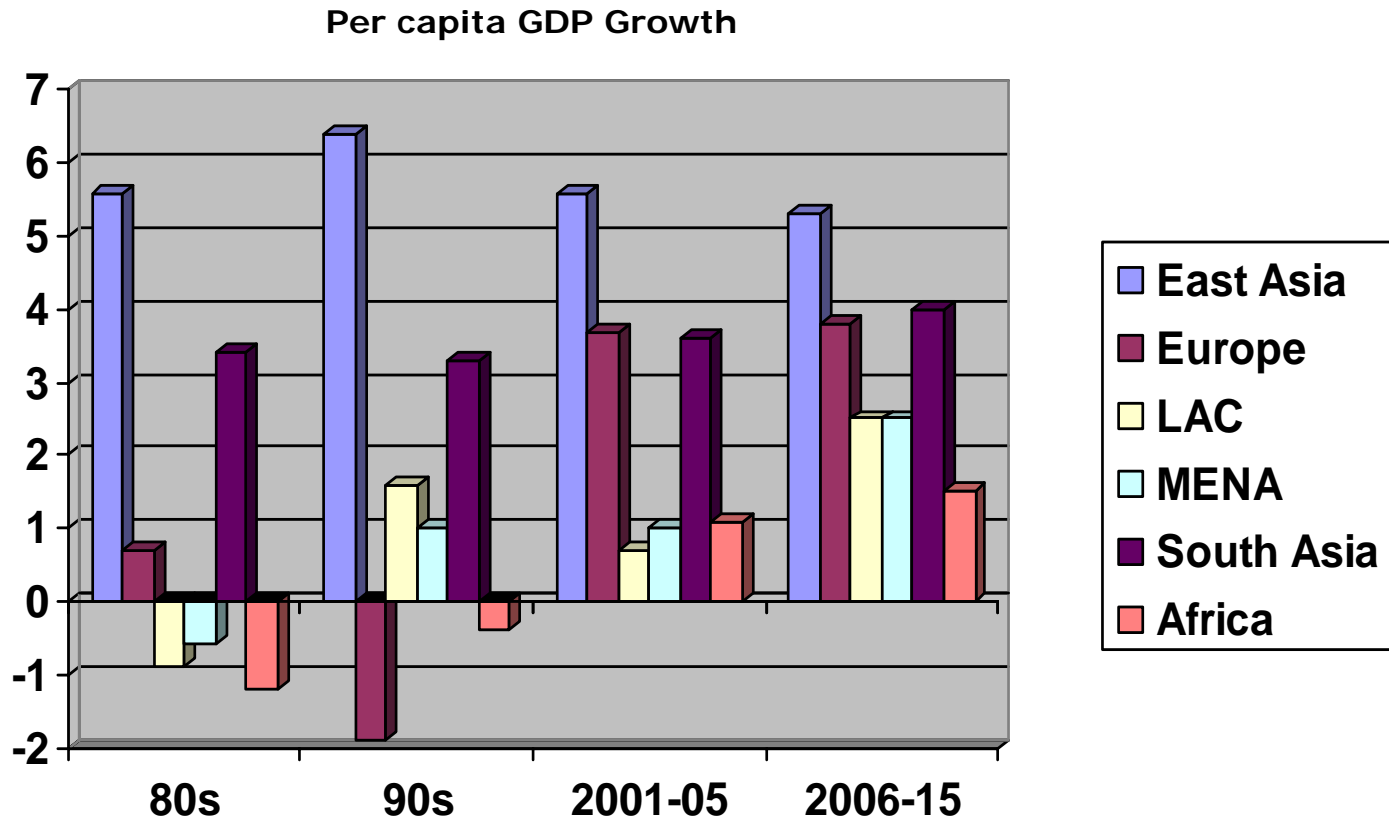


Africa's Investment Prospects: Opportunities and Challenges

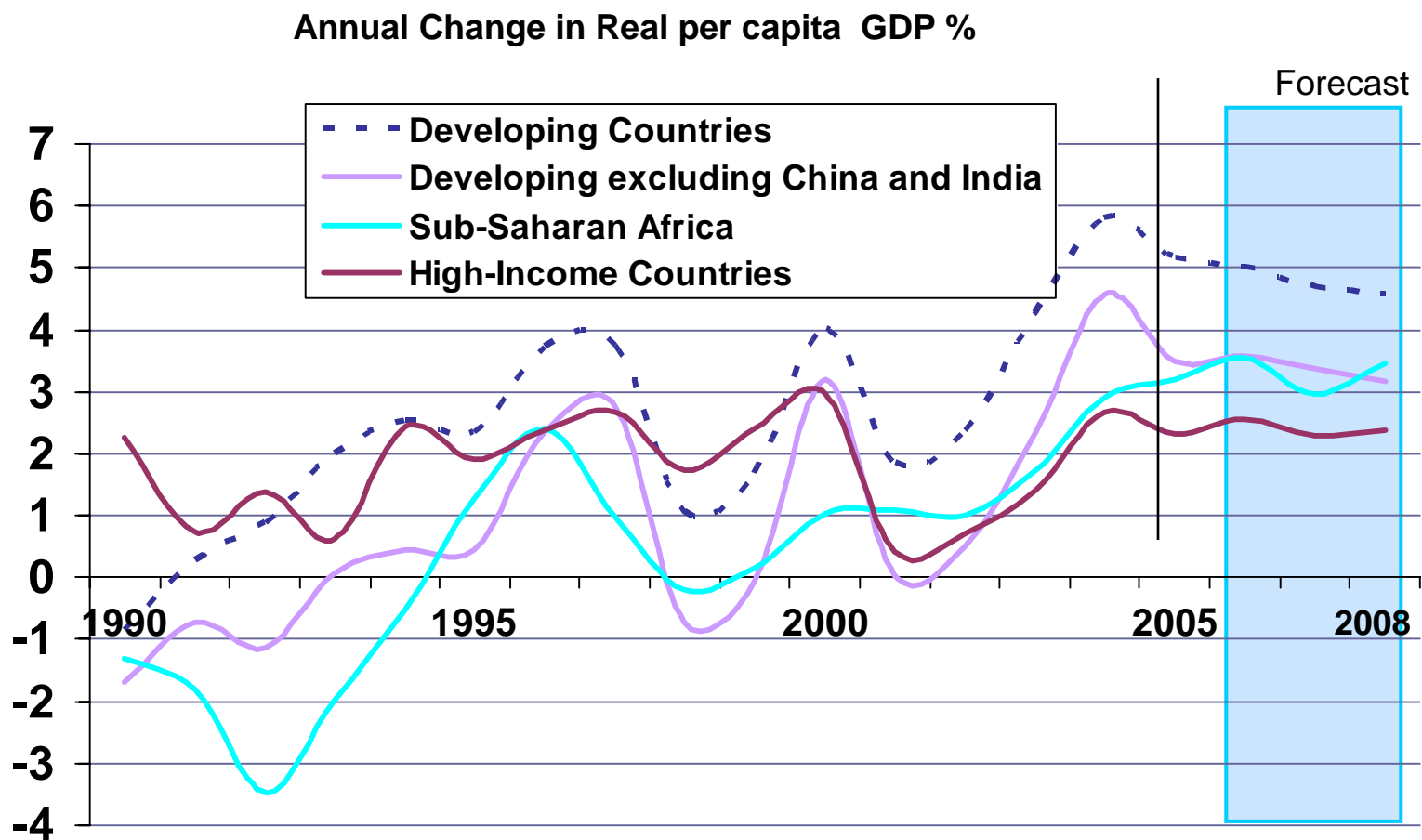


John Page
Chief Economist, Africa Region
The World Bank
29 June, 2006

Growth in Africa has lagged other regions

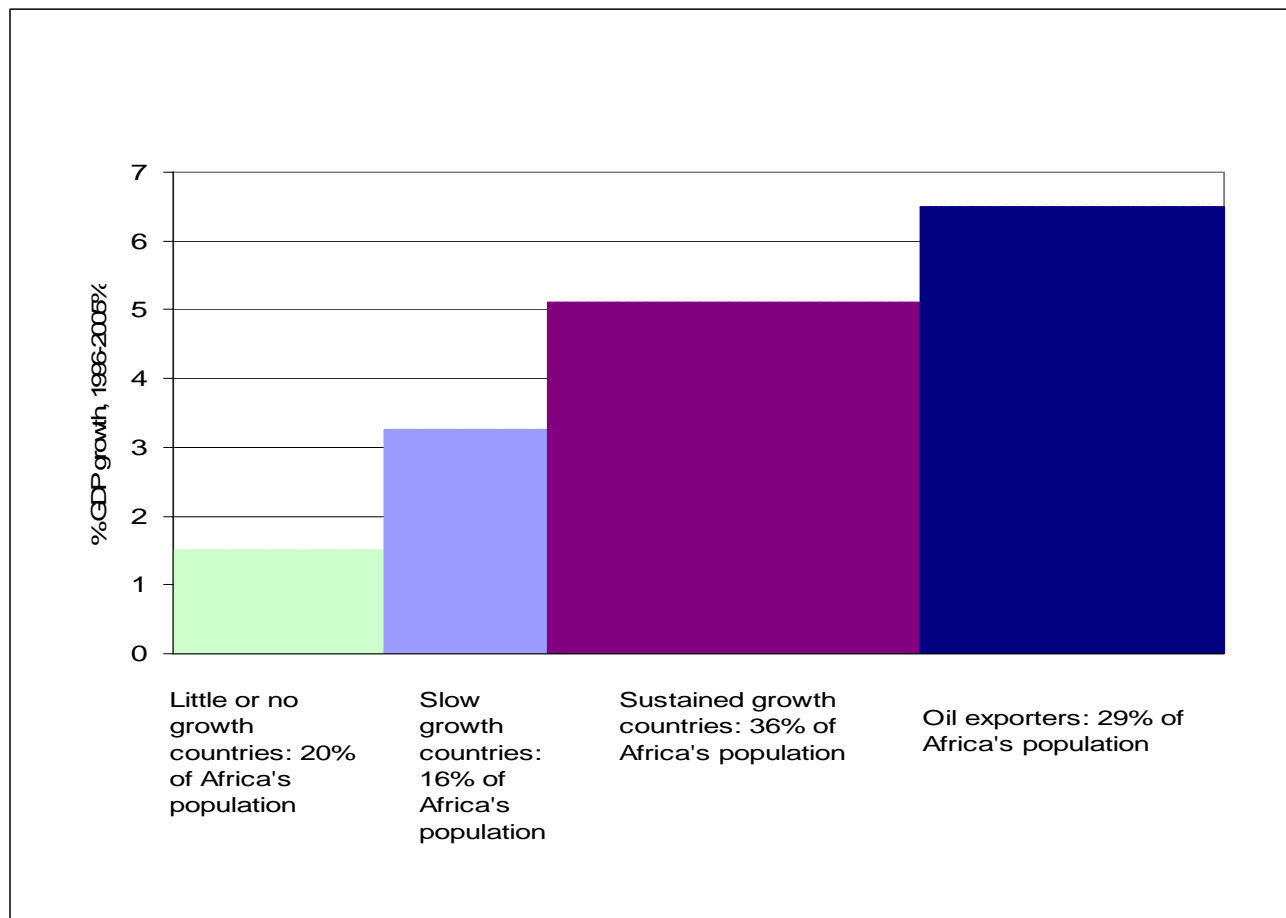


African per capita income is now increasing in tandem with other developing countries . . .

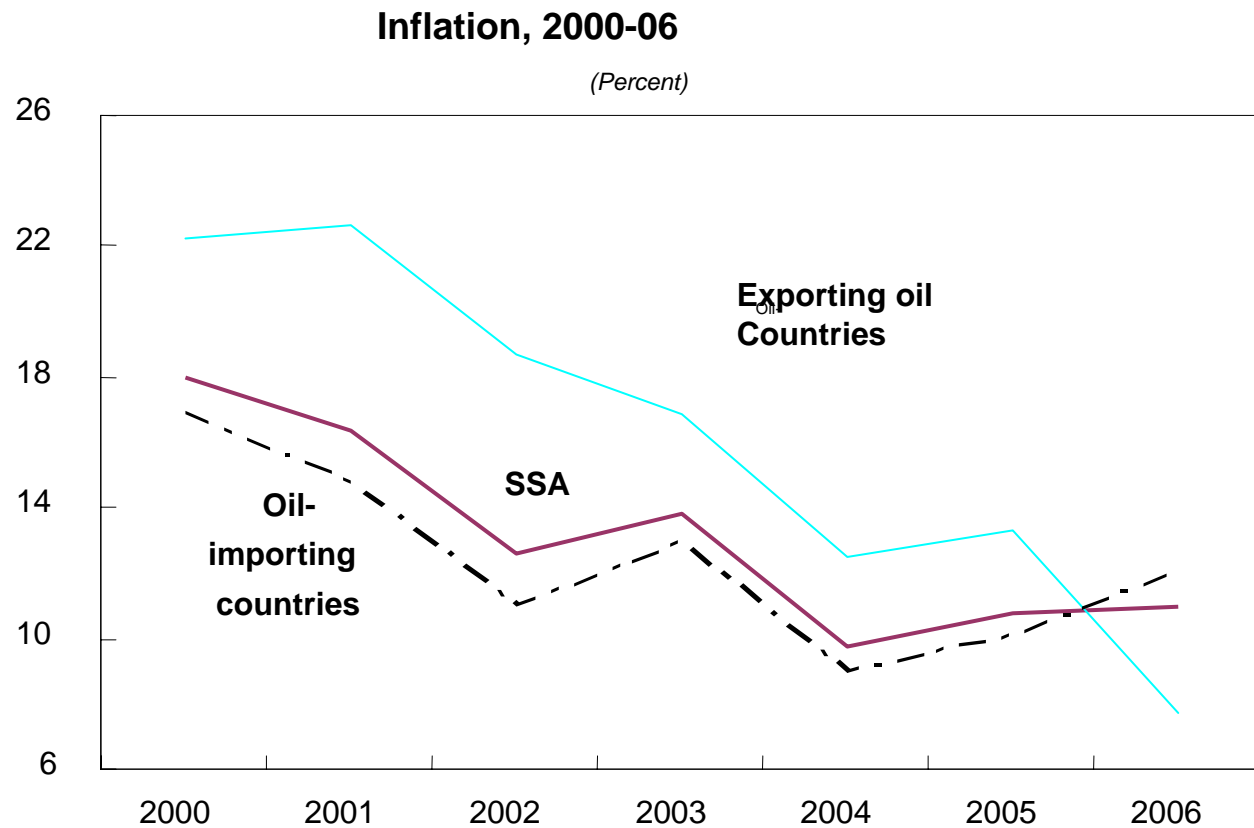


African economic outlook

And Africa's already diverse growth experience is becoming increasingly so



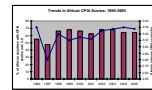
Macroeconomic management has improved



Source: IMF, SSA Regional Economic Outlook.

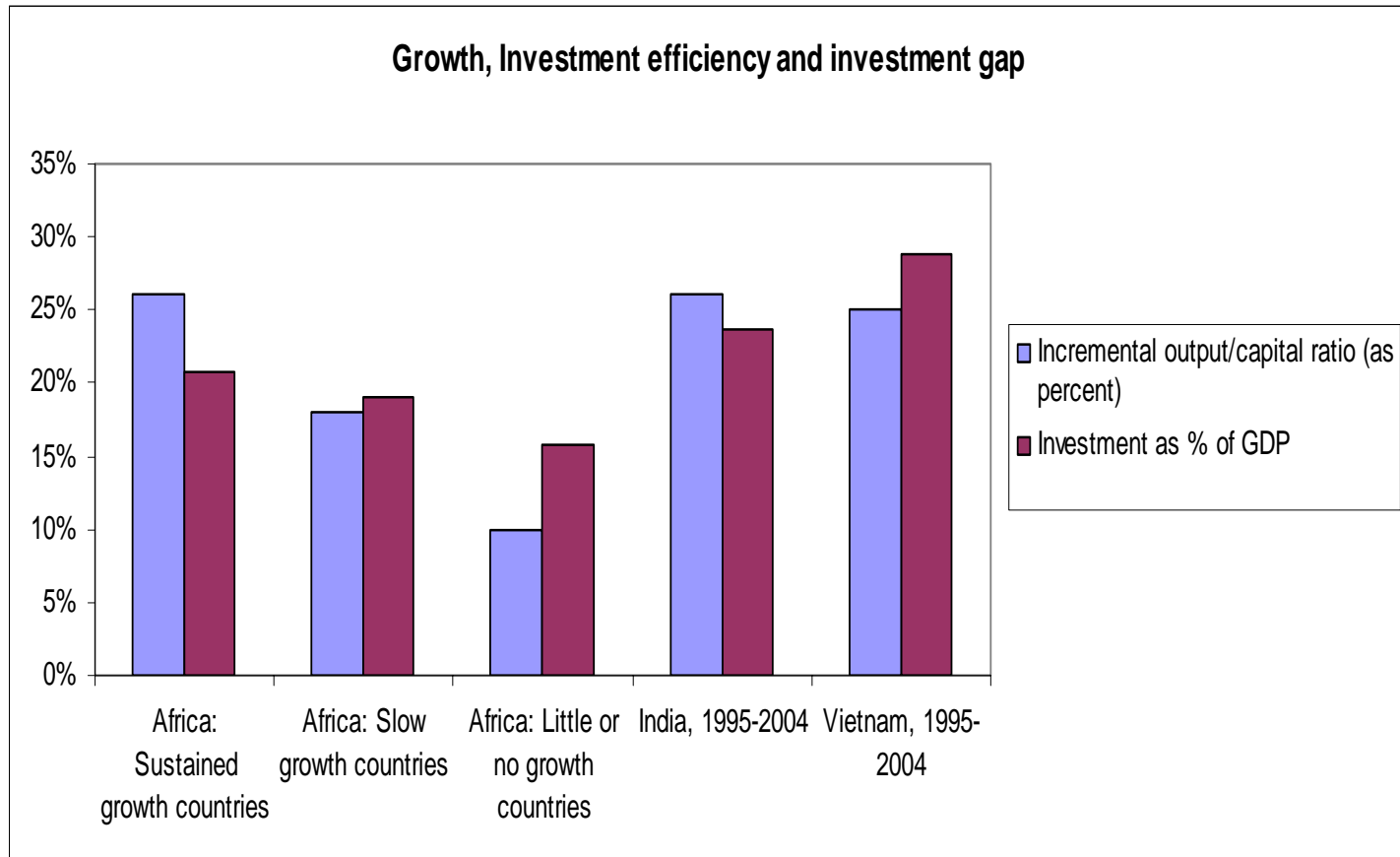
A structural shift?

Structural policies have improved



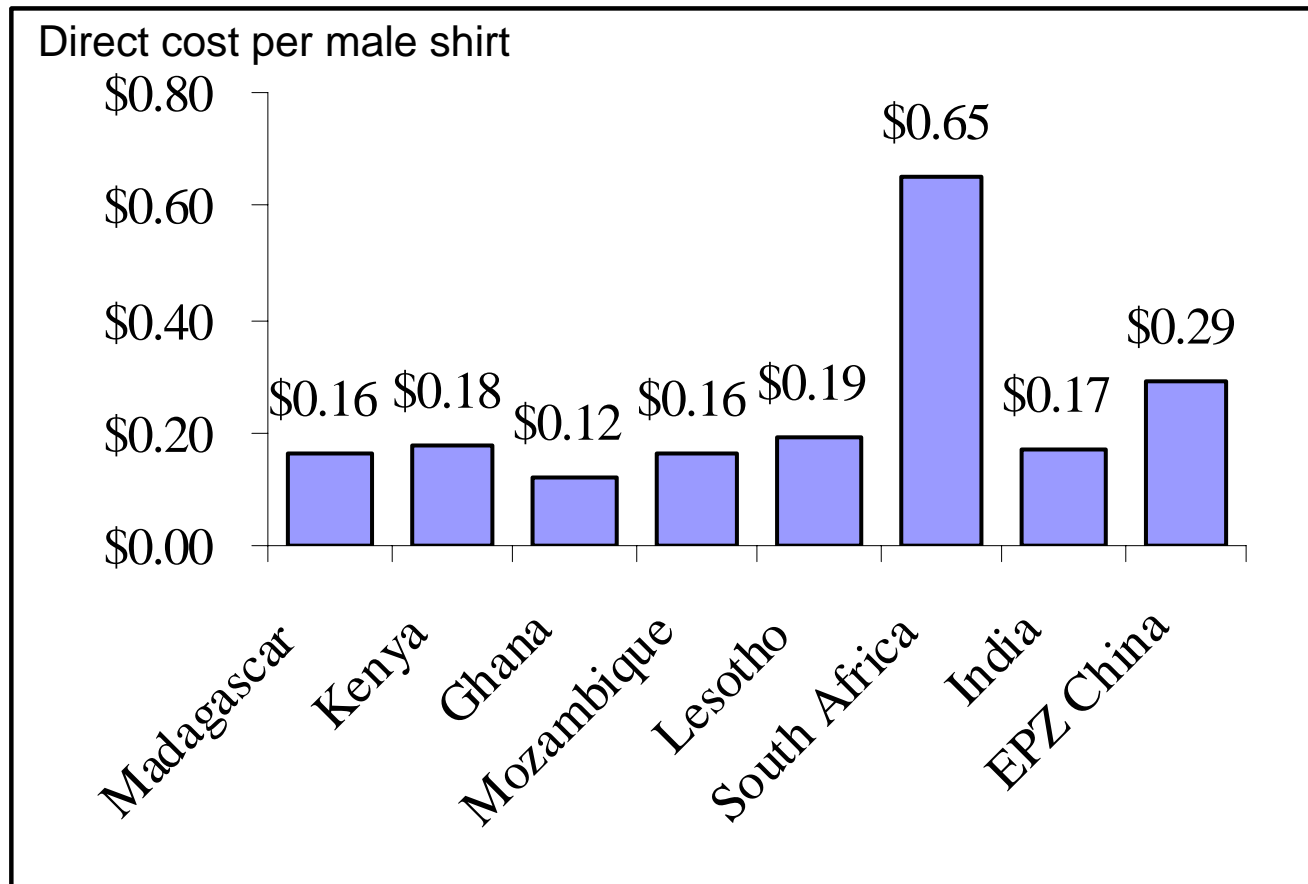
A structural shift?

Africa's best performers are on par with India, Vietnam



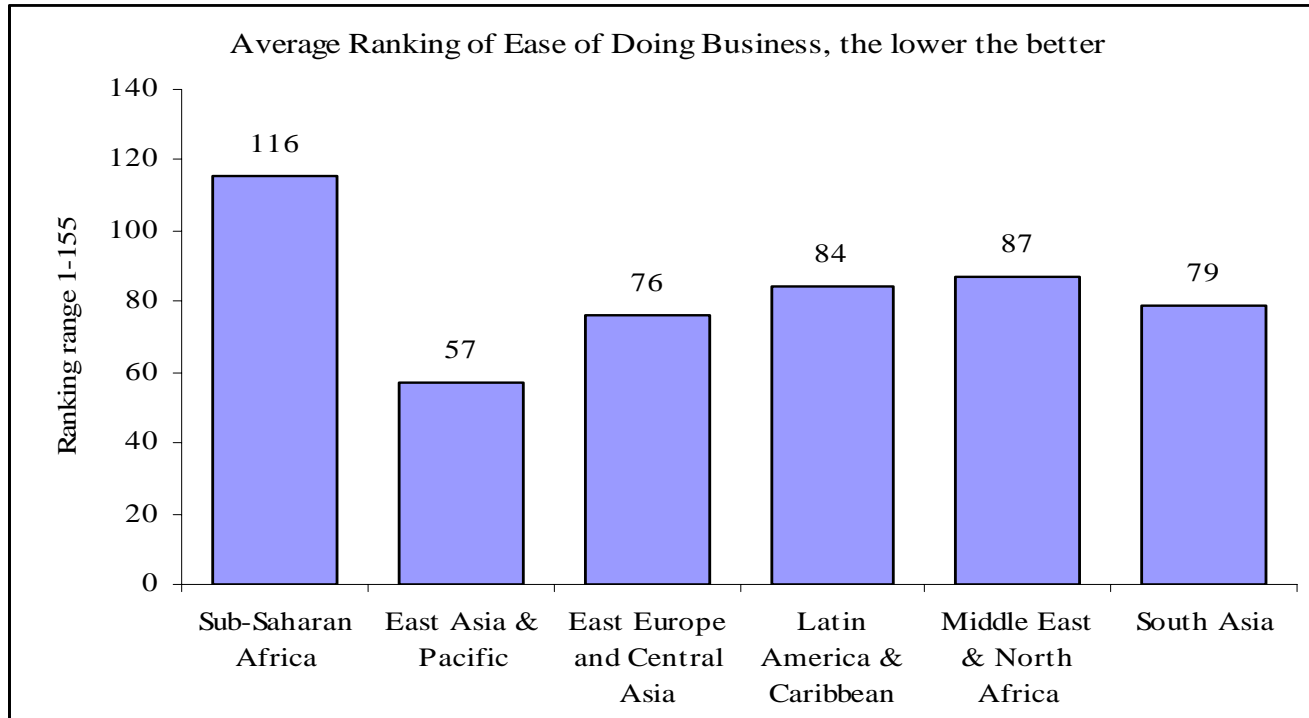
A structural shift?

And factory floor costs compare well with India and China



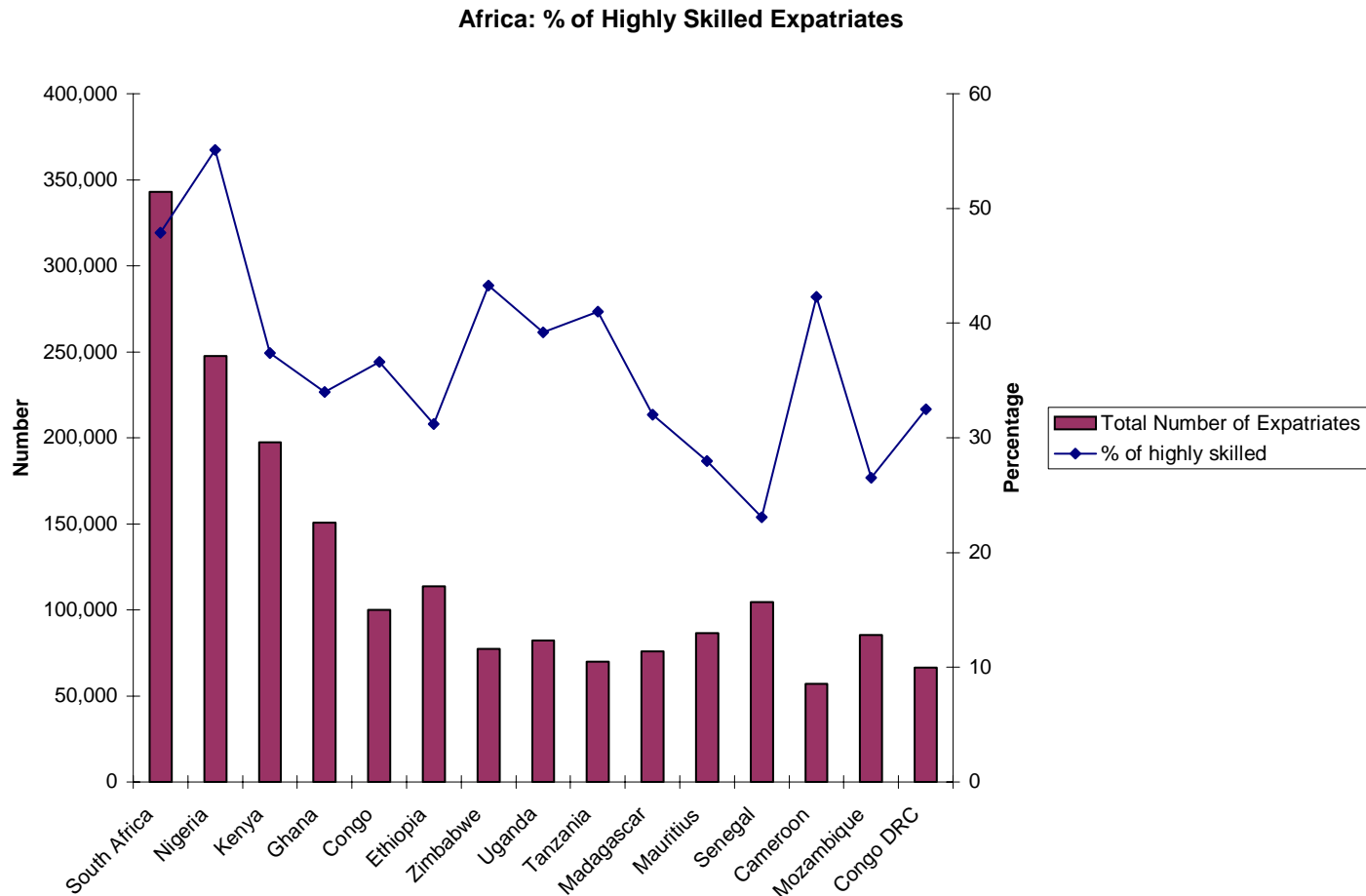
Africa lags other regions in the cost of doing business

Ease of doing business rank, Simple average by region



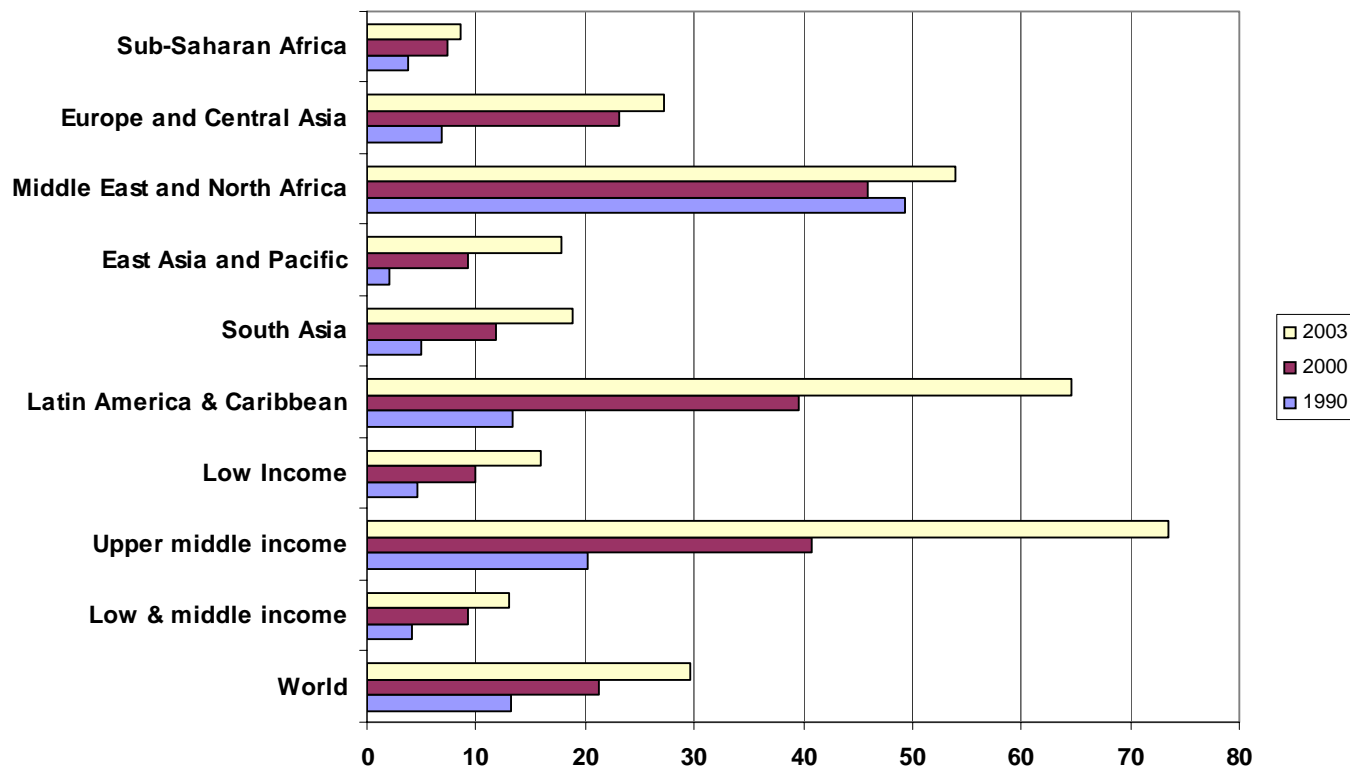
Data sources: The World Bank Doing Business Database, 2005 survey.

African immigrants are highly skilled workers



...Remittances to Africa are growing, but are low by international standards

Workers' Remittances US\$ per capita



The diaspora is more willing to take risks in its own country but:

It will require:

- Conducive business environment
- Sound and transparent financial sector
- Rapid and efficient court systems
- Safe working environment

South Africa skilled Diaspora

- Main barriers to doing business according to the Diaspora
 - Crime
 - Cost of living
 - Taxation
 - Standard of public and commercial services

Types of Direct Contributions

○ Type of Support

- Noncommercial financial
- Commercial financial

○ Examples

- Collective remittance to community groups
- Investment in IT in India



Some examples: Mexico - Hometown Communities

- Organized groups collect remittances from their members to finance community investments in their native towns
- Vehicle for diffusion of information about investments opportunities in Mexico
- Remittances are accompanied by personal and managerial skills

Mexico: Two Programs

- My community in Guanajuato
 - 21 maquiladoras for garments established
 - Migrants invested US\$ 2.2 million over four years
- Three for One in Zacatecas
 - Channels community remittances to small-scale infrastructure projects
 - 400 projects funded
 - For each \$ 1 contributed by migrant, the Federal Government contributes \$1, the state government \$1, and the municipal government \$1



Using the diaspora: Some lessons from high skilled migrants

- Key players: expatriates who have become senior executives in firms
- They will build awareness in their corporations of their native countries as outsourcing candidates



High Skilled Migrants Diaspora

Globalscot: a business network model

- Objectives:
 - Build an international network that can contribute to Scotland's economic success
 - Mobilize member to undertake roles that will benefit Scottish Enterprise activity
 - Maximize opportunities produced by networks relationships, knowledge, and expertise

Lessons from successful diaspora networks

- Networks bring together people with strong motivation
- Member play both roles:
 - Implementing projects in the home country; and
 - Serving as bridges and antennae for the development of projects in the home country