Report to G20 Deputy Finance Ministers and Deputy Central Bank Governors on MDB Internal Incentives for Crowding-in Private Investment in Infrastructure

1 December 2016

Global Infrastructure Hub

Publishing Note

The Global Infrastructure Hub (GI Hub), has a G20 mandate to grow the global pipeline of quality, bankable infrastructure projects. By facilitating knowledge sharing, highlighting reform opportunities and connecting the public and private sectors, our ambitious goal is to increase the flow and quality of private and public infrastructure investment opportunities in G20 and non-G20 countries.

Acknowledgements. This Report was prepared by the GI Hub under the direction of Chris Heathcote, Chief Executive Officer, and Bill Brummitt, Chief Operating Officer. The Report is a result of the efforts of a core team that included Mark Moseley, Senior Director, Legal Frameworks and Procurement Policy; Samantha Tattersall, Senior Director, Governance; Brer Adams, Senior Director, Energy and Infrastructure; and Steven Hong, Senior Manager. In addition to the advice and direction from the GI Hub Board of Directors, the Report benefited from extensive collaboration with various Multilateral Development Banks (MDBs), including numerous meetings with MDB representatives (as detailed in Annex 4 of the Report) as well as the feedback provided by the MDBs at various stages during the drafting process. The GI Hub would also like to acknowledge the inputs provided by many private sector organisations and individuals, as summarised in Section 1.2 of the Report.

Hardcopy ISBN: 978-0-9946284-6-6 1 **Online ISBN**: 978-0-9946284-7-3

Table of Contents

Abbreviations and Acronyms

Acronym	Description
AfDB	African Development Bank
AfDF	African Development Fund
AFESD	Arab Fund for Economic and Social Development
AIIB	Asian Infrastructure Investment Bank
ADB	Asian Development Bank
ADF	Asian Development Fund
CEE	Central and Eastern Europe
EBRD	European Bank for Reconstruction and Development
EDFI	European Development Finance Institutions
EIB	European Investment Bank
EU	European Union
FSO	Fund for Special Operations
G20	Group of Twenty
GI Hub	Global Infrastructure Hub
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IFAD	International Fund for Agriculture Development
IFC	International Finance Corporation
IIC	Inter-American Investment Corporation
IIWG	Investment and Infrastructure Working Group
IsDB	Islamic Development Bank
IMF	International Monetary Fund
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
MIF	Multilateral Investment Fund
OECD	Organisation for Economic Co-operation and Development
PPP	Public Private Partnership
SDGs	Sustainable Development Goals
SOE	State-owned enterprise
UK	United Kingdom
US	United States of America
USD	United States Dollar
WB	World Bank

WBG	World Bank Group

Executive Summary

At their meeting in Chengdu on 23-24 July 2016, the G20 Finance Ministers and Central Bank Governors asked the Global Infrastructure Hub (GI Hub) to “work with the MDBs to assess internal incentives with regard to crowding-in private finance and to report to our Deputies in December 2016”. Following consultations with the Multilateral Development Banks (MDBs), focusing on the World Bank Group (WBG); the African Development Bank Group (AfDB); the Asia Development Bank (ADB); the European Bank for Reconstruction and Development (EBRD); and the Inter-American Development Bank Group (IDBG), as well as key stakeholders in the private sector, the GI Hub has prepared this Report, setting out its analysis, findings and recommendations.

In undertaking this task the GI Hub is conscious of the importance of quality infrastructure development as a powerful driver of economic growth, and of the overarching priority of expanding the pipeline of bankable projects if the global infrastructure gap is to be addressed. The GI Hub also recognises that the sizeable global ‘infrastructure gap’ is particularly acute in the developing world and in emerging markets.

A key mechanism for closing this gap is for the MDBs to crowd-in the growing pools of capital available for private investment in infrastructure – in all situations where it is appropriate to do so. MDBs are uniquely placed to undertake this crowding-in, by shifting emphasis to capital facilitation, through the use of guarantees and other instruments, rather than relying primarily on capital provision. Maximising the crowding-in of private investment can significantly increase the delivery of the infrastructure that is needed to support the achievement of the Sustainable Development Goals (SDGs) and improve the quality of life of billions of people.

While recognising the distinct mandates of individual MDBs, as well as the increasing proliferation of objectives they need to address, the GI Hub believes that an increased emphasis on private investment in infrastructure is entirely consistent with the historical mission of most of the MDBs to reduce poverty. Indeed, this new emphasis should be viewed as a powerful enabling tool to help to achieve that mission, particularly given the capital constraints that some of the MDBs now face. In other words, greater crowding-in can help MDBs achieve their poverty alleviation and other objectives, since it frees up capital on the MDBs balance sheets. Further, the development of quality infrastructure through greater use of private investment is equally consistent with the additional mission – which has been explicitly adopted by some MDBs – of promoting shared prosperity and reducing inequality.

In undertaking this assignment, the GI Hub started by examining the extent to which MDBs measure their activities to crowd-in private investment in infrastructure. The GI Hub then looked at whether and how MDBs have embedded the objective of crowding-in private sector finance into their incentive arrangements. This entailed examining how incentives cascade through the organisational structures of the MDBs, from overarching strategy down to the business units and to individual staff members, as well as exploring organisational issues such as resources and skills sets. Also examined was the willingness and capacity of country governments to attract greater private investment to help meet their infrastructure needs – which can be a major limiting factor for MDBs, given their strong commitment to working as partners with their member countries.

Against this background, this Report sets out the following key findings:

<u>Finding 1</u>: The MDBs are receptive to increasing the role of the private sector in infrastructure development, although there is considerable diversity amongst the MDBs in the approaches taken to facilitate and monitor such private investment.

<u>Finding 2</u>: The MDBs have made progress in regard to the measurement of private sector crowding-in, albeit with somewhat less success at translating these measurements into operational targets throughout their respective organisations.

<u>Finding 3</u>: The MDB Task Force on Measuring Private Investment Catalyzation (the MDB Task Force) has presented an initial set of proposals to harmonise definitions and metrics for MDBs' core financing activities (not just infrastructure). There has been good progress to date, including a commitment to jointly report on these measures but, as yet, no commitment for MDBs to adopt these metrics for their own individual performance measurement purposes.

<u>Finding 4</u>: A particularly striking finding is that the MDBs have recently demonstrated the ability to adjust their behaviours dramatically – and to achieve significant impacts – in response to a strong and clear realignment of priorities: namely in respect of the issue of climate change. There is no reason to assume that the same could not be done in meeting the goal of significantly increasing private participation in quality infrastructure projects.

<u>Finding 5:</u> There are human resource impediments to achieving the crowding-in of private sector finance. In those MDBs with broad mandates, the current range of corporate goals and incentives do not appear to be fostering large enough pools of staff with relevant backgrounds, skills, and interests to utilise the tools available to crowd-in private finance.

<u>Finding 6</u>: Important upstream catalysation efforts will be enhanced if MDB leaders actively discourage the 'poaching' of business, i.e. situations where detailed efforts to identify and structure arrangements to crowd-in private finance are undercut by less complicated and quicker offerings by another MDB using traditional sovereign lending.

<u>Finding 7</u>: Certain MDBs, or entities within particular MDBs, have developed explicit systems for aligning individual and departmental incentives with the goal of increased private investment in infrastructure. Some of these approaches may be appropriate for adoption by other MDBs, after making adjustments necessary to reflect the distinctive missions and business models of the respective organisations.

Based on these findings, the GI Hub has developed a series of recommendations that are framed in a manner that allows individual MDBs to decide upon the best methodologies for implementation, again recognising the distinct attributes of each MDB. The following list highlights some of the key recommendations contained in in Sections 3 and 4 of this Report, and a complete list is set out in Section 5.

<u>Recommendation 3.1</u>: Building on the commitment of the MDBs' to prepare a joint report each year on aggregate measures of Mobilisation and Co-financing as defined by the MDB Task Force[1], the MDBs should also, as quickly as possible, develop systems to present, as a subsection within this annual report, their achievements in crowding-in private investment in infrastructure.

---

[1] The MDB Task Force (mentioned in Finding 3) has developed the following initial set of proposals to harmonise definitions for the various forms of crowding-in private investment (as of 9 October 2016, with discussion still ongoing):

- **Private Direct Mobilisation (Mobilisation).** This is the measurement of private financing on commercial terms due to the active and direct involvement of an MDB leading to commitment (i.e. requiring a mandate letter; fees linked to financial commitment; or other validated evidence of active and direct involvement). Mobilisation does not include sponsor financing. In the case of guarantees, the total amount of the loan/equity being guaranteed is counted as Mobilisation.
- **Private Co-financing (Co-financing).** This measures the total of all financing from private sources (including sponsor and third parties that are private entities) provided in connection with a specific activity for which the MDB is providing financing. It includes Mobilisation.
- **Private Investment Catalysed (Catalysation).** This is a measurement of private financing that results from the development impact of an activity, or multiple activities. These flows could come as a result of an improved investment climate (which lowers levels of risk and costs to the private sector), better infrastructure, improved business environment, or similar changes. It includes Co-financing and Mobilisation.

Presenting this subset of data should be achievable, given that the MDB Task Force has now begun the process of defining infrastructure investments.

<u>Recommendation 3.2</u>: The annual MDB report on attracting private investment should present both consolidated and MDB-specific levels of Mobilisation and Co-financing, including Mobilisation and Co-financing of private infrastructure investments.

<u>Recommendation 3.3</u>: The annual MDB report on attracting private investment should also present, in the section dealing with infrastructure, information on MDB efforts at Catalysation. Catalysation is critically important and, while its measurement is inherently challenging, some useful lessons may be derived from the EBRD's experience in developing its 'Transition Impact' tool for achieving that organisation's particular mandate.

<u>Recommendation 3.6:</u> The goals set out in the corporate scorecard of an MDB should be reviewed annually by the Board of Directors of that MDB. Ultimately, it is the scorecards that are capturing the trade-offs and the prioritisation of different objectives.

<u>Recommendation 4.1</u>: The MDBs should set custom-designed multi-year goals for the crowding-in of private sector investment in infrastructure, at a business unit level, for each appropriate unit in their organisations.

<u>Recommendation 4.2</u>: Those MDBs with group structures should consider establishing joint business development protocols and joint operational arrangements – including arrangements at the level of country management units and country strategy documents – that encourage integrated efforts to promote better communication with the private sector and greater crowding-in of quality private investment.

<u>Recommendation 4.3</u>: MDBs should 'mainstream' the objective of increasing the crowding-in of high-quality private investment in infrastructure throughout their organisations. Recognising the culture change required, MDBs will need to ensure that appropriate resourcing, including relevant commercial skills, are available through training and recruitment. Drawing on experiences of some national Treasury/Finance Departments to better understand private sector perspectives, this could be achieved, in part, by (i) a greater encouragement of secondments from the private sector; and (ii) measures to encourage the mobility of staff that do have the requisite expertise into new areas, so as to help build the skills of others.

<u>Recommendation 4.4:</u> The MDBs should incorporate the objective of crowding-in high-quality private investment into all aspects of the project cycle, from country strategy to concept design through to Board approval, implementation and monitoring and evaluation, following the precedents set in regard to the MDBs' climate and gender objectives.

<u>Recommendation 4.5:</u> MDBs should publicise, at the earliest possible stage of development of the infrastructure projects which they are supporting, the opportunities that exist for private sector participation in those projects, in order to improve the interface between the MDBs and the private sector.

<u>Recommendation 4.7:</u> MDBs should optimise incentive structures and training programs at both the organisational and individual level, for all relevant business units. For example, in the case of business units dealing with PPP project preparation facilities, this could include a peer review process to speed the learning process with regard to best practices; looking at where project preparation efforts can best be sited; ensuring close integration with relevant parts of parent organisations; and ensuring that successful teams receive due recognition and opportunity.

<u>Recommendation 4.8:</u> G20 members should encourage their representatives on the Boards of Directors of each MDB to:

- **achieve a balance between the attention given to the MDB's 'own account' lending and that given to the crowding-in of private investment;**
- **prevent the undermining of long-standing Catalysation efforts of other MDBs, including an offer to provide a traditional sovereign loan in circumstances where this adversely affects an existing effort to crowd-in private investment; and**
- **support collaborative initiatives amongst the MDBs to attract greater private investment in infrastructure, especially in respect of PPP project preparation efforts.**

1. Introduction

1.1. Background and Context

1.1.1. Request of the G20 to the Global Infrastructure Hub

In the Communiqué issued following their meeting in Chengdu on 23-24 July 2016, the G20 Finance Ministers and Central Bank Governors stressed the importance of infrastructure as a driver of economic growth, and the key role that the MDBs play in infrastructure investment in developing countries and emerging markets (the Communiqué):

> *To support our common growth objectives and the 2030 Agenda for Sustainable Development, we reaffirm our commitment to promote investment with focus on infrastructure in terms of both quantity and quality. Multilateral Development Banks (MDBs) have a unique role in supporting infrastructure investment. We have had effective communications with MDBs and called on them to take joint actions to support infrastructure investment as well as catalyze private investment. In this regard, we welcome the commitments made in the "Joint Declaration of Aspirations on Actions to Support Infrastructure Investment" by 11 MDBs which includes their announcements of quantitative ambitions for high-quality infrastructure projects within their respective institutional mandates as well as their efforts to maximise the quality of infrastructure projects, strengthen project pipelines, collaborate further among existing and new MDBs, strengthen the enabling environment for infrastructure investment in developing countries, as well as catalyze private resources.*[2]

This focus on the role of MDBs in promoting the development of high-quality infrastructure[3] evolved from the prior deliberations of the G20 Investment and Infrastructure Working Group (IIWG). As part of these deliberations, some IIWG member countries had noted that it was also important to ensure that MDBs had incentive structures in place that effectively rewarded staff for facilitating third-party investment, even when a project involved limited financing by the MDB itself.

Against this backdrop, the G20 Finance Ministers and Central Bank Governors in Chengdu specifically asked the GI Hub[4] to "*work with the MDBs to assess internal incentives with regard to crowding-in private finance and to report to our Deputies in December 2016*". Consistent with the context of the request and the infrastructure mandate of the GI Hub, this Report's focus is on incentives to crowd-in private sector investments in infrastructure, though it is recognised that the challenges to do so – and many of the associated measurement and incentive issues – could apply to the full range of MDB activities.

---

[2] Paragraph 6 of the Communiqué of the G20 Finance Ministers and Central Bank Governors Meeting in Chengdu on 23-24 July 2016. Similar sentiments were also expressed in Paragraph 39 of the Communiqué issued following the G20 Leaders' Summit in Hangzhou on 4-5 September 2016.

[3] The Summary Report of the International Workshop on Quality Infrastructure Investment, which was held on 13 September 2015 in Antalya alongside the Fourth Meeting of the G20 Development Working Group under the Turkish Presidency (http://g20.org.tr/wp-content/uploads/2015/10/Final-QII-Workshop-Revised-Summary-Report.pdf), identified four attributes possessed by high-quality infrastructure projects:

- alignment with economic development strategies and connectivity;
- effective resource mobilization;
- due regard for environmental and social impacts; and
- appropriate lifecycle costs and resiliency.

[4] The GI Hub was established pursuant to a decision taken at the G20 Leaders' Summit in Brisbane on 15-16 November 2014.

1.1.2. The GI Hub Perspective on Private Investment in Infrastructure

The GI Hub shares with the G20 the conviction that infrastructure investments can be a key driver of growth – especially in the current economic environment – and that the private sector has a critical role to play in making such investments. The GI Hub also shares the view that the MDBs can play a major role in crowding-in private investments to emerging markets and developing countries.

The global economic outlook is a challenging one. The International Monetary Fund (IMF) has made downward revisions to its global economic forecasts in 10 of the last 11 quarters[5]. Infrastructure investments can be an effective response to stimulate growth and lift productivity. According to the IMF, a one per cent increase in spending on well-planned and well-executed infrastructure can yield an increase in a country's economic output of up to 2.6 per cent over four years[6].

The combination of historically low interest rates plus a sizeable global infrastructure deficit – where at least USD $1 trillion needs to be spent annually on infrastructure[7] – makes this a particularly opportune time to focus on such investments. However, governments – especially those in the developing world – face increasing demands on their financial resources.

The private sector can play a substantially larger role in meeting this challenge. The pool of private investment capital is large and increasing, with the OECD estimating that, by 2030, the funds managed by large insurance companies, pension funds and other institutional investors could reach US $106 trillion[8]. Although only 1.6 per cent of the funds managed by insurance companies, pension funds and other institutional investors are currently invested in infrastructure, a recent survey of institutional investors conducted by the GI Hub in conjunction with the EDHEC Risk Institute of Singapore[9] showed that over 65% of the respondents want to increase their investments in infrastructure. Further, there is a clear interest in making such investments in emerging markets, with more than a third of the survey respondents indicating a desire to so.

MDBs are uniquely positioned to facilitate private financing. MDB operations cover a broad range of countries and are viewed as trusted partners. MDBs possess PPP project preparation facilities (PPFs) to support good development and procurement processes, and can deploy financial and guarantee-based products to support private sector investment. With their scale, MDBs are well-positioned to encourage private sector investment in infrastructure.

1.1.3. MDB Perspectives

The capacity for the private sector to address the global infrastructure deficit is well recognised by the MDBs. In 2015, the MDBs, with the IMF, collectively developed the action plan entitled *From Billions to Trillions*[10] (the Action Plan). Within the Action Plan, the MDBs and the IMF recognised that their ability to crowd-in private finance – including in the area of infrastructure investment – is of greater importance than their own direct financial assistance. The Action Plan states that:

---

[5] *World Economic Outlook* , International Monetary Fund

[6] *IMF Survey : The Time Is Right for an Infrastructure Push,* International Monetary Fund, 30 September 2014, p82-83

[7] *Strategic Infrastructure: Steps to Operate and Maintain Infrastructure Efficiently and Effectively*, World Economic Forum, April 2014, Page 15

[8] *Annual Survey of Large Pension Funds and Public Pension Reserve Funds, report on pension funds' long-term investments*, 2014, OECD

[9] *Towards better infrastructure investment products? A survey of investor's perceptions and expectations from investing in infrastructure,* EDHECinfra, July 2016

[10] *From billions to trillions: MDB contributions to financing for development,* AfDB, ADB, EBRD, EIB, IDBG, WBG, IMF, July 2015

> *Catalysing and channelling additional and new types of private flows to support development efforts will be a specific focus of the MDBs going forward. MDBs have long acted as a bridge between the public and private sectors, able to convene a variety of actors around important development issues – and so are well placed to deliver on this challenge.*

Specifically in the context of infrastructure, the same point was made in the *Chairman's Statement* issued by the nine MDBs that co-hosted the April 2016 Global Infrastructure Forum[11]. The Statement includes the following commitments:

> *…the MDBs and development partners agree to work together with client countries to improve data acquisition and develop systematic reporting where possible, on:*
>
> - *MDB lending and advisory support to infrastructure, as well as metrics on catalysation of private investment;*
> - *infrastructure spending and investment (both actual and required), asset quality, service standards, and fostering disclosure and transparency;*
> - *assessments that promote a sound enabling environment to attract increased investment for infrastructure; and*
> - *private participation in the delivery of infrastructure services and the mobilisation of long-term finance from investors, both domestic and international.*

A similar perspective is reflected in the July 2016 *MDBs Joint Declaration of Aspirations on Actions to Support Infrastructure Investment* (the Joint Declaration), mentioned in the Communiqué issued by the G20 Finance Ministers and Central Bank Governors. The Joint Declaration recognised that greater leveraging of private investment can significantly increase the impact of the MDBs' balance sheets:

> *Currently, the additional infrastructure investment needed in the developing world to meet the 2030 agenda for sustainable development is estimated to be $1 trillion to $1.5 trillion annually over the next 15 years. This is a capital requirement that cannot be met by public sources of finance alone. While the MDBs represent only a small percentage of the financing for infrastructure, they play a critical role in improving project design and structure in order to attract private capital.*[12]

During the consultative process, a number of senior MDB officials told the GI Hub that what is required is a 'culture shift' among MDB staff, who have traditionally focused on sovereign lending products. For such staff, the key objective has historically been to deliver infrastructure projects in volume and as quickly as possible, consistent with the relevant procurement rules and environmental and social safeguard policies. Many of these staff typically do not have much, if any, experience with private sector transactions, which are often complex and relatively time-consuming.

Recognising that their own staff must be sufficiently trained and motivated to facilitate privately-financed infrastructure projects, the MDBs also recognise that:

- the work of their institutions is driven by their member countries; and
- greater attention needs to be focused on policy dialogue with governments to encourage receptivity to private participation in infrastructure development in those countries and for those sectors where it is appropriate to do so.

Proper diagnoses of countries and sectors, prioritisation of initiatives, and the selection of demonstration projects are all particularly important. These activities, coupled with the upstream work done by MDBs, including project preparation efforts, are important to ensuring that there is a pipeline of projects for which private investment can be crowded-in.

---

[11] *Chairman's Statement*, Global Infrastructure Forum 2016

[12] *MDBs Joint Declaration of Aspirations on Actions to Support Infrastructure Investment*, submitted to the G20 in July 2016, Page 1

Notwithstanding these challenges, the MDBs have indicated a strong desire to achieve significant expansion of their 'crowding-in activities'. This can be achieved through the use of both financial and non-financial means and instruments, including expanded guarantee programs, greater attention to PPP project preparation facilities, sub-sovereign lending initiatives, technical and advisory support and other measures.

1.1.4. Private Sector Perspectives

The GI Hub's consultations with the private sector demonstrated that investors have a desire to increase their involvement with infrastructure, including projects in emerging markets. Generally, the private sector' recommendations focused on encouraging the MDBs to undertake 'confidence-building' measures in emerging markets. Against this backdrop, the comments the GI Hub received from the private sector can be generally categorised into:

- what the MDBs do well, and
- what the MDBs can improve upon.

What the MDBs do well

The private sector expressed appreciation for the MDBs' role in improving a country's investment environment, thereby creating opportunities for the private sector. They encouraged the MDBs to continue to enhance the capabilities of governments through their private sector units, such as PPP units, to ensure projects meet bankability thresholds. One example given of successful capacity-building was the WBG's support of the PPP unit in Kenya.

There were also two discrete comments:

- one private sector stakeholder said that MDB guarantee products have been effective in crowding-in private finance in a power project; and
- another stakeholder said that the presence of an MDB provides confidence to the private sector on environmental and social safeguard matters and governance issues.

What the MDBs can improve upon

There were two commonly suggested improvements from the private sector. The first is that they would like MDBs to improve their speed of operations. Private investors found that working with MDBs increases investment execution timeframes owing to lengthy approval processes.

The second suggestion is that MDBs should shift their focus from being capital providers to capital facilitators. Private investors described the MDBs as good conduits between the private sector and project sponsors in government. Private investors expressed the view that the MDBs should shift their focus towards project readiness, such as creating project pipelines and masterplans, or providing contingent capital instruments and risk/insurance products.

Further suggestions from private investors included the following points:

- Targeting projects or sectors where MDB financing can act as a catalyst. An example of this is the renewable power generation sector.
- Expanding upon the use of contingent capital instruments, such as existing guarantee products.
- Encouraging a higher degree of co-operation with the private sector to foster working relationships. This could include greater transparency and communication, particularly to understand capabilities, opportunities, and needs.
- Providing firmer financial and pricing commitments at the pre-bid stage of projects to reduce the risk to private financiers.

1.2. Methodology Used to Prepare the Report

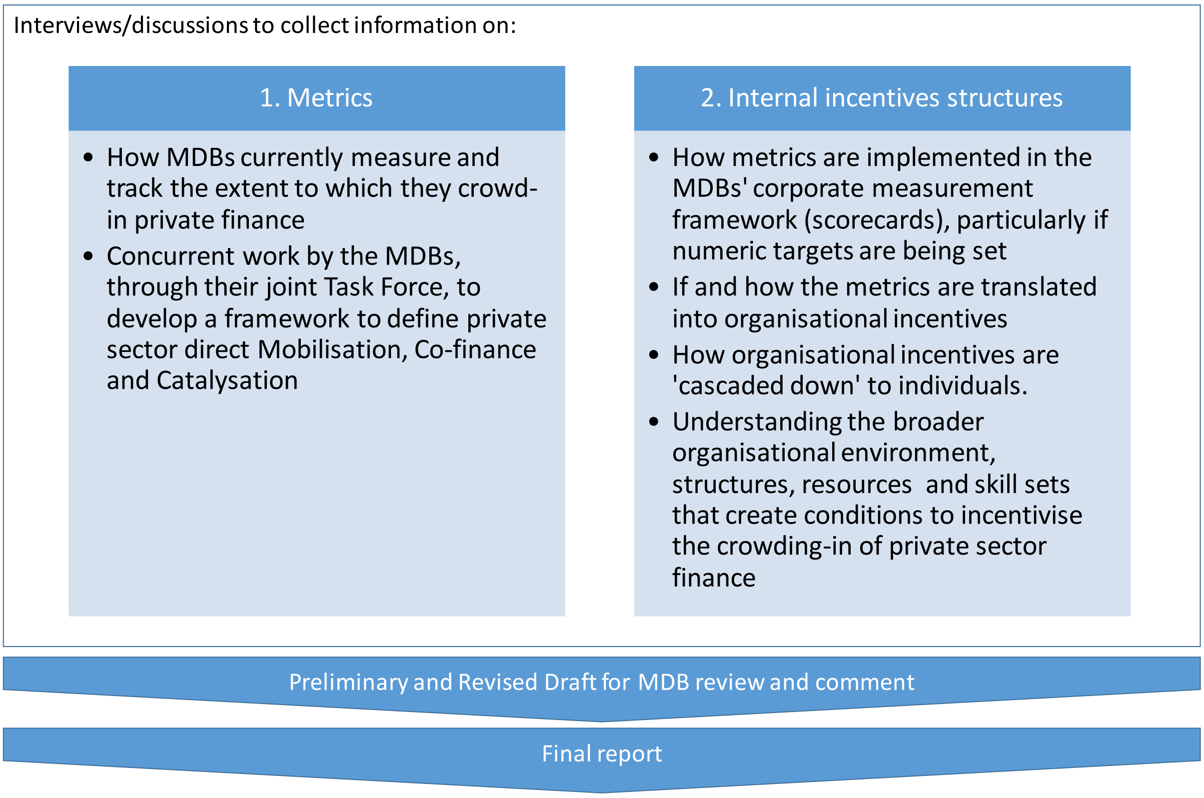
In light of the tight timelines of this project, with the call for a report to G20 Finance and Central Bank Deputies in December 2016, a targeted approach was necessary. Accordingly, the GI Hub's examination focused on five large development banks: the WBG, the IDBG, the EBRD, the ADB, and the AfDB. Opportunities for input were also provided to the Islamic Development Bank (IsDB), the Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NDB) and the European Investment Bank (EIB), though it was recognised that the circumstances and practices of these banks are somewhat different than that of the five MDBs selected as the primary focus of this Report.

While the issue of crowding-in private investment in infrastructure is a broad topic, the Report has concentrated on examining the MDBs' internal incentives structures, encompassing corporate incentives, departmental incentives (e.g. business unit targets) and individual incentives (e.g. promotions, financial and non-financial rewards/awards) as well as organisational structures/environment, skills and resources.

In approaching this assignment, the GI Hub began by examining the current practices of the MDBs in measuring the extent to which their activities have crowded-in private investment. The GI Hub then turned to examine how or whether the MDBs have embedded the objective of crowding-in private sector finance into their incentive arrangements. Finally, the GI Hub undertook to understand the challenges faced by the MDB staffers working at the 'front-line' (e.g. country and sector directors), and how those challenges might best be addressed.

The GI Hub's specific approach is outlined in Figure 1.1, below.

Figure 1.1 - Approach of the Project



Source: GI Hub analysis

It was critical to work collaboratively with MDBs. As a consequence, the GI Hub reached out to all MDBs, whether or not they were part of the core group, and held teleconferences (multilateral or bilateral, depending on availability of the organisations) to explain the GI Hub approach and to solicit their input. Each MDB was, in turn, very forthcoming in providing the GI Hub with contact names and documentation (primarily, this was publicly-available documentation). Annex 3 provides a bibliography of all the documentation reviewed in support of this exercise. During the first wave of consultations, the review of available documentation was supplemented by telephone interviews with key individuals identified by the MDBs[13]. The staff members who were referred to the GI Hub tended to be those who either were involved in the MDB Task Force on the Measurement of Private Sector Catalysation and/or worked in the area of corporate results frameworks. In some instances, contacts within Human Resources departments were provided, but this was not consistent across the MDBs.

By the end of September 2016, a Preliminary Draft Report was circulated to MDBs for review and comments. Concurrently, in recognition of the timeframes for the project, the GI Hub undertook a second wave of consultations. Taking advantage of the Annual World Bank and IMF meetings, the GI Hub held numerous meetings across all five MDBs, speaking with a range of staff members, from country and sector directors, to operations and policy personnel, and a number of vice-presidents. (See Annex 4 for a list of all people contacted within the MDBs.) These discussions were further supplemented by a roundtable discussion on 8 October 2016, to which all MDBs were invited. MDBs were also invited to provide comments both on a Preliminary Draft Report and then a Revised Draft Report that took into account many of the comments that had been earlier provided.

In addition to working with the MDBs, the GI Hub also reached out and received input from the private sector via the B20, the Long-Term Infrastructure Investors Association (LTIIA), the Global Infrastructure Investor Association (GIIA), the International Project Finance Association (IPFA) and the World Economic Forum (WEF).

1.3. Structure of the Report

Other than this introductory chapter and the annexes, the Report contains the following four sections:

- Section 2 – context on the overall missions and medium-term strategies of the MDBs
- Section 3 – measuring the crowding-in of private sector investment in infrastructure and links to MDB organisational strategies and scorecards
- Section 4 – addressing MDB incentivisation challenges
- Section 5 – key findings and recommendations.

[13] In many cases, the initial telephone conversations were followed by an exchange of supplementary questions and answers sent by email.

2. MDB Missions and Strategies

Prior to examining each MDB's incentive structures, it is important to understand how the crowding-in of private finance in infrastructure is relevant to each MDB's mission and strategy, and how the MDBs' commitments are being measured.

At a simple level, all MDBs have objectives on providing finance for investments in projects and programs that contribute to poverty reduction, social equality, and sustainable economic growth.[14] MDBs, however, are not a homogenous group. For example, the EBRD is unique in having both a political and an economic mandate as set out in its Establishing Agreement, which calls for it to "foster the transition towards open market oriented economies and to promote private and entrepreneurial initiative in the Central and Eastern European countries committed to and applying the principles of multiparty democracy, pluralism and market economics."[15]

Even within an MDB group, such as the IDBG, there are various sub-organisational missions[16]:

- **the Inter-American Development Bank (IDB),** whose mission is "to contribute to the acceleration of the process of economic and social development of the regional developing member countries, individually and collectively."[17]
- **the Inter-American Investment Corporation (IIC),** whose mission is to **"**promote economic development in its regional developing member countries by fostering the establishment, expansion, and modernisation of private enterprises in a manner complementing the activities of the IDB."[18]
- **the Multilateral Investment Fund (MIF),** which is the innovation lab for the IDBG. It conducts high-risk experiments to test new models for engaging and inspiring the private sector to solve economic development problems in Latin America and the Caribbean. [19]

The diversity of missions is well-recognised by the MDBs themselves, as can be seen from the *MDB Response to the G20 MDB Balance Sheet Optimisation Action Plan* submitted to the G20 in July 2016:

> *As a result and by design, the MDBs business models vary considerably: levels of sovereign and private sector lending and investing, product mix (debt and equity), geographic coverage, level of preferential creditor treatment, as well as access to callable capital, concessional windows, grant monies and donor funds.*[20]

The individual mission statements of each MDB organisation and sub-organisation are set out in Annex 1.

---

[14] Interestingly, research by the MDBs has shown a strong correlation between infrastructure investment and the reduction of income inequality (see, for example, the WBG September 2014 Policy Research Working Paper 7034 *Infrastructure, Growth, and Inequality - An Overview*).
[15] Article 1 of the Agreement Establishing the European Bank for Reconstruction and Development.
[16] Inter-American Development Bank *2015 Annual Report: The Year in Review*. https://publications.iadb.org/bitstream/handle/11319/7554/IDB-Annual-Report-2015-The-Year-in-Review.pdf?sequence=5
[17] Article 1 of the Agreement Establishing the Inter-American Development Bank, at (http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=781584).
[18] http://www.iic.org/fr/node/487
[19] http://www.fomin.org/
[20] *MDB Response to the G20 MDB Balance Sheet Optimisation Action Plan*, July 2016, Page 1

Alongside each MDB mission statement is a strategy document or documents approved by the Board of Directors of the organisation or sub-organisation. Informed by the United Nations goals, which transitioned from the Millennium Development Goals to the Sustainable Development Goals (SDGs) in 2015, these strategy documents serve as the direction for the MDBs' work over a specified period of time.

The current MDB strategy documents have identified the crowding-in of private finance as an important objective. All of the MDBs have committed to increasing the extent to which private finance is involved in their projects, through activities such as syndication, the use of instruments such as guarantees, or by means of technical support for transactions – such as public-private partnerships (PPPs) – that involve the private sector. The individual commitments in the various strategy documents are also summarised in Annex 1.

Quantitative MDB ambitions in respect of overall infrastructure development – both public and private – are also set out in the above-noted *MDBs Joint Declaration of Aspirations on Actions to Support Infrastructure Investment*:

> *Subject to client demand, as well as our respective approval criteria and institutional governance, we commit ourselves within our respective institutional mandates to respond to the infrastructure needs of our client countries as follows:*

- *The **African Development Bank Group's (AfDBG)** ambitions for infrastructure lending from all windows for both public and private sectors are $7.3 billion in 2016, $9.5 billion in 2017, and $6.0 billion in 2018.*
- *Based on the projected pipeline for 2016-2020, the **Asian Development Bank (ADB)** expects to allocate about $70 billion of its own resources to finance infrastructure development, which represents roughly 70 percent of ADB's total anticipated lending during this period.*
- *The **Asian Infrastructure Investment Bank (AIIB)** targets include financing of up to $1.2 billion in fiscal year 2016, $2.5 billion in 2017, and $3.5 billion in 2018.*
- *The **Development Bank of Latin America (CAF)** approved long-term financing for infrastructure and social development projects for a total of $4.7 billion in 2015. CAF expects to continue to grow its commitment to these sectors by 3-7 percent annually.*
- *The **European Bank for Reconstruction and Development's (EBRD)** infrastructure investments totalled $4.9 billion in 2015. In line with its Strategy Implementation Plan 2016-2018, EBRD investment levels are expected to rise by up to 20 percent over the planning period, compared with planned investment for 2015.*
- *The **European Investment Bank (EIB)**, in line with the 2016 to 2018 business orientations as approved by the Bank's governing bodies and based on its historical lending programs, expects to finance strategic economic, environmental, and social infrastructure projects for an amount of between $40 billion to $50 billion (EUR 35 to 45 billion) annually in the coming three years, which is the equivalent of 50-60 percent of the EIB's annual lending.*
- *Based on historical and planned lending, **the Inter-American Development Bank Group (IDBG)** expects to be able to respond to client demand with lending levels of 30 to 50 percent of total lending in the infrastructure sectors of energy, transport, water and sanitation, and ICT, with an additional 5 to 10 percent in social infrastructure of health and education.*

- *The **Islamic Development Bank Group (IsDBG)** expects to finance between $15 and $16 billion during fiscal years 2016-2018 in economic and social infrastructure (energy, transport, water, ICT, education and health), which is equivalent to $5 to $5.3 billion annually or 90 percent of its project financing.*
- *The **New Development Bank (NDB)** is expected to commit between $1.5 billion and $2 billion in fiscal year 2016, between $2 billion and $2.5 billion in 2017, and between $4 billion and $5 billion in 2018. In line with its mandate, the NDB will provide these resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries.*
- *Based on historical and planned lending, the **World Bank** expects to be able to respond to client demand with lending levels of 30 to 50 percent of total lending in the infrastructure sectors of energy, transport, water and sanitation, and ICT, with an additional 5 to 10 percent in social infrastructure of health and education.*
- *The **International Finance Corporation (IFC)** has committed total long-term finance to private sector core infrastructure projects in the amount of $5.5 billion in FY15, and to health and education in the amount of $1 billion. These numbers include external resources mobilised by IFC. Subject to government demand, market conditions, and private sector sponsors, IFC aspires to achieve 5-10 percent annual growth in its infrastructure program in FY17 to FY19.*[21]

Given these ambitions for overall infrastructure development, it is important to understand how and what MDBs are doing to help crowd-in private sector financing. This includes having an appreciation for how MDBs measure and set goals for how much private investment they are crowding-in, (the subject of Section 3 of the Report) and then, in turn, the incentive arrangements in place within the MDBs to support this crowding-in (the subject of Section 4).

[21] *MDBs Joint Declaration of Aspirations on Actions to Support Infrastructure Investment*, July 2016, Page 1

3. Measuring the Crowding-in of Private Investment in Infrastructure and Links to MDB Organisational Strategies and Scorecards

3.1. Overview

There is widespread consensus amongst the MDBs that there is value in determining the extent to which their activities crowd-in private investment – both for infrastructure investments and, in addition, other activities, such as climate change initiatives.

In an attempt to harmonise their approaches to measuring different types of crowding-in of private investment, the MDBs established, in January 2016, the MDB Task Force on Measuring Private Investment Catalysation (the Task Force). The work of the Task Force was divided into four sub-tasks, with a view to proposing a framework that MDBs could adopt to publish metrics on the crowding-in of private investment on a consistent basis[22]:

Table 3.1 - MDB Task Force Study Areas

Task name	Description
Definitions	Review of concepts and definitions of private investment mobilisation, co-financing, catalysation and other related terms currently in use or under development by the MDBs, by other international organisations, and by other financial institutions.
Advisory services and preparation work	Review the relationships between private investment flows and MDB instruments and activities, including sovereign and non-sovereign financing, and advisory activities (including project preparation and transaction advisory)
Catalysation	Tasked with discussing how to treat finance that is catalysed (beyond mobilisation and co-financing), not by the opportunity to finance the operation, but rather by the infrastructure (social or physical) and the positive benefits created by the operation or activity, or by the impact of the policy changes or technical advice supported by an MDB-supported operation or activity.
Aggregation, attribution and double counting	Identify methodologies for reporting private investment mobilised/co-financed/catalysed by MDBs in operations financed by multiple public institutions, with the aim to develop a common approach that: • allows for a clear and transparent identification of the share of the investment mobilised/co-financed/catalysed by each MDB; and • allows for the aggregation of such figures without double counting.

Source: GI Hub discussions with MDBs

[22] The terms of reference can be found in the document *Multilateral Development Banks (MDB) Task Force on Measuring Private Investment Catalyzation: First Report to MDB Heads, 9 October 2016.*

On 9 October 2016, the Task Force published an initial set of proposals to harmonise the definitions of three different types of crowding-in activities, namely "Mobilisation", "Co-financing" and "Catalysation", as follows:

- **Private Direct Mobilisation (Mobilisation).** This is the measurement of private financing on commercial terms due to the active and direct involvement of an MDB leading to commitment (i.e. requiring a mandate letter; fees linked to financial commitment; or other validated evidence of active and direct involvement). Mobilisation does not include sponsor financing. In the case of guarantees, the total amount of the loan/equity being guaranteed is counted as Mobilisation.
- **Private co-financing (Co-financing).** This measures the total of all financing from private sources (including sponsor and third parties that are private entities) provided in connection with a specific activity for which the MDB is providing financing. It includes Mobilisation.
- **Private Investment Catalysed (Catalysation).** This is a measurement of private financing that results from the development impact of an activity, or multiple activities. These flows could come as a result of an improved investment climate (which lowers levels of risk and costs to the private sector), better infrastructure, improved business environment, or similar changes. It includes Co-financing and Mobilisation.

The MDBs have agreed to use these definitions, and the associated measurement methodologies, to prepare a joint annual report, beginning in 2017 (i.e. reporting on 2016 activities), on their respective aggregate totals for Mobilisation and Co-financing. Again, it should be emphasised that this joint annual report will relate to all crowding-in of private investment associated with MDB activities (i.e. it will not be confined solely to infrastructure investments).

Also, it should be noted that, in the case of Co-financing, the 2017 report will acknowledge that these will be estimated figures, and that there may still be some double-counting. It will take time for MDBs to adjust their project information systems to generate reliable data based on the new definition and the proposed methodology.

The MDB Task Force plans to continue to meet until January 2017 to address additional work that is still needed including: (i) extending the definitions and metrics to cover other financial products (e.g. short-term financing and unfunded risk participations) and to cover advisory and project development activities; (ii) investigating methods for estimating private investment catalysed, and (iii) addressing other methodological issues requiring resolution to enable joint reporting on a consistent basis. Importantly, it is understood that part of this process will include agreeing upon a common definition on what is considered 'infrastructure', which would enable the MDBs to separate infrastructure investments from other forms of private investment.

The work of the Task Force is a step in the right direction, and the forthcoming MDB joint annual reports should prove useful in starting to understand across MDBs how much private sector financing they are crowding-in across all their functions. As discussed below in Box 3.1, MDBs have previously demonstrated that the use of harmonised joint reports on critical issues can lead to significant results, as evidenced by the progress made on the issue of climate change.

Box 3.1: An Example of MDB Cooperation on Harmonised Measurements: The Joint Report on MDB Climate Finance

A number of the MDBs have been consistently tracking climate finance flows since 2011, when agreement was reached by them on the harmonised measurement of such data. Since then, the MDBs in the group (comprising the WBG, AfDB, ADB, EBRD, EIB, and IDBG) have published annual information that allows policy makers and the public generally to understand the role MDBs are playing in scaling-up finance to address the issues of climate change mitigation and adaptation.

This work by the MDBs has helped to clarify what is meant by climate finance and quantified the commitment by the group. This, in turn, has helped to track progress towards various climate goals, including meeting the goal made by developed countries in 2009 to jointly mobilise US $100 billion per annum for developing and emerging countries in public and private monies to deal with climate change concerns.

Over the years, the quality of reporting has continued to improve, as the MDBs adopted jointly agreed methodologies for accounting for and reporting on climate finance. These publicly available methodologies are consistent with the Common Principles for Climate Finance Tracking Methodologies agreed by the International Development Finance Club. The principles deal with a number of issues of definitional complexity including, for example, where to set the boundary for inclusion of projects that reduce thermal energy emissions intensity.

The Joint Report reveals the total amount of climate finance for each MDB, together with information on the types of funding instruments used; the types of sectors in which projects are occurring; whether the funding recipient is a private entity or a government; and where the projects are located. In 2015, the methodology was enhanced so as to split out climate co-financing, thereby showing where co-financing monies flowed to other MDBs, to other public agencies and to the private sector. MDBs have captured co-financing data at a sufficiently granular level to isolate and remove double counting where funds have flowed amongst the MDBs.

In addition to the Joint Report, individual MDBs have highlighted their own contributions to meeting the aggregate commitments. For example, the EBRD noted that 60 per cent of its climate finance in 2014 was directed to private sector climate projects.

As governments continue to set higher levels of ambition for public and private climate finance, the MDB Joint Report will be a critical tool in tracking, coordinating and demonstrating progress. The MDBs have responded quickly with higher climate finance ambitions following adoption of the Paris Agreement at COP 21.

Source: Joint Report on Multilateral Development Banks' Climate Finance, AfDB, ADB, EBRD, EIB, IADB, and WBG, 2015

3.2. Integrating Metrics into the MDBs' Corporate Strategies and Scorecards

While it is important to have accurate measurements of the MDBs' success in crowding-in private investment, it is even more important for each MDB to ensure that these metrics are used to develop specific objectives for their respective organisation. However, the MDBs have not yet made a firm commitment that the definitions and measurement tools developed by the Task Force as articulated in Section 3.1 will be reflected in their respective external performance measurement reports, or 'corporate scorecards'[23].

[23] Not all MDBs formally call their performance measurement frameworks 'scorecards'. The most recent publicly available versions of these documents are: 1) the AfDB *Annual Development Effectiveness Review*

Given that the corporate scorecards are collections of performance data on the achievement of various objectives that are monitored by the MDBs, they reflect the prominence of particular objectives in each MDB's strategy. Some – but not all – of the objectives in the scorecards have quantitative targets associated with them. Although every organisation will have some important objectives that cannot be quantitatively measured, the targets in the MDBs' corporate scorecards have been shown to be an effective tool in changing behaviour, as evidenced again by the experience with climate finance, described below in Box 3.2.

Box 3.2 - Integrating the Metrics on Climate Finance into the MDB's Scorecards

The process of integrating climate finance metrics into the MDBs' corporate strategies and scorecards starts at the very highest organisational level. For example, the ADB Board has approved specific climate change targets and requires all recommended investments to include disclosure of climate impacts, including whether the transaction has scope for climate finance in addition to physical climate impacts (i.e. greenhouse gas emission impacts).

The following chart sets out the climate finance targets announced by various MDBs which, generally, are reflected in their Corporate Scorecards.

MDB	Targets Announced
ADB	Doubling climate finance to USD 6 billion annually by 2020 (own resources only), of which USD 4 billion is for mitigation and USD 2 billion is for adaptation
AfDB	Triple climate financing to reach 40 percent of investments by 2020
EBRD	40 percent of EBRD annual business investment by 2020 in green finance[a]
EIB	Global target of greater than 25 percent of all lending. Increased target of 35 percent of lending in developing countries by 2020
IDBG	Goal to double climate finance to 30 percent of operational approvals by 2020 to an average USD 4 billion per annum, and to improve evaluation of climate risks and identify opportunities for resilience and adaptation measures
WBG	A one-third increase in climate financing, from 21 percent to 28 percent of annual commitments by 2020. If current financing levels are maintained, this would mean an increase to USD 16 billion in 2020. The WBG intends to continue current levels of leveraging co-financing for climate-related projects, that could mean up to an another USD 13 billion a year in 2020. The direct financing and leveraged co-financing together represent potentially an estimated USD 29 billion in 2020.

ADB = Asian Development Bank, AfDB = African Development Bank, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, IDBG = Inter-American Development Bank Group, MDB = multilateral development bank, USD = United States dollar, WBG = World Bank Group.

[a] The EBRD's Green Economy Transition (GET) target of 40% Annual Business Investment by 2020/EUR 18 billion over five years from 2016 refers to all green investments by the EBRD. This is composed of climate finance for both mitigation and adaptation as well as finance for projects with a positive environmental impact e.g. environmental remediation. EBRD does not have separate targets for these categories. Nevertheless, it is expected that the bulk of the finance will be classified as climate finance under the joint MDB approach, in line with the current investment focus of EBRD.

Source: Joint Report on Multilateral Development Banks' Climate Finance, AfDB, ADB, EBRD, EIB, IADB, and WBG, 2015

The following additional observations have emerged from an analysis of the MDB 'scorecards':

- **There is considerable variation amongst the MDBs as to how they currently report on the crowding-in of private investment.** How individual MDBs currently report on private sector crowding-in does not necessarily reflect the definitions that have recently been developed by the Task Force. As such, what one MDB currently calls 'co-financing' may be what another institution sees as closer to 'mobilisation'.

2016; 2) the ADB *2015 Development Effectiveness Review*; 3) the EBRD Corporate Scorecard, found in its *Strategy Implementation Plan 2016-2018*; 4) the IDB *Corporate Results Framework 2016-2019*; and 5) the *WB and WBG Corporate Scorecards April 2016*.

- **The EBRD has developed specialised tools for measuring Mobilisation and an approach to Catalysation.** As discussed below in Box 3.3, the EBRD has devised a procedure (Annual Mobilised Investment, AMI) for measuring and monitoring the direct Mobilisation of private investment on its projects – which, methodologically, is not significantly different than that employed by the IFC. Moreover, the EBRD has also developed, over the course of a number of years, a separate mechanism for calculating the so-called Transition Impact of its projects – which is very closely related to the concept of Catalysation, in the sense that both Transition Impact and Catalysation focus on the degree to which an individual project creates conditions that facilitate future investments by the private sector in the country in question. Admittedly, the Transition Impact metric assigns an ordinal score to individual projects, while Catalysation – as defined by the MDB Task Force – seeks to identify the aggregate amount of private finance that results from one or more MDB initiatives. However, in both instances, the measure is being used to assess "developmental impact". Given the difficulties associated with attempting to calculate the aggregate amount of private financing resulting from the actions of a MDB (the focus of the Catalysation work of the MDB Task Force), it may be preferable for MDB's to use, in their Corporate Scorecards, an ordinal score approach, informed by the EBRD's experience in calculating Transition Impact scores for individual projects and in setting cumulative Transition Impact targets for business units.

- **Some measurement indicators are estimates**. In some cases, the indicators of the value of crowded-in private investment are manually estimated, rather than directly measured. For example, the IFC does not currently track the extent of Co-financing; instead, it determines the extent of private co-finance by manually calculating the amount of such co-financing from its transactions. The MDB Task Force report notes that Co-financing may rely on voluntary reporting by the client or estimates by project teams.

- **Different MDB activities yield different amounts of crowding-in.** As has been noted during the GI Hub discussions with private sector representatives, activities such as PPP project preparation assistance, and tools such as guarantees and 'first-loss' instruments, can have particularly powerful impacts for crowding-in private investment. Accordingly, the MDBs should prioritise such initiatives and they should be actively measured and monitored.

Box 3.3 - Transition Impact, Annual Mobilised Investment and Additionality at the EBRD

Transition Impact

The EBRD's mandate is unique amongst the MDBs. It aims to foster transitions towards open market-oriented economies and promote private and entrepreneurial initiative, as opposed to only having straightforward development objectives. The EBRD's focus on promoting systemic change towards market economics guides all of the EBRD's operations.

The EBRD monitors progress on its mandate by assessing the *Transition Impact* of EBRD's activities, at the institutional, country, and project levels. The Transition Impact is set out in a score (out of 100) for each individual project, determined by a department in the EBRD which is separate from the project team.

- improves the structure and extent of markets;
- develops market-supporting institutions; and
- promotes market-based behaviour, skills and innovation.

Box 3.3 - Transition Impact, Annual Mobilised Investment and Additionality at the EBRD (cont)

The Transition Impact score depends on the magnitude and relevance of the market change that the project promotes, likelihood of the change, and the country's individual investment environment. For example, a PPP road project is more likely to be given a higher transition impact score than a public works road project because it is more likely to promote and develop market-based behaviour and skills. And a PPP road project in Tajikistan will likely receive a higher Transition Impact score relative to a similar project in Slovakia, in light of Tajikistan's more challenging investment climate.

For all these reasons, the GI Hub is of the view that, in effect, the Transition Impact score is a measure of the 'quality of Catalysation' achieved by each EBRD project.

Annual Mobilised Investment

Alongside the Transition Impact score, the EBRD also targets and measures the extent to which it has directly mobilised private finance, using a metric called Annual Mobilised Investment (AMI). Each year, the EBRD sets AMI targets for its teams. The level of AMI is assessed by senior management, and the targets reflect the business climates in the EBRD's countries of operation. This means that each EBRD team will have different AMI targets, based on the conditions in the markets in which the team operates. As with the case of Transition Impact scores, AMI levels are important measures in the EBRD's corporate scorecards, which cascade down from the Vice President for Banking, to Managing Directors, to Directors, and to operational leaders responsible for structuring each project's financing package.

Because the direct mobilisation of private investment for a project will normally have a positive impact in changing market conditions in the country where the project is located, a strong AMI will normally increase the Transition Impact score of a project.

Incentives for Private Finance

The Transition Impact measure, alongside AMI, embeds incentives for the crowding-in of private finance. Projects that use private finance, private finance procurement methods, or promote conditions for private finance, receive greater Transition Impact scores. For example, a PPP project would receive a higher Transition Impact score than a traditional 'public works' project. Further typical features of projects that positively influence the Transition Impact score include:

- support for the 'corporatisation' of public enterprises, by adopting strategic business plans and more cost-reflective tariff regimes; and
- support for financial and operational improvement plans, to ensure more efficient delivery of public services for users.

The EBRD supports these types of improvements with technical assistance, which runs in parallel to its loan investments.

Information regarding both Transition Impact and AMI numbers are provided to EBRD senior management and to the Board of Directors at the time of approval of prospective projects, and these metrics are a major factor in determining whether a project proceeds. Operation leaders whose projects have consistently high AMI and Transition Impact scores are more likely to be rewarded with career advancement than those who do not manage to develop highly-rated projects. In addition, the EBRD sets targets for the average levels of Transition Impact scores across the portfolio of projects managed by each operational department. As a result, at both the individual and departmental levels, there are built-in incentives to be as proactive as possible in advancing the 'transition agenda' in each of the countries in which the EBRD is active.

Finally, alongside these concepts, the EBRD also evaluates each project on the basis of its "additionality", i.e., the EBRD seeks to ensure that reasonably-priced financing for the project cannot be obtained from any another source.

Source: GI Hub Discussions with the EBRD

3.3. Recommendations

Recommendation 3.1: Building on the commitment of the MDBs' to prepare a joint report each year on aggregate measures of Mobilisation and Co-financing, the MDBs should also, as quickly as possible, develop systems to present, as a subsection within this annual report, their achievements in crowding-in private investment in infrastructure. Presenting this subset of data should be achievable, given that the MDB Task Force has now begun the process of defining infrastructure investments.

Recommendation 3.2: The annual MDB report on attracting private investment should present both consolidated and MDB-specific levels of Mobilisation and Co-financing, including Mobilisation and Co-financing of private infrastructure investments.

Recommendation 3.3: The annual MDB report on attracting private investment should also present, in the section dealing with infrastructure, information on MDB efforts at Catalysation. Catalysation is critically important and, while its measurement is inherently challenging, some useful lessons may be derived from the EBRD's experience in developing its 'Transition Impact' tool for achieving that organisation's particular mandate.

Recommendation 3.4: In accordance with the objectives set out in their strategy documents, the MDBs should reflect, in their corporate scorecards, multi-year goals for the Mobilisation and Co-financing of private investment in infrastructure. Those MDBs with a group structure should establish appropriate goals for each sub-organisation within the group.

Recommendation 3.5: Those MDBs or sub-organisations that focus on direct assistance to governments (as opposed to interactions with private sector entities) may also wish to have multi-year goals associated with the Catalysation of private investment in infrastructure, while recognising the difficulties in quantifying the impacts of this type of activity.

Recommendation 3.6: The goals set out in the corporate scorecard of an MDB should be reviewed annually by the Board of Directors of that MDB. Ultimately, it is the scorecards that are capturing the trade-offs and the prioritisation of different objectives.

4. Addressing MDB Incentivisation Challenges

4.1. Overview

MDBs themselves recognise that there is potential to improve the internal incentives to crowd-in private finance in infrastructure, and the GI Hub found that there is considerable support amongst the MDBs to further this objective.

This support is evidenced by the scaling-up of PPP operations (such as the ADB's new Office of PPPs) and by the increased focus on project preparation facilities, such as the Global Infrastructure Facility (which is supported by a number of MDBs), the ADB's Asia Pacific Project Preparation Facility, and the AfDB's Africa50 program.

In addition, a number of MDBs are seeking to make greater use of guarantees and similar instruments to attract more private investment. For example, the World Bank is looking at trebling the use of its guarantee programs and the IFC recently launched the Managed Co-Lending Portfolio Program (MCPP), a new US $5 billion syndication product giving institutional investors the opportunity to participate in IFC's loan portfolio.[24] These steps are consistent with the commitment made in the July 2016 *MDB Response to the G20 MDB Balance Sheet Optimisation Action Plan* to:

> *Evaluate [the] full range of instruments that share risk in their non-sovereign operations with private investors to free up risk capital or crowd-in and mobilise additional resources. Risk transfer should also be considered, e.g., through guarantees or concessional finance from donors*[25]

At the same time, the MDBs also recognise that there are considerable challenges in identifying and supporting private sector projects in emerging markets. In this regard, the *MDB Response to the G20 MDB Balance Sheet Optimisation Action Plan* made the following points:

> *The slowdown of growth, actual or perceived vulnerability of financial systems (NPLs and regulatory changes), turmoil in equity, commodity and currency markets, political economy of respective countries of operation and geo-politics creates an environment of considerable uncertainty. This has led to substantial capital outflows from emerging markets, and a slowing or reduction of domestic and foreign direct investment in many regions of the world. For a number of the MDBs this creates a real challenge of identifying eligible private sector "bankable projects". The inflow of central bank money in some regions is feeding high liquidity in the banking systems, which makes MDBs' money more expensive. The exceptionally low interest rates in recent years and recent trends towards negative rates in a number of countries, and downgrading of sovereign and bank ratings have significantly reduced MDBs ability to generate income and grow their capital base. For MDBs with equity portfolios, the sharp decline in equity markets has reduced income and capital*[26]*.*

Notwithstanding the support given by the MDBs to furthering the objective of crowding-in private investment in infrastructure, the GI Hub is of the view, based on the documentation reviewed and the interviews conducted that, with some notable exceptions, the MDBs have not yet been able to robustly embed the objective of crowding-in private investment in infrastructure into their departmental and individual performance management systems. In part, this is due to the macroeconomic considerations noted in the *MDB Response to the G20 MDB Balance Sheet Optimisation Action Plan,* and also to the measurement difficulties and goal-setting problems-

[24] IFC MCPP Infrastructure http://www.ifc.org/wps/wcm/connect/2baa8fbe-f08a-43e1-b1e0-9095d5c085ac/MCPP+Infrastructure_FINAL_10-5-2016.pdf?MOD=AJPERES

[25] *MDB Response to the G20 MDB Balance Sheet Optimisation Action Plan*, July 2016, Page 3

[26] ibid, Page 2

discussed above in Section 3 of this Report[27]. However, there are additional factors that may impede the effective translation of the 'crowding-in objective' throughout the MDB organisations and sub-organisations. Some of these potential impediments include:

- challenges in cascading corporate objectives through the MDB organisations, from vice-presidential units through to the director-level entities, management teams, and individual staff members;
- organisational impediments, notably including the 'silo effect' challenge of having different sub-organisations responsible, respectively, for private sector and for government engagements;
- resourcing impediments, in terms of having the right skill sets, positioned in the right places within the MDB organisations, in order to identify and then maximise the crowding-in of private investment in infrastructure projects;
- the proliferation of objectives (giving rise to 'objective fatigue') and conflicts between objectives (e.g. speed of project preparation vs. crowding-in private investment); and
- the significant variations amongst governments in terms of their willingness and capacity to attract private sector investment in high-quality infrastructure.

Each of these issues is discussed in the following sections, with suggestions as to measures that the MDBs might take to address these challenges.

4.2. Cascading Incentives through MDB Business Units and Motivating Individual Efforts

Real change in crowding-in private investment in infrastructure is unlikely to be achieved simply by setting corporate-level goals at the MDBs. In order to be effective, the goals have to be thoughtfully designed on a customised basis, and have to cascade through the MDBs to the appropriate levels.

In terms of the levels at which goals should be set, the GI Hub heard, during the course of its conversations with MDB director-level officers, that assigning targets for individual staff members may be counterproductive, especially in those MDB entities that are focused primarily on interactions with governments, as opposed to the private sector. Accordingly, it would be preferable to set goals at a business unit level, such as the transport sector for a particular region.

The GI Hub also heard that, given the lengthy timeframes for attracting and implementing private investments in infrastructure, it would be sensible for the goals to be set on a multi-year basis. However, it would also be helpful to review the goals annually.

In terms of incentives for individual staff members, the GI Hub is of the view that these should vary between institutions, depending, again, on the nature of the organisation. Currently, in organisations like the IFC and EBRD, which have a strong focus on the private sector, the employees can earn bonus payments based on the result of their annual performance reviews, similar to their counterparts in the private sector. Other institutions, such as the IBRD and IDA, and the sovereign lending entities within the ADB and IDB, have a stronger public sector focus. The incentives within the latter organisations are 'softer', with employees being rewarded by way of accolades and promotions.

For all MDB staff, programs that recognise special individual efforts can be very effective. These could entail awards and recognition for those team leaders and country or sector directors/managers who are champions of crowding-in private investment. This should extend to recognising the Catalysation work that MDBs undertake to set the foundations for greater private involvement in infrastructure. This can take the form of both individual awards as well as team awards, which are endorsed from the highest level of the organisation.

[27] Arguably, however, stronger linkages between the metrics and the incentives may have the desirable effect of increasing the quality of the data collected, by creating a positive feedback loop: clear incentives will promote better data collection.

4.3. Organisational Structures

As noted in Section 4.1, many of the MDBs are 'group organisations', which have separate subgroups (such as the IFC, MIGA and the IIC) focused on engagements with the private sector, while other subgroups (such as the IBRD, IDA and the IDB) focus on engagements with the public sector.

This can create a challenge for the MDB in terms of increasing the crowding-in of private sector investment. It may lead to 'silo effects', whereby the subgroups that concentrate on public sector engagements give insufficient attention to the possibility of private sector solutions to infrastructure needs, while the subgroups that concentrate on private sector engagements give insufficient attention to the 'upstream' work that needs to be done with governments to create the right conditions for private investment. Also, if attention is not properly paid to the design and grouping of business unit goals, there is a potential problem with intra-organisational friction, in terms of taking credit for efforts to attract greater private investment. Finally, the divergence between the public and private subgroups within MDBs can create problems, in terms of resourcing and skill sets, as discussed below in Section 4.4.

There are, however, a number of instances of leading practices amongst the MDBs in addressing these challenges. Box 4.1 describes the efforts made by the IFC and MIGA to overcome a 'silo effect' problem by formalising a joint business development agreement between the two organisations, and Box 4.2 outlines the reorganisation of the IIC that is taking place within the IDBG.

Box 4.1 - The IFC- MIGA Business Development Agreement: Incentivising Organisational Cooperation on Mobilisation

What is it?

In 2010, IFC and MIGA entered into a joint business development agreement to improve cooperation amongst the two groups. The partnership promotes collaboration aimed at developing innovative approaches to business development, mobilising private capital and finding private sector solutions to emerging market issues. What started out as a pilot has grown to become a full-fledged program supporting the operations of these two WBG institutions.

How does it work?

Under the joint business development agreement, IFC (i) provides marketing support to MIGA with respect to MIGA's products, targeting IFC's new or existing clients and new potential business opportunities; and/or (ii) takes the lead in the processing of joint transactions and, with client consent, shares substantial project related information with MIGA, both during the investment processing phase and the supervision phase. IFC is compensated for its role and the value added to MIGA's operations. IFC counts the amount of committed MIGA guarantee towards its IFC/MIGA annual mobilisation targets and the IFC/MIGA mobilisation target is included in the IFC annual scorecard. This partnership is facilitated by the fact that IFC and MIGA both target the private sector and have complementary products.

What are the outcomes?

In addition to providing greater accessibility to MIGA's products as well as better coordination between MIGA and IFC that benefits private sector clients, the agreement has resulted in the mobilisation of $4.3 billion in private sector investment over the past six years (total amount of MIGA guarantees in joint projects).

The MIGA IFC joint business development agreement has proved to be mutually beneficial, as it promotes collaboration, strengthens results delivery in strategic areas and, more importantly, provides MIGA with increased access to potential clients and wider outreach due to IFC's global presence. It has also led to enhanced efficiency in operations, better risk management at the institutional level and increased sharing of know-how and expertise.

Box 4.1 - The IFC- MIGA Business Development Agreement: Incentivising Organisational Cooperation on Mobilisation (cont)

Why does it work?

1. There is **complementarity of products** and strategic alignment between the two institutions - both IFC and MIGA have shared strategic and programs goals with a focus on private sector development.

2. There is a **formalised cooperation mechanism** that is supported by a single focal point via a joint IFC/MIGA unit which is accountable for delivering results and acting as a one-stop shop for WBG clients/stakeholders on joint deals.

3. **Strong incentives** have provided greater visibility and recognition to teams/departments which promote and/or are working on joint transactions.

- Projects are counted as part of the IFC mobilisation and included in the IFC Corporate Scorecard, providing strong incentives for staff to focus on client awareness of the availability and benefits of MIGA's products.
- Cross-corporate/team awards at IFC and MIGA provide strong incentives to project teams. Importantly, IFC staff are allowed to include the MIGA work in the annual achievement sheet.

4. **Knowledge sharing**: In connection with the implementation of the IFC/MIGA joint business development agreement, both institutions have conducted intensive internal training for staff on the other institution's product offerings and continue to share know-how, expertise and lessons learned.

5. **Network of IFC/MIGA champions**: IFC has built a global network of IFC investment staff from various industry and regional departments, who receive special training and who are the knowledge bearers in various regions, to support teams by providing MIGA-related information to clients or by processing joint transactions in real time.

Source: GI Hub discussions with IFC and MIGA

Box 4.2 - Inter-American Investment Corporation (IIC): Delivering the Renewed Vision for Fostering Development through the Private Sector

What is it?

The renewed vision describes the Inter-American Development Bank Group's (IDBG) efforts to achieve measurable development impact through the private sector. In 2016, the IDBG consolidated three separate private sector areas in two independent institutions into the Inter-American Investment Corporation (IIC). Following an extensive evaluation by internal and external advisors from 2013 to 2014, the IDBG found "organisational fragmentation reflected in different governance structures, balance sheets, operating models and overlapping mandates." The resulting consolidation sought to tackle these challenges. It sought operational and capital usage efficiencies and the opportunity to sharpen the IDBG's focus into a private sector development bank that could better serve the evolving demands of its clients.

Clear goal setting is backed with an effective organisational structure and a commitment to a private sector culture. The President of the IDBG is also the Chairman of the Board of the IIC, hence reducing the risk of fragmentation between the two organisations. Organisational alignment is further encouraged through the appointment of joint IDBG country representatives as the liaison points between the two entities at a country-level. Clear goals and systematic measurement and evaluation of results will track progress. Importantly, this measurement approach is intended to address the quality of outcomes as well as the quantity of financial performance.

Box 4.2 - Inter-American Investment Corporation (IIC): Delivering the Renewed Vision for Fostering Development through the Private Sector (cont)

What are the outcomes?

The IIC now has over $11 billion in total assets under management and 330 clients, representing more than 450 projects across 20 countries. It is combining its experience in the private sector and knowledge of local markets with the public sector know-how of the IDBG, so as to offer its clients an array of financial and advisory solutions. This now includes senior debt, subordinated debt, partial credit guarantees, equity, and local currency, among other products and services. This product and service offering continues to evolve with client and market demand. The IIC is able to partner with clients in all 26 borrowing member countries. Mobilisation targets are expected to be adopted for a ten-year projection period. These targets will extend from the corporate level through to organisational units and each investment team.

Benefits of this approach

IIC is in the early stage of implementing its reorganisation. With more capital and new organisational structures and processes, it is better positioned to mobilise private capital and engage in priority sectors. What makes the IIC unique is precisely that it is more than the IIC; it is a member of the IDBG. It can now leverage the agility and the innovation of the private sector with the strength and reputation of the IDBG's public sector.

Source: GI Hub discussions with the IIC and the IDBG Summary Document: Delivering the Renewed Vision for the IDBG Private Sector Merge-Out*, May 2015*.

4.4. Resources and Skill Sets

It is clear that the staff skills necessary to facilitate private investment in infrastructure are different than those applicable to traditional sovereign loan programs. During the GI Hub's interviews with director-level officials at the MDBs, there was a strong sense that the current MDB recruitment and incentive programs do not appear to be fostering large enough pools of staff with relevant backgrounds, skills, and interests to utilise the existing and new instruments which the MDBs have to crowd-in private investment. On a number of occasions, the GI Hub was told that the success of particular crowding-in initiatives, such as a greater use of guarantee instruments, was largely dependent on specific individuals, i.e. those staff members who were interested in and familiar with the tools and thus able to identify and take advantage of opportunities.

Staff will need to be conversant with, amongst other matters, the relevant principles of project finance, risk allocation, contract drafting, non-standard procurement arrangements, private sector safeguard requirements, and contract management. Attention will need to be paid to the training of existing staff to enable the acquisition of these skills, additional secondments of staff from relevant private sector firms, the recruitment of new staff with the requisite skills, and the proper deployment of skilled individuals within the MDBs. In regard to deployment, it may also be necessary to explore means for placing some of the specialised staff members near relevant financial markets.

4.5. Proliferation of Objectives and Conflicts between Objectives

During the discussions the GI Hub had with director-level MDB officers, a concern was expressed that they struggled to deal with what was already a wide spectrum of objectives and goals – on topics such as climate change, gender equality, improving the conditions in fragile and conflict states, etc. – and that the addition of yet another objective, namely the crowding-in of private investment in infrastructure, would make a difficult job even more problematic. Some individuals explicitly used the term 'objective fatigue', making the point that senior management needed to limit the number of 'priority' objectives.

In addition, a number of directors noted the potential for conflict between the various objectives they were being asked to achieve. For example, some of the MDBs have scorecard objectives relating to the speed at which projects are designed and monies are dispersed, which did not recognise that infrastructure projects with private investment typically require much more time to implement than a traditional sovereign loan project. Similarly, a focus on creating better living conditions in fragile states may be difficult to reconcile with more private investment in infrastructure, given the much greater difficulties in attracting private investment in such environments.

The GI Hub is sympathetic to these concerns. However, the GI Hub believes that the objective of crowding-in private investment in infrastructure should not be seen as 'yet another priority' – instead, it should be viewed as an enabler, which will free up funds that the MDBs would otherwise have to allocate to traditional sovereign loan programs. In short, greater crowding-in can help MDBs achieve their various other objectives, since it frees up capital. This is particularly significant in a time of capital constraints, which is a situation currently faced by a number of MDBs, as acknowledged in the above-mentioned *MDB Response to the G20 MDB Balance Sheet Optimisation Action Plan*.

4.6. Variability in the Willingness and Capacity of Governments to Attract Private Investment in Infrastructure

It is evident that there is considerable heterogeneity amongst countries in regard to their willingness to consider private investments in infrastructure, and their capacity to do so. Also, it is essential to bear in mind that the basic operational model of the MDBs is to interact with their member countries as 'partners' – and that the strategies adopted will need buy-in from both sides. Accordingly, it would be both unrealistic and inappropriate to require the MDBs to achieve similar levels of private investment in infrastructure across all of the countries with which they interact.

In recognising these realities, the GI Hub believes that it is critically important to look at the MDBs 'upstream' work in creating the conditions necessary for attracting private investment in infrastructure – i.e. the MDBs' Catalysation activities. Using tools such as the country partnership strategies and country diagnostics, the MDBs have the opportunity to engage with policy leaders of their member countries, and discuss both the benefits of crowding-in private investment and the capacity-building steps necessary to make this happen. The MDBs also have tools, such as their technical assistance programs and the above-mentioned project preparation facilities, to help countries make the necessary changes to their legal and regulatory frameworks and their financial market conditions.

From the GI Hub's discussions, it was clear that it is simply too late to incentivise private-sector crowding-in at the project concept phase of a given infrastructure project. Instead, this must happen much earlier in the process. It is during the development of the country strategies that the MDBs can take a more coordinated approach to how and where private investment in infrastructure can be best crowded-in. It is not about pushing a specific solution but, rather, identifying what the country's infrastructure needs are and then applying a highly-focused lens as to how these needs could be met, at least in part, with private investments instead of using traditional sovereign loans.

Another important consideration in the MDBs' interactions with member countries is the concept of 'country commitment envelopes'. Decisions on the best form of MDB support for a particular infrastructure project (i.e. whether to offer a sovereign loan for a traditional government 'public works' project, as opposed to using a guarantee or other instrument to facilitate private investment in the project) are often influenced by the 'commitment envelope' for the country in question. The size of the envelope, and the rules for accounting for guarantees and similar instruments within that envelope, can have a very significant impact on how an MDB supports infrastructure development in a given country. Accordingly, adjustments to the commitment envelopes could strongly incentivise both country management units and project teams to explore a greater degree of crowding-in of private investment.

While recognising that each MDB must, of course, take into account its own individual mandate, the GI Hub nevertheless believes that it is helpful to look at how the EBRD, with its admittedly unique mandate, has approached the challenge of dealing with the crowding-in of private investment in a wide variety of country-specific situations. The EBRD has done so by calculating 'Transition Impact' scores that take into account the individual circumstances of the country where each EBRD project is taking place – as outlined above in Section 3.2 and Box 3.3.

Finally, it should be noted that the effectiveness of a focused approach to Catalysation will be reliant, in part, on all MDBs acting in a coordinated manner. There is no point if one MDB makes great efforts with a country to identify and structure deals that crowd-in private investment, if another MDB is willing to come in and offer that same country a less complicated and quicker arrangement through traditional sovereign lending. Unfortunately, the GI Hub received anecdotal evidence from both the private sector and from MDB senior personnel that this has happened on multiple occasions. Conversely, MDBs should be encouraged to work collaboratively to maximise the impact of their initiatives to crowd-in private investment in infrastructure, particularly in respect of coordinating the efforts of their various PPP project preparation facilities. In this regard, the members of the Boards of Directors of each MDB can play crucial roles, in terms of:

- achieving a balance between the attention given to the MDB's 'own account' lending and that given to the crowding-in of private investment;
- preventing any attempts to undermine the Catalysation efforts of other MDBs; and
- supporting collaborative initiatives with other MDBs to attract greater private investment in infrastructure, especially in respect of PPP project preparation efforts.

4.7. Recommendations

Recommendation 4.1: The MDBs should set custom-designed multi-year goals for the crowding-in of private sector investment in infrastructure, at a business unit level, for each appropriate unit in their organisations.

Recommendation 4.2: Those MDBs with group structures should consider establishing joint business development protocols and joint operational arrangements – including arrangements at the level of country management units and country strategy documents – that encourage integrated efforts to promote better communication with the private sector and greater crowding-in of quality private investment.

Recommendation 4.3: MDBs should 'mainstream' the objective of increasing the crowding-in of high-quality private investment in infrastructure throughout their organisations. Recognising the culture change required, MDBs will need to ensure that appropriate resourcing, including relevant commercial skills, are available through training and recruitment. Drawing on experiences of some national Treasury/Finance Departments to better understand private sector perspectives, this could be achieved, in part, by (i) a greater encouragement of secondments from the private sector; and (ii) measures to encourage the mobility of staff that do have the requisite expertise into new areas, so as to help build the skills of others.

Recommendation 4.4: The MDBs should incorporate the objective of crowding-in high-quality private investment into all aspects of the project cycle, from country strategy to concept design through to Board approval, implementation and monitoring and evaluation, following the precedents set in regard to the MDBs' climate and gender objectives.

Recommendation 4.5: MDBs should publicise, at the earliest possible stage of development of the infrastructure projects which they are supporting, the opportunities that exist for private sector participation in those projects, in order to improve the interface between the MDBs and the private sector.

Recommendation 4.6: Country commitment envelopes should be evaluated to ensure they incentivise both country management units and project teams to explore a greater degree of crowding in of private investment, when circumstances merit.

Recommendation 4.7: MDBs should optimise incentive structures and training programs at both the organisational and individual level, for all relevant business units. For example, in the case of business units dealing with PPP project preparation facilities, this could include a peer review process to speed the learning process with regard to best practices; looking at where project preparation efforts can best be sited; ensuring close integration with relevant parts of parent organisations; and ensuring that successful teams receive due recognition and opportunity.

Recommendation 4.8: G20 members should encourage their representatives on the Boards of Directors of each MDB to:

- **achieve a balance between the attention given to the MDB's 'own account' lending and that given to the crowding-in of private investment;**
- **prevent the undermining of long-standing Catalysation efforts of other MDBs, including an offer to provide a traditional sovereign loan in circumstances where this adversely affects an existing effort to crowd-in private investment; and**
- **support collaborative initiatives amongst the MDBs to attract greater private investment in infrastructure, especially in respect of PPP project preparation efforts.**

5. List of Key Findings and Recommendations

5.1. Key Findings

<u>Finding 1</u>: The MDBs are receptive to increasing the role of the private sector in infrastructure development, although there is considerable diversity amongst the MDBs in the approaches taken to facilitate and monitor such private investment.

<u>Finding 2</u>: The MDBs have made progress in regard to the measurement of private sector crowding-in, albeit with somewhat less success at translating these measurements into operational targets throughout all levels of their respective organisations.

<u>Finding 3</u>: The MDB Task Force on Measuring Private Investment Catalyzation (the MDB Task Force) has presented an initial set of proposals to harmonise definitions and metrics for MDBs' core financing activities (not just infrastructure). There has been good progress to date including a commitment to jointly report on these measures but, as yet, no commitment for MDBs to adopt these metrics for their own individual external reports

<u>Finding 4</u>: A particularly striking finding is that the MDBs have recently demonstrated the ability to adjust their behaviours dramatically – and to achieve significant impacts – in response to a strong and clear realignment of priorities: namely in respect of the issue of climate change. There is no reason to assume that the same could not be done in meeting the goal of significantly increasing private sector participation in quality infrastructure projects.

<u>Finding 5:</u> There are human resource impediments to achieving the crowding-in of private sector finance. In those MDBs with broad mandates, the current range of corporate goals and incentives do not appear to be fostering large enough pools of staff with relevant backgrounds, skills, and interest to utilise tools available to crowd-in private finance.

<u>Finding 6</u>: Important upstream catalysation efforts will be enhanced if MDB leadership actively discourages the 'poaching' of business, i.e. situations where detailed efforts to identify and structure arrangements to crowd-in private finance are undercut by less complicated and quicker offerings by another MDB using traditional sovereign lending.

<u>Finding 7</u>: Certain MDBs, or entities within particular MDBs, have developed explicit systems for aligning individual and departmental incentives with the goal of increased private investment in infrastructure. Some of these approaches may be appropriate for adoption by other MDBs, after making adjustments necessary to reflect the distinctive missions and business models of the respective organisations.

5.2. Recommendations

The following list reproduces the recommendations contained in the Report, as set out in Sections 3 and 4 of this Report.

<u>Recommendation 3.1</u>: Building on the commitment of the MDBs' to prepare a joint report each year on aggregate measures of Mobilisation and Co-financing, the MDBs should also, as quickly as possible, develop systems to present, as a subsection within this annual report, their achievements in crowding-in private investment in infrastructure. Presenting this subset of data should be achievable, given that the MDB Task Force has now begun the process of defining infrastructure investments.

<u>Recommendation 3.2</u>: The annual MDB report on attracting private investment should present both consolidated and MDB-specific levels of Mobilisation and Co-financing, including Mobilisation and Co-financing of private infrastructure investments.

<u>Recommendation 3.3</u>: The annual MDB report on attracting private investment should also present, in the section dealing with infrastructure, information on MDB efforts at Catalysation. Catalysation is critically important and, while its measurement is inherently challenging, some useful lessons may be derived from the EBRD's experience in developing its 'Transition Impact' tool for achieving that organisation's particular mandate.

<u>Recommendation 3.4:</u> In accordance with the objectives set out in their strategy documents, the MDBs should reflect, in their corporate scorecards, multi-year goals for the Mobilisation and Co-financing of private investment in infrastructure. Those MDBs with a group structure should establish appropriate goals for each sub-organisation within the group.

<u>Recommendation 3.5:</u> Those MDBs or sub-organisations that focus on direct assistance to governments (as opposed to interactions with private sector entities) may also wish to have multi-year goals associated with the Catalysation of private investment in infrastructure, while recognising the difficulties in quantifying the impacts of this type of activity.

<u>Recommendation 3.6:</u> The goals set out in the corporate scorecard of an MDB should be reviewed annually by the Board of Directors of that MDB. Ultimately, it is the scorecards that are capturing the trade-offs and the prioritisation of different objectives.

<u>Recommendation 4.1</u>: The MDBs should set custom-designed multi-year goals for the crowding-in of private sector investment in infrastructure, at a business unit level, for each appropriate unit in their organisations.

<u>Recommendation 4.2</u>: Those MDBs with group structures should consider establishing joint business development protocols and joint operational arrangements – including arrangements at the level of country management units and country strategy documents – that encourage integrated efforts to promote better communication with the private sector and greater crowding-in of quality private investment.

<u>Recommendation 4.3</u>: MDBs should 'mainstream' the objective of increasing the crowding-in of high-quality private investment in infrastructure throughout their organisations. Recognising the culture change required, MDBs will need to ensure that appropriate resourcing, including relevant commercial skills, are available through training and recruitment. Drawing on experiences of some national Treasury/Finance Departments to better understand private sector perspectives, this could be achieved, in part, by (i) a greater encouragement of secondments from the private sector; and (ii) measures to encourage the mobility of staff that do have the requisite expertise into new areas, so as to help build the skills of others.

<u>Recommendation 4.4:</u> The MDBs should incorporate the objective of crowding-in high-quality private investment into all aspects of the project cycle, from country strategy to concept design through to Board approval, implementation and monitoring and evaluation, following the precedents set in regard to the MDBs' climate and gender objectives.

<u>Recommendation 4.5:</u> MDBs should publicise, at the earliest possible stage of development of the infrastructure projects which they are supporting, the opportunities that exist for private sector participation in those projects, in order to improve the interface between the MDBs and the private sector.

<u>Recommendation 4.6</u>: Country commitment envelopes should be evaluated to ensure they incentivise both country management units and project teams to explore a greater degree of crowding in of private investment, when circumstances merit.

<u>Recommendation 4.7:</u> MDBs should optimise incentive structures and training programs at both the organisational and individual level, for all relevant business units. For example, in the case of business units dealing with PPP project preparation facilities, this could include a peer review process to speed the learning process with regard to best practices; looking at where project preparation efforts can best be sited; ensuring close integration with relevant parts of parent organisations; and ensuring that successful teams receive due recognition and opportunity.

<u>Recommendation 4.8:</u> G20 members should encourage their representatives on the Boards of Directors of each MDB to:

- **achieve a balance between the attention given to the MDB's 'own account' lending and that given to the crowding-in of private investment;**
- **prevent the undermining of long-standing Catalysation efforts of other MDBs, including an offer to provide a traditional sovereign loan in circumstances where this adversely affects an existing effort to crowd-in private investment; and**
- **support collaborative initiatives amongst the MDBs to attract greater private investment in infrastructure, especially in respect of PPP project preparation efforts.**

Annex 1: MDB Mission Statements and Strategies

MDB Mission Statements

MDB	Mission
WBG	
WB	End extreme poverty within a generation and boost shared prosperity[28]
MIGA	Promote foreign direct investment into developing countries to help support economic growth, reduce poverty, and improve people's lives.[29]
IFC	Promote private sector investment in developing countries, helping to reduce poverty and improve people's lives.[30]
IDBG	
IDB	To contribute to the acceleration of the process of economic and social development of the regional developing member countries, individually and collectively.[31]
IIC	Promote economic development in its regional developing member countries by fostering the establishment, expansion, and modernisation of private enterprises in a manner complementing the activities of the IDB.[32]
MIF	The Multilateral Investment Fund is the innovation lab for the IDBG. It conducts high-risk experiments to test new models for engaging and inspiring the private sector to solve economic development problems in Latin America and the Caribbean. The MIF addresses poverty and vulnerability by focusing on emerging businesses and smallholder farmers with the capacity to grow and create economic opportunities.[33]
ADB	Aims for an Asia and Pacific free from poverty, helping its developing member countries improve their living conditions and quality of life.[34]
AfDB	Spur sustainable economic development and social progress in its regional member countries, thus contributing to poverty reduction.[35]

[28] http://www.worldbank.org/en/about
[29] https://www.miga.org/who-we-are/overview
[30] http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/home
[31] Article 1 of the Agreement Establishing the Inter-American Development Bank, at (http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=781584).
[32] http://www.iic.org/fr/node/487
[33] http://www.fomin.org/
[34] https://www.adb.org/about/our-work
[35] http://www.afdb.org/en/about-us/mission-strategy/

MDB	Mission
EBRD	Develop open and sustainable market economies in countries committed to, and applying, democratic principles. In addition, the EBRD founding treaty states that the EBRD shall: ○ "mobilise domestic and foreign capital". ○ "stimulate and encourage the development of capital markets"; and ○ carry out its operations by "co-financing together with multilateral institutions, commercial banks or other interested sources ... to facilitate .... the participation of private and/or foreign capital".[36]

MDB Institutional Strategies

Within each of the MDB strategy documents, we have identified those passages that relate to the crowding-in of private finance.

World Bank Group

The *World Bank Group Strategy* document published in October 2013 recognises the importance of leveraging private sector investment, and commits the organisation to increasing its efforts in this area:

"*Given the scope of the development challenge and the limited resources of its agencies, the WBG must crowd-in the private sector on a much greater scale than in the past.... The WBG is expanding its activities and capital market development and financial products, exploring innovative ways of financing infrastructure and other projects.*"[37]

Inter-American Development Bank Group

The *Update to the Institutional Strategy 2010-2020* (UIS) published in March 2015 carries a commitment to "*foster development through the private sector*". The UIS states that the IDBG "*must continue strengthening its ability to leverage and catalyse public and private development finance in innovative ways, and in doing so, review its instruments and products" (*p. 6) to tackle the region's main development challenges.[38]

To this end, the UIS puts forward six operational "Guiding Principles", of which two have an impact on crowding-in private finance: "Multi-sectorality", for which the UIS calls on the IDBG to "*strengthen the local presence of private sector windows" and "enhancing coordination in country strategies… [for] public and private sectors*"; and "Leverage and Partnerships", for which the Bank will ramp up "*the level of engagement with the private sector… ensuring complementarity and additionality… to reduce transactional costs of public and private sector clients in providing financial and non-financial support*". [39]

[36] http://www.ebrd.com/who-we-are/history-of-the-ebrd.html , and the Agreement Establishing the European Bank for Reconstruction and Development, at http://www.ebrd.com/news/publications/institutional-documents/basic-documents-of-the-ebrd.html .

[37] *World Bank Group Strategy*, October 2013, Page 29, at https://openknowledge.worldbank.org/bitstream/handle/10986/16095/32824_ebook.pdf

[38] *Update to the Institutional Strategy 2010–2020 Partnering with Latin America and the Caribbean to Improve Lives*, IADB, 2015 Pages 13 and 16, at https://publications.iadb.org/bitstream/handle/11319/7515/Update-to-the-Institutional-Strategy-2010-2020.pdf?sequence=1

[39] Ibid.

EBRD EBRD's *Strategic Implementation Plan 2016-18* sets out EBRD's plans to work with the private sector. In the plan, EBRD identifies that: *The increasing complexity of the transition process in the Bank's region mean that it is clearer than ever that the Bank's objectives can only be achieved in collaboration with other institutions and partners.*[40] Further, EBRD says that: "*In the coming period, and in particular as part of joint MDB efforts to support the 2030 Sustainable Development Agenda, the Bank will work with other MDBs with a view to developing joint platforms to deliver investments at scale whilst mobilising private financing.*"[41]
Asian Development Bank ADB's *Strategy 2020: Working for an Asia and Pacific Free of Poverty*, which was published in 2008, sets out that, to pursue its vision and strategic agenda, the ADB will place emphasis on five drivers, including (1) private sector development and private sector operations and (5) partnerships. The strategy commits the ADB to: *Scaled-up private sector development and private sector operations in all operational areas. ADB's support for the development of the region's private sector will increase significantly, both in the number of ADB-financed projects and in its share of ADB's annual operations with a target of 50 per cent by 2020*"[42] *Increased partnership-based co-finance and operations. ADB's co-financed lending will increase at a faster rate than ADB's stand-alone financing operations, with a long-term objective of having total annual direct co-financing exceed the value of ADB's stand-alone project financing.*[43] While this goal is not specific to private sector co-financing, earlier in the strategy it notes that "*Strategy 2020 will expand the scope of ADB's partnership agenda beyond its current mainly official development finance partners to include endeavours with the private sector and private institutions…….underpinning these partnerships are likely to be the promotion of new assistance modes, greater use of DMCs' technical and managerial skills, and closer collaboration with the private sector in project co-financing and use of market-based investment instruments*."[44] In 2014, the ADB undertook a midterm review and concluded that Strategy 2020 remained valid and relevant in its broad strategic directions but updated its priorities to guide the ADB. Two of seven priorities aimed at sharpening and rebalancing ABD's operations included: • ***Infrastructure development.*** *Infrastructure will remain the main focus of ADB operations. ADB will strengthen outcomes of infrastructure projects by improving sector engagement, technical designs, and implementation. It will promote sustainability of infrastructure by emphasising operations and maintenance. ADB will develop infrastructure projects on a larger scale than its own resources could finance and leverage private sector investments more effectively. ADB will also pursue policy, regulatory, and governance reforms to strengthen public infrastructure management systems and promote the role of the private sector in infrastructure development.*

[40] *Strategic Implementation Plan 2016-18*, EBRD, Page 3030
[41] ibid
[42] *Strategy 2020: Working for an Asia and Pacific Free of Poverty,* ADB, April 2008, Page22, at https://www.adb.org/sites/default/files/institutional-document/32121/strategy2020-print.pdf
[43] Ibid, Page 23.
[44] Ibid, Page 16

- ***Private sector development and operations****. ADB will systematically expand assistance for private sector development and operations to 50% of annual operations by 2020. It will strengthen the business environments in DMCs to promote private investment. In addition to being a project financier, ADB will become a more active project developer. To support public–private partnership projects, ADB will help build the necessary regulatory and institutional frameworks, support project development, and provide transaction advisory services. It will support innovative financing solutions for projects, including through credit enhancement products and local currency financing. ADB will streamline business processes, particularly for smaller private sector transactions that have significant development impact but come with higher up-front risks and costs.*[45]

In addition, ADB's midterm review sets out additional measures the ADB will take to strengthen its capacity and effectiveness by deepening co-financing partnerships and meeting its co-financing target, though this is not specific to private sector co-financing.

African Development Bank

The AfDB document *At the Center of Africa's Transformation: Strategy for 2013–2022* identifies that mobilising private sector finance is a key component of the AfDB achieving its objectives. In identifying its strategy for financing its goals, the AfDB aims to:

- co-finance - connect and coordinate co-financing arrangements with partners on both public and private sector projects and especially with partner development institutions such as the World Bank, the European Union and major bilateral development agencies working on the continent;
- sovereign wealth funds and pension funds – attract finance from these two sources, because they increasingly see Africa as an attractive investment destination; and
- leveraging its existing capital better, alongside using new instruments – better use what it already has, including greater use of PPPs, risk mitigation products, and syndicating loans.[46]

[45] *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*, ADB, April 2014, page ii-iii at https://www.adb.org/sites/default/files/institutional-document/34149/files/midterm-review-strategy-2020-r-paper.pdf
[46] *At the Center of Africa's Transformation: Strategy for 2013–2022*, AfDB, 2013

Annex 2: MDB Metrics for Leveraging of Private Investment in Infrastructure

Organisation	Scorecard Measure	Definition	Does the Metric have an Associated Target?
World Bank Group[47]	Private investment catalysed	Private investment resulting from the WBG's involvement in an investment, operation or non-financing activity, measured regardless of whether or not the WBG entity was actively and directly involved in raising such financing or soliciting investors. Includes investment made as a result of an operation after it is completed. Private investment catalysed includes private capital mobilised.	No
	Capital mobilised on commercial terms	Amount of capital (in the form of equity and/or debt) mobilised on commercial terms by WBG entities to finance direct investments in member countries. Capital mobilised on commercial terms by WBG entities is reported in the indicator within the fiscal year when the capital mobilised is quantifiable by the execution of the legally binding obligation (e.g., "commitment") of debt financiers to the project or equity holders invested in the client for defined business purposes; or, by the legally binding commitment of an instrument which facilitates access to commercial financing by guaranteeing defined government payments or obligations.	No
World Bank[48]	Private sector investments catalysed	Private investment resulting from the WBG's involvement in an investment, operation or non-financing activity, measured regardless of whether or not the WBG entity was actively and directly involved in raising such financing or soliciting investors. Includes investment made as a result of an operation after it is completed. Private investment catalysed includes private capital mobilised.	No

[47] *World Bank Group and World Bank Corporate Scorecards*, WB, 2015

[48] ibid

Organisation	Scorecard Measure	Definition	Does the Metric have an Associated Target?
	Private capital mobilised	Financing from private entities other than the WBG that becomes available to clients at financial close due to the WBG's active and direct involvement in raising those resources. "Direct involvement" requires a mandate letter or similar documentation finalised with the client which explicitly specifies the nature of the WBG's involvement in raising the funds.	No
IFC[49]	Capital mobilised on commercial terms	Amount of capital (in the form of equity and/or debt) mobilised on commercial terms by WBG entities to finance direct investments in member countries. Capital mobilised on commercial terms by WBG entities is reported in the indicator within the fiscal year when the capital mobilised is quantifiable by the execution of the legally binding obligation (e.g., "commitment") of debt financiers to the project or equity holders invested in the client for defined business purposes; or, by the legally binding commitment of an instrument which facilitates access to commercial financing by guaranteeing defined government payments or obligations.	Yes
MIGA	n/a	n/a	n/a
ADB[50]	Proportion of Direct Value Added (DVA) co-financing relative to ADB loans and grants approved annually	The proportion of DVA co-financing, which is the amount of co-finance from ADB's active co-ordination and formal agreements among financing partners, compared with ADB loans and grants. Financing can be on commercial or non-commercial terms.	No

[49] *IFC Strategy & Business Outlook FY17-19: responding to economic volatility*, IFC, 20 June 2016
[50] *Standard Explanatory Data Indicator Definitions*, ADB, September 2016

Organisation	Scorecard Measure	Definition	Does the Metric have an Associated Target?
IDBG[51]	Mobilisation volume by non-sovereign guaranteed financed projects / companies	Mobilisation is defined as all B-loans and parallel co-financings. Capital mobilised through guarantee instruments shall include the amount of financing raised that was supported by the guarantee. For investments in funds, mobilisation volume is equal to the amounts contributed by other investors. For equity investments, mobilisation volume equals the amounts contributed by other investors, including any additional senior (debt) capital raised. Mobilisation is measured at financial closing.	Yes
EBRD[52]	Annual Mobilised Investment	The amount of capital that was mobilised as a direct consequence of EBRD's involvement, where EBRD charged a fee, on commercial terms. The detailed methodology for calculating AMI is found in in the EBRD's *AMI Guidelines for Banking.*	Yes
	Transition Impact	A measure based on the extent to which EBRD projects contribute to the development of the structure and extent of markets, the institutions and policies that support markets, and market-based behaviour patterns, skills and innovation.	Yes
AfDB	n/a	n/a	n/a

[51] *Corporate Results Framework 2016-19*: second revised version, IADB, 13 November 2015

[52] *Strategy Implementation Plan: 2016 – 2018*, EBRD, 2015

Annex 3: Bibliography

MDB documents

A Guide to The World Bank: third edition, WB, 2011

ADB Results Framework, ADB, August 2008

ADB’s Results Framework: Interim Update to Align with the Midterm Review of Strategy 2020, ADB, December 2014.

Annual Development Effectiveness Review 2016, AfDB, June 2016

Annual Evaluation Review 2016, Independent Evaluation ADB, March 2016.

At the Center of Africa’s Transformation: Strategy for 2013–2022, AfDB, 2013

Certain enhancement to the calculation of Net DVA Commercial Co-financing, ADB, 2014

Corporate Results Framework 2016-2019: Revised version, IADB, 2015

Development Effectiveness Review: Scorecard and related information, ADB, 2015

Forward Look: A vision for the World Bank Group in 2030, WBG, 20 September 2016

From Billions to Trillions: MDB Contributions to Financing for Development, AfDB, ADB, EBRD, EIB, IADB, WBG, 2015

IFC Annual Report 2015

IFC Road Map FY15-17: implementing the World Bank group strategy, IFC, 2014

IFC Strategy & Business Outlook FY17-19 Responding to Economic Volatility: Redacted Version, IFC, 2016

Infrastructure, Growth, and Inequality - An Overview, Calderón and Servén, WBG Policy Research Working Paper 7034, September 2014

Investment Financing in the Wake of the Crisis: The Role of Multilateral Development Banks, WB, 2013

Joint Report on Multilateral Development Banks’ Climate Finance, AfDB, ADB, EBRD, EIB, IADB, and WBG, 2015

Learning and Results in World Bank Operations: How the Bank Learns: Evaluation 1, IBRD, 2014

Linking Objectives and Performance to Rewards and Incentives, WBG, 2016

MCPP Infrastructure: Summary of Investment Information, IFC, 2016

Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific, ADB, 2014

MIGA Annual Report 2015

MIGA Strategic Directions FY15-17, MIGA, 2014

MIGA's Financial Sector Guarantees in a Strategic Context, WBG, 2011

Multilateral Development Bank (MDB) Task Force on Measuring Private Investment Catalyzation: First Report to MDB Heads, 9 October 2016

Partnering to Build a Better World: MDBs’ Common Approaches to Supporting Infrastructure Development, AfDB, ADB, EBRD, EIB, IFAD, IsDB, IADB and WBG, 18 September 2015

Public-Private Partnership operational plan 2012-2020, Asian Development Bank, 2012.

Results Framework Indicator Definitions, ADB, April 2016

Road to 2030: *Consultations on ADB's New Strategy* ADB, 2016

Standard Explanatory Data Indicator Definitions, ADB, September 2016

Strategy 2020: Working for an Asia and Pacific Free of Poverty, ADB, April 2008.

Strategy Implementation Plan: 2016 - 2018, EBRD, 2015

Summary Document: Delivering the Renewed Vision for the IDB Group Private Sector Merge-out, IADB, 8 May 2015

Technical Note on the Development Effectiveness Review Rating System, ADB, April 2016

The World Bank Group: Linking Objectives and Performance to Rewards and Incentives August 2016 (internal PowerPoint document)

Tracking Climate Co-Finance: Approach Proposed by MDBs, AfDB, ADB, EBRD, EIB, IADB, WBG, 2015

Transition Impact and Additionality, Assessment and Monitoring, EBRD (internal PowerPoint presentation)

Update to the Institutional Strategy 2010–2020 Partnering with Latin America and the Caribbean to Improve Lives, IADB, 2015

World Bank Group and World Bank Corporate Scorecards, WB, April 2016 and October2015

World Bank Group Corporate Scorecard: Revised World Bank Corporate Scorecard Proposed Indicators Code Meeting, February 19, 2014 (PowerPoint presentation)

World Bank Group Strategy, October 2013.

World Bank Annual Report 2016

Speeches and Articles

Chairman's Statement, Global Infrastructure Forum, 2016

Leading in uncertain times: Unlocking the power of the private sector, Toronto Global Forum, 14 September 2016, World Bank Group MD and CFO Joaquim Levy

The World Bank Group's Mission: To End Extreme Poverty, 3 October 2016, World Bank President Jim Yong Kim

Documents from Other Parties

Amounts Mobilised from the Private Sector by Official Development Finance Interventions, OECD Working Paper 26, and February 2016

Annual Survey of Large Pension Funds and Public Pension Reserve Funds, report on pension funds' long-term investments, 2014, OECD *Facilitating European Infrastructure Investment*, The European Financial Services Round Table: Brussels, 2014

IMF Survey: The Time Is Right for an Infrastructure Push, International Monetary Fund, 30 September 2014

Official Development Finance for Infrastructure in 2014: draft report, OECD, 18 August 2016

Official Development Finance for Infrastructure Support by Multilateral and Bilateral Development Partners: Report to G20 Finance Ministers and Central Bank Governors, OECD, September 2015

Strategic Infrastructure: Steps to Operate and Maintain Infrastructure Efficiently and Effectively, World Economic Forum, April 2014

Summary Report of the International Workshop on Quality Infrastructure Investment, submitted to the G20 Development Working Group, October 2015

The European financial services landscape in 2015: Boosting growth, improving competitiveness and adapting to global challenges, The European Financial Services Round Table, 2015

Towards better infrastructure investment products? A survey of investor's perceptions and expectations from investing in infrastructure, EDHECinfra, July 2016

World Economic Outlook, International Monetary Fund, April 2016

Annex 4: List of Interactions with MDBs

The following table identifies those individuals in the MDBs with whom the GI Hub has communicated, either by telephone, email, or by face-to-face meetings. On occasion, there may have been multiple exchanges with any given individual. The amount of interaction and the breadth of interaction demonstrates the strong willingness of MDBs to collaborate with the GI Hub on this project, which is very much appreciated.

Name	Title	Engagement
AfDB		
Kodeija Diallo	Director of Private Sector Operations	Strategic engagement on the Report
Abimbola Olaleye	Senior Syndication Officer	
Mahib Cissé	Acting Manager, Industries and Services group within the Private Sector group.	Mobilisation activities and measurement
Aida Ngom	Chief Investment Officers within the Infrastructure Finance Division	Mobilisation activities and measurement
Alex Rugamba	Director, Energy, Environment & Climate Change	Incentives
Angela Nalikka	Division Manager, Infrastructure & PPPs, Public Sector Department	Incentives
ADB		
Diwakar Gupta	Vice President of Private Sector and Co-financing Operations	Feedback on the Preliminary Draft Report
Mike Barrow	Director General of Private Sector Operations	Strategic engagement on the Report
Christopher Thieme	Deputy Director General of Private Sector Operations	Feedback on the Preliminary Draft Report
Lars Johannes	Senior Results Management Specialist	Incentives and measurement
Bart Raemaekers	Head of guarantee products and loan syndication	Measurement of private sector Mobilisation
Jazira Asanova	Senior Education Specialist	Corporate Scorecard
Artur Andrysiak	Results Management Specialist, Strategy and Policy Department	Corporate Scorecard
Esmyra Javier	Associate Climate Change Officer, Climate Change and Disaster Risk Management Division	Climate financing/co-financing
Amr Qari	Principal PPP Specialist, Office of PPP	Incentives

Name	Title	Engagement
Almaz Galiev	Principal PPP Specialist, Office of PPPs	Incentives
Trevor Lewis	Principal PPP Specialist	Feedback on the Preliminary Draft Report
Lesley Bearman Lahm	Advisor, Strategy, Policy, and Interagency Relations Division, Strategy and Policy Department	Feedback on the Preliminary Draft Report and the Revised Draft Report
AIIB		
Danny Alexander	Vice President – Corporate Secretary	Strategic engagement on the Report
Joachim von Amsberg	Vice President – Policy and Strategy	
Quan Zheng	Director General	
Najeeb Haider	Principal Strategy Officer	Feedback on the Revised Draft Report
EIB		
Tom Barrett	Director and Permanent Representative in Washington	Roundtable engagement
EBRD		
Thomas Maier	Managing Director for Infrastructure	Strategic engagement on the Report
Matthew Jordan Tank	Head, Infrastructure Policy and Project Preparation	Transition Impact and Incentives to crowd-in private investment
Dan Green	Head, Operational Strategy and Planning	Corporate Scorecard/ measurement of private sector mobilisation/ MDB Task Force
Lorenz Jorgensen	Head, Loan Sydications	AMI and incentives to crowd-in private investment
IADB		
Pablo Pereira dos Santos	Manager – Infrastructure and Energy	Strategic engagement on the Report
Tracy Betts	Chief of Strategy Monitoring Division, Office of Strategic Planning and Development Effectiveness	Measurement of Mobilisation and corporate scorecard
Francisco Jose Joel Castro y Ortiz	Office of Strategic Planning & Development Effectiveness	Measurement of Mobilisation and corporate scorecard
Jozef Henriquez	Resource Mobilisation, Inter-American Investment Corporation	IIC and non-sovereign activities of IDB

Name	Title	Engagement
Orlando Ferreira	Head of Strategy, Inter-American Investment Corporation	IIC and non-sovereign activities of IDB
IsDB		
Mr. Hedi Mejai	Director, Enterprise Development Department	Strategic engagement on the Report
Irfan Bukhari	Manager PPP Infrastructure Department	
Fida Rana	Lead Investment Specialist, Public Private Partnership, Enterprise Development Department	
WBG		
Laura Tuck	Vice President for Sustainable Development	Strategic engagement on the Report
Hartwig Schafer	Vice President, Operations Policy and Country Services	
Bernard Lauwers	WBG Controller & IFC Chief Administrative Officer	
Laurence Carter	Senior Director of the Public-Private Partnerships Group	
Jeff Chelsky	Program Manager, Strategy Risks and Results, Operations Policy and Country Services (World Bank)	Measurement of crowding-in of private investment, corporate scorecard, MDB Task Force
Neil Gregory	Head of Thought Leadership, Office of the Chief economist (IFC)	Measurement of crowding-in of private investment, MDB Task Force
Paul Barbour	Senior Risk Management Officer, Economics and Policy Group of MIGA	Measurement of Mobilisation
Deborah Feigenbaum	Senior Strategy Officer (IFC)	Measurement of Mobilisation
Marc-Andreas Klein	Head of performance and awards for WBG	Incentives and awards
Maria Lenita (Lynettes) Palma	Lead, Global WBG Compensation and Rewards	Incentives and awards
Elona Krypa	Head, IFC/MIGA Unit at IFC	IFC-MIGA MOU
Rusmir Kusic	Strategy Officer, IFC Climate Business Department	Climate financing
Leena Chaukulkar	Senior Operations Officer (World Bank)	Departmental/operational MOUs
Rachid Benmessaoud	Country Director for Nigeria (WB)	Incentives

Name	Title	Engagement
Indira Konjhodzic	Country Program Coordinator for Nigeria (WB)	Incentives
Guang Z. Chen	Country Director - Botswana, Lesotho, Namibia, South Africa, Swaziland, Zambia, Zimbabwe, Africa Region (WB)	Incentives
Dr. Catherine S. Tovey	Program Leader Sustainable Development, South Africa, Botswana, Lesotho, Namibia, Swaziland, Zambia and Zimbabwe (WB)	Incentives
Bert Hofman	Country Director for China, Korea and Mongolia (WB)	Incentives
Kathryn Funk	Country program co-ordinator for China, Korea and Mongolia (WB)	Incentives
Junaid Ahmad	Country director for India (WB)	Incentives
Jennifer Sara	Director for Water Global Practice (WB)	Incentives
Anna Bjerde	Director of Strategy and Operations for the Sustainable Development Vice Presidency (WB)	Crowding-in of private sector finance
Pierre Guislain	Senior Director - Transport & ICT Global Practice (WB)	Incentive
Daniel Alberto Benitez	Senior Economist - Transport & ICT Global Practice (WB)	Incentive
Jordan Schwartz	Head of the Global Infrastructure Facility	Crowding-in of private sector finance and incentives
Pankaj Gupta	Manager & Global Head, Project Finance & Guarantee (WB)	Crowding-in of private sector finance and incentives
Magdi M. Amin	Manager, Corporate Strategy & Partnership, IFC	MDBs and private investment in Infrastructure
Stefan Koeberle	Director, Strategy, Risk and Results	MDBs and private investment in Infrastructure
Mustafa Zakir Hussain	Operations Adviser	MDBs and private investment in Infrastructure
Rob Floyd	Director for Strategy and Operations, Office of the Managing Director and World Bank Group CFO	Crowding in of private sector finance and incentives

Name	Title	Engagement
Carol Damskey	Adviser, Office of the Managing Director and World Bank Group CFO	Crowding in of private sector finance and incentives
Cindy Paladines	Research Officer, Office of the Managing Director and World Bank Group CFO	Crowding in of private sector finance and incentives
Valbona Kullakshi	Director - Human Resources Strategy	Incentives and rewards