

Yes Africa Can

*Success Stories from a
Dynamic Continent*



THE WORLD BANK

Introduction

The economic landscape of Africa has changed dramatically since the mid-1990s, as stagnation has given way to dynamism in a broad swath of African countries. From Mozambique's impressive growth rate (averaging 8% p.a. for more than a decade) to Mali's success in exporting mangoes and from M-pesa's mobile phone-based cash transfers to Rwanda's gorilla-based tourism, Africa is seeing a dramatic transformation. This favorable trend is spurred by, among other things, stronger leadership, better governance, an improving business climate, innovation, market-based solutions, a more involved citizenry, and an increasing reliance on home-grown solutions. More and more, Africans are driving African development.

The African Success Stories Study is documenting recent African development achievements across a broad range of areas and topics with a view to: (1) broaden dissemination and knowledge within the region of the remarkable transformation that is taking place in many African countries; (2) examine what has worked and why, including re-evaluating some widely accepted past successes, so as to deepen our understanding of the drivers of success in the region; and (3) draw practical lessons with a view to informing policies and interventions.

Objective

The main goal is to promote regional learning and disseminate lessons learned with particular attention to transferability and adaptation.

The study is anchored in the Africa Region Chief Economist's Office and led by **Punam Chuhan-Pole** (Lead Economist). Africa Region and other World Bank staff provide inputs at various stages of the project, including in selecting case studies, developing case studies, and providing guidance to case study authors. The work is carried out under the guidance of **Shanta Devarajan**, Chief Economist of the Africa Region with contributions from a wide range of experts and development practitioners.

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Growing Mali's Mango Exports

Linking Farmers to Markets Through Value Chain Innovations

Mango exports to the EU, increased fivefold between 2003 and 2008

Challenge

Mali is a landlocked country that is heavily economically dependent on agriculture but with limited transportation infrastructure and, until recent years, little market understanding and agricultural export competitiveness. Though the government identified mangoes as an option for diversifying Mali's export base in the 1990s, it faced several significant inefficiencies: high costs of air freight, poor access to sea ports, and weak harvesting and post-harvest techniques. These problems were further exacerbated by lack of finance, insufficient management capacities, an unfavorable investment climate, poor organization, and an nonexistent land market.

Approach

In Mali, began implementing a multi-modal (road, rail, and sea) transportation system to move mango exports to destination markets in Europe more efficiently. Through a partnership with private operators and backed by donor financing, a cold-chain (refrigerated) system was developed, phytosanitary improvements were made, certification and traceability programs were implemented, and training in orchard management practices and post-harvest handling was offered to Malian agricultural workers. The overarching goal of the strategy, though, was to increase rural incomes.

Mali overcame infrastructural and supply chain challenges through a multi-modal transportation system

Results

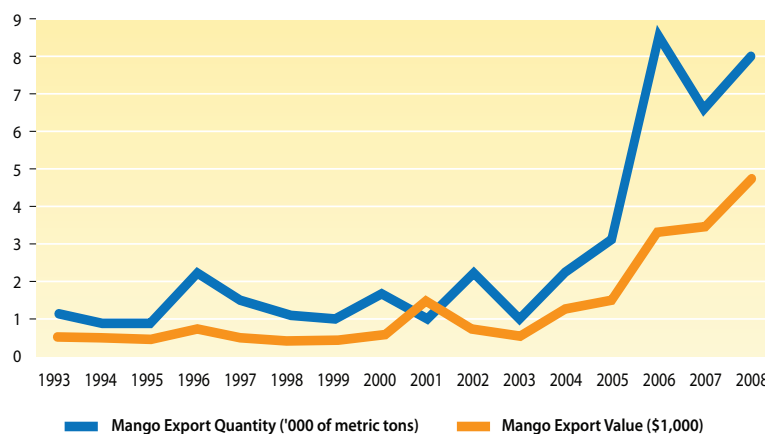
Most importantly, Mali's mango exports to the EU increased fivefold in volume between 2003 and 2008, from zero in 1993, rose to 4,600 metric tons. Transit time for mangoes from Sikasso to Northern Europe, meanwhile, decreased from 25 days to 12 days over the same period, and Mali has become an increasingly-recognized origin of fruit imports to the European Union. The approach also brought producers a significantly higher price for mangoes at the farmgate level—125 CFAF in 2008, up from 50 CFAF in 1993.

Lessons Learned

Mali's experience underlines the importance of bringing together a combination of ingredients—public-private investment, technical expertise, national capacities, and innovation—that are likely to drive positive economic change. Additionally, it emphasizes the importance of sustained development effort over time and highlights the importance of building partnerships in supporting value chain improvements and export growth.

Authors: Patrick Labaste, Yeyande Sangho, Christophe Ravry, The World Bank Group.

Mango Exports (1993-2008)



A Better Brew for Success in Rwanda

Economic Liberalization in the Coffee Sector

The average export price per kilogram of Rwandan coffee nearly doubled between 2003 and 2008, from \$1.60 to \$3.10

Coffee washing stations have produced both jobs and important indirect benefits, in the form of informal business cooperation and learning

Challenge

Agriculture is the main source of livelihood for 90 percent of the Rwandan population. Though most farmers are subsistence farmers, some produce crops for export. Coffee is chief among these. For many years, however, the coffee sector was stuck in a “low-quality/low-quantity trap.” Compulsory production, substantial export taxes, and a monopsony export control agency meant that producers had little incentive to invest in the production of high-quality coffee. Erratic world coffee prices in the 1980s (and the government’s profit-taking during years when prices were high), coupled with the economic destruction of the country during the genocide in 1994, left coffee producers in an even worse situation.

Approach

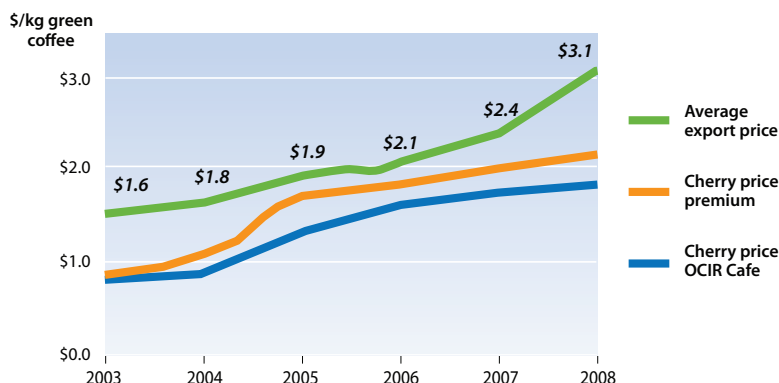
Changes in Rwanda’s coffee sector were implemented in several waves. The first began shortly after the genocide, when the government removed a variety of barriers to trade, created incentives for groups and individuals to transfer their efforts from semi-washed to fully-washed coffee as an end product, and facilitated entrepreneurship in the coffee industry. More substantial reform efforts began in 2000, when the government, working with consultants and donors, studied the potential for adding value to Rwandan coffee through the production of higher-quality, washed, and fermented specialty coffee. In 2002, the government issued a National Coffee Strategy that outlined a plan for capturing a larger share of the specialty-coffee sector. In the intervening years, more than 100 coffee washing stations have been built.

Results

Rwanda’s approach to liberalizing its coffee sector has resulted, most importantly, in the country’s 500,000 coffee farmers now having the opportunity to sell higher-quality beans for a higher price. Indeed, the average export price of coffee nearly doubled between 2003 and 2008. For smallholder farmers and other participants in the coffee value chain, producing specialty coffee means not just more income, but expanded connections to world markets and positive effects from informal economic cooperation at coffee washing stations. Importantly, coffee washing stations had created 4,000 jobs as of 2006. Rwandan coffee exports generated more than \$47 million in revenue in 2008, compared with \$35 million in 2007.

Lessons Learned

Perhaps most importantly, aspects of the approach to the coffee sector could be replicated in other sectors, thus helping push Rwanda toward its goal to become a stable, middle-income economy.



The shift in incentives from the public to the private sector in the context of the coffee sector reforms is also significant. Finally, it is clear that Rwanda could take steps to further improve the coffee sector—for example, by implementing further price incentives for producers to focus on high-quality coffee, improving management of producer cooperatives, and reducing still-high transportation costs related to poor infrastructure and Rwanda’s landlocked status.

Author: Karol C. Boudreaux, Mercatus Center,
George Mason University

Lesotho's Apparel Industry

The Role of the State in Building Critical Mass for Export Competitiveness

*Lesotho's apparel exports
to the United States
more than doubled
between 2000 and 2008*

*More than 52,000 people
were employed in the
apparel industry in
2008, up from about
17,000 in 2000*

Challenge

Lesotho is a landlocked country of 2 million people with limited transportation infrastructure, undeveloped factor (land, labor, and capital) markets, and inadequate technical expertise and backward and forward industrial linkages. Taken together, these factors have meant that Lesotho traditionally has had trouble competing internationally in any industry.

Approach

In the early 2000s, Lesotho pursued an aggressive investment and export promotion strategy just in time to capitalize on the U.S. African Growth and Opportunities Act (AGOA), which runs through 2012. First, it took measures to rapidly develop factor markets, offering early investors publicly-owned factory shells at subsidized rents. Second, it developed public-private collaboration to develop internationally acceptable standards on labor rights, compensation, and skills. Third, the government worked with the private sector to develop business services and infrastructure for the apparel value chain, including forward and backward linkages, transport and logistics, and customs procedures.

Results

Under the apparel strategy undertaken by Lesotho, the industry has become not only an entry point for a broad range of light manufacturing industries, but a significant contributor to the economy's growth and competitiveness. The growth of the apparel industry has made immediate contributions to employment and created significant backward and forward value chain linkages. The export effects have been tremendous: Lesotho exported just under \$350 million apparel to the United States in 2008, 29 percent of all apparel exported to the United States from Sub-Saharan Africa. Even higher-income countries such as Mauritius and South Africa are rapidly losing their comparative and competitive advantages to Lesotho in the apparel sector.

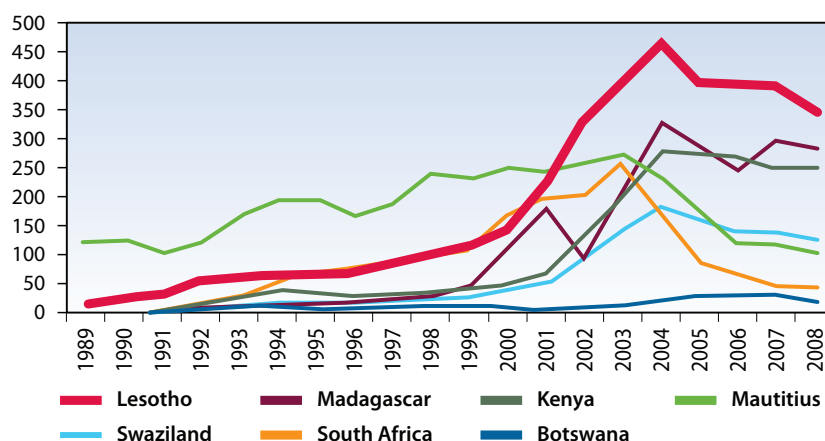
Lessons Learned

Lesotho's apparel industry case presents several lessons that could be useful for countries with a similar development profile. First, it developed competitive strategies in factor markets that balanced short-term measures with long-term goals. It also shows that collaboration is

necessary: competitiveness is neither solely about firms nor solely about government policies, and successful public-private collaboration can be a boon to a developing industry. Finally, the Lesotho case shows that countries should not take "market" at face value. Global markets are punctuated by multiple bilateral and multilateral agreements, and countries should determine how they can strategically leverage these agreements rather than pursuing competitiveness in isolation.

Author: Mallika Shaky, University of Oxford

U.S. imports of clothing and textiles from AGOA countries (\$ millions), 1989–2008



Shaping the Success of an Economy

Challenge

The link between cocoa and the Ghanaian economy is long and deep. Since the country's independence in 1957, cocoa has been central to its debates on development, reforms, and poverty alleviation strategies. Cocoa offers livelihoods to more than 700,000 farmers in the southern tropical belt of the country, and has long accounted for a major portion of export earnings. Cocoa production has not been an unmitigated success, however. Ghana experienced a major decline in production in the 1960s and 1970s, and the sector was close to collapse in the early 1980s. But the ups and downs offer interesting lessons.

Approach

Over the past three decades, Ghana has undertaken several measures to expand cocoa production and improve the circumstances of the people who produce the crop. After the near collapse of the industry in the 1980s, Ghana raised the share of the free on board (f.o.b.) price of cocoa paid to farmers, over time, from about 10 percent to nearly 80 percent. Cocoa marketing boards were liberalized starting in 1992, and technical advances were also encouraged.

Results

Ghana's approach to its cocoa sector has brought about four noticeable achievements: emergence as one of the world's leading producers of cocoa, with more than 650,000 pounds in 2008; an international reputation for high-quality cocoa; success in linking cocoa production to poverty reduction, particularly in recent years; and the successful use of technical advances, such as increased fertilizer usage and adoption of improved cocoa varieties, to increase output. In volume terms, Ghana's policies brought about a rapid recovery of the sector starting in the mid-1980s and continuing through the 1990s. Between 2001 and 2003, cocoa production nearly doubled.

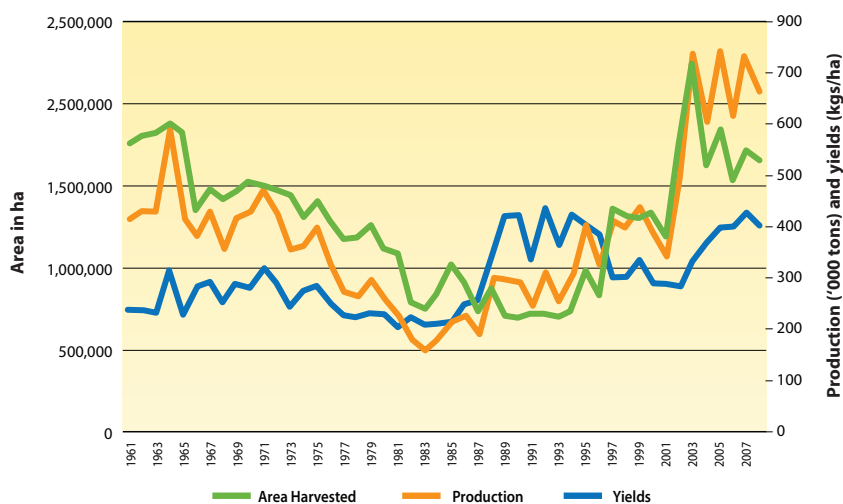
Lessons Learned

Two key lessons emerge from Ghana's cocoa experience: the need for appropriate macro management and the need to pinpoint an appropriate role for the state. Specifically, the need for suitable policies—exchange rate policies in particular—is evident from the effect that an overvalued exchange rate had on Ghana's cocoa production in the mid-1980s. Equally important is the potential contribution the private sector can potentially play in improving the efficiency of marketing and in passing on a greater share of the f.o.b. price of a commodity to farmers.

Cocoa offers livelihoods for more than 700,000 people in Ghana and has long been a major source of export earnings

Following near collapse of cocoa production in the early 1980s, Ghana instituted policies that revived the sector starting in the mid-1980s and continuing into the 1990s; between 2001 and 2003, production doubled

Cocoa production in Ghana, 1960 – 2008



Authors: Shashi Kolavalli, International Food Policy Research Institute
Marcella Vigneri, University of Oxford

Reviving the Tourism Industry in Rwanda

Gorillas and More

The number of tourists visiting Rwanda's national parks has increased exponentially over the past decade, from 417 in 1999 to 43,000 in 2008

Local investors are key: 86 percent of all new tourism-related projects in Rwanda since 1999 are locally owned

Challenge

Attracted in part by gorilla-viewing opportunities, a growing number of tourists visited Rwanda in the 1980s. By 1990, approximately 22,000 people visited Rwanda's three national parks. That was the peak before a steep downturn, however. Between 1994 and 1998, civil war, genocide, and intermittent periods of unrest brought tourism to a halt. Aside from the stigma of the genocide, gorillas in the Virunga Mountains were severely threatened by conversion of their habitat to agricultural use and extraction of their resources for other mammals. Illegal hunting and trafficking by local communities further threatened the gorilla population.

Approach

Starting in 1994, the government of Rwanda put considerable effort into developing a clear tourism strategy. With private sector and UN input, the government successfully drafted a tourism strategy focusing on high-end tourism with conservation at the core of its plan. The strategy also outlined the need for diversification of tourism to international conferencing, birding, and other animals. An international marketing campaign was launched to improve the image of the country abroad, while a domestic campaign aimed to increase local acceptance of tourists. Several market-based reforms were also adopted—namely, near-complete privatization of the hotel and leisure sector.

Results

The tourism industry has emerged as Rwanda's top foreign currency earner and export sector, ahead of the coffee and tea sectors. Tourism accounted for 23 percent of total exports over 2005–08, while coffee and tea were 11 percent and 8 percent, respectively, versus 37 percent and 11 percent a decade earlier. The number of visitors to Rwanda's national parks has increased exponentially—from 417 in 1999 to 43,000 in 2008. The revival of tourism has also expanded employment opportunities Rwandans, and a revenue-sharing program instituted in 2005 is injecting 5 percent of tourism revenues from national park fees into local community projects.

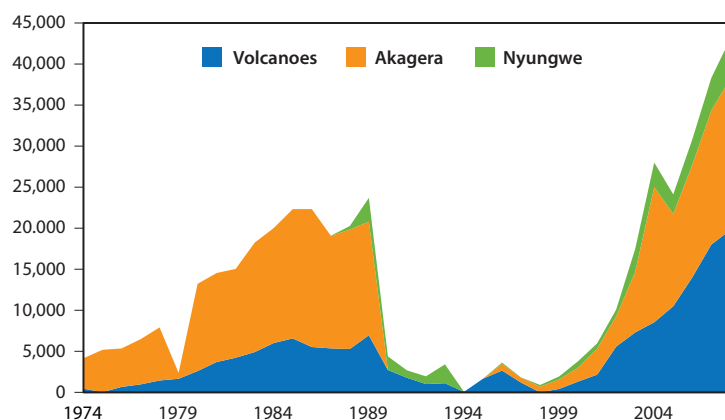
Lessons Learned

One of the most important lessons of Rwanda's tourism strategy work is the need for a flexible capacity framework. On one hand, empowerment of partners will be constrained where appropriate powers are not devolved to them. On the other, it is impossible to impose powers

on those who feel neither capable nor inclined to exercise them. Rwanda's case also points to the importance of committed, open dialogue between the public and private sectors. Additionally, it is clear that gorilla conservation must be balanced with research visits and tourism trips to ensure that the health of gorillas and the integrity of their habitat are maintained.

*Authors: Hannah Nielson, The World Bank Group
Anna Spenceley, The Netherlands Development Organization*

Visitors to Rwanda's three national parks, 1974–2008



Cape Verde's Transformation

Tourism as a Driver of Growth

*In less than two decades
Cape Verde has
transformed itself
from one of the poorest
countries in the world
to one of the fastest-
growing countries
in Africa*

*Tourist arrivals in
Cape Verde increased
from 67,042 in 1999
to 285,141 in 2008*

Challenge

With white sand beaches, beautiful weather, good access to European markets, and a government open to foreign investors, tourism has long been a source of untapped economic potential for Cape Verde. For many years, though, the country was highly dependent on foreign aid and remittances.

Approach

In an environment of political stability and good governance, Cape Verde began offering a package of investment incentives to foreign investors—a five-year tax holiday, exemption on import duties, expatriation of profits, and strong property protection laws. According to UNCTAD, foreign direct investment increased from \$4 million in 1990 to \$974 million in 2008, more than 95 percent of which went to the tourism industry.

Results

The impacts of Cape Verde's strategy have been dramatic. Tourist arrivals increased from 67,000 in 1999 to more than 285,000 in 2008, an average annual growth rate of approximately 14 percent, while tourism revenue jumped from \$23 million in 1999 to \$542 million in 2008. Expansion of the tourism industry has also created a substantial number of jobs, and a dramatic positive impact on growth: Cape Verde posted average annual GDP growth of 6.5 percent over the same years. In 2007, Cape Verde moved from low-income to middle-income status, one of a few African countries to have made that transition. In turn, Cape Verde's economic success has also had a positive impact on its social indicators.

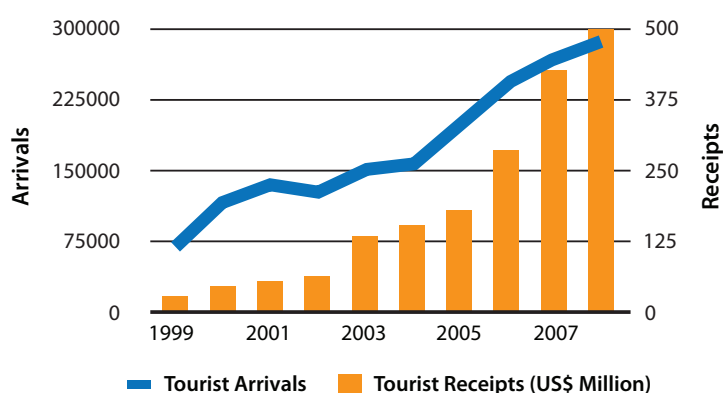
Lessons Learned

Although Cape Verde still faces development challenges (dependence on tourism, a chronic trade deficit, high rural poverty, and a limited export base), its experience with tourism demonstrates that when conditions are right—political stability, good governance, favorable economic incentives—tourism assets can yield rapid economic gains. Another key lesson from this case is that exponential growth in tourism does not occur without environmental and social costs. Close analysis of Cape Verde's tourism sector as reveals that in the pursuit of growth in foreign investment, corners have been cut in environmental management, public infrastructure, and the involvement of the local businesses. Cape Verde's future competitiveness now depends on its ability to manage growth more sustainably, improve the skills of its workforce (which has

not kept pace with the needs of the tourism sector), increase the linkages to the local economy, and shift gears from quantity to quality.

Author: Louise Twining-Ward

Tourist arrivals and receipts, 1999–2008



Increasing Fertilizer Use by Smallholder Farmers

Maize yields in Kenya rose 18 percent between 1997 and 2007, despite the fact that total land area used for maize production was essentially stable

Fertiliser use in Kenya nearly doubled between 1992 and 2007, with much of the increase by smallholder farmers

Challenge

Fertilizer use is notably lower in most of Africa than in other developing regions, contributing to low agricultural productivity. Though too little irrigation and cultivation of crop varieties unresponsive to fertilizer may explain this to some degree, more often, lack of credit, long distances between farmers and the nearest fertilizer retailer, weak market infrastructure, and liberalized crop input and output markets are blamed. In Kenya, more than 70 percent the population depends on agriculture-related activities for their livelihood, while about half of the population lives in poverty. Ensuring access to food thus requires that the poor are able to either produce or buy enough food for a healthy diet.

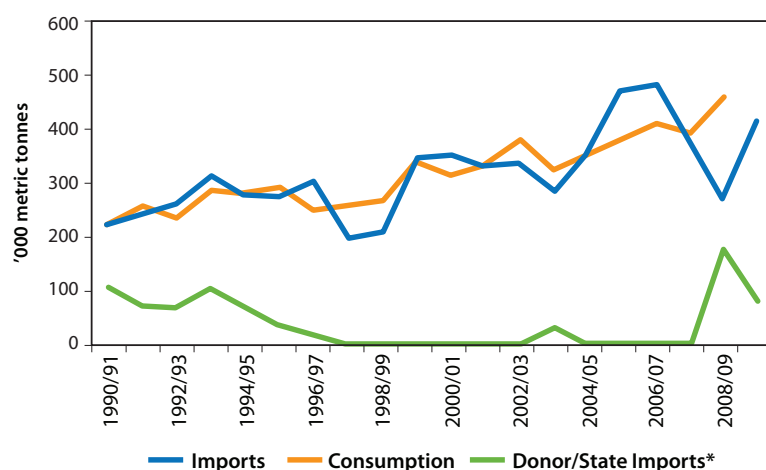
Approach

For a number of reasons, Kenya's efforts in the 1980s to improve food security through increased production and incomes did not produce desired results. Exploration of alternate options led the government to undertake reforms in the fertilizer market. Those efforts targeted maize, the main food security crop in the country. Starting in the early 1990s, fertilizer markets were liberalised, government price controls and import licensing quotas were eliminated, and fertilizer donations by external donor agencies phased out. Kenya also tracked survey data on fertilizer use among 1,251 smallholder farms to examine factors influencing farmers' decisions to purchase fertilizer and the quantity of fertilizer applied per acre of maize.

Results

Kenya now stands as a notable departure from the Sub-Saharan African average in terms of fertilizer: usage almost doubled between 1992 and 2007, with much of the increase by smallholder farmers. In the productive farming areas of western Kenya, rates of fertilizer application on maize are comparable to those in Asia and Latin America. Maize yields in Kenya increased 18 percent over 1997–2007, despite the fact that total land area used for maize production was essentially stable. Liberalization spurred private sector investment in fertilizer retailing and maize marketing.

Trends in fertilizer consumption, commercial imports, and donor imports, 1990–2009 and projections for 2010



Lessons Learned

Kenya's case shows that geographic differences in agro-ecological potential are a fundamental factor influencing whether farmers use fertilizer, as seen in the dramatic differences between usage in the high-potential agricultural areas of western Kenya and the semi-arid areas, where farmers consider fertilizer use very risky unless it is highly subsidized. Besides price levels, household resource endowments and education also influence Kenyan producers' decisions about fertilizer use.

Authors: Joshua Ariga, Tegemeo Institute of Agricultural Policy and Development, Egerton University
T. S. Jayne, Michigan State University

The New Rice for Africa (NERICA)

Development, Achievements, and Lessons Learned

Africa depends on imports of up to 40 percent of its rice consumption

Challenge

Rice has long been a staple food in much of Africa. Since the early 1970s, it has been the number one source of calories for West Africans and the number three source of calories, after maize and cassava, for the continent as a whole. Although rice production on the continent has grown in recent years, current production is still far short of meeting demand. Thus, Africa depends on imports for up to 40 percent of its rice consumption, at a cost of an estimated \$4 billion in foreign exchange in 2009. Relying on world market to such extent to feed Africa's population is a risky and unsustainable strategy that may affect food security and civil stability, as shown during the food crisis in 2008.

Approach

Using conventional biotechnology (i.e., not genetic modification) to overcome a sterility barrier between two species of rice, the Africa Rice Center in Benin began developing, along with several partners, new varieties of rice in 1991. In all, 78 varieties of rice were initially developed—18 suited for upland locations and 60 for lowland. The first generation of NERICA varieties was introduced through participatory varietal selection trials in 1996 in Côte d'Ivoire and in additional countries starting in 1997. Following testing, two rice varieties, NERICA1 and NERICA2, were released beginning in 2001.

NERICA has had a positive impact on rice yields in Benin, the Gambia, and Uganda

Results

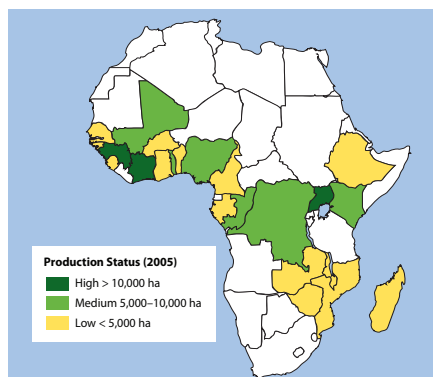
As of 2010, NERICA varieties have been disseminated on more than 300,000 hectares in a broad swath of countries in West, Central, and East Africa. Significantly positive impacts of NERICA adoption on rice yields are evident in Benin and the Gambia. In Uganda, NERICA has been found to have positive effects on productivity and allow farmers to improve their yield. No significant impact on yields has occurred in Côte d'Ivoire and Guinea (demonstrating that success are not always easily replicated across the continent). In general, the impact of the NERICA varieties on women farmers has been greater than that for men. In terms of geography, NERICA varieties have shown great potential in both upland and lowland ecosystems in Africa—but particularly in the lowlands.

Lessons Learned

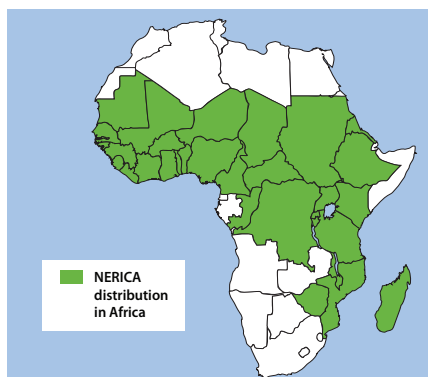
Several pertinent lessons have come out of the NERICA dissemination. First, the use of participatory selection as part of the rice testing process allowed farmers to evaluate the new rice varieties in comparison with their own material, enhancing capacity building and ownership of the NERICA varieties among farmers and agricultural extension communities and reducing the time

involved in the varietal release process in many countries. Second, partnerships with government authorities in several countries were crucial in NERICA adoption and seed production (still, seed production remains a significant bottleneck in West and Central Africa). More effort is needed to ensure that larger numbers of rice farmers can profit from these new varieties.

Authors: Aliou Diagne, Soul-Kifouly Gnonna Midingoyi, Marco Wopereis, and Inoussa Akintayo, The Africa Rice Center



Countries producing NERICA, 2005



Countries producing NERICA, 2006

Adapting Technologies to Development Challenges

Challenge

Agricultural productivity in Sub-Saharan Africa is the lowest in the world, with per capita output only 56 percent of the world average. Since 1980, more than 80 percent of output growth in the region has been achieved through expansion of the cropped area, rather than technological or other efficiency improvements, versus less than 20 percent for all other regions. In addition, population growth in Sub-Saharan Africa surpasses production growth, increasing the likelihood of food shortage. Indeed, food self-sufficiency declined from 97 percent in the mid-1960s to 82 percent in the late 1990s. Meanwhile, low incomes mean that African farmers are unable to afford commercial-quality irrigation equipment.

Approach

Starting in 1991, the nonprofit social enterprise organization KickStart began selling low-cost, human-powered irrigation pumps to enable smallholder farmers in Sub-Saharan Africa (chiefly in Burkina Faso, Kenya, Mali, and Tanzania, but also other countries) to enhance productivity, improve household incomes, and sustainably contribute to poverty reduction. Approximately 130,000 pumps have been sold across Sub-Saharan Africa, irrigating over 31,000 hectares of land.

Results

With a \$35–95 MoneyMaker pump, a farmer can grow and sell enough additional produce to make considerable progress from poverty toward middle class. For the people using them, KickStart pumps have led to an increase in annual household income of 100–200 percent. Data from Burkina Faso, Kenya, Mali, Tanzania, and other countries show that 440,000 people have been moved out of poverty through the usage of KickStart pumps. The pumps have also allowed for the creation of 87,000 small-scale agricultural enterprises across Sub-Saharan Africa. Further, the pumps have proven to be cost effective: the annual capital outlay required for a KickStart MoneyMaker pump, is approximately one-tenth that of a conventional irrigation system.

Lessons Learned

The KickStart experience demonstrates that farmer entrepreneurship, in which agricultural enterprises are run as viable businesses, needs to be introduced in many Sub-Saharan African

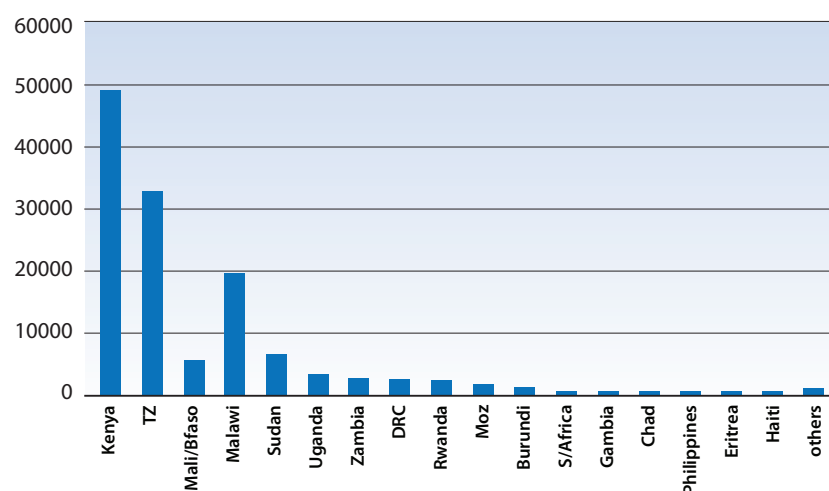
countries. It also shows that a participatory approach to rolling out a new technology infusion goes a long way in the absorption of the technology, and that technology evolution driven by users (this was done in the case of the Super MoneyMaker pump) can be powerful in this process. Additionally, the KickStart experience reinforces the idea that people in poverty have the desire to come out of poverty when accorded appropriate technology to generate wealth.

Authors: I. V. Sijali, Kenya Agricultural Research Institute
M. G. Mwago, Jomo Kenyatta University of Agriculture and Technology

More than 87,000
small-scale agricultural
enterprises have
been created using
MoneyMaker pumps over
the past 13 years

Households using
KickStart pumps have
seen their incomes grow
by 100–200 percent

Cumulative KickStart pump sales, 1996–June 2009



Making Improvements in a Postconflict Environment

*Between 2000 and 2005,
public spending was
\$25 per person in Liberia,
one of the lowest levels
in the world*

*Liberia has rapidly
climbed Transparency
International's
Corruptions Perceptions
Index, moving from
137 of 158 in 2005
to 97 of 180 in 2009*

Challenge

When Liberian President Ellen Johnson Sirleaf took office in January 2006, two years after the signing of the Peace Accords that brought a fragile end to a conflict that had killed more than 250,000 people and left over half a million more displaced, she took charge of a country facing enormous challenges. The scale and intensity of the violence made Liberia a failed state. Gross domestic product had fallen over 90 percent from its peak. Between 2000 and 2005, low levels of revenue collection and the disorder of war resulted in annual public spending of about \$25 per person, one of the lowest levels in the world. External debt had ballooned to \$4.7 billion, roughly 800 percent of GDP and 3,000 percent of exports. Public trust in economic governance was destroyed.

Approach

Two major policy shifts in 2006 provided the thrust necessary to make sustained inroads in economic governance in Liberia. First, the new, democratically-elected leadership embraced the need for change and set out ambitious reform plans for their first 150 days in office and beyond. The government also ensured donors were on board with innovative donor coordination mechanisms. Second, a major international policy initiative aimed at improving economic governance in Liberia, the Governance and Economic Management Assistance Program (GEMAP) was introduced. GEMAP played an important role early on in stabilizing expenditure and establishing processes, but was less useful in securing revenue.

Results

Liberia's approach had several positive effects. Revenue collection tripled between 2006 and 2010. The Central Bank has built its reserves to nearly \$100 million at end-2008 from only \$6 million at end-2005. Important budgeting and expenditure processes have also been established. The Liberian government now pays civil servants on time and no new arrears have been accumulated. Gains have also been made in increasing transparency. Though such indicators are difficult to measure, one telling sign is that Liberia has rapidly climbed the ranks of Transparency International's Corruption Perceptions Index, moving from 137 out of 158 in 2005 out of 180 in 2009.

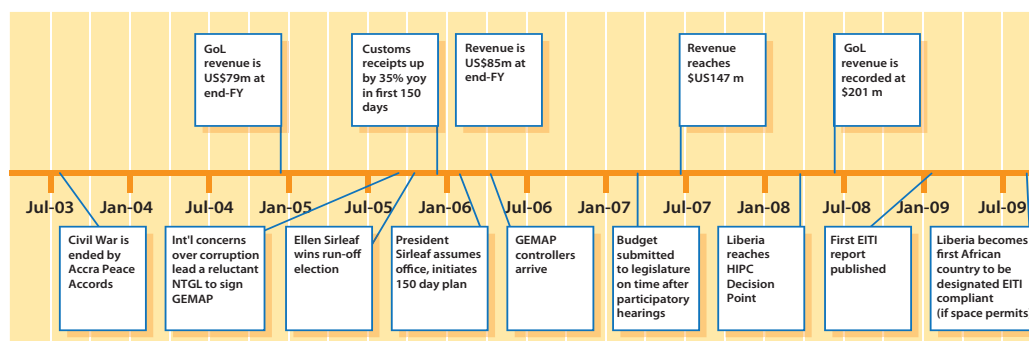
Lessons Learned

Improvements in Liberia's economic governance could not have been made without the strong political leadership. The importance of flexibility in policy interventions in a fast-changing postconflict environment became apparent as well—the interventions appropriate in late

2005 appeared outdated just two years later as the Liberian situation changed rapidly. If anything, the international community did not pivot fast enough to move from the emergency stabilization measures to building up capacity and durable systems for the long term.

Author: Vishal Gujadhur

Economic Governance Reform Timeline



Rebuilding in a Postconflict Environment

When Sierra Leone emerged from conflict in 2002, elected local government had been suspended for 30 years

Access to schools, health clinics, roads, and water have all improved considerably since the Local Government Act was passed in 2004

Challenge

When Sierra Leone emerged from more than a decade of conflict in 2002, it was as one of the poorest countries in the world and faced an extremely challenging governance and political environment. What little infrastructure the country had was destroyed, while areas outside Freetown were excluded and marginalized and a legacy of undemocratic, Freetown-centered politics prevailed.

Approach

The end of civil war in Sierra Leone saw the emergence of political support for both decentralization and reinstallation of elected local government (suspended since 1972). More political than economic, the drivers of change led to the 2004 Local Government Act. The Act established 19 urban and rural councils; recast administrative, functional, and fiscal center-local relationships; and identified a four-year period of transition to end-2008, during which central functions were to be devolved to local councils in phases.

Results

Sierra Leone's decentralization legislation resulted in several key achievements. Two council elections have been completed. All local councils have the core staff to carry out planning, budgeting, accounting, and procurement functions. A system of intergovernmental transfers is also in place, and local governments are able to work with centrally-managed front-line staff to manage delivery of health, education, and water supply and sanitation services. Survey data shows that the quality of public services is at least at pre-decentralization levels and, in some cases, the availability of basic services has improved dramatically between 2005 and 2008. All of this said, the new legal and policy framework did not fully resolve tensions between the chieftaincies and the councils with respect to their respective domains.

Lessons Learned

The postconflict environment provided Sierra Leone the opportunity for important reform and for providing a political and economic peace dividend through that reform. In addition,

Sierra Leone's experience with decentralization shows that it made sense to push ahead with legislation knowing that the design was imperfect and that learning and improvement would happen through implementation.

Authors: Vivek Srivastava and Brendan J. Glynn, The World Bank Group

Service availability and quality (percent of respondents)

	2005	2007	2008
Access to school within 30-minute walk	68.3	73.9	74.3
Satisfaction with primary schools	87.7	94.4	90.3
Satisfaction with health clinic	81	90.9	90.6
Spoken to an extension worker in the past year	23	17.8	9
Storage, access to enough space (farming households only)	8.4	11.8	14.3
Driveable road within 30-minute walk	67.1	73.2	77.5
Market area within 60-minute walk	31.9	45.8	50.9
Water source within 15-minute walk	61	73.4	80.9

The ICT Revolution in Africa

Changing Economies, Changing Lives

*Between 1998 and 2008,
the number of mobile
phone subscribers
increased from 4 million
to approximately
259 million*

*The ICT revolution has had
a profound impact on
African businesses and
governments,
driving innovation
and entrepreneurship*

Challenge

Only 20 years ago, the information and telecommunication technology (ICT) sector in Africa was trivial and stagnant. Very few people had access to a telephone, and even fewer had access to computers. The idea of an ICT revolution in Africa was beyond the dreams of most people.

Approach

In the 1990s, the global shift to wireless telecommunications created a technology that was ideally suited to Africa. Governments across Sub-Saharan Africa began changing the way that they manage the sector, shifting from a model of state-owned monopoly operators to competition between privately-owned companies. Between 1998 and 2008, more than \$36 billion was invested in telecommunications networks in Africa, mostly by the private sector.

Results

Efforts by Sub-Saharan African governments succeeded in expanding network coverage of the population from around 10 percent to over 60 percent between 1998 and 2008 while the number of mobile subscribers in the region increased exponentially, from 4 million to approximately 259 million. Simultaneously, prices fell two-thirds, from an average of \$0.30 per minute to \$0.10 per minute, and are continuing to drop, bringing telecommunication services within the economic reach of most Africans. In addition to allowing people to communicate more easily and inexpensively, the ICT revolution has created jobs, boosted investment and the sector is now in the top three sources of government revenues in many African countries. It has also had a profound impact on the way Africa does business and the way governments operate, driving innovation and entrepreneurship in the creation and delivery of both public and private services. For example, in Ghana, the customs clearances went from 2-3 weeks to 1-2 days with a 50% increase in revenue 18 months after introduction of the IT systems and business re-engineering.

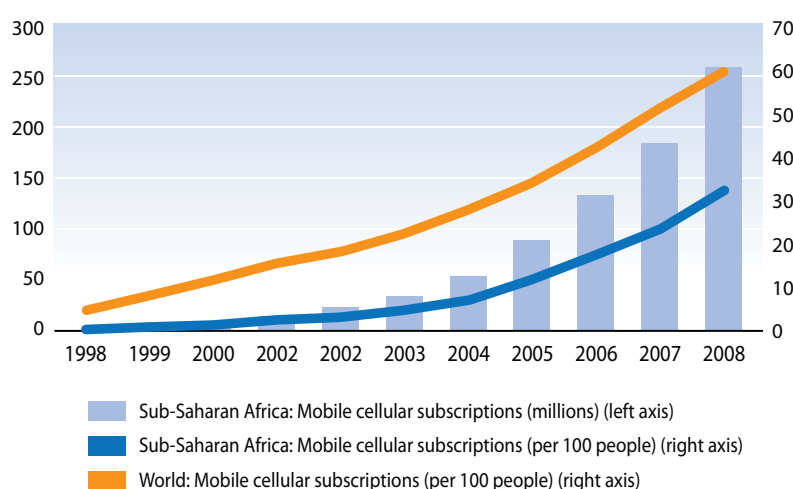
Lessons Learned

The first lesson of Sub-Saharan Africa's ICT experience relates directly to the telecommunication industry, showing that the sector has investors who are willing to take risks and invest very large

sums in the region. The key is having the right business model, the correct policies, and a regulatory environment that is conducive to doing business. The second lesson concerns innovation and entrepreneurs in Africa. The connectivity revolution has shown that, with the help of ICT, African entrepreneurs will establish new businesses and generate new areas of economic activity. Finally, as some governments in the region are demonstrating, it is possible to use ICT to overcome major public service delivery challenges, increasing reach, raising quality, and reducing corruption.

*Authors: Laurent Besancon and Mark D.J. Williams,
The World Bank Group*

Growth of mobile phone subscription, 1998–2008



Mobile Payments Go Viral

M-PESA's 9 million registered users transfer an average of \$320 million per month

M-PESA now processes more transactions domestically within Kenya than Western Union does globally

Challenge

Inadequate, inaccessible financial is undoubtedly one of the reasons why the poor are trapped in poverty. Without access to finance, the poor people cannot invest in tools to increase productivity, start a microenterprise, invest in education or health, or even take time to search for better opportunities. In addition, monetary exchanges require a physical location and people need transportation to get to the location, both of which can be problematic in infrastructure-constrained countries such as Kenya, particularly in rural areas.

Approach

Developed by Vodafone and launched commercially by the company's Kenyan affiliate Safaricom, M-PESA is a small-value (all transactions are capped at \$500) electronic payment and store of value system accessible from ordinary mobile phones. Once customers have an M-PESA account, they can use their phones to transfer funds to both M-PESA users and non-users, pay bills, and purchase mobile airtime credit for a small, flat, per-transaction fee. The affordability of the service has been key in opening the door to formal financial services for Kenya's poor.

Results

Since its introduction in mid-2007, M-PESA had been adopted by 9 million customers as of late 2009—40 percent of Kenya's adult population—and is now facilitating an average of \$320 million per month in person-to-person transfers (roughly 10 percent of Kenya's GDP on an annualized basis). Extremely rapid uptake of M-PESA is a strong vote of confidence by local users in a new technology as well as an indication of significant latent demand for remittance services. In recent months, M-PESA has begun allowing institutional payments, enabling companies to pay salaries and collect bill payments.

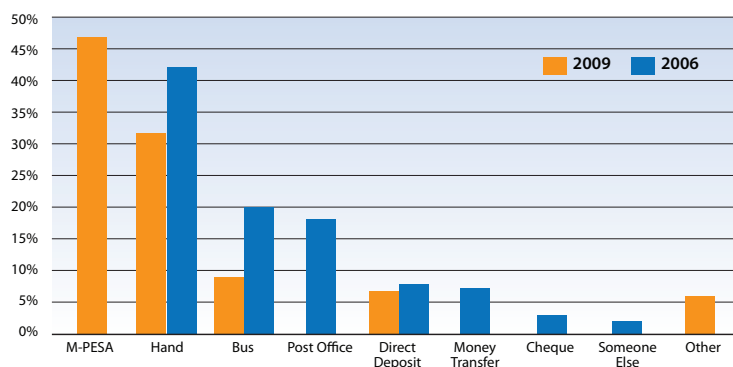
Lessons Learned

Three major lessons have emerged from M-PESA. First, it demonstrates the value of leveraging mobile technology to extend financial services to large segments of unbanked poor people. Second, it shows the importance of designing usage-based rather than float-based revenue models for reaching poor customers with financial services. Unlike a traditional bank, which

typically distinguishes between profitable and unprofitable customers based on the likely size of their account balances and ability to absorb credit, M-PESA serves any Safaricom mobile customer who pays for an account. And third, M-PESA reveals the need for a low-cost transactional platform that enables low-income customers to meet a range of payment needs.

*Authors: Ignacio Mas and Dan Radcliffe,
Bill & Melinda Gates Foundation*

Money transfer methods before and after M-PESA



Relieving Supply Constraints through Independent Power Producers

Private investment in Sub-Saharan Africa's power sector since 1994 totals \$4.06 billion

Two IPPs in Côte d'Ivoire, CIPREL and Azito, survived the civil war in the country, while continuing to supply power to domestic users and neighboring countries

Challenge

Until the early 1990s, virtually all major power generation in Sub-Saharan Africa was financed by public coffers—namely, by concessionary loans from development finance institutions. These publicly-financed generation assets were considered one of the core elements in state-owned, vertically integrated power systems. Funds available under this arrangement, however, were not sufficient to fulfill African's power needs, and state-run utilities had long performed poorly.

Approach

The confluence of challenges led Sub-Saharan African countries to make adoption of a new model for their power systems became a priority. Independent power projects (IPPs), as they are known, are greenfield, privately-financed projects supported by non-recourse or limited-recourse loans and that made use of long-term power purchase agreements (PPA) with the state utility or another off-taker. IPPs were considered a viable option for alleviating supply constraints, and could also potentially serve to benchmark state-owned supply. In 1994, Côte d'Ivoire was among the first African countries to undertake an IPP. Egypt, Ghana, Kenya, Morocco, Tanzania, and Uganda, among others, have since opened their doors to foreign and local investors. Two IPPs in Côte D'Ivoire, CIPREL and Azito, survived a civil war in the country, while continuing to supply domestic power needs as well as valuable exports to neighboring countries.

Results

IPPs have contributed to relieving power supply constraints in a number of countries over the past 15 years. Development finance institutions (the IFC, FMO, DEG, among others) and development-minded project sponsors (such as Globeleq, IPS, and Alwyh), though, still play a critical role in developing and financing successful power projects in the region.

Lessons Learned

Factors that account for the success of IPPs in Sub-Saharan Africa include clear power sector policy and regulatory frameworks, up-to-date generation expansion planning, timely initiation

of international competitive bidding processes, and adequate contracting and negotiation expertise to conclude power purchase agreements.

Author: Anton Eberhard, University of Cape Town

Overview of private participation in the power sector in Sub-Saharan Africa

Type of private participation	Countries affected	Number of transactions	Number of cancelled transactions	Investment in facilities (\$ millions)
Management or lease contract	Chad, Gambia, Gabon, Ghana, Guinea Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Namibia, Rwanda, São Tomé, Tanzania, Togo	17	4	5
Concession contract	Cameroon, Comoros, Côte d'Ivoire, Gabon, Guinea, Mali, Mozambique, Nigeria, Sao Tome, Senegal, South Africa, Togo, Uganda	16	5	1,598
Independent power project	Angola, Burkina Faso, Republic of Congo, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Mauritius, Nigeria, Senegal, Tanzania	34	2	2,457
Divestiture	Cape Verde, Kenya, South Africa, Zambia, Zimbabwe	7	—	n.a.
Total		74	11	4,060

— = data not available; n.a. = not applicable.

Remarkable Economic Growth in Mozambique

The Role of Macroeconomic Policies

Mozambique has been the fastest-growing non-oil economy in Sub-Saharan Africa over the past 15 years

Challenge

Following 16 years of devastating civil war, Mozambique was one of the poorest countries in the world in 1992 and had the second-lowest Human Development Index in the world.

Approach

Starting in the early 1990s, Mozambique began undertaking macroeconomic stability and sequenced policy reforms, permitting strong donor support to finance investments in social and physical infrastructure, broad-based expansion across most sectors of the economy, and several significant foreign investment projects ("mega-projects").

Results

Mozambique's economic growth over the past 16 years has been nothing short of remarkable, averaging more than 8 percent from 1993 to 2009. This was accompanied by a significant reduction in poverty between 1997 and 2003, as measured by the household surveys, and noteworthy improvements in other social indicators. Mozambique has posted double-digit growth rates in mining, manufacturing, construction, electricity, gas and water, reflecting a significant transformation of output to more productive sectors that generated positive composition effects in aggregate productivity. Foreign direct investment increased from less than \$50 million in 1993 to nearly \$900 million in 2009. Poverty reduction, however, appears to have slowed in recent years. And in spite of the progress, the structure of the economy remains narrow, and is characterized by subsistence agriculture and a few isolated mega-projects. Additionally, the export basket remains extremely limited, with less than a dozen products registering exports in excess of \$1 million in 2008.

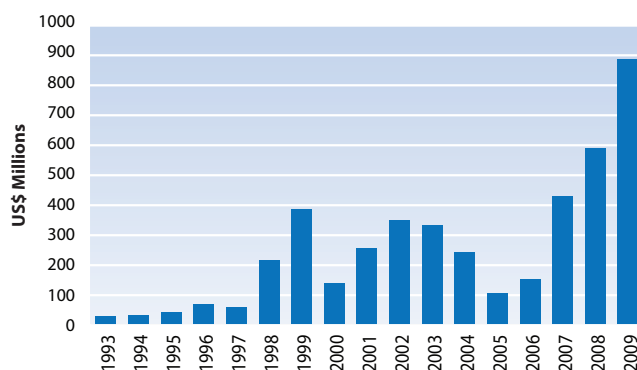
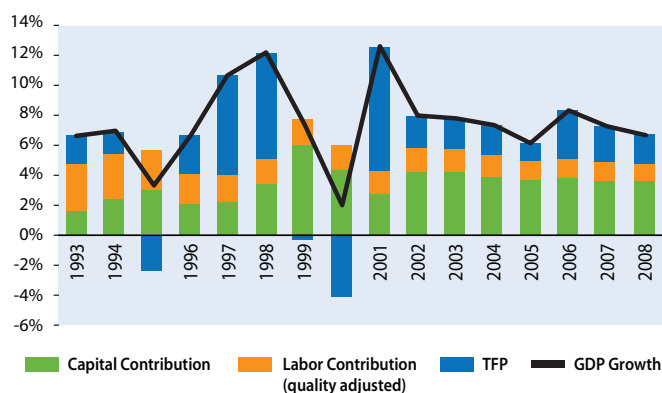
Macroeconomic stability has enabled broad-based economic expansion, attracted FDI, and sustained aid flows to fund social and physical infrastructure

Lessons Learned

Though Mozambique's economic growth continues to be strong, the pattern of growth is not generating the jobs required to broadly share the benefits of economic growth. Macroeconomic stability and investments in infrastructure need to be accompanied by far-reaching reforms to enable private sector activities to flourish and exports to be diversified into nontraditional commodities with higher value-added content, preferably taking advantage of the relatively cheap labor.

Author: Luiz Pereira Da Silva and Antonio Nucifora, The World Bank Group

Sectoral contribution to growth (left), and foreign direct investment (right), 1993 and 2008



Economic Growth and Performance in Uganda

The Importance of Sustained Reform

Uganda is one of the few Sub-Saharan African countries that is expected to achieve the Millennium Development Goal of halving poverty by 2015

Economic growth averaged around 7 percent over 1997–2007

Challenge

Following the end of decades of political instability and civil war in 1986, Uganda was relatively peaceful but economically troubled. Economic growth was sluggish, the country was uncompetitive in export markets, and poverty was rampant.

Approach

Uganda's first major reform effort was the Economic Recovery Program, which began in 1987, under which domestic prices were liberalized and a floating exchange rate adopted, among other things. The next set of reforms stimulated private investment and encouraged competition through abolition of marketing boards and parastatals and establishment of the Uganda Investment Authority. With the economy back on solid footing, the multisectoral Poverty Eradication Action Plan was introduced in 1997. Specific reforms regarding agriculture modernization, the private sector, and exports were implemented, accompanied by institutional reforms including decentralization efforts, abolition of state-owned marketing boards, and restructuring of the public administration.

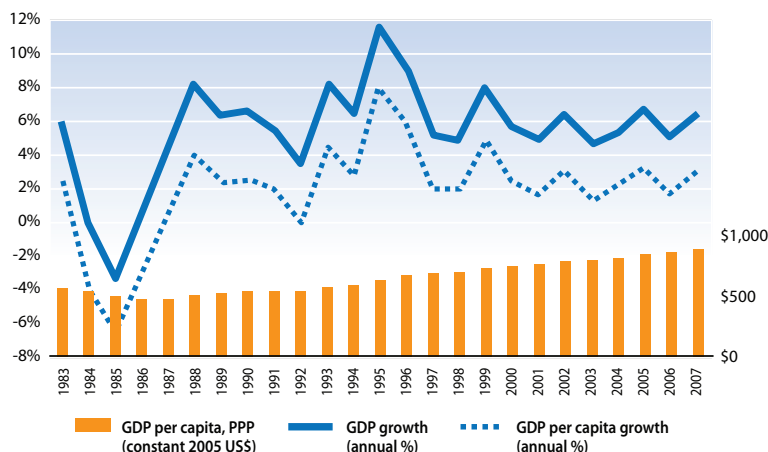
Results

Uganda's economy has grown at a strong and sustained pace in recent years, averaging around 7 percent per year over 1997–2007. Equally impressive has been the sharp decline in poverty rate, which fell by about 15 percentage points over the same period. Exports as a share of GDP increased from approximately 8 percent in 1998 to 18 percent in 2009. Despite strong economic growth, Uganda's economy has experienced limited structural transformation owing to the fact that growth has emanated largely from the services sector, which mostly employs the highly skilled, and less from the agriculture sector, which still employs 70 percent of the population.

Lessons Learned

Chief among the lessons learned from Uganda's experience is that sustained, focused effort at the national and subnational levels is needed to turn around an economy. Additionally, it is clear that significant challenges remain, particularly in the context of slow transformation and employment growth in the agricultural sector, low domestic tax revenue collection, a still-narrow export base, continuing infrastructure deficiencies, and high levels of unemployment (particularly among youth). The five-year National Development Plan of 2010–15 highlights specific interventions to be undertaken in several of these areas.

Author: Sarah Ssewanyana, Economic Policy Research Center, Makerere University



Family Planning in Sub-Saharan Africa

Progress, Prospects, and Lessons Learned

At 5.1 children per woman, Sub-Saharan Africa has the highest fertility rate of any region in the world

Challenge

With 5.1 children per woman, Sub-Saharan Africa has the highest average fertility rate (Total Fertility Rate) of any region in the world. South Asia, by comparison, has a rate of 2.8, and Latin America and the Caribbean a rate of 2.2. In fact, Sub-Saharan Africa is the only region in which overall fertility has not fallen in recent decades. The contraceptive prevalence rate (CPR) in Africa is also low: 22 percent, versus 53 percent in South Asia and 77 percent in East Asia. The dismal aggregate indicators, however, do not reveal incipient fertility transitions and increased contraceptive usage in many Sub-Saharan African countries.

Approach

During the 1960s and 1970s, Sub-Saharan African governments were reluctant to institute effective family planning programs and political support for them in the public sector was weak throughout the continent. Since the 1974 and 1984 world population conferences, however, the governments of several countries have acknowledged high levels of fertility and initiated family planning programs.

Between 1980 and 1995, there was evidence of a decline in fertility in several Sub-Saharan Africa countries

Results

Analysis of Demographic and Health Survey data from Sub-Saharan African countries reveals several noteworthy trends. Over the past two decades, there was evidence of fertility decline in several African countries, with the steepest declines in Ghana, Kenya, Liberia, Namibia and Zimbabwe. Likewise, the increase in CPR over the past 20 years has been remarkable in countries such as Malawi, Madagascar, Mozambique, Namibia, Tanzania, Uganda, Zambia, and Zimbabwe. And in most countries in the region, use of traditional family planning methods has declined over the years and use of modern methods has increased.

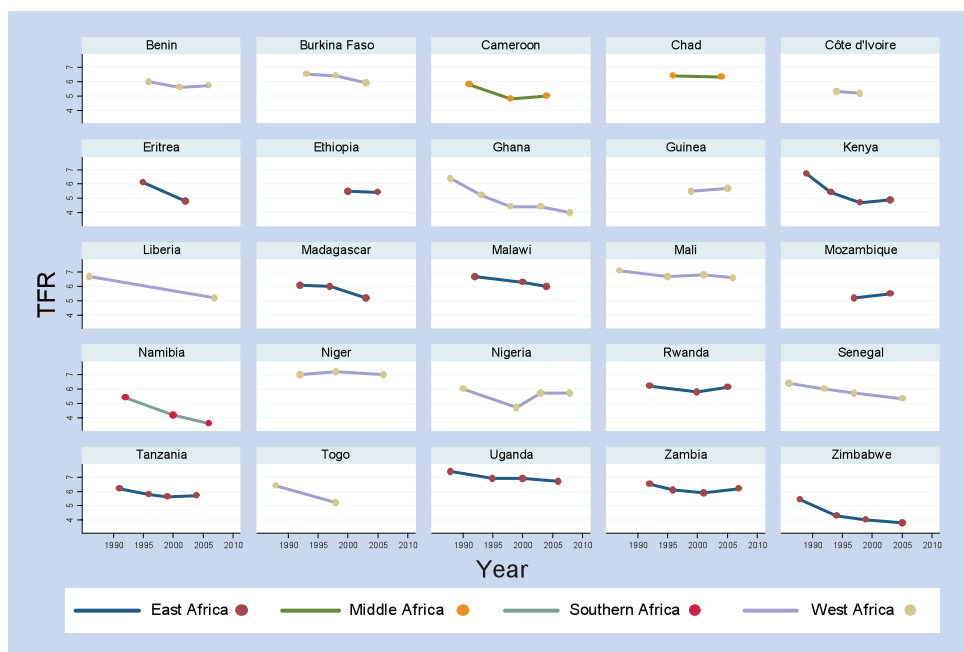
Lessons Learned

Lessons drawn from countries that have made progress attest to the success of policy commitment, institutional arrangements, and service delivery approaches in increasing the

use of family planning methods and lowering fertility. Looking forward, policies embraced in these countries may well serve as a model for countries where fertility remains very high and CPR very low.

Authors: Mona Sharan, Saifuddin Ahmed, John May, Agnes Soucat, The World Bank Group.

Trends in total fertility rate in select Sub-Saharan African countries, 1990–2005



Successes in Scaling Up Health Insurance

Ghana and Rwanda

In less than a decade, Rwanda has scaled up health insurance coverage to more than 90% of the population; while in about 5 years, the Ghanaian national health insurance scheme has scaled up coverage to more than half the population

In Rwanda, health centers saw an 8-fold rise in financial resources in a decade

Challenge

In Ghana, policy makers identified user fees (or 'cash and carry') and especially the weak exemptions system for the vulnerable groups as major barriers to health care access in the 1990s and early 2000s. In 2001, a Government came to power with a clear mandate to replace 'cash and carry' with a more equitable health financing system that would not require out of pocket payments at the point of service. In Rwanda, the genocide of 1994 left the population even more impoverished than before, with more than 60% still living below the poverty line by 2000. To face the challenge of financial accessibility of health care after the reintroduction of user fees or cost recovery in 1996, a political vision emerged that every citizen should be covered by health insurance.

Approach

Starting in 2000 in Rwanda and 2003 in Ghana, both Governments passed laws and set up national frameworks of institutions to support the scale up and further development of existing community based health insurance schemes or mutual health organizations (MHOs), using cross-subsidies from the national budget (Rwanda) or new earmarked taxes (Ghana) to support the schemes and pay for members of exempted social groups. Techniques and systems set up by the prior existing MHOs were used to extend state-assisted social protection in health to rural and informal sector populations.

Results

Membership in the health insurance schemes in both countries shot up dramatically after Government support and legislation came into effect.

In addition, both countries have been able to mobilize considerably more resources for the health sector as a result of social health insurance, from new taxes and workers' contributions in Ghana, and from insured persons, Government and donors in Rwanda. Utilization by members has risen significantly for insured members compared to the non-insured in both countries, and there is evidence of financial protection afforded by insurance through reduced out of pocket payments.

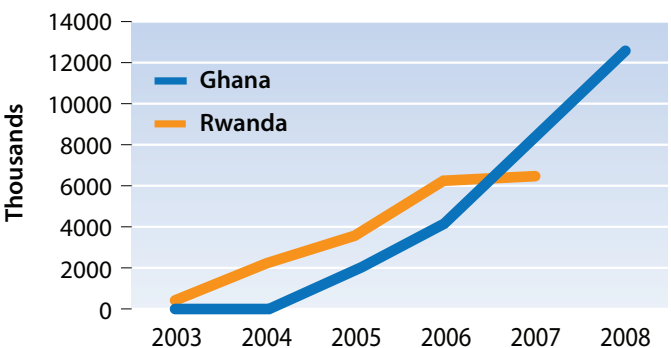
Lessons Learned

Two key lessons from these two experiences are worth emphasizing: First is the critical role of strong and committed leadership as well as drive to push such reforms through. Second is the

prior period of experimentation or pilot testing that provided the model, techniques and tools for designing the national social insurance system that includes rural and informal sector populations for the first time in Sub Saharan Africa. These experiences represent a paradigm shift in social protection in health in Africa.

Authors: Chris Atim, François Diop and Agnes Soucat, The World Bank Group, HSO Dakar Hub

Growth in Membership in National Health Insurance



Achieving Universal Primary Education Through Abolition of Fees

Uganda's primary school enrollment rate was essentially stagnant in the 20 years following independence

Challenge

A variety of sociopolitical crises in Uganda in the 1970s and 1980s, combined with high enrollment costs, hampered progress in the education sector in Uganda. Nearly two decades after independence, in 1980, the gross primary school enrollment rate stood at 50 percent, the same as in 1960. Simultaneously, government expenditure on education was falling. By 1985, expenditure on education was about 27 percent of that of the 1970s. Though a significant improvement was observed in 1985, when the gross enrollment rate increased to 73 percent, that rate remained for the following decade.

In 1997, the year school fees were abolished, net primary school enrollment jumped from 57 percent to 85 percent

Approach

Putting education at the center of its 1996 Poverty Eradication Action Plan (PEAP), the government of Uganda committed itself to the provision of universal primary education (UPE) through sector-wide reforms, including the abolition of primary school fees starting in January 1997 and interventions designed to improve governance. Capitation and school facilities grants were designed to shift the burden of school fees from parents to the government, and to provide schools with necessary resources to support adequate teaching and learning. Finally, to reduce misuse of public funds, information about the amounts given to beneficiaries was made public via newspapers.

Results

The education strategy had immediate results. The gross primary enrollment rate jumped from 77 percent in 1996 to 137 in 1997, while the net enrollment rose from 57 percent to 85 percent. Enrollment rates stayed at a high level during the ensuing decade. The strategy also improved equity in access for poor children, girls, and rural residents. The quantitative success of the policy, however, put substantial stress on the educational infrastructure with a consequent toll on the quality of primary schooling.

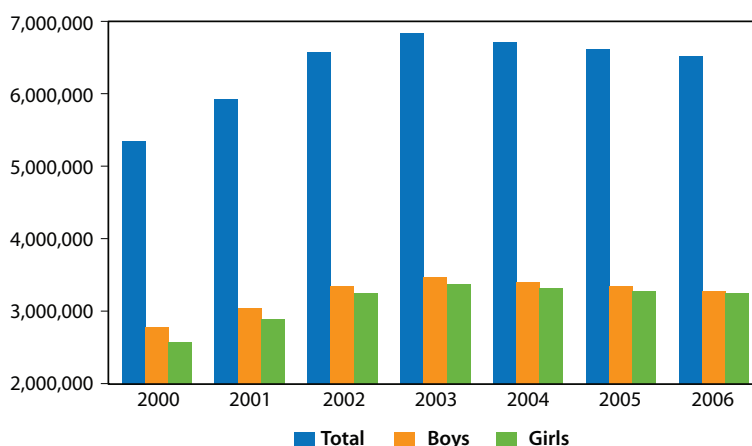
Lessons Learned

Uganda's success in increasing access and equity in primary education ultimately hinges on four factors. First, it was backed by strong political commitment to a poverty reduction strategy centered on building human capital. Second, it employed domestic and international

partnerships supportive of country ownership and donor cooperation within a sector-wide approach. Third, strategy carefully planned and implemented critical prior actions. Fourth, the policy benefited from the efficiency gains from measures designed to improve transparency and accountability at the school level in the use of available resources.

Authors: B. Essama-Nssah, The World Bank Group

Enrollment in public primary schools in Uganda, 2000–06



African Success Stories Study,
Office of the Chief Economist
Africa Region,
The World Bank
<http://go.worldbank.org/OFD841GU60>



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