

**MACRO-ECONOMIC ANALYSIS PROGRAMME FOR EASTERN
AND SOUTHERN AFRICA**

**Consultancy Report to the IDRC
By R. Young & Prof. S.M. Wangwe**

3-P-85-0055

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Macro-Economic Analysis Programmes for Eastern and
Southern Africa: A Consultancy Report to IDRC /
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Executive Summary

E.S.1. This report contains an interim assessment of the IDRC supported Macroeconomic Analysis Programme (Eastern and Southern Africa), 3-P-85-0055. It is based upon a consultancy contract to the North-South Institute of Ottawa, Canada which was performed in late 1985. The assessment consisted of document reviews, attendance at a programme workshop in Nairobi (December 9-15 1985) and interviews with researchers and policymakers from the region and IDRC staff. The terms of reference requested an assessment of the quality and relevance of the research being supported, the cost effectiveness of the programme and the degree to which locally-based research capacity and **dissemination** of results were being achieved.

E.S.2. The programme takes place in an environment of deteriorating or stagnating economic performance (with few exceptions); of scarce economic research capacity coupled with competition among private and public institutions for economists; of a small but growing number of recently trained economists at the postgraduate level who have yet to develop a sense of confidence in doing research and have yet to establish the sense of a community of scholars in the region; of research economists who lack access to recent research results published outside their own country; and where the research **agenda** and economic policy discussion can be dominated by external agencies.

E.S.3. The Macroeconomic Analysis Programme is attempting to overcome these constraints by building a network among economists through small research grants (\$10,000 to \$20,000 per study), local identification and execution of

research supplemented by external research advisors (on a periodic basis) and recent empirical and theoretical literature which is unavailable in the region; network meetings to test and compare methodologies and results. The provision of each of these inputs is critically important to building the analytical capacity **badly** needed in the region. In particular the use of research advisors, and survey papers, and the provision of recent literature together with the network meetings are **highly** innovative and cost effective in the context of the needs of the region.

E.S.4. The core of the report focuses on an interim assessment of various components of the programme, (see section 4 of the report for the full discussion). Here a few important judgements are highlighted in summary form.

- research quality - there is no fixed criterion suitable for judging quality in a region characterized by diverse national circumstances; it can be misleading to try to apply a single yardstick; two points emerge: the analytical orientation of the research presented at Nairobi on exchange rate policies was evident and there is solid evidence of progress being achieved in the movement from proposal preparation to draft results;
- relevance - the inclusion of policymakers in the national teams helps to ensure relevance to current policy issues; it is extremely important to maintain an open, heuristic approach to research methodology as there is no received wisdom applicable to varying national circumstances; national economic, institutional and structural features influence the choice of research issue of greatest priority and the appropriate tools to analyze economic performance and policy decisions;

- capacity building - the use of survey papers on discrete topics, the provision of photocopies of **important/relevant** empirical and theoretical research, and the use of knowledgeable research advisors are each highly Positive and effective in building research capacity;
- monitoring - the role of the programme coordinator is essential in deciding upon the composition of research teams, the appropriate institutional basis for research financing in each country, monitoring progress and maintaining substantive knowledge of the issues in the region;
- impact - while it is premature to judge impact at this point, it is important to achieve the maximum potential impact of the research support through discussion of the results by policymakers, economists and others: thus it should be expected that national policy workshops would be convened as the responsibility of the national teams and these workshops would be reported upon at the network meetings;
- sustainability - is in part a function of the degree to which the research agenda and decision making with respect to the programme are seen to be in African hands. In large measure this has already been achieved, particularly with respect to identification and execution of research; at the margin there is a need and an opportunity to steadily devolve more and more decision making onto the researchers themselves through a more active role in managing the network meetings and encouraging increasing input at the Advisory Committee meetings. Sustainability is also dependent upon the absorptive capacity for funding and to maintain the quality of research already attained a steady but

measured increase in the research being financed seems wise. It may be desirable to limit to two the number of research networks running concurrently to avoid a dissipation in the quality and relevance of the research. At the same time, the community of researchers in the region is relatively small, often estranged from current research results within and without the region and this will call for careful nurturing of the potential research talent. To the extent other aid donors and foundations are not prepared to finance the creation of economics research capacity in Eastern and Southern Africa, this will require a long term commitment by IDRC to sustain the nationally-trained and returned graduate economists who are capable of carrying out quality research.

E.S.5. Absolute assessments of research quality, relevance, impact and cost effectiveness have been avoided in this report. However three alternatives are discussed to achieve the programmes objectives but are rejected. One alternative, not to provide further support was rejected on the grounds that there is no strong evidence to suggest unambiguously that research funding could be redirected elsewhere in the region to greater benefit. In addition, the analytical content of the research and seriousness of the policy issues warrants further support. A second alternative to focus support on larger scale institutional grants would reinforce the sense of isolation among economists in the region and negates the beneficial "learning from others" inherent in the network approach and the use of external advisors. A third alternative of smaller-scale institutional grants while perhaps achieving some success in reaching weaker institutions in the region would fail to overcome the deficiencies outlined in the second alternative.

Conclusions

E.S.6. The Macroeconomic Analysis Programme is achieving some important objectives in the Eastern and Southern Africa region. It is building research capacity and a sense of community amongst economists through small research grants, provision of **recently** published and mimeographed literature, research advisors and meetings of researchers and policymakers from the region pursuing common topics. It is building confidence among economists in the region to undertake and present policy relevant research.

E.S.7. The programme appears to be highly cost effective. Individual research grants average C\$15,000 to 20,000, modest in absolute terms and in relation to funded research by multilateral institutions. The multi-country research network approach operates with reasonable overhead costs. The costs of the programme coordinator and supporting services amount to 27% of the total budget; support services alone would account for about 15% of total resources which is probably a high level of efficiency given the regional context. The economies achieved are in large measure attributable to the programme's ability to use the IDRC's regional office infrastructure.

E.S.8. The programme is supporting research relevant to important economic policy and economic management issues in the region. There was agreement among economists and policymakers at the Nairobi meeting that economic growth and distribution were affected by policy decisions concerning exchange rate management, monetary and fiscal policy and that quantitative analytical research could contribute to better informed policy decisions. While economic analysis is only one input to decision making, the inclusion of policymakers

within the national research teams is an important device to ensure that research is relevant and being absorbed by government. The next step is to ensure that the maximum possible attention is given to the results of the research at the national and regional levels.

Consultancy Report to IDRC/EARO

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Macroeconomic Analysis **Programme** Eastern and Southern **Africa** 3-P-85-0055**I Introduction**

1.1 This report contains an interim assessment of the IDRC-financed Macroeconomic Analysis Programme for Eastern and Southern Africa. The terms of reference for this assessment may be summarized as follows: assess the quality and relevance of the research being supported; assess the cost effectiveness of the programme in terms of the human, financial and technical resources deployed; assess the degree to which the programme encourages the development of locally-based research capacity and dissemination of research results to researchers and policymakers in the region.

1.2 This consultancy was performed in December 1985 and consisted of three main elements: document review-project summaries, project and correspondence files, research reports; attendance at a programme workshop in Nairobi, Kenya December 9-14, 1985 at which researchers, policymakers, advisors and IDRC programme staff assembled to review work in progress and future research possibilities; conduct interviews in Nairobi with researchers and policymakers from the region, the external resource persons, the programme coordinator and IDRC staff as well as others to elicit responses in **light** of the terms of reference.

1.3 This report should be read in conjunction with a second report prepared by Prof. Samuel Wangwe of the University of Dar Es Salaam who has been asked to review the future evolution of the management of the programme. This report is organized into five sections following this introduction - section two provides a brief analysis of the context of the programme in the region; section three describes the objectives and inputs of the programme and section four contains the analytical assessment of the outputs of the **programme** and as such is the core of the report; the final two sections present an analysis of possible alternative approaches to achieving the programme's objectives and a concluding statement.

II The Context of the Programme in the Region

2.1 This is not intended as a comprehensive analysis of the research capacity and policy issues in the Eastern and Southern Africa region but as a selective analysis of these points in order to situate the programme in a context and provide a basis upon which to assess its contribution. The region is made up of thirteen heterogeneous countries in terms of size, economic structure and political history and orientation - weak economies, rapid population growth and a relatively high proportion of the population living in absolute poverty are the common denominators. Some countries suffer acute political instability while others show signs of sustained stability; most are **newly** independent and all have suffered from the global recession of the 1980's with weak economic growth; most now face the need to improve economic performance with particular attention to growth of the agriculture sector, trade and fiscal deficits and coping with a growing external debt burden. **Alarminglly** external capital flows are likely to be characterized by a net outflow in the

medium term unless substantial additional aid and IMF financing is committed to the region.

2.2 Of particular relevance to this programme, the countries of the region exhibit a relatively low capacity to undertake economic analysis and research. However, there is a growing number of graduate level trained economists some of whom are returning to the region after study abroad.

2.3 The region is receiving growing attention from the international community, particularly multilateral institutions (which had assigned sub-Saharan Africa low priority before 1980) and a part of this includes increased attention to macro-economic analysis and research as part of the structural adjustment financing from the World Bank and stabilization financing of the IMF. This in turn has led to some scrambling after the "best" research talent in the region for Bank/Fund missions, studies and staff positions.

2.4 Professional economists in the region are few in number, work in weak institutions (primarily speaking here of universities) and have access to very modest national financing to conduct research. Governments in the region often tend to give priority to external expertise in part reflecting the lack of local expertise but in my judgement more often reflecting their belief in the credibility of external advice coupled at times with a propensity to externalize research and advice away from national researchers and policymaking bodies. This may in turn reflect a desire to keep research at a distance from policymaking at times. This is not a hard and fast rule but does reflect in some measure the constraints faced by local economists.

2.5 Economists have relatively few opportunities to exchange methodologies, results and experience with their colleagues from other countries in the region or to be exposed to peer review outside their national boundaries. Finally, there is an acute lack of access to relevant literature in the region constraining the opportunity for continual learning by economists.

2.6 The research agenda for economic policymaking is often prepared by outside institutions - multilateral and bilateral official agencies and academics. This does offer attractive research and consultancy opportunities to the scarce "best" talent. It also contributes to the weakness of locally-identified research priorities.

2.7 There is a need for encouraging the development of a local research agenda if research is going to be used by local governments, to upgrade skills, develop research confidence and build a community of economists, characteristics now of Asia and Latin America but not as yet of Africa.

2.8 Thus, the Macroeconomic Analysis **Programme** takes place in an environment of deteriorating or stagnating economic performance (with only a few exceptions), of scarce research capacity and where the competition for economists among governments, universities, external official institutions, foundations (and the private sector in some countries) can be very keen and can provide financial inducements to attract research and professional capacity.

III Programme Objectives and Inputs

3.1 A full description of the objectives and inputs (or resources deployed) of the Macroeconomic Analysis Programme, Eastern and Southern Africa is contained in the project summary, 3-P-85-0055, and will not be reiterated in detail here. In **summary** form, the programme is attempting to establish a research network amongst economists in the region by providing: 1) small research grants (\$10,000 to \$20,000 per country), 2) resource advisors and literature to assist with the development of methodologies and upgrade research skills; 3) to relate research to policy by including policymakers who are economists in the definition, conduct and dissemination of the research; 4) and to help build over time a larger community of researchers or a critical mass which has been demonstrated to be important in other developing regions for sustaining high quality research.

3.2 Perhaps the programme's most significant innovation is that research funding is accompanied by a variety of other resources which are complimentary and help reinforce the financing of research. Meetings are convened to identify research priorities and prepare proposals. A survey paper is presented to review the state of the research experience on a particular topic and to help focus discussion. To date these survey papers on exchange rate policies, economic modelling and financial instruments have been prepared by external consultants with specialized knowledge and research experience in the respective topic areas. The periodic meetings of the research network of economists permit the presentation and extensive discussion of research topics, preliminary results and will do likewise for the final research results beginning in late 1986. These meetings are **extremely** useful for a

variety of reasons. They allow for an exchange of individual country experiences in the region; exchange of methodology which can vary among the individual research teams and for peer review which enhances the incentive to produce work of high **quality**. Perhaps most importantly of **all** they provide the opportunity for local researchers to define for themselves the research agenda and methodologies most appropriate to their own national circumstances.

3.3 A second important innovation undertaken by the programme is the provision of current published research not usually accessible to economists in the region. Photocopied theoretical and empirical research papers, usually from economic journals, are distributed to economists in the region when they are defining their research projects. This can be an extremely effective means of getting new information into researchers hands in a timely and cost effective way.

3.4 The programme also provides economists with research advisors at the periodic meetings of the network. These are senior researchers knowledgeable of the region and with demonstrated research expertise. To date the main advisors have been John Harris (Boston University) Gerald Helleiner (University of Toronto) and Tony **Killick** (Overseas Development Institute). They have been accompanied by other resource people from the IMF and other developing regions who can bring a detailed knowledge of comparative research experience to bear.

3.5 Although normally considered as a research output, the dissemination of research work will be touched upon briefly here and should be seen as an input to further stimulate research in the region. (A more extensive discussion of

the dissemination aspects of this research activity is taken up in paragraphs 4.16 through 4.19). The publication and distribution of research results in a timely fashion is an important contribution to further analytical enquiry and also plays a role in influencing policy and decisionmaking. The fragility of the community of scholars in the region in general combined with the rising cost of publishing journals have contributed each in their own way to the virtual collapse of any semblance of a regular research publication for economists in the region. When coupled with the inability of universities and individuals to obtain foreign exchange to purchase foreign journals this has led to a serious deterioration in the availability of analytical information and few if any credible outlets for published work in the region.

3.6 The revival in late December 1985 of the Eastern and Southern Africa Economic Review then is to be praised and much encouraged. If high quality and regular appearance are maintained - no mean feat in the light of the limited supply of quality articles - the journal has the potential to contribute in an important way to meeting the needs identified above. One senses a serious commitment to the journal by its editor and his board which must be maintained and combined with an abiding sense of professionalism and stewardship for the journal to overcome many economic and political teething problems.

IV Issues for Assessment

4.1 The core of this report focuses on an interim assessment of the various components of the programme as at year end 1985. These issues for assessment are organized topically to allow discrete discussion of individual elements of

the **programme** without trying to force any artificial distinction among the many complementarities which must exist in a research support activity of such scope and cost. Where useful cross references will be made to remind the reader of the essential complementarities and "externalities" as they do exist. The themes addressed in this section include research quality, research identification, creating research capacity and confidence, monitoring and assessment, dissemination and impact of the research results and the important issue of the sustainability of the activity into the future.

Research Quality

4.2 Ultimately an assessment of **research** quality is a subjective judgement. There may be some hard quantitative indicators... articles published in "prestigious" journals, authors reputation as evidenced by citations in other researchers work... but they surely do not apply appropriately to this region's research capacity at present. Thus in contemplating what constitutes good quality economic research in this region, two basic principles are being suggested. The first principle accepts that there can be no fixed **criterion/criteria** which would apply throughout the region. The national circumstances and capacities in the region vary to such a significant degree that the equal application of some measurement of quality would be of little practical **value**. One must then be very cognizant of specific national (and almost personal) circumstances in judging the quality of research in the region. The second principle adopted is to judge the quality of research as simply as possible on the issue of its analytical content. That is, does the research effort attempt to go beyond a description of data and contextual information to analyze relationships amongst economic variables and attempt to judge theoretical expositions in light of empirical "reality". This principle

was chosen on the basis that descriptive research while of some value is not necessarily a very scarce commodity in most developing regions but what is often lacking is reasonably dispassionate analysis of data and economic performance by which to judge the past record and to give an informed judgement of the likely evolution of the course of future economic performance.

4.3 It is important to remember that the programme is not intending to necessarily finance the "best" research (as perhaps judged by those criteria identified in paragraph 4.2) but does hope to contribute through rather marginal inputs to help create, encourage and sustain an analytical capacity by economists which can ultimately inform policy decisions in the region. One can imagine that with substantial financial resources one could hire the "best brains" to undertake research on what undoubtedly would be a foreign-led research effort inquiring into the "right" policy orientation for the region. **One** should be prepared to be quite skeptical though whether this ever creates research capacity in the region and the extent to which it reflects African perceptions of priority issues. One gives high grades to any serious effort to create that analytical capacity within the region and this programme in turn would rank very high within that set.

4.4 At a second level it has been possible to assess (in a limited way because of the few case studies one could pursue) the degree of progress from the initial draft stage through to preliminary results for the exchange rate studies, the first drafts of which were presented to the Nairobi meeting in December 1985. There was the expected progress evident in the movement from proposal formulation (December 1984) to initial draft but also a very

strong sense that the photocopied literature and research advisors input in helping to focus research and identify methodologies, particularly for quantitative and analytical purposes, had borne great fruit. Those teams which had not been in attendance at the interim meeting of September 1985 were falling behind their colleagues.

Identifying Research Priorities

4.5 An explicit objective of the programme is to finance research on macroeconomic issues of relevance to the policy priorities of the region. This has been affected by consciously including researchers and policymakers -in the research teams wherever possible and the mix appears to be quite successful. The combination serves two important goals: it assures the academics access to data in governmental bodies and it helps to formulate the research in a way that will meet the needs of policymakers for analysis and judgement on relevant issues.

4.6 Ideally the identification of research issues would proceed from the bottom-up by researchers and policymakers in the region providing inputs to the programme coordinator, advisors and IDRC as the financier. In practice, it involves a combination of local identification with a judgement of what is feasible, practical and relevant by the external advisors listed above.

4.7 Beyond the issue of identifying and judging relative priorities, researchers here badly lack a sense of what is currently being done outside their own country, what has been learnt and what can and cannot be learnt. The use of survey papers as a state of the art review on selected topics is an ideal vehicle for a summary review of the literature, as a menu of

researchable topics and methodologies from which national researchers can select and discuss with African colleagues and external research advisors. The survey papers on **economic modelling** by John Harris and **André** Martens were received as a tour de **forc** and the kind of survey which is practically unavailable in the region. These are extremely cost effective ways to provide a wealth of information and expert judgement to economists in the region while leaving the ultimate decision on what to research and how to do it with the African researchers.

4.8 A second strength of the survey papers is that they deliberately keep options open to the researchers. It was apparent at the Nairobi meeting that the **monetarist/non-monetarist** debate could only be fairly represented by having a number of experts in attendance to ensure that different "biases" were reflected, discussed and challenged. This balance is a strength and should be maintained. There is always the danger of imposing a narrow approach to analysis and this must be avoided if local capacity and responsiveness to national needs is to be nurtured. A heuristic approach is an essential element to the success of the overall programme and the approach to research methodology characterized by an open and constructive discussion of such issues which was apparent at the Nairobi meeting is a very positive indication that self confidence, responsiveness and an analytical approach to research is being carefully encouraged by the programme.

Creating Research Capacity

4.9 The relative weakness of overall economic research in Africa is **well** documented and will not be elaborated upon here. In addition to its financing of research which directly assists capacity creation, the: **programme** is making

an important contribution to the sense of local ownership of the research agenda and results which helps to create capacity in the future. Many **economists** in the region lack the self-confidence to undertake and present their research before their peers and national policymakers. The network meetings offer that opportunity and are an essential element in building confidence. This was amply demonstrated at the Nairobi meeting where regional researchers were called upon to present their work before their colleagues.

4.10 The absence of recent theoretical and empirical economic research in the region has been mentioned previously. For example, in Uganda there have been no economic journals available since 1973, an intolerably long period of time for anyone who expects to conduct serious research. Thus, the provision of journal articles and other published and unpublished material is a very cost effective means to give researchers access to information. One might speculate that on-line computerized access to data bases would be helpful but most researchers have no way of obtaining the hard copies of the listed material. The access available through the IDRC regional office adequately meets any demand for bibliographical searches and the dissemination of literature is likely to pay much higher returns than any **alternative**, at least in the medium term. Certainly for the majority of countries in this region the need at present is for the documentation itself. The bibliographical access is of course an important compliment to this need.

4.11 External advisors can help encourage researchers and enhance capacity. They must of course be knowledgeable of their respective fields and understand regional concerns and national environments. Continuity of the advisors is also essential for maintaining momentum and developing a productive working

relationship. The programme is fortunate to have been **able** to draw on talented, **committed** external advisors and the successes of the programme are in no small measure their due. Maintaining this input will be an essential ingredient to future success. As noted above, obtaining a range of views while having the final decision with respect to topics and methodology firmly in the hands of the regional economists is a sine qua non for creating confidence and enhancing research capacity.

4.12 Training is an integral part of building research capacity and the programme can and has facilitated and funded training. It was not possible in the context of this assignment to judge the effectiveness-of current training support or to judge the relative need for it amongst the different national teams. It is worthwhile to note however that among the senior Africans at the meeting two priorities were identified. One is for thesis research support in the region and a second for advice and input that contributes to gaps in ongoing research in the region by resource people with regional experience and knowledge of policy discussion and formulation in specific countries. The view that extant methodologies can be wholly and easily transferred without country specific knowledge was rejected by the Africans.

Monitoring and Assessment

4.13 Periodic visits by the programme coordinator throughout the region are essential to form judgements about the appropriate composition of research teams and research financing. The coordinator, who is currently employed on a three-quarter time basis by the programme, brings to bear extensive knowledge of the region, academic and policymaking institutions as well as substantive

knowledge of macroeconomics. Informed judgement and some delicate diplomacy are often required to decide upon which institutions and personnel within them are best placed to carry out policy relevant macroeconomic research. The programme's success in influencing policy decisions and supporting quality research turn in large measure upon the knowledge and presence of the programme coordinator. It is a role which enhances the effectiveness of the network approach to research support.

4.14 The periodic meetings of the programme involving the researchers, policymakers, advisors and IDRC staff are an effective mechanism for monitoring progress, enhancing "learning-from others experience" and improving the quality of the research effort. They provide peer pressure on the researchers to perform well in public. More importantly, from the perspective of the December 1985 meetings in Nairobi they are a forum for intellectual stimulation. Over six days of intensive discussion, the tone of the meetings was highly analytical, often critical of methodologies employed but, views were put forth in a constructive manner to improve the research approach and validity and utility of the results. There was a very high learning absorption by all the participants who were exposed to some 35 papers during the meetings. A measure of their own commitment to the programme can be gauged by the fact that there was virtually 100 percent attendance through the six days of meetings.

4.15 In addition, the meetings offer an opportunity for the external advisors to meet with the researchers, discuss work in progress and contribute additional insights, literature references and contacts.

Dissemination and Policy Impact

4-16 The revival of the Eastern and Southern Africa Economic Review, one component of the programme, holds the potential to be an important outlet for the publication of economic research in the region. National journals have **all** but disappeared in the region and relevant research results just do not circulate throughout the region. Despite many teething problems at infancy, the new series of the journal deserves continued support and encouragement as a means to encourage publication of work and to help create a greater sense of community and ownership of research work amongst economists in the region.

4-17 Policy impact-is a function of the relevance of research... are you working on problems of concern to those who make decisions... and efforts at dissemination... are you engaging the decision makers in the discussion of your results. It was clear from the December 1985 workshops that the first aspect—relevance—is at the core of the programme's objectives. It needs no elaboration to state that the research is addressing key issues for both short and longer term economic management in the region.

4.18 A second point also emerged that no single economic theory, framework or approach necessarily applies consistently across the region. While the economic issues confronting the region may be of a similar character to many developing regions, the **institutional**, economic, social and political structures of individual countries does call for country specific knowledge in the application of economic theory and models for problem solving. There is no received, conventional wisdom which can now be directly applied to the needs of the region in a mechanistic fashion. This is one of the foundations of the **programme**: to support locally identified and executed research. While

this may constrain the economies of scale inherent in applying one approach to several countries, it does **help** to ensure that research will have greater relevance to policymakers at the national level, This strongly suggests the need to continue financing national research teams and to continue to encourage economists in the region to choose and defend their own approach to economic research. The **programme** manager's role then **is** to ensure analytical content in the conduct of the work while the network meetings are the best place to ensure accountability and **quality**.

4.19 To promote dissemination of the results of this work (in addition to outlets such as the Economic Review) there may well be an opportunity to engage policymakers more closely in the work financed by the programme. It should be possible to convene national workshops of researchers and policymakers to present preliminary results of research in progress, obtain feedback from them and thus maintain the **interest** of the policymakers in the research. These periodic workshops should be fully managed by the national research teams and expected by and reported upon at the network meetings as part of the process of research support and policy impact to which the programme contributes.

Sustainability

4.20 The macroeconomic analysis programme is premised on the belief that an active, research-oriented community of economists based and working in the region can contribute to improved analysis of serious economic policy issues, and through information and judgement contribute to better economic policymaking. Economic advice particularly when **it is based on quantified** estimates can have a powerful influence, albeit never the only one, on

decision making. While scientists may often work individually, their learning potential, credibility and confidence are normally enhanced by the existence, and their contact with, a community of scholars pursuing related enquiries. This is a normal state of affairs in developed economies but in the main is non-existent in Africa. The programme is helping in a modest way to build such a community through the inputs described in section three of this report and is doing a credible and cost effective job in this regard.

4.21 One aspect that in the future will require careful attention and encouragement in order to sustain the momentum already developed is to move increasingly towards greater African ownership of the programme's substantive content. In large measure this has already been achieved through the local identification and execution of the research agenda by nationals in the region. At the margin though there is need in the future for greater regional input and management of the programme's network activities, particularly the meetings. The Nairobi meeting (December 1985) was by and large organized and chaired by IDRC. This was a well run meeting and no criticism is implied here. To contribute to local ownership though there is a need to encourage the researchers to manage their own meetings by determining the order of the agenda and by chairing the meeting sessions. Some preparatory and planning work for the meeting will be best handled by the coordinator but the meeting itself should be seen to be run and succeed by the researchers themselves. The same sentiments would also apply to the Steering Committee whose role is advisory to the programme management. It is of course the coordinator who is ultimately responsible for decisions taken.

4.22 The programme is designed to be quite flexible in its orientation and operation and this is entirely appropriate. There are very diverse needs within **the** region and the programme's success to date and in the future depends upon its ability to respond to varying requirements for project funding, training and technical inputs. One aspect that calls for review is the policy of not making honoraria payments to researchers; an honorarium paid on receipt of a final paper would be a signal (and incentive) that the research has value and may help to ensure that over time as the research capacity is enhanced **it** is not bid away by other institutions, national or external.

4.23 Sustainability of the network approach and the quality of research being undertaken is also a function of the absorptive capacity for research funding in the region. As new topics are identified, and new research networks contemplated, there may be a trade-off to be made with respect to quality. This should be minimized and to achieve this, a slow but steady expansion is argued for. **It** is essential to avoid overextension of the coordinator and economists doing the research if the high calibre and policy **relevant** research of the past is to be maintained. **It** may be advisable to limit to two the number of research networks running concurrently in the programme.

4.24 At the same time, the community of researchers in the region is relatively small but growing, is often estranged from current research inside and outside the region. To the extent other aid donors and foundations are not currently prepared to finance the creation of economics research capacity in the region this may call on a long-term commitment by IDRC to sustain the nationally-trained and returned graduate economists who are capable of

carrying out research of analytical content and high quality. If the desire to do so is genuine, then the past experience of U.S. foundations suggests that there are no short-term solutions. While total resources may always be modest they do need to be applied over sufficient time if research capacity is to be enhanced and make its contribution to domestic policymaking.

V **Alternative** Approaches

5.1 Absolute assessments of research quality, relevance, impact and cost effectiveness have been avoided in this report as they are likely to have very limited applicability to the region and to the objectives **of** the programme which are oriented more towards building a research capacity in the area of macroeconomic analysis than towards exploiting an already extant capability.

5.2 It may however be useful to consider alternatives for achieving these objectives and thus derive some relative assessment of the programme's performance in **relation** to **alternate** means. Three **alternatives** are outlined here together with commentary on their effectiveness in addressing the needs identified in the project **summary (3-P-85-0055)**.

5.3 An alternative would simply be to provide no support for macroeconomic policy research on the grounds that scarce research funds could be better employed elsewhere in the region. There **is** no existing literature or strong evidence to suggest unambiguously where that redirection might take place. Furthermore, such a decision would have to be able to demonstrate that the issues under study... **exchange** rate policy, monetary and fiscal policy, and models which attempt to understand and forecast the impact of policy

interventions or exogenous shocks upon the economy... were somehow not important or amenable to rigorous analytical treatment. Given the analytical content of the papers presented and the ensuing discussion of them at the Nairobi meeting in December 1985 the latter premise can be rejected. The issues are serious and they are subject to rigorous analysis and discussion. Thus support for research on these issues is warranted.

5.4 A second alternative would involve larger institutional grants in order to economize on administrative and management costs. Under this scenario, the network approach and use of external advisors would be abandoned and resources would likely flow to the centres of excellence. This approach likely **falters** on at least three grounds. **It** does not take into account the limited capacity in the region. Secondly, **it** reinforces the sense of isolation among economists and overly discounts the beneficial effects of learning from others, both the external **advisors/resource** people as well as economists from other countries in the region pursuing **similiar** work. Finally, the very sense of trying to nurture a **community** of scholars and of attempting to **support** research on common issues would be lost under this scenario and thus is not a realistic alternative to the current programme.

5.5 A third **altern**ative would be to **deliver** research financing through smaller scale institutional grants consciously attempting to finance a larger number of institutions in the region than under the centres of excellence approach discussed above in 5.4. There could well be a conflict between the quality of research financed and the objective of wider distribution of financing in the region. While this approach might overcome some of the problems of limited absorptive capacity in "weaker" institutions, **it** does not

address the other deficiencies outlined in 5.4 and thus it too can be rejected as a viable alternative at present.

VI Conclusions

6.1 The Macroeconomic Analysis Programme is achieving some important objectives in the Eastern and Southern Africa region. It is building research capacity and a sense of community amongst economists through small research grants, thematic survey papers, the provision of recent published and mimeographed literature, research advisors and meetings of researchers and policymakers from the region pursuing common topics. It is building confidence among economists in the region to undertake and present policy relevant research.

6.2 The programme appears to be highly cost effective. Individual research grants average C\$15,000 to 20,000, modest in absolute terms and in relation to funded research by multilateral institutions. The multi-country research network approach operates with reasonable overhead costs. The costs of the programme coordinator and supporting services amount to 27% of the total budget; support services alone would account for about 15% of total resources which is probably a high level of efficiency given the regional context. The economies achieved are in large measure attributable to the programme's ability to use the IDRC's regional office infrastructure.

6.3 The programme is supporting research relevant to important economic policy and economic management issues in the region. There was agreement among economists and policymakers at the Nairobi meeting that economic growth and

distribution were affected by policy decisions concerning exchange rate management, monetary and fiscal policy and that quantitative analytical research could contribute to better informed policy decisions. While economic analysis is only one input to decision making, the inclusion of policymakers within the national research teams is an important device to ensure that research is relevant and being absorbed by government. The next step is to ensure that the maximum possible attention is given to the results of the research at the national **and** regional levels.

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(i)

0. Executive Summary

0.1 Objective of the Report

This report has set out to examine the feasibility of transferring the various functions and activities of IDRC's macro-economic Analysis Programme to one or more regionally based institutions and to identify and assess various strategies for future support of macroeconomic research and the development of research capacity in Eastern and Southern Africa.

0.2 Methodology

In preparing this report I have carried out interviews with academics and other officials who attended the IDRC organized workshop in December 1985 in Nairobi, discussion with IDRC regional office staff working on this programme, and consultation of IDRC files in Nairobi.

0.3 Performance and Evaluation

0.3.1 Research

Research under this programme has adequately engaged policy makers, enhanced better working relations between academics and policy makers, has made it easier for academics to have access to data from government and has enhanced the chances that research findings would reach and be utilized in policy making.

0.3.2 Workshops and meetings

Periodic workshops which have been ~~held in the region have~~

held in the region have facilitated the interaction among scholars in the region, widened knowledge of researchers on problems of other economies in the region, have enhanced a comparative perspective to research, have provided a forum for the identification of key research areas, monitoring research in progress in the region and have offered useful comments on research proposals and preliminary research findings.

Through periodic visits by IDRC staff to different countries in the region senior government officials have been made aware of the objectives of this programme, research in progress has been monitored, relevant literature has been provided and useful comments have been made on research in progress.

0.3.3 Documentation and dissemination

The revival of the EAER has been a great achievement now that a forum for debating on economic policy issues has been provided in the region.

0.3.4 Training

Training has been provided through formal ways and through informal ways. Formal training is being given to two economists by financing their doctoral research in fields which fall under this programme. Informal training has been offered through workshops, supply of professional literature, and periodic country visits by IDRC staff who have competently offered useful comments

on various stages of research projects.

0.3.5 Liaison

This programme has forged closer links with senior government officials in the region and other external agencies and research institutes outside the region.

0.3.6 Modality

The modality of administering this programme is basically appropriate for the achievement of the objectives.

0.3.7 Evaluation of alternative approaches

The present approach **has** been compared to three alternative approaches.

This study has made an evaluation of three alternatives to the present approach. The three alternatives namely small grants given on competitive basis, big national level grants and coordination of this programme from one or more regionally based institutions have all turned out to be inferior to the present approach. The experience with the present approach however, suggests that its effectiveness can be enhanced by progressively hiving-off some of the functions and activities to national institutions. In order to facilitate the progress transfer of functions and activities certain preparations needs to be made at national level in various countries in the region. One such preparation which is suggested in the report is the formation of national networks which could coordinate the identification of key research areas,

organise national workshops and help in monitoring the progress of on-going research. Another such preparation is the institution of periodic national workshops which would perform the function of identifying key research areas, monitoring research in progress, disseminating preliminary and final research findings and enhancing the link between academics and the policy makers. In the process of making these preparations at national level the capacity to identify research areas, to monitor research in progress and to disseminate and use research findings would be enhanced. In this sense the process of building research capacity in the region will be enhanced.

MACROECONOMIC ANALYSIS PROGRAMME EASTERN AND SOUTHERN AFRICA

3-P-85-0055: A CONSULTANCY REPORT TO THE IDRC

BY Prof. S.M. Wangwe

1. Introduction

1.1 Terms of Reference

This report is a response to a letter of consulting contract of 8 November 1985 from Don C. Waugh, the Regional Controller. The report has tried as much as possible to follow the terms of reference as stipulated in that letter as follows:

- (1) to examine the feasibility of transferring the various functions and activities of IDRC's Macroeconomic Analysis Programme to one or more regionally based institutions.
- (2) to identify and assess various strategies for future support of macroeconomic research and the development of research capacity in Eastern and Southern Africa.
- (3) to coordinate the above tasks with Mr. Roger Yant.

1.2 Methodology

Work on this report started with discussion of the terms of reference with Mr. Jeffrey Fine of the IDRC Regional Office in November 1985. This discussion clarified in greater detail the nature of the assignment and the context in which the consultancy was being sought.

The work on this report started during the macroeconomic policy workshop which took place in Nairobi between 9-14 December 1985. During the workshop I had the opportunity to interview and/or consult the following sources of information:

- (i) Researchers from ten countries of the Eastern and Southern Africa region who participated in the workshop;
- (ii) Heads of economic departments in the region who were attending the workshop;
- (iii) some participants from other regions but who had experience with the administration of similar research in their own regions or who had been engaged in IDRC supported research projects;
- (iv) IDRC staff at the Regional Office (those whose work is relevant to the Macroeconomic Policy Research).
- (v) relevant files and reports in the IDRC Office in Nairobi;
- (vi) held discussions with Mr. Roger Young on issues which both of us were supposed to work on, albeit with different emphasis. These discussions were useful in facilitating coordination of our tasks. Further coordination was facilitated when I had the opportunity to go through Mr. Young's report during my visit to Nairobi on 30th January 1986 when I had gone to discuss my draft report with the IDRC staff at the Regional Office.

1.3 Content of the Macroeconomic Analysis Programme

This programme contains four major thrusts, namely;

- (i) macroeconomic policy instruments
- (ii) economic modelling;
- (iii) macroeconomic policy and long-term development;
- (iv) institutional factors affecting macro-economic policy.

So far the implementation of the programme has given greater attention to (i) and (ii) above.

1.4 Objectives of the Programme

The Macroeconomic Analysis Programme is designed to meet specific objectives within the general objectives of the IDRC research programmes. The specific objectives of this programme are:

- (i) to enhance understanding of the macroeconomic dimensions of the currently deepening and rather prolonged economic crisis in the region,
- (ii) to generate information and knowledge about key economic relationships as a necessary input into sound policy making,
- (iii) to strengthen research capacity in the region in the area of macroeconomic analysis,
- (iv) to identify key research issues in the field of macroeconomic analysis in respect of policy making,
- (v) to enhance dissemination of research findings to scholars and policy makers,

- (vi) to identify strengths and weaknesses of research system in the region with a view to enhancing their research planning and evaluation capability,
- (vii) to hive-off various research activities to local institutions,
- (viii) to draw from experiences of past research in the region and of past research in corresponding issues in other regions with a view to enhancing the process of achieving the above objectives.

2.0 Main Features of the Macroeconomic Analysis Programme

This programme is administered regionally whereby research activities are financed through modest grants to small research groups. The research areas are identified and the consequent research activities are monitored through periodic visits by IDRC staff based in Nairobi and through workshops. The programme is administered by the IDRC regional office through a senior programme officer assisted by a part-time programme coordinator. Considering that the programme officer also administers macroeconomic research globally the IDRC manpower which is allocated to this particular project at the regional office is not more than one full time senior officer. The IDRC staff on this programme is advised by a project steering committee comprised of local academics and coopted scholars from outside the region. The administration of the programme involves senior government officials through periodic meetings

between them and IDRC staff and through participation of government staff in research projects, Section 3 of this report will examine in greater detail the performance and evaluation of this programme.

3.0 Performance and Evaluation

The activities of the programme have taken place since 1984 in areas of research, workshops and meetings, documentation and dissemination, training and liaison. The performance in these areas will be examined in this section with a view to coming out with recommendations. The modality under which the programme has been administered will also be examined and evaluated and ways of making further improvements will be suggested. This section is concluded by a consideration of alternative approaches to achieving the same objectives with a view to emerging with a superior alternative. In the end, however, it is clearly indicated that the present approach is basically the most effective. The last part of this section will focus on areas of further improvement within the framework of the present approach.

3.1 Research

The first workshop which was held in Lusaka in April 1984 discussed wide ranging aspects of the Zambian economy. Several papers on the Zambian economy highlighted a number

of economic problems which have a bearing on macroeconomic instrument notably the exchange rate policy. A survey paper on exchange rate policies in Africa underlined further the centrality of the exchange rate policy as a researchable area in the Eastern and Southern Africa region. The meeting of the Steering Committee which was held in Lusaka during the workshop recommended that the issue of exchange rate policy and exchange controls should be examined more closely as a principal instrument of macroeconomic policy in the region. It was therefore decided that the next workshop scheduled for December 1984 would be devoted to discussion of this research area in general and specifically identify research projects for various countries in the region. The papers which were presented in the workshop of December 1984 and the discussions which emerged confirmed the importance of exchange rate policies and exchange controls as a priority area of research within the framework of macroeconomic policy instruments. Subsequent to this workshop research projects were identified for Uganda, Ethiopia, Malawi, Botswana, Zambia, and Zimbabwe. Projects for Kenya and Tanzania were incorporated in the wider macroeconomic policy projects which were already in progress financed by CIDA and IDRC respectively. The uniqueness of the exchange rate and monetary regimes in Lesotho and Swaziland makes the Rand Monetary Union a more important research umbrella than exchange rate policy per se. On this ground the University and Central Bank research personnel got the IDRC support to make a pilot study of the

merits and demerits of membership in the Rand Monetary Union. Another pilot study supported by the IDRC sought to develop a conceptual framework for modelling the Ethiopian economy with a view to bringing out the distinctive institutional features of that economy.

All these projects were to be conducted by small groups of researchers comprising academics and government economists and experienced and less experienced researchers. All researchers were required to discuss their research proposals with the IDRC programme officer and project coordinator towards the end of the workshop. The prospective researchers also benefitted from the comments of experienced researchers and scholars from outside the region (i.e. people like Gerry Helleiner, John Harris and Tony Killick).

Evaluating the research output as presented in the workshop held in December 1985 it was apparent that the quality of the papers had taken a much better shape coming out with research findings in a more specific way than had happened in the previous workshops. Country specific experiences were presented in more specific terms while at the same time discussions benefitted from the comparative dimensions of the problem in other countries within the region and in other areas outside the region. The combination of indepth country specific analysis with the comparative approach which emerged from discussions stood out as a unique

positive attribute of the present approach taken under this research programme. The authors seemed to have benefitted substantially from discussion; and comments given on the aspects of methodology and interpretation of the results with a comparative perspective.

The participation of government economists in the research projects, in addition to having an indirect impact on researchers themselves as policy makers, was positively viewed by the scholars I interviewed. A number of individual researchers observed that the following experiences had emerged in the course of carrying out the studies;

- (i) the participation of government economists enhanced the support of senior government officials since they were aware that their institutions had allocated many manhours on the project,
- (ii) the researchers from government were often required to report to their seniors on the research findings,
- (iii) the researchers from the universities had easier access to data and a better chance of interacting with policy makers on the practical difficult policy dilemmas,
- (iv) the interaction between researchers at universities and those in government had grown closer in the course of carrying out joint research.

These indications suggest that the approach taken in carrying

out research under the macroeconomic analysis programme is beginning to yield positive results.

3.2 Workshops and Meetings

Under the present programme no less than five workshops have been held. The first workshop was held in Lusaka in April 1984 while the other four were held in Nairobi in December 1984, and in May, September and December 1985. It is not necessary in this report to go into the details of any specific workshop because these are being reported periodically by the I staff. In *this* report I would only like to indicate what has been the experiences and the role of these workshops within the framework of the Macroeconomic Analysis Programme.

First, these workshops have facilitated the interaction among scholars in the region. In the first workshop held in Lusaka in April 1984 it was clear that most scholars from the region were meeting for the first time. Even some heads of departments of economics who attended the workshop were meeting for the first time. In subsequent workshops some of the same scholars met again while new scholars had an opportunity to attend and meet scholars they had never met before. Talking of the objective/^{of}strengthening research capacity in the region, the apparently simple act of scholars/researchers in the region getting to know each other is very instrumental to achieving this objective. This has been enhanced substantially by the periodic workshops.

Second, these workshops have widened knowledge of scholars/researchers in the region on the problems of other economies in the region. This has been particularly educative in two related respects. First, the unique features of some economies in the region have been discussed and the point that such unique features call for country-specific economic modelling and analysis seems to have emerged quite clearly from the discussions. For instance, the uniqueness of a mining economy like Zambia, a relatively industrially more diversified economy like Zimbabwe, the mainly agricultural economies like Malawi and the special relationship of Botswana, Lesotho and Swaziland to the South African economy have warranted the need for certain aspects of country specific analyses. Second, the common features and the comparability of different economies in the region (e.g. drought, foreign exchange shortage, other aspects of underdevelopment) have been eye-openers to avenues of joint research in the region. Such joint research would facilitate the sharing of information in respect of research methodology, analysis of the problems and interpretation and utilization of research findings.

Third, these workshops have provided a forum for the identification of key issues for research emerging from survey papers and country-specific papers which are presented and discussed in these workshops. This has facilitated the emergence of key research issues which cut across several countries in the region the result of which is useful in making the analyses deeper and comparable at the same time.

Fourth, the workshops have operated as fora for monitoring on-going research (on the part of IDRC staff) and as devices of enhancing production of some progress worth reporting (on the part of researchers). Although the quality of a few papers has shown signs of a last-minute rush to produce their results it is worth noting that in the absence of such fora the results would either be more delayed or results would probably not come out at all. To the extent the workshops have obliged researchers to report their research progress or research findings they have been useful as devices for monitoring on-going research projects.

Fifth, these workshops have enhanced the awareness, among economists in the region, of similar research in progress, research methodologies used and research findings from within and outside the region. The workshops have, through literature survey papers, updated scholars/researchers in the region on professional literature relating to specific aspects of macro-economic analysis. In this sense and in the sense indicated under "three" above (i.e. identifying key research issues) these workshops have provided useful though less formal training of researchers and other scholars in the region.

Lastly, these workshops have functioned as fora for dissemination of research results before they are formally presented in the form of publications.

In addition to workshops, the IDRC staff, through periodic visits to different countries in the region, have

held meetings with researchers (and potential researchers) in academics and government. Discussions have been held with senior officials in academic institutions and in government to explain the objectives of the programme. This has solicited the support of these senior officials most of whom have responded by encouraging and facilitating the work of researchers. To the extent awareness of this research programme has been aroused among senior officials in government and academic institutions it is fair to view this achievement as an aspect in building research capacity in the region. Periodic visits by the IDRC staff have, in addition, played the role of monitoring progress of on-going research and providing the necessary intellectual guidance particularly in respect of drawing attention to useful literature and making methodological improvements.

3.3 Documentation and Dissemination

Under this programme the proceedings of the workshop of April 1984 on the Zambian economy have been published and the Eastern Africa Economic Review (EAER) has been revived the first issue having come out in December 1985. The publication on the Zambian economy not only provides useful information on the Zambian economy to researchers and students in Zambia but it also gives useful information to other researchers in the region. The revival of EAER has started

well with papers on various research findings most of which have implications on policy making in the region. The EAER now legally owned by the Kenya Economic Association is expected to acquire a more regional character if the present efforts to form a Regional Economic Association will take-off and if the legal ownership will be transferred to the new regional association. At present, however, the EAER has an editorial board which is broad based with representations from all eleven countries of Eastern and Southern Africa. The EAER is capable of providing the badly needed forum for debating on economic policy issues relevant to the region, disseminating original research results and linking the economists (in academics and in government) in the region.

3.4 Training

Training is an important component in strengthening local research capabilities in macroeconomics. In order to facilitate the acquisition of skills in macroeconomics the IDRC has earlier envisaged to establish and/or support a local graduate programme in macroeconomic analysis. This possibility was examined and on the advice of the Steering Committee the idea was reviewed. The following observations were made:

- (i) the programme would be costly requiring fully fledged staff and facilities in the absence of guarantee of a critical minimum of graduate students.

To attempt to concentrate the few macroeconomic economists in the region in one local graduate programme as members of the teaching staff would be costly in terms of their mobilization and in terms of the opportunity cost involved in undertaking transfers of such staff,

- (ii) the fact that most countries in the region have graduate programmes already makes it unlikely that they would prefer to train their students in the proposed programme instead of training them in their own programmes at least up to masters degree level,
- (iii) the graduate programmes in economics in the region have a component of macroeconomics while most researchers and scholars in the region have taken some courses in macro-economics in their graduate programmes. What is required is a mechanism of upgrading the tools they have already acquired in macroeconomics and emulating more the developing-country-specific conditions in macroeconomic analysis without having to require these researchers and scholars to suspend their jobs for long periods in order to upgrade their skills in a formal training programme. Furthermore, it has been observed that some of those who could benefit from training in such a formal programme regard themselves as already adequately trained. Under such situations a less formal and less direct way of training is likely to be more acceptable and effective.

The researchers who have not done their Ph.D studies and would like to do their Ph.D in some aspect of macroeconomic analysis relevant to the region have been funded through the Programme Research Awards. Such doctoral research financing has been extended to two economists in the region. The main advantage of such award is that the doctoral researcher continues with an aspect of macroeconomic analysis relevant to the region. This is expected to make them better prepared to analyse macroeconomic policy issues in terms of tools used and appreciation of the nature of the problem.

Considering the above observations the IDRC has correctly decided to employ several less formal modes of training under the macroeconomic analysis programme. Some of these modes of training are workshops, providing researchers with professional literature which is relevant to their respective research topics and making periodic visits (by the IDRC staff) to researchers in different countries in the region. While these workshops have not been labelled "training workshops", the participants I interviewed acknowledged that the workshops have functioned as successful fora for disseminating knowledge on research problems, research methodology, interpretation of research findings and implications of various research findings on policy making. This has been achieved through comments made in the workshops on research proposals, research in progress and research findings. Presentation of survey papers and discussion of the same in these workshops have contributed

to updating participants on possible research areas, research results obtained elsewhere, methodologies used and on what literature is available on the respective research topics. The IDRC's acquisition of professional literature and supply of the same to prospective researchers has been made with the immediate aim of helping the researchers to write their research proposals. In the process, however, such professional literature has been useful in updating and upgrading skills of these scholars on the respective topics and the same have also been used in teaching at university level.

Periodic visits made by the senior programme officer and the programme coordinator to individual or group researchers in their respective localities has provided useful advice to the researchers. This has been appreciated by the researchers I had occasion to interview. Especially to the extent such advice has contributed to inject comparability of research methodology and approaches from other countries and to drawing attention to some of the recent literature on the respective research topics. To this extent the visits have played the role of informal training or "on-the-job" training of researchers.

3.5 Liaison

This programme has forged closer links with senior government officials in the region than any other earlier programme. This has been useful in preparing ground for greater

support of on-coin2 research, and better access to data and greater impact of research results. It is too early to evaluate in precise terms the degree of impact of research findings but the fact that senior government officials have endorsed or participated in the identification of research areas is expected to enhance the utilization of the subsequent research results in policy making.

The periodic visits have however been at a very informal level which is probably best at the beginning. Having made contacts already at the initial stage it would seem appropriate to make the policy makers feel continuously involved in the programme. I would like to mention at least two levels where this could be done:

- (i) at national level by forming national committees coordinating national networks. Such national committees would discuss identification of priority project areas preferably with participation of the Programme officer or programme coordinator so as to carry out such discussions with the work of other national networks in perspective. Such a national committee could also be useful in monitoring the progress of on-going research and in organizing national level workshops. This will be elaborated further in section 3.7.4.

(11) at the level of the Steering Committee the policy makers should be able to feel that their views can be incorporated. This could be done by devising mechanisms whereby the country representative in the steering committee can air views of researchers and policy makers (the national committee) in his country in addition to his own views. This will be elaborated further in section 3.7.4.

The IDRC programme office has liaised with external agencies and research institutes in other areas (outside the region) which are doing research on macroeconomic analysis. In this respect this linkage has very much been facilitated by the international character of the responsibilities of the programme officer in that he coordinates similar research in other parts of the world. In this sense there is liaison between the IDRC programme and involvements of other bilateral donors who are funding research or contributing to building the research capacity in institutions in the region in one way or another.

3.6 Modality

The programme has been run mainly from the regional office by a resident programme officer (who also coordinates macroeconomic analysis programmes outside the region) and a programme coordinator who is carrying out this task on part-

time Manpower on this programme in the Eastern and Southern Africa region is not more than one full-time officer. Considering that one of the objectives of the programme is to identify key research areas which have policy implications the core IDRC personnel makes use of advice from the Steering Committee. The Steering Committee was initially constituted by a small group of scholars from the region and a few from outside the region who have experience on macroeconomic issues in the region. The committee was later rightly expanded to accommodate at least one scholar from each country in the region. The Steering Committee has been carrying out its advisory role quite adequately. However, three observations can be made in respect of the Steering Committee:

- (i) the Steering Committee should continue to function as a channel for injecting views of national committees for reasons given in section 3.5.
- (ii) the Steering Committee especially in its last meeting in December 1985 which was attended by rather many new scholars from outside the region suggests that the involvement of some scholars who have little information on this programme has the disadvantage of soliciting clarifications of otherwise ordinary issues rather than offering very useful advice expected of the Steering Committee. In addition the participation

of local economists though adequate in terms of numbers could be more active probably with some degree of mandate from the national networks. This suggests that there is need to retain the continuity of the committee so that in every meeting discussions can be made with adequate knowledge of what had transpired in the previous meetings. This last concern could also be facilitated if minutes of the Steering Committee meetings and background to issues to be discussed were made available to the members prior to their departure to the meeting to enable them make the necessary consultations with the national committees.

(iii) in the spirit of facilitating the transfer of some functions of the programme to the region one appropriate starting point would be the strengthening of the advisory role of the Steering Committee so that it can progressively be transformed from an advisory body to a policy making body.

3.7 Evaluation of Alternatives

This section makes a brief evaluation of alternative strategies for support of macro-economic research and the building of research capacity in the region. We shall consider the option of small grants awarded on competitive basis, large national level grants facilitating research on a wide area, research groups coordinated by one institution in the region, and the present programme progressively living-off

some activities to national level institutions.

3.7.1 Small grants given on competitive basis

This approach has been tried before by IDRC and Ford Foundation in this region. The approach tried to reach promising researchers in the region judging from the quality and relevance of their research proposals. The beneficiaries of these grants included senior and junior researchers.

The experience with these grants suggests that while each grant was quite small (US \$ 5,000 - \$ 10,000) the approach was blunted somewhat by the following factors:

- (i) the individual researcher was often left to work in cases even colleagues in the same isolation. In some institution did not know that such research was not familiar or rather there was no adequate information of what research was in progress,
- (ii) the quality of the product of such research ranged widely from no report at all to excellent research reports. In between there were reports of varying degrees of quality largely determined by the individual researchers capability and conscientiousness. Even when reports were submitted the policy makers and fellow scholars hardly had access to such reports. This is partly explained by the fact that the researchers were only required to submit two copies to the funder of the research projects,

- (iii) the choice of research topics was determined by individuals who made their proposals with a wide latitude such that the topics which were selected often had little in common. The research projects were more of individual projects rather than a system of related projects. Comparability and coordination was not only weak at regional level but also at national level,
- (iv) the choice of research projects was a product of the individual researcher. The participation of users of research results (fellow scholars and policy makers) was hardly felt. The whole process of identifying areas of research was left to the individual researcher.
- (v) the ^{high} turnover of scholars in the region often meant that the research project stopped when the individual researcher left the institution for another assignment.

Considering the five problems indicated above the effectiveness of this approach was limited. It was a rather blunt tool for strengthening research capacity in the region and its reach to policy makers was limited.

3.7.2 Fig. National Level Grants

This approach aimed at making a big impact on policy through big national level research projects which were often

directed by a national senior academic.

The experience with this approach indicates that;

- (i) they were usually too expensive especially compared to the product they yielded and the duration of time they took,
- (ii) they lacked the regional comparative perspective in that they could not benefit from experiences elsewhere in the region or outside the region in a systematic way. The comparative dimension and the interaction with scholars from other parts within the region was missing,
- (iii) the several large research projects which were going on in the region concurrently or otherwise were usually not related to each other. In this sense they lacked a regional level thrust on any specific research area,
- (iv) dissemination and utilization of the research results does not seem to have been provided for in a systematic manner at the level of project identification and dissemination of findings.

3.7.3 Coordinating the Macroeconomic Analysis Programme from one or more regionally based institutions

One long term objective of this programme is to hive-off various research functions to other institutions. The question is whether the functions which are currently being

performed by the IDRC's regional office could be performed by an institution within the region. On this critical matter I have held interviews with researchers and Heads of several research institutions in the region (mainly those who attended the workshop of December 1335). The following observations seem to have emerged from such interviews.

- (i) at present there is no regional level organization which can coordinate economic research in the region. The broad social science based regional organizations like SAUSS and OSSREA are rather inappropriate institutions for this purpose in two senses. First, they are confined to universities and have not involved policy makers in their activities. Second they do not have a permanent secretariat and institutional base from which they could operate to coordinate the macroeconomic analysis programme,
- (ii) the communication difficulties in the region would make it quite difficult for one national institution to take charge of coordination of all other institutions especially considering that none of the institutions in the region has the calibre of infrastructural facilities which the IDRC regional office has,
- (iii) the link between economic research institutions in the region is just beginning to take shape. It is only over one year ago that economists in the region

not to know each other and to begin to know who is who in economic research in the region in any substantial way. This role has been played very adequately by the IDRC especially through the periodic workshops. In the absence of a strong regional based institution it is unlikely that at this stage this role can be taken up within the region without the continued active support by the IDRC regional office,

- (iv) The senior and experienced scholars in the region are often pressured with a lot of responsibilities so much that it is not easy to entrust these functions to any one of them based on the national level institution without risking the degeneration of whatever has been built up so far. For the same reason at this stage it does not seem practicable for any one of the national institutions within the region to set up a unit which would coordinate this programme in the region.

For these reasons this option does not seem to be feasible at this stage.

3.7.4 Continuing with the Present Programme and the present Approach but Progressively giving off some Activities to national institutions

One of the objectives of the macroeconomic analysis programme is to transfer the various functions and activities

of the programme to the institutions in the region. In so far as the research capacity in the region can be said to be strengthened in the sense that some of the research functions which were earlier performed by the IDRC for the region can now be performed by the institutions in the region. Considering that this must remain the ultimate objective, a beginning must be made towards the achievement of this objective. The purpose of this section is to make a contribution in this direction.

The progressive transfer of research activities to institutions within the region could be considered along the following lines.

3.7.4.1 The Economists Association of Eastern and Southern Africa

When the Economists association of Eastern and Southern Africa is formed it could take up some activities as it grows stronger. Such activities as organizing meetings and workshops and promoting research in the region could be transferred to the association gradually. The pace at which this could be done will depend on the pace at which the association will be growing active. Since such an association has not been formed as yet, the discussion on what it could do in this context need not be carried any further at this stage.

3.7.4.2 National Networks

The work of coordinating and monitoring the progress of on-going research could be transferred gradually to national networks or committees so that the demands on IDRC staff while not removed would be reduced in due course. This could be done in two ways:

- (i) introducing the idea of holding periodic national level workshops as a means of monitoring the progress of research within the framework of this programme. These would be held prior to the region-wide workshops. This way some aspects of monitoring could be transferred to national level institutions. These national workshops would further enhance interaction among researchers in the country on the one hand and interaction between academic and policy makers on the other. During these workshops deliberations would facilitate the identification of key areas for research or for further research with the participation of researchers and policy makers. The national workshops should be attended by the IDRC staff so that they can use this opportunity to monitor the progress of on going research, to make comments on work in progress and to inject the comparative perspective as may be deemed necessary. These workshops would progressively make it possible to build the national capacity in respect of identifying key and areas of research, monitoring research progress/making

use of research findings.

- (ii) in order to institute continuity in the building of the local capacity for the identification of key research areas and monitoring the progress of on-going research in the region by local researchers themselves it seems appropriate to begin setting up mechanisms for doing so as the national research teams emerge. Formation of national networks or national teams which would meet from time to time to coordinate the activities of individual researchers and to monitor progress of on-going research would seem to be one such mechanism. While the direct contact between the IDRC staff and the individual researchers would not be precluded it is envisaged that the coordinator of these national networks would be able to perform some of the advisory, monitoring and coordinative functions which are currently wholly performed by the IDRC staff. Recognizing that the level of research capacity in the region varies considerably from one country to another it is advisable to embark on the formation such national networks or teams selectively reflecting the level and strength of research teams in the respective countries. It is also suggested that the coordinators of the national networks should be senior researchers who command respect both among academics and senior government officials. It will be preferable if such senior researchers are also administrators e.g. Heads of departments or

Directors of Research Institutes in Universities.

3.7.4.3 The Steering Committee

Having formed national networks with coordinators beginning to monitor progress of on-going research, and coordinating the identification of key research areas under this programme it is logical that a mechanism be established where the outcome of this function and experiences gained in the process can be channeled into the IDRC. One such channel is the Steering Committee through which scholars from different countries in the region can present not only their own views but also the views of their national networks. Such views may have emerged through their meetings or through national workshops. If the Steering Committee will not only function by contributions from individuals but also will incorporate views of national networks then it seems appropriate to progressively transform the steering committee from an advisory body to more of a policy making body in respect of research policy matters under the macroeconomic analysis programme. To the extent this can be progressively done an important research function will have been progressively transferred from the IDRC to the region. In this respect the region will be progressively building up its capacity to carry out some research functions.

4.0 Conclusion

This report has examined the performance of the macro economic analysis programme and has evaluated its operations in the Eastern and Southern Africa region for the past two years. The report has found that the approach that has been taken in the implementation of this programme has been effective and in fact in terms of its objectives it has been more effective than previous approaches to research in this region.

The present approach has been conducted by small groups of researchers comprising academic and government economists. The research has involved senior and Junior scholars. Researchers have had the opportunity to improve their research proposals as a result of discussions in workshops or comments by the IDRC staff during periodic visits to respective countries. It has been found that the strengthened link between academics and government has enhanced the researchers' access to data and made it more likely that research findings will reach and be utilized by policy makers.

This approach has made use of workshops to get researchers in the region to know each other and to benefit from each others research methodologies and findings. This has not only enhanced the knowledge of researchers about this region but it has enabled them to do their research with a regional comparative perspective. These workshops have

facilitated the identification of key research areas and dissemination of research findings even if in preliminary stages.

While through the programme two economists have received financing for their doctoral research related to the macro-economic analysis programme. Most of the training has been performed less formally and less directly through workshops, periodic country visits by IDRC programme officers and supplying researchers with relevant professional literature.

The IDRC programme officers have liaised considerably with academics and policy makers on the one hand and with external agencies and institutes which are doing research on macroeconomic issues. This has contributed to enhancing the chances of utilization of research findings in policy making and has promoted the comparative perspective in research under this programme.

This study has made an evaluation of three alternatives to the present approach. The three alternatives namely small grants given on competitive basis, big national level grants and coordination of this programme from one or more regionally based institutions have all turned out to be inferior to the present approach. The experience with the present approach however, suggests that its effectiveness

can be enhanced by progressively living-off some of the research functions and activities to national institutions. In order to facilitate the ^{progressive} transfer of functions and activities certain preparations need to be made at national level in various countries in the region. One such preparation which is suggested in the report is the formation of national networks which could coordinate the identification of key research areas, organise national workshops and help in monitoring the progress of on-going research. Another such preparation is the institution of periodic national workshops which would perform the function of identifying key research areas, monitoring research in progress, disseminating preliminary and final research findings and enhancing the link between academics and the policy makers. In the process of making these preparations at national level the capacity to identify research areas, to monitor research in progress and to disseminate and use research findings would be enhanced. In this sense the process of building research capacity in the region ^{would} be enhanced.