



**AFRICAN DEVELOPMENT BANK GROUP
AFRICAN DEVELOPMENT INSTITUTE**



GLOBAL COMMUNITY OF PRACTICE ON COVID-19 RESPONSE STRATEGIES IN AFRICA

6th ADI - G-CoP Dialogue: A Call for Accelerated Investments in Knowledge and Institutional Capacity to Drive Inclusive Development Transitions in Africa

African countries must stop relying on exporting natural assets such as oil, gas and cash crops with little value addition and focus on investing in the “knowledge economy,” panelists said during a G-CoP dialogue on strategies to address gaps in Africa-led institutions. Countries and individual entrepreneurs who have been able to achieve and sustain high levels of economic growth and sustainable wellbeing throughout development history, are not those who have abundance of natural assets but those who invested in knowledge and institutions to create intellectual property, the G-CoP Delegates observed.

The global seminar, themed *Strengthening Institutional Capacities for Inclusive Development in Africa post-COVID-19* was held virtually on 15 and 16 March. It convened over 545 experts from 58 countries from all continents of the world, mostly from the Western and Eastern hemispheres.

There are three forms of assets that support wealth creation in all economies: energy, physical materials, and intellectual property. While the first two are limited in supply, the third is limitless. Energy and physical materials make up just about 52% of the United States of America’s economy while intellectual property alone make up the rest (48%). Intellectual property is the creativity and ingenuity of the human mind. This is the limitless source of wealth creation in the knowledge economy. While the net worth of Leaders who preside over vast amounts of Africa’s natural resources hover below US\$10 billion, individual entrepreneurs who have harnessed the creativity of the human mind for creation of wealth are value in hundreds of billions. Intellectual property is the basis of the knowledge economy. The wealth creation opportunities are limitless.

Yet, Africa – rich in all the three forms of assets, have harnessed little of all of them. Countries export natural assets with limited or no value addition, earning real prices that have tended downwards over time. Africa’s wealth of energy resources is largely untapped – leaving well over half of its population in the dark and without base-load power to support small businesses and manufacturing value addition in key sectors. Factor productivity in all Africa’s economic sectors remain among the lowest of all regions of the world. With less than 1% of global publications, about 0.1 % of global patents granted in 2018; less than 1% of global expenditure in research and development, and about 1% of global researchers; African countries lack the capacity it requires to participate competitively in the global economy in all its forms. Knowledge is power. Knowledge dependence deprives Africa the agency it requires to shape its own development its own way.

The African development Bank Group therefore recognizes 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 sixth global community of practice seminar of the African Development Institute (ADI) of the African Development Bank Group (AfDB), was convened in collaboration with Institutional Partners in Africa and globally, to brainstorm on implementable policy options and strategies to scale investments in knowledge and institutional capacity for inclusive development in Africa post COVID-19.

Delegates called for the establishment of a Knowledge and Capacity Development Fund for Africa (KCDF) – to mobilize resources at scale to support institutional capacity for homegrown knowledge development and commercialization – the creation and deployment of intellectual capital in Africa’s development post COVID-19. It was noted that institutions shape the rules of the game. Until Africa builds and maintains its own institutions to shape its own development, it will continue to lack the capacity and agency to participate effectively in the global economy.

This call is anchored in decades of attempts by the African governments to turn around its development fortunes through efforts to mainstream science, technology and innovations (STI) in Africa’s development policies and actions: 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. The meeting recalled the calls by Africa’s eminent Leaders including H.E Ellen Johnson Sirleaf, former President of the Republic of Liberia who observed in 2008 that “*No country on earth has developed without deploying, harnessing and utilizing S&T, whether through technology transfer or homegrown solutions*”. H.E President Paul Kagame of the Republic of Rwanda 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. Different Manifestoes on STI including the Sussex and African Manifestoes, have also called for investments in home grown knowledge and innovations to support socio-technological transitions in developing countries.

The delegates considered several innovative financing mechanisms including the deployment of sovereign wealth funds to support institutional capacity building in countries, crowdfunding from domestic and international philanthropists; specialized knowledge bonds, securitization of remittances from the Diaspora to establish a fund for institutional capacity development without borders; re-thinking hard infrastructure financing models to mainstream investments in knowledge and institutional capacity “soft infrastructure”; scaling institutional capacity strengthening component of Policy Based Operations and countercyclical lending programs of Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs); and the establishment of a dedicated Knowledge and Capacity Development Fund for Africa (KCDF) hosted by the African Development Bank Group.

It was noted that many African countries now have a critical mass of individual experts serving in various capacities in several organizations both at home and in the diaspora. However, weak institutions and capacity to formulate and implement policies, strategies, programs, and projects remain a persistent challenge across the continent. Donor dependency and unstable funding for program implementation,

supply-driven agenda setting, low productivity and variability in the quality and relevance of work produced, low utilization of local capacity and low demand for technical services by African experts in African Member States, lack of appropriate infrastructure for capacity development and research, high staff turnover and brain drain due to lack of resources to offer competitive salaries and benefits, inability to cope with the rapid technological transitions in key sectors, and non-conducive environment and incentives for quality research and impacts, continue to drain the continent of its qualified human capital. COVID-19 pandemic has sharpened focus on the need for building institutional capacity at national and regional scales to complement global capacity and development assistance in Africa.

The African Development Bank, as the premier development Bank for Africa, can play a catalytic role in mobilizing resources for soft infrastructure (knowledge and institutional capacity) development to build Africa's knowledge economy, the Delegates observed. African governments should at least honour their own commitment to invest at least 1% of gross domestic product (GDP) on research for development and create policy incentives to scale public-private sector partnerships in the knowledge economy. To build a thriving and sustainable knowledge economy for inclusive development in Africa, African institutions – *the informal and formal rules of the game*, must be at the forefront. African public and private sector must scale their investments in strengthening institutional capacity for development in Africa. Because, development cannot happen from outside. Africans must step up to the challenge and take the lead to develop Africa.

Likewise, Development Partners (MDBs, DFIs, Bilateral Donor Agencies, Global Public and Private Investors and Philanthropists) are called upon to re-think their rules of the game both in terms of the type, structure and scale on funding and development aid provided for knowledge and institutional capacity in Africa. Widening, diversifying and coordinating the donor pool is critical to securing the needed funding at scale, and beneficiary countries and organizations must be given the agency to define the agenda within their own development stages and priorities.

To succeed, African Countries, Organizations and Development Partners must work within the rules of the game embedded in African realities. Such rules must address the key risks that has so far dampened the appetite for investments in building the knowledge economy in Africa. These include:

- **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:** risk perception due to reducible uncertainty, lack of transparency and information asymmetry can lead to innovation nostalgia, and
- **Knowledge Dependence:** existing international division of labour impeding knowledge and institutional capacity for socio-technological transitions to inclusive development in Africa.

Long-term investments will be required at scale to kick-start and sustain Africa's effort to build a knowledge economy that can support inclusive growth transitions in a post COVID-19 era. This will require continued engagement between Africa and Development Partners, Public and Private Sector Actors, Donors, Philanthropies, and organizations across the world to reshape the type, scale, and structure of financing for knowledge and institutional capacity in Africa.

The African Development Bank's African Development Institute (ADI) of the African Development Bank Group (AfDB) organized the global policy dialogue with its G-CoP partners including: the African Capacity Building Foundation (ACBF); the Association of African Universities (AAU); the African Economic Research Consortium (AERC); the African Research Universities Alliance (ARUA); the Science Granting Councils Initiative (SGCI), and other African think tanks, universities and research organizations in Africa and globally.

The African Development Institute (ADI) of the African Development Bank Group established a Global Community of Practice (G-CoP) in April 2020 to facilitate policy dialogue to inform the short, medium and long-term policy responses of the Bank's regional member countries (RMCs) to the COVID-19 pandemic.

Relevant Documents:

Seminar concept note – [Click here](#)

Speakers profile pictures – [Click here](#)

Speakers biographies – [Click here](#)

Seminar program 15 March 2021 – [Click here](#)

Seminar program 16 March 2021 – [Click here](#)

Scene setting presentation by Prof. Kevin Urama - [Click here](#)

Scene setting presentation by Prof. Alex Ezech and Prof. Sharon Fonn - [Click here](#)

Keynote presentation by Prof. Osagie Imasogie – [Click here](#)

Media summary on CNBC Africa – [Click here](#)

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