

UNLOCKING RURAL AND REMOTE AREAS' ACCESS TO BASIC ECONOMIC INFRASTRUCTURE AND SERVICES

COWI

Max Hennion, Team Leader; Eddy Bynens, Transport Expert; Litumelo Mate, Cross-cutting issues expert

Access is an important factor in development. People need to have adequate access to water, energy, land, health services, education, transport services and markets. A lack of access due to remoteness or being virtually landlocked limits the opportunity that people have to improve and sustain their social and economic well-being. Improving access and reducing poverty are correlated. A lack of access to economic¹ and social² infrastructure is one of the main underlying factors of poverty, particularly in rural and remote³ areas in Africa.

Unlocking rural and remote areas in Africa is a major challenge for the decades to come and in the same time a unique opportunity to improve the life of millions. For many years now, most of the focus of public investment in basic infrastructure and services (Energy, ICT, road networks) has been rightly put on major links and nodes: interconnexions backbones, regional corridors, ports, etc. These initiatives paved the future of universal access to markets and services, but the process is lengthy, and tangible results for the rural and remote areas might be achieved only in decades.

In most cases, provision of infrastructure is implemented in silo sectorial approaches and through sequential interventions that are poorly coordinated and difficult to integrate after wise, spoiling sizeable opportunities for economy of scale and fast track upliftment of rural communities.

With Agenda 2063 and progress already achieved in several countries, the initial thrust of PIDA must accommodate new dimensions, in line with the recommendation of the Lome AU Specialized Technical Committee on Transport, Transcontinental & Interregional Infrastructure, Energy and Tourism: Unlocking access to rural and remote areas has been identified as a new approach with a high potential for widening the scope of PIDA to contribute to achieve new internationally agreed targets

Strategic Principles

- *Significant economies of scale* can be obtained by providing rural areas at once the full package of basic economic infrastructures rather than in an often-randomly sequential manner, with important time lags between the provision of energy, roads and ICT. A combined provision will also be more effective for quick wins for households, including among the vulnerable groups and

¹ Economic infrastructure is defined as the infrastructure that promotes economic activity, such as roads, highways, railroads, airports, sea ports, electricity, telecommunications, water supply and sanitation.

² Social infrastructure/soft Infrastructure (such as schools, libraries, universities, clinics, hospitals, courts, museums, theatres, playgrounds, parks, fountains and statues) is defined as the infrastructure that promotes the health, education and cultural standards of the population – activities that have both direct and indirect impact on the welfare and lifestyle.

³ Island states and landlocked countries.

for women, with strong incentives at once to increase price at farm's gate, change crop patterns, start income-generating activities and resort to commuting or seasonal migrations for more job opportunities. Another benefit will be for the infrastructure's operators to reduce their accessibility costs compared to ex ante situation of dilapidated rural roads. Quick break out of rural consumers from the rural poverty trap will increase commercial prospects of service providers.

- *Infrastructures and services must be embedded in private-public partnership's arrangements* where the contribution of state budgets should be minimized. Mobilizing private sector investments for rural and remote areas with higher commercial prospects will allow to target more public resources to the most deprived areas. In these areas, short-term financial rentability is not foreseeable and subsidy schemes might even be temporarily needed to improve the access of vulnerable groups to basic economic infrastructures. As for now, infrastructure and services private operators are reluctant to service even rural areas with high potential because financial rentability prospects are much lower and uncertain than within cities where an increasing proportion of the population is getting out from poverty. The involvement of private operators will bring efficiency gains, including cost-efficiency in running services, market-orientation and internalization of the financing of maintenance.

These two above founding principles for unlocking rural and remote areas are **game changers**. They require changes in policy, institutional frameworks, as well as planning and coordination mechanisms for the implementation of PIDA projects. While these changes must be achieved for the implementation of the broader framework of PIDA for its PAP2 (2021 onwards), AU is keen to engage already in servicing rural and remote areas with PAP1 projects that are at identification or design phases. A share to be determined (ranging 5-10%) of these projects should be allocated to components targeting rural/remote areas, either within a sector approach for land transport projects ("dig once") or as a pilot for the provision of multiuse integrated infrastructure and PPPs for integrated service provision.

The New Alliance Model - Meeting the challenge of unlocking rural and remote areas implies a new kind of alliance of the state and its public utilities with private infrastructure and services operators. At varying degrees depending on national contexts, the scheme is for the states to contribute financially to construct the full package of rural economic infrastructures at once (rural roads, electrification and ICT coverage), and for the private operators to blend financially the operation, get it constructed, and then operate and maintain these infrastructures on a commercial basis.

From this starting point, many implementing modalities can be envisaged and many more difficulties can be anticipated considering the scope of the innovation sought and the wide diversity of contexts and policy frameworks across Africa. The team is reviewing (diagnostic phase) similar or related innovative initiatives across Africa and worldwide to grasp from experiences how to, among others:

- Combine rural roads construction with the deployment of one multi-purpose or several conduits anticipating on provision of ICTs or else ("dig once");
- Lower investment barriers with infrastructure sharing in energy and ICTs;
- Promote infrastructure integrator under PPP schemes at local level servicing two or more economic infrastructures;
- Cross-subsidization of rural economic infrastructures; ex. financing of rural roads spot improvement by infrastructure services provider;
- Introduce tariff equalization at local level;
- Contract rural roads maintenance under performance-based schemes;

- Use of ICT technology in planning implementing and operating the infrastructure using the Internet, mobile telephone, GIS technology, drones,
- etc...

The objectives of **COWI** assignment are twofold:

- **Develop an integrated strategy for the sustainable development of access to priority infrastructure for rural and remote communities;**
- **Elaborate two integrated pilot projects** for rural and remote communities' access to basic infrastructure, around selected regional linear infrastructure projects underway or implemented under PIDA.

The progress to-date is presented below.



