Financing Innovation and Sustainable Development in Africa

Financing Innovation and Sustainable Development in Africa

Edited by

Muna Ndulo and Steve Kayizzi-Mugerwa

Cambridge Scholars Publishing

Financing Innovation and Sustainable Development in Africa
Series: Cornell Institute for African Development Series

Edited by Muna Ndulo and Steve Kayizzi-Mugerwa

This book first published 2018

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

ISBN (10): 1-5275-0556-1
ISBN (13): 978-1-5275-0556-8

TABLE OF CONTENTS

Section 2: Institutional and Policy Prerequisites for Innovative Financing

Section 3: Responding to Challenges from the Global Arena

LIST OF TABLES

LIST OF FIGURES

CONTRIBUTORS

Ozlem Arpac Arconian is a visiting scholar at the Orfalea Center for Global and International Studies, University of California, Santa Barbara. She has served as Associate Professor of Economics at the University of London, SOAS. Previously she was an economist at the Dresdner Kleinwort Investment Bank in London and at the International Monetary Fund in Washington D.C. She holds a PhD in Economics from the University of Surrey, England, and BA in Management from Bogazici University, Istanbul. She has been an external reviewer for Department for International Development, UK, and for the International Initiative for Impact Evaluation. Her articles have appeared in academic journals including World Development, Review of International Organizations, and Middle East Policy.

Ye Bai is Assistant Professor of Finance at Nottingham University Business School. She has a PhD in finance from the Department of Economics, Loughborough University, UK. Her research interest focuses on emerging markets, financial integration and interbank market. She has published in high quality finance journals including Journal of Banking and Finance, International Review of Financial Analysis, Journal of International Financial Markets, and Institutions & Money, among others.

Tina Borgmeyer is an Attorney at Law in Hamburg, Germany. She completed her Master of Laws degree (LL.M.) at the Faculty of Law, Stellenbosch University, South Africa, in 2014.

Florence Dafe is a Fellow in International Political Economy at the Department of International Relations, London School of Economics and Political Science (LSE), and a researcher at the German Development Institute. She holds a Masters in Development Studies from LSE and a PhD in Development Studies from the Institute of Development Studies, University of Sussex. Her research focuses on the political economy of finance and development, and she has written on the drivers, opportunities and risks of widening central bank mandates in developing countries and the development of local currency bond markets in Africa.

Christopher J. Green is Professor of Economics and Finance at Loughborough University, UK. He has a B.A. and B.Phil. from Oxford University and M.Sc., M.Phil. and PhD. from Yale University. He has worked in the African Department of the IMF, at Manchester University and at the Bank of England. He was previously the Sir Julian Hodge Professor of Banking and Finance at The University of Wales, Cardiff. He has also held visiting appointments at Yale University and with the African Economic Research Consortium. His research interests are in portfolio analysis, financial markets, and company finance in industrial and developing countries, and he has published more than one hundred refereed journal articles and books in these areas. He has also acted as consultant to many different bodies including the UN Food and Agriculture Organisation, the African Development Bank, and the African Economic Research Consortium.

Claudia Henríquez is a Senior Economist in the Sectoral Accounts Department at the Central Bank of Chile. Previously, she worked as a consultant in the Finance and Markets Global Practice at the World Bank. Her work there related to financial inclusion as well as finance and the private sector for Europe and Central Asia. She has a Master's degree in Financial Economics from the Universidad de Santiago de Chile.

Heiner Janus is a researcher at the German Development Institute (Deutsches Institut für Entwicklungspolitik/DIE) in the Department of Bi- and Multilateral Development Cooperation. He is also a PhD researcher at the University of Manchester's Global Development Institute. His research focuses on aid and development effectiveness, results-based approaches, and the role of rising powers in development cooperation

Steve Kayizzi-Mugerwa is Advisor at the Independent Evaluation Office of the International Monetary Fund in Washington, DC. Previously he was Acting Chief Economist and Vice-President at the African Development Bank, where he also directed research, strategy and policy, as well as country and regional operations. He has a PhD from the University of Gothenburg, where he gained extensive experience in economic and development research and later became Associate Professor. He has undertaken research collaboration at universities including Makerere, Nairobi, Zambia, Helsinki, and Cornell. He was a Senior Economist at the International Monetary Fund and a Fellow and Project Director at the World Institute of Development Economics Research of the UN University. He has been a visiting fellow at Cornell and visiting scholar at New York University. He was part of an invited team facilitating improved development cooperation between the government of Tanzania and its development partners. In addition, he was Senior Policy Adviser to the Ministry of Economic Development and Planning of Swaziland. He is co-editor of a recently published volume on inclusive growth in Africa.

Stephan Klingebiel is Department Head of Bilateral and Multilateral Development Policy at the German Development Institute (Deutsches Institut für Entwicklungspolitik/DIE). Prior to joining DIE he was a researcher at the University of Duisburg, where he also obtained his PhD (1998). From 2007 to 2011 he was director of KfW Development Bank office in Kigali, Rwanda, dealing with development cooperation issues. Since 2011 he has also been a regular Visiting Professor at Stanford University (Bing Overseas Studies Program, Cape Town) and since 2014 a visiting lecturer at Philipps University (Marburg).

Isaya Maana is head of the Monetary Policy Committee Secretariat at the Central Bank of Kenya. He has wide experience in the Bank's operations spanning twenty years, has undertaken technical research, and has published on monetary and financial sector issues, public debt, and on Central Bank communications.

Samuel Munzele Maimbo is currently Practice Manager in the Finance and Markets Global Practice at the World Bank. He is also an Hon. Senior Research Fellow at the University of Manchester. Within the World Bank Group he has worked in the Regions of South Asia, Africa and Europe, and Central Asia. Before 2001, he worked at the Bank of Zambia and Price Waterhouse. He has a PhD in Public Administration and Management (Manchester), an MBA (Nottingham), and a Bachelors in Accounting (Zambia). He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and the Zambia Institute of Accountants (FZICA).

Letlhokwa George Mpedi is Executive Dean of the Faculty of Law, University of Johannesburg, where he previously served as Head of Department of Practical Business Law, Vice-Dean, and Director of the Centre for International and Comparative Labour and Social Security Law. Professor Mpedi completed his B Juris degree (1996) and LLB degree (1998) at Vista University. He has an LLM in Labour Law from Rand Afrikaans University (now University of Johannesburg) and an LLD in Mercantile Law from the University of Johannesburg. He publishes on labour law and social security.

Jonathan Munemo is an Associate Professor of Economics at Salisbury University, Salisbury, Maryland. He received his PhD in Economics from West Virginia University. Prior to joining Salisbury, he worked at other academic institutions and was a consultant at the World Bank for several years. His main areas of research interest include international trade, development finance, business regulations, and entrepreneurship. Currently, he is a consultant for a World Bank project focusing on human capital projection in selected African countries. He recently worked with the Mercatus Center at George Mason University on research that examines the impact of regulations and institutional quality on entrepreneurship.

Victor Murinde is AXA Professor in Global Finance at the School of Finance & Management, SOAS, University of London. He has contributed over 100 research papers to the financial economics literature, mainly in the areas of banking and finance, development finance, and financial markets. His research on shaping bank regulatory reforms in Africa received recognition for exceptional impact from the UK Research Excellence Framework (REF2014). Currently he is Principal Investigator of a Department for International Development (UK)-Economic and Social Research Council Grant on "Inclusive Finance" for 2016–2020, leading a consortium of ten universities from across the globe—in the U.S., Canada, Europe, Asia, and Africa—along with the African Economic Research Consortium (AERC). He is Chair of the Econometric Society Africa Regional Standing Committee; Chair of Group C (Finance & Resource Mobilization) for the AERC; and Board Member of New Rules for Global Finance, a policy forum based in Washington, DC.

Muna Ndulo (LLB, Zambia, LLM, Harvard; D. Phil, Oxford), Professor of Law; Elizabeth and Arthur Reich Director of the Leo and Arvilla Berger International Legal Studies Program; and Director of the Institute for African Development at Cornell University, is an internationally recognized scholar in the fields of constitution-making, governance, human rights, and foreign direct investment. He is Honorary Professor of Law at the University of Cape Town and Extra Ordinary Professor of Law at the Free State University, South Africa. Early in his career he was a Professor of Law and later Dean of the Law School at the University of Zambia. In 1986 he joined the UN as Legal Officer for the Commission on International Trade Law and subsequently served in many capacities, including as Political and Legal Adviser with the UN Observer Mission in South Africa, and Legal Adviser on UN Missions to East Timor, Kosovo, and Afghanistan. He has consulted on constitution-making in Kenya, Sudan, Zimbabwe and Somalia; he has also been a consultant for international organizations including the African Development Bank and the the ECA, among others. He is founder of the Southern African Institute for Public Policy and Research and a member of the Advisory Committee, Human Rights Watch. He has published over one hundred journal articles and fourteen books.

Kethi Ngoka-Kisinguh is an economist at the Central Bank of Kenya in Nairobi. Formerly an economist at the IMF office in Nairobi, she is also the recipient of a MEFMI Fellowship—the Fellows Development Programme of the Macroeconomic and Financial Management Institute of Eastern and Southern Africa, which aims to developing a cadre of regional experts in financial and macroeconomic management. Her research interests are in macroeconomics, monetary policy, and banking, and she has published several papers in these areas. A PhD Candidate in Economics at the University of Nairobi, she has an MA from the University of Leeds and a BA from University of Nairobi (both in Economics).

Eugene Bempong Nyantakyi is a Private Sector Development Specialist at the World Bank Group (WBG). He holds a PhD in Economics from West Virginia University. Prior to joining the WBG in July 2016, he worked as an Economist at the African Development Bank and before that was an Assistant Professor of economics at Whitworth University in Spokane, Washington. His work mainly focuses on issues related to trade and trade finance, innovation and entrepreneurship and business startup regulations in developing and emerging markets.

Lauréline Pla is Senior Officer in the Sovereign Division, Resource Mobilization and Partnerships, the African Development Bank. Previously she was Coordinator of the African Development Fund Policy Innovation Lab, created under the Bill & Melinda Gates Fund to support efforts of the AfDB Group. She has also worked as an Economist in AfDB's Chief Economist Complex. Prior to joining the AfDB, she worked for the Trade, Finance, and Economic Development Division of UNECA, Addis Ababa. She holds a MSc in economics from the Université Pierre Mendès France, Grenoble, and is currently a PhD Candidate in Economics with the Center of Studies and Research on International Development, Université d'Auvergne (France).

Oliver C. Ruppel (LLM, University of Stellenbosch; LLD, University of Pressburg, Slovakia) is a Professor of Law at Stellenbosch University, where he established the Development and Rule of Law Programme. He also serves as Director of the Konrad Adenauer Foundation's Climate Change Policy and Energy Security Programme for Sub-Saharan Africa. He is a non-resident Fellow at the Fraunhofer Center for International Management and Knowledge Economy in Leipzig, Germany. In 2009 he established one of fourteen worldwide academic chairs of the World Trade Organization at the University of Namibia, Windhoek, where he had previously served as Director of the Human Rights and Documentation Centre under the Namibian Ministry of Justice.

Landry Signé is a David M. Rubenstein Fellow in the Global Economy and Development Program, Brookings Institution; a Distinguished Fellow at Stanford University's Center for African Studies; founding Chairman of the Global Network for Africa's Prosperity; and Professor of Political Science and Senior Advisor to the Provost of International Affairs at the University of Alaska, Anchorage. He is the author of numerous publications on the political economy of development with a focus on Africa. He has been honored as a World Economic Forum Young Global Leader, Desmond Tutu Fellow, and Andrew Carnegie Fellow. His work has appeared in the New York Times, the Washington Post, and the Harvard International Review, among others.

Anthony Simpasa is Chief Research Economist and acting Manager for the Macroeconomic Policy, Debt Sustainability and Forecasting Division, the African Development Bank, Abidjan, Cote d'Ivoire. He holds a PhD in Economics from the University of Cape Town, a Master's in Economics from the University of Botswana, and a BA from the University of Zambia. He is a member of the African Economic Research Consortium Network, the Global Development Network, and African Finance and Economic Association and has been twice a visiting scholar at the International Monetary Fund. At the AfDB, he has led the production of the African Economic Outlook Report for five years. He has published several working papers and articles in peer reviewed journals. Prior to joining the AfDB, he was a senior economist at the Bank of Zambia.

Erik Thorbecke is the H.E. Babcock Professor of Economics Emeritus and former Director of the Program on Comparative Economic Development at Cornell University. He has also held positions at Iowa State University and the Agency for International Development. He has made contributions in the areas of economic and agricultural development, the measurement and analysis of poverty and malnutrition, the Social Accounting Matrix and general equilibrium modeling, and international economic policy. His

Foster-Greer-Thorbecke poverty measure (Econometrica, 1984) has been adopted as the standard poverty measure by the World Bank and practically all UN agencies and is used almost universally by researchers doing empirical work on poverty. He is the author or co-author of more than twenty-three books and over one hundred and fifty articles.

Samuel Tiriongo is an economist at the Central Bank of Kenya in Nairobi. He has a BA and MA from Kenyatta University and a PhD from the University of Dar es Salaam. Previously he worked at the Kenya Institute for Public Policy Research and Analysis. His research interests are in the design and implementation of monetary policy and the efficient transmission of monetary policy signals and decisions. He has published papers in several recognized journals, particularly on monetary policy and the operations of the banking sector in Kenya.

Christopher B. Yenkey is an assistant professor of International Business at the University of South Carolina Darla Moore School of International Business. He received a PhD in Sociology from Cornell University in 2011, where he served as associate director of the Center for the Study of Economy and Society. Yenkey's research extends sociological theories of social diversity, segregation, and inter-group trust into the analysis of market development. His research has won several awards including the 2017 Granovetter Prize for Best Article in Economic Sociology from the American Sociological Association and the 2011 William H. Newman Best Dissertation Paper Award from the Academy of Management.

ACRONYMS

ADIA	Abu Dhabi Investment Authority
AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
AGOA	African Growth and Opportunity Act
ANC	African National Congress
AOCC	Africa Orphaned Crops Consortium
APR	Annual Percentage Rate
APRM	African Peer Review Mechanism
ASTII	African Science, Technology, and Innovation Indicator
BoU	Bank of Uganda
BRIC	Brazil, Russian Federation, India, and China
BRICS	Brazil, Russia, India, China, and South Africa
CAADP	Comprehensive African Agriculture Development Program
CBK	Central Bank of Kenya
CBN	Central Bank of Nigeria
CBR	Central Bank Rate
CDSF	Capacity Development Strategic Framework (AU-NEPAD)
CECA	Commission for East and Central Africa
CEMAC	Economic and Monetary Community of Central Africa
CFI	Capital Flow Initiative
CGAP	Consultative Group to Assist the Poorest
CGAP-MIX	Consultative Group to Assist the Poorest–Microfinance Information Exchange
COHRED	Council on Health Research for Development
COMESA	Common Market for East, Central, and Southern Africa
COSATU	Congress of South African Trade Unions

CRA	Contingency Reserve Arrangement
CRR	Cash Reserve Ratio
CSAE	Center for the Study of African Economies
DAC	Development Assistance Committee
DDF	District Development Facility (Ghana)
EAC	East African Community
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
ECE	Economic Commission for Europe
ECF	Extended Credit Facility (Kenya)
ECOWAS	Economic Community of West African States
EMDCs	Emerging Markets and Developing Countries
ERS	Economic Recovery Strategy
ESF	Exogenous Shock Facility (Kenya)
EU	European Union
FDI	Foreign Direct Investment
FEDUSA	Federation of Unions of South Africa
FIDIC	Federation Internationale des Ingenieurs Conseils
FOCAC	Forum on China-Africa Cooperation
GCC	Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates)
GDP	Gross Domestic Product
GIC	Government of Singapore Investment Corporation
GLC	Government-Linked Companies
GNI	Gross National Income
GSA	General Social Assistance
HHI	Hirschman-Herfindahl Index
HIPC	Heavily Indebted Poor Countries
IAD	Institute for African Development
ICC	International Chamber of Commerce
ICRAF	World Agroforestry Centre
ICT	Information and Communication Technology

IDG	International Development Goal
IFF	Illicit Financial Flows
ILF	Intraday Loan Facility
ILO	International Labour Organization
IMF	International Monetary Fund
IPFF	Infrastructure Project Preparation Facility (NEPAD)
IPO	Initial Public Offering
JICA	Japan International Cooperation Agency
KenGen	Kenya Electric Generating Company
KEPSS	Kenya Payments and Settlement System
KIA	Kuwait Investment Authority
LAC	Latin America and the Caribbean
MAI	Market Access Initiative
MCC	Millennium Challenge Corporation
MDGs	United Nations Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MENA	Middle East and North Africa
MFI	Microfinance Institution
MPAC	Monetary Policy Advisory Committee (Kenya)
MPC	Monetary Policy Committee
MPOC	Monetary Policy Operations Committee
NACTU	National Council of Trade Unions
NAFSIP	National Agriculture and Food Security Investment Plan
NAM	Non-Aligned Movement
NDA	Net Domestic Assets
NDB	New Development Bank
NEPAD	New Partnership For Africa's Development
NFA	Net Foreign Assets
NGOs	Non-Governmental Organizations
NGP	New Growth Path (South Africa) also called National Growth Plan

NPCA	NEPAD Planning and Coordinating Agency
NPL	Non-Performing Loan
NPoA	National Plan of Action
NSE	Nairobi Securities Exchange, Nairobi Stock Exchange
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OFID	OPEC Fund for International Development
OHADA	Organization for the Harmonization of Business Law in Africa
OSAA	Office of the Special Adviser on Africa
PALMS	Public Administration Leadership and Management Academy
PAYE	Pay as You Earn
PHCE	Public Health Care Expenditure
PIDA	Programme for Infrastructure Development in Africa (NEPAD)
PPP	Public-Private Partnership
PRGF	Poverty Reduction and Growth Facility (Kenya)
PRSP	Poverty Reduction Strategy Paper Learning Group
PSI	Policy Support Instrument (IMF)
PSPEA	Public Social Protection Expenditure of Persons of Active Age
PSPEC	Public Social Protection Expenditure for Children
QIA	Qatar Investment Authority
RBA	Results-Based Aid
REC	Regional Economic Community
RRT	Resource Rent Tax
RTGS	Real-Time Gross Settlement System
SADC	Southern African Development Community
SBPA	Social Benefits For Persons Of Active Age
SDGs	Sustainable Development Goals
SGRF	State General Reserve Fund (Oman)

SIG	Special Interest Group
SIMS	State Intervention in the Minerals Sector
SME	Small- and Medium-Sized Enterprises
SPF	Social Protection Floor
SSA	Sub-Saharan Africa
STAP	Infrastructure Short-Term Action Plan (NEPAD)
SWF	Sovereign Wealth Fund
TAD	Term Auction Deposit Facility
TSPE	Total Social Protection Expenditure
UAE	United Arab Emirates
ULGSP	Urban Local Government Strengthening Program
UN	United Nations
UNCITRAL	UN Commission on International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNFCCC	Nations Framework Convention on Climate Change
UN-NADAF	UN New Agenda for the Development of Africa
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization

SECTION 1:

FINANCING MODALITIES AT NATIONAL AND REGIONAL LEVELS FOR POVERTY REDUCTION AND SUSTAINABLE DEVELOPMENT

CHAPTER ONE

FINANCING INNOVATION AND SUSTAINABLE DEVELOPMENT IN AFRICA: AN INTRODUCTION

MUNA B. NDULO
AND STEVE KAYIZZI-MUGERWA

Introduction

In April 2014, a group of economists, political scientists, policy analysts, experts in international law, and various practitioners met at Cornell University for a symposium on the topic *Financing Innovation and Sustainable Development in Africa.* Sponsored by the Cornell Institute for African Development (IAD) and the African Development Bank, the conference attracted participants from many parts of the world and from areas including academia, think tanks, and development cooperation institutions, all gathered to discuss how best to capitalize on the recent, multi-faceted innovations and developments in the financial sector to help propel Africa's development forward. The conference took a broad sweep of the issues, allowing a number of development finance challenges to come to the fore, including those of political economy, globalization, and geopolitics.

Africa's recent high growth numbers—at about 6 percent on average since the early 2000s—and their implications for the continent and indeed the world have elicited accolades and headlines in equal measure in the international media and among investment consultants, with a number of accompanying catchphrases: "Africa rising," "African lions," "the world's last development frontier," "continent of promise," etc. Indeed, the sense of regime shift is reminiscent of the 1960s post-independence era, when African growth numbers were high and populations were optimistic about the future. The difference is that Africa today is a much changed place, with a large and rapidly growing population that is also shifting rapidly toward urbanization; within the next two decades, a majority of the population will live mainly in urban centers.

Africa’s high growth has been happening during a time when the global economy is experiencing unprecedented changes, both in structure and in the sources and quality of that growth. The continent as a whole continues to be a notable recipient of overseas development assistance (ODA), but the amounts are dwindling, as donor countries experience tightened fiscal conditions and economic convulsions of their own; and aid flows have in any case been surpassed on an annual basis by foreign direct investment and even remittances from Africans living abroad.

In the past decades, the global growth pendulum has shifted markedly toward countries in Asia, notably India and China, with important implications for Africa and the world. In the media and in many academic debates, the rise of China has been ascribed a large role in the shaping of Africa’s recent fortunes. Although China’s resurgence has been important, however, Africa is only a small player in China’s global trade links. In terms of African exports to China, the focus is on oil, natural gas, and other natural resources drawn from a handful of countries. On the other hand, China’s finished products reach many African countries, with some deals based on barter trade. Ironically, the European Union, an area troubled by anemic growth and near deflation in the past decade, is still Africa’s largest trade partner.

In explaining Africa’s recent growth and its overall resilience in the face of external shocks, it is important to underline the role that good domestic policies have played, including the provision of better infrastructure, a more attractive business environment, and notably, much improved performance of the financial sector. Policies have become more predictable, the cost of doing business has fallen in some countries, and the attraction of foreign investors has not been at the expense of domestic ones. The decade and a half of high growth has begun to have real impacts on the ground: the average incomes of African households have risen, and in many countries the size of the middle class is growing, with implications for the provision of goods and modern services. Indeed, growing domestic consumer demand has become a major spur toward growth in many countries.

Even as Africa’s unprecedentedly long growth period has become the source of much optimism, with many observers seeing the beginning of economic transformation, there are still a number of impediments to sustainable development on the continent to which attention must turn. These constraints are in some ways not Africa-specific, as the seventeen goals (and 169 targets) of the newly launched Sustainable Development Goals (SDGs)—covering issues of poverty, hunger, gender inequality, and environmental degradation—would testify. However, given the starting conditions in most of Africa, the climb is steeper there. Indeed it can be noted that if the SDGs fail in Africa, they will not have succeeded at all, given that they are squarely targeted on Africa's needs and challenges.

This volume takes the view that while the SDGs provide a powerful statement on what needs to be done to eliminate poverty and put developing regions of the world, notably Africa, on the path of sustainable development, financing will be a key constraint. The Financing for Development Conference, held in Addis in July 2015, concluded that the global development agenda required trillions of dollars of financing to be implemented. The international development community was prepared to play its part, but would certainly not be the major source of the funds. The discussions converged on two sources: the domestic and foreign private sectors, and domestic resource mobilization. These two sources would also create further synergies through private–public partnerships. Even here, though, the presumption was that a well-functioning financial sector must be in place to mediate effectively among parties. A secure financial sector would enable the financing of new interventions to ensure that Africa's development was sustainable and led to economic transformation. In discussing the global arena, the volume also touches on Africa's perennial "urge to merge" and the obstacles—legal and physical—to its regional integration and trade.

The rest of this chapter provides summaries of the presentations in this volume, which are grouped into three sections: The first set of papers discusses financial modalities at national and regional levels for poverty reduction and sustainable development; the second set looks at institutional and policy prerequisites for innovative financing; and the third set discusses responses to challenges from the global arena.

Financing Modalities at National and Regional Levels for Poverty Reduction and Sustainable Development

The first set of papers looks at various forms of aid delivery and how best to assess whether the assistance is having an impact on the ground. Although development financing is often conceived at the national level, a number of development projects in Africa require a multinational approach, with implications for financing and project implementation.

Chapter 2 by Eric Thorbecke, on structural transformation and intersectoral flows in Africa's development, is a rendition of his plenary address. He stated at the outset that he had been rather pessimistic about Africa's prospects, having worked on the region for some twenty-five years. Thorbecke argues that intersectoral flows, particularly between agriculture and other sectors, are the main sources of finance, capital, and labor at an early stage of economic development. In his view, at least until the beginning of the new millennium, Africa's structural transformation was flawed. Only in recent years are we beginning to see some structural transformation on the continent, although, according to Thorbecke, it is still too early to know whether this is sustainable. Still, it is now more the case of the glass being half full than half empty.

In Chapter 3, Stephan Klingebiel and Heiner Janus discuss how the assessment of results-based aid for financing development in sub-Saharan Africa could become an effective tool for assessing the impact of aid. The emphasis on technical rather than political conditionality is thought to be more attractive to recipients and donors alike. As stated repeatedly within the donor community, results are the *raison d'être* of development financing. In conceptual terms, results-based aid links to several academic debates on aid and can clearly contribute to discussions on aid impact, allocation and conditionality, and aid modalities. However, identifying explicit results from aid financing at the output or outcome level that can be measured and directly linked to development activities is cumbersome. Moreover, there are many factors in a modern economy that could weigh in on the final results. There are, therefore, serious issues of causality and attribution when attempting to determine results. Still, Klingebiel and Janus argue that results-based aid can, with appropriate methodology, be used to advance donor interest in influencing domestic policies. The difference would be that "technical triggers," i.e., devoid of politics, would be the drivers. They provide two case studies: Ghana and Tanzania, chosen because they are "donor darlings." They argue that it is important to ensure that there is domestic ownership to ensure sustainability, and that the thrust is not entirely from the donor side. This requires in turn a high degree of alignment and harmonization among the donor community. They warn, however, that even technical triggers could become political in the absence of sufficient domestic ownership of the process.

In Chapter 4, Letlhokwa Mpendi discusses the future of aid as a financing mechanism for social protection in Africa. Social protection is a vast subject, but Mpendi focuses on the following features: unemployment, sickness and disability, family cohesion, health, education, housing, and food provision. He argues that not enough attention has been paid to these areas with respect to social security and the provision of social services that are so crucial for human welfare in each African country. He shows clearly that without much needed aid, many destitute individuals and their families would be worse off. However, donors and governments must address a number of challenges before aid is able to contribute sufficiently to social protection in Africa. These challenges include the need to ensure aid predictability and sustainability; lack of alignment of donor approaches with those of the government; and closely related absence of harmonization of aid policies and programs to reduce the administrative burdens on governments. On the part of governments, social protection institutions are fragmented and often compete for the same pool of funds from the donor community, who then exercise a divide-and-rule approach. Moreover, poor macro and sector policies do not make matters easier. In looking ahead, governments should not leave the task of funding the implementation of social protection programs entirely to donors. Enhancing domestic resources through tax reforms will greatly boost the capacity for financing social protection when drawing up national budgets. Mpendi argues that the financing of social protection is a long-term project to which donors and governments should contribute progressively.

In Chapter 5, Landry Signé switches the discussion to the financing of The New Partnership for Africa's Development (NEPAD), which is the flagship example of African integration ambitions and also a central pillar of Africa’s development blueprint, “Africa 2063,” launched by the African Union in 2014. Since its creation, NEPAD’s biggest accomplishments have been its recognition as a development partner by African regional institutions and international organizations, and its integration as a program of the African Union. The partnership aims to integrate Africa within a globalized world, close the gap between developing and developed countries, eradicate poverty, and put the continent on the path of sustainable growth and development. The program has identified a number of infrastructure corridors to be prioritized throughout the continent, including rails, roads, and seaports. Despite notable efforts that have contributed to increasing financial flows to Africa, NEPAD has not been able to reach its financial targets of some U$64 billion per year. The chapter concludes that NEPAD was unable to fully implement its resource mobilization strategy, given the complex political–economic context and the behavior of self-interested actors. The failure can be attributed further to the difficulty of establishing strong coalitions to address the high level of policy ambiguity associated with such multinational efforts. The latter is exacerbated by insufficient ownership at national and subregional levels. Moreover, the international community sometimes prefers to support a clearly national rather than multinational agenda. Under these circumstances, lowering the degree of ambiguity and conflict while refining the resource mobilization strategy in the post-2015 development context appears to be the best strategy to result in an improved implementation process and ultimately, success.