Infrastructure Investment and Economic Diversification: Exploring Synergies in CAREC Countries

Tigran Poghosyan
(IMF, Middle East and Central Asia Department)

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Infrastructure Investment and Economic Diversification

• CAREC countries need both:
  • Infrastructure needs estimated at $77 billion annually
  • Economies are dominated by a small number of sectors and exports are highly concentrated

• Can both issues be addressed simultaneously?
  • Yes, there are synergies between the two ...
  • ... but need to draw on lessons of other countries and take ownership of reforms
Infrastructure Is Critical for Inclusive Growth ...

• Good quality infrastructure:
  • Contributes to human development
  • Fosters innovation and productivity
  • Helps to make growth more inclusive

• This is why “more and better infrastructure” is important part of UN’s Sustainable Development Goals (SDGs)
... But Infrastructure Is not the Main Stumbling Block in Many CAREC Countries

• Various surveys point to other impediments:
  • Limited access to finance by SMEs
  • Weak governance
  • Uncertainty of public policies
  • Lack of private sector-led enabling environment

• Addressing these issues would help complement any improvements in infrastructure
Better Infrastructure and More Diversification: Exploring Synergies

• Balance infrastructure investment with debt sustainability
• Improve project selection process
• Incorporate “inclusiveness” into investment process
• Facilitate FDI, especially in non-extractive sectors
• Improve connectivity
• Promote regional trade agreements
How Can IMF Help?

• Identify cross-border synergies
• Develop and communicate analytical toolkits (PIMA, P-FRAM, DSA, MTDS, DIG)
• Explore strategies to increase fiscal space
• Identify and address fiscal risks
• Incorporate inclusive growth “scoring” in public investment program
• Enhance capacity: financial programming, implementation, operation
THANK YOU