

Annex 4 Initiative 1: Benchmarking African competitiveness

Description of the initiative and its current state

Initiative

The initiative reflects that few African countries are competitive internationally. The initiative reflected the need to provide relevant stakeholders (the government, civil society, the labour market and the private sector) with detailed analyses based on benchmarking against international standards and the particular circumstances of each country.

“African countries have been willing to submit, through the African Peer Review Mechanism, to a systematic audit of governance and institutional effectiveness. What is needed is to build on this process. Indices tracking African competitiveness already exist. The next step is to use a global index for benchmarking the competitiveness of African countries against each other and – most importantly – relative to international standards.”¹

This would then help identify the greatest constraints to and opportunities for competitiveness and thus spur reform.

This initiative – which has been fully implemented – had a two-pronged approach:

- Increasing the number of African countries in the World Economic Forum’s Global Competitiveness Index from 31 to 38 countries).
- Encouraging policy impact through measures to engage business and government leaders in a results-based dialogue on the required reforms – with a related goal of raising public awareness about the importance of enhancing competitiveness (through media and other channels) to galvanise support for the reform process.

The Concept Paper on the initiative also foresaw that “to encourage policy reform and impact at the intergovernmental level, the African Union will include competitiveness under the existing African Peer Review Mechanism.”

The activities foreseen to implement the initiative included:

- i. Data collection and analysis by the World Economic Forum and partner institutions in African countries
- ii. Outreach and dissemination of the results of the Global Competitiveness Report at regional meetings and in African countries to achieve maximum policy impact. The African Union will play a key role in this process. An economist from the World Economic Forum’s Global Competitiveness Network will attend workshops in selected countries each year to present the findings to a private-public stakeholder gathering

Africa Commission’s objectives for the benchmarking initiative

- Increase, sustain and improve the coverage of African countries in the Global Competitiveness Index and related benchmarking reports, including the Africa Competitiveness Report, for a period of minimum five years.
- Facilitate follow-up of the Global Competitiveness Index analyses and ensure dissemination and advocacy of the index at country level.
- Ensure follow-up and pressure for reform at the highest level through the African Union Commission.

¹ Benchmarking African Competitiveness: Concept Paper from the Africa Commission’s Report.

- iii. In selected countries, further country-specific analytical work will be undertaken to inform policy dialogue between government, the private sector, labour market organisations and civil society. Where appropriate, this will be achieved via mechanisms that facilitate the dissemination and sharing of good practices. Such mechanisms, existing or newly established, will be tasked with drawing up national action plans
- iv. Support for the development of modalities for a possible competitiveness review mechanism integrated into the existing African Peer Review Mechanism

The initiative was expected to produce the following output over the five years of its life.

- i. Launch of reports at regional meetings
- ii. Four to five workshops to be held annually in selected African countries, including leaders from business, government and civil society, with a goal of initiating a process of review and policy reform for improved competitiveness
- iii. Additional policy research carried out in a number of selected countries which have influenced and contributed proposals for policy reforms
- iv. A competitiveness review mechanism integrated into the existing African Peer Review Mechanism

In terms of implementation responsibility the concept paper foresaw that:

- The World Economic Forum would be responsible for: Data collection; writing the report; launching the Global Competitiveness Report globally and the Africa Competitiveness Report at regional meetings; and participating in the national-level launching workshops.
- The African Union Commission would be responsible for activities at the Pan-African level².
- An African partner policy research organisation with the relevant capacity would be engaged to prepare and organise the national-level workshops and facilitate follow-up in a number of selected countries³.

Relevance of the initiative to the recommendations of the Africa Commission

This initiative was designed to address three recommendations of the Africa Commission (Nos. 11, 12 and 13). As can be seen the initiative fits the recommendations extremely closely and is thus highly relevant to what the Africa Commission was seeking to achieve.

Initiative	Related Africa Commission policy recommendations
Benchmarking African Competitiveness	R11: Focus on those particular constraints that prevent African businesses from growing through exports in order to improve Africa's competitiveness in the global economy.
	R12: Promote the use of competitiveness indices as advocacy tools and ensure ownership among African governments, the private sector and civil society in the results dissemination and follow-up process.
	R13: Develop a global competitiveness index that will eventually benchmark all African countries against international standards and spur debate and action on concrete measures that African countries should implement to promote private sector-led growth.

² This became the Joint Monitoring Unit of the Joint Secretariat Support Office of UNECA, AUC and AfDB.

³ COWI was contracted to undertake this task after an open tender process. The short-listed firms were: COWI A/S, NCG A/S, International Organisation Development, (IOD PARC), Africa Practice Ltd.

Effectiveness of achievement to date

Outputs

World Economic Forum

All the results defined in the agreement between the Ministry of Foreign Affairs and the World Economic Forum have been achieved in full⁴:

- An important output of the project was that World Economic Forum's Chief Economist produced the report "Africa Competitiveness 2010: The State of Affairs" which was published and released at the 2010 UN Conference on progress in achieving the MDGs.
- Seven new sub-Saharan countries were included in the Global Competitiveness Report and Executive Opinion Survey: Angola, Cape Verde, Gabon, Guinea, Liberia, Seychelles and Sierra Leone) and maintained for five years.
- The continuation of the existing 11 countries in the Global Competitiveness Report and Executive Opinion Survey was maintained for five years.
- World Economic Forum organised in collaboration with COWI the organisation of 12 workshops: national workshops in Tanzania, Nigeria, Kenya, South Africa, Ghana, Rwanda, Uganda, Ethiopia, Mozambique and Mauritius and regional workshops in Tanzania (East African Community), Nigeria (Economic Community of West African States) and Botswana (Southern African Development Community). Each workshop was attended by between 80 and 100 participants from the private, civil and public sectors. The workshops aimed at targeting leaders from the business sector, government and civil society, with the aim to initiate a process of review and policy reform for improved competitiveness.

COWI A/S

COWI was contracted to prepare and manage the workshop on competitiveness under the technical direction of the World Economic Forum and the Ministry of Foreign Affairs⁵. COWI delivered all expected results and, additionally, established a "one stop shop" website containing the key recommendations coming out of the individual workshops.

Joint Monitoring Unit of the Joint Secretariat Support Office of UNECA, AUC and AfDB

Output 4 "A competitiveness review mechanism integrated into the existing African Peer Review Mechanism" was expected to be achieved by the Joint Monitoring Unit of the Joint Secretariat Support Office of the United Nations Economic Commission for Africa, the African Union Commission and the African Development Bank. The agreement between the Joint Secretariat Support Office and the Government of Denmark on follow up of Africa Commission recommendations states that the Joint Monitoring Unit will "provide input to the African Peer Review Mechanism in areas relevant to private sector-led growth and youth employment, especially regarding modalities for a possible competitiveness review mechanism integrated into the existing peer review". The Joint Monitoring Unit was also expected to support the outreach and dissemination of the Global Competitiveness Report and the promotion of the competitiveness agenda in order to achieve maximum policy impact.

The Joint Monitoring Unit did not undertake this task.

⁴ These are defined as outputs: no logical framework matrix formed part of the agreement and no outcomes or impact achievements were defined.

⁵ "The responsibilities of the contract holder can be summarized under the following headings: workshop development (programme, identification of participants, speakers, coordination); workshop logistics (contracting of venue, set-up, facilities, services, media, on-the-spot trouble shooting); workshop follow-up (thank you letters, reports and accounts to partners)."

<http://ted.europa.eu/udl?uri=TED:NOTICE:282471-2011:TEXT:EN:HTML>

Outcomes

Outcomes are not specified in the agreements between Ministry of Foreign Affairs and either World Economic Forum or COWI, but:

- World Economic Forum stated that the National Workshop on Competitiveness in Nigeria led to the establishment of the National Competitiveness Council of Nigeria (<http://nccnigeria.org/>)⁶
- World Economic Forum report continued receiving requests for national competitiveness workshops (Cote d'Ivoire, Kenya, Nigeria, etc.)
- World Economic Forum mentioned that CNBC Africa undertook a series of debates on competitiveness (Nigeria, Rwanda) as part of the workshops⁷.

Whilst no impact study was undertaken (or expected to be undertaken) it is clear that the project did significantly raise the profile of competitiveness in sub-Saharan Africa.

The expected actions of the Joint Management Unit did not lead to competitiveness forming part of the African Peer Review Mechanism⁸.

Additionality of Danish support

The Africa Competitiveness Report was first published in 1998 and has, since 2007, been a biennial project highlighting areas that require policy action and investment to ensure Africa's sustained growth. World Economic Forum advise that in 2004, USAID and the World Economic Forum agreed a USD 2.4 million, three-year project, aimed at increasing the number of developing country covered in the World Economic Forum's Global Competitiveness Report. As a result of this collaboration, by 2006, the World Economic Forum and USAID had expanded the World Economic Forum's Global Competitiveness Report to include an additional twenty-four developing countries, including many in sub-Saharan Africa. However, that funding was ceasing at the time the Africa Commission was operational and World Economic Forum had made an internal decision to reduce the existing and not to include any new sub-Saharan African countries.

The support from Denmark allowed the inclusion of new sub-Saharan African countries and the retention of existing ones in the Global Competitiveness Report. It also significantly increased the awareness of the importance of increasing competitiveness (through the extensive workshop programme and the 2010 Africa Competitiveness Report submitted to the MDG conference).

The work commenced with Danish support has been maintained by the World Economic Forum using its own resources and with other donor support.

Conclusions

The initiative was implemented in accordance with their terms of reference by both the World Economic Forum and COWI a/s. The Joint Monitoring Unit did not implement its element of the project and the reasons for that are discussed in Section 5.3 of the main report.

⁶ <http://nccnigeria.org/wp-content/uploads/2014/04/Businessday-Companies-and-Market-Page-15-April-11-2014-page1.jpeg>

⁷ For example, a CNBC television debate involving H.E. Olusegun Aganga (Minister of Industry, Trade and Investment), Achanheng Leke (Director, McKinsey & Company), Leyla Gozo (Founder and Managing Director, LGG & Partners), Enase Okonedo (Lagos Business School, Pan-Atlantic University) and Onye Sunday (Anchor, CNBC Africa) was held as an integral element of the Regional Workshop on Competitiveness in ECOWAS at the Four Points Sheraton, Lagos, Nigeria on 28th November 2013.

⁸ The effectiveness of the African Peer Review Mechanism has been called into question: see, for example, the Institute of Social Studies "26th AU Summit: Time to take the APRM off life support?" <https://www.issafrica.org/iss-today/26th-au-summit-time-to-take-the-aprm-off-life-support#.VqossE6vCkLemail>

Although it is impossible to assess the contribution of the benchmarking activities financed by the Africa Commission to increasing the competitiveness of sub-Saharan African nations to, in the view of the Evaluation this initiative has had substantial impact in this area.

Whilst it is regrettable that the competitiveness review mechanism was never added to the work of the African Peer Review Mechanism, regardless of this, the importance of competitiveness as a critical element in employment creation and poverty reduction has been made with the support of this initiative and this is now understood by most sub-Saharan African governments who watch carefully their country's changing index⁹ and seek to improve their enabling environment and thus improve their ranking.

⁹ For example, Rwanda (<http://www.rdb.rw/home/newsdetails/article/rwanda-most-competitive-economy-in-east-africa-3rd-in-africa.html>), Mauritius (<http://www.govmu.org/English/News/Pages/Global-Competitiveness-Report-Mauritius-Ranks-First-in-Sub-Saharan-Africa.aspx>), Ghana (<http://www.ghanatrade.gov.gh/Trade-News/ghana-drops-to-114th-in-latest-global-competitiveness-report.html>), and South Africa (http://www.southafrica.info/business/economy/globalsurveys.htm#.VpzZ_yorLWI)