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Facilitating African infrastructure development through institutionalized portfolio
approaches

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Abstract.

This paper makes the case that greater institutionalization of risk reducing portfolio approaches will be necessary to enhance the future integration of blending efforts in the African infrastructure sector. Private sector investments and emerging economy integration have remained unresolved bottlenecks that have plagued the development debate since the Busan High Level Forum for Aid Effectiveness in 2011. Development Finance Institutions, who were mandated to deal with these bottlenecks and became the primary blending actors for many development agencies, failed however to drive broad stakeholder participation especially in low income countries. This paper therefore argues that blending approaches can help overcome these limitations if they are pushed to a new level by focussing on greater institutionalization. It develops an analytic framework that assess the factors for success for integrated blending and then applies these factors to a string of recent and more institutionalized portfolio approaches that have been developed to support African infrastructure development. Our research finds however that there remain significant problems with these current efforts and asks what role the Global Infrastructure Forum, which was established by the July 2015 Addis Ababa Action Agenda, could play in providing pathways out of these stated bottlenecks.

Can the Addis Ababa Action Agenda bring about a More Integrated Blend? Facilitating African Infrastructure Development through Institutionalized Portfolio Approaches.

“Infrastructure is now front and center with the OECD, G20, G77, and the IMF. The multilateral development banks are ratcheting up their work on infrastructure. Some are increasing their balance sheets (ADB), some are growing their lending (WBG), many are setting up project preparation facilities (AfDB, EBRD, ADB), and, of course new MDBs like AIIB are specifically focusing on infrastructure.”- Bertrand Badré, World Bank Group CFO – Financing for Development Conference, Addis Ababa, July 2015

Introduction.

Financing infrastructure development has turned into one of the cornerstones of the Sustainable Development Goals (SDGs), which since September 2015 have succeeded the Millennium Development Goals (MDGs). Its prominence in the currently ongoing UN debate stands in striking contrast with the situation 15 years ago, when there was little space for topics like infrastructure development, economic growth and private sector finance in the largely post-materialist development discussions on poverty reduction in the MDG framework (Pritchett, 2015; Estache, 2007). But a series of global shifts such as the rise of emerging economies, a seemingly unstoppable financial crisis, increased agenda-setting powers of developing countries and a much more pessimistic attitude about the transformational effects of traditional development finance have continued to put pressure on traditional donor focal points and their distribution modalities such as project support, budget support or sector wide approaches (SWAPS) (Bandstein, 2007; Mawdsley et al, 2014). Other factors, such as the rising prices of resources after their dramatic drops in 2008 helped dilute the the share of ODA in the national budgets of resource rich developing countries and generate greater flows of FDI and trade to African economies (Kim & Lee, 2013). Influenced by these changes, the global development landscape came in the grip of what has been called the *“beyond aid movement”*, the *“development effectiveness paradigm”* or the *“marketization of aid”* which stressed the importance of financial innovation beyond Official Development Assistance (ODA) and inter-stakeholder cooperation as a way out of the financing dilemma’s (Kragelund, 2015; Carroll, 2012). OECD-led High Level Forums (HLF) on Aid Effectiveness have historically already proven themselves as major catalysts for changes in the global aid narrative. During their fourth and final meeting, which took place in December 2011 in the South Korean city of Busan, the Forum searched for responses to this changing aid landscape by propping a marked expansion of financial diversification and innovation. Since then, there have been shifts in aid funds from social to more productive sectors, accelerated public financing through non-concessional means, a boost in Development Finance Institutions (DFIs) and a reappearance of Public Private Partnerships (PPPs) back at the center of the development discussion (Mawdsley et

al, 2014; OECD, 2011; Pessoa, 2008; Bayliss, 2009). While innovative financing schemes have surfaced in a variety of sectors such as health, education or agriculture, this article argues that has been especially the economic infrastructure sector that has benefitted the most from these shifting paradigms (WEF, 2015; Mold, 2012). Together, these shifts have acted as the push and pull factors for a perfect storm that brought the topic back to the “*front and center*”, as World Bank CFO Bernard Badré labeled it, of national and international development agendas in the post-Busan development environment (UN, 2015).

Several years have now passed since the Busan summit and a first wave of evaluation studies and reviews that measured the summit’s capacity to bring about financial innovation and diversification have now been published. Many of these studies have used examples from the infrastructure financing landscape as their preferred topic of choice. This emerging evidence has exposed the limits of progress on some of the core elements of Busan’s Development Effectiveness Agenda (Stahl, 2014; Romero, 2015; Verschaeve & Orbie, 2015). Especially when it comes to integrating the so called emerging economies in the development process and streamlining the integration of private sector finance, some major bottlenecks remained. These obstacles are clearly not only caused by insufficient volumes and diversity of development finance, since both financing from emerging economies and non-traditional financing modalities have picked up significantly since 2011 (Pereira, 2015; Kragelund, 2015). The great challenge for infrastructure financing in developing regions such as Africa has shifted rather to unlocking existing alternative financing sources, especially from the private sector, by leveraging ODA finance to reduce investment risks and other underlying institutional concerns. Higher net development results could be achieved by blending together different actors and modalities for the complementary use in specific sectors and projects (Kragelund, 2015; Kim & Lee, 2013). As these blending approaches have become increasingly purposeful and coordinated in their efforts to spread investment risks conditional and non-conditional development envelopes and make investments more manageable to the private sector and mainstream credit markets, they have become labeled as *Portfolio Approaches* in the literature in reference to the strategies of portfolio risk-management employed by the financial sector (OECD, 2014). Development Finance Institutions (DFIs) have been the most common channel through which *Portfolio Approaches* have been employed in recent years as they offered donors an often existing channel through which they could engage with the private sector. With ODA-resources globally in decline, DFIs have been mandated to invest these resources in the more risky components of project development in

order to leverage greater returns from the private sector (OECD, 2015). This paper shows however that while DFI-based financing reinvigorated some Public-Private Partnerships, its efforts have come under pressure for failing to deliver the expected development additionality, broad stakeholder integration and investment risk reduction, particularly in low income countries (Pereira, 2015). Given the rising importance of infrastructure financing in the enlarged Sustainable Development agenda, finding solutions to the specific problems of investment risks for infrastructure development in low income countries has become a contentious international point of debate, which is increasingly acknowledged to far outstretch the capabilities of Development Finance Institutions. Tackling it will rather require a truly integrated and international approach to blended finance that pushes Portfolio Approaches to a new level through increasing degrees of institutionalization.

With this objective in mind, the third United Nations Financing for Development Conference of July 2015 in Addis Ababa decided to establish a purpose build international organization, the *Global Infrastructure Forum (GIF)*, to bring greater alignment and coordination to existing and emerging infrastructure initiatives by acting as a one-stop-shop for involved stakeholders (ODA providers, Development Finance Institutions, emerging economies and private sector financiers) to establish a more efficient use of available resources, set international standards and seek joint programming of sharing priorities in an effort to better manage investment risks and attract greater investment for a wider range of projects (Kharas and McArthur, 2015). This paper looks into this evolution towards integrated blending in the African infrastructure sector and shows that initiatives like the Global Infrastructure Forum fit within a broader but still very recent effort to bring deeper institutionalization to Portfolio Approaches and make them more effective against the problems infrastructure development in low income countries. While various evaluation studies have examined success and failures of blended finance in the past, this study is distinctive in the sense that it looks into the importance of integration at different levels of the blending process as an important determinant of its success. Through an analytic framework, it highlights four variables that have proven essential for successful integrated blending in the past. This framework can be used to support the creation and evaluation of existing and future Portfolio Approaches in the African infrastructure sector. It does so by posing three main research questions, which are answered through primary data analysis of policy documents published by these respective institutions.

Q1: Which variables shape the success of integrated blending?

Q2: Which efforts are made to improve integrated blending in the African infrastructure sector?

Q3: How can the Global Infrastructure Forum improve on these efforts?

1: How the Bottlenecks of Busan shaped the agenda-points for the Addis Ababa Action Agenda.

In an effort to move the agenda forward “*from effective aid to effective development cooperation*” and integrate the new realities of development assistance, Kim & Lee (2013) explain that the 2011 Busan HLF on Aid Effectiveness sought to achieve two major transformational shifts. Together these shifts had to establish the platform from which a globally integrated development partnership could be build: an engagement with emerging economies and an integration of private sector finance. But four years after the Busan summit, it seems that both transformative shifts have turned into bottlenecks for progress on global integrated development. The first section of this article describes the origin and history of these bottlenecks and explains why both returned to the heart of the debates at the Addis Ababa Financing for Development Conference four years later.

The first of Busan’s objectives was “*scaling up the use of triangular approaches to development cooperation, making fuller use of South-South and triangular cooperation*” (OECD, 2011). A major success of the summit was that China and other emerging economies for the first time agreed to a non-binding and watered-down outcome agreement in Busan. But in the years that followed, the attempts at actually integrating emerging economies and the OECD-donors into trilateral development cooperation remained limited to some experimental approaches which were left on the fringes of development cooperation. They never materialized into the Comprehensive Strategic Partnership that was aspired. (Stahl, 2014) Both its loaded history and its members’ unwillingness to move too far away from its established development doctrines, made the existing OECD-DAC structures unsuitable as the arena for the joint deliberation that the Busan summit aspired to create (Verschaeve & Orbie, 2015). The Busan summit marked at least for now the end of the string of four OECD-led High Level Forums on Development Effectiveness, with no fifth summit currently on the agenda. While parallel initiatives such as the *Global Partnership on Effective Development Cooperation*, which was one of the outcomes of the Busan negotiations, had their first meeting in Mexico City in April 2014, this initiative never gained the level of traction comparable to its OECD-led siblings. The integration of these emerging economies clearly became a first major bottleneck for the Busan agenda and it has remained a major challenge for the Addis

Ababa Financing for Development Conference, where it continued to plague debates to the dismay of development advocates such as Alex Evans (2015) of NYU and *“focus on pointless battles with developed countries over language in text that would make zero difference to poor people even had it been included.”*

The second major objective of the Busan Declaration (OECD, 2011) was to *“further develop Innovative Financing Instruments (IFIs) to mobilize private finance for shared development goals”* and *“enable the participation of the private sector in the design and implementation of development policies and strategies to foster sustainable growth and poverty reduction.”* The fact that reliance on private sector financing gained momentum so quickly in the early days after the Busan summit was mainly out of necessity due to shrinking ODA financing and overall pressure on budgets to deliver *“value for money”* as a result of the global financial depression (Romero, 2013). Among OECD-DAC economies, average annual increases in ODA finance were almost 3 billion USD between 1990 and 2005. Between 2005 and 2015, this number had collapsed to 0.6 billion USD (Ingøe, 2016). FDI and private sector investments in developing countries have on the other hand grown much faster and in most developing markets have easily surpassed traditional aid in terms of volume. Public Private Partnerships in developing countries have increased sixfold from almost 23 billion USD in 2004 to 134 billion USD in 2012. In this relative vacuum of conditional finance, stakeholder diversification towards this private sector finance therefore offered a logical alternative. What these figures do not show however is that this finance was not at all equally distributed and was mainly clustered in emerging economies and risk free sectors. It therefore led often to overly optimistic expectations among low income countries about their appeal to private sector investments. Yet, since private investment in infrastructure never exceeded 15 to 20 percent in even the most developed markets (with much lower levels of risk), it is essential that the call to mobilize private investment for infrastructure development gets embedded in much broader approaches that strategically link it with public financing modalities (Romero, 2015).

The call in Busan to mobilize private finance is one that has been repeated time and again. Yet despite decades of much touted possibilities, most of these African private sector development panaceas have historically been largely unsuccessful. When examining progress of private sector support in the African infrastructure sector, Kate Bayliss (2009: 4) explains that *“governments and donors have made considerable efforts to attract investment into the water and energy sectors in Sub Saharan Africa. Sector restructuring and pricing have been directed by the underlying aim of accommodating the needs of potential investors, and this kind of institutional approach has been*

supported by loans from the World Bank. Donors have also developed facilities to encourage investors by means of financial support and insurance against risk. The outcomes however have been disappointing.” Pessoa (2008, 2010) discusses how aspirations of Public Private Partnerships quickly swept through the donor landscape throughout the nineties under the ideological underpinnings of the Washington Consensus. This belief in private investment at the time proved however overly optimistic. (Nissanke & Jerve, 2008). Between 1990 and 2007, Sub-Saharan Africa only attracted around 69 billion US dollars, which accounted for only 5.5% of the cumulative investment in developing countries. And even then was most of this money concentrated in the low-risk ICT sector and the South African (36%) and Nigerian (25%) markets (WB PPI database, 2011). Given the profit-maximizing rationale of private sector firms, it is to be expected that the more risk is transferred to the private sector, the more expensive a project will become (Romero, 2015). Whereas PPP’s were originally created to lower costs, PPP-financiers in developing countries are often expecting such high premiums that they can become more expensive than traditional public financing through loans. And rather than transferring risk from governments to the private sector, PPPs in developing countries tend to show the inverse trend with governments having to internalize most of the risk themselves before projects become appealing enough to get some private sector buy-in. These two elements, combined with a PPP’s lower levels of transparency and unproven track-records of efficiency create a second major bottleneck which made Romero (2015:9) conclude that without *“comprehensive and development-focussed principles and criteria for the use of PPPs, (...) the World Bank, other financial institutions and donor governments should stop promoting PPPs as a preferred way to invest in infrastructure.”*

It is not surprising that both bottlenecks therefore made their reappearance on the stage of the Addis Ababa Financing for Development Conference of July 2015, which was mandated to find the financing modalities for the Sustainable Development Goals. With infrastructure development listed as a major new financing objective under the SDGs, the summit had to come up with credible strategies to overcome these two problems (Kharas and McArthur, 2015). With ever larger shares of development finance flowing from emerging economies towards infrastructure development in low income countries and private investment more anxious than ever to find high yields in so called frontier markets, there was huge anticipation about the summit’s outcomes in this domain (The Economist, 2014). The summit’s proposal was the establishment of a Global Infrastructure Forum (GIF), a new international organization that was mandated to bring greater alignment and coordination to existing and emerging infrastructure initiatives by acting as a one-

stop-shop for involved stakeholders (ODA providers, Development Finance Institutions, emerging economies, private sector) and to find ways to delegate the most efficient use of available resources, set international standards and regulations and seek joint programming of sharing priorities in an effort to better manage investment risks and attract greater investment for a wider range of projects (UN, 2015:10). From the outcome documents of the summit, it becomes clear that policymakers clearly had the two previously described bottlenecks in mind when they drafted their new institution. According to the Addis Action Agenda, the GIF had to *“to improve alignment and coordination among established and new infrastructure initiatives, multilateral and national development banks, United Nations agencies, national institutions, development partners and the private sector.”* (UN, 2015:10) The GIF therefore had to become one of the *“key pillars to meet the SDGs”* and in the end unfortunately became one of the few tangible outcomes of the summit as a whole (IISD, 2015:13). So far the GIF is little more than a vague promise on paper, with no concrete details developed as of yet. While an earlier draft version (May 7th) of the Action Agenda stressed that the Forum should engage to *“double annual investments for sustainable development from all sources in the next 5 years”*, this ambitious target did not make it to the final text (IISD, 2015:13). Conference proceeding show however that developing countries had in fact pushed for the establishment of a Global Infrastructure Fund rather than a coordination forum, but it was highlighted by bilateral and multilateral donors that there had been too many other, similar, funding institutions launched in recent years, and rather than contribute to fragmentation it was thought to be more important to ensure coordination and sharing of best practices among existing institutions. This brings us to the three research questions of the paper. If stakeholders found the establishment of a coordination forum so essential, what other efforts have been recently made to improve integrated blending in the global infrastructure sector? And how can the Global Infrastructure Forum improve on these efforts? But to answer these questions it is first necessary to establish an analytic framework to assess which variables shape the success of integrated blending based on historic experiences.

2: Integrated Blending and the Limits of Development Finance Institutions.

While much is still unknown about the exact operationalization of the GIF, it is interesting to see that the Addis Ababa summit resorted to institution building as a way out of the two bottlenecks described in the previous section. To evaluate the potential of institutions such as the GIF, one first has to understand how the establishment of such organization fits within the broader evolution of blended finance, which this paper argues has focussed initially on Development

Finance Institutions but has now encompassed a process of much deeper institutionalization in an effort to get beyond the constraints posed by investment risks. Ban Ki-Moon's December 2014 synthesis report on the post-2015 agenda pointed to this trend when he argued that *"Engagement in isolated PPPs, managed in silos should be avoided. The investing entities should carry out a number of PPP projects simultaneously and thereby take a strategic Portfolio Approach for pooling different funds"* (Alexander, 2015).

Under the banner of blended development finance, donors have been highlighting the benefits of merging complementary public and private resources in specific sectors or projects (OECD, 2015). While blended development financing is not new as such, it has become a much more fundamental component of the European development narrative since the Busan summit, especially through its incorporation in the EU *Agenda for Change (2011)* and equivalent national development agenda's especially among key European donors such as the United Kingdom, Germany the Netherlands and Sweden (Romero, 2013). As blending approaches became increasingly purposeful and coordinated in their efforts to bring projects and financiers together to spread investment risks and make them more manageable to the private sector and mainstream credit markets, they became labeled as Portfolio Approaches in the literature in reference to the strategies of portfolio risk management employed by the financial sector (OECD, 2014). In theory, such Portfolio Approaches attempt to create maximized leverage by breaking apart single strategic objectives into a portfolio of smaller building blocks, where each stakeholders focusses on the area where they have the largest possible added value. Development Finance Institutions (DFI) have been at the forefront of the new wave of blended financing as they offered donors an often existing channel through which they could engage with the private sector and bridge the gap between private sector finance and traditional development aid & state lending. DFIs, such as the US Overseas Private Investment Corporation (OPIC), the UK CDC Group or the Dutch FMO have been increasing their usage of ODA resources as supporting mechanisms to prepare the ground for the private sector through investments in early stage project preparation, pioneering ventures, subsidized financing, viability demonstrations or the development of mature project pipelines in order to leverage much higher levels of private sector finance (OECD, 2015). Their examples were often quickly copied and by 2015, all Western European, Asian and American OECD-DAC donors, with the exception of Canada, Ireland and Australia had established a national DFI. The growth of the European Infrastructure Trust Fund, the EU's largest DFI institution, is exemplary of their success, rising from only 15 million Euro in size in 2007 to about 500 million Euro in 2014 and a

pledged contribution of 800 million Euro for 2015 (EIB, 2014; 2015). Exact and comparable figures of the size and growth of other national DFI initiatives are much harder to come by and compare over time, which is why the DAC Working Party on Development Finance Statistics is working hard on a unified reporting framework (OECD, 2015). Yet by all accounts and measures, the growth of private sector support emanating from these development organizations has been rapid and is bound to bring further accompanying changes in terms of development modalities (Romero, 2013; AfDB, 2014; Carroll, 2012, OECD, 2015).

In cases where there would be good integration between ODA providers, DFIs and the private sector financiers, investment approaches through DFIs would be classic examples of Portfolio Approaches since they attempt to distribute risk as efficiently as possible in order to gain higher net development results. In reality however, DFIs have shown in their operations that certainly among low income countries there are clear limits to their approaches. Because bilateral aid agencies often had little experience in engaging with the private sector, they increasingly became dependent on DFIs to channel funds, select the candidate projects and set the overall developmental agenda (Pereira, 2015). Practices that might have been common for private sector financing but totally alien to the development community therefore found their way into daily practices such as the frequent use of tax havens, a lack of transparency in their reporting, a lack of governmental oversight, a fragmented relationship with other development providers,... (Romero, 2013; Bilal & Krätke, 2013) Combining a developmental agenda in such environment while at the same time operating along a purely market driven logic has proven to be a very difficult challenge for many DFIs. While the financial effectiveness of DFIs nor their contribution to the expansion of PPPs is really in question, there have been major questions raised about the development effectiveness with which DFIs have utilized their increasing financial clout of scarce conditional finance. Since DFIs use up development resources, inefficient and uncoordinated project selection has led to what EURODAD has labeled a series of “*dangerous blends*”. Miyamoto & Biousse (2014) find that DFI investments focus excessively (69%) on upper middle income countries such as Turkey, India and Brazil, who have easy access to market financing, while only 8% of support to private sector participation goes to Low Income Countries. Romero (2013) highlights that also the high focus on the banking sector, the use of OECD contractors and preference for selecting high return projects such as the controversial luxury resorts (IFC, SWEDFUND) or fitness centers (BIO) is especially troubling. In a review of 12 blended financing project, Pereira (2015) could only find 2 where the development additionally of the project could be established. Most DFI projects

however remain in a grey zone, where insufficient transparency and methodological ambiguity make value-judgements very difficult. The strong focus on high leverage ratios in a context of limited oversight is one of the reasons why many of the reviews of DFI performance struggle to point to developmental additionally achieved by these projects. In practice, the quest for leverage causes incentives to funnel rising volumes into a small group of high payoff projects which are often the lowest hanging fruits that offer high leveraging capacity but only limited development effectiveness. While many of these projects might have benefitted from an initial boost of DFI finance to make their project appealing to private finance, some have become genuine donor darlings such as the Lake Turkana Wind Power Project in Kenya. Under construction since early 2015, this massive wind power project has appeared in the books of almost every major DFI around the world even as private sector interest has been strong for some time, including from companies such as Google (CNBC, 2015). So while some of these DFI-operations certainly have had their individual success stories and have been at times successful in opening the scope of Public-Private Partnerships, these examples show that so far DFI-based Portfolio Approaches have remained ill-equipped to develop a methodology for truly integrated blending. Few DFIs have been willing or successful in establishing deep connections to national development strategies and for the most part national DFI organizations and ODA-providers work alongside each other, with limited attention to integration. Their preference for middle income countries and high leverage projects make that their impact on the reduction of investment risks remained highly project-specific and unproven.

3: How to take integrated blending to the next level? An analytic framework in historic context.

In order to meet the infrastructure financing requirements under the enlarged Sustainable Development Goals, Portfolio Approaches are needed that require a much more integrated form of blending that brings together all available financiers and stakeholders in a more comprehensive way. The OECD (2014) has taken the lead in the search for more integrated blending through their TOSSD program (Total Official Support for Sustainable Development), which tries to integrate the 7 different components of development finance that are displayed in Figure 1. While the TOSSD program's initial goals mainly focus on measuring the exact importance of each of these different flow, its broader aim is to use findings from these measurements to come up with more

Figure 1: OECD, 2015

advanced and coordinated risk-reduction strategies, and take more advantage of the strengths and weaknesses of the financing capabilities of each of these different stakeholders in order to allow development finance to evolve “*from the billions into the trillions*” (WEF, 2015).

Examining the problems of DFI operations described above gives us the ability to develop a more comprehensive framework to assess the elements which have to come together to generate truly integrated blending between different stakeholders in initiatives like the TOSSD. Such framework would help us answer the first research question of this paper, which asked about the variables shape the success of integrated blending.

a) identify and expand the available financing landscape

A first component of any framework to assess integrated blending will have to start from an understanding of the available financing modalities themselves, since these will determine any further ability to engage in blended financing in the first place. But bringing different modalities together is not a passive pursuit. It rather has to be an active process, where the donors and recipients actively pursue the inclusion of different stakeholders that have the potential to provide complementary contribution. Such inclusion also has to be more than a casual reference in some policy paper but has to reflect a coherent effort of engagement. The identification efforts done through TOSSD provide therefore such valuable outcomes since they allow us to build a more coherent picture not just of the size of available finance but also of its targets and anticipations. Efforts at integrated blending will therefore have to learn about the wide field of stakeholders and have developed pathways to engage with these stakeholders. In contrast, existing DFI-approaches often focus exclusively on their private sector partners and largely ignored the capacities of other parties in the TOSSD framework, like philanthropy or emerging economies. ODA-providers at the same time had insufficient connections (and interest) to take up this role either.

The post-Busan financing environment has however evolved quite favorably with regard to this first criteria. Whereas the previous two Financing for Development conferences were highly focussed on traditional donors and their aid distributions, donors have shown unprecedented eagerness during the Addis Ababa Financing for Development Conference to cipher away these traditional conditional flows and focus more on the exploitation of the broader financing environment which could be harvested for development purposes. (Quint, 2014; Kharas and McArthur, 2015) The increased investments in African infrastructure development have come from an ever larger number of sources, which obviously opened up unprecedented opportunities.

This renewed building frenzy stands in such contrast with the recent decades of neglect that Andrew Mold (2012) described it as Africa's second infrastructure boom, in reference to the failed first infrastructure boom of the 1960s and 1970s that was based on the dream of modernization and industrialization of the first generation of African post-colonial leadership. And the boom has come quick. While ODI estimated that external public financing for African infrastructure only amounted to 7 billion USD in 2002, it is reported to exceed 44 billion USD in 2013. (Kingombe, 2011; ICA, 2014)

The capital-rich environment for infrastructure development is fueled from different sides and is reflecting a number of very important changes to the global economic landscape since the Busan summit. While financing from emerging economies has been rising for more than a decade, it has recently become increasingly institutionalized into development banks that rival the Bretton Woods institutions. The New Development Bank, which was formerly known as the BRICS bank, only appeared on the drawing boards in 2013 but by the end of 2015 will be fully operational with an initial authorized capital of 100 billion USD and a headquarters in Shanghai. The Asian Infrastructure Investment Bank (AIIB), also created in 2013 by China and expected to be fully operational by the end of 2015 will have an initial authorized capital of 50 billion USD. Other economic variables also play a role. Long term interest rates are now just below 2% on average for the entire European Union (even when including Greece), whereas interest rates were peaking around 6% around the time of the Busan conference on Aid Effectiveness at the end of 2011, something which according to Bertrand Badré, managing director of the World Bank, is creating trillions of USD of yield hungry capital. Capital that used to go to the resource sector is also looking for alternatives now oil prices have fallen from their high of 126 USD per barrel in September 2012 to less than 50 USD per barrel in July 2015. Other natural resources such as copper, iron ores or manganese all have experienced a similar (though often less extreme) contractions. Capital that was directed at emerging markets just 4 years ago is now looking for alternatives now BRICS GDP growth is continuing its steady cooling down. In China, GDP growth declined from a high of 9.5% per year in 2011 to lower than 7% in 2015. Combined with falling corporate profits and an increasing fear for a stock market bubble, The Economist (2015) argues that this instability in the emerging markets has created a rush on the so called "*frontier markets*", for example through popularity of recent Eurobonds issued by countries such as Ghana, Nigeria, Mozambique, Gabon or Zambia. Besides emerging economies and private sector finance, there have been institutional investors, such as pension funds, who also have increasingly highlighted their interest to expand

their portfolios into potential African frontier markets using their global funding capacity of over 60 trillion USD (Inderset and Steward, 2014). Since all these financing actors have much to gain from strengthened Portfolio Approaches, they have powerful incentives to provide their support to credible institutional constructions.

b) have a mutually accepted coordination structure

Once the financing landscape is better understood, the true challenge of integrated blending only starts since these stakeholders have to be brought together in a coherent framework. Past attempts at integrated blending, such as the missing links between DFI institutions and ODA-providers or the tensions between emerging economies and traditional donors, highlight the importance of such coordination structures. Kharas & Mcarthur (2015) calculated that especially due to lack of coordination, much of the 22 billion USD that was mobilized in 2013 through non-concessional flows and was envisioned as a transition bridge between ODA and private capital markets was highly inefficient in generating additional private finance. Integrated blending will improve if stakeholders have agreed on a structure that gives each stakeholder a specific place within the wider financing landscape, and to which all actors feel a sense of ownership. This structure can be formalized through an institutionalized coordination body, but also informal structures would suffice if they are shared among the stakeholders. A clear institutional architecture would help stakeholders develop more productive relationships and help them identify with whom they should engage at a given stage in a project.

A major objective of the Addis Ababa Agenda for Action was to overcome these coordination constraints between emerging and traditional development providers, which had remained one of the bottlenecks of the Busan process. It was hoped that the shift from OECD based negotiation processes towards a new global forum on development negotiation through a UN-framework would create a more productive settings for global coordination on development cooperation. Unlike the struggling Development Cooperation Forum (DCF), the institutional setting of the SDG negotiation process has succeeded in becoming a more legitimate agenda-setter of the global development debate since it offered much greater weight to the emerging economies (Verschaeve & Orbie, 2015). The inclusion of a much greater spectrum of stakeholders has made the SDGs very different from the eight preceding Millennium Development Goals and represent according to Pritchett (2015) a much better synthesis between materialist demands of developing countries

and post-materialist demands of voters in developed countries. By combining calls for economic growth, trade promotion, infrastructure upgrades and industrialization with health, education, poverty reduction and environmentalism, the SDG negotiations and its Financing Summit in Addis Ababa in July 2015 have so far created the greatest a shared platform from which industrialized nations, emerging economies and least developed markets can coordinate efforts in supporting global development through a greater integration of financing flows (Pritchett, 2015).

c) merge complementary priorities into coherent pipelines

The third challenge which has been insufficiently covered by integrated blending efforts through DFIs have been attempts to establish complementary priorities among the key stakeholders, which preferably are brought together into coherent project pipelines. The lack of clearly identified and supported project pipelines has been a constant struggle, especially for Africa's regional infrastructure development (ICA, 2014). The absence of clear visions on regional development, underfunded project preparation vehicles and competing political demands have left prioritization initiatives often just short of being mere wish-lists (Qobo, 2014). Without clearly identified priorities it also became easier for DFIs to essentially free-ride towards "*dangerous blends*", which are more in line with incentive structures that favor high leverage ratios.

Part of the reason why some DFIs were allowed to free-ride was a lack of both interest and knowledge about topics like private-sector participation and infrastructure development among traditional ODA-providers. For many years, these two topics had fallen outside the focus of traditional donors (Mold, 2012). But as Kragelund (2015) had argued, the shift towards a *Development Effectiveness Paradigm* also has meant a shift in the priorities of donors from social to productive sectors. Historic aid spending patterns offer great insights into the evolution of these donor priorities. A review of aid spending patterns among the OECD-DAC's 6 largest contributors (EU, Japan, Germany, France, UK and USA) allows us to compare the donor's focal points between the pre-MDG period (1995-1998), the MDG period (2001-2006) and the post-MDG period (2011-2014) by contrasting sector spending patterns in each period with their long term averages (1995-2014). We find that the pre-MDG period is marked by a large series of small spikes (2 percent or less), suggesting that before the MDGs, donor preferences were scattered across a broad spectrum of focal points, such as productive investments, agriculture, economic infrastructure, water and transport. Donor focal points condensed significantly under the MDGs, when only 2 very distinct common focal points remained: social infrastructure and education. Both

registered an average spike of 4 percent compared to their long term averages and even up to 15 percent in France. But during the last 4 years, these common donor focal points have changed yet again, with data showing that this time economic infrastructure and especially energy are becoming attention grabbers with an average rise of 4% compared to their long term averages. (OECD-CRS, 2015). But this money has not gone exclusively to hard infrastructure projects themselves. Important for the development of coherent project pipelines is that money is made available for analysis and political consensus building. Most prioritization efforts will therefore require significant ODA-resources at the early stages of project preparation. Fortunately, support from the OECD-donors through “soft” infrastructure commitments for institutional improvements have risen significantly as well. The average annual growth in soft infrastructure commitments since 2010 has been 48% for the European Union, 78% for the European Investment Bank, 26% for France, 14% for the UK and 4% for Germany. Combined, this accounted for 772 million USD in 2013. Of these soft infrastructure commitments, 32% went into Project Preparation and 29% into various forms of capacity building (ICA, 2014).

d) invest in risk insurance and regulatory environments

The final challenge that is identified from the DFI discussion above is the importance of investments in risk-insurance and regulatory environments. On their own, DFI’s have shown little interest in supporting the more complex enabling environment surrounding the projects they sponsor. A mid-term review of the EU-Africa Infrastructure Trust Fund by Ernst and Young (2012) highlighted for example that the approach of the DFI was often fixed too strict on the project financing aspect alone, while too little attention was given to planning and integration with local and regional intermediaries. But a review of the mandates of DFIs shows that by no means are they being instructed to take up the job of providing technical assistance that goes beyond limited project support (Miyamoto & Biousse, 2014). The competitive advantages of DFIs also do not lie in their ability to provide for capacity building at a central government level. Collier & Crust (2015) highlight however that the inability to use political commitment technologies, insurance and legislation is one of the major reasons behind Africa’s infrastructure standstill. Integrated blending will be more successful if it is merged with domestic regulatory reforms to make sure that the legal and fiscal apparatus are in line with the overall blending effort.

The strengthening of such investment promotion regimes has luckily been one of the focal points of the Addis Ababa Action Agenda (2015). The outcome document argues that “*despite significant*

improvements in their investment climates, we note with concern that LDCs continue to be largely sidelined by foreign direct investment flows. LDCs will continue to improve their enabling environment and we agree to adopt and implement investment promotion regimes for LDCs and offer financial and technical support for project development and contract negotiation, advisory support in investment related dispute resolution, access to information on investment facilities and risk insurance and guarantees such as through the Multilateral Investment Guarantee Agency (MIGA)." But even before the Addis Ababa summit, there has been important progress on issues like risk-insurance, especially through institutions such as MIGA. This political risk insurance agency of the World Bank Group has been in business since 1988 but its involvement in Africa has rapidly become much more substantial. MIGA provides insurance to private-sector investments for non-commercial risks, such as expropriations, terrorism, currency risks,... Four of the top 10 exposure countries for MIGA are now African and the organization's portfolio exposure in that region went up from 17% in 2011 to 27% in 2014. This is reflecting MIGA's increased support to the energy sector and infrastructure projects in Sub-Saharan Africa (MIGA, 2015). But while risk insurance is necessary at this point to gain sufficient investor confidence, it is important to supplement this with structural reforms to the regulatory environments that are at the source of the risk in the first place.

4: The rise of Institutionalized Portfolios Approaches and their progress towards Integrated Blending.

The paper already highlighted that the Addis Ababa Action Agenda established that the GIF had to be an infrastructure coordination forum rather than an infrastructure investment fund because it was feared that such fund would overburden a rapidly growing landscape of similar institutions. While this trend has not received much scholarly attention, there has indeed been a rapid rise in the amount of institutional initiatives that aim to manage the rapid rise in financing for African infrastructure development, often especially through risk-reduction strategies. These institutional initiatives or programs would therefore fall under the banner of Portfolio Approaches. Most of these initiatives have been established by multilateral donors like the World Bank or the G20; bilateral donors such as the United States or African initiatives that are driven by the African Union or the African Development Bank. They have been created for a variety of goals such as streamlining of finance among their stakeholders, setting priorities for investment or attracting private sector finance. This paper identified seven different global initiatives that have been

established in the years since Busan: Power Africa initiative, the Africa50 Fund, the Infrastructure Consortium for Africa, the Programme for Infrastructure Development in Africa, the Africa Power Vision, the Global Infrastructure Facility, the Global Infrastructure Hub and the Africa Strategic Infrastructure Initiative. What these programs have in common is that they attempt to go much further than previous blending initiatives in setting goals, priorities and coordination structures, mainly through the development of actual bricks-and-mortar institutions with designated staff and headquarters. So far this paper has assessed the struggles of DFI-approaches and has proposed four necessary elements for successful integrated blending. This section will attempt to answer our second research question by assessing whether these seven institutions have been able to harness the positive changes that have happened since Busan and make progress towards establishing more integrated blending. It will do so based on the our criteria that were outlined in the previous section: (A) Do these new initiatives attempt to identify and expand the financing landscape?; (B) Do they attempt to create an accepted coordination structure?; (C) Are they establishing coherent project pipelines?; (D) Will they improve the regulatory environment and reduce investment risks? A brief summary of the seven institutions with can be found in the table in attachment 1, combined with an overview of the most important findings of this section.

a) What has been done to identify and expand the financing landscape?

Each of the seven initiatives tries to identify and expand the financing landscape in some way or another. This identification often starts with setting a financing goals, which in each of the cases stretches into the billions of dollars. Sometimes, these goals are the end result of a specific list of identified projects, such as the 68 billion USD required for PIDA's 51 priority projects or the 18 billion USD required to fund the Central Corridor in Eastern Africa under the Africa Strategic Infrastructure Initiative (PIDA, 2014; WEF, 2015). In almost all other cases however, the financial target seems to refer to no specific goal, but rather to an abstract financial pursuit which is justified through references to the Africa's total infrastructure deficit which was reported to be 93 billion USD per year by the World Bank's African Infrastructure Diagnostic Study in 2009 (Foster & Briceño-Garmendia, 2009). What is missing in most of these policy documents is a clear strategy that ties the specific approaches in a specific program or institution to a more effective use of the global financing landscape. Efforts at increasing financing for infrastructure development in Africa are in first instance mainly linked to efforts at expanding contributions from a specific core target group of constituents: the Infrastructure Consortium for Africa primarily attempts to increase

donor investment, the Africa50 fund primarily wants to target African governments,... However, none of the examined Portfolio Approaches explains clearly how they want to integrate additional financing flows from other TOSSD sources of financing to bolster their output. When there is an abstract articulation of such aspiration, such as in the case of the Power Africa initiative, de-facto financing still exclusively has come through one modality: the US OPIC and EXIM Bank. No information is available in Power Africa's Annual Reports about how other governmental agencies, like USAID, are adding their value (OPIC, 2015). In practice, efforts at integrated blending seems rather absent and the institutions continue to focus mainly on the operation of specific Development Finance Institutions, now just in a more institutionalized setting.

Some initiatives also set very high leverage ratios on top of already high financial targets. Both the Power Africa initiative and the Africa50 fund aim for a tenfold leverage or higher, meaning that 10 dollars of private finance have to be generated from every single dollar in public financing (USAID, 2015; AfDB, 2015). This would bring the Africa50 Fund's aspired goal to a staggering 100 billion USD, which seems enormous for an organization that has no clearly marked strategy, institutional structure and only limited seed funding. Rather than providing realistic attempts to identify and expand the available financing landscape, we find that some initiatives are therefore in danger of becoming window-dressing exercises as they continue to strive towards huge financing targets for the sake of political visibility. The Africa50 Fund is perhaps the best example of an initiative that proclaims great successes in garnering African-owned financing for infrastructure projects, despite a total lack of transparency and ongoing delays in reaching its financing goals. The Fund has not seen its funding materialize on the scale that it is reporting because most of their funding remains repackaged seed-financing from the African Development Bank. While the fund is publicly touting success in bringing together funding from 20 founding African member states, most of this has been little more than token financing, aside from larger contributions from Morocco (where the headquarters will be) and Egypt. (Qobo, 2014; Brock, 2014). Rather than putting the political spotlight on such financing constraints in an effort to improve on them, there seems to be a business practice that favors political imagebuilding. The G20 Global Infrastructure Hub also currently largely remains a political vehicle rather than an actual financing vehicle. To become more relevant, it will have to differentiate itself from the Global Infrastructure Facility developed by the Multilateral Development Banks.

b) What has been done to create an accepted coordination structure?

There has been some progress when it comes to the establishment of coordination structures. Especially the work of the G20 has been important in this regard, with the establishment of the Global Infrastructure Hub under both the Australian and Turkish G20 presidencies. So far, this has been the only initiative that has succeeded in getting most emerging economies on board. Even China has provided financial contributions (20 million USD) to the establishment of a new institutional architecture and it has also been successful on bringing on board Chinese institutions such as the Chinese PPP Centre. This is quite unique since for example the Infrastructure Consortium for Africa, which was established by the G8 at the Gleneagles summit of 2005, has been attempting to lure in emerging economies for some years but so far only South Africa has accepted their invitation. In 2015, the Hub also had its initial success when its businessplan was accepted by its very diverse group of members. Rather than acting as a financing and advisory facility like the Global Infrastructure Facility that was created in 2014 by the World Bank, the Hub will mainly focus on building a knowledge network among its members to clear data gaps, provide project databases and set up voluntary codes to enhance global procurement quality for infrastructure projects. Finally, it also wants to act as a convening body between the public and private sector, which so far has happened through the inclusion of both the World Economic Forum and the Chinese PPP Centre. Coordination with the newly established BRICS financing vehicles such as the New Development Bank and the Asian Infrastructure Investment Bank remains however limited (G20, 2015).

The fact that many of the newly established initiatives have very similar sounding names is however certainly going to become a major point of confusion: the Global Infrastructure Hub was established by the G20, the Global Infrastructure Facility by the World Bank and the Global Infrastructure Forum was the end result of a UN based process. Aside from just confusion over names, there also is an important duplication in terms of membership. While G7 members are part of the Infrastructure Consortium for Africa, they are also part of the G20's Global Infrastructure Hub and the ASII. The African Development Bank is besides the biggest funder of the Africa50 fund, a key partner in the Global Infrastructure Facility and the Infrastructure Consortium for Africa. This makes it likely that the momentum that has been created for Portfolio Approaches is divided into too many different organizations that on their own deal only small punches. Also coordination with the private sector remains limited. Even as most Portfolio Approaches are attempting to leverage financing from the private sector, they seem to struggle to

integrate this private sector in their decision making structures. Many Portfolio Approaches have a string of private sector partners that are acting in an advisory role without real decision making powers. Whether such advisory partnerships also lead to actual investments has not been researched yet.

c) What has been done to merge complementary priorities into coherent pipelines?

While the importance of coherent project selection has become a focal point in most of the seven highlighted initiatives, it is interesting to see how debates on ownership of these project pipelines have had an important effect on the development and trustworthiness of these pipelines. In practice, most of the 7 initiatives do not develop their own specific project pipeline but look towards the African Union, the African Development Bank and other regional stakeholders for the development of a portfolio to ensure that it has sufficient Africans ownership. Almost all of the Portfolio Approaches, especially those set up by donors, are rather wavering the responsibility to improve the African project-pipeline for infrastructure development. Under the banner of African ownership, the Power Africa initiative, the Africa50 fund, the ICA, the EU-Africa Infrastructure Partnership and the Africa Strategic Infrastructure Initiative all limit themselves to the project pipelines established by the African Union such as PIDA and the Africa Power Vision (AU, 2015). In principle, letting recipients determine project portfolios is good practice under the New Aid Approach because donors and financiers are not fragmenting their attention into different project pipelines that are specifically developed for their national benefit. The danger is however that it makes the success of many of the ongoing initiatives heavily dependent on the quality of these African owned portfolios due to this duplication. It is therefore worrying that previous analysis such as Qobo (2014) raised alarm bells about the amount of national country ownership really exists for these regional project pipelines since the member states are not always involved in their set-up either. The result is also that few of these portfolios bring actual innovation to the table in terms of project selection approaches and project preparation since they use similar investment practices and focus on a very similar investment pipeline. An exception is the World Economic Forum's Africa Strategic Infrastructure Initiative. While the WEF originally started off from the PIDA-priority list to select its investment focus, it evaluated the 51 programs in the PIDA-pipeline through its own methodology and chose to zoom in on only the one where they believed they

could have the greatest impact in accelerating private sector finance, which turned out to be the Central Corridor in Eastern Africa. In this one program, the WEF then invested significant levels of ODA to create a unique and detailed project portfolio for investments to promote candidates for funding to potential investors (WEF, 2015). This approach has proven to be very successful in combining a respect for ownership with an innovative and critical evaluation of project success. When the program ended in June 2015, it was acknowledged by both public and private stakeholders that its realistic and politically responsive setup offers much more potential to harvest experiences from real life examples rather than the abstract frameworks found in many other Portfolio Approaches. This in turn has given a strong boost to infrastructure financing in the region and provided inspiration for programs across the continent (Kibuka, 2015).

d) What has been done to invest in risk insurance and regulatory environments?

Finally, when it comes to risk insurances and regulatory environments, it seems that this area has largely remained outside of the focus of most of the highlighted Portfolio Approaches. Besides the Africa Strategic Infrastructure Initiative, which has been actively promoting improved regulations through the development of Special Purpose vehicles for project development such as the Central Corridor Transit and Transport Facilitation Agency (CCTTFA), there have been very few innovative approaches proposed by the examined Portfolio Approaches to fix political capital constraints aside from classic recipes such as advisory teams or capacity support. Of all the gaps that Portfolio Approaches need to tackle, it is clear that the regulatory gap is the least developed among the 7 Portfolio Approaches. Just as it was the case with DFI financing, there seems somewhat of a reluctance to get too deeply involved in the domestic political situations of recipient countries. As a result, most of the initiatives propose relatively non-intrusive measures such as data gathering, experience sharing or transaction advisors to facilitate implementation. Much more progress could however be made with integrating insurance based approaches in these institutional initiatives. The Global Infrastructure Facility, created by the World Bank to broaden the investor base in infrastructure projects in emerging markets, is perhaps best placed to make use of the available platforms within the broader World Bank institutions such as MIGA. So far MIGA has preferred working through a country-specific and project-specific approach, something which is common for most World Bank institutions. This has meant however that it has struggled with integrating with other regional infrastructure initiatives, such as the ones described in this section. While it is the stated ambition of the Global Infrastructure Facility to integrate the political

insurance of MIGA in its operations to make more efficient use of total World Bank financing, so far no concrete examples of this integration with its World Bank sibling could be found.

Conclusion: How can the Global Infrastructure Forum improve on these efforts?

This paper has attempted to make a case for more integrated blending efforts in the African infrastructure sector. It has highlighted that two of the major problems of the Busan development agenda from 2011, the inclusion of emerging economies and private sector actors, have largely remained unresolved and made their reappearance at the latest Addis Ababa Financing for Development Conference in July 2015. The purpose of this summit was to develop financing mechanisms to fund the enlarged agenda of the Sustainable Development Goals. Since infrastructure development has become an important new component of the SDG agenda, the Addis Action Agenda proposed the establishment of the Global Infrastructure Forum as a pathway out of the 2 previously described Busan bottlenecks. This situation led us to three research question. We wanted to know which efforts had been made to improve integrated blending in the African infrastructure and what the contributions of a Global Infrastructure Forum could be to this landscape. In order to answer these questions, the paper first proposed an analytic framework that described the factors for successful integrated blending, which was derived from an analysis of the historical obstacles that have plagued blending processes. The main obstacle for integrated blending has so far been the limited success of Development Finance Institutions in Low Income Countries, where current approaches at integrated blending have failed to break open the financing potential of the private sector. The paper highlighted the need to identify and expand the financing landscape, create an accepted coordination structure, merge complementary priorities into coherent pipelines and create greater efforts in risk insurance and regulatory environments. The paper used these four variables to assess the rise of seven Institutionalized Portfolios Approaches and their progress towards Integrated Blending. In this conclusion, we can use the evidence provided by this previous analysis to answer our final research question which asked how the Global Infrastructure Forum could further improve on the efforts of these seven initiatives. The existence of no less than seven recent Institutionalized Portfolio Approaches would lead to the suggestion that the infrastructure development landscape does not need an additional Portfolio Approach such as the Global Infrastructure Forum, especially with a name that is certain to create even more confusion with in a field with other initiatives such as the Global Infrastructure Hub and the Global Infrastructure Facility. But the previous findings on these

existing initiatives highlighted that there still is significant scope for improvements on each of these four variables. This means that an institution such as the GIF could be useful if it succeeds in easing some of the constraints that were found for the different variables.

In terms of *expanding the financing landscape*, the problem was not that money was not generated across the various Portfolio Approaches, but that there remained a great lack of understanding about how to really use the different components of the OECD's TOSSD framework in such a way that the total becomes more than the sum of the different parts. The impressive leverage ratios of many DFIs have given the mistaken impression that leveraged financing is easily done. Yet these same DFIs struggle to show development additionally and financial additionally in almost every review process when their quest for leverage numbers trumps their developmental mandates. In the increasingly crowded field, organizations are also signaling ever higher financing targets and leverage ratios to maintain political relevance. But when these numbers are not backed-up with a strong political mandate and the member's willingness to fund these often very expensive proposals, there is a danger that they become window-dressing exercises that harm the overall global effort to improve integrated blending. A Global Infrastructure Forum could really improve the efforts for globally integrated blending if it provided a platform for all of the TOSSD stakeholders to evaluate on financing interests and common grounds. In principle, the institution could serve as a driving center of knowledge which can help to push some organizations towards greater realism. But given that it currently is designed out of a state-led and UN-based framework, it will be difficult for the GIF to really meet this demand.

In terms of *coordination*, the outlook for a GIF looks more promising, given that the current duplication of mandates is indeed becoming an increasing constraint to the global system for integrated blending. Firstly, there is the obvious duplication of mandates. By now the G7, the G20, the Bretton Woods institutions, the World Economic Forum and various other international organizations have set up very similar institutional structures with often very similar names, very similar mandates and similar portfolios. Through its position within the global UN system, the Global Infrastructure Forum is the only institution that potentially could have the legitimacy to act as coordinator-in-chief of these various programmes and perhaps encourage some organizations to integrate their portfolio approach into the GIF, while at the same time dealing with those programmes that engage in political window dressing. The growing importance and support for the G20's Global Infrastructure Hub, which has stated very similar goals in its recently accepted

businessplan, puts the relevance of a UN-led Global Infrastructure Forum however again in question.

To support the prioritization effort and *the development of coherent project pipelines*, a Global Infrastructure Forum should support the development of portfolio's that have sufficient recipient ownership, but should also act as matchmaker with potential financiers. Having a demand side that is not matched by a supply side erodes the efforts of establishing comprehensive project pipelines, something that is visible in the PIDA Programme (Qobo, 2014). Since many of these African-owned prioritization initiatives such as PIDA or the Africa Energy Outlook are only providing consultancy driven macro-overviews of the financing needs, a Global Infrastructure Forum could build on the efforts of the Africa Strategic Infrastructure Initiative of the World Economic Forum and expanding it beyond the Central Corridor.

Finally, a Global Infrastructure Forum can help streamline initiatives for *regulation* surrounding political commitment technologies, which are now spread across both multilateral agencies (such as MIGA) and many bilateral counterparts. Making sure that a greater part of the increasing flows of financing for African infrastructure get diverted to the development of institutional software, either for prioritization or for regulation, could be a crucial way through which a Global Infrastructure Forum can contribute to a sustainable acceleration of infrastructure development across the developing world.

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Attachement 1:

Portfolio identification	Identify & Expand Financing	Create Coordination Structure	Improve regulatory environment	Coherent priority pipelines	A more integrated blend?
Power Africa <ul style="list-style-type: none"> USA Presidential initiative since June 2013 Add 30.000 MW to African Power Grid by 2020 Turned into law through Electrify Africa Act (2014) 	20 billion USD of private investments pledges leveraged with 7 billion USD of public investments from national DFI and EXIM Bank through guarantees + Technical Assistance	12 participating government delegations and 80 private sector partners. Interagency teams at embassy delegations Alignment with multilaterals (WB, AfDB and UN) and traditional partners (DfID, Nordic donors and Japan)	Supporting regulatory, legal and tariff reform in partner countries through the African Legal Support Facility and Transaction Advisors in Ethiopia, Ghana and Kenya.	Only supporting role, relies on African owned pipelines such as Africa Power Vision (APV)	Viewed as very successful by its founders, given its young age. Achieved 25% of its initial target (10000 MW) in first year of operation. Current leverage ratio is stated to be 3 to 1. Yet main funding so far only from EXIM bank and OPIC as US DFI. Cross-department coordination still limited. Numbers solely based on pledges, actual distribution is unknown. After interviewing Power Africa staff Brock (2014) found that many Power Africa projects were under development for years without Power Africa support.
Africa50 fund <ul style="list-style-type: none"> AfDB initiative Since 2014 Based in Morocco First constitutive assembly: July 2015 Start delivery before end 2015 	Goal = Bring together 10 billion USD in equity to fund 100 billion USD worth of projects by attracting additional finance such as equity, loans and mobilized saving deposits	Key focus = bring about native African financing for African infrastructure projects. Fund management not open to non-African partners, but their finances are increasingly requested to overcome current gaps	Become Africa's largest infrastructure delivery vehicle and streamline early stage project preparation. But currently few steps taken to streamline project preparation landscape	Uses PIDA project pipeline as its expected source of projects. Project selection has not started as of yet. Relies very much on existing AfDB capacity.	Fund establishment much slower than anticipated. Initial financing goal was 3 billion USD. Target not reached. As of July 2015 only 830 million USD of seed financing, of which a 600 million contribution comes from the AfDB alone. (500 million USD in project finance and 100 million USD in project development) Officially 20 founding members, big powers (South Africa, Algeria) not involved. In reality only 3 financiers: Egypt, Morocco, and Nigeria. Other contributions are not reported on.
Programme for Infrastructure Development in Africa & Africa Power Vision <ul style="list-style-type: none"> PIDA Launched in 2012 APV Launched during World Economic Forum by African leaders (2014) Under authority of AU Setting African owned priority pipelines 	51 projects on infrastructure development and 13 energy generation with the PIDA-PAP having a financing need of 68 billion USD	Enhance coordination between different African regional organizations for infrastructure development through the Institutional Architecture for Infrastructure Development in Africa (IAIDA) Channel investor interest to 51 Priority Action Programmes	Limited focus on regulatory aspect, delegated to RECs and member states	Establish project pipeline based on objective a-political criteria. Increase knowledge of Programme progress (Virtual PIDA database and NEPAD Project Prioritization Tool) Create African owned consensus of priority infrastructure projects and market these to key financiers.	PIDA and APV succeeded in being the benchmark project pipeline for a whole range of portfolio approaches. But PIDA and APV selection problematic (Qobo, 2014) PIDA progress very slow towards 2020 deadline. Lack of national ownership over priority action plan. New projects are added to the list. For Dakar Financing Summit (2015) only half were PIDA projects.
Infrastructure Consortium for Africa <ul style="list-style-type: none"> Launched by G8 Other members: WB, AfDB, EC, EIB, DBSA Newest member: South Africa 	ICA is no financing agency but is a platform that has to catalyze and streamline donor and private sector financing for infrastructure in Africa	Raison d'être of the organization is improvement of coordination which includes an effort at opening up to emerging economies and non-DAC donors and private sector.	Capacity building initiatives through publication channel and annual reports Annual data gathering exercise	No effort at setting a project pipeline of its own.	ICA donor financing has been increasing but few examples of real joint initiatives. Besides South Africa not succeeded in integrating emerging economies and Private sector coordination also limited

Global Infrastructure Facility <ul style="list-style-type: none"> 7 Multilateral Development Banks + IMF Hosted by World Bank Since October 2014 Operational since July 2015 Enhance collaboration Enhance project preparation 	<p>Initial capitalization of 80 million USD. Clear focus on institutional investors (like pension funds)</p> <p>Risk sharing reimbursement model: cost recovery after successful financial closure</p> <p>7 MDBs + IMF and 16 private sector partners and financial institutions representing \$12 trillion in assets under management</p>	<p>Goal of GIF is successful combination of funding, knowledge, advisory services and credibility to build new and credible asset class</p> <p>Bringing them together under specific activity management teams + project management units</p>	<p>Key goal = Develop infrastructure a new asset class for institutional investors.</p> <p>Strong focus on pre-feasibility analysis (support legal, regulatory, institutional reforms)</p>	<p>No project pipeline as such, countries are demanded to submit their projects for evaluation.</p>	<p>Too soon to tell.</p> <p>Operational since April 2015 with initial capitalization of 100 million USD. 10 projects should be realized within pilot phase</p>
Global Infrastructure Hub (G20) <ul style="list-style-type: none"> Since 2014 Pilot project Sydney based 	<p>Stated goal = unlock an additional \$2 trillion in global infrastructure capacity to 2030.</p> <p>Currently tiny set up budget. Australia major driving force with 22 million USD financing for its institutional set up.</p>	<p>One of the few organizations that have successfully involved emerging economies like China</p> <p>United Kingdom, China, Saudi Arabia, New Zealand, the Republic of Korea, Mexico and Singapore have pledged financial contributions to the Hub</p>	<p>Establish voluntary G20 Leading Practices on Promoting and Prioritizing Quality Investment, identification, preparation and procurement</p>	<p>Developing a knowledge-sharing network</p> <p>Address data gaps, lower barriers to investment,</p> <p>Increase the availability of investment-ready projects,</p>	<p>Too soon to tell.</p> <p>Still in early start up. First business has been presented at G20 summit in September 2015.</p>
Africa Strategic Infrastructure Initiative <ul style="list-style-type: none"> Initiated in 2013 by World Economic Forum Handed back to NEPAD in June 2015 	<p>Central corridor investment need = 18 billion USD</p> <p>Private sector should take a greater role in the early stages of project preparation</p>	<p>Business working group on infrastructure in Africa as coordinating body</p>	<p>Develop approaches to slice risk into manageable parts: unbundling and regrouping projects</p> <p>Develop further special purpose vehicle and its capacity</p>	<p>All efforts on one project = Central Corridor</p> <p>Breaking up the central corridor pipeline into 121 different separate projects, of which 18 were shortlisted</p>	<p>Successful pilot projects in Central Corridor. Model portrayed for follow up across the continent. 4 projects reached bankability, others follow</p>