



## POLICY DIALOGUE

# AFRICA AND LATIN AMERICA AT A CROSS-ROADS: ADDRESSING STRUCTURAL TRANSFORMATION IN THE NEW GLOBAL LANDSCAPE

## DRAFT AGENDA

10-11 December, 2015  
Addis Ababa, Ethiopia

Venue:

United Nations Economic Commission for Africa (UNECA)

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## ABOUT THE MEETING

The ECA-ECLAC-OECD Development Centre High Level Meeting on “Africa and Latin America at a Cross-road: Addressing Structural Transformation in the New Global Landscape” is organized in the framework of the OECD Initiative for Policy Dialogue on Global Value Chains (GVCs), Production Transformation and Development.

The meeting reflects the strong and increasing cooperation between ECA, ECLAC and the OECD Development Centre within the Advisory Board of the Initiative in implementing concrete actions for knowledge sharing in development policy, with a view to provide a better understanding of policy challenges in the realm of production transformation and development

The meeting aims at:

- Discussing recent trends in the reorganisation of production at the global level to identify policy options for structural transformation in Africa and Latin America based on knowledge sharing.
- Increasing awareness on the need to go beyond planning of transformation policies and identifying ways to implement effective industrial policies which are conducive to inclusive and sustainable development.
- Favouring dialogue and knowledge sharing between Africa and Latin America on structural challenges and industrial policies and identifying concrete opportunities for increasing partnerships and cooperation.
- Agreeing on next steps to increase the participation of African countries in the OECD Initiative for Policy Dialogue on Global Value Chains (GVCs), Production Transformation and Development with a view to promote knowledge sharing with Latin America and with other emerging and OECD economies.

## DAY 1: THURSDAY, 10 DECEMBER 2015

9:30 Welcoming Coffee and Tea

### 10:00-10.30 OPENING SESSION

Carlos Lopes, Executive Secretary, ECA\*

Alicia Barcena, Secretary General, ECLAC\*

Mario Pezzini, OECD Development Centre\*

### 10:30-13:00 SESSION 1: SCENARIO SETTING

#### Manufacturing in Africa and in Latin America: Why? What? How?

Production structure matters for development. After decades in which development was considered a spontaneous process which would have been automatically achieved by letting the markets function freely, industrialisation and the real economy are coming back on the policy agenda as key determinants of development outcomes. What countries produce and trade shapes not only economic growth but the capacity of economic systems to generate and redistribute rents and determines overall development outcomes. This return of the “real economy” dimension into the development debate is also reflected by the discussions on the post-2015 development agenda. In a global context in which advanced economies are also looking at how to maintain and re-gain manufacturing capabilities, it becomes essential to understand the space and role for manufacturing in emerging and developing economies. This session explores how Africa and Latin America stand in terms of manufacturing capabilities, what are the future development prospects and to what extent public policy can shape production transformation patterns.

#### Key questions:

- In a context of “renaissance of manufacturing”, how do Africa and Latin America stand with respect to manufacturing capabilities?
- Who is carrying out manufacturing in Africa and Latin America? How can manufacturing in the two regions be described?
- Are production systems in Africa and Latin America ready to cooperate and compete with production systems operating at the technological frontier?
- What can policies do to strengthen the productivity, inclusiveness and sustainability of manufacturing in the two regions?
- What lessons learned exists in terms of industrial policy management?

#### Background documents:

ECA (forthcoming), *Review of Industrial Policies in Africa*, Economic Commission for Africa

ECA (2013a), *Economic Report on Africa: Commodity Based Industrialisation*, Economic Commission for Africa

13:00-14:30	<i>Lunch Break</i>
14:30-17:30	<p><b>SESSION 2: PRODUCTION TRANSFORMATION STRATEGIES</b></p> <p>This session addresses the political economy dimension of production transformation strategies focusing on 2 aspects: the strategy process and the linkage between industrial policies and macroeconomic policies (Panel 1) and the role of the different actors of the production and innovation system in the definition and implementation of transformation strategies (Panel 2).</p>
14:30-15:45	<p><b>Panel 1- Focus on the Political Economy of Strategy Setting and the Macroeconomic Framework for Structural Transformation</b></p> <p>History has shown that development and structural transformation do not happen spontaneously, but are the result of long-term strategies, policies and effective partnerships with the various agents of global, regional and local production and innovation systems. Policies for industrial transformation do not operate in a <i>vacuum</i>, but are embedded in broader national development strategies and their results are often linked to policies and actions taken outside the domain of industrial policies <i>strictu sensu</i> but which have a high impact on the performance of industrial and innovation systems. These policies include the macroeconomic approach, exchange rate policies and overall trade and investment policies. For production strategies to be effective there is a need for a macroeconomic framework that supports production transformation. This session will focus on discussing what are the past and ongoing experiences in Africa and Latin America on this matter with a view to identify lessons for improving the impact of industrial policies.</p> <p><b>Key Questions:</b></p> <ul style="list-style-type: none"> <li>- How to design and implement policies for production transformation in the evolving global context? What institutional capabilities are needed?</li> <li>- How to align macroeconomic policies with policies for structural change?</li> <li>- What are some lessons learned from Africa and from Latin America?</li> </ul> <p><b>Background documents:</b></p> <p>ECA (2015), <i>Macroeconomic Framework for Structural Transformation of African Economies</i>, Economic Commission for Africa</p> <p>ECA (2015b), <i>Economic Report on Africa 2015: Industrialising through Trade</i>, Economic Commission for Africa.</p> <p>Primi, A. (2015), <i>Production Transformation Policy Reviews (PTPRs): A Policy Assessment and Guidance Tool to Improve the Effectiveness of Production Transformation Strategies</i>, OECD Development Centre.</p>
15:45-16:00	<i>Coffee Break</i>

16:00-17:30

**Panel 2- Focus on Actors and the Role of the Agents of the Production and Innovation Systems in Strategy Setting and Implementation: the Role of Multi-National Companies, SMEs and Start-ups.**

Successful transformation strategies have at their core the capacity to achieve buying-in from the production and innovation systems. This means, having in place in addition to priorities and targets, functioning communication and coordination channels, as well as effective partnership and dialogue mechanisms capable of taking into account the differentiated role and impact of the various agents of the production systems, including MNCs, SMEs and Start-ups. Transformation strategies imply a change in the *status quo* and a redefinition of roles and spaces for the agents of the production system, for this reason it is essential to establish a way to get the actors of the production system to play an active role in strategy setting and implementation. The experience has shown that in this respect, local governments as well as intermediary institutions and chambers of commerce and industry associations can play a determinant role, as well as agile investment promotion agencies.

**Key Questions:**

- How to get the buying-in on the transformation strategies from MNCs and from SMEs? Which incentives and institutions are needed?
- How to activate learning in the domestic economy by partnering with MNCs?
- What is the role of MNCs from emerging economies in promoting transformative change in Africa and in Latin America?
- How to make the transformation strategy deliver inclusive outcomes by working with micro and SMEs?
- How to factor-in voices for change and make the support to start-ups a key part of the transformation strategy?

**Background documents:**

ECA (2014a), *Economic Report on Africa 2014: Dynamic Industrial Policy Organisations*, Economic Commission for Africa

OECD (2013), *Start-up Latin America: Promoting Innovation in the Region*, Development Centre Studies, OECD Publishing, Paris

## DAY 2: FRIDAY, 11 DECEMBER 2015

### 10:00-13:00 SESSION 3: IMPLEMENTATION CHALLENGES

This session addresses implementation challenges of transformation strategies by focusing on 2 issues: the mobilisation of long-term financing for development (Panel 1) and the role of new South-South partnerships for development in the context of the SDGs and the post-2015 development agenda.

#### 10:00-11:30 Panel 1: Mobilising long-term financing for development

A major implementation challenge is the mobilisation of long-term finance for production development. Transformation strategies are by nature long-term, and to be effective countries will need to have in place mechanisms to guarantee investment on a multi-annual basis. This session focuses on discussing challenges related to long-term policy financing for transformation strategies in Africa and Latin America and the role of old and new financial actors in ensuring the availability of policy funding in the regions.

#### Key questions:

- Is there a shortage of long-term financing for transformation strategies in Africa and in Latin America?
- How to mobilise long-term financing for development? Who does it in Africa and in Latin America?
- What is the role of national, regional and international development banks?
- Are there new actors which are acting as providers of long-term financing for production transformation in Africa and Latin America? Who are they? How do they operate?

#### Background documents

Hamdok, A. (2015), *Innovative Financing for the Economic Transformation of Africa*, Economic Commission for Africa  
 ECA (2014b), *Private Equity and Its Potential Role in Economic Growth in Africa: Demystifying the Asset Class for Policy Makers*, Economic Commission for Africa

#### 11:30-11:45 Coffee Break

#### 11:45-13:00 Panel 2: New Forms of Cooperation For Production Development in the post 2015 context

The evolving global economic context is generating new forms partnerships for development, including South-South cooperation. These forms range from potential partnerships to achieve the implementation of the SDGs linked to production transformation and sustainable development to more bottom-up activities where countries engage in new forms of development cooperation and knowledge sharing. New forms of partnerships for production development increasingly include financial support as well as technology and knowledge transfer; many of these

experiences involve new actors or new partnerships and there is a need to better understand how they work and what could make them more effective.

#### Key questions:

- How to join forces to generate synergies between bridge traditional development cooperation with the new emerging forms of cooperation?
- What role for South-South partnerships in monitoring and implementing SDGs? What can we learn from the effectiveness of South-South cooperation in knowledge and technology transfer?
- Are there unexploited areas of cooperation between Africa and Latin America where increased policy dialogue and knowledge sharing could enhance the quality and impact of ongoing transformation strategies?

#### Background documents

Hamdok, A. (2015), *Innovative Financing for the Economic Transformation of Africa*, Economic Commission for Africa

ECA (2013), *Africa-BRICS Cooperation: Implications for growth employment and structural transformation in Africa*, Economic Commission for Africa

13:00-14:30 *Lunch Break*

### 14:30-16:00 SESSION 4- CAPACITY-BUILDING ON IMPROVING EVIDENCE FOR PRODUCTION TRANSFORMATION STRATEGIES

Better evidence is a precondition and a by-product of transformation strategies. Filling the data gap that exists between developing and more advanced economies is an important step in improving the quality of the policy making process. In an increasingly interconnected world, countries need not only to increase the comparability data, but also to develop domestic and regional capabilities in analyzing these data and to dispose of appropriate mechanisms for feedback between data analysis and policy making.

This session will discuss measurement issues and new data and methodologies to improve our capacity to understand and provide evidence for policies on production transformation and upgrading in GVCs. In particular, the session will present and discuss the OECD/WTO Trade in Value Added database (TiVA). TiVA currently provides information for 62 economies disaggregated into 34 sectors. This session will also be open to representatives from NSOs of African countries with a view to engage them in a concrete debate on how to improve data for production transformation strategies.

#### Key questions:

- What does trade in value added data tell us about recent changes in industrial development and participation into global value chains at the country level?
- What types of capabilities/institutions/incentives are needed for improving government's capacities in elaborating evidence-based policies?

- What data do Africa and Latin America have to monitor performance of production transformation strategies in the countries of the region?
- What are the main data gaps that the countries of Africa and Latin America face today?
- How these data gaps can be filled?

#### Background documents

To be communicated

16:00-16:30 CONCLUSIONS

16:30-18:00 **Closed-door session: OPERATIONALISING A ROAD MAP FOR ACTION ON BETTER EVIDENCE AND BETTER POLICIES**

Closed door session between ECLAC/ECA/OECD and Aid Agencies.

A short background document will be prepared and shared in advance with participants to use the meeting as a space for decision making and action planning.

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