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African emerging economies: The leading economies of Africa in the 21st Century

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Abstract. In the last couple of decades, some African countries have achieved a significant economic improvement even though it is overshadowed by the severe poverty and conflicts in the continent. In fact, some of these countries, such as South Africa, Nigeria, and Egypt are recognized as emerging economies by many international organizations. However, there are many other economies in the continent which achieved an equivalent economic improvement recently. The objective of this study is to assess the progress of all African countries and identify the African Emerging Economies. An index with various measurements which are commonly employed by similar studies is used. Considering, the absence of the topic from the literature, this study may attract further works. The results show that at least there are 15 African economies, including the three biggest ones, which recorded a remarkable progress in the last couple of decades. These countries can be recognized as African Emerging Economies. All of these countries are also categorized as either global emerging or frontier economies by various rating agencies.
Keywords. African emerging, Emerging economies, Frontier economies.
JEL. O10, O55, F02.

1. Introduction

Even though there is no a clear definition of the term 'emerging economy', their miraculous growth is remarkable and their dominance on the global economy is increasing. In general terms, emerging markets or emerging economies are located in various regions and rarely known as Asian Emerging, European Emerging, Latin American Emerging and the other Frontier Markets (Marr & Reynard, 2010).

The original definition of the term was introduced in 1980s by then World Bank economist Antoine Van Agtmael after observing some fast growing economies such as China and India but structurally different from developed economies (Logue, 2011). But, so far, the terms emerging markets, emerging economies or emerging

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countries are not clearly defined. Since the inception of the term, emerging markets are defined and characterized more by what they are not rather than what they are (Tiku, 2014). In this regard, there are numerous points of disagreement. Some define these countries based on quantitative factors, such as GDP or GDP-per-capita, population statistics, growth rates, etc. whereas others put forward qualitative factors such as governance and related issues. Besides, others emphasize on socio-economic factors such as literacy level, health and the status of women and children in the community. In general terms, they are markets that are growing fast and may "emerge" and become richer soon (Ciravegna *et al.,* 2013). But, emerging economies are certainly not developed markets like the North America, Japan and Europe. They are mainly characterized by higher economic growth than developed nations but own less developed or less transparent political and financial institutions and lack of governance predictability. Most of these nations have also less adequate rule-of-law and limited property rights which taken granted in the developed world (Tiku, 2014 and Logue, 2011). Moreover, in contrast to developed countries, risk is widely perceived and priced in (Booth, 2014).

Countries categorized as emerging are characterized by high economic transformation and population and are achieving rapid urbanization and industrialization. The living standards of citizens in these nations are improving through time and expected to be improved in the near future. Emerging countries have already forced the G-8 group to be G-20 through their economic power created in the last couple of decades (Goncalves & Xia, 2014).

Emerging markets are also known for their population of low income and low consumption level compared to advanced nations. However, income and consumption is increasing as a result of huge trade and globalization since they are exploiting their human potential by using technology and natural resources (Tiku, 2014). Even though some have still high rate of poverty, their consumers have huge and increasing demand for basic consumer products (Logue, 2011). These countries are in transition of exploiting their potential and achieving higher income and consumption as a consequence of economic, political, social and demographic changes. Emerging markets are proved to be in changeovers in several dimensions; they are always transitioning in fertility rates, life expectancy, and educational status, in the nature and depth of their economic and political institutions and also their interaction with international capital markets (Mody, 2004).

Even though there is no African Emerging category in the literature, few countries have been recognized as emerging or frontier economies recently including South Africa. Therefore, the aim this study is to identify countries which are emerging in Africa by using similar measurements used by various international organizations. Doing so, this study may pave a way for further studies on the topic in general and characteristics of selected countries in particular. It may show how the remarkable progress of some African countries is overshadowed by conflicts and poverty in the continent.

The study has four major parts. The first part introduces the idea of emerging or frontier economies. The second part is the methodology which briefly describes the steps followed in conducting the study. In the third part, the characteristics and list of countries categorized as emerging and frontier is presented. Besides, the African economies categorized in similar group are presented in this part. In the results part, the index with its criteria and the values assigned to each criterion are presented and the African countries are grouped and discussed accordingly.

2. Methodology

Generally, some steps are followed to reach in to the results. First, an empirical review is conducted in order to clarify the idea of emerging and frontier economies. Moreover, the countries categorized as emerging and frontier economies by various rating organizations are identified. In the next step, the criteria used by these rating agencies are assessed and indentified. Considering the limited study being conducted on African emerging economies, an index is prepared to categorize African economies. The criteria used are mostly similar with those used by the famous rating agencies and similar indexes. The values given to each criterion are also assigned based on the definition of the term emerging and following the way the rating agencies assigned. The data used in the index is mainly taken from the World Bank Database and UNCTADSTAT.

3. Empirical review

3.1. Characteristics of emerging and frontier economies

The coming of some new countries in the new global order happened as a result of multidimensional transformations. Especially, in the last couple of decades the world emerging countries such as the BRICS have performed well to dominate the world economy. What make them common is in the last decades, their economic performance improved substantially. They spent more time and effort in expansion and faced smaller economic challenges than industrialized nations. Especially, in the last 20 years their progress was mainly associated with their good policies and a lower incidence of both internal and external shocks. But commonly, better polices account for more than half of their improved performance (Abiad *et al.,* 2015).

By and large, emerging economies are those countries classified by the World Bank as "upper middle income" and "lower middle income", which uses GDP per capita as a metric. However, this does not mean that all emerging or frontier markets have low income than developed nations. In fact, some emerging or frontier markets such as Qatar, Kuwait and Oman have higher per capita income than many advanced countries. This by itself does not make a country a better market (Booth, 2014). However, emerging nations are those which are achieving industrialization and modernization in addition to the rapid economic growth (Cavusgil *et al.,* 2014 and Logue, 2011). These can be expressed in terms of having transitional economy and society with favorable policy, low-level but improving economic development, having huge room for the future which can be explained by improving Purchasing Power Parity and high rate of continuous growth at least 5% per year (Sunje & Çivi, 2012).

Taking the BRICS plus Turkey, Mexico and the Philippines as an example emerging group, employment in agriculture has commonly declined and employment ratios in industry and services have significantly increased. China, Russia, Turkey, Mexico and South Africa's employment in agriculture has declined by more than 50% in the last two decades. Similarly, the GDP per person employed has increased in these countries. This also implies an increase in productivity. Besides, governments of these countries have commonly increased their expenditure on education and health with higher emphasis on tertiary education. Therefore, these show that emerging economies have achieved improvement in their employment level and nature, productivity, education, health and many other areas.

However, all countries categorized by various analysts as emerging diverge in many characters such as in their population size, GDP size, easiness of doing business, economic freedom, natural resource endowment, export diversification, level of economic development, political atmosphere and level of democracy and many other issues. In terms of population size, for instance, China and India are the most populated nations in the world both with more than 1.3 billion people while Cabo Verde has almost half a million population. In terms of GDP size, China, India and Brazil are in the list of top ten countries whereas Mauritius is ranked above 120th.

3.2. Countries classified as emerging and frontier economies

In the last few decades, especially, since 2000, a lot of classifications of nations as emerging economies or emerging markets based on various criteria have been materialized. Since the inception of the term, many groupings of emerging economies such as BRICS, MINT, and N-11 (Next Eleven) became branded. However, recently the most common classification of nations into emerging markets are done by the International Monetary Fund (IMF), Financial Times Stock Exchange (FTSE), Standard and Poor's (S&P), Don Jones & Company, Russell Investments, Morgan Stanley Capital International (MSCI), Banco Bilbao Vizcaya Argentaria (BBVA), Columbia University and the Goldman Sachs investment bank (BRICS + Next Eleven).

The MSCI Market Classification Framework consists of three major criteria: economic development, size and liquidity as well as market accessibility. Countries are classified into frontier, emerging or developed based on these standards. Under the first criterion, economic development, the only indicator is sustainability of economic development which is not requirement for both frontier and emerging economies but required for developed ones. The second one is the size and liquidity requirement which includes specific criteria of Standard Index; company size, security size and security liquidity. All these specific criteria are requirement for all frontiers, emerging and developed nations with different levels. Emerging markets have better company size, security size and security liquidity than frontier markets and less than developed markets. The last criterion is market accessibility criteria which includes four specific criteria; openness to foreign ownership, ease of capital inflows/outflows, efficiency of the operational framework, and stability of the institutional framework. In all these criteria, developed countries have very high levels while emerging countries have significant levels in the first two criteria. The rest have modest or partial fulfillment of the requirements (MSCI, 2014).

The Financial Times (2015) classifies world markets into four major categories; Developed (25 Markets), Advanced emerging (10 Markets), Secondary emerging (11 Markets), and Frontier (26 Market). It uses some guiding principles for market classification. The first principle is quality of market - the quality of regulation, the dealing landscape, custody and settlement procedures, and the presence of a derivatives market. The second one is Materiality – a country needed to be of material size to warrant inclusion in a global benchmark. The third one is consistency and predictability in which countries are continuously assessed to be promoted or demoted based on predictions.

The next principle is cost limitation which is the cost of implementing a change. Stability is the next principle which shows that a country is considered as emerging or a promotion occurs if there is a permanent change in market status and global acceptance. Market access is the last categorizing principle which shows that international investors should be able to invest and be able to withdraw at any time in a secure manner and at fair cost. Accordingly, Brazil, Czech Republic, Hungary, Malaysia, Mexico, Poland, South Africa, Taiwan, Thailand and Turkey are advanced emerging economies. Similarly, Chile, China, Columbia, Egypt, India, Indonesia, Pakistan, Peru, Philippines, Russia and UAE are secondary emerging economies. The frontier market category includes African and Asian states whereas the first category, advanced, is dominated by western countries.

The BBVA classifies countries as EAGLEs (Emerging and Growing-Leading Economies) and Nest. The EAGLEs are emerging economies those contributing more than the average of the G6 countries to world growth in the next ten years. The Nest group, on the other hand, is formed by those emerging economies contributing less than the average of the G6 countries to world growth in the next ten years but more than the average of non-G7 developed countries. The economic achievements are revised each year and countries are reclassified accordingly. Based on the 2015 report, China, India, Indonesia, Russia, Mexico, Nigeria, Saudi Arabia, Brazil, Turkey, Philippines, Pakistan, Iraq, Bangladesh and Thailand are in the EAGLEs category while Malaysia, Egypt, Colombia, Vietnam, Poland, UAE, Iran, Myanmar, Kazakhstan, Qatar, Algeria, Peru, Argentina, South Africa, Chile, and Sri Lanka are Nest countries (BBVA, 2015)

The other famous classification or acronym of countries is the BRICs and Next Eleven (N-11) which is first coined by Goldman Sachs Investment bank and economist Jim O'Neill. The term was introduced in 2001 to indicate Brazil, Russia, India and China. These countries with their huge population size are believed to overtake the developed nations. The N-11 nations are, similarly, have a high potential of becoming along with the BRICS. The N-11 countries are Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea and Vietnam. The major criteria that Goldman Sachs used for both BRICs and N-11 are macroeconomic stability, political maturity, openness of trade and investment policies, and the quality of education (O'Neill, 2001 and O'Neill *et al.,* 2005). Moreover, another combination of Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa countries, dubbed CIVETS is also becoming well known. Although it is not certain who created the acronym, either HSBC's chief executive Michael Geoghegan or Economist Intelligence Unit, it is expected that this new bloc is becoming the next big bloc for growth, foreign investments, and global policy influence (Goncalves &; Alves, 2015).

Similarly, the International Monetary Fund classifies countries into two major categories; advanced economies and emerging market and developing economies. But such classification is not based on strict criteria, economic or otherwise. The seven largest economies in terms of GDP based on market exchange rates and 30 others are categorized as advanced. The group of emerging market and developing economies includes 152 countries which are not classified as advanced economies (IMF, 2015).

Table 1. *List of countries recognized as emerging markets by the major analysts*

	Recognition as Emerging by Groups/Organizations of Analysts/Indexes								
Country	FTSE[1]	MSCI[2]	S &P[3]	EMBI[4]	Dow Jones[5]	Russell[6]	EMGP[7]	BRICS+ N-11[8]	IMF[9]
Argentina				√			√		√
Bangladesh	√	√	√	√				√	√
Brazil	√	√	√	√	√	√	√	√	√
Bulgaria									√

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Chile	√	√	√	√	√	√	√		√
China	√	√	√	√	√	√	√	√	√
Colombia	√	√	√	√	√	√	√		√
Czech Rep.	√	√	√	√	√	√			
Egypt	√	√	√	√	√		√	√	
Greece		√	√		√	√			
Hungary	√	√	√	√	√	√	√		√
India	√	√	√	√	√	√	√	√	√
Indonesia	√	√	√	√	√	√		√	√
Iran								√	
Israel				√			√		
Malaysia	√	√	√	√	√	√			√
Mauritius							√		
Mexico	√	√	√	√	√	√	√	√	√
Nigeria				√				√	
Oman				√					
Pakistan	√			√				√	√
Peru	√	√	√	√	√	√			√
Philippines	√	√	√	√	√	√	√	√	√
Poland	√	√	√	√	√	√	√		√
Qatar		√		√	√				
Romania				√					√
Russia	√	√	√	√	√	√	√	√	√
Slovenia							√		
S. Africa	√	√	√	√	√	√	√	√	√
S. Korea		√				√	√	√	
Taiwan	√	√	√	√	√	√	√		
Thailand	√	√	√	√	√	√	√		√
Turkey	√	√	√	√	√	√	√	√	√
Ukraine				√					√
UAE	√	√		√	√	√	√		
Venezuela				√					√
Vietnam				√				√	

Sources: Extracted from respective websites and compiled.

Even though 37 nations are considered or graded as emerging by either of the analyst groups, the commonly accepted countries as emerging are only eight. These are the BRICS countries (Brazil, Russia, India, China and South Africa) and Mexico, Philippines and Turkey. However, another six markets are considered as emerging by the majority of the analysts - they are evaluated as non-emerging only by one analyst group. These are Chile, Colombia, Hungary, Indonesia, Poland and Thailand. Chile, Colombia, Poland, Hungary and Thailand are not included in the BRICS plus N-11 group while Indonesia missed the EMGP standards to be considered as emerging market.

In addition to these, Egypt, Malaysia and Peru are evaluated as emerging by most of the analysts. The member of N-11 group Egypt, misses IMF and Russell's standards to be emerging whereas Malaysia and Peru are not in the N-11 group and lost EMGP grades. In the other side, eleven nations are considered as emerging only by 1 or 2 evaluators. Iran, Slovenia, Bulgaria, Mauritius and Oman are accepted only by one evaluator while Vietnam, Venezuela, Ukraine, Romania, Nigeria and Israel are accepted only by two organizations as emerging. In general, majority of the countries which are not fully accepted as emerging are considered as frontier markets.

Table 2. *List of countries recognized as frontier markets by the major analysts*

Country	FTSE[10]	MSCI[11]	S &P[12]	Dow Jones[13]	Russell[14]	Country	FTSE[15]	MSCI[16]	S &P[17]	Dow Jones[18]	Russell[19]
Argentina	√	√	√	√	√	Macedonia	√			√	√
Bahrain	√	√	√	√	√	Malta	√			√	√
Bangladesh	√	√	√	√	√	Mauritius	√	√	√	√	√
Botswana	√		√		√	Morocco		√			
Bulgaria	√	√	√	√		Namibia			√		√
Ivory Coast	√		√			Nigeria	√	√	√	√	√
Croatia	√	√	√	√	√	Oman	√	√	√	√	√
Cyprus	√		√	√	√	Pakistan		√	√	√	√
Egypt					√	Papua New Guinea					√
Ecuador			√			Panama			√		
Estonia	√	√	√	√	√	Qatar	√		√	√	√
Gabon					√	Romania	√	√	√	√	√
Ghana			√		√	Serbia	√	√		√	√
Jamaica			√		√	Slovakia	√		√	√	√
Jordan	√	√	√	√	√	Slovenia	√	√	√	√	√
Kazakhstan		√	√	√	√	Sri Lanka	√	√	√	√	√
Kenya	√	√	√	√	√	Trinidad and Tobago		√	√		√
Kuwait		√	√	√	√	Tunisia	√	√	√	√	√
Kyrgyzstan					√	Ukraine		√	√	√	√
Latvia			√	√		UAE			√	√	
Lebanon		√	√	√		Vietnam	√		√	√	√
Lithuania	√	√	√	√	√	Zambia			√		√

Sources: *Extracted from respective websites and compiled*

Similarly, 44 countries are considered as frontier markets by either of the evaluators out of which only 16 countries are commonly accepted by the major evaluators included in this study. These include Tunisia, Slovenia, Sri Lanka, Romania, Nigeria, Oman, Mauritius, Lithuania, Kenya, Jordan, Estonia, Croatia, Bulgaria, Bangladesh, Bahrain, and Argentina. Seven of these countries such Slovenia, Romania, Oman, Mauritius, Bulgaria, Bangladesh and Argentina are recognized as emerging markets by some evaluators. In contrary, some other countries such as Panama, Papua New Guinea, Morocco, Kirgizstan, Gabon, Ecuador and Egypt are less recognized as frontier markets.

3.3. African emerging and frontier countries

The work of Radelet (2010) is one of the pioneer works on the topic. He studied African countries' performance since the 1990s and identified 17 countries to be as African Emerging. The fundamental changes these countries achieved are five; improved democracy and accountability, rational or right economic policies implementation, ending debt crisis and creating better relationship with the international community, introducing new technology in business and political systems, and producing a new generation of policymakers, activists and business leaders. Accordingly, Botswana, South Africa, Lesotho, Namibia, Zambia,

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Mozambique, Tanzania, Uganda, Rwanda, Ethiopia, Mali, Burkina Faso, Ghana, Capo Verde, Mauritius, Sao Tome and Principe and Seychelles. However, the study has mainly emphasized on Sub-Saharan African countries.

On the other hand, various rating organizations have considered some African countries as emerging and frontier. Egypt, Mauritius, South Africa and Nigeria are categorized as emerging economies by any of the rating agencies. Similarly, Botswana, Ivory Coast, Egypt, Gabon, Ghana, Kenya, Mauritius, Morocco, Namibia, Nigeria, Tunisia and Zambia are in the frontier markets group.

4. Results

In order to categorize African countries into emerging and non-emerging economies status, a set of strict criteria is used. One of the methods to categorize countries based on criteria is by developing an index in a similar way used by Cavusgil (1997). In this index, economic size, export, education, employment to population ratio, health, consumption, commercial infrastructure, economic freedom and political stability are general decisive factors used. Most of these criteria are similar to the criteria used by Cavusgil (1997). These criteria are also indicators of economic growth and economic development.

The primary criterion is economic size. Since emerging economies are mainly characterized by their economic or market size, their GDP size and its growth rate are taken as major criteria. Recently, Nigeria, Egypt, South Africa, Algeria, Morocco, Sudan, Angola and Ethiopia are the biggest economies in Africa. However, in the last 10 years, Ethiopia, Angola, Rwanda, Mozambique, Ghana, Zambia, Uganda, Tanzania and Democratic Republic of Congo have recorded the highest economic growth in the continent.

Next to their economic size GDP per capita income and its growth in the last few years is considered as important factor. Economically smaller countries such as Seychelles, Mauritius, Equatorial Guinea, Gabon, Botswana and Namibia have higher income than the others. However, Ethiopia, Equatorial Guinea, Rwanda, Mozambique, Nigeria, Chad and Sudan increased their GDP per capita income at a rate higher than the rest in the last 10 years.

Emerging economies have attracted high FDI share in the world in the last couple of decades. Because of their continuous economic growth and an increasing middle class population, FDI in these countries have shown a significant increment. Consequently, it is used as important criteria to categorize a nation into emerging. Nigeria, South Africa and Egypt are the leading countries in this regard by far followed by Morocco, Mozambique, Ghana and Congo.

Trade is also an important aspect in understanding the nature of countries' emergence. Export product diversification index is used as a clear indicator whether a country's fast economic growth happened because of a single product exports such as petroleum oil or some minerals. Countries with better export diversification may be engaged in vast economic growth which is independent of a single product. In this measurement, the biggest African economies have less product diversification than Botswana, Zambia, Rwanda, Niger, Seychelles and many others.

Besides, the employment to population ratio is important. This gives an insight where the economic growth is coming from. Countries with higher ratio may have lower wage rates which attract higher FDI and generate more exports. This in return leads to higher economic growth. In this aspect, Madagascar, Uganda, Rwanda, Burundi, Burkina Faso, Zimbabwe, Eritrea and Guinea are the leading nations. Again the major African economies, South Africa, Egypt and Nigeria, have very low employment to population ratio.

In addition to employment ratio, the educational level and health status of the population is important. In the education category, adult literacy rate and higher education expansion and quality (5th pillar in the Global Competitiveness Index) are assessed. In the last few years, South Africa, Cabo Verde, Botswana, Algeria and Tunisia have recorded high improvement in educational status of their population. In the health aspect, life expectancy, mortality rate, and the 4th pillar of primary education and health in the Global Competitiveness Index are evaluated. Accordingly, Mauritania, Angola, Cabo Verde, Botswana and Morocco have reached better status than the other African states.

However, economic size, FDI, education or health does not make any country to be an emerging economy without infrastructural development. Therefore, commercial infrastructural development is taken as one of the criteria. This includes fixed telephone subscriptions, mobile cellular subscriptions, and access to electricity of the population, individuals using the internet, roads, rail lines and air transportation. South Africa, Seychelles, Mauritius, Morocco, Tunisia, Egypt and Algeria have better status in this regard.

Additionally, corruption and economic freedom are integrated in to the set of criteria. Because countries with less corruption level and better economic freedom are suitable for investment and international trade. Corruption perception index of the Transparency International and Economic Freedom index of the Heritage Foundation are used to measure corruption and economic freedom of countries respectively. Botswana, Cabo Verde, Mauritius, Rwanda and Namibia or the leading countries in the corruption index while Mauritius, Botswana, Rwanda, Ivory Coast, Namibia, South African and Seychelles have better economic freedom.

The other indicators economic emergence is domestic consumption. Household consumption expenditure, general government expenditure and the population size are the specific indicators included. These may show the potential of the domestic market to attract more investment and production. Obviously, more populate countries have higher consumption levels. However, it is linked with the consumption level of households and the government for better evaluation of the domestic market potentials. Nigeria, South Africa, Uganda, Tanzania, Egypt, Congo and Ethiopia have the highest domestic consumption potentials.

Finally, political stability and rule of law are assessed as indicators of development statues and future of economies. This is because countries with high economic growth and infrastructural development are no more emerging economies if there is no political stability and rule of law. Even though market risks are common in all emerging economies, instability and lack of rule of law can demolish any type of economic achievement at any time. Unfortunately, most African countries have law records of political stability and rule of law. Mauritius, Burkina Faso, Cabo Verde, Seychelles, Namibia, Ghana and Rwanda have positive rates in this index while all the others have negative rates.

Table 3. *Criteria and values used in the African emerging economies index*

		Criteria	Value (%)	
1.		Economic Size		25%
	1	GDP size, current	40%	
	1	GDP growth rate (in the last ten year, average)	60%	
2.		Income		10%
	2	GDP per capita income, current	50%	
	2	GDP per capita income growth	50%	
3.		FDI inflow (in the last 10 years, average)		10%
4.		Export Diversification (Export Diversification Index)		5%
5.		Employment to population ratio, 15+ (EPR)		5%
6.		Education		5%

	6	Adult literacy rate, 15+ years of age	40%	
	6	Higher education (5th pillar in the Global Competitiveness Index)	60%	
7.		Health		5%
	7	Life expectancy at birth	25%	
	7	Mortality rate	50%	
	7	Health (4th pillar in the Global Competitiveness Index)	25%	
8.		Commercial Infrastructure		10%
	8	Fixed Telephone Subscriptions	10%	
	8	Mobile Cellular Subscriptions	20%	
	8	Access to Electricity of the Population	30%	
	8	Individuals Using the Internet	20%	
	8	Rail Lines	10%	
	8	Air Transportation	10%	
9.		Corruption (Corruption Perception Index, 2016-2017)		5%
10.		Consumption (Domestic Market Potential)		10%
	1	Household consumption expenditure	30%	
	1	General government expenditure	30%	
	1	Population size	40%	
11.		Political Suitability (PS)		5%
	1	Political Stability	50%	
	1	Rule of Law	50%	
12.		Economic Freedom (Economic Freedom Index, 2016-2017)		5%

Source: *Data are retrieved from the World Bank Database*

The values are given based on the basic characteristics of emerging economies. The highest value, 25% of overall, is allotted to economic size in which growth rate covers 60% while the GDP size covers the rest. This is because the primary indicator or character of an emerging market is economic growth or a continuously expanding economic size. The other important indicators of emerging economies are GDP per capita income, FDI inflow, commercial infrastructure, and consumption cover which cover 40% in total. The rest 35% is covered by employment, export diversification, education, health, corruption, political suitability, and economic freedom 5% each. In education category, higher education covers 60%. This is because higher education promotes innovation, technology transfer and higher productivity. Similarly, in the health category, mortality rate is given higher emphasis. It is assumed that mortality rate indicates the level of some famous diseases, epidemics and conflicts which determines natural resources utilization and thus economic growth.

In similar manner, under the commercial infrastructure criterion, access to electricity has the highest value. The reason is the same. Electricity as part of energy affects living standards, investment or production more than the others. Communication, measured by mobile cellular subscriptions and internet usage, are also valued higher than transportation. Lastly, population size takes 40% of the consumption category while politically stability and rule of law are kept equally.

Table 4. *Results of African emerging economies index*

	Economic Size	Income	FDI inflow	EDI	EPR	Education	Health	Commercial Infrastructure	Corruption	Consumption	PS	EFI	Total Indexed Value
Countries	25%	10%	10%	5%	5%	5%	5%	10%	5%	10%	5%	5%	100%
South Africa	10.9	2.9	9.8	3.4	2.3	4.7	3.2	8.6	3.8	4.3	-0.3	4.2	100.0
Nigeria	17.7	4.2	10.0	4.4	3.2	3.1	3.0	4.6	2.3	4.4	-8.1	3.8	91.1
Egypt	14.8	2.8	9.9	3.1	2.6	3.7	3.7	6.7	2.8	3.1	-4.7	3.5	90.2
Mauritius	6.8	6.1	0.5	4.0	3.3	3.1	3.0	7.4	4.5	0.1	4.8	5.0	84.2
Ghana	11.0	3.4	3.7	4.2	4.3	4.0	3.5	4.7	3.6	0.7	0.4	3.8	82.1
Morocco	8.6	3.4	4.4	3.9	2.6	3.8	3.9	6.9	3.1	1.3	-1.0	4.1	78.0

Rwanda	11.5	4.4	0.2	4.8	4.9	3.6	3.8	2.1	4.5	0.6	0.0	4.5	77.7
Ethiopia	16.8	5.2	1.3	4.5	4.6	2.8	3.6	2.2	2.8	2.3	-4.9	3.5	77.6
Cabo Verde	5.5	3.4	0.2	4.0	3.6	4.5	3.9	6.0	4.9	0.1	3.6	3.8	75.6
Seychelles	7.3	6.9	0.3	4.7	0.0	4.0	3.1	7.6	2.6	0.2	2.3	4.1	74.6
Botswana	7.1	4.3	1.0	5.0	3.7	4.3	3.9	5.0	5.0	0.2	-1.7	4.7	73.7
Burkina Faso	8.3	2.3	0.3	4.5	4.8	2.8	3.5	2.0	3.5	0.7	4.4	4.0	71.1
Namibia	7.1	3.8	1.2	4.3	2.6	4.0	3.4	3.8	4.3	0.2	2.1	4.2	71.1
Tanzania	10.7	3.1	2.4	4.3	4.5	3.4	3.3	1.6	2.7	3.2	-2.3	3.9	70.4
Zambia	10.1	3.2	2.1	4.8	4.1	3.7	3.3	2.5	3.2	0.5	-0.5	3.7	70.4
Algeria	8.2	2.8	2.6	4.1	4.3	2.3	3.5	2.8	6.3	1.8	-3.1	3.1	67.0
Uganda	10.2	2.6	1.4	4.1	3.3	4.9	3.4	2.1	1.9	3.8	-3.1	4.1	66.9
Angola	13.7	3.9	0.3	4.6	3.5	3.8	4.0	1.5	2.2	1.3	-5.0	3.2	64.4
Tunisia	5.4	3.0	2.6	3.1	4.3	2.4	3.8	3.4	6.8	0.5	-2.3	3.7	63.7
Mozambique	10.4	3.7	4.2	4.1	2.7	3.5	3.1	2.3	2.0	0.7	-3.9	3.3	62.6
S.T. & Principe	7.5	2.6	0.1	3.4	3.9	3.1	3.3	3.8	3.8	0.4	-1.9	3.7	58.5
Kenya	9.5	2.1	0.6	3.6	4.1	3.5	3.4	2.2	3.8	1.5	-4.6	3.6	58.0
Gabon	4.9	2.1	1.0	4.6	3.7	2.4	3.6	2.9	5.5	0.2	-1.5	3.9	57.7
Senegal	6.3	1.4	0.5	4.1	3.3	3.1	3.4	3.8	3.8	0.7	-0.9	3.7	57.6
Lesotho	6.6	2.6	0.1	4.7	3.6	2.9	3.2	3.3	2.6	0.1	-0.8	3.6	56.3
Cote d'Ivoire	7.9	1.3	0.7	4.0	3.1	3.6	3.3	2.8	4.1	1.4	-3.9	4.2	56.3
Malawi	8.1	1.3	0.5	4.5	3.1	4.5	3.5	2.6	1.2	0.5	-1.1	3.5	55.5
Eq. Guinea	3.5	7.8	1.8	4.2	4.0	4.5	3.6	0.0	3.6	0.2	-4.5	3.0	54.8
Sierra Leone	8.0	2.6	0.5	3.8	2.7	3.8	3.7	2.5	1.5	0.8	-2.9	3.5	53.0
Sudan	9.2	4.1	3.3	4.4	3.2	2.5	3.5	1.2	3.3	1.1	-8.7	3.3	52.4
Mauritania	7.0	1.7	0.9	4.6	4.1	2.5	4.4	2.3	2.8	0.1	-4.0	3.6	52.2
Cameroon	6.6	1.3	0.8	4.0	3.8	4.3	3.6	2.2	3.5	1.1	-5.2	3.5	51.0
Swaziland	4.6	2.3	0.1	4.2	3.8	2.3	3.2	2.5	4.0	0.1	-1.9	4.1	50.8
Congo, Rep.	6.1	1.4	3.4	4.5	3.7	3.7	3.3	1.7	2.9	0.2	-4.3	2.7	50.4
Congo, Dem.Rep.	10.0	1.9	2.6	4.4	3.4	4.1	3.4	1.8	1.4	2.3	-9.8	3.8	50.4
Togo	6.2	0.6	0.3	4.1	3.4	4.5	3.5	2.7	2.5	0.3	-2.8	3.6	49.7
Niger	8.3	1.1	0.8	4.7	2.4	3.7	3.5	2.9	1.1	0.6	-4.1	3.4	49.3
Benin	6.4	1.2	0.2	4.3	2.8	4.2	3.6	3.0	2.4	0.5	-4.6	4.0	48.4
Gambia, The	4.9	0.2	0.1	4.2	3.3	3.2	3.2	2.2	3.7	0.0	-1.9	3.6	46.5
Mali	6.5	1.8	0.5	4.5	2.6	3.6	3.2	2.7	2.9	0.7	-6.2	3.9	46.0
Madagascar	4.5	0.1	1.1	4.3	3.2	5.0	3.3	2.2	1.3	0.6	-3.0	3.8	45.6
Liberia	8.0	0.0	0.8	4.1	2.7	3.5	3.0	3.1	1.4	0.1	-4.3	3.3	44.5
Djibouti	6.8	1.9	0.2	3.4	2.0	2.9	3.5	2.5	2.3	0.0	-3.7	3.1	43.2
Chad	5.7	3.6	0.6	4.4	2.3	4.0	3.6	1.7	0.8	0.6	-5.8	3.3	42.8
Zimbabwe	5.6	-0.9	0.3	4.1	3.8	4.6	3.5	1.8	2.6	0.4	-5.4	2.9	41.0
Comoros	3.0	0.0	0.0	4.2	3.6	2.7	3.6	2.0	3.2	0.0	-2.7	3.7	40.4
Guinea	3.7	0.5	0.4	4.2	2.6	4.5	3.6	2.3	2.0	0.3	-4.5	3.2	39.7
Guinea-Bissau	5.0	0.6	0.0	4.2	3.2	4.0	3.5	1.3	1.5	0.1	-4.9	3.8	38.7
Burundi	4.8	-0.1	0.0	4.2	3.3	4.9	3.6	1.7	0.9	0.3	-7.5	3.6	34.0
Eritrea	0.7	-0.5	0.1	4.6	3.5	4.6	3.3	1.5	1.5	0.0	-6.3	2.8	27.6
C.A.R	-0.3	-0.5	0.1	4.3	2.8	4.3	3.8	1.7	0.8	0.1	-10.1	3.5	17.9
Libya	-5.6	-1.5	2.6	4.4	3.9	2.5	3.1	1.2	5.9	0.4	-10.3	0.0	11.5
Somalia	0.2	0.1	0.3	4.1	2.0	3.0	3.8	0.8	1.3	0.7	-12.8	0.0	6.1
South Sudan	-4.0	-2.6	-0.1	0.0	2.7	0.0	3.5	0.9	1.0	0.4	-11.1	0.0	-16.2

Source: *Authors' calculation.*

The results of the index clearly reflect the gap among the African countries' level of economic performance. It earmarks some African leading economies and looks consistent with the works of Radelet (2010) in which he identified 17 African emerging economies. The results also point out that all the 54 African countries can be classified into four general categories. The first category contains three countries; South Africa, Nigeria, and Egypt. These countries have a clear outstanding performance than the other 51 countries. South Africa is a member of BRICS group, Nigeria is a member of BRICS + N-11 group and recognized as emerging economy by EMBI while Egypt is also categorized as emerging by all rating agencies except by Russell and IMF. Therefore, these countries can be categorized as a World Class African Emerging Economies.

In the second category, there are 12 countries with comparatively impressive economic performance. Many of these countries have recorded high economic growth, improved infrastructure, expanded education and health services in the last decade even though their records in the other indicators are different. Mauritius, Morocco, Botswana, Ghana, Namibia, and Zambia are categorized as frontier economies by various rating agencies. Therefore, countries in this category can be classified as World Class African Frontier Economies.

In the third category, there are 11 countries with above average overall score; Algeria, Uganda, Angola, Tunisia, Mozambique, Sao Tome and Principe, Kenya, Gabon, Senegal, Lesotho and Ivory Coast. These countries are not too far to be an African emerging economy. They lag a little bit to cope up with the other leading 15 economies. Therefore, they have a chance to join the first group if the make some economic accomplishment soon. They can be categorized as African Frontier Economies.

The remaining 28 countries are in the fourth category of simply African developing economies. They have below the average record in the index. They are not expected to join the African Emerging Economies soon. Burundi, Eritrea, Central African Republic, Libya, Somalia and South Sudan are in the bottom of the table with the lowest score.

Therefore, at African level we can categorize both the *World Class African Emerging Economies* and *World Class African Frontier Economies* groups as *African Emerging Economies*. These 15 countries are the leading African economies to dominate the continent's economy and take higher economic role in the global economy in the near future.

5. Conclusion

In the last couple of decades some African countries have achieved a significant economic improvement. A few African countries are categorized as either emerging or frontier economies by various rating organizations. Based on various indicators included in the index South Africa, Nigeria, Egypt, Mauritius, Ghana, Morocco, Rwanda, Ethiopia, Cabo Verde, Seychelles, Botswana, Burkina Faso, Namibia, Tanzania and Zambia are the African Emerging Economies which are expected to dominate the continent's economy in this century. Some of these countries have recorded economic growth as fast as China, India and other world emerging economies. However, such progress in the continent is overshadowed by severe level of poverty and drought in some countries.

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