Africa Fact Sheet

(Draft Version)

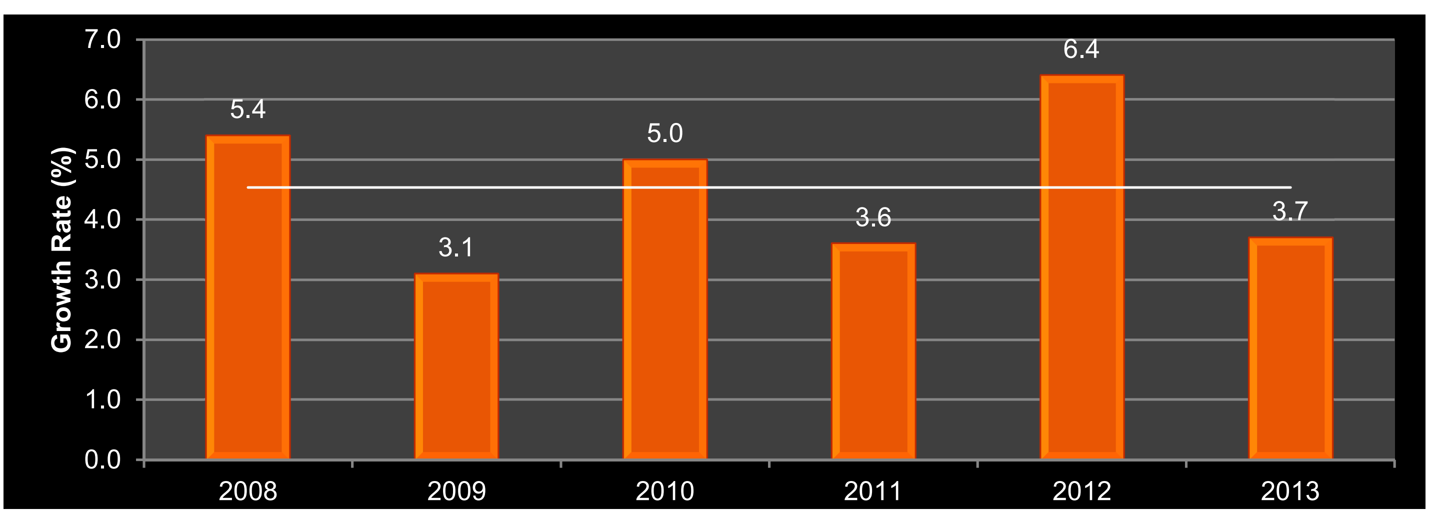
Main Economic Indicators

This Fact Sheet is a snapshot of important economic indicators for Africa in recent years. It provides an overview of various statistics and assesses elements of growth, economic structure, foreign trade, foreign direct investment (FDI), official development assistance (ODA), debt and remittances of African economies.

Gross Domestic Product

Africa's GDP growth has outpaced that of the global economy in the last decade thanks to the rapid growth experienced Africa's developing countries. For instance, in 2013, average real GDP growth rate in African economies was 3.9%. While this rate of growth is significantly lower than that of 2012 due to continuing political conflicts and social tensions around the continent, it nevertheless reflects a better economic performance by Africa than the world as a whole, whose growth stood at around 3.0% in 2013. 2012 saw a peak of GDP growth due to high export revenues and brief stability in North Africa. In 2012, North African economies grew by 9.4% on average with Libya alone growing by 104%. Overall growth in Africa has significantly varied across regions, with the fastest growth in East and West Africa. The growth outlook of African economies is positive and is expected to accelerate in 2014 and 2015.

Figure 1: Real GDP Growth Rate (Africa)

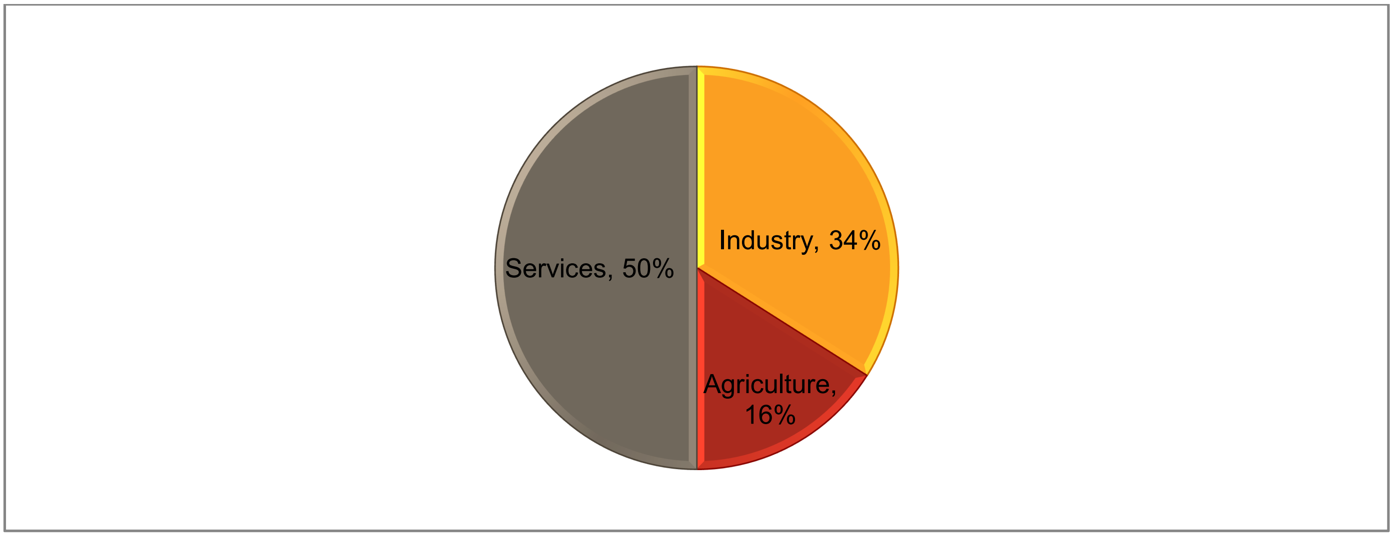


Source: African Economic Outlook 2014

Structure of African Economies

Agriculture continues to play an important role for many African economies with a sectoral share of 16% in 2013 in total value added, while globally this figure tends to fluctuate around 5%. Agriculture remains a significant provider of employment for the continent with at least two thirds of African workforce employed in the agricultural sector. As African countries urbanize rapidly, the services sector accounts for about half of total value added while the industry, including manufacturing, accounts for around 34% of total value added.

Figure 2: Value added as % of GDP in 2013

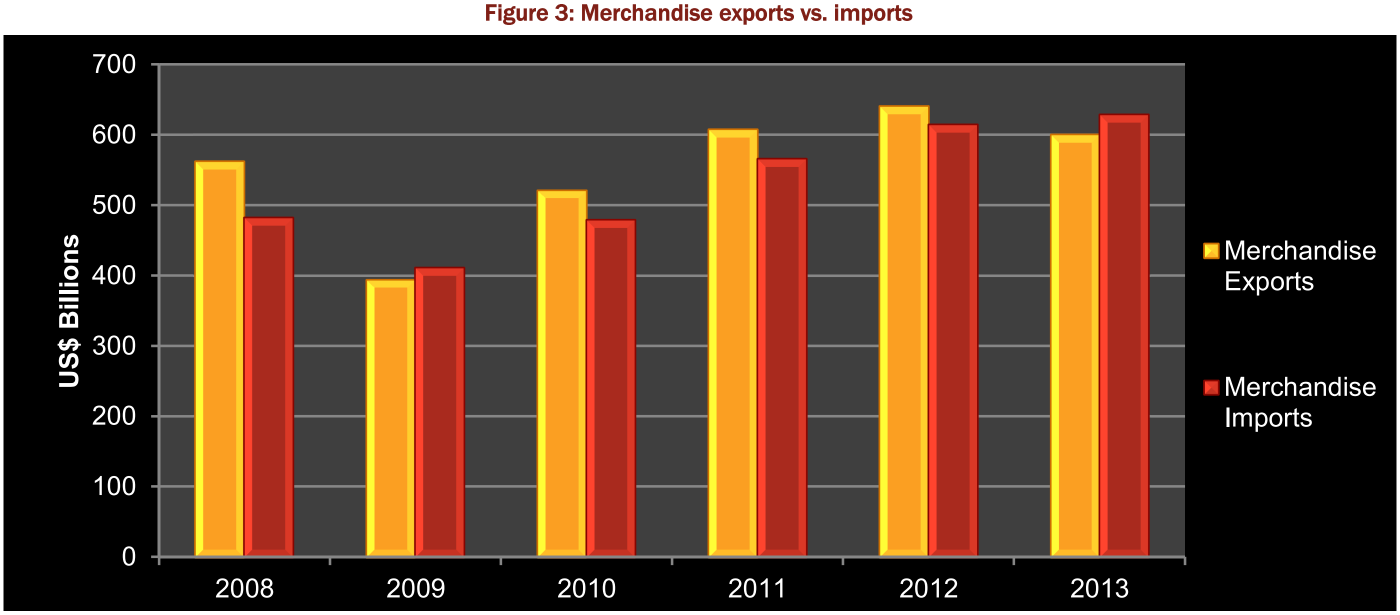


Source: UNCTAD Stat Database 2014

Foreign Trade

Though the gap is surely narrowing, merchandise imports to Africa still exceed exports today, indicating an outward oriented trade with only 11.2% of merchandise trade directed intra-regionally in 2012. Africa's share of world trade remains low at an average of 3% with relatively similar numbers for imports and exports. While Africa experienced the largest export growth in the world in 2012, the same trend was not sustained in 2013.

Figure 3: Merchandise exports vs. imports



Source: UNCTAD Stat Database 2014

Official Development Assistance

ODA remains one of the largest external financial flows to low-income African countries. Today, the main donors of ODA to Africa, in the order of magnitude of their assistance, are the United States, France, the United Kingdom, Germany and Japan. In 2012, Africa received a total of $51.4 billion in ODA with 60% coming from the OECD DAC members. Nevertheless, ODA flows have declined significantly from 2011 to 2012 due to the continued financial crisis as well as economic uncertainties in the euro area, which induced many traditional donor governments to follow contractionary fiscal policies. This has caused most leading donors to Africa to shrink their aid budgets to the region and to fall short of the ODA targets that they had pledged.

Table 1: Official Development Assistance to Africa (US$ Billions)

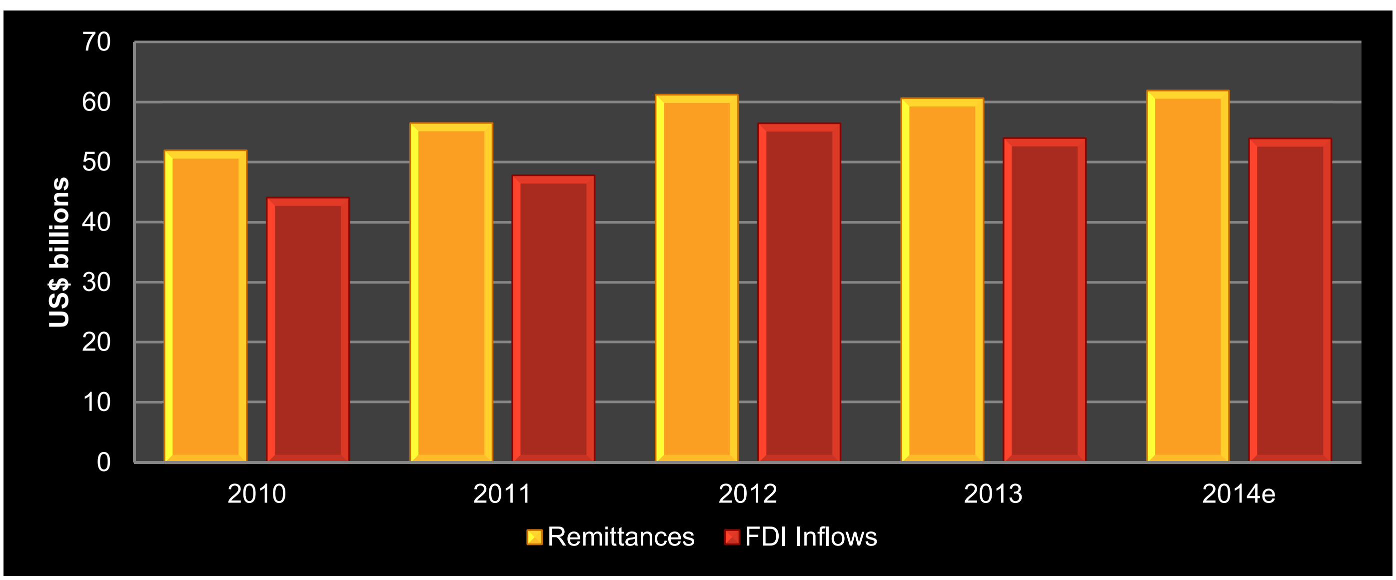
		2008	2009	2010	2011	2012
All Donors		45.2	47.9	48.0	51.8	51.4
of which:	OECD DAC Members	27.4	28.2	29.4	32.7	30.5
of which:	United States	7.2	7.7	7.8	9.5	9.1
	France	3.4	4.1	4.2	4.6	4.1
	United Kingdom	2.6	2.8	3.1	3.4	3.4
	Germany	2.7	2.1	1.9	2.6	2.8
	Japan	1.6	1.5	1.9	1.7	1.7

Source: OECD QWIDS International Development Statistics, June 2014

Foreign Direct Investment

While Foreign Direct Investment (FDI) flows to the Continent have not recovered to their record high of close to $58 billion in 2008, they remain a fundamental driver of Africa's development financing. In 2013, FDI flows fell by about 4% from $56 billion to $54 billion. While the EU, China, Japan and the U.S. accounted for well over 50% of FDI stock in Sub-Saharan Africa, inter-African investments are increasing, led by South African, Kenyan and Nigerian transnational corporations, in line with the Continent's efforts to deepen integration. A continuing cause for concern is that the FDI flows to sub-Saharan Africa are highly concentrated in a few resource-rich countries. Meanwhile, remittances continue to be a stable source of inflows to the Continent comparable in magnitude to the FDI inflows.

Figure 4: Remittances and FDI Inflows to Africa



Source: UNCTAD Stat Database 2014 and African Economic Outlook 2014

Debt

Although total external debt is increasing steadily, the joint IMF-World Bank's approaches to debt reduction through the Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) have reached post-completion point in 35 countries, of which 29 are African. Total debt relief committed to African countries under the HIPC and MDRI Initiatives has so far amounted to $106.4 billion. However, a significant portion of export earnings in African economies is still channeled towards debt servicing. Debt sustainability continues to be a cause for concern, in particular as a result of the weak outlook for commodity prices.

Table 2: Total External Debt

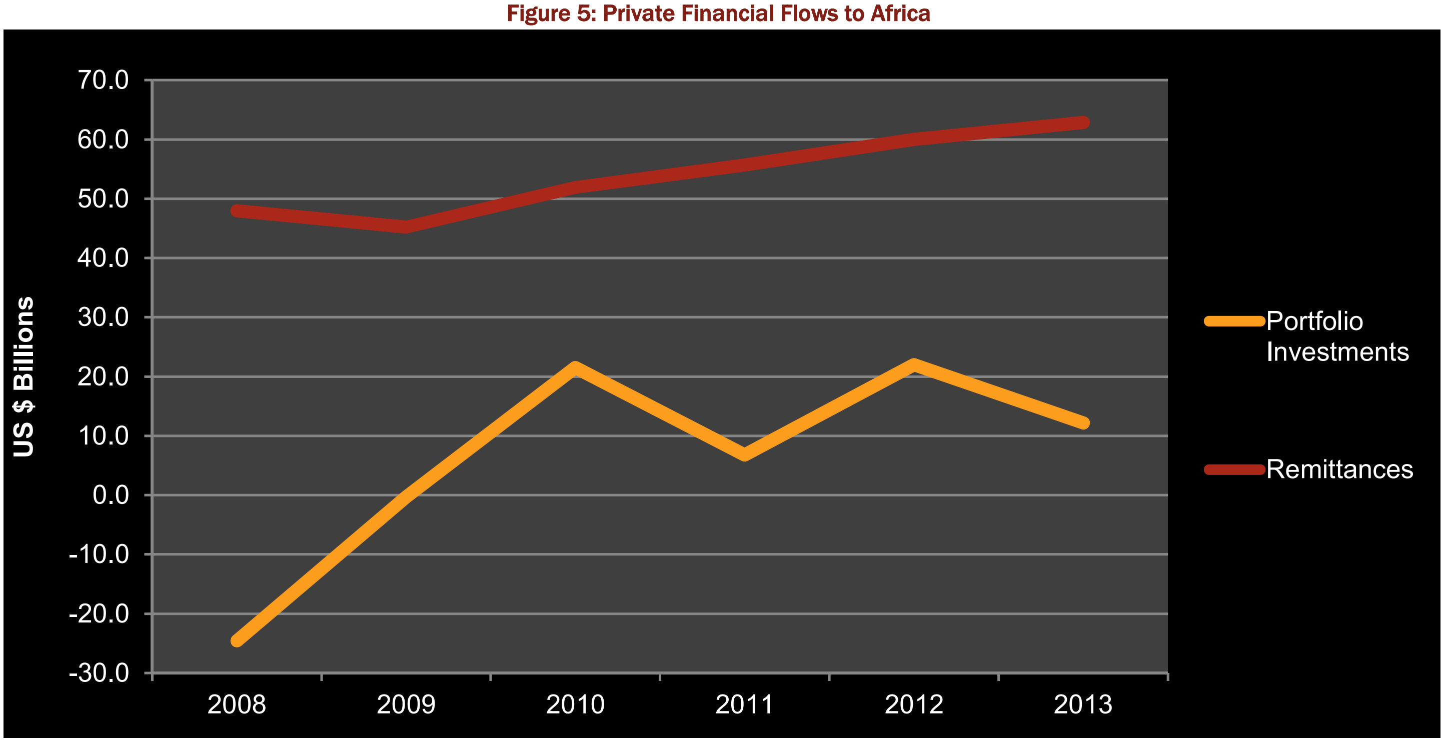
	2008	2009	2010	2011	2012	2013
Total External Debt (US$ bn)	216.2	242.5	268.8	294.2	325.9	353.4
Total External Debt (% of GDP)	19.5	23.2	21.1	20.4	21.4	22.1
Total External Debt/Exports (%)	55.2	80.8	69.7	61.8	68.4	47.1

Source: IMF World Economic Outlook Database 2014

Private Financial Flows

While economic crises tend to hinder progress in attracting private and capital inflows, remittances have remained by and large resilient throughout the crisis. Therefore, remittances have become an important source of revenue, becoming the most stable external flow to Africa with steady increases in the last 5 years and a robust projection for the near future. Similarly, portfolio investments have accounted for a larger share of total investments in Africa although they have also become increasingly volatile and unpredictable since the crisis, and can potentially create unstable investment environments.

Figure 5: Private Financial Flows to Africa



Source: African Economic Outlook 2014 (AfDB, OECD Development Centre, UNDP)