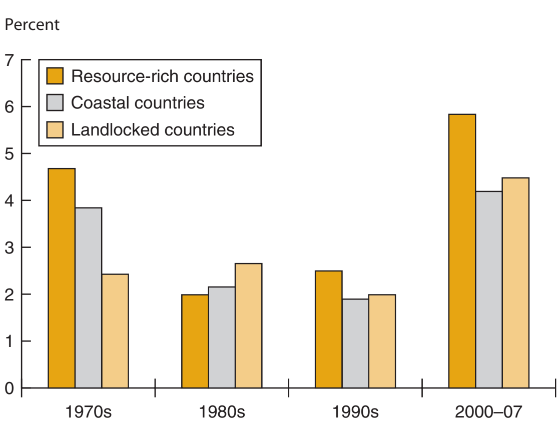
Sub-Saharan Africa

Recent developments

Growth outturns for Sub-Saharan Africa in 2007 were stronger than first estimates suggested, with GDP picking up to 6.1 percent. Growth in South Africa surprised to the upside, and gains for oil-importing countries outside South Africa were also stronger than first thought. One of the more heartening characteristics of recent growth in the region is that it is broad-based, with one in three countries growing by more than 6 percent. And growth has accelerated not only in resource-rich countries but also in countries that are resource poor, whether coastal or landlocked (figure A.16). Subsequently, per capita GDP growth has increased markedly for most countries, carrying the aggregate rate for the region to a robust 4.1 percent in 2007.

Stronger growth in South Africa was the main reason for the upward revision in regional growth. The region's largest economy expanded 5.1 percent during 2007, marginally down from 5.4 percent the previous year, with output boosted by robust private consumption and a higher contribution to growth from investment. GDP gains accelerated to 5.3 percent in the fourth quarter (year over year), from 4.8 percent the previous quarter, boosted by higher output in agriculture and a marked acceleration in manufacturing growth.

Figure A.16 Growth across selected Sub-Saharan Africa subregions



Source: World Bank.

Angola was the star performer of the region during 2007, expanding an impressive 22.9 percent, for a fourth consecutive year of double-digit growth. This helped to propel growth among oil exporters in Sub-Saharan Africa to 8.0 percent in 2007, up from 6.7 percent in 2006 (table A.16). In Nigeria economic expansion remained near 6 percent, as the oil sector continued to contract, while growth in the non-oil sectors picked up slightly. Notably, robust advances in telecommunications and financial services led strong growth in the services industries. The banking sector has also benefited from the consolidation and recapitalization program initiated in 2006 and is in turn fostering growth in the private sector through increased financial intermediation.

In the Central African Economic and Monetary Community, growth accelerated to 3.3 percent, as most governments in the group markedly increased public investment outlays. Growth was particularly robust in Gabon, where GDP exceeded 5 percent growth in 2007; notwithstanding relatively flat oil output, Gabon enjoyed strong expansion in manganese and forestry output. Oil production was also disappointing in the Republic of Congo and Equatorial Guinea due to technical difficulties. Growth in the Western African Economic and Monetary Union (WAEMU) inched up to 3.2 percent in 2007, from 3.0 percent in 2006, as output gains edged up in Senegal. The union's largest economy, Côte d'Ivoire, experienced disappointing outturns, caused by subpar performance in the industry and services sectors. Surging energy prices have taken a toll on WAEMU economies, and lower agricultural output has also acted as a deterrent to faster economic expansion.

In East Africa improved weather conditions yielded higher agriculture output and stronger growth in the related industry and services sectors. In Kenya economic performance improved in 2007, driven by robust expansion across the board, including in agriculture, by a rebound in tea and horticulture output, building and construction, and manufacturing and financial services. In Tanzania a combination of stronger growth in agriculture and mining, tourism, and manufacturing is anticipated to support growth. And in Uganda, GDP gains should be underpinned

Table A.16 Sub-Saharan Africa forecast summary

annual percentage change unless indicated otherwise

Indicator	1991–2000[a]	2005	2006	2007	Forecast 2008	2009	2010
GDP at market prices (2000 $)[b]	2.3	5.7	5.8	6.1	6.3	5.6	5.9
GDP per capita (units in $)	−0.4	3.2	3.3	4.1	4.3	3.6	3.9
PPP GDP[c]	3.4	6.1	6.2	6.6	6.7	5.7	6.0
Private consumption	1.2	5.4	6.5	6.8	5.4	5.3	5.4
Public consumption	2.6	5.5	5.3	6.3	6.4	5.9	5.9
Fixed investment	3.7	15.3	18.0	17.5	14.4	11.9	10.7
Exports, GNFS[d]	4.7	6.0	5.1	6.0	7.8	6.6	6.3
Imports, GNFS[d]	4.4	12.7	13.3	11.6	10.8	10.3	9.6
Net exports, contribution to growth	0.2	−2.4	−3.2	−2.6	−1.9	−2.2	−2.1
Current account bal/GDP (%)	−2.1	1.6	0.6	−1.7	−0.3	−2.5	−3.9
GDP deflator (median, LCU)	10.1	7.4	7.0	7.4	7.8	5.8	4.8
Fiscal balance/GDP (%)	−4.2	0.9	2.2	0.7	1.3	0.6	−0.3
Memorandum items: GDP							
Sub-Saharan Africa excluding South Africa	2.6	6.2	6.1	6.8	7.6	6.3	6.5
Oil exporters	2.2	7.5	6.7	8.0	9.8	6.9	7.1
CFA countries	2.6	4.2	2.6	3.2	4.5	5.0	5.1
South Africa	1.8	5.0	5.4	5.1	4.2	4.4	4.8
Nigeria	2.8	6.9	6.0	6.1	7.9	7.2	6.6
Kenya	1.9	5.8	6.1	6.3	5.0	5.7	5.9

Source: World Bank.

a. Growth rates over intervals are compound averages; growth contributions, ratios, and the GDP deflator are averages.

b. GDP is measured in constant 2000 $.

c. GDP is measured at PPP exchange rates.

d. Exports and imports of goods and nonfactor services.

by improved electricity supply and improved stability in northern Uganda, with the private sector one of the main pillars of growth.

Notably, consumer price inflation has accelerated markedly in the first months of 2008 in a number of countries in the region, driven by significantly higher food price inflation and increased transportation and electricity costs in some cases. Inflationary pressures are increasing in tandem in all subregions, the result of external shocks and drought rather than lax macroeconomic policies.

Capital flows. Net capital flows to Sub-Saharan Africa were up sharply in 2007, increasing to an estimated $58 billion, from $38 billion in 2006. Net private capital flows to the region reached $56.6 billion in 2007, the highest level on record. The rise was mostly due to a surge in FDI and private debt flows. Net FDI inflows climbed from $17 billion to $25.3 billion, largely due to a single transaction, the $5.5 billion purchase of a 20 percent equity stake in the South African commercial bank, Standard Bank, by the Industrial and Commercial Bank of China (ICBC). Net medium- and long-term bank lending increased by $13.6 billion, while net short-term borrowing decreased by $6.5 billion. Net bond flows rose by $5.7 billion in 2007, after falling by $1.2 billion in 2006. The rebound reflects a combination of more issuance and lower principal repayments. Meanwhile, net portfolio equity inflows to the region dropped by $4.9 billion, with South Africa accounting for much of the decline. For South Africa, the marked decline in portfolio equity inflows likely reflects the confluence of two factors: increased risk aversion by foreign investors following the global credit turmoil; and reduced holdings of South African equities by nonresident portfolio investors while building up debt securities.

The year also saw the expansion of an African sovereign issuer base. Ghana became the first heavily indebted poor country (HIPC) to issue an external bond, with a $750 million Eurobond issue in September 2007. The bond issue was oversubscribed several times, despite being launched in the midst of the turmoil in international financial markets. Gabon issued its inaugural sovereign bond in December 2007 when it launched a $1 billion 10-year Eurobond with a yield of 8.25 percent

Table A.17 Net capital flows to Sub-Saharan Africa

$ billions

Indicator	1999	2000	2001	2002	2003	2004	2005	2006	2007p
Current account balance	−10.2	3.3	−5.0	−6.3	−4.2	4.4	9.8	4.4	−14.4
as % of GDP	−3.1	0.9	−1.5	−1.8	−1.0	0.8	1.6	0.6	−1.7
Net equity flows	18.7	11.0	14.2	10.1	15.1	19.2	24.7	32.2	35.5
Net FDI inflows	9.7	6.8	15.1	10.5	14.4	12.5	17.3	17.1	25.3
Net portfolio equity inflows	9.0	4.2	−0.9	−0.4	0.7	6.7	7.4	15.1	10.2
Net debt flows	−0.9	−0.1	−2.1	−0.4	1.4	6.5	6.6	5.3	22.6
Official creditors	0.4	0.7	−0.1	2.6	1.5	2.2	−1.1	−2.6	1.5
World Bank	1.1	1.5	1.8	2.2	2.2	2.5	2.4	1.9	2.2
IMF	0.0	0.1	0.1	0.5	−0.1	−0.1	−0.4	−0.1	−0.2
Other official	−0.7	−0.8	−2.0	0.0	−0.7	−0.2	−3.1	−4.5	−0.5
Private creditors	−1.3	−0.8	−2.0	−2.9	0.0	4.4	7.7	7.9	21.1
Net medium- and long-term debt flows	−0.7	0.3	0.0	−1.1	0.9	2.8	4.9	−2.2	17.5
Bonds	1.2	1.0	1.9	1.5	0.4	0.6	1.3	0.1	5.8
Banks	−1.7	−0.7	−1.6	−1.9	1.2	2.4	3.8	−1.5	12.1
Other private	−0.2	0.0	−0.3	−0.7	−0.7	−0.3	−0.2	−0.8	−0.4
Net short-term debt flows	−0.6	−1.1	−2.1	−1.8	−1.0	1.6	2.8	10.1	3.6
Balancing item[a]	−6.4	−7.9	−6.7	−3.3	−8.3	−8.0	−20.2	−9.2	−23.3
Change in reserves (− = increase)	−1.2	−6.3	−0.4	−0.2	−4.0	−22.2	−20.9	−32.6	−20.4
Memorandum item									
Worker's remittances	4.4	4.6	4.7	5.0	6.0	8.0	9.3	10.3	10.8

Source: World Bank.
Note: p = projected.
a. Combination of errors and omissions and net acquisition of foreign assets (including FDI) by developing countries.

that was used to prepay its Paris Club creditors (table A.17).

Medium-term outlook

Regional GDP continues to be driven by domestic demand (investment and private consumption), a growth profile that should help Sub-Saharan Africa to weather the marked slowdown anticipated among the high-income economies—barring a collapse in commodity prices. A key ingredient that contributed to robust expansion over the last several years remains: increased productivity linked to the surge in investment and supported by high commodity prices, increasing trade openness, and improved macroeconomic stability. But risks are tilted well to the downside, as weaker global expansion could translate into deterioration in current account positions, reducing available funds for improvements in productive capacity. GDP gains are expected to pick up to 6.3 percent in 2008, from 6.1 percent in 2007, on the back of growth acceleration in oil-producing countries, notably Cameroon, Republic of Congo, and Nigeria, which will bring growth in oil-exporting countries to close to 10 percent.

The improved regional performance comes despite expected easing of growth in South Africa to 4.2 percent. Weaker private consumption and lower export growth are likely to cause easing on the demand side, while on the supply side capacity constraints in the electricity sector will limit growth in mining and manufacturing. Moreover, manufacturing will be confronted with opposing forces, with a weaker rand increasing the export competitiveness of manufactured products, while electricity shortages and higher electricity tariffs will erode these gains. Large public investment in infrastructure in preparation for the 2010 FIFA World Cup will mitigate the slowdown to a degree. But slower growth and the electricity crisis in the regional powerhouse may spill over to neighboring countries.

GDP advances in WAEMU are viewed to move up to 4 percent in 2008. A rebound in energy production is expected to push growth in Côte d'Ivoire to 2.8 percent, while stronger growth in phosphates, construction, and services will push growth in Senegal to 5.1 percent (table A.18).

East African countries are expected to see a growth slowdown largely attributable to weaker gains in the agriculture sector after a strong rebound in agricultural output in 2007 and the prospect of drought conditions in 2008. Drought conditions and rising import bills for food and especially for energy will erode real incomes throughout the region, undermining growth in

Table A.18 Sub-Saharan Africa country forecasts
annual percentage change unless indicated otherwise

					Forecast		
Country/indicator	1991–2000[a]	2005	2006	2007	2008	2009	2010
Angola							
GDP at market prices (2000 $)[b]	0.8	20.6	18.6	22.9	25.4	6.7	10.2
Current account bal/GDP (%)	−6.1	17.3	22.3	14.6	20.7	10.0	4.0
Benin							
GDP at market prices (2000 $)[b]	4.8	3.9	3.8	4.1	5.1	5.3	5.7
Current account bal/GDP (%)	−6.8	−6.3	−9.6	−7.6	−6.2	−6.0	−6.2
Botswana							
GDP at market prices (2000 $)[b]	6.2	−0.8	4.2	5.5	5.0	5.3	5.2
Current account bal/GDP (%)	8.1	16.8	21.5	21.3	11.9	11.0	7.5
Burkina Faso							
GDP at market prices (2000 $)[b]	4.0	7.1	5.5	4.0	4.3	5.5	5.3
Current account bal/GDP (%)	−5.6	−13.3	−13.4	−14.2	−15.3	−14.0	−13.1
Burundi							
GDP at market prices (2000 $)[b]	−1.7	0.9	5.1	3.4	4.4	4.9	5.1
Current account bal/GDP (%)	−3.4	−21.7	−34.0	−32.7	−29.9	−28.4	−27.7
Cape Verde							
GDP at market prices (2000 $)[b]	5.8	6.5	10.8	6.3	7.1	6.9	6.4
Current account bal/GDP (%)	−8.3	−8.5	−9.2	−14.5	−16.2	−15.4	−16.7
Cameroon							
GDP at market prices (2000 $)[b]	1.4	2.3	3.2	3.5	4.2	4.6	4.9
Current account bal/GDP (%)	−3.0	−2.4	−0.5	−1.1	−0.4	−1.4	−2.3
Central African Republic							
GDP at market prices (2000 $)[b]	1.6	2.2	4.1	4.0	4.3	4.6	4.7
Current account bal/GDP (%)	−4.3	−7.1	−6.3	−6.1	−7.1	−7.1	−7.6
Chad							
GDP at market prices (2000 $)[b]	2.3	8.4	0.5	−1.0	1.9	3.3	3.0
Current account bal/GDP (%)	−5.5	−6.6	−7.4	−6.8	−0.6	−0.7	−2.9
Comoros							
GDP at market prices (2000 $)[b]	1.1	4.2	1.3	1.8	2.5	2.7	2.7
Current account bal/GDP (%)	−6.8	−4.9	−5.9	−5.1	−5.2	−5.5	−5.8
Congo, Dem. Rep.							
GDP at market prices (2000 $)[b]	−5.6	6.5	5.6	6.3	6.7	7.2	7.3
Current account bal/GDP (%)	2.0	−10.0	−9.6	−10.7	−13.4	−13.0	−12.3
Congo, Rep.							
GDP at market prices (2000 $)[b]	1.5	9.2	6.2	−1.1	8.0	9.0	10.0
Current account bal/GDP (%)	−16.5	17.7	12.3	6.0	16.6	16.6	17.6
Côte d'Ivoire							
GDP at market prices (2000 $)[b]	2.3	1.8	0.9	1.5	2.8	4.2	4.9
Current account bal/GDP (%)	−4.0	0.2	3.0	−0.6	0.3	−1.4	−2.4
Equatorial Guinea							
GDP at market prices (2000 $)[b]	18.4	6.5	−5.6	11.0	9.0	3.3	3.0
Current account bal/GDP (%)	−40.6	6.8	6.8	3.9	7.6	3.6	2.3
Eritrea							
GDP at market prices (2000 $)[b]	—	4.8	−1.0	1.3	1.2	2.2	2.2
Current account bal/GDP (%)	—	−26.1	−30.6	−30.4	−28.0	−23.0	−19.5
Ethiopia							
GDP at market prices (2000 $)[b]	2.3	10.2	10.9	11.1	7.5	7.4	7.6
Current account bal/GDP (%)	−0.8	−8.5	−12.8	−10.6	−12.3	−11.5	−10.5
Gabon							
GDP at market prices (2000 $)[b]	2.4	3.0	1.2	5.3	4.9	5.5	3.9
Current account bal/GDP (%)	5.7	18.5	17.2	12.5	18.6	15.1	11.6
Gambia, The							
GDP at market prices (2000 $)[b]	3.3	5.0	6.4	6.1	5.3	5.8	5.8
Current account bal/GDP (%)	−1.6	−10.9	−10.9	−10.8	−11.9	−9.8	−7.9
Ghana							
GDP at market prices (2000 $)[b]	4.3	5.9	6.2	6.3	5.8	6.4	6.1
Current account bal/GDP (%)	−6.6	−8.9	−8.7	−9.7	−13.2	−12.0	−12.6

(*Continues*)

Table A.18 (*Continued*)

Country/indicator	1999–2000[a]	2005	2006	2007	2008	2009	2010
					Forecast		
Guinea							
GDP at market prices (2000 $)[b]	3.9	3.3	2.2	1.8	4.1	4.6	4.9
Current account bal/GDP (%)	−5.7	−5.0	−6.1	−10.4	−14.0	−13.7	−12.9
Guinea-Bissau							
GDP at market prices (2000 $)[b]	1.5	3.5	2.7	2.7	2.9	3.3	3.4
Current account bal/GDP (%)	−24.0	−7.2	−18.2	−14.2	−6.5	−5.0	−4.9
Kenya							
GDP at market prices (2000 $)[b]	1.9	5.8	6.1	6.3	5.0	5.7	5.9
Current account bal/GDP (%)	−1.6	−1.4	−2.7	−4.5	−8.2	−7.7	−8.8
Lesotho							
GDP at market prices (2000 $)[b]	3.4	1.2	7.1	4.9	5.1	4.9	4.8
Current account bal/GDP (%)	−13.3	−21.8	−22.3	−27.2	−31.7	−26.0	−21.2
Madagascar							
GDP at market prices (2000 $)[b]	1.7	4.6	4.9	5.6	6.3	6.9	8.4
Current account bal/GDP (%)	−7.8	−12.4	−9.7	−17.6	−25.6	−19.7	−12.6
Malawi							
GDP at market prices (2000 $)[b]	3.4	2.3	7.9	7.2	6.9	7.2	6.9
Current account bal/GDP (%)	−8.5	−14.2	−12.9	−15.1	−16.4	−16.3	−15.7
Mali							
GDP at market prices (2000 $)[b]	4.0	6.1	5.3	5.1	5.2	5.1	4.5
Current account bal/GDP (%)	−8.9	−8.3	−6.5	−7.3	−7.4	−5.9	−5.5
Mauritania							
GDP at market prices (2000 $)[b]	2.9	5.4	11.4	0.9	4.1	5.9	6.1
Current account bal/GDP (%)	−0.3	−48.6	−3.0	−6.5	−7.3	−6.5	−9.3
Mauritius							
GDP at market prices (2000 $)[b]	5.3	2.3	5.0	5.6	4.7	5.1	4.9
Current account bal/GDP (%)	−1.6	−5.2	−10.1	−11.7	−15.4	−14.6	−13.0
Mozambique							
GDP at market prices (2000 $)[b]	5.2	8.4	8.5	7.4	7.2	6.7	6.6
Current account bal/GDP (%)	−18.2	−11.0	−16.0	−16.8	−19.2	−19.0	−18.9
Namibia							
GDP at market prices (2000 $)[b]	4.2	5.3	4.2	4.0	4.4	4.3	4.5
Current account bal/GDP (%)	3.1	1.7	2.7	3.4	−1.1	−3.9	−5.2
Niger							
GDP at market prices (2000 $)[b]	1.8	7.2	5.2	3.2	4.1	4.6	4.9
Current account bal/GDP (%)	−6.9	−12.0	−11.6	−15.4	−14.8	−15.7	−16.7
Nigeria							
GDP at market prices (2000 $)[b]	2.8	6.9	6.0	6.1	7.9	7.2	6.6
Current account bal/GDP (%)	−0.8	24.5	20.1	11.5	14.2	8.5	4.0
Rwanda							
GDP at market prices (2000 $)[b]	0.2	7.1	5.5	6.1	6.2	5.0	5.1
Current account bal/GDP (%)	−3.5	−16.8	−17.4	−18.0	−21.0	−19.3	−19.3
Senegal							
GDP at market prices (2000 $)[b]	2.9	5.1	2.3	4.6	5.1	5.5	5.7
Current account bal/GDP (%)	−6.0	−6.8	−10.5	−10.7	−11.2	−11.7	−12.9
Seychelles							
GDP at market prices (2000 $)[b]	4.6	−2.3	5.3	5.5	4.8	4.1	4.1
Current account bal/GDP (%)	−7.4	−30.2	−25.2	−36.4	−47.9	−43.9	−38.7
Sierra Leone							
GDP at market prices (2000 $)[b]	−4.7	7.5	7.5	6.8	6.6	6.7	6.9
Current account bal/GDP (%)	−9.0	−12.0	−8.5	−11.0	−10.6	−10.6	−11.3
South Africa							
GDP at market prices (2000 $)[b]	1.8	5.0	5.4	5.1	4.2	4.4	4.8
Current account bal/GDP (%)	−0.2	−4.0	−6.5	−7.3	−8.9	−8.3	−7.5
Sudan							
GDP at market prices (2000 $)[b]	5.7	8.3	9.3	11.1	10.3	9.7	8.1
Current account bal/GDP (%)	−6.7	−9.4	−13.5	−10.3	−8.3	−7.8	−9.1

(*Continues*)

Table A.18 (*Continued*)

					Forecast		
Country/indicator	1991–2000[a]	2005	2006	2007	2008	2009	2010
Swaziland							
GDP at market prices (2000 $)[b]	3.1	2.4	2.8	2.2	1.9	1.8	1.9
Current account bal/GDP (%)	−2.4	−3.3	−2.3	1.2	−1.8	−2.2	−2.9
Tanzania							
GDP at market prices (2000 $)[b]	2.9	7.4	6.7	7.1	6.9	7.3	7.1
Current account bal/GDP (%)	−12.5	−7.1	−13.6	−14.5	−14.9	−14.3	−13.5
Togo							
GDP at market prices (2000 $)[b]	2.2	2.8	4.1	2.3	2.8	3.1	3.3
Current account bal/GDP (%)	−8.5	−12.3	−9.4	−10.8	−11.5	−11.4	−11.3
Uganda							
GDP at market prices (2000 $)[b]	6.8	6.6	5.4	5.9	6.0	6.3	6.9
Current account bal/GDP (%)	−7.0	−4.4	−9.2	−9.7	−12.2	−12.4	−12.3
Zambia							
GDP at market prices (2000 $)[b]	0.7	5.2	6.2	5.9	6.3	6.1	5.9
Current account bal/GDP (%)	−10.5	−8.5	−2.5	−5.3	−6.0	−6.3	−7.7
Zimbabwe							
GDP at market prices (2000 $)[b]	0.9	−6.5	−4.2	−6.3	−4.9	−2.1	−2.1
Current account bal/GDP (%)	−7.5	28.9	32.3	55.3	79.5	34.2	35.8

Source: World Bank.
Notes: Growth and current account figures presented here are World Bank projections and may differ from targets contained in other Bank documents. Liberia, Somalia, and São Tomé and Principe are not forecast owing to data limitations. — Not available.
a. Growth rates over intervals are compound averages; growth contributions, ratios, and the GDP deflator are averages.
b. GDP is measured in constant 2000 $.

private consumption spending. And postelection anxieties in Kenya are expected to take a toll on economic growth, above all on tourism and business investment. Political tensions in Kenya are likely to have a limited impact on the landlocked countries in the region, as transport disruptions—which already created supply shortages and resulted in higher prices for imported goods—proved to be short-lived.

Inflation will accelerate in a large number of Sub-Saharan African countries in 2008, fueled by surges in food prices, linked to sharp increases in internationally traded food prices, as well as higher domestic prices stemming from drought conditions in some regions. Stubbornly high crude oil prices are also playing a significant role in fueling inflation, although the second-round inflationary impacts are less clear at this stage, as indicated by relatively subdued core inflation. Inflationary pressures are expected to subside in 2009 along with food and fuel prices, which will still remain at elevated levels by historical standards.

Risks and uncertainties

Risks for Sub-Saharan Africa's growth lie mainly to the downside and include a sharper-than-expected slowdown in the global economy, with negative consequences for export growth and investment on the real side and weaker commodity prices on the nominal side; increased volatility in the international financial system, and increased risk aversion among international investors.

This last risk is particularly relevant for South Africa, which runs a significant current account deficit, traditionally financed by portfolio investment. In recent years 85 percent of South Africa's current account deficit was financed by portfolio investments, but that plummeted to 38 percent during the final quarter of 2007 (figure A.17). Unwillingness to continue providing short-term flows could put pressure on the rand, as has happened in the past, in turn pushing inflation up and prompting the Reserve Bank to hike interest rates. Additional risks to the growth outturn stem from a worsening electricity crisis in several countries in the region, including South Africa; this crisis threatens to undermine output in the manufacturing and mining sectors in particular. Though political turmoil and social tensions have abated in many countries ridden by instability in the past, the risk of relapse or even ignition of new skirmishes persists, as proven by recent clashes in Kenya and the uncertain election outcome in Zimbabwe. These tensions could carry economic

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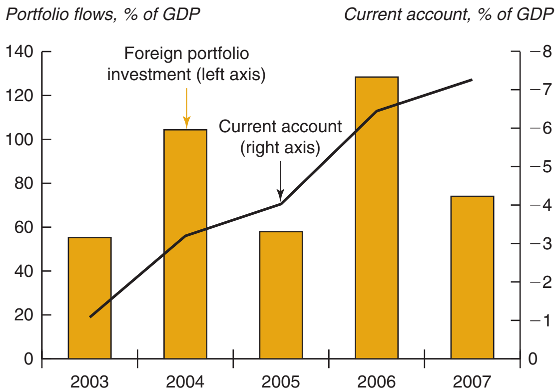
Figure A.17 Foreign portfolio flows coverage of South Africa's current account deficit



Source: Reserve Bank of South Africa.

spillover effects for landlocked neighbors and trading partners.

Finally, surging food prices are a heavy burden on the urban poor and have already led to violent street protests in several countries in Africa, including Burkina Faso, Cameroon, Côte d'Ivoire, and Senegal. In response, some governments have reduced or removed import tariffs on staple imports and cut taxes on basic products, actions that increase the risk that other government spending needed to support growth will have to be reduced.

Notes

1. The Europe and Central Asia region comprises 23 developing countries. It can be further divided into CEE, CIS and Turkey. CEE stands for Central and Eastern Europe, comprising Albania, Bulgaria, Croatia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Poland, Romania, and the Slovak Republic. CIS is the Commonwealth of Independent States, including Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, the Russian Federation, Ukraine, and Uzbekistan. According to the World Bank's July 2007 definition, the Czech Republic and Estonia are now high-income countries and are thus not included in the calculation of aggregates for the region or CEE. They may, however, appear in the discussion to facilitate understanding and comparison within the region.

2. The following subregions include these countries (notice that countries can belong to more than one subregion): energy exporters (Argentina, Bolivia, Colombia, the Dominican Republic, Ecuador, Mexico, Panama, and República Bolivariana de Venezuela); metal exporters (Antigua and Barbuda, Bolivia, Brazil, Chile, the Dominican Republic, Guyana, Jamaica, and Peru); agriculture exporters (Argentina, Belize, Dominica, Ecuador, Guatemala, Guyana, Honduras, Nicaragua, Panama, Paraguay, St. Lucia, St. Vincent and the Grenadines, and Uruguay); energy importers (Antigua and Barbuda, Belize, Dominica, Dominican Republic, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, St. Lucia, and Uruguay).

3. For the purposes of *Global Development Finance 2008,* the low- and middle-income countries of the broader Middle East and North Africa region are included in aggregates and discussed in analysis. Developing oil exporters in the region include Algeria, the Islamic Republic of Iran, Oman, Syria, and the Republic of Yemen. A more diversified set of economies is comprised of the Arab Republic of Egypt, Jordan, Lebanon, Morocco, and Tunisia. Due to data limitations and uncertainties, Djibouti, Iraq and the West Bank and Gaza are not covered among the middle-income countries of the region. High-income countries, not considered directly in this analysis, include Bahrain, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates.

4. Annual national income and product account data for the region are reported in calendar years, although official country data are originally reported by fiscal year. This is done to simplify presentation across countries and with other regions, as fiscal years vary across the South Asian countries (primarily linked to the harvest year) and as most countries elsewhere report calendar year national income and product account data.

5. The share of undernourished in the total population of the South Asia region is estimated at close to 22 percent (2001–03), compared with a third of the population in Sub-Saharan Africa, and shares as low as about 6 percent in Europe and Central Asia. *Source:* United Nations Food and Agriculture Organization.

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