



Up to \$2.5 Trillion Needed for South Asia Infrastructure-World Bank

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South Asia needs to spend as much as \$2.5 trillion on infrastructure by 2020 to bring its power grids, roads and water supplies up to the standard needed to serve its growing population, a World Bank report says. The report, "Reducing Poverty by Closing South Asia's Infrastructure Gap," is the first analysis of the region's infrastructure needs by the World Bank. It says the region, which includes Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, could address its "enormous infrastructure needs by tapping private and public sector funds as well as by introducing reforms." "Many people in South Asia remain unconnected to a reliable electricity grid, a safe water supply, sanitary sewerage disposal, and sound roads and transport networks," said Philippe Le Houérou, Vice President for the South Asia Region at the World Bank. "If the region hopes to meet its development goals and not risk slowing down or even halting growth, poverty alleviation, and shared prosperity, it is essential to make a priority of closing its huge infrastructure gap, which the report defines as the gap between where South Asia's infrastructure is today and where it should be. The task would be difficult but not impossible with a concerted effort by governments in the region, where access to infrastructure compares with Sub-Saharan Africa." "For the past twenty years, the South Asia and East Asia regions have enjoyed similar growth rates. Yet South Asia's access to infrastructure services lags significantly behind both East Asia and Latin America with some access rates comparable only to Sub-Saharan Africa," said Dan Biller, report co-author and Sector Manager of the Multilateral Investment Guarantee Agency Economics & Sustainability Group. "For instance, in South Asia only 71 percent of the population has access to electricity, ahead of Sub-Saharan Africa at 35 percent, but well behind the rest of the developing world at above 90 percent. According to businesses in South Asia, a lack of electricity is the biggest barrier to their growth." South Asia is the region with the highest incidence of open defecation in the world with 680 million people (41 percent of the population) relying on it in 2011. In terms of telecom access (measured as fixed and mobile lines per 100 people), South Asia and Sub-Saharan Africa rank at the bottom (72 and 54) with less than half the access found in Europe and Central Asia and Latin America and the Caribbean (157 and 125). This situation is of great concern given South Asia's low level of urbanization, with most people living in rural areas, says the report. "The transport infrastructure suffers from a lack of intraregional links among the national road networks, unrealized potential for rail and inland water freight transport, and inadequate road and rail connectivity of ports with other areas. These limitations turn transport infrastructure into a barrier for regional and international trade." "The only indicator where the region is about even with the rest of the world and East Asia is on improved water access: 90 percent of the population in the region has access to it. However, most of this access is through public stands; only 25 percent of the population has access to piped water and a 24-hour water supply is a rare exception in South Asian cities." "Despite recent rapid growth and poverty reduction, the South Asia region continues to suffer from a combination of insufficient economic growth, slow urbanization, and huge infrastructure gaps that together could jeopardize future progress. It is essential to make closing its huge infrastructure gap a priority," said Luis Andres, report co-author and Lead Economist for Sustainable Development for the South Asia Region at the World Bank. "To close the infrastructure gap South Asia needs to invest between 6.6 and 9.9 percent of 2010 GDP a year - an increase of as much as three percentage points over the current 6.9 percent invested by the region in 2009. Governments in the region need to ensure that infrastructure access is extended to people who need it the most: women, the poor and marginalized social groups." "According to the report, South Asian policy makers should invest in rehabilitating and maintaining infrastructure assets to deliver services efficiently and sustainably, moving away from the "build, neglect, and rebuild" mindset. They could reform service providers and ensure financial and operational sustainability so that they can be able to plan and implement sound investment strategies and improve operational performance for the long term." "Governments could establish solid and transparent legal, policy and regulatory frameworks in order to attract private investment in line with the best organizational form for each service. They could also decentralize service provision in an appropriate manner." "The World Bank has a portfolio of 96 active infrastructure projects in the region, with total commitments of \$19.8 billion." "The World Bank
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