Role of public infrastructure in reshaping Asia's future

The role of infrastructure in impacting economic growth and welfare has been studied across literature intensely during the past three decades. Post World War II reconstruction gave us a model where governments used to invest in economies so that an enabling environment can be created for the private sector. This view led to infrastructure being viewed as a public good (or its variant) and for many countries its provision became the sole responsibility of the state.

Later, however, many experts realized that infrastructure needs to be divided into public works (mainly focusing on construction of infrastructure) and public service delivery (provision of utilities such as electricity and water). While the former in the developing countries still remains a public sector domain, the latter has seen the involvement of private sector (through unbundling of supply chain).

More recently in the wake of commodities price hike and the global financial crisis, developing countries have found it hard to sustain investment in infrastructure. This has led to closure of mega projects particularly in energy and water sectors, escalation of costs, time over-runs, etc. Increasingly, we see the governments now turning to alternate modes of financing, which include private sector participation e.g. public private partnership models and build, operate and own models. However, even these modes of financing have been found challenging as most developing countries have yet to come up with a legal and regulatory framework for such transactions. Until then infrastructure financing continues through foreign aid, raising taxes, imposing development and user charges.

There are also inter-regional and intra-regional inequalities as regards the access to even the basic infrastructure. This situation has forced people to migrate to cities in search of increased opportunities. Today South Asia is one of the fastest urbanizing regions. This has in turn put pressures on the already stressed urban infrastructure.

In view of the above mentioned, this panel will make an effort to study provision and financing of public infrastructure through alternate financing modes namely. The analysis will also go beyond mere availability of financing and also focus on governance issues that curtail efficiency of infrastructure. The panelists will focus on quantitative approaches in order to draw linkages between infrastructure, growth and poverty.

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