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ECA POLICY BRIEF

Long-term development planning: A foundation for achieving the Sustainable Development Goals in Africa

1. Introduction

Sustained economic growth, which is a foundation for poverty reduction and social development, occurs within the framework of good planning, with strong leadership and institutions. Sustained and inclusive growth in Africa is needed to ensure that the continent's approximately 1.1 billion people have sufficient food, acquire a good education, are healthy and productive and live to their full potential. According to the latest estimates, about 43 per cent of people in Africa lived in poverty in 2012, an improvement from 56 per cent in 1990. But because of population growth, there were about 389 million poor people in 2012 (an increase of almost 40 per cent from 280 million in 1990) (Beegle and others, 2016). In addition, endemic income inequality in Africa as well as inequities in access to basic social services pose a challenge and require careful planning to achieve inclusive growth and social cohesion. Out of the 10 countries with the highest inequality globally, 7 are located in Africa. Income inequality, measured using the Gini coefficient, ranges from 31 per cent in the Niger and Sao Tome and Principe to 63 per cent in South Africa (Beegle and others, 2016). And these averages and broad ranges mask

the large gaps in both poverty and inequality, both within and between countries.

Sustained growth requires a long-term commitment by political leaders, a commitment pursued with patience, perseverance and pragmatism (Commission on Growth and Development, 2008). From the 1940s and 1950s onwards, development economists identified a strong role for the State in planning for economic development and structural transformation (ECA and African Union, 2011). The sustained high growth recorded in Europe after the Second World War is in part attributed to the strong role played by the State through planning (Commission on Growth and Development, 2008).¹ As noted by Chang (2010), the whole world lives in planned economies, and economy-wide or sectoral planning is undertaken in virtually all economies across the world to promote sustained growth. This can be achieved through long-term policy pronouncements or deliberate development plans. The experience of Asian countries shows that development plans do achieve their goals even under top-down or managed processes. Owing to nascent and weak institutions and market failures in the developing countries, and particularly in Africa, the role of development planning in fostering inclusive and transformative growth cannot be overemphasized (ECA, 2016b). Many African countries have low savings and investment rates and weak infrastructure, and foreign

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

investment is largely concentrated in the extractive sectors, which are mostly export-oriented.

Long-term comprehensive development frameworks or visions, at both the international and national levels, are crucial for inclusive and sustainable development and transformation. From the Millennium Development Goals to their successor global development framework, the Sustainable Development Goals, and regional development frameworks such as Africa's Agenda 2063 and national development visions, long-term planning provides the framework for designing medium-term strategies and plans, which are critical to implementing the long-term development vision.

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

The Economic Commission for Africa (ECA) and the African Union (2011) underscore the role of a developmental State in economic growth and development through open and strong economic, political and social institutions. A 2014 ECA study on Planning for Africa's Development (ECA, 2016b) describes the importance and history of development planning and measures to strengthen it in Africa. This policy note, which is informed by the 2014 report as well as the Economic Report on Africa 2011 (ECA, 2011), summarizes the key issues in development planning, highlights the need to align national development plans with regional and global development frameworks and points out key actions that national governments and development partners can implement to promote development planning.

2. Why is development planning important?

The East Asian miracle demonstrates the importance of development planning in delivering economic

and social progress in a relatively short period (ECA, 2016b). Long-term planning or national visioning is important as a step towards setting and achieving national long-term economic goals and avoiding market failures. What is critical in designing a good futuristic plan is to ensure inclusiveness through participatory approaches, consistency in implementation and strong monitoring and efforts to address bottlenecks along the way.

Development planning helps to identify a national vision and development goals for economic and social transformation. Planning underscores the interlinkages in the economic, environmental and social dimensions of development, as well as the required infrastructure and governance approaches (ECA, 2016b). Long-term vision-setting and strategies underscore comprehensiveness and balance between macroeconomic concerns and social, structural and institutional issues (World Bank, 2001).

Development planning undertaken through consultative and participatory processes is crucial to rallying key stakeholders to the national vision and development objectives (ECA, 2016b). The population, national institutions, the private sector, non-governmental organizations and development partners are all encouraged to support the development goals, knowing that the benefits will accrue to the wider society. The experience of African countries during the 1960s and 1970s and that of Asian countries attest to this.

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

As current experience shows, development planning is an important mechanism for resource mobilization and allocation. Good and inclusive development plans that promise transformation can help governments to mobilize domestic resources for their implementation. In addition, development partners are attracted to support countries with comprehensive and inclusive development plans. These guide public resource

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reporting. Development plans need to be dynamic and responsive to the realities on the ground, but any changes need to be based on evidence of what is achieved, what is working and what needs to be adjusted.

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

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allocation to the most critical sectors to advance growth and transformation.

Lessons from the periods of medium-term planning in Africa during the 1960s and 1970s show that 42 of 52 African economies recorded non-negative annual rates of growth in gross domestic product, and only 10 recorded negative growth rates. Almost 41 per cent of the population lived in countries that recorded annual growth rates of 2.3 per cent or higher, and close to another 48 per cent lived in countries that recorded growth rates of between 0 and 2.3 per cent per annum (ECA, 2016b). On the other hand, the periods associated with the absence of longer-term development planning, including the short-term structural adjustment regime of the period between the 1980s and 2000, saw growth rates decline, with as many as 23 African countries registering growth rates of below 2.3 per cent per annum (ECA, 2016b).

3. Experiences with development planning

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

From December 1999, the International Monetary Fund (IMF) and the World Bank introduced a new approach to development engagement with low-income countries, centring on the design and implementation of poverty reduction strategy papers (PRSPs) as the precondition for access to

debt relief and concessional financing (ECA and African Union, 2011; IMF and World Bank, 2005). This was a major departure from the “one size fits all” structural adjustment programmes recommended by IMF and the World Bank during the previous two decades: the initiation of home-grown medium-term and long-term poverty reduction strategies and prioritized actions that could be supported by development partners. Central to the realization of the PRSPs were macroeconomic stability, fiscal policy and financing choices for the development plans. While PRSPs were generally led by the ministry or central body responsible for planning, participation by academia, civil society, development partners, the private sector, etc. was crucial. Accordingly, issues of equity, governance, human rights and social inclusion were underscored. Typically three-year rolling public expenditure and revenue plans were designed and implemented to operationalize the PRSPs. As countries advanced with the PRSPs, they realized the importance of expanding the scope of the strategies beyond macroeconomic stability to include development programmes, leading to the rise of the five-year development plans and longer-term visions.

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

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

From the late 1990s and following the advent of the Millennium Development Goals, many African

countries initiated longer-term visioning, with medium-term plans to operationalize the visions, coming back full circle to development planning as in the 1960s and 1970s. This time round, the plans are more forward-looking, underscored by global and regional development frameworks, and national governments have stronger control of the process and the plans. Many of the long-term planning visions adopted by African countries over the past decade identify sustainable development as a pillar of their national development strategy, along with more inclusive growth and better governance (United Nations Educational, Scientific and Cultural Organization, 2015). Some of the national visions, including those for Cameroon, Nigeria and Uganda, aim to go beyond poverty eradication to ensure economic transformation, equitable social development, employment growth, human and natural resource optimization and wealth creation.

To date, 34 of Africa's 54 countries have a long-term development plan, and all but 4 have a medium-term strategic plan. Most of the long-term visions focus on accelerated growth and achieving sustainable development. The long-term visions are implemented through a series of medium-term plans, with most of the countries at the second or third medium-term plan. At the global and regional levels, the Sustainable Development Goals and Agenda 2063 for Africa's economic transformation provide a menu on which governments can build their national development frameworks, mobilize resources for their implementation and monitor progress. Agenda 2063 underscores the continent's vision of "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force" in the world.

The resurgence of long-term visionary national planning, underscored by global and regional development frameworks, promises hope for Africa. As can be noted, most of the national visions are home-growth aspirations for long-term development, identifying the critical sectors for public investment, including human capital and infrastructure, to propel inclusive, transformative and sustainable development. Through participatory preparations, the population is rallied to their achievements, and governments can be held accountable. The visions commit governments and partners to prioritize actions, efforts and resources towards realizing the

envisioned goals. To achieve the identified goals, medium-term development plans and expenditure frameworks are needed. Governments and partners need to dedicate resources, strengthen governance and build human and institutional capacity to design and implement appropriate policy, devise programmes and deliver services to the population for sustainable development. Coordination among government institutions and with the private sector, civil society and the international community is also crucial.

5. Conclusions and policy recommendations

5.1 Conclusions

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

While it is still too early to make conclusive judgments, it is evident that countries which have embarked on longer-term development planning since the late 1990s with strong political leadership are showing strong progress in terms of economic growth. While looking broadly at all aspects of economic and social development, development planning should help to identify growth poles or areas of competitive advantage in which countries could prioritize investment. However, the capacity of institutions to design, implement and monitor development plans remains low. Financing for planning institutions is a challenge, and so is political leadership.

As African countries look forward to a more competitive and transformed continent, the sustainability of economic growth, social transformation and the natural environment are

critical. Development planning needs to ensure that patterns of consumption and production meet current human needs while sustaining life-supporting ecosystems (Visser and others, eds., 2007). The ongoing debates on climate change, with important implications for our world, demand action by national governments, civil society, the private sector and everyone towards the sustainable management of natural resources (Organisation for Economic Co-operation and Development, 2015). This can be achieved through good planning and by creating more awareness to limit adverse impacts. Achieving green industrialization in Africa requires good policies entrenched in coherent development strategies (ECA, 2016a). This should be underscored by inclusive economic and political institutions (Acemoglu and Robinson, 2012), as well as strong and transformative leadership.

5.2 Recommendations

Strong and capable institutions to implement the vision and medium-term plans and strategies are required. The success of planning relies on strong institutions based on constitutionalism and the rule of law: an independent judiciary, representative political institutions, effective central banks and other regulatory bodies and those that equitably enforce the law, including property rights (Nnadozie, 2009). Appropriate and strong institutions facilitate private investment and capital flows as well as their impact on economic growth and the business environment, political stability, the regulation of labour and markets, etc. (ECA, 2006). Governments should therefore strengthen inclusive institutions to provide for equal opportunities, allowing for fair competition to drive shared and sustained growth. The United Nations and other international organizations can support countries in assessing existing institutional arrangements and strengthening capacities. Effective planning requires strong coordination and priority-setting to achieve stated goals (ECA, 2016b).

Financing for implementation of visions and strategies is crucial. Governments need to prioritize and appropriately sequence the key programmes critical for building capacity and an effective environment for business to thrive. This will require freeing domestic resources, mobilizing and leveraging additional resources from development partners and the private sector. For effectiveness in implementation, domestic resources should be the

first priority, with external resources only considered as additional. Most countries require support in order to link their long-term strategy formulation processes and their expenditure priorities to the global and regional long-term development frameworks. The World Bank's Comprehensive Development Framework underscores the need to enhance the effectiveness of development partners in supporting development outcomes.

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

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

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

A robust monitoring and reporting framework is needed in order to assess progress, identify bottlenecks and design corrective actions along the way. Indicators with baselines and targets as well as means of verification need to be established upfront. The indicators and monitoring frameworks need to be aligned to the regional and global development agendas for consistency and ease of