



African Economic Conference
Conférence économique africaine

CALL FOR PAPERS

African Economic Conference 2017

“Governance for structural transformation”

Addis Ababa, Ethiopia

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ECA



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Resilient nations.*

I. Introduction

1. African countries entered the millennium with an impressive record of economic growth. Prior to the global financial and economic crisis, gross domestic product (GDP) grew on average at 5.7 per cent per annum during 2001-2008. In 2009, growth decelerated to 2.5 per cent as African economies were impacted by reduced demand for their exports, and lower investment and aid flows to the continent. However, effective macroeconomic management, increased diversified trade and investment with emerging countries, a growing middle class, increased domestic consumption, and intensified regional integration enabled African countries to weather the impacts of the global crisis and recover with an average GDP growth rate of 3.3 per cent per annum between 2010 and 2015. Africa's average growth remained moderate throughout 2016 (3.7 per cent) and is expected to reach 4.5 per cent in 2017.¹ According to the African Economic Outlook, this sustained growth is due to improved macroeconomic governance, stronger domestic demand and a friendlier business environment. In fact, 37 African countries have shown improvement in the Overall Governance score (a one score point increase from 49.0 to 50.0 between 2006 and 2015), and about 70 per cent of the African population have benefited from improved governance.² However, the majority of African countries have performed poorly in the category of Safety and Rule of Law (e.g. personal safety, national security, accountability, corruption and bureaucracy, etc.).

2. Notwithstanding the sustained level of economic growth, about half of Africa's population still lives below poverty line. In other words, the strong growth rates have not translated into decreased poverty and inequality, or more job opportunities, especially for young people. Also, African countries' efforts at reforming their economies have not always resulted in the desired transition into more diversified high-productive industrial sectors. Many African economies remain narrowly based on the production and export of unprocessed agricultural commodities and natural resources (minerals and crude oil). Only a few African countries have succeeded in structurally transforming their economies – Egypt, Mauritius, South Africa and Tunisia. These countries achieved sustained growth of more than 2 per cent during the period 1960–2007 and were able to meet all or some of the requirements for a classical structural transformation (e.g. GDP shares of the three sectors – agriculture, industry and services, and manufacturing – increase as real per capita GDP increases). For instance, Tunisia recorded an average annual real per capita GDP of 3.4 per cent during the period 1970–2007, whilst the GDP share of the three sectors of its economy increased over the same period.³ A diversified economy, highly productive industrial and services sectors, robust institutions, an enabling environment for investment and competitiveness, and stability are all characteristics of the structural transformation of Mauritius, which is often cited as a success story. The success of South Africa in their structural transformation is most attributable to its robust mixed economy (including mining, manufacturing, food processing, clothing and telecommunications), increased public investment in agro-processing, automobile, steel and engineering, and promotion of its own local technological expertise).⁴

3. Governance is a complex concept that goes beyond the traditional conception of exercise of authority or power in order to manage an entity's economic, political and administrative affairs. It refers to the dynamic framework of rules (formal and informal), norms, values, structures, relationships,

1 African Development Bank, and others, African Economic Outlook 2016: Sustainable Cities and Structural Transformation (Paris, Organisation for Economic Cooperation and Development Publishing, 2016). Available at <http://www.africaneconomicoutlook.org/en/african-economic-outlook%202016>.

2 Mo Ibrahim Foundation, A Decade of African Governance 2006-2015, 2016 Ibrahim Index of African Governance, Index Report (2016). Available at <http://mo.ibrahim.foundation/iiag>.

3 Economic Commission for Africa and African Union, *Economic Report on Africa 2011: Governing development in Africa – the role of the state in economic transformation* (2011). Available at <http://www.uneca.org/publications/economic-report-africa-2011>.

4 Economic Commission for Africa, *African Governance Report IV: Measuring corruption in Africa - The international dimension matters* (2016). Available at http://www.uneca.org/sites/default/files/PublicationFiles/agr4_eng_front-matter.pdf.

systems and processes by which an entity (public and private/corporate or state and non-state) is directed, controlled and held to account and whereby power/authority within the entity is exercised and maintained for the attainment of specific outcomes. It encompasses broad-based participation, rule of law, accountability, transparency, responsiveness, effectiveness and efficiency, stability and safety, equity and inclusiveness, empowerment, and control of corruption.

4. On the other hand, structural transformation, which refers to “the reallocation of economic activity across the broad sectors of agriculture, manufacturing and services”, is indispensable for African countries to significantly reduce poverty and achieve the Sustainable Development Goals by ensuring that the sources of growth are diversified through industrialization, value-addition and structural transformation. It turns out that one of the preconditions for the successful transformation of African economies is good political, economic and environmental governance. In other words, structural transformation requires good governance underpinned by: democratic, responsive, transparent and accountable systems of governance; sound macroeconomic policies; adequate institutional and human capacities to design and implement development programmes; ‘social contract’ between Governments and citizens on mutual roles and responsibilities; sufficient investment in social and economic infrastructure; and an enabling environment for competitive manufacturing, agribusiness and services sectors.

5. In general, many African countries have made progress in improving political and economic governance over the past decade. The gains in good governance, however, are more attributable to achievements in human development, political participation, and human rights, whilst performance in safety and rule of law, and sustainable economic opportunities have deteriorated. It is worthy to note that in their attempts to achieve structural transformation, many African countries have failed to prioritize the application and practice of the principles of good governance, which calls for political representativeness, institutional effectiveness and robust economic management.⁵ These principles of good governance enable a country to formulate and implement sound structural transformation agendas. In Africa, evidence shows that countries with limited transparent, accountable and responsible Governments and institutions, or weak socioeconomic systems, have experienced slow progress in diversifying the economy, increasing high intensive labour productivity, improving the environment for business and investments, creating sustainable job opportunities, and upscaling human well-being.

6. The goal of the 2017 African Economic Conference will be to identify more specific governance policies and strategies for successful structural transformation, building on existing best practices and alternative African perspectives leading to structural transformation. The Conference will bring together policymakers, researchers and development practitioners from Africa and from around the world to make strategic contributions to the achievement of structural transformation in Africa with an emphasis on developmental governance. The Conference will also provide an opportunity for participants to assess the impact of current economic and political governance strategies on economic transformation, poverty, inequality and human development in Africa. In addition, participants will be able to discuss successes and lessons learned, and identify remaining gaps, challenges and emerging issues on the topic. The Conference will encompass in-depth presentations of policy-oriented research by both established academics and emerging researchers from the continent, who will debate and recommend policy options on how to upscale governance for the structural transformation of African economies and societies.

⁵ Ibid.

II. Challenges and opportunities of governance for structural transformation in Africa

7. Recent global and regional developments point to an increasingly supportive environment for Africa's sustainable development, especially the continent's industrialization strategies. Globally, the 2030 Agenda for Sustainable Development has committed the international community to a set of global interventions and resources. While the current African consensus, as reflected in Agenda 2063, highlights the significance of socioeconomic development as a path-dependent process. In this context, Africa's history plays a significant role in understanding the process by which we arrive at today's economic decisions and to interrogate the persistent and poor performance, and the long run divergent patterns of development and their effect on African economies.

Good governance and structural transformation are critical drivers for sustainable and inclusive growth

8. To achieve the overarching goal of structural transformation, many African countries have established a number of special initiatives focusing on infrastructure and human capital development, agricultural transformation, and inclusive and sustainable industrialization. The governance deficit of many African countries, however, has been a major constraint in attaining this goal. The success stories of Asian countries' structural transformation reveal that governance, be it economic, political or corporate, is central for any successful structural transformation agenda. So in order for African countries to unleash their potential and achieve sustainable and inclusive growth, they need to ensure that growth is underpinned by good governance and structural changes in the economy. A growing number of recent empirical work show that the difference in the size of growth between Asia and developing countries in Africa can be attributed to the active role of government policies, institutions and frameworks in transforming the economies. Moreover, the role of governance through improving economic and social infrastructure, enhancing agricultural sector productivity, modernizing industrial policies and productivity, minimizing social inequalities, developing human economic well-being, and ensuring political stability, are key to an inclusive structural transformation agenda.

However, many African countries are constrained by limited capabilities to design and implement successful structural transformation

9. The efforts of African countries in transforming their economies into more productive industrial and services sectors have also been constrained by many factors, including: Governments' limited capabilities to design and implement successful structural transformation programmes; weak institutional and human capacities; limited investments in infrastructure (both economic and social) and technological upgrading; inadequate policy, institutional and business frameworks; low competitiveness of domestic firms and the private sector; and political stability. In other words, States guided the structural transformation programmes with limited capacity to design and carry out prudent macro-economic policies, and establish strong and functional institutions. These factors are vital for creating a conducive environment for local entrepreneurship, developing adequate economic and social infrastructure, attracting investments (both domestic and foreign), and increasing productivity and competitive export products. Accordingly, for African countries to overcome the challenges above there is a critical need to build effective institutional architecture in the State and mobilize society towards the realization of its development outcomes.

The rapidly changing global circumstances give African countries an opportunity to take ownership in the design and financing of their industrialization

10. Interestingly, contrary to the recent wave of pessimism about Africa's progress and notwithstanding the challenges identified above, many African countries present potential opportunities to successfully diversify and transform their economies. While there are varying degrees of growth and transformation on the continent, it is worthy to note that a certain number of African countries have recorded development gains in terms of improved governance, better economic and social policy management, increased investments in infrastructure, stronger education and health systems, more market oriented economic systems, and more economic opportunities. What will be critical for this group of countries is to better adapt to the rapidly changing global circumstances and, for instance, take advantage of the recent shift of emerging economies (such as China), towards more advanced, high technology industrialization, which gives African countries an opportunity to embark on agro-based industrialization and expand their manufacturing subsector. African States can therefore benefit from these growing opportunities to design and implement sustainable and equitable development strategies that are home-grown and equally conversant with regionally and globally agreed development strategies. As greater opportunities for financing Africa's structural transformation will arise, more emphasis should be put on efficiently and effectively mobilizing domestic revenues whilst mitigating the risks of external capital flows.

A structural transformation agenda, underpinned by good governance will help address fragility in Africa

11. Although a few pockets of fragility still remain in Africa as in other parts of the world, there has been notable progress in democratic transitions and building peaceful and prosperous nations on the Continent. Many Post-conflict countries have shown that the possibility of a successful turnaround is attainable. Experience has shown, however, that building democratic developmental States is a difficult process. The factors that incite, fuel or shape Africa's conflicts have been varied, complex and multifaceted. Some of these factors include mismanagement of natural resources, wide-spread poverty (including limited access to basic public goods and the absence of alternative economic opportunities, particularly for young Africans), and politicized ethnicity that often translates into skewed access to power and economic resources.

12. The broader argument is that Africa's endowments in natural resources and human capital offer scopes for economic transformation underpinned by:

- Policies (e.g. development and sectoral policies and mechanisms)
- Institutional frameworks (e.g. administration, rule of law, legislative)
- Capacities (e.g. institutional, human).
- Competitive manufacturing sector
- Agro-based industrialization
- tradable services, skills and technology upgrading

- Sustainable productive employment
- Financing Development (domestic resource mobilization, private and foreign investment, official development assistance)
- Partnerships for financing structural transformation (e.g. partnerships between State, private sector, civil society, trade partners, development partners)

13. The above objectives will be important drivers for structural transformation in Africa, but will also be difficult to realize without an active role of a developmental state that is driven by visionary leadership and ideological orientation. A State that prioritizes inclusive development, has bureaucratic and organizational capacity by promoting the expansion of human capabilities, and most importantly, adequate political capacity with established institutional arrangements that provide incentives for innovation and skills development.

14. Another potential that African countries can tap into (to structurally transform their economies) is the fast urbanization rate coupled with fast growing consumer markets. According to a 2016 McKinsey Global Institute report,⁶ Africa's household consumption and business spending offer companies a \$5.6 trillion opportunity by 2025. Such a potential can only be realized with the help of African Governments ensuring that constraints to agriculture, manufacturing and other industrial productivities are well addressed. The report recommends Governments to "mobilize more domestic resources; aggressively diversify economies; accelerate infrastructure development; deepen regional integration; create tomorrow's talent; and ensure health urbanization". So the role of a vibrant private sector is crucial in partnering the State in financing and accelerating African structural transformation. Furthermore, African Governments should ensure conducive business environments, be more proactive in promoting private entrepreneurship, and enforcing suitable fiscal policies and investment strategies for deepening the financial sector.

15. Last but not least is the potential contribution of regional integration to Africa's structural transformation agenda. Regional integration can help accelerate structural transformation through creating economies of scale, enhancing the competitiveness of African economies, increasing the capacity to mobilize more resources, creating supply chain linkages among African markets, facilitating access to global value chains, enabling the free movement of labour within economic communities and between regional groupings, and the transferring of skills across industries and across borders. To realize such advantages of regional integration, African Governments and regional and continental institutions should harmonize and coordinate national development strategies and policies, while ensuring a stable regional environment for cross-border economic activities.

III. Objectives of the conference

16. The African Economic Conference provides a forum for leading thinkers and practitioners to discuss the emerging issues in Africa. The specific objectives of the Conference series are to:

- Promote knowledge management as an important driver of policy dialogue, good policy planning and implementation

⁶ McKinsey Global Institute, *Lions on the move II: realizing the potential of Africa's economies* (2016). Available at <http://www.mckinsey.com/global-themes/middle-east-and-africa/lions-on-the-move-realizing-the-potential-of-africas-economies>.

- Foster dialogue that promotes the exchange of ideas and innovative thinking among researchers, development practitioners and African policymakers
- Encourage and enhance research on economic and policy issues related to the development of African economies
- Provide an opportunity for young African researchers, Africans in the Diaspora, regional and subregional organizations to disseminate their research findings and share information with African policymakers on the work they do in the region.

IV. Format of the conference

17. The African Economic Conference 2017 is jointly organized by the Economic Commission for Africa, the African Development Bank and the United Nations Development Programme, and will take place in Addis Ababa, Ethiopia from ... to ..., 2017. The eleventh edition of the African Economic Conference series will offer a unique opportunity for researchers, policymakers and development practitioners from Africa, and around the world, to reflect back on the progress made by African countries in structurally transforming their economies, and debate on Government policies, institutions and mechanisms that can help unlock the transformative potential of African economies and henceforth contribute to building resilient societies on the continent. The organizing institutions will also take the opportunity to showcase their work towards building good governance for structural transformation in Africa.

18. The conference will comprise a number of plenary sessions as well as break-out sessions that will feature presentations and discussions by prominent academics, policy makers, business actors, civil society, opinion leaders and representatives from development organizations. The breakout sessions will allow for a more in-depth and technical analyses of salient issues related to the thematic focus of the Conference.

19. Analytical research and policy-oriented papers relevant to the broader theme of "Governance for structural transformation" are of particular interest. Papers that engage with the following sub-themes, which are intended to enable a broad range of discussions on the role of governance in Africa's structural transformation and devise strategies and policies for accelerating the transformation of African economies and societies, are welcome:

- **Governance for structural transformation: conceptual and theoretical Framework:** what are the conceptual and theoretical governance framework for structural transformation, especially in the African context?
- **Governance, institutions and economic development:** developmental states; institutional capabilities; stable macroeconomic and fiscal policies; industrial policies and frameworks; public investment; green growth.
- **The role of the State and leadership in overcoming barriers to effective structural transformation:** interdependence of political stability and structural transformation; state legitimacy, state capacity; political institutions effectiveness; state-society relationships; and decentralization and local governance.

- **Financing structural economic transformation in Africa:** innovative financing mechanisms; financial sector reform; domestic resource mobilization; investment strategies; capacity development for public financial management; and fight illicit financial flows.
- **Assessing the role of decentralized government institutions in structural transformation:** sustainable cities and urban agglomerations; demographic dividend; infrastructure development; health urbanization; rural–urban migration; rural diversification; regulatory environment for business; and rising consumers and businesses opportunities.
- **Inclusive governance of natural resources as a driver of structural transformation:** transparent, accountable and inclusive systems of governance; management of revenues; land policy and management; diversification, linkages and value chains; conducive environment and incentives for investment; and human and institutional capacity development for managing natural resources.
- **Governance, migration and structural economic transformation:** improving the quality of human assets; promoting labour productivity, especially for women and young people; and facilitating knowledge sharing and skills-transfer (e.g. South-South cooperation).
- **Deepening regional integration towards effective governance and structural transformation – best practices and lessons learned:** harmonization of policies and institutions; economies of scale; regional and international competitiveness; regional infrastructure; cross-border economic and financial activities; and labour mobility.

V. Submission of papers and time frame

20. Authors must submit their papers in accordance with the instructions on the African Economic Conference 2017 website (www.uneca.org/aec2017).

21. Participants and experts submitting papers for the Conference must adhere to the key deadlines stated in table 1.

Table 1: Annotated time frame

Annotation	Deadline Date
Start of paper submissions	20 June 2017
Deadline for paper submissions	15 August 2017
Notification of final acceptance	24 October 2017
Last day for registration for presenters	3 November 2017
Closing of flight bookings	14 November
Conference Dates	4-6 December 2017

22. Papers will be blind-reviewed by the co-organizing institutions and those accepted for presentation shall be original quality work not previously published.

23. Young African researchers are especially encouraged to submit their articles. One of the objectives of the African Economic Conference series is to provide young African researchers with the opportunity to not only share their work with a broader audience, but also to expand their networks.

VI. Expected output

24. The outputs of the Conference are expected to include:

- Conference report: a summary of key findings and key policy recommendations distilled from conference papers and keynote speeches.
- Conference proceedings: a special issue of the African Development Review containing the most innovative articles of policy and operational relevance, and a proceedings book that publishes selected papers. This double publication finds a useful application in policymaking for political leaders and in defining strategic priorities for development practitioners.

VII. Sponsorship

25. Authors will be requested to indicate whether they require support to cover expenses (travel, accommodation and daily subsistence allowance) associated with their participation at the Conference. Only one author per paper accepted for presentation will be eligible for sponsorship. Support is reserved mainly for presenters and young researchers from Africa.