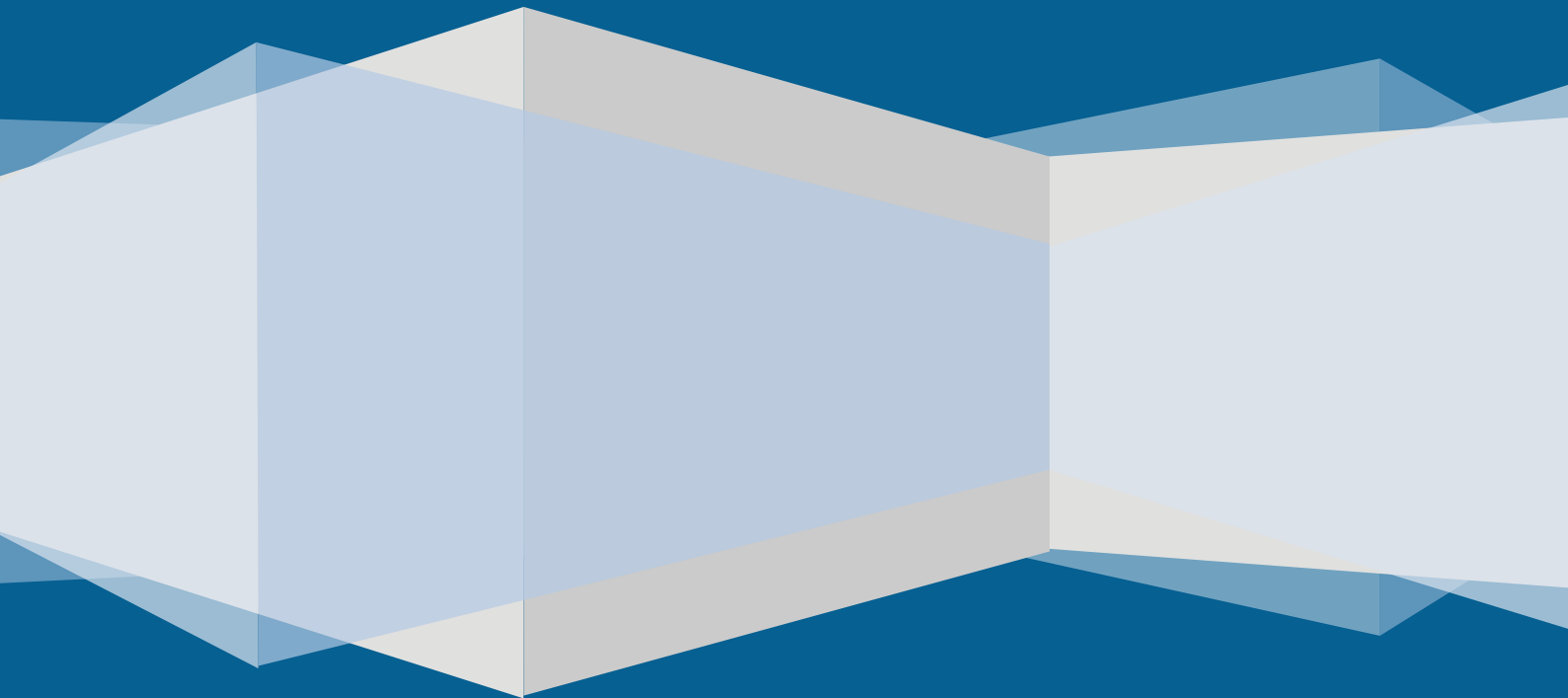




United Nations  
Economic Commission for Africa

# Planning for Africa's development

Lessons, insights and messages from past and present experiences





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Lessons, insights and messages from past and present experiences

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Economic Commission for Africa

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E-mail: [ecainfo@uneca.org](mailto:ecainfo@uneca.org)

Web: [www.uneca.org](http://www.uneca.org)

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## List of acronyms

CSO	civil society organization	PICA	Project Implementation Continuity Act
GDP	gross domestic product	SAPs	Structural Adjustment Programmes
INGOs	international non-governmental organizations	SAF	Structural Adjustment Facility
NDP	National Development Plan	SIPs	Sector Investment Plans
NPC	National Planning Commission	SME	small and medium-scale enterprise
NPRS	National Poverty Reduction Strategy	SOE	State-owned enterprise
PAF	Poverty Action Fund	USSR	United Soviet Socialist Republic
PEAP	Poverty Eradication Action Plan	WMU	Welfare Monitoring Unit



## Foreword

Although planning is not the same in all countries at all times, it is true that all countries undertake at least some planning. The role of planning in transforming the economies of the countries known as the Asian tigers not merely attests to the utility of development planning, but also raises questions about the conditions under which planning does or does not achieve its stated objectives. African countries have a long history of development planning. Indeed, for a few countries such as Ethiopia, Ghana and Nigeria, development planning can be traced back as far as the early 1940s. However, when development planning in Africa is compared to that of Asian countries, it becomes clear that it has not been associated with transformative growth, despite decades of experimentation with different approaches to planning. In fact, an analysis of Africa's current development trends could tempt one to recommend that planning should be abandoned altogether. This would, however, be akin to throwing the baby out with the bathwater, or confusing symptoms with causal factors.

Indeed the very success of planning in East Asia and the dismal performance of African countries during the planning hiatus of the structural adjustment era point to the fact that planning is not of itself the cause of Africa's low level of development. The way in which countries plan and the conditions under which they plan are more probable determinants of success or failure than the plan itself. The available evidence strongly supports the view that Africa has experienced stronger growth and social development during periods characterized by planning. By contrast, growth and socioeconomic development faltered when planning was abandoned during the period of structural adjustment.

The heterogeneity of country contexts and planning points of departure complicates any generalization about the conditions under which plans fail or succeed. Country-specific analyses, on the other hand, provide the dynamics and political economy of development planning with context and substance.

This study was accordingly undertaken to draw on country-specific experiences in planning and to identify common and unique outcomes that can inform future policymaking. Given the dearth of development planning studies focusing on Africa, this study is most timely. While a number of earlier studies have analysed the development experiences of East Asian countries, there are no comprehensive studies on Africa's planning experiences, particularly after the era of structural adjustment. This gap in the literature is especially unfortunate, given the resurgence of development planning in the late 1990s and persistent efforts to align the Millennium Development Goals with national development plans. Indeed, the unveiling of the Sustainable Development

Goals in 2015 and the imminent implementation of Africa Agenda 2063 will both have implications for development planning. Taking stock of the continent's planning experiences so far and identifying gaps, opportunities and challenges will articulate insightful guidelines that can ensure more effective planning in the future.

This study focuses on just one of various mechanisms for supporting countries involved in development planning. The Economic Commission for Africa will continue to develop and refine such proposals into the future, taking into account both new and emerging issues and the views of policymakers.

# Acknowledgements

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## Executive summary

Development planning predates independence in some African countries, and remains an enduring feature of the policymaking landscape. Unlike developed countries, where planning seeks to fine-tune the economy, planning in developing and crisis-affected countries is tasked with a more transformative role due to pervasive institutional weaknesses and market failures that exist in those contexts. Invariably, committed leadership, strong institutions and a capable bureaucracy are the lynchpins of successful plans. Leadership is critically important for setting the vision and direction of the development agenda. Institutions reinforce the vision through norm setting and internalizing the values that are consistent with their vision, while bureaucracies and individual capacities are the implementation machinery.

Development planning requires coordination and priority-setting to achieve its stated objectives. The relative roles of Governments and markets in carrying out these tasks determine the extent to which a plan can be described as centrally planned or indicative. Centralized planning was the predominant paradigm of the immediate post-independence era, but has since ceded ground to mixed planning approaches.

Systematic planning was, however, neglected for much of the period from the 1970s to the early 1980s because of a series of military interventions and the continent's experience with structural adjustment programmes (SAPs).

The approaches to development planning in Africa have evolved over time, influenced by different ideologies, development theories and global development agendas. The emphasis on investment as a driver of growth can be traced to the Harrod Domar growth model, while the push for import substitution industrialization is rooted in dependency theories of development. Global development agendas such as the Millennium Development Goals and Poverty Reduction Strategies have also shaped the development priorities of developing countries by encouraging a focus on social development and the eradication of extreme poverty. Development planning in Africa will undoubtedly be influenced by the global agenda which has succeeded the Millennium Development Goals, namely the Sustainable Development Goals, which emphasize economic, social and environmental sustainability as key development objectives. Fortunately, unlike

previous global agendas such as the Millennium Development Goals, which were drafted at an international level, Africa played a more assertive role in framing the Sustainable Development Goals. The new global agenda is accordingly very much aligned with the continent's development aspirations. It is, however, undoubtedly true that the achievement of the goals of the new global agenda will depend largely not on the agenda itself, but on the planners' capacity to design, implement and monitor development plans that work.

## Evolution of planning in Africa

After experimenting with centralized planning in the post-independence era, most African countries are now opting for a mixed economy approach to planning. Regardless of the approach adopted, African countries have yet to realize their visions of economic transformation. External shocks and weak economic management resulted in macroeconomic instability and the accumulation of debt during the first era of planning, which compelled several African countries to subscribe to the structural adjustment programme of the International Monetary Fund and the World Bank. The impact of SAPs on growth was, however, short-lived; growth declined, poverty increased and most countries experienced de-industrialization. In response to the social costs of adjustment poverty reduction strategies were introduced in the late 1990s, and were a precondition for debt relief under the Heavily Indebted Poor Country initiative. In the aftermath of poverty reduction strategies, there was a resurgence of development planning, with an initial focus on social development and an overriding emphasis on the reduction of extreme poverty. While this period was associated with improvements in macroeconomic

stability, growth and poverty reduction, structural transformation remained embryonic, if not elusive. In response to this, development planning is currently evolving from a narrow focus on poverty reduction to the much broader objective of inclusive growth underpinned by structural economic transformation. Realizing the objective of structural transformation will, however, require a more inclusive approach to planning, more effective implementation mechanisms, and robust monitoring and evaluation systems that track progress and take corrective measures to improve plan implementation.

## Towards a more inclusive approach to planning

The culture of inclusive planning has evolved rapidly in Africa from the post-colonial era of limited consultations to the current stage where consultations have been institutionalized in constitutions as well as in planning processes. In parallel, the approach to consultations is shifting from a top-down philosophy to one that is becoming increasingly bottom-up in its orientation. Such consultations are nevertheless generally a managed process in the following respects.

Firstly, stakeholders often have no voice in framing the agenda defining the context within which the consultations occur. This was particularly true of the era of poverty reduction strategies, when all participating countries were required to frame their plans within the context of poverty reduction. Even though poverty is an important developmental objective, some might argue that it is a symptom of underdevelopment, and that development plans should accordingly have focussed more on causal factors such as issues related to structural transformation. However, to the extent

that the International Monetary Fund and the World Bank had predetermined the development agenda, with its focus on poverty reduction, that debate did not feature prominently in the consultations. Perhaps in recognition of this fact, the focus of development plans in most African countries has in the meantime shifted to a more internally driven agenda of inclusive growth and structural transformation.

Secondly, the level of engagement on the macroeconomic framework of a development plan is limited, particularly when a Government signs on to a programme of the International Monetary Fund. Perhaps because of the technical nature of the subject matter, substantive discussions on the macro-economic framework are often limited to a narrow range of public sector representatives. To the extent that stakeholders have little or no involvement in designing the macroeconomic framework which essentially predetermines the policy tools for addressing a nation's challenges, their role in the consultation process is limited to problem identification and priority setting within the confines of a predetermined agenda. Because of this a transparent relationship between the macroeconomic framework and the priorities identified in the plan is frequently lacking. One typical example was the decision by the Government of Ghana to liberalize the imports of poultry even though the development plan sought to promote small and medium scale enterprises (SMEs) including local poultry producers. This apparent incoherence in policymaking arose from the International Monetary Fund's role in determining the macro-economic framework without stakeholder engagement.

The experiences of Asia suggest that development plans can achieve their targets, at least in the short and medium term, even if the consultation process is top down or managed. Nevertheless, the Asian experience also shows how several countries are shifting towards a more inclusive planning process by institutionalizing dialogue between Governments and non-government stakeholders. The economic pay-off from integrating the private sector in the planning process has been especially positive in countries such as the Republic of Korea and Japan. In countries that retain a top-down approach to planning, it remains to be seen whether the outcomes of such processes are sustainable over time. The political upheavals of the Arab spring, and the uprisings in Burkina Faso and Haiti should sound a cautionary note on the dangers of top-down approaches to development processes.

## **Strengthening Implementation of national development plans**

Even the most well-crafted development plans are unlikely to succeed without an enabling domestic and external environment, backed up by institutional capacities and resources to implement the plan. The challenges that African countries have experienced in the implementation of their development plans vary by country and time period. However, discontinuities and distractions in plan implementation and dysfunctional institutional architectures, weak institutional capacities; weak links between resource allocation and development priorities; overdependence on external resources; and weak links between national and sub-national planning and implementation processes have played a critical role in undermining the implementation of development plans in Africa.

The implementation of development plans in Africa has often been derailed by discontinuities and distractions prompted by conflict, constitutional and unconstitutional regime changes, and a plethora of externally imposed agendas and conditions that have invariably closed or narrowed down the policymaking space. Undemocratic regime changes have been driven by conflict and coups d'état. For instance, six of the ten African countries considered in this paper experienced numerous military coups: Ethiopia, between 1910 and 1991 (four), Ghana, between 1966 and 1983 (six), Nigeria between 1962 and 1985 (nine), and, Seychelles (one), Tunisia (three) and Uganda (six).

Institutional arrangements for development planning in Africa have generally been dysfunctional, resulting in weak coordination between central planning agencies, Ministries of Finance and line ministries, and the failure to align resources with national priorities. Strong coordination between central planning agencies and Ministries of Finance is a prerequisite for aligning financial resources with national development priorities. Asymmetrical power relations between central planning agencies and Ministries of Finance have unfortunately undercut planning agencies' capacity to fulfil their role in coordinating the planning process and ensuring that the programmes and projects of implementing agencies are aligned with the priorities of national development plans.

The experiences of African countries suggest that there is no one-size-fits-all solution to the role of the central planning agency. What is clear is that, to the extent that the Finance Ministry remains the "super ministry", planning will continue to be subservient to finance. What is required is a credible mechanism that

assigns equal importance to Finance and planning in the governmental hierarchy. This can be achieved through explicit support from the highest level of government, as in Malaysia, or by placing control of budgeted expenditure in the hands of the central planning agency. The latter option requires strong coordination, to ensure that the recurrent cost implications of all capital account expenditures are taken into account.

Weak capacities in the use of planning tools have also contributed to implementation setbacks. Despite the popularity of medium-term expenditure frameworks as a tool for aligning financial resources with development planning priorities, the frequent overestimation of the fiscal resources and challenges associated with prioritizing development programmes has compromised the usefulness of such tools. Meanwhile, excessive dependence on donor resources has rendered development plans vulnerable to aid volatility, undermining ownership by exposing countries to donor interference in the setting of development priorities. Nevertheless, opportunities abound for domestic resource mobilization, for example through strengthening capacities for tax administration and the securitization of remittances; mobilizing the excess liquidity of commercial banks for development; making more effective use of pension funds and central bank reserves; and curbing illicit financial outflows.

Effective planning requires cooperation between national and sub-national institutions and actors in the implementation process. Sub-national participation not only enhances inclusive planning, but also facilitates continuity in the planning process. The implementation of development plans in Africa

has, however, suffered from challenges in synergizing national and sub-national systems. While there has been a shift toward more decentralized approaches to implementation, national and sub-national institutions have often not been effectively integrated into development programmes.

## Monitoring national development plans

Monitoring and evaluation systems in Africa have improved over time, but are still nascent. The impetus of monitoring and evaluation has generally been externally driven by donor reporting requirements and conditions. Most African countries are yet to fully own and appreciate the importance and relevance of monitoring and evaluation for evidence-based policymaking. The findings of monitoring and evaluation reports are consequently not fully exploited to inform and improve policymaking and budget allocations. But beyond internalizing the culture of monitoring and evaluation, monitoring systems in Africa tend to be fragmented, suffering from weak institutional capacities and lacking strong statistical systems to provide the data necessary for monitoring. There is also a disproportionate focus on expenditure tracking and activity level monitoring, as opposed to results-based monitoring. Furthermore, national and sub-national monitoring systems are often not integrated, which often omits important information about local level performance in plan implementation. In most cases institutional mechanisms exist only in theory, and are hampered by a lack of commitment and capacities.

The quality of monitoring and evaluation systems in Asia varies markedly across countries. Cambodia and Malaysia demonstrate a strong commitment to

monitoring and evaluation, and also value monitoring and evaluation, as well as the importance of continuity and commitment for plan monitoring and implementation.

## Reaching conclusions

The planning experiences of the countries discussed in this study point to a number of overarching and specific guidelines for development planners and policymakers.

The overarching guidelines are as follows:

- Development planning is imperative for developing countries because the task of addressing market failure cannot be entrusted to the invisible hand of the market.
- There is no substitute for strong and committed leadership to guide development planning in Africa. Such leadership also must act to ensure inclusiveness and to involve all stakeholder groups. Moreover, commitment and ownership are of critical importance for good leadership.
- There is no one-size-fits-all approach to development planning. Approaches that work for one country may not necessarily work for another. Furthermore, for any given country, approaches that work at one point in time may not be appropriate at another point in time
- Stability is critical for successful planning. Discontinuities, including those caused by regime changes and changes of government, have contributed to implementation failures in Africa.



- Political commitment is vital for nurturing a strong central planning body. In the early stages of the planning process, the effectiveness of the central planning body depends on the political commitment to nurture and sustain it.
- A country can rely on aid while owning and leading its development process by: designing a robust development plan with a clear set of priorities; assigning donors to specific sectors of development; and having an unwavering commitment to the development goals that have been defined.
- Restricting the scope for consultation on the macroeconomic framework is counterproductive and undermines ownership.

The specific planning-related guidelines fall into the following three categories: inclusive planning; effective planning; and corrective planning.

Inclusive planning

### **Inclusive planning enhances sustainability and can avert social unrest**

- Establishing institutionalized mechanisms for stakeholder engagement promotes and sustains inclusiveness.
- Large private companies should be given an important role during consultations to design a development plan, as private sector associations do not always represent the full range of opinions within the sector.
- Predetermining a development agenda undermines the integrity of the consultation process.

### **Effective implementation**

- Central planning agencies must be assigned equal importance to Finance Ministries, to ensure the effective coordination and alignment of resources with development priorities.
- In designing a development plan, the central Government should provide broad guidance, and should then leave it to the lower levels of Government to develop detailed plans for implementation.
- Decentralized approaches to planning promote grassroots participation and enhance continuity in plan implementation.

### **Corrective planning: monitoring and evaluation**

- The coordination of a decentralized monitoring and evaluation system is the necessary precondition for satisfactory achievements in plan implementation; integrated monitoring and evaluation systems are a key to the avoidance of fragmented planning implementation. Monitoring and evaluation systems must be oriented to both domestic stakeholders and development partners.



# Chapter 1: Overview of development planning

## 1.1 Introduction

Development planning in Africa predates independence and remains an enduring feature of the policymaking landscape. Despite a brief interruption during the structural adjustment programme era the most recent decade has witnessed a resurgence of development planning and an evolution from its focus on poverty reduction to a renewed emphasis on structural economic transformation. In a sense, the focus of planning has come full circle, and has returned to the post-independence vision of structural transformation. Notwithstanding these developments, after over fifty years of development planning, inclusive economic growth, poverty reduction and structural transformation remain elusive developmental objectives in most African countries. By contrast, development planning has been a key to the successful transformation of emerging economies, particularly in Asia. This raises the question of why development planning has not been as effective in stimulating transformation in Africa, and what conclusions Africa can draw from its own experiences, as well as from those of countries that have succeeded in transforming their economies.

This study seeks to address both the above questions through an analysis of the development planning experiences of nine African<sup>1</sup> country case studies complemented by desk research on other relevant countries including some from Asia.<sup>2</sup> The case studies comprise a rich blend of experiences reflecting the unique historical, economic and political contexts within which planning has evolved. Two of the countries (i.e. Cabo Verde and Seychelles) provide experiences from the perspective of small island developing States, with their unique challenges of vulnerability to climate change and limited natural resources. Others such as Nigeria highlight the planning experience of a populous oil-rich African country with a federal system of governance. The development planning context of Ethiopia is unique, not only because it was never colonized, but also because of its prehistory as a monarchy. Similarly, South Africa stands out from other African countries because of its heritage of apartheid, its relatively high level of industrial development and its wealth

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1 Cameroon, Cabo Verde, Ethiopia, Ghana, Nigeria, Seychelles, South Africa, Tunisia and Uganda.

2 Cambodia, China, India, Japan, Malaysia, Nepal, Republic of Korea and Taiwan.

of natural resources. Ghana brings the perspective of the first country in Africa, excluding North Africa, to achieve independence. The nine African country case studies have been complemented by desk research on Egypt, a country whose current planning experience has been influenced by the Arab spring.

The study is organized as follows. The current chapter provides an overview of development planning approaches and concepts. Chapter 2 analyses the evolution of development planning from a global and a regional perspective. Chapters 3-5 focus on country experiences in the following subject areas: promoting inclusive planning; plan implementation; and the monitoring and evaluation of development plans. The last chapter distils the lessons learned from country experiences and identifies their implications for policymakers.

## 1.2 The concept of development planning

Development planning can be either physical or spatial in the context of town, country and rural planning, or conceptual, outlining strategies and priorities aimed at ensuring the optimal allocation and use of resources. In the conceptual context, development planning has been used in peacetime as well as in wartime (for example, in the post-World War II Marshall Plan), and has been applied under all systems of government, be they socialist, totalitarian, democratic or capitalist.

The scope of this study is confined to conceptual planning. Furthermore, this study distinguishes between the use of planning as a stabilization mechanism and planning as a tool for socioeconomic transformation. Stabilization planning, often referred

to as anti-cyclical planning, aims to stimulate growth in periods of recession or slow growth. Unlike anti-cyclical planning, development planning goes beyond merely promoting growth by facilitating economic and social progress and unlocking the binding constraints that stand in the way of such progress. This often requires promoting institutional and structural reforms. The distinction between anti-cyclical and development planning was aptly captured by the Vice Chairman of Indonesia's Supreme Advisory Council:

“Countries such as Indonesia should be fully aware of the difference in nature between planning as a feature of society, where the “target” is to build a new society, and the planning of development projects, where the “target” is a specific item of development.” The second objective of planning should be subservient to the first which is primary” (Waterston, 1969).

Anti-cyclical planning is often undertaken in more developed societies where institutions and markets function reasonably well. By contrast, transformative measures are required in developing countries where institutional and market failures are pervasive, savings are low, infrastructure is weak, and foreign investments are concentrated in extractive sectors which are of limited benefit to the bulk of the population. The structural adjustment programmes imposed on African countries in the early 1980s can be described as an example of the application of anti-cyclical planning measures to address the structural challenges of developing countries, albeit with limited success.

There is no single definition of development planning. However, broadly speaking development

planning involves the formulation of a national programme of action for achieving development objectives. Waterston defines planning as an organized, conscious and continual attempt to select the best available alternatives to achieve specific goals (Waterston, 1969). Todaro defines it as: "... a deliberate governmental attempt to coordinate economic decision making over the long run and to influence the level of growth of a nation's principal socioeconomic variables to achieve a predetermined set of development objectives" (Todaro and Smith, 2006). Other scholars define economic development planning as an ideal way for a Government to set out its development objectives and to demonstrate initiative in tackling the country's development problems.

According to this view, development plans must: have predetermined and well-defined objectives; be controlled by a central authority (i.e. the State or Government); strive for optimal utilization of factors of production; and achieve their objectives within a given interval of time. Development planning is most justified in an economy when it corrects market failures, contributes to the good use of all resources, supports effective resource mobilization and allocation and contributes to market integration.

Planning can be undertaken at the national, sub-national or multinational levels. Multinational plans straddle more than one country or national jurisdiction, and may include a whole regional bloc (e.g. the African Union Agenda 2063). Sub-national plans, on the other hand, refer to the development plans of provinces, localities and other decentralized bodies within a nation.

The priorities and characteristics of a development plan are country-specific, and evolve over time in the same country. The priorities and institutional structures that underpin planning in underdeveloped or developing countries are likely to differ from those of advanced countries. Development plans also vary depending on their ideological basis. Planning in socialist economies is markedly different from planning in mixed economies. Overall, while access to resources, availability of skills and managerial and technical competence are important elements in the operationalization of a plan, the operational fate of a development plan often hinges on the institutional capacities of the country and its level of development.

### 1.3 Why is planning important?

Development planning provides a systematic approach to identifying, articulating, prioritizing and satisfying the economic and social needs and aspirations of a country within a given (often limited) resource envelope. Planning is therefore an essential means of achieving a country's development objectives or vision. Country visions vary, ranging from poverty reduction/eradication to structural transformation and industrialization. After identifying their needs and aspirations, countries must decide how to achieve these goals. In developing economies, however, the pathway to development is fraught with systemic challenges that cannot be addressed by the market alone. Indeed, some scholars argue that the uncontrolled market economy can subject African countries to economic dualism, unstable markets, low investment in key sectors and high levels of unemployment.

Planning provides a mechanism for addressing systemic market failure and institutional weaknesses which are a common feature of most African countries. Through the oversight role of a capable State, development planning facilitates the allocation of scarce resources to development priorities. In the context of developing economies, according the State a prominent role in steering the development of a country is justified on the grounds of market failure, limited productive and institutional capacities, as well as on the need for major structural and transformational changes, as distinct from the mere fine-tuning of the economy.

Planning can also be instrumental in mobilizing additional resources and aligning external funding with national priorities. Ghana's seven-year development plan (1963-1970), Nigeria's five-year development plan and the United Republic of Tanzania's (then Tanganyika) five-year development plan were based on the assumption that 50 per cent of the investment financing would be from external sources (Waterston, 1969). However, while external funding can improve planning outcomes by addressing funding gaps and ensuring the implementation of vital projects which would otherwise not be implemented, plans motivated solely by external aid can suffer from poor consultations, limited domestic buy-in and externally driven priorities. One example was Ghana's Seven-Year development Plan, which was designed with minimal participation from line ministries and was completed in five weeks. Another example was and Brazil's Plano Trienal, which was completed in ten weeks with limited consultation (Waterston, 1969).

Through planning, a country's resources (especially financial resources) are allocated appropriately to identified needs. Planning facilitates coordination,

prioritization and the linking of scarce development resources to the budget and related expenditure frameworks. This is particularly pertinent in countries rebuilding from crises, and in a context of limited capacities, weak institutions and pervasive market failure. The British experience of wartime and post-war planning and the planning for the European Recovery Programme following the Second World War are typical examples of successful planning experiences in crisis-affected countries.

Moreover, the design of a development plan, especially through a consultative and participatory process, promotes stakeholder engagement which is essential for sustainability in plan implementation. In effect, development planning can be an effective way to rally the population behind a national vision. However, this is only possible if the planning process is inclusive.

The experience of East Asia and the so-called "East Asian miracle, demonstrates that development planning can yield practical results if it is accompanied by appropriate implementation and monitoring. Similarly, Africa's experiences with development planning reveal that during the post-independence planning period from 1960 to 1973, the continent recorded more rapid growth than during the period of the period of the structural adjustment programme (1980-2000), when planning was invariably abandoned. ECA estimates (2011) show that during the period 1960-73, 42 out of 52 African countries recorded non-negative annual growth rates of real gross domestic product (GDP) per capita, while only ten recorded negative annual growth rates. Twenty-two countries recorded growth rates of 2.3 per cent or higher, relatively high growth rates even by world

standards.<sup>3</sup> Effectively, during this period, 40.7 per cent of Africa's population lived in countries achieving an average annual real GDP per capita growth of 2.3 per cent or higher, while 47.7 per cent lived in countries recording positive growth performance (albeit at rates less than 2.3 per cent per annum), while only 11.6 per cent lived in countries that registered negative per capita growth rates.

By contrast, the period of structural adjustment programmes saw 23 countries posting non-negative, but less than 2.3 per cent, growth rates, compared to 20 countries during the postindependence planning period. Of the original 20 countries 8 maintained their growth performance during the structural adjustment period, while 11 countries<sup>4</sup> saw deterioration in their growth performance. The evidence reveals the relatively strong growth performance of African countries during the planning period 1960-1973, and the superiority of this performance over that achieved under the structural adjustment period (1980-2000). This is a major justification for African countries' return to planning that underscores the importance of strengthening capacities for effective implementation underpinned by deliberate, consistent and coordinated economic policy making.

3 The best performing countries include Ghana (8.5 per cent), Gabon (8.1 per cent), Botswana (8 per cent), the Congo (8 per cent), Mauritania (7.3 per cent), Seychelles (5.2 per cent), Morocco (5.2 per cent), Tunisia (4.3 per cent), Togo (3.9 per cent), Lesotho (3.8 per cent), Sierra Leone (3.6 per cent), Equatorial Guinea (3.4 per cent), Zimbabwe (3.4 per cent), Malawi (3.4 per cent), Côte d'Ivoire (3.3 per cent) and Comoros (3 per cent).

4 Burkina Faso (recording a growth loss of 7.2 percentage points), the Congo (a loss of 6 percentage points), Ethiopia (a loss of 1.7 percentage points), Ghana (a loss of 8.1 points), Lesotho (a loss of 2 percentage points), Morocco (a loss of 4.3 percentage points), Namibia (a loss of 2.6 percentage points), South Africa (a loss of 2 percentage points), the United Republic of Tanzania (a loss of 2.2 percentage points) and Zimbabwe (a loss of 2.7 percentage points).

The Indonesian President Susilo Bambang Yudhoyono aptly summed up the importance of planning in the presentation of his economic plan in 2011 with the following statement: "it is impossible to achieve our long term economic goals without the master plan. We can't also rely wholly on market mechanisms. The Government's role as a 'visible hand' is important" (Sato, 2011).

## 1.4 Approaches to planning

Central planning and indicative planning are the two broad ideological approaches to planning. The choice of the one approach or the other derives from the perceived role of the State vis-à-vis the market in the development process. Central planning is practiced in economies where the State plays a dominant role in the economy. Typically pursued in socialist countries such as the former United Soviet Socialist Republic (USSR) and the Democratic People's Republic of Korea, central planning is characterized by a highly centralized administrative system of resource allocation and production. Supply and demand are controlled, not by markets, but by a centralized administrative system that seeks to quantitatively reconcile needs with available supplies based on production quotas. Through regulations and directives, the State determines the level of savings, investment and prices. Proponents of centralized planning argue that, for countries at the early stages of development, it is an essential tool for conserving scarce resources, ensuring their allocation to national strategic priorities and structurally transforming their economies. In this context central planners can coordinate the industrialization process through the sectoral reallocation of resources. The downside of central planning as practiced in the Soviet bloc

countries is, however, that as their economies became more and more complex it became increasingly difficult for planners to reconcile investment and consumer needs with available supplies. To the extent that producer incentives derived from fulfilling production quotas and not making a profit, cost minimization was not a priority. Furthermore, since the production quota of a firm was likely to be increased if the quota were exceeded, there was little incentive to exceed a quota even in times of excess demand. This created a situation where shortages of a product coincided with surpluses. In effect, enterprises simply responded to the signals or production requirements of the centralized administrative system, irrespective of whether these signals were at odds with market realities. The result was often overproduction, a large build-up of inventory, and ultimately substantial shortfalls in achieving plan targets, e.g. Yugoslavia's First Five-Year Plan, Poland's Five-Year Plan for 1961-65, and the USSR's Sixth Five-Year Plan for 1956-60 (Waterston, 1969).

In mixed economies planning is indicative; economic decisions are partly guided by the invisible hand of the market and partly effected through state intervention. The State and the private sector play an active role in the planning process. The role of the public sector is conceived as that of a facilitator to promote development in the country. The private sector, on the other hand, is involved in responding to the incentives created by the State to provide the necessary developmental needs of the economy on the basis of the overarching priorities of the development plan.

## 1.5 Influence of development theories on planning

Historically, the visions and priorities that underpin planning frameworks in Africa have been shaped by global development agendas and evolving paradigms of development. In the early 1960s all policymakers, regardless of their ideological approach to planning, identified growth as their key development objective. Development was equated with closing the gap with the western countries. The dominant paradigm was that GDP growth could be achieved through increased investment and savings. This view of development was informed by the so-called Harrod Domar model, which believed that the rate of economic growth is determined by the rate of investment. The level of technology was assumed to be constant and not subject to change, at least in the short run. The implication for development planners was obvious; increasing savings and investment was the key to growth. Priority was thus given to mobilizing domestic savings and investment. Shortfalls in domestic savings were augmented by foreign savings or official development assistance.

In later years a new model of development gained currency. Championed by the so-called neoclassical economists this school of thought believed that, in addition to investments, technological changes also have a significant impact on growth. This characterization of growth, referred to as a Cobb-Douglas production function, simply states that technological progress is important in the determination of the aggregate growth rate. Development planning that is informed by this growth model accordingly tends to prioritize enhancements in technological innovation and transfer.



Against the backdrop of rising poverty and widening inequalities between poor and rich countries, dependency theories of development took hold in the late 1950s, championed by Raul Prebisch, then Director of the United Nations Economic Commission for Latin America. A central argument of this paradigm is that, contrary to the commonly held belief that economic growth in the advanced industrialized countries promotes growth in the poorer countries, economic activity in the richer countries often led to serious economic problems in the poorer countries (Ferraro, 2008). According to this view, development could only occur if developing countries could break the asymmetrical power relations with their rich counterparts. Proponents of this theory believed that the world economic order was controlled by a core group of rich countries that dominated the peripheral or economically weaker developing countries, locking them into a dependent role. The poor countries specialized in raw materials whose prices were controlled by the rich countries. These products were then transformed into finished products and sold back to the developing countries at a much higher price. To break this relationship of dependency, developing countries had to structurally transform their economies through import substitution industrialization. Development planning in post-colonial African countries was very much influenced by dependency theorists, hence the emphasis on import substitution industrialization.

The era of structural adjustment programmes temporarily short-circuited the development planning process in Africa and brought into sharp relief the adverse consequences of unfettered neoliberalism in a context of market failure and weak institutions. With the invisible hand of the market at the helm of

economic management, planning took a backseat. Privatization and liberalization became the drivers of development. Against the backdrop of lacklustre growth and deteriorating social conditions, poverty reduction strategies and the Millennium Development Goals were introduced by both the Bretton Woods institutions and the United Nations. With these two initiatives poverty reduction and social development assumed prominent roles in the global and national development discourse, and became key development planning priorities in Africa. To this end, a lot of resources and effort were expended to strengthen the capacities of development planners to integrate the Millennium Development Goals into national planning frameworks.

Recognizing the limitations of a narrow focus on poverty, however, the next generation of poverty reduction strategies has widened the development focus to include inclusive growth, employment and structural transformation. Thus, while poverty reduction remained an important developmental objective, the emphasis shifted to addressing the root causes of poverty.

With the imminent expiration of the Millennium Development Goals in 2015, discussions about a successor commenced as early as 2011. At the regional level the Economic Commission for Africa initiated consultations in Accra in 2011, to facilitate the articulation of Africa's priorities for the post-2015 development agenda. In 2012 the United Nations Conference on Sustainable Development which took place in Rio de Janeiro placed multidimensional sustainable development at the forefront of development discourse, underscoring the importance of ensuring that current growth patterns do not

compromise the lifestyles or existence of future generations. In this context, the economic, social and environmental dimensions of sustainable development emerged as key development priorities within the framework of ongoing efforts to articulate a global development agenda to succeed the Millennium Development Goals.

For the first time, Africa is no longer a passive signatory to global development agendas. African Governments have engaged in the post-2015 discussions and have articulated their priorities for the global agenda in the common African position on the post-2015 development agenda, which was adopted by African Heads of State and Government in January 2014. However, recognizing that the fate of the continent lies in the hands of Africans and acknowledging that the global agenda cannot be a substitute for a region-specific agenda, the African Union developed a 50-year development framework called Agenda 2063, which speaks exclusively to Africa's development challenges. Agenda 2063 synthesizes existing African development frameworks and priorities, including the common African position, into a coherent and comprehensive framework dedicated to the enduring Pan African vision of "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena" (African Union, 2014).

Recent developments in the global and regional arena have had positive implications for national development planning processes. Firstly, the fact that African countries played an active role in shaping the global agenda ensured a closer alignment of the global agenda with Africa's aspirations than was the case in the past. Secondly, to the extent that the global and

national agendas are aligned, the task of integrating the global agenda into national frameworks will be less challenging and will meet with less resistance. Thirdly, Agenda 2063 provides a regional long-term vision that can accommodate national visions. This will probably encourage regional coherence in planning.

## 1.6 Key elements of development plans

### 1.6.1 Leadership

Strong leadership and commitment, at both the political and institutional levels, is an imperative, not only for successful development planning and implementation, but also for the realization of developmental states. The major role of the political leadership is to provide guidance for the planning process. The leadership must be strategic and visionary enough to anticipate the developmental needs of a country and to prepare plans and strategies for achieving them. An important dimension of this is the ability to mobilize the population around the country's vision, accompanying strategy and commitment to pursuing the developmental aspirations. Leadership at this level promotes ownership and facilitates the implementation of development plans.

The experience of the East Asian tigers points to the importance of leadership and developmental states for the successful implementation of development plans. In Asia and Latin America the State has played an important role in transforming their countries from primary agricultural-based economies to diversified high-value economies with strong employment-generating capacities. These countries were not necessarily either classic examples of political democracy or adherents of

the Washington consensus. On the contrary, their leaders engineered the transformation process through legitimate, credible, accountable and capable systems of governance operationalized within a development planning framework. In effect, capable leadership is a key element of a developmental state, and development planning is a critical component of a developmental state. In the Republic of Korea, for instance, the Economic Planning Board, considered the brain behind the Korean economic miracle, developed five-year economic plans (Economic Commission for Africa and African Union Commission, 2011). Japan also supported the private sector through a strategic planning process, while Taiwan's economic development was coordinated and implemented through a series of four-year development plans. At the centre of Ethiopia's recent strong economic and social performance has been the Government's proactive and forceful role in shaping socioeconomic policy. For Africa in general, even though the development plans of the 1960s and 1970s were only minimally successful, this period saw better development gains when compared to the 1980s and 1990s, when Africa's development was largely driven by the imperatives of the market.

As leadership sets the stage for planning and implementation, good leadership requires engagement at all levels, i.e. from the grassroots to the highest political level. Such a strategy ensures a broad, well-founded understanding of the people's development needs, and in turn encourages the development of responsive plans. In Cabo Verde, the leaders engaged in an inclusive process to understand the needs of the people, with the aim of building a credible State that emphasises meeting these needs. The political leadership has subsequently, through its national

development plans, been committed to erasing the indignities of hunger and want from Cape Verde and maintaining stability and peace over the last four decades, despite the severe constraints.

Underpinned by good leadership, developmental states make a conscious effort to enhance the productive capacities of the citizenry by investing in social programmes; expand the middle class by nurturing the domestic private sector; and attract foreign investment through responsible regulatory frameworks that do not sacrifice national interests on the altar of short-term economic gains.

### 1.6.2 Ownership

Ownership of the process and the substance of development plans promotes the inclusiveness which is vital for successful implementation. Ownership is fostered through broad stakeholder consultations in the design, implementation and monitoring of the plan. However, consultative approaches vary among countries, often resulting in different outcomes. A population may often not feel a sense of ownership of a plan because they perceive that it is directed from the capital city, for the capital city, and does not involve them. In such cases consultation may only go as far as the Government informing the population of its plans, as opposed to inviting public participation or feedback to improve the design, implementation and evaluation of the plan. Truly consultative processes tend to be grass-roots driven, and are motivated by a desire to integrate the voices of local communities into all aspects of the planning process. The private sector has largely been marginalized in the consultation process in Africa, despite the important contribution that it can make to the development process. By

contrast, Asian countries such as the Republic of Korea have developed structured mechanisms facilitating dialogue with the private sector, particularly in the context of industrial policy formulation. These efforts have facilitated transformation through industrial development.

### 1.6.3 Institutions

Good leadership drives the construction of a developmental state; however, developmental states are sustained through transformative institutions buttressed by a competent and professional bureaucracy.

Not all institutions are equal or desirable; the quality and developmental focus of institutions are what matters. Institutions that facilitate transformation and sustainable development are those that are inclusive, not extractive. Extractive economic institutions do not create the incentives needed for people to save, invest, and innovate. On the contrary, such institutions are captured by elite groups which seek to exploit the resources of the country for their own use, leaving little for the citizens at large. In parallel, extractive political institutions support extractive economic institutions by cementing the elite power base. Both types of institutions are counterproductive to structural transformation, and reinforce inequalities and the existing commodity-based structure of African economies. By contrast, inclusive institutions provide equal opportunity to all citizens of the country, allowing for shared and sustained prosperity (Acemoglu and Robinson, 2012).

Inclusive institutions are essential for facilitating all aspects of the planning cycle, particularly implementation. The successful implementation of development plans hinges on not merely the technical capacities of the bureaucracy tasked with plan implementation, but also the capacity to insulate institutions from the political elite and sectional group pressure.

Most importantly, the effectiveness of central planning agencies in coordinating and facilitating the alignment of national resources with development priorities will depend on their status relative to ministries participating in the programme. This will ultimately hinge on the political commitment of the leadership to development planning in general, and the central planning agency in particular. Some Asian countries with mixed economies have demonstrated the benefits of placing central planning agencies in the office of the Head of Government. The Republic of Korea's Economic Planning Board (before it was disbanded in the mid-1990s), the Economic Development Board of Singapore, the Economic Planning Unit of Malaysia and the celebrated MITI of Japan are examples from countries that have demonstrated political commitment to planning at the highest level. However, locating the central planning agency in the highest office of the State can only be effective if it reverses the asymmetrical power relations between the planning agency and other participating ministries, particularly the Ministry of Finance, which traditionally tends to dominate other ministries.

Shared prosperity implies that institutional development should not be restricted to the national level, but should also be extended to sub-national and local levels, to enhance implementation and promote participation. These institutional layers should be aligned through legal arrangements, as well as through cooperation and coordination mechanisms.

Because institution-building is a slow process, it is rarely necessary to establish high-quality institutions at the outset, as they can be compromised, given unfavourable circumstances. One should instead develop basic institutions, which are continuously improved as economic development and associated resources are improved, so that institution-building and development support and stimulate each other.

Institutions must be customized to the specific context and the historical evolution of a country. In this context, policymakers need to be circumspect in terms of how and what kind of institutions they build, as there is no one-size-fits-all. Blindly adopting traditional eurocentric concepts such as property rights into institutional-building and development planning may be counterproductive in certain contexts. For instance, if property rights are actively promoted in a context of extreme economic inequalities, as in the case of South Africa, this is likely to reinforce these tendencies in that context.

## 1.7 Conclusions

Development planning implies an element of coordination and priority-setting to achieve a stated objective. The relative roles of Governments and markets in carrying out these tasks determine the extent to which a plan can be described as centrally planned or indicative. Different countries have adopted different approaches to planning underpinned by ideological preferences. However, unlike developed countries, where planning seeks to fine-tune the economy, planning in developing and crisis-affected countries is tasked with a more transformative role, owing to the pervasive institutional weaknesses and market failures that exist there. The development plans of developing countries have nevertheless not been insulated from global development agendas and theories of development. Development theories and agendas that have influenced the thinking of planners in Africa include: the Harrod Domar growth model, which emphasised investment and growth; dependency theorists, who put a premium on autarky and import substitution industrialization; the Millennium Development Goals and Poverty Reduction Strategy era, which prioritized social development and the eradication of extreme poverty; and the most recent emphasis on sustainable development, which aims to ensure that global production and consumption are consistent with planetary resources and boundaries.

# Chapter 2: The evolution of planning

## 2.1 The global context

Modern day development planning has its antecedents in the colonial era. The first indication of an integrated development plan in modern times was devised in 1919 by the British Governor of Ghana (then the Gold Coast). The so-called Guggisberg plan covered a ten year period spanning the period 1920-1930. However, before the Second World War the Soviet Union was the only country that engaged in systematic development planning; it adopted its first five-year plan in 1929 with the objective of creating a communist State that would generate the highest living standards through rapid growth and an optimally integrated economy (Waterston, 1969).

The Second World War interrupted planning in several nations, but was also a turning point for planning, particularly for western nations that had experienced its benefits as a mechanism for allocating scarce resources to a common cause during the war. In the aftermath of the war these countries also realized the importance of planning for directing

resources towards post-war recovery. France was the first Western European country to adopt a multi-year planning framework for its post-war recovery effort. The country's first reconstruction and development plan was prepared during the period 1945-46. This was followed by the introduction of the Marshall Plan in 1948, in accordance with which each participating country produced four-year annual plans to promote economic recovery.

Asian countries embraced planning more closely than other regions after the Second World War, with several not only establishing planning commissions, but entrenching planning in their constitutions. India prepared a ten-year development plan as early as 1933, with the aim of industrializing its economy and doubling its national income. In 1938 a National Planning Committee was established to facilitate this process. In India and Pakistan the impetus for planning gained currency following the partition of the country in 1947. The invasion of China by the Soviet Union in the aftermath of the Second World War also brought Soviet-style planning to China.

## 2.2 The African context

Development planning in Africa pre-dated the independence era, but increased in popularity after independence. Indeed, by 1965, 35 African countries had development plans, a few of which predated independence (e.g. Ghana, Nigeria). Post-colonial era planning was inspired in part by the success of wartime planning in the United Kingdom. Ethiopia, which was never colonized, began introducing development planning in 1944 under Haile Selassie I, the Emperor of Ethiopia. This was a ten-year industrial development programme that was developed through technical support from a US technical expert mission in 1944 and 1945. Pre-independence planning in Nigeria dates back to 1946 with the design of the “Ten-Year Plan of Development and Welfare for Nigeria (1946-1956)”, which was drawn up by colonial administrators.

Planning phases in Africa can be roughly broken down into the following three periods: planning from post-independence to pre-structural adjustment plans, planning during the era of structural adjustment plans, and a return to planning under anti-poverty growth targeting Millennium Development Goals and employment agendas.

### 2.2.1 Post-independence planning: from the 1950s to the mid-1980s

Development planning in Africa has been informed by approaches based on both central planning and the precepts of a mixed economy. Central planning was more common in the immediate aftermath of independence, even though pre-independence planning in Africa was predominantly market-led.

Table 1 illustrates the planning approaches adopted by the nine African country case studies used for this study. The choice of a central planning approach was influenced by their attraction to socialism, as well as by the belief that it was the most appropriate approach, given the pervasive market failures and the weak individual and institutional capacities in most African countries. However, in the wake of the oil crisis of the 1970s and given growing macroeconomic instability, most African countries adopted structural adjustment plans, and invariably suspended development planning.

**Table 1: Categorization of countries by type of development planning**

	State-led Economy	Market-led Economy
Cameroon		1960-present
Cabo Verde	1975-91	1991-present
Ghana	1961-66	1966-present
Ethiopia	1974-91	1991-present
Nigeria		1960-present
Uganda	1961-80	1980-present
Seychelles	1975-91	1991-present
South Africa	Pre-1994	1994-present
Tunisia	1956-1971	1971-present

**Source:** Authors

Most post-independence development plans had five-to seven-year time spans, and were largely formulated with the aim of achieving structural transformation and addressing market failures, with particular emphasis on infrastructure and skills development.

The outcomes of Africa's post-independence planning experience varied by country, but generally yielded only limited success in achieving their stated objectives, particularly structural economic transformation. The key challenges included deficiencies in plan design, overambitious targets, weak individual and institutional capacities, exogenous shocks and political instability.

Cabo Verde, Ghana, and Seychelles and Tunisia were among the countries that engaged in centralized planning shortly after independence. Ghana's experimentation with socialist planning was, however, short-lived, and was cut short by a coup d'état in 1966.

**Table 2: Phases of development planning in selected African countries**

Country	Planning phases	Model of planning	Strategic orientation
Cabo Verde	1975-1990	State-led economy	Increase production base by creating state enterprises
	1991-2000	Market-led economy	Privatization
	2001-present	Planning for transformation	Tourism, maritime economy, agribusiness, finance
Cameroon	1960-87	Market-led economy (6 five-year plans)	Planned liberalism and community liberalism
	1988-2009	Structural Adjustment Plans	Public finance
	2009-present	Return to planning: Vision 2035	Modernization, middle-income economy
Ethiopia	1941-73	Monarchy	Industrial policy
	1974-91	State-led economy (military regime)	Nationalization
	1991-present	Market-led economy	Poverty reduction, growth and transformation
Ghana	1900-56	Colonial planning	Outward development: infrastructure
	1951-1966	Pre- and post-colonial regimes	Socialism: infrastructure for agriculture
	1966-83	Military regimes	Stabilization plan
	1983-1996	Structural Adjustment Plan	Public finance
	1996-present	Market-led economy (Vision 2020)	Anti-poverty
Nigeria	1945-61	Colonial planning	Provision of social services (water, education and health)
	1962-85	Medium-term planning	Reconstruction after the civil war
	1986-88	Policy oriented planning phase	Market approach and private sector-led economy
	1990-2000	Structural adjustment plan	Public finance
	2004-present	Return to planning and market-led economy	Economic transformation and diversification



Country	Planning phases	Model of planning	Strategic orientation
Seychelles	1977-1991	One-party socialist state, five-year plans	Donors choose development projects; SOEs
	1991-2008	Public sector investment plans	Obtain financing post-cold war
	2008-present	Restructuring – modern SAPs	Debt reduction, poverty reduction, macro stability
South Africa	Pre-1994	Apartheid – parastatals	Parastatals, followed by rationalization and decentralization
	1994-present	Market-led economy	Public finance and reconstruction
Tunisia	1956-1971	Socialist development	Nationalization (Tunisification); infrastructure; tourism and industry
	1970s-early 1980s	Economic liberalism	Economic liberalization, greater regional planning role
	Mid-1980s-1996	SAPs	Public finance
	1997-2011	3 five-year plans	Stimulate private sector participation
Uganda	1961-80	3 five-year plans	Basic infrastructure
	1980-97	Structural adjustment plan	Public finance
	2000-present	Return to planning	Poverty reduction
	1986-present	Five-year plans	Liberalization

**Source:** Authors, using national development plans (or equivalent) and country reports prepared as a part of this study.

**Table 3:** Selected Asian economies - development planning phases

Country	Planning phases	Model of planning	Strategic orientation
Cambodia	1993-present	Multi (5)-year plans	PRSPs, (C)MDGs, NSDP – anti-poverty
China	1953-1978	Five-year plan; SOEs; communes	Human and physical infrastructure; direct rural surplus towards industrialization
	1978-present	Five-year plans; gradual liberalization	Grow first, fix later; TVEs
India	1951-present	Implementation of its 12th five-year plan (2012-17)	
Malaysia	1957-present	10th five-year plan	
Nepal	1960-1980s	Five-year plans; monarchy – “partyless” panchyat system	Infrastructure; regional development; growth
	1990-present	Five-year plans; democracy; civil instability	Anti-poverty
Vietnam	Pre-1986	Five-year plans; planned economy; war	

**Source:** Authors using national development plans (or equivalent) and country reports prepared as a part of this study.

### 2.2.1.1 Tunisia

Tunisia experimented with centralized and mixed economy planning approaches following independence. The Government initially implemented a strong nationalist agenda, known as “Tunisification”, from 1956 onwards, which involved widespread nationalization. This was followed by a period of socialist planning from the 1960s to the early 1970s. The central Government defined the development objectives, allocated available resources across sectors and determined the levels of consumption and investment. Consistent with the Harrod Domar model, this planning approach focused on investment, production and consumption as key variables. Annual growth in during this period averaged 5 per cent, driven by tourism and agricultural products, particularly apples and olives.

During the 1970s to the early 1980s there was an apparent shift in ideology to a pro-market strategy of economic liberalism. Referred to as “Al-Infitah” this period was associated with the dismantling of barriers to external finance and trade, and export-oriented growth. But even though the economy became more open to the world in the 1970s, production continued to be dominated by the State. Private sector investment was relatively low (60 per cent of total investment against 90 per cent in comparable countries), while the State continued to maintain a strong regulatory role.

### 2.2.1.2 Egypt

Development planning was introduced in Egypt after independence. As in other African countries postindependence planning followed a central planning approach based on the ideology of “Arab socialism” introduced in 1962. Egypt’s Industrial Five-

Year Plan (1957-1962) focused on industrialization. The first Five-Year Plan drafted by the national planning Committee plan covered the period 1960-1964, and was implemented under the rule of President Nasser (1956-1970).

As in Tunisia, centralized planning in Egypt was replaced by indicative planning in 1971, following the adoption by President Sadat of the “Infitah” or open-door economic policy. This era marked a break with Arab socialism and featured the introduction of market liberalism, deregulation and greater focus on attracting foreign direct investment. Development planning during this period became increasingly indicative, along the lines of Cabo Verde’s Grand Options of Planning. During Sadat’s presidency, an 11-year plan (1971-1982) was implemented, but it was essentially a revised version of the investment law. Indicative style planning continued in the era of President Mubarak (1981-2011), who implemented six five-year plans. Despite rapid growth, President Mubarak’s era culminated in 2011 in the “Arab awakening”, which swept through several Arab countries, igniting a wave of unrest and leaving in its wake a swathe of toppled regimes. The Mubarak era has accordingly been described in some circles as “...a shift from the free economic model to the uncontrollable economic model” because it was characterized by a rise in corruption and unequal growth (Sakamoto, 2013).

### 2.2.1.3 Uganda

Following independence in 1962, the Government of Uganda implemented two successive State-led development plans spanning the period 1962-1971. The State intervened in activities such as manufacturing and the export of cash crops to overcome market failure. Post-independence development planning (for

example, from 1962 to 1972) delivered some positive economic outcomes, despite significant challenges. Between 1961 and 1970 the annual growth rate averaged 5.6 per cent, with rates of more than 11 per cent registered in 1963 and 1969.<sup>5</sup> Moreover, GDP per capita increased by 9 per cent during the same period. Despite the deterioration in terms of trade, exports as a percentage of GDP continued to be high, averaging 25 per cent. The macroeconomic environment was also stable, with an average inflation rate of 4.8 per cent.

Most of these gains were, however, reversed during the second planning period (from 1972 to 1981), which coincided with General Idi Amin's seizure of power in January 1971. Among the objectives of the second plan was the policy of "Ugandanization", which sought to increase the country's level of autonomy and independence, and also to dramatically reduce the size of the managerial class of Indians. Between 1971 and 1979, the economy cumulatively contracted by 43 per cent, the level of investments and exports declined to 10 per cent and 3 per cent of GDP respectively, domestic savings were largely depleted, and average income per capita declined by 34 per cent relative to the 1960 level.<sup>6</sup> Donor financing became increasingly difficult to attract, and tax revenues fell due to reduced economic activity. In response, the Government resorted to printing money to finance the fiscal deficits. Inflation consequently soared to 216 per cent in 1979. As tax revenues dried up, the size of the public sector expanded; the number of parastatals increased from

10 to 23 during the period 1972-1975 (Katumba, 1988). These challenges, together with the external oil shocks, created a dire economic situation, setting the stage for the structural adjustment programmes that followed.

#### **2.2.1.4 Ghana**

Development planning in Ghana predates independence, and has its roots in the 10-year Guggisberg plan of 1920-1930. The plan was primarily an outward-looking strategy based on the economic principle that sustained economic growth and development require major expenditure on health, education and infrastructure (Hymer, 1969). But beyond promoting human capital development the plan did little to support the development of indigenous capital and enterprises.<sup>7</sup> For instance, on the one hand, the construction of a railway line from the port city of Sekondi to the gold, timber and cocoa growing areas in Kumasi facilitated the rapid expansion of exports in gold, timber and cocoa. However, without efforts to promote the local processing of raw materials, this pattern of development also reinforced the country's position as an exporter of raw materials, thus heightening its vulnerability to external price shocks and undermining opportunities for local enterprise and employment creation. Nevertheless, the plan is credited with laying the foundation for the provision of adequate health and education services in the country in the 1920s. Thus, the first deep-water port (Takoradi), as well as the first teaching hospital

5 Source: Uganda (1965), Background to the Budget 1965-66; Uganda (1966), Statistical Abstracts (various years); Uganda (various years).

6 Source: Uganda (1965), Background to the Budget 1965-66; Uganda (1966), Statistical Abstracts (various years); Uganda (various years).

7 Ghana's exposure to development planning in the pre-independence era was primarily in a classic colonial situation where infrastructure was built for the purpose of exporting raw materials. The physical infrastructure, most notably the railway, is something handed down to Ghanaians from that history.

(Korle Bu) and the first high school (Achimota college), were products of the Guggisberg plan.

The five-year development plan of 1951-1956 was the first pre-independence planning framework that was championed by self-government. Focusing on infrastructure development improvements in social services, increased agricultural development and import substitution industrialization, this plan laid the foundation for the immediate post-independence plans.

Initial post-independence planning was diametrically opposed in vision and orientation to the Guggisberg plan. Under the leadership of the first president, Kwame Nkrumah, Ghana pivoted to the east and adopted a central planning approach aimed at transforming the agricultural economy into a modern industrial economy through a strategy of import substitution industrialization. This was the overarching vision that underpinned both the second Five-Year Development Plan (1959-1964) and the Seven-Year Plan (1963-1970).<sup>8</sup>

Central planning in Ghana was motivated by a lack of confidence in the capacity of the private sector to meaningfully contribute to the realization of the objectives and priorities of the Government's vision. A number of large state enterprises were created in manufacturing, mining distribution and shipping to stimulate the country's rapid industrialisation effort. In agriculture, state-owned farms and cooperatives were tasked to promote agricultural modernisation and mechanisation. By entrusting state-owned

enterprises with key roles in the implementation of development plans such entities essentially supplanted and invariably assumed the role of the private sector.

The post-independence planning period has been described as the era of development without growth. Annual GDP growth between 1963 and 1970 fluctuated widely between -4.26 and 9.72 per cent, while value added in manufacturing and industry grew by no more than 2 per cent (World Bank, 2014). Nevertheless, the 7-Year Development Plan (together with the Guggisberg 10-Year Development Plan) is credited with laying the foundation for much of Ghana's existing infrastructure. Successive unconstitutional changes of government between 1966 and 1983 underlined discontinuities in planning in Ghana, undermining progress in structural transformation and human development during this period. Between 1957 and 1980 Ghana experienced seven regime changes, four of which were through military coups d'état.

### **2.2.1.5 Cabo Verde**

After gaining independence from Portugal in 1975, Cabo Verde developed a series of national emergency programmes to address pressing economic challenges and to mobilize the population in support of national development and nationhood. The small island State emerged from independence with limited infrastructure, scarce educational and financial opportunities and systemic vulnerability to natural disasters. There were only two high schools for the entire archipelago of nine inhabited islands, and the country had experienced a series of severe famines, the worst of which wiped out about 40 per cent of the population in the 1860s. The most recent famines

<sup>8</sup> A two-year Consolidated Plan implemented between 1957 and 1959 sought to consolidate the gains of the first five-year development plan.

occurred in the 1940s and 1950s, killing 15 and 18 per cent of the population respectively.

Although the development model during the post-independence period was officially based on central planning, in reality it adopted a pragmatic approach with significant private sector involvement, especially in sectors such as agriculture, retail commerce and small scale manufacturing. The first emergency programme covered the period 1975-1977, while the second spanned the period 1978-1980, but was extended to 1982. The key features of this era were: a heavy reliance on foreign aid and remittances, which accounted for 40 per cent of GDP; innovative and bold policies, including slashing public sector salaries by half as part of a fiscal austerity programme; the sale of food aid to fund development projects; and a participatory planning process.

Cabo Verde moved beyond emergency planning in 1982, when the first national development plan commenced. It covered the period 1982-1985, while the second plan spanned the period 1986-1990. Due to the heavy dependence on external funding, the responsibility for planning was vested in the Ministry of Planning and Cooperation during this period. Like most African countries, Cabo Verde relied heavily on SOEs to implement its plan and to address weak institutional capacities within the Government. For instance, over 20 state enterprises were created in the first decade after independence, contributing about 35 per cent of GDP by 1983, and providing about 22 per cent of permanent jobs.

Development planning yielded positive results until the late 1980s, with GDP growth averaging 5.2 per cent during the period 1982-1990. Cabo Verde's strategy

of growth through factor accumulation (labour and capital) during this period is comparable to that of the East Asian Tigers, and particularly of Singapore during the period 1966 to 1990. Investment as a share of output rose from 11 to more than 40 per cent. Like Singapore, Cabo Verde relied on public appeals and severe sanctions against corruption, which seems to have worked better than in other African countries. Vital to Cabo Verde's growth in the first phase was the country's ability to access remittances and official development assistance, which accounted for between 40 and 60 per cent of GDP during that period.

The state-led central planning model, however, ran its course by the late 1980s, as the economy entered into a period of decline and macroeconomic instability. Between 1988 and 1991, growth declined sharply, while inflation increased and deficits grew. As in many other parts of the world, the inefficiency of many public enterprises produced ever-increasing deficits. As part of its structural adjustment programme, the Government introduced reforms paving the way for a private sector-led development model in 1992.

#### **2.2.1.6 Seychelles**

After independence in 1976, and following a coup d'état in 1977, Seychelles adopted a centralized system of planning which covered the period 1977-1991. Development planning during this period was anti-private sector in orientation, and relied heavily on state-owned enterprises. Planning prioritized affordable housing, free education, subsidized transport and infrastructure development, resulting in significant improvements in prenatal and postnatal care and declines in infant mortality from more than 50 deaths per 1,000 live births in 1978, to

approximately 11.7 in 1994. Annual GDP growth grew by an average of 5.26 per cent between 1976 and 1991, largely driven by tourism and fisheries (World Bank, 2014). However, the development programmes of this period were largely externally funded and were tantamount to an ambitious list of projects presenting donors with an “a la carte” menu to choose from. As a result, they were not at all prioritized, and their implementation was largely dictated by donors’ preferences. When multi-party democracy was introduced in 1991, planning moved away from a centralized approach to a focus on a mixed economy. However, this period also coincided with the drying up of external funding, partly because the country had achieved middle income status and was no longer eligible for concessionary financing. In the absence of aid, continuing expansionary fiscal and monetary policies during this era resulted in currency overvaluation, an unsustainable debt build-up, and a depletion of foreign reserves. By 2008 Seychelles had no option other than to sign on to its first International Monetary Fund bail-out programme.

### **2.2.1.7 South Africa**

South Africa’s apartheid Government attempted to introduce five-year economic development plans in the 1960s and 1970s, with few mentionable results. Planning was largely in the form of indicative guidelines signalling the then National Party Government’s development intentions. The democratic transition in the early 1990s ushered in the reconstruction and development plan in 1993, the first major plan in the history of South Africa to address the poverty-unemployment-inequality challenge. The plan also set out the basis for the management of specific budget programmes, as well as for the development of a national strategic framework. After winning the

support of the African National Congress and the South African Communist Party, the reconstruction and development plan was circulated for wider consultation to civil society organizations and to business organizations, and was accepted as a government white paper in April 1994.

On the socioeconomic front, the South African economy stagnated during the period 1990-1994: the growth rate in 1990 was -3 per cent, declining to an all-time low of -4.8 per cent in 1992. The Government attempted to address this decline through market-friendly policies. Eventually the changed policy environment, coupled with political reforms, raised local and foreign investor confidence and contributed to a higher, albeit weak, growth rate of 1.1 per cent in 1994.

### **2.2.1.8 Ethiopia**

Ethiopia is exceptional in an African context because it had been a monarchy and, unlike most African countries, had no colonial legacy. The country does, however, have a long history of development planning dating back to 1944. The first coordinated development plan following a centralized approach spanned the period 1957-1974, and was implemented during the era of the monarchy. It comprised a series of medium-term (i.e. five-year horizons) plans that prioritized infrastructure, agricultural development, mining, manufacturing and industry. Key projects such as construction of major highways, an airport, a new seaport and a modern telecommunications system were initiated during this period. The Government also established a modern manufacturing industry and invested in energy, increasing its output of electric power by 156 per cent. During this period, gross national product increased at an annual rate of

3.2 per cent, while exports and imports grew annually by 3.2 and 6.4 per cent respectively. The contribution of industry to GDP increased from about 9 per cent in 1954 to about 12.5 per cent in 1959 (Ethiopian Monarch Government, 1968). Modest gains in growth and transformation were achieved during this period.

The monarchy was overthrown in 1974 by a Provisional Military Administrative Council known as the Derg, which implemented a Marxist-Leninist paradigm of development featuring a centralized approach to development planning. By 1975, the means of production including land had been “socialized” across the country. Rather than establishing longer-term plans, the Military Council organised “annual development campaigns” using state-owned enterprises as a means of development. The growth rate accelerated substantially during the period of the second plan. Per capita incomes rose by almost 3 per cent and commercial farming (coffee, sugar cane, cotton, and to some degree tobacco) developed rapidly, contributing to GDP growth while increasing employment both directly and indirectly through the stimulation of new processing and manufacturing industries (Provisional Military Government of Ethiopia, 1978).

The emphasis on agriculture and social development yielded dividends as the Government achieved progress in fields such as education and health care. In 1975, the regime implemented a national literacy campaign that later expanded (in terms of scope and coverage) in 1979. This led to a decrease in illiteracy from 99 per cent in 1974 to 37 per cent in 1984. Over the same period, participation in primary education increased from 19 per cent to 48 per cent. The health sector also improved with interventions such as

the establishment of hundreds of health stations to provide basic health care, resulting in improved access to health care from 15 per cent to 43 per cent during the plan years. Access to clean water also increased from 7 per cent to 16.6 per cent during this period. Moreover, between 1974 and 1979, the length of all-weather roads grew from 6,700 km to 18,000 km. Notwithstanding these achievements, the inability of the Government to effectively respond to the scourge of famines coupled with the unpopular villagization or forced relocation policies fanned discontent and disaffection, contributing to civil unrest and the eventual toppling of the Government in 1987.

## 2.2.2 Market-led approaches

While some Governments were adopting a central planning approach, other countries such as Cameroon and Nigeria adopted a market-led approach to planning immediately after independence.

### 2.2.2.1 Nigeria

Nigeria experienced market-led development planning before independence. However, whereas Ghana, for example, opted for centralised planning, post-colonial development planning in Nigeria was market-led. The country undertook four national development plans during the first phase of its planning history<sup>9</sup> aimed at the following: ensuring a real GDP growth rate of at least 4.0 per cent per annum; achieving economic take-off by 1980; developing opportunities in specific areas such as health, education and employment; enhancing access to opportunities in education, health and employment; promoting

<sup>9</sup> First National Development Plan (1962-68); Second National Development Plan (1970-74); Third National Development Plan (1975-80); and Fourth National Development Plan (1981-85).

balanced development, reducing income inequality; and promoting macroeconomic stability. To achieve the stated objectives of the plans, the Government invested heavily in key sectors such as infrastructure, transport, communications and power.

However, the development planning measures implemented after independence in 1960 and the vast oil resources available did not have a significant impact on growth, poverty reduction and job creation during the post-independence era of planning. An important reason for this development was economic failure attributable to the so-called Dutch disease syndrome, which is a phenomenon characterized by the neglect of traditional sectors such as agriculture following the discovery of natural resources such as oil. Unchecked oil exports resulted in the appreciation of the local currency and undermined export competitiveness.

Agriculture, which accounted for more than 70 per cent of the workforce, received only 13.6 per cent of planned capital expenditure. Worse still, the agricultural sector received only 9.8 per cent of total actual expenditure. Moreover, marketing boards continued to impose taxes on agricultural export commodities, which clearly seriously disadvantaged the peasant farmers who were the main producers of and contributors to agricultural development. The problem was further compounded by the overvaluation of the Nigerian currency, which effectively imposed an additional tax on exports while also subsidizing imports of food and other items, thereby undermining the competitiveness of local producers including those in the agriculture sector.

### **2.2.2.2 Cameroon**

Cameroon's first five plans (1960-1982) implemented under President Ahmadou Ahidjo aimed, among other things, at establishing appropriate economic and social structures for industrialization and economic transformation, improving welfare and living conditions, and reducing regional disparities in education and health. The evidence shows that the post-independence development plans achieved most of their targets. Real GDP annual growth rate increased from 0.2 per cent in 1960-1973 to 5.0 per cent in 1973-1980. By 1980 average annual per capita income was double what it had been in 1960. The GDP structure for 1984 reflects a predominance of the secondary sector (34.6 per cent) over the primary sector (22 per cent) and the tertiary sector (30 per cent) (Summers and others, 1999).

### **2.2.3 Structural adjustment programmes from the mid-1970s to the 1990s**

The second period began with the implementation of the structural adjustment plans supported by the International Monetary Fund and the World Bank. The Fund provided concessional financing through a range of lending facilities that evolved over time. From the mid-1970s to April 1986, financing was provided through The Trust Fund, which was replaced by the structural adjustment facility in March 1986. The structural adjustment facility was in turn replaced by the enhanced structural adjustment facility in December 1987, eventually being transformed into a permanent and primary facility for assistance to low-income countries in 1996. The World Bank provided adjustment loans in support of structural adjustment plans. Although originally intended to focus on macroeconomic policy reforms, such loans evolved



to focus more on financial sector and social policy reform and on improving public sector management.

Structural adjustment programmes gained prominence following the international petroleum crisis in 1973 and 1974, and reflected an ideological shift towards neoliberal thinking. Developing nations, particularly those seeking aid from the West, were invariably required to adopt the neoliberal paradigm of development. It was in this policy environment that 29 African countries (World Bank, 1994) adopted and implemented, in varying degrees and time periods, the so-called structural adjustment programmes.

The type of structural change embraced by these programmes does not refer either to changes in sectoral shares of GDP, or to movement from low to high productivity activities within and across sectors. Rather, it refers to structural change from public sector-dominated economies to economies driven by the private sector.

The most typical features of the structural adjustment programmes were fiscal austerity, macroeconomic stabilization, privatization of state-owned enterprises and market liberalization. Macroeconomic stabilization involved reducing public expenditure, increasing government revenue and reducing social services. The social costs of structural adjustment programmes were high. For instance, studies have shown that they worsened the nutritional status of children, increased the incidence of infectious diseases, and raised infant and maternal mortality rates. Such effects followed from the insistence on cuts in public health spending to address fiscal imbalances.

Furthermore, the downsizing of the public sector institutions and massive privatizations led to net job losses. Most importantly, the structural adjustment programmes failed to yield the envisaged growth outcomes, as annual economic growth for Africa over the 1990s averaged only 2.1 per cent.

Of the 10 African countries under review, 6 implemented structural adjustment programmes: Cameroon, Ethiopia, Ghana, Nigeria, Tunisia and Uganda. From the early 1980s to the mid-1990s Uganda and Ghana carried out structural adjustment programmes for extended periods of time compared to some other countries like Nigeria, whose structural adjustment programme was in place only for the period 1986-1993.

Cabo Verde embarked upon its structural adjustment programmes in 1991, after the introduction of multi-party elections which brought into power the opposition party, Movimento para a Democracia. The new Government quickly embarked on a neoliberal economic reform agenda focusing on the stabilization, privatization and liberalization of the economy (Rodrik, 2006). State-owned enterprises were privatized and the economy was deregulated in accordance with the 1992 privatization law and the 1993 investment laws. One sector that was quickly deregulated was the banking sector. Trade liberalization and measures to attract foreign direct investment were also introduced. Foreign direct investment inflows, particularly to the tourism sector, increased as a result of the privatization programme, especially in the early phase. Other sectors to be quickly privatized included telecommunications, water and energy. By the late 1990s the Government had relinquished control interests in most state-owned enterprises.

The privatization programme injected resources into the economy and boosted growth in the early 1990s. However, the privatization process also resulted in the transfer of public monopolies into private hands, as it was launched before the necessary regulatory apparatus had been established. Consumers accordingly faced higher prices and lower market access, reflecting lack of competition and ineffective regulation. Furthermore, several state activities supporting specific sectors of the economy were either terminated or scaled down during this period. In particular, the rollback of the agricultural extension service reduced agricultural productivity, which was held back by the country's limited rainfall and rugged terrain. Nascent state efforts to promote information and communications technology through the Instituto Nacional de Apoio ao Desenvolvimento Informático and renewable energy via Instituto Nacional de Inovação e Tecnologia were stopped prematurely by the closure of these institutions that had been created in the 1980s. These closures compromised the country's efforts to promote technological development and innovation in agriculture.

Planning during this period was indicative, with the Government sketching out the broad contours of its developmental vision in what was called the grand options of a plan, outlining the context within which market forces would determine the pathway towards that vision. The institutional framework for planning also changed in 1992, when the Government separated planning from cooperation. Cooperation was merged with the Ministry of Foreign Affairs, while planning was merged with the Ministry of Finance. The separation of planning from cooperation effectively disconnected resource mobilization from planning. The result was to place those lacking the

necessary knowledge about national needs in charge of negotiating with donor partners, thus compromising the alignment of donor resources with national priorities. Furthermore, the merger of planning with the Ministry of Finance weakened planning in terms of both resources and influence.

The policy shifts, especially regarding privatizations, initially boosted revenue and growth. However, during the second term of the Government, in the late 1990s, Cabo Verde experienced major macroeconomic disequilibrium with high deficits. Meanwhile, many development partners began to streamline their operations and support. The Government responded by signing an exchange rate accord with Portugal in 1998, which included the pegging of the Escudo to the Euro as of 1 January 1999. Linked to the accord were several policy conditions, including adherence to yet another International Monetary Fund adjustment program. The fixed exchange regime reduced exchange rate risks for investors, but also reduced the policy options for Cabo Verdian authorities, bringing into sharp focus the continuing influence of western nations in African countries.

Cameroon also implemented structural adjustment programmes between 1988 and 2003. Similar to such exercises in other countries, Cameroon was required to stabilize public finances, rationalize management and staff in the public sector, streamline the banking sector, liberalize the markets and aim for macroeconomic balance. However, although these measures were adopted, the economy never took off. On the contrary, the average annual GDP per capita growth rate over the period 1981-1999 was negative (-0.4 per cent).

Ethiopia was a latecomer in adapting and implementing SAPs. It was not until after the fall of the Derg Government in 1991 that the country adopted the structural adjustment programme. By that time, however, there was already a general understanding of the negative consequences of government spending cuts and structural adjustment programmes in general. Ethiopia consequently complemented the regular structural adjustment programmes with a mitigation programme called the social dimensions of adjustment. However, development planning was still scaled down considerably during this era. When it was obvious, by 2000, that the economy was not really responding to structural adjustment programme treatment, Ethiopia turned to poverty reduction strategies, while also integrating the Millennium Development Goals into its national development plans.

Ghana started implementing structural adjustment programmes in 1983 by way of three economic recovery programmes (ERPs), which continued until 2000. The first ERP (1983-1986) focused on macroeconomic stabilisation, while the second (1986-1989) focused on privatization, retrenchment of the public sector and exchange rate liberalization. The third programme (1990-2000) emphasized institutional reforms with a focus on the civil service (Killick, 2010).

The initial years of structural adjustment programmes implementation yielded some positive results in terms of real GDP growth (5.7 per cent between 1984 and 1989) and export growth (2 per cent in 1984, compared with a decline of 27.8 per cent in 1983) and significant but not altogether satisfactory declines in inflation (down from 123 per cent in 1983 to 25 per cent in 1989) (Kapur and others, 1991; Jebuni, 1995).

However, these gains were subsequently eroded in the 1990s. Firstly, real GDP growth decelerated from the 1984-1989 average of 5.7 per cent to an average of 4.3 per cent over the period 1990-1993. The rate of inflation also increased sharply from 25 per cent in 1989 to 37.2 per cent in 1990, while the current account deficit, which had averaged around 1.8 per cent of GDP during the 1984-1989 period, increased sharply to 4.4 per cent of GDP in 1990 (Jebuni, 1995).

Most importantly, the reform programme failed to tackle the critical socioeconomic issues of unemployment, access to social services, poverty and economic transformation. The share of manufacturing in the GDP declined from 14.2 per cent in 1975 to 10.2 per cent in 1990, reflecting an era of de-industrialization. Furthermore, the introduction of user-fees in schools and hospitals restricted access to such services by the poor. Many workers lost their jobs as a result of the retrenchment of the public sector without mechanisms to smooth their transition to alternative sources of income. Between 1983 and 1989 the Government laid off 29,052 public sector employees, as well as 34,500 Cocoa Board workers. Employment in the large- and medium-scale formal sector fell sharply from 464,000 in 1985 to 186,000 in 1991 (Jebuni, 1995). Trade liberalization also resulted in significant job losses, particularly in the textile sector, thus contributing to an increase in the aggregate unemployment rate. While the devaluation of the currency benefited exporters by increasing the local currency equivalent of their earnings, the same policies disadvantaged urban workers by increasing the cost of imported consumer goods (Kraus, 1991).

The impact of structural adjustment programmes on manufacturing and food crop agriculture is illuminating.

Devaluation increased the price of imported inputs, while tight monetary policies reduced liquidity and increased borrowing costs for manufacturers. The removal of subsidies on inputs such as insecticides further increased input prices, in turn adding to the cost burden of farmers. Overall, the key beneficiaries of the structural adjustment programmes included the mining sector, which attracted greater investments due to the easing of restrictions on the repatriation of profits and lower corporate taxes. Gold mining, in particular, rebounded with foreign capital inflows rising by 52 per cent in 1989 relative to 1983. Cash crop exporters, particularly cocoa producers, also benefitted from increased earnings due to devaluation and the policy of raising producer prices.

Nigeria's structural adjustment programme period was initially intended to last two years, from 1986 to 1988), but lasted until 1993. Nigeria's structural adjustment programme, like that of other African countries, had most, if not all, of the standard features of International Monetary Fund-World Bank adjustment packages (Obadan and Ekuerhare, 1989). The key features included familiar measures such as exchange rate or currency devaluation, the liberalization of economy and trade, the abolition of agricultural commodity marketing boards, cut-backs in extra-budgetary spending, the adoption of tight fiscal policy, reduction in subsidies, and the privatization and commercialization of public enterprises, as well as staff rationalization in government ministries, departments and agencies. Although structural adjustment programmes did bring some salutary gains, structural adjustment programmes were largely unsuccessful in addressing the country's fundamental problems, particularly inflation and the continuing depreciation of the currency (Obadan, 1993).

Although development planning was initially abandoned after the introduction of structural adjustment programmes, Nigeria then reintroduced it in 1990, in tandem with the implementation of structural adjustment programmes. A unique feature of development plans during this era was that they were rolling plans of a relatively short duration, from three to five years, unlike the fixed term plans that had predated the structural adjustment programmes. Furthermore, the rolling nature of such plans made them more flexible; they could be extended at the end of their cycle to take into account uncompleted activities. About twelve rolling plans were implemented between 1990 and the early 2000s, when they were replaced by the national economic empowerment and development strategy.

Seychelles was never a candidate for structural adjustment programmes. However, in 2013, it concluded an International Monetary Fund programme initiated in 2008 to address an acute balance of payments and debt crisis. Its external public debt represented approximately 150 per cent of GDP (US\$ 808 million) in 2008, of which some US\$ 313 million was in arrears, mostly to Paris Club creditors (IMF Country Report No. 08/365, December 2008). While the country's programme with the International Monetary Fund is similar to the structural adjustment programmes experienced by most African countries, it was able to receive assurances from the IMF that key elements of its social safety net would be retained under the programme. Moreover, as part of the programme, Seychelles received debt relief from the Paris Club. The balance of its other debts were rescheduled with no capital repayments required until mid-2014.

After more than 15 years of structural adjustment programmes and the mixed results which they have delivered, most African countries returned to medium- and long-term planning after 2000.

### 2.2.4 Return to planning: late 1990s to present

The third economic planning period began just before the 2000s. By the late 1990s dissenting voices against structural adjustment programmes were growing ever-louder. In 1997 structural adjustment programmes came under scrutiny in the context of the structural adjustment participatory review initiative, a joint review by the World Bank and a network of civil society organisations in ten countries. Meanwhile a wide coalition of aid agencies, trade unions, churches and pressure groups called Jubilee 2000 advocated for debt relief and cautioned against linking debt cancellation to externally imposed conditions such as structural adjustment programmes. Under mounting pressure the World Bank and the International Monetary Fund launched the heavily indebted poor country initiative in the spring of 1996, to cancel the debts of eligible poor countries. In an apparent effort to delink debt relief from donor conditions countries eligible for highly indebted poor country status were required to formulate poverty reduction strategies that spelled out country-owned initiatives addressing poverty. International Monetary Fund support for the poverty reduction strategy process was channelled through a new facility called the poverty reduction and growth facility, which replaced the enhanced structural adjustment facility in 1999.

Development planning re-emerged with the introduction of poverty reduction strategies, initially

as a condition for debt relief, but continuing even after countries had completed their highly indebted poor country programmes. In this context, countries designed medium-term plans and long-term visions, initially within the framework of poverty reduction strategies, but subsequently expanded their focus to inclusive growth, structural transformation and wealth and employment creation. After the introduction of the Millennium Development Goals in 2000, their integration into national planning frameworks became a priority for most African Governments.

Almost all African Governments are currently implementing a medium-term planning framework. A number of these Governments are distilling medium-term plans from a long-term development plan or vision. For example, Cameroon has Vision 2035, a results-based plan which aims at transforming the country into a middle-income industrialized country through three periods of planning, while Uganda's Vision 2040 seeks to transform Uganda society from a peasant society to a modern and prosperous country within 30 years. The key elements of Nigeria's Vision 20:2020 are the optimization of human and natural resources for rapid economic growth, and translating growth into equitable social development for all citizens.

The country cases illustrate the evolution in the focus of planning since the introduction of poverty reduction strategies. Planning in South Africa was initially strongly oriented towards poverty reduction. A notable feature of the 1994-96 reconstruction and development plan, for example, was its early move to tackle poverty, unemployment and inequality. However, during the period 1997-2005, the growth, employment and redistribution plan worked on

fiscal and monetary measures to promote growth, industrial development and employment, while also reducing inequality through social protection and income redistribution. Post-growth, employment and redistribution planning has focused on outcome-based rather than input-based approaches to development planning.

Ghana's post-structural adjustment-based development plans have similarly evolved from a focus on poverty reduction in the early 2000s to a current emphasis on growth and transformation. Uganda also recognized the need to go beyond poverty by developing a more all-encompassing development plan known as the national development plan" whose major emphases are on wealth creation, employment growth and socioeconomic transformation. The plan was adopted for the fiscal years 2010/11 to 2014/15.

Cabo Verde is somewhat of an outlier when it comes to the post-structural adjustment era of development planning in Africa. The country has not only graduated from least developed country status, but has continued to moved rapidly up the income scale, from an annual per capita income of US\$ 170 in 1975, to US\$ 3320 in 2012 (2005 constant prices). The country also ranks twelfth on the human development index. While poverty reduction continues to be an important development objective, the Government's broader agenda is to build a more competitive economy by utilizing the nation's strategic location to become an international platform/hub for high value-added services. The idea is to build core economic clusters around tourism, the maritime economy, agribusiness, finance, information and communication technology, the aero business and the creative economy.

Similarly, because Seychelles is already an upper middle income country with the highest human development index ranking in Africa (0.8 versus 0.463 in Africa, excluding North Africa), poverty reduction is no longer a primary focus of its planning framework. Nonetheless the country's development priorities continue to evolve. While the medium-term development plan "Seychelles Strategy 2017" focuses on increasing living standards by doubling nominal per capita income in ten years, and on improving debt sustainability by reducing public debt to 60 per cent of GDP) the successor Medium-Term Development Strategy places greater emphasis on environmental sustainability and the promotion of blue and green economies (African Development Bank, Organization for Economic Cooperation and Development and United Nations Development Programme, 2014).

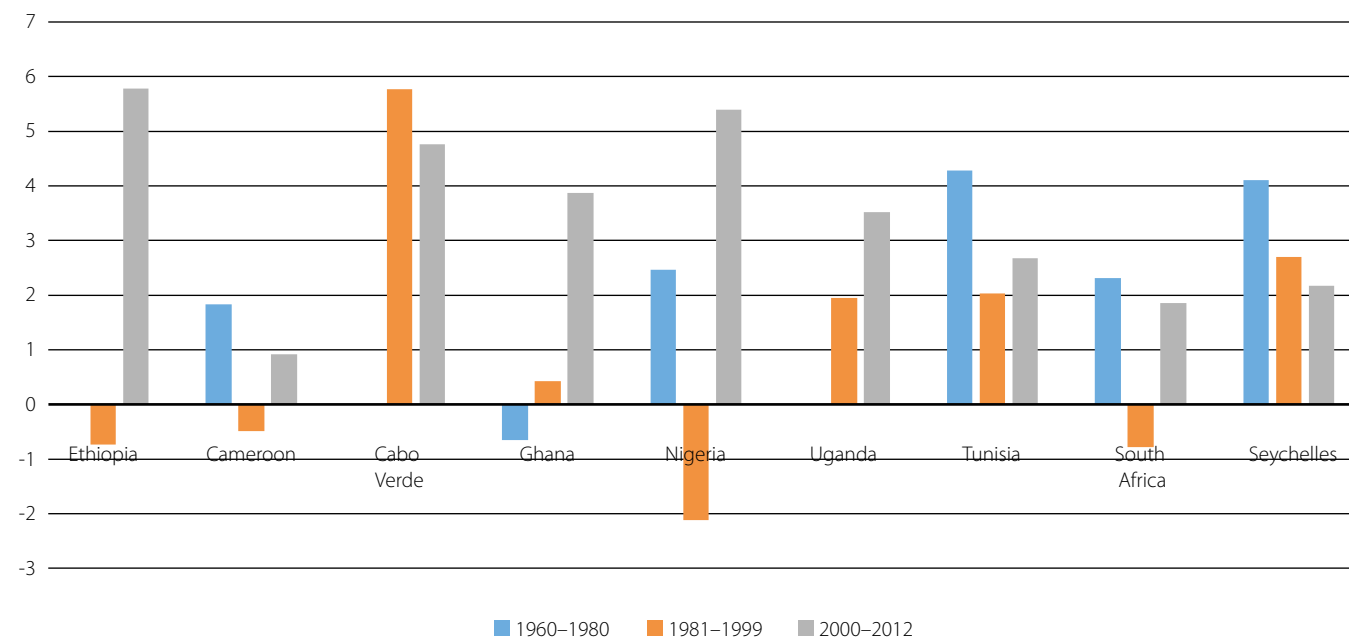
In Egypt, a newly established central planning organization called the planning committee was tasked with the responsibility of drafting the new 10-year development plan. The plan, which will provide a long-term vision to guide the implementation of three medium-term plans, is intended to realize social justice by doubling of Egypt's national income within a decade and achieving full employment. The planning committee was also established to provide a structured mechanism for dialogue among stakeholders. The committee was also tasked with reconciling the varied interests of stakeholders into a coherent voice to strengthen plan design, implementation and monitoring. Borrowing from the Malaysian model, the Government established a new structure called the strategic national project execution unit under the Ministry of Planning to strengthen the link between planning and implementation.

Overall, an assessment of development planning outcomes in Africa reveals that average GDP per capita incomes were relatively higher in the post-independence period than in the era of structural adjustment. Approximately 40 countries experienced average per capita income growth of 2.3 per cent or more during the 1970-1973 pre-structural adjustment period compared to fewer than 20 in the 1908-2000 structural adjustment period itself. More striking is the fact that 50 African countries experienced either no growth or negative growth during the era of structural adjustment compared to 11 or fewer after that. Similarly, the post-structural adjustment era has been characterized by relatively higher growth rates

than the structural adjustment era itself (Economic Commission for Africa, 2011).

Aggregate figures such as those in the above paragraph do, however, mask country-level performance during the three planning periods. Figure 1 presents the average GDP per capita growth rate during the three planning periods. Of the nine country cases studied, four (Cameroon, Ethiopia, Ghana and Nigeria) experienced near zero to negative real GDP per capita growth rates during the almost the 20 years of structural adjustment policies.<sup>10</sup> This is significant in terms of its negative developmental impact. Cameroon, Seychelles and Tunisia have not been able

**Figure 1:** GDP per capita growth (annual average, percentage)



**Sources:** Authors' calculations based on WDI 2014.

<sup>10</sup> South Africa has been excluded, as it did not experience structural adjustment.

to return to their pre-structural adjustment growth rates, while has proved possible in countries such as Ghana and Nigeria.

## 2.3 Perspectives on development planning in Asia

Most Asian countries in our study have experienced a major shift in recent decades which can be compared to African experiences with structural adjustment plans in the 1980s. They have reduced the role of the state in directly managing production activities, increasingly orienting themselves toward more liberal export-oriented economies and institutionalised mechanisms for dialogue, particularly between the public and the private sectors. Development planning has also become less centralized and more concerned with filling gaps in areas where market failure persists. Asian Governments nevertheless continue to play an active role in their economies which includes both facilitating and controlling private sector activity.

## 2.4 Conclusions

After experimenting with centralized planning in the post-independence era, most African countries are now opting for a mixed economy approach to planning. Regardless of the approach adopted, African countries have yet to realize their vision of economic transformation. External shocks and weak economic management resulted in macroeconomic instability and debt build-up during the first era of planning, compelling several African countries to subscribe to the structural adjustment programme of the International Monetary Fund and the World Bank.

The impact of structural adjustment programmes on growth was, however, short-lived; growth declined, poverty increased and most countries experienced de-industrialization. In response to the social costs of adjustment poverty reduction strategy programmes were introduced in the late 1990s, and also constituted a precondition for debt relief under the highly indebted poor country programme. In the aftermath of poverty reduction strategies, there was a resurgence of development planning, with an initial focus on social development and an overriding emphasis on the reduction of extreme poverty. While this period was associated with improvements in macroeconomic stability and growth, structural transformation related to poverty reduction remained embryonic, if not elusive. Development planning is consequently now evolving from its initial narrow focus on poverty reduction to a much broader objective of inclusive growth underpinned by structural economic transformation.

Moving forward and drawing lessons from past experiences, how can policymakers better support Africa's structural transformation through planning? What lessons can be learned from the development planning experiences of African countries to date? To what extent do the experiences of Asian countries provide insights for Africa's development planning process? These questions are the focus of discussion in the remaining chapters of this study, which will draw lessons from development planning experiences based on an analysis of the following phases of the planning cycle: consultation; implementation, including institutional arrangements, and links to the budget; and monitoring and evaluation.



## Chapter 3: Promoting inclusive planning

### 3.1 Introduction

The Arab awakening in 2011 is a poignant reminder that inclusive growth is not merely a moral platitude, but an imperative for sustainable development. In the context of development planning the Arab experience calls for a more inclusive planning process operationalized through an institutionalized mechanism for consultation and dialogue with all stakeholders.

Consultations are an important mechanism for mobilizing support, buy-in and ownership of development plans, especially when they take on board the views, aspirations and priorities of a broad range of stakeholders at the national and sub-national levels. Through consultations the broad priorities of a development plan are identified and the commitment of stakeholders to implement the plan is more likely to be secured. The scope and depth of consultations in Africa's development planning history have varied by country and over time. Overall, development planning in Africa is experiencing a paradigm shift from the days when plans were devised with little or no

consultation, to a greater appreciation of its relevance in recent years. The logic of the post-independence era was that the legitimacy of a development plan is largely a function of its ability to deliver results. Little faith was placed in the capacity of the private sector and civil society as constructive partners in the design and implementation of development plans. The private sector was often not trusted, and civil society organisations were sometimes viewed as not truly representative of the interests of local communities. In recent years however, ownership, whether perceived or real, of development plans derived from consultations is increasingly becoming the gauge of its legitimacy. The challenge of ensuring that consultations are credible does, however, remain.

Credibility is enhanced through bottom-up or inclusive consultative processes where civil society and private sector actors are equal partners with Governments in shaping the vision and priorities of the development plan in the early stages of its conceptualization. Bottom-up processes solicit inputs from "low"-level actors to guide or provide constructive feedback that informs the final outcomes.

Assessing the inclusiveness of consultations is a complex and subjective exercise because it raises at least the following four key operational issues and questions concerning: the optimal number and breadth of consultations; the most appropriate consultation format for optimal public input; the capacities of stakeholders to engage meaningfully in the process; and the readiness of technocrats to accommodate changes in the content and direction of the plan that have been recommended by consultations (Tuffour, 2008).

Notwithstanding these issues, few would disagree that bottom-up consultation processes tend to be more inclusive than top-down processes. In practice, Africa's experience has evolved from a top-down process to an increasingly inclusive process that can best be described as a managed iterative process that is strongly influenced by externally defined development agendas such as poverty reduction strategy programmes and Millennium Development Goals.

### 3.2 Consultations in the post-independence era

With few exceptions the early period of planning in Africa was characterized by top-down consultation processes, with bureaucrats and technocrats assuming almost full control of the process. Stakeholders largely played the role of validating and implementing preconceived plans during this period of centralized planning; ownership of development plans invariably resided with Governments and not with the country as a whole. This can largely be explained as follows: the wide disparity between governing elites and large impoverished populations in terms of standard

of living; the centralized decision-making apparatus of Governments; the absence of strong non-governmental organizations; and distrust of the private sector.

Post-independence planning in Ghana, for instance, was largely a top-down process. The first seven-year development plan and successive plans were designed and operationalized by a closed circuit network of politicians and senior bureaucrats supported by development partners. Non-governmental actors played little or no noticeable role in the design and implementation of development plans during this period. Uganda's experience was no different. In the early years of planning, in the period 1962-1969, the process was mainly driven by technocrats in the Ministry of Planning and Economic Development, with minimal consultation outside government.

Similarly Nigeria has a history of top-down consultation processes dating back to the preparation in 1946 of the colonial Ten-Year Plan of Development and Welfare, which was designed under the general direction of a small central development board consisting exclusively of senior colonial government officials. Although stakeholder engagement in the planning process improved somewhat after independence, the process remained largely top-down, and invariably failed to reflect the preferences and wishes of the intended beneficiaries in local communities, villages, towns and cities.

In Ethiopia, extensive local-level consultations were organized during the preparation of development plans under the socialist military Government (1974-90). However, the process was participatory only to the extent that it was conducted within the structure

of the governing party. The downside of this top-down decision-making process was demonstrated by the Government's unsuccessful attempt to implement Resettlement and Villagization programmes in the country. As discussed in chapter 2, these programmes sought to minimize the impact of the 1985 and 1986 famines through community resettlement. However, it failed due to lack of consultation with and ownership by the affected constituents. Far from benefiting agricultural productivity, the villagization programme also caused a decline in food production.

Stakeholder consultations on Seychelles's national development plan were largely restricted to the public sector during the so-called One Party Era (1976-1991). The private sector and civil society organizations were marginalized in the consultations process. One of the factors accounting for the exclusion of the private sector was a lack of trust arising from the perception that it was affiliated with the political party then in opposition. The two institutions that represented the private sector (the Seychelles Chamber of Commerce and Industry and the Federation of Employers) were mostly dominated by the wholesale and retail trade business communities, which were not trusted because they were perceived to be adversaries of the ruling party.

In contrast to what happened in most African countries, the early phase of development planning in Cabo Verde has been described as a genuinely consultative process guided by the philosophy of citizens' engagement and the accurate reflection of their views in the plan, even though the system of governance was not pluralistic. The planning process therefore created spaces for engagement and consultations with various stakeholders. Meetings

and consultations were normally held across the various municipalities over a sustained period of time, with civil society and municipal authorities engaged in identifying problems and proposing solutions and projects. This fed into organized dialogue within the national council of the ruling party, as well as in parliament and society.<sup>11</sup> These efforts formed the basis for formulating plans and developing projects that were then submitted to donors for funding. The process was helped by the relatively small size of the population at that time, which made it easier to engage a large proportion of the society. Consultations were broad-based, encouraged inputs into the planning process and allowed for feedback on project performance.

It is noteworthy that Cabo Verde's municipalities are not legally required to implement the national development plan, but are legally guaranteed the freedom to pursue their own plan. Despite the coordination costs, this institutional arrangement exerts pressure on national authorities to ensure that consultations on the national plan are broad-based and genuinely reflect the aspirations, concerns and priorities of municipalities and civil society.

### 3.3 SAP era consultations

The conditions imposed during the structural adjustment era single out this period as one of those least characterized by consultative planning processes. To the extent that consultations took place during this era they were limited to discussions between

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<sup>11</sup> The Parliament was partly representative, because as many as 30 per cent of lawmakers were not members of the ruling party (Baker 2006).

various levels of government and the Bretton Woods institutions.

### 3.4 Post-poverty reduction strategy consultations

It was not until the introduction of poverty reduction strategies in the late 1990s that consultations became a standard feature of development planning processes. Poverty reduction strategies were underpinned by the following five principles. They were: country driven or country owned; results-oriented; comprehensive; partnership oriented; and long term in orientation (Armah, 2008a). The principle of country ownership of poverty reduction strategies required signatory countries to ensure broad-based participation by civil society and the private sector in all operational aspects of their strategies. The poverty reduction strategy framework did not, however, prescribe how consultations should be carried out, nor did it establish guidelines defining an optimal or an ideal process. This important level of detail was left to the discretion of each Government.

The consultative approach to the design of Uganda's poverty eradication action plan<sup>12</sup> reflects several features of a bottom-up process that are anchored in the constitution, which specifically provides for the involvement of stakeholders in the formulation and implementation of development plans. Furthermore, the constitutionally-mandated National Planning Authority, created in 2002, includes representatives of central government, local government and stakeholders with a view to encouraging and supporting national economic development and

providing a permanent forum for dialogue between government, civil society and the private sector.

While the Ministry was revising the poverty eradication action plan in 2000, it established a steering committee to oversee its preparation and implementation. Civil society organisations were represented in the steering committee through a poverty task force which they had established. Civil society organisations also influenced the poverty eradication action plan through their participation in sector working groups which were instrumental in the preparation of sector strategic plans, otherwise known as sector investment plans, which provided a framework for identifying development priorities and funding requirements at the level of each sector of the economy. For instance, the Economic Policy Research Centre, an independent research institute, and the National NGO Forum, an umbrella organization of national NGOs, participate in National Planning Authority and sector working group discussions on the formulation of the national budget. In effect, sector working groups civil society organisations not only played substantive roles in the design of the poverty eradication action plan, but were instrumental in ensuring its links to sectoral priorities and budget and expenditure frameworks.

The poverty eradication action plan era also institutionalized mechanisms for private sector engagement in the planning process. Government representatives met regularly with the Private Sector Foundation Uganda, an umbrella organization comprised of 66 business associations and corporate bodies. Through this foundation private sector representatives were able to participate in the

<sup>12</sup> The poverty eradication action plan was first designed in 1997.

preparation of the medium-term competitive strategy for the private sector, and could influence its policy content. There is also a private sector budget working group.

The Uganda Participatory Poverty Assessment Project was an important instrument for capturing the development perspectives of poor Ugandans, at both district and national levels, in the design and implementation of the poverty eradication action plan. The project was a partnership between the Government of Uganda (represented by the Ministry of Finance, Planning and Economic Development), local governments, NGOs, academic institutions and donors. The project helped to mobilize a large number of non-government actors. By 2001 it was estimated that approximately 5,000 NGOs were engaged in monitoring the poverty eradication action plan. As the plan evolved, some NGOs developed alternative frameworks on this subject, for example in 2004/05, which largely provided a point of entry for informed debate and engagement on the performance of the plan (Office of the Prime Minister, 2008).

Since the winding down of the poverty eradication action plan, the space for civil society organisation interventions and engagement has continued to shrink as government has continued to view them as agencies funded from abroad, which are accordingly perceived as not accountable to any government institution and as largely pursuing interests that are sometimes contrary to government policy. The most recent mid-term review of Uganda's national development plan observed that civil society organisations now view the plan largely a government document, and urged that the next plan should be a broader Uganda development document.

There is some evidence of a positive transformation of the consultation process in Nigeria in recent years. The preparation of the national economic empowerment and development strategy in 2004 attracted a much wider level of stakeholder participation than the earlier plans. Stakeholders included members of the national legislature; the organized private sector; labour unions and professional associations; the Council of Elders; civil society organisations; independent think tanks and consulting firms; and “thousands of Nigerians who participated in workshops throughout the country”.

The Nigeria Vision 20:2020 has also been described as the result of a bottom-up process involving a broad range of stakeholders. However, without additional information on their roles in the process and on the scope of their participation, it is difficult to gauge the level of inclusiveness of the process.

Public participation in Ghana's policy-making process also improved after the transition to multi-party democracy in 1992. The 1992 constitution enjoined the State to “give possible opportunities to the people to participate in decision-making at every level in national life and government”. Moreover, as in the case of Uganda, the structure of the national development planning commission created space for consultations on development plans through the composition of its cross-sectoral planning groups, which include a broad range of stakeholders including representatives of key ministries, relevant private and public sector organizations and individuals selected for their sector-relevant skills and knowledge.

The improved structures for public participation contributed to the extensive consultations that

framed the design and implementation of the Ghana's poverty reduction strategy. The consultation process lasted well over a year, and solicited the views of a cross-section of stakeholders identified by various characteristics: gender, political affiliation, educational and occupational background, skills, and religious affiliation. The consultation process aimed to: solicit feedback on the draft planning document; identify additional poverty-related priorities; identify obstacles in addressing poverty; and identify options for addressing such obstacles or challenges. Consultations were also held at the sub-national level to ensure grassroots participation. The poverty eradication action plan commission also solicited and received written comments on the draft document. In all, there were 106 questions and comments (Amoaku-Tuffuor, 2008).

Notwithstanding progress made towards inclusiveness and ownership, the quality and depth of poverty reduction era consultations varies by country. Consultations tend to be relatively more top-down or managed in countries where the political system is less pluralistic. For instance, under Ethiopia's post-1991 Ethiopian People's Revolutionary Democratic Front, the Government attempted to broaden the consultation process associated with the poverty reduction strategy, while at the same time actively seeking to control the nature, magnitude and outcomes of the consultations.

Egypt's planning process during the design of its sixth five-year plan for the years 2007-2011 has been identified as a particularly non-inclusive exercise with minimal input from civil society and labour organisations, the private sector and other key stakeholders. The plan was initially drafted by

university scholars and finalised in a division of the Ministry of Planning, without official "outside contacts" (Sakamoto, 2013). To the extent that the private sector interacted with government it was on an ad hoc basis, through informal channels of communication. In the effective absence of an institutionalized mechanism for dialogue between government and stakeholders, informal mechanisms engendered untransparent relationships and fostered corruption.

### 3.5 Consultations in the current era of planning

While few would dispute the importance of country-ownership in the planning process, the fact that the concept of a poverty reduction strategy concept did not emerge from national consultation processes, but was externally imposed, contradicted the very principle of ownership. At best, in this context, ownership is a narrowly defined concept; confined within the boundaries of a predetermined external agenda.

In effect, although planning frameworks may be consultative they may also be externally driven, and hence only conditionally owned. Africa's experience with poverty reduction strategy programmes is a case in point, as can be seen in the case of Uganda. Notwithstanding the depth of the consultations underpinning the drafting of the poverty eradication action plan the general perception was that poverty reduction strategy programmes were externally imposed. To assuage these concerns government, civil society organisations and donors agreed to a set of guiding principles aimed at enhancing ownership. These principles included the following key requirements: donor funds must be aligned with the

poverty eradication action plan; donor funds should be channelled through the budget and preferably through budget support; and donors had to inform government of the funds channelled to civil society organisations. Ultimately however, the narrow focus of the poverty eradication action plan on poverty eradication contributed to its abandonment in favour of a more nationally inspired agenda of structural transformation.

Apart from the fact that consultations occurred within the context of a predetermined development agenda of poverty reduction, Ghana's experience also highlights another fundamental gap in the poverty reduction strategy consultation process. The macroeconomic framework which sets out the details of the fiscal and monetary tools for poverty reduction was developed by the International Monetary Fund and World Bank without the benefit of public consultations. These developments occurred even though the structural adjustment era had demonstrated the potentially damaging socioeconomic effects of ill-conceived macroeconomic policies. Hence, isolating the macroeconomic framework from the consultation process undermined the very spirit and essence of country ownership, and called into question the grass-roots orientation of the process.

The establishment of the planning committee in Egypt has provided a formal platform for mobilizing the collective wisdom of the nation for consensus building and inclusive growth. It provides a space for public-private sector dialogue and opportunities for limiting corruption. Egypt is currently embarking on a path of inclusive planning to forestall a repeat of the events of 2011 and beyond.

## 3.6 The Asian context

The robustness of the consultative processes that underpin development planning varies across countries in Asia. Nevertheless, the so-called Tiger East Asian tiger economies of the 1960s and 1970s were the first group of post-independence countries to develop strategies for inclusive growth. These strategies were designed, implemented and monitored by central planning agencies, and evolved through a process of dialogue between governing elites and their societies (African Development Bank, 2012). The central objectives of the inclusive growth strategy were job-rich growth and transparent mechanisms for wealth sharing such as universal primary and secondary education, rural development and access to basic health care. However, the implementation of these policy measures was only ensured because East Asian Governments had developed accountability mechanisms ensuring that public investments and services reached their intended beneficiaries (African Development Bank, 2012).

### 3.6.1 Japan

Japan's Economic Councils have played an important role in ensuring broad stakeholder participation in the design of the country's economic plans. The country has developed 14 economic plans since the Second World War: the first group of plans focused on reconstruction and independence; the second targeted rapid growth; the third aimed at balancing economic growth with social development; and the fourth cluster of plans prioritized stable growth.

The Economic Councils have been an important mechanism for promoting dialogue between the public

sector and non-governmental actors. Established in 1952 and located in the Ministry of Economy and Trading Industry, the Economic Council is an advisory body of the Prime Minister tasked with the drafting of the nation's economic plans. There are currently 115 official councils in Japan. A key function of the Economic Council is to create national consensus and to harness expertise from all sectors for the design of the economic plan. The Council coordinates and harnesses the sometimes conflicting interests of the broad range of stakeholders for inclusive planning outcomes. The design of Japan's income-doubling plan of 1960 was the first occasion on which private sector participation in the planning process was institutionalized and stakeholder roles were clarified.

### 3.6.2 Indonesia

Development planning during the 31-year presidency of Suharto was a centralized top-down process coordinated by the Ministry of National Development Planning, which also coordinated and monitored foreign aid. Six economic plans were implemented during this period including the five-year development plan Repelita, and the 25 year long-term vision. The Ministry of Development Planning was tasked with preparing the national plan as well as with coordinating and monitoring foreign aid. It was not until the fall of the Suharto Government that planning shifted from a top-down to a bottom-up approach. The Development Planning Committee was central to the democratization of the planning process. After the National Development Planning System Law of 2004 formally created a development planning committee, citizens' representatives joined the committee and used it as a platform for engagement in the planning

process. The committee institutionalized citizens' engagement in the planning process. Since 2009 national dialogues with the 32 governors and chief executive officers of the Chamber of Commerce have been organized on a regular basis to build consensus and ownership.

### 3.6.3 Malaysia

The effective implementation of Malaysia's development plans has been credited to the strong leadership and organizational strength of the economic planning bureau, which drafted, monitored and evaluated economic plans in consultation with the office of the prime minister. Four years after independence in 1957, Malaysia created a small economic planning bureau which was attached to the office of the prime minister. The bureau was later upgraded to an economic planning unit, and functioned as a super ministry charged with drafting and reviewing five-year plans. In 1971 Malaysia's second Prime Minister, Najib Razak, established an implementation coordination unit, which was tasked with monitoring planning coordination with key ministries. Both the Implementation Coordination Unit and the Economic Planning Unit were placed under the authority of the Prime Minister, facilitating coordination and unity of purpose. Continuity in plan implementation was further strengthened by Malaysia's fourth Prime Minister (Mahathir), who institutionalized the participation of non-government stakeholders in the planning process, at federal and regional levels. In particular, a system for public-private dialogue was established in 1988 which institutionalized private sector participation in the planning process.



### 3.6.4 China

In China, consultations are organised first through the party, and secondly through public opinion. The heterogeneous composition of the Chinese Communist Party which comprises communists and neoliberals and environmentalists, as well as farmers, businessmen, working professionals and others, facilitates dialogue, albeit within the monolithic party structure.

The experiences of the Republic of Korea and Japan highlight the benefits of private sector involvement in the planning process, particularly as it relates to industrial policy. Business conglomerates, the chaebol and the zaibatsu respectively, have proven to be important for both economic and technological growth and development planning through their business link to industrial policy. Although many have correctly expressed concern about the intimate cooperation between big business and policymakers, one cannot ignore their central role in the economic development of the Republic of Korea and Japan.

## 3.7 Conclusions

There is little doubt that consultations are important for engendering ownership of national development plans. What is less clear is what constitutes an optimal consultation process. The culture of consultations has evolved rapidly in Africa from the post-colonial era of limited consultation to the current stage where it has been institutionalized in constitutions and in the planning process. In parallel, there is evidence of a transformation of the consultation process from a top-down philosophy to one that is becoming

increasingly bottom-up in its orientation. Nevertheless, consultations are by and large a managed process in several respects and for two reasons.

Firstly, the depth of the consultations process is undermined when stakeholders have no voice in defining context for the consultations. This was particularly true of the poverty reduction strategy era of planning, when all participating countries were required to frame their plans within the context of poverty reduction. However, some might contend that, because poverty is a symptom of underdevelopment, development plans ought to have focussed more on causal factors such as structural transformation. However, to the extent that the International Monetary Fund and the World Bank had predetermined the agenda, that debate did not feature prominently in the consultations. Perhaps in recognition of this fact, the focus of development plans in most African countries has shifted to a more internally driven agenda of inclusive growth and structural transformation.

Secondly, the level of engagement with the macroeconomic framework of a development plan is limited, particularly when a Government signs on to an International Monetary Fund programme. Due to the highly technical nature of the subject matter, substantive discussions on the macroeconomic framework are often limited to a narrow range of experts or stakeholders, notwithstanding the fact that the inclusiveness of any consultation process is a function of the extent to which the issues are understood by stakeholders. This condition is often not met in a number of African countries.

To the extent that stakeholders have little or no involvement in designing the macroeconomic framework which essentially predetermines the mechanism for addressing a nation's challenges, their role in the consultation process is limited to problem identification and priority setting. They accordingly play only a limited role in determining the policies for achieving their priorities. The result is often a failure to integrate the macroeconomic framework and with the priorities identified in the plan. A typical example was the decision by the Government of Ghana to liberalize the imports of poultry even though Ghana's poverty reduction strategy sought to promote small and medium scale enterprises including local poultry producers. This apparent incoherence in policymaking resulted from the influence of the International Monetary Fund in determining the macroeconomic framework.

The experiences of Asia suggest that development plans can achieve their targets, at least in the medium term, even if the consultation process is top-down or managed. But it is noticeable that there has been a general shift in Asia towards a more inclusive planning process, including through the institutionalization of mechanisms for dialogue between government and non-governmental stakeholders. The economic pay-off from integrating the private sector in the planning process has no doubt been positive, especially in countries such as Japan and the Republic of Korea. In countries that retain a top-down approach to planning, it remains to be seen whether the outcomes of such processes are sustainable over time. The political upheavals of the Arab spring, Burkina Faso and Haiti should sound a cautionary note on the dangers of non-inclusive structures of development.

# Chapter 4: Plan implementation

## 4.1 Introduction

Even the most well-crafted development plans are unlikely to succeed without an enabling domestic and external environment, institutional capacities and resources to implement the plan. The challenges that African countries have experienced in the implementation of their development plans vary by country and time period. However, there are a number of challenges that are common to most of them. They can be grouped in to five categories: discontinuities and distractions in plan implementation; ineffectual institutional arrangements; misalignments between the budget and the priorities of the plan; overdependence on external resources; weak capacities in the use of planning tools; and weak links between national and sub-national planning and implementation processes. This chapter reviews these challenges in detail, drawing on relevant country experiences. The objective is to strengthen the implementation of development planning in Africa by distilling lessons from the experiences of individual countries.

## 4.2 Challenges in plan implementation

### 4.2.1 Discontinuities and distractions in plan implementation

Development planning in Africa has been derailed by discontinuities and distractions prompted by conflict, constitutional and unconstitutional regime change, and a plethora of externally imposed agendas and conditions that have invariably closed or narrowed the policy-making space. Undemocratic regime changes have occurred in the form of conflict and coups d'état. For instance, six of the ten African countries considered in this paper experienced numerous military coups: Ethiopia, four coups between 1910 and 1991,<sup>13</sup> Ghana, six coups between 1966 and 1983,<sup>14</sup> Nigeria, nine coups between 1962 and 1985,<sup>15</sup> and Seychelles, one coup in 1977,<sup>16</sup> Tunisia,

13 Ethiopia: 1910, 1916, September 12th 1974, November 17th 1974, February 3rd 1977, May 21st 1991.

14 Ghana: military coups took place on February 24th 1966, April 3rd 1969, January 13th 1972, October 9th 1975, June 4th 1979, December 31st 1981.

15 Nigeria: January 15th 1966, July 29th 1966, July 1975, February 13th 1976, December 31st 1983, April 27th 1985, March 1986, April 22th 1990, Nov 17th 1993.

16 Seychelles: June 5th 1977.

three coups between 1957 and 2011,<sup>17</sup> and Uganda, six coups between 1966 and 1986.<sup>18</sup>

In recent years political instability and conflicts have declined, in reducing the threat which they pose to the implementation of development plans in Africa. It is, however, unfortunately true that even democratic changes of government have contributed to discontinuities in plan implementation, either because of the absence of a long-term vision to guide successor governments, or due to the complete absence of anything resembling a vision. Both factors reflect a lack of political commitment. Indeed, it is not uncommon for new governments to replace existing visions with their party manifestos, which operate as de facto development plans. For instance, after Ghana's constitutional change of government in 2000, the country's 25-year long-term development plan dubbed Vision 2020, that had been introduced in 1995, was discontinued after the initial implementation phase (1996-2000) on the grounds that there had been inadequate consultations, including with Ghana's Parliament. In the absence of a long-term vision, the Ghana poverty reduction strategy, which was developed by the new government, became the operational plan. The fact that the poverty reduction strategy was a medium-term plan which could not replace a long-term plan was overlooked.

Discontinuities in planning in Ghana are further encouraged by the constitutional requirement that compels a new government to put together a coordinated programme for national economic and

social development after just two years in office. By not specifying how such new programmes relate to previous development plans this constitutional requirement is open to interpretation, thus leaving room for incoming governments to disregard ongoing development frameworks. The result is a chronic lack of consistency in national development planning, often resulting in discontinued projects and wasteful public investment.

Nigeria's experience in this regard provides useful lessons for development planners. Recognizing the need for continuity the government of Nigeria enacted new legislation to enforce the implementation of its Vision 20:2020 framework. The Project Implementation Continuity Act, for instance, aims to curtail the disruption of project and programme implementation by new governments at all levels. Similarly, the Development Planning Act compels all tiers of government to prepare development plans and to fully implement programmes in accordance with the plans (Government of Nigeria, 2009). Nevertheless, these legislative instruments will require credible enforcement measures if they are to be effective.

Discontinuities also arise when a government signs on to an International Monetary Fund programme requiring policy measures which may not be consistent with aspects of its national development plan. The structural adjustment programmes and poverty reduction strategies introduced by the International Monetary Fund and the World Bank are typical examples of externally motivated development programmes that reduce national policy space and undermine national ownership. However, one cannot divorce such interferences from the actions or inactions of African policymakers. Misguided national

<sup>17</sup> Tunisia: July 15th 1957, November 7th 1987, January 14th 2011.

<sup>18</sup> Uganda: February 1966, January 21st 1971, April 11th 1979, May 12th 1980, July 27th 1985, January 26th 1986.

policies and weak public financial management have often caused macroeconomic instability, ultimately steering such countries into the welcoming arms of the Bretton Woods institutions.

Efforts to align ongoing plans to new global initiatives can also be disruptive and distracting, especially given the limited capacities of such countries. Aligning the myriad of global development agendas such as the Istanbul Programme of Action and the Millennium Development Goals with national development programmes has added additional layers of complexity to the planning process. Notwithstanding the merits of such global agendas, they tend to overburden already weak national planning capacities, especially if they are introduced after a national plan has been developed. In such situations plans have to be retrofitted to be in harmonize with the global agenda. While international development partners have sometimes invested technical and financial resources to assist planners in integrating global agendas into national plans, such measures can be of limited use, with their true cost in terms of disruption to the implementation of existing national plans often being overlooked.

#### 4.2.2 Dysfunctional institutional architectures

Beyond issues of instability, most countries continue to struggle with the challenge of identifying the ideal institutional location for their central planning agency. It is not uncommon for the planning ministry to be merged with the Ministry of Finance and then separated after the marriage sours. Some countries also place the planning agency in the highest office, with the President or Prime Minister. Reasons for the choice of location vary.

The choice of the highest office for the location of the central planning agency is defended on the grounds that it ensures commitment from the highest level of government. Alternatively, locating the planning agency in the Ministry of Finance is often justified on the grounds that it enhances coordination with budgeting and other instruments of economic policy such as taxation and appropriations.

On the other hand, autonomous planning commissions have been justified on the grounds that merging planning with any existing governmental structure undermines the focus on planning. For instance, Finance Ministries tend to be more preoccupied with the exigencies of meeting their short-term funding obligations, and less with the medium to longer term concerns of development planning. Another school of thought is that it is of no consequence where a central planning agency is located. What matters, according to this view, is whether the agency has access to all relevant ministries and agencies involved in development. In effect, "...it is the persons involved, not a planning agencies administrative location, which determines its effectiveness" (Waterston, 1965).

African countries have experimented with a number of the options identified above. Countries where the planning function is integrated with the Finance Ministry or another key ministry include Cabo Verde, Ethiopia and Seychelles.

After Ethiopia's Provisional Military Administrative Council was overthrown by the current government in 1991, the incoming government reconstituted the key plan-related government organs as the Ministry of Planning and Economic Development and the Ministry of External Economic Cooperation.

In 2000 the Government of Ethiopia merged the Ministry of Planning and the Ministry of Finance to create the current Ministry of Finance and Economic Development.

In Seychelles, the central planning agency was initially located within the ministry responsible for Foreign Affairs and International Cooperation because of its high dependence on external resources for development financing. However, in 2012/2013 planning functions were transferred to the Ministry of Finance, a move that is said to have streamlined and optimised the use of scarce human resources, thereby avoiding duplication.

Unlike Seychelles, the merger of planning with Finance in Cabo Verde has been associated with some challenges. Before 1992 economic planning was merged with the Ministry of Development Cooperation, to ensure the alignment of donor funds with national priorities. However, in 1992 the Government separated planning from the Ministry of Development Cooperation. Cooperation was merged with the Ministry of Foreign Affairs, while planning was merged with the Ministry of Finance. However, the separation of planning from cooperation effectively disconnected resource mobilization from development planning. The result was to place those without the necessary knowledge about national priorities in charge of negotiating with donor partners, thus weakening alignment of donor resources with national priorities. Furthermore, the merger of planning with the Ministry of Finance weakened planning in terms of both resources and influence.

Uganda is an example of a case where the central planning body is placed under the leadership of

the highest political office. During the preparation of the national development plan, responsibility for planning was moved away from the Ministry of Planning and Economic Development, which had hitherto played the leading role in the preparation of the first poverty eradication action plan in 1997, to the National Planning Authority, a constitutionally mandated body which reports directly to Parliament and the President's office. In addition, the Chairman of the National Planning Authority is a member of the Cabinet without voting powers. The Office of the Prime Minister is responsible for coordinating the implementation of the national development plan within government, and is responsible for monitoring and evaluating government programmes.

Ghana, Nigeria and South Africa have autonomous central planning agencies located outside the existing key ministries. Established by an act of parliament, the commissioners of South Africa's National Planning Commission are drawn from a cross-section of South African society on the basis of specific skills. Ghana's National Development Planning Commission is mandated by articles 86 and 87 of the 1992 constitution to undertake planning functions.

Nigeria's National Planning Commission coordinates the formulation and implementation of national development plans and strategies. It also plays a leading role in coordinating sectoral plans across all federal ministries, departments and agencies. It reports to the President, the Vice-President and the National Assembly through an independent monitoring committee. At the top of the political organs involved in the planning process are the Presidency and the National Assembly. However, in actual practice parliaments have played a limited role

in ensuring effective implementation of development plans.

Getting the location of the central planning agency right is critical for ensuring the coordination of implementation and funding of national development plans. Weak coordination can result in the misalignment of resources with national priorities and a failure to integrate the priorities of implementing ministries with those of national development.

### 4.2.3 Misalignment of resources and plan priorities

The budget is the bridge that operationally links the development plan to the implementing agencies. Key ministries will continue to implement programmes and projects within existing budgetary constraints. To the extent that the Finance Ministry controls the budget it effectively determines the extent to which the budget will be aligned with the national development plan. Without support from the highest office, the central planning agency is easily overshadowed by the Finance Ministry. In this context development plans exist only in name.

In effect misalignments between resources and the plan result from asymmetric power relations between the central planning agency and the Ministry of Finance. Merging the two entities does not necessarily resolve this problem if finance is prioritized within the merged entity.

This was Ghana's experience prior to 2003 when planning and finance functions were undertaken by the Nation Development Planning Commission and the Ministry of Finance. In the initial stages of

the process defining medium-term expenditure, the strategic plans of key ministries were formulated under the guidance of the Finance Ministry, with little connection to the national strategy developed by the national development planning commission. The funded activities of key ministries were accordingly not aligned with the priorities of the national development plan. Following a meeting in April 2002 between the Ministry of Finance, the national development planning commission and key ministries it became apparent that the respective roles of the planning commission and the Ministry of Finance in the planning process needed clarification. One outcome of the meeting was that the planning commission assumed a more active role in training key ministries about the content of the national development plan, thus improving consistency between the strategic plans of key ministries and the national development plan. Nevertheless, the planning commission has a limited role in the budget preparation process and is hardly involved in consultations on the macroeconomic framework. This means that the macroeconomic framework is not necessarily consistent with the national development plan.

Uganda shared a similar experience after control of the planning process was transferred from the Ministry of Finance Planning and Economic Development to the National Planning Authority. The practice was that the priorities of the national development plan were a consolidation of district and sector level priorities derived from their strategic plans<sup>19</sup> and articulated in a document called their annual budget framework papers. The sector and district

<sup>19</sup> Sectoral strategic plans were sometimes referred to as sector investment plans, which defined funding parameters for key sectoral activities requiring financing.

level strategic plans were theoretically meant to be informed by the national development plan. However, after the National Planning Authority assumed greater control of the planning process the budget framework papers did not necessarily follow the priorities of the national development plan. On the contrary, sectoral budget framework papers were mainly driven by pre-existing sectoral and district-level activities, and were informed by resources expected from the Ministry of Finance Planning and Economic Development. The ministry also remained in control of the medium-term expenditure frameworks with less involvement of the National Planning Authority during the first three years of implementation of the national development plan. The sectoral priorities that were funded through the budget and the medium-term expenditure framework were therefore not aligned with Uganda's priorities as expressed in the national development plan.

Unlike Ghana and Uganda Seychelles merged finance with planning to minimize institutional rivalry and to improve the alignment of resources with national development priorities. During the period 1976-1991 planning functions were located within the ministry responsible for foreign affairs and international cooperation, to ensure that externally mobilized resources were aligned with national development priorities. However, the concern was that this development planning was not aligned with the Ministry of Finance. During this period the Ministry of Finance provided little support for the economic planning process, and was often at loggerheads with the planning unit. As a result, there were very poor linkages between development plans and the budgeting process. In 2012/2013 responsibility for economic planning was transferred from the Ministry of Foreign Affairs to the Ministry of Finance, initially

in the context of the implementation of the Public Sector Investment Plan in 2012, and one year later, in 2013, in the Medium Term National Development Strategy. The Ministry of Foreign Affairs continues to play an important role in ensuring that the Public Sector Investment Plan and the Medium Term National Development Strategy are consistent with other internationally agreed frameworks, and in mobilising concessionary external financing to fund the investment programme.

#### **4.2.3.1 Alignment through ring-fencing: an inflexible proposition**

To enforce the alignment of resources to development priorities, countries resort to what is known as ring-fencing. For instance, Uganda established a Poverty Action Fund in 1997, to guarantee a minimum level of resource allocations to pro-poor activities identified in the strategy and the budget. These budget allocations were ring-fenced and protected from any budget cuts in a given financial year. Donors supported the Poverty Action Fund because it protected their development priorities and was consistent with their international agenda, and was also in line with poverty reduction strategies. To a large extent, the Poverty Action Fund delivered in terms of reorienting the budget towards the poverty agenda. However, it created inflexibilities in the budget process and starved equally important projects of funds during periods of funding shortfalls.

#### **4.2.3.2 Aligning capital with recurrent expenditure**

Plan implementation can be undermined when the recurrent cost implications of capital expenditure are not factored into the budgeting process. For example, as part of the policy of the government of Seychelles to make primary health care universally accessible to all residents, the Ministry of Health built a health



centre in each of the districts, but later found that it did not have sufficient resources within its recurrent budget allocation to adequately staff and equip these health centres. Typically the medium-term expenditure framework tool addresses this challenge by ensuring that the macroeconomic framework estimates the total resource envelope, including both capital and recurrent costs, that is required to fund sectoral priorities. Nevertheless the medium-term expenditure framework is only as good as the quality of the data that informs the estimates. If the data is in any way inaccurate or incomplete, the capacities to produce robust estimates are limited, resulting in unrealistic projections.

Strengthening capacities to use the medium-term expenditure framework tool is thus vital if countries are to optimize its benefits. Ghana's experience reveals that misalignments between the medium-term expenditure framework and the national development plan can result from a lack of capacity on the part of key ministries to internalize the complexities associated with the process. Following its introduction in 1998 key ministries experienced technical difficulties in translating their priorities into the format required by the medium-term expenditure framework.

#### 4.2.4 Limited capacities in the use of planning tools

Medium-term expenditure frameworks<sup>20</sup> are the tool of choice for aligning resources with national development plans. The prerequisites for alignment include translating the broad strategic framework

of the plan into concrete actionable programmes and projects that are costed. Identifying concrete programmes and projects for funding requires that such frameworks be translated into action plans. The level of detail of the action plan and the accuracy of the costing exercise are accordingly important determinants of alignment.

To operationalize their plans most governments task specific sector working groups to identify priority flagship projects and programmes within their sectors that are consistent with the overarching direction of the national development plan. The identified initiatives are then compiled into priority action plans, which are sometimes complemented by sector investment plans, district development plans, sub-county, district and sector work plans.

Before the introduction of medium-term expenditure frameworks budget classifications reflected types of expenditure, for example travel, without indicating the purpose of such expenditure, for example the provision of agricultural extension services. By linking expenditures to outputs, in a logical framework, medium-term expenditure frameworks seek to align resource allocations with national development priorities (Armah, 2008b). In most cases the Ministry of Finance prepares a 3-5 year expenditure framework, depending on the length of the plan, which forecasts the total resources required to finance the development plan, taking into account projections of growth and expected resource flows. The medium-term expenditure framework is often prepared on a rolling annual basis, meaning that uncompleted activities are captured in the budgets of subsequent years. The implementation of medium-

<sup>20</sup> The medium-term expenditure framework is a multi-year budgeting tool that links resources to outputs and related activities.

term expenditure frameworks is, however, not without its own challenges.

#### **4.2.4.1 Systemic overestimation of the fiscal envelope erodes the credibility of the medium-term expenditure framework**

Aligning resources with national development priorities through the medium-term expenditure framework has proven difficult in practice because the revenue and expenditure projections of the framework are often at odds with reality due to limited capacities in undertaking projections, and also because of unexpected shocks. In general, the medium-term expenditure framework tends to overestimate expected revenues, resulting in lower than expected allocations to priority programmes and activities. While this is not an uncommon occurrence, systemic overestimation points to underlying capacity gaps and also undermines confidence in the medium-term expenditure framework as a credible tool for development planning.

Until recently revenue projections in Nigeria were based on subjective estimates due to inadequate qualitative and quantitative data, or even in the complete absence of relevant data. In recent years, however, there have been improvements in the frameworks and methodologies, as reflected in the use of macroeconomic models, the Harrod-Domer model, the revised minimum standard model of the World Bank, and financial programming techniques (for monetary aggregates) (Obadan, 2003). The macroeconomic projections in the New Vision 20:2020 (2009-2020) and also in its First National Implementation Plan, 2010 -2013, were derived from macroeconomic models. Nevertheless, data

inadequacy has persisted, with the quality of the projections continuing to elicit concerns.

It is therefore important for policymakers to strengthen capacities in the area of fiscal projections to ensure more realistic estimates of the resource envelope. Given the nature of economic uncertainties, authorities should provide multiple estimates based on at least three scenarios: business as usual; best case; and worst case. This will serve to moderate expectations and to sustain the integrity and credibility of the medium-term expenditure framework process.

Related to the crisis of confidence in medium-term expenditure framework resource estimates is the lack of an effective non-politicized mechanism for prioritization in periods of budget shortfalls. The typical response to a resource shortfall is for key ministries to prioritize their activities in line with the national development plan. However, for reasons that range from weak capacities to political exigencies prioritization is often not consistent with the aspirations of the national development plan.

#### **4.2.5 Financing national development plans**

Beyond the challenge of resource alignment the implementation of development plans in Africa has been constrained by financial difficulties which pre-date the independence era. For instance, the Guggisberg 10-year plan suffered financial challenges while it was being implemented as a result of the failure to raise adequate revenue from exports due to falling export prices in the 1930s and rising input prices. In response to this challenge most countries have increasingly relied on donor resources. Although resource rich countries such as Nigeria have been

more effective in financing their development plans from domestic sources (see table 4), even such countries have experienced difficulties with financing due to volatility in commodity prices.

To the extent that donors including the World Bank and the African Development Bank were significantly involved in funding the five-year development plans of Seychelles, they had to be consulted at least about

**Table 4:** Nigeria: Proportion of plan funded from domestic sources by the Government

Plan	Plan period	Total capital estimate (US\$ millions)	Total domestic funding (US\$ millions)	Percentage of domestic funding (%)
First NDP	1962- 68	1,830.9	915.0	49.98
Second NDP	1970-74	1,736.5	1,417.9	81.65
Third NDP	1975-80	55,805.5	55,508.0	99.47
Fourth NDP	1981-85	115,573.8	105,737.7	91.49

**Note:** NDP: National Development Plan.

**Source:** Various plan documents and progress reports.

#### 4.2.5.1 Excessive reliance on donor financing

Most African countries rely heavily on official development assistance to fund their development plans. However, excessive reliance on concessional financing has been a challenge for the implementation of development plans in Africa because of its unpredictability and because it can influence or distort development priorities.

Nigeria's experience is but one of several examples of unpredictable aid. Over the period 2000-2010, donors made a total commitment to the country of US\$ 6.277 billion in external assistance. However, only about 50 per cent (US \$3.245 billion) of this amount was actually disbursed.

The experience of Seychelles reveals that unmitigated donor dependence can be costly if grants are not appropriately weighed against their potential costs. This was especially the case with bilateral donors, since their assistance was quite often tied to the procurement of goods or services from their country.

the project level of implementation. In some cases, most notably for key infrastructure projects, these institutions insisted on extensive feasibility studies being carried out before approving funding, often much to the frustration of the Seychelles authorities. This probably explains why there have never been any new dam projects since independence. President France Albert René once wittily summed up his exasperation in this respect "had we put all the monies spent on the studies in the water supply project itself instead of all the studies, we would have already had water in the pipes instead of the water supply project still in the pipeline".

#### 4.2.5.2 Distortion of national priorities

Donor funds can also distort national priorities, especially when planning and finance institutions are weak. The experiences of Ghana and Seychelles are illustrative. In Ghana the implementation of the last three medium-term strategies) was based initially on resources from the highly indebted poor country programme, as well as on general donor support from the multi-donor budget support system. Such

dependency has rendered implementation vulnerable to aid volatility. Furthermore, the conditions attached to such resources has clearly compromised flexibility in plan implementation.

With the exception of the 1990-2000 Environment Management Plan, Ghana's five-year plans have been described as an ambitious list of projects presenting donors with an "a la carte" menu to choose from. The plans were accordingly not at all prioritised, with implementation being largely dictated by donors' preferences. In many instances donors would opt to fund projects which were not necessarily high on the list of national priorities. In 2013 the Government of Seychelles received a donation of eight wind turbines which have since been connected to the national grid. While the wind farm now constitutes a significant source of renewable energy, thereby reducing dependence on imported fuel for electricity generation, Seychelles had to dedicate valuable reclaimed land in the harbour area in order to house the wind farm. Given the scarcity of land, it is arguable that the opportunity cost of the allocated land in terms of alternative use, as well as the negative impact on the physical environment, could well outweigh the energy savings from the wind farm project.

The separation of Cabo Verde's Ministry of Planning from the Ministry of Cooperation in 1992 also weakened the Government's capacity to ensure the alignment of donor funding with national priorities, as representatives of the Ministry of Planning were no longer involved in resource mobilization.

Despite the challenges, it is possible for a country to organize itself and to manage its donor partners in a way that allows the country to innovate as follows: by designing a robust development plan with a clear set of priorities; by assigning donors to specific sectors of development; and by demonstrating a strong commitment to the implementation of the plan.

#### **4.2.5.3 Mobilizing alternative resources**

The potential for mobilizing resources from sources other than overseas development aid is large. Africa generates more than US\$ 520 billion annually from domestic taxes; earns more than US\$ 168 billion annually from minerals and mineral fuels; and has more than US\$ 400 billion in international reserves held by its central/reserve banks (African Union and Economic Commission for Africa, 2013). Potential sources of domestic resource mobilization in Africa include taxes, pension funds, export earnings and international reserves held by central and reserve banks. Banks in Africa are also highly liquid, and constitute an important source of funds. The securitization of diaspora remittances, for example through Diaspora Bonds, can also ensure that such resources are channelled for development purposes. Sovereign wealth funds are also an increasingly popular mechanism for resource mobilization. The number of countries mobilizing resources through Eurobonds and syndicated loans more than tripled from fewer than five in 2007 to 15 in 2014.

Curbing illicit financial outflows, which are estimated to cost the continent some US\$ 854 billion over the period 1970-2008, will also free up much needed resources for the implementation of development plans in Africa.

### 4.2.6 The Asian experience

Asian countries have generally been more successful in managing discontinuities. In terms of unconstitutional regime changes the past four decades have been relatively more stable for them. Furthermore, while they have signed on to global development agenda's the latter have not displaced their singular purpose of structurally transforming their economies. A likely reason for this is that the post-colonial nations in Asia have also been less dependent on aid and hence less vulnerable to international influence. Compared to African countries, Asian countries have had longer periods of uninterrupted planning. For example, Malaysia has implemented nine five-year plans since 1957, and is currently implementing its tenth, while India and China implemented their 12th plans in 1951 and 1953 respectively.

## 4.3 Centralized versus decentralized implementation

The implementation of national development plans occurs at both the national and sub-national levels. In some countries sub-national implementation is undertaken by sub-national jurisdictions through a decentralized system of governance. In more centralized systems of implementation sub-national jurisdictions play a more limited role in the design and implementation of national development plans.

Decentralized implementation of development plans has been justified on the grounds that it creates a sense of ownership and accountability on the part of the population by promoting popular participation in the decision-making process, as well as by making the institutions responsible for service delivery closer

to and more accountable to the people, and by consequently promoting responsive governance at a local level (Asante and Ayee, 2008).

Consistent with this view there has been a gradual shift from a centralized to more decentralized approach to the design and implementation of development plans since independence. Cabo Verde and Ethiopia are good examples of countries in which implementation was highly centralized in the early stages of development planning, but later became more decentralized. In recent years governments have begun to leave ever more space for municipalities and other decentralized entities, as well as for the private sector and civil society.

Alternatively, Nigeria is a good example of country with a longer tradition of decentralized planning, where ministries, departments and agencies work through key functions to implement plans in a federal context. In the case of Ghana, the situation evolved from one where roles in implementation are rarely specified, to one with explicit processes for budgeting and the division of responsibilities associated with implementation.

Ethiopia's recent experience with the decentralization of government decision-making and service delivery is rich and insightful. There is currently strong coordination of public policies and planning at different levels. This is effected through five-year development plans which each region and subsequently each woreda (district) prepares on the basis of a national five-year perspective plan. Sub-national jurisdictions also participate in policy formulation at a federal level, which paves the way for smooth and consistent policy- and decision-making across the different tiers of government.

Nevertheless, there is still strong central control over these processes. The Government's decentralization policy began in the 1990s with the transfer of powers from the federal to the regional level. This was followed by ongoing decentralization of service delivery – first to the woreda (district) level and to the kebele (village). Kebele councils have been strengthened, with kebele managers acting as focal points for service delivery and complaints-handling. Most observers agree that these decentralized levels have prompted a marked improvement in access to services and contact with decision-making bodies. In addition, considerable attention has been given to reforming the local tax system, which has resulted in a major improvement in the collection of local tax revenues. Many of the same kinds of decentralized systems and capacities have also been placed within urban areas as well.

China's development planning approach leaves significant room for manoeuvre on the part of sub-national jurisdictions. The implementation of development plans often falls under the responsibility of the province, the municipality, the township and the village, depending on the specific challenge to be addressed. For example, the national government sets priorities in education and provides a standardized admission exam for universities, but allows much flexibility at the sub-national level, in the design of curricula, funding formulas and other factors relating to implementation. China's efforts to enhance decentralization are well illustrated by an innovative programme encouraging each village to specialize in products in relation to which they have a competitive advantage. In this way, the government at a national level plays the broad role of orientation in the planning process, leaving implementation to more decentralized entities.

China's development success story shows that development plans are more likely to be successful if they are rooted in the traditions, culture and values of the society in which the plan is implemented. Hence development plans should provide only broad guidelines on the development paths of the country, and should leave it to lower levels (regions, districts, villages) to design their own detailed plan. Plans that do not have local support and ownership are unlikely to be executed. Local support can increase ownership of the plan, while also promoting regional and national ownership. In this way, the same plan or vision continues to have the support of the population even in the event of a change of government (whether by democratic means, military coup or other). The Ethiopian experience suggests that decentralization may enhance the quality of service delivery and may even improve tax collection.

## 4.4 Conclusions

Even the most well-crafted development plans are unlikely to succeed without an enabling domestic and external environment, institutional capacities and resources to implement them. The challenges that African countries have experienced in the implementation of their development plans vary by country and time period. However, the following factors have played a critical role in undermining planning in Africa: discontinuities and distractions in plan implementation, dysfunctional institutional architectures, weak institutional capacities, weak links between the budget and the plan's priorities, overdependence on external resources, and weak links between national and sub-national planning and implementation processes.

The implementation of development plans in Africa has been derailed by discontinuities and distractions prompted by conflict, constitutional and unconstitutional regime change, and a plethora of externally imposed agendas and conditions that have invariably closed or narrowed the policymaking space. Undemocratic regime changes have been precipitated by conflict and coups d'état. For instance, six of the ten African countries considered in this paper experienced numerous military coups: Ethiopia, four coups, between 1910 and 1991, Ghana, six coups, between 1966 and 1983, Nigeria, nine coups, between 1962 and 1985, and, Seychelles, one coup, Tunisia, three coups, and Uganda, six coups.

Institutional arrangements for development planning in Africa have generally been dysfunctional plans resulting in weak coordination between the central planning agencies, the Ministry of Finance and key ministries, and misalignments between resource allocations and national priorities. Strong coordination between the central planning agency and the Ministry of Finance is a prerequisite for aligning financial resources with national development priorities. Asymmetric power relations between central planning agencies and the Ministry of Finance have however, rendered the former ineffectual in carrying out their duties of coordinating the planning process and ensuring that the programmes and projects of implementing agencies are aligned with the priorities of national development plan.

The experiences of African countries suggest that there is no one-size-fits-all solution to the location of the central planning agency. What is clear is that, to the extent that the Finance Ministry remains the

“super ministry”, planning will remain subservient to finance. What is required is a credible mechanism that accords both entities equal status in terms of power. This can be achieved either through explicit support from the highest office, as is the case in Malaysia, or by entrusting the central planning agency with control of the national budget. The latter option will require strong coordination to ensure that the recurrent cost implications of all capital account expenditure are taken into account.

Weak capacities in the use of planning tools have also contributed to implementation setbacks. Despite the popularity of the medium-term expenditure frameworks as a tool for aligning financial resources with development planning priorities, the systemic overestimation of the fiscal resources and challenges in prioritizing development programmes has undermined the utility of such tools. Meanwhile, excessive dependence on donor resources has rendered development plans vulnerable to aid volatility, compromising ownership by exposing countries to donor interference in the setting of development priorities.

Effective planning requires cooperation between national and sub-national institutions and actors in the implementation process. Sub-national participation not only enhances inclusive planning, but also facilitates continuity in the planning process. The implementation of development plans in Africa has, however, suffered from challenges in synergizing national and sub-national systems. While there has been a shift toward more decentralized approaches to implementation national and sub-national institutions are often not aligned with development programmes.

## Chapter 5: Tracking performance

### 5.1 Introduction

Effective monitoring and evaluation facilitates the early identification of implementation challenges, while also facilitating corrective action and keeping implementation on track. Monitoring is a continuous or periodic review of plan and project/programme implementation aiming to assess progress, identify difficulties and problem areas and recommend remedial actions. On the other hand, evaluations assess the extent to which project objectives are being, or will be, met in terms of outputs, outcomes and impact. This lays the foundation for future improvements.

### 5.2 Weak monitoring and evaluation systems

In most African countries the initial planning process did not include a formal monitoring and evaluation system. Cameroon, for example, had no effective approach to monitoring and evaluation until 2006, when the poverty reduction strategy paper was implemented. Cabo Verde also lacked a formal monitoring and evaluation system before 1991, even though there was a mechanism for reporting on donor

funded projects. Similarly, Ghana's development plans of for the period 1960-1080 lacked a comprehensive monitoring and evaluation programme to track implementation progress. The monitoring and evaluation activities carried out during the economic recovery and structural adjustment programmes of the mid-1980s to the 1990s were largely confined to monitoring the benchmarks and conditions of the Bretton Woods institutions. It was not until the introduction of the Ghana poverty reduction strategy in 2002 that the monitoring and evaluation of development plans gained prominence. The factors contributing to weak monitoring and evaluation systems are discussed below.

### 5.3 Monitoring and evaluation systems as donor accountability mechanisms

Notwithstanding significant improvements monitoring and evaluation systems in Africa are still nascent, and have generally served as donor accountability mechanisms, as the demand for monitoring and evaluation systems has generally originated from donors. In Seychelles, most of the monitoring and



evaluation that was carried out was in respect of investments funded by donors, since this was required by the terms and conditions of the funding. Although such monitoring and evaluation was useful, it was not comprehensive enough to feed into the policymaking of successive plans.

Notably, as with most African countries, Ghana's poverty reduction strategies were largely developed as a condition of debt relief under the Heavily Indebted Poor Country initiative. Its monitoring and evaluation process and the annual progress reports on the implementation of the poverty reduction strategy were more of a response to donor requirements than to domestic policy needs. The context in which such systems were developed effectively nurtured a culture of outward accountability to donors, undermining ownership. More importantly, this phenomenon weakened the internal demand for monitoring and evaluation.

Multiple reporting requirements for different donors also taxed the limited monitoring and evaluation human resources of African governments, adding to frustration about and limited appreciation of monitoring and evaluation in general.

## 5.4 Fragmented monitoring and evaluation systems

The absence of strong central monitoring and evaluation systems has created a vacuum that has been filled by a plethora of uncoordinated monitoring and evaluation entities. Most African countries are accordingly plagued by a multiplicity of monitoring agencies operating at different tiers of government with little central coordination. This phenomenon

creates duplication and confusion regarding the performance of African governments in relation to their national development strategies.

One of the objectives of Nigeria's Vision 20:2020 is to improve the coordination of monitoring and evaluation. The proliferation of monitoring agencies and institutions of government, particularly at the federal level, often resulted in overlapping functions, and conflicts and rivalries among the agencies. Not only were the agencies carrying out monitoring without enough funding, they were also underutilized. The challenges were even greater at the state level, where coordination was weaker or even non-existent.

Uganda experienced similar challenges particularly during the period of implementing the poverty eradication action plan. A multiplicity of monitoring and evaluation agencies were created to track the performance of conditional grants and donor projects, resulting in wasteful duplication. Fragmentation of monitoring and evaluation in Uganda also manifested itself in the weak coordination of multilayered management information systems in the country. Most of these systems operated in isolation from each other, and were not integrated at either the local government level or the national level. For example, the Health Management Information Systems and the Education Management Information Systems are not linked to the National Statistical System in the Uganda Bureau of Statistics.

The Seychelles experience reveals the need for comprehensive monitoring and evaluation systems and for analysis of the financial implications of narrowly focused monitoring and evaluation systems. Until 2012 monitoring and evaluation focused only on central

government activities. State-owned enterprises were to all intents and purposes allowed to individually monitor and assess their investment projects, without having to report to central government. This lack of oversight resulted in both the state-owned national airline (Air Seychelles) and the state-owned petroleum distribution company facing dire financial difficulties in 2012, resulting in a Government bailout. To prevent further such recurrences, in 2012 the Government created a new unit to oversee SOEs. Furthermore, as of 2014 public sector accounts were consolidated to include the activities of state-owned enterprises. Notwithstanding these improvements, the budgetary needs of state-owned enterprises are still not integrated into the public sector, making it difficult to develop a comprehensive overview of the nation's development needs.

The Seychelles experience highlights the importance of budget transparency. In this context Uganda has some important lessons to share. As a part of ongoing reforms and initiatives aimed at improving the transparency and accountability of public spending, the Government of Uganda, through its Ministry of Finance, Planning and Economic Development, has launched a new website for accessing information on the budget. The Uganda budget information website aims to provide all Ugandans with access to detailed information on how public money is being spent on the provision of services throughout the nation. This initiative builds on earlier reforms that have already positioned Uganda as a leader in budget transparency in Africa. The 2013 Open Budget Index – a global measure of budget transparency – ranked Uganda eighteenth in the world, first in East Africa, and second in all of Africa (behind South Africa). Uganda is also

ahead of many developed countries, including Spain, in this ranking (Uganda Ministry of Finance, Planning, and Economic Development, 2014).

South Africa's experience demonstrates the difficulties associated with monitoring performance in the absence of a national development strategy or a central monitoring system. Initially the medium term expenditure frameworks (1998, 2001 and 2004) and the first medium term strategic framework (2004-2009) were implemented without a national strategic plan and without a government-wide monitoring framework. The only national goals that could be monitored were those contained in the Millennium Development Goals and the President's annual state of the nation addresses. Monitoring and evaluation at the national and sub-national levels, in the provinces and municipalities, was invariably left to the initiative of individual national departments, provinces, municipalities and other government entities.

## 5.5 Weak links between national and sub-national M&E systems

Effective monitoring and evaluation systems must assess performance, not only at the national level but also at the sub-national and sectoral levels. The situation is even more complex in federal systems, where monitoring and evaluation are carried out at both federal and state levels, each with its own constellation of monitoring institutions. Ensuring that monitoring and evaluation information flowing from all levels is coordinated and consolidated into a coherent report requires a central coordination mechanism. At the national level coordination involves synthesizing the monitoring and evaluation activities of key

ministries and other entities engaged in monitoring and evaluation. At the sub-national level coordination can be more complex. Sub-national jurisdictions often generate their own strategic plans. Such plans should ideally be developed and monitored in coordination with decentralized key ministries. In practice sub-national jurisdictions monitor their development plans, while decentralized key ministries monitor their locally implemented sectoral programmes. This practice does, however, contribute to fragmentation of the monitoring process.

To address this challenge Ghana established district planning coordinating units to coordinate the monitoring of the decentralized key ministries and the district development plans. However, these coordinating units lacked the capacity to perform their functions. Furthermore, to the extent that line ministries had a vertical reporting structure requiring them to report to headquarters, they had limited incentive to cooperate with the coordinating units. For instance, although the Ministry of Health reports directly to regional offices, reports are submitted to districts or municipalities they make financial contributions to the project (Armah, 2008).

Similar challenges are evident in other African countries. In Nigeria, in most states a ministry responsible for planning is statutorily responsible for monitoring the programmes and projects of the state government. However, in practice other institutions and agencies perform similar functions without an effective coordination mechanism. The situation is further compounded by weak monitoring and evaluation capacities at the state level.

To address the challenge of fragmentation and to improve coordination, the Nigeria Vision 20: 2020 developed an integrated monitoring and evaluation system to be applicable across all tiers of government, to among other things institutionalize monitoring and evaluation across all levels of government, and to improve ministries' capability to translate all strategic plans and programmes into outcomes and impacts, while stimulating demand for the use of monitoring and evaluation information in the public policy space.

The Nigeria Monitoring and Evaluation Office coordinates the national monitoring and evaluation system, and is the custodian of the monitoring and evaluation framework. Reporting directly to the Minister of the National Planning Commission, the Nigeria Monitoring and Evaluation Office is tasked with making national monitoring and evaluation information available to the National Assembly, the Presidency and civil society. An inter-ministerial committee on managing for results oversees the monitoring and evaluation duties of the Nigeria Monitoring and Evaluation Office.

## 5.6 Weak institutional capacities to support monitoring and evaluation

African countries often lack adequate institutional capacities to address the monitoring and evaluation aspects of economic planning. They have adopted a variety of measures to address capacity deficits, with varying degrees of success. In the early stages of developing a monitoring and evaluation framework in Ghana, the National Development Planning Commission hired consultants to carry out this role, due to a lack of internal capacity, only to be

confronted by unforeseen challenges. The disparity between the high salaries of the consultants and the lower salaries of the regular staff became a source of tension between the two groups, which did not augur well for the smooth implementation of their functions.

The Ghana Statistical Service also lacked sufficient qualified staff to undertake data analysis, as a result of which key reports such as the Core Welfare Indicator Questionnaire and the Ghana Living Standards Survey and census data were customarily out-sourced, with the effect that the results were usually reported late and the service had no control over the methodology used for analyses.

Similarly during the era of the Provisional Military Administrative Council Ethiopia lacked resources to implement meaningful monitoring and evaluation activities. Before that, under the monarchy, capacity to perform assessments was limited. The welfare monitoring system was established in 1996 to serve as a monitoring and evaluation system providing reliable mechanisms to measure the efficiency of government and the effectiveness of public policies. Key institutions are the Welfare Monitoring Unit in the Ministry of Finance and Economic Development, the Central Statistical Authority and several key ministries. The Welfare Monitoring Unit, which is part of the Economic Policy and Planning Department in the Ministry of Finance and Economic Development, is entrusted with the coordination of the monitoring and evaluation system. The unit is also responsible for compiling and analysing data collected by other institutions in order to provide performance reports on the implementation of the country's national development frameworks and for commissioning relevant research and disseminating its findings.

The Economic Planning and Policy Department is responsible for drafting the annual progress reports on the implementation of the national development planning framework.

## 5.7 Excessive focus on expenditure tracking

Monitoring and evaluation in most African countries has traditionally focused on tracking the flow of resources to determine whether or not they have been used for the intended activities. Until the post-poverty reduction strategy period, little attention was paid to assessing expenditure outputs, outcomes and impacts, or whether such results were aligned to the priorities of the development plan.

For instance, the monitoring and evaluation system in Seychelles is largely focused on expenditure tracking which is implemented by the Ministry of Finance via budgetary control. Not much emphasis is placed on monitoring results. Furthermore, civil society organisations and the private sector are not involved in the monitoring and evaluation process which undermines accountability.

Monitoring and evaluation systems in Africa have generally improved since the introduction of poverty reduction strategy papers in the early 2000s. Unlike in the pre-poverty reduction strategy era more attention is focused on monitoring results, as opposed to expenditure tracking and activity-based monitoring. In Ghana the Ministry of Finance's expenditure tracking function is complemented by its oversight role in implementing the medium term expenditure framework, which links expenditure to outputs and outcomes. In keeping with its expenditure tracking

functions, the Ministry of Finance requires each key ministry to report the use of funds expended in the previous year as part of the budgeting process. The planning commission, on the other hand, focuses on ensuring that the activities and outputs derived from the programmes/projects of key ministries are aligned with the national development plan. Line ministries and agencies directly monitor sectorspecific programmes and projects, and report to the centralized agencies that oversee planning and budgeting, namely the Ministry of Finance and the National Development Planning Commission. Drawing on the reports of key ministries, the planning commission drafts annual progress reports which assess performance in the implementation of the national development plan. The Ghana Statistical Service also undertakes monitoring and evaluation in support of the national development plan, but relies more on the collection of primary data directly from the field, and less on key ministries, as is the case for the planning commission and the Ministry of Finance. The frequency and quality of data collection is, however, still a challenge.

## 5.8 Data limitations

Data is the currency of any monitoring and evaluation system. Effective monitoring and evaluation depend on access to statistical information on socioeconomic trends in the country. Most African countries do, however, lack strong statistics institutions capable of generating the data required for their monitoring and evaluation systems.

Despite substantial progress, significant problems persist. For instance, like most African countries, Cabo Verde faces challenges with respect to data gathering for planning and measuring the impact

of development projects. There are difficulties with obtaining up-to-date information. Information or data that are critically important for planning are at times not collected, or administrative data collected by sectors are not fully exploited. Data are often not processed or transformed into information that can be easily used in planning.

Furthermore, the lack of resources undermines the regularity of data collection and processing. Data collection is largely contingent on scarce financing, which makes it difficult to effectively undertake evaluations and to measure the impact and effectiveness of programmes. This has negative implications for national planning.

In Ghana, while the Statistical Service performs reasonably well in its coverage and dissemination of information, it still faces serious challenges in delivering on its mandate, largely because of the shortage of qualified personnel and the general lack of material resources. According to World Bank's country statistical capacity rating, the Ghana Statistical Service is strong in the analysis and dissemination of trade data, the consumer price index and external debt data. However, it is generally weak with respect to national accounts, government finance data, import-export prices and labour market statistics. The Ghana Statistical Service also does not regularly conduct agricultural and industrial censuses.

Furthermore, due to funding constraints in Ghana, key surveys that are required to compile data are infrequent, as a result of which consistent data is sometimes unavailable. For example, since the publication of poverty levels in 2006, all recent poverty data have been guesstimates. The same

applies to health indicators such as maternal mortality and under-five mortality. In other cases, data exists but in a fragmented manner dispersed within and across government agencies without an institutionalized mechanism for data assembly and processing. Additional data challenges involve the accuracy and timeliness of information from primary and secondary sources (Armah, 2008).

Ethiopia's experience illustrates challenges in data harmonization and standardization. The country's monitoring activities are informed by administrative and survey data/information. Administrative data are provided by implementing agencies/key ministries, while survey data are generated through survey studies conducted by the Central Statistical Agency. Despite attempts to ensure data harmonization and standardization through the development of common concepts and definitions, classifications, standards, codes, formats and methods, discrepancies between administrative and survey data persist.

In Uganda, the first three national development plans were not monitored due to the lack of underlying data, especially household surveys, to measure the performance of the programmes implemented over the periods 1962-69, 1971-76 and 1982-95. It was not until 2001 that the government developed a monitoring and evaluation with the objective of keeping the implementation of the poverty eradication action plan on track. The poverty monitoring and evaluation strategy that was developed in 2001 informed the design of the country's monitoring and evaluation framework. Under the poverty monitoring and evaluation strategy, 33 priority indicators were identified to monitor the implementation of the poverty eradication action plan. These indicators were

classified according to a results chain: input, output, process, outcome and impact. The strategy also identified the institutions responsible for the various indicators. Sources of data included the Uganda Bureau of Statistics, which undertakes household surveys and is also responsible for various types of national accounts.

The poverty monitoring and evaluation strategy has in the meantime been replaced by a more comprehensive monitoring and evaluation system referred to as the national integrated monitoring and evaluation strategy, with a secretariat in the Office of the Prime Minister. Its objective was to harmonize the existing systems to reduce duplication of efforts and to enhance timely quality data, while also ensuring more harmonised structures and mechanisms for information flow and feedback across the various sectoral management information systems.

South Africa's experience in this context is illuminating because it has one of the best systems for data collection, analysis and dissemination. The Framework for Managing Programme Performance Information published by the National Treasury in 2007, sought to bring coherence to the data collection process with a focus on results. Data are collected by StatsSA, through the national census and other sources, with administrative data emanating from government departments and other entities.

The main challenge facing the Government is to ensure implementation of the Framework for Managing Programme Performance Information and the National Evaluation Policy Framework together with the Framework for Strategic Plans and Annual Performance Plans that set out detailed planning

guidelines for national departments. Although the latter is critical for the uptake of results-based management, it only has the status of a guideline at present. Nevertheless, the widely published Auditor General's report on departmental performance has begun to use the Framework for Strategic Plans and Annual Performance Plans as a basis for departmental reports. This trend is giving the Framework for Strategic Plans and Annual Performance Plans more weight than a guideline.

## 5.9 Weak links between monitoring and evaluation and policymaking

Generally, monitoring and evaluation reports are supposed to enhance results-based decision-making. However, there is little evidence of a feedback loop from such reports to changes in policies and budget allocations. For instance, in Ghana, although the office of the President receives monitoring and evaluation reports for the purposes of policy making, the Ministry of Finance and its political leadership, as well as Cabinet, tend to set budget priorities without monitoring and evaluation reporting feeding much into the process. While the annual policy report is done on an annual basis, it is spearheaded by the National Development Planning Commission and donors, and in practice hardly has an influence on the setting of budget priorities. This is reflected in the lack of timing synchronization, and coordination of the annual policy report and the budget processes.

In spite of the progress that was achieved in developing Uganda's monitoring and evaluation system, during the era of the poverty eradication action plan, reporting to top decision makers remained weak, ostensibly because of a lack of coordination among the various monitoring

agencies. Consequently, the executive mainly relied on the Annual Budget Framework Paper which contained some information on progress in implementing the poverty eradication action plan, but mainly focused on the budget requirements for the following year. Similarly, evidence-based decision-making remains a challenge in Nigeria (Nigeria, NPC, 2010: 16; and 2011: 20), and the extent of public decision-making that is based on results is still very low.

Tunisia, on the other hand, serves as a good example of effective links between monitoring outcomes and policymaking. Monitoring and evaluation have traditionally revolved around the annual report of the Ministry of Development. Other mechanisms include the economic budget (the annual plan), mid-term reports and so-called orientation notes. Unlike most African countries monitoring and evaluation reports in Tunisia have contributed considerably to the reorientation of policies and programmes in future planning processes. Evaluations often influenced the development of policies contained in plans, reflecting the policymakers' responsiveness to assessment reports. For instance, the implementation of the rural development program in 1974 was largely in response to monitoring and evaluation findings highlighting the need to direct resources to rural areas. Lessons learned from the evaluation of the sixth and seventh plan have also resulted in the establishment of integrated rural development programmes. Monitoring and evaluation reports and orientation notes have enabled the Government of Tunisia to achieve substantial progress in improving the standard of living of its citizens as evidenced by the increase in average per capita income, and the significant decrease in the proportion of the population living below the poverty line during the Ninth Development Plan (1997-2001).

### Box 1: Tunisia's experience with the monitoring and evaluation of national development plans

Five decades of uninterrupted development planning during which eleven development plans were implemented have allowed Tunisia to develop a culture of planning, especially involving the monitoring and evaluation of plans, that could be useful to strengthen capacities in other African countries.

Tunisia's monitoring and evaluation system hinges on a number of instruments, namely the **annual report on development**, which tracks annual progress in implementing the plan; the **mid-term evaluation of development plans; reports on the implementation of programmes-contracts** with public enterprises; and the **orientation note**, which evaluates the performance of the preceding decade before the elaboration of each new plan.

The findings of all these resources are used to define the objectives and the development strategy of every future five-year plan. Therefore, the different national development plans designed throughout the planning experience of the country are informed by the lessons learned from previous plans.

The evaluation of the socialist approach to development planning in the 1960s revealed dismal socioeconomic outcomes including negative growth (-2.6 per cent in 1962), high unemployment (50 per cent) and high rates of extreme poverty affecting two thirds of the population. The main lessons learned from that experience were the failure of the socialist policy based on collectivism in agriculture and the need to strengthen the role of the private sector in the development process.

The evaluation of plans conducted in the 1970s, further to the adoption of the neoliberal approach, revealed that the bulk of poverty was concentrated in rural areas. This finding informed the policy decision to establish an **integrated rural development programme** and an **integrated urban development programme** aimed at improving living standards in both rural areas and overcrowded urban districts/neighbourhoods.

After the 1970s the results and lessons generated by the monitoring and evaluation of the planning process were used to define the objectives and policies for subsequent plans. For example, before 1986, all poverty reduction initiatives were dispersed at several levels, with a limited impact on living standards. The practice of monitoring and evaluation brought to the fore the necessity to group them all into a single programme placed under the control of regional authorities. That led to the establishment of regional development programmes, which since 1987 have provided regional councils with increased income, and have become very effective development tools at the decentralized level.

After fifty years of development planning and rigorous and continuous practice of monitoring and evaluation, Tunisia has been able to register remarkable progress in improving the living standards of its populations, strengthening its infrastructure and diversifying its economy. A review of socioeconomic indicators indicates an economic growth rate of 5 per cent per year on average; a school enrolment rate of 99 per cent; an average life expectancy of 73 years; a child mortality rate below 17 per 1,000 births, and a rate of extreme poverty below 4.6 per cent.

These achievements rest on reforms, targeted development initiatives in specific sectors, and the design of projects in all domains including education, health, housing, environment, water and energy. The planning process turned out positively, thanks notably to the timely implementation of projects included/registered in the national development plans. Between 75 and 90 per cent of projects were successfully completed.

Tunisia is still seeking to identify improved development planning practices, especially in order to bridge the spatial and horizontal inequalities that helped to trigger the so-called Arab spring of 2011. More specifically, the country is still striving to improve its monitoring and evaluation tools, which are deemed too descriptive, and insufficiently analytical.

The institutional framework that has been supporting the planning process in Tunisia includes the National Institute of Statistics, the National Council of Statistics, and the Tunisian Institute of Competitiveness and Quantitative studies.

**Source:** Compiled by the authors on the basis of a Tunisia country case study on lessons learned in development planning.



## 5.10 Lessons learned from monitoring and evaluation procedures in Asia

The strength and quality of monitoring and evaluation systems varies across Asian countries. In India the Planning Commission (2001) tracks all sorts of economic and social indicators. However, these are not strictly tied in any way to targets, so it is difficult to frame this as a monitoring and evaluation system. At the state-and panchayat-level, where much implementation of development initiatives occurs, evidence of M&E systems is also sparse.

Malaysia on the other hand, established mechanisms to strengthen linkages between plan implementation and impact evaluation. Sector level impact evaluations undertaken by line Ministries were complemented by macro-level evaluations conducted by the ICU. The ICU developed a number of monitoring systems including the so-called “Red Book System”, which provided a monitoring format for rural development. The Integrated Schedule Application System, on the other hand, facilitated physical monitoring of development projects (Sakamoto, 2013).

In other Asian countries, the plan in some ways resembles a wish list of activities that the government would like to engage in, but does not offer much in the way of prescriptive description of how or when the activities will take place or who is responsible for carrying them out. Nepal is an illustrative example where various plans made several references to monitoring needs, but references to monitoring and evaluation appear more as elements of to-do lists than operational elements of the plans.

Cambodia is an example of a country which clearly spells out the roles and responsibilities of national, provincial and local jurisdictions in the implementation of national plans. The 2011 Mid-Term Review of the NSDP Update 2009-2013 refers to the monitoring and evaluation process as a “results-based system”. The 2003-2005 National Poverty Reduction Strategy (NPRS) tasked the Poverty Monitoring and Analysis Technical Unit with the responsibility for carrying out monitoring and evaluation of achievements towards poverty reduction targets. By the time the NPRS had been produced, the monitoring and evaluation process of that development strategy was already designed to involve the participation of all stakeholder groups.

## 5.11 Conclusions

Monitoring and evaluation systems in Africa have improved over time but are still evolving. The impetus of M&E has often been externally driven by donor reporting requirements and conditionalities. Most African countries are yet to fully own and appreciate the importance and relevance of M&E for evidence based policymaking. As a result the findings of M&E reports are not fully exploited to inform and improve on policymaking and budget allocations. But beyond internalizing the culture of M&E, M&E systems in Africa tend to be fragmented suffer from weak institutional capacities and lack of strong statistical systems to feed them with the necessary data for monitoring. Furthermore, there is a disproportionate focus on expenditure tracking and activity level monitoring as opposed to results based monitoring. Furthermore, national and sub-national monitoring systems are often not integrated

which often leaves out important information about local level performance in plan implementation. In most cases the institutional mechanisms exist only in theory hampered by a lack of commitment and or capacities. The quality of M&E systems in Asia varies markedly across countries. Malaysia and Cambodia demonstrate a strong commitment to M&E. The experience of Malaysia demonstrates the importance of continuity and commitment in ensuring results. The country has placed the central monitoring unit in the highest office.

# Chapter 6: Lessons learned in development planning

## 6.1 Introduction

The planning experiences of the countries discussed in the preceding chapters point to a number of overarching as well as theme-specific lessons for development planners and policymakers in general. This chapter begins with a discussion of the overarching lessons. The theme-specific lessons will be preceded by a recap of the context within which they are derived.

## 6.2 Overarching lessons

### 6.2.1 Development planning is an imperative for developing countries

The first overarching lesson that can be drawn from this study is that planning is imperative for developing countries because the invisible hand of the market cannot be entrusted with the task of addressing market failure, strengthening institutions and orchestrating structural transformation. These observations are reiterated by the President of Indonesia who underscored the fact that unlike developed countries where planning is largely a mechanism for fine

tuning the economy, planning is tasked with a more transformative role in developing and crisis affected countries due to pervasive institutional weaknesses and market failures that exist in those contexts.

### 6.2.2 Strong leadership and institutions are critical for setting and sustaining the vision of a plan

Leadership is vital for charting the vision of a development plan and ensuring commitment to its implementation. However, leaders have a finite lifetime. Sustaining the vision requires that it is internalized by society at large. Through institutions the norms of behaviour and values that are consistent with realizing the overarching vision are established and sustained over time. Internalization of the behavioural norms also generates ownership.

### 6.2.3 Policymakers must be flexible in their choice of planning approaches

The second overarching lesson that can be drawn from this study is that there is no one-size-fits-all approach to development planning. Approaches

that work for one country may not necessarily work for another. Furthermore, for any given country, approaches that work at one point in time may not work at another point in time. The priorities and characteristics of a development plan are country-specific and evolve over time in the same country. The priorities, ideologies and institutional structures that underpin planning in underdeveloped or developing countries are likely to differ from advanced countries. Thus countries must be flexible in the choice of their development planning approaches.

### **6.2.4 Discontinuities and distractions destabilize planning**

Stability is critical for planning, discontinuities including those caused by constitutional and unconstitutional regime changes have contributed to implementation failures in Africa. Discontinuities have resulted from regime changes (constitutional or otherwise) while distractions are the product of continual efforts by planners to ensure alignment of global agenda's with national priorities. Recognizing the need for continuity the government of Nigeria enacted new legislation to enforce implementation of its Vision 20:2020. The Project Implementation Continuity Act (PICA), for instance, is intended to curtail the disruption of project and programme implementation by new governments at all levels. Similarly, the Development Planning Act compels all tiers of government to prepare development plans and implement the programme right through the cycle (Government of Nigeria, 2009). Nevertheless, these legislative instruments will require credible enforcement measures if they are to be effective.

### **6.2.5 Political commitment is vital for nurturing a strong central planning body**

In the early stages of the planning process, the effectiveness of the central planning body depends on the political commitment to nurture and sustain it. Located in the highest office, Malaysia's Economic Planning Unit benefited from the continued support and commitment of successive prime ministers including Najib Razak and Mahathir. Planning has been further strengthened through the establishment of the Implementation Coordination Unit, which works in close coordination with the Economic Planning Unit in the office of the prime minister.

## **6.3 Theme specific lessons**

Theme specific lessons identify lessons that can assist planners in developing plans that are inclusive, effective in delivering on results and underpinned by M&E systems that facilitate corrective action to keep plans on track.

### **6.3.1 Towards a more Inclusive planning**

Chapter 3 highlighted the challenges and opportunities associated with achieving inclusive planning. The post-independence era was characterized by limited involvement of the private sector; dominant role of SOEs with little oversight. While planning processes have become increasingly more inclusive since the post-independence era a number of challenges persist: national plans are sometimes framed within externally driven agenda's; and discussions on the macroeconomic frameworks are closed to non-

government officials particularly when the country is on an IMF programme. Drawing on the experience of Asia the chapter notes that: planning in several East Asian countries has become more inclusive through the creation of institutional mechanisms for stakeholder dialogue. Secondly, while some Asian countries have demonstrated results despite top down approaches the chapter raises concern about the sustainability of such approaches especially given the Arab spring experiences of North African countries in 2011 and most recently Burkina Faso and Haiti.

### ***6.3.1.1 Inclusive planning enhances sustainability and can avert social unrest***

The first lesson that emerges from this analysis is that inclusive planning is not only justifiable on moral grounds but on the grounds of sustainability. African experiences are replete with the consequences of top-down approaches. They include Ethiopia's failed villagization programme, the dire consequences of Uganda's Ugandanization programme, and the lack of inclusive growth that contributed to the uprising in Egypt in 2011.

### ***6.3.1.2 Establishing institutionalized mechanisms for stakeholder engagement promotes and sustains inclusiveness***

The experience of Egypt reveals that ad hoc mechanisms of citizen's engagement often advantage some groups over others leading to collusive relationships and corruption. Institutionalizing mechanisms of engagement enhances transparency and creates a more level playing field in the consultations process.

### ***6.3.1.3 Pre-defining the development agenda undermines the integrity of the consultations process***

Stakeholders must be consulted at all levels of the consultations process particularly articulating the overarching vision of the plan. The tendency has been for the broad agenda to be framed by development partners or a small group of bureaucrats. Stakeholders are subsequently brought in to gain consensus within a predefined agenda. On the one hand Structural Adjustment Programmes created no space for civil society engagement. On the other hand, poverty reduction strategies structured consultations around the pre-set agenda of poverty reduction.

### ***6.3.1.4 Closing the space for consultations on the macroeconomic framework is counterproductive and undermines ownership***

To the extent that the macro-economic framework determines how resources will be mobilized and spent, excluding stakeholders from this discussion defeats the spirit of inclusive planning. For instance, stakeholders need to be part of key discussions such as: who bears the bulk of the tax burden, what mechanisms will be put in place to ensure credit for SMEs and what is the government's position on trade liberalization. These discussions cannot be left solely to the discretion of the Fund and a few bureaucrats.

### ***6.3.1.5 Commitment to private sector involvement in the dialogue mechanisms facilitates implementation***

The experiences of the Republic of Korea and Japan suggest that significant benefits can be derived by involving the private sector in the design and implementation of national development plans.

Africa's experience with private sector was initially one of neglect with SOE's invariable supplanting the private sector as partners in the development process. This phenomenon has changed in recent years however more can be done to engage the private sector through institutionalized dialogue mechanisms particularly in the context of designing industrial policies.

### **6.3.16 Nurturing home grown community based organizations enhances the credibility of civil society organizations**

International non-governmental organizations (INGOs) are no substitute for home grown civil society organizations (CSOs). The experiences of Uganda and Ethiopia suggest that there is scepticism about CSOs due to the dominance of INGOs in the development landscape. In Uganda government has continued to view CSOs as agencies funded from abroad which are not accountable to any government institution and largely pursuing interests that are sometimes contrary to government policy. Such views notwithstanding CSOs play an important role in the development process by offering alternatives perspectives and through the delivery of services. What is required is a much stronger presence of homegrown CSOs and greater transparency about the agenda's and funding sources of all CSOs. Governments might also want to support CSOs particularly Community based CSOs to dilute the dominance of INGOs.

### **6.3.2 Towards effective implementation**

Chapter 4 examined the challenges and experiences of countries in implementation of development plans with a focus on institutions, alignment of planned outputs with resources; the perils of excessive

reliance on donor funding; and the challenges of coordinating national and subnational implementation processes. The narrative reveals that despite the elaborate implementation arrangements that African countries have put in place over the years to ensure successful plan execution the outcomes have had limited effectiveness. There have been wide gaps between plan formulation and plan implementation, not because of lack of technical soundness of the plans but because of weak coordination among line ministries, blurred roles of responsibility, turf wars between the Finance ministry and autonomous planning agencies and weak oversight by the apex bodies to reign in non-performing institutions. The top echelons of the political leadership that also feature in the implementation of national development plans have not demonstrated sufficient political will to implement plans.

#### **6.3.2.1 Central planning agencies must be on par with Finance ministries to ensure effective coordination and alignment of resources to development priorities**

Merely establishing a Planning commission with a legal mandate to plan does not address the pressing coordination challenges that such an entity is likely to face vis a vis the Finance Ministry. To the extent that the Finance Ministry holds the power of the purse it can derail planning efforts of the Commission without support of the highest office. Blending the two entities has its challenges because finance tends to take precedence over planning. The issue is therefore more about the power and support that the central planning agency receives and less about its location. Malaysia's experience demonstrates how political commitment and support to planning can strengthen its effectiveness.

### **6.3.2.2 Excessive donor dependence requires strategies to protect policy space and ensure resource predictability**

The merger of the planning agency with the institution responsible for negotiations with development partners can strengthen alignment between donor funding and national development priorities. Cabo Verde's experience in this context is illuminating and shows how a country can rely on aid while owning and leading its development process.

### **6.3.2.3 Decentralized approaches to planning promote grassroots participation and enhance continuity in plan implementation**

The shift from centralized to indicative planning has been accompanied by a more decentralized approach to planning as well. While this phenomenon has contributed to greater local support and ownership of development plans it has also exposed weaknesses in sub-national capacities for public financial management. It is therefore imperative for policymakers to invest in strengthening the capacities of sub-national governments.

## **6.3.3 Toward corrective planning: monitoring and evaluation**

The analysis of Monitoring and evaluation systems in Africa notes that M&E systems are nascent but improving however the impetus of M&E has often been externally driven by donor reporting requirements and conditionalities. Nurturing a homegrown culture and appreciation of the importance and relevance of M&E for evidence based policymaking is therefore vital if policymakers are to reap its full benefits. Internalizing an M&E culture is likely to ensure that its findings are fully exploited to inform and improve

on policymaking and budget allocations. The chapter also observed that M&E systems in Africa tend to be fragmented suffer from weak institutional capacities and lack of strong statistical systems to feed them with the necessary data for monitoring. Furthermore, there is a disproportionate focus on expenditure tracking and activity level monitoring as opposed to results based monitoring. Moreover, national and sub-national monitoring systems are often not integrated which often leaves out important information about local level performance in plan implementation. In most cases the institutional mechanisms exist only in theory hampered by a lack of commitment and or capacities. The experiences of some Asian countries demonstrate the importance of continuity and commitment in ensuring results. Placing monitoring units in the highest office is only productive if the highest office is committed to its success.

### **6.3.3.1 Administrative data can bridge data gaps**

Statistical systems in Africa are challenged in terms of resources, and capacities to collect, analyse and disseminate data. However, administrative data collected by sectors are not fully exploited. More effort is required by African governments to optimize the use of administrative data by processing and transforming such data into useable formats to support the implementation and monitoring of development plans.

### **6.3.3.2 Integrated M & E system are key to addressing fragmentation**

M&E systems in several African countries are fragmented with weak central systems of coordination at national and sub-national levels. M&E systems need to be integrated to ensure coherent and comprehensive monitoring of performance.

### **6.3.3.3 M&E systems of accountability must be oriented to domestic stakeholders as well as development partners**

Development partners tend to drive the demand for M&E outputs reflecting a lack of domestic demand. Without strong domestic demand M&E systems will only serve to strengthen accountability to donors with little or no impact on improving domestic policy formulation.



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Mr Cameron Dugmore, Adviser to the Minister of Planning (7th February, 2014)

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#### Methodology for data collection

Desk work was also complemented by interviews of policy makers that have been involved in drafting, implementing or coordination of development plans. The list is provided below:

Name	Institution
Mr. Moses Dhizaala	National Planning Authority
Dr. Patrick Birungi	National Planning Authority
Mr. Kasingye Kyomugambi	National Planning Authority
Mr. Lugoloobi Amos	National Planning Authority (Former staff)
Dr. Tom Makumbi	School of Business and Management, Makerere University
Mr. Kasumba George	Ministry of Planning and Economic Development (Former staff)
Dr. Albert Musisi	Ministry of Finance Planning and Economic Development
Mr. Drake Rukundo	NDP mid-term review consultant
Mr. Tumusiime Fred	NDP mid-term review consultant

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