

**G20 COMPACT WITH AFRICA PEER LEARNING WORKSHOP ON PRIVATE
SECTOR-LED DIVERSIFICATION AND GROWTH**

JULY 17-18, 2019

OPENING REMARKS

Excellencies,

My dear Co-Host Commissioner Abebe Abebayehu,

Distinguished Guests,

Ladies and Gentlemen,

Good morning. It gives me great pleasure to welcome you this morning [in my hometown] to this Workshop on Diversification and Growth jointly organized by the Ethiopian Investment Commission and the International Monetary Fund.

It is good to see that we have brought together a diverse set of stakeholders interested in making Africa succeed—government officials from Compact with Africa countries, private sector representatives, civil society, academics and bilateral and multilateral development partners.

We also have the honor to have among us H.E. Getahun Mekuria, Minister of Innovation and Technology of Ethiopia and Dr. Arkebe Oqubay, Minister and Special Advisor to the Prime Minister of Ethiopia, who kindly accepted to participate in this workshop.

The theme of this workshop is timely and underscores the importance of boosting private investment to drive economic growth, structural transformation and

export diversification, in a context of limited fiscal space in many African countries.

This workshop, taking place on the heels of last year's Dakar conference, also illustrates the Fund's strong and continuous engagement with Compact countries and partners to advance the agenda of the G20 Compact with Africa.

It is part of a broader effort from the Fund to support participating countries in implementing reforms to strengthen macroeconomic stability and improve the business environment—something many of them have been doing—and to engage with bilateral and multilateral partners to catalyze private investment

I would like to welcome the presence among us today of Madame Ambassador Wagner, representing the co-chair of the G20 Africa Advisory Group, and Ambassador Fumio Shimizu, representing the G20 presidency, which illustrates the G20's continuous commitment to the Compact with Africa and its objective of boosting private investment.

Let me now say few words on the content of the workshop. As you know, the debate about the “ideal” recipe to spur economic diversification remains open.

Our research, published in the Fall 2017 Regional Economic Outlook, suggests that macroeconomic stability, access to credit, good infrastructure, a conducive regulatory environment, a skilled workforce, and more equality have been associated with higher economic diversification. Trade integration also helps, through broadening access to markets and opportunities for private investors. And here, I would like to use this opportunity to commend progress made on the

African Continental Free Trade Agreement which helps to establish a market of 1.2 billion people with a combined economic production of US\$2.5 trillion.

This workshop is thus an opportunity to pursue this debate on policies for diversification and growth.

It will first discuss the lessons from successful diversification strategies both in terms of economic policy and political economy. Then, it will draw from past experiences to consider options to attract FDI, improve competitiveness in industry, integrate into global value chains, and improve the quality of exports.

Our host country Ethiopia provides an interesting example, given its ambitious reform agenda to boost private sector-led growth through attracting foreign direct investment, increasing export diversification and promoting greater integration with the regional and global economy.

We look forward to the discussions and active exchange of views today and tomorrow, which would also help us better shape our policy advice in this area.

Let me conclude by expressing, on behalf of the IMF and the Government of Ethiopia— a heartfelt welcome to all of you!

It's a pleasure to see so many of you here and I wish you a very successful workshop.

Thank you