

Financing Rural Roads

Numerous studies document the importance of access to rural development. Poverty alleviation studies also document the relationship between access and the extent of poverty. Rural roads constitute the main inter-village roads of the formal local road network and the community roads, tracks and paths that link villages. The latter are often unclassified and the total distance is unknown. In many countries, the rural network constitutes about 70% of the total road network.

The size of the rural network makes the financing of rural construction and maintenance a major component of the total road finance requirements. One way of containing costs is to build roads according to current/near term traffic using construction methods that minimise maintenance costs. Another way is to divide responsibility: those roads that distribute goods to/from rural markets are maintained as part of the national transport delivery system and those that are farm to market centre fall under the purview of the Ministry of Agriculture and locality.

There are several main models used for the financing and management of rural road programmes. In most countries, rural roads are funded as a budget line item, often complemented by donor support. Rural road agencies or programmes can be managed centrally or decentralised to local government. The advantages of administering the road projects centrally are:



- availability of technical and managerial expertise,
- access to road construction/maintenance equipment and
- more effective mobilisation of funds through the national plan or donors.

The disadvantage is that the planning process may not adequately reflect local needs and priorities. It may not take into account local resources and economic opportunities that can be developed with adequate transport infrastructure nor the means of transport likely to be used. Where a decentralised system has been introduced, it may take better account of local priorities. This will be dependent on the degree of information available to the local government and the institutional structures to assess priorities and opportunities. Nevertheless, local administrations often don't have the specialised engineering expertise nor the equipment necessary to undertake construction or maintenance work. To overcome the institutional limitation, many sector wide approach (SWAp) programmes, put particular emphasis on the stakeholder information, input and review process.



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Several specific models have been developed to increase quality and output of rural road construction and maintenance and to increase the economic impact on local communities. In [Vietnam](#), [community funding and labour](#) are used to enhance what can be done through budgetary funds. Vietnam is also seeking to strengthen private construction company participation. [Argentina's Output-based Aid contracts for road maintenance](#) have been successful and [Namibia has developed a labour-based rural road programme](#) that incorporates SME development. When rural roads are incorporated into agricultural development programmes, [agricultural levies](#) on produce sold can pay for maintenance and further development, as in India.

A variety of approaches are being used for financing rural road infrastructure and integrating its development into broader programs that, if successful, may make more community and user funding available. This financing is more likely when rural road development includes strengthening community institutions, employment and businesses. Several

mechanisms have been tried to provide incentives for the quality of road work undertaken and to incorporate on-going maintenance into road construction projects. Because of the high public good benefits to rural roads it is likely that governments, whether national or provincial, will retain a major role in rural road investment and maintenance. In the near term, many countries will continue to rely on some donor support to achieve their goals.

Key Documents:

- Rwebangira, T "[Rural Roads Stimulants of Economic Development](#)", May 18, 2005.
- The World Bank, "[Rural Finance Innovations: Topics and Case Study](#)", April 2005.

Presentations:

- Plessis-Fraissard, M "[Planning Roads for Rural Communities: World Bank Approach](#)", June 25, 2007

For further information

Contact Caroline Visser, gTKP Finance & Economics Champion at caroline.visser@gtkp.com