



State of structural transformation in Central Africa

Presented at the EPRN-FES working group on Socioeconomic Structural transformation:

Session: *What Socio-economic transformation means in the African context?*

Thursday 18 February 2021, Via ZOOM

Mama KEITA
Director, UNECA SRO-EA

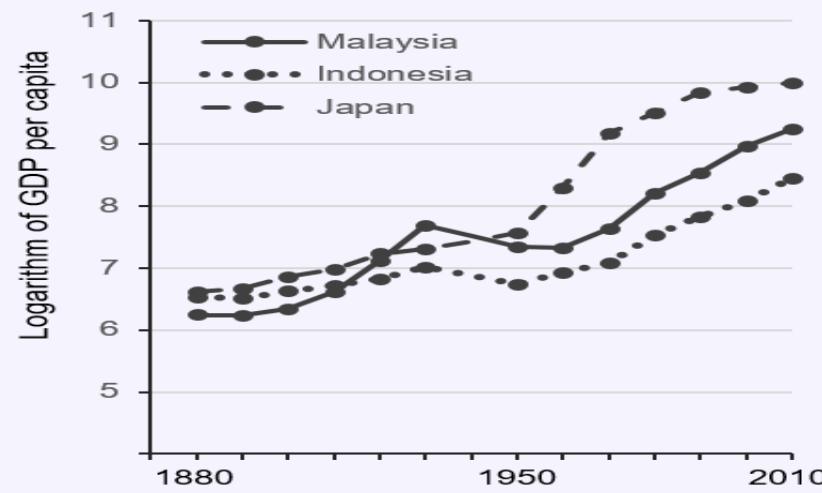
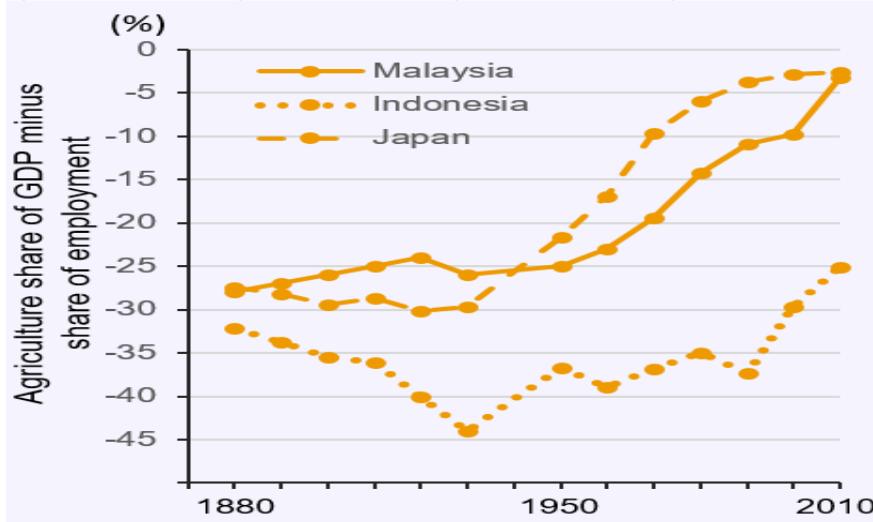
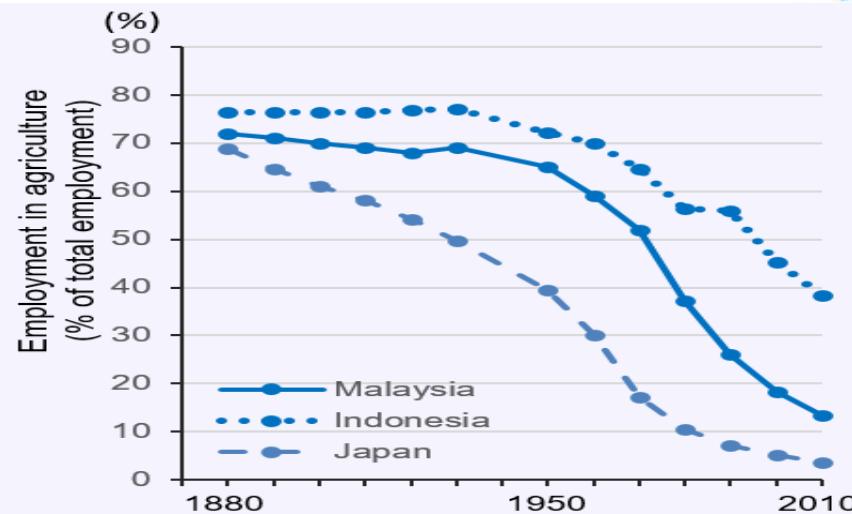
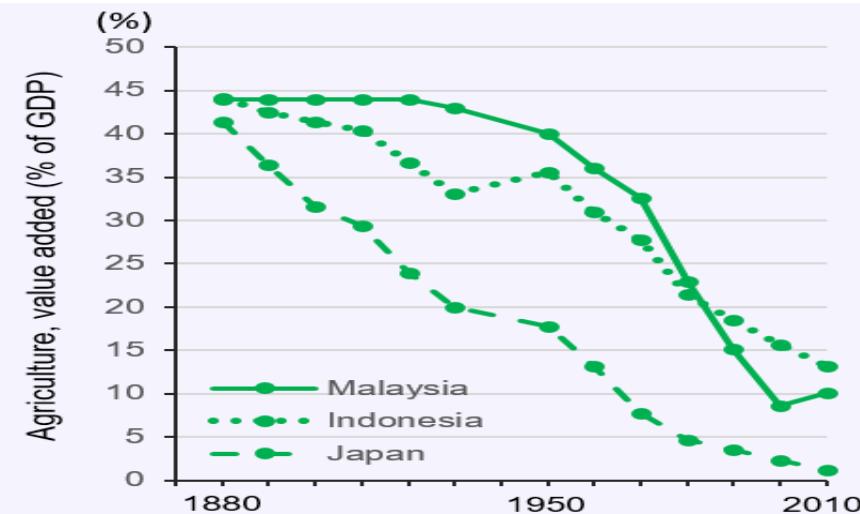
- ❑ Stylized facts of structural transformation
- ❑ State of structural transformation in Central Africa
- ❑ Key messages

Sylized facts of Structural transformation

Examples of structural transformation

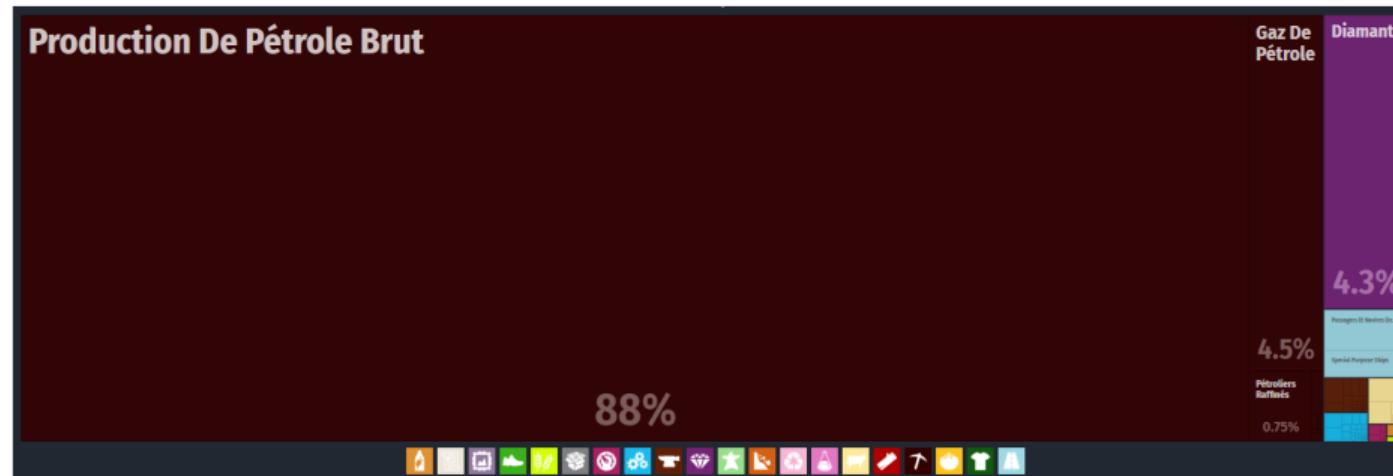
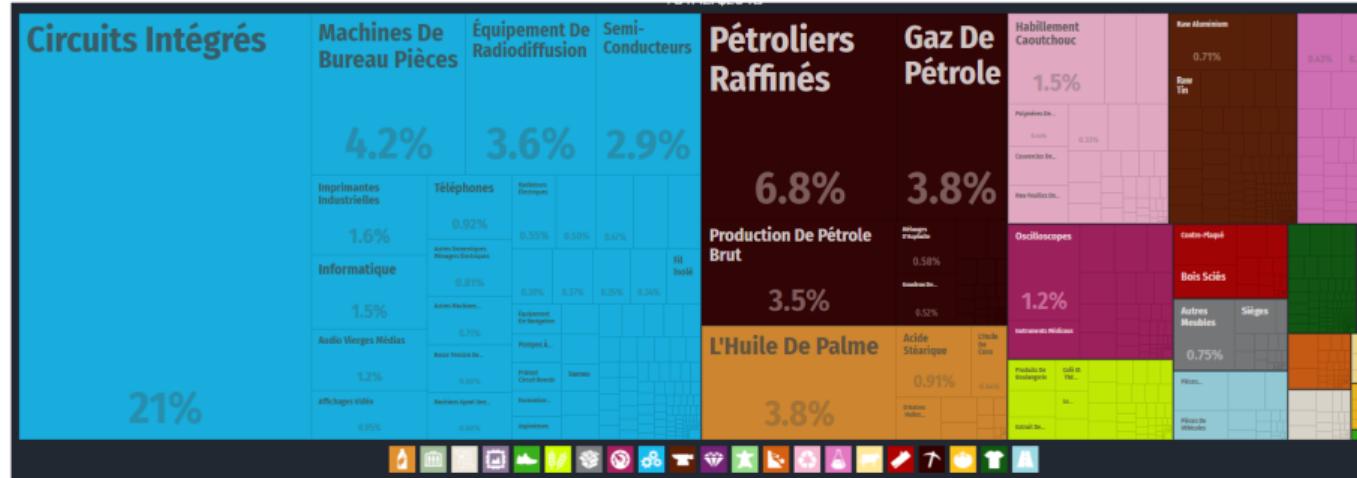


019



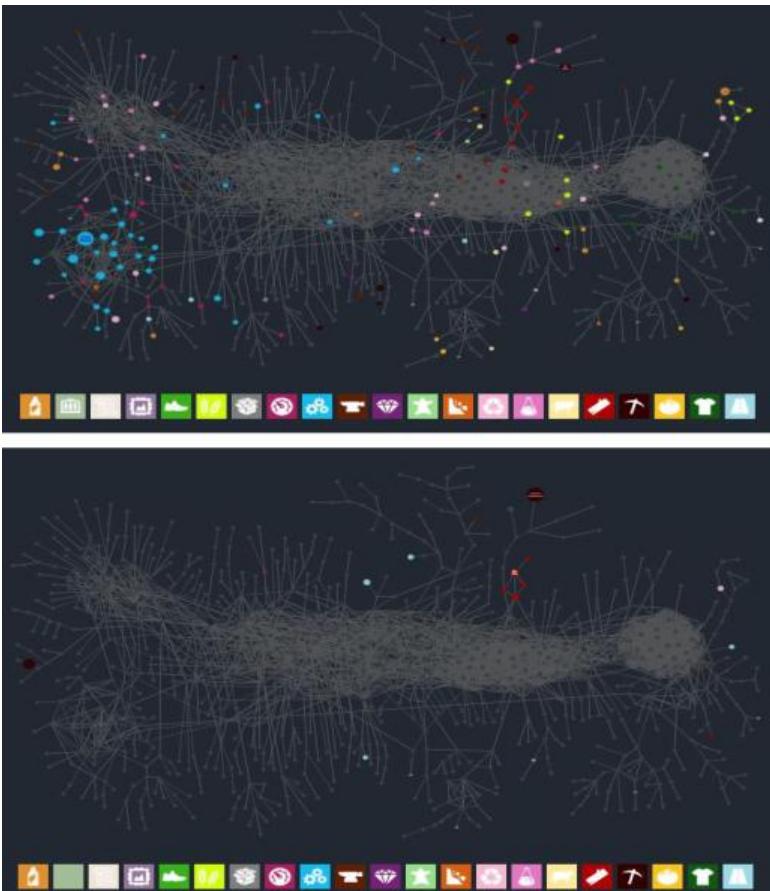
Examples of structural transformation

Diversification des exportations



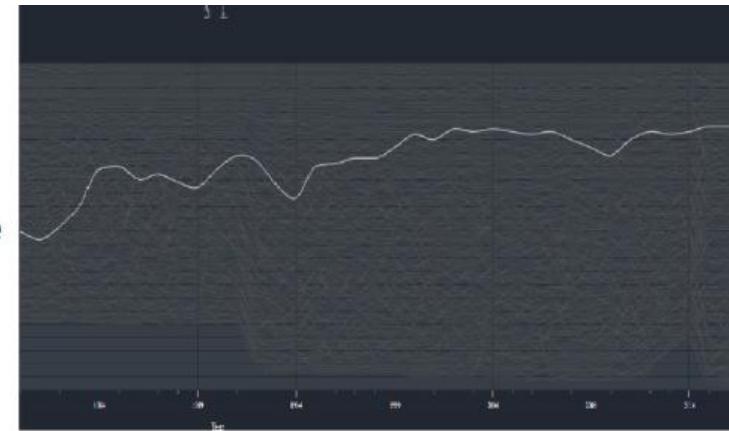
Examples of structural transformation

Espace produit

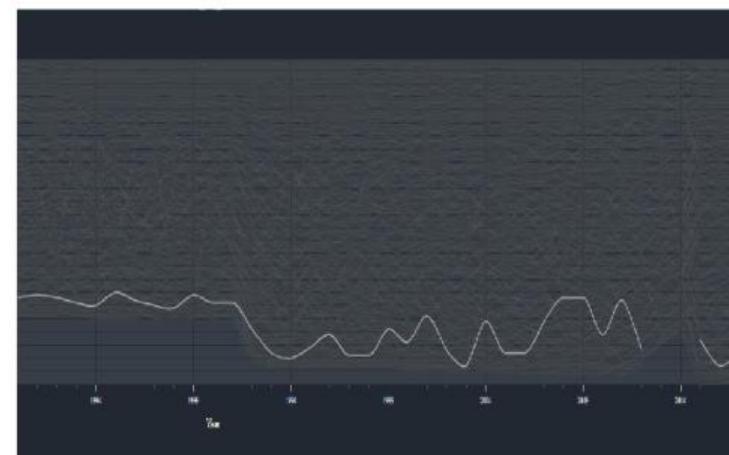


Complexité économique

Malaisie



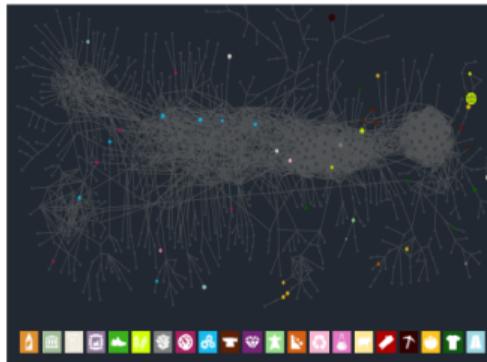
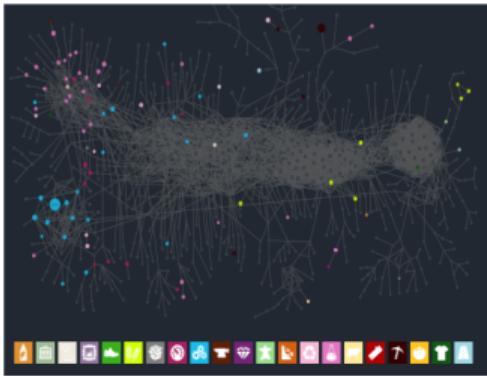
Gabon



Examples of structural transformation



Complexité économique



Partenaires à l'exportation



Why should ST and diversification be promoted?

- Stronger and sustained growth
- Resilience to shocks
- Better allocation of productive resources
- Higher productivity
- More decent jobs
- More sophistication, complexity, competitiveness
- Better attractiveness for investors
- Integration into CVRs and CVMs
- Rising standard of living and development

State of structural transformation in Central Africa

Characteristic of St in Central Africa

- *Despite the substantial comparative advantages due to RNs and geography, over the past 30 years we have observed:*
- Marginal transformation of the structure of GDP, low diversification, dominant extractive sector, poorly developed manufacturing;
- Growth model based on the export of primary products;
- negligible productivity gains;
- Predominance of imports for final consumption
- An unattractive business environment

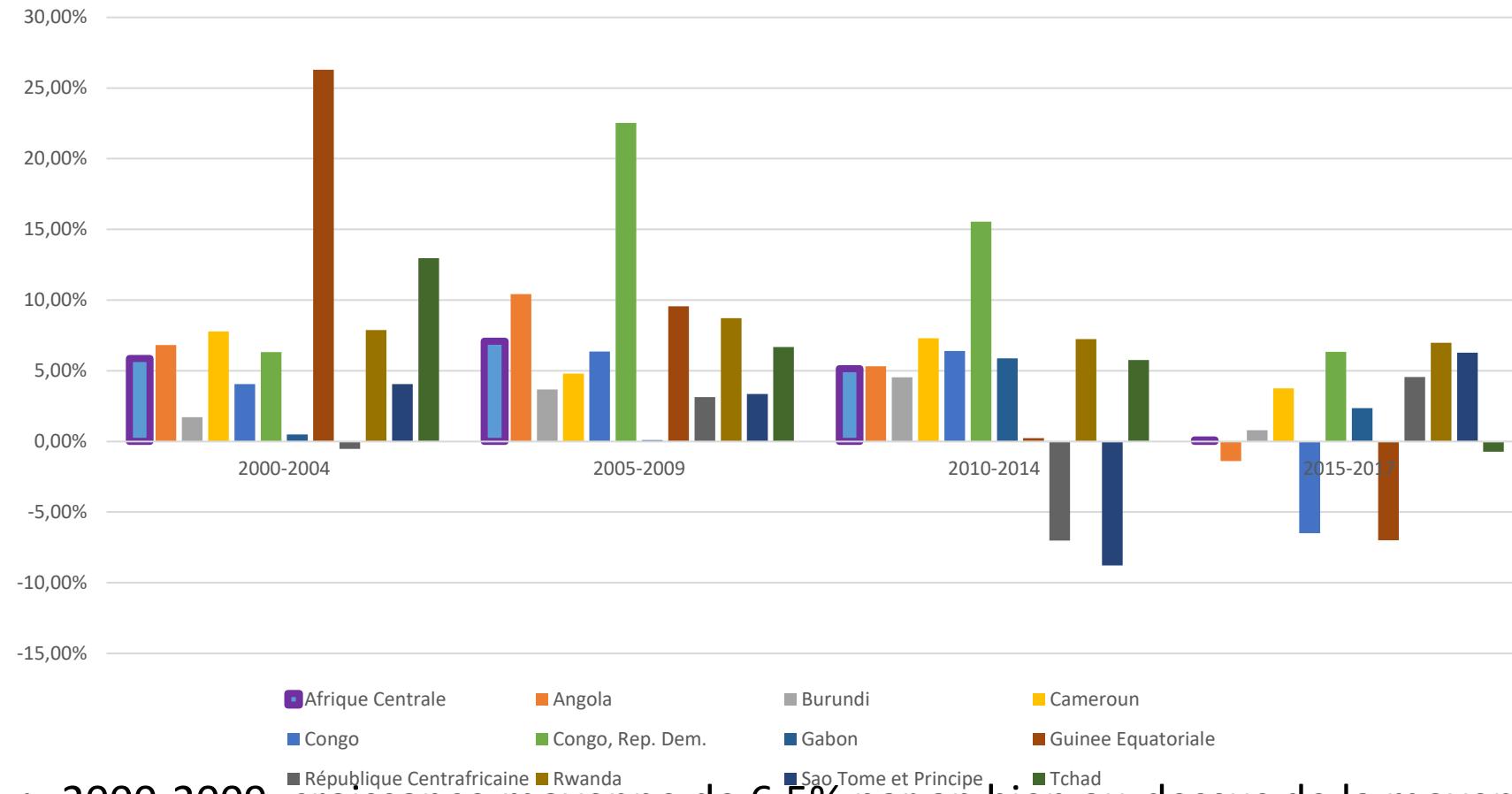
Characteristic of St in Central Africa

- **Despite the substantial comparative advantages due to RNs and geography, over the past 30 years we have observed:**
 - ❑ Marginal transformation of the structure of GDP, low diversification, dominant extractive sector, poorly developed manufacturing;
 - ❑ Growth model based on the export of primary products;
 - ❑ negligible productivity gains;
 - ❑ Predominance of imports for final consumption
 - ❑ An unattractive business environment
 - ❑ Very weak regional integration

Context

- Eleven countries (ECCAS)
- A large market: 187 million visitors in 2017
- Large area: 6.7 million km²
- Rich in various natural resources: Petroleum, mining, agricultural, forestry, tourism, energy,
- Strategic position on the African continent
- High economic vulnerability; Many countries under fiscal consolidation program with Reduced budgetary margin;
- A few hotbeds of insecurity compromise growth;

Contexte



- 2000-2009: croissance moyenne de 6,5% par an bien au-dessus de la moyenne africaine
- 2010-2014: la croissance sous-régionale a continué de progresser: 5,2%
- 2015-2019: la croissance sous-régionale a chuté à 0,1%

Situation de la transformation structurelle en Afrique Centrale: défis et opportunités

Tableau 2.1 : Indicateurs de Doing Business de la Banque Mondiale (2019)

Pays	Classement pour la facilité de faire les affaires	Exécution des contrats	Obtention de prêts	Raccordement à l'électricité	Paiement des taxes et impôts	Protection des investisseurs minoritaires	Transfert de propriété	Règlement de l'insolvabilité	Création d'entreprise	Commerce transfrontalier	Obtention d'un permis de construire
Angola	173	186	184	152	104	89	170	168	139	174	87
Burundi	168	158	178	183	138	132	97	147	17	169	162
Cameroun	166	166	73	129	182	140	176	127	92	186	132
Gabon	169	180	124	161	183	161	178	129	124	170	144
Guinée Équatoriale	177	101	124	150	179	149	164	168	184	175	163
République Centrafricaine	183	183	144	184	187	149	172	154	181	163	181
Rép. Congo	180	155	134	182	185	149	177	122	179	184	127
Rép. Dém. Congo	184	178	144	174	180	165	156	168	62	188	165
Rwanda	29	78	3	68	35	14	2	58	51	88	106
São Tomé et Príncipe	170	185	161	125	135	188	173	168	148	122	111
Tchad	181	153	144	177	188	161	134	154	186	172	153

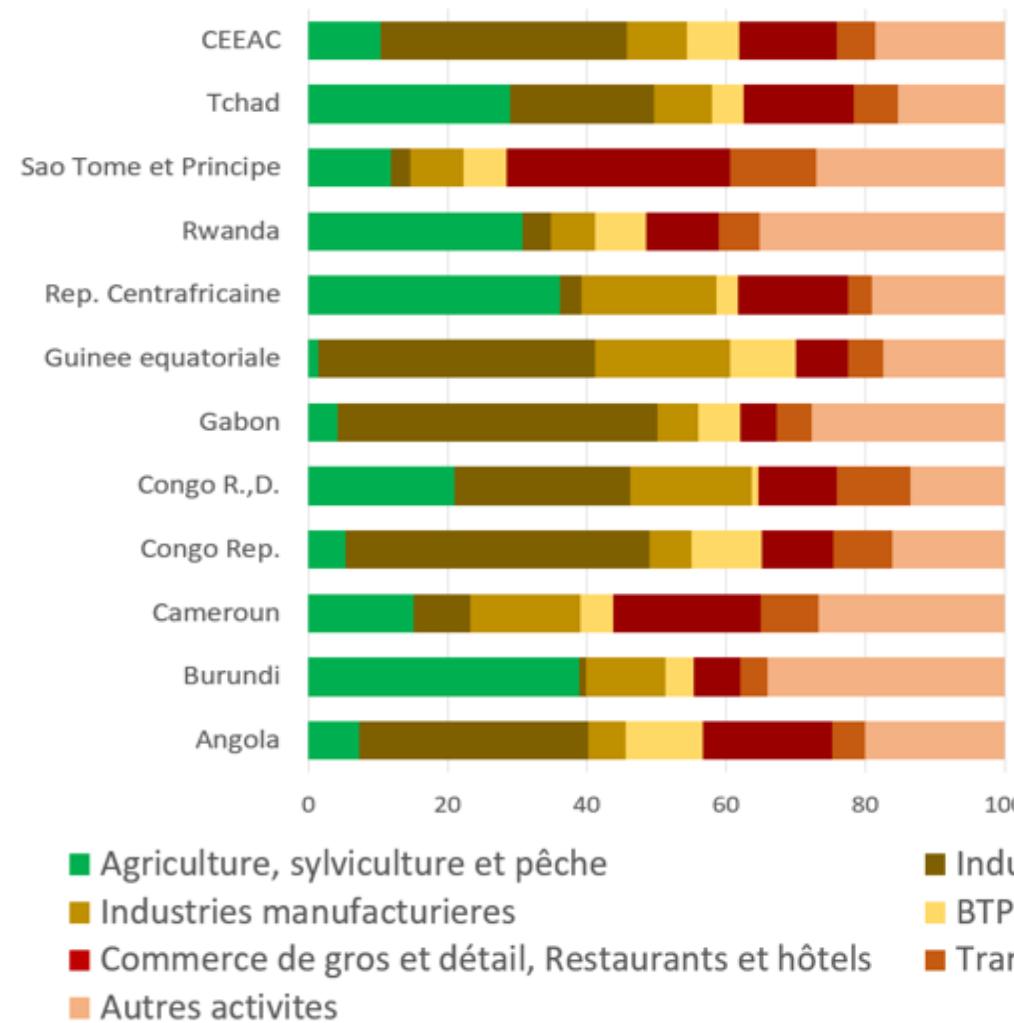
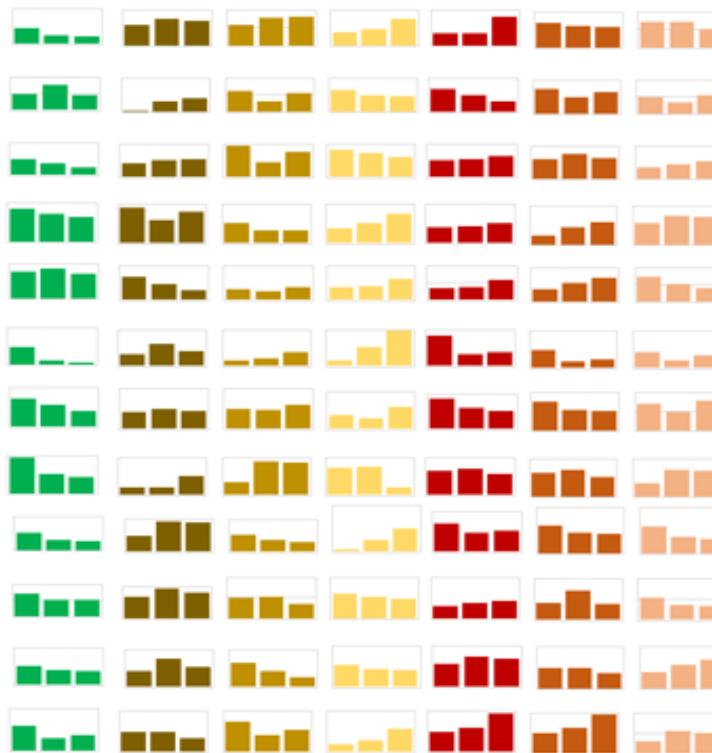
Codes couleurs : Les scores des pays ont été comparés à la moyenne non pondérée des scores de tous les pays classés en 2019. Les couleurs correspondent à la distance par rapport à la moyenne, exprimée en écart-types.

Très au-dessus de la moyenne : \geq Moyenne + 2 x écart-type
Au dessus de la moyenne : \geq Moyenne + écart type et $<$ Moyenne + 2 x écart-type
Dans la moyenne : \geq Moyenne - écart type et $<$ moyenne + écart type
Au dessous de la moyenne : \geq Moyenne - 2 x écart-type et $<$ moyenne - écart-type
Tres au dessous de la moyenne : $<$ Moyenne - 2 x écart-type

- Malgré l'abondance en ressources naturelles, la destination Afrique centrale est une des moins attractive auprès des investisseurs et marchés internationaux

Situation de la transformation structurelle en Afrique Centrale: défis et opportunités

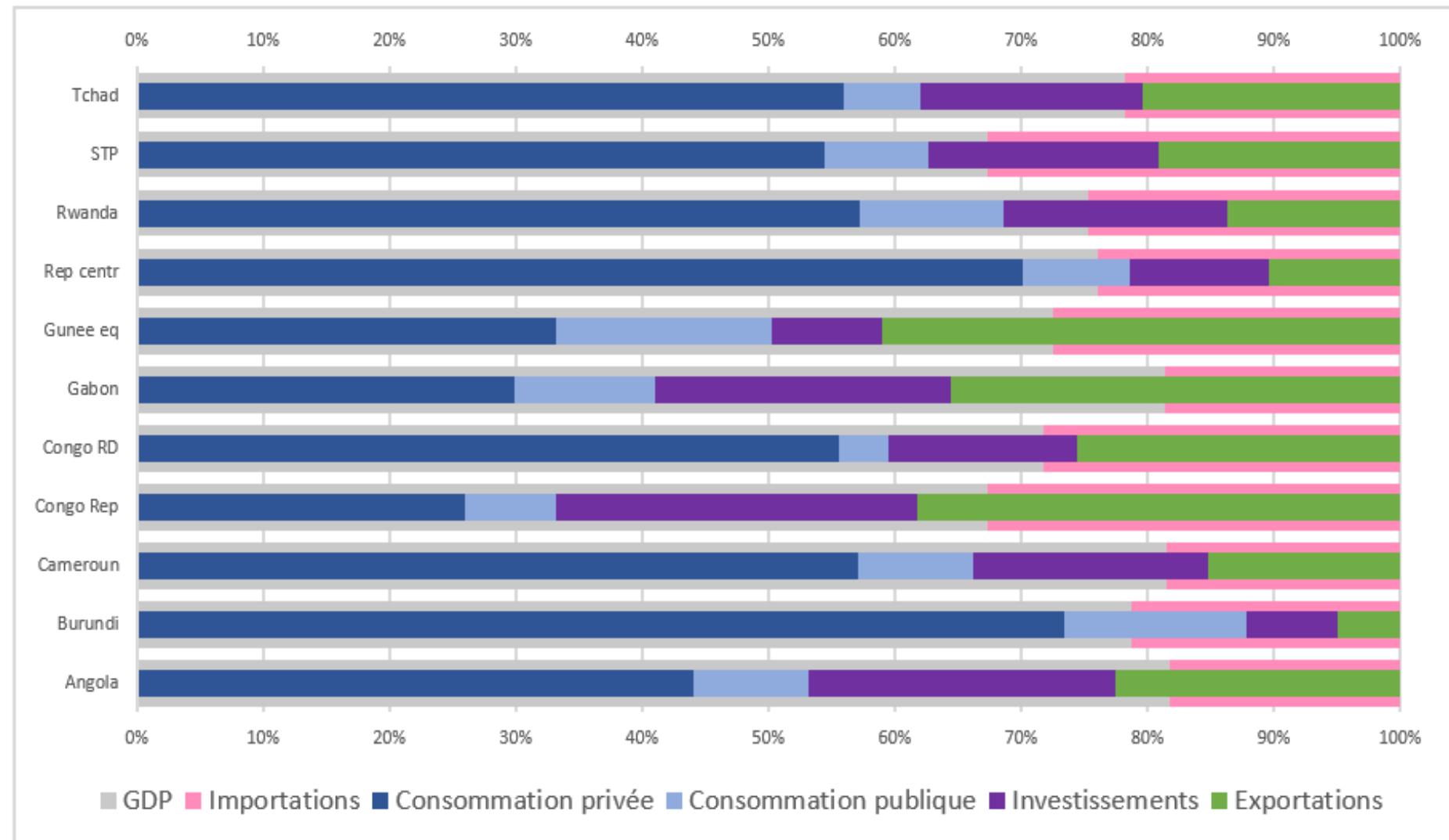
2.1.1.a Structure moyenne de la valeur ajoutée - 1990-2016

2.1.1.b Variations de la valeur ajoutée – 1990-1999,
2000-2009, 2010-2016

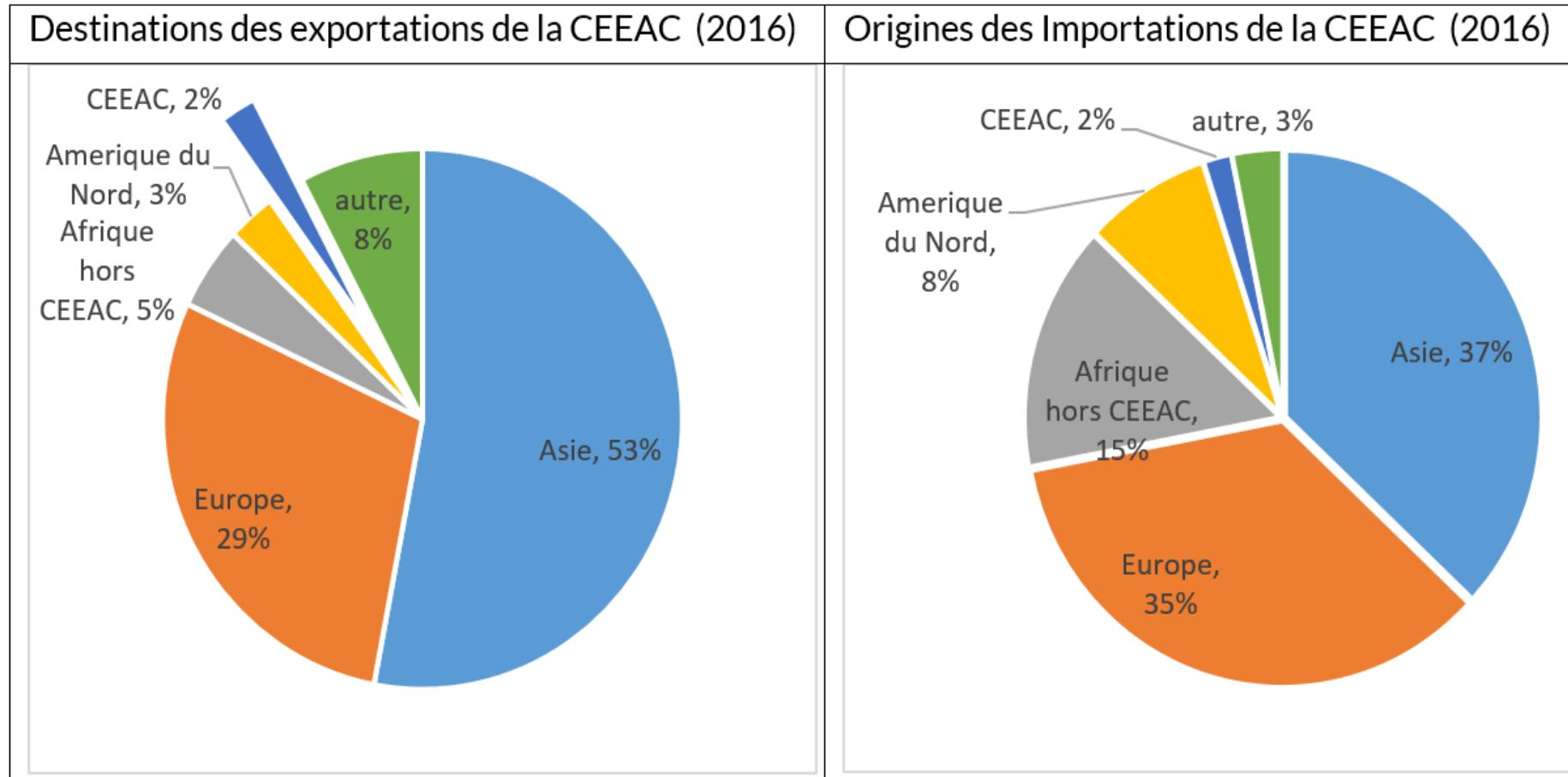
- Une faible diversification des économies et une structure relativement constante

Situation de la transformation structurelle en Afrique Centrale: défis et opportunités

Production

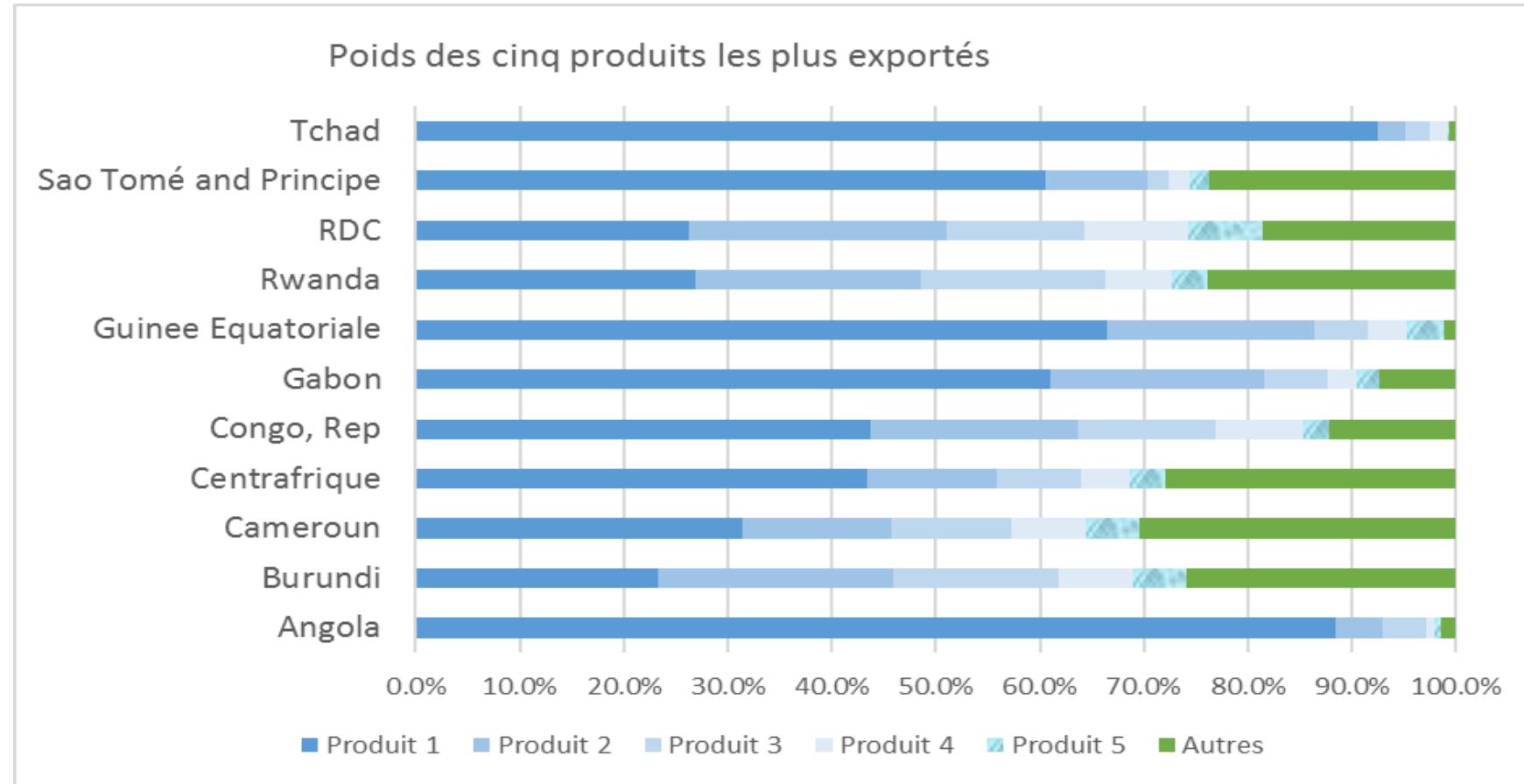


- Une faible diversification des économies et une structure relativement constante



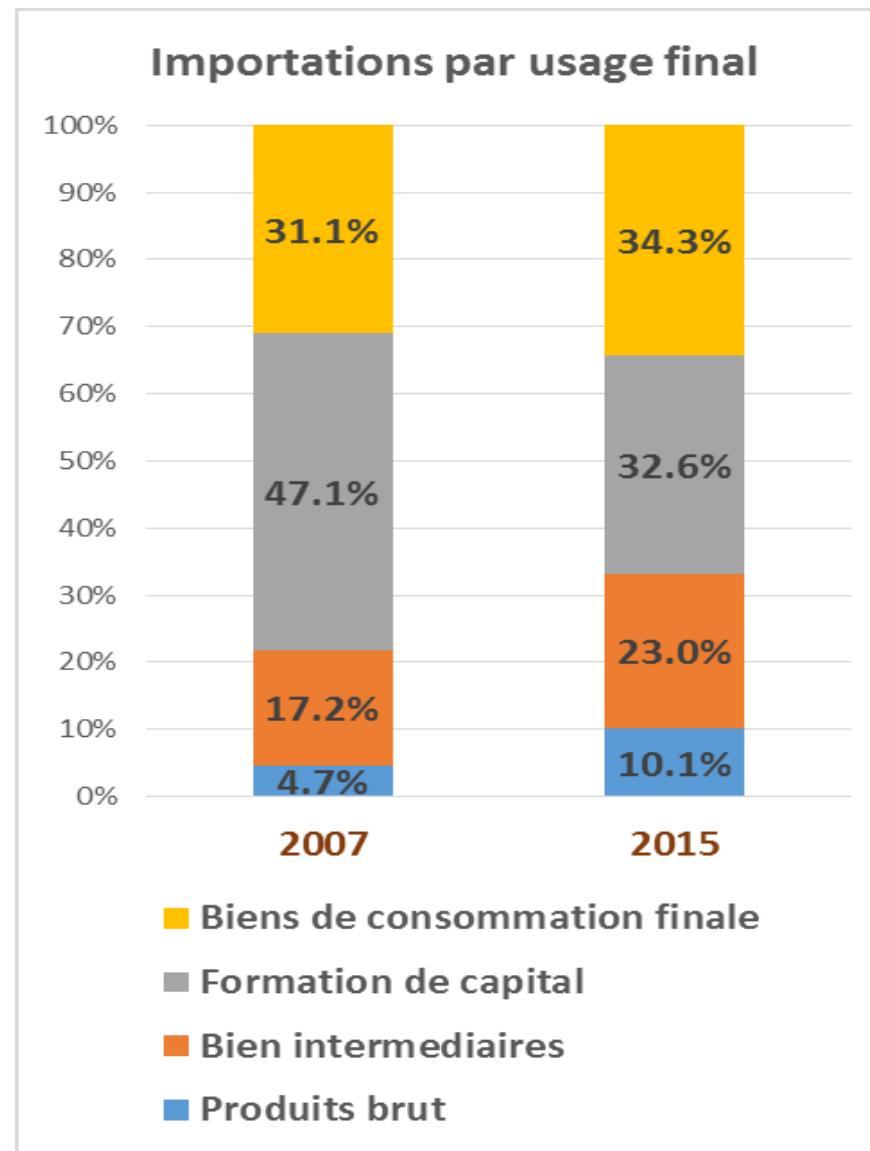
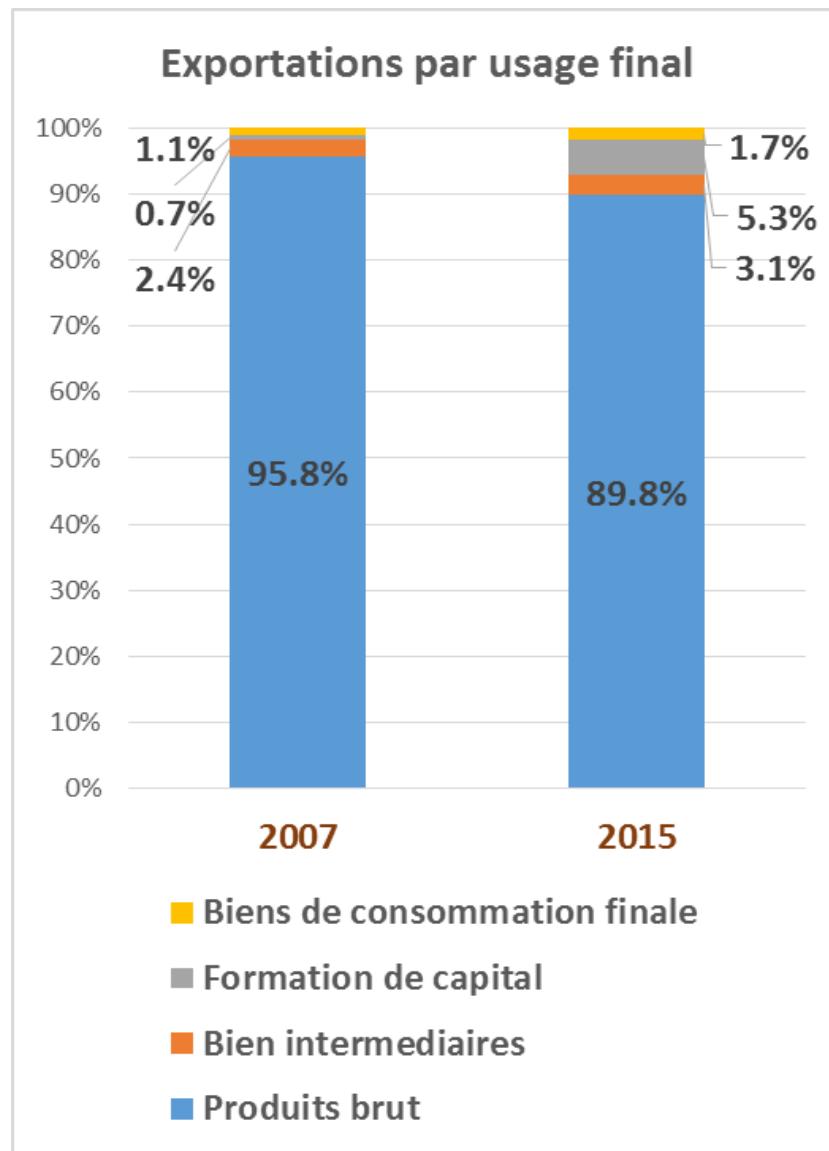
- Forte contribution des exportations de produits primaires à la richesse nationale

Production



- Forte contribution des exportations de produits primaires à la richesse nationale

Export and imports by final usage Central Africa 2007 - 2015



GVCs and RVCs development in Africa...



Figure A: Cocoa GVCs: value added content of selected countries exports (based on average values for 2015-2017)

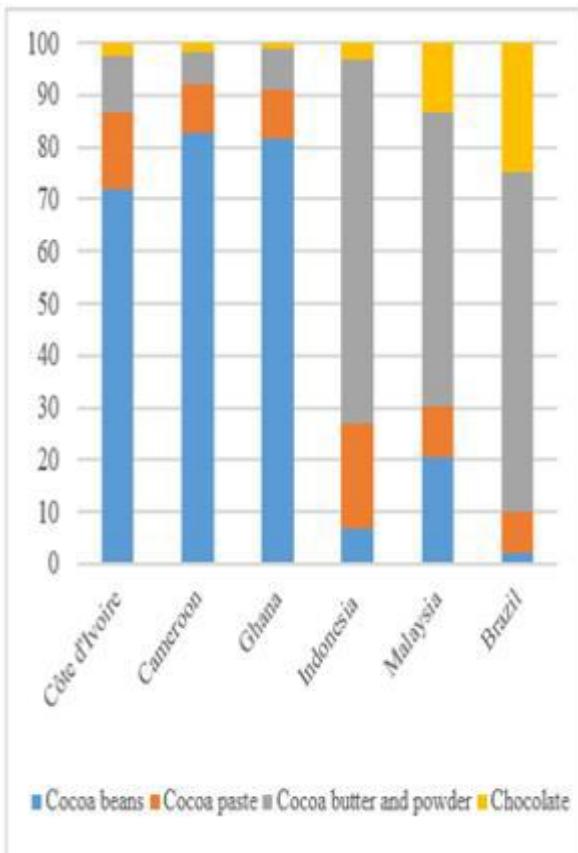


Figure B: Cocoa RVCs: value added content of selected countries exports (based on average values for 2015-2017)

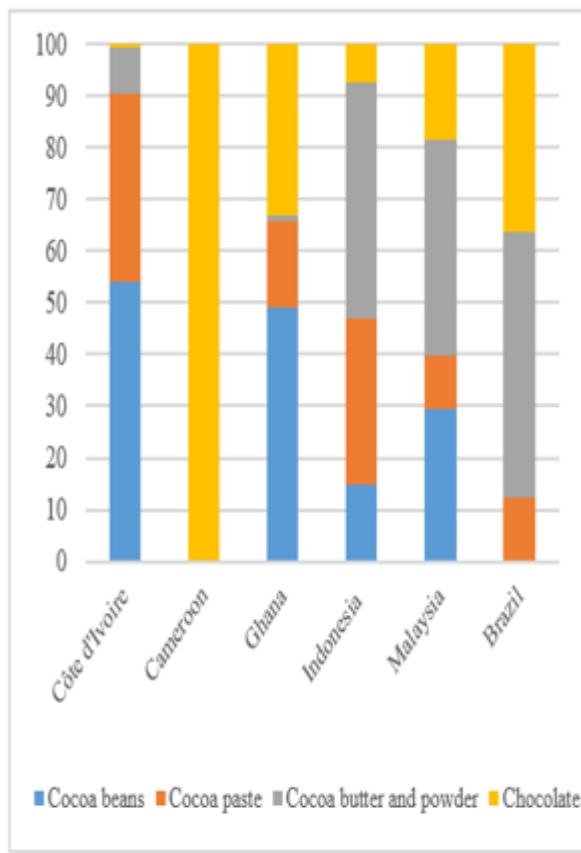
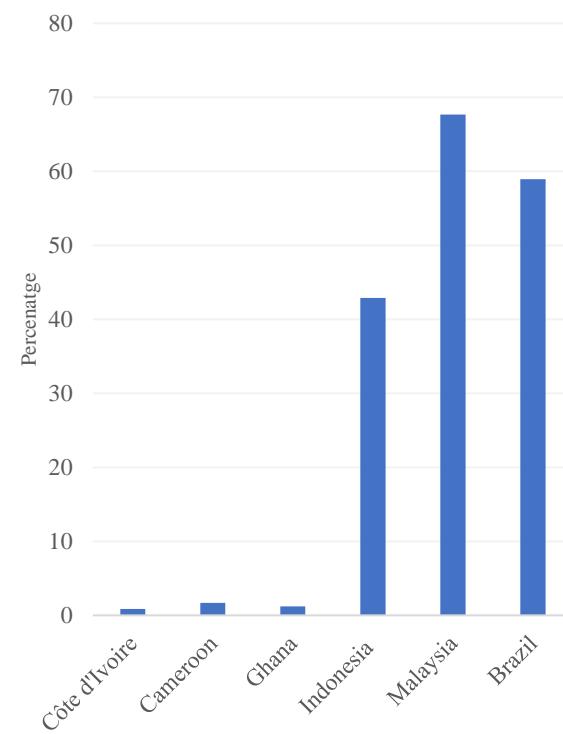
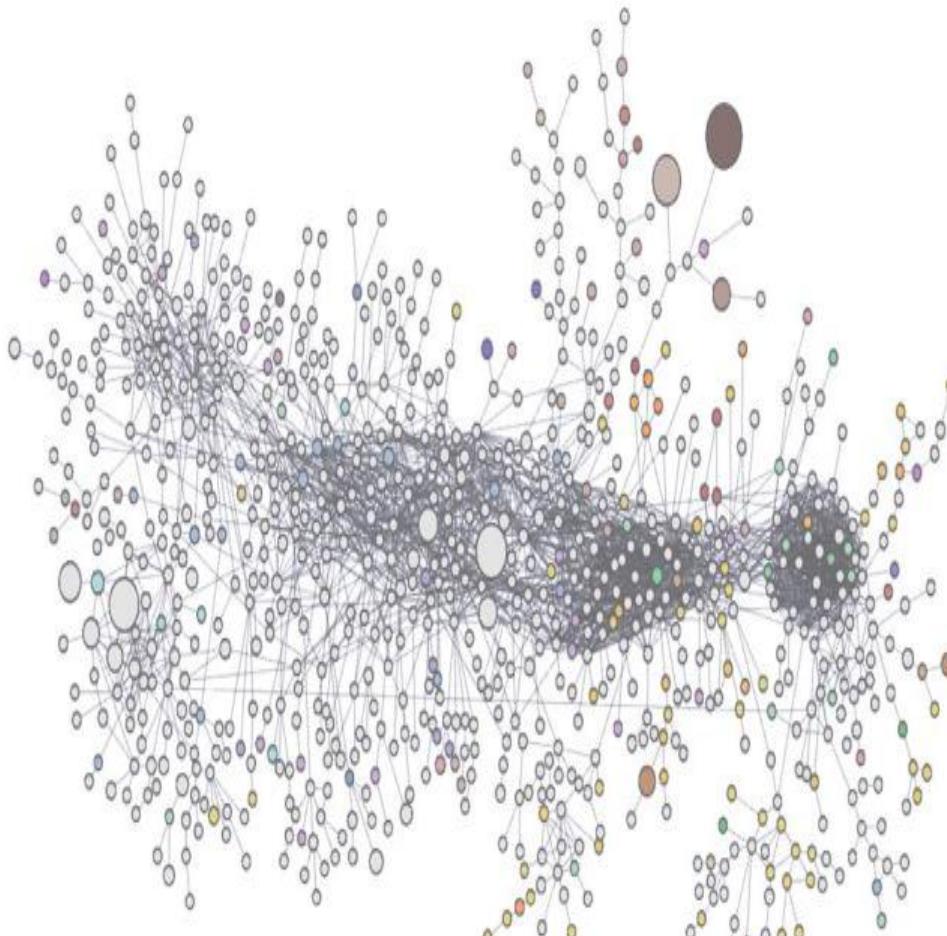


Figure C: Cocoa RVCs: value added content of exports to regional markets as percentage of exports to world markets in selected countries

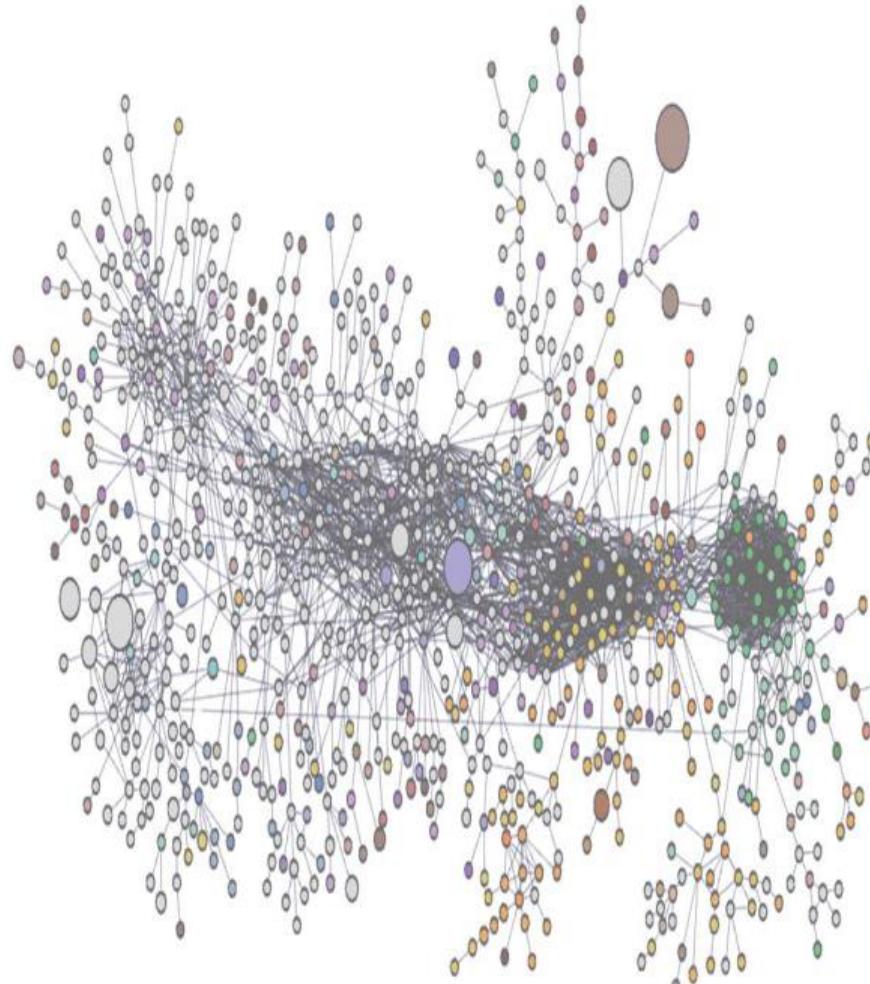


Product space

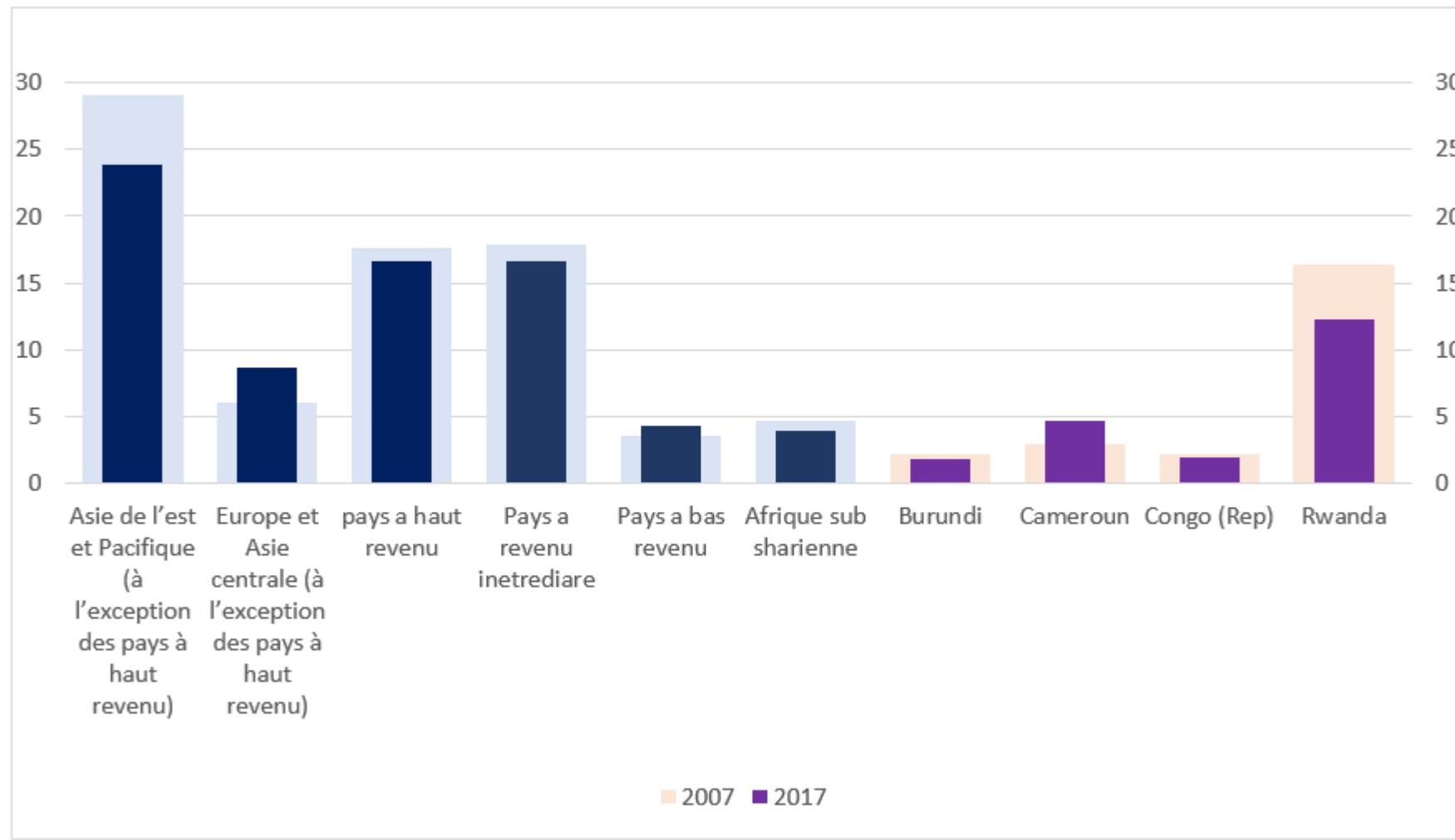
CEEAC



SADC

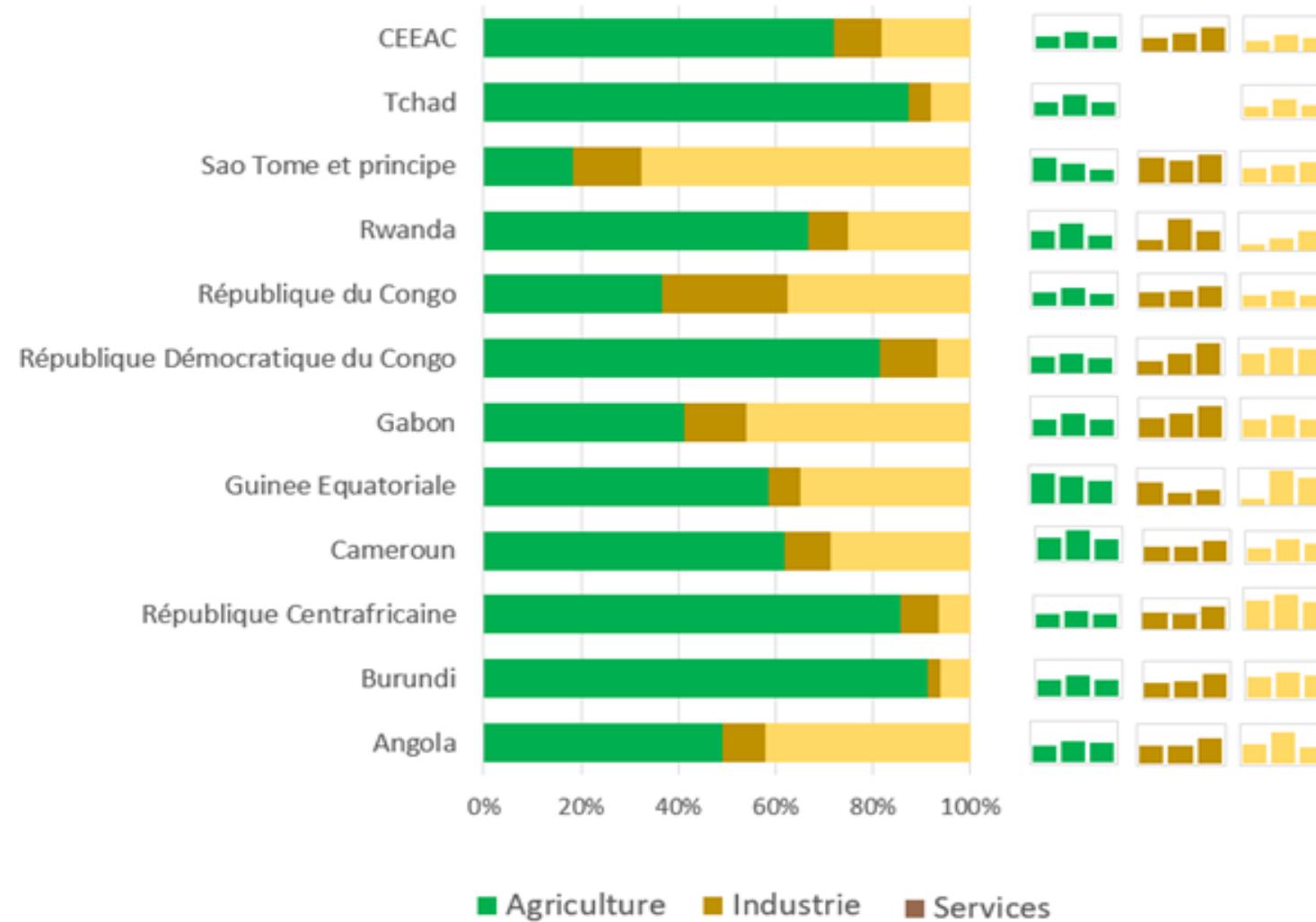


Graphique 2.3.1 : Analyse comparée de la part des activités manufacturières de moyenne et haute technologies dans les exportations (%) de quelques pays de la CEEAC avec d'autres régions du monde.

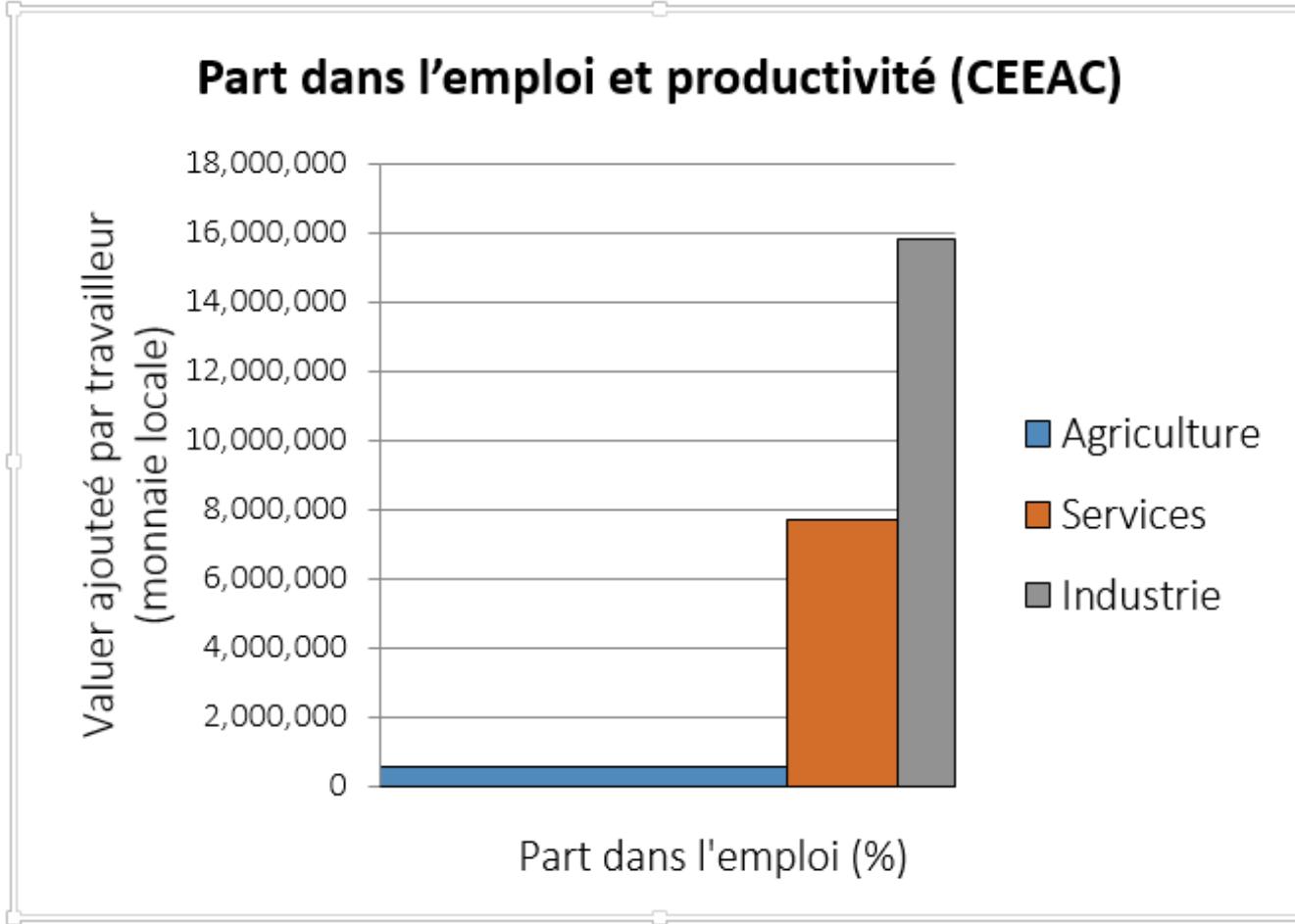


Employment

- Employment primary sect is dominant

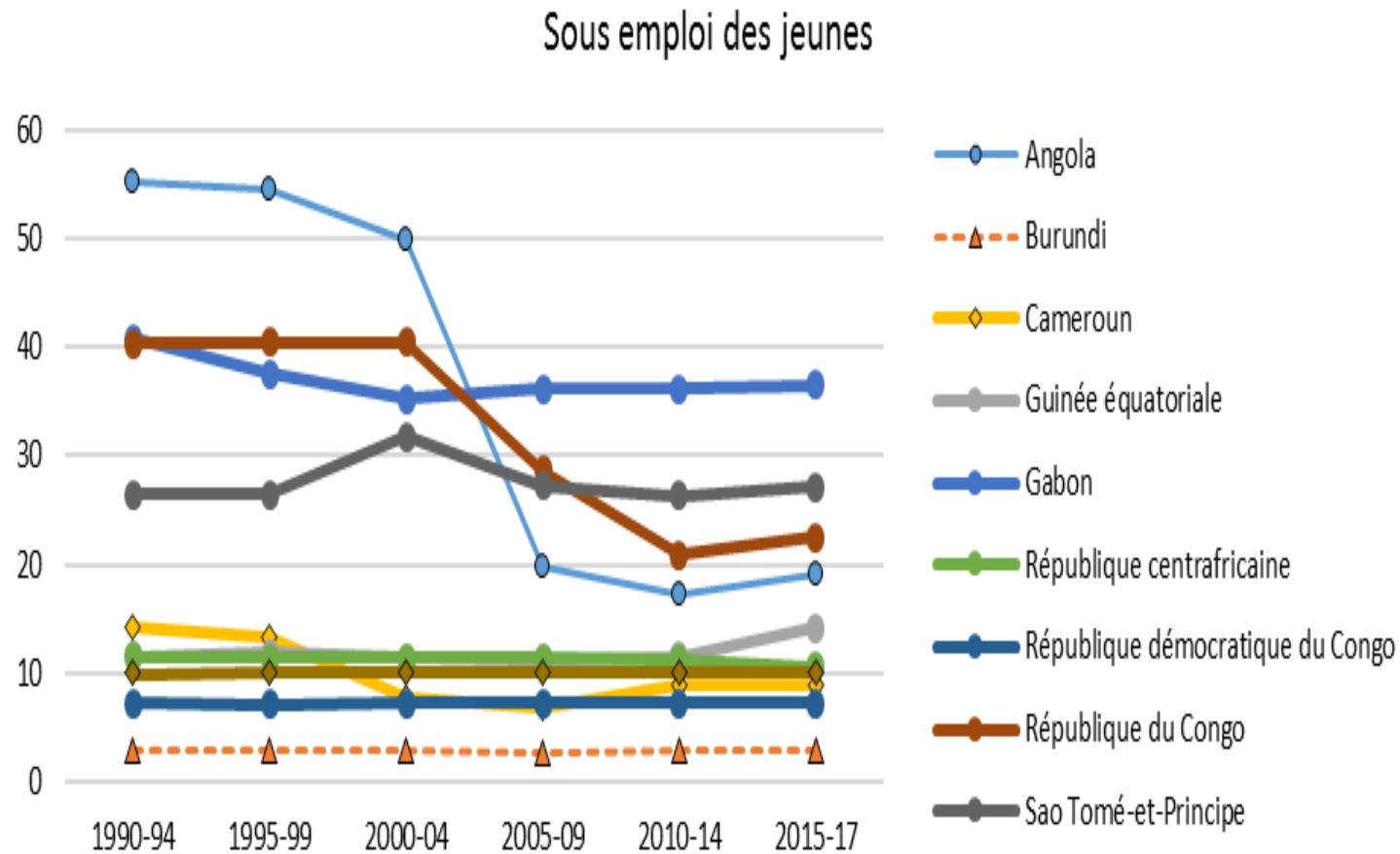


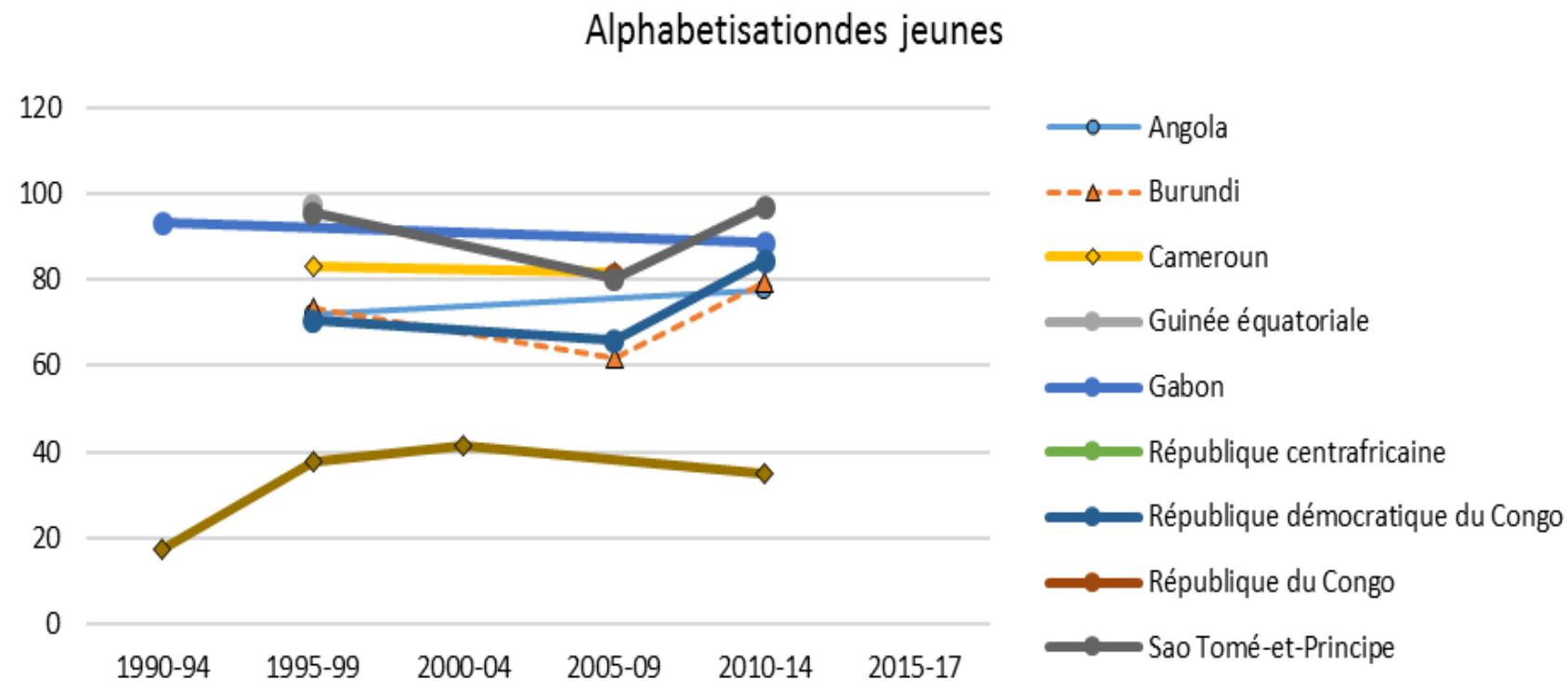
- Des gains de productivité négligeables suite aux mouvements intersectoriels du travail



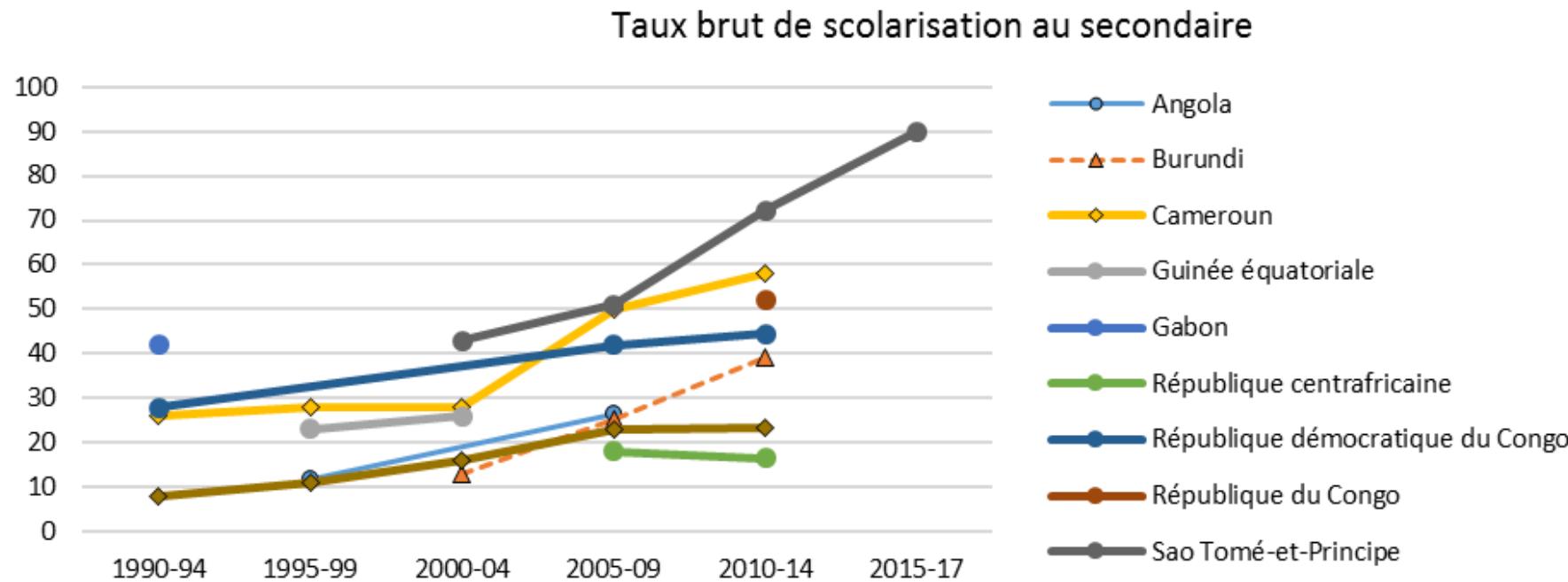
Emploi

- Alarming levels of unemployment and underemployment

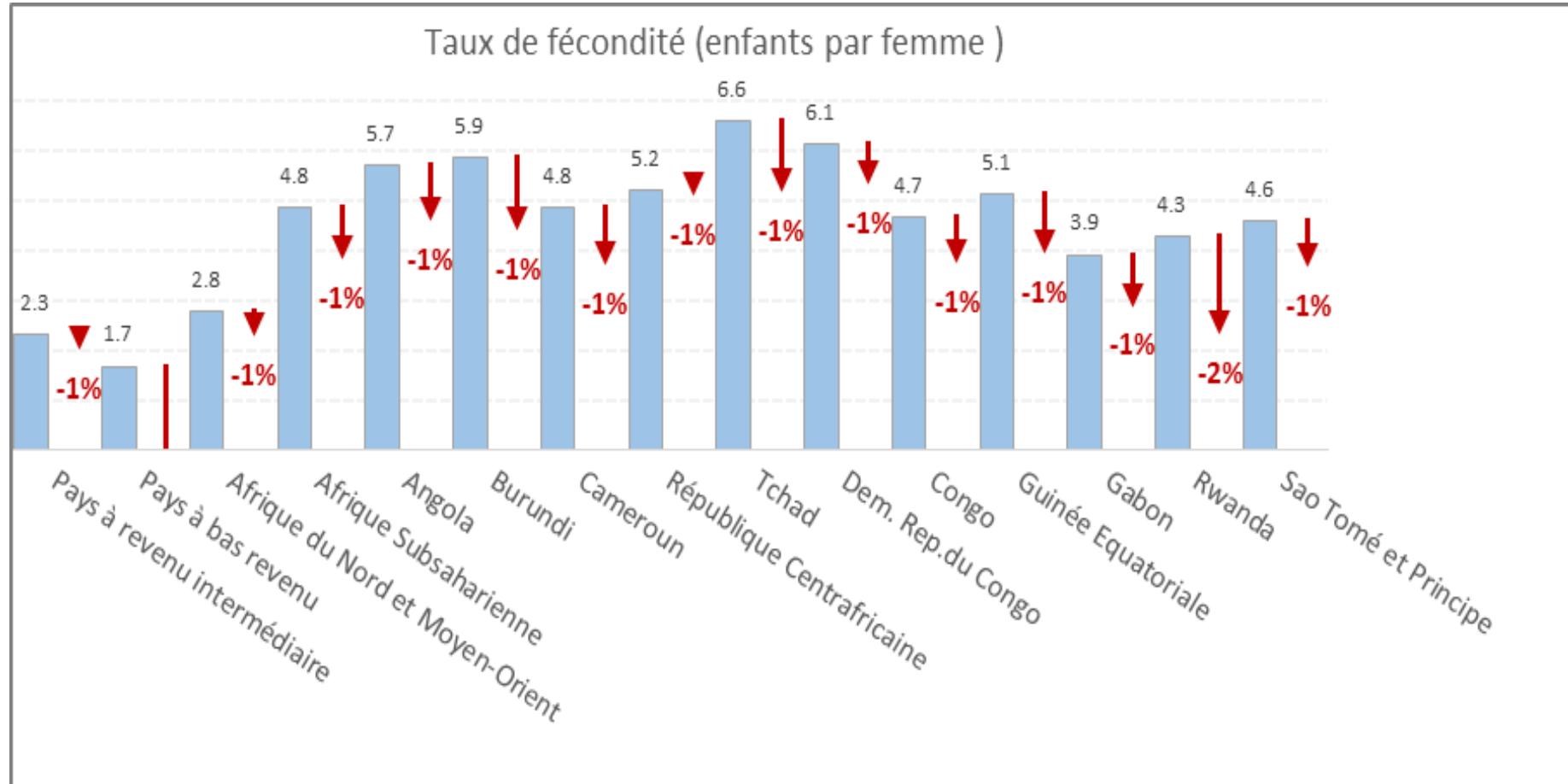




- Unequal progress in youth literacy

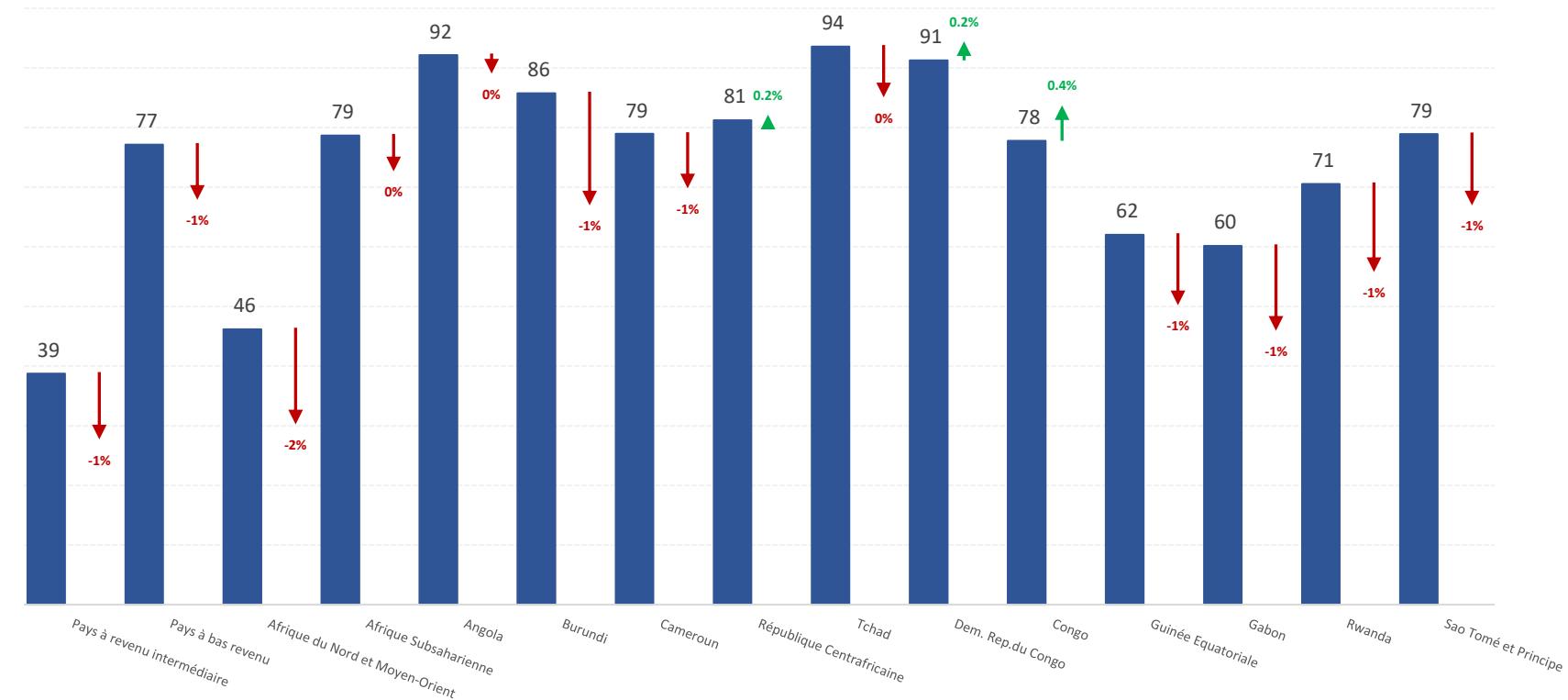


- An improvement in enrollment rates, however much remains to be done: STEMs for industries 4.0, education and targeted; etc;



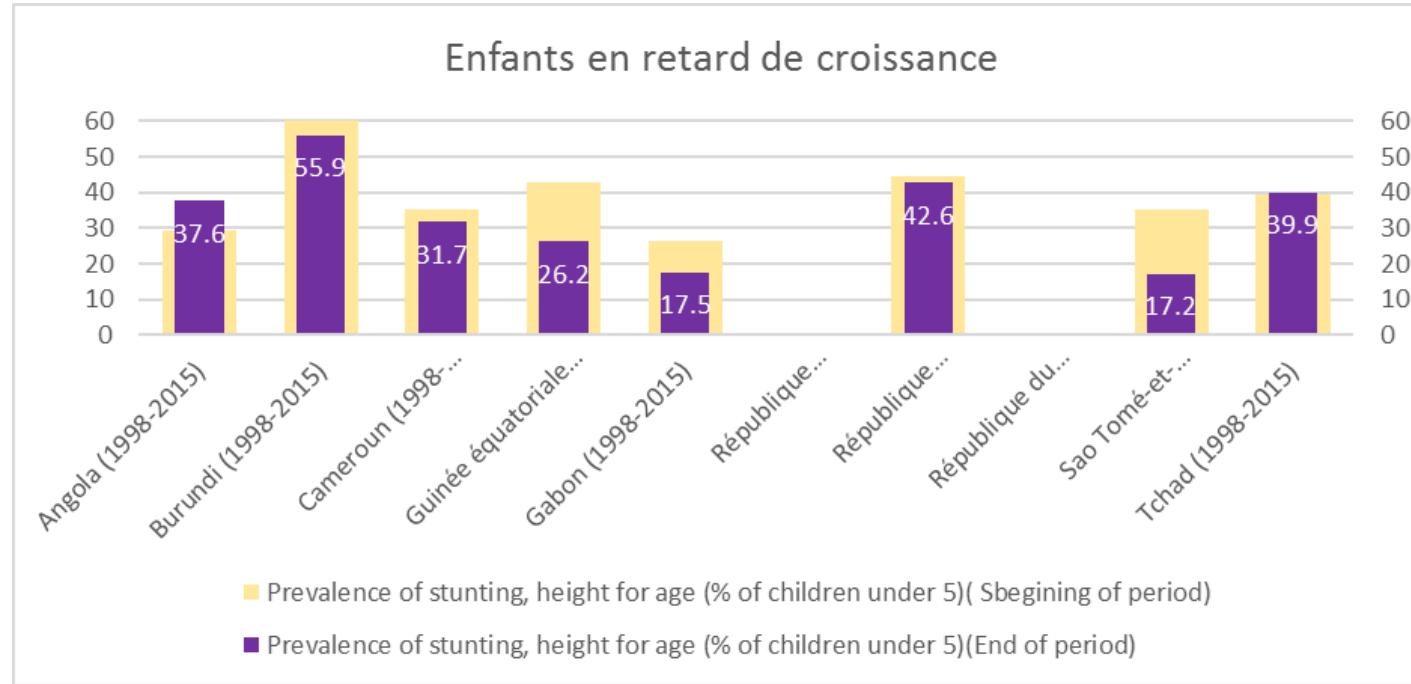
- The fertility rate is declining in the sub-region, which gives a big boost to structural transformation, but there are big differences between countries.

Taux de dépendance

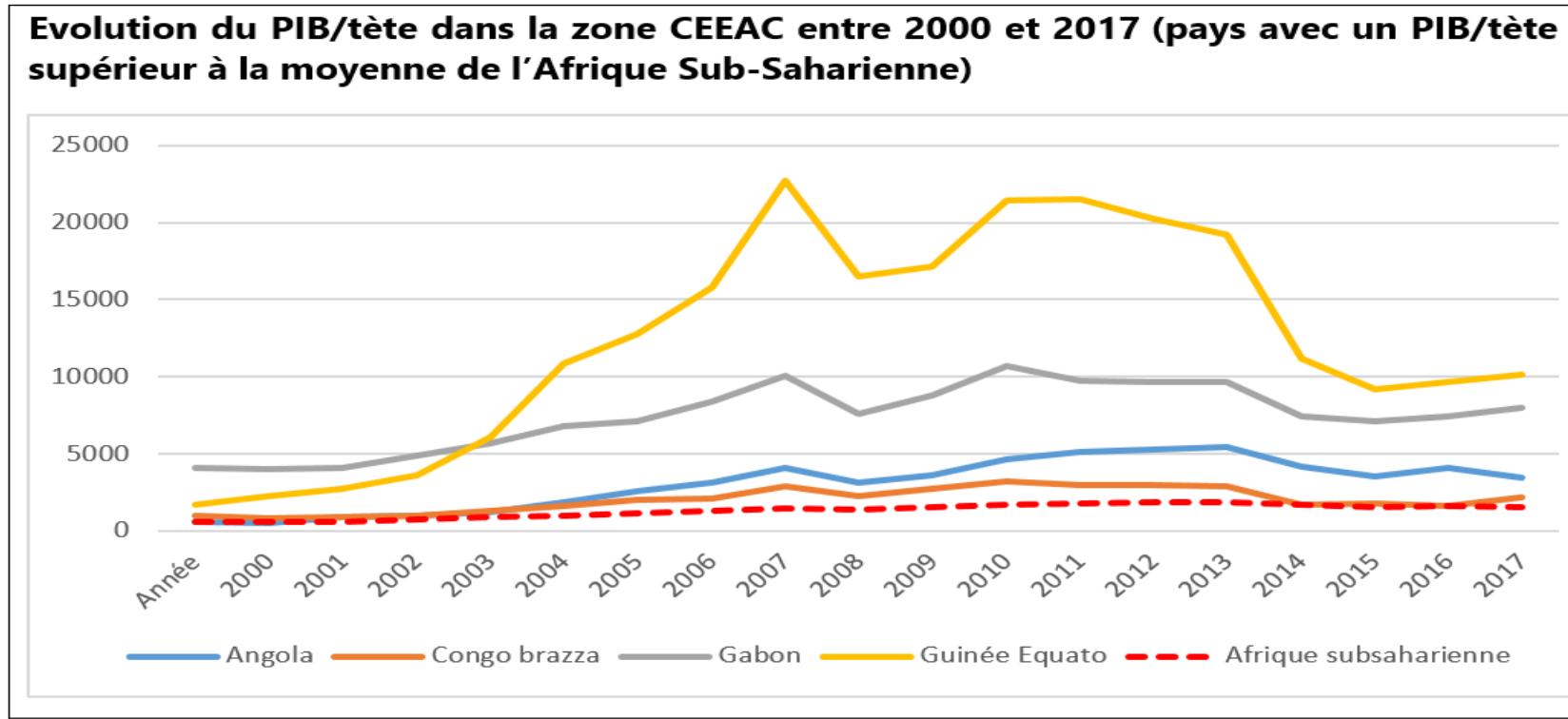


- As the dependency ratio in the sub-region gradually decreases, there are clear differences between the performance of different countries.

- The living conditions of most of the urban populations of Central Africa have improved considerably since the 1990s



Evolution of the GDP per capita in Central Africa over the past decades



Strategies to Accelerate Structural Transformation

Attract more foreign and local Direct Investments

- Business environment (governance, rule of law, financing, human capital, infrastructure, services, taxation, etc.)

Accelerate economic diversification, sophistication and complexity of exports through

- local processing of products
- the creation of regional value chains
- Changing consumption and import habits
- Good urbanization planning

Strategies to Accelerate Structural Transformation

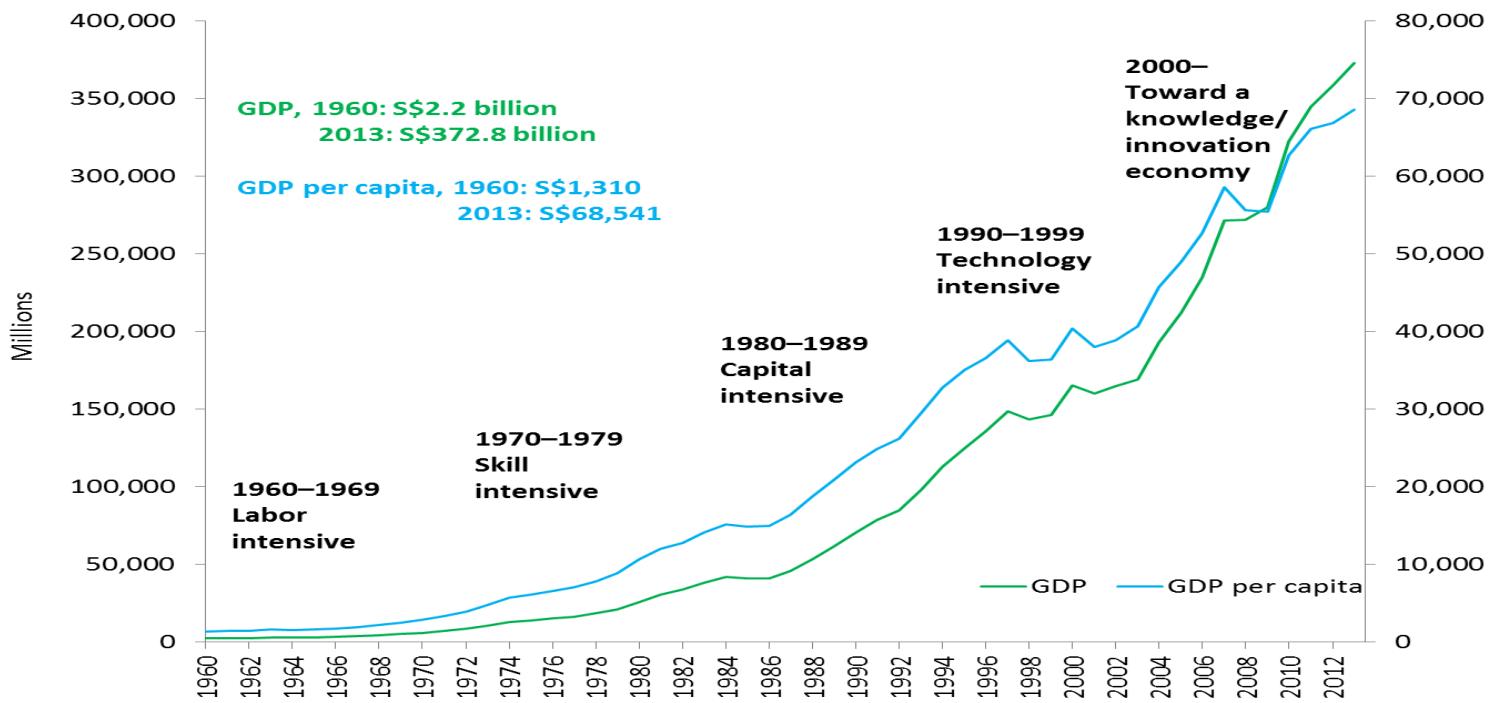
- **Making better use of urbanization in Central Africa**
 - Establish links between cities and rural areas.
 - Take advantage of demand from cities to revitalize the agricultural sector; promote PCLs and CVRs

- **Increase Competitiveness and Productivity.**
 - Focus on education, science and technology
 - Promote entrepreneurship, innovation, R&D, etc.
 - Promote the digital economy and Revolution 4.0

Strategies to Accelerate Structural Transformation

- **Maintain social stability with a better distribution of income and opportunities**
 - More attention to poverty, inequalities, employment
-
- **Strengthen sub-regional cooperation to:**
 - Development of infrastructure and industrial production zones
 - accelerate the implementation of the AfCFTA
 - Resolve cross-border security crises at the regional level

Planning to achieve ST: experience of Singapore



Source: Singapore Department of Statistics.

Below, an Inspirational quote highlighting the role of government in promoting transformation.

From Mr Lee Kuan Yew, Founder and Prime Minister of Singapore: 1959-1990

“Will Singapore be around in 100 years? I am not sure. Whatever the choices are, I am absolutely sure that if Singapore gets a dumb government, we are done for. This country will sink into nothingness”



Thank you



Nations Unies
Commission économique pour l'Afrique