

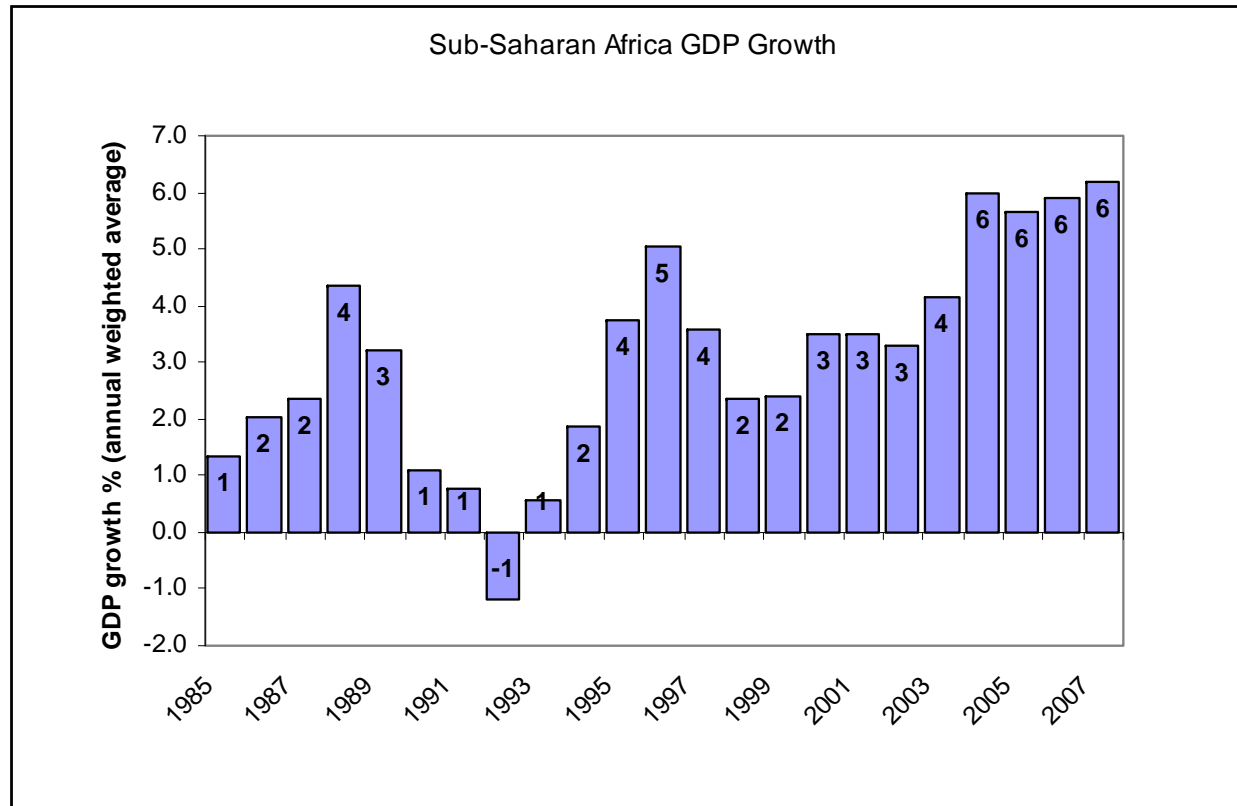
Africa's Growth and Infrastructure

Shanta Devarajan

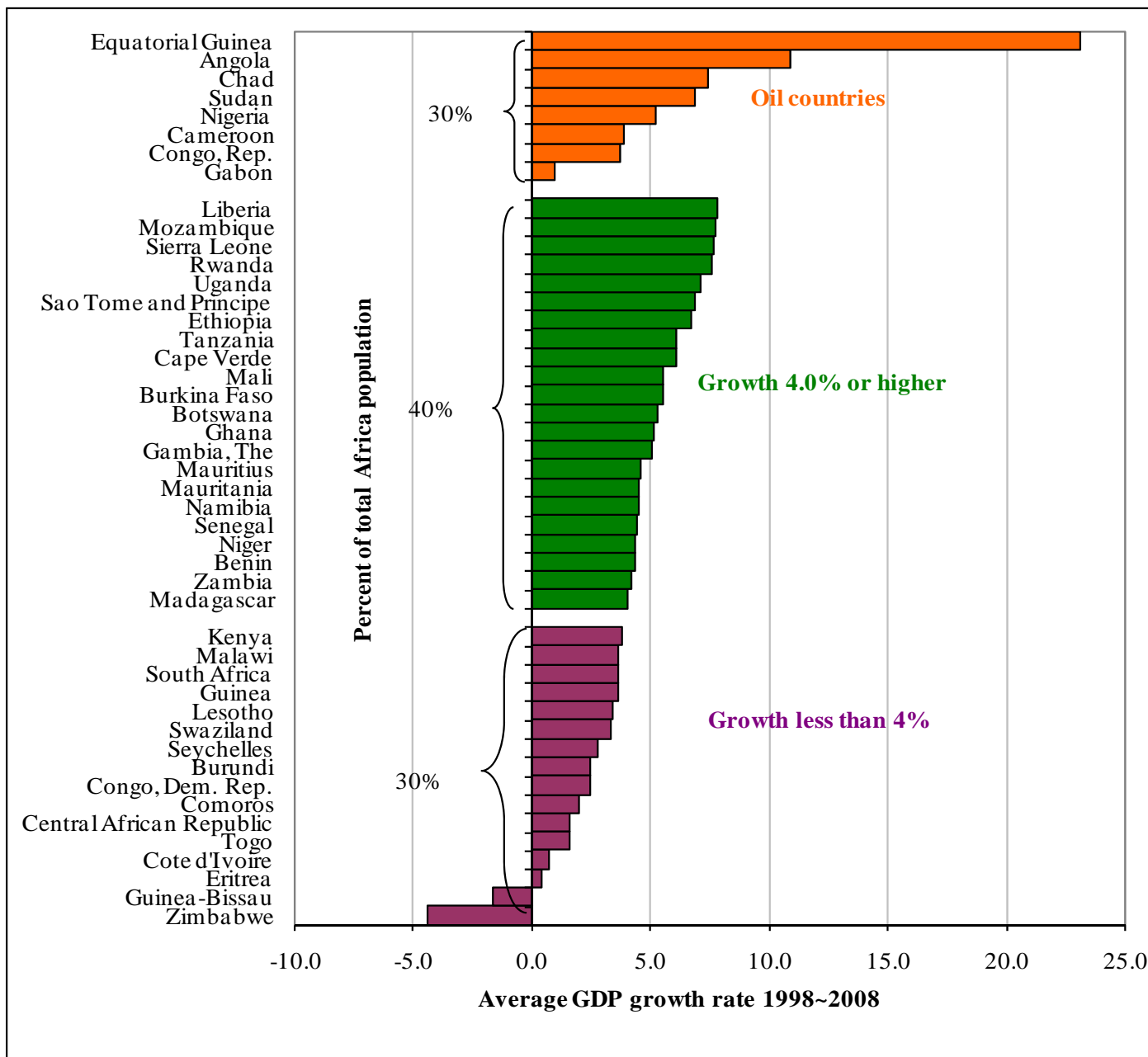
World Bank

<http://blogs.worldbank.org/africacan>

High and accelerating growth until 2008

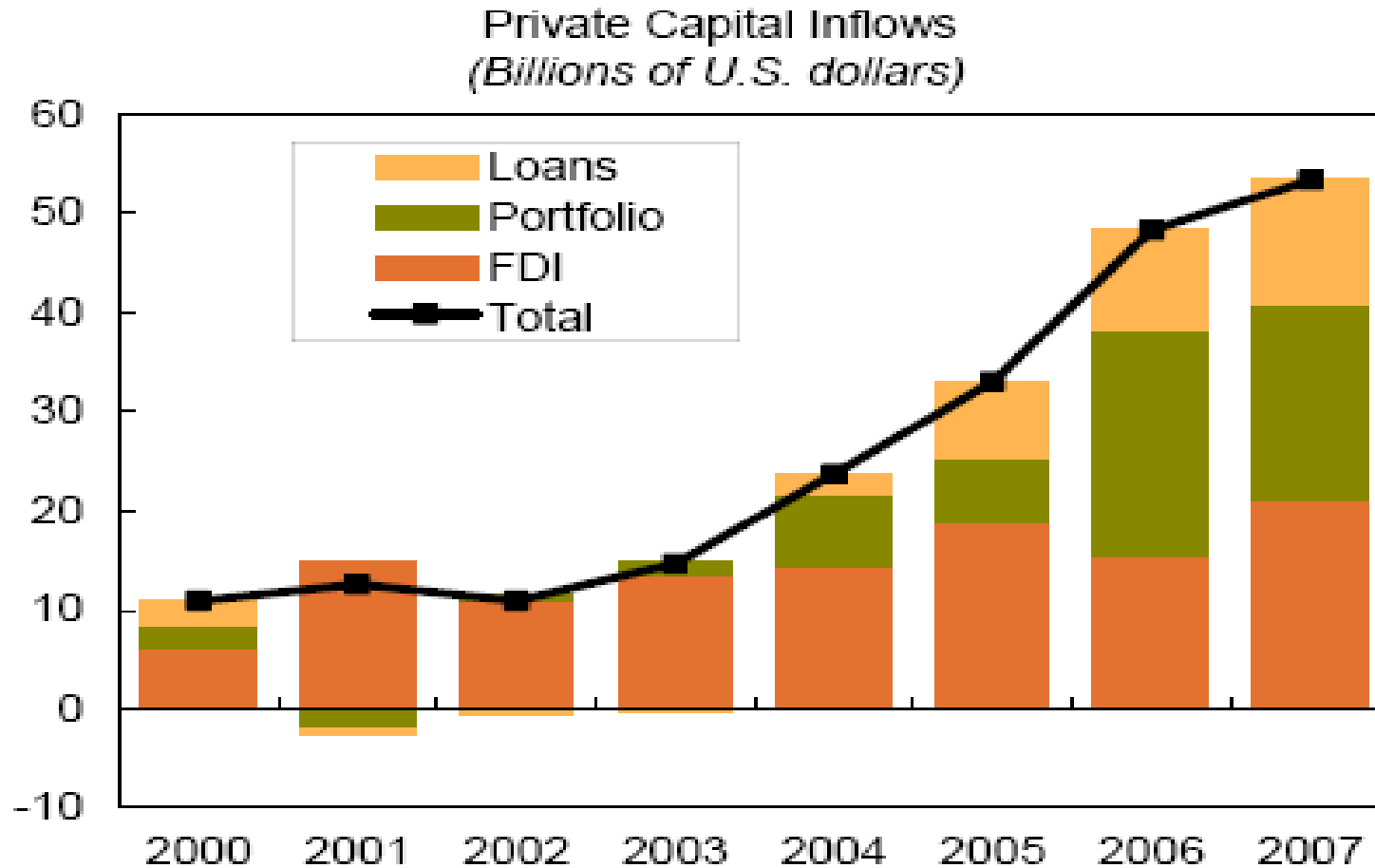


Source: World Bank WDI database. Indices were calculated based on GDP weighted growth rates.



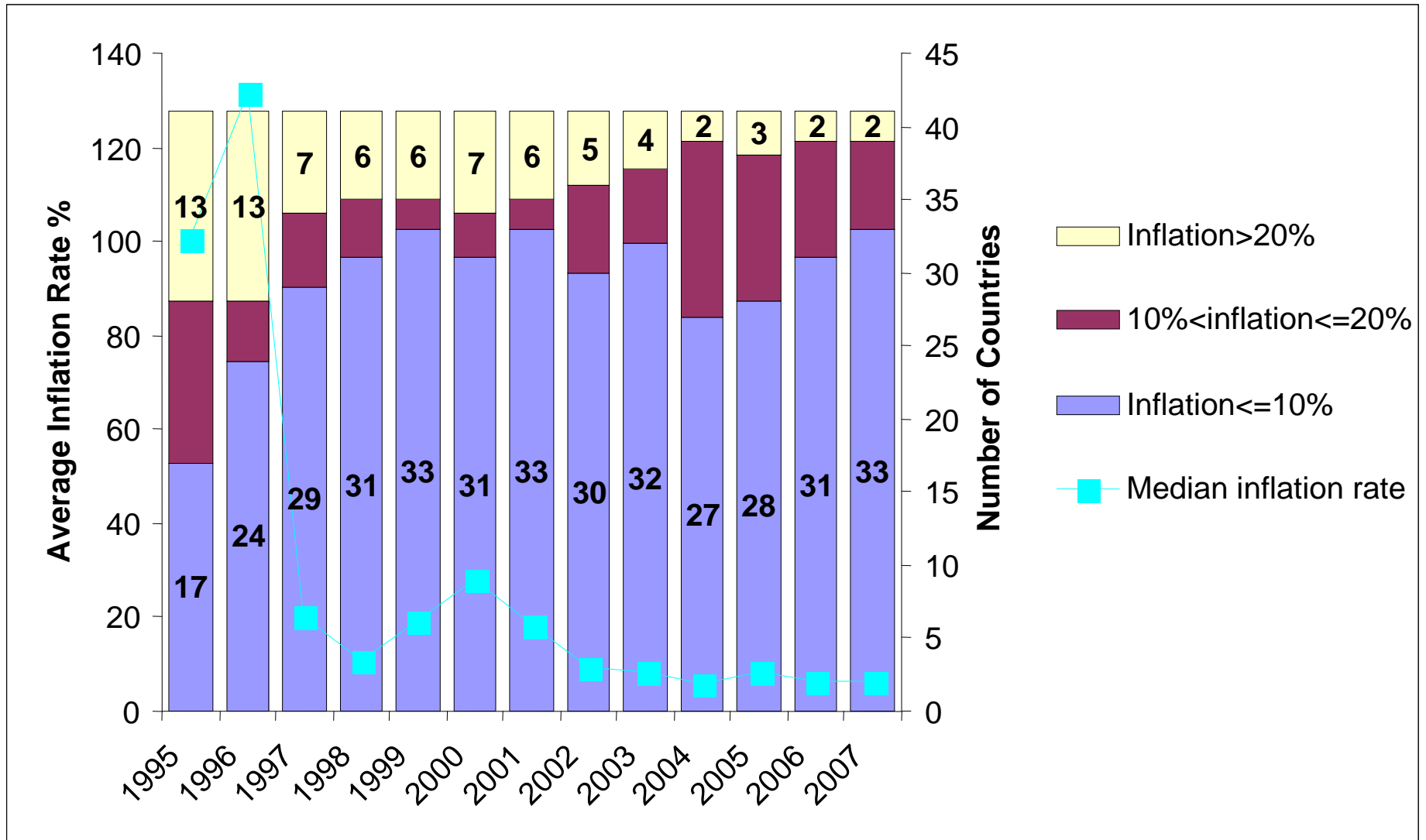
Source: World Development Indicators, World Bank

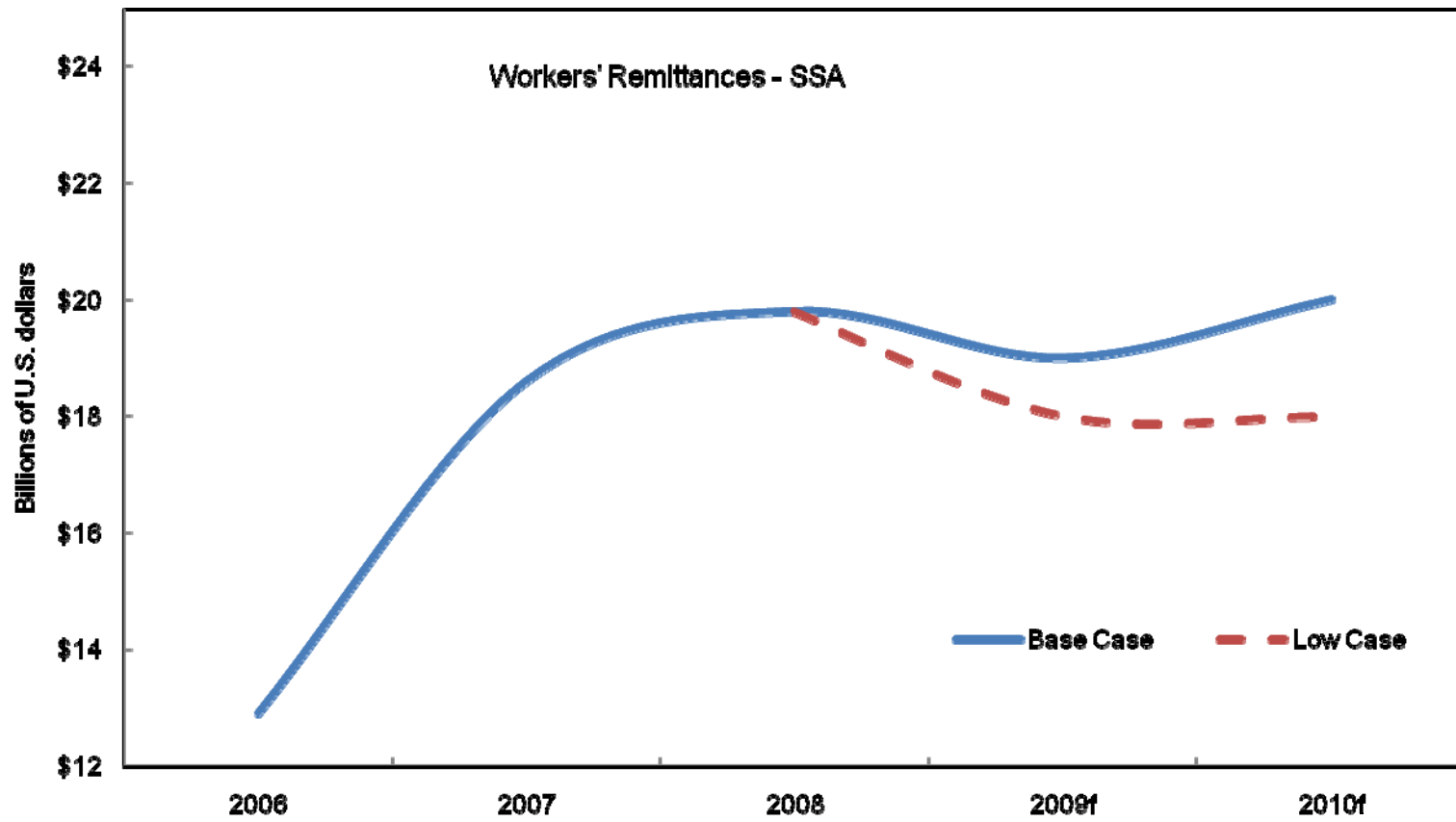
1. Africa has been increasingly relying on private capital flows



Source: IMF World Economic Outlook,
2008

Inflation in Africa





Source: Ratha and Mahopatra (2009)

Tourist arrivals

(compared with equivalent period in 2008)

Country	Percentage change	Period
Gambia	-32.4	Jan-Apr 09
Tanzania	-10.0	Jan-Apr 09
Mauritius	-9.9	Jan-Mar 09
Kenya	-7.0	Jan-Apr 09
Senegal	-6.3	Jan-Apr 09

Source: World Bank staff estimates

Terms of trade shocks

(change in trade balance as percentage of 2006 GDP)

Bottom 5, 2008	
Seychelles	-13.90
Eritrea	-11.68
Togo	-7.79
Cape Verde	-7.25
Senegal	-7.07

Top 5, 2008	
Nigeria	22.92
Gabon	28.23
Congo, Rep.	30.53
Angola	34.77
Equatorial Guinea	49.12

Bottom 5, 2009	
Equatorial Guinea	-26.05
Angola	-19.00
Congo, Rep.	-17.15
Gabon	-15.69
Nigeria	-13.01

Top 5, 2009	
Ethiopia	1.39
Mauritius	2.44
Togo	3.44
Eritrea	3.39
Seychelles	5.92

Figure 1: GDP and GDP per capita growth in SSA

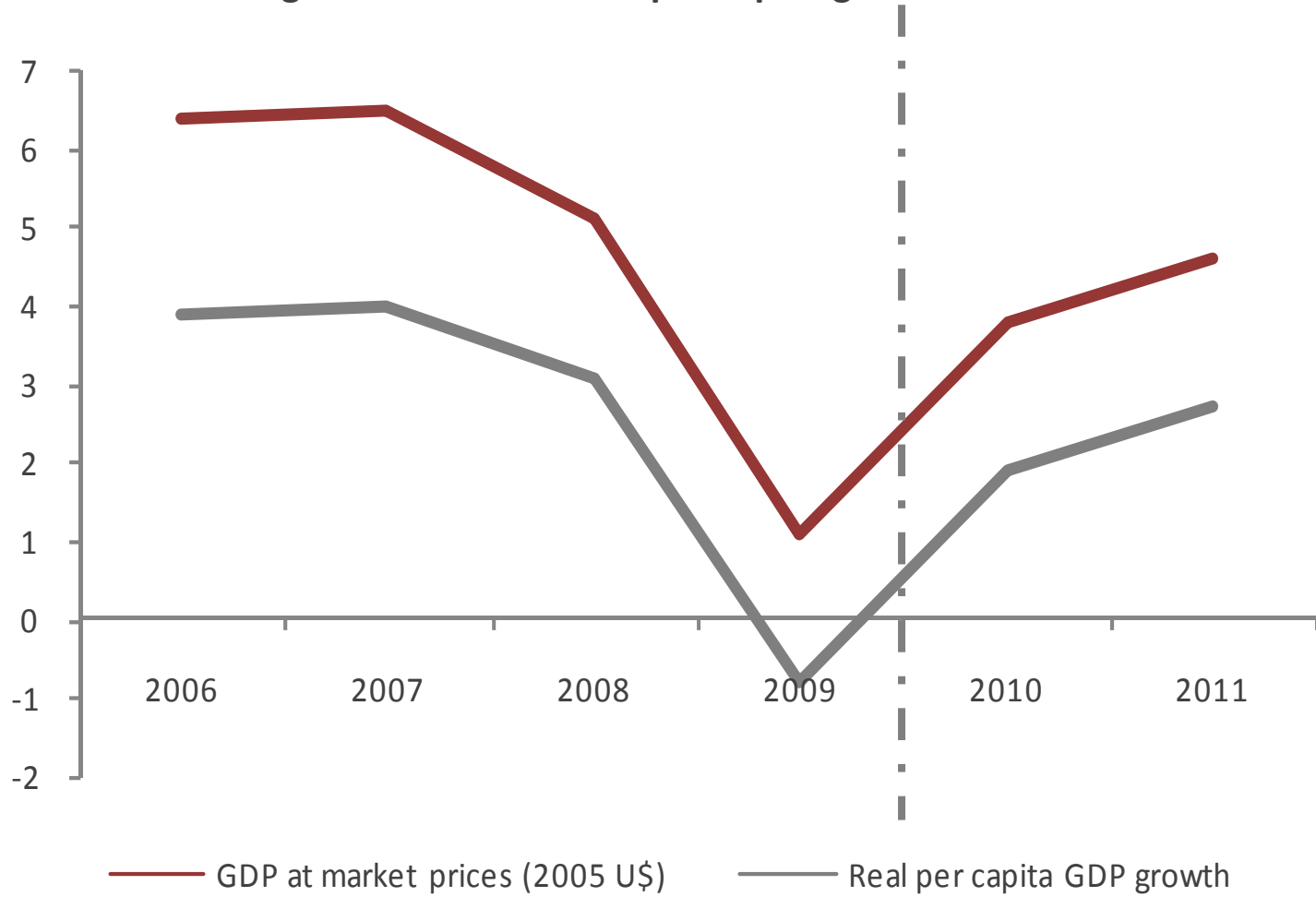
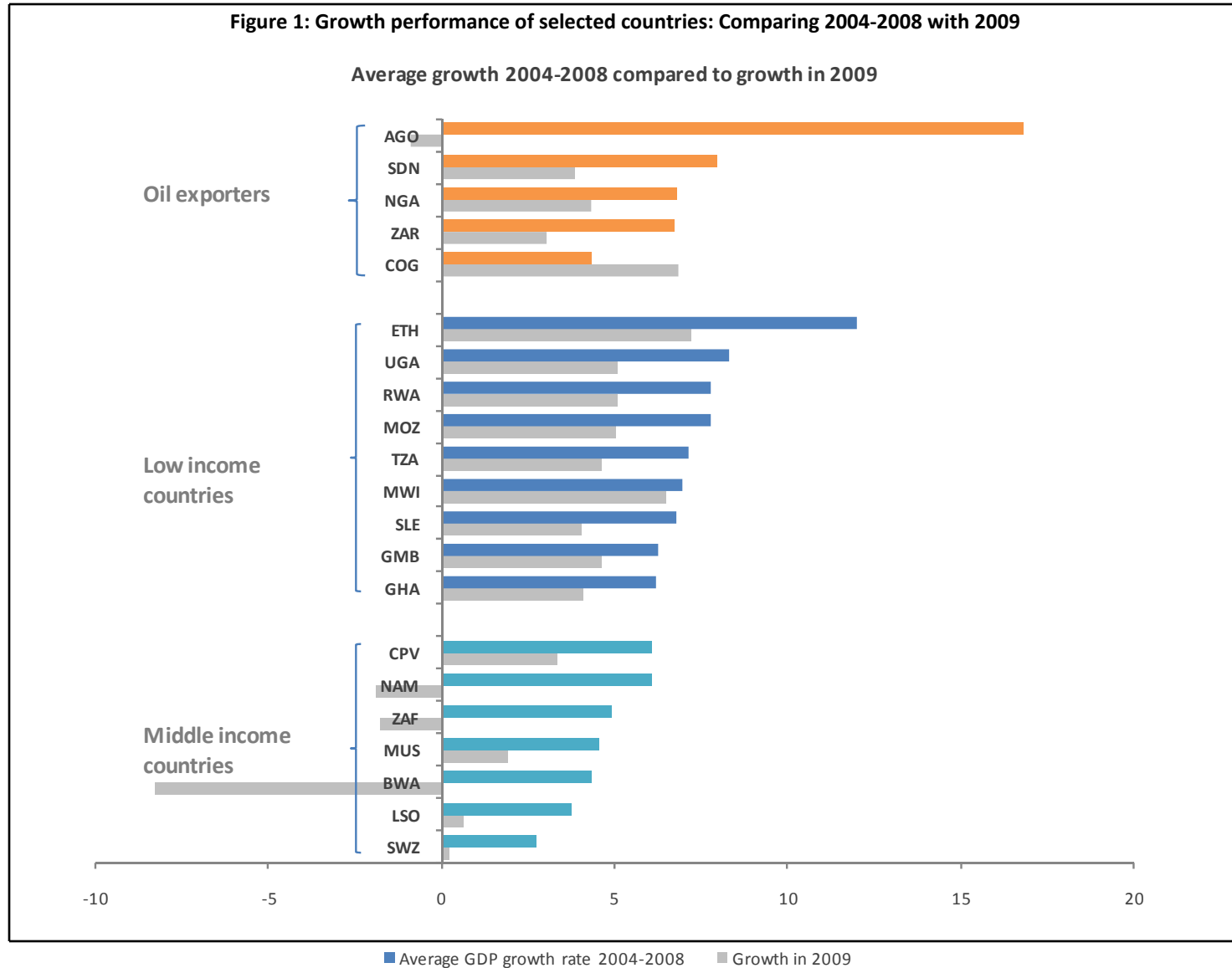
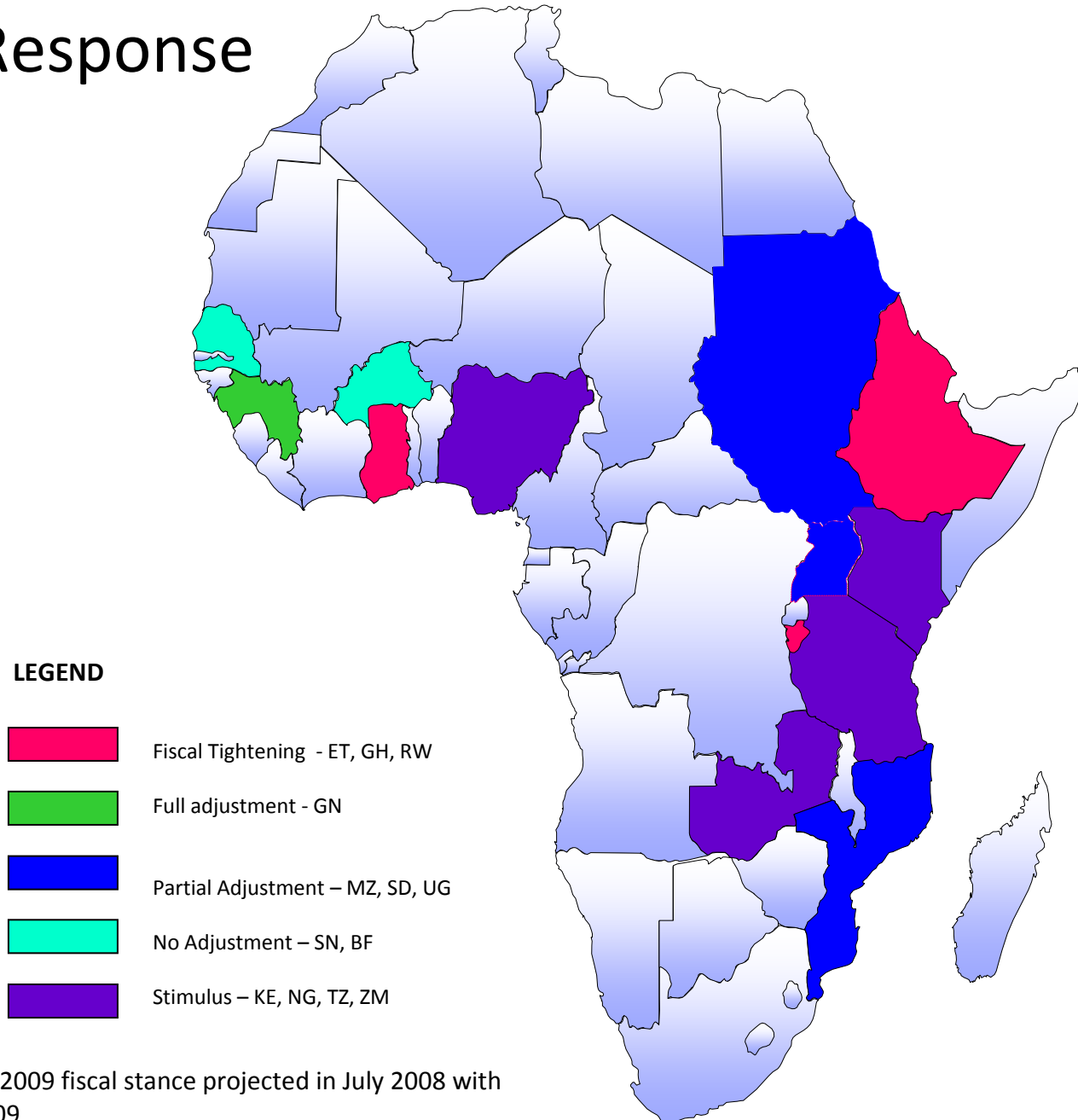


Figure 1: Growth performance of selected countries: Comparing 2004-2008 with 2009



Policy Response



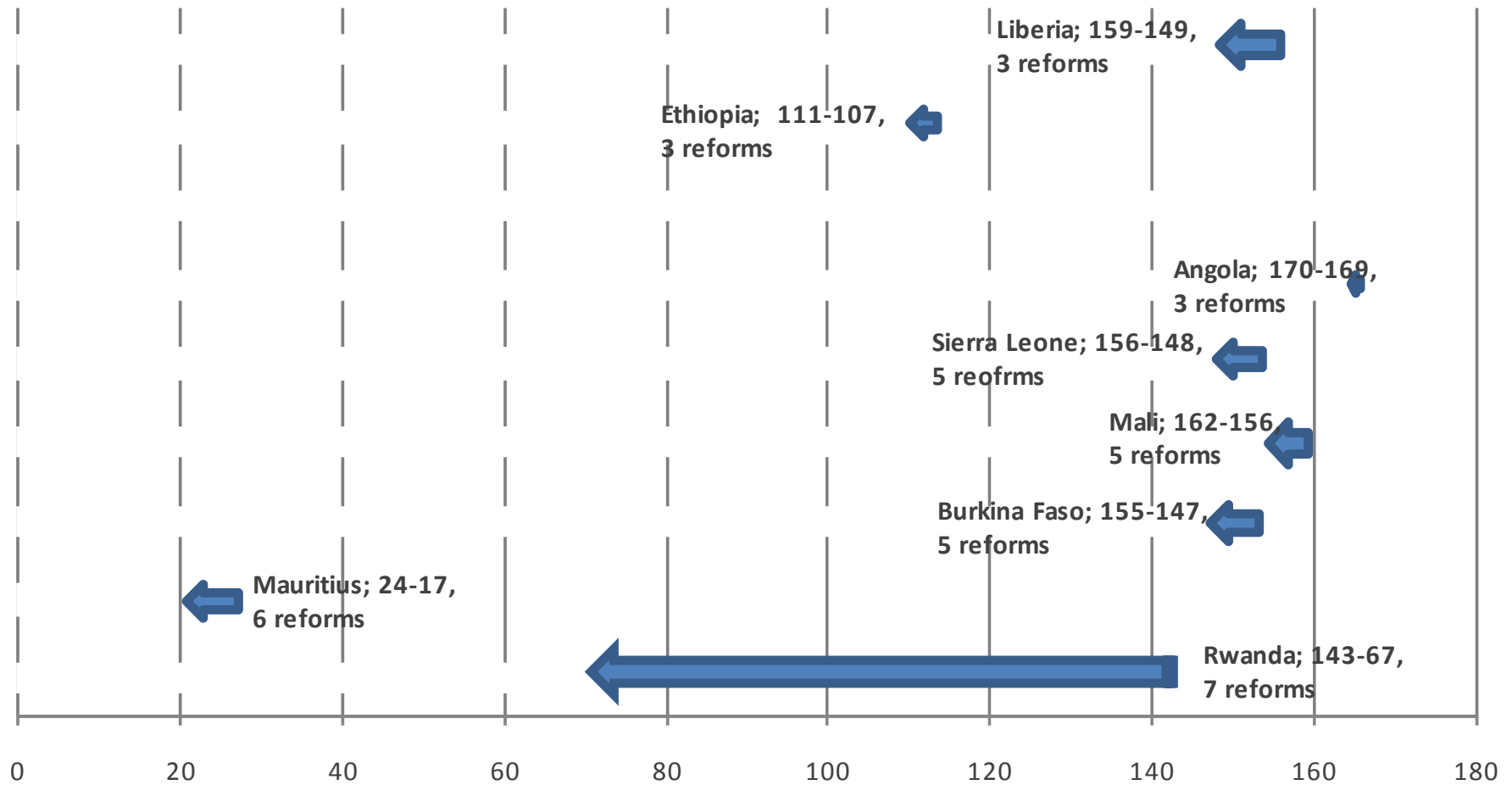
Based on comparing 2009 fiscal stance projected in July 2008 with projection of July 2009

Revenue, Expenditure and Deficit (relative to earlier projections)

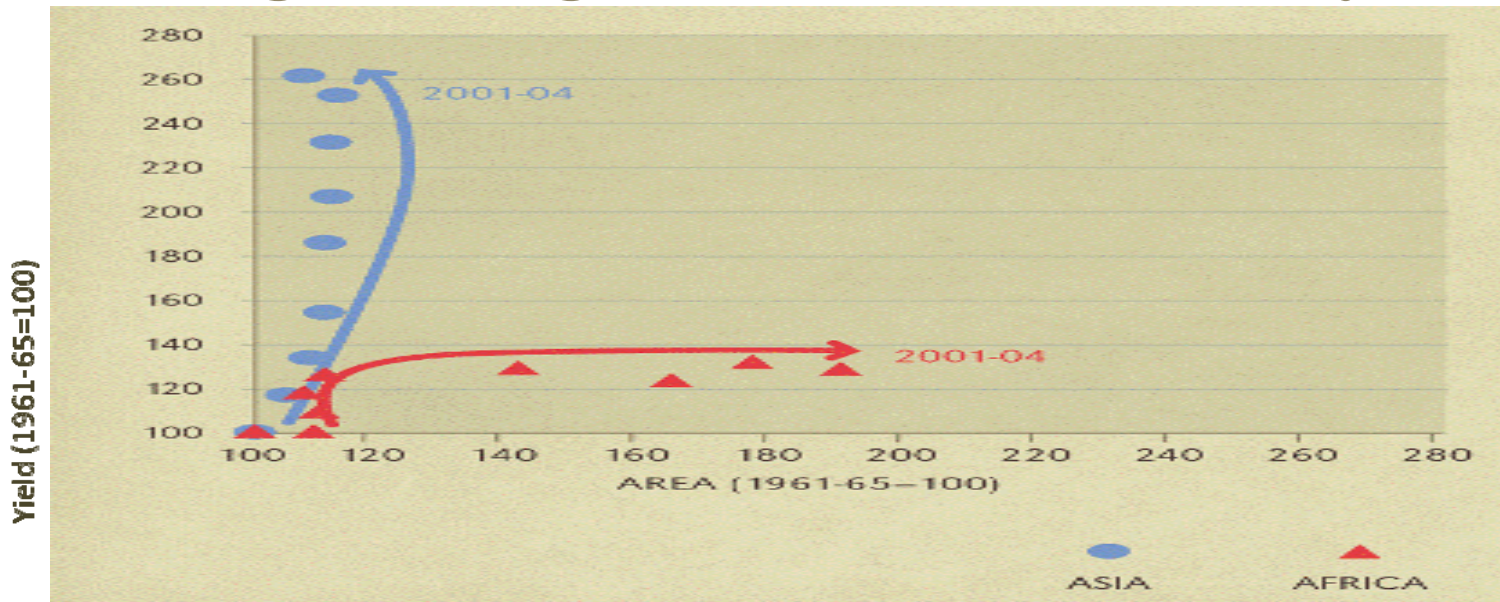
Fiscal Stance	County	Debt Distress Risk	Fiscal Projection Changes				Country	Debt Distress Risk	Fiscal Projection Changes			
			Revenue	Expenditure	Balance (Ex. Grant)	Balance (In. Grant)			Revenue	Expenditure	Balance (Ex. Grant)	Balance (In. Grant)
Fiscal Tightening	Ethiopia	Moderate	-0.5	-1.1	1.4	2.1	Ghana	Moderate	0.1	1.1	-0.8	1.1
	Rwanda	Moderate	-0.5	-1.1	1.4	2.1						
Partial Adjustment	Mozambique	Low	-0.5	-1.1	-0.5	-0.1	Uganda	Low	-0.5	-1.1	0.2	-0.2
No Adjustment	Senegal	Low	-0.5	-0.4	-1.1	-0.5	Burkina Faso	High	-0.5	0.5	-1.7	0.4
Stimulus	Zambia	Low	-0.5	0.5	-1.7	-0.5	Kenya	Low	-0.1	1.0	-1.1	-1.1
	Tanzania	Low	-0.2	0.5	-1.1	-1.1						

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

Challenge #1: Business Climate



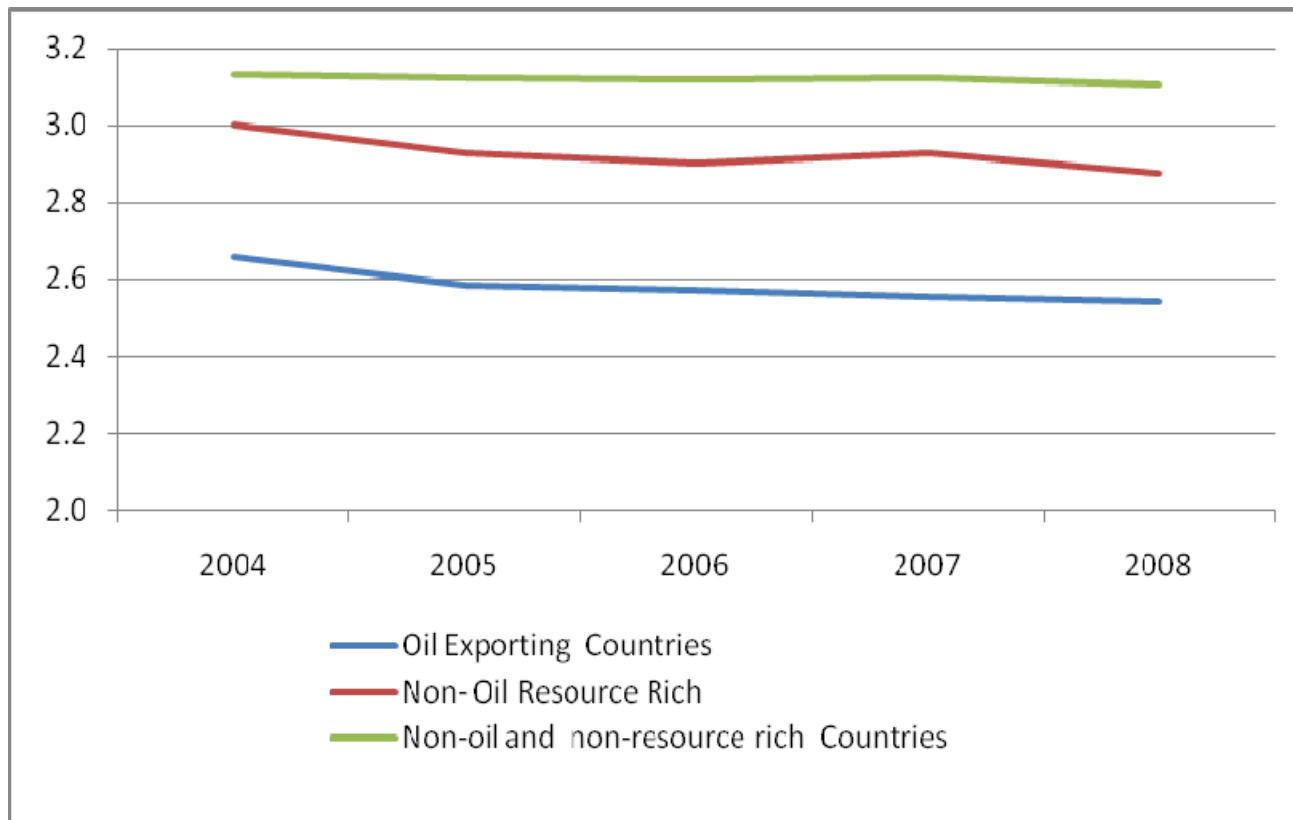
Challenge #2: Agricultural Productivity



Number of countries above 5% annual ag. GDP growth	3	6
Number of countries above 5% annual ag. GDP growth/hectare	2	6
Number of countries above 3% annual ag. GDP growth/worker	7	9
Agricultural GDP growth of all (34) countries (% , value weighted) These indicators are for the 34 SSA countries with complete data over the 2001-2007 period.	2-3	3-9

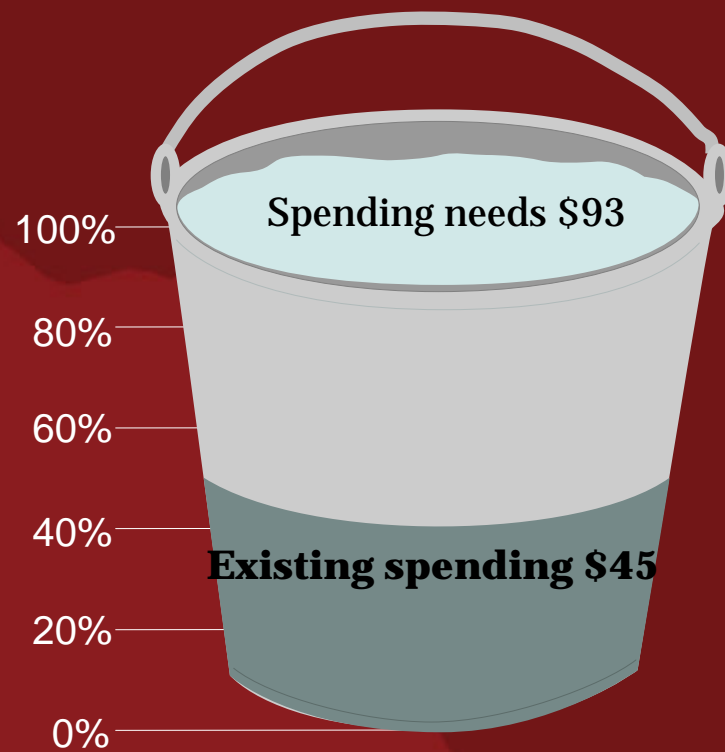
Challenge #3: Governance

CPIA Scores on Public Sector Management and Institutions

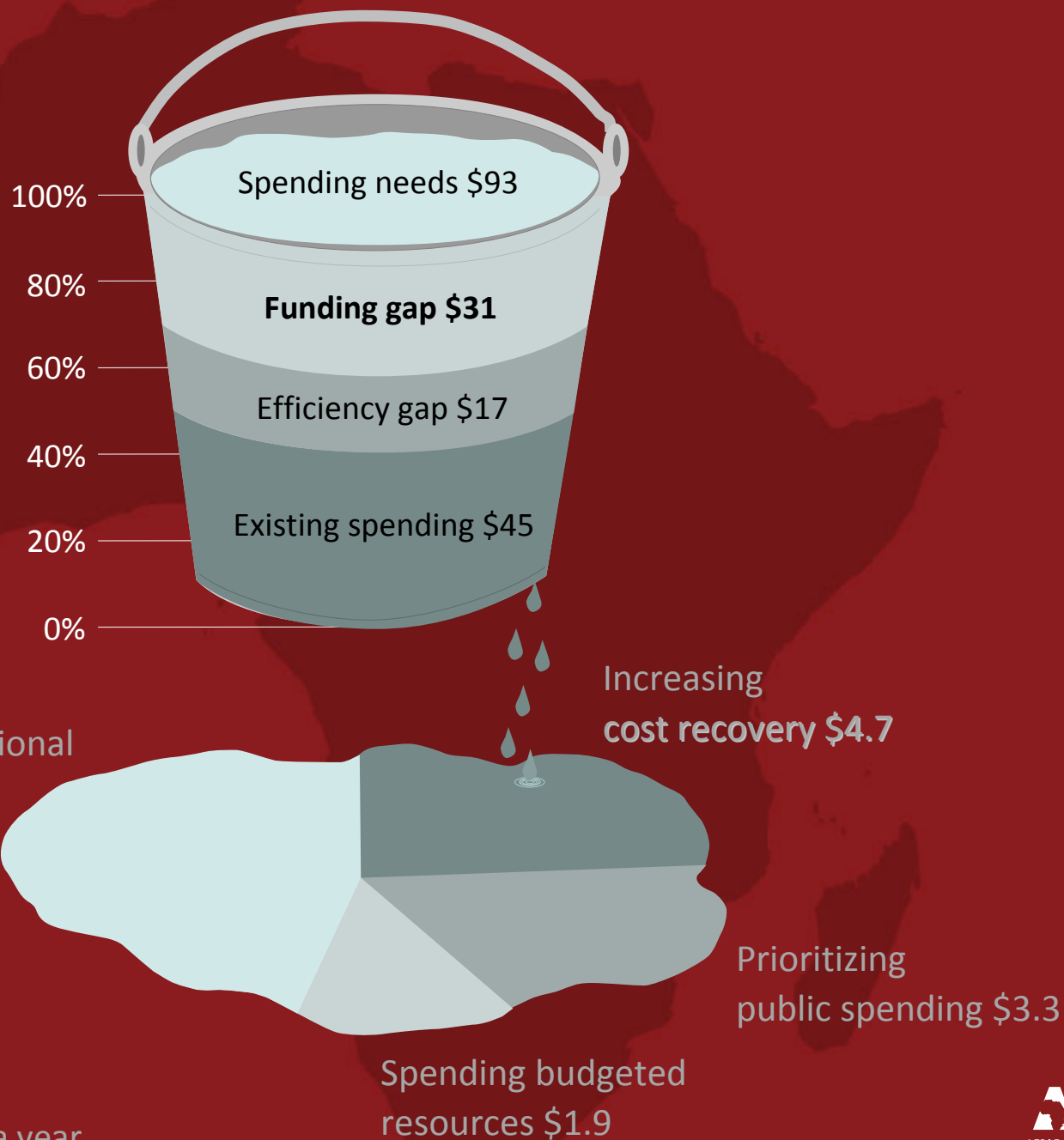


Challenge #4: Africa's Infrastructure Gap

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

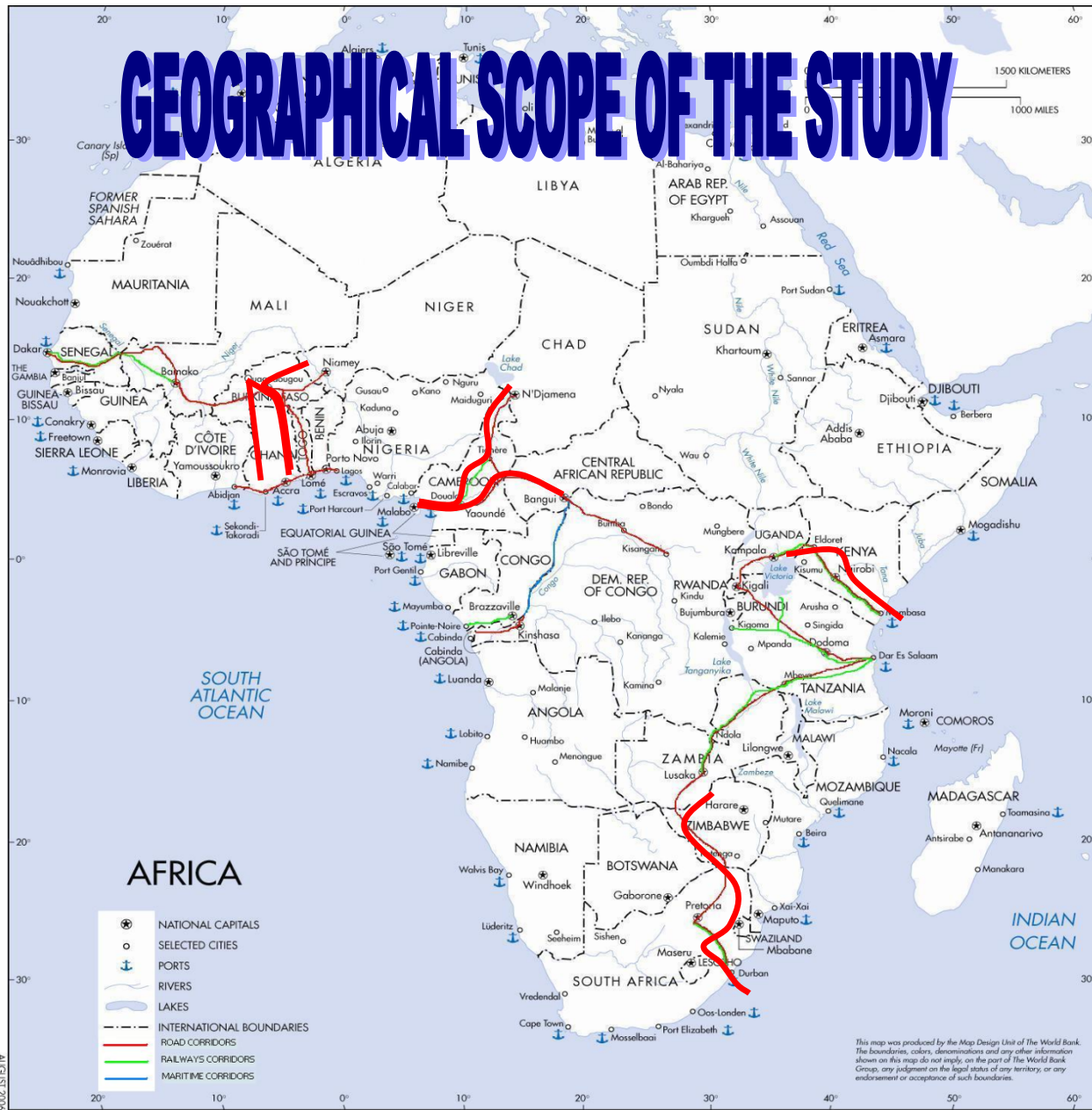


All figures in US\$ billion a year



All figures in US\$ billion a year

GEOGRAPHICAL SCOPE OF THE STUDY



SELECTED CORRIDORS OF THE STUDY

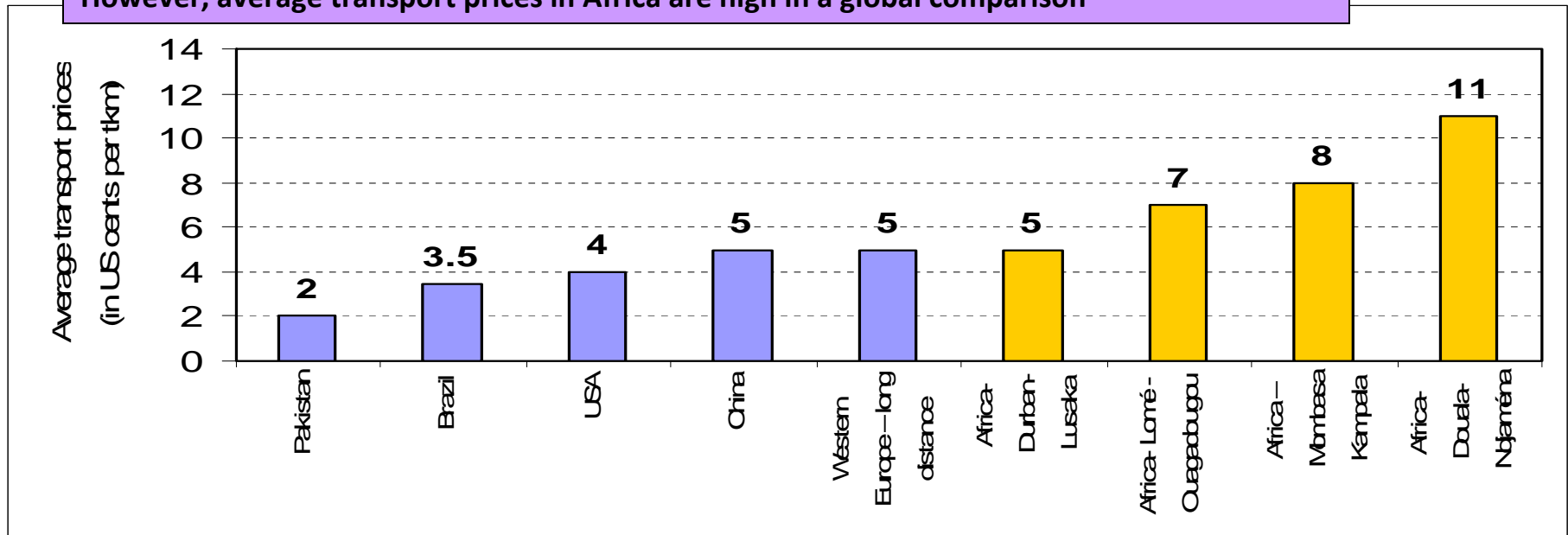
THE TRANSPORT PARADOX IN AFRICA (1)

A disconnect between low transport costs but high transport prices

Transport costs are not excessively high in Africa comparing to France for example

	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

However, average transport prices in Africa are high in a global comparison



THE TRANSPORT PARADOX IN AFRICA (2)

Although low efficiency, profit margins of trucking companies are high

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

