The African Transformation Report – a preview
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@ODI
Where Africa stands

Growing fast

Steady growth over last decade ~ 5%

7 of top 10 fastest growing economies for next five years
ACET on transformation?

Growth +

- Diversification
- Export competitiveness
- Productivity
- Technology
- Human well-being
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?

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

Transformation role (lessons from Asia, etc.)
- Facilitate private sector access to technology
- Facilitate private sector access to new markets
- Promote economic activities based on comparative advantage
- Foster public-private collaboration

The case of Lagos State office of ppp

- How to mitigate government failure, corruption, and crony capitalism?
Exports
Still the way out?

The case of export promotion agencies

Imperative for

• Expanding production
• Creating jobs
• Financing inputs for transformation

Questions Arising

• It worked for Asia, but what do new trade rules mean for Africa’s path?
Skills
How to get them

Lessons from Asia and others

• Improve quality
• Promote TVET
• Collaborate regionally
• Work with private sector

The case of Digital Media Academy in Nigeria

• What’s working where?
• Ideas for promoting TVET?
Pathways to Africa’s transformation

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

The case of Blue Skies in Ghana

- 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

The case of De Beers in Botswana

Questions Arising

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Pathways to Africa’s transformation
...and opportunities for investment

Tourism

- Leverages Africa’s comparative advantage in natural resources
- The 2013 ATR looks at opportunities for:
  - Capturing business travel dollars
  - Providing skills
  - Creating jobs

The case of Eco-tourism in West Africa

Questions Arising

- 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

The case of Shoe City in Ethiopia

Questions Arising
- What can governments do to lift the constraints?
- What can governments do to attract investors?
- What do new manufacturing technologies mean?
Measuring and tracking transformation

1. How do countries compare on each indicator of transformation, and on the composite index of the indicators?

2. Over time, how does a country’s performance on each indicator and on the composite indicator change, and how do countries compare in terms of the changes in performance?
African Transformation Index

Indicators

Compares African countries on economic transformation levels and progress over time

1. Economic diversification
   - Production Sector Diversification: Share of manufacturing value added in GDP
   - Exports Commodity Diversification: One minus the share of top 5 exports
   - Exports Sector Diversification: Share of manufacturing and services exports in total exports

2. Export competitiveness
   Country’s share of world exports of goods and services divided by country’s share of world GDP

3. Productivity
   - Manufacturing: MVA per manufacturing worker (constant 2000 US$)
   - Agriculture: Cereal yield (kg per hectare)
4. Technology
   • Production: Share of Medium and High Technology products in manufacturing value-added (MVA)
   • Exports: (Share of Medium and High Technology products in exports)

5. Human economic well-being (income, employment, health)
   • Level of GDP per capita
   • Ratio of formal sector employment to the labor force
   • Maternal Survival rate (i.e. 100 – maternal mortality rate in %)
   • Child survival rate (i.e. 100 - under-5 mortality rate in %)