity, and so on), which would be essential for close monitoring and analysis of emerging risks, are largely absent.⁶

In certain circumstances, attempts to apply more sophisticated macroprudential measures in limited capacity settings may backfire. For example, employing countercyclical capital provisioning requirements in the absence of high-frequency data, or a countercyclical limit on banks' net open foreign exchange (FX) positions in the absence of timely and high-quality data on the type and maturity of banks' FX assets and liabilities, could amplify business cycles and create FX liquidity crunches that negatively affect bank stability.

Capital flow management measures

Based on the recent capital inflows period, the IMF has revisited the toolkit for addressing the risks from surges in capital flows. In its “institutional view” (IMF, 2013e), the IMF notes that in certain circumstances CFMs can play a complementary role in supporting macroeconomic adjustment and safeguarding financial stability. In particular, CFMs may be temporarily appropriate if the room for adjusting monetary, fiscal, and exchange rate policies is constrained—either through limited macroeconomic space or possible destabilizing balance sheet effects in the financial sector.

⁶ In the 2012 Article IV consultation, the Nigerian authorities indicated that they were mindful of the risk of capital flow reversals and thus were closely monitoring the surge in inflows, especially by keeping track of the maturity distribution of the securities that were being purchased.

CFMs may also buy time in cases in which policy adjustments take time to implement. However, CFMs should be temporary and not substitute for necessary macroeconomic adjustment or financial stability measures.

Most sub-Saharan African countries have only partially liberalized their capital accounts, and remaining restrictions may affect capital flows even though they were not designed for that purpose (Box 3.5). Measures in place in frontier markets include residency-based or currency-based limits (tax or regulation) on capital flows. For example, in Tanzania, nonresident purchases of domestic treasury securities are not permitted, whereas Ghana and Kenya restrict nonresident purchases of government securities to longer maturity instruments. Restrictions on outflows also exist and generally predate the 2008–09 global crisis. Although outflow CFMs on nonresidents are typically less onerous than those on residents, this is not always the case. In Senegal, for example, most capital outflows involving transactions with nonresidents would require prior approval. Tanzania imposes a minimum holding period of three months for all equity shares purchased locally by nonresidents.

If a restrictive capital account framework is in place, the use of additional CFMs for capital account management may be more difficult than otherwise. With an already-complex regulatory framework additional measures may have negative feedback effects on investor confidence. Therefore, when faced with a surge of capital flows, frontier markets may want to be mindful of potential drawbacks, and carefully assess the costs and benefits of CFMs. Costs could include damaging effects on future inflows and reputational risks for the country's investment environment. These potential drawbacks will be particularly large if a CFM would limit capital outflows.⁷ Hence, for those frontier markets with a reputation for a relatively open capital account (for example, Nigeria and Mauritius) and

⁷ For example, the temptation to use restrictions on bank deposits in low-capacity settings as a tool to control capital outflows would not be advisable because they can severely disrupt economic activity, confidence in the financial system, and prospects for financial deepening.

other sub-Saharan African frontier markets seeking to build such a reputation, the costs of introducing new CFMs may be relatively high.

However, even when CFMs may be desirable, implementation issues arise. Effectiveness will depend on country-specific policy frameworks and institutional settings. In sub-Saharan African frontier markets with relatively unsophisticated financial market structures, controls may, in fact, be more effective than in more developed financial markets, in which complex financial instruments might make it easier to circumvent controls. At the same time, institutional capacity and information constraints in frontier markets will generally prevent the effective monitoring and enforcement of capital restrictions, thereby strongly undermining the likely effectiveness of CFMs.

Both the impact on the investment climate and implementation constraints argue for only very restricted use of CFMs⁸ as a tool in sub-Saharan African frontier markets. It is generally recommended that any new CFMs should be temporary, and scaled back when the capital flow pressures abate. In addition, CFMs should avoid leading to external payments arrears or default, particularly in sovereign debt, which could undermine relations with creditors and damage the international trade and payments system. In crisis or near crisis situations, there could be a temporary role for introducing CFMs on outflows as part of a broader policy package to address the underlying cause of the crisis.

⁸ At times, CFMs and macroprudential measures may overlap. Policy tools could be seen as both a CFM and a macroprudential policy. For example, a restriction on banks' foreign borrowing through a levy on bank foreign exchange inflows or required reserves on banks' foreign exchange liabilities would aim to limit capital inflows or slow domestic credit. In any case, these policies should be seen as supporting effective supervision and complementing appropriate and sound macroeconomic policies (IMF, 2013d).

CONCLUDING REMARKS

In the past three years, foreign portfolio flows to sub-Saharan Africa have grown considerably. Sub-Saharan African frontier markets were the main beneficiaries, and for the most part, the current bout of global financial market turbulence has left most of these countries relatively unscathed, reflecting their relatively illiquid financial markets but also their still-strong fundamentals and prospects. However, this muted impact may not be sustained, and risks of contagion and possible reversals remain if the global turmoil persists. Looking ahead, given the clear trend toward their deeper integration with global financial markets, sub-Saharan African frontier markets are likely to become increasingly vulnerable to global financial shocks. The appropriate combination of policies for addressing these risks would depend on country circumstances, and the toolkit would need to include macroeconomic and prudential policies. Therefore, the following actions will need to be taken:

- *Improving data.* A recurring theme of this chapter is the need to improve data quality and timeliness. In a number of countries, the official data on private capital portfolio flows and stocks are based on defective surveys that may suffer from only partial coverage (for example, omitting nonbanks) or poor quality (for example, inadequate validation of transactions reported by banks). Article IV staff reports for most sub-Saharan African frontier markets have highlighted the need to strengthen balance of payments data, including the coverage of cross-border private capital flows and stocks.
- *Enhancing macroeconomic and financial policies.* Managing capital flows is more likely to be successful if it is supported by sound fiscal, monetary, and exchange rate policies and adequate fiscal and international reserve buffers. These measures would allow more policy room to mitigate any negative macroeconomic effects of capital flow surges or reversals, as has been seen in Nigeria thus far. In addition, in the current episode of global financial market turbulence,

investors have tended to more strongly punish those countries—including among sub-Saharan African frontier markets—with the worst economic fundamentals.

- *Improving capacity to effectively use macroprudential policies.* Macroprudential measures are important for preventing the buildup of systemic financial sector risks that may arise from volatile capital flows. Sub-Saharan African frontier markets have implemented various such measures, such as limits on banks' open foreign exchange positions. However, ensuring the effectiveness of macroprudential policies requires progress in developing ways to monitor a systemic risk buildup and in using macroprudential tools in a timely manner. In sub-Saharan African frontier markets, supervisory resources, including qualified staff, the availability of high-frequency data, and analytical tools to assess systemic risks, are limited and will need to be strengthened.
- *Improving the toolkit of capital flow management measures.* The IMF has indicated that, when the room for adjusting macroeconomic policies is limited, CFMs may be considered to temper volatile flows. In the case of sub-Saharan African frontier markets, however, effective implementation would require significant improvements in institutional capacity to monitor flows and enforce regulations, given the often porous nature of existing capital controls. More important, the imposition of new CFMs, especially on outflows, would require the evaluation of possible negative effects on future inflows, such as the damage to further financial sector deepening and improved relations with international investors. In this context, any new CFMs on outflows should be considered only as a last resort in response to a financial crisis.

Box 3.2. Capital Flows Management Measures in Sub-Saharan African Frontier Markets

The type and extent of capital flows management measures have varied widely, reflecting countries' specific circumstances. The following types of measures are used:

Measures aimed at managing capital inflow:

Restrictions on nonresident purchase of government securities. Only one of the region's frontier market countries applies restrictions on all purchases of government securities by nonresidents (Tanzania); another restricts only purchases of government securities of maturity less than three years (Ghana); and two others (Nigeria and Kenya) apply selective restrictions on nonresident purchases of securities.

Maximum total primary issuance of bonds held by nonresidents. Zimbabwe imposes a maximum cap of 35 percent.

Maximum total share of national companies held by nonresidents. Three countries apply these types of measures: Kenya (60 percent), Tanzania (60 percent), and Zimbabwe (35 percent at primary issuance, and approval required for participation in the secondary market).

Maximum on shares purchased by individual investors. In Tanzania, individual investors may not acquire more than 1 percent of an issue and institutional investors no more than 10 percent.

Minimum holding period. Tanzania applies a minimum holding period of three months for all shares and securities purchased locally by nonresidents.

Limits to direct or indirect foreign exchange exposure. In Tanzania, owing to regulations of the Bank of Tanzania (BoT) (October 2011), banks are no longer able to enter into swaps or forward sales with nonresidents, and even spot transactions in foreign exchange have to reflect an economic interest. In Kenya, swaps are restricted to maturities longer than one month.

Approval required before capital transactions with nonresidents. In Mozambique, all transactions with nonresidents require approval by the central bank. Zimbabwe requires approval from the Exchange Control to invest new inflows of funds in money market instruments.

Measures aimed at managing capital outflow:

Approval prior to transaction. In one of the frontier market economies (Senegal), approval by the Ministry of Finance is required for virtually all capital outflows except for amortization of debt and repayments of short-term loans. As mentioned in the text, by limiting outflows, this policy may also discourage capital inflows.

Request of accounting and tax records. Two countries—Tanzania and Zambia—request presentation of audited accounts or compliance with tax obligations for the repatriation of capital and associated income.

This box was prepared by Javier Arze del Granado and Rodrigo Garcia-Verdu.

Box 3.3. Examples of Macroprudential Policies**Table 3.3.1. Sub-Saharan African Frontier Markets: Examples of Macroprudential Policies**

Country	Macroprudential Policies
Ghana	In 2009 - Foreign and local currency deposits are subject to a 9 percent reserve requirement in domestic currency. - Reserve balance must be held with the Bank of Ghana. - Daily single foreign currency exposure limit was reduced from 15 to 10 percent of the capital base.
Kenya	- Capital requirements are relatively high to prepare banks for overall risks. - Households do not borrow in foreign currency, except for a small segment of the mortgage market.
Mozambique	The limited impact of private capital inflows on overall liquidity conditions has not called for specific macroprudential measures.
Nigeria	If exposure to a particular industry within a sector is in excess of 20 percent of total credit facilities of a bank, the risk weight of the entire portfolio in that industry shall be 150 percent.
Senegal	No traditional macroprudential regulations have been employed.
Tanzania	In late 2011 net open position on foreign exchange was reduced.
Uganda	Ongoing design of contingency plans to deal with excessive inflows through macroprudential means.

Source: Country authorities.

This box was prepared by Cheikh Anta Gueye.

Box 3.4. Nigeria—Capital Flows and Policy Response

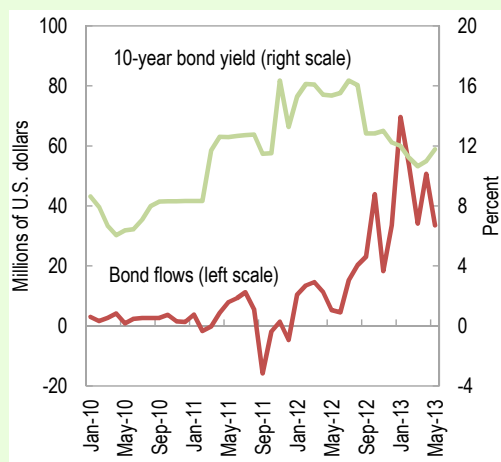
This box examines capital flow developments, macroeconomic developments, and authorities' policy response in Nigeria.

Gross private capital flows are estimated to have increased to US\$12.3 billion in 2012 (4.6 percent of GDP) from US\$7.8 billion (3.4 percent of GDP) in 2010. Disaggregated data from 2011 showed that investment in the capital market accounted for 51 percent of total capital importation (foreign direct investment, private investment, and investment liabilities).

These developments contributed to a sharp increase in international reserves (from US\$32 billion at end-2011 to US\$49 billion at mid-March 2013) as authorities kept the naira–U.S. dollar exchange rate stable. Inflows also induced declining government bond yields (Figure 3.4.1), and funded government bond purchases. Inflows also funded purchases of equities and private bonds, resulting in a sharp run-up in stock prices (Figure 3.4.2) that exceeded the average increases in stock markets in emerging market or advanced economies.

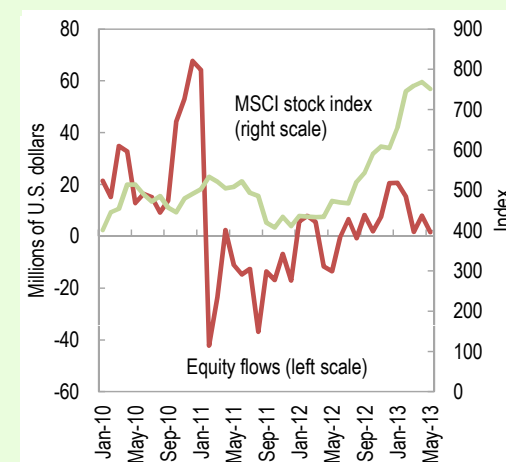
Recently, however, as investor sentiment toward emerging and developing markets has softened, the naira has weakened against the U.S. dollar, and the central bank announced its intention to increase its foreign exchange intervention in the coming months to stabilize the currency. The Central Bank of Nigeria stepped up its defense of the naira during its biweekly foreign exchange auctions; however, the weakening of the naira and the slight decline during June and July of the Nigeria All Share Index may suggest a turn of investor sentiment. Also, EPFR data are showing some outflows (see Figure 3.4).

Figure 3.4.1. Nigeria: Bond Flows and Government Bond Yield



Sources: EPFR Global; and Thomson Reuters.

Figure 3.4.2. Nigeria: Equity Flows and Stock Market Index



Sources: EPFR Global; and Thomson Reuters.

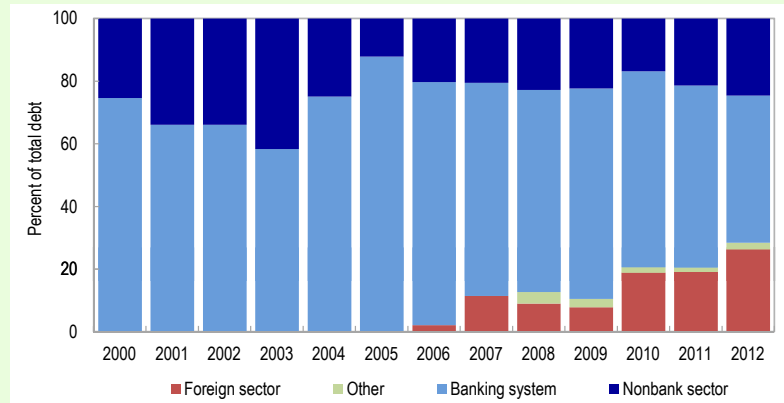
This box was prepared by Cheikh Anta Gueye.

Box 3.5. Ghana’s Recent Experience in Portfolio Flows

Ghana attracted high and stable levels of FDI of about 8 percent of GDP, underpinned by the discovery and subsequent production of oil in 2011. Oil-related FDI flows account for two-thirds of total FDI. At 2.8 percent of GDP in 2012, portfolio investments have increased in significance. Portfolio inflows are mostly in medium-term investments, as nonresidents are only allowed to purchase bonds with maturity of at least three years. Ghana sold in August 2013 a bond of US\$1 billion, with 10-year maturity at a yield of 8 percent. The yield was higher and the excess bids lower than in other African countries that issued Eurobonds earlier in the year, perhaps partly reflecting the deteriorating financial conditions. Ghana’s first 10-year Eurobond, which was issued in 2007, was four times oversubscribed and yielded as little as 4.5 percent in April 2013.

Although portfolio flows are supported by strong growth prospects, the above-mentioned developments indicate sensitivity to deteriorating fiscal and current account deficit positions of the country and global push factors, which caused emerging market bond turmoil in mid-2013. High domestic interest rates have sustained the interest of foreigners in the medium-term domestic market (about one-third of domestic debt is held by foreigners).¹ The increased participation of foreigners in the government debt markets could be an additional source of vulnerability resulting from rollover risks. Though the secondary market is rather illiquid, an early redemption or purchase of not yet matured three-year and five-year bonds is possible. This poses risk to international reserve holdings, which have fallen below the estimate of the optimal reserve in 2012.

Figure 3.5.1. Ghana: Domestic Government Debt by Holder



Sources: National authorities; and IMF staff calculations.

This box was prepared by Sebastian Weber.

¹ The average exchange rate depreciated by about 17 percent in the first half of 2012. Consequently, the Bank of Ghana (BoG) took a number of measures in 2012 to tighten domestic liquidity. Although these measures were successful in stabilizing the currency, they came at the cost of double-digit real interest rates.

Box 3.6. Zambia—Copper and Capital

After a sharp drop in 2009, capital flows increased, primarily led by foreign direct investment (FDI) inflows in the mining sector, from US\$0.4 billion in 2009 to US\$1 billion (5 percent of GDP) in 2012. FDI flows have responded to rising copper prices but also to Zambia's relatively favorable business environment, compared with other countries in the region. In September 2012, Zambia successfully issued its first sovereign Eurobond (10-year dollar-denominated bullet bond of US\$750 million). Moreover, foreign investment in government securities in the domestic market picked up in mid-2012 with foreign holdings amounting to US\$250 million in May 2013 (about 10 percent of Zambia's international reserves), increasing foreign holdings of government securities within one year of maturity from 2.5 percent to about 8 percent. Equity flows remain small.

The bulk of the increase in foreign investment in government securities in the domestic market has been in shorter-term treasury bills. These flows are driven by investors' search for yield and increased risk appetite. Higher interest rates on Zambian government securities since September 2012, paired with a relatively stable exchange rate, underpinned investors' interest in the absence of significant controls on banking and portfolio flows. Owing to the still-limited size of short-term flows, no policies have been put in place in response to the recent capital inflows. However, the Bank of Zambia has demonstrated its willingness to act, when it introduced during the global financial crisis a limit on foreigners' short-term borrowing in local currency.

Table 3.6.1. Government Bond Issuances

Date	Issuer	Rating	Size (millions of U.S. dollars)	Maturity (years)	Coupon (percent)	Yield at Issue (percent)
Oct-2011	Namibia	BBB-	500	10	5.500	5.835
Sep-2012	Zambia	B+	750	10	5.375	5.625
May-2013	Rwanda	B	400	10	6.625	6.875
Jul-2013	Nigeria	BB-	500	10	6.375	6.625
Aug-2013	Ghana	B+	1,000	10	7.875	8.000

Source: Bloomberg, L.P.

This box was prepared by Sebastian Weber.

ANNEX 3.1. ECONOMETRIC ANALYSIS OF DRIVERS OF PORTFOLIO FLOWS TO SUB-SAHARAN AFRICAN FRONTIER MARKETS

The regressions reported in Table 3.4 are run on annual panel data covering the period 1991–2012 for selected emerging and frontier markets. The dependent variable is defined as the ratio of portfolio liabilities (nonresident purchases of domestic assets net of sales) to GDP. The use of lagged regressors helps minimize potential endogeneity. The regression includes variables to capture push factors such as U.S. Treasury bill interest rates and global risk (VIX), as well as several pull factors such as the inflation level, fiscal balance, gross public

debt, output growth, change in reserves, and the level of stock market development. A step-wise approach was used to explore the significance of alternative pull variables (many of them are probably collinear). Random effects were used to allow the inclusion of a dummy for sub-Saharan African frontier markets. Running the regressions for sub-Saharan African frontier markets alone produced no statistically significant relationships, probably because of poor data quality and the small size of the sample.

Another set of regressions focusing on sub-Saharan African frontier markets was run using quarterly data and disaggregating portfolio flows into equity

Table 3.4. Determinants of Gross Portfolio Investment Flows

	Emerging and Frontier Markets				Frontier Markets				Sub-Saharan Africa		
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
U.S. 10-year T-bond yield	-0.438*** (-2.867)	-0.388** (-2.064)	-0.394** (-2.060)	-0.251 (-1.003)	-0.310 (-1.424)	-0.320 (-1.000)	-0.315 (-0.984)	-0.420 (-0.820)	-0.054 (-0.519)	0.016 (0.118)	0.018 (0.144)
VIX (risk aversion)	-0.055*** (-3.621)	-0.062*** (-3.572)	-0.063*** (-3.547)	-0.059*** (-2.916)	-0.065*** (-2.690)	-0.081** (-2.552)	-0.082** (-2.547)	-0.095** (-2.208)	-0.015 (-1.559)	-0.008 (-0.980)	-0.007 (-0.920)
Domestic interest rate (in U.S. dollar terms)	0.262 (0.254)	0.446 (0.344)	0.459 (0.355)	1.970 (1.618)	-1.943* (-1.706)	-2.154 (-1.236)	-2.292 (-1.334)	-1.396 (-0.579)	0.110 (0.110)	2.500* (1.671)	2.500* (1.677)
Growth relative to G7 average growth	-0.006 (-0.101)	0.026 (0.385)	0.032 (0.460)	0.031 (0.414)	0.020 (0.246)	0.048 (0.506)	0.067 (0.690)	0.072 (0.536)	-0.031 (-1.455)	-0.066** (-2.002)	-0.067** (-1.990)
Inflation rate (t-1)		-0.020 (-1.299)	-0.020 (-1.346)	-0.003 (-0.192)		-0.009 (-0.484)	-0.008 (-0.427)	0.020 (0.904)		-0.007*** (-3.040)	-0.007*** (-3.020)
Total-debt-to-GDP ratio (t-1)		-0.010* (-1.739)	-0.010* (-1.732)	-0.019*** (-3.070)		-0.007 (-0.969)	-0.006 (-0.814)	-0.010 (-0.884)		-0.009 (-1.627)	-0.009 (-1.630)
Fiscal-balance-to-GDP ratio (t-1)		-7.328* (-1.818)	-7.355* (-1.821)	-4.649 (-1.346)		-3.986 (-1.083)	-3.419 (-0.816)	-0.970 (-0.383)		0.959 (1.271)	0.976 (1.242)
Change in foreign reserves (t-1)			0.001 (0.887)	0.005*** (3.826)			0.061 (1.542)	0.010 (0.296)			0.009 (0.074)
Stock market development				0.679*** (3.187)				0.135 (0.549)			
Sub-Saharan African frontier markets (dummy)									0.588* (1.715)	0.272 (1.400)	0.271 (1.300)
Constant	3.594*** (5.009)	3.910*** (5.093)	3.934*** (5.060)	3.650*** (3.487)	3.153*** (3.375)	3.848*** (3.160)	3.781*** (3.129)	4.295** (2.268)	0.470 (0.758)	0.878** (1.960)	0.878** (1.965)
R-squared within	0.054	0.058	0.058	0.034	0.054	0.066	0.072	0.063	0.004	0.008	0.008
R-squared between	0.003	0.212	0.227	0.552	0.029	0.199	0.174	0.424	0.037	0.314	0.310
Number of countries	43	40	40	37	23	20	20	17	36	36	36
Observations	496	436	436	346	264	212	212	148	419	380	380

Sources: IMF staff calculations based on IMF, World Economic Outlook database and IMF, *International Financial Statistics*; and World Bank, Financial Development and Structure database.

Note: G7 = Group of Seven. The sample period covers 2001–12. Dependent variable is portfolio, investment, liabilities-to-GDP ratio. *t*-statistics reported in parentheses, and ***, **, and * indicate significance at the 1, 5, and 10 percent levels, respectively. Estimates obtained using random effect estimation. Domestic interest rates are adjusted for exchange rate changes. Growth relative to G7 growth is defined as the difference between the one-year-ahead projected growth minus the average growth of G7 countries.

and bond flows (Table 3.5). The dependent variables are based on EPFR Global data, defined for each country as the flows into equity and bond funds of the country, divided by the stock at the beginning of the quarter. A crisis dummy is equal to 1 from 2008:Q4 onward. The estimation is limited

by the fact that data on most pull factors are not available on a quarterly basis. Quarterly output growth was only available for three countries in the sample. Ghana and Nigeria were selected as a subsample because these countries have experienced larger portfolio inflows.

Table 3.5. Determinants of Equity and Bond Flows in Sub-Saharan Africa

	Portfolio				Equity				Bonds		
	Sub-Saharan Africa		Nigeria and Ghana		Sub-Saharan Africa		Nigeria and Ghana		Sub-Saharan Africa	Nigeria and Ghana	
VIX	***	***	***	***	***	***	***	***	***	***	***
Crisis dummy (2008:Q4 onward)		***		***		+		***			***
Output growth								-			+
Constant	***	***	***	***	***	***	***	***	***	***	***
R-squared	0.22	0.27	0.29	0.34	0.02	0.02	0.23	0.30	0.17	0.20	0.29
Countries	5	5	2	2	11	11	2	2	5	2	2
Observations	126	126	53	53	478	478	92	47	160	66	60

Note: +, - indicate the sign of the coefficient; ***, **, and * indicate significance at the 1, 5, and 10 percent levels, respectively.

Statistical Appendix

Unless otherwise noted, data and projections presented in this *Regional Economic Outlook* are IMF staff estimates as of October 8, 2013, consistent with the projections underlying the October 2013 *World Economic Outlook*.

The data and projections cover 45 sub-Saharan African countries in the IMF's African Department. Data definitions follow established international statistical methodologies to the extent possible. However, in some cases, data limitations limit comparability across countries.

Country Groupings

As in previous *Regional Economic Outlooks*, countries are aggregated into four nonoverlapping groups: oil exporters, middle-income, low-income, and fragile countries (see statistical tables). The membership of these groups reflects the most recent data on per capita gross national income (averaged over three years) and the 2011 International Development Association Resource Allocation Index (IRAI).

- The eight oil exporters are countries where net oil exports make up 30 percent or more of total exports. Except for Angola, Nigeria, and South Sudan, they belong to the Central African Economic and Monetary Community (CEMAC). Oil exporters are classified as such even if they would otherwise qualify for another group.
- The 11 middle-income countries not classified as oil exporters or fragile countries had average per capita gross national income in the years 2010–12 of more than US\$1,021.66 (World Bank using the Atlas method).
- The 14 low-income countries not classified as oil exporters or fragile countries had average per capita gross national income in the years 2010–12 equal to or lower than \$1,021.66

(World Bank, Atlas method) and IRAI scores higher than 3.2.

- The 12 fragile countries not classified as oil exporters had IRAI scores of 3.2 or less.

The membership of SSA countries in the major regional cooperation bodies is shown on page 78: CFA franc zone, comprising the West African Economic and Monetary Union (WAEMU) and CEMAC; the Common Market for Eastern and Southern Africa (COMESA); the East Africa Community (EAC-5); the Economic Community of West African States (ECOWAS); the Southern African Development Community (SADC); and the Southern Africa Customs Union (SACU). EAC-5 aggregates include data for Rwanda and Burundi, which joined the group only in 2007.

Methods of Aggregation

In Tables SA1–SA3, SA6, SA7, SA13, SA15, and SA22–SA23, country group composites are calculated as the arithmetic average of data for individual countries, weighted by GDP valued at purchasing power parity as a share of total group GDP. The source of purchasing power parity weights is the World Economic Outlook (WEO) database.

In Tables SA8–SA12, SA16–SA20, and SA23–SA26, country group composites are calculated as the arithmetic average of data for individual countries, weighted by GDP in U.S. dollars at market exchange rates as a share of total group GDP.

In Tables SA4–SA5 and SA14, country group composites are calculated as the geometric average of data for individual countries, weighted by GDP valued at purchasing power parity as a share of total group GDP. The source of purchasing power parity weights is the WEO database.

Sub-Saharan Africa: Member Countries of Regional Groupings

The West African Economic and Monetary Union (WAEMU)	Economic and Monetary Community of Central African States (CEMAC)	Common Market for Eastern and Southern Africa (COMESA)	East Africa Community (EAC-5)	Southern African Development Community (SADC)	Southern Africa Customs Union (SACU)	Economic Community of West African States (ECOWAS)
Benin Burkina Faso Côte d'Ivoire Guinea-Bissau Mali Niger Senegal Togo	Cameroon Central African Republic Chad Congo, Rep. of Equatorial Guinea Gabon	Burundi Comoros Congo, Democratic Republic of Eritrea Ethiopia Kenya Madagascar Malawi Mauritius Rwanda Seychelles Swaziland Uganda Zambia Zimbabwe	Burundi Kenya Rwanda Tanzania Uganda	Angola Botswana Congo, Democratic Republic of Lesotho Madagascar Malawi Mauritius Mozambique Namibia Seychelles South Africa Swaziland Tanzania Zambia Zimbabwe	Botswana Lesotho Namibia South Africa Swaziland	Benin Burkina Faso Cape Verde Côte d'Ivoire Gambia, The Ghana Guinea Guinea-Bissau Liberia Mali Niger Nigeria Senegal Sierra Leone Togo

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Tables SA1–SA3, SA6–SA18, SA20, SA24–SA26

Sources: IMF, African Department database, October 8, 2013; and IMF, World Economic Outlook (WEO) database, October 8, 2013.

¹ Excluding fragile countries.

² Fiscal year data.

³ In constant 2009 U.S. dollars. The Zimbabwe dollar ceased circulating in early 2009. Data are based on IMF staff estimates of price and exchange rate developments in U.S. dollars. Staff estimates of U.S. dollar values may differ from authorities' estimates.

⁴ Excluding South Sudan.

Tables SA4–SA5

Sources: IMF, African Department database, October 8, 2013; and IMF, World Economic Outlook (WEO) database, October 8, 2013.

¹ Excluding fragile countries.

² In constant 2009 U.S. dollars. The Zimbabwe dollar ceased circulating in early 2009. Data are based on IMF staff estimates of price and exchange rate developments in U.S. dollars. Staff estimates of U.S. dollar values may differ from authorities' estimates.

³ Excluding South Sudan.

Table SA19

Sources: IMF, African Department database, October 8, 2013; and IMF, World Economic Outlook (WEO) database, October 8, 2013.

¹ Including grants.

² Excluding fragile countries.

³ Fiscal year data.

⁴ In constant 2009 U.S. dollars. The Zimbabwe dollar ceased circulating in early 2009. Data are based on IMF staff estimates of price and exchange rate developments in U.S. dollars. Staff estimates of U.S. dollar values may differ from authorities' estimates.

⁵ Excluding South Sudan.

Table SA21

Sources: IMF, African Department database, October 8, 2013; and IMF, World Economic Outlook (WEO) database, October 8, 2013.

¹ Excluding fragile countries.

² Prior to 2010, the development component of SACU receipts was recorded under the capital account. Beginning in 2010, official grants data reflect the full amount of SACU transfers.

³ Fiscal year data.

⁴ In constant 2009 U.S. dollars. The Zimbabwe dollar ceased circulating in early 2009. Data are based on IMF staff estimates of price and exchange rate developments in U.S. dollars. Staff estimates of U.S. dollar values may differ from authorities' estimates.

⁵ Excluding South Sudan.

Tables SA22–SA23

Sources: IMF, African Department database, October 8, 2013; and IMF, World Economic Outlook (WEO) database, October 8, 2013.

¹ An increase indicates appreciation.

² Excluding fragile countries.

³ Excluding South Sudan.

Note: ... denotes data not available.

Table SA1. Real GDP Growth
(Percent)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	8.5	11.1	7.4	7.5	9.3	7.2	4.9	6.7	6.1	5.3	6.1	7.7
Excluding Nigeria	10.8	11.9	10.6	9.5	12.9	9.0	1.8	4.7	3.9	3.2	5.8	8.3
Angola	17.8	11.2	20.6	20.7	22.6	13.8	2.4	3.4	3.9	5.2	5.6	6.3
Cameroon	3.1	3.7	2.3	3.2	2.8	3.6	1.9	3.3	4.1	4.6	4.6	4.9
Chad	9.7	33.6	7.9	0.6	3.3	3.1	4.2	13.5	0.1	8.9	3.9	10.5
Congo, Rep. of	4.3	3.5	7.8	6.2	-1.6	5.6	7.5	8.8	3.4	3.8	5.8	4.8
Equatorial Guinea	16.3	38.0	9.7	1.3	18.7	13.8	-3.6	-2.6	4.6	5.3	-1.5	-1.9
Gabon	1.4	1.1	1.5	-1.9	5.2	1.0	-2.9	6.7	7.1	5.6	6.6	6.8
Nigeria	7.0	10.6	5.4	6.2	7.0	6.0	7.0	8.0	7.4	6.6	6.2	7.4
South Sudan	...	...	...	...	...	...	...	...	...	-47.6	24.7	43.0
Middle-income countries¹	5.1	4.7	5.1	5.6	5.7	4.1	-0.8	4.0	4.8	3.4	3.0	3.6
Excluding South Africa	5.5	5.2	4.7	5.8	6.4	5.7	1.5	6.7	8.6	5.7	5.6	5.1
Botswana	5.6	2.7	4.6	8.0	8.7	3.9	-7.8	8.6	6.1	4.2	3.9	4.1
Cape Verde	7.1	4.9	5.8	9.1	9.2	6.7	-1.3	1.5	4.0	2.5	1.5	4.4
Ghana	6.5	5.3	6.0	6.1	6.5	8.4	4.0	8.0	15.0	7.9	7.9	6.1
Lesotho	4.0	2.8	2.9	4.1	4.9	5.1	4.8	6.3	5.7	4.5	4.1	5.0
Mauritius	4.3	4.3	1.5	4.5	5.9	5.5	3.0	4.1	3.8	3.3	3.4	4.4
Namibia	6.1	12.3	2.5	7.1	5.4	3.4	-1.1	6.3	5.7	5.0	4.4	4.0
Senegal	4.5	5.9	5.6	2.4	5.0	3.7	2.2	4.3	2.6	3.5	4.0	4.6
Seychelles	4.8	-2.9	9.0	9.4	10.1	-1.9	-0.2	5.6	5.0	2.9	3.3	3.9
South Africa	4.9	4.6	5.3	5.6	5.5	3.6	-1.5	3.1	3.5	2.5	2.0	2.9
Swaziland	2.6	2.3	2.2	2.9	2.8	3.1	1.2	1.9	0.3	-1.5	0.0	0.3
Zambia	5.8	5.4	5.3	6.2	6.2	5.7	6.4	7.6	6.8	7.2	6.0	6.5
Low-income and fragile countries	6.3	5.6	6.7	6.1	6.6	6.3	4.7	6.5	5.7	6.3	6.2	7.0
Low-income excluding fragile countries	7.3	6.6	7.9	7.2	7.6	7.3	5.1	7.1	6.5	6.2	6.3	6.9
Benin	3.9	3.1	2.9	3.8	4.6	5.0	2.7	2.6	3.5	5.4	5.0	4.8
Burkina Faso	5.9	4.5	8.7	6.3	4.1	5.8	3.0	8.4	5.0	9.0	6.5	6.4
Ethiopia ²	11.8	11.7	12.6	11.5	11.8	11.2	10.0	10.6	11.4	8.5	7.0	7.5
Gambia, The	3.3	7.0	-0.9	1.1	3.6	5.7	6.4	6.5	-4.3	5.3	6.4	8.5
Kenya	5.2	5.1	5.9	6.3	7.0	1.5	2.7	5.8	4.4	4.6	5.9	6.2
Madagascar	5.7	5.3	4.6	5.0	6.2	7.1	-4.1	0.4	1.8	1.9	2.6	3.8
Malawi	5.6	5.5	2.6	2.1	9.5	8.3	9.0	6.5	4.3	1.9	5.0	6.1
Mali	4.6	2.3	6.1	5.3	4.3	5.0	4.5	5.8	2.7	-1.2	4.8	7.4
Mozambique	7.8	7.9	8.4	8.7	7.3	6.8	6.3	7.1	7.3	7.4	7.0	8.5
Niger	4.7	-0.8	8.4	5.8	0.6	9.6	-1.0	10.7	2.2	11.2	6.2	6.3
Rwanda	9.0	7.4	9.4	9.2	7.6	11.2	6.2	7.2	8.2	8.0	7.5	7.5
Sierra Leone	5.7	6.6	4.5	4.2	8.0	5.2	3.2	5.3	6.0	15.2	13.3	14.0
Tanzania	7.3	7.8	7.4	6.7	7.1	7.4	6.0	7.0	6.4	6.9	7.0	7.2
Uganda	8.3	5.8	10.0	7.0	8.1	10.4	4.1	6.2	6.2	2.8	5.6	6.5
Fragile countries	2.5	2.5	2.9	2.3	2.8	2.2	3.3	4.2	2.4	7.0	5.4	7.2
Burundi	4.7	3.8	4.4	5.4	4.8	5.0	3.5	3.8	4.2	4.0	4.5	4.7
Central African Rep.	3.3	2.6	2.5	4.8	4.6	2.1	1.7	3.0	3.3	4.1	-14.5	0.2
Comoros	1.3	-0.2	4.2	1.2	0.5	1.0	1.8	2.1	2.2	3.0	3.5	4.0
Congo, Dem. Rep. of	6.5	6.6	7.8	5.6	6.3	6.2	2.8	7.2	6.9	7.2	6.2	10.5
Côte d'Ivoire	1.6	1.6	1.9	0.7	1.6	2.3	3.7	2.4	-4.7	9.8	8.0	8.0
Eritrea	-1.1	1.5	2.6	-1.0	1.4	-9.8	3.9	2.2	8.7	7.0	1.1	1.9
Guinea	2.9	2.3	3.0	2.5	1.8	4.9	-0.3	1.9	3.9	3.9	2.9	5.2
Guinea-Bissau	3.1	2.8	4.3	2.1	3.2	3.2	3.0	3.5	5.3	-1.5	3.5	2.7
Liberia	7.6	4.1	5.9	8.9	13.2	6.2	5.3	6.1	7.9	8.3	8.1	6.8
São Tomé & Príncipe	6.0	4.5	1.6	12.6	2.0	9.1	4.0	4.5	4.9	4.0	4.5	5.5
Togo	2.4	2.1	1.2	4.1	2.3	2.4	3.5	4.0	4.8	5.6	5.5	5.9
Zimbabwe ³	-7.3	-6.1	-5.6	-3.4	-3.7	-17.8	8.9	9.6	10.6	4.4	3.2	3.6
Sub-Saharan Africa	6.5	7.0	6.3	6.4	7.1	5.7	2.6	5.6	5.5	4.9	5.0	6.0
<i>Median</i>	5.0	4.5	4.9	5.3	5.3	5.2	3.1	5.8	4.7	4.6	5.0	5.9
Excluding Nigeria and South Africa	7.2	7.1	7.2	6.9	8.2	6.9	3.3	6.1	5.9	5.4	6.0	7.0
Oil-importing countries	5.5	5.1	5.8	5.8	6.1	5.0	1.5	5.1	5.2	4.6	4.4	5.1
Excluding South Africa	6.1	5.5	6.2	6.0	6.5	6.1	3.9	6.6	6.5	6.1	6.0	6.5
CFA franc zone	4.7	7.5	4.7	2.7	4.2	4.6	2.1	5.3	2.6	6.0	4.9	5.9
WAEMU	3.7	2.9	4.7	3.3	3.2	4.4	2.9	5.0	1.3	6.5	6.0	6.4
CEMAC	5.7	12.1	4.7	2.0	5.1	4.8	1.3	5.7	3.9	5.5	3.8	5.4
EAC-5	6.8	6.2	7.5	6.8	7.3	6.2	4.4	6.3	5.7	5.2	6.3	6.7
ECOWAS	6.1	7.9	5.2	5.4	6.0	5.8	5.5	7.1	6.8	6.8	6.4	7.1
SADC	6.5	5.4	6.6	7.2	7.7	5.4	0.1	4.0	4.2	3.7	3.4	4.3
SACU	5.0	4.6	5.1	5.7	5.7	3.6	-1.7	3.4	3.6	2.7	2.2	3.0
COMESA (SSA members)	6.9	6.3	7.2	6.9	7.7	6.5	5.1	6.9	6.9	5.5	5.7	6.6
MDRI countries	6.7	6.0	7.0	6.4	6.5	7.4	4.8	6.9	7.4	6.3	6.2	6.7
Countries with conventional exchange rate pegs	4.7	7.4	4.5	2.9	4.2	4.3	2.0	5.3	2.8	5.8	4.7	5.7
Countries without conventional exchange rate pegs	6.9	6.9	6.7	7.1	7.7	6.1	2.7	5.7	6.0	5.0	4.9	5.7
Sub-Saharan Africa⁴	6.5	7.0	6.3	6.4	7.1	5.7	2.6	5.6	5.5	5.1	4.8	5.7

Sources and footnotes on page 80.

Table SA2. Real Non-Oil GDP Growth
(Percent)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	10.8	11.1	8.1	11.8	13.0	10.0	7.7	7.9	8.4	7.0	7.1	7.2
Excluding Nigeria	12.3	7.4	9.9	15.2	17.3	11.7	6.8	7.0	7.7	5.8	6.4	6.9
Angola	18.0	9.0	14.1	27.6	24.4	15.0	8.1	7.6	9.5	5.6	7.1	7.9
Cameroon	3.7	4.9	3.2	2.9	3.6	4.0	2.8	4.1	4.6	4.6	4.6	4.7
Chad	6.3	2.1	11.0	3.2	6.9	8.4	6.4	17.2	0.2	11.6	4.0	6.6
Congo, Rep. of	5.7	5.0	5.4	5.9	6.6	5.4	3.9	6.5	7.4	9.7	8.8	7.6
Equatorial Guinea	32.2	28.4	22.8	29.8	48.1	31.9	23.7	-2.9	7.5	3.2	4.3	-0.5
Gabon	3.4	1.2	4.0	2.8	6.8	2.1	-2.4	7.2	12.2	7.8	9.4	9.9
Nigeria	9.8	13.3	7.0	9.6	10.1	8.9	8.3	8.5	8.8	7.7	7.5	7.4
South Sudan	...	...	...	...	...	...	...	...	...	...	-6.4	5.0
Middle-income countries¹	5.1	4.7	5.1	5.6	5.7	4.1	-0.8	3.9	4.3	3.4	2.8	3.6
Excluding South Africa	5.5	5.2	4.7	5.8	6.4	5.7	1.5	6.2	6.5	5.6	4.8	5.1
Botswana	5.6	2.7	4.6	8.0	8.7	3.9	-7.8	8.6	6.1	4.2	3.9	4.1
Cape Verde	7.1	4.9	5.8	9.1	9.2	6.7	-1.3	1.5	4.0	2.5	1.5	4.4
Ghana	6.5	5.3	6.0	6.1	6.5	8.4	4.0	6.5	9.4	7.8	5.9	6.0
Lesotho	4.0	2.8	2.9	4.1	4.9	5.1	4.8	6.3	5.7	4.5	4.1	5.0
Mauritius	4.3	4.3	1.5	4.5	5.9	5.5	3.0	4.1	3.8	3.3	3.4	4.4
Namibia	6.1	12.3	2.5	7.1	5.4	3.4	-1.1	6.3	5.7	5.0	4.4	4.0
Senegal	4.5	5.9	5.6	2.4	5.0	3.7	2.2	4.3	2.6	3.5	4.0	4.6
Seychelles	4.8	-2.9	9.0	9.4	10.1	-1.9	-0.2	5.6	5.0	2.9	3.3	3.9
South Africa	4.9	4.6	5.3	5.6	5.5	3.6	-1.5	3.1	3.5	2.5	2.0	2.9
Swaziland	2.6	2.3	2.2	2.9	2.8	3.1	1.2	1.9	0.3	-1.5	0.0	0.3
Zambia	5.8	5.4	5.3	6.2	6.2	5.7	6.4	7.6	6.8	7.2	6.0	6.5
Low-income and fragile countries	6.2	5.6	6.5	6.1	6.7	6.3	4.7	6.6	5.7	6.2	6.2	7.0
Low-income excluding fragile countries	7.3	6.6	7.9	7.2	7.6	7.3	5.1	7.1	6.5	6.0	6.3	6.9
Benin	3.9	3.1	2.9	3.8	4.6	5.0	2.7	2.6	3.5	5.4	5.0	4.8
Burkina Faso	5.9	4.5	8.7	6.3	4.1	5.8	3.0	8.4	5.0	9.0	6.5	6.4
Ethiopia ²	11.8	11.7	12.6	11.5	11.8	11.2	10.0	10.6	11.4	8.5	7.0	7.5
Gambia, The	3.3	7.0	-0.9	1.1	3.6	5.7	6.4	6.5	-4.3	5.3	6.4	8.5
Kenya	5.2	5.1	5.9	6.3	7.0	1.5	2.7	5.8	4.4	4.6	5.9	6.2
Madagascar	5.7	5.3	4.6	5.0	6.2	7.1	-4.1	0.4	1.8	1.9	2.6	3.8
Malawi	5.6	5.5	2.6	2.1	9.5	8.3	9.0	6.5	4.3	1.9	5.0	6.1
Mali	4.6	2.3	6.1	5.3	4.3	5.0	4.5	5.8	2.7	-1.2	4.8	7.4
Mozambique	7.8	7.9	8.4	8.7	7.3	6.8	6.3	7.1	7.3	7.4	7.0	8.5
Niger	4.7	-0.8	8.4	5.8	0.6	9.6	-1.0	10.7	2.2	6.3	5.6	5.7
Rwanda	9.0	7.4	9.4	9.2	7.6	11.2	6.2	7.2	8.2	8.0	7.5	7.5
Sierra Leone	5.7	6.6	4.5	4.2	8.0	5.2	3.2	5.3	6.0	15.2	13.3	14.0
Tanzania	7.3	7.8	7.4	6.7	7.1	7.4	6.0	7.0	6.4	6.9	7.0	7.2
Uganda	8.3	5.8	10.0	7.0	8.1	10.4	4.1	6.2	6.2	2.8	5.6	6.5
Fragile countries	2.4	2.5	1.8	2.3	3.4	2.2	3.3	4.5	2.3	7.1	5.4	7.2
Burundi	4.7	3.8	4.4	5.4	4.8	5.0	3.5	3.8	4.2	4.0	4.5	4.7
Central African Rep.	3.3	2.6	2.5	4.8	4.6	2.1	1.7	3.0	3.3	4.1	-14.5	0.2
Comoros	1.3	-0.2	4.2	1.2	0.5	1.0	1.8	2.1	2.2	3.0	3.5	4.0
Congo, Dem. Rep. of	6.1	6.6	3.6	6.4	8.0	6.0	2.7	7.8	6.6	6.8	6.2	10.5
Côte d'Ivoire	1.5	1.6	1.3	0.0	2.1	2.5	3.7	2.9	-4.9	10.0	8.1	7.9
Eritrea	-1.1	1.5	2.6	-1.0	1.4	-9.8	3.9	2.2	8.7	7.0	1.1	1.9
Guinea	2.9	2.3	3.0	2.5	1.8	4.9	-0.3	1.9	3.9	3.9	2.9	5.2
Guinea-Bissau	3.1	2.8	4.3	2.1	3.2	3.2	3.0	3.5	5.3	-1.5	3.5	2.7
Liberia	7.6	4.1	5.9	8.9	13.2	6.2	5.3	6.1	7.9	8.3	8.1	6.8
São Tomé & Príncipe	6.0	4.5	1.6	12.6	2.0	9.1	4.0	4.5	4.9	4.0	4.5	5.5
Togo	2.4	2.1	1.2	4.1	2.3	2.4	3.5	4.0	4.8	5.6	5.5	5.9
Zimbabwe ³	-7.3	-6.1	-5.6	-3.4	-3.7	-17.8	8.9	9.6	10.6	4.4	3.2	3.6
Sub-Saharan Africa	7.2	7.0	6.4	7.7	8.3	6.6	3.6	6.0	6.0	5.4	5.2	5.8
<i>Median</i>	5.4	4.6	4.6	5.5	6.0	5.3	3.5	6.0	5.0	4.6	5.0	5.9
Excluding Nigeria and South Africa	7.6	6.0	6.9	8.3	9.4	7.6	4.6	6.6	6.3	6.0	6.0	6.6
Oil-importing countries	5.5	5.1	5.7	5.8	6.1	5.0	1.5	5.0	4.9	4.6	4.2	5.0
Excluding South Africa	6.0	5.5	6.0	6.0	6.6	6.1	3.9	6.5	5.9	6.1	5.8	6.5
CFA franc zone	5.9	4.6	5.9	4.9	7.4	6.6	4.2	5.7	3.6	6.5	5.7	6.0
WAEMU	3.7	2.9	4.5	3.1	3.4	4.4	2.9	5.1	1.2	6.1	6.0	6.3
CEMAC	8.1	6.4	7.4	6.7	11.4	8.7	5.6	6.4	6.0	6.9	5.5	5.8
EAC-5	6.8	6.2	7.5	6.8	7.3	6.2	4.4	6.3	5.7	5.2	6.3	6.7
ECOWAS	7.7	9.6	6.1	7.4	7.9	7.6	6.3	7.3	7.1	7.4	7.0	7.1
SADC	6.5	5.3	5.9	7.9	8.0	5.5	0.8	4.6	4.8	3.7	3.6	4.6
SACU	5.0	4.6	5.1	5.7	5.7	3.6	-1.7	3.4	3.6	2.7	2.2	3.0
COMESA (SSA members)	6.9	6.3	6.9	6.9	7.9	6.5	5.1	7.0	6.9	5.5	5.7	6.6
MDRI countries	6.7	6.2	6.8	6.4	6.9	7.4	4.8	6.7	6.8	6.4	6.0	6.7
Countries with conventional exchange rate pegs	5.7	4.9	5.6	4.9	7.0	6.1	3.9	5.6	3.7	6.2	5.5	5.8
Countries without conventional exchange rate pegs	7.6	7.5	6.7	8.3	8.6	6.8	3.5	6.0	6.5	5.3	5.2	5.8
Sub-Saharan Africa⁴	7.2	7.0	6.4	7.7	8.3	6.6	3.6	6.0	6.0	5.5	5.2	5.8

Sources and footnotes on page 80.

Table SA3. Real Per Capita GDP Growth
(Percent)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	5.6	8.1	4.5	4.6	6.4	4.4	2.2	3.9	3.3	2.5	3.3	4.9
Excluding Nigeria	7.8	8.9	7.5	6.6	9.9	6.3	-0.7	2.0	1.2	0.5	3.2	5.6
Angola	14.6	8.0	17.2	17.4	19.3	10.9	-0.2	0.4	0.9	2.1	2.5	3.2
Cameroon	0.3	0.9	-0.5	0.4	0.0	0.8	-0.9	0.8	1.6	2.0	2.0	2.4
Chad	7.0	30.4	5.3	-1.8	0.8	0.5	1.7	10.8	-2.4	6.2	1.4	7.8
Congo, Rep. of	1.4	0.6	4.7	3.2	-4.4	2.6	4.4	5.7	0.5	0.9	3.5	2.6
Equatorial Guinea	12.9	33.9	6.5	-1.7	15.3	10.7	-6.2	-5.2	1.7	2.4	-4.1	-4.5
Gabon	-0.9	-1.3	-1.0	-4.3	2.6	-0.5	-4.3	5.2	5.5	4.0	5.1	5.3
Nigeria	4.2	7.6	2.6	3.4	4.1	3.1	4.1	5.1	4.5	3.7	3.4	4.5
South Sudan	...	...	...	...	...	...	...	...	...	-50.0	22.2	40.2
Middle-income countries¹	3.5	3.5	3.9	4.3	3.0	2.9	-1.9	2.9	3.8	1.9	1.5	2.1
Excluding South Africa	3.6	3.2	2.7	3.7	4.6	3.6	-0.5	4.6	6.5	3.6	3.5	3.0
Botswana	4.2	1.5	3.3	6.5	7.2	2.5	-9.1	7.2	4.9	3.0	2.7	2.9
Cape Verde	6.4	3.5	4.7	8.4	8.8	6.4	-1.5	1.1	3.3	1.7	0.3	3.2
Ghana	3.8	2.7	3.4	3.5	3.8	5.7	1.4	5.3	12.1	5.2	5.2	3.4
Lesotho	3.9	2.5	2.7	4.7	4.6	4.9	4.5	6.0	5.4	4.3	3.8	4.7
Mauritius	3.6	3.4	0.6	3.7	4.9	5.2	2.3	3.6	3.4	2.7	2.9	3.8
Namibia	4.3	10.4	0.7	5.2	3.5	1.5	-2.9	5.4	4.8	4.2	3.5	3.1
Senegal	1.7	3.0	2.8	-0.3	2.2	0.9	-0.5	1.5	-0.1	0.8	1.3	1.9
Seychelles	3.7	-2.5	8.5	7.1	9.5	-4.0	-0.5	2.7	3.8	1.7	2.2	2.7
South Africa	3.5	3.5	4.3	4.5	2.4	2.6	-2.4	2.3	2.8	1.3	0.8	1.7
Swaziland	3.8	1.7	1.2	1.7	12.7	1.9	0.1	0.8	-0.9	-2.7	-1.2	-0.9
Zambia	3.0	2.8	2.6	3.4	3.3	2.7	3.3	4.4	3.6	3.9	2.7	3.1
Low-income and fragile countries	3.4	2.7	4.0	3.3	3.7	3.5	2.0	3.8	3.0	3.6	3.4	4.2
Low-income excluding fragile countries	4.5	3.8	5.1	4.3	4.7	4.5	2.4	4.3	3.8	3.4	3.5	4.1
Benin	0.6	-0.3	-0.4	0.5	1.5	1.9	-0.3	-0.3	0.6	2.6	2.2	2.1
Burkina Faso	2.8	1.5	5.5	3.2	1.1	2.7	-0.1	5.3	1.9	6.5	4.1	4.0
Ethiopia ²	9.2	9.0	10.0	9.0	9.3	8.8	7.7	8.2	9.0	6.0	4.5	4.9
Gambia, The	0.4	3.9	-3.8	-1.7	0.8	2.8	3.6	3.7	-6.9	2.4	3.6	5.5
Kenya	2.1	2.0	2.8	3.2	3.9	-1.4	-0.3	2.8	1.4	1.6	2.9	3.3
Madagascar	2.8	2.4	1.8	2.2	3.4	4.3	-6.6	-2.2	-0.8	-0.6	0.1	1.3
Malawi	3.0	3.3	0.5	-0.8	6.5	5.4	6.0	3.6	1.4	-1.0	2.0	3.1
Mali	1.4	-0.9	2.9	2.0	1.1	1.8	1.3	2.7	-0.4	-4.2	1.6	4.1
Mozambique	5.7	5.8	6.3	6.6	5.2	4.7	4.2	5.0	5.2	5.3	4.9	6.4
Niger	1.3	-3.8	5.2	2.2	-2.9	5.8	-4.3	7.3	-0.9	7.9	3.0	3.1
Rwanda	7.0	5.9	7.5	7.3	5.4	8.9	4.0	5.0	6.0	5.8	5.3	5.3
Sierra Leone	2.4	2.4	0.8	1.0	5.1	2.6	0.7	2.7	3.3	12.2	10.4	11.1
Tanzania	4.7	5.5	5.1	3.8	4.3	4.7	3.4	4.4	3.9	4.4	3.9	4.1
Uganda	4.8	2.4	6.5	3.6	4.6	6.9	0.8	2.8	2.8	-0.5	2.3	3.1
Fragile countries	-0.2	-1.0	0.3	-0.2	0.2	-0.5	0.6	1.5	-0.2	4.2	2.6	4.4
Burundi	2.5	1.7	2.3	3.3	2.7	2.6	1.0	1.4	1.7	1.6	2.0	2.3
Central African Rep.	1.5	0.9	0.7	2.9	2.7	0.1	-0.2	1.1	1.3	2.1	-16.2	-1.8
Comoros	-0.7	-2.3	2.1	-0.8	-1.6	-1.1	-0.3	0.0	0.1	0.8	1.4	1.8
Congo, Dem. Rep. of	3.4	3.5	4.7	2.5	3.2	3.1	-0.2	4.1	3.8	4.0	3.1	7.3
Côte d'Ivoire	-1.7	-3.3	-0.8	-2.2	-1.4	-0.7	0.7	-0.5	-7.5	6.6	4.9	4.9
Eritrea	-4.7	-2.7	-1.4	-4.5	-2.0	-12.7	0.6	-1.1	5.2	3.6	-2.1	-1.4
Guinea	0.8	0.4	1.0	0.4	-0.4	2.6	-2.7	-0.6	1.4	1.4	0.4	2.6
Guinea-Bissau	1.1	0.8	2.3	0.1	1.1	1.1	0.9	1.3	3.2	-3.5	1.4	0.6
Liberia	3.8	2.3	3.0	4.7	8.1	1.0	1.0	1.8	5.1	5.6	5.4	4.1
São Tomé & Príncipe	3.9	2.5	-0.4	10.5	0.0	7.0	2.1	2.6	3.1	-7.5	2.4	3.4
Togo	-0.2	-0.5	-1.4	1.5	-0.2	-0.1	1.3	1.8	2.6	3.4	3.3	3.7
Zimbabwe ³	-7.8	-7.1	-6.6	-3.3	-3.9	-18.3	8.1	8.8	9.7	3.6	2.1	2.4
Sub-Saharan Africa	4.1	4.7	4.1	4.1	4.3	3.5	0.5	3.5	3.4	2.6	2.7	3.7
<i>Median</i>	3.0	2.4	2.7	3.0	3.2	2.6	0.7	2.7	2.8	2.6	2.7	3.2
Excluding Nigeria and South Africa	4.6	4.3	4.6	4.2	5.5	4.2	0.8	3.5	3.3	2.8	3.3	4.3
Oil-importing countries	3.5	3.1	3.9	3.9	3.3	3.1	-0.3	3.3	3.5	2.6	2.3	3.0
Excluding South Africa	3.5	2.8	3.6	3.4	4.0	3.5	1.3	4.0	4.0	3.6	3.4	3.9
CFA franc zone	1.8	4.2	1.9	-0.2	1.3	1.8	-0.6	2.6	0.0	3.4	2.3	3.3
WAEMU	0.6	-0.7	1.8	0.3	0.2	1.3	0.0	2.0	-1.6	3.6	3.1	3.6
CEMAC	3.0	9.1	1.9	-0.7	2.3	2.2	-1.2	3.3	1.5	3.1	1.5	3.1
EAC-5	3.9	3.4	4.6	3.8	4.2	3.2	1.5	3.4	2.9	2.3	3.2	3.6
ECOWAS	3.2	4.9	2.4	2.6	3.1	3.0	2.7	4.3	4.0	3.9	3.6	4.2
SADC	4.7	4.0	5.1	5.6	4.9	3.8	-1.4	2.6	2.8	2.0	1.6	2.6
SACU	3.5	3.6	4.1	4.6	2.8	2.6	-2.6	2.6	2.9	1.5	1.0	1.8
COMESA (SSA members)	4.3	3.6	4.5	4.2	5.3	3.9	2.5	4.3	4.3	2.9	3.0	3.9
MDRI countries	3.9	3.3	4.2	3.5	3.7	4.6	2.1	4.2	4.6	3.6	3.5	3.9
Countries with conventional exchange rate pegs	1.9	4.3	1.8	0.2	1.7	1.6	-0.6	2.7	0.4	3.3	2.3	3.2
Countries without conventional exchange rate pegs	4.7	4.9	4.7	5.0	4.8	4.0	0.7	3.6	3.9	2.8	2.6	3.4
Sub-Saharan Africa⁴	4.1	4.7	4.1	4.1	4.3	3.5	0.5	3.5	3.4	2.9	2.5	3.4

Sources and footnotes on page 80.

Table SA8. Overall Fiscal Balance, Including Grants*(Percent of GDP)*

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	7.5	5.9	11.3	11.9	3.7	4.8	-7.4	-2.7	3.2	-0.4	-1.0	-1.0
Excluding Nigeria	7.4	2.3	8.7	16.5	6.6	2.8	-4.9	3.0	5.9	1.3	0.0	-0.1
Angola	4.6	1.4	9.4	11.8	4.7	-4.5	-8.3	4.6	8.7	4.5	1.2	-0.8
Cameroon	8.5	-0.5	3.6	32.8	4.7	2.2	-0.1	-1.1	-2.7	-1.1	-3.3	-3.5
Chad	1.2	-2.4	-0.1	2.2	2.5	3.6	-9.2	-4.2	2.4	0.5	-2.4	-0.7
Congo, Rep. of	13.5	3.6	14.6	16.6	9.4	23.4	4.8	16.1	16.4	6.4	14.3	15.5
Equatorial Guinea	20.9	12.9	22.8	28.3	21.8	18.7	-9.4	-6.1	1.0	-9.7	-4.7	-4.4
Gabon	8.4	6.8	7.8	8.3	8.0	10.9	6.8	2.7	2.4	1.5	-2.3	-2.6
Nigeria	7.6	8.1	13.0	8.9	1.6	6.3	-9.4	-6.7	0.8	-1.8	-1.8	-1.8
South Sudan	...	...	...	...	...	...	...	...	4.4	-16.0	-9.0	8.1
Middle-income countries¹	-0.1	-1.4	-0.1	1.6	0.8	-1.3	-5.5	-5.4	-4.1	-4.7	-4.9	-4.7
Excluding South Africa	-1.0	-2.2	-0.5	3.2	-1.3	-4.0	-5.5	-6.5	-4.4	-4.6	-5.0	-4.6
Botswana	4.5	1.3	10.2	13.0	5.5	-7.5	-13.5	-7.5	-0.1	0.2	0.2	1.5
Cape Verde	-3.3	-3.7	-6.0	-5.1	-0.9	-0.6	-5.9	-10.7	-7.7	-9.9	-8.1	-8.4
Ghana	-4.9	-3.0	-2.8	-4.7	-5.6	-8.4	-7.0	-9.4	-5.5	-9.3	-7.0	-7.3
Lesotho	9.3	7.6	4.5	14.3	11.1	8.9	-4.0	-5.1	-10.6	5.3	2.0	2.2
Mauritius	-3.9	-4.6	-4.7	-4.4	-3.3	-2.8	-3.6	-3.2	-3.2	-1.8	-1.7	-1.6
Namibia	1.9	-2.8	-0.5	2.9	5.9	4.2	-0.1	-4.6	-6.6	-3.0	-4.2	-1.6
Senegal	-3.8	-2.3	-2.8	-5.4	-3.8	-4.7	-4.9	-5.2	-6.3	-5.6	-5.3	-4.6
Seychelles	-2.5	-2.2	-0.3	-6.1	-9.5	5.5	2.8	-0.8	2.5	2.4	2.8	3.0
South Africa	0.2	-1.2	0.0	1.2	1.4	-0.4	-5.5	-5.1	-4.0	-4.8	-4.9	-4.7
Swaziland	0.2	-4.7	-2.0	10.1	-1.6	-0.7	-6.0	-11.5	-5.6	3.7	-2.6	-7.2
Zambia	2.5	-2.9	-2.8	20.2	-1.3	-0.8	-2.5	-3.0	-2.2	-3.1	-7.8	-6.6
Low-income and fragile countries	-1.9	-2.5	-3.0	0.7	-2.2	-2.6	-3.6	-3.2	-3.7	-3.3	-3.6	-3.8
Low-income excluding fragile countries	-1.6	-2.4	-2.7	2.0	-2.3	-2.7	-3.7	-3.7	-3.6	-3.5	-3.7	-4.0
Benin	-0.7	-1.1	-2.3	0.2	0.3	-0.1	-3.3	-0.4	-1.4	-0.3	-0.4	-1.5
Burkina Faso	-1.0	-4.7	-5.5	16.1	-6.7	-4.3	-5.3	-4.6	-2.4	-3.2	-2.3	-3.2
Ethiopia ²	-3.5	-2.7	-4.2	-3.9	-3.6	-2.9	-0.9	-1.3	-1.6	-1.2	-2.8	-3.1
Gambia, The	-3.2	-4.1	-5.9	-5.1	0.4	-1.3	-2.7	-5.4	-4.7	-4.4	-2.7	-2.0
Kenya	-2.4	-0.1	-1.8	-2.5	-3.2	-4.4	-5.4	-5.5	-5.1	-6.3	-5.8	-4.2
Madagascar	-2.5	-5.0	-3.0	-0.5	-2.7	-1.1	-3.1	-1.5	-4.8	-2.9	-2.7	-3.0
Malawi	-3.2	-6.1	-2.5	0.7	-3.5	-4.5	-4.4	2.6	-5.3	-4.0	-2.7	-2.1
Mali	4.0	-2.6	-3.1	31.3	-3.2	-2.2	-4.2	-2.7	-3.7	-1.1	-2.5	-3.0
Mozambique	-3.3	-4.4	-2.8	-4.1	-2.9	-2.5	-5.5	-4.3	-5.0	-4.0	-4.6	-7.2
Niger	7.1	-3.5	-2.0	40.3	-1.0	1.5	-5.4	-2.4	-1.5	-2.6	-4.4	-4.0
Rwanda	0.2	0.9	0.9	0.2	-1.8	1.0	0.3	0.4	-2.2	-1.8	-2.8	-2.9
Sierra Leone	2.2	-2.4	-1.9	-1.6	20.1	-3.5	-2.3	-5.0	-4.6	-5.2	-3.1	-4.0
Tanzania	-3.3	-3.7	-4.0	-4.5	-1.9	-2.6	-6.0	-6.5	-5.0	-5.0	-5.3	-4.5
Uganda	-0.9	0.4	-0.2	-0.8	-1.1	-2.7	-2.3	-6.7	-3.1	-3.5	-1.8	-6.0
Fragile countries	-2.7	-3.0	-3.8	-2.4	-1.8	-2.3	-3.1	-1.8	-3.8	-2.7	-3.2	-3.1
Burundi	-2.7	-3.6	-3.6	-1.0	-2.5	-2.7	-5.3	-3.6	-4.0	-3.7	-1.7	-2.5
Central African Rep.	0.5	-2.1	-4.6	9.1	1.2	-1.0	-0.1	-1.4	-2.4	0.0	-1.6	-1.3
Comoros	-1.7	-1.7	0.1	-2.6	-2.0	-2.5	0.6	7.0	1.4	3.4	18.6	-0.8
Congo, Dem. Rep. of	-3.8	-3.2	-4.3	-3.6	-3.8	-3.8	-2.6	4.9	-1.8	-0.1	-2.8	-3.4
Côte d'Ivoire	-1.3	-1.7	-1.7	-1.8	-0.8	-0.6	-1.6	-2.3	-5.7	-3.4	-3.1	-3.5
Eritrea	-17.9	-16.6	-22.2	-14.1	-15.7	-21.1	-14.7	-16.0	-16.2	-13.5	-12.5	-11.6
Guinea	-2.2	-5.4	-1.6	-3.1	0.3	-1.3	-7.1	-14.0	-1.3	-3.3	-4.8	-2.2
Guinea-Bissau	7.0	-8.7	-7.6	-5.5	-10.6	-2.4	1.6	-2.1	-2.1	-3.1	-0.1	-1.7
Liberia	-0.4	0.0	0.0	4.8	3.0	-9.8	-10.0	-5.7	-3.1	-1.6	-5.5	-5.3
São Tomé & Príncipe	27.4	-17.0	27.2	-12.7	125.4	14.2	-18.4	-11.0	-12.0	-10.8	-8.0	-8.5
Togo	-1.4	1.0	-2.4	-2.8	-1.9	-0.9	-2.8	-1.6	-2.9	-6.9	-6.0	-4.1
Zimbabwe ³	-4.4	...	-8.1	-3.2	-3.9	-2.7	-2.8	0.9	-1.7	-0.7	-0.7	1.3
Sub-Saharan Africa	2.0	0.3	2.6	4.8	1.2	0.8	-5.7	-4.0	-1.3	-2.8	-3.1	-3.0
<i>Median</i>	-0.9	-2.4	-2.0	-0.7	-1.2	-1.3	-4.1	-3.9	-2.9	-3.0	-2.8	-3.0
Excluding Nigeria and South Africa	1.1	-1.2	0.8	6.0	0.8	-1.0	-4.4	-1.9	-0.4	-2.0	-2.6	-2.7
Oil-importing countries	-0.7	-1.7	-1.0	1.4	-0.2	-1.8	-4.8	-4.7	-4.0	-4.2	-4.4	-4.3
Excluding South Africa	-1.6	-2.4	-2.2	1.5	-1.9	-3.0	-4.1	-4.2	-3.9	-3.7	-4.0	-4.0
CFA franc zone	4.8	0.1	2.6	13.6	3.2	4.7	-2.2	-0.9	-0.4	-2.0	-1.9	-1.8
WAEMU	-0.5	-2.3	-2.7	6.8	-2.4	-1.8	-3.5	-3.0	-4.2	-3.3	-3.3	-3.4
CEMAC	9.9	2.6	7.8	20.0	8.4	10.4	-0.9	1.2	2.8	-0.9	-0.5	-0.3
EAC-5	-2.2	-1.2	-2.0	-2.5	-2.3	-3.1	-4.5	-5.6	-4.4	-5.0	-4.5	-4.5
ECOWAS	4.1	3.6	6.9	6.8	0.1	2.9	-7.5	-6.3	-1.1	-2.9	-2.7	-2.8
SADC	0.3	-1.4	0.4	2.7	1.4	-1.5	-5.8	-3.3	-1.9	-2.6	-3.4	-3.6
SACU	0.5	-1.2	0.4	1.8	1.7	-0.5	-5.6	-5.3	-4.0	-4.4	-4.6	-4.3
COMESA (SSA members)	-2.3	-2.4	-3.2	0.1	-3.0	-2.9	-3.0	-2.7	-3.3	-2.9	-3.7	-3.9
MDRI countries	0.0	-2.3	-1.5	6.3	-1.3	-1.4	-3.1	-2.6	-2.5	-3.2	-3.4	-3.8
Countries with conventional exchange rate pegs	4.3	-0.4	2.0	12.2	3.2	4.3	-2.4	-1.7	-1.4	-2.1	-2.1	-2.1
Countries without conventional exchange rate pegs	1.5	0.5	2.9	3.5	0.8	0.0	-6.4	-4.5	-1.4	-2.8	-3.2	-3.4
Sub-Saharan Africa⁴	2.0	0.3	2.6	4.8	1.2	0.8	-5.7	-4.0	-1.4	-2.7	-3.0	-3.1

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Table SA9. Overall Fiscal Balance, Excluding Grants
(Percent of GDP)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	6.9	5.7	11.1	9.7	3.6	4.7	-7.5	-2.8	2.9	-0.7	-1.3	-1.3
Excluding Nigeria	5.9	1.9	8.2	10.9	6.3	2.5	-5.3	2.8	5.5	0.7	-0.6	-0.6
Angola	4.4	1.0	9.1	11.8	4.6	-4.5	-8.3	4.6	8.7	4.5	1.2	-0.8
Cameroon	2.3	-0.8	3.0	4.4	3.5	1.3	-0.9	-1.8	-3.2	-1.6	-3.7	-3.8
Chad	-0.7	-5.0	-3.0	0.6	1.3	2.4	-11.9	-5.5	0.8	-2.1	-4.1	-2.2
Congo, Rep. of	13.2	3.3	14.5	16.5	9.0	22.7	4.5	16.0	15.9	6.3	13.3	14.3
Equatorial Guinea	20.9	12.9	22.8	28.3	21.8	18.7	-9.4	-6.1	1.0	-9.7	-4.7	-4.4
Gabon	8.3	6.7	7.7	8.3	8.0	10.9	6.8	2.7	2.4	1.5	-2.3	-2.6
Nigeria	7.6	8.1	13.0	8.9	1.6	6.3	-9.4	-6.7	0.8	-1.8	-1.8	-1.8
South Sudan	...	...	...	...	...	...	...	...	1.5	-22.7	-16.1	2.4
Middle-income countries¹	-0.7	-1.9	-0.5	0.5	0.3	-1.8	-6.1	-5.8	-4.4	-5.1	-5.3	-5.0
Excluding South Africa	-3.8	-4.5	-2.5	-2.2	-3.7	-6.1	-7.8	-8.2	-5.8	-6.1	-6.3	-5.7
Botswana	3.8	0.5	10.0	12.2	4.7	-8.3	-14.5	-7.8	-0.7	0.1	-0.1	1.1
Cape Verde	-9.0	-11.8	-11.9	-10.4	-5.5	-5.4	-11.0	-17.0	-10.6	-11.6	-11.2	-10.4
Ghana	-8.3	-6.9	-6.1	-8.1	-9.3	-11.2	-10.0	-11.7	-7.5	-10.9	-8.5	-8.4
Lesotho	7.5	5.3	2.5	13.4	9.5	6.7	-7.0	-12.4	-18.4	-3.1	-5.4	-0.1
Mauritius	-4.2	-4.9	-4.9	-4.6	-3.4	-3.4	-5.2	-3.9	-3.9	-2.5	-2.4	-2.1
Namibia	1.8	-3.0	-0.6	2.9	5.8	4.1	-0.4	-4.7	-6.7	-3.1	-4.2	-1.6
Senegal	-5.8	-4.4	-4.4	-6.9	-6.4	-7.0	-8.0	-7.8	-8.5	-8.5	-8.0	-7.3
Seychelles	-3.6	-2.2	-0.5	-7.4	-9.8	2.0	-1.2	-1.7	0.1	-2.6	-0.9	0.9
South Africa	0.2	-1.2	0.0	1.2	1.4	-0.4	-5.5	-5.1	-4.0	-4.8	-4.9	-4.7
Swaziland	-0.5	-5.5	-3.0	9.3	-1.8	-1.3	-6.7	-11.7	-5.8	3.5	-2.7	-7.3
Zambia	-6.8	-8.4	-8.4	-6.3	-5.8	-4.9	-5.4	-4.8	-2.9	-5.2	-9.0	-8.1
Low-income and fragile countries	-6.8	-6.8	-7.2	-6.9	-6.5	-6.5	-7.5	-7.3	-7.2	-6.4	-6.9	-6.9
Low-income excluding fragile countries	-7.3	-7.3	-7.6	-7.5	-7.4	-6.9	-7.9	-7.6	-7.1	-6.4	-6.8	-7.0
Benin	-3.0	-3.7	-4.4	-2.5	-2.7	-1.8	-6.5	-1.9	-4.0	-2.3	-2.9	-3.5
Burkina Faso	-10.5	-9.3	-10.1	-11.7	-13.2	-8.2	-11.2	-9.1	-7.6	-8.2	-7.8	-7.7
Ethiopia ²	-7.7	-7.4	-8.5	-7.5	-8.1	-7.0	-5.3	-4.6	-4.9	-2.9	-4.8	-4.6
Gambia, The	-4.7	-7.2	-7.1	-6.1	-0.5	-2.5	-6.9	-9.4	-9.9	-13.4	-7.7	-7.1
Kenya	-3.6	-1.3	-3.0	-3.6	-4.3	-5.4	-6.2	-6.3	-5.6	-6.8	-6.9	-5.7
Madagascar	-9.3	-13.2	-10.5	-10.3	-7.0	-5.4	-4.2	-1.5	-4.8	-3.8	-4.3	-5.2
Malawi	-15.6	-15.1	-13.1	-15.5	-17.4	-16.6	-13.7	-10.1	-10.1	-16.6	-18.9	-13.3
Mali	-6.9	-6.5	-7.1	-7.6	-7.9	-5.6	-8.8	-5.5	-7.5	-1.4	-6.0	-7.1
Mozambique	-11.3	-11.7	-8.8	-12.0	-12.2	-11.9	-15.0	-13.3	-12.9	-9.5	-9.7	-12.0
Niger	-7.7	-9.3	-9.5	-6.8	-8.2	-4.4	-9.8	-7.0	-5.3	-9.1	-11.8	-11.8
Rwanda	-10.3	-9.3	-11.1	-9.8	-11.0	-10.1	-11.4	-13.1	-13.1	-12.1	-11.9	-12.3
Sierra Leone	-7.5	-9.0	-9.3	-7.7	-4.6	-7.0	-8.4	-10.3	-10.1	-9.0	-6.2	-6.6
Tanzania	-8.9	-8.4	-10.0	-9.7	-7.9	-8.5	-10.9	-11.2	-9.7	-9.1	-9.3	-8.0
Uganda	-5.9	-8.0	-6.2	-5.3	-4.7	-5.4	-5.0	-9.6	-5.1	-5.7	-3.0	-7.5
Fragile countries	-5.3	-5.5	-6.4	-5.4	-4.1	-5.1	-6.3	-6.7	-7.6	-6.2	-7.1	-6.4
Burundi	-18.7	-14.3	-11.9	-13.9	-25.5	-27.7	-24.5	-26.4	-24.7	-20.8	-17.1	-17.0
Central African Rep.	-5.5	-5.6	-8.7	-4.4	-2.9	-5.8	-5.4	-7.0	-4.9	-4.9	-5.9	-6.0
Comoros	-7.8	-4.5	-4.2	-7.6	-9.7	-13.0	-9.1	-7.8	-6.0	-6.2	-10.2	-9.9
Congo, Dem. Rep. of	-8.2	-7.0	-11.1	-10.3	-6.1	-6.4	-10.1	-9.1	-10.2	-8.3	-10.3	-8.8
Côte d'Ivoire	-2.3	-2.6	-2.8	-2.4	-1.3	-2.3	-2.2	-2.8	-6.1	-4.1	-4.8	-5.7
Eritrea	-24.8	-31.7	-31.5	-18.2	-18.8	-24.0	-17.3	-21.3	-19.4	-14.7	-13.0	-12.1
Guinea	-3.2	-6.5	-2.3	-4.6	-0.5	-1.8	-7.5	-14.4	-4.7	-6.0	-7.8	-5.2
Guinea-Bissau	-15.9	-17.6	-14.3	-11.9	-18.8	-16.9	-14.2	-11.8	-9.7	-9.0	-5.1	-6.4
Liberia	-0.6	-0.2	0.0	4.7	2.9	-10.4	-12.4	-7.5	-4.7	-4.1	-9.0	-8.9
São Tomé & Príncipe	-13.9	-36.8	10.8	-28.4	-0.4	-14.7	-33.0	-30.8	-30.2	-28.2	-28.6	-22.9
Togo	-2.7	0.2	-3.6	-4.2	-3.6	-2.3	-4.3	-3.7	-6.1	-8.6	-9.4	-8.3
Zimbabwe ³	-4.4	...	-8.1	-3.2	-3.9	-2.7	-3.4	0.9	-1.7	-0.7	-0.7	1.3
Sub-Saharan Africa	0.5	-0.9	1.5	2.0	0.0	-0.3	-6.9	-5.1	-2.3	-3.7	-4.1	-4.0
<i>Median</i>	-5.1	-5.6	-4.7	-5.7	-4.1	-5.4	-8.2	-7.3	-5.6	-5.7	-6.0	-6.4
Excluding Nigeria and South Africa	-2.3	-4.1	-1.9	-0.5	-1.8	-3.3	-6.9	-4.3	-2.3	-3.9	-4.6	-4.5
Oil-importing countries	-2.6	-3.3	-2.5	-1.8	-1.9	-3.5	-6.6	-6.3	-5.3	-5.6	-5.9	-5.7
Excluding South Africa	-5.8	-6.0	-5.7	-5.3	-5.6	-6.4	-7.6	-7.6	-6.7	-6.3	-6.7	-6.5
CFA franc zone	1.2	-1.5	0.9	2.3	1.3	3.0	-4.2	-2.3	-1.9	-3.4	-3.8	-3.8
WAEMU	-5.1	-4.8	-5.3	-5.5	-5.4	-4.6	-6.5	-5.3	-6.7	-5.6	-6.6	-6.9
CEMAC	7.3	2.0	7.1	9.7	7.7	9.8	-1.7	0.6	2.3	-1.5	-1.2	-0.9
EAC-5	-6.3	-5.7	-6.5	-6.2	-6.2	-7.1	-8.0	-9.4	-7.7	-8.0	-7.4	-7.4
ECOWAS	2.5	2.3	5.8	3.7	-1.2	1.9	-8.7	-7.0	-1.9	-3.6	-3.7	-3.7
SADC	-0.7	-2.2	-0.5	1.2	0.6	-2.4	-6.7	-4.2	-2.5	-3.3	-4.2	-4.2
SACU	0.4	-1.2	0.3	1.8	1.6	-0.5	-5.7	-5.3	-4.1	-4.5	-4.7	-4.4
COMESA (SSA members)	-6.7	-6.9	-7.3	-6.3	-6.4	-6.3	-6.6	-6.6	-6.1	-5.6	-6.4	-6.2
MDRI countries	-5.9	-6.6	-5.8	-5.6	-6.0	-5.3	-7.3	-6.7	-5.9	-6.2	-6.5	-6.6
Countries with conventional exchange rate pegs	0.9	-2.1	0.3	2.3	1.4	2.7	-4.3	-3.2	-2.9	-3.5	-4.1	-4.0
Countries without conventional exchange rate pegs	0.4	-0.6	1.9	2.0	-0.3	-1.0	-7.5	-5.5	-2.2	-3.6	-4.0	-4.1
Sub-Saharan Africa⁴	0.5	-0.9	1.5	2.0	0.0	-0.3	-6.9	-5.1	-2.3	-3.5	-4.0	-4.0

Sources and footnotes on page 80.

Table SA15. Claims on Nonfinancial Private Sector
(Percent change)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012
Oil-exporting countries	42.4	25.2	29.3	34.3	66.2	56.9	25.8	4.3	11.0	12.4
Excluding Nigeria	36.3	23.1	29.7	39.7	38.8	50.4	31.4	21.6	24.3	20.8
Angola	72.4	66.7	55.2	98.2	76.2	65.7	59.5	25.0	30.4	22.4
Cameroon	8.2	1.4	10.9	3.2	5.9	19.6	9.1	8.2	28.3	2.6
Chad	17.3	9.5	21.9	-3.5	15.5	43.0	21.0	30.2	24.4	32.1
Congo, Rep. of	26.6	...	5.6	9.0	8.2	83.4	30.4	49.3	42.3	44.3
Equatorial Guinea	50.1	22.4	46.8	34.4	40.3	106.7	13.8	30.6	30.7	-13.6
Gabon	10.0	-11.2	14.5	22.5	18.0	6.0	-7.9	1.9	42.0	24.1
Nigeria	47.1	26.4	29.1	31.0	87.3	61.5	22.2	-5.2	3.0	7.4
South Sudan	...	...	...	...	...	...	...	...	-34.0	114.6
Middle-income countries¹	20.2	16.6	19.2	25.4	24.8	15.1	4.3	6.5	10.0	13.2
Excluding South Africa	28.3	23.4	26.2	25.5	33.9	32.4	8.4	16.4	22.6	24.3
Botswana	21.2	24.1	8.8	20.7	25.7	26.6	10.3	11.1	21.8	21.9
Cape Verde	20.4	9.6	9.1	29.6	26.8	26.8	11.8	9.0	13.3	-0.4
Ghana	44.1	23.6	48.0	42.5	59.1	47.4	15.4	25.7	29.0	32.9
Lesotho	30.7	31.1	50.8	15.9	32.0	23.6	27.1	18.0	22.5	40.6
Mauritius	15.4	11.9	8.8	9.7	19.6	27.0	0.5	12.5	12.3	17.4
Namibia	16.9	29.3	20.1	9.6	13.5	11.8	10.0	11.1	9.3	16.9
Senegal	13.1	9.2	24.6	4.0	10.7	17.1	3.8	10.1	19.0	10.0
Seychelles	21.9	17.2	7.6	1.6	34.5	48.5	-9.2	23.6	5.2	3.4
South Africa	17.8	14.6	17.0	25.4	22.0	10.0	3.0	3.3	5.7	9.3
Swaziland	21.4	29.5	26.4	22.5	22.0	6.6	13.1	-0.5	26.0	-1.7
Zambia	43.2	50.5	17.7	52.3	45.4	50.3	-5.7	15.4	28.2	37.0
Low-income and fragile countries	24.3	17.5	17.4	28.7	21.9	35.8	17.7	22.5	23.6	18.7
Low-income excluding fragile countries	25.0	15.0	20.9	29.0	23.9	36.1	14.8	22.0	23.5	20.0
Benin	16.4	8.6	17.6	11.3	24.6	20.1	11.9	8.5	11.5	9.4
Burkina Faso	14.4	12.0	24.4	14.1	0.8	20.8	1.7	14.7	23.5	24.1
Ethiopia ²	24.9	3.7	31.4	28.1	27.2	33.9	11.1	28.9	25.8	38.8
Gambia, The	13.2	-12.5	16.2	26.8	15.4	20.3	10.3	14.8	8.8	4.3
Kenya	19.9	24.7	9.3	14.3	22.6	28.6	13.9	20.3	30.9	10.4
Madagascar	24.6	35.0	23.7	18.5	17.4	28.6	6.1	11.5	3.4	8.0
Malawi	41.2	38.9	41.8	54.1	27.1	44.2	39.5	28.0	-3.0	25.2
Mali	7.2	6.9	-6.6	19.4	7.5	8.6	11.0	13.5	24.1	4.8
Mozambique	27.5	-4.4	46.9	32.6	16.6	45.9	58.6	18.3	19.4	16.0
Niger	26.1	21.7	20.0	31.7	20.2	36.8	18.4	11.7	16.0	24.2
Rwanda	30.2	10.7	21.8	23.7	21.0	73.6	5.7	9.9	28.5	34.1
Sierra Leone	35.5	45.2	17.8	18.5	39.4	56.8	45.4	31.5	21.8	6.3
Tanzania	36.6	16.2	23.6	62.1	36.4	44.6	9.6	20.0	27.2	18.2
Uganda	29.4	14.9	16.1	33.8	29.3	53.0	17.6	36.6	28.0	11.9
Fragile countries	22.0	25.7	6.7	28.0	15.0	34.7	29.5	24.6	24.3	13.4
Burundi	8.4	1.2	-1.6	17.0	12.1	13.4	25.5	30.2	39.3	12.4
Central African Rep.	8.9	21.2	-2.4	5.8	7.1	13.0	-0.8	41.5	17.6	8.0
Comoros	11.4	-15.0	30.5	0.5	13.6	27.3	44.1	25.9	8.4	21.7
Congo, Dem. Rep. of	91.1	105.3	58.3	76.4	72.8	142.7	41.1	19.0	16.7	25.0
Côte d'Ivoire	9.4	7.4	1.3	8.5	17.8	12.1	10.4	8.6	4.8	8.6
Eritrea	6.3	15.2	13.8	4.6	-13.1	11.2	1.2	2.4	4.1	7.1
Guinea	19.2	8.9	47.1	37.3	-1.6	4.1	15.8	43.8	93.4	-3.2
Guinea-Bissau	50.9	-15.1	49.7	87.8	60.4	71.5	24.9	58.2	46.7	27.2
Liberia	36.0	34.6	20.6	41.7	39.2	44.1	31.5	40.1	32.4	11.2
São Tomé & Príncipe	53.5	83.9	81.9	45.0	33.9	22.8	39.3	35.8	15.4	9.2
Togo	8.4	4.4	12.0	0.6	29.9	-4.6	21.3	21.6	41.1	18.9
Zimbabwe ³	5.8	71.6	-73.8	56.1	-66.0	41.1	388.2	143.3	62.8	30.0
Sub-Saharan Africa	27.9	19.5	21.8	29.0	35.9	33.1	14.7	9.9	13.6	14.4
<i>Median</i>	21.3	15.2	20.0	22.5	22.0	27.9	13.4	18.7	22.5	16.0
Excluding Nigeria and South Africa	28.0	20.0	22.1	30.7	28.5	38.8	19.1	21.0	23.6	20.4
Oil-importing countries	21.7	17.0	18.5	26.7	23.6	22.9	9.6	12.9	15.5	15.5
Excluding South Africa	25.3	19.1	19.8	27.8	25.1	34.9	15.1	20.8	23.3	20.2
CFA franc zone	14.4	6.0	14.0	11.0	14.4	26.5	9.9	15.5	24.1	13.4
WAEMU	12.7	9.0	11.7	12.3	14.3	16.5	9.3	11.8	16.6	13.0
CEMAC	16.2	2.8	16.4	9.8	14.5	37.5	10.5	19.2	31.9	13.8
EAC-5	27.2	18.3	15.6	32.9	27.9	41.3	13.1	23.4	29.0	14.8
ECOWAS	36.4	21.2	26.5	27.4	60.5	46.5	18.5	2.8	10.1	11.0
SADC	25.9	22.1	20.5	34.7	28.2	23.8	13.2	9.8	12.2	13.8
SACU	18.0	15.6	17.0	24.6	22.0	10.8	3.7	3.9	6.8	10.2
COMESA (SSA members)	27.2	24.7	16.7	28.4	24.2	41.9	16.2	24.3	23.6	22.6
MDRI countries	27.8	16.8	25.0	29.9	27.3	40.2	14.8	21.6	24.3	22.1
Countries with conventional exchange rate pegs	14.7	8.1	15.0	11.3	14.3	25.0	10.2	14.7	22.9	13.4
Countries without conventional exchange rate pegs	31.0	21.7	24.4	32.9	41.6	34.6	15.0	8.7	12.9	14.1
Sub-Saharan Africa⁴	27.9	19.5	21.8	29.0	35.9	33.1	14.7	9.9	14.6	14.0

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Table SA19. External Current Account¹
(Percent of GDP)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	11.7	2.6	8.7	20.9	14.7	11.4	1.3	4.7	5.7	5.6	2.9	3.0
Excluding Nigeria	8.0	-2.2	8.6	14.0	11.7	7.8	-7.2	2.9	8.2	3.1	2.4	2.1
Angola	15.6	3.8	18.2	25.6	19.9	10.3	-9.9	8.1	12.6	9.2	7.1	4.6
Cameroon	-1.0	-3.4	-3.4	1.6	1.4	-1.2	-3.3	-3.0	-2.9	-3.7	-4.1	-3.7
Chad	1.5	-15.1	1.0	5.1	9.4	7.2	-3.1	-4.0	-0.8	-1.4	-5.4	-2.3
Congo, Rep. of	-1.1	-5.7	3.7	3.6	-6.5	-0.5	-6.0	3.8	5.8	-1.3	7.5	5.1
Equatorial Guinea	-7.9	-26.7	-7.7	-1.1	-3.0	-1.2	-17.8	-24.0	-10.5	-12.6	-15.1	-16.9
Gabon	16.6	10.0	20.4	14.1	14.9	23.4	7.5	8.9	14.1	13.2	9.7	6.3
Nigeria	14.2	5.7	8.8	25.3	16.8	14.1	8.3	5.9	3.6	7.6	3.2	3.6
South Sudan	...	...	...	...	...	...	...	...	18.4	-27.7	-14.9	8.7
Middle-income countries²	-4.8	-2.8	-3.2	-4.3	-6.1	-7.4	-4.2	-3.3	-4.0	-6.6	-6.7	-6.5
Excluding South Africa	-3.1	-2.1	-2.0	-0.6	-3.0	-8.0	-4.9	-5.0	-6.1	-7.5	-8.2	-7.5
Botswana	11.0	3.9	16.3	19.2	15.1	0.4	-10.2	-5.4	-0.2	-4.9	-1.8	-1.2
Cape Verde	-9.5	-13.0	-3.1	-4.8	-12.9	-13.7	-14.6	-12.4	-16.3	-11.5	-9.9	-9.5
Ghana	-8.1	-4.7	-7.0	-8.2	-8.7	-11.9	-5.4	-8.6	-9.1	-12.2	-12.9	-10.7
Lesotho	7.8	8.1	1.4	11.5	8.2	10.0	0.2	-11.9	-22.0	-13.6	-13.6	-13.4
Mauritius	-6.3	-1.8	-5.0	-9.1	-5.4	-10.1	-7.4	-10.3	-13.2	-10.2	-9.9	-9.1
Namibia	7.5	7.0	4.7	13.8	9.1	2.8	-1.1	-1.8	-3.5	-2.6	-3.4	-5.2
Senegal	-10.1	-6.9	-8.9	-9.2	-11.6	-14.1	-6.7	-4.4	-7.9	-10.3	-9.5	-8.5
Seychelles	-16.0	-9.3	-22.7	-16.1	-15.5	-16.6	-9.8	-23.0	-22.7	-21.7	-24.1	-20.2
South Africa	-5.2	-3.0	-3.5	-5.3	-7.0	-7.2	-4.0	-2.8	-3.4	-6.3	-6.1	-6.1
Swaziland	-3.7	3.1	-4.1	-7.4	-2.2	-8.2	-14.0	-10.5	9.0	3.8	-1.2	-3.3
Zambia	-6.6	-10.4	-8.5	-0.4	-6.5	-7.2	4.2	7.1	3.7	0.0	-3.7	-3.8
Low-income and fragile countries	-6.0	-3.9	-6.1	-5.4	-5.9	-8.9	-7.2	-7.9	-9.0	-11.4	-11.2	-12.0
Low-income excluding fragile countries	-6.7	-4.6	-6.5	-6.5	-6.7	-9.4	-8.4	-8.1	-9.9	-11.5	-11.4	-11.5
Benin	-7.3	-6.7	-6.5	-4.9	-10.2	-8.1	-8.9	-8.7	-7.8	-8.5	-8.1	-8.2
Burkina Faso	-10.4	-11.0	-11.6	-9.5	-8.3	-11.5	-4.7	-2.2	-1.3	-2.1	-5.2	-8.2
Ethiopia ³	-5.4	-1.4	-6.3	-9.2	-4.5	-5.7	-5.1	-4.1	-0.7	-6.6	-6.4	-6.1
Gambia, The	-8.5	-4.5	-10.3	-6.9	-8.3	-12.3	-12.3	-16.0	-15.5	-17.0	-16.2	-15.6
Kenya	-3.0	-0.6	-1.5	-2.3	-4.0	-6.6	-5.8	-6.5	-9.6	-9.3	-7.8	-7.3
Madagascar	-13.1	-10.6	-11.6	-9.9	-12.7	-20.6	-21.1	-9.7	-6.9	-8.3	-5.8	-3.9
Malawi	-8.6	-11.2	-11.9	-11.3	1.0	-9.7	-4.8	-1.3	-5.9	-4.4	-3.1	-5.1
Mali	-7.6	-7.5	-8.1	-3.7	-6.3	-12.2	-7.3	-12.6	-6.1	-3.4	-7.5	-10.2
Mozambique	-12.3	-11.6	-17.2	-8.6	-10.9	-12.9	-12.2	-11.7	-24.3	-36.5	-40.1	-41.7
Niger	-9.2	-7.3	-8.9	-8.6	-8.3	-13.0	-24.7	-19.9	-24.7	-15.8	-18.4	-19.9
Rwanda	-1.8	1.9	1.0	-4.4	-2.3	-5.0	-7.3	-5.4	-7.2	-11.4	-11.6	-11.5
Sierra Leone	-5.4	-4.3	-5.2	-4.2	-4.2	-8.9	-6.3	-19.7	-44.9	-36.7	-16.6	-8.9
Tanzania	-7.9	-2.3	-6.6	-9.6	-11.0	-10.2	-9.8	-9.3	-13.6	-15.3	-14.9	-14.1
Uganda	-4.9	-3.6	-2.5	-4.2	-5.5	-8.7	-7.3	-11.1	-12.5	-10.5	-12.0	-13.9
Fragile countries	-4.3	-2.5	-5.0	-2.7	-3.7	-7.7	-3.9	-7.2	-6.5	-11.3	-10.8	-13.4
Burundi	-7.8	-6.3	-4.9	-21.5	-5.4	-1.0	1.8	-12.2	-13.7	-17.5	-15.8	-16.8
Central African Rep.	-5.5	-1.8	-6.6	-3.0	-6.2	-10.0	-9.2	-10.2	-7.6	-6.2	-5.6	-5.8
Comoros	-7.2	-4.6	-7.4	-6.0	-5.8	-12.1	-7.8	-5.7	-9.4	-7.3	-10.0	-11.1
Congo, Dem. Rep. of	-7.5	-3.0	-13.3	-2.7	-1.1	-17.5	-10.6	-8.1	-10.9	-9.6	-12.9	-17.0
Côte d'Ivoire	1.3	1.6	0.2	2.8	-0.2	2.3	7.6	2.5	12.9	-1.3	-2.9	-2.5
Eritrea	-3.1	-0.7	0.3	-3.6	-6.1	-5.5	-7.6	-5.6	0.6	2.3	0.3	-0.3
Guinea	-6.1	-2.5	-1.0	-4.6	-11.6	-10.6	-8.6	-11.5	-20.5	-34.1	-15.9	-46.3
Guinea-Bissau	-2.9	1.4	-2.1	-5.6	-3.5	-4.9	-6.7	-8.6	-1.2	-6.5	-6.1	-4.8
Liberia	-22.8	-17.2	-2.8	-18.1	-22.3	-53.5	-27.0	-37.1	-32.7	-33.6	-47.4	-50.0
São Tomé & Príncipe	-29.8	-23.9	-23.9	-34.5	-31.9	-35.0	-23.7	-22.6	-27.5	-21.4	-17.7	-18.6
Togo	-8.8	-10.0	-9.9	-8.4	-8.7	-6.8	-6.6	-6.7	-11.1	-12.3	-10.9	-10.2
Zimbabwe ⁴	-11.0	-7.8	-10.2	-8.3	-7.0	-21.8	-21.8	-25.7	-36.9	-26.2	-21.7	-16.8
Sub-Saharan Africa	0.5	-1.6	-0.3	3.8	1.1	-0.4	-3.1	-1.4	-1.4	-3.0	-4.0	-4.0
Median	-6.4	-4.4	-5.1	-4.9	-5.9	-8.4	-7.3	-8.6	-7.9	-9.3	-9.5	-8.5
Excluding Nigeria and South Africa	-1.0	-3.0	-1.1	1.5	0.4	-2.9	-6.8	-3.8	-2.2	-5.6	-6.0	-6.4
Oil-importing countries	-5.2	-3.2	-4.0	-4.6	-6.0	-8.0	-5.3	-4.8	-5.6	-8.3	-8.4	-8.7
Excluding South Africa	-5.1	-3.3	-4.8	-3.8	-5.0	-8.7	-6.6	-7.0	-8.0	-10.2	-10.3	-10.7
CFA franc zone	-1.6	-4.6	-1.6	0.4	-1.3	-0.8	-3.8	-4.1	-0.4	-3.4	-4.3	-5.0
WAEMU	-5.4	-4.4	-5.6	-3.9	-6.1	-6.9	-3.5	-4.8	-1.7	-5.8	-7.1	-7.7
CEMAC	1.9	-4.9	2.4	4.3	3.2	4.7	-4.2	-3.4	0.8	-1.4	-1.7	-2.4
EAC-5	-4.8	-1.8	-3.2	-5.3	-6.1	-7.9	-7.2	-8.4	-11.3	-11.6	-11.2	-11.1
ECOWAS	6.7	1.3	3.2	14.7	8.2	6.1	3.3	1.6	0.1	1.7	-1.3	-1.3
SADC	-2.6	-2.6	-2.1	-1.2	-2.4	-4.6	-6.1	-2.2	-2.4	-4.7	-5.0	-5.6
SACU	-4.2	-2.4	-2.5	-3.8	-5.6	-6.5	-4.2	-3.0	-3.4	-6.1	-5.8	-5.9
COMESA (SSA members)	-5.9	-3.7	-6.0	-5.5	-4.9	-9.4	-7.1	-6.6	-8.2	-8.4	-8.7	-8.8
MDRI countries	-6.8	-5.4	-7.0	-5.7	-6.6	-9.4	-7.2	-6.4	-7.6	-10.0	-10.4	-10.6
Countries with conventional exchange rate pegs	-1.1	-3.5	-1.2	1.1	-0.7	-0.9	-4.0	-4.3	-1.3	-3.4	-4.3	-5.1
Countries without conventional exchange rate pegs	1.0	-1.1	0.1	4.5	1.6	-0.2	-2.7	-0.7	-1.5	-2.5	-3.6	-3.9
Sub-Saharan Africa⁵	0.5	-1.6	-0.3	3.8	1.1	-0.4	-3.1	-1.4	-1.7	-2.8	-3.9	-4.2

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REGIONAL ECONOMIC OUTLOOK: SUB-SAHARAN AFRICA

Table SA20. Net Foreign Direct Investment
(Percent of GDP)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	4.0	5.9	4.5	3.5	2.8	3.3	4.5	1.8	2.1	1.5	2.4	1.5
Excluding Nigeria	4.0	7.4	3.0	4.1	2.4	3.0	4.9	1.0	0.7	0.7	2.8	0.8
Angola	-0.4	7.7	-5.4	-0.5	-3.0	-1.1	2.9	-5.5	-4.9	-3.8	-1.6	-1.3
Cameroon	1.9	1.8	1.9	2.0	2.1	1.5	2.0	1.9	2.0	3.0	2.9	2.7
Chad	4.5	9.3	16.0	-3.7	-3.7	4.5	4.0	2.9	2.3	1.6	2.4	-0.8
Congo, Rep. of	16.0	-0.3	8.4	24.5	25.9	21.2	20.2	18.2	21.1	16.4	14.4	12.8
Equatorial Guinea	23.3	39.0	28.1	22.4	16.6	10.5	12.6	22.5	11.9	11.4	11.2	11.8
Gabon	3.7	4.1	-0.1	3.2	6.1	4.9	4.8	3.4	3.7	3.8	4.3	3.6
Nigeria	4.0	5.0	5.4	3.1	3.1	3.5	4.2	2.3	3.3	2.1	2.1	2.0
South Sudan	...	...	...	...	...	...	...	...	-0.2	-0.7	20.0	-10.0
Middle-income countries¹	1.7	0.3	2.3	-1.1	1.9	5.0	2.5	1.4	2.5	1.2	2.2	2.2
Excluding South Africa	4.1	2.6	2.1	3.9	5.3	6.6	5.6	4.9	5.4	5.0	5.3	5.1
Botswana	4.2	4.8	2.2	4.3	4.1	5.5	1.2	-0.1	2.8	2.1	2.1	1.9
Cape Verde	9.4	6.6	6.9	8.9	12.6	11.7	7.0	6.7	5.6	3.8	3.8	4.6
Ghana	3.6	1.0	0.8	3.1	3.5	9.5	11.2	7.9	8.3	8.1	7.3	6.8
Lesotho	5.4	4.6	4.8	4.8	6.4	6.7	5.9	5.3	5.4	7.6	10.0	10.3
Mauritius	1.6	-0.3	-0.1	1.4	3.6	3.4	2.5	3.1	1.6	2.4	2.1	2.0
Namibia	6.0	3.8	5.0	5.0	8.3	8.1	5.9	7.1	6.3	3.0	7.8	7.9
Senegal	1.6	0.8	0.6	2.2	2.4	2.0	2.0	2.1	2.0	2.1	2.1	2.0
Seychelles	11.6	3.6	8.5	13.6	15.3	17.2	19.2	20.0	17.0	14.0	13.7	9.5
South Africa	1.0	-0.3	2.3	-2.5	1.0	4.4	1.5	0.4	1.6	0.1	1.1	1.1
Swaziland	2.2	3.1	-0.9	4.6	0.5	4.0	2.0	3.6	2.6	2.6	2.0	2.0
Zambia	7.1	6.7	5.3	5.8	11.5	6.4	3.3	3.9	5.8	5.2	5.5	5.7
Low-income and fragile countries	3.0	1.9	2.3	2.8	4.0	4.1	3.9	4.1	5.5	6.2	5.4	6.4
Low-income excluding fragile countries	2.9	1.9	2.2	2.7	3.9	3.8	4.2	4.3	6.0	6.6	5.5	5.6
Benin	2.3	1.6	1.2	1.2	4.7	2.6	1.6	3.0	1.4	1.6	2.5	2.5
Burkina Faso	1.6	0.5	0.6	0.6	5.1	1.3	1.1	0.4	0.4	0.4	0.4	0.4
Ethiopia ²	2.1	1.5	1.2	2.4	2.5	3.1	2.8	3.3	4.0	2.5	2.5	2.8
Gambia, The	9.7	9.8	9.8	11.3	10.1	7.3	8.1	8.9	6.7	6.8	6.5	7.0
Kenya	1.9	0.5	1.0	2.2	3.6	2.2	1.5	2.1	2.2	2.6	3.0	3.2
Madagascar	3.7	1.2	1.7	4.0	4.7	6.9	8.2	3.9	9.5	6.1	5.7	5.0
Malawi	2.2	1.7	1.0	0.9	2.5	5.0	1.1	2.9	1.1	1.5	3.4	3.8
Mali	2.0	1.8	2.7	1.2	2.3	2.1	8.4	4.2	5.2	3.0	3.5	4.0
Mozambique	3.8	4.3	1.6	2.1	5.3	5.9	8.9	14.0	20.7	36.6	32.1	25.8
Niger	3.4	0.5	1.0	1.4	2.8	11.0	13.8	17.5	16.7	8.4	-4.3	9.1
Rwanda	1.3	0.4	0.4	1.0	2.3	2.2	2.3	0.8	1.7	2.2	2.1	2.0
Sierra Leone	3.9	4.3	5.5	3.1	4.5	2.3	3.0	13.7	38.7	32.9	13.4	6.0
Tanzania	4.2	3.0	4.8	4.1	4.2	4.9	4.9	4.4	5.5	5.9	6.3	7.0
Uganda	4.7	3.5	3.8	5.9	5.8	4.5	5.1	3.2	4.9	7.9	6.7	7.0
Fragile countries	3.3	1.9	2.6	2.8	4.2	4.8	3.2	3.7	4.2	4.9	5.1	8.5
Burundi	0.1	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.1	0.0	2.5	2.5
Central African Rep.	3.3	2.3	2.4	2.4	3.3	5.9	2.1	3.1	1.7	3.3	0.6	1.5
Comoros	0.6	0.2	0.1	0.2	1.7	0.9	2.6	1.5	3.8	2.9	2.6	2.4
Congo, Dem. Rep. of	10.1	6.7	8.4	8.0	12.7	14.9	10.2	11.5	10.6	11.5	12.0	14.9
Côte d'Ivoire	1.9	1.8	1.9	1.8	2.2	1.9	1.7	1.4	1.1	1.8	3.0	3.0
Eritrea	1.4	2.2	0.1	1.3	0.5	2.8	4.9	4.3	1.5	1.3	1.3	1.2
Guinea	-2.2	-3.4	-3.3	-2.0	1.4	-3.6	-4.2	-5.6	1.0	4.8	1.4	36.9
Guinea-Bissau	1.9	1.8	1.4	3.0	2.7	0.7	2.1	3.3	2.6	0.7	0.7	0.5
Liberia	5.7	0.0	0.4	0.8	2.9	24.5	13.3	22.2	19.0	16.1	15.8	14.8
São Tomé & Príncipe	19.2	3.2	0.9	25.9	22.8	43.1	7.8	25.1	14.1	8.4	6.4	6.4
Togo	3.1	3.7	4.3	4.2	2.0	1.3	0.4	1.5	1.8	1.7	2.0	2.5
Zimbabwe ³	0.9	0.1	1.7	0.7	1.2	1.0	1.7	1.6	4.2	3.6	3.2	2.9
Sub-Saharan Africa	2.6	2.2	2.9	1.2	2.7	4.1	3.5	2.1	2.9	2.4	3.1	2.9
<i>Median</i>	3.3	2.0	1.7	2.4	3.4	4.4	3.2	3.3	3.7	3.0	3.0	3.2
Excluding Nigeria and South Africa	3.5	3.4	2.5	3.4	3.8	4.2	4.6	3.3	3.7	4.1	4.5	4.3
Oil-importing countries	2.1	0.8	2.3	0.1	2.6	4.7	3.0	2.3	3.4	3.0	3.5	3.9
Excluding South Africa	3.4	2.1	2.3	3.2	4.4	4.9	4.4	4.4	5.5	5.8	5.4	6.0
CFA franc zone	4.9	4.1	4.8	4.8	5.4	5.2	5.2	5.9	5.3	4.6	4.1	4.1
WAEMU	2.0	1.5	1.6	1.7	2.9	2.6	3.4	3.2	3.1	2.3	1.8	3.0
CEMAC	7.6	7.1	8.0	7.7	7.8	7.4	7.2	8.4	7.3	6.6	6.3	5.2
EAC-5	3.1	1.9	2.7	3.4	4.1	3.4	3.3	2.8	3.6	4.6	4.6	4.9
ECOWAS	3.4	3.4	3.9	2.8	3.2	3.8	4.6	3.1	4.1	3.1	2.8	3.4
SADC	1.5	1.0	1.9	-0.8	1.6	4.0	2.6	0.6	1.7	1.3	2.4	2.4
SACU	1.3	0.1	2.4	-2.0	1.3	4.6	1.6	0.6	1.8	0.3	1.4	1.4
COMESA (SSA members)	3.6	2.1	2.4	3.6	5.1	4.7	3.6	3.7	4.5	4.4	4.4	4.7
MDRI countries	4.2	2.3	2.8	4.3	5.4	6.0	5.8	5.8	7.2	7.4	6.4	6.5
Countries with conventional exchange rate pegs	4.9	4.1	4.7	4.8	5.5	5.4	5.2	5.9	5.3	4.5	4.3	4.4
Countries without conventional exchange rate pegs	2.2	1.8	2.6	0.5	2.1	3.9	3.2	1.4	2.5	2.1	2.6	2.8
Sub-Saharan Africa⁴	2.6	2.2	2.9	1.2	2.7	4.1	3.5	2.1	3.0	2.4	2.9	3.1

Sources and footnotes on page 80.

Table SA21. Official Grants*(Percent of GDP)*

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil-exporting countries	0.4	0.1	0.2	0.5	0.4	0.6	0.7	0.5	0.5	0.4	0.1	0.1
Excluding Nigeria	0.4	0.4	0.6	0.3	0.4	0.3	0.4	0.2	0.2	0.1	0.2	0.2
Angola	0.1	...	0.5	0.1	0.0	-0.1	0.0	-0.1	-0.1	-0.1	0.0	0.0
Cameroon	1.1	0.3	0.9	1.2	1.8	1.6	1.9	1.6	1.3	1.2	1.1	1.1
Chad	1.3	2.8	1.6	0.8	0.8	0.8	0.8	0.4	0.3	0.3	0.3	0.3
Congo, Rep. of	0.2	0.1	0.0	0.0	0.3	0.6	0.2	0.0	0.4	0.1	1.0	1.1
Equatorial Guinea	0.1	0.5	0.3	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Gabon	-0.2	-0.6	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nigeria	0.4	-0.1	-0.1	0.7	0.5	0.8	0.9	0.6	0.7	0.7	0.0	0.0
South Sudan	...	...	...	...	...	...	...	...	...	...	...	...
Middle-income countries¹	0.1	0.1	-0.2	0.0	0.2	0.2	0.1	0.3	0.3	0.2	0.3	0.2
Excluding South Africa	3.9	3.6	3.4	4.0	4.4	4.2	4.2	3.8	3.2	4.6	4.0	3.5
Botswana	8.1	5.3	6.4	7.8	10.2	10.9	8.4	8.5	7.1	11.6	11.3	11.1
Cape Verde	4.7	5.2	4.2	4.0	4.5	5.8	5.1	6.3	3.7	3.4	1.9	1.7
Ghana	0.9	1.3	0.8	0.7	0.8	0.8	1.1	0.6	0.6	0.6	0.5	0.4
Lesotho	33.0	26.4	27.3	37.4	37.2	36.9	34.8	24.5	20.3	29.8	30.2	24.9
Mauritius	0.3	0.3	0.2	0.2	0.2	0.9	1.1	0.6	0.8	0.8	0.7	0.5
Namibia	10.8	9.7	8.9	11.6	11.1	12.5	13.2	10.8	8.8	12.2	11.5	10.1
Senegal	0.7	1.0	0.2	0.6	1.0	0.5	0.4	0.5	0.9	0.9	0.5	0.5
Seychelles	1.6	0.4	1.5	1.1	1.4	3.7	5.3	2.7	2.7	5.3	1.5	1.3
South Africa	-1.0	-0.8	-1.1	-1.1	-1.0	-1.1	-1.1	-0.7	-0.6	-1.2	-1.1	-1.0
Swaziland ²	5.3	6.8	5.2	5.6	5.7	3.4	4.0	10.3	11.3	24.0	19.2	16.7
Zambia	1.9	0.8	1.8	1.9	2.6	2.2	2.4	1.5	0.8	0.9	0.7	0.7
Low-income and fragile countries	3.9	3.8	3.7	4.3	4.0	3.8	4.1	4.1	3.4	2.9	3.4	2.8
Low-income excluding fragile countries	3.4	3.6	3.4	3.4	3.3	3.0	3.1	3.8	3.2	2.7	3.1	2.5
Benin	2.8	3.2	2.1	3.1	2.8	3.0	3.9	3.0	1.9	2.3	2.4	1.9
Burkina Faso	3.4	3.2	3.3	3.0	4.3	3.4	4.4	3.8	4.2	3.6	3.7	2.8
Ethiopia ³	5.7	5.7	6.1	5.8	6.2	5.0	4.9	6.5	5.9	4.2	3.1	3.7
Gambia, The	1.2	3.1	1.2	1.0	0.1	0.4	1.3	0.0	0.0	2.4	0.7	0.8
Kenya	0.0	0.0	0.0	0.2	0.1	-0.1	-0.1	-0.1	-0.1	0.1	0.0	0.0
Madagascar	1.5	3.3	1.4	1.3	0.6	0.8	0.1	0.0	0.7	0.3	0.3	0.3
Malawi	10.4	6.8	9.0	11.2	13.8	11.1	9.4	15.7	6.4	14.1	17.9	13.1
Mali	2.0	2.0	2.1	2.7	1.8	1.2	1.9	2.1	1.6	1.1	14.5	5.5
Mozambique	6.4	5.9	5.7	6.3	6.3	7.7	6.8	7.4	6.5	6.3	6.7	6.6
Niger	2.6	3.2	3.3	2.3	2.2	2.2	0.7	5.5	3.3	4.2	3.4	3.3
Rwanda	10.8	13.5	12.6	8.2	9.9	9.7	9.9	11.6	11.8	7.6	8.2	6.7
Sierra Leone	4.1	5.4	5.2	4.0	2.7	3.1	3.4	6.3	3.8	1.8	1.3	1.1
Tanzania	3.5	3.8	3.7	3.3	3.4	3.3	3.1	3.0	2.9	2.0	1.7	1.5
Uganda	2.8	4.6	3.1	3.9	1.5	1.1	1.4	1.5	0.7	0.4	0.9	0.9
Fragile countries	5.3	4.2	4.2	6.3	5.9	6.1	7.1	4.9	4.1	3.7	4.0	3.6
Burundi	17.2	14.2	19.8	15.7	15.6	20.5	15.7	17.3	11.9	13.1	8.7	7.2
Central African Rep.	3.9	5.2	2.1	5.3	3.5	3.4	3.6	3.7	2.2	3.1	4.0	4.0
Comoros	0.7	-0.3	-0.5	1.1	2.0	1.0	2.2	8.9	0.0	0.0	3.0	0.2
Congo, Dem. Rep. of	6.4	5.0	3.9	8.7	7.4	7.2	11.1	6.7	5.1	4.5	4.5	4.4
Côte d'Ivoire	0.5	-0.1	-0.1	-0.2	1.3	1.4	2.6	0.7	0.1	0.6	1.4	1.9
Eritrea	6.9	15.1	9.3	4.1	3.1	2.8	2.6	5.2	3.2	1.2	0.5	0.4
Guinea	0.1	-0.1	0.0	0.1	0.2	0.4	0.0	0.0	2.2	1.0	1.6	0.4
Guinea-Bissau	5.8	6.1	4.0	7.1	5.1	6.4	8.0	3.5	3.5	3.8	4.3	3.4
Liberia	128.4	138.8	139.3	150.8	115.5	97.6	79.8	75.8	63.5	51.9	42.7	34.7
São Tomé & Príncipe	15.7	17.9	13.6	15.8	13.7	17.6	19.2	23.5	18.9	18.9	21.1	14.8
Togo	1.3	0.8	1.2	1.4	1.7	1.4	1.5	2.0	3.2	1.6	3.4	4.2
Zimbabwe ⁴	5.3	1.5	1.4	6.7	6.3	10.5	10.6	3.0	2.8	2.0	4.3	3.2
Sub-Saharan Africa	1.0	0.9	0.7	1.1	1.1	1.2	1.3	1.1	1.0	0.9	0.9	0.8
<i>Median</i>	2.7	3.2	2.1	2.8	2.4	2.5	2.6	3.0	2.5	1.9	1.8	1.6
Excluding Nigeria and South Africa	2.9	3.2	2.8	3.0	2.9	2.7	3.0	2.8	2.3	2.3	2.5	2.1
Oil-importing countries	1.3	1.2	1.0	1.3	1.4	1.5	1.6	1.5	1.3	1.2	1.5	1.3
Excluding South Africa	3.9	3.7	3.6	4.2	4.1	3.9	4.2	4.0	3.3	3.4	3.5	3.0
CFA franc zone	1.1	1.0	0.9	1.0	1.4	1.2	1.6	1.3	1.0	1.0	2.1	1.5
WAEMU	1.5	1.4	1.2	1.3	1.9	1.7	2.3	1.9	1.6	1.7	3.6	2.5
CEMAC	0.7	0.6	0.6	0.6	0.8	0.8	0.9	0.6	0.5	0.4	0.6	0.6
EAC-5	2.6	3.2	3.0	2.7	2.2	2.2	2.2	2.4	2.1	1.5	1.5	1.2
ECOWAS	1.2	1.1	0.9	1.4	1.3	1.4	1.6	1.2	1.2	1.1	1.0	0.7
SADC	0.6	0.5	0.2	0.6	0.7	0.8	0.8	0.7	0.6	0.6	0.7	0.6
SACU	-0.1	-0.1	-0.4	-0.1	0.0	0.0	-0.1	0.2	0.2	0.1	0.2	0.1
COMESA (SSA members)	3.5	3.4	3.2	3.8	3.6	3.4	3.8	3.9	3.1	2.9	2.6	2.4
MDRI countries	3.7	3.8	3.6	3.9	3.8	3.5	3.8	3.8	3.1	2.8	3.0	2.6
Countries with conventional exchange rate pegs	2.3	2.3	2.0	2.3	2.6	2.3	2.8	2.6	2.1	2.6	3.3	2.6
Countries without conventional exchange rate pegs	0.7	0.6	0.4	0.8	0.7	0.9	0.9	0.9	0.8	0.6	0.5	0.4
Sub-Saharan Africa⁵	1.0	0.9	0.7	1.1	1.1	1.2	1.3	1.1	1.0	0.9	0.9	0.8

Sources and footnotes on page 80.

Table SA23. Nominal Effective Exchange Rates¹
(Annual average; index, 2000 = 100)

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012
Oil-exporting countries	58.6	58.5	57.6	58.8	57.8	60.1	54.3	51.6	49.1	49.9
Excluding Nigeria	47.0	46.9	45.2	46.6	47.5	48.8	49.0	44.2	43.3	43.1
Angola	8.8	8.9	8.2	8.9	8.9	9.2	9.2	7.7	7.3	7.5
Cameroon	110.6	110.6	108.7	108.1	111.5	114.2	115.3	110.2	111.6	108.1
Chad	114.8	113.0	113.0	113.0	115.8	119.0	120.1	116.6	117.9	115.1
Congo, Rep. of	117.5	116.4	115.1	115.0	118.1	122.5	121.5	115.5	116.8	113.4
Equatorial Guinea	122.9	119.7	119.4	119.1	124.6	131.8	130.1	124.3	126.7	120.4
Gabon	109.1	108.2	107.6	107.6	109.9	112.0	111.2	107.4	107.7	105.0
Nigeria	67.7	67.8	67.5	68.6	65.9	68.9	58.3	57.1	53.4	54.9
South Sudan	...	...	...	...	...	...	...	...	...	...
Middle-income countries²	80.1	88.9	87.8	83.4	75.7	64.8	63.9	70.4	67.6	62.2
Excluding South Africa	69.2	74.7	72.6	71.0	65.8	61.7	55.1	55.8	53.3	49.6
Botswana	78.1	96.9	87.6	76.3	67.6	62.3	64.9	67.9	64.7	59.7
Cape Verde	108.5	109.3	107.5	107.2	108.5	110.1	110.2	106.7	108.4	105.7
Ghana	45.2	49.4	48.3	47.3	43.7	37.5	29.4	29.1	26.4	23.4
Lesotho	99.2	105.8	108.0	102.5	96.7	83.2	82.8	92.9	91.8	83.4
Mauritius	74.2	82.8	76.5	71.0	67.7	72.8	68.5	70.7	73.1	73.5
Namibia	86.3	93.8	94.1	89.2	82.2	72.3	74.8	82.7	80.6	75.0
Senegal	112.0	111.3	109.8	110.0	112.4	116.2	116.7	111.4	112.9	110.3
Seychelles	80.2	92.6	92.5	91.7	72.3	52.1	36.5	40.0	37.4	35.5
South Africa	84.1	94.0	93.4	87.9	79.2	65.8	67.1	76.0	73.3	67.1
Swaziland	91.4	99.3	96.6	93.1	88.1	79.7	80.7	86.1	84.7	81.0
Zambia	65.8	57.0	60.6	75.3	65.1	70.8	54.9	55.1	52.3	52.2
Low-income and fragile countries	78.8	82.5	80.2	77.6	77.2	76.3	72.1	65.5	59.9	60.3
Low-income excluding fragile countries	77.1	80.1	78.6	76.6	75.6	74.8	69.9	63.1	57.2	57.8
Benin	116.4	116.9	114.4	113.3	117.5	120.2	118.3	111.8	113.1	107.4
Burkina Faso	119.8	117.5	115.8	116.4	121.1	128.0	134.5	130.1	135.6	135.3
Ethiopia	78.7	84.8	83.0	82.0	75.5	68.1	58.7	48.0	39.3	39.0
Gambia, The	40.7	37.4	39.1	39.3	42.3	45.3	39.6	37.7	34.6	33.2
Kenya	93.3	87.7	90.9	95.6	97.9	94.3	89.0	86.9	77.3	84.0
Madagascar	58.9	63.8	57.5	53.5	58.3	61.6	56.0	52.2	51.9	49.9
Malawi	40.0	47.2	42.6	37.8	35.9	36.6	38.3	34.7	32.8	23.5
Mali	113.0	111.7	110.7	111.2	113.9	117.3	117.9	113.5	114.9	112.7
Mozambique	53.6	59.2	57.2	51.3	48.6	51.9	48.2	37.4	42.0	45.2
Niger	115.4	114.5	113.1	112.7	116.2	120.3	121.4	115.7	116.8	113.5
Rwanda	61.1	60.9	62.4	63.2	60.2	58.6	60.5	59.4	57.8	58.5
Sierra Leone	55.6	62.6	57.0	55.8	52.1	50.6	47.6	39.9	35.1	36.9
Tanzania	59.2	65.8	62.6	56.5	54.5	56.5	53.4	48.8	42.7	44.2
Uganda	82.3	83.7	83.9	81.1	82.0	81.1	72.6	67.1	57.2	59.4
Fragile countries	85.9	93.8	86.9	81.5	84.2	82.9	83.2	78.2	75.8	74.1
Burundi	55.9	56.8	57.6	61.0	54.9	49.4	51.0	51.4	49.4	45.1
Central African Rep.	108.4	107.9	106.3	106.3	109.4	112.2	111.3	106.6	107.5	104.3
Comoros	115.4	114.2	111.7	113.0	116.9	121.0	121.0	115.8	119.3	115.9
Congo, Dem. Rep. of	...	...	...	...	...	...	...	...	...	...
Côte d'Ivoire	114.9	114.7	113.0	112.3	115.4	118.9	118.9	113.1	113.7	110.6
Eritrea	48.8	45.5	51.6	51.3	48.7	47.2	49.5	50.4	49.7	51.7
Guinea	39.7	66.8	41.7	28.0	33.3	28.6	28.7	23.7	19.5	19.4
Guinea-Bissau	117.0	116.0	115.6	115.4	117.7	120.0	120.0	115.9	116.4	113.8
Liberia	56.4	62.7	60.8	59.2	51.7	47.6	47.5	45.9	43.6	45.8
São Tomé & Príncipe	52.7	66.2	61.3	51.5	44.6	39.6	38.4	33.6	33.9	33.1
Togo	120.6	120.4	118.4	117.6	121.5	125.4	126.0	120.3	122.3	118.6
Zimbabwe	...	...	...	...	...	...	...	...	...	...
Sub-Saharan Africa	72.4	76.7	75.3	73.6	70.2	66.4	62.9	62.6	59.2	57.7
<i>Median</i>	83.2	93.2	91.7	88.5	80.6	72.5	70.6	73.4	73.2	70.3
Excluding Nigeria and South Africa	67.9	70.7	68.6	67.6	66.7	65.9	62.6	58.0	54.5	53.8
Oil-importing countries	79.6	86.5	85.0	81.3	76.3	69.0	66.9	68.2	64.3	61.4
Excluding South Africa	76.0	80.3	78.0	75.7	73.8	71.9	66.8	62.6	58.0	57.1
CFA franc zone	114.2	113.4	112.0	111.8	115.1	118.9	119.4	114.3	115.8	112.6
WAEMU	115.3	114.6	113.0	112.8	116.2	120.1	121.1	115.8	117.5	114.7
CEMAC	113.0	112.0	110.9	110.7	114.0	117.5	117.5	112.8	114.0	110.5
EAC-5	75.9	77.0	77.1	75.6	75.2	74.5	70.0	66.2	58.5	61.2
ECOWAS	73.1	74.8	73.4	73.2	71.6	72.6	63.8	61.9	58.6	58.5
SADC	65.9	72.7	71.0	67.6	62.5	55.8	55.7	58.3	55.9	52.9
SACU	83.9	94.2	93.2	87.4	78.8	65.9	67.3	75.9	73.2	67.1
COMESA (SSA members)	75.4	77.0	76.5	76.8	74.5	72.3	65.6	60.5	53.8	54.0
MDRI countries	75.9	79.2	77.4	75.8	74.0	72.9	67.1	61.6	57.2	55.9
Countries with conventional exchange rate pegs	110.1	110.1	109.1	108.4	110.5	112.5	113.2	109.7	110.8	107.5
Countries without conventional exchange rate pegs	66.1	70.7	69.4	67.5	63.5	59.3	55.5	55.5	51.8	50.6
Sub-Saharan Africa³	72.4	76.7	75.3	73.6	70.2	66.4	62.9	62.6	59.2	57.7

Sources and footnotes on page 80.

Table SA26. Reserves*(Months of imports of goods and services)*

	2004-08	2004	2005	2006	2007	2008	2009	2010	2011	2012
Oil-exporting countries	7.2	4.6	6.7	8.1	7.1	9.6	6.6	4.8	5.7	6.4
Excluding Nigeria	3.5	1.7	2.5	4.0	3.8	5.7	5.0	4.9	6.0	6.4
Angola	3.1	1.1	2.4	3.9	3.1	5.1	4.6	5.4	7.1	7.7
Cameroon	3.7	2.3	2.3	3.4	4.4	5.9	6.8	5.3	4.7	4.6
Chad	2.2	1.1	0.8	2.2	2.9	4.1	1.6	1.5	2.3	2.8
Congo, Rep. of	4.0	0.5	2.3	4.9	3.7	8.5	6.6	6.5	8.9	9.2
Equatorial Guinea	6.0	3.2	5.8	6.6	7.2	7.5	5.0	3.5	3.6	5.1
Gabon	3.5	2.2	2.8	3.8	3.5	5.5	5.2	3.7	4.5	4.4
Nigeria	9.8	6.5	9.4	10.8	9.5	12.7	7.9	4.8	5.4	6.4
South Sudan	...	...	...	...	...	...	...	...	5.4	3.4
Middle-income countries¹	3.6	3.0	3.2	3.3	3.7	4.7	4.5	3.9	4.3	4.2
Excluding South Africa	5.3	5.6	5.7	4.9	5.0	5.1	5.4	4.4	4.3	4.2
Botswana	20.8	19.5	22.4	20.3	21.0	20.6	16.6	11.8	11.2	11.0
Cape Verde	3.1	2.6	2.6	2.9	3.6	4.0	4.3	3.3	3.4	3.7
Ghana	2.4	2.9	2.5	2.5	1.9	1.9	2.9	2.9	3.0	2.8
Lesotho	4.7	3.6	3.6	4.2	5.8	6.5	5.3	3.9	3.7	4.7
Mauritius	3.7	4.7	3.4	2.9	3.4	4.1	4.3	4.0	4.1	4.2
Namibia	2.0	1.5	1.3	1.5	2.4	3.2	4.4	3.2	3.4	3.1
Senegal	3.5	4.4	3.5	3.0	2.8	3.6	4.9	3.8	3.5	3.6
Seychelles	0.7	0.5	0.7	1.2	0.4	0.7	1.9	2.2	2.6	2.7
South Africa	3.1	2.3	2.6	2.8	3.3	4.6	4.2	3.8	4.2	4.2
Swaziland	2.5	1.7	1.3	1.8	4.2	3.8	4.4	3.2	2.7	3.6
Zambia	2.2	1.5	2.1	1.9	2.4	3.2	4.0	3.3	3.0	3.4
Low-income and fragile countries	3.3	3.9	3.1	3.0	3.2	3.3	3.8	3.4	3.2	3.1
Low-income excluding fragile countries	3.9	4.7	3.8	3.5	3.7	3.6	4.1	3.6	3.3	3.2
Benin	7.0	7.5	7.0	6.1	7.0	7.7	7.2	7.1	5.1	3.7
Burkina Faso	4.9	5.7	3.6	4.0	5.6	5.7	6.0	3.6	2.9	2.9
Ethiopia ²	2.2	4.1	2.3	1.7	1.9	1.1	2.2	2.5	2.7	2.0
Gambia, The	3.9	3.2	3.8	4.3	4.5	3.7	6.6	5.7	5.8	6.2
Kenya	2.9	2.7	2.6	2.9	3.2	3.0	3.4	3.2	2.9	3.8
Madagascar	2.5	2.9	2.5	2.0	2.1	3.0	4.2	3.8	4.0	3.6
Malawi	1.3	1.2	1.4	1.1	1.2	1.5	0.7	1.6	1.0	1.1
Mali	4.3	5.3	4.5	4.3	3.2	4.1	4.7	4.2	4.3	2.8
Mozambique	4.0	4.7	3.7	3.8	3.8	4.2	5.4	3.4	2.9	3.0
Niger	3.2	2.9	2.8	3.5	3.6	3.3	2.8	2.8	2.7	3.7
Rwanda	5.4	5.9	6.2	5.6	4.7	4.7	5.4	4.5	5.1	3.7
Sierra Leone	4.3	3.3	4.5	4.6	4.4	4.6	4.5	2.4	2.1	2.2
Tanzania	4.8	6.5	4.7	4.1	4.5	4.2	4.5	4.1	3.4	3.4
Uganda	5.7	6.7	5.4	5.5	5.8	5.3	5.8	4.4	4.1	4.7
Fragile countries	1.9	2.1	1.6	1.8	1.9	2.2	3.0	3.0	3.0	2.7
Burundi	3.6	2.2	2.1	3.5	3.6	6.4	4.4	4.1	3.2	3.9
Central African Rep.	4.2	6.3	5.2	3.8	2.1	3.4	5.2	4.4	3.8	4.5
Comoros	6.4	9.0	6.6	5.8	5.4	5.3	6.6	5.7	5.8	6.7
Congo, Dem. Rep. of	0.4	0.9	0.4	0.3	0.2	0.1	1.2	1.3	1.4	1.8
Côte d'Ivoire	2.8	2.8	2.2	2.6	3.1	3.1	3.7	4.8	4.2	3.4
Eritrea	1.0	0.7	0.7	0.8	1.1	1.6	2.2	2.3	2.0	3.4
Guinea	0.5	0.7	0.5	0.4	0.3	0.6	2.3	1.1	2.9	2.8
Guinea-Bissau	5.3	5.6	5.5	4.6	5.3	5.6	7.6	5.6	10.1	6.6
Liberia	0.5	0.2	0.2	0.5	0.7	1.2	2.5	2.6	2.9	2.4
São Tomé & Príncipe	4.8	3.9	3.7	4.9	4.2	7.2	6.6	3.9	4.5	4.0
Togo	3.2	3.5	1.9	3.1	3.2	4.2	4.6	3.7	4.0	2.0
Zimbabwe ³	0.6	1.1	0.5	0.8	0.6	0.2	1.7	1.0	1.1	0.9
Sub-Saharan Africa	4.8	3.6	4.2	4.8	4.8	6.3	5.0	4.2	4.6	4.8
<i>Median</i>	3.5	2.9	2.6	3.4	3.4	4.1	4.5	3.8	3.6	3.6
Excluding Nigeria and South Africa	3.9	3.8	3.6	3.7	3.8	4.5	4.5	4.1	4.4	4.5
Oil-importing countries	3.5	3.2	3.2	3.2	3.6	4.2	4.2	3.8	3.9	3.8
Excluding South Africa	3.9	4.4	3.9	3.6	3.8	3.8	4.3	3.8	3.6	3.4
CFA franc zone	3.9	3.2	3.1	3.7	4.1	5.3	5.0	4.3	4.4	4.3
WAEMU	3.8	4.3	3.4	3.5	3.8	4.2	4.7	4.4	3.9	3.3
CEMAC	3.9	2.1	2.7	4.0	4.3	6.2	5.4	4.3	4.8	5.1
EAC-5	4.2	4.9	4.1	3.9	4.2	4.0	4.4	3.8	3.5	3.9
ECOWAS	7.4	5.3	6.9	8.1	7.2	9.5	6.4	4.5	4.8	5.3
SADC	3.5	2.9	3.1	3.3	3.6	4.7	4.5	4.1	4.6	4.7
SACU	3.7	2.9	3.3	3.4	4.0	5.1	4.6	4.1	4.5	4.4
COMESA (SSA members)	2.7	3.1	2.6	2.5	2.7	2.7	3.3	3.0	2.9	3.1
MDRI countries	3.5	3.9	3.2	3.2	3.3	3.8	4.3	3.7	3.6	3.4
Countries with conventional exchange rate pegs	3.7	3.1	2.9	3.5	4.0	5.1	5.0	4.2	4.3	4.2
Countries without conventional exchange rate pegs	5.0	3.8	4.5	5.1	5.0	6.6	5.1	4.2	4.7	5.0
Sub-Saharan Africa⁴	4.8	3.6	4.2	4.8	4.8	6.3	5.0	4.2	4.6	4.8

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