



AERC Annual Report

For the Year 2019/2020

AFRICAN ECONOMIC RESEARCH CONSORTIUM
CONSORTIUM POUR LA RECHERCHE ÉCONOMIQUE EN AFRIQUE

Bringing Rigour and Evidence to Economic Policy Making in Africa

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Prof. Njuguna Ndung'u

Ex-officio Member, Executive Director, AERC



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FOREWORD

This Annual Report 2019/2020 provides details of a productive year in which the African Economic Research Consortium (AERC) endeavored to provide an excellent service to its network. The AERC has expanded significantly over the last twelve months, notching up a number of particularly notable achievements. Major projects we recently embarked on have progressed very well. These include the launch of a new strategy to shape our future as well as harnessing technology and innovation in the wake of the Covid-19 global pandemic. Many new opportunities are also opening up. We consequently closed the year with the outlook of an exciting future.

The AERC is an organization with multiple components, including research, training, and policy outreach, with heavy emphasis on capacity building. The organization integrates high-quality economic policy research, postgraduate training, and policy outreach within a vast network of researchers, universities, and policymakers across Africa and beyond.

As the organization continues to grow and strengthen partnerships, thus opening new opportunities, it has continued to act as an umbrella organization for independent researchers working in the field of economics. Efforts to raise the quality of thematic research from proposal stage through to publication in high-end refereed journals started during the fiscal period with restructuring

of the incentive mechanism. The research administration and the management process also improved immensely.

On the training programme, AERC is in the process of upgrading the training curriculum in its entirety to reflect the frontier of economic teaching and knowledge base. This has amplified the work of the Academic Advisory Board (AAB), whose role it is to efficiently monitor and advise on programmatic activities and the delivery/pedagogy mechanism of the online training programme. The success of these efforts will feed into training activities in the coming years.

During the fourth quarter of the fiscal year, AERC onboarded the African Communications Media Group (ACG), as an agency of record. ACG is a pan-African communications agency with a global reach that will assist with the implementation of AERC's Visibility Strategy, reorganization of the website, publication of online policy briefs as well as outreach activities. The goal is to consistently increase the reach and profile of AERC on the continent in various markets as well as the policy environment in which our key stakeholders and funders operate.

To prepare the AERC network to raise the bar for capacity building and to support policymaking in sub-Saharan Africa (SSA) economies, a new AERC Strategic Plan for 2020-2025 was launched. This strategy was

developed with strong support and input from the stakeholders. In this Plan, a new approach is mapped out for capacity building that takes a broader perspective. It is a fundamental change to the way AERC operated in the past, moving from an objectives-based approach, to a theme-based strategy, focusing on outcomes and impact measurement. The Strategic Plan also presents new ways of engaging across the region through incubator projects for funders to consider throughout the five-year planning period.

One critical consideration to the AERC Strategic Plan 2020-2025 is that it will enhance AERC's mark of **improved quality**, define its own momentum of **sustainability** and create a new era of **policy influence** in SSA economies. These three themes will require a shift from a passive to a proactive stance regarding economic policy decision-making in Africa, that will be the cornerstone of an institutional theory of change for AERC. This will also form the foundation for many years to come, and not just the five-year planning cycle.

As this Annual Report shows, the AERC's activities in the past year already reflect the spirit of continuous innovation as it paves the way for the new strategy to serve the AERC network. The network that the AERC

serves is at the core of AERC activities and it drives the commitment to improve the delivery of capacity-building activities and information flow. As is evident from AERC's financial statements, the AERC Secretariat meets best practice and upholds high standards within a robust and comprehensive accountability framework.

We understand that learning lessons is the key to improvement. This means engaging meaningfully with our beneficiaries and giving them a voice with a range of feedback mechanisms. Within our network, we foster a culture of sharing information and knowledge, which is underpinned by sound monitoring and evaluation. This allows us to identify trends, strengths and weaknesses at all levels.

This AERC Annual Report 2019/2020 documents our evolution so far with regard to the strategic objectives that were set for the last year of the strategic period 2015-2020. I invite you to have a look and see just how visionary AERC is today – nearly 35 years after its establishment.

In summary, it has been a great year. We are satisfied with the continuing growth of our organization and are looking forward enthusiastically to the year ahead. I hope you enjoy reading this report.

Louis Kasekende
Chair, AERC Board of Directors

Njuguna Ndung'u
Executive Director, AERC



1. OVERVIEW

The year 2019/2020 marks the fifth and final year of implementation of the 2015–2020 Strategic Plan. The focus in this final year was to ensure all the targets in the strategy were achieved. This report covers the year 2019/2020 from 1 April 2019 to 31 March 2020.

AERC's efforts to raise the quality of thematic research papers has started with restructuring of the incentive mechanism and efforts to improve the research administration and management process. This is where most of the pitfalls lie, as well as with internal capacity on the research management process. The improvements will also enhance the participation in research activities of researchers from fragile and post-conflict states, building on the Bridge Programme that has taken shape so far with the help of funds from the International Development Research Centre (IDRC) and the Swedish International Development Cooperation Agency (SIDA).

The Training Programme continued to monitor the following collaborative graduate programmes: Collaborative Masters Programme (CMAP); Collaborative Masters in Agricultural and Applied Economics (CMAAE); and the Collaborative PhD Programme (CPP). What is at stake now is upgrading of the training curricular in its entirety to reflect the frontier of economic teaching and knowledge base. This will be taken up in the next planning cycle to ensure that in future the Academic Advisory Board (AAB) can efficiently

monitor and advise on programmatic activities and the delivery/pedagogy mechanism of the Training Programme.

2015–2020 Strategic Objectives

1. Enhance capacity building for economic policy research and graduate training in sub-Saharan Africa (SSA).
2. Build and strengthen national, regional, and global linkages to generate high-quality economic policy research and graduate training.
3. Engage the private sector in mutually beneficial research and training activities to enhance innovation and to deepen and broaden AERC capacity building and policy impact.
4. Enhance AERC visibility, outreach, and policy engagement to maximize the uptake of AERC products in policy.
5. Maximize mutual benefits through diversified resource base and stakeholder for sustainability.

The approved Programme of Work and Budget (PWB) for 2019/2020 provided these outcomes:

- » Policy outreach through policy briefs and thesis dissemination;
- » Regional policy forums to engage and inform policymakers;
- » Resource mobilization across funders to close the financing gap in 2019/2020;
- » Continuing to enlarge the African stakeholdership through the AERC African Central Bank Governors Forum;
- » Mutually beneficial engagement with the private sector;
- » Developing strategic directions for 2020–2025 to provide a seamless transition from the current planning cycle to the next; and
- » Visibility of AERC through enhanced website management and rollout of the communication strategy.

But challenges remain, among them the following:

- » The final year of the strategy had fewer resources; therefore, 2019/2020 started with a financing gap. Even though this

was covered, the Training Programme remains the one with a reduced activity level, thus inflating management cost ratios.

- » The changing environment – in which most funders prefer short-term, earmarked project funding for quick results, rather than core and long-term funding – is a recurring problem that will be an even more significant challenge in the future.

To mitigate these challenges, AERC continued with aggressive resource mobilization efforts to diversify the resource base, efforts that have culminated in the commissioning of new research and training projects such as the Norwegian Agency for Development Cooperation's (NORAD) Growth, Poverty Inequality and Redistribution (GPIR); the Bill and Melinda Gates Foundation's (BMGF) research project supporting Human Capital Development in Africa; BMGF research project on Advancing Digital Financial Services in the East African Community (EAC); Inventory of Socioeconomic Land Data in Africa (ISELDA); and the German Federal Ministry of Economic Cooperation and Development's (BMZ) Programme Accompanying Research and Innovation (PARI) in Africa.



Participants taking a break from a session at an AERC Biannual Research Workshop. These are workshops organized twice a year to present the results of the thematic research modality. The workshops bring together many economists from the African continent and outside.

2. OUTCOMES FOR THE YEAR 2019/2020: APRIL 2019 – MARCH 2020

This report tracks progress – concluded or ongoing – in implementation of activities undertaken under each of the following five strategic objectives.



OBJECTIVE 1: Enhance capacity building for economic policy research and graduate training in sub-Saharan Africa (SSA)

1. Improving capacity for policy-oriented research.

KEY ACTIVITIES:

1.1 Thematic research

- 1.1.1 Carry out thematic research under the five thematic focus areas.
- 1.1.2 Conduct Biannual Research Workshops in June and December 2019.
- 1.1.3 Award 35 research grants to researchers whose project proposals are approved at the two Biannual Research Workshops.

Thematic Research Areas

- 1. Poverty, Labour Markets, and Income Distribution
- 2. Macroeconomic Policy and Growth
- 3. Finance and Resource Mobilization
- 4. Production, Trade and Economic Integration
- 5. Agriculture, Climate Change and Natural Resource Management

- 1.1.4 Review 150 new proposals and 40 final reports in the year.
 - 1.1.5 Award publication prizes to incentivize quality of research output to researchers who publish their thematic research papers in peer reviewed journals. At least 20 prizes were targeted.
 - 1.1.6 Make sensitization visits to Malawi, Zambia, Cape Coast, Ghana and Liberia.
- 1.2 **Grant awards for plenary papers**
- 1.2.1 Convene two plenary sessions prior to the Biannual Research Workshops.

OUTCOMES:

- ✓ The Fiftieth AERC plenary session was held in June 2019 on the theme, *Growing with Debt in African Economies: Options, Challenges and Pitfalls*. Lesetja Kganyago, Governor of the South Africa Reserve Bank, officially opened the session, and AERC Executive Director Prof. Njuguna Ndung'u gave the welcoming address. Five papers were presented (see Table 1). The papers presented will be finalized for publication in the *Journal of African Economies*. The last session of the plenary was a public-private sector policy round table chaired by Dr. Adelaide Matlanyane, Governor, Central Bank of Lesotho, with six panellists. Table 1 provides details on the session.

Table 1: AERC Fiftieth Plenary Session, June 2019

Sessions	Title of paper/activity	Speakers
Opening Session	Welcome remarks	» Prof. Njuguna Ndung'u, Executive Director, AERC » Prof. Mamokgethi Phakeng, Vice Chancellor, University of Cape Town, South Africa
	Official Opening and Chair	» Lesetja Kganyago, Governor of the South Africa Reserve Bank
Paper 1	Looming Debt Crisis in Africa	» Dr. Vera Songwe, Executive Secretary, United Nations Economic Commission for Africa (UNECA), Ethiopia
	Discussant	» Dr. Kupukile Mlambo, Deputy Governor, Reserve Bank of Zimbabwe
Paper 2	Africa's Development Debts	» Prof. Stephen A O'Connell, Gil and Frank Mustin Professor of Economics and Chair, Department of Economics, Swarthmore College, US; and Prof. Benno Ndulu, Former Governor, Bank of Tanzania
	Discussant	» Prof. Rob Davies, Consultant, Zimbabwe
Paper 3	Growth, Stability and Debt in Africa	» Prof. Indermit Gill, Director, Professor of the Practice, Duke Center for International Development (DCID), Duke University, US; and Shantayanan Devarajan, Senior Director for Development Economics, World Bank
	Discussant	» Prof. Anke Hoeffler, University of Konstanz, Germany
Paper 4	Public Debt Accumulation in Africa: A Looming Debt Crisis	» Dr. Michael Atingi-Ego, Executive Director, Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Harare, Zimbabwe
	Discussant	» Prof. Leonce Ndikumana, University of Massachusetts at Amherst, US

Sessions	Title of paper/activity	Speakers
Paper 5	Policy Paper	» Dr. Hanan Morsy, Director, Macroeconomic Policy, Forecasting and Research Department, African Development Bank (AfDB), Côte d'Ivoire
Policy Round Table	Chair Panellists: <i>For the first time AERC hosts an all-women policy round table.</i>	<ul style="list-style-type: none"> » Dr. Adelaide Matlanyane, Governor, Central Bank of Lesotho » Dr. Cristina Duarte, Visiting Research Fellow, School of Governance, Wits University, South Africa (incoming Board member of the AERC) » Dr. Rose Ngugi, Executive Director, The Kenya Institute for Public Policy Research and Analysis (KIPPRA) » Dr. Hanan Morsy, Director, Macroeconomic Policy, Forecasting and Research Department, AfDB, Cote d'Ivoire » Dr. Naomi Ngwira, former Deputy Governor Reserve Bank of Malawi » Dr. Elizabeth Nanziri, Stellenbosch University, South Africa

The plenary session was held within the Biannual Research Workshop, where a total of 97 presentations (26 CPP thesis proposals) were presented (see Table 2). A total of 45 resource persons were in attendance.

Table 2: June 2019 Biannual Research papers and CPP theses by thematic group

Group	NP	RP	WIP	FR	CPP	Total
Group A	7	-	2	2	6	17
Group B	6	1	3	3	5	18
Group C	3	-	3	8	4	18
Group D	3	1	6	3	5	18
Group E	5	-	4	2	6	17
BMGF	-	-	2	7	-	9
Total	24	2	20	25	26	97

Key: NP = new proposal; RP = revised proposal; WIP = work in progress; FR = final report; CPP = PhD thesis.



Participants catching up on new developments after following the proceedings of an AERC Biannual Research Workshop. The workshop presents an opportunity for the researchers to receive feedback from peers and resource persons.

✓ The AERC Fifty-first plenary session was held in December 2019 in honour of Prof. Shantayanan Devarajan following his retirement from the World Bank in mid-2019. The session, with the theme *Business Environment, Competitiveness and Economic Growth in Africa*, was held in Nairobi, Kenya. The Honourable Adan Mohamed, Cabinet Secretary in Kenya’s Ministry of the EAC and Regional Development, graced the official opening session, while Mr. Joseph Kinyua, the Chief of Staff and Head of the Public Service, Kenya, delivered the keynote address. Prof. Njuguna Ndung’u, AERC Executive Director, delivered the welcome address. The plenary session was chaired

by Prof. Stephen A O’Connell, Swarthmore College, US, and featured four presentations and three panel interventions, the first by Prof. Benno Ndulu, University of Oxford and former Governor, Bank of Tanzania, and Dr. Shantayanan Devarajan, Georgetown University, US. Three panellist presentations were followed by interventions by senior policymakers from East African countries. The last session was a public-private sector policy round table chaired by Prof. Louise Fox, Chief Economist, USAID, with seven panellists (see Table 3). The plenary papers presented will be finalized for publication in the *Journal of African Economies*.

Table 3: AERC Fifty-first Plenary Session, December 2019

Sessions	Title of paper/activity	Speakers
Session 1	Welcome remarks and official opening	» Prof. Njuguna Ndung’u, Executive Director, AERC » The Honourable Adan Mohamed, EGH, Cabinet Secretary, Ministry of EAC and Regional Development
	Keynote address	» Mr. Joseph Kinyua, EGH, Chief of Staff and Head of the Public Service, Kenya
	Keynote presentation	» Prof. Benno Ndulu, University of Oxford and former governor, Bank of Tanzania
	First presentation	» Dr. Shantayanan Devarajan, Georgetown University, US
Session 2	The Changing Context for African Competitiveness: What will Happen to Manufacturing?	» Prof. Ernest Aryeetey, Secretary-General of the African Research Universities Alliance (ARUA) and a former vice-chancellor of the University of Ghana
	Exchange Rate Regimes and Firm Competitiveness	» Prof. Pramila Krishnan, University of Oxford, UK
	Employment Transformation in sub-Saharan Africa – what does competitiveness have to do with it?	» Prof. Louise Fox, Chief Economist, USAID
	Interventions	» Dr. Onesime Niyukuri, Advisor, Ministry of Commerce, Industry and Tourism, Bujumbura, Burundi » Dr. Moses Ikiara, Managing Director, Kenya Investment Authority (KenInvest), Nairobi, Kenya

Sessions	Title of paper/activity	Speakers
Session 3	All-Women Policy Round Table Discussions	Chair: » Prof. Louise Fox, Chief Economist, USAID Panellists: » Dr. Betty Maina, Principal Secretary, State Department for Investment and Industry » Prof. Pramila Krishnan, University of Oxford » Prof. Jane Mariara, Executive Director, Partnership for Economic Policy (PEP) » Ms Jane W Karuku, Managing Director, Kenya Breweries Limited » Prof. Lesly Goh, Senior Technology Advisor, World Bank Group » Ms Elsie Addis Awadzi, Deputy Governor, Bank of Ghana

The December Biannual Research Workshop featured a total of 95 presentations, which included 22 CPP thesis proposals, as indicated in Table 4. A total of 48 resource persons were in attendance.

Table 4: December 2019 Biannual Research papers and CPP theses by thematic group

Group	NP	RP	WIP	FR	CPP	Total
Group A	7	-	3	2	6	18
Group B	2	2	6	3	4	17
Group C	10	-	1	3	4	18
Group D	5	-	6	3	5	19
Group E	6	-	2	6	4	18
BMGF	-	-	1	4	-	5
Total	30	2	19	21	23	95

Key: NP = new proposal; RP = revised proposal; WIP = work in progress; FR = final report; CPP = PhD thesis.

✓ Thirty-five research grants were awarded, and 145 new proposals reviewed.

✓ Thirteen publication prizes were awarded.

1.2.2 Institutional Partnerships: AERC is to formalize two institutional partnerships with regional and/or international institutions in the next quarter.

OUTCOMES:

Five applications for institutional partnership are under review with the aim of awarding two institutional partnership grants.



Researchers working on a problem during one of AERC's technical workshops. The courses offered during the technical workshops aim at familiarizing AERC researchers, particularly those from under-represented countries and groups (especially women), with analytical tools and software to develop their capacity to apply the tools in policy-oriented research analysis.

2. Strengthening technical capacity for research and training

AERC is to improve the skills and capacity of individual researchers to carry out policy-relevant research.

KEY ACTIVITIES:

- 2.1 Two technical workshops are to be convened on *Impact Evaluation Methods* and *Panel Data Econometrics*, targeting 25 participants each.
- 2.2 AERC researchers will participate in the AERC/International Monetary Fund (IMF) visiting scholars programme.
- 2.3 AERC researchers will visit CERDI/ FERDI (Centre d'Etudes et de Recherche sur le Développement International / Fondation pour les Etudes et Recherches sur le Développement International) with the AERC/CERDI/FERDI visiting scholars' programme.
- 2.4 AERC researchers to be selected for participation in the AERC/World Bank visiting scholars programme.
- 2.5 AERC researchers to participate in the African Econometrics Society Conference, July 2019 in Rabat, Morocco and the Centre for the Study of African Economies (CSAE) conference in March 2020.

OUTCOMES:

- ✓ A technical workshop on *Impact Evaluation Methods* was held in collaboration with the UN Children's Fund (UNICEF) in Nairobi from 24 June to 5 July 2019 with 24 researchers in attendance.
- ✓ The second technical workshop on *Panel Data Econometrics* was held in Uganda on 24 February to 6 March 2020 with 25 researchers in attendance.
- ✓ Eight researchers participated in the AERC/World Bank/IMF visiting scholars' programme over the period February–April 2019, while eight others were selected to visit the IMF from 23 March to 15 May 2020.
- ✓ Three researchers were selected and are participating in the AERC/World Bank visiting scholars' programme from January to June 2020.
- ✓ One researcher was selected to attend the AERC/CERDI/FERDI scholars' programme in France from August 2020.
- ✓ Two AERC researchers presented collaborative research papers at the African Econometric conference held in Rabat, Morocco in July 2019. The two papers were:
 - » *The local impact of armed conflict on children's nutrition and health outcomes: Evidence from Chad*, by Armand Kountchon Mbontchonang.
 - » *Youth employability and peace building in post-conflict Côte d'Ivoire: Evidence from a randomized controlled trial*, by Assi José Carlos Kimou.
- ✓ Four AERC researchers will take part in the African Econometric Society Conference, July 2019, in Rabat, Morocco, while another four AERC researchers are expected to participate in the CSAE conference in Oxford, UK, in March 2020.



Researchers share light moments during a tea break in a workshop sponsored by AERC. Sound management of the African economies is more likely to happen where there is an active, well-informed cohort of locally based professional economists to conduct policy-relevant research.

2.6 **Sensitization visits:** Three sensitization visits are to be held for the under-represented countries, namely: Liberia, Ghana, Malawi, and Zambia.

OUTCOMES:

✓ Sensitization visits were undertaken in Malawi, Zambia, Ghana, and Liberia.

3. The Bridge Programme

The programme is aimed at enhancing the preparedness of students and researchers from fragile and post-conflict countries to participate in AERC research and training programmes without cannibalizing on the high value created in these programmes.

KEY ACTIVITIES:

- 3.1 Conduct one special workshop on *Research methods, proposal preparation, and presentation skills*. The target is for 20 participants who will be trained to write research proposals.
- 3.2 Award 10 proposal development grants to competitively selected proposals and invite researchers to present their proposals at a back-to-back workshop with the December 2019 Biannual Research Workshop, with the aim of exposing them to AERC biannual activities to learn from other senior researchers. The 10 selected proposals are to be awarded a grant of US\$3,000 each for further development and analysis.
- 3.3 The Research Department is to partner with one additional institution in post-conflict and fragile states as a way of enhancing capacity building and reaching out to more researchers in those countries.

- ✓ A special technical training workshop for researchers from fragile and post-conflict states on *Research Methods, Proposal Writing, and Presentation Skills* was held in Nairobi on 24 April to 4 May 2019 with a total of 18 potential researchers participating.
- ✓ A total of 10 proposals were selected, and the researchers were awarded proposal development grants. The 10 selected proposals were presented at the December 2019 proposal development workshop, held back to back with the December 2019 Biannual Research Workshop.
- ✓ Four masters Bridge Programme alumni were awarded the 2019 CMAP and CMAAE scholarships following admission at the Addis Ababa University (CMAP); University of Dar es Salaam (CMAP); Egerton University (CMAAE); and Sokoine University (CMAAE). This brings the total number of CMAP and CMAAE scholarships awarded to masters Bridge Programme alumni to 15. So far, 8 out of 26 PhD Bridge Programme alumni have been awarded CPP scholarships. The list of Bridge Programme alumni admitted into CMAP, CMAAE, and CPP is presented in Table 5.



Conference participants following a presentation during one of AERC's meetings. Major events hosted by AERC attract a broad range of participation, including policymakers, donors, researchers, and academia.

Table 5: List of masters and PhD Bridge Programme alumni admitted into AERC collaborative training programmes

#	FULL NAMES	GENDER	NATIONALITY	UNIVERSITY	YEAR OF ADMISSION
Collaborative PhD Programme					
1	AHMAT Tidjani Mahamat Ibrahim	M	Chad	Felix Houphouet-Boigny	2017/2018
2	LAMIN B Jammeh	M	Gambia	Benin	2017/2018
3	KALEBE Moses Kalebe	M	Lesotho	Witwatersrand	2017/2018
4	HAGOS, Fesshaye Resson	M	Eritrea	Cape Town	2018/2019
5	ZOUNGRANA, Amelie	F	Burkina Faso	Felix Houphouet-Boigny	2018/2019
6	BAH Mamadou Mouminy	M	Guinea	Felix Houphouet-Boigny	2018/2019
7	SWARAY Saidu	M	Sierra Leone	Benin	2018/2019
8	MOHATONYANE, Letsie Elliot	M	Lesotho	Witwatersrand	2018/2019
Collaborative Masters Programme					
1	MAHN, Solomon G	M	Liberia	Nairobi	2017/2018
2	NEEWHORD, Abel T	M	Liberia	Nairobi	2017/2018
3	MAHLOANE, T'sepo Benjamin	M	Lesotho	Botswana	2018/2019
4	JABARI, Refiloe	F	Lesotho	Botswana	2018/2019
5	AKSANTI, Bahati Joseph	M	DR Congo	Nairobi	2018/2019
6	RAZANAPARANY, J Radoniaina	M	Madagascar	Ghana	2018/2019
7	RASOARIVAO, Adolicia Esmeralda	F	Madagascar	Dar es Salaam	2019/2020
8	KAMARA, Ishmail	M	Sierra Leone	Addis Ababa	2019/2020
Collaborative Masters in Agricultural and Applied Economics					
1	MANUEL, Abreu Felix	M	Mozambique	Zimbabwe	2017/2018
2	MANTEIGA, Joaquim Isaque	M	Mozambique	Zimbabwe	2017/2018
3	MIRINDI, Lekeraho Patrice	M	DR Congo	Nairobi	2017/2018
4	REFONEKE, Lintle	F	Lesotho	Egerton	2017/2018
5	NKAKI, Puseletso Alice	F	Lesotho	Egerton	2017/2018
6	FETY William Clifford	M	Madagascar	Egerton	2019/2020
7	IRAKOZE, Gildas	M	Burundi	Sokoine	2019/2020

4. Blended learning platform development, content development: CMAAE and CMAP

The blended learning approach is a flexible delivery mechanism that combines face-to-face learning with e-learning. Its implementation is expected to help overcome challenges at the Shared Facility for Specialization and Electives (SFSE) and Joint Facility for Electives (JFE) in terms of large student numbers; variable course contents; high costs to the programmes; and wider outreach of the programmes. At the end of the reporting period, it turned out that blended learning and online course delivery is the way to go, especially under the Covid-19 pandemic, which has occasioned lockdowns and restricted local and international travel.

KEY ACTIVITIES:

- 4.1 Pilot the blended modules *Agricultural Policy Analysis, Agriculture and Rural Development, Environmental Valuation and Policy, and Agribusiness Management* that were developed in the year 2018/19.

OUTCOMES:

- ✓ The three courses: *Environmental Valuation and Policy, Agriculture and Rural Development, and Agricultural Policy Analysis* were delivered under the blended learning modality during the CMAAE 2019 SFSE.
- ✓ An upgraded AERC Blended Learning Management System with seven courses (six electives and one core course).

5. Grant awards for postgraduate training

KEY ACTIVITIES:

- 5.1 Award scholarships to first-year students admitted into CMAAE, CMAP, and CPP, with a focus on women and individuals from under-represented countries (including fragile and post-conflict countries) as part of inclusive capacity building.
- 5.2 The CMAAE is to award 10 new MSc scholarships in 2019/2020 to students admitted into CMAAE-accredited universities. Six German Academic Exchange Service (DAAD) PhD scholarships to be awarded to new students admitted in 2019/2020. Twenty-three scholarships to be renewed for continuing students; 60 thesis grants to be awarded to CMAAE students who successfully complete the 2019 SFSE; and 20 PhD thesis research grants to be awarded under the Agricultural Policy Analysis for Nutrition project (AFPON).
- 5.3 The CMAP is to award 10 new scholarships in 2019/2020 to students admitted into CMAP Category B and C universities; to renew 18 scholarships for the CMAP class of 2018 students; and to award 73 CMAP thesis-year grants (60 to CMAP Category B and 13 to Category C university students upon successful completion of JFE 2019).
- 5.4 Ten new CPP scholarships are to be awarded; 63 scholarships to be renewed for continuing students – 15 students from the CPP class of 2018; 26 students from the CPP class of 2017; and 22 students from the CPP class of 2016.

OUTCOMES:

- ✓ In April 2019, 23 CMAAE MSc scholarships were renewed and 14 for PhD students.
- ✓ In April 2019, 48 scholarships were renewed for the CPP classes of 2016 (22) and 2017 (26).
- ✓ In April 2019, 17 scholarships were renewed for the CMAP class of 2018.
- ✓ From July to September 2019, 14 new CMAP scholarships were awarded (71 per cent for female students). Nine out of 14 were full scholarships, while five were for partial tuition and fees for in-country scholarships.
- ✓ Thirty-four new CMAAE MSc scholarships (47 per cent for female students) were awarded during the year, of which 32 were awarded in September 2019 while two were awarded in February 2020 to University of Pretoria students. Thirteen out of the 32 were full scholarships, while 19 were for partial tuition and fees for in-country scholarships. A total of six DAAD PhD scholarships were also awarded in September 2019.

6. PhD thesis research workshops organized, and grants awarded

- 6.1 Two PhD thesis workshops are to be held back-to-back with the Biannual Research Workshops.
- 6.2 Twenty-six CPP class of 2017 students presented their thesis proposals at a June 2019 workshop and their post-field work reports in December 2019, with seven CPP resource persons and 12 CPP supervisors attending each workshop.
- 6.3 Award 26 thesis grants during the financial year to the CPP class of 2017 after the presentation of their research proposals at the June 2019 Biannual Research Workshop.
- 6.4 Award research support for six theses in 2019/2020 to non-CPP Africans studying for PhD degrees in economics at recognized universities.

OUTCOMES:

Table 6 presents the outcomes for the fiscal year 2019/2020 of implementation activities under PhD thesis workshops.



Dr. Innocent Matshe addressing students during the official opening of the AERC Joint Facility for Electives (JFE). This is a programme of elective courses conducted by AERC at a facility in Nairobi, Kenya, to serve both the Collaborative Master's and PhD Programme. The idea is to ensure that the programmes' high standards are maintained, as well as to pull students together in a mutually enriching environment.

Table 6: PhD thesis research workshops and grants April – March 2020

	Quantity	Comments
PhD thesis research workshop	2	Held during the June 2019 biannual workshop in Cape Town and the December 2019 biannual workshop in Nairobi.
CPP class 2017 attendance	26	All 26 students presented proposals in the June 2019 biannual workshop, while 22 presented post-field work reports in December 2019.
CPP resource persons	5	Attended the June and December 2019 Biannual Research Workshops.
CPP supervisors	12	Attended the June and December 2019 Biannual Research Workshops.
CPP thesis grants awarded	25	25 out of 26 students were awarded thesis grants in 2019. One student was discontinued from the programme after failing supplementary comprehensive examinations in September 2019.
Non-CPP thesis grants	9	Five thesis grants were awarded in June and four in December 2019 following approval by the Programme Committee.

7. Joint Facility for Electives (JFE) & Shared Facility for Specialization and Electives (SFSE)

The JFE allows for pooling of resources for teaching a wider menu of electives than would be possible in any one department.

KEY ACTIVITIES:

- 7.1 Under the CMAAE, a SFSE will be held at the University of Pretoria (UP), with an estimated 50 visiting students and 10 UP students in attendance, and eight external examiners to be engaged.
- 7.2 Twelve elective courses will be offered and five visiting lecturers and seven resident lecturers contracted during the August and November sessions of 2019.

- 7.3 Under CMAP and CPP, the JFE will be hosted between June and November 2019 in Nairobi, Kenya, at the Kenya School of Monetary Studies (KSMS). A total of 60 CMAP students – drawn from six Category B universities – and 14 CPP class of 2017 students – drawn from CPP degree-awarding universities – will attend. The CMAP will offer five elective courses and engage 10 visiting lecturers and five external examiners. The CPP will offer four elective courses and engage eight visiting lecturers to teach the courses. With the enrolment of three francophone students in the CPP, an additional lecturer will be hired to teach the English language. The four CMAP Category C universities will continue to offer tuition in all core and elective courses at the respective universities.

OUTCOMES:

- ✓ The CMAP JFE of 2019 was conducted at the KSMS in Nairobi, Kenya, from 24 June to 27 September 2019, with a total of 50 students (30 per cent of whom were female) attending. Five elective courses were offered by a team of 10 visiting lecturers (five in each semester).
- ✓ The CPP JFE 2019 was held at the KSMS from 1 July to 8 November 2019, with a total of 13 CPP class of 2018 students (36 per cent of whom were female) in attendance. This year, unlike previous years, all 13 CPP students were introduced to the *Land Economics and Governance* course prior to the beginning of the CPP JFE. The objective was to generate interest in research and analytical works in this emerging field. A total of four elective courses were offered by a team of eight visiting lecturers and one English-language lecturer for the French-speaking students.
- ✓ The CMAAE SFSE 2019 was held at UP in South Africa from 2 August to 30 November 2019. A total of 81 students drawn from seven accredited universities were in attendance, with 13 elective courses being taught. Eight external examiners were engaged to review the SFSE 2019 examination results.

8. Quality assurance of graduate training: comprehensive examinations for CPP

At the end of the JFE, the PhD students write comprehensive examinations in four fields: Microeconomics, Macroeconomics, and two elective fields.

KEY ACTIVITIES:

- 8.1 Conduct and grade examinations.
- 8.2 Organize a workshop of 30 experts to set comprehensive examinations for the CPP class of 2018 students in February 2020.
- 8.3 Students will write the examinations from mid-February to the first week of March 2020.
- 8.4 Conduct comprehensive examinations in March/April and final approval of the examination results by the CMAP-CPP Academic Advisory Board (AAB) in May 2020.
- 8.5 Engage six external examiners to examine the 2019 CPP JFE and the comprehensive examination results for the CPP class of 2018.

OUTCOMES:

- ✓ Results of the comprehensive examinations for the 26 CPP class of 2017 students that were taken in February/March 2019 were approved at the CMAP-CPP AAB meeting held in May 2019 in Nairobi.
- ✓ Comprehensive examination-setting for the CPP class of 2018 students was conducted from 12–14 September 2019. KSMS was the venue due to the need to optimally utilize the presence of the CMAP and CPP visiting



Prof. Olu Ajakaiye, Chairman, African Centre for Shared Development Capacity Building, stressing a point to Ms. Barbra Barungi, Managing Partner, Imara Africa during the AERC Senior Policy Seminar XXII. The seminar drew on research by the AERC network, and on a multi-year research programme involving many AERC affiliates. It was jointly sponsored by the Central Bank of Nigeria and the African Economic Research Consortium (AERC).

lecturers at the JFE, while significantly reducing the costs of setting comprehensive examinations. Only nine additional visiting lecturers, who taught Microeconomics and Macroeconomics at the host-degree awarding universities, were invited to set comprehensive examinations in the core courses.

- ✓ Students sat for the comprehensive examinations at the respective CPP degree-awarding universities from 28 January to 17 February 2020, unlike in the past when examinations were conducted from mid-February to mid-March at the four host-degree awarding universities. A key advantage of this change is the availability of more time for students to interact with their thesis supervisors while preparing their thesis proposals, which is expected to result in improved quality of student presentations at the Biannual Research Workshop.

9. Academic Advisory Board (AAB) meetings for CMAAE, CMAP and CPP

To enhance operational efficiency without affecting the quality of the programmes, AERC intends to carry out the following key joint activities:

- 9.1 Conduct a CMAP-CPP joint AAB meeting in April/May 2019 to approve the CPP JFE 2018 and comprehensive examination results for the CPP class of 2017.
- 9.2 The Committee on Core and Elective Courses will meet in April/May 2019 to consider the list of JFE 2019 visiting lecturers and external examiners, to be approved by the AAB.
- 9.3 The Committee on Programme Evaluation and Institutional

Development will meet in April/May 2019 to consider the CPP 2018 JFE and comprehensive examination results for the CPP class of 2017 students.

- 9.4 The Committee will meet in October/November 2019 to consider the CMAP 2019 JFE examination results.
- 9.5 The AAB is to meet in October/November 2019 to consider and approve the examination results of CMAP JFE 2019 and the CPP supplementary examinations.
- 9.6 The CMAAE programme is to conduct one main AAB meeting in January 2020, held back-to-back with AAB's sub-committee on 2019 SFSE examinations.
- 9.7 A sub-committee to approve SFSE visiting lecturers and external examiners is to be held in May 2019.

OUTCOMES:

- ✓ The CMAP-CPP AAB and its sub-committee meetings were held from 15 to 17 May 2019 in Nairobi, Kenya, to approve the CPP JFE 2018 and comprehensive examination results for the CPP class of 2017 and the venue and elective courses for the CMAP and CPP JFE 2019. The CMAP-CPP AAB sub-committee meetings for Programme Evaluation and Institutional Development and the Executive Committee were held on 4 November 2019 in Nairobi, Kenya, to approve the CMAP JFE 2019 and the supplementary comprehensive examination results for the CPP class of 2017 students.
- ✓ The CMAAE Academic Sub-Committee (ASC) meeting was held in Nairobi in May 2019 to consider and approve the SFSE 2019 venue, courses and visiting lecturers. The CMAAE ASC and the AAB met in Kampala, Uganda, on 3 to 4 February 2020 to consider the 2019 SFSE examinations, among other agenda items.

10. Joint enforcement of standards through monitoring visits

KEY ACTIVITY:

10.1 The Training Programme is to conduct monitoring visits to the University of Malawi; Makerere University in Uganda (for CMAP); University of Yaoundé II in Cameroon; University of Felix Houphouet-Boigny in Cote d'Ivoire (for CPP); Jomo Kenyatta University of Agriculture and Technology; and the University of Nairobi (for CMAAE).

OUTCOMES:

✓ The CMAAE conducted four monitoring and sensitization visits to four CMAAE Network Universities – Haramaya University (June 2019); Lilongwe University of Agriculture and Natural Resources (LUANAR) (October 2019); University of Rwanda (December 2019); and Makerere University (February 2020). CMAP conducted a monitoring and sensitization visit to Addis Ababa University in November 2019.

11. Visiting lectureships to CMAP Category C and CPP Universities, and to post-conflict and fragile states

KEY ACTIVITIES:

- 11.1 Facilitate three external examiners to CMAP Category B and Category C universities to review the teaching of core and elective courses as well as theses prepared by students at the respective universities.
- 11.2 Support is to be provided for two visiting lectureships to CPP host degree-awarding universities for teaching of core courses for which the departments have temporary deficits.

OUTCOMES:

✓ AERC facilitated an external examiner to the University of Zimbabwe in June 2019 to review the teaching of core courses and theses prepared by students. Similarly, visiting lectureship support was provided to the University of Ibadan and University of Yaoundé II for teaching of Microeconomics and Quantitative Methods, respectively, from April to June 2019.

12. CMAAE Faculty Exchange Programme

KEY ACTIVITY:

12.1 AERC is to facilitate staff-exchange support to one CMAAE academic staff member from a CMAAE-accredited department to visit a non-accredited CMAAE university department in the region, or vice versa, for a period of up to six months – this being the balance of the budgeted six AfDB staff exchanges, having facilitated five in previous years.

OUTCOMES:

✓ AERC facilitated Dr. Donald Mokoka, a faculty member at LUANAR, to visit the University of Rwanda, and Chepchumba Chumo from Moi University to visit the University of Nairobi over a six-month period that ended in June 2019. This completed the project requirement of six faculty exchanges under the AfDB, having previously facilitated four faculty exchanges.

13. CMAAE Faculty Research Support Programme

KEY ACTIVITIES:

- 13.1 The integration of CMAAE faculty researchers into thematic research group E is to be enhanced.
- 13.2 Eight research fellowships will be awarded: four under the BMGF AFPON project, and four under the Rutgers Consortium research project. The grantees will present their work in progress during the June 2019 Biannual Research Workshop and other AERC workshops.

OUTCOMES:

- ✓ Three CMAAE AFPON faculty researchers presented their reports at the June 2019 Biannual Research Workshop while four faculty researchers presented their work in progress at the December 2019 Biannual Research Workshop.
- ✓ Prof. Brinda Ramasawmy, University of Mauritius, participated as a guest resource person in Group E at the June and December 2019 Biannual Research Workshops.
- ✓ Research proposals under the BMGF-AFPON research project were received and externally reviewed, with four research grants being awarded to faculty researchers.

14. Departmental institutional support to CMAP, CMAAE, and CPP universities

KEY ACTIVITIES:

- 14.1 Annual operating and institutional grants to be provided to universities to take care of tuition and related fees, administrative costs, and facilitation of access to and upgrading of teaching and learning materials (including books and journals, internet access, and equipment).
- 14.2 Seven CMAP Category B and four Category C universities to be awarded operating grants and thesis grants to support the writing of theses by second-year students.
- 14.3 Gearing-up grants are to be awarded to three CMAP universities graduated to either category B or C.
- 14.4 Eight CPP degree-awarding universities are to be awarded annual operating and institutional grants.
- 14.5 Eight CMAAE accredited universities will be awarded operating and institutional grants.

OUTCOMES:

- ✓ Annual operating and institutional grants were awarded in April 2019 to the 11 CMAP collaborating universities (Category B and C), eight CPP degree-awarding universities and eight CMAAE accredited universities.
- ✓ Institutional grants to purchase ICT equipment were issued in October/November 2019 to the Addis Ababa University in Ethiopia; Kenyatta University in Kenya; Kwame Nkrumah University of Science and Technology in Ghana; University of Malawi; University of Namibia; University of Zambia (CMAP); University of the Witwatersrand in South Africa; and Felix Houphouet-Boigny University in Cote d'Ivoire (CPP).



Dr. Tom Kimani, AERC Manager Training, addressing the Collaborative Master's Programme and the Collaborative PhD Programme students at the official launch of the Joint Facility for Electives (JFE) programme. The programme presents high-quality core curriculum courses that are generally beyond the capacity or existing demand of the participating universities.

15. Government of Kenya (GoK)/ AERC Capacity Building Project for Policy Analysis

Master's graduates are funded under the project to participate in the internship programme.

KEY ACTIVITIES:

15.1 Eighteen graduates of CMAP and CMAAE to be on internships.

15.2 Fourteen additional CMAP and CMAAE students, who graduated between 2017 and 2018, will join the internship programme within the course of the financial year 2019/2020.

15.3 Engagement of one senior policy analyst at the Kenya National Treasury will be continued under the project.


OUTCOMES:

✓ A total of 33 graduates of CMAP and CMAAE are undertaking an internship at the Kenya National Treasury as of December 2019 under the Capacity Building Project for Policy Analysis. One senior policy analyst is engaged in the project at the National Treasury.

Table 7 presents a summary of outcomes relating to implementation of Strategic Objective 1.

Table 7: Outcomes resulting from implementation of Strategic Objective 1

Strategic Objective	Outcomes	Outcome Indicators	Baseline	Target 2020	Actual March 2020
1. Enhance capacity building for economic policy research and graduate training in SSA.	(1.1) Enhanced pool of locally based economists in SSA with improved skills and competencies to conduct economic policy research and teaching at universities.	# of researchers who have finalized thematic research reports.	560	690	706
		# of CMAP, CMAAE, and CPP alumni (cumulative).	CMAP = 2,524 CMAAE = 554. CPP = 137	CMAP = 3,130 CMAAE = 896 CPP = 250	CMAP = 3,151 CMAAE = 910 CPP = 249
		% of graduates in economics & agricultural economics working in universities, government and policy research institutions.	60%	75%	76%
	(1.2) Enhanced generation and use of high-quality economic policy-relevant research.	# of thematic research final reports published through AERC (cumulative).	284	359	365
		# of final thematic research reports published in refereed international journals (cumulative).	186	242	235



AERC researchers consulting during a technical workshop. Technical workshops aim to fill knowledge and technical skills gaps among AERC network researchers to ensure they have the necessary technical knowhow to undertake high-quality and policy-oriented research.

Strategic Objective	Outcomes	Outcome Indicators	Baseline	Target 2020	Actual March 2020
	(1.3) Enhanced capacity of universities to conduct graduate-level economics teaching and policy-oriented research that is relevant to African development needs.	# of CMAP category B and C universities with capacity to offer graduate level teaching in economics.	CMAP Cat. C universities = 4; Cat. B = 7; Cat A = 15	CMAP Cat. C = 7; B = 9; and A = 11	CMAP C = 4; B = 7; and A = 15
		# of CMAAE accredited universities with capacity to offer graduate-level teaching in agricultural and applied economics.	CMAAE accredited universities (AC) = 7; non-accredited (NA) = 9	CMAAE: AC = 8; NA = 10	CMAAE: AC = 8; NA = 9
		# of CPP degree-awarding universities (anglophone and francophone).	CPP = 8 universities; (anglo (An) = 6; franco (Fr) = 2)	CPP = 10 (An = 7; Fr = 3)	CPP = 8 (An = 6; Fr = 2)
		# of CMAP elective courses offered at category C universities.	4	5	5
	(1.4) Enhanced participation of under-represented countries, groups, and institutions, including post-conflict and fragile states in economic policy research and training.	% of participants taking part in AERC's research activities who are women.	18%	23%	33%
		% of participants taking part in AERC's training activities who are women.	26%	40%	43%
		% of participants taking part in AERC's research activities from fragile and post-conflict states.	25%	33%	37%
		% of participants taking part in AERC's training activities from fragile and post-conflict states.	14%	25%	30%
		% of participants taking part in AERC's research activities from francophone and lusophone countries.	35%	42%	48%
		% of participants taking part in AERC's training activities from francophone and lusophone countries.	20%	28%	33%



Polymakers following a discussion during one of the AERC's conferences. AERC has supported and mentored about 4000 early career economics researchers from across sub-Saharan African countries through the thematic research programme.



OBJECTIVE 2: Build and strengthen national, regional and global linkages to generate high-quality economic policy research and graduate training

In the fiscal year 2019/2020, AERC continued to implement enhanced collaborative research in the following five broad research areas and the outlined projects:

1. Strengthening AERC research through collaboration

KEY ACTIVITIES:

- 1.1 Healthcare financing in Africa
 - 1.1.1 Mid-review and final-review workshops for country case studies under the healthcare financing project are to be held.
 - 1.1.2 In collaboration with partner institutions, dissemination of findings from the research project on healthcare financing is to be undertaken.

OUTCOMES:

- ✓ A mid-review workshop for 15 work in progress reports was held in June 2019, back-to-back with the Biannual Research Workshop.
- ✓ A final review workshop for the project was held in October 2019 in Accra, Ghana.

- 1.2 Rethinking trade and regional integration
- 1.2.1 Mid- and final-review workshops for country case study framework papers – under the rethinking trade and regional integration project – are to be held.
- 1.2.2 In collaboration with partner institutions, country case studies on trade and regional integration are to be disseminated in national/regional policy seminars.

OUTCOMES:

- ✓ A mid-review workshop was held in Nairobi in April 2019 and 14 research teams presented their work in progress reports.
- ✓ The final review workshop was held in Lusaka, Zambia, in October 2019, and two leading journals were identified for possible publication of the outputs. The journals are *The World Economy* and *Journal of African Trade*.

- 1.3 Impact of agricultural and food policies on nutrition outcomes in Africa
- 1.3.1 Mid-term and final-review workshops for country case studies – under the nutrition from agri-food policies project – are to be held.

OUTCOMES:

- ✓ Mid-review and final-review workshops were held in April 2019 and October 2019 respectively, and 15 research teams presented their work in progress and final reports.

- 1.4 Rethinking relationships between growth, poverty, inequality and redistribution in Africa
- 1.4.1 An inception workshop – followed by commissioning of framework papers under the rethinking growth, poverty and inequality relationships project – is to be held.
- 1.4.2 A final review workshop for framework papers – under the growth, poverty, and inequality project – is to be held.
- 1.4.3 Following the recently circulated call for research proposals under the project, proposals are to be reviewed in readiness for commissioning country case studies in the last quarter of 2019/2020. Subsequently, 10 proposals/papers are to be selected, and the authors invited for a brainstorming/inception workshop in 2020.

OUTCOMES:

- ✓ Thirteen framework papers were commissioned at an inception workshop held back-to-back with the June 2019 Biannual Research Workshop. Subsequently, AERC held a mid-review workshop at which work in progress reports were presented and peer-reviewed. The Project Coordinator, Prof. Erik Thorbecke, provided detailed feedback to each of the teams.
- ✓ Five of these papers were selected for presentation to showcase AERC at the World Congress of the International Economic Association, IEA, in Bali, Indonesia in July 2020.

1.5 Climate change and economic development in Africa

1.5.1 An inception workshop is to be held and framework papers commissioned under the climate change project.

OUTCOMES:

✓ Eleven framework papers were commissioned at an inception workshop held back-to-back with the December 2019 Biannual Research Workshop. Following the workshop, AERC appointed Prof. John Asafu-Adjaye and Prof. Théophile T Azomahou as Project Coordinator and Resource Person (Mentor) respectively for the project framework phase.

2. Knowledge Platform Development Project

The Knowledge Platform on Inclusive Development Policies (INCLUDE) brings together researchers from Africa and the Netherlands who work with the private sector, NGOs, and governments in exchanging information and ideas about how to achieve better research-policy linkages on economic transformation and inclusive development.

KEY ACTIVITY:

2.1 A conference on strategic actors and Platform meeting in Africa is to be held during the third quarter of 2019/2020.

OUTCOMES:

✓ The Platform meeting – held back-to-back with the AERC Senior Policy Seminar in Harare, Zimbabwe in March 2019 – deliberated on the second phase of the Platform running from 2019–2022: INCLUDE’s Theory of Change, the call for

new African Policy Dialogues (APDs), and production of evidence synthesis papers.

- ✓ A new call for APDs was developed and circulated widely; 10 proposals were received; and four grants have been awarded.
- ✓ The evidence synthesis studies form part of the ‘boosting decent employment for Africa’s youth’ research initiative – a joint effort of INCLUDE, IDRC, and International Labour Organization (ILO), under the aegis of the Global Initiative on Decent Jobs for Youth. Following circulation of a call for proposals – with a deadline of 20 June 2019 – four evidence synthesis papers are under development. Another three are expected to be ready by the end of October and one by mid-January 2020.
- ✓ In October 2019, AERC participated in several INCLUDE Platform meetings held in the Hague, the Netherlands. The main engagements were:
 - » A one-day conference on *New Roles of Civil Society Organizations (CSOs) for Inclusive Development*. The conference focused on investigating the assumptions underlying the Dutch Ministry of Foreign Affairs’ civil society policy framework on Dialogue & Dissent.
 - » Policy exchange and discussions were held between INCLUDE, ASC Leiden, and the Dutch Ministry of Foreign Affairs (MFA) on *Demographics and the future of Africa: Jobs and the roles of governments and donors*.
 - » A Platform meeting at which, inter alia, ideas were discussed on African Policy Dialogues and the 2019–2022 research agenda, including, *Work and income for young men and women in Africa* – a potential opportunity for a new AERC collaborative research project.

3. AERC and the T20

AERC is now a member of the T20 Think Tanks – a select group of think tanks associated with the Group of Twenty (G20) platform. The T20 think tanks serve as one of the technical arms of the G20, generating research for policy making by G20 countries. AERC is one of the few think tanks from Africa participating in the T20. The idea is to bring African voices, based on rigour and evidence, to bear on deliberations in the G20.

KEY ACTIVITY:

3.1 AERC is to participate in the next set of T20 activities.

OUTCOMES:

- ✓ The Executive Director participated in the T20 meeting held in Tokyo, Japan in May 2019.
- ✓ Two policy briefs were developed over a period of four months and were discussed. The briefs to which AERC contributed were: *Industrial development and ICT in Africa*, and *Fiscal and Debt Sustainability in Africa*. The final report was presented to the G20 leaders in June 2019. The T20 Secretariat was handed over to the Saudi Arabian team by the Japanese team. Preparations for the T20 meetings in Saudi Arabia are progressing.
- ✓ The AERC actively participated in developing successful proposals for two policy briefs under the Saudi Arabia presidency of the G20; the briefs have been accepted under Task Force 1 on Investment, Trade, and Growth as well as Task Force 8 on International Financial Architecture.

4. Participation in international conferences

AERC provides opportunities for its network researchers to participate in international conferences organized by other organizations.

KEY ACTIVITY:

4.1 AERC is to organize for some of its researchers to present a side event at two conferences: the African Econometric Society Conference in 2019 in Rabat, Morocco; and the CSAE conference in March 2020. Four AERC researchers will participate in each of the conferences by presenting their papers.

OUTCOMES:

- ✓ Four research teams drawn from the collaborative project on Growth in Fragile and Post-Conflict States in Africa were selected to present their country case studies at the AERC Session of the 2019 Africa Meeting of the Econometric Society (AFES 2019) hosted by the Bank Al-Maghrib Training Centre in Rabat, Morocco, in July 2019. Cote d'Ivoire and Chad case studies were presented. Unfortunately, Burundi and Zimbabwe researchers could not travel to Morocco due to delays in visa processing. AERC spent the additional time at the session on creating awareness about AERC programmes and opportunities for collaboration with researchers attending the conference.

5. CMAAE PhD Sandwich Programme

KEY ACTIVITY:

- 5.1 Monitor two PhD faculty fellows, Mr. Brian SS Mlipha and Pricilla Hamukwala, in finalizing their PhD studies at the UP/Cornell Sandwich Programme, and six CMAAE/AfDB staff development fellows.

OUTCOMES:

- ✓ Monitored two PhD faculty fellows, Mr. Brian SS Mlipha (who submitted his thesis for examination) and Pricilla Hamukwala, who completed her PhD studies under the UP/Cornell Sandwich Programme.
- ✓ Monitored five CMAAE/AfDB staff development fellows. Sadly, one fellow died, Ms Cecilia Gwata from the University of Zimbabwe.

6. CMAAE Faculty research, thesis research and projects

OUTCOMES:

- ✓ Two new projects, the Programme Accompanying Research and Innovation (PARI) supported by the BMZ and the Inventory of Socioeconomic Land Data in Africa (ISELDA) supported by the AU-NEPAD were launched in the year. The PARI-BMZ is a three-year project supporting faculty and thesis research on agricultural innovation while the ISELDA is a 1.5-year project supporting socio-economic land data inventory for research in 10 African countries.

Table 8: Outcomes resulting from implementing Strategic Objective 2

Strategic Objective	Outcomes	Outcome Indicators	Baseline	Target 2020	Actual March 2020
1. Build and strengthen national, regional, and global linkages to generate high-quality economic policy research and graduate training.	(2.1) Enhanced profile of AERC in policy making in SSA.	» of collaborative research projects successfully completed (cumulative).	20	25	27 ¹
		» of collaborative research projects presented at conferences (cumulative).	15	20	29
	(2.2) Strengthened institutional capacity to conduct quality policy-relevant research and training.	» of African policy-oriented research and training institutions with enhanced capacity.	Universities = 26; think tanks = 10.	Universities = 33; think tanks = 16.	Universities = 27; think tanks = 14.

1. The three collaborative research projects completed over the half year of 2018/2019 are: First Senior Scholars Research Programme; Financial Inclusion in Africa – Country Case Studies Project; and Growth in Fragile and Post-conflict Countries in Africa – Framework Papers Project.



OBJECTIVE 3: Engage the private sector in mutually beneficial research and training activities to enhance innovation and to deepen and broaden AERC capacity building

KEY ACTIVITIES:

During the fiscal year 2019/2020, the following activities will be undertaken:

1. Joint AERC-private sector research

- 1.1 Participation of the private sector in AERC plenary conferences: To enhance engagement and collaboration with the private sector, AERC will encourage the participation of the private sector in AERC's research and training activities regarding those activities that are of interest to them. This includes being members of research-project steering committees, resource persons, and plenary paper presenters where appropriate. In the financial year 2019/2020, six members of the private sector will be invited to participate in AERC plenary sessions, especially in round-table policy discussions.
- 1.2 One technical workshop is to be held for non-state actors with a focus on value addition in agribusiness enterprises.

OUTCOMES:

- ✓ Six new research projects presented at the June 2019 biannual workshops were relevant to the private sector.
- ✓ The Non-State Actors Workshop on value addition on agribusiness enterprises was held in October in Lusaka, Zambia, with 20 participants in attendance.

Table 9: Outcomes resulting from implementing Strategic Objective 3

Strategic Objective	Outcomes	Outcome Indicators	Baseline	Target 2020	Actual March 2020
1. Engage the private sector in mutually beneficial research and training activities to enhance innovation and to deepen and broaden AERC capacity building.	(3.1) Increased private sector participation in economic-policy research and capacity building for sustainable development in Africa.	# of policy research and training activities undertaken in partnership with the private sector (cumulative).	1	6	6
		# of private-sector actors participating in AERC policy outreach activities (cumulative).	10	40	56
		# of private-sector actors participating in research dissemination activities (cumulative).	20	150	138
	(3.2) Strengthened capacity for research and analysis in the private sector.	# of researchers conducting policy-oriented research related to the private sector (cumulative).	10	40	44



A researcher making a presentation at one of AERC's Biannual Research Workshops. Each of the AERC's Biannual Research Workshops attracts about 200 researchers, academics, policymakers, non-state actors and other economists who participate in the Research Programme.



OBJECTIVE 4: Enhance AERC visibility, outreach as well as policy engagement to maximize the uptake of AERC products in policy

Preamble:

During the last fiscal year, AERC procured and selected a communications agency of record to help build external visibility for the AERC brand. Africa Communications Group was selected to begin work on 7 January 2020. As part of that work, a messaging workshop was held with the Senior Management Team and staff at AERC, and an external perception audit was conducted with stakeholders, including alumni, policymakers, researchers, early career researchers, donors, and board members to uncover AERC's unique positioning and brand value.

Beginning in the next fiscal year, the results of the agency's performance will be benchmarked against our previous-year performance to ensure a return on investment

and whether externalizing the team is a model that will work effectively for AERC in the long-term.

Visibility through availability of our publications has been a significant focus of our efforts during the last two quarters of the fiscal year. Tufts University has offered pro-bono assessment of our beta e-library and is advising on a rebuild of the back end to global standards. Columbia University has agreed to include our publications and policy briefs within their library portal, which reaches 450 universities and institutions worldwide, and our publications link with Research Papers in Economics (RePEc) has been restored after the *url* migration from Access Kenya to BlueHost during the December holiday period.

KEY ACTIVITIES:

1. External communications: media, digital, marketing, and publications outreach.

OUTCOMES:

Media Coverage	FY2019–2020			
	Q1	Q2	Q3	Q4
Media Reach*	28,866,000	52,210,000	112,610,000	216,198,474
AVE** (US\$)	3,610,000	6,530,000	14,080,000	16,079,836
Social Media				
Twitter	3,182	3,548	3,800	4,076
Facebook	10,723	12,167	13,000	15,531
Instagram	150	219	344	436
LinkedIn	7,029	18,536	25,000	30,769
Website				
Unique Pageviews	34,797	36,842	41,341	39,444
Publications				
Research Papers	5	6	5	11
Policy Briefs	4	5	5	5
Other Publications	4	4	2	1
Marketing				
Digital Campaigns (% Open Average to 2,000 network members)	N/A Account Locked	48.64% 8 Campaigns	54.07% 10 Campaigns	63.0% 9 Campaigns

Sources: Meltwater Media Database, Hootsuite Analytics Platform, Google Analytics, Mailchimp Analytics.

* **Media Reach** refers to the total number of different individuals or households exposed, at least once, to the coverage during a given period.

** **AVE (Advertising Value Equivalency)** attributes a monetary value to earned media secured by providing the advertising cost for placement within the media outlet at the same time (broadcast) or location (print/online).

- 1.1 Onboarded the agency of record in the fourth quarter of 2019/2020, including holding management and staff workshops onsite, planning for a senior policy seminar and overall outreach via media, social media, and digital media.
- 1.2 Enlisted Tufts University head librarian and ICT director to advise on back-end development of and e-library for a global audience. Tufts is working pro bono to help the AERC rebuild the back end to global standards with the goal of relaunching the e-library.
- 1.3 AERC entered into an agreement with Columbia University, US, to carry all AERC publications and policy briefs within their library system, reaching an estimated 450 universities and institutions worldwide.
- 1.4 The RePEc connection is in the final stages of development after the migration of the url for *aercafrica.org* from Access Kenya to BlueHost from December 2019 to January 2020.

1.5 Media outreach has significantly improved with the agency of record. In the first two weeks of their engagement, the agency of record secured a live opportunity with CNBC Africa, appearances with two radio networks – Power FM SA and Channel Africa – a feature opportunity with *African Business Magazine* and a journalist from *The Nation* journalist who is also a writer for *Al Jazeera*. Outreach has begun in earnest with the network to identify expert spokespeople for AERC by issue to improve our ability to maximize media opportunities. These will serve as our primary spokespeople. The positive outcome is that the media want to hear from AERC and desire its interpretation of global, regional, and national economic trends – an area that is not currently filled by other similar organizations.

OUTCOMES:

- ✓ Performance improvements: Overall performance continues to grow. Between the second and third quarters of 2019/2020, media reach increased, and our social-media platforms all showed improvements: Twitter +7.1 per cent; Facebook +6.85 per cent; Instagram +57 per cent; and LinkedIn +35 per cent. Unique pageviews have increased by 21 per cent.
- ✓ Underperformance: Internally, the agency of record should serve the staff of the Secretariat as an internal communications team. Many have stated that the Secretariat staff are the top priority for the organization, with external stakeholders serving as a secondary factor to the success of AERC. This aspect requires a formalized human-resource strategic approach in the new strategic plan period.
- ✓ Remaining within target: The division continues to increase on all targets. On the publications front, a new pipeline

was developed this fiscal year between Research and Publishing to ensure consistent, increased output. Internal auditors are assessing the initiative.

- ✓ Summary of interventions: The agency of record has been onboarded and is working against a quarterly plan.
- ✓ The data: The RMS is currently in production and has automated a total of 248 thematic research proposals to date – 98 more than the previous reporting period – and registration of 320 researchers.

2. Other AERC Publications

- 2.1 Rethinking Regional Integration for Sustainable and Inclusive Development in Africa: These papers were presented at the AERC senior policy seminar, which provided a forum for senior policymakers from SSA countries to exchange experiences and opinions with one another, and with AERC network researchers.
- 2.2 Senior Policy Seminar XXI Proceedings: A report book on *Fragility of Growth in African Economies* was published and distributed. A book-length volume on *Fragility of Growth in African Economies* **was also published and promoted.**



Dr. Abebe Shimeles, Director of Research, AERC, making a contribution during the plenary session of an AERC Biannual Research Workshop. The workshops provide an opportunity for monitoring the progress and quality of the various research projects sponsored by AERC, thereby fulfilling one of its major mandates – to strengthen local capacity for conducting independent, rigorous inquiry into problems facing the management of economies in sub-Saharan Africa.

3. Policy outreach

3.1 Senior Policy Seminar: AERC held its twenty-second senior policy seminar from 9 March to 10 March at the Hilton Hotel in Abuja, Nigeria. The event was hosted in collaboration with the Central Bank of Nigeria (CBN). The Honourable Alh. Sani Nanono, Minister for Agriculture and Rural Development, Nigeria, was the chief guest. He also chaired the opening session. Godwin Emefiele, Governor, Central Bank of Nigeria, was represented by Mr. Isaac Okorafor, Director, Corporate Communications, Central Bank of Nigeria, who also read his opening remarks. The Honourable Otunba Adeniyi Adebayo, Minister for Industry, Trade and Investment, Nigeria, made brief remarks during the session. The welcoming remarks at the opening of the plenary were made by Prof. Njuguna Ndung'u, AERC Executive Director. A total of 117 participants from 37 countries across Africa participated, including high-level policymakers in the rank of ministers; permanent secretaries; members of parliament; executive directors; former ministers; governors of central banks; members of parliament; and managing directors of research institutions. The cluster of senior government officials included three ministers; one deputy minister; five former ministers; one former central-bank governor; and one deputy

speaker in the National Assembly. Participants included senior scholars and directors of various ministries and research institutes, plus representatives of the private sector and civil society.

3.2 A Regional Policy Forum for the Central Africa Region was held in Kigali, Rwanda, in December 2019. The theme was Gender and Resource Management for Economic Development. These Regional Policy Forums add to the existing AERC policy dissemination forums such as the Senior Policy Seminars, National Policy Workshops, and the Thesis Dissemination Workshops. These Regional Policy Forums address the policy needs of middle-level policymakers who have previously not been reached by the Senior Policy Seminars. The forums also target countries in the African region, southern, eastern, western, and central Africa, and are bridging the gap between the Africa-wide Senior Policy Seminars and the national policy workshops held in specified countries.

3.3 Thesis dissemination workshops were held, one in Malawi and the other in Rwanda in October and December 2019, respectively. The objective of these workshops is to empower smallholder farmers with best practices and to disseminate policy implications and key recommendations of the thesis research findings to policymakers and stakeholders.



Hon. Alh. Sani Nanono, Minister, Ministry of Agriculture and Rural Development, Nigeria, addressing a gathering during the official opening of the African Economic Research Consortium's (AERC) Senior Policy Seminar XXII on the theme "Agriculture and Food Policies for Better Nutrition Outcomes in Africa" that was held in Abuja, Nigeria in March 9-10, 2020. The conference was a great success, attracting 117 participants from all over Africa.

Table 10: Outcomes resulting from implementation of Strategic Objective 4

Strategic Objective	Outcomes	Outcome Indicators	Baseline	Target 2020	Actual March 2020
4. Enhance AERC visibility, outreach, and policy engagement to maximize the uptake of AERC products in policy.	(4.1) AERC as a reference and focal point for research and training in SSA.	# of publication downloads from AERC website annually.	28,000	100,000	115,000
		AERC's ranking among global development think tanks (measurement by Think Tanks and Civil Societies Programme).	27	25	27
	(4.2) Enhanced policy outreach and attractiveness to African governments, donors, and other stakeholders.	# of established partnerships with African governments and institutions (cumulative).	National think tanks = 10; Public universities = 41; Central banks = 4; Governments = 1; Regional institutions = 4.	NT = 17; PU = 44; CB = 10; Gov = 5; RI = 5.	NT = 14; PU = 41; CB = 12; Gov = 1; RI = 4.
		# of policy analysts and researchers from African governments and other institutions participating in AERC activities (cumulative).	795	1,200	1,411



Dr. Oluyemisi O. Shittu, University of Ibadan, Nigeria, Prof. Akpan Hogan Ekpo, Former Director General, West African Institute for Financial and Economic Management (WAIFEM), Dr. Cyrille Honagbode, Policy Analyst, Centre d'Analyse des Politiques de Développement' (CAPOD), Benin and Dr. Esi Colecraft, University Ghana, pose for a photograph during the AERC Senior Policy Seminar XXII. These high-level policy seminars provide a forum for dialogue between senior policymakers, academic thought leaders, private sector actors and other policymakers.



OBJECTIVE 5: Maximise mutual benefits through diversified resource base and stakeholder for sustainability

AERC has made considerable efforts in the past four years of the Strategic Plan 2015–2020 towards enhanced sustainability of AERC programmes through a diversified and broadened stakeholder base. This is amidst a changing donor-funding environment with many of the traditional funding partners changing their priorities and others moving from core to short-term earmarked funding. With the fiscal year 2019/2020 marking the last year of the strategic plan, various activities were carried out during the first half of the year towards realizing the targets of this strategic objective and associated outcomes.

1. Broadened and diversified resource base for sustained funding of AERC's activities

KEY ACTIVITIES:

- 1.1 Deepening and sustaining strong relationships with current funding partners.
- 1.2 Re-engagement with previous funders and enhancing the engagement of African governments and institutions.
- 1.3 Engaging with non-traditional partners, particularly those from the South and the private sector.
- 1.4 Leveraging the strong and vast AERC network and alumni base.
- 1.5 Financing the next Strategic Plan 2020–2025.

OUTCOMES:

- ✓ Efforts were intensified to deepen existing partnerships and seek new ones to finance programme activities over this final year of the 2015–2020 Strategic Plan period. AERC signed six grant agreements as follows:
 - » Additional funds from the Department for International Development (DFID) of US\$1.2 million to cover the 2019/2020 financing gap.
 - » Funding from the African Union Development Agency (NEPAD) of US\$204,205 towards a consultancy on Socio-economic Land Data Inventory.

- » A grant of €300,000 from the ZEF, an international and interdisciplinary research institute of the Rheinische Friedrich-Wilhelms-Universität of Bonn, in support of thesis research grants and thesis dissemination workshops.
 - » IDRC support of US\$1,124,445 for Phase II of the project on Promoting Leadership for Economic Policy in Fragile and Post-Conflict States in Africa.
 - » Funding from BMGF of US\$5,279,809 for a four-year period in support of the project Building Policy Research Institutions to Support Human Capital. The second project, Advancing FSP objectives through the East Africa Community, is for a two-year duration at US\$1,447,227.
 - » Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) support for Phase II of the project on Strengthening Advisory Capacities for Land Governance in Africa.
- ✓ A funding proposal to SIDA for support toward the five-year Strategic Plan 2020–2025 was submitted and is still under consideration. This proposal included year-one support towards the new communications strategy that would be disbursed within the period January to March 2020.

2. Effective, accountable, and transparent governance structure and management practices

2.1 Organizing Governance Meetings

OUTCOMES:

- ✓ The statutory meetings of the AERC Board were held during the fiscal year, as expected, in July and November 2019. The annual meeting of the Board will be held in March 2020, as planned.

2.2 Development of the Strategic Plan 2020–2025

The output from the mid-term evaluation of the Strategic Plan 2015–2020 guided the development of the next Strategic Plan 2020–2025. Moreover, forums involving network members and other stakeholders were held to harvest ideas for the next planning cycle. The monitoring and evaluation framework was reviewed and improved to track outcomes and impact.

OUTCOMES:

- ✓ Prof. Frances Stewart of Oxford University, UK, and Prof. Ernest Aryeetey of the African Research Universities Alliance, Ghana, completed the mid-term evaluation report, which highlights numerous achievements, challenges, and opportunities, as well as a list of unfinished business that formed input for the 2020–2025 strategic directions. The first draft of these strategic directions was deliberated at the July 2019 Executive Committee meeting. The revised strategic plan was presented for discussion at the special Board meeting in November 2019.
- ✓ Based on the lessons learnt and numerous consultations with stakeholders, including the AERC Board, the Strategic Plan 2020–2025 has adopted a new approach by



Prof. Osita Ogbu, Former Minister for Planning and National Development, Nigeria, contributing during a high-level policy conference organized by AERC. These high-level policy seminars provide a forum for dialogue between senior policymakers, academic thought leaders, private sector actors, and other policymakers.

moving from an objectives-based approach to a theme-based approach, focusing on outcomes and impact measurement. The plan presents new ways of engaging across the region through incubator projects for funders to consider throughout the five-year planning period. The plan will enhance AERC's mark of improved quality, define its own momentum of sustainability and create a new era of policy influence in sub-Saharan African economies. This will require a shift from a passive to a proactive stance regarding economic policy decision-making in Africa. The shift will form the cornerstone of an institutional theory of change for AERC, and it will also form a strong foundation for AERC beyond the five-year cycle.

- ✓ It is expected that the final draft Strategic Plan 2020–2025 will be approved by the Board at its annual meeting in March 2020.



Prof. Njuguna Ndung'u, Executive Director, AERC, addressing participants during one of AERC's conferences. The quality of the research conducted through AERC programmes is not only highly regarded by a range of national and international bodies but has also attracted the interest of respected academic publishers.

3. Improved Human Resources (HR) capacity and administration processes for effective programme delivery and stakeholders' value addition

- 3.1 Recruitments
- 3.2 Organizational structure review and realignment
- 3.3 Staff training
- 3.4 Performance management
- 3.5 Human resource policies
- 3.6 Staff provident fund

OUTCOMES:

- ✓ During the fiscal year, recruitment for two senior management positions was completed following an executive search by a Board-appointed Search Committee and SRI Executive, the executive search firm engaged to support the process. Dr. Abebe Shimeles took up the appointment as Director of Research in November 2019 while Ms Mercy Kanyi, the Chief Finance Officer, reported at the AERC in January 2020.
- ✓ A process to recruit an accounts assistant was completed and Ms Angeline Mwadime was engaged in December 2019. This recruitment was occasioned by the departure of Mr. Lamiku Kidamba in October 2019 upon attainment of the retirement age, as per AERC HR Policies. Mr. Kidamba, who joined AERC in September 1992, was the longest serving employee.
- ✓ The performance appraisal tool was redesigned, and the organization has adopted the Management by Objective performance-appraisal approach. This approach seeks to balance the organization and individual objectives,

thus promoting individual performance results and contributing to the overall goals and objectives of the organization. The completion rate of performance agreements for staff for the year ending March 2020 is expected to be at 65 per cent.

- ✓ AERC encourages continuous development of staff skills. Over the half-year period, 22 per cent of staff had gone for training in their respective areas of expertise. Investments have been made in outplacement and post-retirement training for staff who were leaving the AERC by the end of the fiscal year.
- ✓ A review of human-resource policies and procedures has been done ahead of discussions with the Executive Director and the Senior Management team. It is expected that the policies and procedures will be presented to the Executive Committee for final approval in March 2020.
- ✓ The overall return revealed an outperformance of 1.4 per cent over the three months to September 2019, which supported a 3.1 per cent tilt above the benchmark asset allocation in the equity market. The one-year overall return was also 1.1 per cent above benchmark, supported in the main by strong outperformance by the equity portfolio. Over the three-year period to 30 September 2019 the portfolio outperformed, when compared to the composite benchmark, by 0.4 per cent. This can be attributed to an outperformance of the equity portfolio against its relevant benchmark. The portfolio delivered a real return of 6.48 per cent above inflation over the last year.
- ✓ It is expected that once approved, the new strategy will inform the organizational structure of the organization for the next five years. It is anticipated that some roles may be altered to meet the changing demands of the organization.

4. Improved financial and risk management of AERC resources and programmes

- 4.1 Audits
- 4.2 Continuous improvement: A financial and system review workshop is to be held to review issues raised in the audit-management letter; other operational processes that require streamlining for increased efficiency; and IT-associated risk awareness.
- 4.3 Exchange risks
- 4.4 Internal audits
- 4.5 Risk management
- 4.6 Revision to policies and procedures
- 4.7 Financial management

OUTCOMES:

- ✓ A financial and system review workshop, organized for all staff, reviewed issues raised in the audit-management letter, other operational processes that required to be streamlined for increased efficiency, and IT-associated risk awareness. Recommendations were mapped and are being implemented on a continuous basis.
- ✓ Key processes identified for improvement include a document-management system, centralization of vendor payments, and VAT management. Action points with clear timelines and responsibilities were set out with the expected date of completion being the first quarter of fiscal year 2020/2021.
- ✓ AERC is constantly monitoring the exchange rates for the major currencies, namely: the Swedish Kronor (SEK), the Danish Kroner (DKK), Sterling Pounds (GBP) and Kenya Shillings (Kshs) – the currencies in which AERC incurs most of its operational expenditures. The Consortium has been able to manage the foreign-exchange risk throughout the financial year by

closely monitoring exchange rates of major currencies and making necessary adjustments to the exchange rates quarterly in the Programme of Work and Budget. Reduced exchange-rate losses have been reported during the period.

- ✓ To better harness and manage risk, AERC instituted an internal-audit function that was outsourced to Matengo & Githae Associates. The internal-audit function reports to the Audit and Risk Committee on a quarterly basis. This complements the existing statutory and specialised audits commissioned by donors. The internal auditors' contract was renewed for a period of two years from July 2019. During the second quarter, the Internal Auditor focused on review of finance business processes and internal control workings, which resulted in management reviewing some of the business processes and their related internal controls. Consequently, some policies and procedures have been reviewed awaiting Board approval.
- ✓ Policy and procedure manuals have been revised, and they are still being improved by benchmarking with other organization manuals. The revision process has been done with close reference to automated business processes to ensure internal controls remain sound and compliant. The revision exercise has seen introduction and approval of the anti-money laundering policy, whistle-blowing policy, and the anti-terrorism financing policy. This will ensure AERC has policies and procedures that are consistent with global best practices.
- ✓ Deloitte & Touche undertook the statutory audit for the financial period 2018/19 in May 2019, following an interim audit in March 2019. The audited accounts were approved by the Executive Committee of the Board in July 2019. Notably, donor-commissioned specialized audits for projects funded by the German Government were conducted.

The findings were favourable for AERC to continue receiving funds from GIZ.

- ✓ The annual Internal Revenue Services (IRS) return for the financial year 2019 was submitted and approved during the year.
- ✓ Risk-management training was conducted for the management team in February 2020 to equip them with skills to identify, report, review, and mitigate risks, with the objective of developing accurate organization-wide risk registers.
- ✓ It is expected that Deloitte & Touche will undertake the annual audit for FY2019/2020, which is scheduled to start with the interim audit in March 2020. A draft management letter is expected to be produced for review and implementation. The final audit is planned for May 2020 and the audited financial statements will be prepared for presentation to the Executive Committee of the Board for approval in July 2020.

5. Leveraging information technology to support the delivery of AERC'S mandate

Goal: To enable efficiency and productivity in business operations by integrating and synergizing technology systems within the organization.

OUTCOMES:

- ✓ Core operations in Finance, Grants, Procurement, HR, and Payroll were fully automated and integrated. This created new efficiencies in process execution and a data foundation that is pivotal in providing a common view to improve decision-making in transactional interaction across functions, support impact reporting, and enhance customer service through front end portals. These system improvements were made in tandem with ongoing upskilling of staff's digital competencies.

- ✓ All systems have active service-level agreements (SLAs) ensuring continuous system maintenance and evolution to maximize value from IT investments.
- ✓ The Research Management System (RMS) automated the processing of 248 thematic research proposals to date (98 more than the previous reporting period) and registration of a total of 320 researchers.
- ✓ Preliminary work on a Document Management System (DMS) has been completed through a proof-of-value process that has recommended a system for procurement to meet the organization's needs. The system will run on a cloud-based platform. Most importantly, it will integrate with the current application ecosystem and enhance ease of access to information.
- ✓ Core operations through the Enterprise Resource Planning (ERP) system have been improved by enabling paperless workflows in the procure-to-pay cycle to enhance efficiency in the flow of information between finance and procurement. Front-end systems providing direct engagement with researchers, resource persons, and students continued to be adapted to improve cost efficiency, stakeholder experience, and alignment with anticipated programme outcomes. These include the RMS and Training Scholarships portal. Both these systems have access to a shared data platform integrated with the ERP for seamless information exchange to support effective programme management.
- ✓ All systems were covered by vendor SLAs whose remit includes providing training for user group champions and the IT team.

5.1 Cyber security

Goal: Reduce exposure to cyber security risks through early threat detection, continuous monitoring, automated responses, and staff training.

OUTCOMES:

- ✓ A cyber-security plan was developed during FY2019–2020. Related policies guiding the governance and management of IT have also been developed and are scheduled to be submitted for Board review and approval in March 2020.

5.2 Twenty-four seven automated help-desk system

Goal: Provide AERC with IT support and incident resolution real time, expanding capacity to support efficiency and productivity in the organization.

OUTCOMES:

- ✓ The help-desk system is operational and is facilitating measurement of IT services toward ensuring that these meet operational requirements, supporting the delivery of programme outcomes.

5.3 Technology adoption

Goal: To expand adoption of technologies and to increase technological expertise and project ownership throughout the organization. In FY2019–2020 the IT team initiated an open technology forum – Tech Tuesday – that ran once every week to upskill staff's digital competencies, thereby influencing demand and adoption of technology to improve productivity.

OUTCOMES:

- ✓ Users are continuously trained on new technologies to improve their individual competencies and influence demand and adoption of innovative work practices enabled through technology.

Table 11: Outcomes resulting from implementation of Strategic Objective 5

Strategic Objective	Outcomes	Outcome Indicators	Baseline	Target 2020	Actual March 2020
5. Maximize mutual benefits through diversified resource base and stakeholder ship.	(5.1) Broadened and diversified resource base.	Broadened and diversified resource base.	<ul style="list-style-type: none"> » Seven African governments and institutions provided funding in 2014/2015 (Kenya, six central banks –Kenya, Ghana, Tanzania, Uganda, Zambia, and Mozambique). » Three foundations: DAAD; the African Capacity Building Foundation (ACBF); and BMGF. » Six North American and European government organizations: DFID; SIDA; NORAD, Danish International Development Agency (DANIDA); USAID; and IDRC. » Four multilateral institutions: World Food Programme (WFP); AfDB; World Institute for Development Economics Research (UNU-WIDER); and the Global Development Network (GDN). » Zero: Asia and South America. » Three other organizations: Trinity; Dunford; and IFAD/AFRACA (International Fund for Agricultural Development / African Rural and Agricultural Credit Association). 	<ul style="list-style-type: none"> » Fifteen African governments and institutions (continued support, and in addition central banks of Nigeria and Lesotho). » Four foundations – with the addition of the Alliance for a Green Revolution in Africa (AGRA). » Seven North American & European governments (with the addition of the EU). » Four multilateral institutions. » Two Asian and South American countries (China and Australia). » Four other organizations – with the addition of the International Food Policy Research Institute (IFPRI). 	<ul style="list-style-type: none"> » Twelve central banks under the Governors Forum have signed for their support. One government (GoK) continued to fund. » Three foundations supporting (DAAD, ACBF, BMGF). » Five North American & European government organizations indicated ongoing support (DFID, SIDA, GIZ, NORAD, and IDRC). » Three multilateral institutions (AfDB, GDN, and World Bank) continued support. » Ongoing discussions with China. » Two other organizations (BMZ and SOAS) continue to fund.
	(5.2) Effective, accountable, and transparent governance structure and management practices.	Level of stakeholder satisfaction with AERC service delivery.	-	-	-
	(5.3) Improved HR capacity and administration processes for effective programme delivery and stakeholders' value addition.	Percentage of staff retention.	70%	82%	87.5%

Strategic Objective	Outcomes	Outcome Indicators	Baseline	Target 2020	Actual March 2020
	(5.4) Improved financial and risk management of AERC resources and programmes.	Global ranking of financial transparency of organizations conducted annually by Transparify.	5-star rating	5-star	5-star
		% of unqualified audit reports.	100%	100%	100%
	(5.5) Improved operational efficiency and turnaround time of business processes	# of processes automated.	» Five modules fully functional: finance, grants, procurement, HR, payroll. » Scholarships portal.	100%	100%

Prof. Bernadette Dia Kamgnia, Economic Policy Analysis Unit of the (CIRES), Abidjan, Côte d'Ivoire, Prof. Jane Kabubo-Mariara, Executive Director of the Partnership for Economic Policy (PEP), Prof. Wisdom Akpalu, Ghana Institute of Management and Public Administration (GIMPA) and Precious Zikhali, World Bank, are long-standing AERC Resource Persons. They are following proceedings of an AERC Biannual Research Workshop. These Resource Persons have been instrumental in building capacity of AERC researchers.





3. CHALLENGES AND OPPORTUNITIES

CHALLENGES:

1. Fundraising for the new strategy and turning the funding assumptions into actual funding on the back of a slightly delayed finalization of the strategy.
2. Declining training grants, declining menu of electives, and the apparent rising unit-cost ratios. The low numbers at the JFE, especially the CPP: the unit cost shows a significant increase.
3. The changing approaches in building funding capacity.

OPPORTUNITIES:

1. The mid-term review has enriched the 2020–2025 strategy.
2. A new funding cycle with an all-informed approach.
3. Ongoing discussions with potential new donors.
4. Continuous implementation on transforming earmarked funding to fund core activities in line with discussions held with Philipp Krause of BMGF.



4. PROGRAMME FINANCIAL PERFORMANCE AND FINANCING

PROGRAMME REQUIREMENTS AND FINANCING

In March 2019, the Board approved the Programme of Work and Budget (PWB) for the year 2019/2020 with projected programme requirements of US\$12.4 million. The financial requirements were guided by the activities planned in the fifth year of the Strategic Plan 2015–2020. This was based on output activities for each objective and was in line with the Monitoring and Evaluation Plan for year five of the strategy. The US\$12.4 million Programme requirement was expected to be financed partly by an amount of US\$7.1 million projected income for the year, while the excess expenditure over income of US\$5.3 million was to be financed by US\$9.9 million Programme projected carry over from 2018/19.

Subsequently, the Executive Committee, on behalf of the Board, reviewed and approved revisions to the PWB in July and November

2019. In July 2019, the PWB was adjusted to incorporate the actual net assets position after the audit and new mandated activities. The July revised projected expenditure and income levels were US\$12.71 million and US\$ 7.8 million, respectively. The November PWB revisions were approved with Programme requirements of US\$13.14 million and income levels of US\$8.16 million.

During the last quarter of 2019/2020, the Executive Committee adjusted the level of Programme activities to be implemented and factored cost savings and realistic timeframes. The projected income and expenditure levels to March 2020 are US\$10.75 million (US\$8.16 million projected in November 2019) and US\$12.92 million respectively (compared to the US\$13.14 million approved in November 2019).

This report presents the projected outturn as at the end of March 2020 and provides a brief analysis of the Consortium's financial position by reviewing the following:

- » The overall financial position and net assets at year-end;
- » Analysis of income and expenditure for the year and explanation of variances;
- » Achievements and challenges; and
- » An update on donor commitments for the Strategic Plan 2015–2020.

1. The overall financial position and net assets at year end

The projected Programme expenditure is US\$12.92 million. There is minimal difference in the overall total as compared with the amount of US\$12.39 million approved in March 2019. However, the projected expenditure represents a 1.67 per cent decrease from November 2019 PWB revisions.

The projected income to March 2020 is US\$10.75 million, an increase of 52 per cent of income projections approved in March 2019, which is 31.7 per cent higher than the revised amount of US\$8.16 million in November 2019. The increase in income is mainly attributed to two new grants from BMGF – in support of the projects Building Policy Research Institutions to Support Human Capital and Advancing Financial Services for the Poor (FSP) – and IDRC grant support for Phase II of the project on Promoting Leadership for Economic Policy in Fragile and Post-Conflict States in Africa.

The projected/actual net asset position is US\$21.55 million, which is 9 per cent lower than US\$23.72 million carried forward from 2018/19. The decrease is a result of utilization of carry-forward Programme funds.

The overall projected net assets of US\$21.55 million is represented by:

1. US\$3.25 million unrestricted reserves;
2. US\$6.67 million earmarked and temporarily restricted net assets (US\$4.3 million earmarked for the GoK special capacity building project);
3. US\$11.63 million restricted reserves (US\$4.30 million in accumulated Restricted Board reserves, and US\$7.33 million from the Research Innovations Endowment Fund (RIEF)).

2. Programme expenditure and financing

2.1 Programme expenditure

The projected/actual Programme expenditure to March 2020 is US\$12.92 million. This is a 4 per cent increase from the March 2019 approved budget of US\$12.39 million.

Figure 1 shows that Research and Training Programmes constituted 28 per cent and 50 per cent of total expenditure, respectively, while Communication and Policy Outreach and General Support Services constituted 11 per cent and 10 per cent, respectively.



Participants keenly following proceedings of a workshop sponsored by AERC. These workshops provide a forum in which the participants can meet each other within a worldwide network of professionals and deal with issues relevant to Africa's economic development. AERC encourages female participants in practically all activities.

Figure 1: 2019/2020 projected Programmes expenditure

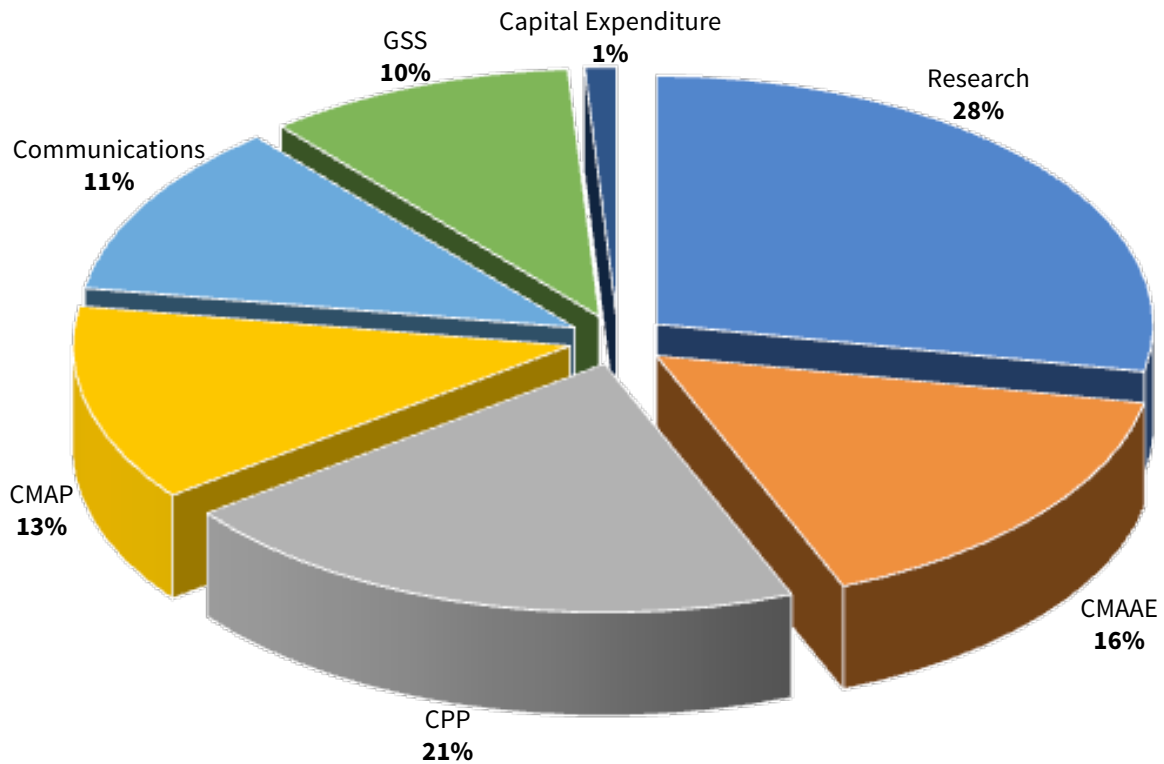
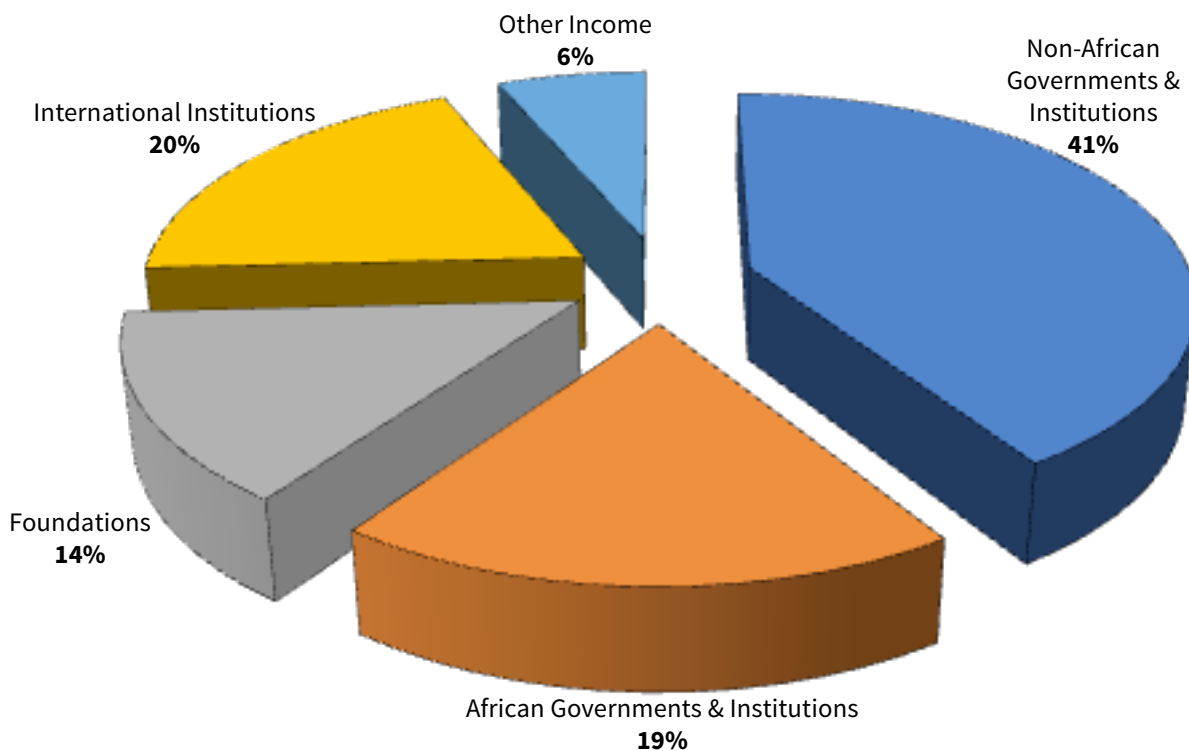


Figure 2: Funding sources (average income 2015–2020)



3. Status and sources of financing the Strategic Plan 2015–2020

To finance the strategic plan requirements, an amount of US\$73.2 million was projected to be realized from various funding sources. The overall achievement is US\$61.0 million

(83 per cent) of the target. The annual targets achieved were at 76 per cent in 2015/16; 99 per cent in 2016/17; 91 per cent in 2017/18; 71 per cent in 2018/19; and 79 per cent projected in 2019/2020. Table 12 provides a summary of the strategy budget and how it was realized over the five-year strategy period.

Table 12: Summary of Strategy Budget and actual funding of the Strategic Plan 2015–2020

Financial Year	Strategy Budget '000 US\$	Actual Income '000 US\$	% Realized
2015/16	14,299	10,886	76%
2016/17	14,917	14,836	99%
2017/18	14,943	13,572	91%
2018/19	15,467	10,973	71%
2019/20	13,606	10,752	79%
Total	73,232	61,019	83%

4. Investments

4.1 Research Innovations Endowment Fund

Management of the Research Innovations Endowment Fund (RIEF) was transferred to the Citi Personal Wealth management from Royal Bank of Canada (RBC). This follows the move by RBC to reduce its presence in Africa and other parts of the world. In order to diversify the AERC investment management, the Board at its meeting in November 2019 approved the investment of part of the RIEF in Class B shares of the Trade Development Bank (TDB). The investment of US\$2,006,025 comprised 175 Class B shares with a par value of US\$11,463. The TDB has consistently generated strong double-digit return on equity (ROE). In 2018, the ROE stood at 11.7 per cent. Class B investors benefit from an attractive dividend yield of approximately 3 per cent. The net asset value (NAV) per share rose from US\$5,996 in 2012 to US\$11,463 in 2018. A further sum of US\$2,993,975 was placed on fixed deposits with the bank at a rate of 3.75 per cent net of fees. Both

investment portfolios are for a period of five years. For Class B shares, dividends will be distributed on a half-yearly basis.

The total market value of RIEF as at 31 December 2019 is US\$7,751,388. This amount is composed of US\$2,751,388 held by Citi Personal Wealth and US\$5,000,000 in TDB shares and fixed deposit.

4.2 Board Reserve Fund

The principal objective of the Board Reserve Fund remains to cater for the Consortium's legal and moral obligations in the event of a sudden reduction or cessation of funding. The Fund may also be used on a loan basis to meet cash-flow shortages due to delayed disbursement of committed funds. The appropriate level of the Reserve Fund was set at US\$4.2 million. The market value Board Reserve Fund as at 31 December 2019 is US\$4,332,501.

5. Audit performance 2019/2020

5.1 Statutory audit

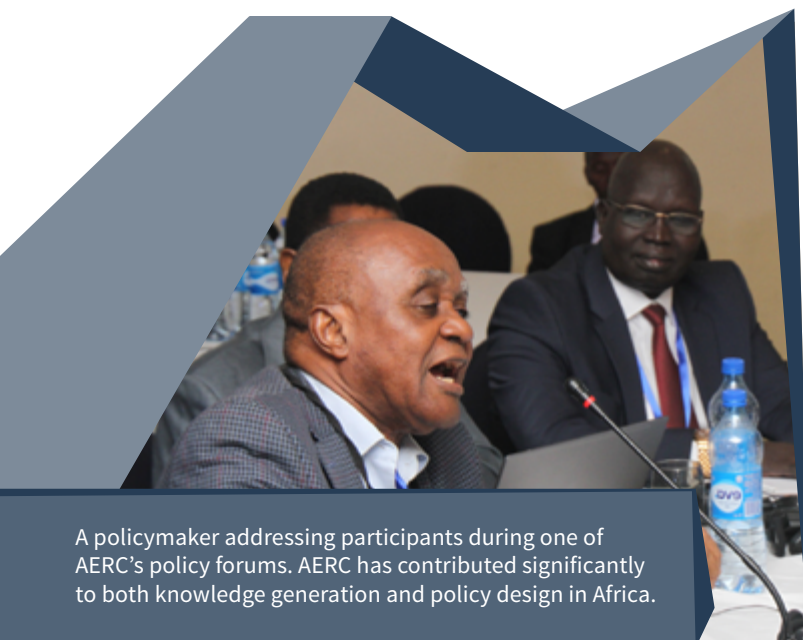
The external auditor, Deloitte and Touche, performed the 2018/19 audit satisfactorily and issued an unqualified audit report. The audit through a management letter raised some recommendations that required improvements by AERC. This follows an in-depth audit of the ERP system and IT analytics. The issues raised include inadequate ICT policies, access security, and IT process change management. The Management has prepared an implementation plan to address the weaknesses raised by the auditors. The status of implementation is reviewed on a quarterly basis.

5.2 Internal audit

An outsourced Internal Auditor was engaged in July 2018 for a period of one year to perform the internal audit function. The contract was extended for two years to 2021. During the year, the Internal Auditor undertook various functional audits, which included HR, ICT, and Governance audits. These reports were presented and discussed at the Audit and Risk Committee meeting. The progress of implementation of the recommendations made from these audits are also in the audit report.

6. The overall performance and challenges in the year

- » The overall financial performance for the year was satisfactory and within the approved budget targets. Income was 52 per cent higher than the amount approved in March 2019 as a result of additional bridge support from DFID and SIDA for the new communication strategy; new funding from the German Federal Ministry of Economic Cooperation and Development (BMZ) project on Programme of Accompanying Research for Agricultural Innovation (PARI); a grant from NEPAD Planning and Coordinating Agency (NPCA) for a project on Socio Economic Land Data Inventory; accelerated remittances from the BMGF; and new grant support from the International Development Research Centre (IDRC).
- » The auditors gave a clean audit opinion on the financial statements for 2018–2019, which was the second audit under the new commissioned Enterprise Resource Planning (ERP) system Microsoft Dynamics Navision.
- » The funding environment has changed in donor preferences. The resource mobilization efforts will continue in support of the new Strategic Plan 2020–2025. This is in addition to efforts to increase synergy between programmes and cost-saving measures.
- » The Internal Audit function enhances continuous improvement of internal controls and strengthens governance of AERC.
- » The Evaluation process of the Strategic Plan 2015–2020 was completed, and its outputs have informed the development of the new strategic plan cycle 2020–2025 which will be presented to the Board for approval at the March 2020 meeting.



A policymaker addressing participants during one of AERC's policy forums. AERC has contributed significantly to both knowledge generation and policy design in Africa.



5. FINANCIAL STATEMENTS

AFRICAN ECONOMIC RESEARCH CONSORTIUM FINANCIAL STATEMENTS 31 MARCH 2020

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE AFRICAN ECONOMIC RESEARCH CONSORTIUM, INC

Report on the audit of financial statements

Opinion

We have audited the accompanying financial statements of African Economic Research Consortium, Inc, ("Consortium") set out on pages 53 to 54 which comprise the statement of financial position as at 31 March 2020 and 2019, statement of activities and changes in net assets, schedule of expenditure per objective, schedule of functional expenditure and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Consortium as at 31 March 2020 and 2019, and of its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further

described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of AERC in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America and for such internal controls as management determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Consortium's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless the Directors either intend to liquidate the Consortium or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Consortium's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- » Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consortium's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consortium to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche

Certified Public Accountants (Kenya)

Nairobi 2020


CPA Patricia Seroney - Practising certificate No. 2434

Signing partner responsible for the independent audit

FINANCIAL STATEMENTS 31 MARCH 2020

	Note	2020 US\$	2019 US\$
ASSETS			
Current assets			
Cash and bank balances	5	2,488,797	3,090,253
Short-term investments	6	10,849,081	8,760,461
Grants receivable	7	1,595,410	2,735,149
Other receivables	8	81,387	380,888
Total current assets		15,014,675	14,966,751
Non-current assets			
Long-term investments	6	11,650,722	11,410,747
Property and equipment	9	79,840	121,502
Total non-current assets		11,730,562	11,532,249
TOTAL ASSETS		26,745,237	26,499,000
LIABILITIES AND NET ASSETS			
Current liabilities			
Accruals		263,564	294,971
Sundry creditors		248,991	217,790
VAT payable		55,958	52,733
Grants payable-grantees	10	2,101,682	2,217,661
Total liabilities		2,670,195	2,783,155
Net assets			
Without donor restrictions	11	6,318,194	6,254,042
With donor restrictions	12	17,756,848	17,461,803
Total net assets		24,075,042	23,715,845
TOTAL LIABILITIES AND NET ASSETS		26,745,237	26,499,000

The financial statements on pages 53 to 54 were approved and authorized for issue by the Board of directors on August 17, 2020 and signed on their behalf by:



Dr. Keith Jefferis
Treasurer of the Board



Njuguna Ndung'u
Executive Director

	Note	Without donor restrictions US\$	With donor restrictions US\$	Total 2020 US\$	Total 2019 US\$
Support and revenues					
Grant from governments	7	3,855,034	3,421,028	7,276,062	6,460,131
Grants from foundations	7	-	3,509,774	3,509,774	1,154,217
Grants from international organizations and others	7	200,000	578,130	778,130	2,660,007
Investment income	13	311,795	77,449	389,244	891,667
Less expenses		-	-	-	(142,380)
Other losses	14	(333,899)	-	(333,899)	(94,919)
		4,032,930	7,586,381	11,619,311	10,928,723
Net assets released from restriction					
Satisfaction of Programme Restrictions		7,346,936	(7,346,936)	-	-
Grants forfeited		-	55,600	55,600	44,823
		7,346,936	(7,291,336)	55,600	44,823
Total support and revenues		11,379,866	295,045	11,674,911	10,973,546
Expenditure					
General administration		1,060,413	-	1,060,413	1,146,141
Research Programme		3,258,983	-	3,258,983	4,413,355
Communications & publications		1,149,031	-	1,149,031	942,611
Masters Programme		1,186,685	-	1,186,685	1,520,645
CMAAE Programme		2,026,798	-	2,026,798	2,178,549
Doctoral Programme		2,633,804	-	2,633,804	2,004,281
Total expenditure		11,315,714	-	11,315,714	12,205,582
Change in net assets		64,152	295,045	359,197	(1,232,036)
Net assets at the beginning of the year		6,254,042	17,461,803	23,715,845	24,947,881
Net assets at the end of the year		6,318,194	17,756,848	24,075,042	23,715,845



Dr. Grace Ongile, former Chief Executive Officer of NEPAD Kenya, making a presentation during the AERC Senior Policy Seminar XXII. Participants in these seminars are drawn from the highest levels of government, including the presidency, ministers, governors of central banks, heads of civil services, permanent secretaries, and heads of government agencies as well as parastatals, and this was no exception.



AFRICAN ECONOMIC RESEARCH CONSORTIUM
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