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Understanding the role of development finance institutions in promoting development

An assessment of three African countries

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Contents

Executive summary **4**

1. Introduction **6**

2. DFIs and development **7**

2.1 Broad development aims of DFIs 7

2.2 The contribution of DFIs to the Sustainable Development Goals 8

2.3 How do development impacts come about and what might be missing? 9

3. Development plans **12**

3.1 Overview of country strategies and priorities 12

3.2 Method for summarizing development strategies and identifying priorities 12

3.3 Identification of priorities 13

3.4 Mobilization of financial support 14

3.5 Links between country level development plans and SDGs 14

4. Mapping financial flows onto development priorities **16**

4.1 Ethiopia 16

4.2 Kenya 21

4.3 Ghana 24

5. Opportunities and challenges **28**

5.1 Assessing opportunities and challenges 28

5.2 Do DFIs take development plans into account? 30

5.3 What steps could DFIs take to align their DFI investment to development plans? 32

6. Conclusions and suggestions **33**

References **34**

Appendix 36

Executive summary

This report seeks to understand the role of development finance institutions (DFI) in supporting the objectives of national development plans, particularly those emphasizing the sustainable development goals (SDGs), set by the developing countries within which DFIs invest. This report focuses on DFIs that provide finance to the private sector under concessional terms, seeking a profit. The analysis of DFI funding is set within the broader context of the role played by financial flows, such as commercial finance and foreign aid (i.e. Official Development Assistance, ODA), in supporting national development objectives. Three country case studies are used as a lens for the analysis, namely Kenya, Ethiopia and Ghana. The report defines the role that DFIs play as investors as well as their potential contribution to development outcomes, including the achievement of the SDGs. The report concludes by suggesting four steps that DFIs could take to channel finance towards sectors that are considered crucial by national development plans.

A review of the development plans of the three case study countries finds that their development plans are all closely aligned to the SDGs. However, only Ethiopia makes explicit reference to the SDGs. Mobilizing financial resources (SDG Goal 17) is also a target of the SDGs and Kenya, Ethiopia and Ghana are all striving to meet it, but due consideration for a country's policy planning space is an action that may be relevant to DFIs. The report then examines the extent of alignment between the different sources of finance and national development plans. Overall, the results show that alignment across all sources of finance mobilization seems to be highest for Ethiopia, although further investigation is needed to understand why. On the other hand, the alignment of DFIs' finance mobilization (excluding investment funds) with priority sectors seems to be highest in Ghana, followed by Kenya. Non-DFI commercial finance (e.g. from private banks) seems to be aligned most in Ethiopia and least in Ghana. Economic Official Development Assistance (ODA) is most aligned in Kenya, with Ghana and Ethiopia both scoring similarly in our assessment.

In Ethiopia, the commercial sector is funding two strategic sectors that are under-represented by DFI financing. It therefore appears that DFI finance may not provide additionality if it is channeled into construction or manufacturing. This may point to under-explored opportunities. If the private sector were willing to invest in the manufacturing sector, DFIs may be able to support further deals and crowd in additional finance. In Ghana, DFI funding could be channelled towards both the healthcare and ICT sectors. For the first, it could alleviate dependence on ODA. For the second, it could bolster the growth of ICT firms that are too small (e.g. SMEs or local start-ups) that may not be receiving funding through FDI. In Kenya, DFIs are already funding the manufacturing and energy sectors. However, there is the opportunity for DFIs to finance two remaining strategic sectors – transport and ICT – to provide more commercial finance for sectors that are currently funded and potentially being funded only by ODA, and by no other forms of commercial finance, such as local commercial finance.

Finally, the report identifies opportunities where DFI investments could support sectors deemed as strategic by governments following the DFI investment principles of financial additionality, development impacts and catalytic effects. The report suggests four steps that DFIs could follow to increase their level of funding towards strategic sectors. These are:

- to identify the strategic sectors
- compare these with current DFI investment activities
- discuss how DFIs could support investments in these sectors with key stakeholders (private sector, other financing institutions and the government), and
- to invest in the target priority sectors.

The report also provides findings from DFI interviews, which suggest that DFIs are currently not considering national development plans to a significant degree and may be operating based mainly on their internal objectives and strategies. However, they recognize that there may be opportunities to do so through structured, but limited and targeted interactions.

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1. Introduction

Development Finance Institutions (DFIs) invest in private sector firms and funds for which they expect a financial return, while DFI shareholders also expect DFIs to contribute to development objectives such as the Sustainable Development Goals (SDGs). Ideally, DFIs invest in areas that make the greatest contribution on development objectives, but they depend on the availability of viable private sector opportunities and DFI resource availability. In some cases, activities with the greatest social returns may not be financially viable and hence not ready for DFI support, and in some other cases, private sector opportunities may have minimal impact on development, but already receive private finance and may not be worthy of DFI support. The focus of this study is to understand the role of DFIs in supporting development objectives, within the broader context of the role played by different actors to support national development objectives.

DFIs were little known actors in the development architecture, but have begun to play a greater role in recent years (Savoy et al., 2016) as shareholders have channelled more finance through them. The literature on the impact of DFIs is also rapidly emerging (Attridge, Calleja, et al., 2019). There are still significant gaps in our knowledge on the impact of DFIs. However, what is clear is that DFIs already contribute to development objectives in differing ways. This is usually because DFIs choose to invest in profitable private sector opportunities that should have a development impact, rather than choosing to develop profitable private sector opportunities in areas of interest to development objectives. DFIs are presented with private sector opportunities, apply the investment code, and only a few projects reach the investment community.

This report discusses whether and how DFIs might work differently by first assessing projects that are more firmly in line with development objectives at the country level. In doing this, it focuses on three African country examples – Kenya, Ethiopia and Ghana – and asks what their development plans are and whether DFIs allocate resources to these sectors.

DFIs often use their own development impact scoring system, but this does not always consider what countries themselves prioritize. While these countries (Kenya, Ethiopia and Ghana) are not necessarily representative of all DFI presence in Africa, they are interesting case studies of countries at different stages of economic, financial, and institutional development and different types of engagement with the private sector and DFIs. They also present opportunities and potential to scale-up investments in the future for East and West Africa. We think findings from this study can be useful for peer-to-peer learning and engagement across the continent to help yield the most relevant impact from DFI investments.

Section two of this report provides an overview of the role of DFIs, the development impact of DFIs and the link between DFIs and the SDGs. It also discusses why DFIs need to work more strategically, which includes supporting sectors that fit with country development plans. Section three reviews development strategies in the three case study countries to understand which key sectors these countries seek to develop further and for which to mobilize finance. Section four uses quantitative data from a variety of sources to compare sectoral financial flows into the three case study countries. It compares ODA, Foreign Direct Investment (FDI) where data are available, DFI and commercial finance flows. These data are then mapped against the strategic priorities for each case study country identified in section three. Section five attempts to understand where DFIs could invest, following the DFI investment principles of additionality, development impacts and catalytic effects. It also suggests a range of steps DFIs could go through if they want their investments to be more explicitly focused on development impacts. Section six concludes.

2. DFIs and development

Development Finance Institutions (DFIs) are a group of bilateral, regional, and multilateral financial institutions that specialize in investing in private sector firms with the aim to promote developmental impacts. The shareholders of bilateral DFIs tend to be national governments, but sometimes they also include other actors, such as the private sector. Some DFIs are part of multilateral institutions. For example, the International Finance Corporation (IFC) is a part of the World Bank Group. DFIs generally invest in the private sector in low- and middle-income countries, through loans or equity, in projects that are likely to have development benefits, but which, for various reasons, are less likely to attract sufficient commercial funding. These reasons include the expected timescale of returns, a lack of collateral requirements, a new product or service that commercial lenders are not familiar with, lack of an established relationship with local lenders, or a risk assessment profile which does not fit the risk strategies of commercial lenders.

DFIs can provide financial and technical assistance. The most common form is the provision of profit-seeking, private sector (non-sovereign) finance to investments with a higher risk profile, with the loans or DFI portfolio backed implicitly through public sector guarantees. Such operations form the bulk of DFI portfolios, particularly for the DFIs considered in this report, which are mainly focused on the private sector. DFIs also provide private sector finance on explicitly concessional terms, without necessarily requiring a profit, an example of which is the MASSIF fund for FMO (the Dutch Entrepreneurial Development Bank). Finally, DFIs assist the public sector by acting as development banks. The latter is the case for multilateral institutions, i.e., the Asian or African Development Banks, although parents of some private sector focused bilateral DFIs also carry out this function (i.e. AFD in France or KfW in Germany). However, this report focuses on DFIs that provide finance to the private sector seeking a profit. The DFIs analysed in the report are the IFC, FMO (the Dutch DFI), the CDC Group (a DFI of the UK Government), DEG (German Investment Corporation), Proparco (a DFI part-owned by the French Development Agency, BIO (the Belgian Investment Company for Developing countries), Swedfund (a DFI of the Government of Sweden), FinnFund (the Finnish Fund for Industrial Cooperation), Norfund (a DFI of the Government of Norway, OoEB (the Development Bank of Austria) and IFU (a DFI of the Government of Denmark).

Below we review DFIs' broad types of development aims (section 2.1) as well as evidence on impact of DFIs on economic development and the SDGs more generally (section 2.2). Section 2.3 then discusses how development impacts come about and what might be missing in the efforts of DFIs to achieve these impacts.

2.1 Broad development aims of DFIs

DFIs aim to achieve three goals (Lemma, 2015). The first is to generate additionality, which, following the OECD reporting methods for private sector instruments (OECD, 2018) can be broadly divided into development impacts, financial additionality and value additionality. **Development impacts** traditionally target direct firm-level impacts such as employment generation or tax revenues. The development aims have begun to be more sophisticated and diversified, taking into account new goals and indirect effects with long causal chains such as contributing to improved environmental sustainability, creating links between firms, or providing goods and services to the "bottom of the pyramid".

In terms of **financial and value additionality,** DFIs need to provide additional services to the financial market, not the provision of competitive services for which there are private investors. DFIs attempt to not crowd out private financiers of existing private firms. Instead, they provide equity or debt finance either through better financial terms (e.g. longer debt repayment periods; reducing or removing collateral requirements) or by providing finance to firms that would have difficulty accessing commercial finance (e.g. start-ups or SMEs, or firms in sectors that are less

well known by domestic financial institutions). DFIs act as risk mitigating or risk sharing agents and can also provide technical assistance for stakeholders in their investments. They can also provide technical assistance and other forms of support.

On the second goal, DFIs harness the power of the private sector to promote positive development outcomes such as economic growth, employment generation and contribution to government revenue. Lemma (2015) and Section 2.3 of this report provide detailed discussion on what DFIs' development impacts are and the mechanisms underlying its realization.

The third goal is to provide a **catalytic or demonstration effect,** that is, to provide proof to the commercial sector that investments they may have previously not considered (either because of a lack of knowledge or they were considered too risky) may be commercially viable therefore potentially spurring domestic and other commercial financial institutions to carry out similar investments in the future. Part of their catalytic agenda is also to spur investments by other DFIs, and they often achieve this through the provision of syndicated loans where multiple lenders join to provide investments which they may not have otherwise undertaken alone. These efforts can involve other DFIs, commercial finance institutions or development banks as well as a mixture of all three.

2.2 The contribution of DFIs to the Sustainable Development Goals

In a recent evaluation of the development impacts of DFIs (Attridge, Calleja, et al., 2019), they were found to positively contribute to several development impacts, for example through the creation of higher income jobs. In this way, DFIs are likely to play a key role in the SDG agenda. The SDG approach to multifaceted development includes economic, social, and environmental outcomes that are closely aligned to the development impacts that DFIs tend to achieve.

There is evidence on the positive **direct and indirect economic impacts of DFIs**, for example on growth, productivity and employment. There is evidence that DFIs make a positive contribution to macro-economic growth (Massa et al., 2016), where a 1% increase in the DFI-to-GDP ratio increases average per capita incomes by 0.24%. There is also evidence that DFI investments can increase labour productivity (Jouanjean & te Velde, 2013; Massa et al., 2016) through investments in higher productivity sectors such as manufacturing or through investments in infrastructure that enhances productivity, such as transport infrastructure or energy. Finally, there is also evidence that DFI investments have a positive impact on employment (Attridge, Calleja, et al., 2019; Jouanjean & te Velde, 2013; Kapstein et al., 2012) both directly and indirectly. Other positive economic impacts include the development of local financial institutions, and investing in strategically critical infrastructure (Attridge, Calleja, et al., 2019).

Until recently, most DFIs were not reporting their development impacts against the SDGs. However, this is an evolving process and DFIs are increasingly looking at how their **investments are contributing to the SDGs**. For example, the CDC's impact frameworks for sectors such as manufacturing or infrastructure look to achieve impacts closely aligned to the SDGs, such as increasing incomes and contributing to environmental sustainability. In a recent series of essays looking at the impact of DFIs on sustainable development (Attridge et al. 2019b) jointly developed by ODI (the Overseas Development Institute), EDFI (European Development Finance Institutions) and members of a range of DFIs, there is an understanding that DFIs are likely to play an increasingly important role in achieving SDGs aligned with the core mandates of DFIs. In addition, as increasing amounts of aid is channelled through DFIs, there is also an expectation (particularly on the part of the "owners" of DFIs, which are often international development agencies and, in some cases, civil society organizations) that DFIs should increasingly go beyond direct economic impacts in contributing to achieving SDGs.

Attridge, et al. (2019b) highlight aspects of the SDGs where DFIs have had a proven impact, particularly job creation, and energy and climate change, which are relevant to SDG 7 (energy),

SDG 8 (promoting economic growth) and SDG 13 (combating climate change). Attridge et al. highlight that DFIs can also contribute to SDG 8 and the decent work agenda by promoting better working conditions, contributing to skills development and implementing higher safety standards through their investments. DFIs contribute to tackling climate change by investing in clean energy, such as hydropower or solar energy, both for on-grid and off-grid energy supplies, thereby also contributing to SDG 7. DFIs are also increasingly aligning themselves to the Paris Agreement. Swedfund, FMO and Proparco explicitly mention that their investments should contribute to achieving the Paris Agreement and SDG 13.

The contribution of DFI impacts to other SDGs is, however, currently less well developed, given the wide range of investments that DFIs carry out (i.e. in housing, healthcare, and education). Future research can certainly develop understanding of how DFIs contribute to SDGs beyond SDG 7, 8 and 13.

2.3 How do development impacts come about and what might be missing?

DFIs create development impact by investing in activities and sectors with the largest development impact. This depends first on selecting sectors for investment which have the largest development impacts, and second, using policies to support an investment once it is done. However, such a focus is currently missing. We discuss these issues in this section.

DFIs aim to select investments which have a positive development impact, but questions remain about how strategic and transformative these investments are and about whether DFIs have a choice of project at all, or rather need to take any profitable project that comes their way and simply hoping it will lead to positive development outcomes. The strategic role that DFIs can play in developing sectors with the greatest development impact is often missing.

Much of the dynamism behind development happens at the sector level. To describe and explain sectoral transformation patterns Balchin et al. (2019) argue that it is important to identify economic opportunities correctly. But this alone is not enough. Balchin et al. show how sector dynamics depend crucially on:

- the correct identification of economic opportunities
- conducive political-economic conditions at the sector level
- credible commitments to investors
- reasonable standard of provision of public goods
- specific efforts to tackle problems with coordinating investments, and
- taking advantage of a moment of unusual opportunity.

Ansu et al. (2016) examine successful economic transformations worldwide and distinguish four requirements for effective economic transformation policy that appear universally relevant to institutional settings:

- constructing a consensus among key actors that establishes economic transformation as a nation-building project, with shared commitments extending well beyond a single electoral term
- giving at least one public agency sufficient autonomy, budgetary control and political authorization to override problems with interdepartmental coordination and to engage in a practical way with credible private sector organizations
- creating institutional arrangements that can coordinate a sufficient set of powerful public and private actors so as to ensure both an appropriate level of technically justified public support to promising sectors or firms; and also that this support is conditional on mutually enforceable performance standards, and

- enabling discovery of approaches that work for transformation in the country context by means of explicit experimentation, good feedback and timely correction. It is important to realize that such political economy factors are crucial behind long-term success, which means that without them individual DFI projects have less chance of success.

Do DFIs select the most developmental projects and hope they are profitable? Or do they choose profitable projects hoping they have development effects?

DFIs use a range of screening techniques, ranging from comprehensive impact systems at the IFC, to development effectiveness scoring cards at DEG. Lemma (2018) summarizes the possible ways in which DFIs could examine ex-ante or assess ex-post whether they have contributed to development. Some sectors or activities are likely to have a greater transformative impact, and responding more actively to private sector requests in those sectors will promote transformation. On the other hand, a repeat loan to a bank which is underutilized for on-lending (e.g. due to information asymmetries) is likely to have a lower transformational impact compared to an investment in a relatively high-productive, greenfield manufacturing plant.

DFIs sometimes push back on the argument that they can or should “select” transformational projects. They argue there are too few profitable investment projects in the poorest countries, and that they have very few meaningful options to choose from. Carnegie Consult and ODI (2014) suggested that in the case of FMO only some 120 investments a year made it to the Clearance in Principle (CIP) stage, and most of them (100) would proceed to actual commitments and investments. It thus seems that the real blockage rather is identifying investment projects that pass the investment code (including financial rates of return) of the DFI. Such micro-level observations are supported by portfolio-level accounts. Even with additional shareholder capital to draw on, CDC had been unable to raise its investment commitments quickly between 2016 and 2018, suggesting that additional capital alone is not the only constraint to making more investments, at least in the short-run.

So, while DFIs would like to invest in projects with the greatest development potential, a real challenge is finding such projects, and investment becomes in practice constrained by the number of projects that are financially viable.

To what extent should efforts by DFIs be focused on ex-ante screening or also on enhancing benefits during the life cycle of an investment?

Development benefits do not only occur by selecting good projects, but also by enhancing benefits throughout the life cycle of an investment. The literature on FDI linkages and productivity spillovers is relevant to how the effects of DFI investments may spill over to the rest of the economy, in part because DFI investment involves FDI and in part because DFI investment sometimes also brings with its foreign expertise. While we cannot observe precisely how productivity spills over from DFI investment to the rest of the economy, the literature identifies five pathways that appear crucial for *how* such spillovers might occur (te Velde, 2019). These are as follows:

- The presence of superior knowledge inside a firm (firm-specific assets) supports greater spillovers to the local economy, but these spillovers are not automatic or free.
- One of the clearest ways by which knowledge flows between foreign and local firms is through buying and selling – that is, direct contact through backward and forward linkages.
- The productivity spillovers are greater when local firms have a larger knowledge stock to begin with, for example having human and technological (or absorptive) capabilities, because firms need to learn how to learn and adapt. This can be a short or a long process.
- Local firms acquire and apply knowledge on process and product innovation by imitating practices in DFI investees, e.g. through labour mobility. There may also be indirect spillovers on governance through increased interaction between DFI firms and policymakers.
- Enhanced competition provides further incentives for firms to upgrade, if they have the means to do so (e.g. access to finance). This can also lead to lower prices.

Public actions, including those by DFIs, shape such pathways but are then applied to their own investments. Based on an understanding of these spillover processes, actors can address market and coordination failures in the following areas: infrastructure; financial sector development; human resource development; technological development; investment promotion; and alignment of domestic regulatory frameworks with linkage development. DFIs have specific competence to help make this happen. For example, DFIs can invest in financial institutions and support financial sector development, or they can draw up plans for developing human capital.

Raising the ambition of DFIs to promote development objectives through sectoral development

We identify at least two important gaps in terms of development objectives. First, DFIs could improve the pipeline of projects by developing projects in sectors with the greatest development impacts (for sector assessment, see (Lemma, 2018)). Doing this requires an understanding of what countries themselves think are the most promising sectors, and where they are more inclined to support the development process through political incentives. This will also require deployment of more grants and high-risk capital, which may imply changes to DFI business models. Shareholders would need to understand and give approval for such changes. We discuss this in Section 3. Second, DFIs need to consider enhancing the development effects of their investments throughout the life cycle, because there are many ways in which co-ordination with other activities can enhance project performance (e.g. co-investment, targeted regulatory reform, and linkage programmes).

Addressing such gaps is consistent with how DFIs have recently been raising their own ambitions. For example, CDC's 2017 five-year strategy states that CDC will now "invest to transform whole sectors". And, according to CDC's Chairman Graham Wrigley, as well as investing in individual projects CDC will "solve market and sector problems". This shift has the potential to be truly transformative. As noted, much action on economic transformation actually happens at the sector level (Balchin et al., 2019). The opportunity is to turn that potential into action, even when it is challenging to do so. Currently, DFIs are engaged in thematic areas (e.g. promoting jobs and addressing gender and climate change concerns), or in designing social or environmental impact plans for investee companies on a transactional basis. DFIs are less engaged strategically as development actors because they are not always selecting and developing projects that have the biggest development impact, but often rely on projects that are led by the private sector and come up in an opportunistic way, whereas donor agencies are often more strategic players (Savoy et al., 2016).

To become more strategic development actors DFIs could engage in the following activities:

- Preparing pipelines of good quality projects: DFIs could decide to appoint more people to prepare deals in promising sectors and develop a good quality pipeline, with more deals a likely outcome.
- Coordinating investments: DFIs are well placed to help overcome coordination failures among private sector actors. They can think in terms of clusters of investments. For example, garment firms in a Kenyan export processing zone would benefit from investment in port infrastructure in Mombasa.
- Developing linkage programmes: DFIs are well placed to support linkages between their investment and the wider economy. Actively promoting local linkages and raising local procurement through linkage programmes raises the profitability of the investee company and can help the local economy. Increased local linkages can happen, but depend on sector and policy context, and require focused attention and experimentation.
- Policy influence: DFIs should continue to collaborate with government to support national innovation systems, including trade facilitation, competition policy, better state-business linkages and raising the relevance and quality of public expenditure.

3. Development plans

DFIs can become more strategic development actors and raise their development impacts by identifying a country's development objectives and targeting support towards these objectives. This section discusses ways to understand a country's development objectives by examining development plans in three African countries: Ethiopia, Ghana and Kenya.

3.1 Overview of country strategies and priorities

A review of the country strategies for Ethiopia, Ghana and Kenya reveals ranges from the general to specific in terms of country priorities and strategies. In some cases, development plans, priorities and their links to SDGs are made explicitly, as in Ethiopia's most recent development plan. We summarize the analysis in the following sections, but a more detailed set of background notes is available in Appendix 1. Box 1 summarizes our methodology and sources.

3.2 Method for summarizing development strategies and identifying priorities

The approach to summarizing development strategies, identifying priorities and then making the relevant links to the SDGs was undertaken using a focused literature review. It sought to answer the following research questions:

- What is the country's development strategy and/or plan and what are its priorities?
- How are resources allocated to support the development strategy and/or plan and priorities?
- What are the links to the SDGs? Are they explicit or implicit?

The focused literature review examined policy documents, including published strategies or plans. These were then cross-referenced with budget statements, as well as other policy announcements including presidential statements, in order to triangulate and thus validate the findings through cross verification from more than two sources. While announced development plans may announce specific priorities, as far as possible we also analysed the extent to which they are financed through cross-referencing different sources.

3.3 Identification of priorities

Table 1 summarizes the identified development priorities of Ethiopia, Ghana and Kenya, based on the analyses summarized in Appendix 1. It also summarizes related activities and support mechanisms (referred to as enablers).

Table 1: Summary of development priorities

Country	Priorities	Enablers
Ethiopia (2015/16 to 2019/20)	Growth: average real GDP growth rate of 11% p.a. Increase productive capacity and efficiency Boost domestic private sector Construction Urbanization Human development Governance Women and youth Green economy	Narrow the saving-investment gap and bridge the widening trade deficit, including raising and channelling domestic savings Boost domestic productive sectors (agriculture and manufacturing industries); increase share of manufacturing in GDP (from 5%) Shift emphasis from investment in services to agriculture and manufacturing; industrial parks and zones; cluster development Use large infrastructure projects as "learning vehicles", e.g., dams, railways Urban residential houses created Develop Green areas and public recreation land utilization Share of projects/programmes that pass through social and environmental impact assessment
Ghana (2015-2020)	Economy: build an inclusive and resilient economy Society: build an equitable and tolerant society Build safe and sustainable communities (while protecting the natural environment) Build effective and efficient institutions Promote world peace and justice	GDP growth of 6.8%; inflation of 8%; overall fiscal deficit to not exceed 5% of GDP; increased investment (domestic + FDI); diversification of economic production and exports; raising the national savings rates; use of funds, e.g. Ghana infrastructure fund. Human capital formation: attitudinal change; 100% tertiary education enrolment by 2057 Infrastructure, with a focus on energy. Connectivity: increasing ICT speed and access; logistics sector development (e.g. storage facilities); real estate (residential and non-residential). Water resources: irrigation, drainage, flood control; sanitation. Construction industry development Modernization of central and local governments Promote world peace and justice; diaspora and embassy engagement
Kenya (2018-2022)	Enhancing manufacturing: raise the contribution of manufacturing in GDP from 8.5% to 15%. Affordable housing: Deliver 500 000 affordable homes. Ensure universal healthcare coverage: actualize 100% cost subsidy on essential health services. Achieve food security: 34% increase in average daily income of farmers	Infrastructure: feeder roads; new runways at airports; port infrastructure and facilities; rail infrastructure Technology and innovation: national fibre optic infrastructure; establish national science technology and innovation parks Power (energy): increase electricity generation; reduce tariffs; modernize dispatch Technical and vocational training: modernize technical and vocational education and training; industrial training centres Security: police reforms; data management Governance: address capital flight and reform procurement; streamline tax breaks; reduce corruption

Source: See Appendix 1 for country summaries

3.4 Mobilization of financial support

The mobilization of financial support for development priorities is not always clearly specified. Table 2 summarizes stated financial support measures for identified development priorities, based on the analyses included in Appendix 1.

Table 2: Summary of stated financial support measures

Country	Priorities	Financing support measures for development plans (described in Section 3.2)
Ethiopia	Economy	Raising domestic savings through community mobilizations, expanding financial institutions (banks) and services, raising the minimum deposit rate, strengthening existing and introducing new saving mobilization instruments, such as saving for housing programmes (e.g. Renaissance Dam Bond), introducing private social security schemes, strengthening government employees social security scheme, selling saving bonds through the Development Bank of Ethiopia, strengthening the existing credit information sharing system and encouraging the discipline of loan repayments (to support SMEs), expanding bank branches.
	Productive capacity/ construction/ urbanization	Commercial Bank of Ethiopia is expected to provide credit for public investment projects in infrastructure and working capital for the industrial sector. The total credit allocated for the service sector is to be obtained from CBE and private banks while the Development Bank of Ethiopia is assigned to provide short, medium and long-term credit for viable development projects, including industrial and agricultural investment projects.
Ghana	Economy	A ceiling of up to US$3 billion for international capital market programme for 2020. Possibility and feasibility of the issuance in 2020 of: sovereign bond; green bond; SDG bonds; syndicated loans/financing, and sukuk bonds. Actively managed savings fund, such as Ghana Petroleum Funds (GPFs) and Ghana Infrastructure Investment Fund (GIIF). During 2020 the following initiatives were planned: development of a harmonized primary dealer manual to guide financial markets; promotion of bond specialists to support the development of the domestic market; establishment of a domestic credit rating agency to bring creditworthy assessment of issuers. However, their implementation needs to be carefully assessed. National Investment Bank (100% state owned) strengthened in terms of financial reporting framework. Abolishment of VAT on management fees for private equity, venture capital and mutual funds.
	Infrastructure	Blended financing arrangements from various sources including development partners, philanthropists and private sector actors to finance mega infrastructure projects such as: seaport and airport to position Ghana as a regional logistics hub; road network in the country; metro and light rail transit systems in Accra and Kumasi.
Kenya	Enhancing manufacturing	Industrial financing and other incentives partnerships with financial institutions. Establishment of a financial services authority, development of digital finance and deepening of capital markets.
	Affordable housing	A National Housing Development Fund will be established, and other financing strategies created, to finance low-cost housing and associated social and physical infrastructure.

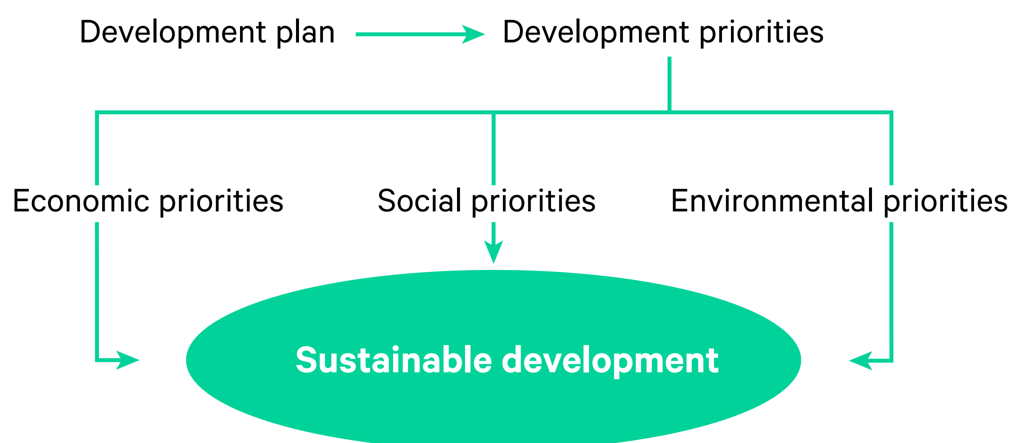
Source: See Appendix 1 for country summaries

3.5 Links between country level development plans and SDGs

Some development strategies make explicit reference to the SDGs, as in the case of Ethiopia (see Appendix 1). However, in other cases the links to the SDGs are more implicit. Despite this, the advancement of all countries' development plans is expected to advance the SDGs, because they all focus on economic, social and environmental objectives. Figure 1 visualizes the links between country priorities and the SDGs.

Table 3 presents a summary of the SDGs (goals 1 to 17) and then indicates the extent to which country development strategies and priorities are aligned with them. Overall, there is considerable alignment, even if this is rather more implicit than explicit: only Ethiopia's development strategy specifically mentions the SDGs and related targets; it also seeks to achieve the same economic growth target over the medium-to-long-term. In seeking to mobilize financial resources to support development strategies, all African countries are pursuing some of the specific finance targets included under *SDG 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.*

Figure 1: The relationship between development plans and Sustainable Development Goals



Source: Adapted from Abubakari et al. (2018)

Table 3: Alignment between development plan and SDGs

Sustainable Development Goal	Ethiopia	Ghana	Kenya
Goal 1: End poverty in all its forms everywhere	✓	✓	✓
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	✓	✓	✓
Goal 3: Ensure healthy lives and promote well-being for all at all ages	✓	✓	✓
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	✓	✓	✓
Goal 5: Achieve gender equality and empower all women and girls	✓	✓	✓
Goal 6: Ensure availability and sustainable management of water and sanitation for all	✓	✓	✓
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all	✓	✓	✓
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	✓	✓	✓
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	✓	✓	✓
Goal 10: Reduce inequality within and among countries		✓	
Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	✓	✓	✓
Goal 12: Ensure sustainable consumption and production patterns		✓	
Goal 13: Take urgent action to combat climate change and its impacts[b]	✓	✓	✓
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development		✓	✓
Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	✓	✓	✓
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels		✓	✓
Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	✓	✓	✓

Source: Authors' elaboration

Finally, under systemic issues, Target 17.14 under Goal 17 states *Enhance policy coherence for sustainable development* and mechanisms in place to ensure coordination. Target 17.15 goes further, and states *Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development*, with target indicator 17.15.1 referring to use of *country-owned results frameworks and planning tools by providers of development cooperation*. Clearly, these latter goals are more oriented to providers of development cooperation, which includes DFIs.

4. Mapping financial flows onto development priorities

This section maps out different investment categories for the case study countries, for example DFI investments, FDI, commercial finance and official aid (i.e., ODA). The aim is to understand the degree to which these financial flows align with investment in the strategic sectors of each case study country, as identified in Section 3 above. This is very challenging for several reasons, not least because of the degree of sector specificity for announced financial support measures. To operationalize the mapping exercise, we summarize the sectoral priorities set out in Section 3 for the three countries (Table 4 below).

Table 4: Summary of priority sectors identified in development plans

Sectors	Ethiopia	Ghana	Kenya
Agriculture	X		
Construction	X	X	
Energy		X	X
Finance			
Education			X
Transport		X	X
Tourism			
Manufacturing	X		X
Healthcare		X	
ICT		X	X
Retail			
Extractives			

Source: Authors' elaboration based on section 3

For each case study country in this section, we illustrate the distribution of DFI investments by sector – first as a percentage of total DFI investments; then, depending on data availability, we do the same for commercial credit, FDI and ODA. Box 2 provides further information on the data used. Finally, we compare flows within the four investment typologies to understand the degree of alignment with the identified priority sectors for each case study country.

4.1 Ethiopia

DFI Investments

Excluding generic funds (see box above), DFI investments in Ethiopia are concentrated in three main sectors, i.e., agribusiness, tourism and, to a much smaller extent, energy. Agribusiness is the dominant sector, with 60% of funding, while tourism accounts for just over a third (35%) Energy, the third largest, only accounts for 4%. The data (see figure 4) reveals two key points. First, that the majority of DFI funding (when including generic funds) is not aligned to any specific sector. Second, for discrete sectoral funding in Ethiopia, agriculture and tourism are the two sectors where DFI activity is concentrated.

Some examples of DFI investments in Ethiopian strategic sectors are the CDC's 2016 investment in the agricultural sector through an investment in "Family Milk"[1] – a milk processing company,

1 https://www.cdcgroup.com/en/our-impact/search-results/?inv-country%5B%5D=Ethiopia&inv-datefrom=&inv-dateto=

BOX 2: EXPLANATION OF THE DATA ON DFI, FDI, COMMERCIAL CREDIT AND ODA

Here we provide a brief **methodological note** to explain data used in the analysis. The first point to note is that the data uses different years for the various commercial flows. This is because it attempts to use the latest available data for each flow. For DFI investments, given the nature of the reporting by DFIs, the data uses a three-year average.

DFI investments: These were calculated based on reported current investments in each country (therefore akin to the DFI stock of investments). However, they have not been labelled as the DFI investment stock because it was not possible to verify if all reported investments were the effective stock or were a curated representation (e.g. excluding long-term older investments or investments that fell under previous strategies).

Timeframe: Data is correct (as publicly presented) up to December 2020. The timeframe therefore includes investments carried out mostly between 2013 and 2020.

DFI inclusion: The evaluation includes data from thirteen DFIs. These include the IFC, EIB, CDC Group, FMO, DEG, Proparco, BIO, Finnfund, Norfund, OoEB, SIFEM, COFIDES and IFU. The data collection excludes Swedfund (no country investment monetary value provided), SIMEST (no available data).

DFI investment sectoral categorization: Because the sectoral categorization of DFI investments is not harmonized, each DFI chooses to report its investments under its own sectoral specifications. Therefore, the investments categories were arranged to best represent the sectoral categorizations used by different DFIs.

DFI generic funds. The DFI data below includes a “sector” described as “generic funds”, which represents DFI investment funds for which a sector isn’t specified, e.g. funds that go to local financial institutions that are meant to support SMEs, or funds that support investments across different sectors. This captures DFI investment funds that are not categorized or attached to a specific sector and may be going to multiple sectors. Given data limitations it is not possible to disaggregate these funds into their sectoral composition, hence they have been left as “generic”.

Commercial bank data. Commercial financial institution data has been compiled through various sources; hence each country illustrates different sectoral compositions.

FDI Data. FDI data has been collected through FDI relevant agencies, where this data has been provided.

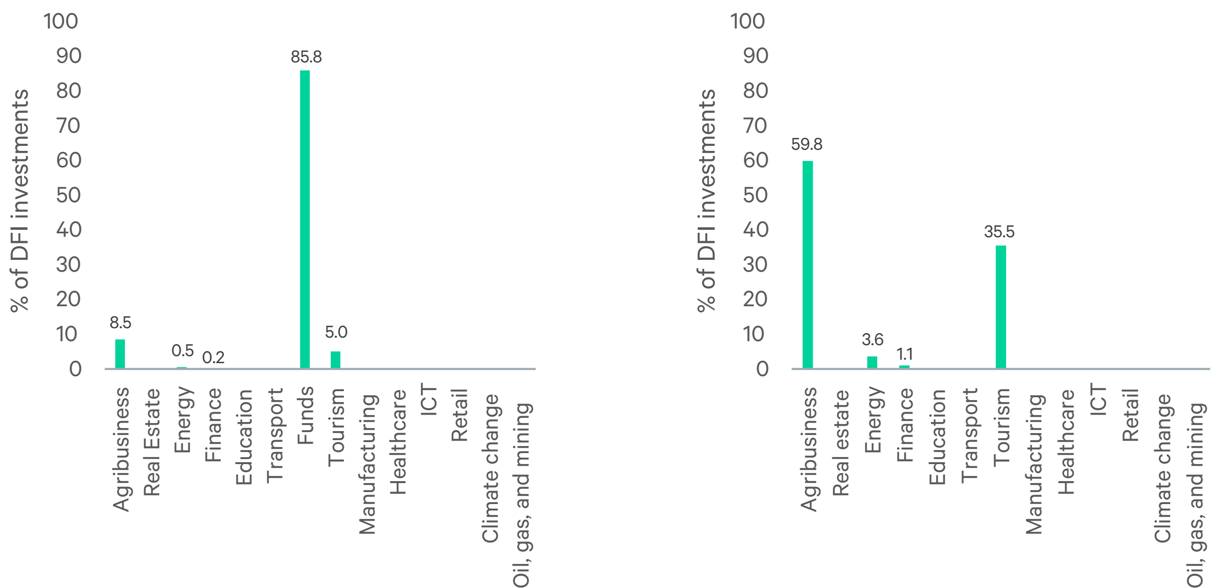
Economic ODA. ODA data is compiled using official OECD DAC data, using the sectoral classifications as reported by the OECD. It represents the average sectoral ODA distribution for the years 2017 and 2018. Each theme has a specific definition. Below are the breakdowns of the themes that are relevant to the exercise:

- *Social infrastructure and services*: basic education, primary healthcare, nutrition, safe water and sanitation
- *Economic infrastructure and services*: includes energy, transport and ICT
- *Production sectors*: agriculture, forestry and fishing; Industry, mining and construction; trade and tourism

Aligning finance flows: One significant challenge of this exercise is the alignment, by sector, of the different financial flows when comparing them to one another and to the priority sectors for the case study countries.

Finnfund's 2015 investment in manufacturing through the Sini Furniture Interior Design company, and FMO's 2019 agricultural sector investment in the Habesha Brewery,[2] which will likely help increase productivity for approximately 15 000 barley farmers in Ethiopia. There are, however, no DFI investments aimed specifically at the construction sector in Ethiopia.

Figure 4: Current share (%) of DFI investments into Ethiopia by sector



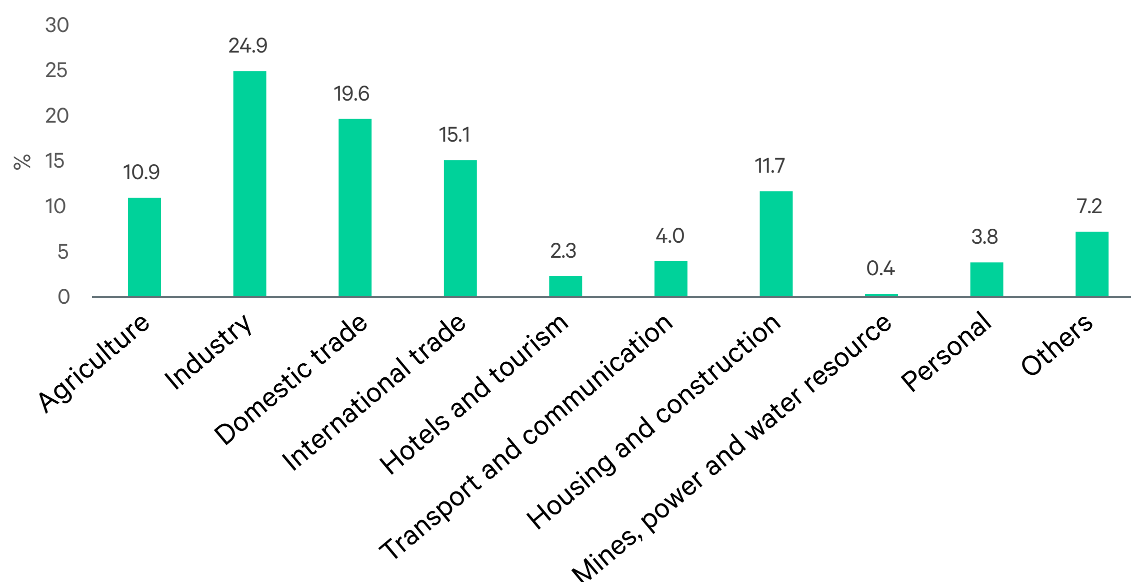
Source: Authors' compilation
Note: Left includes funds; right exclude funds

Commercial banks

Commercial lending data in Ethiopia illustrate a varied landscape in terms of how commercial banks lend. While industry has the relative majority of commercial lending (29%), the spread of commercial finance across the economy does not seem to heavily favour specific sectors: agriculture represents approximately 11% of lending and real estate and construction 12%. Sectors such as ICT and transport and tourism exhibit lower levels of commercial lending (2.3% and 4%, respectively) while the energy and water sectors capture the lowest commercial lending percentage at 0.4%. However, given the reporting method of commercial bank lending it is difficult to ascertain what sectors fall under the headings of "domestic" and "international" trade. Figure 5 shows the percentage share of bank lending in Ethiopia by sector (2017–2019 average).

2 https://www.fmo.nl/project-detail/55179

Figure 5:

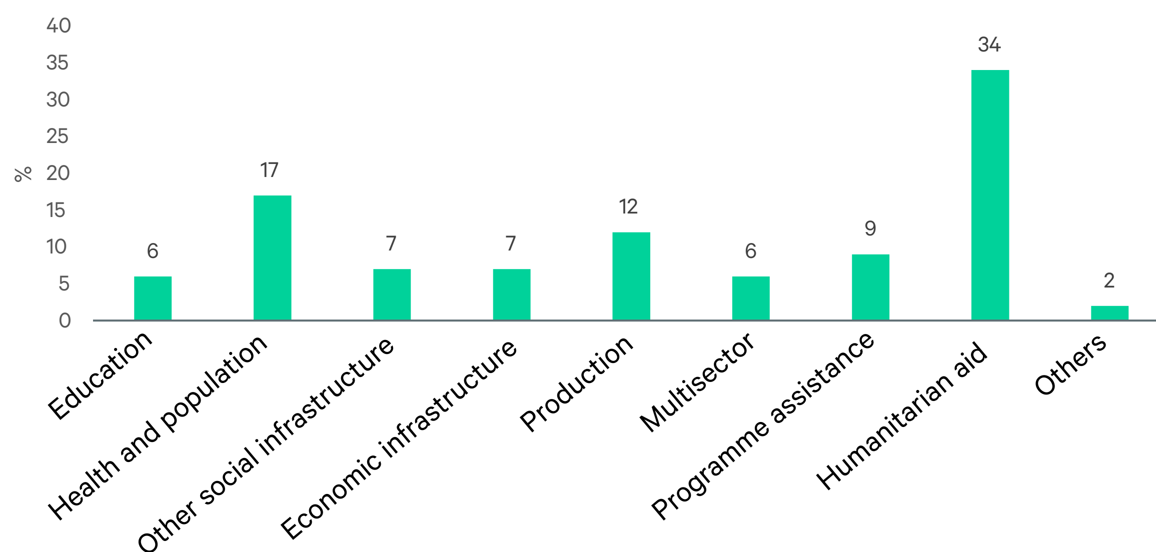


Source: National Bank of Ethiopia (various issues; 2017–2019)

Official Development Assistance

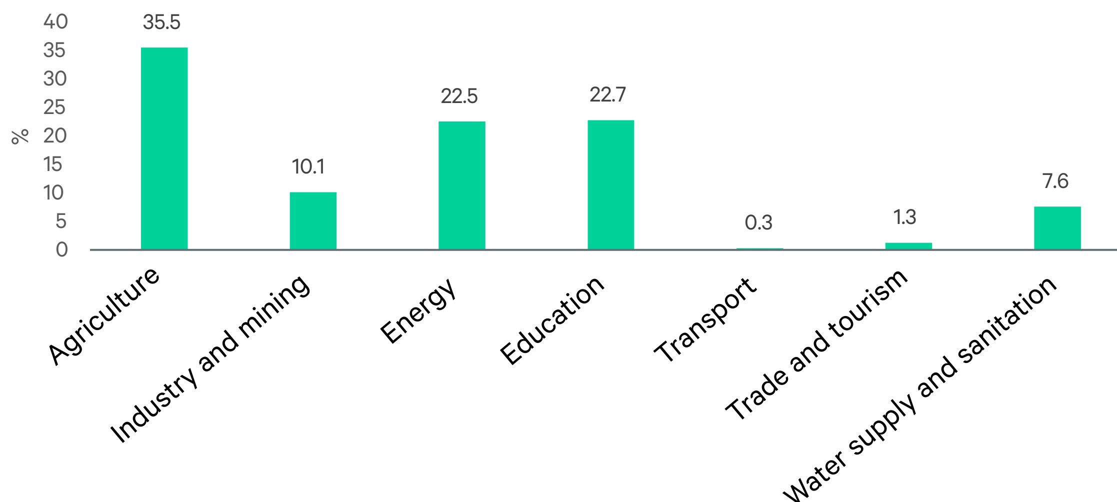
ODA flows in Ethiopia are mainly geared towards humanitarian aid (34%) and the social development sectors (39% total). Economic infrastructure and production sectors, combined, account for 19% of total ODA.

Figure 6: Current share (%) of total ODA into Ethiopia, 2017–2018 average



Source: OECD (2020)

Figure 7: Current share (%) of economic sector ODA into Ethiopia, 2017



Source: OECD (2020)

Ethiopia financing summary

Overall, out of the three available financing flows, total DFI flows of 9% show the least alignment with Ethiopia's priority sectors (Table 5). However, if generic funds are excluded from the DFI data and only sector specific data are included, the alignment increases to approximately 60%. It is important to note that generic funds[3] account for 85.8% of DFI flows, hence this increased alignment only represents 15% of DFI funds in the country. Commercial finance is most strongly aligned with strategic sectors, providing financing to all three priority sectors – agriculture, construction and manufacturing – totalling 47.5% of commercial finance.

Finally, total aid flows show limited alignment, although still stronger alignment than DFI flows, as finance in productive sectors represents 12% of aid flows. Focusing only on data from ODA flows to economic sectors we find a 42% alignment of ODA allocation with national priorities, particularly in agriculture finance.

Table 5: Summary of financial flows (%) against government priority sectors in Ethiopia

Sectors	Strategic sectors	DFI	DFI excl. funds	Commercial finance	ODA
Agriculture	X	8.5%	59.8%	10.9%	35.5%
Construction	X			11.7%	3.3%
Energy		0.5%	3.6%	0.2%	22.5%
Finance		0.2%	1.1%		
Education					22.7%
Transport				2%	0.15%
Tourism		5%	35.5%	2.3%	0.7%
Manufacturing	X			24.9%	3.3%
Healthcare					
ICT				2%	0.15%
Retail					
Extractives				0.2%	3.3%
Other		85.8%			
Alignment %		**8.5%**	**60%**	**47.5%**	**42.1%**

Source: Authors' compilation

3 See box 2 above for an explanation of "generic funds" and associated limitations in the analysis.

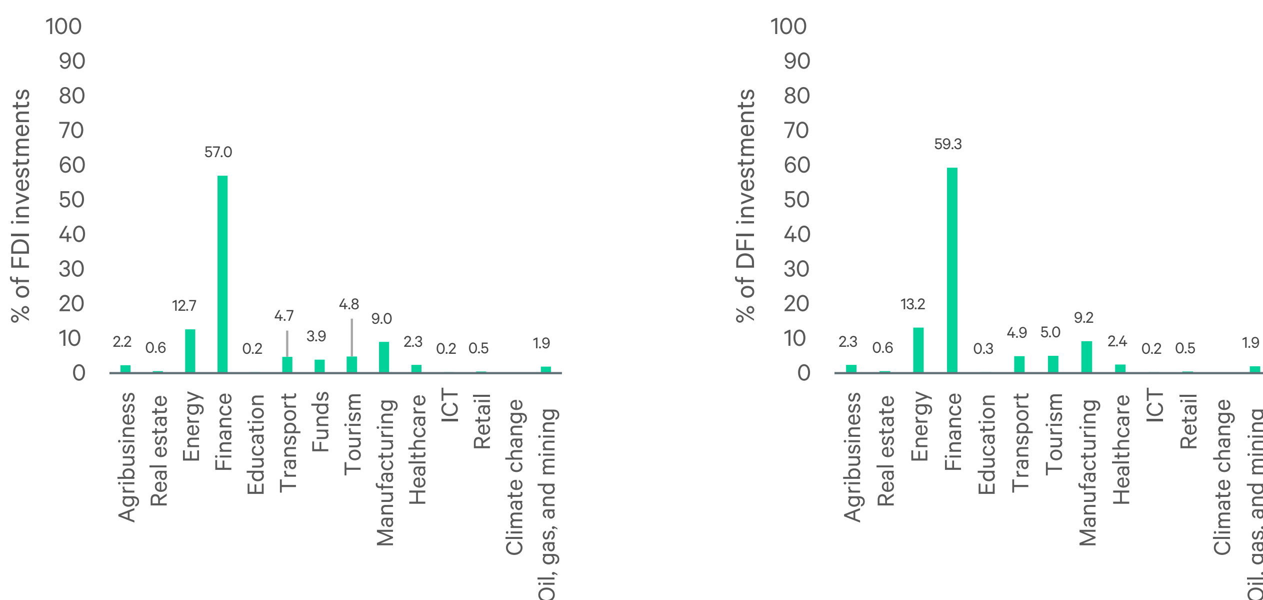
4.2 Kenya

DFI investments

DFI investments in Kenya are concentrated mainly on the finance sector (57%), with energy (13%) as the second highest funded sector. Industry, tourism, manufacturing, and transport each broadly represent between 4% and 5% of DFI investments, while agriculture represents approximately 2% of DFI flows. Excluding generic funds, the picture does not significantly change, because generic funds represent only 3.9% of total DFI funds in Kenya.

There are some examples of DFI investments in strategic sectors. In 2018, the CDC invested US$ 50 million, in partnership with Globeleq, which invested US$ 16 million, in a solar plant in the Malindi region of Kenya. The sixteen-year project aims to provide energy in a currently underserved area where demand is expected to rise, while supporting the Kenyan government's energy generation target.[4] Another example is in ICT, where in 2020, FMO invested US$ 1.5 million in Mawingu Networks, a Kenyan telecommunications firm, with the aim of expanding internet access in rural communities.[5] A final example is DEG's investment in 2019 in the SOKO business platform,[6] which connects local Kenyan SME level manufacturers with global buyers.

Figure 8: Current share (%) of DFI investments into Kenya by sector



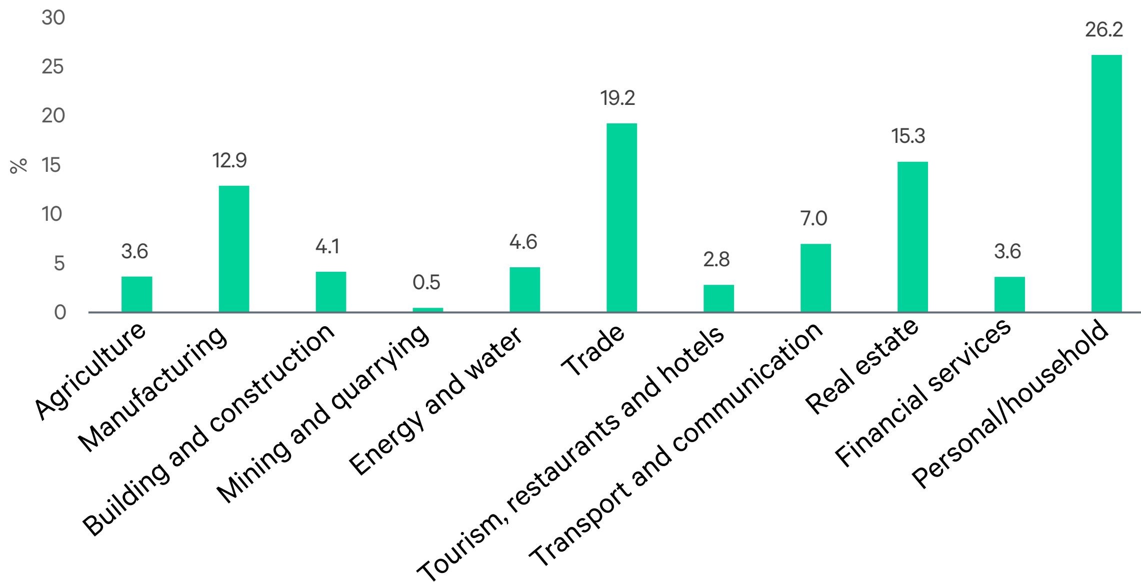
Source: Authors' compilation
Note: Left includes funds; right excludes funds

Commercial banks

Commercial lending data shows that just over a quarter (26.2%) of Kenyan commercial finance flows towards personal finance, while trade finance represents just under a fifth (19.2%). Sectoral finance mainly flows towards real estate and construction (20% total), manufacturing (12.9%), transport and ICT (7%) and energy and water (4.6%).

4 See: https://www.cdcgroup.com/en/news-insight/news/cdc-and-globeleq-to-develop-solar-power-plant-in-south-east-kenya/
5 See: https://www.fmo.nl/project-detail/58440
6 See: https://www.deginvest.de/Newsroom/News/News-Details_553408-2.html

Figure 9: Sectoral allocation (%) of commercial bank lending in Kenya by sector (2017–2019 average)

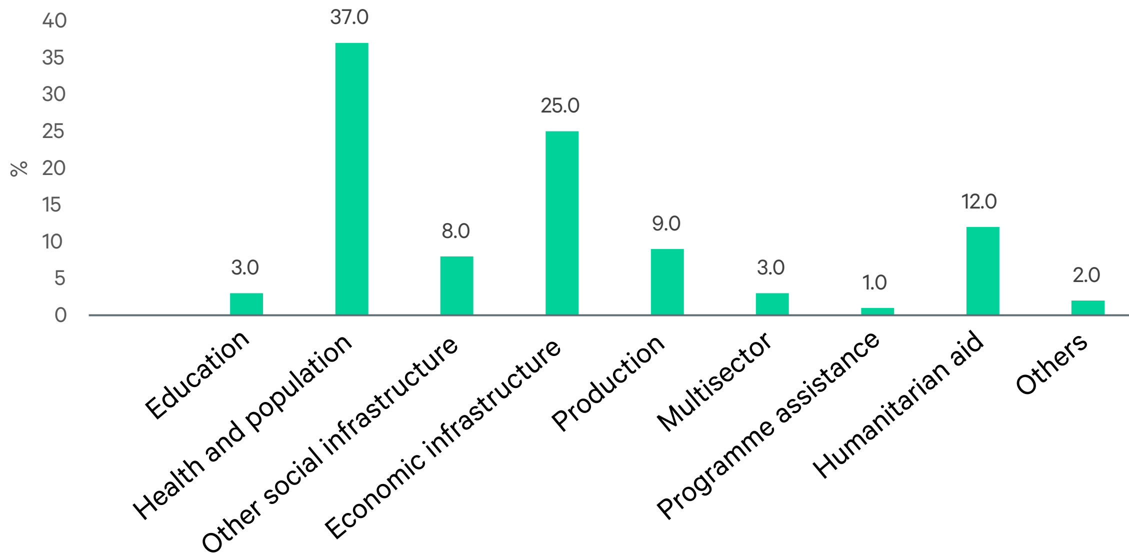


Source: Central Bank of Kenya (various issues, 2017-2019)

Official Development Assistance

Total ODA spending in Kenya (see figure 10) is concentrated mostly in healthcare (37%) and economic infrastructure (25%), followed by humanitarian aid (12%) and production.

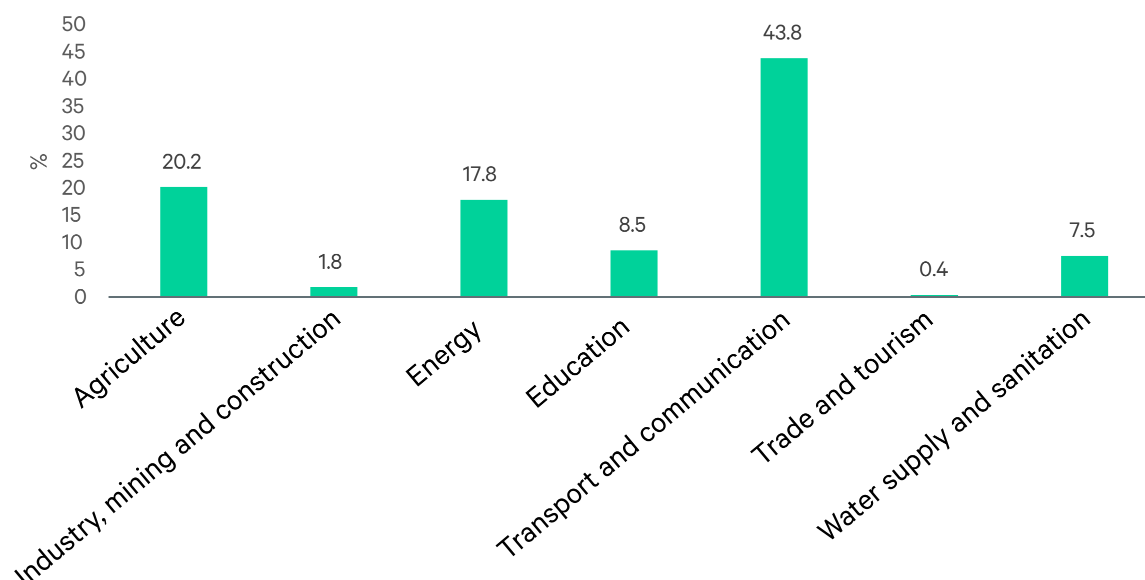
Figure 10: Sectoral allocation (%) of ODA into Kenya, 2017–2018 average



Source: OECD (2020)

Concentrating only on economic sector ODA into Kenya for 2017, there is significant emphasis on transport and communications (43.8%), agriculture (20.2%) and energy (17.8%) with limited emphasis on the industry and tourism sectors.

Figure 11: Sectoral allocation (%) of economic sector ODA into Kenya, 2017



Source: OECD (2020)

Kenya financing summary

Between 26.8% (total) and 27.8% (excluding funds) of DFI flows align with the strategic priorities of Kenya (Table 6). Specifically, DFIs have relatively high levels of investment in two strategic sectors, that is, energy and manufacturing, with moderate levels in the transport sector, but limited levels of investment in the other two strategic sectors, education and transport. Commercial finance is concentrated mostly in the personal and trade segments. Hence, only 24.5% of commercial finance aligns with the government strategic sectors. The greatest strategic alignment of commercial finance is in the manufacturing sector, although energy, transport and ICT also have some commercial finance allocation. Finally, ODA to economic sectors has a strong alignment with the government strategic sectors particularly in terms of transport, energy and education finance.

Table 6: Summary of financial flows (%) against government priority sectors in Kenya

Sectors	Strategic sectors	DFI	DFI excl. funds	Commercial finance	Economic ODA
Agriculture		2.2	2.3	3.6	20.2
Real estate and construction		0.6	0.6	20	0.6
Energy	X	12.7	13.2	4.6	17.8
Finance		57	59.3	3.6	
Education	X	0.2	0.3		8.5
Transport	X	4.7	4.9	3.5	21.9
Tourism		4.8	5	2.8	0.4
Manufacturing	X	9	9.2	12.9	0.6
Healthcare		2.3	2.4		
ICT	X	0.2	0.2	3.5	21.9
Retail		0.5	0.5		
Extractives		1.9	1.9	0.5	0.6
Climate change					
Other (funds)		3.9	-	45.4	7.5
Alignment %		**26.8%**	**27.8%**	**24.5%**	**71.7%**

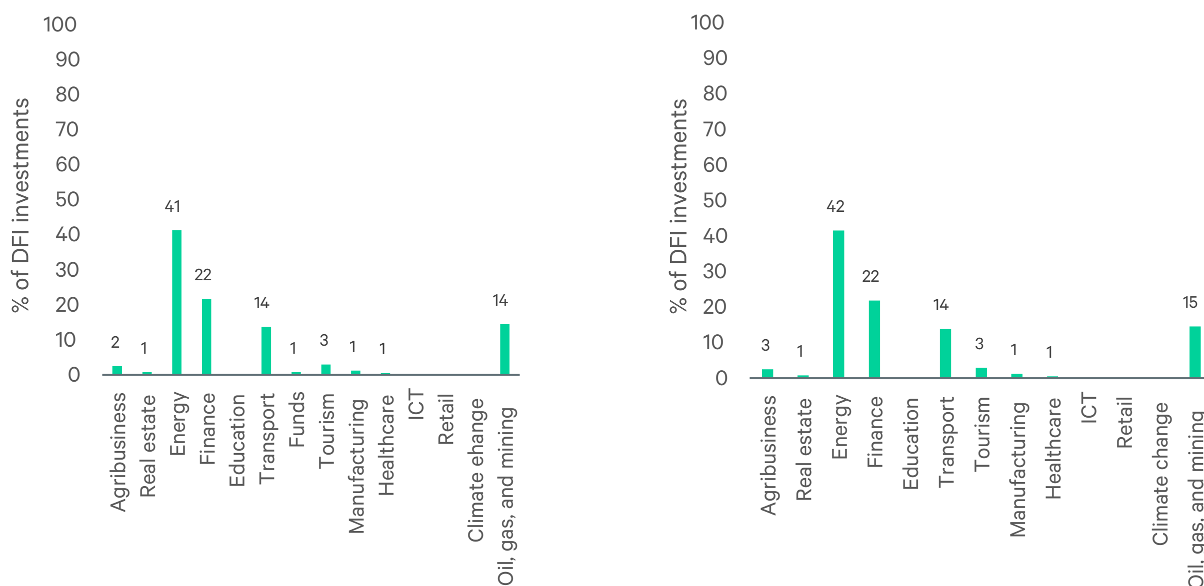
4.3 Ghana

DFI investments

DFI investments in Ghana are strongly geared towards the energy sector (41% of total DFI funds, 42% excluding investment funds), followed by financial sector investments (22%), transport (14%) and the extractives sector (14% total and 15% excluding investment funds). There is some additional but limited funding aimed at agriculture (2% in total; 3% excluding investment funds) and 3% for tourism. There is a very limited amount of investment in manufacturing (1%) while there is no presence of ICT in the DFI investment portfolio.

Examples of DFI investments in strategic sectors include FMO's investment in the transport sector through an investment in the construction of the Adowso Bridge in eastern Ghana,[7] Norfund's investment in the Africa Health Fund, of which US$ 1.6 million are set aside for Ghana,[8] and the CDC's 2019 investment in Early Power Limited[9] to construct a 202MW gas power plant near Accra.

Figure 12: Current share (%) of DFI investments into Ghana by sector



Source: Authors' compilation
Note: Left includes funds; right exclude funds

Foreign direct investment

FDI flows into Ghana for 2019 are strongly concentrated in services (71.7%), although there is some foreign investment in manufacturing (11.3%) and in the construction sector (9.1%).

7 https://www.fmo.nl/project-detail/57970
8 https://www.norfund.no/investment/africa-health-fund-aureos/
9 https://www.cdcgroup.com/en/our-impact/investment/early-power/

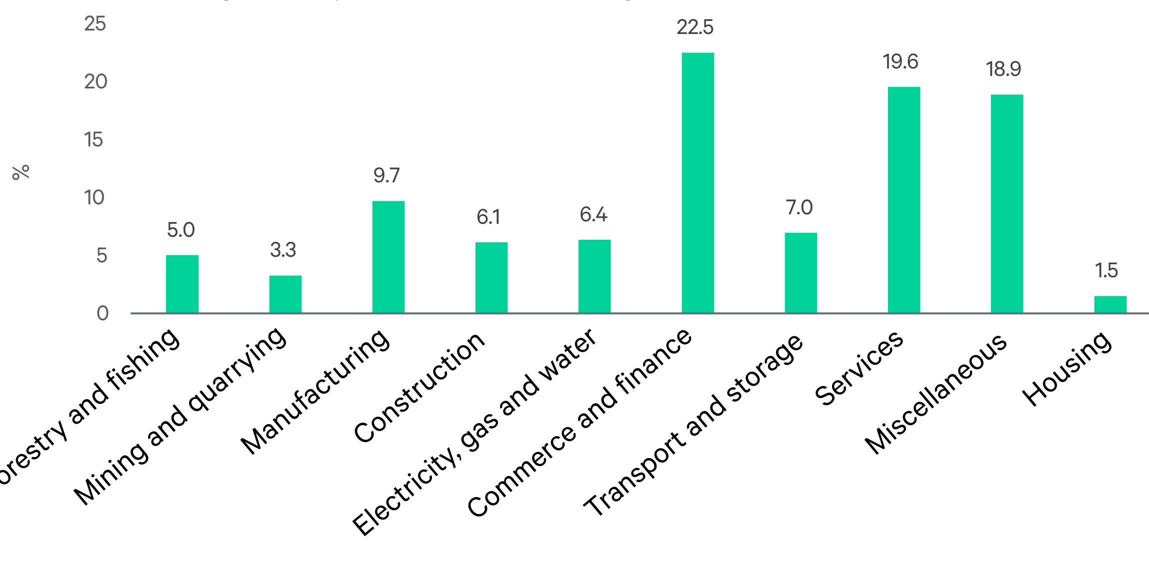
Figure 16: Sectoral allocation (%) of FDI into Ghana (2019)

Source: GIPC (2020)

Commercial banks

Commercial finance flows in Ghana are concentrated on the finance sector (22.5%), services (19.6%) and manufacturing (9.7%). Transport and communications (i.e. ICT) accounts for approximately 7%, while the utility sectors (energy, gas and water) and construction sectors take approximately 6% of commercial finance, followed by agriculture (5%). Finally, the mining and quarrying sector accounts for approximately 3% of total commercial finance flows.

Figure 13: Current share (%) of bank lending in Ghana by broad sector (2017–2019 average)

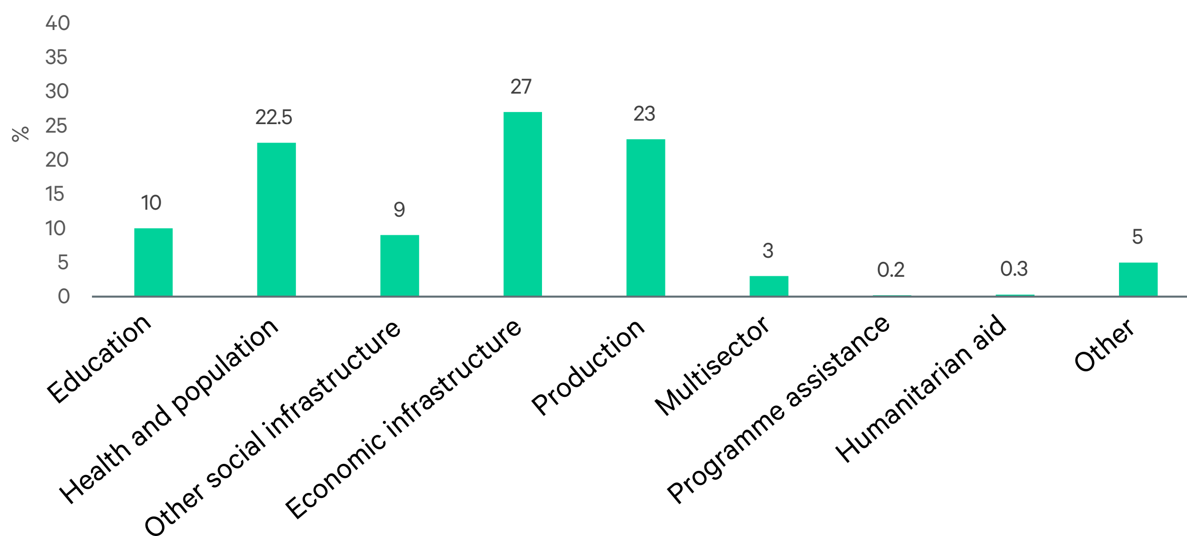


Source: PWC (2020)

Official Development Assistance

Total ODA is concentrated in the economic infrastructure (27%), production (23%) and health (22.5%) sectors, while education represents 10% of total ODA and other social infrastructure approximately 9%.

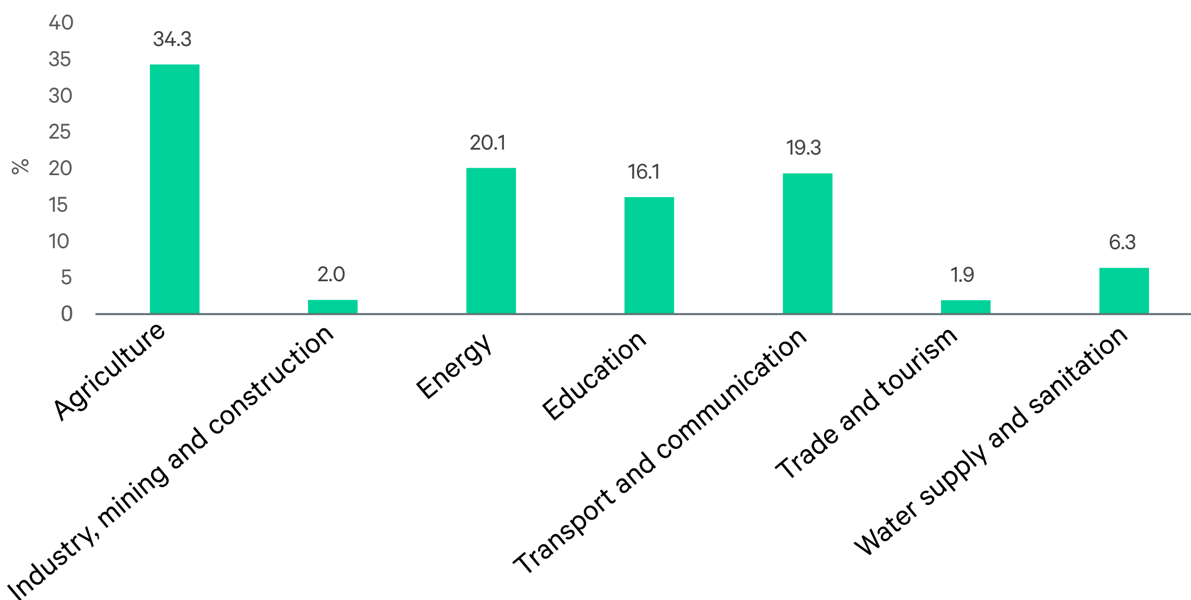
Figure 14: Current share (%) of ODA into Ghana, 2017–2018 average



Source: OECD (2020)

In terms of economic ODA, agriculture captures over a third of investment (34.3%), followed by energy (20.1%), transport and communications (19%.3) and education (16.1%). Trade and tourism capture just under 2% while industry, mining and construction represent about 1% of economic ODA.

Figure 15: Current share (%) of economic sector ODA into Ghana, 2017



Source: OECD (2020)

Ghana financing summary

A comparison of the varied financial flows against the government priority sectors in Ghana shows that approximately 58% of DFI finance aligns with the government's priority sectors, the strongest alignment out of the compared financial flows for the country (Table 7). DFI financing for the energy and transport sectors are the main drivers of this relatively strong alignment. Commercial finance has the lowest level of estimated alignment (at 17.4%), mainly driven by commercial finance in the real estate and construction sector and in the energy sector. Economic ODA has a 40.1% alignment rate (the second highest) thanks to ODA channelled towards the energy and transport sectors. Finally, FDI shows a 37.7% rate of alignment, driven by FDI aimed at the real estate and construction sector, and estimated FDI flows in the transport and ICT sectors.

Table 7: Summary of financial flows (%) against government priority sectors in Ghana

Sectors	Strategic Sectors	DFI	DFI excl. funds	Commercial Finance	Economic ODA	FDI
Agriculture		2	3	5	34.3	0.1
Real estate and construction	X	1	1	7.5	1	9.1
Energy	X	42	42	6.4	20.1	
Finance		22	22	22.5		14.3
Education				3.5	16.1	
Transport	X	14	14		9.5	14.3
Tourism		3	3		1.9	14.3
Manufacturing		1	1	9.7	1	11.3
Healthcare	X	1	1			
ICT	X			3.5	9.5	14.3
Retail						14.3
Extractives		14	15	3.3		
Climate Change						
Other (funds)		1		38.5	6.3	7.9
Alignment %		58%	58%	17.4%	40.1%	37.7%

Source: Authors' compilation

5. Opportunities and challenges

Section 5.1 assesses opportunities and challenges in aligning investment by DFIs with development plans. Section 5.2 summarizes the main findings from our interviews with DFIs on their interaction with development plans and national agencies and stakeholders. Section 5.3 examines what steps could DFIs take to better align their DFI investment to development plans.

5.1 Assessing opportunities and challenges

A comparison of alignment with priority sectors with resource mobilization across the three countries suggests challenges as well as opportunities. Overall, alignment across all sources of finance mobilization seems to be highest for Ethiopia (Table 8). On the other hand, the alignment of DFI financing (excluding investment funds) with priority sectors seems to be highest in Ghana, followed by Kenya. Commercial finance seems to be aligned most strongly in Ethiopia and least strongly Ghana. Economic ODA is most aligned with development priorities in the case of Kenya, with Ghana and Ethiopia both scoring similarly.

Table 8: Alignment of resource mobilization with priority sectors

Country	Priority sector and alignment				
	DFI	DFI exc. funds	Commercial finance	Economic ODA	FDI
Ethiopia	8.5%	60%	47.5%	42.1%	37.7%
Ghana	58%	58%	17.4%	40.1%	-
Kenya	26.8%	27.8%	24.5%	71.7%	-

Source: Authors' compilation

Focusing on specific sectors (see Table 9) illustrates which of the three countries' strategic sectors have received adequate funding from DFIs, as well as the sectors that have not received such funding and whether these unfunded sectors are being funded by other forms of finance.

In Ethiopia, DFIs are financing the agricultural sector, while they provided less finance to the country's other two strategic sectors, manufacturing and construction. However, there is a degree of commercial financing flowing into both the construction and manufacturing sectors.

In Ghana, there appears to be adequate DFI funding in the energy and transport sectors, while under-funding in construction, healthcare and ICT. Domestic commercial finance seems to be flowing into the construction sectors, while healthcare is funded by ODA. The ICT sector is receiving some funding through FDI.

In Kenya, the energy and manufacturing strategic sectors seem to receive adequate DFI funding, whereas the education, transport and ICT sectors are underfunded by DFIs. The transport and ICT sectors may potentially be receiving some funding from ODA.

Table 9: Priority sectors – summary of DFI funding and shortfalls

Country	Strategic sectors receiving adequate DFI funding	Strategic sectors underfunded by DFIs	Are other flows making up shortfalls in strategic sectors?
Ethiopia	• Agriculture	• Manufacturing • Constructions	• Construction sector financing by commercial finance • Manufacturing financed by commercial finance
Ghana	• Energy • Transport	• Construction • Healthcare • ICT	• Construction funded by domestic commercial finance • Healthcare funded by non-economic ODA • ICT potentially funded by FDI
Kenya	• Energy • Manufacturing	• Education • Transport • ICT	• Transport potentially funded by ODA • ICT potentially funded by ODA

Source: Authors' compilation

This summary highlights the challenge of financial **additionality**. Where should DFIs concentrate their efforts the most so that they encourage private sector flows, and do not overlap with existing financial flows?

In **Ethiopia**, the commercial sector is funding two strategic sectors that are under-represented by DFI financing. It therefore appears that DFI finance may not provide additionality if it is channelled into either construction or manufacturing. On the other hand, this may point to underexplored opportunities. If the private sector is willing to invest in the manufacturing sector, DFIs may be able to support further deals and "crowd in" additional finance.

In **Ghana**, DFI funding could be channelled towards both the healthcare and ICT sector. In healthcare, it could alleviate dependence on ODA. For ICT, it could bolster the growth of ICT firms that are too small (i.e., SMEs or local start-ups) that may not be receiving funding through FDI.

In **Kenya**, DFIs are already funding the manufacturing and energy sectors. However, there is the opportunity for DFIs to finance two remaining strategic sectors – transport and ICT – in order to provide more commercial finance for sectors that are currently being funded through ODA and no other forms of commercial finance, such as local commercial finance.

DFIs also need to consider the issue of **development impacts**. For example, providing additional DFI funding for the healthcare sector in Ghana would potentially have direct positive development impacts. Similarly, channelling more DFI finance either into the manufacturing sector or ICT sector would provide development impacts by stimulating higher-value and higher-productivity job creation, leading to higher growth rates, while investments in transport would have positive indirect economic impacts. The realization of these potential outcomes would however depend on a clear causal chain from DFI investment to the SDGs.

Finally, there are also **catalytic effects** to consider. For example, in both Ghana and Kenya there is a lack of domestic commercial finance investments in the ICT sector. This could be due to two factors. The first may be that local financial institutions do not have enough information to evaluate risks for a relatively new sector that is constantly evolving, and thus may be reluctant to invest. The second is that firms in the ICT sector may be small or relatively new and therefore may not be as well established (or have enough collateral) to access conventional finance. DFIs could therefore invest in the ICT sector either to grow firms enough for them to access conventional domestic finance or to demonstrate that the ICT sector can be profitable for commercial finance. In both cases, DFIs would have achieved their role in catalysing other sources of finance.

5.2 Do DFIs take development plans into account?

We interviewed six DFIs (Swedfund, Norfund, Finnfund, DEG, IFC and CDC) to explore how they use development plans and the extent to which they engage and liaise with government and other actors in sourcing and developing projects for investment, as well as throughout the lifecycle of the project. All DFIs said that although they all seek to invest to support the growth and development of developing country economies, they are a heterogeneous group of institutions, who differ in governance, mandate, size, and business model. These differences will impact how DFIs use development plans and the extent to which they engage with other actors. Table 10 below provides a summary of the main points.

For many DFIs, especially smaller DFIs who have limited or no country offices, investment tends to be driven by individual deals as they arise. Investment opportunities are considered in the context of DFI mandates and objectives. which are set by their shareholders. Both small and large DFIs develop strategies to meet these, and these strategies are used to filter and screen investment opportunities as they present themselves. All DFIs have sector strategies which inform the investment decision but only the IFC has country strategies based on private sector development diagnostic studies which guide investment. Several DFIs noted that country diagnostic tools are expensive and require institutional capacity, hence the ability of DFIs to engage in such approaches would be somewhat influenced by the financing model of the DFI and the scale of their investment portfolios. There could be benefits in DFIs collaborating in these exercises or for such diagnostics to be made available to help inform other DFI investment strategies. Whether DFI investment is aligned to development plans is not an explicit determinant of investment for any of the DFIs interviewed but they may be considered and inform due diligence as part of project evaluation. To the extent that most country development plans include energy and infrastructure and financial inclusion objectives, most DFIs highlighted implicit alignment given that they invest in infrastructure and have large financial sector portfolios. Importantly, however, many DFIs expressed scepticism about the quality of many country development plans and how far these do in fact guide government behaviours. DFIs are also hesitant to give country governments a say over where and how they invest as they need to respond to the needs of the private sector.

DFIs do not, however, invest in a vacuum. All DFIs are acutely aware of the need to understand the local political context and enabling environment, because this impact's investment risk and commercial viability. As part of project due diligence, DFIs will map the macro and regulatory environment, as well as countries' development agendas and political contexts, but for most DFIs these are treated as given risk factors in the investment calculus. Most DFIs do not spend much time working with national governments or other local actors on upstream sectoral policy and regulatory issues. The IFC, as part of the World Bank Group, is a notable exception to this: they do prepare their own country strategies and have local offices in most countries. They increasingly coordinate their investment with the upstream policy work of the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) as part of the IFC 3.0 strategy to build markets and the World Bank Group strategy focused on increased collaboration to leverage the strengths of its agencies. Smaller DFIs, however, highlight that they do not have the capacity or resources to operate in this way, and that they rely on local embassy staff, and sometimes other DFIs such as AfDB and IFC or politically connected company board members, to be aware of local politics and sector issues and priorities. Smaller DFIs will also "piggyback" on the work of larger DFIs. This can be helpful both in identifying serious business opportunities or for spotting problems during execution of projects. The majority of DFIs interviewed highlighted that upstream policy work touched on political issues, which is not where their comparative advantage lies. Where there are issues around the enabling environment which affect the commercial viability of a potential project, DFIs may reach out and engage the support of local embassy staff or their country development agency to address these, but overall DFIs did not express an appetite to do this directly.

DFIs have begun DFI-coordination pilots in a number of countries, including in Ethiopia, where the pilot is co-led by CDC and IFC. This platform has led to basic information exchange and an understanding of upstream constraints to investment. This has been perceived by the DFIs as positive, but more can be done in terms of follow-up with government on investment constraints. The pilot platform is not meant to share sensitive information about investment pipelines, though it can help to develop projects.

DFIs recognize the value of more coordinated DFI investment and coming together beyond the individual project level to address investment constraints, such as the dearth of "big ticket" investment opportunities greater than US$10 million, a lack of local transaction advisers and project developers, and lack of local currency financing. DFIs also recognize that buy-in from government is often essential. But this does not mean that a lot more interaction is always useful, and some essential interaction such as with regulatory agencies is already happening in a less public way. DFIs need to consider their core competencies and collaborate with others where it is useful. DFIs also recognize that there is room for improvement, and some initial pilot projects are under way and lessons could be learned from these before moving to scale-ups.

Table 10: DFIs and country level development plans

Question	Responses from DFIs
To what extent do DFIs consider development plans (SDGs) put in place by developing country governments?	Bilateral DFIs respond to shareholder needs by creating sector and instrument strategies globally; they don't have specific country strategies. Investment is driven by shareholder mandates and objectives. Development impact and financial return drive decision making not country development plans. Instruments such as private equity funds have a regional not national focus. However, IFC has private sector development strategies that identify sectors and feed into World Bank country strategies and partnership framework. There is appreciation of the value of understanding political incentives, but also skepticism that country development plans are operational plans guiding government behaviour. Some DFIs do not look at national development plans at all. They can be perceived by some as donor driven documents that do not prioritize sufficiently. One DFI argues that government involvement can be risky, and that it is important to check whether they have credible plans, e.g. for energy take-off (i.e. an agreement specifying the buyer of renewable energy such as in solar development projects), without which an investment plan would not proceed.
What type of interactions do DFIs have with country governments?	Interactions depend on the sector. E.g. forestry involves local actors on land; renewable energy can involve interaction with regulators and government on power purchase agreements. They also depend on availability of local offices; many smaller DFIs use local embassy staff or well-connected board members. Some DFIs also collaborate with their country development agency to broker dialogue and engage with government, although this is not formally structured.
What type of interactions do DFIs have with local agencies who work upstream on sector transformation or other DFIs at the sector/ country level?	Bilateral DFIs can work with regulatory agencies, e.g. around renewable energy, or to prepare for privatizations, though mainly on issues of project bankability. DFIs have created DFI Country Pilots (platforms), including one in Ethiopia co-led by the IFC and CDC. Other countries chosen for the pilot are Haiti, Lebanon, Madagascar, Nepal, Sierra Leone and the Democratic Republic of Congo (DRC). This platform brings together DFIs at country level and identifies key constraints in sectors (sector deep dives). These can be used as the basis for discussion with governments, although it is not clear how this affects investments. Most DFIs have development funds that can be used for project preparation, but for bilateral DFIs these are not large.
Do you think more interaction between DFIs and government would be useful? If so why, and what type?	Only in a targeted way. It is important to consider core competencies to recognize that DFIs invest in viable companies, and these investments are not dictated by government interests. In areas where policy interventions in certain sectors might negatively affect private sector investments in those sectors it is important for DFIs to proactively engage policymakers to help them understand the long-term effects of such interventions. It is also often helpful to leverage the work of other related bilateral agencies (e.g. NORAD) with government, to address issues such as these.
Any specific observations on DFI investment and development plans in Ghana, Kenya or Ethiopia?	In Ethiopia, there is alignment around agribusiness, manufacturing and following energy and the financial sector. Kenya is considered a "darling" for most DFIs due to a comparatively large pool of investible opportunities, and because of its role as a gateway into East Africa and its relatively stable business environment. Ghana is a new country for several DFIs.

Source: Interviews with DFIs.

5.3 What steps could DFIs take to align their DFI investment to development plans?

Given the above opportunities, what steps could DFIs take to increase the degree of alignment between their investment flows and country-level strategic sectors?

Identify: The first step a DFI could take is to identify the strategic sectors that governments are looking to develop, particularly to understand the dynamics of economic and social impacts that government strategies are seeking to achieve, as well as whether these outcomes are achievable and based on sound strategies. Identifying a country's development priorities can also signal the direction of political incentives.

Compare: DFIs should then compare the identified strategies first with their current investment strategies (e.g. CDC's new manufacturing sector strategy) to understand how well they fit together, and then also with their country investment portfolios to see where they are already well placed and where there is a lack of DFI funding (and where finance is the binding constraint). A framework for this comparison could be based on the methodology used in this study. The DFIs would also be in a strong position to have a clear picture of the sectors that domestic finance and FDI financial flows are moving towards. This would help them understand if they need to be involved in financing projects in strategic sectors or whether these sectors are already well covered by existing sources of finance. The comparison should also seek to understand what types of firms may be receiving finance and whether there are segments (such as SMEs) that are underfunded.

However, it is important to note that not all DFIs have the resources to tailor their investment strategies to each individual country. Larger DFIs such as the IFC could feasibly carry out such an activity. However, smaller DFIs may have to be more strategic in terms of resource allocation, for example prioritizing their largest investment countries for such an exercise.

Discuss: After DFIs have identified whether there is a role that they can play in providing funding towards strategic sectors, they should then carry out discussions with three sets of stakeholders.

- The first group consists of representatives of interested sectors, for example representative firms of different sizes and business associations. The aim would be to understand current financing and technical constraints that inhibit growth of firms in the strategic sector and therefore how DFIs could help (e.g. through finance, technical assistance, provision of international linkages).
- The second group includes domestic financial institutions and potential foreign investors. The aim of discussions would be to understand financing constraints on the supply side and understand what role DFIs could play on the supply side (e.g. providing risk-sharing funds for domestic financial institutions or mitigating risks for foreign investors through local knowledge or technical assistance).
- Thirdly, DFIs should carry out discussions with governments. The aim of such discussions would be threefold: the first aim is to let the government know that the DFI is interested in contributing to the growth of target strategic sectors and thereby set-up official communication channels between the government and the DFI. The second is to let government know where there are potential growth constraints that the government could resolve (e.g. environmental policies for business, trade policies). The third is to understand more in-depth the types of impact the government expects to have by promoting these strategic sectors, thereby understanding better what type of investments to carry out.

Invest: The final step would be to scope out opportunities for feasible investments in the target strategic sectors. This involves sourcing profitable private sector opportunities. The DFI would then look for any suitable investment partners (e.g. domestic financial institutions, foreign firms, other DFIs). It would also provide any required technical assistance and liaise with government in order to assess whether policy constraints could be eased.

6. Conclusions and suggestions

The report highlights the role that DFIs are currently playing in supporting government strategic priority sectors, through the lens of three case study countries, Ethiopia, Ghana, and Kenya.

Section 2 provides an overview of the role of DFIs, the development impact of DFIs and the link between DFIs and the SDGs. It shows that DFIs seek to carry out profit-based investments according to three principles – additionality, development impacts and catalytic effects. The report highlights the economic importance of DFIs, via their impacts on jobs, growth and productivity, as well touching on the role they play in meeting SDG targets, particularly for SDGs 7, 8 and 13.

Section 2 also identified two important gaps in the actions of DFIs. First, DFIs could improve the pipeline of projects by developing projects in sectors with the greatest development impacts. Doing this requires an understanding of what countries themselves think are the most promising sectors and where governments are more inclined to support the development process through political incentives. Second, DFIs need to consider enhancing the development effects of their investments throughout the life cycle by engaging strategically.

Section 3 analyses the development strategies of the three case study countries to understand which priority sectors countries seek to further develop, as well as their funding mobilization strategies (see summaries in the Appendix). This information is not easy to obtain. For example, while the financing needs of priority economic sectors is clearly stated in Ethiopia's policy statements, overall resource mobilization emphasizes domestic sources. In the case of Kenya, while detailed budgets are available, it is unclear how additional resources will be secured for economic priorities. While Ghana also emphasizes domestic resource mobilization, it also seeks to create a conducive environment for investment including in infrastructure priorities.

Section 4 uses quantitative data gleaned from a variety of sources to compare sectoral financial flows for Ethiopia, Ghana, and Kenya. It provides a comparison of DFI, commercial finance, FDI (where available) and ODA flows into broadly comparable sectors. It then maps these flows against the strategic priorities for each case study country. We then looked for the level of alignment of each of these flows against the three countries' priority sectors and identified which types of flows were most aligned. We found that alignment across all sources of finance mobilization seems to be highest for Ethiopia. On the other hand, the alignment of DFI finance mobilization (excluding funds) with priority sectors seems to be highest in Ghana, followed by Kenya.

Section 5 examines which strategic sectors were well funded by DFIs and which were under-funded, assessing whether other types of financial flows were funding sectors underfunded by DFIs. It then identified some opportunities for DFIs such as the ICT and healthcare sectors, where DFI investments could support government strategic sectors following the DFI investment principles of additionality, development impacts and catalytic effects. The report also suggests four steps that DFIs could follow to increase their level of funding towards strategic sectors. These are:

- identify the strategic sectors
- compare these with current DFI investment activities
- discuss with key stakeholders in the private sector, other financing institutions and the government how DFIs could support investment in these sectors, and,
- invest in the target priority sectors.

Our interviews with DFIs suggest they are currently not taking national development plans much into account. But there are opportunities to do so, and recognize that more structured, but limited and targeted, interactions can be useful.

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Appendix

This section summarises the review of development plans, relevant strategy documents, government announcements and budget statements for Ethiopia, Kenya and Ghana.

Ethiopia

1. Long-term vision and five-year plans

The long-term vision of Ethiopia as specific in its first Growth and Transformation Plan (GTP) is to achieve the eradication of poverty through broad-based accelerated and sustained economic growth and to become a middle-income country by 2020. Ethiopia's development plans are described and reviewed in most recent Five-Year Growth and Transformation Plans (GTPs) covering 2010/11-2014/15 and 2015/16-2019/20. Accordingly, the following major macroeconomic goals were set in GTPI:

- Maintaining broad-based and double-digit economic growth within a stable macroeconomic environment,
- Increasing the share of gross domestic saving (GDS) in GDP to 15 percent
- Increasing the share of export in GDP to 22.5 percent.

The first GTP 2010/11-2014/15 - referred to as GTPI - emphasized economic sectors with significant bearing on sustainable development and the structural transformation of the economy, primarily, the development of agriculture and industry sectors (productive sectors). The GTP1 was articulated through four overarching objectives:

- maintaining at least an average real GDP growth rate of 11% per annum and attaining the Millennium Development Goals (MDGs) by 2014/15
- expanding access and ensuring the qualities of education and health services and achieve MDGs in the social sectors
- establishing conditions for sustainable nation building through the creation of stable democratic and developmental state, and,
- ensuring the sustainability of growth through maintaining macroeconomic stability.

These priorities are then further emphasized in the GTP 2015/16-2019/20. However, it should be noted that "Modernization in the development of the agriculture sector, expansion of industrial development with primary focus on light manufacturing, significant shift in export development are at the core of GTPII." And, while some major achievements were secured over the period of the GTP1 reviewed, the manufacturing sector failed to achieve the targets set.

The pillar strategies of GTPII therefore built on the GTP I and are complemented by additional pillar strategies that serve as foundation for sectorial plans. The GTPII has a strong focus on the light manufacturing sector, with a significant shift in export development being at its core of GTPII. This is in view of the weak performance of merchandise export earnings over the period of the GTP1, which has had a direct bearing on the country's efforts to reduce its dependence on external savings.

The GTPII notes that the share of manufacturing subsector to overall GDP has remained below 5%, while the export share of manufacturing subsector to total merchandize export has remained at about 10% on average. The performance of the manufacturing industry has fallen short of the target owing mainly to inadequate new investment inflow to the sub sector. Generally, GTPI and GTPII have relied on the mobilization of domestic savings and the engagement of the domestic private sector, however, these have failed to materialise as anticipated.

Table 2: Summary of Strategic Pillars included in GTPII

Strategic Pillars/Sectors		Activities/targets
Growth	i) Sustain the rapid, broad based and equitable economic growth and development witnessed during the last decade.	Achieve an annual average real GDP growth rate of 11 percent within a stable macroeconomic environment and thereby contribute towards the realization of Ethiopia's vision of becoming a lower middle-income country by 2025, while pursuing comprehensive measures towards narrowing the saving-investment gap and bridging the widening trade deficit.
Productivity	Increase the productive capacity and efficiency to reach the economy's production possibility frontier through concurrently improving quality, productivity and competitiveness of productive sectors (agriculture and manufacturing industries).	Develop the domestic engineering and fabrication capacity and improve productivity, quality, and competitiveness of the domestic productive sectors (agriculture and manufacturing industries) to speed up structural transformation.
Domestic private sector	Speed up and catalyse transformation of the domestic private sector and render them a capable development force.	Further solidify the on-going public mobilization and organised participation to ensure the public become both owners and beneficiaries from development outcomes.
Construction	Build the capacity of the domestic construction industry, bridge critical infrastructure gaps with particular focus on ensuring the quality of infrastructure services through strengthening the implementation capacity of the construction sector.	
Urbanization	Properly manage and administer the on-going rapid urbanization to unlock its potential for sustaining growth and structural transformation of the economy.	
Human development	Accelerate human development and technological capacity building and ensure its sustainability.	
Governance	Establish democratic and developmental good governance through enhancing implementation capacity of the public sector and mobilization of public participation.	Deepen the hegemony of developmental political economy by strengthening a stable democratic developmental state.
Women and youth	Promote women and youth empowerment, ensure their participation in the development process and enable them equitably benefit from the outcomes of development.	
Green economy	Build climate resilient green economy.	

2. Review of mobilization of support

The Ministry of Finance is responsible for establishing a system of implementation for the national development plans; special evidence is given to encourage citizens to increase their savings and strengthen the overall level of domestic savings for productive investment in the GTPs priority programs. Overall, there is a strong emphasis on raising domestic funds to support (public) investment.

- To boost domestic saving, the following measures were undertaken during GTP1:
- awareness creation and community mobilization activities,
- expanding financial institutions (banks) and services,
- raising the minimum deposit rate,
- strengthening existing and introducing new saving mobilization instruments such as saving for housing program,
- Renaissance Dam Bond, introducing private social security schemes,
- strengthening government employees' social security scheme, etc.

During the GTPII, increased foreign direct investment (FDI) was secured and the country's first ever sovereign bond issued in the international capital markets. In 2013/2014, the sovereign rating was assessed by three international credit rating agencies. This process assisted in the attraction of international investors, both in terms of subscriptions to the first sovereign bond and through increased FDI.

The GTP I was unique in that it envisaged the implementation of several grand projects with national and regional significance such as The Grand Renaissance Dam Project, Railway Projects, Sugar Development projects, etc. These development projects shifted the delivery of infrastructure and industrial outcomes, but equally important is that they were also used as learning vehicles to enhance the institutional and technological capability of Ethiopia in the delivery of such projects.

However, challenges highlighted with regards to the mobilization of finance are noted in relation to the manufacturing sector with a low level of private investment, weak promotion of entrepreneurship particularly among the young, a low level of job creation in rural areas in non-farm activities and low levels of small and micro enterprises development within manufacturing.

External resource mobilization can be summarised as follows:

- **Total external resource inflow (**sum of aid and loans disbursed out of total aid and loan commitment from different bilateral and multilateral development partners in a given fiscal year): Total of 19.7 billion USD; USD 3.9 billion on average annually over the plan period.

- **External loan management**: out of the total external resource inflows registered during the GTP I period, USD 16 billion was secured for different development programs in the form of external loans. Of this, USD 7.1 billion was central government loan, USD 4.6 billion public enterprises' external loan with government guarantee and USD 4.3 billion without government guarantee. This indicates that on average USD 3.2 billion loans was disbursed annually. The data also shows that aid per capita stood at about USD 37.1 per annum on average. This amount is lower than the per capita aid received by other African countries that are at similar level of development. Thus, most of development expenditure was financed through domestic revenue sources.

- **Foreign debt repayment**: During the past five years, a total of USD 2.9 billion debt repayment in interest and principal payments for loans taken by the central government, and public enterprises with and without government guarantee from different sources. During the plan period, foreign loan contracted by the government has increased. However, debt sustainability has been ensured.

Monetary policies

With regards to maintain the balance between the existing money supply and inflation, money supply increased by an average of 29 percent per annum, while nominal GDP grew by 27.2 percent on average during the last five years. The five-year performance shows that the money supply and the nominal GDP expanded at a closely similar growth rate, which is consistent with the target. The government set the minimum interest rate for deposits at 5 percent over the past five years.

Banking policies

The Government will continue to take the necessary measures towards strengthening competitive and healthy financial institution. Not only the number of bank branches has increased but also improvements have been witnessed in operational efficiency as well as coverage during the past five years. The total number of banks increased from 15 to 19 and the total number of bank branches has increased to 2,868 in 2014/15 from 680 in 2009/10. As a result, the population to bank branch ratio declined from 113,235 per branch in 2009/10 to 30,334 per branch by the end of the plan period, signifying rapid expansion of access to banking services. Similarly, the number

of micro finance institutions (MFIs) branches also expanded during the same period, increasing to 1,593 by 2014/15, from 1,034 in 2009/10. As a result, the number of clients served by MFIs reached about 4.3 million by the end of 2014/15, compared to 2.43 million in 2009/10.

Domestic private investment

The distribution of domestic private investment across sectors shows that well above 50 percent of domestic private investment projects that commenced production and service delivery (both in terms of invested capital and number of projects) are engaged in the service sectors. This indicates that domestic private investment has been lopsided more towards the service sectors such as renting of machinery, real estate, trade and other service sub-sectors. Domestic private investment in the agriculture sector also was as low as in the manufacturing sector.

The concentration of domestic private investment in the service sectors appears to be mainly driven by short-term profit maximization through taking advantage of market failures and government incentive schemes rather than through enhancing their productivity, quality and competitiveness. This stands against the country's long-run development and transformation agenda.

Summary of efforts

The GTPII concludes that overall, the performance of the industrial sector has been well below the target. Thus, speeding up industrial parks development at both federal and regional levels, attracting and encouraging potential investors (including local investors) of quality and high impact in the sector needs to be given utmost emphasis in GTP II. While the launching of mega infrastructure development projects such as the GERD, wind power projects, railway and sugar development projects and others are some of the prominent features of GTP I, inadequate consulting services and limited finance for projects have remained challenges during implementation of the plan.

Overall, the growth and industry targets rely heavily on the creation of industrial parks constructed in strategic development corridors of the country during the GTP II period. These parks, with all necessary social and infrastructure services and trade logistics facilities, are expected to create a conducive environment for boosting investments in the manufacturing sector and to promote export processing. There are then linked with specific efforts to mobilise finance including:

- addressing financial constraints through the regional lease financing institutions and
- through the Development Bank of Ethiopia

The strategy in the financial sector will continue to be geared towards ensuring a favourable environment for the banking sector; increasing domestic saving to sustain the rapid growth and to provide the required resources for expanding and improving public services. Measures include strengthening the existing credit information sharing system and encouraging the discipline of loan repayments. These efforts are intended to alleviate the marketing and financial constraints of Small and Medium Enterprises (SMEs).

Table 2: Summary table of stated financial support measures (based on GTPII)

Priorities	Financial support measures
Growth	The financial industry is expected to finance huge projects both in the public and Private sector during GTP II. Banks' deposit is expected to grow at an annual average rate of 30.9 percent. Expand bank branches from 2,868 in 2014/15 to 5,736 by 2019/20. Strengthen Microfinance institutions in intermediating financial assets. Microfinance institutions are also expected to expand their financial services through covering at least 50 percent of rural areas. In addition, the role of the Development Bank of Ethiopia in raising long-term finance through selling saving bonds will commence during the GTP II period. Strategies to enhance contractual saving (such as private pension fund, health insurance and insurance premium) instruments will be implemented. Pension proclamation will also be revised to cover all private employees.
Budgetary financial plan	The economic development sector is projected to account for 20.3 percent in the total capital expenditure, of which, manufacturing, agriculture and rural transformation, and other sub-sectors accounts for 15.2 percent, 3.8 percent and 1.3 percent, respectively. The 'other' sectors accounts for the residual 2.8 percent of total capital expenditure on GTP II
Off-budget financing and requirement for investment finance	The Commercial Bank of Ethiopia is expected to provide credit for public investment projects in infrastructure and working capital for industrial sector. The total credit allocated for the service sector is to be obtained from CBE and private banks while the Development Bank of Ethiopia is assigned to provide short, medium and long-term credit for viable development projects, including industrial and agricultural investment projects.
Infrastructure	external resources were mobilized to finance key infrastructural projects such as railway project,
Agriculture	Unclear
Industrial sector	Industrial Parks Development Program 9,000 hectares developed land, 15,000 sheds and 600 buildings will be available and ready for new entrants which organize themselves under enterprises. Regarding financial support, ETB 21 billion (ETB 17 billion or 80% will be mobilized from people saving through various methods) will be available and ready for credit financing and 94% (ETB 19 billion) of the loan will be repaid during the plan period. Finance for Capital goods will be given to 50,000 enterprises to improve their productivity and production and quality of their products. In addition, by organizing related enterprises into clusters and by providing working premises about 202 for metal and furniture works, 202 for textile and leather products, 202 for agro-processing, a total of 606 buildings will be built in cluster and transferred to the enterprises with reasonable price. Similarly, about 10,000 new and potential medium enterprises will get manufacturing premises in the industrial zones with affordable price.

3. Summary of linkages to SDGs

In addition to the specification of priority pillars, many targets are specified in GTPI and GTPII. Some of the specified goals of GTPI and GTPII and targets have a direct overlap with the 17 Goals and 169 targets included in the SDGs, such as:

Economic Growth targets (Goal 8.1 Sustain economic growth 7% GDP p.a.); and 8.10 "strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all"

The GTPII reviews performance across a number of targets set. Some of these targets are explicitly referred to in the SDGs. Table 3 adapts Table 1.1 included in GTPII and provides a summary of those targets which are directly related to the SDGs and targets.

Table 3: Summary of GTPI and GTPII Targets and SDGs

SDGs	GTPI and GTPII targets
Goal 1: End poverty in its forms everywhere	**Poverty and welfare**
Targets: 1.1, 1,2, 1.3, 1.4, 1.5, 1a, 1b	Reduce total poverty headcount
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	**Macroeconomic** **Crop production and productivity** **Natural resource conservation and utilization** **Food security, disaster prevention and preparedness** **Agricultural input supply and utilization** **Agriculture extension service**
Targets: 2.1, 2.2, 2.3, 2.4	Agricultural growth rates (8%) Productivity per worker in agricultural sector Crop production and productivity Area of land developed with small scale irrigation Farmer beneficiaries of safety net program Supply of improved seeds and fertilisers Number of farmers/pastoralists receiving extension services
Goal 3. Ensure healthy lives and promote well-being for all at all ages	**Health**
Targets: 3.1, 3.2, 3.3, 3.7, 3.8	Health service coverage Under 5, infant, maternal, neonatal mortality rate per 1000 live births Life expectancy Contraceptive prevalence rate (CPR) Stunting rate Wasting rate Vaccine coverage
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	**Human resource development; education and training**
Target: 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.c	Primary and secondary gross enrollment rates Adult education participation rate Primary and high school certified teachers TVET teachers and institutions Undergraduate program capacity and proportion of females in program
Goal 5: Achieve gender equality and empower all women and girls	**Health; Education and training; Agriculture Extension Service**
5.6, 5.a, 5.c,	Contraceptive prevalence rate (CPR) Proportion of females in undergraduate program Proportion of Rural women farmers who benefited from extension service
Goal 6: Ensure availability and sustainable management of water and sanitation for all	**Water; health**
6.1, 6.2, 6.4, 6.b,	Overall portable water coverage Rural portable water coverage Urban portable water coverage Area of land developed with large and medium scale irrigation schemes Male and female headed households with access to improved toilet facility
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all	**Energy**
7.1, 7.2, 7.3, 7.a, 7.b,	Electricity service coverage Power generating capacity Length of distribution lines construction Customers with access to electric power service Annual per capita electricity consumption

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**Macroeconomic indicators; financial sector; crop production and productivity; industry**
8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.10	Growth target real GDP p.a. 11% Productivity per worker in the agricultural and allied sectors Productivity per worker in medium and large-scale manufacturing sectors Number of bank branches Share of Kebeles launching micro finance institutions from total rural kebeles Labour force employed in manufacturing sector Share of agriculture and allied sectors employment from total employment Employment opportunities created by medium and large manufacturing industry Number of TVET institutions and trainees
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	**Infrastructure development; road; energy; telecommunication; water; transport and logistics services; urban development; construction industry**
9.1, 9.2, 9.3, 9.4, 9.5, 9.c.	Road density Electricity service coverage Telephone density Logistics performance Industrial parks Improved and cost saving construction inputs and technologies
Goal 10: Reduce inequality within and among countries	**N/A**
Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable	**Urban development, housing and construction; construction industry**
11.1, 11.2, 11.7	Urban residential houses created Green area development and public recreation land utilization coverage
Goal 12: Ensure sustainable consumption and production patterns	**N/A**
Goal 13: Take urgent action to combat climate change and its impacts[b]	**Climate resilient green economy development**
13.2 Integrate climate change measures into national policies, strategies and planning	Share of projects/programs that pass through social and environmental impact assessment Reduced GHG emission
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development	**N/A**
Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	**Climate resilient green economy development; urban development, housing, construction**
15.2 1 By 2020 ensure the conversation, restoration and sustainable use of forests	Forest coverage Green area development and public recreation land utilization coverage
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	**N/A**
Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	**Mobilization of financial resources**

Kenya

1. Long-term vision and five-year plans

Kenya has established its vision 2030 and within this, President Kenyatta has prioritized the "Big Four" as part of his legacy:[10]

- Enhancing manufacturing: 9.2% to 20% of GDP by 2022
- Food security and nutrition: 100% food security and nutrition commitment
- Universal Health Coverage: 100% UHC by scaling up NHIF uptake
- Affordable housing: 500,000 new affordable homes

The laws that are required to enable the Big 4 Agenda, however, still require some prioritization. In addition, several horizontal enablers are identified as specified in Table 1. Although they are referred to as providing macroeconomic stability, the actual mechanisms which seek to provide this are not elaborated upon. Overall, the Agenda builds on the Kenya Vision 2030 which was launched in 2008 as Kenya's development blueprint covering the period 2008 to 2030. It is aimed at making Kenya a newly industrializing, "middle income country providing high quality life for all its citizens by the year 2030".

The prioritization of the Big 4 are intended to accelerate the achievement of Vision 2030. Therefore, in contrast to the two previous plans (2008-2012 and 2013-2017), the medium plan for 2018-2022 takes a new approach and focuses on those issues "that would have the greatest impact on well-being". The Third Medium Term therefore will be driven by the Big Four Agenda, implemented on the foundations that have been put in place during the First and Second Medium Terms Plans.

Table 1: Summary of Big 4 Agenda[11]

Strategic Pillars/ Sectors	Activities/targets	Horizontal/vertical enablers	
Enhancing Manufacturing	Raise the contribution of manufacturing in GDP from 8.5% to 15% Achieve top 50 in WB Doing Business Create 1,000,000 new jobs in the manufacturing sector Achieve 5x increase in FDI inflows	Infrastructure	Feeder roads network (linked to trunk roads) and the rehabilitation of 10,000km of roads. Passenger handling capacity and construction of new runways at airports. Port infrastructure and facilities. Rail infrastructure to link Kenya with the wider East Africa region.
Affordable Housing	Deliver 500,000 affordable homes across 47 counties Reduce cost of home ownership by 50% Create 300,000 new jobs in construction Reduce average cost of construction by 30% Increase construction contribution to GDP by 100%. Reduce the low-income housing gap by 60%	Technology and innovation	Digitise land titles and expand e-Government services system. Expand the National Fibre Optic infrastructure to cover the entire country. Establish National Science Technology & Innovation parks.
Ensure Universal Health Care Coverage	Actualise 100% cost subsidy on essential health services. Reduce medical out of pocket expenses by 54% as % of household expenditure	Power	Increase Kenya electricity generation capacity from 2,699 MW to 5,221 MW. Reduce commercial & industrial electricity tariffs. Modernize electricity dispatch optimization, favouring low-cost plants.

10 https://www.president.go.ke/2020/10/17/president-kenyatta-urges-parliament-to-prioritise-laws-that-enable-big-4-agenda-programs/
11 https://big4.delivery.go.ke/

Food security	34% increase in average daily income of farmers 27% reduction in malnutrition among children under 5 years Create 1,000 agro-processing SMEs and 600,000 new jobs. 50% reduction in number of food insecure Kenyans 48% increase in agriculture sector contribution to GDP 47% reduction in cost of food as % of income	Technical and vocational training	Re-positioning and strengthening the TVET Education System to support the Big Four pillars. Implementing the STEM Education Programme. Developing a Labour Market Information System (LMIS) to support labour market actors and stakeholders. Establishment of new industrial training centres and implementing the National Internship Program.
Horizontal/vertical enablers			
Security	Embark on a 'Citizen-centric' police reforms program that supports a 24-hr economy. Enhance security infrastructure modernization and improve staff welfare. Improve data management through the Integrated Population Registration System (IPRS) and National Identity Management System (NiMS).		
Governance	Policy measures to address capital flight and government procurement reforms. Political & legislative measures to plug revenue leaks at National and County levels. Administrative measures to drive transparency and accountability in the public service. Fiscal measures to streamline tax breaks and plug revenue leakages. Law enforcement measures to strengthen the anti-corruption campaign		

The foundations of the medium plan (2018-2022), which build on the priorities and activities of the previous two plans, are summarized in Table 2 below. The MTP III targets to:

- increase real GDP annual growth from an average of 5.5 per cent achieved over the 2013-2017 period to 5.9 per cent in FY 2018/19 and 7 per cent by end of the Plan period.
- Increase savings and investments as a percentage of GDP from 18.8 per cent to 23.2 per cent and 24.4 per cent to 27.2 per cent respectively to support higher economic growth and development and create over 6.5 million jobs.

Overall, there are three main pillars: economic, social and political. These are then underpinned by several foundations for national transformation, with related activities and targets. In addition, thematic areas include: HIV and Aids, Climate Change and Disaster Risk Management. An implementation matrix is also included, which is reviewed in the following section and the links to resource mobilization articulated.

Table 2: Summary of Vision 2030: Pillars and Sectors

Pillars	Sectors
Economic	**Agriculture and livestock:** Irrigate 1.2 million acres, expand the area under crop production, subsidize 200,000 MT of assorted fertilizer annually under the fertilizer cost reduction programme, and expand the Strategic Food Reserve Trust Fund to include additional food stuffs. Further, livestock disease free zones will be established, and strategic feed reserves built to improve availability of fodder in Arid and Semi-Arid Land (ASAL) areas during drought through stocking of one (1) million bales of hay and 100 MT of pasture seeds.
	Manufacturing: A total of 3,850 new manufacturing enterprises will be created through industrial financing and other incentives. Export earnings from textiles and apparel production are also targeted to increase from Ksh.80 billion in 2017 to Ksh.200 billion at the end of the Plan period.
	Tourism: increase tourist arrivals from 1.3 million in 2016 to 2.5 million by 2022. Other targets are to increase tourism earnings from Ksh.99.7 billion to Ksh.175 billion and bed-nights by domestic tourists from 3.5 million to 6.5 million.
	Trade: Wholesale hubs and Tier 1 retail markets will be constructed to facilitate trade. In addition, a National Commodities Exchange and Export Credit Guarantee Scheme will be established and operationalized.
	Business processes outsourcing: The Konza Technopolis City will be established as a smart sustainable city and innovation ecosystem contributing to Kenya's knowledge-based economy. Additionally, one (1) million on-line jobs will be created under the Ajira Programme.
	Financial services: The Nairobi International Financial Centre will be established and made fully operational as a major regional centre for financial services in the Sub-Saharan Africa market. Other initiatives include establishment of a Financial Services Authority, development of digital finance and capital markets deepening.
	Oil, gas, mineral resources: Echieve security of supply of petroleum products by enhancing storage capacity of petroleum products from 989,000 m3 to 1,222,000 m3. Other key initiatives include carrying out aerial geophysical surveys to establish areas of mineralization, establishment of Internationally Accredited Mineral Certification Laboratory, construction of 840Km Lokichar-Lamu crude oil pipeline and commercialization of the oil and gas discoveries.
	Blue economy: Enhance full exploitation of maritime resources. A national fishing fleet will be established and fishing ports developed. Fish production is targeted to increase from 128,649 metric tonnes in 2016 to 304,000 metric tonnes annually. The development of fisheries infrastructure through investment in fish ports and associated facilities in the coastal area is expected to create 12,000 jobs and add Ksh.20 billion to the GDP. Additional jobs will be created under initiatives such as Vijana Baharia Programme to produce 1,250 strong work force annually and in ship building and repairs industry that has the potential of creating 1,000 jobs annually.
Social	**Health:** Social health protection schemes will be expanded to cover harmonized benefit package to targeted populations and ensure that Kenyans will have access to health insurance mainly through NHIF by 2022. Other initiatives aimed at ensuring access to a fully equipped health centre within 8 kilometres of a household include establishment of 10 new referral hospitals and increasing the number of health facilities at the community level, including mobile health services.
	Population, urbanization and housing: Deliver 500,000 low cost affordable housing units through budgetary allocations and partnerships with financial institutions, private developers, cooperatives and manufacturers of building materials. A National Housing Development Fund will be established and other financing strategies created to finance low cost housing and associated social and physical infrastructure. Other programmes and projects planned for implementation are development of urban mass transport infrastructure and solid waste management infrastructure in cities and urban centres.
	Education and training: Achievement of 100 per cent Universal Secondary Education through ensuring 100 per cent transition from primary to secondary education; improving the teacher-pupil ratio from 1:45 to 1:30 in both primary and post primary institutions; development of TVET infrastructure and equipment; and integrating ICT into teaching, learning and training by expanding the Digital Literacy Programme.
	Environment, water, sanitation and regional development: Rehabilitation and protection of the five (5) water towers will continue and tree cover is targeted to increase from 6.9 per cent to 10 percent. Completion of on-going water projects in urban and rural areas will increase the number of people connected to safe piped water from 3.6 million to 9 million. The proportion of people with access to potable water will be increased from 60 per cent to 80 per cent by 2022 with a focus on slums and arid areas. The Water Trust Fund will provide grants to counties to assist in financing water projects towards ensuring all Kenyans have access to safe potable water. The Green Technologies and Innovations Programme as well as the Sewerage Programme will be implemented to promote use of green technologies and improve universal access to sewerage facilities respectively.
	Gender, youth and vulnerable groups: The Women Enterprise Fund will increase loan disbursement from a cumulative Ksh.10.4 billion to Ksh.25.7 billion targeting 2,157,653 beneficiaries by 2022. In addition, the number of women trained on entrepreneurship skills will be increased from 956,493 to 1,632,806. The Uwezo Fund will be scaled up by Ksh.2.5 billion to cover additional 500,000 beneficiaries. Capacity building will also be undertaken to 25,000 groups reaching 500,000 individuals. The number of Access to Government Procurement Opportunities (AGPO) registered enterprises will be increased to 210,000 to ensure full access to 30 per cent of government procurement opportunities. Further, the National Equality Bill will be developed, enacted into law and operationalized.
	Sports, culture and the arts: A total of three (3) national stadia will be built and 30 county stadia rehabilitated to international standards to facilitate development of sports, culture and arts. Other key programmes and projects will include the establishment of Kenya Film School, and establishment of County Heritage Centres and Community Cultural Centres in all counties.
Political	**Devolution**
	Rule of law: Developing and implementing mechanisms for whistle blower protection, streamlining asset tracking and recovery of corruptly acquired assets and providing legal aid to 200,000 vulnerable members of society.

Table 3: Summary of Vision 2030: Foundations

Foundations: Activities	
Infrastructure	Expansion and rehabilitation of Terminal 1-B,C and D at Jomo Kenyatta International Airport (JKIA) in order to increase passenger handling capacity to 9 million passengers, and construction of second runway and associated facilities at JKIA; expansion of the second Container Terminal Phase II at the port of Mombasa; development of the Dongo Kundu free trade port; and, the completion of on-going construction of 3 berths and the development of the remaining 29 berths in Lamu port. The Standard Gauge Railway (SGR) Phase 2 (Nairobi-Malaba) will be constructed to increase railway capacity from 5 per cent to 50 per cent of the cargo freight from the port of Mombasa and promote commuter rail services. 10,000 Km of paved roads will be constructed/ rehabilitated and electricity generation capacity increased from 2,699 MW in FY 2017/18 to 5,221 MW in FY 2021/22; electricity distribution network improved by constructing 116 new primary distribution sub-stations and 1,244 Km of associated lines.
Information and Communication Technology	Expansion of the national optic fibre infrastructure, enhancement of Digital Government and e-Government services, boosting cyber security and establishment of the requisite policy, legal, regulatory and institutional frameworks.
Science, Technology and Innovation	Create the Science, Technology, Engineering and Mathematics (STEM) Education Programme and establishment of national science technology and innovation parks. The Sector targets to increase research funding to 2 per cent of the GDP and attain a Global Competiveness Index of 85 out of 137 countries by 2022.
Land Reforms	the National Spatial Plan will be implemented as a key enabler of the MTP III and will be mainstreamed in County Spatial Plans and Sector Plans. The National Land Management Information System will be further developed to include digitalization of the remaining 39 land registries. The system will ensure effective and efficient access to land data.
Public Sector Reforms	Expanding the One-Stop Huduma Centres across 290 Sub-Counties. The Kenya Devolution Support Programme will also be implemented to ensure that the devolution process is smooth and seamless to safeguard delivery of quality services to citizens
Labour and Employment	The Labour Market Information System (LMIS) will be developed to enable data sharing between stakeholders in the labour market. The Government will also upgrade and expand existing industrial training centres, develop and implement guidelines for internships and establish a sponsored apprenticeship programme of up to 12 months for all university and Technical and Vocational Education Training (TVET) graduates.
National Values and Ethics	A programme to institutionalize national values and ethics will be implemented to promote advancement of national values and ethics through institutional capacity building, promotion of integrity and ethical leadership and implementing frameworks for rewards and sanctions.
Ending Drought Emergencies	The Government will strengthen the Integrated Early Warning Systems and National Drought Emergency Fund.
Security, Peace Building and Conflict Resolution	Security modernization; staff welfare programme with emphasis on housing; expansion of surveillance systems; improving data management through Integrated Population Registration System (IPRS); strengthening of the border security units, security infrastructure and strengthening programmes on peace building and conflict resolution

2.Review of mobilization of support

In order to make progress on the Big Four initiatives, including strengthening implementation at the country level, specific initiatives have been undertaken to:

- Provide conditional grants to counties to implement the “Big Four” initiatives and other targeted programmes;
- Amend the Public Finance Management Act to entrench the minimum threshold for Parliament to review the recommendations of the Commission on Revenue Allocation (CRA);
- Enact the County Government (Tax Regulations) Bill 2016;
- Develop a policy and enactment of legislation to provide for appropriate sharing of revenue and benefits accruing from the exploitation of natural resources.

There is a very detailed government budget which details the support to be provided for implementation of the proposed activities. However, the efforts to mobilise revenue sources required external to the government budget, are not outlined in any detail. Moreover, the summary of resources included in the government budget focuses only on the social pillar. There is no information included with regards to how additional resources beyond government expenditures will be secured.

Overall, there is very limited detail on the ecosystem of finance. Nonetheless, it is possible to match some of the Big Four priorities and others specified in the Vision 2030 development plan to specific financial support measures, as summarized in Table 4.

Table 4: Summary table of stated financial support

Priorities	Financial support measures
Population, Urbanization and Housing	**Deliver 500 000 low cost affordable housing units through budgetary allocations and partnerships with financial institutions**, private developers, cooperatives and manufacturers of building materials. A National Housing Development Fund will be established and other financing strategies created to finance low cost housing and associated social and physical infrastructure. Other programmes and projects planned for implementation are development of urban mass transport infrastructure and solid waste management infrastructure in cities and urban centres.
Blue Economy	Enhance full exploitation of maritime resources. A national fishing fleet will be established and fishing ports developed. Fish production is targeted to increase from 128,649 metric tonnes in 2016 to 304,000 metric tonnes annually. **The development of fisheries infrastructure through investment in fish ports and associated facilities in the coastal area** is expected to create 12,000 jobs and add Ksh.20 billion to the GDP. Additional jobs will be created under initiatives such as Vijana Baharia Programme to produce 1,250 strong work force annually and in ship building and repairs industry that has the potential of creating 1,000 jobs annually.
Manufacturing	**A total of 3,850 new manufacturing enterprises will be created through industrial financing and other incentives**. Export earnings from textiles and apparel production are also targeted to increase from Ksh.80 billion in 2017 to Ksh.200 billion at the end of the Plan period.
Financial Services	The Nairobi International Financial Centre will be established and made fully operational as a major regional centre for financial services in the Sub-Saharan Africa market. Other initiatives include establishment of a Financial Services Authority, development of digital finance and **capital markets deepening**.
Priorities	**Financial Support Measures**
Population, Urbanization and Housing	**Deliver 500,000 low cost affordable housing units through budgetary allocations and partnerships with financial institutions**, private developers, cooperatives and manufacturers of building materials. A National Housing Development Fund will be established and other financing strategies created to finance low cost housing and associated social and physical infrastructure. Other programmes and projects planned for implementation are development of urban mass transport infrastructure and solid waste management infrastructure in cities and urban centres.
Blue Economy	Enhance full exploitation of maritime resources. A national fishing fleet will be established and fishing ports developed. Fish production is targeted to increase from 128,649 metric tonnes in 2016 to 304,000 metric tonnes annually. **The development of fisheries infrastructure through investment in fish ports and associated facilities in the coastal area** is expected to create 12,000 jobs and add Ksh.20 billion to the GDP. Additional jobs will be created under initiatives such as Vijana Baharia Programme to produce 1,250 strong work force annually and in ship building and repairs industry that has the potential of creating 1,000 jobs annually.
Manufacturing	**A total of 3,850 new manufacturing enterprises will be created through industrial financing and other incentives**. Export earnings from textiles and apparel production are also targeted to increase from Ksh.80 billion in 2017 to Ksh.200 billion at the end of the Plan period.
Financial Services	The Nairobi International Financial Centre will be established and made fully operational as a major regional centre for financial services in the Sub-Saharan Africa market. Other initiatives include establishment of a Financial Services Authority, development of digital finance and **capital markets deepening**.

Ghana

1. Long-term vision and five-year plans

Ghana has a long history of development planning, initiating what was perhaps the first development plan in the developing world - the Guggisberg Plan of 1919-1926 (Tando-Offin, 2013). Since that time several plans have been initiated, though the most recent has perhaps the most ambition, as well as longest implementation: a 40-year development plan was issued in 2018 to be implemented until 2057.

In moving towards more ambitious and longer-term planning, the current plan – referred to as Ghana Vision 2057 – is broken down into four medium terms development plans (MTDPs) which each have a 10 year timespan, as well as annual plans which are then tied to the yearly national budget.[12] In addition, Ghana Vision 2057 is tied to the overall vision of the African Union as well as the SDGs, with some areas of overlap as elaborated upon in this synthesis.

This new plan builds on the previous medium terms development planning processes which began in 1995 referred to as "Ghana Vision 2020"[13]; as well previous Growth and Poverty Reduction Strategies (2001-2003 and 2004-2007) and more recently the Ghana Shared Growth and Development Agenda (2015-2020).

The five overarching goals and the described drivers of the Ghana Vision 2057 strategy are summarized in Table 1 below. This summary has been comprised of a review of different summary documents particularly to ascertain the specific initiatives related to infrastructure and energy (which is described as a priority).

12 For more information see: Abubakari (2018)
13 See: Vision 2020: The First Step (1996-2000)

Table 1: Summary of Ghana Vision 2057

Goals	Drivers	Horizontal/vertical enablers
Economy: Build an inclusive and resilient economy Three dimensions of inclusive growth are described: 1. Sectoral; 2. Geographic; 3. Demographic. Diversification of economic production and exports.	Macroeconomic stability and microeconomic consistency	Low inflation, stable currency, affordable credit, financial stability, resilient to shocks 2020 and 2020-2023 targets: real GDP growth of 6.8%; inflation of 8%; overall fiscal deficit to not exceed 5% of GDP; reserves to cover 3.5 months of imports Increased investment (domestic and FDI)
Society: Build an equitable and tolerant society Create equal opportunities and access to essential social services.	Human capital formation	Attitudinal change; education; health; housing, employment and decent work; science, technology and innovation High-level target on 100% tertiary enrolment rate by 2057
Build safe and sustainable communities (while protecting the natural environment) Spatial development characterized by smart communities, with an emphasis on functionality and preservation of the environment.	Infrastructure (energy) Land reforms	Energy; Mobility; Connectivity: Increasing ICT speed and access; Facilities; Logistics sector development; Real estate (residential and non-residential); Water resources: irrigation, drainage, flood control; Sanitation; Construction industry development: develop construction materials sectors; set standards and develop requisite skills. Infrastructure governance: standards and principles.
Build effective and efficient institutions Strengthening of institutions and rule of law.	Modernization of central and local governments	
Promote world peace and justice Situate national development within the context of international developments	Diaspora engagement; contributions to peace and good neighbourliness.	

Source: Adapted from National Development Planning Commission (2017); National Development Planning Commission (2016); Government of Ghana (2020) Budget Highlights.
Note: the driver “attitudinal change” has been grouped together with Human Capital.

1.1 Annual Budget Statements

In terms of tracking government (and other) resources to ascertain the extent to which stated development priorities are being supported, it should be noted that while annual budget statements are available, their level of detail is extremely limited.

There are also clearly issues with regards to how pronouncements made in terms of government expenditures translate into actual disbursements of funds as a review of funds released to the Savannah Accelerated Development Authority (SADA) reviews. According to SADA (2017), despite requests for funding from the Government of Ghana to implement previous MTDPs, the financial information reveals that for the period of 2014-2017, SADA did not receive any GoG funding. The only resources within this period came from development partners. Analyses for the period since 2018 under the Ghana Vision 2057 study are not yet available.

2. Review of mobilization of support

The long-term solution to financing development is summarized succinctly by NDPC (2016) as raising the national savings rates through: reducing the government's budget deficit, increasing business profits and increasing household savings. In addition to sound fiscal and monetary policies, export diversification is an imperative. More specific measures to finance the plan, in addition to prudent economic management are summarized as:

- Consolidated Fund
- Municipal Finance Authority
- District Assemblies Common Fund
- GETFund
- Ghana Infrastructure Fund and
- Other: Private Sector (local and FDI), PPP, capital markets, bilateral and multilateral donors[14]
- More specifically for infrastructure, financing strategies described by NDPC (2016) include: pay as you go; inter-generational financing; and modernizing capital budgeting for sustained infrastructure financing. An outline of the national infrastructure plan states that the government will provide a conducive policy environment for business to invest in flagship projects included in the plan.

While the 2020 budget highlights run through financial sector development related indicators (e.g. growth in private credit, Budget Highlights 2020 p5) no targets are actually specified.

The Budget Highlights 2020 (GoG, 2020a:09) states that:

- Overall fiscal balance on cash basis resulted in a deficit of GH¢15.7 billion (equivalent to 4.5% of GDP) against the target of GH¢14.2 billion (or 4.1% of GDP). The higher-than-programmed financing (especially from domestic sources) stems mainly from the frontloading of financing requirements to meet Government expenditures and other debt service obligations, including for the settlement of uncovered Government auctions following substantial revenue shortfalls.
- As a result, total Domestic Financing constituted about 59.6 percent of total financing, amounting to GH¢9.3 billion (2.7% of GDP) against the target of GH¢3.7 billion (1.1% of GDP). Foreign financing including the US$3.0 billion Eurobond issuance in the first quarter of the year, constituted the remaining 40.4 percent.

In terms of resource mobilization:

- total Revenue and Grants for 2020 is projected to rise in 2020 to GH¢67.1 billion (16.8% of GDP), up from a projected outturn of GH¢54.6 billion (15.8% of GDP) for 2019;
- domestic Revenue is estimated at GH¢65.8 billion and represents an annual growth of 22.5 percent over the projected outturn for 2019;
- of the total Domestic Revenue amount of GH¢65.8 billion, non-oil Tax Revenue will constitute about 68.3 percent and amount to GH¢45.0 billion (11.3% of GDP), reflecting improvements in tax compliance and reforms in revenue administration.

Grants disbursement from Development Partners is estimated at GH¢1.2 billion (0.3% of GDP) and a nominal growth of 48.8 percent over the projected outturn of GH¢833.1 million in 2019. The anticipated higher inflow is mainly attributed to higher Project Grants. Programme Grants continue to remain low and account for only 4.8 percent of the expected Grants disbursement for 2020.

The following table summarizes the priorities of the Government of Ghana with specific financial support measures, to the extent possible and based on a review of a range of related policy documents.

14 Land benefit capture and credit systems are also mentioned.

Table 2: Summary table of stated financial support measures (based on Vision 2057 and Ghana Shared Growth and Development Agenda 2015-2020)

Priorities	Financial support measures
Economy	A ceiling of up to US$3.0 billion for international capital market programme for 2020. The choice of instruments for this programme will be based on market conditions; possibility and feasibility of the issuance in 2020 and include: Sovereign bond; Green Bond; SDG Bonds; Syndicated loans/financing, and Sukuk bonds. A major policy for 2020 will be the development of a harmonised primary dealer manual to guide the markets; the promotion of Bond Specialists to support the development of the domestic market; establishment of a domestic credit rating agency to bring credit-worthy assessment of issuers. To issue / re-open medium to long-term instruments (2-year, 3-year, 5-year, 7-year, 10-year, 15-year and 20 Year bonds) and refinance some of the maturing Treasury bills and Bonds. The strategy also plans to issue marketable and non-marketable debt against possible contingent liabilities arising from the financial and energy sectors in 2020. To foster the primary and secondary market development, government will continue its benchmark policy to re-open existing bonds to create benchmarks to increase market liquidity and facilitate more efficient market making.
Society	
Community	National Investment Bank (100% state owned) strengthened in terms of financial reporting framework Abolishment of VAT on management fees for private equity, venture capital and mutual funds
Infrastructure	Blended financing arrangements from various sources including development partners, philanthropists and private sector actors to finance mega infrastructure projects such as: Seaport and Airport to position Ghana as a regional logistics hub; Road network in the country Metro and light rail transit systems in Accra and Kumasi. Actively managed savings fund, like Ghana Petroleum Funds (GPFs) and Ghana Infrastructure Investment Fund (GIIF)
Institutions	N/A.
Promotion of peace	N/A

Source: Adapted from National Development Planning Commission (2017); National Development Planning Commission (2016); Government of Ghana (2019) and (2020) Budget Highlights.

3. Summary of linkages to SDGs

The Ghana Vision 2057 does have some direct areas of overlap with the SDGs, as summarized in Table 3 below.

Table 3: Alignment of Long-Term National Development Plan with SDGs

Long-Term National Development Plan - Priorities	Sustainable Development Goals
Goal 1: Build an industrialised, inclusive and resilient economy	Goal 1: End poverty in all its forms everywhere Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation Goal 12: Ensure sustainable consumption and production patterns Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 2: Create an equitable, healthy and prosperous society	Goal 1: End poverty in all its forms everywhere Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture Goal 3: Ensure healthy lives and promote well-being for all at all ages Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all Goal 5: Achieve gender equality and empower all women and girls Goal 10: Reduce inequality within and among countries Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 3: Build well-planned and safe communities while protecting the natural environment	Goal 1: End poverty in all its forms everywhere Goal 6: Ensure availability and sustainable management of water and sanitation for all Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable Goal 12: Ensure sustainable consumption and production patterns Goal 13: Take urgent action to combat climate change and its impacts Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 4: Build effective, efficient and dynamic institutions for national development	Goal 1: End poverty in all its forms everywhere Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development
Goal 5: Strengthen Ghana's role in international affairs	Goal 1: End poverty in all its forms everywhere Goal 10: Reduce inequality within and among countries Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development Goal 13: Take urgent action to combat climate change and its impacts

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