AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

CENTRAL AFRICA REGIONAL CONSULTATION
ON THE LONG TERM STRATEGY
SUMMARY REPORT

Yaoundé, March 28, 2012
Summary Report on the LTS Central Africa Consultation Meeting
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The summary below captures the main points discussed during the Central African regional consultation meeting in Yaoundé, Cameroon and is not a detailed set of minutes. The comments have been summarized and organized according into five thematic areas: (i) Context and Drivers of Change; (ii) Vision for Africa for the next decade; (iii) Operational Focus for the Bank; (iv) Financing, and (v) Institutional Reform.

1. **CONTEXT AND DRIVERS OF CHANGE**

**CONTEXT**

- For the private sector to drive development, a certain number of constraints must be removed: prime among these is financing. The Central African banking sector is overly liquid but has guaranty requirements that SMEs cannot always meet. In addition to these issues, there is a lack of strategic information on markets, export markets, and regulations in addition to insufficient numbers of managers who are also transformational leaders. A critical mass of decision makers and negotiators needs to be created and trained.

- The development of an industrial and tertiary sector would promote the emergence of a middle class offering new commercial opportunities: this issue also raised issues of urban development. Cities should allow for the development of this middle class but in the context of the creation of true, coherent urban networks, which differ from the traditional conglomerates that are too often visible in Africa. The development of a middle class must be promoted using well-managed urbanization processes so that African cities serve as true levers for social ascension around economic activities.

- Climate Change is a priority. The important of hydropower can be called into question in 40 years. The effects of global warming on agricultural yields and land distribution will make the question of land ownership increasingly acute.

- New donors have changed the landscape, with the BRICS, with whom no real strategy of engagement has been developed. International partnerships should be benchmarked.

- Infrastructure development is a necessary condition for these economies to reach the status of emerging countries. ITC need to be appropriated, as they are the current structuring technology in the development process and for modernizing African economies such that they can benefit from the current shifts in international trade.

- Primary and secondary education must include science and technology so as to enable the African education system to help Africa emerge. This must be immediately addressed as part of the development process. Training has to be aligned with results and skills and not merely diplomas.
2. A Vision for Africa in the Next Decade

- A stable, integrated, prosperous continent with competitive economies that define an economic model of development that inspires sub-regional governments to design policies and work to harmonize African development strategies and partnerships.

- The emergence of a middle class in the context of well-managed urbanization, expanding and increasingly professional technical training that guarantees employability for young people and to training managers and decision makers. African countries must be knowledge societies that place information in the service of the development process in Africa.

- The CEMAC (Commission de la Communauté Économique et Monétaire de l’Afrique Centrale) Regional Economic Program, CEMAC 2025, Towards an Integrated Emerging Regional Economy, defined its approach and analyzed the sources of growth, identifying five drivers in which it hopes to become a significant regional or international player.
  1. Energy resources, and hydro-electric in particular.
  2. Mines and metallurgy
  3. Agro-industry
  4. Animal husbandry and fisheries
  5. Forestry

- The great growth potential of the CEMAC zone is constrained by its economic structure: the transformation of raw materials by a developing industrial and tertiary sector would yield greater value added. This potential could be developed locally, by engaging in the transformation of these resources; the private sector must be involved in industrializing these economies and benefit from the support of diversified finance instruments, advisory, innovative and prospective activities

- As increasing numbers of governments in this sub-region are adopting projects promoting democratic societies. It is therefore important to create results-based management that agrees to accept the procedures of external evaluations, transparent electoral processes, and the rebalancing of powers towards a Parliament, along with monitoring mechanisms/institutions and civil society organizations.

3. Operational Priorities and the Role of the Bank

- More than any other donor, the Bank is sensitive to Africa’s development, whether the issue is the wellbeing of populations, the ultimate goal of development, or restoring a positive image of Africa that encourages trade, or the ecological and cultural dimensions of development. The Bank is engaged in missions for which it has an undeniable comparative advantage. For these reasons, we can expect that the Bank will act as a leader among donors, particularly with respect to projects that integrate the sub-region, which should be priorities.

- In its own projects as well as those in which it partners, the Bank should consider the wellbeing of populations who should participate in inclusive growth that reduces poverty and promotes sustainable, equitable development.
In addition to its financial resources, the Bank has accumulated considerable expertise regarding the problematic, stakes and modalities of development. In the future, knowledge, innovation and advisory services will be as important as loans and gifts for these countries to become emerging countries. The Bank must use its expertise more methodically.

The Bank should develop its advisory activities in all sectors that can increase Africa’s productivity and the competitiveness of businesses: understanding public markets, price differentials in markets; the potential of export markets, bank credit, financial market and micro-credit access conditions, fiscal regulations and with respect to customs, support in technology transfer, creating databases, etc. These services must serve the private sector in the areas of finance, trade, technology, management with respect to governments and administrations to promote public-private partnerships.

Governments and the public sector should also be able to benefit from this expertise for example for mineral extraction or oil contracts signed with private foreign operators. Are the contracts signed under good conditions? Studies are needed on land ownership in agriculture and urban areas.

The Bank should continue to support regional infrastructure projects and energy corridors and interconnections, etc. The slow progress in the CEMAC zone calls for undertaking structuring sub-regional projects. Bank expertise, credibility, and the capacity to create partnerships is sought after to support projects having a significant impact on regional integration, which should be priorities.

The Bank should be bolder at a regional level and incite CEMAC authorities to define a CEMAC citizen profile for 2020.

Technical and professional training must be made available as of secondary school and professional higher education needs to be developed. On average, 70% of all higher education training takes place in the humanities and the social sciences compared to 30% in the hard sciences and engineering: these ratios should be reversed.

The Bank could usefully consider endowing regional university chairs to speed up integration. More generally, as the amount of information continues to expand, it is important to transform it into knowledge such that Africans users can undertake their own development.

To complement this, the Bank could encourage the creation of African centers of excellent in information and knowledge and their application to the development of African economies. Research centers, Prospective centers, Schools, Polytechnics, Centers of Experts or Wise men. In the future, the Bank should play the role of vigil.

4. FINANCE

As sources of external finance for developing economies expands beyond diminishing development aid, and as new donors emerge, the Bank must create strategic partnerships with other donors to bring together sparse resources and to be the leader who guarantees their efficient use on behalf of African beneficiaries.
For greater, more diversified support to the private sector, the Bank should develop risk-sharing instruments and go so far as to create specialized financial institutes (in agriculture, for example).

These investments need to be accompanied by direct foreign investments from large groups (financial guarantees, access to stock markets, document transfer, etc.).

The Bank must strengthen its role as a technical and financial partner to pursue and improve the following actions: catalyze private sector investments by sharing risk; support the harmonization and convergence of national economic policies regarding the private sector; mobilize resources to finance the private sector, especially for developing stock markets and mobilizing transfers from the diaspora; creating a guarantee fund, creating specialized financial institutions.

Girls’ education and all attendant conditions require particular attention, by example, creating a support fund for women’s initiatives and promoting women business owners and in health, all initiatives helping to reduce maternal and infantile mortality rates.

By regional turns, the Bank could promote and help create specialized Banks with guarantee funds and have the private sector manage them. This would also help to share good practices.

Access to finance could be determined by the impact of the projects to be funded rather than continuing to be a function of country allocations or a split between the ADB and ADF windows. New rules for resource sharing should be designed. The Bank must be the engine for mobilizing new resources for its RMCs (green funds, co-financing) and for sensitizing PTFs to more effective aid.

5. INSTITUTIONAL REFORMS

The Bank should simplify its procedures, mobilize and allocate its funds more quickly, and be closer to its clients and decision-makers. A knowledge bank that promotes public-private partnerships must be more visible and communicate better. The consultations undertaken to define the LTS is a case in point. The Bank should seek more solid partnerships with universities, and research institutes.

Given its comparative advantages, the Bank must surround itself with technical and financial partners who work in the same sectors and on the same issues. The harmonization of development and partnership strategies for Africa is eagerly awaited.

Governments are the Bank’s prime partners and it should align itself with their strategies. The Bank must coordinate its strategy with that of the countries and with that of the RECs (CEMAC in this case).

Rules and procedures should consider the specificity of fragile states or countries emerging from conflict. To measure the efficiency of the funds, a benchmarking exercise should be undertaken with other financial institutions.

The Bank should pursue the development and strengthening of its competences in the areas deemed essential for Africa’s future (regulatory policies, privatization, support for local private
sector, land ownership policy, etc.) It should also be proactive in supporting the process of designing national development strategies in MICs.