Summary Report on the LTS Mauritius Consultation Meeting

Port Louis - April 4, 2012

The summary below captures the main points that were discussed during the Mauritian national consultation meeting in Port Louis, Mauritius, 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**
     - The LTS should promote sustainable and inclusive growth throughout Africa.
     - The LTS should support RMCs’ ambitions to move up the development chain. In the case of Mauritius, Mauritius aspires to graduate from a middle income country to a higher income country by the close of the LTS period.

   - **Drivers of change**
     - While the LTS rightly focuses on Africa’s democratic dividend, the LTS should also bear into account the needs of RMCs where there is no such dividend to reap. In the case of Mauritius, there is not a high percentage of young workers about to enter the employment market in the coming decade, with any catalytic effect.

     - Accordingly, the LTS, as far as countries like Mauritius are concerned, should focus more on improving skills bases for the active workforce, and accelerate innovation. These twin engines, of improved vocational/training skills and stimulation of innovation, will act as drivers of change for economies such as that of Mauritius.

     - In other words, while the LTS rightly focuses on the demographic dividend, the LTS should be broadly oriented. There is no “one size fits all” model.

2. Vision for Africa for the next decade

   - Africa is ready to move to the next stage of its development path. The continent must now look to increase its global competitiveness, improve innovation, and skills training in order to do so. The next decade should therefore focus on getting Africa on the front foot.

   - Africa should be the owner of its development path. In this respect, use of country systems, in keeping with the Paris Declaration and Accra Agenda, would signify an important step forward for African countries, who will begin to “own” their respective development paths from a bottom-up approach.

3. Operational focus for the Bank

   - **Infrastructure development**: the Bank’s focus on infrastructure should continue as the needs remain huge and are a hindrance to the continent’s competitiveness. While improvements have been made huge infrastructure gaps still exist to support the level of growth that will take respective African countries into their next stage of development. There is need to support infrastructure for improved energy supply, development of seamless supply chains, ICT connectivity, irrigation development and safe water.
Regional Economic Integration: the Bank should be clear on how it would facilitate increase in Intra Africa trade which currently stands at only 10% of total African trade. When the role of minerals is discounted the volume of trade among African countries is almost insignificant. In this context, there is need for the Bank to have a deliberate effort aimed at supporting export oriented domestic industries particularly small and medium enterprises. Increased trade is likely to help reduce aid dependency and promote inclusive growth. Furthermore, the Bank should concurrently establish a regulatory framework for capital market development in the region. The next decade should see the Bank playing a more active role in nurturing capital markets in the region by facilitating cross-border listing of regional players. The Bank should further undertake to raise its capital within the African stock exchange to support capital market development. In this respect, the LTS should have clear and measurable targets for Bank support towards domestic enterprises that seek to pursue off-shore investments.

Good governance: the Bank should continue focusing on good governance as this provides the foundation for macroeconomic stability and peace important for attracting FDIs.

Support indigenous and youth entrepreneurship to promote inclusive growth: the Bank’s LTS should help identify avenues for business operations and activities that will be conducive to growth with sufficient economic spillover for job creation and knowledge transfer. In this context the Bank should (i) Support countries create an entrepreneurship culture coupled with empowerment of women and the youth. (ii) Help ensure that the education systems are designed to support both, innovation and entrepreneurship. (iii) Encourage establishment of mechanisms that help mobilize local resources for private sector development, particularly supporting the establishment of cooperatives and micro-credit institutions to improve access to credit. It was also pointed out that given that most African economies are agricultural based economies, it was vital for the bank to provide the required technical and financial support to increase agricultural productivity and facilitate agro-business development.

PSD Knowledge Broker: the Bank should increasingly take the role of a business broker and transaction advisor. Along with financial support the Bank should further support the private sector to pursue good corporate governance and increased productivity.

PPP focus: the Bank should further provide technical assistance to build capacity for PPP frameworks particularly the establishment of a pool of regional PPP experts and play the role of transaction advisor to the government.

4. Financing

More flexible use of ADF funds: the Bank should use ADF resources as incentives for regional projects even for MIC countries. Growing need for support to cross border private sector partnership.

More flexible financial instruments: development capital should be competitive and predictable. There is need to widen the array of financing instruments and improve their flexibility.

BRICS partnerships: in pursuant of the principle of complementarity and leveraging of resources, the Bank should play the catalytic role of attracting and sustaining new partnerships for strategic interventions in Africa. In particular the Bank is strategically positioned to facilitate regional coordination for engaging with India and China to support regional projects e.g rail, air access and ICT development. India and China’s role in Africa has significantly increased over the past few
years. However, each African country engages with India and China separately. Africa should collective deal with BRICS countries, to leverage their bargaining positions.

- **Addressing country risk insurance**: because of high political risk, *country risk insurance* is more expensive in Africa. In this regard, the Bank should extend country risk insurance to investors in Africa at competitive rates to promote FDI. The Bank should explore ways of ensuring investment protection, which would drive down the cost of projects and directly impact on available funds for other, riskier projects.

5. Institutional Transformation

- **Advisory services**: the Bank should better embrace its role as a knowledge broker and knowledge hub by, *inter alia*, promoting analytical work that is practical and adds value to guide relevant development intervention in Africa.

- **Speedier project implementation**: despite some improvements low disbursement rates and slow implementation progress remain a common characteristic of Bank projects. The LTS should therefore provide a clear framework for increased use of instruments that promote use of country systems particularly policy based operations.