

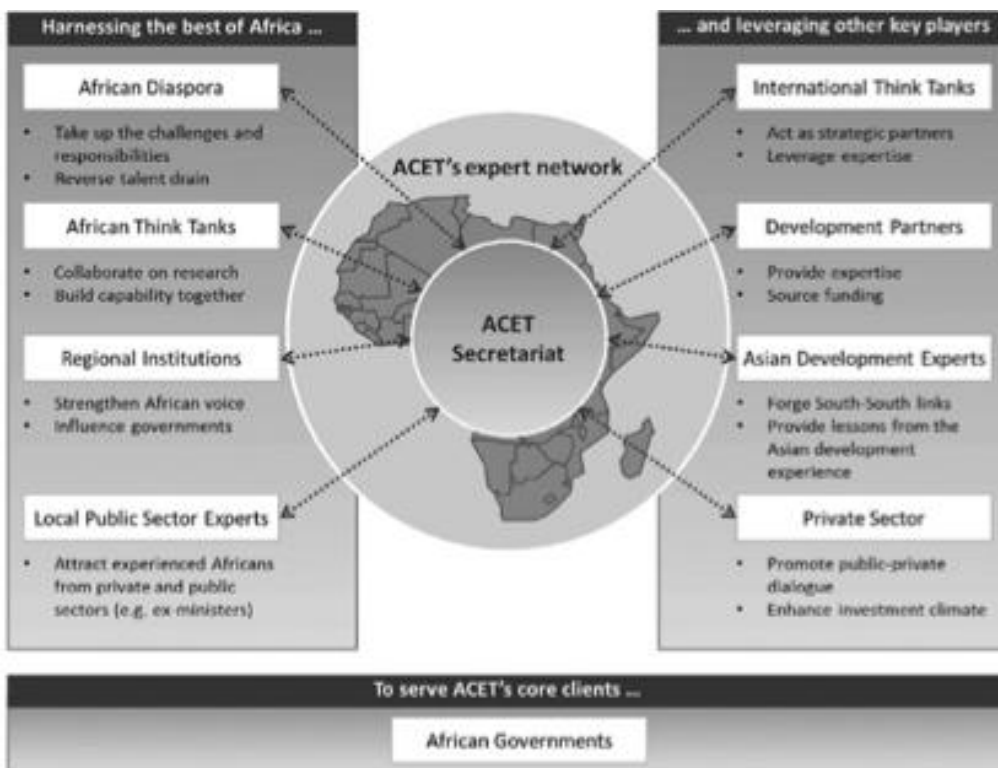


The private sector in Africa's economic transformation

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ACET - Going beyond growth



- Economic policy institute based in Accra, serving Africa
- Founded in 2007 to support sustained growth through transformation
- Staff of 30 from 10 African countries, global network of leading thinkers and practitioners
- Diverse board of highly accomplished leaders in business, government and global development

The ACET approach



- Ask new questions about old and emerging problems
- Search for evidence around the world
- Adapt solutions to Africa

- Engage African governments
- Engage the private sector
- Broker public-private dialogues
- Share lessons among governments
- Push for action

- Support governments to implement

On economic transformation

Growth

with

Diversification

Export competitiveness

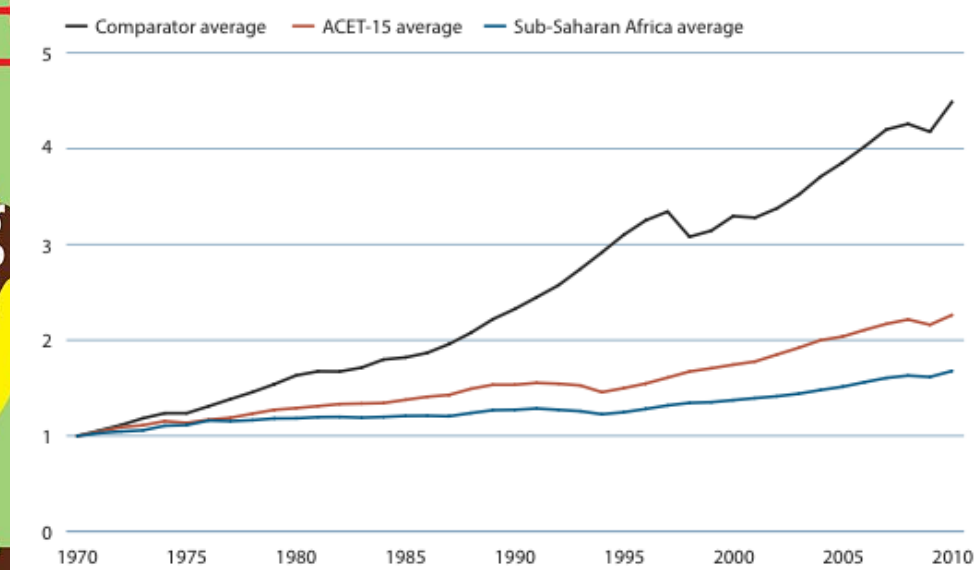
Productivity

Technology

Human well-being

Where Africa stands

Growing fast



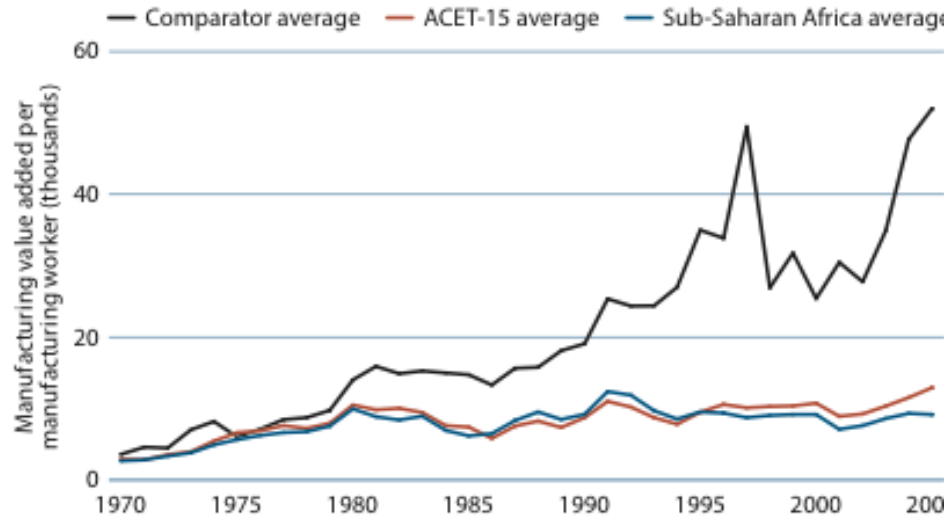
Steady growth over last decade ~ 5%

7 of top 10 fastest growing economies for next five years

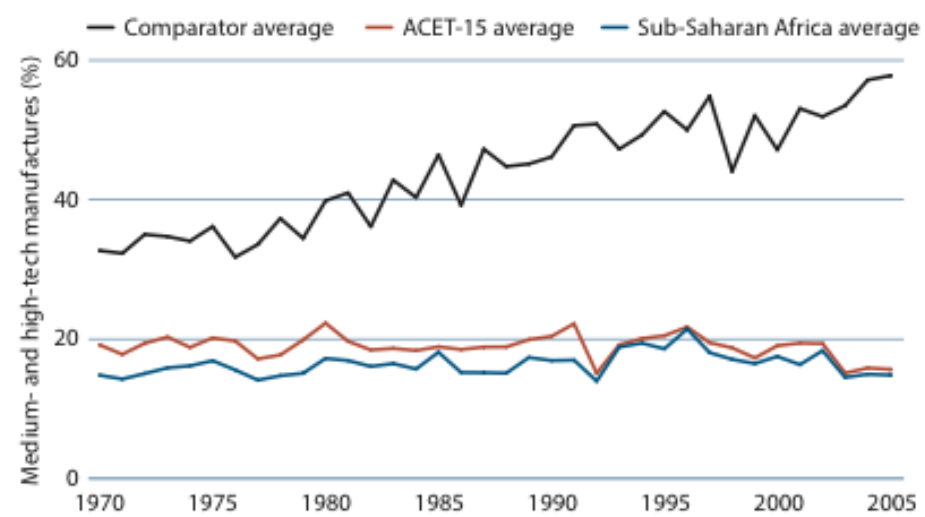
Where Africa stands

Transforming slowly

Productivity

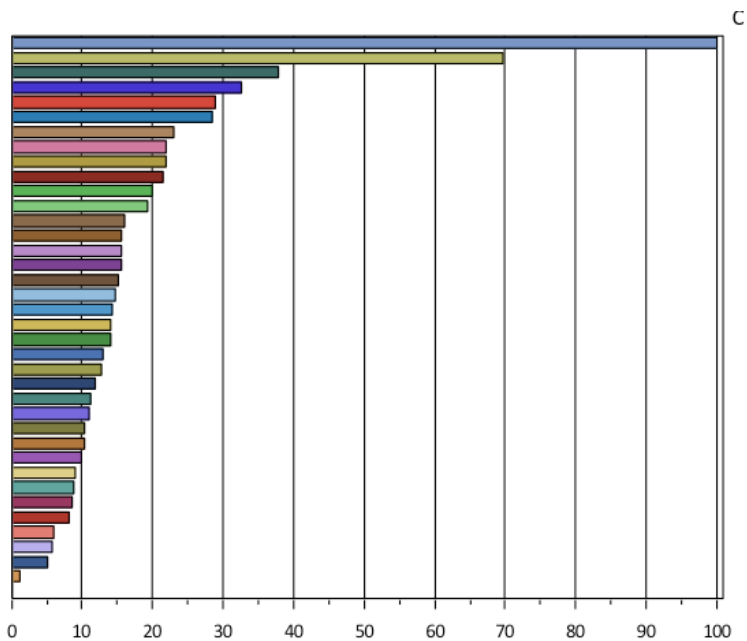


Technology



The African Transformation Report (ATR)

Overview



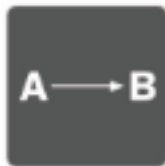
- Review of transformation performance (Growth + DEPTH)
 - The African Transformation Index
- Drivers of transformation
- Pathways to Africa's transformation

Informed by country case studies (*Angola, Botswana, Burkina Faso, Cameroon, Ghana, Ethiopia, Kenya, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Uganda, Zambia*)

What drives transformation?



- State capacity



- Business environment



- Domestic savings/investment



- Public infrastructure



- Education and skills



- Technology upgrading



- Foreign direct investment



- Labor-industry relations



- Targeted sectoral strategies



- Export promotion

The state

Agent for transformation?

State - traditional role

- Law and order, property rights, macroeconomic management, public goods delivery, regulation etc.

State – transformation role (lessons from Asia and others)

- Facilitate private sector access to technology
- Facilitate private sector access to new markets
- Promote economic activities based on comparative advantage
- Foster public-private collaboration

Questions arising

- Government failure
- Corruption
- Crony capitalism

Pathways to Africa's transformation

...and opportunities for investment

Agroprocessing



- Leverages Africa's comparative advantage in arable land, low wages, growing market
- The 2013 ATR looks at opportunities for:
 - Boosting traditional exports
 - Expanding nontraditional exports
 - Substituting imports
 - Growing markets
- Crops covered: *cocoa, coffee, cotton, fruits, palm oil, soybean, sugar cane*
- **What can governments do to lift the constraints?**
- **What can governments do to attract investors?**

Pathways to Africa's transformation

...and opportunities for investment

Oil, gas, & minerals



- Leverages Africa's comparative advantage in natural resources
- The 2013 ATR looks at opportunities for:
 - Expanding exploration
 - Ensuring transparency and accountability
 - Designing fiscal regimes
 - Adding value domestically
 - Investing revenues in transformational projects
- **What can governments do to lift the constraints?**
- **What can governments do to attract investors?**

Pathways to Africa's transformation

...and opportunities for investment

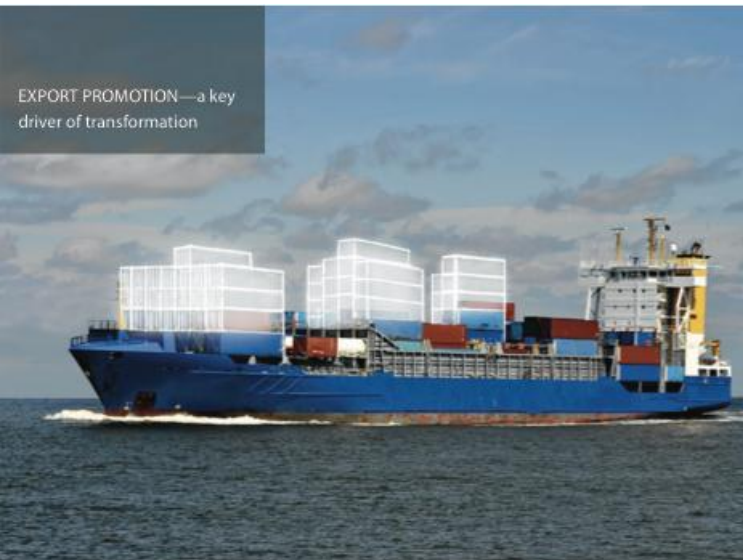
Light manufacturing



- Positions Africa favorably as wages rise in China and other Asian countries
- The 2013 ATR looks at opportunities for:
 - Component assembly
 - Textiles and apparel
- **What can governments do to lift the constraints?**
- **What can governments do to attract investors?**

Exports

Still the way out?



- Imperative for
 - Expanding production
 - Creating jobs
 - Financing inputs for transformation

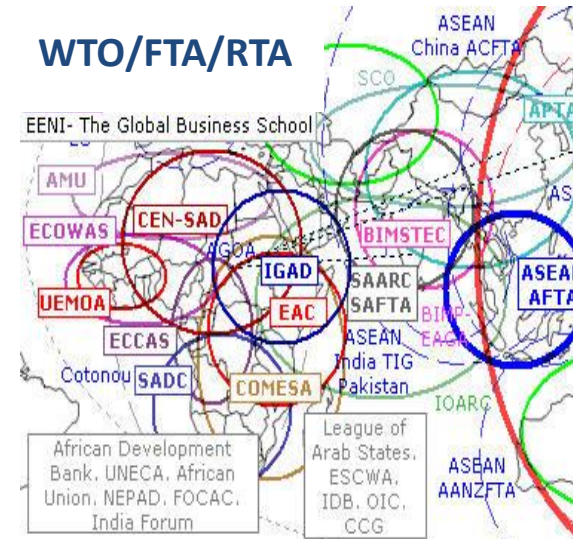
- **What can governments do to lift the constraints?**
- **What can governments do to attract investors?**

The challenges

Skills

Infrastructure

New trade rules



- **What can governments do to lift the constraints?**
- **What can governments do to attract investors?**
- **Where are the opportunities for PPP?**
- **What can governments do to grow dynamic economies**

FDI manufacturing

Is Africa the next frontier?

Number of plants by 180 global companies in Apparel—
Agroprocessing/food/beverages—Chemicals—Communications equipment—Computers and
electronics/electrical equipment and appliances—Earthen products

★★★★★ (100+)

India (107)
Asia ex-China (141)
China (167)

★★★★ (50 - 99)

South Africa (61)
Russia/CIS (63)
Brazil (97)

★★★ (11- 49)

Kenya (11)
Nigeria (11)

★★ (5 -10)

Cameroon (5)
Ghana (5)

★ (0-4)

Botswana (1)
Burkina Faso (1)
Mauritius (1)
Rwanda (1)
Uganda (1)
Ethiopia (2)
Mozambique (2)
Senegal (2)
Tanzania (3)
Zambia (3)