AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

ANGOLA

LONG-TERM STRATEGY CONSULTATION MEETING

April 12, 2012
Summary Report on the Angola LTS National Consultation Meeting

Luanda - April 12, 2012

The summary below captures the main points discussed during the Angola national consultation meeting held in Luanda but is not a detailed set of minutes. The comments have been summarized and organized into five main thematic areas.

1. Context and Drivers of Change

- **Strong Leadership and Political Stability** were often mentioned as drivers of change. The quality of Governance will definitively impact the countries development trend;

- **Human Capital and Vocational Training** were highlighted as the main drivers that will lead to the social and economic sustainable development of Africa. Education and vocational training need to be tailored to job market and countries' needs – in the case of Angola this would include entrepreneurship, engineering, aquaculture, ITC – and there is a growing need to train unemployed youth, even the ones with academic degrees but no employable skills. Dissemination of the English language was highlighted as a vehicle to regional integration. The role of promoting training in ITC use and implementation was also highlighted, as a way for Africa’s technological revolution. Scientific Research and Innovation were also debated as key to development, and the issue of avoiding and reverting Africa’s brain drain was raised as a concern – getting Africans with a higher education to stay or come back to the continent is key.

- **Regional integration** was placed at the top of the agenda as the path towards the sustainable development of the continent – better communication between the sub-regions, solidarity between countries (strong countries to support poorer countries), the notion that African countries should buy from African countries (instead of importing from Europe, for example), supporting African neighbors overcome their difficulties in getting goods to market, and the need to promote stronger domestic markets with increased levels of production, reducing regional asymmetries.

- **Agriculture and integrated development projects**. The development of some sectors was singled out as key driver for change, with the main focus having been placed on Agriculture - industrialized but also family agriculture; integrated with aquaculture (ex: corn and fish), drip agriculture. Livestock production, aquaculture and forestry (namely the need to tackle reforestation and best ways for timber extraction) were also highlighted as key drivers.

- The development of **mega programs based on economic infrastructure** was also discussed as a fundamental driver for growth and an enabler of regional integration – water, energy and communication infrastructure.

2. Vision for Africa and Policy Challenges for the Next Decade

- **Clear roles of State, private sector and civil society** – for the vision of Africa in 10 years the State will need to be an enabler. Africa needs a strong, capable private sector, generating wealth and employment. Also key is a stronger, competent, more participative third sector such as the civil society. Within this framework it is imperative to support an entrepreneurial culture in African countries, investing in the development of micro, small and medium enterprises.
• **Social Inclusive Growth** is fundamental for the political and social stability of Africa and should be major topics of concern for African leaders and Governments; GDP growth with no job creation is source of political and social crisis. By fostering the enabling environment for the private sector development and in particular the SME/SMI development, job creation will derive from an endogenous dynamic and create a virtuous cycle of the social development. The domestic and external markets should also support in a balanced manner the promotion of a sustainable GDP growth in Africa; there was a strong concern with **Stability** as being the basis for progress and sustainable development – namely ensuring the durability of political stability in nations that are politically stable. Concern with the prevalence of conflict areas in the continent and how “it takes a month to destroy 15 years of hard-won progress”. Focus on good governance and the role of African leaders, and the fundamental importance of reinforcing the democratic system. In parallel Economic stability and social cohesion were also pointed out as bases for any sustainable growth and inclusive growth;

• **Industrialization** of Africa is crucial and should start by Import-substitution Industries or light industries in order to promote local markets, take advantage of the regional markets and contribute to the regional integration agenda;

• The audience was not very keen on discussing **green growth**, with a general view that Africa is the smallest contributor in terms of emissions. However the need for African States to increase awareness on the effects of climate change and on preventative measures was recognized and some issues were mentioned as key drivers for sustainable growth – the sustainable management of natural resources, the potential of using trash as a source of renewable energy and educating on trash separation (recycling as source of energy, fertilizers, etc. but also as job creating) and the settlement of a special Tax on the mineral sectors to preserve the future generations;

• Two specific issues were raised as deterrent of progress and areas to be addressed for the welfare of Africa in the next decade – **migration** between African countries and the need for some nations to renegotiate their **contracts with multinationals** (mining, for instance), whenever they were established with unfavourable conditions for the countries.

3. **Operational Focus for the Bank**

• **The Bank should leverage on its knowledge of African countries and facilitate exchange of experiences and best practices in several areas**, namely governance, technology, mobility, agriculture, and others. In its role of **Adviser** to governments the Bank should support the definition of action plans, investment and project selection. The idea of **facilitation** the interchange of African politicians was raised, as a way to exchange know-how and political governance best practices. The Bank should also play a role helping African countries **renegotiate the contracts** signed with natural resource exploration companies;

• **The Bank should promote regional integration agenda** by supporting and financing **regional integration infrastructure** projects – energy, water, transportation, communications.

• The Bank should play a key role in the development of **Education and Vocational Training** in the continent – supporting intensive programs at all levels, including association and cooperative levels, both academic and practical learning. One key initiative could be the creation of **African Centers of Excellence** (regional universities/academies) in the regions where there are already best practices in a certain field – for example agriculture and sciences of the land, healthcare,
ITC, etc. The Bank should also support initiatives that promote the English language across the continent as a vehicle for regional integration in the Southern region.

- Given the conviction that a strong local private sector is a key driver for change, and given that private sector support is one of the two pillars of the AfDB intervention in Angola according to the recently approved CSP, much was discussed in terms of ways the Bank could best partner with the private sector in the coming decade:
  - Finance commercial banks (medium-long term credit lines, sustainable client management risk sharing, client service, guarantees management, support leasing, partnerships with international private equity firms, strengthen microcredit systems) and act as the facilitator between economic agents and financing vehicles, supporting the private sector with access to inputs, production factors, transportation, organization of the production process, access to markets, capacity building, technical means and training.
  - Support capacity building initiatives for African entrepreneurs and business managers – management notions and best practices, including project design, management, access to credit, guarantees,
  - Facilitate credit access to entrepreneurs and SME’s
  - Support the set-up of incubators
  - The AfDB group could support African innovators/inventors, help them start their own business, hence supporting African entrepreneurship (there was reference to an annual fair in Germany where African innovation projects are presented);
  - It was mentioned that the Bank could invest in projects that support and promote African culture – sustainable rural tourism, arts & crafts, etc.

- The Bank should continue its work in supporting integrated agriculture projects ensuring food security. These projects foster community development, agricultural production and also support local infrastructure allowing agriculture products access to market (secondary and tertiary roads and storage infrastructure). Also mentioned in this area were projects for the integration of agriculture and aquaculture and the possibility of supporting programs that empower women in agriculture. The bank should also support agro-industry and specifically investments in industries that would drastically reduce local production costs (extremely high in Angola) – fertilizers, seeds, tools, etc.

The Bank should promote the discussion with government and other entities around green growth and climate change – especially raising awareness about the effects of climate change and disseminating preventative measures. The Bank should also leverage on its best practice knowledge and support governments with the definition of policies for clean energies (ex. solar power for countries with limited access to fuel sources, etc.). In terms of projects it was mentioned that the Bank should support projects in the areas of trash-based-renewable energies, basic sanitation, trash and public health (especially in areas of high population density and in rural areas);

- In terms of policy support and given the Group’s know-how and experience, the national consultation panel believed the Bank should play an important role:
  - Supporting the harmonization of migration policies between African nations
  - Supporting with policy making for the creation of sovereign funds for future generations, eventually with funds resulting from the renegotiation of multinational contracts and/or from oil
4. FINANCE

- The Bank should lead and participate in a Fund for Higher Education, Science and Technology in Africa; the Bank should always be able to support African nations in case of natural disasters;
- The Bank should help promote PPP and finance mega infrastructure projects;
- The Bank should strengthen the African financial systems by assisting on the guarantees issues and providing Medium and Long term financing to the development projects of the SME.

5. INSTITUTIONAL REFORMS

- The Bank is required to play a stronger role in promoting the decentralization agenda and the regional development. This will strengthen the Bank’s presence in the provinces, outside of the capital cities in order to reduce regional asymmetries and promote a balanced development across the countries.