Transformation in a Generation

The ACET Way
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Overview

By 2050 Sub-Saharan Africa will have a larger and younger workforce than China or India. With the continent’s abundant land and natural resources, that workforce can be a global competitive advantage and a great asset to Africa’s leading development paradigm: economic transformation.

The impressive economic growth of many African countries since the mid-1990s – as well as the progress in governance and the turnaround in investor confidence – provides a solid foundation for transforming the structure of African economies for better jobs, sustainable growth, and shared prosperity. This is a goal recently endorsed by African Heads of State and Government, as well as the African Development Bank and UN Economic Commission for Africa.

But transformation does not happen on its own. It only takes place when, among other things, countries diversify their production and exports, boost their competitiveness in world markets, and increase their share of manufacturing in GDPs. African economies will then become much more prosperous, more collaborative between the public and private sectors, less dependent on foreign assistance, and much more resilient to shocks.

We began the African Center for Economic Transformation (ACET) in 2008 with a central understanding: that Africa needs more than economic growth to sustain its recent progress and to embrace its coming opportunities. It needs transformation.

Dr. K.Y. Amoako
President and Founder
Who We Are

The African Center for Economic Transformation (ACET) is an economic policy institute supporting Africa’s long-term growth through transformation.

We provide research, policy advice, and institutional strengthening for African countries to develop their economies, reduce poverty, and improve livelihoods for all Africans. We are the pre-eminent African organization advancing African solutions to African transformation challenges.

In our view, growth is not enough. Africa must also transform.

VISION
Our vision is an economically transformed Africa within a generation.

MISSION
Our mission is to help government and business deliver economic transformation that improves lives.

LONG-TERM
Our long-term outcome is economic transformation and improved human well-being through diversified production, competitive exports, increased productivity, and upgraded technology.

ACET began operations in 2008 as a “think-and-do” tank, determined to help equip African countries with the knowledge and tools to pursue transformative growth.
Transformation Through Growth with DEPTH

Since the mid 1990s, many African countries have seen steady economic growth but have struggled to leverage that growth into sustainable development policies and plans.

Transformation = Growth + DEPTH

For example, countries continue to rely excessively on low-productivity agriculture, and they have failed to develop strong manufacturing industries.

At ACET, we work with Africa’s public and private sectors to address the policy and institutional barriers that hamper sustained growth.

In our view, it is not enough for African economies to simply grow. They must also transform.

In short, African countries need Growth with DEPTH, which is how ACET encapsulates the multidimensional process of economic transformation into a practical policy agenda.

Transforming Africa along DEPTH lines will mitigate the risk of shock for African countries."

Council on Foreign Relations blog

Diversification - While pursuing further improvements in the macroeconomic and business environments, countries have to diversify their production and exports.

Export competitiveness - They have to become more competitive on international markets.

Productivity increases - They have to increase the productivity of all resource inputs, especially labor.

Technological upgrading - They have to upgrade the technologies they use in production.

Improved Human well-being - Only by transforming can countries ensure that growth improves human well-being by providing more productive jobs and higher income, and that everyone benefits from shared prosperity.
Areas of Focus

At ACET, we focus on the "how-to" of policy reform, drawing on the best experiences and practices from within Africa and around the world. We accomplish this by relying on on a core set of objectives and activities supported by our organization’s five operating pillars.

**Operating Pillars**

1. **PILLAR ONE**
   Economic Strategies and Management for Transformation
   - OBJECTIVES
     - To help countries produce more transformational development strategies in response to country demand.
     - To help countries raise sufficient resources and manage them efficiently.

2. **PILLAR TWO**
   Making Economic Growth Inclusive
   - OBJECTIVES
     - To expand employment opportunities so that economic growth is more inclusive and incomes are more equal.
     - To ensure that African workers’ skills, particularly among the youth, align with employer needs.

3. **PILLAR THREE**
   Leveraging Extractives for Transformation
   - OBJECTIVES
     - To help countries use their natural resources - mineral, oil, and natural gas - to support transformation by:
       - Optimizing project revenue.
       - Managing in transparent and accountable fashion.
       - Linking to other sectors.
       - Boosting local content and value addition.

4. **PILLAR FOUR**
   Modernizing Agriculture and Promoting Light Manufacturing
   - OBJECTIVES
     - To raise the productivity and resilience of traditional smallholder farmers.
     - To promote the growth of a small and medium-scale modern commercial farming sector.
     - To link agriculture to industry through processing and other light manufacturing to add value.
     - To enable agriculture to respond to urban population demands.

5. **PILLAR FIVE**
   Boosting Trade Facilitation and Regional Integration
   - OBJECTIVES
     - To help countries accelerate trade facilitation as a means to promote regional integration.
     - To help countries provide a platform to support a transformed regional business environment through increased trade and policy harmonization.
Our Approach in Action

In a few short years, ACET has accumulated a notable body of work that has helped shift the debate, globally and regionally, toward economic transformation as the way to achieve sustained growth and shared prosperity in Africa.

Due to our successful blend of analysis, advice, and advocacy, we can point to past achievements, ongoing successes, and exciting future plans across all three of the levels at which we operate.
A Future Approach

As the post-2015 agenda and the accompanying Sustainable Development Goals (SDGs) gain speed, it is imperative for Africa to maintain focus on economic transformation. It is at the heart of Africa’s future. It is at the forefront of Africa’s common position, and it is ACET’s area of unparalleled expertise.

African countries need a regular mechanism for sharing ideas and best practices, developing synergies in knowledge and skills, jointly mobilizing resources for research and implementation, and creating transnational narratives to generate support and enthusiasm for proven policy interventions. To meet these aims, ACET will set up the Coalition for Transformation, the first post-2015 platform with a highly participatory network that will drive the transformation agenda.

The Coalition will include a small number of Chapters, each focused on a separate area of economic transformation and comprised of core members with relevant expertise, interest, and knowledge. Chapters will function as small, nimble networks of like-minded countries, organizations, and sponsors to coordinate joint action – sometimes in person, sometimes remotely – to share valuable knowledge, and to promote successful transformation strategies for all of Africa.
The ACET Way: How we work

We follow a unique, integrated approach where analysis, advice, and advocacy go hand in hand.

ACET studies the drivers of economic transformation, examines country records and prospects for transformation, and identifies the most promising pathways to transformation. We draw insights from the existing knowledge base and from our own analyses and special studies. We also engage and influence policymakers at the highest levels, providing them with practical advice informed by a deep understanding of African realities. Our approach focuses on the “how-to” of policy reforms, drawing on experiences and best practices from within and outside Africa.
We proudly refer to this approach as the **ACET Way**. It is a unique model of multi-layered, multi-stakeholder policy engagement. And it’s been proven to work.

1. **Continental level**
   At the continental level, we provide intellectual leadership, help set the transformation agenda, and influence the dialogue.

2. **Country level**
   At the country level, we work with governments, the private sector, and other stakeholders to chart a transformation course and set priorities around key issues.

3. **Institutional level**
   At the institutional level, we engage policymakers to build capacity and strengthen the institutions charged with implementing a transformation agenda.
At the Continental Level

We provide intellectual leadership, help set the transformation agenda, and influence the dialogue. More specifically:

The African Transformation Report

The African Transformation Report, published in 2014 to worldwide acclaim and endorsed by government leaders, influential economists, and development officials, typifies how we work at the continental level. The inaugural edition of ACET’s flagship publication draws on a research program of country, sector, and thematic studies, and its findings underpin our position that recent growth in Africa will not sustain development and that economic transformation is needed. It also features the African Transformation Index, which compares countries on key aspects of economic transformation and evaluates their progress over time.

In the future, we will adopt a thematic approach for each report, beginning with the 2016 African Transformation Report: Transforming African Agriculture. This second report aims to catalyze the transformation of Africa’s agricultural sector, which remains inefficient and outmoded. The report will provide recommendations to help both smallholders and large growers address challenges, raise productivity and take advantage of opportunities – such as moving up value chains, leveraging agro processing, and expanding employment. Expected publication is late 2016.

The African Transformation Forum

The African Transformation Forum, to be held March 13-15, 2016, in Kigali, Rwanda, will create a standing continental event, Africa’s only forum devoted solely to transformation strategies and implementation challenges. ACET will convene friends and partners in government, business, civil society, and the donor community in a peer-to-peer exchange of ideas on transformation pathways and on the actions to secure them. Additionally, the forum will help advance the UN Sustainable Development Goals that are most related to economic transformation, including inclusive growth, sustainable agriculture, and industrialization.

Coalition for Transformation

The inaugural African Transformation Forum will launch the Coalition for Transformation, a bold innovation to bring together like-minded stakeholders to share knowledge and jointly promote transformation strategies. Coalition members not only will learn from one another but also will help educate others. In establishing the Coalition, ACET will leverage its convening power into a powerful new engine for transformation.

What I like about their process is that they have involved us in a substantive way, in a learning way. They have helped us do some of the work instead of doing it themselves."

Senior Liberian government official
The African Transformation Report highlights four promising pathways to transformation:

1. **Labor-intensive manufacturing**
   
   Sub-Saharan countries can leverage their abundant labor and low wages to enter the competitive production and export of manufactured goods.

2. **Agroprocessing**
   
   Agroprocessing can offer a big step up in generating employment, income, and foreign exchange. Well designed policies can overcome barriers that prevent domestic players from becoming globally competitive.

3. **Oil, gas, and minerals**
   
   Government revenues from oil, gas, and minerals can promote technological upgrading, higher productivity, and growth in other economic sectors.

4. **Tourism**
   
   Tourism can increase the foreign exchange to finance imports, creating jobs, and increasing demand for local material inputs.
At the **Country Level**

We work with governments, the private sector, and other stakeholders to chart a transformation course. We engage local policymakers and experts to solve country-specific challenges, but we also bring together small country groups to draw lessons across borders and to promote peer learning on issues of similar focus. Some examples include:

### Sustainable Rural Agriculture

Our recently completed project, Promoting Rural Development and Transformation in Africa, supported by the Bill and Melinda Gates Foundation, involved the participation of five countries: Burkina Faso, Ghana, Kenya, Tanzania, and Uganda. We partnered with local experts to conduct research, validate data, and review findings, which were compiled into more than two dozen different agricultural studies. The results generated great interest among policymakers and the private sector, and all five countries are now eager to deepen their agricultural engagement with ACET.

### Local Content in Extractives

Through ACET’s Local Content and Value Addition in Africa project, we promote stronger linkages between the extractives industry and a country’s broader economy – such as stimulating growth in local employment, industrial development, and entrepreneurship. We want to see Africa’s abundant mineral, oil, and gas resources, primarily exported as raw commodities, instead become transformative through local processing and links to other industries and services. Eight countries – Burkina Faso, Ethiopia, Ghana, Mozambique, Namibia, Nigeria, South Africa, and Zambia – are participating in this study.

### Aid Management

ACET’s ongoing Aid Management and Fiscal Policy for Inclusive Growth project examines the rapidly changing landscape of financing for development. By working with local partners in five countries – Burkina Faso, Ghana, Mozambique, Rwanda, and Tanzania – we are exploring how African countries can best engage traditional and emerging state and non-state development partners to maximize transformation opportunities and outcomes.

### Skills Mobility and Regional Integration

Productive employment is at the crux of successful transformation, from creating jobs to developing skills and retaining talent in Africa. Launched in conjunction with the World Bank, the Intra-African Talent Mobility Partnership is an innovative approach to try and accelerate economic integration, open borders, and promote common policies and laws in Africa all aimed at increasing the movement of skilled labor within Africa. In all, a dozen African countries are participating through various organizations, and ACET is the West African secretariat for work in Benin, Cote d’Ivoire, Ghana, and Sierra Leone.
**Diaspora remittances**
Diaspora remittances at US$ 40 billion annually are the largest source of international financial flows to Africa, exceeding FDI and foreign aid for the entire continent by 50%.

**Oil and gas reserves**
Total proved oil and gas reserves in Africa were estimated at 129 billion barrels and 14.2 trillion cubic metres in 2014. Accounting for 7.6% of the world’s reserves.

**Mineral reserves**
Africa produces about 60 metal and mineral products and hosts 30% of the world’s solid mineral reserves. Gold and Diamonds are the two most profitable minerals in Africa.

**Cultivable land**
50% of the world’s acreage of cultivable land not yet cultivated is in Africa. The value of agricultural production has almost tripled (+160%), almost identical to that of South America.
At the Institutional Level

We engage policymakers to strengthen the institutions that are needed to implement a transformation agenda. Economic transformation requires strong state capacity in setting an overall vision and in managing public revenues and spending.

It also requires a constant monitoring of policy impacts and a willingness to make timely corrections where needed. In more than five years, ACET has supported numerous governments in strengthening the capacities of institutions dealing with core public sector management functions.

Ghana
In Ghana, we conducted a detailed study of the state’s planning function and supported the government as it put in place new aid policies and strategies.

Liberia
In Liberia, we assisted the government in strengthening institutional effectiveness by creating a new Ministry of Finance and Economic Development. Also, we supported efforts to improve infrastructure policy coordination and aid strategies.

Rwanda
In Rwanda, we assisted the government in developing a national framework for investing in public-private partnerships.

Guinea
In Guinea, we assisted the government in revising and strengthening its mining code to secure better extractives contracts.

Sierra Leone
In Sierra Leone, we carried out a functional review of the office of the President and the Ministry of Finance and Economic Development and subsequently made recommendations for organizational reforms.

Working across countries
ACET has provided analysis, advisory, and advocacy services in more than 20 countries across the continent.
Facts & Figures

$2.2 Trillion

Africa’s GDP
Africa’s GDP of $2.2 trillion in 2013 represented a more than threefold increase from $600 billion in 2000, one of the fastest economic growth rates in history.

12%

Rate of return
Since 2000, the rate of return on foreign investment has been higher in Africa than in any other developing region. In 2012, it was between 11% and 12%.

$93 Billion

Infrastructure deficit
Over the next decade, an estimated annual investment of $93 billion is required to fill Africa’s infrastructure deficit – more than double the approximate $45 billion that is currently spent every year.

122 Million

Africa’s labor force
Africa’s labor force is projected to rise by 122 million between 2010 and 2020, creating a continent-wide labor force of 500 million by the end of the decade.
Our Partners and Sponsors

Throughout our process, we work in close collaboration with a global network of partners, sponsors, and stakeholders. Most important, at every level we operate, we engage think tanks and institutions to ensure we’re capturing African expertise and deepening our understanding of local conditions. So far, we’ve worked with think tanks in 15 countries.

Since our founding, we’ve partnered with a growing roster of foundations, organizations, and governments, all of whom are devoted to sustaining Africa’s development.

The list includes the Hewlett Foundation, the Bill and Melinda Gates Foundation, the Rockefeller Foundation, the World Bank, the Open Society Initiative, the UK Department for International Development, and the governments of the Netherlands and Norway. Closer to home, the governments of Benin, Cote d’Ivoire, Ghana, Liberia, and Sierra Leone have contributed substantially to ACET’s work in their countries. Sometimes our partnerships come with a financial component to help support our work. Other times, they come simply with the desire to realize a joint vision on African transformation issues and ideas.

We’re not doing this alone.
Long-term Impact

We’ve heard enough from key stakeholders to know that ACET is making a difference. Consider some of the influential feedback in response to the African Transformation Report:

"Five years ago, I welcomed ACET’s establishment in the expectation that it would give new meaning to African ownership of Africa’s destiny. With this report, ACET has earned that recognition."

Ellen Johnson Sirleaf, President of the Republic of Liberia

“ACET is an African institution. It is closer to the reality of our countries, it is like a sort of natural continuation of the country institutions, and therefore it was credible and helpful. GoG’s trust of ACET made them open to have discussions on a trustful basis.”

The Government of Guinea

“One of the top-notch reports to come out of Africa.”

Scott Eisner, Vice President, US Chamber of Commerce African Affairs

“Unlike many development blueprints, the ACET report is grounded in economic reality.”

The Economist blog

“The report’s 10-point suggestions for driving economies...could easily be used as an agenda to shape the strategies of individual African nations.”

New African

“The ACET report needs to be read, shared, and debated by anyone with an interest in Africa’s economic (and social) future. It is a major intellectual contribution, not just another report.”

Hewlett Foundation

“What the ACET report does better than most is provide a concrete roadmap to maneuver through the individual components of such a transformation... bringing the power of focused measurement and transparent data to what is otherwise an overwhelming landscape.”

Homi Kharas, Deputy Director for the Global Economy and Development Program, Brookings Institution

“A must read for governments in Africa as well as anyone concerned about poverty reduction, job generation, and economic development in Africa and other parts of the world.”

Justin Lin, former Chief Economist of the World Bank
We are working with some of Africa’s staunchest development partners and new players from the global South, particularly from Asia, on transformation strategies for several countries, including some that are emerging from destructive civil conflicts. The road is long but the journey has begun."

K.Y. Amoako, President, African Center for Economic Transformation
Our Goal: Transformation in a generation

Economic transformation is now the consensus paradigm for Africa’s development, a key component of long-term strategies endorsed in recent years by the African Union, African Development Bank, and the Economic Commission for Africa.

In early 2015, African Heads of State and Government identified economic transformation as the first of six pillars to support Africa’s post-2015 development agenda and the UN’s Sustainable Development Goals. Many think tanks and other non-state actors have embraced the economic transformation agenda as well.

However, transformation doesn’t happen overnight. It’s a long-term process, but it doesn’t have to be open-ended, either. At ACET, it’s our vision to see Africa transformed in a generation. And few organizations are better positioned to help countries realize that vision – and to meet future economic challenges. We have the knowledge, experience, and processes to lead Africa’s transformation future. With the continued support of our development partners, we will be able to do that and much more.
Transforming Africa’s Agriculture

Even as Africa welcomes new growth and industries, agriculture still makes up the bulk of most African economies. It also offers countries their most immediate pathway to transformation, despite being inefficient and outmoded across the continent. That’s why the second edition of our flagship publication (ATR2) is focused on a single, overarching goal: to jump-start Africa’s agricultural transformation.

Africa has nearly 60 percent of the world’s arable, uncultivated land. It has year-round temperatures suitable for cultivation. And it has an expanding young labor force that gives it a clear, comparative advantage in agricultural production.

But Africa is yet to undergo an agrarian revolution. Modernizing African farms – and connecting them with other parts of the economy – has been slow. The continent remains a net importer of food, and agriculture’s share of GDP has been declining in many countries. However, linked to modern science, technology, and farming practices that raise productivity – and to policies that support full value chain development – African agriculture has the potential not only to feed the continent but to generate employment, boost incomes, and catalyze industrialization.

The 2016 African Transformation Report: Transforming Africa’s Agriculture, currently in production, will be our vision of Africa’s agricultural future – and a blueprint for translating that vision into reality. It will highlight the key linkages between agriculture and economic transformation. It will assemble and synthesize existing knowledge, supplementing with new case studies that examine common challenges. It will go beyond a mere discussion of the issues to champion the interventions and innovations that are already happening on the ground, providing public and private sector leaders with the information they need to move forward.

The topic for the 2016 African Transformation Report could not be more relevant. That’s because the potential for agriculture to drive economic transformation is enormous. In Kenya, for example, where agro-processing is relatively well-developed, agriculture contributes 30 percent of GDP through manufacturing, distribution, and agricultural services. And it provides more than 18 percent of formal employment.

What is our ultimate vision? An agriculture sector that looks remarkably different within 20-25 years. Our report will lay out an agenda to help make that happen, characterized by the need to:

- raise productivity on all farms, from smallholders to large-scale commercial enterprises.
- improve post-harvest handling, and strengthen the value chain to ensure that increased production translates into increased availability and demand.
- expand linkages between agriculture and the rest of the economy, particularly manufacturing and agribusiness.
African Transformation REPORT 2

The 2016 African Transformation Report will elaborate on this agenda. It will explore opportunities, identify challenges, and outline the fundamental structural changes and new programs needed to fully realize the economic potential of Africa’s agricultural industry.