



African Economic Outlook 2010 forecasts uneven economic growth for Africa for the next two years

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The [African Economic Outlook \(AEO\) 2010](#) -- which was launched on 24 May 2010 at the Annual Meetings of the Boards of Governors of the African Development Bank Group in Abidjan, Côte d'Ivoire -- forecasts that 2010-2011 economic growth in Africa will vary depending on the region.

Recognising taxation as a resource for economic development, the 2010 AEO includes a study on Public Resource Mobilisation as one of the means for African governments to become less dependent on international development aid in the long run. The report finds that there are very large differences in the capacity of individual countries to raise tax. In 2008, annual taxes per capita ranged from US\$20-40 in Burundi, the Democratic Republic of Congo, Guinea-Bissau, Ethiopia, and Sierra Leone, to US\$4866 in Equatorial Guinea, and US\$11725 in Libya. Most strategies towards more efficient taxation in Africa typically involve broadening the existing tax base. Further policy options include fighting fraud and evasion, removing tax preferences, particularly for large corporations, dealing with abuses of transfer pricing techniques by multinationals and taxing extractive industries more fairly and more transparently.

Regarding economic growth in Africa, the AEO 2010 finds that the economic crisis cost the continent a large part of its economic growth in 2009. From an average rate of 6% in 2006-2008, economic growth fell to 2.5% in 2009. Average growth on the continent is expected to rebound to 4.5% in 2010 and 5.2% in 2011. However, the economic downturn may have some longer-term negative consequences for African countries, including difficulties in reaching the Millennium Development Goal of halving the number of people living in poverty by 2015.

The report also notes uneven growth across the continent. Southern Africa suffered most from the economic crisis in 2009 and will recover more slowly than other regions with an average growth of almost 4% in 2010-2011. East Africa best withstood the economic downturn and its projected growth rate for 2010-2011 is 6%. North and West Africa should expect a growth rate of 5% and Central Africa 4% for the same period.

The impact of the economic crisis varied in severity depending on the sector. The fall of commodity prices particularly affected mining and manufacturing as well as global trade in goods and services. Non-tourism services and agriculture performed better, and in fact -- with some exceptions-- in most African countries the agricultural sector benefited from favourable weather.

According to AEC 2010, overall, Africa fared better during the crisis than was previously expected due to the implementation of precautionary macroeconomic policies prior to the downturn. In addition, continued international development aid and some debt relief by International Financial Institutions cushioned the impact of the crisis.

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