

Parallel Session 15 Tackling Poverty

Despite a 30 years sustained growth in Africa, as Adebé Shimeles explained, the facts show that indexes of poverty have stagnated and Gini coefficient has increased since the beginning of the 2000s. Specifically, the agricultural sector is particularly sensitive as it harbours 54% of African poor.

To have poverty reduced, the three panellists agreed that structural transformation, triggered by enhanced policies, was necessary. Abebe Shimeles insisted on the need for massive investment in two fields: physical infrastructure and human capital. Mina Balamoune-Lutz stressed the key role of trade to tackle poverty. Even though trade has considerably increased in Africa since the 1970s, there is still room for improvement – especially through trade policies, exchange rate policies, banking systems, aid for trade or regional integration. Lastly, Francis Mulangu presented a simple partial-equilibrium model that simulates the impact of economic shocks on cash and food crop prices. The insights derived from this study are of great relevance to economic transformation, and in particular transformation in agriculture in Africa.



Interview Frannie Léautier

What is the contribution of ACBF to ST?

The first role the foundation plays is in supporting autonomous Think Tanks that need to have this kind of capacity so they can do context specific research. The second was to create a knowledge platform and bring researchers, policy makers and decision makers in a common place where they can share ideas and learn from each other. The third one was to invest in data collection and the foundation when I was there, launched the African Capacity Indicators Report, which is a report that assesses at every stage what countries have achieved in terms of capacity: capacity to deliver results, capacity to build a dynamic society, including the capacities to manage the society and then the capacity to implement.

You now work in a private equity fund that boosts SME. Do you think SME represent a possible motor of ST?

My motivation for going to the private sector and particularly to focus on the role of private equity to support SME comes from three realizations. Africa needs to create jobs for all the young people that are coming onwards. They are 200 millions young people who need jobs. SME employ between 70 and 80% of all people in Africa. If you want to create jobs, it's one of the best ways to do it. Then there is the opportunity, by funding SME, to move activity from the informal towards the formal sectors. Thirdly SME do not receive enough funding: not from the banking sector that favors bigger and more collateralized companies, not from the families wealth that are too limited, not from the micro finance that focus on micro enterprises. At Mkabo, we take a minority share and after five years of transforming the company and making it profitable, we sell our shares and invest the return to finance a new pool of companies. This is a sustainable model of financing. You actively managed these companies and help them succeed.

Do you also fund projects focusing on improving productivity?

SME sectors are less productive than bigger ones. And we have to make profit, as it is one of our drivers along development results and sustainable business. Clearly productivity appears as a key determinant of these aspects. You improve productivity as you bring in a degree of mechanization and sophistication of product and techniques. Productivity also benefits from better accounting and management. That investment is very important not only for the company but for the country as a whole as it helps building appropriate taxation structures. The third one is more around business strategy, marketing and branding. Clearly productivity is important for us. One of the tradeoff is, as productivity increases, number of jobs diminishes or at least reallocates from low skilled to high skilled profiles. The advantage we have in Africa is that we are still at a stage of low structural transformation and this type of investment is still labor and productivity enhancing.

Facts and Figures

Les dépenses par personne pour la recherche : 10,6 \$ par personne en Afrique contre en moyenne 171,7 \$ par personne dans le reste du monde (58,3 \$ pour les pays en développement).

African universities generate less than 1% of all scientific publications.

La dépense intérieure brute en R&D représente 0,4% du PIB en Afrique.

Plenary 6 Policy-oriented Research

The first plenary session of the last day of GDN Conference, gathering panelists from African research institutions, aimed at discussing the challenges as well as the promises for research on the African continent. A consensus emerged on the need for research to be more policy-oriented and for bridging the current gap between academic research and the policy-makers' needs. The first challenge is thus to use the knowledge and the outcomes of African universities and researchers for policy making. In order to bridge this gap, research should move from supply-driven towards demand-driven mechanisms.

The panelists also emphasized that the lack of data is an impediment for evidence-based research, which is of the most importance to conduct a sound structural transformation. Furthermore, they pointed out the need to create an enabling environment in order to facilitate long-term financing as well as investments from domestic or international industries.

Private sector financing in fields with a huge potential for research, such as renewable energies, is a premise for a more demand-driven research. It is also key for African researchers to reinforce their integration into global research and networks all over the world.

Interview Eleni Gabre-Madhin

Should we keep focusing or start acting now, and take actions?

I am a big believer in research, there is a spectrum of researcher you can do basic research or you can do applied research, we need the entire spectrum. We have a gap in Africa: a lot of people do basic research, but few people do practical and actionable research. We need to build capacities to bridge this gap.

According to you, what is the role of the private sector in structural transformation?

I think that we are seeing a new paradigm slowly emerging in Africa: government is becoming an enabler of private activities. A vibrant private sector is critical for structural transformation. But you can't get a vibrant private sector if you don't take away the risks and the concerns that the private would have, and you can only do that if you have an active government.

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