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MEGA TRANSPORT AND LOGISTICS INFRASTRUCTURE PROJECTS IN DEVELOPED AND DEVELOPING COUNTRIES: THE ETHICS OF INVESTMENT AND THE COST OF FAILURE.

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Purpose:

There is historical evidence that the success rate for major infrastructure projects in developing countries is significantly lower than in those with more mature economies. Further, it is perhaps axiomatic that developing countries have greater difficulties funding such projects and have less capacity to absorb any losses incurred. In addition, it could be argued that any finance available could be better deployed, at least in the short term, to address immediate issues such as providing medical or famine relief. This situation is often exacerbated by the over-optimistic claims of project advocates (Fiedler. J., Kostka. G., Anzinger. N., & Schuster. S., 2016) and the belief by populous of some developing countries that any benefits accruing from such projects will not be fairly distributed (Jenkins. A.K. & Savage. C.J., 2016).

In the light of this is it morally or ethically justifiable to invest in long term infrastructure projects in the hope of improvements through trade development when the chances of success may be limited and there are more urgent needs for finance?

Research approach:

The research is exploratory in nature and uses a qualitative design, incorporating multiple case studies that have been deliberately selected because they share a common feature (Saunders, Lewis & Thornhill, 2012), namely these megaprojects are deemed to have failed (although the meaning of failure needs to be established). The selected mega transport and logistics infrastructure projects are located in either a developing country (South Africa) or a developed country (Germany) to establish the effects of failure on the country concerned. Major issues and themes are identified from a comparative analysis of the case studies (Quinlan, Babin, Carr, Griffin & Zikmund, 2015) and conclusions drawn.

Findings:

The findings synthesised information from previous research, literature and new data to define types of project failure and their causes as well as the probable impact of both success and failure. This showed that, in developing countries, the chances of major infrastructure projects succeeding, generating income through increased trade and retaining it in the country as well as distributing it evenly across the population are not great. Combining the probabilities of these factors suggests that the chance of such a development succeeding and leading to a genuine distribution of the resulting income is likely to be very small.

Financial resources tend to be limited in developing countries, their capacity to absorb the impact of failure very small and what financial resources are available may be needed urgently for other purposes, such as medicine or famine relief. Set against this is the consideration that if no infrastructure investment is made, logistics and therefore trade development will also be restricted.

Therefore, there is an ethical dimension to the risk assessment and decision making process that should precede the commissioning of these projects.

Research Impact:

The output supports previous research and challenges the ethics of developing nations making speculative investments in major infrastructure developments where this may restrict the funding of potentially more immediately beneficial projects.

Practical Impact:

The identification of this ethical issue could contribute to triple bottom line costing of future large infrastructure developments in developing countries. The research shows that project risk and benefit analysis in developing countries must include the impact on those members of the population living at a subsistence level, who may not have a 'political voice' as well as those that may be more obvious beneficiaries.

Keywords: Transport infrastructure projects, developing countries, sustainable development, ethical costing.

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