

OECD Development Centre (DEV)
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“Building a Tool Kit for Choosing Public Policies in the LDCs:

Allocating Public Investment to Services and Infrastructure Projects”

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www.csend.org

Drive for National Economic Development



“In 1997, there were 25 LDCs. Today, we have twice that number – and this is after three or four decades of what we call intensive help, policy making and analysis for LDCs. Only two LDCs have graduated from the group in all that time, and there are now only three in the pipeline for graduation.”

(Supachai Panitchpakdi, Secretary-General of UNCTAD, at Trade & Development Board, June 2010)



Definition: Infrastructure

- The basic physical systems of a country's or community's population, including roads, utilities, water, sewage, etc. These systems are considered essential for ***enabling productivity*** in the economy.

Developing infrastructure often requires large initial investment, but the economies of scale tend to be significant.

(BusinessDictionary.com)

Infrastructure & Poverty Reduction



- Two at times contradicting views in the 1990's (ADB, 2003).
- A) Concerns about corruption, distorted public investment choices and neglected maintenance (DFID, 2002) coupled with B) lack of perceived relevance to poverty reduction
- **A+B =** diminished donors' willingness in providing aid for infrastructure development.



Changing Perspective

- **Pre-conditions for reducing contradiction and make positive linkages:**
 - ***If Governance and institutional frameworks were strengthened...***
 - ***Linkages between infrastructure and poverty reduction can become stronger***

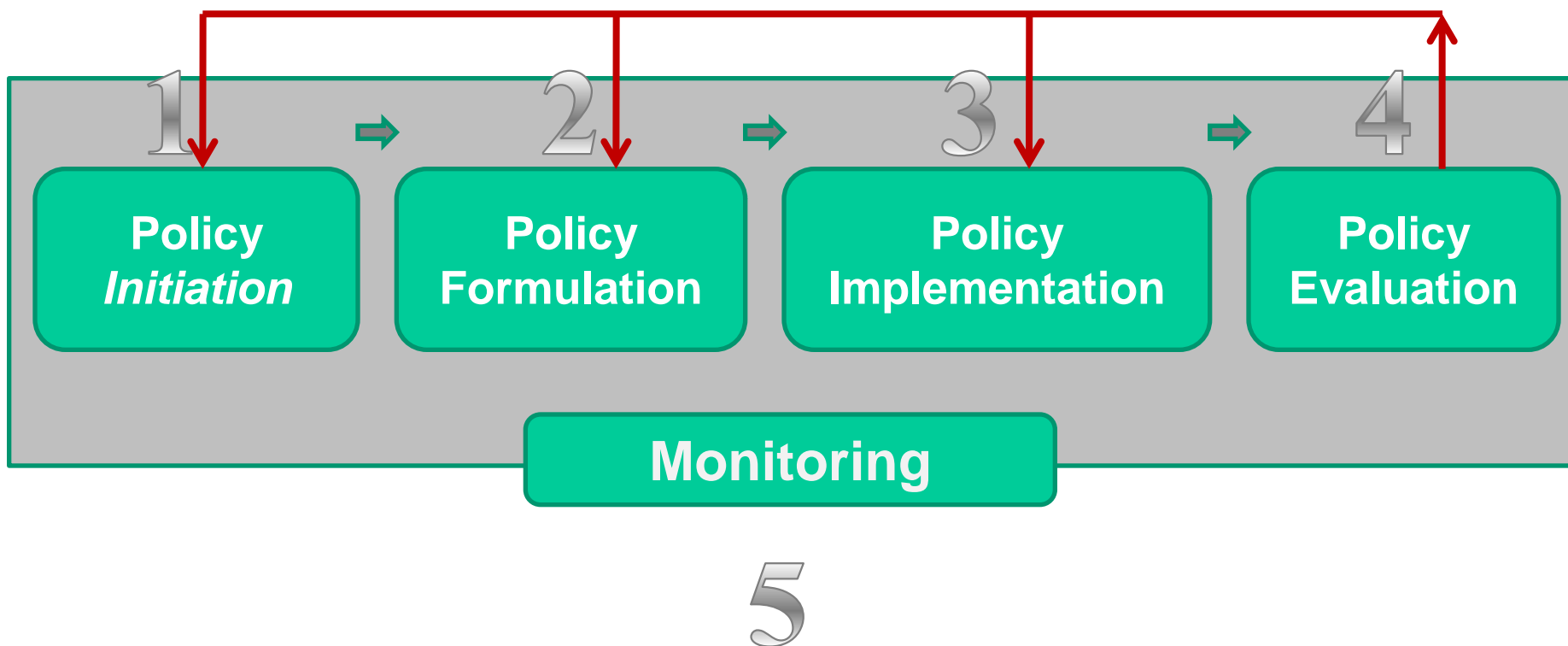


Focus of this presentation

- To address the policy governance aspect of the infrastructure investment decisions
- To highlight the need for an inclusive approach to safeguard against “policy distortion”
- To suggest an evidence based monitoring mechanism for results

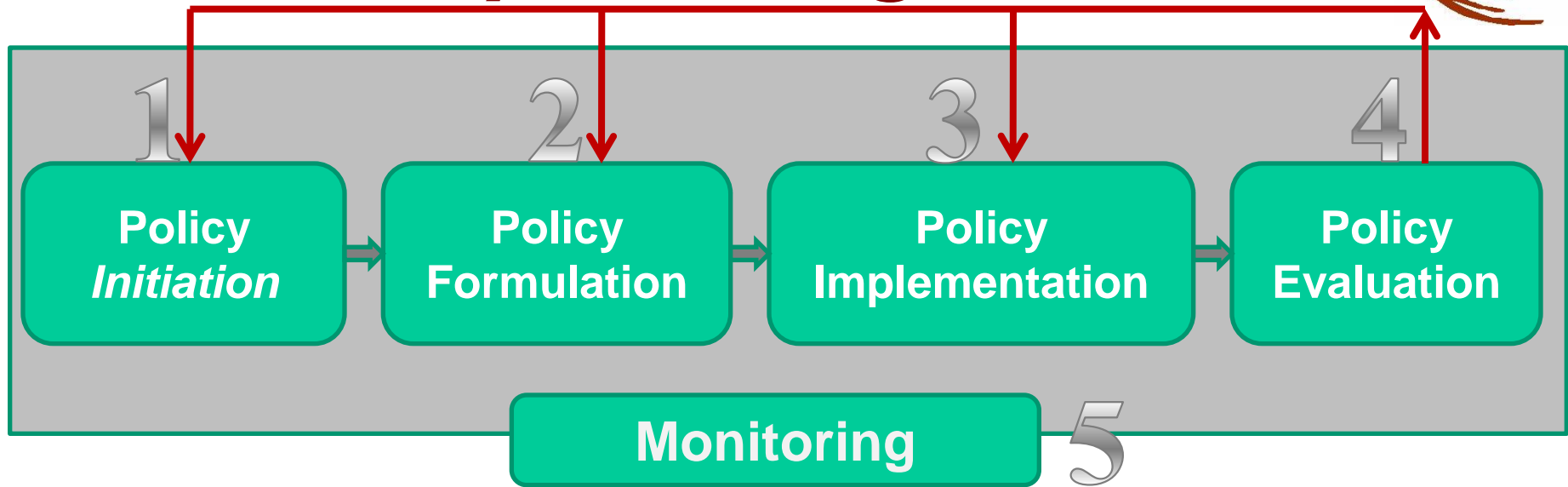


Policy Making Process





Policy Making Process



Ownership + Coherence + Relevance = Quality



**Inter-Ministerial
Coordination**



**Multi-Stakeholder
Consultation**



**Evidence based
Monitoring**

Importance of IMC



- To facilitate economic growth, trade and infrastructure investments are essential.
- **The increase of the international and regional dimensions of trade makes trade policy coordination necessary. The same is true for infrastructure development, especially for connectivity & scale.**
- Effective IMC helps eliminate policy programmes that duplicate actions and regulations.
- **Coordination is a necessary element to deal with 'cross-cutting' issues and targeted development strategy.**
- Deficient policy coordination at the inter-ministerial level decreases a country's ability to improve their trade performance and return on infrastructure investment

Features of a Good Infrastructure Policy:



- Based on national development policy
- **Linked with other governmental policies**
- Addressing domestic development disparity
- **Balances the interests of all key stakeholders**
- Taking into considerations of the regional dimension and the international supply and value chains
- **Has a clear implementation plan with adequate resources**

COUNTRY: BENIN

Commodities: 1. Cotton 2. Cashew nuts 3. Pineapple 4. Shrimps & fish

CRITERION	POLICY				INSTITUTION				ENTERPRISE			
	1	2	3	4	1	2	3	4	1	2	3	4
Warehousing and storage												
Electricity												
IT and Telecom												
Transportation												
Production inputs												
Processing the production inputs												
Standard setting												
Quality culture												
Quality infrastructure												
Distribution system												
Business linkages												
Pricing mechanisms												
Investment climate												
Social and environmental sustainability												

Key:

Shaded cells indicate correspondence of DTIS text with criterion

Blank cells indicate absence of DTIS text with respect to the criterion

Total no. of cells (No. of criteria x Levels of intervention x No. of commodities) = 14 x 3 x 4 = 168

Correspondence of DTIS to the criteria = 26 (15%)

Country Commodity Development Strategy Map

Action Choices across Supply and Value Chain within DTISs (n= 29)



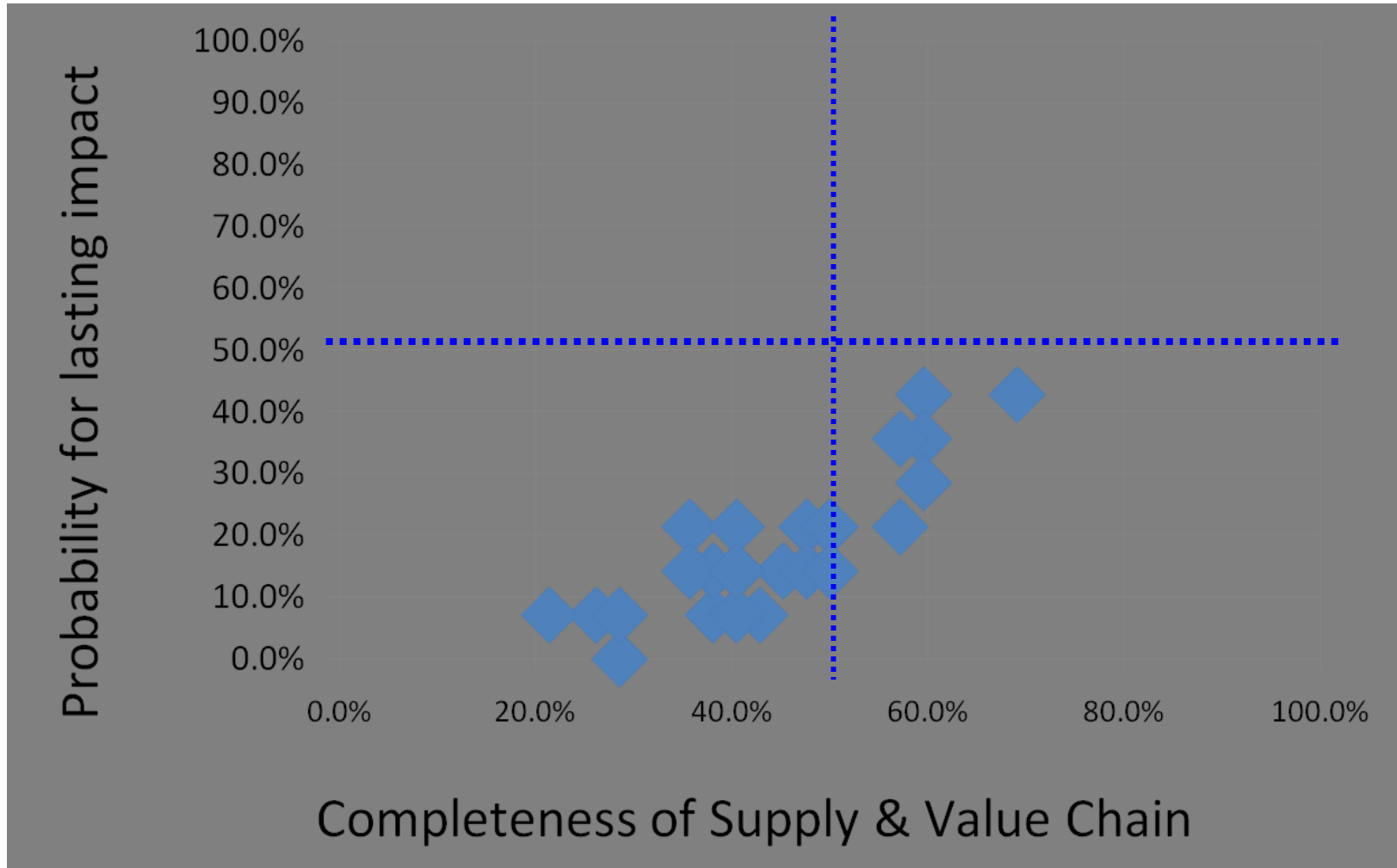
	Warehousing and storage	Electricity	IT and Telecom	Transportation	Production Inputs	Processing	Standard setting	Quality culture	Quality Infrastructure	Distribution System	Business linkages	Pricing mechanisms	Investment climate	Social and environmental sustainability
Total	21	11	12	36	77	47	44	17	44	60	30	45	40	38

Note 1: Coverage Rate of Action Space: $532/1218 = 44\%$

Note 2: For each column, the total equals
29 countries x 3 intervention levels = 87

Note 3: Focus of interventions was mostly on the policy levels without sufficient support of institutional arrangements and enterprises development

Mapping of Variiegation of Commodity Development Strategies by Country in the IF



The IMC is crucial to help country:



1. identify coherent infrastructure investment & economic development strategy based on supply & value chain analysis
2. design and manage consistent inter-ministerial policy cooperation based on IMC consultation mechanisms
3. ensure effective trade capacity building with adequate monitoring for good governance



Multi-Stakeholder Consultations – to ensure successful policy making

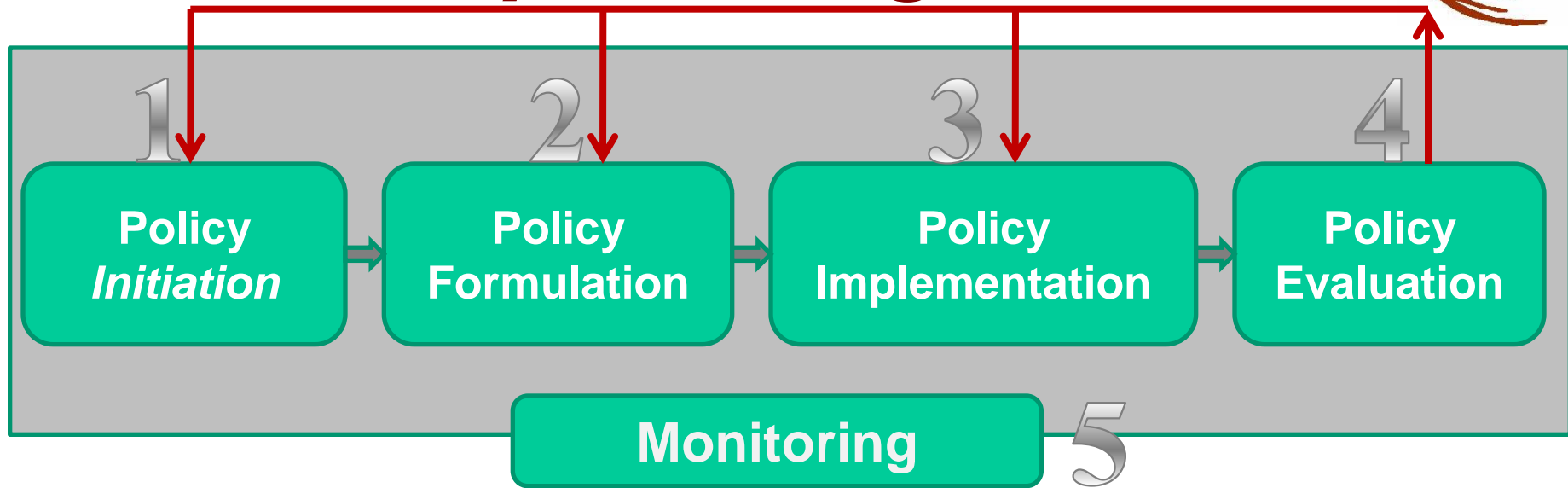
- Improve relevance & ownership
- Stakeholder groups should include private sector, lower level of public administration, CSOs and potential beneficiaries
- Emphasis on regular, on-going consultation process with “fair” representation



Evidence Based Monitoring

- **Loud and factual feedback signals from different stages of policy making and implementation process**
- **Criteria for both: investment and government procurement decisions**
- **Institutional learning through factual reviews**

Policy Making Tool Kit



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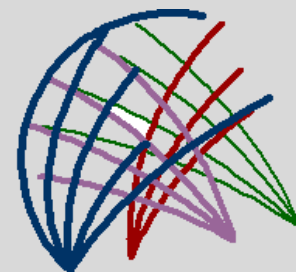
- Since 1993, A Geneva based R&D organisation

Governance
Trade
Policy



Administrative
Reform

Diplomacy Dialogue



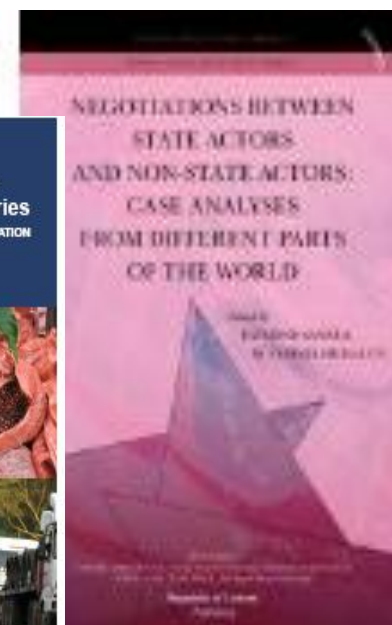
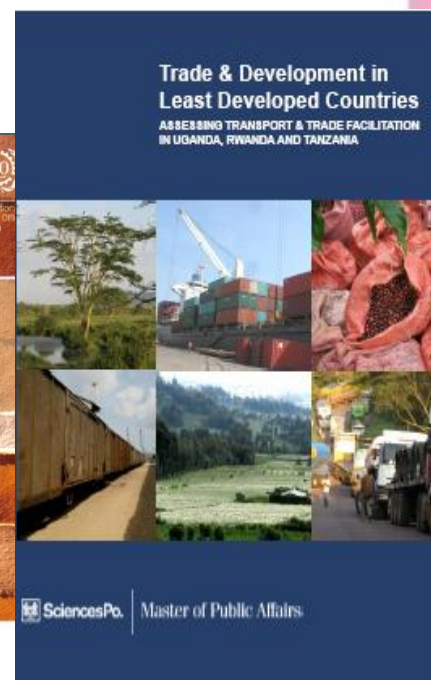
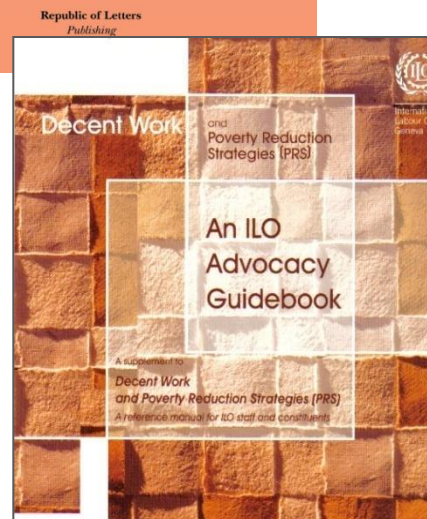


Thank You!!!

TRADE POLICY GOVERNANCE THROUGH INTER-MINISTERIAL COORDINATION

A Source Book for Trade Officials and Development Experts

RAYMOND SANER



National Policy Group
Policy Integration Department