AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

SENEGAL

LONG-TERM STRATEGY CONSULTATION MEETING

March 29th, 2012
Summary Report on the LTS Senegal Consultation Meeting

Dakar – March 29th, 2012

The summary below captures the main points that were discussed during the Senegalese national consultation meeting in Dakar, 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 and role of the Bank; (iv) Financing; and (v) Institutional reform.

1. Context and Drivers of Change

Facteurs de changement

- **Human capital and high population growth.** Human capital is a weakness and an opportunity for Africa’s future. On the one hand, sustained population growth within the West African Economic and Monetary Union (WAEMU) will put under pressure, in the twenty (20) years to come, a strong pressure on education and health systems and on infrastructure (transport, airports, ICT, energy). On the other hand, an educated population is an asset for Africa. For example, an African diaspora that is increasingly educated contributes to the emergence of new economic relations with developed countries.

- **Governance** relates to citizenship and the requirement of transparency. A more open access to information promotes the development of democracy, as shown in Senegal with the proliferation of radio stations. Citizen’s control of government action may lead to significant progress. **Gender** mainstreaming in governmental policies must be more systematic. In Senegal, it is necessary to make applicable the Parity Act to strengthen the involvement of women in economic and social activities.

- The use of **natural resources**, including raw materials, must include value addition in order to stop exporting directly raw materials.

- **Rural Area**: Land management requires consideration of various stakeholders in livestock, agriculture, fishing sectors. The intensification and modernization of agriculture remain high priorities for Senegal, and sub-regional countries. Agribusiness and capacity building should be promoted. In addition, bold policies regarding **land use** are still needed to balance the distribution of infrastructure across the various affected regions.

- **Private sector**: the focus should be on Micro, Small and Medium Enterprises (MSMEs). Private enterprise is the engine of wealth creation. Over the past decade, a new female entrepreneurial movement led by skilled women has emerged. However, small business is not taken into account in Senegalese reforms to improve business environment. ADB Credit lines in regional institutions such as the West African Development Bank (in French BOAD)
result in a multiplication of parallel loops, and the credit lines are therefore not disbursed. The Bank has almost no relations with the Senegalese private sector. From the private sector point of view, it is difficult to see ideas and actions of the Bank because of a lack of communication. Low work volume in Senegal: the actual working time in Senegal remains low both in administrations and in the private sector. The annual working time in Senegal was estimated at 1700-1800 hours, whereas it is 2500 hours in emerging countries. Experience shows that social transformation is needed to develop a country.

2. Vision for Africa for the next decade

- For participants, the main challenge is to achieve a strong, healthy and sustainable growth for job creation. In addition, the process of political, economic and trade integration should be accelerated, with a heavy emphasis on science and technology, research and innovation.

- Participants stressed the importance of industrial development, a pillar in RMCs’ economic diversification strategies that would enable them to take advantage of international trade. African countries need to change the pattern of their exports to include more manufactured products. The trap for RMCs is to specialize on the basis of their natural comparative advantages.

3. Operational focus and role of the Bank

For Dakar participants, the Bank strategic long-term orientations must include two themes: the revitalization of agricultural sector and the adequacy between education, training and employment.

- Revitalization of agricultural sector: For participants, this revitalization is important for the continent’s future. In this regard, priority should be given to rice in Senegal and in the sub region (WAEMU) to achieve food self-sufficiency in rice, which is a national security issue. The Bank needs to strengthen land use systems and help countries to realize a revolution in terms of land use.

- Education, training and jobs. The Bank should promote policies that generate growth and employment. The adequacy of training against labor market needs remains a vast field. As such, it is appropriate to dispense with the generalist education system, and shift to promoting training courses that are fully adapted to business needs. In this respect, the partnership between universities, private sector and the state is an effective way to fund research in Africa. Science and technology are generating real innovation and ensure a sustained growth that generates employment. Competitiveness clusters must integrate universities. The proportion of students in humanities and sciences in Senegal must be reversed in favor of technical, vocational, science and technology fields. Emphasis should be work valorization. The Bank should drive the process of professionalization and re-
orientation of universities towards the creation of business incubators. In addition, the Bank should support the creation of five to six elite universities on the continent, based on a public-private partnership to train African elites in Africa. This option would reverse the continent’s brain drain phenomenon, in bringing talented Africans back to the continent. The Bank should help RMCs to produce educational support; develop the use of the Internet and the e-jobs that can generate. The Bank could also help the creation of language laboratories.

The Bank should also be active in the following sectors:

**Regional Integration**
- For participants, the Bank should boost regional cooperation and increase its involvement in the formulation of regional integration programs (Regional Economic Programming, and Community Development Programming).
- The Bank should also take the lead in piloting a regional common currency.
- The Bank should be more involved in the financing of regional projects particularly in the energy, water management and transportation sectors. It should also strengthen its funding initiatives in sanitation programs and human resources training at the regional level.
- Regional projects should be subject to more attention, presentation and advocacy so that RMCs are willing to contribute to these projects. Presently, each RMC retreats into its internal needs. ADB financial instruments must be tailored to regional programs. The financial resources allocation of ADF funding between national and regional projects could be split, pursuant to which 60% goes towards the former and 40% for the latter. More globally, the ADB should be more active in defining of regional policies and help countries better align national and regional projects.

**Climate change**
- In addition, the Bank must maintain its investments in both energy policies and energy efficiency programs. RMCs could seize upon carbon trading opportunities presented by the European Union through the establishment of a clear and easily implementable regulatory framework. Further, an information / awareness seminar on green economy must be done for populations.

**Private sector development**
- Participants highlighted the need to strengthen institutional, organizational and financial capacities of female entrepreneurial organizations and networks;
- The Bank should change its approach towards support private financing. Financing instruments of the ADB window are not competitive for the African private sector, when compared to the International Finance Corporation (IFC) or the European Investment Bank (EIB);
- To more effectively finance the African private sector, the Bank should establish lines of credit with commercial banks. In addition, the quick implementation of financial instruments remains critical moving forward;
The weak relationship between the private sector and the Bank at the SNFO is mainly due to a lack of communication. This must be corrected first by a clear and audible communication line, and then by a partnership aimed particularly at increasing corporate finance.

_to do so, the Bank will take leadership, and will give advice to countries, based on best practices, using its position as an international institution with a perfect knowledge of the African continent:_

**Support and advisory services**

According to participants, the perfect knowledge of the continent by the Bank and the proximity of its President with African leaders should allow the Bank to play a key role in strategic orientation. The Bank must be proactive and provide advice upstream of projects and programs as it has, on this side, a comparative advantage over other donors. Participants considered that, like the Asian Development Bank, the Bank could assume a supervisory and advisory role.

For participants, the Bank must advise on economic policy and assist African governments to change their policies, as opposed to simply apply them without enforcement measures. Indeed in some cases, these policies can have harmful or disastrous consequences. The Bank must also create incentives for RMCs by giving a premium to countries that are implementing successful reforms in governance, transparency or democracy. Differentiated financing windows according to countries performance could be the illustration of this incentivization.

**Leadership role of the Bank**

The Bank must raise its leadership up to its status of a continental institution. For participants, the Bank should change its working methods; and further understand the realities of the continent. It must involve people from projects design phase. Regarding the comparative advantage of the Bank with the World Bank, the conclusion is that the Bank often follows the World Bank. Yet the Bank should be the leader in infrastructure financing, and go beyond merely designing strategic directions in Africa. Regarding strategic partnerships, the role of the Bank (against those of the IMF and World Bank) in Africa must be amplified. The Bank should be a leader by transforming its approach starting with senior management. Participants insisted that the Bank must assume this leadership role moving forward, while also recognizing that this would be gradual and would not be easy (given the current state of power relations).

**Knowledge platform**

Initiatives and performance of RMCs should be better disseminated through the development of a proactive communication strategy bearing upon successful experiences in Africa and emerging markets. The Bank will then be able to guide countries towards the best opportunities based on analysis of successful experiences.
4. **Financing**

**Resource mobilization**

- For participants, the Bank must strengthen its capacity to mobilize financial resources in order to meet the important needs of its RMCs.

**Regional capital markets**

- The Bank must support and promote regional capital markets to make them accessible to RMCs.

5. **Institutional reforms**

**Communication**

- Participants insisted on the weak internal communication infrastructure within the Bank. Communication should be more proactive regarding recent changes in information dissemination tools, and increasing demands from populations.

- The Bank should also create appropriate – continental - communication instruments (radio, television). This would allow the Bank to be more influential in Africa. In assuming the role of a forum of exchange, knowledge transfer will feature predominantly in this new proactive communication.

- African entrepreneurial champions should be involved, in order to create a positive image of Africa that is modeled after Africa’s youth (sports, universities, fashion).