



Strengthening Institutional Capacity for Inclusive Development in Post COVID-19 Africa

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*“Strengthening **individual, organizational, and institutional** capacity for inclusive growth in Africa – without which the global sustainable development goals and Africa’s Agenda 2063 will not be achieved”*

Presentation Outline

- Introduction: Why Knowledge and Institutional Capacity?
- Institutional Capacity in Africa before COVID-19
- Implications for Inclusive Development in Post-COVOD-19 Africa
- About the Seminar?
- Concluding Question

Why Focus on Knowledge Systems and Institutional Capacity?

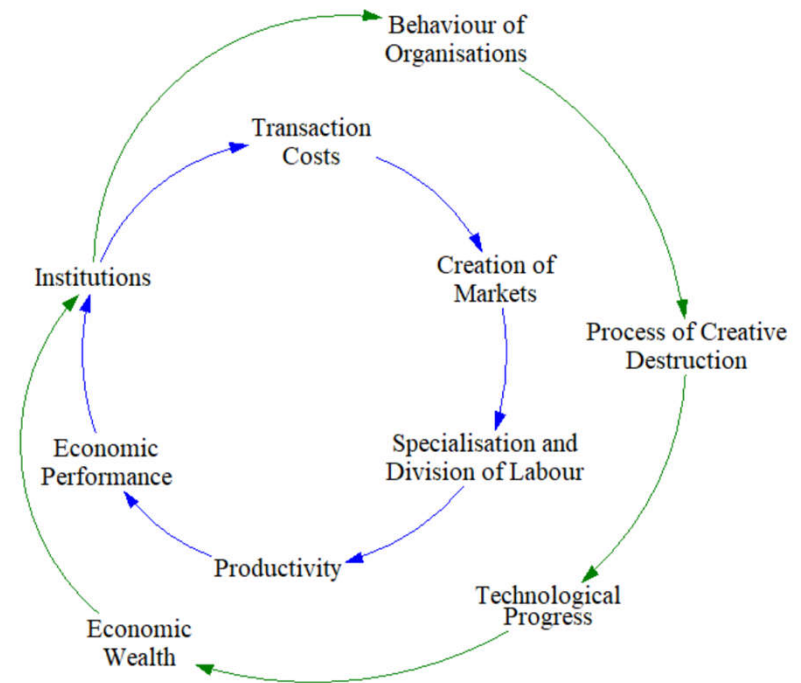
**“Africa doesn't need strongmen; it needs strong institutions”
Obama**

What Institutions & Organizations To Focus on?

- **“Capacity”** refers to the **availability of resources** and the **efficiency and effectiveness** with which **individuals, organizations, or institutions** deploy these resources to identify and pursue their development goals on a sustainable basis.
- **Institutions** are the **formal or informal *rules of the game*** of a society.
 - **Organizations** are the *actors or players* – groups of individuals bound by a common purpose to achieve defined objectives **within the rules of the game**.
 - **Individuals** are the key actors and beneficiaries from both institutional and organizational systems of a society.
- **Knowledge: facts, information, and skills** acquired through experience or education; the theoretical or practical understanding of a subject.

Key Functions

Institutions shape the performance of the economies by their effect on the costs of exchange and production:

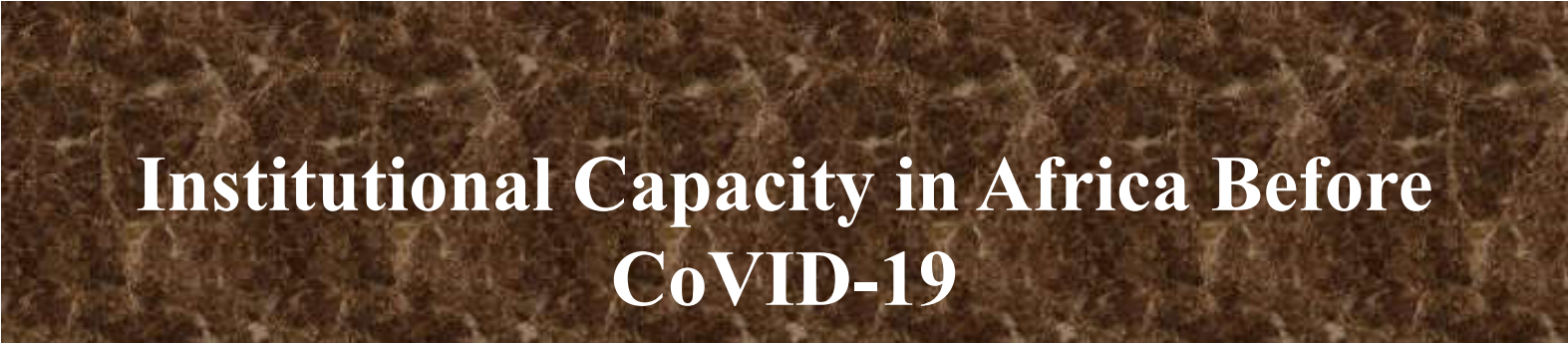


Adapted from Boliari, N (2007)

Knowledge, Institutions and Organizations are the “soft infrastructures” that shape the way economies cope with market failures and exogenous shocks such as COVID-19. The Pareto-efficient outcome is only one of many possible outcomes achievable in perfect market conditions under certain institutional arrangements.

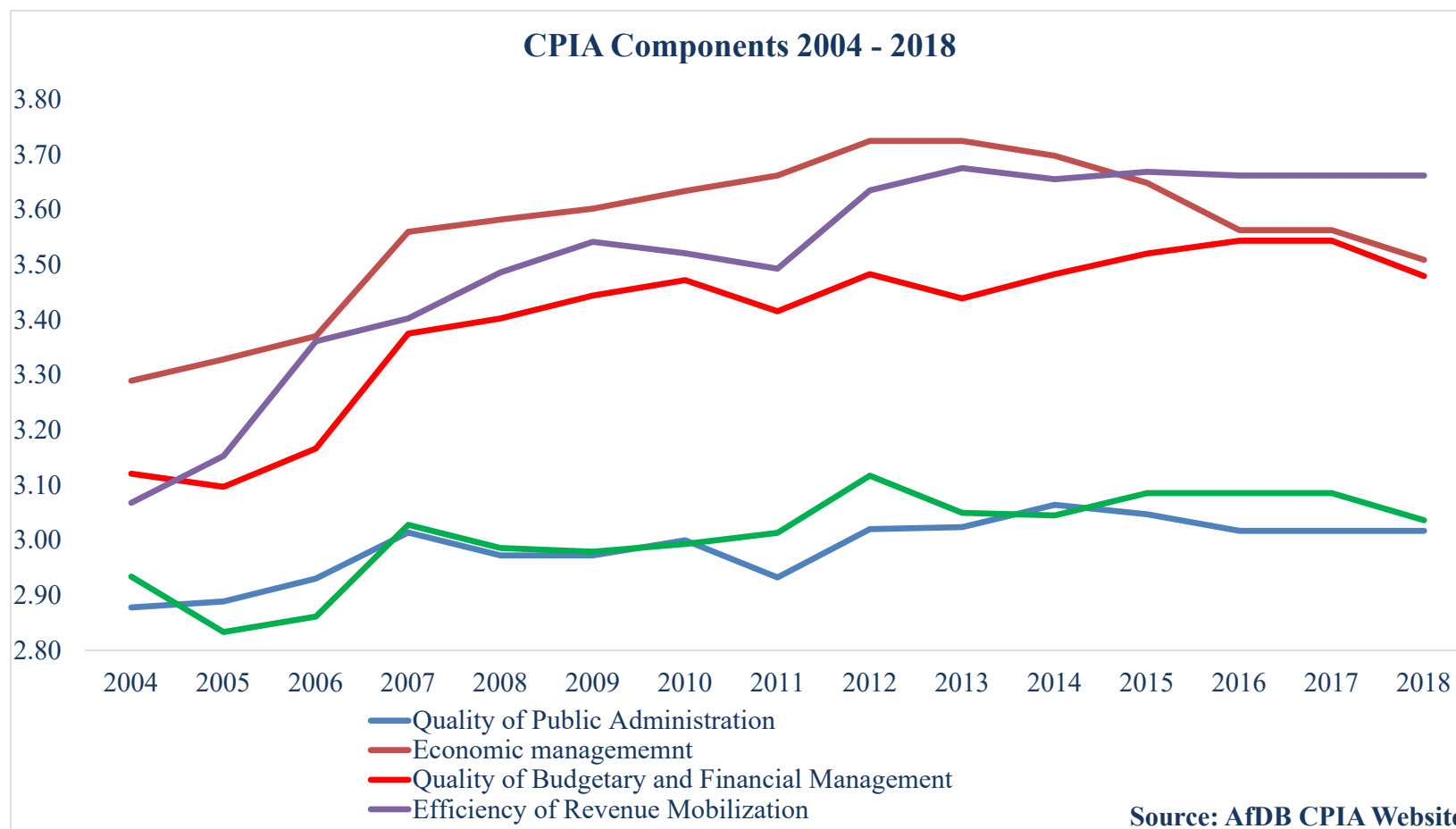
Key Components of the Soft Infrastructure



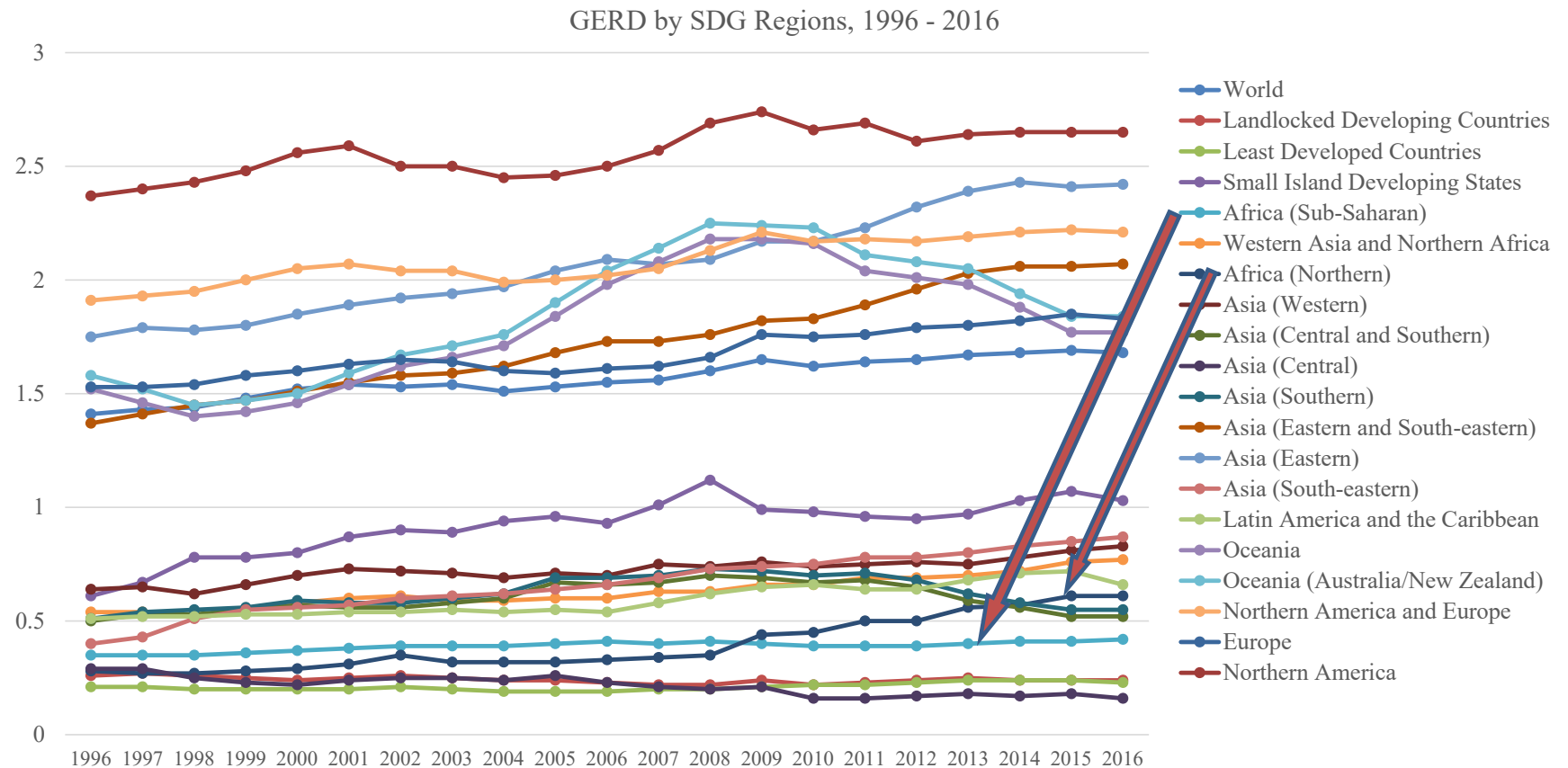


Institutional Capacity in Africa Before CoVID-19

Institutional Capacity and Government Effectiveness in Africa Before COVID-19

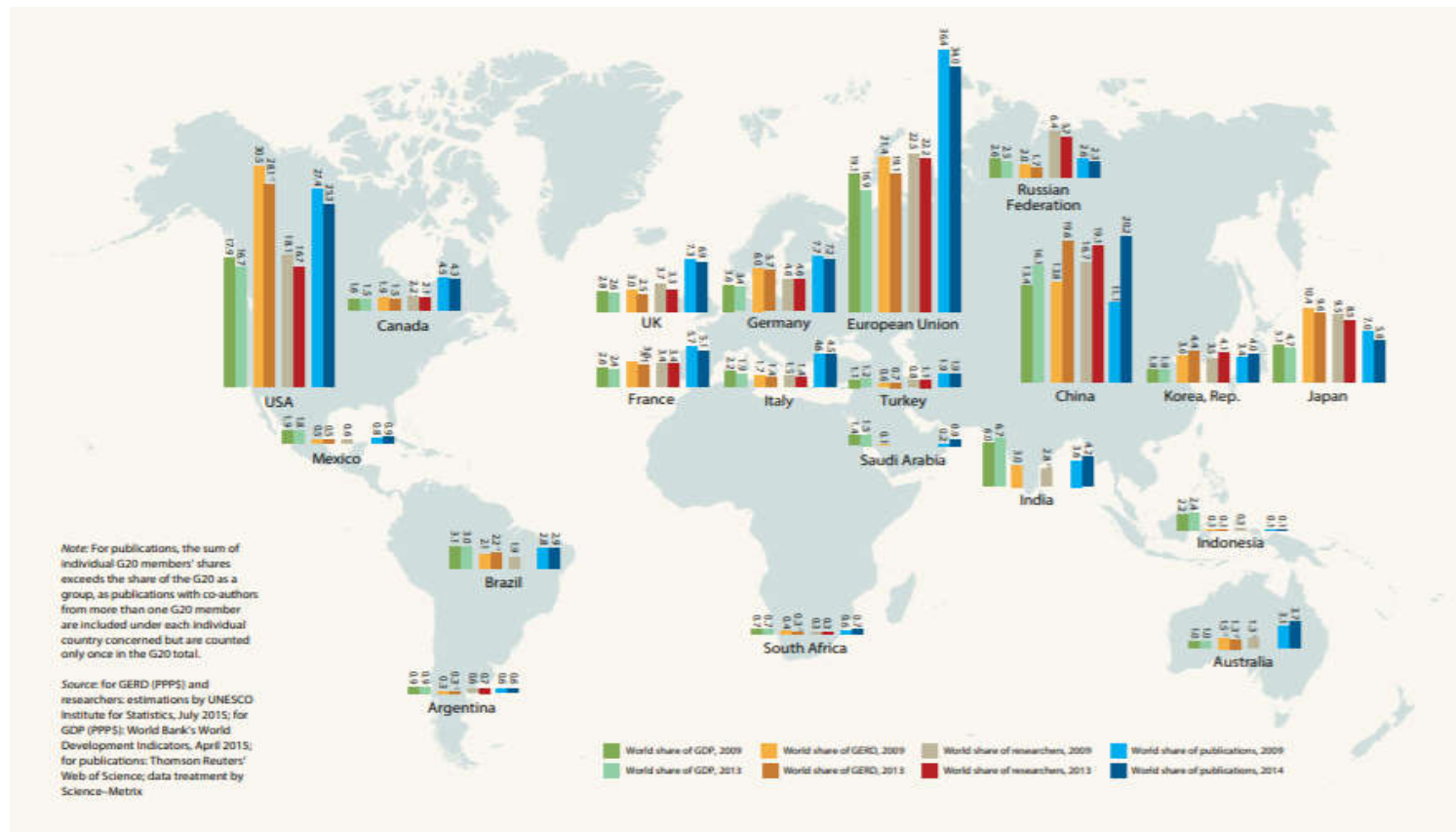


Capacity in Research for Development



Investments in Institutional Capacity and GDP Growth are closely linked

World shares of GDP, GERD, researchers and publications for the G20, 2009 and 2013 (%)



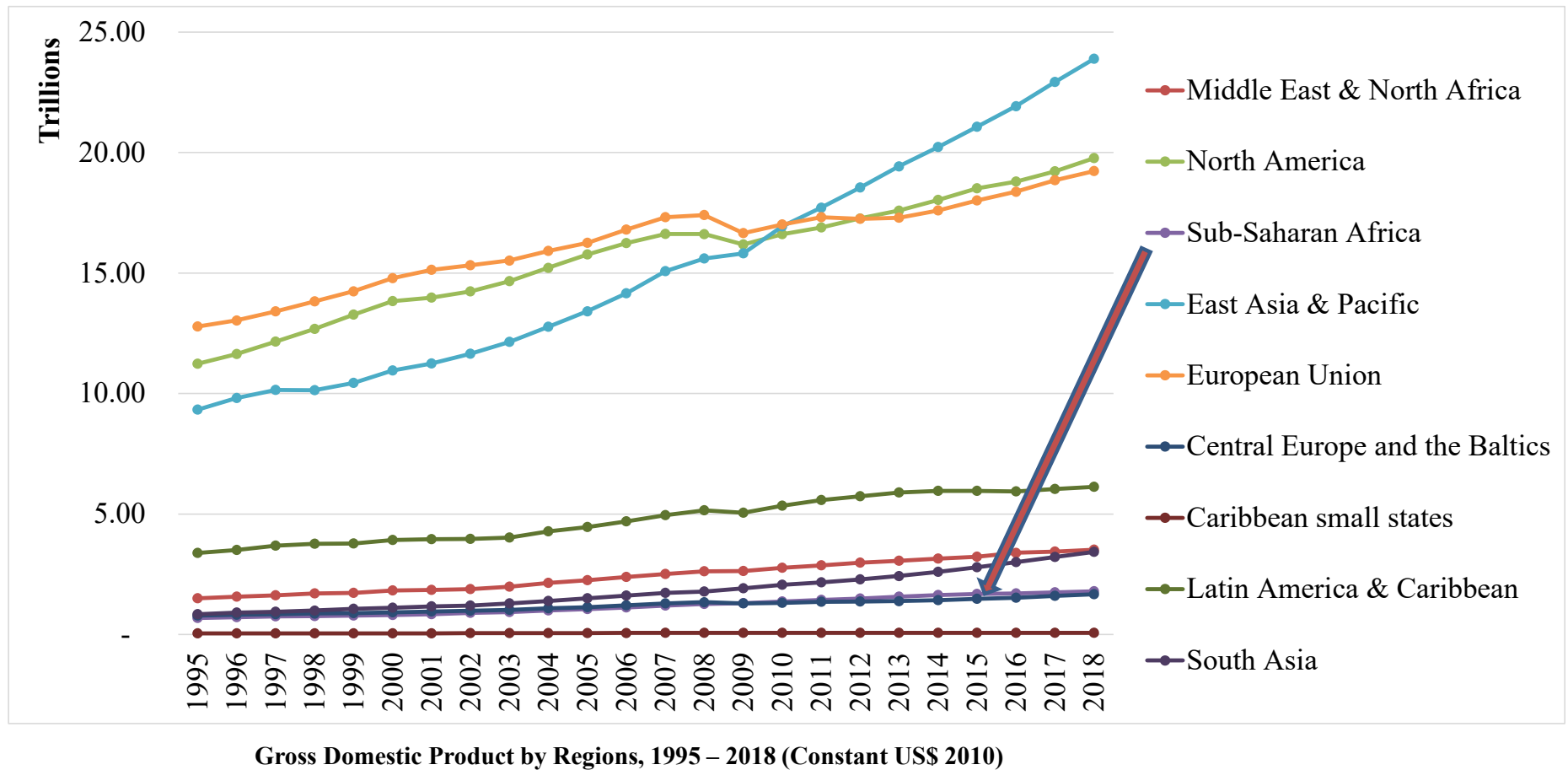
Source: UNESCO Science Report, 2015

Low investments in knowledge and institutional capacity underpins the capacity underpin almost every aspects of human existence.

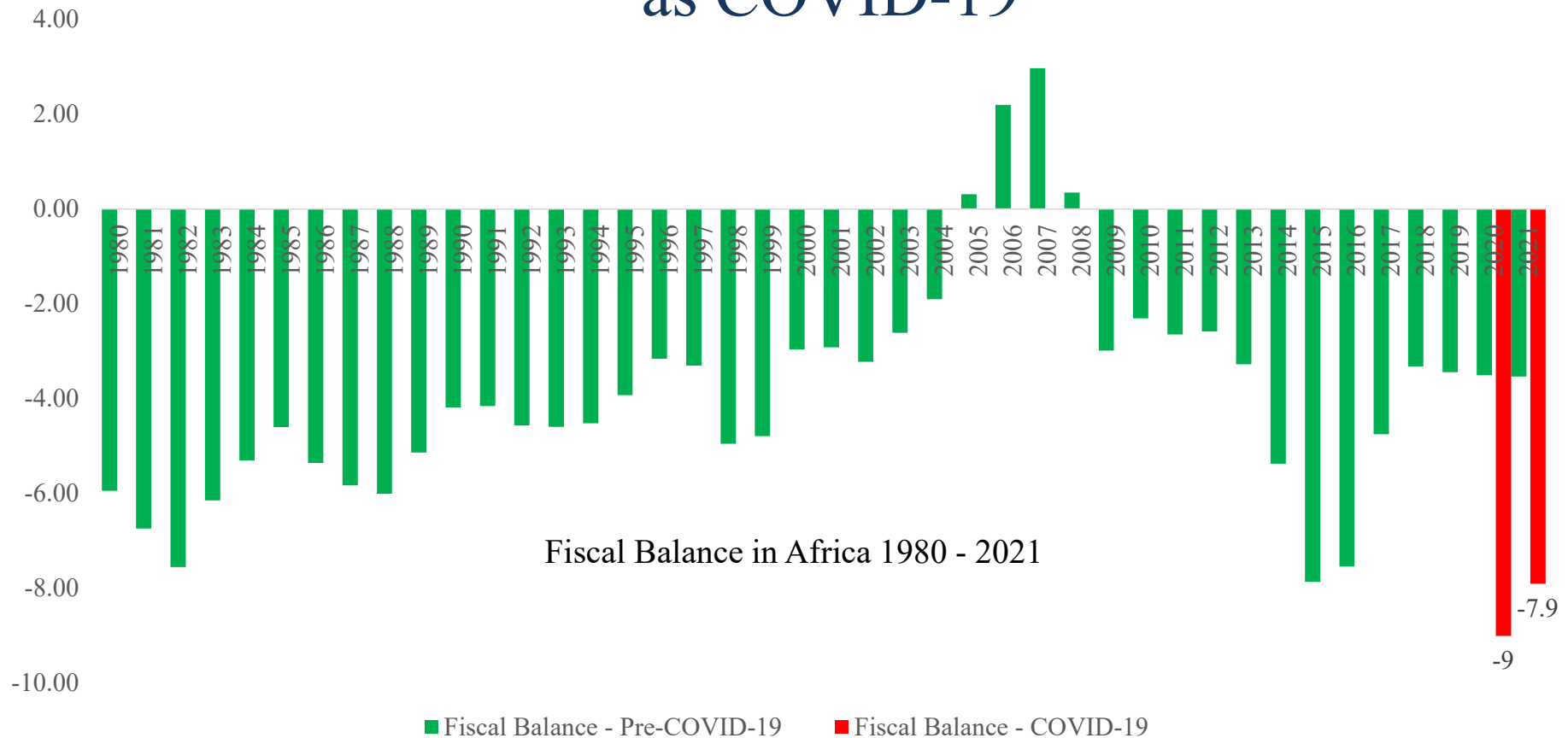


Implications for Inclusive Development in Africa

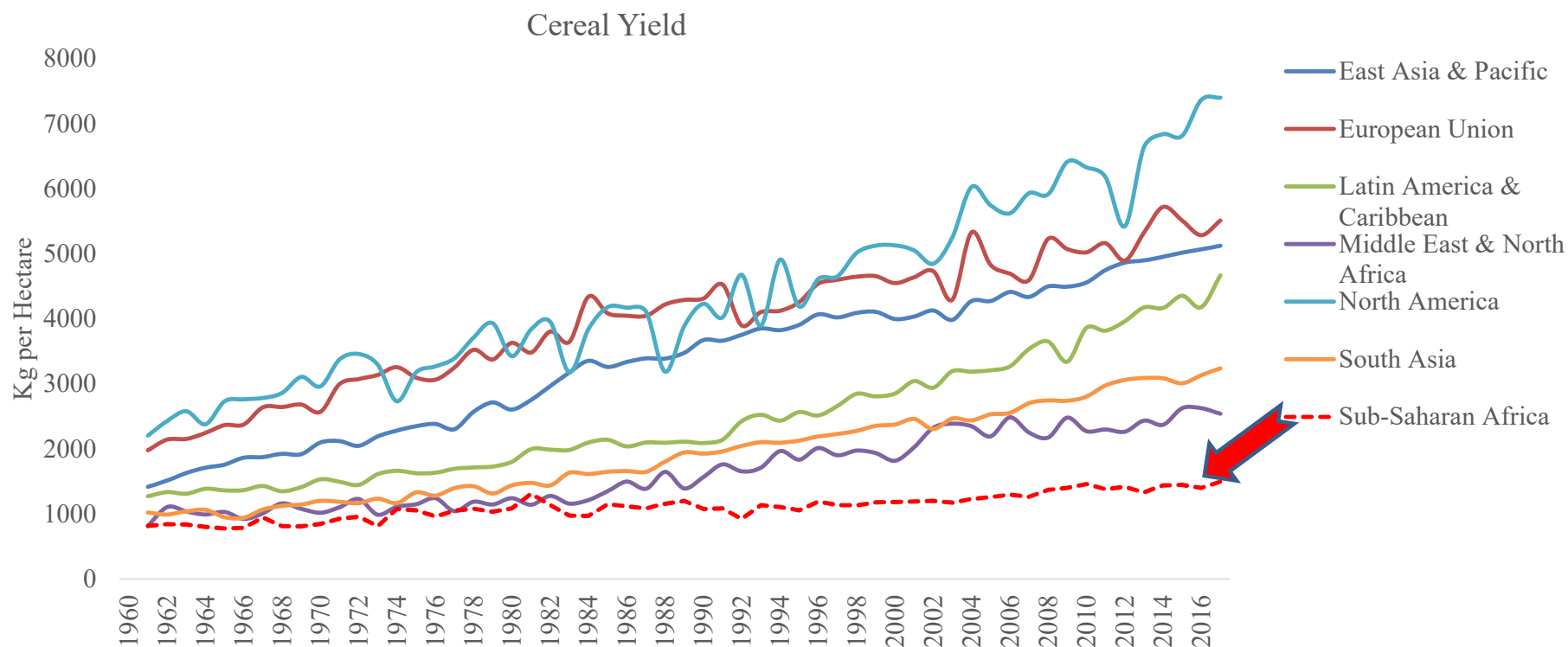
1. Africa's GDP is among the lowest in the world



3. Low fiscal capacity to adapt to exogenous shocks such as COVID-19



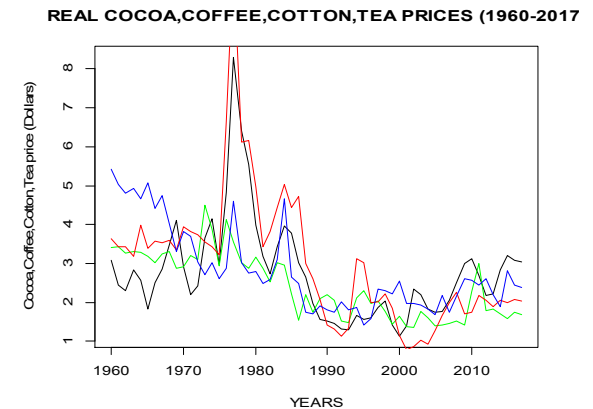
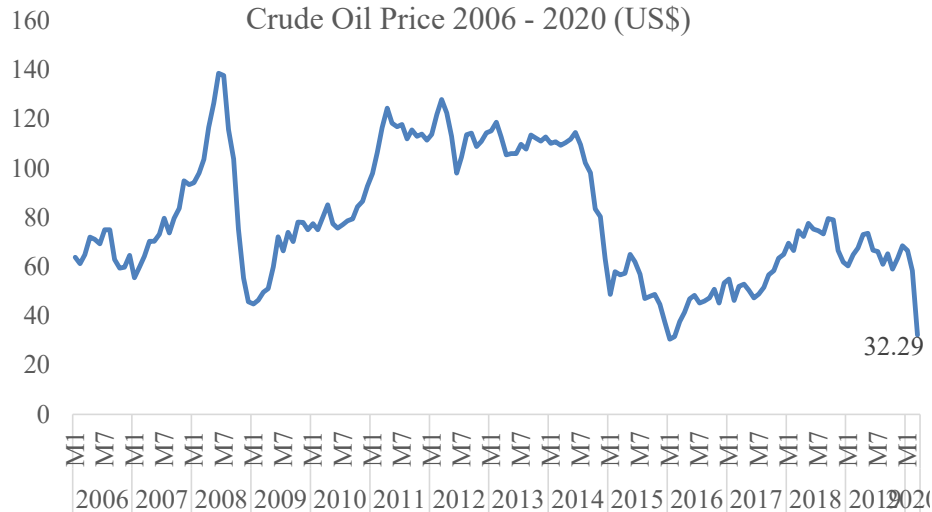
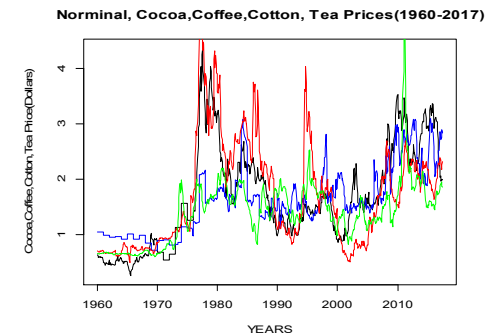
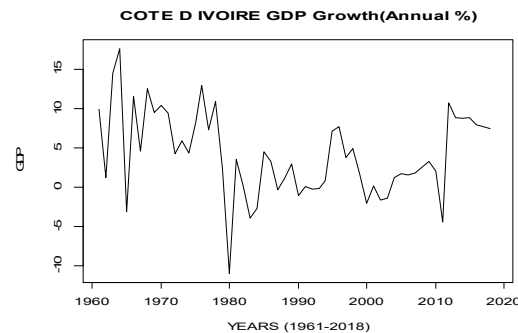
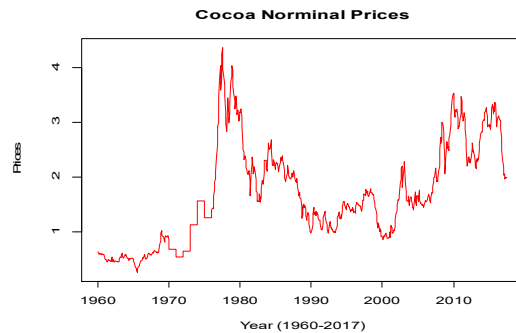
3. Low factor productivity in in key sectors



Total factor productivity in agriculture is lowest in Africa than all other regions of the world

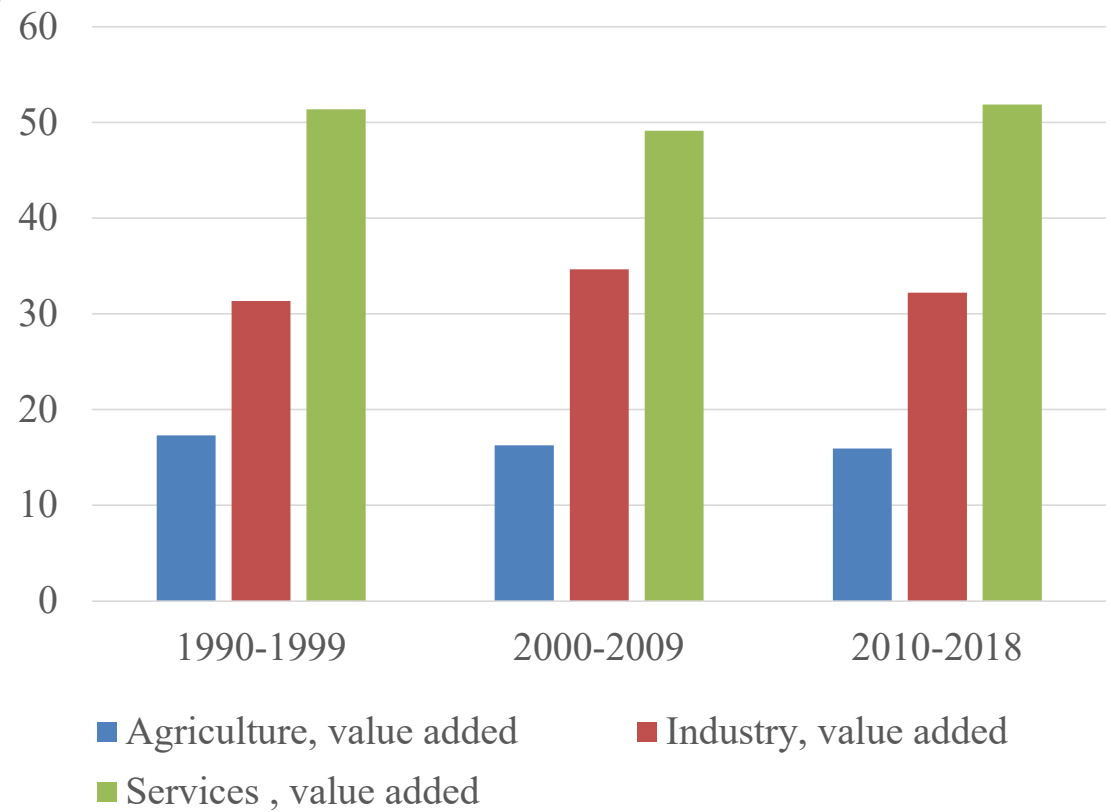
Source: World Bank May 2020

4. Reliance on commodity exports with little value addition creates low returns to and high vulnerability to external shocks

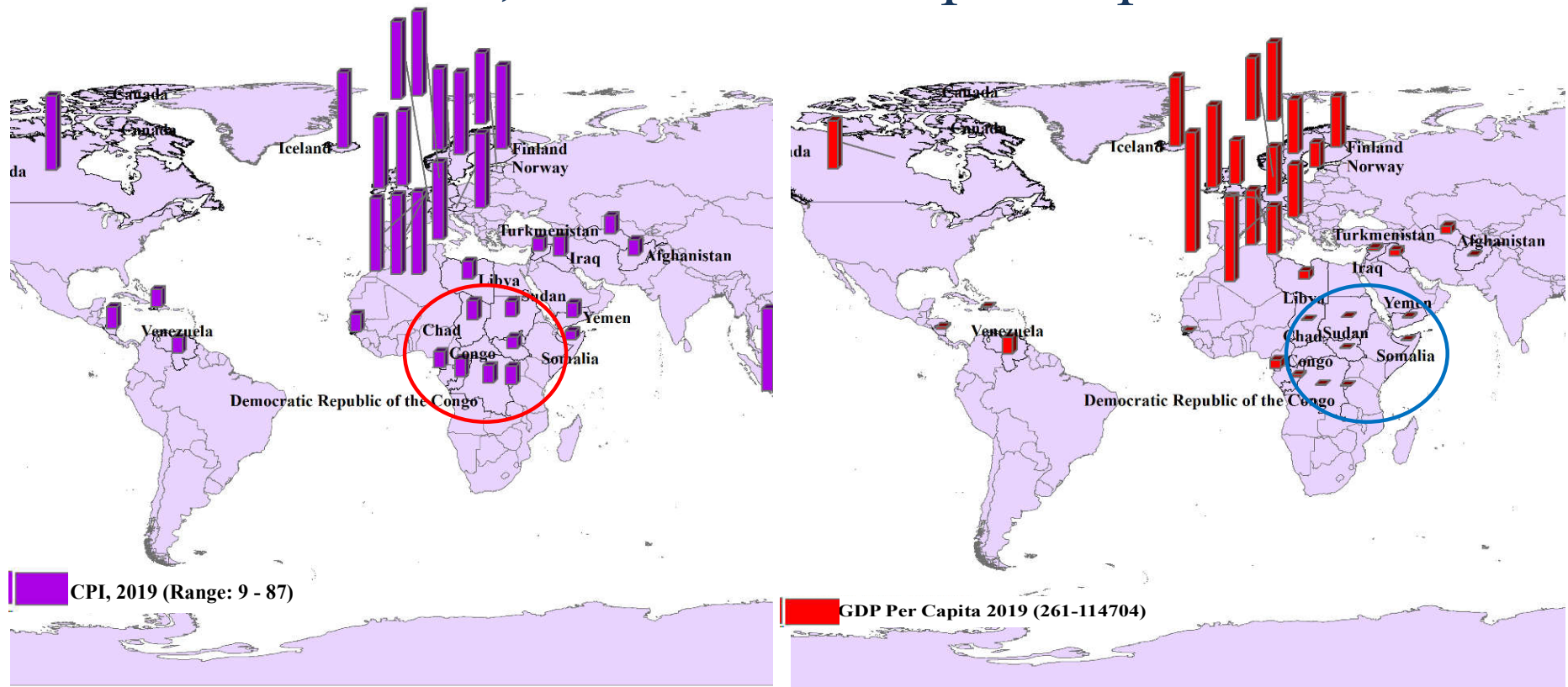


Key for lower panel only: Cocoa (Black), Coffee (Red), Cotton (Green), Tea (Blue).

Low value
added by
sector (%
of GDP)

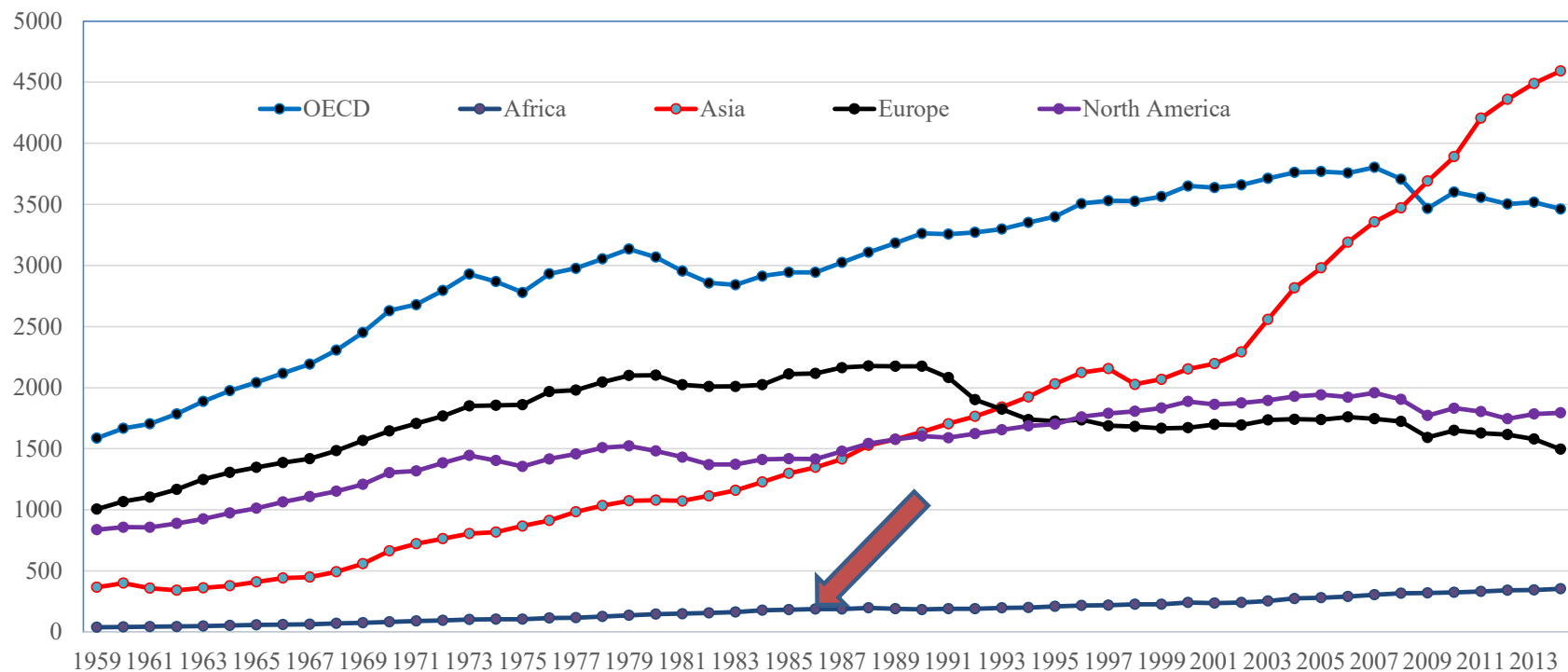


5. African countries rank poorly in Corruption Perception Index, 2019 and GDP per Capita



7. And Africa remain more vulnerable to the external global shocks even when it contributes little due to low capacity to adapt

Territorial Emissions, UNFCCC Data – Values in MtC/year. Own Analyses



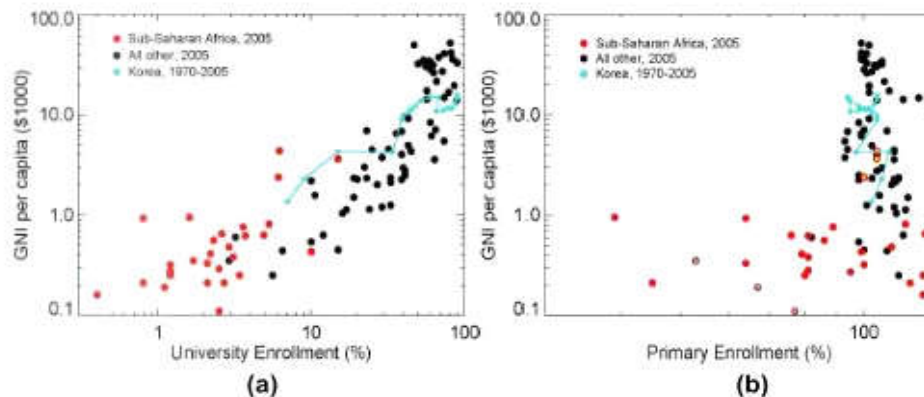
Historical Territorial CO₂ Emissions 1959 - 2014



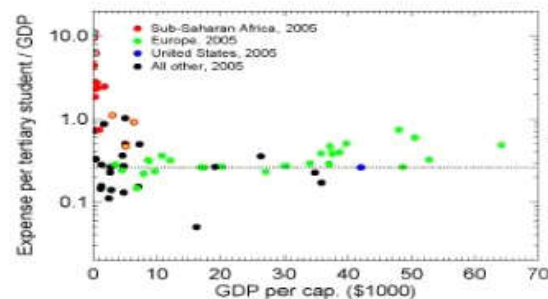
The Conundrum

1. African University rely Mostly on Government Funding and Contribute GDP Growth

Gross National Incomes and School Enrolment Rates, 2007



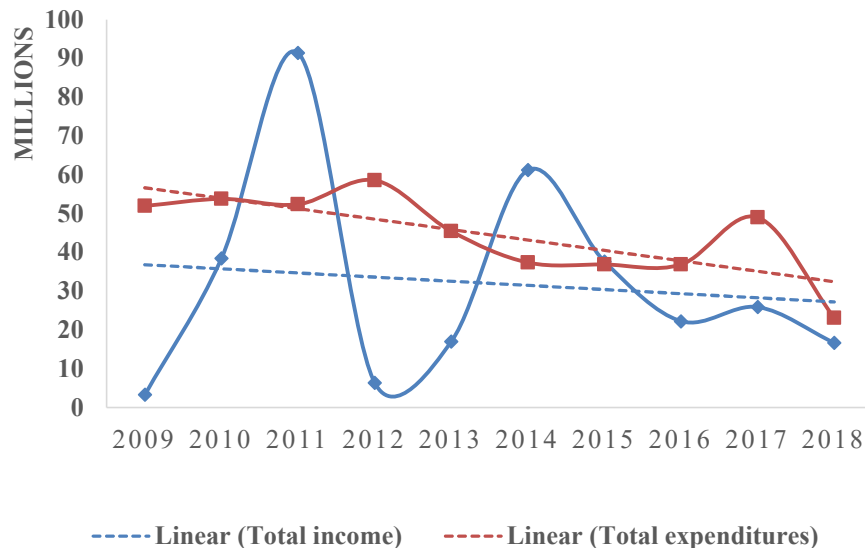
National Government Expenses per Tertiary Student as a Proportion of Gross Domestic Product (Source: Moyer, (2007).



1. The relative cost of higher education per student trained as a proportion of Gross National Income (GNI) is higher in Africa than in the developed countries, including the USA and Europe.
2. African governments are the primary source of funding for higher education in Africa. Limited fiscal space means that other development challenges: poverty alleviation, climate change adaptation, water insecurity, peace, etc., may be prioritized

2. Lack of continuity and longevity in Africa-led knowledge & capacity development institutions

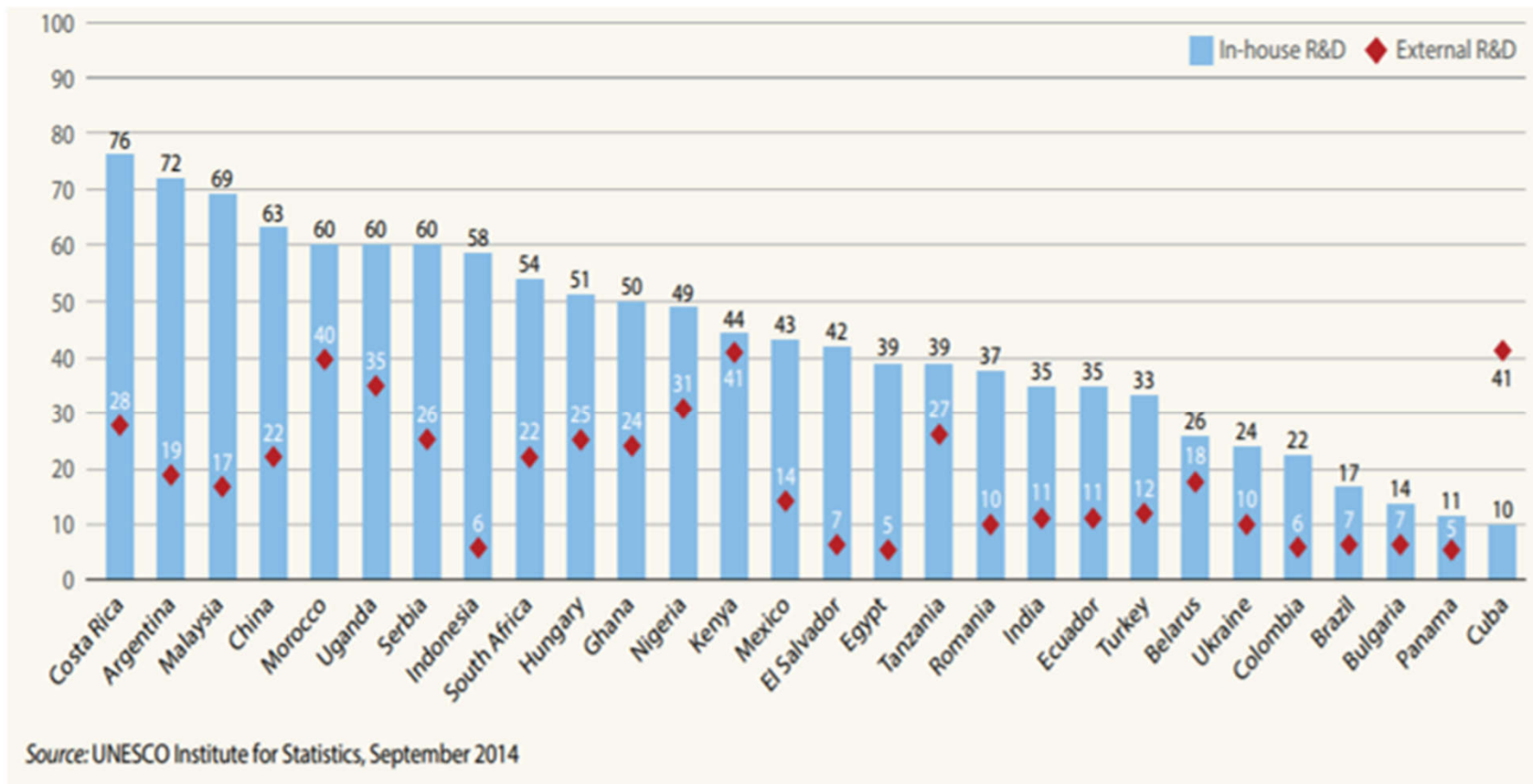
Funding Gap in One Key Anchor Institution (US\$)



Key Challenges:

1. Donor dependency and **unstable funding for program implementation.**
2. supply-driven agenda setting,
3. Low productivity and variability in the quality and relevance of work produced.
4. Low utilization of local capacity and low demand for technical services by African experts in the RMCs.
5. Lack of appropriate infrastructure for capacity development and research
6. High staff turnover and brain drain due to lack of resource to offer competitive salaries and benefits,
7. Inability to cope with the rapid technological transitions in their respective sectors,
8. Non-conducive environment and incentives to quality research and impacts.

3. Knowledge Dependence





Solving the Conundrum

- The **Sussex Manifesto, 1979**: calls for the rejection of the notion that existing international division of labour in science and technology, which has engendered self doubt, the associated knowledge dependence and binomial linear relationships between the “Global North” and the “Global South” in ways that hinder innovation in Africa by in Africa by Africans.
- In 2008, former Liberian President, H.E Ellen Johnson Sirleaf reminded delegates at the Science in Africa Summit that: **“No country on earth has developed without deploying, harnessing and utilizing S&T, whether through technology transfer or homegrown solutions”**.
- President Kagame on the other hand, stressed that: **“We in Africa must either begin to build our scientific and technological training capabilities or remain an impoverished appendage to the global economy”** The New African, vol. 494, p. 78.
- There is one thing developing countries cannot do without: **home grown capacity in scientific research and technological know-how**. Increasingly a nation’s wealth will depend on the knowledge it accrues and how it applies it, rather than the resources it controls. The “have” and the “have-nots” will be synonymous with the “knows” and the “know-nots”. Serageldin. 2008.
- These statements are anchored in decades of attempts by the African governments to turn around its development fortunes through efforts to mainstream STI in Africa’s development policies and actions. Examples include the Monrovia Strategy (1979), the Lagos Plan of Action,(1980), the Abuja treaty (1991), and most recently, the adoption of Africa’s science and Technology Consolidated Plan of Action (CPA) by the African Union in January 2007.

- 2010: **African Manifesto for Science, Technology and Innovation** called for accelerated investments in STI in Africa. Urama et al. (2010). African Manifesto for Science Technology and Innovation African Technology Policy Studies Network (ATPS), Nairobi, Kenya.
http://www.scienzecittadinanza.org/public/set-dev_africa20manifesto.pdf
- The African Development Bank Group recognized that “*No matter the amount of financial resources mobilized for Africa’s development, such funds would yield only limited or modest results if countries do not have the human, organizational and institutional capacity to absorb and effectively utilize them*”, AfDB, 2010.
- The African Development Bank Group recognized that “*weak institutions and capacity to formulate and implement policies, strategies, programmes and projects remain a persistent challenge in RMCs across the continent, particularly in ADF countries and in RECs*” African Development Bank Group, 7th General Capital Increase (GCI-VII) 2019, para. 99, ADF15 paper, para 212.
- *The African Development Bank is stepping up its efforts to help overcome this constraint.*



The 6th G-CoP Seminar

Seminar Goals: Critically examine

- Strategic Options for **Strengthening Africa's Knowledge Institutions** to effectively support Inclusive development transitions in Africa: what needs to be done differently?
- Strategic Options for **Mobilizing Resources for Strengthening Institutional Capacity** for inclusive development in post-COVID-19 Africa; and
- Organizational and Operational Arrangements for a **Continental Knowledge and Capacity Development Fund (KCDF)** for Africa.

Theme 1: Strengthening Knowledge Institutions

1. Strategies to **achieve and retain a critical mass of endogenous capacity** (individual skills, organizational and institutional systems) - competencies and experiences, organizational structures, systems, and information resources for transformative change **in Africa**?
2. How **investments in knowledge, institutional capacity, technology and innovations can be structured** to effectively contribute to socio-economic development and improved wellbeing in Africa?
3. How to **catalyze on the unprecedented challenges of COVID-19 as an opportunity to rethink strategies for strengthening institutional capacity in African-led Institutions**?
4. New **frameworks for strengthening knowledge and institutional capacity and its effectiveness at the institutional, national, and regional levels**? What are the **implementable strategic programs and policy priorities to make a difference**?

Theme 2: Resource Mobilization

1. **Continental strategies, policies and frameworks for mobilizing adequate resources at scale** for enhancing Africa's knowledge systems and institutional capacity for inclusive development post-COVID-19?
2. **Role of African the African Public and Private Sector:** How Africa can mobilize domestic (public and private) resources in support of African knowledge systems and institutional capacity for inclusive development in Africa. What are the opportunities, structures, organizational systems, and incentives needed at national, regional and continental scales?
3. **Role of International Development Partners (Multi-lateral and bilateral), Philanthropies, and Private Sector:** What are the opportunities, structures, organizational systems, and incentives needed for transformative change in cost efficiency and development effectiveness of international support to African knowledge and capacity development institutions?
4. What **specific action can specific stakeholders take to address low confidence/trust in African institutions?** What can African institutions themselves do? What can African governments, private sector and philanthropists, civil society do? What can development partners and funders do?

Theme 3: Organizational and Operational Arrangement

1. **Organizational arrangements to support resource mobilization at scale** and effective operation of a continental **Knowledge for Capacity Development Fund (KCDF)** for Africa?
2. **Organizational structures to accelerate the implementation of Africa's continental development strategies:** AfDB's High-5s and AUC's Agenda 2063, ACFTA; regional and national development agendas, etc.?
3. **Types of institutional actors and key functions the KCDF** could such a fund support?
 - Strengthening governance structures, systems, and operations,
 - Skills development,
 - Knowledge systems, research, and innovation- ways learning by doing inclusive development.
 - International collaboration, regional integration, and coherence
 - Core funding for institution building
4. **Hosting Arrangements:** How well positioned is the African development Bank Group to convene and host the proposed Knowledge and Capacity Development Fund for Africa? What are the strengths, weaknesses, opportunities, threats to hosting such a fund at the AfDB and how can these be mitigated?
5. **Structures and policies to Implement the fund:** What will be the role of Stakeholders: Donors, Continental Organizations, National Governments, the Diaspora, Private Sector, NGOs, etc.?



Key Risks to Watch



Complexity – institutions, capacity, African development, knowledge systems mean different things to different stakeholders

Bureaucracy – existing formal and informal rules and cultures for managing organizations create inertia for transformative change.

Informality – unwritten rules of the game and cultural traits passed from generation-to-generation slow transformative change

Path dependency - Individuals and organizations are used to existing institutional structures and resist changes.

Risk Perception, Mitigation and Guarantees: uncertainty and information asymmetry can lead to innovation nostalgia.

Knowledge Dependence: impeding knowledge and institutional capacity for socio-technological transitions to inclusive development in Africa

Knowledge Dependence

“Africa tends to be a child with many parents, very many parents. And unfortunately, most of the parents want their child to learn how to walk their way... and most of the parents do not want to hear and listen to the child when the child is asking to walk their [own] way. Our researchers, our PhDs, our patents, our ideas, we are a child, and nobody wants to allow us to walk our way. If you unpack that analogy, there’s quite a bit in there.” CGD, 2019, p. 10 – 11.

Can We do this?

YES, TOGETHER WE CAN.

“ Our journey has never been one of shortcuts or settling for less. It has not been the path for the faint-hearted - for those who prefer leisure over work or seek only the pleasure of riches and fame. Rather, it has been the risk-takers, the doers, the makers of things, ..., who have carried us up the long, rugged path towards prosperity and freedom ” - H.E President Barack Obama, Inaugural Address, 20 January 2009.

The New Normal



The African Development Institute's, AfDB Virtual Capacity Development Academy (VCDA) – transforming technical assistance, training and policy dialogue for inclusive development in Africa.

Thank You

African Development Institute

“Strengthening capacity for inclusive growth in Africa – without which the global sustainable development goals and Africa’s Agenda 2063 will not be achieved”

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