



*“Today in Africa, we are aware that it’s not the Bank or the Fund that is going to develop our countries or fight against poverty. It’s up to us. We shall do it. We need to be accompanied by these institutions because they have the know-how that helps us to amplify, multiply, and accelerate what we are going to do.”*

Ali Badjo Gamatie, Minister of Finance of Niger, at the Spring 2001 Meetings of the World Bank and IMF.

# Africa

## REGIONAL CONTEXT: URGENT NEED FOR FASTER, REGIONWIDE DEVELOPMENT

Economic growth in Africa in 2000 was mixed. While it averaged 7 percent in Mozambique and Uganda and 5 percent in 14 other countries, Sub-Saharan Africa’s economic performance has, on average, weakened over the last two years, largely due to resurgent conflicts and political upheavals in a few countries. In addition, sharply higher oil prices in 2000 created adverse external shocks for some countries, while markets for other primary exports were depressed.

For much of the region, inequality is still high and growth remains below the 5 percent rate needed to prevent an increase in the number of poor. Many still have no access to basic services and cannot effectively participate in the modern economy. HIV/AIDS remains one of the largest challenges to human development in Africa, having already reversed hard-won gains in life expectancy in several countries. Africa has also experienced falling levels of overseas development assistance, down to \$19 per capita by 1998 from \$32 in 1990.

These factors have sharpened the urgency for accelerated development in Africa. At the 2000 World Bank–IMF Annual Meetings in Prague, Bank President James D. Wolfensohn and IMF Managing Director Horst Köhler committed to making Africa a priority. In February 2001 they met with 22 African heads of state in Bamako, Mali, and Dar Es Salaam, Tanzania, to listen to their visions of how Africa can accelerate growth rates, drastically reduce poverty, and position itself to benefit from globalization. The leaders recognized that poverty reduction had to begin with peace, democracy, and good governance. And they acknowledged that prospects for higher

incomes depended on a strong human resource base in Africa—calling for better access to health and education services and an exceptional, concerted fight against HIV/AIDS.

Regional cooperation and integration is also necessary to increase Africa’s competitiveness and position it to maximize the benefits of globalization. Enhancing African access to global markets—especially the markets of industrialized countries and for agricultural products—is an essential factor, alongside debt relief and renewed official aid, for sustaining growth.

## WORLD BANK ASSISTANCE: ACCELERATING AFRICA’S DEVELOPMENT

Bank lending to Africa rose from \$2.2 billion in fiscal 2000 to \$3.4 billion in fiscal 2001. A strategy was submitted to the Board in December 2000 to increase IDA lending to Africa—to reach 50 percent of total IDA resources—while strengthening mechanisms to better reflect country performance in the allocations. The strategy was based on discussions held with IDA Deputies around the IDA-10–IDA-12 review, in preparation of the 13th Replenishment of IDA. Lending included new responses to the HIV/AIDS crisis and oil price shocks, as well as re-engagement in several post-conflict countries. The increased aid flows also reflect the dramatically improved development effectiveness of the region’s Bank-financed projects following intense efforts to raise the quality of project preparation and supervision. Priority areas for Bank assistance were consistent with those articulated in the 2000 landmark study, *Can Africa Claim the 21st Century?* which proposed ways for international donors to better support Africa’s development efforts with a focus on improving governance and resolving conflicts, investing in people, increasing competitiveness and diversifying

### Countries Eligible for World Bank Borrowing:

Angola  
Benin  
Botswana  
Burkina Faso  
Burundi  
Cameroon  
Cape Verde  
Central African Republic  
Chad  
Comoros  
Congo,  
Democratic Republic of  
Congo,  
Republic of  
Côte d’Ivoire  
Equatorial Guinea  
Eritrea  
Ethiopia  
Gabon  
Gambia, The  
Ghana  
Guinea  
Guinea-Bissau  
Kenya  
Lesotho  
Liberia  
Madagascar  
Malawi  
Mali  
Mauritania  
Mauritius  
Mozambique  
Namibia  
Niger  
Nigeria  
Rwanda  
São Tomé and Príncipe  
Senegal  
Seychelles  
Sierra Leone  
Somalia  
South Africa  
Sudan  
Swaziland  
Tanzania  
Togo  
Uganda  
Zambia  
Zimbabwe

## Africa Fast Facts

Total population: 0.7 billion  
 Population growth: 2.4%  
 Life expectancy at birth: 47 years  
 Infant mortality per 1,000 births: 92  
 Female youth illiteracy: 26%  
 2000 GNI per capita: \$480

**Number of persons living with HIV/AIDS: 25 million**

*Note: Life expectancy at birth and infant mortality rate per 1,000 births are for 1999, other indicators are for 2000, from the World Development Indicators database. The term gross national income (GNI) is now used instead of gross national product (GNP).*

### Total FY01 New Commitments

IBRD \$0 million  
 IDA \$3,369.6 million

### Total FY01 Disbursements

IBRD \$43.3 million  
 IDA \$2,446.9 million

Portfolio of projects under implementation as of June 30, 2001:  
 \$14.5 billion



*Kenyan students regulate the flow of liquid into a flask during a chemistry class at Kisumu Girls' High School. Girls' education is an important priority for many African countries.*

economies, reducing aid dependence, and strengthening partnerships. Key priorities in fiscal 2001 included providing debt relief to the poorest countries, tackling the HIV/AIDS epidemic, spurring private sector development, and helping countries empower communities as well as prevent and recover from conflict.

The Bank works closely with multiple development partners in Africa, including multilateral organizations such as the African Development Bank, key bilaterals, the private sector, and nongovernmental organizations (NGOs). For example, it works with the Food and Agriculture Organization on rural development, with the Forum of African Women Educationalists on girls' education, and with the International Partnership Against AIDS in Africa, in whose support it contributed \$4 million to the Joint United Nations Programme on HIV/AIDS (UNAIDS) Secretariat. In addition, the Strategic Partnership with Africa symbolizes the Bank's role in bringing together aid agencies and African institutions, providing a forum for coherently addressing Africa's development issues. The Bank is also working closely with other partners to support the Nile Basin Initiative, and in June 2001 hosted the International Consortium for Cooperation on the Nile, a Consultative Group-style meeting aimed at mobilizing funding for sustainable development of the 10 countries of the Nile Basin.

Table 4.1 shows the value and sectoral distribution of total Bank lending to the Sub-Saharan Africa region in the fiscal 1992–2001 period. Table 8.2 (see About the World Bank) compares commitments, disbursements, and net transfers to the region for fiscal 1996–2001, and table 8.8 (see About the World Bank) shows operations approved in fiscal 2001, by country. Figure 4.1 shows IBRD and IDA lending by sector.

### *Supporting poverty reduction through debt relief*

A total of 13 African countries qualified in fiscal 2001 to receive debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. For these countries, debt service will be reduced over time, from all creditors, by about two-thirds, or over \$25 billion. Particularly in Africa such debt relief reflects the coming together of a global and diverse group of partners. The Bank helped achieve consensus on debt reduction without jeopardizing positive aid transfers.

IDA-eligible African countries became eligible for debt relief by preparing Poverty Reduction Strategy Papers (PRSPs), which bring aid agencies and countries together around common goals defined by the country. Through the PRSP process, 17 African countries began to pursue a country-driven development agenda, underpinned by a process of domestic consensus building and with support from development partners. Such support is provided by the IMF's Poverty Reduction and Growth Facility and the Bank's Poverty Reduction Support Credit, the first of which was approved for Uganda in fiscal 2001 (see page 43).

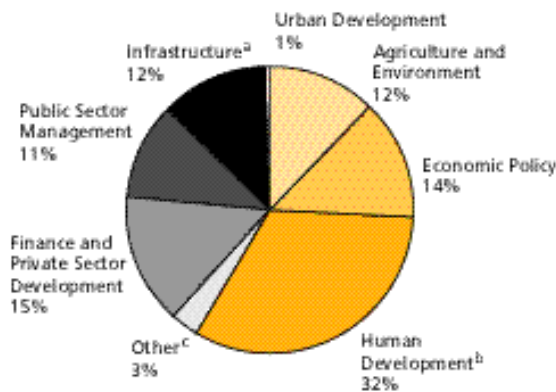
### *Tackling the HIV/AIDS epidemic and other communicable diseases*

Investing in people—and addressing HIV/AIDS in particular—has been a key priority for the Bank, working closely with UNAIDS and other partners (see page 103). In September 2000, through a Multi-Country HIV/AIDS Program for Africa, the Bank made a regionwide commitment to put all the necessary resources at the disposal of African countries struck by the pandemic (see page 27). The Bank earmarked an initial \$500 million in flexible and rapid IDA funding for individual HIV/AIDS projects developed by Sub-Saharan African countries, of which \$287 million was committed in fiscal 2001 for proj-



*A young Peul Beroro girl and her father, near the southern town of Zinder, are among Niger's population of some 10.5 million whose living conditions the Bank seeks to improve. A key focus of Bank assistance to Niger is combating desertification.*

**Figure 4.1 Africa: IBRD and IDA Lending by Sector, Fiscal 2001**  
Share of total of \$3.4 billion



Note: Sector classification is on a loan component basis. See table 1.1, page 26.  
a. Includes transportation, telecommunications, and water supply and sanitation.  
b. Includes \$287.2 million in IDA credits to seven countries under the Multi-Country HIV/AIDS Program for Africa, for which the Bank earmarked \$500 million in September 2000.  
c. Includes electric power and other energy, oil and gas, and mining.

ects in Cameroon, Eritrea, Ethiopia, The Gambia, Ghana, Kenya, and Uganda. A second phase is being prepared. In fiscal 2001 the Bank also stepped up its support for the fight against malaria, a serious killer, particularly among Africa's children (box 4.1).

### *Spurring private sector development*

A buoyant private sector—both domestic and foreign—is critical for sustained growth and generation of jobs and domestic income. The Bank continued supporting reforms aimed at improving the environment for business and investment. It also developed new tools to support the development of trade, such as the seven-country Regional Trade Facilitation Project (box 4.2). In response to African leaders' requests, the Bank increased its lending for infrastructure operations (transport, energy, water)—both to facilitate the development of the private sector and to improve living standards. The Bank committed to further increase its lending in the infrastructure sectors in the coming years.

### *Helping empower communities*

To ensure that development benefits do reach the poorest communities, the Bank developed Community Action Programs, which reflect the Community-Driven Development (CDD) approach that empowers communities by making resources available to them in support of effective local development programs. The Bank has placed growing emphasis on decentralized CDD mechanisms to help channel resources to rural areas, such as the social funds in Malawi and nutrition programs in Senegal and Madagascar. This effort was complemented by a focus on strengthening capacities, in both the public and private sectors. The Bank has committed up to \$150 million to the Partnership for Capacity Building in Africa (PACT) over five years, together with the Harare-based African Capacity Building Foundation. In 2000 PACT funded projects in 29 countries to help develop skills, knowledge, and management capacity.

### *Helping countries affected by conflict*

Conflict is increasingly becoming a development issue in Africa. The Bank has strengthened its capacity to cooperate with specialized partners, including United Nations agencies, bilaterals, and NGOs, in preventing conflict and supporting post-conflict recovery. With regard to prevention, the Bank has worked with others to try to address some of the root causes that may generate political instability and, eventually, conflict, and in particular poverty and inequalities. With regard to recovery, the Bank was active in several countries, both through project financing and technical advice. In November 2000 the Bank approved a \$90 million credit to support Eritrea's long-term reconstruction and economic recovery, through complementary actions in agriculture, private sector reconstruction, and social protection. The Bank also approved two credits totaling \$400.6 million to assist the Ethiopian government with its post-war recovery program. Support included the emergency demobilization and reintegration of 150,000 veterans of the conflict with Eritrea, emergency humanitarian needs, and rehabilitation and reconstruction of infrastructure, as well as stabilization of the economy and restarting the reform agenda. Other countries in which the Bank has been active in post-conflict reconstruction operations include Burundi, Guinea-Bissau, Rwanda, and Sierra Leone.

### **Box 4.1 Rolling Back Malaria**

Malaria is on the rise again, killing over a million people a year worldwide, including an estimated 700,000 children. And the rising numbers of people affected by malaria are overwhelming national health services and weakening societies, particularly in Sub-Saharan Africa, where 90 percent of the cases occur.

In April 2001 the Bank hosted the Fourth Global Partnership Meeting to Roll Back Malaria (RBM). Participants shared experiences on expanding country-level partnerships to implement national programs to reach the RBM goal of halving the burden of malaria by 2010. They examined the roles of government, the private sector, and NGOs in working together to extend malaria programs beyond the public health sector. They also discussed the challenges faced in mobilizing and effectively employing external resources, and the opportunities provided through the PRSP and HIPC initiatives to scale up successful malaria programs.

### **Box 4.2 Stimulating Africa's Productivity by Facilitating Regional Trade**

Financing for productive activities in Africa is severely constrained by a perception that the region is highly risky. In many countries, however, this perception is not justified by circumstances. The IDA-supported Regional Trade Facilitation Project (RTFP, \$110 million) tackles this problem by bringing together countries that are willing to address the market's perception by setting up a credible insurance mechanism against losses caused by political risks. These countries' governments would be the ultimate risk takers in the insurance mechanism, creating a strong disincentive to cause claims. Private insurers, while not currently able to assume the high political risk in cross-border transactions involving African countries, would—with the public sector's assumption of risk—be able to extend activities in the region.

The RTFP will benefit commercial firms involved in trade, by extending the maturities at which credit is available and creating a more stable business environment. Seven countries will initially benefit (Burundi, Kenya, Malawi, Rwanda, Tanzania, Uganda, and Zambia); the project could later be extended to all African countries.

Table 4.1 **World Bank Lending to Borrowers in Africa, by Sector, Fiscal 1992–2001**  
(millions of dollars)

Sector	Classified on a Loan-by-Loan Basis				Classified on a Loan Component Basis	
	FY92–97 <i>Annual average</i>	FY98–99 <i>Annual average</i>	FY00	FY01	FY00	FY01
Agriculture	315.2	182.5	173.6	362.3	181.4	384.7
Economic policy	527.0	503.2	426.2	540.3	360.1	458.3
Education	233.5	283.2	159.7	74.9	203.7	146.7
Electric power and other energy	181.4	190.2	42.9	-	60.3	0.5
Environment	53.9	35.9	16.4	22.0	22.6	26.1
Finance	217.3	17.2	60.4	204.4	60.4	198.6
Mining	10.7	10.0	-	18.0	-	18.0
Multisector	38.9	-	93.5	-	43.2	-
Oil and gas	31.4	8.8	116.6	72.0	116.7	89.0
Health, nutrition, and population	136.9	199.6	110.0	384.2 <sup>a</sup>	154.0	466.2 <sup>a</sup>
Private sector development	193.8	61.3	143.2	462.2	186.6	298.1
Public sector management	101.8	150.9	312.2	382.2	194.9	365.6
Social protection	117.6	113.4	139.4	453.7	143.4	490.5
Telecommunications	14.9	5.4	10.2	-	10.2	11.8
Transportation	294.4	503.2	256.2	99.0	256.2	112.1
Urban development	132.3	105.5	10.8	40.0	91.7	20.0
Water supply and sanitation	124.6	92.9	87.7	254.4	73.7	283.4
<b>Total</b>	<b>2,725.7</b>	<b>2,463.2<sup>b</sup></b>	<b>2,159.1</b>	<b>3,369.6</b>	<b>2,159.1</b>	<b>3,369.6</b>
Of which						
IBRD	175.0	31.2	97.6	-		
IDA	2,550.6	2,432.0 <sup>b</sup>	2,061.5	3,369.6 <sup>a,b</sup>		

Note: See table 1.1, page 26. Numbers may not add to totals because of rounding.

a. Includes \$287.2 million in IDA credits to seven countries under the Multi-Country HIV/AIDS Program for Africa, for which the Bank earmarked funding of \$500 million in September 2000.

b. Excludes IDA HIPC grants of \$75 million to Uganda in fiscal 1998, \$154 million to Mozambique in fiscal 1999, and \$64 million to Cameroon in fiscal 2001.