



Press Release

A Pro-growth Poverty Reduction Strategy is a Primer for Post-pandemic Recovery in Africa

7th June 2022, Nairobi, Kenya... African governments must adopt a pro-growth poverty reduction strategy as a key policy element to achieve sustainable poverty reduction in the post-pandemic.

Dr. Kisu Simwaka while speaking on behalf of Dr. Wilson Banda, the Governor Reserve Bank of Malawi said that most African economies are vulnerable to external shocks and the Covid-19 pandemic has exacerbated the situation widening the poverty gap hence the need for support to cushion households with limited financial resources.

"In sub-Saharan Africa, we are constantly at risk of being pushed back into extreme poverty during economic downturns and other external shocks. The pandemic has worsened the situation for many countries, and without steps to address these disparities, the risks this trend poses will continue to grow," Dr. Simwaka said.

A similar opinion was shared by Dr. Jane Kiringai, Chairperson Commission for Revenue Allocation in Kenya: "We have to adopt a multiplicity of economic instruments, and the policy mix adopted by each state will be country-specific depending on their growth levels."

During the African Economic Research Consortium (AERC) 56th Biannual Research Workshop, delegates including policymakers, researchers, academics, non-state actors, and economists examined how Covid-19 has affected the dynamics of poverty and growth redistribution, as well as social inclusion in Africa.

In his presentation, based on the Kenyan case study on Poverty reduction through growth, redistribution, and social inclusion in times of COVID-19 Pandemic, Prof. Germano Mwabu of the University of Nairobi noted that as African countries emerge from the impact of the pandemic, the pro-growth policies we consider must lead to lower poverty levels in the long run as well as benefit the poorest 40% of the population.

He proposes economic policies that trigger the virtuous spiral, including universal cash transfers to the poor; social protection; investments in human capital and social infrastructure; participation in wage and self-employment; and inclusive business models that promote partnerships between large and small enterprises.

"The findings from Kenya justify the adoption of a pro-growth policy package as the center of any poverty reduction strategy and pro-poor measures that complement such a package by offsetting potential short-run increases in poverty," Prof. Mwabu remarked.



In his remarks, Prof. Leonard Wantchekon of Princeton University noted that the post-pandemic strategy should be anchored in inclusive growth and broader access to economic opportunities.

"The support for achieving inclusive growth in developing countries should include investment in infrastructure to achieve high sustainable economic progress, connect the poor to markets, and increase their access to basic productive assets," Prof. Wantchekon said.

Despite the extraordinary gains made in living standards over the past two decades, hundreds of millions of Africans are still excluded from the benefits of rapid economic growth. AERC envisions an inclusive continent where all share the region's gains and opportunities. Unfortunately, the pandemic has exacerbated pre-existing inequalities in Africa.

AERC Executive Director Prof. Njuguna Ndung'u said that the strong growth will significantly reduce poverty in Africa. Still, it has to be supplemented by targeted social protection programs that will flatten inequality in the long term and create social inclusion.

The pandemic, he said, has been quite devastating in African economies. The post-COVID economic recovery strategy will focus on how these issues can be managed. That is how we can accelerate growth that can reduce poverty, and social inclusion, among other constraints in the development discourse.

"A pro-growth poverty reduction strategy is a critical pillar in this development discourse and the future of African economic recovery. This is different from the Pro-poor growth strategy that has been a pillar in the last several decades," Prof. Njuguna said.

While presenting on the impact of COVID-19 lockdowns on the labour market in Ghana, UNUWIDER Research Associate Dr. Simone Schotte noted that the lockdown measures had an immediate effect on the labour market, causing a substantial decline in employment.

"Workers in informal self-employment were most affected by restrictions with a nationwide impact. Despite the current remarkable recovery in employment, the pandemic had a persistent nationwide effect that may have exacerbated pre-existing earnings inequalities," Dr. Schotte noted.

While revisiting poverty trends and the role of social protection systems in Africa during the COVID-19 Pandemic, Dr. Kibrom Abay, Country Program Leader, and Research Fellow at IFPRI, noted that the pandemic is a strong reminder for African countries to diversify their economies to withstand future pandemics. He also stated that although the number of social protection programs in Africa has increased, their reach remains limited. These programs cover only a small share of the population.



"The continued challenges remind us of the need to reinforce social protection programs to protect the vulnerable households as social protection appears to be the most popular instrument. Reinforced either through increasing the size of transfers or expanding the number of beneficiaries," Dr. Kibrom emphasized.

The plenary was chaired by Prof. Finn Tarp of the University of Copenhagen. Dignitaries grazing the occasion included Dr. Denny Kalyalya, Governor Bank of Zambia; Dr. Jane Kiringai, Chairperson Commission for Revenue Allocation (CRA) Kenya; Prof. Leonard Wantchekon of Princeton University; and Dr. Rose Ngugi, Executive Director Kenya Institute for Public Policy Research and Analysis (KIPPRA)

The conference brought together over 300 high-level policymakers, researchers, media, economists, academics, and non-state actors in a lively mix of speeches, presentations, plenary and concurrent sessions.

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About African Economic Research Consortium (AERC)

The AERC was established in 1988 and has become a premier capacity building institution in the advancement of research and training to inform economic policies in sub-Saharan Africa. The AERC's mission rests on two premises: first, that development is more likely to occur where there is sustained sound management of the economy; second, that such management is more likely to happen where there is an active, well-informed cohort of locally based professional economists to conduct policy-relevant research. The AERC is a network that builds capacity through three primary components: research, graduate training in economics, and communications and policy outreach. The organization integrates high quality economic policy research, postgraduate training, and policy outreach within a vast network of researchers, universities, and policy makers across Africa and beyond. In the current five years strategy, the AERC has emphasized the themes of raising its **quality for research and graduate training outputs** that will develop a momentum of **its own sustainability** that will become important for **policy influence across SSA economies**. Learn more at www.aercafrica.org, [follow](#) us for latest updates.

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