Summary Report on the LTS Zambia Consultation Meeting

Lusaka, Zambia – April 4, 2012

1. Context and key drivers for change in the future

- The Minister of Finance and National Planning (MoFNP), Honourable Alexander Chikwanda delivered the opening address. The meeting was chaired by Dr. Abraham Mwenda, Permanent Secretary, MoFNP and attended by representatives from government, private sector, civil society, academia, cooperating partners as well as other key stakeholders. The Chair invited reflections on how the AfDB can build on its solid achievements to date and better support and accompany its regional member countries over the next decade.

- In general, the participants noted the following as areas of focus: private sector involvement, youth empowerment and skills development, capacity building for domestic resource mobilization and good governance. Sustaining economic growth on the continent will be achieved through the promotion of inclusive growth, adapting to challenges raised by climate change, responding effectively to global economic crises, and persevering through social and political stability. The Bank should be viewed as more than a financing entity and instead as a knowledge broker and driver of change.

2. Vision for Africa for the next decade

Economic and Social Change

- In order to drive economic and social change, the Bank should focus on private sector development. This includes providing adequate financing mechanisms for SME’s and encouraging entrepreneurial initiatives which will then contribute to inclusive growth. In addition, there needs to be a focus on skills development that includes tertiary education and vocational training in order to empower the youth and contribute to job creation.

- There has to be recognition and involvement of the emerging markets and donors, BRICS inclusive, in order to transition from traditional funding pools, encouraging foreign direct investment.

- Agriculture continues to play a critical role in most African economies; therefore, the Bank should lay greater emphasis in this sector including supporting efforts to diversify the economy.

What needs to be done to ensure that Africa seizes these opportunities effectively?

- For Africa to seize these opportunities effectively, good governance is critical to inform sustainable and effective policy decisions. Intra-regional trade in the continent needs to be strengthened and the Bank should play a greater role in supporting these efforts. The youth need to be viewed as important contributors to the economy as opposed to burdens to the system.
3. Operational Focus of the Bank

The Bank as the continent’s premier development finance institution has a comparative advantage in Africa vis-à-vis other partners to address development issues on the continent. This comparative advantage will enable the Bank to tackle policy challenges such as harnessing youth potential through skills development, creating an enabling environment for the private sector, building capacity within the public sector, the AfDB beyond financing and tapping into the complementarity of the regional bodies.

Youth involvement

- It was agreed that the youth have to be empowered to be a part of the economic process in order to promote social cohesion and stability as well as contribute to the workforce. This can be attained through investing in tertiary education as well as vocational training to improve the skill set needed to enable a wealth creating society and hence advance the youth’s position from the base of the economic pyramid.

Support to the Private Sector

- The Private sector has the potential to act as a catalyst for job creation. The Bank should enable private sector growth and advice the member states ensuring that there is no disengagement between Government and private sector policies. In line with this, the Bank needs to provide greater support to regional and national development banks in order to enhance financing to SMEs. This can be done through the leveraging of local bank presence with the required expertise.

Public Sector Capacity

- The Bank should continue to assist governments build capacity for project implementation and for domestic resource mobilization.

Knowledge Generation

- Through the development of ICT in Africa, the Bank should become the knowledge hub for the continent. The Bank using its convening power should facilitate knowledge generation and dissemination on the continent in furtherance of its role as a centre of excellence.

Complementarity of Regional bodies:

- Regional economic bodies such as ECOWAS, SADC, EAC and COMESA should not be in competition with each other instead they should partner to further contribute to Africa’s economies. The Bank can act as a facilitator and convener for this collaboration to ensure effective development.

4. Financing

- The Bank needs to look beyond traditional sources of financing for its programs and activities especially with the growing importance of emerging donors. Increased engagement with the BRICS is important.
5. Institutional Transformation

The following were highlighted as Africa’s challenges for the AfDB:

- Continue to support infrastructure development but focus on the quality of investment for job creation.
- Greater focus on the support to private sector growth (including PPPs).
- Move away from safe investments; add new modern financial instruments (political risk, insurance etc.)
- New approaches for financing trans-boundary projects especially Transport and Energy.
- AfDB as a regional and trans-national convener/facilitator.
- Create greater support to regional and national development banks to enhance access to finance (LOC).
- Better define the role of the World Bank versus the AfDB on the continent.
- Greater partnerships and collaborations including playing a catalytic role for development financing.
- Green Economy Bank: focus on climate proofing and resilience.
- Spreading awareness about AfDB efforts and projects.
- Rethink strategies for financing and implementing multinational projects (capacity building)