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Territorial Development



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Exclusives from :

African Economic Outlook 2015 and
The Honourable Professor Peter Katjavivi,
Speaker of the National Assembly of Namibia



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Editorial

Too often, development approaches adopt a specific thematic or sectoral focus. In doing so, they tend to abstract from the territorial dimension and localisation level of development. A more transversal approach, taking into account the various levels of interventions - supranational (global, continental, regional), cross-border, national and subnational (country's regions and local, urban, rural) levels, is however necessary to better apprehend the transformation dynamics and development potentials at stake.

Africa is confronted by a number of challenges, but also opportunities, that require a greater attention to such territorial development and dynamics. A booming population, a still dominant agricultural sector and a rapid urbanisation process are some of the key features that have accompanied the strong economic growth performance of many African countries. In such a context, how can structural transformation strategies that are both inclusive and sustainable best be pursued? How can both the basic needs of a fast growing population (nutrition, health, education, housing, water & sanitation, access to energy, etc.) and preparation for the future be responded to? What infrastructures are needed? How can the rapid urbanisation process and concentration of population in a few mega-poles and areas be addressed? What are the linkages and development for rural areas?

These challenges also call for institutional and governance reforms and a better understanding of the underlying power and interesting dynamics at play. In this respect, particular attention has been placed on decentralisation processes and the national-local governance interplay. Development cooperation actors, and the European Commission in particular, have also traditionally supported such initiatives. But new approaches have been called for, putting greater emphasis on local development and ownership, the connection with national authorities, transparency and accountability, citizenship and public-private partnerships. Beyond such valuable principles and considerations on local management capacity and leadership, it is essential to account for the political economy forces that shape policies and their implementation, in territorial development as in other public policies. Best practice examples and technical remedies cannot suffice.

In an increasingly globalised world, where regional cooperation and integration initiatives abound, the local level is no longer insulated from international dynamics. Development strategies can often no longer be effectively conceived and implemented within national boundaries. Consider for instance migration flows, international trade flows and value chains, climate change, conflicts or health scares, which have impacts and development implications within and beyond national borders. A

comprehensive approach to territorial development must thus go beyond the local, subnational level. Cross-border, regional and international interactions, formal and informal, have become an important part of development strategies and realities, in particular in Africa. Growth poles and development corridors, or the issues of land management and food security, are some examples.

Territorial approaches to development and spatial inclusion offer the opportunity to address the challenges and take advantage of the potential benefits from local and regional disparities and diversity. By adopting a multi-sector and multi-dimension approach to structural transformation, it can address place-based development challenges, adapted to specific contexts, while harnessing local resources and initiatives with national, regional and international ones. It also provides a way to better take account of and address income and poverty disparities within and between countries, and foster spatial inclusion.

This is no easy task. It calls for an integrated approach, requires strong cooperation and coordination (multi-actors and multi-levels), and thus fit-to-purpose institutional and governance frameworks. Such processes can easily be derailed and captured by vested interests and some ruling elites. Most of all, it requires thinking politically.

Joining forces with the AfDB, OECD Development Centre and UNDP, who have just released the 2015 African Economic Outlook on Regional Development and Spatial Inclusion, we have gathered a number of insights on the multiple facets of territorial development, including an exclusive highlight of the must-read AEO2015.



Dr San Bilal (Editor), Head of Economic Transformation and Trade Programme, ECDPM



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Thinking regional to foster Africa's structural transformation

by OECD Development Centre, African Development Bank, UNDP and CIRAD

African economies need to liberate the potential of their many regions to foster endogenous growth and accelerate structural transformation by adopting regional approaches to development - multi-sectoral, place-based and participative - and building on specific local resources.

Structural transformation is Africa's overarching priority. But despite some progress over the last decade, current policies have not proved effective enough at speeding up job creation in productive sectors.

New approaches are all the more necessary to accelerate structural transformation in the face of Africa's unique demographic and spatial dynamics. In the decades to come, a fast rise in urban *and* rural populations, acute regional disparities and the constraints of global competition will make the challenge of transforming the continent a unique undertaking, although with wide variations between North, South and sub-Saharan Africa.

Africa's transformation path will thus have to cross uncharted territory. Past experiences of demographic, urban and economic transition may inspire action, but they cannot provide blueprints. As

for current strategic options hinging on specific sectors, they may not be enough to meet the double challenge of massive job creation and productivity growth on their own. Pragmatic, context-specific approaches combining their merits will have to be crafted. Africa has no choice but to innovate.

But how? The 2015 edition of the African Economic Outlook (AEO 2015), themed "Regional development and spatial inclusion", suggests to start from the unique structural features of African economies: the demographic boom demands to place job creation at the centre of development strategies; its stark regional disparities call for regional approaches to development – multi-sectoral and place-based. The main proposal is thus to help African policy makers better tap African regions' diversity and unlock their potential by building on specific local resources.

who tend to focus on a limited range of large urban centres and natural resource enclaves. Considering the daily practice of policy management, two major factors stand out that hamper effective regional policy-making: strictly-sectoral approaches and inadequate information.

Regional, context-specific policies should not work in isolation from national and sectoral policies. Yet in practice, *narrowly-defined sectoral approaches* tend to almost exclusively frame governmental action, hampering effective problem-solving at the local level:

- Sectoral policies alone overlook local knowledge, aspirations, resources and dynamics.
- Ministries may intervene along administrative boundaries, instead of focusing on functional areas, where social and economic activities effectively take place.
- Top-down, sectoral policies are exposed to risks of insufficient co-ordination, duplication and inter-ministerial competition.
- Sectoral lenses tend to limit action to a few specific tools, overlooking the complexity of problems. For instance, despite the significance of the urbanisation challenge, only 3 out of 30 African countries having prepared a Poverty Reduction Strategy Paper (PRSP) have urban strategies with relatively well-defined budgets.

Definitions

Region: spatial units at the supranational, subnational and cross-border levels.

Regional development: policies that improve welfare and increase economic productivity in the different regions of a country; a positive approach to developing the potential of the places that usually go under the radar of national policy makers.

African regions and their resources too often escape the attention of policy makers

Overall, Africa's assets represent an immense potential: a young and growing active population; a fast growing domestic market; a diversity of ecosystems; abundant and largely under-exploited natural resources; and large scale and vast land areas, etc. However, in a context of wide spatial disparities, those assets are not easily identified and exploited by private and public actors,

In addition, a *salient lack of knowledge* about African regions and local economies drastically impedes the capacity of policy makers to identify and unlock their potential:

- In particular, subnational statistics are limited to a few basic variables, which are insufficient to understand regional economies.
- In several countries, entire groups within a population and sectors of the economy are overlooked. A case in point is the “informal sector”: although it accounts for the bulk of employment in most countries, it remains insufficiently understood and its potential insufficiently captured.
- While a number of initiatives, such as the ECOLOC programme or the West African Long-Term Perspective Study, have aimed to fill the gap in information on local economies, most have been discontinued.
- This inadequacy of information is compounded by rapidly-changing regional dynamics in many African countries. The static categories of rural and urban no longer capture the appearance of hybrid lifestyles and socio-economic behaviours related to intensifying and diversifying rural-urban migration patterns and diffusing new technology.

The new paradigm of regional development can help seize the potential of Africa’s regions

African economies need to liberate the potential of their many regions to foster endogenous growth and accelerate structural transformation. Top-down, subsidy-based interventions aiming to temporarily alleviate regional inequalities must give way to a broader family of policies increasing regional competitiveness and innovation, mobilising untapped resources and stimulating the emergence of new activities. *Regional development* thus takes a positive approach to developing the potential of the spaces that usually

Table 1. Old and new paradigms of regional policy

	Old paradigm	New Paradigm
Objectives	To compensate temporarily for disadvantages due to the location of lagging regions	To tap underutilised potential in all regions, enhancing regional competitiveness
Strategies	Sectoral approach	Integrated development projects
Tools	Subsidies and state aids	Mix of soft and hard capital (capital stock, labour market, business, environment, social capital and networks)
Actors	Central government	Different levels of government

go under the radar of national policy makers: it aims to increase economic productivity and improve well-being in the different regions of a country.

Promoting regional development requires revamping the entire policy process (see Table 1), and therefore adopting place-based, multi-sectoral and participative development strategies that do the following:

- *Focus on local assets* that constitute untapped resources for development: those assets can be either generic resources – e.g. natural resources like gas – or specific resources, e.g. cultural heritage, the rural landscape and certain types of know-how. The latter are only “activated” when they are used and get a market value (see Table 2).
- *Articulate various sectoral policies* and public investments in a regional framework, as complementarities and trade-offs come with the place where they are located.
- *Engage different actors* in multi-level government settings and, in particular, promote the active participation of local stakeholders so as to reduce asymmetries in information and knowledge between national and local actors.

How to craft development strategies for regional development

Seven main steps may guide the formulation of development strategies at regional level:

1. Stakeholders and traditional institutions collect reliable data, including statistics, to obtain the most knowledge possible about the region. Dearth of data should not prevent the process from continuing.
2. Scenarios for the region’s future are laid out through foresight studies and participatory processes, taking into account uncertainties related to missing data. This leads to building a vision for the country’s future based on local potential and opportunities.
3. Based on the scenarios and the economic, demographic and spatial conditions underpinning them, stakeholders and government identify a limited number of integrated priorities and spell out multi-annual policies for achieving them. The priorities are those that contribute the most to the country’s long-term development strategy.
4. Multiple levels of government, civil society and traditional institutions implement these policies, particularly as they participate in the scenario planning, priority setting and policy design steps. They co-ordinate their

Table 2. Examples of specific African resources activated through the participation of local stakeholders

Specific local resources	Country	Development outcome
Dry figs from Béni Maouche	Algeria	Productivity increase and diversification, added value to product, enhanced competitiveness, creation of skilled jobs
Pepper from Ighil Ali		
Ghardaïa's biotech-nology of arid zones		
Protected Communal Forests of Benin	Benin	Sustainable use of natural resources and green jobs creation
Regional Park W's natural and cultural endowments	Benin, Burkina Faso, Niger, Nigeria	Ecotourism, cultural tourism, tree-planting using indigenous species, processing of goods made from natural resources
Pepper (IGP*) from Penja	Cameroon	Profit rate increase, income increase, product protection
White honey from Oku (IGP*)		
Coffee from Ziama-Macenta (IGP*)	Guinea	Revenue increase
Malindi-Watamu Biosphere Reserve	Kenya	50% of locals are directly employed in tourism related to the Reserve
Amboseli National Park		Community-based ecotourism, processing of goods made from natural resources
Tedla's landscape heritage	Morocco	Ecotourism, employment creation as local tour guides
Dry figs and weaving from Béni Khedache	Tunisia	Commercialisation and valorisation of the product, income increase
Kruger National Park	South Africa	Covers 1,962,362 ha of land, attracts investment, source of foreign exchange, each tourist spends on average R4400

Note : * *Indications Géographiques Protégées (protected geographical indication).*

actions and use formal and informal checks and balances to ensure transparency.

5. Policy implementation is monitored according to the key priorities. A pre-defined incentives framework ensures that the various levels of government responsible for implementing those policies are rewarded or penalised based on their achieving specific goals.
6. Policy outcomes are evaluated to enable the various levels of government address inefficiencies, adjust their multi-annual plans and, if outcomes are not met, reassess and redefine their vision and priorities.
7. Fiscal revenues are used to support the overall strategy.

Four priorities for improving the effectiveness of regional development in Africa

In order to improve the effectiveness of regional development strategies, four aspects deserve particular attention in many countries.

Firstly, a number of initiatives in Africa illustrate ways of *improving the mechanisms that inform policy design and implementation*.

- An *evidence-based culture of policy making* helps set targets and track progress in public sector performance. South Africa is one of the most advanced countries in disseminating socio-economic information as a participatory mechanism. For example, after Statistics South Africa published a national Multidimensional Poverty Index in 2014, the Gauteng City Region Observatory produced its

own index the following year.

- The *data revolution* – a fundamental pillar of the post-2015 development agenda for improving governmental statistical capacity – will help policy makers understand the specificities of regions and adopt timely measures as the needs of their jurisdictions evolve. New technologies provide reliable and cost-efficient means to map local resources (see Box 1).

Secondly, *defining integrated strategic priorities* can be done even with limited data thanks to innovative approaches. Regional *foresight studies*, for instance, bring together different levels of government – national, regional and local – as well as non-state actors to map possible futures, identify opportunities and challenges, stimulate debates on pathways to development and lead to place-based solutions. While many

African countries plan for the long term, few use regional foresights studies or a genuine participatory process. Out of 37 countries surveyed in the AEO 2015 report, 27 have medium- to long-term strategies, but while most span 20 years or more, only about a third foresee alternative scenarios. Most tend to overlook the multi-sectoral nature of development and ignore local specificities.

Thirdly, *capacity must be strengthened at multiple levels of government* so as to make multi-level governance effective. This may be achieved by putting in place “binding” mechanisms – e.g. legal mechanisms or contracts between local and national administrations – or “soft” mechanisms, such as platforms for discussion. Rwanda’s Joint Action District Forum is one example of such a participatory process where local stakeholders articulate development plans, set budgets and allocate district resources. Involvement of subnational governments in policy making takes time, but medium- to long-term benefits should outweigh the costs of co-ordination.

Finally, *resources* for multi-level governance must be substantially scaled up, and public and private institutions strengthened.

- Central governments will have to provide most of the funding. New resources may be mobilised through more effective taxation of natural resource extraction, the curbing of illicit financial outflows, effective channelling of resource revenues to production transformation or from innovative finance mechanisms such as funding from emerging economies, sovereign wealth funds (SWFs), funding from remittances or diaspora bonds.
- At the local level, fiscal systems must be bolstered across the board through transparent and predictable transfers from central governments, expanding the local fiscal base – for instance through more effective use of property taxes – and by progressively tapping capital markets, provided local governments respect national guidance for macroeconomic

stability. Regional development requires strong local fiscal systems and transparent governance to finance local economies and the necessary infrastructure. Greater fiscal legitimacy of local governments is necessary to improve the local fiscal capacity: taxpayers are more likely to comply with paying taxes and to accept new forms of taxation if they perceive the benefits of related public spending, and thus consider the taxes to be legitimate.

Box 1: Examples of new initiatives to map local resources

- The Africapolis project estimates urban growth in 16 West African countries by combining demographic surveys and geographic information systems (see article by Thomas Allen in this issue).
- A local project in Burkina Faso using very high spatial resolution (VHSR) satellite images produced a detailed regional map of land used for agricultural and other purposes with less than 2% errors in area estimation.
- Measuring the intensity of nightlights captured from satellites can complement official measures of income or inequality.
- Mobile phone data may serve to assess the impact of policies; it has been used to optimise bus routes in Abidjan.

In sum, place-based, multi-sectoral and participative development strategies are one way of “decompartmentalising” existing policies, so as to better tap the potential of African regional resources. They provide an avenue for implementing the African Union’s agenda of integration and structural transformation, including through its *Rural Futures* programme, which aims to reconnect rural and urban development within a regional perspective. International dialogue and exchange of experience will be essential to inspiring country-specific processes.

For more on this topic please see: AfDB et al. 2015. African Economic Outlook 2015: Regional Development and Spatial Inclusion. OECD Publishing: Paris. www.africaneconomicoutlook.org



See also the interview with OECD’s Henri-Bernard Solignac-Lecomte carried out by Kathleen van Hove of ECDPM at the European Development Days, Brussels, June 2015. <http://ecdpm.org/multimedia/18230/>

ECDPM was part of the expert group consulted by AfDB-OECD-UNDP for the AEO 2015.

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Namibia decentralisation and the Parliamentary oversight process

by Peter Katjavivi

Transparency, inclusiveness and a close local, national and regional nexus are key ingredients of legitimacy and accountability of a development process in which Parliament must play a central role.



Young girls at a sporting event at St. Paul's College, Windhoek, Namibia. Photo: Philip Schuler / World Bank

The Namibia National Assembly is actively engaged in the process of consolidating the role of Parliament in Namibia in the task of taking the Parliament to the people and in participatory development involving grassroots communities, i.e., strengthening the voice of the people.

Budget transparency and oversight for local benefits

Also, the Parliament adopted the National Budget early this year and later executed informative

workshops dedicated to empowering Parliamentarians on the details of the Development Budget. We ensured that a simplified version of the budget was made available as a small 19 page booklet in all the local languages spoken in Namibia and furthermore, we have also embarked on an ambitious programme of digitising the Development Budget.

These initiatives in themselves have several advantages: they have helped strengthen the oversight responsibility for both the government side as well

as the opposition; many more citizens are now able to access and understand the details in the Development Budget unlike when only huge bulky complicated and limited books were being published to reflect the development budget; and there is more transparency and accountability within the budget implementation process.

This has brought along a host of other benefits. For instance, previously, the country witnessed a lot of overspending and underspending, with a lot of funds being returned to the

“...we are pursuing continued child participation through children’s Parliament while looking forward to leaning more on child-focused analysis of the budget in collaboration with our partners and South-South cooperation.”

Treasury by ministries and agencies which ironically had not accomplished all their programmes as budgeted for. Better oversight is discouraging this practice and, furthermore, it has curbed the habit of moving project funds to other projects without consulting the primary intended beneficiaries. This has meant that implementers stick to the motivated budget programmes and projects unless there is a critical need for shifting them, in which case, necessary consultation has to be undertaken with the intended beneficiaries.

Involving women and youth

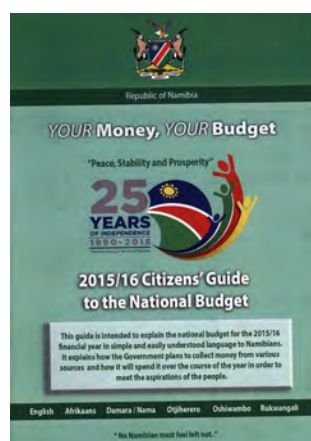
We would also like to strengthen our capacity for networking with sister parliaments in Africa and beyond and furthermore, to deepen the involvement of women and youth in the crafting of national legislations and policies. For example, Namibia’s experience with the Child Care and

Protection Bill, which was eventually passed as an Act of Parliament, provided a good learning curve. In this context, efforts are under way to accelerate the implementation of integrated early childhood development programmes as planned within our Fourth National Development Plan (NDP4). The country’s First Lady has agreed to become a Patron for the implementation of Early Childhood Development programmes. Of importance is also the fact that we are pursuing continued child participation through children’s Parliament while looking forward to leaning more on child-focused analysis of the budget in collaboration with our partners and South-South cooperation.

Regional dimension

Namibia being a host country to the SADC Parliamentary Forum (SADC-PF), I as the Speaker of the National Assembly, form part of the leadership that is expected to play an active role in the process of transforming the SADC-PF into a SADC Regional Assembly. Obviously, the quest for strengthening regional integration and a greater sense of unity is key to the economic empowerment of the continent and our various national economies and peoples’ welfare. This will also go a long way towards enhancing cross border cooperation on matters relating to security, cultures and economic welfare. Now more than ever, there is a need for market creation for the products of our various infant industries. These issues have to be managed beyond national boundaries.

We would like to build the unity of the Regional Assembly around issues of common values, for example, the crafting of model laws so that citizens can realise the direct impact of the dynamics in the region. Other obligations of the SADC Regional Assembly will include infrastructure development, areas of common interest and bench-marking interventions that could be shared across state boundaries. Currently, arrangements are underway to engage leaders within the SADC Region over the matter, before the Regional Summit in August 2015. ■



Cover page of booklet explaining a simplified version of the Namibian Budget in one of the local languages

About the author



The Honourable Professor Peter H. Katjavivi, MP, Speaker of the National Assembly of Namibia (and former Board Member of ECDPM).

Promoting regional development in a world of global production networks and global value chains?

by Henry Wai-chung Yeung

The world economy is now characterised by increasingly interdependent economic activities organised through cross-border value chains and production networks. This article looks at how regional development becomes more dependent on these global production networks in East Asia.

In its *World Investment Report 2013*, UNCTAD estimated that some 80% of international trade was now organised through global production networks coordinated by lead firms investing in cross-border productive assets and trading inputs and outputs with partners, suppliers and customers worldwide. If these production networks are indeed the organisational backbone and central nervous system of today's global economy, how does a regional economy develop and thrive by taking advantage of access to markets, technologies, knowledge, and capital embedded in these chains and networks?

I believe regional growth and development can be sustained through a process of *strategic coupling* that brings together key actors (e.g. firms) and institutions (e.g. state authorities) in regional economies and global lead firms in those production networks. This process of mutual complementarity can work to the benefits of both regional economies and global production networks. The former gain employment, production knowhow and market access. The latter become more competitive through efficiency gains and technological innovation.

In East Asian regions, my research has identified three forms of such strategic coupling.

1. International partnership

This mode of coupling represents the deliberate and mutually beneficial linkages developed between external and regional actors. These industrial linkages are often “functional” in nature



Penang, Malaysia. Photo: Cameron Yee, flickr.com

because of well-defined divisions of labour among different firms within each global production network (e.g. marketing and R&D, manufacturing, logistics and distribution, post-sale services). It is particularly prevalent in Taiwan and Singapore, two of the four East Asian “tiger” economies that industrialised after Japan’s post-war resurgence. In both cases, development takes place through the direct articulation of their high growth regions into critical global production networks.

In the Taipei-Hsinchu region, this articulation has taken the form of domestic Taiwanese firms serving as strategic partners of lead firms in such global industries as the information and communications technology (ICT),

particularly electronics. In Singapore, global lead firms have made a direct presence through inward foreign direct investment. This international partnership with global lead firms, either through transactional relationships or direct presence, brings tremendous growth dynamics and development potential to significant industries in both cases: the Taipei-Hsinchu region (e.g. electronics and ICT) and Singapore (electronics, chemicals, finance, and transport and logistics). Since the late 1990s, major firms from both Taiwan and Singapore have also been leveraging their direct presence in the US for technological innovation and market development.

2. Indigenous innovation

This is considered an “organic” mode of coupling because of the co-evolution of regional assets and emerging or global lead firms from the same region. To me, this mode of coupling remains strategic because this co-evolution must be attributed to the conscientious institutional layering and public policy choices made by actors at the regional or national levels for the overall benefits of the regional economy.

In East Asia, the presence of the developmental state creates the possibility of indigenous innovation through



sustained national efforts in developing new products and process technologies embodied in such organisational forms as national champions and strategic industries. These are large lead firms emerging from decades of sustained industrial policies that work in tandem with the return of technological and business elites from advanced industrialised economies. Indeed, some of these national champions have become lead firms in their respective global production networks, underscoring the developmental possibility of increased autonomy and capabilities in East Asian regions such as Seoul Metropolitan Area (South Korea), Taipei-Hsinchu (Taiwan), Singapore, and Yangtze and Pearl River Deltas (China).

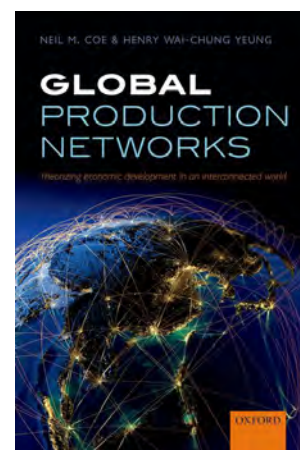
3. Production platforms

This mode of strategic coupling has a long history in labour-intensive global industries, particularly associated with the emergence of the new international divisions of labour since the 1980s. Because of its tendency towards structural dependency of the host region in developing economies on lead firms and markets from advanced industrialised economies, this coupling of a region with global production networks should be differentiated from “strategic” coupling through international partnership and “organic” coupling through indigenous innovation. To engage global actors even in this mode of coupling, the host state at both national and regional levels has to develop proactive policies and strategies to attract the location of global production that might otherwise go elsewhere. This coupling, while fragile and unequal, is not a natural outcome due to market forces, but rather an act of conscious, and perhaps even desperate, efforts by regional actors to “plug” into relevant global production networks. It might be “structural” in regional outcome, but it is certainly “strategic” in orientation within the regional and/or national context. Coastal China’s re-entry into the world of global production in the late 1970s was clearly a calculated strategic move by the then supreme leader, Deng Xiao-ping, to modernise the communist state.

Since the early 1980s, developing regions such as China’s two coastal regions, Malaysia’s Penang and Thailand’s Greater Bangkok region, have been strategically coupled with the huge demand for competitive production platforms by lead firms in global production networks. As production platforms, these regions provide very competitive cost structures, abundant labour supply, stable policy environment, fiscal and other financial incentives, and so on. Their institutional set-up is geared not so much towards developing indigenous capability as in the case of industrial districts in the US, Western Europe and, more recently, South Korea and Taiwan.

In short, strategic coupling is a selective process that incorporates only certain regional and global production network actors. It is unrealistic for regional policy makers and practitioners to expect such a global-regional coupling process to be always inclusive; it is even more dangerous for them to rely exclusively on such strategic coupling as the only pathway to regional upgrading and positive development outcomes. There is always a critical role for regional institutions and groups of actors to engage in joint decision making and collective action to mitigate the negative consequences of such coupling with global production networks and to consider a more balanced and equitable form of regional development. ■

This article is based on Henry Wai-chung Yeung. 2015. Regional development in the global economy: a dynamic perspective of strategic coupling in global production networks. Regional Science Policy and Practice, Vol. 7(1), pp.1-23. Available on <http://onlinelibrary.wiley.com>



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Stopping urban migrants no solution for urban poverty

by Cecilia Tacoli

Rural migrants are often a disproportionate share of the urban poor, but stopping them does not address the root causes of income and non-income urban poverty. Inclusive urbanisation requires informed and proactive planning accountable to all groups.

Rural-urban migration is a growing concern for many governments in regions with rapid urban population growth, such as sub-Saharan Africa and Asia. Among 185 countries with available data in 2013, 80% had policies to lower rural to urban migration, an increase from 38% in 1996. But by and large these policies are ineffective, and, rather than stopping migrants moving to the cities, in many cases they have a negative impact on most low-income residents, making urban poverty worse.

The difference between urbanisation and urban population growth

At the root of these policies is often some confusion in understanding the difference between urbanisation (the share of the national population living in urban areas) and urban population growth (the absolute number of people living in urban areas). Internal rural-urban migration is a major driver of urbanisation. On average, however, rural-urban migration accounts for less than half of urban population growth, as natural increase (the number of births exceeding deaths) can be high, especially in countries with high fertility rates.

In most cases, urbanisation is closely linked to sustained economic growth, as nations' share of GDP and employment move from agriculture to industry and

services, sectors which benefit from agglomeration in urban centres. In countries where most of the population is rural, agricultural production systems are increasingly based around large-scale, mechanised farming, and inadequate access to credit and technology put a strain on the capacity of smallholders to adapt to droughts and climate variability. Rural-urban migration is the result of these transformations, which reflect both new opportunities and growing constraints.

While providing infrastructure and services in densely populated urban centres is generally cheaper than in isolated rural settlements, it must be recognised that rapid population growth is a huge challenge for many cities in the Global South facing severe housing, infrastructure and service deficiencies, as well as various forms of congestion. However, restricting migration is not the answer, since the problem is not so much rapid urban population growth but rather the lack of proactive planning (and political will) to accommodate it.

Migrants and urban poverty: income and non-income dimensions

Migrants are often blamed for increasing urban poverty, but not all migrants are poor. Migrants moving to urban areas looking for formal employment and

education are often the wealthier rural residents, although there is also a growing number of poor rural residents who are forced to move, often on a seasonal basis, because of the increasing difficulties to make a living out of farming and to repay debts. In many cities, migrants are a disproportionate share of the urban poor with whom they share income and non-income disadvantages, including difficulties in finding adequate housing and in accessing services, and high levels of food insecurity. But there is also a severe lack of data on migrants in urban areas. The conventional sources used to measure and monitor many aspects of poverty, such as the Demographic and Health Surveys and national household surveys, do not usually include migrant status. Censuses report on migration, but in most cases the information is not disaggregated at the city level. And at best, censuses are conducted every ten years, and so miss the often large number of temporary migrants, in many cases the poorest ones.

This reflects the overall lack of data on urban poverty. Where these exist, they highlight the importance of both income and non-income factors. For most of the urban poor, living conditions are often dreadful: inadequate shelter and insecure tenure, often in unsafe neighbourhoods and areas exposed to hazards such as floods and landslides and with limited

access to water and sanitation makes them extremely vulnerable to disease and accidents. Limited access to transport, distance from workplaces and services increase social isolation. This is exacerbated by inadequate protection of their rights and entitlements, and limited representation and power within political systems and bureaucratic structures, which are especially severe for poor migrants.

The importance of non-income dimensions is reflected in the high levels of food insecurity in many cities of the Global South, where while inadequate incomes are the root cause, poor people living in informal settlements often lack space to cook and store food safely so have to rely on street vendors who prepare and sell food in limited public spaces exposed to high levels of environmental hazards such as solid waste, often including human and animal excreta, open sewers and inadequate surface drainage to channel rainwater resulting in frequent flooding. Combined with a lack of electricity and safe storage spaces and limited access to clean water for traders and consumers, this means that food safety is a major concern. Another important concern is the rapid increase of the 'double burden' of malnutrition, where high levels of chronic malnutrition among children coexist with overweight/obesity among adults within



Carrying water home. Photo: Water for South Sudan Inc. Every dry season, entire villages migrate with their livestock to find water. Such migration prevents the establishment of schools, health clinics, markets, and a general social infrastructure.

the same community and often within the same household and is related to the growing reliance on street food.

Non-income urban poverty also has a distinctive gendered dimension as it puts a disproportionate burden on those members of communities and households who are responsible for unpaid carework such as cleaning, cooking and looking after children, the sick and the elderly. At the same time, cash-based urban economies mean that poor women are compelled to also engage in paid activities. In many instances this involves work in the lowest-paid formal and informal sector activities which, at times of economic crises, require increasingly long hours for the same income. Combined with cuts in the public provision of services, higher costs for food, water and transport, efforts to balance paid work and unpaid carework take a growing

toll on women.

Nevertheless, urban centres increasingly attract women as they offer more opportunities to earn an income than rural areas. This is reflected in changing urban sex ratios. Sex ratios (the rate of males to females in a population) in urban areas largely reflect gender selectivity in rural-urban migration. As a result of changes in urban labour markets, the proportion of women living in urban areas has been steadily increasing in most parts of the world. In Latin America and Southeast Asia, employment in export-oriented manufacturing has attracted female workers for decades and in specific sectors such as garments they constitute 70 – 90% of the workforce. But the feminisation of the labour force has coincided with a growing informalisation of work and an erosion of working conditions and pay.

“...restricting migration is not the answer, since the problem is not so much rapid urban population growth but rather the lack of proactive planning (and political will) to accommodate it.”

Managing migration or addressing urban poverty?

Given the lack of data on migration, it is difficult to implement policies to lower rural-urban movement. More common are policies that aim to discourage migrants from settling in cities, but this often means limiting the provision of basic infrastructure to ‘illegal’ settlements, and can easily be read as an attempt to discourage all low-income groups, regardless of their migrant status. In many cities of the Global South aspiring to the status of ‘world city’, widespread evictions of low-income households are increasingly commonplace.

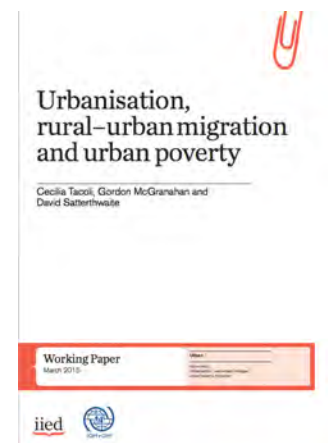
One important disadvantage for migrants is the lack of registration with local authorities in destination areas. This affects access to basic services and social protection programmes, as well as the ability to vote in local government elections. But lack of full civic rights in many cases is linked to where people live, rather than to their migrant status. Living in low-income informal settlements makes it difficult to prove residency and therefore to access official documents and this affects all residents, migrants or not. And since registration is often used to control and limit rights, its central aim needs to be that of providing equitable access to rights to all groups.

Hence inclusive urbanisation that addresses the needs of diverse low-income groups, be they migrants or long-term residents, remains elusive in many fast-growing cities of the Global South. There are however several examples of initiatives and programmes to reduce urban poverty that build on the capacities of the residents of low-income settlements to work with local governments in providing the necessary

but generally missing information. One example is that of enumerations – effectively local censuses – conducted by local grassroots organisations. These include temporary residents, people sharing accommodation and all those who are typically ‘invisible’ in official censuses and surveys – that is, a large proportion of migrants. Collaboration between organisations of residents of low-income urban settlements and local governments is also essential in the long term with regards to the provision of adequate and affordable housing and basic services to reduce deprivation.

Overall, however, perhaps the most important element of successfully managing fast-growing cities is ensuring full citizenship rights to all groups. This is often a key disadvantage for migrants; but it is also a root cause of the marginalisation of many low-income groups. ■

This article draws on a background paper by Cecilia Tacoli, Gordon McGranahan and David Satterthwaite available at: <http://pubs.iied.org/pdfs/10725IIED.pdf> prepared for the World Migration Report 2015 Migrants and Cities: New Urban Partnerships to Manage Mobility.



About the author



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What is territorial development?

by Leonardo Romeo

A national policy on territorial development may provide the missing link between politics-driven decentralisation and development. This article advances a policy-relevant definition of territorial development and outlines a strategy to promote it.

Decentralisation and territorial development

The link between decentralisation and development is notoriously problematic. Not only is empirical evidence limited and inconclusive, the very conceptualisation of the link is open to questions and interpretations. Yet, after more than two decades of worldwide decentralisation reforms, some basic lessons have been learned:

- Decentralisation is invariably *driven by politics*, which dictates the scope and pace of the reforms.
- Decentralisation *may contribute to development*, but this depends on:
 - the developmental nature of the decentralising State;
 - the national policy commitment

- to territorial development, and;
- the role local authorities may play in promoting it: their autonomy and their accountability.

Decentralisation will not contribute to development if the State itself is not committed to development or if the political drivers of the reforms are not supplemented by a national policy that values territorial development and empowers local authorities to promote it. Such policy is then the condition for politics-driven decentralisation to also have a developmental impact. Conversely, its absence goes a long way to explain the freezing or reversal of so many decentralisation processes in the real world. But what is territorial

development and what does it take to empower local authorities to deliver it?

Prevailing definitions of territorial development

When used before the word development, the adjective *territorial* typically refers to either (i) the *spatial integration* or (ii) the *geographic scale*, of development.

In the first, more technical sense, *territorial development* refers to integrated multi-sector development across a specific portion of territory, guided by a spatial vision of the desirable future and supported by strategic investments in physical infrastructure and environmental management. This definition makes no reference to scales (local, regional, national or transnational)



Pudong skyline, Shanghai. Photo: Matt Paish, flickr.com

and applies equally to any of them.

In the second, more neutral, sense, *territorial development* is simply an umbrella term for development of specific (typically sub-national) portions of territory. These may be an *urban, metropolitan, regional or rural* jurisdiction, but also *watershed, coastal, mountainous, border areas*, etc. Most often, the term is used to encompass both *local* development (narrowly associated with *smaller, first-tier, jurisdictions or even part of them* and *regional* development, i.e. the development of larger, intermediate jurisdictions (districts, provinces, regions, etc.). But since any space can be defined as local from an observer placed above or outside it, the expression *territorial development* may just designate *local* development at *any* scale.

Towards a more specific definition

What should we make of these definitions? Their proponents take different disciplinary perspectives and have different policy concerns. They may end up obscuring some issues while insisting on others.

Those who define *territorial development* as spatially integrated development of a specific territory may underestimate the complex operation of economic and social sectors across multiple scales and overstate the scope and feasibility of their coordination by local authorities. They may take a hyper-local perspective, obscuring the multi-scalar, multi-actor, nature of territorial development.

Those who define *territorial development* neutrally, as development that happens in a territory (whatever the scale), may ignore the critical differences, mostly political and institutional, of places of different scale in promoting local development. A most obvious example is the difference, in scope and modalities, of people's participation in public policy making and implementation, at the urban or regional scale. They may obscure the endogenous nature of local development and the role that the territory plays as active ingredient, not passive receptacle, of development.

A better definition of *territorial development* is needed. It should be built on the concept of *local development*, taking stock of its evolution since the early 80s, to eventually understand

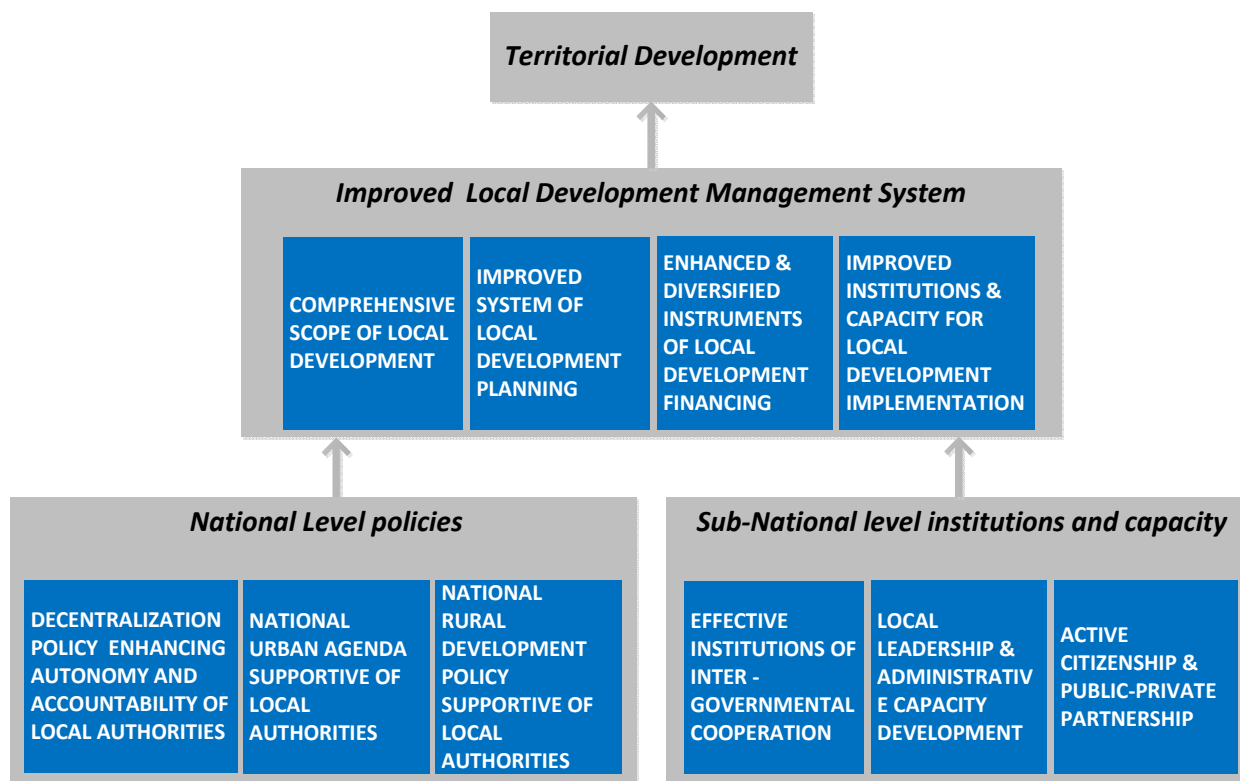
territorial development as a more specific and policy-relevant conceptualisation of local development.

Back to local development

Central to the concept of local development is to understand local as designating not just a *where* (whose definition ultimately depends on the standing of the observer), but also, and more importantly a *how* and *by whom* development is promoted. In this view the leveraging of place-specific resources through enabling political and institutional mechanisms of local governance and development administration, which are local, infra-local and supra-local, constitutes the critical difference between genuine local development and the many forms of localisation of national, or even global, development policies, programs and projects. In this respect not enough attention might have been given to what it means to localise the Millennium Development Goals (MDGs) and how such localisation relates to genuine local development.

- The first *defining feature* of local development has therefore been the mobilisation of a wide range of *place-specific* resources via

Figure 1: The Territorial Approach to Local Development (TALD): a national strategy to promote territorial development



effective *political* and *institutional* mechanisms of governance and administration. This is what is meant when local development is referred to as endogenous.

- The second feature follows as a corollary of the first. It refers to local development being incremental with respect to national development efforts in the sense of having the potential to improve, via autonomous local authorities' action, both the efficiency and the scope of national development efforts.

To such early conceptualisation, two additional features should be added which are increasingly important in both the theory and practice of local development.

- The third feature refers to the economies of scope and added value to sector-specific activities that may be realised through their horizontally integrated and spatially coordinated management by local authorities. Local development is then referred to as spatially integrated.
- The fourth feature refers to the fact that local development significantly depends on the interaction of local public, community and private actors with a range of other actors operating at supra and infra-local level, however such levels are defined. This invalidates any form of localism in thinking about local development, and makes it essentially multi-scalar.

Territorial development as better understood local development

When analysing or advocating the development of territories of variable (but typically sub-national) scale, in terms of all four features above (being *endogenous*, *incremental*, *multi-scalar* and *integrated*) the expression *territorial* development may actually be preferable to that of local development. Territorial development retains the original meaning

of local development as endogenous and incremental while preventing its identification with any form of localism and stressing the need for spatial integration and multi-scalar interactions and coordination. The following definition could therefore be advanced:

Territorial development designates development that is endogenous and spatially integrated, leverages the contribution of actors operating at multiple scales and brings incremental value to national development efforts.

Adopting such a definition has quite important implications. It calls for the empowerment of developmental local authorities and orients the national policy required to link decentralisation reforms to development outcomes.

Empowering local authorities to promote territorial development

Promoting territorial development requires developmental local authorities empowered with meaningful autonomy and embedded in effective accountability networks. Without autonomy, there may be no efficiency gains in public expenditure and no additional local resources mobilisation. Without accountability, capture by special interests and related inefficiencies might be common. The fact is that developmental local authorities will emerge only if decentralisation reforms themselves are re-conceptualised as "*empowerment of people through the empowerment of their local governments*" (Bahl, 2005) and not just as a transfer of functions and resources across levels of the governance and public administration system. Local authorities would then be recognised as *self-government mechanisms* of a local political constituency (not just managerial entities to deliver some services), which are not only responsible for *specific functions* devolved or delegated to them, but are also empowered with a *general mandate* for the welfare of their communities and may therefore develop, finance and implement their own local policies (in addition to localising national policies).

Outlining the required national policy and institutional changes

Territorial development is what *developmental local authorities* are all about. But it won't happen without a *national* strategic commitment to it. The often missing link between decentralisation and development is indeed a national strategy for territorial development, referred to as Territorial Approach to Local Development (TALD) by the European Commission (see article overleaf by Jorge Rodríguez Bilbao for more on TALD). The comprehensiveness and linear logic of the strategy as represented in Figure 1 have an analytical value only and should not be misunderstood as policy prescriptions. Real world change won't happen simultaneously along all the strategy's policy and institutional dimensions; partial and incremental reforms are more likely to happen and they may follow diverse and non-linear paths using any of the strategy's building blocks outlined above as entry point. ■

About the author

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EU's new thinking on decentralisation and territorial development

by Jorge Rodríguez Bilbao

How the EU is going about recognising the developmental role of local authorities as expressions of local political constituencies in a given territory and supporting decentralisation as an instrument for better results.

The European Commission's Communication on *Empowering Local Authorities in partner countries for enhanced governance and more effective development outcomes*, adopted in May 2013, identifies a wide range of proposals to implement the decentralisation agenda, including the promotion of local development through a territorial approach. Although the concept of territorial development is not new, there is confusion as to what it actually means and how it can be effectively supported.

Notions of territorial development

The concept of *territorial development* is not new, yet it is receiving growing attention from policy-makers, practitioners, researchers and donors. Many factors contribute to this, including (i) processes of rapid urbanisation across the globe; (ii) the high social and political costs associated with uneven development (e.g. raising inequalities, conflicts, etc.) as well as (iii) the limits of traditional, top-down and centralised approaches to development. Yet the *track record* of implementing territorial approaches has so far been mixed. Efforts to promote spatially oriented and horizontally coordinated development within a given territory are often based on unrealistic premises or slip into a 'hyper-local' perspective. They have often paid insufficient attention to the essentially endogenous nature of local development or to the role of territory as an active

ingredient, not a passive receptacle of development.

Against this framework, the European Commission's Directorate-General for International Cooperation and Development (DEVCO B2) has launched a brainstorming process intended to clarify the concept of *Territorial Approach to Local Development* (TALD), its building blocks as well as the main opportunities

and challenges to promote it through the thematic program and EC bilateral support (see Box 1).

But, how do we define TALD?

There is a consensus on the need to explore the potential of TALD processes, driven by local actors, underpinned by strong local economies, coordinated by autonomous and accountable local



Fishermen on the beach, Mauritania. Photo taken by ECDPM during Regional Seminar for EU Delegations and local actors on Decentralisation and Local Governance, April 2014.

Box 1: DEVCO TALD process

As a first step, DEVCO commissioned a policy note on the subject. It then organised an internal workshop in Brussels in December 2014, bringing together EU staff from various walks of life as well as international experts. The main purpose of the meeting was to build a shared understanding on the concept of TALD: its potential, practical meaning and feasibility.

Building on that internal brainstorming, DEVCO B2 organised a 4.5 days seminar in April 2015 involving more than 60 people from EU Delegations (EUD) and different DEVCO Units at Headquarters. The huge attendance was not an accident. Over the past years, DEVCO organised several (regional) workshops on the topic, thus building a community of practitioners. This time the aim of the seminar was to co-produce a shared vision on (i) how to use decentralisation as an instrument for improving development and local democracy outcomes; and (ii) what it means to adopt a local/territorial perspective to development and on how to promote it in hugely varying country contexts. This seminar will be completed by a series of regional seminars (Latin America, NEAR countries, African countries, Asian countries) in order to contextualise the proposed approach.

authorities and strengthened by effective linkages with the wider intergovernmental system. These are seen to be a much more promising vehicle to ensure a *link between decentralisation and development* outcomes.

When considering the notion of a TALD, it is important to understanding the word '*local*' not just as the designation of a particular scale ('*where*' development takes place) but of a *focus on 'how' and 'by whom'* development is promoted. The '*how*' question refers to the need to mobilise the potential and resources *within* the territory through enabling political and institutional mechanisms of governance and administration at different levels. The '*who*' question stresses both the importance of empowered local authorities (to facilitate territorial approaches), the genuine participation of all relevant actors in a given territory, and the existence of effective relations between different levels of governance.

Integrating these new elements brings along an *extended notion of territorial development* as spatially coordinated local development

that leverages the interaction of actors operating at multiple scales of development planning and administration. Based on the above definition of territorial development it is possible to identify the *key dimensions of a territorial approach to local development* including:

1. The *endogeneity* of local development (which implies empowering local authorities with the autonomy needed to reach out to a wide range of local actors, mobilise and leverage local resources).
2. The *integrated* nature of local development (amongst others to overcome sectoral fragmentation of development interventions).
3. The *multi-scalar* nature of local development (requiring effective mechanisms of dialogue, negotiation and collaboration of different actors at different levels).
4. The *incremental* value of local development on the condition that local actors have the space and capacity to develop own initiatives (through adequate decentralisation policies) and mobilise additional local resources.

Building blocks to local development

In order to ensure a virtuous circle between decentralisation and development, there is a need for a clear national policy for local development. Such a national policy has several dimensions or building blocks. First, critical improvements in the local development management system linked to (i) the scope of action/generic mandate of local authorities; (ii) planning systems that bridge the local-national divide; (iii) the availability of a diversified set of financing instruments; and (iv) innovative implementation modalities that promote civic engagement and mobilise community and private sector resources. Second, a set of supportive policy and institutional changes at national and subnational levels are required for ensuring sustainability of TALD processes. At national level, these include (i) development-friendly decentralisation reforms that extend the autonomy/accountability of local authorities; (ii) a national urban agenda and (iii) a rural development policy stressing spatial integration of sectors and urban-rural synergies). At subnational level, key ingredients are (i) effective mechanisms for intergovernmental cooperation; (ii) local leaderships and capacities and (iii) active citizenship and public-private partnerships).

The relative importance of these building blocks and their suitability as entry points for systemic reform and external aid are highly context-specific. The adequate approach in a given territory may be revealed only by a careful political economy analysis of the incentives faced by the different stakeholders. In practice, there will also be situations whereby the overall baseline is so weak that the adoption of a TALD policy is unlikely to emerge.

Joint action as the key to successful TALD processes

In order to operationalise support to TALD - either through thematic or geographic instruments - it is important to agree on the '*DNA*' of such an approach. Figure 1 visualises these key ingredients of genuine TALD processes, articulated around the principle of joint action between a variety of local public and private actors with a view to formulate and implement a vision on how to develop the territory in a sustainable way. This includes identifying effective ways and means to promote local economic development.

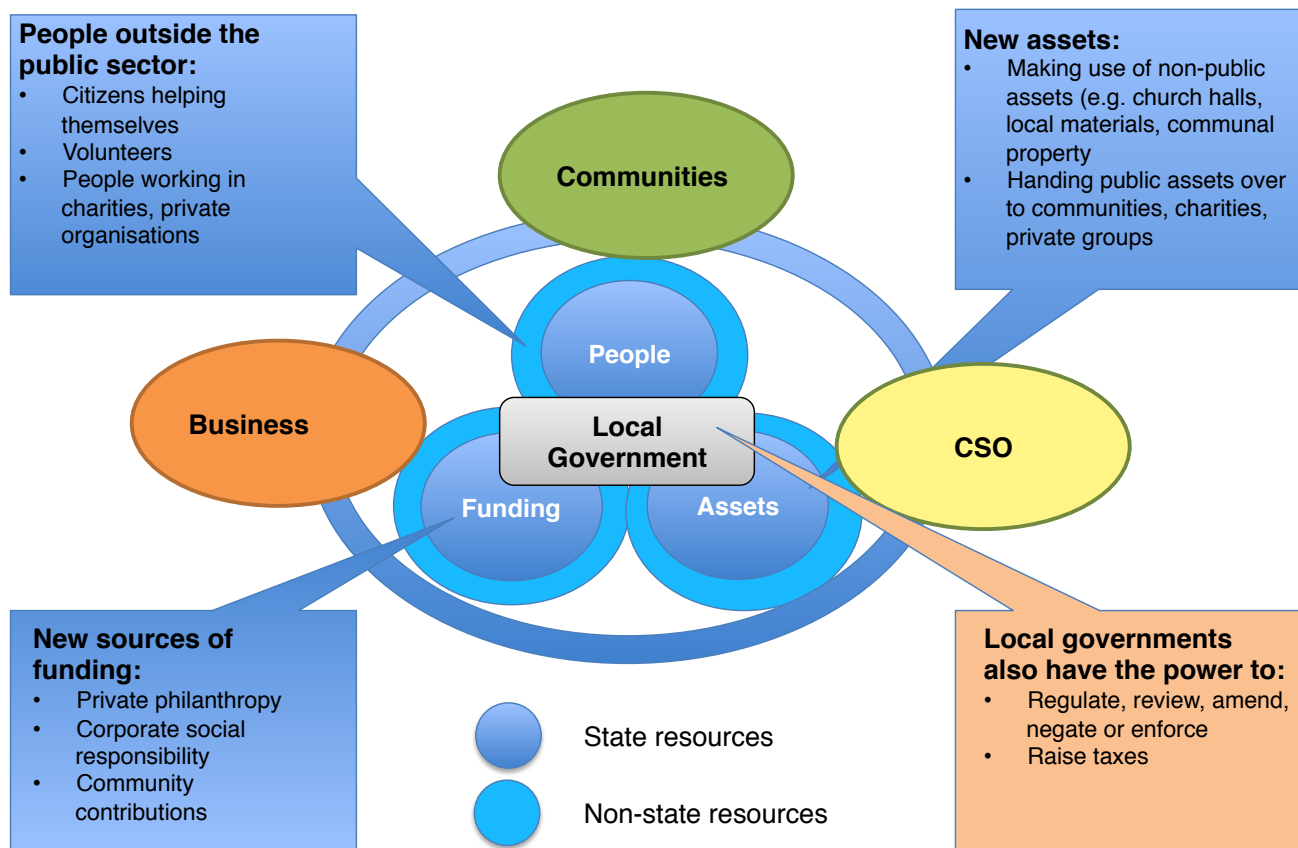
It was also agreed that TALD initiatives are inevitably complex and long-term processes, requiring effective drivers and facilitators. In this context, it is crucial to understand the *potential comparative advantages of (elected) local authorities in promoting TALD*. Contrary to other actors, they display a number of assets such as: (i) a 'general mandate' to take initiatives for and on behalf of their local constituencies; (ii) a political legitimacy to assume responsibility for coordination and integration of the activities of various local actors; (iii) a normative capacity through regulatory measures; (iv) the potential to being responsive and accountable to local demands; and (v) a high degree of stability as a permanent feature of the local institutional environment.

TALD processes with such a '*DNA*' are seen to have major *assets* including (i) starting from local potentialities; (ii) building local coalitions to think through a suitable development trajectory for the territory (based on the specific comparative advantages of the place); (iii) mobilising local resources (public and private); (iv) integrating sectors within a spatial approach; (v) working out a balanced set of intergovernmental arrangements and (vi) linking up with domestic/global markets.

Changing the EU's way of thinking and operating

Business as usual approaches will not help when engaging in bottom-up,

Figure 1. TALD: Leverage and mobilisation of local resources - an incremental effect



Source: Adapted from the Institute for Government: 'The Big society: a framework for policymakers', April 2011, UK 2011.

long term processes of territorial development. Building on good practices that are already visible in EU-supported programmes, the type of 'software' needed by the European Commission to promote TALD include:

- Putting citizens at the centre of TALD processes as democratic actors and drivers of local resource mobilisation/wealth creation;
- Acknowledging the catalyst role of autonomous and accountable local authorities in TALD processes;
- Facilitating an effective engagement of local authorities in domestic policy processes that affect them and ensuring their effective participation in EU-supported sector operations (crucial in countries where the EU does not engage directly in decentralisation reforms or local development; in line with the 2013 Communication, there is a need to ensure the smooth integration of local authorities in sector operations to maximise chances of obtaining results and contributing to their empowerment; examples were provided on how to engage local authorities in different sectors such as food security and rural

- development or natural resources);
- Accepting that empowerment of local authorities takes time;
- Accepting the non-linear nature of decentralisation reforms and seizing windows of opportunities;
- Promoting the use of political economy analysis with a view to understanding the interests, incentives, demand side as well as the progressive scope for reform (a variety of "frames" and analytical tools were presented allowing EUD to decipher decentralisation dynamics in a given country; to explore windows of opportunities and possible triggers to foster territorial development; to ensure a link between decentralisation and the promotion of local democracy; and to identify suitable entry points for EC support; these flexible tools should help to design and implement country-specific and tailored approaches to territorial development instead of applying blueprint models);
- Making creative use of policy dialogue and the various EU instruments;
- Acting like an 'artist' (process facilitator) by putting less

- emphasis on the perfect design from the beginning and more on learning from implementation;
- Managing risks and expectations.

Applying these different ways of thinking and working will not be easy, taking into account the institutional realities currently prevailing in the EU (less human resources, huge administrative demands on staff time, growing risk aversion and pressures for quick results). ■

ECDPM has been working with the EC in the promotion of development-friendly decentralisation processes, including through territorial approaches.

About the author



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Changing demographics pulling up agriculture

by Thomas Allen

Examining population dynamics – its growth and spatial distribution – can provide new perspectives on West Africa's agricultural performance and future prospects.

Looking at the world from a different perspective is often considered an enlightening experience. However, it is not something that comes naturally. Bombarded with ever-increasing amounts of information, we tend to lose sight of what really matters. Demographic growth in developing countries is one such thing. Many reports start their introduction by highlighting the challenges that this issue presents, but few take stock of what it really implies. Developing countries are, first of all, *peopling* countries.

The oft-repeated tenet of Malthusian theory is that population growth tends to outstrip (agricultural) productive capacities. "Turning" Malthus on his

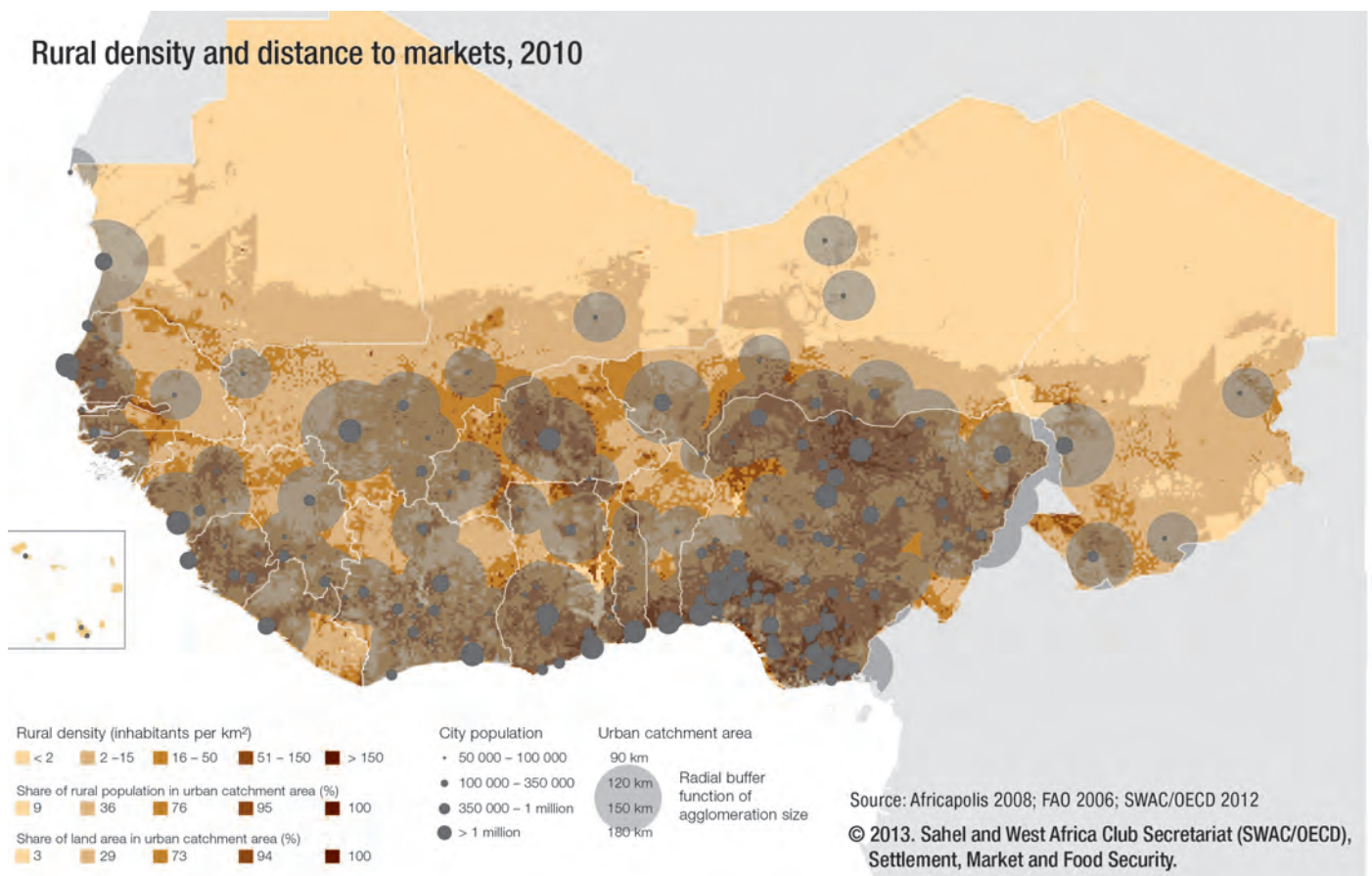
head, Boserup explores the role of population dynamics in the development of technology and their bearing on agricultural transformations. Because Boserup's concept of "population" encompasses both size and density, it allows for structural changes as a result of demographic growth and correlated urbanisation. This long-standing controversy should not be overlooked as Sub-Saharan Africa keeps on urbanising at a rapid pace.

Population-induced changes

West Africa's population has increased fourfold over the last 60 years. This demographic boom is accompanied by a

spatial redistribution of populations. The number of people living in cities has risen by a factor of almost 30 since 1950, from 5.3 million to about 150 million, whereas the rural population has increased by a factor of only three. Urbanisation is the most visible manifestation of settlement dynamics. This phenomenon is no longer only fed by rural migrations; the number of people born in cities has exceeded the number of people arriving from rural areas since the early 1980s.

Although uneven across the region, with coastal countries registering the highest levels, continuing urbanisation contributes to the integration of rural areas into the market economy.



Urbanisation has driven the growth of both the region's largest urban areas and small towns. Urban growth has manifested in the development of a network of small- and medium-sized towns that act as nodes for the spatial organisation of markets. The average distance between urban agglomerations has decreased from 111km to 33km since 1950. Rural density has also increased, particularly in proximity to large urban areas, with farmers now better connected to urban centres than they used to be. As a result of these dynamics, agriculture is transforming and the rural economy is diversifying. The share of agricultural producers in the total population decreased from 90% in 1950 to 50% in 2010. In rural areas, 25% of the population is no longer engaged in agricultural activities. More than two-thirds of household food consumption is bought on the market.

As urbanisation has advanced, a growing proportion of farmers have had to produce surplus to meet the demand from increasing numbers of non-producing consumers, and they have proved able to do so. Between 1980 and 2010, agricultural production growth averaged 3.7%, making West Africa one of the fastest growing regions of the world. Per capita food production has increased by 1.9%. This performance needs to be seen in the context of the region's demographic challenge and its inherent structural changes, with proportionally less and less producers per consumer. This growth in production is not just the result of an expansion of cultivated area; gains in yields have been particularly marked since 2000 and now account for 40% of production growth. Agricultural intensification is already under way. The market opportunities created by urbanisation are the main driving forces behind these changes in the rural economy. Accompanying these dynamics is crucial for current and future food challenges.



Togo woman, manioc transformation. Photo: SWAC/OECD

Africapolis: A unique database on urbanisation in West Africa

Understanding population dynamics is essential for the design of effective development and food security policies. The only data available so far are national data, which are often based on different definitions of urban areas, and

the little - sometimes contested - census data available. Neither data allow for cross-country comparisons or a thorough analysis of the agglomeration process in the region. The SWAC/OECD financed the update of an important study that corrects this situation. Combining census and remote sensing data, as well as



building on a unique numerical definition of urban agglomeration as areas with a population above 10,000 inhabitants, the Africapolis study is a major step forward.

Covering a period ranging from 1950 to 2010, the Africapolis database provides previously unpublished information: 1) A systematic geolocation

of urban agglomerations broadening the analytical scope for mapping and spatial analysis; 2) an extensive and updated inventory of agglomerations in Nigeria, which accounts for half of the West African population; and 3) the identification of “small towns” that are not listed in any international database. The harmonisation of data points out national particularities and raises some interesting questions, such as why Nigeria’s urbanisation is slowing down compared with the regional average. The availability of disaggregated data broken down by agglomeration allows for spatial structure analysis. Sole national-level information, such as urbanisation level, in no way predicts the geographical distribution of towns, nor their size or numbers. Today, this information is essential to implement development policies. Policy and decision makers are encouraged to refer to a wide range of indicators that this database allows now to estimate. How many towns? How large are they? How are they distributed across the region? How are they connected to one another?

Rethinking food security strategies

Although population growth is slowing, the demographic transition has not been completed. As a consequence, urbanisation will continue, and by 2050, there will be two urban dwellers for every rural dweller. Subsequent agricultural transformations will be spatially and temporally diverse. These facts call for a rethinking of food security strategies in terms of both urban and rural realities, as well as space. The urban-rural relationship needs to be understood as a continuum in which markets play a crucial role. Building resilient food systems necessitates urban planning and management that is favourable to developing economic activities in both the formal and informal sectors.

The *State of Food Insecurity in the World* (SOFI) report states that about 34 million West Africans remained

undernourished in 2014 (FAO/IFAD/WFP). The way ahead is to design programmes of actions that are spatially explicit and work towards building strong connections between urban agglomerations, and between urban agglomerations and their hinterland. The improvements of the regional food market and the future of the West African food system will depend on these. ■

For more on the above issue please refer to:

- Africapolis: www.oecd.org/swac/ourwork/africapolis.htm
- Statistical, Mapping and Regional Analysis Tool (SMART): www.westafricagateway.org/smart
- Sahel and West Africa Club Secretariat: www.oecd.org/swac

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has been working for the past nine years on modelling issues related to food policies. The author would like to thank Jean-Marie Cour, Michel Arnaud, François Moriconi-Ebrard,

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Corridors as industrial policy? Linking people, policies and places

by Bruce Byiers

This article discusses the origins and key characteristics of some important corridor initiatives as well as the main policy issues that emerge around them.

People, places, policies

So-called development corridors are gaining increasing notoriety as a development strategy in developing countries, especially in Sub-Saharan Africa. A form of spatial development approach along key transport routes, these have the potential to coordinate public and private investments within or between countries and regions and strengthen linkages between industries, farmers, people and firms.

But perhaps most importantly, they can help link policies with places, representing a potentially important industrial policy tool. By operating in a relatively well defined space, corridor initiatives offer an opportunity to experiment with targeted policy reforms with short feedback loops and regular, iterative policy reform - a key component of New Industrial Policy - and one which helps link 'top-down' policy frameworks with 'bottom-up' functional initiatives, leading to employment-creating investment and improved livelihoods.

Corridors in policy

A key driver of the original interest in corridors is the high transactions costs of trade and exchange in developing countries, particularly in Africa. Transport costs in Africa are among the highest in the world, putting an enormous brake on investment, productivity growth and market integration. While corridor approaches may help reduce transport

costs and overcome other non-tariff barriers, they can also be used to create clusters or investment poles, helping link industries with local businesses. In this way corridor initiatives help link policy concerns around regional integration and cross-border infrastructures with private sector development, including initiatives to further engage the international private sector for development, and to leverage extractive industries for development.

Corridors are cited as a key development tool at the continental, regional and national levels. This includes the New Partnership for Africa's Development (NEPAD), Grow Africa and the G8 promoted New Alliance for Food Security and Nutrition. Corridors also feature in the regional strategies of the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Tripartite Free Trade Agreement (TFTA), among others. National strategies of numerous countries also point to corridors as an approach, for example Kenya's Vision 2030 highlights the Lamu Port South Sudan Ethiopia Transport (LAPSSET) Corridor and Indonesia's national Master Plan for Acceleration and Expansion on Indonesia's Economic Development. Growth Poles are also increasingly promoted as development strategies, often linked to corridors, for example in Central Mozambique and linked to the Beira Corridor.

Economic transformation corridors?

Corridors by definition link different territories or areas together. At their simplest level, this relates to connecting ports and thus international trade flows to surrounding hinterlands, sometimes across borders, thus taking on a regional dimension. Many trace the origins of the corridors concept back to South Africa's post-apartheid focus on Spatial Development Initiatives (SDIs) and the Maputo Development Corridor (MDC) in particular. The MDC was one of six initial SDIs, connecting South Africa's Gauteng industrial heartland to Maputo, Mozambique, its nearest port, tracing a historical transport connection and with relatively limited objectives. Fraser and Notteboom (2014) classify corridors according to trade type: domestic, transit (transporting the cargo of other countries), foreign (transporting primarily imports and exports of a country), and hybrids, depending on its service catchment area.

But the corridors approach is an evolving concept. Other corridor initiatives are now emerging across Africa, ranging in objectives from transport and logistics corridors linking landlocked countries or regions and ports, for example the Trans-Kalahari Corridor, the Northern Corridor in Kenya, or the Abidjan Ouagadougou Corridor; to so-called development corridors, embodying a wider range of

Figure 1. Trans-African Highway network.

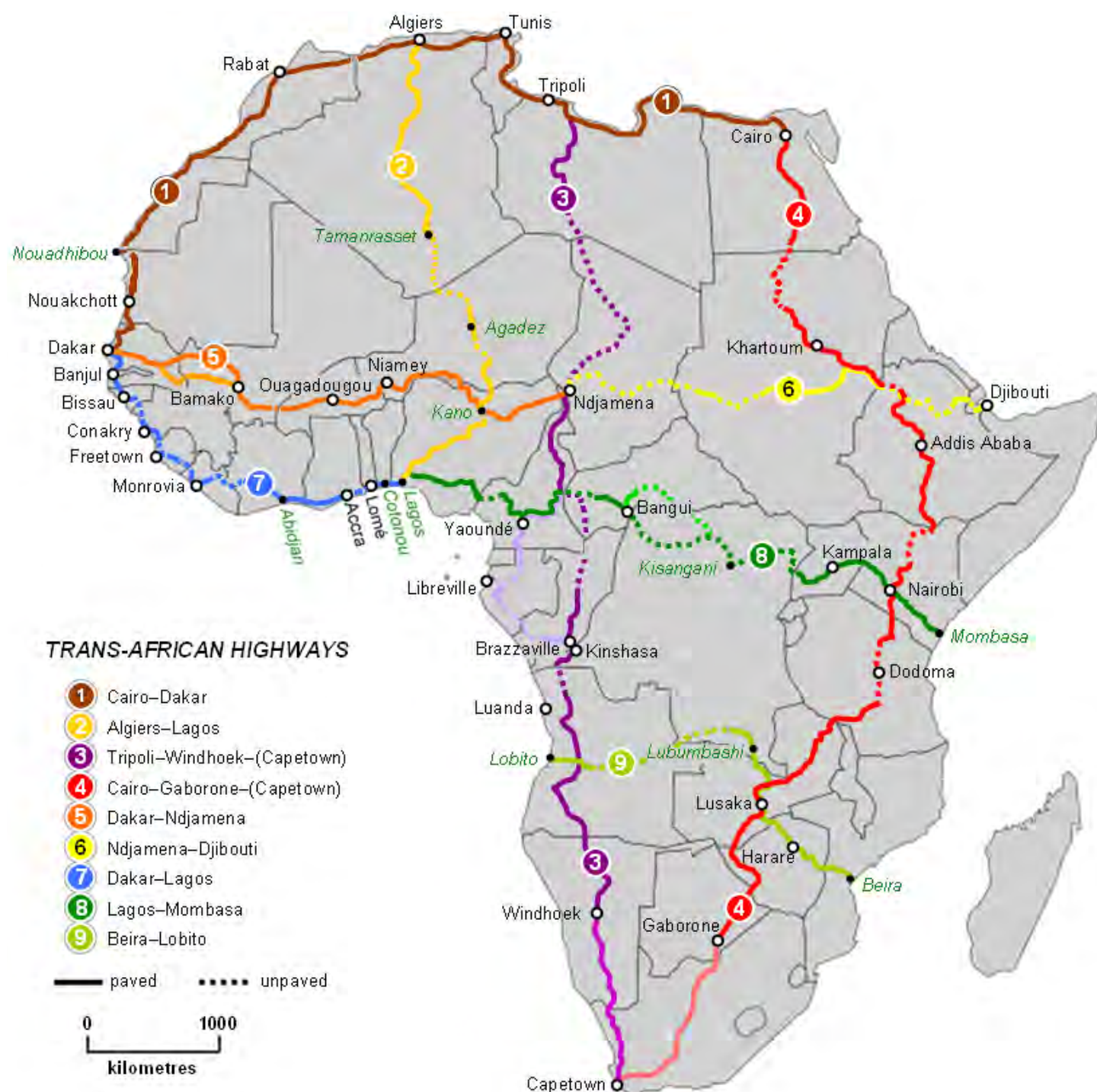


Photo: Wikipedia

additional development objectives and accompanying investments around the central infrastructure (e.g. the Maputo Development Corridor).

Increasingly, corridor approaches are also being linked to other strategic

interests, such as promoting agriculture. The associated reforms and support programmes around a corridor can help improve agricultural input and output markets, transport and logistics, energy access and national and cross-border

marketing. Prominent examples are the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) and the Beira Agricultural Growth Corridor (BAGC). Corridors thereby offer a means to link different sectoral strategies to promote



Photo: afdb.org

structural change towards higher productivity sectors and activities, and more and better employment and market opportunities across low-income countries, with agriculture a key sector in this regard.

Finally, there is increasing discussion about how to use a corridors approach to build on infrastructure investments around the extractive sector to promote greater linkages to the wider economy and regional initiatives. This is not always easy. While some suggest, for example, that “The rail to port logistics chain is of such strategic importance to the viability of a mining operation that governments need to balance requests for shared or multi-use access with its impact on the mining company’s operations and its related tax revenues” (Vale Columbia Centre, 2013), there is nonetheless growing recognition of the potential such an approach might have.

Corridors may therefore play a pivotal role in three important transformations for development: increasing urbanisation, rising productivity within sectors by lowering their input and transport costs, while raising productivity growth by movements between sectors as new investments and higher productivity opportunities arise around a corridor.

Corridors traverse rural-urban, as well as ecological boundaries, providing physical links between different

countries, types of space, social groups, administrative areas and economic activities. All this raises opportunities and questions for policy-makers and researchers looking for new paths to promoting inclusive, sustainable socio-economic development.

Linking spaces...

The geographic scope of a corridor has both economic and regional implications. The nature of trade flows between regions and countries along a given corridor will affect the degree to which different segments of the population can take advantage of the corridor in an inclusive way. This can depend on whether the port country is wealthier, serving its hinterland like, say the Abidjan-Ouagadougou Corridor, or the other way around like the case of the Maputo Corridor. It may also depend how much of the corridor is in one country - the same corridor from Abidjan to Ouagadougou also serves to link the South of Côte d’Ivoire to the North, boosting the importance of the domestic component of the corridor.

The number of countries along or connecting to a corridor may also have implications for corridor processes and the benefits which can be had. While the Maputo Development Corridor is relatively short and includes only two countries, the North-South Corridor from

Durban to Dar-es-Salaam includes between five and eight countries, depending on which branches or linkages one includes. While clearly much more of a regional undertaking, and potentially best considered a series of

corridors, the difference between the two is important. As Galvez (2014) highlights, “the move from a narrow national corridor to a narrow regional corridor requires facilitating regional cooperation through different coordination mechanisms like regional blocs or dedicated corridor bodies, strengthening border policies, transport facilitation and trade and investment promotion.” There is therefore something of a tradeoff to be made between narrow (or short) corridors covering few countries (or even only one country) and more ambitious corridors with potentially additional regional and cross-border externalities.

...in an institutional context

These points then have implications for organisation and policy design around corridor initiatives. Corridors are generally collaborative initiatives, including public and private interests, a factor that may be important in determining inclusiveness and sustainability. Because of this, it might be argued that spatial approaches actually raise the level of necessary coordination and alignment of interests across actors. By being cross-sectoral, corridors and especially cross-border corridors necessarily involve ministries, donors and others and their departments from both countries, not to mention other public sector agencies, firms, unions, civil

society organisations and various key individuals.

By involving international, regional, national and local bodies, as well as public and private actors, these necessarily multi-stakeholder initiatives are therefore driven by specific interests, underlining the need for a good understanding among policy-makers of the formal and informal institutions that underpin these, and the lessons that can be learnt to maximise the inclusiveness of corridor initiatives.

The champion of the SAGCOT and BAGC is the private sector, specifically the Yara fertiliser company, legitimised to some extent through the World Economic Forum (WEF). This is not to say that these do not link to national policy, but as Byiers and Rampa (2013) point out for SAGCOT, this does affect the way in which the corridor project is put together and implemented. On the positive side, the commercial interest of Yara serves as an important incentive for maintaining momentum and building coalitions of donors, state actors and businesses around the initiative that may not have happened without this private sector drive. On the other, SAGCOT has been criticised for its lack of local involvement, dreamt up at the WEF between an international company and the president, with little buy-in at the local or even ministerial level, although the initiative is still at an early stage. This is particularly important given the finding that agricultural value chain approaches such as those used in the SAGCOT may only work for 2-10% of the smallholder population.

Corridors, industrial policy, politics

In industrial policy, distinctions are often made between more neutral 'horizontal' policies, such as those to promote a better business environment, and 'vertical' approaches that take a more sectoral approach. As the above examples illustrate, in some ways corridor initiatives can do both within their delimited area, and by doing so on a relatively more limited scale, may offer opportunities for greater policy experimentation that can later be scaled-up, also part of the logic behind special economic zones.

But as with all policies, whatever way you cut the cake necessarily implies trade-offs. By definition, spatial or territorial approaches are limited geographically, therefore also excluding parts of the population. While this might be partly addressed by complementary approaches, for example linking policies to promote commercial farming or industry with support or cash transfers to small-scale farmers or firms, it nonetheless involves policy tradeoffs at some level. While a corridors approach may allow more holistic approaches to investing in energy that allows greater coordinated policies to link people and industries, there are nonetheless questions around focusing on one corridor over another.

So while there are many, numerous potential opportunities in using corridors as an industrial policy tool, and we can learn from existing initiatives, a key component is that spatial approaches are nonetheless political thereby requiring policymakers and those working along a corridor to both think and work politically. That is inevitable in linking people, policy and places. ■

This paper draws and builds on previous ECDPM work on corridors as well as a background paper written with Paulina Bizzotto Molina, commissioned to ECDPM by CGIAR Independent Science & Partnership Council, in preparation for their own work on linking agricultural research with corridor initiatives.



About the author



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G8 New Alliance threatening land rights?

by Isabelle Brachet and Antoine Bouhey

What is the New Alliance really promising to the 50 million Africans it hopes to take out of poverty by 2022? Should we accept taking people's land and voice away as par for the course for agricultural transformation?

What is the New Alliance for Food Security and Nutrition? The New Alliance is an initiative launched in 2012 by the G8 *"to achieve sustained inclusive, agriculture-led growth in Africa"*. The objective is to lift 50 million people out of poverty in Africa by 2022 by condoning private investment in agriculture. The New Alliance website claims that *"agricultural transformation is a shared interest of the public and private sectors"*. But what does transformation mean in that context? And which private sector are we speaking about? Does it make any sense to speak about the private sector in a generic way, putting it in the same basket as Monsanto and African small and medium sized enterprises? Do we need to forcefully integrate African agriculture into an agribusiness model involving global supply chains at a time where the failures of this model – green house gas emissions, loss of biodiversity, low quality food, extreme land concentration, disappearance of small-scale farms and family farming – are increasingly in the spotlight?

Promising land to investors

On 3 June 2015, more than 100 African and international farmers organisations, unions and civil society organisations released a statement calling on the G7 and African governments to stop supporting the New Alliance. There are indeed serious concerns regarding this initiative. As highlighted in a recent ActionAid report, the New Alliance is further increasing the risk of rural communities losing their access to and control over land to large investors.

This happens mainly through policy commitments on land titling and land reform that go against the spirit of the UN Voluntary Guidelines on land tenure adopted three years ago by governments, international organisations, the private sector and civil society organisations. 1.8 million hectares of land have been offered to foreign investors in Malawi, Nigeria, Senegal and Tanzania as part of the commitments made by those countries under the New Alliance. In Malawi alone, a country where one out of five people is undernourished, one million hectares are being offered to investors, which equates to 26% of the country's total arable land.

In some of those countries, land titling is expressly presented as a way of allocating more land to investors – rather than protecting the legitimate land tenure rights of local communities, as requested under the UN Voluntary Guidelines on land tenure. ActionAid's report also shows that some large companies involved in the New Alliance have already been accused of taking part in land grabs in some countries.

Ignoring the real African food producers

Small-scale food producers are collectively the leading investors in agriculture, estimated to produce 70% of the food in Africa. Addressing food and nutrition insecurity on the continent requires the full participation of small-scale food producers. Local control over natural resources, seeds, land, water, forests, knowledge and technology is crucial for small-scale women and men

farmers, pastoralists, livestock farmers, fisherfolk and hunter-gatherer societies. The New Alliance completely ignores that dimension, since it has been elaborated by donor governments and companies, without participation of those who are supposed to benefit from that initiative – smallholder farmers.

The G8 countries and the European Union committed US\$5.9 billion to the New Alliance. Those countries should not encourage the large-scale transfer of legitimate land tenure rights to investors. Therefore, and because farmers themselves must be central to strategies aimed at increasing the amount and effectiveness of agricultural investment, policy commitments under the New Alliance should be reviewed in each country by a multi-stakeholder platform that includes small-scale food producers' organisations and marginalised groups.

The free, prior and informed consent of all communities affected by land transfers should be a pre-condition for all projects supported by G8 countries and the EU and this safeguard should not be confined to indigenous people, as is currently the case under the New Alliance. This means communities could refuse a project if, once fully informed, they consider it will not benefit them and that alternative policies or projects would be more relevant. Similar safeguards should also be applied to projects supported by the European Investment Bank for the African, Caribbean and Pacific states (ACP) in the field of agriculture under their 2014-2016 Strategy.



Photo: photos.com

“...the New Alliance is further increasing the risk of rural communities losing their access to and control over land to large investors.”

Understanding the multi-functionality of agriculture

Today, the link between growth, poverty alleviation and reduction of inequalities is not automatic anymore. As stressed by UNCTAD in their Trade and Environment Review 2013, “The fundamental transformation of agriculture may well turn out to be one of the biggest challenges, including for international security, of the 21st century (...) The required transformation is much more profound than simply tweaking the existing industrial agricultural system. Rather, what is called for is a better understanding of the multi-functionality of agriculture, its pivotal importance for pro-poor rural development and the significant role it can play in dealing with resource scarcities and in mitigating and adapting to climate change”.

This is why donors need to prioritise investment in smallholder farmers as they offer the greatest potential to drive equitable development in countries and climate resilient sustainable agriculture. They should in particular support the development of local infrastructures, supply chains and markets that are adapted to their needs and opportunities, rather than pushing initiatives such as the New Alliance that aim at adapting small-scale food producers to the needs of large-scale agribusiness companies.

The New Alliance has failed to protect the rights of poor people; it must be replaced by initiatives designed with small-scale food producers and that are genuinely aiming at supporting them. ■

See actionaid.org for more on the above topic.

About the authors

Isabelle Brachet is the Europe advocacy coordinator of ActionAid International.



Specialised in human rights law, Isabelle joined the EU office of ActionAid at the end of 2013. She contributes from a EU perspective to ActionAid global campaigns against land grabs and for tax justice.

Antoine Bouhey is the coordinator of ActionAid International's #LandFor campaign, a campaign supporting rural communities in defending their rights against land grabs in more than 15 countries.

Talking Points

Our blogs aim to deepen the dialogue on policy issues, and get to the heart of the matter in an honest and concise way.



OECD's 'States of Fragility' report: Some discomfort around the indicators



Talking Points, Frauke De Weijer, 5 June 2015

The OECD report on States of Fragility – Meeting post-2015 Ambitions proposed framework for assessing fragility misses out on a number of key risks and key building blocks for resilience in fragile states.

Taking fragility seriously in financing the SDGs



Talking Points, Frauke De Weijer, 6 May 2015

The recently published OECD report 'States of Fragility 2015 – Meeting post-2015 ambitions' presents very interesting facts and figures on the likelihood of fragile states meeting the post-2015 development goals.

More on financing for African development from the Special Advisor on the Post-2015 Development Agenda at UNECA



Talking Points, Aida Opoku-Mensah, 17 April 2015

Policy-makers need to address the African technology gap with home-grown solutions that support innovation – building strong human and institutional capacities at the same time.

Financing for Development: The state of the debate in Africa



Talking Points, Sahra El Fassi, 17 April 2015

Against the backdrop of intensive global negotiations on the post-2015 sustainable development agenda, it seems opportune to look at the state of the debate on Financing for Development (FfD) in Africa. The latest meeting, which was jointly organised by the African Union Commission (AUC) and the Economic Commission for Africa (UNECA) in Addis Ababa on 30-31 March, provides useful insights on how Africans are thinking about FfD – including, but not exclusively, on the post-2015 agenda.

The Weekly Compass

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Sahel | Post-2015 | FFD3 | Future of ACP

Weekly Compass, 12 June 2015

Coordinating international actors in the Sahel
[In French] The Sahel has been at the centre of international and regional efforts to solve multiple crises that affect the region – the lack of human security, terrorism threats, governance failures and food insecurity. Joshua Massarenti of Afroline interviews ECDPM's Damien Helly on his assessment of the policies implemented by the international community to assist the countries concerned to address these urgent issues. His comments are based on a recent briefing from ECDPM and ISS Dakar that looks at the coordination of strategies between institutional partners involved in the Sahel. Helly sets out a number of key questions about the capabilities and conditions (technical, human, social, cultural, symbolic, logistical) to implement development commitments. Significant funds have been promised to the Sahel, but we now must find the means and the operators that will translate these commitments into concrete interventions that have an impact and make sense to the people of the Sahel.

The indicators in OECD's 'States of Fragility' Report | CFTA | Conflict Minerals & more

Weekly Compass, 5 June 2015

The African Continental Free Trade Area should not build on the African Tripartite Free Trade Area
The negotiations for the African Continental Free Trade Area (CFTA) will be launched next weekend at the African Union Summit. The original idea was that it should build on the results of the African Tripartite Free Trade Area (TFTA). But Gerhard Erasmus of the Tralac Trade Law Centre argues that if the CFTA follows the TFTA, there are inherent challenges in reaching agreement on sensitive issues, finalising tariff offers, and adopting rules of origin. This is because the TFTA approach is conservative and protectionist. Instead, negotiators should find the commonalities among the African Regional Economic Communities and use them as the platform from where to start with extending offers.

A new global strategy for the EU | Join us at EDD15 | International support to the Central African Republic

Weekly Compass, 29 May 2015

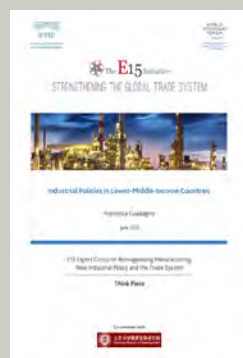
The European Union needs a new global strategy
During the next European Council in June, the EU's Heads of State and Government are expected to mandate the EU High Representative and Vice President of the Commission to launch the process of reviewing the European Security Strategy (ESS), to adapt it to the new global context. The German Development Institute calls for the EU to go beyond a review of the ESS and to develop a new 'global strategy' with a strategic vision for the future that redefines Europe's interests, its global role and its global responsibilities in the twenty-first century, secures European influence in the world and guides its contribution to global public goods. The strategy should define how different areas of EU external action, such as foreign and security policy, trade, climate and development policy, can contribute to tackle global challenges. This is largely in line with the European Think Tanks Group's report *Our Collective Interest: Why Europe's problems need global solutions and global problems need European action* calling for a joined-up EU approach to external challenges.

Africa and Europe combatting climate change | Peace and effective governance post-2015

Weekly Compass, 22 May 2015

Africa and Europe combatting climate change:
Towards a common agenda in 2015
With only six months left, the 2015 UN Climate Change Conference in Paris (COP21) is fast approaching. Despite promising progress in recent years, the negotiations of a new agreement to fight climate change still face many hurdles. Europe has remained at the forefront of these negotiations, but a changing global context, and the European Union's own limitations, have diminished its leadership. At the same time, Africa is an increasingly influential actor. Climate change is officially on the priority list of joint actions between Africa and the EU. However, diverging views of African and EU actors and internal divisions render the dialogue ineffective. This new ECDPM Discussion Paper argues that a broader and deeper dialogue on climate change between Africa and the EU could offer solutions and compromises that break some of the deadlocks in the UN negotiations in Paris and in the post-2015 period. day discussions at the CAADP Partnership Platform.

Latest ECDPM publications



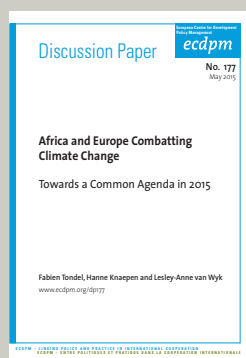
Guadagno, F. 2015. Industrial policies in lower-middle-income countries. (E15 Think Piece). Geneva: ICTSD, World Economic Forum.

Lower-middle-income countries (LMICs) are heterogeneous countries with various economic experiences. Many underwent different types of structural transformation from agriculture to manufacturing and services. Within manufacturing, they are generally specialised in low-tech labour-intensive or natural resource-intensive industries. Today, therefore, LMICs face a dual challenge. First, they must increase productivity in low-tech labour-intensive industries to improve their international competitiveness and provide employment to their large populations. Second, competing on costs with low-income countries is becoming increasingly difficult, implying that they have to diversify their production structures towards more sophisticated product niches.



Byiers, B., Vanheukelom, J., Kingombe, C.K.M. 2015. A five lenses framework for analysing the political economy in regional integration. (Discussion Paper 178). Maastricht: ECDPM.

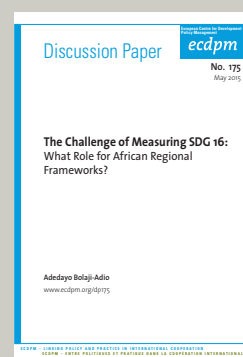
Regional cooperation and regional integration are often complex processes with seemingly intractable obstacles and drivers. An analytical tool consisting of five political economy lenses helps detect the actors and clarify the factors driving or blocking regional processes. Two examples – one on country level drive behind regional cooperation in the EAC and one in the transport sector – illustrate the tool's usefulness and relevance. Political economy diagnostics can help inform dialogue with and among a range of state and non- state actors at national and regional levels on the feasibility of envisaged reforms.



Tondel, F., Knaepen, H., Wyk, L.-A. van 2015. Africa and Europe combatting climate change: Towards a common agenda in 2015. (Discussion Paper 177). Maastricht: ECDPM.

With only six months left, the 2015 UN Climate Change Conference in Paris (COP21) is fast approaching. Despite promising progress in recent years, the negotiations of a new agreement to keep the dangers of climate change at bay still face many technical and political hurdles, and are plagued with divisions among countries.

Europe has remained at the forefront of these negotiations and has helped to their progress. A changing global context, however, and the EU's own limitations have diminished its leadership. Yet, the EU's willingness to adopt a more flexible approach to emissions cuts, show that the EU can perhaps still play a big role at COP21. The Africa Group, with its sheer size and improving coordination, has become an increasingly influential actor in the negotiations..



Byiers, B., Bessems, J. 2015. Costs if you do, costs if you don't: Promoting responsible business and reporting - challenges for policy makers. (Discussion Paper 175). Maastricht: ECDPM.

The growing interest from developing country governments, donors and businesses in linking business and development raises questions about how host and home country governments can encourage and/or ensure responsible business practices of international firms. While the business case for responsible voluntary CSR reporting is growing and voluntary mechanisms can have legal effect through soft law, these often lack effective enforcement mechanisms for lagging firms whose incentives for responsible business is weaker. Incentivising responsible firm behaviour and reporting therefore relies on finding a balance between the scope of activities for reporting, an appropriate regulatory mix, effective enforcement mechanisms and the related costs. The potential costs and benefits of mandatory reporting vary widely across firms depending on size, value-chain complexity, sector characteristics and proximity to consumers. Any mandatory reporting must be adapted to these while converging with existing voluntary schemes to avoid overload..

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