

AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND



ZIMBABWE

LONG-TERM STRATEGY CONSULTATION MEETING

April 3, 2012

Summary Report on the LTS Zimbabwe Consultation Meeting

Harare – April 3rd, 2012

The summary below captures the main points that were discussed during the Zimbabwe consultation meeting and is not intended to be a detailed set of minutes for the meeting. The comments have been summarized along the main thematic areas that were discussed.

1. Context and Drivers of Change

- Promoting inclusive growth means supporting rural development, women and the youth to provide them with economic opportunities and employment.
- Practical solutions and programs are needed for environmental issues such as climate change and drought-proofing the economy. The Bank needs to assist RMC in devising projects and programs that support a sustainable environment and greening of the economy.

2. Vision for Africa for the next Decade

- African skills and jobs: One of the major challenges that Africa and Zimbabwe in particular is facing is the emigration of skilled workers. We need to come up with strategies and incentives for attracting skilled labour to return to Africa. The other side of this is importing skills without transferring them to the local workers. AfDB could support initiatives whereby skilled personnel from developed nations could be seconded to the country to mentor local professionals. The City of Harare, for example, has embarked on a programme where retired Japanese Water & sanitation Engineers will work alongside City of Harare Engineers in a mentorship programme which will take place over a period of two years.
- Change in governance structures has helped in achieving much of the growth that has been achieved lately in many of the African countries. The Bank cannot afford to shy away entirely from political economy type of issues as they are closely intertwined with economic issues. The AfDB could assist in building strong, credible, and accountable institutions by providing the relevant capacity building and knowledge in this area.
- Africa mostly exports raw materials such as crude oil, iron-ore and timber but could benefit more from exporting finished /processed products. The Bank should consider lending support to its RMC in setting up the sort of infrastructure and technical know-how that enhance value-addition of African products.

3. Operational Focus of the Bank

- Infrastructure: Intra-Africa trade is currently no more than 12%. For example, Zambia and DRC currently have difficulties in doing trade because of infrastructure related challenges. Infrastructure is a key driver of economic growth and we need to give additional attention to projects that enhance regional integration and intra-Africa trade. AfDB could assist in investment in infrastructure development, particularly power. The Bank could also partner with Regional Economic Communities such as SADC to drive these regional infrastructure initiatives.

- Private Sector: The Bank however has so far been channelling most of its support to large corporations as opposed to SMEs which would contribute more to job creation, especially for young people. It needs to re-engage and scale-up support to the private sector by providing trade opportunities, project finance and skills development: areas which had been abandoned previously.
- PPPs: The Bank should also build the capacity for PPPs on the continent by setting up a PPP Institute. PPP in Africa have taken too long to take off due to the technical skills required.
- Youth Employment: The Bank as a knowledge broker could assist its RMCs to devise policies that can help deal with foreign investment transactions with questionable labour practices and whose employment practices undermine employment opportunities for the local population.
- Agriculture: The continent has the most fertile land but is not producing to its full capacity. The Bank needs to reconsider its agricultural policies and interventions to maximize the benefits of this resource.

4. Financing

- Zimbabwe currently has a population of 2.4 million in the diaspora but is not benefitting from remittances as the funds from the diaspora are going through informal channels. The country could benefit immensely if the resources could be channeled to the productive sectors. The Bank could assist in coming up with a policy framework for Zimbabwe similar to the one which is used by Ethiopia, which has allowed the country to benefit from its diaspora community. This could be complemented with technical assistance to come up with fiscal and monetary policies to encourage diaspora to invest in Zimbabwe.
- AfDB should try to leverage trust funds (e.g. Zimfund) by forming partnerships with other multilateral institutions such as the World Bank as well as philanthropic organizations such as the Bill & Melinda Gates Foundation.

5. Institutional Transformation:

- Majority of the issues pertaining to Zimbabwe are addressed in the country's Medium Term Plan (MTP). The Bank should therefore consult this MTP as a guideline on Zimbabwe's priorities so as to enable it to lend technical support in the relevant priority areas.
- In Africa, agreements are easily reached but not usually followed through implementation. Using its position as a convening and financing entity, the Bank should take a lead role in ensuring implementation of continent-wide agreements such as the Lagos Plan of Action.
- The FSF is a much needed intervention but its implementation should be quicker and more flexible to benefit countries that find themselves in fragile situations.
- AfDB has a wealth of experience and knowledge acquired from actual interventions on the continent that have succeeded or failed. It should derive lessons learned and case studies to provide benchmarking and propose new and innovative projects and ways of doing things. This knowledge can be used by African politicians and technocrats to build sound macroeconomic

policies knowledge/best practices. AfDB could also advise its RMCs on their areas of inherent competitive advantage based on its experience.