Analysis 99

STUDY

# Private Sector Promotion for Development?

An Analysis of German and European Development Policies in Africa

Member of actalliance

Brot für die Welt

**Imprint**

**Publisher**
Brot für die Welt
Evangelisches Werk für Diakonie
und Entwicklung e. V.
Caroline-Michaelis-Straße 1
10115 Berlin, Germany
Phone +49 30 65211 0
info@brot-fuer-die-welt.de
www.brot-fuer-die-welt.de

**Author** Frauke Banse
**Editor** Francisco Marí
**Responsible according to German Press Law** Klaus Seitz
**Photos** Thomas Lohnes, Christoph Püschner, Jörg Böthling, Thomas Einberger, (all cover), Francisco Marí (cover)
**Layout** János Theil
**Proofreading** Jahnavi Rao
**Art. No.** 129 503 220

---

**Donations**
Brot für die Welt
Bank für Kirche und Diakonie
IBAN: DE10 1006 1006 0500 5005 00
BIC: GENODED1KDB

---

July 2021

STUDY

# Private Sector Promotion for Development?

An Analysis of German and European Development Policies in Africa

# Content


**Preface** . . . . . 5

**Executive Summary** . . . . . 6

1 **Introduction** . . . . . 9

2 **Contextualisation of German and European Private Sector Support** . . . . . 11
2.1 The politics of risks and financial investments 11
2.2 Scramble for Africa 14
2.2.1 Germany, Africa and global competition 15
2.2.2 European Economic Diplomacy, Africa and Global Competition 17
2.3 Foreign investments and Global Production Networks in Africa 19
2.4 Sovereign and household debts in Africa 22
2.5 Conclusion 24

3 **Germany's and EU's private sector promotion in Africa** . . . . . 25
3.1 Compact with Africa 25
3.2 The Marshall Plan with Africa 28
3.3 Entwicklungsinvestitionsfonds (Development Investment Fund) 29
3.3.1 Africa Connect 30
3.3.2 AfricaGrow 31
3.3.3 Economic Network Africa (Wirtschaftsnetzwerk Afrika) 33
3.3.4 General remarks on the EIF 33
3.4 EU Africa Policies 34
3.4.1 External Investment Plan 34
3.4.2 Post-Cotonou-Agreement 41

4 **Conclusion** . . . . . 42

**Glossary** . . . . . 43

**Abbreviations** . . . . . 46

**Bibliography** . . . . . 47

**About the Author** . . . . . 55

# Preface

Looking for solutions to the global migration movements that peaked in the European Union in 2015, a debate started in Germany on how to increase the effectiveness of development cooperation to combat the socio-economic root causes of migration.

To this end, the German Ministry for Development Cooperation presented a comprehensive proposal in spring 2017, the "Marshall Plan with Africa". One of the priorities of the plan is to use public funds to encourage companies to invest in business projects in Africa that have a sustainable economic as well as social impact.

To minimize investment risks, the German government provides funds and instruments in various ways, hoping to leverage private capital for development projects and investments in Africa. To enable and promote this principle, further initiatives of the G-20 countries, such as the "Compact with Africa", the External Investment Plan of the EU and a renewed initiative of the German government for African companies to receive investment aid, were subsequently instrumentalised.

Brot für die Welt has welcomed initiatives intended to use public funds to promote Africa's economic development in principle; however, it warned that "support for private investment must be in line with national development plans and should not over-advantage countries in terms of taxation. It must be ensured that contracts are fair, transparent, and sustainable, i.e., there are no subsequent unaffordable public costs." (Brot für die Welt, 2017)

While principally welcoming a focus on Africa's development, African partner organisations of Brot für die Welt highlighted the many negative experiences in recent decades with foreign private investments, in which not only were affected people and civil society not involved in planning or operation, but which also entailed serious human rights violations and environmental damage. Thus, at the first "Compact with Africa Conference" in 2018, we called for "high human rights and environmental standards to become a competitive advantage" (Dossing, 2018) for German investors.

Partner organizations in Africa have also questioned whether the whole concept of public risk coverage would be right for private investors and "whether it would not make more sense for public money to be invested directly rather than going through the back door of private investors." (Tsounkeu, 2018)

These concerns encouraged us to commission two studies. The first one requested partner experiences with private investments and put forth recommendations (Saegert et al, 2020). The second is the study presented here, examining the most recognised initiatives of the German government and the EU to foster private investment in Africa.

This analysis is the result of a process that began in 2017, in the run-up to the first Compact with Africa conference in Berlin, where past EU-Africa trade and economic relations were examined in that partner conference (Marí, 2017), and continued after initial experiences were presented in Dar es Salaam in 2019 at a workshop on questions for this study.

The preliminary results of both studies were discussed with African partner organizations in Berlin in fall 2019. Against the backdrop of the start of building an African common market, participants called for the African Union's Agenda 2063 to form the basis for all economic decisions on the continent, rather than the interests of foreign investors. This will become all the more important now that government revenues eroded by the Covid-19 pandemic are more likely to attract even more private capital to the continent.

All of the initiatives described in the study are, therefore now under examination. There is no doubt that mobilizing additional private sector resources is necessary to achieve the Sustainable Development Goals (SDGs), especially Goal 17. However, a whole series of framework conditions and prerequisites are also to be considered (Abshagen et al., 2018), which must, then, also be applicable to the initiatives critically assessed in the study.

FRANCISCO MARÍ
Policy Officer World Food Security,
Agritrade and Maritime Policies
Brot für die Welt

# Executive Summary

The German government as well as the European Commission claim to start a new area of equal partnership with African countries: "(...) the days of 'aid' and of 'donors and recipients' [must be] put behind us" (BMZ 2017, 4). One main tool for this assumed new partnership is the increased role of private companies – be it by way of financing or direct investment.

This study analyses the recent and most prominent initiatives of the German Government and the European Commission vis-à-vis the African continent and their reference to private sector promotion. The initiatives looked at are: 1) the German driven Compact with Africa (CwA), 2) the Marshall Plan with Africa of the German Ministry for Economic Cooperation and Development (both 2017), 3) the Entwicklungsinvestitionsfonds (Development Investment Fund) of diverse German Ministries (2019) as well as 4) the External Investment Plan (EIP) (2017) of the European Commission and 5) the Post-Cotonou Agreement between the European Commission and, among others, African states.

All these initiatives aim, in one or the other way, to support investment conditions for private capital to boost economic growth and, in doing so, provide employment and foster economic development. All the above-mentioned initiatives have a special focus either on attracting finance capital mainly for infrastructure investment but also enterprise finance or on attracting external/foreign direct investments. One of the leading narratives is that the purpose of the initiatives is to close an assumed infrastructure gap as well as integrate African economies into Global Value Chains/Global Production Networks to improve value capture on the continent. These are all led by the general aim of reducing the root causes of migration.

This study aims to critically engage with these narratives. It discusses the economic and social impact of the above-mentioned initiatives on African societies. In order to do so, the initiatives are contextualised within current economic and political dynamics, on the continent as well as globally.

By highlighting four aspects – global trends of financing development projects through financial markets, geopolitical and geo-economic interests on the African continent, Africa in Global Production Networks, and debt vulnerability – the study maps the drivers behind the 'private sector first' development agenda and connects it to the macroeconomic conditions of African countries, which are situated in a highly unequal global political economy. In doing so, the outcomes of the present study differ quite substantially to those of others analysing some of the above-mentioned German initiatives (e.g. Kappel/Reisen 2019).

The first analysed global trend is the intensified financing of development policies through financial markets, e.g. for infrastructure funding, but also for enterprise finance. To attract the "global pool of private finance", as the CwA puts it, radical financial, legal and economic de-risking measures are envisaged and implemented. The investment risks do not disappear though; these risks are taken over by the public hand, increasing for example the dangers of indebtedness. Furthermore, emerging and developing countries that depend on market-based finance face an increasing vulnerability to the boom-bust cycles of global financial markets. In trying to root financial markets domestically though, domestic institutional investors – such as private pension funds or insurance companies – are created, leading to a further privatization or commodification of social security systems. Moreover, the creation of new safe asset classes for private investors – such as roads, schools, energy utilities and others – privatises public infrastructure, which would now need to generate profit. This is either generated by user fees or is guaranteed by the public budget. The latter implies again burdens on the public hand and therefore taxpayers, and the former would increase social inequality in terms of access to quality public infrastructure. Furthermore, restructuring development projects to assure their marketability puts development planning into question. It then features only "marketable" and "bankable" projects, and not those most necessary.

The second dynamic looked at is the increasing geopolitical and geo-economical competition on the African continent. Not only the former European colonial powers and China, but many other states also react to the vast economic resources of the continent. These range from natural resources and vast arable lands to cheap labour and growing consumer markets. This counts also for Germany, being strongly export dependant and not

yet having a strong economic presence on the continent. Even though German enterprises appear still hesitant to invest in African economies, interest is increasing as shown with the example of the German automobile industry and others. Furthermore, in analysing the European Economic Diplomacy of the European Union, the report underlines, inter alia, that the EU delegations in different countries are instrumental in representing the economic interests of the European Union, such as market access, and implement these interests via technical assistance, analysis, dialogues or Official Development Aid (ODA).

Thirdly, Africa's development perspectives in Global Production Networks and the role of external/foreign investors for economic development are discussed. The report underlines, among other issues, that the way value is captured and used for social and economic development depends strongly on property rights regulations and firm ownership. These elements are decisive for how profits generated are reinvested or repatriated, for whether there is a strong threat for divestment/leaving the country in case policies do not match the demands of foreign companies, whether there are technology transfers, backward and forward linkages established, etc. With a very strong presence of foreign capital, as is the case in Africa, policies are usually built around the demands for foreign capital. The report argues that this economic and political dominance is detrimental to domestically rooted and sustainable development strategies.

Fourthly, the report looks at the dramatically rising debt levels in Africa. As the first step, it discusses the tremendous outflows of wealth. These include illicit outflows, e.g. via trade or transfer mispricing, but also various forms of legalized capital flight like profit repatriation, tax havens for FDIs or general outflow due to low prices for commodities being extracted or produced in Africa. These outflows far exceed the Official Development Assistance (ODA) provided. Hence, the report questions the narrative of principally lacking financial resources as such. Regarding the structure of African sovereign debt, the report underlines the rising relevance of market-based finance for sovereign debts. Facing low or negative interest rates in the US, EU or Japan, the incentives for private investors to direct money elsewhere is high, with African governments seeking additional forms of liquidity on the other side. Market-based finance though is accompanied by high exposure to the volatilities of international financial markets – well visible with the withdrawal of capital during the COVID-19-crisis. Furthermore, debt is provided to market conditions, leading to high interest rates and making debt cancelation even more difficult. The situation gets even more problematic with the hidden costs of the much-fostered Public Private Partnerships (PPP) and guarantees provided by the state as mentioned above. In the subsequent chapter, the five most prominent initiatives of Germany and EU supporting private sector development are looked at successively.

The German driven Compact with Africa, presented within the G20, offers the framework for German private sector promotion in Africa, having also proximate relations to the EU initiatives below. Furthermore, it can be seen as a globally relevant key document, conceptualising development finance through financial markets as outlined above. Several African countries joined the CwA and therefore show commitment to its policy suggestions. Among other areas, it focusses on providing a basis to attract the "global pool of private finance". To this end, the CwA suggests several de-risking measures for external investors, to deepen domestic financial markets, to create domestic institutional investors and domestic asset classes. These measures, however, increase commodification of social security systems, privatisation of public services and increase vulnerability to public indebtedness and global boom-bust cycles of financial markets.

For the Marshall Plan with Africa of the German Federal Ministry for Economic Cooperation and Development, the report underlines its close orientation alongside the CwA. Not only are the chosen African partner countries also part of the CwA, but the reforms implemented are also very much in line with the CwA. This includes, among other things, financing infrastructure via financial markets, deregulating public procurement or other investor friendly economic reforms. Furthermore, it outlines a stronger conditionality of ODA. Hence, this report questions the reputation of the Marshall Plan as aiming for a more equal partnership or fair-trade relations between the EU/Germany and African states.

Also, the Entwicklungsinvestitionsfonds (Development Investment Fund) is an implementation tool for the policy suggestions of the CwA. It consists of three sub-initiatives. This report concludes that two of these projects, AfricaConnect and the Wirtschaftsnetzwerk Afrika (Economic Network Africa) can be seen as direct business promotion for German companies. In referring to the discussions on Global Production Networks in Africa, the report questions the strong focus on FDIs in German development policies. Little evidence is given by

the German government as to why AfricaConnect as well as the Wirtschaftsnetzwerk is more than foreign trade promotion for German and European companies and German geo-economic interests on the continent.

AfricaGrow, the third initiative of the Enticklungsinvestitionsfund, focusses on supporting African enterprises. It is meant to provide risk and venture capital for African SMEs and start-ups via a Fund-of-Fund structure. It is brought into life by the German development bank KfW, and is implemented and managed by the asset manager Allianz Global Investors which belongs to the leading German insurance company Allianz SE. In drawing the line to earlier experiences with so called structured fonds of the German government, this report works out a long list of weaknesses of this approach. This includes the lacking ownership of African societies, the dependencies on financial markets of the financed companies including their pressures on employment/ wages and productive (domestic) investment, the strong conflicts of interest in decision making and problematic monitoring within the fund itself, to name just a few.

The External Investment Plan of the European Commission officially aims to promote sustainable development. It focuses on the African continent as well as the EU Neighbourhood region. The plan consists of three pillars: The financing mechanism (European Fund for Sustainable Development EFSD), technical assistance, and reform proposals for a business friendly "investment climate". So far, the critique of civil society focused mainly on the first pillar, the EFSD. More funds or better transparency were demanded. However, this report argues that all three pillars of the EIP need to be analysed together and contextualised. In order to understand the financing mechanisms of the EFSD, it has to be put in the context of market-based finance for development – as discussed above. Furthermore, the EIP itself needs to be put in the context of increased global geo-economic competition and therefore discussed within the framework of the European Economic Diplomacy (EED). This report concludes that, in addition to the social and economic problems of attracting funding from financial markets as such, the EIP appears to serve more the own geopolitical and geo-economic interests of the EU and less the needs of sustainable development in African countries, while shrinking their policy space even further. Within the third pillar of the EIP, the suggestions to reform the investment climate, also formerly contested topics such as the Free Trade Agreements Economic Partnership Agreements (EPAs) are returning on the agenda and are meant to be implemented and deepened on a national level. The ODA and the EU delegations on the ground are playing an important role in implementing the EPAs as well as other policy recommendations to change the economic conditions in favour of foreign direct and financial investments.

This report closes with a brief look into the – at the time of writing, ongoing – negotiations of the Post-Cotonou Agreement with, inter alia, African states. The analysed draft of the agreement goes very much in line with the other projects of the EU. In comparison to earlier drafts, the language has been softened in some places. But the experience with the previous Cotonou-Agreement shows that the implementation and interpretation of the agreement lies very much in the hands of the European Commission as the much stronger negotiation partner. Once signed, the Post-Cotonou-Agreement will provide an additional contractual basis for the policies discussed above.

This report concludes that the analysed initiatives of Germany and the EU will amplify the dynamics described in the context chapter. Sustainable development perspectives appear to play a minor role within the initiatives examined but the aim to increase, in the German case, its own economical footprint in an economically interesting region or to, in the EU perspective, defend its still dominant position in that region.

Therefore, this paper ends with a plea to step out of the paradigm of financing developmental projects via financial markets and of the focus on FDI as a main driver for economic development. Instead of minimizing the risks for foreign investment at the expense of state budgets and social security, including boosting commodification within societies in order to attract foreign capital, the politically supported dependency on FDIs and financial investors need to be strongly limited. As an alternative, domestically owned and oriented development strategies should be promoted.

# Chapter 1
# Introduction

**"The world's last untapped market – and one that is right on Europe's doorstep – Africa holds great opportunities, not least for the German private sector."**
**BMZ 2017, 16**

Global development cooperation focusses increasingly and ever more systematically on attracting global private finance and foreign direct investment into developing and emerging economies. For these policies, the Sustainable Development Goals (SDGs) of the UN-Agenda 2030 serve as an important reference point for many global, regional and national initiatives. This also counts for the activities of the German government and the European Commission. Both focus strongly on the African continent; both claim relatively broadly to support the "private sector" in Africa for economic and social development.

This report will analyse the recent initiatives of the German government and the European Commission to support the "private sector" in Africa, the mechanisms applied and their developmental effects.

The German government as well as the European Commission claim to start a new area of equal partnership where "the days of 'aid' and of 'donors and recipients' [must be] put behind us" (BMZ 2017, 4). One main tool for this assumed new partnership is the increased role of private companies – be it by way of financing or direct investment. The private sector is a large field – it ranges from domestic micro, small or medium domestic or foreign enterprises to big transnational companies including institutional investors such as pension funds, mutual funds, investment banks, insurance companies, etc. These private sector entities are owned by private individuals or enterprises, with the goal to "make money" (Chappelow 2019), to generate profit while being in competition with each other. The private sector is usually contrasted with state or publicly owned enterprises (ibid.).[1]

While the abovementioned types of private enterprises are all in some way addressed by the EU and German policies discussed in this paper, the main focus of these policies is on supporting foreign (or external) investors who invest directly in African countries, merge with other companies, and invest in equity for dividend or bonds for interest generation. To attract them, the German government and the EU provide aid and advice to African countries for economic policy reforms including reforms of investment laws and the financial systems, offer low risk loans, and guarantees or direct advice to investing European or German companies. These policies are purported to support economic development and therefore employment in African countries and are meant to be closely linked to the promotion of domestic capital, especially micro, small or medium domestic enterprises (MSME). African companies are also directly addressed, i.e., by the German government via the provision of risk capital.

This report aims to analyse the most prominent initiatives of this private sector support and discuss their developmental effects. It argues that these initiatives support existing economic dependencies while also creating new ones. They therefore increase the economic vulnerability of African economies and deepen social inequality within and between states. It concludes that these initiatives are less driven by aiming for sustainable and domestically owned development strategies and more by geo-economic and geo-political interests of Germany and Europe.

This report proceeds by first laying the context for these initiatives (Chapter 2). First of all, the global trend to radically de-risk private investment and to think development through financial markets is discussed (Chapter 2.1). Secondly, the global geopolitical and geo-economical competition around Africa and the related policies of Germany and the EU are analysed, taking into account previous Africa-related economic policies of Germany and the EU – such as the Economic Partnership Agreements (EPAs) (see Glossary) (Chapter 2.2). The last two

1 — Labour, the people working and generating the "money made", is are usually not prominently mentioned in the definition of the private sector, even though the private sector depends on labour. Whether the large part of the so-called informal economy is part of the private sector or part of labour is strongly debated. Some plead to include large parts of it under the definition of labour (see, e.g. van der Linden 2008: 219; Banse 2016: 205). Furthermore, it remains open how collectively owned enterprises should be categorised. For the study on hand the above definition should be sufficient.

sections of the context chapter deal with the investment conditions of external and domestic capital in African countries within Global Production Networks (Chapter 2.3) as well as with the rising private and public debt levels in Africa (Chapter 2.4). By highlighting these four aspects – de-risking, geopolitics, investment conditions and debt vulnerability – the study maps the drivers behind the 'private sector first' development agenda and connects it to the macroeconomic conditions of African countries, which are situated in a highly unequal global political economy. The first two aspects are especially neglected in existing studies on the German economic policies of Africa, leading to very different outcomes (e.g. Kappel/Reisen 2019).

In the next part of the report, in Chapter 3, the most prominent initiatives for German and European private sector promotion will be discussed. These are the Compact with Africa (CwA), the Marshall Plan and the Entwicklungsinvestitionsfond (EIF) for the German part and the External Investment Plan (EIP) as well as the Post-Cotonou-Process for the European part.

This research focuses on private sector support in the African continent. Even though these activities are officially meant to "tackle some of the root causes of irregular migration" (EC n.d. b, 1), migration policies as such, including the connection between Official Development Assistance (ODA) and migration rejection/border control, are not discussed here (see, e.g. Oxfam 2020). The same goes for German military intervention and EU military cooperation in Africa, mainly in the Sahel region. Both topics are also connected to private sector cooperation (see e.g. Banse 2019a, b), but are not discussed as such. Furthermore, the relevant topic of financial inclusion (FI) is only mentioned briefly in Chapter 2.4, even though it plays a crucial role in the German/EU Africa relations (BMZ n.d. a). It is very closely linked to private sector support, e.g. via credits to micro enterprises or consumers, with establishing digital payment systems and with the public support for the FI industry, including institutional investors and financial markets. The reason for neglecting the FI agenda is its less prominent role in the publicly well-known Africa initiatives of the German government.

The empirical basis for this research are mainly the documents of the institutions guiding the policies analysed (BMZ, BMWi, BMF, AA, AfdB/WB/IMF, EC and the EP). For additional information, especially regarding the policy processes, four background talks with representatives of ministries, NGOs, parties and consultancies were conducted. They were not recorded or transcribed and will be presented with anonymity. Given their anonymous status, they will be taken as a reference only very randomly. Additionally, a workshop on investment policies with activists of diverse African countries was attended to discuss preliminary research results. The feed-back provided has been integrated into this report.

The study was mainly written before the global COVID -19 pandemic and the major economic slump at the horizon. The currently evolving crisis is likely to deepen the aspects discussed in the following chapters (see also Politi 2020) and will change the growth forecasts mentioned in Chapter 2.2 dramatically (Pilling 2020).[2]

**2** — I thank Gyekye Tanoh, Jenny Simon, Anil Shah, Daniela Gabor, Eva Hanfstängel and Marc Maes for their very helpful comments to this research.

# Chapter 2
# Contextualisation of German and European Private Sector Support

German and European private sector support and Official Development Assistance (ODA) in Africa need to be contextualised within two global political dynamics. First, within the encompassing global trend to ‚de-risk' (foreign) investment, mainly financial investments, but also affecting direct investment (Chapter 2.1). Second, within the increasing geo-economic and geopolitical competition on the African continent (Chapter 2.2). Additionally, to be able to assess the development impact of private sector promotion, the investment conditions of domestic and foreign capital in the African economies and their situation within the international division of labour must be explored (Chapter 2.3), as must the dynamics surrounding sovereign and household debt in Africa (Chapter 2.4).

## 2.1 The politics of risks and financial investments

In the Marshall Plan with Africa, the BMZ stresses: "African ownership must be strengthened and the days of ‚aid' and of ‚donors and recipients' put behind us" (BMZ 2017, 4). For an Africa ‚beyond aid', the so-called private sector gets the most prominent role in development cooperation. The aim is to both increase (foreign) direct investments counting on growth and employment (see below) and to ‚crowd in' finance for the estimated 600 bn USD of annual investments for implementing the Sustainable Development Goals (SDG) (ibid., 15). In trying to attract these external finances, serious risk mitigation for private investors is envisaged (ibid.).

One special, and relatively new, focus lies on multiplying the effects of ODA with money from institutional investors (such as global asset managers, insurance companies, hedge funds and pension funds) by enabling market-based forms of private and public finance. ODA is still a crucial element in these concepts and is mainly used to de-risk and, therefore, to "leverage" private investment (BMZ 2017, 15), to turn "Millions" of ODA into "Trillions" of private money for investment (WB n.d.).

The former president of the World Bank Group, a close cooperation partner of the BMZ also in this issue (BMZ 2017, 15), outlines the plan for an all-encompassing de-risking: "We have to start by asking routinely whether private capital, rather than government funding or donor aid, can finance a project. If the conditions are not right for private investment, we need to work with our partners

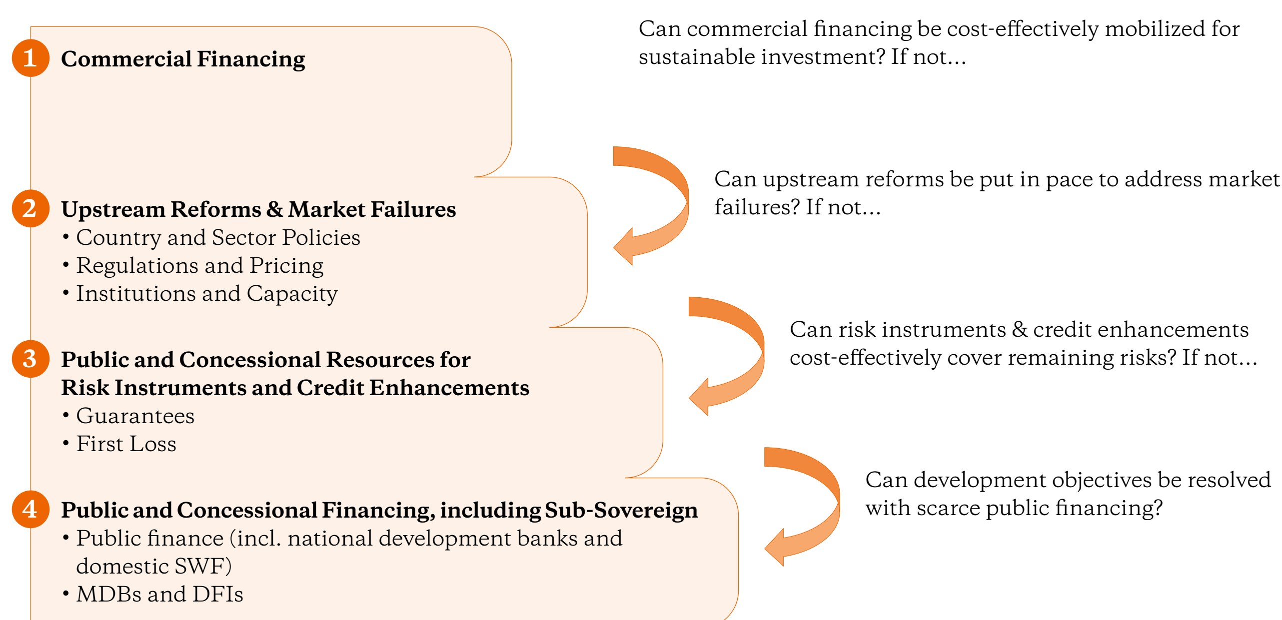



**Figure 1:** The Cascade approach of the World Bank.
*Source: WB 2017, see for a more detailed perspective, including the relevance of financial markets instruments, Gabor 2020*

to de-risk projects, sectors, and entire countries" (Kim 2017, quoted in Gabor 2020, 2).

This "Cascade approach" (WB 2017, 11) aims to mobilize private financing for developmental goals. Therefore, regulatory frameworks need to be adapted and public money for mitigating commercial risks needs to be provided. Only when these measures remain fruitless and investors still do not show any interest, will public money be directly spent for public purposes (WB 2017, 6; see also Alexander 2017). The cascade would first be applied to infrastructure, "but will be expanded to finance, education, health and agribusiness" (WB 2017, 6).

The Cascade approach goes hand-in-hand with the policies of the G20, such as the German driven Compact with Africa of the G20 (AfdB/IMF/WB 2017) or the Roadmap for Infrastructure as an Asset Class under Argentina's presidency (G20 2018). In its goal to attract the "global pool of private finance" (AfdB/IMF/WB 2017, 29), e.g. for infrastructure. For this, the Cascade approach construes infrastructure as an asset class to be financed via bonds or equities (AfdB/IMF/WB 2017, 27ff., 35ff.; G20 2018; see also B20 2018, 18 and Glossary). In transforming formerly illiquid (public) services such as infrastructure, education, health and others into tradable assets, these policies are part of the ever more relevant process of financialization (see Glossary).

To convince financial investors to buy these assets, investors' rights and, therefore, investment regulations need to be modified to insure highest property rights ("robust investor rights", as the business representation within the G20 process puts it (B20 2018, 18)). Moreover, contracts must be standardized to increase not only predictability but also the comparability of investments and decrease the legal costs of investors (G20 2018; AfdB/IMF/WB 2017, 25ff.; G20 2018, 3; see also B20 2018, 19). These contracts should also ensure that all kinds of possible risks are mitigated. These risks include demand risks (e.g. reduction in demand due to commodification, and therefore (increased) user fees); currency and environmental risks; or political risks such changing environmental or labour law; and liquidity risks in terms of easing the exit from financial assets (Aizawa 2017; Vervynckt/Romero 2017; Gabor 2020, 4).

Peripheral countries are seen as risky environments, and thus require the ODA to broaden guarantee instruments. Furthermore, policy reforms are envisaged to create radically de-risked conditions to attract the desired investments (AfdB/IMF/WB 2017, 29ff.; WB 2017). These mechanisms would ensure "predictable future cash flow projections for investments" (B20 2018, 19).

To attract private money for infrastructure finance, the project needs to be sliced into different tranches to match investors' varying "appetite for risk" (AfdB/IMF/WB 2017, 29), while the public hand takes over the most risky slice/tranche (blending – see Glossary). These tranches are then securitized and sold as bonds or equities (see Glossary).

After blending, the other important feature of the de-risking agenda is the creation of "deeper financial markets" (AfdB/IMF/WB 2017, 4; see also 31ff. and G20 2018, 3f.) to ensure liquidity – understood as the ease of buying and selling SDG securities. "(…) [C]reating a market for infrastructure could generate the needed synergies for increasing financing and trading" (B20 2018, 19). Tradability is crucial as the generation of profit from these forms of investment is not limited to dividends or interest rates on equities or bonds purchased. Investors want to be able to enter and exit asset classes at will, instead of holding to maturity.

This growing "global pool of private finance" (AfdB/IMF/WB 2017, 29) is the basis of market-based finance. It stems from low taxation of capital or rich individuals, from lower investment opportunities in the so-called real sector, the privatisation of pension schemes, or central bank policies of quantitative easing (see Glossary on ‚financialization'). Market-based finance has a complex constellation of institutional investors such as pension funds, hedge funds, mutual funds and insurance companies that play an ever-increasing role in providing money to public entities, private households and enterprises.

Market-based finance is seen as an important alternative to 'bank-based finance' for development finance (Gabor 2018, 408ff.; FSB 2015, 1; see Glossary) and is characterized by a strong concentration of institutional investors (Simon 2020, 249). Given that market-based finance often circumvents the stricter regulations of banks, the mechanism can be characterized as shadow-banking (see Glossary).

The financialization of development policies thus implies multiple social and economic consequences:

- The mechanisms of shadow banking were a major factor of the global financial crisis, as the promise of diversification of default risks turned into a globally spread chain reaction of defaults instead (Gabor 2018; McNally 2011, 92ff.; see Glossary). Already in 2018,

economists warned that the push for market-based finance in developing economies strongly increases the risk of financial crisis (HBS 2018). Within the current economic and financial crisis, triggered by the global health crisis, the effects of market-based finance for Developing and Emerging Countries (DEC) are dramatically visible. In an open letter, global economists warn: "Over the past decade, easy financial conditions have led to large flows of credit and equity investment into DECs (…). Both the public and private sectors of DECs have issued substantial volumes of foreign currency debt and have opened domestic currency bond markets to international investors. New financial instruments and institutions have enabled easy global trading of DECs' assets, cementing the illusion of liquidity. But DECs are now confronted with a sudden stop as global liquidity conditions tighten and investors flee from risk, leading to dramatic currency depreciations" (Barbosa et al. 2020).

- Deeper financial markets are needed for the envisaged investments from international institutional investors, requiring, e.g. free capital flows. Therefore, capital controls have been, or need to be, abandoned, even if progressively (AfdB/IMF/WB 2017, 22; Braasch 2012), inhibiting capital controls for developmental purposes (Chang/Grabel 2014).

- To root deeper financial markets domestically, domestic institutional investors – such as private pension funds or insurance companies – are created (see, e.g. AfdB/IMF/WB 2017, 33ff.), leading to a further privatization or commodification of social security systems in peripheral countries (for a discussion, see also Chapter 3.1).

- Restructuring development projects to assure their marketability for institutional investors/shadow banks puts development planning into question and features only ‚marketable' and ‚bankable' projects, and not those most necessary (UNCTAD 2018a, Chapter IV).

- Privately financed infrastructure needs to generate profit. This is either generated by user fees or guaranteed by the public budget. The latter implies strong risks of indebtedness (see Chapter 2.4), and the former, increasing social inequality in terms of access to qualitative public infrastructure (Hermann 2014). The danger of public debts is additionally increased by the provision of standardized contracts for Public Private Partnerships (PPP; see Glossary), mitigating almost all investor risks (see above).

- The creation of a de-risked environment for private investment to finance all kinds of development projects turns the idea of public financing upside down. Not only do wealthy individuals and multinational companies have to pay little or no taxes at home or abroad, they also gain more money by investing in these new asset classes de-risked by investor friendly laws and public money. Hence, development cooperation 'beyond aid' contributes to ever faster growing global inequality with its grave democratic, social and economic consequences (Oxfam 2014).

- Despite these consequences, market-based finance and its related reforms are featured by governments around the world, not only in peripheral or semi-peripheral countries. It provides money, e.g. for election winning infrastructure projects, creates investment opportunities for domestic private financial investors and helps to hide public expenditures. The last is especially the case with Public Private Partnerships. PPPs are a preferred instrument to de-risk financial investments, not least because it allows the state to count its PPP-related liabilities not as debt (for a good explanation, see Vervynckt/Romero 2017; see also Gabor 2020, 9f.), and therefore PPPs contain great risks for debt sustainability (see Chapter 2.4).

Whereas the focus on market-based finance in development policies is a global process strongly promoted by multilateral institutions such as the World Bank and the G20, individual countries also play an important role in this dynamic. Germany is one such critical actor in pushing market-based finance for development (see Banse 2019a; Volberding 2018; see also Chapter 3.1). The deepening of market-based finance does have a strong geopolitical and geo-economical relevance. The question of who is organising the finance, e.g. for which infrastructure project, matters not the least, facing the Belt and Road Initiative of China or generally, the plan for big infrastructure projects (see e.g. Tröster et al. 2017, 74 and Hildyard/Sol 2017). Furthermore, establishing and deepening financial markets, very much pursued by German Development Assistance (see Chapter 3.1 – 3.3) can ease

the market entry for economic latecomers in a specific region, like Germany is in Africa (see Chapter 2.2.1). Additionally, it helps provide finance for Global Production Networks difficult to access due to the post-crisis weakness of banks (Tett 2019) as well as consumer credits. The last is relevant for external investors as it supports the relevant means to consumers to purchase their products (see Chapter 2.2.1 and 2.4).

The Cascade approach of the World Bank underlines the priority of private sector solutions over public finance. Therefore, it lines out in its second step for economic reforms the prioritisation of the demands of private creditors and direct investors. As will be discussed in the following chapters, the reforms supported by the G20, the EU and Germany are not only favouring private over public investments, but also foreign investors over domestic ones, e.g. in finance, services, mining, agriculture or manufacturing. The following section discusses the geopolitical and geo-economical reasoning for Europe's and Germany's investment initiatives on the African continent.

## 2.2 Scramble for Africa

The relevance of Africa for the world economy is often downplayed by stating that the continent only produces 2% of the global GDP (WB 2019) or hosts only 2.9% of the global FDI (UNCTAD 2018b, 38). These statistics are misleading as they do not reflect the logics of power within Global Production Networks (GPN) (e.g. with cheap but indispensable natural resources being the basis of any product traded elsewhere), nor do they reflect potential future dynamics of Africa within the global economy.

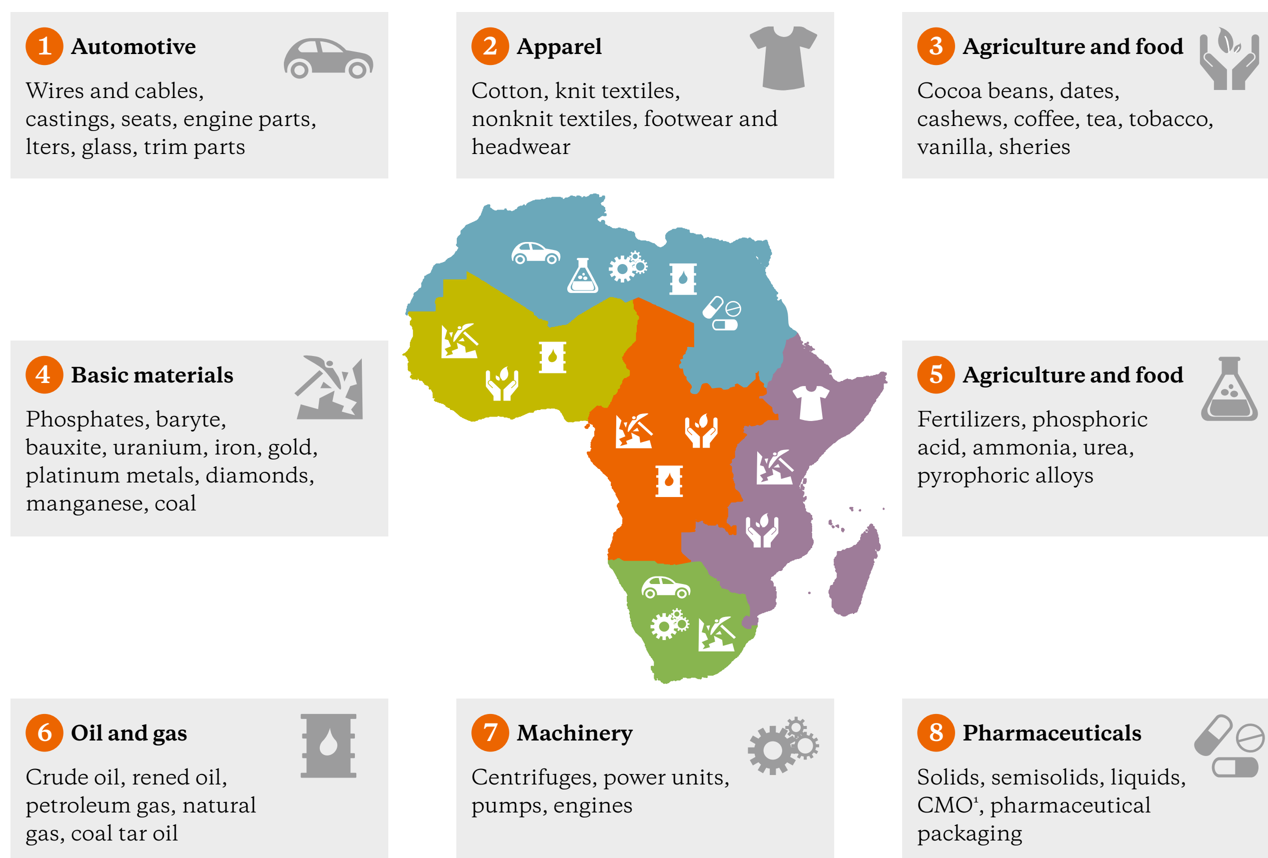
Global growth and trade have acutely slowed down, long before 'trade wars' between China, the US or EU, before even the recent severe economic crises triggered by the coronavirus pandemic. This slowdown is especially visible in the dynamics of GPNs (Tett 2019). The export industry of the third biggest exporter (BMWi 2019, 1), Germany, was in 2019 already in a recession (WiWo 2019; Stratmann 2019). These dynamics increase the interest of diverse states and capital fractions towards Africa.

Before the current health crisis, the African continental economy is the fastest growing in the world (McKinsey 2017, 2) and six of ten fastest growing economies of the world are African (WEF n.d.). Moreover, Africa holds major natural resources, which are of growing importance for the so-called Green Economy (BMZ 2017, 8; Ayers 2013, 242). In 2015, China sourced 35% of its mineral resources and 21% of its raw oil from Sub-Saharan Africa. According to Tröster et al. (2017, 69f.), African resources are the most important ones for the EU, with Germany having a leading interest in the continent's natural resources (ibid., 70; see also CEO 2011, 2). Additionally, Africa has the largest reserves of arable land (BMZ 2017, 8) and the fastest growing population, contributing to more than half of the population growth globally between now and 2050, providing a vast (cheap) labour force (UN 2019, 1; McKinsey 2017, 2). Its growing middle class provides large consumer markets, with wealthy consumers estimated to contribute 27% of consumption growth in Africa by 2025 (McKinsey 2016, 49ff.; UNECA/AU 2012, 36, 39). One of these growing, non-saturated consumer markets is, for example, the one for new cars (Kannengießer 2019; Ibukun 2020). The African continent is a booming market for the global fintech industry (GSMA 2019, 11f.; Fildes/Wilson 2019). The above mentioned plan to fill the diagnosed annual infrastructure gap of 130 to 170 billion USD (AfDB 2018, iii) not only provides safe asset classes for finance capital (see above), but also means great investment potential for multinational companies (construction, telecom, energy, water etc.).

Contrary to many official discourses, African economies are deeply integrated into the global economy, situated at the lower end of the Global Production Networks (Pfeiffer 2015, 3; see also UNCTAD 2018b, 23f.). Given the global slowdown of GPNs (Tett 2019), the dynamics on the African continent are of particular interest. Contrary to the global trend, the so-called Business-to-Business (B2B) transactions (that is, business between companies) are growing in Africa, contributing largely to the continent's growth (McKinsey 2017, 2). Additionally, on the African B2B market, local competitors to big lead firms, e.g. from the US or EU, are absent – unlike in India or China. This provides greater opportunities for multinational companies (MNC) dominating the Global Production Networks, stabilising their monopolistic rent-seeking and leaving little or no room for domestic options of sustainable development (UNCTAD 2017, Chapter. 6; see also Chapter 2.3 in this report).

McKinsey provides an idea of potential sourcing opportunities for MNCs in Africa:

The interest in Africa of many states – most prominently China, but also Russia, Malaysia, Turkey, the US, United Arab Emirates or India – has grown significantly in recent years.




**Note:** Chart displays only a fraction of industries and categories that can benefit from sourcing in Africa.
[1]Contract manufacturing organization.

**Figure 2:** Africa's resource diversity makes sourcing an option for a wide array of industries.
*Source: McKinsey 2017: 6.*

"[...] not only Western states and corporations but also those of 'emerging economies' seeking to consolidate their access to African resources and markets. The 'new scramble for Africa' involves therefore significant transformations related to shifts in global politico-economic power." (Ayers 2013, 227; see generally Carmody 2017).

Given this ‚new scramble' around access to African markets, resources and strategical geographies, several African countries have greater choices for their cooperation partners (Pilling 2018) and economic relations are gradually shifting from the former colonies towards China and other regions and states (see also Kappel 2020). Infrastructure projects such as airports, ports, roads, railways etc. are built and financed not only by China, but also Brazil, South Korea and Russia (AU/NEPAD/OSAA 2015).

Given this scramble, the question of who is financing Africa's development and benefits from its returns is crucial, as indicated also by the efforts of the US to counter Chinese development finance (Pilling/Polity 2018; Thrush 2018; Wong 2019), the European Investment Plan and German efforts of developmental financing (see also Chapter 3).

### 2.2.1 Germany, Africa and global competition

In Germany also, we can see an increased interest for Africa, not least related to the rising global competition discussed above. Since 2015, Chancellor Angela Merkel has visited the continent several times. The German military has been present in the Sahel region since 2013; and recent decisions to broaden its military presence in the region have just underlined its relevance for German

foreign policy (Kramp-Karrenbauer 2019; critically see also Banse 2019b). Since 2017, several Africa-related initiatives of different ministries were launched. With the Africa Policy Guidelines (Afrikapolitische Leitlinien) (AA 2019) of early 2019, the German government streamlined these initiatives of diverse ministries (finance, economy, development, defence, education, agriculture and foreign affairs). Regular meetings of these ministries coordinate the German Africa policies since then. This coordination as well as the different papers and activities, most prominently the Bundeswehr in Mali, the Compact with Africa (CwA) and the Marshall Plan with Africa, signal a new quality of the Germany's Africa policies.

The Africa Policy Guidelines underline these ambitions, although in a much more hidden manner. The introduction mentions, "Also with regard to the *engagement of other states* we want to be a reliable partner for Africa and collaborate in mutual interest" (AA 2019, 3, italics and translation by the author). This positioning vis à vis "other states" includes a "competitive cooperation" (Banse 2019b) with other European member states, first and foremost, France. In the contract of Aachen, signed in early 2019 between France and Germany, both countries agreed upon a closer cooperation in Africa in the field of military, security and economic cooperation (peace, security and development). Interestingly, Africa is the only continent singled out in the contract (Bundesrepublik Deutschland/Französische Republik 2019).[3] German and French cooperative-competitive activities on the continent are reflected also on the European level, the "life insurance" of Germany (as Angela Merkel calls the EU[4]) when it comes to Germany's geopolitical and geo-economic position. In response to the question of what the "global challenges" of China, Russia or the US do to Europe, Merkel responded: "They lead us to common positions. […] Our Africa strategy meanwhile follows a common approach which was inconceivable a few

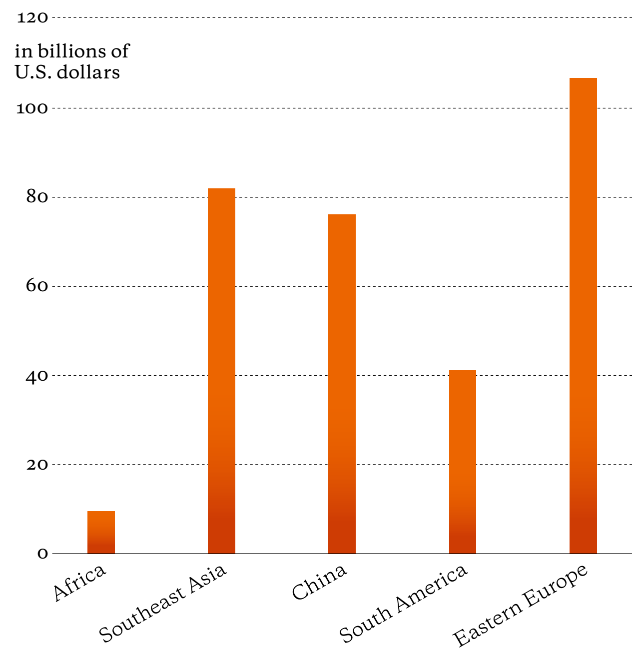



**Figure 3:** German Direct Investment by World Region
*Source: Heinemann 2018*

years ago. […] But still, our political force is not matching our economic capabilities."[5] The Chancellor underlines that the European and, with it strongly connected, also the German, Africa policies follow mainly geopolitical and geo-economic motives and are indeed increasingly streamlined.

This new geopolitical positioning of Germany vis à vis Africa is probably most visible in military terms and has not yet materialised in increased German economic presence on the continent. German direct investments in Africa are limited mainly to South Africa (two-thirds), followed by Northern African countries. Continent wide, German FDIs rank 12$^{th}$ in comparison to other countries of origin, an exception to other global investment areas

3 — Straight after the exemplifications on the common Africa policies and within the same chapter, the contract underlines the common efforts to reform the security council of the UN and stresses the common effort for a permanent seat of Germany in the Security Council (Bundesrepublik Deutschland/ Französische Republik 2019, Art. 7, 8). Even though the demand for a permanent seat by Germany in the Security Council is all but new, the contract of Aachen underlines the connection of this demand with Germany's Africa policies, together with France in a cooperative competition. Africa has been the backyard of France since colonial times and the main reason for justifying French claims to be a world leading power. The geopolitical and (geo-)economic challenges lead France to a gradual multilateralisation of its Africa policies, with Germany in its fairway. For further discussion on this see Banse 2019b.

4 — Lionel Barber and Guy Chazan, Angela Merkel warns EU: 'Brexit is a wake-up call', in: Financial Times, 15.1.2020.

5 — Nico Fried and Stefan Kornelius, „Gewissheiten gelten nicht mehr". Merkel im Wortlaut, in: Süddeutsche Zeitung, 15.5.2019, translated by the author.

(Kappel 2020, 11; see also UNCTAD 2018b, 38)[6]. The focus of German FDIs lies in central and eastern Europe and Asia, being 10 times higher than in Africa (Heinemann 2018).

Almost 40% of FDIs in Africa come from France, Netherlands, the US, the UK and China with varying geographical foci (Kappel 2020, 10; Heinemann 2018)

At present, German investments are focusing on South Africa and Northern African countries (mainly Egypt), with a strong focus on manufacturing, especially in the car industry. As less German FDIs go into extractive or service industries, they create relatively more jobs than other FDIs (Heinemann 2018; Kappel 2020, 14). This might change with expansion to other countries and other sectors (such as renewable energies or financial sector involvement).

Germany's economy is strongly dependant on export, and additionally on widespread Global Production Networks, which are organised in highly competitive and specialised ways.

Given the slowdown of the world economy – even before the current pandemic-fuelled global crisis – and the slowing growth of important markets such as the Chinese automobile markets (Handelsblatt 2019a), African economies are of growing importance for German capital. Take the German car industry: The African market for new cars is far from being saturated (Ibukun 2020; Handelsblatt 2019d). The focus will be, following the head of the German Afrikaverein, the German association of enterprises with business in Africa, on e-mobility (Kannengießer 2019), a market that is growing very slowly at home and thus carries great risks for the envisaged restructuring of the industry, including the costs for research and development. One major incentive for FDIs is to increase market access to amortise the development of costly new technology (Bieling 2011, 136) – as in the case of the German e-mobility development.

Germany has not only a great trade surplus, it is also global leader in terms of current account surplus (Handelsblatt 2019c). It not only exports more goods and services than it imports, but also provides the credit to enable external trading partners to buy these exports – increasing the likelihood of indebted trading partners (ibid.). The above mentioned German push for market-based finance in Africa (see Chapter 2.1; further discussion in Chapter 3.1) could also enable African consumers to buy German products, such as new cars (Ibukun 2020) and help to recycle the German surplus money.

This strategy appears to be applied, e.g. by VW in Rwanda. It just started the production of electric cars and offers a car sharing service, based on digital payment systems; both meant as starting points for establishment in other African countries (Move.rw n.d.; Handelsblatt 2019d). The infrastructure for e-mobility in Rwanda is provided by Siemens (Handelsblatt 2019d; for VW financial services see also www.vwfs.com).

So far, the economic ambitions of the German government are not necessarily reflected in broad based individual behaviour of enterprises, as such capitalist states are often in the forefront of improving market conditions for their enterprises, to enable them for market access in diverse forms. Following the analysis of Kappel (2020, 11; see also Kappel/Reisen 2019), the overall picture is more of a restrained interest of German enterprises towards market possibilities in Africa. Nonetheless, this interest is increasing – supported by the initiatives provided by the German government, discussed below (Riedel 2019; Kannengießer 2019). The German Afrikaverein has seen a significant increase in German investments in Africa (Reuters 2019). Businesses like the wind energy, under pressure at home, are some of the businesses that seem to benefit from the push for infrastructure in Africa. Important transnational German companies such as Siemens, VW (discussed above), SAP, Bosch and DHL are outreaching to the African continent (Riedel 2019), also beyond the abovementioned few countries.

As a former colonial power having lost its presence in Africa early, Germany is an economic latecomer on the African continent and is trying to improve its economic and political footprint with diverse initiatives, as discussed in Chapter 3. It is also doing so in close cooperation with the European Union.

### 2.2.2 European Economic Diplomacy, Africa and Global Competition

German economic foreign policies cannot be seen separately from the EU, since trade negotiations are carried out at the EU level and not at the level of the individual member states. Facing global geo-economic and geopolitical

**6** — Kappel refers to numbers of the year 2018.

competition, the EU tries to act militarily as well as on a broader economic level, increasingly as a common force. This process is fraught with tensions, but the European Commission stresses correctly, that in 2050 not a single individual European country will be among the top eight global economies by size (EC 2017, 14). Hence, only as a regional force, do individual European countries have the chance to be part of the battle over global hegemony.

"The EU and its Member States are Africa's biggest partner on all accounts, be it in terms of investment, trade, official development assistance, or security" (EC 2020a, 2). For now, the EU remains Africa's most important trading partner – with 235 bn euros of goods traded in 2018, EU-Africa trade exceeded Chinese-African trade almost twice and was approximately five times Africa-US trade. In 2017, EU's FDIs exceeded China's and the US's by more than five times (NYT 2020). Member states like France and the Netherlands (and formerly the UK) are the most important countries of origin of FDI in Africa, and the EU remains the biggest donor for African countries. The French military, financial, commercial or diplomatic influence in its former colonies remains very strong, despite growing weak spots. Furthermore, France tries to increase its economic presence beyond its traditional postcolonial spheres (Kappel 2020, 8) and remains a crucial military force on the continent (Erforth 2020; Powell 2017). Thus, despite the increased geopolitical competition on the continent, which is enhancing the negotiation power of African states (Pilling 2018), the EU and its member states continue to have important means of leveraging their interest on the continent. This remains true, despite the EU member states themselves acting cooperatively competitively with varying intensities (for France and Germany, see Banse 2019b).

On an economic level, the Global Europe Agenda of 2006 was prominently set by the European Commission: a plan to increase Europe's economic competitiveness on a global scale vis-á-vis other countries and regions. To circumvent blockages within the World Trade Organisation (WTO) that have lasted since 2003, the EC envisaged comprehensive bilateral Free Trade Agreements with other countries and regions, covering also strongly contested issues such as the liberalisation of investment rules or public procurement markets.

Since the publishing of "Global Europe, Competing in the World" (EC 2006), several adaptions of this global strategy were made, framed now as *European Economic Diplomacy*. A study for the European Parliament summarizes the elements of what can be seen as Economic Diplomacy: "The term economic diplomacy implies the use abroad, by a state, of a wide spectrum of economic tools to secure its national interest; the involvement of a range of actors (civil society, public and private sector), and an array of issues such as security, natural resources like water, climate, energy, trade, growth, migration, investment, development, influence and negotiation (...). The goal can be as narrow as boosting economic growth or as broad as developing geo-political influence and a diplomatic network (...)" (Bouyala Imbert 2017, 4). Economic diplomacy aims to enable national businesses to access external markets, bring FDI to national territory and to influence (international) rules serving national interests (ibid.).

The European External Action Service (EEAS) is instrumental for a more coordinated economic strategy beyond trade. It was formally launched in 2011, based on the Lisbon Treaty signed in 2007, and entered into force in 2009. With the EEAS, the 140 EU delegations were incorporated and now form the basis for "real economic diplomacy" (Bouyala Imbert 2017, 10). "Using the wide network of EU delegations in the world should also help European businesses, especially SMEs, to succeed on global markets. This could be done through support to better seize opportunities created by trade and investment agreements, to overcome persistent market access barriers or to promote strategic pan-European commercial projects" (EC 2017, 14).

Since 2014/15, according to Bouyala Imbert (2017, 10ff.), investment has also become a core feature in external strategy. The External Investment Plan (EIP) discussed in Chapter 3.4.1 appears to be (so far) the most or only outstanding and comprehensive project (Bouyala Imbert 2017, 12; EC 2017, 13). In a brochure on the EIP, the EC clearly confirms this relation: "The EU Economic Diplomacy (EED) (...) initiative focuses on mobilising European private sector on grounds of common interest, thus complementing and reinforcing EU development policy objectives, and in view of reinforcing the promotion of strategic European economic interests and the involvement and internationalization of EU companies (including SMEs) in these regions. (...) The EU is pursuing a pro-active and strategic view of EU economic interests, through its Economic Diplomacy, thus increasing the coherence of external policies and tools. The objective is to optimise all levers at EU's disposal to better advance these interests and to contribute to jobs and growth" (EC 2019a, 28, including Footnote 16; see also

Jones et al. 2020, 28 and Tröster et al. 2017, 74). For the implementation of the EIP, the EU delegations play a "fundamental role" (ibid.: 10) – how this role is played will be discussed in Chapter 3.4.1.

The EED and the EIP are also relevant for the implementation and deepening of the Economic Partnership Agreements (EPAs) Free Trade Agreements between African (and Caribbean and Pacific) States, going in line with the Global Europe Agenda of 2006 (see above). The negotiations over the EPAs were very conflictual and exceeded the time frame set by the EU by many years. One of the most controversial issues were negotiations around investment, public procurement and competition rights as well as services (Banse 2016, Chapter 4), the so-called WTOplus or behind the border issues (see Glossary). Most of the so far negotiated (and partially implemented) regional EPAs with African states include tariff reductions with negative effects – especially for the manufacturing sector and public budgets – in African states (Grumiller et al. 2018), but do not include these WTOplus issues. The African states rejected them in reference to the shrinking economic policy spaces (Hurt et al. 2013). Nonetheless, the WTOplus issues are mentioned in rendezvous-clauses of the regional EPAs – they are meant to be negotiated at a later stage, although some are in process already.[7]

In reference to the European Economic Diplomacy, the European Commission notes in 2017 that it will not accept slow implementation of Free Trade Agreements or Free Trade Agreements of limited scope (as the current EPAs are): "The EU must be able not only to negotiate broad agreements to tackle a wide range of global issues, but also to ensure these agreements can be ratified and implemented" (EC 2017, 14). The Commission states that the EU will continue to establish rules to protect international investment as well as open procurement markets in other regions and countries (ibid.). Following this policy strategy of Economic Diplomacy, the issues of the EPAs return on the political agenda with the External Investment Plan as well as in the Compact with Africa and soon with the Post-Cotonou-Agreement, which are discussed in Chapter 3.4.2.

## 2.3 Foreign investments and Global Production Networks in Africa

Trade and investment policies are manufactured within the highly unequal economic relations of uneven development, and shaped by geo-economical and geopolitical interests, as outlined in the previous chapter. They contribute strongly to structure the international division of labour, and therefore, the highly unequal patterns of production and consumption. The place of a national economy within this international division of labour, within the Global Production Networks, is decisive for its developmental perspectives and strategies. Trade and investment agreements tend to substantially weaken the abilities of developing countries to diversify their economies and keep the value added in their economies. Trade and investment agreements today protect the industrial first comers on the cost of the late comers – developing and emerging economies. They also intensify competition between the latter, which aim to upgrade within Global Production Networks. Strong intellectual property rights are one of the strategic tools to ensure monopoly position of lead firms within Global Production Networks (Chang 2003; UNCTAD 2018a, 70; UNCTAD 2017, 30, 59, 132ff.; see also Scherrer n.d; Gosh n.d).

Africa's economies are primarily dependant on the extraction of raw materials, leading the global commodity dependency (UNCTAD 2019, 3), leaving them vulnerable to volatile commodity prices, heavy outflows of wealth (see below), while providing few employment opportunities as well as contributing to undiversified economies (UNCTAD 2016, 84). The dependence on raw materials and the related outflow of wealth have long historical roots in colonialism and were exacerbated by the debt crisis and the consequent Structural Adjustment Programs (SAP) of the 1980s and 1990s. These SAPs structurally forced African countries to focus on their ‚competitive advantage' – which are the export of unprocessed or barely processed raw materials – in international trade to service their debts (Fischer 2020, 40; Tanoh 2019, for decreasing manufacturing in the 1990s see also de Vries et al. 2015). These developments lead to

7 — Meanwhile, for the first time, renegotiations on an interim EPA have begun between the EU and the 5 states of the Eastern and Southern Africa Region (ESA-5). The EU Commission has submitted a negotiating text for the chapter "Investment Liberalization, Trade in Services, and Digital Trade", which largely confirms the analyses of this study on the objectives of the EU Commission. (EC 2021).

a “premature deindustrialisation” or a very low level of “stalled industrialisation” of many economies (UNCTAD 2016, 78ff.) with an only marginal manufacturing sector of low productivity (excluding partly North and South Africa) (ibid; UNECA 2016a, 22).[8]

Recent high prices of natural resources resulted in the recent economic growth in Africa; however, this had little effect on employment. The majority of labour works in vulnerable jobs in the so-called informal economy, with an estimated rate of vulnerable employment for Sub-Saharan Africa of 77.4%, which is the highest among development economies (UNECA 2016a, 8). On the African continent, we can observe highly uneven economic development – both between and within countries (Jayne et al. 2018; Gelb et al. 2014). This is also reflected in very high social inequality rates (WIR 2018, 42), and highly uneven consumption growth projections (McKinsey 2016, 9). Overall, Africa has fallen behind world average wages since 1980 (WIR 2018, 58).

The problems of resource dependency and vulnerable employment in Africa are also acknowledged by the EU and Germany, claiming to aim to successfully integrate African economies into Global Production Networks by supporting the private sector to upgrade in order to achieve a more diversified economy and better employment conditions (BMZ 2017, 13; EC 2019c, 33ff., see also Chapter 3 of this report).

The untold story in these policy papers, however, is vast, and dismisses the power relations within GPNs as well as its underlying logic. In order to reduce production costs to maximise profit, so-called lead firms, based mainly in industrialised countries, make their production increasingly transnational and flexible, and so ever more sophisticated, intensifying competition within the firm, between suppliers, between regions, countries and, within all of these levels as well as between labour (Hürtgen 2015; Hürtgen 2019), contributing to highly hierarchical networks with lead firms governing their production. While there are some few ‚success stories‘ like China or South Korea – which upgraded and industrialised under very specific economic, historical and (geo-)political circumstances by applying a wide range of policy tools – the vast majority of countries were not able to substantially and sustainably upgrade within GPNs (Fischer 2020, 37f.; UNCTAD 2018a, 57ff.). Participating in Global Production Networks might even be counterproductive for the process of industrialisation. Those parts of GPNs with low value addition and relatively simple production may be easily accessible for developing countries, but they are associated with few backward and forward linkages and knowledge transfers to the rest of the economy. This hampers the possibilities to economically upgrade in a more complex manner. Furthermore, it potentially leads to specialisation with a small technological base and strong dependence on the lead firms in Global Production Networks, well visible in the case of the German automobile industry and its dependant production sites in Eastern Europe and Northern Africa and the permanent threat of losing out in the competitive game (see in more general terms UNCTAD 2016, 119ff.; Milberg/Winkler 2013, 278ff.; UNCTAD 2018a, 45ff.).

The effect of increased global competition and the entrance of many developing countries into low level production are a pressure on prices of produced goods and, therefore, on wages or generally on working conditions (UNCTAD 2016, 132): “Therefore, TNCs from high-income countries are likely to continue to enjoy a ‘race to the bottom’ among developing countries – declining global wages as a consequence of abundant supply of unskilled labour in those countries. At the same time, developing countries are likely to suffer from a ‘fallacy of composition’ – many of them entering the production of low-technology manufacturing goods in the belief that it will significantly boost their export earnings, only to find out that the earnings are nowhere as high as expected, as the prices of those goods have fallen exactly because so many countries have started to producing them” (UNECA 2016a, 151).

With further integration of the economy into GPNs, a rising fragmentation of the workforce can be detected, with the tendency of few relatively well paid skilled workers – often also affected by job insecurities – and low and very low wages in production, often below reproduction levels (Fischer 2020, 45; Hürtgen 2019, 5; Flecker 2010, 20f.; see also Milberg/Winkler 2013, 252), with women disproportionately affected by low wages. These tendencies contribute to wage inequality in developing countries (UNCTAD 2016, 122). Informal and contractual labour in its diverse forms is a crucial part of GPNs, lowering costs and increasing flexibility of production, with

**8** — Different from Kappel/Reisen 2019, underlining the heterogenous structure (Kappel/Reisen 2019, 10f, 38; see also Gelb et al. 2014).

the value captured by transnational companies. In the massive outsourcing down to homebased work or bonded wage labour, workers' rights are outsourced as well, weakening labour rights massively (Fischer 2020, 45; UNCTAD 2016, 127; Milberg/ Winkler 2013, 250ff.; Meagher 2019; Barrientos 2011; Jha 2016). Outsourcing, flexibilisation and precarisation of the workforce in GPNs are also widespread in countries with supposedly strong labour rights such as Germany (see e.g. Birke/Bluhm 2020; Goes 2015) and the EU in general (for Central and Eastern Europe, see Hürtgen 2019).

With its dependence on raw material and low share of manufacturing and low productivity, the abovementioned problematics regarding integration into GPNs apply even more strongly to the African context. Countries participating in GPNs with low-technology manufacturing goods enter straight into global competition with similar producers – well visible in the garment industry of Ethiopia, with wages way below those of Bangladesh (26 USD a month in Ethiopia as against 95 USD a month in Bangladesh) (Barret/Baumann-Pauly 2019, 9), supported by German development cooperation (GIZ n.d.).

In addition to resource dependency and low manufacturing, we witness a strong dominance of foreign capital on the continent (Gibbon/Ponte 2005, 200f.), with monopolizing tendencies well visible. For example, in 2014 Danone bought 40% of East Africa's largest milk company, providing access to over 140.000 milk farms in East Africa, with plans for even further acquisition in North Africa (UNECA 2016a, 150ff.). From his analysis of the production of pineapple, cocoa and seed breeding, Amanor (2019, 31) argues "(...) that integration into agribusiness value chains intensifies the loss of autonomy of farmers and makes them increasingly dependent upon inputs, proprietary seeds, and the regulation of production by agribusiness and loss of control over processing and marketing. The outcome is the increasing extraction of surplus by agribusiness and increasing cost of production for farmers." These monopoly tendencies are allowing powerful global companies to dictate economic conditions, leading to falling incomes for producers, and to the expense of domestically rooted economic development. In her analysis of informal labour integrated into GPNs in Morocco and South Africa, Meagher (2019, 85f.) concludes: "(...) integration into GVCs [Global Value Chains] also bypasses or undermines other types of enabling linkages at the local, regional and national levels." The connection into GPN "(...) sidelines local livelihood systems, local value chains and formal rights and regulations." External needs are privileged over local income and protective regulation (ibid.).

The relevance of African economies for Global Production Networks are well visible in the growing B2B markets – the business to business markets between and within firms which contribute largely to the continent's growth (McKinsey 2017, 2).

How the value produced in Global Production Networks is captured is of crucial importance for any development perspective – depending not least on government policies (how are property rights regulated) and firm ownership (is a firm fully foreign or domestically owned, does it involve joint ventures) (Henderson et al. 2002, 449, 459). These elements are decisive for how profits generated are reinvested or repatriated, for whether there is a strong threat for divestment/leaving the country in case policies do not match the demands of foreign companies, whether there are technology transfers, backward and forward linkages established etc. With a strong presence of foreign capital, as is the case in Africa, policies are usually built around the demands for foreign capital: "(...) policy objectives are usually focused on providing an attractive business climate for the lead firm (including adequate infrastructure and a sufficiently trained labour force) and avoiding any restrictions on the free flow of goods and finance that connect suppliers along the chain" (UNCTAD 2018a, 71, on the influence of foreign capital, the EC and the IMF on labour laws in CEE, see Hürtgen 2019, 8).

The spill-overs from participating in these chains that serve the demands of the lead firms are far from evident (ibid.) and the political and economic power of the lead firms can be massive.

Generally, external/foreign investment can be instrumental for domestic development strategies, if applied and regulated strategically to steer economic sector development.

An integration into Global Production Networks can be used as part of a well-planned strategic industrial policy, combining trade regulations to protect and promote infant industries, subsidies including subsidized bank loans, research and development, FDI-requirements such as joint ventures, local content, technology transfers, local sourcing or value addition requirements, and public procurement policies to assist strategic industries – to name just a few (UNECA 2016a, 111; Chang/Grabel 2014, 139f.) – corresponding to measures taken already by economic

latecomers and today's industrialised countries like the US, the UK or Germany (Chang 2003).

Unregulated investment flows, however, imply multiple risks such as massive profit repatriation, illicit outflows due to complex firm structures or mis-invoicing (see below), monopoly powers on policymaking and structural economic dependencies, with potentially devastating consequences for communities, regions and countries (see e.g. regarding Sierra Leone Lanzet 2016) including destabilizing entire political systems (best to observe in Chile in the 1970s) (Chang/Grabel 2014, 138) or crowding out of domestic capital (ibid.).

African countries are economic ‚latecomers' who face severe international competition in their domestic realm, not the least of which were introduced by the Structural Adjustment Programs (SAP) of the IMF and other conditional aid bound to economic liberalisation or the outplay of market power (to be seen e.g. in the case of the EPAs).

As it will be shown in Chapter 3, the suggested policy reforms of the EU and Germany will increase the overall competitive framework, strengthening the position of foreign investors, while further limiting the policy spaces needed for the above-mentioned strategic industrial policies which would enable sustainable economic development.

## 2.4 Sovereign and household debts in Africa

Africa is facing tremendous outflows of wealth – be it illicit e.g. via trade or transfer mispricing, led by multinational companies, enabled by their complex structure and weakly enforced regulations, ever more complicated within complex Global Production Networks as dealt with above (Ndikumana 2017, 1; UNECA 2016b, 121) or be it legalized capital flight like profit repatriation, tax havens for FDIs or general outflow due to low prices for commodities being extracted or produced in Africa. Furthermore, due to their purchasing practices, FDIs can additionally contribute to net outflows when their imported goods are more expensive than their export earnings (UNECA 2016a, 153; Henn 2020).

Considering illicit financial outflows alone, between 1970 and 2008, Africa lost around the same amount of money that it received via Official Development Assistance in the same period. Only one-third would be sufficient to cover its external debt. Several estimations account for even increasing illicit outflows over time, also using more current data (UNECA 2016b, 120).

The legalised outflows, probably even more relevant than illicit financial flows (UNECA 2016b, 119), are deeply rooted in the structures of Africa's primary commodity export sectors which are characterised by the monopoly of benefits by dominant multinational companies. Based on a study by the Bank of Ghana, it is estimated that "98.3% of Ghana's gold remains in the hands of multinational companies" (della Croce 2019; see also Hilson/Maconachie 2008, 88f.; Bracking 2009, 5,7).

Given that, for most African countries, commodities make up between 80 and 100% of their total merchandise exports, volatility in commodity prices are strongly reflected in their public budgets, leading to increasing (external) debt in times of lower prices, which are not the least visible in currently rising sovereign debts (UNCTAD 2019, 2ff.; UNCTAD 2016, 84; UNECA 2016b, 130).

However, a change in the structure of African sovereign debt can be detected. One important aspect is the rising relevance of market-based finance for sovereign debts. Capital markets have deepened, attracting both international and domestic (institutional) investors purchasing sovereign bonds – both in foreign and domestic currency (UNECA 2016b, 131f; Culpeper/ Kappagoda 2016, 16f.; Basset 2017). Combined with low or negative interest rates in the US, EU and Japan and relatively high yield expectations in African sovereign bonds of diverse forms as well as real or exaggerated needs for infrastructure investment (see Chapter 2.1), the incentives for private investors to provide money is high, with African governments seeking additional forms of liquidity on the other side (Kaiser 2019, 13; UNECA 2016b, 131f.; Basset 2017). Market-based finance as discussed above is accompanied by high exposure to the volatilities of international financial markets – well visible with the withdrawal of capital during the COVID-19-crisis (see Chapter 2.1). Furthermore, debt is provided to market conditions, leading to structurally high interest rates and debt monitoring becomes more challenging (Culpeper/Kappagoda 2016, 16f.; see also Basset 2017). Amongst other things, the IMF's position as a lender of last resort and the specific market discipline stemming out of the capital markets, result in a relatively low risks of default for the investors (Roos 2019; see also Kaiser 2019, 13) – even though, as seen during the Covid crisis, the risk can still materialise.

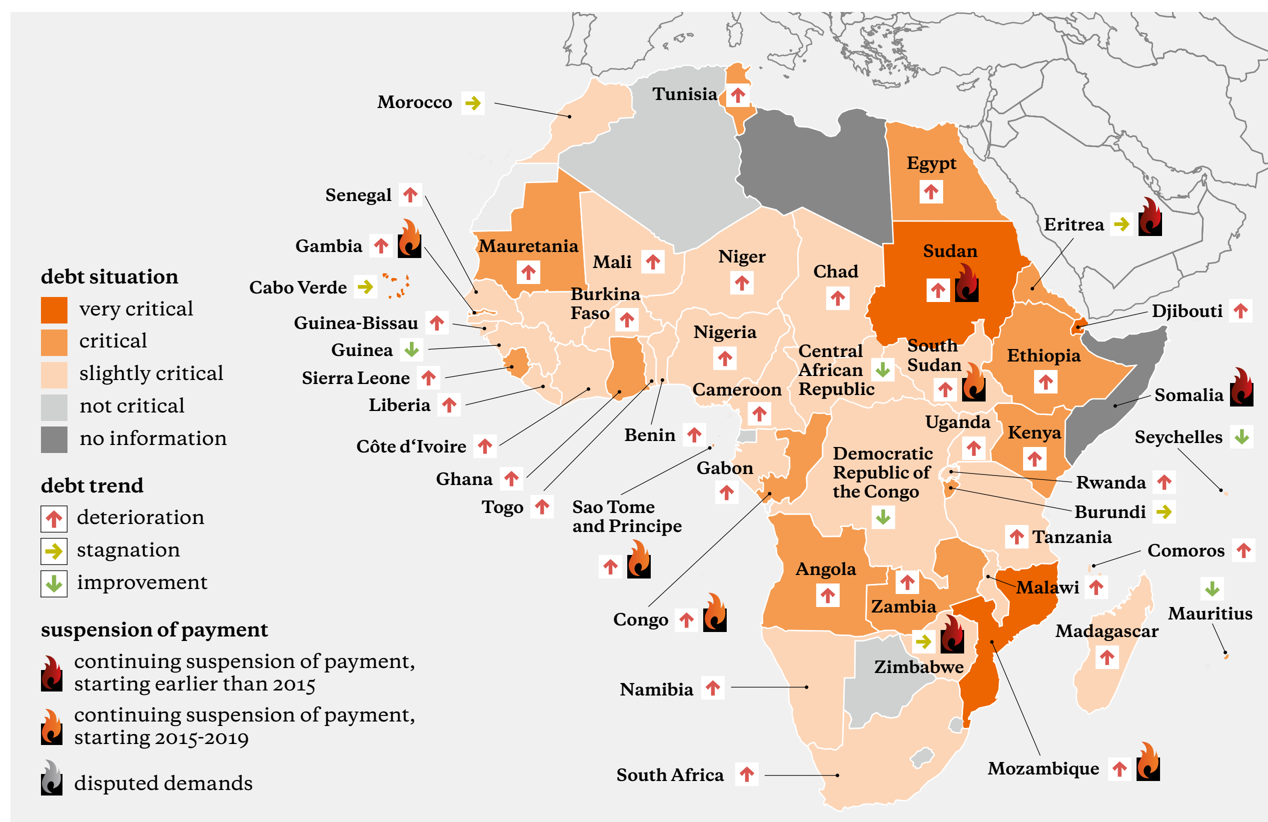



**Figure 4:** Africa's debt situation: Map showing the debt situation of critically indebted countries in Africa, the debt trend and the suspension of payments
*Source: Misereor/Erlassjahr 2020, 3*

The situation gets even more problematic when faced with the hidden costs of the much fostered PPP and guarantees provided by the state in case of reduced rates of returns (Vervynckt/Romero 2017; UNCTAD 2017, 136f., 141; UNECA 2016b, 132f.; see for a recent Nigerian example Gabor 2020, 14f.).

Not surprisingly, levels of public debt in African countries are rising (Misereor/Erlassjahr 2020, 3; UNECA 2016b, 130), with important German partner countries marked as "critically" indebted (Ghana and Tunisia).

In recent years, the indebtedness of households in African countries has expanded, too. A recent study on eleven Southern African Development Community (SADC) countries suggests that a quarter of all adults in the region are over-indebted. An important detail to note is, that only about one-third of the adults in the region access credit from banks or other institutionalised sources, but about 78% of all adults who had access to credit were over-indebted and more likely to be impoverished. Hence, a strong connection between over-indebtedness and access to credit can be deduced (Mutsonziwa/Fanta 2019). These numbers are particularly worrisome because access to financial services for low-income households is portrayed as a panacea by leading development agencies, like the World Bank, G20 and OECD. The development agenda of ‚financial inclusion' has superseded the focus on microcredit, suggesting that poor people primarily need access to full-fledged financial services, including bank accounts, credit, insurance and mobile money or e-payments. While access to credit has indeed increased through the rapid rise of microfinance in recent decades, the promise of enabling poor people to lift themselves out of poverty seems vastly overestimated (Duvendack/Mader 2019). In many ways, the overall social, economic and political effects can even be considered as destructive from a social and sustainable development perspective (Bateman et al. 2019a, 28off., Bateman et al. 2019b; Mader 2015; Wichterich 2015). Since lending to poor people has proven profitable, many non-profit NGOs offering microcredit have turned into large for-profit entities,

listed on stock markets and funded by equity capital. Mader (2015, 118) estimated that this "financialization of poverty" has generated profits for investors (e.g. through microfinance investment vehicles) amounting to USD 125 billion between 1995 and 2012. Financial inclusion includes poor people into financial markets and brings "their poverty (...) as an investable asset for the rich" (Mader 2015, 118). On the African continent, financial technologies have experienced a rapid growth in recent years. According to Shapshak/Forbes, Africa is the fastest growing mobile finance market worldwide (Shapshak 2017; see also GSMA 2019), offering high charges on all kinds of services such as money transfers, microcredit, micro-insurance and others. Also, due to high penetration of foreign ownership in the fintech industry, profits are not reinvested locally, so the value generated from poor people leaves their communities (Bateman et al. 2019b; see also Pilling 2019). Bateman et al. thus speak of financial technology as "digital mining" – a new form of resource extraction and plunder from Africa, leading primarily to the enrichment of foreign investors and local elites on the back of poor populations and therefore contributing to the growing social inequality and private indebtedness (Bateman et al. 2019b; UNCTAD 2017: 100; see also Mutsonziwa/Fanta 2019).

Despite severe criticism, German development institutions keep advocating financial inclusion as a prime strategy to alleviate poverty.

## 2.5 Conclusion

The financialization of the Official Development Aid and infrastructure funding, including the de-risking measures to attract the "global pool of private finance", the geopolitical and geo-economical competition on the African continent as well as Germany's and EU's position within this competition give first insights regarding possible motivations for the recent German and European Africa initiatives. The discussion regarding Africa's development perspectives in Global Production Networks and its related investment conditions – providing reduced competition for those at the top and increased competition for those at the bottom – outlined first the interests involved in further influencing these economic conditions in the interest of European capital while also shedding a critical light on the strong focus on FDI, both from external donors and African governments themselves.

As several of the initiatives discussed below provide direct or indirect debt to African countries, it is of additional relevance to remember the levels of sovereign and household debt in mind when analysing initiatives that aim to provide diverse forms of debt as well. The last chapter on sovereign and household debt outlined not only the dangers of rising debts in Africa, but also their preventability. In recognizing the immense outflows of wealth by illicit financial flows, but even more importantly, by legalised outflows, the question of the need for external finance as such is striking.

The following chapter outlines and discusses prominent German and European initiatives, while Chapter 4 will conclude this report.

# Chapter 3
# Germany's and EU's private sector promotion in Africa

This chapter analyses the different policy projects of the recent years – both of the German government as well as those of the European Union. First, the main German initiatives will be analysed against the context of the preceding pages. These are the Compact with Africa, the Marshall Plan with Africa and the Development-Investment-Fund/Entwicklungsinvestitionsfond (EIF). Subsequently, the European External Investment Plan and, briefly, the Post-Cotonou-Process will be looked at.

These projects/policy papers are not only relevant for a more comprehensive understanding of German ODA in Africa. They also pertain ongoing regular activities, especially those of the DEG/KfW, which need to be researched more comprehensively.

Furthermore, projects of financial inclusion mentioned above are only briefly dealt with. Both are important aspects of German development cooperation but would exceed the framework of the given report.

## 3.1 Compact with Africa

The Compact with Africa (CwA) is an initiative of the G20 under the presidency of Germany, issued in 2017. The CwA is written by the German Federal Ministry of Finance and is published by the AfdB, IMF and the WB. It formulates policy recommendations to foster private investment – with a strong focus on external investment. It consists of three pillars: First, the Macroeconomic Framework with reform suggestions regarding investment friendly tax systems or for a better "performance" of public services (AfdB/IMF/WB 2017, 16). The second pillar aims to improve the legal conditions for private investment (Business-Framework). The third pillar, the Financing Framework, intends to improve access to finance for companies and states. This pillar strongly focusses on broadening and deepening financial markets in participating African countries. These reform elements can be implemented in a modular way, adapted to the economic situation of each individual country. The initiative is generally open to all African countries agreeing to implement a suggested and nationally adapted reform agenda which will be monitored biannually (CwA n.d.). So far, twelve African countries are cooperating in the framework of the CwA: Côte d'Ivoire, Morocco, Rwanda, Senegal, Tunisia, Ethiopia, Ghana, Benin, Egypt, Guinea, Togo, Burkina Faso. On the side of the G20, Germany remains, by far, the most active driving force behind the implementation of this initiative.

The CwA faced criticism from different angles[9]. This research focusses on CwA policy suggestions regarding (1) services, investment regulations and public procurement markets; and (2) on the restructuring of domestic financial markets. In doing so, the following analysis situates the CwA first in past negotiations mainly about the first line of issues (services, investment, public procurement) between the EU (and therefore also Germany) and African states within the framework of the Economic Partnership Agreements (EPAs). Secondly, and closely relating to the first aspect, the CwA needs to be situated within the above discussed agenda of de-risking investments and the financialization of Official Development Aid (see Chapter 2.1). The CwA can even be seen as one of the most comprehensive papers conceptualising de-risking policies (Banse 2019a).

**Privatisation of public services, liberalisation of investment rules, deregulation of public procurement**

The liberalisation of services has been highly disputed on both the multilateral and the bilateral levels. One of the criticisms is based on the fact that an opening of service markets for external investors under the principles of the WTO will lead to a privatisation of public services leading to unequal access (geographically as well as income and, related to it, gender wise) and decreasing standards of these services (Hermann 2014; Oxfam 2014). Furthermore, domestic service providers will be ousted due to harsh international competition.

At the level of the WTO, the General Agreement on Trade in Services (GATS) regulates service liberalisations via so-called positive lists, explicitly naming services to be liberalised in each country. Proponents of comprehensive free trade agreements like the Economic Partnership Agreements (see Glossary) want to go beyond this approach, pleading for so-called negative lists. These negative lists would mention only those services not to be liberalised under the agreement, meaning all those services not named would be opened for international competition. Given the complexity of the service sectors in each country and their importance for its population and

**9** — For an overview, see Banse 2019a,80

economy, this ‚GATSplus' agenda remains highly disputed and has not yet been integrated in most of the EPAs with African countries.

Whereas bilateral free trade agreements like the EPAs are (semi-)concluded in long and conflictual negotiations, mostly critically accompanied by public interest, the CwA circumvents any kind of negotiations. Due the limited "in-house commercial and legal skills" (AfdB/IMF/WB 2017, 26) of the African states, the CwA suggests that contracts, e.g. *Public Private Partnerships* (PPP) (see Glossary) and partly privatised services, are to be standardised (ibid., 25ff.). In doing so, the CwA refers to the World Bank favouring PPPs even more than the IMF and does not seriously consider the enormous fiscal and social risks related to PPP (Vervynckt/Romero 2017; see also Alexander 2017; Gabor 2020). Standardized PPP contracts enable legally well-secured partial privatisation of services without the need of WTO-conforming trade agreements with public discussions or protest, as seen with the EPAs. The CwA argues for the commercialisation/commodification of public services under cost efficiency, meaning a noticeable increase in user fees (AfdB/IMF/WB 2017, 16f.). This is also done to improve investment opportunities for private companies: "Deeper forms of private sector participation (…) may become relevant once cost recovery improves to an acceptable level and risks to private investors to secure reliable long-term returns on infrastructure are adequately mitigated" (ibid., 17). Templates for PPP contracts, public efforts to increase the "cost recovery" of public services and otherwise covering multiple risk of profit reduction can be seen as the second and third step (adapting regulatory and policy reforms as well as providing public means) in the cascade approach of de-risking investment for crowding in private finance (see Chapter 2.1).

Equally important appears to be the reference to the "key good principles" (ibid., 22) provided by governments for investor protection, such as the protection against "unlawful, direct or indirect expropriation" (ibid.), or the formal guarantee of equal treatment of all investors – domestic or foreign, small or big, public or private. Especially the term "indirect expropriation" has been strongly disputed as it applies, e.g. to regulatory measures regarding environmental, health or social protections putting assumed profit margins into question (IDEAs 2011, 4; see also Chapter 2.1). Equal treatment under the given very different competitive opportunities of companies is detrimental to developmental planning (see Chapter 2.3).

The third principle is the plea for free capital flow, to be limited only under very special circumstances (ibid.), allowing, e.g. the free repatriation of profits with the detrimental effects discussed in Chapter 2.3 Furthermore, governments have to ensure legal enforcement mechanisms by providing "access to neutral and effective dispute resolution mechanisms" (ibid.). In doing so, the CwA refers to the controversial Investor-to-State-Dispute-Settlement mechanisms (ibid., 22, note 38)[10]. But the CwA goes even beyond these. It refers to the long lasting legal disputes to be avoided in the interest of "harmonious" relations between states and (foreign) investors (ibid., 23). Therefore, newly implemented state institutions should search the exchange with the investors and help solve investor claims long before a legal dispute materialises: "An early warning and tracking mechanism to identify and resolve complaints and issues that arise from *government conduct* could help fill this gap, ultimately preventing legal disputes and facilitating harmonious relations between investors and governments. (ibid., 23, italicisation by the author). In doing so, the CwA exceeds the already controversial dispute mechanisms – before a legal claim can be set against a state, the wishes of investors can be complied to via the "Systematic Investor Response Mechanism"(SIRM) (ibid., 23) at the executive level – fast, risk free and without any public attention, and therefore control. All potential "government conduct" (ibid.) limiting the profit margins of investors, such as environmental, health, tax, labour, competition, mining and many other issues, will be under review with the SIRM. These proposals for adapting investment rules are compatible with the second step of the de-risking Cascade approach, lancing policy reforms to ensure a commercial route to development (see Chapter 2.1).

Another element of the CwA, also a so-called WTOplus issue (see Glossary), is the deregulation of public procurement (AfdB/IMF/WB 2017, 14, 15, 17). In referring to national economic sovereignty, public procurement is not part of current WTO treaties, nor is it a binding part of most EPAs with African states. In the CwA, like in the EU-Agenda of the EPAs (BMZ 2007) a "competitive and transparent" public procurement policy is

**10** — See as a critique e.g., CEO/TNI 2012; CEO 2017

promoted (AfdB/IMF/WB 2017, 15, 17). In practice, this means free for tenders in public procurement procedures, favouring international bidders as they can provide cheaper offers, at the cost of smaller, local and national ones (ActionAid et al. 2008; see also Claar/Nölke 2013).

The examples of PPP, investment and public procurement regulations show how the CwA contributes to the efforts to liberalise or deregulate so-called behind the border issues (see generally here Bieler/Morton 2014, 41f.; see also Glossary). Contrary to the EPAs, the CwA does not address African regions, but cooperating states. This approach eases negotiations and sets benchmarks for other African states, for rendezvous in the framework of the EPAs or for negotiations around the ODA of the European Union – corresponding with the European Economic Diplomacy approach (see Chapter 2.2.2) as well as the External Investment Plan (see below).

Furthermore, many aspects of the PPP templates and SIRM (see above) go beyond the agenda of FTAs known so far, insofar as they shield investment regulation even more from public debate and control. Additionally, especially the two first aspects discussed (PPPs and investor protection) correspond smoothly with the above discussed de-risking agenda for crowding in (international) finance. In its last chapter, the CwA outlines this goal in more detail.

**Deepening financial markets**

In the *Financing Framework*, the last chapter of the CwA, it is formulated very openly, that the CwA aims to create improved investment opportunities for the "global pool of private finance" (AfdB/IMF/WB 2017, 29), primarily for institutional investors (pension funds, hedge funds, insurances, asset managers and others) by mitigating their risks (ibid.). Without referring to it directly, this last chapter substantiates the de-risking agenda of the World Bank outlined above (Chapter 2.1).

Prominent is the suggestion to use ODA increasingly for minimizing risks of private investment (ibid., 29f.). This "blending" (ibid.) or leveraging is meant to attract private money and thus multiply the impact of ODA (see Chapter 2.1). But blending is also much criticised. First, because public money is used for reducing private risks and increasing private profits. Second, because of its focus on public infrastructure that is "marketable" – or "bankable" (AfdB/IMF/WB 2017, 37). This marketability orientation hinders a democratic planning of infrastructure along developmental needs (UNCTAD 2018a, Chapter IV; for an account of the functionality of blending, see Glossary). Third, because to sell a project to private investors, project finance needs to be cut in pieces: "Project financing instruments may be sliced into tranches to match the different appetite for risk of different investors" (AfdB/IMF/WB 2017, 29). Further, different projects could be pooled together in portfolios to also attract investors with a "low risk appetite" (ibid., 30), like pension funds. In concrete terms, the CwA conceptualises infrastructure project financing by issuing bonds and equity to be traded in financial markets (see Chapter 2.1) globally as well as domestically.

Amongst other things, to enable these financial market activities, the CwA aims to support African countries in transforming their financial sector by creating favourable conditions for market-based finance (or shadow banking). In acknowledging the risk of boom-bust cycles underpinning the reliance on foreign investors, the CwA aims to root these financial markets domestically, e.g. by creating domestic institutional investors with long term investment interest – such as pension funds and insurance companies. Referring to existing pension systems, the CwA recommends that African states: "(…) adopt structural and parametric reforms to improve the solvency of pension fund systems, as well as the coverage of the population" (AfdB/IMF/WB 2017, 38). In establishing and enlarging private pension schemes in African societies, pension funds are created to act as institutional investors with long term interest and, therefore further privatising social security systems, with the attendant individual risks and negative effects on social equality. Parallelly, the CwA pushes for a deregulation of pension funds, e.g. in the EU, in order to allow bigger investments outside the OECD, e.g. in African infrastructure projects. In aiming to create further asset classes for domestic and foreign investors, it suggests enlarging market-based housing markets, including securitised mortgages (AfdB/IMF/WB 2017, 35ff.) – collaterals which have already been a central part of the subprime crisis leading to the global financial crisis in 2008/2009.

An important element of these domestically rooted financial markets, heavily promoted by Germany within the G7 and G20, are Local Currency Bond Markets (LCBM) (ibid., 29ff.). Contrary to sovereign bonds in US-Dollars or Euros, local currency bonds are mostly more expensive (are issued with higher interest rates) because the borrowing governments no longer have to assume currency risks (ibid., 31f.; see also IMF et al.2013, 5; Culpeper/Kappagoda 2016, 4).

LCBMs as conceptualised in the CwA and earlier initiatives of the G20, are meant as a cornerstone for the abolishment of capital controls. Bernd Braasch of the Bundesbank, an institution heavily involved in the conceptualising of LCBMs within the framework of the G20, states: "(…) deeper local currency bond markets will help to reduce or avoid external imbalances (…). More diversified domestic financial systems strengthen the ability of countries to absorb an increasing volatility of international capital flows and therefore dampen the need or incentive to reintroduce capital controls (…)" (Braasch 2012). The reduced room for manoeuvre on capital controls matters for poor countries because foreign investors in local currency bond markets are highly sensitive to exchange rate risk: currency depreciation accelerates portfolio investor flight, creating further depreciating pressures (Hofman et al. 2020).

In a footnote, the CwA hints at this problem of foreign investors in local bond markets: "The participation of non-residents in the domestic government securities markets is generally not advisable at an early stage because of the risk of sudden or large-scale reversals in capital flows that can result in a boom–bust pattern in asset prices if secondary markets are shallow and illiquid" (AfdB/IMF/WB 2017, 33). In a later stage though, the object is for the external investors to benefit from deepened domestic financial markets. These deep financial markets are an important element to assure their liquidity and, therefore, de-risk investments, e.g. in former public infrastructure designed to ensure a promising rate of return. As noted already in Chapter 2.1, we can unfortunately already witness the effects of these open financial markets in DECs, with investors leaving these economies in times of uncertain yield expectations (Barbosa et al. 2020).

Germany took on a leading role in the policy processes designing LCBMs in DEC. It did so mainly since 2007, first within the G7 and then later within the G20. LCBMs can be seen as an important cornerstone to strengthen the 'resilience' of global financial markets without stronger regulations but with enlarged de-risking mechanisms, enabling profit generation with the 'global pool of private finance' (Banse 2019a; Gabor 2020; Gabor 2018; see Chapter 2.1).

The CwA aims to build the foundation for new forms of (sovereign) development finance. It is not conceptualising these as ODA flows based on grants or public credits with low interest rates. It provides the ground for massive debt allocation with shadow banks as creditors, providing market-based finance to structurally high and volatile market interest rates. Further, it advocates strongly for PPPs, known to be hidden debt-generators (Vervyckt/Romero 2017; also see above). The CwA contains debt managing mechanisms, which might help reduce general risks, but will not change anything regarding debt allocation as such nor will they, according to Rehbein and Bokosi (2018), provide any help in times of crises.

Even if the CwA has not yet lead to increased investment of German capital in Africa (Kappel/Reisen 2019; Kappel 2020), it matters, also because it is the leading document of the German Africa policies to promote private sector development in Africa. It, therefore, structures not only German initiatives to foster the private sector, but also influences the Africa policies of the European Union. These EU initiatives also supported its implementation, even without the tag of ‚CwA'.

In the following sections discussing the diverse initiatives of Germany and the EU, the structuring character of the CwA will become visible.

## 3.2 The Marshall Plan with Africa

The Marshall Plan with Africa was also published in 2017, but unlike the CwA, this was issued by the Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, the BMZ). It situates the German Africa policy within that of the EU and encourages focusing, while cooperating with Africa, "(…) on fair trade, more private investment, more bottom-up economic development, more entrepreneurial spirit and, above all, more jobs and employment" (BMZ 2017, 4). It wants to reinforce "African ownership" and for leaving the "days of 'aid' and of 'donors and recipients' (…) behind us. (…) to engage in a partnership of equals" (ibid.).

The Marshall Plan contains several policy recommendations regarding economic activity, trade and employment; peace and security and democracy/ rule of law. As overarching topics are the stronger support of girls and women as well as education and training mentioned (BMZ 2017, 12).

The Marshall Plan encompasses more than "100 ideas for reform" (BMZ 2017, 12), out of which several appear to be a reaction on the critiques of German or European relations with Africa. One prominent reply appears to be the plea for equal partnership, the other a

reference to fair trade relations and protective tariffs as well as the establishment of local value chains (ibid., 13,17). In order to assess the Marshall Plan, it is necessary to look at the aspects chosen out of the "100" being realised on the ground.

The Marshall Plan outlines "new forms of cooperation", aiming for "reform partnerships" (ibid., 13) on joint economic cooperation, replacing the idea of providing or receiving aid. Therefore, the cooperation of Germany will focus on countries that are "reform oriented" (ibid., 13; see also BMZ n.d. c). The hitherto selected countries for these economic co-operations are so far also part of the CwA. Additional selection criteria are an "outstanding willingness for reform and efforts to improve good governance and the conditions for private sector activities" (BMZ n.d. b, translated by the author). In linking the Marshall Plan closely to the CwA as well as stressing the relevance of the private sector, those policies of the Plan that are in line with those of the CwA will be (among) the most relevant out of the "hundred" other suggestions. These are, attracting large institutional investors via substantial de-risking (BMZ 2017, 15), including the therefore necessary support for domestic financial markets (ibid., 17, 30), the deregulation of public procurement (ibid., 22); and the creation of an environment for "doing business" and a "climate for investment and innovation" (ibid., 17).

The Marshall Plan signals that instruments of development policies, the ODA, will be made "more flexible so we can respond to political changes more quickly and effectively" (ibid., 13). Combining this signal with the plan to "(t)alk straight with those opposed to reform rather than showing diplomatic restraint" (ibid., 22), and a concretization on the website that "certain tranches of finance are only paid after previously defined steps of reform are reached" (BMZ n.d. b, translated by the author), indicate a straight (economic) conditionalization of aid, visible in the concrete cooperation as well. A stronger conditionalization of aid corresponds also to the indicated practices at the European level (see Chapter 2.2.2). This conditionalized ODA not only reflects the false attempt of "equal partnership", it also shows the ongoing relevance of "aid" that was aimed to be ended. Furthermore, as the ODA is so strongly bound to economic reform along the lines of the CwA, it calls the entire plea for democracy into question, as policy space to decide over economic reforms domestically appears to be closed.

For the proclaimed aim to move from "free trade" to "fair trade" (BMZ 2017, 13) the BMZ acts within the policy frameworks of the EU, which is responsible for all the trade relations of its member states. It can be assumed that the advocacy for "protective tariffs" (ibid., 17) reaches as limited in time and scope as regulated in the EPAs. The EPAs allow some exceptions and different paces of liberalisation, but are basically aiming for a reciprocity of the trade relations between the EU and African states (see Chapter 2.2.2 as well as Glossary).

The selected partner countries so far are Tunisia, Ghana, Ivory Coast (contracts of cooperation since 2017), Senegal, Ethiopia and Morocco (contracts of cooperation since end of 2019). With each country, priority sectors are set: the cooperation with Ghana and Ivory Coast focusses on renewable energy and energy efficiency, and with Tunisia on bank and financial sector reform. For the other three partner countries, no priority is yet officially set.

Regarding the concrete content and implementation of these partnerships further research is clearly needed[11]. As the partnership goes in line with the CwA and its reform suggestions, it can be plausibly assumed that the economic policies and investments regarding renewable energy and energy efficiency (Ghana and Ivory Coast) will all be oriented to the de-risking agenda outlined in Chapter 2.1[12]. Likewise, in Tunisia one main focus of reform will most likely lie on improving the conditions for market-based finance with the abovementioned risks.

## 3.3 Entwicklungsinvestitionsfonds (Development Investment Fund)

For further implementing the CwA, the German government has created an Investment Fund; it was unveiled in June 2019 (BMZ 2019).

The overall budgeted amount is envisaged to be 1 bn Euros, even though the concretely spent funds appear to be less (Bundesregierung 2020; Grünewald 2020). The fund contains three elements: loan provisions for European and German SMEs (Africa Connect), analytical and

**11** — The government mandated evaluation institute DEval plans evaluations of these reform partnerships (DEval 2020).

**12** — see more generally for the energy sector Haag/Müller 2019 and Claar 2020

network support for German enterprises (Wirtschaftsnetzwerk Afrika/Economic Network Africa) and provision of risk capital for African SMEs (AfricaGrow)[13].

### 3.3.1 Africa Connect

Africa Connect aims to support German and European enterprises in investing in CwA countries with attractive loan provisions. Unlike current programs, the focus of Africa Connect lies on SME. Next to German and European enterprises, private companies with an African headquarter can also request loans if they have European shareholders or longstanding contract relations with European companies (BMZ 2019). Support is mainly given via low-risk loans, consulting services and matchmaking via DEG networks in Africa (DEG 2019).

The amounts provided are set between 750.000 EUR and 4 mn. EUR. The maturities are between three and seven years. The loans are regarded as equity and do not have to be dealt with as priority in case of project failure (BMZ 2019).

The implementing institution is the Deutsche Investitions- und Entwicklungsgesellschaft (DEG), as a subsidiary of the German Development Bank Kreditanstalt für Wiederaufbau (KfW). Interestingly, and in full accordance with the above discussed trend to market-based finance (Chapter 2.1), the loans are not provided directly via the DEG but via a "trust" based in Mauritius (Bundesregierung 2020). According to the government, the trust is planned to be replaced by a debt providing Alternative Investment Fund (AIF, Kreditfonds) based in Germany (ibid.). Despite the outsourcing of credit provision to this fund/Kreditfonds, the German government claims that the BMZ decides the criteria of loan provision, and that concrete decisions will be taken by the manager of the fund. The manager itself is controlled by an advisory board, in which DEG and BMZ are represented (Bundesregierung 2020). So far, it remains unclear who the manager of the fund will be or what the operating mode of the advisory council will be. According to the German government, a maximum of 200 mn Euros will be provided for the fund, one half by public funds and the other via private investors (Bundesregierung 2020).

Debt providing Alternative Investment Funds can be categorised as institutional investors or as ‚shadow bank' (Gerstenberger 2019, 1), providing market-based finance, e.g. to companies (ibid.). It is unknown how the Kreditfond for AfricaConnect is concretely structured and financed. Given that the KfW itself is strongly bond financed and benefits from the guarantees of the German government (Naqvi et al. 2018, 9ff), the construction of an AIF for credit provision for companies investing in Africa is as such not surprising. However, it underlines once more the relevance of market-based finance for development policies as such, but also for financing the activities of German companies abroad. With the involvement of private investors, the publicly installed credit fund needs to generate profit, with the guarantees of the German government.

Regardless of its concrete structure and mode of finance, AfricaConnect is based on the idea that FDIs bring sustainable development in African countries (BMZ 2019). This paradigm has been criticized in Chapter 2.3, on the basis that the strong focus on FDIs creates economic and political dependencies and a competitive environment detrimental for domestically rooted development strategies. Nonetheless, it was acknowledged that FDIs could bring added value under specific conditions – a regulatory framework assuring, e.g. technology transfers or employment effects. However, the policies under the CwA as well as under the External Investment Plan (EIP) discussed below propose a strong deregulation of investment rules, making these kinds of development effects highly unlikely.

In addition to these general concerns of investment liberalisation and the related difficulties of developing domestically rooted development strategies, the conditionalities for loan provision under AfricaConnect remain foggy, and, not least related to the foggy indicators, the general monitoring of the developmental effects of these investments are highly questionable:

1) What is known so far regarding the developmental conditions for loan provision are that the investments should have a "recognizable" effect on the "development of the envisaged market [Zielmarkt]" (BMZ 2019, translated by the author), which could be "for example" (ibid.)

**13** — In addition to these three aspects, the government of Germany also states that the AfricaGreenTec initiative for renewable energy and energy efficiency is part of the EIF as well systematic support for SME finance in Africa is planned as well as "further programmes" (Bundesregierung 2020). Regarding the AfricaGreenTec Initiative, hardly any information is made public (ibid.).

a direct effect on employment with "good working conditions" or the introduction of new technology or innovative services on African markets. Thus, the creation of employment is only one out of several other options. How these effects should be measured from a sustainable developmental perspective remain open. 2) The DEG as the implementing institution has a poor record in transparency and refers to bank or corporate secrets when it comes to public control of its supported investments (Lanzet 2016, 34ff.; Adivasi-Koordination et al., 2010. The German Government states clearly: "The DEG publishes the projects financed via AfricaConnect on the website of the DEG. Further information, e.g. on environmental or social plans, cannot be published due to regulations of data protection and others" (Bundesregierung 2020, translation by the author). Hence, it remains open and not publicly controllable, if the investments supported by the DEG have a sustainable effect on employment – a major goal set by the German government. In a similar setting, the CEO of a fund (AATIF, see Chapter 3.3.2) was unable to tell if funded companies paid their taxes properly (FIAN 2019).

Unfortunately, the government mandated evaluation institute DEval will only evaluate the instruments of financial cooperation in 2021 (DEval 2020, 13). It will be interesting to see how DEval deals with the requested needs of confidentiality for a sound evaluation.

There was some scepticism on the acceptance of AfricaConnect by German enterprises (Kappel 2020). Even though 290 companies sought information over a loan (the vast majority of them were German), only three contracts were signed in the year 2019 in the first six months of the program's existence. In the beginning of 2020, 20 projects were examined for loan provision and classified as promising (Kappel 2020, 11). It should be considered that especially small and medium enterprises seem to be hesitant to invest in Africa, cultural prejudices included. However, as mentioned above, the representatives of the Afrikaverein appear very optimistic that distances will shrink. Given the fact that a program needs some time to be established and that companies need to integrate this new loan options into their planning, it can be assumed that the program will develop another dynamic. This is especially so, given the growing market, investment and sourcing options that the continent provides.

AfricaConnect was founded in order to support German and European SMEs to invest in (or trade with) Africa. Other instruments for larger companies are already running. Much more systematic research is needed to get an overall picture on the activities of the DEG in Africa; research that not only focusses on the newest and most prominent tools.

### 3.3.2 AfricaGrow

The "AfricaGrow" initiative is meant to provide risk and venture capital for African SMEs and start-ups via a Fund-of-Fund structure, brought into life by the KfW, and implemented and managed by the asset manager Allianz Global Investors (KfW 2019b) which belongs to the leading German insurance company Allianz SE. The basis is a structured fund, also popular in development finance, often in combination with blended development finance (see Glossary). Therefore, one of the main characteristics of a structured fund in development policies is that risks of loss, up to a certain level, are covered by a public donor, to minimize risks for private investors (DEval 2019; Bundesregierung 2020). This again refers, like AfricaConnect, to the third step within the Cascade approach, the de-risking project discussed in Chapter 2.1.

As a "Fund of Funds" AfricaGrow invests in other private equity funds and risk capital funds active in African countries and regions. Following the KfW, the main focus of AfricaGrow's activities will be on CwA-countries, especially on the ones the BMZ is cooperating with closely in reform partnerships (KfW 2019a; KfW 2019b; see also Bundesregierung 2020) as well as on funds with a "strong private sector approach" (KfW n.d. a, translated by the author).

Possible investment areas, according to KfW and BMZ, are Fintech, the manufacturing industry, agriculture including agriculture technology, education including educational technology, health and health technology, traffic/mobility, communication, e-commerce, off-grid and other (KfW n.d. a). Little is known about the concrete criteria for investments in African companies by these funds. The German government claims that the creation of employment is one major "performance indicator" (Bundesregierung 2020). According to the German Government, the decisions over the investments will be taken by the manager – i.e., by Allianz Global Investors – based on a thus far unknown investment strategy provided by the government, with the DEG holding an advisory position for investments (Bundesregierung 2020).

Private equity and venture capital funds, in which AfricaGrow will invest, aim to get equity to sell at a profit

or list on a stock exchange at a later stage. Venture capital funds are a subcategory of private equity funds, as they often invest in equity at an early stage of the company (such as in start-ups), whereas private equity funds invest in less risky, more mature companies in moments of change or crisis, promising a profitable yield-risk-ratio – focusing on restructuring the targeted company to increase the company value, e.g. by changing the management or labour relations to increase the value of the enterprise for a higher rate of return. Private equity funds especially finance the purchasing of a company via debts, which then need to be served by the bought company in the future (Schmitt, 2019; Böttger 2006, 23ff).

Given these characteristics of a risk equity and venture capital fund, it is true though, that no interest has to be paid (Bundesregierung 2020), but profits need to be increased in order to provide a dividend for the investor. This profit is to be generated by the company and its workers. The fact that an "exit" – i.e., selling the company at a profit – "is only possible if a suitable follow-up financing is found" (ibid., translated by the author), is simply another form of claiming that the company can only be sold (in this case by the investor) once the company is restructured and affords the best possible rate of return for the fund.

In making a general comment on funds in development policies, the German government stresses: "(...) the grounding principle of funds is to generate yield to pay costs for administration and to pay the surplus to the shareholders" (Bundesregierung 2020, translated by the author). For a similarly structured fund, the Africa Agriculture and Trade Investment Fund (AATIF) which was founded by the BMZ and is managed by the Deutsche Bank, the German NGO, FIAN, that of its ca. 33 mn USD of interest return from its operative business in Africa, 21 mn USD went to managers and investors, of which, the bulk (13 mn USD) to the Deutsche Bank (FIAN 2019). Likewise, Allianz Global Investors can expect an interesting profit for its management, plus a support for its business in Africa (Tubei 2019).

The fund manager of AfricaGrow, the Allianz Global Investors, decides on investments, with advice from the DEG (Bundesregierung 2020). According to the German government, decisions will be based on an environmental and social management system, still under construction, and will be in conformity with the standards of International Finance Cooperation (IFC), a subsidiary and private sector arm of the World Bank. The government underlines its binding character (Bundesregierung 2020), but misses specifying control mechanisms. It states that AfricaGrow assures that the funds and the companies invested in are continuously *improving* the management of ecological and social compliance in fulfilling international standards in a set time frame. A special focus is on standards such as the ILO core labour standards or the UN Guiding Principles on Business and Human Rights. The investors receive reports on the performance of AfricaGrow, including the employment creation according to the so-called Development Effectiveness Rating (DERa)-System of the DEG (Bundesregierung 2020; see also KfW n.d. b).

In replying to the question of the composition of the advisory board, the German Government responds that an investor council will be founded (Bundesregierung 2020) – about the role of any other stakeholders, including the government, nothing is mentioned (besides the fact that the BMZ's access to all the documents are available at KfW/DEG and that the DEG has advisory status (ibid., 11,12)). It is striking that the private investors apparently have major monitoring tasks, if not the most important ones – also in terms of keeping up developmental standards. That in itself is having a fox guard the henhouse. Regarding its general transparency and possibility for public control, the same limitations apply to AfricaGrow as for AfricaConnect.

Apart from well-founded specific doubts about standards being met and the provision of long-term finance, severe general doubts about the projects remain:

1) The process is completely externally dominated – by the German government, Allianz Global Investors, and the investing funds. Domestic developmental planning on the African side is apparently absent – only liquidity needing enterprises have some kind of status as actors.

2) AfricaGrow is based on market-based finance with all the attendant effects of dependency on financial markets for companies (see e.g. Bieling 2011, 149; Simon 2020; UNCTAD 2016, 140, 146 f.), due to the need to generate high rates of return to please the investing funds. This requirement puts pressure on employment/ wages and productive (domestic) investment (Henderson et al. 2002, 449; Simon 2020, 241). Additionally, the structured fund as a form of blended finance uses public money to de-risk private

profit making, which socialises the losses and privatises the profits. As many start-ups go bankrupt, the yield returns have to be very high, at the cost of more sustainable investment strategies.

3) Private equity and venture capital funds need to be able to sell their shares at some point to generate profit. The German government underlines that a "strengthening of local financial systems" (Bundesregierung 2020) is under way (and already exercised in several projects of the KfW (see EIP, Chapter 3.4.1), also providing debt options for African companies. Further research needs to be conducted, e.g. regarding the concrete financial sector reforms supported by the German Government in countries like Tunisia or Ghana, but all research so far indicates that one major focus lies in establishing deep and broad financial markets as outlined in Chapters 2.1 and 3.1, with its attendant economic risks and social consequences of a dramatic boost in commodification of the societies.

4) As outlined in Chapters 2.1 and 3.1, the project of deepening financial markets goes hand-in-hand with ever-increasing liberalisation of investment, high safeguarding of property rights, privatisation of public services, deregulating public procurement and free repatriation of profits, all of which provide a highly competitive investment climate. As shown in Chapter 2.3, most African firms are highly disadvantaged in this competitive environment within a monopolised structure of Global Production Networks. Additionally, financialised companies face severe competition on financial markets with companies across economic sectors (Sablowski/Rupp 2001). Therefore, even if AfricaGrow might support firms in their growth, the entire idea and structure is part of the problem cementing African economies at the lower level of Global Production Networks, increasing the likelihood that these financially supported companies will be taken over or dominated by global lead firms.

### 3.3.3 Economic Network Africa (Wirtschaftsnetzwerk Afrika)

In addition to the two finance mechanisms discussed above, the Wirtschaftsnetzwerk Afrika (Economic Network Africa) was also announced under the EIF. It is managed by the Federal Ministry for Economic Affairs and Energy (BMWi) and aims to support German medium enterprises in their market access to Africa. The BMWi aims to intensify the network of already established institutions like the German Chambers of Commerce Abroad, Germany Trade and Invest (GTAI) and institutions focusing specifically on Africa, like the German Afrikaverein der deutschen Wirtschaft (The German-African Business Association). Consultations, market analysis, legal advice and trips for market development are part of the portfolio (BMWi n.d.)

Again, the CwA structures the cooperation as CwA countries are in special focus. Out of these, Ghana, Ethiopia and Morocco are chosen for piloting projects of special cooperational interest – Ghana for cooperation in the nutrition industry and nutrition logistics, Ethiopia for textile, garment and leather production and Morocco health sector. For these countries, the ministry provides detailed market information together with the GTAI and focusses on the establishment of business contacts. For 2020, the expansion to other countries and economic sectors is planned (BMWi n.d.).

### 3.3.4 General remarks on the EIF

AfricaConnect and the Wirtschaftsnetzwerk Afrika are direct business promotion for German companies, in keeping with already existing tools like Hermes guarantees or the general activities of the DEG. The two initiatives are now supporting market access especially for companies that are the backbone of the German economy – SMEs.

Even though German business is directly promoted, the BMZ frames this as development policies. It refers mainly to the assumption that FDIs are generally needed as well as to the developmental conditions for the supported companies. First, these conditions are, as discussed above, difficult to monitor and to assess. Second, the entire focus on FDIs in the absence of a comprehensive domestically rooted development strategy is to be questioned. Especially under the terms of a highly competitive environment paving the ground for FDIs – outlined especially in the CwA, but also in the Marshal Plan. Little evidence is given, why AfricaConnect as well as the Wirtschaftsnetzwerk is more than foreign trade promotion.

AfricaGrow and AfricaConnect can, furthermore, only be understood and assessed in the broader context of growing financialization of aid and de-risking of investments, both discussed in Chapter 2.1. The KfW, financing

via the DEG the two initiatives, was one of the global drivers of the financialization of aid (Volberding 2018), and developed a complicated network of tools of market-based finance, generating profitable investments, e.g. in Africa (DEG 2018, 54ff). The DEG participates in no fewer than 59 funds, out of which 21 do business in Africa (Bundesregierung 2020, annex 2). The German government appointed two important German financial actors, the Allianz Global Investors for AfricaGrow and the Deutsche Bank for AATIF, to manage two major funds, providing them not only with compensation for managing the funds but also with profitable market access. The EIF, therefore, underlines the active involvement of the German government in market-based finance with its detrimental effects, as discussed in Chapter 2.1 and 3.1.

## 3.4 EU Africa Policies

The German Africa policies cannot be seen separately from the EU-Africa policies. As Angela Merkel puts it herself – the EU is the "life insurance" for Germany, while Germany is its biggest economic and political power. Africa on the other hand can be seen as Europe's geopolitical 'backyard'. Germany contributes one fifth of the European ODA and of the European Development Fund, EDF, Germany leads important units within the EU councils, policy processes within the EU and Germany – like the External Investment Plan or the Compact with Africa – have strong mutual influences. With the increased interest of Germany on the African continent, German Africa policies have also a greater relevance for European Africa policies.

The support of the private sector is a cross cutting issue for the European Commission in its development cooperation, one of its most prominent projects being the External Investment Plan (EIP) of the EU (for its relevance, see also BMZ 2017, 14f.; EC n.d. a). The EIP will be dealt with in the next chapter. In regulating the relation between the EU and African states more broadly on a contractual basis, the successor of the Cotonou Agreement will be of relevance in the coming years. Even though, at time of writing, it is in the process of being negotiated, it will be dealt with shortly in the subsequent chapter.

### 3.4.1 External Investment Plan

The External Investment Plan (EIP) is an initiative of the European Commission, announced in September 2016 and launched in September 2017. Officially, it aims to promote inclusive growth, job creation and sustainable development. It also aims to tackle "some of the root causes of irregular migration" (EC n.d. b, 1) and focuses on the African continent as well as the EU Neighbourhood region (ibid.). The EC refers directly to the CwA (see above), naming it "in perfect harmony" with the EIP (ibid., 2). On 23 November 2017, the European Commission approved 5 areas to support investments as a priority: Sustainable Energy and Connectivity, Micro, Small and Medium Sized Enterprises (MSMEs) Financing, Sustainable Agriculture, Rural Entrepreneurs and Agribusiness, Sustainable Cities, Digital for Development (EC 2019a).

The idea of the EC is that "(...) the EU's proposed external investment plan is set to create win-win situations by fostering sustainable growth and jobs in developing countries. This will help to alleviate migratory pressures and create investment opportunities for European companies" (EC 2017, 13).

The EIP contains three pillars: a financing mechanism (European Fund for Sustainable Development EFSD), technical assistance, and reform proposals for a business friendly "investment climate".

As the last element, the investment climate, provides the basis for the first two aspects, it will be dealt with first, followed by the ESFD and the technical assistance. In case concrete German activities are reported, they will be mentioned along the text.

#### 3.4.1.1 Investment Climate

The most comprehensive paper of the EIP is the "Handbook on improving the Investment Climate through EU action" (EC 2019c). The Handbook outlines the various aspects of the so-called "investment climate" such as labour law, administration, investment rules etc. It also deals extensively with the implementation aspects of its policy suggestions. The document is meant as an "enabler" for investment mobilization supported by the EFSD, discussed below, and (other) blended finance operations (EC 2019c, 6; see also 11, 28).

This upcoming section first summarises some of the main aspects of the investment climate outlined in the Handbook and refers then to the suggested implementation tools. The special focus for this research lies on topics described above as WTOplus or behind the border

issues, business dialogue and Global Production Networks as well as on mechanisms referring to the reform of financial markets. Topics such as taxation in a more narrow sense are not (yet) integrated for reasons of space. As the EIP Handbook and the aforementioned CwA relate directly as well as indirectly closely to each other, this section also refers to Chapter 3.1 to avoid repetitions.

Even though the Handbook aims to clarify the understanding of "investment climate", it touches upon investment policies in a narrow sense just very briefly; the main part lies in a footnote. In this regard, the Handbook states:

"The EU external investment policy aims to secure and promote a level playing field so that EU investors abroad are not discriminated or mistreated while preserving the right of home and host countries to regulate their economies in the public interest" (EC 2019c, 41, Footnote 12). The paper refers to investment rules negotiated in free trade agreements, e.g. with Morocco or Tunisia, or to self-standing investment agreements such as bilateral investment treaties. These envisaged investment rules cover: "(i) allowing and facilitating the setting up of enterprises by making sure investors can access the market and do not face discrimination between EU and non-EU investors; (ii) creating a favorable regulatory framework, both when the investor enters the market and when the investor does economic activities in the country by improving the transparency and predictability of the regulatory framework; (iii) protecting established investments/investors through commitments to fair treatment for investors or guarantees of compensation in case of expropriation" (EC 2019c, 41, Footnote 12). Like the CwA, the EIP here merely pays lip service to the generally known paradigm of equal treatment of all economic entities – private, cooperative or public, domestic or foreign, regional or European etc. ('non-discrimination'). This means a highly competitive environment for domestic capital as investment and competition rules are adapted according to the needs of foreign investors, rendering, e.g. subsidies targeting domestic enterprises impossible or obligations for FDIs such as regulations regarding local content, re-investment, technology transfers, joint ventures increasingly not be a meaningful option for African countries (see Chapter 2.3). Furthermore, the abovementioned 'Cascade approach' (see Chapter 2.1 as well as further below) structurally favors private (external) capital over domestic (public) capital. The above points shrink the regulatory power of African states to decide about the type of investment to be established. Additionally, without actively excluding *indirect* ‚expropriation', the host state has to compensate for investors' profits lost due to changes in environmental, labour laws or similar (see Chapter 3.1; IDEAs 2011, 2f.)). The demand for a transparent and predictable regulatory framework can be interpreted as an institutionalised and ongoing cooperation on investor friendly regulations, in close cooperation with investors (Trew 2019, 9). This also includes that governments are due to allow for foreign investments to make comments on new regulatory policy proposals for which a reasonable time needs to be provided. Hence, the reference to "transparency" actually means allowing foreign companies to be actively involved in domestic regulatory decision making (background talk trade expert).

Hence, the sentence that the EU aims to respect the right of home and host countries to regulate their economies (EC 2019c, 41, Footnote 12) loses its meaning with the reference to these policies. Even more so, when these policies are bound to aid (see below).

In the core text, the Handbook is less detailed about the envisaged regulations. Only the recommendations of non-discrimination and protection of foreign investments are clearly defined within the general principles of the WTO. Additionally, the EIP refers to the problems of contract enforcement due to understaffed legal systems in Africa and suggests alternative commercial dispute resolution mechanisms, such as mediation (ibid., 20) – an approach with strong similarities to the SIRM mechanism suggested in the CwA (see Chapter 3.1).

Furthermore, the EIP aims, like the CwA, to establish "transparent" public procurement practices (EC 2019c, 13). As already outlined above, the reference to transparency, as understood in the context of free trade agreements, is a major hurdle for development oriented procurement policies.

Much less detailed than the CwA, the EIP suggests Public Private Partnerships for public services or other public infrastructure (EC 2019c, 21) and, therefore, indirectly promotes the expansion of the agenda for further liberalizing the service sector as well.

Regarding trade relations, the EIP advocates for negotiating and implementing free trade agreements such as the EPAs. It further stresses that "investors" (foreign investors as the domestic ones have an another interest structure) are, particularly interested in behind the border issues in trade agreements – such as competition

policy, intellectual property rights protection, public procurement and dispute settlement. (EC 2019c, 17f., 27; see chapter Chapter 3.1). As many negotiated EPAs in Sub-Saharan Africa do not have these issues included (see Chapter 2.2.2), the EU Delegations have also been involved in preparing National EPA Implementation Plans identifying "priority areas (...) including investment climate reforms" (ibid., 27). For identifying these priority areas, the monitoring reports of the CwA are mentioned as a possible tool (ibid., 27).

As outlined already above, the CwA promotes all the behind the border issues not integrated into the EPAs for reasons of economic sovereignty. The EIP can be seen as a major implementation tool of the CwA, also outside the CwA partner countries, providing a framework for economic reform, implementing WTOplus issues 'through the backdoor' using the ODA as major leverage (see below).

Whereas WTOplus issues are so far relatively well-known in discussions around the political economy of development, financial sector reforms gained probably less public prominence until recently. They were prominently placed within the CwA, as outlined above. Also, the EIP recommends, although in a much less detailed way than the CwA, financial sector reforms, as it "opens potential opportunities for innovative financing, particularly in the non-banking financial sector" (EC 2019c, 19). In line with this, it aims to increase the competition of financial service providers, and, probably because debt levels will rise, the supporting insolvency frameworks (see, e.g. IMF/WB 2018, 13).

The EIP correctly hints at the difficulty in accessibility of (public) bank credit for domestic MSMEs in the countries of concern. It also suggests guarantee funds to incentivize local banks to lend new funds to SMEs. However, the main focus seems to lie on non-banking finance such as contributing to risk/venture capital for start-ups or on credits for micro firms. For the first form of liquidity provided (also envisaged by the German AfricaGrow Initiative, see above) it means accepting the risks and effects of shareholder value orientation discussed in Chapter 3.3.2. The second contains high social and economic risks for poor populations as well as high profit margins for the microfinance industry (see Chapter 2.4).

**Implementation of the EIP – the role of the European Commission**

From the perspective of the European Commission, the EU delegations in the respective countries have a "key role to play" (EC 2019c, 11). The roles of the EC representatives are described as "broker", "implementation agent" or "watchdog" (ibid.). The EU Delegations aim to analyse the domestic African economies as well as options for improving the investment climate outlined above. Based on this analysis, a structured dialogue with business, governments, international finance institutions (IFIs) is envisaged, and joint programming and implementation with EU member states will be supported (ibid.; ECDPM 2018, 5ff). In referring to the discussion in Chapter 2.3 on the role of lead firms and the integration of African economies into Global Production Networks – also promoted by the EC (EC 2019c, 34) – it was stressed, that the investment climate will be strongly shaped along the hierarchies of the international division of labour, and along the needs of lead firms in GPNs. In the context of the European Economic Diplomacy and the rising geo-economic and geopolitical competition in Africa (Chapter 2.2), these tendencies will be supported by the EC when it stresses that "a systematic public-private dialogue process will provide a business perspective and help identify the most important barriers that may impede economic activity" (EC 2019c, 10; on the raw-material diplomacy of the EU see Tröster et al. 2017, 74).

The "G20 Compacts" – the reform agenda of CwA-partner countries – will be one of the tools for structuring the cooperation between EC and African countries. The EC stresses, furthermore, that EU Delegations "will play an important role in identifying bankable and sustainable investments", that international financial institutions could propose for EFSD guarantees (EC 2019c, 11; for a critique of bankability, see Chapter 2.1). The EU delegations also process national EPA-implementation plans (EC 2019c, 31), covering issues of investment climate as well.

The EC explicitly uses its budget support as a tool of implementing the content of the EIP: "Budget support (...) is a key instrument for policy dialogue and can play an important role in the improvement of the investment climate" (EC 2019c, 31). Additionally, conditionality can be increased via variable tranches addressing, more specifically, elements of the investment climate (EC 2019c, 31).

The brochure on the investment climate is an all-encompassing orientation of policies to attract external investments, as already outlined in the CwA. Nevertheless, it also deals, to a great extent, with the implementation of these policies, be it via stricter conditionalized ODA, forms of business dialogue, market analysis or other instruments.

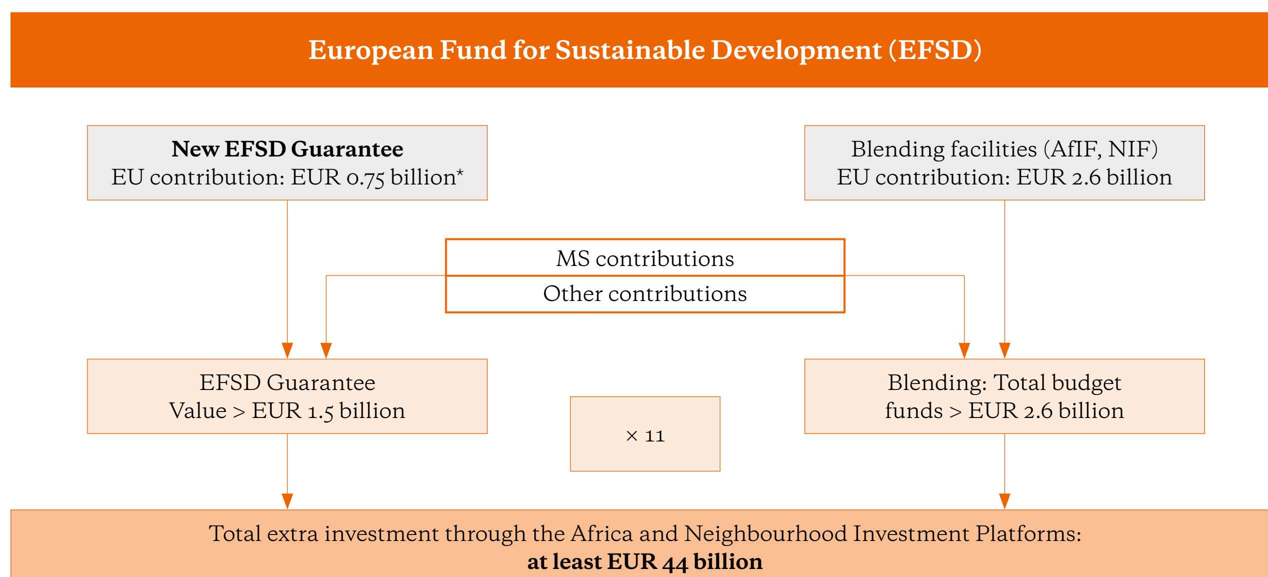



**Figure 5:** European Fund for Sustainable Development (EFSD)
*Source: EC 2019a*

Taking the de-risking approach of the World Bank, as discussed in Chapter 2.1., "investment climate" corresponds well with step two of the de-risking approach – adapting policy reforms according to the needs of external (financial) investors. Policy reforms providing the basis to use public finance for risk mitigation of private investors, tried to be attracted with the financing mechanism, i.e., of the External Investment Plan, the European Fund for Sustainable Development (EFSD), which is discussed in the following section.

### 3.4.1.2 Financing Mechanisms – EFSD

After analysis, conditionalized aid, private sector dialogue and a broad reform agenda, the EC and its member states provide concrete de-risking to various private sector-based projects via blending or guarantees.

This financing pillar is called the European Fund for Sustainable Development (EFSD). Its basic idea is to leverage provided public funds to the factor of around 10. It is hoped that the allocated funds of €4.6 billion in public funds will lead to ("leverage") €47 billion in public and private investment (EC n.d. c).

The EFSD combines new guarantees with already existing blending frameworks for Africa and the so-called neighbourhood countries (EC n.d. b; ECDPM 2018; Counterbalance 2017, 8f.). It aims to leverage investments particularly through European Development Finance Institutions (EDFIs), while other co-operations, i.e., with the AfdB should also take place (ECDPM 2018, 9)

Hence, the EFSD is structured as follows:

**Guarantees**

The EFSD Guarantee provides risk mitigation and risk-sharing instruments. Therefore, the EC cooperates with various development banks. Overall, the KfW appears to be the national DFI with the biggest share of expected total investments leveraged, and only the second biggest after the AfDB, which has only a slightly larger share of 18%[14]:

The EC outlined guarantees in the area of agriculture, MSME, energy supply and connectivity, sustainable cities, digitalisation, Sustainable energy and connectivity, digitalisation and local currency financing (EC 2019d, 3f.).

14 — For the concrete guarantees provided, the KfW ranges with 12%, behind EIB (13%), AfdB (14%), AFD (16%), EBRD (17%) (EC 2019e, 12).

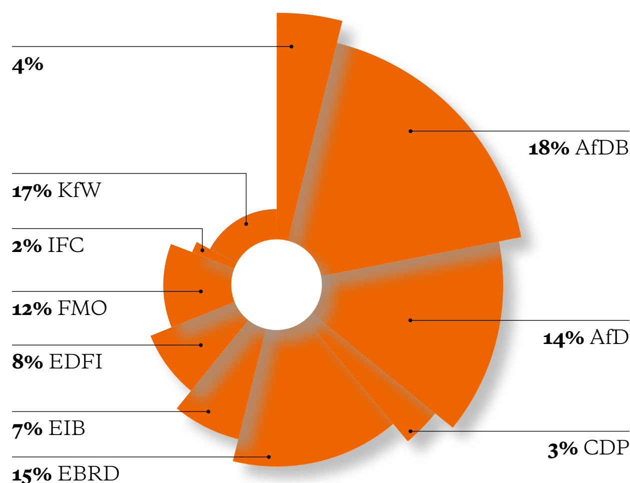



**Figure 6:** Distribution of expected total investment per Financial Institution
*Source: EC 2019e, 12, numbers referring to 2018*

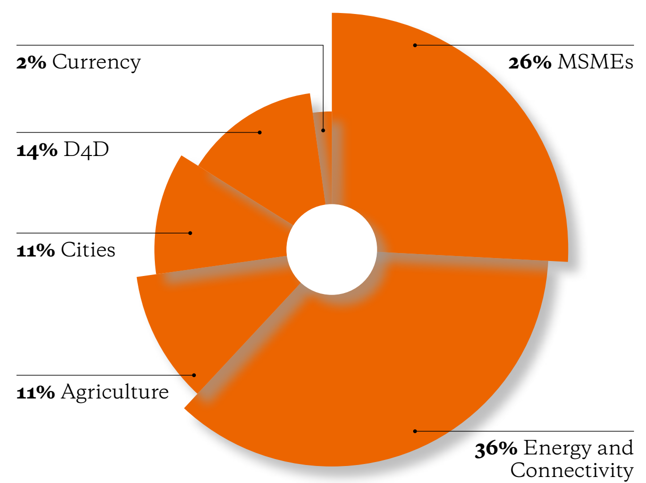



**Figure 7:** Distribution of proposed EFSD Guarantee allocations per investment area
*Source: EC 2019e, 11*

The EC lists 28 guarantee programs (EC 2019d). The German KfW runs three projects under the EIP guarantee scheme, two of which will be discussed here (ibid., 10, 35f).

The first scheme provides guarantees to the ALCB (African Local Currency Bond)-Fund[15] in order to facilitate investments in utility companies, local financial institutions or state owned enterprises. The EFSD directly de-risks the provision of debt by institutional investors – from pension funds to global asset managers – to these companies, to make local currency bonds attractive to these forms of investors (ibid., 10). Like other forms of blending, this can also be seen as a form of subvention of shadow banks. The bonds issued are aimed to help develop a domestically rooted capital market (ibid.), as discussed in Chapters 2.1 and 3.1. As outlined above, such capital market development will boost commodification, e.g. of social services in African countries, and also visible in the KfW-supported project. It refers to Public Private Partnerships and Special Purpose Vehicles – which are criticised not only as vehicles of tax evasion, but also for being tools for avoiding financial accountability of the investor – to finance PPPs, that is, the (then) partly privatised utility companies or public enterprises.

This form of guarantee can be seen as one tool to implement the CwA-agenda, as outlined in Chapter 3.1

The second project of the KfW, run together with the French AFC, the Italian CFD and the EIB, focusses on expanding renewable energy by supporting the implementation of guarantees and tender processes, the commercial viability of power utilities, improving the "enabling environment", and facilitating private investments in this area, including the regulatory framework or policy dialogue. Against the background of the third pillar of the EIF, all the tools offered will go in line with a vast de-risking agenda, as discussed in Chapter 2.1. In reference to the European Economic Diplomacy, the increasing geopolitical competition on the African continent (see Chapter 2.2) and the ongoing energy transitions in Africa (see, e.g. Müller et al. 2020), the interest of the EC and the involved development banks in supporting European companies to enable the participation of European companies in this transition, can be assumed. These transition processes are highly externally dominated, strongly favour foreign investors over domestic ones and foster the privatisation of public services, e.g. via the focus on PPP (for the example of Uganda and Zambia, see Haag/Müller 2019; Claar 2020 on South Africa).

15 — The fund was founded in 2012 by the KfW and the BMZ to support the implementation of Local Currency Bond Markets in Africa.

The two projects briefly discussed here shed a light on the general direction of the guarantee scheme, fitting well into a general de-risking agenda and the European Economic Diplomacy outlined in Chapter 2.1.

**Blending under EFSD**

The EFSD blending mechanism has been running under this name since 2017. So far, only a brief first level assessment appears available (EC 2020c, 10). In the operational report of 2018, it is stated that 21 projects were funded by the EFSD in Sub-Saharan Africa, most of them in the transport sector (40%), followed by energy, private sector development, ICT, Agriculture, water and forestry. Most of them were financed by grants (58%), followed by financial instruments (equity and guarantees, 29%) and technical assistance (13%). According to the EC, the contributed 547 million Euros leveraged 4 billion Euros (EC 2019e, 17). According to the EC, more than 80% of the projects approved for Sub-Saharan Africa were in LDCs (ibid.). For 2017, 30 projects were approved with a sectoral distribution similar to 2018 (EC 2018, 14; see also EC 2020c, 23).

The EC mentions comprehensive evaluation of the EFSD for the year 2021 being reported to the EP and the council by the end of 2022 (EC n.d. d, 9).

Methodologically, measuring additionality of blended finance in terms of raising additional, private funds, remains problematic, not least for the reasons of transparency (Lundsgaarde 2017, 11; see also Pereira, 2017), an aspect already discussed in Chapter 3.3. Furthermore, it is generally problematic to detect whether investments would have also been taken without public subsidies. An NGO report on blending states: “Improved transparency of blended finance is critical. (…) At present, judgements on the usefulness of blended finance in development are hampered by the quality and consistency of data available on such investments. (…)There are no common reporting standards for actors involved in blended finance, and the data that does exist is typically contained in a range of disparate datasets. Much of the data is not publicly available and, where figures are available, data from different actors may be inconsistent or incompatible” (Devinit 2016, 6; see also Küblböck/Grohs 2019).

These problems are also rooted in the vague definitions of blended finance. In order to clearly distinguish the different sources for development finance, in this report, blending is defined as using public money to leverage private finance for development projects (Küblböck/Grohs 2019, 7; see also Glossary). The EU, though, has a broader approach and also uses the term blending once public money is used to mobilise further public money, e.g. from international development banks (EC 2018, 7), making assessments of blending effects very difficult (Küblböck/Grohs 2019, 7).

According to the operational report of the EC, the leveraging worked. It remains unclear though, whether commercial funds were leveraged. Lunsgaarde notes sceptically: “The mobilisation – or leverage effect – of EU blending facilities with regard to real commercial funds has, to date, been very limited, with bilateral and multilateral development banks serving as the main source of mobilised funds” (Lunsgaarde 2017, 11). Especially projects in LDCs with less promising rates of return by user fees and very shallow financial markets, the blending options of private money were so far very sceptically discussed (Counterbalance 2017).

However, even *if* private money was leveraged as hoped for, which measures were taken to assure the rate of return to private investors? How were the investment rules adapted, the de-risking scheme structured, which costs are covered via public guarantees? These questions can only be answered, if at all, when more information becomes available.

Another major problem is the monitoring of project effects as such. The first assessment on behalf of the EC itself states, for example, that no methodology of the EFSD is proposed to measure qualitative and quantitative indicators, such as jobs created or number or beneficiaries. Only indicators easy to measure such as the length of a road or the amount of power produced are considered. Furthermore, different DFIs involved in the process apply different methodologies in order to measure effects, hence comparability is not a given. To overcome compatibility problems at a low cost, indicators adopted by DFIs “can more easily report on and not necessarily the most meaningful ones (e.g., those they have a methodology on)” (EC 2020c, 37). The report continues to outline that the EU will have difficulties “to ensure compliance and verify results on the ground (…)” (ibid.; see also Bayliss et al. 2020, 34; Jones et al. 2020, 57).

#### 3.4.1.3 Technical Assistance

According to the ECDPM, Technical Assistance (TA) within the External Investment Plan “aims to help make projects bankable” by consulting local governments and companies. TA will be applied to identify possible investments, prepare them and accompany them during

realization (ECDPM 2018, 6). According to the EC website, "technical assistance will be used for market intelligence and investment climate analysis [,] (sector) policy and political dialogue on priority reforms [,] targeted legislative and regulatory advice [,] strengthening capacity of partners countries, local financial intermediaries and investors [,] upgrading value chains [,] identifying, preparing, and helping to implement necessary investment" (EC 2019b). Hence, technical assistance can be seen as one central implementation tool of the 1st and the 3rd pillar of the EIP, the EFSD as well as the Investment Climate.

**3.4.1.4 Concluding remarks on the External Investment Plan**

So far, the critique of civil society on EIP focused mainly on the first pillar, the EFSD. More funds were demanded, better transparency, human rights standards, favouring of local economic actors etc. (CONCORD 2018).[16]

Most of these are very valid concerns and especially the European Parliament was responding to these critiques in adapting those in amendments of the EFSD. It is hoped that in the dialogue with between the EP, the European Council and the European Commission these aspects will be reflected in an amendment of the EFSD regulations (email from internal informant).

However, even if some of these aspects are included, the EFSD has to be first put in the context of the EIP, mainly with the policy recommendations about the investment climate of the third pillar. Secondly, the EIP as such has to be put in the context of market-based finance for development, including the guarantee scheme with its multiple projects. Thirdly, it remains highly questionable how these diverse projects and instruments should be publicly controlled, against the background of the obligations regarding corporate secrets, amongst other considerations..

Last but not the least, the EIP itself needs to be put in the context of increased global geo-economic competition, also being reflected on the African continent.

In contextualizing the EFSD and the EIP within market-based finance for development, a brighter light is shed on the danger of increased commodification of social services and public infrastructure as private money seeks profit. If user fees are aimed to be kept relatively low or to be avoided, public money needs to be used to assure profit generation – either with ODA or the public resources of the respective societies in African countries. Secondly, this commodification leads to the need for "marketable" infrastructure. Private investors can only be crowded in if (maximized) profits can be gained – making developmental planning very difficult (see Chapters 2.1. and 3.1). This is one of the reasons why leveraging money did not work well in weak economic environments (Küblböck/Grohs 2019, 17). In case the evaluation of the EFSD approves the information of the EC that blending (of private money) indeed took place in LDCs (EC 2018 and 2019e), there has to be a close assessment of which incentives were given to private capital to do so – regarding policy reforms, risks taken by the host-state including its risks of raising debts, regarding the commodification of public infrastructure etc. Thirdly, the first assessment report of the EC itself underlines another major and grave weakness: The monitoring of the developmental effects in more narrow terms – such as the number of jobs created – will not be assessed by the implementing institutions, let alone be controlled by the EC.

Fourthly, development strategies based on market-based finance turn the logic of redistribution via taxation upside down. There is not a lack of money as such, but a lack of public money coming from taxed wealthy individuals, or companies. In the case of Africa, a massive outflow of wealth has been taking place since decades (see Chapter 2.4), going well beyond the amounts of ODA paid. Therefore, the entire idea of lacking finance, e.g. infrastructure finance, can also be called into question.

Providing opportunities for the "global pool of private finance" (AfdB/IMF/WB 2017, 29) to invest, e.g. in public infrastructure, not only uses money that should have been taxed, publicly owned and publicly invested without the need to generate profit, it also adds rewards for the non-taxed, to illegal or legalised capital flight, and therefore, contributing to ever increasing global inequality with severe social and democratic consequences for societies in the ‚Global South' (Oxfam 2014).

Fifthly, the European Economic Diplomacy puts the interests of EU countries prominently on its agenda (see Chapter 2.2.2), referring to the EU delegations implementing the EIP as central institutions to support this

**16** — The NGO Counterbalance additionally raised the lack of democratic control, the questionable efficiency to combat root causes of migration or the dominance of geopolitical interests within the EIP (Counterbalance 2017).

interest. The public tenders of EU blended infrastructure finance are transparent in the way that all kinds of companies can theoretically get those bits. However, in the current context with the proximity of European companies to the FDIs and the EU delegations, the other support they get (see for Germany e.g., Africa Connect or the Wirtschaftsnetzwerk Afrika), the highly competitive investment environment created by the third pillar of the EIP including the dialogue formats etc., it can be assumed that European companies gain special access to these infrastructure projects. Furthermore, facing, e.g. the Road and Belt Initiative of China, EU-induced infrastructure planning and financing will create opportunities to counter other powers gaining access to EUs 'backyard'.

Therefore, in addition to the social and economic problems of market-based finance as such, the EIP tends to be adapted to the EU interests outlined in the EED and less to the needs of sustainable development in African countries, shrinking their policy space even further.

### 3.4.2 Post-Cotonou-Agreement

In February 2020, the Cotonou-Agreement ran out. It was signed between the European Union and the ACP (OACPS)-States[17]. The aforementioned EPAs are a crucial part of the Cotonou Agreement. Originally, it was planned to have a successor agreement by the year 2020, but the process has been delayed and, at the time of this writing, the negotiated agreement text has been initialled by the EU and has not been finalised.. (OACPS 2021) According to background talks, the EC mentioned that economic issues will not play a major role within the succeeding agreement. But the negotiated text shed a different light on this issue. The envisaged Post-Cotonou Agreement brings not only the abovementioned WTOplus issues back on the table, although it was rejected by most African states in previous EPA negotiations. It additionally enlarges the agenda to other de-risking elements, name concretely the development of capital markets, blended finance or creating more PPPs (OACPS 2021, 31ff.)

Aspects corresponding with the EIP or CwA are, for example, the development of a "conducive investment climate" (OACPS 2021, 31) or the support of "investment by increasing access to financing through technical assistance, grants, guarantees and innovative financial instruments to mitigate risk, boost investor confidence, and leverage private and public sources of finance" (OACPS 2021, 32). The draft is in keeping with the above-mentioned documents when regulating the provision of legal certainty and "adequate protection to established investments treatment shall be non-discriminatory in nature and shall include effective dispute prevention and resolution mechanisms" (OACPS 2020, 32), backed up by international investment agreements. Regarding the above-mentioned EPAs, the negotiated text states that they should be implemented and broadened in scope (ACP 2020, 39.). Accordingly, aspects like the trade in services should be taken further (ibid., 40), intellectual property rights strengthened (ibid., 42) and procurement markets made competitive (ibid.). Generally, competition policies should tackle "anti-competitive business practices including subsidies related to economic activities granted by the Parties, which have the potential to distort the proper functioning of markets and to negatively affect the trade interests of the other Parties". A "level playing field between public and private market participants" should be ensured (ibid.).

Apart from Germany's and Europe's policies leading to a strong market distortion through the promotion of foreign private capital (see Chapter 2), the contents of the the negotiated agreement text unsurprisingly goes very much in line with the other projects of the EU. In comparison with earlier drafts (EC 2019 f), the language has been softened in some places. But the experience with the Cotonou-Agreement shows that the implementation and interpretation of the agreement lies very much in the hands of the European Commission as the much stronger negotiation partner (see, e.g. Banse 2016, Chapter 4). Once signed, the Post-Cotonou-Agreement will provide an additional contractual basis for the policies discussed above.

17 — The ACP group (since 2018 renamed in Organisation of African, Caribbean and Pacific States [OACP]) encompasses states of Sub-Saharan Africa, Caribbean and Pacific islands, all former European colonies. The European Community/European Union established a series of trade and aid agreements with those countries. See for history Orbie 2007; Brown 2002; Gibb 2000; Lee 2009; Banse 2016, 68ff.

## Chapter 4

# Conclusion

The various initiatives discussed in Chapter 3 all focus on private sector promotion, with an especial focus on institutional investors or German/European FDIs. To attract those, different forms of radical risk-mitigation are suggested and implemented.

But these investment risks do not disappear; the risks are taken over by the public hand, very often by the host countries of these investments. The various de-risking measures not only create great dangers of growing indebtedness but also of increasing inequality and ever shrinking domestic economic and social policy spaces. Furthermore, the strong focus on FDIs creates severe economic and political dependencies, aggravating the investment conditions of domestic capital and tendencies of rent seeking of lead firms in Global Production Networks.

The approach of attracting the "global pool of private finance" is a reaction to the phenomena of dramatically raising global social inequality, including privatised pension schemes and low taxation of companies and wealthy individuals. Using this money now, e.g. for public infrastructure finance, aggravates this already dramatic inequality: instead of taxing those companies and individuals to be able to build infrastructure, financial investors get an additional reward – they profit from investments, paid by the users directly or via public subsidies in the form of taxes. Additionally, considering the massive illegal and legal outflow of wealth out of the African continent (see Chapter 2.4), the entire narrative of lacking finance for sustainable development could be put into question.

Focusing so strongly on private sector integration brings along another major problem in development aid – monitoring. Given bank and commercial secrets, public control is dramatically limited. This is true not only for PPPs, but also for all activities of credit provision, e.g. by the DEG. A lack of transparency not only inhibits democratic control over the social and economic costs of investment, but also makes corruption more likely.

Delegating development finance to (financial-)markets de-democratizes development co-operations. Not only are monitoring and accountability called into question, but entire goal settings, such as the Sustainable Development Goals, tend to be dominated by market-based solutions, and therefore, profit interests.

The initiatives analysed in this report have a strong geopolitical and geo-economic component. Africa, also because of its untapped markets and vast resources, is of growing interest to many global powers. Given the weak economic footprint of Germany in Africa, the CwA helps Germany to establish so far missing contacts on the continent, backed by initiatives such as Africa Connect or the Wirtschaftsnetzwerk. The European Union, Germany's life insurance, places its External Investment Plan in its European Economic Diplomacy framework. The EU delegations are a key instrument to assure EU's prominent role and influence on the continent. Therefore, incentives of market-based liquidity are provided to African governments or threats are, in terms of stronger conditionalized aid.

Furthermore, the initiatives of the EU and some of its member states are implementing behind the border/WTOplus issues – a revival of trying to establish a comprehensive EPA agenda. The implementation is aimed to take place on a national level under the avoidance of broader coalitions of countries and effected societies, being backed legally afterwards by the Post-Cotonou-Agreement, which is under negotiation at the time of writing. But the initiatives analysed in this study go beyond what is known of the EPAs so far; they deepen the de-risking agenda even further by strongly promoting public private partnerships and other forms of blending as well as deeper financial markets – all also prominently present in the Post-Cotonou Drafts.

This paper advocates for stepping out of the paradigm of financing developmental projects via financial markets and to focus on FDI as a main driver for economic development. Instead of de-risking entire economies, including boosting commodification within societies in order to attract foreign capital, the politically supported dependency on FDIs as well as financial investors including their strong influence on policy processes in Africa need to be strongly limited. Instead, domestically owned and oriented development strategies should be promoted.

# Glossary

**Behind the border issues**
Behind the border issues are topics of trade agreements covering all aspects beyond the trade of already produced goods. These aspects go beyond the regulation of tariffs. They reach ‚behind the border', meaning into the general economic policies of a country and touch aspects of great economic relevance, such as services, public procurement, intellectual property rights, competition and investment regulations. As they reach far into the economic and social policy spaces of societies, they have been strongly contested (see WTOplus issues below). Since tariffs have widely been lowered at a global scale, deregulating behind the border issues are very much in the interest of industrialised countries in order to further liberalise international trade.

**Blending**
In this report, blending has been defined as the use of public funds to attract additional private finance for development projects (Küblböck/Grohs 2019, 7). Mechanisms to do so are, for example, guarantees provided, e.g. via first loss tranches (see below). To attract private financial investments, let's say for a public infrastructure project, project-financing is cut into slices (tranches) in order "to match the different appetite for risk of different investors" (AfdB/IMF/WB 2017, 29). That is, differently structured bonds or equities are issued, and so the infrastructure project gets securitized (see below). The riskier a tranche, the higher the interest on the credit provided. Public money though is now ‚blended' with the private money and covers the most risky – first loss – tranches. Thus, in case the infrastructure does not generate the expected rate of return, public money is spent to secure the private investments (see, e.g. OECD n.d.). Blended finance is, therefore, criticized not only as being a direct subvention of financial investors, but also for leading to a ‚marketability' of development projects as well as for being a threat to the public budget. It also strongly contributes to further global financialization (see below and for further criticism, Chapter 2.1).

Other definitions of blended finance also include combinations of public sources, without any additional private finance. This broad definition, however, hinders a precise analyse of the effects of using public sources to attract financial investors, e.g. for infrastructure projects.

**Bonds**
Bonds are securities issued by governments (local, regional or national) or companies. The investors investing in the bond provide the issuer a credit based on the bond details. Those include the date when the original sum must be repaid (maturity date) as well as the interest rates to be paid on a regular basis during these maturities. These rates may be fixed or variable. They are also determined by the risk of default and therefore by credit ratings. Furthermore, the maturities themselves influence the interest rates: the longer the maturity, the higher tends to be the interest rate. Bonds can be traded on financial markets.

**EPAs**
The Economic Partnership Agreements (EPAs) are, as Free Trade Agreements, a crucial part of the Cotonou Agreement between the ACP-States and the European Union. The European Union aimed to conclude so-called ‚full EPAs', encompassing not only a liberalisation of trade in goods, but also of behind the border issues (see above). The negotiations started in the year 2002 and the EU meant to conclude them by the end of 2007. However, as of times of writing, several ACP-states have not yet concluded an EPA, let alone a ‚full EPAs'. But several "rendezvous-clauses" were integrated into the agreements in order to integrate issues such as the liberalisation of investment, competition rules or public procurement at a later stage. For an overview of the process see EC 2020b.

**Equity**
Purchasing shares is an investment in the equity of a company; it is a piece/a share of the company's equity. In case the shares are fully tradable, the investment in equity can be for long or short term. Yields are generated by the dividends paid to the investors/shareholders, based on the profit made by the company. Another main source of yield is the profits generated once shares are sold at higher prices on financial markets. Unlike bond holders, shareholders own a part of the company, and can, therefore, directly participate in the company's decision making, but do not have the right to be repaid for their investment at a certain time.

**Financialization**
Financialization encompasses a variety of developments, such as the globalisation of financial markets; securitisation of formerly non-tradable financial flows (see below); rising profits from financial investments; or the growing

"global pool of private finance" (AfdB/IMF/WB 2017, 29) seeking investment; the growing dependence of companies seeking finance via shares and bonds; and the orientation of financial systems to a stronger market-based finance (see below). In a simple and broad manner, financialization can be defined as "the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Epstein 2005, 3). The problematics and origins of these developments are highly contested. Whereas proponents want to make the growing "global pool of private finance" useful for public investments and private enterprises – like proposed and practiced in the above discussed projects – others underline the great dangers of the developments involved, such as dramatically rising inequality, severe democratic deficits, commodification of public infrastructure and social security systems, ever more increasing risks of financial crisis, lacking investments in the so-called productive sectors, short term perspectives of firms, and many more. Among those seeing financialization as a problem, its root causes are contested as well. Some detect the lacking regulation of financial markets as the root cause, others hint at the central banks' crisis intervention of ‚Quantitative Easing' – purchasing long term government bonds and other assets – in order to increase liquidity and thus lower the interest rates and ensure inflation. Others underline the unjust (low) taxation of wealthy individuals and companies as well as privatised pension schemes contributing strongly to the "global pool of private finance" seeking investments. More radical perspectives do not deny any of these causes, but hint at financialization being structurally rooted within the capitalist mode of production, analysing the growing pool of private finance as a consequence of overaccumulation due to falling rates of profits and lacking investment opportunities in the so-called ‚real-economy'.

**Market-based Finance**
Market-based finance means a specific form of finance to organise financial systems around the provision of finance via securities – be it to individuals and households, public entities or companies. It is often contrasted with bank-based finance, which is associated with credit relations between banks and debtors based on a long time horizon and trust. This dualism, however, neglects the international dynamics since the 1980s, which strongly integrates banks into market-based finance (see Simon 2019, 223ff; Hardie/Howarth 2013, 24ff; see also Stockhammer 2004, 721). Market-based finance is nevertheless closely connected to shadow-banks (see below).

**Public Private Partnerships**
Conventionally, public institutions or infrastructures such as schools or roads might be built by a private company but public entities own it, finance it, maintain and operate it. In contrast, Public Private Partnerships (PPP) are involving the private company into the latter. PPPs are usually based on long term contracts between a private party and a governmental body with the private entity taking over a selection or combination of construction, finance, design, management, operation or maintenance of the public infrastructure or service. These services and infrastructure assets cover schools, bridges, hospitals, prisons, roads, tunnels, water, railways, energy plants, ports and other facilities (Vervynckt/Romero 2017, 5, Loxley 2013, 487).

PPPs are applied in developing as well as industrialised countries and contain severe budgetary risks. These risks are very difficult to control democratically, e.g. due to corporate secrecies. The budgetary risks for the public hand are aggravated by vast contract based de-risking measures discussed in Chapter 2.1. Additionally, they entail the general economic and social dangers of privatised services accompanying their commodification such as, unequal access and affordability of public services and infrastructure, underinvestment due to short term profit orientation, lacking cross subsidies, e.g. between rural and urban areas, and others.

Even though PPPs tend to be more expensive than traditional public investments for a number of reasons, the possibility to not count public commitments for PPPs as public debt – depending on the accounting standard applied – is one of the incentives for state entities to complete PPP contracts (Gabor 2020, 9; Vervynckt/Romero 2017; Romero 2015).

**Secondary Markets**
On the primary markets, securities are issued by public entities or companies and purchased by investors. These securities can then be traded on secondary markets – such as stock, bond or derivate markets – and are used for all kinds of speculative businesses (see, e.g. Hufschmid 1999, 29ff.).

**Securities**
Securities are tradable financial titles of property such as bonds or equity. They are always backed by some cash flow, be it from investment in infrastructure, a company or the income of individuals (see securitisation). From a radical perspective, one could claim that these financial flows are in the end all assured by working people. They are paying the user fees or taxes to secure the yields from private infrastructure investment, as they work so the company generates profits in order to pay the shareholders or as they work to pay the interest rates on the diverse forms of securitised household debts.

**Securitisation**
Securitisation is the transformation of formerly non-tradable financial flows into tradable securities; financial claims are therefore commodified (see, e.g. Simon 2020, 242). Securitisation takes place, e.g. when infrastructure is sliced into different risk categories of securities to transform it into a marketable asset class (see above ‚blending') or when a company is turned into a stock corporation to generate tradable equity.

Securitisation can also be the merging and bundling of different types of debt relations into groups. So far non-tradable debt relations such as mortgages, consumer debts or other forms of credit are securitised by structuring these debts into marketable financial instruments, backed by debtor's payment obligations. These bundled products contain different risk categories in order to spread the risk of default; the higher the risks, the higher the rate of return for investors. This risk spreading is likely to become a contrary domino effect once the diverse debt categories cannot be served anymore – like in the US subprime crisis, when mortgage-backed securities collapsed as the mortgages were sold to people unable to serve them anymore, triggering the global financial crisis of 2008/2009.

**Shadow Banks/Shadow Banking**
Shadow banks are financial institutions that are not regulated like regular banks but active in the same arena such as the creation and provision of credit. Nonetheless, shadow banks do not provide loans but invest in tradable securities such as bonds (‚market-based finance', see above). Institutional investors that collect money in order to invest it profitably (such as investment funds, hedge funds, global wealth funds, pension funds or insurance companies) are some main actors of shadow banking. They are more prone to liquidity fluctuations than commercial banks, but they can, also due to their limited regulation, often provide cheaper credit than commercial banks. Commercial banks and shadow banks are closely connected, also because commercial banks outsource important activities to subsidiaries in order to circumvent regulations.

Since the global financial crisis of 2008/2009, shadow banking has become increasingly relevant. Due to their reliance on market-based finance and the limited regulations applicable to them, shadow banks are of major concern to the stability of the global financial system. (Gabor 2018; Simon 2018).

**WTOplus issues**
WTOplus issues are economic policy areas not yet de-regulated multilaterally under the WTO, such as public procurement, competition and investment policies and are instead taken up in bilateral Free Trade Agreements. Further, they cover issues such as Intellectual Property Rights or services that are dealt with in WTO-treaties such as the TRIPS or the GATS, but are deepened in bilateral Free Trade Agreements. As they go ‚beyond the border' (see above), they are even more contested than the liberalisation of goods. They were, therefore, either blocked on the WTO level via a strong coalition of emerging and developing countries (such as public procurement, competition policies and investment) or limited in their scope. Taking them up on a bilateral/regional level such as in the EPAs or with individual countries as done in the EIP can be seen as forum shifting to implement them.

# Abbreviations

| | |
|---|---|
| **AA** | Auswärtiges Amt (Ministry of Foreign Affairs) |
| **AfDB** | African Development Bank |
| **BMZ** | Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development) |
| **BMWi** | Bundesministerium für Wirtschaft und Energie (Federal Ministry for Economic Affairs and Energy) |
| **BMF** | Bundesfinanzministerium (Federal Ministry of Finance) |
| **CwA** | Compact with Africa |
| **DEC** | Developing and Emerging Countries |
| **DFI** | Development Finance Institutions |
| **EC** | European Commission |
| **EEAS** | European External Action Service |
| **EED** | European Economic Diplomacy |
| **EIF** | Entwicklungsinvestitionsfond (Development Investment Fund) |
| **EIP** | External Investment Plan |
| **EPAs** | Economic Partnership Agreements |
| **EP** | European Parliament |
| **FDI** | Foreign Direct Investments |
| **FI** | Financial Integration |
| **GATS** | General Agreement on Trade in Services |
| **GPNs** | Global Production Networks |
| **IMF** | International Monetary Fund |
| **LCBM** | Local Currency Bond Markets |
| **LDC** | Least Developed Countries |
| **ODA** | Official Development Assistance |
| **PPP** | Public Private Partnerships |
| **SDG** | Sustainable Development Goals |
| **MSMEs** | Micro, Small and Medium Sized Enterprises |
| **SMEs** | Small and Medium Sized Enterprises |
| **UN** | United Nations |
| **WB** | World Bank |
| **WTO** | World Trade Organisation |

# Bibliography


AA (2019): Eine vertiefte Partnerschaft mit Afrika. Fortschreibung und Weiterentwicklung der Afrikapolitischen Leitlinien der Bundesregierung. Berlin. Published under: www.auswaertiges-amt.de/blob/2204146/61736c06103e9a28e328371257ee34f7/afrikaleitlinien-data.pdf. Last accessed 20.10.2019.

Absagen, Marie-Luise et al. (2018): Highjacking the SDGs? The Private Sector and the Sustainable Development Goals. Published under: www.brot-fuer-die-welt.de/fileadmin/mediapool/2_Downloads/Fachinformationen/Analyse/Analyse78-en-v08.pdf. Last accessed 12.7.2021

ActionAid/Christian Aid/Oxfam (2008): The EU's approach to Free Trade Agreements Government Procurement. EU FTA Manual Briefing 7. Published Under: https://oxfamilibrary.openrepository.com/bitstream/handle/10546/115066/eu-fta-briefing-all-papers-290208-en.pdf?sequence=9&isAllowed=y. Last accessed 29.1.2021.

Adivasi-Koordination et al. (2010): Transparenz für Menschenrechte bei der Deutschen Investitions- und Entwicklungsgesellschaft (DEG). Offener Brief an den Vorsitzenden des DEG-Aufsichtsrats und die entwicklungspolitischen SprecherInnen der Fraktionen. Published under: www.fian.de/fileadmin/user_upload/dokumente/mitmachen/160315_DEG_Transparenz_offener_Brief_1_.pdf. Last accessed 19.1.2020.

AfDB (2018): African Economic Outlook 2018. African Development Bank. Published under: www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Economic_Outlook_2018_-_EN.pdf. Last accessed 20.12.2019.

AfDB/IMF/WB (2017): The G-20 Compact with Africa. A Joint AfDB, IMF and WBG Report. G-20 Finance Ministers and Central Bank Governors Meeting. Baden-Baden. Published under: www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/world/G7-G20/2017-03-30-g20-compact-with-africa-report.pdf?_blob=publicationFile&v=3. Last accessed 29.1.2021.

Aizawa, Motoko (2017): Key Messages on the World Bank Group's 2017 Guidance on PPP Contracts. Washington D.C. Heinrich-Böll-Foundation, 15.9.2017. Published under: https://us.boell.org/en/2017/09/15/key-messages-world-bank-groups-2017-guidance-ppp-contracts. Last accessed 20.3.2020.

Alexander, Nancy (2017): Beware the Cascade-World Banck to the Future. Heinrich Böll Foundation, 23.5.2017. Published under: https://justgovernance.boellblog.org/2017/05/23/beware-the-cascade-world-banck-to-the-future/. Last accessed 24.6.2020.

Amanor, Kojo S. (2019): Global Value Chains and Agribusiness in Africa: Upgrading or Capturing Smallholder Production? In: Agrarian South: Journal of Political Economy, Vol. 8 (1–2), pp. 30-63.

AU, NEPAD, OSAA (2015): Infrastructure development within the context of Africa's Cooperation with new and emerging development partners. Published under: www.un.org/en/africa/osaa/pdf/pubs/2015infrastructureanddev.pdf. Last accessed 1.2. 2020.

Ayers, Alison J. (2013): Beyond Myths, Lies and Stereotypes: The Political Economy of a 'New Scramble for Africa'. In: New Political Economy, Vol. 18 (2), pp. 227-257. DOI: 10.1080/13563467.2012.678821.

B20 (2018): Financing Growth and Infrastructure. Policy Paper. Argentina 2018, Business 20. Published under: www.b20argentina.info/Content/Images/documents/20180924_163756-B20%20FGI%20Policy%20Paper.pdf. Last accessed 3.4.2020.

Banse, Frauke (2016): Wes Brot ich ess, des Lied ich sing? Gewerkschaften in Ghana und Benin und die Förderung der Friedrich-Ebert-Stiftung. Kassel. Kassel University Press.

Banse, Frauke (2019a): Compact with Africa – der deutsche Beitrag zur Investitionsliberalisierung und Finanzialisierung in Afrika. In: Prokla. Zeitschrift für kritische Sozialwissenschaft, Vol. 49 (194), pp. 79-98.

Banse, Frauke (2019b): Deutsch-französischer Wettlauf um Afrika. In: Blätter für deutsche und internationale Politik, (7) 2019, pp. 33-36.

Barbosa, Nelson et al. (2020): Letter: The threat is greatest for developing and emerging countries. In: Financial Times, 25.3.2020. Published under: www.ft.com/content/35053854-6d17-11ea-89df-41bea055720b. Last accessed 28.3.2020.

Barret Paul M./Dorothée Baumann-Pauly (2019): Made in Ethiopia: Challenges in the Garment Industry's New Frontier. Center for Business and Human Rights. NYU Stern. Published under: https://bhr.stern.nyu.edu/made-in-ethiopia-res. Last accessed 29.1.2021.

Barrientos, Stephanie (2011): 'Labour chains': Analysing the Role of Labour Contractors in Global Production Networks. BWPI Working Paper 153. Manchester. Brooks World Poverty Institute.

Basset, Carolyn (2017): Africa's next Debt Crisis: Regulatory Dilemmas and Radical Insights. In: Review of African Political Economy, Vol. 44 (154), pp. 523-540. DOI: 10.1080/03056244.2017.1313730.

Bateman, Milford/Stephanie Blankenburg/Richard Kozul-Wright (2019a): Conclusion. In: ibid. (Ed.): The rise and fall of global microcredit: development, debt and disillusion. Routledge, pp. 278-283.

Bateman, Milford/Maren Duvendack/Nicholas Loubere (2019b): Another False Messiah: The Rise and Rise of Fin-tech in Africa. Published under: http://roape.net/2019/06/11/another-false-messiah-the-rise-and-rise-of-fin-tech-in-africa/. Last accessed 29.5.2020.

Bayliss, Kate/Bruno Bonizzi/Ourania Dimakou/Christina Laskaridis/Farwa Sial/Elisa van Waeyenberge (2020): The use of development funds for de-risking private investment: how effective is it in delivering development results? Brussels. European Parliament's Committee on Development. Published Under: www.europarl.europa.eu/RegData/etudes/STUD/2020/603486/EXPO_STU(2020)603486_EN.pdf. Last accessed 30.6.2020.

Bieler, Andreas/Adam David Morton (2014): Uneven and Combined Development and Unequal Exchange: The Second Wind of Neoliberal 'Free Trade'? In: Globalizations, Vol. 11 (1), pp. 35-45.

Bieling, Hans-Jürgen (2011): Internationale Politische Ökonomie. Eine Einführung. 2nd edition. Wiesbaden: VS-Verlag.

Birke, Peter/Felix Bluhm (2020): Migrant Labour and Workers' Struggles: The German Meatpacking Industry as Contested Terrain. In: Global Labour Journal. Vol. 11 (1), pp. 34-51.

BMWi (2019): Facts about German foreign trade. Berlin. Published under: www.bmwi.de/Redaktion/EN/Publikationen/facts-about-german-foreign-trade.pdf?_blob=publicationFile&v=9. Last accessed 10.5.2020.

BMWi (n.d.): Wirtschaftsnetzwerk Afrika. Published under: www.bmwi.de/Redaktion/DE/Artikel/Aussenwirtschaft/wirtschaftsnetzwerk-afrika.html. Last accessed 20.4.2020.

BMZ (2007): Wirtschaftspartnerschaftsabkommen zwischen AKP-Staaten und der EU. BMZ Materialien 174. Bonn. Bundesministerium für wirtschaftliche Zusammenarbeit.

BMZ (2017): Africa and Europe – A new Partnership for development, peace and a better future. Cornerstones of a Marshall Plan with Africa. Berlin. Published under: www.bmz.de/en/publications/type_of_publication/information_flyer/information_brochures/Materialie270_africa_marshallplan.pdf. Last accessed 3.2.2020.

BMZ (2019): Chancenkontinent Afrika. Minister Müller startet Entwicklungsinvestitionsfonds. Neue Marktchancen in Afrika durch nachhaltige Investitionen. Published under: www.bmz.de/de/presse/aktuelleMeldungen/2019/juni/190604_pm_029_Minister-Mueller-startet-Entwicklungsinvestitionsfonds-Neue-Marktchancen-in-Afrika-durch-nachhaltige-Investitionen/index.html. Last accessed 29.1.2021.

BMZ (n.d. a): Financial services for disadvantaged groups. Leaving no one behind. Published Under: www.bmz.de/en/issues/g20_development_policy/finanzdienstleistungen_fuer_benachteiligte/index.html. Last accessed 30.3.2020.

BMZ (n.d. b): Neue Partnerschaft für Entwicklung, Frieden und Zukunft. Ein Marshallplan mit Afrika. Published under: www.bmz.de/de/laender_regionen/marshallplan_mit_afrika/index.html. Last accessed 29.5.2020.

BMZ (n.d. c): Länderliste für die bilaterale staatliche Entwicklungszusammenarbeit des BMZ. Published under: http://www.bmz.de/de/laender_regionen/laenderliste/laenderliste.pdf. Last accessed 11.11.2020.

Böttger, Christian (2006): Strukturen und Strategien von Finanzinvestoren. Arbeitspapier 120. Düsseldorf. Hans Böckler Stiftung. Published under: www.boeckler.de/pdf/p_arbp_120.pdf. Last acceessed 29.1.2021.

Bouyala Imbert, Florence (2017): EU Economic Diplomacy Strategy. In-Depth Analysis. DG Expo. Published under: www.europarl.europa.eu/RegData/etudes/IDAN/2017/570483/EXPO_IDA(2017)570483_EN.pdf. Last accessed 16.6.2019.

Braasch, Bernd (2012): The world needs to develop missing markets. In: Financial Times, 25.1.2012. Published under: www.ft.com/content/7987d8f3-fa0b-3271-b8a9-1e6f5e306b9a. Last accessed 4.3.2019.

Bracking, Sarah (2009): Hiding Conflict over Industry Returns: A Stakeholder Analysis of the Extractive Industries Transparency Initiative. BWPI Working Paper No. 91. Brooks World Poverty Institute. Manchester. University of Manchester.

Brot fur die Welt (2017): Afrika und Europa – Neue Partnerschaftfur Entwicklung, Frieden und Zukunft. Eckpunkte fur einen Marshall-Plan mit Afrika, Kommentierung von Brot fur die Welt. Published under: www.brot-fuer-die-welt.de/fileadmin/mediapool/blogs/Palm_Reinhard/170306_brot_fuer_die_welt_kommentierung_marshall-plan_mit_afrika.pdf. Last accessed 12.7.2021

Brown, William (2002): The European Union and Africa. The Restructuring of North- South Relations. London/New York.

Brot für die Welt (2017): Afrika und Europa – Neue Partnerschaft für Entwicklung, Frieden und Zukunft. Eckpunkte für einen Marshall-Plan mit Afrika, Kommentierung von Brot für die Welt. Published under: www.brot-fuer-die-welt.de/fileadmin/mediapool/blogs/Palm_Reinhard/170306_brot_fuer_die_welt_kommentierung_marshall-plan_mit_afrika.pdf. Last accessed 12.7.2021

Bundesregierung (2020): Fonds in der deutschen Entwicklungszusammenarbeit. Antwort der Bundesregierung auf die Kleine Anfrage der Abgeordneten Eva-Maria Schreiber, Heike Hänsel, Michel Brandt, Christine, Buchholz, Zaklin Nastic, Helin Evrim Sommer, Kathrin Vogler, Fabio De Masi und der Fraktion DIE LINKE. Published under: http://dipbt.bundestag.de/dip21/btd/19/169/1916928.pdf. Last accessed 3.3.2020.

Bundesrepublik Deutschland/Französische Republik (2019): Vertrag zwischen der Bundesrepublik Deutschland und der Französischen Republik über die deutsch-französische Zusammenarbeit und Integration. Aachen. Published under: www.bundesregierung.de/resource/blob/992814/1570126/c720a7f2e1a0128050baaa6a16b760f7/2019-01-19-vertrag-von-aachen-data.pdf. Last accessed 29.1.2021.

Carmody, Pádraig (2017): The New Scramble for Africa. Cambridge-Malden.

CEO (2011): Europe's Resource Grab. Vested interests at work in the European Parliament. Corporate Europe Observatory. Published under: https://corporateeurope.org/sites/default/files/publications/europes_resource_grab.pdf. Last accessed 30.4.2020.

CEO (2017): Gold-Digging with Investor-State Lawsuits. Published under: https://corporateeurope.org/sites/default/files/attachments/gold_digging_with_investor_state_lawsuits.pdf. Last accessed 29.1.2021.

CEO/TNI (2012): Profiting from injustice. How law firms, arbitrators and financiers are fuelling an investment arbitration boom. Brussels/Amsterdam. Published under: https://corporateeurope.org/sites/default/files/publications/profiting-from-injustice.pdf. Last accessed 29.1.2021.

Chang, Ha-Joon (2003): Kicking Away the Ladder: Infant Industry Promotion in Historical Perspective. In: Oxford Development Studies, Vol. 31 (1), pp. 21-32.

Chang, Ha-Joon/Ilene Grabel (2014): Reclaiming Development. An Alternative Economic Policy Manual. London/ New York. Zed Books.

Chappelow, Jim (2019): Private Sector. Published under: www.investopedia.com/terms/p/private-sector.asp. Last accessed 24.3.2020.

Claar, Simone (2020): Green Finance, Transnational Classes and Renewable Energy Investments in the Global South. University of Kassel. Unpublished Manuscript.

Claar, Simone/Andreas, Nölke (2013): Deep Integration in North-South Relations: compatibility Issues between the EU and South Africa. In: Review of African Political Economy, Vol. 40 (136), pp. 274-289. DOI: 10.1080/03056244.2013.794726.

Concord (2018): The European Fund for Sustainable Development plus (EFSD+) in the MFF2021-2027. Ten areas to consider in the NDICI Regulation September 2018. Published under: https://concordeurope.org/wp-content/uploads/2019/02/CONCORDEurodad_10pointsEFSD.pdf. Last accessed 3.6.2020.

Counterbalance (2017): The External Investment Plan: innovative instrument or dangerous blueprint for EU development policy? Brussels. Counterbalance. Published under: www.counter-balance.org/wp-content/uploads/2017/11/CB_EIP_d.pdf. Last accessed 18.10.2018.

Culpeper, Roy/Nihal Kappagoda (2016): The new face of developing country debt. In: Third World Quarterly, Vol. 36 (6), pp. 951-974. DOI: 10.1080/01436597.2016.1138844.

CwA (n.d.): About the Compact with Africa. Published under: www.compactwithafrica.org/content/compactwithafrica/home/about.html#commitments. Last accessed 20.4.2020.

de Vries, Gaaitzen/Marcel Timmer/Klaas de Vries (2015): Structural Transformation in Africa: Static Gains, Dynamic Losses. In: The Journal of Development Studies, Vol. 51 (6), pp. 674-688. Access: DOI: 10.1080/00220388.2014.997222.

DEG (2018): Jahresabschluss und Lagebericht 2018. Published under: www.deginvest.de/DEG-Dokumente/Download-Center/DEG_Jahresabschlussbericht_2018_D.pdf. Last accessed 10.12.2019.

DEG (2019): AfricaConnect – Das Potenzial afrikanischer Märkte erschließen. Published under: www.deginvest.de/Unsere-L%C3%B6sungen/AfricaConnect/. Last accessed 20.2.2020.

della Croce, Cellina (2019): 98.3% of Ghana's Gold Remains in the Hands of MNCs. In: Common Dreams, 19.5.2019. Published under: www.commondreams.org/views/2019/05/19/983-ghanas-gold-remains-hands-multinational-corporations. Last accessed 29.5.2020.

DEval (2019): Strukturierte Fonds. Hintergrund. Published under: www.deval.org/de/strukturierte-fonds.html. Last accessed 21.1.2020.

DEval (2020): DEval-Evaluierungen 2020-2022. Themenschwerpunkte, laufende und geplante Evaluierungen des DEval. Published under: https://deval.org/files/content/Dateien/Evaluierung/DEval_Evaluierungsprogramm_2020-2022.pdf. Last accessed 29.1.2021.

Devinit (2016): Blended finance: Understanding its potential for Agenda 2030. Published under: http://devinit.org/wp-content/uploads/2016/11/Blended-finance-Understanding-its-potential-for-Agenda-2030.pdf. Last accessed 13.5.2020.

Dossing, Helle (2018): Compact mit Africa – Compact mit Privatwirtschaft? Published under: www.brot-fuer-die-welt.de/blog/2018-compact-mit-africa-compact-mit-privatwirtschaft. Last accessed 12.7.2021

Duvendack, Maren/Philip Mader (2019): Impact of financial inclusion in low- and middle-income countries: A systematic review of reviews. In: Campbell Systematic Reviews 2019, Vol. 15 (1-2). DOI: 10.4073/csr.2019.2.

EC (2006): Global Europe Competing in the World. A Contribution to the EU's Growth and Jobs Strategy. Published under: http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130376.pdf. Last accessed 15.10.2013.

EC (2017): Reflection Paper on Harnessing Globalisation. Brussels. European Commission. Published under: https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-globalisation_en.pdf. Last accessed 4.7.2019.

EC (2018): 2017 Operational Report. EFSD – The European Fund for Sustainable Development. Promoting investment in the EU Neighbourhood and Africa. European Commission. Published under: https://ec.europa.eu/international-partnerships/system/files/efds-report_en.pdf. Last accessed 3.6.2020.

EC (2019a): Mobilising finance through the European Fund for Sustainable Development. Published under: https://ec.europa.eu/commission/eu-external-investment-plan/mobilising-finance-through-european-fund-sustainable-development_en. Last accessed 4.9.2019.

EC (2019b): Stepping up technical support for the External Investment Plan. Published under: https://ec.europa.eu/commission/eu-external-investment-plan/stepping-technical-support-external-investment-plan_en. Last accessed 6.9.2019.

EC (2019c): Handbook on improving the Investment Climate through EU action Implementation of Pillar 3 in the integrated approach of the External Investment Plan. Brussels. Published under: https://ec.europa.eu/commission/sites/beta-political/files/ic-handbook-en.pdf. Last accessed 15.7.2019.

EC (2019d): Summaries of the EU External Investment Plan. Guarantees. March 2019. European Commission. Published under: https://ec.europa.eu/international-partnerships/system/files/181213-eip-28-guarantees-brochure-final_en.pdf. Last accessed 10.6.2020.

EC (2019e): 2018 Operational Report. EFSD – The European Fund for Sustainable Development. Promoting investment in the EU Neighbourhood and Africa. European Commission. Published under: https://ec.europa.eu/commission/sites/beta-political/files/eip_operational_report.pdf. Last accessed 3.6.2020.

EC (2019f): Part II, Strategic Priorities. Technical Draft of the New ACP-EU Partnership Agreement. 8.2.2019. Unpublished Manuscript.

EC (2020a): Joint Communication to the European Parliament and the Council. Towards a comprehensive Strategy with Africa. European Commission, High Representative of the Union for Foreign Affairs and Security Policy. Published under: https://ec.europa.eu/international-partnerships/system/files/communication-eu-africa-strategy-join-2020-4-final_en.pdf. Last accessed 12.4.2020.

EC (2020b): Overview of economic Partnership Agreements. Updated May 2020. Published under: https://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf. Last accessed 3.6.2020.

EC (2020c): Implementation Report of the EFSD Guarantee Fund. Final Report. 14th January 2020. Published Under: https://ec.europa.eu/commission/sites/beta-political/files/efsd-implem_report-external_support_study-final.pdf.. Last accessed 30.6.2020.

EC (2021): European Union's proposal for a legal text on Investment Liberalisation, Trade in Services, and Digital Trade in the EU-ESA5 deepening of interim agreement: https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159393.pdf. Last accessed 7.6.2021

EC (n.d. a): Private sector and Sustainable industries. Published under: https://ec.europa.eu/international-partnerships/topics/private-sector-and-sustainable-industries_en. Last accessed 5.4.2020.

EC (n.d. b): EU External Investment Plan. Fact Sheet. Published under: https://ec.europa.eu/commission/sites/beta-political/files/external-investment-plan-factsheet_en.pdf. Last accessed 4.5.2019.

EC (n.d. c): External Investment Plan – progress so far. Published under: https://ec.europa.eu/commission/eu-external-investment-plan/external-investment-plan-progress-so-far_en. Last accessed 18.12.2019.

EC (n.d. d): Work Programme for Strategic Evaluations 2019-2023. Published under: https://ec.europa.eu/international-partnerships/system/files/evaluation-work-programme-2019-2023_en.pdf. Last accessed 10.6.2020.

ECDPM (2018): What is the European External Investment Plan really about? Briefing Note Nr. 101. ECDPM. Published under: https://ecdpm.org/wp-content/uploads/ECDPM-2018-BN-101-What-Is-The-European-External-Action-Plan-EIP-Really-About.pdf. Last accessed 6.4.2019.

Epstein, Gerald A. (2005): Financialization and the World Economy. Cheltenham, Northampton. Edward Elgar Publishing Limited.

Erforth, Benedikt (2020): Multilateralism as a tool: Exploring French military cooperation in the Sahel, Journal of Strategic Studies, Vol. 43 (4), pp. 560-582.

FIAN (2019): Kritik am Entwicklungsfonds AATIF. Staatliche Entwicklungsbank KfW reagiert auf FIAN-Analyse. Fian. Published under: www.fian.de/artikelansicht/2019-03-07-kritik-am-entwicklungsfonds-aatif/. Last accessed 20.1.2020.

Fildes, Nic/Tom Wilson (2019): Vodafone targets Africa's unbanked with ambitious plans for M-Pesa. In: Financial Times, 18.12.2019. Published under: www.ft.com/content/c2bd2a8e-e07d-11e9-9743-db5a370481bc. Last accessed 10.5.2020.

Fischer, Karin (2020): Dependenz trifft Warenketten. Zur Überausbeutung von Arbeit im Globalen Süden. In: Prokla. Zeitschrift für kritische Sozialwissenschaft, Vol. 50 (1), pp. 33-51.

Flecker, Jörg (2010): Fragmenting labour: organisational restructuring, employment relations and the dynamics of national regulatory frameworks. In: Work Organisation, Labour & Globalisation, Vol. 4 (1), pp. 8-23.

FSB (2015): Transforming Shadow Banking into Resilient Market-based Finance. An Overview of Progress. Basel. Financial Stability Board. Published under: www.fsb.org/wp-content/uploads/shadow_banking_overview_of_progress_2015.pdf. Last accessed 25.6.2020.

G20 (2018): Roadmap to infrastructure as an asset class. Published under: www.oecd.org/g20/roadmap_to_infrastructure_as_an_asset_class_argentina_presidency_1_0.pdf. Last accessed 29.5.2020.

Gabor, Daniela (2018): Goodbye (Chinese) Shadow Banking, Hello Market-Based Finance: Debate: Shadow Banking or Market-Based Finance?. In: Development and Change, Vol. 49 (2), pp. 394-419. DOI: 10.1111/deCh12387.

Gabor, Daniela (2020): The Wall Street Consensus. Unpublished Manuscript. May 2020. Bristol.

Gelb, Alan/Christian J. Meyer/Vijaya Ramachandran (2014): Development as Diffusion – Manufacturing Productivity and Sub-Saharan Africa's Missing Middle. CGD Working Paper 357. Washington D.C. Center for Global Development. Published under: www.cgdev.org/publication/development-diffusion-manufacturing-productivity-and-africas-missing-middle-working. Last accessed 29.1.2021.

Gerstenberger, Juliane (2019): Kreditfonds auf Wachstumskurs – aber bisher noch Nischenanbieter. Published under: www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Fokus-Volkswirtschaft/Fokus-2019/Fokus-Nr.-239-Januar-2019-Kreditfonds.pdf. Last accessed 29.5.2020.

Gibb, Richard (2000): Post-Lomé: the European Union and the South. In: Third World Quarterly, Vol. 21 (3), pp. 457-481.

Gibbon, Peter/Stefano Ponte (2005): Trading down: Africa, value chains, and the global economy. Philadelphia. Temple University Press.

GIZ (n.d.): Environmental and Social Standards in Ethiopia's textiles and garment industry (eTex). Published under: www.giz.de/en/worldwide/71852.html. Last accessed 29.5.2020.

Goes, Thomas Eilt (2015): Zwischen Disziplinierung und Gegenwehr. Wie Prekarisierung sich auf Beschäftigte im Großhandel auswirkt. Frankfurt am Main. Campus.

Gosh, Jayati (n.d.): The Global Trade and Investment Regime from a Development Country Perspective. In: Decent Work in Global Supply Chains. Massive Open Online Course. Global Labour University. Published under: https://iversity.org/en/my/courses/decent-work-in-global-supply-chains/lesson_units/65181#tab_secondary. Last accessed 2.6.2020.

Grumiller, Jan/Werner Raza/Cornelia Staritz/Bernhard Tröster/Rudi von Arnim (2018): The economic and social effects of the Economic Partnership Agreements on selected African countries. Vienna. Austrian Foundation for Development Research (ÖFSE).

Grünewald, Andreas (2020): Entwicklungsinvestitionsfonds (EIF): Viel Schall und Rauch Analyse zur Antwort der Bundesregierung auf die KA 19/16095 – Fonds in der deutschen Entwicklungszusammenarbeit. Internal Paper. Büro Eva-Maria Schreiber, Die Linke.

GSMA (2019): State of the Industry Report on Mobile Money 2018. Published under: www.gsma.com/r/wp-content/uploads/2019/05/GSMA-State-of-the-Industry-Report-on-Mobile-Money-2018-1.pdf. Last accessed 10.5.2020.

Haag, Steffen/Franziska Müller (2019): Finanzplatz Afrika: Grüne Finanzflüsse und afrikanische Energietransitionen. In: Melber, Henning (Ed.): Deutschland und Afrika – Autonomie eines komplexen Verhältnisses. Frankfurt am Main, pp. 89-104.

Handelsblatt (2019a): Chinesischer Automarkt steckt weiter in der Krise. In: Handelsblatt, 12.12.2019. Published under: www.handelsblatt.com/unternehmen/industrie/autoindustrie-chinesischer-automarkt-steckt-weiter-in-der-krise/25314452.html?ticket=ST-991573-ZbJK6FmQekvrowbnIvoj-ap6. Last accessed 9.1.2020.

Handelsblatt (2019c): Deutschland erzielt erneut weltgrößten Leistungsbilanzüberschuss. In: Handelsblatt, 13.9.2019. Published under: www.handelsblatt.com/politik/deutschland/ifo-institut-deutschland-erzielt-erneut-weltgroessten-leistungsbilanzueberschuss/25012390.html. Last accessed 17.4.2020.

Handelsblatt (2019d): Volkswagen startet Pilotprojekt mit Elektroautos in Ruanda. In: Handelsblatt, 22.10.2019. Published under: www.handelsblatt.com/unternehmen/industrie/autobauer-volkswagen-startet-pilotprojekt-mit-elektroautos-in-ruanda/25141588.html. Last accessed 17.4.2020.

Hardie, Iain/David Howarth (2013): Framing Market-Based Banking and the Financial Crisis. In: Iain Hardie und David Howarth (Ed.): Market-Based Banking and the International Financial Crisis. Oxford, pp. 22–55.

HBS (2018): 92 Ökonom/innen gegen Weltbankpläne zu Schattenbanken. Offener Brief. Published under: www.boell.de/de/2018/10/11/mit-ihrer-neuen-agenda-maximizing-finance-development-oeffnet-die-weltbank-die. Last accessed 20.3.2020.

Heinemann, Tim (2018): Warum halten sich deutsche Unternehmen mit Investitionen in Afrika zurück? In: KfW Research, Volkswirtschaft Kompakt, No. 171. Published under: www.kfw.de/PDF/Download-Center/Konzernthemen/Research/PDF-Dokumente-Volkswirtschaft-Kompakt/One-Pager-2018/VK-Nr.-171-Dezember-2018-FDI-in-Afrika.pdf. Last accessed 20.12.2019.

Henderson, Jeffrey/Peter Dicken/Martin Hess/Neil Coe/Henry Wai-Chung Yeung (2002): Global production networks and the analysis of economic development. In: Review of International Political Economy, Vol. 9 (3), pp. 436-464. DOI: 10.1080/09692290210150842.

Henn, Markus (2020): Die Illusion der Souveränität. Sonderwirtschaftszonen und Sondersteuern in Afrika. Berlin. RLS. Published under: www.rosalux.de/fileadmin/rls_uploads/pdfs/Studien/Studien_4-20_Sonderwirtschaftszonen-Afrika.pdf. Last accessed 18.5.2020.

Hermann, Christoph (2014): The Role of the Public Sector in Combating Inequality. In: International Journal of Labour Research, Vol. 6 (1), pp. 113-128.

Hildyard, Nicholas/Xavier Sol (2017): How infrastructure is shaping the world. A critical Introduction to mega-corridors infrastructure. Counter Balance December 2017. Published under: www.counter-balance.org/new-study-challenges-the-infrastructure-mega-corridors-agenda/. Last accessed 4.8.2018.

Hilson, Gavin/Roy Maconachie (2008): "Good Governance" and the Extractive Industries in Sub-Saharan Africa. In: Mineral Processing and Extractive Metallurgy Review: An International Journal, Vol. 30 (1), pp. 52-100, DOI: 10.1080/08827500802045511.

Hofmann, Boris/Ilhyock Shim /Hyun Song Shin (2020): Emerging market economy exchange rates and local currency bond markets amid the Covid-19 pandemic. BIS Bulletin. No. 5. Published under: www.bis.org/publ/bisbull05.pdf. Last accessed 15.11.2020.

Hufschmid, Jörg (1999): Politische Ökonomie der Finanzmärkte. Hamburg. VSA-Verlag.

Hurt, Stephen/Donna Lee/Ulrike Lorenz-Karl (2013): The Argumentative Dimension to the EU-Africa EPAs. In: International Negotiation, Vol. 18 (1), pp. 67-87.

Hürtgen, Stefanie (2015): Globale Produktion und lokale Fragmentierung. Bedingungen gewerkschaftlicher Solidarität. In: Bormann, Sarah/Jenny Jungehülsing/Shuwen Bian/Martina Hartung/Florian Schubert (Eds.): Last Call for Solidarity. Perspektiven grenzüberschreitenden Handelns von Gewerkschaften. Hamburg. VSA-Verlag, pp. 70-84.

Hürtgen, Stefanie (2019): Network-based mass production, Transnational Neo-Taylorism, and Socio-Spatial Fragmentation in the Global and European IT Industry. Social and Economic Geography, Salzburg.

Ibukun, Yinka (2020): VW, Nissan chase African new-car market where financing is rare. In: Automotive News Europe, 13.1.2020. Published under: https://europe.autonews.com/automakers/vw-nissan-chase-african-new-car-market-where-financing-rare. Last accessed 24.2.2020.

IDEAS (2011): Investment Provisions in Trade Agreements: Critical issues. Published under: http://www.networkideas.org/wp-content/uploads/2016/07/PB_02_2011.pdf. Last accessed 4.5.2019.

IMF et al. (2013): Local Currency Bond Markets. A Diagnostic Framework. Published under: www.oecd.org/daf/fin/public-debt/Local-Currency-Bond-Markets-Diagnostic-Framework-2013.pdf. Last accessed 29.5.2020.

IMF/WB (2018): Staff Note for the G20 IFAWG. Recent Developments in Local Currency Bond Markets in Emerging Economies. Seoul, Korea. Published under: www.imf.org/external/np/g20/pdf/2018/061518.pdf. Last accessed 12.6.2020.

Jha, Praveen (2016): Global Production Networks: What's Labour Got to do with it. In: Truger, Achim/Eckhard Hein/Michael Heine/Frank Hoffer (Eds.): Monetäre Makroökonomie, Arbeitsmärkte und Entwicklung /Monetary Macroeconomics, Labour Markets and Development Festschrift für Hansjörg Herr. Marburg. Metropolis-Verlag, pp. 245-255.

Jones, Alexei/Niels Keijzer/Ina Friesen/Pauline Veron (2020): Eu Development Cooperation with Sub-Saharan Africa 2013-2018. Policies, funding, results. Study commissioned by the Policy and Operations Evaluation Department of the Ministry of Foreign Affairs of the Netherlands. ECDPM, DIE-GDI, IOB. Maastricht, Bonn, The Hague. Published under: https://ecdpm.org/wp-content/uploads/ECDPM-DIE_EU_development_cooperation_with_Sub-Saharan_Africa_202005.pdf. Last accessed 30.6.2020.

Kaiser, Jürgen (2019): Verschuldete Staaten weltweit. In: Misereor/Erlassjahr (Eds.): Schuldenreport 2019. Aachen/Düsseldorf. Published under: https://erlassjahr.de/wordpress/wp-content/uploads/2019/04/SR_2019_final-online.pdf. Last accessed 29.1.2021.

Kannengießer, Christoph (2019): Christoph Kannengießer, Hauptgeschäftsführer Afrika-Verein der deutschen Wirtschaft, über deutsche Wirtschaftsinteressen in Afrika. Tagesschau. 19.11.2019. Published under: www.tagesschau.de/multimedia/video/video-623065.html. Last accessed 17.3.2020.

Kappel, Robert (2020): Die Neujustierung der deutschen Afrikapolitik. In: Institut für Afrikastudien. Leipzig. Published under: www.ssoar.info/ssoar/handle/document/66470. Last accessed 15.4.2020.

Kappel, Robert/Helmut Reisen (2019): G20 Compact with Africa. The Audacity of Hope. FES. Published under: http://library.fes.de/pdf-files/iez/15748.pdf. Last accessed 10.11.2019.

KfW (2018): Mobilisierung lokaler Ressourcen (DRM): Ein Überblick über die vielfältigen Potentiale. In: Entwicklungspolitik Kompakt No. 2. Published under: www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Development-Research/2018-01-18-EK_DRM_DE.pdf. Last accessed 29.5.2020.

KfW (2019a): Projektinfo. AfricaGrow-Fonds. Published under: www.bmz.de/de/zentrales_downloadarchiv/Presse/AfricaGrow-Fonds.pdf. Last accessed 5.1.2020.

KfW (2019b): KfW und Allianz legen Fonds für gemeinsame Investitionen in afrikanische Unternehmen auf. Press Release, 19.11.2019. Published under: www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/Pressemitteilungen-Details_552832.html. Last accessed 25.6.2020.

KfW (2019c): Von der Budgethilfe zur Reformfinanzierung! Entwicklungspolitik Kompakt. No. 1. Published under: www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Development-Research/2019_02_11_EK_Reformfinanzierung_DE.pdf. Last accessed 29.5.2020.

KfW (n.d. a): Africa Grow. Published under: http://www.bmz.de/de/zentrales_downloadarchiv/mitmachen/190924_factsheet_AfricaGrow.pdf. Last accessed 24.6.2020.

KfW (n.d. b): Development Effectiveness Rating (DERa). Published under: www.deginvest.de/DEG-Dokumente/%C3%9Cber-uns/Was-wir-bewirken/Policy-brief_DE_final.pdf. Last accessed 20.1.2020.

Kim, Jim Yong (2017): A Letter from Jim Yong Kim, World Bank Group President. Published under: www.ifc.org/wps/wcm/connect/CORP_EXT_Content/IFC_External_Corporate_Site/Annual+Report+2017/2017-Online-Report/Leadership-Perspectives/. Last accessed 20.3.2020.

Kramp-Karrenbauer, Annegret (2019): "Wir brauchen 2020 große Mehrheiten für große Projekte". Annegret Kramp-Karrenbauer im Interview. In: FAZ, 29.12.2019. Published under: www.faz.net/aktuell/politik/inland/akk-im-interview-ueber-die-naechsten-ziele-in-2020-16556221.html. Last accessed 1.4.2020.

Küblböck, Karin/Hannes Grohs (2019): Blended finance and its potential for development cooperation. ÖFSE Briefing Paper. No. 21. Vienna. Austrian Foundation for Development Research (ÖFSE).

Kumar, Ashok (2020): Monopsony Capitalism. Power and Production in the Twilight of the Sweatshop Age. Cambridge. Cambridge University Press.

Lanzet, Peter (2016): The Weakest Should not Bear the Risk. Holding the Development Finance Institutions responsible when private sector projects fail. The case of Addax Bioethanol in Sierra Leone. Analysis 64. Berlin. Brot für die Welt. Publsihed under: www.brot-fuer-die-welt.de/fileadmin/mediapool/2_Downloads/Fachinformationen/Analyse/Analyse_64_en-The_Weakest_Should_not_Bear_the_Risk.pdf. Last accessed 29.1.2021.

Lee, Margaret C. (2009): Trade Relations Between the European Union and Sub-Saharan Africa Under the Cotonou Agreement: Repartitioning and Economically. Recolonising the Continent? In: Southall, Roger/Henning Melber (Eds.): A New Scramble for Africa? Imperialism, Investment and Development. Scottsville. University of KwaZulu-Natal Press, pp. 111-138.

Loxley, John (2013): Are public-private partnerships (PPPs) the answer to Africa's infrastructure needs? In: Review of African Political Economy, Vol. 40 (137), pp. 485-495.

Lundsgaarde, Erik (2017): The European Fund for Sustainable Development: Changing the Game? Discussion Paper 29/2017. Bonn. German Development Institute. Published under: www.die-gdi.de/uploads/media/DP_29.2017.pdf. Last accessed 29.1.2021.

Mader, Philip (2015): The Political Economy of Microfinance. Financializing Poverty. Hampshire. Palgrave Macmillan. Marí, Francisco (2017): Die Chance ergreifen: EU-Afrika-Handelsbeziehungen neu gestalten. Dokumentation der Konferenz am 7. Juni 2017. Published under: www.brot-fuer-die-welt.de/fileadmin/mediapool/blogs/Mari_Francisco/1712_epa-konferenz-dokumentation_final.pdf. Last accessed 12.7.2021

Marí, Francisco (2017): Die Chance ergreifen: EU-Afrika-Handelsbeziehungen neu gestalten. Dokumentation der Konferenz am 7. Juni 2017. Published under: www.brot-fuer-die-welt.de/fileadmin/media pool/blogs/Mari_Francisco/1712_epa-konferenz-dokumentation_final.pdf. Last accessed 12.7.2021

McKinsey (2016): Lions on the Move II: Realizing the Potential of Africa's Economies. Published under: www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Middle%20East%20and%20Africa/Realizing%20the%20potential%20of%20Africas%20economies/MGI-Lions-on-the-Move-2-Full-report-September-2016v2.pdf. Last accessed 29.1.2021.

McKinsey (2017): Africa: Mapping new opportunities for sourcing. Published under: www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Middle%20East%20and%20Africa/Africa%20Mapping%20new%20opportunities%20for%20sourcing/Africa-Mapping-new-opportunities-for-sourcing.pdf?shouldIndex=false. Last accessed 29.1.2021.

McNally, David (2011): Global Slump. The Economics and Politics of Crisis and Resistance. Oakland. PM Press.

Meagher, Kate (2019): Working in Chains: African Informal Workers and Global Value Chains. In: Agrarian South: Journal of Political Economy, Vol. 8 (1–2), pp. 64–92.

Milberg, William/Deborah Winkler (2013): Outsourcing economics: global value chains in capitalist development. Cambridge. Cambridge University Press.

Misereor/Erlassjahr (2020): Überschuldete Staaten weltweit. Weltkarte. Published under: https://erlassjahr.de/wordpress/wp-content/uploads/2020/01/SR20-Karte.pdf. Last accessed 29.5.2020.

Move.rw (n.d.): Volkswagen Mobility Solutions provides multiple solutions to your everyday mobility needs. Published under: www.move.rw/about. Last accessed 17.4.2020.

Müller, Franziska/Simone Claar/Manuel Neumann/Carsten Elsner (2020): Is green a Pan-African colour? Mapping African renewable energy policies and transitions in 34 countries. In: Energy Research & Social Science, Vol. 68. DOI: 10.1016/j.erss.2020.101551.

Mutsonziwa, Kingstone/Ashenafi Fanta (2019): Over-indebtedness and its welfare effect on households: Evidence from the Southern African countries. In: African Journal of Economic and Management Studies, Vol. 10 (2), pp. 185-197. DOI: 10.1108/AJEMS-04-2018-0105.

Naqvi, Natalya/Anne Henow/Ha-Joon Chang (2018): Kicking away the financial ladder? German development banking under economic globalisation. In: Review of International Political Economy, Vol. 25 (5), pp. 672-698. DOI: 10.1080/09692290.2018.1480515.

Ndikumana, Léonce (2017): Curtailing Capital Flight from Africa. The Time for Action is Now. Berlin. FES. Published under: http://library.fes.de/pdf-files/iez/13311.pdf. Last accessed 17.4.2018.

NYT (2020): EU Unveils Africa Strategy to Counter China, US Interest. In: New York Times, 9.3.2020. Published under: www.nytimes.com/aponline/2020/03/09/business/ap-europe-africa.html. Last accessed 9.3.2020.

OACPS (2021): The text (Partnership agreement between the European Union and its member states initialled, of the one part, and the members of the Organisation of African, Carribenan and Pacific States, of the other part) initialled by the EU and OACPS chief negotiators on 15th April 2021. Published under: https://ec.europa.eu/international-partnerships/system/files/negotiated-agreement-text-initialled-by-eu-oacps-chief-negotiators-20210415_en.pdf. Last accesed 7.6.2021

OECD (n.d.): Blended Finance for Development. Bridging the Sustainable Development Finance Gap. Innovations for the 2030 Agenda. Published under: www.oecd.org/dac/Blended%20Finance%20flyer%20DAC%20HLM%202017.pdf. Last accessed 3.6.2020.

Orbie, Jan (2007): The European Union & the Commodity Debate: From Trade to Aid. In: Review of African Political Economy, Vol. 34 (112), pp. 297-311.

Oxfam (2014): Even it Up. Time to end extreme Inequality. Oxford. Published under: https://d1tn3vj7xz9fdh.cloudfront.net/s3fs-public/file_attachments/cr-even-it-up-extreme-inequality-291014-en.pdf. Last accessed 15.3.2015.

Oxfam (2020): EU aid increasingly taken hostage by migration politics. Press Release, 29.1.2020, Oxfam. Published under: www.oxfam.org/en/press-releases/eu-aid-increasingly-taken-hostage-migration-politics. Last accessed 15.2.2020.

Pereira, Javier (2017): Blended Finance: What it is, how it works and how it is used. Research Report. EURODAD, Oxfam. Oxford. Publsihed under: https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620186/rr-blended-finance-130217-en.pdf?sequence=1. Last accessed 29.1.2021.

Pfeiffer, Birte (2015). "Upgrading" in Wertschöpfungsketten – Global und Regional? (GIGA Focus Global, 8). Hamburg. GIGA German Institute of Global and Area Studies – Leibniz-Institut für Globale und Regionale Studien. Published under: www.ssoar.info/ssoar/handle/document/45695. Last accessed 29.1.2021.

Pilling, David (2018): The scramble for business in Africa. Led by China, countries from Turkey to India are looking for opportunities. In: Financial Times, 24.09.2018. Published under: www.ft.com/content/62b1e38c-bd83-11e8-94b2-17176fbf93f5. Last accessed 29.5.2020.

Pilling, David (2019): Are tech companies Africa's new colonialists? Foreign-owned start-ups are driving an African tech revolution — and prompting old fears of exploitation. In: Financial Times, 5.7.2019. Published under: www.ft.com/content/4625d9b8-9c16-11e9-b8ce-8b459ed04726. Last accessed 10.5.2020.

Pilling, David (2020): Africa faces worst economic shock since 1970s, says IMF chief. In: Financial Times, 3.6.2020. Published under: www.ft.com/content/8e057a2a-88a2-494f-81b2-a5ec91ebe4d9. Last accessed 3.7.2020.

Pilling, David/James Politi (2018): US Senate passes $60bn foreign development bill. Rare bipartisan move aimed at countering China's growing global influence. In: Financial Times, 3.10.2018. Published under: www.ft.com/content/14400aa2-c743-11e8-ba8f-ee390057b8c9. Last accessed 29.5.2020.

Politi, James (2020): Emerging economies forecast to shrink for first time in 60 years. Millions will be thrown into extreme poverty by coronavirus, World Bank warns. In: Financial Times, 8.6.2020. Published under: www.ft.com/content/47998ee3-b2d3-4066-a914-edbf60b797b5. Last accessed 9.6.2020.

Powell, Nathaniel K. (2017): Battling Instability? The Recurring Logic of French Military Interventions in Africa. In: African Security, Vol. 10 (1), pp. 47-72.

Rehbein, Kristina/Bokosi, Fanwell (2018): Contra: Entschuldungsnetzwerke warnen vor Verschuldungswirkung des Compact with Africa. In: Misereor/Erlassjahr (Eds.): 2018 Schuldenreport. Aachen/Düsseldorf, pp. 36-39. Published under: https://erlassjahr.de/wordpress/wp-content/uploads/2018/10/Schuldenreport-2018.pdf. Last accessed 29.1.2021.

Reuters (2019): Afrika-Verein – Deutsche Investitionen in Afrika auf RekordhoCh. In: Reuters, 18.11.2020. Published under: https://de.reuters.com/article/afrika-deutschland-wirtschaft-idDEKBN1XS0JU. Last accessed 17.4.2020.

Riedel, Donata (2019): Welche Investitionsstrategie die deutsche Wirtschaft in Afrika verfolgt. Auf dem G20-Investitionsgipfel will Kanzlerin Merkel mit den führenden deutschen Wirtschaftsverbänden zusätzliche Hilfe für afrikanische Staaten mobilisieren. In: Handelsblatt, 19.11.2019. Published under: www.handelsblatt.com/politik/deutschland/entwicklungshilfe-welche-investitionsstrategie-die-deutsche-wirtschaft-in-afrika-verfolgt/25239866.html?ticket=ST-46597504-VmNwcy39a0sBJ2bWV5W2-ap4. Last accessed 17.4.2020.

Romero, María José (2015): What lies beneath? A critical assessment of PPPs and their impact on sustainable development. Published under: https://eurodad.org/files/pdf/1546450-what-lies-beneath-a-critical-assessment-of-ppps-and-their-impact-on-sustainable-development-1450105297.pdf. Last accessed 3.6.2020.

Roos, Jeremy (2019): Why Not Default? The Political Economy of Sovereign Debt. Princeton. Princeton University Press.

Sablowski, Thomas/Joachim Rupp (2001): Die neue Ökonomie des Shareholder Value. Corporate Governance im Wandel. In: Prokla. Zeitschrift für kritische Sozialwissenschaft, Vol. 31 (122), pp. 47-78.

Saegert, Jannick/Hugo Winters/Matthias Witt (2020): Private investment in Africa: Threatening LiveLihoods of African citizens? WINS Global Consult, Berlin

Scherrer, Christoph (n.d.): The Evolution of Global Trade Rules. In: Decent Work in Global Supply Chains. Massive Open Online Course. Global Labour University. Published under: https://iversity.org/en/my/courses/decent-work-in-global-supply-chains/lesson_units/65181. Last accessed 12.6.2020.

Schmitt, Felix (2019): Venture Capital & Private Equity: Unterschiede und Gemeinsamkeiten. Published under: www.cmshs-bloggt.de/venture-capital/venture-capital-private-equity-unterschied-gemeinsamkeiten. Last accessed 29.1.2021.

Shapshak, Toby (2017): Sub-Saharan African Will Have 500m Mobile Users By 2020, Already Has Over Half Mobile Money Services. In: Forbes, 11.7.2017. Published under: www.forbes.com/sites/tobyshapshak/2017/07/11/sub-saharan-african-will-have-500m-mobile-users-by-2020-already-has-over-half-mobile-money-services/#f1ff3f2456c2. Last accessed 10.4.2020.

Simon, Jenny (2018): Glossar, Schattenbanken. In: Oxi, Wirtschaft anders denken. Vol. 7 (18), pp. 21. Published under: https://e-paper.oxiblog.de/de/profiles/9b3e2b784504/editions/78279801fb95d32d55b6/preview_pages. Last accessed 10.6.2020.

Simon, Jenny (2019): Contesting Consensus. Chinas Integration in die globalen Finanzbeziehungen. University of Kassel. Unpublished Dissertation.

Simon, Jenny (2020): Konzentration im Kommonda über Kapital. Die Transformation der Eigentumsstrukturen von Unternehmenim Zuge der Finanzialisierung. In: Prokla. Zeitschrift für kritische Sozialwissenschaft, Vol. 50 (199), pp. 239-256.

Stockhammer, Engelbert (2004): Financialization and the slowdown of accumulation. In: Cambridge Journal of Economics, Vol. 28 (5), pp. 719-741.

Stratmann, Klaus (2019): BDI erwartet kräftigen Rückgang der Produktion – "Deutsche Industrie steckt in einer Rezession". In: Handelsblatt, 19.11.2019. Published under: www.handelsblatt.com/politik/deutschland/konjunktur-bdi-erwartet-kraeftigen-rueckgang-der-produktion-deutsche-industrie-steckt-in-einer-rezession/25239864.html. Last accessed 10.5.2020.

T. S Jayne, Jordan Chamberlin/Benfica Rui (2018): Africa's Unfolding Economic Transformation, The Journal of Development Studies, Vol. 54 (5), pp. 777-787. DOI:10.1080/00220388.2018.1430774.

Tanoh, Gyekye (2019): Ressource Sovereignty. The Agenda for Africa's Exit from the State of Plunder. Interview. Dossier no. 16. Tricontinental: Institute for Social Research May 2019. Published under: www.thetricontinental.org/wp-content/uploads/2019/05/190503_Dossier-16_EN_Final_Web.pdf. Last accessed 12.6.2020.

Tett, Gillian (2019): Global trade was slowing down before the tariff war started. Since the crisis, financing has become much more costly. In: Financial Times, 18.7.2019. Published under: www.ft.com/content/f44093f0-a934-11e9-b6ee-3cdf3174eb89. Last accessed 20.3.2020.

Thrush, Glenn (2018): Trump Embraces Foreign Aid to Counter China's Global Influence. In: New York Times, 14.10.2018. Published under: www.nytimes.com/2018/10/14/world/asia/donald-trump-foreign-aid-bill.html. Last accessed 18.5.2020.

Trew, Stuart (2019): International regulatory cooperation and the public good. How "good regulatory practices" in trade agreements erode protections for the environment, public health, workers and consumers. Berlin. Powershift. CCPA. Published under: https://power-shift.de/wp-content/uploads/2019/05/International-regulatory-cooperation-web300.pdf. Last accessed 3.6.2020.

Tröster, Bernhard/Karin Küblbock/Jan Grumiller (2017): EU's and Chinese raw materials politices in Africa: Converging Trends?. In: Kurswechsel 3, pp. 69-78.

Tsounkeu, Martin (2018): Partnerschaft mit garantierter Gewinnspanne. Published under: www.brot-fuer-die-welt.de/blog/2017-partnerschaft-mit-garantierter-gewinnspanne. Last accessed 12.7.2021

Tubei, George (2019): How Allianz Africa is planning to shape Africa's future through her young population in the classic case of turning lemons into lemonade. In: Business Insider, 4.8.2019. Published under: www.pulselive.co.ke/bi/strategy/how-allianz-africa-is-planning-to-shape-africas-future/l1p9r53. Last accessed 21.1.2020.

UN (2019): World Population Prospects 2019, Highlights. United Nations, Department of Economic and Social Affairs Population Division. Published under: https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf. Last accessed 20.4.2020.

UNCTAD (2016): Trade and Development Report 2016. Structural transformation for inclusive and sustained growth. New York/Geneva.

UNCTAD (2017): Trade and Development Report 2017. Beyond Austerity: Towards a Global New Deal. New York/Geneva.

UNCTAD (2018a): Trade and Development Report 2018. Power, platforms and free trade delusion. New York/Geneva.

UNCTAD (2018b): World Investment Report 2018. Investment and New Industrial Policies. New York/Geneva.

UNCTAD (2019): State of Commodity Dependence. UNCTAD. Published under: https://unctad.org/en/PublicationsLibrary/ditccom2019d1_en.pdf. Last accessed 29.5.2020.

UNECA (2016a): Transformative industrial policy for Africa. UNECA. Published under: www.uneca.org/sites/default/files/PublicationFiles/tipa-full_report_en_web.pdf. Last accessed 2.3.2020.

UNECA (2016b): Economic Development in Africa Report 2016. Debt Dynamics and Development Finance in Africa. Published under: https://unctad.org/en/PublicationsLibrary/aldcafrica2016_en.pdf. Last accessed 30.4.2020.

UNECA/AU (2012): Economic Report on Africa 2012. Unleashing Africa's Potential as a Pole of Global Growth. Addis Ababa.

van der Linden, Marcel (2008): Workers of the World. Essays toward a Global Labor History. Leiden/Boston. Brill.

Vervynckt, Mathieu/María José Romero (2017): Public-Private Partnerships: Defusing the Ticking Time Bomb. Brussels. Eurodad. Published under: https://eurodad.org/files/pdf/59d5d29434577.pdf. Last accessed 19.10.2018.

Volberding, Peter Timothy (2018): Marketization Development: KfW and the Rise of Financial Instruments for Development. Dissertation. Cambridge. MA. Harvard University.

WB (2017): Forward look – A vision for the World Bank Group in 2030. Progress and Challenges. World Bank Group, Development Committee. Published under: www.devcommittee.org/sites/www.devcommittee.org/files/download/Documentation/DC2017-0002.pdf. Last accessed 12.5.2020.

WB (2019): World Development Indicators. World Bank. Published under: https://databank.worldbank.org/data/reports.aspx?source=2&series=NY.GDP.MKTP.CD&country=WLD#. Last accessed 28.1.2019.

WB (n.d.): Maximizing Finance for Development (MFD). World Bank. Published under: www.worldbank.org/en/about/partners/maximizing-finance-for-development#3. Last accessed 1.2.2020.

WEF (n.d.): Six of the world's 10 fastest-growing economies are in Africa. World Economic Forum. Published under: www.weforum.org/agenda/2019/08/afcfta-proof-that-africa-heading-for-substantial-growth/. Last accessed 20.3.2020.

Wichterich, Christa (2015): Mikrokredite, Rendite und Geschlecht. Von zuverlässigen armen Frauen und finanzieller Inklusion. In: Peripherie, Vol. 35 (140), pp. 469-490.

WIR (2018): World inequality report 2018. Published under: https://wir2018.wid.world/files/download/wir2018-full-report-english.pdf. Last accessed 29.5.2020.

WiWo (2019): Deutsche Industrie rutscht tiefer in Rezession. In: Wirtschaftswoche, 5.12.2019. Published under: www.wiwo.de/politik/deutschland/bis-zu-27-punkte-weniger-deutsche-industrie-rutscht-tiefer-in-rezession/25302298.html. Last accessed 10.5.2020.

Wong, Edward (2019): Competing Against Chinese Loans, U.S. Companies Face Long Odds in Africa. In: New York Times, 13.1.2019. Published under: www.nytimes.com/2019/01/13/world/africa/china-loans-africa-usa.html. Last accessed 18.5.2020.

# About the Author

Dr. Frauke Banse teaches political science at the University of Kassel. Her research and teaching interests are the political economy of development policy with a focus on Africa and global labour studies. Her recent publications focus on the financialization of development aid and the involvement of German institutions in the establishment of local currency bond markets in Africa. Before becoming a university lecturer, Frauke Banse worked for several NGOs as a campaigner.

**Brot für die Welt**
**Evangelisches Werk für Diakonie und Entwicklung e. V.**

Caroline-Michaelis-Straße 1
10115 Berlin
Germany

Phone +49 30 65211 0
Fax +49 30 65211 3333
info@brot-fuer-die-welt.de
www.brot-fuer-die-welt.de