

# SUB-SAHARAN AFRICA



GDP growth in Sub-Saharan Africa rose from 4.2 percent in 2013 to 4.6 in 2014, supported by domestic demand. The World Bank forecast has the region expanding at a slower pace in 2015, with growth averaging 4.2 percent, a downward revision of 0.4 percent relative to the January 2015 Global Economic Prospects (GEP). Prospects in Angola and Nigeria have deteriorated because of the sharp drop in the price of oil, and in South Africa because of the ongoing difficulty in overcoming electricity problems. Risks to the outlook remain tilted to the downside. On the domestic front, risks associated with elections, the Boko Haram insurgency, the Ebola crisis, and fiscal vulnerabilities dominate. China's slowdown, tightening of monetary policy in the United States, and the fragility of the recovery in Europe, remain as key external risks.

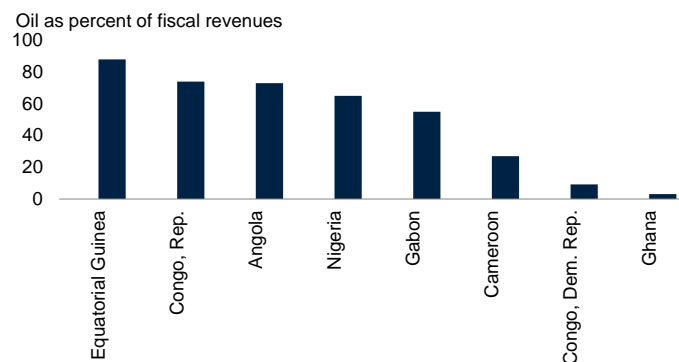
## Recent Developments

GDP growth in Sub-Saharan Africa improved to an average of 4.6 percent in 2014, up from 4.2 percent in 2013, but weaker than the average of 6.4 percent during 2002–08, supported by infrastructure investment and consumer spending. Growth softened around the turn of the year owing to headwinds from the plunge in the price of oil. Sub-Saharan Africa's oil exporters, which account for nearly half of the region's GDP, are experiencing a major adverse shock<sup>1</sup>. Their economies depend heavily on oil for revenues and foreign reserves (Figure 2.57). Between June 2014 and January 2015, oil prices declined by nearly 50 percent, more than the prices of other commodities, and have remained low despite the recent uptick (Figure 2.58). This has put substantial pressures on the fiscal and current account balances of oil exporters.

The oil exporters in Sub-Saharan Africa are less resilient to the price shock than many other oil-exporting countries because of their much more limited policy buffers. In Nigeria, the Excess Crude Account, a sovereign wealth fund, totaled just \$2.0 billion at the end of 2014. Gross international reserves fell 20 per-

**FIGURE 2.57 Fiscal vulnerability**

Oil accounts for up to 90 percent of fiscal revenues for the region's oil exporters.



Source: IMF Country reports. Note: Latest available from latest IMF Article IV reports.

cent to \$34.25 billion (6.0 percent of GDP), drawn down by the central bank in its attempt to support the naira. In March, Standard & Poor's downgraded Nigeria's credit rating from B+ to BB-.

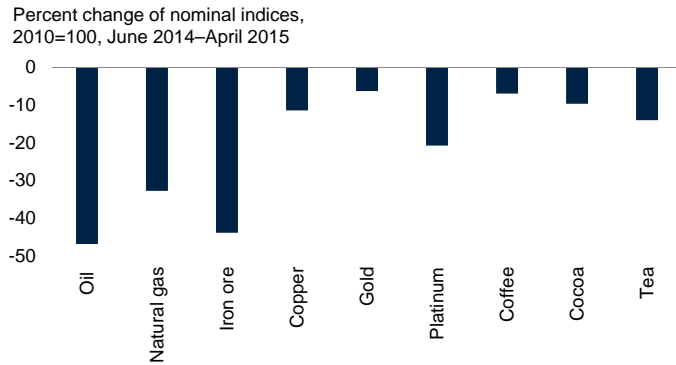
Several of the region's oil exporters have started to adjust. In Angola, the oil price assumption in the 2015 budget was revised down to \$40/bbl from the original assumption of \$81/bbl. In Nigeria, it was reduced to US\$53/bbl from the earlier forecast of \$65/barrel. The corresponding downward revision in expected revenues induced plans to cut public spending. In Angola, Parliament approved a 25 percent reduction in spending from the original plan for 2015. The cuts cover public investment projects

<sup>1</sup>The main author of this section is Gerard Kambou.

<sup>1</sup>The region's main oil exporters include Angola, Cameroon, Congo (Republic), Chad, Equatorial Guinea, Gabon, and Nigeria. Of these, Nigeria and Angola are the largest; they are also the region's first and third largest economies.

### FIGURE 2.58 Commodity prices

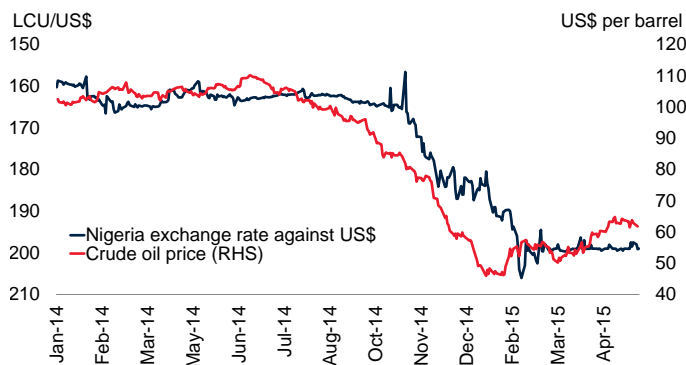
Since June 2014 oil prices have declined by more than 40 percent.



Source: World Bank.

### FIGURE 2.59 Nigerian naira

Oil prices continue to weigh on the Nigerian naira.



Source: Bloomberg. Note: Decrease denotes "depreciation".

and current expenditures, including subsidies. In Nigeria, the 2015 federal government budget passed by the Senate indicates sharp reductions in capital expenditures. With the lower government spending, the non-oil economy in many of these countries is faltering, especially in the least diversified economies (Angola and Equatorial Guinea). Nigeria's non-oil output growth slowed to 5.6 percent in year-on-year terms in the first quarter of 2015, down from 6.4 percent in the fourth quarter of 2014.

Sharp currency depreciations, and foreign reserve losses, prompted adjustments in monetary and exchange rate policies. The Central Bank of Nigeria raised the policy rate from 12 to 13 percent in November. However, with oil prices declining, the naira continued to depreciate against the U.S. dollar. The overall depreciation between June 2014 and

February 2015 was more than 20 percent (Figure 2.59). In response, the central bank ended its managed float exchange-rate regime, closing down the Dutch Auction System window. The exchange rate is now set in the interbank market. The naira rebounded in March and was stable through April, as successful elections helped improve market sentiment, but remained weak (Figure 2.60).

In Angola, the central bank hiked its key interest rate by 50 basis points, to 9 percent, in the fourth quarter, to anchor inflation expectations. Following a gradual weakening of the Angolan kwanza, in early June, the central bank adjusted the official exchange rate, leaving the kwanza 14 percent weaker than at the start of 2015. Several of the region's oil exporters (Cameroon, Chad, Congo Republic, Equatorial Guinea, and Gabon) share a common currency, the CFA franc, which is pegged to the euro. With the euro depreciating against the dollar, the CFA franc has also depreciated against the dollar. This has helped smooth adjustment to the oil-price shock for these countries, by boosting export earnings in domestic currency.

In contrast to oil exporters, the oil-price plunge has provided cyclical support to real incomes in oil-importing countries. Cheaper fuel helped lower inflation and improve current accounts in the first quarter of 2015. In Kenya and South Africa, inflation rates moved back within their target range, allowing central banks to keep interest rates steady. By contrast, the naira devaluation added to price pressures in Nigeria, while Ghana continued to battle double-digit inflation, at 16.8 percent in April (Figure 2.61). Against the broad-based strength of the U.S. dollar, even the currencies of oil-importing countries faced downward pressures, with, for example, the Zambian kwacha falling sharply. In trade-weighted terms, most of the region's currencies have remained broadly stable, with the exception of the naira and the Ghanaian cedi (Figure 2.62). Despite the nominal depreciation against the U.S. dollar the naira has appreciated considerably in real effective terms since 2011, which may hurt exports.

Growth in South Africa, the region's largest oil-importing economy, was stronger than expected in the fourth quarter of 2014, supported by a rebound in the goods-producing sectors, after slowing earlier in the year. This rebound failed to carry into the first

quarter of 2015, however. Growth was held back by energy shortages, output contraction in agriculture, weak investor confidence, policy uncertainty, and the anticipated gradual tightening of monetary and fiscal policy. Elsewhere, the economies of Guinea, Liberia, and Sierra Leone, the countries most affected by the Ebola outbreak, remained weak as activity in mining, services, and agriculture continued to contract.

Spreads on sovereign credit-default swaps rose sharply in a number of commodity exporters, suggesting that investors are discriminating among the region's frontier markets based on their economic outlook. The sovereign spreads for the oil exporters Angola, Gabon, Ghana, and Nigeria have remained high, well above the 2013 "taper tantrum" peak (Figure 2.63). The spreads for Zambia have also remained elevated, reflecting investors' concerns about soft copper prices, and uncertainty over government policy.

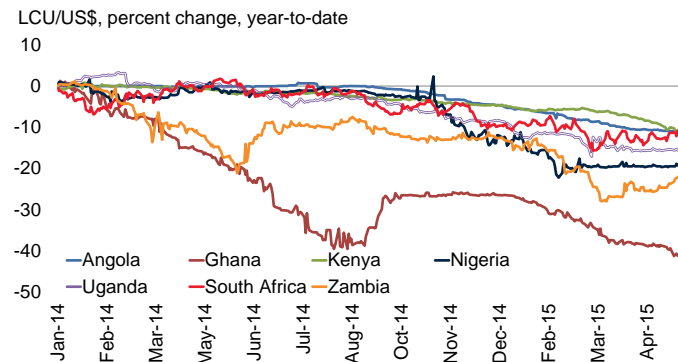
At the same time, many of the region's frontier markets are taking advantage of the very low global interest rates, and have issued Eurobonds to finance infrastructure projects. Eurobond issuance in the region has remained robust (Figure 2.64), as financing costs in the Euro Area have fallen sharply following the European Central Bank's introduction of an ambitious program of quantitative easing in March. Frontier markets' increased access to international capital markets was demonstrated by Ethiopia's over-subscribed debut 10-year US\$1 billion bond, issued in December 2014, and Côte d'Ivoire's return to the market in February. Debt-to-GDP ratios for the countries with increased bond market access (Côte d'Ivoire, Ghana, and Mozambique) have picked up in recent years. While debt burdens remain manageable, continuing currency depreciations against the U.S. dollar could lead to a rapid increase in the value of foreign-currency debt for these countries.

## Outlook

Growth in Sub-Saharan Africa is projected to slow to 4.2 percent on average in 2015 from 4.6 percent in 2014, a downward revision of 0.4 percentage points relative to the January 2015 GEP. The revisions reflect the reassessment of prospects in Angola, Nigeria, and South Africa. Growth in the region is expected to pick up in 2016 to an average of 4.6 percent and to accelerate to 5.0 percent in 2017 (Table 2.11). The increase in growth will be driven

**FIGURE 2.60 Exchange rates**

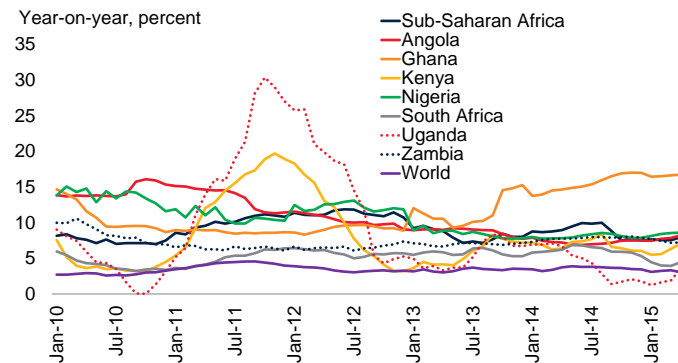
*The region's major currencies continue to depreciate against the U.S. dollar.*



Source: Bloomberg.

**FIGURE 2.61 Inflation**

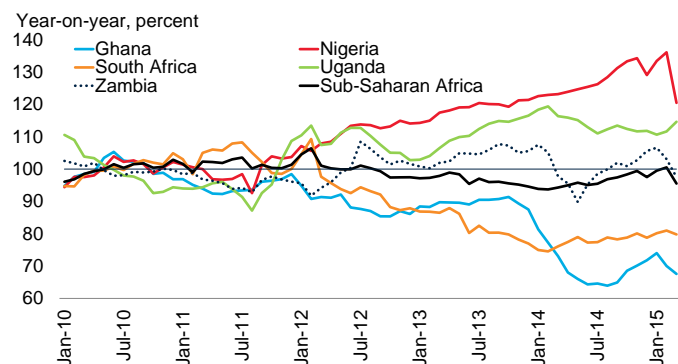
*With the exception of Ghana price pressures look contained in the region.*



Source: World Bank

**FIGURE 2.62 Real effective exchange rates**

*With the exception of the Nigerian naira, REERs have remained broadly stable.*

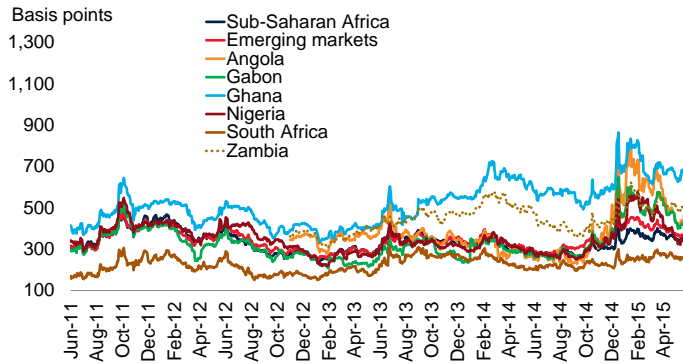


Source: World Bank.  
Note: Decrease denotes "depreciation"

by domestic demand, supported by continuing infrastructure investment and private consumption fueled by lower oil prices. External demand is also expected to

**FIGURE 2.63 Sovereign bond spreads**

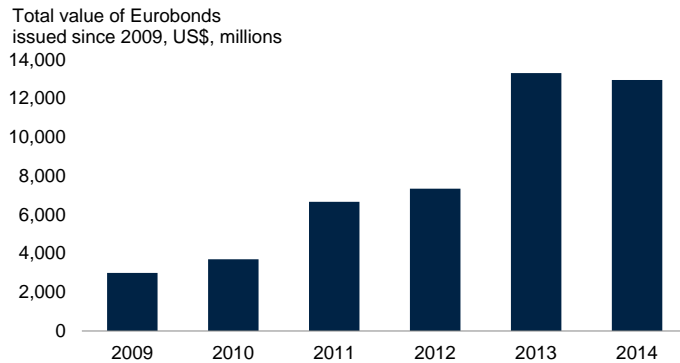
Sovereign spreads of oil exporters rose sharply.



Source: Bloomberg.

**FIGURE 2.64 Eurobond issuance**

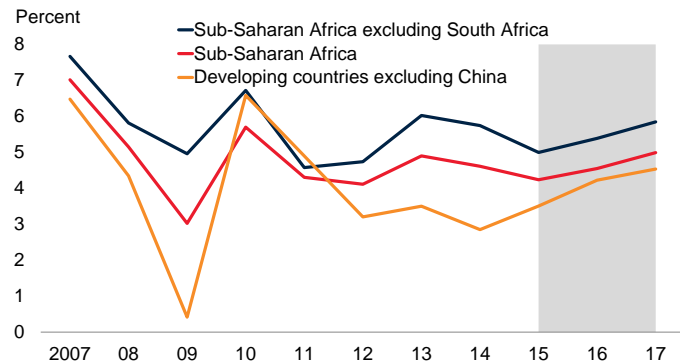
Eurobond issuance in the region is set to rise further.



Source: Bloomberg.

**FIGURE 2.65 GDP growth outlook**

Growth is expected to slow in the region in 2015 and pick up moderately in 2016-17.



Source: World Bank.

Note: The shaded area represents forecasts.

support growth, because of stronger prospects in high-income economies. Excluding South Africa, GDP growth for the rest of the region is projected to average

5.0 percent in 2015 and 5.6 percent in 2016–17, a faster pace than several other developing regions (Figure 2.65).

Consumption dynamics will differ for oil exporters and importers. Private consumption growth is expected to slow in the oil exporters as cuts to subsidies to alleviate pressure on the budget result in higher fuel costs. Purchasing power is also expected to decline due to currency weakness, which would push up the cost of imports in local currency. By contrast, lower fuel prices are expected to contribute to lower inflation in the oil importers, which should help boost consumers' purchasing power and support domestic demand. The price level impact of currency depreciation could, however, offset some of these effects. Meanwhile, remittance inflows in the region are projected to decelerate in 2015, reflecting in part the appreciation of the U.S. dollar, before picking up gradually in 2016–17.

China's investment slowdown, and low commodity prices, suggests that FDI flows may not provide much support to growth. Furthermore, government plans in oil exporting countries to reduce the budget deficit are likely to hit capital expenditure more than current expenditure, as governments seek to limit cuts in public-sector wages or social spending. However, governments in most oil-importing countries, especially the low-income, non-oil commodity exporters, are expected to continue to expand public investment in priority sectors such as electricity and roads. Frontier markets are expected to continue to issue Eurobonds to finance key infrastructure projects.

The fiscal policy stance is expected to remain tight throughout 2015 in oil-exporting countries. The revised budgets in Angola and Nigeria indicate that while capital expenditures will bear the brunt of expenditure measures, recurrent expenditures will also be reduced. Despite these adjustments, fiscal deficits in these countries are likely to remain high because of low revenues. Fiscal deficits are also expected to remain elevated in oil-importing countries, as spending on goods and services and wages continues to expand.

Net exports are projected to make a marginally negative contribution to real GDP growth. Low commodity prices will depress export receipts, especially among oil exporters, even as export volumes rise in some countries. The current account surpluses in Angola and Nigeria are expected to turn into a deficit as their terms of trade have deteriorated sharply. Among oil importers, current account balances are

expected to improve, although import growth will remain strong, driven by capital goods imports.

- In the baseline country forecasts (Table 2.12), Nigeria grows at a slower pace in 2015, as fiscal policy tightens in response to lower oil prices and domestic demand contracts. Growth picks up in 2016 as the fiscal drag moderates, helping boost activity in the non-oil sector, and the new government implements structural reforms to enhance productivity. Output remains modest in Angola, reflecting its vulnerability to lower oil prices, as purchasing power declines, and lower government revenue leads to cuts or delays in capital expenditures. Growth improves only moderately in South Africa, as the ongoing difficulty of resolving the electricity supply constraint continues to hamper economic activity, labor relations remain tense, investor confidence declines, and fiscal consolidation reduces government spending.
- Among frontier-market economies, Côte d'Ivoire, Kenya, and Senegal are expected to grow at a robust pace, supported by strong infrastructure investment. In Ghana, the agreement reached with the IMF will help stabilize the cedi, but fiscal consolidation and high inflation will weigh on growth. In Zambia, growth will remain flat in 2015, owing to soft copper prices and fiscal consolidation, before picking up in 2016–17 as improvements in the regulatory environment enhance the outlook for investment, especially in the mining sector.
- Growth should remain robust in most low-income countries, driven by infrastructure (Ethiopia, Rwanda), mining (Democratic Republic of Congo, Mozambique, Tanzania) investment, consumer spending (Uganda), and agriculture (Ethiopia), although continued weaknesses in the prices of their main exports (base metals) will tend to offset the benefits of the oil-price decline. Countries that export agricultural commodities have experienced a smaller deterioration in their terms of trade (World Bank, 2015n). In Guinea, Liberia, and Sierra Leone, the Ebola crisis will continue to constrain economic activity. Although the danger has receded, the risks of renewed spread and necessary controls on activities will continue to exert downward pressure on economic growth.

## Risks

Risks to the outlook remain tilted to the downside. On the domestic front, political factors associated with elections in a number of countries, and Boko Haram insurgencies in several others, are key risks for the region in 2015. The Ebola epidemic remains a concern. Banking sector weakness has emerged as a potential contingent liability for governments in the region's oil exporting countries. On the external front, a sharper-than-expected slowdown in China, a further decline in oil prices, a stalling of the recovery in Europe, or a sudden deterioration in global liquidity conditions are the main risks.

### Domestic risks

Postponed once for security concerns, Nigeria's presidential election was held, and power was transferred, without a major outbreak of violence. Presidential elections, scheduled in Burundi, Côte d'Ivoire, South Sudan, Tanzania, and Togo, are likely to be contentious and could lead to political instability if the outcomes are contested. Several countries in the region (Cameroon, Chad, and Niger) have joined forces with Nigeria to contain Boko Haram. In spite of recent successes, the conflict may escalate again and force these governments to divert budgetary resources from infrastructure investment to security, which would have a negative impact on long-term growth.

The banking sector in some oil-exporting countries has emerged as a potential contingent liability for their governments. Nigeria's banking sector, in particular, is heavily exposed to oil price declines. About 25 percent of total bank loans were extended to the oil sector through December 2014, as the government sought to increase the presence of Nigerian firms in the sector. With oil prices having declined sharply, some companies may struggle to service these loans. Additionally, to the extent that bank assets consist of foreign currency-denominated domestic lending, a depreciation of the naira will increase financing cost. Non-performing loans may rise, requiring capital injections.

There has been a widespread drop in new cases of Ebola in 2015, suggesting that the vigorous efforts to bring the epidemic under control have been successful. However, severe economic consequences are still being felt in Guinea, Liberia and Sierra Leone, and heightened fears of Ebola could undermine confidence, investment, and travel in these and neighboring countries for some time.

## External risks

Slower-than-expected growth in China would weigh on demand for the region's commodities, driving prices down. A further decline in the already depressed price of metals would lead to a significant drop in export revenues in many countries. A scaling down of operations and new investments in these countries in response to the lower prices would reduce output in the short run, and slow growth momentum over an extended period of years. A further decline in oil prices would also sharply lower revenue in oil-exporting countries, requiring them to undertake deeper fiscal adjustments with sharper expenditure cuts. Some oil companies may delay or even cancel planned investments in 2015.

It is important for Sub-Saharan Africa in general that the recovery in Europe maintains momentum, as this could help boost investment and exports and support growth in the region. Risks are that the recovery might stall as a result of renewed instability in the Euro Area or because of premature tightening of policies.

A sudden adjustment of market expectations to the upcoming tightening of monetary policy in the United States could adversely affect the region's emerging and frontier markets, especially countries that receive substantial portfolio inflows, such as South Africa. However, quantitative easing in the Euro Area should contribute to continued attractive borrowing conditions on Eurobond markets, allowing frontier-market governments to maintain market access. Recent episodes of capital market volatility suggest that countries with large macroeconomic imbalances would face strong downward pressure on the exchange rate, and hence an increased risk of inflation, further constraining policy.

## Policy Challenges

GDP growth in Sub-Saharan Africa is expected to pick up moderately in 2016–17, after slowing in 2015, helped in part by a boost to private consumption from lower oil prices. However, growth continues to be weaker than during the pre-crisis years. Sustaining high GDP growth therefore remains a policy priority for most countries in the region. As policymakers pursue growth objectives, it will be important to pay attention to macroeconomic constraints.

For oil exporters with inadequate buffers to allow for a gradual adjustment of public spending to the lower oil prices, currency depreciation will be the main means available to cushion the impact of the oil-price plunge on their economies. However, countries may need to tighten their macroeconomic stances and strengthen their monetary policy frameworks to prevent inflation induced by currency-depreciation from becoming a constant threat. For many countries, strengthening fiscal positions and restoring fiscal buffers to increase resilience against exogenous shocks will also be necessary. The oil-price shock highlights the need for oil exporters to diversify their economies. This will require policies to remove impediments to private sector activity, and to improve the business environment.

For policy makers throughout the region, the fall in oil prices provides a window of opportunity. Falling oil prices reduce the need for fuel subsidies or make room for higher energy taxes. Fiscal resources released by lower subsidies could be saved, used to rebuild fiscal space, or reallocated towards programs better targeted than fuel subsidies to assist poor households (World Bank, 2015n).

In most economies, structural reforms are needed to ignite and sustain rapid productivity growth. As elaborated in the January 2015 GEP, an acute infrastructure deficit is evident, especially in electrical power and transport. In particular, it will be critical that improvements in public investment management systems are accompanied by efforts to ensure that resources are allocated to the most productive ends. Reform efforts should aim at strengthening project selection, execution, and monitoring, and encourage transparency and accountability in the use of public resources. In addition, reforms will need to focus on improving product and labor markets, easing constraints on trade and investment, and fostering human capital accumulation (McMillan and Harttgen, 2014).

### BOX 2.1 Linkages between China and Sub-Saharan Africa

*China's engagement with Sub-Saharan Africa has expanded greatly over the past decade, to cover all aspects of development. The engagement has spurred growth in the region. Stronger domestic policies will help countries in Sub-Saharan Africa increase the gains from this growing partnership.*

China's economic ties with Sub-Saharan Africa (SSA) have expanded greatly over the past decade. Trade increased from negligible levels in 2000 to more than \$170 billion in 2013. Chinese direct investment in SSA has grown more than six-fold. China's official development assistance to SSA expanded from \$0.5 billion in 2000 to \$3.2 billion in 2013.

The relationship is a complex one, involving multiple and diverse state actors in China, often (but not always) coordinating with state-owned and private corporations in a range of sectors across countries in SSA (Bräutigam 2009; Fijalkowski 2011). Although commodities and associated infrastructure projects have tended to dominate the relationship, Chinese investment in other sectors is also increasing, notably in manufacturing. In recent years, the Chinese government has increasingly provided assistance for social development projects, and has engaged in peacekeeping and security operations (Hanauer and Morris 2014; Fijalkowska 2011).

This box examines China's involvement in SSA and its impact on the region. The focus is on the following four questions:

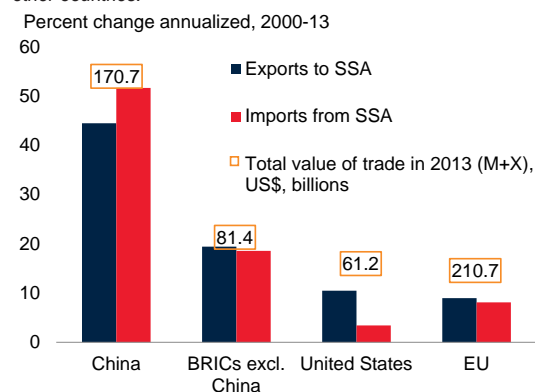
- What is the nature of China's involvement in SSA?
- What has been the impact on growth in SSA?
- What does the slowdown in China mean for the region?
- How can the region increase the gains from its growing partnership with China?

#### What is the nature of China's involvement in SSA?

China has become a prominent trade and financial partner for SSA. Trade with China is growing much faster than that with the United States and the European Union (Figure B2.1.1). China surpassed the United States to become the region's largest trading

**FIGURE B2.1.1 Growth in Sub-Saharan Africa's trade flows, by partner, 2000–13**

The region's trade with China has grown at a faster pace than with other countries.



Source: UN Comtrade mirror data.

partner in 2009; in 2013, trade flows with China accounted for 22 percent of the region's total trade with the rest of the world. Official data on Chinese foreign investment and development financing are sparse, but flows to SSA appear to have grown substantially.

#### Trade

Sub-Saharan Africa's trade with China is dominated by commodities. Oil, gas, and metals, sourced from a few countries, account for the bulk of SSA's exports to China (Figure B2.1.2), although the region's exports to the United States, the European Union, and major emerging market economies are even more concentrated in commodities (Figure B2.1.3). In contrast, the region's imports from China are diverse. About one-third comprise capital goods, including vehicles, generators, telecommunications equipment, and factory machinery. Consumer and manufacturing goods account for the remainder (Figure B2.1.2) and are about three times as large as imports from the United States and the European Union.

#### Investment

China is the largest developing country foreign investor in Africa (UNCTAD 2013). The relationship started in the early 1980s, as part of concerted diplomatic efforts promoting Chinese economic cooperation with Africa.

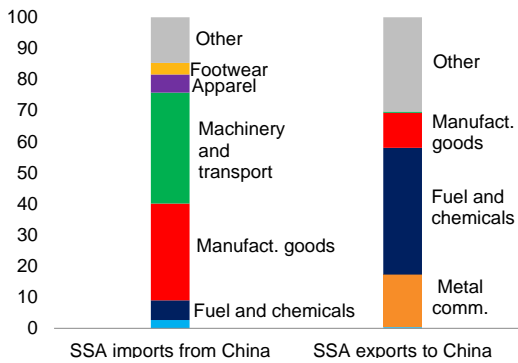
The author of this box is Tehmina S. Khan with contributions from Jiayi Zhang and Raju Huidrom.

## BOX 2.1 (continued)

**FIGURE B2.1.2 Sub-Saharan Africa's trade flows with China, 2013**

Sub-Saharan Africa exports to China are dominated by commodities.

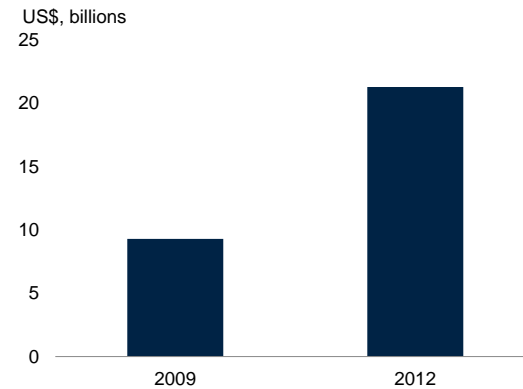
Percent of total



Source: UN Comtrade mirror data.

**FIGURE B2.1.4 Cumulative Chinese foreign direct investment in Sub-Saharan Africa**

The stock of Chinese FDI to Sub-Saharan Africa has doubled since 2009.

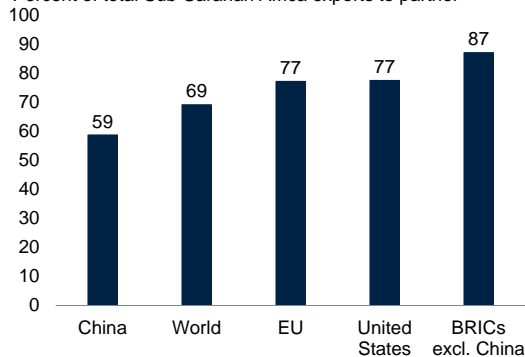


Source: Government of China 2013.

**FIGURE B2.1.3 Sub-Saharan Africa's commodity exports to major trading partners, 2013**

... but commodities are an even larger share of exports to other major trading partners.

Percent of total Sub-Saharan Africa exports to partner



Source: UN Comtrade.

Note: Commodities comprise food and beverages; inedible crude materials; mineral fuels, lubricants, and other related materials; animal and vegetable fats; and chemicals and related products

Initial investments were small, amounting to \$51.9 million for 102 projects (about \$500,000 per project) between 1979 and 1990, with Chinese businesses relying heavily on government-sponsored assistance projects to gain a foothold in local African markets (Government of China 2013; Chun 2013). The distinction between foreign direct investment (FDI) and official assistance may at times be ambiguous. For example, in-

vestments by Chinese state-owned enterprises can be included in definitions of official flows of development assistance, if they receive subsidized state financing such as export credits (Hanauer and Morris 2014).

In any event, private investment flows are rising fast (Gu 2009) and, to the extent they are channeled via tax shelters, are likely to be underreported (Sun 2014). The officially reported stock of Chinese FDI in Africa was estimated at \$21 billion in 2012, a doubling since 2009 (Figure B2.1.4).<sup>1</sup> Reported flows are similar in magnitude to flows from the United States (figure B2.1.5), with the largest share directed toward the resource sector, notably in Angola, Chad, Niger, Nigeria, Sudan, and Zambia.<sup>2</sup>

Chinese investment in other sectors is substantial, especially in manufacturing (Figure B2.1.6). This is seen in the gradual development of manufacturing clusters in Ethiopia (glass, fur, footwear, and automobiles), Mali (sugar refineries), and Uganda (textiles and steel pipe manufacturing). Although partly driven by growing business opportunities in Africa, the shift toward

<sup>1</sup>FDI data for China are available only for Africa as a whole rather than SSA specifically. According to the Chinese Ministry of Commerce, by the end of 2009, 88 percent of the FDI stock in Africa was located in SSA (cited from GAO Report 2013).

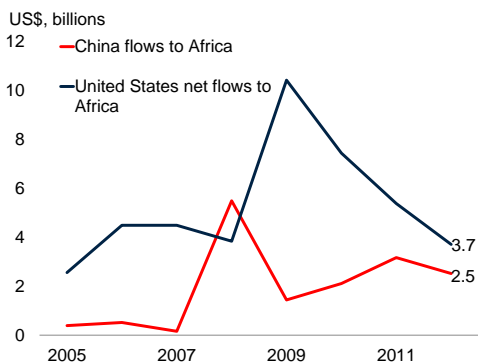
<sup>2</sup>Chinese Ministry of Commerce statistics from <http://www.chinaafricaarealstory.com/p/chinese-fdi.html>.



**BOX 2.1** (continued)

**FIGURE B2.1.5 Chinese and U.S. foreign direct investment in Africa**

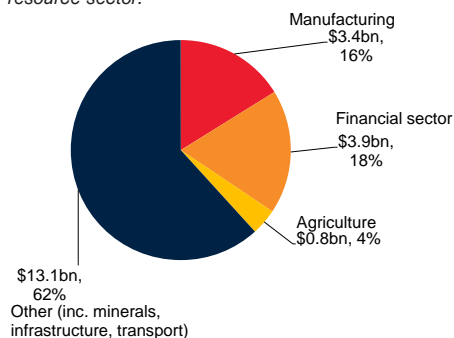
Chinese and US FDI flows to Africa are broadly comparable.



Sources: Ministry of Commerce, China; OECD Statistics on FDI.

**FIGURE B2.1.6 Chinese foreign direct investment in Africa, by sector, 2012**

The largest share of Chinese FDI to Africa has been directed to the resource sector.



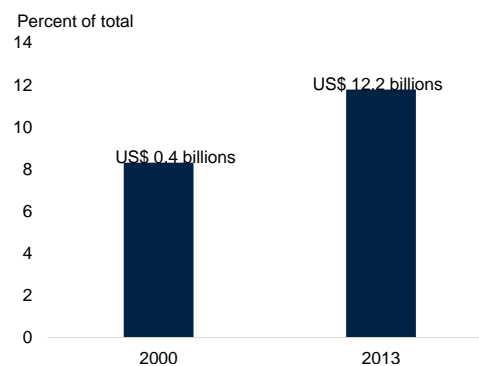
Source: Government of China 2013.

manufacturing is also indicative of Chinese firms' efforts to develop global value chains as domestic labor costs increase relative to lower-cost Africa (Hanauer and Morris 2014). African firms in turn have gained growing access to Chinese markets; since 2012, China has given some 30 countries in SSA zero-tariff treatment (covering about 60 percent of their exports) and is importing a growing share of manufactures from the region (Figure B2.1.7).<sup>3</sup>

<sup>3</sup>Government of China (2013). Growing market access is also reflected in rising SSA manufacturing exports to China. According to Comtrade data, these comprised 11 percent of total exports to China in 2013 compared with 7 percent in 2000.

**FIGURE B2.1.7 SSA manufacturing exports to China**

Exports to China have grown rapidly.



Source: UN Comtrade.

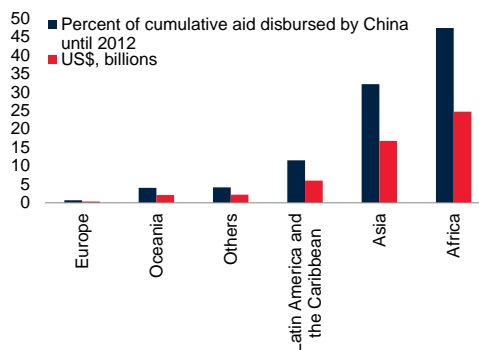
**Development finance**

Africa is the largest recipient of Chinese development financing and its share is increasing. Africa received nearly half of the cumulative \$54 billion provided by China in global foreign aid through 2012 (Figure B2.1.8), significantly more than any other region (Government of China 2011, 2014).

Chinese official development assistance has been, by and large, complementary to aid from Organisation for Economic Co-operation and Development (OECD) countries. Chinese and OECD official development as-

**FIGURE B2.1.8 Distribution of aid and development financing flows from China**

Africa is one of the largest recipients of Chinese aid.

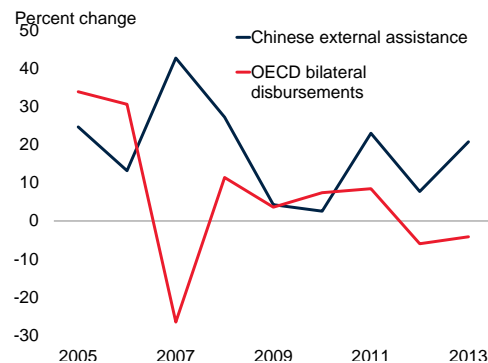


Source: Government of China 2011, 2014.

## BOX 2.1 (continued)

**FIGURE B2.1.9 Chinese development assistance and bilateral aid from OECD countries to Sub-Saharan Africa**

Chinese assistance has grown at a faster pace than bilateral aid from the OECD in recent years...



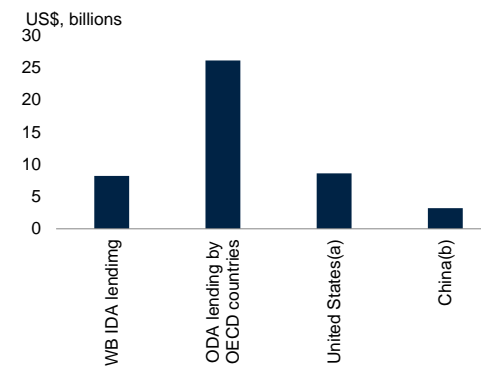
Sources: OECD; Chinese Statistical Yearbook; MOFCOM. Cited from <http://www.chinaafricarealstory.com/pr/chinese-aid.html>.  
Note: OECD = Organisation for Economic Co-operation and Development.

sistance differ substantially in scale, nature, and degree of concessionality (Bräutigam 2011b; Strange et al. 2013).<sup>4</sup> Although Chinese assistance increased rapidly as OECD disbursements declined (Figure B2.1.9), Chinese aid remains well below the OECD's, amounting to \$3.2 billion in 2013 compared with the \$26 billion disbursed by OECD countries in the same year (Figure B2.1.10). Chinese development assistance is frequently packaged into agreements that mix grants and investment, and concessional and non-concessional loans (Bräutigam, 2011a, 2011b).<sup>5</sup>

China is also increasingly channeling development assistance through multilateral institutions, including a \$2 billion co-financing fund between the People's Bank

**FIGURE B2.1.10 Development assistance to Sub-Saharan Africa**

...but is much smaller in size.



Source: World Bank 2013 Annual Report .  
a. 2012 OECD Development Assistance Committee statistics.  
b. Chinese Statistical Yearbook and MOFCOM. Cited from <http://www.chinaafricarealstory.com/pr/chinese-aid.html>.

of China and the African Development Bank in 2014.<sup>6</sup> Finally, OECD country development assistance is typically accompanied by greater conditionality on social development projects and policy reforms. As a result, almost two-thirds of OECD assistance to Sub-Saharan Africa flows to the social infrastructure in health, education, water, and sanitation, or toward emergency relief and food aid (Figure B2.1.11). In contrast, half of Chinese assistance is for infrastructure.<sup>7</sup>

#### What has been the impact on growth in SSA?

Growth has accelerated strongly in the region over the past two decades, coinciding with the expansion in economic ties with China. There has been a direct impact

<sup>4</sup>Key differences include definitions, the degree of concessionality, and conditionalities. Official development assistance is defined by the OECD as concessional funding given to developing countries and to multilateral institutions primarily for the purpose of promoting welfare and economic development in the recipient country. China is not a member of the OECD and does not follow its definition or practice on development aid. By this measure, the bulk of Chinese financing in Africa falls under the category of development finance, but not aid (Strange et al. 2013).

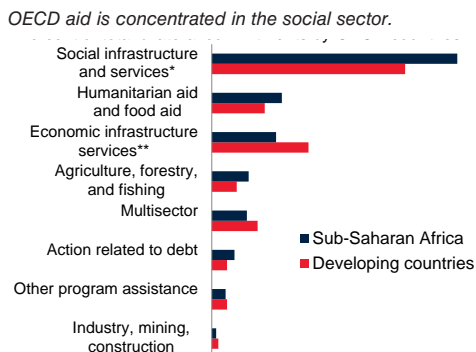
<sup>5</sup>There has been a longstanding debate over how the concessionality of these loans is defined. The 2014 White Paper on Aid by the Chinese government offers some clarification, indicating that "the difference between the concessional interest rates and the benchmark interest rates of the People's Bank of China is subsidized by the government's budget."

<sup>6</sup>The World Bank has also signed two Memoranda of Understanding recently, one with China Eximbank in September 2013, and the other with China Development Bank in June 2013, to help co-finance projects.

<sup>7</sup>China is also increasingly engaged in combating ebola and in peacekeeping and security operations in Sub-Saharan Africa, supported by growing political relations. An example is the dispatch of combat troops under the UN mandate in Mali—a first for China, which has previously dispatched only noncombat personnel. In part, the increased engagement reflects a desire to reduce the impact of political instability on its supply chain. Thus, the mediation efforts undertaken by China, between government and rebel forces in South Sudan in 2013, and the expanded naval cooperation with Djibouti to secure the Gulf of Aden, may be seen in the light of China's imports of oil from South Sudan. In the first 10 months of 2013, these amounted to 14 million barrels, twice those from Nigeria (Sun 2014).

**BOX 2.1 (continued)**

**FIGURE B2.1.11 Bilateral aid from OECD countries to Sub-Saharan Africa, by sector, 2013**



Sources: Ministry of Commerce, China; OECD Statistics on FDI.  
 Note: OECD = Organisation for Economic Co-operation and Development.  
 \* Includes education, health, water and sanitation, and other such services.  
 \*\* Includes transport and communications and energy.

(via rising trade, investment aid, and flows) and an indirect one (via China’s demand for and impact on the prices of global metals and minerals). These impacts have been reflected in a quadrupling of the contribution of exports and investment to growth in gross domestic product in SSA since the 1990s (Figure B2.1.12).

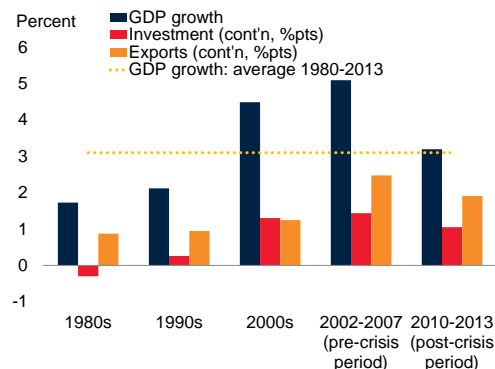
Significant Chinese investment and development finance have been channeled into infrastructure. This is particularly important for SSA, given that transport and energy infrastructure deficits are severe and the returns to investing in infrastructure are large.<sup>8</sup> Improved infrastructure contributed more than half of Africa’s improved growth performance in the pre-2008 decade (Foster and Briceno-Garmendia 2010). Between 2003 and 2009, FDI from China contributed almost 2 percentage points to growth in Zambia, about 1 percentage point in the Democratic Republic of Congo and Nigeria, and 0.5 percentage point in Madagascar (Whalley and Weisbrod 2011).

Indirect spillovers from growth in China have also been significant, especially for resource exporters. Drummond and Liu (2013) report that a 1 percentage point increase in China’s domestic investment growth

<sup>8</sup>Simulations by Foster and Briceno-Garmendia (2010) suggest that if all African countries were to catch up with Mauritius (the country in SSA with the densest road network), per capita growth in the region could increase by 2.2 percentage points

**FIGURE B2.1.12 Contributions to growth in gross domestic product in Sub-Saharan Africa**

*Investment and exports have underpinned faster growth in Sub-Saharan Africa since the 2000s.*



Source: World Bank.

is associated with an average 0.6 percentage point increase in SSA export growth, with a larger impact on resource-rich countries, especially oil exporters.<sup>9</sup> Renard (2011) points to an additional benefit of China’s growth, through reduced consumer and investment prices, as cheaper Chinese manufactures and capital goods displace imports from the United States and the European Union. These may be partially offset by the displacement of local industries through imports from China (e.g., apparel in South Africa and Madagascar; Ademola, Bankole, and Adewuyi 2009).

**What does slower, more balanced growth in China mean for the region?**

In the near term, slower, more balanced growth in China, coupled with a shift toward more consumption and less investment, is weighing on demand and prices for commodities, especially industrial commodities such as iron ore and copper. These effects have been a factor in the negative terms-of-trade shock to metal- and mineral-exporting SSA countries over the past year (World Bank 2015). This situation may help to un-

<sup>9</sup>Busse, Erdogan, and Muehlen (2014) find a positive growth impact from terms-of-trade effects in resource-rich economies (but no impact from Chinese FDI).

**BOX 2.1** (continued)

wind some Dutch disease pressures—stemming from real appreciation against the renminbi and weakening the competitiveness of African manufacturing—to which China's demand for raw materials had contributed over the past decade (Jeanneney and Hua 2015). In addition, tightening financial conditions in China may lead to higher funding costs for banks, which could slow Chinese companies' investment abroad, including in SSA (IMF 2014).<sup>10</sup>

Over the medium to long term, Chinese economic engagement should continue to grow, as reflected in recent proposals by the Chinese government to invest in regional rail networks, eventually linking five East African countries.<sup>11</sup> In part, this undertaking reflects growing opportunities in SSA, as well as China's growing strategic (political, economic, and security) interests in the region (Sun 2014). In the mining sector, for instance, SSA is one of the two major regions (alongside the Arctic) that have been less well-explored. The African market share is expected to grow, given the depletion of easily accessible mineral deposits in advanced countries and improvements in technology (ICMM 2012). Accordingly, although investments in infrastructure and mining are likely to slow, given the recent decreases in global commodity prices, Chinese investment should continue to add to the domestic demand for goods and services in SSA.

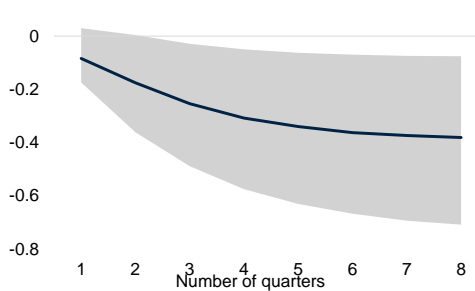
<sup>10</sup>To illustrate the possible short- and medium-term effects that a slow-down in China could have, a structural vector autoregression model was estimated for South Africa with data from 2000Q2–2014Q2. The key variables are the rest of world's gross domestic product (GDP) growth, global interest rates (proxied by the U.S. federal funds rate), China's GDP growth, South Africa's GDP growth. All variables are seasonally adjusted and transformed into log differences (quarter-on-quarter). The identification is based on a Cholesky decomposition with the variables ordered as listed, which is based on the presumed exogeneity or predetermination of variables. For instance, global GDP and global interest rates are presumably more exogenous than China's GDP in the vector autoregression system, and hence ordered before China's GDP. A 1 percentage point reduction in China's growth results in a 0.37 percentage point decline in output growth in South Africa at the end of a horizon of two years (figure B2.1.13), consistent with estimates in other studies (Houssa, Mohimont, and Orrok 2015).

<sup>11</sup>In May 2014, China signed a deal to build a US\$3.8 billion rail link between Mombasa and Nairobi in Kenya, the first phase of a line that will eventually link Burundi, Rwanda, South Sudan, and Uganda. Under the deal, the Exim Bank of China will provide 90 percent of the cost to replace the decades-old British colonial-era line with a 609.3 kilometer (379 mile) standard-gauge link, while Kenya will fund the balance of 10 percent. [http://news.xinhuanet.com/english/china/2015-02/24/c\\_134014338.htm](http://news.xinhuanet.com/english/china/2015-02/24/c_134014338.htm).

**FIGURE B2.1.13** Effect of slower growth in China on South Africa

*Slower growth in China could dampen growth in Africa.*

Percentage point impact on GDP growth from a 1 percentage point reduction in Chinese GDP growth



Source: World Bank.

Note: Results from a structural vector autoregression model with the following variables: South Africa's GDP, China's GDP, rest of the world's GDP, and global interest rates (proxied by the U.S. federal funds rate).

### How can the region increase the gains from its growing partnership with emerging markets?

China's increasing presence in SSA has supported growth—somewhat similar to the impact of Japan's growing presence on East Asia in the 1960s. China's engagement has filled important infrastructure gaps and encouraged supply chain integration.

China is only one of several major emerging economies with an interest in SSA, the others being Brazil, India,<sup>12</sup> the Republic of Korea, the Russian Federation, and Turkey. And traditional OECD partners remain important—the magnitude of their aid, investment, and trade flows is (in aggregate) larger than that from China.

But to benefit fully from the opportunities presented by trading partners (including China), countries in SSA need to focus on improving domestic policies to reform institutions, increase transparency (especially in mining), improve business environments (the cost of corruption is heavy; World Bank 2015), and promote

<sup>12</sup>With \$52 billion in announced projects, greenfield investment in Africa by India actually surpassed the \$45 billion by China during 2003–12. It covered a wider range of sectors, including agro-processing, energy (including renewables), consumer goods, and financial services (OECD 2013). Greenfield FDI is where a parent company constructs new operational facilities. In addition to the boost from the investment itself, the hiring of staff to run these facilities creates new long-term jobs.

**BOX 2.1** (continued)

the development of human capital. Closer economic cooperation among African countries—for instance, harmonizing laws and facilitating cross-border business and collaboration—could allow Africa to leverage the benefits of commerce with the major emerging market economies (OECD 2013; Jacoby 2007). This would also help lower the costs of bureaucracy and improve competitiveness. Improvements in regional infrastructure would encourage investment (domestic and foreign). Since natural resource wealth will remain

important for the region's growth prospects, better integration of the mineral sector into development and macroeconomic policy would help shield resource-exporting countries from volatility in commodity prices and assist with more sustainable, longer-term socioeconomic development (UNECA 2011). A higher degree of processing of agricultural and raw materials would take better advantage of preferential access to Chinese, U.S., and European Union markets and would mean more exports and jobs.

**TABLE 2.11** Sub-Saharan Africa forecast summary

(Annual percent change unless indicated otherwise)

	00–10 <sup>a</sup>	2011	2012	2013	2014e	2015f	2016f	2017f
<b>GDP at market prices<sup>b</sup></b>	5.7	4.3	4.1	4.2	4.6	4.2	4.6	5.0
(Average including countries with full national accounts and balance of payments data only) <sup>c</sup>								
<b>GDP at market prices<sup>c</sup></b>	5.7	4.3	4.1	4.2	4.6	4.2	4.6	5.0
GDP per capita (units in US\$)	3.1	1.7	1.6	2.4	2.1	1.7	2.1	2.5
PPP GDP <sup>c</sup>	5.8	4.4	4.2	5.0	4.9	4.4	4.8	5.2
Private consumption <sup>d</sup>	5.8	3.3	2.4	12.2	4.2	4.0	4.2	4.5
Public consumption	7.3	7.9	5.7	3.6	3.9	3.6	3.7	3.8
Fixed investment	9.8	2.0	9.2	5.6	6.7	6.7	7.3	7.8
Exports, GNFS <sup>e</sup>	4.8	10.2	1.0	-7.3	3.4	2.8	3.1	3.3
Imports, GNFS <sup>e</sup>	8.4	8.0	1.3	6.4	2.7	3.0	3.1	3.2
<b>Net exports, contribution to growth</b>	-0.7	0.7	-0.1	-4.3	0.1	-0.1	-0.1	0.0
<b>Consumer prices (annual average)</b>	8.4	10.1	11.1	8.1	9.0	...	...	...
<b>Fiscal balance (percent of GDP)</b>	-0.6	-1.1	-1.7	-2.9	-2.4	-2.2	-2.2	-2.1
<b>Memo items: GDP</b>								
SSA excluding South Africa	6.7	4.6	4.7	6.0	5.7	5.0	5.4	5.8
Broader geographic region (incl. recently high income countries) <sup>f</sup>	5.7	4.3	4.1	4.8	4.5	4.1	4.5	5.0
Oil exporters <sup>g</sup>	7.6	3.5	3.9	6.0	5.8	4.6	5.0	5.6
CFA countries <sup>h</sup>	4.2	2.3	6.0	4.5	5.4	3.8	5.5	6.0
South Africa	3.5	3.6	2.5	1.9	1.5	2.0	2.1	2.4
Nigeria	8.8	4.9	4.3	5.4	6.2	4.5	5.0	5.5
Angola	11.3	3.9	8.4	6.8	4.4	4.5	3.9	5.1

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 differ at any given moment in time.

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

c. Sub-region aggregate excludes Liberia, Somalia, Central African Republic, São Tomé and Príncipe, and South Sudan. Data limitations prevent the forecasting of GDP components or Balance of Payments details for these countries.

d. The sudden surge in Private Consumption in the region in 2013 is driven by the revised and rebased NIA data of Nigeria in 2014.

e. Exports and imports of goods and non-factor services (GNFS).

f. Recently high-income countries include Equatorial Guinea.

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

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

**TABLE 2.12 Sub-Saharan Africa country forecasts***(Real GDP growth at market prices in percent, unless indicated otherwise)*

	00–10 <sup>a</sup>	2011	2012	2013	2014e	2015f	2016f	2017f
Angola	11.3	3.9	8.4	6.8	4.4	4.5	3.9	5.1
Benin	3.9	3.3	5.4	5.6	5.5	4.6	4.6	4.7
Botswana	4.2	5.2	5.0	5.4	4.7	4.3	4.2	4.2
Burkina Faso	6.0	4.2	9.5	6.5	4.5	5.0	6.2	6.5
Burundi	3.3	4.2	4.0	4.6	4.7	4.8	5.0	5.2
Cabo Verde	5.7	4.0	1.2	0.5	1.3	3.0	3.4	3.5
Cameroon	3.3	4.1	4.6	5.6	5.0	4.0	4.6	5.0
Chad	10.7	0.1	8.9	4.0	7.3	9.0	4.7	5.6
Comoros	2.9	2.6	3.0	3.5	3.2	3.4	3.7	3.8
Congo, Dem. Rep.	4.7	6.9	7.1	8.5	9.0	8.0	8.5	9.0
Côte d'Ivoire	1.1	-4.4	10.7	8.7	8.0	8.0	7.7	7.5
Eritrea	0.9	8.7	7.0	1.3	2.0	1.5	2.0	2.2
Ethiopia	8.6	11.2	8.6	10.5	10.3	9.5	10.5	8.5
Gabon	2.0	7.1	5.6	5.9	5.0	4.0	5.2	5.5
Gambia, The	4.6	-4.3	5.9	4.8	-0.2	3.0	5.1	6.1
Ghana	5.8	14.0	9.3	7.3	4.2	3.5	5.9	7.8
Guinea	2.6	3.9	3.9	2.3	0.4	-0.3	2.3	2.5
Guinea-Bissau	2.5	9.0	-2.2	0.3	2.5	4.2	3.9	4.0
Kenya	4.4	6.1	4.5	5.7	5.3	6.0	6.6	6.5
Lesotho	4.0	2.8	6.5	5.5	2.0	4.0	4.5	4.5
Madagascar	2.6	1.5	3.0	2.4	3.0	4.6	4.8	5.0
Malawi	4.5	4.3	1.9	5.0	5.7	5.1	5.6	5.9
Mali	5.7	2.7	0.0	1.7	6.8	5.6	5.1	5.2
Mauritania	3.9	4.0	7.0	6.7	6.4	5.5	5.7	5.6
Mauritius	3.8	3.9	3.3	3.3	3.2	3.5	3.7	3.7
Mozambique	7.7	7.4	7.1	7.4	7.4	7.2	7.3	7.3
Namibia	4.7	5.1	5.2	5.1	5.3	5.5	5.3	5.1
Niger	4.6	2.3	11.0	4.1	6.2	4.5	5.5	7.7
Nigeria	8.8	4.9	4.3	5.4	6.2	4.5	5.0	5.5
Rwanda	7.9	7.9	8.8	4.7	7.0	7.0	7.0	7.5
Senegal	4.1	2.1	3.5	2.8	4.5	4.8	5.0	5.2
Sierra Leone	8.9	6.0	15.2	20.1	6.0	-12.8	8.4	8.9
South Africa	3.5	3.6	2.5	1.9	1.5	2.0	2.1	2.4
Sudan	5.8	-3.3	-10.1	-6.1	3.0	2.6	3.5	3.9
Swaziland	2.3	-0.7	1.9	2.8	1.7	2.0	1.8	1.6
Tanzania	7.0	6.4	6.9	7.0	7.2	7.2	7.1	7.1
Togo	2.0	4.9	5.9	5.1	5.5	5.1	4.9	4.7
Uganda	7.8	4.7	3.6	4.8	5.2	5.5	5.7	5.8
Zambia	7.4	6.4	6.8	6.7	5.6	5.6	6.2	6.9
Zimbabwe	-4.7	11.9	10.6	4.5	3.2	1.0	2.5	3.5

	00–10 <sup>a</sup>	2011	2012	2013	2014e	2015f	2016f	2017f
<b>Recently transitioned to high-income countries<sup>b</sup></b>								
Equatorial Guinea	14.7	5.0	3.2	-4.8	-3.1	-15.4	3.6	3.7

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.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. The recently high-income countries are based on World Bank's reclassification from 2004 to 2014.

## References

- Aastveit, K. A., G. J. Natvik, and S. Sola. October 19, 2013. "Economic Uncertainty and the Effectiveness of Monetary Policy." CEPR Vox Policy Portal. <http://www.voxeu.org/article/economic-uncertainty-and-effectiveness-monetary-policy>.
- Abdih, Y., and C. Geginat. 2014. "The Economic Impact of the Syrian Conflict on Jordan." *Economic Window* (blog). IMF blog. <http://www.imf.org/external/np/blog/nafta/093014.pdf>.
- Ademola, O., Bankole A. S., and A. O. Adewuyi. 2009. "China-Africa Trade Relations: Insight from AERC Scoping Studies." *European Journal of Development Research* 21 (4): 485–505.
- Ahuja, A., and M. Nabar. 2012. "Investment-Led Growth in China: Global Spillovers." Working Paper No. 12/267. International Monetary Fund, Washington, DC.
- Baffes, J., M. A. Kose, F. Ohnsorge, and M. Stocker. 2015. "The Great Plunge in Oil Prices: Causes, Consequences, and Policy Responses." Policy Research Note No 1. World Bank Group, Washington, DC.
- BBVA Research. 2014. "Mexico Economic Outlook." Third Quarter. [https://www.bbva.com/wp-content/uploads/2014/09/MEO\\_3Q14\\_Rec3.pdf](https://www.bbva.com/wp-content/uploads/2014/09/MEO_3Q14_Rec3.pdf).
- Bräutigam, D. 2009. *The Dragon's Gift: The Real Story of China in Africa*. Oxford, U.K.: Oxford University Press.
- Bräutigam, D. 2011a. "Aid 'With Chinese Characteristics': Chinese Foreign Aid and Development Finance Meet the OECD-DAC Aid Regime." *Journal of International Development* 23 (5): 752–64.
- Bräutigam, D. 2011b. "Chinese Development Aid in Africa: What, Where, Why and How Much?" In *China Update 2011*, ed. Jane Golley and Ligang Song, 203–22. Canberra: Australia National University.
- Burger, M. J., E. I. Ianchovina, and B. Rijkers. 2015. "Risky Business: Political Instability and Sectoral Greenfield Foreign Direct Investment in the Arab World." *World Bank Economic Review*.
- Busse, M., C. Erdogan, and H. Muehlen. 2014. "China's Impact on Africa—The Role of Trade, FDI and Aid." IEE Working Papers 206. Institut fuer Entwicklungsforschung und Entwicklungspolitik, Ruhr-Universität Bochum.
- Busso, M., L. Madrigal, and C. Pagés. 2012. "Productivity and Resource Misallocation in Latin America." IDB Working Paper No. 306. Inter-American Development Bank, Washington, DC.
- Chun, Z. 2013. "The Sino-Africa Relationship: Toward a New Strategic Partnership." LSE Ideas. Special Report SR016. London School of Economics, London.
- Devarajan, S., and L. Mottaghi. 2015. "MENA Economic Monitor: Towards a New Social Contract." Middle East and North Africa (MENA) Economic Monitor. World Bank, Washington, DC.
- Ding, D., and I. Masha. 2012. "India's growth spillovers to South Asia." IMF Working Paper No. 12/56. International Monetary Fund, Washington, DC.
- Drummond, P., and E. X. Liu. 2013. "Africa's Rising Exposure to China: How Large Are Spillovers through Trade?" IMF Working Paper No. 13/250. International Monetary Fund, Washington, DC.
- Economic Commission for Latin America and the Caribbean (ECLAC). 2012. "Foreign Direct Investment in Latin America and the Caribbean, 2011."
- Economist Intelligence Unit (EIU). February 6, 2015. "Latin America/Caribbean Economy: Regional Bond Issuance Reaches New Record in 2014." ViewsWire.
- Engel, E., R. Fischer, and A. Galetovic. 2013. "The Economics of Public-Private Partnerships: A User's Guide." Cambridge University Press.
- Fijałkowska, L. 2011. "China's 'Soft Power' in Africa." *Journal of Contemporary African Studies* 29 (2): 223–32.
- Foster, V., and C. Briceno-Garmendia. 2010. "Africa's Infrastructure: A Time for Transformation." World Bank Africa Infrastructure Country Diagnostic, World Bank, Washington, DC.
- Fukase, E., and W. J. Martin. 2015. "Economic Implications of a Potential Free Trade Agreement Between India and the United States." Policy Research Working Paper No. WPS 7212. World Bank, Washington, DC.

- GAO. 2013. "Sub-Saharan Africa: Trends in U.S. and Chinese Engagement." US Government Accountability Office Report to Congressional Requestors. GAO-13-199.
- Government of China. 2011. White Paper on China's Foreign Aid. Information Office of the State Council, the People's Republic of China. [http://news.xinhuanet.com/english2010/china/2011-04/21/c\\_13839683.htm](http://news.xinhuanet.com/english2010/china/2011-04/21/c_13839683.htm).
- \_\_\_\_\_. 2013. Paper on China-Africa Economic and Trade Cooperation. <http://www.scio.gov.cn/zxbd/wz/Document/1344818/1344818.htm>.
- \_\_\_\_\_. 2014. White Paper on China's Foreign Aid. Information Office of the State Council, The People's Republic of China. [http://news.xinhuanet.com/english/china/2014-07/10/c\\_133474011.htm](http://news.xinhuanet.com/english/china/2014-07/10/c_133474011.htm).
- Gu, J. 2009. "China's Private Enterprises in Africa and the Implications for African Development." *European Journal of Development Research* 21 (4): 570–78.
- Guillemont-Jeanneney, S., and P. Hua. 2015. "China's African Financial Engagement, Real Exchange Rates and Trade between China and Africa." *Journal of African Economies* 24 (1): 1–25.
- Hanauer, L., and L. J. Morris. 2014. "Chinese Engagement in Africa Drivers, Reactions, and Implications for U.S. Policy." RAND Report.
- Housa, R., J. Mohimont, and C. Otrok. 2015. "The Sources of Business Cycles in a Low Income Country." IMF Working Paper 15/40. International Monetary Fund, Washington, DC.
- Ianchovichina, E. I., and M. Ivanic. 2014. "Economic Effects of the Syrian War and the Spread of the Islamic State on the Levant." Policy Research Paper No. 7135. World Bank, Washington, DC.
- ICMM. 2012. "Trends in the Mining and Metals Industry" InBrief Publication.
- IMF. 2010. "2010 Syria: Article IV Discussion—Staff Report." Country Report No. 10/86. International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2013a. "2013 Libya: Article IV Discussion—Staff Report." Country Report No. 13/150. International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2013b. "2013 Iraq: Article IV Discussion—Staff Report." Country Report No. 13/217. International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2014a. *Regional Economic Outlook Asia and Pacific*. April 2014. Washington, DC: International Monetary Fund.
- \_\_\_\_\_. 2014b. "Multilateral Policy Issues Report: 2014 Spillover Report." International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2014c. "2014 Yemen: Article IV Discussion—Staff Report." Country Report No. 14/276. International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2014d. "2014 Algeria: Article IV Discussion—Staff Report." Country Report No. 14/473. International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2014e. *Regional Africa Outlook: Sub-Saharan Africa—Fostering Durable and Inclusive Growth*. Washington, DC: International Monetary Fund.
- \_\_\_\_\_. 2015a. *World Economic Outlook* (April 2015.) Washington, DC: International Monetary Fund.
- \_\_\_\_\_. 2015b. "Ukraine: Request for Extended Arrangement Under the Executed Fund Facility and Cancellation of Stand-By Arrangement—Staff Report." March 2015. International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2015c. *Regional Economic Outlook Update: Middle East and Central Asia*. January 2015. International Monetary Fund, Washington, DC.
- \_\_\_\_\_. 2015d. *Global Financial Stability Report* (April 2015.) Washington, DC: International Monetary Fund.
- \_\_\_\_\_. April 2007. "Decoupling the Train? Spillovers and Cycles in the Global Economy." Chapter 4 in *World Economic Outlook*. Washington, DC: International Monetary Fund.
- Inter-American Development Bank. 2013. *Rethinking Reforms: How Latin America and the Caribbean Can Escape Suppressed World Growth*. IADB, Washington, DC.
- \_\_\_\_\_. March 2015. "The Labyrinth: How Can Latin America and the Caribbean Navigate the Global Economy." 2015 Latin American and Caribbean Macroeconomic Report.
- Lam, R. W. and P. Wingender. 2015. "China: How Can Revenue Reforms Contribute to Inclusive and Sustainable Growth?" Working Paper No 15/66. International Monetary Fund, Washington, D.C.



- Lindner, P., and S. E. Jung. 2014. "Corporate Vulnerabilities in India and Banks' Loan Performance." Working Paper No. 14/232. International Monetary Fund, Washington, DC.
- McKinsey, 2015. "Debt and (Not Much) Deleveraging." McKinsey Global Institute. February 2015.
- McMillan, M., and K. Harttgen. 2014. "What is Driving the 'African Growth Miracle'?" NBER Working Paper 20077, National Bureau of Economic Research, Cambridge, MA.
- Miner, S. 2015. "Real Value of China's FX Reserves in Essentially Flat." April 2015. Peterson Institute for International Economics.
- OECD. 2013. "New Challengers for China: Africa's Emerging Partnerships." OECD Observer 296 (Q3). Organisation for Economic Co-operation and Development, Paris.
- \_\_\_\_\_. 2015. "OECD Economic Surveys: China." (March 2015.) Organisation for Economic Co-operation and Development, Paris.
- Renard, M.-F. 2011. "China's Trade and FDI in Africa." Working Paper No 126. African Development Bank, Abidjan, Côte d'Ivoire.
- Rennhack, Robert, and Fabián Valencia. February 2015. "Fiscal Impact of Lower Oil Prices on Latin America and the Caribbean." *IMFdirect*. <http://blog-imfdirect.imf.org/2015/02/26/fiscal-impact-of-lower-oil-prices-on-latin-america-and-the-caribbean>.
- Roache, Shaun K. 2008. "Central America's Regional Trends and U.S. Cycles." IMF Working Paper 08/50. International Monetary Fund, Washington, DC.
- Rodrik, D. 2014. "An African Growth Miracle." NBER Working Paper 20188, National Bureau of Economic Research, Cambridge, MA.
- Rutkowski, R. 2015. "Services Sector Reform in China." Policy Brief. Peterson Institute for International Economics. <http://www.piie.com/publications/pb/pb15-2.pdf>.
- Strange, A., B. Parks, M. J. Tierney, A. Fuchs, A. Dreher, and R. Vijaya. 2013. "China's Development Finance to Africa: A Media-Based Approach to Data Collection." Working Paper No. 323. Center for Global Development, Washington, DC.
- Sun, Y. 2014. "Africa in China's Foreign Policy." Working Paper, Brookings Institution, Washington, DC.
- UNCTAD. 2013. "World Investment Report: Global Value Chains: Investment and Trade for Development." UNCTAD/WIR/2013. United Nations Conference on Trade and Development, Geneva.
- UNECA. 2011. "Minerals and Africa's Development." Economic Commission for Africa Report. United Nations Economic Commission for Africa, Addis Ababa.
- Whalley, J., and A. Weisbrod. 2012. "The Contribution of Chinese FDI to Africa's Pre Crisis Growth Surge." *Global Economy Journal* 12 (4): 1–28.
- Witte, C. K., M. J. Burger, E. I. Ianchovina, and E. Pennings. 2015. "Dodging the Bullets: An Industry-Level Analysis of Multinational in Conflict Countries." mimeo.
- World Bank and Development Research Center of the State Council, the People's Republic of China. 2014. *Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization*. Washington, DC: World Bank.
- World Bank. 2014a. "China Economic Update, June 2014." World Bank, Washington, DC.
- \_\_\_\_\_. 2014b. *Global Economic Prospects: Shifting Priorities, Building for the Future* (June 2014.) Washington, DC: World Bank.
- \_\_\_\_\_. 2014c. "Lebanon Economic Monitor, Fall 2014: Downside Risks Materialize." World Bank, Washington, DC.
- \_\_\_\_\_. 2015a. "Philippines Economic Update: Making Growth Work for the Poor." January 2015. Washington, DC: World Bank.
- \_\_\_\_\_. 2015b. "East Asia and Pacific Economic Update: Adjusting to a Changing World." April 2015. Washington, DC: World Bank.
- \_\_\_\_\_. 2015c. "Indonesia Economic Quarterly." March 2015. World Bank, Washington, DC.
- \_\_\_\_\_. 2015d. "Malaysia Economic Monitor." December 2014. World Bank, Washington, DC.
- \_\_\_\_\_. 2015e. *Doing Business 2015*. Washington, DC: World Bank.

- \_\_\_\_\_. 2015f. "Russia Economic Report: The Dawn of a New Economic Era?" (April 2015.) Washington, DC: World Bank.
- \_\_\_\_\_. 2015g. "Kazakhstan Economic Update: Low Oil Prices; an Opportunity to Reform." (Spring 2015.) World Bank, Washington, DC.
- \_\_\_\_\_. 2015h. "Turkey Economic Update." (April 2015.) World Bank, Washington, DC.
- \_\_\_\_\_. 2015i. "Europe and Central Asia Regional Brief." (April 2015.) World Bank, Washington, DC.
- \_\_\_\_\_. 2015j. "Commodity Markets Outlook." (April 2015.) World Bank, Washington, DC.
- \_\_\_\_\_. 2015k. *Global Economic Prospects: Having Fiscal Space and Using It.* (January 2015.) Washington, DC: World Bank.
- \_\_\_\_\_. 2015l. "Latin America Treads a Narrow Path to Growth: The Slowdown and its Macroeconomic Challenges." World Bank, Washington, DC.
- \_\_\_\_\_. 2015m. "South Asia Economic Focus, Spring 2015: Making the Most of Cheap Oil." World Bank, Washington, DC.
- \_\_\_\_\_. 2015n. "Africa's Pulse April 2015." World Bank, Washington, DC.
- World Economic Forum. 2014. *The Global Competitiveness Report 2014-2015.*