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### **African Economies May Grow on Average 6.2% in 2008, Report Says**

By Jason McLure

April 2 (Bloomberg) -- African economies are expected to grow by an average of 6.2 percent in 2008, up from 5.8 percent last year, in spite of a slowing world economy, according to a new report from the United Nations and the **African Union**.

High prices for commodities such as oil, minerals and coffee are fueling Africa's growth, which has also been boosted by increased private capital flows, debt relief, and improving economic management, said the report, which was jointly issued yesterday by the AU and the UN's **Economic Commission for Africa** in the **Ethiopian** capital Addis Ababa.

The growth has resulted in higher rates of savings and investment on the continent, though, according to the report, the growth -- which is nearly double the expected 3.4 percent rate of expansion in the world economy as a whole -- is not fast enough to meet the Millennium Development Goals by 2015, which include health, education, and anti-poverty benchmarks.

"Economic growth recovery in Africa has not yet translated into meaningful social development and has not benefited vulnerable groups," the UN said in a statement accompanying the report.

That's because not all of the economic expansion is trickling down to the continent's poorest. Per capita income rose by an average of just three percent a year from 2003-2007, which is "insufficient for Africa to make any significant progress" toward the millennium goals, the report said.

#### Official Debt

Africa's official debt to governments and multilateral institutions declined to \$144.5 billion in 2007 from \$205.7 billion in 1999 as a result of debt-relief programs. However private debt to banks and other private creditors by African nations rose from \$92.4 billion in 1999 to \$110.2 billion last year.

Inflation on the continent was 6.3 percent in 2007. Yet higher oil prices are causing increased inflationary pressure on many African nations. That includes both oil-importing countries such as Ethiopia, where higher energy prices are pushing up production costs, and oil-exporters such as Angola, where higher oil revenue are raising domestic demand for goods and services.

Higher oil prices helped Angola's economy grow 21 percent in 2007, the fastest of any African economy. The economy of war-torn Somalia, which is entering its 17th year without a central government, contracted 3.5 percent, making it Africa's worst economic performer.

To contact the reporter on this story: **Jason McLure** in Addis Ababa via the Johannesburg bureau at **abolleurs@bloomberg.net**

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