

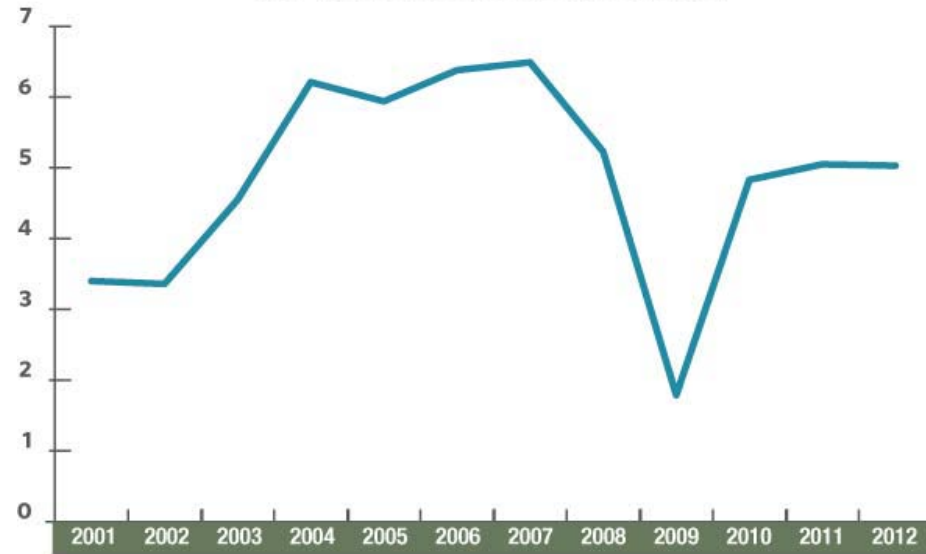
Africa's new era:

Balancing market and government failures

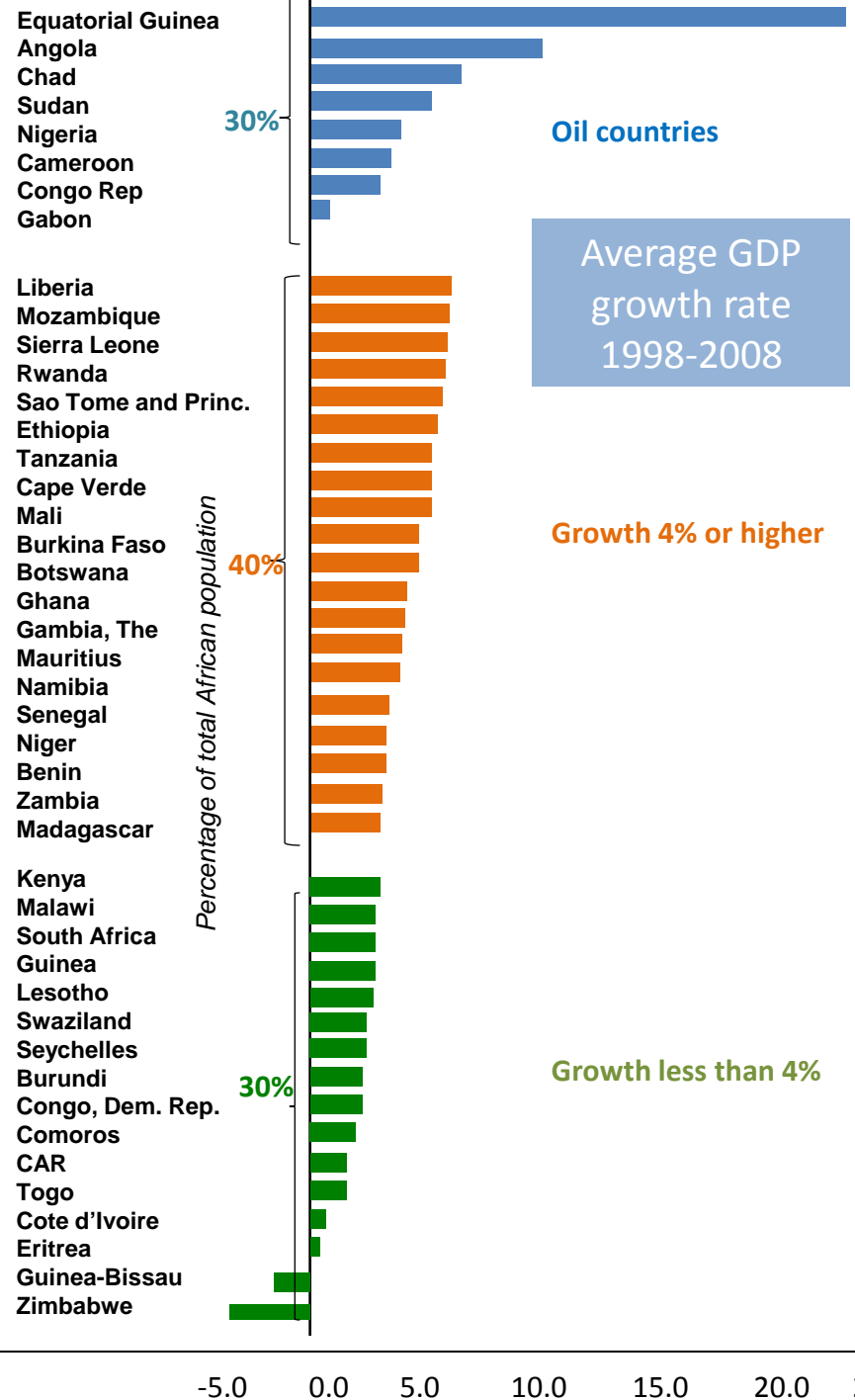


Growth performance

GDP growth in Sub-Saharan Africa



— SSA GDP Growth

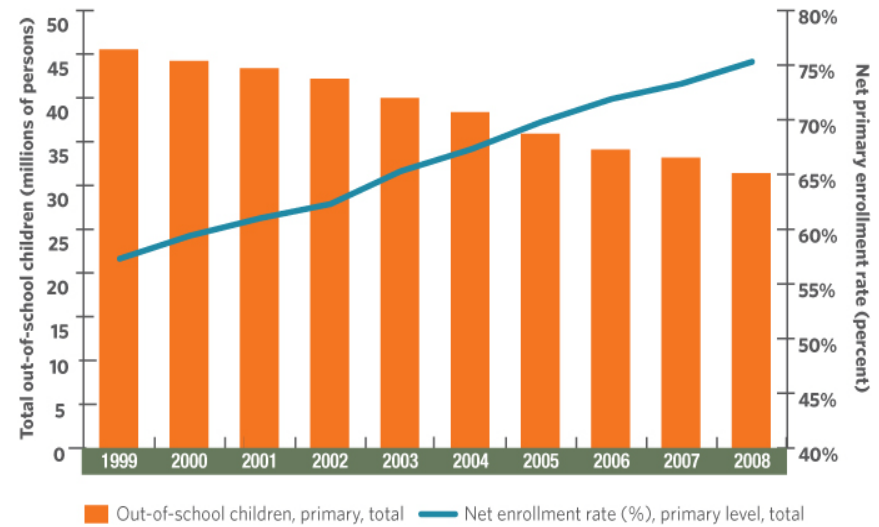


Progress in human development in Africa

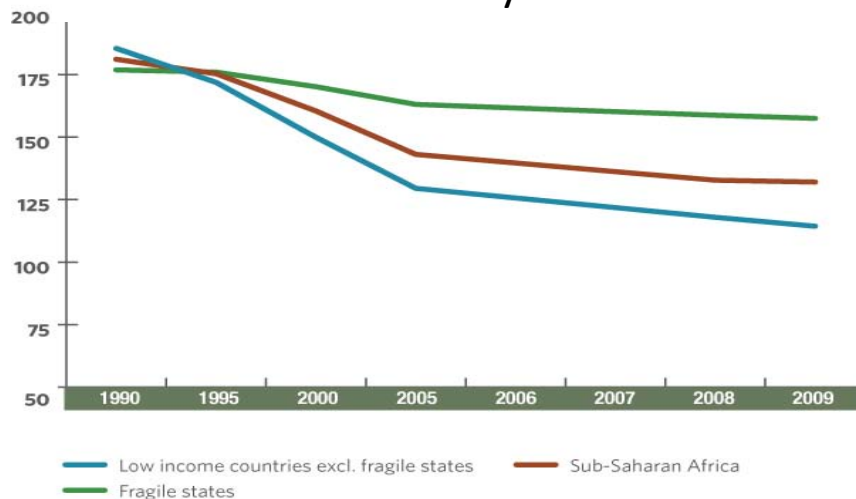
Population living under \$1.25/day



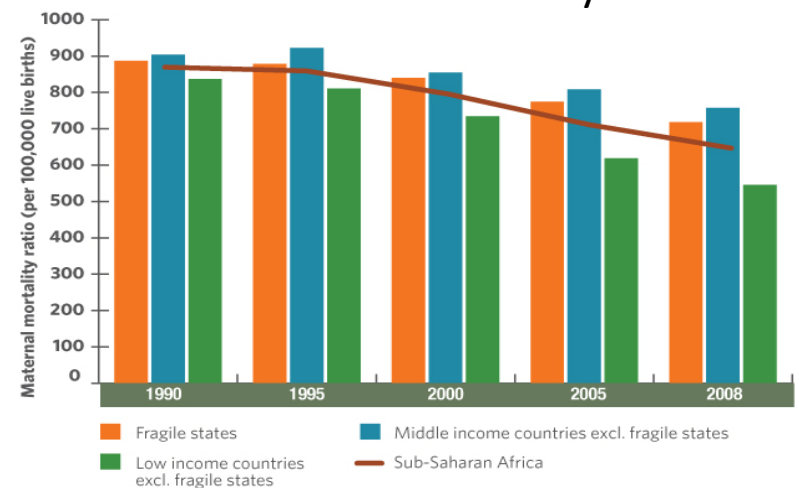
Primary school enrollment rates



Child mortality rates

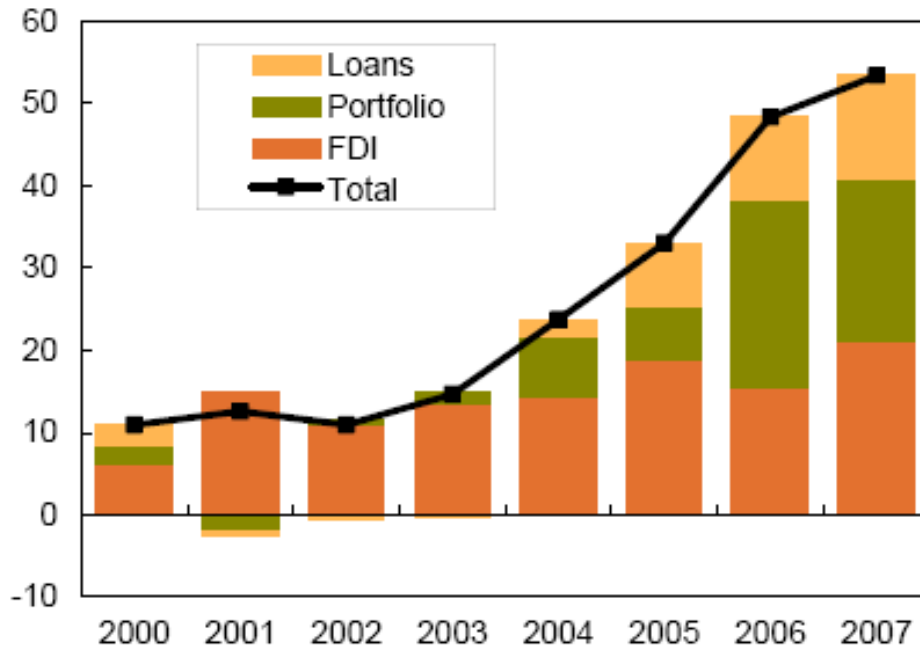


Maternal mortality ratio



Dynamic and transformative private sector

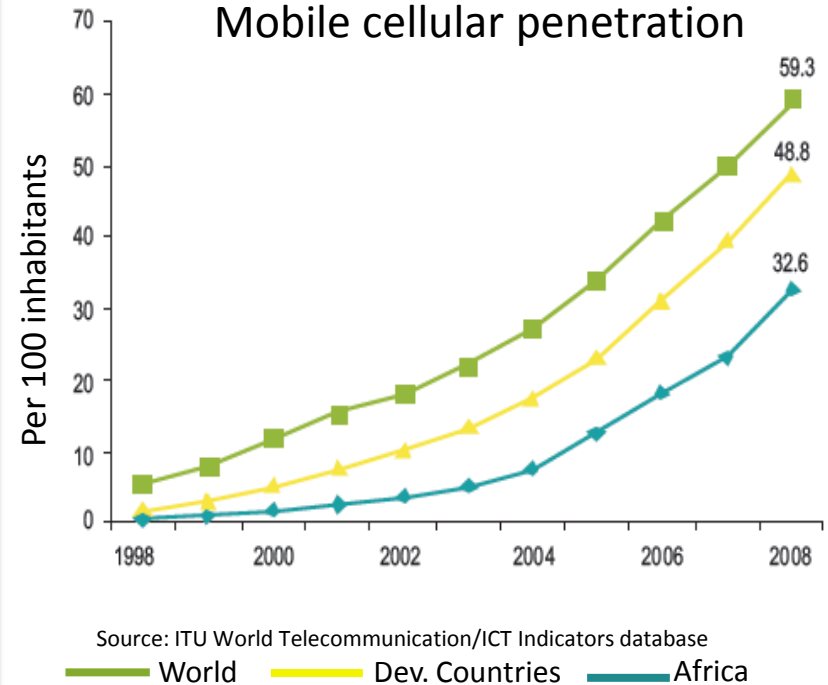
Private Capital Inflows
(Billions of US Dollars)



Rwanda is top reformer of business regulations

Source: Doing Business 2010

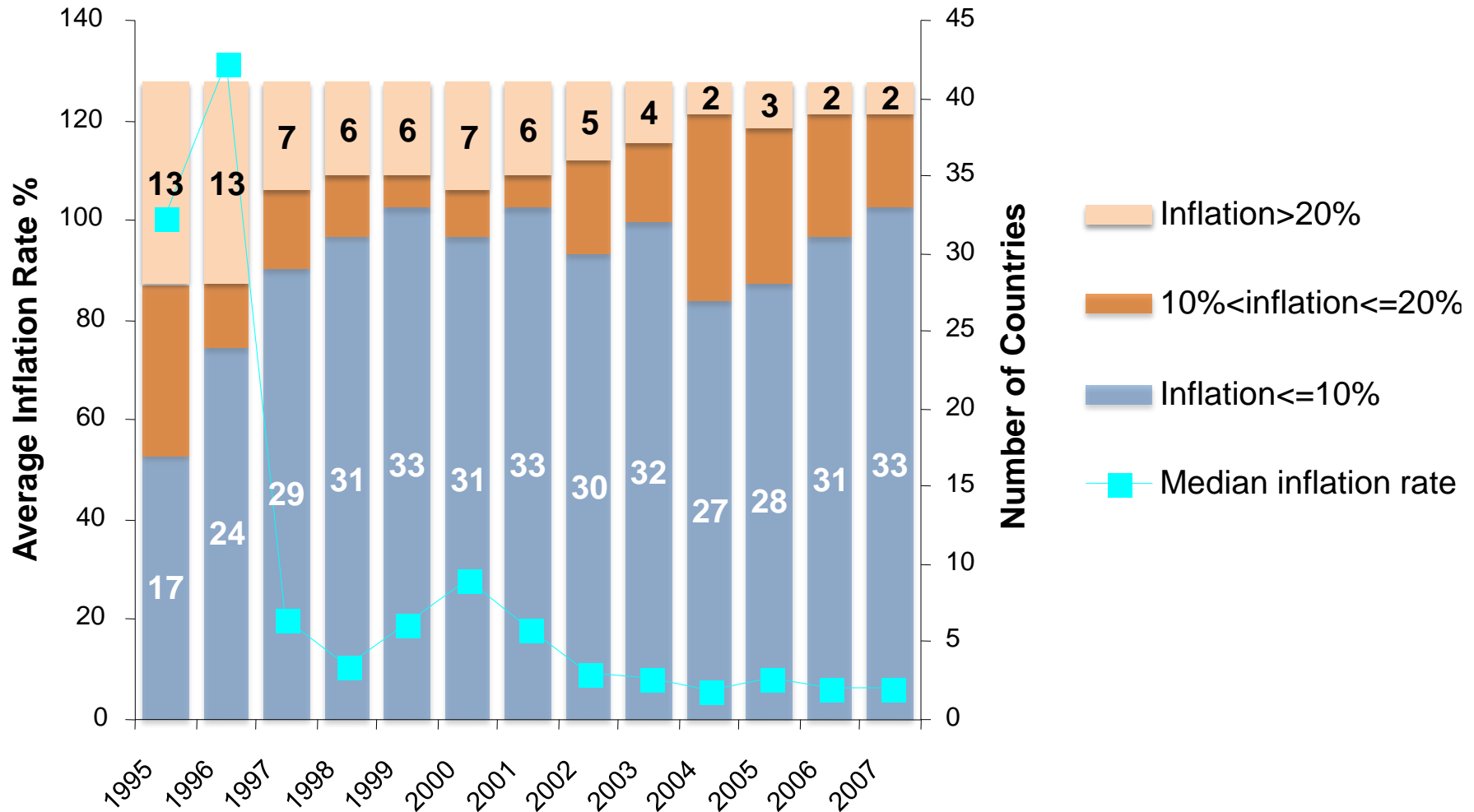
Mobile cellular penetration



ICT Growth in Africa and the world, 2003-2008

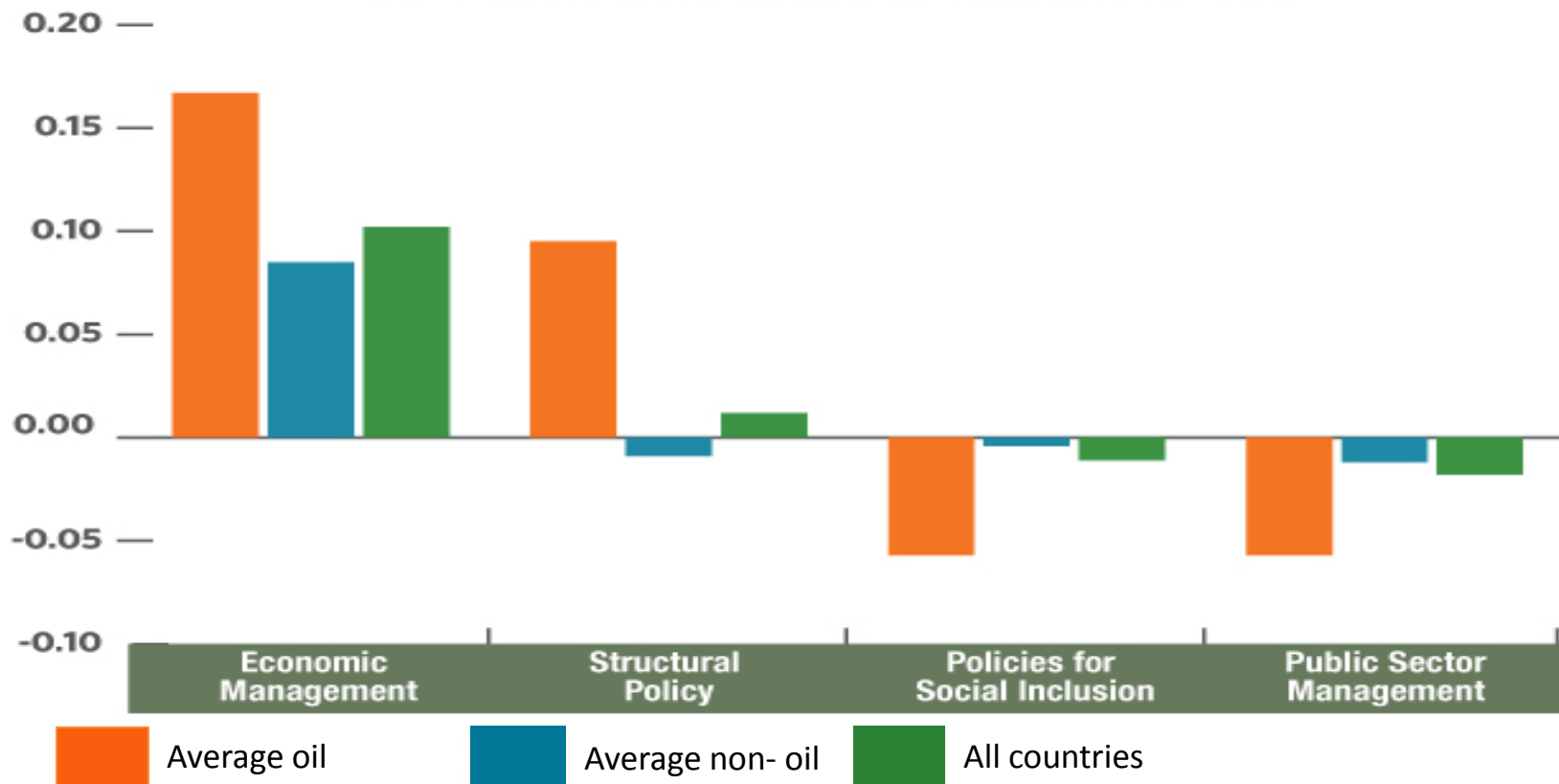
	CAGR (%)		
	Fixed Phone lines	Mobile cellular subscriptions	Internet users
Africa	2.4	47.0	30.6
World	2.5	23.0	17.0

Macroeconomic policies have improved Inflation in Africa



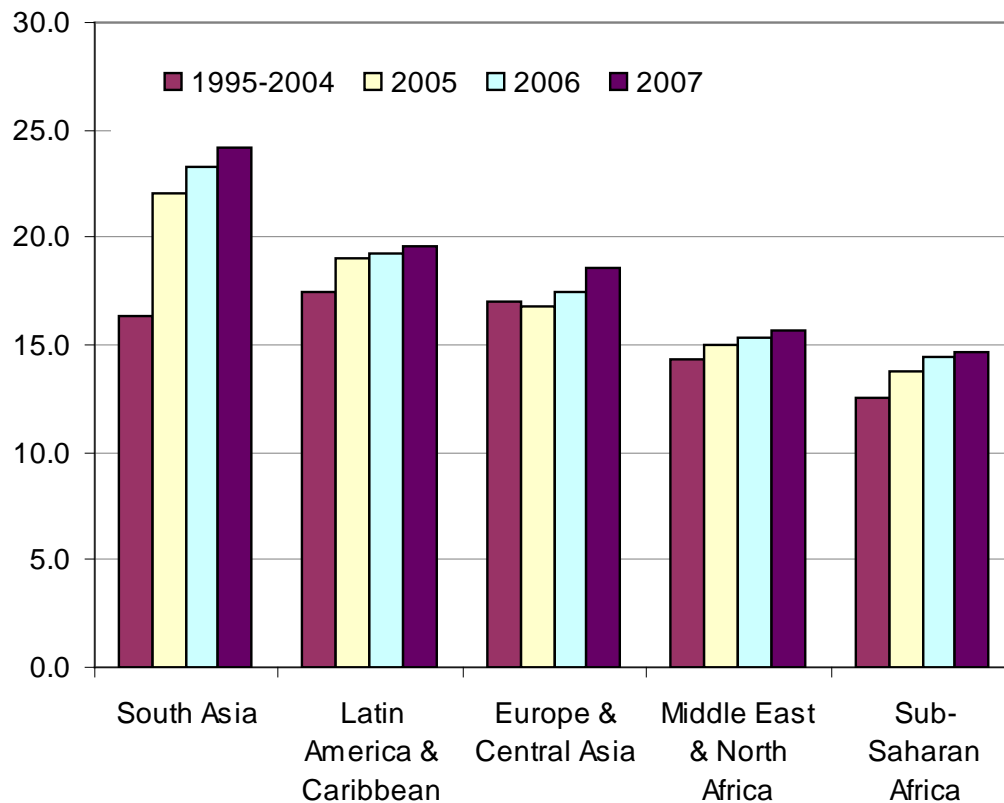
Economic policy improvements

Change of CPIA scores (2005-2009)
within clusters for oil and non oil countries



However, private investment in Sub-Saharan Africa is lagging

Private Investment as % of GDP



Source: World Bank WDI Database

Infrastructure

Africa's Infrastructure Gap

Normalized units	Sub Saharan Africa- Low Income Countries	Other Low Income Countries
Paved Road Density	31	134
Total road density	137	211
Main line density	10	78
Mobile density	55	76
Internet density	2	3
Generation Density	37	326
Electricity Coverage	16	41
Improved water	60	72
Improved sanitation	34	51



Government failures

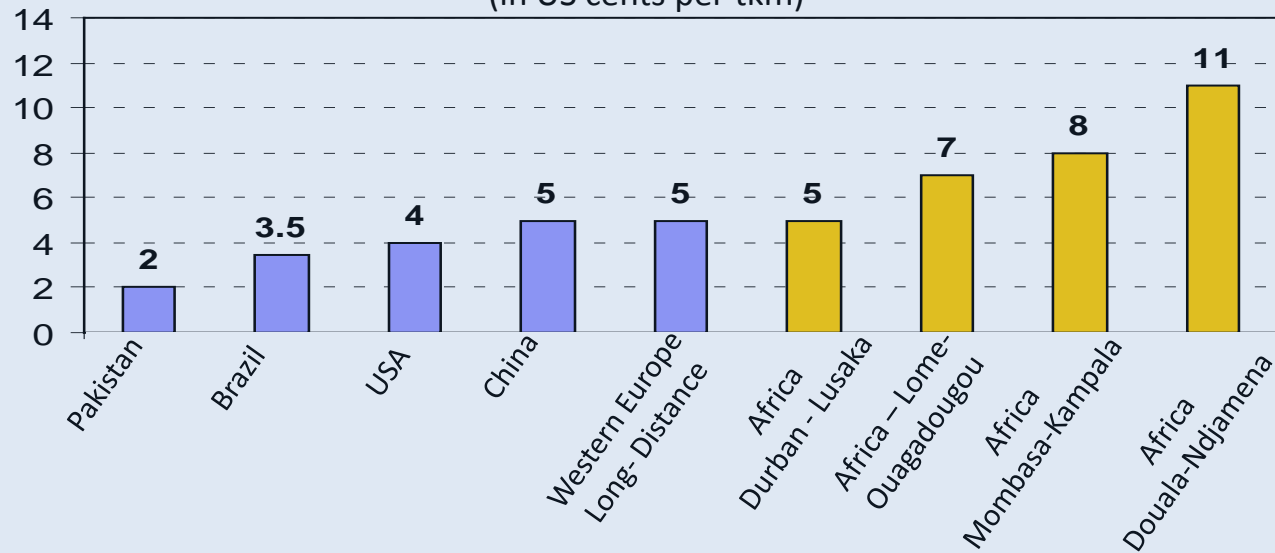
Infrastructure
Transport in Africa

Selected corridors of the study



	Central Africa	East Africa	West Africa	Southern Africa	France
Variable costs (USD per veh-km)	1.31	0.98	1.67	1.54	0.72
Fixed costs (USD per veh-km)	0.57	0.35	0.62	0.34	0.87
Total transport costs (USD per veh-km)	1.88	1.33	2.29	1.88	1.59

Average Transport Prices
(in US cents per tkm)



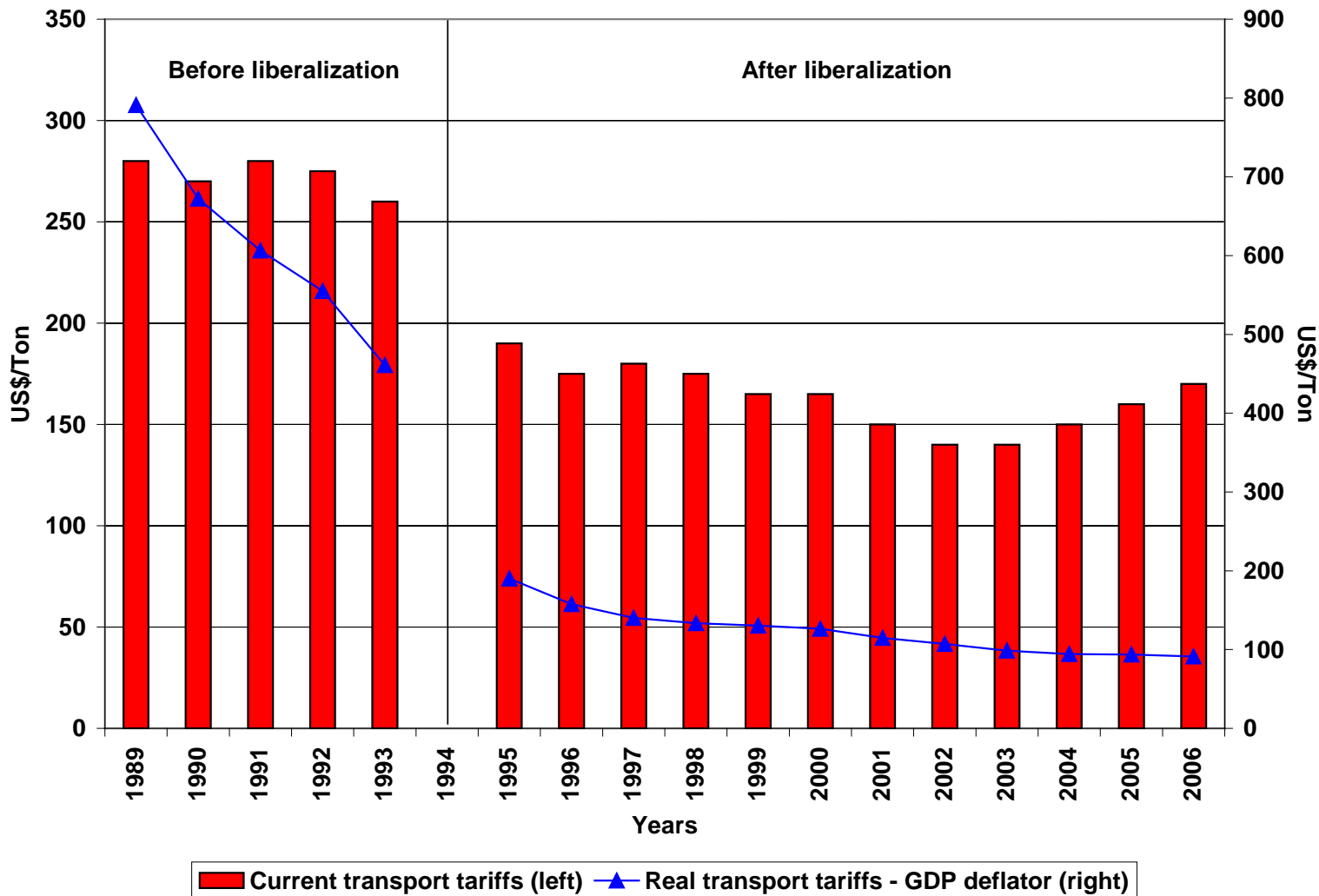
Profit margins

Corridor	Gateway - Destination	Price (USD/ veh-km)	Variable cost (USD/veh- km)	Fixed cost (USD/veh- km)	Average yearly mileage ('000)	Profit margin (%)
West Africa	Tema/Accra - Ouagadougou	3.53	1.54	0.66	30-40	80%
	Tema/Accra - Bamako	3.93	1.67	0.62	40-50	80%
Central Africa	Douala - N'Djaména	3.19	1.31	0.57	60-70	73%
	Douala - Bangui	3.78	1.21	1.08	50-60	83%
	Ngaoundéré - N'Djaména	5.37	1.83	0.73	20-30	118%
	Ngaoundéré - Moundou	9.71	2.49	1.55	10-20	163%
East Africa	Mombasa - Kampala	2.22	0.98	0.35	130-140	86%
	Mombasa - Nairobi	2.26	0.83	0.53	90-100	66%
Southern Africa	Lusaka - Johannesburg	2.32	1.54	0.34	160-170	18%
	Lusaka - Dar-es-Salaam	2.55	1.34	0.44	160-170	62%

An interesting observation:
On Central Africa corridor, trucks with lower average yearly mileage have the higher profit margins

Example of the impact of market deregulation:

The case of Rwanda



Government failures

Infrastructure

Transport in Africa

Education

Percentage of 7th grade students in Tanzania who CANNOT

- Read in Kiswahili at 2nd grade level: 20%
- Do a 2nd grade multiplication problem: 30%
- Read English: 50%

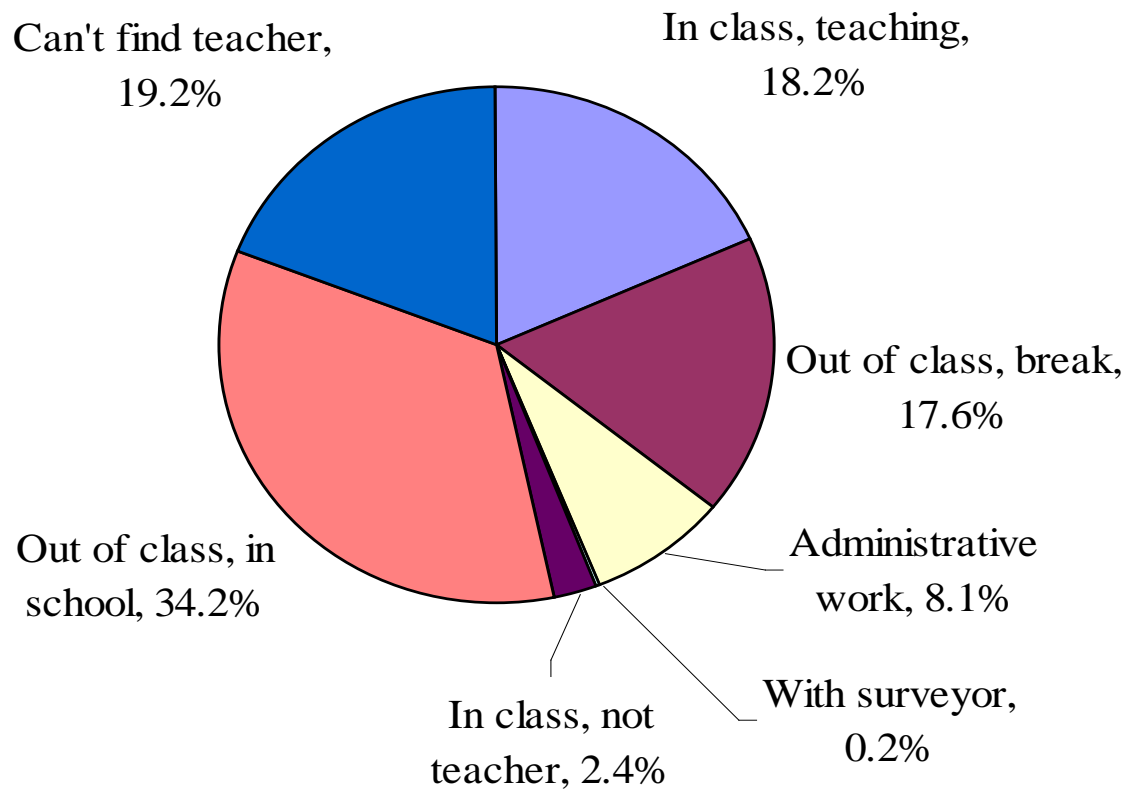


Absence rate among teachers

Country	Rate (percent)
Bangladesh	15
Ecuador	14
India	25
Indonesia	19
Papua New Guinea	15
Peru	11
Zambia	17
Uganda	27



Uganda: What enumerators found



Government failures

Infrastructure

Transport in Africa

Education

Health

Leakage of resources in health

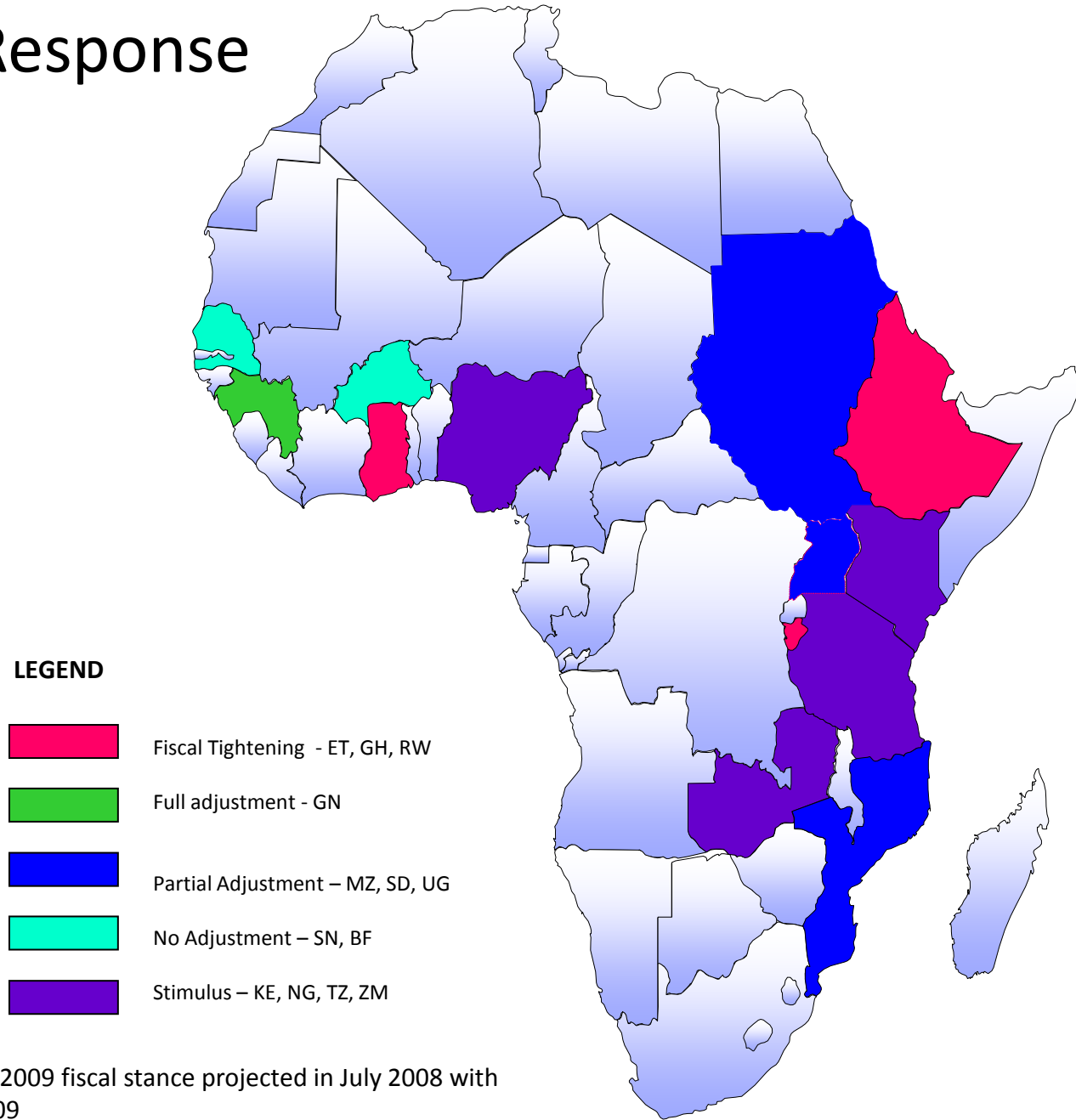
Country (year)	% of cash/in-kind resources leaked	Resource Category
Kenya (2004)	38	Non-salary budget
Tanzania (1991)	41	Non-salary budget
Uganda (2000)	70	Drugs and supplies
Ghana (2000)	80	Non-salary budget
Chad (2004)	99	Non-salary budget

Source: Gauthier (2006)

What can be done?

Response to global
economic crisis

Policy Response



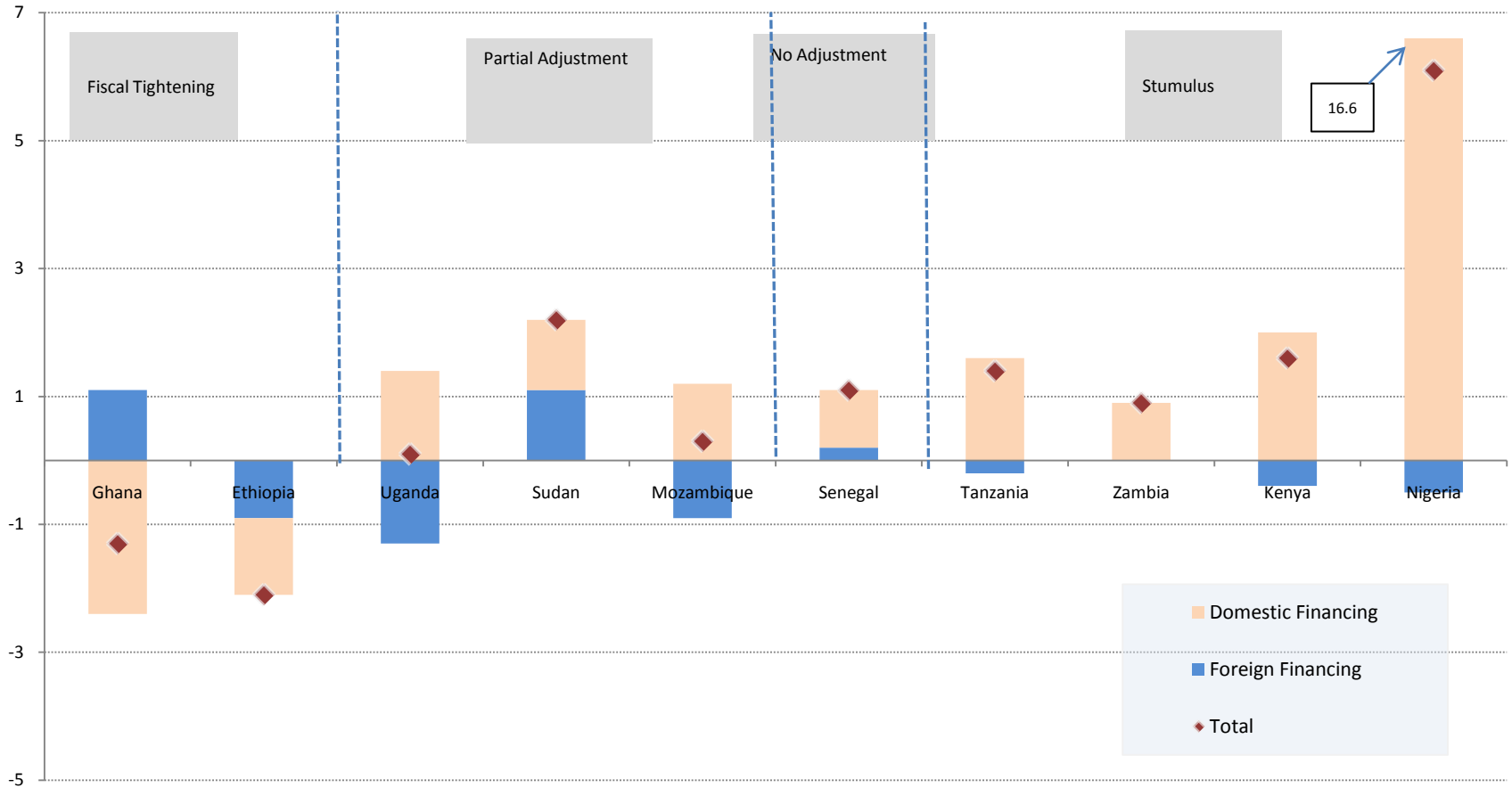
Based on comparing 2009 fiscal stance projected in July 2008 with projection of July 2009

Revenue, Expenditure and Deficit (relative to earlier projections)

Fiscal Stance	County	Debt Distress Risk	Fiscal Projection Changes				Country	Debt Distress Risk	Fiscal Projection Changes			
			Revenue	Expenditure	Balance (Ex. Grant)	Balance (In. Grant)			Revenue	Expenditure	Balance (Ex. Grant)	Balance (In. Grant)
Fiscal Tightening	Ethiopia	Moderate	-0.5	-4.1	3.6	2.3	Ghana	Moderate	0.3	1.1	-0.8	1.3
	Rwanda	Moderate	0.5	-1.3	1.9	2.0						
Partial Adjustment	Mozambique	Low	-0.5	-0.1	-0.5	-0.3	Uganda	Low	-2.8	-3.1	0.2	-0.2
No Adjustment	Senegal	Low	-1.5	0.4	-2	-1.9	Burkina Faso	High	-0.8	0.0	-1.0	0.4
Stimulus	Zambia	Low	-1.0	0.8	-1.7	-0.9	Kenya	Low	0.1	1.8	-1.6	-1.6
	Tanzania	Low	-0.2	0.9	-1.1	-1.4						

Source: Krumm, Dhar and Choi, "Fiscal Response to the Global Crisis in Low Income African Countries", August 2009

Domestic financing dominated



Source: Krumm, Dhar and Choi, "Fiscal Response to the Global Crisis in Low Income African Countries", August 2009

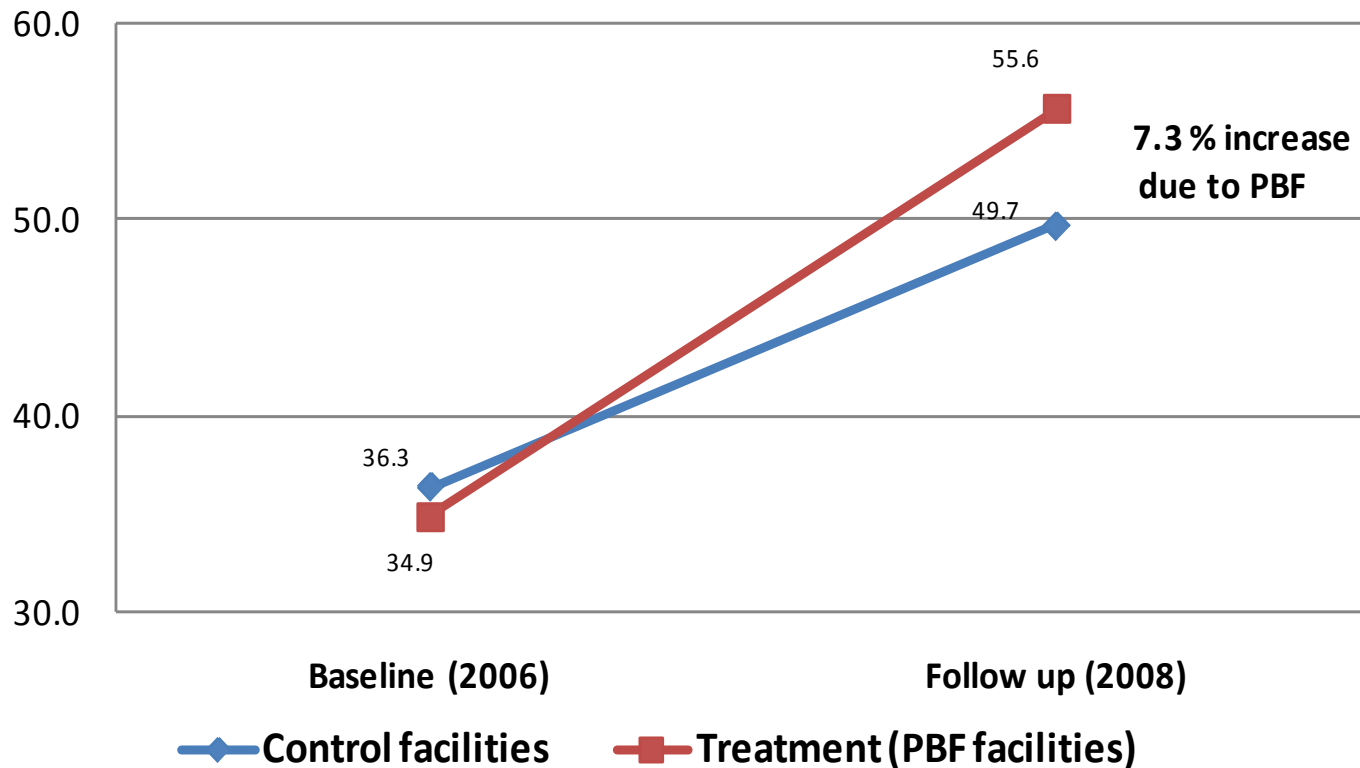
What can be done?

Incentives for service
providers

Rwanda 2005-2008

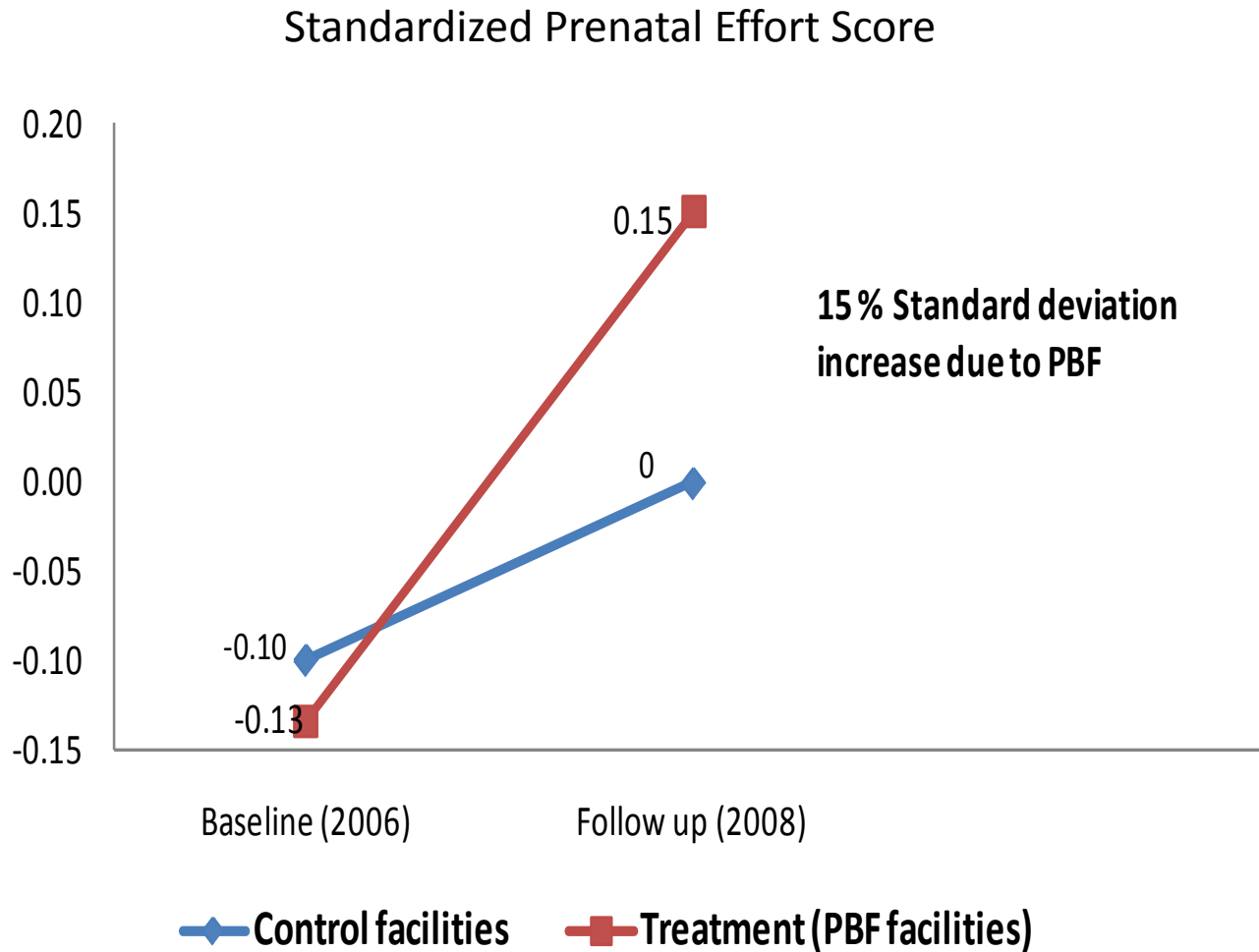
Indicators	DHS-2005	DHS-2008
Contraception (modern)	10%	27%
Delivery in Health Centers	39%	52%
Infant Mortality rate	86 per 1000	62 per 1000
Under-Five Mortality rate	152 per 1000	103 per 1000
Anemia Prevalence : Children	56%	48%
Vaccination : All	75%	80.4%
Vaccination : Measles	86%	90%
Use of Insecticide treated nets among children less than 5	4%	67%
Fertility	6.1 children	5.5 children

Proportion of Institutional Deliveries



Source: Basinga Paulin, Paul Gertler, Claude Sekabaraga, Louis Rusa, Jennifer Sturdy, Christel Vermeersch, Agnes Binagwaho, Agnes Soucatt
Impact Evaluation of Performance Based Financing in Rwanda. World Bank, 2009

Performance Based Financing Improves quality (2006-2008)

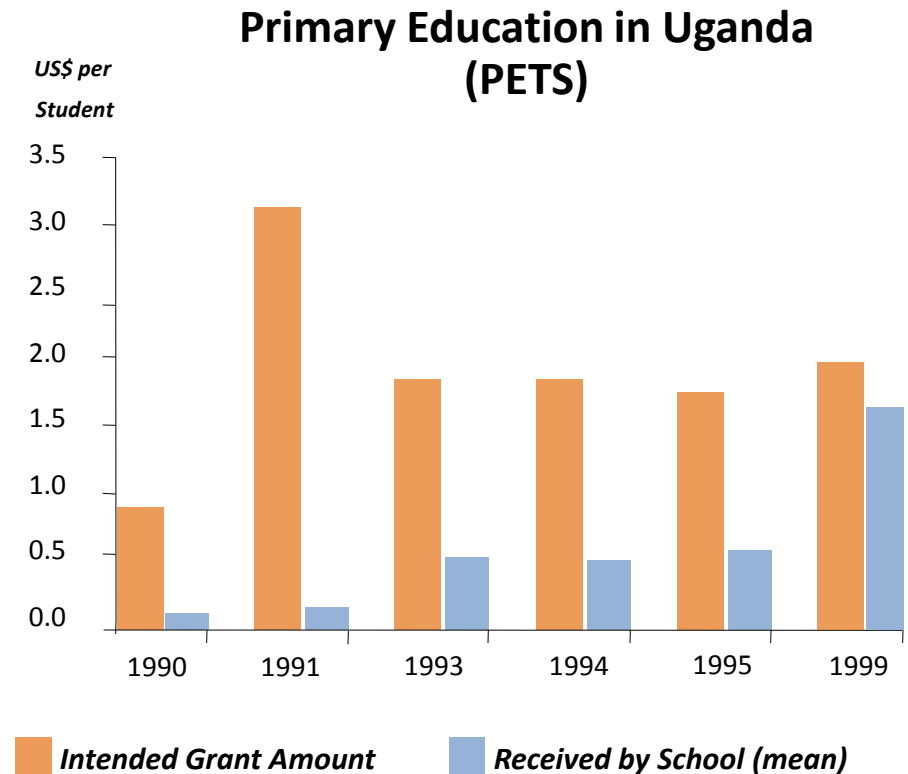


What can be done?

Incentives for service providers
Information

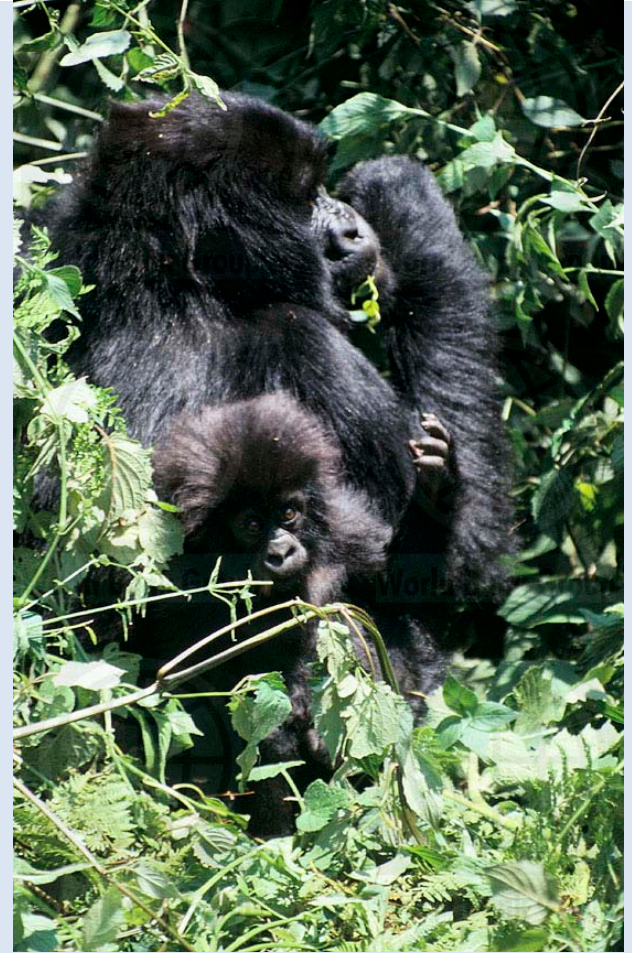
Grants for primary education in Uganda

In 1995, survey of 250 primary schools in 19 of 39 districts; Survey repeated in 1998 and 2000.

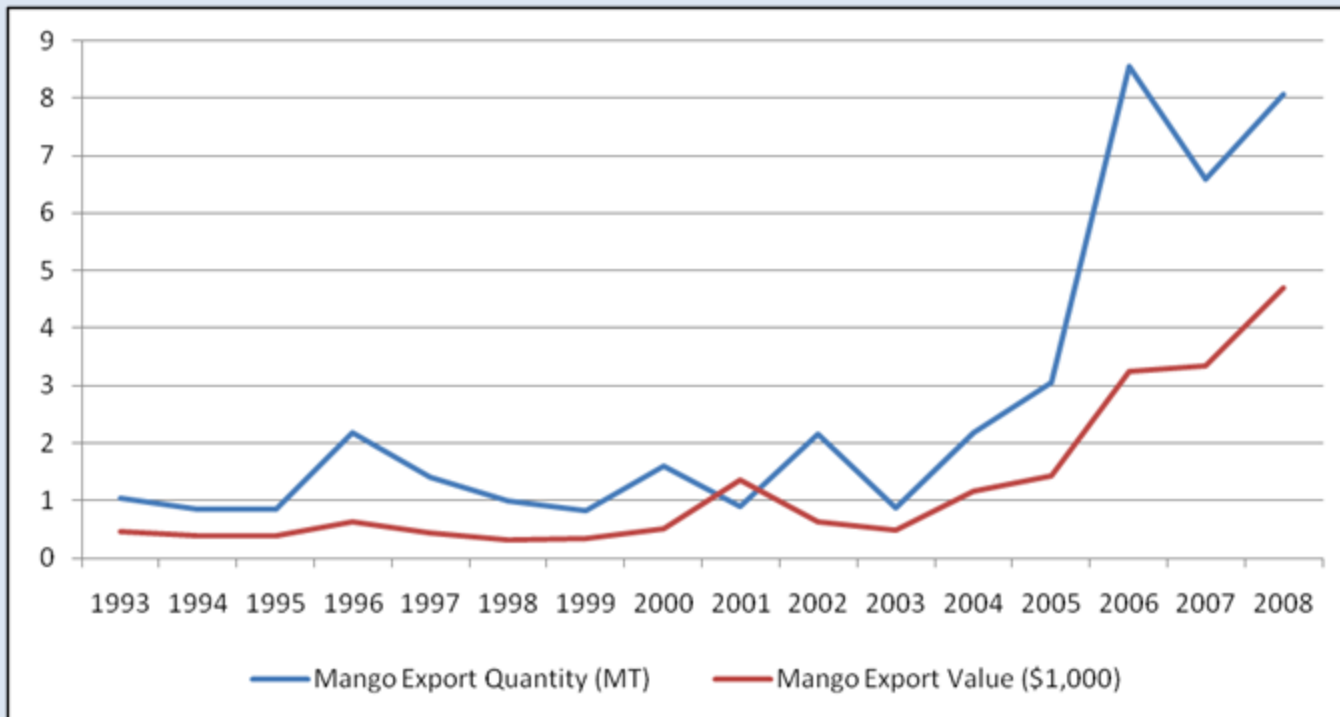


Yes, Africa Can

Gorilla tourism in Rwanda

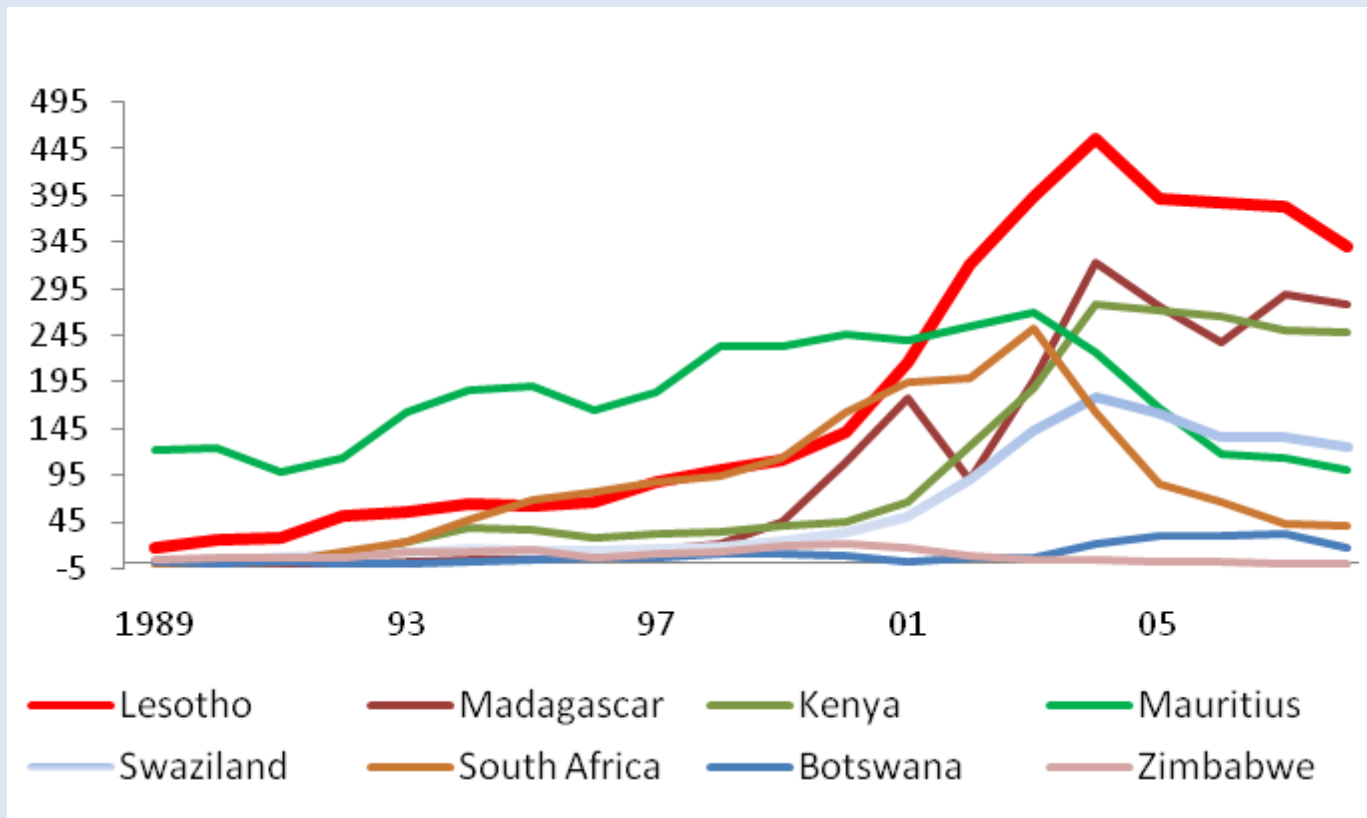


Mali's mango exports

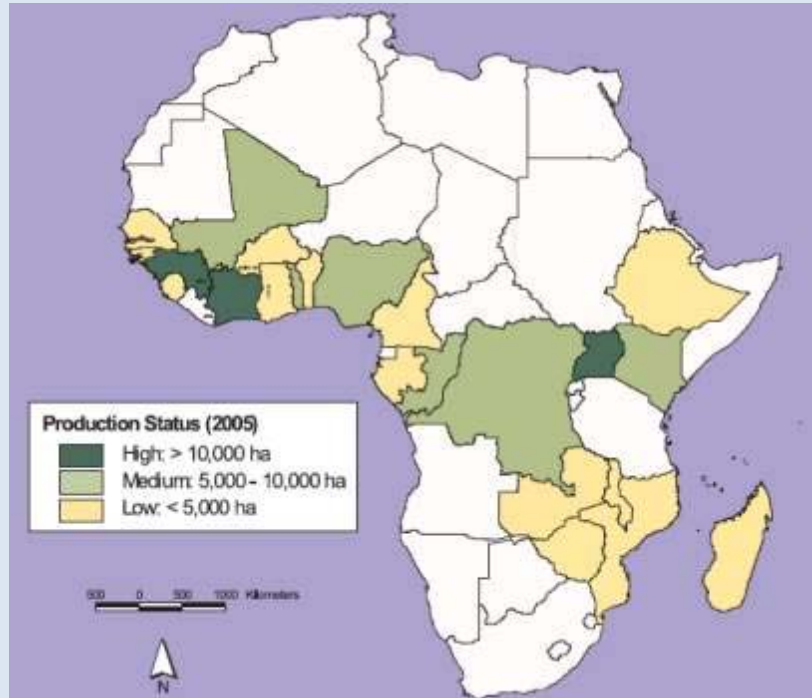


Lesotho's apparel industry

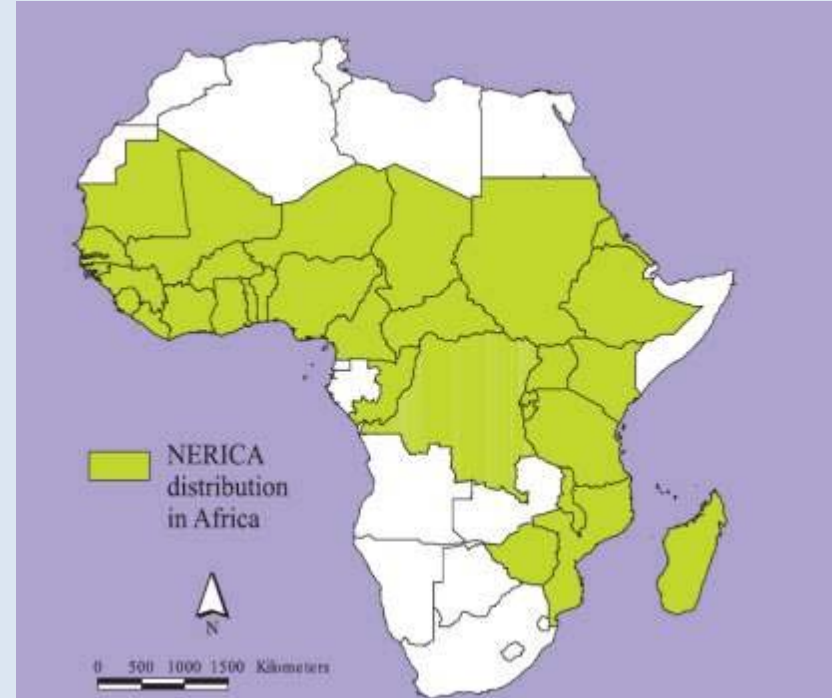
U.S. Imports of clothing and textiles
from AGOA countries (\$ million)



The new rice for Africa (NERICA)



Countries producing NERICA, 2005



Countries producing NERICA, 2006