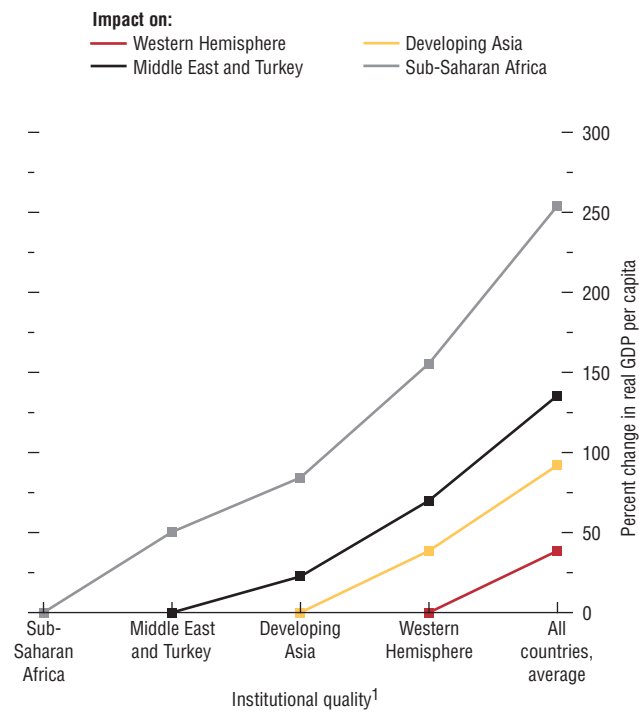


**Figure 3.1. Institutions and Income per Capita: Impact of Raising Regional Institutional Quality**  
(Percent change)

Substantial gains in income per capita could materialize if developing economies improved their institutional quality. For example, the April 2003 *World Economic Outlook* estimated that if the institutional quality in sub-Saharan Africa rose to the level of developing Asia, income per capita would, in the long run, increase by about 85 percent.



Source: IMF, *World Economic Outlook* (April 2003).

<sup>1</sup> Measured by Kaufmann, Kraay, and Zoido-Lobaton's (1999) aggregate governance indicator. See Appendix 3.1 for details. This figure is not to scale: in particular, the horizontal axis does not accurately capture differences in the quality of institutions. See Figure 3.2 for the actual institutional scores.