50 YEARS OF DEVELOPMENT PLANNING IN AFRICA: A MORPHOLOGY AND FUTURE DIRECTIONS

BY

OLU AJAKAIYE[1]

I. Introduction

I.1. Definition of Concepts

Economic development planning has been defined in several ways. For the present purposes, however, planning is conceived as a deliberate, judicious dynamic, pragmatic and contextually relevant combinations and coordination of public and private sector institutions and instruments by a central authority (the state) in order to achieve specified desired development goals[2]. Economic development is growth in per capita income accompanied by specified desirable structural transformation. The central authority in this case is the state which is a political organization created by society and charged with the responsibility of exercising authority over a defined territory, typically a nation or a jurisdiction within a nation. Government, on the other hand, can be conceived as a political organization composed of individuals and institutions authorized to formulate public policies and conduct the affairs of the state. In essence, government is the practical representation of the state and it constitutes the public sector.

It is a truism that, regardless of the ideological persuasion of the political leadership, in reality and in all economies, a part of the productive resources of the economy is under the control of public sector agents while the other part is controlled by private sector agents. In essence, every economy is mixed and the degree of mixture depends on the level of development of the economy as well as the prevailing disposition of the society regarding the desirability or otherwise of dominance of either the public or private sector in the control of national resources (Ajakaiye, 2003).

An attribute of the public sector is that resource allocation decisions are normally less sensitive to price mechanism mainly because of social, political and equity considerations which are outside the purview of market forces. In the private sector, resource allocation decisions are dominated by market price mechanism.

---

1 Paper prepared for the 50th anniversary of Institute Of Development Planning (IDEP), Dakar. November, 2012. Olu Ajakaiye is Professor of Economics and Executive Chairman, African Centre for Shared Development Capacity Building, Plot A21, Mokola Layout Extension, Ibadan

2 Put differently, development planning is the conscious effort by a central authority to coordinate economic decision making over the long term in order to give direction to and accelerate the pace of development. See Blitzer (1977).

Market, as an institution, is a set of social institutions in which a large number of commodity exchanges of a specific type regularly take place and, to some extent, are facilitated and structured by those institutions. (Hodgson, 1996:173). Accordingly, each market has its own enabling and constraining functions as it structures the process of cognition of the agents and can affect their preferences and beliefs. In essence, because an individual in the market is, in a subtle way, coerced into specific types of behavior, the market does not necessarily guarantee maximum freedom for the individual. Perhaps more important is the fact that markets are social institutions created and regulated by an authority (in this case, the state) because doing so minimizes transactions costs including the cost of policing and enforcing contracts.

A market, as an institution, is indeed a part of the interwoven institutions and instruments that can be manipulated by governments in order to satisfy the central goal of maximizing social welfare. The other institutions are firms (public and private), socio-economic associations (labour unions, employers' associations, business interest associations) and civil society organizations. The instruments include prices, bargaining, money, credit, taxes, exchange rate, interest rates and a wide range of regulatory controls over production, consumption, investment, export, imports and employment of inputs (Timbergen, 1972; Ajakaiye, 1990).

I.2. Immutability of Planning and Key roles of the State in a Mixed Economy

As both the public and private sectors are operating in the same economy, public sector resource allocation decisions have implications for resource allocation decisions of private sector agents, and vice versa. Therefore, there is need to plan public sector resource allocation decisions so as to ensure that the spillover effects of public sector decisions promote appropriate resource allocation decisions of the private sector whose activities are directly coordinated by the market (price) mechanism.

Meanwhile, the primary function of the state and hence government is to secure the maximum welfare of the social aggregate which created it and over which it is authorized to exercise control[3]. To this end, the state is authorized by the society (the ultimate principal) to plan and make deliberate judicious, dynamic and contextually relevant combinations of public and private sector institutions and instruments to achieve a desired and specified growth and structural transformation. In essence, planning is an immutable function of the state.

In a mixed economy, the following three roles of the state are invariably present to varying degrees and at different times depending on the stage of development and the challenges confronting the society. The first role involves government deliberate utilization of public sector resources to execute ***social overhead capital projects*** in areas necessary to create enabling

[3] According to Aristotle, a good government is one which best serves the welfare of the generality of the people while a bad government is one that subordinates the general good to the good of the individual or groups of individuals in power or having power.

environment for all economic agents to operate optimally. Specifically, government investments in ***economic infrastructure*** are intended to create an enabling environment for the entrepreneurs to maximize output, employment and income[4] while investment in the provision of ***social infrastructure*** are intended to create an enabling environment for the households to maximize their utility and improve the quality of labour services and, hence, their earnings from the labour services supplied to the private and public sectors of the economy[5]. There is general consensus even among neo-liberal economists that government should plan infrastructure investments[6].

Secondly, government may have to participate in directly productive activities at least to get things started in developing countries (Hansen, 1959) and to get things going or prevent things from falling apart in developed countries[7] while taking steps to actively seek private sector participation and eventual takeover of such activities at the earliest possible opportunity. At such a time, government should dispose its interest in such activities and use the proceeds along with fiscal resources to get things started at new frontier activities into which the privates sector will not venture[8]. In other words, in a mixed economy, government investments in ***directly productive activities are aimed at shifting the frontiers of development opportunities*** by getting things started in such areas while taking steps to encourage the indigenous private sector, in partnership with their foreign counterparts where and when necessary, to take over such activities at the earliest possible time.

The third role of government is in the form of **designing appropriate policy packages to facilitate, stimulate, and direct private economic activities** in order to promote a harmonious relationship between the desires of the private businesses and households and the development goals of society. This type of planning usually takes the form of government conscious effort to attain rapid economic growth, high employment, stable prices and favourable balance of payment conditions through fiscal and monetary policies. In reality, unfettered operation of the market mechanism can result in highly unstable situations reflected in severe fluctuations in income and employment over the course of business cycles. Therefore, government makes conscious efforts to create conditions that will prevent economic instability while at the same time stimulating economic growth. For instance, under certain conditions, increased employment and higher incomes for a growing population can be induced by expansionary fiscal policies and adjustments of tax rate along with accommodating monetary policy. Similarly,

---

4 Blejer and Khan (1984) provided evidence that infrastructural investment favourably affect private investment

5 See Ali (2011) for various recent literature pointing at the efficacy of investment in social infrastructure in advancing development

6 See Balasa (1990) and The Economist, September 12, 1992 for example.

7 The recent bailouts and nationalizations in USA and UK are eloquent testimony to this reality.

8 The fact that the space programmes were exclusive preserves of OECD governments until recently is an example

inflation and deflation may be controlled by counter-cyclical fiscal policies, interest rate adjustments and wage-price guidelines otherwise known as incomes policy. Today, these active policy instruments are managed in an indirect way to create favourable conditions that will influence the decision makers in the households, farms and firms in a manner conducive to the continuous realization of stable economic growth. In other words, government, through its policies, is a promoter and stabilizer[9].

The upshot of the foregoing is that:

- all economies are mixed and the public and private sectors of all economies are interdependent;
- planning, seen as deliberate judicious dynamic, pragmatic and contextually relevant combinations of the public and private sector institutions and instruments by the state in order to achieve specified desired development goals, is an immutable function of the state implying that all economies are planned;
- the three key roles of the state are present in all economies in various shapes and forms; and,
- the prevailing form and structure of planning in an economy at any point in time depends on the level of development of the economy.

By implication, the form and structure, i.e., the morphology of planning should evolve as development progresses in order for it (planning) to remain instrumental in the development process.

The primary objective of this paper, therefore, is to examine the morphology of development planning in post-colonial Africa in order to gain insights into its instrumentality in the development process on the continent. This is particularly important in view of the conclusion of Killick (1983:57) that "available evidence on plan execution in Africa has been negative" and that of Mkandawire and Soludo (1999:20) that " by mid 1970s, many countries could point to significant progress in initiating the process of economic and social development. Some level of industrialization had been initiated, levels of school enrolment had increased, new roads had been constructed, the indigenization of civil service had advanced and so forth". Most recently, Ali (2011) found that the performance of African countries in terms of growth in per capita income during the Structural Adjustment Programme (SAP) era (1980-2000) was inferior to those of 1960-73 and 2000-2007 when comprehensive development planning and what he called quasi planning approaches held sway, respectively. He therefore concluded that "the planning approach to development did not fail in Africa" Ali, (2011:9). Meanwhile, the experiences of Japan (Otsubo, 2009), South Korea (Dias, 1992), Malaysia (EPU, 2004) and China (Chow, 2011) suggest that when the political leadership is committed to planning, the bureaucracy is competent and pragmatic and the private sector is able and ready to work in concert with the public sector through intensive, honest and transparent discussion and consultation in an environment of

[9] Waterston (1965:14) christened these as "Anticyclical Planning"

mutual respect, trust and sincerity of purpose, uninterrupted planning process can deliver development. In these countries, the morphology of planning evolved with the development process as reflected in orderly pragmatic changes in the degree of mixture of these economies and increasing participatory approach to development planning.

The issue is what has been the morphology of planning in Africa. To address this issue, in section II, we briefly review the post-colonial development experience of Africa by looking at the trend of growth and structural transformation in comparison with those of East Asia and Pacific region. The period (1960-2010) has been decomposed into three sub-periods, namely, immediate post-independence era (1960-85) when there was almost universal commitment to medium term development planning which undergirded the annual plans (i.e., the annual budgets); the structural adjustment (SAP) era (1985-95) when market fundamentalism reigned and short-term (annual) planning held sway; and the neo-liberal policy era (1996-2010) when market fundamentalism remained dominant but tempered with quasi-planning in response to the concerns of international community on account of abysmal failure of SAP to deliver sustained growth and poverty reduction. This is followed, in section III, by an attempt to benchmark the morphology of development planning process in a mixed economy that is making progress in terms of growth and structural transformation drawing on experiences of Japan, South Korea, China and Malaysia. In section IV, the morphology of development planning in Africa is compared with the benchmark to provide insights into the efficacy of planning approach to development in Africa. The paper is concluded with suggestions on future directions of development planning in Africa aimed at making it (planning) more instrumental in advancing development on the continent.

II. Review of Post-Colonial Development Experience in Africa, 1960-2010

In this section, we briefly review Africa's economic development experience since independence under unsustained commitment to development planning in comparison with what obtained in East Asia and Pacific (EAP) where there was sustained commitment to development planning and where the morphology of planning was changing as development progressed. The review covers growth of per capita GDP and, with respect to structural transformation, we examine the contributions of agriculture, manufacturing and services to GDP during the period,

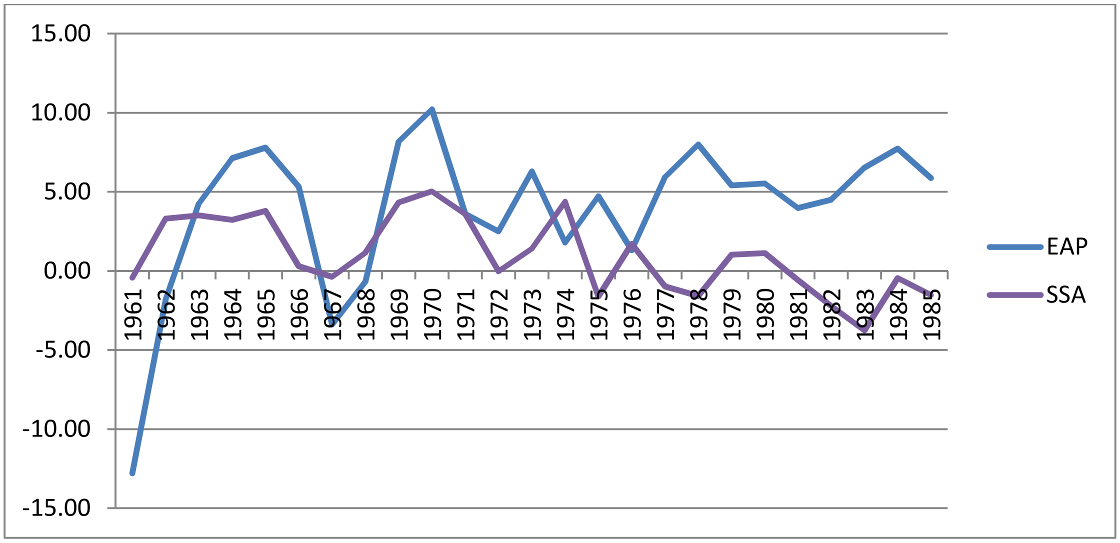
2.1. Comprehensive Development Planning Era, 1960-1985

On attaining political independence mostly in the 1960s, virtually all African countries, like their East Asian counterparts, inherited a mixed economy and they all drew up comprehensive medium term development plans in conjunction with foreign experts from the World Bank and elsewhere (UNRISD, 2000)[10]. The overriding objective of the development plans was sustained increases in per capita income and economic diversification through the Import Substitution

[10] Waterston (1965) found that shortly after independence, at least 39 countries had established Central Planning Agencies and 35 have actually developed medium term national development plans.

Industrialization (ISI) strategy. It was widely assumed that the replacement of imported goods with domestically produced goods would, over time, enhance self-reliance and help prevent balance-of-payments problems.[11]. This development strategy seemed to have been successful during the first one and a half decades of independence as can be seen from Figure 1. Per capita GDP growth rate trended well with that of East Asian and Pacific region. By the beginning of the second half of 1970s, Africa had definitely lost momentum while the EAP region continued to forge ahead.

Figure 1: Per Capita GDP Growth Rates: Africa and EAP Regions, 1961-1985



Source: World Bank (2011) World Development Indicators

With respect to structural transformation, the expectation is that as the economy grows, contributions of various sectors should change on account of movement of factors of production, especially labour, from low productivity to higher productivity sectors and on account of intensification of forward and backward linkages. At early stages of development, therefore, primary production (agriculture and mining) tends to dominate. As development proceeds, the contributions of primary production tend to decline while those of secondary activities (particularly manufacturing) tend to rise. As the economy advances towards becoming a knowledge economy, the contributions of modern sophisticated services sector tend to become dominant as is the case in many OECD countries[12].

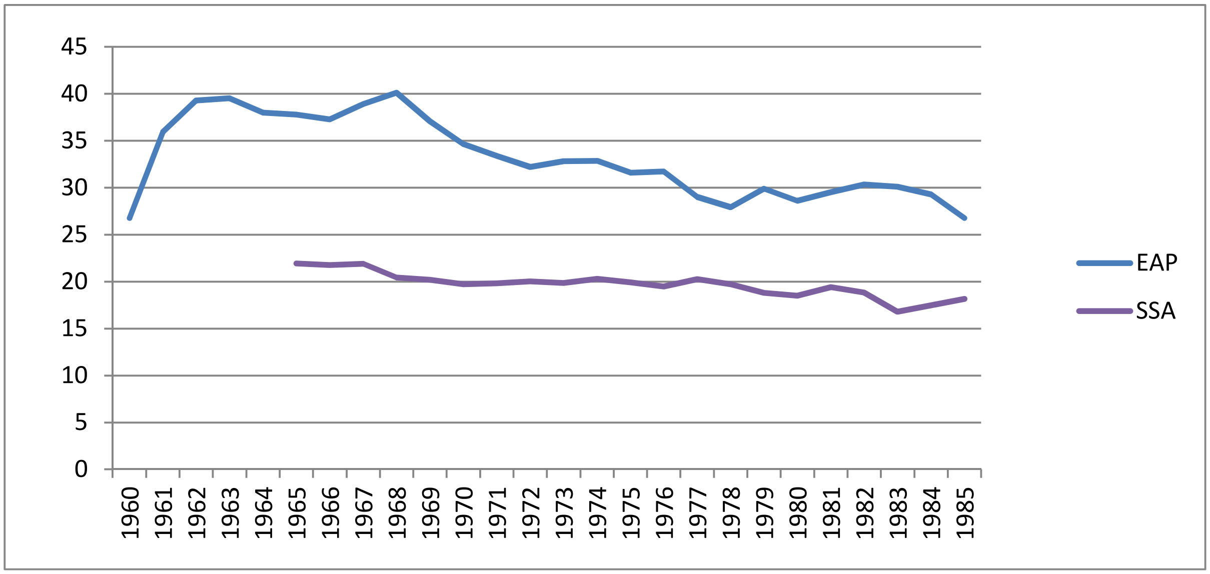
---

[11]Although there are country-specific differences in policies adopted, the implementation of ISI in Africa generally involved the following elements: (a) restriction of imports to intermediate inputs and capital goods required by domestic industries; (b) extensive use of tariff and non-tariff barriers to trade; (c) currency overvaluation to facilitate the import of goods needed by domestic industries; (d) subsidized interest rates to make domestic investment attractive; (e) direct government ownership or participation in industry; and (f) provision of direct loans to firms as well as access to foreign exchange for imported inputs (Mkandawire and Soludo, 1999).

[12] See UNECA, 2012 and Ajakaiye and Jerome (2012) for more elaborate discussions of the process of growth and structural transformation

Against this background, Figure 2a shows that the decline in the contributions of agriculture to GDP was most pronounced in EAP and less perceptible in Africa. Figure 2b also shows that the increase in contributions of manufacturing to GDP was quite steep in EAP and least perceptible in Africa. The increasing contributions of services sector to GDP in Africa shown in Figure 2c does not signal the arrival of a knowledge economy as the service sector in Africa is dominated by low productivity informal distributive trade activities[13]. The indication is that the structural transformation that appeared to have commenced during the first 15 years of independence plummeted thereafter and the much desired development (growth plus structural transformation) could not be sustained in Africa. In Asia, indications were already stark by 1985 that development had, indeed, been initiated.

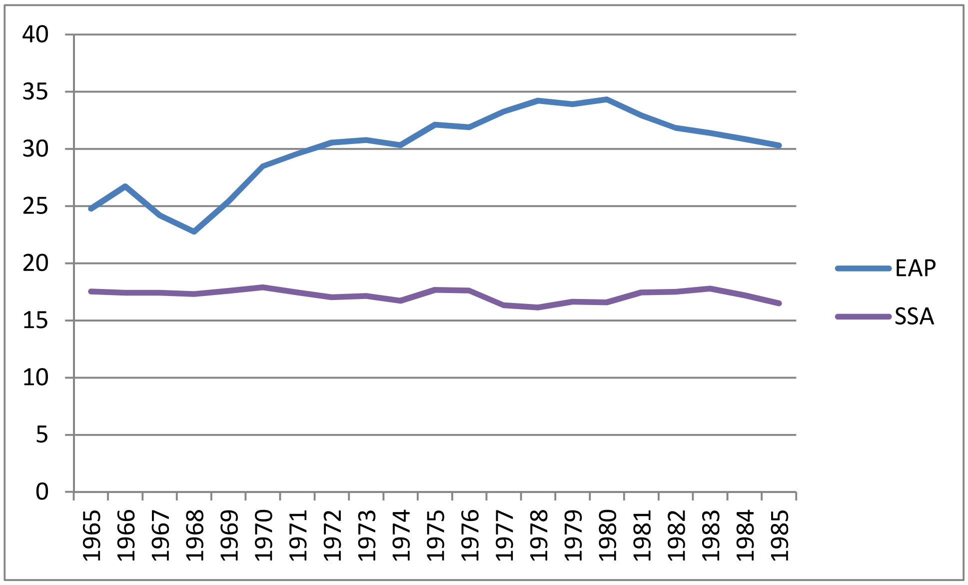
Figure 2a: Contributions of Agriculture to GDP: Africa and EAP Regions, 1960-1985



Source: World Bank (2011) World Development Indicators

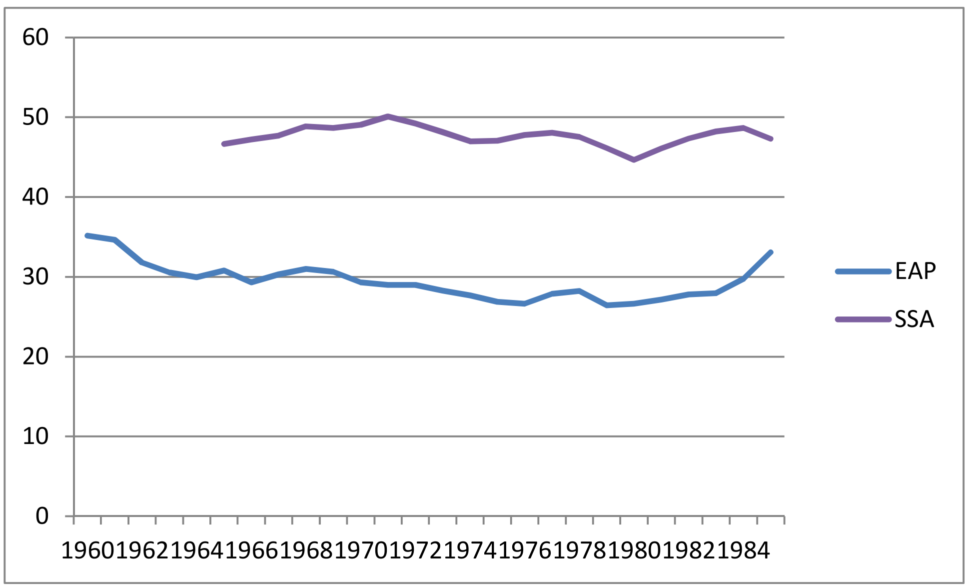
13 The only exceptions are Mauritius and South Africa

Figure 2b: Contributions of Manufacturing to GDP: Africa and EAP Regions, 1960-1985



Source: World Bank (2011) World Development Indicators

Figure 2c: Contributions of Services to GDP: Africa and EAP Regions, 1960-1985



Source: World Bank (2011) World Development Indicators

2.2 The Structural Adjustment Programme Short-Term Policy Planning Era (1986-1995)

The Structural Adjustment Programme (SAP) era in Africa commenced in the mid-1980s when many African countries lost the growth momentum of the first 15 years of independence and also experienced severe balance of payments crisis resulting from the cumulative effects of the two oil shocks (1973 and 1979), the decline in commodity prices, and the growing import needs of domestic industries. It should be acknowledged that the African initiative to re-ignite the development momentum in Africa as enunciated in the *Lagos Plan of Action for Economic Development of Africa, 1980-2000 (LPA)*, was viciously attacked by the World Bank report entitled *Accelerated Development in Sub-Saharan Africa: An Agenda for Action – the Berg Report*. Under the yoke of questionable (but hardly questioned) external debt, African governments had to jettison their own initiative as the countries needing financial assistance from the International Financial Institutions were required to adopt the SAP and implement certain policy reforms[14]. As a result, the mid-1980s witnessed the formulation and implementation of wide-ranging short-term economic policy reforms in many African countries including: (a) deregulation of interest rates; (b) trade liberalization; (c) privatization of state–owned enterprises (parastatals); (d) withdrawal of government subsidies; and, (e) currency devaluation. A key objective of SAP was to reduce the role of the state in the development process and give market forces greater role in the allocation of resources. In essence, African countries jettisoned long-term planning enunciated in the LPA and the medium term comprehensive planning which undergirded the short term annual plans (the budgets). Instead, short-term anti-cyclical planning held sway.

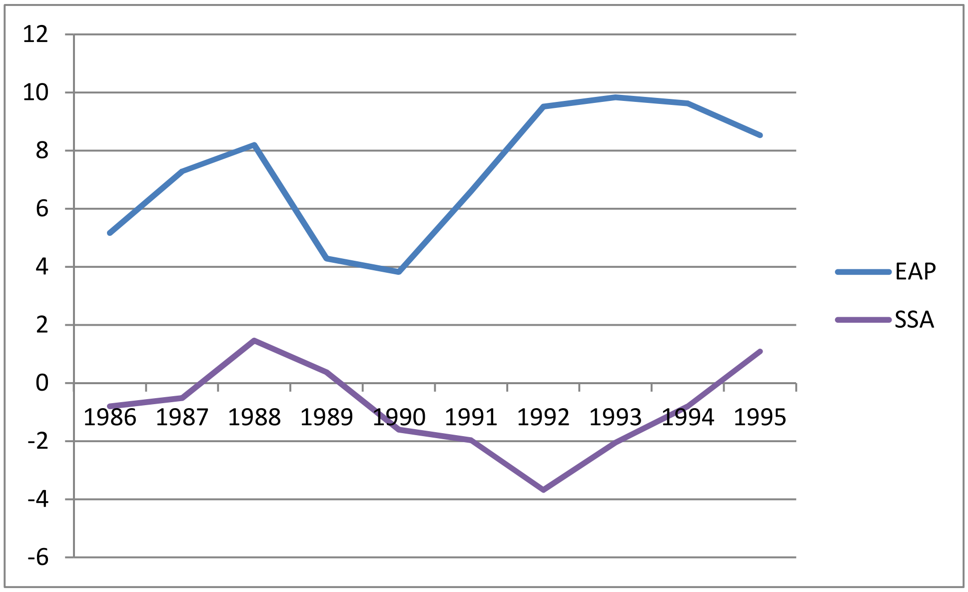
Under the SAP, economic performance continued to falter such that, by the beginning of the 1990s, when the impact of SAP policies had become manifest, Africa had become the slowest growing region in the world as can be seen in See Figure 3. However, beginning in 1992, African countries started to experience considerable growth revival but structural transformation was not perceptible. As shown in Figure 4a, contrary to expectations, the contributions of agriculture to GDP in Africa increased slightly while decreasing in the East Asian region. The contributions of manufaturing to GDP in Africa, which had increased slightly up to the end of 1990s started to decline thereafter whereas in EAP region, manufacturing contributions remained high and rising. See Figure 4b. Evidently, the declining contributions of manufacturing to GDP in Africa are stark mainifestations of the de-industrialization that occurred during the SAP period in the region.

Meanwhile, the contributions of rudimentary low productivity and informal services industry continued to rise in Africa while declining slightly in EAP (figure 4c). Clearly, most of the

[14] See Ajakaiye and Jerome (2012) for a discussions of how African governments were coerced into abandoning their own development initiatives by the IFIs because they do not conform with the ragging neo-liberal development paradigm.

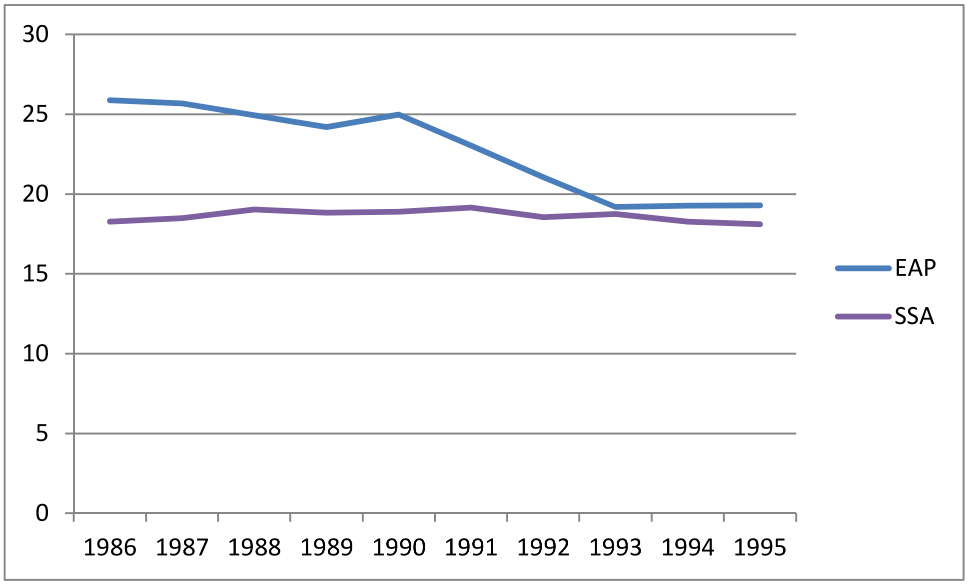
people retrenched in the public sector (under the public sector downsizing, wage and employment freeze prescribed by the SAP) and formal private sector (under the rubric of systematic de-industrialization that occurred during SAP period) were forced, under desperation, to move into the informal sector for survival, hence its growing contributions to GDP in Africa. Thus, rather than signalling the graduation of Africa towards knowledge economy, the situation reflects severe deterioration in economic development processes in Africa.

Figure 3: Per Capita GDP Growth Rates: Africa and EAP Regions, 1961-1985



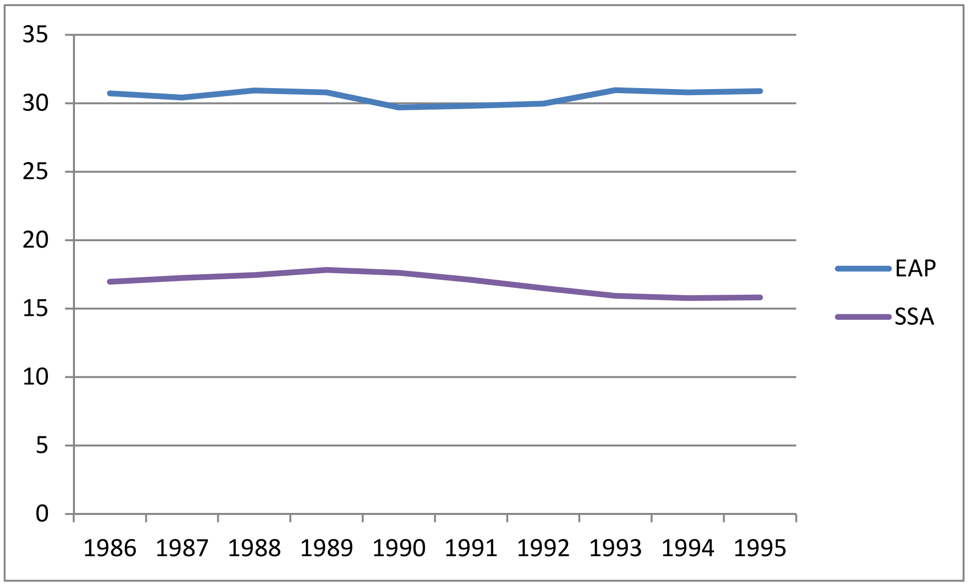
Source: World Bank (2011) World Development Indicators

Figure 4a: Contributions of Agriculture to GDP: Africa and EAP Regions, 1986-1995,



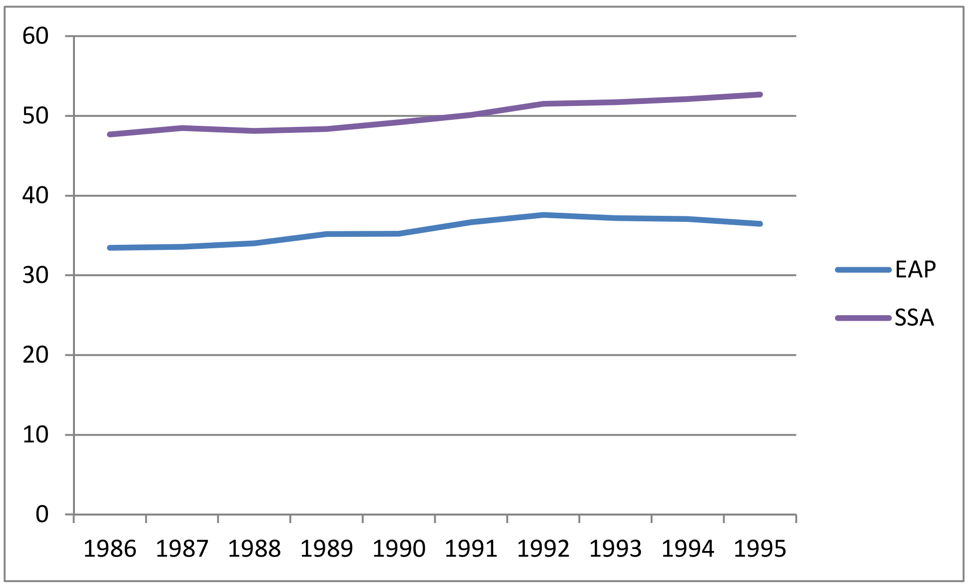
Source: World Bank (2011) World Development Indicators

Figure 4b Contributions of Manufacturing to GDP: Africa and EAP Regions, 1986-1995,



Source: World Bank (2011) World Development Indicators

Figure 4c: Contributions of Services to GDP: Africa and EAP Regions, 1986-1995,



Source: World Bank (2011) World Development Indicators

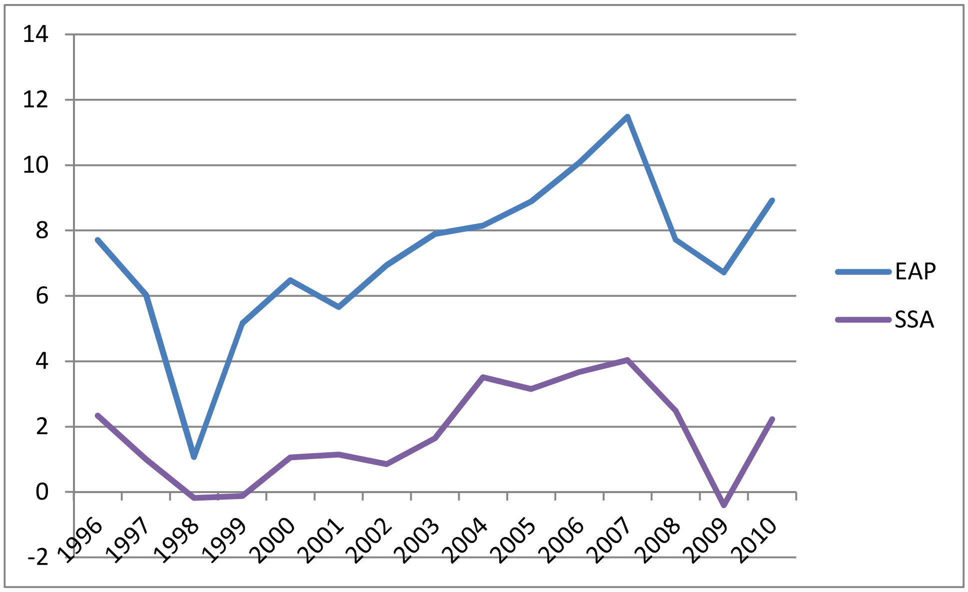
2.3 New Orthodoxy Quasi-Planning Era (1996-2010)

Clearly, the SAP policies failed to deliver on development in Africa, the growth revival of the first half of 1990s notwithstanding. Africa suffered serious de-industrialization which swelled the rudimentary service sector and poverty had become a serious concern in the region. Again, the various initiatives by the African leadership to propose alternative development strategy in the 1990s which emphasized the imperatives of structural transformation and the inevitability of pragmatic state intervention in support of shared and equitable development was rebuffed by the IFIs because they were challenging the ragging orthodoxy of market fundamentalism and minimalist state. Meanwhile, low-income African countries wishing to apply for financial aid from the IFIs, or for debt relief under the HIPC (Heavily Indebted Poor Countries) Initiative, were required to draw up medium term poverty reduction programmes known as Poverty Reduction Strategy Papers (PRSPs).[15] At the same time, the United Nations (UN) had set the millennium development goals (MDG) targets culminating in the Millennium Declaration in 2000 with poverty reduction at its heart while remaining silent on the issue of structural transformation. A hallmark of these initiatives is the continued reliance on market fundamentalism to undergird development policies and state intervention remained an anathema.

Figure 5 shows that the growth revival of the early 1990s could not be sustained such that by 1998, Africa was one of the slowest growing regions in the world. The sharp growth decline experienced in EAP between 1996 and 1998 is attributable to the impact of the Asian financial crisis from which the region recovered quite dramatically (thanks to their success in resisting pressure by the IFIs to adopt the ragging neo-liberal orthodoxy and market fundamentalism). Africa's recovery which also started in 1999 was sustained (thanks to the rise of China) such that by the beginning of this century, Africa had become the second fastest growing region in the world, next to Asia. Meanwhile, a look at Table 1 will show that poverty is still a concern in Africa with the headcount ratio exceeding 50% in 22 of the 40 countries for which we have data. Also, available data in Table 2 shows that the Gini index in 23 of the 30 African countries exceeded 40 indicating considerable inequality. Clearly, the growth renaissance experienced in Africa during the first decade of this century has neither been inclusive nor equitable (Ajakaiye, et. al, 2012).

[15] The PRSP preparation involved a two-stage process. Countries must first prepare an interim PRSP (I-PRSP), which is intended as a roadmap for preparation of the full PRSP. The I-PRSP paves the way for the country to qualify for its decision point and interim support (or a loan) from the IMF's Poverty Reduction and Growth Facility (formerly the Enhanced Structural Adjustment Facility). Upon submitting the full PRSP, countries are allowed to jump through the completion point, which qualifies them for full debt stock reduction, but only after one additional year of good macroeconomic performance (See Jerome, et. al. 2008).

Figure 5: Per Capita GDP Growth Rates: Africa and EAP Regions,1996-2010



Source: World Bank (2011) World Development Indicators

Table 1 Poverty Head Count in SSA, 1980s, 1990s and 2000s

	1980s	1990s	2000s
Burundi	Na	81	67
Benin	Na	29	39
Burkina Faso	Na	45.3	46.4
Botswana	59	47	30.6
Central African Republic	Na	62.4	62
Cote d'Ivoire	10.1	36.4	42.7
Cameroon	Na	53.3	39.9
Congo, Rep.	Na	Na	50.1
Comoros		54.6	44.8
Cape Verde	30.2	Na	26.6
Eritrea	Na	69	na
Ethiopia		45.5	38.9
Gabon	Na	Na	32.7
Ghana	Na	39.5	28.5
Guinea		62.4	53
Gambia, The	Na	33	58
Guinea-Bissau	Na	58.3	64.7
Kenya	Na	52.3	45.9
Liberia			63.8
Lesotho	46.8	66.6	56.6
Madagascar	Na	71.3	68.7
Mali			47.4
Mozambique	Na	69.4	54.7
Mauritania	Na	50.5	46.3
Malawi	Na	65.3	52.4
Namibia	Na	58	38
Niger		63	59.2
Nigeria	43	64.6	69
Rwanda			54.7
Senegal	Na	67.9	50.8
Sierra Leone	Na	81.6	66.4
Sao Tome and Principe			53.8
Swaziland	Na	66	69.2
Chad	Na	43.4	55
Togo			61.7
Tanzania	Na	38.6	33.4
Uganda		33.8	24.5
South Africa	Na	31	23
Congo, Dem. Rep.			71.3
Zambia	Na	66.8	59.3
Zimbabwe	Na	42	72

Source: World Bank (2011) World Development Indicators

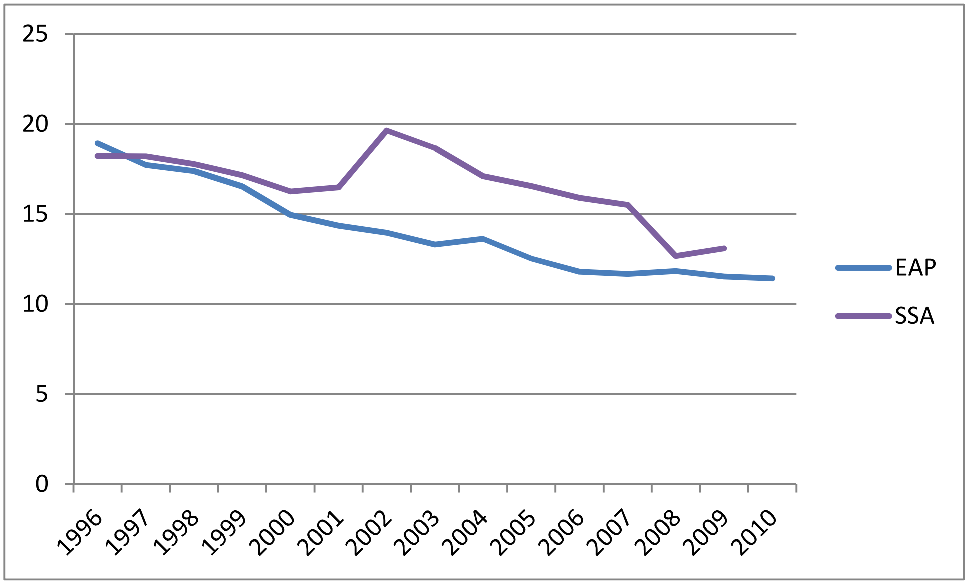
Table 2 Gini Index for SSA in 19980s, 1990s and 2000s

	1980s	**1980s**	**2000**
Angola	Na	Na	58.64
Burundi	Na	Na	33.27
Benin	Na	Na	38.62
Burkina Faso	Na	Na	39.6
Botswana	54.21	54.21	Na
Central African Republic	Na	Na	56.3
Cote d'Ivoire	36.89	36.89	41.5
Cameroon	Na	Na	38.91
Congo, Rep.	Na	Na	47.32
Comoros	Na	Na	64.3
Cape Verde	Na	Na	50.52
Djibouti	Na	Na	39.96
Ethiopia	32.42	32.42	29.76
Gabon	Na	Na	41.45
Ghana	35.99	35.99	42.76
Guinea	Na	Na	39.35
Gambia, The	Na	Na	47.28
Guinea-Bissau	Na	Na	35.52
Kenya	Na	Na	47.68
Liberia	Na	Na	38.16
Lesotho	56.02	56.02	52.5
Madagascar	46.85	46.85	47.24
Maldives	Na	Na	37.37
Mali	36.51	36.51	38.99
Mozambique	Na	Na	45.66
Mauritania	43.94	43.94	39.04
Malawi	Na	Na	39.02
Namibia	Na	Na	Na
Niger	Na	Na	34.04
Nigeria	38.68	38.68	42.93
Rwanda	28.9	28.9	53.08
Senegal	Na	Na	39.19
Sierra Leone	Na	Na	42.52
Sao Tome and Principe	Na	Na	50.82
Swaziland	Na	Na	50.68
Chad	Na	Na	39.78
Togo	Na	Na	34.41
Tanzania	Na	Na	37.58
Uganda	44.36	44.36	44.3
South Africa	Na	Na	67.4
Congo, Dem. Rep.	Na	Na	44.43
Zambia	Na	Na	50.74
Zimbabwe	Na	Na	Na

Source: World Bank (2011) World Development Indicators

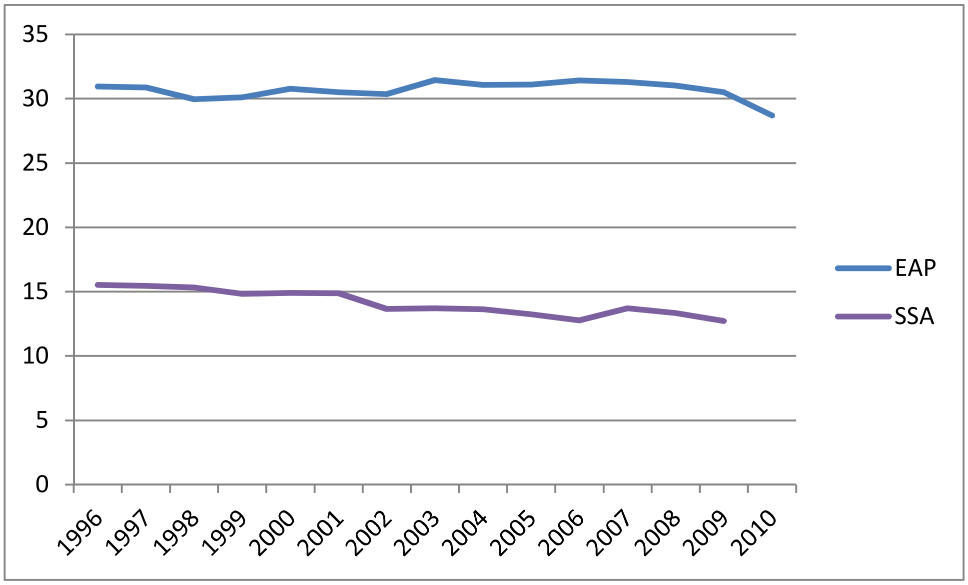
In terms of structural transformation, Figure 6a suggests that the contributions of agriculture to GDP have also been declining in Africa like it is in EAP. However, the contributions of manufacturing to GDP were also declining in Africa (Figure 6b). Correspondingly, the contributions of services to GDP remained high and rising in Africa (Figure 6c). Significantly, the contributions of services to GDP was rising gradually in EAP suggesting that the region might be witnessing gradual progression towards becoming knowledge driven economies.

Figure 6a: Contributions of Agriculture to GDP: Africa and EAP Regions, 1996-2010,



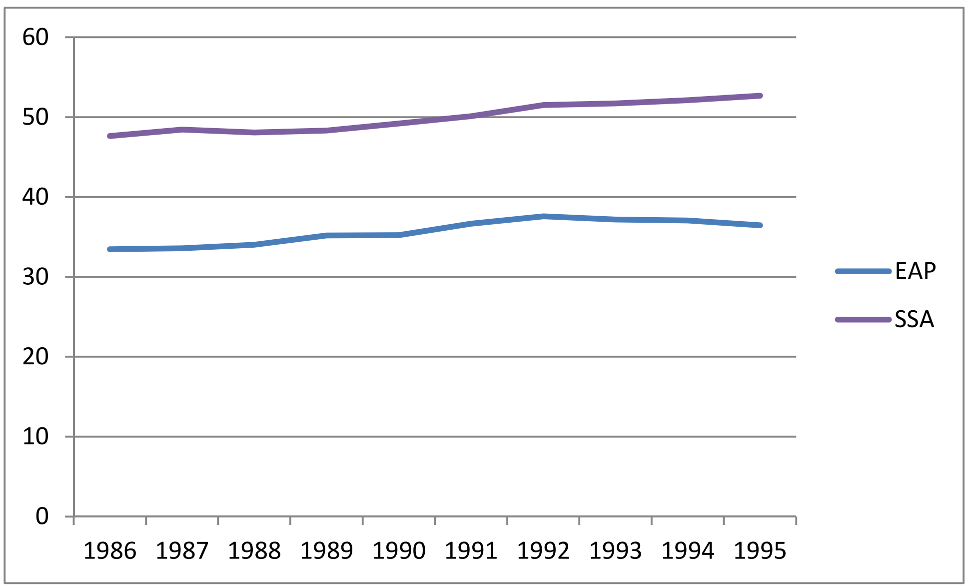
Source: World Bank (2011) World Development Indicators

Figure 6b: Contributions of Manufacturing to GDP: Africa and EAP Regions, 1996-2010



Source: World Bank (2011) World Development Indicators

Figure 6c Contributions of Services to GDP: Africa and EAP Regions, 1996-2010



Source: World Bank (2011) World Development Indicators

In summary, during the first 15 years of post-colonial comprehensive development planning, Africa seemed to have been successful in initiating development as growth and structural transformation trended that of East Asia. However, arising from the colapse in international prices of Africa's primary commodity exports, the 1973 and 1979 oil price shocks, the associated worsening external balance, mounting external debt and the continuing commitment to medium term plans and ISI strategy, Africa lost momentum. On the other hand, East Asia and Pacific countries, while maintaining the medium term planning, pragmatically shifted from ISI to Export Oriented Industrialization (EOI) strategy focused primarily on regional markets and hence maintained development momentum.

African governments confronted with deteriorating external balance and questionable but excruciating debt burden were unable to resist pressure from the IFIs to abandon their own development strategy enunciated in LPA and adopt the SAP and the associated rudderless short-term planning. Meanwhile, the East Asia and Pacific countries not only sustained medium term planning which undergirded the annual plans but had advanced the planning process to include long-term planning. Thus while development in Africa continued to suffer set back, East Asia and Pacific countries continued to make giant strides. The ragging market fundamentalism remained the dominant paradigm and the African states still looking forward to continued support from the IFIs were disuaded from planning and pursuing their own development agenda that were at variance with the ragging market fundamentalism. On the other hand, the major East Asia and Pacific countries led by Japan, continued to plan and make pragmatic combinations of public and private institutions and instruments to advance development. Against this background, therefore, attention is focused on benchmarking the morphology of development planning to provide a basis for evaluating the situation in post-colonial Africa and offer suggestions for future directions.

III. Benchmarking Morphology of Development Planning in Successful Mixed Economies

III.1. Pertinent Features of Development Planning

The morphology of development planning is the study of the structure and form of development planning. To fix ideas, we determine the pertinent features of development planning which will guide our study. First, we identify the key activities involved in a typical planning process. Next, we determine the various actors who should participate actively in the planning process in a mixed economy and finally, we consider the time horizons of plans. With respect to the key activities of a typical planning process, the following can be identified:

- Ø Development Agenda/goal setting activities during which development challenges/ problems are identified and goals are set**;**
- Ø Plan Formulation activities during which alternative courses of action are identified, analyzed and decisions made as to the most suitable and acceptable option; and

- Plan Implementation, monitoring during which implementers operationalize the programmes and policies, take necessary steps towards implementation, monitor the implementation; and
- Impact assessment activities during which impact/outcome of the implemented programmes and policies are evaluated and feedback provided for setting new development agenda/goals.

Turning to the actors, a typical mixed economy is operated by at least three broad groups of actors, namely:

- **the government policy makers and implementers** made up of politicians in power and the bureaucrats,
- the **special interest groups outside government** encompassing politicians not in power, business interest organizations whose membership include owners and/or managers of indigenous and foreign business organizations, the labour unions, civil society organizations, non-governmental organizations and a host of sundry interest groups; and
- **the international donor community or development partners**.

These groups of actors participate to varying degrees in the afore mentioned activities undertaken during the planning process:

On time horizon, we can identify:

- short-term (annual) plans,
- medium-term plans (3-5 years) and
- long-term plans (10 years and above).

Typically, long-term plans, currently referred to as national visions, spell out the broad directions of development and patterns and growth of certain key economic and social aggregates including:

- total and sectoral gross domestic product and income
- total and sectoral gross domestic expenditure
- external balance
- total population, its demographic structure and labour force
- human resource development (health and education) and utilization (employment)

Medium-term development plans are the instruments for implementing the long-term perspective plans and they typically contain public investment plans (the enabling and frontier shifting public investment activities) and broad policy frameworks that will stabilize the environment for private agents to optimize.

The annual plans are, in turn, the instruments for implementing the medium term plans and they normally contain specific, well analyzed and costed public investment programmes of the enabler and frontier shifting types as may be deemed necessary as well as specific fiscal and structural policies aimed at stabilizing the environment for the private agents to optimize on their ingenuity, enterprise and initiatives as they contribute to the agreed development agenda. The monetary authorities are expected to pursue complementary monetary and financial sector policies and programmes for macroeconomic stability

From the foregoing, it seems reasonable to expect that regardless of the level of development of a mixed economy, the time horizon of plans should be a permanent feature of the planning process because of the envelope relationship among plans of different time horizons, i.e., longer term plans are implemented by medium term plans which are, in turn, implemented by short-term *annual) plans. Put simply, an annual plan (the budget) without the underlying medium term plan will be rudderless. Similarly, a medium term plan without the underlying long-term plan will be rudderless. Rudderless plans imply breakdown in the planning system and a recipe for failure

Similarly, the activities involved in the planning process are permanent. Specifically, each activity is part of a chain in the planning process and the absence of any of them will break the chain of the planning process which will manifest in failure.

III.2. Benchmark Morphology of Development Planning

In a mixed economy, therefore, it is the character and degree of participation of the actors in the planning process activities that determine the morphology of planning at any point in time. It is important to stress that as the various actors interact in the process of taking part in the planning process activities, there could be major revisions in and, indeed, outright abandonment of programmes, activities and/or policies. This is why pragmatism and cooperative relationship among all groups that rest squarely on intensive formal and informal transparent consultations and discussions in an environment of mutual respect, trust and sincerity of purpose are the distinguishing features of successful planning in a mixed economy.

In order to benchmark the morphology of planning in a developing mixed economy, therefore, it is may be instrumental to consider the varying degrees of participation in the planning process. For this purpose, it seems reasonable to assume that growth is a necessary condition for development while structural transformation is a sufficient condition. In benchmarking the morphology of planning, therefore, we can distinguish three stages in the development process, namely

- the stage where primary production activities dominate,
- the stage where secondary (manufacturing) activities dominate
- the stage where tertiary (modern sophisticated services) dominate

III.2.1. Degree of Participation by Actors in the Planning Process at Primary Production Dominance Stage

Beginning with the primary production dominance stage, it seems reasonable to assume that the peasantry and informality characterize most of the activities; the level of education and literacy of the indigenous population are modest, the modern private sector agents concentrate on trading activities and they are likely to be dominated by foreign enterprises. In such situations, it is reasonable to expect that government will have to:

- invest in social and economic infrastructure;
- participate in directly productive secondary activities at least to get things started;
- and undertake sound and effective policies to promote private sector development with special focus on the indigenous groups.

In terms of participation in the planning activities, experiences of Japan after the war, South Korea also after the war, Malaysia after independence and several other post-independence East Asian countries suggest that the degree of participation in the development agenda/goal setting activities of the development planning process by development partners will be very high. The degree of participation by government will be medium as the state begins to build capacity of the bureaucracy for diagnosing development problems, identifying and analyzing alternative solutions to the problems and also establish institutions for plan coordination and approval for implementation. However, government dominates the implementation stage. While the development partners play very limited roles in implementation, they may provide technical support for impact assessment and the articulation of new/emerging development problems or challenges which will form the basis for setting a new development agenda thus initiating the planning process anew.

At this stage, the special interest groups typically lack capacity to participate significantly in the development agenda/goal setting activities but they may play some part in implementation and monitoring but less significant role in impact assessment. A hallmark of this stage is that the state, through its investments programmes in social and human development, actively encourages, supports and facilitates capacity building of the bureaucracy, the indigenous private actors as well as the operators in the civil society. Success in these capacity building efforts, along with enduring open, democratic dispensation and good governance under a pragmatic leadership that is committed to development will make for early transition from primary production stage to secondary production dominance stage. See Table 3 for matrix presentation.

Table 3. Degree of Participation by Actors in the Planning Process at Primary Production Dominance Stage

Groups of Actors	Development Agenda/goal Setting Activities	Plan Formulation Activities	Plan Implementation, Monitoring Activities	Impact/Outcome Assessment Activities
Government	Medium	Medium	High	Medium
Development Partners	High	High	Low	Medium
Special Interest Groups	Low	Low	Medium	Low

III.2.2. Degree of Participation by Actors in the Planning Process at Secondary Production Dominance Stage

Successful implementation of the first few medium-term plans should enable the economy to transit from the stage where primary production activities dominate to one where secondary production activities dominate. Experiences of East Asian countries show that this transition took approximately 10 years or two medium term development plans (see Otsubo, 2009 for Japan; Das, 1992 for Korea; EPU, 2004 for Malaysia). Experiences of these countries also show that by this time, the domestic business class has become much larger, more sophisticated and hence are able to participate actively in all the stages of development planning process. Accordingly, the government and special interest groups dominated the development agenda setting and plan formulation stages. Typically, at this stage, development has become a shared responsibility of government and all segments of the special interest groups and the roles of development partners are generally low and supplementary. Similarly, private foreign investors generally partner with their local counterparts to the mutual benefit of both parties and complementary to national development agenda. See Table 4

Table 4. Degree of Participation by Actors in the Planning Process at Secondary Production Dominance Stage

Groups of Actors	Development Agenda/goal Setting Activities	Plan Formulation Activities	Plan Implementation, Monitoring Activities	Impact Assessment Activities
Government	High	High	High	High
Development Partners	Low	Low	Low	Low
Special Interest Groups	High	Medium	High	Medium

III.2.3 Degree of Participation by Actors in the Planning Process at Tertiary Production Dominance Stage

Finally, by the time a mixed economy transits towards knowledge economy, the entire planning process would have been an affair between the state and the domestic special interest groups. By then, the development partners will become less visible except when there is natural disaster like earth quake or tsunami. Indeed, at this stage, the country will most likely have become a contributor to and not a recipient of international development assistance. See Table 5

Table 5. Degree of Participation by Actors in the Planning Process at Tertiary Production Dominance Stage

Groups of Actors	Development Agenda/goal Setting Activities	Plan Formulation Activities	Plan Implementation, Monitoring	Impact Assessment Activities
Government	High	High	High	High
Development Partners	..	..	..	--
Special Interest Groups	High	High	High	High

A review of the development experiences of the East Asian (mixed) economies that have successfully and systematically transited from dominance of primary production in the late 1950s and 1960s to dominance of secondary production activities in the late 1970s to increasing prominence of tertiary production activities (knowledge) by the beginning of the 21st Century suggests that there a number of underlying critical success factors. These include:

- ü Political commitment of the leadership to maximizing welfare of the people (the ultimate principals), working with a competent and highly motivated bureaucracy with the ability and necessary authority and support it required to get the basics right, i.e.,
  - o Formulating sound development plans embedded with good policies and development programmes and vigorously and pragmatically implementing the plans,
  - o efficiently and effectively investing in people, science and technology
  - o efficiently and effectively investing in social, institutional and economic infrastructure and
  - o nurturing, supporting and promoting development of world class indigenous private sector operators, organizations and institutions able and ready to partner with their foreign counterparts to their mutual benefits and complementary to national development agenda
- ü Avoidance of adversarial relationship between the two key institutions (public and private sectors). Instead promote cooperation and complementarity. The pragmatic choice is not between the state and market but between different combinations of public and private institutions by the state in delivering sustainable and equitable development to the social aggregate that created the state.
- ü Pursuit of prudent, flexible and pragmatic role of the state are imperative for government to adjust policies quickly once credible and convincing evidence shows that certain strategies and policies are no longer applicable in light of emerging circumstances.

IV. Morphology of Development Planning in Africa

Turning to the morphology of development planning in Africa, it is seems reasonable to assume that the activities involved in the planning process in Africa are quite similar to those described in the benchmark. What may be different, especially as the state capacity was severely degraded since the advent of SAP in Africa, is the efficiency and effectiveness in carrying out the activities.

With respect to time horizons of the plans, it is evident that during the early post-colonial era (1960-1985), medium-term and short-term plans were prepared in most African countries just like their East Asian counterparts. However, in view of the unfavourable developments with respect to the prices of Africa's primary commodity exports , the impact of the two oil price shocks as well as failure to pragmatically shift from ISI to EOI strategy that focus primarily on African regional markets, the implementation records deteriorated seriously between 1975 and

1985. The subsequent ascendancy of market fundamentalism, after the IFIs have succeeded in supplanting African pragmatic initiatives based on alternative development paradigm, resulted in concentration on short-term planning and abandonment of medium-term planning. Consequently, as Ali (2011) had indicated, growth performance in Africa during the SAP period was inferior to that of the 1960-73 era when short-term plans were undergirded by medium-term plans. The review of development experience above also confirms that the nascent structural transformation that was achieved during the 1960-75 period was reversed by the SAP and it has been difficult to reinitiate the process ever since on account of the ragging neo-liberal development dogma actively promoted in Africa by the IFIs.

The neo-liberal policy era when quasi-planning held sway but state intervention even in infrastructure and human development activities were considered an anathema, African growth performance remained inferior to that of the 1960-73 era and structural transformation remained elusive as shown in the review of Africa's development experience presented above[16].

Consequently, Africa remains a mixed economy where primary production and export continues to dominate and imports continue to be dominated by manufactured consumer and capital goods[17]. Also, the indigenous private sector remains stunted and concentrated in speculative activities which are not complementary to development. Government capacity has been degraded, civil society organizations are incapacitated and there is endemic leadership deficit[18]. As a result, the participation of the groups of actors in the planning process remains close to that in Table 3 above. What is more, the private sector is becoming increasingly dominated by foreign investors and managers as the limited achievements in indigenizing management are being reversed. In the absence of deliberate sustained development and support for indigenous private sector agents, there are no significant and credible indigenous private sector agents that could partner with their foreign counterparts to the mutual benefits of both parties and complementary to national development aspirations.

V. Future Directions in Development Planning in Africa

African economies are mixed and hence there should be a return to systematic development planning process with all the basic activities fully and effectively carried out in the context of long-term, medium-term and short-term plans guaranteeing the envelope relationships among them and preventing rudderless planning. This calls for intensive training and re-training of government officials and their counterparts in the private sector, civil society organizations as

[16] Planning under neo-liberal parading where the state is reigned in is tantamount to attempting to clap with one hand, an endevour that is doomed to fail.

[17] See ERA 2012, Chapter 3 for details on imperatives of the growth and structure transformation that should be secured for Africa to become a global growth pole within two decades

[18] That the Mo Ibrahim Foundation could not award its leadership price for 3 years in a row is an eloquent testimony to the leadership deficit in Africa

well as labour unions. Such inclusive training programmes will lay the basis for the kinds of interactions, consultations and collaboration among government and special interest groups required for a dynamic morphology of planning process as development progresses. In this regard, development planning training and capacity building institutions, especially IDEP, should actively encourage participation by staff of business interest associations, private sector organizations, labour unions and civil society organizations in its trainingprogrammes.

Commitment to systematic development planning by the political leadership in a manner consistent with the principles of democratic developmental state should be total and resolute. The on-going dogmatic negative disposition to intervention, coordination and guidance of economic development by a capable state under the rubrics of market fundamentalism should be jettisoned . Instead, there should be active collaboration among all stakeholders under the leadership and guidance of a developmental state as advocated in the UNECA and AUC, 2011 and UNECA and AUC, 2012.

There should be vigorous effort to rebuild the capacity of African states and position them to collaborate with special interest groups in articulating, implementing, monitoring and evaluating impact and outcome of development plans. To complement this process, African states should become more open and all stakeholders should see development as a shared responsibility of all.

In this connection, development planning in Africa should revolve around the following issues, some of which have been elaborated in UNECA and AUC, 2011 and UNECA and AUC, 2012:

- Vigorous pursuit of economic transformation programmes aimed at reducing the share of agriculture in GDP, increasing the share of manufacturing and restructuring services away from distributive trade dominated by informality towards more modern services needed to support sophisticated African economies.
- Urgent development, nurture and support of indigenous entrepreneurs capable of partnering, collaborating and joining forces with their foreign counterparts on mutually beneficial terms thereby promoting effective transfer of knowledge and technological spillover to the African economies.
- Vigorous pursuit of regional integration initiatives, connect and consolidate African markets thereby increasing intra-African trade.

Successful implementation of a series of systematic development plans that pay attention to these issues and other country specific issues should, in the near future, enable African countries catch up with their East Asian counterparts and usher in an era of high degree of participation in the planning process similar to that presented in Table 5. By then, public and private sectors in Africa should be working in concert such that development planning will be a shared responsibility of all actors similar to that characterizing Japan Incorporated, South Korea Incorporated, Malaysia Incorporated. This way, development planning should be instrumental in delivering shared development which has so far been elusive in Africa. Clearly, IDEP, as an institution is central to this endeavor and should be supported by all.

References

Ajakaiye D.Olu (1990) "Balance Between Public and Private Investment Programmes" in Adeyemo O.A and E.C. Ndekwu (ed) **Readings in Public Expenditure Programming in Nigeria** Ch. 5, (NCEMA, Ibadan)

Ajakaiye O (2003) The Centrality of Planning to Alternative Development Paradigm in Africa in B. Onomode (ed) African Development and Governance Strategies in the 21st Century: Essays in honour of Adebabo Adedeji at Seventy, ZED Books London, New York

Ajakaiye Olu (2007) Recent Economic Development Experiences of China, India, Malaysia and South Korea: Some Lessons from Capacity Building in Africa (Commissioned Paper for the 2nd Pan African Capacity Building Forum, Maputo, Mozambique, August 1-3.

Ajakaiye Olu and Afeikhena Jerome (2012) Economic Development: The Experience of Sub-Saharan Africa in Malone D, et.al. Handbook on Development Experiences, IDRC (forthcoming)

Ajakaiye O, A. Jerome and F. Chigunta (2011) Inclusive Growth in Africa: The Experience of Ghana, Mozambique and Zambia Paper presented at Inclusive Growth: From Policy to Reality, IDRC-IIDS International Experts Meeting, 12-13 December, IIC, New Delhi

Ali A.A. (2011) Development Planning in Africa: Key Issues, Challenges and Prospects (Background Paper commissioned by UNECA, (AU/UNECA, Addis Ababa)

Balassa B (1990) Indicative Planning in Developing Countries (World Bank, Washington D.C.)

Bejer M. and M. Khan (1984) Government Policy and Private Investment in Developing Countries, IMF Staff Papers, 31, 2:379-403 June

Litzer C.R. (1977) The Status of Planning: An Overview in C.R. Blizer, O.B. Clark and L. Taylor (ed) Economy-Wide Models and Development Planning, World bank, Wahsington D.C

Chenery Hollis (1986) "Growth and Transformations" in H. Chenery, S. Robinson and M. Syrquin (eds) **Industrialization and Growth: A Comparative Study** New Your, OUP

Chow G.C. (2011) Economic Planning in China. CEPS Working Paper No. 219 Princeton University.

Das D.K. (1992) The Invisible Hand versus the Visible Hand: The Korean Case. Seoul Journal of Economics, Vol 5, No. 2, pp193-216

Economic Planning Unit (2004) Development Planning in Malaysia, Fedeeral Government Administrative Centre, Putrajaya, Malaysia

Hansen A.H. (1959) Public Enterprises and Economic Development (London Routeledge)

Hodgson G.M (1996) Economics and Institutions: a manifesto of Modern Institutional Economics. Cambridge Polity Press, Killick, T. (1983) Development Policy Planning in Africa: Experiences, Weaknesses and Prescriptions in Development Policy Review 1, 47-76 , May

Lewis W. Arthur (1954) "Economic Develoipment with unlimited Supplies of Labour" Manchester School, 22(2)139-191

Otsubo S.T. (2009) Evolution of Development Paradigm and Socio-Economic Systems: Global Changes/Imbalances and China's Path/Japan's Path (Economic Development Lecture in China, Nagoya University, Japan)

Timbergen J. (1972) Mathematical Models of Economic Growth McGraw-Hill, New York

Thandika M and C. Soludo (1999) **Our Continent Our Future: African Perspectives on Structural Adjustment (**CODESRIA, Dakar Senegal)

UNRISD (2000) Visible Hands: Taking Responsibility for Social Development, UNRISD, Geneva

Waterston A (1965) Development Planning: Lessons of Experience John Hopkins Press, Baltimore, Maryland, USA

World Bank (2011) World Development Indicator. The World Bank, Washington D.C.

UNECA and AUC (2011) Economic Report on Africa, 2011: Governing Development in Africa – The Role of the State in Economic Transformation UNECA, Addis Ababa

UNECA and AUC (2012) Economic Report on Africa, 2012: Unleashing Africa's potential as a Pole of Global Growth. UNECA, Addis Ababa