



Editorial

Africa's gross domestic product grew on average by 3.9% in 2014, compared to 3.3% globally, but with wide regional variations. Sub-Saharan Africa grew by 5.2% but by a percentage point higher when South Africa is excluded, indicating relatively robust growth despite global and regional headwinds, including depressed commodity prices and the Ebola epidemic. However, growth in North Africa remained sluggish at 1.7%, impacted by shrinkage of the Libyan economy by 20% as the conflict disrupted oil production. The sharp decline in commodity prices of the past few years will have mixed effects in the medium term, with oil-exporting countries registering weaker fiscal positions, while the lower cost of energy will boost consumer demand and competitiveness among net oil importers. Africa's growth is forecast at 4.5% in 2015 and 5.0% in 2016, mainly owing to stronger growth among middle-income economies. Growth in sub-Saharan Africa is expected to average about 5% between 2015 and 2016.

This 14th edition of the *African Economic Outlook* portrays a shift in the African economy, with agriculture, construction and services playing a bigger role than before. Total foreign investment is expected to reach USD 73.5 billion in 2015, targeting consumer markets in large urban centres. Remittances from Africa's Diaspora have increased six-fold since 2000 and will reach USD 64.6 billion by the end of 2015. African sovereign borrowing, on the other hand, is rising rapidly, indicating increasing investor confidence. This new source of financing must be accompanied by macroeconomic prudence to ensure that sustainable debt levels are maintained.

Human development in Africa is improving, although indicators show that poverty remains widespread in both low- and middle-income countries. Economic gains have been uneven across regions and within countries and, despite high growth rates, are vulnerable to setbacks from health, environmental and social risks. The outbreak of the Ebola virus disease had a severe impact on the populations and economies of Guinea, Liberia, Sierra Leone and their neighbours in West Africa, with the fight of these countries exacerbated by the uneven international response. The Ebola epidemic highlighted the inadequacy of social service delivery in many African countries, especially health services, and the fragility of institutional structures. An important lesson is that the enhancement of equity, social protection and timely responses to domestic disasters cannot be accomplished without strong and accountable domestic institutions.

Although the level of social tensions and violence receded in 2014 in many parts of Africa, the consequences of war are still evident, with lingering conflicts in the Central African Republic, Libya, Nigeria and South Sudan. The impact on populations and livelihoods has been severe. There is an obvious and urgent need to foster more inclusive growth and broader political participation to reduce the deprivation that tends to stoke rebellions and conflicts.

For the first time, the *African Economic Outlook* has put the continent's demographic changes and spatial dynamics into the broader debate of generating quality employment opportunities for the youth population. In 2050, Africa will be home to over 2 billion people, about 25% of humanity, against 15% today. Most of them will live in sub-Saharan Africa, whose population is projected to triple. This could present an unprecedented opportunity: dependency ratios, which had risen since the 1980s, could drop to 0.6 in 35 years. Cities will grow fast but, unlike recent demographic transitions elsewhere, so



will rural communities. Making the most of this demographic bonus for inclusive and sustainable growth will require tapping into the potential of local economies, which too often have been neglected. Policies must also be put in place to address the gaps that will develop between fast-changing urban centres and their hinterlands.

We commend this new edition of the *African Economic Outlook* and its contribution to addressing the challenges highlighted in the Africa Union's Agenda 2063 and in the Post-2015 Global Development Agenda.

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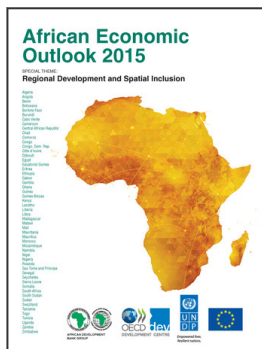
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