AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

MOZAMBIQUE

LONG-TERM STRATEGY CONSULTATION MEETING

5th of April 2012
Summary Report on the LTS Mozambique Consultation Meeting

Maputo – April 5th, 2012

1. Context

- The Permanent Secretary of the Minister of Planning and Development (MPD), Mr. Salim Valá delivered the opening address. The meeting was chaired by the National Director of Investment and Cooperation from MPD, Mr. Adriano Ubisse and attended by representatives from government, private sector, civil society and academia (the list of participants is attached to this report).

- In his speech, the Permanent Secretary made reference to the identification of strategic and tactical purposes between the Government of Mozambique and the Bank. He emphasized the importance of the ADB, in its long-term strategy to take into account the following factors:
  
  i. Ensure consistency and stability in all interventions and programs financed by the Bank;
  ii. Safeguard the vision in order to be dynamic and accommodate the emerging challenges (climate change, migration, unemployment);
  iii. To deepen the reform process and increased presence in its member countries.

- Following the presentation of the document the participants were generally receptive to the strategy and the areas in which the Bank proposes to focus. It was stressed that the continent faces many challenges and it’s not possible for the ADB to cover all areas.

2. Vision for Africa for the next Decade

- The Bank's role in Africa should be stronger. The organization should help overcome the weaknesses of African states in their relations with other institutions like the World Bank;

- The strategy is as very important instrument but it is also important to take into consideration the implementation process being advisable to develop a road map.

3. Operational Focus for the Bank

   Private Sector

- The indirect support for private sector development through the implementation of key infrastructure such as roads, power as well as measures to improve the business environment to reduce transaction costs are crucial. However, the Bank must find adequate financial mechanisms to accommodate the interests of SME. It seems that the Bank has an exclusive strategy being important to be clear on what can be really expected.

- The Bank should look at ways of strengthening / supporting the development of private companies linked to specific areas of intervention (ex. drilling firms in the water sector).
The national private sector should be enhanced to enable their participation in financing of large-scale projects (ex. mining sector). The Bank should encourage the establishment of hedging and risk capital funds.

**Higher Education, Science and Technology**

- Considered as the most important pillar and should be considered as a transversal issue rather than an isolated activity. To sustain economic growth and diversification of the economy it is required adequate capacity from the workforce, so technical and professional training should be a priority. The bank must invest on the creation of poles of technological development and innovation. It should also support efforts to improve the quality of education, expansion and diversification of technical and vocational institutions.

**Regional Integration**

- Priority should be supporting relevant countries on individual basis taking into account that the economies do not have the same conditions. Particular support (not only financial but training), should be given to the development of enterprises from the least developed countries within the specific region. The Bank should prioritize activities that can lead to a more efficient use of infrastructure linking the economies of the regions (ex. ports, railways). Interventions should be targeted to specific areas such as energy production and distribution.

- Economic development cannot happen without an industrialization policy (pressure of a possible economic boom fueled by natural resources), regional organizations should lead this processes supported by the Bank.

**Governance**

- The Bank should steer its support in strengthening the institutions with the mandate to ensure the proper use and management of resources including strengthening the mechanisms for prevention and control of corruption, conflict of interest and traffic of influence. The Bank must be more coherent in the use of national systems.

**Fragile Countries**

- The Bank should support the African Union and other regional organizations to establish a system of risk prevention to monitor the political and economic situation. This would help to anticipate the events like civil wars and coups.

**Infrastructure**

- In terms of infrastructure, the Bank should also have a greater role in housing development considering the economic and social impact on youth and the increasing urbanization.
4. Financing

- The strategy should consider internal challenges, namely the increasing scarcity of resources for funding (as no additional funds is foreseen in future) which will increase competition between the member states to access it. So, it is crucial to leverage the existing financing windows, support the processes of resource mobilization and economic diversification.

- In the case of low-income countries, to insure their debt sustainability, the use of concessional funds should only be considered as an option.

- Since the resources allocated to each country are limited, additional resources should be identified and allocated to support regional interventions.

5. Institutional Transformation

- Bearing in mind that the new wave of investments focus on non-renewable resources the Bank should initiate a process of reflection / development of strategies for the period after the boom, to ensure the sustainability of the impact of these investments.