

Session #7: Infrastructure policies and emerging issues

A note on the readings:

You may have noticed that all readings for this week are from the World Bank. Keep in mind several attributes of the World Bank as an inter-governmental development agency when reading and interpreting those materials:

1. Its studies and approaches take an international perspective rather than a country-specific one. Access to governments of its member countries offers many valuable data for cross-country comparisons.
2. Its mandate is poverty reduction in the developing world, by lending projects (many in the infrastructure field) and providing policy advice. A common feature of many developing countries is lack of capacity or resources on the government side, as well as the inefficient or distorted market.
3. Politically, World Bank projects have to show effectiveness to its donors. (Not so different from domestic politics where spending ministries have to answer to the president on the value of their projects.) Think of the implications.
4. World Bank policies and projects are not without controversy. Many analysts criticize it for taking a liberal stance that stresses less government intervention and market liberalization. Judge for yourself how their policy recommendations are in the assignment readings.

Key questions:

- In general, how does the policy community interpret and react to findings from academic research?
- What are some of the emerging issues related to infrastructure highlighted in the readings?
- (Open question) All authors are looking at policy options and policy reforms in development countries. How much is this relevant to policy making in the United States or other developed countries that you are familiar with? What are the similarities and differences in economic, political and social contexts? How does that affect the infrastructure policy in different contexts?

Specific questions on each article:

Bourguignon: Rethinking Infrastructure for Development

- The author calls for “rethinking” of infrastructure strategy, pointing out that the traditional cost-benefit analysis approach to assessing successes of infrastructure projects is not working well. Why? What does he suggest?

Flyvbjerg, Policy and Planning for Large Infrastructure Projects: Problems, Cures, Causes

- What is the major problem in planning large infrastructure projects?
- (Open question) The author proposed several explanations for the causes for this problem (technical, psychological, political-economic). What explanations do you find convincing and what not? Does this vary in different contexts (developing versus developed countries, different political systems etc)
- How does the author suggest to cope with this problem? What do you think of the effectiveness of such coping strategies?

Briceno-Garmendia et al, Infrastructure Services in Developing Countries: Access, Quality, Costs, and Policy Reform

- In summarizing findings on the impact of infrastructure, the authors listed many conclusions we have already come to from readings for previous sessions. One conclusion somewhat new is that they stressed that the impact of infrastructure varies across income groups. What implications does this have to infrastructure investment?
- What do the authors mean by policy reforms for infrastructure? Why do the authors think policy reforms are needed? Do you agree? (Are there other reasons for reforms? Are reforms always the right thing?)

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11.165 / 11.477 Infrastructure in Crisis: Energy and Security Challenges
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