AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

MALAWI

LONG-TERM STRATEGY CONSULTATION MEETING

3rd of April 2012
Summary Report on the LTS Malawi Consultation Meeting

Lilongwe – April 3rd, 2012

The summary below captures the main points that were discussed during the Mauritian national consultation meeting in Lilongwe, Malawi, and is not intended to be a detailed set of minutes for the meeting. The comments have been summarized along the following 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

- Africa is at the crossroads. The continent faces rapidly evolving social and economic challenges, which calls for policies and approaches that fall outside the conventional box.

Drivers of change

- **Africa’s young population** will soon present the Continent to yield an incomparable democratic dividend. To benefit from this dividend, youths must be presented with employment opportunities.

- **Regional economic integration** and **foreign direct investment** are important engines for growth. In particular, having in place modern infrastructure is an important catalyst for boosting employment, trade and investment for private sector growth and development.

- **Robust and well-functioning financial institutions** will impact **private sector operations** - the engine of growth.

- **Innovation initiatives** and the use of **high technology in agriculture, education and production systems** will impact the pace and scope of socioeconomic change.

- The active participation of the **rural and urban youth in social and political developments** is likewise an important factor.

- **The promise of the east** should be explored, as Africa increasingly moves away from Western developmental models, to draw some lessons and adopt some crucial concepts from the Asian tigers.

- Investment, management and preservation of **Africa’s natural resources**. These should be exploited sustainably, moving forward.

2. Vision for Africa for the next decade

- Africa should aim to transform itself into a continent that is integrated, prosperous and free of poverty.
3. **Operational focus of the Bank**

- The Bank should **promote decentralization**, and engage more participatory approaches in decision-making processes.
- The Bank should strive to **integrate women** in social development and political spheres.
- The Bank should champion policies centered on **employment creation** as employment is root to poverty alleviation. Such job creation should be geared towards ensuring **inclusive growth** amongst Africa’s constituents.
- The Bank should **focus on agribusiness** - particularly the promotion of value addition in major cash crops and improve the quality of inputs, grading and standards.
- The Bank must **develop the private sector**, and take urgent measures to steer the private sector away from fragmented and micro-structures, towards promoting and strengthening medium scale and internationally competitive businesses.
- The Bank must look to **strengthen institutional development** and **local financial institutions** for easier and more accessible financial services.
- The Bank should more readily **generate knowledge products**, such as by collecting, updating and making available labor market information, to match skills with market demand.

4. **Financing**

- The Bank should use ADF financing to leverage AfDB operations, by supporting PPP operations not only in industry but for large scale infrastructures. ADF resources could also play a role in breaking in resources contributed by member countries to special trust funds in the same manner that it does with NTF today.

- Moving forward, the Bank should seek to strike a new balance between regional/multinational and national projects. Of course, this balance should bear in mind the individual development contexts of RMCs (considering that Malawi needs a substantial amount of external support for implementing its nine MGDS priorities, it may seem risky in the short-term if more resources are channeled towards regional/multinational projects). Regional/multinational projects are beneficial in the medium to long term through creation of conductive business environment and trade within the SADC and COMESA regions.

- The Bank was also encouraged to contributing financially to RMC youth development funds (such as Malawi’s Youth Development Fund) to address youth unemployment and enhance vocational and entrepreneurial skills amongst the youth.

5. **Institutional reform**

- The Bank should embrace its role as a **knowledge hub**. Policies should be informed by past experiences and research. Therefore there is need for promoting research that will inform reforms and policy development.
• The Bank should make better efforts to ensure policy consistency towards achievement of unified and strategic goals of countries development agenda. Hence, there is need for prioritization of continental as well as country specific policies.

• As a prerequisite development policies should be production led and not consumption led. This will address issues on the supply side before demand is created. Therefore the starting point should be strengthening the education curricula and technical knowhow of the youth in order to engage effectively in the production of goods and services.

• The Bank should aim to adopt policies that are specific to Africa, which should be based on the needs for the African countries and not copy paste of western or other policies that may not be practical in the African context.

• That being said, the Bank should ensure that countries assess their respective overall consultation processes or frameworks in seeking to create effective policies for inclusive growth.