MEMORANDUM

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SUMMARY

NIGERIAN GOVERNMENT WANTS EU TO INVEST IN PROPOSED DEVELOPMENT BANK

The Federal Government has urged the European Union, EU, to invest in the proposed Wholesale Development bank through the union's development financing outfit, the European Development Bank, EIB.

The Minister of State for Finance, Bashir Yuguda, made the call while receiving a delegation of the European Union led by the EU Ambassador to Nigeria, Michel Arrion.

Mr. Yuguda said the bid to set up a Wholesale Development bank has raised significant interest among global funding agencies.

According to him, the World Bank has pledged about $500 million to the proposal, while other development-oriented financial institutions like the African Development Bank, ADB, have also committed some funds for the take-off of the bank.

The minister explained that the aim was to boost the growth of the real sector by ensuring long term financing and drastically cutting down interest rate, adding that the federal government would soon be embarking on a road-show to some specific countries to raise more capital.

"We are developing a whole sale development bank in Nigeria," he said. "The idea of the bank is to give long term financing to SMEs and increase their source of borrowing. We did a study of the informal sector, which showed that the sector constituted 45 percent of our gross domestic product (GDP).

The federal government, he said, has a firm belief that if it was able to increase their access to funds, especially long term, that would go a long way in increasing the GDP of this country and integrating them into the formal sector of the economy.

The EU envoy had earlier hinted that EIB is already well established in Cote d'Ivoire and Senegal as a development financier would like to boost their activities in Nigeria by funding long term projects.

Consequently, Mr. Yuguda urged the bank to take advantage of the investment opportunities open in the proposed bank and thanked the bank for its rigorous procedure in ensuring that the facilities they grant Nigerian banks were aligned to the nation's development priorities.

"We know that EIB has been helping Nigeria banks. We are also aware that before they grant any facility to any bank in Nigeria they would normally seek for authorisation through your office (EU envoy) from the National Planning Commission, and I went through many of them while serving as the supervising Minister of National Planning."

Mr. Yuguda, who earlier in 2014, brokered the deal for the EU's grant of 512 million Euros (about N112 billion) towards supporting agriculture and rural development in the north as well as electricity and governance nationwide further welcomed Arrion's request for EU to boost its support to the presidential Initiative for the North-East, PINE, in the rebuilding of the North East zone.

He said, "For Nigeria, the Federal Ministry of Finance, we are handling the safe school initiative which is a very big programme. We appreciate your concern in this regard and will be prepared to provide the necessary support to ensure that your efforts were in tandem with the Presidential intervention programme." (Premium Times Nigeria 04-10-2014)

A NEW HRVP AND WHAT IT COULD MEAN FOR EU-AFRICA, DEVELOPMENT COOPERATION AND POLICY COHERENCE

European Union High Representative for Foreign Affairs and Security Policy/European Commission Vice-President (HRVP)-designate Federica Mogherini's vision, laid out in her European Parliament hearing, is to ensure a common, long-term vision to prevent crisis and to manage post-crisis situations and beyond. Mogherini intends to ensure more effective external action by increasing European ownership of the Common Foreign Policy, improving institutional relations and ensuring coordination and coherence among all Commissioner portfolios. This will be quite some challenge with inter-institutional coordination difficult enough, and getting full member-state buy-in even harder. Mogherini's mission letter, written responses to the European Parliament and the parliamentary hearing give us insight into the EU's foreign policy on a number of issues. We focus on three areas of particular interest to ECDPM's stakeholders: EU-Africa relations, development, and policy coherence & the comprehensive approach. Ultimately Mogherini gave a confident performance on a wide-ranging dossier. Yet, she will need all the help she can get to deliver a more coherent and effective role for the EU in the world.

COMMISSIONER PIEBALGS TO SIGN DEVELOPMENT PROGRAMMES FOR BELIZE, LESOTHO, TOGO AND ZAMBIA

European Commissioner for Development, Andris Piebalgs, will sign today the National Indicative Programmes (NIP) for development cooperation with Belize, Lesotho, Togo and Zambia in the 2014-2020 period, which amount to €869 million. The signing ceremony with representatives of those countries will take place in the margins of the annual meeting of the World Bank and the International Monetary Fund in Washington.

Commissioner Piebalgs said: "The programmes that we will sign are the fruit of close cooperation with the four partner countries and reflect their own policies, strategies, and needs as they have defined them. I am particularly pleased to see that energy and governance are key priorities for these countries, as clear drivers for sustainable development and growth. Our support will target EU resources where they are most needed and most effective and once we have signed, preparations of concrete projects and programmes for the next seven years can start."

What is a National Indicative Programme?

The National Indicative Programmes represent an important step in the programming of EU aid. EU Member States agreed in 2013 the overall amount for development cooperation that will be channelled to 78 African, Caribbean and Pacific countries through the 11th European Development Fund EDF during the financing period 2014-2020 (total amount €30.5 billion).

In parallel, the preparations of a NIP for each of these countries started, defining the strategy and priorities for EU aid in each particular country. These preparations are done in close cooperation with the partner countries so as to ensure that NIPs support national priorities and reflect the local context.

This is in line with the EU's vision for future development cooperation, the "Agenda for Change", which calls for resources to be targeted where they are most needed and can be the most effective. EU funding will focus on a maximum of three sectors per country (possibly four in the case of fragile countries) to achieve maximum impact and value for money of EU cooperation.

What are the next steps?

It is foreseen that by early 2015, the remaining NIPs will be finalised and signed. In parallel, work on preparing concrete projects and programmes has also started in all countries.

Table: National Indicative Programmes to be signed on 10 October

Country	*Bilateral EU funding under the 11th EDF*	Focal sectors
Belize	€27 million	Energy; health; public financial management
Lesotho	€142 million	Water; energy; governance
Togo	€216 million	State consolidation and security; water and sanitation; energy
Zambia	€484 million	Energy; agriculture; governance

Commissioner Piebalgs will be in Washington D.C. to take part (10-12 October) in the World Bank and International Monetary Fund Annual meetings. During his visit, he will address the Development Committee (a ministerial-level Steering Committee of the World Bank Group). Furthermore, the Commissioner will hold a series of meetings with key interlocutors at the World Bank and the IMF, as well as with other development partners. (EC 10-10-2014)

CDE - CENTRE FOR THE DEVELOPMENT OF ENTERPRISE

The Council of Ministers, approved the EU position within the ACP-EU Committee of Ambassadors with regard to the closure of the Centre for the Development of Enterprise (CDE). The EU will support the authorisation of the Executive Board of the CDE to take all appropriate measures for the orderly closing of the CDE by 31 December 2016. The CDE was set up in the framework of the partnership between the EU and the African, Caribbean and Pacific Group of States. (09-10-2014)

MBEKI, OBASANJO WORRIED ABOUT 'TENSE' RELATIONS BETWEEN SOUTH AFRICA, NIGERIA

Former South African president Thabo Mbeki and former Nigerian president Olusegun Obasanjo both expressed concern over tension in the relationship between their two countries during a panel discussion on Thursday.

Relations between Nigeria and SA — two of Africa's largest economies — have been characterised by competitive jostling for the pole position of "herald" of the "African growth story".

Observers have noted an element of "bitterness" between the two countries in recent engagements. Nigeria earlier this year made hay of its newfound position as the largest economy in Africa in terms of gross domestic product, after rebasing.

The Nigerian government's handling of Pastor TB Joshua's Lagos-based Synagogue of All Nations church building collapse in September, in which 84 South Africans died, enraged South Africans.

Speaking to guests at the Wisdom Forum gala dinner in Johannesburg, Mr Mbeki said while "there is a sense that things are not right, there are attempts among South Africans and Nigerians to entrench a positive spirit".

"I think all of us would be concerned about relations. I tend to think of it in positive terms. I know of many Nigerians friends who make efforts to correct what is wrong and I know South Africans who are of the same view," Mr Mbeki said.

He said President Jacob Zuma and President Goodluck Jonathan were committed to preserving good relations between Nigeria and SA.

"President Jacob Zuma does care about this matter and is keen to have it resolved. We should not have an air of animosity. He is keen to have it resolved as is President Goodluck Jonathan. Our current leadership in both countries needs to work hard to ensure this relationship is sustained but the spirit and will to do so is certainly there," Mr Mbeki said.

Mr Obasanjo said the two nations had a long-standing partnership dating back to his and Mr Mbeki's presidential administrations, which yielded many positive results for the two countries and the continent.

"I am concerned about relations. There is no reason why relations between Nigeria and SA should not be the best. We were hoping that when SA was free Africa would have two strong handles and together we will carry the African basket high," Mr Obasanjo said. (BD 10-10-2014)

CHINESE PLANT MAKES ANGOLA SELF-SUFFICIENT IN CEMENT

Cement production in Angola reached 8 million tons per year, which was slightly more than the amount consumed making Angola a self-sufficient country in terms of this product, the Angolan Minister of Industry, Bernarda Martins said Thursday.

On the sidelines of a visit by President José Eduardo dos Santos to the CIF (China International Fund Ltd) plant in Luanda, the Minister said that this plant, located in the municipality of Bom Jesus, had allowed Angola to "reach production of 8 million tons per year, which should mean we can stop importing cement. "

The CIF Luanda plant has two production lines, each with a capacity of 5,000tons per day, with a projected annual output of 3.6 million tons of clinker and 4 million tons of Portland cement.

Construction of the first production line began on 28 May, 2009 and was completed on 6 October 2011.
The plant, which employs about 800 Angolan workers, has capacity to generate its own energy through a plant that produces 145 megawatts of power, as well as three turbines.
Bom Jesus is a commune in the municipality of Icolo and Bengo, Luanda, on the right bank of the Kwanza River, about 60 kilometres southeast of the Angolan capital. (10-10-2014)

FAO LAUNCHES FOOD SECURITY INITIATIVE IN EBOLA-HIT WEST AFRICA

FAO Wednesday launched a new programme to urgently assist 90,000 vulnerable households in Guinea, Liberia and Sierra Leone whose food supplies and livelihoods are threatened by the disruptive effect the Ebola epidemic, the UN food and agriculture agency, FAO, said in a press statement.

The new programme will pay particular attention to the disruption the epidemic is having on rural economies, agricultural activities and markets.

The Regional Response Programme for West Africa will scale-up the work FAO is currently doing with governments, United Nations partners and local networks of agriculture, veterinary and forestry workers, to help stop the spread of the disease, meet immediate and long-term food and nutrition security needs and build resilience.

FAO is urgently calling for US$ 30 million to support activities linked to the programme over the next 12 months. Programme activities are organized around four key objectives:

- contribute to saving lives by stopping the spread of the disease through social mobilization, training and awareness raising;

- boost incomes and agricultural production to safeguard livelihoods;

- build resilience of communities to disease threats; and

- strengthen coordination for improved response.

Vincent Martin, Head of FAO's Dakar-based Sub-regional Resilience Hub, the office coordinating FAO’s response, said: “Our comprehensive response is part of overall United Nations efforts to save lives and protect livelihoods.'

“We’re following a twin-track approach to help our United Nations partners halt the tragic loss of life while at the same time protecting incomes, nutrition levels and food security,” he said.

Activities include mobilizing communities to reduce their risk of infection through awareness campaigns; boosting food and cash crops, livestock and fisheries production, introducing microfinance strategies to safeguard rural incomes.

It also includes setting up early warning and response systems to reduce Ebola risks at the human-animal interface.

The programme will also ensure that countries are coordinated and resourced by filling gaps in expertise, increasing knowledge sharing on best-practices and building collaborative networks.

“These actions cannot wait,” said Bukar Tijani, Assistant Director-General/Regional Representative, Regional Office for Africa.

“The outbreak is already reducing the purchasing power of vulnerable households, which means less food on their plates and increased nutritional risks for families already on subsistence diets. Fear and stigmatization also threaten to reduce agricultural activities, thereby placing food security at risk,” he said.

Early results from rapid assessments point to a worrisome situation. In Sierra Leone, for example, 47 percent of the respondents said Ebola was considerably disrupting their farming activities.

In Lofa county, the most affected rural county in Liberia, the prices of commodities, including food, increased from 30 to 75 percent just in August 2014.

If not addressed now, the current impact of the outbreak on livelihoods could lead to long-lasting impacts on farmers' livelihoods and rural economies. (Pana 09/10/2014)

BRAZIL FUNDS PROGRAMME FOR EXPORTS TO ANGOLA

A protocol to fund imports of Brazilian goods and services by micro, small and medium enterprises from Angola was signed Wednesday in Brasilia according to Angolan news agency Angop.

The Memorandum of Understanding on export financing deals with guarantees and counter-guarantees and will enable a rise in imports of goods and services from Brazil by Angolan private importers.

Signed by Brazilian Finance Minister Guido Mantega and the ambassador of Angola to Brazil, Nelson Cosme, the protocol excludes infrastructure, extraction of oil and diamonds and determines that goods and services must be purchased from Brazilian exporters with a gross annual turnover of up to 600 million reais (US$250 million).

The funding is for 100 percent of the export value of operations with a lifetime of less than two years and 85 percent of operations with maturities of over two years, and the programme will have an initial allocation of US$71 million.

The two sides expect the Brazilian programme to support exports to Angola to reach US$300 million per year. (10-10-2014)

KENYA PREPARES MASS CASUALTY RESPONSE PLAN BASED ON TERRORISM ATTACKS

Kenya is preparing a response plan to take care of future disasters, including terrorist attacks, leading to mass casualties based on lessons learnt from the 21 Sept. terror attack at the Westgate.

The first simulated exercise involving civilian and military disaster response teams is set to take place in Nairobi on 9 October and would be focused on how the agencies could work together in a coordinated fashion during disasters.

Kenya has witnessed recurrent terrorist attacks, mostly as a result of the Improvised Explosive Devices (IED), collapsed buildings, mud slides and the Westgate terror attack, which resulted from mass shooting of civilians at a popular shopping mall.

The civilian agencies, Police, the Kenya Red Cross and the National Disaster Response Centre, are usually the first to respond to such emergency situations.

According to the US Embassy in Nairobi, the diversity and complexity of these emergencies necessitate an interdisciplinary and interagency response.

'Civilian agencies are by default the first responders with the military included based on the nature of the disaster,' the US Embassy said in an advisory about the planned simulated exercise planned to take place Thursday.

The first training exercise will include a controlled interagency disaster response simulation and a practical session on how to improve disaster management in Kenya.

US Ambassador to Kenya Robert Godec, Kenyan Interior Minister Joseph Ole Lenku and Interior Ministry Principal Secretary, Dr. Monica Juma, are amongst the dignitaries expected to attend the simulated disaster response training.

Others include the British High Commissioner to Kenya, Christian Turner, Israeli Ambassador to Kenya, Shalom Cohen, and the Red Cross Secretary General, Abbas Gullet.

During the Westgate terror attack, a mix up in the command between the Kenyan Police and the military led to some casualties on both sides.

This is because the military and civilian agencies rarely plan or practice emergency response procedures together despite having to work together at the most severe of disaster scenes.

The Mass Casualty Incident Exercise is expected to generate lessons to be incorporated into the development of a Kenyan interagency response plan.

'This exercise will focus on the critical need for more joint interagency planning and practice,' the US embassy said. (Pana 08/10/2014)

PORTUGAL RELAUNCHES INVESTMENT FUND FOR MOZAMBICAN COMPANIES

Portugal will contribute US$13 million to the Enterprise Fund for Portuguese Cooperation (FECOP), a mechanism to support investment in micro, small and medium-sized Mozambican companies, the Mozambican Minister of Industry and Trade said in Maputo Thursday.

Armando Inroga said that the fund would act as a “cushion” for projects facing difficulties in finding funding under “traditional conditions that banks require” and should benefit several sectors.

Announced in 2009 by the Portuguese Government, FECOP initially had a budget of US$9 million and was intended to support business investment projects in the Island of Mozambique, in Nampula (northern Mozambique), where Portugal implements social and economic cooperation programmes.

Earlier this year, on a visit to Mozambique, the Portuguese Prime Minister, Pedro Passos Coelho, announced the relaunch of this cooperation programme with Mozambique, by providing US$13 million to the fund, which will work in collaboration with the Mozambican Banking Association (AMB), representing Mozambican banks with Portuguese shareholders BIM – Banco Internacional de Moçambique (Millennium bim), Banco Comercial de Investimentos (BCI), Moza Banco and Banco Único.

In a recent interview with Mozambican daily newspaper O País, the Portuguese Secretary of State for Foreign Affairs and Cooperation, Luís Campos Ferreira,said that FECOP may provide investments of up to 17,000 euros to micro enterprises and of between 35,000 and 350,000 euros to small and medium enterprises, including working capital in both cases.

Portugal is one of Mozambique’s main economic cooperation partners and was the second biggest provider of loans in 2013, after China, providing overall funding of US$87.5 million, which increased Mozambique’s total debt to the Portuguese state to US$465.79 million. (10-10-2014)

FRENCH AGENCIES SCORE POORLY IN AID TRANSPARENCY INDEX

In another blow for French development aid policy, Publish What You Fund has placed France near the bottom of its 2014 international rankings for aid transparency.

The Aid Transparency Index ranks the 68 biggest aid agencies, including those from Europe and the United States, but also multilateral organisations like the World Bank or the Gates Foundation.

The overall picture of transparency in development aid given by these rankings is less than outstanding: "almost a third of the organisations included in the 2014 ATI (22 out of 68) are classed as 'very poor'," Publish What You Fund stresses.

The United Nations Development Programme (UNDP) comes top of the list, while China occupies the bottom position for the second year running.

Ministry of Foreign Affairs, France's top performer

The Index is not flattering for France's aid agencies. Leaping up the rankings to 28th place, from 52nd in 2013, the Ministry of Foreign Affairs is the highest performing French agency in 2014.

The other two French agencies, the AFD (French Development Agency) and MINEFI (Ministry of Economy and Finance) come in 44th and 58th place respectively.

Lack of ambition criticised

All three French aid agencies were singled out for their lack of ambition.

The AFD is the only French agency to be classed as "quite ambitious", while the ambitions of the other two agencies were judged "non-existent".

Christian Reboul, spokesperson for development aid for Oxfam France, said that "transparency is vital for efficiency in delivering aid, so this poor performance is very worrying".

Strong point of French policy

According to Annick Girardin, French Secretary of State for Development and Francophonie, transparency is one of the strong points of French development aid policy.

The secretary of state announced the year's progress in the French parliament on 8 October. "We have launched a website to improve transparency in aid to Mali, which brings together all the data on projects in the country funded by French aid. This allows us to follow the development of projects on the ground," the Secretary of State explained.

The website for aid to Mali has been replicated for Burkina Faso, Niger and Mauritania, all priority countries for French aid.

In the long term, France aims to broaden this transparency initiative to cover all 16 of its priority countries for development aid, a solution judged as "partial" by the organisation Publish What You Fund. They would like to see the same transparency applied to all of France's aid recipients. (EurActiv 10-10-2014)

NEW FACTORY IN ANGOLA ALLOWS THE COUNTRY TO START EXPORTING BEER

The start of production at the new "Bela" brewery puts Angola in a position to start exporting beer, the Minister for Industry, Bernarda Martins said Thursday at the Special Economic Zone in the municipality of Viana.

Owned by the Lowenda Brewery Company, Lda., with Chinese investors, the factory will provide employment to 250 Angolans and 170 foreigners, according to Angolan news agency Angop.

The minister said that the project, which was built from scratch, “falls within the National Development Plan of the Government of Angola, particularly with regard to the development programme of the country’s industry.”

Martins said that with respect to the beverage sector, including water, juices, soft drinks and beer, Angola is at an advanced stage in the import substitution process, “because there is domestic production of these products, which make its possible to meet demand.”

The new venture includes fermenting and machinery rooms, boilers and generators, a filling area, wastewater treatment area, container area and a warehouse for the finished product.

The water for brewing comes from the Kwanza River through a pipeline approximately 30 kilometres long, giving the plant capacity to treat 1,000 cubic metres per day and waste liquid can be used for gardening and cleaning. (10-10-2014)

ZAMBIA SEES LOWER 2015 BUDGET DEFICIT DUE TO HIGHER ROYALTIES

Zambia plans to narrow its budget deficit in 2015, helped by changes to the mining tax regime which should boost revenue, Finance Minister Alexander Chikwanda said on Friday.

Presenting a 46.7-billion kwacha ($7.4bn) budget to parliament, Mr Chikwanda forecast higher economic growth next year, citing a good farm harvest, as well as increased power generation and manufacturing output.

The budget shortfall in Africa’s second-largest copper producer would edge lower to 4.6% of gross domestic product (GDP) in 2015 from a projected 5.5% this year, while the economy would grow by 7%, up from 6.5%. Revenue would rise to 18.5% of GDP from an expected 17.2% for 2014, Mr Chikwanda said.

Domestic revenue would finance 75.2% of the budget, with changes to the mining tax seen adding 1.7-billion Zambian kwacha ($269m) to the collection.

"The Treasury will continue to exercise prudent fiscal management," Mr Chikwanda vowed, predicting a budget gap of about 3.3% of GDP by 2017.

He set a year-end inflation target of 7% for 2015 from 6.5% in 2014.

The government would increase underground mining royalties to 8% from 6% as part of an effort to revamp the industry’s tax system, and introduce a 30% corporate processing and smelting tax.

Another 30% tax would be applied to income earned from "tolling", industry-speak for an agreement to process another producers raw materials.

Open-cast mining operations in the southern African nation would now be subjected to a 20% mineral royalty as a final tax.

The tax system has been in the spotlight amid a simmering row over VAT refunds.

Zambia has been withholding $600m in VAT refunds owed to mining firms after companies failed to produce import certificates from destination countries.

The finance ministry has since said it plans to waive the requirement because it is impractical, but no refunds have been made yet.

The government wanted "an amicable resolution" to the VAT spat, Mr Chikwanda said.

Zambia had produced 448,673-metric-tonnes of copper in the first eight months of 2014, which was about 50,000-tonnes lower than what the country produced in the corresponding period of 2013.

"The lower outturn was largely on account of a significant fall in output recorded at one of the major mines due to a temporary suspension of mining operations as a result of operational challenges," he said.

Despite these operational constraints, Zambia’s full-year 2014 copper production was projected to be marginally higher than the 2013 output of about 790.000-tonnes, he said.

Mining companies operating in Zambia include Canada’s First Quantum Minerals, London-listed Vedanta Resources, Glencore and Barrick Gold. (Reuters 10-10-2014)

ZIMBABWE SIGNS $1.5BN POWER DEAL WITH CHINA'S SINOHYDRO

Energy-starved Zimbabwe signed a $1.5bn deal with China's Sinohydro on Friday for a project to boost power generation at the Hwange coal-fired power station.

Energy Minister Dzikamayi Mavhaire said the addition of two new units at Hwange "will be a huge step in resolving the current power deficit and ease load-shedding".

"Everyone should see the light — not in the metaphorical sense but in real sense," he said.

Mr Mavhaire said the project at Hwange in northwestern Zimbabwe would take 42 months to complete at a cost of $1.174bn, with the remainder going to administrative costs.

On completion the project would add 600 megawatts (MW) to the national grid, expanding current generating capacity by 50%.

China's Export-Import Bank will provide a loan for the project, 80% of it at concessionary rates and 20% at commercial rates.

Sinohydro was awarded the tender last year after another Chinese company failed to complete the contract. The tender was initially awarded to China Machinery and Engineering Company.

Sinohydro's vice-president for Africa, Wang Xinhuai, pledged to "execute the contract strictly and deliver the project with high quality".

Zimbabwe suffers frequent power shortages. This causes the power utility to resort to load shedding, cutting supplies to some parts of the country for about eight hours a day.

The Zimbabwe Electricity Supply Authority has tightened the rationing in recent weeks as it battles serious shortages, forcing some parts of the country to go without electricity for up to 18 hours a day.

Frequent breakdowns of Zimbabwe's ageing power stations mean the country suffers perennial power shortages.

The country produces an average of 1,200MW against a peak demand of 2,200MW and relies on imports to supplement its production.

Last month Zimbabwe launched a $533m project with Sinohydro to scale up electricity generation at another of its major plants, the Kariba hydroelectric power station. (Sapa-AFP 10-10-10)

WORLD BANK PUSHES PRIVATE SECTOR FOR MAJOR INVESTMENTS IN INFRASTRUCTURE

The World Bank has initiated a major call to action for private sector investors around infrastructure projects in developing countries.

World Bank Group President Jim Yong Kim on Thursday launched a new initiative, worth some 15 billion dollars, aimed at motivating banks, pension funds and other institutional investors to turn their focus to the pressing, and growing, infrastructure needs in developing countries.

"Institutional investors have deep pockets – insurance and pension funds have some 80 trillion dollars in assets." -- World Bank President Jim Yong Kim

In announcing the new Global Infrastructure Facility (GIF), Kim estimated these needs would require up to a trillion dollars of additional investment each year through the end of this decade. That's twice as much as these countries are currently spending.

The private sector has turned away from infrastructure in developing countries and emerging economies in recent years, the bank reports. Between 2012 and last year alone, such investments declined by nearly 20 percent, to 150 billion dollars.

"Given the scale of infrastructure financing needs in developing countries, we definitely welcome an initiative like this," Marilou Uy, the incoming director of the Group of 24 (G24) developing countries and a former bank official, told IPS.

"The private sector's role here is especially important: to find good models to work with, so that private investment in developing countries can start to rise again and grow to levels even higher than before."

In a surprise to many, the bank's sister organisation, the International Monetary Fund (IMF), this week came out forcefully in favour of public spending, particularly on infrastructure. The IMF and World Bank are currently holding semi-annual meetings here in Washington.

The GIF will start a number of pilot ventures later this year, reportedly with a focus on climate-friendly projects and those that can promote trade. But it will not be financing these initiatives directly. (IPS 09-10-2014)

WORLD BANK ACCUSED OF IGNORING LESSONS ON MEGA INFRASTRUCTURE

Rather, it will aim to turn the private sector's attention back towards the road, bridges, energy production and other large-scale physical projects that make up the foundation of any country's economic and social development.

"Institutional investors have deep pockets – insurance and pension funds have some 80 trillion dollars in assets," Kim said Thursday, speaking with reporters.

"But less than 1 percent of pension funds are allocated directly to infrastructure projects, and the bulk of that is in advanced countries. The real challenge is not a matter of money but a lack of bankable projects – a sufficient supply of commercially viable and sustainable infrastructure investments."

Fundamental bottleneck

The World Bank is hoping the GIF will function as a conduit through which major investors, together with the development institution's own experts, can advise governments how to structure infrastructure projects in order to entice investors looking for long-term opportunities. Kim said a "massive infrastructure deficit" in developing countries today constitutes a "fundamental bottleneck" in addressing poverty, the bank's key mandate.

Perhaps in response to past criticisms, the bank also notes that the GIF will not simply try to move as much money into these projects as possible.

"We know that simply increasing the amount invested in infrastructure may not deliver on the potential to foster strong, sustainable and balanced growth," Bertrand Badre, the institution's managing director, said in a statement. "A focus on the quality of infrastructure is vital."

The GIF will focus on fostering particularly complex partnerships between the public and private sectors, known as PPPs. In anticipation of Thursday's announcement, the World Bank Group's private-sector arm, the International Finance Corporation (IFC), has reportedly been ramping up its PPP units around the world.

Yet the growing dependence on the private sector in development aims continues to spark concern among many development advocates and anti-poverty campaigners, who worry that the goals of for-profit entities are often at odds with the public good.

"While the bank's new infrastructure facility is welcome, we are concerned that any sudden push into new big-ticket infrastructure deals must improve the lives of ordinary people," Nicolas Mombrial, the head of the Washington office of Oxfam International, a humanitarian and advocacy group, said Thursday.

"Therefore, the World Bank must ensure that new infrastructure lending comes fitted with proper safeguards in place to protect the poorest and most vulnerable communities from clients that might be more interested in profit over development. We need safeguards for people and not just for investors."

The head of the GIF, meanwhile, cautions that the initiative is still in its very early days.

"I have been meeting with civil society organisations who were really interested in engaging with us on the GIF," Jordan Schwartz, the official in charge of the new programme, told IPS.

"Like them, we want to ensure that decisions around infrastructure investment are sensitive to a wide range of environmental, social and economic considerations, so that not only is there benefit for the poor and for economic activity generally but so the investments are sustainable. We look forward to continuing that dialogue."

PPP worries

Concerns around public-private partnerships are particularly notable around public water systems. In recent years, private companies around the world have shown growing interest in stepping into partnerships to resuscitate public water infrastructure that has often been underfunded for decades.

The World Bank's IFC has been a major proponent of such deals. Yet some of these have sparked powerful backlash from critics who note that water privatisation has often resulted in higher costs and inequitable service.

This week, for instance, activists in Nigeria stepped up a campaign to urge the government to pull out of discussions with the IFC around a potential water project in Lagos. They say the scheme's details are being kept from the public.

"Around the world, the IFC advises governments, conducts corporate bidding processes, designs complex and lopsided water privatisation contracts, dictates arbitration terms, and is part-owner of water corporations that win the contracts it designs and recommends, all while aggressively marketing the model to be replicated around the world," Akinbode Oluwafemi, with Environmental Rights Action, a Nigerian advocacy group, told reporters Wednesday in Lagos, according to prepared remarks.

"Not only do these activities undermine democratic water governance, but they constitute an inherent conflict of interest within the IFC's activities in the water sector, an alarming pattern seen from Eastern Europe to India to Southeast Asia."

According to World Bank estimates, public money makes up some two-thirds of PPP financing around the world today. Watchdog groups say this underscores the heavy government subsidies that these projects have typically required, especially for important improvements.

"The GIF is part of a larger, renewed push for big infrastructure, which is troubling in part because of the history of human rights and environmental abuses associated with these projects," Shayda Naficy, director of the International Water Campaign at Corporate Accountability International, an advocacy group, told IPS.

"But it is also troubling because even where infrastructure is a dire need, as it is in the water sector, the emphasis being placed on the private sector is leading us in pursuit of illusory solutions. At least in the case of water, the private sector is not interested in making these investments in infrastructure." (IPS 09-10-2014)

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- **Sponsorship and exhibition stands**
- **Hotels**
- **Contact Persons**

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