



Addressing the Infrastructure Deficit in sub-Saharan Africa

Regional Economic Outlook for Sub-Saharan Africa

African Department
International Monetary Fund
October 2014

International Monetary Fund, Regional Economic Outlook for sub-Saharan Africa, October 2014

Context



- Infrastructure development is needed in sub-Saharan Africa to
 - raise potential growth and
 - foster economic diversification and structural transformation
- Limited electricity supply is a particular constraint



- Infrastructure Outcomes
- Financing Infrastructure
- Policy Options Going Forward

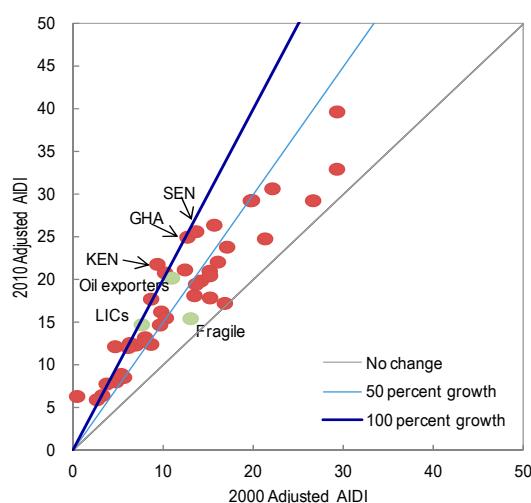
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3

Sub-Saharan African countries have made progress in developing their overall infrastructure...

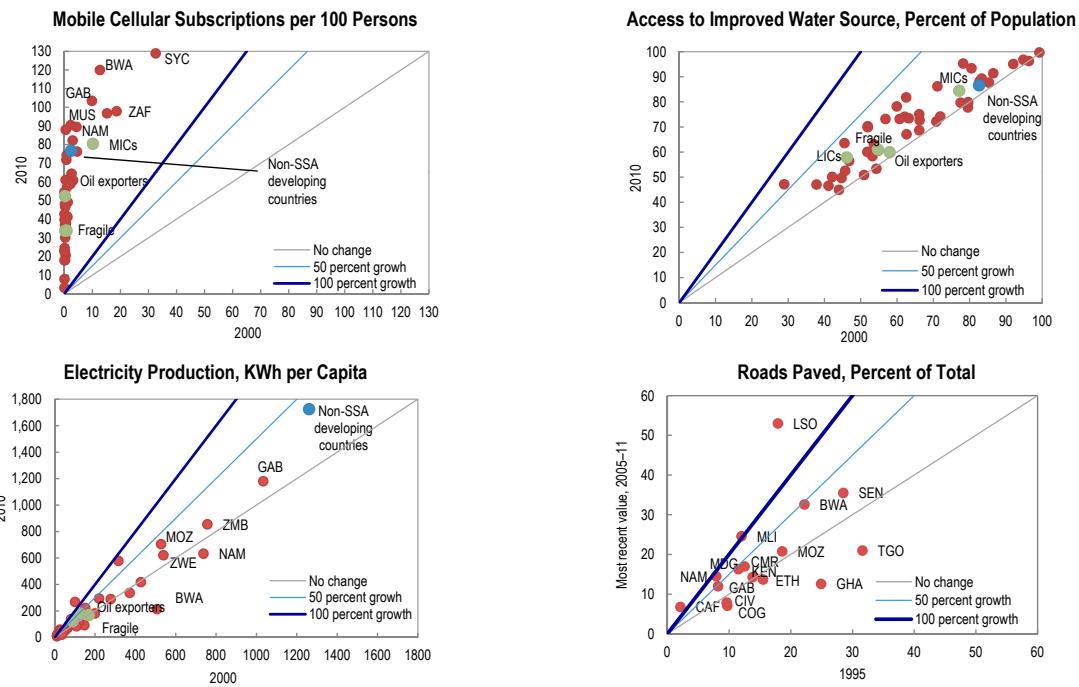


Sub-Saharan Africa: Levels of Infrastructure Development, 2000 and 2010



Source: IMF staff calculations based on African Development Bank, Africa's Infrastructure Development Index, 2013.

...but progress has been uneven across sectors...



Sources: World Bank, World Development Indicators; and African Development Bank, Africa Infrastructure Development Index, 2013.

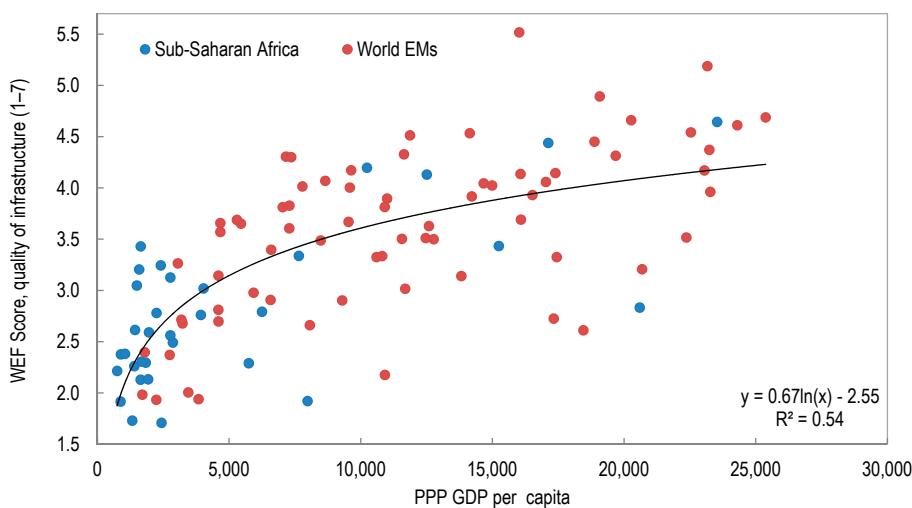
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5

... and across countries.



Emerging and Developing Economies: Purchasing Power Parity GDP per Capita vs. Quality of Infrastructure, 2013



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6



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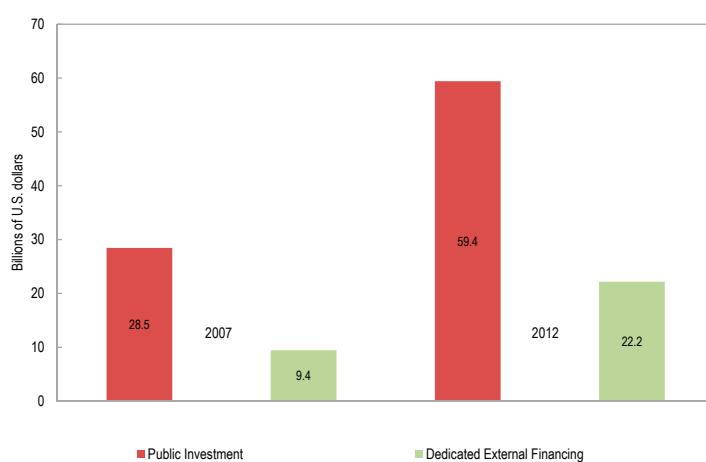
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7

Higher public investment has been paid for by greater fiscal revenue and domestic funding, ...



Sub-Saharan Africa: Public Infrastructure and Financing, 2007 and 2012

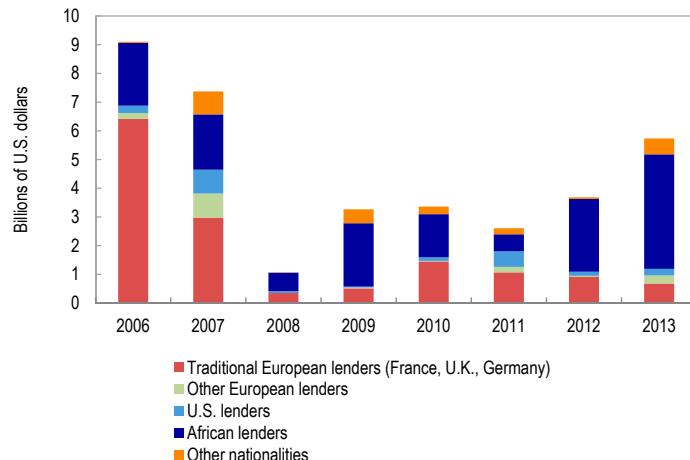


Sources: Bloomberg, OECD International Development Statistics, Dealogic, The Infrastructure Consortium for Africa - ICA (2009 and 2012), IMF

...but external sources of funding also increased, including syndicated loans.



Sub-Saharan Africa: New Syndicated and Large Bilateral Loans for Infrastructure by Lender Nationality, 2006–13



Sources: Dealogic Analytics; and IMF staff calculations.

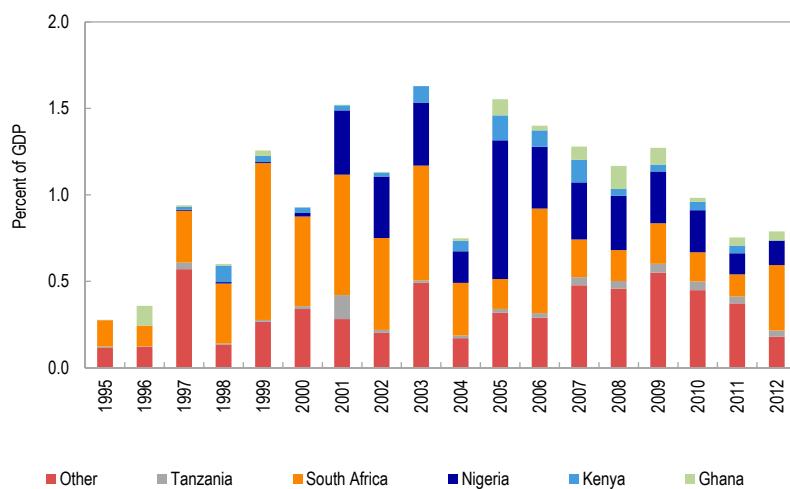
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9

The private sector participation has also increased compared to the preceding decade, ...



Sub-Saharan Africa: Private Participation in Infrastructure by Country, 1995–2012



Source: World Bank, Private Participation in Infrastructure database.

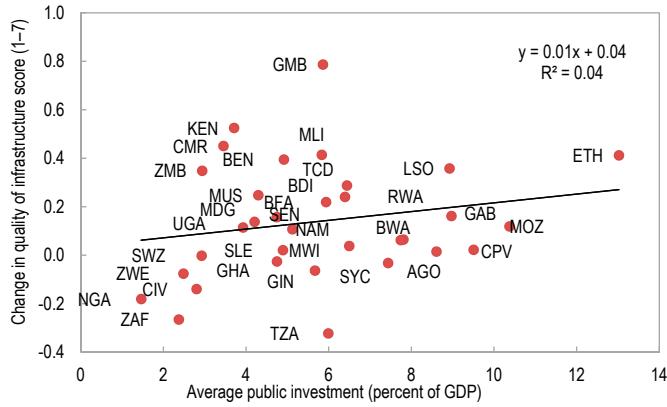
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10

However, the efficiency of turning public investment into higher-quality infrastructure needs to improve.



Sub-Saharan Africa: Average Public Investment vs. Change in Quality of Infrastructure Score, 2006-13



Sources: World Economic Forums, Global Competitiveness Report; and

IMF, World Economic Outlook database.

Note: 75 Percent of total public investment is assumed to be allocated to infrastructure each year.

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11

Outline



➤ Infrastructure Outcomes

➤ Financing Infrastructure

➤ Policy Options Going Forward

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12

Alternative modalities should be explored with due considerations for fiscal risks.



- Sustain public investment
- Involve private sector as much as possible whenever possible:
 - Make the most of public private partnerships
 - Support new financial instruments
- Strengthen the regulatory environment

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13

Bottom line



- Progress uneven across countries, leaving a substantial infrastructure deficit;
- New momentum at play to reduce that deficit;
- Critical to make the most of new available modalities, while:
 - (1) Maintaining debt sustainability,
 - (2) Building up capacity for complex projects, including with appropriate PPP framework, and
 - (3) Strengthening regulatory environment.

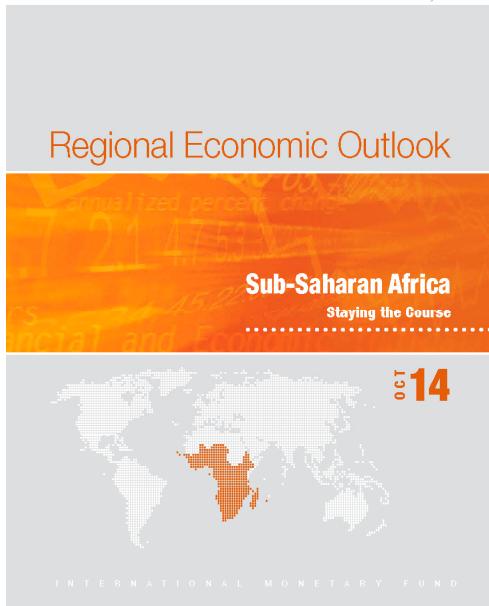
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14



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