Financing and Obtaining Value for Money from Supporting IMT

Presentation Objectives

- To shed some light on the financing modalities
- To identify interventions that have sustained impact on IMT use
- To assess knowledge gap in this area

Why IMT?

- Major transport burden on rural people – two decades of research
- Joint public-private partnership – infrastructure and services
- Questions remained about the model's validity
- IMT is suitable for carrying small load over a short distance
- One of the answers to increase rural mobility

Assumptions: IMT Support Projects

- IMT – private sector operations
- Support needed for:
  - To Introduce new IMTs
  - To overcome cultural barriers
  - To develop local capabilities for production and maintenance
  - To create “seed” money for sustainable operations
- Generally one off operations
- Usually in conjunction with infrastructure financing

Features : Typical IMT Project

- Based on few projects ITT auditing
- A small proportion of the overall project costs
  - Small proportion of the project costs (2.5%)
  - could be over 1 million (Zambia)
- Managed by:
  - PMU, NGO or other organisation
- Ranges from Demonstration to comprehensive interventions

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Value for Money

- **Institutional responsibility**
  - High success probability – proper institutional responsibility – Zambia vs. Ghana
- **Demand Assessment**
  - Potential utility: basic, wider socio-economic and life enriching activities
  - Potential income earning opportunities
  - Ghana and Zambia donkey carts

Value for Money

- **Appropriateness and affordability**
  - Proportion of HH income – 20% to 250%
  - Not always a function of initial costs
    - Bicycle trailers vs. donkey carts
  - Need appropriate Infrastructure
- **Supply**
  - Critical mass for sustainability
  - Use of Private sector

Value for Money

- **Credit**
  - It is a must
  - Model: produced and supplied
  - Appropriate recovery mechanism: NGO
- **Design and Maintenance**
  - Simple design – more chance of success
  - Development of critical mass
  - Capacity development of local artisans
  - Monitoring and feed-back mechanism

Knowledge Gap

- One of the objectives of the workshop
- IMT research
  - Hardly any empirical evidence exists
  - Mid-80s and late 90s and 2002
- What we know?
  - Scratching the surface!

Knowledge Gap

- **Do we know what are the significant factors that triggers mode ownership**
  - **ITT quick demand appraisal study**
    - **Links ownership with demand and income**
    - **Simple correlation?**
- **Asia-Africa Divide**
  - **Is the difference due to demand density?**

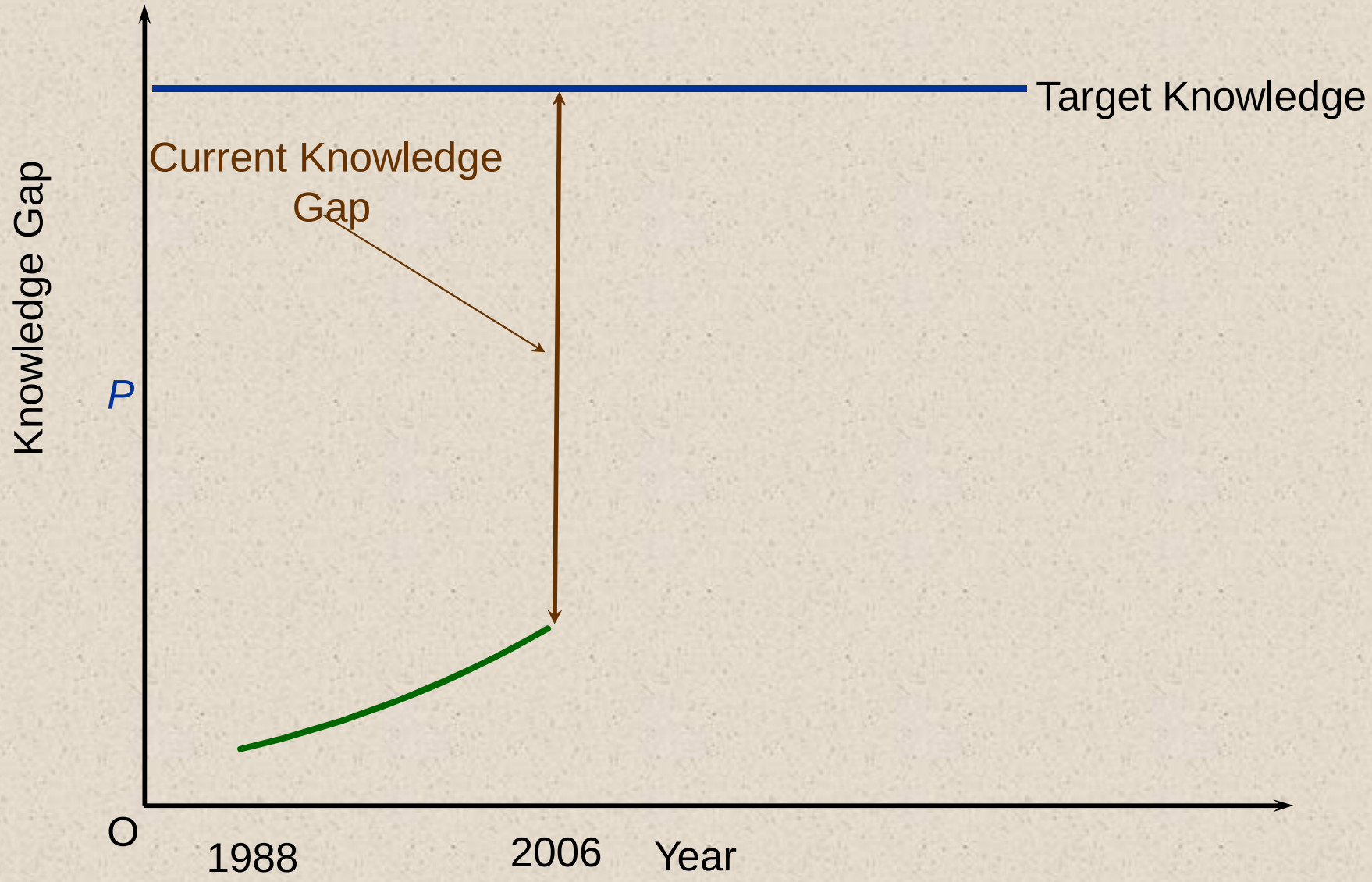
Knowledge Gap

- Two simple country comparison

Country	Population density	GNI per capita
Ghana	79 person/sq km	$320
Tanzania	76 person/sq km	$320

- Can we explain the variance in IMT response?

Current Knowledge vs. Knowledge Gap



Challenges

- Very limited knowledge – need to face the challenges
- Identification mode ownership factors and quantification of their influence
  - Can feed into the policy
  - Methodology available
- Look more closely at the Asia-Africa divide and understanding the factors

Conclusions

- Finance
  - Part of a infrastructure project
  - Small amount usually invested
  - Mainly promotion and capacity bldg.
- VFM
  - Demand
  - Affordability and appropriateness
  - Supply
  - Design and Maintenance
  - Credit
- Challenges
  - Ownership factors
  - Asia-Africa divide

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Thank You