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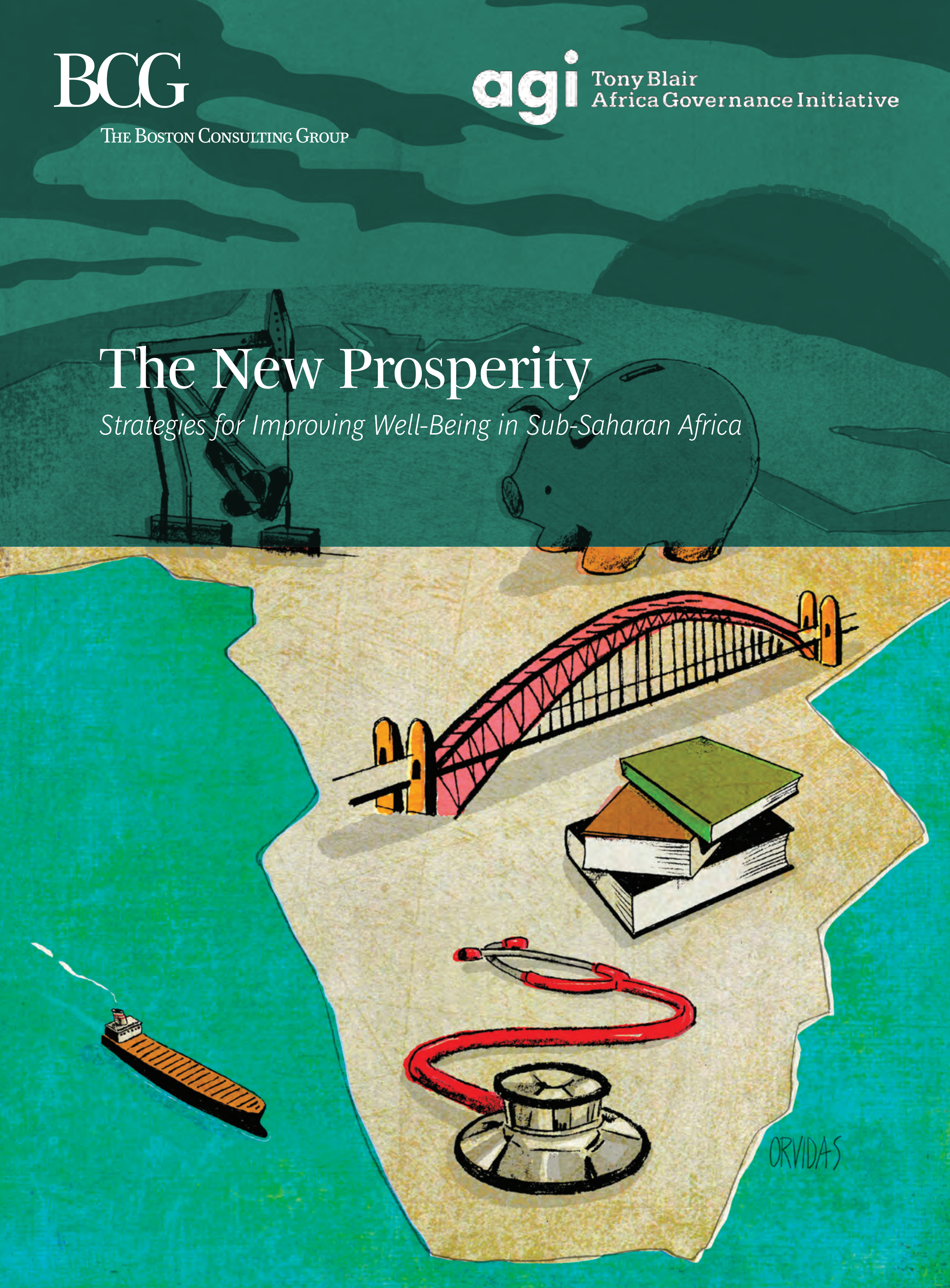
The New Prosperity

Strategies for Improving Well-Being in Sub-Saharan Africa



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The New Prosperity

Strategies for Improving Well-Being in Sub-Saharan Africa

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May 2013

AT A GLANCE

Well-Being in Sub-Saharan Africa Is Rising

Sub-Saharan African nations are achieving impressive improvements in well-being, a comprehensive measure of a country's socioeconomic development. The Boston Consulting Group, in partnership with the Tony Blair Africa Governance Initiative, used BCG's Sustainable Economic Development Assessment methodology to examine the policies that are driving those gains.

Nations Are Innovating

Some Sub-Saharan African countries are using innovative strategies with notable success. Ethiopia, for example, has instituted a primary health program that is transforming the health of its citizens. Ghana has implemented a host of commercial reforms that have helped the country emerge as a regional investment center. And resource-rich Angola has upgraded critical infrastructure, an investment made possible by funds from the nation's development of oil resources.

Governance Matters

Progress in improving well-being is driven by a combination of four factors: strong political commitment, disciplined prioritization of key objectives, well-crafted policies that reflect local realities, and effective systems for delivering change.

AFRICA IS OFTEN VIEWED as a region of extremes, with both tremendous resources and enduring difficulties. In recent years, demand for those resources has stoked strong economic growth. But that growth has played out amid well-documented—and daunting—challenges: conflict, poverty, and the twin scourges of HIV and AIDS, to name just a few. A deeper look at what is occurring in Africa today reveals a more complex—and hopeful—picture.

The Boston Consulting Group, in partnership with the Tony Blair Africa Governance Initiative (AGI), has used BCG's Sustainable Economic Development Assessment (SEDA) methodology to study Sub-Saharan Africa. Instead of focusing on GDP per capita—the traditional indicator of a country's general welfare—SEDA assesses overall well-being, a comprehensive measure of a population's living standards that includes governance, health, and economic stability. This in-depth evaluation broadens the traditional view of Africa, which has often centered on poverty and on tapping the continent's vast natural resources, and reveals where real progress is being made.

The SEDA evaluation makes clear that there is great reason for optimism about Africa. While Sub-Saharan African nations still have current levels of well-being far below those of wealthier countries, they are nevertheless among the nations making the biggest gains globally. In fact, an examination of countries around the world with the greatest recent progress in well-being shows that 8 of the top 30 countries are from Sub-Saharan Africa.[1]

The SEDA evaluation makes clear that there is great reason for optimism about Africa.

SEDA Offers Insights into Change

SEDA provides a window into life—and well-being—in Sub-Saharan Africa. (See the sidebar "Understanding Well-Being.") Using SEDA, we examined countries both individually and grouped into three clusters: landlocked, coastal, and resource rich. Note that we did not include North Africa in our overall analysis because countries in that region are typically at a different stage of development from most nations in Sub-Saharan Africa, a view supported by SEDA. (See the sidebar "North Africa and Sub-Saharan Africa Are at Different Stages of Development," page 5.)

The data highlighted some striking success stories. In the landlocked nation of Ethiopia, novel approaches are driving significant improvements in providing primary health care for rural populations. At the same time, government policies in coastal Ghana have made that country one of the region's most attractive investment centers and are contributing to the emergence of a robust information-

UNDERSTANDING WELL-BEING

The Boston Consulting Group studied Sub-Saharan Africa through the lens of the firm's SEDA methodology, an approach that assesses a country's general welfare by measuring the well-being of its population.

We evaluated overall well-being across ten key dimensions: income, economic stability, employment, income equality, civil society, governance, education, health, environment, and infrastructure. And we looked not only at a country's current level of well-being but also at recent progress—that is, how well-being has changed over the most recent five-year period for which data are available. Both the current level of well-being and recent progress were measured on a scale of 0 to 100, with 100 representing the highest level among the 150 countries examined by SEDA.

We also compared current-level SEDA scores with GDP per capita to see the relationship between well-being and wealth. (See Exhibit 2.) Countries that sit above the average line deliver higher levels of well-being than would be expected given their GDP levels, while those below the line deliver lower levels of well-being than would be expected. A similar analysis can be done by comparing the SEDA scores for recent progress with growth in GDP to see how nations stack up in terms of translating recent economic growth into improved standards of living. (For more detail, see the BCG report *From Wealth to Well-Being: Introducing the BCG Sustainable Economic Development Assessment*, November 2012).

technology industry. And political stabilization in resource-rich Angola after decades of war has fostered major progress, including the rebuilding of the nation's infrastructure.

These improvements illustrate an inescapable truth: governance matters. In fact, advances in governance constitute the single largest differentiator between the Sub-Saharan African countries with the greatest improvement in SEDA scores for overall well-being and those with the least—and this holds true even when comparing gains in income. (See Exhibit 1.) And while the circumstances and details of each of those countries are unique, we found that progress was always driven by some combination of four factors: strong political commitment, disciplined prioritization of key objectives, well-crafted policies that reflect local realities, and effective systems for delivering change.

Certainly significant challenges remain in Africa—corruption and political instability not the least among them. But real progress and innovation are occurring in the region nevertheless. And that explains why African leaders are no longer looking mainly to Europe or North America for ideas but are instead learning from their neighbors, and, increasingly, offering policy inspiration to countries around the globe.

NORTH AFRICA AND SUB-SAHARAN AFRICA ARE AT DIFFERENT STAGES OF DEVELOPMENT

Before undertaking this study, we considered whether or not to include North Africa in our analysis.

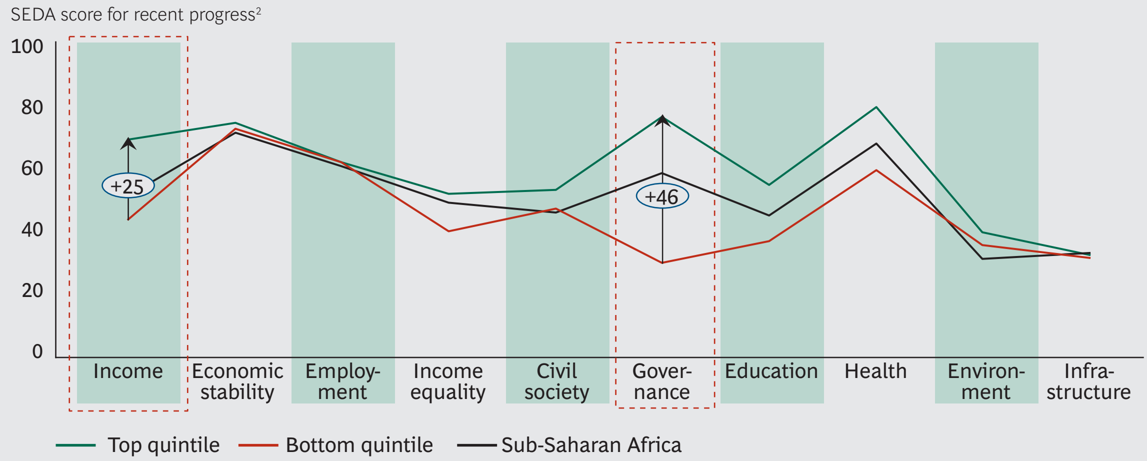
Historically, North Africa, which comprises the coastal nations of Egypt, Morocco, and Tunisia, as well as the resource-rich countries of Algeria and Libya, has been culturally and religiously distinct from Sub-Saharan Africa. Recent political developments, including the changes wrought by the Arab Spring, have further amplified those distinctions. What's more, North Africa's GDP per capita levels are generally higher than those of the Sub-Saharan African countries.

SEDA underscores this divergence. North Africa and Sub-Saharan Africa are at different stages of development. North Africa's current average score for well-being is triple that of Sub-Saharan African countries. North Africa also outperforms Sub-Saharan Africa in assessments of well-being relative to wealth. (See Exhibit 2.) Specifically, the scores for North Africa are more than double those for Sub-Saharan Africa on measures of income, education, health, and infrastructure. Sub-Saharan African scores are higher for environment and employment, but the remaining dimensions are all comparable.

This report, therefore, focuses on Sub-Saharan Africa.

EXHIBIT 1 | Governance Is the Biggest Differentiator of Recent Progress Between Top-Quintile and Bottom-Quintile Countries in Sub-Saharan Africa

Average recent-progress scores for top-quintile, bottom-quintile, and overall Sub-Saharan African countries[1]



Source: BCG analysis.
Note: The top-quintile African countries are Angola, Ethiopia, Republic of Congo, Rwanda, Malawi, Lesotho, and Tanzania. The bottom-quintile countries are Madagascar, Eritrea, Senegal, Central African Republic, Zambia, and Mauritania.
[1]The quintiles refer to the SEDA scores for recent progress in Africa.
[2]SEDA stands for BCG's Sustainable Economic Development Assessment methodology.

Sub-Saharan Africa Still Trails on Many Measures, but It Is Making Great Strides

SEDA illuminates how Sub-Saharan African nations are performing relative to their peers and to nations in other parts of the world. (See the sidebar "Using SEDA to Identify International Role Models.") It is hardly surprising that Sub-Saharan African nations have low current levels of well-being given their low income levels. Of the 30 nations that hold the lowest current SEDA scores for well-being, 26 are from Sub-Saharan Africa—and not one country in the region lands in the top half. Sub-Saharan African nations also have fairly low scores for most of the ten components of well-being, including GDP per capita, health, education, and governance.

Perhaps more surprising, however, Sub-Saharan African countries perform poorly when it comes to converting their limited wealth into well-being, too. An examina-

USING SEDA TO IDENTIFY INTERNATIONAL ROLE MODELS

SEDA's value stems not only from its ability to illuminate how an individual country is performing but also to compare the relative performances of countries within and among different regions. That insight allows for identifying strong performers and determining the best practices they have embraced.

Consider, for example, how oil-rich Sub-Saharan African nations compare with Indonesia, another developing country. Indonesia was once a major oil exporter. In the 1980s, its production of natural resources peaked at 25 percent of GDP, with oil representing the largest component of that production. And while Indonesia's GDP per capita today is on a par with the average for oil-rich nations in Sub-Saharan Africa, the country's current-level SEDA score is almost triple those nations' scores. Understanding why that's so can yield important lessons for all African nations.

One key factor in the difference is economic stability. Oil-rich Sub-Saharan African nations are about as economically stable as other developing countries—but they lag far behind Indonesia. (See the exhibit, page 7.)

What, then, might African nations rich in oil resources learn from Indonesia? Indonesian leaders have moved aggressively over the past 30 years to diversify the economy and build a strong base of domestic demand for goods, moves that have reduced economic volatility. From 1968 to 1998, the government established policies to support the development of local manufacturing. The devaluation of the country's currency in 1978 gave a boost to Indonesia's international competitiveness, and regulatory reforms, first introduced in 1980, have encouraged private participation in the economy.

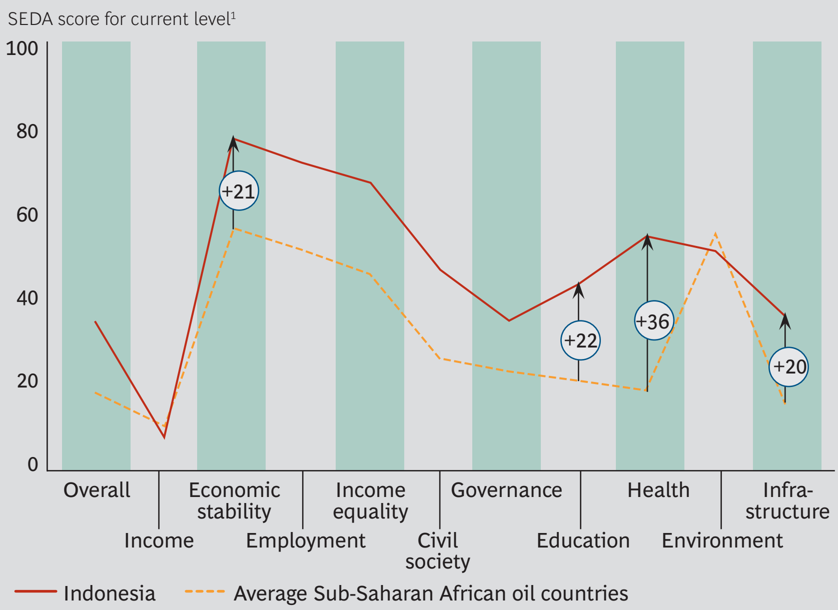
The result: Indonesia now boasts the sixteenth-largest economy in the world, with growth accelerating in recent years to more than 6 percent annually. Furthermore, increasing urbanization and the expansion of the working-age population in Indonesia are expected to drive tion of wealth to well-being—a metric that adjusts current levels of well-being by GDP per capita—finds that Sub-Saharan African countries come out well below other nations. (See Exhibit 2.) For example, when resource-rich nations in the region are compared with countries in Southeast Asia with similar, or even lower, per capita incomes, the Sub-Saharan African nations underperform overall on well-being.

But history is not destiny, of course, and the recent gains in well-being in Sub-Saharan Africa demonstrate real, significant progress on the continent. Evaluation of the ten components of well-being shows that recent five-year gains have been the most robust in health and economic stability, followed by governance and employment.

Several factors are driving these improvements. First, commodity prices, excluding the impact of inflation, tripled from 2001 to 2011, giving a boost to many resource-

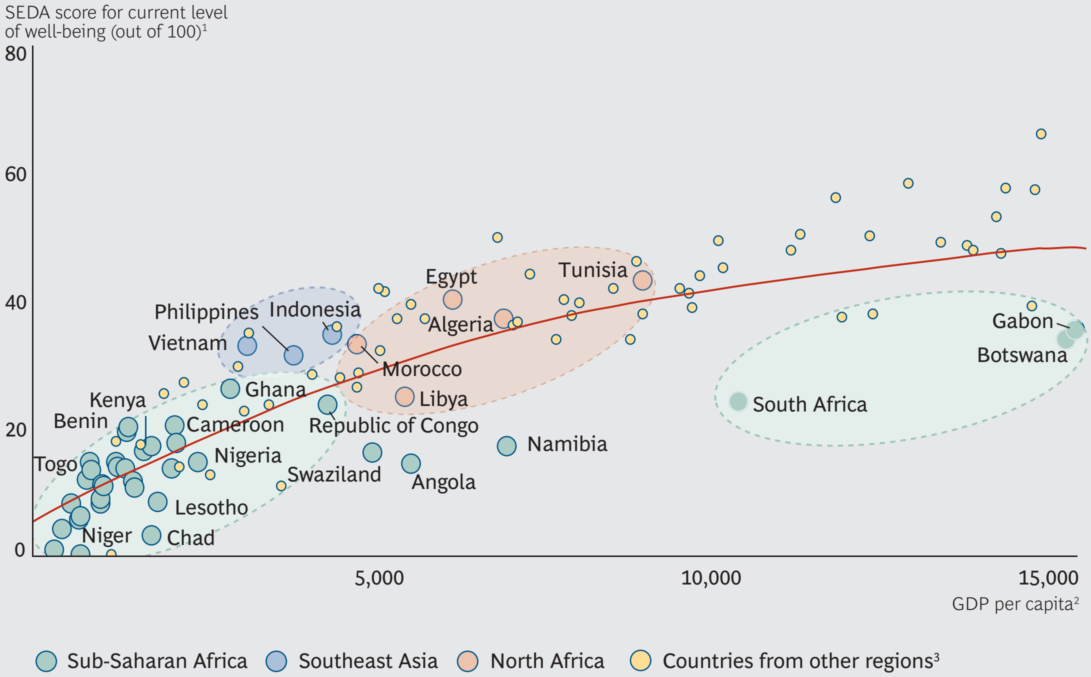
continued growth in business and consumer demand until 2030. These achievements can serve as a guidepost for African nations looking to diversify their economy and build sustainable industries.

Indonesia Outstrips Oil-Rich, Sub-Saharan African Nations on Most SEDA Dimensions



Source: BCG analysis.
Note: The Sub-Saharan African oil countries comprise Nigeria, Angola, Gabon, Republic of Congo, and Chad.
[1]SEDA stands for BCG's Sustainable Economic Development Assessment methodology.

EXHIBIT 2 | Sub-Saharan African Countries Typically Lag Behind Other Countries in Transforming Wealth into Well-Being



Source: BCG analysis.
Note: The data are based on SEDA scores, and the line is based on regression analysis.
[1]SEDA stands for BCG's Sustainable Economic Development Assessment methodology.
[2]The GDP levels were capped at $17,000 (in current international dollars) to more fairly compare the performance of Sub-Saharan African countries with North African countries.
[3]The other regions include Eastern Europe and Western Europe; East Asia, Central Asia, and South Asia; the Middle East; Latin America and the Caribbean; North America; and Oceania.

rich countries in Sub-Saharan Africa. At the same time, the region is more peaceful than ever—more than ten Sub-Saharan African countries were engaged in internal conflict in the 1990s while only a handful of countries are in conflict currently. What's more, public policies seem to be improving, and broad-based indicators, such as the Ibrahim Index of African Governance, are showing modest gains.[2]

The advances are not uniform, however, and there is a wide range of performance. Some countries, including Ethiopia, Rwanda, and Angola, are producing impressive gains while others show only limited improvement.

How Geography Affects Progress

Significant challenges arise when studying Africa. For example, the five-year data for some of the Sub-Saharan countries we examined were insufficient for a full SEDA evaluation. As a result, we did not include all the Sub-Saharan African countries in our analysis.[3] At the same time, the continent's great diversity makes comparisons tricky—each country possesses distinctive assets and challenges. But there are also commonalities based on shared characteristics.

One way to unearth patterns is to group countries into different clusters on the basis of shared traits. To do this we drew on the work of development economists, including Michael L. Faye and Paul Collier, who, in separate studies, found a connection between geography and economic growth in Africa.[4] We used a similar set of geographic characteristics to group countries:

- *Landlocked.* These countries lack a route to the sea and have relatively limited resource wealth. They include Zimbabwe, Niger, Central African Republic, Swaziland, Uganda, Ethiopia, Burundi, Rwanda, Burkina Faso, Malawi, and Lesotho.

- *Coastal.* Countries on the coast of Africa have less in the way of natural resources, but they have always benefited from access to external markets and ideas by sea. They include Côte d'Ivoire, South Africa, Kenya, Senegal, Togo, Namibia, Ghana, Madagascar, Tanzania, Benin, Cameroon, Mozambique, and Eritrea.

- *Resource Rich.* These countries garner 15 percent or more of their GDP from mineral or oil wealth. They include Nigeria, Angola, Gabon, Republic of Congo, Chad, Mali, Botswana, Mauritania, Democratic Republic of Congo, Guinea, and Zambia.[5]

The studies by Faye et al. and Collier show that landlocked countries are predominantly agricultural nations tied to the economies of neighboring countries. They are less likely to trade extensively, and they often struggle for growth. Coastal nations, on the other hand, are more exposed to international influences and commerce and are more likely to develop robust, diverse economies. Resource-rich countries are usually defined by their ability to effectively manage the positive and negative side effects of their resource wealth.

Coastal nations lead in current levels of well-being.

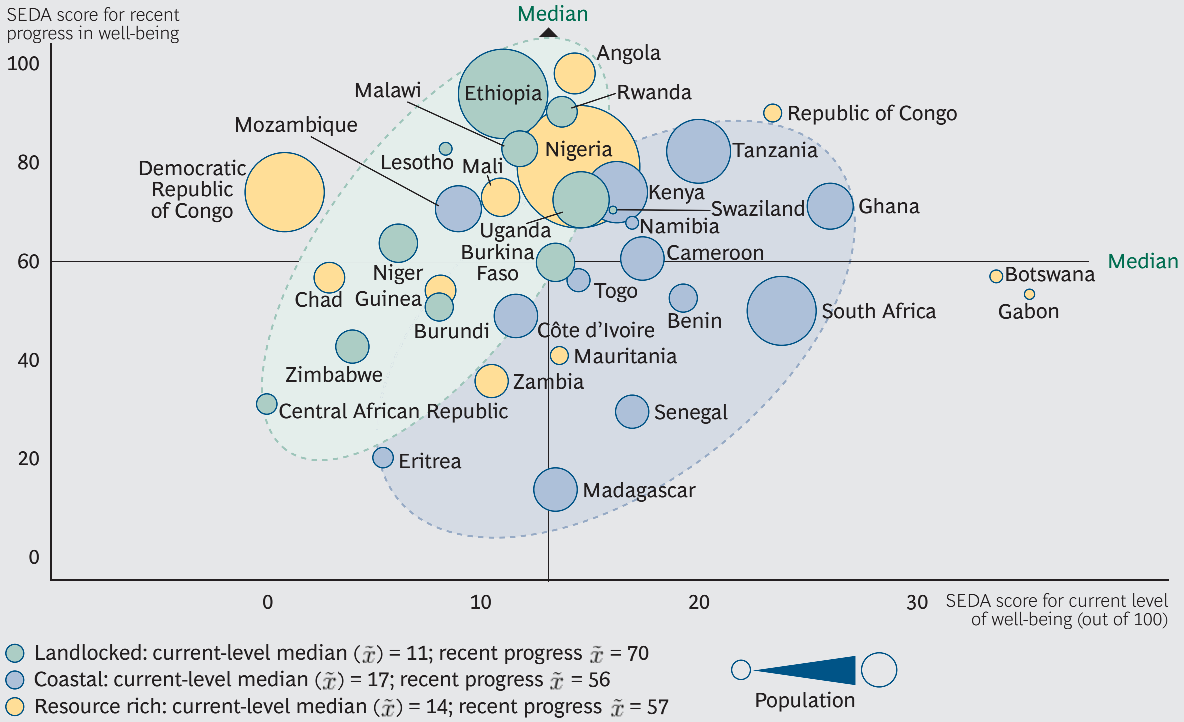
Our SEDA analyses also found contrasting patterns in well-being among these three clusters. For example, although resource-rich nations boast the highest per capita incomes, coastal nations lead when it comes to current levels of well-being. Coastal nations, therefore, are better at translating their wealth into the well-being of their populations. Landlocked nations, however, have in general posted the highest recent progress. (See Exhibit 3.) Interestingly, the SEDA scores for resource-rich countries are highly mixed, particularly in terms of current levels of well-being.

Perhaps of greater interest is how countries within the clusters compare with one another. SEDA shows that some nations truly stand out on certain measures while others hover around the average or fall well below it. What makes some of the outliers so successful? To shed light on this question, we examined one country from within each of the clusters: Ethiopia, Ghana, and Angola.

Ethiopia's Health Care Innovation

Ethiopia, a landlocked nation, is one of the poorest countries in the world, yet it is also one of the top ten with regard to recent improvements in well-being. Those gains are driven in large part by improvements in health care, in which Ethiopia has made more progress than any other country in Sub-Saharan Africa. (See Exhibit

EXHIBIT 3 | Coastal Countries Have the Highest Levels of Current Well-Being, but Landlocked Countries Are Making the Most Progress



Source: BCG analysis.
Note: SEDA stands for BCG's Sustainable Economic Development Assessment methodology.

4.) In fact, Ethiopia has made more progress in health care than any other country in the world.

This progress is particularly noteworthy in light of Ethiopia's past record on health outcomes. In 2000, the mortality rate in Ethiopia for children under the age of five was more than double the global rate. The country was plagued by tuberculosis and malaria, and more than 2 million Ethiopians were infected with HIV. Malnutrition and poor health practices were serious problems. The largely rural country had been crippled by civil war, and roads were still substandard.

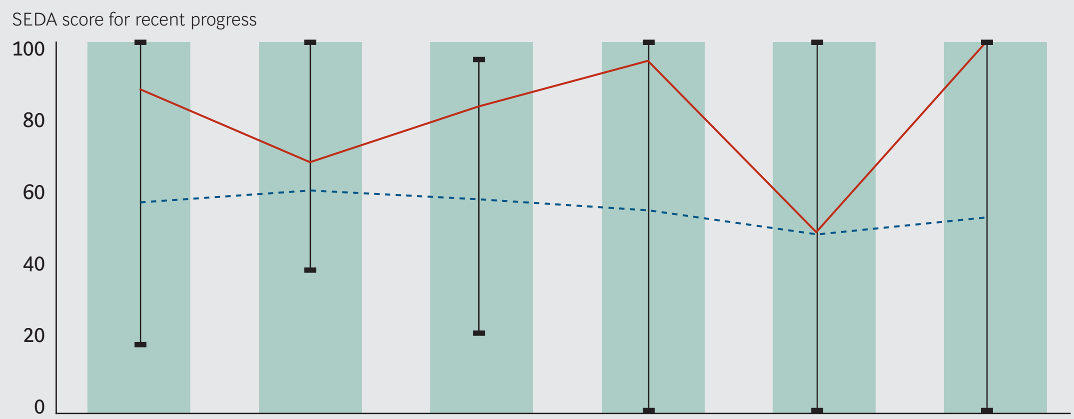
In the late 1990s, the Ethiopian government began a concerted effort to address these issues. It created a 20-year health-care-development strategy and then put real resources behind the plan, doubling government health-care spending and raising an additional $287 million through donors from 2005 to 2010. While governments of other developing nations often take action when pressured by donors, the government of Ethiopia initiated action by setting the health agenda and bringing donors in to support the effort. At the same time, the Ethiopian ministry of health demonstrated strong, accountable leadership in implementing the plan.

The centerpiece of Ethiopia's health care plan was the Health Extension Program (HEP), an ambitious preventive-health scheme aimed at redressing the most severe health issues in the country by providing health information and services to the populace. Recognizing that 85 percent of Ethiopians live in rural areas, the government recruited, trained, and deployed more than 35,000 HEP workers from rural villages in six years and sent them out to educate Ethiopians on basic health and sanitary practices and family planning. Since many of the most important messages were aimed at mothers, this new army of health workers was made up entirely of women, and each recruit was provided with one year of classroom training and field work.

Perhaps most striking has been the Ethiopian government's intense focus on executing the plan well. The government not only recruited, trained, and deployed the workers—doubling the number of rural health posts from 2005 to 2008—but it also facilitated the building of infrastructure and put processes in place to monitor the program's progress. As the scheme expanded and workers became better qualified, the government helped develop career paths for them so that they could graduate into community nursing roles.

The results clearly demonstrate the program's impressive impact. So far, HEP workers have educated 9 million households. From 2005 to 2010, life expectancy at birth increased by 3.5 years, and mortality rates for children under the age of five declined 23 percent. While there is still work to be done—Ethiopian health is

EXHIBIT 4 | Health Care in Ethiopia Improved Markedly from 2005 to 2010



Indicators	Change in life expectancy at birth (years)	Change in mortality rate of children under age five (per 1,000)	Change in rate of undernourishment or obesity (% of population)	Change in rates of immunization for measles and DPT (% of children)	Change in physician density (per 1,000 population)	Change in hospital bed density (per 10,000 population)
Five-year progress	A 3.5-year improvement in life expectancy at birth	A 23% reduction in the mortality rate of children under age five	A 7% reduction in the rate of undernourishment or obesity	Increases in immunization rates of 18% for measles and 8% for DPT	No real change in physician density	A 30-fold increase in hospital bed density

- - - Sub-Saharan Africa (average) — Ethiopia ▬ Range in Sub-Saharan Africa

Source: BCG analysis.
Note: SEDA stands for BCG's Sustainable Economic Development Assessment methodology.

just now reaching the average level in Sub-Saharan Africa—the progress is remarkable.

These advances reflect the impact of tailoring programs to meet a nation's very specific challenges. The strong political commitment and leadership behind the Health Extension Program, coupled with well-designed delivery reflecting the realities of rural life, have been central to the program's success. Absent any of those elements, major progress in health would have been impossible.

Ghana is becoming a regional investment destination.

Ghana's Emergence as an Investment Center

Some African nations are emerging as attractive investment centers for both multinationals and homegrown companies—and Ghana is always near the top of the list. A coastal country with strong political, economic, and social stability, Ghana is establishing itself as a regional investment destination.

Not long ago, this development would have been hard to imagine. In the early 1980s, following a serious economic downturn, Ghana was in trouble. But the tide began to turn in the late 1980s and early 1990s with a series of economic reforms, such as the elimination of price controls and the devaluation of currency, which helped liberalize the economy. Those strides were enhanced by stabilizing the political system and establishing free and fair elections in 1992.

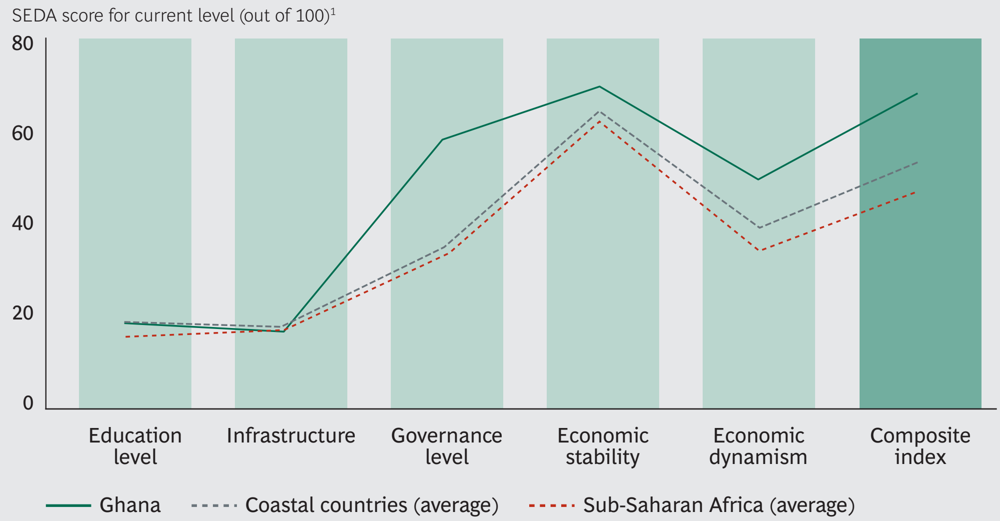
Studying Ghana through the lens of SEDA highlights the country's transformation. Among coastal countries, Ghana has the highest current level of well-being, and it continues to improve. Furthermore, when we used SEDA to construct a composite index measure of a country's attractiveness as an investment center, we found that Ghana scored well above the averages for coastal countries and for Sub-Saharan Africa as a whole. (See Exhibit 5.)

Ghana has achieved that position thanks to its stability and the establishment of very clear policy priorities by the Ghanaian government. Given the country's large English-speaking population and relatively low labor costs, government leaders believed that they could attract multinational corporations—especially IT companies—to their shores. The experience of countries like India made it clear that such an approach could be transformative.

Central to this effort were moves to make Ghana more business friendly through a comprehensive series of reforms. The government established commercial courts in 2005, created special economic zones, and implemented policies to foster the development of a robust financial system. The new Credit Reference Bureau, for example, brought the number of reputable credit agencies in Ghana to three, paving the way for more efficient financing markets. These steps helped move Ghana to the number five position in Sub-Saharan Africa on the World Bank's *Doing Business* 2012 rankings, making the country one of the easiest places in the region to register property, enforce contracts, and access credit.

In addition to this broader effort, the government focused on cultivating the IT industry, beginning in the early years of the twenty-first century. Developing

EXHIBIT 5 | Ghana Is Well Positioned to Become a Regional Investment Center in Africa



Source: BCG analysis.
Note: The composite index was created by equally weighting five normalized scores (education level, infrastructure, governance level, economic stability, and economic dynamism) and then averaging and normalizing them again to form a new index from 0 to 100.
[1]SEDA stands for BCG's Sustainable Economic Development Assessment methodology.

effective regulations for the telecommunications sector was crucial for ensuring fair and unrestricted access to the radio spectrum and to fiber-optic cable. Thanks in part to that effort, Ghana now has the lowest mobile Internet costs in Sub-Saharan Africa, and five competitive telecommunications providers operate within the country. Ghana's investment in the development of a national fiber-optic backbone is now mostly complete, making Internet access available to almost one-third of Ghanaians.

At the same time, the government has proactively sought to build a more skilled IT workforce by supporting a wide range of training facilities, including those run by IT training company NIIT, the Ghana-India Kofi Annan Centre of Excellence in ICT, Ghana Telecom University College, and a facility operated by the World Bank that focuses on improving workers' business-process-outsourcing skills.

This push has produced sizeable returns. Large multinational IT companies—including IBM, Hewlett-Packard, Google, and Huawei Technologies—have established operations in Ghana, and many homegrown companies have been developed. At the same time, non-IT companies—including Unilever, Toyota, Standard Chartered Bank, and Total—have also set up bases in Ghana. Certainly Ghana still has room for improvement in some areas, particularly education and infrastructure. But there is no denying the country's tremendous progress: Ghana is now the third-largest recipient of foreign direct investment in Sub-Saharan Africa, putting it ahead of most of its coastal peers and its neighbors in West Africa.[6]

Setting clear priorities—particularly the drive to attract multinational and IT investment—and executing them well have been at the heart of Ghana's success. That focus, coupled with targeted plans and policies to achieve the country's goals and systematic delivery of the necessary infrastructure and training, has produced impressive economic advances.

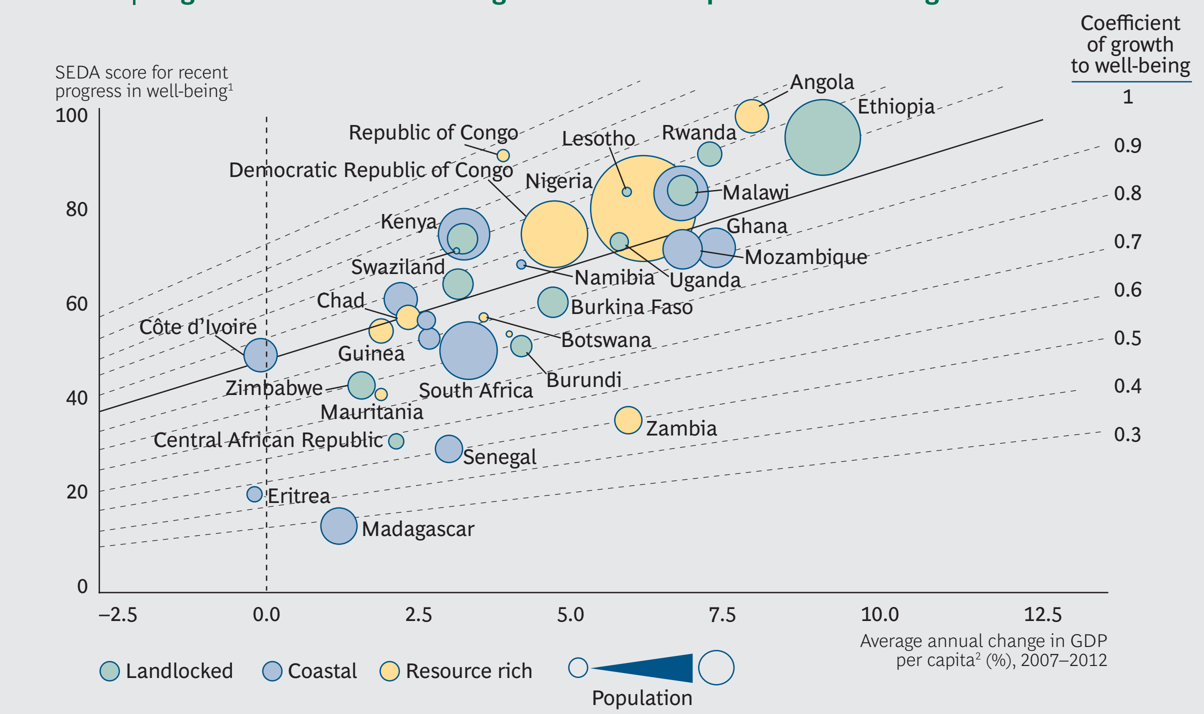
The Transformation of Angola

It may not be surprising that Angola, the second-largest producer of oil in Sub-Saharan Africa, has experienced tremendous economic growth. What may be less apparent, however, are the significant strides that the country has made in other areas, including health and infrastructure—gains that significantly exceed those of other resource-rich African nations. These advances have helped Angola achieve the highest level of recent progress in well-being among Sub-Saharan African countries and made it second in the world, behind only Brazil.

What's more, Angola has come a long way: in 2002, when the country's 30-year civil war came to an end, two-thirds of the nation's population lived in poverty. Yet Angola's recent progress in well-being still exceeds that of other resource-rich countries in Sub-Saharan Africa that are experiencing similar GDP per capita growth. (See Exhibit 6.)

Three key factors have made Angola's recent advances possible: the successful stabilization of the country socially, politically, and economically after the war; effective development of the oil sector; and an aggressive effort to rebuild the

EXHIBIT 6 | Angola Excels at Translating Growth into Improved Well-Being



Source: BCG analysis.
Note: The data are based on SEDA scores; the lines for the coefficient of growth to well-being are based on a linear regression of all countries.
[1]SEDA stands for BCG's Sustainable Economic Development Assessment methodology.
[2]Outliers above 2.5 times standard deviation were limited to the maximum values. GDP per capita data are in current international dollars.

nation's infrastructure, including significant investments in roads, railways, and a major seaport.

Central to Angola's stabilization was the reintegration of members of political party UNITA's military forces, who received amnesty from the government after the 2002 ceasefire. The disarmament and reentry of UNITA members into society—in some cases into the Angolan military and government—forestalled continued violence.

In addition, the Angolan government has been progressively stabilizing the economy, an effort that accelerated in the wake of the 2009 financial crisis with support from the International Monetary Fund. Though inflation rose to triple digits during the war, today it is below 10 percent. The country has stabilized its currency and established disciplined government budgeting, and the growth of non-oil sectors has been solid. What's more, the government's repayment of $1.8 billion in debt to international lenders has restored Angola's ability to access much needed credit.

At the same time, Angola has effectively developed its energy assets. Oil production, which climbed from 745,000 barrels per day in 2000 to 1.8 million barrels per day currently, accounts for half the country's GDP. By establishing long-term partnerships between international oil companies and Sonangol, the state-owned oil company, the government has helped the sector mature and facilitated the transfer of knowledge to the domestic industry. The broader development of the Angolan economy has also been aided by requirements that certain products and services necessary for the exploration and production of petroleum come from Angolan companies. Thanks in large measure to the oil sector, Angola's GDP per capita has increased by an average of 10 percent annually since 2002. And while 65 percent of Angolans were living below the poverty line in 2002, that figure had fallen to 36 percent by 2009.

Ten years after the end of the civil war, Angola's standard of living has greatly improved.

A stabilized economy, along with robust growth of the oil sector, has enabled a major drive to rebuild the country. With significant funds coming through oil-backed loans from China, which counts Angola as its largest supplier of oil, the government made infrastructure investments totaling $40 billion from 2002 to 2011. It rebuilt roads to connect major cities, restored 2,700 kilometers of railway lines, and significantly expanded the port of Luanda, Angola's main trade entry point. Electricity generation capacity, an important driver of economic development, doubled from 2002 to 2009. Today, a $3 billion upgrade of water supplies and sanitation infrastructure is under way.

Just ten years after the end of the civil war, Angola's standard of living has greatly improved. Life expectancy, which was just 46 years in 2002, reached 51 years in 2011. Mortality rates for children under the age of five fell from 25 percent in 2001 to 19 percent in 2010. Meanwhile, the number of students enrolled in primary school has tripled since 2001, with a current enrollment rate of 80 percent, reflecting renewed stability within the country as well as the impact of important educational reforms.

Challenges certainly remain, not the least of which is ensuring that more Angolans benefit from the country's growing wealth from oil. Such wealth can be a burden as well as a benefit: our analysis shows that many countries rich in oil and gas—in Sub-Saharan Africa as well as in the Persian Gulf—achieve lower SEDA scores for well-being than countries with similar income levels but fewer resources. In Angola, the overall improvement in standard of living has occurred because of a disciplined focus on the priorities of leveraging the country's oil assets and rebuilding critical infrastructure—and on effectively bringing the right resources to bear on both those efforts.

Lessons from Sub-Saharan Africa

The experiences of Ethiopia, Ghana, and Angola clearly show that success in raising standards of living relies in large measure on four critical factors: strong political commitment, ruthless prioritization, policies that are modified effectively for local conditions, and successful delivery. While these elements may seem obvious, the evidence from this report, from BCG experience, and from the Tony Blair Africa Governance Initiative's work with leaders on the continent suggests that implementing them can be a challenge.

Political leaders must put themselves on the line and link their reputations to a program of reform.

Strong political commitment means going beyond rhetoric. Political leaders must put themselves on the line and link their reputations to a program of reform, investing real political capital and devoting time and resources to bringing about change. The odds of success increase when a coalition of leaders—rather than a few individuals—supports the program. Government leaders in Ethiopia, for example, owned the Health Extension Program, led it, and avoided succumbing to pressure from other stakeholders.

Ruthless prioritization is a prerequisite for successful reform—particularly when resources are scarce. In Ghana, the power of setting firm goals is evident. The government earmarked both money and manpower for building transformative industries, such as IT. Over time, this prioritization brought benefits and drew investors into the sector. In Angola, meanwhile, prioritizing—and making heavy investments in—rebuilding critical infrastructure enabled rapid progress.

The most effective policies fit local conditions. There is no "right" path to development. The challenge for leaders is to learn from others' successes and then apply those insights to the local context. The best reforms build on the existing strengths of a country and acknowledge its history and culture. The health program in Ethiopia, for example, was built around the country's rural society and the specific health challenges facing its population. Ghana, meanwhile, leveraged a key strength—a large English-speaking population—to attract investment. And the Angolan government based its economic-development platform on oil, the country's primary asset.

Programs will fail in the absence of systematic and effective delivery. Once priorities are clear, they need to be supported by the right delivery systems. In Ethiopia, success depended on creating an army of health workers to deliver health education, vaccines, and other critical improvements. Government leaders crafted a systemwide supervisory structure, established an information management system, and empowered leaders to intervene when implementation was off track. In

Angola, making significant upgrades for roads, railways, and the electrical grid required a well-designed plan for ensuring that the projects were set in motion and monitored over time.

These factors are critical for the success of any project, anywhere. In Africa, where the challenges are legion and the obstacles formidable, the need to focus on what counts is greater still. The lessons from Ethiopia, Ghana, and Angola can provide inspiration for leaders of other African nations striving to raise their standards of living and the overall well-being of their people.

NOTES

1. The eight African countries, ranked in order of the fastest recent progress, are Angola, Ethiopia, Republic of Congo, Rwanda, Malawi, Lesotho, Tanzania, and Nigeria.

2. See the *2012 Ibrahim Index of African Governance* and the *African Governance Report II* (2009).

3. The African countries excluded from the analysis were Liberia, Sierra Leone, Gambia, Guinea-Bissau, Equatorial Guinea, Cape Verde, Comoros, Djibouti, Seychelles, Somalia, Mauritius, Sudan, and South Sudan.

4. See, for example, Michael L. Faye et al., "The Challenges Facing Landlocked Developing Countries," *Journal of Human Development*, March 2004; and Paul Collier, "Africa: Geography and Growth," *Proceedings*, 2006.

5. See World Bank indicators, 2012.

6. Following convention set by the United Nations, our definition of West Africa comprises the countries of Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

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Acknowledgments

This report and the underlying SEDA analysis would not have been possible without the assistance of a number of organizations, including the United Nations, African Development Bank Group, the World Bank, the ITES Secretariat of the Ministry of Communications of Ghana, Save the Children, the Oxford Centre for the Analysis of Resource Rich Economies, the Clinton Health Access Initiative, the Overseas Development Institute, and the African Center for Economic Transformation. Guidance and information was also provided by Hewlett-Packard, Banco Privado Atlantico, OSTEC Consulting, and the Ghana office of Google.

The authors would especially like to acknowledge the work of Shaun Chau and João Martins in preparing and evaluating the assessment, as well as the insight and guidance provided by Enrique Rueda-Sabater, Alexandre Gorito, and James Purnell. We would also like to acknowledge and thank Sam Hardy and Dan Hymowitz of the Tony Blair Africa Governance Initiative for their contributions to the final report and Amy Barrett for assistance in the writing of this report.

Finally, we would like to thank the members of BCG's writing, editorial, and production teams, including Katherine Andrews, Gary Callahan, Lilith Fondulas, Kim Friedman, Abby Garland, Carmen Roche, Sara Strassenreiter, and Simon Targett.

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