# ***Concept Note***

# Proposal for the 2018 Development Finance Forum

# East African Community

**Overview**

The SDGs require significantly more funding than current or expected levels of official development assistance (ODA) can provide. The role of the private sector in achieving the SDGs is indispensable, both in terms of providing finance but also crucial innovation, expertise, knowledge and implementation capacity and capability through private sector solutions.

The WBG and the other MDBs have pledged through such agreements as the Addis Agenda and the Hamburg Principles to use the billions in available ODA and public investments — leveraged through our balance sheets and development activities — to help mobilize trillions more in public and private sector funds.  The *Forward Look*, our strategy for 2030, defines this role for the WBG as a “mobilizing bank.” Creating new and smart partnerships and approaches to address the constraints to investment and mobilize more finance and expertise in the developing countries is critical to achieving the goals.

Drawing upon the Addis Agenda, and expanding on the Hamburg Principles, the WBG is intensifying and systemizing its commitment to financing for development, including through the *Maximizing Finance for Development* (MFD) approach, IFC 3.0, and MIGA’s 2020 strategy.

In support of this effort, the annual WB-IFC-MIGA Development Finance Forum (DFF) is the WBG’s flagship event focusing on unlocking private investment and aligning public and private investment in client countries.

The DFF connects key stakeholders and clients from the public, private and civil society sectors to:

* **raise awareness** of the Maximizing Finance for Development (MFD) approach, and the availability of potential sources for support including from the IDA Private Sector Window (PSW) and other Bank Group instruments and approaches.
* **facilitate dialogue** and showcase experience in business-friendly reform;
* **identify key bottlenecks and solutions** for additional investment;

**2018 DFF: Focus on East African Community**

The proposal for this year’s Regional Flagship DFF is to focus on finding approaches to unlock private investment across East Africa with a focus on the East African Community countries, Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda. Building upon the formats of last year’s DFF in West Africa, this will be done through building multi-stakeholder partnerships and collaborative problem solving to address investment constraints.

**Location**

This flagship regional event is scheduled in Kigali, Rwanda from September 11 to 12 and the government has expressed its willingness to host. Rwanda has been able to make important economic and structural reforms, and sustain its economic growth rates over the last decade; it has a large IDA portfolio and is PSW-eligible; it has the capacity and facilities to host a DFF flagship event.

**Key Themes**

A small number of themes will be identified for drill downs that reflect targeted opportunities for greater private sector engagement at national and sub-regional levels (see Annex 1 for the themes of prior DFFs). Consistent with previous DFF formats, issues will be identified along with proposed actions and solutions in these areas.

Based on initial discussions with the Africa Regions of the World Bank, IFC and MIGA, the following themes have been identified for further consideration: agribusiness; affordable housing; and tourism. Infrastructure and connectivity were initially discussed but will be taken up as cross-cutting issues rather than main themes as there are already a number of other events focused in these areas. (See Annex 2 for more on the preliminary rationale.)

**Partnerships**

In support of the overall MFD objectives, external partnerships will be drawn on for participation, including with leading providers of blended finance in Africa such as regional and local development finance institutions, bilateral donors, the African Development Bank, and the European Investment Bank. In addition, African and other think tanks with regional and local expertise, such as the African Centre for Economic Transformation in Accra (ACET) and the Overseas Development Institute (ODI) will be engaged in its design.

**The DFF Format**

The DFF format is highly participatory with only a few plenary sessions (see Annex 3 for 2017 DFF agenda). Participants spend most of their time in interactive, action-oriented, small group discussions and problem-solving sessions that are designed and structured to encourage the utilization of their specific knowledge and experience.

DFF participation is by invitation. A balanced representation of entrepreneurs, investors, government officials and policy-makers, multilateral development banks, nongovernmental organizations and other development practitioners is critical to the success of the event. Private sector participants will be invited from East African Community Countries, from other countries with relevant experiences to share, and investors more broadly both from the region and beyond.

**Next steps**: Identify and secure participation of the high level and other most important participants for the particular issues to be addressed. Develop the thematic sessions so that they will be outcome oriented with the value addition of the WBG in strong evidence. Content development and participant identification will be completed through a consultative process of engagement with the country teams, industry experts across IBRD, IFC and MIGA.

**Annex 1: Themes and Outcomes of DFFs**

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| **Year/Location** | **Title** | **Themes** |
| 2015Rotterdam  | From Billions to Trillions – What will it take?  | * Business Climate
* Concessional Finance & ODA
* DRM
* Local Financial Markets
* Public Expenditure
* Risk Mitigation and Crowding-in Private Sector
 |
| 2016Dublin  | Unlocking Opportunities in Fragile Markets  | * Agriculture
* Energy
* Refugees
* Urban Development
 |
| 2017Accra (Flagship) Sierra Leone (DFFx)Abidjan (DFFx)  | Unlocking Private Investment in African Markets  | * Agribusiness
* Energy
* ICT
 |

**Annex 2 – DFF 2018 East African Community**

**Focus themes and rationale – initial draft based on preliminary regional discussions**

**Agribusiness**

One of the largest sectors regionally and growing rapidly, this sector has multiple constraints and challenges to solve in a DFF setting: access to finance, infrastructure, processing, quality standards, transport and refrigeration. The sector will fit with all 6 countries, at various stages of development, including coffee and produce. This is also a sector where there has been some but not enough private investment. The DFF can address these constraints holistically.

**Affordable Housing Sector**

Affordable housing remains severely limited in all six countries despite years of reform effort, particularly on the demand side. Major constraints remain, especially supply side challenges such as lack of developers. The macro environment is a problem, since the government is crowding out the private sector in capital markets. The DFF could seek to address the need for more private mortgage and construction financing as well as other constraints, and could help identify policies that can foster more affordable housing.

**Tourism**

Tourism is a powerful vehicle for economic growth and job creation all over the world. This is especially true for countries in East Africa, especially Rwanda, Kenya, Uganda and Tanzania. This is the largest source of foreign currency in Rwanda, and a major growth area for the entire region. The main constraints to tourism development vary by country, but similar patterns of constraints and challenges occur in each of the three stages of tourism development. Generally, these include planning, standards, and regulations; price competitiveness is particularly important for destinations wanting to scale up their tourism sectors; the cost of developing hotels and the cost of debt financing also affect tourism. For countries that are deepening and sustaining their tourism success, such as Kenya, human resources and product innovation are particularly important. Showing best practices for business environment reform may be very helpful in this sector.

**Annex 3 – Regional Flagship DFF program as example - Accra (2017)**







