

ISSUE 06 • June 2023

AERC INSIGHT

The African Economic Research Consortium

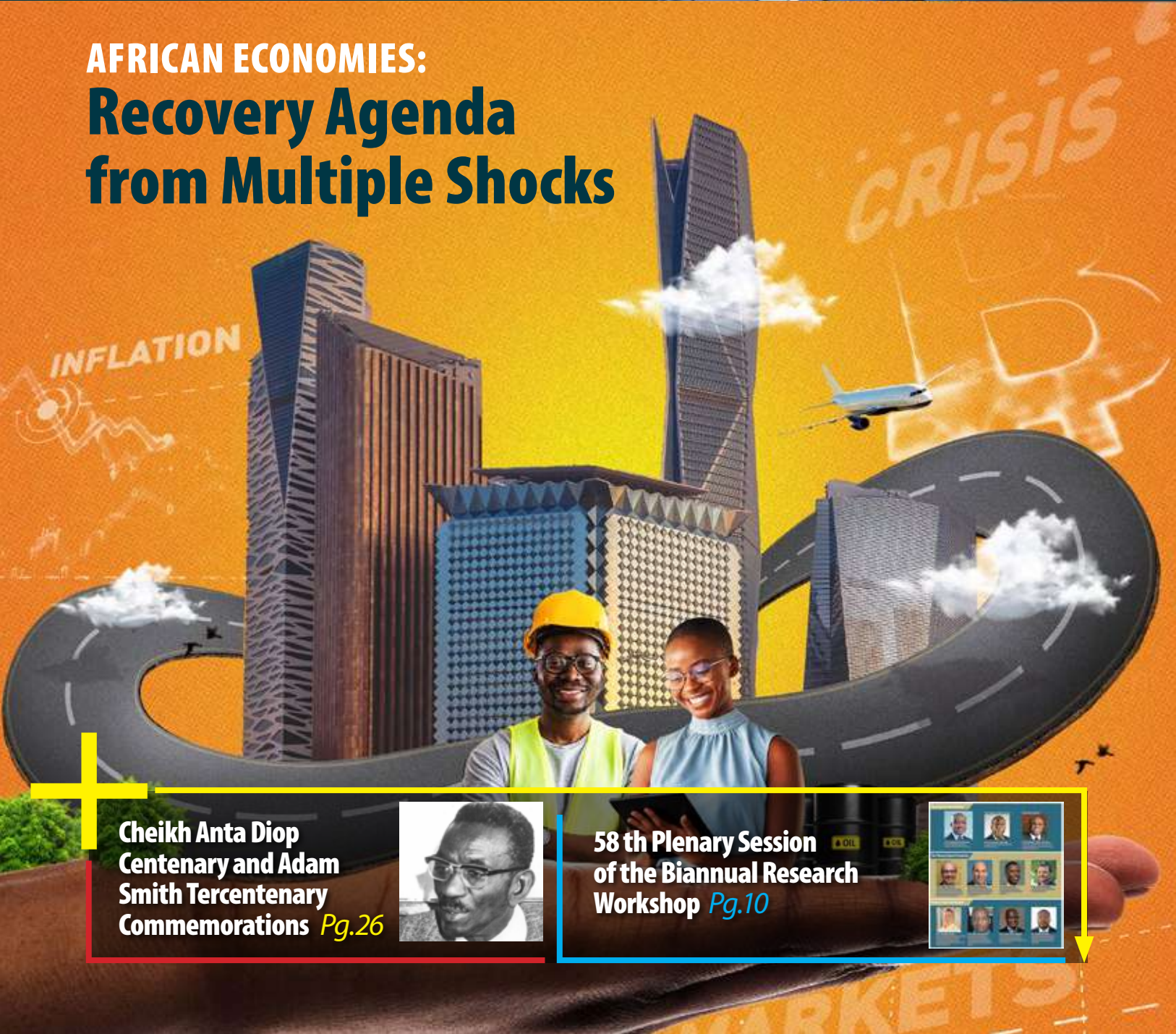


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Note from the Executive Director

Dear Readers,

Welcome to the latest edition of our quarterly newsletter, Insight!

We are excited to share some thrilling updates and news from our organization. It's a pretty exciting moment for me, and the edition is packed with all the latest insights. I hope it will inform and inspire you in equal measure.

As I take the wheels of this prestigious institution as the first ever Francophone West African Executive Director, I will strive to ensure that the AERC continues its journey to build a more sustainable and inclusive world for all our African citizens.

I have embarked on a significant transformation of AERC to meet the expectations of our diverse range of stakeholders on a global scale. The world has undergone a seismic shift, and our continent faces new challenges and opportunities that we cannot ignore. AERC must transform to remain relevant and impactful in its various activities and collaborations.

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endeavours. Research standards have evolved, and stakeholder demands have become more robust. AERC must Accept this change, Adapt to it, and Adjust to it. AERC must speak to the rest of Africa, not only Sub-Saharan Africa and the world. I would like to see AERC recognized as an international institution of excellence in knowledge generation and dissemination, capable of influencing policies on the continent.

Stories that form the content of this newsletter include a lead article on "Recovery Agenda from Multiple Shocks". In the last two decades, African economies have suffered global economic shocks that the Covid-19 pandemic compounded. They have, however, remained resilient in the face of the pandemic's impacts which affected the core of key macroeconomic indicators.

In the newsletter, we also cover activities within the research and training programmes, new publications, and significant events the organization has hosted during the quarter.

I look forward to connecting with you each quarter and providing as much information as possible on the incredible work accomplished by the staff and the AERC network. So please enjoy this read and share it with your friends.

I welcome all feedback, comments, and questions about the information provided and suggestions for topics you would like to see in future newsletters.

I want to thank the AERC, staff, Board of Directors, and the AERC network for trusting me with the leadership of this important institution. I will make it my mission to uphold the institution's reputation and legacy as we battle into the future.

Welcome.

Prof. Théophile Azomahou

Executive Director, AERC



AFRICAN ECONOMIES: Recovery Agenda from Multiple Shocks

African economies recovered from a recession of around -4.8% in 2020 to an estimated GDP growth of 1.6% in 2021 and projected growth of 6% in 2022



By Théophile Azomahou

African economies, by and large, weathered multiple adverse global shocks in the last two decades and remained resilient even when the COVID-19 pandemic hit the core of key macroeconomic indicators. Previous shocks, such as the global financial and economic crisis of 2008/9, the collapse of commodity prices in 2013 and the COVID-19 pandemic that began in early 2020,

all led to a V-shaped impact where most African economies recovered a year after a dip in their economies. In the case of the COVID-19 pandemic, African economies recovered from a recession of around -4.8% in 2020 to an estimated GDP growth of 1.6% in 2021 and projected growth of 6% in 2022 (this projection was made before the war in Ukraine).

However, the frequency and intensity of multiple shocks could erode economic fundamentals and cause permanent damage that could take years to mend. The war in Ukraine has precipitated inflationary pressures, increased debt-service burdens, disrupted other global value chains and elevated the risk of another recession in many African countries. Most importantly, the frequency and severity of climate-related shocks are increasing in Africa. Recent studies have shown that the average temperature in Africa



crossed the 1-degree centigrade mark in 2015 from a baseline of climatology prevailing during 1950-1980 and continues to rise. The impact on GDP growth is large and significant. A 1°C rise in temperature after 30°C could lead to a two percentage points decline in real GDP growth, undermining positive shocks, such as commodity price booms, amplifying adverse shocks and, in particular, diminishing domestic resource mobilizations, increasing debt.

Most importantly, the economic fundamentals of most African economies have mostly stayed the same in the last three decades. Investment, domestic savings, government revenue and economic structure, remained unchanged, while factors such as urbanization, population and unemployment are rising. We also observe today an overstretched resource envelope to

mitigate COVID-19, low productivity in agriculture arising from climate change, low-value addition from manufacturing sectors and persistent trade barriers in the region that globally call for new approaches in handling structural shocks. The outcome is declining economic activity, rising poverty, and inequality; COVID-19 has wiped the efforts in the last two decades or so on growth, fighting poverty and inequality.

With low adaptation and implementation of dynamic structural transformation strategies emanating from lower capital accumulation, some development initiatives that could have spurred Africa out of the poverty trap have yet to be discovered. For instance, the failure of the import substitution strategy for Africa's industrialization was due to a lack of capital accumulation to upgrade industries and was based on capital

intensity in a capital-scarce region. Unfortunately, when incentives to raise capital accumulation are rolled out, institutional bottlenecks emerge, resulting in underachievement in economic growth trajectories. We now observe new challenges of youth unemployment, declining food production, and institutional problems that lead to policy failure.

Where there is an institutional failure, rents and capital flight deny the citizens much-needed economic stability. Strong institutions improve the allocative efficiency of the economy, as property rights and the right valuation to factor endowments attract high-valued investments. Some initiatives are looking up; for instance, the 2000 decade witnessed the formation of long-term visions - Vision 2025 in Rwanda, Vision 2030 for Kenya, etc. - A promise of long-term periods of policy clarity and coordination.



58th Plenary Session of the Biannual Research Workshop

The African Economic Research Consortium hosted the 58th Biannual Plenary Session under the theme 'African Economies: Recovery Agenda from Multiple Shocks'. The workshop was held virtually from 22 May – 7 June, 2023, and was a sequel to the December 2022 session.

Objectives of the AERC June 2023 Biannual Plenary

The AERC's Biannual Plenary June 2023 was a sequel to the December 2022 Session. The plenary session is one of the most respected and highly regarded events that, over three decades, continued to attract world-class development economists and experts on African economies. The insights presented in the plenary offered fresh perspectives and defined new frontiers of research that responded to the pressing needs of policymakers. It meant that the AERC network generated papers on

diverse topics that served as inputs to the discussions and policy choices. There were several issues here: debt, domestic and external taxation models and instruments, and the outcomes — either measured in terms of tax effort or matching required expenditures — that debate across the continent ignited new ideas for innovative mechanisms of resource mobilisation mix. Resource mobilisation strategies for funding African productive and social sectors were arguably orthodox in nature. The question then was how research

informed new thinking on taxation, diverse domestic resource mobilisation options, debt management and resolutions that supported practical choices of financing development. Narrow tax bandwidth and repayment of debts from the budgets is a persisting headache to resource mobilisation. Approaches such as private sector engagement in financing development in public-private partnerships in the social and productive sectors provide a paradigm shift in the economic recovery agenda.



The extent of African economies' resilience to shocks of climate change is yet another critical challenge. Resource mobilization to maintain integrity of the African green space is dependent on external funding with miniscule allocation from African governments. This trade-off between exploiting the forests, low carbon emission development approaches are likely to muffle African growth prospects in industrialization. Additionally, in an economic sense the productivity shocks on agriculture, food security and land productivity due to climate change cannot be taken lightly.

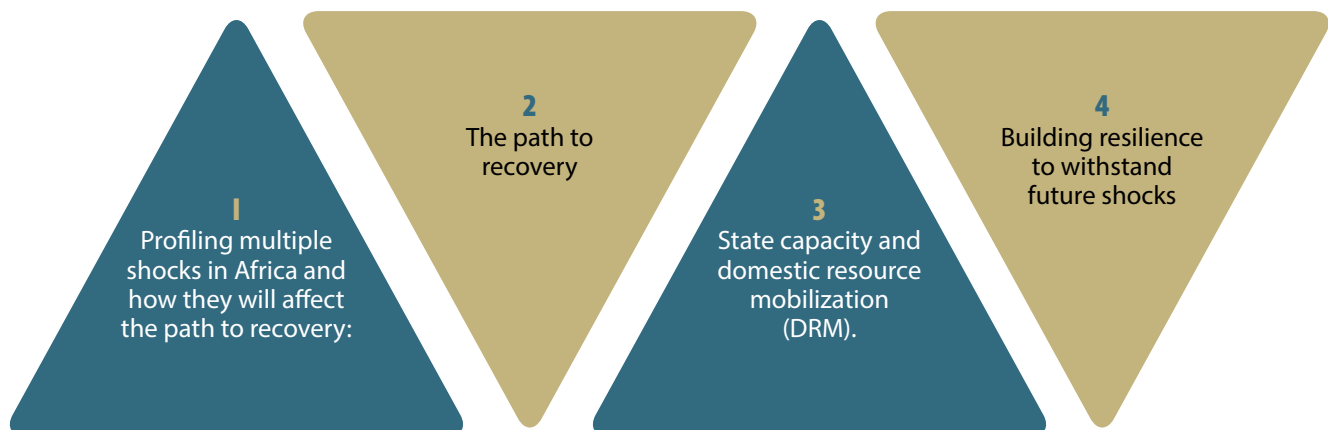
There is evidence that points to increasing poverty and inequality induced by climate change and this is beyond the argument of marginal areas, the totality of the economies in the horn of Africa for example. The commitments by international development partners to finance the climate change initiatives are

not coming forth as fast as expected to provide a stopgap to resource challenges in Africa. There are areas that can be harnessed with domestic resources, like creating shallow water wells for pastoralists that would save their wealth and minimize conflicts in those marginal areas. In this premise, the deliberations on Africa's economic recovery agenda must weigh the benefit and costs of 'act now' and 'act later' which might be costly to future generations.

Even after regional integration agreements and treaties, the African regional trade has not grown substantially as had been premised or expected. Currently, intra-Africa trade stands at 15.4%, and Africa's share of the global GDP trade is estimated at 2.6%, despite a population that accounts for 16.3% of the world population. But there is notable progress in some sub-regions where integration in trade, finance and labor mobility

is improving fast. The COVID-19 pandemic restrictions of movement across borders, the low development in the manufacturing sector, and meagre value addition of primary resources in Africa and dependency on food and durable goods imports outside the continent are evolutionary bottlenecks that cannot be wished away. Harnessing the full benefits of AfCFTA (Africa Continental Free Trade Area) agreements and strengthening the regional integration and regional trade prospects are new avenues for exploiting the limitless opportunities. There are emerging concerns about value addition and value chains that particularly touch on global value chains. Projecting innovative pathways to unlock the free movement of goods and service, people and capital and global competitiveness are imperative for the economic recovery agenda in African economies.

From the above set of points and arguments, the June 2023 Biannual Plenary theme encompasses the following topics of interest to forge the agenda of recovery and resilience, and initiate a brainstorming event between academics, practitioners, and policy drivers:





1 Profiling multiple shocks in Africa and how they will affect the path to recovery:

The recovery agenda is better understood by profiling the multiple shocks and examining the variations in responses between countries. At the continental level, close to 60% of Africa's GDP growth is explained by temporal, cyclical factors, but with large variance across countries. What is common and unique about different shocks experienced by African countries in the last two decades in terms of impact, persistence, and frequency? It is illustrative that some countries are more prone to natural disasters than others, but the impact may not be uniformly

distributed. Hence it is helpful to explore what explains most the vulnerability of countries to shocks. Beyond policies, how do political economic factors shape responses to shocks, preparedness, early warning systems and institutional readiness to mitigate future ones? What is the emerging experience with regards to recovery from the COVID-19 pandemic shocks and how is the war in Ukraine impeding this recovery? One of the significant differences between countries on the consequences of global shocks, such as the COVID-19 pandemic,

climate induced shocks or the war in Ukraine, is the availability of social protection to the affected population. What are the pros and cons of instituting and expanding social protection coverage in Africa, which has seen some growth recently? According to ILO statistics, currently, only 17% of Africa's population is covered at least under one form of social protection which is significantly lower than any other regions of the world. How has the COVID-19 shaped the uptake on social protection by policy makers in Africa?

2 The path to recovery:

Debt resolution and fiscal sustainability. Estimates indicate that the debt-GDP ratio for Africa increased from about 63% in 2019 to over 73% in 2020 and is projected to increase further. The number of countries at high risk of debt distress and risk of default has increased significantly. The approach so far pursued by creditors is proclivity

to business as usual: debt restructuring, reprofiling followed by an IMF-program. Experience has shown that this approach has failed multiple times. What new approaches can be explored for Africa's debt resolution? The war in Ukraine has further complicated the situation by increasing the risk of debt repayment leading many countries to risk default.

How in this scenario, could SDR reallocation be used to cushion most countries to accelerate recovery and forge inclusive growth? In addition, could there be an avenue for a new debt-sustainability framework that is forward looking, predicated on debt investment-growth nexus that also accounts for shocks?

3 State capacity and domestic resource mobilization (DRM):

A strong fiscal stance is required to absorb multiple shocks. Most African countries have taken steps to improve the capacity of

the state to mobilize resources. Are they adequate? What institutional reforms can leverage an efficient and optimal DRM model. What

kind of shift in social contract is needed to build trust in taxation structure for the government to mobilize domestic resources?



4 Building resilience to withstand future shocks:

Within the framework of existing regional economic communities, how have countries benefited in coping with the COVID-19 pandemic through regional coordination? Are there lessons on opportunities lost for future management of shocks? Going beyond the traditional

view of regional integration, how could African countries harness untapped economic benefits of regional integration and regional trade agreements in African economies, particularly in designing smart industrialization that hinges on productive knowledge nodes, economic

complexity to map comparative advantages? Global and regional value chain restructuring – How to enhance value addition to ignite domestic production and strengthen prospects of integration in global value chains and competitiveness in Africa economies.

Expectations

This theme and the panel discussions will set the stage for frontier research by leading academics by charting out the profile of multiple shocks, their impacts, the path to recovery and building resilience to prepare for the future. The AERC commissions papers that provide a better understanding of the shocks-recovery-resilience nexus in Africa and provide policy recommendations. The commissioned papers will explore areas that, previously, either have been understudied or are overlooked for various reasons, to provide a comprehensive perspective on the importance of shocks and the opportunities they present for implementing innovative, bold, and

comprehensive policy reforms. The December Biannual Plenary will be followed by the June 2023 Biannual where fully developed papers that benefited from the interactions with policy and decision makers will be presented to a wider community of researchers, practitioners, and policy makers. The papers will be published as Working Paper Series of AERC as well as a special issue of the Journal of African Economies. Through this practice, the AERC hopes to inspire young African researchers by exposing them to emerging topical and policy relevant issues on themes and learn from senior academics as they expose challenging and intractable development problems.

THE 58TH BIANNUAL PLENARY

Session was graced by:

Opening Session Panelists



Prof. Théophile Azomahou,
Executive Director, African
Economic Research Consortium.

The Chair of the Session



Prof. Harounan Kazianga,
Professor of Economics, Oklahoma
State University.

Keynote speaker



Prof. Benedict Okey Oramah,
President and Chairman of the Board
of Directors, The Africa Export-Import
Bank, Cairo, Egypt.

The Plenary Papers Presenters



Prof. Stefan Dercon,
Director, Center for the Study of
African Economies and Blavatnik
School of Government, University
of Oxford, United Kingdom.



Prof. Daniel Bradlow,
Senior Research Fellow, Centre
for Advancement of Scholarship
(CAS), University of Pretoria,
South Africa.



Dr. Chuku Chuku,
Economist, International
Monetary Fund, Washington
D.C, USA.



Prof. Kevin Gallagher,
Director, Global Policy Center,
Boston University.

Plenary Paper Discussants



Prof. Douglas Gollin,
Professor of Development Economics,
Fellow of St. Antony's College,
Department of International
Development, University of Oxford,
United Kingdom.



Prof. Seth Omondi Gor,
Professor of Economics,
Department of Economics,
Population and Development
Studies, University of Nairobi,
Kenya.



Prof. John Asafu-Adjaye,
Senior Fellow and Head of
Research, African Centre for
Economic Transformation (ACET),
Accra Ghana.



Dr. Christian Ebeke,
Deputy Division Chief, Macro
Policy Division International
Monetary Fund, Washington
D.C, USA.

Policy Reflection Panelists

Chair of the Session



Dr. Hippolyte Fofack,
Chief Economist and Director of
Research, The Africa Export-Import
Bank, Cairo, Egypt.



Prof. Pramila Krishnan,
University of Oxford and Fellow,
Pembroke College, United Kingdom.



Dr. Selma Karuaihe,
Head and Senior Lecturer, Department
of Agricultural Economics, Extension
and Rural Development, University of
Pretoria, South Africa.



Dr. Paul Mpuga,
Country Chief Economist,
African Development Bank
Group, Addis Ababa, Ethiopia.



Prof. Amanda Guimbeau,
Département d'économie,
Université de Sherbrooke,
Canada.

Biannual Thematic Group Concurrent Sessions

The concurrent and technical session for the five thematic groups at the June 2023 Biannual Research Workshop was held from 23 May - 29 May, 2023. The Thematic Group Chairs that presided on the concurrent sessions were:



Prof. Finn Tarp,
Professor of Development Economics,
University of Copenhagen, Denmark.

**Thematic Group A : Poverty, Labour
markets and Income Distribution**



Prof. Dick Durevall,
Professor of Economics, University of
Gothenburg, Sweden.

**Thematic Group B: Macroeconomic
Policy and Growth**



Prof. Victor Murinde,
AXA Professor of Global Finance, SOAS
University London, United Kingdom.

**Thematic Group C: Finance and
Resource Mobilization**



Prof. Andy McKay,
Professor of Development
Economics, University of Sussex,
United Kingdom.

**Thematic Group D:
Production, Trade and
Economic Integration**



Prof. Bernadette dia Kamgnia,
International Consultant and
Researcher at Economic Policy Analysis
Unit of the CIRES, Abidjan Côte d'Ivoire

**Thematic Group E: Agriculture,
Climate Change and Natural
Resource Management**



Prof. Théophile Azomahou

The new AERC Executive Director



Part 1: Who is Théophile Azomahou?

Q Prof. Azomahou, I would like to start by congratulating you on your appointment as Executive Director of AERC. What does this appointment mean to you both professionally and personally?

I joined AERC on 1 January 2021 (so not long ago given the history of the institution - I am practically new to the network - think members have been in the network for over 30 years) as Director of Training, after a long career in academia in several European universities, as a Professor of Economics; and also, after 10 years at the United Nations working on development issues both as a Senior Research and a development practitioner.

My appointment as Executive Director comes at a pivotal time for AERC. But above all, it is

a confirmation after the 6 months I was Acting Executive Director (since 1 November 2022). I consider my appointment as a vote of confidence from the AERC's Board in my capacity to lead and especially to renew AERC. You know, this requires visionary leadership.

Many people will see my appointment as an achievement; the culmination of a professional career. I see it rather as the starting point of a great challenge: to build a new AERC (as per the mandate I received) and to bring Consortium into the era of research excellence. If you look at the statistics of publications in economics (in reputable journals such as American Economic Review, Journal of Political Economy, Quarterly Journal of Economics, Econometrica, Review of Economic Studies, etc.) by researchers based in Africa (I say based in Africa, not the diaspora - African scholars based in Western countries who are more familiar with the rigor of high-

level research), you understand that Africa is still very far from the required standards. I used to say that "Education must be inclusive, but research cannot be inclusive and should aim at

"Education must be inclusive, but research cannot be inclusive and should aim at excellence with the selection of the best minds"

excellence with the selection of the best minds". By that I mean not everybody has the capacity to do research and excellent research. It is therefore a very important responsibility for me to hold the keys of a prestigious institution like AERC. All the eyes of the African scientific community in economics are on you. And you have no right to make mistakes.

Personally, it's like the call of the prodigal son to return to his roots for good. I left Africa more than 30 years ago. It seems that I am definitely back home. Africa gave birth to me and gave me so much. The least I can do is smile at her and embrace her call positively. We have so much time to catch up. Don't you think so?

Q For the readers who might not be familiar with you, could you give us a brief background of your academic and professional journey until now.

I am an economist. My research resonates around development economics at the frontier of evidence-based policy, quantitative empirics, and economic theory. My expertise includes macro and micro aspects in development economics, environmental and natural resource economics, health economics, impact evaluation, intergenerational mobility in Africa, applied econometrics, and economic theory.

In 1989, I left my country Benin and went to France where I did my graduate studies. I received a Master, a PhD, and the Habilitation degrees in economics, all from the University of Strasbourg, where I started my career as Associate Professor. I co-founded the master's degree in Statistics and econometrics at the University of Strasbourg. In 2008 I took a secondment to join the United Nations University (UNU-MERIT) as a Senior Research Fellow (from 2008 to 2018) in Maastricht (The Netherlands). In 2000, I was appointed Professor of Development Economics and holder of the chair of Development Economics at the University of Maastricht, School of Business and Economics, a position that I held till 2020. At UNU, I led the research group on 'Economic Development, Innovation, Governance, and Institutions'. In 2012, I joined the University of Lorraine Nancy in France as Professor of Economics, till 2015. Then I successively held the positions of Professor of Economics at the University Clermont Auvergne, CERDI (2015-2021), Professor of Research at the National Centre for Scientific Research, CNRS (2018-2020) among other positions.

I have to say that my role at the UN had equipped me with first-hand operational experience of conducting effective policy dialogues and negotiations with multiple development actors, decision makers, senior government, and diplomatic officials, and the capacity



of translating analytical findings into sound policy strategies. In 2021, I took a secondment to join AERC as Director of Training. That's how my professional journey in Africa started.

Q You are the first Executive Director from a West African Francophone country, namely the Republic of Benin, and also a citizen of France. How will this profile, which differs considerably from past Executive Directors, benefit, and impact AERC and its network?

To be more precise, in the history of AERC, I am the first Executive Director from West Africa, and the first Francophone. There is a subtle nuance because of these two characteristics. I would add that I am the youngest executive director in the history of AERC, a third characteristic.

In executing its strategy, AERC has always placed a premium on diversity. For example, we have increased the number of Francophone universities in our network. We also make sure that gender diversity is also a priority. It is true that AERC is much more active in Anglophone Africa. The Consortium is also known in Francophone Africa, but its degree of penetration is still weak. Having a West African, and a Francophone in the history of AERC, at the helm is a strong signal from the Board of Trustees to this region

of Africa. It is a signal that change is underway, and that diversity is not an empty word for AERC.

I would like to take this opportunity to tell French-speaking Africa not to be shy in its approach to AERC, not to be barred by the language barrier. AERC is open to all of Africa and has just demonstrated it through my appointment. I will be touring Francophone Africa in the coming months to make sure that no one will be left behind in the new AERC that we want to create.

Part 2: The current AERC and the future AERC – Structural changes and addressing weak spots.

Q As the newly appointed Executive Director, what are your priorities for AERC right now?

I have three priorities: the first is to move with speed on the mandate that the Board has given me: to re-found AERC. This is a daunting task. I will work closely with the Board to create the new AERC ready for Africa's emerging development challenges. The question is why do we need a new AERC? The answer is simple; the world in which AERC was born in 1988

has changed significantly and AERC must change with this world. Research standards have evolved, stakeholder demands have become stronger. AERC must Accept this change, Adapt to it, and Adjust to it. You know, history has shown that structure, organizations, and civilizations that have failed to reinvent themselves and change, have either disappeared or lost their supremacy. I don't want that for AERC. My second priority is to restructure the secretariat and make it fit to lead the change. Finally, my third priority is to provide AERC with the resources necessary to carry out these transformations. As you can see, this is a daunting task which requires a radical change at all levels.

Q What is your long-term vision for the institution?

Since its inception, the influence of AERC has been limited, as per its mandate, to Sub-Saharan Africa. However, strategic interactions between countries, regions and individuals have become stronger. As a consequence, knowledge is global. AERC must speak to all of Africa and the world. I want AERC to become an African continental institution and respected internationally. I want AERC to be on the world map. I would like to see AERC emerge and recognized as an institution of excellence in knowledge generation and dissemination, capable of influencing policies on the continent.



I want to position AERC as an institution of excellence in capacity building and networking with leading universities in the West.

Q Frankly speaking, looking back at AERC's long existence and its performance up till now, what would you say are the strengths and the weaknesses of the institution? And how will you go about addressing those weak spots?

Today the AERC reaches across Sub-Saharan Africa, with research and training alumni serving in central banks, ministries of finance, economic departments of universities and policy research institutes. This is an outstanding achievement we should be proud of, an exceptional performance. At the same time, it is important to ensure that the product remains attractive. Indeed, since its creation in 1988, AERC has stood the test of time, thanks to the visionary work of my predecessors. The core activities of AERC are still those that have been in place for so long and that we continue to repeat today. In other words, we need to find new life. It is now our generation's turn to think about the new legacy we will leave to the future generation of African economists. We need to think bigger and further ahead. AERC must no longer speak only to Sub-Saharan Africa, but to all

of Africa and the world. Excellence in research must no longer be a distant goal, it must become a tangible reality. What we are talking about is a radical paradigm shift. AERC must recraft its message and change its modus operandi.

AERC must Accept this change, Adapt itself to this new world and Adjust to it. Accept means to recognize that capacity building institutions in research, training and policy outreach are evolving in a dynamic and competing environment. This acceptance must lead to an adaptation. AERC must not only fund the production of knowledge in economics through its vast network, but also generate internally economic knowledge with an appropriate infrastructure to be recognized and established as the African platform for knowledge generation in economics. The knowledge thus produced should then be used for policy advocacy. This is how AERC will gain respect from other academic institutions, Think Tanks, and policy makers. This adaptation facet requires that AERC rethinks the operational modalities of its programmes to ensure that both research and training are of the highest quality, integrated and relevant to the current needs of African economies. Adjusting requires a great deal of innovation, a change of culture, a recraft of AERC's strategy, a different vision for the Consortium to face up

to the requirements of a new market and equip itself to anticipate future challenges.

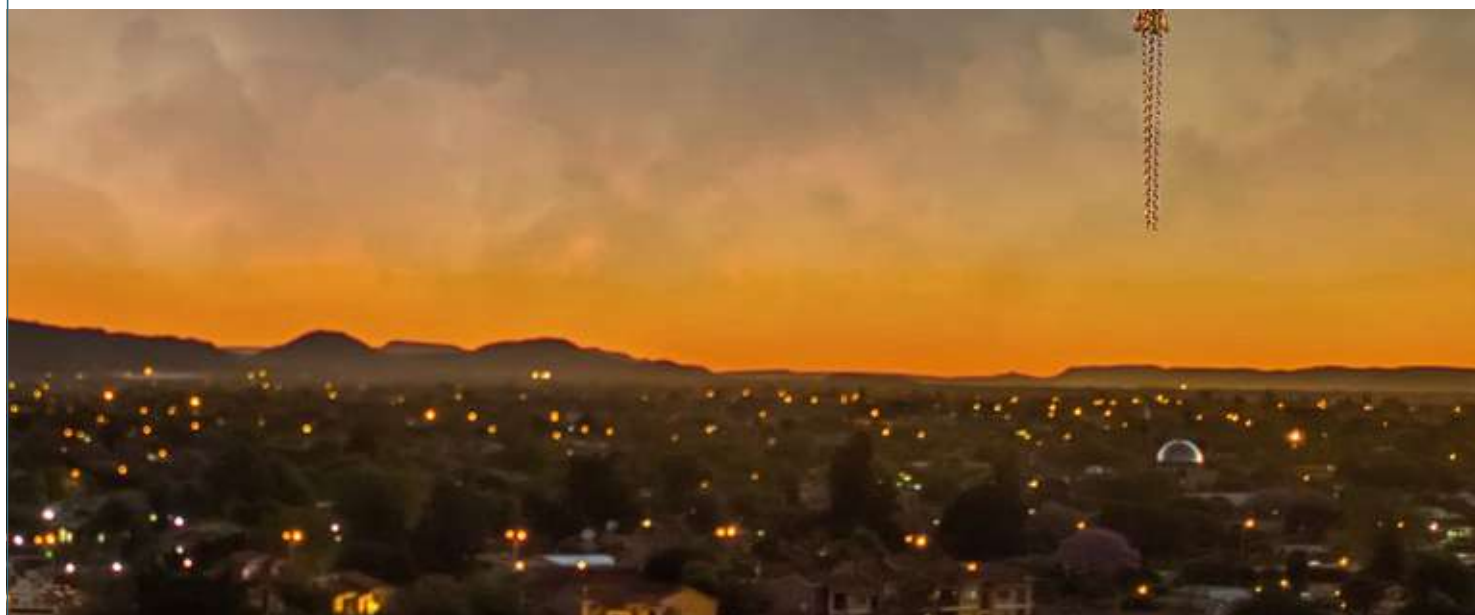
Part 3: The private side of Théophile Azomahou

Q As a final question to conclude this very interesting conversation, we have heard about Théophile the Economist and Théophile the professional, but tell us about who Théophile is outside of the professional setting. What are your passions and your hobbies outside of work?

Outside of the professional environment, I like to have fun and I joke a lot. I am a morning runner; I do this every day at 5am. I also like to walk long distance in the forest. These exercises allow me to escape, to clear my mind and to take a step back. These are also the moments when I design strategies. I also like watching movies, with a glass of wine.

But above all, I need moments of meditation. I strongly believe that every moment of life that we live is a miracle, a grace that God gives us. Our every thought and actions must be marked with humility and wisdom.

Thanks a lot for giving me the opportunity of having this conversation.





Africa's opportunities and threats

AERC's relevance in addressing structural changes on the continent

By Théophile Azomahou

Africa is facing mounting challenges in the aftermath of COVID-19 and the wake of Ukrainian crisis. Among these challenges, macroeconomic stability, and debt sustainability, climate change, energy transition, natural resources management, and structural transformation are the ones that can be overcome through increased research collaboration and capacity building across African economic researchers.

Macroeconomic stability, and debt sustainability, climate change, energy transition, natural resources management, and structural transformation are the ones that can be overcome through increased research collaboration

i. Macroeconomic stability and debt sustainability: Avoiding another lost decade for Africa?

The 1980s and 1990s were considered 'lost decades' in the history of Africa's economic development, marked by the debt crisis and structural adjustment program (SAP). The decades that followed were characterized by debt forgiveness initiatives that helped to loosen the financing constraints of states and an increase in commodity prices that sustained growth for the last two decades. However, recent years have

been characterized by a rapid return to debt and slow growth. The indebtedness and slowing economic performance have further been accelerated by the COVID-19 crisis, which has led to both increased spending and reduced revenues. The hoped-for recovery of African economies has been halted by the Ukraine crisis which accelerated inflation and a shaken macroeconomic stability. Most African economies will face significant macroeconomic instability in the coming years with limited resources to deal with them in an absence of adequate economic policy response.

In this context, research and capacity

building accompanied by policy advocacy will help spare Africa from the next 'lost decades.' Incidentally, the current debt situation is different from those of the 1980s and 1990s. Indeed, as shown in Figure 1, Sub-Saharan Africa's public debt is approaching its level of the early 2000s. The average public debt reached 60% of GDP in 2019 (IMF, 2022).

The structure of the public is a distinctive characteristic of Africa's current indebtedness compared to the 1980s and 1990s. The share of domestic debt and external Bonds increased over the last years to the expense of multilateral and bilateral debt. The new structure of Africa's public debt, while having the advantage of reducing exchange rate risks, has harmful effects

on the domestic private sector in the case of payment default or delay in disbursement. Also, the increase in external Bonds expose some African countries to the market risks. The situation in Ghana is illustrative. In any case, this time may be different: a debt crisis would be catastrophic insofar as the share of bilateral and multilateral debt shrinks over the last decades. Debt forgiveness initiative is likely to be ineffective.

Additionally, to this looming debt crisis, Central Banks are struggling to tackle increased inflation coupled with the global gloom. The average inflation increased from 3.5% in 2018-19 to 8.9% in 2022 with food and energy as the main drivers. Central Banks are caught in a hard choice of raising the policy

rate to fight inflation at the cost of accelerating the economic slowdown.

In the coming years, an intelligible articulation of research, training and policy advocacy on macroeconomic stability and specifically debt management is key to spare African economies from another 'lost decade'. AERC research and training activities will equip African researchers and policy makers with the knowledge and skills to tackle this issue.

ii. Climate change, energy transition, and natural resources management

In this global context of climate change and energy transition, Africa faces a triple challenge: (1) adapting and mitigating climate change; (2) initiating just and equitable energy transition, (3) and putting natural resources at the service of the energy transition and development while limiting the environmental and social costs of their exploitation.

Although its contribution to global greenhouse gas emissions is insignificant, Africa is the most vulnerable continent to climate change, because of exposure and its lack of mitigating capacities (IPCC, 2020). Notre Dame University vulnerability

(Total, percent of GDP)

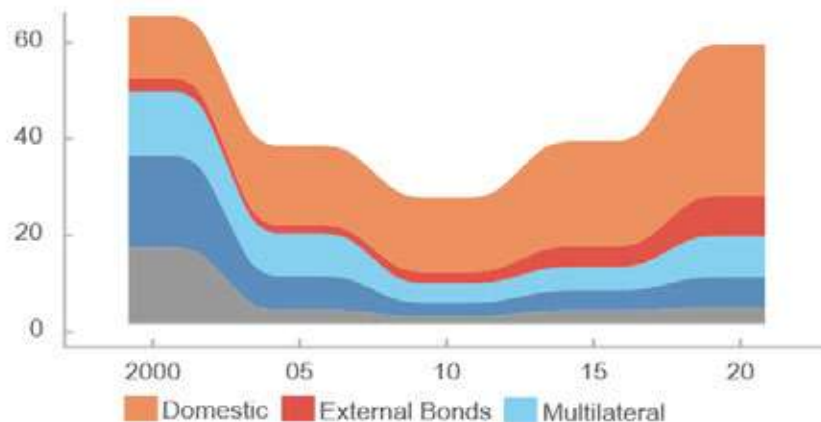


Figure 1: Sub-Saharan Africa: Composition of Public Debt, 2000–20



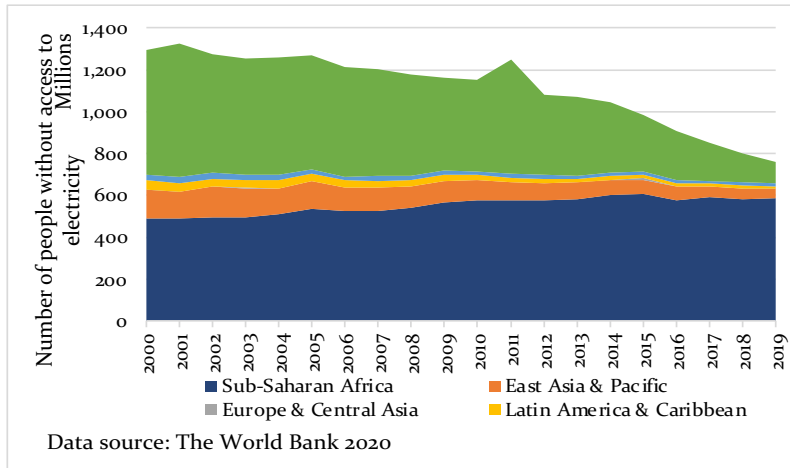


Figure 2: Number of people without access to electricity across world regions

ranking shows that the bottom ten most vulnerable countries to climate change out of 182 countries are all in Africa. At the same time, pledges for climate change adaptation and mitigation financing remain unambitious in the face of the continent's challenges. Between 2016 and 2019, Africa received about US\$73 billion in climate finance - which is less than the continent needs (estimated at over \$3 trillion in mitigation and adaptation by 2030). The continent receives less than 4% of global climate finance, while 60% of adaptation and resilience finance is in the form of loans.

In addition to the climate emergency, there is the thorny issue of access to energy. Despite the enormous potential, Sub-Saharan Africa is the only region in the world where the number of people without access to electricity is increasing (See Figure 2). Not surprisingly, the World Bank Enterprise Survey shows that energy is the top obstacle to business

operations in Africa (Asiedu et al., 2021). Moreover, fossil fuels (oil, gas, and coal) constitute a large share of Africa's energy consumption (more than 90%). This energy precarity contrasts with Africa's potential in both renewable and non-renewable energy resources. Africa holds 9% of the world's reserves (17.55 trillion standard cubic meters) and 6% of the global production for natural gas, and 7% (125.3 billion barrels) and 8% respectively of world reserves and global production for crude oil. Moreover, almost 40% of global new gas discoveries in the last decade were in Africa (mainly Senegal, Mauritania, Mozambique and Tanzania).

At the heart of these issues of climate change and energy transition are the precious minerals and raw materials, of which Africa holds a large share of the world's reserves. In the absence of good governance of these resources, Africa would still have to contribute to the energy transition of the developed

world by providing precious minerals at the cost of an environmental and ecological disaster. Africa is paying dearly for the effects of climate change without much responsibility. If the right policy measures are not undertaken, with research evidence as a backdrop, it will pay even more for the energy transition. The coming years should give room for a holistic reflection on climate change, energy transition and the place and role of natural resources in Africa.

The race for energy transition spotlights the western hypocrisy about energy transition. Furthermore, the energy crisis has called into question the credibility of calls for an energy transition. According to Nigerian Vice President Yemi Osinbajo, "Europe has had plenty of help with its energy crisis: In stark contrast, the developing world is still being held to account for its emission reduction without adequate support for its energy transition."

iii. Structural transformation: innovation, industrialization, and digital revolution

Structural transformation is one of the pressing challenges to Africa's economic take-off. It carries on the incapacity of African economies to generate inclusive growth and create jobs for the youth. Over the last decades, the share of the industrial sector in the Gross Domestic Product (GDP) has shrunk, the share of agriculture has remained similar to its level 40 years ago while the share of the services increases (Figure 3).

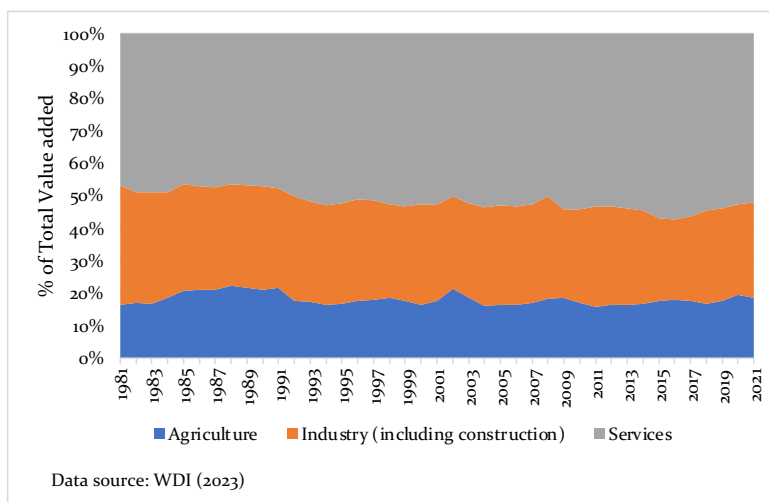


Figure 3: Structure of Sub-Saharan African economy

African economies still rely heavily on commodity export, specifically natural resources dependent countries. The 1990s liberalization policies under the aegis of the 'Washington consensus' contributed to weakening of the embryonic industrial sector. For instance, oil exports and oil revenue represent respectively more than 80% of total exports and 60% of total domestic revenue in most oil-rich countries in Africa (Algeria, Angola, Gabon, and Nigeria). The investment in the extractive sector constitutes a large share of the total investment to the expense of more productive and labor-intensive sectors such as agriculture and industry. It is unthinkable that a war in Ukraine, a country that few Africans knew before the crisis, would lead to food insecurity in a continent that holds 2/3 of the world's unexploited arable land. How African economies can foster diversification and structural

transformation is one of the key challenges for policymakers today and in the coming years. This is particularly important because African countries cannot fully address food security, youth unemployment, and people's economic and vulnerability without structural transformation. Population growth projection shows that by 2050, the African population will reach China and India populations combined. Substantial research has been done in this area including AERC collaborative research. However, a holistic approach of structural transformation including innovation, the digital revolution and regional integration needs to be taken in partnership with practitioners. The idea is to identify and implement strong policy-oriented research that will contribute to addressing the bottlenecks at continental, regional and country levels and undertake strong policy advocacy to have them implemented. Regional integration,

in particular deepening intraregional trade, is essential to structural transformation. The newly launched African Continental Free Trade Area (ACFTA) is deemed to support trade between African countries which is lower than 15% in 2022 (14.4%). However, there is little evidence on ACFTA's effectiveness especially on the critical supporting infrastructures (physical and virtual infrastructure) and the supporting reforms required. It's also well documented that Africa is at the bottom of the global value chain with its share of global manufacturing at around only 2% (AfDB, www.afdb.org). African economies still rely too heavily on raw commodities with commercial imbalance. Structural constraints and political instability jeopardize diversification and transformation in the private sector. It is urgent for Africa to diversify its economies and add value to everything that it produces. Exporting raw materials only leads to economic fragility. Innovation is key in achieving such structural transformation. Let me quote some very interesting ideas from the paper by Guzman et al. (2018). More research is needed to generate strong evidence as to how monetary and exchange rate policies can help in enhancing the industrialization of the continent (Guzman, Ocampo, & Stiglitz, 2018). One such potential policy is exchange rate management. African economies are highly dependent on agricultural and/or natural resource exports which has led to non-competitive exchange rates and low diversification



of production structures. Stable and competitive exchange rates may drive industrialisation, making investment and production in the tradable sector more profitable (Guzman, Ocampo, & Stiglitz, 2018): i) reallocating the domestic demand towards locally produced goods; ii) increasing the foreign demand for the locally (competitive) produced goods, i.e., both through export and import substitution; iii) allowing ‘infant sectors’ (with high learning spillovers) to emerge and become self-sustaining (size). A competitive exchange rate can be viewed as a lever for industrial policy, but a partial substitute for other traditional industrial policies. When there are credit constraints, interventions may give these sectors an advantage over the conditions

that the free market would provide (market failure).

iv. AERC’s new approach to research, training, and advocacy for the implementation of policy recommendations to overcome these structural challenges.

An analysis of the research activities carried out in the framework of AERC projects shows a weak articulation between research and capacity building on one hand, and on the other hand, an advocacy for the dissemination of research ex-post that limits their appropriation and implementation by practitioners.

In a new approach we intend to set up an integrated bottoms-up system where from the different issues, we involve stakeholders as much as possible from the design of the research to the dissemination of the results. The idea is to set up a collaborative research program on each issue, to produce background papers on each topic that will serve as a basis for the country case studies. These country case studies will be based on collaboration between the researchers and the administrations to identify their problems as well as their need for capacity building, both for the researchers on how to better address the policy concerns raised and for the government officials on how to implement the recommendations. Thus, the country case studies start with a dialogue between the AERC



network researchers and policymakers rather than waiting until the end of the work to hold dissemination workshops. Waiting for the dissemination of results to discuss with policymakers leads to low ownership and poor implementation. This approach will allow for synchronization between practitioners' needs and research. This upstream approach also has the advantage of promoting a pooling of research needs and greater efficiency in the use of resources.

v. Setting up a monitoring and evaluation system

Monitoring and evaluation are very important in the implementation of training and research projects. For

the implementation of collaborative research on the three challenges identified above, we will put in place a rigorous monitoring and evaluation system that will allow for action to be taken when necessary. This monitoring and evaluation mechanism will define specific, measurable, achievable, relevant, and time-bound goals to be achieved in training, research and especially the implementation of recommendations.

vi. Addressing some of the key challenges

Undertaking research activities in Africa in a close discussion with policymakers carries out some risks. To mitigate these risks, a system of

risk identification and management mechanism will be put in place to identify them early and undertake appropriate actions when needed. The first significant risk is the political and administrative instability in Africa. Regime change can often lead to a disruption of policies implemented in Africa. It is important that in the new approach, AERC ensures continuing dialogue with different governments. The second significant risk is the funding. It is imperative to diversify AERC sources of funding. Except for the Kenyan government, financial contributions from the other African governments remain sporadic. Mobilization of the other African governments will be a way to diversify funding.





AERC Session at Centre for the Study of Africa Economies (CSAE) 2023 Conference



Workshop for advanced analytical methods for human capital development, Protea Hotel, Kampala, Uganda – 13th to 17th March, 2023

AERC held a session at the Centre for the Study of African Economic (CSAE) 2023 Conference. The conference was held at St. Catherine College, Oxford University, United Kingdom. The AERC special session was themed 'Financial Development, Industrialization, Migration, and Productivity in SSA'. Three papers were presented at the conference by AERC sponsored researchers: Adedeji Adeniran, Dieudonné Mignamissi and Blaise Gnimassoun. One of the AERC board members Dr. Andrew Dabalen, World Bank Chief Economist for Africa was

in attendance. The session theme was motivated by the current economic shocks being experienced in Africa. In recent times, SSA has faced a myriad of shocks which have adversely affected economic productivity. Shrinking trade partners from the developed world, climate shocks, inflation triggered by escalating food and energy prices, the COVID-19 pandemic, debt and public finance distress and the war in Ukraine are continuously becoming persistence drawbacks on SSA growth trajectory 2. In 2012, output grew by 5%, with COVID-19 shocks in late 2019, the projected decline was 3.1%. In 2022 the sub-continent output

was projected to settle at 3.6%. The COVID-19 pandemic, though gradually declining, has grossly affected the macroeconomic fundamentals in SSA, and the consequences are likely to persist for a while. The resultant effects are strain capability to finance government operations, job losses in the private sector and outbound migration professionals outside SSA. What are the pathways of mitigating against welfare and productivity loss in SSA? The papers in the session presented evidence and policy pathways on how financial inclusion can lead to resilience to pandemic related shocks; deepening financial systems to



improve monetary policy effectiveness to manage inflation and raise output; expanding industrialization and global competitiveness of value chains would promote industrialization prospects for SSA and by promoting intra-African migration to leverage on broad human capital development in the SSA productivity may be raised.

The paper titles were:

- Financial Inclusion and Resilience to COVID-19 Economic Shocks in Nigeria.
- Effect of Intra-African Immigration on Productivity in Africa
- Global Value Chains and Industrialization in Africa



Theme: Financial Development, Industrialization, Migration, and Productivity in SSA

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Below are papers presented during the conference.

Paper Titles and Authors

TITLE: Financial Inclusion and Resilience to COVID-19 Economic Shocks in Nigeria

AUTHORS: Adedeji Adeniran and Moses Muthinja

Abstract: We examine the role of financial inclusion as a resilience factor in the effect of COVID-19 on households' welfare in Nigeria. Using a novel dataset that tracks food security among households in Nigeria before and during COVID-19, we find a negative effect of COVID-19 on welfare. The effect is more severe among households with women heads, those living in the southern region in Nigeria and lower educated households. We also test for the extent to which financial inclusion mitigates this effect through a triple difference analysis. We find that financial inclusion did not support resilience to shocks among non-agricultural households. These results suggest that the Nigerian financial system does not have sufficient depth to adequately support resilience to shocks. Thus, improvements in financial services such as credit access are important interventions to support resilience.

TITLE: Chaines De Valeurs Mondiales Et Industrialisation En Afrique

AUTHOR: Bernard Nguekeng et Dieudome Mignamissi

Abstract: L'objectif de cette réflexion est d'analyser les principaux effets de l'intégration des pays africains dans les CVM sur leur niveau d'industrialisation. Pour y parvenir, nous avons établi une équation d'industrialisation qui tient compte des réalités économiques de ce continent. Nous avons ensuite estimé cette équation par l'estimateur GMM en système sur un échantillon de 51 pays africains sur la période 1996-2018 à partir des données issues des bases d'organismes internationaux. Il ressort de ces estimations que : (1) la participation et la position des pays africains dans les CVM contribuent positivement à leur industrialisation. Les importations des produits intermédiaires favorisent l'accès aux machines et à la technologie étrangère qui stimulent la production locale. Par ailleurs, la position dans ces chaines limitée aux activités d'assemblage permettrait également de véritables avancées industrielles ; (2) les principaux facteurs influençant la transmission des effets indirects des CVM vers l'industrialisation sont le capital humain et le capital physique ; (3) les résultats obtenus sont stables après plusieurs tests de robustesse relatifs aux différentes modalités d'intégration dans les CVM, à la conception d'un nouvel indice de participation aux CVM et aux spécificités sousrégionales. Fort de ces résultats, nous suggérons des mesures politiques pour une forte participation, mais aussi pour l'amélioration de la position dans les CVM, sans oublier de concevoir une



TITLE: The Impact Of Financial Development On The Effectiveness Of Monetary Policy In South Africa

AUTHOR: Patrick Ndzinisa

Abstract: The study examines how financial development affects the effectiveness of monetary policy in influencing output and inflation in South Africa, through its interaction with the repo rate. Monetary policy effectiveness in this relationship is measured by the responsiveness of output and inflation to an interaction term between a financial development indicator and the repo rate. This is carried out by estimating an output and inflation equations incorporating the interaction term as an explanatory variable in each of the output and inflation equations. If the coefficient of the interaction terms is negative and significant, it implies that the effectiveness of monetary policy in influencing output and inflation is enhanced. On the other hand, a positive and significant coefficient of the interaction terms means that the interaction of the financial development with the repo rate dampens monetary policy effectiveness in influencing output and inflation. Considering the adoption of an Inflation Targeting (IT) monetary policy framework in 2000, the study further examines how the regime shift has affected the effectiveness of monetary policy in South Africa. The study employs an Autoregressive Distributed Lag (ARDL) model to analyse the data for long-run co-integration and an Error Correction Model (ECM) to test for a short-run relationship. Additionally, the study uses a structural VAR to assess how long it takes for the interaction terms to have full impact on output and inflation. The study concludes that the effect of monetary policy in influencing output and inflation is enhanced through the interaction of the bank-based financial development indicator with the repo rate in South Africa. It also concludes that it takes about 3 quarters and 4 quarters for the bank-based interaction-term to have full impact on output and inflation respectively, which is quicker than it takes for the repo rate individually to have full impact on these variables. The study also finds that the adoption of the IT monetary policy framework has improved the effectiveness of monetary policy in influencing inflation at the expense of output. The study recommends that the South African Reserve Bank (SARB) should consider the bank-based financial development indicator when formulating its monetary policy.

TITLE: Effect of Intra-African Immigration on Productivity in Africa

AUTHOR: Blaise Gnimassoun

Abstract: Contrary to popular belief, the majority of Africans who migrate stay in Africa. Intra-African migration is thus a fundamental vector of regional integration in Africa, but its impact on African economies is little studied. In this article, I study the impact of intra-African immigration on labour productivity in Africa as well as its macroeconomic and sectoral components. Empirically, the paper is based on a panel of 187 countries, including 53 African countries over the period 1990–2019, and a gravity-based two-step least squares approach to deal with endogeneity. The results show that intra-African immigration has a positive, significant, and robust impact on labour productivity in Africa. This impact is greater than the effect of immigration in a global sample and affects all institutional sectors of the economy as well as total factor productivity.



Nobel Prize in Economics



Esther Duflo (MIT)

A plenary Session will be held in recognition of Esther Duflo (MIT, 2019 Nobel Prize laureate).

Esther Duflo (MIT), Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, 2019.

Esther Duflo is an economist who was awarded the Nobel Prize in economics in 2019. She was recognized for her work in using randomized controlled trials (RCTs) to address poverty and development issues. Duflo is a professor at the Massachusetts Institute of Technology (MIT) and co-founded the Abdul Latif Jameel Poverty Action Lab (J-PAL) with Banerjee. J-PAL is a global research center that aims to reduce Poverty by ensuring that policy

decisions are based on scientific evidence.

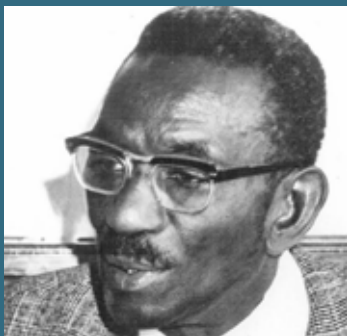
Confirmed Keynote Speakers

- Daron Acemoglu (MIT)
- Ernest Aryeetey (The African Research Universities Alliance, Univ. of Ghana)

Esther Duflo (MIT), Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, 2019

- Nathan Nunn (University of British Columbia)
- James Robinson (University of Chicago)
- Kevin Chuka Urama (African Development Bank), Vice President/Chief Economist
- Léonard Wantchekon (Princeton University)

Cheikh Anta Diop Centenary and Adam Smith Tercentenary Commemorations



Cheikh Anta Diop

To commemorate Adam Smith's tercentenary, AERC will host a high panel discussion for Adam Smith's Tercentenary on the sidelines of the AFES 2023 in Nairobi.

The AERC will be marking the 300th Anniversary of the pioneering father of modern economics, Adam Smith, best known for his influential book "The Wealth of Nations," which was published in 1776. The commemoration will provide an opportunity for policy makers and scholars to reflect on the challenges facing the global economy today and consider how Smith's insights might be applied to address them. AFES will hold a plenary Session



sponsored by African Export-Import Bank in Memory of the Scholarly work of Cheikh Anta Diop - Léonard Wantchekon (Princeton): "Institutional experimentation, political agency and development" Chair: S. Osotimehin (UQAM)

Cheikh Anta Diop (1923 - 1986) was a Senegalese historian, anthropologist, and politician who made significant contributions to African history, Egyptology, and linguistics. His work has had a major impact on the study of African history and culture. He is one of the greatest African historians in the 20th century. His legacy continues to inspire scholars and activists around the world.

Some of Cheikh Anta Diop's most notable achievements include:

- Development of the concept of Negritude
- Promotion of African languages and cultures
- Pioneering work in Egyptology
- Use of scientific methods in historical research
- Political Activism



Financing Human Capital Investment, Uganda

The African Economic Research Consortium (AERC) held a workshop on Financing Human Capital Investment in Kampala, Uganda, from the 3rd to the 5th of April 2023. The workshop aimed to provide policymakers, researchers and technical staff of policy-making and research institutions with analytical skills and tools to enhance their research capability to carry out evidence-based policy-oriented research.



Veerne Koops visit to AERC



On 28 February 2023, AERC hosted Veerne Koops, an Advisor to the (dep) Director-General for International Cooperation at the Netherlands Ministry of Foreign Affairs (MFA). Ms. Veerne passed by AERC enroute Kigali, Rwanda for the Knowledge Platform on Inclusive Development Policies (INCLUDE) Platform meeting that will be held on 2-3 March 2023, to plan the next phase for the platform (2023 -2026).

Ms. Veerne represents the MFA at the Knowledge Platform on Inclusive Development Policies (INCLUDE)

Platform, one of the five platforms which the ministry funds. African Economic Research Consortium (AERC) is a consortium partner in INCLUDE together with the African Studies Centre and the Broker. Since 2012 when INCLUDE was established, AERC has enjoyed a cordial relationship with the MFA. The MFA considers AERC as an important knowledge partner, and the visit provided Ms. Veerne with an opportunity to further understand AERC's work and to discuss areas of common interest for potential

collaboration.

The Ag. Executive Director of AERC, Prof. Théophile Azomahou received Ms. Veerne and introduced her to the AERC staff. The discussions involved AERC's key interventions in training, research, and policy outreach and how these have influenced policy-making and practice in Africa. Clearly, the MFA and AERC have a common interest to contribute to SDG 8 on decent work and economic growth. Other areas of common interest are green jobs, impacts of climate change, digitalization and the rise of intangibles, resilience, and the impacts of Chinese investments in Africa. The common challenges such as 'populism' and 'post truth' and how consistent high-quality research and systematic engagement can instill confidence among decision-makers to use evidence were also discussed. AERC and MFA will continue with deliberations that would lead to collaborations to address current and emerging opportunities and challenges in these areas.



Let Us Have Better Policies to Ensure CBC Achieves its Target

By Prof. Théophile Azomahou, AERC Executive Director

The Constitution of Kenya provides for the right to quality education and training for all. Kenya's development blueprint, Vision 2030, aims to transform Kenya into a newly industrializing, middle-income country that provides high-quality life to all its citizens by 2030 and education and training are distinct enablers to this vision.

Since independence, Kenya has constituted six commissions and several task forces to reform the education system to meet the country's social, political and economic needs. Most recently, in 2017, we had the most comprehensive education reform since 1981; introduction of the Competency Based Curriculum (CBC). The aim of the

CBC is to guarantee basic education for every learner according to their abilities and needs.

The Ministry of Education has put in place several policies, laws and regulations aimed at guiding the implementation of the CBC in the country. Despite all these, challenges related to access, equity, quality, relevance and efficiency in the management of education resources are yet to be adequately addressed. Many questions have been raised with regards to the implementation of these policies and their positive effects on learning as well as their sufficiency.

The comprehensive catalogue of policy documents relating to the education sector clearly shows that problems have been extensively addressed. However, many questions have been raised with regards to the implementation of these

policies and their positive effects on learning and if these are sufficient.

The implementation of CBC is being guided by several policies. While the policies are well intentioned, this curriculum is still marred by uncertainties, as it is increasingly becoming evident that the reforms may not necessarily close the equity gaps.

The National Plan of Action for Children 2015-2022 provides for children's rights to survival, protection, health, education among others, however, there is lack of provision of free and compulsory Pre-Primary Education. It needs to be revised to ensure free and compulsory provision of education for Pre-Primary for all 4- to 5-year-olds in Kenya. Free Primary Education (FPE) and Free Day Secondary Education (FDSE) programs were instituted in 2003 and 2008 respectively. One of the ways the government is doing this is through capitation grants, however, from time to time, the Government makes provision for school Boards of Management and Parent Teachers Associations to institute some levies, for example. This negates the whole idea of free and



compulsory schools. In addition, there lacks a legal framework to enforce free and compulsory basic education. There is also a lack of monitoring and evaluation of the impact it has had since implementation.

The National School Health policy (2009) calls for provision of health and nutritional support for 0-5-year-olds attending daycare centers and schools. The health of a child in the early years is very critical in determining proper growth and development. The health and nutrition status are a significant determinant of the child's holistic development and learning ability. This policy however lacks the implementation guidelines on health and nutritional support required both from parents/guardians and schools to ensure continuity in and out of school meals.

Sector Policy for Learners and Trainees with Disabilities (2018) calls for the development and implementation of

early identification, assessment and intervention standard procedures and guidelines for learners and trainees with disabilities. The Kenyan education system also has policies to ensure that space, resources and training in mainstream schools are all inclusive so that children with and without disabilities can learn alongside each other. There is no doubt that the Government is working hard, but a lot more can be done to encourage education for PWDs in our society. More training and deployment of special needs teachers in public schools, creation of more special needs centres integrated into the public school system, improving the pay and remuneration of these teachers to encourage more youth to get into the profession and societal assistance through donations to improve learning, infrastructure and also education to end the stigma associated with disabilities.

The quality of teachers determines

the quality of education in a country. To ensure quality, the Government enacted the Policy Framework for Education and Training (2016) that guides teacher training and professional development. The TSC Act of 2012 needs to be reviewed with regards to teacher staffing norms to ensure quality curriculum delivery. Teachers also need to be trained to fit into the CBC curriculum, especially those whose training was focused on 8-4-4, we need refresher workshops and deliberate efforts to ensure all staff are aligned to the primary needs of the system.

The Kenyan Government's mission is to create an education and training environment that equips learners with desired values, attitudes, knowledge, skills and competencies, particularly in technology, innovation and entrepreneurship. Alignment of the listed policies, among others, will help achieve this.

One Size Fits All Solution to Tackling High Youth Unemployment Rates in Africa

By Prof. Théophile Azomahou, AERC Executive Director

World Economic Forum estimates, more than 60% of Africa's population is currently aged below 25 years and projects that by 2030, these young Africans will constitute 42% of the world's youth population

The World Economic Forum estimates that more than 60% of Africa's population is currently aged below 25 years and projects that by 2030, these young Africans will constitute 42% of the world's youth population.

The International Labour Organisation estimates that almost 250 million people in the continent are aged between 15 and 24 years. They make up 40% of the workforce and 60% of the unemployed active labour force.

In Kenya, the youth who form 35 percent of the country's population, have the highest unemployment rate of 67 percent according to the Federation of Kenya Employers. This number is expected to keep rising as more than one million young people enter the labour market annually. Many of them are unskilled either because of dropping out of school or not enrolling in a college to further their studies. Unfortunately, the problem of youth unemployment continues to be a major challenge facing the continent. This unemployment crisis must be tackled as the continent's youth



population are the driving force of Africa's economic prosperity.

While governments and the private sector continue to formulate policies, create shared opportunities and platforms in a bid to reduce unemployment, more needs to be done. Countries like Ghana continue to host the African Policy Dialogue (APDs) under their INCLUDE programme as a way to find solutions to the high unemployment rates. While the APDs are yet to come up with a lasting solution, they have been instrumental in recognising that policy themes and our approach as a continent towards unemployment need to change.

Given the variety and diversity of interventions throughout the continent, it is important to note that there isn't a one-size-fits-all solution to the challenges African countries face in their bid to create jobs for their youthful population. The problems are complex and the unemployment crisis cannot be solved using traditional methods. There is a need for a new endogenous economic policy in Africa. The economic disruptions brought on by the COVID-19 pandemic, austerity measures, persistent inequality, and

poor governance policies have been cited as some of the major contributors to the limited job opportunities across the continent.

Some of the solutions to these challenges include accelerating industrialisation, strengthening urban-rural linkages, and connecting foreign investment with local entrepreneurship.

African leaders must develop policies (such as making financing more accessible) that support small businesses and young entrepreneurs and enable them to thrive and succeed. It is no secret that only a select number of young people can be absorbed into formal employment, which is why African countries need to support and build up SMEs and those in the informal sector. Governments also need to channel investments to vocational training and in making the education systems more relevant.

African governments must invest in a broad range of programmes such as Science, Technology, Engineering and Mathematics (STEM) and social sciences, as well as technical and vocational education that focuses on skills development and training. The education and training need to

be relevant to the socio-development of African economies and tackle the various challenges the countries face.

Despite the hurdles, progress is being made. Countries like Ghana and Kenya have implemented measures that seek to address this unemployment crisis. National Builders Corps, also known as NABCO, is a government initiative that seeks to provide jobs to unemployed post-secondary school graduates in Ghana. Ajira Digital is a Kenya government initiative driven by the Ministry of ICT, Innovations and Youth Affairs to empower over one million young people to access digital job opportunities.

While these interventions and programmes are steps in the right direction in creating jobs and opportunities for young people, they are not the standard roadmap to reducing unemployment rates. Formal employment is also not the answer. What is needed is a broad range of diverse options that utilise and empower Africa's best resource, its youth. African countries must prioritise and invest in skills development of their young people to equip them for future work.





Focus on: Jacqueline Patrick Majuva



Q What is your name and what are you currently doing?

My name is Jacqueline Patrick Majuva, and I am currently a Masters student at the Sokoine University of Agriculture pursuing a Master of Science in Agricultural and Applied Economics.

I am overjoyed to be a part of the curriculum; after all, the program necessitates broad and critical thinking in all aspects. As a student, I needed to be well-versed in agricultural policy, both locally and throughout Africa. The shared facility provided me with the opportunity to comprehend global economic issues and notably the CAADP commitments and the Africa Agenda 2063. Furthermore, owing to network and power interruptions, online studies have been problematic, resulting in missed lessons and exam delays at times.

Q In detail, how was your CMAAE Experience?

I was unable to get sponsored by CMAAE considering that it only admitted a limited number of students; nonetheless, I participated in the program by completing optional electives at a shared facility.

Q What motivates you in Academia? Do you see yourself still active in Academia in the next 5 years?

My academic motivation stems from my desire to understand issues and

tackle various challenges during my studies. I welcome any challenge, not only academically, but in life in general, since I enjoy seeing myself do well so that I may inspire people who look up to me.

Yes, I intend to remain in academia for the next five years in order to obtain a PhD and, eventually, a professorship. Through academics, I hope to make an impact on women.

I have always respected and had high discipline in my academic life, so studies take a high priority in my schedule because I believe that performing well begins with doing well in the assignments and homework given in class, as they are the foundation of the final evaluation, which many people overlook. As a result, I participate in extracurricular activities in my spare time or on weekends.

Q Any Word of advice for students who aspire to be part of the CMAAE programmes in the near future?

Students should be prepared to study and synthesise large portions of the information on their own. They must be kept up to date on what is going on in the country, regionally, continentally, and globally.

Q How does it feel to get recognition for exemplary performance? When starting the programme, did

you see yourself emerging among the top students?

I am thrilled and proud of myself and my Sokoine University classmates for consistently pushing each other to achieve higher levels of brilliance. When I first started, I never saw myself in such a position, but following the orientation on the first day at SFSE, the previous best performers pushed me and made me believe it was conceivable and doable. And now I've arrived.

implemented measures that seek to address this unemployment crisis. National Builders Corps, also known as NABCO, is a government initiative that seeks to provide jobs to unemployed post-secondary school graduates in Ghana. Ajira Digital is a Kenya government initiative driven by the Ministry of ICT, Innovations and Youth Affairs to empower over one million young people to access digital job opportunities.

While these interventions and programmes are steps in the right direction in creating jobs and opportunities for young people, they are not the standard roadmap to reducing unemployment rates. Formal employment is also not the answer. What is needed is a broad range of diverse options that utilise and empower Africa's best resource, its youth. African countries must prioritise and invest in skills development of their young people to equip them for future work.

ALUMNI FOCUS



Focus on: Sulman Olieko



Q What is your name and what are you currently doing?

My name is Sulman Olieko Owili, and I am a Masters student in the Department of Agricultural Economics at The University of Nairobi. I recently completed my thesis proposal write-up. My thesis focuses on comparative analysis of technical efficiency and eco-efficiency between adopters and non-adopters of agroecological fruit fly management strategies among mango farmers. Hopefully, I will collect data soon after departmental defense to allow me write my thesis in readiness for the December graduations later this year. I feel honored to have been selected to participate in the prestigious Problem-Based Learning (PBL), University of Nairobi chapter for the 2022/2023 academic year, under the mentorship of Dr Lucy Njeru. This program offers a unique opportunity to work with other students from five universities in Kenya and Zambia to solve real-life problems in society. Through the PBL, I will develop a better understanding of how to apply my academic knowledge and skills to practical challenges, and I am looking forward to this collaborative learning experience.

Q In detail, how was your CMAAE Experience?

I have enjoyed being a student in the CMAAE program. But this is not to mean that it has been without challenges. I joined the program 9 weeks later than

my peers, leaving me with only seven weeks to catch up on the first semester's curriculum. Fortunately, I managed to obtain recorded lectures from my fellow students, which enabled me to make up for the missed classes. When I couldn't access certain recordings, I relied on personal studies and class discussions to fill in the gaps. Although it was difficult juggling studies with work, I was able to persevere. I was working as a Biology-Agriculture teacher and doubling as the Boarding Master for a high school in Ruiru, but I resigned from work soon after I got admitted into the CMAAE program to fully concentrate on my studies as per the program's requirements.

I came into the program with a weak background in Economics as my undergraduate degree was in Agricultural Education and Extension. Consequently, I struggled throughout the first semester. However, after resigning from work, I made a daily commute to campus to study despite the classes being held online. This helped me improve my understanding of the coursework and bolstered my academic performance. The second semester was the most intense yet interesting part of the CMAAE program, with five comprehensive course units, each progressively intensifying throughout the semester, every day was a learning day. A small group of classmates and I committed to studying on campus from early morning until 9pm, often into the weekends as well. By the end of the second semester, my hard work paid off as I topped the second semester exams.

While I wished that the third semester could have been conducted in person at the University of Pretoria, the virtual learning environment, and knowledgeable instructors from across Africa, made the program lively and contributed greatly to my academic achievement. I specialized in Agricultural Policy Analysis, Agricultural Marketing and Price Analysis, and Quantitative Methods for Policy Analysis. I was particularly enthusiastic about the latter course unit and found it relatively easy to master the R codes and content as I had already developed an interest in Econometrics and Production economics during the previous semester.

Q How did you get to be part of the program?

In 2020, I graduated with First-Class Honors in Bachelor of Science in Agricultural Education and Extension from The University of Nairobi. Throughout my undergraduate studies, I developed a strong interest in advancing my education to become a competent agricultural specialist and eventually a lecturer. However, my interest was short-lived when I discovered a passion for computer programming. Therefore, I applied for a masters degree in Agricultural Information and Communication Management (AICM) at the same department where I studied as an undergraduate. Miraculously, two things would happen to completely shift my academic trajectory. First, only three students registered for AICM and

ALUMNI FOCUS



since the course was no longer funded by RUFORUM, it was not feasible for the university to proceed with the program that year. Second, I had already been awarded a University of Nairobi Scholarship for the AICM program, which was time-constrained. I had to make a decision whether to accept the scholarship or lose it since the eligibility criteria would not allow me to secure it the following year. After consulting with the then Chairman, Prof. John Mburu, I learned about the CMAAE program and decided to transfer from AICM to CMAAE. Prof. Mburu provided valuable insights and guidance throughout the process, which helped me navigate the transfer with ease.

Q What motivates you in Academia? Do you see yourself still active in Academia in the next 5 years?

Being an applied agricultural economist means being part of a global team that constantly works to address real-life problems. The challenges associated with climate change, pest invasions, and disease outbreaks require urgent, calculated responses to advance sustainability and resilience. Therefore, competent researchers must be involved in designing and evaluating targeted interventions for sustainability.

As soon as my thesis is approved this year, I plan to enroll in a PhD program in Agricultural and Applied Economics, focusing my research on the economic and environmental efficiency effects of climate-change-induced risk attitudes among smallholder farmers. In the next five years, I hope to earn my Doctorate degree and become more active in academia.

Q How were you able to balance between being part of the program and your other life commitments?

When I got admitted into the program, I had to resign from my work to fully concentrate on my studies. It was difficult for me to be on campus fully

without any source of income because the university stipend barely covered my accommodation fees. However, I managed to survive. Just as daily life is full of trade-offs, so is education. I learned to prioritize my time effectively by creating daily and weekly schedules. This helped me in managing my time by avoiding procrastination. For example, I would use my breaks between classes to review notes or complete assignments, so that I could save more time for other commitments. I learned to be flexible with my schedule, especially during times when unexpected events or emergencies arose. This allowed me to adapt to changes without compromising my academic progress or other life commitments.

Q Any Word of advice for students who aspire to be part of the CMAAE/CPP/ CMAP programmes in the near future?

The CMAAE program not only opens doors to the world of research, but also provides a platform for students to gain various competencies and technical skills that are rare and vital for success in the 21st century. With the annual scholarships offered by AERC, the program provides an equal opportunity for all students, regardless of their background or economic status, to access quality education. Moreover, the CMAAE program offers a diverse range of courses and modules that are tailored to meet the current demands and trends in the field of agricultural economics. The program also provides students with an opportunity to interact and learn from experts and professionals in the industry, through guest lectures and seminars.

Furthermore, the program equips students with skills in critical thinking, problem-solving, and data analysis, which are highly valued in the job market. This makes the CMAAE program a worthwhile investment for students who are seeking to enhance their employability and advance their career prospects.

Succinctly, the CMAAE program offers a

unique opportunity for students to develop their knowledge and skills in agricultural economics, gain exposure to cutting-edge research, and enhance their employability. To succeed in this program, one must be willing to commit time and effort, and be open to learning and discovery.

Q How does it feel to get recognition for exemplary performance? When starting the programme, did you see yourself emerging among the top students?

Being declared the overall best student among the eight major universities across East and Southern Africa that participated in the SFSE 2022 is a humbling experience. It is particularly gratifying to have excelled in Quantitative Methods for Policy Analysis, one of the most challenging electives in the SFSE.

At the onset of the program, I had no illusions of emerging as the top performer. However, I was determined to succeed and had faith in my ability to do so. I approached the program with a positive attitude, an open mind, and a willingness to learn. One of the keys to my success was hard work and dedication. I put in long hours of study and practice, and I made the most of the resources available to me, such as online tutorials and group study sessions. Moreover, the SFSE program offered a unique opportunity for me to interact and network with students from different backgrounds and cultures. This enriched my learning experience and broadened my perspective on global issues.

Summarily, emerging as the overall best student in the SFSE 2022 was a testament to my determination, hard work, and willingness to learn. It is a milestone that I am proud of and that, I hope, will open doors for me to pursue my career aspirations. I am grateful for the support of my lecturers, peers, and family, who contributed to my success.

SENIOR POLICY SEMINAR



Human Capital Development

Senior African Policy Makers Reaffirm the Critical Role of Human Capital for Development in Africa

At a Senior Policy Seminar held in Nairobi, Kenya on 29-30 March 2023, hosted by the African Economic Research Consortium (AERC) and supported by the Bill and Melinda Gates Foundation (BMGF) focusing on the theme, “Human Capital Development in Africa,” senior policy makers from around the African continent adopted a declaration as an affirmation of their strong commitment to supporting human capital development for enhanced transformation of African economies.

SENIOR POLICY SEMINAR



Declaration

Nairobi, March 30, 2023

We African Senior Policy Makers assembled at the AERC Senior Policy Seminar,

Affirm that human capital—the education, skills, culture, gender and health of a people is crucial for development in African countries and – plays a pivotal role in the transformation of African economies.

Recognize that Sub-Saharan Africa scores the lowest of all the world's regions on the World Bank's Human Capital Index, a measurement of how well countries invest in the next generation of workers.

Further recognize that there is improved households' access to health care, school enrolment and amenities and tools to enhance quality of life, however, the goal of human capital and quality of life still lags significantly behind.

Commend that even though access to sources of human capital in Africa is still low, it has increased significantly over the past two decades.

Note that human capital development is critical for building sustainable, resilient, and inclusive growth in Africa, and that investment in human beings for improved social and economic outcomes in future – through quality education, health care nutrition, jobs and skills – is vital to ending extreme poverty and creating more inclusive societies.

Further note that developing human capital in Africa requires a massive and coordinated effort to strengthen the quantity, efficiency, and impact of investments in people. Thus, the need to facilitate regional and country-owned policy reforms, action plans and cross-country learning.

Mindful of the reality of key constraints on human capital accumulation, such as

weak public financial management (PFM) and service delivery systems (SDM).

Also mindful of the need to address policy reforms that would enable Africa's young people to grow up with optimal health and equipped with the right skills to compete in the digital global economy.

Appreciate the urgent need for human capital development policy reforms and institutional innovation to overcome these obstacles, with an emphasis on stronger implementation.

Acknowledge the importance of tackling problems related to human capital development and how to improve the capability of the continent and its policy makers to confront human capital development challenges, and leverage the opportunities they present, as it confronts its development challenges.

Recommendations

1. Affirm that assisting policy makers and other actors to improve generation and management of knowledge on Africa's human capital so as to address key constraints on human capital accumulation, and respond effectively to these challenges.

2. Commend the critical role of African Economic Research Consortium (AERC) and its partner institutions, in capacity building for promoting evidence-based policies as well as generating the knowledge basis for decision making on such key economic policy issues as human capital.

3. Take note of the multiple overlapping global crises – including the COVID-19 pandemic, climate change-induced natural disasters, and regional armed conflicts, which have underscored the need to protect and bolster human capital in the overarching effort to save lives, promote well-being, and

safeguard future productivity.

4. Confirm to the leveraging of technology and innovations in projects to further develop human capital as well as support policy reforms to overcome legal and regulatory constraints.

5. Further Confirm to undertake consultations within our own Governments, both national and sub-national, to explore the scope for advancing research to strengthen the knowledge base and the demand side of human capital.

6. Call for renewed efforts towards the implementation of the Abidjan Declaration of July 15, 2021, that established three priorities for Africa: (i) human capital improvement, (ii) job creation through private sector development policies, and (iii) economic recovery.

SENIOR POLICY SEMINAR



The SPS Delegates Voices



Background: Below are the voices of the SPS delegates on their views about SPS on Human Capital Development and how policy framework can be influenced for human capital development in Africa.

How do you think you can influence human policy for human capital development in Africa?



Abigail Iliyade - Nigeria

Assistant Director, Certified Management Consultant, Gender Specialist, Researcher and a trainer

Agricultural and Rural Management Training Institute

This seminar helped actualize Africa's potential to develop in terms of technology (digital age) and change the traditional mindset into embracing digital advancement



Andrew George - Sierra Leone

Senior Regional Program Officer, National Commission for Democracy

By raising awareness and ensuring that government implements policies in the area of development in human capital, we influence human policy for human capital development in Africa.



Dr Chinenye Ikeagu - Nigeria

Planning Officer, National Population Commission

Based on the experience of working with the National Population Commission, the SPS provided a platform for formulating policies that will benefit the development of human capital in Africa.



Dr Dirk Willem te Verde

Professor and Director at International Economic Development

Through analysis, I believe we can influence human policy for human capital development in Africa. This SPS stimulated policy makers to come together and set the right framework for countries to grow and develop their human capital.

SENIOR POLICY SEMINAR



H.E. Dr. Kheswer Jankee

Ambassador of Mauritius Russian Federation

The SPS on HCD presented a great opportunity for discussing experiences on policy making and giving insight on Mauritius economic growth, and ways to invest in human capital in the country.



Hon. S.E. Osmond Hanciles

Deputy Minister Sierra Leone

By changing the development model in Africa to improve quality of education and reduce poverty with the help of the World Bank's shared prosperity model to increase human capital development and economic growth.



Mr. Chris T. Muganga

Chief Executive of Zimbabwe National Chamber of Commerce

By redesigning our education systems in Africa and improving the quality of policy making through rigorous research and making Intra Africa trade a reality for this continent.



Ms. Shamira Ahmed

Executive Director of the data economy policy hub

We can influence human capital development in Africa by participating in digital development with a focus on economic regulation, data governance and sustainable digital development. Also, by learning and contributing to discussions with key policymakers and thought leaders on the most pressing issues of the 21st century.



Prof. Albert Makochekanwa

Professor under the department of Economics and Development at the University of Zimbabwe

By interacting with students in their various capabilities; Contextualized knowledge is provided in the context of Zimbabwe in Africa which influences a positive contribution to human capital development in the country.



Scholastica Odhiambo

Research Manager of AERC

By improving livelihoods through sustainable provision of education, sustainable health services, and also giving employment opportunities to women and youth, we can influence human policy for human capital development in Africa. contribution to human capital development in the country.

AERC ROUND UP



Research Workshops

RESEARCH DEPARTMENT

Advanced Analytical Methods for Human Capital Modelling Technical Workshop

AERC is in the frontline to improve the capacity of researchers in the Thematic Research Programme. A technical workshop 'Advanced Analytical Methods for Human Capital Development Modelling' was held from 13-17 March 2023 in Kampala, Uganda. A total of 27 researchers from eight Sub-Saharan African countries (Nigeria, Ethiopia, Kenya, Uganda, Burkina Faso, Senegal, Madagascar, and Cameroon) benefited from the five day-training. Of the 27 researchers, 44% were women, while 48% were from francophone countries. The facilitator of the course was Dr. Abbi Kedir from Sheffield University. The aim of the technical workshop was to enhance competencies of the BMGF Human Capital Development thematic researchers in application of advanced analytical methods for human capital development research they are undertaking. The training covered conceptualization, advanced methodological exposition in cross-sectional data, time-series, longitudinal and panel data modelling in human capital development studies.



Collaborative Research projects

During the period of January to March 2023, several program activities were undertaken.

Date	Project/Activity	Collaborative Activities
January 16-17, 2023	1.1. GPIR Cohort II Mid-Review Workshop - (Virtual)	The AERC Collaborative Research GPIR Cohort II project Mid-Review Workshop was held virtually on January 16-17, 2023, 19:00-22:00 (GMT+3). The 7 papers presented were approved to proceed to Final Report upon incorporation of reviewer comments.
January 18, 2023	1.2. Impact of war in Ukraine (virtual)	<p>Through generous support by IDRC, AERC, ERF and PEP formed a partnership to undertake in-depth study through collaborative research of the impacts using three-pronged approaches. The major objective of the collaborative research effort is to examine the macroeconomic channels, impacts, and potential responses to the RUW shock both in the short to medium run and in the long run under alternative scenarios of the shock's size and duration.</p> <p>A preliminary Finding Virtual workshop on "The Impact of the War in Ukraine: Food Security and Compounding Development Challenges" was held virtually on 14 March 2023 at 3pm (Cairo Time) / 4pm (Nairobi time) to discuss the three components of the project among authors and research experts in the field to improve the final output. This workshop was organized by ERF with 25 participants (6 female and 19 male).</p>
January 23-26, 2023	1.3. Addressing Health Care Financing and COVID-19 in Africa: Mid Review Workshop - (Panaf-ric-Kenya)	The AERC with funding from SIDA is implementing the country case studies phase of "Addressing Health Financing Gaps and Vulnerabilities in Africa due to the COVID-19 Pandemic" collaborative research project. The in-person Mid Review Workshop was held on January 23-26, 2023 in Nairobi-Kenya at the Sarova Panafric Hotel January 2023 in Nairobi. The final workshop will be held in the 1st week of July 2023 (3- 7 July 2023) in Kenya.
March 1-2, 2023	1.4. INCLUDE Workshop, (Hybrid in Kigali, Rwanda)	AERC collaborates with the Dutch-supported Knowledge Platform on Inclusive Development Policies (INCLUDE). The Platform's goal is to encourage the use of research evidence in policy making and implementation to address poverty and inequalities to attain inclusive development objectives in Africa and the Netherlands. INCLUDE Platform had a hybrid meeting from 1-3 March 2023 at the ParkInn by Radisson Hotel in Kigali, Rwanda, to plan for the new phase (2023-2026). At the same time, the African Policy Dialogues (APD) session in Kigali was also held to share common knowledge and successes from the past phases and to reflect on how to improve their impact in the new phase. 24 participants attended physically (13 male and 11 female).
March 5-11, 2023	1.5. BMGF Human Capital Development (Individual & Institutional) CCS - Final Review Workshop Policy Brief Training (Physical -Senegal)	The AERC-Bill and Melinda Gates Foundation (BMGF) project on Building Policy Research Institutions to Support Human Capital Development in Africa (HCD) is implemented in partnership with Think Tanks from seven (7) Sub-Saharan African countries (Nigeria, Ethiopia, Kenya, Uganda, Burkina Faso, Senegal, and Madagascar) is undertaking 16 Country Case Studies towards reinforcing country level human capital policies. The Final review workshop was held back-to-back with a policy brief training workshop on March 6-12, 2023 in Dakar, Senegal for both individual (10 papers) and institution (14 papers) researchers with 16 females and 23 males attending.
March 10 2023	1.6. Evidence to Drive Reforms for SDR Financing in SSA Economic Recovery	The BMGF awarded the AERC a grant to support research into Special Drawing Rights financing, facilitate the dissemination of that research to policymakers and the public, and strengthen the capacity of African policy research institutions. The plan is to undertake a set of reinforcing activities alongside the papers on countries that have high potential to use SDR allocations for development but currently face serious debt issues. These include Ghana, Ethiopia, Kenya and Senegal. The project is expected to be complete by March 2024. The kick-off meeting was held in November 2022. A Project Coordinator, Prof. Abebe Shimeles was appointed and an introductory meeting with the 4 Think Tanks (KIPRA, HESPI, CRES and ISER) was held on 10 March 2023 to guide them on the project milestones and how to write the concept notes for their country case studies and dissemination forums. A virtual inception workshop will be planned to present the initial proposals around the second week of May. This will be followed by a mid-review workshop and then final review workshops and dates will be determined. The papers are expected to be published as AERC Working paper series.



2023 Africa Meeting of the Econometric Society (AFES 2023)

The 2023 Africa Meeting of the Econometric Society (AFES 2023) will be hosted in Nairobi and virtually by The African Economic Research Consortium (AERC), <https://aercafrica.org/> from 1st to 3rd June, 2023.

There will be a competition aimed at recognizing outstanding

Application to the Econometric Society Africa Region's Young Economist Best Paper Award".

papers by young economists, with the selected papers to be presented in the contributed sessions at the conference. Submission should be done via the Oxford Abstracts website during the paper submission process - option: "Application to the Econometric Society Africa Region's Young Economist Best Paper Award". The winner will be announced during the general assembly at the conference. The main target of the award is young scholars from underfunded institutions, especially Africa based. For co-authored papers, the program committee will ensure that the awarded candidate is the major contributor to the paper. The price will consist of 500 USD minimum, and the recipient's enrollment in the AERC attachment programme (<https://aercafrica.org/attachment-programmes/>).

papers by young economists, with the selected papers to be presented in the contributed sessions at the conference. Submission should be done via the Oxford Abstracts website during the paper submission process - option: "Application to the Econometric Society Africa Region's Young Economist Best Paper Award".

The winner will be announced during



AERC participates in the BMGF Partners Convention on Debt, SDRs and MDB Reform Advocacy



AERC participated in the Bill and Melinda Gates Foundation (BMGF) Partners Convention on Debt, Special Drawing Rights (SDR), and Multilateral Development Banks (MDB) Reform Advocacy in Nairobi on March 1-2, 2023. AERC representatives were Dr. Scholastic Odhiambo and Dr. Diana Muchai all from the research department of the organization.

BMGF Partners Convention on Debt, SDRs and MDB Reform Advocacy was held in Nairobi on 1-2 March 2023. The global partners working on research and advocacy relating to Debt, SDR and MDB Reform are the African Centre for Economic Transformation (ACET), African Economic Research Consortium (AERC), African Women's Development and Communication Network (FEMNET), Africatrust Global Development Advisory, African

Forum and Network on Debt and Development (AFRODAD), Jubilee USA Network, ONE, Oxfam and UNECA. The meeting objectives of the convention are to share analysis and strategic thinking around key equitable economic recovery topics with a heavy focus on sovereign debt, access and utilization of SDRs, and leveraging MDB reforms. Additionally, the objectives will be to share recent work among partners and key stakeholders, identify opportunities for enhanced

alignment and coordination around common goals, review progress, lessons learned, and challenges from work to date, review and refine theory (theories) of change, and build stronger connections between partners, and pathways for collaboration to enable coherence. Lastly, identify broader networks and opportunities within international policy processes, including the Bridgetown Agenda, and IFI spring meetings; identify the "next step" and make mutual commitments.



Training - Board Meetings



The Training Programme Academic Advisory Board Meetings

The academic aspects of all the collaborative training programmes are managed by Academic Advisory Boards comprising representatives of the participating departments of economics and agricultural and applied economics. The Collaborative Masters Programme (CMAP) and the Collaborative PhD Programme (CPP) in Economics have a joint Academic Advisory Board comprising heads of economics departments/schools from 33 public universities in sub-Saharan Africa. The Collaborative Masters in Agricultural and Applied Economics (CMAAE) Academic Advisory Board comprises heads of departments of agricultural and applied economics from 17 universities in 13 Eastern and Southern African countries. The key functions of the Academic Advisory Boards include: (a) approval of the common curricular requirements for the core; (b) arrangements for external examiners for the core courses and approval of their terms of reference; (c) approval of the menu of elective courses, including

their course descriptions, from which year's set of Joint/Shared Facility for Electives (JFE/SFSE) courses is chosen; (d) appointment of examiners for the JFE/SFSE; (e) approval of the JFE/SFSE examination results; (f) approval of recommendations for the development of textbooks and other instructional materials; (g) periodic review of the quality of the programme and the performance of participating departments; and (h) oversight of the masters/PhD scholarship schemes.

In the period under review, the CMAP-CPP Academic Advisory Board and its Sub-Committee of the Programme Evaluation and Institutional Development, and the Executive Committee held meetings virtually on 27-28 February 2023 to approve the CMAP JFE 2022 and the supplementary comprehensive examination results for CPP Class of 2020 students. The meeting also considered and endorsed the evaluation report on admission of the University Cheikh Anta Diop (UCAD), Sénégal as a CPP Non-Host.

The Setting and Sitting of Comprehensive Examinations for Collaborative PhD Programme

At the end of the Joint Facility for Electives (JFE), the PhD students write comprehensive examinations in four fields: Microeconomics, Macroeconomics and two elective fields. The setting of comprehensive examination for the class of 2021 PhD students was undertaken virtually from 8-10 February 2023 by teams of experts drawn from network universities and from the diaspora. The examinations were conducted at the respective degree-awarding universities from 20 February to 10 March 2023. The electronic copies of the examination scripts were consolidated and graded by a team of internal examiners in March 2023 and external examined together with the JFE examinations. Both results will be approved at the CMAP-CPP Academic Advisory Board meeting to be held in May 2023.



PASHFARM project

The PASHFARM Project Kicks-Off

The Policy Analysis for Sustainable and Healthy Foods in African Retail Markets (PASHFARM) project had its inaugural meeting on April 18, 2023. This followed the signing of the project grant with the Bill & Melinda Gates Foundation (BMGF) in October 2022 and on-boarding of the project officers in March 2023. The project is coordinated by Prof. Harounan Kazianga, based at Oklahoma State University, USA, with the support of gender and nutrition experts, Dr. Lanoi Maloiy and Dr. Maureen Cheserek, respectively. The project is also supported by Ms. Doris Wacharo, the Programme Assistant who joined the Training Department and thus, the implementation team, in December 2022.



Harounan Kazianga
Professor of Economics,
Oklahoma State University
Project Research
Coordinator, PASHFARM

Prof. Kazianga earned his Ph.D (Agricultural Economics- Production Economics and Economic Development) from Purdue University, West Lafayette, Indiana, USA in 2002. Since July 2018, Prof. Kazianga has been Professor of Economics at the Department of Economics, Spears School of Business, Oklahoma State University and has also been serving as the Carson Priority Excellence in Business Administration Professor in the same department since July 2017. He serves in several capacities such as Fellow of the Pan-African Scientific Research Council since 2021, External Fellow in the Development Economics Research Centre, University of Kent since January 2021, and Research Fellow, Centro Studi Luca D'Agliano, University of Milano since 2016. Prof. Kazianga teaches graduate Econometrics, Development Microeconomics, Microeconomics Theory, and Introduction to Impact Evaluation and is widely published in refereed journals including Food Policy, World Development, Journal of Development Studies, and American Journal of Agricultural Economics, among others.



Lanoi Maloiy
PhD Women Studies,
Leadership & Education
Gender Expert, PASHFARM

Dr. Lanoi Maloiy is based at the Department of Sociology and African Women Studies, Faculty of Arts and Social Sciences, The University of Nairobi, Kenya. Lanoi has several years of experience in various gender and social inclusion advisory roles, project evaluations, and research grant management. She has provided gender training and capacity building support to academics, researchers and project implementers in various non-governmental organizations including the Partnership for African Social and Governance Research (PASGR), the Centre for Human Rights and Policy Studies (CHRIPS), the DFID (now FCDO) and the African Development Bank, among others. She is well published with several book chapters and journal articles.

AERC ROUND UP



Maureen Cheserek
PhD, Food Nutrition &
Safety Nutrition Expert,
PASHFARM

Dr. Maureen Cheserek is a Clinical Nutritionist and Dietitian who works as a lecturer and researcher at the Department of Human Nutrition, Egerton University, Kenya. She holds a PhD in Food, Nutrition and Safety from Jiangnan University, China; BSc Food, Nutrition and Dietetics, and MSc in Nutritional Science, from Egerton University. She has 20 years of training and multi-disciplinary, collaborative, nutrition research experience. She has coordinated and implemented several research and community development projects, including the Kenya Climate Smart Agriculture Project (KCSAP), the Aquaculture and Finger millet value chains, Drought Tolerant Crops Value Chain project of the Feed the Future-Kenya Accelerated Value Chain Development Programme (AVCD), Agriculture for Nutrition and Health (A4NH) project and the Nutrition and Dietetics Internship Programme, among others. Her core areas of expertise and research interests include food and nutrition security, maternal and child nutrition, obesity and related metabolic disorders, food product development and value addition. She has published over 20 scholarly articles in reputable journals and presented her work in local and international conferences, seminars, and dialogues.



Ms. Doris Wacharo
Bachelor of
Business
Administration
Programme
Assistant, Training

With a Bachelor's degree in business administration, Ms. Doris Wacharo is a programs and administration management professional with over 10 years of experience in providing executive-level administrative support to executives and teams in private companies and in local and multinational organizations. She has worked with different stakeholders including the AAR Insurance and World Bank- IBRD and IFC.

The PASHFARM project utilizes lessons learnt in Phase I of the project, Agricultural and Food Policies Analysis for Nutrition Outcomes (AFPON) and focuses on research frontiers in nutritious foods revolving around the food environment, the roles of markets, pricing, affordability, and access to nutritious foods by households in sub-Saharan Africa.

In a separate but related activity, two AERC staff implementing the PASHFARM project attended the Nutritious Foods Systems (NFS) grantee convening held at the Royal Lancaster Hotel, London on March 27-29, 2023. This was co-organized by the Bill & Melinda Gates Foundation and the Foreign Commonwealth Development Organization (FCDO) and attended by representatives of 70 BMGF-supported projects.



The NFS Convening
Venue: The Royal
Lancaster, London



Facilitation on-going at the
BMGF Grantee Convening
Workshop, Lancaster, London



National Policy Workshop

The National Policy Workshop, Bangui

On April 12-15, 2023, the Training Department supported a National Policy Workshop to disseminate research results at the Caisse Nationale de Sécurité Sociale (CNSS), Bangui, Central Africa Republic. The workshop was co-hosted by the AERC and the Centre D'études Et De Recherche Et Sur Les Analyses Et Politiques Economiques De La Republique Centrafricaine (CERAPE-RCA). Dr. Nerry Mbala, a

researcher based at the University of Bangui and a Collaborative PhD in Economics (CPP) alumnus presented a paper titled les déterminants de l'exclusion financière en RCA. The workshop was attended by 40 policy stakeholders drawn from the University and financial institutions in the Central Africa Republic. Mr. Jean Kokide, the Director of Cabinet of the Ministry of Higher Education, Scientific Research and Technological Innovation graced the workshop and was also attended by Dr. Alain Douathe Koyangozo, the National Coordinator, CERAPE-RCA.



The National Policy Workshop, Bangui, Central Africa Republic. At the centre are A. D. Koyangozo and J. Kokide



AERC Visit to CERAPE-RCA, Bangui

During the National Policy Workshop on financial inclusion in Bangui, AERC visited the Centre D'etudes Et De Recherche Et Sur Les Analyses Et Politiques Economiques De La Republique Centrafricaine (CERAPE-RCA). The team was hosted by the National Coordinator, Dr. Alain Douathe Koyangozo and staff. It

was noted that, despite its infancy and limited financial and office infrastructure, the organization was active in research and issued periodical updates on its activities. The staff were encouraged to step up their research activities and respond to AERC calls for research and training proposals whenever shared with them.





Sierra Leone Workshop

Sierra Leone Inclusive Finance Dissemination Workshop

On May 3, 2023, the AERC supported a National Policy Workshop to disseminate a country case study in Sierra Leone of a Collaborative Research Project on Inclusive Finance for Fragile and Post-Conflict States in Africa funded by the International Development Research Centre (IDRC). The workshop was co-hosted by the AERC and the Centre for Electoral

and Civic Education (CECE) under the leadership of the Executive Director Commissioner Macksood Gilbril Sesay. The title of the country case study was Mobile Money Adoption, Credit Access and Performance of Enterprises in Sierra Leone co-authored by Dr. Gbetoton Nadege Djossou from the University of Parakou in Benin, Dr. Jacob Novignon from Kwame Nkrumah University of Science and Technology Kumasi, Ghana, and Dr. James Fomba Sandy from Njala University in Sierra Leone. Among the key

research findings include: (i) adoption and use of mobile money improved firm's ability to innovate; (ii) Credit constraints hindered firms' ability to innovate and improve performance; and (iii) Business managed by men and using mobile money had a greater chance to introduce process innovation than businesses managed by women and using mobile money. The workshop was attended by 80 policy stakeholders drawn from the Bank of Sierra Leone, Civil Society Organizations, and Mobile Money Institutions in Sierra Leone.

Updates on the Upcoming JFE and SFSE

The AERC collaborative training model is anchored upon the joint development of curricula by a network of universities, joint setting and monitoring of standards, and joint offering of specialized elective courses. Students admitted in the Collaborative PhD Programme (CPP), the Collaborative Masters Programme (CMAP), and the Collaborative Masters in Agricultural and Applied Economics (CMAAE) are taught core courses at selected accredited universities in the first year of studies. All the students are then offered elective courses in their second year of study by a team of internationally sourced visiting lecturers for a duration of three to four months at the CMAP-CPP Joint Facility for Electives (JFE) and the CMAAE

Shared Facility for Specialization and Electives (SFSE).

Over the years, the JFE and SFSE have been vindicated as credible avenues for signaling quality in the AERC Training Programme as they make the CMAP, CPP and CMAAE degrees distinctive from all other Masters and PhD degree programmes on the continent and around the world. The key attributes of the JFE/SFSE that contribute to this status as premier capacity-building initiatives include: (i) pulling together global experts in specific subject areas offered as electives; (ii) facilitating students to pursue specializations and elective fields that individual university departments would otherwise be unable to offer; (iii) providing JFE/SFSE

faculty members with greater access to recent teaching materials, which they can in turn use for upgrading courses in their home universities; (iv) affording a unique networking opportunity to participating faculty members and students; and (v) rigorously preparing students for PhD studies as well as future, high-level research and policy analysis.

Preparations are in top gear for this year's session of the CMAP and CPP JFE, scheduled to be held virtually from July to November, and for the CMAAE SFSE that is planned to be conducted in a hybrid version, combining both virtual and physical delivery modalities, between August and November, 2023.



New Publication

Book:

COVID-19 and Public Finance in Africa: Challenges and Opportunities

By Njuguna Ndung'u, Scholastica Odhiambo, and Abebe Shimeles



Public finance plays an important role in the process of economic development. It is concerned with the capacity of governments to mobilize resources primarily for building institutions to promote security, competition, and market development, as well as for redistributive purposes. Stylized facts indicate the capacity of governments to mobilize tax and economic development evolve together (Besely and Presson, 2014; Slemrod, 2019). Typically, countries mobilize more taxes per dollar of Gross Domestic Product (GDP) as they become richer and vice versa (Besely and Presson, 2014). For the sample of African countries, the same pattern is observed where relatively poorer countries tend to mobilise lower taxes as a share of GDP compared with high-income countries.

Broadly speaking, the factors that tend to affect the capacity of governments to mobilize taxes fall into two categories. One is the structure of the economy, which is dependent on the stages of economic development, and the other is the institutional arrangements shaped by history and political economy. However, both factors feed each other to a degree (Besely and Presson, 2014; Slemrod, 2019). In many low-income countries, the prevalence of a large informal sector with limited product processing capabilities and market organization poses a challenge to governments to institute an efficient tax mobilization scheme. Normally, this situation resolves in the process of economic development as has been witnessed by the experience of today's developed countries.

Structural transformation, however, is not self-evident, and its pace and depth often are determined by institutions and incentive structures they give rise to. Informality hence may remain the default position for longer periods than is necessary. As a result, most economic activities escape the tax net and, in the process, create the political economy conditions resistant to transform into a modern, competitive, and formal economy with well-defined property rights, rule of law and adherence to competition. Many countries in Africa hence mobilize much lower tax than warranted by their potential in the economy and citizens generally consider governments to be corrupt, hence do not feel compelled to pay taxes (Boly et al., 2019). This has led many governments in poor countries to rely mainly on grants, loans, and other sources of revenue to finance their budget and experience chronic structural deficits that compromise macroeconomic stability.

The arrival of COVID-19 on the scene exposed the underlying weaknesses in public finance in many African countries. Deficits soared as governments lost significant revenue, introduced tax-reliefs, and provided subsidies for necessities. Some estimates suggest that in 2020, the overall fiscal deficit as a share of GDP rose by at least 4.3 and 3.2 percentage points for Africa and Sub-Saharan Africa (SSA), respectively, which is the largest deterioration in a single year for over two decades and the macroeconomic consequences of such large deficit cannot be overemphasized. On the expenditure side, there is

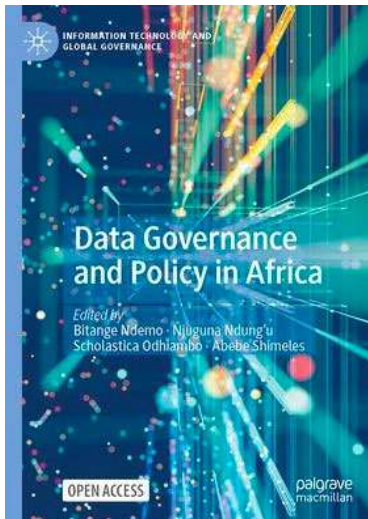


New Publication

Book:

Data Governance and Policy in Africa

Edited by Bitange Ndemo, Njuguna Ndung'u, Scholastica Odhiambo and Abebe Shimeles



The utilization of data offers vast potential to transform African economies. Advances in data processing and storage capacity, as well as new insights possible through frontier data analytics in fields such as machine learning and artificial intelligence, are realizing tangible gains today. As a result, it is increasing efficiency and lowering costs, thereby boosting productivity growth with the potential to improve living standards across the continent. Furthermore, applications are leveraging data to close information gaps and increase transparency, thereby increasing the accessibility of finance amongst individuals, particularly within lower-income segments, and increasing their available opportunities. In addition, the vast potential of data to improve public sector governance and accountability through innovative and evidence-based policy-making, and therefore empower citizens, is increasingly being tapped.

However, some critical challenges exist. Large amounts of private data collected about individuals have the potential to be misused. Information can be collected and shared with third parties without the knowledge or consent of the data subject, thereby violating individual data privacy. Across Africa, although a large share of households has mobile phones, access to data is much lower and inequitable. Additionally, the potential of data to improve living standards is hindered by the small number of digitized datasets and accuracy concerns over collected data. In addition, the accessibility of digitized datasets, particularly those collected by the government using public resources, is frequently limited.

Africa must devise a continental data governance framework with the ultimate goal of improving living standards by maximizing the use of data and ensuring productive cross-border data flows while protecting individual rights. However, the continent lacks integrated regional structures for governing data, and individual African nations have wide disparities in existing infrastructure and legislation to safeguard data use. Therefore, developing a practical data governance framework requires scrutiny of the economic, legal, technological, and institutional issues attendant to such regulation, as well as the establishment of proper standards for the exchange and protection of data.

This book draws on research by experts across the continent in order to establish a foundation for a continental data governance framework. The issues covered include data collection and accuracy, the regulatory regimes for data across countries in Africa, challenges and opportunities arising from the digitization of data and finance, the opportunities arising from new technologies such as blockchain, and the effects of data governance on the data scientist. These fundamental contributions lay a strong foundation for further policy work in making data work for Africa.

Data Governance and Policy in Africa was published by Springer.



Meet New Staff



Dr. Lanoi Maloiy

is based at the Department of Sociology and African Women Studies, Faculty of Arts and Social Sciences, University of Nairobi, Kenya. Lanoi has several years' experience in various gender and social inclusion advisory roles, project evaluations, and research grant management. She has provided gender training and capacity building support to academics, researchers and project implementers in various non-governmental organizations including the Partnership for African Social and Governance Research (PASGR), the Centre for Human Rights and Policy Studies (CHRIPS), the Department for International Development DFID (now the Foreign, Commonwealth & Development Office FCDO) and the African Development Bank, among others. She is well published with several book chapters and journal articles.



Dr. Maureen Cheserek

is a Clinical Nutritionist and Dietitian who works as a lecturer and researcher at the Department of Human Nutrition, Egerton University, Kenya. She holds a PhD in Food, Nutrition and Safety from Jiangnan University, China; BSc Food, Nutrition and Dietetics, and MSc in Nutritional Science, from Egerton University. She has 20 years of training and multi-disciplinary, collaborative, nutrition research experience. She has coordinated and implemented several research and community development projects, including the Comprehensive African Agriculture Development Programme (CAADP), Higher Education Network for Applied Human Nutrition (HENNA), Kenya Climate Smart Agriculture Project (KCSAP), and the Agriculture for Nutrition and Health (A4NH) project, among others. Her core areas of expertise and research interests include food and nutrition security, maternal and child nutrition, obesity and related metabolic disorders, food product development and value addition. She has published over 20 scholarly articles in reputable journals and presented her work in local and international conferences and seminars.



at AERC



Ms. Doris Wacharo

is a programs and administration management professional with over 10 years of experience in providing executive-level administrative support to executives and teams in private companies and in local and multinational organizations. She has worked with different stakeholders including the AAR Insurance, World Bank, and the international Finance Corporation (IFC). She has a Bachelor's degree in business administration.

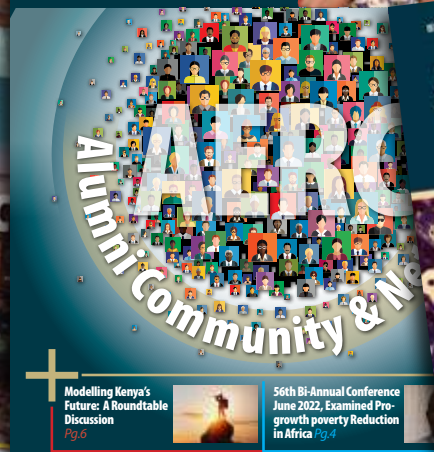


Esther Linder M. Mbaka

joins AERC on Thursday, 1st June 2023 as a Manager, Human Resource and Administration. She joins us from World Agroforestry Centre (ICRAF) - under The International Maize and Wheat Improvement Centre (CIMMYT). Esther has over 13 years of progressive experience in Human Resource (HR), Administration, Procurement and Finance.

She has a strong cross-industry background - working with international non-profit research based organizations in agriculture and health, as well as private sectors. She has over the years worked in large and diverse workforce in multiple locations within Africa including Kenya, Tanzania, Uganda, Zimbabwe, Ethiopia and Zambia.

Esther has a master's degree in business administration (MBA, Human Resource Management option) from Maseno University. She also has a bachelor's degree in business management (Finance and Banking option) from Moi University. In addition, she is a certified HR Professional at the Institute of Human Resource Management. Esther has also attended courses in Kenya labour laws, Supervision and management training, Change management and leadership framework, Procurement & execution among others.



Design and Layout:

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