

## **Conversation between Elie Hassenfeld (GiveWell) and Todd Moss (Center for Global Development) on May 7, 2013**

### **Participants**

- Todd Moss, Vice President for Programs and Senior Fellow at the Center for Global Development.
- Elie Hassenfeld – Co-Founder and Co-Executive Director, GiveWell

### **Summary**

GiveWell spoke with Dr. Moss as part of its initial consideration of the cause of developing-world infrastructure, i.e., supporting the construction of roads, access to electricity, Internet access, etc.

Dr. Moss pointed to three main opportunities for philanthropists:

1. Advocacy aimed at improving the allocation of infrastructure spending
2. Experimenting between different funding structures
3. Convening different parties – investors, government employees and businesspeople – to encourage investment

**Note:** This set of notes was compiled by GiveWell and gives an overview of the major points made by Dr. Moss in the conversation.

### **Advocacy for improved allocation of existing funds**

There is a great deal of private commercial investment in the development of infrastructure, and anything philanthropists add will be dwarfed by existing, available capital. Rather, philanthropists can make the biggest difference in this area through advocacy and by experimenting with new service models.

The World Bank spends about \$15 billion per year on development. Because so much money is involved, a small change in how it's used can have a large impact on development

For example, there are regulations set by OPIC (USAID's Overseas Private Investment Corporation) that impose caps on the amount of carbon emissions that OPIC-supported investments in electricity generation can yield. These regulations prevent investment. Environmental advocacy groups in the U.S. supported these regulations and were able to win because they're relatively strong; there's no lobby aiming to support Africans.

Development funding is driven by constituencies. There's a strong constituency for health and education funding but there's no constituency for infrastructure.

Potentially selling donors on the idea that "energy poverty" (no access to electricity) as a major humanitarian issue could make a big difference. United States government aid is 95% earmarked by donors because single-issue constituencies drive legislation. There's the food bill, maternal health bill, etc. There is no single-issue constituency for electrification in Africa.

To advocate, whom you engage with depends on your goals:

- In-country think tanks are most likely to advocate to in-country representatives from the World Bank or the African Development Bank on a country-by-country basis.
- To engage with the World Bank's overall strategy, you would engage with them in Washington. You would also need to influence the French, Germans, and British.
- To engage with the AfDB's overall strategy, you would need to influence U.S. Treasury unit that is on the AfDB and which is ultimately beholden to Congress. You would also need to influence the Nigerians.

### **Experimentation on different approaches to financing infrastructure**

Enterprise zones are industrial parks set up within countries to facilitate business. There are often no trade tariffs there, and countries will guarantee them enough power. One possible opportunity for experimentation revolves around different mechanisms for financing such zones.

### **Convening investors, actors, and government**

There also could be work done around convening investors and actors. Development is complex, and getting all the details right is challenging when the size of the investments might be too small for major investors, like public pension funds. But, philanthropists could play a role bringing together major investors, local government, and implementers.

An example of an attempt to do this is Sokoni ([www.sokoni.com](http://www.sokoni.com)).

### **Is this an area that appears promising for philanthropists?**

This is an area where there are a lot of problems. There's a lot of demand among investors and capital available, but connections aren't being made. The fact that people are flailing means that there are opportunities. Convening the right parties and coming up with creative solutions could have a big impact.

Personally, I would focus on electricity over roads (which are incredibly difficult) or Internet access (which request electricity to function).

## **Other thoughts**

The challenges are different for each of transportation, communications, Internet, mobile phones, power, and water. A major barrier in many places is a government-backed cartel in the country blocking progress. It's possible that cell phones broke through and spread so rapidly because it was a new technology with no pre-existing major cartel.

In roads, a major issue is spending on maintenance vs. construction. For context, in the U.S., 2/3 of spending on roads is maintenance, but maintenance isn't politically appealing so local politicians are more likely to prioritize construction over maintenance. Also, the politics around road placement are challenging.

## **Recommended people to speak with to learn more**

Who else should we talk to?

- The World Bank
- The African Development Bank
- Private investors in the African electricity sector (e.g., U.S. private equity firms investing in the sector)
- For advocacy, the One Campaign
- For experiments related to electricity, Innovations for Poverty Action
- OPIC
- British Commonwealth Development Corporation (the equivalent of OPIC for the UK)
- African think tanks focused on energy
  - Institute of Economic Affairs Ghana
  - Kenya Institute for Public Policy Research and Analysis (KIPPRA)
  - Botswana Institute for Development Policy Analysis (BIDPA)
  - African Center for Economic Transformation (ACET)