



Presentation at JICA-ACET seminar
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Going beyond growth...**ACET**

- Economic policy institute based in Accra, serving Africa
- Founded in 2007 to support sustained growth and 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

Our Vision for Africa's path forward

“By 2025 an African continent where countries are successfully driving their own growth and transformation agenda, supported by capable institutions and optimal policies for the benefit of all.”

ACET's mission...

Our mission...

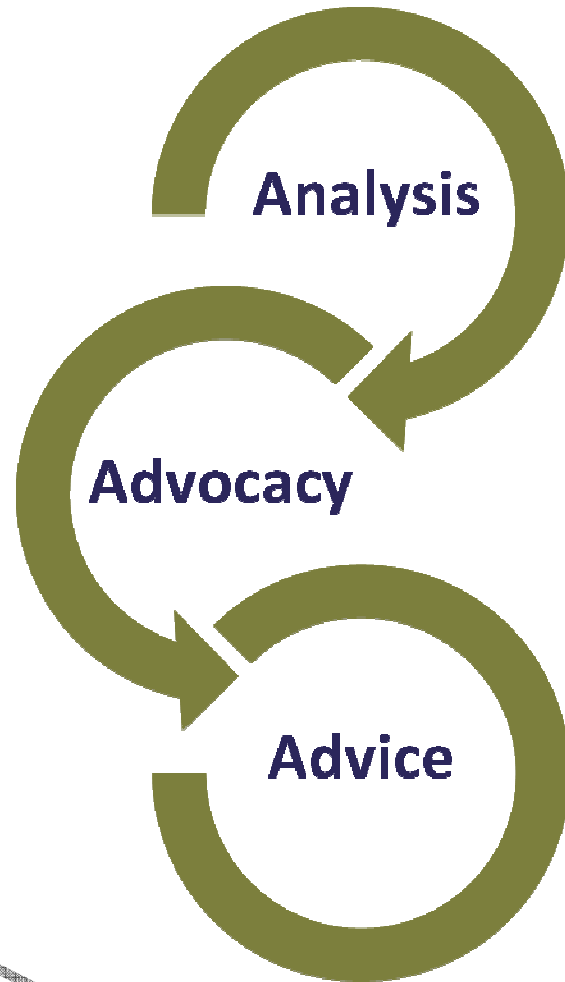


“Promote policy and institutional reforms for sustained economic growth and transformation in Africa”

... and how we will achieve it

- Engaging clients on **policy research** in transformation studies; **advisory work** and institution strengthening; **advocacy and dissemination** of knowledge
- Championing an informed African perspective and greater local ownership of the development agenda
- Creating an unrivalled network of international experts and preeminent African professionals

The ACET approach

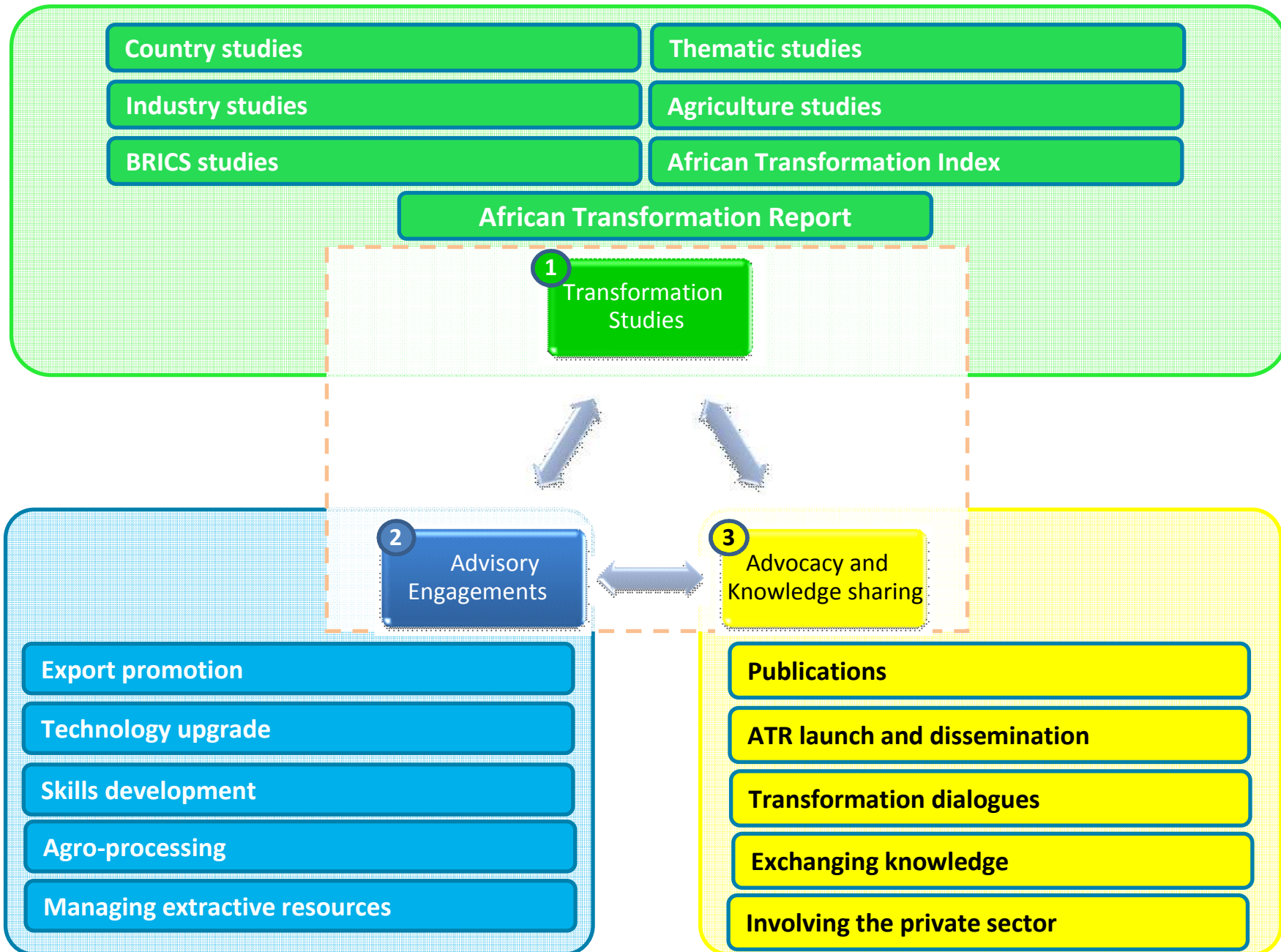


- Ask new questions
- Search for evidence around the world
- Adapt to Africa

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

- Support governments to implement

ACET's work program



Policy advice

Supporting governments to develop institutional mechanisms and to strengthen state's capacity to formulate and implement coherent, long-term transformation strategies.

Examples:

- **Ghana:** National Development Planning Commission
- **Ghana:** Diagnostic review of Tema Oil Refinery
- **Liberia:** Coordination of infrastructure
- **Liberia:** Development of aid policy
- **Liberia:** Merger of planning and finance ministries
- **Rwanda:** Streamlining of Public-Private Partnerships
- **Sierra Leone:** Functional review of the Office of the President

Extractives industries program

Harnesses our industry experience, analytical skills, and understanding of African political economies to help African governments formulate policies, build capacity, and take action to using natural resources to transform their economies.

Examples:

- **Mozambique:** developing a gas management plan
- **Liberia and Sierra Leone:** petroleum sector reform
- **Guinea:** review of mining contracts

Focus areas:

- **Fiscal regimes:** maximizing revenues
- **Local content:** deepening skills, creating jobs
- **Value addition:** moving up the chain

Advocacy and knowledge-sharing

➤ Transformation Dialogues

- Country level – focused on specific policies and actions
- Regional level – fostering regional peer-to-peer learning on common issues
- Global level – present findings of research to a global audience

➤ Knowledge-Exchange

- Connecting stakeholders to share knowledge, especially South-South exchanges

➤ Involving the private sector

- Strategy briefs from ACET papers
- Policy briefings
- African Transformation Forum

Transformation studies

ACET's definition of economic transformation:

- Economic growth accompanied by economic diversification, technological upgrading, productivity growth, international competitiveness and high productive employment
- ACET believes governments can positively influence economic transformation by setting the vision and implementing sound economic management, and proactively supporting the private sector to innovate.

ACET's Economic transformation framework

Indicators of Economic Transformation

- **Diversification**
 - Production
 - Exports
- **Technological advancement**
 - Products
 - Exports
- **Productivity**
 - MVA
 - Cereal Yield
- **Export competitiveness**
- **Employment/Poverty**

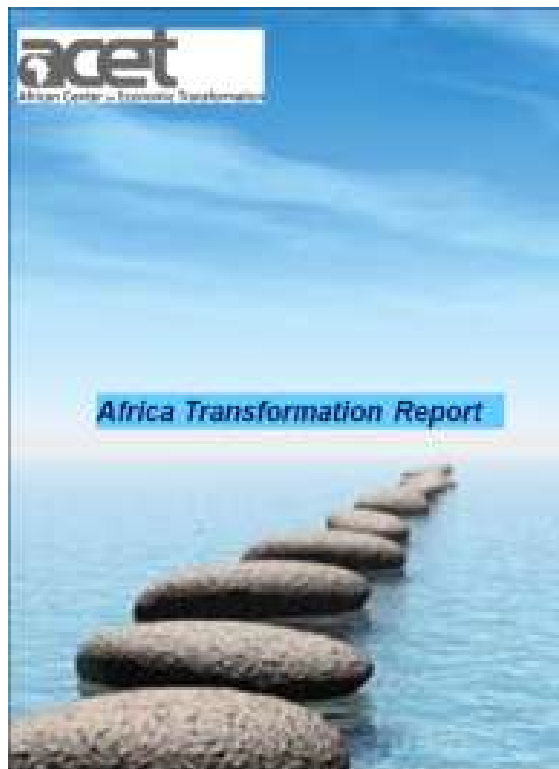
Fundamental Policy and Institutional Drivers of Transformation

- 1) State Capacity for Economic Management
- 2) The Business Environment for the Private Sector
- 3) Domestic Savings and Investment
- 4) Infrastructure
- 5) Education and Skills
- 6) Technology Upgrading Policies
- 7) Proactive Export Promotion Strategies
- 8) Foreign Direct Investment (FDI) Policies
- 9) Labor and Employment Policies
- 10) Targeted Sectoral Strategies

Cross Cutting Themes

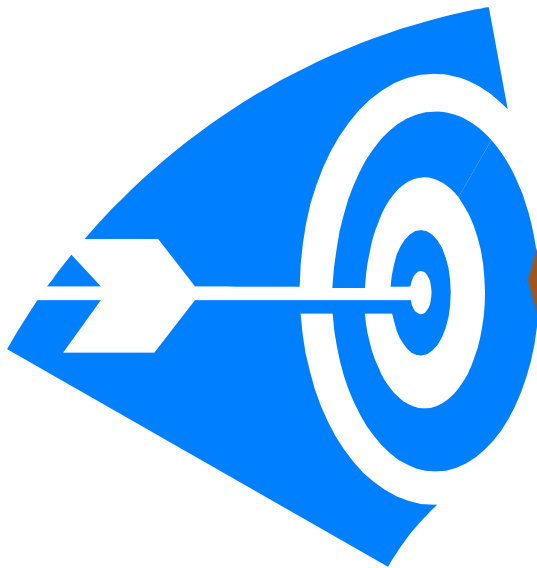
↑
Regional Integration
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The Africa Transformation Report (ATR)



- ACET's key vehicle in promoting the transformation agenda
- Review and compare country performance on transformation using an index
- Provide analysis, lessons and best practices on transformation experiences
- Identify pathways for further diversification
- Primary audience is African policy decision makers and influencers, but also all broader stakeholders (NGOs, Academia, Private sector)
- First release planned for Q1 2013

Objectives of the ATR

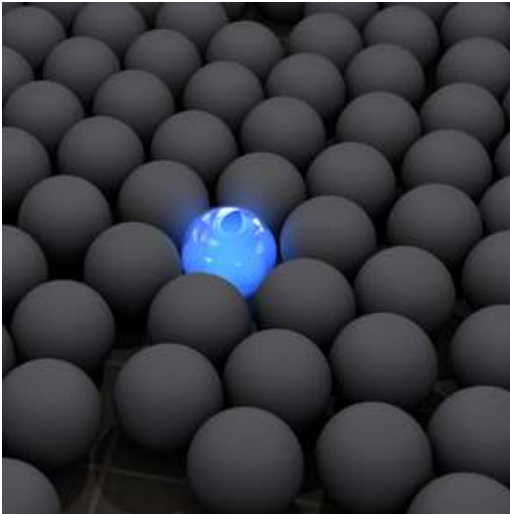


- Promote the focus of policy on economic transformation - in Sub-Saharan Africa
- Bring data and analysis to inform discussion and policy action on the topic
- Compare countries along various dimensions of economic transformation so as to spur competitive action by policy makers

Content and approach to the ATR

	<u>Part I</u>	<u>Part II</u>	<u>Part III</u>
Content	<p>Review of performance</p> <ul style="list-style-type: none"> • Performance and comparisons on economic transformation in Africa • Explanation of trends <p>• -30 pages</p>	<p>Core themes:</p> <ul style="list-style-type: none"> • Fundamental Policy and Institutional Drivers of Transformation • For 1-2 themes, highlight experience of successful countries relevant for Africa and draw lessons <p>• 20 pages</p>	<p>Pathways to Diversification:</p> <ul style="list-style-type: none"> • Suggests ways for African countries to diversify exports and increase international competitiveness <p>• 20 pages</p>
Approach and sources of information	<ul style="list-style-type: none"> • Conduct standardised country case studies on Transformation • Use Transformation indicators and drivers as framework • Studies to inform cross-country comparisons 	<ul style="list-style-type: none"> • Conduct Thematic Studies 	<ul style="list-style-type: none"> • Conduct Industry Studies

What distinguishes the ATR



- No report explicitly focused on transformation
- Shift development focus from short term growth to fundamental long term structural, sustainable transformation
- Underpinned by in-depth country studies with think tank partnerships
- African based and driven, which we anticipate will enhance ownership by African policy makers
- Follow up with in country advocacy and promotion efforts to inform policy work

ACET's Index of Economic Transformation

Construct Transformation Index from Indicators of Economic Transformation

- 1) Diversification
 - Production
 - Exports
- 2) Technological advancement
 - Products
 - Exports
- 3) Productivity
 - MVA
 - Cereal Yield
- 4) Export competitiveness
- 5) Employment/Poverty

The Transformation Index

Indicators

Transformation Index (5 broad measures) used to assess and compare countries on transformation

“A transformed economy looks like this “

Drivers of Transformation

Measures of fundamental drivers used to explain/interpret the transformation experience and draw policy recommendations

“You take these actions to encourage economic transformation“

Country case studies

- **In-depth analysis of environment and prospects for transformation**
- **15 countries**
 - Botswana, Burkina Faso, Cameroon, Ghana, Ethiopia, Kenya, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, and Zambia
- **Working with local think tanks, common TOR**
- **Next phase: 10 more countries, including North Africa**

Country case studies - framework

Part 1

Review Transformation

- Review trends in indicators and explain using fundamental drivers

Note consistent framework used for ATR, Transformation Index and Country Case Studies

Part II

Institutional Environment for Transformation

- State capacity for economic management and formulating long term transformation strategies
- Private sector capacity
- Policy and regulation environment for private sector
- Public-private consultation mechanisms

Part III

Identification of new products and services

- Provides firm even potentially provocative answers to the question "Where do you go? "

Part IV

Policy recommendations

- Make firm and specific recommendations
- Answers "How do you do it? "

Thematic studies – framework



TRANSFORMATION THEMES

- *State Capacity*
- *Business environment*
- *Domestic savings and investment*
- *Infrastructure*
- *Education and Skills*
- *Technology Upgrading*
- *Export Promotion*
- *FDI*
- *Labor & Employment*
- *Sectoral Strategies*

High Level Structure

- **Conduct policy analyses:**
 - What is the role of this theme in the transformation experience of successful countries
 - Collect stories of both success and failure
- **Analyse where Africa is regarding this theme**
 - Africa vs the outside world
 - Comparison among African countries
- **Make concrete policy and other practical recommendations**

Industry studies – Pathways to transformation?

➤ **Textiles:** the traditional route?

➤ **Agro-processing:** low hanging fruits?

- Cocoa
- Coffee
- Soyabean
- Fruits
- Palm oil
- Sugar

➤ **Tourism**

➤ **Component assembly manufacturing:** why has Africa been left out, any prospects going forward?

Industry Studies- Framework

High Level Structure



- Conduct market analyses:
 - Global /segmented market demand analyses
 - Supply conditions in Africa
- Map back from product to African countries (i.e. list countries that have potential in sub sector)
- Bring to bear experience and lessons from successful exporters globally
- Identify the supporting policy conditions and actions that need to be in place in African countries for sector to be successfully promoted

Use different lens than Country Case study:

- Country Case Study produces list of products applicable to country
- Sub Sector Study produces list of countries applicable to sub sector

“ACET is making an invaluable contribution in assisting us strengthen the policy and institutional foundations of our recovery and reform agenda. It is becoming an institution that gives meaning to African ownership of African destiny.”

– **President Ellen Johnson-Sirleaf, Liberia**

