

REGIONAL ECONOMIC OUTLOOK
SUB-SAHARAN AFRICA

May 2005



International Monetary Fund

REGIONAL ECONOMIC OUTLOOK
SUB-SAHARAN AFRICA

MAY 2005



©2005 International Monetary Fund

Production: IMF Graphics Section
Series design: Luisa Menjivar
Cover, figures, and typesetting: Wendy Arnold

Cataloging-in-Publication Data

Regional economic outlook (International Monetary Fund)

Regional economic outlook : Sub-Saharan Africa —
[Washington, D.C.] : International Monetary Fund, 2005

p. cm. — (World economic and
financial surveys, 0258-7440)

Includes bibliographical references.
ISBN 1-58906-443-7

1. Africa, Sub-Saharan — Economic conditions. 2. Africa,
Sub-Saharan — Economic conditions — Statistics. I. International
Monetary Fund.

HC800.R35 2005

Price: US\$42.00
(US\$35.00 to full-time faculty members and
students at universities and colleges)

Please send orders to:
International Monetary Fund, Publication Services
700 19th Street, N.W., Washington, D.C. 20431, U.S.A.
Tel.: (202) 623-7430 Telefax: (202) 623-7201
E-mail: publications@imf.org
Internet: <http://www.imf.org>



recycled paper



CONTENTS

Preface	vii
Chapter I. Overview	1
Chapter II. Recent Developments and Short-Term Prospects	3
Overview of Developments in 2004	3
Prospects for 2005	10
Chapter III. Responding to Exogenous Shocks	14
Impact of Declining World Cotton Prices	14
Impact of Removal of Textile Quotas	15
What Are the Policy Options?	20
Chapter IV. Sustaining Growth in Africa	22
Explaining Differences in Growth Performance	24
Growth Accelerations	28
Policies, Institutions, and Growth in SSA	33
Conclusions	38
Chapter V. Making Regional Trade Arrangements More Effective in Africa	40
The Effects of African Trade Arrangements	40
What Can Be Done?	42
Appendix. Tables A1–A9	46
Statistical Appendix	53
Data and Conventions	53
List of Statistical Tables	53
References	79
Publications of the IMF African Department, 2003–05	84
Boxes	
2.1 Transparency in Oil Sector Operations in Africa	6
2.2 Pass-Through of Oil Price Increases to Domestic Prices	9
2.3 Impact of Higher Oil Prices on the Poor in Sub-Saharan Africa	10
2.4 South Africa—Structural and Social Reforms	12
3.1 The Impact of Quota Removal on Mauritius	19
4.1 Growth Experiences: Uganda, The Gambia, and Nigeria	27
5.1 Regional Trade Integration With and Without RTAs: The EU and East Asia	44

Tables

2.1 Sub-Saharan Africa (SSA): Selected Indicators	3
3.1 Share of Textiles and Clothing in Total Merchandise Exports and Share of U.S. and EU Markets in Total Exports, 2000–03	17
4.1 Acceleration Start Dates and Per Capita Growth Rates for 1980s and 1990s	29
4.2 Differences Between Sample Averages for Acceleration Episodes: Own Past and Nonepisodes	30
4.3 Differences Between Sample Averages: Sustained and Unsustained Accelerations	31
A1 Cotton Exports in Selected SSA Countries	46
A2 Subgroups of Countries	47
A3 Real GDP Per Capita Growth Performance Classification	48
A4 Real Per Capita Growth, Gross Fixed Capital Formation, and Total Factor Productivity (TFP) Growth	49
A5 Forgone Growth in Africa Relative to Other Regions	50
A6 Relative Impact of Robust Variables on Growth	50
A7 Changes in Real GDP Growth and Lagged Deficit Change	51
A8 Subperiod Averages for Budget Balance, Growth, and Domestic and Foreign Financing	51
A9 Country Classification by Financial Development and Growth Performance	52

Figures

2.1 Inflation	4
2.2 Commodity Prices	5
2.3 Oil Importers: Oil Impact and Changes in Current Account, 2004	7
2.4 Oil Importers: Change in Current Account and Fiscal Balances, 2004	8
2.5 Oil Importers: Changes in Nominal Effective Exchange Rates and Reserves	11
3.1 World Cotton Prices, Monthly Averages	14
3.2 World Cotton Production	15
3.3 World Cotton Production, Area Cultivated and Average Yields	16
3.4 Sub-Saharan Africa: Textile and Clothing Exports	17
4.1 Sub-Saharan Africa: Real GDP Per Capita Growth	23
4.2 Sub-Saharan Africa: Annual Inflation Rate	24
4.3 Sub-Saharan Africa: Fiscal Balance	25
4.4 Sub-Saharan Africa: Trade Openness for the Fast, Medium, and Slow Growers of the 1990s	26
4.5 Tariffs and Total Factor Productivity (TFP) Growth in Sub-Saharan Africa, 1997–2003	32
4.6 Sub-Saharan Africa: Government Spending on Education and Health	34
4.7 Financial Development of Sub-Saharan African Countries Classified by Growth	35
4.8 Evolution of Economic and Political Institutions in Sub-Saharan Africa	36
4.9 Objective Measures of Economic Institutions in Sub-Saharan Africa, 2004	37
5.1 Intra-Africa Trade in Total African Trade and Africa's Share in World Trade	41
5.2 Foreign Direct Investment: Net Inflows in Africa	42

The following conventions are used in this report:

- . . . to indicate that data are not available or not applicable;
- to indicate that the figure is zero or less than half the final digit shown;
- between years or months (for example, 1991–92 or January–June) to indicate the years or months covered, including the beginning and ending years or months;
- / between years or months (for example, 1991/92) to indicate a fiscal or financial year.

“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).

Minor discrepancies between constituent figures and totals are due to rounding.

* * *

As used in this report, the term “country” does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but for which statistical data are maintained on a separate and independent basis.



PREFACE

This report was prepared in the Policy Wing of the African Department of the International Monetary Fund, under the direction of Anupam Basu, Deputy Director. The work was coordinated by Sanjeev Gupta, with substantial contributions from Catherine Pattillo, Robert Powell, and Yongzheng Yang. It also includes contributions from Bergljot Barkbu, Ulrich Bartsch, Kevin Carey, Elena Duggar, Norbert Funke, Jeanne Gobat, John Green, Dmitry Kovtun, Jan Mikkelsen, Brieuc Monfort, Roger Nord, Ruby Randall, Scott Rogers, Delphin Rwegasira, Charalambos Tsangarides, and Smita Wagh. Gretchen Byrne and Vera Da Luz were responsible for the statistical tables and charts, Elisa Diehl for editorial assistance, and Suresh Gulati for document production. James McEuen of the IMF's External Relations Department copyedited the manuscript and coordinated production of the printed publication.

The report benefited from comments from staff in the African Department and other departments of the IMF. Opinions expressed in this report are those of the authors and do not necessarily represent the views of the IMF or its Executive Directors. The report is based on data available when it was issued to the Executive Board of the IMF in March 2005.

Real GDP growth in sub-Saharan Africa (SSA) increased in 2004 to an eight-year high of 5 percent, and average inflation has fallen to historical lows. Real GDP per capita increased by 2.7 percent. Output growth continues to be particularly strong in the oil-producing countries, but it has also been encouraging in many oil-importing countries. Nonetheless, growth remains below the level required for SSA countries to reach the Millennium Development Goal of halving income poverty by 2015 and is lower than in other emerging market and developing country regions.

The policy response of most oil-importing countries to higher oil prices in 2004 was appropriate. Strong increases in the prices of metals, diamonds, and food and an acceleration of import demand in advanced economies all helped mitigate the impact of higher oil prices on oil-importing countries. Many countries alleviated pressures on the external current account through their ongoing fiscal consolidation effort and—for those with flexible exchange rate regimes—a nominal depreciation of their currency. Most countries have also passed on oil price increases to consumers. Oil producers face several challenges: to smooth the short-run response of public spending to oil-related receipts, formulate overall policy within a medium-term expenditure framework, and strengthen public expenditure management.

Sub-Saharan Africa's growth and inflation prospects in 2005 remain broadly unchanged. Risks to these prospects emanate from lingering conflicts in the region, vulnerability of many countries to droughts and other natural disasters, and uncertainties in foreign exchange and oil markets. The elimination of textile quotas in industrial countries in 2005 will also pose challenges for some countries. On the positive side, an increase in overall development assistance in

the context of strong reform efforts could enhance the region's prospects for higher growth and poverty reduction.

The sharp decline of world cotton prices over the past year has lowered some countries' export earnings by as much as 3 percent of GDP. Given that the world prices are unlikely to rebound strongly in the near future, African countries should continue to pursue structural reforms to improve productivity in the cotton sector. In the period immediately ahead, donor support for the worst-affected countries will be critical to soften the impact, particularly for those that subsidize the cotton producers or cotton processors or both. In countries where prices are fully passed through to producers, falling producer prices may substantially lower farm income and increase poverty. In the medium term, the elimination of cotton subsidies in industrial countries would help boost world prices.

African countries are likely to incur losses as a result of the recent lifting of the remaining quota restrictions on world trade in textiles and clothing. While the balance of payments impact may be cushioned by the high import content of garment exports, the pressure on employment could be severe because garment production is labor intensive and often accounts for a large share of manufacturing jobs. The immediate impact needs to be addressed through a judicious mix of fiscal, monetary, and exchange rate policies. And structural reforms will be key to improving export competitiveness.

SSA's long-run growth performance has been termed "the economic tragedy of the twentieth century." Real per capita income is approximately the same as in the mid-1970s, notwithstanding the improvement in economic growth since the mid-1990s. Improvements in macroeconomic policies contributed strongly to the recovery of the fastest-growing economies of the 1990s, and the improvements were strongest for

countries where IMF-supported programs were implemented boldly. More favorable terms of trade also aided the growth recovery. While total investment has not increased significantly for the fast-growing economies (excluding Equatorial Guinea), total factor productivity (TFP) growth has improved strongly for the first time since the 1960s.

Very large and sustained increases in growth rates are necessary if SSA is to have a realistic prospect of halving income poverty by the year 2015. A preliminary analysis suggests that growth accelerations are aided by good policies, strong trade growth, and political liberalization and are accompanied by increases in investment and TFP growth. A number of SSA countries succeeded in sustaining the acceleration for 10 years by relying on policy improvements that led to stronger trade and investment, lower debt burdens and higher aid, and more democratic institutions.

To boost growth further, SSA must implement additional macroeconomic, trade, and structural reforms. Addressing the constraint to growth from low levels of investment—particularly by improving the private investment climate—is a key priority: 16 of the 20 countries in the world with the most difficult business conditions are in SSA. There is also a role for well-targeted and efficient public investment that can induce private investment and productivity improvements. In addition to promoting domestic savings,

higher aid inflows—consistent with absorptive capacity—and lower debt burdens are necessary to support higher and more efficient investment rates.

Africa's regional trade arrangements (RTAs) have fallen short of expectations for promoting trade and investment. Specifically, the beneficial effects of African RTAs are constrained by the region's relatively high trade barriers against the rest of the world, small market size, weak resource complementarity among RTA members, poor transport infrastructure, and inadequate efforts in trade facilitation. Trade within Africa remains low, and in terms of overall trade and foreign direct investment inflows, the region is falling further behind the rest of the world.

The available evidence suggests that reductions of Africa's external trade barriers on a nondiscriminatory basis would promote trade with the rest of the world as well as within the region. Africa has a unique opportunity for such broad-based liberalization by committing itself to ambitious reforms in the current Doha Round of trade talks. At the same time, it must make greater efforts to reduce transport and border-crossing costs and to upgrade workers' skills. African countries should also consider streamlining existing RTAs to eliminate conflicting commitments. To compensate for potential revenue losses from trade liberalization, they should continue to strengthen their capacity to mobilize domestic taxes.

Growth performance in Africa was strong in 2004, and inflation has reached a historical low. While output growth was particularly strong in the oil-producing countries, the region faced a number of sizable exogenous shocks with differing implications for individual countries. In particular, countries have been challenged by surges in oil prices and increases in other commodity prices, record low world cotton prices affecting Africa's cotton exporters, and a locust plague in the Sahel region.

Overview of Developments in 2004

Real GDP growth in sub-Saharan Africa (SSA) increased during 2004 to an eight-year high of 5 percent (Table 2.1).¹ While the region's oil output continued to expand at a rapid pace, non-oil GDP growth also strengthened significantly. Growth has generally been encouraging across a broad range of countries that have different resource endowments and initial conditions and that face a variety of exogenous shocks. While a few important commodity prices (for example, cotton) fell in 2004,² strong price increases for metals, diamonds, and food and an acceleration of import demand in advanced economies helped mitigate the impact of higher oil prices in many oil-importing countries. Excluding South Africa and Nigeria, average output increased by 6.4 percent. In IMF program countries, the average growth rates remained higher than the regional average, as they continued to benefit from their economic reform efforts.

¹Sub-Saharan Africa is defined as the countries covered by the IMF African Department and thus excludes Djibouti, Mauritania, and Sudan, which are included in the SSA aggregation in the IMF's *World Economic Outlook (WEO)*. The Statistical Appendix provides information on 42 countries in SSA; Eritrea and Liberia are excluded from the database because of data limitations.

²Chapter III includes an assessment of the impact on the region of declining world cotton prices as well as of the removal of textile quotas in 2005.

Table 2.1. Sub-Saharan Africa (SSA): Selected Indicators¹

	2002	2003	2004	2005 Proj.
	<i>(Annual growth, in percent)</i>			
Real GDP	3.5	4.1	5.0	5.0
<i>Of which: oil producers</i>	4.1	8.0	6.9	6.8
Non-oil real GDP	4.1	3.3	4.4	4.6
Consumer prices (average)	12.5	13.7	9.1	9.2
<i>Of which: oil producers</i>	18.6	17.0	12.9	11.1
Per capita GDP	1.1	1.6	2.7	2.7
	<i>(Percent of GDP)</i>			
Exports of goods and services	32.8	33.8	35.5	36.9
Imports of goods and services	33.4	33.7	34.1	35.0
Gross domestic saving	15.6	17.9	20.1	20.3
Gross domestic investment	16.3	18.1	18.5	18.7
Fiscal balance (including grants)	-2.8	-2.3	-0.7	-0.6
<i>Of which: grants</i>	1.1	1.2	1.1	1.1
Current account (including grants)	-3.5	-2.4	-1.6	-1.1
<i>Of which: oil producers</i>	-8.3	-3.4	2.3	5.5
Terms of trade (percent change)	0.7	3.6	1.9	1.7
<i>Memorandum items:</i>				
Advanced country import growth (in percent)	2.6	3.6	8.5	6.5
Oil price (U.S. dollar per barrel)	25.0	28.9	37.8	46.5
Real GDP growth in other regions				
Developing Asia	6.7	8.1	8.1	7.4
Middle East	4.1	5.8	5.5	5.0
Commonwealth of Independent States	5.4	7.9	8.2	6.5

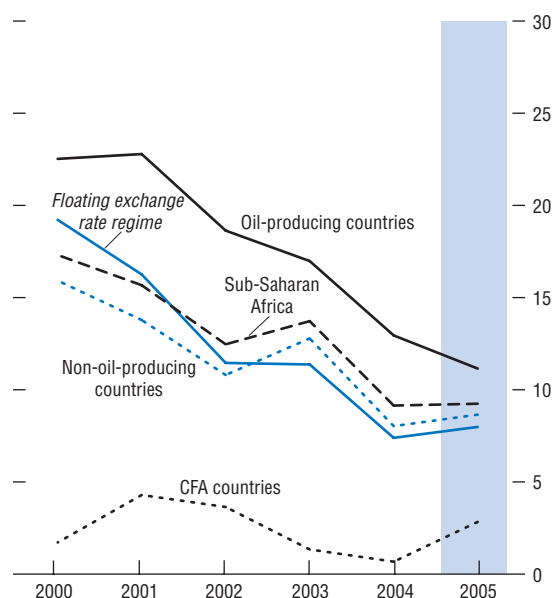
Sources: IMF, African Department database, and *World Economic Outlook (WEO)*.

¹Arithmetic average of data for individual countries, weighted by GDP.

Average per capita real GDP rose by 2.7 percent in the region.

Despite the impact of higher oil prices, output growth was above 5 percent in more than one-third of the non-oil-producing countries in SSA. In Ethiopia and The Gambia, sharply higher growth rates reflected a rebound in agricultural production after a drought. In other non-oil-

Figure 2.1. Inflation¹
(Percent)



Source: IMF, African Department database.
¹Shaded area indicates IMF staff projections.

producing countries, including South Africa, growth has been broad-based, and the good performance of recent years was sustained in Ghana, Mozambique, Sierra Leone, Tanzania, and Uganda. In South Africa, real GDP growth rose to 3.7 percent in 2004, from 2.8 percent the previous year, supported by large reductions in interest rates since June 2003 and wealth effects arising from large increases in commodity and residential property prices.

Output growth continued to be particularly strong in the oil-producing countries.³ While production capacity increased only modestly in Nigeria following the exceptional expansion of 2003, when the Organization of Petroleum Exporting Countries (OPEC) lifted quota restrictions, the growth of oil output continued to be driven by the new fields coming onstream in Angola, Chad, the Republic of Congo, and Equatorial Guinea.

The easing of conflicts in a number of countries has allowed for a recovery in economic activity. Burundi saw a strong rebound in output in 2004 in part because of a bumper coffee crop, the Central African Republic achieved positive growth following the sharp contraction in the previous year, while, in the Democratic Republic of Congo, the strong growth of 2003 continued into 2004. In three countries in the region (Côte d'Ivoire, Seychelles, and Zimbabwe) output declined further in 2004, but at a slower pace.

Some countries in West Africa had to deal with their worst locust infestation in 15 years. Desert locusts were first detected in October 2003, but multiplied significantly during spring and summer 2004. The locust upsurge has significantly affected the livelihoods of populations dependent on subsistence farming and

³The oil-producing countries are Angola, Cameroon, Chad, the Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, and Nigeria. In São Tomé and Príncipe, which is included as an oil producer in the Statistical Appendix tables for aggregation purposes, production is not expected to commence until about 2012, although oil signing bonuses start in 2005.

increased the need for food aid in the affected countries.⁴

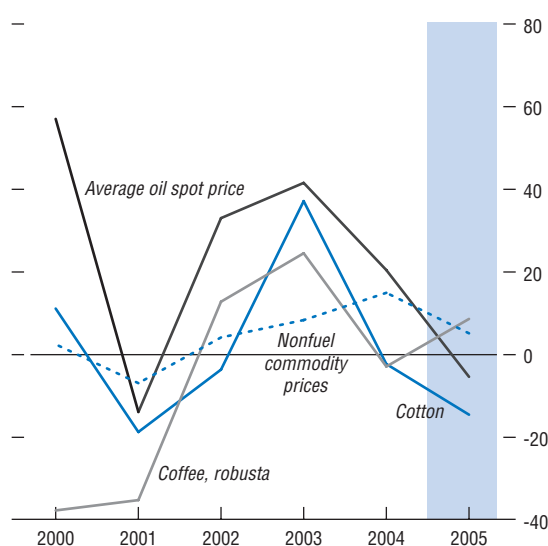
Inflation in Africa has reached historical lows (Figure 2.1). Against a background of continued low inflation and interest rates in the advanced economies and generally prudent monetary policy in an increasing number of countries in the region, average inflation in SSA fell to 9.1 percent in 2004, the lowest recorded level in more than a quarter of a century. Average broad money growth also continued its steady decline. Twenty-eight countries in Africa achieved inflation rates in single digits during 2004, compared with just 10 countries a decade ago. Only Angola, Eritrea, and Zimbabwe recorded inflation above 20 percent. Moreover, the differential between the low inflation that the CFA franc countries have consistently achieved and the higher inflation observed in floating rate regimes continued to diminish. In South Africa, inflation has been relatively stable at about 4 percent, well within the South African Reserve Bank's target range of 3–6 percent.

There were significant commodity price movements during 2004, with divergent effects on the external balances and national incomes of individual countries (Figure 2.2). There was a 14 percent increase in the terms of trade of African oil-producing countries in 2004 as average petroleum prices increased by over 30 percent. In the non-oil-producing countries, the rise in the world prices of metals (especially tin, copper, and gold), diamonds, and food helped contain the fall in the average terms of trade to 2.8 percent.

Oil Producers

The external current account (including grants) of oil producers swung from an average

Figure 2.2. Commodity Prices¹
(Annual percent change; U.S. dollar terms)



Source: IMF, *World Economic Outlook (WEO)*.
¹Shaded area indicates IMF staff projections.

⁴The crop damage is estimated to range between 10 and 40 percent, despite the concerted national, bilateral, and multilateral efforts to treat about 2 million hectares of land infested by locusts. Mali and Niger were the hardest hit by locusts, which caused growth in the two countries to drop by 0.5 and 1.5 percent of GDP, respectively.

Box 2.1. Transparency in Oil Sector Operations in Africa

In general, oil sector operations in Africa have, in the past, been shrouded in secrecy. In recent years, however, some countries have sought to raise the transparency of oil sector operations, for example, by insisting on regular independent audits of national oil companies (provided to government authorities even if not always published). They have also taken the following additional steps to enhance the transparency of their oil operations:

- Some countries have introduced explicit fiscal rules governing the treatment of oil revenue. For example, in the Republic of Congo and in Nigeria, the central government budget is prepared on the basis of a (conservative) reference price for oil—any windfall revenue is deposited in a special account at the central bank. In Chad, a special law governing the use of oil revenue earmarks the bulk of budgeted oil revenue for spending in priority sectors and on pipeline debt service while saving any windfall revenue in a stabilization account.
- Some countries have started disclosing the terms of contracts and production-sharing arrangements (PSAs) with private oil companies. For example, in the Republic of Congo all PSAs have been placed on the government's website. Others, such as Chad, have mandated the publication of independent external audits.
- Increasingly, countries are adopting or subscribing to international standards to reinforce the credibility of their policies. For example, the Extractive Industries Transparency Initiative (EITI) aims at encouraging information disclosure by both participating governments and private companies. A number of African countries, including Chad, Gabon, and Nigeria, have expressed their intention to subscribe to the EITI, while Equatorial Guinea received an EITI mission and is expected to begin implementing the mission's recommendations. Equatorial Guinea also underwent an assessment against good practices in fiscal transparency in the first quarter of 2005.

deficit of about 3.4 percent of GDP in 2003 to a surplus of 2.3 percent in 2004. All the major oil producers, with the exceptions of Cameroon and Gabon, exported more oil and gas in 2004 than in 2003, in part reflecting new production capacity. However, the improvements in the external current account were smaller than the increase in oil exports, as strong growth in imports was underpinned by higher domestic absorption.

There was a strong improvement in the overall fiscal balance in the oil-producing countries, although the extent of the improvement varied with the share of the oil revenue accruing to the budget. The average fiscal balance moved

sharply into surplus, albeit to different degrees across countries, mainly because of differences in the mechanisms for generating revenues from petroleum exports.⁵ Non-oil fiscal balances improved in most countries, with the largest improvement in the Republic of Congo reflecting a sharp fall in both current and capital expenditures. Oil revenues have been used to reduce domestic and external arrears in Angola, the Republic of Congo, Gabon, and Nigeria and to repay costly foreign loans in Angola and Gabon. As required by law, Chad deposited the entire additional oil revenue in a stabilization fund, and Nigeria set aside the incremental oil revenue under a fiscal rule being followed by the

⁵These include production-sharing arrangements (Angola, Cameroon, Republic of Congo, Equatorial Guinea, Gabon, and Nigeria), royalties (Angola, Chad, Republic of Congo, Equatorial Guinea, Gabon, and Nigeria), equity participation (Nigeria and Equatorial Guinea), and corporate income taxes (Cameroon, Equatorial Guinea, Gabon, and Nigeria). In Angola and the Republic of Congo, the production-sharing arrangements are structured in a way that the government receives an incrementally larger share as the size of the oil windfall gets bigger.

federal and state governments. A broad-based effort was launched during 2004 to enhance the transparency and accountability of oil sector operations in all the oil-producing countries (Box 2.1).

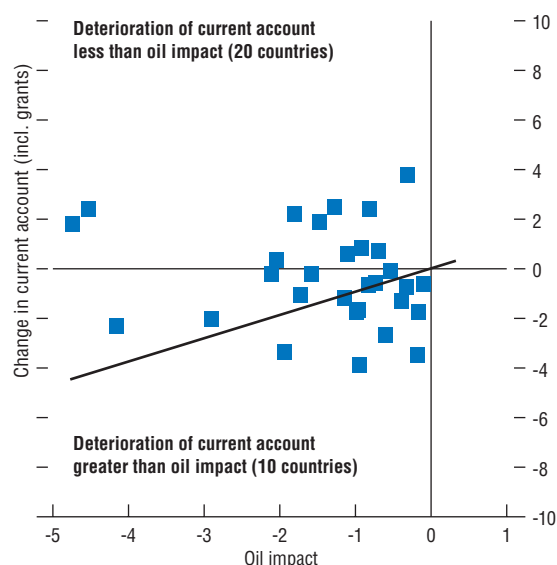
Inflation has been contained in most of the oil-producing countries. In those countries that are part of the CFA franc zone, with the exception of Equatorial Guinea, inflation has remained at or below 2 percent. Among the countries with floating exchange rates, inflation increased slightly in Nigeria and São Tomé and Príncipe, but fell in Angola. Containing the pressure for real exchange rate appreciation through fiscal tightening remains crucial for SSA countries to avoid a weakening of export and growth prospects in the non-oil sectors.

Oil Importers

In the oil-importing countries, the additional import costs attributable to the higher oil prices have varied widely, reflecting each country's degree of dependence on oil imports. In most countries, the change in costs has been less than the equivalent of 2 percent of GDP, and in half the countries it was less than 1 percent. In some countries, the impact was either fully or partially mitigated by rising prices of commodity exports, and, in many cases, pressures on the external current account were alleviated by the ongoing fiscal consolidation efforts. In two-thirds of the oil-importing countries, any weakening in the current account was less than the increase in the oil bill (Figure 2.3).

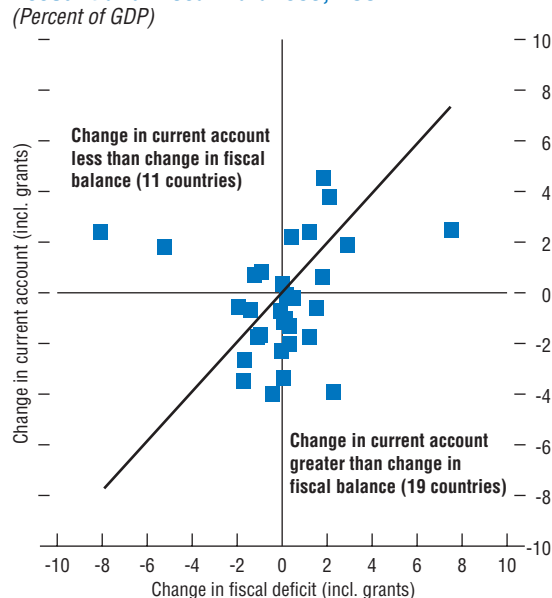
The current account deficit of oil-importing countries increased from 2.1 percent of GDP to 3.1 percent on average, as the strong growth of export volumes was more than offset by weaker terms of trade and higher imports. Domestic demand growth in South Africa, together with an appreciation of the currency, led to a significant widening of the external current account deficit to above 2 percent of GDP. Elsewhere, diversification efforts in some countries and improved market access in some sectors helped boost exports. These issues must now be

Figure 2.3. Oil Importers: Oil Impact and Changes in Current Account, 2004
(Percent of GDP)



Source: IMF, African Department database.

Figure 2.4. Oil Importers: Change in Current Account and Fiscal Balances, 2004
(Percent of GDP)



Source: IMF, African Department database.

addressed with urgency in other countries, especially in the cotton- and textile-exporting countries of Africa (see discussion in Chapter III).

Most oil-importing countries attenuated any weakening of the current account balance by avoiding or limiting any deterioration in the fiscal balance (Figure 2.4). Overall, the average deficit in oil-importing countries increased only slightly to 2.6 percent. In many cases, the fiscal balance has strengthened, supported by higher ratios of revenue to GDP. Oil price increases have been passed on to consumers in most countries (Box 2.2). Expenditure-tightening measures were also taken, notably in Guinea-Bissau, Madagascar, and Mozambique. Some oil-importing countries reported significant increases in their fiscal deficit arising from the oil price increase. Incomplete pass-through resulted in increased actual or expected deficits in Burundi, Ghana, and Seychelles. Increased deficits related to higher government outlays on oil-related products were also reported in São Tomé and Príncipe and Sierra Leone. In South Africa, the budget deficit was estimated at 2.3 percent of GDP in 2004, following several years during which the deficit was kept at or below 2 percent of GDP.

In general, the impact of higher prices of petroleum products on the poor is relatively modest (Box 2.3). The countries that subsidize domestic energy products have faced difficulties in targeting the poor because of weak administrative capacity. Several countries have used a type of stabilization fund to smooth and manage oil price changes, protecting the deficit from the shocks.

Many countries have attracted both higher foreign assistance and debt relief. While official grants as a share of GDP fell slightly in SSA, external debt burdens continued to decline as more countries reached the completion point under the Heavily Indebted Poor Countries (HIPC) Initiative.⁶ Among countries that have

⁶Eleven countries in the region have now reached their completion point under the HIPC Initiative, including, during 2004, Ethiopia, Ghana, Madagascar, Niger, and Senegal.

Box 2.2. Pass-Through of Oil Price Increases to Domestic Prices

Recent oil price increases have been fully passed on to consumers in 24 of 44 African countries. Where price increases have been passed on, the institutional structure of domestic petroleum product pricing is most often linked to a formula based on import prices, distributor and retailer margins, exchange rates, and taxes (14 countries). Adjustment for those countries using a formula normally takes place at monthly or quarterly intervals. In other countries, with full pass-through, pricing is either fully market-determined (8 countries), set by a single private company (1 country), or administered (1 country).

In an additional 15 countries, there has been partial pass-through of the oil price increase, either through a formula mechanism (6 countries) or through administrative adjustments (8 countries). In some cases, a country normally using an automatic formula-based system has, in practice, decided to make an administrative increase. In five countries, however, there has been no adjustment. The lack of adjustment often reflects political concerns in the context

of elections. For example, in the Central African Republic, prices have not been adjusted for the past four years.

Oil producers are less likely than oil importers to ensure full pass-through of international price increases. Among the nine oil-producing countries in SSA, only Chad, Nigeria, and São Tomé and Príncipe maintain a market-determined price with full pass-through of costs to consumers. Four countries (Cameroon, Côte d'Ivoire, Equatorial Guinea, and Gabon) provide for limited pass-through of price increases. Angola has increased prices to reduce the costs of subsidies to consumers, while the Republic of Congo has not adjusted domestic prices in response to higher world prices.

In several countries with market-oriented systems, petroleum-product subsidies exist for electricity companies (for example, in Rwanda and São Tomé and Príncipe), or automatic pricing mechanisms are not in place for other energy products. Cape Verde subsidizes domestic prices of butane gas with the aim of containing the impact of higher prices on the poor.

reached the HIPC Initiative completion point, grants remained at 4.7 percent of GDP on average. One-fourth of the countries in the region received grants in excess of 7 percent of GDP, with a larger share in the form of budget support. At the same time, average revenues as a share of GDP increased in 22 oil-importing countries, in many cases reflecting ongoing implementation of tax reform programs. These developments allowed overall government expenditure to increase as a share of GDP in two-thirds of the non-oil-producing countries.

The sharp appreciation of the rand and the euro against the U.S. dollar during 2004 affected oil-importing countries in different ways, depending mainly on currency arrangements but also on trading patterns. In South Africa and neighboring countries, the appreciation of the rand helped hold down inflation pressures and attenuated the impact of higher

oil import prices. At the same time, this real appreciation eroded the competitive gains these countries experienced during 2001–02 when the South African rand depreciated against the dollar. The real effective exchange rates of the West Africa Economic and Monetary Union (WAEMU) and Central African Monetary and Economic Community (CEMAC) regions, where the currencies are pegged to the euro, were mostly stable because fiscal deficits and domestic wage and cost pressures were broadly contained. However, their reserve coverage fell in terms of months of imports.

Most of the oil-importing countries operating floating exchange rate regimes sought to safeguard their foreign reserve positions by allowing the exchange rate to adjust. With the exception of South Africa and Uganda, these countries saw a decline in the nominal effective rate

Box 2.3. Impact of Higher Oil Prices on the Poor in Sub-Saharan Africa

Higher petroleum prices can affect the poor in two ways. First, to the extent that the poor are dependent on petroleum products for their cooking and transportation needs, higher prices lower their real disposable income. Households clustered around the poverty line can then fall below it. Second, higher petroleum prices can reduce the competitiveness of sectors that rely relatively heavily on petroleum in their production processes. The resulting contraction of sectors intensive in oil use can increase unemployment.¹

The impact of an oil price hike has been estimated to be relatively modest in SSA. In Mali, simulations based on household expenditures show that an 8.5 percent petroleum price increase would lead to a decline in consumption by the poor of 0.6 percent. In Mozambique, a 50

percent oil price hike leads to a reduction in purchasing power of about 1 percent.² A 20 percent price increase lowers the purchasing power of the poor by less than 1 percent. By contrast, a recent study for Ghana suggests that the poor experience higher income loss from the direct effects of oil price increases, while the rich experience higher income losses from the indirect effects on prices of other goods and services. The direct effect on the poor is stronger because of a higher consumption share of kerosene.

The risk of social and political disruption is minimized when credible, effectively targeted mechanisms for protecting the poor are established. Observers have linked the widespread protests by organized labor and students in Nigeria at the end of 2003 and several times in the first half of 2004 to price hikes.

¹For details see Clements, Jung, and Gupta (2003).

²See World Bank (2003b).

(Figure 2.5). In Burundi, Kenya, and Tanzania, strong downward pressure on the exchange rate was contained through intervention.

While the growth performance of SSA last year was encouraging, it is below the level required to reach the income-poverty Millennium Development Goal. It is also lower than in most other emerging market and developing country regions. Domestic savings rates increased in the oil-producing countries, raising the regional average above 20 percent of GDP, but average investment rates remained close to the level of the previous year. Chapter IV analyzes the factors behind recent surges in growth in Africa and the policies needed to sustain them.

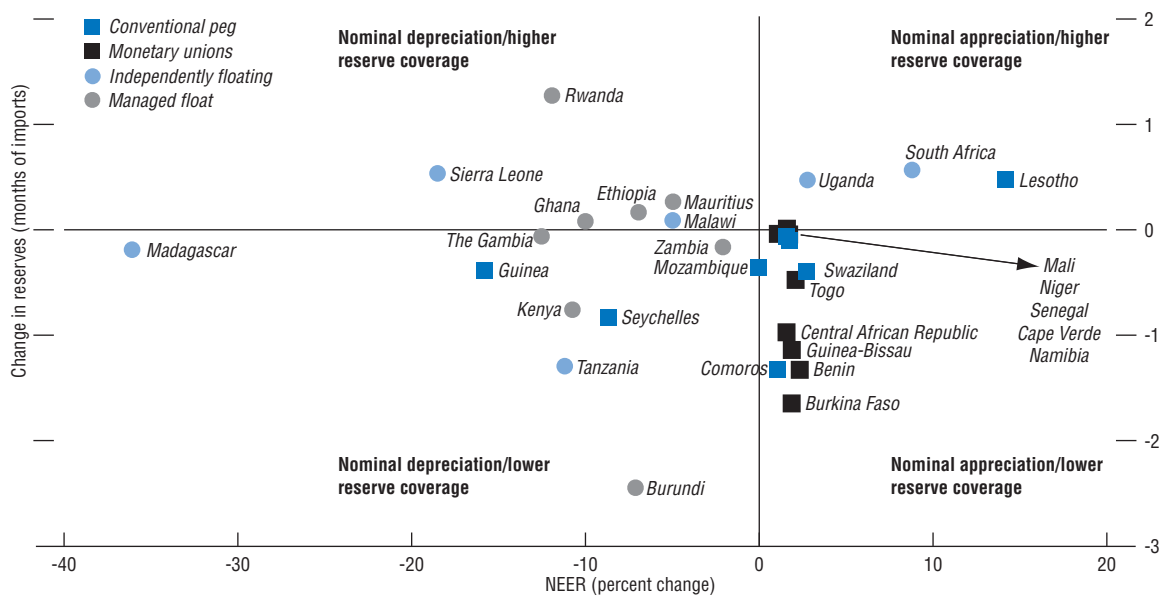
Prospects for 2005

The average growth rate for the region as a whole is projected to remain at about 5 percent in 2005. Output growth in oil-producing countries is forecast to remain close to last year's

level, with real GDP growth in Nigeria expected to pick up to over 7 percent as a major offshore oilfield comes onstream. Growth is also expected to be particularly strong in Angola, Chad, and the Republic of Congo.

Real GDP growth of at least 5 percent is projected in nearly half of the non-oil-producing economies, with Madagascar, Mozambique, Senegal, Sierra Leone, and Tanzania all projected to grow in excess of 6 percent. Strong growth in South Africa continues to be fueled by buoyant domestic demand and low interest rates (Box 2.4). Economic activity in the non-oil-producing countries is expected to be stimulated by a further rise in investment rates, which are projected to increase by 0.2 percentage points to 18.7 percent of GDP. Exports as a share of GDP are expected to fall by 0.2 percentage points among this group, reflecting an easing of import demand from the advanced economies. Output growth below 2 percent is projected in only four countries in the region—Côte d'Ivoire, Gabon, Seychelles, and Zimbabwe.

Figure 2.5. Oil Importers: Changes in Nominal Effective Exchange Rates (NEERs) and Reserves



Source: IMF, African Department database.

Box 2.4. South Africa—Structural and Social Reforms

South Africa has made impressive macroeconomic gains over the past decade, and its short-term prospects are very favorable. But important medium-term economic challenges remain. Unemployment and poverty are still high, and, while some social indicators have improved, the HIV/AIDS epidemic has lowered life expectancy and is exacting a heavy toll on society.

Raising growth well above its past trend level of 3 percent a year and increasing labor market flexibility will be crucial for lowering unemployment and reducing poverty. This task will require major job skill improvements, labor market reforms, further steps in trade liberalization, and public enterprise reform.

Higher growth will also depend on creating a favorable business environment, especially for small and medium-sized firms. This was recognized in the 2005 budget, which presented a series of initiatives, such as tax relief and stream-

lined tax legislation, to stimulate small business development, a potentially important engine for job creation. The government's other reform priorities focus on the need to accelerate the pace and quality of infrastructure investment and to address deficiencies in municipal planning and service delivery.

South Africa's ability to persevere with macroeconomic and structural reforms will be more effective in an environment of social stability and cohesion. The government is therefore undertaking a number of important initiatives to address wide disparities in income and wealth, including additional spending directed at social services, education, and infrastructure. To combat the HIV/AIDS epidemic, the government has put in place a comprehensive plan for the universal rollout of antiretroviral drugs and has undertaken parallel steps to strengthen the public health system.

Inflation looks set to remain subdued. As monetary policy is expected to remain prudent in most countries, and world inflation remains subdued, consumer price increases are projected to remain at about 9 percent on average.

Nonfuel commodity prices are forecast to fall in 2005 after the strong increases of last year. The *WEO* projects oil prices to be higher on average in 2005, leading to a further increase in the terms of trade of oil-producing countries. However, nonfuel prices—especially those of food and cotton—are expected to decline. As a result, the terms of trade of the non-oil producers are projected to fall further. Going forward, a challenge for the oil producers, given the uncertainty in price forecasts, is to smooth the short-run response of public spending to oil-related receipts. In some countries, the higher revenues provide governments an opportunity to increase public spending on priority economic and social goals, such as investment in key infrastructures. At the same time, countries need to formulate overall policy within a medium-term expenditure framework, avoiding permanent

expenditure commitments that are not sustainable. It would also be important for them to strengthen public expenditure management systems to ensure that resources are used for their intended purposes. For all countries, policies aimed at encouraging export diversification would help mitigate the impact of future exogenous shocks.

Overall fiscal deficits (including grants) are likely to fall slightly, on average, in 2005. The average surplus in oil-producing countries is expected to increase to 6.3 percent of GDP, while the average deficit of oil importers increases to 3.4 percent. A deterioration in the fiscal balance is expected in 23 countries in the region, including, most notably, in Burkina Faso, Mozambique, Rwanda, and Zimbabwe.

Official grants are projected to remain flat, on average, as a share of GDP. Staff projections currently show average grants falling as a share of GDP in 25 countries and increasing in just 10 countries, suggesting greater selectivity among donors. Revenues as a share of GDP are expected to increase to 24 percent of GDP, while

expenditures are projected to increase to an average of about 26 percent of GDP. Countries benefiting from a higher level of donor grant financing would have opportunities to increase their social and developmental outlays, including efforts to combat HIV/AIDS. Progress in these areas is an essential part of efforts to establish a better environment for investment and growth.

Current account deficits (including grants) are expected to increase, on average, reflecting mainly larger deficits in the non-oil-producing countries. While the average surplus in oil-producing countries is projected to increase to 5.5 percent, the average deficit in the non-oil-producing countries may rise to 3.8 percent. Based on current projections of financing, 16 countries expect to increase their reserves in terms of months of import cover, while 23 countries are expecting their reserve coverage to fall.

SSA's prospects in 2005 are subject to political and economic risks. The lingering conflicts in

Côte d'Ivoire and the still-fragile security situation in the Great Lakes region are important concerns, given the potential implications for neighboring countries. Moreover, many countries in SSA remain vulnerable to droughts and other natural disasters. Under current conditions, economic risks stem from uncertainties in the oil markets, while the elimination of textile quotas in industrial countries in 2005 will also pose challenges for employment and growth in the affected countries. A slowdown in the global recovery and a further appreciation of the rand could undermine South Africa's export performance and lead to a worsening in the current account balance. A larger-than-expected fall in non-oil commodity prices could lead to a further worsening of the terms of trade. On the upside, the renewed international efforts to further reduce debt and increase overall development assistance related to the Millennium Development Goals could enhance the region's prospects for growth and poverty reduction.

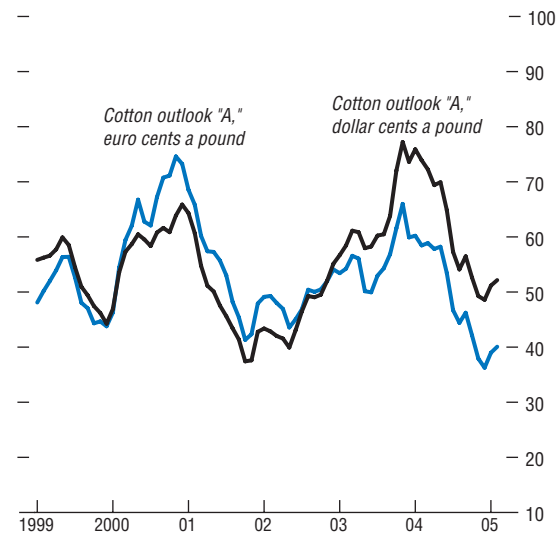
Africa's cotton exporters are facing record-low prices. The world dollar price of cotton declined by about 30 percent during 2004, and the euro price by nearly 40 percent (Figure 3.1). The main factor behind the recent decline is a record world harvest (see Figures 3.2 and 3.3). World production increased by an estimated 22 percent in 2004, with 60 percent of the increase coming from China and the United States, primarily because of improved yields. Twenty-four countries in sub-Saharan Africa account for about 6 percent of world output, with countries in the CFA franc zone contributing about two-thirds of the region's production.

Impact of Declining World Cotton Prices

The impact of the decline in the world price of cotton is most severe in Benin, Burkina Faso, Mali, and Togo. For these four countries, cotton exports amount to 5–8 percent of GDP, and cotton production provides employment for as much as one-third of the population. The recent decline in cotton prices could reduce cotton exports by about 2–3 percent of GDP in these countries, resulting in a decline in real income, a domestic economic contraction, a widening of external current account deficits, and a worsening of poverty. The loss of export revenue would be roughly equivalent to one-third of net official financial flows to these four countries.

The responses of governments and cotton sector companies in these four countries have important common features. First, producers of seed cotton are (for now) being protected from the decline in the world price. The producer price for the current crop was set in April–May 2004, when the world price was still relatively high. Except in Benin, this price is not subject to renegotiation. In Benin, which generally has relatively strong private competition, the government

Figure 3.1. World Cotton Prices, Monthly Averages



Source: Thomson Datastream.

intervened in January 2005, following inconclusive negotiations between stakeholders, and announced that the producer price would not be lowered. Second, these countries are withholding supplies from the world market in the hope of a rebound in the world price. With limited storage capacity and financing sources, these countries will likely need to begin exporting soon and will incur substantial financial losses if prices do not rebound.

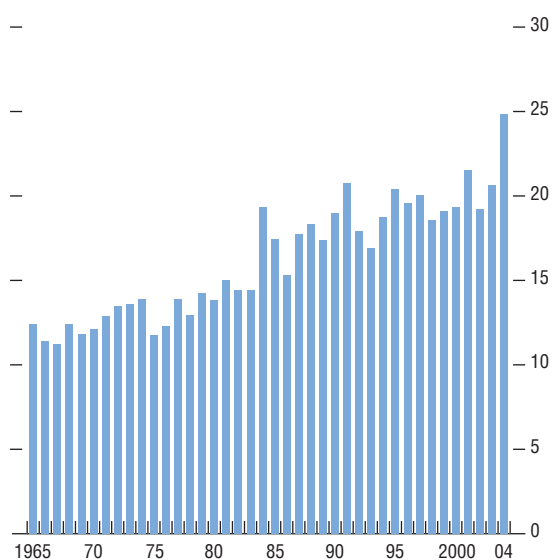
The governments in the region are pursuing different approaches to the distribution of the potential financial losses on the current (2004/05) crop between the ginning and export companies and the central government. In Mali, where the government controls cotton ginning and marketing, the central government is absorbing over half of the projected losses, financed in part with supplementary donor grants. In Benin, where the sector consists of many privately owned ginneries competing with the former public monopoly, the losses are being shared between the government and the ginning and export companies. In Burkina Faso, the losses are to be borne, entirely by the (largely privately owned) companies, financed from their own resources or through commercial credits.

Impact of Removal of Textile Quotas

The recent lifting of the remaining quota restrictions on trade in textiles and clothing on January 1, 2005, is likely to pose a major challenge for many developing countries. These restrictions—sanctioned by the Uruguay Round Agreement on Textiles and Clothing (ATC)—limited the exports of textiles and clothing from competitive developing countries to the United States, the European Union (EU), Canada, Norway, and Turkey.¹ The adjustment

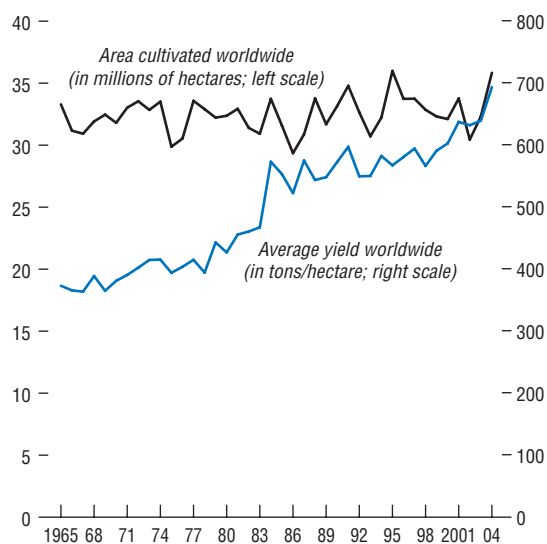
¹Under the ATC, which superseded the Multifiber Arrangement (MFA), these bilateral quotas were to be eliminated in four phases over the period 1995–2005 (1995–98; 1998–2002; 2002–04; and beginning of 2005). During the 10-year transition, the remaining quotas were expanded in the first three phases.

Figure 3.2. World Cotton Production
(Millions of tons)



Source: U.S. Department of Agriculture (USDA), World Cotton Data.

Figure 3.3. World Cotton Production, Area Cultivated and Average Yields



Source: USDA, World Cotton Data.

to the quota phase-out has been slow, especially among low-income countries.

The quotas protected producers not only in industrial countries but also in less competitive developing countries. They allowed the latter to charge higher prices than otherwise would have been possible and to attract foreign investment to circumvent the quotas. The removal of quotas will dissipate these benefits to these countries. Although liberalization will benefit developing countries as a whole, there will be winners and losers.² China and India are expected to reap substantial benefits, while many other developing countries are likely to lose.

Although Africa’s share in world exports of textiles and clothing is small, exports of these items represent a significant share of total merchandise exports in nine countries. Total African exports of textiles and clothing were less than 1 percent of world exports in both 2002 and 2003, despite their recent growth under the U.S. African Growth and Opportunity Act (AGOA) and the EU Everything But Arms (EBA) initiative (Figure 3.4).³ The top 10 African textile and clothing exporters are Côte d’Ivoire, Kenya, Lesotho, Madagascar, Malawi, Mauritius, South Africa, Swaziland, Zambia, and Zimbabwe—each of them exporting US\$25 million or more. In the past few years, textile and clothing exports accounted for 20 percent or more of total merchandise exports in five African countries and between 5 percent and 10 percent in four countries (Table 3.1).⁴

Two factors make African textile and clothing exports particularly vulnerable to the quota removal. First, most African exports are destined for the U.S. and EU markets, where competition for market share is intensifying following the

²There is an extensive literature on the effects of quota removal on various countries. See Audet (2003), USITC (2004), and Nordas (2004) for the latest surveys.

³The AGOA and the EBA were introduced in May 2000, and March 2001, respectively.

⁴Although Kenya is one of the top 10 textile and clothing exporters, it is not listed in Table 3.1 because these products accounted for less than 3 percent of the country’s total merchandise exports.

Table 3.1. Share of Textiles and Clothing in Total Merchandise Exports and Share of U.S. and EU Markets in Total Exports, 2000–03
(Percent)

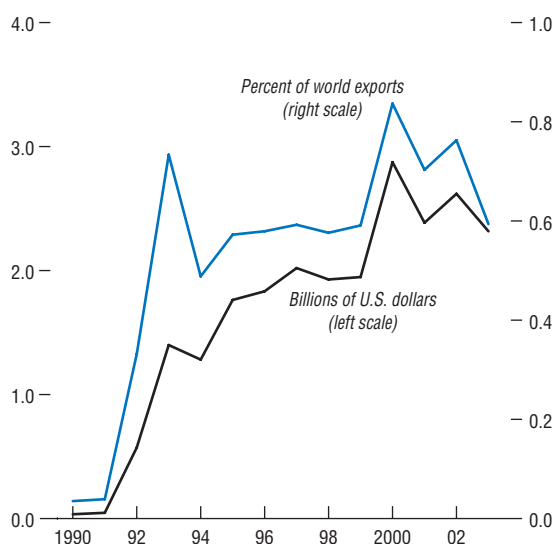
	Textiles and Clothing in Total Merchandise Exports	Share of U.S. and EU Markets in Country Exports
Lesotho ¹	94	93
Mauritius	53	93
Madagascar	33	90
Cape Verde	20	100
Swaziland	20	41
Niger	9	63
Malawi	8	59
Zimbabwe	5	35
Burkina Faso	5	31
Africa	5	75

Source: WITS database, based on WTO trade data.
¹From USITC (2004).

quota removal.⁵ At present, about three-fourths of African textile and clothing exports go to these two markets, where few African countries ever faced quotas, and, when they did, few quotas were binding. Second, most African exports are concentrated in formerly quota-restrained products, such as basic trousers, T-shirts, sweaters, and woven shirts. In the U.S. market, for example, these products accounted for 73 percent of the total value of U.S. clothing imports from Africa in 2002 (USITC, 2004). They tend to be in the most “crowded” segments of the market, characterized by long production runs, low value added, and few styling changes over time. These are products in which other more competitive developing countries are expected to increase their market share following the quota removal. Having said that, some African countries (for example, Madagascar) may be able to maintain their competitiveness in

⁵A textile-exporting country stands to gain if, prior to the quota removal, it had a large share of its exports going to a nonrestricted market (such as Japan), where export prices are likely to rise as world exports revert to the formerly restricted markets. However, investment in the textile and clothing sector in Asia has increased tremendously over the past few years, and any overexpansion of global production capacity could result in lower prices worldwide.

Figure 3.4. Sub-Saharan Africa: Textile and Clothing Exports



Source: WITS database, based on United Nations data.

certain niche markets if they can raise their labor productivity and reduce transport and other infrastructure costs.

Studies show that African garment exporters are likely to lose from the removal of textile quotas. Although preferential access under the AGOA and the EBA has helped African countries to increase their exports, it has also increased the vulnerability of African exports to the quota removal. In addition, the key provision of the AGOA that allows the least developed countries to use “third party” fabrics will expire in 2007, and its renewal is uncertain.⁶ In the case of Mauritius, a highly garment-dependent country but not one of the least developed countries, the provision allowing the use of third-party fabrics expires at the end of September this year, and its renewal is to be considered at that time. Multilateral liberalization in the Doha Round is also likely to reduce Africa’s margin of preference over time as most-favored-nation tariffs fall. The spread of U.S. and EU free trade agreements with other garment-exporting countries will further lower Africa’s preference margin.⁷ Industry surveys indicate that Kenya, Lesotho, Madagascar, South Africa, and Swaziland will see the demand for their clothing exports decline in the United States and the EU in the near term (USITC, 2004).

The impact of the removal of quotas is likely to vary across countries and is difficult to estimate. Those that are more reliant on textile and clothing exports and on the U.S. and EU markets would likely face a greater shock. The experiences of other countries during the third phase of quota removal (2002–04) suggest that the removal of textile quotas can have a large effect on African countries.⁸ The remaining effect of the AGOA and the EBA and restraints on Chinese exports could dampen the negative impact of the quota removal, but the fact that African exports are concentrated in the most restricted products will amplify the impact. Some simulations using computable general equilibrium models suggest that African textile and clothing exports may fall between 20 percent and 30 percent from their trend level.⁹

Falling exports will likely have significant implications for the balance of payments, output, and employment in the affected countries. This being said, the net balance of payments impact of the quota removal is likely to be smaller than the decline in garment exports, because most African countries use imported fabrics for export production.¹⁰ However, the impact could still be significant, especially if the removal of quotas also leads to a shift of foreign direct investment to more competitive garment-exporting regions.¹¹ Falling exports

⁶Being able to use fabrics from third-party sources (in practice, mostly Asian countries) significantly reduces the cost of fabric imports for African garment producers (by some estimates, 20–40 percent).

⁷U.S. (and, potentially, EU) reimposition of quota restrictions on Chinese exports and China’s own restraints on the exports of certain textile and clothing products may provide some short-term relief for African countries, but these restrictions are not likely to change the long-run dynamics of consolidation of world textile and clothing trade. The United States has reintroduced quotas on several Chinese products and may reintroduce others under special safeguard mechanisms sanctioned by China’s WTO accession agreements. On January 1, 2005, China introduced an export tax (0.2 yuan, or 2½ cents, a piece, or 2–4 percent of the export value) on certain textile products.

⁸The average decline in the exports of the so-called phase III textile products (for which quotas were removed at the beginning of 2002) varied from 10 percent to 62 percent among major textile and clothing exporters outside Africa, while China, India, Pakistan, and a few other countries increased their exports.

⁹See, for example, François and Spinanger (2001), and Mlachila and Yang (2004). These estimates do not fully take into account Africa’s preferential market access and may overstate the impact.

¹⁰In 2003, Africa imported more textiles (US\$1.7 billion) than it exported clothing (US\$1.6 billion). However, data for textile imports used in garment exports are not available. Africa’s largest textile importers also tend to be its largest garment exporters, suggesting that a large portion of textile imports is used for the production of garment exports.

¹¹Such risks are highlighted by the recent closure of six foreign-owned textile factories in Lesotho, leaving some 6,650 workers jobless.

Box 3.1. The Impact of Quota Removal on Mauritius

Textiles and garments account for a large share of Mauritius's total exports and imports. Despite their decreasing importance in recent years, these goods accounted for 54 percent of total exports and 18 percent of total imports in 2003. Textiles and clothing accounted for about 90 percent of export processing zone (EPZ) exports. In 2003, 65 percent of EPZ exports went to the European Union and 28 percent to the United States.

The textile and clothing sector represents a significant share of output and employment. Direct statistics for the sector are not available, but EPZ output, which is dominated by the textile and clothing sector, accounted for 8 percent of national GDP in 2003, and EPZ employment represents 16 percent of the national total. Two-thirds of EPZ workers are female, and represent 32 percent of female employment nationwide, despite a significant decline over the past decade (from 47 percent in 1990).

The staff estimates that the economic impact of the quota removal would be significant. If the export price of textiles were to fall by 10 percent in 2005 and 5 percent in 2006 and to remain unchanged thereafter, the resulting decline in textile and apparel exports would be 16 percent in 2005 and 8 percent in 2006. This would translate into a 9 percent decline in total

exports by 2006. EPZ employment is projected to decline by about 7,700 workers in 2005 and 3,450 workers in 2006, or 1.6 percent and 0.7 percent of total employment in 2005 and 2006, respectively. If 85 percent of these job losses affected female workers, as has happened in the past, female employment nationwide could fall by as much as 5.6 percent.

The authorities' response has focused on diversifying exports and seeking extended preferential market access. Mauritius has established an information and telecommunications technology sector, to which the authorities have contributed by providing infrastructure for a new technology park and by investing in education. It has obtained a temporary AGOA exemption (until September 30, 2005, with renewal opportunities for three more years) that allows its exporters to use third-country fabrics for export production. The authorities have also been lobbying to extend the textile quotas beyond 2005 through a coalition of countries and industry associations under the umbrella of the Istanbul Declaration. The diversification efforts may help Mauritius's textile and garment industry in the medium term, but the authorities may also need to examine how to improve the efficiency of their textile and garment industries and to address short-term consequences of the quota removal.

and domestic production are likely to result in large declines in employment because garment production is labor-intensive (see Box 3.1 for the impact on Mauritius). In addition, since garment workers typically account for a large proportion of formal employment and most tend to be women, declining garment employment could have strong social repercussions.

The effect of the quota removal on African consumers depends on whether the country is a net garment exporter or importer. For net exporting countries, domestic prices for garments are likely to fall as export demand declines.¹² In contrast, garment prices in net importing countries will rise as world prices for garments increase.¹³ Given that imports of garments are relatively small in most African

¹²If, however, export products were not diverted to the domestic market following demand declines in the U.S. and EU markets, domestic garment prices would increase as world prices rose. This would be the case if current exporting firms shut down because their products cannot compete with imports at the current level of protection.

¹³In the United States, the EU, and other countries that had imposed quotas, consumer prices for garments will decline as importers no longer have to pay the tariff equivalent of quota restrictions.

countries, the negative impact on African consumers is likely to be limited.¹⁴ Furthermore, the massive expansion of garment production capacity in Asia also indicates that the price rise for consumers in net importing countries may be small, although it could be partly offset by an increase in the price of cotton, which is likely to benefit cotton producers in Africa. The expansion of textile and garment exports in Asia, especially China, will increase world demand for cotton as an intermediate input. African countries need to redirect their cotton exports to Asia and away from industrial countries, where demand is expected to decline following the removal of textile quotas.

What Are the Policy Options?

The available data (for example, from futures markets and the International Cotton Advisory Committee) suggest, at best, a moderate rebound in world cotton prices, with prices remaining well below historical averages for the next five years. Under these circumstances, world price signals need to be passed through to domestic producers, to allow for efficient planting decisions. Indeed, indications are that a substantial pass-through will likely take place in all major cotton-producing countries.

The IMF staff estimates that, at current world prices and ginning margins, the producer price would need to fall by at least a third to eliminate export losses without government subsidies. If producer prices fell, farmer incomes would drop abruptly and sharply. Consequently, there may be social pressures on some governments to spread the price pass-through over one or more

years if world prices do not rebound, in part to address the most severe poverty implications in the absence of direct income-support instruments. Such support, if necessary, would need to be temporary, and donor financing, preferably in the form of grants, would need to be made available to avoid substantial expenditure cuts elsewhere in their budgets.

The elimination of cotton subsidies in industrial countries could play a critical role in allowing world cotton markets to function effectively to the benefit of African producers.¹⁵ Under the August 2004 WTO agreements, a WTO subcommittee on cotton will work on all trade-distorting policies affecting the sector, covering domestic support, market access, and export competition. International organizations, including the IMF, are called upon to “. . . direct effectively existing programs and any additional resources towards development of the economies where cotton has vital importance” (WTO, 2004). Despite this development in the WTO, it is unlikely that distortions in the world cotton market will be eliminated in the near future. For their part, African producers need to continue pursuing efficiency gains and could increase the use of hedging mechanisms, if available, to reduce and diversify risk.

As for African garment exports, the authorities need to take policy actions quickly to cushion them from the adverse impact of the quota removal.¹⁶ These actions would include immediate measures to help their garment industry to improve competitiveness and assist workers who lose their jobs. Although such measures would vary across countries, many African countries need to deal with some common issues.

¹⁴Total African clothing imports were less than US\$0.6 billion in 2003, although a certain portion of the US\$1.7 billion of textile imports was for final consumption.

¹⁵A recent study estimates that cotton subsidies in middle- and high-income countries amounted to US\$3.4 billion during the 2003/04 season (FAO, 2004). Estimates of the impact on the world price range from an average of 2 percent to 72 percent.

¹⁶In addition to the short-term measures outlined below, governments must introduce more comprehensive strategies to address long-term impediments to trade and export diversification. Again, these will tend to be country-specific and should be formulated in the context of individual countries' Poverty Reduction Strategy Papers (PRSPs). A recent review of IMF work on trade finds, however, that textile issues were frequently not covered in PRSPs. The review concludes that trade policies need to be more fully integrated into PRSPs.

- A judicious mix of policies (fiscal, monetary, exchange rate, and structural) is needed to deal with potential declines in exports, output, and employment. In formulating an appropriate policy mix, each country's authorities would have to consider overall macroeconomic conditions.
- Impediments to exports should be removed as soon as possible. Such impediments are necessarily country-specific, but may exist in transport regulations, utility policies, labor practices, customs clearance, and access to bank credit.
- Governments should ensure that garment exporters have access to fabric and other inputs at world prices. Countries that impose restrictions on fabric imports may consider removing them, or they may introduce a duty exemption or a drawback to reduce export costs without introducing bureaucratic delays or imposing other costs.
- Targeted support for dislocated workers and their families may be provided to mitigate the social consequences of falling employment, consistent with the overall macroeconomic framework. Direct income support would be most appropriate but may not be feasible, given the lack of formal social safety net mechanisms. Because textile workers' families may not be the poorest in the country, any assistance to these families would need to be considered in the broad context of poverty reduction.
- Importing countries could help African exporters by relaxing their rules of origin. Most African countries do not have their own textile industries and produce garments with relatively low value added using imported inputs. The high domestic content requirements of rules of origin therefore limit the benefits of the current preferential schemes.¹⁷ In addition, documenting and verifying rules of origin could impose substantial costs on African exporters.

¹⁷See Mattoo, Roy, and Subramanian (2002) for how AGOA rules of origin have reduced the potential of African exports.

Are improvements in growth in SSA since the mid-1990s sustainable? This chapter¹ examines this question in three stages. First, it explores the factors contributing to this recent improvement in growth. To what extent is the growth recovery driven by favorable external conditions? Have improved policies played an important role? Has the improved growth performance been accompanied by improvements in investment, productivity growth, and basic institutions, suggesting a more durable foundation? How do these factors explain differences in performance across sub-groups in the region? The analysis throughout considers correlations, as many of the factors considered are themselves strongly influenced by output growth, making it difficult to establish causal relationships. Second, although the recent improvement in growth is encouraging, it is insufficiently strong to put SSA on a path to make substantial reductions in poverty, as set out in the Millennium Development Goals. To shed some light on factors associated with substantial jumps in growth rates that are sustained in the medium term, a preliminary analysis of the correlates of growth accelerations is presented. Third, the chapter examines the consistency of the SSA data with some important predictions from the literature, directly linking such areas as fiscal policy, financial development, or institutions and growth. The chapter closes with some reflection on the lessons.

The literature on African growth has evolved from offering monocausal explanations for Africa's stagnation (geography, ethnic fractional-

ization, or poor policies, for example) to suggesting that the wide diversity of performance indicates a complex set of factors at play. The literature has generally converged on the view that Africa does not grow differently from other regions; rather, Africa is particularly disadvantaged and has the poorest record on the factors that drive the growth process worldwide.² New modes of analysis have also shed light on the growth process in Africa. A comparison of the aggregate growth regression evidence with the microeconomic literature suggests that high risk (policy and exogenous volatility), a lack of openness to trade, weak institutions, and poor public services are key constraints to growth in SSA. A new method for identifying robust explanatory variables finds that poor health indicators, ethnic diversity, expensive investment goods, low levels of education, excessive government expenditure, and a lack of openness contributed the most to SSA's growth shortfall relative to the rest of the world.³

Recent papers have suggested that opportunities for growth vary among African countries, depending on the availability of natural resources and location, as well as the external environment, inherited institutions, and the prevalence of disease. According to this view, political and policy choices in the face of these economic opportunities are what determine countries' growth outcomes. For example, growth opportunities may be quite different in resource-abundant countries, coastal countries without natural resources, and landlocked countries without natural resources.⁴ In an analysis of

¹See also Pattillo and others (2005, forthcoming).

²Extensions of the standard growth model have largely eliminated the "Africa dummy" in cross-country growth regressions. Sachs and Warner (1997); Easterly and Levine (1997); Hoeffler (2002).

³Collier and Gunning (1999); Artadi and Sala-i-Martin, (2003).

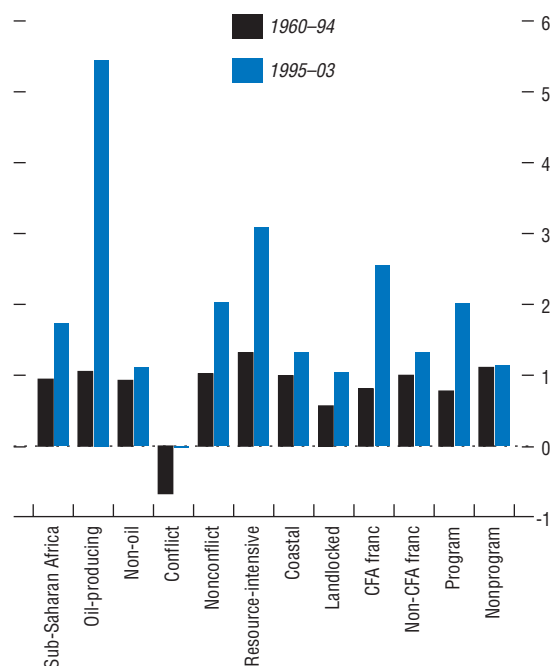
⁴Collier and O'Connell (2004) suggest that a key factor accounting for Africa's increasing divergence from growth experiences in the rest of the developing world since 1980 is the underperformance of Africa's coastal resource-scarce economies relative to similar countries in other regions. See also O'Connell (2004).

the diversity of growth experiences, other exogenous and endogenous structural characteristics of African economies could also be at play: membership in the CFA franc zone, whether a country is involved in conflict, and whether it has an IMF-supported program.

The stylized facts of growth during 1960–2003 are sobering. For the region as a whole, real GDP grew at an average rate of 3.7 percent a year, and real GDP per capita grew at 1.1 percent.⁵ Real per capita income is approximately the same as in the mid-1970s. Because of very weak overall growth, Africa's real GDP per capita has steadily lost ground relative to both industrial and other developing country regions. Growth rates in Africa also tend to be more volatile than in other regions, particularly at short and medium horizons. Growth-accounting decompositions show that average TFP growth for SSA has declined in every decade since 1970,⁶ which has been called the primary reason for SSA's slow growth.⁷

There has been a strong improvement in economic growth since the mid-1990s. SSA's average real GDP per capita growth increased to 2.0 percent in 1995–99, from –1.1 percent in 1990–94, an improvement shared by all subgroups (Figure 4.1). The number of countries with real GDP growth rates exceeding 5 percent increased from 4 to 15. However, during 2000–03, growth slack-

**Figure 4.1. Sub-Saharan Africa:
Real GDP Per Capita Growth
(Percent)**



Source: IMF, *WEQ*/Economic Trends in Africa database, 2005.
Note: See Appendix, Table A2, for country groupings.

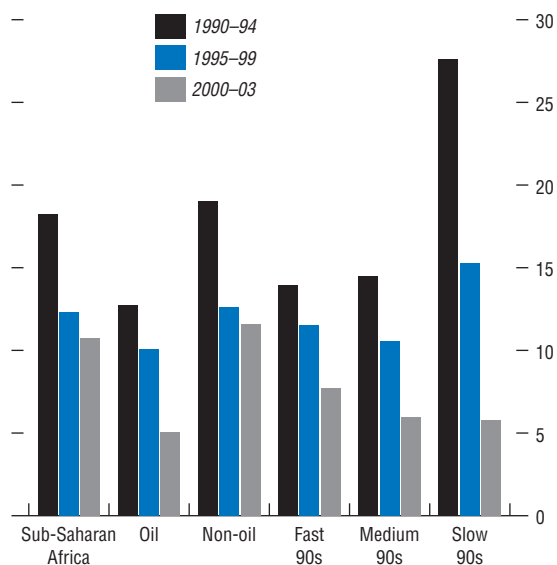
⁵Unweighted averages of the 42 SSA countries covered in the Statistical Appendix.

⁶Tahari and others (2004), Bosworth and Collins (2003). The following sections use TFP data kindly provided by Tahari and others.

⁷Country-level growth-accounting studies conducted in the IMF's African Department support these findings (for example, Republic of Congo: Ghura, 2004; Kenya: Cheng, 2004; Swaziland: Erasmus and Ricci, 2002; WAEMU countries: Wane, 2004). Nsengiyumva (2004) on Benin and Bagattini (2004) on Zambia find that structural reforms and an increased role for the private sector contributed to improvements in TFP in recent periods. Sectoral-level growth-accounting studies have also shed light on sector-specific growth constraints (Democratic Republic of Congo: Akitoby and Cinyabuguma, 2005; South Africa: Arora, Bhundia, and Bagattini, 2002). See Calamitsis, Basu, and Ghura (1999) for an analysis of factors affecting growth using an SSA-specific cross-country growth model.

ened somewhat for all subgroups except oil producers and resource-intensive countries, where it was driven by the 21.6 percent growth in Equatorial Guinea, and conflict countries, where it was driven by the postconflict recovery in Sierra Leone. The post-1995 growth recovery has been fueled by a significant increase in TFP growth. We consider below the factors accounting for the strong growth in the fastest-growing economies of the 1990s; that is, those whose real GDP per capita growth rates place them in the top third of the distribution (see Appendix Table A3).⁸

Figure 4.2. Sub-Saharan Africa: Annual Inflation Rate (Percent)



Source: IMF, *WEO/Economic Trends in Africa* database, 2005.

Explaining Differences in Growth Performance

Higher growth rates in the 1990s were accompanied by improved macroeconomic indicators (Figures 4.2 and 4.3). The average inflation rate in economies that grew the fastest during the 1990s was 12 percent, compared with an average of 21 percent in the slowest-growing economies.⁹ Despite spending roughly the same as slow-growing economies as a ratio to GDP, fast-growing economies exhibit lower fiscal deficits including grants because of their higher revenue collections. There is no doubt that the region's stronger terms of trade growth since the second half of the 1990s has also contributed to the growth recovery. However, the fastest growers of the 1990s do not appear to have experienced more favorable terms of trade growth. They were, however, more open to trade, as indicated by higher ratios of exports plus imports to GDP (Figure 4.4).

Different aspects of the late 1990s growth recovery give mixed signals about its sustainability. On

⁸The top third of the distribution includes 14 countries. Of these, 1 is an oil producer, 4 are CFA franc countries, and 9 have an IMF-supported program. On the natural resources/location classification, 2 are resource-intensive, 6 are coastal and resource-scarce, and 6 are landlocked and resource-scarce countries.

⁹The average figures exclude the instances of hyperinflation in Angola for the fast growers and in the Democratic Republic of Congo for the slow growers.

the negative side, except in the oil-producing countries, total and private investment has, on average, barely increased. Excluding Equatorial Guinea's unique investment rates of 90 percent of GDP in the late 1990s, the fast-growing economies still had slightly better total investment than the medium or slow growers, and maintained it in 2000–03. Investment rates were also higher in non-CFA franc countries (again excluding Equatorial Guinea), but the differential eroded in the most recent period.

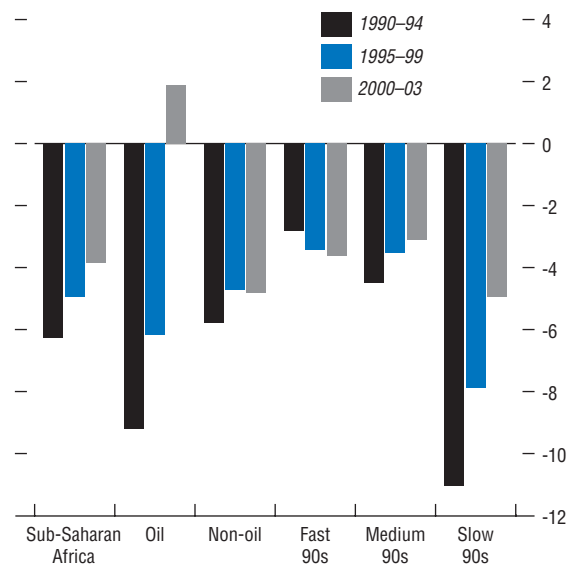
The positive news is that TFP growth, although moderating in the most recent period, improved strongly in the second half of the 1990s for the first time since the 1960s.¹⁰ The fast growers of the 1990s registered TFP growth of 2.3 percent in the second half of the decade (3.3 percent including Equatorial Guinea), while TFP growth in the other two performance groups was negative, or below 0.7 percent. These increases in TFP growth were significantly influenced by improvement in countries with on-track¹¹ IMF-supported programs (Appendix Table A4).¹² It is important to note, however, that standard estimates of TFP growth for oil-producing countries, given the structure of their economies, are problematic. While the progress on TFP growth in SSA is less strong when oil producers are excluded, the positive results for the fast growers of the 1990s and for countries with on-track Fund programs are not affected.

¹⁰This trend is robust to the exclusion of Equatorial Guinea.

¹¹For 1990–2003, a program country is designated as “off track” if half or more of its programs in a given five-year period experienced an irreversible interruption; that is, the program was either canceled or allowed to lapse because of policy slippages. Data from Nsouli, Atoian, and Mourmouras (2004) (see for more details on index derivations) were extended to cover all SSA program countries.

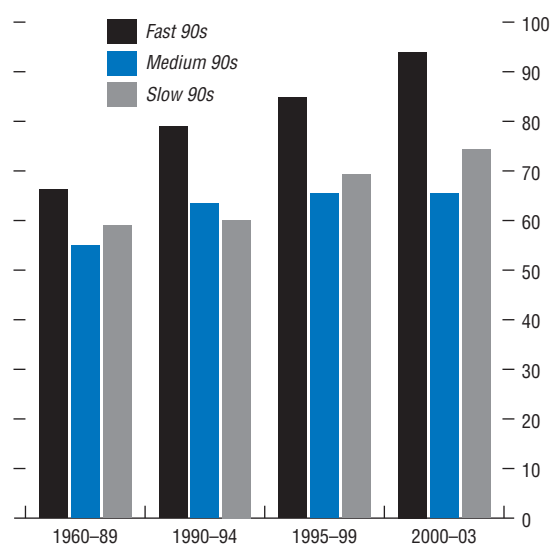
¹²Higher TFP growth in countries with on-track programs may reflect better implementation of macroeconomic and structural policies. However, the causality between IMF program implementation and growth is difficult to ascertain (see Nsouli, Atoian, and Mourmouras, 2004). It is also possible that countries that experience higher growth because of external factors are better able to implement IMF programs.

Figure 4.3. Sub-Saharan Africa: Fiscal Balance
(Percent of GDP)



Source: IMF, *WEO/Economic Trends in Africa* database, 2005.

Figure 4.4. Sub-Saharan Africa: Trade Openness in the Fast, Medium, and Slow Growers of the 1990s
(Percent of GDP)



Source: World Bank, World Development Indicators database, 2004.

(See Box 4.1 on the varied growth experiences in three countries and challenges relating to productivity improvements, responses to shocks, and management of oil revenues.)

Many of the inferences noted above are also supported by robustness analyses of cross-country growth regressions. Recent papers use a new Bayesian technique to address uncertainty about which explanatory variables belong in the model and to address endogeneity of these variables (in the second reference) (Sala-i-Martin, Doppelhofer, and Miller 2004; Tsangarides, 2005). Using a world sample, an extension of the latter found that, in addition to initial conditions, the following variables were robustly correlated with growth: factor accumulation (investment and education); policy variables (inflation, fiscal balance, government consumption, black market premium); and fixed geographical and exogenous factors (percentage of land in the tropics, arable land, and terms of trade growth).

The results of the cross-country growth analysis suggest that Africa's growth has been substantially lower than that of other regions on account of weak policies, but lower levels of factor accumulation, particularly investment, have implied extremely large growth losses compared with other regions. Clearly, however, lower factor accumulation in SSA is also partly the consequence of weak policies. Appendix Table A5 shows that SSA's growth could have been about 2 percentage points higher every year if policies had been as strong as those in other developing country regions, such as Latin America or South Asia, and these shortfalls increased slightly in the 1990s. But, strikingly, the estimates suggest that annual growth in SSA could have been substantially higher if it had been able to achieve the same factor accumulation rates—mainly investment—as other developing countries.

Higher growth in the second half of the 1990s than in earlier periods reflects the contribution of improved policies. Appendix Table A6 shows that the fast growers' improvement in growth relative to the early 1980s reflected the combined positive impact of the policy variables, as well as a

Box 4.1. Growth Experiences: Uganda, The Gambia, and Nigeria

For *Uganda*, the role of productivity gains is key to the sustainability of growth.¹ Uganda has enjoyed a sustained postconflict recovery, characterized by impressive growth in real GDP (6.2 percent between 1986/87 and 2003/04, although, with very high population growth rates, per capita growth rates have been relatively moderate) and substantial reductions in the incidence of poverty. However, growth-accounting analysis and recent sectoral studies of agriculture and manufacturing show that the contribution of TFP growth has been extremely low. Capital accumulation explains about 85 percent of real GDP growth since the mid-1980s. Because increasingly higher investment rates (and, consequently, rising national or external saving) are not feasible, low TFP growth seriously threatens Uganda's achievement of sustained high growth and poverty reduction. Sustainable high growth will require a structural reform agenda aimed at increasing productivity and gradually increasing investments by addressing such investor concerns as corruption, high transportation costs, erratic electricity supplies, and inadequate access to financial resources.

The volatility of growth declined substantially in *The Gambia*—and was, in fact, lower than that of all of SSA—during the period of comprehensive reforms (1985–95), underscoring the importance of appropriate policies in helping to mitigate the impact of shocks.² While limited diversification makes the economy particularly prone to external shocks, frequent setbacks to economic reforms have contributed to growth volatility. Growth has been constrained by inappropriate policy responses to shocks, the existence of various policy distortions, and recurrent slippages in fiscal policy, which have fueled inflation and tended to increase the government's recourse to domestic bank financing and to crowd out private investment. For example, while in the period following the military

coup (1995–2001) many of the previous policy gains were quickly eroded, fiscal and trade reforms in the latter part of the period contributed to reviving growth, building on the foundation of earlier reforms. However, growth was derailed again by further fiscal slippages associated with elections and by governance problems. Sustained efforts to strengthen governance, maintain fiscal discipline, and strengthen public expenditure management are necessary for maintaining competitiveness and creating an enabling environment for private investment, which should lower growth volatility.

In *Nigeria*, more effective use of oil revenues could both better insulate the economy against the booms and busts of oil production and rejuvenate the non-oil economy. Nigeria's poor per capita growth performance can be traced directly to the discovery of oil in the 1960s. Oil wealth resulted in a positive terms of trade shock and real exchange rate appreciation, which, in turn, undermined the competitiveness of non-oil exports. The labor-intensive sectors of agriculture and light manufacturing have undergone a structural decline, contributing to the deterioration in social indicators. In addition to oil, weak institutions and misguided policies—resulting in a lack of personal and property security, poor governance, and corruption—have also impeded growth in Nigeria. Moreover, spending on infrastructure (necessary for better farm-to-market roads and an efficient and reliable power supply, for example) has been inadequate and of poor quality. The current government is embarking on its own National Economic Empowerment and Development Strategy (NEEDS), with reforms that center on improving the management of oil revenues; enhancing the efficiency and effectiveness of government spending; improving public sector governance, including addressing corruption related to oil rents; and focusing on policies that will spur the non-oil economy. These are the right priorities; clearly, implementation is challenging.

¹Mikkelsen (2005, forthcoming).

²Randall (2005, forthcoming).

small positive contribution from the terms of trade.¹³ The contribution from investment, however, was smaller (and had a negative effect on growth for medium and slow growers). The result showing the contribution of policies to growth for the fast growers is propelled by the large improvement in the robust policy variables in countries with on-track IMF-supported programs. However, declines in investment for this group had a negative impact on growth. While investment declines negatively affected growth in CFA franc countries, small increases contributed positively to growth in non-CFA franc countries.

Growth Accelerations

Very large and sustained increases in growth rates are necessary if SSA is to have a realistic prospect of halving income poverty by the year 2015. To meet this Millennium Development Growth, SSA's real GDP growth rates will have to double from a base scenario to about 7.5 percent.¹⁴ Although knowledge about what leads to sustainable, large accelerations of growth in SSA is limited, it is instructive to look at some recent success stories and do a preliminary analysis of the correlates of those accelerations.

By looking at jumps in countries' medium-term growth trends, labeled *growth accelerations*, one can gain insight into the sources of successful growth transitions. A recent paper has proposed that the traditional focus of empirical growth research on long-horizon or panel-data-growth regressions can camouflage important medium-term patterns in a country's growth.¹⁵ In addition, standard methods do not directly address a policymaker's key question: how likely is it that a particular country will

experience a growth acceleration that is sustained for a period of time? For our purposes, an acceleration occurs in a year when the five-year forward-looking per capita growth rate exceeds by at least 2 percent the comparable backward-looking rate and when the growth rate following the acceleration in that five-year period is at least 2 percent. This method identifies 34 growth acceleration episodes in the region since 1980, with more such episodes in the 1990s than in the 1980s, including several episodes currently under way (Table 4.1). Episodes occur in countries at all levels of per capita income.¹⁶

Empirical investigation sought to identify determinants of accelerations during the 1980s and 1990s. A broad range of explanatory variables covering macroeconomic stability, trade, debt, institutions, capital, and geography were examined, some of which can be thought of as triggering an acceleration, and some of which enable an acceleration to continue. Findings in Table 4.2 are based on a comparison of average values of economic variables during the acceleration episodes with those during times when there was no acceleration, as well as relative to the period prior to an acceleration, augmented by formal tests of statistical significance.¹⁷ In interpreting the results, one should bear in mind that the analysis is limited to correlations, not causal determinants; it is difficult to distinguish between the causes and the consequences of accelerations.

Growth accelerations do not come at the expense of macroeconomic stability; inflation and budget deficits are either insignificantly different or better in acceleration episodes than in control groups. Inflation is slightly lower during the episodes of accelerated growth, but not signifi-

¹³Equatorial Guinea is excluded, and results would be even stronger had it been included. Note also that results are somewhat different depending on whether changes are measured relative to the early 1980s, late 1980s, or early 1990s.

¹⁴World Bank and IMF (2004).

¹⁵Hausmann, Pritchett, and Rodrik (2004).

¹⁶Of the 28 countries experiencing growth accelerations (6 countries had two accelerations each), 4 are oil producers, 7 are CFA franc countries, 8 are resource-intensive, 11 are coastal and resource-scarce, and 9 are landlocked and resource-scarce countries. There is no statistically significant association between accelerations and a country's status as an oil producer or as resource-intensive. For the 15 acceleration episodes in the 1980s, 8 of the countries had IMF-supported programs, and 15 of the 19 accelerating countries of the 1990s had programs.

¹⁷Bivariate correlations are a useful first step in the analysis. Pattillo and others (2005, forthcoming) also estimate probit models for growth accelerations, and the results are broadly consistent with the bivariate analysis.

Table 4.1. Acceleration Start Dates and Per Capita Growth Rates for 1980s and 1990s

	1980s				1990s		
	Start date	Episode growth	Post-episode growth		Start date	Episode growth	Post-episode growth
Botswana	1986	7.7	1.2	Angola	1993	4.9	2.6
Burkina Faso	1983	3.3	2.9	Benin	1993	2.2	2.0
Burundi	1983	2.4	-0.1	Botswana	1996	4.7	...
Chad	1983	3.3	1.4	Burkina Faso	1994	4.7	3.2
Congo, Rep. of	1984	5.2	-2.7	Cape Verde	1992	4.5	5.1
Gabon	1986	2.9	0.5	Chad	1999	8.3	...
Ghana	1983	2.9	2.0	Côte d'Ivoire	1993	2.3	-4.2
Kenya	1984	2.5	-1.6	Equatorial Guinea	1994	29.7	18.5
Lesotho	1986	4.2	2.8	Ethiopia	1992	3.8	1.4
Mauritius	1984	7.3	5.6	Gambia, The	1995	2.2	...
Mozambique	1986	6.0	2.4	Guinea	1994	2.3	0.0
Seychelles	1987	5.7	2.6	Malawi	1994	4.8	-3.5
Tanzania	1985	2.3	-1.6	Mozambique	1994	7.1	5.1
Uganda	1986	3.9	4.1	Rwanda	1996	2.6	...
Zimbabwe	1986	2.6	-1.2	Senegal	1994	2.2	1.5
				Seychelles	1995	7.5	...
				Sierra Leone	1999	10.9	...
				Tanzania	1999	4.0	...
				Zambia	1999	2.1	...

Source: IMF staff calculations from World Economic Outlook database, 2004.

Notes: GDP per capita data in U.S. dollars. Acceleration episodes last five years and are identified as described in text. Post-episode growth refers to the annual growth rate in the five years after an episode ends. Since an episode itself lasts five years, post-episode growth rates cannot be calculated for accelerations beginning after 1994. A sustained acceleration (shaded) is one where the average per capita growth was at least 2 percent for five years after an acceleration ends. All growth rates are calculated by a regression of per capita income on a constant and a trend.

cantly so, and the episodes of the 1980s also feature better central government budget balance, including grants. Furthermore, the results for trade variables (discussed further below) show a real exchange rate depreciation in acceleration episodes, which also suggests that inflation expectations are well contained. The most striking finding here is that policies improve for accelerating countries and are better than for countries that did not experience an acceleration of growth. The World Bank's Country Policy and Institutional Assessment (CPIA), a broad measure of policy stance, shows a positive association with acceleration episodes in both decades.

There is a strong association between acceleration episodes and trade. Episodes are correlated with strong growth in the economies of a country's trade partners, export growth, and a more competitive real exchange rate. Exports were also facilitated by real effective exchange rate (REER) depreciations, a result that is nearly as

strong as when countries in the CFA franc zone are excluded, pointing to the importance of careful management of competitiveness regardless of the exchange rate regime.

Measures of political and economic liberalization have a robust correlation with accelerations; some plausibly function as measures of reforms that trigger growth, such as trade liberalization and leadership transitions. Broader indices of democracy are likely to capture the enabling environment. The composite measure of the autocracy-democracy mix (polity) captures an association between alignment toward democratic institutions and accelerations. Consistent with recent research, the 1990s evidence also indicates an expansionary role for a transition to new leadership after the departure of a long-time incumbent.¹⁸

Accelerations coincide with increases in investment and productivity improvements; both higher investment and TFP growth seem to be

¹⁸Olken and Jones (2004).

Table 4.2. Differences Between Sample Averages for Acceleration Episodes: Own Past and Nonepisodes

	1980s		1990s	
	Accelerations vs. nonaccelerations: during	Accelerations: during vs. before	Accelerations vs. nonaccelerations: during	Accelerations: during vs. before
Macroeconomic				
Inflation	-2.7	-5.6*	-1.9	-2.3
Central govt. bal. to GDP	2.4*	1.4*	-0.9	0.5
REER, percent change	-6.0*	-9.9*	-1.8	-2.0
REER, percent change, non-CFA	-8.5*	-14.3*	-1.0	-1.3
CPIA	0.3*	0.3*	0.2*	0.03
Trade				
Partner growth	0.3*	1.1*	0.3*	0.3*
Sachs-Warner (updated)	—	0.03*	0.04*	0.02
Real export growth	10.2*	14.4*	5.8*	6.5*
Debt				
Debt service	0.7	9.1*	-2.4*	-4.3*
Debt/GDP	-39.3*	27.6*	5.6	8.8
NPV of debt growth	0.8	-9.4	-4.0*	-3.8*
NPV of debt/exports	0.3	1.5*	0.3	0.1
Institutions				
Polity index	1.1*	-2.1*	0.2	3.9*
Longtime leader change	0.2	0.6	1.1*	1.1
Capital and productivity				
Investment to GDP	1.8*	-1.4	6.1*	6.0*
TFP growth	0.03*	0.03*	2.3*	3.3*

Source: IMF staff calculations.

Note: Asterisk (*) indicates that the difference in means was significant in at least a one-tailed test at 10 percent.

required for an acceleration to occur. The results support, in particular, an investment-productivity nexus operating for the more recent accelerations. The most important finding here is the role of TFP growth, which is statistically significant for both decades and of considerable economic magnitude for the 1990s.¹⁹

The growth of the net present value (NPV) of debt falls significantly for 1990s accelerations, pointing to the important role of debt concessionality in supporting surges in growth in the region.²⁰ Whereas accelerating countries in the 1980s had increased debt-service ratios, the 1990s episodes saw reduced debt-service ratios, as well as reduced growth in the NPV of debt levels. Although countries that experienced growth

accelerations also experienced a general rise in the NPV of debt-to-export ratios in the 1980s, they avoided that problem in the 1990s.

Concessionality is important for these results, as the face value of debt-to-GDP ratios increases for accelerating countries.²¹ It is plausible that relaxed claims on current fiscal revenues through debt relief and greater debt concessionality have facilitated the investment increases associated with growth accelerations.

When the focus is further narrowed to accelerations sustained over 10 years, the key correlates are robust trade and investment, lower debt burdens, and more democratic institutions. Half of the accelerations analyzed above can be considered sustained over the medium term, because

¹⁹Accelerations are also associated with higher private investment, although the 1990s results are not significant when Equatorial Guinea is excluded.

²⁰This is consistent with recent evidence that above certain thresholds, external debt has a negative effect on growth (Pattillo, Poirson, and Ricci, 2002; Clements, Bhattacharya, and Nguyen, 2004).

²¹Starting from the late 1980s, the terms of new lending and debt relief have become increasingly concessional, which explains why nominal debt-to-GDP ratios increase for accelerating countries while NPV debt indicators fall.

Table 4.3. Differences Between Sample Averages: Sustained and Unsustained Accelerations

	Difference in Means During an Episode
Openness	7.3
Real export growth	15.1
Debt service	-5.8
NPV of debt/exports	-0.9
Aid/GDP	3.5
Polity index	1.8
Investment/GDP	3.1

Source: IMF staff calculations.

Notes: All reported differences are significant at the 10 percent level. A sustained acceleration is one where the average per capita growth was at least 2 percent for five years after an acceleration ends. Mozambique in 1986 was excluded as a case of sustained acceleration because the period in question overlapped with its postconflict recovery.

per capita annual growth rates over five years following an acceleration episode were also above 2 percent (see Table 4.2).²² Analysis of the 5- to 10-year growth rates reveals some disappointments, such as Kenya and Zimbabwe in the 1990s and Côte d'Ivoire more recently, but also accelerations that were sustained over the medium term in Uganda, Burkina Faso, and Ghana, among others. The methodology looks for statistically significant differences in averages for these sustained episodes compared with unsustained accelerations (Table 4.3). The key finding is a strengthened emphasis on favorable trade and debt alignment along with political institutions and investment as correlates of sustained growth. The analysis also shows that sustained accelerations are associated with increases in aid. In addition, aid combined with a good policy and

institutional environment is shown to be a strongly significant correlate of the sustained accelerations.²³

The strong association between accelerations and trade is consistent with literature suggesting that a lack of openness to trade has substantially reduced Africa's growth. Cross-country regressions indicate that Africa's greater closure to international trade than the average developing country has cost the region 0.4–0.7 percentage points a year in growth. Indeed, being less open is more costly to Africa than to other developing countries.²⁴ These findings are not surprising given the large body of empirical literature that shows that open economies grow faster than closed ones. While these econometric findings should be treated with caution as the debate on the interpretation of such results continues to evolve,²⁵ research based on other methodologies also supports the view that trade openness promotes growth in Africa (see also Chapter V on regional trade arrangements).²⁶ Firm-level analysis shows that exporting manufacturers have achieved higher TFP than their nonexporting counterparts. A case study of South Africa shows that trade liberalization has contributed significantly to growth through higher productivity.²⁷ In general, African countries with lower average tariffs tend to have higher TFP growth (Figure 4.5), and more open economies have grown faster (see Figure 4.4).

The HIV/AIDS epidemic is jeopardizing the sustainability of growth in several SSA countries. Although some countries have under-

²²Because this selection requires a 10-year window, only sustained accelerations up to 1994 can be identified.

²³The variable is aid as a percent of GDP interacted with the value of the CPIA for countries in the top quartile of CPIA rankings. This result is merely suggestive, and would need to be tested in a probit model that controlled for endogeneity. In the growth literature, critics have questioned the Burnside and Dollar (2000) finding that aid has a positive effect on growth in good policy environments (Easterly, Levine, and Roodman, 2004).

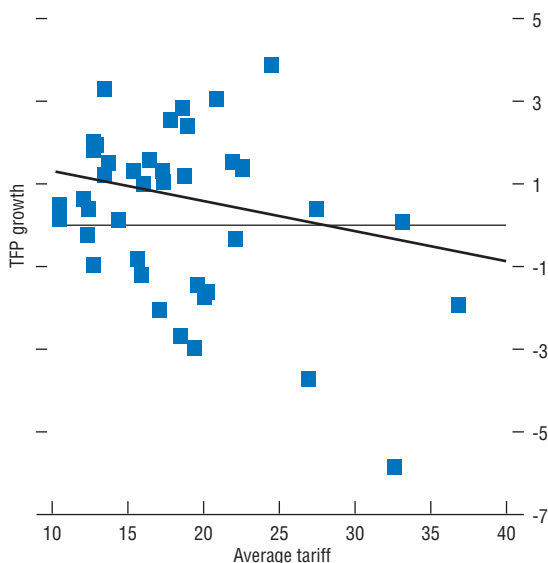
²⁴Based on Sachs and Warner (1997) and Easterly and Levine (1997). Block (2001) offers some evidence on the greater marginal impact of trade openness in Africa.

²⁵See Dollar (1992); Edwards (1992); Sachs and Warner (1995); and Frankel and Romer (1999). See Rodrik and Rodríguez (2001) for a critique of cross-country regression-growth analysis.

²⁶Several IMF African Department studies support the trade-growth linkage (Calamitsis, Basu, and Ghura, 1999) or the hindering effect of restricted trade regimes on trade (Sharer, 1999; Subramanian and Tamirisa, 2001; Lane, 2002; Lukonga, 2000).

²⁷Mengistae and Pattillo (2004) report a TFP premium of 11–28 percent for exporting firms, based on data from Ethiopia, Ghana, and Kenya. Bigsten and others (2004) also find efficiency premiums for African manufacturing exporters, attributable to learning by doing. See Jonsson and Subramanian (2000) on South Africa.

Figure 4.5. Tariffs and Total Factor Productivity (TFP) Growth in Sub-Saharan Africa, 1997–2003
(Percent of GDP)



Source: IMF staff estimates.

taken bold steps to slow the epidemic and recent large increases in donor funds for prevention and treatment are encouraging, the HIV/AIDS epidemic is taking a serious toll on societies and economies in the region. Studies identify several channels through which HIV/AIDS affects economic growth. In addition to reducing the labor supply, which translates into lower output, increased mortality and morbidity lower private and public sector productivity and lower the efficiency of labor by eroding human capital; at the same time increased health expenditures tend to crowd out savings and reduce investment. For the worst-affected countries (those with HIV prevalence rates for the working-age population of over 20 percent), studies have projected that that the epidemic could reduce growth by 1 to 1.5 percentage points.²⁸ These estimates omit an important concern of the business communities, namely that an uncertain and deteriorating outlook could deter domestic and foreign investment. In addition, in the longer term, HIV/AIDS could discourage individuals and companies from investing in human capital, given significantly lower expected returns. It is these risks to the outlook for investment and productivity (important for growth accelerations) that raise concerns about the sustainability of growth in some countries.

Poverty outcomes in countries experiencing sustained accelerations have been varied. Given the infrequency of household surveys and the lack of data on the share of the population living below national poverty lines in the 1980s, it is difficult to trace the evolution of poverty rates in many SSA countries. For the seven countries that experienced sustained accelerations, and for which some poverty data are available, poverty rates declined significantly during the 1990s in Ghana, Uganda, and (in

²⁸See Haacker (2004), which draws on Joint United Nations Programme on HIV/AIDS studies. Note that data limitations prevent the formal consideration of the role of HIV/AIDS in the growth acceleration analysis.

the early 1990s) Seychelles.²⁹ Burkina Faso and Benin report increases in poverty rates of less than 1 percent. In contrast, poverty rates increased significantly during the 1990s in Cape Verde and Lesotho.

Policies, Institutions, and Growth in SSA

Some additional examination is warranted of selected policies that the growth acceleration analysis could not probe deeply. Although many countries' fiscal policies have improved, they still face major challenges in maintaining low deficits, reforming public expenditure management to improve the productivity and efficiency of spending, and designing institutions that reduce the procyclicality of fiscal policy, particularly if they are resource-intensive. Financial sector development has been identified as an important correlate of growth accelerations in the literature, but less is known about the link between financial development and growth in SSA. The scope of the discussion below is limited and selective: it explores the consistency of SSA data with some important predictions from the literature directly linking fiscal policy or financial development and growth. These areas, as well as institutions—which the growth acceleration analysis highlighted and recent literature suggests are fundamental for growth—are discussed.³⁰ The coverage of policies is also selective: some of the most critical reforms now needed to improve SSA growth prospects are microeconomic or related to governance—that is, improving the quality of public services, particularly in health and education; improving the

private sector business climate; and expanding and upgrading the quality of infrastructure.

Fiscal Policy

The literature suggests several propositions about the impact of fiscal policy on growth in low-income countries. First, recent papers have found that the channels through which fiscal policy affects growth in low-income countries are different from those in industrial countries, giving rise to a nonlinear effect of deficits on growth.³¹ One paper found a threshold of 2.5 percent of GDP (deficit including grants) at which further fiscal consolidation does not benefit growth.³² This threshold should be considered more of a range, as the relationships between deficits and growth will vary according to country specifics. Second, in general, fiscal consolidations that reduce reliance on domestic financing enhance growth.³³ Third, the composition of fiscal spending affects growth. A higher share of spending on education and health benefits growth, but with a lag. However, this positive effect is reduced if governance is poor or macroeconomic policies are unsound.³⁴

Recent data support the hypothesis of a threshold in the growth-deficit linkage in SSA. While causality runs in both directions, a simple way to highlight the deficit-growth channel is to relate lagged changes in deficits to growth and conduct a separate analysis of the link between the direction of changes in the deficit and growth, depending on whether the country is above or below a particular deficit threshold. While clearly not definitive, the simple calcula-

²⁹The percentage of households living below the poverty line in Seychelles fell to 19 percent from 30 percent between 1984 and 1992 (World Bank, 1994). This is a slightly different measure than that considered for other countries, that is, percentage of the population living below the poverty line. Inferences are based on poverty data from the World Bank's *World Development Indicators* and on country PRSP documents.

³⁰Financial sector development and governance are key issues for SSA. Forthcoming issues of the African *Regional Economic Outlook* will examine them in more detail.

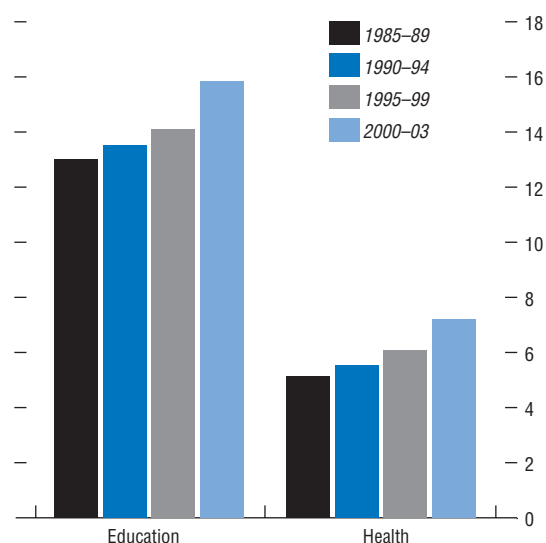
³¹Baldacci, Hillman, and Kojo (2004).

³²Gupta and others (2004). Adam and Bevan (2003), using a smaller sample, including 11 African countries, estimated a threshold of 1.5 percent of GDP.

³³Gupta and others (2004).

³⁴Baldacci and others (2004).

Figure 4.6. Sub-Saharan Africa: Government Spending on Education and Health
(Percent of total spending; averages)



Source: IMF, *WEO/Economic Trends in Africa* database, 2004.

tions in Appendix Table A7 support a stronger association between growth and deficit reduction when the deficit is above the 2.5 percent threshold. For high-deficit countries, average growth is higher when the deficit is reduced, while low-deficit countries show much smaller growth improvements. The difference in growth rate changes in the two groups is statistically significant.

Since the early 1990s, SSA has seen an overall improvement in fiscal balances accompanied by a more prudent financing mix. Since the mid-1990s, growth has improved and deficits have declined. Since 2000, growth has moderated slightly whereas deficits show further improvement, allowing countries to reduce the burden on domestic financing sources. Oil producers switched to making net repayments to both domestic and foreign sources, but the trend of reduced use of domestic financing is more general. By 2004, on average, SSA governments were making net repayments to domestic sources (Appendix Table A8).

Since the mid-1980s, SSA countries have increased their outlays on education and health. Government spending on education and health has increased both as a ratio of GDP and as a share of total government spending (Figure 4.6).³⁵ The only exception to this trend is oil-producing countries, where, beginning in the late 1980s, both measures of social sector spending have been declining. In addition, SSA data support the literature’s prediction that strong governance augments the effectiveness of social sector spending.³⁶ SSA countries were ranked according to the quality of governance (World Bank CPIA data, average over the 1990s), level of social sector spending, and education and health outcomes (net enrollment in primary

³⁵One should expect a significant time lag between increases in the scaling up of aid for social expenditures and their full effects on social indicators and growth. Baldacci and others (2004) find the highest positive effects of social expenditures in SSA, because marginal returns are high given lower levels of social outlays.

³⁶See also Gupta, Davoodi, and Tiongson (2002) on the negative effect of corruption on social indicators.

schools and under-five child mortality in 2000).³⁷ All seven countries that ranked in the top third of the distribution on both governance and education spending also ranked in the top third on education outcomes. Five of the eight countries that ranked in the top third on governance and health spending also ranked in the top third on health outcomes. In contrast, top outcome rankings were relatively few for countries ranking in the top third on only one of the governance or spending indicators. While these trends are encouraging, modest declines in capital expenditure ratios from the 1980s are cause for concern. Further analysis of the quality and type of projects and the efficiency of capital expenditures would be useful.

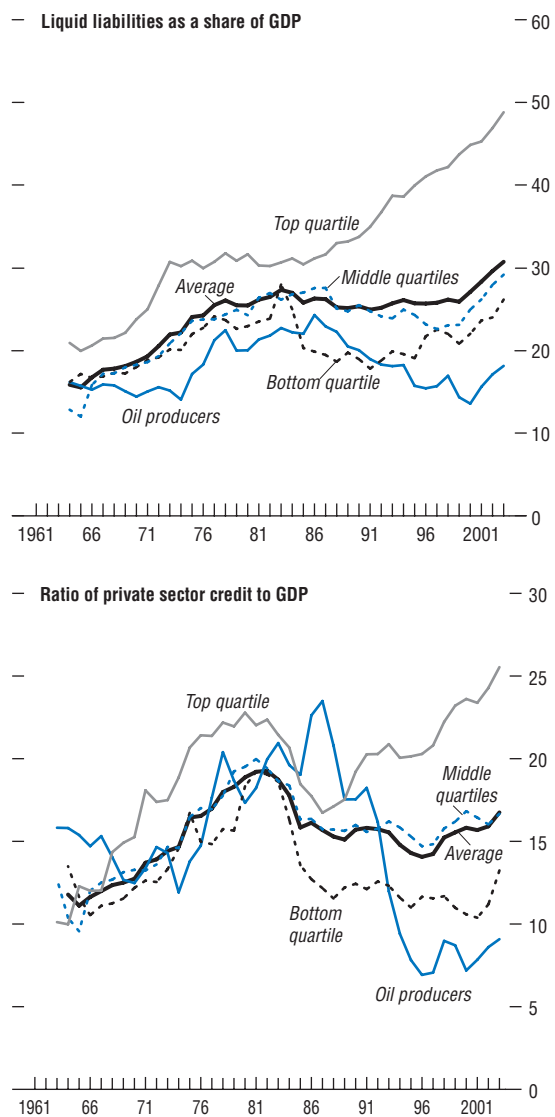
Financial Development

The economies in SSA with the best-developed financial sectors have experienced a higher per capita growth rate than the average, and the differential has widened since the financial liberalization of the 1990s. However, the development of financial markets, as measured by the ratio of liquid liabilities to GDP, has been slow and uneven.³⁸ Differences in growth are wider if the oil producers, which experienced high growth but remained financially underdeveloped, are excluded. The weak financial development-growth link in the oil producers may help explain indications from the literature of a somewhat weaker relation between growth and financial development in Africa. Excluding oil producers, the economies that grew fastest over 1960–2003 also are those that are the most financially developed (Figure 4.7).

³⁷Qualitatively, similar findings hold using *International Country Risk Guide (ICRG)* or Kaufman, Kraay, and Zoido-Lobaton (1999) governance data.

³⁸Since the 1990s, banking reforms have evolved: countries have eliminated harmful government interventions; addressed weak or distressed banks through restructuring, privatization, and strengthened regulation; reduced crowding out through fiscal adjustments; and adapted the regulatory environment to allow broader access to credit. Further reform in the last area remains a priority: addressing the key legal, regulatory, and institutional bottlenecks to access to banking services and credit, particularly for underserved groups.

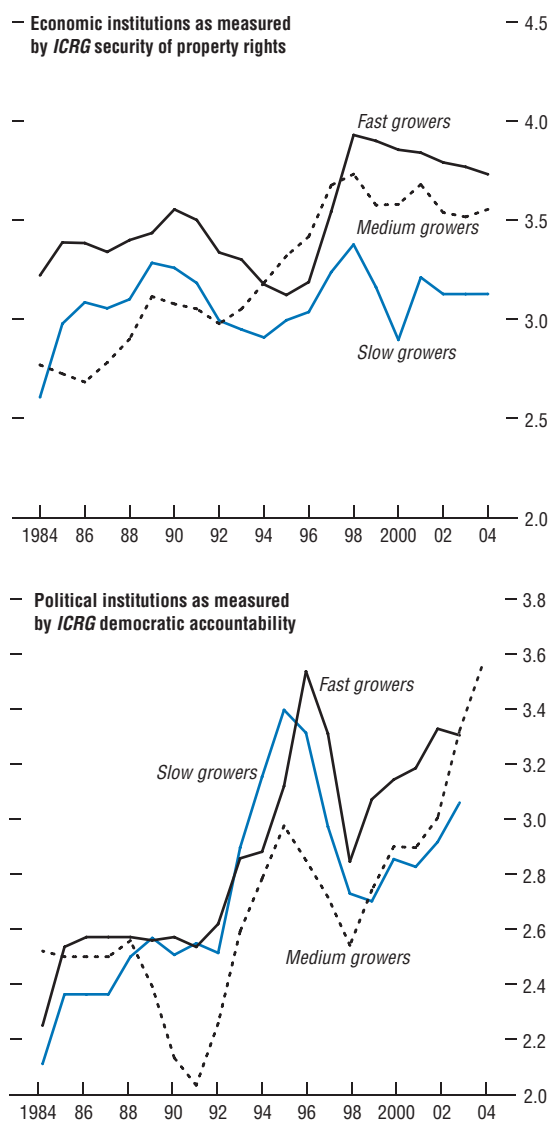
Figure 4.7. Financial Development of Sub-Saharan African Countries Classified by Growth
(Percent)



Source: WEO, 2004.

Note: The six oil-producing countries are classified separately. The remaining countries are classified by quartiles, according to real growth over 1960–2003.

Figure 4.8. Evolution of Economic and Political Institutions in Sub-Saharan Africa



Source: The PRS Group, *International Country Risk Guide (ICRG)*.
 Note: Fast, medium, and slow growers refer to 1960–2003 period.

For financial development to stimulate growth, the policy environment must be favorable. In the early 1990s, the persistence of fiscal imbalances, which tend to crowd out credit flows to the private sector, may have weakened the effects of financial liberalization for some African countries.³⁹ Substantial government ownership and interference in the banking sector may reduce the quality of banks' decisions, lowering investment efficiency and growth. A crude segmentation of African countries into four categories depending on financial sector development and growth suggests that the growth-promoting effects of financial sector development may materialize only in conditions of macroeconomic stability (Appendix Table A9). Among the countries with relatively strong financial development indicators, those that grew faster achieved greater macroeconomic stability; that is, they had much lower budget deficits, including grants and lower inflation. This supportive effect of macroeconomic stability for the financial development-growth nexus was even stronger during 1997–2003.

Institutions

Recent evidence in the literature suggests that institutions are the most important determinant of long-run growth. However, improving basic institutions—the laws, rules, and other practices that govern property rights; the freedom to do business; and the sanctity of contracts—can take a long time. In fact, as causation operates in both directions, spurring large improvements in basic institutions may be difficult without sustained growth.⁴⁰ Policies also seem to play a role in fostering institutional development—for example, strengthening competition through trade openness, expanding the public's access to information, increasing transparency, providing assistance in building institutional capacity, and creating

³⁹Reinhart and Tokatlidis (2003).

⁴⁰It is interesting to note, however, that of the very few countries that seem to have improved their institutions significantly before achieving high growth, two of these—Botswana and Mauritius—are in SSA.

external incentives, such as the peer pressure mechanisms to be used in the New Partnership for Africa’s Development (NEPAD).⁴¹

The overall quality of both economic and political institutions in SSA has been improving.⁴² Fast-growing countries generally had better-quality institutions than slow-growing countries. Also, fast- and medium-growing countries have had more improvement in institutional quality than slow-growing countries (Figure 4.8). These observations have been confirmed by recent objective measures of countries’ economic institutions. In fast-growing countries, starting a business, registering property, enforcing contracts, and closing a business are less costly; urban and rural land property rights for investors and for the poor are more secure, and there are fewer land-related conflicts (Figure 4.9).⁴³

The quality of economic institutions is correlated with the quality of political institutions, as well as with geographical and other factors. Recent evidence shows that the quality of political institutions and the degree of political stability influence economic institutions, which, in turn, affect economic performance.⁴⁴ Measures of the economic and political institutions in SSA tend to be strongly correlated; for example, there is a 30–50 percent difference in the index of security of property rights between countries in SSA that have political freedom and those that do not, as measured by Freedom House.⁴⁵ Also, on average,

⁴¹IMF (2003).

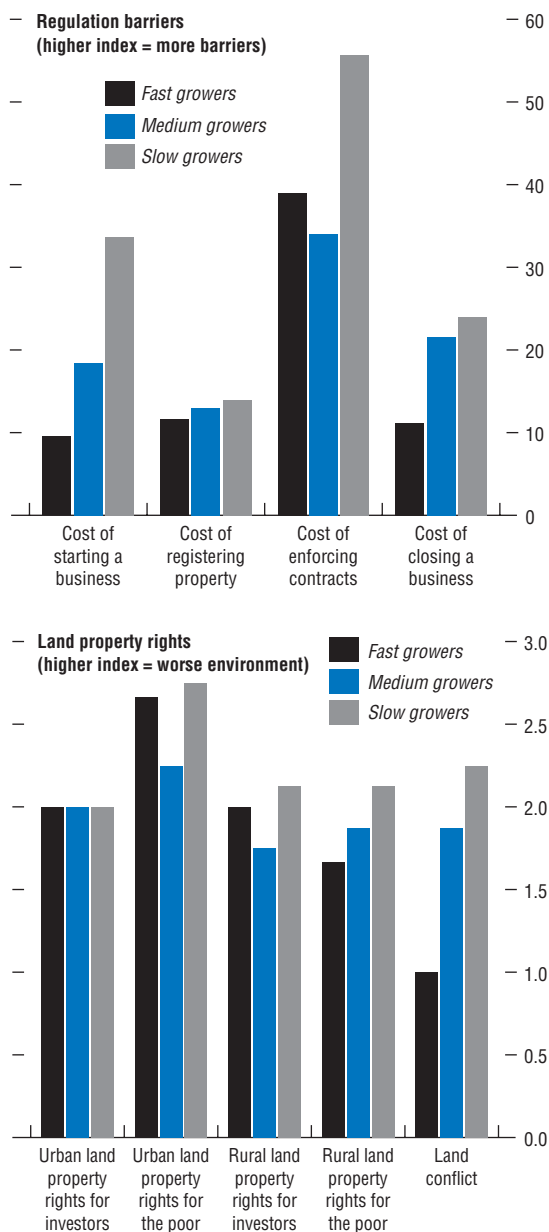
⁴²For SSA as a whole, while the improvement in political institutions continued throughout the 1990s, the strengthening of economic institutions plateaued in the late 1990s (Johnson and Subramanian, 2005).

⁴³Zimbabwe is a prime example of a country where, in addition to political and economic policy problems, insecure land tenure and land-related conflicts have contributed to a severe downward spiral of growth.

⁴⁴Acemoglu, Johnson, and Robinson (2001); Acemoglu and Robinson (2005); Aron (2000).

⁴⁵However, Johnson and Subramanian (2005) show limited correlation among SSA’s political and economic institutions in the long run. Bates (2005) also suggests that democratization in SSA in the 1990s may have made countries more prone to destabilizing political business cycles, because of, in part, the limited availability of information that citizens need in order to hold governments accountable.

Figure 4.9. Objective Measures of Economic Institutions in Sub-Saharan Africa, 2004



Sources: World Bank (1994); Diankov (2003); Diankov and others (2002); and World Bank database (2004).

institutions in SSA tend to be strongest in coastal countries, followed by resource-rich countries, and then landlocked countries.⁴⁶ Institutions also tend to be weaker in oil-producing countries, in members of the CFA franc zone, and in conflict countries. Finally, institutional improvement is stronger in countries with on-track IMF programs than it is in both nonprogram countries and countries with off-track programs. While causality is difficult to determine, a recent paper finds that strong institutions improve IMF program implementation.⁴⁷

Conclusions

Improvements in macroeconomic policies contributed strongly to the recovery of the fastest-growing economies of the 1990s, and these improvements were strongest for countries with on-track IMF-supported programs. More favorable terms of trade also aided the stronger growth performance. However, different aspects of the growth recovery give mixed signals about its sustainability. While total investment has not increased significantly for the fast-growing economies (excluding Equatorial Guinea), TFP growth has improved strongly for the first time since the 1960s. Clearly, the most challenging and difficult question facing SSA is how to generate large sustained accelerations in growth rates. A preliminary analysis suggests that accelerations are spurred by strong trade growth and by trade and political liberalizations and are also accompanied by increases in investment and TFP growth. Improved TFP growth, particularly pronounced in countries with on-track IMF programs, likely reflected efficiency gains stemming from the implementation of macroeconomic and structural reforms. Countries

that have experienced jumps in their growth rates have registered improvements in broad measures of their policy positions. In the 1990s (in contrast to the 1980s), debt indicators did not deteriorate during accelerations. Encouragingly, a fair number of these countries succeeded in sustaining the acceleration for 10 years. They had stronger trade and investment, lower debt burdens and higher aid, and more democratic institutions than countries that did not sustain their accelerations.

Some aspects of fiscal policy are moving in the right direction, but more progress is needed in this area and on trade and the financial sector to promote growth. Reliance on domestic financing of fiscal deficits is declining, and the composition of spending is generally moving in favor of social sectors. Progress on financial development in the region has been fragile and uneven. On trade, bold reforms are required to contribute to the overall growth strategy for Africa. Consistent with recent evidence in the literature, fast-growing countries in SSA generally have better basic institutions than slow-growing countries, and political institutions are correlated with better economic institutions.

Addressing the constraint on growth from low levels of investment is a key priority for SSA. The very limited investment response to reforms in the region is a concern, particularly as increases in investment appear to be necessary for sustained growth accelerations. The World Bank's 2005 *World Development Report* concluded that reducing the costs of doing business (from weak contract enforcement, inadequate infrastructure, crime, corruption, and regulation) and lowering policy-related risks and barriers to competition were key to improving the investment climate in developing

⁴⁶Different types of institutions might be particularly important for growth in different types of economies. For example, low corruption levels are critical for resource-intensive countries. Institutions that lower the cost of doing business, particularly for exporting manufacturers, are important for coastal countries, and weak rural property rights may be the key constraint for landlocked countries. These issues warrant further investigation.

⁴⁷Using data from a broad sample of IMF-supported programs, Nsouli, Atoian, and Mourmouras (2004) find that strong institutions lead to better program implementation. The paper shows that program implementation also exerts an independent effect on macroeconomic outcomes, but not on growth.

countries. These obstacles are central for SSA, where 16 of the top 20 countries in the world with the most difficult business conditions are located.⁴⁸ There is also a role for well-targeted and efficient public investment that can crowd in private investment and productivity improvements. In addition to promoting domestic savings, higher aid inflows—consistent with absorptive capacity—and lower debt burdens are important for supporting higher and more efficient investment rates.

To make further progress in improving growth, SSA must implement additional reforms. The record shows that reasonable jumps in growth rates that are sustained for 10 years are possible. Growth accelerations in these countries need to be sustained further and spread to other countries in the region. However, even countries that have sustained a 10-year growth acceleration need to do more, because substantially higher per capita growth rates are needed to make big strides in reducing poverty in these countries.⁴⁹

⁴⁸World Bank (2004b and 2005, forthcoming).

⁴⁹Countries with sustained accelerations have average annual per capita growth rates of at least 2 percent over 10 years. Estimates suggest much higher rates are needed for SSA to have a reasonable prospect of halving income poverty by 2015.

Trade policy is a critical component of an effective strategy for reducing poverty and boosting growth. In recent years, however, African policymakers have increasingly resorted to RTAs (regional trade arrangements) as a substitute for broad-based trade reform. This trend has long-term implications for the effectiveness of trade policy as a tool for poverty reduction and growth. This chapter¹ examines the performance of African RTAs and explores policy options for making them more effective.

The Effects of African Trade Arrangements

Africa is home to some 30 RTAs, with each country belonging, on average, to 4. There has been a renewed push in recent years to broaden and deepen such arrangements in Africa against the backdrop of increasing regionalism worldwide and slow progress in the ongoing Doha Round of multilateral trade negotiations.

African RTAs have four key objectives: (1) promote intraregional trade, (2) improve regional competitiveness, (3) prevent and resolve conflicts in Africa, and (4) strengthen Africa's bargaining power in international trade negotiation through collective action. Regionalism in Africa and elsewhere is an ongoing process, and it may thus be too early to judge the ultimate effects of African RTAs. But, so far, their record has been mixed.

Trade within Africa as a share of the continent's global trade remains low (about 10 percent) and volatile compared with intraregional trade in other parts of the world. Nevertheless, African countries, on average, trade more with each other than their world trade share would

suggest. This higher and increasing regional trade intensity is largely due to Africa's marginalization in the world market rather than to the performance of intraregional trade (Figure 5.1).

Econometric evidence suggests that RTAs may have had a positive but uneven effect on intraregional trade, although, over the long run, the overall effect seems to have been small or insignificant.² RTAs also appear to have caused some trade diversion, which may explain part of the decline of Africa's share in world trade over time. Given the small share of intraregional trade in Africa's total trade, the direct contribution of any trade diversion to overall trade performance is likely to be limited; any significant impact would have to come from the overall trade policy environment that RTAs have helped to create.

RTAs do not yet seem to have had a significant impact on Africa's export performance in the world market. The continent's share in global trade has declined from about 4 percent in the 1970s to about 2 percent at present. During 1970–2003, Africa's share in global manufactured exports (about 0.5 percent) hardly changed. Its exports of textiles and clothing, often the spearhead of export growth as countries industrialize, have also failed to gain global market share. A further analysis of Africa's non-oil export growth, using a constant market share model, indicates that Africa's competitiveness has declined over the past three decades.³ To the extent that RTAs have not been effective in promoting overall African exports, they are unlikely to have increased Africa's international competitiveness.

Africa's poor record in attracting foreign direct investment also seems to indicate that RTAs have not significantly improved the region's competitiveness. It was thought that, by

¹This chapter draws on Yang and Gupta (2005).

²See, for example, Elbadawi (1997) and Carrère (2004).

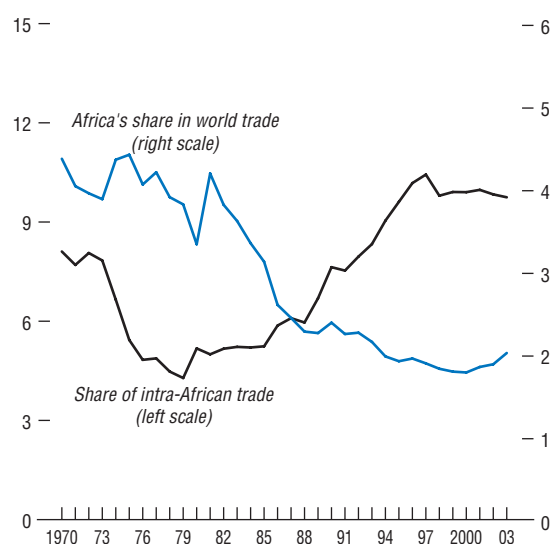
³See Yang and Gupta (2005) for details.

enlarging regional markets, RTAs would generate higher returns on investment and, hence, attract more foreign direct investment, which would then increase the region's ability to export. At the aggregate level, foreign direct investment inflows to Africa as a percentage of total foreign direct investment for low- and middle-income countries have declined sharply over time (Figure 5.2). In addition, the inflows are heavily skewed toward the mining industries (including the petroleum industry) and highly concentrated in just a few countries (Angola, Nigeria, and South Africa). Foreign direct investment from South Africa to other countries in the region is, however, more diversified across industries. Econometric evidence suggests that most African RTAs have not significantly increased foreign direct investment.

RTAs may have increased intra-Africa trade, but they may not have improved welfare. Econometric analysis shows that trade diversion may have exceeded trade creation. Given the limited impact of RTAs on intraregional trade, however, their direct cost is likely to be small. Nevertheless, negotiating and implementing these arrangements, irrespective of the outcome, entail real resource costs. If the regional arrangements have also diverted attention away from broad-based trade liberalization and other domestic reform agendas, then the cost is likely to be larger.

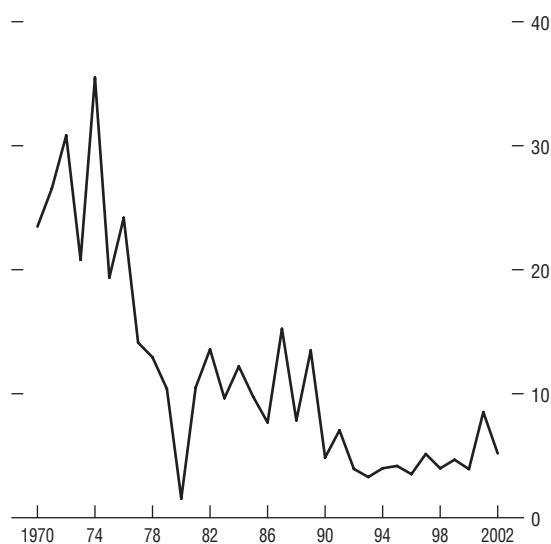
Anecdotal evidence suggests that RTAs may have contributed to regional stability and security. One prominent African example often cited as a success is the intervention by the Economic Community of West African States (ECOWAS) in the civil conflicts in Sierra Leone, where ECOWAS troops, together with UN and U.K. troops, played an important role in disarming the rebels against the government. The international intervention eventually led to peaceful democratic elections in 2003. However, RTAs can also increase regional tension when their benefits and costs (real or perceived) are not distributed equally among members. Furthermore, RTAs are not necessarily the most effective institution for preventing or resolving conflicts. Other forms of cooperation, such as arrangements formed to

Figure 5.1. Intra-Africa Trade in Total African Trade and Africa's Share in World Trade
(Percent)



Source: IMF, *Direction of Trade Statistics* (various years).

Figure 5.2. Foreign Direct Investment: Net Inflows in Africa
(Percent of total for low- and middle-income countries)



Source: World Bank, *World Development Finance* (various years).

address cross-border management of resources (such as water), could be more effective.

The benefits of increased bargaining power arising from RTAs should not be exaggerated. Collective efforts would increase Africa’s bargaining power only if the African countries formed a common position, in terms of both what concessions they seek from their trading partners and what they are willing to offer them. However, African countries do not always have a common interest or position. For example, cotton-exporting countries in western Africa are expected to benefit from the removal of textile quotas imposed by some industrial countries, while garment-exporting African countries are expected to lose from the quota removal. Some countries in the latter group have aligned themselves with other developing countries that are also expected to lose from the quota removal in an effort to extend the quota restrictions against the interests of the cotton-exporting countries.

What Can Be Done?

The generally poor record of African RTAs suggests that African countries need to go beyond such arrangements to stimulate growth through trade. Further trade reform is needed to accelerate and sustain growth in Africa. Most of the RTAs lack the preconditions for success because of limited initial intraregional trade, weak complementarity in resource endowments, and inadequate transport infrastructure and local capacity.⁴ The design of the existing RTAs is generally weak, often characterized by high external tariffs, failure to deal with nontariff barriers, and a lack of attention to trade facilitation. In some cases (for example,

⁴Thus, most African RTAs, even if successfully implemented, would have only limited potential to expand intraregional trade because countries in the region can meet only a small share of regional import demands (Yeats, 1998; AfDB, 2000). With low product complementarity among African countries, even three of the largest, most diversified economies in the region—South Africa, Egypt, and Kenya— might not function as growth poles in the COMESA and Southern African Development Community (SADC) (Khandelwal, 2004).

WAEMU), however, efforts have been made to address these issues with the help of international financial institutions and some donor governments. For virtually all African RTAs, implementation, often delayed, has been weak; the delays result partly from overlapping memberships and conflicting commitments.⁵

Thus, to improve the performance of African RTAs, a broad approach is required to tackle a range of design and implementation problems, as well as to create the preconditions for successful regional trade integration.⁶ Specifically, African countries would benefit from the following:

- *Reducing trade barriers against non-RTA members when pursuing RTAs.* Most favored nation liberalization, either unilateral or multilateral, is even more important in the presence of RTAs.⁷ Such liberalization efficiently promotes both intraregional and extraregional trade (Box 5.1).⁸ Lower external trade barriers reduce the risk of trade and investment diversion. While multilateral liberalization would be more beneficial, African countries should not wait for it because unilateral liberalization can also bring substantial benefits.⁹
- *Strengthening the domestic supply response to take advantage of unprecedented opportunities to export to world markets.* African countries typically face very low protection in industrial countries, either because most favored nation tariffs (except on agricultural products) are already low or because African goods have extensive

preferential market access.¹⁰ To increase the domestic supply response, African countries need to continue to undertake structural reforms as well as most favored nation trade liberalization. They must also improve infrastructure and upgrade workers' skills.

- *Reducing transport costs within the region.* Shipping a car from Japan to Abidjan, Côte d'Ivoire, costs \$1,500, whereas shipping the same car from Addis Ababa, Ethiopia, to Abidjan costs \$5,000 (ECA, 2004).¹¹ In general, each additional day a shipment is in transit is equivalent to an extra 0.8 percentage point increase in applied tariffs.¹² Africa needs to devote more resources to regional infrastructure.¹³ Such investment is also necessary to enhance domestic competition in an integrated regional market.
- *Strengthening cross-border, sectoral cooperation in areas of common interest.* The cost of crossing a border in Africa can be equivalent to the cost of traveling more than 1,000 miles inland, whereas in Europe the cost is equivalent to traveling 100 miles. African countries could also cooperate in a range of other areas, such as energy, water resources, research and education, environment management, and the prevention and resolution of regional conflicts. Unlike preferential trade agreements, such cooperation does not lead to trade diversion.
- *Participating more actively in multilateral trade liberalization.* Many studies indicate that Africa

⁵For example, some eastern African countries (Uganda, Burundi, and Kenya) are involved in two *planned* customs unions (COMESA and the Eastern African Community).

⁶The approach advocated here is similar to that proposed by the World Bank in the Regional Assistance Strategies Papers, for example (World Bank, 2001, 2003a).

⁷See Jebuni (1997).

⁸Also see World Bank (2004a).

⁹Subramanian and others (2000) find that, for Africa, a 1 percentage point reduction in trade taxes leads to an increase in trade of between 0.7 and 1.1 percentage points.

¹⁰Rules of origin reduce African exporters' ability to take full advantage of preferential access (Mattoo, Roy, and Subramanian, 2002). In addition, technical standards and sanitary and phytosanitary measures in industrial countries may act as trade barriers and impose substantial compliance costs on African exporters.

¹¹Land transportation is more expensive than sea transportation, and this accounts for part of the cost difference.

¹²Hummels (2001).

¹³Whether African countries give investment priority to regional infrastructure should be based on a cost-benefit analysis. However, if the promotion of intraregional trade is the objective, then there is a second-best argument for investment in favor of intraregional trade.

Box 5.1. Regional Trade Integration With and Without RTAs: The EU and East Asia

The experiences of the EU and East Asia in regional trade integration represent two success stories. The two regions have, however, taken different paths to success: EU integration has been driven by formal institutional arrangements, whereas East Asian integration has been a result of “natural” market forces. But both stories highlight the importance of initial economic conditions and most favored nation reductions on external trade barriers.

The EU, successor to the European Economic Community (EEC), created in 1957, has pursued not only the elimination of trade barriers between its member countries, but also the reduction of barriers against nonmembers. Before the EEC was established, tariffs in its original members were high and nontariff barriers were prevalent. Through successive rounds of multilateral trade liberalization under the auspices of the General Agreement on Tariffs and Trade (GATT) and its successor, the World Trade Organization (WTO), the average most favored nation tariff on manufactures has been brought down to about 4 percent, although tariffs on agriculture remain high (22 percent). In 1957, intra-EEC trade was already about 30 percent of its total trade. The formation of the EEC led to sharp increases in intraregional trade, and, by the early 1970s, intra-EEC trade had reached 60 percent of total EEC trade. While intraregional trade has increased, trade with the rest of the world has also increased, albeit less rapidly. Beginning with trade, the EU has successfully moved to deeper economic and political integration and extended its membership over time.

Successful economic integration has also contributed to greater regional stability.

Formal regional trade schemes are a recent phenomenon only in east Asia,¹ which has pursued trade liberalization largely on a most favored nation basis. The region’s first integration arrangement, the Association of South East Asian Nations (ASEAN), established in 1967, was designed only to *facilitate* trade, with its primary focus on regional security. Nevertheless, with the shift from an inward-looking to an outward-looking growth strategy in the late 1950s (Japan began after World War II and China in the late 1970s), the region has consistently opened its markets to the rest of the world on a nondiscriminatory basis. Trade has since expanded rapidly. In 1956, the year for which data are available for all countries except China and Malaysia, total East Asian exports were only 4.6 percent of world exports, of which Japan contributed 2.6 percent. By 2003, the region accounted for more than 23 percent of world exports. At the same time, exports within East Asia as a share of the region’s total exports rose from 23 percent to 47 percent. Rapid export growth to industrial country markets has generated demand for imports within the region, and income and resource diversity among the countries has enabled them to specialize according to their *global* comparative advantage. Thus, East Asia’s trade integration has succeeded without much trade diversion.

¹East Asia includes China, Hong Kong SAR, Indonesia, Japan, Republic of Korea, Malaysia, the Philippines, Singapore, Taiwan Province of China, and Thailand.

stands to gain substantially from multilateral trade liberalization.¹⁴ To reap such benefits, African countries need to undertake liberalization as other countries do. The Uruguay Round was a missed opportunity for Africa.

Only a little over 2 percent of tariff lines in Africa are bound, often at levels well above the applied rates. Binding African tariffs at levels close to the applied rates would increase the credibility of Africa’s trade policy.¹⁵

¹⁴The World Bank (2004a), for example, estimates that Africa would gain as much as US\$24 billion from global merchandise trade reform.

¹⁵A recent study by Kowalski (2004) also finds that binding tariffs closer to the applied rate could significantly increase trade.

- *Taking early action to bolster domestic tax mobilization.* Revenue losses are important concerns for African policymakers designing and implementing an RTA, because trade taxes remain an important source of government revenue in most African countries despite tariff reductions in recent years.¹⁶ Since the 1980s, the revenue-to-GDP ratio in sub-Saharan Africa has remained virtually stagnant, while the resource needs for the provision of public services and infrastructure have increased sharply. Evidence suggests that although appropriate macroeconomic policies can minimize revenue losses from trade liberalization, low-income countries have difficulty recovering such losses partly because international competition in tax incentives has reduced both the corporate tax rate and the base.¹⁷ Nevertheless, because intraregional trade in most RTAs typically accounts for about 10 percent of total trade, the potential revenue losses from RTAs are generally small unless the common external tariff is also reduced when a customs union is formed. On the other hand, with average tariffs amounting to 17 percent at present, further MFN tariff cuts can result in significant revenue losses.¹⁸ Thus, the need to strengthen the domestic tax base has become more urgent, as negotiations on multilateral trade liberalization in the WTO and on the free trade agreements (FTAs) with the EU under the Economic Partnership Agreements (EPAs) proceed.
- *Streamlining regional trade arrangements to eliminate conflicting commitments.* The current negotiations on FTAs with the EU represent an opportunity to begin a streamlining process. For example, some countries could reduce their multiple memberships to a single one; small and unsuccessful RTAs could be absorbed by the large ones that have been designated to represent groups of African countries in negotiating FTAs with the EU.¹⁹

¹⁶Trade taxes generate almost one-third of all government revenues in African countries (Agbeyegbe, Stotsky, and WoldeMariam, 2004).

¹⁷Baunsgaard and Keen (2004) and Keen and Simone (2004).

¹⁸Ebrill, Stotsky, and Gropp (1999) find that trade tax revenues tend to fall with tariff levels whenever the latter—measured as the ratio of trade tax revenue to import value—are below 20 percent, whereas Khattry and Rao (2002) estimate this threshold to be about 40 percent. Ancharaz (2003) finds that fiscal dependence on trade taxes makes trade reform less likely to happen.

¹⁹According to the current plan, four regional EPA negotiating groups—each represents a subgroup of African countries—will be formed in Africa to negotiate FTAs with the EU (Hinkle and Schiff, 2004).

APPENDIX

Table A1. Cotton Exports in Selected SSA Countries

	2000	2001	2002	2003	2004
Benin					
Billions of CFAF	98.3	108.9	89.3	103.5	116.0
Percent of exports of goods and services	40.3	41.8	33.8	36.5	39.4
Percent of GDP	6.1	6.3	4.8	5.1	5.4
Burkina Faso					
Billions of CFAF	72.2	96.0	97.4	119.9	163.4
Percent of exports of goods and services	49.3	58.6	57.0	64.4	70.5
Percent of GDP	3.9	4.6	4.3	4.8	6.0
Mali					
Billions of CFAF	108.9	81.2	155.4	151.3	203.4
Percent of exports of goods and services	23.8	12.7	20.9	22.1	28.2
Percent of GDP	5.7	3.7	6.7	5.9	7.8
Togo					
Billions of CFAF	30.1	16.4	40.6	47.8	69.6
Percent of exports of goods and services	11.9	6.4	13.9	13.6	17.2
Percent of GDP	3.2	1.7	4.0	4.9	6.5
Memo items:					
Total exports of cotton					
In billions of CFAF	309.5	302.5	382.7	422.6	552.4
In millions of U.S. dollars	434.7	412.6	549.1	727.0	1,045.7
Net official external financing ¹	628.3	821.3	729.3	979.3	1,179.9

Sources: USDA, cotton database; and IMF staff estimates.

¹The sum of grants, loans, debt relief, and change in arrears less interest and amortization.

Table A2. Subgroups of Countries

Oil-Producing Countries	CFA Franc Countries	Coastal Countries	Landlocked Countries	Resource-Intensive Countries	Conflict Countries			
					1960s	1970s	1980s	1990s
Angola	Benin	Benin	Burkina Faso	Angola	Angola	Angola	Angola	Angola
Cameroon	Burkina Faso	Cape Verde	Burundi	Botswana	Congo, Dem. Rep. of	Ethiopia	Chad	Burundi
Congo, Rep. of	Cameroon	Comoros	Central African Rep.	Cameroon	Guinea-Bissau	Mozambique	Ethiopia	Congo, Dem. Rep. of
Equatorial Guinea	Central African Rep.	Côte d'Ivoire	Chad	Congo, Rep. of	Mozambique	Zimbabwe	Mozambique	Congo, Rep. of
Gabon	Chad	Gambia, The	Congo, Dem. Rep. of	Equatorial Guinea			Namibia	Mali
Nigeria	Congo, Rep. of	Ghana	Ethiopia	Gabon			Uganda	Sierra Leone
	Côte d'Ivoire	Guinea-Bissau	Lesotho	Guinea				
	Equatorial Guinea	Kenya	Malawi	Namibia				
	Gabon	Madagascar	Mali	Nigeria				
	Guinea-Bissau	Mauritius	Niger	São Tomé and Príncipe				
	Mali	Mozambique	Rwanda	Sierra Leone				
	Niger	Senegal	Swaziland	Zambia				
	Senegal	Seychelles	Uganda					
	Togo	South Africa	Zimbabwe					
		Tanzania						
		Togo						

Program Countries

1980–84		1985–89		1990–94		1995–99	
				On track	Off track	On track	Off track
Central African Rep.	Mali	Benin	Madagascar	Benin	Burkina Faso	Burkina Faso	Benin
Congo, Dem. Rep. of	Mauritius	Burundi	Malawi	Cameroon	Burundi	Cape Verde	Cameroon
Côte d'Ivoire	Niger	Cameroon	Mali	Comoros	Central African Rep.	Chad	Central African Rep.
Equatorial Guinea	Sierra Leone	Central African Rep.	Mauritius	Côte d'Ivoire	Chad	Equatorial Guinea	Congo, Rep. of
Ethiopia	Senegal	Chad	Mozambique	Ethiopia	Congo, Rep. of	Gambia, The	Côte d'Ivoire
Gabon	South Africa	Congo, Dem. Rep. of	Niger	Gabon	Equatorial Guinea	Guinea	Ethiopia
Gambia, The	Tanzania	Congo, Rep. of	Nigeria	Gambia, The	Malawi	Guinea-Bissau	Gabon
Ghana	Togo	Côte d'Ivoire	São Tomé and Príncipe	Ghana	Niger	Malawi	Ghana
Guinea	Uganda	Equatorial Guinea	Senegal	Guinea	Senegal	Mali	Kenya
Kenya	Zambia	Gabon	Sierra Leone	Kenya	Togo	Rwanda	Lesotho
Madagascar	Zimbabwe	Gambia, The	Tanzania	Lesotho	Zimbabwe	Senegal	Madagascar
Malawi		Ghana	Togo	Madagascar		Sierra Leone	Mozambique
		Guinea	Uganda	Mali		Tanzania	Niger
		Kenya	Zambia	Mozambique		Togo	Zimbabwe
		Lesotho		Nigeria		Uganda	
				Rwanda		Zambia	
				São Tomé and Príncipe			
				Sierra Leone			
				Tanzania			
				Uganda			

Sources and Notes: 1. For each half decade, conflict countries are defined as those with a civil war in the past 10 years (Tsangarides, 2005; using data from Sambanis, 2001).
2. Chad and Côte d'Ivoire are not listed as oil producers because their oil was discovered relatively recently, and the growth analysis looks at long-run trends.
3. Resource-abundant countries, coastal countries without natural resources, and landlocked countries without natural resources are defined in Collier and O'Connell (2004).
4. For the early and late 1990s, a program country is designated as off track if half or more of its programs in a given period experienced an irreversible interruption; that is, the program was either canceled or allowed to lapse because of policy slippages. Data from Nsouli, Atoian, and Mourmouras (2004) (see for more details on index derivations) were extended to include the full set of SSA countries.

Table A3. Real GDP Per Capita Growth Performance Classification, 1960–2003*(Percent)*

	1960–2003		1990–94		1995–99		1990–99		2000–03	
1	Equatorial Guinea	7.1	Mauritius	5.4	Equatorial Guinea	32.9	Equatorial Guinea	17.8	Equatorial Guinea	19.2
2	Botswana	6.9	Uganda	3.0	Rwanda	8.9	Mauritius	4.8	Sierra Leone	11.6
3	Mauritius	4.1	Seychelles	3.0	Mozambique	6.8	Mozambique	3.8	Botswana	5.5
4	Seychelles	2.4	Mali	2.8	Cape Verde	5.8	Burkina Faso	3.7	Chad	5.0
5	Cape Verde	2.3	Equatorial Guinea	2.7	Malawi	5.7	Uganda	3.5	Mozambique	4.6
6	Swaziland	2.2	Burkina Faso	2.7	Angola	4.7	Cape Verde	3.5	Mauritius	3.9
7	Burkina Faso	2.1	Ghana	2.0	Burkina Faso	4.6	Seychelles	3.4	Cape Verde	3.8
8	Comoros	1.8	Botswana	1.6	Mauritius	4.1	Botswana	2.7	Tanzania	3.8
9	Mali	1.8	Chad	1.4	Uganda	3.9	Mali	2.7	Burkina Faso	3.2
10	Gambia, The	1.6	Lesotho	1.3	Botswana	3.8	Ghana	1.9	Angola	3.0
11	Lesotho	1.5	Swaziland	1.3	Seychelles	3.7	Malawi	1.9	Mali	2.8
12	Gabon	1.5	Guinea-Bissau	1.1	Mali	2.5	Lesotho	1.8	Nigeria	2.4
13	Mozambique	1.5	Cape Verde	1.1	Côte d'Ivoire	2.5	Benin	1.6	São Tomé and Príncipe	2.3
14	Cameroon	1.4	Benin	0.9	Lesotho	2.4	Swaziland	1.2	Zambia	2.1
15	Burundi	1.4	Mozambique	0.7	Senegal	2.4	Namibia	0.7	Uganda	2.0
16	Chad	1.2	Namibia	0.7	Ethiopia	2.2	Senegal	0.6	Cameroon	1.9
17	Congo, Rep. of	1.2	Gabon	0.5	Guinea	2.2	Rwanda	0.5	Ghana	1.8
18	Kenya	1.1	Gambia, The	0.1	Benin	2.2	Guinea	0.5	Benin	1.8
19	Tanzania	1.0	Nigeria	-0.1	Ghana	1.8	Chad	0.5	Lesotho	1.7
20	South Africa	0.9	Comoros	-0.4	Cameroon	1.7	Tanzania	0.4	Congo, Rep. of	1.5
21	Guinea-Bissau	0.9	Tanzania	-0.5	Tanzania	1.3	Gambia, The	0.3	Rwanda	1.5
22	Malawi	0.8	Zimbabwe	-0.5	Swaziland	1.2	Côte d'Ivoire	0.3	South Africa	1.4
23	Nigeria	0.8	Burundi	-0.7	Burundi	0.7	Burundi	—	Senegal	1.3
24	Guinea	0.7	Guinea	-1.2	Namibia	0.7	Zimbabwe	—	Gambia, The	0.9
25	São Tomé and Príncipe	0.7	Senegal	-1.2	Kenya	0.6	Gabon	-0.1	Swaziland	0.5
26	Uganda	0.7	Kenya	-1.3	Gambia, The	0.5	Nigeria	-0.1	Niger	0.4
27	Benin	0.5	São Tomé and Príncipe	-1.8	Zimbabwe	0.5	Ethiopia	-0.2	Namibia	0.0
28	Ethiopia	0.4	Côte d'Ivoire	-1.9	Central African Rep.	0.4	Kenya	-0.3	Guinea	-0.1
29	Togo	0.4	Malawi	-2.0	South Africa	0.4	Comoros	-0.6	Ethiopia	-0.2
30	Rwanda	0.4	South Africa	-2.0	Niger	0.3	South Africa	-0.8	Comoros	-0.4
31	Namibia	0.3	Ethiopia	-2.6	Togo	—	Guinea-Bissau	-0.8	Togo	-0.8
32	Côte d'Ivoire	0.3	Congo, Rep. of	-3.1	Madagascar	—	São Tomé and Príncipe	-1.5	Madagascar	-1.0
33	Ghana	0.2	Togo	-3.1	Nigeria	-0.1	Niger	-1.5	Kenya	-1.0
34	Angola	0.1	Madagascar	-3.1	Chad	-0.4	Togo	-1.6	Seychelles	-1.2
35	Zimbabwe	0.1	Niger	-3.2	Congo, Rep. of	-0.6	Madagascar	-1.6	Gabon	-1.8
36	Niger	-0.1	Central African Rep.	-3.9	Gabon	-0.7	Angola	-1.7	Burundi	-2.2
37	Sierra Leone	-0.2	Sierra Leone	-4.8	Comoros	-0.8	Central African Rep.	-1.7	Guinea-Bissau	-2.4
38	Zambia	-0.3	Zambia	-5.4	São Tomé and Príncipe	-1.1	Congo, Rep. of	-1.8	Central African Rep.	-3.2
39	Senegal	-0.8	Cameroon	-6.6	Zambia	-1.5	Cameroon	-2.4	Congo, Dem. Rep. of	-3.3
40	Central African Rep.	-0.8	Rwanda	-7.9	Guinea-Bissau	-2.8	Zambia	-3.4	Malawi	-3.8
41	Madagascar	-1.2	Angola	-8.2	Congo, Dem. Rep. of	-4.8	Congo, Dem. Rep. of	-8.1	Côte d'Ivoire	-4.7
42	Congo, Dem. Rep. of	-2.7	Congo, Dem. Rep. of	-11.5	Sierra Leone	-13.5	Sierra Leone	-9.1	Zimbabwe	-6.5

Sources: World Bank, World Development Indicators database, 2004; World Economic Outlook (WEO) database, 2004; and IMF staff estimates.

Note: Data not available for Eritrea and Liberia.

Table A4. Real Per Capita Growth, Gross Fixed Capital Formation, and Total Factor Productivity (TFP) Growth

	1970–74	1975–79	1980–84	1985–89	1990–94	1995–99	2000–03
	<i>Percent</i>						
Real per capita growth of GDP							
Sub-Saharan Africa	2.2	0.5	-0.4	1.0	-1.1	2.0	1.4
Without Equatorial Guinea	2.2	0.5	-0.5	1.1	-1.1	1.3	0.9
Oil-producing	4.9	-1.8	1.0	0.6	-2.5	6.3	4.4
Without Equatorial Guinea	5.2	-1.9	0.9	0.9	-3.5	1.0	1.4
Non-oil	1.7	0.9	-0.6	1.1	-0.8	1.3	0.9
	<i>Percent of GDP</i>						
Gross fixed capital formation							
Sub-Saharan Africa	22.1	23.0	20.9	18.7	20.1	22.2	19.9
Without Equatorial Guinea	21.7	22.6	20.6	18.7	19.7	20.6	19.0
Fast growers of 1990s	26.3	26.7	23.8	21.5	25.8	29.4	25.0
Without Equatorial Guinea	25.5	26.0	23.2	21.9	24.8	24.5	22.3
Medium growers of 1990s	19.6	20.2	18.6	17.1	16.9	18.0	18.7
Slow growers of 1990s	20.0	21.6	20.3	17.3	17.9	18.9	16.0
Oil-producing	27.5	28.7	26.9	22.9	24.2	35.7	26.8
Without Equatorial Guinea	25.5	26.9	25.8	24.2	21.6	24.3	20.1
Non-oil	21.2	22.1	19.9	18.0	19.4	20.0	18.8
CFA franc	24.4	24.2	22.7	20.1	19.1	23.8	22.6
Without Equatorial Guinea	23.4	23.2	21.9	20.3	17.7	18.5	19.8
Non-CFA franc	20.8	22.4	20.0	18.0	20.7	21.2	18.5
	<i>Percent</i>						
Total factor productivity growth							
Sub-Saharan Africa	0.2	-0.9	-1.7	0.6	-1.8	1.2	0.5
Without Equatorial Guinea	0.2	-0.9	-1.6	0.7	-1.9	0.8	0.1
Fast growers of 1990s	0.7	-0.8	-1.6	1.3	-0.3	3.3	1.7
Without Equatorial Guinea	0.7	-0.8	-1.4	1.5	-0.3	2.3	0.5
Medium growers of 1990s	2.1	-1.7	-2.3	0.4	-1.5	0.7	-0.9
Slow growers of 1990s	-1.9	-0.3	-1.2	0.2	-3.7	-0.4	0.7
Oil-producing	3.1	-4.6	-1.8	0.4	-2.7	3.7	3.7
Without Equatorial Guinea	3.1	-4.6	-1.2	0.7	-3.3	1.2	0.9
Non-oil	-0.3	-0.3	-1.7	0.7	-1.7	0.8	0.0
CFA franc	-1.2	—	-1.1	0.6	-1.1	2.0	1.4
Without Equatorial Guinea	-1.2	—	-0.8	0.8	-1.2	0.9	0.1
Non-CFA franc	1.3	-1.6	-2.0	0.6	-2.2	0.8	0.1
Program on track	n.a.	n.a.	n.a.	n.a.	-2.2	2.4	0.4
Program off track	n.a.	n.a.	n.a.	n.a.	-1.0	1.0	-1.0

Sources: IMF, *WEO/Economic Trends in Africa* database, 2004; IMF staff calculations.

Note: For the early 1990s, TFP growth in countries with off-track programs without Equatorial Guinea is -1.1 percent, and, for the late 1990s, TFP growth in countries with on-track programs without Equatorial Guinea is 1.4 percent.

Table A5. Forgone Growth in Africa Relative to Other Regions

Robust Growth Determinants Estimated from a World Sample	Coefficients	Forgone Annual Growth					
		E. Asia/ Pacific	E. Asia/ Pacific 1990s	Europe/ Central Asia	Latin America/ Caribbean	Middle East/ N. Africa	South Asia
		<i>Percent</i>					
1 Log (inflation)	-0.0088	-0.1	-0.1	0.4	0.1	—	0.0
2 Fiscal balance (to GDP)	0.7031	-2.9	-3.4	-2.2	-1.9	1.9	-1.4
3 Log (investment to GDP)	0.0950	-8.7	-10.8	-8.5	-4.8	-5.1	-5.9
4 Log (govt consumption to GDP)	-0.0289	-1.0	-1.6	-0.5	-0.1	0.5	-0.5
5 Log (initial income)	-0.1678	23.9	26.0	17.7	18.1	14.3	6.0
6 Percentage of land in tropics	-0.1454	-9.7	-6.1	-13.5	-1.3	-12.2	-4.7
7 Terms of trade (growth)	0.0251	0.04	0.02	0.04	0.02	0.01	0.04
8 Black market premium	-0.0015	-0.06	-0.03	0.02	-0.04	-0.01	0.1
9 Log (overall schooling)	0.0556	-6.9	-5.4	-5.2	-5.0	-3.4	-2.5
10 Log (arable land)	-0.0188	-2.3	-3.1	0.7	-0.7	-0.5	-1.8
Forgone SSA growth "total"		-7.7	-4.6	-11.0	4.5	-4.7	-10.7
Forgone SSA growth due to policy (vars. 1, 2, 4, 8)		-4.1	-5.2	-2.3	-1.9	2.3	-1.9
Forgone SSA growth due to accumulation (vars 3, 9)		-15.6	-16.2	-13.7	-9.8	-8.6	-8.4

Source: Tsangarides (2005).

Notes: Draws on an expanded model specification. Bayesian model averaging techniques are applied using a panel data system GMM (generalized method of moments) estimator.

Table A6. Relative Impact of Robust Variables on Growth
(Period-to-period changes from 1980–84 to 1995–2000, in percentage points)

	All Variables	Policy Variables	Terms of Trade	Investment
Sub-Saharan Africa	2.4	4.9	0.1	-0.4
Fast growers of the 1990s	4.1	7.8	0.6	2.4
Medium growers of the 1990s	1.2	3.0	0.9	-3.1
Slow growers of the 1990s	0.3	5.4	-8.1	-4.8
Oil	-1.6	1.3	-4.3	-9.8
Non-oil	2.4	5.8	-1.2	-0.6
Program	2.3	6.1	-1.9	-1.9
Nonprogram	2.7	1.2	6.1	4.1
Program on track	5.6	12.4	-0.6	-1.8
Program off track	-1.4	-0.7	-3.3	-1.9
CFA franc	-0.5	1.3	-2.9	-3.6
Non-CFA franc	3.8	6.7	1.6	1.2
Coastal	2.2	7.1	-5.5	-1.5
Landlocked	2.2	3.6	0.8	1.2
Resource-intensive	1.2	3.9	3.3	-5.9

Source: IMF staff calculations.

Notes: Robust variables identified using expanded specification from Tsangarides (2005). Policy variables: inflation, government consumption to GDP, fiscal balance to GDP, black market premium; other variables include terms of trade, investment to GDP, overall schooling. Fixed factors such as percent of land in tropics, arable land, and initial income are included in regression, but not in above calculation.

Table A7. Changes in Real GDP Growth and Lagged Deficit Change

	2002–04 Compared with 1999–2001			
	High deficit		Low deficit	
	Lagged change in deficit	Change in growth	Lagged change in deficit	Change in growth
Deficit worsened	-1.9	-0.8	-2.0	-0.3
Deficit improved	3.8	2.9	3.3	-0.5

Sources: IMF, *WEO/Economic Trends in Africa* database, 2004; and IMF staff calculations.

Table A8. Subperiod Averages for Budget Balance, Growth, and Domestic and Foreign Financing

(Percent of GDP)

Period	Group	Government Balance	GDP Growth	Domestic Financing	Foreign Financing
2000–04	Africa	-3.5	4.2	1.1	3.1
	CFA franc	-1.1	4.8	-1.0	2.4
	Oil	2.6	7.7	-1.9	-0.7
	Program	-2.7	4.2	0.9	3.6
1995–99	Africa	-4.9	4.6	1.7	2.3
	CFA franc	-3.5	5.6	0.5	2.7
	Oil	-6.2	9.0	1.6	0.6
	Program	-3.3	4.7	1.0	2.2
1990–94	Africa	-6.3	1.5	1.2	4.2
	CFA franc	-6.3	1.8	0.6	5.4
	Oil	-9.2	0.2	1.1	7.8
	Program	-5.6	1.5	0.7	4.1

Sources: IMF, *WEO/Economic Trends in Africa* database, 2004; and IMF staff calculations.

Table A9. Country Classification by Financial Development and Growth Performance

	Real Growth	Growth Per Capita	Inflation	Financial Development	Fiscal Balance	Private Investment	Private Savings
	<i>(Percent)</i>			<i>(Percent of GDP)</i>			
1960–2003							
High financial development							
Fast growth	4.9	2.3	11.3	35.9	–4.2	16.1	15.0
Slow growth	3.0	0.4	16.4	33.3	–8.6	10.1	10.6
Low financial development							
Fast growth	3.9	1.4	16.2	17.5	–4.8	8.4	9.7
Slow growth	2.4	–0.3	14.8	17.3	–4.8	8.1	4.9
Oil-producing countries	4.5	2.0	9.2	18.0	–5.2	21.0	10.9
1997–2003							
High financial development							
Fast growth	5.4	3.2	9.0	37.5	–5.4	14.6	12.6
Slow growth	1.2	–0.8	18.4	44.5	–5.5	13.3	11.5
Low financial development							
Fast growth	5.3	2.3	4.9	15.3	–3.7	11.1	7.6
Slow growth	1.7	–1.0	10.7	18.9	–3.5	8.0	7.5
Oil-producing countries	8.1	5.3	5.0	15.8	–1.6	22.5	12.6

Source: IMF, WEO database, 2004.

Notes: Financial development is measured as liquid liabilities over GDP. Growth and financial development are averaged over 1960–2003. Investment and savings are available only since 1970 and fiscal balances since 1980. Angola and the Democratic Republic of Congo are dropped from the sample to compute the average inflation rate.

STATISTICAL APPENDIX

Estimates and projections used in this report are based on data provided by country desks as of February 24, 2005. Projections are IMF staff estimates. The database is for 42 countries of the IMF African Department; Eritrea and Liberia are excluded because of data limitations. Data follow established international statistical methodologies to the extent possible; however, variable choice may be determined by country-specific definitions. The coverage and definitions of data are therefore not always comparable across countries. More broadly, many countries do not have the ability to compile high-quality data.

Data and Conventions

For Tables SA1, SA2, SA7, SA21, and SA22, country group composites are calculated as the arithmetic average of data for individual coun-

tries, weighted by GDP valued at purchasing power parity (PPP) as a share of the total group GDP. The source of PPP weights is the WEO database.

For Tables SA3, SA4, SA6, SA8–12, SA14–20, and SA23–24, 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.

For Table SA5, country group composites are calculated as the geometric average of data for individual countries, weighted by GDP valued at PPP as a share of the total group GDP. The source of PPP weights is the WEO database.

For Table SA13, country group composites are calculated as the geometric average of data for individual countries, weighted by GDP in U.S. dollars at market exchange rates as a share of total group GDP.

List of Statistical Tables

SA1 Real GDP Growth	55
SA2 Real Non-Oil GDP Growth	56
SA3 Real Per Capita GDP Growth	57
SA4 Real Per Capita GDP	58
SA5 Consumer Prices	59
SA6 Total Investment	60
SA7 Domestic Saving	61
SA8 Overall Fiscal Balance, Including Grants	62
SA9 Overall Fiscal Balance, Excluding Grants	63
SA10 Government Revenue, Excluding Grants	64
SA11 Government Expenditure	65
SA12 Broad Money	66
SA13 Broad Money Growth	67
SA14 Claims on Nonfinancial Private Sector	68
SA15 Exports of Goods and Services	69
SA16 Imports of Goods and Services	70

STATISTICAL APPENDIX

SA17 Trade Balance	71
SA18 External Current Account, Including Grants	72
SA19 External Current Account, Excluding Grants	73
SA20 Official Grants	74
SA21 Real Effective Exchange Rates	75
SA22 Nominal Effective Exchange Rates	76
SA23 External Debt to Official Creditors	77
SA24 Reserves	78

Table SA1. Real GDP Growth
(In percent)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	4.8	3.1	14.4	3.4	11.2
Cameroon	4.8	5.3	6.5	4.5	4.5
Chad	3.9	9.9	9.9	11.3	30.5
Congo, Rep. of	2.4	3.6	5.4	0.8	4.0
Côte d'Ivoire	2.0	0.1	-1.5	-1.6	-0.9
Equatorial Guinea	38.0	40.5	9.6	18.3	34.2
Gabon	0.1	2.0	—	2.6	1.9
Nigeria	2.7	3.1	1.5	10.7	3.5
São Tomé and Príncipe	2.6	4.0	5.0	5.5	6.0
Non-oil-producing countries					
Benin	5.1	5.0	6.0	4.8	3.0
Botswana	6.2	5.2	5.0	6.6	5.2
Burkina Faso	5.8	6.7	5.2	8.0	4.8
Burundi	1.1	2.1	4.5	-1.2	5.5
Cape Verde	8.3	6.1	5.0	5.3	4.0
Central African Republic	3.4	0.3	-0.6	-7.0	0.9
Comoros	2.4	2.3	2.3	2.1	1.9
Congo, Dem. Rep. of	-4.1	-2.1	3.5	5.7	6.8
Ethiopia	4.5	7.7	1.6	-3.9	11.6
Gambia, The	5.8	5.8	-3.2	6.7	7.7
Ghana	4.2	4.2	4.5	5.2	5.5
Guinea	4.1	4.0	4.2	1.2	2.5
Guinea-Bissau	-1.1	0.2	-7.2	0.6	4.3
Kenya	1.3	1.1	1.1	1.6	3.1
Lesotho	1.4	3.3	4.5	5.2	2.3
Madagascar	4.6	6.0	-12.7	9.8	5.3
Malawi	1.6	-4.1	2.1	3.9	4.3
Mali	5.1	12.1	4.3	7.4	2.2
Mauritius	5.8	7.1	3.4	3.0	4.4
Mozambique	9.2	13.0	7.4	7.1	7.8
Namibia	3.3	2.2	2.5	3.7	4.4
Niger	3.7	7.1	3.0	5.3	0.9
Rwanda	8.6	6.7	9.4	0.9	4.0
Senegal	4.3	4.7	1.1	6.5	6.0
Seychelles	3.7	-2.2	1.3	-6.3	-2.0
Sierra Leone	-0.9	18.1	27.5	8.6	7.4
South Africa	2.5	2.7	3.6	2.8	3.7
Swaziland	2.9	1.7	2.8	2.4	2.1
Tanzania	4.4	6.2	7.2	7.1	6.3
Togo	0.8	0.6	4.5	4.4	2.9
Uganda	5.5	4.9	6.8	4.7	5.9
Zambia	2.4	4.9	3.3	5.1	5.0
Zimbabwe	-2.4	-2.7	-6.0	-10.0	-4.8
Sub-Saharan Africa	3.1	3.8	3.5	4.1	5.0
Excluding Nigeria and South Africa	3.6	4.8	3.9	3.4	6.4
CFA franc zone	5.1	7.0	3.9	5.4	7.6
WAEMU	3.6	4.4	2.1	4.2	2.5
CEMAC	7.3	10.6	6.2	6.9	13.8
SADC	2.3	2.7	3.8	2.9	4.2
COMESA	2.3	2.9	2.9	1.3	6.0
Oil-producing countries	4.0	4.8	4.1	8.0	7.0
Non-oil-producing countries	2.8	3.5	3.3	2.9	4.4
HIPC (completion point countries)	5.1	6.7	3.7	4.3	6.6
Fixed exchange rate regime	3.7	4.9	2.6	3.5	5.7
Floating exchange rate regime	2.9	3.5	3.7	4.2	4.9

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA2. Real Non-Oil GDP Growth
(In percent)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	8.5	9.4	7.9	9.8	8.8
Cameroon	4.9	5.5	7.2	4.8	4.9
Chad	3.5	8.2	7.9	1.5	-9.7
Congo, Rep. of	1.7	12.1	9.7	5.3	5.0
Côte d'Ivoire	2.0	0.1	-1.8	-2.2	-1.1
Equatorial Guinea	16.3	7.0	9.8	8.6	12.8
Gabon	2.8	5.3	0.6	1.0	2.3
Nigeria	3.7	4.3	8.0	4.4	4.5
São Tomé and Príncipe	2.6	4.0	5.0	5.5	6.0
Non-oil-producing countries					
Benin	5.1	5.0	6.0	4.8	3.0
Botswana	5.7	4.6	5.8	5.6	5.4
Burkina Faso	5.8	6.7	5.2	8.0	4.8
Burundi	1.1	2.1	4.5	-1.2	5.5
Cape Verde	10.8	6.2	5.0	5.3	4.0
Central African Republic	3.4	0.3	-0.6	-7.0	0.9
Comoros	2.4	2.3	2.3	2.1	1.9
Congo, Dem. Rep. of	-4.1	-2.1	3.5	5.7	6.8
Ethiopia	4.5	7.7	1.6	-3.9	11.6
Gambia, The	5.8	5.8	-3.2	6.7	7.7
Ghana	4.2	4.2	4.5	5.2	5.5
Guinea	4.1	4.0	4.2	1.2	2.5
Guinea-Bissau	-1.1	0.2	-7.2	0.6	4.3
Kenya	1.3	1.1	1.1	1.6	3.1
Lesotho	1.4	3.3	4.5	5.2	2.3
Madagascar	4.6	6.0	-12.7	9.8	5.3
Malawi	1.6	-4.1	2.1	3.9	4.3
Mali	5.1	12.1	4.3	7.4	2.2
Mauritius	5.8	7.1	3.4	3.0	4.4
Mozambique	9.2	13.0	7.4	7.1	7.8
Namibia	3.3	2.2	2.5	3.7	4.4
Niger	3.7	7.1	3.0	5.3	0.9
Rwanda	8.6	6.7	9.4	0.9	4.0
Senegal	4.3	4.7	1.1	6.5	6.0
Seychelles	3.7	-2.2	1.3	-6.3	-2.0
Sierra Leone	-0.9	18.1	27.5	8.6	7.4
South Africa	2.5	2.7	3.6	2.8	3.7
Swaziland	2.9	1.7	2.8	2.4	2.1
Tanzania	4.4	6.2	7.2	7.1	6.3
Togo	0.8	0.6	4.5	4.4	2.9
Uganda	5.5	4.9	6.8	4.7	5.9
Zambia	2.4	4.9	3.3	5.1	5.0
Zimbabwe	-2.4	-2.7	-6.0	-10.0	-4.8
Sub-Saharan Africa	3.2	3.8	4.1	3.3	4.4
Excluding Nigeria and South Africa	3.6	4.5	3.6	3.4	4.9
CFA franc zone	4.3	5.1	4.0	4.0	3.1
WAEMU	3.6	4.4	2.0	4.0	2.5
CEMAC	5.3	6.0	6.6	4.0	3.8
SADC	2.4	3.0	3.6	3.2	4.1
COMESA	2.6	3.5	2.2	2.0	5.7
Oil-producing countries	4.4	4.9	6.7	4.5	4.4
Non-oil-producing countries	2.8	3.5	3.3	2.9	4.4
HIPC (completion point countries)	5.1	6.7	3.7	4.3	6.6
Fixed exchange rate regime	3.1	3.6	2.7	2.5	2.4
Floating exchange rate regime	3.2	3.9	4.4	3.5	4.9

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA3. Real Per Capita GDP Growth
(In percent)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	0.2	0.2	11.1	0.5	8.1
Cameroon	2.4	2.4	2.2	1.7	1.7
Chad	7.2	7.2	7.3	8.6	27.3
Congo, Rep. of	0.6	0.6	2.4	-2.1	1.1
Côte d'Ivoire	-3.1	-3.1	-4.7	-4.8	-4.1
Equatorial Guinea	37.6	37.6	7.4	15.9	31.5
Gabon	-0.5	-0.5	-2.4	0.1	-0.6
Nigeria	0.3	0.3	-1.2	7.7	0.7
São Tomé and Príncipe	1.9	1.9	3.0	3.4	3.9
Non-oil-producing countries					
Benin	2.2	2.2	3.1	-0.8	0.2
Botswana	4.4	4.4	4.6	6.4	5.3
Burkina Faso	4.1	4.1	2.6	5.4	2.2
Burundi	-2.8	-2.8	0.7	-4.0	3.4
Cape Verde	4.3	4.3	3.1	3.4	2.1
Central African Republic	-1.7	-1.7	-2.5	-8.8	-1.1
Comoros	-0.4	-0.4	-0.4	-0.6	-0.8
Congo, Dem. Rep. of	-7.2	-7.2	0.5	2.6	3.7
Ethiopia	4.6	4.6	-1.1	-6.5	8.5
Gambia, The	2.9	2.9	-5.7	4.0	5.0
Ghana	1.6	1.6	1.9	2.6	2.9
Guinea	1.0	1.0	1.3	-1.6	-0.4
Guinea-Bissau	-1.8	-1.8	-11.5	-1.8	1.7
Kenya	-1.0	-1.0	-0.8	-0.2	1.4
Lesotho	1.1	1.1	2.6	2.9	0.5
Madagascar	2.9	2.9	-15.2	6.7	2.0
Malawi	-6.1	-6.1	-9.5	1.9	2.2
Mali	9.6	9.6	1.9	4.9	-0.1
Mauritius	6.0	6.0	2.4	2.0	3.4
Mozambique	10.1	10.1	4.9	4.5	5.1
Namibia	-0.8	-0.8	-0.5	0.7	1.3
Niger	3.9	3.9	-0.1	2.2	-2.1
Rwanda	2.1	2.1	7.1	-1.9	1.3
Senegal	2.2	2.2	-1.2	3.6	3.1
Seychelles	-2.3	-2.3	1.7	-7.4	-3.2
Sierra Leone	15.1	15.1	24.3	5.9	4.6
South Africa	0.7	0.7	1.5	0.6	1.8
Swaziland	-0.3	-0.3	0.9	1.3	1.6
Tanzania	3.5	3.5	5.1	5.0	4.0
Togo	-2.4	-2.4	1.3	1.3	-0.2
Uganda	1.5	1.5	3.3	1.2	2.3
Zambia	2.4	2.4	0.9	2.7	2.5
Zimbabwe	-2.4	-2.4	-5.7	-11.0	-4.5
Sub-Saharan Africa	1.3	1.3	1.1	1.6	2.7
Excluding Nigeria and South Africa	2.1	2.1	1.2	0.9	3.8
CFA franc zone	4.2	4.2	0.9	2.5	4.8
WAEMU	1.5	1.5	-0.7	1.1	-0.4
CEMAC	7.8	7.8	2.9	4.3	11.0
SADC	0.6	0.6	1.7	0.7	2.3
COMESA	0.2	0.2	0.3	-1.2	3.5
Oil-producing countries	2.0	2.0	1.1	5.1	4.1
Non-oil-producing countries	1.2	1.2	1.1	0.6	2.3
HIPC (completion point countries)	3.7	3.7	0.9	1.4	3.8
Fixed exchange rate regime	2.8	2.8	0.2	1.0	3.5
Floating exchange rate regime	1.0	1.0	1.3	1.8	2.5

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA4. Real Per Capita GDP
(In U.S. dollars, at 2000 prices, using 2000 exchange rates)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	679	686	763	767	828
Cameroon	570	592	605	615	625
Chad	197	200	215	233	297
Congo, Rep. of	1,101	1,116	1,143	1,119	1,132
Côte d'Ivoire	603	566	540	514	493
Equatorial Guinea	973	1,483	1,593	1,847	2,429
Gabon	4,551	4,209	4,108	4,111	4,086
Nigeria	356	358	354	382	385
São Tomé and Príncipe	314	319	328	340	353
Non-oil-producing countries					
Benin	353	369	381	378	378
Botswana	3,185	3,501	3,661	3,896	4,104
Burkina Faso	229	241	248	261	267
Burundi	111	107	108	104	107
Cape Verde	1,167	1,289	1,329	1,374	1,403
Central African Republic	255	254	248	226	224
Comoros	362	358	356	354	352
Congo, Dem. Rep. of	92	79	79	81	84
Ethiopia	102	107	106	99	108
Gambia, The	311	327	308	321	337
Ghana	268	276	281	289	297
Guinea	374	380	385	379	377
Guinea-Bissau	183	176	156	153	156
Kenya	343	334	331	331	335
Lesotho	399	395	406	417	419
Madagascar	247	258	218	233	238
Malawi	168	159	144	146	150
Mali	249	263	268	281	281
Mauritius	3,629	4,013	4,110	4,191	4,335
Mozambique	208	232	243	254	267
Namibia	1,845	1,843	1,834	1,847	1,871
Niger	173	174	174	177	174
Rwanda	236	241	258	253	256
Senegal	470	489	483	501	516
Seychelles	7,457	7,467	7,597	7,032	6,810
Sierra Leone	143	152	189	200	210
South Africa	3,009	3,066	3,112	3,132	3,188
Swaziland	1,346	1,352	1,365	1,382	1,404
Tanzania	266	280	294	309	321
Togo	286	271	275	278	278
Uganda	256	266	275	278	285
Zambia	313	322	325	334	342
Zimbabwe	733	679	640	569	544
Sub-Saharan Africa	522	525	528	536	545
Excluding Nigeria and South Africa	321	323	325	327	336
CFA franc zone	449	452	453	457	467
WAEMU	355	354	350	351	349
CEMAC	659	674	684	697	735
SADC	939	947	957	962	981
COMESA	268	264	264	260	267
Oil-producing countries	454	456	458	478	489
Non-oil-producing countries	552	556	558	561	570
HIPC (completion point countries)	216	226	228	233	241
Fixed exchange rate regime	547	547	545	544	551
Floating exchange rate regime	516	520	524	533	543

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA5. Consumer Prices*(Annual average percent change)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	211.0	152.6	108.9	98.3	43.6
Cameroon	2.9	2.8	6.3	0.6	0.5
Chad	3.5	12.4	5.2	-1.8	-4.8
Congo, Rep. of	3.8	0.8	3.1	1.5	2.0
Côte d'Ivoire	3.3	4.4	3.1	3.3	1.5
Equatorial Guinea	5.6	7.3	5.9	7.0	8.0
Gabon	1.6	2.1	0.2	2.1	1.0
Nigeria	10.0	18.0	13.7	14.0	15.1
São Tomé and Príncipe	29.6	9.5	9.2	9.6	12.8
Non-oil-producing countries					
Benin	3.4	4.0	2.4	1.5	2.6
Botswana	7.7	6.6	8.1	8.7	6.3
Burkina Faso	2.2	4.9	2.3	2.0	-0.4
Burundi	16.1	9.3	-1.3	10.7	7.9
Cape Verde	3.6	3.8	1.8	1.2	-1.9
Central African Republic	1.1	3.8	2.3	4.2	-2.2
Comoros	2.9	5.9	3.3	4.4	4.3
Congo, Dem. Rep. of	284.1	357.3	25.3	12.8	3.9
Ethiopia	0.6	-5.2	-7.2	15.1	9.0
Gambia, The	2.6	4.5	8.6	17.0	14.6
Ghana	22.6	32.9	14.8	26.7	12.6
Guinea	4.7	5.4	3.0	12.9	17.5
Guinea-Bissau	13.4	3.3	3.3	3.0	3.0
Kenya	8.0	5.8	2.0	9.8	11.5
Lesotho	7.6	6.9	11.2	7.6	5.5
Madagascar	7.3	6.9	16.2	-1.1	13.8
Malawi	28.1	27.2	14.9	9.6	11.6
Mali	1.3	5.2	2.4	-1.3	-3.1
Mauritius	6.1	4.8	5.9	5.2	4.4
Mozambique	6.3	9.0	16.8	13.4	12.6
Namibia	8.4	9.3	11.3	7.2	5.5
Niger	2.4	4.0	2.7	-1.8	0.4
Rwanda	4.7	3.4	2.0	7.4	12.0
Senegal	1.5	3.0	2.3	—	0.5
Seychelles	3.1	1.9	0.2	3.2	4.0
Sierra Leone	17.3	2.6	-3.7	8.2	13.7
South Africa	6.4	5.7	9.2	5.8	1.5
Swaziland	7.2	7.5	11.7	7.4	3.5
Tanzania	9.8	5.2	4.6	4.5	4.6
Togo	2.4	3.9	3.1	-0.9	1.2
Uganda	2.9	-2.0	5.7	5.1	5.9
Zambia	24.7	21.7	22.2	21.5	18.0
Zimbabwe	48.3	76.7	140.0	431.7	282.4
Sub-Saharan Africa	14.6	15.7	12.5	13.7	9.2
Excluding Nigeria and South Africa	22.9	23.7	14.9	20.3	14.0
CFA franc zone	2.8	4.3	3.6	1.3	0.7
WAEMU	2.6	4.2	2.7	0.9	0.4
CEMAC	3.0	4.5	4.9	1.9	1.1
SADC	21.0	21.5	17.7	17.4	9.8
COMESA	40.3	40.0	24.0	35.5	24.3
Oil-producing countries	20.1	22.8	18.6	17.0	13.0
Non-oil-producing countries	13.1	13.8	10.8	12.8	8.1
HIPC (completion point countries)	6.5	6.2	4.8	9.7	7.1
Fixed exchange rate regime	9.8	13.4	16.7	23.9	16.7
Floating exchange rate regime	15.8	16.3	11.5	11.4	7.5

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA6. Total Investment*(In percent of GDP)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	23.3	13.4	13.3	12.8	10.3
Cameroon	17.3	17.7	18.3	16.9	17.2
Chad	23.5	46.1	62.9	56.4	24.9
Congo, Rep. of	24.8	26.4	23.3	22.9	21.6
Côte d'Ivoire	13.8	12.2	11.7	6.3	6.7
Equatorial Guinea	78.4	70.2	69.7	43.1	43.5
Gabon	28.4	25.8	24.4	24.0	24.2
Nigeria	22.9	22.7	26.0	23.1	20.0
São Tomé and Príncipe	39.4	35.8	32.5	36.1	34.4
Non-oil-producing countries					
Benin	18.2	19.2	17.8	18.2	17.6
Botswana	25.5	21.4	27.7	27.4	25.9
Burkina Faso	20.2	18.5	17.5	17.0	18.6
Burundi	6.2	6.2	6.4	11.3	12.4
Cape Verde	20.8	18.2	21.2	18.0	17.4
Central African Republic	9.6	8.4	9.0	6.0	6.8
Comoros	12.4	11.8	12.2	11.8	10.4
Congo, Dem. Rep. of	15.8	5.2	9.0	12.2	13.9
Ethiopia	16.9	17.8	20.4	20.5	22.5
Gambia, The	18.4	17.4	21.6	20.0	24.6
Ghana	24.0	26.6	19.7	22.9	26.5
Guinea	19.0	15.3	13.1	9.9	10.7
Guinea-Bissau	15.1	14.4	9.4	12.4	12.4
Kenya	16.4	14.6	13.4	12.9	13.3
Lesotho	45.7	40.3	37.3	33.5	31.4
Madagascar	15.3	18.5	14.3	17.9	24.4
Malawi	13.4	13.8	10.5	10.8	11.9
Mali	21.9	27.0	18.6	25.6	18.9
Mauritius	25.8	23.1	21.4	22.9	24.3
Mozambique	25.1	24.6	25.0	26.9	18.7
Namibia	22.4	23.4	17.2	22.7	22.6
Niger	11.4	12.1	14.2	14.2	15.9
Rwanda	16.4	18.4	16.9	18.4	20.9
Senegal	18.5	19.2	16.7	20.7	22.4
Seychelles	31.8	34.3	28.4	19.3	20.9
Sierra Leone	4.8	7.6	10.1	14.2	19.6
South Africa	16.2	15.3	16.1	17.2	17.9
Swaziland	21.2	24.6	19.8	18.0	18.2
Tanzania	16.2	17.0	19.1	18.6	19.2
Togo	21.2	21.8	21.3	27.0	27.1
Uganda	18.6	18.6	19.7	20.7	21.7
Zambia	17.4	20.0	22.0	25.6	25.1
Zimbabwe	15.5	5.6	-8.8	-13.0	4.0
Sub-Saharan Africa	18.5	17.6	16.3	18.1	18.4
Excluding Nigeria and South Africa	19.3	17.8	13.9	17.3	18.3
CFA franc zone	19.7	21.3	20.9	19.1	18.6
WAEMU	16.8	17.0	15.3	14.9	15.0
CEMAC	23.6	26.8	27.9	24.6	22.9
SADC	17.4	15.3	12.8	16.7	17.7
COMESA	18.1	14.6	7.7	13.8	16.3
Oil-producing countries	22.0	21.7	23.5	20.3	18.1
Non-oil-producing countries	17.4	16.1	13.7	17.2	18.5
HIPC (completion point countries)	18.9	19.8	18.8	20.4	21.1
Fixed exchange rate regime	20.0	18.8	11.6	17.2	18.8
Floating exchange rate regime	18.1	17.3	18.2	18.3	18.3

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA7. Domestic Saving
(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	24.4	15.1	25.2	19.4	28.3
Cameroon	19.5	20.4	16.8	17.1	17.3
Chad	3.5	9.7	10.7	23.5	43.3
Congo, Rep. of	44.0	53.1	50.0	47.5	53.6
Côte d'Ivoire	22.1	20.8	29.4	19.0	18.6
Equatorial Guinea	51.7	70.4	72.3	83.8	66.2
Gabon	49.8	52.1	44.2	46.3	49.4
Nigeria	29.0	31.9	25.9	30.7	39.9
São Tomé and Príncipe	-13.5	-23.0	-17.5	-16.7	-22.1
Non-oil-producing countries					
Benin	5.9	6.5	4.7	5.5	5.2
Botswana	39.7	38.8	38.3	38.8	39.1
Burkina Faso	5.6	4.8	5.0	5.5	6.8
Burundi	-4.4	-8.9	-10.8	-9.1	-27.6
Cape Verde	-13.3	-13.7	-13.4	-14.4	-13.6
Central African Republic	4.7	3.9	4.3	0.1	0.1
Comoros	-6.8	-1.4	-2.3	-1.7	-3.9
Congo, Dem. Rep. of	17.4	3.2	4.0	5.0	6.7
Ethiopia	4.3	3.1	2.5	2.3	2.1
Gambia, The	10.6	11.9	15.1	13.6	15.7
Ghana	6.2	7.0	7.3	10.9	7.7
Guinea	15.2	14.0	9.1	7.3	7.0
Guinea-Bissau	-7.3	-20.0	-12.0	-1.0	-4.7
Kenya	8.4	5.1	7.9	8.3	9.3
Lesotho	-20.3	-12.6	-18.6	-15.1	-10.1
Madagascar	8.4	15.3	7.7	8.9	9.4
Malawi	2.7	2.7	-6.7	-11.4	-8.2
Mali	12.3	17.6	18.5	20.0	14.0
Mauritius	24.4	25.9	25.8	25.0	24.8
Mozambique	6.7	4.8	3.8	9.1	8.2
Namibia	13.2	16.6	10.6	14.5	13.9
Niger	3.5	4.4	5.3	4.7	6.3
Rwanda	-0.6	2.6	—	-0.8	2.8
Senegal	10.9	9.5	2.7	7.7	10.0
Seychelles	18.6	14.6	23.3	23.2	19.1
Sierra Leone	-6.0	-10.0	-9.4	-7.1	-0.9
South Africa	18.4	19.0	19.8	18.1	17.5
Swaziland	4.4	13.4	11.4	9.0	10.8
Tanzania	5.7	8.6	11.6	9.5	8.8
Togo	7.7	5.1	6.8	9.0	9.9
Uganda	8.3	6.4	5.7	7.0	9.0
Zambia	6.4	4.4	8.6	12.9	18.3
Zimbabwe	13.3	1.1	-12.5	-21.2	-6.0
Sub-Saharan Africa	18.1	18.3	15.5	17.9	20.5
Excluding Nigeria and South Africa	14.5	13.3	10.2	13.7	16.9
CFA franc zone	20.6	22.4	21.9	21.5	23.5
WAEMU	13.6	13.0	15.1	12.8	12.4
CEMAC	29.8	34.5	30.5	33.0	36.6
SADC	17.5	16.3	13.6	16.1	17.5
COMESA	11.7	7.8	3.0	7.4	12.6
Oil-producing countries	28.3	29.8	27.6	28.7	35.4
Non-oil-producing countries	14.7	13.9	11.1	13.7	14.5
HIPC (completion point countries)	7.0	7.9	7.1	8.4	7.9
Fixed exchange rate regime	19.2	18.5	10.5	17.6	21.6
Floating exchange rate regime	17.8	18.2	17.5	17.9	20.2

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA8. Overall Fiscal Balance, Including Grants
(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	-14.1	-1.6	-9.3	-7.5	-1.4
Cameroon	-0.4	2.4	1.6	2.0	0.4
Chad	-5.3	-5.3	-5.9	-6.2	-2.2
Congo, Rep. of	-6.9	-0.7	-8.1	0.4	5.4
Côte d'Ivoire	-1.6	1.0	-1.7	-2.5	-1.5
Equatorial Guinea	5.5	16.7	17.0	5.8	12.8
Gabon	0.7	3.2	3.5	7.4	7.9
Nigeria	-2.8	-4.9	-4.2	-1.5	8.2
São Tomé and Príncipe	-24.0	-20.4	-17.2	-17.0	-26.1
Non-oil-producing countries					
Benin	0.2	-1.5	-2.4	-2.6	-2.1
Botswana	1.8	-1.4	-3.7	-1.1	-1.9
Burkina Faso	-3.2	-3.9	-4.8	-2.9	-4.4
Burundi	-4.8	-5.2	-1.4	-6.3	-0.4
Cape Verde	-10.6	-4.6	-2.5	-3.2	-2.9
Central African Republic	-0.9	-0.9	-1.2	-3.1	-1.6
Comoros	-2.9	-3.6	-5.1	-4.1	-2.7
Congo, Dem. Rep. of	-5.0	-1.7	-2.7	-4.7	-3.9
Ethiopia	-6.8	-5.5	-9.3	-8.4	-4.5
Gambia, The	-5.5	-13.9	-4.6	-4.7	-3.6
Ghana	-8.4	-7.7	-5.0	-3.5	-2.4
Guinea	-2.8	-4.1	-4.4	-5.1	-3.1
Guinea-Bissau	-12.4	-11.7	-11.5	-13.8	-5.5
Kenya	-1.1	-2.4	-3.4	-1.8	-1.5
Lesotho	-3.8	0.6	-4.2	0.7	3.2
Madagascar	-3.6	-4.3	-5.5	-4.2	-3.5
Malawi	-5.7	-7.4	-11.6	-6.6	-5.2
Mali	-2.9	-4.1	-4.3	-2.2	-4.1
Mauritius	-4.8	-5.7	-6.0	-6.0	-5.4
Mozambique	-3.8	-6.5	-8.2	-4.5	-4.9
Namibia	-3.2	-3.8	-3.7	-6.9	-3.4
Niger	-3.6	-3.2	-2.8	-2.7	-2.7
Rwanda	-2.0	-1.3	-1.9	-2.5	-0.3
Senegal	-0.7	-2.5	-0.1	-1.4	-2.7
Seychelles	-12.5	-12.3	-18.7	1.4	0.9
Sierra Leone	-9.0	-8.8	-8.3	-7.6	-5.8
South Africa	-2.4	-1.5	-1.2	-2.0	-2.9
Swaziland	-0.5	-2.7	-4.2	-3.1	-2.7
Tanzania	-1.0	-1.2	-1.0	-1.4	-3.0
Togo	-2.8	-0.4	-0.4	2.5	1.3
Uganda	-3.0	-2.6	-5.3	-4.3	-1.7
Zambia	-4.4	-7.2	-5.1	-6.0	-3.0
Zimbabwe	-8.7	-7.0	-2.7	-0.2	-5.3
Sub-Saharan Africa	-3.0	-2.6	-2.8	-2.2	-0.8
Excluding Nigeria and South Africa	-3.7	-2.7	-3.5	-2.7	-1.6
CFA franc zone	-1.4	0.3	-0.7	-0.3	0.4
WAEMU	-1.9	-1.5	-2.2	-2.2	-2.4
CEMAC	-0.9	2.5	1.2	2.3	3.6
SADC	-3.2	-2.4	-2.5	-2.6	-2.9
COMESA	-5.5	-4.2	-4.9	-4.6	-2.8
Oil-producing countries	-3.2	-2.2	-3.2	-1.4	4.7
Non-oil-producing countries	-3.0	-2.8	-2.7	-2.5	-2.9
HIPC (completion point countries)	-3.6	-3.8	-4.3	-3.4	-3.2
Fixed exchange rate regime	-2.4	-1.6	-1.9	-0.7	-0.4
Floating exchange rate regime	-3.2	-2.9	-3.2	-2.7	-0.9

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA9. Overall Fiscal Balance, Excluding Grants*(In percent of GDP)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	-16.8	-4.0	-9.3	-7.5	-1.5
Cameroon	-0.5	2.0	1.3	1.4	0.3
Chad	-10.7	-10.5	-12.0	-14.3	-6.0
Congo, Rep. of	-7.2	-0.9	-8.3	-0.1	5.2
Côte d'Ivoire	-2.3	0.4	-2.2	-3.1	-1.5
Equatorial Guinea	5.1	16.7	17.0	5.8	12.7
Gabon	0.7	3.2	3.4	7.4	7.7
Nigeria	-2.8	-4.9	-4.2	-1.5	8.2
São Tomé and Príncipe	-49.7	-58.2	-44.3	-49.5	-57.0
Non-oil-producing countries					
Benin	-2.9	-4.2	-3.5	-4.6	-5.5
Botswana	1.4	-1.6	-4.0	-1.2	-2.1
Burkina Faso	-10.0	-11.0	-10.0	-8.2	-9.3
Burundi	-7.1	-7.2	-5.7	-14.2	-21.9
Cape Verde	-19.2	-10.4	-10.8	-8.5	-8.5
Central African Republic	-7.0	-4.3	-5.0	-4.6	-4.5
Comoros	-9.1	-8.0	-9.3	-6.3	-4.6
Congo, Dem. Rep. of	-5.0	-1.7	-3.1	-6.7	-7.5
Ethiopia	-10.3	-10.3	-14.0	-16.4	-10.2
Gambia, The	-7.3	-16.0	-9.1	-7.2	-8.0
Ghana	-11.3	-14.6	-8.1	-8.2	-8.5
Guinea	-5.6	-7.5	-6.2	-7.9	-4.0
Guinea-Bissau	-22.2	-26.2	-17.7	-21.5	-18.2
Kenya	-2.2	-4.5	-4.2	-3.8	-3.0
Lesotho	-6.4	-2.2	-8.0	-1.3	0.7
Madagascar	-7.6	-8.2	-7.7	-9.3	-9.3
Malawi	-12.1	-14.4	-17.4	-17.4	-17.1
Mali	-7.6	-7.8	-8.0	-6.6	-8.7
Mauritius	-5.0	-5.8	-6.3	-6.3	-5.7
Mozambique	-14.1	-21.2	-19.9	-15.1	-13.2
Namibia	-3.4	-4.0	-3.8	-7.0	-3.6
Niger	-8.3	-7.9	-7.7	-7.5	-7.6
Rwanda	-9.1	-9.5	-9.1	-10.5	-12.8
Senegal	-2.9	-4.3	-1.9	-3.5	-4.4
Seychelles	-13.1	-12.7	-18.7	1.4	0.9
Sierra Leone	-13.4	-14.7	-16.5	-20.3	-17.1
South Africa	-2.4	-1.5	-1.2	-2.0	-2.9
Swaziland	-1.3	-3.8	-5.4	-4.1	-3.7
Tanzania	-4.5	-4.7	-5.1	-7.2	-8.9
Togo	-3.8	-0.9	-0.8	1.9	0.9
Uganda	-8.7	-10.5	-12.2	-11.3	-11.3
Zambia	-10.7	-13.0	-13.4	-13.0	-8.5
Zimbabwe	-9.7	-7.5	-2.8	-0.4	-5.3
Sub-Saharan Africa	-4.2	-3.9	-3.9	-3.5	-2.0
Excluding Nigeria and South Africa	-6.2	-5.6	-5.5	-5.6	-4.4
CFA franc zone	-3.3	-1.5	-2.3	-2.1	-1.1
WAEMU	-4.5	-3.9	-4.3	-4.5	-4.6
CEMAC	-1.8	1.7	0.3	1.2	3.0
SADC	-4.0	-3.2	-3.2	-3.3	-3.6
COMESA	-7.9	-6.9	-6.5	-7.6	-5.9
Oil-producing countries	-3.8	-2.7	-3.5	-1.8	4.5
Non-oil-producing countries	-4.4	-4.4	-4.1	-4.2	-4.5
HIPC (completion point countries)	-8.0	-9.2	-8.7	-9.0	-8.9
Fixed exchange rate regime	-4.0	-2.9	-2.9	-2.2	-1.6
Floating exchange rate regime	-4.2	-4.2	-4.3	-3.9	-2.0

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA10. Government Revenue, Excluding Grants

(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	42.6	45.1	40.5	37.5	37.2
Cameroon	17.2	20.6	19.2	18.2	16.8
Chad	7.8	7.5	7.9	8.5	8.8
Congo, Rep. of	26.9	30.7	27.2	29.1	29.6
Côte d'Ivoire	19.4	18.9	19.6	16.4	16.6
Equatorial Guinea	23.1	30.3	31.2	26.7	33.8
Gabon	32.7	34.0	31.5	29.8	29.3
Nigeria	19.8	26.3	22.9	21.3	26.3
São Tomé and Príncipe	19.4	21.2	23.3	25.6	28.4
Non-oil-producing countries					
Benin	15.7	16.2	16.9	17.0	15.8
Botswana	42.9	42.0	40.3	40.9	42.1
Burkina Faso	11.8	10.9	11.4	12.1	12.8
Burundi	17.2	20.0	20.3	21.1	20.6
Cape Verde	20.1	20.5	21.5	20.4	23.2
Central African Republic	8.9	8.9	10.8	7.7	7.8
Comoros	12.2	14.0	16.7	16.1	14.9
Congo, Dem. Rep. of	5.4	6.5	7.9	7.7	9.1
Ethiopia	18.2	18.8	20.0	19.5	18.6
Gambia, The	17.8	15.1	16.3	15.7	20.3
Ghana	17.6	18.1	18.0	20.8	24.1
Guinea	11.1	11.3	12.0	10.5	11.0
Guinea-Bissau	14.8	16.8	15.3	15.6	17.5
Kenya	24.6	21.9	21.2	20.7	21.6
Lesotho	42.8	40.8	38.9	39.3	44.3
Madagascar	10.7	10.1	8.0	10.3	12.1
Malawi	16.9	18.1	17.7	22.0	23.8
Mali	13.2	13.2	15.2	15.5	16.1
Mauritius	19.6	17.9	18.2	20.3	20.0
Mozambique	12.3	13.3	14.2	14.3	14.0
Namibia	32.4	31.5	31.9	30.6	31.9
Niger	8.9	9.3	10.6	9.9	10.5
Rwanda	10.4	11.4	12.3	13.5	13.3
Senegal	17.2	18.0	19.1	19.3	19.2
Seychelles	42.5	37.8	39.9	49.4	49.3
Sierra Leone	8.9	13.0	12.1	11.7	12.1
South Africa	23.5	23.4	23.4	23.4	23.4
Swaziland	28.5	26.9	25.4	25.3	29.0
Tanzania	11.2	11.2	11.0	11.4	12.2
Togo	13.5	15.1	12.6	16.8	16.5
Uganda	11.3	11.3	12.2	12.1	12.6
Zambia	19.0	19.1	17.9	18.0	18.4
Zimbabwe	25.0	19.2	17.9	24.9	32.7
Sub-Saharan Africa	21.7	22.4	21.4	21.8	23.1
Excluding Nigeria and South Africa	20.2	20.3	19.8	20.5	21.7
CFA franc zone	18.4	19.6	19.3	18.3	18.6
WAEMU	16.1	16.0	16.7	15.9	16.0
CEMAC	21.4	24.2	22.5	21.5	21.7
SADC	23.7	23.4	22		
Oil-producing countries	22.8	27.1	24.7	22.9	25.7
Non-oil-producing countries	21.2	20.6	20.2	21.4	22.1
HIPC (completion point countries)	13.8	13.9	14.3	15.0	15.9
Fixed exchange rate regime	22.4	22.2	20.9	22.1	22.9
Floating exchange rate regime	21.5	22.5	21.6	21.7	23.2

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA11. Government Expenditure
(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	59.4	49.0	49.8	45.0	38.7
Cameroon	17.8	18.6	17.8	16.8	16.5
Chad	18.5	18.0	19.9	22.8	14.8
Congo, Rep. of	34.1	31.6	35.5	29.3	24.4
Côte d'Ivoire	21.6	18.5	21.8	19.5	18.1
Equatorial Guinea	18.0	13.6	14.2	20.8	21.1
Gabon	31.9	30.8	28.1	22.4	21.6
Nigeria	22.6	31.2	27.1	22.8	18.2
São Tomé and Príncipe	69.1	79.4	67.6	75.1	85.4
Non-oil-producing countries					
Benin	18.6	20.3	20.4	21.6	21.3
Botswana	41.5	43.6	44.3	42.1	44.2
Burkina Faso	21.7	21.8	21.4	20.3	22.1
Burundi	24.3	27.2	25.9	35.3	42.5
Cape Verde	39.3	30.9	32.3	28.9	31.7
Central African Republic	15.9	13.2	15.8	12.2	12.3
Comoros	21.3	22.0	26.0	22.4	19.5
Congo, Dem. Rep. of	10.5	8.2	11.0	14.4	16.6
Ethiopia	28.5	29.1	34.0	35.9	28.8
Gambia, The	25.2	31.1	25.4	22.9	28.2
Ghana	28.8	32.7	26.1	29.0	32.6
Guinea	16.7	18.8	18.3	18.3	15.0
Guinea-Bissau	37.0	43.0	32.9	37.1	35.8
Kenya	26.8	26.5	25.4	24.4	24.6
Lesotho	49.2	43.0	46.9	40.6	43.6
Madagascar	18.3	18.4	15.7	19.6	21.4
Malawi	29.1	32.5	35.1	39.5	40.9
Mali	20.8	21.1	23.2	22.1	24.8
Mauritius	24.6	23.7	24.5	26.6	25.7
Mozambique	26.4	34.6	34.1	29.4	27.2
Namibia	35.8	35.5	35.6	37.6	35.5
Niger	17.2	17.2	18.4	17.4	18.2
Rwanda	19.6	21.0	21.3	24.1	26.1
Senegal	20.1	22.4	21.0	22.8	23.6
Seychelles	55.6	50.5	58.7	48.0	48.4
Sierra Leone	22.3	27.7	28.6	32.0	29.2
South Africa	25.9	24.9	24.6	25.4	26.3
Swaziland	29.8	30.7	30.9	29.4	32.8
Tanzania	15.6	15.9	16.1	18.6	21.1
Togo	17.4	16.0	13.4	14.9	15.6
Uganda	20.0	21.8	24.4	23.4	23.9
Zambia	29.6	32.1	31.3	30.9	26.9
Zimbabwe	34.7	26.6	20.7	25.3	38.1
Sub-Saharan Africa	25.8	26.3	25.3	25.4	25.1
Excluding Nigeria and South Africa	26.4	25.9	25.3	26.1	26.1
CFA franc zone	21.7	21.1	21.6	20.4	19.7
WAEMU	20.6	20.0	21.0	20.4	20.6
CEMAC	23.2	22.5	22.2	20.3	18.7
SADC	27.7	26.6	25.9	27.3	28.0
COMESA	29.8	28.1	26.8	29.7	29.7
Oil-producing countries	26.6	29.8	28.2	24.6	21.2
Non-oil-producing countries	25.5	25.1	24.3	25.6	26.6
HIPC (completion point countries)	21.8	23.1	23.0	24.0	24.7
Fixed exchange rate regime	26.4	25.1	23.7	24.2	24.5
Floating exchange rate regime	25.7	26.7	26.0	25.7	25.2

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA12. Broad Money

(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	19.0	21.2	22.8	17.5	15.8
Cameroon	14.9	17.3	20.6	19.3	19.0
Chad	11.9	12.4	13.5	12.0	8.8
Congo, Rep. of	14.4	12.6	13.9	13.7	12.4
Côte d'Ivoire	24.6	26.0	33.0	27.3	27.3
Equatorial Guinea	6.5	5.6	7.4	8.7	8.7
Gabon	13.6	14.8	15.9	15.5	14.4
Nigeria	19.1	19.4	23.4	21.5	20.7
São Tomé and Príncipe	35.3	42.0	43.2	52.1	47.3
Non-oil-producing countries					
Benin	29.2	34.1	30.3	28.3	27.9
Botswana	27.9	31.8	27.7	28.7	28.7
Burkina Faso	21.5	20.3	19.2	20.4	20.4
Burundi	19.0	20.2	24.1	26.9	27.3
Cape Verde	63.7	64.5	68.5	68.4	70.5
Central African Republic	17.0	15.5	14.4	13.8	13.9
Comoros	20.5	27.5	28.5	25.2	23.5
Congo, Dem. Rep. of	6.2	5.0	4.7	5.1	6.5
Ethiopia	41.9	45.4	53.2	53.4	49.3
Gambia, The	32.1	36.1	43.5	45.9	44.3
Ghana	24.9	26.9	31.4	32.0	32.7
Guinea	10.3	11.3	12.6	15.0	17.4
Guinea-Bissau	34.2	48.2	61.5	71.5	80.3
Kenya	44.2	36.7	36.4	36.2	34.4
Lesotho	32.0	31.2	28.1	26.4	26.5
Madagascar	19.4	22.1	23.3	23.0	20.1
Malawi	15.5	14.9	18.3	20.5	22.5
Mali	21.1	22.0	26.9	29.7	31.3
Mauritius	76.2	77.6	80.5	82.4	87.6
Mozambique	24.6	31.4	31.9	31.4	28.8
Namibia	38.8	36.1	39.4	42.2	43.4
Niger	8.5	9.6	9.0	7.4	9.0
Rwanda	16.9	17.3	17.6	18.5	17.2
Senegal	24.1	27.1	28.1	30.0	29.8
Seychelles	89.0	101.8	108.8	111.4	114.0
Sierra Leone	15.9	18.2	19.3	20.2	18.3
South Africa	56.8	58.4	59.9	62.6	65.3
Swaziland	24.2	21.2	20.7	20.6	20.7
Tanzania	14.1	13.3	14.1	14.6	15.7
Togo	24.3	25.8	23.9	26.0	26.0
Uganda	14.2	15.8	18.7	20.0	19.6
Zambia	20.1	21.0	22.3	21.8	22.5
Zimbabwe	36.5	33.6	37.2	58.8	44.6
Sub-Saharan Africa	37.8	37.3	38.4	41.2	42.3
Excluding Nigeria and South Africa	25.4	26.1	28.8	28.0	26.4
CFA franc zone	19.2	20.3	22.7	21.7	21.0
WAEMU	23.1	24.8	27.5	26.1	26.4
CEMAC	14.0	14.7	16.7	16.0	14.6
SADC	48.3	48.2	47.7	53.2	55.2
COMESA	31.6	31.1	33.7	34.4	31.4
Oil-producing countries	18.6	19.3	22.9	20.4	19.3
Non-oil-producing countries	44.0	44.1	44.1	49.1	51.5
HIPC (completion point countries)	22.5	24.3	26.3	26.9	26.9
Fixed exchange rate regime	24.3	25.5	29.3	27.8	25.1
Floating exchange rate regime	41.5	40.7	42.0	45.0	46.9

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA13. Broad Money Growth*(In percent)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	270.9	163.2	158.1	67.5	43.2
Cameroon	13.6	17.9	29.5	-0.9	5.0
Chad	4.1	22.9	24.2	-3.1	10.4
Congo, Rep. of	10.5	-22.8	13.1	-2.4	6.4
Côte d'Ivoire	6.0	11.8	30.8	-6.6	1.9
Equatorial Guinea	32.6	33.4	53.7	57.1	44.8
Gabon	7.8	12.0	7.3	-0.3	1.4
Nigeria	28.1	—	27.2	21.6	24.1
São Tomé and Príncipe	41.3	18.8	18.6	36.8	3.4
Non-oil-producing countries					
Benin	16.7	12.7	-3.8	0.2	5.2
Botswana	25.4	31.2	-1.1	15.5	8.1
Burkina Faso	5.6	3.3	2.9	16.3	8.5
Burundi	13.5	16.2	27.2	23.1	15.9
Cape Verde	10.2	9.8	14.3	8.6	8.2
Central African Republic	-2.3	-1.1	-4.3	-8.0	1.7
Comoros	15.3	58.6	10.3	-4.6	-2.6
Congo, Dem. Rep. of	264.6	216.7	30.2	28.2	46.0
Ethiopia	9.1	9.5	12.3	10.4	14.2
Gambia, The	19.9	19.4	35.3	43.4	19.2
Ghana	35.3	41.4	49.6	38.1	22.1
Guinea	14.1	14.8	19.2	35.3	37.5
Guinea-Bissau	36.9	9.9	24.1	13.6	19.9
Kenya	2.8	2.5	8.8	12.7	7.4
Lesotho	10.3	17.0	2.7	5.3	8.8
Madagascar	17.8	29.8	6.3	11.2	5.5
Malawi	27.8	8.9	47.6	29.3	29.8
Mali	9.1	19.2	28.4	21.9	6.6
Mauritius	12.0	9.9	13.0	11.7	17.5
Mozambique	29.4	31.1	21.5	18.7	12.0
Namibia	10.8	4.5	24.3	9.6	12.7
Niger	7.2	32.8	-0.4	-13.4	24.7
Rwanda	14.7	9.2	11.4	15.2	9.3
Senegal	10.9	14.5	7.6	14.6	7.4
Seychelles	16.9	11.4	13.1	1.6	4.2
Sierra Leone	28.5	33.7	30.1	23.9	12.1
South Africa	13.3	17.3	17.2	12.3	14.6
Swaziland	10.4	10.7	13.1	14.1	8.6
Tanzania	10.7	14.9	21.3	16.9	19.1
Togo	4.4	-3.6	-2.1	6.3	8.8
Uganda	18.4	17.5	21.6	23.3	9.3
Zambia	32.1	10.8	31.5	23.4	30.2
Zimbabwe	48.3	102.7	164.8	413.5	236.5
Sub-Saharan Africa	20.5	20.6	31.7	18.5	17.6
Excluding Nigeria and South Africa	26.2	31.0	43.0	23.4	18.4
CFA franc zone	9.2	11.7	17.9	3.0	7.7
WAEMU	8.1	12.8	15.1	3.2	6.5
CEMAC	10.6	10.4	21.6	2.6	9.1
SADC	23.9	30.5	40.2	22.3	19.7
COMESA	42.9	47.7	67.8	43.5	29.6
Oil-producing countries	31.5	14.7	37.9	17.5	20.0
Non-oil-producing countries	17.4	22.9	29.5	18.9	16.6
HIPC (completion point countries)	15.8	19.5	17.3	16.3	12.8
Fixed exchange rate regime	15.2	25.8	52.0	21.0	14.9
Floating exchange rate regime	21.9	19.1	24.5	17.8	18.3

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA14. Claims on Nonfinancial Private Sector*(In percent of broad money)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	20.8	19.7	22.9	32.2	36.8
Cameroon	61.3	59.6	55.4	61.0	58.9
Chad	51.6	52.6	42.0	53.8	49.2
Congo, Rep. of	59.9	40.2	21.6	27.1	28.3
Côte d'Ivoire	70.6	66.2	50.5	48.6	47.5
Equatorial Guinea	63.6	57.7	55.2	33.4	26.5
Gabon	80.5	82.0	83.1	75.5	68.3
Nigeria	62.3	56.3	62.4	58.3	59.7
São Tomé and Príncipe	18.4	15.6	19.8	32.2	39.4
Non-oil-producing countries					
Benin	31.7	32.7	39.4	52.3	54.3
Botswana	55.9	56.8	69.6	65.6	65.8
Burkina Faso	50.8	58.8	68.7	67.1	69.2
Burundi	91.4	109.3	113.1	97.3	85.6
Cape Verde	49.1	49.0	48.0	50.9	52.0
Central African Republic	35.0	38.7	47.1	51.2	52.1
Comoros	43.3	27.7	27.8	32.7	29.4
Congo, Dem. Rep. of	13.4	16.1	20.3	15.5	17.2
Ethiopia	50.9	49.7	41.1	34.3	33.5
Gambia, The	4.1	20.4	15.1	10.5	8.8
Ghana	53.3	59.9	48.1	48.9	53.6
Guinea	49.7	46.3	41.7	36.6	29.9
Guinea-Bissau	18.6	6.3	4.8	2.7	2.2
Kenya	76.7	73.5	70.8	67.2	72.4
Lesotho	57.2	44.2	23.3	25.7	26.0
Madagascar	47.6	43.0	40.6	39.0	47.5
Malawi	35.4	28.7	26.6	26.9	29.4
Mali	69.5	69.4	65.7	63.2	56.6
Mauritius	73.2	77.0	73.8	69.9	65.6
Mozambique	70.0	62.4	53.5	44.4	44.5
Namibia	98.7	102.9	121.3	123.6	128.4
Niger	50.5	48.2	55.6	70.3	58.3
Rwanda	55.4	59.1	60.7	60.5	58.3
Senegal	71.5	72.4	70.5	70.3	69.5
Seychelles	66.7	98.5	101.1	95.8	90.7
Sierra Leone	16.0	12.2	15.2	20.7	25.8
South Africa	113.8	113.1	100.8	107.0	101.4
Swaziland	58.0	57.3	65.1	75.7	79.0
Tanzania	30.9	34.4	36.1	42.2	52.0
Togo	64.9	56.0	53.2	65.1	64.1
Uganda	43.7	40.8	34.8	36.1	38.8
Zambia	51.4	50.4	43.0	33.7	38.4
Zimbabwe	87.2	69.3	72.1	85.0	82.7
Sub-Saharan Africa	79.5	77.2	71.2	76.0	74.8
Excluding Nigeria and South Africa	56.1	55.1	54.8	53.6	53.3
CFA franc zone	62.4	61.0	56.3	57.6	54.5
WAEMU	63.4	61.5	57.0	58.5	56.9
CEMAC	63.6	60.4	55.4	56.3	51.6
SADC	95.8	91.9	81.7	91.1	88.3
COMESA	56.5	54.5	57.0	53.3	53.6
Oil-producing countries	60.0	54.8	54.6	53.4	53.1
Non-oil-producing countries	88.5	85.6	77.2	84.6	83.5
HIPC (completion point countries)	51.2	50.1	47.7	49.4	51.8
Fixed exchange rate regime	65.9	64.0	64.3	63.9	60.6
Floating exchange rate regime	85.4	81.1	73.8	79.4	78.7

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA15. Exports of Goods and Services
(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	75.2	76.6	77.6	70.2	71.4
Cameroon	27.8	31.8	27.4	25.6	25.4
Chad	17.2	15.2	12.1	21.0	53.8
Congo, Rep. of	76.9	80.1	80.7	77.6	85.2
Côte d'Ivoire	44.6	45.1	54.4	45.5	45.1
Equatorial Guinea	100.1	105.7	112.9	109.6	106.0
Gabon	59.3	59.1	56.0	57.0	62.0
Nigeria	43.0	43.3	40.8	49.2	52.1
São Tomé and Príncipe	31.8	32.6	36.6	37.5	38.9
Non-oil-producing countries					
Benin	15.9	15.0	13.8	14.1	13.7
Botswana	55.0	51.5	52.3	46.6	48.2
Burkina Faso	9.9	9.1	9.0	8.9	9.9
Burundi	8.0	7.0	6.2	9.7	7.9
Cape Verde	25.4	29.0	29.7	29.7	30.5
Central African Republic	19.9	16.5	15.5	11.4	11.4
Comoros	14.9	15.9	16.0	17.4	16.1
Congo, Dem. Rep. of	22.2	18.6	21.2	26.1	30.7
Ethiopia	15.2	15.1	16.2	17.1	18.3
Gambia, The	45.1	39.0	46.1	47.5	47.7
Ghana	38.5	45.2	42.5	40.7	39.7
Guinea	22.5	26.6	24.5	22.0	21.3
Guinea-Bissau	24.1	28.6	29.9	31.3	32.1
Kenya	26.4	26.5	26.7	25.1	25.5
Lesotho	30.8	45.9	52.5	45.6	40.1
Madagascar	25.5	29.1	16.0	23.1	29.9
Malawi	27.2	28.0	24.3	27.6	30.7
Mali	24.2	29.0	31.9	26.6	27.7
Mauritius	60.2	58.9	61.0	57.7	54.5
Mozambique	18.5	29.2	33.0	31.3	32.5
Namibia	45.0	43.4	43.6	37.6	36.9
Niger	17.0	16.9	15.9	15.5	16.5
Rwanda	7.4	9.2	7.7	8.3	10.2
Senegal	30.1	30.7	30.6	28.5	27.6
Seychelles	70.9	80.7	77.6	88.3	94.1
Sierra Leone	15.4	16.0	16.4	19.9	22.2
South Africa	26.7	29.8	32.5	27.2	26.3
Swaziland	79.7	91.8	92.4	88.4	83.9
Tanzania	14.5	15.2	15.2	16.7	17.6
Togo	30.4	33.7	35.2	45.1	47.8
Uganda	11.8	12.0	12.0	12.3	14.5
Zambia	29.0	29.0	28.6	28.9	34.2
Zimbabwe	32.6	14.1	5.2	17.9	30.6
Sub-Saharan Africa	31.9	33.8	32.8	33.8	35.3
Excluding Nigeria and South Africa	33.6	33.9	30.9	35.1	38.7
CFA franc zone	36.4	38.7	39.5	37.1	40.9
WAEMU	30.8	31.2	34.5	30.9	30.8
CEMAC	43.9	48.5	45.7	45.3	52.8
SADC	30.4	32.2	31.3	31.3	31.6
COMESA	33.8	31.9	26.0	34.9	39.5
Oil-producing countries	47.0	48.5	48.4	50.7	54.5
Non-oil-producing countries	26.9	28.3	27.2	27.4	27.6
HIPC (completion point countries)	20.3	22.2	21.5	22.0	23.1
Fixed exchange rate regime	38.4	36.7	30.1	37.7	41.9
Floating exchange rate regime	30.1	33.0	33.9	32.7	33.5

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA16. Imports of Goods and Services

(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	74.1	74.9	65.6	63.7	53.4
Cameroon	25.6	29.2	28.9	25.4	25.2
Chad	37.2	51.6	64.3	53.9	35.3
Congo, Rep. of	57.8	53.4	54.0	53.0	53.2
Côte d'Ivoire	36.2	36.5	36.7	32.8	33.2
Equatorial Guinea	123.1	102.4	112.4	76.4	84.9
Gabon	37.9	32.8	36.3	34.6	36.9
Nigeria	36.9	34.0	40.9	41.6	35.1
São Tomé and Príncipe	84.6	91.4	86.6	91.0	95.4
Non-oil-producing countries					
Benin	28.2	27.7	26.9	26.8	26.0
Botswana	45.9	41.2	41.5	34.4	41.3
Burkina Faso	24.5	22.8	21.4	20.4	21.8
Burundi	18.6	22.1	23.4	30.1	47.8
Cape Verde	59.5	60.9	64.3	62.1	61.5
Central African Republic	24.8	21.0	20.2	17.3	18.1
Comoros	34.0	29.1	30.6	30.9	30.5
Congo, Dem. Rep. of	20.7	20.7	26.1	33.3	37.9
Ethiopia	27.8	29.8	34.1	35.3	38.6
Gambia, The	53.0	44.4	54.4	56.6	57.3
Ghana	56.3	64.8	54.9	52.7	58.5
Guinea	26.3	27.9	28.4	24.6	25.1
Guinea-Bissau	46.3	62.9	51.4	44.7	49.2
Kenya	34.5	35.7	30.5	29.8	33.4
Lesotho	96.8	98.9	108.4	94.2	81.6
Madagascar	32.4	32.3	22.6	32.1	44.9
Malawi	38.4	39.2	45.8	49.7	50.3
Mali	33.8	38.3	32.0	32.1	32.6
Mauritius	64.4	62.4	60.7	57.0	54.6
Mozambique	36.9	49.0	54.2	49.0	43.1
Namibia	54.2	50.2	50.2	45.8	45.9
Niger	24.9	24.6	24.7	25.0	26.0
Rwanda	24.4	25.1	24.5	27.6	28.4
Senegal	37.6	40.4	41.7	41.5	40.0
Seychelles	84.3	102.0	84.0	84.3	95.9
Sierra Leone	27.2	34.3	35.9	41.3	43.5
South Africa	24.3	26.1	28.9	25.5	26.7
Swaziland	97.4	107.1	92.1	89.4	91.2
Tanzania	25.3	23.6	22.6	23.5	27.9
Togo	43.9	50.4	49.7	63.1	65.0
Uganda	22.0	24.2	26.0	26.0	27.3
Zambia	40.0	44.6	42.0	41.6	40.9
Zimbabwe	33.8	17.3	7.6	26.1	40.6
Sub-Saharan Africa	32.3	33.3	33.4	33.7	33.9
Excluding Nigeria and South Africa	38.6	38.9	34.4	38.6	40.7
CFA franc zone	35.4	37.5	38.2	35.1	36.1
WAEMU	34.0	35.1	34.2	33.1	33.4
CEMAC	37.4	40.5	43.3	37.7	39.2
SADC	30.4	31.5	30.4	31.2	32.1
COMESA	40.3	38.8	30.2	41.2	43.8
Oil-producing countries	40.6	40.3	44.3	42.5	38.7
Non-oil-producing countries	29.7	30.7	29.5	30.3	32.0
HIPC (completion point countries)	32.2	34.1	32.9	33.7	36.3
Fixed exchange rate regime	39.4	37.3	30.5	37.2	39.7
Floating exchange rate regime	30.4	32.1	34.6	32.7	32.3

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA17. Trade Balance*(In percent of GDP)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	35.9	38.8	40.8	29.1	35.4
Cameroon	4.8	6.0	0.8	1.9	1.6
Chad	-6.5	-19.7	-31.8	-14.9	30.0
Congo, Rep. of	47.2	49.3	51.1	48.5	56.2
Côte d'Ivoire	15.4	15.2	26.4	21.8	21.2
Equatorial Guinea	30.7	43.8	29.7	56.5	44.2
Gabon	35.1	37.5	33.1	35.6	39.9
Nigeria	15.3	17.4	9.5	16.9	25.0
São Tomé and Príncipe	-37.1	-43.5	-43.7	-46.2	-45.8
Non-oil-producing countries					
Benin	-10.5	-10.7	-11.6	-11.1	-10.5
Botswana	13.1	13.7	11.4	12.3	7.1
Burkina Faso	-10.7	-10.0	-9.3	-8.5	-8.6
Burundi	-6.3	-10.4	-11.6	-15.8	-24.9
Cape Verde	-35.0	-33.8	-36.2	-34.0	-33.7
Central African Republic	2.3	3.6	2.3	0.4	-0.7
Comoros	-14.9	-10.5	-11.8	-10.3	-14.1
Congo, Dem. Rep. of	6.9	1.4	-0.3	-2.8	-2.1
Ethiopia	-14.7	-16.8	-20.5	-20.6	-24.2
Gambia, The	-15.6	-12.0	-16.9	-16.9	-19.1
Ghana	-15.9	-18.2	-10.7	-10.3	-18.2
Guinea	2.9	5.3	3.5	4.0	2.9
Guinea-Bissau	-9.0	-14.3	-8.3	-0.8	-4.9
Kenya	-10.0	-11.6	-7.5	-8.0	-11.5
Lesotho	-65.0	-51.3	-53.1	-45.5	-39.3
Madagascar	-3.2	0.3	-2.6	-3.5	-9.0
Malawi	-3.7	-4.1	-15.8	-19.5	-17.8
Mali	-0.5	-0.3	5.7	-0.3	-0.1
Mauritius	-10.1	-11.5	-8.0	-6.3	-6.0
Mozambique	-16.9	-10.5	-20.4	-16.7	-9.4
Namibia	-5.8	-6.2	-6.9	-10.8	-11.5
Niger	-2.4	-3.0	-4.2	-4.9	-4.6
Rwanda	-9.3	-8.5	-9.7	-10.7	-9.7
Senegal	-7.3	-9.3	-10.8	-12.6	-12.0
Seychelles	-31.5	-32.1	-19.9	-13.0	-20.7
Sierra Leone	-4.8	-10.9	-15.0	-15.0	-15.0
South Africa	2.7	4.2	4.2	2.2	0.1
Swaziland	-8.2	-6.5	10.7	6.5	-0.5
Tanzania	-8.2	-8.3	-7.1	-6.3	-9.1
Togo	-9.1	-12.2	-10.5	-13.5	-13.5
Uganda	-6.8	-8.4	-9.0	-9.9	-9.9
Zambia	-5.0	-9.4	-6.9	-7.2	-2.0
Zimbabwe	0.4	-1.7	-1.7	-5.0	-5.5
Sub-Saharan Africa	3.4	4.6	3.4	3.9	4.9
Excluding Nigeria and South Africa	0.6	0.8	1.2	1.4	3.0
CFA franc zone	8.9	9.3	9.2	9.6	12.7
WAEMU	2.0	1.0	5.4	3.1	2.6
CEMAC	18.1	20.0	14.1	18.2	24.5
SADC	2.3	3.4	3.2	2.0	1.2
COMESA	-1.2	-1.6	-0.4	-2.0	-0.3
Oil-producing countries	18.4	20.1	16.5	19.5	26.1
Non-oil-producing countries	-1.5	-1.2	-1.4	-2.0	-3.6
HIPC (completion point countries)	-9.6	-9.5	-9.6	-9.8	-11.7
Fixed exchange rate regime	5.2	5.3	4.2	6.1	8.3
Floating exchange rate regime	2.9	4.4	3.1	3.3	4.0

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA18. External Current Account, Including Grants
(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	-14.8	-14.8	-2.9	-5.2	6.5
Cameroon	-3.1	-4.1	-7.0	-2.4	-1.7
Chad	-17.6	-35.1	-51.8	-40.1	-17.7
Congo, Rep. of	-9.2	-3.2	-0.3	—	7.2
Côte d'Ivoire	-2.1	-1.2	6.8	3.9	2.7
Equatorial Guinea	-50.7	-51.2	-67.0	-29.2	-14.6
Gabon	7.0	11.0	5.2	9.6	10.4
Nigeria	0.3	3.0	-11.0	-3.8	2.7
São Tomé and Príncipe	-31.6	-22.8	-22.1	-18.8	-26.8
Non-oil-producing countries					
Benin	-7.1	-6.7	-9.0	-8.5	-8.5
Botswana	10.4	11.5	2.2	6.5	6.3
Burkina Faso	-10.3	-10.2	-9.1	-6.9	-8.5
Burundi	-6.6	-6.8	-6.5	-6.1	-23.8
Cape Verde	-10.1	-9.9	-10.9	-9.1	-7.9
Central African Republic	-3.2	-2.5	-2.8	-4.6	-4.8
Comoros	-7.2	1.1	-4.0	-6.2	-3.0
Congo, Dem. Rep. of	-4.8	-4.9	-2.8	-1.5	-2.1
Ethiopia	-4.2	-3.6	-5.7	-2.7	-6.1
Gambia, The	-2.9	-2.6	-2.8	-4.8	-4.4
Ghana	-8.9	-5.3	0.5	1.7	1.2
Guinea	-6.3	-2.7	-4.3	-3.3	-4.9
Guinea-Bissau	-12.4	-22.4	-11.5	-1.0	1.6
Kenya	-3.4	-3.5	2.4	-0.2	-3.6
Lesotho	-22.0	-13.2	-16.9	-12.3	-1.0
Madagascar	-5.1	-1.3	-6.0	-4.9	-8.5
Malawi	-6.4	-6.8	-11.2	-10.3	-7.6
Mali	-8.5	-10.4	-3.1	-4.6	-4.7
Mauritius	-2.3	-2.1	2.2	2.0	0.6
Mozambique	-18.0	-21.4	-22.3	-16.8	-12.4
Namibia	4.4	1.7	3.8	4.0	5.5
Niger	-6.3	-4.8	-6.5	-6.0	-5.9
Rwanda	-7.6	-5.9	-6.7	-7.8	-2.6
Senegal	-4.7	-4.6	-5.9	-6.5	-6.2
Seychelles	-15.6	-23.5	-16.3	-0.9	-4.9
Sierra Leone	-9.1	-16.2	-4.8	-7.6	-9.0
South Africa	-0.8	—	0.6	-0.9	-2.5
Swaziland	-3.9	-4.5	6.0	0.6	-0.6
Tanzania	-7.4	-5.3	-3.8	-2.4	-5.8
Togo	-10.3	-13.0	-9.7	-12.9	-12.4
Uganda	-6.3	-5.6	-5.9	-6.2	-1.9
Zambia	-14.9	-20.0	-15.4	-15.2	-11.5
Zimbabwe	-2.7	-3.5	-1.8	-5.0	-5.3
Sub-Saharan Africa	-2.7	-2.2	-3.5	-2.4	-1.6
Excluding Nigeria and South Africa	-5.5	-5.6	-4.1	-3.4	-2.2
CFA franc zone	-4.9	-5.9	-6.3	-4.0	-2.7
WAEMU	-5.4	-5.4	-1.8	-2.8	-3.5
CEMAC	-4.3	-6.6	-12.0	-5.5	-1.7
SADC	-2.3	-2.2	-1.1	-1.7	-1.9
COMESA	-5.6	-5.9	-2.7	-3.5	-1.6
Oil-producing countries	-2.5	-1.5	-8.3	-3.4	2.1
Non-oil-producing countries	-2.9	-2.4	-1.7	-2.1	-3.1
HIPC (completion point countries)	-7.6	-6.4	-6.1	-4.9	-5.6
Fixed exchange rate regime	-3.4	-4.1	-4.1	-2.8	-1.7
Floating exchange rate regime	-2.6	-1.7	-3.2	-2.3	-1.6

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA19. External Current Account, Excluding Grants
(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	-15.9	-15.8	-3.2	-5.9	5.9
Cameroon	-3.2	-4.5	-7.3	-3.0	-1.8
Chad	-20.5	-37.4	-53.4	-41.8	-19.0
Congo, Rep. of	-9.4	-3.4	-0.5	-0.3	7.0
Côte d'Ivoire	-2.7	-1.5	6.7	3.5	2.7
Equatorial Guinea	-51.1	-52.2	-67.8	-29.9	-15.1
Gabon	6.7	10.8	5.0	9.5	10.2
Nigeria	0.4	3.1	-10.9	-3.7	2.7
São Tomé and Príncipe	-59.7	-60.6	-51.5	-53.1	-61.0
Non-oil-producing countries					
Benin	-9.8	-10.2	-11.1	-10.7	-10.2
Botswana	6.1	7.7	-2.0	3.0	3.6
Burkina Faso	-13.3	-13.3	-11.8	-11.0	-11.4
Burundi	-11.4	-16.1	-18.6	-22.6	-42.2
Cape Verde	-17.6	-13.6	-16.3	-14.4	-13.5
Central African Republic	-6.5	-5.2	-5.2	-5.8	-6.7
Comoros	-9.3	-0.9	-6.7	-7.3	-3.4
Congo, Dem. Rep. of	-8.7	-10.6	-11.1	-10.3	-10.8
Ethiopia	-8.5	-9.7	-12.9	-11.7	-13.0
Gambia, The	-10.4	-10.1	-13.4	-13.3	-14.0
Ghana	-12.2	-10.3	-3.1	-3.5	-4.8
Guinea	-7.4	-4.8	-5.6	-4.0	-5.6
Guinea-Bissau	-24.9	-36.4	-18.7	-9.8	-15.0
Kenya	-3.6	-3.8	2.4	-0.6	-3.6
Lesotho	-38.8	-30.0	-32.9	-26.5	-18.2
Madagascar	-6.2	-2.0	-6.1	-7.5	-12.2
Malawi	-13.4	-12.5	-23.3	-19.1	-14.7
Mali	-10.4	-12.6	-4.4	-7.1	-6.5
Mauritius	-2.5	-2.2	2.1	1.7	0.2
Mozambique	-24.6	-28.6	-26.5	-22.2	-16.8
Namibia	-7.2	-8.6	-5.1	-6.3	-7.3
Niger	-8.8	-7.7	-9.4	-9.3	-9.0
Rwanda	-16.8	-15.9	-16.6	-19.2	-18.1
Senegal	-7.0	-6.1	-7.9	-8.5	-8.0
Seychelles	-17.6	-25.0	-18.1	-2.4	-6.5
Sierra Leone	-13.1	-20.5	-12.1	-14.1	-15.6
South Africa	-0.2	0.6	1.1	-0.4	-2.1
Swaziland	-12.8	-13.0	-2.4	-6.7	-10.0
Tanzania	-12.3	-9.6	-8.2	-7.1	-10.8
Togo	-13.7	-14.6	-10.4	-14.0	-13.5
Uganda	-12.5	-13.8	-13.2	-13.4	-11.8
Zambia	-16.7	-20.8	-18.0	-16.7	-11.9
Zimbabwe	-3.7	-3.9	-1.9	-5.4	-6.0
Sub-Saharan Africa	-3.7	-3.3	-4.6	-3.6	-2.7
Excluding Nigeria and South Africa	-8.3	-8.4	-6.5	-6.4	-5.2
CFA franc zone	-6.2	-7.2	-7.3	-5.2	-3.6
WAEMU	-7.2	-7.1	-3.2	-4.6	-4.9
CEMAC	-4.9	-7.2	-12.5	-6.0	-2.1
SADC	-3.0	-2.9	-2.0	-2.4	-2.7
COMESA	-8.6	-8.9	-5.2	-7.2	-5.5
Oil-producing countries	-2.8	-1.8	-8.4	-3.7	2.0
Non-oil-producing countries	-4.1	-3.8	-3.2	-3.6	-4.6
HIPC (completion point countries)	-11.4	-10.8	-9.9	-9.6	-10.3
Fixed exchange rate regime	-5.8	-6.1	-5.5	-5.0	-3.8
Floating exchange rate regime	-3.2	-2.5	-4.2	-3.2	-2.4

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA20. Official Grants

(In percent of GDP)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	1.2	1.0	0.3	0.7	0.5
Cameroon	0.1	0.4	0.3	0.5	0.1
Chad	2.9	2.3	1.5	1.8	1.3
Congo, Rep. of	0.3	0.2	0.2	0.2	0.2
Côte d'Ivoire	0.5	0.3	0.2	0.4	0.0
Equatorial Guinea	0.3	0.9	0.8	0.7	0.5
Gabon	0.3	0.2	0.2	—	0.2
Nigeria	–0.1	–0.1	—	0.0	0.0
São Tomé and Príncipe	28.1	37.8	29.4	34.3	34.2
Non-oil-producing countries					
Benin	2.7	3.5	2.2	2.2	1.7
Botswana	4.3	3.8	4.2	3.4	2.7
Burkina Faso	3.0	3.1	2.7	4.1	3.0
Burundi	4.8	9.3	12.1	16.5	18.5
Cape Verde	7.5	3.7	5.4	5.3	5.6
Central African Republic	3.3	2.7	2.4	1.2	1.9
Comoros	2.1	2.0	2.7	1.1	0.4
Congo, Dem. Rep. of	3.8	5.7	8.4	8.9	8.7
Ethiopia	4.3	6.1	7.2	9.0	6.9
Gambia, The	7.4	7.5	10.6	8.5	9.7
Ghana	3.2	5.0	3.6	5.2	6.0
Guinea	1.1	2.1	1.4	0.8	0.7
Guinea-Bissau	12.5	14.1	7.2	8.8	16.6
Kenya	0.3	0.2	—	0.4	0.0
Lesotho	16.8	16.9	16.1	14.2	17.1
Madagascar	1.0	0.7	0.2	2.6	3.8
Malawi	7.0	5.7	12.2	8.7	7.1
Mali	1.9	2.2	1.3	2.5	1.8
Mauritius	0.2	0.1	0.2	0.3	0.4
Mozambique	6.6	7.2	4.2	5.4	4.4
Namibia	11.6	10.3	8.8	10.3	12.9
Niger	2.5	3.0	2.9	3.3	3.0
Rwanda	9.2	10.0	9.8	11.4	15.5
Senegal	2.2	1.5	2.0	1.9	1.9
Seychelles	2.0	1.5	1.8	1.5	1.6
Sierra Leone	4.0	4.3	7.4	6.5	6.6
South Africa	–0.6	–0.6	–0.5	–0.5	–0.4
Swaziland	8.8	8.5	8.4	7.2	9.4
Tanzania	4.9	4.3	4.3	4.7	5.1
Togo	3.4	1.6	0.7	1.1	1.1
Uganda	6.1	8.3	7.3	7.3	9.9
Zambia	1.8	0.9	2.5	1.5	0.4
Zimbabwe	1.0	0.3	0.1	0.5	0.7
Sub-Saharan Africa	1.0	1.1	1.1	1.2	1.1
Excluding Nigeria and South Africa	2.8	2.8	2.4	3.0	3.0
CFA franc zone	1.3	1.2	1.0	1.3	0.9
WAEMU	1.8	1.7	1.4	1.8	1.4
CEMAC	0.6	0.6	0.5	0.5	0.4
SADC	0.7	0.7	0.8	0.8	0.7
COMESA	3.0	3.0	2.5	3.7	3.9
Oil-producing countries	0.2	0.3	0.2	0.3	0.2
Non-oil-producing countries	1.2	1.4	1.4	1.5	1.5
HIPC (completion point countries)	3.8	4.4	3.8	4.7	4.7
Fixed exchange rate regime	2.4	2.0	1.4	2.1	2.1
Floating exchange rate regime	0.6	0.8	1.0	0.9	0.8

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA21. Real Effective Exchange Rates¹*(Index, 2000 = 100)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	102.3	108.9	116.1	121.3	149.1
Cameroon	104.6	103.3	107.0	111.7	112.0
Chad	106.4	108.8	116.1	121.4	119.9
Congo, Rep. of	103.0	99.6	103.1	105.4	106.7
Cote d'Ivoire	104.5	103.5	107.6	115.8	117.4
Equatorial Guinea	101.7	106.6	114.5	125.8	131.4
Gabon	105.9	101.4	101.9	107.3	107.7
Nigeria	135.3	111.1	110.6	103.9	106.3
São Tomé and Príncipe	89.5	99.4	96.4	87.5	84.9
Non-oil-producing countries					
Benin	103.5	103.2	108.2	113.8	115.1
Botswana	99.6	87.1	66.2	104.8	125.6
Burkina Faso	103.4	103.3	105.4	109.4	108.3
Burundi	107.2	95.2	80.7	65.7	62.9
Cape Verde	102.7	100.2	102.8	106.6	103.5
Central African Republic	104.9	103.3	106.8	113.5	110.8
Comoros	106.2	105.0	108.3	114.2	117.9
Congo, Dem. Rep. of	80.3	89.7	39.3	34.9	31.8
Ethiopia	97.7	90.1	89.2	91.0	86.2
Gambia, The	101.9	87.8	72.4	51.8	51.5
Ghana	130.5	100.8	100.1	100.6	99.4
Guinea	110.1	96.8	94.6	90.5	85.3
Guinea-Bissau	100.2	101.7	104.3	101.9	101.5
Kenya	99.6	105.3	103.0	102.4	99.3
Lesotho	102.8	86.8	76.0	103.4	90.0
Madagascar	97.5	110.5	119.5	114.6	80.1
Malawi	107.3	103.4	102.2	79.1	74.6
Mali	106.1	103.6	108.6	109.9	105.3
Mauritius	95.8	97.7	97.9	94.2	91.3
Mozambique	98.8	83.9	82.4	81.2	88.3
Namibia	98.8	98.4	93.5	105.2	109.5
Niger	104.3	102.3	104.3	103.7	100.9
Rwanda	104.8	93.9	86.2	71.8	68.7
Senegal	108.2	101.8	104.7	107.6	108.2
Seychelles	96.8	106.1	109.3	99.7	92.2
Sierra Leone	105.4	110.8	97.1	81.7	73.9
South Africa	103.4	88.4	75.5	97.4	106.3
Swaziland	97.8	99.8	99.9	105.2	110.0
Tanzania	97.6	99.0	87.3	72.8	65.7
Togo	105.4	103.3	107.1	110.1	111.0
Uganda	108.3	97.2	91.4	80.1	82.2
Zambia	103.8	108.5	102.2	100.5	108.9
Zimbabwe	99.5	147.4	340.4	195.9	64.0
Sub-Saharan Africa	102.7	97.8	93.5	102.6	104.9
Excluding Nigeria and South Africa	98.8	102.1	105.1	103.4	100.2
CFA franc zone	104.8	103.4	107.4	112.3	112.5
WAEMU	104.9	103.0	106.5	110.6	110.2
CEMAC	104.5	104.0	108.4	114.5	115.3
SADC	98.2	93.6	86.3	102.6	107.7
COMESA	93.2	104.3	111.0	102.8	96.2
Oil-producing countries	115.4	108.3	110.5	109.8	114.6
Non-oil-producing countries	100.4	94.9	89.1	100.4	102.0
HIPC (completion point countries)	105.2	97.5	96.3	93.6	91.0
Fixed exchange rate regime	101.9	108.4	127.7	132.1	124.6
Floating exchange rate regime	103.0	95.2	85.8	95.4	99.4

Source: IMF, Information Notice System database.

¹An increase indicates appreciation.

Table SA22. Nominal Effective Exchange Rates¹

(Index, 2000 = 100)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	954.1	39.9	21.1	11.2	9.7
Cameroon	102.5	101.6	104.8	111.8	114.7
Chad	101.8	101.6	104.5	111.4	114.6
Congo, Rep. of	103.2	101.0	103.1	107.9	109.9
Cote d'Ivoire	103.6	102.0	105.0	112.1	114.8
Equatorial Guinea	103.1	100.7	102.6	107.1	109.0
Gabon	104.3	101.4	103.7	109.0	111.1
Nigeria	143.7	95.5	85.8	72.3	65.5
São Tomé and Príncipe	108.0	93.6	84.3	71.4	62.4
Non-oil-producing countries					
Benin	104.9	101.3	105.8	112.1	115.0
Botswana	95.0	96.1	85.9	190.5	319.1
Burkina Faso	100.9	101.8	104.2	109.0	111.1
Burundi	120.0	90.3	80.1	61.2	56.6
Cape Verde	100.2	100.2	104.2	110.8	112.6
Central African Republic	100.9	105.3	108.9	113.5	115.4
Comoros	102.5	101.1	102.8	106.6	107.8
Congo, Dem. Rep. of	536.5	15.9	4.6	3.7	3.3
Ethiopia	101.5	101.3	97.2	86.0	79.7
Gambia, The	101.8	85.9	66.5	41.6	36.3
Ghana	158.2	76.0	67.1	55.2	49.5
Guinea	115.2	94.0	90.8	80.2	66.5
Guinea-Bissau	103.2	101.3	104.3	109.3	111.1
Kenya	106.3	101.6	99.1	92.2	81.9
Lesotho	108.9	83.1	66.2	88.5	101.9
Madagascar	106.3	108.1	101.4	98.6	62.5
Malawi	153.9	84.4	77.8	63.7	60.3
Mali	103.6	100.6	102.1	106.6	108.5
Mauritius	99.6	94.7	90.7	85.6	80.9
Mozambique	102.9	79.9	69.2	62.4	63.0
Namibia	103.1	93.8	84.7	92.7	94.5
Niger	102.6	100.4	101.5	104.3	105.5
Rwanda	104.5	93.0	85.2	68.0	59.7
Senegal	103.7	101.2	103.7	109.1	111.1
Seychelles	100.1	102.5	107.4	97.0	88.2
Sierra Leone	126.6	111.0	102.2	81.7	66.0
South Africa	108.4	85.2	67.5	83.8	91.8
Swaziland	100.8	97.6	94.6	97.3	100.0
Tanzania	104.1	96.3	85.2	70.3	62.3
Togo	104.6	101.7	104.1	110.5	113.0
Uganda	109.3	98.2	94.5	78.9	81.0
Zambia	133.1	92.3	74.5	64.0	62.6
Zimbabwe	156.0	84.5	85.2	17.1	0.8
Sub-Saharan Africa	115.3	88.1	75.6	78.0	77.2
Excluding Nigeria and South Africa	118.0	88.6	79.9	72.9	67.8
CFA franc zone	103.0	101.5	104.2	109.9	112.3
WAEMU	103.3	101.4	103.9	109.5	111.7
CEMAC	102.6	101.7	104.5	110.5	113.1
SADC	117.3	80.9	63.2	70.9	73.0
COMESA	130.5	82.6	69.1	54.1	45.7
Oil-producing countries	132.2	91.6	82.5	72.8	68.6
Non-oil-producing countries	111.9	87.1	73.7	79.3	79.6
HIPC (completion point countries)	109.4	94.6	89.5	81.0	76.6
Fixed exchange rate regime	107.2	97.8	98.2	101.7	97.9
Floating exchange rate regime	117.7	85.6	70.4	72.6	72.3

Source: IMF, Information Notice System database.

¹An increase indicates appreciation.

Table SA23. External Debt to Official Creditors*(In percent of GDP)*

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	67.8	62.1	40.5	36.4	17.7
Cameroon	72.1	66.8	54.2	47.5	47.1
Chad	48.3	58.1	58.5	54.0	36.9
Congo, Rep. of	186.3	152.2	161.6	159.4	54.2
Côte d'Ivoire	79.5	88.4	79.9	57.9	50.8
Equatorial Guinea	35.3	15.4	14.6	6.3	3.0
Gabon	69.8	63.4	64.9	58.6	53.3
Nigeria	64.8	55.3	61.6	53.5	42.7
São Tomé and Príncipe	679.1	614.0	557.3	517.7	495.0
Non-oil-producing countries					
Benin	72.5	75.8	69.3	55.8	50.2
Botswana	9.8	9.8	9.3	6.5	5.6
Burkina Faso	51.9	48.9	51.2	41.4	35.7
Burundi	139.3	162.1	179.9	212.5	181.4
Cape Verde	52.5	59.7	58.0	48.3	45.4
Central African Republic	82.3	89.7	87.0	88.9	88.4
Comoros	100.5	103.4	99.7	88.5	78.9
Congo, Dem. Rep. of	261.8	252.4	192.4	187.2	163.2
Ethiopia	70.7	72.8	86.5	84.4	74.8
Gambia, The	107.8	113.6	134.6	145.8	126.7
Ghana	93.4	125.8	117.9	97.3	84.5
Guinea	97.3	105.6	94.9	92.7	85.3
Guinea-Bissau	382.0	411.2	410.4	360.6	321.3
Kenya	45.2	42.3	42.8	39.3	39.3
Lesotho	62.4	65.5	64.0	44.0	35.1
Madagascar	115.0	98.0	98.3	83.2	107.9
Malawi	137.2	159.4	143.3	160.4	154.6
Mali	99.1	88.7	90.2	72.6	70.2
Mauritius	13.0	10.3	10.8	9.5	8.3
Mozambique	70.6	53.2	54.1	49.6	42.2
Namibia	3.3	5.6	3.8	5.0	4.8
Niger	85.7	91.6	80.7	57.4	52.6
Rwanda	67.3	78.4	80.9	85.1	81.4
Senegal	70.6	65.3	69.7	57.9	43.7
Seychelles	21.1	27.7	39.6	35.0	38.9
Sierra Leone	112.5	32.0	37.5	41.3	48.5
South Africa	3.4	4.2	4.5	3.0	2.4
Swaziland	14.5	13.3	26.7	18.0	14.6
Tanzania	83.4	67.5	51.5	55.2	53.1
Togo	83.7	96.6	104.9	114.7	107.8
Uganda	57.3	59.8	61.8	62.5	59.2
Zambia	181.6	152.7	135.4	107.9	78.1
Zimbabwe	38.5	21.2	10.1	42.7	61.9
Sub-Saharan Africa	44.2	44.1	42.1	36.5	29.6
Excluding Nigeria and South Africa	76.9	72.6	60.7	61.3	52.5
CFA franc zone	80.5	78.6	74.6	62.2	49.8
WAEMU	79.5	82.0	78.7	62.0	54.5
CEMAC	82.2	74.2	69.5	62.5	44.2
SADC	24.5	25.0	20.9	17.8	13.8
COMESA	76.6	69.7	51.9	62.4	55.4
Oil-producing countries	71.4	64.1	63.2	54.1	40.3
Non-oil-producing countries	35.6	36.7	34.4	29.8	25.3
HIPC (completion point countries)	78.2	76.7	75.0	67.0	61.5
Fixed exchange rate regime	63.3	57.9	46.5	51.6	43.6
Floating exchange rate regime	39.1	40.1	40.4	32.2	25.8

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

Table SA24. Reserves
(In months of imports of goods and services)

	1997–2001	2001	2002	2003	2004
Oil-producing countries					
Angola	1.3	1.3	0.6	0.9	2.0
Cameroon	0.5	1.6	2.7	2.4	2.3
Chad	2.5	1.7	2.0	1.6	2.1
Congo, Rep. of	0.7	0.6	0.7	0.2	0.1
Cote d'Ivoire	2.4	3.5	5.8	5.7	6.6
Equatorial Guinea	0.2	0.5	0.5	1.5	3.0
Gabon	0.7	0.1	0.9	1.1	1.8
Nigeria	6.7	7.8	4.7	3.6	8.0
São Tomé and Príncipe	3.8	4.3	4.5	5.7	3.8
Non-oil-producing countries					
Benin	7.2	10.6	10.2	6.6	5.2
Botswana	30.8	33.0	29.1	24.0	17.5
Burkina Faso	5.2	4.8	5.4	5.9	4.3
Burundi	4.6	1.5	4.8	4.5	2.0
Cape Verde	3.0	3.2	3.3	2.6	2.6
Central African Republic	7.0	7.0	7.0	7.7	6.7
Comoros	7.6	11.7	12.7	11.5	10.2
Congo, Dem. Rep. of	3.0	2.1	1.8	1.1	1.3
Ethiopia	3.1	2.7	5.2	4.9	5.0
Gambia, The	5.8	6.9	6.4	6.1	6.1
Ghana	1.4	1.1	2.0	4.1	4.2
Guinea	2.8	2.9	2.2	1.9	1.5
Guinea-Bissau	5.6	6.7	11.8	18.4	17.3
Kenya	2.8	3.2	3.4	4.2	3.4
Lesotho	7.0	6.5	5.6	4.8	5.3
Madagascar	2.6	3.3	4.2	2.8	2.6
Malawi	3.8	3.7	2.2	1.7	1.8
Mali	4.7	3.6	6.7	7.7	7.7
Mauritius	3.2	3.5	5.4	6.5	6.7
Mozambique	5.9	5.1	5.1	5.7	5.3
Namibia	1.7	1.7	2.6	2.0	1.9
Niger	1.7	2.7	3.0	2.0	2.0
Rwanda	4.8	6.0	6.9	5.6	6.8
Senegal	2.8	2.9	3.7	3.6	3.5
Seychelles	0.8	0.7	1.4	1.4	0.5
Sierra Leone	3.0	2.2	3.0	2.0	2.5
South Africa	2.1	2.4	2.3	1.9	2.5
Swaziland	3.0	2.4	3.0	1.9	1.5
Tanzania	4.6	6.2	8.3	10.1	8.8
Togo	2.4	2.3	3.4	2.0	1.6
Uganda	7.0	8.6	7.4	7.9	8.4
Zambia	1.3	1.4	4.1	1.7	1.5
Zimbabwe	0.9	0.4	0.5	0.5	0.5
Sub-Saharan Africa	3.7	4.1	3.8	3.4	4.2
Excluding Nigeria and South Africa	3.8	3.9	4.4	4.3	4.2
CFA franc zone	2.2	2.6	3.5	3.5	3.6
WAEMU	3.3	3.9	5.5	5.2	5.2
CEMAC	0.9	1.1	1.6	1.6	2.1
SADC	3.5	3.7	3.6	3.1	3.3
COMESA	2.4	2.5	2.9	2.8	3.0
Oil-producing countries	3.8	4.5	3.3	2.9	5.2
Non-oil-producing countries	3.6	3.9	4.1	3.7	3.7
HIPC (completion point countries)	3.7	4.1	5.1	5.5	5.3
Fixed exchange rate regime	4.8	4.9	5.3	4.8	4.5
Floating exchange rate regime	3.3	3.8	3.3	3.0	4.1

Sources: IMF, African Department database, February 24, 2005; and WEO database, February 24, 2005.

REFERENCES

- Acemoglu, Daron, and James Robinson, 2005, "Political Regimes, Institutions, Property Rights and Growth," in *Handbook of Economic Growth*, ed. by P. Aghion and S. Durlauf (New York: Elsevier).
- Acemoglu, Daron, Simon Johnson, and James Robinson, 2001, "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*, Vol. 91 (December), pp. 1369–1401.
- Adam, Christopher S, and David L. Bevan, 2003, "Fiscal Deficits and Growth in Developing Countries" (unpublished; Oxford, United Kingdom: University of Oxford, Department of Economics). The original version of this paper was prepared for the Cornell/ISPE Conference on Public Finance and Development, Cornell University, Ithaca, New York, September 7–9, 2001.
- African Development Bank (AfDB), 2000, *African Development Report 2000* (Abidjan, Côte d'Ivoire).
- Agbeyegbe, Terence, Janet G. Stotsky, and Asegedech WoldeMariam, 2004, "Trade Liberalization, Exchange Rate Changes, and Tax Revenue in Sub-Saharan Africa," IMF Working Paper No. 04/178 (Washington: International Monetary Fund).
- Akitoby, Bernardin, and Matthias Cinyabuguma, 2005, "Sources of Growth in the Democratic Republic of Congo: An Econometric Approach," in *Postconflict Economics in Sub-Saharan Africa: Lessons from the Democratic Republic of the Congo*, ed. by Jean A.P. Clément (Washington: International Monetary Fund).
- Ancharaz, Vinaye, 2003, "Determinants of Trade Policy Reform in Sub-Saharan Africa," *Journal of African Economies*, Vol. 12 (November), pp. 417–43.
- Aron, Janine, 2000, "Growth and Institutions: A Review of the Evidence," *The World Bank Research Observer*, Vol. 15 (February), pp. 99–135.
- Arora, Vivek, Ashok Bhundia, and Gustavo Bagattini, 2002, "Potential Output and the Sources of Growth," in *South Africa: Selected Issues*, IMF Staff Country Report No. 02/185 (Washington: International Monetary Fund).
- Artadi, Elsa, and Xavier Sala-i-Martin, 2003, "The Economic Tragedy of the XXth Century: Growth in Africa," NBER Working Paper No. 9865 (Cambridge, Massachusetts: MIT Press).
- Audet, Denis, 2003, "Structural Adjustment in Textiles and Clothing in the Post-ATC Trading Environment," OECD Trade Policy Working Paper No. 4 (Paris: Organization for Economic Cooperation and Development).
- Badiane, Ousmane, Dhaneshwar Ghura, Louis Goreux, and Paul Masson, 2002, "Cotton Sector Strategies in West and Central Africa," World Bank Policy Research Working Paper No. 2867 (Washington: World Bank).
- Bagattini, Gustavo, 2004, "Sources of Growth in Zambia," in *Zambia: Selected Issues and Statistical Appendix*, IMF Staff Country Report No. 04/100 (Washington: International Monetary Fund).
- Baldacci, Emanuele, Benedict Clements, Sanjeev Gupta, and Qiang Cui, 2004, "Social Spending, Human Capital, and Growth in Developing Countries: Implications for Achieving the MDGs," IMF Working Paper No. 04/217 (Washington: International Monetary Fund).
- Baldacci, Emanuele, Arye L. Hillman, and Naoko C. Kojima, 2004, "Growth, Governance, and Fiscal Policy Transmission Channels in Low-Income Countries," *European Journal of Political Economy*, Vol. 20 (September), pp. 517–49. Also reprinted in *Helping Countries Develop: The Role of Fiscal Policy*, ed. by Sanjeev Gupta, Benedict Clements, and Gabriela Inchauste (Washington: International Monetary Fund).
- Bates, Robert R., 2005, "Political Reform," CID Working Paper No. 114 (Cambridge, Massachusetts: Harvard Center for International Development).
- Baunsgaard, Thomas, and Michael Keen, 2004, "Trade Revenue and (or?) Trade Liberalization," September (unpublished; Washington: International Monetary Fund).
- Berthelemy, Jean-Claude, and Ludvig Soderling, 2001, "The Role of Capital Accumulation, Adjustment and Structural Change for Economic Take-off: Empirical Evidence from African Growth Episodes," *World Development*, Vol. 29 (February), pp. 332–43.
- Bigsten, Arne, Paul Collier, Stephan Dercon, Marcel Fafchamps, Bernard Gauthier, Jan Gunning, Abena Odoro, Remco Oostendorp, Catherine Pattillo,

REFERENCES

- Mans Söderbom, Francis Teal, and Albert Zeufack, 2004, "Do African Manufacturing Firms Learn from Exporting?" *Journal of Development Studies*, Vol. 40 (February), pp. 115–41.
- Block, Steven A., 2001, "Does Africa Grow Differently?" *Journal of Development Economics*, Vol. 65 (August), pp. 443–67.
- Bosworth, Barry, and Susan Collins, 2003, "The Empirics of Growth: An Update," *Brookings Papers on Economic Activity*: 2, Brookings Institution, pp. 113–79.
- Burnside, Craig, and David Dollar, 2000, "Aid, Policies and Growth," *American Economic Review*, Vol. 90 (September), pp. 847–68.
- Calamitsis, Evangelos A., Anupam Basu, and Dhaneshwar Ghura, 1999, "Adjustment and Growth in Sub-Saharan Africa," IMF Working Paper No. 99/51 (Washington: International Monetary Fund).
- Carrère, Celine, 2004, "African Regional Agreements: Impact on Trade With or Without Currency Unions," *Journal of African Economies*, Vol. 13 (June), pp. 199–239.
- Cheng, Kevin, 2004, "Growth Performance in Kenya During 1980–2004," in *Kenya: Selected Issues and Statistical Appendix*, IMF Country Report No. 04/418 (Washington: International Monetary Fund).
- Clements, Benedict J., Hong-Sang Jung, and Sanjeev Gupta, 2003, "Real and Distributive Effects of Petroleum Price Liberalization: The Case of Indonesia," IMF Working Paper No. 03/204 (Washington: International Monetary Fund).
- Clements, Benedict, Rina Bhattacharya, and Tuan Quoc Nguyen, 2004, "External Debt, Public Investment, and Growth in Low-Income Countries," in *Helping Countries Develop: The Role of Fiscal Policy*, ed. by Sanjeev Gupta, Benedict Clements, and Gabriela Inchauste (Washington: International Monetary Fund).
- Collier, Paul, and Jan Willem Gunning, 1999, "Explaining African Growth Performance," *Journal of Economic Literature*, Vol. 37 (March), pp. 64–111.
- Collier, Paul, and Stephen O'Connell, 2004, "Growth in Africa: Opportunities, Syndromes and Episodes," presented at African Policy Institutes Forum, Harare, Zimbabwe, November 15–16.
- Diankov, Simeon, 2003, "Courts," *Quarterly Journal of Economics*, Vol. 118 (May), pp. 453–517.
- , Rafael La Porta, Florencio Lopez-de Silanes, and Andrei Shleifer, 2002, "The Regulation of Entry," *Quarterly Journal of Economics*, Vol. 117 (February), pp. 1–37.
- Dollar, David, 1992, "Outward-Oriented Developing Countries Really Do Grow More Rapidly: Evidence from 95 LDCs, 1976–1985," *Economic Development and Cultural Change*, Vol. 40 (April), pp. 523–44.
- Easterly, William, and Ross Levine, 1997, "Africa's Growth Tragedy: Policies and Ethnic Divisions," *Quarterly Journal of Economics*, Vol. 112 (November), pp. 1203–50.
- , and David Roodman, 2004, "Aid, Policies, and Growth: Comment," *American Economic Review*, Vol. 94 (June), pp. 774–80.
- Ebrill, Liam, Janet Stotsky, and Reint Gropp, 1999, *Revenue Implications of Trade Liberalization*, IMF Occasional Paper No. 180 (Washington: International Monetary Fund).
- Edwards, Sebastian, 1992, "Trade Orientation, Distortions, and Growth in Developing Countries," *Journal of Development Economics*, Vol. 39, pp. 31–58.
- Elbadawi, Ibrahim A., 1997, "The Impact of Regional Trade and Monetary Schemes on Intra-Sub-Saharan Africa Trade," in *Regional Integration and Trade Liberalization in Sub-Saharan Africa*, ed. by Ademola Oyejide, Ibrahim Elbadawi, and Paul Collier (London: Palgrave Macmillan).
- Erasmus, Louis, and Luca Ricci, 2002, "An Analysis of Economic Growth in Swaziland," in *Swaziland: Selected Issues and Statistical Appendix*, IMF Staff Country Report No. 02/353 (Washington: International Monetary Fund).
- Falvey, Rodney, 1979, "The Composition of Trade within Import-restricted Product Categories," *Journal of Political Economy*, Vol. 87, pp. 1105–14.
- Food and Agricultural Organization (FAO), 2004, "Cotton: Impact of Support Policies on Developing Countries—A Guide to Contemporary Analysis," FAO Trade Policy Technical Notes, No. 1 (Geneva).
- François, Joseph, and Dean Spinanger, 2001, "With Rags to Riches but Then What?" paper presented at the Fourth Annual Conference on Global Economic Analysis, Purdue University, West Lafayette, Indiana, June 27–29.
- Frankel, Jeffrey A., and David Romer, 1999, "Does Trade Cause Growth?" *American Economic Review*, Vol. 89 (June), pp. 379–99.
- Ghura, Dhaneshwar, 2004, "Sources of Economic Growth, 1970–2003," in *Republic of Congo: Selected Issues*, IMF Country Report No. 04/175 (Washington: International Monetary Fund).
- Gupta, Sanjeev, Hamid R. Davoodi, and Erwin R. Tiongson, 2002, "Corruption and the Provision of

- Health Care Services,” in *Governance, Corruption, and Economic Performance*, ed. by George T. Abed and Sanjeev Gupta (Washington: International Monetary Fund).
- Gupta, Sanjeev, Benedict Clements, Emanuele Baldacci, and Carlos Mulas-Granados, 2004, “Fiscal Policy, Expenditure Composition, and Growth in Low-Income Countries,” in *Helping Countries Develop: The Role of Fiscal Policy*, ed. by Sanjeev Gupta, Benedict Clements, and Gabriela Inchauste (Washington: International Monetary Fund).
- Gupta, Sanjeev, Benedict Clements, and Gabriela Inchauste, eds., 2004, *Helping Countries Develop: The Role of Fiscal Policy* (Washington: International Monetary Fund).
- Haacker, Marcus, 2004, “The Impact of HIV/AIDS on Government Finance and Public Services,” in *The Macroeconomics of HIV/AIDS*, ed. by Markus Haacker (Washington: International Monetary Fund).
- Hausmann, Ricardo, Lant Pritchett, and Dani Rodrik, 2004, “Growth Accelerations,” NBER Working Paper No. 10566 (Cambridge, Massachusetts: MIT Press).
- Hinkle, Lawrence E., and Maurice Schiff, 2004, “Economic Partnership between Sub-Saharan Africa and the EU: A Development Perspective,” *World Economy*, Vol. 9 (September), pp. 1321–33.
- Hoeffler, Anke E., 2002, “The Augmented Solow Model and the African Growth Debate,” *Oxford Bulletin of Economics and Statistics*, Vol. 64, pp. 135–58.
- Hummels, David, 2001, “Time as a Trade Barrier” (unpublished; West Lafayette, Indiana: Purdue University).
- International Monetary Fund, 2002, “How Do Industrial Country Agricultural Policies Affect Developing Countries?” in *World Economic Outlook, September 2002* (Washington).
- International Monetary Fund, 2003, *World Economic Outlook: Growth and Institutions, April 2003* (Washington).
- Jebuni, Charles D., 1997, “Trade Liberalization and Regional Integration in Africa,” in *Regional Integration and Trade Liberalization in Sub-Saharan Africa*, Vol. 1, ed. by Ademola Oyejide, Ibrahim Elbadawi, and Paul Collier (Houndmills, Basingstoke, Hampshire, United Kingdom: Macmillan Press Ltd.; New York: St. Martin’s Press).
- Johnson, Simon, and Arvind Subramanian, 2005, “Aid, Governance, and the Political Economy: Growth and Institutions” (unpublished; Washington: International Monetary Fund).
- Jonsson, Gunnar, and Arvind Subramanian, 2000, “Dynamic Gains from Trade: Evidence from South Africa,” IMF Working Paper No. 00/45 (Washington: International Monetary Fund).
- Kaufman, Daniel, Aart Kraay, and Pablo Zoido-Lobaton, 1999, “Governance Matters,” World Bank Policy Research Working Paper No. 2196 (Washington: World Bank).
- Keen, Michael, and Alejandro Simone, 2004, “Tax Policy in Developing Countries: Some Lessons from the 1990s and Some Challenges Ahead,” in *Helping Countries Develop: The Role of Fiscal Policy*, ed. by Sanjeev Gupta, Benedict Clements, and Gabriela Inchauste (Washington: International Monetary Fund).
- Khandelwal, Padamja, 2004, “COMESA and SADC: Prospects and Challenges for Regional Trade Integration,” IMF Working Paper No. 04/227 (Washington: International Monetary Fund).
- Khattry, Barsha, and Mohan Rao, 2002, “Fiscal Faux Pas? An Analysis of the Revenue Implications of Trade Liberalization,” *World Development*, Vol. 30 (August), pp. 1431–44.
- Kowalski, P., 2004, *Impact of Changes in Tariffs on Developing Countries’ Government Revenue*, TD/TC/WP(2004)29/Rev1 (Paris: Organization for Economic Cooperation and Development).
- Lane, Christopher, 2002, “Trade and Openness Policies in Nigeria,” in *Nigeria: Selected Issues*, IMF Country Report No. 02/371 (Washington: International Monetary Fund).
- Lukonga, Inutu, 2000, “Experience With Trade Liberalization,” in *Malawi: Selected Issues*, IMF Country Report No. 00/281 (Washington: International Monetary Fund).
- Mattoo, Aaditya, Devesh Roy, and Arvind Subramanian, 2002, “The Africa Growth and Opportunity Act and Its Rules of Origin: Generosity Undermined?” IMF Working Paper 02/158 (Washington: International Monetary Fund).
- Mengistae, Taye, and Catherine Pattillo, 2004, “Export Orientation and Productivity in Sub-Saharan Africa,” *IMF Staff Papers*, Vol. 51, pp. 327–53.
- Mikkelsen, Jan, 2005, “Sources of Growth and Sustainability,” in *Uganda: Selected Issues*, IMF Country Report (Washington: International Monetary Fund, forthcoming).
- Mlachila, Montford, and Yongzheng Yang, 2004, “The End of Textiles Quotas: A Case Study of the Impact on Bangladesh,” IMF Working Paper 04/108 (Washington: International Monetary Fund).

REFERENCES

- Nordas, Hildegunn Kyvik, 2004, "The Global Textile and Clothing Industry Post the Agreement on Textiles and Clothing," WTO Discussion Papers, No. 5 (Geneva: World Trade Organization).
- Nsengiyumva, Fabien, 2004, "Sources of Economic Growth in Benin," in *Benin: Selected Issues*, IMF Staff Country Report No. 04/370 (Washington: International Monetary Fund).
- Nsouli, Saleh M., Rouben Atoian, and Alex Mourmouras, 2004, "Institutions, Program Implementation, and Macroeconomic Performance," IMF Working Paper 04/184 (Washington: International Monetary Fund).
- O'Connell, Stephen A., 2004, "Explaining African Economic Growth: Emerging Lessons from the Growth Project," revised version of a paper presented at the AERC Plenary Session, Nairobi, May 29.
- , and Benno Ndulu, 2000, "Africa's Growth Experience: A Focus on Sources of Growth" (unpublished; Washington: World Bank).
- Olken, Benjamin, and Benjamin Jones, 2004, "Do Leaders Matter? National Leadership and Growth since World War II," Harvard University Working Paper (Cambridge, Massachusetts: Harvard University).
- Organization for Economic Cooperation and Development (OECD), 2004, *Impact of Changes in Tariffs on Developing Countries' Government Revenue*, TD/TC/WP(2004)29/Rev1 (Paris).
- Pattillo, Catherine, Helene Poirson, and Luca Ricci, 2002, "External Debt and Growth," IMF Working Paper 02/69 (Washington: International Monetary Fund).
- Pattillo, Catherine, Sanjeev Gupta, Kevin Carey, Elena Duggar, Dmitriy Kovtun, Briec Monfort, Charalambos Tsangarides, Smita Wagh, and Yongzheng Yang, 2005, "Sustaining Growth in Africa," IMF Working Paper (Washington: International Monetary Fund, forthcoming).
- Randall, Ruby, 2005, "Growth in The Gambia: A Case Study of Non-Sustained Adjustment, 1981–2003," in *The Gambia: Selected Issues*, IMF Staff Country Report, (Washington: International Monetary Fund, forthcoming).
- Reinhart, Carmen, and Ioannis Tokatlidis, 2003, "Financial Liberalization: The African Experience," *Journal of African Economies*, Vol. 12 (Supplement 2), pp. 53–88.
- Rodrik, Dani, and Francisco Rodríguez, 2001, "Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence," in *NBER Macroeconomics Annual 2000*, ed. by Ben Bernanke and Kenneth S. Rogoff (Cambridge, Massachusetts: MIT Press).
- Sachs, Jeffrey D., and Andrew Warner, 1995, "Economic Reform and the Process of Global Integration," *Brookings Papers on Economic Activity: 1*, Brookings Institution, pp. 1–118.
- , 1997, "Sources of Slow Growth in African Economies," *Journal of African Economies*, Vol. 6 (October), pp. 335–76.
- Sala-i-Martin, Xavier, Gernot Doppelhofer, and Ronald I. Miller, 2004, "Determinants of Long-Term Growth: A Bayesian Averaging of Classical Estimates (BACE) Approach," *American Economic Review*, Vol. 94 (September), pp. 813–35.
- Sambanis, Nicholas, 2001, "Do Ethnic and Nonethnic Civil Wars Have the Same Causes? A Theoretical and Empirical Inquiry (Part I)," *Journal of Conflict Resolution*, Vol. 45 (June), pp. 259–82.
- Sharer, Robert, 1999, "Trade: An Engine of Growth for Africa," *Finance and Development*, Vol. 36 (December), pp. 26–29.
- Subramanian, Arvind, and Natalia Tamirisa, 2001, "Africa's Trade Revisited," IMF Working Paper 01/33 (Washington: International Monetary Fund).
- Subramanian, Arvind, Enrique Gelbard, Richard Harmsen, Katrin Elbergh-Woytek, and Pirooska Nagy, 2000, *Trade and Trade Policy in Eastern and Southern Africa*, Occasional Paper No. 196 (Washington: International Monetary Fund).
- Tahari, Amor, Dhaneshwar Ghura, Bernardin Akitoby, and Emmanuel Brou Aka, 2004, "Sources of Growth in Sub-Saharan Africa," IMF Working Paper 04/176 (Washington: International Monetary Fund).
- Tanzi, Vito, and Hamid R. Davoodi, 2002, "Corruption, Public Investment, and Growth," in *Governance, Corruption, and Economic Performance*, ed. by George T. Abed and Sanjeev Gupta (Washington: International Monetary Fund).
- Tsangarides, Charalambos G., 2005, "Growth Empirics Under Model Uncertainty: Is Africa Different?" IMF Working Paper 05/18 (Washington: International Monetary Fund).
- UN Economic Commission for Africa (ECA), 2004, *Assessing Regional Integration in Africa* (Addis Ababa, Ethiopia).
- U.S. International Trade Commission (USITC), 2004, *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market*, Investigation No. 332–448, USITC Publication 3671 (Washington).

- Wacziarg, Romain, and Karen Horn Welch, 2003, "Trade Liberalization and Growth: New Evidence," NBER Working Paper No. 10152 (Cambridge, Massachusetts: MIT).
- Wane, Abdoul Aziz, 2004, "Growth and Convergence in WAEMU Countries," IMF Working Paper 04/198 (Washington: International Monetary Fund).
- World Bank, 1994, "Republic of the Seychelles: Poverty in Paradise," Report No. 12423 SEY (Washington: World Bank).
- , 2001, "Memorandum of the President of the International Development Association to the Executive Directors on a Regional Integration Assistance Strategy for West Africa," Report No. 22520—AFR (Washington).
- , 2003a, "Memorandum of the President of the International Development Association to the Executive Directors on a Regional Integration Assistance Strategy for Central Africa," Report No. 25328 (Washington).
- , 2003b, "Poverty and Social Impact Analysis: Mozambique Petroleum Tax Reform" (Washington), <http://Inweb18.worldbank.org/ESSD/sdvext.nsf/81ByDocName/CountryExperienceMozambiquepetroleumtaxreform>.
- , 2004a, *Global Economic Prospects 2005* (Washington).
- , 2004b, *Doing Business in 2005: Removing Obstacles to Growth* (New York: Oxford University Press), Doing Business Database, available at <http://rru.worldbank.org/DoingBusiness/WorldBankAfricaDatabase2004>. (Washington).
- , 2005, *World Development Report 2005: A Better Investment Climate for Everyone* (Washington, forthcoming).
- World Bank and International Monetary Fund, 2004, *Global Monitoring Report 2004* (Washington).
- World Trade Organization (WTO), 2004, "Doha Work Programme Decision Adopted by the General Council on 1 August 2004," WT/L/579.
- Yang, Yongzheng, and Sanjeev Gupta, 2005, "Regional Trade Initiatives in Africa: The Way Forward," IMF Working Paper 05/36 (Washington: International Monetary Fund).
- Yeats, Alexander J., 1998, "What Can Be Expected from African Regional Trade Agreements: Some Empirical Evidence?" World Bank Working Paper No. 2004 (Washington: World Bank).



PUBLICATIONS OF THE IMF AFRICAN DEPARTMENT, 2003–05

Working Papers

05/47

The Disconcerting Pyramids of Poverty and Inequality of Sub-Saharan Africa

Lopes, Paulo Silva

05/40

The Composition of Capital Flows—Is South Africa Different?

Ahmed, Faisal, Rabah Arezki, and Norbert Funke

05/36

Regional Trade Arrangements in Africa—Past Performance and the Way Forward

Yang, Yongzheng, and Sanjeev Gupta

05/35

Tanzania's Growth Process and Success in Reducing Poverty

Treichel, Volker

05/32

A Simultaneous Equations Model for World Crude Oil and Natural Gas Markets

Krichene, Noureddine

05/18

Growth Empirics Under Model Uncertainty—Is Africa Different?

Tsangarides, Charalambos

05/17

Competition and Efficiency in Banking—Behavioral Evidence from Ghana

Buchs, Thierry D., and Johan Mathisen

05/13

Currency Crises in Developed and Emerging Market Economies—A Comparative Empirical Treatment

Fontaine, Thomson

04/238

Local Financial Development and the Aid-Growth Relationship

Nkusu, Mwanza, and Selin Sayek

04/223

Inflation and Monetary Pass-Through in Guinea

Blavy, Rodolphe

04/218

Capital Inflows, Sterilization, and Commercial Bank Speculation—The Case of the Czech Republic in the Mid-1990s

Christensen, Jakob

04/212

Are There Negative Returns to Aid? A Comment

Nkusu, Mwanza

04/198

Growth and Convergence in WAEMU Countries

Wane, Abdoul Aziz

04/196

Deriving Market Expectations for the Euro-Dollar Exchange Rate from Option Prices

Krichene, Noureddine

04/189 Can Higher Reserves Help Reduce Exchange Rate Volatility?	Hviding, Ketil, Michael Nowak, and Luca Antonio Ricci
04/176 Sources of Growth in Sub-Saharan Africa	Tahari, Amor, Dhaneshwar Ghura, Bernardin Akitoby, and Emmanuel Brou Aka
04/174 Microfinance in Africa—Experience and Lessons from Selected African Countries	Basu, Anupam, Rodolphe Blavy, and Murat Yulek
04/170 Financing Uganda’s Poverty Reduction Strategy—Is Aid Causing More Pain Than Gain?	Nkusu, Mwanza
04/158 Dimensions of Land Inequality and Economic Development	Erickson, Lennart, and Dietrich Vollrath
04/140 Explaining Efficiency Differences Among Large German and Austrian Banks	Hauner, David
04/130 Zimbabwe—A Quest for a Nominal Anchor	Kovanen, Arto
04/117 On Fixed and Variable Fiscal Surplus Rules	Basci, Erdem, Fatih M. Ekinici, and Murat Yulek
04/114 Sources of Growth in the Democratic Republic of the Congo—A Cointegration Approach	Akitoby, Bernardin, and Matthias Cinyabuguma
04/83 Angola’s Fragile Stabilization	Gasha, Jose Giancarlo, and Gonzalo Pastor
04/80 Political Instability and Growth—The Central African Republic	Ghura, Dhaneshwar, and Benoit Mercereau
04/68 A Bayesian Approach to Model Uncertainty	Tsangarides, Charalambos
04/49 Aid and Dutch Disease in Low-Income Countries—Informed Diagnoses for Prudent Prognoses	Nkusu, Mwanza
04/46 Domestic Debt Markets in Sub-Saharan Africa	Christensen, Jakob
04/40 And Schumpeter Said, “This Is How Thou Shalt Grow”: The Further Quest for Economic Growth in Poor Countries	Beaugrand, Philippe

04/30 Fiscal Sustainability in Heavily Indebted Countries Dependent on Nonrenewable Resources—The Case of Gabon	Ntamatungiro, Joseph
04/26 How Much Do Trading Partners Matter for Economic Growth?	Arora, Vivek B., and Athanasios Vamvakidis
04/25 Rational Speculation, Financial Crises, and Optimal Policy Responses	Surti, Jay
04/7 Fiscal Sustainability—The Case of Eritrea	Yamauchi, Ayumu
03/252 Sources of Nominal Exchange Rate Fluctuations in South Africa	Gottschalk, Jan, and Ashok Bhundia
03/211 Mauritius—Unemployment and the Role of Institutions	McDonald, Calvin, and James Y. Yao
03/195 Poverty and Social Impact Analysis—A Suggested Framework	Hossain, Shahabuddin M.
03/186 FDI Spillovers, Financial Markets, and Economic Development	Alfaro, Laura; Areendam Chanda, Sebnem Kalemli-Ozcan, and Selin Sayek
03/178 Potential Output and Total Factor Productivity Growth in Post-Apartheid South Africa	Arora, Vivek B., and Ashok Bhundia
03/175 Debt Relief, Additionality, and Aid Allocation in Low-Income Countries	Powell, Robert
03/167 Diamond Smuggling and Taxation in Sub-Saharan Africa	Oomes, Nienke, and Matthias Vocke
03/125 Modeling Stochastic Volatility with Application to Stock Returns	Krichene, Nouredine
03/118 Welfare Implications of HIV/AIDS	Crafts, Nicholas, and Markus Haacker
03/109 Stock Markets and the Real Exchange Rate—An Intertemporal Approach	Mercereau, Benoit
03/108 The Role of Stock Markets in Current Account Dynamics—Evidence from the United States	Mercereau, Benoit

03/105 Overshooting and Dollarization in the Democratic Republic of Congo	Beaugrand, Philippe
03/104 Estimation of the Equilibrium Real Exchange Rate for Malawi	Mathisen, Johan
03/85 Regional Impact of Cote d'Ivoire's 1999–2000 Sociopolitical Crisis—An Assessment	Dore, Ousmane, Benoit Anne, and Dorothy Engmann
03/63 Interest Rates, Credit Rationing, and Investment in Developing Countries	Nkusu, Mwanza
03/44 Estimation of the Equilibrium Real Exchange Rate for South Africa	Macdonald, Ronald, and Luca Antonio Ricci
03/43 Poverty and Social Analysis—Linking Macroeconomic Policies to Poverty Outcomes: Summary of Early Experiences	Robb, Caroline
03/42 Taxation and Pricing of Petroleum Products in Developing Countries: A Framework for Analysis with Application to Nigeria	Hussain, Shahabuddin
03/28 The Equilibrium Real Exchange Rate of the Malagasy Franc—Estimation and Assessment	Cady, John
03/6 Small African Stock Markets—The Case of the Lusaka Stock Exchange	Marone, Heloisa
Books and Monographs	
“The ICT Sector and the Global Economy: Counting the Gains” in: The Global Information Technology Report 2004/05	Haacker, Markus
Lifting the Oil Curse: Improving Petroleum Revenue Management in Sub-Saharan Africa	Bartsch, Ulrich, Milan Cuc, Menachem Katz, and Harinder Malothra
The Macroeconomics of HIV/AIDS	Haacker, Markus
Mauritius: Challenges to Sustained Growth	El Masry, Gamal, Padamja Khandelwal, Emilio Sacerdoti, and Yudong Yao
Postconflict Economics in Sub-Saharan Africa: Lessons from the Democratic Republic of the Congo	Clément, Jean A.P.

World Economic and Financial Surveys

This series (ISSN 0258-7440) contains biannual, annual, and periodic studies covering monetary and financial issues of importance to the global economy. The core elements of the series are the *World Economic Outlook* report, usually published in April and September, and the semiannual *Global Financial Stability Report*. Other studies assess international trade policy, private market and official financing for developing countries, exchange and payments systems, export credit policies, and issues discussed in the *World Economic Outlook*. Please consult the IMF *Publications Catalog* for a complete listing of currently available World Economic and Financial Surveys.

World Economic Outlook: A Survey by the Staff of the International Monetary Fund

The *World Economic Outlook*, published twice a year in English, French, Spanish, and Arabic, presents IMF staff economists' analyses of global economic developments during the near and medium term. Chapters give an overview of the world economy; consider issues affecting industrial countries, developing countries, and economies in transition to the market; and address topics of pressing current interest.

ISSN 0256-6877.

\$49.00 (academic rate: \$46.00); paper.

2004. (September). ISBN 1-58906-406-2. **Stock #WEOEA2004002.**

2004. (April). ISBN 1-58906-337-6. **Stock #WEOEA200401.**

2003. (April). ISBN 1-58906-212-4. **Stock #WEOEA0012003.**

2002. (Sep.). ISBN 1-58906-179-9. **Stock #WEOEA0022002.**

Global Financial Stability Report: Market Developments and Issues

The *Global Financial Stability Report*, published twice a year, examines trends and issues that influence world financial markets. It replaces two IMF publications—the annual *International Capital Markets* report and the electronic quarterly *Emerging Market Financing* report. The report is designed to deepen understanding of international capital flows and explores developments that could pose a risk to international financial market stability.

\$49.00 (academic rate: \$46.00); paper.

April 2005 ISBN-1-58906-418-6. **Stock #GFSREA2005001.**

September 2004 ISBN 1-58906-378-3. **Stock #GFSREA2004002.**

April 2004 ISBN 1-58906-328-7. **Stock #GFSREA0012004.**

September 2003 ISBN 1-58906-236-1. **Stock #GFSREA0022003.**

March 2003 ISBN 1-58906-210-8. **Stock #GFSREA0012003.**

Emerging Local Securities and Derivatives Markets

by Donald Mathieson, Jorge E. Roldos, Ramana Ramaswamy, and Anna Ilyna

The volatility of capital flows since the mid-1990s has sparked an interest in the development of local securities and derivatives markets. This report examines the growth of these markets in emerging market countries and the key policy issues that have arisen as a result.

\$42.00 (academic rate: \$35.00); paper.

2004. ISBN 1-58906-291-4. **Stock #WEOEA0202004.**

Official Financing: Recent Developments and Selected Issues

by a staff team in the Policy Development and Review Department led by Martin G. Gilman and Jian-Ye Wang

This study provides information on official financing for developing countries, with the focus on low-income countries. It updates the 2001 edition and reviews developments in direct financing by official and multilateral sources.

\$42.00 (academic rate: \$35.00); paper.

2003. ISBN 1-58906-228-0. **Stock #WEOEA0132003.**

2001. ISBN 1-58906-038-5. **Stock #WEOEA0132001.**

Exchange Arrangements and Foreign Exchange Markets: Developments and Issues

by a staff team led by Shogo Ishii

This study updates developments in exchange arrangements during 1998–2001. It also discusses the evolution of exchange rate regimes based on de facto policies since 1990, reviews foreign exchange market organization and regulations in a number of countries, and examines factors affecting exchange rate volatility.

ISSN 0258-7440

\$42.00 (academic rate \$35.00)

2003 (March) ISBN 1-58906-177-2. **Stock #WEOEA0192003.**

World Economic Outlook Supporting Studies

by the IMF's Research Department

These studies, supporting analyses and scenarios of the *World Economic Outlook*, provide a detailed examination of theory and evidence on major issues currently affecting the global economy.

\$25.00 (academic rate: \$20.00); paper.

2000. ISBN 1-55775-893-X. **Stock #WEOEA0032000. E**

Exchange Rate Arrangements and Currency Convertibility: Developments and Issues

by a staff team led by R. Barry Johnston

A principal force driving the growth in international trade and investment has been the liberalization of financial transactions, including the liberalization of trade and exchange controls. This study reviews the developments and issues in the exchange arrangements and currency convertibility of IMF members.

\$20.00 (academic rate: \$12.00); paper.

1999. ISBN 1-55775-795-X. **Stock #WEOEA0191999.**

Available by series subscription or single title (including back issues); academic rate available only to full-time university faculty and students. For earlier editions please inquire about prices.

The IMF *Catalog of Publications* is available online at the Internet address listed below.

Please send orders and inquiries to:

International Monetary Fund, Publication Services, 700 19th Street, N.W.

Washington, D.C. 20431, U.S.A.

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

E-mail: publications@imf.org

Internet: <http://www.imf.org>