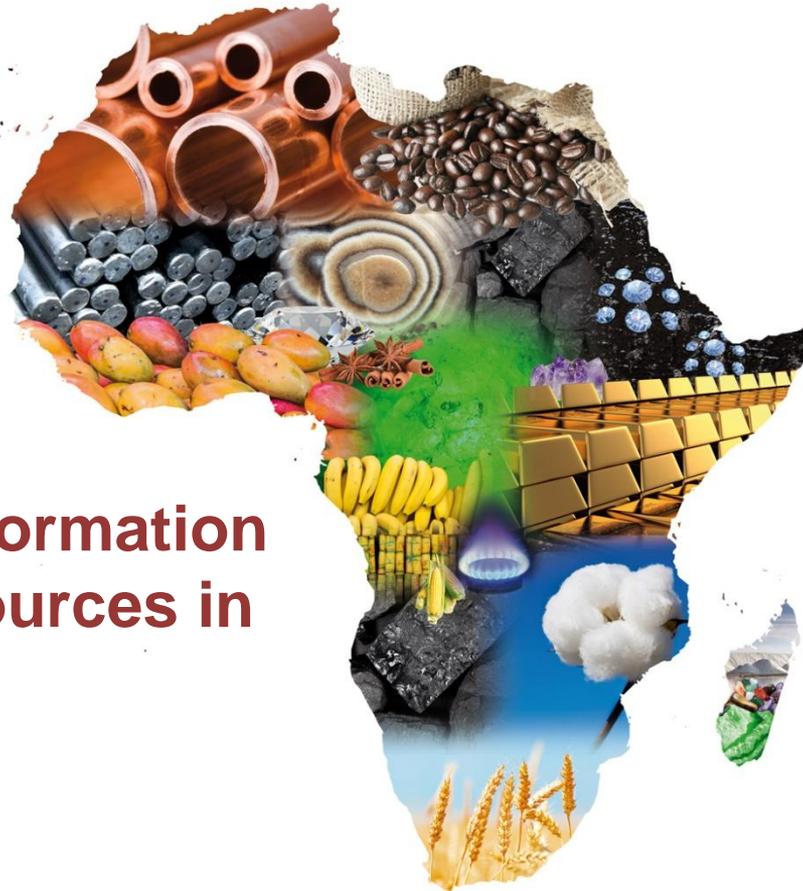


African Economic Outlook 2013



Structural Transformation and Natural Resources in Africa

HB Solignac-Lecomte

OECD Development Centre

**East – West Business Forum 2013:
EMERGING AFRICA**, Prague, Sept. 25, 2013



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Outlook 2013



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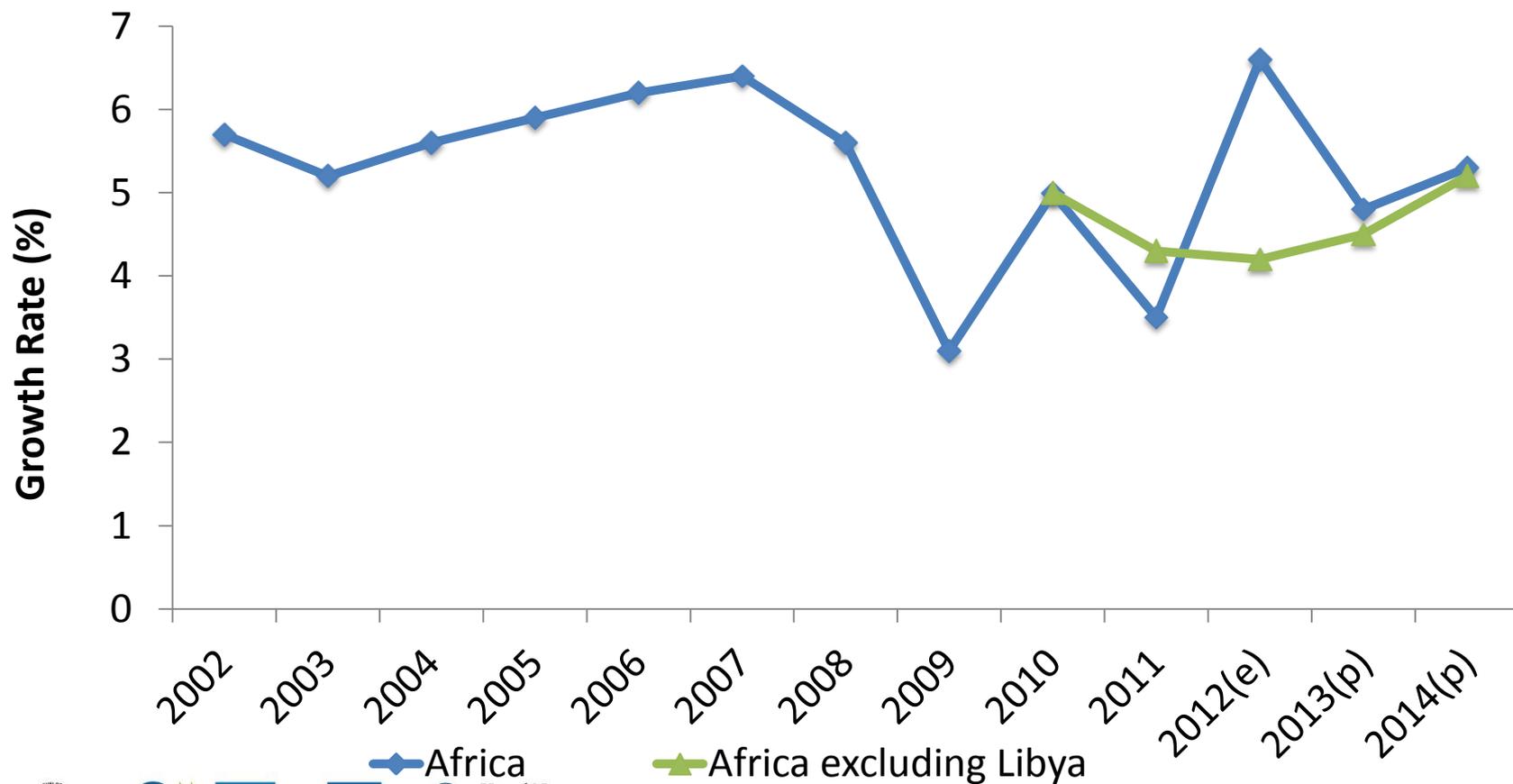
The Growth Story



**Africa's growth sustained despite headwinds
from the global economy**

Africa's real GDP expected to grow by **4.8%** in 2013 and **5.3%** in 2014

Africa's Growth: Strong long-term trend disturbed by short-term turbulences



Growth by regions

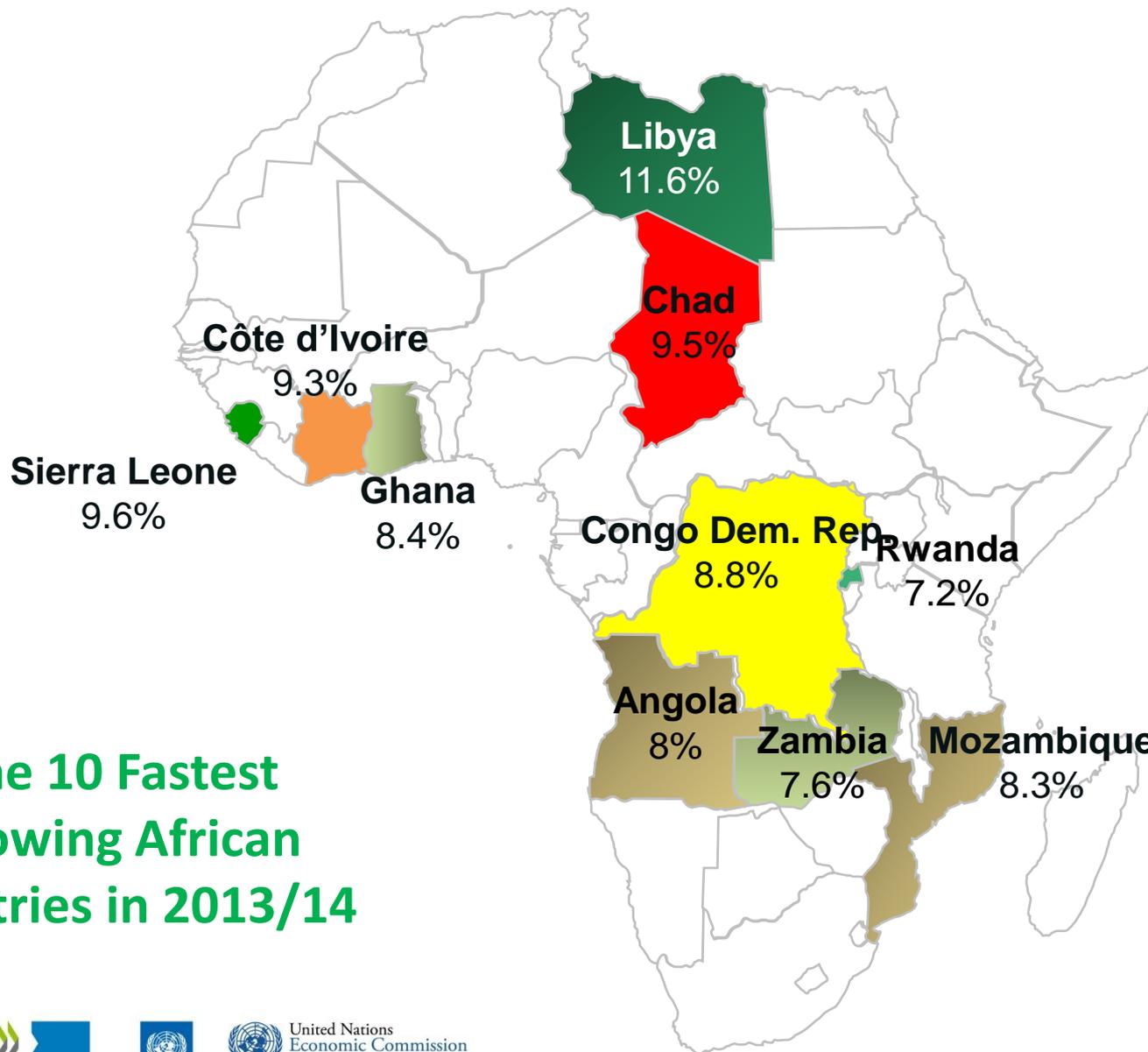
	2011	2012 (e)	2013 (p)	2014 (p)
	Real GDP Growth (%)			
Central Africa	5.2	5.7	5.7	5.4
East Africa	6.3	4.5	5.2	5.6
North Africa	-0.1	9.5	3.9	4.3
Southern Africa	4.0	3.7	4.1	4.6
West Africa	6.8	6.6	6.7	7.4
Africa	3.5	6.6	4.8	5.3

Libya's GDP fall and rebound is affecting Africa's Growth

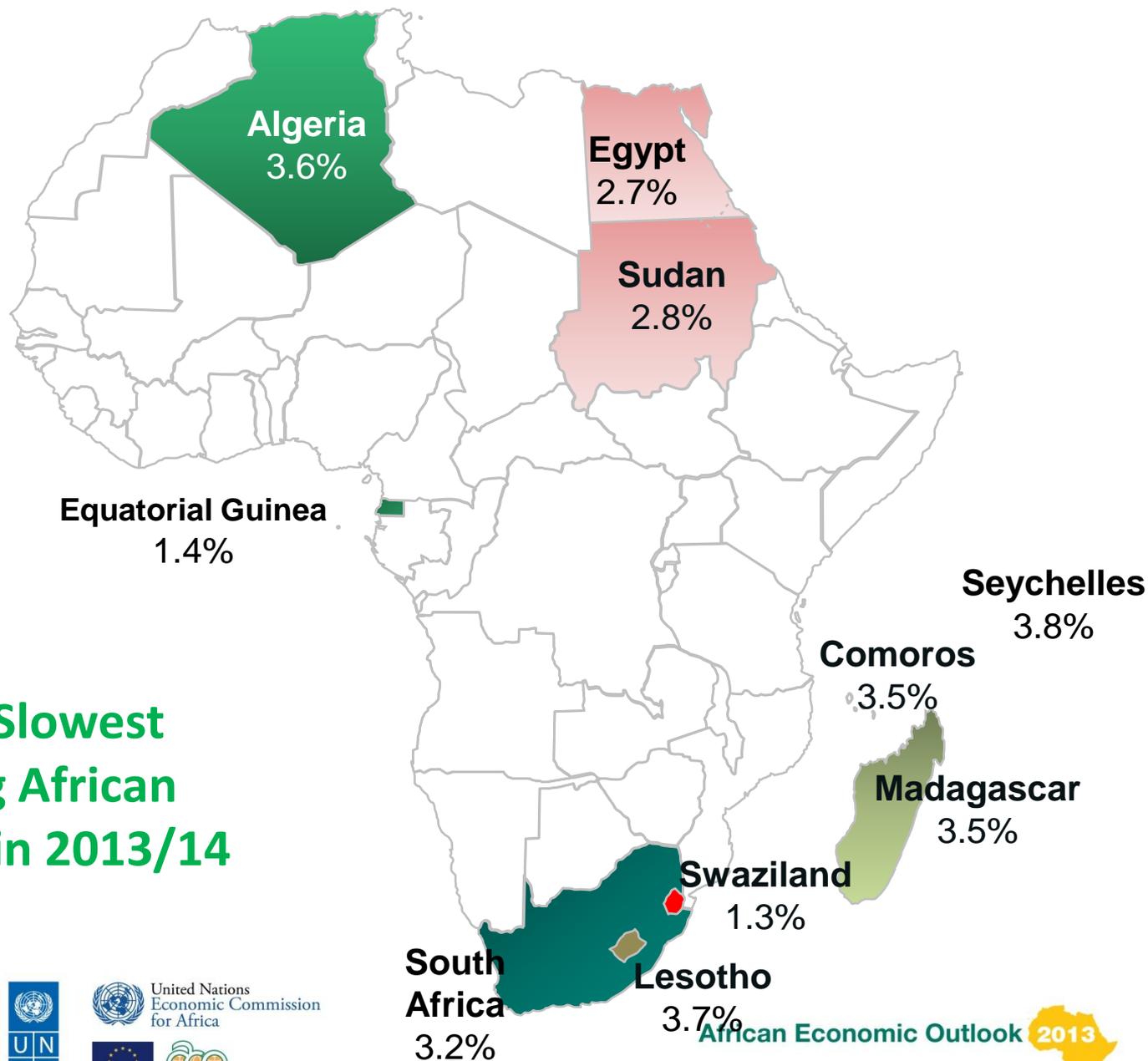
GDP growth Africa

	2011	2012	2013	2014
Incl. Libya	3.5%	6.6%	4.8%	5.3%
Excl. Libya	4.3%	4.2%	4.5%	5.2%

The 10 Fastest Growing African Countries in 2013/14



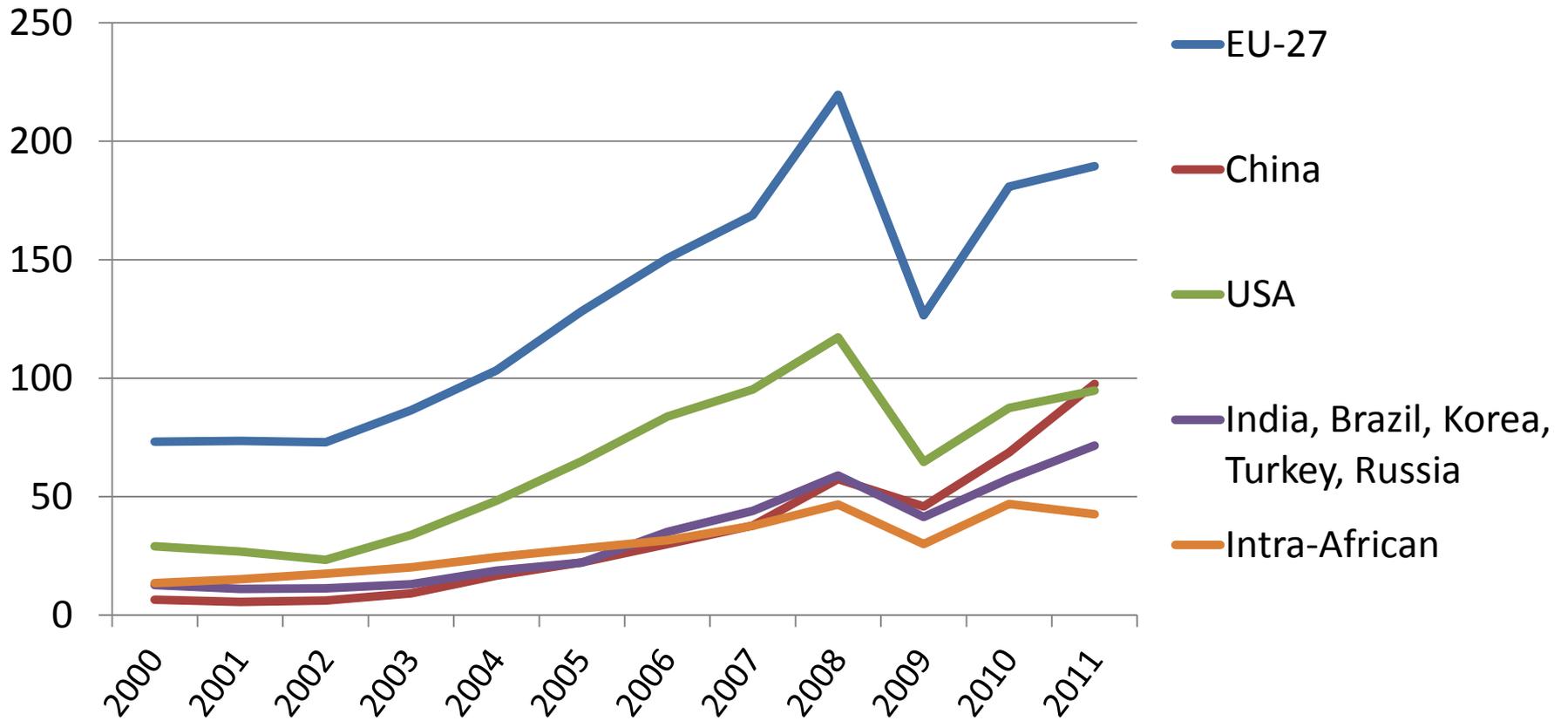
The 10 Slowest Growing African Countries in 2013/14



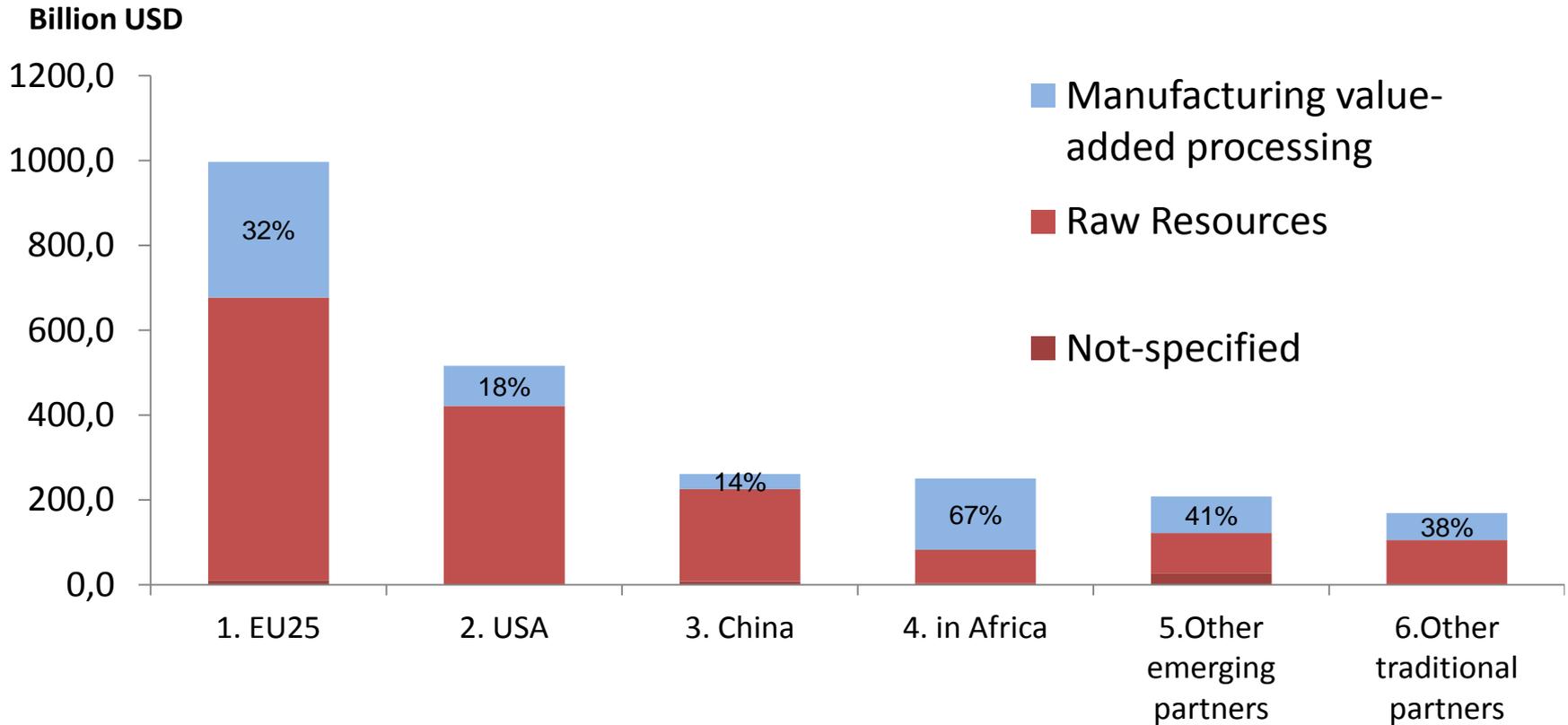
Trade : China's acceleration

Africa's exports to selected partners (2000-2011)

Billion USD

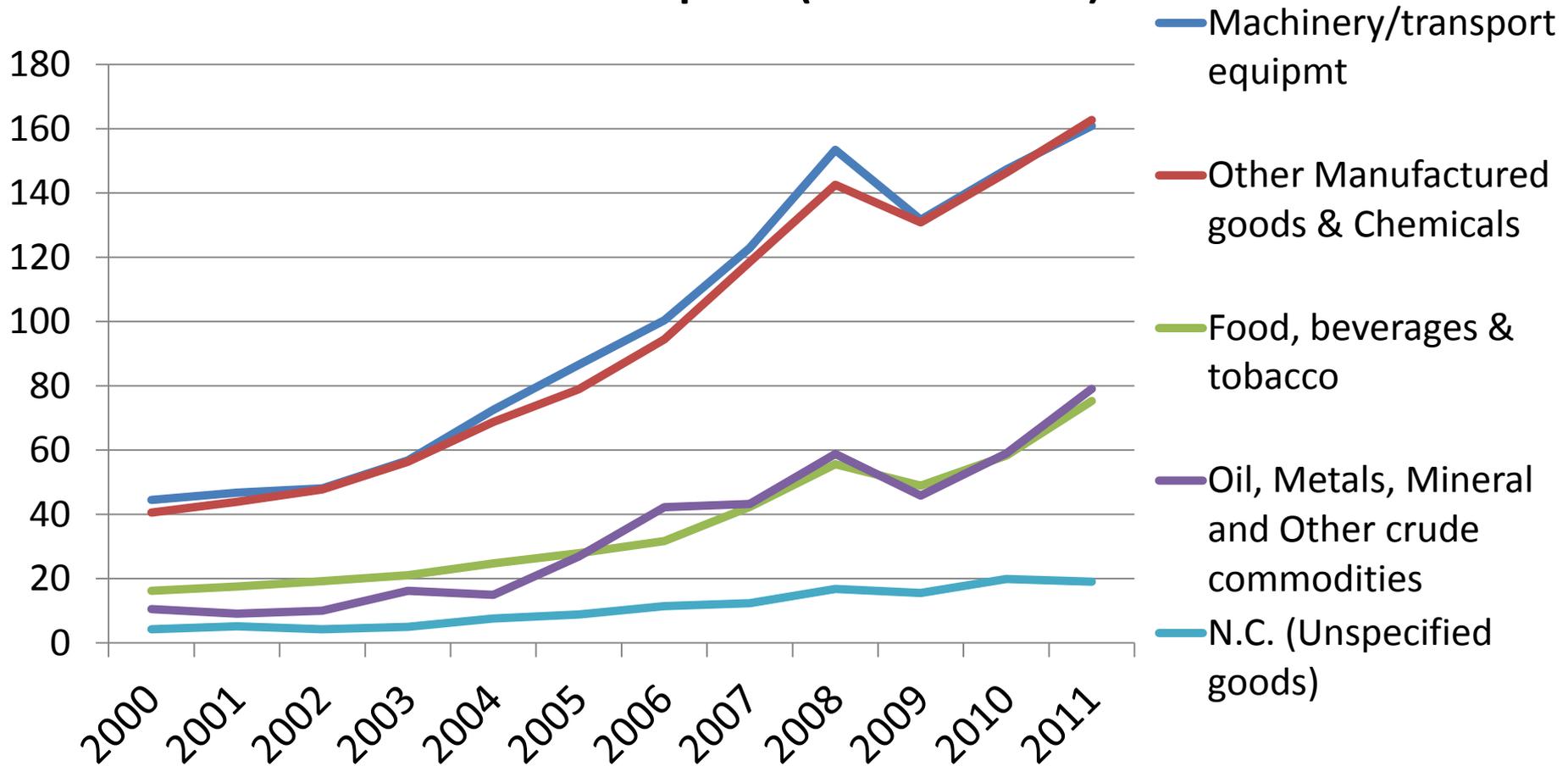


Africa should trade more with itself

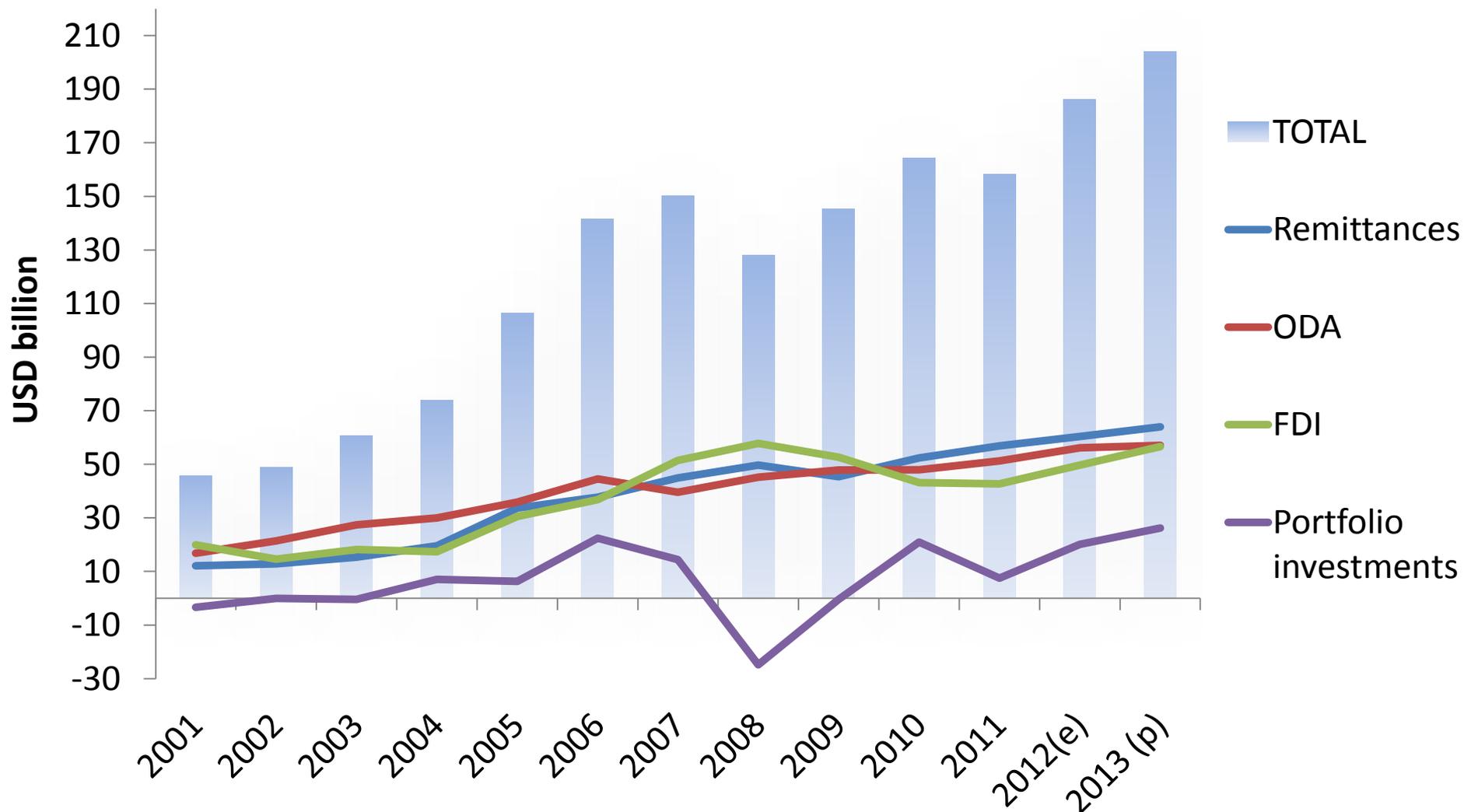


Africa's import boom

African imports (in Billion USD)

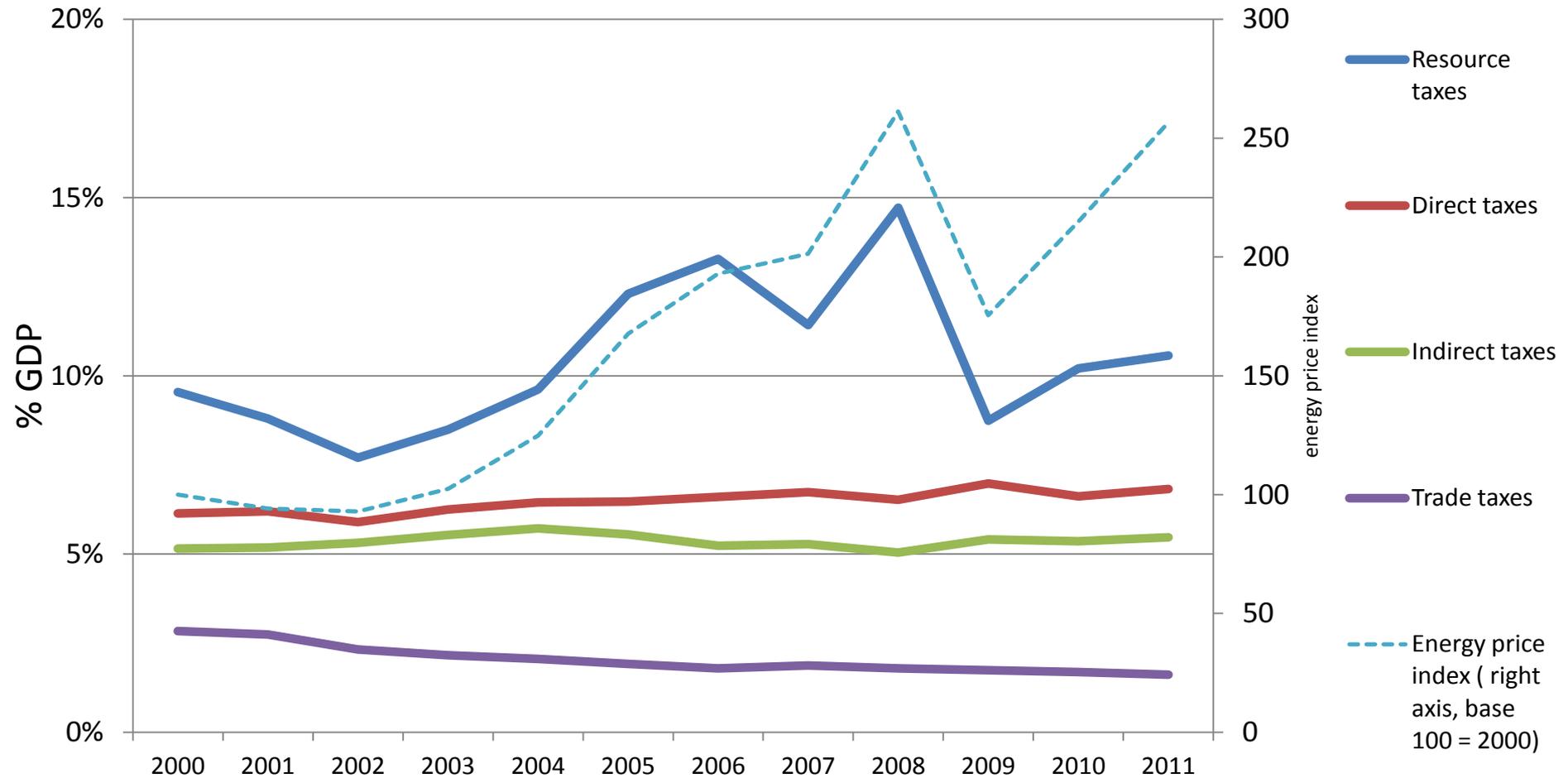


Financial Flows to African Countries

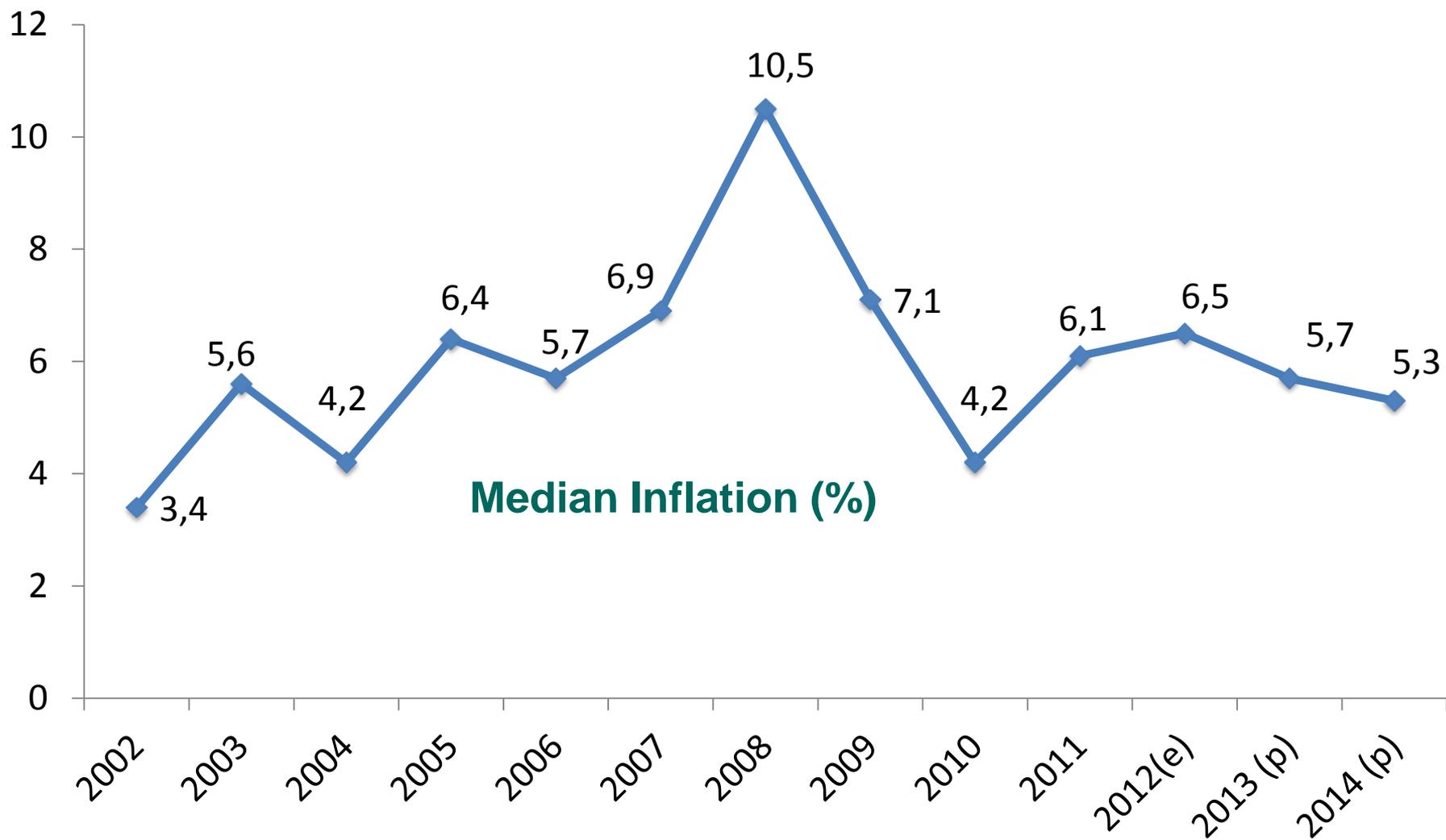


Domestic resource Mobilisation

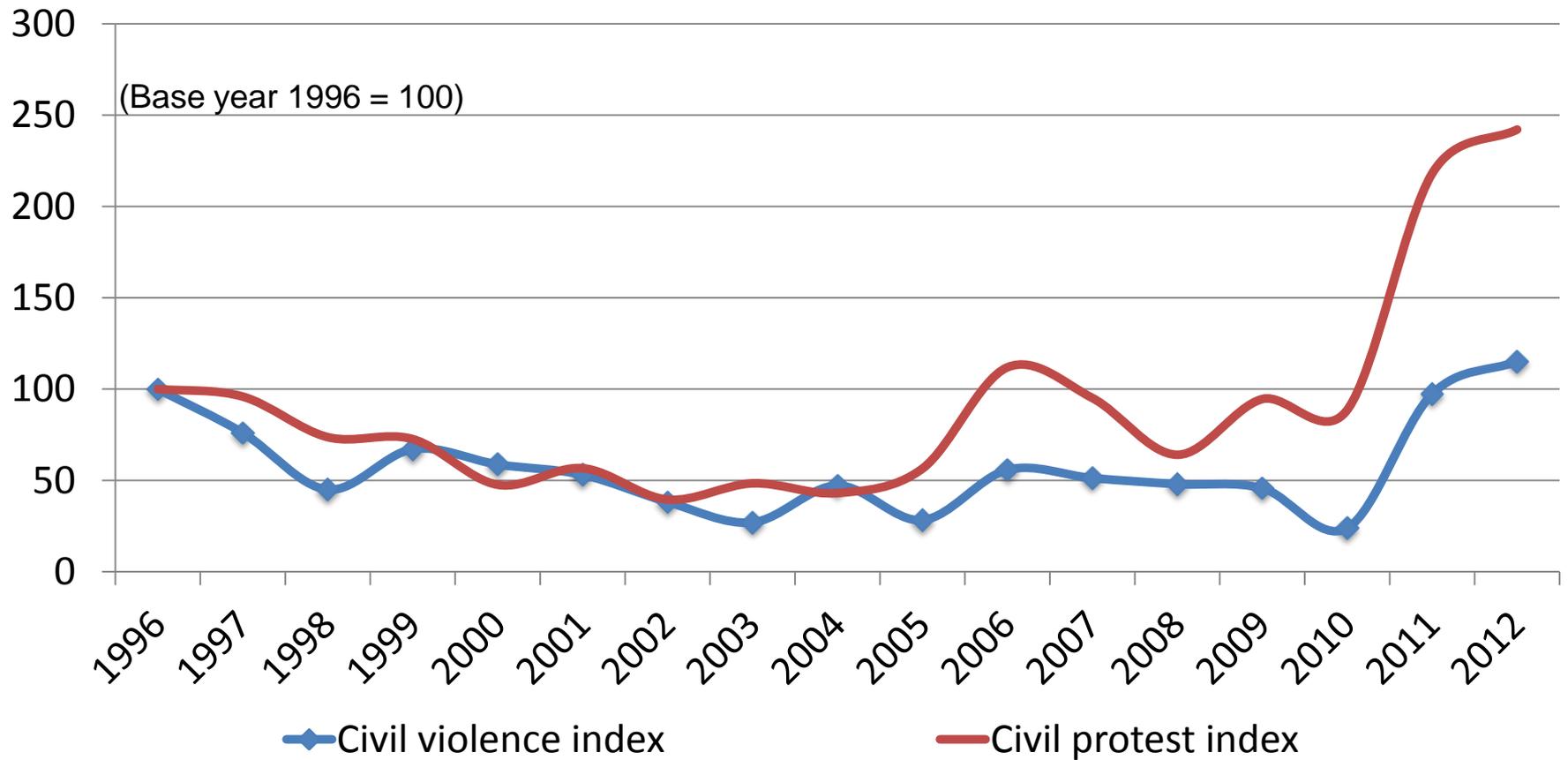
Collected taxes by type, as % of GDP (weighted)



Inflation: cautious optimism



Public protests and violence



Africa Rising?

Drivers of growth = “Shifting wealth”
(including the commodity price boom),
demography and better macroeconomic
policies

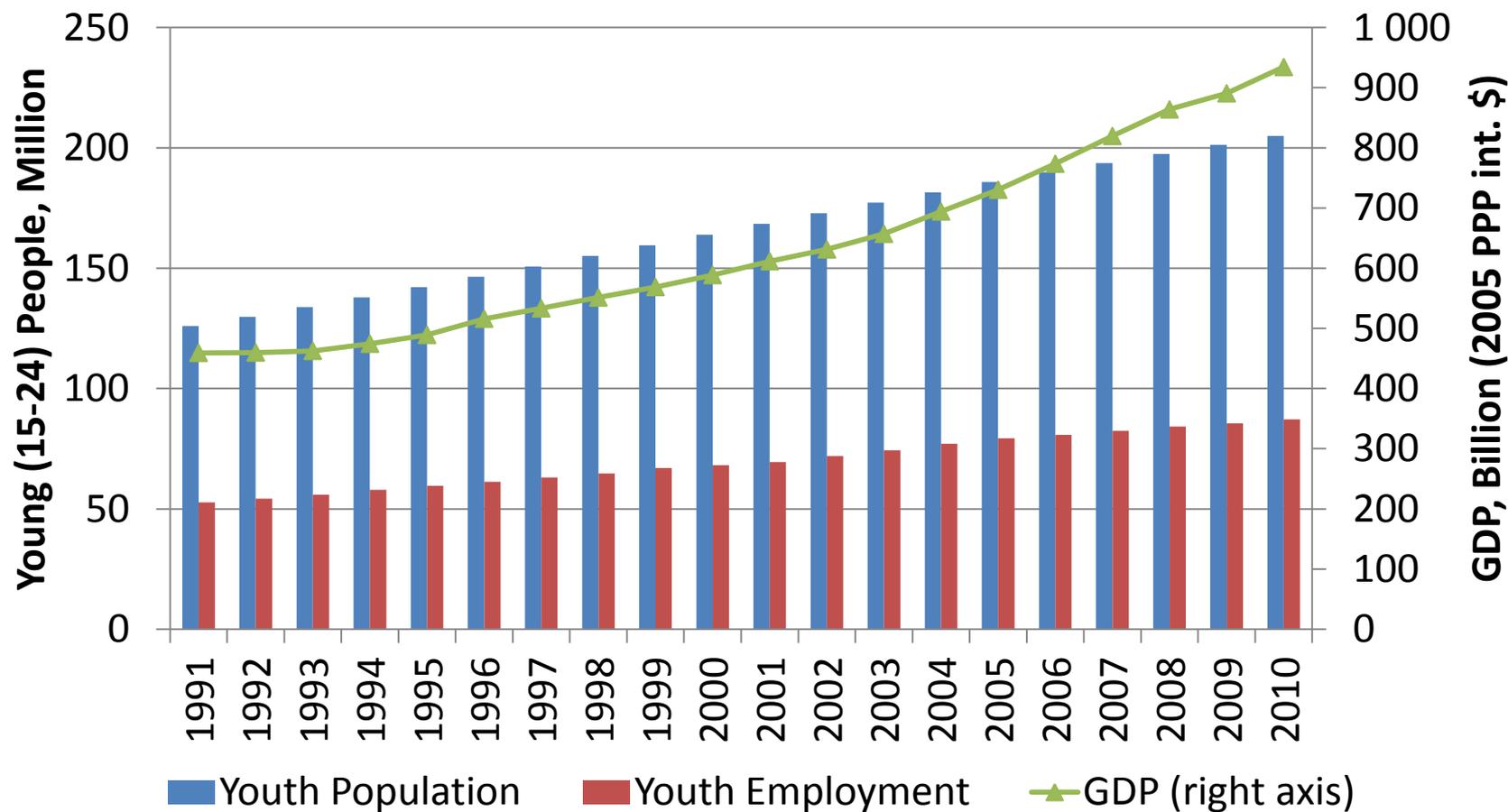
But 5% growth is not enough to take-off

Tackling the job challenge: structural
transformation



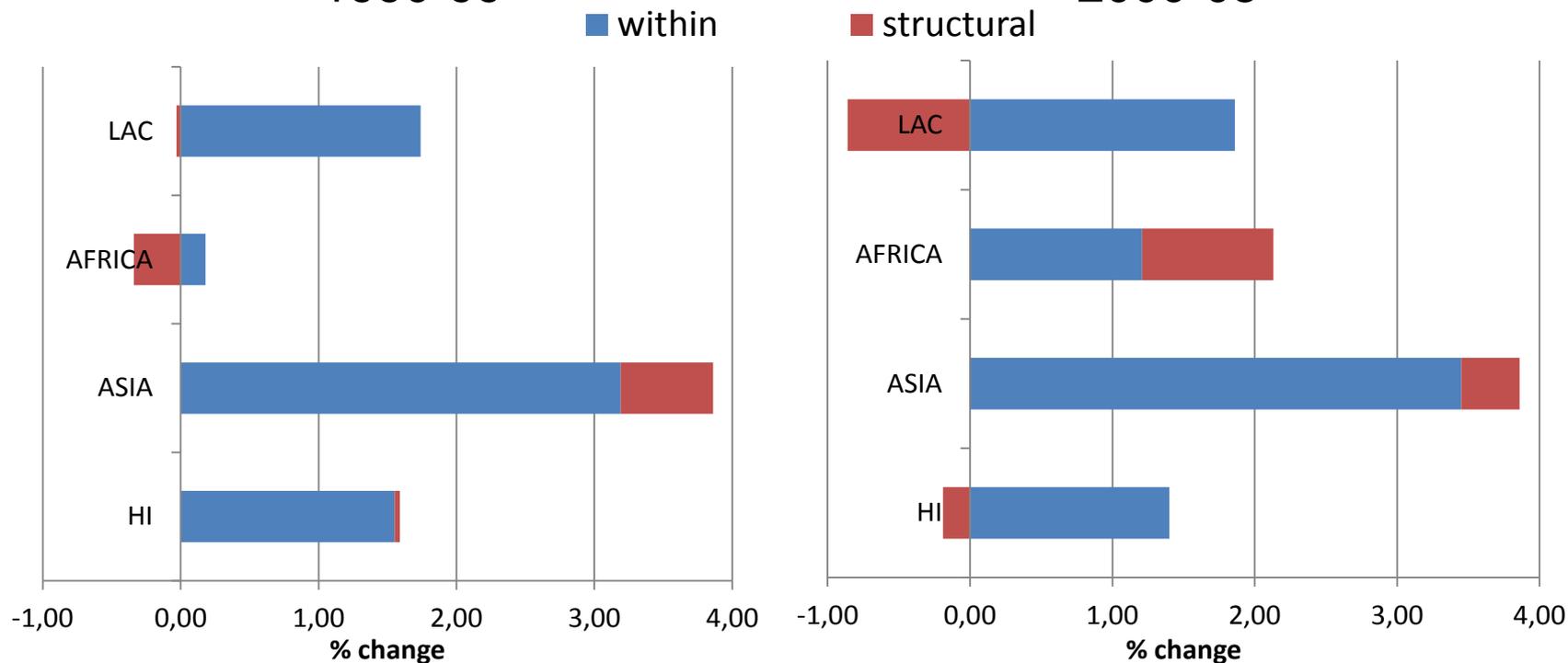
Structural Transformation and Natural Resources

Not so good: jobs are not keeping up, especially for the young



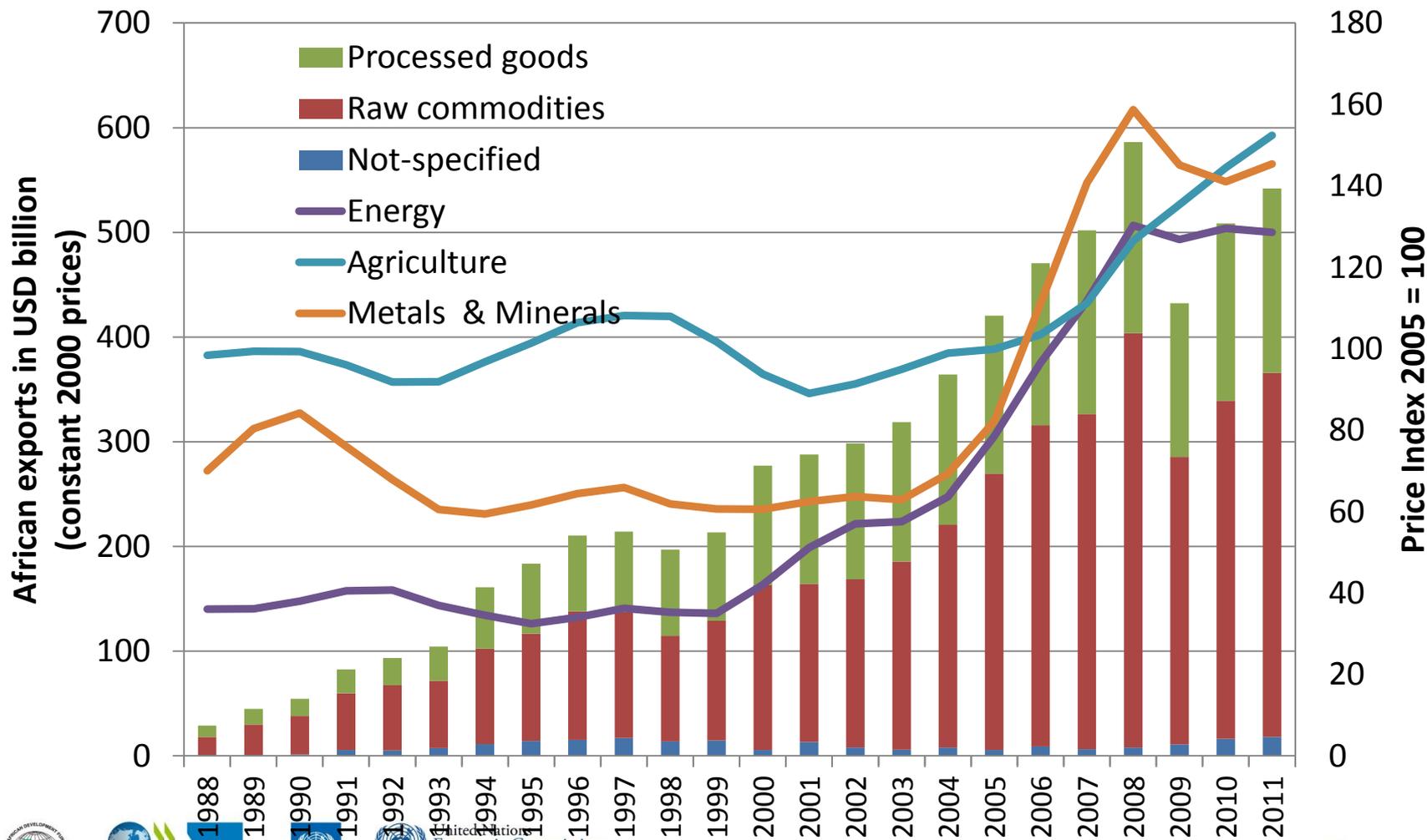
Good news: Africa's growth has been driven by structural transformation

Decomposition of productivity growth by country group
1990-99 2000-05

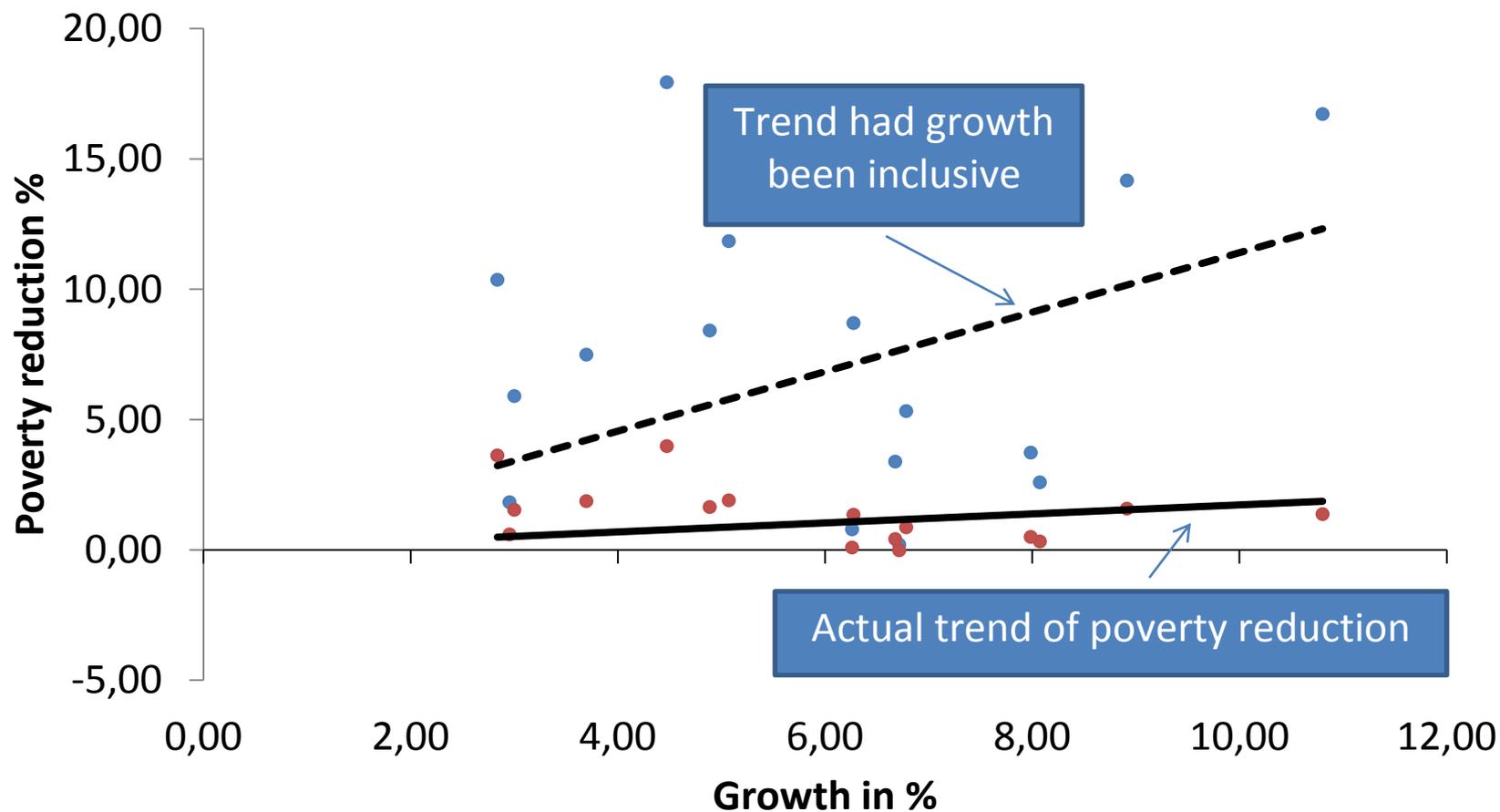


Source: Authors' calculations based on census data and a labour force survey for a sample of nine African countries.

Natural Resources: Africa benefitted from better terms of trade

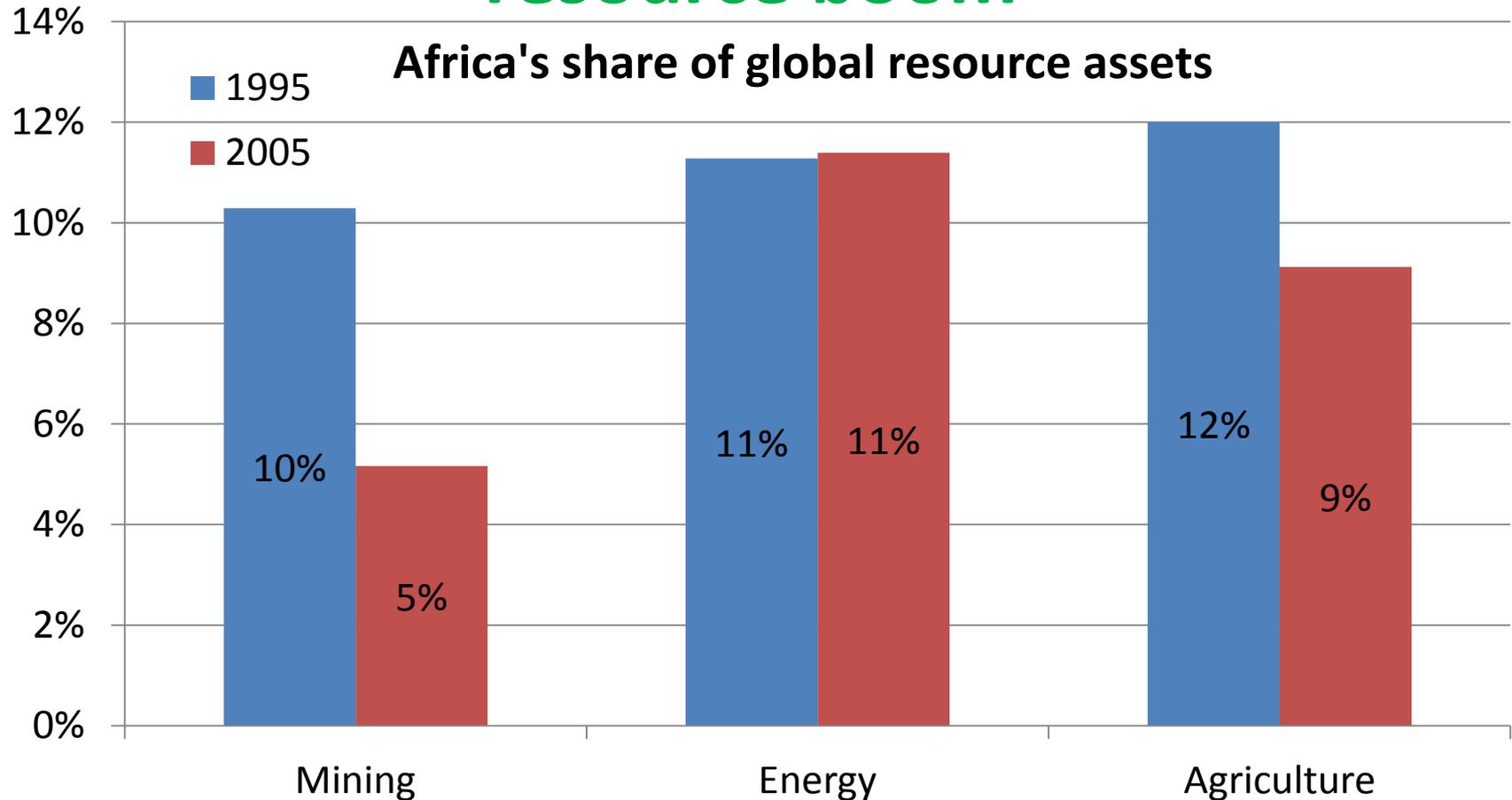


Not so good news: faster transformation is needed to make growth inclusive



Source: Authors' calculations based on household surveys from 16 countries.

Africa could have made more of the resource boom



Source: Authors' calculations based on data from World Bank (2012), The Changing Wealth of Nations, World Bank, Washington, DC.



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Why Natural Resources?

Africa has a low skill-to-land ratio

- comparative advantage in natural resources
- must make the most of them



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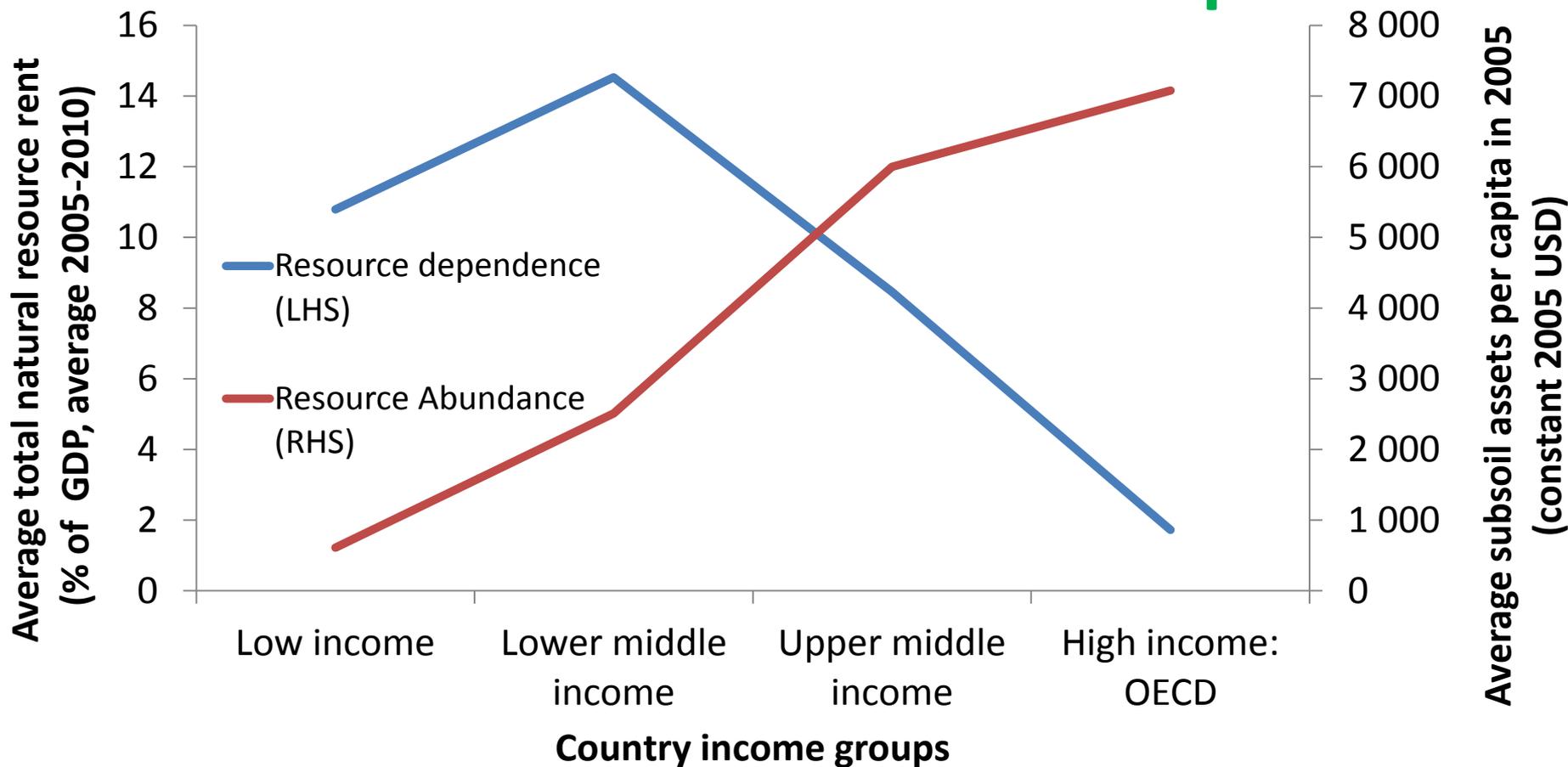


Removing the curse:

3 Principles for natural resource-based structural transformation

1. Overcome dependence
2. To diversify *beyond* natural resources, start by diversifying *amongst* natural resources.
3. Structural transformation and natural resource sectors face similar bottlenecks

1. Overcoming dependence is the key to natural-resource based development



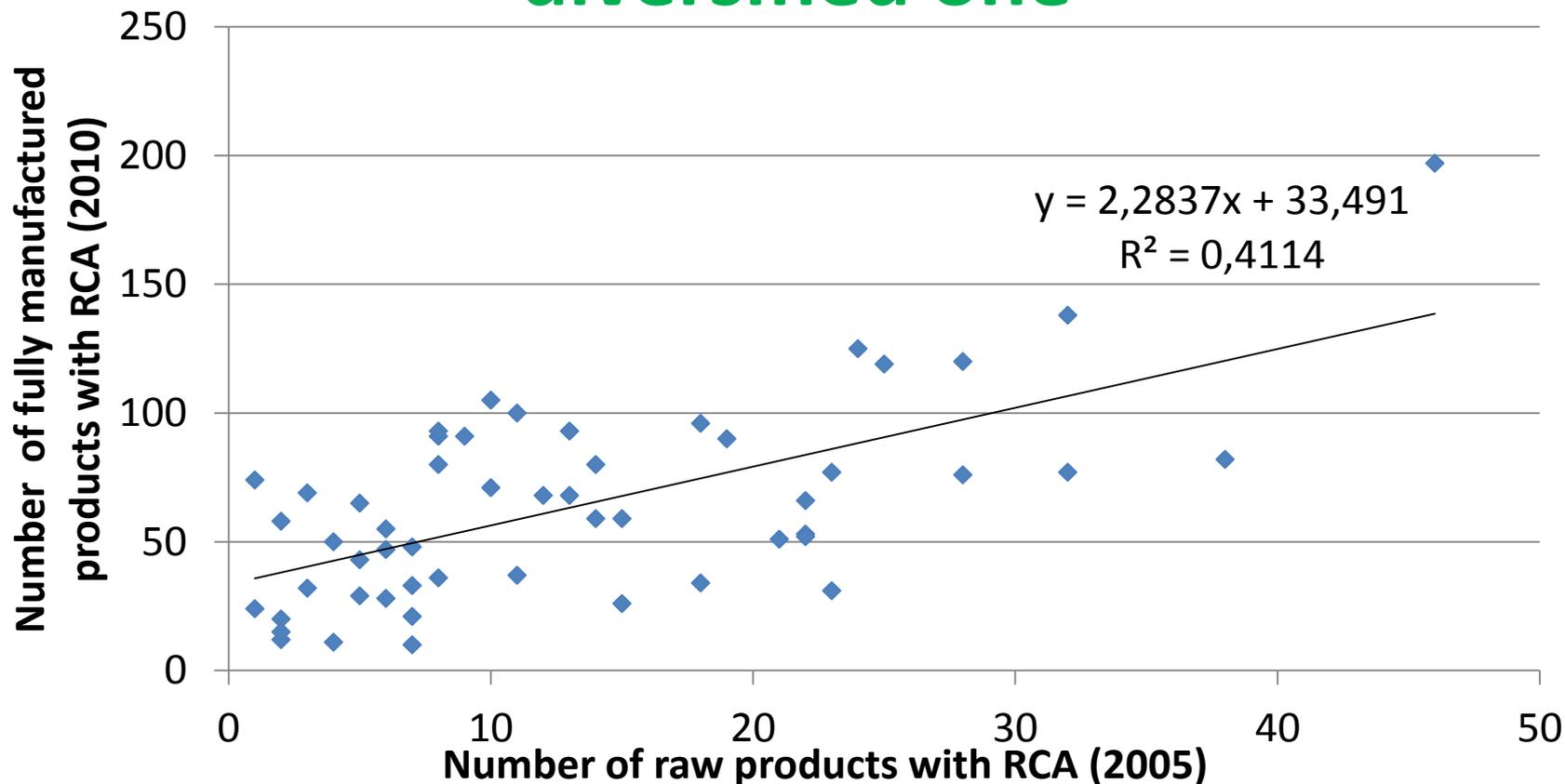
(only includes countries with subsoil assets; excluding high income non-OECD countries)

Source: Authors' calculations based on data from World Bank (2012), The Changing Wealth of Nations, World Bank, Washington, DC.



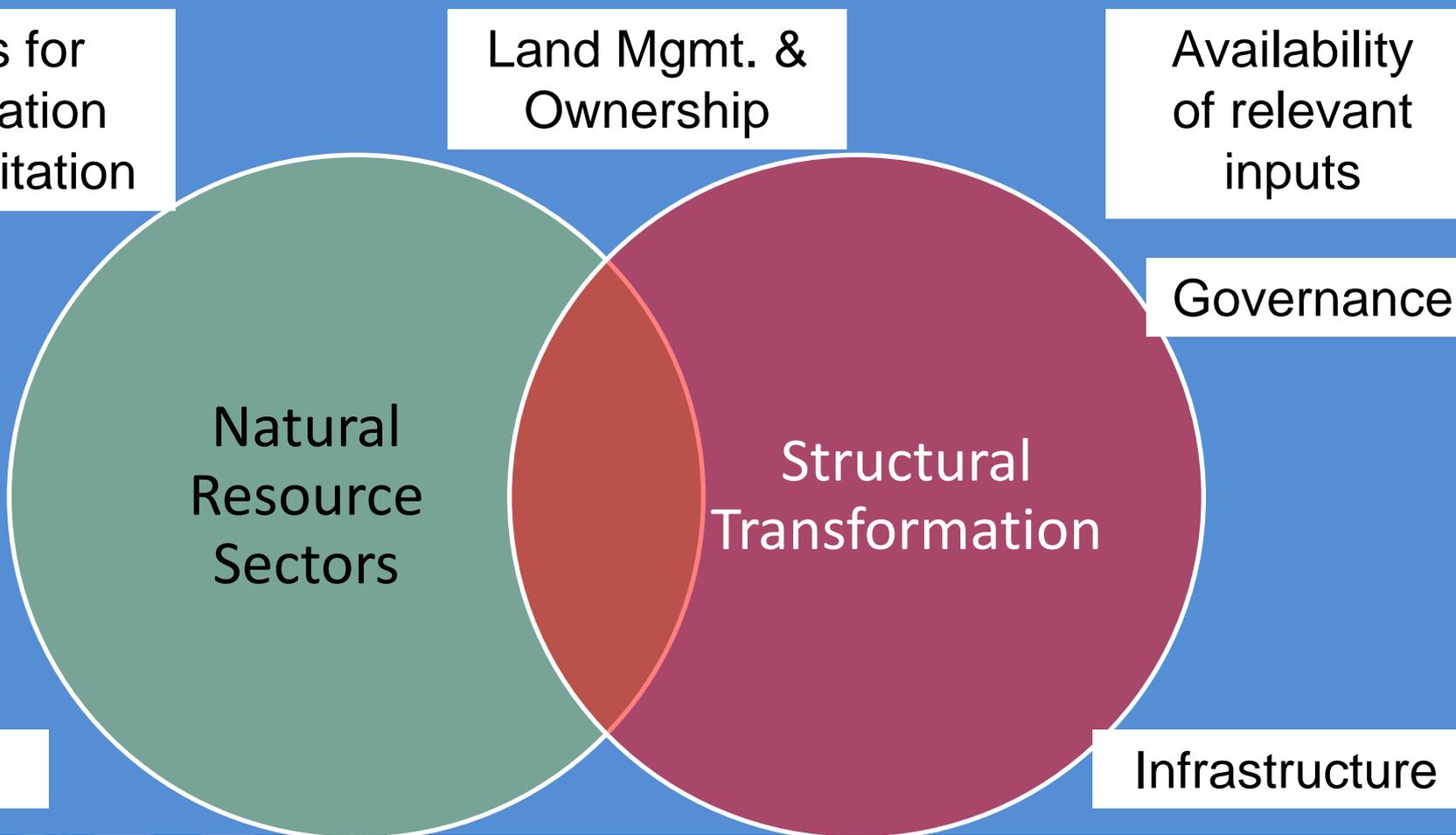
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2. A strong natural resource sector is a diversified one



Source: Authors' calculations based on UN (2013), UN ComTrade, (database).

3. Structural transformation and natural resource sectors face similar bottlenecks



Energy needs for metal refining & Africa's generation capacity

Country	2009 Electricity production (GWh)	2009 Energy need for refining of mining production (GWh), (bauxite, iron, copper and nickel only)	Energy requirement of base metal refining as share of total electricity output
Botswana	444	2,996	675%
Tanzania	4,628	2,583	56%
Congo, Dem. Rep.	7,830	7,738	99%
Zimbabwe	7,878	411	5%
Ghana	8,958	8,800	98%
Zambia	10,308	15,946	155%
Algeria	42,769	6,600	15%
Egypt, Arab Rep.	139,000	7,200	5%
South Africa	246,815	336,991	137%
Africa*	664,051	764,210	115%

3 Priority Policy Areas

- Help private local firms become the suppliers of multinationals
- Help capabilities accumulated in resource sectors be applied in other sectors (Sweden, US).
- Invest revenue to remove bottlenecks

Looking Forward

- Refining monitoring, analysis and forecasts: AEO model, Hidalgo model
- Promoting public / private dialogue: GVC Dialogue Network, Natural Resource Dialogue Network



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COUNTRY-NOTES



Read the country notes

ECONOMIC OUTLOOK

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