

# Transforming Africa in a Generation

Rigorous analytical research on transformation, knowledge exchange and policy advice, together with an advocacy approach that galvanises action, have defined the African Center for Economic Transformation's (ACET's) model of policy engagement.



**ANALYSIS**



**ADVISORY SERVICES**



**ADVOCACY**

# About ACET

The African Center for Economic Transformation (ACET) was established in 2008 to harness policy-relevant knowledge for the continent's policymakers. Over the past 11 years, we have engaged more than 20 African governments, providing analysis, advisory services and advocacy.



## ANALYSIS

- African Transformation Report (ATR)
- African Transformation Index (ATI)
  - Multi-country studies
- Thematic research reports



## ADVOCACY

- African Transformation Forum
- Transformation Leadership Panel



## ADVISORY

- Pan African Coalition for Transformation (PACT)
  - Resource Mobilisation
    - Extractives
    - Manufacturing
- Youth, Employment & Skills
  - Agriculture
- Gender (forthcoming)

### Special Advisory Initiative

- G20 Compact with Africa (CwA)
- Investment Promotion
- Peer Learning
- Research

### PACT Levers

- Transformation Fellows
- Policy Institute Partnerships
- ACBF/AU Partnership
- PACT Portal



## ANALYSIS

Over the past 10 years, ACET has developed a reputation for rigorous analytical research. Much of this takes the form of multi-country reports focused on specific transformation themes. Our two flagship publications are the *African Transformation Report* and the *African Transformation Index*.

### African Transformation Report

The African Transformation Report (ATR) is ACET's flagship report, prepared every three years. The first of these, published in 2014, defined a framework for economic transformation. It focused on the drivers of transformation, such as human capital development, technological upgrading, and the state and private sector as partners in transformation. It also analysed the pathways to inclusive transformation in sectors with the greatest potential for job creation, such as modernising agriculture and the services sector, exploring opportunities in light manufacturing, harnessing the full potential of tourism, and supporting the emerging creative economy.

The second ATR, titled *Agriculture Powering Africa's Economic Transformation*, focused on how agriculture can lead to economic transformation, for example by raising farm productivity and linking it to manufacturing and other sectors through agro-processing, other agriculture-based manufacturing, finance and logistics.

The third ATR, due out in early 2020, looks at four "survival issues" for Africa and will provide policy recommendations for Africa's leaders. Addressing such defining trends as climate change, regional integration, innovation and demographics, the ATR will speak to the most pressing and complex policy issues affecting the transformation of African economies.

The ATRs are researched and written by ACET staff with a roster of African and global experts, and peer-reviewed by international organisations and recognised development experts. The flagship reports have received strong reviews by leading thinkers, policymakers and eminent persons, including heads of state. For its work on ATR2017, ACET was awarded the prestigious Prospect Think Tank award in the category of Best Global Economic Think Tank.

## African Transformation Index

The African Transformation Index (ATI) was designed to measure economic transformation, compare countries' rankings, and track countries' progress over time in order to generate policy action. We developed a sub-index for each of the five main aspects of economic transformation and combined them to form an index. Data for each country over a selected 5 to 10-year period are analysed to help measure the impact of policy actions and allow for effective country comparisons. This also serves as the point of departure for seeking explanations in terms of policies, institutions

and natural endowments. The ATI was first produced in 2014 and is being updated with variables to represent four key policy areas: Overall Environment for Growth and Transformation; Skills and Technology Transformation; Agricultural Transformation; and Industrial Transformation.

ACET's internationally recognised cross-country analysis and country- or sector-specific research is often derived from initial analysis contained in the African Transformation Reports, deepened and expanded to country cases. Since 2008 ACET has undertaken more than 70 major reports, working papers and pieces of empirical research. These range, for example, from sub-sector studies aimed at exploring potential pathways to increase export diversification to multi-country studies on extractives in Africa to recent reports on the Future of Work. In many cases they are undertaken in collaboration with other African organisations and think tanks, international financial institutions, development agencies and foundations. ACET's analysis provides a strong evidence base for policy options, national strategies and programme implementation.





# ADVISORY SERVICES

A cornerstone of ACET's approach is directly supporting the design and implementation of transformational policies at the country level. This advisory work is often anchored in our analysis and research, outlined above. A key mechanism for providing advisory services to African governments is a knowledge exchange platform – the *Pan-African Coalition for Transformation (PACT)*.

## The Pan-African Coalition for Transformation

The Pan-African Coalition for Transformation (PACT) is structured according to thematic chapters. Each PACT chapter consists of groups of six to eight African countries that learn from ACET's knowledge products, but also from each other through regular peer-to-peer learning events. In many cases one of the participating governments serves as the "champion" for the PACT chapter, and hosts peer learning events. There are currently three PACT chapters, on extractives, resource mobilisation and management, and manufacturing; with chapters on agriculture and youth and skills under development.

The PACT chapters address central policy challenges in participating countries. For example, the manufacturing chapter has focused on improving infrastructure for smart industrialisation, addressing skills gaps and developing regional value chains. Likewise, the resource mobilisation and management chapter focuses on improving the efficiency of domestic revenue administration, broadening the tax base and tackling illicit financial flows. The agriculture chapter will focus on policy challenges related to land tenure, markets, skills and agro-processing.

We are increasingly working to include marginalised voices in policy dialogues. While this includes smallholder farmers, civil society and youth, we are particularly

focused on gender. We are preparing to undertake a ground-breaking piece of research on gender and economic transformation that will address the relationship between gender equality and economic transformation and identify key gender gaps that matter for development in countries across Africa, in the areas of education, health and economic opportunities. This work will form the basis for how we mainstream gender in the PACT chapters.

PACT is supported by a number of tools or levers to support ACET's engagement strategies. A key challenge is that ACET is a small organisation with a limited physical footprint across Africa, hence we leverage other means to ensure continuity and policy implementation.

## ACET Transformation Fellows Programme

For example, we are piloting the ACET Transformation Fellows Programme, with a primary objective to bolster ACET's ability to support policy engagement at the country level on a sustained and effective basis. This provides fully-funded resident fellowships for talented, young African professionals to gain experience in, and exposure to, the key development challenges facing Africa. A rigorous selection process will ensure these are some of Africa's brightest and most committed young people who will become a "transformation corps" of new leaders.

## Partnership with African policy institutes

ACET will systematically and innovatively engage with other African policy organisations to extend its policy engagement in specific African countries around key transformative policy challenges. ACET and each policy institute will collaborate on primary research, undertake analysis, support policy design and provide technical support to policy implementation. The policy institutes will serve as ACET's in-country partner to help ensure continued country ownership and prioritisation of key policy decisions. ACET will serve as a coordinating node in those policy areas where it has been engaging African governments.

## Partnership with the AU and the ACBF

Separately we are developing a long-term partnership with the African Union (AU) and the African Capacity Building Foundation to ensure that PACT policy engagements also inform AU policy bodies such as the AU's Specialised Technical Committees (STC). This tripartite collaboration would use the annual STC meetings on finance, monetary affairs, economic planning and integration as an opportunity to engage government ministers and senior officials on thematic or sectoral areas of productive transformation, thereby leveraging ACBF's convening ability as an AU Specialised Agency while building on ACET's research and ongoing policy dialogue through PACT.

Finally, we are also developing an online platform – the PACT Portal – to expand and deepen our knowledge sharing capabilities. It will operate as a monitoring dashboard for policy implementation, a policy knowledge sharing interface and an online learning platform.

## Special Advisory Initiative: Compact with Africa

ACET is increasingly asked to play global roles in Africa's development agenda, including in partnership with the G7 and the G20. For example, the G20 Compact with Africa (CwA) initiative was launched under Germany's G20 presidency and endeavours to increase investment in Africa, particularly for infrastructure. Twelve African countries (Benin, Burkina Faso, Guinea, Côte d'Ivoire, Ghana, Egypt, Ethiopia, Morocco, Rwanda, Senegal, Togo and Tunisia), the G20 countries and the World Bank, IMF and African Development Bank are all parties to the Compact.

ACET helps coordinate the CwA initiative and undertakes original research, organises peer learning events and supports CwA countries with investment promotion, technical assistance and knowledge products. The first CwA technical theme was resource mobilisation and management, particularly focused on the efficiency of revenue administration and the weak capacity of tax agencies, as well as on transfer pricing and international tax competition. For that meeting, ACET facilitated the research and peer learning in partnership with the International Monetary Fund.

The theme of the second meeting, facilitated in partnership with the OECD, was blended finance, with a focus on development finance institutions' ability to adapt to local contexts. This relates directly to development of local financial markets, leveraging national institutional investors, and ensuring alignment between national strategies and investment.

The third theme for CwA engagement, in collaboration with the Economic Commission for Africa, will be public-private partnership, particularly the fiscal risks associated with such arrangements. These may include off-budget commitments, contingent liabilities and addressing poor performance in the management of large projects.



## ADVOCACY

Through its advocacy work, ACET fulfils its objectives as a “think-and-do” tank. The purpose of our advocacy is to ensure that the findings and recommendations of rigorous analytical studies are not left to gather dust on shelves. Rather, they are channelled to policy-makers and other stakeholders through a variety of mechanisms designed to help forge a common understanding of what is needed to achieve African economic transformation.

### African Transformation Forum

To date, ACET’s primary advocacy vehicle has been the African Transformation Forum (ATF), which ACET organises every two years, and which is the only continental event specifically focused on economic transformation. The first ATF in Kigali, hosted by ACET and the Government of Rwanda in March 2016, attracted more than 300 participants from across Africa and beyond. It concluded with the establishment of the Pan-African Coalition for Transformation (PACT), described above. During the forum, President Kagame’s stirring words, “We can accomplish more together than we can apart,” epitomised the objective of PACT.

The most recent Forum, held in June 2018 in Accra, similarly drew more than 300 participants, including African heads of states, government ministers and global CEOs. ATF 2020 will take place in Nairobi and will focus on the role of leadership in addressing Africa’s most pressing challenges and opportunities, including climate change, innovation, regional integration and demographics.

Our advocacy approach at the ATF is focused on galvanising action for results and helping African leaders and policymakers design and implement policies and strategies that will support—and accelerate—growth and employment, while providing voice for stakeholders.

## Transformation Leadership Panel

More recently we have established the Transformation Leadership Panel (TLP), which will convene around a common cause: to advocate for action at the highest levels of government and regional institutions—including directly engaging with heads of state, ministers and bodies such as the African Union—around the aforementioned urgent issues: climate, demographics, innovation and integration.

In so doing, the TLP can also help provide intellectual leadership, directional guidance and technical expertise for the next edition of ACET's flagship African Transformation Report (ATR 2020), which will focus on these same issues through the prism of leadership requirements and key policy actions.

## Implementation through Partnership

Partnership is central to everything ACET undertakes. Our research, our advisory services and our advocacy work are all done in partnership with development partners, African governments, the private sector and civil society. Our funding model is also based on partnership. Early and sustained support came from foundations such as Hewlett, Rockefeller and Gates, as well as bilateral partners, such as the Dutch

and UK governments, and multilateral agencies, such as the World Bank. As the donor landscape has changed dramatically over the past five years, particularly regarding core funding support, ACET's business model has also adapted, and continues to do so.

We are steadily moving to co-created, multi-year programmes that provide some flexibility for specific new projects and for supporting ongoing ACET programmes and core operations. Examples include the five-year Mastercard Foundation partnership, which focuses on youth, employment and skills, but also supports the Transformation Leadership Panel, the African Transformation Report and the African Transformation Forum.

Likewise, through the Think Africa Partnership with the World Bank and the governments of Germany and Norway, we support the Compact with Africa and country-specific investment policies; the programme also provides flexibility for ongoing activities. We are actively exploring similar co-created programmes with additional partners.

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