

# Global Economic Prospects

**Fiscal Headwinds and Recovery**

**Regional appendix: Sub-Saharan Africa**

**Summer 2010**

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1 2 3 4 13 12 11 10

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## Sub-Saharan Africa

### *Recent developments*

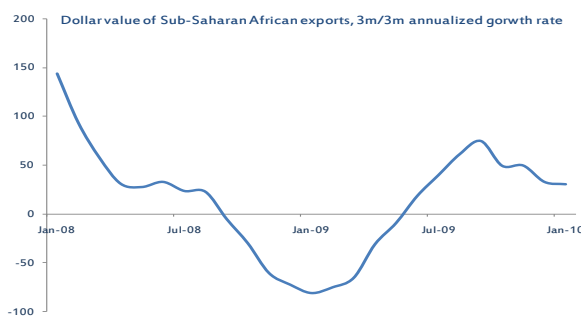
Countries in Sub-Saharan Africa have weathered the global crisis better than expected, and better than in previous, milder global economic slowdowns. In part, this good performance reflects the nature of the global downturn, which was concentrated in consumer durables and investment goods, relatively small sectors in most African economies. The limited extent of financial integration of the region also diminished the size of the initial shock. Perhaps as important, improved macroeconomic fundamentals meant that fiscal policy could react counter-cyclically in many cases in contrast with the past when it often reacted pro-cyclically.

Overall, GDP growth in the region decelerated to 1.6 percent in 2009, from 5 percent in 2008. Excluding South Africa, activity was even more resilient, with GDP growth easing to 3.7 percent from 5.8 percent. Resilience in low-income and fragile states was also bolstered by a step-up in official financial assistance, particularly among countries emerging from conflict. On average, GDP in low-income countries grew by 3.9 percent in 2009, about 1.5 percentage points slower than the rate of growth recorded in the boom period. The more globally integrated middle-income economies were among the worst affected by the recession, with growth falling from 4.9 percent to 1 percent. Excluding South Africa, the deceleration was more moderate, from 6 percent to 3.6 percent. And, large oil exporting countries have proven a lot more resilient than initially thought, with growth boosted mainly by non-oil sectors. Many countries in the region benefitted from disinflationary pressures, on account of lower food and fuel prices, and weaker demand, with the median inflation for the region down to low single digits in the first months of 2010.

Although high-frequency data for Sub-Saharan Africa are sparse, the region appears to be staging a robust recovery, in large part because of the strong cyclical rebound in external demand and stronger commodity prices. And,

the value of exports, which fell 45 percent between August 2008 and May 2009 has been recovering rapidly, posting extremely high annualized monthly growth rates (Figure B6.1). While export volumes have recovered to within 5 percent of their August 2008 levels, lower commodity prices mean that, the value of exports remains only 68 percent of its August value.

**Figure B6.1 Export growth has boomed**



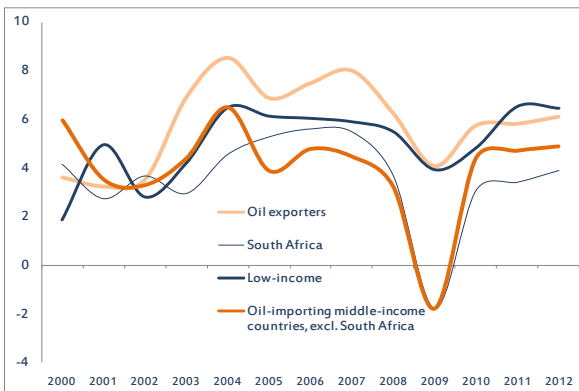
Source: World Bank.

In South Africa, the region's largest and most integrated economy growth strengthened significantly, starting with the final quarter of 2009, when output expanded an annualized 3.2 percent, with growth accelerating further in the first quarter of 2010 to 4.6 percent (saar). The turnaround was strongly correlated with the recovery in external demand, resurgence in capital inflows and a more generalized revival in investors' interest in emerging markets. Strong trade and financial linkages with the global economy helped boost the recovery, just as they were responsible for the contraction in the first half of the year. So far the recovery in domestic expenditure in South Africa has been modest; in particular household consumption increased only 1.4 percent (saar) in the fourth quarter, after five consecutive quarters of contraction. Going forward, as employment rises and the lagged impact of lower interest rates comes through we expect domestic expenditure growth should recover more strongly.

Other South African Customs Union (SACU) member countries are experiencing lagged effects of the global economic downturn. Their revenues from SACU have fallen as imports into

the common external tariff area shrank in 2009. Overpayments by SACU in 2009 (based on over-optimistic projections for trade growth) have triggered automatic repayments into the SACU revenue pool, thus hampering their ability to use fiscal stimulus to bolster growth. Overall, South Africa projects that the transfers under the SACU revenue sharing agreement will drop from 27.9 billion rand in 2009/2010 to only 12.9 billion rand in 2010/2011. In the case of the two countries most dependent on SACU revenues, Swaziland and Lesotho, the reduction in SACU transfers is equivalent to a revenue loss of 13.3 percent of GDP and 20.4 percent of GDP respectively in 2010/11, diminishing growth by an estimated 1 and 3 percent respectively in 2010.

**Figure B6.2 The shape of the recovery varies among different groups**  
GDP growth (%)

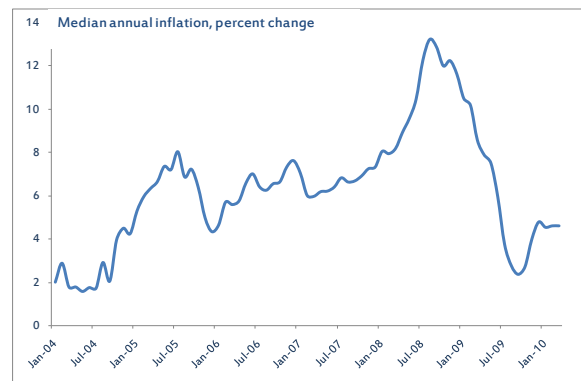


Source: World Bank.

Growth in major oil exporters in the region has surprised to the upside. Nigeria recorded a modest acceleration in growth to 5.6 percent in 2009, and continued to expand at a robust pace into the first quarter of 2010, supported by strong growth in agriculture, wholesale, retail trade, and services. Angola managed to expand by close to 2 percent last year, buoyed by strong performance in the non-oil sectors, after a double digit expansion the previous year. Growth was undermined, however, by a decline in oil production, cutbacks in government investment and weak private consumption, as well as large government payment arrears to domestic suppliers.

Inflationary pressures in the region have been subsiding in most economies, as food price inflation is retreating, and as currencies have appreciated (limiting the increase in prices of imported goods). Despite the fillip that this provides to real incomes, domestic demand remains relatively weak in most economies. As of April 2010 the median monthly inflation rate in the region had declined to 4.7 percent, down from 8 percent in April 2009 (Figure B6.3). Nevertheless these lower inflation rates follow a period of double-digit inflation in many countries, that has significantly reduced real incomes in the previous years and led to increased poverty incidence. Over the last few years the prices of staples in several domestic markets have increased significantly and have become much more volatile, posing a significant threat to both food security and nutrition in the region.

**Figure B6.3 Median inflation in Sub-Saharan Africa has moderated**



Source: World Bank.

The global crisis has eroded the fiscal space for many economies in the region, with the fiscal balance turning from surplus of close to 1 percent of GDP in 2008 to a deficit of more than 5.5 percent of GDP, with the bulk of the deterioration occurring in oil exporting and middle income countries, notably South Africa. The deterioration in fiscal balance in low-income countries was muted, with the budget gap inching up to 4.3 percent of GDP, its highest level since 2000. In oil-importing middle-income countries outside of South Africa the government balances deteriorated by nearly 4.3

percentage points to 6 percent of GDP in 2009 relative to the previous year.

Current account balances deteriorated markedly in Sub-Saharan Africa in 2009, turning from a 0.4 percent surplus in 2008, to a deficit of 2.5 percent of GDP. The deterioration was more marked in countries with stronger trade ties to the global economy, and oil exporters in particular, where current account balances deteriorated by 8 percentage points of GDP as oil prices declined and demand for oil was affected by the global recession. Current account balances also deteriorated in oil –importing middle-income countries outside of South Africa, by more-than 5 percentage points of GDP to a deficit of 6.2 percent of GDP. In the case of oil importers, their current account deficits registered an improvement of 2 percent of GDP, while low-income countries also saw mild improvements in their current account of 1.2 percentage points to a deficit of 9.2 percent of GDP.

Remittances (flat for Africa in 2009), and official aid flows (ODA to developing countries declined a relatively small 2.2 percent) were less

affected than expected by the recessions in high-income countries so far. However, ODA is already lagging donor commitments, including commitments to double aid to Africa in 2005-10. Furthermore ODA is declining as a share of recipient GDP, and based on past behavior (Dang and others, 2009) ODA flows could fall sharply in the years to come as high-income countries cut back on their own government spending, affecting most heavily low income countries and fragile economies. Remittances are also expected to see a subdued recovery due to continued unemployment and spare capacity in high-income source countries.

Capital flows to Sub-Saharan Africa are less ample than to other developing regions, and they recovered in 2009 mostly on a return of portfolio inflows to South Africa (Table B6.1). The decline in FDI was somewhat less sharp than expected, in part because reduced FDI from high-income countries was met by stronger South-South FDI. Excluding South Africa, FDI inflows declined only 3.6 percent in 2009, much less than the decline in developing countries of more than 40 percent, supported by FDI flows into resource sectors. In particular energy-oriented

**Table B6.1 Net capital flows to Sub-Saharan Africa**  
\$ billions

	2003	2004	2005	2006	2007	2008	2009e	2010f	2011f	2012f
<b>Financial flows:</b>										
<b>Net private and official inflows</b>	<b>14.2</b>	<b>22.9</b>	<b>33.4</b>	<b>42.3</b>	<b>52.7</b>	<b>34.4</b>	<b>45.0</b>			
<b>Net private inflows (equity+debt)</b>	<b>12.7</b>	<b>20.6</b>	<b>34.5</b>	<b>44.8</b>	<b>50.3</b>	<b>29.4</b>	<b>36.0</b>	<b>37.1</b>	<b>45.2</b>	<b>55.8</b>
...Net private inflows (% GDP)	2.9	3.8	5.4	6.0	5.9	3.0	4.0	3.6	3.8	4.2
Net equity inflows	13.5	16.6	26.7	37.5	38.1	23.8	37.7			
...Net FDI inflows	12.8	10.0	18.5	20.7	27.9	33.1	28.3			
...Net portfolio equity inflows	0.7	6.7	8.1	16.8	10.1	-9.3	9.4			
Net debt flows	0.7	6.3	6.7	4.8	14.6	10.6	7.3			
..Official creditors	1.5	2.3	-1.1	-2.5	2.4	5.0	9.0			
....World Bank	2.2	2.5	2.4	2.0	2.3	1.8	3.0			
....IMF	0.0	-0.1	-0.4	-0.1	0.1	0.7	2.3			
....Other official	-0.7	-0.1	-3.1	-4.4	0.0	2.5	3.7			
..Private creditors	-0.8	4.0	7.8	7.3	12.2	5.6	-1.7			
....Net M-L term debt flows	0.9	2.7	4.8	-2.1	8.1	0.9	-0.2			
.....Bonds	0.4	0.6	1.3	0.3	6.7	-0.7	1.7			
.....Banks	1.2	2.4	3.8	-1.7	2.1	1.7	-1.5			
.....Other private	-0.7	-0.3	-0.3	-0.7	-0.7	-0.1	-0.4			
....Net short-term debt flows	-1.7	1.3	3.0	9.4	4.1	4.7	-1.5			
<b>Balancing item</b>	<b>-6.8</b>	<b>-11.7</b>	<b>-44.0</b>	<b>-46.9</b>	<b>-47.7</b>	<b>-51.2</b>	<b>-44.6</b>			
<b>Change in reserves (= increase)</b>	<b>-3.5</b>	<b>-21.7</b>	<b>-20.0</b>	<b>-32.4</b>	<b>-28.8</b>	<b>-8.6</b>	<b>9.1</b>			
<b>Memorandum items</b>										
Workers' remittances	6.0	8.0	9.4	13.0	19.0	21.0	21.0	22.0	23.0	

Source: World Bank. Note: e = estimate; f = forecast.

FDI was less affected, as many companies with expertise in energy exploration still have strong cash positions, while falling prices of developing-country energy assets raised investment attractiveness

Encouragingly, foreign investors' interest in the region has returned swiftly after the crisis, attested by the decline in sovereign spreads to pre-crisis levels, the successful issuance of the first international bond by Senegal in December 2009, a successful debt exchange by Seychelles in early 2010, and a return to equity markets in the region, although the recovery in equity prices has been more subdued than in other regions.

### *Medium-term outlook*

Growth in the Sub-Saharan Africa region is projected to rebound to 4.5 percent this year and strengthen further to 5.1 and 5.4 percent in 2011 and 2012 (see Table B6.2). Initially, the recovery is expected to be driven by a cyclical rebound in external demand and fixed investment, while the shift in the inventory cycle will also make marked contributions to growth in some countries. Over time, domestic demand will increasingly hold sway. Due to limited and rapidly deteriorating fiscal space, Sub-Saharan African countries will have to withdraw fiscal stimuli more rapidly than warranted by the speed and strength of the recovery. Idiosyncratic factors such as weather patterns, inadequate infrastructure, socio-political tensions will continue to influence growth developments in the region. Despite the expected further strengthening of growth, spare capacity and unemployment will continue to characterize the economies of the region in 2012.

The recovery is expected to be broad-based, but strength will vary markedly across countries. Middle-income countries that are more integrated with the world economy and oil exporting countries are projected to enjoy a stronger recovery. Growth in oil-importing middle-income countries outside South Africa should rebound (see Figure B6.2) from a 1.8 percent contraction in 2009 to 4.4 percent growth in 2010. Investment will be buoyed to

some extent by donor-funded infrastructure spending in the low-income countries, where growth is expected to accelerate by nearly 1 percentage point to 4.8 percent. Strong demand for minerals from Asia will ensure continued investment in copper, iron, manganese and uranium mines in mineral rich countries. But, persistently high unemployment in high-income countries will have a negative impact on workers' remittances and tourism limiting the strength of the recovery in countries dependent on these two sources of income. Growth will remain largely below potential over the forecast horizon, leaving relatively large output gaps across the region. Job creation will remain anemic and insufficient to absorb a large number of new entrants into the labor market, while excess capacity and higher capital costs will keep investment below its pre-crisis level.

South Africa's economy is projected to expand 3.1 percent this year. The recovery in private consumption is relatively subdued, weakened by persistently high unemployment, high levels of indebtedness, and strict credit rules applied by banks, notwithstanding a recovery in wealth as equity prices have recouped most of their losses. The lagged benefits from the countercyclical fiscal policy already enacted will be countered by the cutbacks in expenditure as the government seeks to bring the fiscal deficit down from 6.7 percent of GDP in the fiscal year 2009/2010 close to the 3 percent of GDP target. The economy will benefit from increased tourism activity from the month-long Football World Cup hosted by South Africa as expenditure related to the Soccer World Cup is projected to boost South African GDP by around 0.5 percent during 2010. But preparations for the FIFA matches will also carry longer term benefits for the country—from the new and improved international airports; expanded and refurbished highways and modern public transportation systems—reducing many infrastructural bottlenecks. However, job creation will remain disappointing, but there should be some cyclical recovery as output recovers (albeit with a lag). Growth will remain below potential over the forecasting horizon, which suggests significant spare capacity in the

economy in the medium term.

GDP in large oil exporting countries is expected to accelerate in 2010 to 5.7 percent, fueled by stronger oil prices and increased external demand for oil, as well as renewed investor interest in mineral rich countries. Nigeria's growth is forecast to remain robust, as performance in the oil sector improves, benefiting from the relative calm in the Delta region. Performance in the non-oil sectors is also expected to remain strong, especially in agriculture, wholesale, retail trade, and services, as the benefits of improved macroeconomic policies have increased the growth potential in the non-oil economy. Lower oil revenues, a less expansionary fiscal policy, and to some extent political uncertainty surrounding the 2011 elections are likely to cause growth to decelerate slightly in that year. Inadequate infrastructure will continue to act as a deterrent to faster economic growth over the medium term. Angola's growth is projected to pick-up sharply to close to 7 percent in 2010, on improved performance in both the oil and non-oil sectors,

and as the government is expected to resume arrears payments to domestic suppliers. Stronger oil prices and higher export volumes will ensure a large improvement in the current account balances of oil exporting countries in 2010, with current account surpluses averaging 4.7 percent over the forecast horizon.

Donor-funded investments in infrastructure should alleviate somewhat the electricity shortages in East Africa. Growth performance remains dependent on weather patterns which affect both agricultural output and the manufacturing sector via hydroelectricity supply. Electricity shortages will continue to plague economic growth over the forecasting horizon. Improved road infrastructure will increase market access and give a welcome boost to the agricultural and manufacturing sectors. Kenya is projected to grow more rapidly this year, as the political and economic situation normalizes further. Tourism is also expected to fare better, notwithstanding still weak labor markets in high-income countries, as it is coming off a low base. Normalization in rainfall will further support

**Table B6.2 Sub-Saharan Africa forecast summary**

Sub-Saharan Africa forecast summary							
(annual percent change unless indicated otherwise)							
	95-05 <sup>1</sup>	2007	2008	Est. 2009	Forecast		
					2010	2011	2012
GDP at market prices (2005 USD) <sup>2</sup>	4.0	6.5	5.0	1.6	4.5	5.1	5.4
GDP per capita (units in USD)	1.4	4.0	3.0	-0.3	2.5	3.0	3.7
PPP GDP <sup>3</sup>	-1.6	-4.4	-10.1	3.6	4.2	3.0	3.9
Private consumption	2.0	7.6	3.3	1.1	3.7	4.5	4.7
Public consumption	5.1	5.7	7.4	5.3	5.2	5.0	4.8
Fixed investment	6.7	16.7	12.0	5.0	6.8	7.6	8.2
Exports, GNFS <sup>4</sup>	4.8	3.7	4.7	-6.9	9.3	6.5	6.7
Imports, GNFS <sup>4</sup>	6.2	11.1	6.5	-4.2	9.8	7.4	7.4
Net exports, contribution to growth	-0.1	-2.6	-0.8	-0.8	-0.6	-0.6	-0.6
Current account bal/GDP (%)	-2.9	-0.4	0.4	-2.5	-1.5	-1.9	-2.2
GDP deflator (median, LCU)	7.3	7.0	9.2	7.7	4.9	5.1	5.2
Fiscal balance/GDP (%)	-2.1	0.5	0.7	-5.6	-4.8	-3.3	-2.3
<b>Memo items: GDP</b>							
SSA excluding South Africa	4.5	7.1	5.8	3.7	5.3	6.0	6.1
Oil exporters <sup>5</sup>	4.6	8.0	6.2	4.1	5.7	5.8	6.1
CFA countries <sup>6</sup>	4.4	4.4	4.1	2.6	3.7	4.1	4.6
South Africa	3.3	5.5	3.7	-1.8	3.1	3.4	3.9
Nigeria	4.6	6.4	5.3	5.6	6.1	5.7	6.4
Kenya	2.9	7.0	1.7	2.6	4.0	4.9	5.4

Notes: 1. Growth rates over intervals are compound average; growth contributions, ratios and the GDP deflator are averages.

2. GDP measured in constant 2005 U.S. dollars. 3. GDP measured at PPP exchange rates.

4. Exports and imports of goods and non-factor services.

5. Oil Exporters: Angola, Cote d'Ivoire, Cameroon, Congo, Rep., Gabon, Nigeria, Sudan, Chad, Congo, Dem. Rep.

6. CFA Countries: Benin, Burkina Faso, Central African Republic, Cote d'Ivoire, Cameroon, Congo, Rep., Gabon, Equatorial Guinea, Mali, Niger, Senegal, Chad, Togo

Source: World Bank

economic activity in the agricultural sector, helping to bring down food prices and allowing an increase in hydroelectricity generation.

Diamond producing countries are likely to see a strong bounce-back in activity in 2010, after poor performance in 2009, as demand for diamonds has recovered sharply. Botswana and Namibia are projected to grow 5.8 percent and 4.4 percent this year, while other mineral rich economies will also benefit from robust external demand, particularly from Asia.

After a relatively modest recovery in 2010, notwithstanding substantial monetary easing, Ghana's economic growth should receive a strong boost in 2011 when oil production is expected to commence boosting both exports and industrial output.

In the CFA countries, growth performance will vary dramatically. Growth in Côte d'Ivoire will weaken, with GDP gains easing to 3 percent in 2010, largely on account of energy shortages coupled with political uncertainty. These will affect investment, and possibly donor support, and delay the normalization of the economic situation in the country. Growth in Gabon and Cameroon will also remain subdued this year, as oil production is expected to decline in Cameroon and rise only modestly in Gabon. Burkina Faso, the Republic of Congo, Niger, and Senegal, will see growth accelerate in 2010, and Niger will enjoy a surge in growth in 2011 on increased mineral output. Growth will inch up marginally in Benin, the Central Africa Republic, Mali, and Togo. For CFA franc zone countries a weaker currency, in line with a weaker euro, will help improve external competitiveness and increase producer prices for agricultural commodity exports (notably cotton), but also lead to higher costs of imported goods.

### Risks

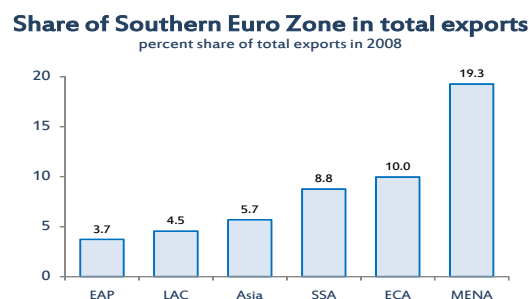
The possibility of a major disruption emanating from concerns over sovereign debt sustainability in Europe is real. Many African countries have close trade ties with economies at risk. Twenty or more percent of the exports of Cape Verde and Cameroon go to the EU-5 countries. Overall,

Sub-Saharan exporters are the third most exposed in the developing world (Figure B6.4). Furthermore there is an increased risk of a buildup in inflationary pressures in CFA franc zone countries as their currencies depreciate in line with the euro, making imported goods, and in particular oil more expensive. Conversely the depreciation of the CFA franc will help bolster external competitiveness of member countries that maintain a peg to the euro.

The risk of contagion to the African countries' banking sectors of a banking crisis in the Euro Area is not negligible given that European banks, and French banks in particular, are still predominant in CFA franc zone countries. These banks have so far not shown signs of stress, as they are locally incorporated, and rely on local deposits. Furthermore, they play a limited financial intermediation role in the local economies, investing most of their funds in government debt. Faced with losses from their exposure to Greece and other EU countries with high debt levels, European banks could repatriate capital from their subsidiaries in CFA franc zone countries.

The direct impact of the sovereign debt crisis in Europe on South African banks is unlikely to be significant, as their exposure is very limited, estimated at 0.2 percent of their total assets. There are risks of second round effects through trade flows and heightened risk aversion among investors, as about 30 percent of South Africa's exports are destined for European markets and as

**Figure B6.4 Countries with large trade links to EU-5**



Source: COMTRADE; World Bank.

the cost of credit could rise significantly for the private sector.

Outside of an aggravation of the crisis in Europe, risks for the region are largely balanced, with the most important downside risk relating to the strength and sustainability of the global recovery, and in particular that of high-income countries. The untimely withdrawal of fiscal and monetary stimuli could weaken the recovery in the short-term, although as discussed in the main text a slow withdrawal of fiscal and monetary stimulus in high-income countries would if delayed too much, lead to macroeconomic imbalances. Volatility in the global economy has increased in the last years—in terms of commodity prices, exchange rates, and financial market developments, and this heightened volatility is taxing economic growth globally. Strong capital inflows also pose additional policy challenges for selected countries in the region, as currency appreciation will reduce external competitiveness.

Among the upside risks for commodity exporting countries is the possibility of a stronger-than-expected global cyclical bounce back, which could translate in larger terms-of-trade gains and much stronger external demand adding to the tenor of the recovery.

In the wake of the global crisis many financially-constrained countries in the region have a much more limited fiscal space, and their ability to deal with future external shocks, such as might arise from the current situation in high-income Europe is much reduced. The potential for significant declines in aid flows in the years ahead as high-income donors tighten the strings of the fiscal purse, will further squeeze already limited fiscal space. A real challenge will be to maintain existing investment levels in this environment. Failure to do so could impose costs on future growth. Even a small reduction in average growth rates could have large impacts on poverty in the longer term. For example, a 0.5 percent reduction in regional growth rates over a ten year period can be expected to increase poverty in the region by 6.7 million.

Another challenge facing policy makers in the region is that of stimulating creation of productive employment at an adequate rate given that 7-10 million young Africans enter the labor force each year. The prospects of a jobless recovery in high-income countries increases this pressure as less migrants find jobs in migration destination countries with the possibility even that some migrants return to their country of origin, pushing unemployment higher and potentially fueling social tensions.

Figure B6.3 Sub-Saharan Africa country forecasts

	(annual percent change unless indicated otherwise)			Est. 2009	Forecast		
	95-05 <sup>1</sup>	2007	2008		2010	2011	2012
<b>Angola</b>							
Real GDP at market prices	8.3	20.3	13.2	1.7	6.9	7.7	7.0
Current account bal/GDP (%)	-2.2	17.2	7.6	-3.7	4.6	4.4	4.4
<b>Benin</b>							
Real GDP at market prices	4.6	4.6	5.1	3.1	3.3	4.8	5.1
Current account bal/GDP (%)	-7.2	-12.0	-6.5	-6.9	-7.8	-7.6	-6.0
<b>Botswana</b>							
Real GDP at market prices	6.8	4.2	3.1	-6.0	5.8	5.5	5.2
Current account bal/GDP (%)	8.2	11.0	3.8	-5.5	-6.4	-6.9	-5.5
<b>Burkina Faso</b>							
Real GDP at market prices	6.4	3.6	5.2	3.2	4.6	5.2	5.9
Current account bal/GDP (%)	-10.1	-8.7	-11.5	-6.8	-7.7	-8.3	-7.6
<b>Burundi</b>							
Real GDP at market prices	0.4	3.6	4.5	3.5	3.7	4.1	4.3
Current account bal/GDP (%)	-13.7	-15.7	-12.2	-12.2	-10.6	-9.7	-10.2
<b>Cape Verde</b>							
Real GDP at market prices	5.2	6.9	5.9	4.0	4.7	5.4	5.8
Current account bal/GDP (%)	-10.1	-13.7	-12.8	-19.3	-25.8	-24.4	-22.8
<b>Cameroon</b>							
Real GDP at market prices	4.2	3.3	2.9	2.2	2.8	3.4	4.6
Current account bal/GDP (%)	-3.2	1.4	-1.8	-2.7	-4.1	-4.7	-5.2
<b>Central African Republic</b>							
Real GDP at market prices	0.7	4.2	2.8	1.7	3.0	3.3	3.6
Current account bal/GDP (%)	-4.4	-6.7	-9.5	-7.8	-8.9	-9.4	-8.5
<b>Chad</b>							
Real GDP at market prices	8.6	0.2	-0.4	-1.4	3.7	4.0	4.3
Current account bal/GDP (%)	-36.5	-8.6	-10.2	-28.3	-26.6	-26.6	-23.9
<b>Comoros</b>							
Real GDP at market prices	2.1	0.5	1.0	1.1	1.7	2.3	2.4
Current account bal/GDP (%)	-6.3	-6.8	-11.5	-6.1	-9.1	-8.7	-9.0
<b>Congo, Dem. Rep.</b>							
Real GDP at market prices	0.1	6.3	6.2	2.9	5.2	6.9	7.2
Current account bal/GDP (%)	-2.9	-2.7	-15.1	-12.5	-15.7	-16.9	-17.6
<b>Congo, Rep.</b>							
Real GDP at market prices	3.4	-1.6	5.6	7.5	11.0	4.9	2.9
Current account bal/GDP (%)	-2.2	-8.4	-1.1	-12.6	0.1	3.1	0.1
<b>Cote d'Ivoire</b>							
Real GDP at market prices	1.6	1.6	2.3	3.8	3.0	4.1	4.5
Current account bal/GDP (%)	-0.2	-0.7	2.4	7.3	4.3	3.1	1.1
<b>Eritrea</b>							
Real GDP at market prices	1.7	1.3	-8.4	4.2	2.7	4.1	4.9
Current account bal/GDP (%)	-15.3	-6.4	-5.9	-5.7	-2.2	-2.4	-2.7
<b>Ethiopia</b>							
Real GDP at market prices	5.5	11.1	11.3	8.8	7.0	7.5	8.5
Current account bal/GDP (%)	-3.3	-4.3	-7.2	-5.1	-7.8	-8.0	-8.3
<b>Gabon</b>							
Real GDP at market prices	1.0	5.6	2.7	-1.3	3.8	4.3	4.4
Current account bal/GDP (%)	10.6	12.2	21.3	11.5	4.5	2.9	2.9
<b>Gambia, The</b>							
Real GDP at market prices	4.4	6.3	6.1	4.6	4.8	5.0	5.1
Current account bal/GDP (%)	-5.3	-12.2	-15.9	-14.4	-14.2	-14.1	-13.3
<b>Ghana</b>							
Real GDP at market prices	4.7	6.1	7.3	3.8	4.6	17.5	7.5
Current account bal/GDP (%)	-5.4	-14.4	-20.0	-5.7	-10.9	-6.3	-7.1
<b>Guinea</b>							
Real GDP at market prices	3.7	1.5	4.5	-0.6	2.6	3.6	4.1
Current account bal/GDP (%)	-5.1	-8.7	-11.6	-9.7	-9.2	-8.8	-8.3

(annual percent change unless indicated otherwise)	95-05 <sup>1</sup>	2007	2008	Est. 2009	Forecast		
					2010	2011	2012
<b>Guinea-Bissau</b>							
Real GDP at market prices	-1.4	0.6	3.5	3.0	3.4	3.9	3.4
Current account bal/GDP (%)	-13.5	4.9	2.1	2.2	-1.7	0.0	-1.5
<b>Kenya</b>							
Real GDP at market prices	2.9	7.0	1.7	2.6	4.0	4.9	5.4
Current account bal/GDP (%)	-7.5	-3.8	-6.6	-6.9	-6.6	-6.0	-5.1
<b>Lesotho</b>							
Real GDP at market prices	2.8	5.1	4.5	1.1	2.7	2.8	4.3
Current account bal/GDP (%)	-22.0	13.1	9.5	-1.5	-18.2	-17.2	-15.9
<b>Madagascar</b>							
Real GDP at market prices	3.1	6.2	7.1	-4.1	0.7	4.1	5.0
Current account bal/GDP (%)	-8.6	-14.4	-20.9	-16.1	-14.6	-12.8	-11.8
<b>Malawi</b>							
Real GDP at market prices	2.4	8.6	9.8	7.7	5.6	6.0	6.6
Current account bal/GDP (%)	-5.7	-1.7	-6.4	-8.4	-2.4	-2.3	-1.4
<b>Mali</b>							
Real GDP at market prices	5.8	2.8	5.0	4.2	5.0	5.5	6.3
Current account bal/GDP (%)	-8.7	-8.5	-8.4	-9.7	-10.5	-11.4	-10.4
<b>Mauritania</b>							
Real GDP at market prices	3.3	1.9	3.7	-1.0	4.9	5.4	6.0
Current account bal/GDP (%)	-3.2	-9.7	-15.6	-13.6	-10.9	-11.6	-13.5
<b>Mauritius</b>							
Real GDP at market prices	4.8	4.7	4.2	2.2	3.9	4.4	5.0
Current account bal/GDP (%)	0.1	-5.6	-10.4	-8.3	-8.4	-8.7	-8.4
<b>Mozambique</b>							
Real GDP at market prices	8.0	7.3	6.7	6.3	5.9	6.7	7.2
Current account bal/GDP (%)	-15.1	-9.8	-11.9	-11.8	-13.4	-13.8	-14.2
<b>Namibia</b>							
Real GDP at market prices	4.2	4.1	2.7	-0.8	4.4	4.8	4.8
Current account bal/GDP (%)	3.0	9.2	2.8	-2.3	-5.8	-5.2	-4.0
<b>Niger</b>							
Real GDP at market prices	3.5	3.3	8.7	-1.2	3.5	4.3	11.7
Current account bal/GDP (%)	-7.1	-8.3	-13.4	-19.9	-21.6	-22.1	-17.4
<b>Nigeria</b>							
Real GDP at market prices	4.6	6.4	5.3	5.6	6.1	5.7	6.4
Current account bal/GDP (%)	6.5	18.6	20.2	11.2	13.0	11.8	10.6
<b>Rwanda</b>							
Real GDP at market prices	8.3	7.9	11.2	4.5	5.5	5.8	6.8
Current account bal/GDP (%)	-4.7	-4.3	-5.0	-6.8	-7.1	-6.5	-6.9
<b>Senegal</b>							
Real GDP at market prices	4.4	4.8	2.5	1.2	3.2	4.4	4.9
Current account bal/GDP (%)	-5.7	-11.6	-10.4	-9.6	-10.1	-10.2	-9.4
<b>Seychelles</b>							
Real GDP at market prices	2.8	7.3	-0.9	-7.6	3.5	4.2	5.0
Current account bal/GDP (%)	-13.4	-20.5	-44.1	-23.5	-30.4	-29.4	-27.0
<b>Sierra Leone</b>							
Real GDP at market prices	4.6	6.8	5.5	4.0	4.7	6.1	6.5
Current account bal/GDP (%)	-12.4	-12.1	-11.1	-8.4	-9.1	-8.7	-8.3
<b>South Africa</b>							
Real GDP at market prices	3.3	5.5	3.7	-1.8	3.1	3.4	3.9
Current account bal/GDP (%)	-4.3	-9.2	-7.1	-4.0	-4.5	-5.8	-6.4
<b>Sudan</b>							
Real GDP at market prices	6.2	10.2	6.8	4.5	5.5	6.2	6.2
Current account bal/GDP (%)	-6.3	-12.5	-9.0	-12.8	-8.2	-6.4	-5.8
<b>Swaziland</b>							
Real GDP at market prices	3.5	3.5	2.5	0.2	1.1	2.7	3.4
Current account bal/GDP (%)	-0.8	-2.3	-4.9	-6.3	-10.4	-12.3	-12.4
<b>Tanzania</b>							
Real GDP at market prices	5.4	7.1	7.4	6.0	6.3	6.8	7.0
Current account bal/GDP (%)	-6.3	-9.4	-10.5	-9.7	-10.1	-9.2	-9.2
<b>Togo</b>							
Real GDP at market prices	3.2	1.9	2.2	3.1	3.3	3.5	3.7
Current account bal/GDP (%)	-9.6	-8.6	-9.9	-6.9	-7.5	-6.4	-5.9
<b>Uganda</b>							
Real GDP at market prices	6.4	8.6	8.7	6.6	5.7	5.9	6.6
Current account bal/GDP (%)	-6.9	-4.5	-5.0	-5.9	-6.3	-5.1	-6.3
<b>Zambia</b>							
Real GDP at market prices	3.8	6.2	5.7	6.2	5.4	5.9	6.4
Current account bal/GDP (%)	-11.8	-6.5	-7.1	-3.6	-2.9	-3.0	-2.5
<b>Zimbabwe</b>							
Real GDP at market prices	-2.4	-6.9	-14.1	4.0	4.1	2.3	3.3
Current account bal/GDP (%)	-11.5	-8.1	-23.7	-28.2	-22.8	-17.6	-15.5

Notes: 1. Growth rates over intervals are compound average; growth contributions, ratios and the GDP deflator are averages.

2. Liberia, Somalia, Sao Tome and Principe, are not forecast owing to data limitations.

Source: World Bank

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

**Notes:**

1. Armenia, Bosnia and Herzegovina, Georgia, Latvia, Romania, and Ukraine entered Stand-by-Arrangements; Moldova and Tajikistan entered Extended Credit Facilities; Moldova also entered an Extended Arrangement, and the Kyrgyz Republic entered an Exogenous Shock Facility. Additionally, Poland opened a Flexible Credit Line of 13.7 billion SDRs, but it did not draw upon it before it expired in early-May 2010.
2. Central Bank of Russia (<http://www.cbr.ru/eng/statistics/?Prtid=svs>).
3. The countries covered in the Europe and Central Asia section of the regional appendix are those that fall into the World Bank's definition of low- and middle-income countries (with economies divided according to 2008 GNI per capita, calculated using the World Bank Atlas method, with income groups categorized as low income, with income of \$975 or less; lower middle income with \$976 - \$3,855; upper middle income, with \$3,856 - \$11,905; and high income with \$11,906 or more). The 24 countries are Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, Latvia, Lithuania, Former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania and Serbia (in the Central European sub-region); Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Ukraine, and Uzbekistan (in the Commonwealth of Independent States sub-region); and Turkey. Transition countries include all 24 countries with the exception of Turkey. Among these developing countries, Bulgaria, Latvia, Lithuania, Poland and Romania are new European Union members. Owing to data limitations, forecasts are not available for Kosovo, Montenegro, and Turkmenistan. The EU-10 countries consist of: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic and Slovenia.
4. The output gap is defined as the difference between the actual level of industrial production in March 2010 (or latest date) and the level that would have been observed if output had continued to expand at the average rate between January 2003 and August 2008, expressed as a percent of that trend rate.
5. IMF Regional Economic Outlook: Western Hemisphere, May 2010.
6. The low-and-middle income countries of the Middle East and North Africa region as presented in this report include Algeria, the Arab Republic of Egypt, the Islamic Republic of Iran, Jordan, Lebanon, Morocco, the Syrian Arab Republic, Tunisia and the Republic of Yemen (low-income country). Several developing countries are not covered owing to data insufficiencies, including Djibouti, Iraq, Libya and the West Bank and Gaza. High-income economies of the broader geographic region, including Gulf Cooperation Council (GCC) members, Bahrain, Kuwait, Oman and Saudi Arabia are covered in this report under the group of "other high-income countries". But as the GCC has become more integrated with the developing economies of the region, a brief discussion of economic developments is a feature of this appendix. Among the GCC, insufficient data exists for inclusion of Qatar and the United Arab Emirates in the database and forecasting model underlying this note.
7. Average growth for the developing Middle East and North Africa region over the ten-year span from 1995-2005, registered 4.4 percent--a fair estimate for growth of potential output for the region's developing countries.
8. Many countries in the region commonly report GDP on a fiscal year (FY) basis in contrast with most developing (and high-income) countries, which report GDP on a calendar year (CY) basis. In this annex, this data is converted onto a calendar year basis in order to ensure comparability with data presented for other countries. The conversion is achieved by calculating CY equivalents for GDP in India using quarterly data, and by making an estimate using appropriately weighted averages of the FY data for Bangladesh, Nepal and Pakistan. Sri Lanka reports national income and product accounts on a calendar year basis. The fiscal year runs from July 1 through June 30 in Bangladesh and Pakistan, from July 16 through July 15 in Nepal, and from April 1 through March 31 in India. Because of reporting practices, Bangladesh, Nepal, and Pakistan report FY2008/09 data in CY2009, while India reports FY2008/09 in CY2008.

9. The text references GDP at market prices for all countries including India for consistency across developing countries (as GDP at market prices is the metric used by most economies). In some South Asian economies, GDP at factor cost is more widely referenced in the press. GDP at factor cost excludes indirect taxes and includes subsidies—whereas GDP at market prices includes indirect taxes and excludes subsidies. Table B5.4 presents GDP at both factor cost and market prices for India.
10. World Bank, World Development Indicators, and Government sources.
11. World Development Indicators (April 2010).