



PROPOSAL FOR TRANSFORMATIONAL

AND

INCLUSIVE GROWTH PROGRAMME

for

COMESA MEMBER COUNTRIES

Prepared by:

**Ibrahim A. Zeidy, Director, COMESA Monetary Institute
Dr. Lucas Njoroge, Senior Economist, COMESA Monetary Institute
Mr. Yusuf Atiku Abdalla, Regional Trade Advisor, COMESA Secretariat**

A Draft proposal for consideration during the Inaugural Meeting of the COMESA Convergence Council, 28 - 29 November 2014; Kinshasa DRC

TABLE OF CONTENTS	Page
I. Introduction	3
II. Rationale for inclusive and transformational growth	3
III. Definition of inclusive growth	4
IV. Country experiences	4
IV.1 Experiences from Asia	4
a) Indonesia	4
b) India	4
c) Bangladesh	5
d) Malaysia	6
e) Vietnam	6
f) Sri Lanka	7
g) Philippines	7
h) East Timor-Leste	7
IV.2 Experiences from Latin America	8
a) Brazil	8
b) Mexico	8
c) Argentina	8
IV.3 Experiences from Africa	8
a) Uganda	8
b) Mauritius	9
c) Ghana	9
d) Tunisia	9
e) Rwanda	9
f) Kenya	9
IV.4 Experience elsewhere	10
a) Canada	10
IV.5 Lessons learned from country experiences	10
V. Broad policy areas to be addressed by COMESA region to achieve transformational and inclusive growth.	12
V.1 Promotion of full and productive employment for all	12
V.2 Reducing Inequalities	12
V.3 Achieving pro-poor structural transformation	13
V.4 Need for developmental state	14
V.5 Development planning as a framework for policy coherence, effective implementation, and monitoring of outcomes	14
V.6 Public participation, transparency and accountability	15

TABLE OF CONTENTS	Page
VI. Risk factors to inclusive growth	15
VII. Strategic framework for implementation of transformational and inclusive growth	15
VIII. Proposed implementation plan for inclusive and transformational Strategy	16
IX. Proposal for transformational and inclusive growth programme for COMESA countries	17
IX.1 Action at both country and regional level	17
IX.2 Actions to be taken at member state level	18
IX.3 Actions to be taken at regional level	19
IX.4 Actions to be taken by COMESA Secretariat	19
X. Recommendations	20
Annex 1	21
References	28

I. Introduction

1. During the Second Joint Meeting of the COMESA Ministers of Finance and Central Bank Governors held from 29th to 30th November 2013, in Lilongwe, Malawi, it was decided that the issue of Inclusive Growth should be a standing agenda item on the meetings of the Convergence Council. During the meeting, the COMESA Monetary Institute (CMI) and the COMESA Secretariat were tasked to prepare a comprehensive programme on inclusive and transformational growth which is based on available good practices for consideration at the next meeting of the Convergence Council.

2. In line with the instruction, this paper proposes a comprehensive transformational and inclusive growth agenda for the region. Section 1 of this paper provides a rationale for inclusive and transformational growth; section 2 gives a brief definition of inclusive growth. Section 3 discusses good practices on transformational and inclusive growth and also highlights key lessons which can be learned by COMESA from country experiences. Section 4 discusses broad policy areas to be addressed by COMESA Region to achieve transformational and inclusive growth. Section 5 briefly highlights risks that could be encountered during implementation. Section 6 discusses Strategic Framework for Implementation of Transformational and Inclusive Growth. Section 7 highlights Proposed Implementation Plan for Inclusive and Transformational Strategy. Section 8 presents a draft agenda for action for transformational and inclusive growth for the COMESA region. Finally recommendations are made.

II. Rationale for Inclusive and Transformational Growth

3. Most developing countries including COMESA member countries have experienced remarkable growth in the recent past. Many countries in the COMESA region have sustained a growth rate of over 5 percent in the last decade. However, the strong growth enjoyed by member countries did not reflect itself in terms of human and physical development which includes improving key indicators of human needs such as food, clean water, shelter, health, education for the majority of the population. Thus the advancements made in macroeconomic performance are being undermined by lack of inclusiveness in the pattern of growth. Too few section of the region's population benefit from the region's growth and too much of the region's enormous resource wealth and the benefit it brings remains in the hands of narrow elites and foreign investors. Rural populations remain trapped in poverty, insecurity and isolation, and in cities and towns a growing urban divide leaves many urban dwellers excluded from the benefits of modernization and city life and without jobs and income.

4. Growth in the region has generally not been underpinned by a long-term strategy for industrialization, and the manufacturing base is very low in most of the member countries. The prospect for sustainable growth based on natural resources is constrained by low technology base, while export oriented manufacturing activities is further constrained by lack of infrastructure and inadequate institutional support for industrialization.

5. There is therefore increasing concern that the benefits of economic growth have not been equitably shared. As growth continues, it is becoming increasingly difficult to reach those excluded from its benefits. Although economic growth plays an important role in reducing poverty, it is now apparent that not only the pace of growth but the pattern of growth matters. Reducing poverty requires that more people become economically productive and share in the benefits of improved standards of living. However, many people now have little or no access to the benefits of economic expansion. Disparities in incomes and living standards within countries

have grown faster, wider, and more worrisome. Economic expansion is having a heavy toll on the environment, hastening the depletion of energy and natural resources and causing global climate change with unpredictable adverse effects to mankind. Addressing these challenges require a paradigm shift that empathizes on inclusive growth, otherwise, they could jeopardize economic growth and erode recent development gains and diminish those gains that are yet to come. The realization that rapid economic growth raises serious concerns regarding its inclusiveness, environmental impact, and sustainability have led to the post 2015 sustainable development agenda which is firmly grounded on addressing these challenges. The rationale for transformational and inclusive growth strategy is therefore, to address the above challenges which discouraged economic transformation and inclusiveness in a sustainable manner.

III. Definition of Inclusive Growth

6. Growth is inclusive and transformational when it creates economic opportunities that are equally accessed by all. Apart from addressing the issue of inequality, inclusive growth makes poverty reduction efforts more effective by explicitly creating productive economic opportunities for the poor and vulnerable sections of the society. Inclusive growth, therefore, ensures that excluded population benefit and contributes to the development process. Inclusive growth also wants growth to benefit all segments of society, including the poor, the near poor with meagre incomes, the middle class and even the rich. According to this conceptualization, inclusive growth is growth that reduces the disadvantages of the vulnerable and most disadvantaged while benefitting every one. Inclusive growth requires that in addition to sharing the benefits of growth, people must actively participate in the growth process. Accordingly, inclusive growth can be thought of as entailing the expansion of opportunities for participation, which include both engagement in productive economic activities and having a say on the orientation of the growth process.

7. In many emerging Asia countries inclusive growth was associated with rapid labour intensive export led growth which contributed to significant declines in unemployment. These trends were associated with a relative decline in the sectoral share of agriculture and a rising share of manufacturing and services. In many emerging countries social protection policies, including conditional cash transfers, not only contributed to reduced poverty and inequality rates but also improved human capital by supporting health care and education for children from poor families (World Bank, 2002).

IV. Country Experiences

8. In the following section, we discuss country experiences of good inclusive growth practices from different regions of the world.

IV.1. Experiences from Asia

a) Indonesia

9. Indonesia implemented a strategy that combined rapid economic growth with investments and policies intended to reach the poor. This strategy integrated the macroeconomy with the household economy by lowering the transaction costs of operating in factor and product markets, which in turn facilitated links between the macro and micro levels of the economy. In addition, public investments in human capital and flexible and well integrated labor markets expanded poor households' ability to contribute to growth.

b) India

10. India provides a classic example of how good institutions help deliver inclusive growth. States that had more accountable governments, more pro-business investment climates, and greater access to finance and human capital and that extended property rights to the poor and included women in economic growth have been more successful in reducing poverty and ensuring inclusive growth. Experience with micro-insurance in India, for example, has proven its effectiveness in increasing rural workers' resilience to income insecurity caused by natural disasters.

c) Bangladesh

11. The experience of Bangladesh is perhaps a special and relevant one for the COMESA region in view of similarities with a number of Member States economic conditions- a least developing country with high incidences of poverty and informality. In Bangladesh, rising participation in rural input and land markets; an enhanced capacity to cope with climatic instability due to investments in rural infrastructure and safety nets; and rapid growth in nonagricultural exports explains its success in making growth inclusive. In addition, efforts against gender discrimination have resulted in much lower gender gaps in education, combined with labour intensive export-oriented growth strategies, have enabled women to make important contribution to economic productivity while enhancing their incomes and bargaining power. The experiences of Bangladesh, show that countries can achieve high rates of growth and poverty reduction even when faced with weak institutions, poor human development outcomes, and weak trading links and infrastructure assets. In part, one of the strategies adopted by Bangladesh to foster increased participation and empowerment, especially of the women folk, was to encourage the concept of lending to women-run businesses. Over time, there were tremendous successes recorded on this front.

12. In terms of the role of inclusive financing, the Bangladesh economy has witnessed a course for sustainable growth, spurred by socially inclusive financing practices. This stable growth trend has been maintained because of the Bangladesh government's inclusive development strategy, supported by the Bangladesh Bank's initiative of emphasising socially responsible financing in its everyday activities; and pushing these objectives into the country's financial sphere. Inclusive financing promotion was adopted within the country's monetary growth programme, designed to maintain price and macro-financial stability. All banks and financial institutions, whether state-owned, private, local or foreign, became enthusiastically engaged in nationwide financial inclusion and green banking initiatives. Financial support from a range has greatly boosted agriculture, with SMEs and environmentally-friendly projects have continually generated both domestic output and demand to compensate for external demand weakness from episodes of external slowdowns, mainly in advanced Western economies.

13. The inclusive financing initiatives which allowed credit to flow to SMEs also helped to enhance macro-financial stability, with incremental output on the supply side and employment and income generation on the demand side. Inclusive initiatives which channel financing to under-served and excluded micro and small-scale productive undertakings, as well as 'green' projects which adopt energy efficient and environmentally benign output processes, are added to incremental output in the real economy on the supply side, while also boosting demand from newly-created employment and income, and thereby preserving real sector stability.

14. The experience of Bangladesh in the financial sector in particular shows that the diverse small-sized financing in the inclusive initiatives constitute a new asset base, entailing lower

aggregate credit risk than from large loan exposures to a few large borrowers. Ongoing inclusive financing initiatives in the underserved rural segment are also helpfully acting as a cushion against instability ripples in the urban segment.

15. On account of the various achievements, Bangladesh has already attained a number of Millennium Development Goals (MDGs), including halving poverty well ahead of its 2015 timeline. Rapid poverty decline within the large population of 150 million has provided domestic and foreign investors with a large demand base: coupled with very competitive low wages in the largely young working population, which is attracting relocation of foreign investors from costlier locations elsewhere. Many large globally-active businesses, including Samsung, Unilever, Telenor, have setup manufacturing units and other facilities in Bangladesh. As a result, a healthy economy environment for the financial sector has emerged where, on the one hand, globally active banks have set up branches in the country, and on the other, a dedicated programme of addressing informal sector issues have taken root to bring those enterprises in to the fold of normal and formal economic activities. Additionally, given the advantages of its current demographics of a large youthful workforce and its broad social consensus of including socially responsible and driven development strategies to harness the ingenuity and creative energy of its population to overcome poverty, Bangladesh is now charting the next phase of its progress, aiming to reach the upper middle income country group GNI threshold by 2030, and attaining developed advanced economy status by 2050.

d) Malaysia

16. Malaysia instituted various reforms that have greatly improved the regulatory environment. In 2007, a Special Taskforce to Facilitate Business (PEMUDAH) constituting of both private and public sector stakeholders was established to oversee regulatory reforms. The work of PEMUDAH has included a systematic review of all business licenses, legislations and regulation. As of October 2013, 803 licenses were simplified and composited into 466, nine licenses were abolished, and 19 are in the process of being eliminated - representing a total cost savings to business of RM729 million per year (EUR 160 million). To improve the inclusiveness of government policy making, the Taskforce introduced the requirement for online public engagement by all ministries and agencies for all new proposals or amendments to by-laws, policies, regulations, etc. PEMUDAH has also contributed to policy improvements in a variety of areas including the autonomous liberalisation of over 40 sectors, allowing up to 100% foreign equity participation in selected sub-sectors, and introduction of new immigration policies that are more business friendly OECD (2013). All these reforms have improved the ease of doing business and greatly contributed to inclusive growth.

e) Vietnam

17. Vietnam's Structural transformation in the 1980s ensured creation of attractive employment opportunities accessible to low-income workers in both urban and rural areas. Land reforms, trade liberalization, public investments in improved infrastructure, and attractive world market conditions were particularly beneficial to the poor. Economic and institutional reforms also facilitated the emergence of a viable private sector that, along with rapid nonagricultural growth, generated significant formal and informal employment in services and, more recently, industry. Vietnam provides an example of how a country with good initial conditions can lift itself out of extreme poverty within two decades by adopting economic policies that allow exploitation of growth potential in urban and rural areas. In Vietnam trade liberalization and export promotion in labor-intensive manufacturing— combined with rising domestic demand stimulated

in part by fairly high rates of agricultural growth—increased nonagricultural employment and earnings for poor households in urban and more connected rural areas.

f) Sri Lanka

18. In Sri Lanka, proceeds from the national lottery go directly toward scholarships, providing an example of the success of conditional cash transfer programmes in promoting children's school enrolment and health. Such cash transfers have assisted to break the intergenerational cycle of poverty, strengthen local markets and positively impact the creation of jobs by injecting resources into local communities.

g) Philippines

19. The Government of Philippines has developed a Micro, small and medium enterprise (MSMEs) Action Plan that have been successful in improving entrepreneurship skills, facilitating access to funding, assuring a fair share of government's contracts, and promoting linkages between large and small enterprises. The Philippines presents an interesting and comprehensive approach to MSME development aimed at making growth inclusive.

h) East Timor- Leste

20. Distributional issues are often at the heart of the inclusive growth debate, even though they are often silent in broad economic programmes. The relevance of such distributional issues has been demonstrated in Timor-Leste's Strategic Development Plan 2011–2030, which tries to address precisely these considerations.

21. A comprehensive study conducted by the Asian Development Bank on inclusivity in Timor-Leste used an approach to measuring the inclusiveness of economic growth. This was made possible by the achievement measure, which combined changes in the average opportunity and the distribution of opportunity¹. The findings showed that inclusive growth was achieved by Timor-Leste over the course of a decade only, driven by improvements in education and health care. If Timor-Leste's growth was to remain inclusive in the medium to long-term, it would be important to maintain the upward movement in average opportunity and the decline in inequality.

22. Anecdotal evidence also suggests that within Timor-Leste, development is equated with access to basic services. On this basis, the Timorese society and the political system are more likely to support policies that pursue equality of opportunity than alternatives, such as pursuing equality in incomes. Hence, the inclusive growth philosophy of Timorese could be summarised as follows: "governments cannot ensure equality in living standards, but rather there are often good reasons for equalizing the provision of the most basic opportunities across society. Most fundamentally, access to basic health, education, and infrastructure services is deemed a human right, even though this aspiration is yet to be fully achieved. However, such aspirations can easily be put into practice by adopting minimum standards of service delivery. Such standards would then provide a safeguard for the poorest Timorese, and therefore deliver on

¹ The weighting given to distributional issues was explicit and transparent, and its implementation involved the use of different measures of living standards, including estimates of consumption or asset indices. The key challenges faced in using the approach arose from the definition of opportunity and in aggregating opportunity to form an overall view on inclusiveness. The application of this approach to Timor-Leste found that inclusive economic growth can be discerned through the analysis and identification of broad trends of inequality in opportunity relative to the availability of opportunity.

their Strategic Development Plan 2011–2030 of sustainable, inclusive development. In effect, a deliberate attempt to improve opportunity for those with the least could reduce inequality and ultimately equalize the distribution of opportunity”. This is the basis on which the newly independent Timor-Leste managed to emerge as one of the fastest growing economies in Asia and the Pacific, even though the concentration of economic activity in and around the capital-Dili- may however have raised other related concerns.

IV.2. Experiences from Latin America

a) Brazil

23. Brazil provides an interesting case of how successes in human capital development are critical for inclusive growth. Brazil growth during the 1980 - 2000 did evenly benefit the poor and the non-poor. Investments in human capital tended to make growth more pro-poor and increase the overall growth rate. Investments in high school education appear to be important in increasing growth's benefits to the poor but do not alone improve growth prospects, whereas investments in college education are important determinants of growth but are less effective in making growth more inclusive. With respect to other policy variables, infrastructure investments were also important for inclusive growth. Another innovative and effective approach to expand access to education in Brazil was the introduction of a system of tax incentives where private universities guaranteed seats for low income students. Brazil case highlights the importance of education for inclusive growth, with the government encouraging children from poorer households to attend school at the secondary and tertiary levels, and at the same time improving the quality of primary education.

b) Mexico

24. Mexico provides an excellent example of devolving the decision making process to the people. Several Mexican states have created councils and committees to promote improvements and continuity of reforms in regulatory management at the local level. In most cases, this incorporates representatives from business, academia, and civil society associations and other stakeholders who take part in the decision making process. The contributions of the Councils include analyzing and reviewing all valid regulations in the state's jurisdiction to make recommendations for improvement.

c) Argentina

25. Argentina has implemented an excellent transition to work scheme for the youth named “Young People with More and Better Jobs” which provide job training and assistance to enter the labour market, bolstered by an economic allowance. Argentina provides a good example of how the youth can be involved in productive activities and hence make growth more inclusive.

IV.3. Experiences from Africa

a) Uganda

26. Strong economic growth in Uganda since the early 1990s induced by the restoration of political and economic stability, along with large aid flows, provide another success story in Africa on inclusive growth. Uganda was able to overcome generally weak institutional environment through ring-fencing policies and institutions and by drawing on nongovernmental institutions. Since then however, poverty levels have risen due to, among others, lack of

investment in and structural transformation of agriculture, low and declining levels of secondary education among the poor, and weak rural and urban investment climate. Uganda's experience shows that despite the existence of good policies and programs, translation of policies into desired outcomes can be undermined by political economy inconsistencies and institutional weaknesses, leading to economic slowdown and uneven participation in growth.

b) Mauritius

27. Mauritius has provided a good example of how industrial policy can be inclusive. The country's industrialization and structural transformation depended on the system of export processing zones. Since early 1970s, the country's industrial policy has included measures to promote inclusion, in particular of female workers, who were mostly employed in these zones, thereby opening new opportunities for growth and employment at a time when male employees dominated established industries.

c) Ghana

28. Ghana's impressive economic turnaround after more than 20 years of serious decline starting in 1984, also provide a good example of inclusive growth in Africa. Improved policies and aid flows in Ghana led to a more consistent economic framework and political stability, which along with remittances, helped catalyze steady growth and poverty reduction. Ghana's case underscored four broad policy options to enhance access to nonagricultural earnings for poor households: improving the investment climate, designing labor market regulations to create attractive employment opportunities, expanding access to secondary and girls' education, and increasing access to infrastructure.

d) Tunisia

29. Tunisia provides another good case for inclusive growth in Africa during the period 1960 to 2000. Four sets of factors played a particularly important role in affecting the capacity of the poor to participate in growth: macroeconomic stability and trade openness; integrated rural development programs that provided the infrastructure to develop agriculture; promotion of labor-using industries and services, which provided attractive job opportunities and eased rural labor markets; and significant investment in human capital in rural and urban areas and among men and women. However, since then, uncertainties related to the institutional environment and job creation precipitated to the Arab spring that could adversely affect the earlier gains of inclusive growth.

e) Rwanda

30. Rwanda has been exemplary in promoting equity especially on issues of women in the African continent. Rwanda's case shows that growth and equity are more complimentary than mutually exclusive. Greater equity has boosted growth and strengthened the rate at which growth has contributed to poverty reduction and inclusive growth.

f) Kenya

31. Kenya presents a good example on the fiscal transparency and participation in Africa. An innovative participative budget mechanism involving the public and other stakeholders is a legal requirement in Kenya's budget cycle.

IV.4. Experience Elsewhere

a) Canada

32. In Canada it is a requirement by law to include all communities when consulting on draft regulatory proposals. Special consideration is given to vulnerable social and economic groups, such as aboriginal peoples, official-language minorities, lower income Canadians, recent immigrants, and groups affected on the basis of age, gender, race, and culture. The law also includes the requirement to adopt a “small business lens” when assessing regulatory proposals aimed at ensuring that regulators are sensitive to the needs of small businesses when they design regulations. Regulators are required to demonstrate that due consideration was given to reduce the burden associated with the option imposed upon small business. If a less burdensome option is not adopted, regulators will have to justify why (Treasury Board Secretariat of Canada (2014)).

IV.5. Lessons Learned from Country Experiences

33. The experience of the countries discussed in this paper show that exogenous forces and macro- and structural policies, as well as political and financial events have contributed to inclusive growth especially for countries that have shown a great deal of resiliency in delivering development. Good practice indicates that governments that have been able to promote public and private accumulation of physical and human capital across most households had the greatest impact on inclusive growth. High institutional quality to ensure low corruption, strong democratic, high levels of voice (citizen input) and accountability also play some role in ensuring inclusive growth. For some countries, peace, macroeconomic stabilization along with structural reforms, openness and export growth in agriculture and manufacturing, increased aid flows and public expenditures to promote human capital accumulation with investments in health and education and, albeit to a lesser degree, improvements in finance infrastructure base seem to contribute to inclusive growth.

34. Inclusive growth experience show that households can participate in economic growth through three main channels: employment, transfers (from public and private sources), and returns on investment. However it is employment that show that the most successful experiences in inclusive growth occurred when government policy, combined with favorable exogenous events, supported creation of attractive jobs accessible to poor households. This seems to have happened in agricultural related jobs. Five policy interventions helped raise the agricultural earnings of poor households in the 1990s namely: improving market access and lowering transaction costs, strengthening property rights to land, creating an incentive framework that benefited all farmers, expanding the technology available to smallholder producers, and helping poorer and smaller producers cope with risk. However, poor households taking advantage of nonagricultural jobs in rural areas and job opportunities in urban areas have also ensured inclusive growth.

35. From this discussion, an inclusive growth programme should include the following areas, among others; Increase social spending through greater investments in quality education, health and transfers targeted on the poorest population, replace subsidies with cash transfers for the poorest, review the effectiveness of programmes targeting the poor and streamline the numerous social programmes to avoid overlap and exploit synergies, analyze the mix of interventions designed to reduce rural poverty and promote rural development, implement measures to expand job opportunities in the informal economy and create incentives to

transform the sector to formal, enhance the productivity in health services to enable them to provide higher-quality services at a lower cost, improve the quality of education services to increase human capital, promote social mobility, and reduce inequalities.

36. The main policy lessons for COMESA region from the comparison between East Asia and Latin America are summarised in the Box 1 below:

Box 1: The different Lessons from East Asia and Latin America

Between 1965 and 2009, the per capita income of the Newly Industrialised Countries (NICs) grew at an average annual rate of 5.8%, while Latin America recorded a growth rate of only 1.8%. As a result, in terms of per capita income, the NICs - that lagged well behind Latin America in 1965 (\$1794 vs USD3918, constant 2011 US dollars) - had leapfrogged over Latin America by 2011(\$23,554 vs\$8776). These statistics illustrate how the most dynamic economies in Asia now joined by China and India, have continued to converge with advanced economies, while most Latin American economies have become stuck in the middle income trap. The striking differences between East Asia and Latin America include:

- Political leaders in East Asia were intensely focused on economic issues and not preoccupied with geo-political issues or ideological debates, in sharp contrast to Latin America;
- All successful East Asian countries, as well as China and India, have achieved major gains in total factor productivity, while Latin American countries have remained stagnant,
- East Asian countries have much higher savings and investment rates than those in Latin America (5.1% vs. 23%)
- Asia has placed much greater emphasis on human development and a high premium on meritocracy in its education system; it has much higher educational standards and graduates a significantly higher number of engineers, scientists and doctors;
- Asia has made much higher investment , both public and private, in infrastructure, and it has deeper financial markets, particularly non-bank financial institutions;
- NICs have much more open economies than does Latin America, with total trade to GDP ratio of 196% vs 45 % for Latin America.
- East Asia has dramatically restructured production in the past forty years to become the manufacturing hub of the world, while Latin American economies remain highly dependent on commodities and agricultural products.
- Regional trade (over 55%) and investment (FDI) flows in East Asia are much higher and approach European Union levels; these flows are market driven thanks to extensive production net-works-scarcely visible in Latin America-developed by private businesses.
- East Asia's more equitable distribution of incomes and assets allowed it to more rapidly develop a larger middle class , which gradually became an engine of innovation, entrepreneurship, and domestic consumption that fueled further economic growth

Source: Centennial Group International 2013

V. Broad policy areas to be addressed by COMESA Region to Achieve Transformational and Inclusive Growth

37. Based on the above country experiences and policy lessons, broad policy areas to be addressed by COMESA region to achieve transformational and inclusive growth contain the following:

- (i) Promotion of full and productive employment for all;
- (ii) Reducing inequality;
- (iii) Achieving pro-poor structural transformation;
- (iv) Need for developmental state
- (v) Development planning as a framework for policy coherence, effective implementation and monitoring of mechanisms and outcome; and
- (vi) Public participation, transparency and accountability.

V.1. Promotion of full and productive Employment for all

38. Productive employment for all is at the heart of eradicating poverty, fostering equitable, inclusive and sustainable development. However, many economies in the world today are not generating sufficient decent jobs with the most excluded being the young and the women. Even with high growth rates that have averaged over 5 percent for almost two decades in a number of COMESA member countries, unemployment and inequality continue to persist. The jobless growth in these countries has deepened existing inequalities and social exclusion. Underemployment, casual and informal work remains predominant in many COMESA countries. Future prospects depend to a large extent on turning around the employment trends. For most COMESA member countries, the agricultural sector presents the greatest potential for solving the unemployment problem. Policies that promote agricultural productivity and value addition will go a long way in addressing unemployment.

39. In particular, Micro, small and medium-sized enterprises (MSMEs) comprise the vast majority of businesses in COMESA countries and are often responsible for the majority of job creation. However, MSMEs in these countries operate in informal setting without legal recognition or registration and limited or no access to labour regulation, financial system and social insurance. The drivers of informality are multiple and include high incidence of poverty and saturated markets as well as limited access of enterprises to finance, infrastructure, information, value chains and skills. Policies to address these challenges will not only increase productive employment but also lead to more inclusive growth. Countries require both political resolve as well as innovative policy solutions that will stimulate the creation of productive employment and tackling long-term systemic labour market problems.

V.2. Reducing inequalities

40. Income, health, and education inequalities are high in all COMESA member countries. Large disparities often persist between those living in rural and urban areas, and between men and women. Inclusive growth programme need to address inequalities emanating from gender, geographical and resources, among others. Such programmes should focus on addressing the situation of young people and women who are neither in employment, education or training. A chronic shortage of decent jobs for youth is not only a risk factor for current political and social stability, but also can have long-term adverse impacts on human and social capital. With more women than men in agricultural production, greater equality in the sector will be crucial for

inclusive growth. Women lack equal access to capital and credit; insurance systems; tools, good quality seeds, fertilizer, and equipment; training; and land ownership, inheritance and tenure rights. By addressing these disadvantages countries could increase their agricultural output and raise women's incomes, helping families and communities to break out of cycles of hunger, end chronic malnutrition, and generate inclusive growth.

41. By reducing inequalities, COMESA countries can ensure access to opportunities to the majority of the population and harness the full potential of women and currently marginalized groups to contribute to development. Twinning and capacity building activities in a range of economic development fields can also further enhance participation of the marginalized groups in economic activities.

V.3. Achieving pro-poor structural transformation;

42. Pro-poor structural transformation should entail creating employment and generating output in a wider range of industries and services. COMESA Countries will need to invest more in the health, education, and training, infrastructure, and strengthening institutional capacities. Inclusive growth will entail boosting and modernizing agriculture which provides a livelihood for the majority of the population; improving the investment and business climate and providing support, in particular for indigenous micro and small businesses; providing and facilitating access to better quality and relevant education and training; broadening participation in the development process and giving a voice and a hand to marginalised and disadvantaged groups, and reducing disparities in development and opportunities between regions and communities. In a number of countries, the discovery of oil, gas, and other mineral resources; and growing levels of private and public investment are providing the opportunities for pro-poor structural transformation and increasing role for public-private partnerships.

43. The pro-poor transformation should enable all people to benefit and to be participants in growth and development. Also, countries should boost trade and competitiveness, strengthen long-term planning, co-ordinate economic activity, and mobilize domestic resources all geared to inclusiveness and job-rich growth. The youthful population in most COMESA countries should also be involved in the structural transformation. Countries can greatly benefit from a demographic dividend, as East Asia did, if it invests enough in its youth and in opportunities for them. Other important ingredients should include among others;

- Comprehensive Institution building programmes and support for integrated socio-economic reform that focuses on the poor and the marginalized sections of the population;
- Strengthening labour market institutions and promoting labour market reforms that will ensure job-rich growth;
- Microfinance support for MSMEs and the economically excluded (see also Box 2);
- Building resilience to a range of shocks, including extreme climate events;
- Exploring opportunities for greater production linkages and market niches in international and regional markets that allow for technological development and for promoting comparative advantage. This means ensuring a favourable investment climate, easier flow of goods and services through improved trade facilitation and lower trade barriers, and improved information on the changing market and production landscape in the region.

V.4. Need for developmental state

44. There is need for developmental state to provide vision, leadership and a focus on inclusive and transformative development. Many scholars argue that sustained transformative and inclusive growth cannot be achieved without an improvement in how countries manage their collective affairs through appropriate institutions. A crucial component of such institution is leadership: leadership with transformative vision to define the agenda of a national project that meets the needs of their people. States do not operate in a vacuum. Alongside providing leadership to derive the transformation and inclusiveness process, non state actors such as the private sector and civil society play a central role in ensuring an inclusive approach to development and governance process. The roles of these agents must be clearly defined, to ensure that they cooperate rather than compete with one another. Their operation will also serve as important guidance for the state, indicating the most appropriate manner for it to participate in the economic transformation process. For example, the state plays a pivotal role in how resources are allocated to improve human capital, combat poverty and inequality, finance innovation and technology, enhance governance, capabilities of the public sector and improve the business environment. The effectiveness of the developmental state hinges, however, on the interactions between the State and society and the political coalitions that shape the development path.

45. Thus, the success of transformative and inclusive development strategies in the region will be directly contingent on the forms and levels of the State's capacity for inclusive development, the incentives driving the commitment of social groups to inclusive development, the effectiveness of the state administration, the institutional, political and economic conditions that lead to the emergence of developmental state and the commitment to the process of both the state and the society as a whole.

V.5. Development planning as a framework for policy coherence, effective implementation, and monitoring of outcomes

46. There are three major tasks that the state has to implement as a means of achieving transformation and inclusive growth. These are planning the development process, formulating appropriate and inclusive development policies, and implementing the development plans and policies. There are a number of reasons why the development process has to be carefully planned. The changes required are substantial and hence the decision making involved cannot be left to free market forces. It is essential that policy makers remain mindful of the basic prerequisites for successful planning that lead to transformative and inclusive economic transformation. These are:

- Sound formulation of plans and sound implementation of strategies;
- Appropriate institutional framework;
- Effective bureaucracy and relevant instruments;
- Policy consistency and continuity;
- The adequate involvement of the people in the formulation and implementation of plans;
- The active involvement of the private sector in the planning process;
- The avoidance of corruption; and the adequate monitoring and evaluation of projects, programmes and policies.

V.6. Public participation, transparency and accountability

47. Public participation is also an integral part of an inclusive growth programme, since it ensures improved delivery of services, fair and transparent management of public and natural resources. Wider and deeper participation of citizens build greater trust in governance and thus better functioning political systems and prospects for inclusive growth.

VI. Risk Factors to Inclusive Growth

48. Structural transformation which is crucial for inclusive growth strategies must guard against the danger of creating regional and rural urban inequalities. Some scholars (Williamson 1965) argue that structural transformation is initiality associated with a geographical concentration of economic activity, thus resulting in disparities in income distribution. In some countries substantial public investments and infrastructure are channeled into major cities and widen disparity with other part of the country. For example, industrialization in China has been associated with regional disparities , with the eastern zone enjoying higher per capita output, higher level of employment and productivity and higher exports at the expense of the central and western zones (Yao S. 1997. This trend is an apparent result of fiscal decentralization and trade and industrial policies that favour coastal areas closer to international trade route.

VII. Strategic Framework for Implementation of Transformational and Inclusive Growth

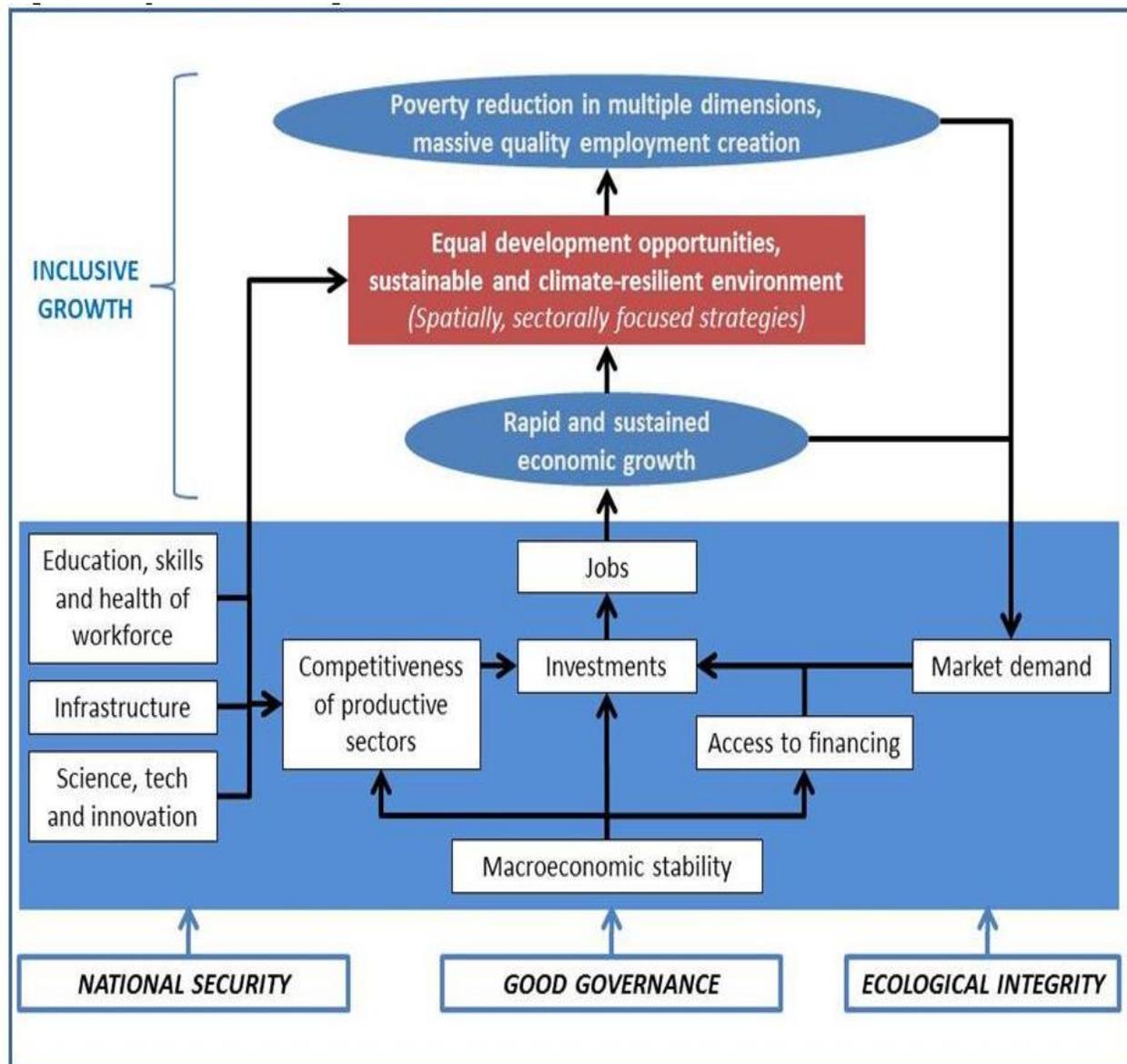
49. Figure 1 below summarizes the overarching strategic framework for achieving inclusive and transformational growth.

50. For job creation, capital accumulation is necessary. Investment must continually rise for the economy to grow and absorb labor into productive jobs. Being a bet on the future, investment requires a stable and predictable market environment. Macroeconomic stability, supported by sound monetary and fiscal policy, a strong financial system, and healthy external sector, is thus essential to maintaining positive consumer and business expectations about the future. Financial markets also tend to look more favorably at countries whose macroeconomic house is in order.

51. The performance of the production sectors (i.e. agriculture, industry, and services) is, of course, a critical determinant of the economy's growth potential and its ability to create jobs. In part this is influenced by macroeconomic policy, but sector-specific policies (e.g. fiscal incentives, credit subsidies) and other crosscutting measures (e.g. labor market regulations and policies towards foreign direct investments) also affect competitiveness. Of special importance in raising productivity and expanding the range of products and services produced in the economy is private investment in research and development (R&D), which government can influence through its science and technology policy. The state of the country's infrastructure (roads, ports, airports, telecommunications, transportation, etc.) and the availability of a healthy, highly trainable and skilled labor force are similarly important factors bearing on the cost of doing business.

52. Circumscribing the above are the quality of governance, the natural environment, and national security, all of which exert a profound influence on the economy's productive potential.

Figure 1: Plan for Strategic Framework for Implementation



VIII. Proposed Implementation Plan for Inclusive and Transformational Strategy

53. It is acknowledged that the overall development of the country is ultimately a product of the dynamism of the private sector. The role of government is to set the necessary policy and regulatory framework and provide public goods and services to catalyze private initiative and encourage efficiency improvements.

54. The proposed Implementation Plan emphasizes the government’s facilitative role in promoting competition and making it easy for firms and entrepreneurs, regardless of size, to do business in the country. But at the same time, government will intervene strategically where the

private sector cannot be relied upon to deliver the goods, services and facilities needed by the poor and marginalized. In this regard, the plan recognizes the need for public investment and sound, credible, and effective regulation.

55. Implementation of Inclusive and Transformational Plan calls for convergence of sectoral programmes and coordination among sectors at different levels as well as with the private sector and development partners to be able to make a significant impact. The different programs and strategies to be undertaken by member countries are described in the following section. During the implementation period, the efficiency and effectiveness of these strategies will be monitored alongside implementation progress. In general, the measure of efficiency is the extent to which private effort has been steered towards the direction laid out in the Plan; effectiveness is the extent to which the well-being of the majority of the population has been improved.

56. The different Planning Committees, constituted to update the Plan, will be responsible for monitoring welfare outcomes and implementation progress and will be elaborated in their corresponding Results Matrix. The outcomes and progress will then be reported by the Planning Committee Chair before an appropriate inter-sectoral committee of Ministers.

57. The Secretariat of Inter-sectoral Ministerial Committee will also prepare an annual Socioeconomic Report which contains the accomplishment in terms of output and desired outcomes, identifies key challenges and recommends solutions going forward.

58. At a regional level COMESA Convergence Council will ensure accountability of member states through progress review on the implementation of key priority areas in the proposed Action Plan. It can also use, in collaboration with AU, existing accountability mechanisms such as APRM.

IX. Proposal for Transformational and Inclusive Growth Programme for COMESA Countries

59. Based on the above broad policy areas, the transformational agenda for inclusive growth for COMESA region can be approached from three main fronts, namely, actions at both country and regional level, actions at country level, actions at regional level and actions by COMESA Secretariat.

IX.1. Action at both country and regional level

- Continue to adopt growth-enhancing macroeconomic policies, competitive trade and financial policies within a regional framework to increase scale, spur competition, and reduce costs. In turn, this requires developing sector strategies that will lead to good-quality and cost-effective infrastructure services and adopting governance policies that promote a business-friendly legal and regulatory environment. Improving the efficiency of public action is necessary to implement inclusive growth policies.
- Deepening trade and financial policies within the regional framework to enhance scale, credibility, and visibility. Deepen trade reforms to enhance competitiveness requires reducing barriers to trade and investment, reducing transaction costs, and accelerating diversification and growth. Deepen financial markets requires restructuring of banking and insurance sectors, improving the legal environment, strengthening the accounting and audit system, enhancing the efficiency of the payment system, strengthening

microfinance institutions, developing long-term financial instruments for investment, , deepening the insurance market and reforming the social security system, reforming stock exchanges and developing regional government bond markets, among others.

- Special attention should be paid to actions that facilitate the ease of doing business by improving the legal and regulatory framework and by promoting cost efficiency and uncomplicated and transparent administrative procedures, which fosters a more conducive environment for businesses, particularly Micro Small and Medium Enterprises (MSMEs) to thrive and grow.
- Continue improving national and regional infrastructure services essential for connecting the poor and rural areas to growth poles, thus making growth more inclusive. Improvements in transport networks, enhancing information and communication technologies are critical in this regard.
- Serious political commitment and resolve at the national and regional level will be required. Significant and sustained improvement in governance would improve the effectiveness of both the Government and the private sector in all intervention areas. Institutional reforms are needed to improve the delivery of public services, strengthen accountability, and enforce the rule of law. Policies that make information publicly available and allow civil society organizations to hold politicians and policymakers accountable are also likely to improve services, particularly for poor people. Judicial reforms and policies to ensure corruption is abated at all levels are also important areas for ensuring that growth is more inclusive. Regional political interactions will deepened political resolve and lock in reforms for inclusive growth.

IX.2. Actions to be taken at Member State Level

- Pursuing pro-growth and pro-poor budgetary policies as a twin pillars of sound macroeconomic management. In this regards issues of priority include: boosting revenue without compromising competitiveness or overburdening the poor; achieving a level and composition of spending consistent with the Poverty Reduction Strategy and vastly improving budget execution while increasing transparency and accountability; overhauling the personnel and payroll management system; prudently managing the overall debt and ensuring its sustainability; and consolidating the procurement reform;
- Achieving Macroeconomic Stability to make the economic environment more predictable;
- Ensure the existence of a Sound and stable financial system;
- Maximise the benefits the citizenry derives from Government through building more effective institutions creating appropriate policies and achieving more efficient use of public resources;
- Ensuring equity and inclusion;
- Transform the depletable natural resource wealth into Human capital wealth;
- Promote full and productive Employment for all;
- Boosting and modernizing agriculture which provides a livelihood for the majority of the population;
- Make manufacturing the source of long term growth and development;
- Use larger share of resource rent created by extractive industries for productive purposes;
- Ensure the enhancement of private sector development, competition and productivity;
- Reduce internal conflict and fragility.

IX.3. Actions to be taken at Regional Level

60. Member countries should ensure implementation of their commitments under the COMESA regional Cooperation and integration agenda. These include, among others, the following key programmes:

- Implement the COMESA Multilateral Fiscal surveillance Framework;
- Implementing the COMESA Framework for Assessing Financial System Stability;
- Modernize the payment and settlement system through full implementation and utilization of REPSS;
- Implement the COMESA Action Plan for Financial System Development and Stability;
- Ensure the implementation of the 2004 Addis Ababa Plan of Action of the the Extra ordinary Summit of Heads of State and Government of the African Union, on Employment and Povert Alleviation;
- Implement COMESA industrial and trade policies;
- Ensure the full realization of the COMESA Free Trade Area and Customs Union;
- Fully implement the COMESA's Programme on agriculture, fisheries and livestock development which is being implemented under the framework of the Comprehensive Africa agriculture Development Programme (CAADP) and Climate Change Programme;
- Ensure implementation of the COMESA Investment promotion and private sector development programmes;
- Support COMESA Regional Investment Agency to aggressively promote COMESA as an investment destination;
- Aggressively support MSMEs under COMESA specific industrial cluster programmes;
- Fully implement the COMESA Infrastructure Development Programme;
- Fully implement the COMESA environmental management policy.

IX.4. Actions to be taken by COMESA Secretariat

- Mainstream inclusive and transformational growth in all COMESA Programmes;
- Enhance Policy Dialogue space within COMESA policy Organs to support the common vision and sustained engagement on inclusive growth;
- Identify economic factors at regional level which would provide ample industrial development opportunities and job creation potential through development of the required skilled labour force and promote integrated development initiatives;
- Ensure experience sharing on inclusive and transformational growth;
- Enhance partnership and resource mobilization with cooperating partners to effectively implement the COMESA Action Plan for Inclusive and Transformational Growth;
- Develop and implement tools for measuring and reporting on progress made by member countries on inclusive and transformational growth.

61. Detailed implementation strategies for the action agenda is contained in the policy matrix in Annex 1 and provides detailed summary of all the policy actions. The proposal and its time table must be adapted to national circumstances and be based on a country's unique circumstances, including its economic and political history, aspiration of its people, stage of development, resource endowment, and sophistication of institutions and governance.

X. Recommendations

1. Policy Matrix which is contained in annex 1 of this report to this report to be considered by member countries in their pursuit for inclusive and transformational growth;
2. Mainstream inclusive and transformational growth in all COMESA Programmes;
3. Need for participation of all stakeholders in the preparation of country specific transformation and inclusive growth agenda.

Annex 1. A Proposed Policy Matrix for Transformative and Inclusive Growth Program for COMESA

Policy Item	Action Agenda
A stable and strong Macroeconomic Environment	<p>Ensure the implementation of the COMESA Multilateral Fiscal surveillance Framework which includes among others the following:</p> <ul style="list-style-type: none"> • Robust GDP growth of not less than 7% • Meet at least Minimum requirement for robust Public Finance Management system • Enact Fiscal responsibility Act including fiscal rules • Formulate and implement Medium Term Budget, Fiscal and Expenditure Framework • Greater coordination and harmony between fiscal, monetary and external sector policies • Ensure low inflation • Improve resilience in order to protect overall growth from volatility • Reduction in Unemployment rate
Ensure the existence of a Sound and stable financial system	<ul style="list-style-type: none"> • Ensure stability of the financial system by implementing the COMESA Framework for Assessing Financial System Stability • Modernize the payment and settlement system • Increase access to credit to all sectors of the economy; • Ensure the implementation of the COMESA Action Plan for Financial System Development and Stability • Enhance the utilization of the regional payment and settlement systems. • Strengthen microfinance institutions. • Restructure the postal financial services. • Develop instruments to finance long-term needs. • Deepen the insurance market • Reform the social security system. • Implement regulatory environment that balances financial inclusion objectives with financial stability goals; • Promotion of use of alternative products and delivery of financial services in underserved and unserved areas of the country; • Promotion of financial literacy and consumer education; • Encouraging the continuing development of new loan products and other banking services aimed to address the special needs of the poor, women and persons with disability.
Maximise the benefits the citizenry derives from Government through building more effective institutions, creating appropriate policies and achieving more efficient use of public resources	<ul style="list-style-type: none"> • Strengthening public sector capacity with focus on actions which can be directly linked to specific development results • Build credible commitment capability and clearly signal that government is committed to results and respects the rules of the game • Support for press freedom and media capacity building. And the introduction of service delivery scorecards and other monitoring <i>mechanisms</i> • Promote social dialogue, collective bargaining and representation of worker and employer organizations • Accountable governments that are willing to adopt effective and transparent public management of the economy, providing a safe, stable and attractive business and industry environment, which will in turn strengthen government's ability to fulfill its development responsibility for the well being of people; • Ensure equality of opportunities and equal rights so that the poor and the worse off are not unfairly excluded from the benefits of growth and participation in the social life of a community • Transform the public service into a proactive, competent and one providing policy advice and guidance for a rapidly growing economy • Effective institutions for fostering private sector development;

	<ul style="list-style-type: none"> • Attaining better management of resources • Achieve greater independence for judiciary in terms of funding and tenure and improving efficiency in service. • Facilitating the creation of a dynamic, constitutionally effective and publicly responsive legislature, that is proactive in its legislative duties • Foster an environment that enables job creation and more secure livelihood • Putting in place appropriate regulatory system; • Political stability • Implementation of sound economic management and environment of positive investment climate for attracting foreign investment; • Broadening participation in the development process and giving a voice and a hand to marginalized and disadvantaged groups; • Reducing disparities in development attributes and opportunities between regions and communities; • well-defined property rights
Ensuring equity and inclusion	<ul style="list-style-type: none"> • Reduce constraints on small business to facilitate productivity growth and employment. These include constraints related to among others to access to finance, infrastructure and electricity • Ensure more equitable and broad based basic education • Ensure citizens ability to express and exercise their views in policy decision making process • Address inequalities emanating from gender and discrimination of the youth • Address inequalities emanating geographically • Address inequalities of income • Address inequalities education • Address inequalities of health • Strategies to formalize the informal sector including prioritizing and streamlining the micro, small and medium enterprises (MSMEs)
Transform the depletable natural resource wealth into Human capital wealth	<ul style="list-style-type: none"> • Policies for efficient exploitation newly discovered oil, gas, and other mineral resources should ensure inclusiveness • Ensure access to affordable and quality education by doing the following- Encourage the effectiveness of institutions that support the delivery of quality education; - Rehabilitate infrastructure across all levels of education; • Review school curricula from primary to tertiary levels to meet the requirements of industry, society and ensure that the products of the system have the skills to be globally competitive,- Promote technical and vocational education and training at formal and informal level; • Ensure the maintenance of standard through regular monitoring and reporting across all levels of education • Improve budgetary allocation for education • Upscale financing for workers training and skills upgrade • Revitalize technical and vocational skills development particularly for the youth • Reinforce training and skills development through regional cooperation and pooling of resources • Ensure access to affordable health care which includes among others the following: • Provide quality health care for the underserved through a public/private partnership; • Combat malnutrition • Improve quality of care in primary, secondary and tertiary health facilities • Ensure achievement of human capital indicators that have been included as part of the globally agreed MDGS
Promote full and productive Employment for all	<ul style="list-style-type: none"> • Regional and National employment strategies to set clear targets for women and youth, improve the use of resources for programmes targeting these groups and help lower the systemic labour market barriers to their employment

	<ul style="list-style-type: none"> • Promote political empowerment and representation of women and youth in national institutions, such as parliament or civil service, trade unions and employers associations. Legislate and implement such empowerment. (e.g. in Kenya, there is a 30 % gender rule in public appointments) • Enforcing national affirmative action policies in hiring, wage legislation - including equal pay, equal access to education, promotion of civil rights, advocacy work and special measures (e.g., quotas). Enforce such policies through creating necessary institutions • Strengthening labour market institutions as well as promoting labour market reforms • Extend adequate health and education services in both rural and urban areas to better prepare rural migrants to entry into the urban job market and facilitate rural-urban migration, and promote rural sector opportunities for absorbing labour in productive off farm activities • Taking measures to improve worker productivity and prospects of better paying jobs in both the formal and informal sectors, including efforts to improve the informal sector's access to inputs, finance, markets, and opportunities to link up with formal sector firms; • Facilitating women's entry into high productivity market activities by removing obstacles to their access to productive assets such as education, capital, and land to support entrepreneurship, and eliminate regulations that disadvantage women in the labour market. • Improving the education system-including vocational training- to provide youth with the education and skills that respond better to the needs of the private sector; on the job training and apprentice-ships can help youth adapt better to the work environment of the private sector
<p>Boosting and modernizing agriculture and fisheries which provides a livelihood for the majority of the population;</p>	<ul style="list-style-type: none"> • Strategies for agriculture and fisheries sector should aim to (a) increase productivity in the sector; (b) increase forward linkage with the industry and services sectors; and (c) improve sector resilience to risks, including climate change. More specifically the following actions are required: • Increase investments in R&D and extension to generate appropriate technologies and to strengthen the capacities of farmers and fishermen;. • Fast track Agrarian reform;in particular, the distribution of individual land titles to provide greater security of tenure and access to finance for agrarian reform beneficiaries. • In order to facilitate the linkage of agriculture to the industry and services sectors, farmers and fishermen to be trained in value-adding, agri-business development and value chain management activities. Farmers and fishermen groups and cooperatives to be strengthened and, where possible, transformed into MSMEs that can transact with other MSMEs in industry and services. • Rural infrastructure to be enhanced by focusing on connectivity between production areas and markets, as well as facilities that provide production and technology choices to farmers and fishermen. Public-private sector partnerships will be explored to finance certain postharvest facilities and other rural infrastructure. • To increase resilience, households engaged in agriculture and fisheries to be encouraged to diversify production and livelihood sources. The insurance system for the sector to be strengthened. Community-based social protection mechanism to be created. • Promote fertilizer use • Harness global science and technology • Lower cost of market participation • Ensure better access to regional and world markets
<p>Make manufacturing the source of long term</p>	<ul style="list-style-type: none"> • Implement effective industrial policy and public supported Research and Development; • Improve manufacturing by broadening the nation's productive base, and promoting

<p>growth and development</p>	<p>private sector investment</p> <ul style="list-style-type: none"> • Introduce technological innovation; • Raise capacity utilization; • Reduce cost of doing business; • Increase local content in manufacturing; • Ensure long term credit for manufacturing • Promote the country as a desirable investment destination • Mutually agreed-upon work arrangements with labour unions, which increase efficiency, simplify operations, and are consistent with the promotion of employment and protection of basic rights of workers, • Focus on the following sub-sectors in view of their potential to contribute to employment generation as well as rapid and sustained growth: (a) agro-industry (b) manufacturing, especially food manufacturing, garments, wood furniture and fixtures; leather products, (c) tourism; (d) information technology;; and (e) construction; • The government to provide comprehensive business intelligence to enable businesses to make informed decisions. It will also invest in the needed product quality monitoring infrastructure to ensure that the country's products meet international standards to penetrate export markets; • Industries prepare sectoral roadmaps that show linkage with primary sectors as suppliers and/or markets; and continuously upgrade their technologies and facilities with government's proactive support through the establishment of technology business incubation centers, shared service facilities that provide testing laboratories for safety and quality standards, agro-industrial hubs and central storage. • Make full use of existing technologies to make local industries competitive and innovative while building local R&D capacity to address local problems, including green technologies. The government will also ensure that even micro, small and medium enterprises (MSMEs) have access to these technologies. The government to intensify advocacy programs that will encourage businesses to take advantage of benefits offered by COMESA Free Trade area and Customs Union
<p>Provision of quality and affordable infrastructure in order to enhance productivity and competitiveness</p>	<ul style="list-style-type: none"> • Public infrastructure spending to be increased. In addition, private sector investments should supplement through public-private partnerships. • Farm-to-market roads to be constructed or rehabilitated to strategically connect rural and agricultural areas to market towns and destinations. • Infrastructure development to focus on improving the connectivity between urban centers and regional growth hubs, between airport and ports and economic/industrial zones; and between airport and ports and tourism destinations. • Provide the overall development framework on the deployment of new technologies and improvement of the country's digital connectivity. • Provide energy security by increasing energy generating capacity, encouraging efficient use of energy and implementing various transmission projects. • Construct, rehabilitate and upgrade basic health care hospitals and facilities, close the student-classroom gap, provide water supply and sanitation facilities in rural and hard-to-reach areas, and provide housing units to majority of the population. • Develop adequate, safe, environmentally sound efficient and affordable integrated transport system • Develop efficient information and communication technology which enhances business, productivity and growth • Promote effective partnership with key operators in the telecommunication sector to develop services in rural areas
<p>Use larger share of resource rent created by</p>	<ul style="list-style-type: none"> • Obtain greater share of resource rent by: • Ensuring greater transparency in by requiring public disclosure of the terms of

extractive industries for productive purposes	<p>resource extraction contracts;</p> <ul style="list-style-type: none"> • Employ world class expertise when negotiating new contracts • Manage resource rents effectively by considering the creation of stabilization and wealth management funds, managed independently and domiciled in an external bank of international standing;
Ensure the enhancement of private sector development, competition and productivity	<ul style="list-style-type: none"> • Adopt a pragmatic approach to improve the investment climate to increase private investment, • Implement pro-competition policies and measures to curb anti-competitive practices; • Reduce transport costs through competitive trucking and efficient ports; • Expand markets by lowering non-tariff barriers ; • Open trade in services; • Facilitate intra-regional trade; • Promote technological adoption; • Improve the business environment and streamline regulation to promote entrepreneurship, entry, and growth of enterprises • Enhanced regulatory framework for business, providing the appropriate incentives for increased productivity, job creation and transition from the informal to the formal economy • Regulation to encouraging credit flows e.g. create special public funds in order to stimulate and guarantee bank loans linked to MSME development. • Regulation to encouraging credit flows e.g. create special public funds in order to stimulate and guarantee bank loans linked to MSME development. • Regulation to encouraging credit flows e.g. create special public funds in order to stimulate and guarantee bank loans linked to MSME development.
Reduce internal conflict and fragility	<ul style="list-style-type: none"> • Strengthen the pre-conflict mediation role of African Union and regional organisations • Strengthen the intervention capacity of regional coalition to halt conflicts; • Strengthen in fragile states state institutions such as local government, justice security services and key economic ministries.
Ensure the support of International development Partners are aligned with a country's medium and long term development agenda	<ul style="list-style-type: none"> • Create Government-partner consultative forum to discuss issues of mutual interest with respect to development assistance to the country; • Ensure the development assistance take account of the identified gaps in the implementation of the Official Development Assistance programmes; • Strengthen the development assistance coordination process; • Ensure the Official Development assistance is consistent with the Paris Declaration, Accra Plan,of Action and Bussan declaration; • Develop a Development Assistance Database to effectively coordinate and monitor the activities of the partners.
Member countries should implement their commitments under the COMESA regional Cooperation and integration agenda	<ul style="list-style-type: none"> • Ensure the COMESA Free Trade Area increase the volume of intra-COMESA trade significantly and also attract both regional domestic and foreign investment, • Ensure the Formation of the COMESA Customs Union in order to sufficiently encourage additional investments that would take advantage of a larger market and benefit from economies of scale. • Ensure that member countries achieve the agreed upon macroeconomic convergence criteria in order to make the region zone of macroeconomic stability • Ensure full utilisation of COMESA Regional Payment and Settlement System which is aimed at increasing intra-regional trade, by enabling importers and exporters to pay and receive payment for goods and services through an efficient and cost effective platform. • Aggressive implementation of COMESA's Programme on agriculture, fisheries and livestock development which is being implemented under the framework of the Comprehensive Africa agriculture Development Programme (CAADP) and Climate Change Programme.

	<ul style="list-style-type: none">• Ensure implementation of the COMESA Investment promotion and industrial and private sector development programmes• Creating conditions aimed at supporting Medium and Small scale Enterprises and providing a more level playing field ;• Implementation of programmes that promote balanced industrial growth as a way of narrowing disparities in industrial development.• COMESA Regional Investment Agency should aggressively promote COMESA as an investment destination• Aggressively support SMES under COMESA specific industrial cluster programmes to enable them increase productivity• Ensure COMESA Business Council provide capacity building and training opportunities on market analysis;• Ensure promotion of tourism and attraction of potential investors to the sector• Ensure COMESA Infrastructure Development Programme be implemented• Ensure COMESA environmental management policy to preserve the sub-regions ecosystem be implemented.• Fast track tri-appetite (EAC,COMESA and SADC) negotiations in all these areas on integration and inclusive growth.
--	---

References

Ali, I. and H. Hwa Son (2007), "Measuring inclusive growth", *Asian Development Review*, Vol. 24, No. 1, pp. 11–31.

Besley, T and L, J. Cord. 2007. *Delivering on the Promise of Pro-Poor Growth: Insights and Lessons from Country Experiences*, A co-publication of Palgrave Macmillan and the World Bank.

Charlier, F and C. N'Cho-Oguie. 2009. *Sustaining Reforms for Inclusive Growth in Cameroon: A Development Policy Review*, The World Bank, Washington D.C

IPEA (2012), "A década inclusiva (2001-2011): Desigualdade, pobreza et políticas de renda", *Comunicados do IPEA*, No. 155, Instituto de Pesquisa Econômica Aplicada, Brasília.

Declaration of the Extra Summit of Heads of states and Governments of the African Union on Employment and Poverty Alleviation- 2004

OECD (2013), *Malaysia Good Regulatory Practices*, Interim Report (unpublished)
Ponciano S. Intal, Jr., Miguel Roberto V. Borromeo, Gerardo L. Largoza "Globalisation, Adjustment and the Challenges of Inclusive Growth: Boosting Inclusive Growth and Industrial upgrading in Indonesia, the Philipines and Vietnam, De La Salle university, Philipines, 2010

Theodore Ahlers, Hiroshi Kato, Harinder S. Kohli, Calisto Madavo, Anil Sood " *Africa 2050- Realizing the Continent's Full Potential*" Oxford University Press, 2014
Treasury Board Secretariat of Canada (2014), "Red Tape Reduction Action Plan", webpage, www.tbs-sct.gc.ca/rtrapparfa/index-eng.asp, consulted on 23 January 2014.

The Mid-Term Report of the "Transformation Agenda (2011-2013) - Taking Stock and Moving Forward" Federal republic of Nogeria

UNECA, "Industrialization for Inclusive and Transformative Development in Africa" Issues paper, 2014

www.afdb.org/en/annual meeting-2013-Inclusive Growth and sustainability: Framing the Issues