



# Addressing the Infrastructure Deficit in sub-Saharan Africa

Regional Economic Outlook for Sub-Saharan Africa

African Department  
International Monetary Fund  
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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

# Outline

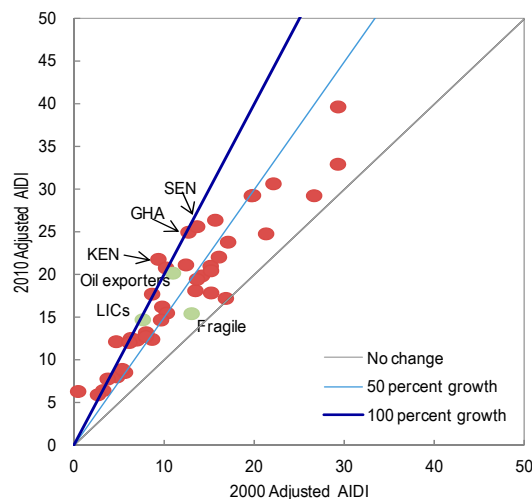


- Infrastructure Outcomes
- Financing Infrastructure
- Policy Options Going Forward

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

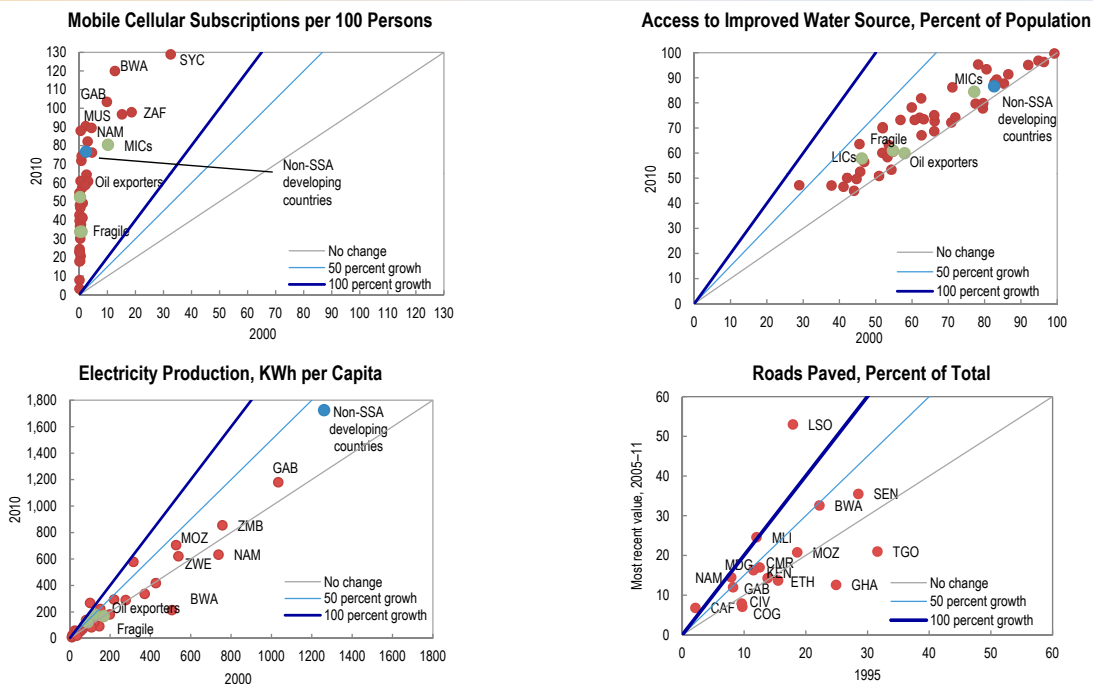


**Sub-Saharan Africa: Levels of Infrastructure Development, 2000 and 2010**



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

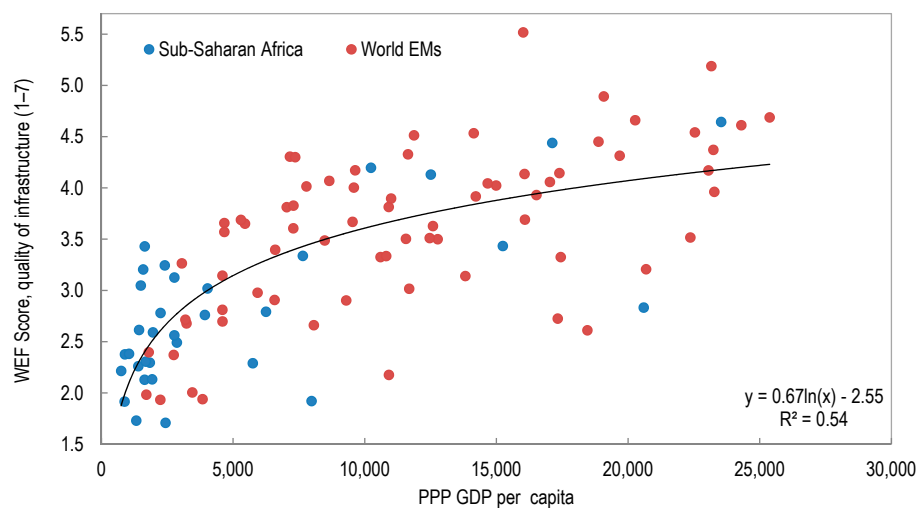
...but progress has been uneven across sectors...



... and across countries.



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



# Outline

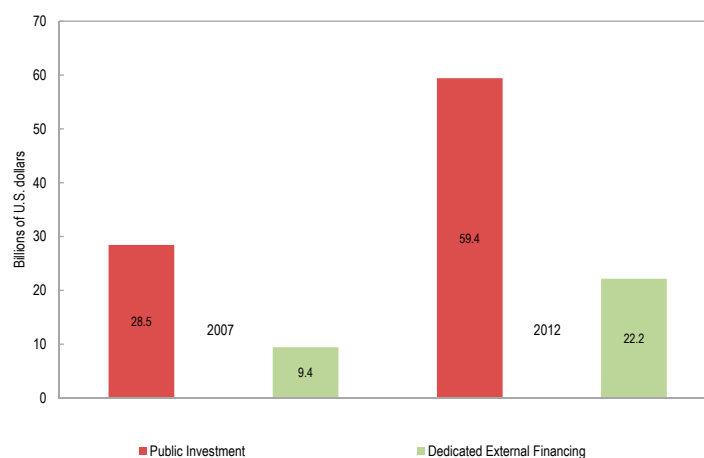


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Higher public investment has been paid for by greater fiscal revenue and domestic funding, ...



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

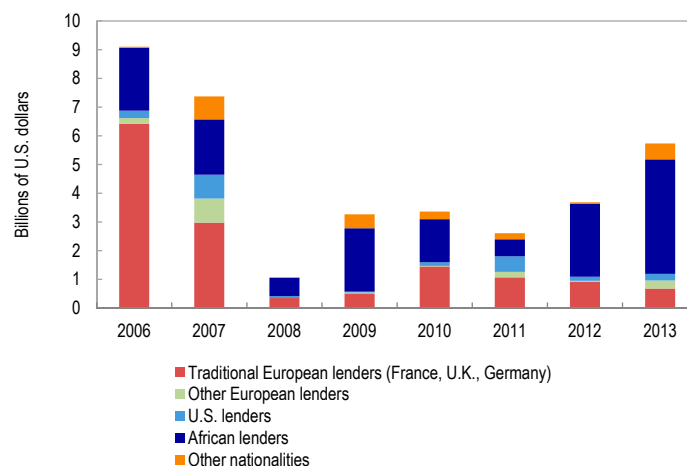


Sources: Bloomberg, OECD International Development Statistics, Dealogic, The Infrastructure Consortium for Africa - ICA (2009 and 2012), IMF

...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**

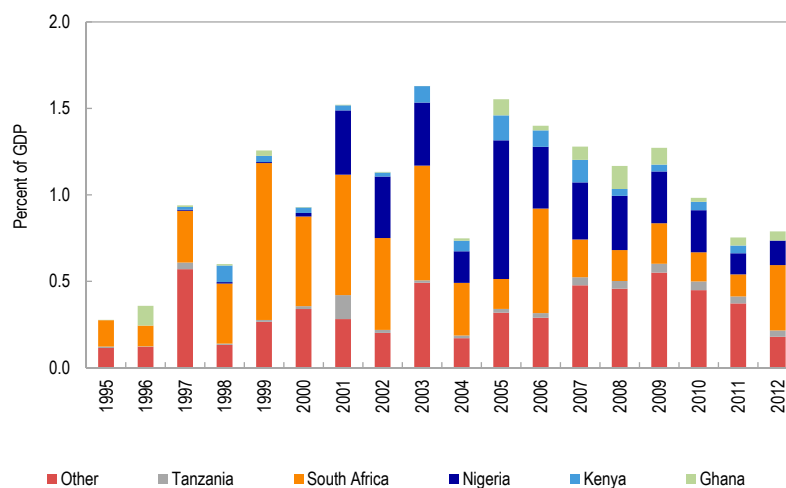


Sources: Dealogic Analytics; and IMF staff calculations.

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



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

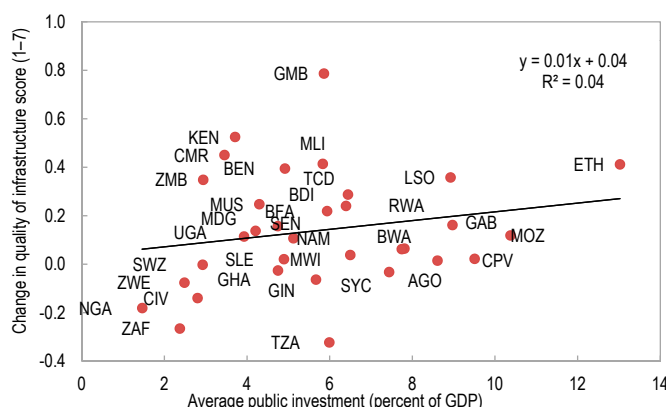


Source: World Bank, Private Participation in Infrastructure database.

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.

## Outline



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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

## 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.



# Thank You!

World Economic and Financial Surveys

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**Sub-Saharan Africa**

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*Regional Economic Outlook  
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