

# Policy Brief

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## Creating Wealth Our Own Way: Status and Directions for Research and Innovation for Wealth Creation in Africa



### Key Messages

- Sustainable wealth creation in Africa requires policy innovation, technological advancement, entrepreneurial support, and inclusive management of the informal sector.
- Economic diversification cannot rely solely on trade liberalisation; strengthening production capabilities, institutional reforms, and tailored support for SMEs, women, and youth entrepreneurs are essential.
- Leveraging improved data (e.g., venture capital deals, patent filings) and mapping innovation clusters can enhance targeted interventions.
- Collaboration among existing institutes and increased investment in research infrastructure are critical for effectiveness.

### Context

Africa possesses abundant natural resources and the world's fastest-growing youth population, yet it faces persistent structural barriers to inclusive and sustainable economic growth. The Creating Wealth Our Own Way (CWOOW) paper synthesises key themes aligned with the African Union's Agenda 2063, specifically focusing on policy innovation, informal sector management, entrepreneurial ecosystems, digital transformation, and inclusive trade policies to propel the continent towards sustainable wealth creation.



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## Methodology

The CWOOW paper uses a mixed-method approach, integrating existing literature, patent analytics, scientific publication data, and regional economic strategies. It also incorporates insights from a public stakeholder feedback session and expert reviews, ensuring recommendations are practical and contextually relevant.

## Findings

### 1. Innovation Landscape

African innovation demonstrates notable strengths in medical, computing, and agricultural sectors. However, reliance on international patent jurisdictions highlights a gap in local intellectual property infrastructure and support mechanisms. Strengthening domestic intellectual property systems can enhance local innovation capacity and economic resilience.

### 2. Research Capacity

Scientific research publications have significantly increased, marking a rise in academic and research capabilities across the continent. Yet, disparities persist among regions, suggesting a need for targeted investments in research infrastructure, capacity-building, and collaborative regional research networks.

### 3. Structural Challenges

Weak institutional frameworks, inadequate infrastructure, fragmented regulatory environments, and insufficient investment in research and development (R&D) remain major barriers to effective policy implementation and sustainable economic growth. These challenges

underscore the necessity of robust institutional reforms and increased investments in R&D.

### 4. Informal Sector Dynamics

Efforts to formalise the informal sector risk exacerbating inequalities if not handled inclusively. The informal sector is critical for livelihoods but faces challenges such as limited access to finance, harassment by authorities, and low productivity. Inclusive policies, simplified registration processes, and targeted support mechanisms can mitigate these risks and enhance productivity and resilience.

### 5. Digital Innovation and Skill Gaps

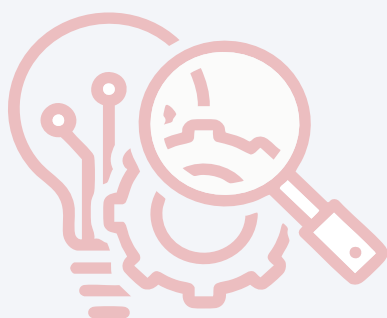
Although technological and digital innovations offer significant potential for economic growth, their impact is limited by infrastructure deficits and skill gaps. Investment in digital infrastructure and targeted skills training programs are essential for maximising these opportunities.

### 6. Trade and Economic Diversification

Trade liberalisation alone has not sufficiently driven economic diversification in Africa. Structural barriers such as limited industrialisation, poor infrastructure, and fragmented regional integration remain significant. Strategic industrial policies, investments in cross-border infrastructure, and targeted support for SMEs can enhance economic resilience and diversification.

### 7. Youth and Women Entrepreneurship

Youth and women entrepreneurs represent significant potential for driving economic growth but remain constrained by limited market access, inadequate financing, lack of mentorship, and socio-cultural barriers. Targeted mentorship programmes, improved access to digital and financial resources, and supportive ecosystems can unlock their full potential.



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## Policy Recommendations

- **Governance and institutional frameworks** must be strengthened to clearly monitor economic diversification goals. Enhancing sector-specific Centres of Excellence with targeted leadership and capacity-building initiatives can significantly reduce bureaucracy and corruption, fostering a more conducive environment for innovation and growth.
- **Ensuring coherence between industrial policy and overall economic policy** is critical for aligning

macroeconomic instruments with strategic objectives such as industrialisation and economic diversification.

- **Investment in research and development (R&D)** is crucial, and governments should commit to allocating at least 1% of GDP to public R&D spending. Providing tax incentives and matching grants will further attract private-sector participation. Additionally, incubators, accelerators, and simplified intellectual property regulations can facilitate the commercialisation of innovative research.

- **Improving digital infrastructure** is essential, particularly in underserved areas. This can be achieved through targeted subsidies and effective public-private partnerships. Addressing connectivity and cybersecurity challenges, alongside implementing comprehensive digital literacy and advanced skill development programmes, will enable broader digital inclusion and economic participation.
- **Inclusive financial systems** should be strengthened by integrating credit and social protection mechanisms with formalisation processes for informal businesses. Enhanced market access for SMEs, especially those led by youth and women, can be facilitated through regular trade fairs and robust digital platforms.
- **Creating a supportive ecosystem for SMEs** involves fostering inclusive regulatory environments and promoting inter-country collaboration and knowledge-sharing. Establishing targeted mentorship and networking programmes specifically designed for youth and women entrepreneurs will enhance resource mobilisation and human capital development.
- **Formalising the informal sector** requires simplifying administrative processes and improving data collection to inform inclusive formalisation strategies. Gender-responsive policies, targeted training, and infrastructure investments, along with flexible, context-specific approaches, are necessary to maximise effectiveness and ensure equitable outcomes.
- **Advancing the green economy** should involve prioritising renewable energy initiatives and sustainable agricultural practices. Utilising blended finance models can mitigate investment risks, while specialised workforce training programmes should align with sustainable development goals.
- **Effective data and implementation coordination across regions** are critical for evidence-based policymaking. Strengthening regional data collection, utilisation, and ensuring clear, stable regulatory frameworks with coordinated implementation strategies among government bodies and stakeholders will greatly enhance overall policy effectiveness.

## Conclusion

Achieving sustainable wealth creation in alignment with Agenda 2063 requires strategic investments, institutional strengthening, collaborative ecosystems, and evidence-based policy implementation. Addressing identified gaps through contextually relevant and inclusive policies will help accelerate innovation-driven growth, bridge regional disparities, and foster a resilient and prosperous future for Africa.

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