

# **Building Institutional Capacity for Economic Policy Research in Africa: Myth or Reality?**

*by*

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## **Abstract**

This paper describes modalities that the Secretariat for Institutional Support for Economic Research in Africa (SISERA) adopted in the past seven years to strengthen and build the capacity of Economic Research Institutions (ERI) so as to enable them play an effective role in the policy making process. It also summarizes the lessons learnt from providing support to these institutions. Drawing from seven years of continuous interaction with the centres, the paper shows that ERI have a long way to go in becoming real players in developing sound economic policies in their respective countries and regions. More efforts are needed in the areas of institutional leadership, solidifying their resource base, staff retention, increasing the policy relevance of research, developing a communication strategy and developing good internal management practices. This report also indicates that recent developments in the continent provide numerous opportunities for economic research centres to play a more important role in the formulation and implementation of economic policies.

## **Résumé**

La communication décrit les modalités adoptées par le Secrétariat d'appui à la recherche économique en Afrique (SISERA) durant ces sept dernières années, afin de développer et renforcer les capacités des Institutions de recherches économiques (IRE) afin qu'elles puissent jouer un rôle effectif dans le processus d'élaboration des politiques. Elle résume également les leçons apprises tout au long de cet appui. Fondée sur sept années d'interaction continue avec ces centres, le papier montre que les IRE ont encore un long chemin à parcourir avant de devenir de réels acteurs dans le développement de politiques économiques pertinentes dans leurs pays et régions respectives. Plus d'efforts sont nécessaires en termes de leadership institutionnel, de pérennisation de leurs ressources, de rétention du personnel, d'accroissement de la pertinence politique des recherches, de développement d'une stratégie de communication et de bonnes pratiques de gestion interne. La communication montre aussi que des développements récents sur le continent offrent de nombreuses opportunités aux centres de recherche économique de jouer un rôle plus important dans la formulation et la mise en œuvre de politiques économiques.

## Introduction

During the past seven years, the Secretariat for Institutional Support for Economic Research in Africa (SISERA) has supported Economic Research Institutions (ERI) in Africa. The support provided, mainly in the form of technical and financial assistance, is aimed to strengthen and build capacities of these institutions so as to enable them position themselves as active players in the policy making process in their respective countries and regions. The driving force behind the need for increased capacities within ERI was partially due to the observation that inadequate understanding of local conditions were positively related to the failure of reform programs. For instance, a third of structural adjustment programs (SAP) were reported to have failed owing to the poor policy environment under which they were implemented (Dollar and Svensson, 2000; Burnside and Dollar, 1997; Svensson, 1999) and not because of their economic foundation. In recent years, development assistance has shifted from investment financing to policy reform (Dollar and Svensson, 2000). This was mainly due to the growing recognition of the need of a good policy environment for economic growth. In a 1996 FAO study, examining 11 success stories, it was found that an appropriate policy environment was of overwhelming importance (FAO, 1996).

The importance of good policy environment begs for the existence of institutions that are able to develop sound economic policies. The ministry of finance and central banks are playing a useful role in developing adequate policies. However, due to staff shortages and the need to provide independent advice, ERI have emerged in the past ten years to build policymaking capacity and to provide governments with economic policy analysis. The lack of well-trained economists within these institutions justified the creation of a body that would provide the support needed for the existence of a critical mass of economists within the research centres to spearhead economic research to feed the policy-making process.

This paper aims to summarize SISERA's assessment of its experience in dealing with ERI. It takes a bird-eye view of the challenges and opportunities these institutions face in influencing policies in their respective countries. The paper attempts to provide insight into the actual circumstances in which these ERI operate, characterize the *modus operandus* of these institutions and identify concrete action that these institutions must take to become more effective in meeting their mandates. The next section reviews a conceptual framework that focuses on the potential role of the economist in the policy making process. Section III summarizes the modalities that SISERA has employed during the past seven years to build and strengthen capacities at ERI to assist them in the policy debate. In the fourth section, the lessons learnt that draw from the Secretariat's interaction with ERI are summarized. Concluding comments are found in the final section.

## Framework for ERI

At the onset of independence, addressing development problems was a high priority for African governments. This need was exacerbated in the 1970's as many African countries began to experience economic stagnation (Ghai, 1999). Among the key strategies that emerged to address economic problems was the need to re-visit prevailing economic policies. Hence, following independence, a great number of African economies experimented with a wide range of policy regimes. The structural adjustment programmes (SAP) and other policy reforms were initiated. In recent years, the Poverty Reduction Strategy Papers (PRSP) is the talk of the day.

One of the main criticisms of the SAP, as mentioned earlier, was the lack of local content. Lessons learnt from the SAP era indicated that the absence of a critical mass of highly trained and qualified African economists was unfavourable to the development of home-grown solutions. It became evident that SSA countries cannot continuously rely on foreign experts and institutions to provide guidance on macroeconomic policy development issues.

In response to the insufficient capacity for economic analyses, a number of initiatives emerged. The African Capacity Building Foundation (ACBF) has developed programs that have been instrumental in establishing economic units in government administrations. The foundation also provides training. The African Economic Research Consortium (AERC) has focused its interventions in strengthening the capacity of individual researchers and in providing training for MSc and PhD degrees in Economics. The "Programme de Troisième Cycle Inter-Universitaire (PTCI)" is providing post-graduate training in Economics for Francophone West Africa. The United Nations African Institute for Economic Development

and Planning (IDEP) based in Dakar provides training on economic development and policy. Economic research is an important component of the Council for the Development of Social Science Research in Africa (CODESRIA) agenda.

When SISERA was founded in 1997, the primal objective of SISERA was to provide African economic research centres with institutional support. The driving force behind the establishment of SISERA was the observation that there was an absence of a corps of elite economists whose research output can inform and influence the economic policy making process and the lack of support specifically geared towards economic research institutions. Consequently, African economic research centres have not played a major role in influencing policies leading to their isolation from policy-making circles.

Figure 1 illustrates a framework of the potential role economic research institutions can play in policy development. The ability of the ERI to play an effective role depends on its ability to identify burning issues, investigating the issues in a rigorous manner and providing policy options and their implications. Any endeavour to build the capacity of these institutions should therefore put emphasis on these three areas, which can be summarized as problem identification, conducting research and dissemination of research results.

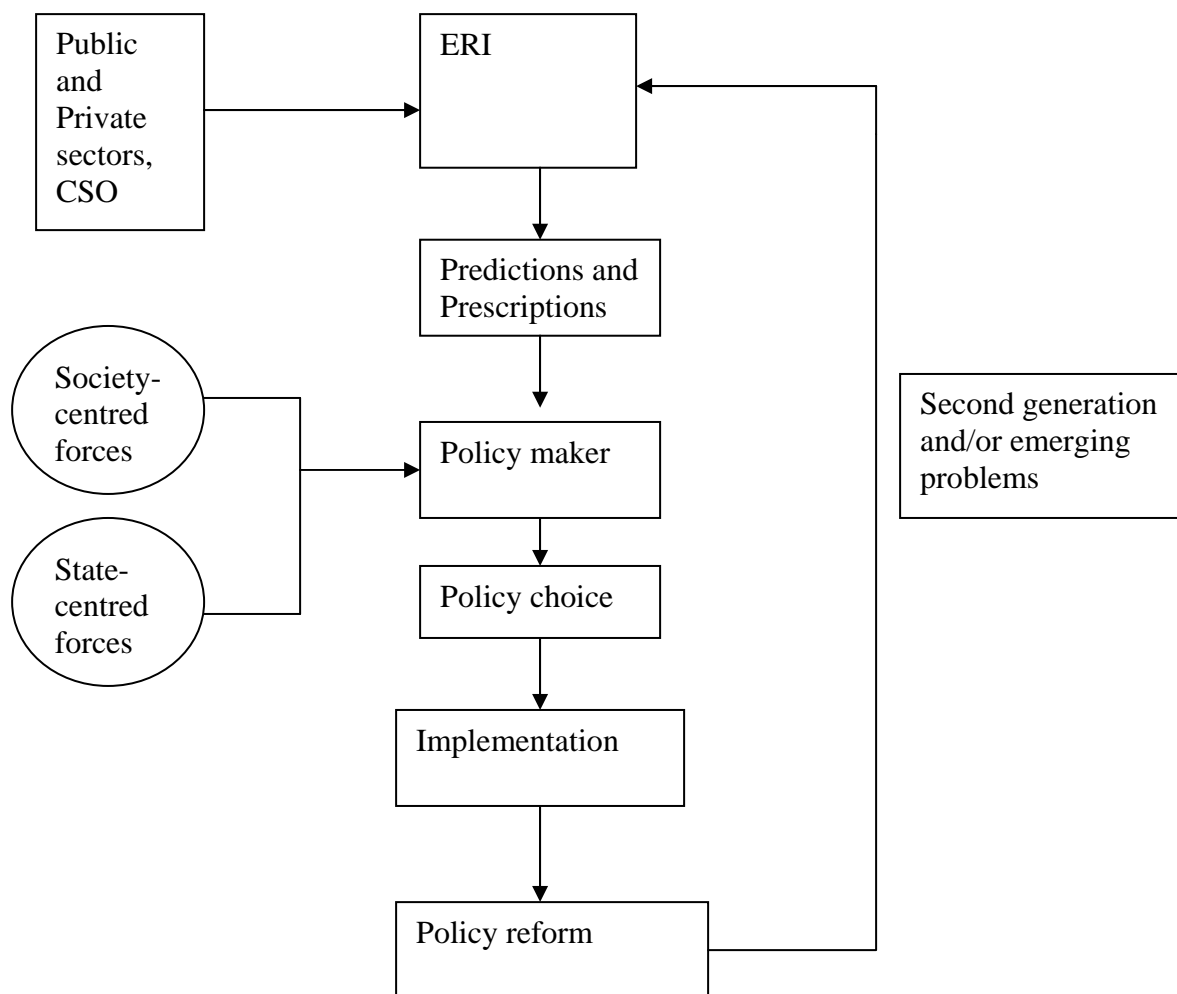
### **SISERA strategies and mechanisms for institutional capacity building**

SISERA has utilized six main channels to contribute to the building of institutional capacity of ERI. These channels have been developed taking into account what comparable organizations such as the Africa Capacity Building Foundation (ACBF), the African Economic Research Consortium (AERC), CODESRIA, and IDEP are doing.

First, SISERA provides financial support in the form of core and seed grants. Core grants of up to 300,000 Canadian Dollars (CAD) over a two year period are made to partner institutions that qualify and who submit an acceptable grant proposal. Seed grants do not exceed 50,000 CAD and are made to emerging centres. It should be noted that partner institutions are those centres that are considered to have been well established whereas emerging centres are the younger newly created centres. These institutional grants are often used to acquire research tools such as books, specialized journals, databases, computers and software and enable the recipient institutions to undertake individual research projects, train staff, organize seminars and publish research results. The ultimate goal of this modality is to improve the working conditions within these institutions and to strengthen their internal capacity to conduct relevant economic policy research.

Second, SISERA program officers provide technical support to the collaborating centres through regular visits to the institutions. During these visits, the program officers interact with centre directors and other appropriate staff in providing advice on a variety of areas including on governance structures and administrative procedures, development of monitoring instruments, designing of institutions' strategic plans, project implementation and finalization of grant applications and reports. These visits enable the program officers to monitor project progress and to be intimately involved with the centres' activities.

Third, training is offered in specialized areas such as modeling and poverty analysis. The training hopes to equip researchers with tools for analyzing, formulating and implementing policies to address current economic problems.



*Figure 1: Framework for Economic Research Institutions (adopted from G. Meier, 1991)*

Fourth, the enhancement of the managerial capacity of the research centres is another important channel for institutional capacity building. This is accomplished by the organization of bi-annual meetings involving the directors of the collaborating centres. These meetings provide a platform for centre directors to share ideas on a variety of issues including on best management practices. The Secretariat also uses these meetings as fora for experts commissioned by SISERA to deliver skills enhancement training in a number of topics or relevance for institutional development.

Fifth, networks of researchers that bring together ERI from sub-regions has allowed individual research institutions to work across institutional and national boundaries. Thematic issues of regional relevance are becoming more and more important. Through the networks, individual research institutions break their isolation and thereby strengthen their capacities to undertake research that extend across national boundaries. SISERA has been instrumental in creating two such networks, one for Southern and Eastern Africa (SEAPREN) and the other for West and Central Africa (WECAPREN).

Finally, SISERA has been proactive in ensuring that researchers forge links with end-users of their research results. In this light, grant recipients are encouraged to include dissemination activities in their grant requests so that research results are brought to the attention of the key policy stakeholders. Hence, the organization of policy dialogues, the preparation and wide distribution of policy briefs and participation in inter-ministerial committees have become critical mechanisms for economic research centres.

## **Lessons learnt: Challenges and Opportunities**

### Challenges

Following seven years of regular interaction with ERI, a number of issues have emerged that are related to the potential role of these institutions to influence policies in their respective countries and regions. These issues range from the administrative and managerial to the research aspects.

#### *Absorption capacity of grants*

Although the lack of financial resources could be considered an important constraint for most ERI, SISERA's experience indicates that the capacity of the centres to absorb the financial resources at their disposal remains weak. In all the cases of core grants that were made to the partner institutions all requested an extension of the duration of the grant. In some cases the project was closed and funds returned to the secretariat because the centre was not able to utilize the funds.

#### *High turnover of professional staff*

There is a high demand for scarce skilled African economic researchers. The result is that there has been a very significant turnover of skilled researchers at African economic research centres. The dilemma is that the skill-enhancing training acquired by researchers at ERI has made them more competitive, especially given the meagre salaries offered at the university-based centres. High turnover has also been observed in the leadership of the centres. The consequences of these turnovers are the lack of continuity in the research agenda of the institutions and in centre leadership. The implication of this is that more needs to be done in improving the working conditions of researchers at ERI.

#### *Lack of strategic direction and inadequate internal managerial procedures*

The lack of strategic plans within the centres meant that most of the activities were done in an *ad hoc* basis. The internal managerial procedures were found to be inadequate within a number of centres. Over the past seven years, the Secretariat has concentrated a lot of its time in assisting these centres to develop strategic plans and to articulate the managerial practices within the institutions to ensure transparency and proper management of available resources. It is worthwhile reporting that a lot of progress has been made in recent years in developing strategic directions for the institutions and in ensuring that manuals of procedures are developed.

#### *Need to increase policy relevance*

ERI will influence policy making only when their work is policy relevant. The centres have not been proactive in exploring the demand side for policy research. Soliciting the views of the different policy stakeholders will lead to policy relevant research being undertaken and whose results could be a useful input into the policy making dialogue. Admittedly, research centres may find it difficult to resolve the conflict between the need for their staff to secure advancement in their careers by working on academic issues and policymakers' need for policy-oriented research. This conflict is often exacerbated by the limited exposure that most centre staff have with respect to the reality of policymaking. Furthermore, very few of the ERI have put in place a mechanism of interaction between their staff and policymakers e.g.

internships, policy sabbaticals, and permanent forums with policymakers- that would help lessen the conflict.

Achieving increased relevance also requires a time-consuming commitment to approach public and private officials and to develop a relationship based on trust and reliability in the delivery of quality output that is timely and easily understandable to layman. Indeed, researchers are often criticized for producing lengthy reports in a language that is inaccessible to decision-makers. However, even with the best of intentions, researchers' efforts may be stifled by governments' institutional culture of secrecy and politically motivated distrust of nationals who often play an active role in politics or whose political leanings are not evident. As a result, policymakers may unwillingly deprive themselves of the services of experienced researchers when dealing with critical yet sensitive issues for which they may be ill prepared to tackle alone.

Sometimes it seems that researchers and policy makers live in parallel universe. Researchers cannot understand why there is a resistance to policy change despite clear and convincing evidence. Policy makers bemoan the inability of many researchers to make their findings accessible and digestible in time for policy decisions.

Research is more likely to contribute to evidence based policy if: it fits within the political context and institutional limits and pressures of policy makers, and resonates with their ideological assumptions, or sufficient pressure is exerted to challenge those limits; the evidence is credible and convincing, provides practical solutions to current policy problems and is packaged to attract policy makers interests; and researchers and policy makers share common networks, trust each other, honestly and openly represent the interests of all stakeholders and communicate effectively.

### *Need to enhance scientific credibility*

It can be argued that, four factors constitute the main hurdles standing in the way of ERI to increase scientific excellence.

#### Reduce academic isolation

Most research centres in SSA, suffer from acute isolation from the international scientific community with little interaction with prominent foreign researchers and few opportunities for staff travel. Being for the most part notoriously absent from scientific meetings, centre staff can hardly stay up-to-date in their fields of specialization; much less maintain timely awareness of the latest developments in mainstream economics.

#### Overcome the language barrier (francophone centres)

Since most staff of the francophone centres only work in French with limited proficiency in English, they cannot access the most authoritative economic journals that are almost exclusively published in English and often have to wait for the French translation of the reference textbooks to become autonomously familiar with their contents. There has been a recent tendency for world-renowned economists from international financial institutions or universities in the West to work with African researchers on issues of policymaking. However, the majority do not speak French and cannot have a meaningful impact among African Francophone researchers.

#### Reduce the effects of a Malthusian process of staff promotion

Most African governments in Francophone Africa are members of an academic council, Conseil Africain et Malgache pour l'Enseignement Supérieur (CAMES), whose role is to screen candidates for promotion through the ranks of lecturers in law, economics and business management. The role of the council is to ensure scientific rigour in the selection process. However, its decisions regarding the number of successful candidates from a given country are predicated on the number of academic positions budgeted for by the candidates' national governments. Its historical record has been not to promote a larger number of candidates than the government is willing to accept.

## Strengthen the culture of research

The French academic legacy has created a strong emphasis on teaching in African Francophone universities, research taking a lesser role, although this phenomenon is gradually changing. While research centres were established to alleviate that peculiarity, the research tradition is still considerably weaker than the tradition to lecture. As a result, far more resources are committed to teaching by universities than to research, and the trend can only be stronger in view of the large enrolments that seem to be the norm, given the high cost of studying abroad. With the increase in teaching responsibilities of staff, little room is left for research endeavours and the strengthening of a home-based scientific community. In addition, Francophone universities being highly hierarchical with little tolerance for scientific dissent on the part of junior staff, the academic forum where, through intellectual confrontation, new ideas are meant to flourish, cannot fulfil its promise and with it, attainment of higher scientific excellence is compromised.

### *Variation in size and structure of research institutions*

Economic research institutions in Africa vary considerably in terms of size and structure, budgets, policy areas of specialization or competence, institutional independence and research output. Due to financial constraints, some centres engage in commercial functions rather than engage in research of public goods nature. This has a direct consequence on their abilities to play an effective role in the policy debate.

### *Sustainability of research centres*

The challenge of sustainability centres on securing stable funding and maintaining credibility. Most of the economic research centres do not have an institutional plan on monitoring progress and engaging in resource expansion drives. Such uncertainty ultimately results in high staff turnover and diminishes its effectiveness.

## Opportunities

In spite of the challenges indicated above, a number of opportunities have emerged that economic research institutions should take advantage of. These opportunities also mean that the need for independent economic research institutions is even greater today than it has been in the past.

First, the impetus for domestic-homegrown solutions is growing in importance. At the regional level (SSA), the NEPAD and other similar initiatives are examples of attempts to find solutions that are grounded in the prevailing circumstances in the continent. NEPAD emphasizes the need to develop and harness the human resources on the continent, including capacity building initiatives in the form of training and research in Africa in the areas of political and economic governance, public sector reform and regional integration among others. The NEPAD initiative also calls for innovative approaches to addressing the Brain drain while harnessing African expertise to respond to current challenges in the continent.

Second, the development of PSRPs requires development of nationally owned strategies. The success of these PRSPs requires local research capacity to provide input into the policy formulation framework and into the monitoring of the implementation process. This process cannot be sustained if there is no accompanying development in institutional capacity for economic research. It is therefore imperative that strong economic research institutions be created and strengthened so that a critical mass of economists is readily available to sustain the process.

Finally, at the global level, reaching the targets of the millennium development goals also requires domestic capacity in economic research so that sound economic policies can be developed. There is a need to raise the level of economic literacy to avoid short changing the development goals. Global Initiatives such as the Meeting in Doha, Monterrey Consensus, G8 Summit in Kananaskis, AGOA, and the



Johannesburg World Summit on Sustainable Development also reinforce the need to develop and strengthen capacity in economic research.

## **Conclusion**

Sound economic policies remain one of the cornerstones for economic growth in Africa. It is not surprising then that initiatives have multiplied in the continent to build and strengthen the capacity of economic research institutions so as to enable them play an effective role in policy development.

SISERA's experience in building institutional capacity for policy research in Africa highlights the challenges that these institutions face. While a number of institutions have had considerable success in influencing the policy debate, a majority of the institutions will need to make significant improvements in a number of areas. These include strategic leadership, staff retention, policy relevance of research, communication strategy, and best management practices.

Recent trends and developments in the continent indicate that ERI's role in policy making will only increase. Home-grown solutions are increasing in popularity, regional institutions are gaining in importance, and meeting the targets of the millennium development goals and the development of PRSPs all require strong local capacity.

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