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President’s note:
What comes next

In the last decade, economic transformation became the consensus paradigm for Africa’s development. For it to succeed, one issue looms above all others: leadership.

by K.Y. Amoako | Aug 1, 2018

Ten years ago, the African Center for Economic Transformation (ACET) opened its doors in Accra with a single mission: to ensure that Africa’s economic growth is sustainable and inclusive. As encouraging as it was to see so many African countries among the world’s fastest growing economies, too many of those countries continued to rely on high commodity prices, natural resources, or macro reforms to drive their growth—none of which offers a pathway to stable and lasting development.

ACET began engaging African governments eager to move in new policy directions that would encourage growth through economic transformation: diversifying their production and exports, becoming more competitive in global markets, increasing productivity and efficiency, upgrading technologies, and, ultimately, improving human well-being by providing more productive jobs and higher incomes.

A decade later, ACET has worked with more than two dozen African countries in all these areas, helping policymakers and other stakeholders identify the issues and implement the actions to begin their own transformation journeys. The examples are numerous.
In the decade since ACET’s founding, economic transformation has gone from a fringe consideration in Africa to the consensus paradigm for African development.

We have worked close to home, assisting the Government of Ghana in its planning functions and development assistance policies. We have worked in Rwanda, one of Africa’s true twenty-first century success stories, by helping develop a national framework for investing in public-private partnerships. In Guinea, we worked government officials to strengthen the mining code to secure better extractives contracts. In Liberia, a country still trying to rebuild its institutional core, we helped merge the Finance and Planning ministries to strengthen capacity and improve infrastructure policy coordination. In Sierra Leone, we worked with the office of the president to strengthen decision making at the center of government.

At the same time, we also have striven to bring together these countries in which we’ve worked, so that policymakers can learn from each other and share their own experiences to speed up progress through events like the African Transformation Forum (ATF) and learning platforms like the Pan-African Coalition for Transformation (PACT), both of which are geared to drive action, not just produce talk.

The most recent Forum, ATF2018, convened in June in Accra, drew more than 300 participants. It was an inspiring event, full of hopeful energy and practical ideas for the future. In a relatively short period, I believe the ATFs have become instrumental in shaping transformation strategy at the country level and in building momentum at the continental level.

For example, PACT is based on the simple concept that African countries can accomplish more by working together than apart. It connects like-minded actors in both the public and private sectors to focus on implementing specific policy reforms—an example of collaborative leadership for transformation. There are now five PACT Chapters in all, at different stages of development. They cover extractives, manufacturing, youth employment, agriculture, and resource mobilization and management.

These five areas of focus are among the most fundamental to successful economic transformation. They are proven pathways, regardless of country or circumstance. In fact, much of ACET’s work over the past ten years has revolved around these pathways. Our work over the next ten years surely will do more of the same.

And yet, the time has never been better to stop and ask ourselves: where do we go from here?

Defining issues for the decade ahead

In the decade since ACET’s founding, economic transformation has gone from a fringe consideration in Africa to the consensus paradigm for African development. It’s the backbone of long-term strategies at the African Union, the African Development Bank, and the UN Economic Commission for Africa. It’s the clear way forward. But what does the next decade look like?

At this point, everyone knows the aforementioned “fundamental” pathways are critical to transforming economies and will remain so. But if we look ahead, a handful of additional issues loom large on the horizon—issues that, while highly relevant now, appear poised to dominate the dialogue around Africa’s transformation and development over the coming years.
These are issues on the frontier of advanced transformation strategies. They present increasing challenges—but also increasing opportunities—within the context of transformational needs. ACET intends to focus more attention on five areas in particular. They include:

- **Ensuring Africa’s booming youth population** has access to improved education and skills training for decent jobs;
- **Expanding free trade and common markets** as a realization of the economic might of an integrated Africa;
- **Promoting a green economy** to mitigate climate impacts and ensure a transition to renewable energy, and also help decrease Africa’s infrastructure gap;
- **Leveraging technology and innovation** to encourage entrepreneurship and accelerate growth and job creation.

Issues like agriculture, manufacturing and resource mobilization will continue to command attention, but the farther we get into Africa’s transformation journey, the broader we must think. How we deal with this broad mix of critical issues will determine our eventual success—or failure.

And that brings me to the fifth—and arguably most important—issue that will impact Africa’s future transformation success: leadership. It is the most essential precondition that exists for economic transformation. Everything else—plans, policies, public-private partnerships—flows from it. The quality of leadership in Africa in the next decade or more will go a long way in determining the ability of the continent to realize its vast potential.

At the closing session of ATF2018, a dialogue between African Heads of State and Government and African business leaders, Aliko Dangote, Africa’s wealthiest and most prominent businessman, was asked what he considers the most important factor before investing in a country. He answered, “The first thing I will look at is the president. Is he a man of his word?” His point could not have been clearer: leadership matters.

Consider the other four “frontier” issues to which I just referred. If they are handled the right way, the payoff for Africa will be considerable. They are all potential roadblocks, but they also can be seen as opportunities. To do so requires strong, visionary and committed political leadership among policymakers and elected officials. And it requires steady advocacy, outreach, and action by everyone else, so that these issues and the complexities that surround them remain at the forefront of Africa’s transformation agenda.

That’s where the new African Transformation Leadership Panel comes into play.

**In support of transformational leadership**

Leadership is not confined to state houses or presidential offices. It is a collective action that can be demonstrated in many different ways, and take many different forms. The African Transformation Leadership Panel is one such form.

It will consist of eminent men and women who can contribute to balancing the narrative on Africa’s opportunities and challenges, as well as focusing attention on the right issues at the right times. And to underscore the seriousness with which ACET is approaching this endeavor,
Ellen Johnson Sirleaf—the past president of Liberia, Nobel Peace Prize recipient and recent winner of the Ibrahim Prize for Achievement in African Leadership—will serve as the Panel’s first chair.

Leadership is not confined to state houses or presidential offices. It is a collective action that can be demonstrated in many different ways, and take many different forms. The African Transformation Leadership Panel is one such form.

I cannot imagine a more qualified person for this role. When she was sworn into office, President Sirleaf faced a shattered economy, dysfunctional institutions and destroyed infrastructure—the result of two decades of brutal conflict. Under her administration, Liberia tackled its massive debt, began to rebuild and strengthen its institutions, and attracted private investment, all the while pursuing transformation-oriented policies to lay a foundation for long-term recovery, not just immediate growth.

I have been fortunate enough to know President Sirleaf for many, many years, well before she made history as the first woman elected to lead a country in Africa. I consider her a friend, but more importantly I consider her a transformational leader who understands how to turn challenge into opportunity.

For example, she knows as well as any of us that Africa will only transform if there is a substantial commitment to improving gender relations and opportunities for women across the continent. So she is establishing the Ellen Johnson Sirleaf Presidential Center for Women and Development to support women as agents of change. The Transformation Leadership Panel will be able to work closely with the Sirleaf Center to combine knowledge and influence transformational policy.
It is impossible to say for sure where this Panel will lead or how its efforts will impact Africa's transformation agenda. But it is imperative that we all do whatever we can to leverage African expertise to both foster and support transformational leaders—and to ensure the coming challenges are confronted with knowledge and vigor.

I am proud that ACET has played a small part over the past decade in laying the foundation for Africa's shift toward economic transformation. But now it's time to take another step forward, build on what we started, and continue to help lead Africa on its transformation journey.

Author Dr. K.Y. Amoako

*President and Founder*

African Center for Economic Transformation
Heads of state, CEOs raise the bar

What do presidents and business leaders talk about when they get together? Participants at the 2018 African Transformation Forum had a bird’s eye view.

by Dede Amanor-Wilks | Aug 1, 2018

The moment that everyone had been waiting for came right at the end of the 20-21 June African Transformation Forum (ATF2018) – a moderated conversation between some of Africa’s most talked about heads of state and some of its most celebrated business leaders.

On one side of the conversation were Rwandan President and current African Union (AU) Chair, Paul Kagame, Ghanaian President and ATF2018 co-host, Nana Addo Dankwa Akufo-Addo, and Côte d’Ivoire’s Vice President, Kablan Duncan.

On the other side was Africa’s richest person, Aliko Dangote, together with Unilever’s Executive Vice President for Ghana and Nigeria, Yaw Nsarkoh, and McKinsey Senior Vice President, Benjamin Dabrah. The conversation was moderated by BBC Focus on Africa anchor, Sophie Ikenye.
Had the attractively designed stage been set for a cosy exchange between partners in development, or for a face-off between competing forces, big business versus the state?

The physical separation of the two sides became less clear when Dangote arrived late, delayed by the terrible Lagos traffic, he explained, and was slotted in between President Paul Kagame and moderator Ikenye at one end of the stage, while his fellow CEOs, Yaw Nsarkoh and Benjamin Dabrah, were seated at the other end of the stage.

And after a few mild salvos, the panel settled into a useful conversation on some key challenges bedevilling the continent that raised the bar on a long-running and often controversial debate about the relative importance of markets and states in African development.

The panel settled into a useful conversation on some key challenges bedevilling the continent that raised the bar on a long-running and often controversial debate about the relative importance of markets and states in African development.

After a brief discussion by President Kagame on the portability of Rwanda's investment model, which he said was not unique and could be replicated in other parts of Africa, the first salvo came from Akufo-Addo, responding to a question from Ikenye about developing leadership for social and economic transformation.

"Is the business community in terms of the private sector up to the task?" the Ghanaian president asked. But he softened the blow by first acknowledging the contribution of Africa's unrivalled business hero.

"There is one Aliko Dangote who has emerged in Nigeria. It is important that we have several for the continent. Are there going to be many such people who are going to come forward and invest in their countries and economies? And not try to stick away monies elsewhere but look seriously at the process of contributing to the transformation of our continent?" said Akufo-Addo, who is co-chair of the UN SDGs Advocates Group of Eminent Personalities.

**Risk-averse banks**

Akufo-Addo accepted that capital and the cost of capital were constraints to investment, but pointed his comments at the banking sector. "In our own country, Ghana, the banks for the past 30 years have been very content with making lots of money", while "not being particularly involved in the risk-taking that contributes to economic development or significant transformation."

The structure of the financial and banking system was at fault, said the Ghanaian president, adding: "The foreign-owned banks are the major players of the economy and they have their own goals, which are not necessarily about the development of the economy but the profits they are going to gain."

He continued: "I don't have a problem with faulting people wanting to make money, but I do have a problem with making money in an environment whereby it is not making a significant contribution to the transformation of the economy."
He said this required “important policy making” to “promote the indigenous companies that are in our country to grow to become stronger to take on the role of providing the financial wherewithal of transformation.”

He said, “having banks that are prepared to finance relatively risky ventures both in industrial and agricultural initiatives” would “enable us to get to the transformation that we are seeking.”

When Ikenye asked Dangote what he looked for before deciding to invest in a country, the billionaire did not hesitate to throw back his own challenge. Listing leadership, population and the size of the market, and rule of law as the things he looked for, he added that the two main reasons investors go bankrupt are “lack of [electrical] power and inconsistencies in government policies.”

Left to right: Aliko Dangote, CEO of Dangote Group; Paul Kagame, President of Rwanda; Nana Akufo-Addo, President of Ghana, with BBC’s Sophie Ikenye at far left.

**Leadership is the backbone**

And Dangote had more moments of frankness: “Your Excellencies, my message here is to show that leadership is important but it should be the backbone of making sure that the private sector is being established. There is no need for anybody in government to be unhappy with somebody making money. Yes, the person should make as much money as possible but he should be socially responsible, he should pay his taxes.”

He said while a five-year tax holiday could allow a start-up investment to grow and translate into billions in taxes down the road, government coffers stood to gain. He said that after a tax holiday, just one of his companies had been able to pay trillions of naira in taxes to the Nigerian government between 2007 and 2017. He said his sugar, flour and food, and cement business would be paying a combined US$ 1.3 billion a year in taxes for the next five years.
“To transform the economy is not the job of the government.” Dangote said bluntly. “The job of the government is actually to facilitate.” Government facilitation meant that the Dangote Group would have $30 billion in revenue by 2020 and that government would be the “biggest beneficiary” through the collection of taxes, he pointed out.

Noting that there was “no way government on their own will be able to transform the African continent,” he said it would take a “partnership between the private sector and the government to be able to get to the Promised Land.” Nigeria, he said, had been “talking about setting up refineries for over 35 years”, but it was the private sector that had decided now. “Okay fine, we will take the risk.” But “unless the government by their own conscious effort develop their own private sector, it is going to be very difficult for us to develop the economy of Africa,” he cautioned.

He concluded, “So, it is paramount for political leaders to make sure that they develop local capacity, not to have one or two Dangotes in Africa but 10 Dangotes in Ghana and then they can see a lot of miracles.”

Finally, Dangote had a word to say about the relationship between local and foreign investors. “We need to build the capacities of the local people also. I am not against foreign investors, but foreign investors will not come unless they see a lead by local investors.”

**Catalysts for investment**

Asked to comment on catalysts for investment in Côte d’Ivoire, Vice President Kablan Duncan stated modestly that his country’s remarkable growth of 9% annually from 2012 to 2016 and 18% in 2017 could be attributed to investment by the private sector, which he described as the “engine of growth”.

“We do not need to have all 54 countries to have visionary leaders. What we need is a maximum of 20 of the likes of the presidents of Ghana, Rwanda and Côte d’Ivoire.” – Aliko Dangote.

Nevertheless, African integration was key to achieving the economic and social objectives of the country’s 2016 to 2020 plan, said Duncan, who is a former prime minister and finance minister of Côte d’Ivoire. He added that more work was needed on Africa’s transportation network, including the intra-African railway lines to be constructed from Abidjan to Lagos through Accra, Lomé and Cotonou. “Integration without systems such as these will be difficult and without integration, Africa’s development is not achievable,” Duncan said.

Picking up the thread in the conversation on the value of increasing taxes, McKinseh’s Benjamin Dabrah said it depended on the effect on the spending power of the average household. “Growth is good and government revenues drive growth. For true transformation to happen, that growth needs to be reflected in a growth in households to improve their standards,” Dabrah said, adding: “Research shows that money in individuals’ pockets is much more beneficial to economic growth and transformation than money in the pocket of government.”
**Executional Muscle**

The discussion on tax segued into a discussion about implementation. In relation to “the things that we say we will do,” as Unilever’s YawNsarkoh put it, “have we put in place the executional muscle on the public and private sectors?”

Responding to the Ghanaian president, Nsarkoh said, “We are extremely clear that we have the courage to do what it takes,” adding: “We chose to be in Africa because we know this is where we will make a difference.” But, he said, “courage to transform the continent together” was insufficient and that success would depend on “execution”.

With questions invited from the floor, James Mwangi of the Dalberg Group linked the problem of execution alluded to by Nsarkoh to that of international trade. “How do we actually move from a theoretical and integrated African market to valid and rapid execution of things at a time that the rest of the world is closing in and shutting out?”

**Intra-African Trade**

After President Akufo-Addo expressed the view that this problem would “reinforce the necessity to make sure that the CFTA works”, Ikenye asked President Kagame what he was saying to countries that hadn’t ratified the CFTA and countries that were saying “America first”.

Kagame responded that “if the rest of the world, so to speak is shunning Africa, it is a reminder to us that the more we come together through increased intra-Africa trade and investment, the better we are.”

Dangote observed that the current trade wars had little to do with Africa but would “strengthen our position to be able to trade with each other.” But much work was needed to make sure that regional markets worked, he said. Citing infrastructure challenges and border checks along the 1,000 kilometre Lagos to Abidjan road, which he said could take two weeks to navigate, and bottlenecks including that “Benin sometimes adamantly does not allow goods from Nigeria to go into Benin,” Dangote appealed to President Kagame as current AU Chair to “bring things to order”.

Reiterating his initial point about leadership, Dangote said: “We do not need to have all 54 countries to have visionary leaders. What we need is a maximum of 20 of the likes of the presidents of Ghana, Rwanda and Côte d’Ivoire.”

Other issues discussed by the straight-talking panel included corruption, particularly the corruption at borders impacting on trade. Recounting Rwanda’s own experience, Kagame said it used to take 22 days for a container to get to Kigali from the port of Mombasa passing through 54 East African roadblocks where inducements were demanded in cash or kind. Thanks to “political will between the private sector and the government,” he said this had been reduced to five days.

There was acknowledgement of the man behind the African Transformation Forum, ACET’s President, K.Y. Amoako, whom President Akufo-Addo described as a public servant who has “devoted his entire career to this theme of transformation of our continent.”
Amoako’s focus, the Ghanaian president said, “has to be the focus of all of us because that really is the burning question on our continent. How are we going to transition from the state of poverty to a state of situational prosperity?”

The final conversation at ATF2018 gave a good sense that the answer to that question might depend on political and business leaders putting their heads together more often to help create solutions to tangible challenges holding Africa back.

Author Dr. Dede Amanor-Wilks

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African Center for Economic Transformation
A continent coming of age

In an inaugural ATF Distinguished Lecture delivered recently in Accra, Mastercard Foundation’s Reeta Roy offers a vision for what will propel Africa’s transformation—its youth.

by Jason Thompson | Aug 1, 2018

Africa is a continent universally known to be rich in natural resources, yet its greatest resource, according to Mastercard Foundation President and CEO Reeta Roy, is not found in the earth or soil but rather in its youth.

“It is the hearts and minds and talents of its young men and women,” Roy said. “They are fundamental to all the pillars of transformation. They will be its drivers and its beneficiaries. Long after this generation is no longer young, they will be leading.”

Roy capped the first day of the 2018 African Transformation Forum (ATF2018) with a rousing address on the challenges and opportunities of putting Africa’s booming youth population to work in the coming decades. Finding dignified and productive jobs for 100 young men and women “may be the question of our time,” she said.

Roy delivered her remarks as the inaugural speaker in a recurring lecture series, the African Transformation Distinguished Lecture, that ACET President and Founder K.Y. Amoako said is “meant to both motivate and educate.” The lectures will anchor future African Transformation
Forums and be delivered by influential transformation thinkers. “I could think of no better person to ask to give the first address,” Amoako said.

Under Roy’s leadership, the Mastercard Foundation has committed US$ 2.1 billion to education, skills training, and financial inclusion programs in the developing world, primarily in Africa. The Foundation recently announced its sweeping Young Africa Works strategy to further strengthen its engagement with Africa over the coming decade.

“Unlike the rest of the world, Africa will keep getting younger as the century advances,” she said. “We believe youth employment in Africa will be a powerful predictor of social and economic progress. We are optimistic about Africa’s future. We want to be part of this future.”

The full remarks of Roy’s inaugural African Transformation Distinguished Lecture follow:

At their core, economic transformation and youth employment are inseparable. It’s impossible to envision a solution to the future of work in Africa without economic transformation. Africa’s growth and economic transformation will need to expand prosperity for tens of millions of people. To do so, we must harness the leadership and ideas of young people.

Let me begin with a story about Joseph Munyambanza. At age six, his family fled the conflict in the DRC to the Kyangwali refugee settlement in Uganda. Life in the camp was bleak. Limited food. No electricity. No schools. It was the beginning of Joseph’s leadership journey.

At the age of 14, Joseph and his friends started a project to educate children in the camp. This project became an organization, CITOYA. Today more than 1,500 children are enrolled in primary schools run by CITOYA. More than 900 have attended high school. Forty students have gone on to universities around the world. I am enormously proud that Joseph is a Mastercard Foundation Scholar.

Joseph is just getting started. His ambition is to transform this continent through education. He wants to inspire refugees to become leaders and entrepreneurs. When he points to the results of the schools in Kyangwali, as he says “This is what can happen when young people are given tools to manage their own destiny.”

Joseph and many other young people like him have inspired us at the Mastercard Foundation. Over the years, we have been beneficiaries for their insight and ideas.

I believe there has never been a more consequential time to come of age in Africa. Young people today are growing up with better access to education, health, technology, and opportunities undreamed of by their grandparents and parents.

It is also an optimistic time. Flagship initiatives are underway to strengthen governance, reduce conflict and improve transportation, telecommunications, power generation and now the creation of one African market.

The African Continental Free Trade Area agreement, covering over 1 billion people, represents a sea change that will spark years of growth and prosperity. It could increase trade by 50 percent. That’s remarkable.

So, this is a moment. We’re on the cusp of an African century. I believe, it can be, it must be. My question is, “who will make it so?”
Youth: Africa’s comparative advantage

This continent has many comparative advantages: the sun, the soil, the minerals in the earth. Yet, Africa’s greatest natural resource is none of these. It is the hearts and minds and talents of its young men and women.

When we study the pillars of economic transformation laid out by ACET. Whether it is infrastructure, agriculture or trade. I see a common thread.

Who will inhabit these sectors? Who will be at the forefront?

It’s young people.

They are fundamental to all the pillars of transformation. They will be its drivers and its beneficiaries. Long after this generation is no longer young, they will be leading.

Unlike the rest of the world, Africa will keep getting younger as the century advances. Seventy percent of the population is under the age of 30. By 2050, 37 African countries will have doubled in population. And, by the end of this century, almost half of the world’s young people will be African. The global workforce will reside here.

This demographic shift presents us with an extraordinary opportunity to shape the future. It is a moment ripe for transformation if ever there were one.

The numbers are changing. But, so is the narrative. Young people, entrepreneurs, through their alchemy of creativity, confidence and sheer force of will are making remarkable things happen. They are pursuing fresh ideas in business, in community service, in the arts and culture. They are drivers of digital entrepreneurship we see from Accra to Lagos and from Nairobi and Johannesburg. 

Photo: Mastercard Foundation will prioritise investing in women.
It’s clearer than ever that young people don’t need lectures from us. They would welcome tools. Our support. Mentoring. Guidance.

And, we will need young people’s leadership and ideas to answer a question that keeps parents and presidents awake. How will 100 million young men and women who will enter the workforce in this next decade find dignified work? This may be the question of our time.

Putting young Africa to work

In our own way, the Mastercard Foundation is also coming of age. We’re a young organization, now 12 years old. Our vision is a world where all people have the opportunity to learn and prosper. Early on, we decided to work almost exclusively in Africa. To date, our programs have improved the lives of more than 26 million people.

In a time of momentous change, the Mastercard Foundation wants to turn promise into prosperity and jobs. We believe youth employment in Africa will be a powerful predictor of social and economic progress. Progress out of poverty.

We are optimistic about Africa’s future. We want to be part of this future. Over the next decade, we will execute a new strategy, Young Africa Works. It places young people and employment and the future of work in Africa at the center of everything we do. Our Goal is to enable 30 million young men and women in Africa to secure dignified and fulfilling work by 2030.

Of course, we can’t do this alone. We will want to collaborate with many of you and many African organizations, and most importantly young people – because they have the greatest stake in the outcomes.

Practically, we will be rolling out Young Africa Works in multiple countries over the next few years. In each country, our approach will be the following:

- **Align with the country’s own aspirations and economic strategies.** This starts with listening to priorities of governments and the private sector and others.

- **Identify and focus on key industries** that are transforming national economies. Industries that can unlock their global competitiveness; industries poised to be job destinations for a skilled, young workforce. For example, the tourism sector in Rwanda has exploded into the country’s largest single export industry – 30% of total exports. There are promising sectors – agro-processing, creative industries, ICT and construction in several countries. Each presents a chance to build on progress and enable growth to translate into jobs.

- **Collaborate with private sector employers and entrepreneur**s who are growing these sectors. They will need capital as well as a pipeline of talent to grow. As we understand their needs, we need their commitment to provide young people with internships, apprenticeships and jobs.

- **Prepare the workforce.** This entails supporting secondary education and technical and vocational education so young people acquire skills that are relevant and in demand by the marketplace.
Most importantly, we have to build innovative ways and connective tissue between supply and demand so job seekers find employers and entrepreneurs connect with capital and tools to become job creators.

This will require technology to achieve impact at scale. The good news is Africans are finding their own ingenious solutions. Nine years ago, during a strike, three Nigerian university students decided to start a website. They created Jobberman, one of the largest job placement engines in West Africa. It has helped place half a million people in jobs in Ghana and Nigeria. But there’s more work to do to create functioning labor markets – and to catalyze the talented people who, with the right tools, are going to start the next Jobberman.

At the Foundation we will make it a priority to invest in women. Two weeks ago, I was at a graduation ceremony at Carnegie Mellon University’s African campus in Kigali. I met a young woman, Rahab from Kenya. She shared a story about how much her grandmother taught her. To be kind. Generous. Despite their poverty, her grandmother found ways to help others in need.

Rahab had the best scores in her entire primary school. But the family couldn’t afford to continue her studies. She thought she was done with school. Then her entire village showed up, one by one, and paid for her secondary education. She became the best student in her district and won an internship at Equity Bank. She won Mastercard Foundation Scholarships to Ashesi University and Carnegie Mellon. It was a moment of pride when she walked across that stage – cap and gown – degree in hand. She is starting up a data analytics company with two classmates. That’s transformation.

**Going to scale**

What does it take to go from the anecdotal to the transformational?

Scale requires certain tools – leadership, policy, incentives, technology, investments – these ingredients help to grow markets and opportunities.

Beyond the rigor and analysis of supply and demand frameworks, scale requires our imagination. We need to create space for young entrepreneurs to test and grow ideas. To empower people to help others. That’s why it’s important to get partnerships right. To create catalytic ways of working together that leverage our strengths. This requires listening, debate, empathy, respect. It requires the right conversations.

Scale that is enduring is scale that is built on a bedrock of values. Ethics. Integrity. Fairness. Inclusion. And, this is what I hear from young people everywhere. More than anything, they seek a level playing field. Good governance. Not only in public service but in private sector.

Achieving transformation depends on achieving scale. And scale, in turn, depends on virtuous circles – on helping people who help people.
Conclusion

Allow me to conclude with a story of a son of Ghana, Patrick Awuah. Patrick grew up in Ghana, educated in the United States and was a successful software engineer at Microsoft. But, he found himself restless. He wanted to make a contribution to Africa.

The chiefs in Berekuso listened to Patrick’s pitch. Young People. They resisted the offers of real estate developers. They waited for years as Patrick raised funds. Today, Ghana is home of the finest universities in Africa. Where students operate on an honor code. One graduate set up a platform to support free and fair elections in Ghana. Another techie helped Liberia fight Ebola by digitizing its data and mapping out the outbreak. Last year Ashesi graduated its one thousandth student.

That’s 1,000 reasons to be optimistic that the twenty-first century will indeed be an African century. There are many more reasons because of the work all of you do. Work that unlocks what’s good and great in each of us and in the organizations we lead.

So, let’s not merely wish for the African Century. Let us make it so, together.
The ‘Beyond Aid’ agenda – what, who and for whom?

The recent African Transformation Forum provided a fertile environment for reflection on the modalities, agents and current and future beneficiaries of Ghana’s “Beyond Aid” agenda.

by Richard Carey | Aug 1, 2018

In the middle of a process to define its new policy for development cooperation, the Government of Ghana recently announced that it was calling time out on that effort and established a ministerial committee to investigate a wider agenda “beyond aid”. The “Beyond Aid” Committee, under the leadership of Senior Minister Yaw Osafo Maafo is now looking to turn this wider agenda into an action programme that focuses the government and inspires the public at large.

Domestic resources are the main source of development finance, so the focus has to shift from the relationship with donors and lenders to creating trust between a government and its people.
The “beyond aid” concept has been employed in various ways over many years, for example to mean the need for donor countries to line up all of their policies that impact on development prospects, the “policy coherence” agenda in other words. More recently it has been used to capture the widening range of external financing sources and instruments now available to developing countries, bringing in a new “age of choice” era.

What Ghana’s initiative is essentially about though is quite different. It seeks to create, in effect, a new social contract between governments and their peoples, in which all financial resources, foreign and domestic, are seen together and used to “get things done”, with fundamental, inclusive, development impacts, taking Ghana beyond the frameworks of international donors and institutions for its decision-making.

Domestic resources are the main source of development finance, so the focus has to shift from the relationship with donors and lenders to creating trust between a government and its people. That means thinking and working in terms of advances in actual service provision that people recognise and appreciate.

Such confidence in well functioning government is the key to generating wide support for raising tax revenues by several percentage points as a proportion of national incomes — Ghana, with a tax to GDP ratio of just 15 per cent, is below the average of 19 per cent for 15 other African countries, which is below the average of 23 per cent in Latin America and 34 per cent in OECD countries — and investing that additional revenue in the expansion of effective public services (health, education) and infrastructures. When such public investment makes rural and urban life easier and the economy more productive and financially sustainable, then political leaders can carry the day with their publics.

‘Getting things done’

A number of African countries have shown how tax revenues can be lifted by extending the tax base and improving tax collection. Then comes the important task of effective policy execution. “Getting things done” attracts domestic and external investors, thus creating the dynamic economic activity that further increases growth and government revenues. This creates a virtuous circle of expanding public services and investment, wide public support, rising private sector and dynamic job creation.

In the final session of the recent African Transformation Forum 2018, political and business leaders came together in a discussion that focussed on just this question of “getting things done”.

Ghanaian President Nana Afuko-Addo framed the question, “why is Africa not doing so much better today given all the human and natural resources it has”? When the state takes action to “sanitise” the macro economy, expand education and training and support accountability via a vibrant media and civil society, then it is in a position to aggressively showcase development opportunities. Rwandan President Paul Kagame, currently Chair of the African Union, saw no excuse for African countries to be poor decade after decade – it is all a question of political and economic management in putting resources to good use to achieve transformation, and of recognising that African countries are intertwined in this process so that they must work together regionally and on a continental basis. Vice President Duncan of Côte d’Ivoire emphasised just how much reform had been required to generate the current strong performance in his country.
From an investor’s perspective, Nigerian businessman Aliko Dangote said the key investment decision factor was political leadership performance – were manifestos for development being turned into real actions? Unilever’s Executive Vice-President for Ghana and Nigeria, Yaw Nsarkoh saw the key priority as reducing Africa’s high cost structure through major logistical systems improvements, effective competition policies and infrastructure investment. “Doers” are successful. Implementation is the frontier. The entire African economy must be kick-started by this logistical cost-reduction process, which requires execution muscle.

On the financial front, in this leaders session the question was how African banks could be shifted from passive to active investors in African development, across African regions and the whole continent. And alongside that, the urgent need to persuade African countries to ratify the Continental Free Trade Area Agreement (CFTA), releasing the enormous economic potential of an Africa with fast-growing integrated markets.

**Focus on agency**

Thus the ATF2018 discussion had very little focus on traditional aid. Indeed, there was not a single mention of aid in this final session among top political and business leaders. The focus instead was on the responsibilities of African actors and the importance of African agency in putting all development resources to work with transformative impacts.

It is here that the meaning of the “beyond aid” agenda can be found – in the process of forming and delivering on a social contract between African governments and their peoples that visibly improves current lives and future prospects.

In this vein, the ATF2018 session on Resource Mobilisation and Management (RMM), under the Chairmanship of Rwandan Minister of Finance Uzziel Ndagijimana, came up with a framework for setting action agendas on the following fronts:

- **Development Finance Strategies**: mapping development finance, domestic and external, to medium term transformation objectives, across sectors and various levels of government.

- **Domestic Revenue Strategies**: with medium term fiscal objectives justified in terms of service provision and strengthened capacities for sustainable growth, expressed in social contract and equity terms with wide social engagement; backed by effective administration systems using new technologies to collect taxes and tackle tax evasion; eliminating discretionary tax exemptions that undermine fiscal integrity and require higher tax rates.

- **Investment Implementation**: generating bankable project pipelines and closely monitoring and evaluating project performance – tasks requiring systematic high level political engagement.

- **Regional connectivity**: across infrastructure sectors to capture market growth and generate investment opportunities in the CFTA.

- **Private Sector Finance**: financial sector development, using new technologies for leapfrogging on financial inclusion, reaching both men and women, including mobile-phone based savings vehicles and payments systems and loans for small enterprises and farmers and start-up financing.
Blended Finance: using official sector finance to leverage commercial finance.

• Fighting illicit flows: through which elites and multinational companies rob African countries of major financial resources, with the complicity of actors in major international financial centres.

• Participation in international tax cooperation to increase tax transparency and exchange of information: some 27 African countries, with Ghana in a leading role, are working to implement this agenda in their own countries, which will ensure that they capture all the revenues due to them, cutting down tax evasion and illicit flows.

• National Transformation Forums: as the successor to donor-oriented consultative groups focussed on aid, bringing in the full range of domestic and international actors and financing flows, with the national transformation forums providing African political leadership and promoting African agency in development financing.

Coming out of ATF2018, the Pan-African Coalition for Transformation (PACT) will have the use of a new dedicated ACET Web portal, expressly designed to enable continuous learning processes to reinforce the annual meetings of the various PACT Chapters.

Thus African countries’ progress on the RMM Chapter Action Plan can be shared in real time, speeding up peer learning across the continent and promoting the concept of going “beyond aid” and its donor forums to a social contract between governments and peoples, with National Development Forums serving as the new dialogue space.

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The African Center for Economic Transformation (ACET) is a Pan-African economic policy institute supporting Africa’s long-term growth through transformation.
Illicit flows, CFTA top agenda in Songwe, Ofori-Atta dialogue

Two of African development’s rising stars shared their understanding of a broad range of challenging issues during the recent African Transformation Forum and painted an exciting picture of the continent’s future.

by Dede Amanor-Wilks | Aug 1, 2018

One of the highlights of the recent African Transformation Forum was a moderated dialogue between the UN Economic Commission for Africa’s Executive Secretary, Dr. Vera Songwe, and Ghana’s Minister of Finance, Hon. Ken Ofori-Atta, both internationally respected banking executives.

Songwe, a former International Finance Corporation regional director, is the first female to head the ECA. Forbes listed her in 2013 as one of “20 Young Power Women in Africa”. Ofori-Atta on the other hand is a co-founder of Ghanaian investment banking firm, Databank, and the current holder of the African Development Bank’s prestigious African Finance Minister of the Year award.
ATF2018, organised by the African Center for African Transformation (ACET) and co-hosted by the Government of Ghana on 20-21 June in Accra, drew more than 300 representatives of African governments, private sector, civil society and international development partners.

“We will have a 53% increase in continental trade if the CFTA is ratified,” Songwe said, quoting ECA analysis, which she said meant that the continent would be producing more and selling more. “We don’t only want to sell but to produce value, and we produce a lot more value when we sell among ourselves.” – Dr. Vera Songwe

Among a broad range of topics covered, illicit flows and the African Continental Free Trade Agreement (CFTA) were the two given the greatest attention by the two panellists and also drew questions from the floor. The agreement to establish the CFTA was signed by 44 of the 55 African Union (AU) member states on March 21 in the Rwandan capital, Kigali.

Honest dialogue on illicit flows

Early in the dialogue, dubbed “Transformation Perspectives” and moderated by BBC presenter Sophie Ikenye, Minister Ofori-Atta called for “an honest dialogue between us as citizens” to tackle issues including illicit financial flows.

Taking up this theme, Dr. Songwe noted that it had been 10 years since the expression “illicit flows” came into use, spurred by the world financial crisis in 2008, when the US began a charge to dismantle tax havens.

Countries have not signed up, Songwe said, because the CFTA asks them to be more competitive. “It’s pushing the race to perfection.” She noted nevertheless that most agreements take 10 years” - Dr. Vera Songwe CLICK TO TWEET

Both speakers quoted the Thabo Mbeki High Level Panel report on illicit financial flows from Africa, which estimates that Africa is losing in excess of $50 billion a year to illicit flows. The report makes the startling claim that over the past 50 years, Africa has lost more than $1 trillion, equivalent to all the official development assistance received during the same period.

Africa can address the problem in two ways, Dr. Songwe said: “Work to get the stock back, and ensure the flow is stemmed.” She urged African nations to sign tax transparency treaties or tax exchange programmes. She said without these signatures, continental bodies such as the ECA lacked the legal right to information about transfers between countries.

Although Nigeria had succeeded in bringing back some wealth illicitly exported during the Abacha period, it was rare to find countries doing this, given that treaties hadn’t been signed. She said it was important to use technology to follow the flow of illicit transfers.

Transfer pricing, base erosion

Illicit financial flows are usually understood as “corruption”, Ghana’s finance minister said, and noted that the Thabo Mbeki report showed that 65 percent of these flows were commercial transactions. This means, he said, “what the multinationals are doing – either it’s transfer pricing, base erosion or unbalanced contracts,” which he said led to “real serious issues the world should confront.”
Transfer pricing is the price at which related companies transact business with each other and can be abused through trade misinvoicing. On the other hand, base erosion and profit shifting refer to tax-evasion strategies used by multinational companies to shift profits from high-tax countries to low-tax locations.

“If ODA [official development assistance] facilities and donor returns are diminishing, then truly we should find ways to make sure that African nations keep what they deserve to keep,” Ofori-Atta urged.

To a question from the floor about UN modalities for checking abusive transfer pricing by multinational companies, Vera Songwe said that the UN had the advantage of setting international norms and standards and was working with the Financial Stability Board, based in Switzerland, as well as with the Organisation for Economic Cooperation and Development (OECD) to set standards on transactions. The OECD, headquartered in France, is a group of 34 member countries.

Minister Ofori-Atta said it was important to acknowledge the problem, namely that: “We as Ghanaians or Africans are very complicit in this either because we don’t have the technical know-how within our tax agencies, or we have our own citizens working with internationals to make those things happen.”

He continued: “What are we as Ghanaians or Africans going to do to work with Vera [Songwe] and co to make sure that we can follow these flows?” Nevertheless, he concluded his thought with a positive spin: “The future is more exciting, and this is where we move on to the benefits of the CFTA and where exactly it is going to be in future.”

As the focus thus moved to the CFTA, Vera Songwe noted that while in its current early phase, the CFTA was about the movement of goods and people, “in the second phase, we’ll start talking about standardization of investment policy” and there squarely the issue of base erosion and profit shifting would be faced, she said. Part of the problem was what she termed “competition across geographies for investment” and a “race to the bottom.” She said the CFTA would replace this with a uniform investment platform on the continent and “more transparency”.

The UN was doing its part to achieve this through global advocacy to ensure standardisation in processes of accounting, which Songwe said were key. She described part of what the CFTA represents as “trade in services across borders” and said technology was helping “in amazing ways” the ability to trade across borders and “move goods without moving people”.

**CFTA promise and visa-free regimes**

To a question by Ikenye about the impact on the CFTA if large economies such as Nigeria refuse to get on board, Songwe referenced the work in countries such as Ghana on digitalisation and payment systems.

“The bigger countries will realize that if they don’t come with the game, they may not make it,” Dr. Songwe said.

For the CFTA to come into force, 22 countries must ratify it. “We’re sending our teams to every country over the next six, seven months to get the 22 countries,” Songwe said, raising her hands to applaud Rwanda, Ghana, Kenya and Niger as the first four countries to ratify the CFTA.
“We will have a 53% increase in continental trade if the CFTA is ratified,” Songwe said, quoting ECA analysis, which she said meant that the continent would be producing more and selling more. “We don’t only want to sell but to produce value, and we produce a lot more value when we sell among ourselves.”

A speaker from the floor, Emmanuel Bensah of XYZ radio’s Africa in Focus show, raised a question about efforts to bring about visa-free regimes. A reported 27 countries signed the free movement protocol in Kigali in March. He asked why countries that host pan-African institutions such as the AU in Ethiopia and Pan-African Parliament in South Africa, still require entry visas.

Bensah noted “serious concerns about the CFTA” among countries, such as Nigeria, which were already worried about the likely impact of the Economic Partnership Agreements (EPAs).

EPAs are trade and cooperation agreements between the European Union and various economic communities within the African, Caribbean and Pacific (ACP) group. In some sub-regions, notably within Africa, agreements have taken years to negotiate amid concern about the phasing out of tariffs and European subsidies on agricultural products exported to ACP countries.

The big question, Minister Ofori-Atta said, was whether SADC, ECOWAS and other regional communities would come along. “The economics are quite clear, and I believe we’ll get the 22.”
Bensah asked how it would be ensured that African countries sign a CFTA that offers 90% liberalisation when countries are already resisting 80% liberalisation under the EPAs.

In response to the first part of the question, the ECA boss said that to her knowledge, visa on arrival had been introduced in Ethiopia in May and therefore the country was moving in the direction of opening its borders. Ethiopia hosts both the AU and the ECA.

On the question of the EPAs, she noted that the COMESA-SADC zone already has a tripartite free trade agreement covering 80% of tariffs. Bemoaning the “tendency to hold ourselves back,” the ECA executive secretary described the EPAs as having started with a “very good objective”.

Nevertheless, she noted that the EPAs were an external agreement that did “fragment the continent into five or six different regions”, contributing to the impression of Africa as a “spaghetti bowl of trade agreements.” By contrast, she said, “The CFTA is making one Africa, with 1.2 billion people. It is a more powerful market, it’s a stronger market; it will be more effective for job creation.”

She said that Africa should be looking at 95 percent liberalisation in line with World Trade Organisation standards. “We started at 80% with the EPAs, we have 90% with the CFTA, and hopefully we will get to 95% and be in the global norm”.

Countries have not signed up, Songwe said, because the CFTA asks them to be more competitive. “It’s pushing the race to perfection.” She noted nevertheless that most agreements take 10 years, adding: “We shouldn’t feel defeated if we don’t have over 50 countries. We won’t get them all at once.”

Making the case for free trade and movement, Dr. Songwe pointed to the Kenya-Rwanda nexus. “Not surprisingly, 70% of innovation happening on the continent happens in that nexus. It’s what free trade and movement do.”

The big question, Minister Ofori-Atta said, was whether SADC, ECOWAS and other regional communities would come along. “The economics are quite clear,” Ofori-Atta continued, “and I believe we’ll get the 22.”

Turning to global perceptions, the finance minister added, “The significance of the CFTA is also something the world will have to recognise. Once you begin to see an Africa in which, maybe by 2050, half of the world’s population will be here and the trade market is so huge, the youth population will be the largest in the world, which means that we are the consumers and we are the people who can provide labour, I think it’s incumbent on the world to even facilitate that and I believe we’ll see a new Africa that is more economic-oriented.”

“As Africa grows stronger and its enlightened self interest wins recognition, the West must begin to look at a different engagement with Africa.” – Min. Ken Ofori-Atta.

As Africa grows stronger and its “enlightened self interest” wins recognition, “the West must begin to look at a different engagement with Africa,” said Ofori-Atta, noting that the China variable “changes the discussion”. He continued, “A more productive Africa in my mind is a more productive world, so how do we work together to make that happen?”
The hour-long dialogue between the two rising stars of the development world covered several other topics including financing local content and value addition in the extractives sector, the demographic dividend, skills training and job creation, and ended with a perceptive point by Vera Songwe about the importance of land reform for agriculture and for women who make up 50 percent of Africa’s population but lack access to economic empowerment opportunities.

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Collective collaboration a must for economic transformation

African think tanks have a key part to play in the roll-out of successful transformative economic policies and must position themselves to help governments come up with solutions to critical policy challenges.

by Rob Floyd | Aug 1, 2018

At the recent African Transformation Forum 2018 (ATF2018) the Vice President of Ghana, Mahamudu Bawumia, spoke of the need for deeper partnership and collaboration for further economic transformation on the continent. He stated, “We need groups such as think tanks to collaborate around particular transformative policy challenges where African governments are struggling.” He went on to emphasize that in many cases governments do not have the answers – and need help from African institutions such as economic policy institutes, think tanks and academia.

This public recognition from a senior official that African governments do not always have the answers should be a clarion call to policy institutes across the continent. They have a
key role to play in informing, designing and supporting implementation of transformative economic policy, as well as facilitating peer-to-peer learning among African governments. Some are playing an increasing role. For example, the Centre for Population and Environmental Development (CPED) in Nigeria or the Institute of Policy Analysis and Research (IPAR) in Rwanda have been providing increasingly sophisticated research and engaging with government in a more holistic manner. That said, in many cases, African policy institutes and think tanks have limited impact on policy decisions.

This public recognition from a senior official that African governments do not always have the answers should be a clarion call to policy institutes across the continent.

During ATF2018, K. Y. Amoako, ACET’s Founder and President announced a new collaborative initiative with African economic policy institutes. He emphasized that, “ACET is going to focus on helping strengthen the direct engagement between local policy institutes and governments on particular policy challenges.” This approach will deepen the policy engagement approach that ACET has utilized for ten years, but with greater impact at the country level. Through ACET’s peer learning platform – the Pan-African Coalition for Transformation (PACT) – it undertakes research, crowds in global and regional good practice and supports peer-to-peer learning on key themes such as skills, manufacturing or agriculture.

This engagement model has been successful, in part, because it is rooted in engaging directly with senior policymakers, including ministers and heads of state. In fact, convening ministers and senior technical officials from numerous African countries to learn from each other is at the core of the PACT thematic chapters. That said, this peer learning approach can be deepened and expanded.

Amoako noted that, “such engagement at senior levels is critical to ensure well-rounded policy design and to bolster implementation efforts. We want to ensure African policy institutes are working hand-in-hand with policymakers on real-time transformation issues – and that their expertise is being utilized to its fullest extent.”

ACET has a long track record of working with local policy institutes, think tanks and academia. For example, for its inaugural African Transformation Report, ACET worked with more than 20 such institutions on background papers, technical inputs and reviews. These organizations ranged from the Botswana Institute for Development Policy and Analysis to the Ethiopian Development Research Institute to Mozambique’s Eduardo Mondlane University’s Center for Economics and Management Studies. ACET continues to regularly work with experts at think tanks across the continent on policies related to areas such as resource mobilization and extractives.

Collective collaboration among national policy institutes in Africa will require a structured process to identify the most pressing transformative policy issues in a particular country.

Collective collaboration among national policy institutes in Africa will require a structured process to identify the most pressing transformative policy issues in a particular country. It will require the leading policy institutes in that country to collaborate on research, analysis and stakeholder engagement. This analysis of transformative policy approaches will inform good practice and fill gaps that may not be answered by more traditional research. In such an initiative ACET can play a key coordination and convening role, bringing together senior policymakers from across the continent to inform peer-to-peer learning. ACET’s approach to
peer learning has been instrumental in helping advance transformative policies in areas such as extractives, agriculture and manufacturing across Africa.

When successful, this collective approach to evidence-informed policymaking will allow global funders to coalesce around a process to support this initiative. By leveraging the comparative advantages of in-country institutes, economic policy will reflect world class analysis, global best practice and an understanding of what has worked and not worked in other African countries. Most importantly it will result in policies that lead to sustained economic transformation across Africa.

Author Rob Floyd

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Stability more important to investors than tax breaks

Policymakers faced with a difficult choice between offering tax incentives and maximizing resources for development, should keep in mind that some things are more important to big investors than tax breaks.

by Elijah Kimani  |  Aug 1, 2018

One of the more memorable exchanges at the recently concluded African Transformation Forum (ATF2018) was between Aliko Dangote, the shrewd billionaire president of the Dangote Group, and Presidents Paul Kagame of Rwanda and Nana Akufo-Addo of Ghana over tax incentives. At the heart of the conversation was the quandary of a government’s need to maximize revenue mobilization while at the same time giving fledgling enterprises tax breaks and incentives to allow them to overcome teething pains.

The discussion in Accra came just months after a $600 million dispute between Dangote Cement and the government of Tanzania over tax incentives that the government promised to the conglomerate for the construction of a new cement plant in Mtwara, southern Tanzania.
The cement company was flourishing until a change in government brought changes in regulations and policies that saw the company suspend its operations in protest, putting thousands of jobs on the line.

To be clear, in principle, exemptions should not be entertained as they create market disequilibria, resulting in price distortions. In addition, tax exemptions easily become politicized and in the absence of strong institutions can be used to appease cronies or advantage political allies. As Edward Larbi, the Ghanaian revenue mobilization expert credited with setting up Rwanda’s and Uganda’s revenue authorities aptly stated during an ATF2018 resource mobilization and management breakout meeting, the quickest way to increase revenue is to eliminate tax exemptions or raise VAT, with consensus on the latter being a regressive measure. Eliminating tax exemptions should therefore be every government’s golden wand for higher revenue mobilization.

In principle, exemptions should not be entertained as they create market disequilibria, resulting in price distortions. In addition, tax exemptions easily become politicized and in the absence of strong institutions can be used to appease cronies or advantage political allies.

However, fiscal regimes the world over point to the need to protect small and medium size enterprises (SMEs) that need room to grow by exempting them from tax for a certain period of time or up to a certain level of turnover. In doing so, ideally, the SMEs are expected to reinvest these “savings”. The question then is whether the same argument should suffice for conglomerates like the Dangote Group when setting up shop in new markets. Such concessions inevitably disadvantage SMEs and hence run counter to tax incentives as a means to boost SME growth. With Nigeria set to rake in $6 billion in revenue from Dangote’s companies over the next few years, many countries would readily offer tax breaks for a share of Dangote’s profits.

In spite of this appeal, countries continue to rein in on incentives with Guinea’s new finance bill of 2018 cancelling all tax incentives and consequently generating 40 million francs in the first quarter. Similarly, Senegal’s stop-gap measure for its declining tax revenue – occasioned by low mobilization in petroleum revenue – has been to refocus on increasing the tax base by terminating tax relief arbitrarily granted to individuals by the state. Many African governments are engaged with the IMF’s Fiscal Affairs Department with the intention of reducing unnecessary loss of revenue.

During the ATF2018 breakout session on revenue mobilization, Dr. Uzziel Ndagijimana, the Minister of Finance and Economic Planning of Rwanda, counselled against throwing out exemptions in totality but instead argued that if exemptions are well regulated and target promotion of specific sectors they could have a positive outcome, as has been the case in Rwanda’s manufacturing sector. A reliable incentives policy that would cover the entire sector would bode well for investors, he argued. Nevertheless, there is need to separate fledgling indigenous SMEs from global conglomerates when formulating such policies as the latter have access to the financial muscle to weather any initial headwinds.

In the case of Dangote Cement and the Government of Tanzania, the more salient concern seems to be on the consistency of fiscal policy across Tanzanian regimes. While incentives are great for businesses, large capital investments do rely heavily on predictability in the political and business environment. When asked by BBC journalist Sophie Ikenye about his main consideration before committing to an investment, Dangote pointed to reliability.
and predictability of government policy and political leadership with incentives dwarfed by comparison. To put it simply, global outfits will be attracted more by prospects of stability than by tax incentives.

This statement affirms the view that tax incentives should therefore not be used to lure international enterprises but instead, governments should focus on creating a conducive environment to attract such enterprises. However, for SMEs, a conducive business environment may not suffice in keeping them afloat and hence the need for fiscal policies that allow them to compete with established entities on equal footing.

While incentives are great for businesses, large capital investments do rely heavily on predictability in the political and business environment.

Many advanced economies are known to have relatively high corporate tax rates yet are still very attractive for business ventures. The reliability of a tax regime makes it possible for a business to make long-term plans, a point made perfectly clear by the Dangote Group to the Tanzanian government. It was wrong for the new government to change the terms of the original agreement but those terms should not have been offered to Dangote Cement in the first place. So, instead of dangling shiny objects to investors to pursue their attention, African countries should work on establishing reliable fiscal policies and a predictable business environment, knowing that investors will catch a whiff and surely come calling.
Chapters of the Pan-African Coalition for Transformation met in parallel working sessions during the recent African Transformation Forum to agree action plans for implementation and next steps to make the Coalition work.

by ACET Staff | Aug 1, 2018

PACT Chapters take another step forward at ATF2018

In 2016, the African Center for Transformation (ACET) and the Government of Rwanda convened the first African Transformation Forum in Kigali. It attracted hundreds and became a seminal point for accelerating the transformation agenda in Africa. Rather than being just another place for policymakers and development partners to talk shop, the Forum was a robust exploration of transformation policy challenges — and a catalyst for new approaches, the most notable being the Pan-African Coalition for Transformation (PACT).
A peer-to-peer policy learning platform that connects like-minded countries around research and good practice, PACT is rooted in the simple concept that African countries can accomplish more by working together than apart – particularly when it comes to reaching transformation goals. Rwandan President Paul Kagame, closing the 2016 Forum, called on participants to be aggressive and work collectively to create, in his words, “a mindset of urgency, ownership, responsibility and service.” PACT was seen as an innovative way to translate those words into action.

Dozens of participants attended each of the parallel sessions, which featured individual presentations as well as moderated panel discussions and open Q&A to ensure everyone provided input.

PACT comprises individual Chapters centred around a key driver of economic transformation and includes six to twelve African governments that self-select to participate. ACET has taken the lead in driving the research and coordinating the activities that have laid the groundwork for PACT’s development.

A little more than two years since its establishment, PACT now has five Chapters, and the opportunity to bring them all together to report on their progress and next steps formed the backbone of the second African Transformation Forum (ATF2018), which convened in Accra in June. The entire first day of the two-day Forum, which attracted more than 300 participants, was devoted to parallel working sessions for each of the five Chapters: Manufacturing, Extractives, Resource Mobilization and Management, Agriculture, and Youth Employment and Skills.

“Let me reiterate, these are not your standard working sessions,” said K.Y. Amoako, ACET’s President and Founder, as he outlined the agenda. “You will be in the room with high-level policymakers and key decision makers, all focused on the same issues and the need for concrete outcomes.”

The sessions were conceived as an opportunity for government representatives to outline their progress to date, review their biggest challenges, and seek common ground with fellow Chapter members on ways to work together to speed up progress. For the more established Chapters, that meant finalizing action plans and next steps for implementation. For others, it meant identifying definitive objectives to underpin their own eventual action plans. But regardless of Chapter status, the key word was action.

“We indeed have made progress,” Amoako said, “but we are here to push further, to push harder, and to take our actions to the next level, including a path to implementation.”

Dozens of participants attended each of the parallel sessions, which featured individual presentations as well as moderated panel discussions and open Q&A to ensure everyone provided input. Government officials and policymakers form the core Chapter membership, but the working sessions gave all stakeholders in Africa’s economic transformation, especially the private sector, a unique chance to engage directly with government ministers and other key personnel. Given that the second day of ATF2018 strongly emphasized collaboration between government and business to propel transformation, the PACT sessions were a great opportunity to get the right people in the same room at the same time to share knowledge and figure out how to best work together.
For instance, one of the key issues discussed at the working session for the Manufacturing Chapter was the need to increase exports to regional markets to spur industrialization and steady growth. Participants agreed that African countries need to develop a regional value chain approach, take advantage of economies of scale, and adopt smart policies to promote intra-African export. One lesson cited was the dramatic cost reduction of transporting a container of goods from Mombasa, Kenya, to Kigali, Rwanda – from US$ 4,000 to US$ 2,000 – simply by having one-stop border posts and harmonizing trade guidelines.

The PACT sessions were a great opportunity to get the right people in the same room at the same time to share knowledge and figure out how to best work together.

By the end of the day, Chapter members had reached consensus to focus collectively on how manufacturing exports can spur intra-African trade, and how specialization as a means of driving scale can be promoted to increase competitiveness in regional and global markets.

All the Chapters tackled equally big issues. In the session on Extractives, for example, participants addressed local content policies needed to anchor natural resources as a driver of job creation and industrialization. In the session on Resource Mobilization and Management, a key topic was the role of tax incentives and exemptions as a way to maximize revenues. In the session on Agriculture, participants focused on the numerous ways that Africa’s dominant economic sector could power transformation, such as the need to better align agricultural policies with industrial policies and to promote the development of agribusiness parks to build better skills across the sector.

Along the same lines, those participating in the Youth Employment and Skills (YES) working session spent the day grappling with different variations of a question that lies at the heart of Africa’s ability to successfully transform: how does the continent ensure its current and future generations are equipped with the right knowledge and skills to graduate into productive jobs? Sub-Saharan Africa is the world’s youngest region, with a working-age population estimated to surge to 600 million in 2030. Yet, in most African countries, more than 80 percent of all workers are in the informal sector. Figuring out how to leverage Africa’s abundant labour resources, as well as ensure good jobs for a booming population, is an overriding concern.

After a full day of lively discussions that covered everything from basic education to the technological innovations of the fourth industrial revolution, the YES Chapter agreed to jointly focus on a few specific priority areas, including improved data on labour market projections and skills gaps, peer learning that targets increased public-private engagement and results monitoring, and policy actions that will give more attention to – and provide more resources for – technical and vocational training.

Despite a full agenda, the work of the PACT Chapters at ATF2018 wasn’t confined only to day one. On the second day of the Forum, brief reports on the outcomes of each working session, either in the form of action plans or next step objectives, were shared in plenary with the full Forum.

African Ministers who had participated in the PACT sessions presented the reports, which highlighted the broad range of issues that member countries had identified as central to collaborative transformation efforts, including, among many others, implementation follow-through, regulatory reform, land reform, skills development, policy coherence and coordination, special market zones, entrepreneurship, digital technology, data collection and of course private sector finance.
The ministers and officials reported good progress had been made in the working sessions, and that the more established PACT Chapters were well-positioned to take another step forward and begin moving from ideas to action – specifically, implementation in the next one to two years, ahead of the next African Transformation Forum.

Amoako posed a number of questions for all PACT members to consider, not only at ATF2018, but beyond: “How does each Chapter proceed from here? What are the specific policies you will tackle? What are the new partnerships that could evolve? Is more needed to fill in the gaps either for planning or implementation?”

The answers to these questions, Amoako said, “will drive the direction of PACT in the years ahead. Most importantly, they will help drive policy decisions and design that will lead to economic transformation.”
Events update

The second quarter saw ACET engaging with partners over issues of domestic resource mobilization, youth employment and skills and agricultural transformation, and culminated in the hosting of the second African Transformation Forum.

by ACET Staff | Aug 1, 2018

Policy learning and information sharing events continue to play a key role in ACET’s mission to help governments and business enterprises deliver economic transformation that improves lives. Building from the first quarter of 2018, which recorded five workshops, forums and chapter meetings, in the second quarter ACET successfully organized the second African Transformation Forum in Accra, in partnership with the Government of Ghana.

The quarter started with a conference on domestic revenue mobilization from 4-5 April at Mövenpick Ambassador Hotel in Accra, organized in partnership with the Ministry of Finance of Ghana and the International Monetary Fund. The event was to support Compact with Africa (CWA) countries to overcome aid dependence, ease financing constraints and enhance growth prospects. It brought together senior government officials, experts, representatives of civil society and development partners.
ACET in association with the Ministry of Employment and Labour Relations and the Ministry of Education organized a one-day Stakeholder Engagement Platform Meeting on Youth Employment and Skills with focus on Technical Vocational Education and Training (TVET) at La Palm Royal Beach Hotel, Accra, on 24 April. The meeting brought together stakeholders in youth employment, skills development, TVET institutions, private sector, employers and labour associations to discuss issues around three key sub-themes: TVET/Apprenticeship and Youth Employment, the Curriculum and the Role of the Private Sector.

On 13 May at the United Nations Conference Centre in Addis Ababa, Ethiopia, ACET and the Economic Commission for Africa’s Regional Integration and Trade Division (RITD) jointly organized a presentation of the second African Transformation Report, titled Agriculture Powering Africa’s Economic Transformation. This was the fourth in a series of ATR 2 launches and presentations.

This was followed by a stakeholder policy dialogue on Agricultural Transformation in Ghana, organized in partnership with the Alliance for a Green Revolution in Africa on 30 May. This dialogue brought together relevant stakeholders in agriculture and agribusiness, including policymakers, private sector, civil society, academia, development partners, various youth in agriculture networks, and the media.

The second quarter closed with the convening of Africa’s biggest policy gathering on economic transformation, organized by ACET in collaboration with the Government of Ghana at Mövenpick Ambassador Hotel in Accra. The second African Transformation Forum (ATF2018) was co-hosted by Ghana’s President H.E. Nana Akuffo Addo, and endorsed by Rwandan President H.E. Paul Kagame. Other participants included Vice President of Côte d’Ivoire H.E. Daniel Duncan, Ghana’s Minister of Finance Hon. Ken Ofori-Atta, President and CEO of the Mastercard Foundation Ms. Reeta Roy, UNECA Executive Secretary Dr. Vera Songwe, business mogul Mr. Aliko Dangote, and an impressive representation of policymakers, diplomats, CEOs and other dignitaries.

ATF2018 was organized around the theme, ‘Convene, Strategize and Transform’. It was a unique African-driven event that brought together leading experts and practitioners who shared perspectives on how to accelerate job growth, boost investment and implement transformational policies.
Media monitoring report

There was a major spike in media interest in ACET during the second quarter of 2018, occasioned by the presentation of the African Transformation Report in Addis Ababa in May and the convening of the second African Transformation Forum in Accra in June.

by ACET Staff | Aug 1, 2018

ACET was mentioned in a total of 344 news sources during the second quarter of 2018. Stories monitored were on agricultural transformation, entrepreneurial skills and youth employment, resource mobilization and management, manufacturing, and economic transformation.


ACET was also mentioned on the websites of the African Development Bank, the United Nations Economic Commission for Africa, the Government of Ghana and the Government of Rwanda.
Stories monitored were in English, French and Dutch. Some of the stories that made headlines included ‘Africa is finally uniting; now we need good politics’. This was an op-ed written by President Paul Kagame of Rwanda that looked at economic opportunities that await Africans in signing the Continental Free Trade Agreement (CFTA). Publications under the headline ‘Agriculture is quintessential for Africa and must be leveraged for transformation, says ECA’s Songwe’ highlighted the importance of transforming agriculture to drive overall economic transformation on the African continent, with specific reference to the launch of ACET’s second African Transformation Report. The 2018 African Transformation Forum also received wide media coverage. Under the headline ‘Ellen Johnson Sirleaf to chair new panel driving transformation of African economies’, the setting up of an African Transformation Panel, which will be chaired by former Liberian President, Ellen Johnson Sirleaf, was highlighted. The Panel will focus on opportunities for women and young people in its efforts to promote transformation policies. Another story, ‘Africa’s economies are turning a corner’, looked at the potential for faster economic growth in Africa while focusing on the external impact of a weaker world economy, which could slow down economic growth. Also, a publication under the headline ‘Attracting more manufacturing bases given priorities by countries’ asked Chinese investors to take advantage of the newly signed CFTA to set up manufacturing bases in Africa. A story headlined ‘Domestic revenue mobilization is key to “Ghana Beyond Aid” – Veep’ generated media buzz. The story looked at the need for African countries to look beyond aid and adopt innovative and strategic approaches in mobilizing domestic resources. Finally, a story titled ‘TVET to see further improvements’ looked at the overhauling of technical education and vocational training (TVET) to meet growing labour market needs.

Primary drivers of media coverage were the African Transformation Forum, held in Accra from 20-21 June and an African Transformation Report launch event held on 11 May in Addis Ababa on the sidelines of the ECA’s Council of Ministers meetings.

During the quarter, ACET published four blogs and two workshop reports:

- Time for African countries to navigate the changing landscape of blended finance
- On the equity-friendly property tax: Time for developing countries to invest?
- Kwame Nkrumah, the AfCFTA and the ‘Africa We Want’
- Tax justice: global solutions needed to lift global veil of secrecy
- Moving Beyond Aid – Revenue Mobilization G20 Compact with Africa
- ACET/AGRA Ghana Agricultural Forum 2018
Our social media footprint

Facebook likes climbed steadily, our Twitter account saw 4,000 new followers and LinkedIn followers jumped by almost one-third from April to June as ACET continued to deepen its social media footprint.

by ACET Staff | Aug 1, 2018

ACET social media accounts increased their following, reach and engagements in the second quarter. There was remarkable improvement over the first quarter performance. We are reaching more people with research output. Below are a few highlights of our social media work for Q2 2018.

Facebook

By the end of the second quarter, ACET’s Facebook page had 22,337 likes. This represents a growth of 469 over the 21,908 likes of Q1.

Facebook likes for Q1 and Q2 2018

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Twitter

Twitter followers increased from 12,636 in the first quarter to 16,744 in the second quarter. This means that we gained 4,108 followers from April to June 2018.

LinkedIn

Our followers on LinkedIn increased from 607 in first quarter 2018 to 794 in the second quarter. This represents a 30.81% increase in followership during the three-month period under review.

All our platforms saw a growth in audience. In particular our Twitter handle was used productively during events to live-tweet updates. During the course of the African Transformation Forum, our event hashtags #ATF2018 and #dialogue4action were consistently in the trend list for Ghana. By the close of Thursday 21 June, #ATF2018 moved to the second top trend in Ghana and remained so for 24 hours. The tweet round-up from the event can be found at, https://wakelet.com/wake/0f6e6a4d-d878-40f1-8c2f-ab6db6a3a173