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Annual Report 1993-1994

African Economic Research Consortium

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African Economic Research Consortium

**Annual Report
1993-1994**

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Overview and Highlights

Over the past year, the Consortium's activities focused on completing the implementation of the aims set for the ending phase II (January 1991-March 1993) and laying a sound foundation for Phase III (April 1994-March 1997). These activities continue to be guided by the Consortium's mandate and its main objectives: to enhance the number and capacity of locally-based researchers for conducting policy-relevant enquiry, to promote retention of such capacity and to encourage its application in the policy context.

Towards this end, the activities during the year comprised a consolidation of past achievements, selective adjustments to strengthen the research process and management of the Consortium's activities, and innovation in response to new priorities. At the same time, in order to lay a sound foundation for Phase III, inputs were sought from three main sources. First was the external evaluation of Phase II which was completed in April 1993. Second, the deliberations by the Advisory Committee and the AERC network of researchers on possible future AERC activities. Third was the AERC Board's consideration and discussion of the evaluation report, a study of the policy process and a draft strategy for Phase III at its special meeting held in Stockholm in October 1993.

Consolidation is reflected in several aspects of the research programme. To maintain quality, a fourth concurrent session was introduced into the biannual workshops to accommodate a growing number of presentations. For similar reasons, there were four technical workshops on time series econometrics, equally divided between Anglophone and francophone researchers. A sharper focus on policy concerns was encouraged through selective changes in the review of proposals. During the year, the Secretariat changed publishing procedures to reduce unit costs, accelerate output, and improve the dissemination of AERC publications. Collaboration with the Centre for the Study of African Economies of the University of Oxford was reviewed in an effort to speed up publication of research papers. Support for non-Consortium activities was reassessed to ensure that AERC financial and technical assistance emphasizes the longer term viability of such modalities as regional journals, national and regional associations of economists, and policy workshops sponsored by regional and national agencies. The grants system for training was revamped and expanded in anticipation of the introduction of the collaborative MA programme for anglophone Africa and a modest doctoral fellowship scheme. Existing procedures were revised to accommodate an expanded role for the Academic Board, responsible for the content of the collaborative MA programme on behalf of the 17 participating universities. The AERC Advisory Committee was charged with the additional tasks of selecting doctoral fellows and advising on graduate level education.

As in previous years, the AERC has continued to adapt and expand modalities in response to emerging needs. Research under the theme of trade and trade policy, added

the preceding year, comprised about a quarter of the 44 new grants offered in 1993/94. Coverage within existing themes was intensified, some of the new proposals drew more explicitly on microeconomic concerns and methods to inform macroeconomic policy. The audience for the AERC's publications continued to grow in numbers, composition, and location. The role of AERC's library, which previously focused mainly on the needs of the research programme, was enlarged considerably. It started offering technical and logistical support to teaching departments through the MA programme. Grants for graduate thesis research were increased. The AERC's increasing prominence in graduate education was reflected in greatly expanded contacts and exchanges with parallel initiatives in francophone Africa and Nigeria, and with the graduate programme in development management being initiated by McGill University in Canada.

There was significant innovation, featuring the introduction of major new activities for research, publication and dissemination, and training. Closer professional ties between South Africa and the rest of the region were promoted by meetings on doctoral education, thematic and collaborative research, as well as that of the Advisory Committee held in the Cape Town area toward the end of May 1993.

The AERC introduced two new research modalities. The first, comparative research, is designed to support research that is regional in nature as well as to synthesize and analyze a growing *corpus* of findings from thematic research projects, as typified by a grant on exchange rate reform in Sub-Saharan Africa. The second, collaborative research, finances joint work by teams of African and non-African scholars. The AERC started its first network, comprising over 30 African researchers and others from outside the region under the leadership of a senior Nigerian economist to conduct research on the issue of trade liberalisation, regional integration and growth in Africa.

To disseminate the findings of AERC Research Papers more widely, the Consortium began to publish abstracts and prepare the format for Executive Summaries, which highlight research issues, findings, and policy implications in non-technical language. Dissemination to the economics profession is the principal aim behind the introduction of "publication workshops", which assist authors to adapt AERC Research Papers into articles for professional journals. Rounding out the AERC's involvement in dissemination was a study of economic policy making processes in four anglophone countries, whose findings are reflected in activities planned for Phase III.

The collaborative MA programme, which is being implemented by the AERC on behalf of 17 collaborating universities in anglophone Africa, commenced in September 1993 with the first intake of 65 students into the two-year programme offered by the Universities of Addis Ababa, Botswana, Dar es Salaam, Ghana and Nairobi. This was preceded by detailed planning, the disbursement of start-up grants and an experimental joint facility for elective subjects, mounted between July and September at leased facilities on the outskirts of Nairobi. Concern for both teaching and research motivated a successful international meeting on doctoral level education in economics held in Cape Town in

May 1993 immediately prior to the biannual research meetings. Subsequently, the AERC awarded seven fellowships for doctoral study, with priority assigned to relieving the acute shortage of qualified teaching staff throughout the region.

The Advisory Committee's first meeting, held in early June in Stellenbosch, South Africa, immediately after the thematic workshop, concentrated on the strategic framework for Phase III. The Committee's discussions were informed by the evaluation of phase II, which also suggested future directions for the Consortium, preliminary results from the study of economic policy making, and presentations by Secretariat staff. The Committee's functions were expanded to encompass the selection of doctoral fellows as well as advising on graduate training activities. By the end of the year, the first rotation of the Committee's original membership was completed. To ensure continuity, the term of membership for senior African policy makers and scholars was amended to allow for two three-year terms instead of one non-renewable four-year tenure.

A special meeting of the AERC Board in October, hosted by the Swedish Agency for Research and Economic Cooperation (SAREC) in Stockholm, considered a draft programme of work as well as initial projections of income and expenditure for Phase III, running from April 1994 through March 1997. The Board discussed the findings of the external evaluation, conducted by Professor Craufurd Goodwin of Duke University and Professor Femi Kayode of the University of Ibadan, as well as a draft strategy on publication and dissemination activities. The Board's deliberations on future programme directions were subsequently reflected in the strategy for Phase III, and revised publication and dissemination strategy presented at its annual meeting in March 1994 in Washington. This meeting marked the advent as Executive Director of Professor Benno Ndulu, formerly the AERC's Research Coordinator, who replaced Mr Jeffrey Fine. Professor Ndulu's position was filled in turn by Dr. Ibrahim Elbadawi, who joined the Secretariat in August 1993 on a leave of absence from the World Bank.

Although the Consortium's activities continued to grow in volume and complexity, the size and composition of the Secretariat remained relatively unchanged during the year. Emphasis was placed on greater efficiency through the introduction of a new financial management system along with related changes in financial and administrative procedures and on intensive staff training. There were further refinements in information systems, administrative procedures, and personnel policies. Very rapid inflation occasioned several salary reviews and adjustments during the year to ensure that levels of compensation were not eroded.

Research

Thematic Research Workshops

The first thematic research workshop in 1993/94 was held from May 29 to June 2, 1993 at the Bellville Inn in Cape Town. During the workshop, attended by 150 researchers, resource persons, and observers (including 25 from South Africa), a total of 52 presentations were made in the four concurrent sessions. These featured a significant increase in research on Trade, Trade Policy and Regional Integration. The plenary session highlighted a forward looking discussion of future AERC activities in the areas of research, training and dissemination. The second thematic research workshop for 1993/94 was held from December 5 to 9, 1993 at the Nairobi Intercontinental Hotel. A total of 58 presentations were made involving 28 new and revised proposals, 17 interim reports and 13 final and revised final reports. Out of these, 17 were on External Balance and Macroeconomic Management, 9 on Trade, Trade Policy and Regional Integration and 16 each on External and Internal Debt Management and on Financial Management and Domestic Resource Mobilization.

Appendix 3 lists research awards by country, Appendix 4, research awards by theme, and Appendix 5 lists all awards for the 1993/94 period.

AERC's research to date has emphasized analysis of the relationships between macroeconomic policy instruments and their effects on specific macro aggregates; establishing empirical regularities for macroeconomic phenomenon; developing basic technical skills and confidence in using them for policy analysis.

Some gaps have been identified in the research programme in relation to the evolving policy environment in SSA as an increasing number of countries successfully implemented basic macroeconomic reforms. In this regard, three areas within the thematic focus need more attention in the future. These concern the characteristics and the efficiency of markets in sub-Saharan Africa; the political economy of government policy; and the links between macroeconomic policy and growth. To deepen the understanding and signal interest in these issues, the Advisory Committee decided to commission thematic papers. These papers will be presented in a series of plenary sessions beginning with the biannual workshop of May 1994. The selected themes for the sessions are "Economic Growth", "Financial Policy and Financial Institutions" and "Exchange Rate Policy and the Markets for Foreign Exchange".

Study on South Africa

At its meeting in May 1993 in South Africa, the AERC Advisory Committee suggested that AERC commission a study to recommend the most appropriate modality for the involvement of South African researchers and institutions in AERC research and training programmes. This study will be implemented in 1994/95 after taking into account recent relevant developments in South Africa and following a review of the terms of reference of the study and the schedule for implementation by the Advisory Committee.

Technical Workshops

The econometrics workshop series during the year featured two workshops. The first was held from August 26 to September 7, 1993 at Panafric Hotel in Nairobi and involved ten participants, five francophone and five anglophone. The second was held from March 4 to 14, 1994 at a facility on the outskirts of Nairobi with eleven participants. One more (advanced) econometric workshop is planned for September 1994. While no other time series econometric workshops are provided for in Phase III, a flexible approach shall be adopted to respond to new demand in the future. Other workshops on economic modelling and survey methodology are planned for the next phase.

Comparative Research

This modality supports studies on themes that are regional in nature as well as those studies that synthesize and draw lessons from country-specific research. The first grant for comparative research, financing the preparation of nine country papers using co-integration methods for analysis of particular economic issues was provided in 1992/3. During 1993/4, AERC supported a project on foreign exchange policy to synthesize the experience from completed research in this area on Ghana, Nigeria and Uganda. The research team had a preliminary meeting in December 1993 to plan for the study. This work shall be considered for presentation in a plenary session at a future workshop.

Collaborative Research

The first Collaborative Project on "Regional Integration and Trade Liberalization in Sub-Saharan Africa" is being jointly undertaken by a group of African researchers and their counterparts elsewhere on a mutually agreed set of issues. This modality provides an opportunity to African researchers to determine the research agenda for joint research.

The Steering Committee, under the chairmanship of Prof. Ademola Oyejide, met during the May 1993 workshop in Cape Town to review the research prospectus and status for its funding. The project's first workshop was held prior to the December 1993 thematic research workshop. Eight framework papers were presented covering the following issues: review of theoretical development on regional integration, the experience

with regional integration in SSA, the experience with trade liberalization, the linkage between trade policy and regional integration, sectoral issues in regional integration and trade liberalization, monetary harmonization and regional integration in SSA, and changing economic and political conditions for regional integration in SSA. These framework papers are designed to provide the basis for a common methodology of analysis for six regional studies (East African Community (EAC), Southern African Development Community (SADC), Eastern and Southern Africa Preferential Trade Area (PTA), West African Economic Community (CEAO), Economic Community of West African States (ECOWAS), Central African Customs and Economic Union (UDEAC)), and ten country studies (Côte d'Ivoire, Ghana, Kenya, Mauritius, Nigeria, South Africa, Tanzania, Uganda, Zambia and Zimbabwe). About 55 researchers, observers, resource persons and members of the project steering committee participated in this workshop. A further meeting was held in Nottingham, UK in March 1994, to discuss further refinement of the framework for the country case studies. Specific case study proposals will be presented and considered at a workshop to be held in Nairobi, May 25-26, 1994, prior to the biannual research workshop.

Non-Thematic Research

This is country-specific research, outside the designated themes, to accommodate strongly demonstrated need and to explore new areas for thematic research. Although no grant has been given to date due to continuing priority given to thematic research, this modality will be used more frequently in the future. The Advisory Committee at its meeting in December 1993 recommended the use of competition for selecting and supporting proposals for non-thematic research

Training

Collaborative MA Programme

Commencement of the Programme, which the AERC is implementing on behalf of 17 anglophone universities in 13 countries, had been postponed from September 1992 to the following year. This delay was taken advantage of by the participating universities, in particular the five category B departments currently offering the degree (Appendix 7.1), to use AERC gearing-up grants (Appendix 7.2) to introduce changes in curricula, modify administrative procedures, acquire materials, software and computers, and mobilise teaching staff. Gearing up applied equally to the AERC Secretariat, which revamped its training grants and financial management systems in anticipation of the programme's administrative requirements. Considerable effort was also devoted to the mobilisation of additional financial resources. The Academic Board and its Sub-Committees adapted operational procedures covering criteria for offering an MA degree under the programme, the appointment of external examiners, the selection of lecturers for elective courses, and the awarding of scholarships to students from category A departments to study at category B universities. Preparations for launching the programme included a week-long workshop hosted by the University of Botswana in July 1993 for librarians of economics departments. In addition to the 17 collaborating institutions, participants were drawn from francophone African and Nigerian universities, planning to launch similar initiatives of their own in the near future. Another preparatory workshop, also involving francophone African and Nigerian participation, on the teaching of core coursework in macroeconomics, microeconomics, and quantitative methods, was held in Kampala, Uganda in August 1993, with contributions from international resource persons from Columbia University, Harvard University and the Institute of Social Studies in the Hague.

The principal preparatory event was an experimental offering of six elective courses to 58 second year students from 11 anglophone countries studying in 8 universities. This pilot "joint facility for electives", held at a commercial training institute outside Nairobi, provided operational experience that will prove invaluable in running a similar facility from July through September each year for the duration of the collaborative programme. The myriad details entailed in operating a programme of this complexity cover transport, accommodation, subsistence, student services, recreational and lecture facilities, reading lists, course outlines, library facilities, orders for textbooks and articles, computer hardware, software and training, and external examination. With unstinting support from the Secretariat, in particular the Training Programme, two part-time JFE administrators, and staff of the Kenya Commercial Bank Training Institute, the JFE was mounted successfully. Its operational success was matched by the very good results recorded by

the external examiners at the end of the programme. For the coming year, approximately 60 students will be able to select two elective subjects from eight on offer.

Between August 30 and November 8, teaching of the core courses to first year students commenced at the five category B departments currently offering their MA degree under the programme. This was preceded by the signing of memoranda of understanding with the respective university authorities, and operational arrangements for the disbursement and monitoring of funds. A total of 107 students was enrolled in the five category B universities (Appendix 7.1). In the course of the year, classes were stopped at the University of Nairobi due to a teachers' strike leaving the programme with an active student body of 96. In December 1993, the University of Zimbabwe also acquired category B status and teaching will commence there in April 1994 with an enrollment of 10 students. In 1993/94 the AERC will have awarded \$836 thousand for one time start-up grants (Appendix 7.3) and operating grants (Appendix 7.4) for the first year. In addition, it will disburse \$106 thousand for 21 scholarships for graduates from category A universities to study at an out-of-country university offering an MA degree under the collaborative programme (Appendix 7.6). Disbursements to date against the awards total \$621 thousand.

PhD Training

The AERC convened a two-day international meeting on doctoral education in economics in Cape Town in May 1993. The nine commissioned papers, which will be published in 1994, covered such issues as institutional constraints affecting higher education in Sub-Saharan Africa, the prospective demand for doctoral level training in the region, the current debate over PhD programmes in the USA, twinning arrangements between developed country and African institutions, doctoral programmes in development economics (in Australia), and experiences in administering doctoral fellowship programmes. Underlying the meeting were two major considerations: the *eventual* need for one or more good doctoral programmes for the African profession to achieve international stature in teaching and research, and an accelerated demand for doctoral graduates to teach at the MA level and to conduct research.

As in the case of the MA programme, the AERC will continue to facilitate deliberation among African universities toward the eventual inception of one or more sound doctoral programmes in the region over the longer term. To this end, it identified three studies which will be undertaken during Phase III: 1) graduate training for women in economics; 2) the effective demand for doctoral training; and 3) factors affecting staff retention. Underscoring the importance assigned to doctoral training, the AERC offered seven fellowships in 1993 (Appendix 7.6), with preference given to those applicants most likely to pursue a career in teaching and research at their sponsoring university upon completion of their degree. Because of the substantial longer term financial commitment entailed in doctoral training, the number of annual awards in future will depend on the Consortium's success in mobilising additional support.

The Consortium continued to finance graduate thesis research by Africans. In 1993/94, 20 awards totalling \$179 thousand were provided (Appendix 7.5).

Over the past year, the AERC has successfully laid a sound foundation for major interventions in graduate education with far reaching implications for research and university education in the region. Especially gratifying has been the strong sense of ownership in the MA programme manifested by the collaborating departments. The one qualification to this otherwise encouraging picture is the challenge of mobilising the financial support necessary to sustain these programmes over the next three to five years.

Publications and Dissemination

Considerable effort was devoted by Secretariat staff and consultants to expediting the publication of a growing volume of output from the AERC's research programme. Researchers have been encouraged to prepare their final reports according to a standardised format. In a change from the previous system, final reports are being sent out for external review immediately upon submission, rather than first undergoing technical editing. Thus, expectations for the quality of submissions are higher than before.

In 1993/4, AERC published eight Research Papers and one Special Paper (Appendix 6.1). There are 40 papers currently in the pipeline (Appendix 6.2).

Toward the end of the year, in order to increase managerial control over the various phases of the process, the typesetting and publishing functions were relocated from the Centre for the Study of African Economies at Oxford University to AERC in Nairobi. In-house desk-top publishing capacity now permits much more flexibility in the design and production of various AERC publications. These changes will lead to further improvements both in terms of lower unit costs and a faster rate of publication.

In the last quarter of the year, AERC completed preparations for the publication of its first book, *PhD Training in Economics in Sub-Saharan Africa: Lessons and Prospects*, edited by Jeffrey Fine, William Lyakurwa and Anne Gordon Drabek. This volume comprises the papers presented at the Conference on Doctoral Education in Economics, held in Cape Town in May 1993. The book was published in collaboration with a local Kenyan publisher, East African Educational Publishers, which will ensure its wide dissemination to the key target audiences on the continent. Several other books are in various stages of preparation, including the volume containing papers from the October 1992 Abidjan conference on "African Economic Issues", and the commissioned overview monograph by Dr. Ernest Aryeetey of Ghana on informal financial markets in Africa.

To promote wider dissemination, brief abstracts of AERC research papers are now appearing regularly in the *Journal of Economic Literature*, a widely cited source of references. A format for Executive Summaries, highlighting the research issues, findings and policy implications in non-technical language, was designed with a view to introduction in mid-1994. To facilitate the publication of AERC-supported research in leading professional journals, the Secretariat convened a workshop in July 1993 to guide researchers on how to adapt the contents of their Research Papers for submission as journal articles. This workshop was preceded by the distribution at the May research workshop of a "resource handbook" providing guidance on submission procedures and listing detailed information on more than seventy-five major journals of potential interest to AERC researchers. A special issue of the journal, *World Development*, carrying

eleven papers drawn from AERC research, will appear in September 1994 as a result of the publication workshop. An increasing number of other papers resulting from AERC-supported research have been published in other reputable professional outlets. These activities are designed to raise the stature of the profession in the region and to stimulate further improvement in the quality and relevance of AERC-sponsored research.

The AERC commissioned study of economic policy-making in Ghana, Uganda, Tanzania and Zambia helped to elucidate links between the policy process and the conduct of economic research. A preliminary paper was presented by a consultant at the December 1993 Research Workshop in Nairobi. Practical outcomes included a recommendation for greater emphasis, where appropriate, on the policy implications of AERC-supported research, and a clearer appreciation of the types of information and analysis used in policy making. The valuable insights offered by this exercise have prompted its extension in mid-1994 to three countries in francophone Africa (Senegal, Cameroon, Côte d'Ivoire), and subsequently to a more detailed inquiry into the budget process and international negotiation pertaining to economic policy in African countries.

The AERC maintained its support, through modest targeted grants, for professional national and regional economics associations and regional journals. Second tranches of grants to both the West African Economic Association and the *West African Economic Journal* were released in recognition of their progress towards management improvements and more sustainable funding from other sources. AERC also continued to contribute to policy workshops, including one on the use of macroeconomic modelling in economic policy making in Southern Africa organised by the Namibian Economic Policy Research Unit in Namibia in June 1993, and one on "External and internal imbalance and macroeconomic adjustment in the Franc Zone: The case of Côte d'Ivoire", organised by the Faculty of Economics of the University of Abidjan and held in Abidjan in April 1994. Both of these resulted in an improved understanding of how to strengthen linkages between researchers and policy makers. AERC also facilitated the presentation of AERC financed research at an international conference on African capital markets in Nairobi.

The Consortium's publication and dissemination activities were discussed in depth at the AERC Board meetings in October 1993 and March 1994. These deliberations, drawing on the evaluation of AERC's Phase II, the above-mentioned policy study, and a draft strategy for publication and dissemination, have resulted in a sharper definition of the Consortium's strategic aims and priorities. High priority will be given, as always, to in-house activities which will ensure effective distribution of the output of the research and training programmes. The newly approved strategy for publication and dissemination will concentrate on further strengthening the competence and morale of African economists working in the region, and facilitating communication between the research and policy communities.

Management

1993 was marked by significant changes in senior staff in AERC. Having successfully launched the Consortium in 1988 and seen it through the first two phases of its operation, Jeffrey Fine completed his term as the Consortium's Executive Director in February 1994. The AERC Board appointed Benno Ndulu, who previously served in the capacity of AERC's Research Coordinator, to take over the leadership effective March 1, 1994. In August 1993, Dr. Ibrahim Elbadawi joined the AERC, first as a Research Coordinator designate and later assuming the substantive position effective January 1, 1994. Rachel Gesami joined the Secretariat in April 1993 as the Manager of Personnel and Administration, following the resignation of the previous incumbent.

During the year high priority was given to improving operational procedures to govern the greatly expanded work programme and to strengthening the Consortium's capacity for financial management. This was in response to the rapid growth in the volume and variety of transactions. A computerized accounting and financial information system was introduced in July 1993. This has enabled a timely production of financial reports, more effective enforcement of controls and the accommodation of the growing variety of reporting requirements of the Consortium's funders.

Procedures relating to financial management, administration and personnel were refined and, following approval by the AERC board, successfully implemented. The growing volume of fixed assets necessitated the compilation and computerization of the fixed assets register together with the tagging of all fixed assets. A purchasing and inventory control system was strengthened by an operational manual and a computerised recording system installed to ensure cost effectiveness and controls.

Office renovations were completed, creating a good working environment for both staff and visiting researchers. The installation of E-mail facilities provides an important and cost effective system of communication and has enabled the AERC to offer a greatly improved library services to researchers, teachers and students.

The increased complement of staff since 1992 necessitated the introduction of a more formal system of performance reviews and appraisals which was instituted at the end of 1993. High inflation in Kenya's economy during the year necessitated appropriate compensatory measures against the erosion of real earnings during the year, following consultation with other employers to ensure consistency.

Major changes in the membership of AERC's senior management, Advisory Committee, and Board highlight the critical role played by the AERC permanent staff in Nairobi in ensuring that the Consortium's expanding range of activities are serviced to

the same high professional standard achieved in previous years. They constitute the institutional memory for ensuring that these standards are maintained in the future. Their professionalism and dedication are responsible to a very large extent for the achievements of AERC's first two phases and sustenance of these achievements in the future. Their professionalism and dedication is to be complimented.

Contacts and Interactions

The AERC's range of regional and international contacts continues to expand; they attest to the growth in professional activity and opportunities for African economists more generally. Professor Ndulu has participated in research networks and meetings organised by the Overseas Development Council, the World Institute for Development Economic Research (WIDER), the Brookings Institution, the World Bank, and the Group of Twenty-Four. Of particular note has been a continuing advisory role in the establishment of a policy research institute in South Africa. He and Dr. Elbadawi have presented joint papers to various international gatherings, including the SAREC colloquium on new direction in development economics held in Stockholm in March 1994. They have also liaised with the Middle East Economic Forum, a network of researchers modelled on the AERC. Jeffrey Fine provided briefing materials on the financing of African growth to officials attending an international conference in Tokyo in October 1993. Professor William Lyakurwa, the Training Coordinator, continues to advise the Southern African Development Community (SADC) on regional integration and helps coordinate the International Development Research Centre of Canada (IDRC) project on PTA trade and regional integration.

AERC in collaboration with the Institute for International Economics facilitated two testimonies by a group of six senior African economists to the US Congress on African economic development and on Africa's external debt. Congressman Barney Frank, Chairman of the Subcommittee on International Development, Finance, Trade and Monetary Policy, has written to thank AERC for coordinating the visits of the witnesses to testify at the hearings.

The AERC continues to collaborate with other agencies involved in economic research and capacity building in the region. It is assisting the regional associations of economists for West Africa, and for Eastern and Southern Africa in organising the second biennial international gathering on African economic issues, to be held in Arusha, Tanzania in October 1994. The AERC has been approached by the Organisation for Social Science Research in Eastern and Southern Africa (OSSREA) concerning collaboration on a study of African prospects in the next decade. The establishment of the Africa Office of the International Center for Economic Growth under Dr. Andrew Muller, chairman of the AERC's Advisory Committee, has led to various exchanges, including the reissuing of a Research Paper on informal financial markets in Uganda. Collaborative research on trade and regional integration has strengthened links with the other participating agencies, notably the European Community, the Centre for the Study of African Economies of the University of Oxford (CSAE), the Centre for Research in Economic Development and International Trade (CREDIT), and the Centre for Economic Policy Research (CEPR) in London. In the case of the CSAE, there have also been exchanges on other research

issues as well as graduate training and publications. The AERC has been advising IDRC and SAREC on the establishment of research and training networks for environmental economics and research. It also identified African economists to attend a Swedish financed workshop in Malta on the teaching of environmental economics. Instruction in this subject, as part of the collaborative MA programme, has also featured in discussions with the Harvard Institute for International Development. Finally, links with the National Institute for Development Studies of the Australian National University have led to productive exchanges on the structure and content of doctoral programmes.

The AERC's growing involvement in graduate training has prompted other interactions both within and outside the region. The Secretariat facilitated fruitful discussions between the Academic Board, representing the anglophone African universities collaborating in the MA programme, and McGill University, initiating a Masters degree in Development Management, on student selection, staff development, course content, and eventual transfer of the McGill programme to the region. The AERC has also been working closely with the African Capacity Building Foundation (ACBF) on strategic approaches to graduate training in economics. The AERC has assisted both the Nigerian and francophone African universities in designing their own interventions for strengthening masters programmes in economics. Representatives of these two groups continue to participate in the professional meetings and workshops organised by the Academic Board and enjoy full access to all teaching materials and curricula being developed by it. The AERC will maintain this close working relationship in future.

Conclusion

The AERC's sixth year of operations has been characterised by both transition and continuity. There have been major changes in its senior management, Advisory Committee and Board. It has embarked on two major interventions in graduate training; their impact will be felt in economic research, policy analysis, and teaching in future. Both the new modalities for research and the shifts within existing thematic coverage promise to expand significantly knowledge of African economies and improve public policy. The year has also been marked by continuity. The careful, methodical build-up of professional capabilities has been maintained in research workshops, peer review and ongoing exchanges with individual researchers and teaching departments. AERC publications have benefitted from further improvements in financial and operating procedures. Drawing on their contents, new formats will appeal to various segments of the international profession and the policy community. The continued professionalism and dedication of the AERC Secretariat will enable the Consortium to consolidate the achievements of its first two phases and successfully implement the new activities envisaged for Phase III.

Appendices

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Appendix 1

AERC Board of Directors and Officers

Dr. Kenneth Prewitt	Rockefeller Foundation	Chairman of the Board
Dr. Catherine Gwin*	Overseas Development Council	President
Dr. Thomas Bayard*	Institute for International Economics	Treasurer & Board Member
Dr. Tom Alberts*	Swedish Agency for Research Cooperation with Developing Countries	Board Member
Dr. Marie Hulsman-Vejsova	Ministry of Foreign Affairs Netherlands	Board Member
Dr. Ishrat Husain	World Bank	Board Member
Dr. Caroline Pestieau	International Development Research Centre, Canada	Board Member
Dr. Jay Smith	U. S. Agency for International Development	Board Member
Mr. Nick Highton**	Overseas Development Administration, UK	Board Member
Prof. Tony Killick*	Overseas Development Administration, UK	Board Member
Mr. Wayne Primeau	CIDA, Canada	Board Member
Dr. David Court	Rockefeller Foundation	Secretary
Ms. Lynda Mullen	Rockefeller Foundation	Assistant Secretary

* Member of Budget and Finance Committee

** Served until February 1994

Appendix 2

AERC Advisory Committee (as of April 1, 1993)

Dr. Andrew Mullei	African Centre for Monetary Studies	Chairman
Prof. Odetunji Aboyade	PAI Associates International	Member
Prof. Dionisio Carneiro	PUC-Rio (Catholic University)	Member
Prof. Bernard Decaluwé	Université Laval	Member
Prof. J. Pegatienan Hiey ¹	CIRES, University of Abidjan	Member
Prof. Tony Killick ¹	Overseas Development Institute	Member
Prof. Robert Mabele	University of Dar es Salaam	Member
Prof. Peter Montiel	Oberlin College	Member
Dr. Dominic Mulaisho	Bank of Zambia	Member
Dr. Patrick Ncube	University of Cape Town	Member
Dr. Kerfella Yansane	Central Bank of Guinea	Member
Mrs. Dinah Gut ²	Ministry of Finance Zimbabwe	Member
Mr. Jeffrey Fine ³	Executive Director	Member, ex-officio
Prof. Benno J. Ndulu	Research Coordinator AERC	Secretary

AERC Secretariat

Mr. Jeffrey C. Fine ³	Executive Director
Prof. Benno J. Ndulu ⁴	Research Coordinator/Executive Director
Prof. William Lyakurwa	Training Coordinator
Dr. Ibrahim Elbadaw ⁵	Research Coordinator Designate

1 Completed term in December 1993

2 Joined in December 1993

3 Completed term February 1994

4 Research Coordinator, Executive Director from March 1, 1994

5 Joined AERC as Research Coordinator Designate in August 1993, Research Coordinator from January 1994

Appendix 3

Geographic Distribution of AERC Research Grants

Country	Researchers	Active Research Projects	New Research Grants
Francophone			
Cameroon	3	2	0
Côte d'Ivoire	14	6	5
Togo	3	1	0
Rwanda	2	1	1
Congo	1	1	1
Sub-total	23	11	7
Anglophone (except Nigeria)			
Ghana	16	10	6
Ethiopia	1	1	1
Kenya	4	4	0
Malawi	1	1	1
Sierra Leone	4	2	0
Tanzania	11	8	5
Uganda	8	4	4
Zimbabwe	1	1	0
Botswana	4	1	1
Sudan	4	3	3
Sub-total	54	35	21
Nigeria			
Nigeria	35	26	17
Lusophone			
Mozambique	1	1	0
Grand Total	113	73	45

Value of grants = US\$487,850

Appendix 4

Thematic Coverage of AERC Research Grants

Country	Active Research Projects				New Research Grants			
	A	AT	B	C	A	AT	B	C
Francophone								
Cameroon	2	0	0	0	0	0	0	0
Côte d'Ivoire	2	0	2	2	2	0	1	2
Togo	0	0	1	0	0	0	0	0
Rwanda	0	1	0	0	0	1	0	0
Congo	0	0	0	1	0	0	0	1
Sub-total	4	1	3	3	2	1	1	3
Anglophone (except Nigeria)								
Ghana	3	1	1	5	1	0	0	5
Ethiopia	1	0	0	0	1	0	0	0
Kenya	1	1	1	1	0	0	0	0
Malawi	0	0	1	0	0	0	1	0
Sierra Leone	0	1	1	0	0	0	0	0
Tanzania	3	1	4	0	2	1	2	0
Uganda	2	0	2	0	2	0	2	0
Zimbabwe	0	0	0	1	0	0	0	0
Botswana	0	1	0	0	0	1	0	0
Sudan	1	0	0	2	1	0	0	2
Sub-Total	11	5	10	9	7	2	5	7
Nigeria	4	6	7	9	3	3	4	7
Lusophone								
Mozambique	1	0	0	0	0	0	0	0
Grand Total	20	12	20	21	12	6	10	17

Themes:

A External Balance and Macroeconomic Management

AT Trade, Trade Policy and Regional Integration

B External and Internal Debt Management

C Financial Management and Domestic Resource Mobilization

Appendix 5

AERC Thematic Research Grants

No.	Project Title	Researcher(s)	Grant (US\$)	Status
3510	Taxation and Deficits: What is the Tanzanian Experience?	Osoro	13,750.00	IR
3511	Determinants of Investment Behaviour in Ghana	Asante	12,500.00	IR
3512	An Empirical Evaluation of Trade Potential in the Economic Community of West African Studies	Ogunkola	16,000 00	IR
3513	The Behaviour of Foreign Exchange Rates in Nigeria. Determinants & Market Efficiency	Ogiogio	14,000.00	IR
3514	Interactions on the Nigerian Foreign Exchange Markets: Possibilities for Convergence in Exchange Rates	Odubogun	15,000.00	IR
3515	Empirical Studies of Nigeria's Parallel Foreign Exchange Market. Price Behaviour, Rate Determi- nation & Speculative Efficiency	Ayogu	13,500 00	IR
3516	Agricultural Supply Response to Stabilization & Adjustment Policies 1987-1993 & Prospects for the 1990s in Uganda	Ssemogerere & Kasekende	18,800.00	IR
3517	External Shocks, Macroeconomic Adjustment & Behaviour of the CFA Economies Under a Flexible CFA Pegging. The Case of Côte d'Ivoire	M'bet Niamkey	16,600 00	IR
3518	Trade Policy & Productivity Growth Evidence from Nigeria	Chete	16,000.00	IR
3519	Trade & Exchange Rate Policy in Botswana	Atta, Siwawa-Ndai, Jeffens & Mannathoko	16,000.00	IR

3520	Growth & Foreign Debt. The Ugandan Experience	Mbire & Atingi	12,100.00	IR
3521	Export Performance & Economic Growth in a Foreign Exchange Constrained Economy Nigeria	Adegbite & Adeyemo	4,500.00	SG
3522	The impact of Interest Rates Liberalisation on the Corporate Financing Strategies of Quoted Companies in Nigeria	Omole & Falokun	4,800.00	SG
3523	Macroeconomic Reforms, Instability & Private Investment in Ghana	Aryeetey	4,000.00	SG
3524	Capital Formation in Period of Macroeconomic Adjustment in the Franc Zone: The case of Côte d'Ivoire	Atse & Achiepo	3,800 00	SG
3525	Effectiveness of Monetary Policy in Sudan	Ahmed	4,500.00	SG
3526	Foreign Exchange Allocation Process in Ethiopia	Kidane	13,600 00	IR
3527	Non-Bank Financial Institutions in Nigeria: Structure, Growth & Impact	Soyibo	4,900.00	SG
3528	Monetary Targeting & Economic Development in Ghana	Dordunoo & Donkor	5,000.00	IR
3529	Getting to Grips with Debt-Equity Swaps in Nigeria: An Assessment of a Debt-Reducing Facility	Raheem	1,500 00	SPG
3530	Croissance Endogene et Politique et d'Adjustement Structurel en Côte d'Ivoire	Quattara Mathieu	14,800.00	IR
3531	Tax Performance, Reforms and Revenue in Uganda	Hyuha & Ddumba-Ssentamu	15,600.00	IR
3532	Public Expenditure & Economic Growth in Nigeria, 1960-1992	Ekpo	14,000.00	IS
3533	The Behaviour & Determinants of Income Velocity of Money: A study of the Nigerian Experience, 1970- 1992	Anyanwu	14,500.00	IS

3534	Choice of Optimal Mix of Fiscal & Monetary Policy Rules: Empirical Evidence from a Model of Nigeria	Soludo	16,000.00	IS
3535	Non-Bank Financial Institutions in Nigeria: Structure, Growth and Impact	Soyibo	15,500.00	IS
3536	Financial Sector Reforms, Macro-Economic Instability and the order of Economic Liberalisation: The Evidence from Nigeria	Ikhide & Alawode	16,800.00	IS
3537	The Impact of Interest Rates Liberalisation on the Corporate Financing Strategies of Quoted Companies in Nigeria	Omole & Falokun	16,800.00	IS
3538	Intra-Industry Trade Between Members of the PTA Region	Musonda	16,800.00	IS
3539	Effectiveness of Monetary Policy in Sudan	Ahmed	15,300 00	IS
3540	An Analysis of the Impact of Structural Adjustment on the Current Account of the BOP in Uganda 1970-1992	Okurut Otim	14,000.00	IS
3541	Monetary Shocks and Macroeconomic Adjustments in Open Economies Under Fixed Exchange Rates: Cameroon and Congo	Matoko	14,500.00	IS
3542	Stabilization and Structural Adjustment and Agriculture in Sudan	Hagel Amin & El Mak	14,300.00	IS
3543	Financial Sector De-regulation & Monetary Control in Ghana	Sowa	3,000 00	SG
3544	The Dutch disease Economics of Foreign Aid in Tanzania	Nyoni	3,000.00	SG
3545	Fiscal Operations, Money Supply & Inflationary Development in Nigeria	Ndebbio	3,000.00	SG
3546	Macroeconomic Model for a Developing Economy: The Case of Kenya	Randa	3,000.00	SG
3547	Tax Reform and Tax Yield in Malawi	Chipeta	6,700 00	IS

3548	Bank Performance, Supervision and Privatisation in Nigeria: Analysing the Transition to a Deregulated Economy	Sobodu & Akiode	15,500.00	IS
3549	The Parallel Foreign Exchange Market in Tanzania: Nature Persistence and Rate Determination	Mbelle & Mkenda	14,500.00	IS
3550	Agricultural Supply Response and the Real Exchange Rates in the CFA Countries-the case of Côte d'Ivoire	Haly-Djoussou & Angoran	14,300.00	IS
3551	Impact of Economic Reforms on Competitiveness of Industrial Sector and Non-Traditional Exports in Rwanda	Uwimana & Rusibane	3,000.00	SG
3552	Macroeconomic Reforms, Instability and Private Investment in Ghana	Aryeetey	4,900.00	IS
3553	Capital Formation in a Period of Macro-Economic Adjustment in the Franc Zone: The Case of Côte d'Ivoire	Atse & Achiemo	10,000.00	IS
3554	Empirical Studies in Nigeria Parallel Foreign Exchange Market: Price Behaviour, Rate Determination and Speculative Efficiency	Ayogu	4,100.00	SPG/IR
3555	Public Sector Deficits & Macroeconomic Performance in Tanzania	Moshi & Killindo	3,000.00	SG
3556	Structural Adjustment & the Labour Market in Ghana	Jebuni, Oduro & Tutu	20,750.00	IS
3557	Characterizing the Behaviour of Secondary Market for Nigeria's External Debt	Raheem	15,000.00	IS
3558	Ghana: Monetary Targeting & Economic Development	Dordunoo & Donkor	10,475.00	SPG/IR
3559	An Empirical Evaluation of Trade Potential in the Economic Community of West African States	Ogunkola	2,926.00	SPG/IR

SG = Small grant

IR = Interim report presented

FR = Final report presented

IS = Initial stage, research just commenced

SPG = Supplementary grant

Appendix 6

AERC Publications and the Pipeline

6.1 AERC Papers Published In 1993/94

Research Papers

RP No.	Author(s)	Title
1. 12	A. Soyibo	The Savings-Investment Process in Nigeria: An Empirical Study of The Supply Side
2. 15	O. Kouassy & B. Bouhoun	The Determinants of Fiscal Deficit and Fiscal Adjustment of Côte D'Ivoire
3. 19	A. M'Bet & M. Niamkey	European Economic Integration and the Franc Zone. The Future of the CFA Franc after 1995
4. 20	N. Osoro	Revenue Productivity Implications of Tax Reform in Tanzania
5. 21	D Aredo	The Informal and Semi-Formal Financial Sectors in Ethiopia A Study of the Iqqub, Iddir and Savings and Credit Co-operatives
6. 22	N. Sowa & J. K. Kwakye	Inflationary Trends and Control in Ghana
7. 23	F. Mwega, N. Mwangi, & F. Olewe-Ochilo	Macroeconomic Constraints and Medium-Term Growth in Kenya: A Three-Gap Analysis

Special Papers

SP No.	Author(s)	Title
8. 16	M. Bagachwa & A Naho	A Review of Recent Developments in the Second Economy in Tanzania.

6.2 Manuscripts being edited/typeset

Researcher

- | | | |
|-----|--|-------------------------------|
| 1. | Trade and exchange rate policies in Mozambique: balance of payments | Tibana |
| 2. | The monetary approach to balance of payments: a case study of Zimbabwe | Dhlwayo |
| 3. | Constraints of the development and diversification of non-traditional exports in Uganda | Ssemogerere & Kasekende |
| 4. | Deficit financing and economic development. Empirical perspective from Nigeria | Anyo & Raheem |
| 5. | A system for assessing and managing external debt problems in Nigeria | Raheem |
| 6. | The Nigerian economy: response of agriculture to adjustment policies | Kwanashie, Ajilima, and Garba |
| 7. | Trade and exchange rate policies in Mozambique. their impact on agriculture | Tibana |
| 8. | Capital flight and external debt in Nigeria | Ajayi |
| 9. | Profiles and determinants of Nigeria's balance of payments: the current account component, 1950-1988 | Umo & Fakiyesi |
| 10. | Fiscal operations in a depressed economy Nigeria, 1960-1990 | Ekpo & Ndebbio |
| 11. | Effects of fiscal deficit on some macro-economic aggregate in Nigeria | Anyo & Raheem |
| 12. | Institutional reforms and the management of exchange rate policy in Nigeria | Odubogun |
| 13. | European economic integration and the franc zone: the future of the CFA franc after 1996 | M'bet & Madeleine |
| 14. | Mobilizing domestic resources for development in Nigeria: the role of capital markets | Ogwumike & Omole |

- | | | |
|-----|---|-----------------------------|
| 15. | Exchange rate depreciation, budget and inflation: the Nigerian experience | Egwalkhide, Cheto & Falokun |
| 16. | A statistical analysis of the behaviour of foreign exchange rates in Nigeria's auction since the economic reform programme | Oglogio |
| 17. | Consequences and limitations of recent fiscal policy in Côte d'Ivoire | Kouassy & Bouhoun |
| 18. | Fiscal and monetary burden of Tanzania's corporate bodies: the case of public enterprises | Moshi |
| 19. | The role of the exchange rate and monetary policy in the monetary approach to the balance of payments: evidence from Malawi | Situmbu |
| 20. | An investigation of Tanzania's trade with PTA Countries: a special emphasis on non-traditional products | Musonda |
| 21. | The transmission of savings to investment in Nigeria | Soyibo |
| 22. | Policy modelling in Agriculture: testing response of agriculture to adjustment policies in Nigeria | Kwanashie, Ajilima & Garba |
| 23. | Policy consistency and inflation in Ghana | Sowa |
| 24. | Money supply mechanism in Nigeria, 1970-1989 | Ogun & Adenikinju |
| 25. | Fiscal operation, money supply and inflation in Tanzania | Kilindo |
| 26. | Tax reforms in Tanzania: motivation, directions and implications | Osoro |
| 27. | Foreign exchange bureaus in the economy of Ghana | Osei |

6.3 Manuscripts being externally reviewed:

- | | | |
|-----|---|----------|
| 28. | Income velocity & demand for money in Tanzania, 1968-87 | Ndanshau |
|-----|---|----------|

- | | | |
|-----|--|--------------------|
| 29. | The foreign exchange market and the Dutch auction system in Ghana | Dordunoo |
| 30. | Macroeconomic adjustment, trade & growth: policy analysis using a macroeconomic model of Nigeria | Soludo |
| 31. | Constraints of manufactured exports in Kenya | Kagira |
| 32. | Devaluation du franc CFA et competitivite de l'economie Camerounaise | Ndjeunde & Njinkeu |
| 33. | Budgetary adjustment and the dynamics of real exchange rates in UMOA countries | Kouassy & Bohoun |
| 34. | Output response to exchange rate adjustment in the Nigerian economy | Afolabi & Makinde |
| 35. | Local government fiscal operations in Nigeria | Ekpo |
| 36. | Ghana: the burden of debt service payment under structural adjustment | Osei |

6.4 Manuscripts already externally reviewed and being revised/ corrected:

- | | | |
|-----|--|----------------------|
| 37. | Monetary harmonization in southern Africa | Chipeta & Mkandawire |
| 38. | Exchange rate depreciation and the structure of sectoral prices in Nigeria | Ajakaiye & Ojowu |
| 39. | Trade and payments liberalization and economic performance in Ghana | Jebuni, Oduro & Tutu |
| 40. | Indices of effective exchange rate: a comparative study of Ethiopia, Kenya and Sudan | Kidane |
| 41. | Human capacity building: A case study of economicists in Ethiopia | Degefe |

Appendix 7

Regional Collaborative MA Programme for Anglophone Africa (except Nigeria)

7.1 List of participating universities*

Category A

University of Cape Coast	Ghana
Egerton University	Kenya
Kenyatta University	Kenya
National University of Lesotho	Lesotho
University of Malawi	Malawi
Makerere University	Uganda
Moi University	Kenya
University of Namibia	Namibia
University of Sierra Leone	Sierra Leone
University of Swaziland	Swaziland
University of Zambia	Zambia

Category B

		Student enrolment		
		1st yr.	2nd yr.	Total
Addis Ababa University	Ethiopia	14	12	26
University of Botswana	Botswana	10	5	15
University of Dar es Salaam	Tanzania	12	5	17
University of Ghana	Ghana	11	7	18
University of Nairobi	Kenya	9	12	21
University of Zimbabwe	Zimbabwe	10	-	10

* Two categories of universities may participate in the Collaborative MA Programme. Category A are those which do NOT currently offer masters programmes fulfilling the requirements of the Collaborative MA Programme and Category B are those which DO offer such programmes

7.2 Gearing-up Grants (US\$) offered to participating departments to address critical bottlenecks and build capacity at the graduate level

Recipient University	Amount Disbursed
Addis Ababa University	6,300.00
University of Cape Coast	3,000 00
University of Dar es Salaam	4,300 00
Egerton University	5,000.00
Kenyatta University	12,200.00
Makerere University	7,300.00
University of Malawi	7,800 00
University of Nairobi	3,900 00
University of Sierra Leone	16,000.00
University of Swaziland	8,000.00
University of Zambia	5,000.00

7.3 Start-up Grants (US\$) offered in the first year of Category B status, intended to meet priority needs at the outset of the programme

Recipient University	Amount Disbursed
Addis Ababa University	29,000.00
University of Botswana	30,000 00
University of Dar es Salaam	30,000.00
University of Ghana	30,000.00

7.4 Operating Grants (US\$) offered to Category B universities for recurrent costs associated with the implementation of the programme

Recipient University	Amount Disbursed
Addis Ababa University	35,800 00
University of Dar es Salaam	46,000 00
University of Ghana	41,500 00
University of Nairobi	7,400 00

7.5 Thesis Research Grants: A summary for 1988-1993/94

	No. of Grants	Total Amount (US\$)	Average Grant Size (US\$)
1988	3	26,425	8,808
1989	1	8,000	8,006
1990	12	66,355	5,530
1991	21	191,117	9,100
1992	18	133,680	7,427
1993-94	20	178,788	8,938

Geographic distribution	No. of Grants
Southern Africa	5
Eastern Africa	25
West Africa (Anglophone except Nigeria)	12
Francophone Africa	10
Nigeria	23
TOTAL	75

Subject area distribution	No. of Grants
Macroeconomics	18
Finance	15
Trade	10
Monetary economics	11
Industry	10
Agriculture	6
Technology	2
Transport	1
Labour	1
Health	1
TOTAL	75

7.6 Scholarships and Fellowships

PhD Fellowships Awarded:

Awardee	Home University	Degree Awarding Institution
Innocent Karamagi	University of Dar es Salaam TANZANIA	University of Alberta CANADA
Taye Mengistae	Addis Ababa University ETHIOPIA	St Anthony's College, UK
Alemayehu Talfesse	Addis Ababa University ETHIOPIA	St Anthony's College UK
Roberto Tibana	Universidade Eduardo Mondlane MOZAMBIQUE	St. Anthony's College UK
Bafour Osei	University of Ghana GHANA	University of Strathclyde UK
Oyedokun Oyenike	National Centre for Economic Management & Administration NIGERIA	University of Bradford UK
Rogers Dhliwayo	University of Zimbabwe ZIMBABWE	Australian National University AUSTRALIA

Collaborative MA Scholarships Awarded:

Awardee	Degree awarding institution	Committed amount (US\$)	Disbursed amount (US\$)
Joshua Okeyo	University of Botswana, Botswana	4,620.00	4,237.15
O Kakujahe Matundu	University of Botswana, Botswana	4,620 00	4,237 15
Aquilars Kallo	University of Botswana, Botswana	4,620 00	4,237 15
Anthony Ndirangu	University of Botswana, Botswana	4,620 00	4,237 15
Nichodemus Rudaheranwa	University of Botswana, Botswana	4,620.00	4,237 15
Richard Aseku	University of Ghana, Ghana	3,600.00	2,000 00
Peter Mang'uru	University of Ghana, Ghana	3,600.00	2,000 00
Victor Ojiambo	University of Ghana, Ghana	3,600 00	2,000 00
Eugenia Shvangulula	University of Ghana, Ghana	3,600.00	2,000.00
Dumale Dlamini	Addis Ababa University, Ethiopia	4,000.00	2,000.00
Selma Kavezeri	Addis Ababa University, Ethiopia	4,000.00	2,000 00
Elias Masilela	Addis Ababa University, Ethiopia	4,000 00	2,000.00
Tom Mburu	Addis Ababa University, Ethiopia	4,000 00	2,000.00
Abraham Walthima	Addis Ababa University, Ethiopia	4,000 00	2,000.00
A. Muluvi	University of Dar es Salaam, Tanzania	4,000 00	2,000.00
T Mwebaze	University of Dar es Salaam, Tanzania	4,000.00	2,000.00
S M Thothr	University of Dar es Salaam, Tanzania	4,000 00	2,000.00
J Opolot	University of Dar es Salaam, Tanzania	4,000.00	2,000 00
J G Waweru	University of Dar es Salaam, Tanzania	4,000 00	2,000 00
Adam Mugume	University of Nairobi, Kenya	4,000.00	1,600.00
Christopher Bowa	University of Nairobi, Kenya	4,000 00	1,200.00
Mukanda Kasela	University of Nairobi, Kenya	4,000.00	1,200 00
Agatha Munyaka	University of Nairobi, Kenya	4,000 00	1,200.00
Henry Ogoye	University of Nairobi, Kenya	4,000.00	1,200 00
Jennifer Njaramba	University of Nairobi, Kenya	4,000.00	1,200 00

Appendix 8

Thesis Research Grants Awarded

Ref. No.	Grantee	Degree awarding institution	Home institution	Grant Amount (US\$)	Dissertation Title
T93/01	Philip Mpango	University of Dar es Salaam Tanzania	same	14,530.00	Macroeconomic policies, tax administration and compliance: An economic analysis of factors motivating the evasion of customs duties and sales tax in Tanzania
T93/02	Hamisi Mwynyimvua	University of Dar es Salaam Tanzania	same	12,640.00	The impact of macroeconomic policies on tax revenue in Tanzania
T93/03	Ayichi Damian	University of Nigeria, Nsukka, Nigeria	same	11,000.00	An econometric study of responses of Nigeria's agricultural export commodities to price and exchange rate regimes
T93/04	Alemayehu Geda	Institute of Social Studies, The Hague, Netherlands	same	8,000.00	Macroeconomic modelling and international finance
T93/05	Victor A. B. Davies	UN African Institute for Economic Development & Planning, Senegal	same	4,400.00	Exchange rate management in the Sierra Leone economy: An evaluation of the exchange regime under the structural adjustment programme
T93/06	Dieudonne Nthiemuka	National University of Rwanda, Rwanda	same	2,650.00	The determinants of the demand for bank credit in Rwanda
T93/07	Samuel Brama	University of Sierra Leone, Sierra Leone	same	3,000.00	Responses of financial intermediaries to interest rate differentials and implementation in Sierra Leone
T93/08	Mohammed Mwamadzir	University of Sussex	same	4,000.00	University-industry interaction in science & technology in Kenya
T93/09	Musa Randy Kabia	University of Sierra Leone, Sierra Leone	same	1,000.00	The tolerant limits of inflation under deficit financing in Sierra Leone (1975-1992)
T93/10	Ibrahim Bah	University of Sierra Leone, Sierra Leone	same	1,000.00	The dynamics of financial institutions in the food and agricultural sector
T93/11	Dawood A. Adjei	University of Sierra Leone, Sierra Leone	same	1,000.00	The efficacy of privatisation as an adjustment policy tool in Ghana
T93/12	Shu'aibu H. Abdullahi	University of Ibadan, Nigeria	Ahmadu Bello University, Zaria, Nigeria	13,050.00	The financing of budget deficits and inflation in Nigeria 1986-1985
T93/13	Isaac K. Acheampong	University of Bradford, UK	University of Cape Coast, Ghana	11,130.00	The impact of the economic recovery programmes on manufacturing sector's performance. An assessment of the technical and economic performance of manufacturing industries in Ghana
T93/14	Abayomi A. Alawode	Obafemi Awolowo University, Ile-Ife, Nigeria	same	12,000.00	Financial sector reforms and the effectiveness of monetary policy in Nigeria

T93/15	Raphael Echebiri	University of Nigena, Nsukka, Nigena	same	11,441.00	Influence of household sociodemographic variable on income distribution savings and consumption expenditure in rural southeastern Nigeria
T93/16	Maxwell M. Mkwezalamba	University of Illinois, Urbana, USA	same	13,907.00	The income tax and incentive to save in developing countries: An empirical investigation
T93/17	Benedict Mongula	University of Dar es Salaam, Tanzania	same	11,955.00	Capital goods industries & technological dependence in Tanzania
T93/18	Bruno R. Ocayo	Northwestern University, Illinois, USA	same	14,965.00	Sub-Saharan debt and economic performance Econometric analysis
T93/19	Sule Ochai	University of Ibadan, Nigena	same	14,950.00	An analysis of the economic behaviour of farm households in Kogi State, Nigeria
T93/20	John A. Oloyede	University of Lagos, Nigeria	same	12,250.00	Exchange rate determination in less developed countries: The Nigerian Case

Appendix 9

AERC Attachment Awards (US\$)

Grantee	Institution	Amount
Dr Mufutau I. Raheem	World Bank	10,050
Dr Charles Soludo	CEPR, University of Oxford	8,500

Appendix 10

AERC Institutional Awards (US\$)

Grantee	Purpose	Amount
University of Lesotho	Teaching and research	10,000
Makerere University	Teaching and research	10,000
University of Malawi	Teaching and research	10,000

Appendix 11

AERC Diary of Meetings & Workshops

Date	Event
1993	
May 26-27	PhD Meeting, Cape Town, South Africa
May 28	Steering Committee Meeting for Collaborative Research Project
May 29-June 3	AERC Biannual Research Workshop, Cape Town, South Africa
June 4-5	Advisory Committee Meeting, Cape Town
June 7-9	Seminar on Macroeconomic Modelling in Southern Africa, Namibia
July-September	Experimental Joint Facility for Electives
July 17-20	Research Publication Workshop
July 26-30	Workshop for University Librarians, Botswana
August-November	Collaborative MA Programme launched
August 11-13	Workshop on Core Course Teaching Methods, Uganda Committee on Programme Evaluation
August 18-20	African Capital Markets Conference
August 26-September 6	Econometrics Workshop
September 17-18	Academic Board Meeting, Collaborative MA Programme
October 8	AERC Staff Retreat
October 20-22	AERC Board Meeting, Stockholm
November 11-12	Executive Committee Meeting, Academic Board, Collaborative MA Programme
December 2-3	Collaborative Research Project Meeting
December 4-9	AERC Biannual Research Workshop, Nairobi
December 10-11	AERC Advisory Committee Meeting, Nyeri
1994	
March 3-4	AERC Board Meetings
March 4-14	Econometrics Workshop
March 14-15	Academic Board Meeting, Harare

Appendix 12

AERC Audited Accounts, 1993/94

Report of the Auditors to the Board of Directors of AERC, Inc.

We have audited the accompanying balance sheets of the African Economic Research Consortium, Inc. as at March 31, 1994 and 1993 and the related statements of support and revenues, expenses and changes in fund balance, functional expenses, and cash flow for the years then ended. These financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the African Economic Research Consortium, Inc. as of March 31, 1994 and 1993, and the results of its operations and its cash flow for the year then ended in conformity with generally accepted accounting principles.

Deloitte & Touche
Certified Public Accountants (Kenya)

Nairobi
1994

Statements of Support and Revenue, Expenses and Changes in Fund Balances for the Years ended March 31, 1994 and 1993 (US\$)

	1994	1993
Support and Revenue		
Support		
Rockefeller Foundation	\$250,000	\$314,494
International Development Research Centre (IDRC)	211,324	229,659
SAREC	394,191	358,161
IBRD	450,000	200,000
Ford Foundation	150,000	75,000
Denmark	149,985	112,500
Norway	486,300	75,000
ODA	100,000	196,789
USAID	1,187,500	250,000
SIDA	780,727	992,826
Australia	-	151,860
Netherlands	1,217,808	-
ACBF	1,500,000	-
EEC	60,000	-
Total Support	<u>6,937,835</u>	<u>2,956,289</u>
Revenue		
Bank interest	30,898	40,322
Currency exchange premium	30,198	176,749
Other income	20,471	20,000
Total Revenue	<u>81,567</u>	<u>237,071</u>
Total Support and Revenue	<u>7,019,402</u>	<u>3,193,360</u>
Expenses		
Personnel costs	665,411	426,083
Contracted services	458,860	380,567
Travel, conferences and meetings	1,782,508	870,971
Communications	126,323	78,848
Occupancy and office operations	339,157	299,205
Grants to organisations	432,223	184,980
Grants/awards to individuals	909,814	971,372
Depreciation	147,848	105,291
Equipment purchases	220,149	-
Working capital reserve appropriation	750,000	-
Total Expenses	<u>5,832,293</u>	<u>3,317,317</u>
Excess/(deficiency) of revenue over expenses before transfers	<u>1,187,109</u>	<u>(123,957)</u>
Transfers		
Transfers of capital equipment	220,149	-
Transfers to working capital reserve fund	750,000	-
Total transfers	<u>970,149</u>	<u>-</u>
Excess/(deficiency) of revenue over expenses before transfers	2,157,258	(123,957)
Fund balance at beginning of year	745,799	869,756
Fund balance at end of year	<u>\$2,903,057</u>	<u>\$745,799</u>

The accompanying notes are an integral part of the financial statements

Balance Sheets, 31 March 1994 and 1993 (US\$)

	1994	1993
Assets		
Current Assets		
Cash	\$2,793,272	\$637,712
Accounts receivable (note 4)	44,992	43,887
Deposits and prepayments	92,703	57,700
Employee travel advances	1,319	6,800
Advances to other organisations and meetings	<u>8,500</u>	<u>751,702</u>
Total	2,940,786	1,497,801
Fixed Assets, net of accumulated depreciation (note 5)	<u>310,502</u>	<u>261,222</u>
Total Assets	<u>\$3,251,288</u>	<u>\$1,759,023</u>
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accruals	\$26,908	\$25,724
Deferred support (note 6)	<u>321,323</u>	<u>987,500</u>
Total	<u>348,231</u>	<u>1,013,224</u>
Fund balance-unrestricted	2,153,057	745,799
Working capital reserve fund (note 7)	<u>750,000</u>	<u>-</u>
Total	<u>2,903,057</u>	<u>745,799</u>
Total liabilities and fund balances	<u>\$3,251,288</u>	<u>\$1,759,023</u>

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flow for the years ended March 31, 1994 and 1993 (US\$)

	1994	1993
Cash flows from operating activities:		
Net revenues/(expenses)	<u>\$2,157,258</u>	<u>\$(123,957)</u>
Adjustments.		
Depreciation	147,848	105,291
Gain on disposal of fixed assets	(20,471)	-
Decrease in grants and other receivables	733,597	1,678,853
Decrease/(increase) in employee advances	5,481	(2,205)
Decrease in advances to workshop and other organisations	8,500	-
Proceeds on disposal of fixed assets	43,492	-
Increase in deposits and prepayments	(35,003)	(46,939)
Increase/(decrease) in accounts payable and accrued expenses	1,184	(161,088)
(Decrease) in deferred revenue	<u>(666,177)</u>	<u>(1,767,970)</u>
Total adjustments to net revenues/(expenses)	<u>218,451</u>	<u>(194,058)</u>
Net cash provided/(used) by operating activities	<u>2,375,709</u>	<u>(318,015)</u>
Cash flows from investing activities.		
(Increase) in property and equipment	<u>(220,149)</u>	<u>(270,719)</u>
Net cash flows from investing activities	<u>(220,149)</u>	<u>(270,719)</u>
Net Increase/(decrease) in cash and cash equivalents	2,155,560	(588,734)
Cash and cash equivalents - beginning of year	<u>637,712</u>	<u>1,226,446</u>
Cash and cash equivalents - end of year	<u>\$2,793,272</u>	<u>\$637,712</u>

The accompanying notes are an integral part of the financial statements.

Schedule of functional expenses for the years ended March 31, 1994 and 1993 (with comparative totals for 1993) in US\$

Expenditure							Total expenses	
	Management General	Programme Management	Research Programme	Publications Dissemination	Training Programme	Masters Programme	1994	1993
Personnel costs	\$497,749	-	\$23,497	\$9,350	-	\$134,815	\$665,411	\$426,063
Contracted services	38,533	75,259	111,420	70,930	36,302	126,416	458,860	380,567
Travel, conferences and meetings	96,460	90,784	894,007	78,654	55,840	566,763	1,762,508	870,971
Communications	80,181	2,673	18,978	812	387	23,292	126,323	78,848
Occupancy and office operations	148,033	11,704	40,135	57,330	3,084	78,871	339,157	299,205
Grants to organizations	-	-	21,194	59,595	34,252	317,182	432,223	164,980
Grants/awards to individuals	-	-	515,570	3,650	301,599	88,994	909,814	971,372
Depreciation	147,848	-	-	-	-	-	147,848	105,291
Equipment purchases	138,904	2,280	178	641	-	78,147	220,149	-
Reserve appropriation	<u>322,500</u>	-	-	-	-	<u>427,500</u>	<u>750,000</u>	-
Total expenditure before transfers	<u>1,470,208</u>	<u>182,700</u>	<u>1,624,979</u>	<u>280,962</u>	<u>431,464</u>	<u>1,841,980</u>	<u>5,832,293</u>	<u>3,317,317</u>
Transfers:								
Transfers of capital equipment	138,904	2,280	177	641	-	78,147	220,149	-
Transfer to working capital reserve fund	<u>322,500</u>	-	-	-	-	<u>427,500</u>	<u>750,000</u>	-
Total transfers	<u>461,404</u>	<u>2,280</u>	<u>177</u>	<u>641</u>	-	<u>505,647</u>	<u>970,149</u>	-
Total expenditure after transfers	<u>\$1,008,804</u>	<u>\$180,420</u>	<u>\$1,624,802</u>	<u>\$280,321</u>	<u>\$431,464</u>	<u>\$1,336,333</u>	<u>\$4,862,144</u>	<u>\$3,317,317</u>

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements March 31, 1994 and 1993

1 Organisation

The African Economic Research Consortium, Inc. (AERC) is a public supported not-for-profit corporation chartered by the State of Delaware, United States of America. The AERC was formed to promote economic and social development in sub-Saharan African countries by encouraging and supporting economic research pertinent to the economy of the region.

AERC is a body corporate with full legal personality and was registered in Kenya as a foreign company under Part X of the Companies Act (Cap 486), on 11 December 1991

2 Accounting policies

- (a) The Consortium prepares its financial statements in US dollars on the historical cost and accrual basis of accounting
- (b) Grant support is shown as due once it is committed by a donor. It is attributed to income over the period to which it relates.
- (c) Assets and liabilities at the year end are translated to US dollars at the rates of exchange ruling at the balance sheet date. Transactions are translated to US dollars at the rates ruling at the dates of the transactions. Exchange differences are dealt with in the support and revenue and expenses accounts.
- (d) Depreciation is calculated to write off the cost of each asset over its estimated useful life by equal annual instalments of 25%
- (e) Functional allocation of expenses. The costs of providing the various programmes and other activities of the Consortium have been categorized on a functional basis in the statement of support, revenue and expenses and changes in fund balance. Accordingly, certain costs have been allocated among the programmes and supporting services.

3. Taxation

The income of AERC is not liable to taxation in Kenya as all its income is derived from external sources

In the United States of America, AERC is recognised as an organisation exempt from income tax under section 501(C)(3) of the Internal Revenue Code and has been determined to be a public charity under Code Section 509 (a) and 170 (b) (1) (A) (vi)

4 Accounts receivable

Included in accounts receivable of US\$44,992 is an amount of US\$42,521 relating to debtors pending court action since 1992. These comprise:

Westwood Systems	\$15,310
Kehuko Limited	<u>27,211</u>
Total	<u>\$42,521</u>

On April 25, 1994, US\$6,925 was recovered from Westwood Systems.

5. Fixed Assets

	Motor vehicles	Office equipment, leasehold improvement and furniture	Computer	Total
Cost				
At April 1, 1993	\$155,385	\$177,520	\$169,062	\$501,967
Additions	96,194	60,039	63,916	220,149
Disposals	<u>(35,650)</u>	<u>—</u>	<u>—</u>	<u>(35,650)</u>
At March 31, 1994	<u>215,929</u>	<u>237,559</u>	<u>232,978</u>	<u>686,466</u>
Depreciation				
At April 1, 1993	64,089	86,863	89,793	240,745
Charge for the year	47,281	50,401	50,166	147,848
Eliminated on disposals	<u>(12,629)</u>	<u>—</u>	<u>—</u>	<u>(12,629)</u>
At March 31, 1994	<u>98,741</u>	<u>137,264</u>	<u>139,959</u>	<u>375,964</u>
Net book value				
At March 31, 1994	<u>\$117,188</u>	<u>\$100,295</u>	<u>\$93,019</u>	<u>\$310,502</u>
At March 31, 1993	<u>\$91,296</u>	<u>\$90,657</u>	<u>\$79,269</u>	<u>\$261,222</u>

6. Deferred support

Deferred support represents that portion of the grants received and receivable from the donors during the financial year but which relates to subsequent financial periods.

Donor	1994	1993
IBRD	—	150,000
IDRC	171,323	—
SAREC	—	500,000
NORAD	—	150,000
USAID	—	187,500
Ford Foundation	<u>150,000</u>	<u>—</u>
Total	<u>\$321,323</u>	<u>\$987,500</u>

7. Working capital reserve fund

The Board of Directors set aside an amount of \$750,000 towards the building up of working capital/reserve fund. The Working Capital Reserve Fund is expected to reach an accumulated \$1.5 million by the end of the 1994/95 period.

8. Outstanding Grants

The Consortium is committed to pay US\$812,233 (1993 - US\$389,209) with respect to various unpaid grant balances. Payment of these amounts is conditional on satisfactory progress being made on the projects to which they relate.

9. Fixed assets commitments

	1994	1993
Authorised but not contracted for	<u>\$130,500</u>	<u>\$100,500</u>

10. Lease commitments

The only major lease commitment is for the offices on 8th floor of International House. The unexpired period of the lease at balance sheet date is 4 years 3 months. The annual rent to 30 June 1995 is US\$22,604.17 (Kshs1,469,425 converted @ 65.0068). For the remainder of the term, the rent is yet to be reviewed.



The principal objective of the African Economic Research Consortium (AERC), established in August 1988, is to strengthen local capacity for conducting independent, rigorous inquiry into problems pertinent to the management of economies in Sub-Saharan Africa.

In response to special needs of the region, AERC has adopted a flexible approach to improve the technical skills of local researchers, allow for regional determination of research priorities, strengthen national institutions concerned with economic policy research, and facilitate closer ties between researchers and policy makers.

Since its establishment, AERC has been supported by private foundations, bilateral aid agencies and international organizations.

Further information concerning the AERC and additional copies of Special and Research Papers can be obtained by writing to: African Economic Research Consortium, P.O. Box 62882, Nairobi, Kenya.

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