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Seventh Joint Annual Meetings of the ECA Conference
of African Ministers of Finance, Planning and
Economic Development and AU Conference of
Ministers of Economy and Finance



Abuja, Nigeria

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**Background paper for a side event
Renewal of planning: planning for Africa's industrial development**

1. Introduction

1. Structural economic transformation and industrial development constitute a major development priority for Africa over the decades to come. This is clearly evidenced by a series of proclamations, declarations and decisions made at major summits and meetings and by the adoption of the Action Plan for the Accelerated Industrial Development of Africa at the tenth annual ordinary session of the African Union Assembly of Heads of State and Government in January 2008. At the regional level, the Agenda 2063 project calls for a transformative agenda that is expected to bring about prosperity for all. Furthermore, the common African position on the United Nations development agenda beyond 2015 and the African sustainable development goals identify industrialization and structural transformation as key priorities in efforts to improve living standards. At the national level these themes resonate in the national development strategies of several countries.

2. Experiences across a number of countries, however, suggest that structural economic transformation in general and industrial development in particular do not come about through the unfettered actions of the free market. They require the active participation of the State. This role is invariably effected through a development planning process that identifies priorities and directs financial and human resources towards the design and execution of programmes and projects dedicated to realizing the objective of industrial development.

3. For instance, education and health provide the basis for building national capabilities to improve the labour productivity and competitiveness necessary to take advantage of globalization and transform economies. In Africa, these sectors need to be strengthened and matched with the needs of labour markets. Weak infrastructure remains a constraint on doing business and undermines productivity. Africa's industrialization still requires massive investments in infrastructure in such areas as transport, water, energy, information and communications technology. These will have to be planned. Technology is recognized as one of the key drivers of accelerated growth and economic transformation through its impact on productivity and incomes. But technological advancement is not going to happen by chance in the continent; it has to be well thought out and planned with the adequate allocation of resources to research and development, for instance. The management of climate change through the adoption of adaptation and mitigation strategies will have to be planned as well, for it not to undermine the transformation process and thereby worsen the food security situation still further.

4. Insofar as planning is crucial to meeting the prerequisites for industrial development in Africa, it is equally paramount to ensuring that industrial development is inclusive and sustainable. In effect, industrialization and structural transformation can turn out to be non-inclusive as suggested by recent experiences in emerging countries such as China and the Republic of Korea, where remarkable economic growth went hand-in-hand with rising inequality. This can be exacerbated by poor quality of governance, institutions and economic management; a situation which remains a challenge in a number of African countries.

5. At the same time, inclusiveness is indispensable for sustainable development as evidenced by the Arab spring and the recent spate of unrest in Brazil.

6. African economies cannot count on markets alone to achieve structural transformation; the invisible hand of the market will not be able to ensure an adequate redistribution of income and wealth, promote inclusiveness and limit inequality. African countries will need to

plan, set priorities, allocate their resources accordingly, monitor and evaluate progress and make adjustments based on lessons learned internally and from outside.

7. In summary, in order to be effective in shaping the transformation agenda, African States will have to be developmental ones. In that journey, African planners are responsible for framing contextualized development visions and adequate strategies and plans. They have, in particular, to build on the experience of the severe de-industrialization process that the continent experienced in the 1980s and the 1990s, and also learn from the positive experience of Asian countries which were able to take advantage of globalization.

8. Fortunately, planning is gaining momentum again across the continent, and is also contributing to remarkable development successes, as is the case in Ethiopia, Ghana and Rwanda, to list only a few. African policymakers recognize the importance of planning for development, and are keen to enhance their capacity in this regard. Thus, in 2011, at the Joint Annual Meetings of the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development and African Union Conference of Ministers of Economy and Finance, member States reaffirmed the importance of strengthening national capacities for development planning in Africa. The United Nations Economic Commission for Africa (ECA) was requested to assist member States with the development planning process. The Commission is taking this mandate seriously and has already undertaken a number of initiatives in that direction. Two capacity-strengthening workshops have been organized over the past two years, bringing together development planners and planning experts from all subregions of the continent. During the last event, which took place in Abidjan, Côte d'Ivoire, in 2013 on the margins of the Conference of Ministers of Finance and Planning, a regional network of African development planners was launched to strengthen capacities via knowledge sharing and peer learning for effective development planning in Africa.

9. Currently, ECA is also commissioning a rigorous analytical and policy-oriented study aimed at, first, taking stock of the state of planning in 10¹ selected African countries; second, undertaking a review of the East Asian experience of economic planning and assessing its relevance to the African context; third, identifying relevant cutting-edge planning techniques and experiences in terms of design, implementation and monitoring and evaluation; and, fourth, exploring ways of applying these techniques to the planning frameworks on the African continent.

10. The Conference this year provides yet another opportunity for planners to meet, exchange views, learn from one another and strengthen their capacities.

2. Objective

11. The overall objective of the workshop is to reflect on how structural economic transformation and inclusive industrial development can be supported through development planning. In addition, the workshop will explore how to foster capacity strengthening in the area of development planning that is conducive to industrialization, job creation and inclusive development.

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

12. Specifically, the workshop will aim to:

- (a) Debate specific topics related to industrialization, job creation, inclusiveness and planning;
- (b) Reflect on strategies to enhance the inclusiveness of the opportunities offered by Africa's transformation agenda and to minimize its risks;
- (c) Share lessons learned in development planning based on work by ECA on the topic and on countries' experiences;
- (d) Gain a better understanding of the planning needs of the members of the Network of African Development Planners.

3. Format

13. The workshop will be a one-day event consisting of two main plenary sessions followed by a question-and-answer session.

14. The first session will be a panel discussion on the development planning implications of industrialization and structural transformation in Africa. Special emphasis will be placed on employment and inclusion. The panel will consist of eminent experts in planning and development issues. The issues to be debated will include:

- (a) What lessons can be drawn from past experiences in industrial planning and policy formulation?
- (b) What support do planners need to kick-start and sustain industrial planning in Africa?
- (c) How can development planners ensure that their plans result in inclusive development underpinned by robust job creation?
- (d) What planning requirements are there to ensure that the industrialization process is gender-sensitive?
- (e) What are the data and monitoring and evaluation requirements for more effective planning in Africa?
- (f) What can be learned from the industrial process in Asia?
- (g) What specific support can ECA and partners provide to planners to foster industrialization and inclusive development in Africa?

15. The second session will start by highlighting the link between development planning, industrialization and structural transformation in Africa, followed by two presentations on work conducted by ECA that can inform development planning in Africa. The first presentation will describe ECA research on the nexus between industrialization, inequality and policy measures that promote or undermine inclusive industrialization. The second is a study of lessons learned in development planning, which is based on country experiences and

attempts to identify best and worst practices in various aspects of planning, including its design, implementation and monitoring and evaluation phases. The presentations will be followed by a general discussion aimed at improving the work in progress.

4. Draft programme

1. Opening statements (Minister of National Planning of Nigeria, ECA Executive Secretary)
2. Session one (two hours): Presentations of work under way at ECA
 - (a) Presentations by six or seven panellists on the development planning implications of industrialization and inclusive development;
 - (b) General discussion
3. Session two (three hours): Thematic discussions
 - (a) Industrialization and Structural Transformation in Africa
 - (b) Working paper: Industrialization and inequality in Africa
 - (c) Lessons learned in development planning
 - (d) Comments from a discussant
 - (e) General discussion
4. Closing session.

5. Expected outputs and expected accomplishments

16. It is expected that the discussions at the workshop will enrich and improve work under way in ECA and research in development planning. The workshop is also intended to revive the knowledge-sharing spirit within the Network of African Development Planners and to foster peer learning. The expected output consists of a list of actionable recommendations that will enable ECA to enhance the capacity-strengthening support that it provides to African development planners, including in the area of strategies for job creation in a context of industrialization.

6. Participants

17. Participants will mainly consist of the technical staff accompanying their ministers at the 2014 Joint Annual Meetings and it is expected that these will mostly be the directors of planning who are the actual members of the Network of African Development Planners. In addition, selected experts in planning and industrial development will also be invited.