

**IMF Conference on  
Sustainable Investment Scaling up in Low-Income Countries  
November 30, 2010, Washington DC**

*Motivation and Objective*

There is a large investment gap in Low-Income Countries (LICs), particularly in infrastructure. Addressing it is critical to increasing potential growth. The required financing will likely come, at least partly, from nontraditional official creditors and private sources. The conference will bring together leading academics, researchers, and policy makers to examine how to scale up investment in a sustainable and growth-maximizing way in LICs.

*Themes*

The one-day conference would have an opening plenary and three thematic sessions and would end with a policy-oriented panel. The themes covered would include: (1) public investment, including the quality of the public investment management process and growth (2) assessing debt sustainability; and (3) managing the private financing of infrastructure.

**Conference Program**

Conference Opening: Zhu Min, Special Advisor to the Managing Director, IMF.

**Plenary Session**

Prof. Jeffrey Sachs (Columbia University), “Africa’s Infrastructure: A Transformative Agenda”

➤ A big-picture presentation of the public investment-growth nexus with particular emphasis on the three key themes of the conference. The presentation will also discuss key challenges faced by LICs in scaling-up investment efforts under current global conditions.

Prof. Pierre-Richard Agénor (University of Manchester), “Public Capital and Growth: New Channels”

➤ A synthesis of various theoretical models that show the variety of channels (including health services) through which public investment in infrastructure can contribute to raising productivity and long-run growth will be presented. The presentation will also touch upon issues of investment efficiency in fostering long-run growth.

**Session 1. Institutions, investment efficiency, and the investment-growth nexus**

*This session would examine the role of both the quality and quantity of investment in driving growth, discuss indicators that assess the quality and the efficiency of the investment process across countries, and present a tool for analyzing the investment-growth nexus that incorporates efficiency, debt sustainability, and other macroeconomic considerations.*

Chair: TBC

1. Luis Serven (World Bank), “Infrastructure: Quantity, Quality and Returns”
  - Both the quantity and quality of infrastructure services play a crucial role in the contribution of infrastructure development to growth and inequality across countries and regions. This presentation will discuss some of the empirical findings across different regions and illustrate the potential contribution of infrastructure development to growth and equity across Sub-Saharan Africa.
2. Chris Papageorgiou (IMF), “Investing in Public Investment: An Index of Public Investment Management Quality”
  - This presentation will introduce a new index of the efficiency of the public investment management process for 71 countries, including 40 low-income countries. The index captures the institutional environment underlying four stages of the investment process: appraisal, selection, implementation, and evaluation. Potential applications will be discussed.
3. Andrew Berg (IMF), “Public investment, Growth, and Debt sustainability: Putting together the Pieces”
  - A model-based framework for studying the medium-to-long-run macroeconomic effects of debt-financed public investment expansions in LICs will be presented, building not only the investment-growth linkages but also the fiscal policy reactions necessary to ensure debt-sustainability, and impacts on the real exchange rate.
4. Prof. Newman Kusi (Ministry of Finance and Economic Planning, Republic of Ghana), “Public investment in the Republic of Ghana”
  - This presentation will discuss the importance of the public investment management process in Ghana, how infrastructure will support growth and other considerations for sustainable investment planning at the macro level i.e. rates of return, efficiency, ability to generate revenue for repayment, repayment costs of different types of financing.

## **Session 2. Sustainable Financing**

*This session will focus on the need to preserve debt sustainability to support LICs’ efforts to achieve their development goals without creating future debt problems. It will also discuss how the current main framework to assess debt sustainability—the joint IMF-World Bank Debt Sustainability Framework (DSF)—could be improved, including to with regard to how the analysis could better incorporate the growth effects of investment, discussed in the previous session.*

Chair: Aart Kraay (World Bank)

1. Matthew Martin (Development Finance International), “The debt sustainability outlook for LICs”
  - The current debt sustainability outlook for LICs. Is there space for investment scaling up after the crisis? What is the potential impact of the recent reliance on domestic debt to finance higher fiscal deficits?
2. Prof. Andrea Presbitero (Università Politecnica delle Marche), “Assessing debt sustainability”
  - How should debt sustainability be analyzed in LICs? What are the weaknesses of the DSF, and how should they be addressed?
3. Kampeta Sayinzoga (Ministry of Finance and Economic Planning, Republic of Rwanda), “The Debt Sustainability Framework: Rwanda’s perspective”
  - Does the current framework strike the right balance between safeguarding debt sustainability and ensuring that sufficient resources are provided to LICs to meet their development goals? How can it be improved from a decision maker’s perspective?
4. François Painchaud (IMF) “Improving the Debt Sustainability Framework: A work agenda”
  - This presentation will provide an overview of ongoing analytical work at the Fund and the Bank to address the main concerns raised by users of the DSF.

### **Session 3: Meeting the Investment Financing Challenges: Use of Some Alternative Channels**

*This session will explore the relative merits and associated challenges of investment financing through market-based sources. It will consider the particular role of the private sector, explore some of the institutional and operational constraints, and share how some countries are making effective use of some non-traditional methods. Panelists will be invited to make some formal remarks addressing the key issues, before a more open discussion is moderated by the Chair.*

Chair: Jyrki Koskelo (Vice President, Global Industries, IFC)

Panelists:

1. Conor McCoolle (Managing Director, Head of Project Finance, Asia, Standard Chartered Bank)
2. Brent de Jong (Co-Head Special Situations, Ashmore Investment Management Limited)
3. Susan Lund (Director of Research, McKinsey Global Institute)

4. H.E. Abdoulaye Diop (Minister of State, Minister of Economy and Finance, Republic of Senegal)

### **Policy Panel**

*The panel will offer a policy perspective on the challenges related to public investment scaling up in low-income countries. The panelists will discuss country experiences, including lessons to be learnt from successful cases. Building on the thematic sessions of the conference, panelists will also discuss how the international community, including the Fund, can most effectively help low-income countries increase the volume and quality of public investment in a sustainable way.*

Chair: Antoinette Sayeh, Director, IMF African Department

1. Prof. Paul Collier (Oxford University)
2. Peng Dai (Export-import Bank of China)
3. Delphine d'Amarzit, (Assistant Secretary for International Affairs, France)
4. Gajendra Haldea (Planning Commission, India)