

Addressing Africa's Infrastructure Crisis

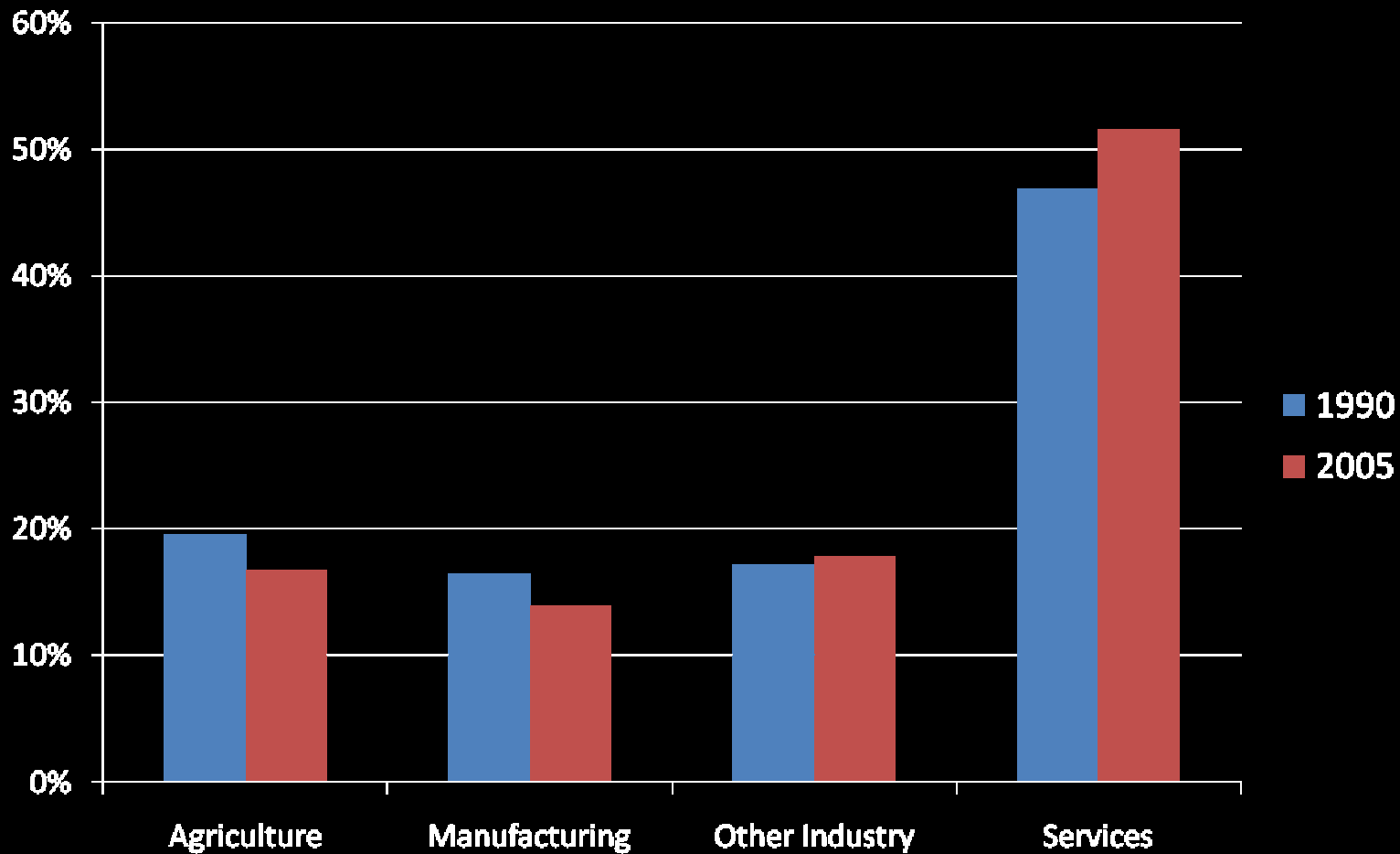
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Africa's manufacturing sector has showed no growth since 1990

(share of GDP)



Enterprise Surveys

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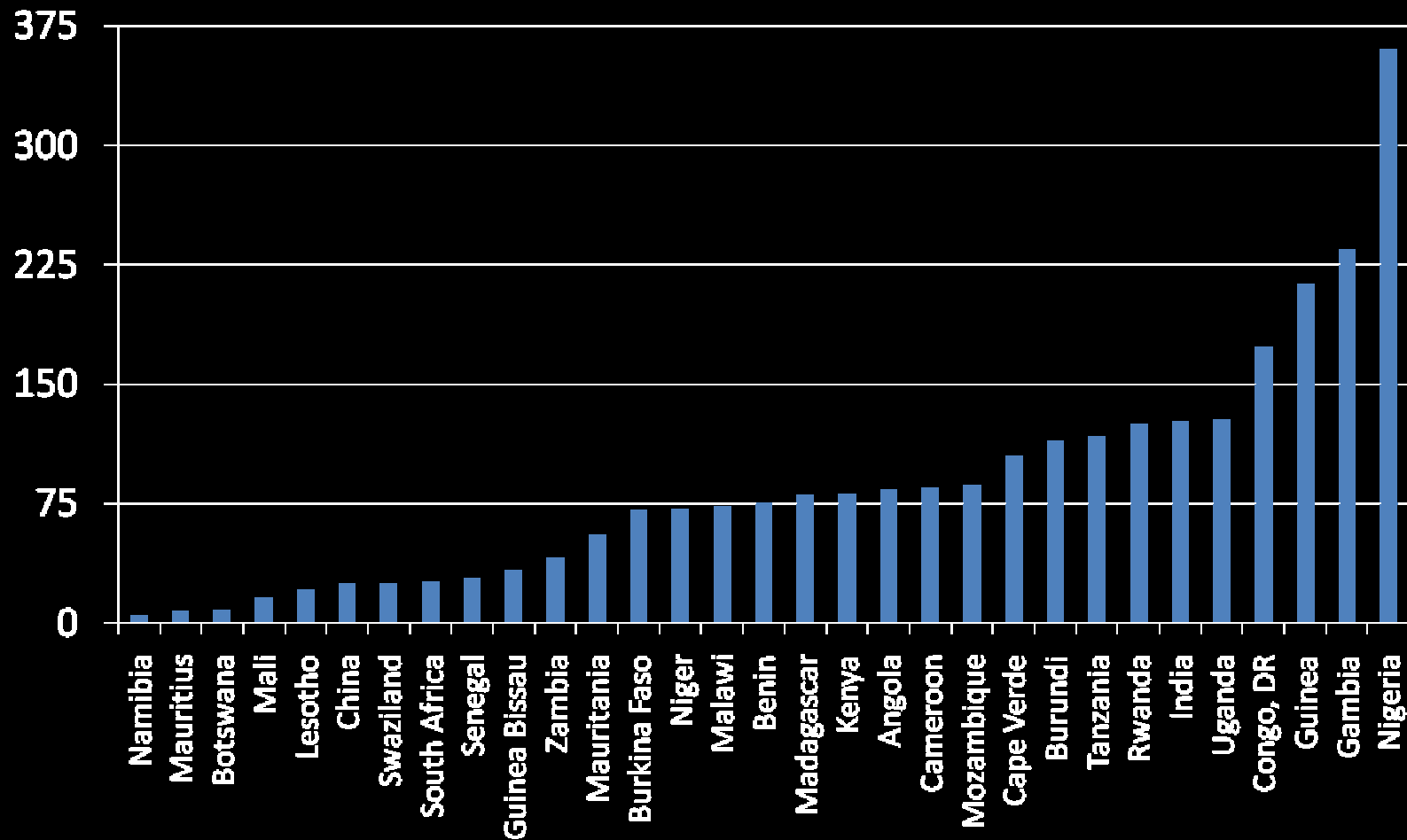
provide the world's most comprehensive data for productivity analysis in emerging markets.



- One-on-one interviews with business owners and managers
- 29 countries in Sub-Saharan Africa
- Manufacturing sector only
- We compare data to China and India where possible

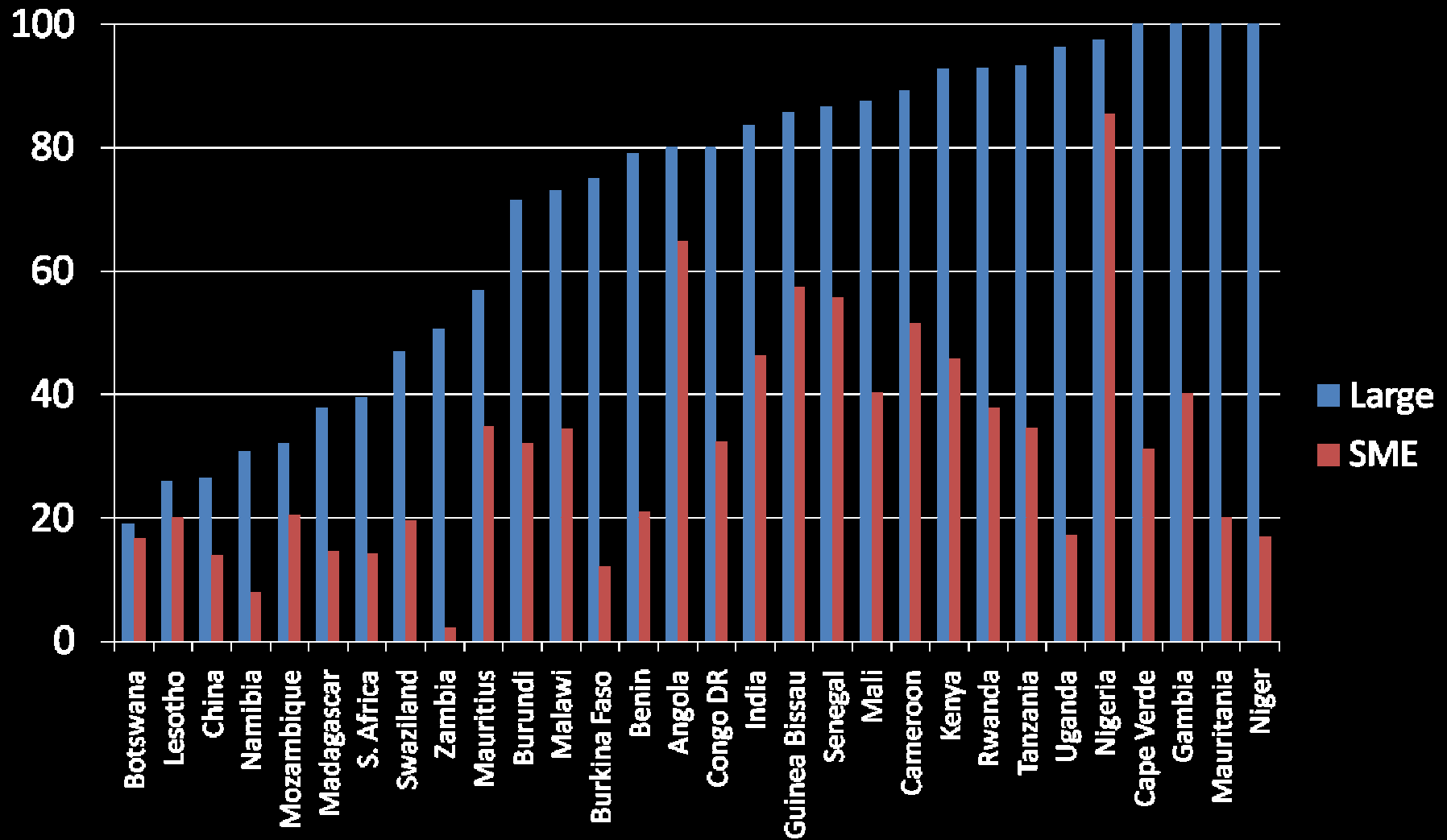
Most countries in Africa have very unreliable power supplies

(days with outages each year)



And only large firms can afford generators

(% of firms owning generators)





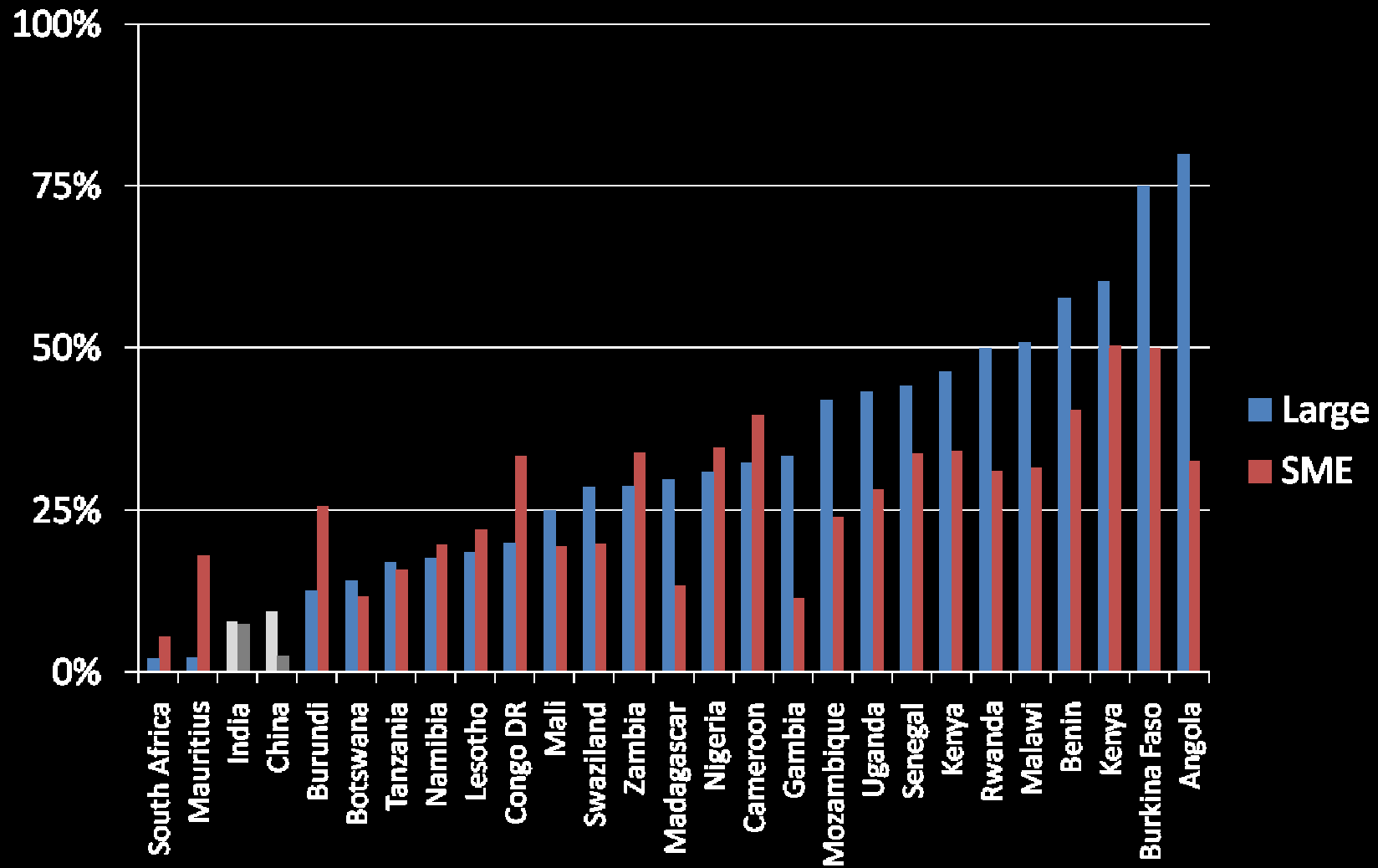
In 2007, the Kenyan gov't requested the manufacturers association to move production to a night shift



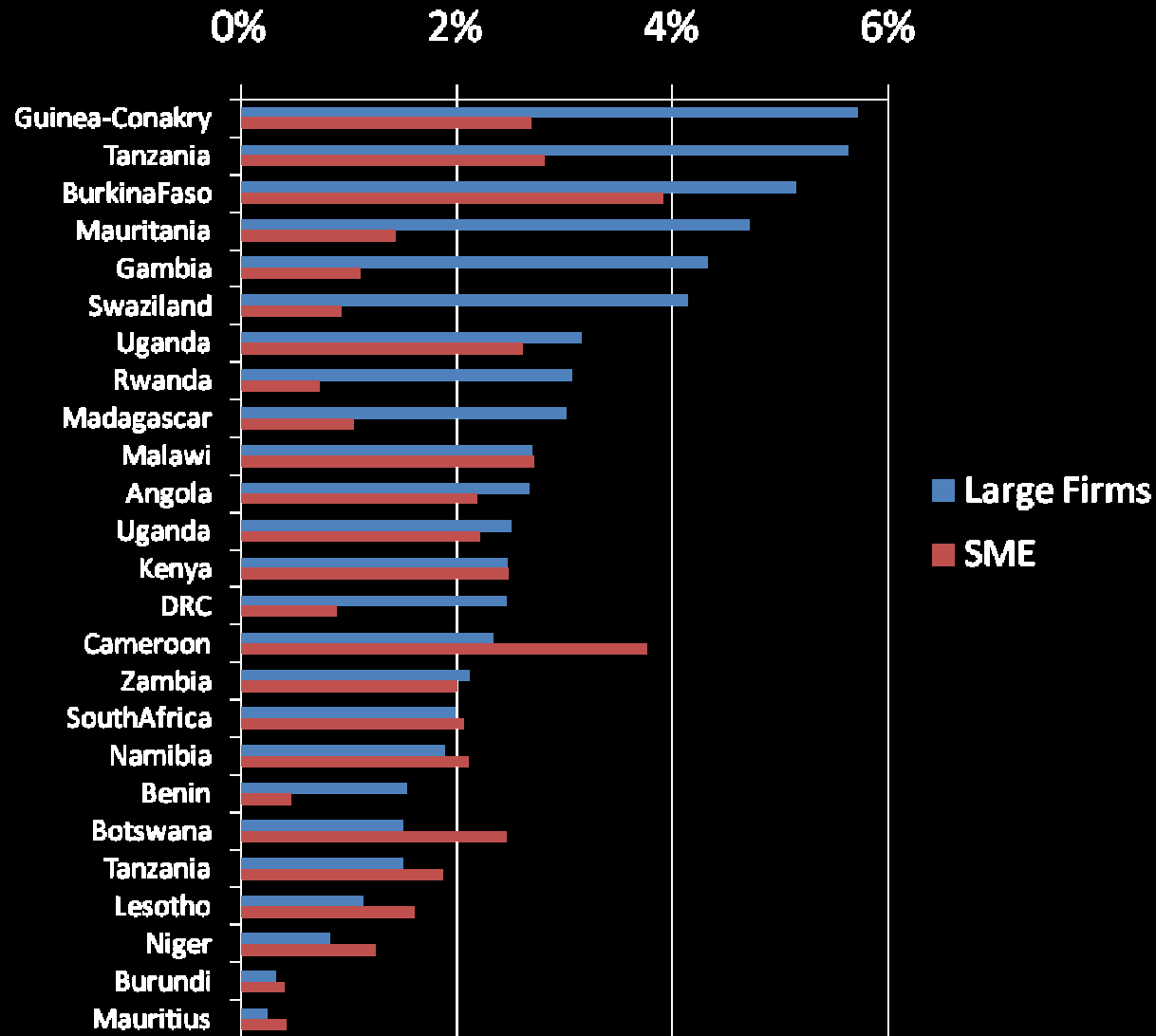
Existing transport networks are in poor shape

On occasion, it has even been profitable to airlift cement between countries

Many businesses rank transport as a major or severe obstacle

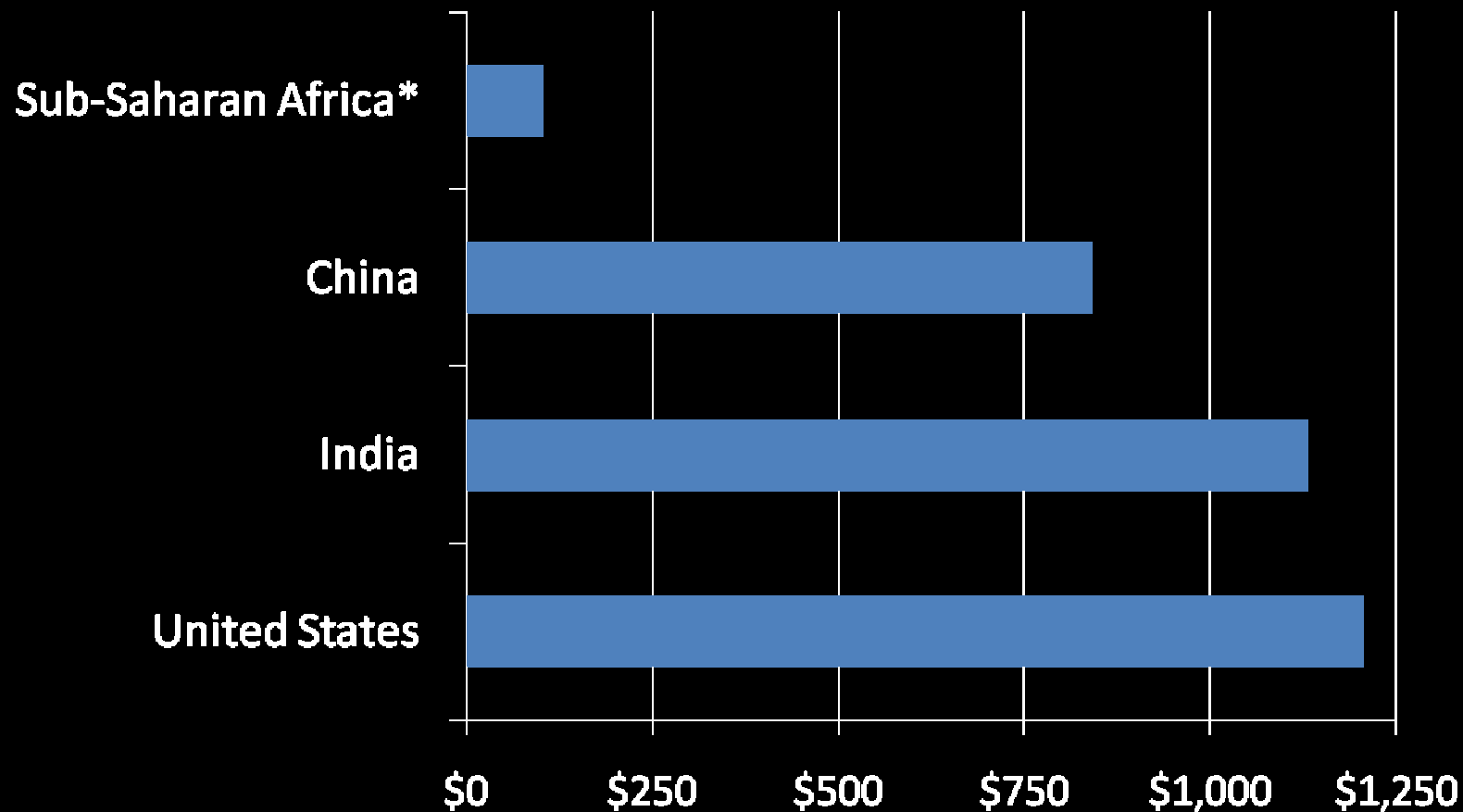


And businesses suffer high losses when transporting goods (losses as share of consignment value)



Low economic density makes good transportation networks and power grids more challenging to build

(GDP per sq km)

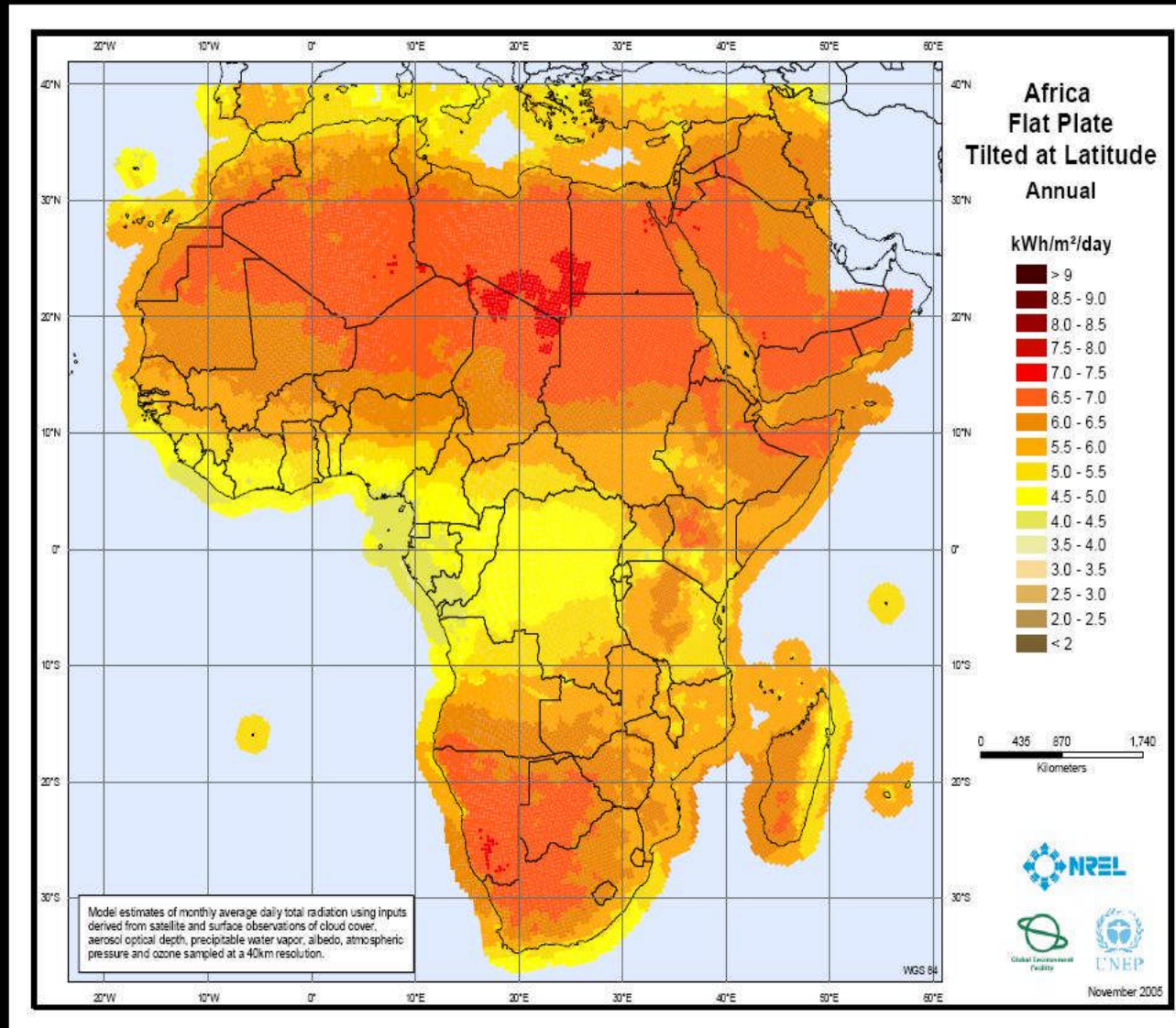


* Does not include Cape Verde (\$649) or Mauritius (\$6928)

Solutions

- We know that
 - costs are high
 - economic density is low
- Infrastructure is a key constraint for firms
- We need solutions that are specific to Africa's circumstances and geography

Africa has highest levels of solar radiation in the world



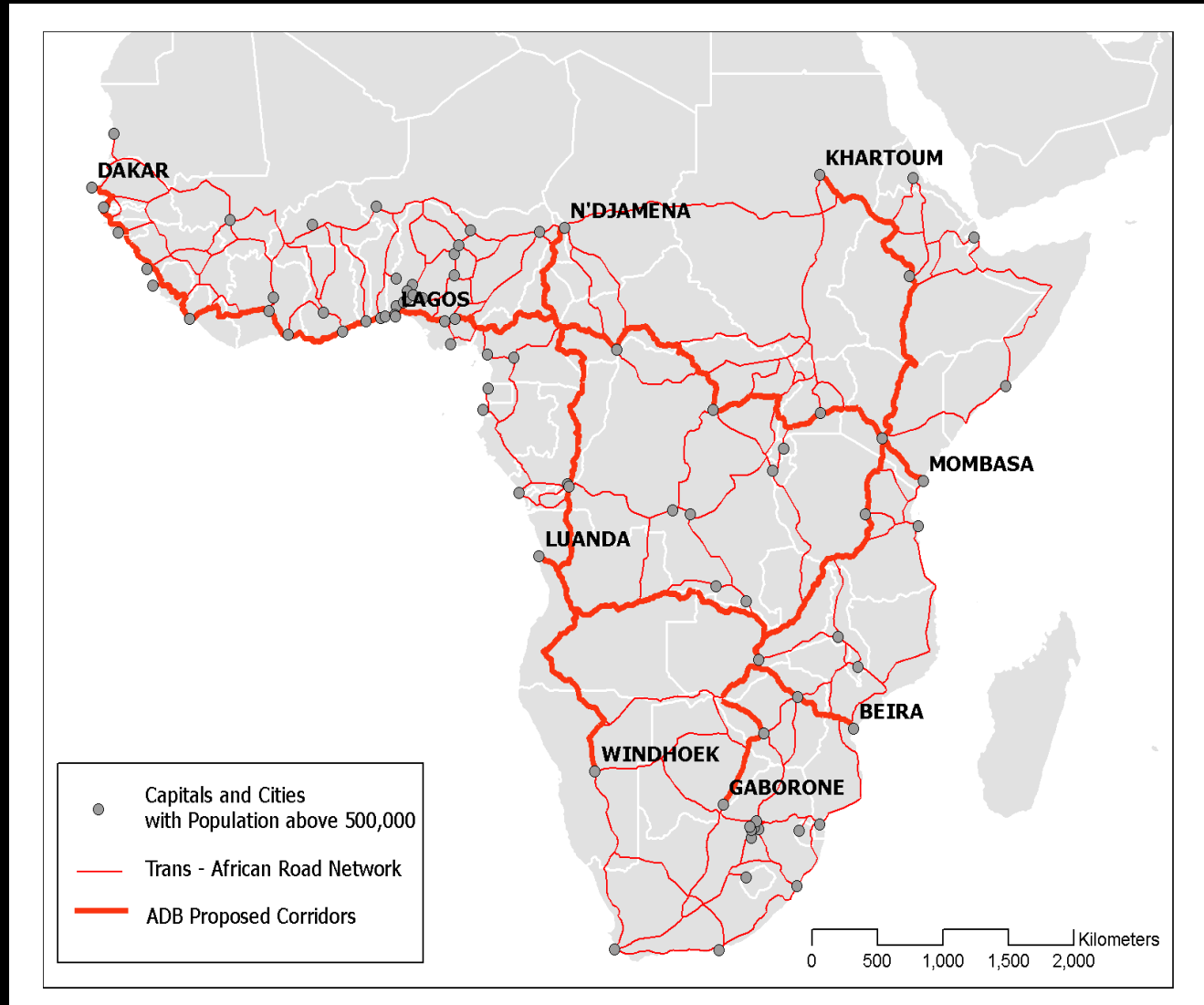
Source:
SWERA/United Nations



- Low economic density makes off-grid electricity attractive
- Venture capital flowing to solar in the United States
- Rapid technology transfer to Africa is essential and very feasible

Transnational road network: estimated to increase overland trade by \$250 billion in 15 years

(Source: Buys, Deichmann and Wheeler, 2006)

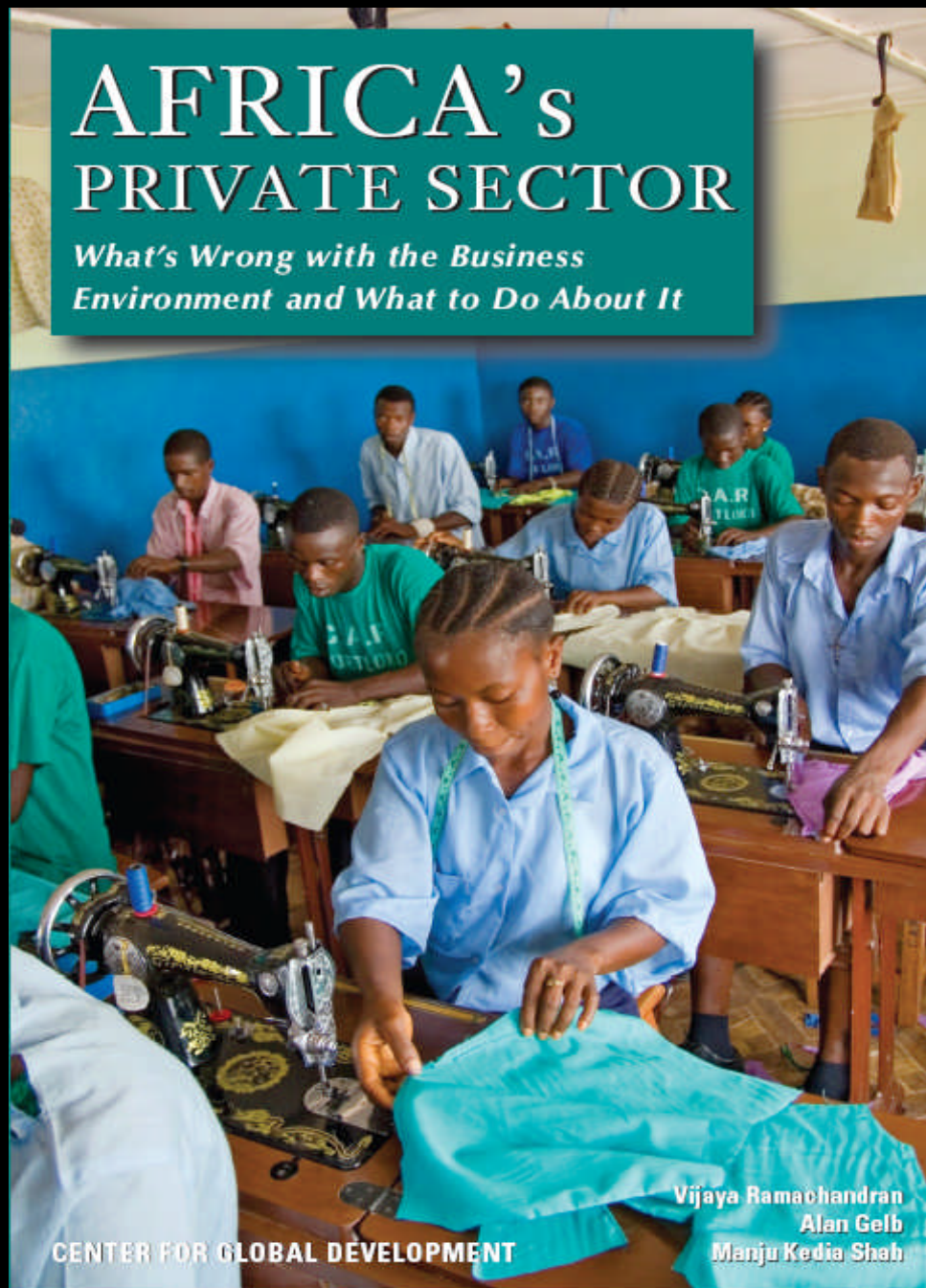


Addressing Africa's infrastructure crisis

- OPIC (and equivalents) can set up a Clean Infrastructure Fund for Africa (possibly along the lines of the existing Catalyst Private Equity Fund for water and clean energy for Middle East/North Africa)
- Transfer of cost-saving innovations in renewable energy to Africa—off grid options are better for low density economies.
- Prioritize the funding of *regional* infrastructure projects in the multilateral banks (use the new regional component of IDA) to build roads and power projects.

AFRICA'S PRIVATE SECTOR

*What's Wrong with the Business
Environment and What to Do About It*



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