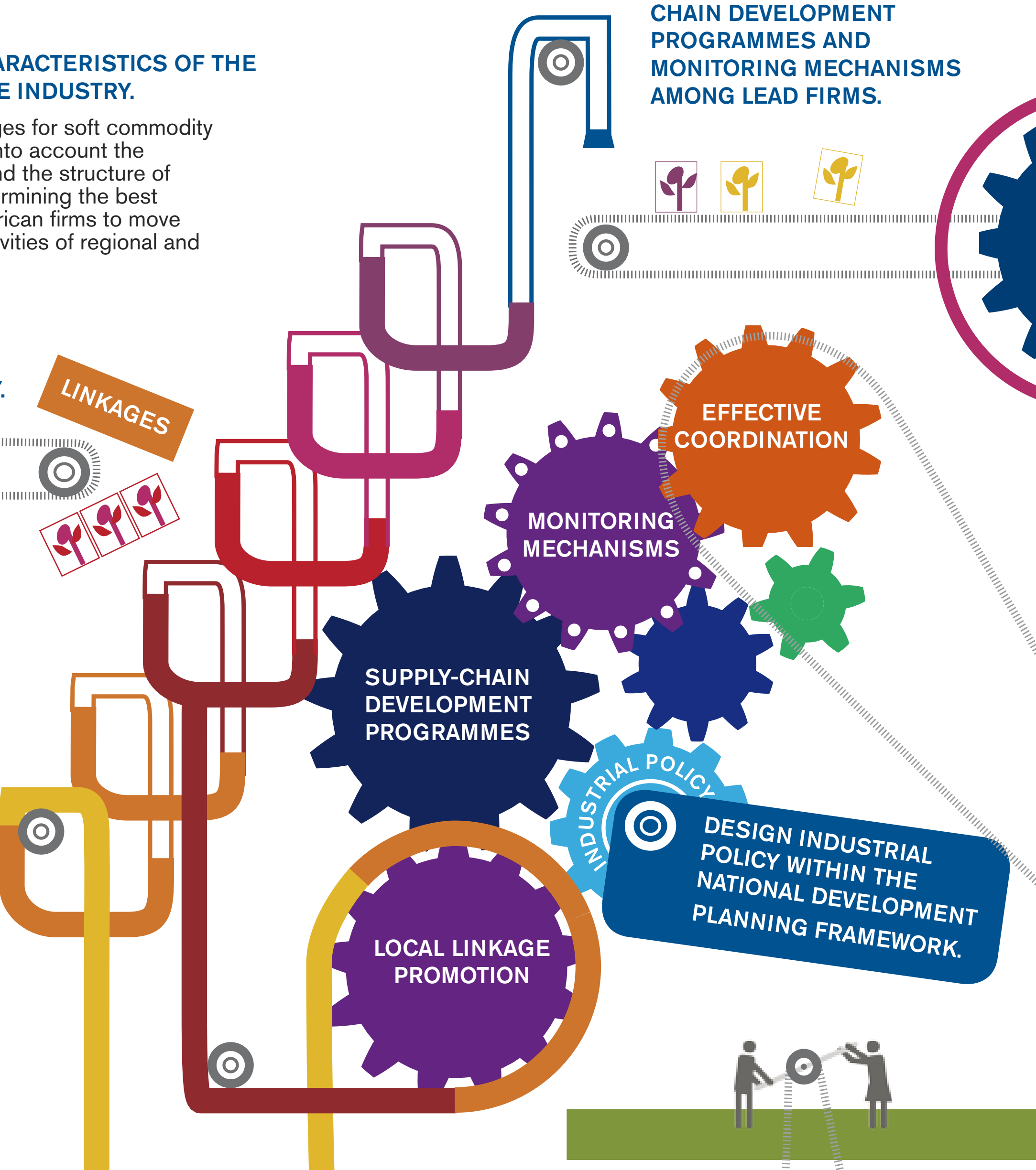
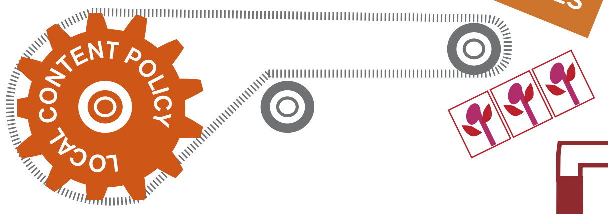
ENFORCE SUPPLY-CHAIN DEVELOPMENT PROGRAMMES AND MONITORING MECHANISMS AMONG LEAD FIRMS.

UNDERSTAND THE TECHNICAL CHARACTERISTICS OF THE GVCS AND THE STRUCTURE OF THE INDUSTRY.

To develop backward and forward linkages for soft commodity sectors African countries need to take into account the technical characteristics of the GVCs and the structure of the industry. These are important in determining the best strategies for local upgrading and for African firms to move into more profitable and sustainable activities of regional and global value chains.



DEVELOP AN APPROPRIATELY DIRECTED LOCAL CONTENT POLICY.



Government policies and local domestic capabilities are critical determinants of the success of such upgrading strategies. To speed up and deepen the process of value addition and linkage development, African governments need to make a strategic response, working closely with other stakeholders, through formulating and implementing industrial policy. Government policies need to encompass measures targeting the processing industries as well as the natural resource sectors.

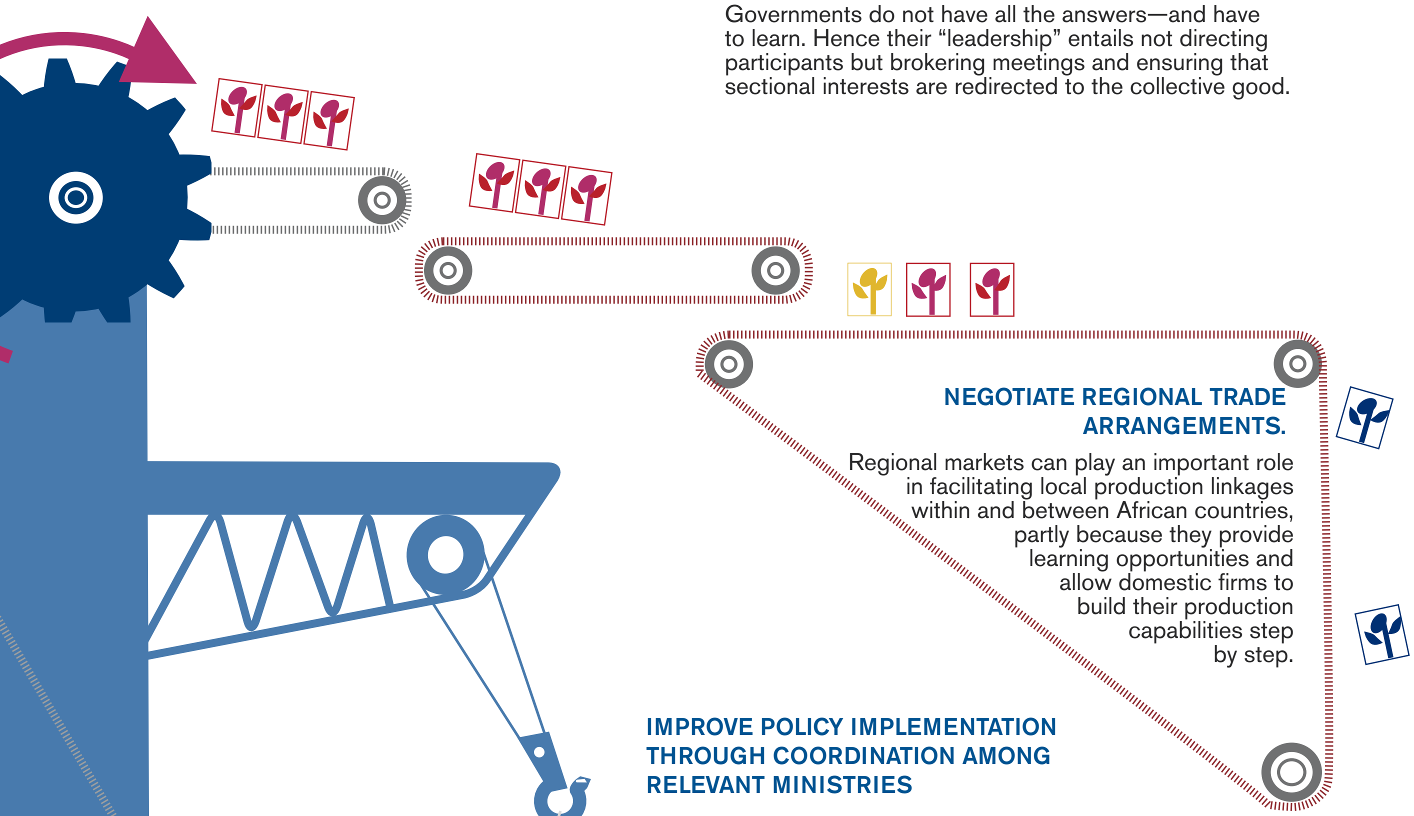
ENGAGE THE LEAD COMMODITY FIRMS (MOSTLY MULTINATIONALS) ON PROMOTING A LOCAL LINKAGE STRATEGY, INCLUDING PROCUREMENT, SOURCING AND PROCESSING.

DEVELOP LOCAL SKILLS AND TECHNOLOGICAL CAPABILITIES AMONG LINKAGE FIRMS.

THERE IS NO "ONE SIZE FITS ALL" POLICY STRATEGY FOR COMMODITY-BASED INDUSTRIALIZATION.

CREATE THE APPROPRIATE INSTITUTIONAL AND INDUSTRIAL POLICY MECHANISMS TO INCREASE EFFECTIVENESS.

Governments do not have all the answers—and have to learn. Hence their "leadership" entails not directing participants but brokering meetings and ensuring that sectional interests are redirected to the collective good.

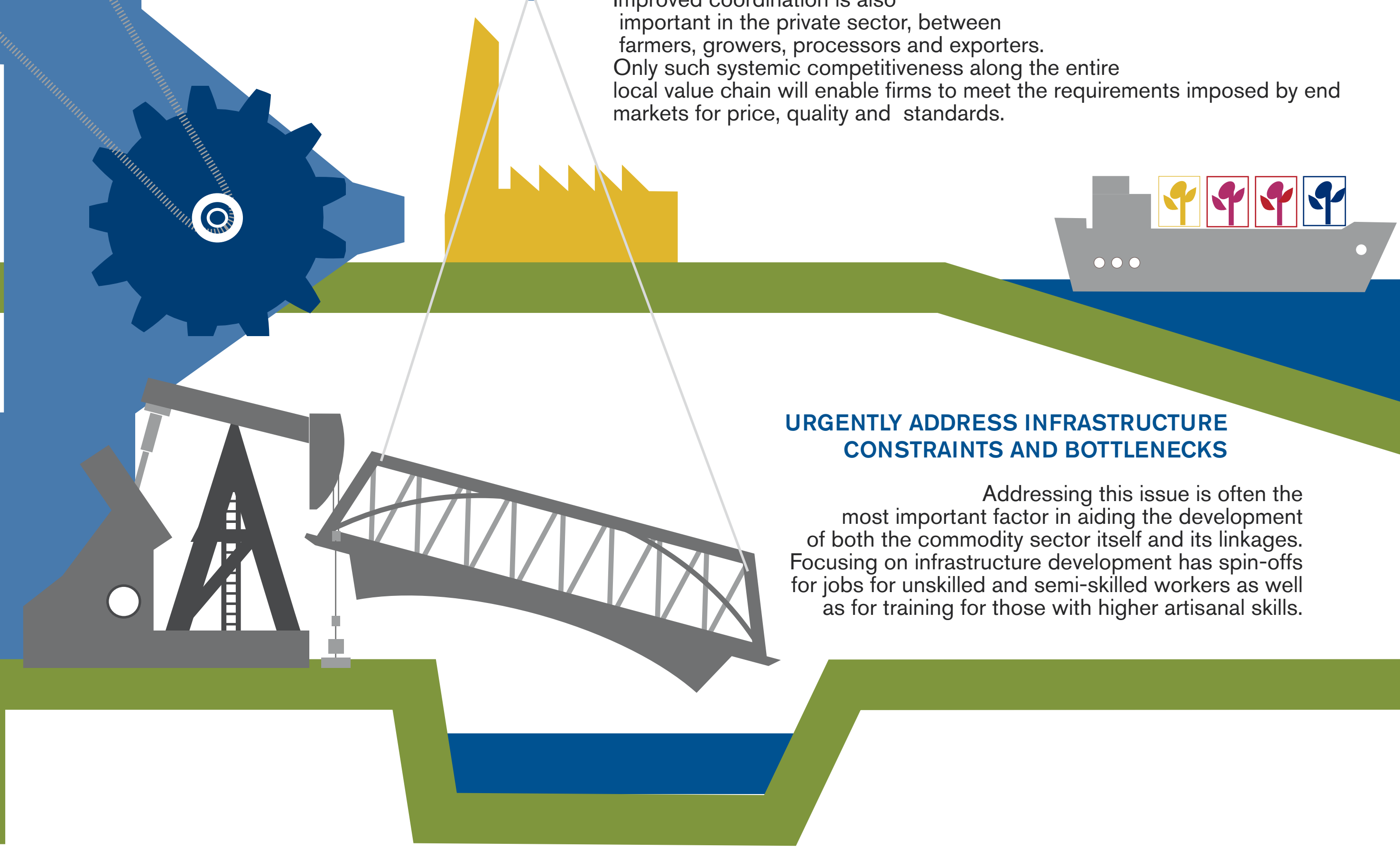


NEGOTIATE REGIONAL TRADE ARRANGEMENTS.

Regional markets can play an important role in facilitating local production linkages within and between African countries, partly because they provide learning opportunities and allow domestic firms to build their production capabilities step by step.

IMPROVE POLICY IMPLEMENTATION THROUGH COORDINATION AMONG RELEVANT MINISTRIES

Improved coordination is also important in the private sector, between farmers, growers, processors and exporters. Only such systemic competitiveness along the entire local value chain will enable firms to meet the requirements imposed by end markets for price, quality and standards.



URGENTLY ADDRESS INFRASTRUCTURE CONSTRAINTS AND BOTTLENECKS

Addressing this issue is often the most important factor in aiding the development of both the commodity sector itself and its linkages. Focusing on infrastructure development has spin-offs for jobs for unskilled and semi-skilled workers as well as for training for those with higher artisanal skills.

A Statistical Note

This year's *Economic Report on Africa* is based on the latest updated and harmonized data from various sources, including questionnaires developed by the authors. The main economic and social data variables are obtained from the United Nations Department of Economic and Social Affairs (UN-DESA) database and the United Nations Statistical Database. Data from the statistical databases of the International Monetary Fund (IMF), African Economic Outlook, Economist Intelligence Unit (EIU), United Nations Centre for Trade and Development, World Bank, International Labour Organization, World Trade Organization and United States International Trade Centre are also used in connection with various economic indicators.

The UN-DESA's Global Economic Outlook database provides comparable data on GDP growth for all African countries, except Seychelles and Swaziland for which data are obtained from the IMF and EIU databank. Real GDP growth rates are generated using country data with 2005 as the base year. Subregional inflation rates are weighted using individual consumption spending by household in billions of US dollars. Central government fiscal balances are calculated using GDP at current market prices in US dollars, and central government receipts minus central government outlays as a percent of GDP and GDP at current prices. Current account balances are calculated from national income accounts at current prices.

Social data are based on the latest data from United Nations Agencies deposited in the United Nations Statistical Database (UNSD). The UNSD, the official repository of data for assessing progress towards the Millennium Development Goals, provides accurate and comparable data on Goal indicators across African countries. The irregularity of surveys/censuses, ages, definitions and methods of production of the indicators may explain the lag between the reporting year and the data years.

Attempts have been made to source all trade statistics from United Nations data sources. Trade data (exports and imports) are from the online UNCTADstat database. The US data on textile imports from Africa under the African Growth and Opportunity Act are from the US International Trade Commission. Commodity prices are from the World Bank's Global Economic Prospect 2012. Aid for trade statistics are from the Organization for Economic Cooperation and Development (OECD)/Development Assistance Committee's Creditor Reporting System (CRS), which provides the most comprehensive and updated data on aid for trade. Employment figures are from the International Labour Organization official employment database.

The thematic part of the report employs data collected, harmonized and analysed by local consultants through questionnaires and interviews with selected firms and policy makers from Algeria, Cameroon, Egypt, Ethiopia, Ghana, Kenya, Nigeria, South Africa and Zambia. But data in the report may differ from those published for reasons including timing and aggregation methods. Historical data may differ from previous editions of this report due to availability, recent revisions and timing.

Countries are classified into geographical regions and country groupings. Unless otherwise noted, the data cover 53 African countries (excluding South Sudan). Geographic regions are: North, Southern, East, West and Central. Parts of the analysis are also based on country groupings of oil importers, oil exporters, mineral rich and non-mineral rich countries. Oil exporters refer to those countries whose oil exports are at least 20 per cent higher than their oil imports. Mineral rich countries are those where mineral exports account for more than 20 per cent of total exports. In classifying commodities, ores and minerals are referred to as hard commodities, agricultural raw commodities as soft commodities and fuel as energy commodities.