

Diaspora and private sector major contributors to African industrialization

London, 07 July 2013 (ECA) - A lively discussion took place in London on the 1st of July after the Economic Commission for Africa (ECA) launched the 2013 Economic Report on Africa (ERA). Diplomatic officials, entrepreneurs, business leaders, academics and members of Africa's diaspora community welcomed ECA's conclusions and recommendations and actively demonstrated an ever increasing hunger for and participation in the recent impressive economic growth witnessed in Africa.

Since it first launched in 2000, the Economic Report on Africa is one ECA's flagship publications, focusing each year on different areas where Africa shows room for improvement. The 2013 report, entitled "Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation", focused on opportunities that exists for industrialization through value addition and linkage development.

ECA launched this year's report in Chatham House, an established international policy research institution that engages governments, the private sector, civil society and its members in open debates and confidential discussions about significant developments in international affairs. The ECA presentation was followed by the Head of Research at Ecobank Capita, Paul-Harry Aithnard, providing discussion points on critical drivers of African industrialization. Finally a broad and positive contribution was made by the audience that included diplomatic representatives from Kenya and China, as well as leading private sector and civil society organizations such as Accenture and NEPAD Council. Also attending were policy researcher from leading academic institutions, including School of African and Oriental Studies and London School of Economics, and representatives from UN agencies.

ERA 2013 argues that commodity-based industrialization is one way for African countries to achieve economic transformation. With Africa's abundant natural resource endowments and the global need for some of its commodities, value addition and linkage development provides a way for governments to create jobs, increase incomes and promote development.

Paul-Harry Aithnard's contribution highlighted the critical role of financing for industrialization, adding that financial institutions need to redirect funding towards export activities and companies, as opposed to

the current heavy focus on commodity trade. He argued that structural reforms have to be put in place for commodity exchange to be a platform for change adding that ‘a global approach is needed to value addition in Africa’s agricultural sector’.

The audience responded passionately to both the report and the speakers. Their enthusiasm for the transformation of African economies through industrialization was palpable and tempered only by skepticism at the will of African governments to nurture and support individual and business efforts towards industrialization. Academic researchers saw the report as fundamental in deepening studies on Africa’s transformation, expressing considerable interest in the ECA continuing this policy and research focus considered vital for a better understanding of African issues. Particular attention was paid to how the policy recommendations can be translated into plans that yield tangible benefits for Africa. Questions of appropriate policy options were asked such as should governments focus on the use of tax as disincentives and how to prioritize education spending for the development of human capital.

Apart from the generated debate on transforming African commodities into high value added products, members of the diaspora communities and private sector organizations alike expressed genuine interest in opportunities that exists to contribute to Africa’s industrialization. It seems that, thus far, Africa’s diaspora has played a prominent role in Africa’s development trajectory. Their increasing financing role through remittances sees them positioned as a strategic and promising partner for Africa’s development but their gaze is cast further than straightforward familial investment. One participant, engaged in lively African debate following the main event, summed it up: “We have the skills... Africa has the opportunities...; we just need the collective vision to put the two together.”

Views from British and European investors expressed strong interest in concrete opportunities for investing in value addition in Africa. The recent political and economic stability across many African countries that has made it easier to do business was welcomed and participants highlighted examples of ongoing practices in several countries, such as Tanzania to boost local business. One European investor voiced the availability of investment resources but the difficulty of identifying the many businesses with potential that no doubt exist but are currently difficult to find. Investors underlined Africa’s comparative advantage and the growing interest from large corporate organizations on how to build capacities of local business and harness these investment opportunities that currently exist to promote commodity based industrialization.

As African countries embark on a bold transformative agenda, breaking away from their past dependence on export of primary commodities and seek innovative ways of moving up the value chains, its diaspora communities can add value to the human and financial capital needed to achieve this. “Africa can do better”, and if the proceedings at Chatham House are anything to go by the outlook is good for Africa.

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