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African profits no benefit to the poor

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AFRICAN economies grew by 5.8% last year, powered by increasing commodity prices, but the growth is yet to be translated into social development, a report said yesterday.

The UN's Economic Commission on Africa's annual report said poor infrastructural development, high oil prices and political instability would choke the 2008 growth predicted to be 6.2%.

"African economies continued to sustain the growth momentum of previous years, recording an overall real GDP growth rate of 5.8% in 2007," said the report.

"Although 30 countries recorded higher economic growth rates in 2007 than 2006 ... economic growth recovery in Africa has not yet translated into meaningful social development and has not benefited vulnerable groups. Africa's growth performance was driven mainly by robust global demand and high commodity prices."

The report said continued consolidation and management of macro-economic stability, commitment to economic reforms, increased private capital flows, debt relief and increasing non-fuel exports were other factors that drove the growth.

The report urged Africa's oil producers to wisely spend their revenues on other sectors of the economy, instead of injecting them into oil productions.

The continent recorded an average budget surplus of 2.4% of the Gross Domestic Product in 2007, of which 13 oil producing countries accounted for a bigger slice with an average surplus of 5.3%, down from 6.1% in 2006.

Africa's official debt to governments and multilateral institutions declined to US\$144.5 billion in 2007 from US\$205.7bn nine years ago because of relief programmes.

But debt to banks and other private creditors by African nations rose from US\$92.4bn in 1999 to US\$110.2bn last year, the report added. — Sapa-AFP

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