



## ECA POLICY BRIEF

# Long-term Development Planning

## A Foundation to Achieving the Sustainable Development Goals in Africa

### 1. Introduction:

Sustained economic growth, a foundation for poverty reduction and social development, occurs within the framework of good planning, with strong leadership and institutions. Sustained and inclusive growth in Africa is needed to ensure that the continent's approximately 1.1 billion people have sufficient food, acquire a good education, are healthy and productive and live to their full potential. According to the latest estimates, about 43 percent of people in Africa lived in poverty in 2012, an improvement from 56 percent in 1990. But because of population growth, there were about 389 million poor people 2012 (an increase of almost 40 percent from 280 million in 1990) (Beegle et al 2016). In addition, endemic income inequality in Africa as well inequities in access to basic social services is a challenge and requires careful planning for inclusive growth and social cohesion. Seven out of the 10 countries with the highest inequality globally are located in Africa, with income inequality, measured using the Gini coefficient, ranging from 31 percent in Niger and São Tomé and Príncipe to 63 percent in South Africa (Beegle et al 2016). And these averages and broad ranges mask the large intra- and inter-country gaps in both poverty and inequality.

Sustained growth requires a long-term commitment by political leaders, a commitment pursued with patience, perseverance, and pragmatism (Commission on Growth 2008). From the 1940s- and 1950s, development economists identified a strong role for the state in planning for economic development and structural transformation (UNECA and AU 2011). The sustained high growth in post- World War II is in part attributed to the strong role of the state through planning (Commission on Growth 2008).<sup>1</sup> As noted by Chang (2010), the whole world lives on planned economies. The experience of Asian countries shows that development plans do achieve their goals even under top-down or managed processes. Thus, owing to the nascent and weak institutions and market failures in the developing countries, and particularly in Africa, the role of development planning for inclusive growth and transformative cannot be over-emphasized (UNECA 2014). Many African countries have low savings and investment rates, weak infrastructure and foreign investment is largely concentrated in the extractive sectors, mostly for export.

Long-term comprehensive development frameworks or visions, at both the international and national levels are key for inclusive and sustainable development and transformation. From the perspective of the Millennium Development Goals (MDGs) to their successor global development framework: the Sustainable Development Goals (SDGs) and the regional development frameworks such as Africa's Agenda 2063 and the national development visions, long term planning provides the framework for

<sup>1</sup> While many economists account for growth with the triple formula of technology, capital, and human capital, the underlying sources of growth draw on advances in science, finance, trade, education, medicine, public health, and government. (Commission on Growth and Development 2008: p19).

designing medium-term strategies and plans, which are critical to implementing the vision.

While focusing on eliminating poverty, long-term development visions also underscore the interdependence of key sectors of economic and social development: environment, financial markets, governance, human capital, institutions, private actors, political (UNECA and AU 2011; World Bank 2000) as well as environmental sustainability. Long-term national visions are important in rallying national governments, civil society and the international community to act and mobilise resources to achieve the goals underscored in the vision.

The UNECA and AU 2011 Economic Report on Africa underscores the role of a Developmental State in economic growth and development through open and strong economic, political and social institutions. An UNECA (2014) study describes the importance, history and measures to strengthen development planning in Africa. This policy note summarises the key issues in development planning, highlights the need to align national development plans with regional and global development frameworks and points out key actions that national governments and development partners can implement to promote development planning.

The policy note is informed by the report, “Planning for Africa’s Development: Lessons, Insights and Messages from Past and Present Experiences,” (2014) as well as the Africa Economic Report (2011), both by the Economic Commission for Africa.

## 2. Why is development planning important?

The experience of East Asian miracle demonstrates the importance of development planning in delivering economic and social progress in a relatively short period. (UNECA 2014). Long term planning or national vision is important towards setting and achieving national long-term economic goals and avoidance of market failures. What is critical in designing a good futuristic plan is to ensure inclusiveness through participatory approaches, consistency in implementation and strong monitoring to identify bottlenecks along the way.

Development planning helps to identify a national vision and development goals for economic and social transformation. Planning underscores the inter-linkages in economic, environment, infrastructure, governance and social development, and identifies the means and

resources as well as prioritizing and sequencing required to achieve goals (UNECA 2014). Long-term vision setting and strategies underscore comprehensiveness and balance between macroeconomic concerns, and social, structural, and institutional issues (World Bank 2001).

Development planning, undertaken through consultative and participatory processes is key to rallying key stakeholders to the national vision and development objectives (UNECA 2014). The population, national institutions, the private sector, non-governmental organisations and development partners are all encouraged to support the development goals knowing the benefits will accrue to the wider society. The experiences of African countries during the 1960-70s and Asian countries attest to this.

Addressing market failures is an important function of development planning, through facilitating allocation of scarce resources to development priorities and addressing institutional weaknesses. In the context of developing economies with weak institutions and systems, balanced resource allocation and systems development is critical to triggering overall economic development and social change.

As witnessed from current experiences, development planning is an important mechanism for resource mobilization and allocation. With a good and inclusive plan and the promise of transformation, national governments are compelled to mobilise domestic resources for its implementation. In addition, development partners are attracted to support countries with comprehensive and inclusive development plans. The development plans guide public resource allocation to the most critical sectors to advance growth and transformation.

Lessons from the periods of medium term planning in Africa during the 1960s and 1970s show that 42 of 52 African economies recorded non-negative annual growth rates of Gross Domestic Product and only 10 recorded negative growth rates. Close to 41 percent of the population lived in countries that recorded annual growth rates of 2.3 percent or higher and another almost 48 percent lived in countries that recorded growth rates of between 0 and 2.3 per cent per annum (UNECA 2014). On the other hand, the periods associated with absence of longer-term development planning, including the short term structural adjustment regime of the 1980s-2000 saw growth rates decline, with up to 23 African countries registering non-negative growth rates of below 2.30 percent per annum (UNECA 2014).

### 3. Experiences with development planning

Various studies and experiences show that countries such as Japan, Korea, Malaysia and Singapore achieved deep structural economic transformation and sustained growth over three decades largely through a disciplined planning approach (UNECA and AU 2011). The Growth Report: Strategies for Sustainable Growth and Inclusive Development by the Commission on Growth and Development (2008) underscores the role of capable governments in promoting growth, through careful planning and setting the environment for economic and social transformation to occur. The study analyses the experience of 13 high-growth economies from 1950 for 25 or more years and notes common features that include: strategic integration with the world economy (openness), mobility of resources, especially labour (liberal economic policy) high savings and investment rates (resource mobilization), and capable governments committed to growth (institutions). Acemoglu and Robinson (2012) underscore the role of institutions in directing growth and sustainable development.

From December 1999, the IMF and the World Bank introduced the new approach to development engagement with low income countries centering on the design and implementation of poverty reduction strategy papers (PRSPs) as the pre-condition for access to debt relief and concessional financing (UNECA and AU 2011; IMF and World Bank 2005). This was a major departure from the 'one-size fits all' structural adjustment programmes recommended by the IMF and World Bank during the previous two decades. It was the initiation of home-grown medium and long-term poverty reduction strategies and prioritised actions that could be supported by development partners. Central to the PRSPs was macroeconomic stability, fiscal policy and financing choices for the development plans. While PRSPs were generally led by the ministry or central body responsible for planning, participation by the academia, civil society, development partners, private sector, etc. was key. As such issues of equity, governance, human rights and social inclusion were underscored. Medium-Term Expenditure Frameworks, typically three year rolling public expenditure and revenue plans were designed and implemented to operationalize the PRSPs. As countries advanced with the PRSPs, they realized the importance expanding the scope to focus on development beyond macroeconomic stability leading to the rise of the five-year development plans and longer term visions.

While development planning predates independence in some African countries and remains an enduring feature of the policymaking landscape and transformation of the continent (UNECA and AU 2011), long-term development planning or visioning was not given attention until the late 1990s. Development frameworks that are built on national aspirations and participatory approaches are more effective in reducing poverty and promoting inclusive and sustainable development. Given the nascent level of development, long term strategic planning in Africa is key for the prioritization of institutional development, public investments and setting the broad direction, conducive environment for private sector investment and addressing market failures. Capable institutions and systems for infrastructure development, education, healthcare, social equity are needed to achieve transformation.

### 4. Long-term visioning and mid-term development plans

From around start of the current millennia, following the advent of the Millennium Development Goals (MDGs), many African countries initiated longer-term visioning, with medium term plans to operationalize the visions, coming back full circle to development planning as in the 1960s-70s. This time round, the plans are more forward looking, underscored by global and regional development frameworks and national governments have stronger control of the process and the plans. Many of the long-term planning visions adopted by African countries over the past decade identify sustainable development as a pillar of their national development strategy, along with more inclusive growth and better governance (UNESCO 2015). Some of the national visions e.g. that for Cameroon, Nigeria, Uganda, etc. aim to go beyond poverty eradication to ensure economic transformation, equitable social development, employment growth, human and natural resource optimization and wealth creation.

To-date, at least 34 of Africa's 54 countries have a long-term development plan, and all except four countries have a medium-term strategic plan. Most of the long-term visions focus on Accelerated Growth and achieving sustainable development. The long terms visions are implemented through a series of medium term plans, with most of the countries at the second or third medium term plan. At the global and regional levels, the Sustainable Development Goals and Agenda 2063 for Africa's economic transformation provide a menu on which governments can build their national development frameworks mobilise resources for their implementation and monitor progress. The Agenda 2063 underscores the continent's vision of: an integrated,

prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the world.

The resurgence of long-term visionary national planning, underscored by global and regional development frameworks promises hope for Africa. As can be noted, most of the national visions are home-growth aspirations for long-term development, identifying the critical sectors for public investment including human capital and infrastructure to propel inclusive, transformative and sustainable development. Through participatory preparations, the population is rallied to their achievements and governments can be held accountable. The visions commit governments and partners to prioritise actions, effort and resources towards realizing the envisioned goals. To achieve the identified goals, medium-term development plans and expenditure frameworks are needed. Governments and partners need to dedicate resources, strengthen governance and build human capacity and the capacity of institutions to design and implement appropriate policy, programmes and deliver services to the population for sustainable development. Coordination among government institutions and with the private sector, civil society and the international community is also key.

## 5. Conclusions and Policy Recommendations

### 5.1 Conclusions

Development planning has and continues to play an important role in the transformation of economies. The Comprehensive Development Framework of the World Bank (1999) underscores four principles for successful development planning: long-term holistic vision; country ownership; partnership; and focus on development results. There is strong evidence that on the eve of their development process, the advanced countries of today relied on long-term planning and government interventions to ignite their take-off (Lin and Monga 2010). Long term visionary planning is key to identifying the national intent for development and rallying the population and partners to supporting the long term goals. With the vision, good strategies and medium term plans for implementation are key.

While it is still too early to make conclusive judgments, it is evident that countries that have embarked on longer term development planning since the late 1990s and with strong political leadership are showing strong progress in terms of economic growth. While looking broadly at all aspects of

economic and social development, development planning should help to identify growth poles or areas of competitive advantage in which countries could prioritise investments. However, the capacity of institutions to design, implement and monitor development plans remains low, financing for planning institutions is a challenge and so is political leadership.

As African countries look forward to a more competitive and transformed continent, the sustainability of economic growth, social transformation and the natural environment are critical. Development planning needs to ensure that patterns of consumption and production meet current human needs while sustaining the life-supporting ecosystems (Visser et al 2007). The ongoing debates on climate change, with important implications for our world: expanding desertification, raising sea levels, etc. demands action by national governments, civil society, private sector, and everyone towards the sustainable management of natural resources (OECD 2015). This can be achieved through good planning and creating more awareness to limit the adverse impacts. As underscored by (UNECA 2016), for example, achieving green industrialization in Africa requires good policies entrenched in coherent development strategies. This should be underscored by inclusive economic and political institutions (Acemoglu and Robinson 2012) as well as strong and transformative leadership.

### 5.2 Recommendations

Strong and capable institutions to implement the vision and medium term plans and strategies are required. The success of planning relies on strong institutions based on constitutionalism and the rule of law: independent judiciary, representative political institutions effective central banks, and other regulatory bodies and those that equitably enforce the law including property rights (Nnadozie 2009). Appropriate and strong institutions facilitate private investment and capital flows as well as their impact on economic growth and business environment, political stability, regulation of labour and markets, etc. (UNECA 2006). Governments should therefore strengthen inclusive institutions to provide for equal opportunities, allowing for health competition to drive shared and sustained growth. The UN and other international organisations can support countries in assessing existing institutional arrangements and efforts to strengthen capacities. Effective planning requires strong coordination and priority setting to achieve stated goals (UNECA 2014).

Financing for implementation of vision and strategies is key. Governments need to prioritise and appropriately sequence the key programmes critical for building capacity and an effective environment for business to thrive. This will require freeing up domestic resources, mobilizing and leveraging additional resources from development partners and the private sector. For effectiveness in implementation, domestic resources should be the first priority, with external resources only considered as additional. Most countries require support in to link their long-term strategy formulation processes and their expenditure priorities as well as to the global and regional long-term development frameworks. The Comprehensive Development Framework of the World Bank (1999) underscores the need to enhance the development partners' effectiveness in supporting development outcomes.

Open and integrated economic and social policies allow for knowledge acquisition, competition, innovation and growth. Openness to new ideas, technologies, and know-how from the rest of the world through foreign direct investment, etc. can benefit countries in the short- and long-term.

Stronger leadership is needed at the political and technical levels to drive the vision for shared growth and development. Development planning requires good leadership to envision the futuristic direction for the country and influence everyone to take action towards achieving the planned results (Quinn 2005; Collins 2001). The political leadership needs to work with technical leadership to design and communicate the vision and mobilise the population towards its implementation. Such a vision and promises for a better future need to be credible (Commission on Growth and Development 2008) and leaders need to live by example.

Human resources. To achieve these results, a strong cadre of human resources both within and outside of public is needed to coordinate resources and drive institutions to implement the plans, policies and strategies. Governments must attract and retain capable individuals, continuously build their capacity and provide them with the tools. Periodic reviews of public service salaries and terms is needed. Reforms of the education system to ensure appropriate skills training, commensurate with demand is needed.

A robust monitoring and reporting framework is needed to be able to assess progress, identify bottlenecks and

design corrective actions along the way. Indicators with baselines and targets as well as means of verification need to be established upfront. The indicators and monitoring frameworks need to be aligned to the regional and global development agendas for consistency and ease of reporting. Development plans need to be dynamic and flexible to the realities on the ground, but any changes need to be based on evidence of what is achieved, what is working and what needs to be adjusted.

Development planning is critical for inclusive growth and orderly economic and social transformation as well as sustainability. Growth entails structural transformation of the economy, from agriculture to manufacturing and the service sectors, from a rural workforce to an urban one (Commission on Growth and Development, 2008). Such growth and transformation is the result of competitive pressure and rational decision making by individuals – looking for better opportunities in manufacturing, the service sector, largely in urban areas. Governments need to therefore plan ahead for the transformation and the orderly movement of factors of production, creating jobs and for new firms and technologies to emerge while obsolete ones to exit. The transformation itself should further benefit growth.

## References

- Acemoglu, D. and Robinson, J.A. (2012) *Why Nations Fail? The Origins of Power, Prosperity, and Poverty*. New York: Crown Business, Crown Publishing Group.
- Beegle, K., Christiaensen, L., Dabalen, A. and Gaddis, I. (2016) *Poverty in a Rising Africa*. Africa Poverty Report. Washington D.C. The World Bank Group.
- Collins, J. (2001) "Level 5 Leadership: The Triumph of Humility and Fierce Resolve." *Harvard Business Review*. February 2001. Reprint # R0507M.
- Commission on Growth and Development (2008). *The Growth Report: Strategies for Sustainable Growth and Inclusive Development*. International Bank for Reconstruction and Growth/ The World Bank. Available at: [www.growthcommission.org](http://www.growthcommission.org). Accessed on: 10th August 2016.
- IMF and World Bank (2005) *Review of the Poverty Reduction Strategy Approach: Balancing Accountabilities and Scaling Up Results*. Washington D.C. The International Monetary Fund and The World Bank. Available at: <https://www.imf.org/external/np/pp/eng/2005/091905p.pdf>. Accessed on 14th August 2016.
- Lin, J.Y. and C. Monga (2010) *The Growth Report and New Structural Economics*. Policy Research Working Paper Series 5336. Washington D.C. The World Bank.
- Nnadozie, E. (2009) *NEPAD, APRM and Institutional Change in Africa*. In the *Union and New Strategies for Development in Africa*. S. Adejumbi and A. Olukoshi, eds. New York: Cambria Press Inc.
- Quinn, E.R. (2005). "Moments of Greatness: Entering the Fundamental State of Leadership". *Harvard Business Review*. Harvard School Publishing Corporation. Reprint #R0507F.
- UNECA, (2016) *Economic Report on Africa 2015 - Greening Africa's Development*. Addis Ababa, United Nations Economic Commission for Africa.
- \_\_\_\_\_, (2014) *Development Planning for Africa's Development: Lessons, Insights and Messages from Past and Present Experiences*. Addis Ababa: United Nations Economic Commission for Africa.
- \_\_\_\_\_, (2006) *Economic Report of Africa 2006: Capital Flows and Development Financing in Africa*. Addis Ababa, Ethiopia.
- \_\_\_\_\_ and AUC, (2011) *Economic Report on Africa 2011: Governing Development in Africa - the Role of the State in Economic Transformation*. Addis Ababa: United Nations Economic Commission for Africa.
- UNESCO (2015) *UNESCO Science Report: Towards 2030*. United Nations Educational, Scientific and Cultural Organisation. Available at: <http://unesdoc.unesco.org/images/0023/002354/235406e.pdf> Accessed on; 16th August 2016.
- Visser, W., Matten, D., Pohl, M. and Tolhurst, N. (eds.) (2007) *The A to Z of Corporate Social Responsibility: A Complete Reference Guide to Concepts, Codes and Organisations*. London: Wiley.
- World Bank, (2001) *Comprehensive Development Framework. Meeting the Promise? Early Experience and Emerging Issues*. CDF Secretariat, the World Bank. Available at: <http://web.worldbank.org/archive/website01013/WEB/IMAGES/SEPTEMBE.PDF>. Accessed on 29th August 2016.
- \_\_\_\_\_, (2000) *Overview and Background of the Comprehensive Development Framework. Report on Country Experience*. Available at: [http://web.worldbank.org/archive/website01013/WEB/IMAGES/CEXP\\_WEB.PDF](http://web.worldbank.org/archive/website01013/WEB/IMAGES/CEXP_WEB.PDF). Accessed on; 16th August 2016.

### Contribute by :

**Bartholomew Armah and Paul Mpuga**  
**Macroeconomic Policy Division (MPD)**  
**Economic Commission for Africa**



