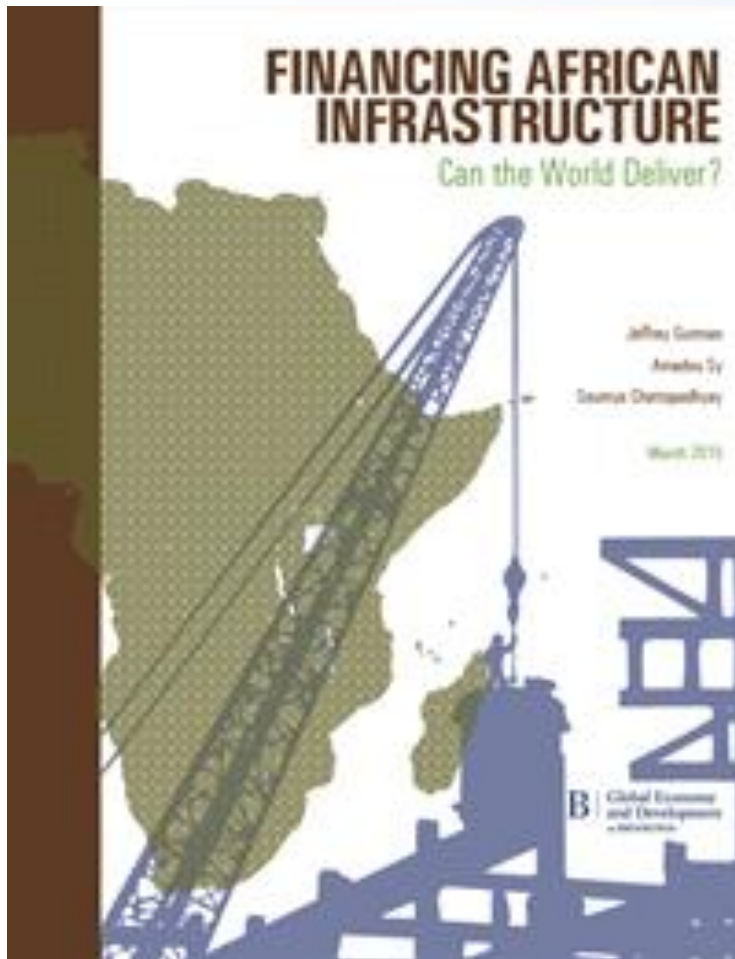


Financing African Infrastructure: Can the World Deliver?

Africa Growth Initiative (AGI) &
Development Assistance and Governance Initiative (DAGI) in
Global Economy and Development Program

April 21, 2015
Washington, DC

Financing African Infrastructure



Brookings Report by
Gutman, Sy, and
Chattopadhyay (2015)

- Background and Key Questions
- Recent trends: Highlights and Concerns
- Recommendations

Background

- World Bank 2009 Report: *Africa's Infrastructure: A Time for Transformation*
 - » Benchmarks for financing needs and gaps
 - » Potential gains from efficiency and governance improvements
- Growing importance of infrastructure financing
- Emergence of new funding sources and new financing mechanisms

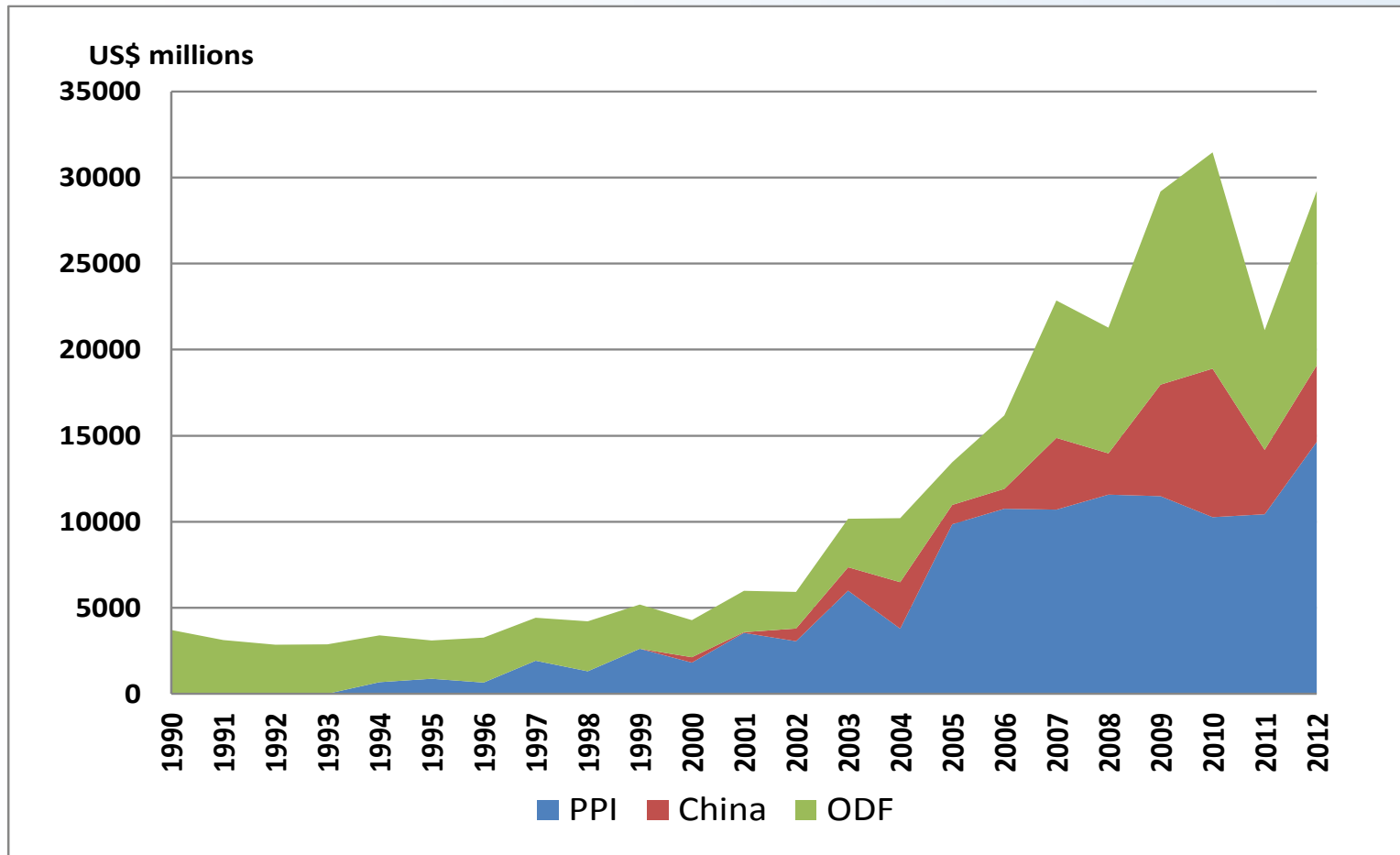
Key questions

- What has been the trend of financing since 2009?
- What has been the distribution of financing across countries and sectors?
- Are there persistent “darlings” and “orphans”?
- Have gains from efficiency and governance been achieved?
- Is there effective coordination between financiers? Is there a coordinated “plan”?

Recent trends: Highlights

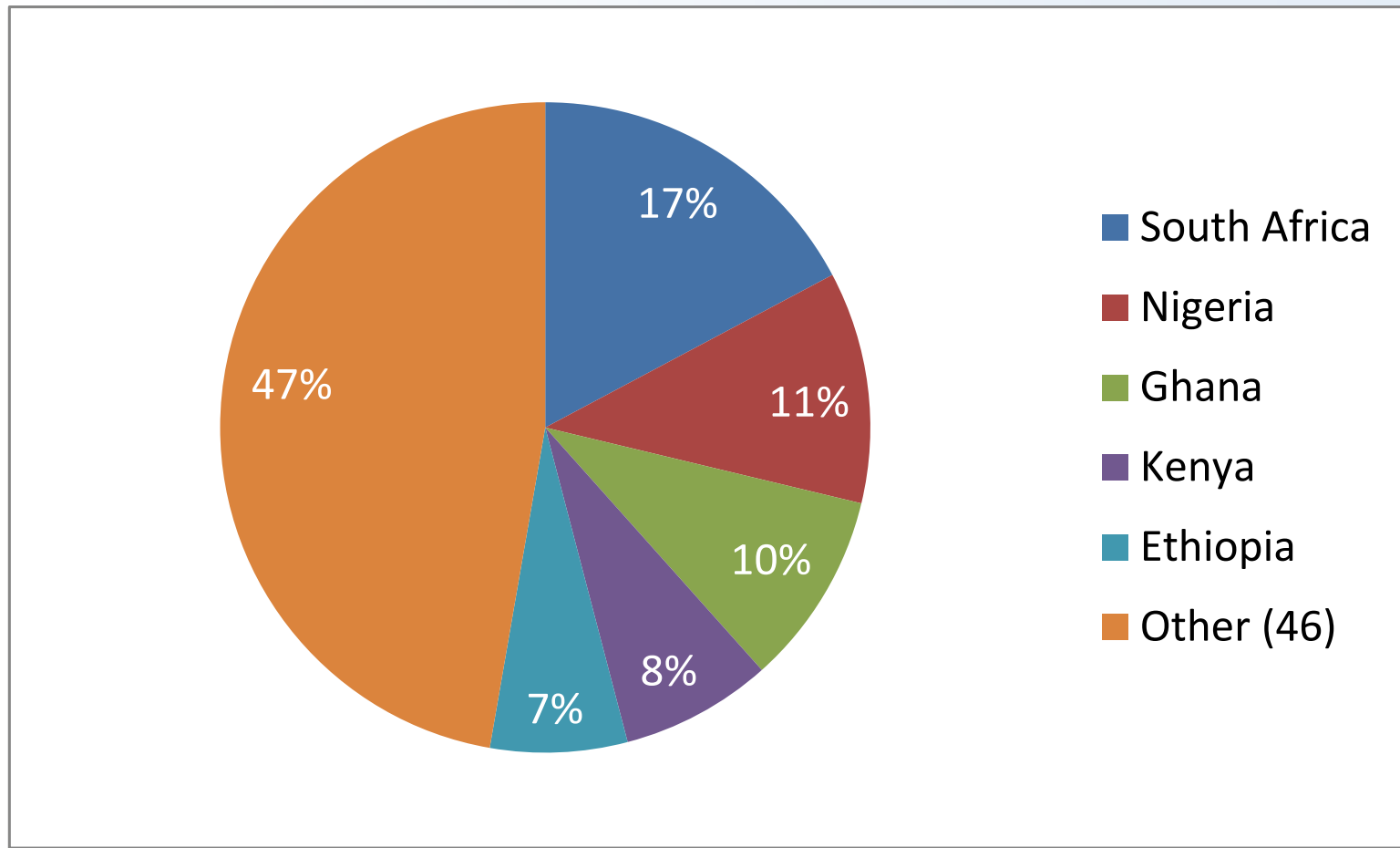
- Surge in financing: external and internal
- Growing importance of PPI and non-traditional sources
- Traditional multilateral banks still relevant
- Wide distribution of external financing across countries and sectors, though varies by individual funding source
- Domestic (budget) financing remains the largest source

Surge in external financing



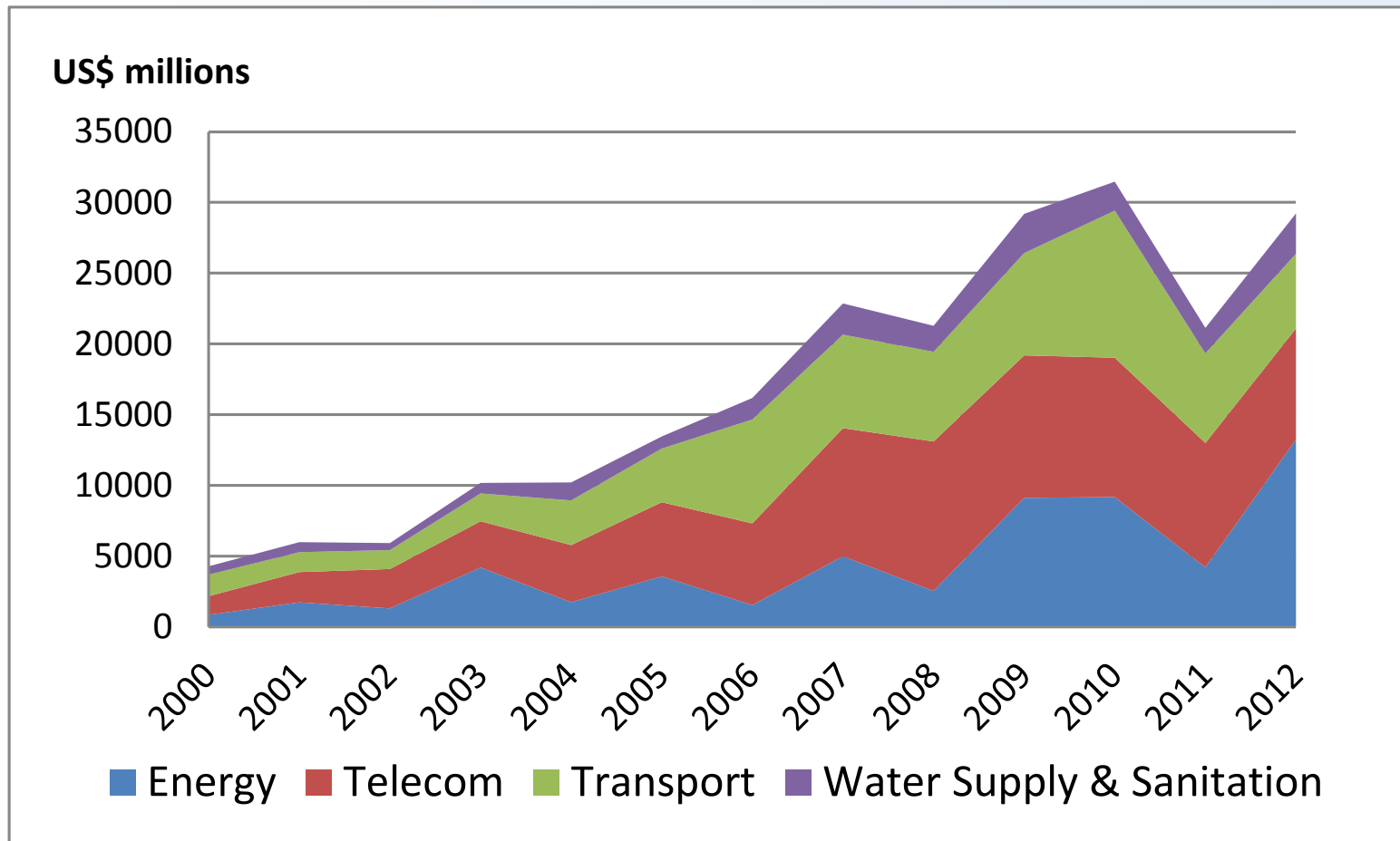
Source: Gutman, Sy, and Chattopadhyay (2015).

External financing concentration (2009-12)



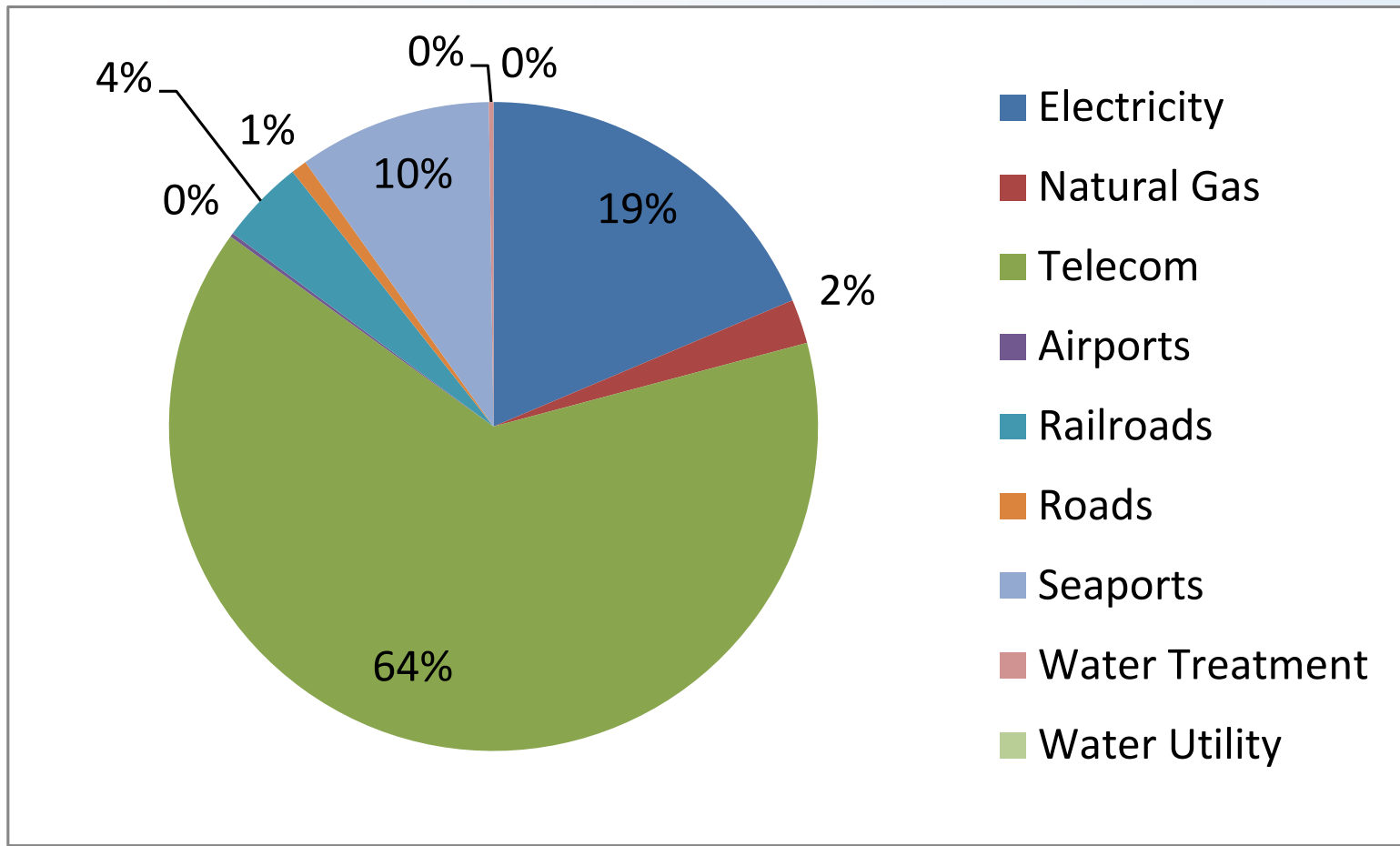
Source: Gutman, Sy, and Chattopadhyay (2015).

Energy expanding, telecom maturing



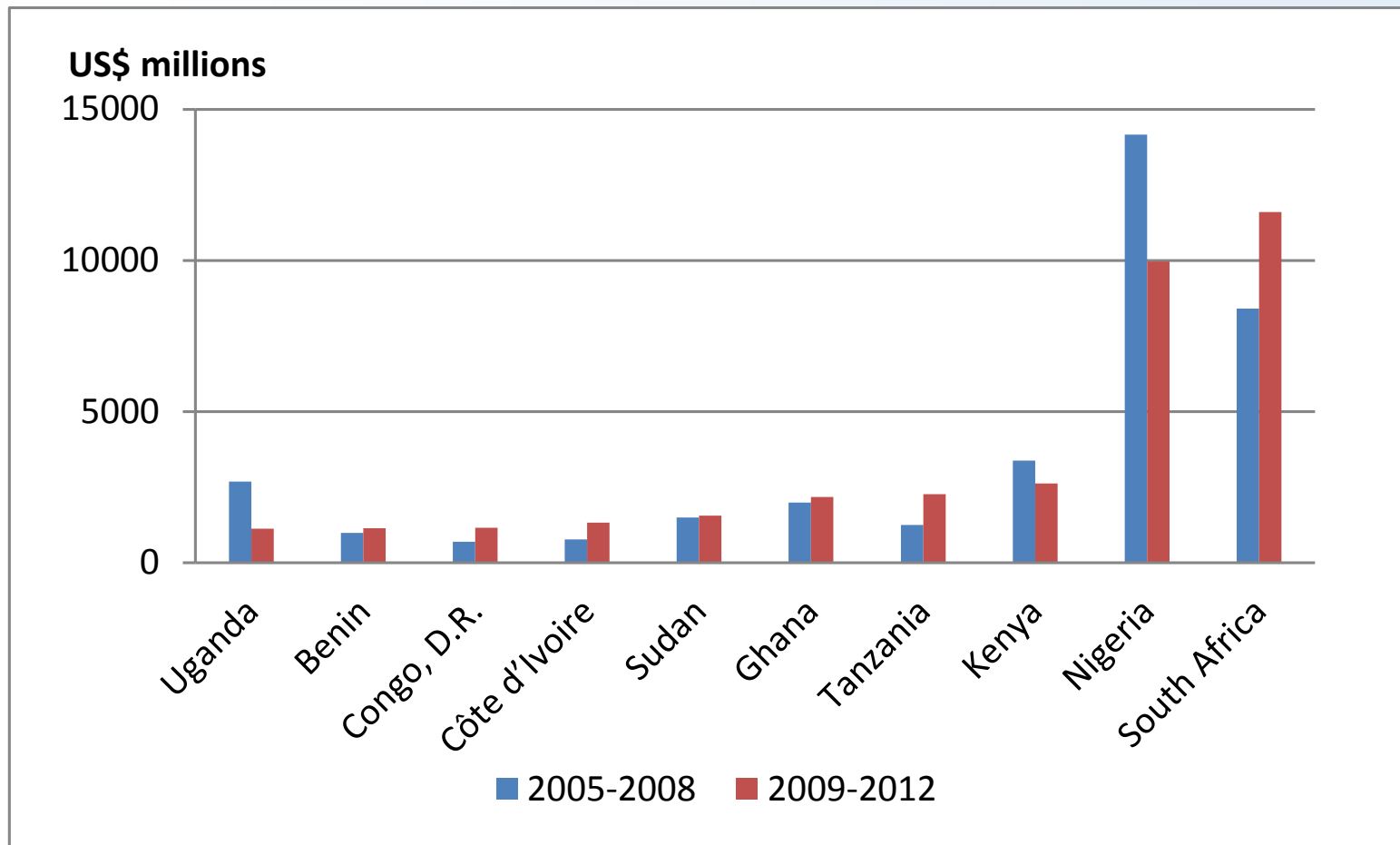
Source: Gutman, Sy, and Chattopadhyay (2015).

PPI dominant in telecom (2005-2013)



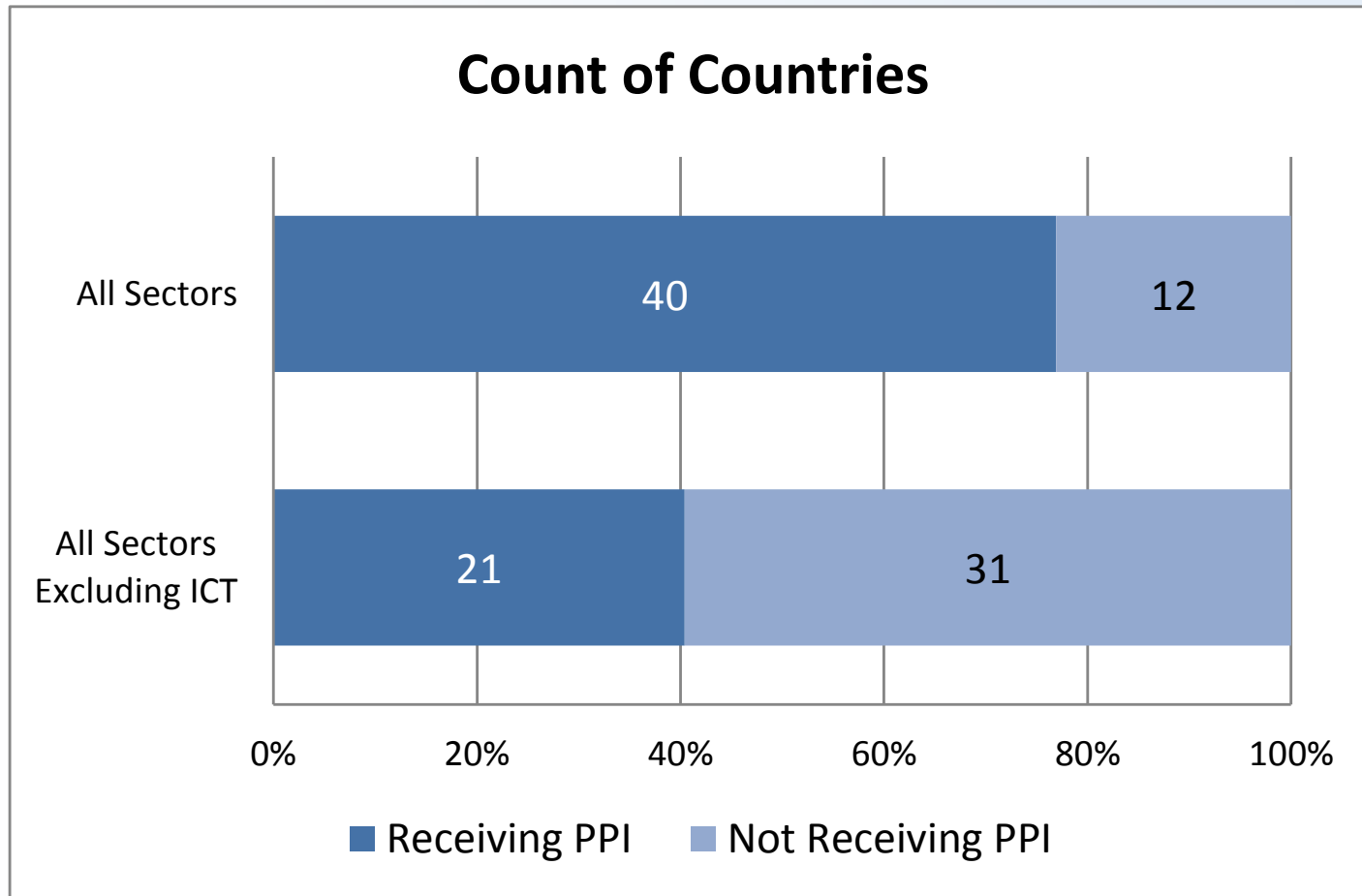
Source: Gutman, Sy, and Chattopadhyay (2015).

PPI: Top recipients



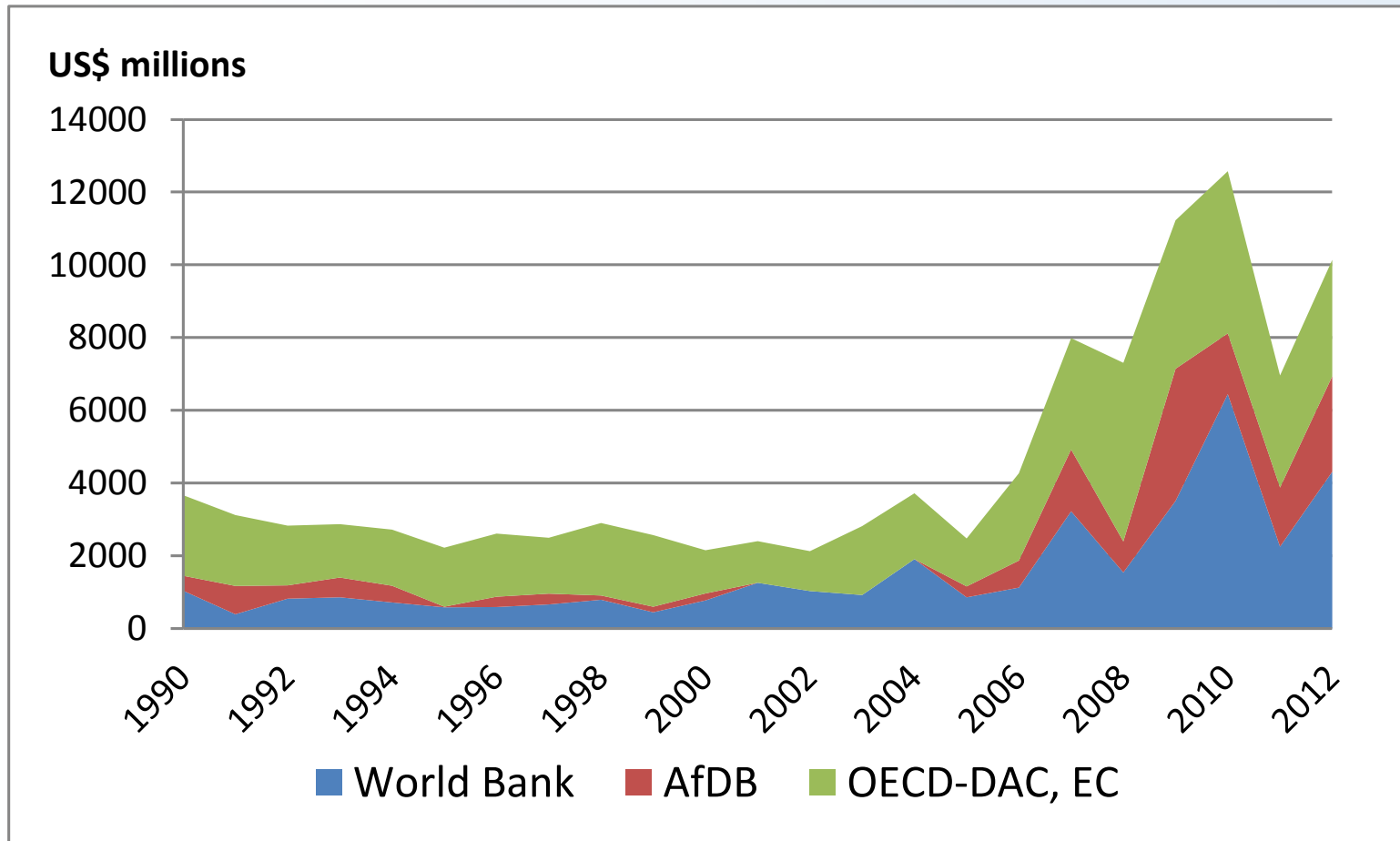
Source: Gutman, Sy, and Chattopadhyay (2015).

PPI less prevalent in non-ICT sectors



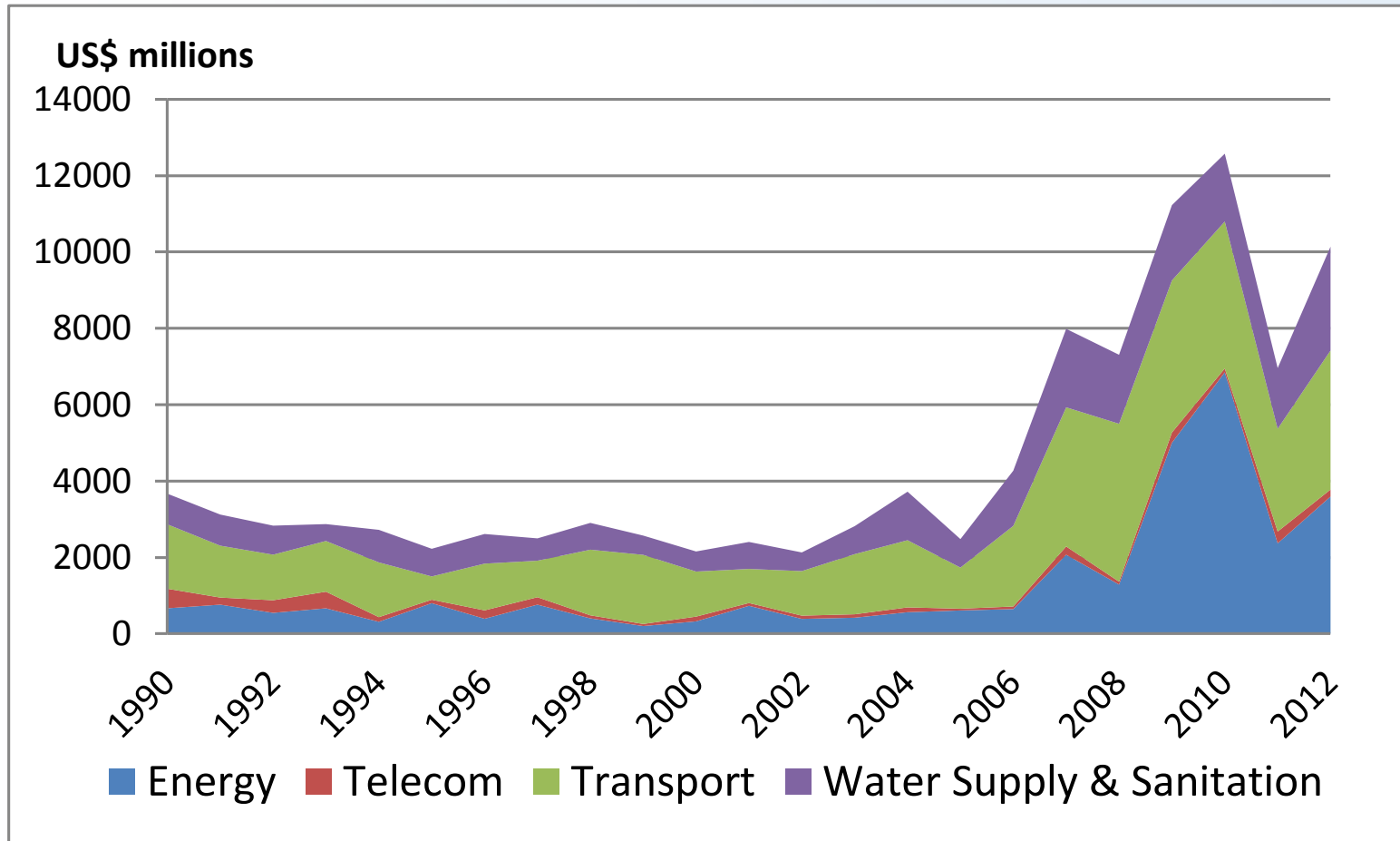
Source: Gutman, Sy, and Chattopadhyay (2015).

ODF still relevant (and growing)



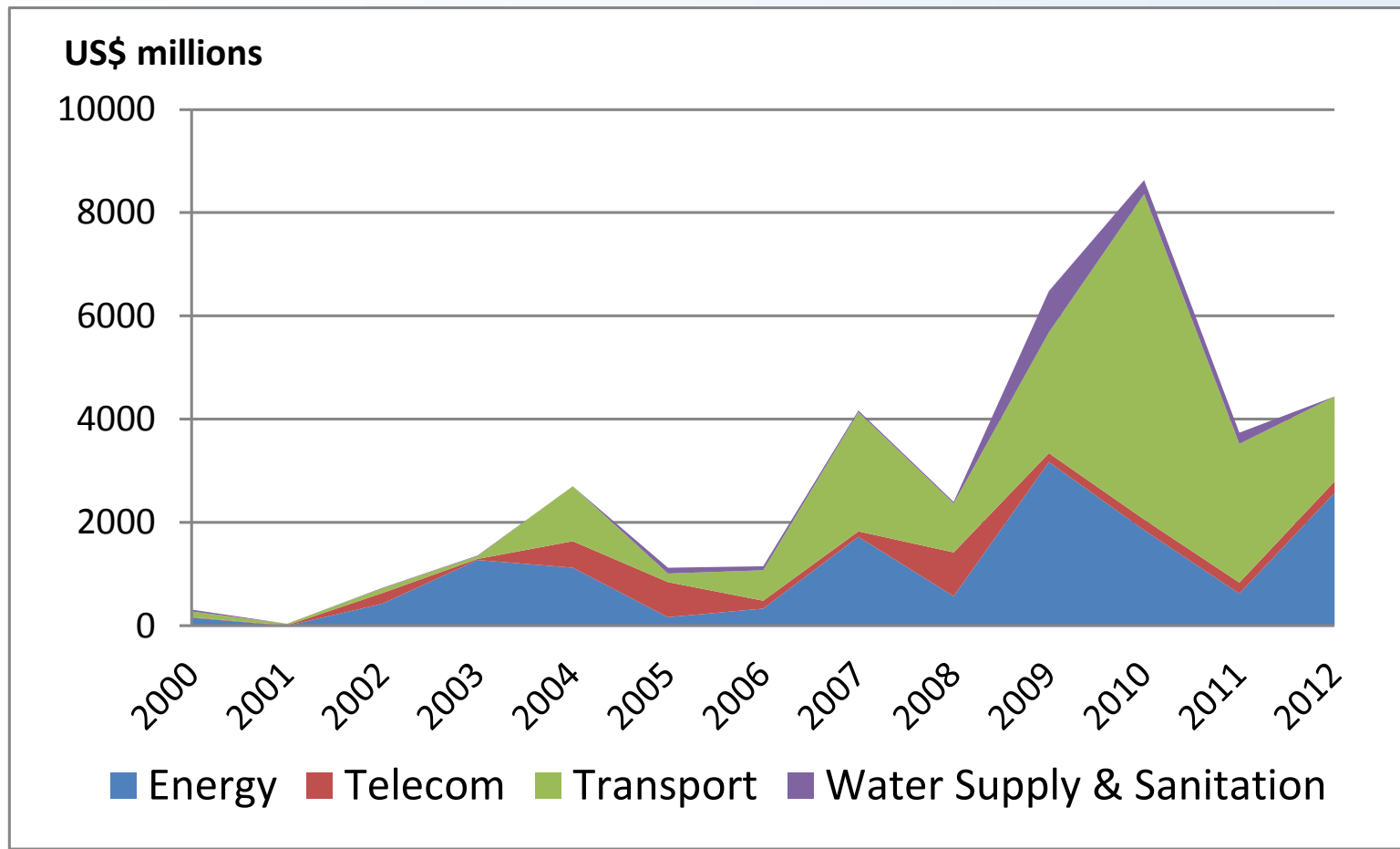
Source: Gutman, Sy, and Chattopadhyay (2015).

ODF particularly relevant in non-ICT



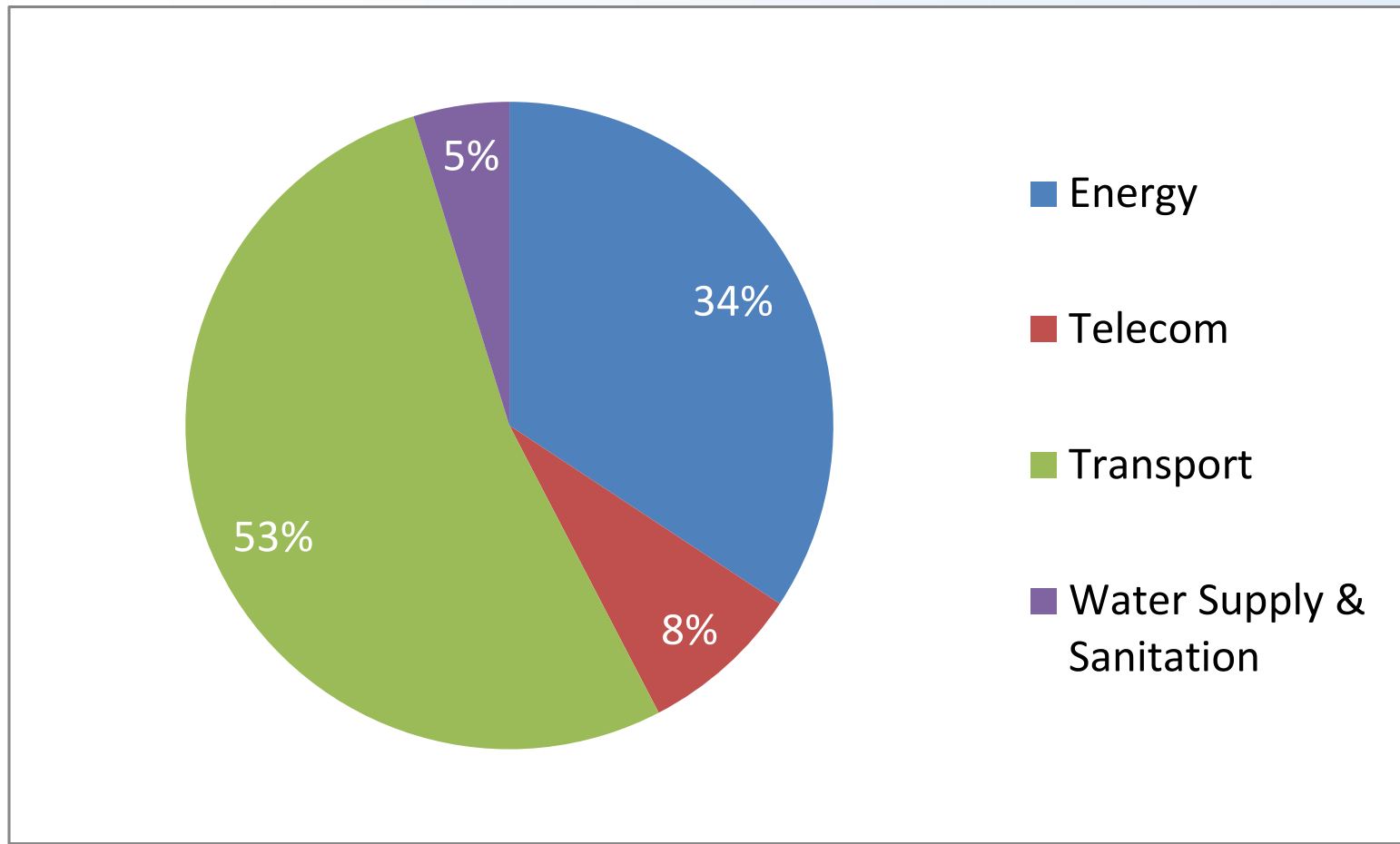
Source: Gutman, Sy, and Chattopadhyay (2015).

Chinese financing growing significantly



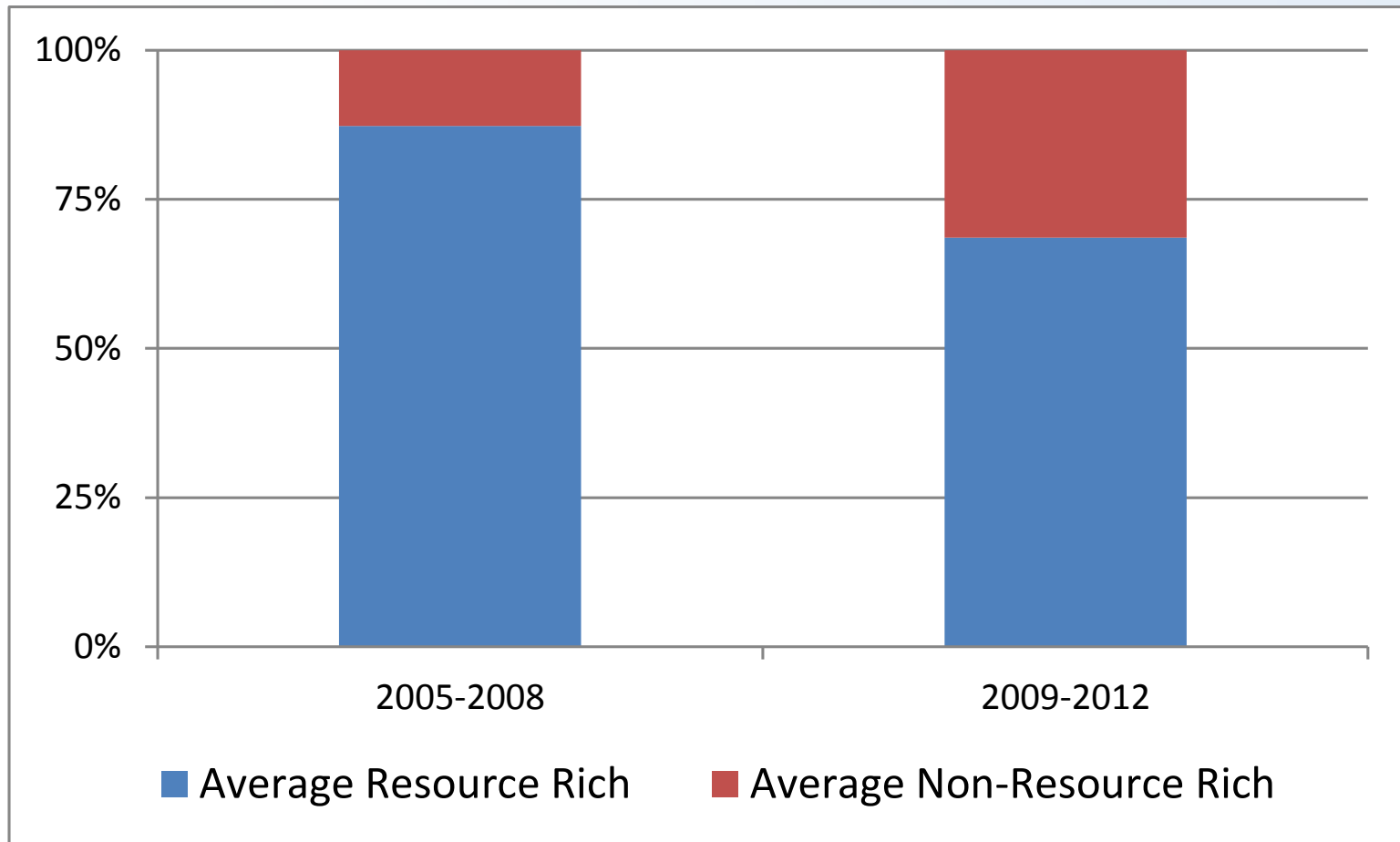
Source: Gutman, Sy, and Chattopadhyay (2015).

Chinese financing strong in transport and energy



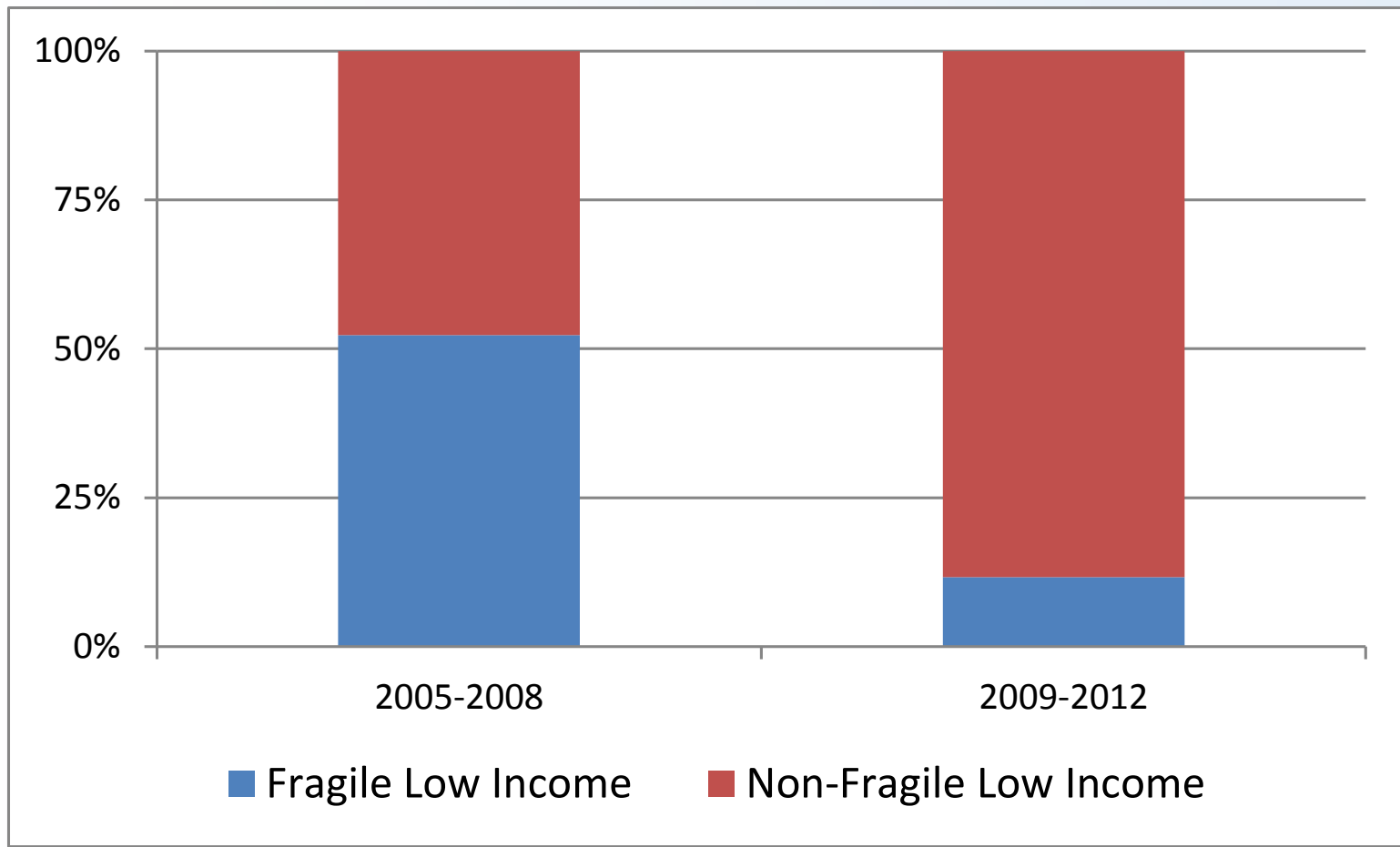
Source: Gutman, Sy, and Chattopadhyay (2015).

Chinese financing shifting emphasis



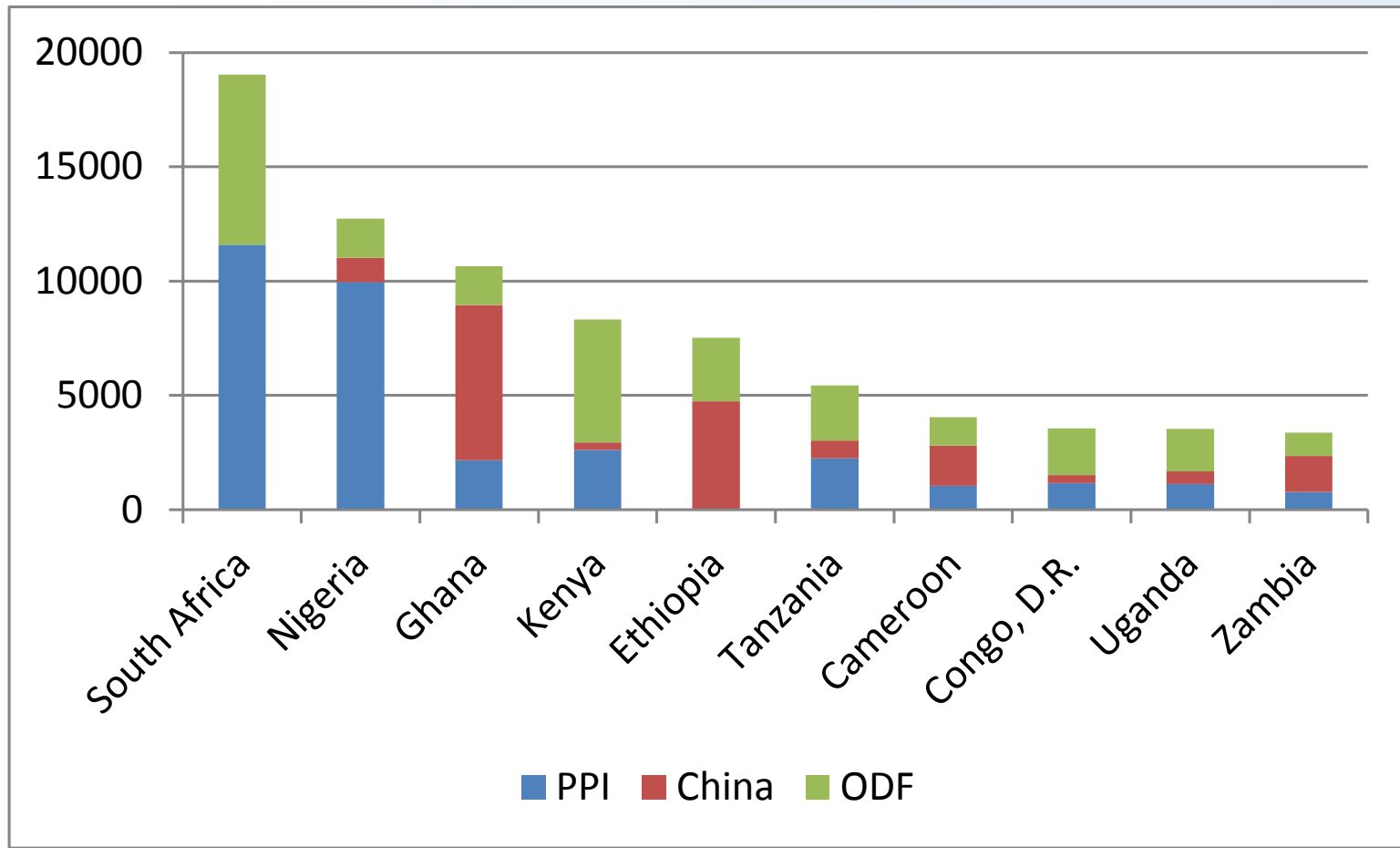
Source: Gutman, Sy, and Chattopadhyay (2015).

Chinese financing favoring stable economies



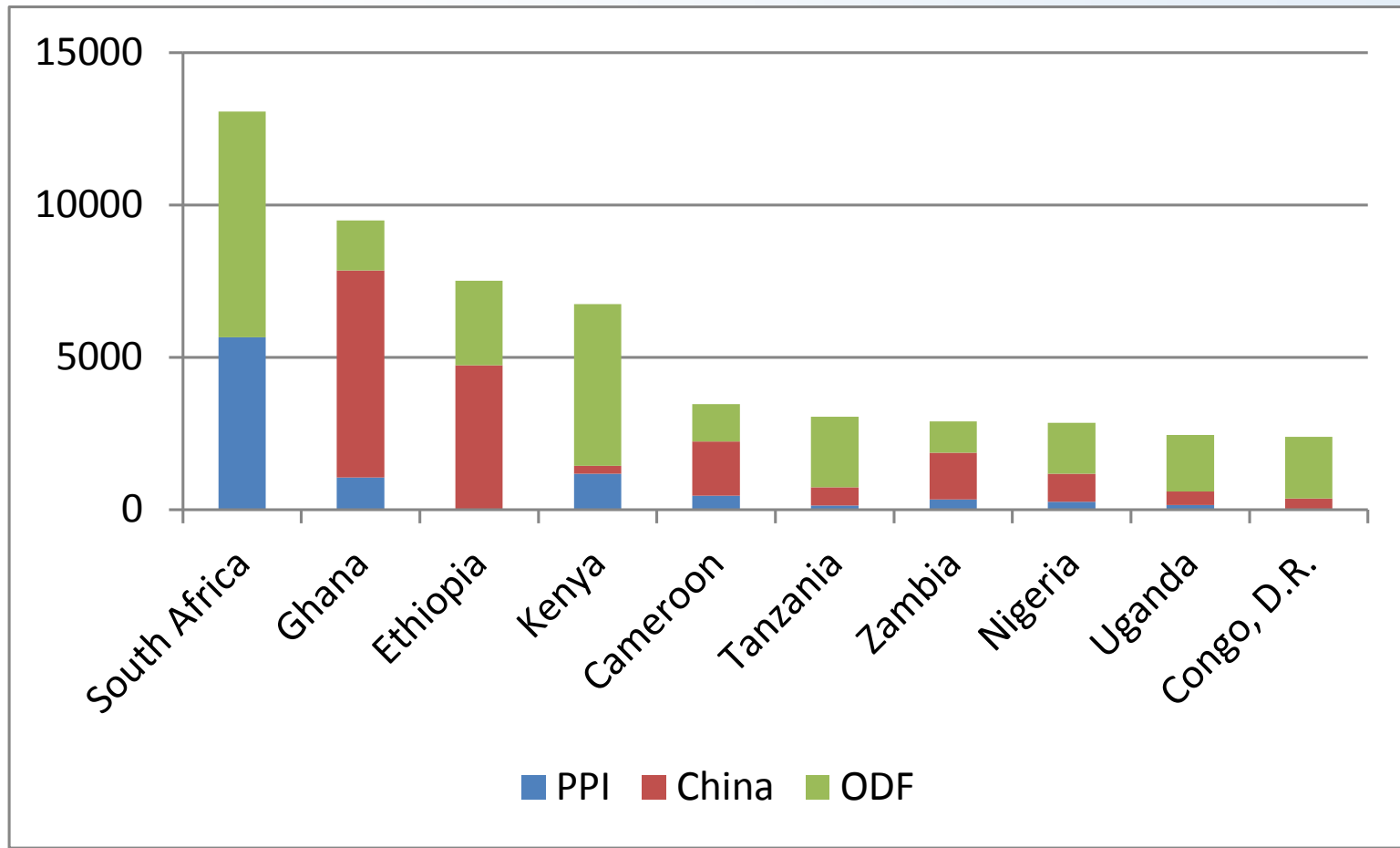
Source: Gutman, Sy, and Chattopadhyay (2015).

Top overall external commitments, 2009-2012 (US\$ millions, current)



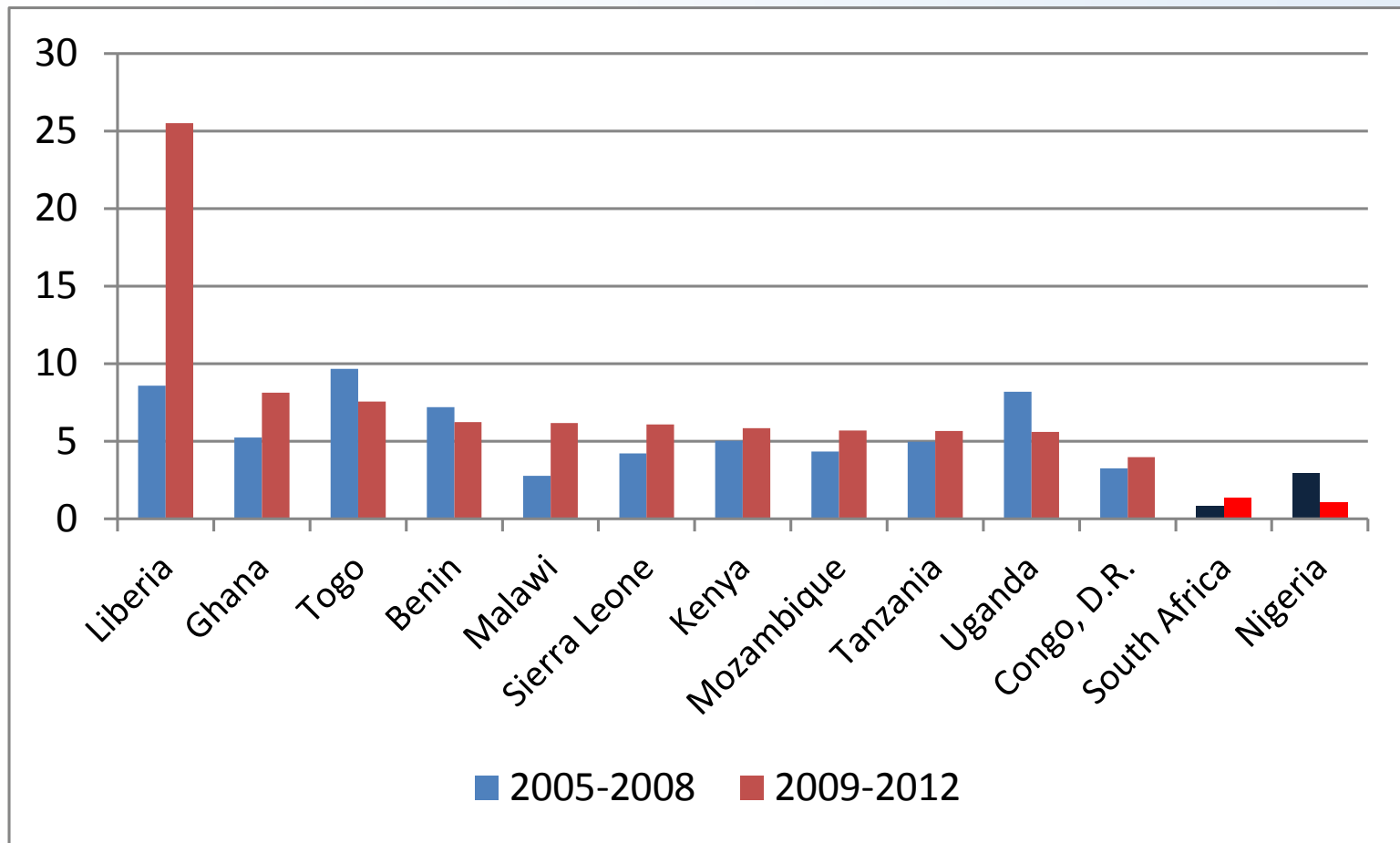
Source: Gutman, Sy, and Chattopadhyay (2015).

Top overall external commitments, ex-Telecom, 2009-2012 (US\$ millions, current)



Source: Gutman, Sy, and Chattopadhyay (2015).

Top overall external commitments*, 2005-2012 (Percent of GDP)



Source: Gutman, Sy, and Chattopadhyay (2015).

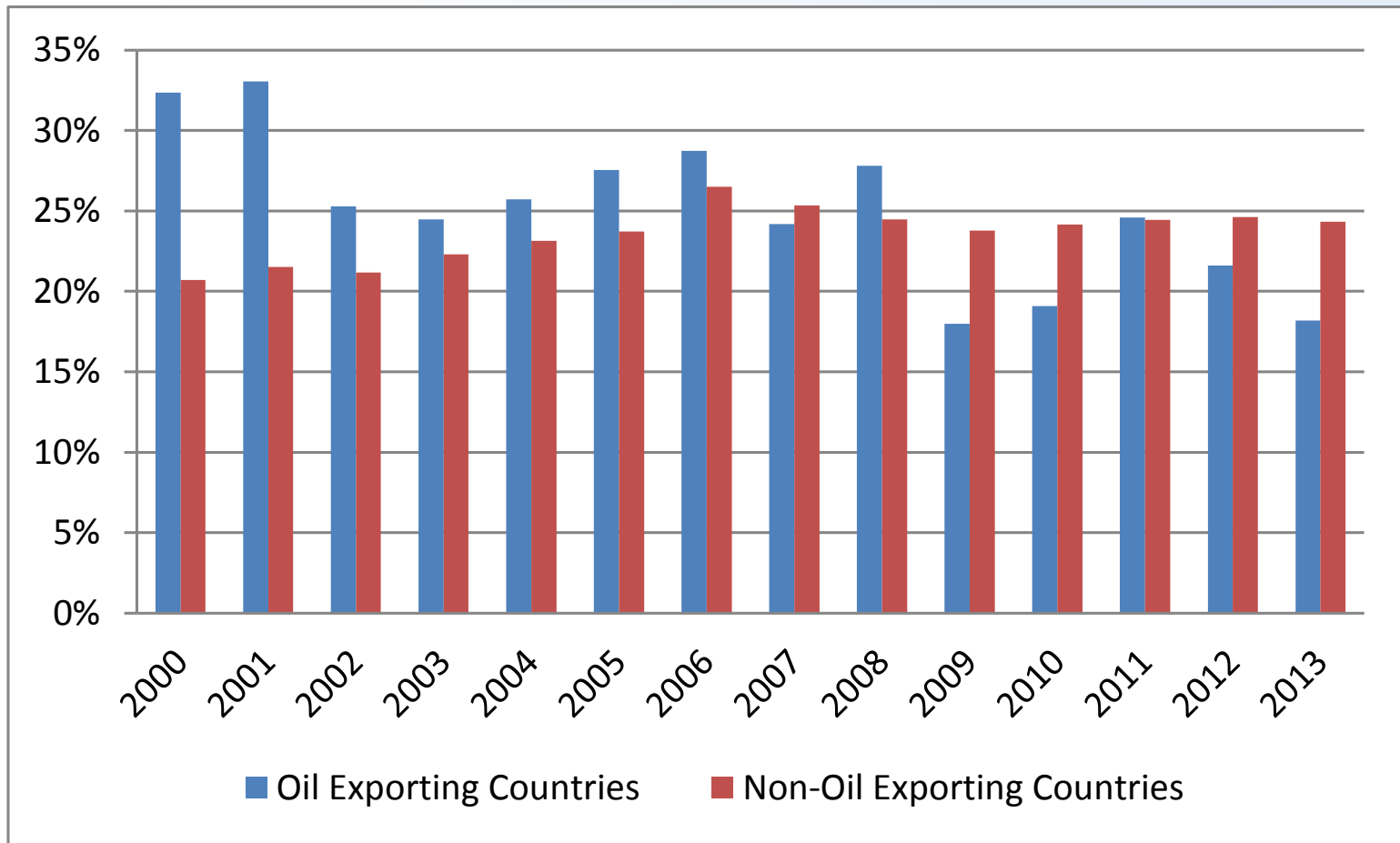
* Includes select non-top countries South Africa and Nigeria.

Traditional financing matrix now in flux

Sectors	Government	ODF	China	PPI
Energy	✓	✓	✓	✓
Telecommunication				✓
Transport	✓	✓	✓	✓
Water	✓	✓		
Transport	Government	ODF	China	PPI
Airports	✓			✓
Railroads	✓	✓	✓	
Roads	✓	✓	✓	
Seaports	✓		✓	✓

Source: Gutman, Sy, and Chattopadhyay (2015).

Domestic fiscal space (Revenue/GDP)



Source: Gutman, Sy, and Chattopadhyay (2015).

Recent trends: Concerns

- Sub-national/urban infrastructure ignored (both in accessing needs and in financing)
- Emphasis on facilitating projects have ignored governance, coordination, and efficiency gains
- Complementarity in financing across sources, countries, sectors is purely serendipitous
- Traditional coordination mechanisms ill-suited in new economic environment with new and multiple stakeholders
- PPI, outside telecom, has had limited distribution

Recommendations:

Build on existing institutional structures and functions, rather than invent new institutions

- Enhance collaboration and coordination across traditional and non-traditional sources of finance
- Regional guidance of investment practices for economic, social, environmental sustainability
- Extend opportunities for private investment
- Improve public financing support including sub-national/urban finance and investment
- Focus on broader sectoral governance reform opportunities