Launch of the African Development Perspectives Yearbook Volumes 18 and 19, Kigali, Rwanda, Kigali Convention Centre, 25 - 27 October 2016

United Nations
Economic Commission for Africa

Universität Bremen*

Panel Discussion 3 – Policy Recommendations from the African Development Perspectives Yearbook and Policy Reforms in Africa

Presentation by Professor Emeritus Dr. Karl Wohlmuth, University of Bremen, Faculty of Economics and Business Studies, Director of the Research Group on African Development Perspectives Bremen

Title of Presentation: **How to build a Strategy on the basis of Essays and Case Studies which are presented in the various Volumes of the African Development Perspectives Yearbook?**

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1. Examples from Volumes since 1989

2. Examples from Volume 18: Transformative Regional Integration in Africa

3. Examples from Volume 19: New Trade and Investment Policies for Africa

4. Policy Responses and Policy Processes in African Countries

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In **Volume One** of the Yearbook the *Khartoum Declaration Towards A Human-Focused Approach To Socio-Economic Recovery And Development In Africa* was carefully analysed and reprinted in full; it was considered as an expression of African voices. Experts from international organizations like UNICEF, ILO, IMF, and World Bank were confronted with African Alternative Structural Adjustment packages which were critical to Washington Consensus views; a fruitful debate also reached African policymakers.

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In **Volume Two for 1990/91** on **"Industrialisation Based On Agricultural Development"** the concept of ADLI (Agricultural Demand Led Industrialization) was evaluated as a development concept and tested on the basis of various country cases. It became quite clear that the concept is still relevant if the limits are seen, although it can only be implemented on the basis of coherent industry, agriculture, regional integration and structural adjustment policies. A great number of policymakers were involved.

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In **Volume Three for 1992/93** on **”Energy And Sustainable Development”** the concept of “sustainable development” was brought in to look at the content of economic reforms in selected African countries. Country cases such as Ghana and Cote d’Ivoire revealed that introducing renewable energy systems and incentives to change the pattern of energy use were part of the economic reforms in these countries from the very start. Lack of ownership of economic reforms impeded progress.

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In **Volume Four for 1994/95 and Volume Five for 1996** the dimensions of Africa's employment crisis were characterised. It became clear – on the basis of country cases and exchanges with experts and policymakers - that also in Sub-Saharan Africa employment-creating economic reforms can be successfully initiated. However, a concertation of significant policies (industry, agriculture, technology, trade, investment, and labour market policies) and of business and labour interest groups is needed.

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In **Volume Six for 1997/98 and Volume Seven for 1999** the themes of good governance, empowerment and economic development were discussed on the basis of conceptual studies, country cases and deep discussions with experts and policymakers. A main message was that the empowerment of interest groups (in urban and rural areas, in industry, agriculture, and trade sectors) is key for successful programmes to initiate good governance at central and local levels and sustainable economic reforms.

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In **Volume Eight for 2000/01 - with a Part A on Basic Issues and a Part B on Country Cases –** it was emphasized that Africa's process of opening towards globalization is unavoidable in order to realize growth and employment, but requires a careful guidance at national and regional levels. The process of Africa's reintegration into the world economy demands a coherence of policy steps. Country cases and dialogues with policymakers show the feasibility of balanced reintegration strategies.

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In **Volume Nine for 2002/03 on "African Entrepreneurship And Private Sector Development" and in Volume Ten for 2004 on "Private And Public Sectors: Towards A Balance"** we find elements of a strategy for private sector development in Africa. The strategy is based on appropriate criteria for economic reforms towards private sector development and entrepreneurship development. All this was done in the context of a frame for balancing private and public sectors.

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In **Volume Eleven for 2005/06 and in Volume Twelve for 2007** the concepts and strategies to escape the primary commodities dilemma are reviewed in order to identify policies to reduce commodity dependence and resource curse. The ultimate aim is to manage the extractive sectors sustainably and to initiate successful export diversification policies. The country cases and the dialogues with policymakers reveal that some optimism is justified despite of the cases of resource curse in Africa.

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In **Volume Thirteen for 2008 and in Volume Fourteen for 2009** the concepts, strategies and country cases related to new growth and poverty alleviation strategies were reviewed - by looking at international, national, local and institutional dimensions. Although some progress was achieved, as in South Africa, the findings show that the pro-poor growth concept was far too narrow, and limited to experimentation with new programmes, projects, tools and instruments. The unemployment issues were neglected.

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Volume Fifteen for 2010/11 was a response to Africa's management of the global recession of 2008/2009. Although Africa has shown resilience in the crisis years, in growth and fiscal space, nonetheless the structural transformation process was delayed by the global repercussions. Although the countries responded quite differently to the crisis, an economic policy cooperation has emerged at continental level. The dialogue with the policymakers brought out new areas for cooperation.

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Volume Sixteen for 2012/13 and Volume Seventeen for 2014 continued the discussion on new macroeconomic strategies for Africa which are more employment-generating and supporting inclusive growth. Country cases show that macroeconomic policies are still far away from these objectives. The “Arab Spring” events in North Africa, but also conflicts and crises in other regions of Africa point to these weaknesses. But, the dialogue with experts and policymakers reveals that a change of policies is possible.

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Volume Eighteen for 2015/16 on "Transformative Regional Integration in Africa" brought out important messages to the policymakers. A transformative regional integration agenda has the objective to speed up structural transformation in the Regional Economic Communities (RECs). Therefore, a transformative regional integration agenda aims to remove the barriers for an effective regional integration, such as gaps in infrastructure, legislation, policy coordination, doing business, etc.

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Six more general and three more specific issues of a transformative regional integration agenda were brought out in this volume and have to be discussed:

First, it is necessary to identify the opportunities and the constraints of Regional Economic Communities (RECs) and to streamline the working modalities within each REC. An inventory should highlight the obvious deviations in practice from agreed upon rules of origin, technical standards, safety regulations and non-tariff barriers.

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Second, it is necessary to design more realistic and pragmatic regional integration policies and to initiate more inclusive agendas for the REC. Thereby the degree of implementation can be enhanced. RECs should also be more inclusive in terms of actors and key objectives. This refers to business groups, up to informal sector and crafts associations and to workers' associations, but also to other actor groups representing the civil society at large. These groups bring to attention the key integration impediments.

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Third, at the level of the RECs a Transformative Regional Integration Agenda has to be worked out. As the cross-border transactions are most limited (intra-REC trade, intra-REC foreign investment, intra-REC business-to business cooperation, intra-REC knowledge and technology transfers, intra-REC services exchange, etc.), an Agenda should focus on key actions to remove binding constraints to deeper integration. Such actions can be in the fields of infrastructure development or doing business.

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Fourth, learning from the Asian and Latin American Regional Integration Schemes can help to energize the RECs in Africa. Despite of many shortcomings of ASEAN and MERCOSUR integration schemes, the decision-making processes there are more realistic and pragmatic. Step-by-step implementation processes are practised and overambitious objectives, targets and timetables are avoided. Regional integration is more transformative as enterprise-to-enterprise cooperation is more widespread.

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Fifth, to make the integration process more transformative the agendas of the TFTA and the CFTA have to be assessed country by country. Although the tripartite and continental African integration agendas have a great long-term significance, the most important action at short and medium term is to look first at the trade and investment opportunities in the neighbouring countries with already significant levels of transactions. The administrative costs of entering larger integration schemes also matter a lot.

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Sixth, to make the integration process in Africa more transformative the agendas of the RECs, of the TFTA and of the CFTA have to be consolidated. Such a consolidation process is urgent because of the overlapping (and often only loosely implemented) regional integration initiatives, the differing levels of integration (from preference zones to customs unions or more), and the diverging agreements with other world regions (in terms of agreements on trade preferences, free trade zones, and economic partnership).

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Core Issues for a more transformative regional integration process: In order to make the regional integration process in Africa more transformative three major fields of action are outlined in Volume 18: *first,* strengthening the role of regional integration for food security, agricultural development, and agribusiness development; *second,* strengthening the role of regional integration for industrial development, technological development, and for developing industrial champions;

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and third, strengthening the role of RECs for successful negotiations with global partners for enhancing global competitiveness and sustaining new development cooperation partnerships. Many examples in Volume 18 show that these three fields of action require that short-termism in policy action of the member states of the RECs has to give place to long-term thinking and commitment. Also, regional value chains can benefit from and will contribute to a transformative regional integration process.

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Seven key elements for New Trade and Investment Policies were highlighted in Volume 19. Via new trade and investment policies structural transformation can be speeded up; more comprehensive trade and investment policies can be introduced; new policies to initiate and sustain export diversification can become reality; policies to support competitive industrial champions are becoming effective; and foreign direct investment can be reoriented from extractive sectors to agriculture and manufacturing.

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First, New Trade and Investment Policies for Africa are more long-term, comprehensive and coherent. Comprehensiveness means that various related policy areas (industry and agriculture, science and technology, domestic and foreign investment, macroeconomic coordination and financial development, infrastructure and logistics, and regional integration) are put together and are changed together. Trade and Investment Policies are becoming coherent if institutions lock in such policies.

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Second, New Trade and Investment Policies for Africa have to develop Integrated International Support Systems for Africa's Agricultural Export Crops. As Africa is still largely dependent on agricultural exports (as it has a comparative advantage of exporting such products), the classical instruments of trade promotion have to be reworked so as to realise competitive advantages. "Trade Facilitation" and "Aid for Trade" Frameworks need a fundamental overhaul at global and regional African levels.

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Third, New Trade and Investment Policies for Africa will enable – if based on a long-term horizon - sustainable and effective export diversification policies and strategies. The record of export diversification is weak in most of Africa, and in Volume 19 evidence is presented that a new approach can be successful. Requested is a move from “top down” policy approaches to industry policies which do incorporate “bottom up” initiatives at export diversification. Identifying key constraints in value chain analyses matters.

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Fourth, New Trade and Investment Policies for Africa will accelerate – through reformed policies on foreign direct investment and the integration in global value chains – the process of structural transformation. This will be an advantage for job creation, poverty reduction and growth as foreign investment will then move to agricultural and manufacturing sectors instead of largely to extractives. Investment incentives and policies have to be redirected, and Volume 19 emphasizes the requested core pillars.

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Fifth, New Trade and Investment Policies for Africa will strengthen industrial policy formulation and implementation in resource-rich countries, and this is key for export diversification. Industry policy in many African resource-rich countries is weak, but there is a potential for strengthening it: through involvement of business associations, industrial groups, and local producers, but also through policy action on investment incentives, public investment, and a holistic support of non-resource sectors.

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Sixth, New Trade and Investment Policies for Africa will increase the benefits from participating in global value chains (GVCs) if the necessity of holistic development strategies is recognised. Then the framework conditions of a country for integration into GVCs as well as the specific capabilities and preconditions for linking domestic firms to particular GVCs chains can be better met. A new culture of dialogue with international, regional and local partners is important for a successful integration into GVCs.

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Seventh, New Trade and Investment Policies for Africa will support a push for higher value addition, employment creation and environmental protection in agricultural value chains (AVCs). This is especially important for land-scarce and resource-poor economies in Africa. As Africa is weak in the production of primary agricultural inputs, like fertilizers and equipment, in R&D, in ancillary services, in packaging and shipping, in distribution, in processing, and in sales and marketing, new policies can be supportive.

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What makes the Difference to other Editions on African Development? The Issues of the African Development Perspectives Yearbook contain for each subset of articles (called “Unit”) a Strategy, bundling together the policy conclusions and the policy recommendations in the form of a Strategic Conclusion. This is now standing practice in all Issues of the Yearbook. The editors and authors adapt to this procedure. The reactions are positive – the strategic implications of the essays and case studies are presented.

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How are the Themes selected for the various Issues? The themes follow the global development agenda. *Example Structural Adjustment Policies:* In the context of the externally imposed structural adjustment programmes (SAPs) for Africa not only a critical assessment of the SAPs was done; also alternatives to the mainstream proposals were presented and the African Alternatives to Structural Adjustment Programmes were assessed. It is necessary to inform the reader about African Alternatives.

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Example Balancing the Development of Productive Sectors: In various issues of the Yearbook the theme of a balance between agriculture and industry and the theme of a balance between public and private sectors was brought to the attention of the global reader. Balancing sectoral development is a key issue in development studies, but this issue is too often neglected in development practice, because of ideological positions and the lack of political interest. African Views on Balancing are also presented.

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Example Macroeconomic Policy Formation in Africa: In various issues of the Yearbook the theme of African ownership in macroeconomic policy formation was brought in. Since the world recession of 2008/2009 and its impacts on Africa the main trends in macroeconomic policy formation in Africa were towards more ownership in key policy areas and more policy coordination at regional and continental levels. However, the African Macroeconomic Policy Alternatives were not recognized fully outside Africa.

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Example Transformative Regional Integration in Africa: In various issues of the Yearbook the theme of Africa's regional integration was highlighted, but just in recent years the African views on integration had been developed vigorously: the African Regional Integration Index (ARII), the deep assessments of the African regional integration processes, and the work on new agendas for RECs, TFTA and CFTA are fine examples. The need for a more transformative regional integration is now on the agenda.

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Example of New Trade and Investment Policies in Africa: In various issues of the Yearbook the theme of Africa's reintegration into the world economy was analysed, always looking at the African views and solutions, but just in the recent years the African views on coherent, comprehensive and effective new trade and investment policies were developed quite rapidly: how to exploit the links between trade and foreign investment for structural change, how to work faster on trade facilitation, etc.

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Policy Processes in Africa and the African Development Perspectives Yearbook: It is common practice in the various issues of the Yearbook to consider also the policy and decision-making processes related to ongoing reforms of economic and social policies. The institutional dimensions of policy and the interest groups associated with reforms are part of the analysis. Therefore the authors are encouraged to consider governance issues from global to regional, national, sub-regional and local levels.

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Development Theories and the Publication Policy of the African Development Perspectives Yearbook: All over the issues we find quite different theoretical propositions in the contributions. It does not matter if dependency theories, structuralist theories, evolutionary and institutionalist theories or rather mainstream approaches are presented. Most important is the link between theoretical approach, empirical assessment and policy recommendation. But, African Alternatives by African Authors are given priority.

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Outlook for the African Development Perspectives Yearbook: The next two issues will be related to the theme "Science, Technology and Innovation (STI) Policies for Inclusive Growth in Africa". Already the work has started for volume 20. Essays on the conceptual frameworks for STI policies as a key to inclusive growth and Country Case Studies will be incorporated. Teams working on the conceptual framework and on the country cases have started with their work. We will bring in Rwanda as a case.