AFRICA

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
The Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar

For more than a decade, Africa—still the Bank's top priority—has posted healthy growth. Its GDP has expanded at an average rate of 5.4 percent a year. This rapid growth has been fueled, on the one hand, by decisive and deft management of the macroeconomy of a majority of countries and, on the other hand, by more careful management of the global commodities boom. As a result, Africa has become an attractive investment destination for foreign capital, notably in the oil, gas, and mining sectors. The upward trend has awakened memories of the boom of the 1970s, leading to calls on African countries to make sure that their current fortune is not wasted, as it was then. Riots in several African countries, triggered by rising fuel and food prices, have served notice that growth must be inclusive—ensuring that the poor participate in and benefit from its fruits—if the region is to accelerate progress toward meeting the Millennium Development Goals.

During fiscal 2008, the Bank expanded its support to African countries eager to improve management of their natural resources sector. The Bank has helped build their capacity to secure just and fair deals when extraction concessions are awarded, deepening transparency in the management of revenues, and ensuring that revenue from the commodities boom fuels sustainable development. Recognizing the potential of agriculture to curb poverty, particularly in rural Africa, the Bank scaled up support for the sector in fiscal 2008 and agreed to increase lending for agriculture in Africa from $368 million in fiscal 2008 to $650 million in fiscal 2009 and to $800 million in fiscal 2010. The Bank also pursued regional solutions for Africa's most demanding development challenges: bridging the infrastructure gap in the provision of the energy indispensable for growing economies through initiatives such as the West Africa Power Pool, and supporting Africa's efforts to expand intra-African trade through the expansion of transport corridors and customs reform and harmonization. It boosted Africa's efforts to access global markets and to use new trade platforms such as the Internet (under the East African Submarine Cable System, for example) and funded efforts to combat HIV/AIDS, malaria, tuberculosis, avian flu, and other pandemics.

WORLD BANK ASSISTANCE

The Bank—the world's largest provider of development assistance to Africa—provided $5.7 billion in loans, credits, and grants to Africa in fiscal 2008. The Bank approved 91 projects. It also completed 108 economic and sector work activities and 80 nonlending technical assistance activities, many of which focused on strengthening the commitment of countries to reforms. Two African countries—the Central African Republic and Liberia—reached the decision point (when debt relief is revocable) under the enhanced Heavily Indebted Poor Countries (HIPC)

AFRICA FAST FACTS

Total population:	0.8 billion
Population growth:	2.4%
Life expectancy at birth:	50 years
Infant mortality per 1,000 births:	94
Female youth literacy:	64%
2007 GNI per capita:	$952
Number of people living with HIV/AIDS:	22.5 million

Note: Life expectancy at birth and infant mortality rate per 1,000 live births are for 2006; female youth literacy is for 2005; HIV/AIDS data are from the *UNAIDS/WHO 2007 AIDS Epidemic Update;* other indicators are for 2007 from the World Development Indicators database.

TOTAL FISCAL 2008

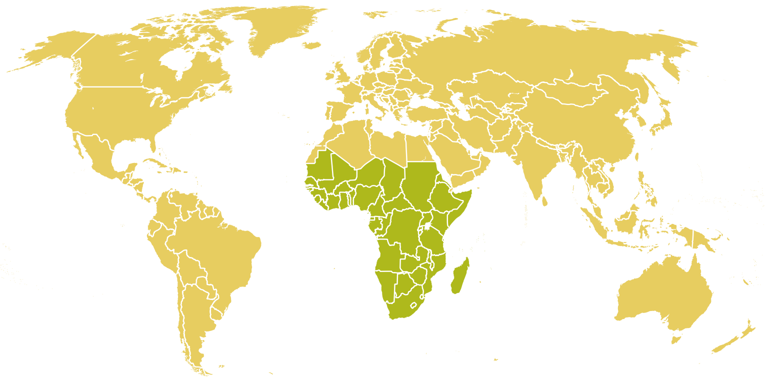
New Commitments
IBRD $30 million
IDA $5,657 million

TOTAL FISCAL 2008

Disbursements
IBRD $42 million
IDA $4,848 million

Portfolio of projects under implementation as of June 30, 2008: $23.3 billion

Malawi	Rwanda	Sudan
Mali	São Tomé and Principe	Swaziland
Mauritania	Senegal	Tanzania
Mauritius	Seychelles	Togo
Mozambique	Sierra Leone	Uganda
Namibia	Somalia	Zambia
Niger	South Africa	Zimbabwe
Nigeria		



Initiative in fiscal 2008. At completion point, they would benefit from additional relief under the Multilateral Debt Relief Initiative. Liberia benefited from interim debt relief estimated at $2.8 billion in nominal terms for an external public and publicly guaranteed debt estimated at $4.7 billion in net present value terms. The nominal amount of HIPC debt relief provided to the Central African Republic is estimated at $823 million. The country's public and publicly guaranteed external debt was estimated at $1.1 billion. No African country reached the completion point (when debt relief is irrevocable) under HIPC in fiscal 2008, and none, therefore, benefited from the Multilateral Debt Relief Initiative in fiscal 2008. Under that initiative, $37 billion in debt, the bulk of it owed by African countries, will be written off over the next 40 years for countries with sound financial management and a commitment to poverty reduction. The Bank warned predatory lenders in developed countries that it is working to stop them from preying on the poor and reversing the benefits achieved through debt relief initiatives.

In response to the food crisis, the Bank provided $10 million in three special financing projects to help some of the most vulnerable countries cope with rising prices in fiscal 2008. It engaged more than 40 countries in policy discussions on the crisis.

COMBATING DISEASE

To address pandemics, the Bank expanded funding to several landmark regional projects, including the Great Lakes Initiative on AIDS Support Project, the Inter-Governmental Authority on Development HIV/AIDS Partnership Program Support Project, the Regional HIV/AIDS Treatment Acceleration Project, and the Senegal River Basin Water Resource Development Project (malaria). It also established a new agenda for action in preventing and dealing with the consequences of HIV/AIDS through 2011 (see **http://www.worldbank.org/afr/aids**). Through its booster program for malaria control in Africa, the Bank committed about $470 million in IDA resources and trust funds to Sub-Saharan Africa from fiscal 2005 to fiscal 2008—more than nine times the volume of resources committed between 2000 and 2005. The funds will be used to purchase and distribute more than 21 million long-lasting insecticidal bed nets, provide more than 42 million doses of artemisinin-based combination therapy, support indoor residual spraying, and strengthen health systems.

SLOW BUT CERTAIN PROGRESS

Over the past decade, Africa has shown that it can expand and sustain economic growth. It now needs to reduce income disparities by sharing the fruits of growth more equitably through policies that pull in the poor—particularly rural dwellers, women, and youth.

Deficiencies in infrastructure—as measured by limited roads, power shortages, and inefficient ports, among other things—remain a major challenge, stifling the continent's capacity to compete in world markets and raising the costs of doing business globally. Export costs in Africa account for 18–35 percent of total costs; in China, by contrast, they represent just 8 percent.

Recognizing the challenge of working in a continent prone to conflict, the Bank Group adopted a new Rapid Response Policy in fiscal 2008, under which the Bank can swiftly deliver

FIGURE 2.1

AFRICA

IBRD AND IDA LENDING BY THEME | FISCAL 2008

SHARE OF TOTAL OF $5.7 BILLION

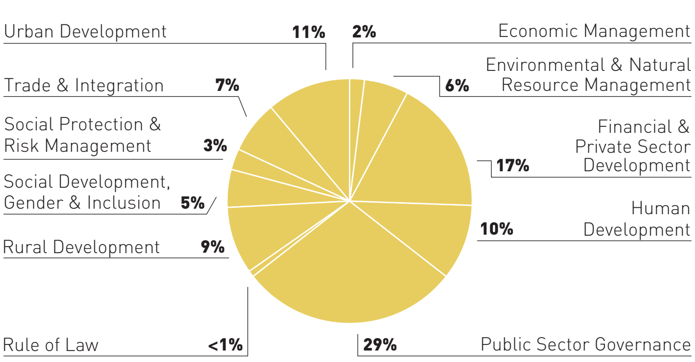
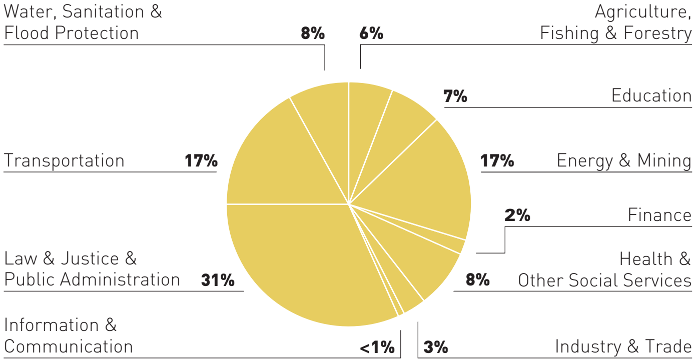


FIGURE 2.2

AFRICA

IBRD AND IDA LENDING BY SECTOR | FISCAL 2008

SHARE OF TOTAL OF $5.7 BILLION



assistance to countries emerging from or severely affected by conflicts or disasters. Through a $250 million Forest Carbon Partnership Facility, the Bank encourages investment to stop deforestation and minimize the negative impact of climate change in return for access to carbon credits. In fiscal 2008, the Bank launched the Lighting Africa Plan, which seeks to provide inexpensive, safe, and cleaner lighting to 250 million people.

The Independent Evaluation Group's new report, *The Welfare Impact of Rural Electrification,* confirmed the benefits are significant enough to justify the investment. The evaluation also shows, however, that the larger share of benefits from rural electrification continue to be captured by the nonpoor, although the gap is closing with the expansion of electrification. Two factors explain this pattern: which communities get connected and which households can afford the connection once the grid is available. By not enabling poorer households to connect to the grid, and by not providing information to consumers so they obtain their maximum benefit, the potential benefits of providing electricity to the poor are not being fully realized. Moreover, households themselves are willing to pay for these benefits, so grid extension into rural areas can be financially viable. The Bank is starting to investigate "smart subsidies" of the sort already used for off-grid electrification programs (such as solar home systems). However, IEG's report shows that the costs of off-grid electrification are higher than those of grid extension, and the benefits less. Directing funds to connection subsidies for grid extension can reach more poor people at lower cost.

The Bank will continue to support initiatives like these to ensure that aid is effective, predictable, and supportive of results-oriented, country-led programs. It will continue to help minimize transaction costs, in keeping with the March 2005 Paris Declaration. Toward that end, in fiscal 2008 the Bank approved a major simplification of and reduction in loan charges for the 79 creditworthy low- and middle-income countries that are clients and shareholders of IBRD. The move has returned loan pricings to the levels in effect before the price increases of 1998. (See **http://www.worldbank.org/afr**.)

TABLE 2.1

WORLD BANK LENDING TO BORROWERS IN AFRICA BY THEME AND SECTOR | FISCAL 2003–2008

MILLIONS OF DOLLARS

THEME	2003	2004	2005	2006	2007	2008
Economic Management	37.8	68.0	46.5	31.4	94.6	139.4
Environmental and Natural Resource Management	227.0	195.2	217.2	250.6	212.0	338.0
Financial and Private Sector Development	383.6	810.9	768.2	979.1	962.7	982.1
Human Development	811.4	618.2	620.2	673.3	1,104.5	572.2
Public Sector Governance	432.4	818.4	708.0	964.7	859.2	1,612.1
Rule of Law	34.5	28.3	30.9	179.7	13.1	22.7
Rural Development	384.1	360.7	537.2	528.6	780.0	526.4
Social Development, Gender, and Inclusion	420.0	374.3	221.8	198.5	314.3	275.2
Social Protection and Risk Management	543.7	209.2	294.3	262.7	272.3	169.0
Trade and Integration	37.2	371.5	232.0	413.1	449.7	407.3
Urban Development	425.5	261.1	211.4	304.9	734.5	642.2
Theme Total	**3,737.2**	**4,115.9**	**3,887.5**	**4,786.6**	**5,796.9**	**5,686.5**
SECTOR						
Agriculture, Fishing, and Forestry	303.4	268.5	215.3	585.5	369.7	367.6
Education	423.6	362.9	369.0	339.3	706.6	373.0
Energy and Mining	324.4	365.8	509.5	524.5	773.0	939.4
Finance	67.2	165.7	68.6	142.3	26.3	129.7
Health and Other Social Services	775.9	723.1	590.3	614.0	687.3	467.5
Industry and Trade	92.7	95.4	253.8	348.4	144.2	196.2
Information and Communication	41.4	52.9	20.0	5.0	146.0	0.8
Law and Justice and Public Administration	721.8	1,004.2	1,077.5	1,263.0	1,352.5	1,748.0
Transportation	690.5	716.6	507.2	602.7	870.8	986.5
Water, Sanitation, and Flood Protection	296.3	360.8	276.2	361.9	720.5	477.9
Sector Total	**3,737.2**	**4,115.9**	**3,887.5**	**4,786.6**	**5,796.9**	**5,686.5**
Of which IBRD	15.0	0.0	0.0	40.0	37.5	30.0
Of which IDA	3,722.2	4,115.9	3,887.5	4,746.6	5,759.4	5,656.5

Note: Effective fiscal 2005, lending includes guarantees and guarantee facilities.