



**CSEA**  
CENTRE FOR THE STUDY OF  
THE ECONOMIES OF AFRICA



## **A joint UNCTAD – CSEA workshop on**

### **Fostering productive capacities, structural economic transformation, and export diversification in LLDCs and other structurally weak West African economies**

**17-18 December 2019**

**Abuja, Nigeria**

#### **Concept note**

#### **A. Background**

The West African sub-region consists of several landlocked developing countries (LLDCs) and other structurally weak and vulnerable economies. The primary commodities-driven growth of the sub-region continues to be anemic and remains susceptible to external shocks. Such growth has failed to enable the economies of the sub-region to achieve substantial socioeconomic outcomes. Consequently, West Africa accounts for only a marginal share of global trade and foreign direct investment (FDI) inflows, as well as output. Furthermore, the socioeconomic vulnerabilities of the countries continued unabated. Employment creation and poverty reduction remain among the critical and persistent challenges facing the region. The sub-region's overall socioeconomic underdevelopment and continued marginalization in the global economy are the results of several factors including weak productive capacities; lack of structural economic transformation; weak institutional and human resource capabilities to formulate and implement trade and development policies; geography (being landlocked for the LLDCs and remoteness from international markets); climate change; and overdependence on a single or few primary commodities for exports. The five

LLDCs and other weaker economies in West Africa<sup>1</sup> face a number of additional challenges which have adverse effects on their development potential. These include the impact of climate change in the Sahel region (leading to desertification, and land degradation, as well as frequent droughts), and the impact of criminal trafficking networks and extremist groups. These trends are compounded at the domestic level by political instability and conflict, high population growth and increasing income inequality.

The geographic and climate change-related challenges facing the countries in the sub-region, require multi-pronged, long-term strategies. These should be anchored on economic and infrastructure policies, as well as on hard and soft technological (ICT) connectivity, and climate change mitigation and adaptation strategies. In the short to medium term, the export diversification agenda (both vertical and horizontal), and structural economic transformation remain critically important for reversing socioeconomic marginalization. These efforts should include clear strategies for enhancing investment (domestic and foreign), effectively participating in regional and global value chains, generating employment, and managing rents from natural resources. Attaining these objectives cannot be realized without fostering productive capacities and structural economic transformation.

There is no universally accepted definition of productive capacities. However, UNCTAD's conceptual definition, which provides the basis for the discussions at the workshop, is gaining traction. UNCTAD defines productive capacities as consisting of three elements: productive resources, entrepreneurial capabilities, and productive linkages, each composed of specific indicators. These elements of productive capacities determine not only the overall capacity of a country to produce goods and services, but also which goods and services a country can produce and sell competitively. In many cases, productive capacities can only be built with deliberate efforts by governments to direct the development of the economy; they will not always spontaneously arise over time. Structural economic transformation is also broadly defined to include the process of shifting productive resources away from low-productivity sectors such as agriculture and commodity extraction towards modern, high-productivity sectors with extensive

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<sup>1</sup> The five economies referenced here are: Burkina Faso, Central African Republic, Chad, Mali and Niger.

forward and backward linkages, such as manufacturing and technologically sophisticated production and exports.

Despite these challenges, in recent years, some of the countries of the region have recorded better economic performance. For instance, the group of LLDCs in the sub-region have experienced comparatively better economic growth than other countries in West Africa. Between 2003 and 2007, on average, GDP growth among the five West African LLDCs exceeded 6% per annum, before slowing down to 5% during the financial crisis of 2008-2009. Growth returned to above 7% as commodities prices rebounded between 2010 and 2012, before falling again to around 5% per year since 2013. However, these averages hide considerable diversity in the economic growth-rates at the country level. These are often more volatile, due to the impact of weather-related or political events. With such declining economic performance, it is less likely that the LLDCs in the region will be able to meet the targets of the Vienna Programme of Action by 2024, and the Sustainable Development Goals (SDGs) by 2030.

While commodities exports have allowed some West-African economies such as the LLDCs to achieve modest growth, especially during the commodities boom, this development model also brings a number of disadvantages. Growth tends to be highly concentrated in a single sector that is not very labor intensive. The gains of growth are also not automatically shared across the rest of the economy. Indeed, the strong economic performance of the West African LLDCs has not led to a commensurate drop in poverty. Furthermore, growth is highly vulnerable to external shocks, such as changes in global commodity prices. Overcoming commodity dependence and embarking on a sustainable and inclusive growth path requires achieving structural economic transformation, and diversifying exports. To date, West African countries, including LLDCs, have not made significant progress towards achieving structural transformation.

The economic performance of the West African sub-region reflects or mimics that of Sub-Saharan Africa as a whole. In addition to the 16 LLDCs<sup>2</sup>, Sub Saharan Africa is also home to several other structurally weak and vulnerable economies. As with the LLDCs, structurally weak and vulnerable

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<sup>2</sup> Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Eswatini, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Uganda, Zambia and Zimbabwe.

economies in Africa also face several challenges in achieving sustainable and inclusive economic growth and development. While some of these countries are transit neighbors for the LLDCs of the region, they also face difficulties in terms of socioeconomic progress. Weak socioeconomic outcomes are further compounded by the absence of efficient transportation systems, poor trade logistics, and dependence on the export of a few primary commodities. This means that trade and development challenges facing the LLDCs are identical to the development challenges facing other countries of the region.

Effectively addressing the complex development challenges facing Sub Saharan African countries, including LLDCs, requires collective and concerted action at the national, sub-regional, regional and global levels. With this in mind, several Sub-Saharan African countries have undertaken wide-ranging policy and institutional reform programmes. These include liberalization, privatization and stabilization policies, as well as poverty reduction strategies. These have been implemented alongside sectoral initiatives, as well as infrastructure, and micro and macroeconomic strategies. While these efforts enabled several Sub-Saharan African countries to ease or remove international trade distortions, and boost investment and private sector development, they have not yet led to substantial socioeconomic benefits or outcomes. Besides national policy and institutional reform efforts, African countries have also put in place sub-regional and regional agreements, which led to the formation of regional economic communities and the African Continental Free Trade Area (AfCFTA). These are expected to improve intra-regional trade and investment flows, as well as enhance trade facilitation. If and when fully implemented, these initiatives and agreements can create the largest single and unified free trade area in the world. This has significant potential for expanding intra-African trade and investment flows, while unlocking the key binding constraints facing the continent's overall trade and development prospects.

However, policy and institutional reforms alone may not be sufficient to beneficially integrate the region into the global economy. Such efforts must lead to achieving structural transformation and export diversification. This requires, among other things, the building of productive capacities and effectively utilizing and maintaining such capacities. In order to effectively support the building of productive capacities, policymakers need to take further complementary and coordinated actions in various areas. These include, among others, education, private sector facilitation, energy and

ICT infrastructure, support for strategic priority sectors, and public institutions. In this context, a wide range of policy actions needed to strengthen a country's productive capacities are highlighted in the 2030 Agenda for Sustainable Development and its 17 SDGs. For example, well-educated and healthy human capital is reflected in Goals 2, 3, and 4. An enabling physical infrastructure, including energy, is captured in Goals 6, 7 and 9, and the quality of public institutions is expressed in Goal 16.

## **B. Objectives and structure**

This workshop aims to strengthen the capacities of policymakers and experts from West African countries, including LLDCs, in designing and implementing policies centered on promoting structural economic transformation in their countries. The workshop also facilitates experience sharing among LLDCs, transit neighbors and other countries of the sub-region. It provides opportunities to discuss policies and measures to effectively implement regional and sub-regional trade and investment agreements, as well as other policy measures that are needed to support specific sectors with diversification potential. These range from micro and macroeconomic policies, to support to the implementation of the AfCFTA and other initiatives aimed at building trade and transport infrastructure, improving the regulatory environment for the private sector, and strengthening institutions.

In terms of organizational structure, the workshop is comprised of three parts. The first part will address the concept of productive capacities, and its principal components. It will particularly deliberate on policy instruments and specific measures needed to foster productive capacities and structural transformation, including utilizing existing capacities. This part will also present the newly developed Productive Capacities Index (PCI), which allows countries to assess their performance on building productive capacities. The second part of the workshop will explore the comparative advantages that West African countries have, and the potential they hold for export diversification. This will enable countries to exchange views on challenges and opportunities in the implementation of sub-regional and continental trade agreements such as the AfCFTA. It will also help participants to understand the key binding constraints undermining efforts to take advantage of exiting potential in selected countries in West Africa. Discussions will draw on the

extensive work undertaken by CSEA in examining regional and country-specific revealed comparative advantages, the AfCFTA, and trade compatibilities. The third part will address the key policies and measures required to support the diversification of exports in LLDCs based on the experiences of successful economies.

### **C. Organization and participation**

This workshop will be organized jointly by the United Nations Conference on Trade and Development (UNCTAD) and the Centre for the Study of the Economies of Africa (CSEA). In total, around 50-60 participants are expected to take part in the workshop. Targeted participants include one expert or senior official from each of the five West African LLDCs, and other structurally weak and vulnerable economies, as well as selected transit countries in the region. Several participants will also be invited from relevant Nigerian ministries, think tanks, and academic institutions. Other resource persons will be invited as speakers and moderators. The workshop will be conducted in English, with interpretation provided in French.

### **D. Tentative Programme**

For the programme of the event, and themes of the various sessions, please see the following page.



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Tentative Programme

<b>Day 1 (17 December 2019)</b>	
08:30 – 09:00	Registration [location]
09:00 – 09:15	<b>Opening Statements</b> <ul style="list-style-type: none"><li>○ Mr. Paul Akiwumi, Director, Division for Africa, LDCs and Special Programmes (ALDC), UNCTAD</li><li>○ Dr. Chukwuka Onyekwena, Executive Director, Centre for the Study of the Economies of Africa (CSEA)</li><li>○ <b>Keynote Address:</b> Minister, Federal Ministry of Industry, Trade and Investment (MITI)</li></ul>
09:15 – 09:45	Group photo and coffee break

09.45 – 11:00	<p><b>Session 1 – Productive capacities for inclusive growth in West African sub-region</b></p> <p>This session explains the concept of productive capacities, its components, as well as its role in the development process. It will examine policies and instruments to enable countries to foster productive capacities and structural economic transformation.</p> <p>Speakers:</p> <ul style="list-style-type: none"> <li>○ Mr. Mussie Delelegn, Chief, Landlocked Developing Countries Section (LLDCs), ALDC, UNCTAD</li> <li>○ Prof. Ode Ojowu, Professor of Economics and Member, Economic Advisory Council to the President of Nigeria</li> <li>○ Mr. Moritz Meier-Ewert, Economic Affairs Officer, LLDCs’ Section, ALDC, UNCTAD</li> </ul> <p>Interactive discussions</p>
11:00 – 12:00	<p><b>Session 2 – Building productive capacities in West African LLDCs and other structurally weak and vulnerable economies in the sub-region: Challenges and opportunities</b></p> <p>Building on the assessment of the state of productive capacities, measurements and benchmarks, this session allows for an exchange of views on the policies needed to build productive capacities in LLDCs and other structurally weak and vulnerable West African economies.</p> <ul style="list-style-type: none"> <li>○ Moderator: Mr. Paul Akiwumi, Director, Division for Africa, LDCs and Special Programmes (ALDC), UNCTAD</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>○ Expert from Mali</li> <li>○ Expert from Ghana</li> <li>○ Expert from Senegal</li> <li>○ Prof. Adeola Adenikinju, Professor of Economics, University of Ibadan</li> <li>○ Expert from Togo</li> </ul> <p>Interactive discussions</p>
12:00 – 13:30	Lunch



13:30 – 15:00	<p><b>Session 3 – Exploring comparative advantages and identifying sectors with potential for export diversification</b></p> <p>There are comparative advantages for several African countries, both within the extensive and intensive margins, for export diversification and structural economic transformation. For several LLDCs and structurally vulnerable economies of West Africa, the extractive sector, agriculture and agro-processing are promising sectors for export diversification. There are also growing opportunities in terms of export markets for West African products including China, South Africa and Russia. Therefore, based on the studies undertaken by CSEA, this session explores the potential existing in the sub-region, binding constraints and policy challenges limiting exploitation of existing comparative advantages for trade expansion, economic growth and development. It will closely examine the role of sub-regional and regional agreements, including the African Continental Free Trade Area (AfCFTA), in expanding trade, export diversification and the facilitation of transit and transport.</p> <ul style="list-style-type: none"> <li>○ Moderator: Dr. Chukwuka Onyekwena, Executive Director, Centre for the Study of the Economies of Africa (CSEA)</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>○ Prof. T. Ademola Oyejide, Professor Emeritus, University of Ibadan</li> <li>○ Dr. Adedeji Adeniran, Senior Research Fellow, CSEA</li> <li>○ Expert from Senegal</li> <li>○ Expert from Burkina Faso</li> <li>○ Mr. Moritz Meier-Ewert, Economic Affairs Officer, LLDCs’ Section, ALDC, UNCTAD</li> </ul> <p>Interactive discussions</p>
15:00 – 15:15	Coffee break

15:15 – 16.30	<p><b>Session 4 –The state of export diversification in West Africa and lessons learnt from Asian countries</b></p> <p>This session provides an opportunity for the workshop participants to share their country experiences with regard to export diversification, and to highlight best practices, challenges and lessons learnt.</p> <p>Moderator</p> <p>o Mr. Mussie Delelegn, Chief, LLDCS/ALDC, UNCTAD</p> <p>Speakers</p> <ul style="list-style-type: none"><li>o Expert from Chad</li><li>o Expert from Cote d’Ivoire</li><li>o Expert from Central African Republic</li><li>o Expert from Niger</li><li>o Expert from The Gambia</li><li>o</li></ul> <p>Interactive discussions</p>
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<b>Day 2 (18 December 2019)</b>	
09.00 – 10:30	<p><b>Session 5 – Diversification, trade logistics, and trade facilitation as tools for development in West African LLDCs</b></p> <p>This session will highlight the policies and measures needed to strengthen trade logistics and trade facilitation in West African LLDCs and other structurally weak and vulnerable economies in the sub-region, so as to promote export diversification, structural economic transformation and inclusive development.</p> <ul style="list-style-type: none"> <li>○ Moderator: Dr. Chukwuka Onyekwena, Executive Director, Centre for the Study of the Economies of Africa (CSEA)</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>○ Mr. Mussie Delelegn, Chief, LLDCS/ALDC, UNCTAD</li> <li>○ Dr. Grace Onubedo, Senior Research Fellow, CSEA</li> <li>○ Expert from Liberia</li> <li>○ Expert from Sierra Leone</li> <li>○ Expert from Burkina Faso</li> <li>○ Expert from Guinea (Conakry)</li> </ul> <p>Interactive discussions</p>
10:30 – 10:45	Coffee break
10:45 – 12:00	<p><b>Session 6 – Fostering productive capacities and export diversification</b></p> <p>This session will pull together the main policy recommendations and conclusions in the area of building productive capacities and fostering export diversification, as well as provide inputs and recommendations for the outcome document.</p> <ul style="list-style-type: none"> <li>○ Moderator: Mr. Paul Akiwumi, Director, Division for Africa, LDCs and Special Programmes (ALDC), UNCTAD</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>○ Dr. Dozie Okoye, Visiting Fellow, CSEA Africa</li> <li>○ Dr. Nonso Obiliki, Director, Turgot Centre for Economics and Policy</li> <li>○ Prof. Jonathan Aremu, Consultant, ECOWAS Common Investment Market</li> <li>○ Expert from The Gambia</li> <li>○ Expert from Benin</li> </ul> <p>Interactive discussions</p>

12:00 -12.30	<b>Closing remarks</b> <ul style="list-style-type: none"><li>○ Mr. Paul Akiwumi, Director, Division for Africa, LDCs and Special Programmes (ALDC), UNCTAD</li><li>○ Dr. Chukwuka Onyekwena, Executive Director, Centre for the Study of the Economies of Africa (CSEA)</li></ul>
12:30 – 14:00	Lunch