



Technical consultation on rural infrastructure issues and challenges

Rome, 11-13 October 2006

Proposed Topics for Consultation Discussion

- Role of the public sector
- Public-private partnerships
- Technical and engineering capacity building
- Global public goods in rural infrastructure provision
- Local management and local input
- Future roles in collaboration in infrastructure planning and design

1. Background

The conceptual framework for infrastructure investments in the 1990s shifted from a predominant focus on construction of infrastructure to the delivery of infrastructure services. This led to an emphasis on providing the right policy environment and institutional capacity for ensuring sustainable private and public infrastructure investment, with return on investment as one of the main goals for the private sector. Consequently, infrastructure investment (for construction of infrastructure) by the World Bank, for example, declined by 50% between 1993 and 2002 and this initially went in parallel with increased investment by the private sector. However, it is now recognised that lack of public infrastructure investment is a constraint on private investment and the private sector alone cannot be relied upon to guarantee infrastructure service provision.

Thus, notwithstanding the focus on service delivery there has been significant public and private under-investment in infrastructure due to a number of factors, including high project preparation costs, lack of diagnostic data, risk aversion amongst donors and banks, and a greater emphasis on programmes rather than projects. This problem has now been recognised and means of scaling-up infrastructure delivery services are now being investigated. The role of rural infrastructure in reinforcing the linkage between poverty reduction and economic growth is now recognised, particularly in defining the Millennium Development Goals (MDG) and in the preparation of the NEPAD for Africa. The response to this problem has been the development of infrastructure action plans by the World Bank and NEPAD, in association with the African Development Bank. The action plans intend to scale-up infrastructure service delivery by responding to client country demand, rebuilding the local knowledge base and by maximising leverage to finance rural infrastructure investment by applying appropriate financial instruments.

2. Purpose and Scope of the Consultations

It is intended to undertake a consultation workshop over a three-day period in early October 2006 at FAO headquarters. The total number of invited "expert" participants will be 10-15 persons, drawn from UN organisations, development banks, and other organizations with relevant expertise.

Purpose of the Consultations

The purpose of the consultation workshop will be to identify the issues and challenges that face the scaling-up of the implementation, management and maintenance of rural infrastructure to achieve the MDGs and goals of NEPAD.

Scope of the workshop

Rural infrastructure[1] is a broad term covering the basic facilities and services needed for rural communities and rural development[2]. For sustainable agriculture and rural development (SARD), the key foci for rural infrastructure development are physical markets, storage/assembly points (including cool/cold storage), and roads (and associated transport facilities). In the light of the growing importance of market linkages, agro-processing and related changes in rural economies, energy and ICT have emerged as important new foci for rural infrastructure development - with attention being given to management systems as well as physical facilities.

We recognize that many people also consider processing facilities, abattoirs and services such as financial services as important components of rural infrastructure. We consider that processing facilities and abattoirs (except when developed as part of general market infrastructure) to be specific investments of specific firms and therefore we view work on these as aspects of agro-industries development. Similarly, many services including financial services are provided by commercial service providers and therefore we view work on these services as part of the services sector - not as rural infrastructure development.

The workshop will provide an opportunity to review and discuss the on-going programmes, activities and experiences of the World Bank, regional banks, and NEPAD. This will inform a discussion on whether rural infrastructure development has the characteristics of a global public good and whether FAO has any comparative advantage in contributing to the work (if it is a global public good).

3. Proposed Topics for Consultation Discussion

a. The Role of the Public Sector

The background section of this paper alluded to the changing expectations being placed on the public sector. The consultation will discuss the past and anticipated future changes in the role of the public sector. The broad topics of discussion will include the background, institutional and cultural context and policy aspects of rural infrastructure provision, including:

- The extent to which integrated rural infrastructure development can assist in the achievements of the MDGs.
- The planning context for rural development - relationship to national, regional, district and local levels - spatial development strategies, growth centres and corridors, settlement patterns/hierarchies

- including role of participatory planning processes.

- Infrastructure needs analysis to build agro-industrial links with agricultural production and growth. This flows on to the allocation of resources - including identifying priority sectors, areas and investment sources (including use of local development funds and beneficiary contributions)
- The regulatory framework required to support rural infrastructure services provision.
- Business models to ensure efficient long-term operation, of infrastructure physical assets.

b. Public-Private Partnerships

As an integral part of the consultation process FAO is currently undertaking, in co-operation with the Overseas Development Institute (UK), a comparative assessment of the role of public-private partnerships (PPPs) in rural infrastructure development. The goal of this study is to define PPP models and to undertake PPP case studies of rural infrastructure, with the intention of identifying best practice and to create general guidelines for public-private partnership service providers. The expected outputs of the study are to improve knowledge of PPPs for rural infrastructure development, identify reforms for sustainable performance improvements, and to suggest different PPPs models and possible policy and programme design changes. The FAO-ODI study is being undertaken in five stages: beginning with literature review and a survey to identify different PPP models. These will be followed by a series of case studies of PPP models; the final report is expected to contain dedicated policy and sectoral guidance. The study will be partially completed by the time of the consultation workshop and it is intended that the provisional results will be discussed and feedback provided by the workshop participants.

c. Technical & Engineering Capacity Building

The frequently poor conditions and lack of rural infrastructure is explained not only by a lack of finance, but also by not applying appropriate technical solutions to construction and maintenance, resulting in high costs and considerable rehabilitation needs. Alternative methods of addressing infrastructure problems include adoption of asset management tools for whole of life management and a development engineering approach. In the latter, instead of looking at problems purely in terms of functional performance (such as whether a bridge can support a given load) a broader view is taken such that all construction is seen as a combination of social, economic and technical factors. Development engineering is not a replacement for other effective forms of equipment-based construction methods. It is an alternative approach to construction, which seeks to optimise the use of construction resources, including equipment and labour.

The consultations will review experience in capacity building and discuss the relative importance of this activity. Topics that might be covered include:

- Undertaking technical training needs assessments for both professional staff and communities to improve design capacities;
- The development and dissemination of appropriate technical training materials;
- The choice of appropriate and cost-effective technologies:
 - With an emphasis on employment creation;
 - On the use of labour intensive technology;
 - The use of local material and other resources;
 - The application of cost-in-use techniques to balance initial and recurrent costs.
- Sharing of design technology tools - design databases, geographic information systems, computer aided design methods;
- Application and dissemination of available infrastructure applied research, including improving links with academic and research bodies to develop new rural infrastructure research programmes;

- How to apply, share and demonstrate lessons drawn from innovative experiences to other countries and continents.

d. Global Public Goods in Rural Infrastructure Provision

The work of multi-lateral agencies should be characterised by activities that deliver public goods[3] that cannot be provided by one country acting alone but only by the joint efforts of many (strictly, all) countries. But few pure global public goods exist; many items of infrastructure are non-rival up to the point of congestion; many can, in principle, be constructed without multi-lateral involvement, but it is possible to argue that in order to create an open trading system (which is a global public good) it is necessary to have efficient infrastructure services. The consultation will attempt to grapple with the complexities of this issue and to arrive at a view of its multi-lateral dimensions, in particular it will:

- Examine the nature of the issues facing rural infrastructure provision and explore whether they have characteristics that dictate multi-lateral action.
- Capture experiences that have included multi-lateral action.
- Develop a view of the potential role of multi-lateral agencies in the provision of rural infrastructure.

e. Local Management and Local Input

The session on the role of the public sector will traverse issues related to devolution, decentralisation and to planning and needs analysis. This session will seek to share the experiences of the participants in relation to community involvement and community responsibility. It is anticipated that experiences to be shared will include:

- Community driven development and use of local development fund mechanisms;
- Cash and food for work schemes;
- Management models (and fee and levy collection systems) involving local communities;
- Integrated rural accessibility planning as practiced by the ILO and the World Bank RED transport model;
- Examples of locally driven rehabilitation/refurbishment of infrastructure.

f. Participant's Future Roles

Following the conclusions of the discussion of global public goods in relation to rural infrastructure, it will be possible to discuss existing and future roles and partnerships. Possible topics that might be discussed by the participants are how to:

- Define the role, if one exists, for FAO.
- Develop more effective partnership and liaison arrangements, including how to bring these to a level of effective operation;
- Ensure common terminology is used. Without clear definitions it is not possible to define appropriate indicators or a measurement system and without a clear measurement system not it is not possible to effectively monitor the impact of rural infrastructure development;
- Define key indicators and share data sources - survey data and analytical work - to be able to monitor infrastructure impact; and
- Explore the joint development of toolkits, collaborative training packages and technical guidance notes appropriate for rural infrastructure development, including the targeting of programmes to alleviate poverty and facilitate gender equality.
- Examine how existing well-tried and tested tools (SME development, skills training, start your own

business, rural travel and transport programmes and gender accessibility initiatives, etc.) could be more effectively and uniformly applied in programme design.

Footnotes

1. An underlying base or foundation especially for an organization or system.
2. These include transportation and communications systems, water and power lines, and public institutions including schools, post offices, and prisons.
3. Public goods are things that can be consumed by everybody in a society or nobody at all. They have three characteristics. They are:
 - non-rival - one person consuming them does not stop another person consuming them;
 - non-excludable - if one person can consume them, it is impossible to stop another person consuming them;
 - non-rejectable - people cannot choose not to consume them even if they want to.