

Infrastructure Investment and Economic Diversification: Exploring Synergies in CAREC Countries

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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

