



HOW TO GET INFRASTRUCTURE GOVERNANCE RIGHT AND THE STATE OF PLAY IN OECD COUNTRIES

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*Presenting work and data from the OECD Network of Senior
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1. Establish a national long-term strategic vision that addresses infrastructure needs.

- **Why is this important?**

- Provides a coherent view across institutions, jurisdictions, levels of government and policy areas
- Balances multiple objectives and identifies complementarities across sectors
- Avoids conflicts over land use
- Should provide predictability beyond the political cycle

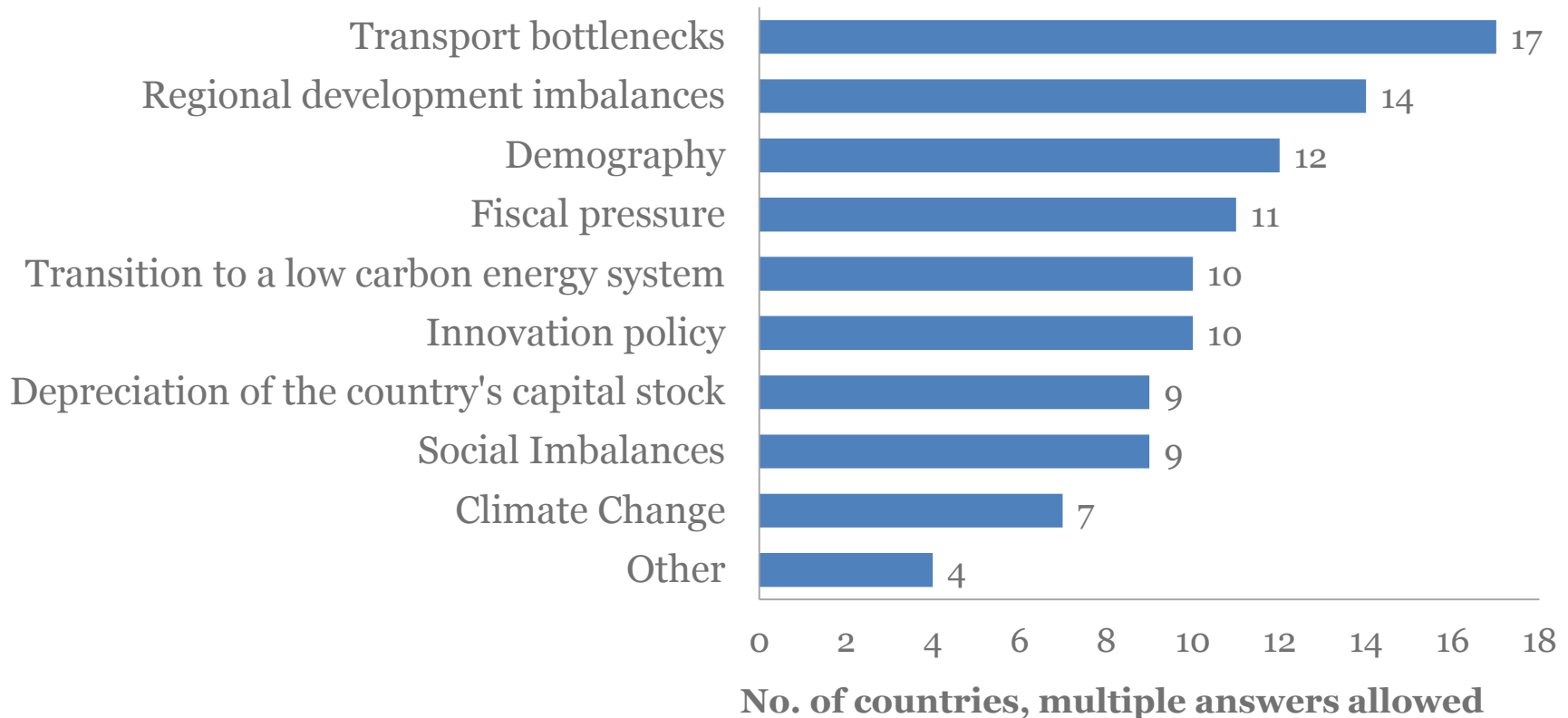
Indicators:

- A long-term strategic plan; strategic frameworks; funding allocation; dedicated processes and units; existence of inter-departmental/SNG platforms



Closing the infrastructure gap is the main driver for infrastructure plans

What are the key pillars of the current strategic plan?



Note: Total respondents: 19. Other key drivers include specific transport goals (40% of freight traffic on rail by 2025 (Austria), a wider set of goals (Norway), determining levels of service, better asset management, optimised decision-making frameworks (New Zealand) and minimizing spatial consumption, optimizing traffic organisation in urban and semi-urban zones (Switzerland).

Source: OECD (2016), OECD Survey of Infrastructure Governance



but integrated long-term strategies are missing in many countries

About half surveyed countries have a LT integrated strategic infrastructure plan, but many countries still rely only on sectorial infrastructure plans

Countries with LT strategic infrastructure plan	Countries with only long-term sectorial infrastructure plans
Australia	Belgium
Austria	Chile
Hungary	Czech Republic
Italy	Estonia
Japan	France
Mexico	Germany
New Zealand	Ireland
Republic of Korea	Norway
Spain	Slovenia
Sweden	Switzerland
Turkey	
United Kingdom	
South Africa	

Note: Total respondents: 24. Other forms of strategic planning include medium term (6-7 years), sector and regional plans.

Source: OECD (2016), OECD Survey of Infrastructure Governance



2- Manage the integrity and corruption threats at all stages of the process

- Why is this important?
 - High vulnerability to corruption due to size and complexity of projects
 - Undermines fairness, fiscal prudence and cost-effectiveness
 - Corruption can occur at any stage of the project.
- Benchmark indicators
 - Adequate conflict of interest policies
 - System of internal controls
 - Reporting mechanisms in place
 - Existence of standards regulating lobbying activities and transparency



Integrity and corruption threats in infrastructure are recognised

Is there a specific law in place that seeks to minimize the risk of corruption in infrastructure ?

Is there a specific law in place?

Belgium

Czech Republic

Denmark

France

Germany

Ireland

Luxembourg

Mexico

Norway

Korea

Slovenia

Spain

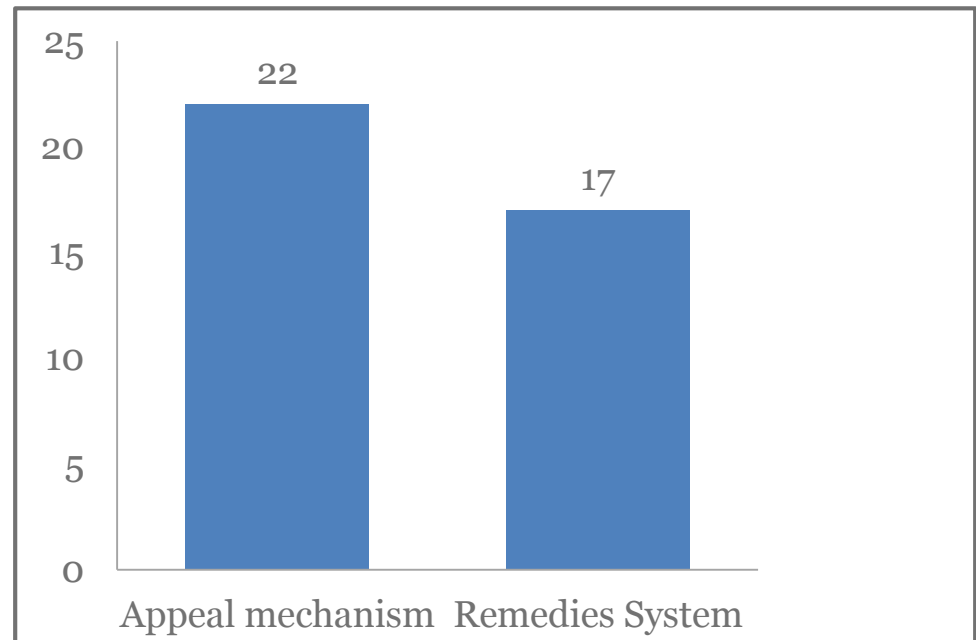
Turkey

Non-OECD

Philippines

South Africa

Countries with appeal and remedies measures in place:



Source: OECD (2016), OECD Survey of Infrastructure Governance

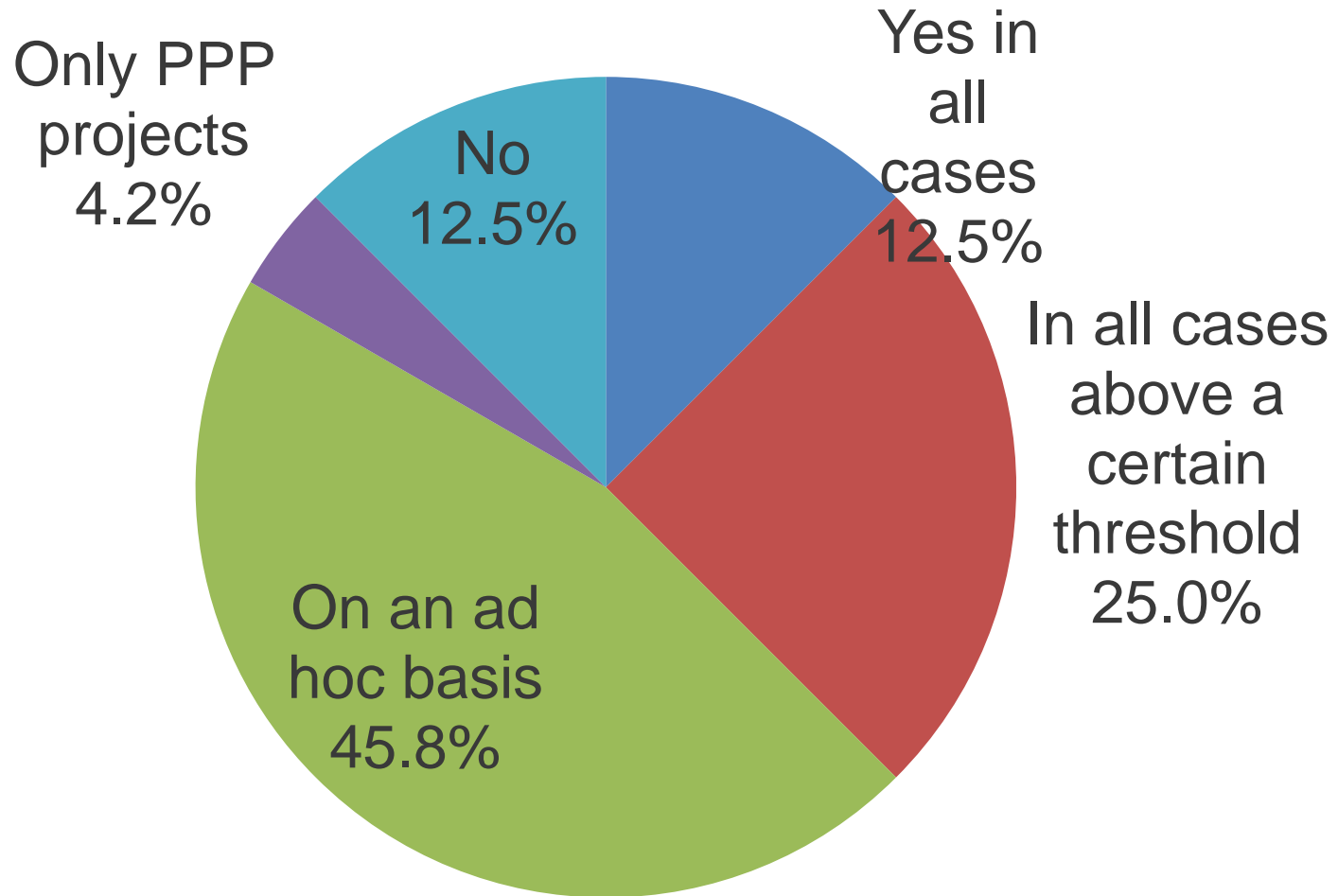


3- Establish clear criteria to guide the choice of how to deliver/procure the asset

- Why is this important?
 - Finding the most *efficient* delivery mode
 - Ensure relative value-for-money (e.g PPP vs TIP)
 - Optimal allocation of risks
- Benchmark indicators
 - Formal set of criteria for prioritisation, approval and funding
 - Formal process to ensure *relative* value for money
 - Competitive tender process
 - Dedicated procedure for identifying and allocating clearly risks between public and private parties



The choice of how to procure a project is rarely based on a quantitative comparison





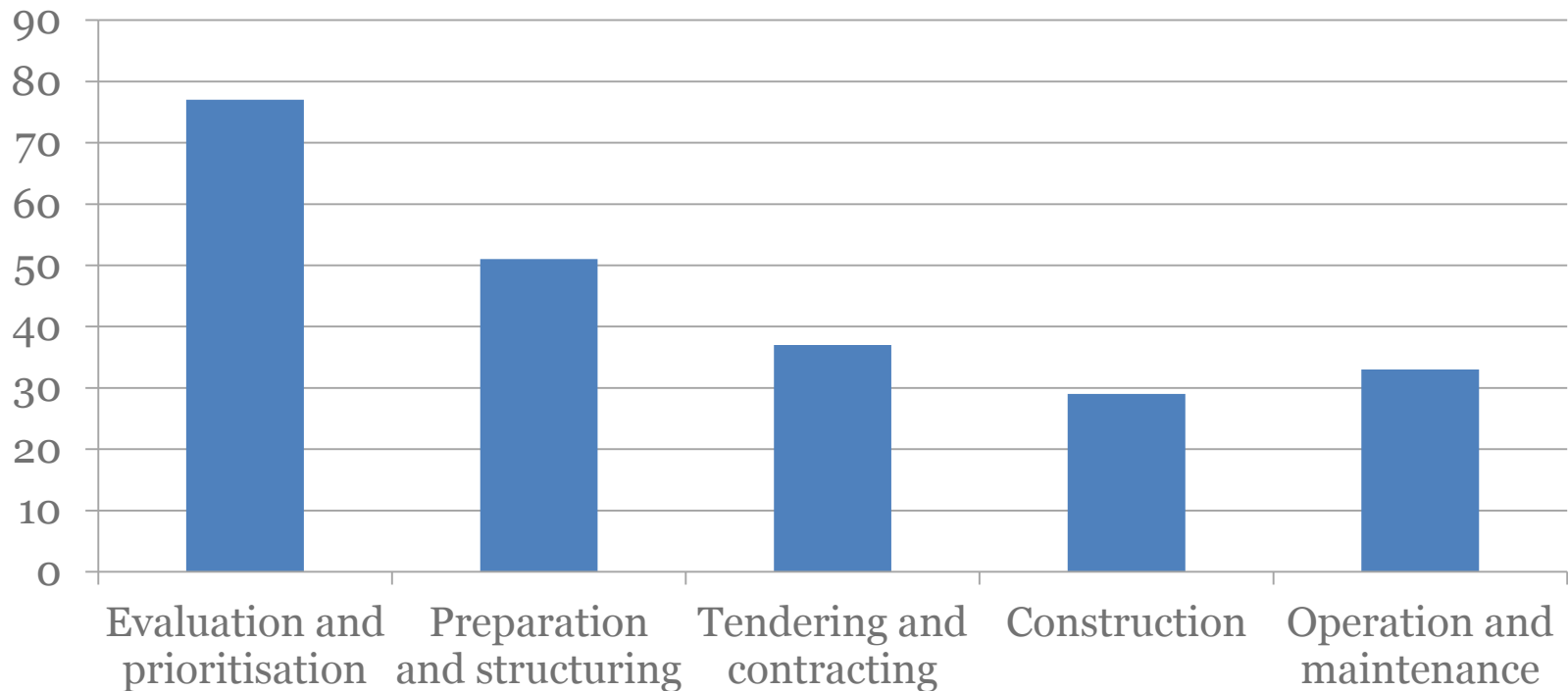
4- Ensure good and stable regulatory design

- Why is this important?
 - Reduce uncertainty of the "rules of the game"
 - Incentives to invest in, maintain, upgrade and decommission infrastructure
- Benchmark indicators
 - Use of evidence-based tools for regulatory decisions:
 - Impact assessment
 - Ex-post evaluation
 - Independent and accountable regulators with scope of action



Poorly defined institutional responsibilities can weaken the regulatory framework

Number of institutions responsible for stages of the infrastructure governance cycle



Note: Total number of respondents: 25

Source: OECD (2016), OECD Survey of Infrastructure Governance



5- Integrate a consultation process

- Why is this important?
 - Identify and meet user's needs
 - enhance the legitimacy of the project amongst the stakeholders
 - bring a sense of shared ownership
- Benchmark indicators
 - National open government strategy or guidelines
 - Mapping of stakeholders
 - Stakeholder consultation fora or participatory budgeting programs
 - Participatory auditing procedures
 - Outreach tools to provide public information

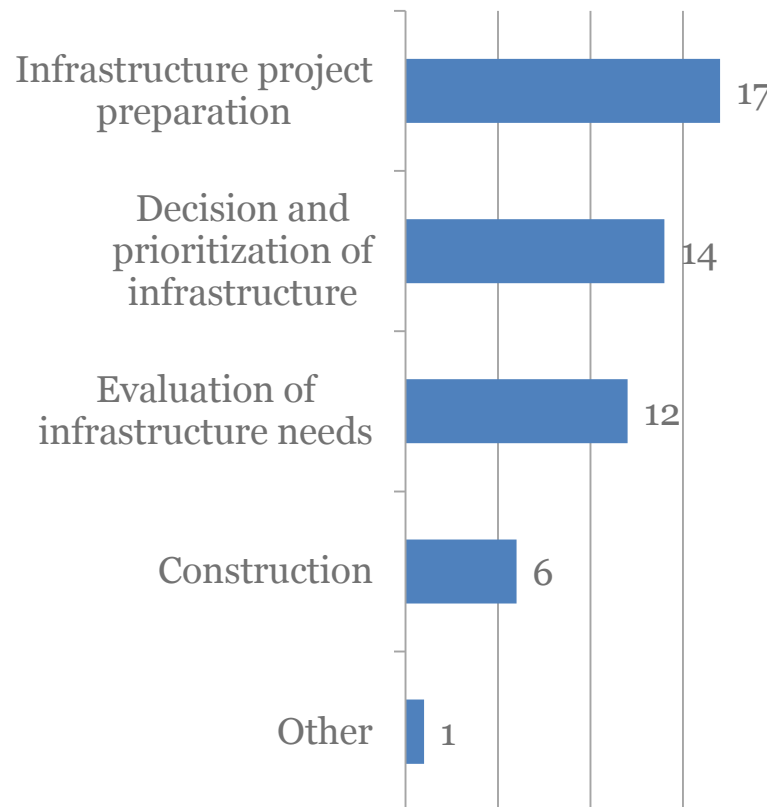


Consultation processes are well integrated in the project development

Are there mandatory consultation processes?

Yes	No
Australia	Belgium
Austria	Finland
Chile	Luxembourg
Czech Republic	Mexico
Denmark	Turkey
Estonia	Japan ^{na}
France	
Germany	
Hungary	
Ireland	
Italy	
New Zealand	
Norway	
Korea	
Slovenia	
Spain	
Sweden	
Switzerland	
United Kingdom	
Non-OECD	
Philippines	
South Africa	

At which stages of development do consultation processes take place?



Note: 27 countries, including Philippines and South Africa, Other not specified
Source: OECD (2016), OECD Survey of Infrastructure Governance,



6- Co-ordinate infrastructure policy across levels of government

- Why is this important?
 - Reduce gaps, overlaps, or contradictions between policy objectives, fiscal arrangements and regulations
 - Align strategic priorities
 - Achieve economies of scale for infrastructure investment
- Benchmark indicators
 - Formal mechanisms/bodies for co-ordination of public investment across levels of government
 - Coordination bodies/mechanisms have a multi-sector approach
 - Co-financing arrangements for infrastructure investment
 - Higher levels of government provide incentives for cross-jurisdictional co-ordination



Robust coordination mechanisms across levels of government are lacking

Do national PPP units or Infrastructure Units in the Central Government strengthen the capacities of sub-national governments to design and run PPP or infrastructure projects in general?

Yes	No
Australia*	Austria
France*	Chile
Germany*	Denmark
Italy*	Estonia
Republic of Korea*	Finland
Spain*	Hungary
United Kingdom*	Japan
Czech Republic	Luxembourg
Ireland	New Zealand
Turkey	Norway
	Slovenia
<u>Non-OECD</u>	Sweden
Philippines*	Switzerland
South Africa	Mexico ^{na}

Note: Total respondents: 23; * Without mandate.

Source: OECD (2016), OECD Survey of Infrastructure Governance



7- Guard affordability and value for money

- Why is this important?
 - To ensure public infrastructure is affordable for the public and the users
 - To maximise value for the society as a whole (absolute vfm/cba)
- Benchmark indicators
 - Green-lighting role of Central Budget Authority
 - Tests to control the maturity of the unit responsible for project delivery
 - Formal requirement to account for contingent liabilities and running costs
 - Formal requirement for ensuring absolute value for money
 - Accounting standards



Ensuring absolute value for money from infrastructure projects is seldom formalised

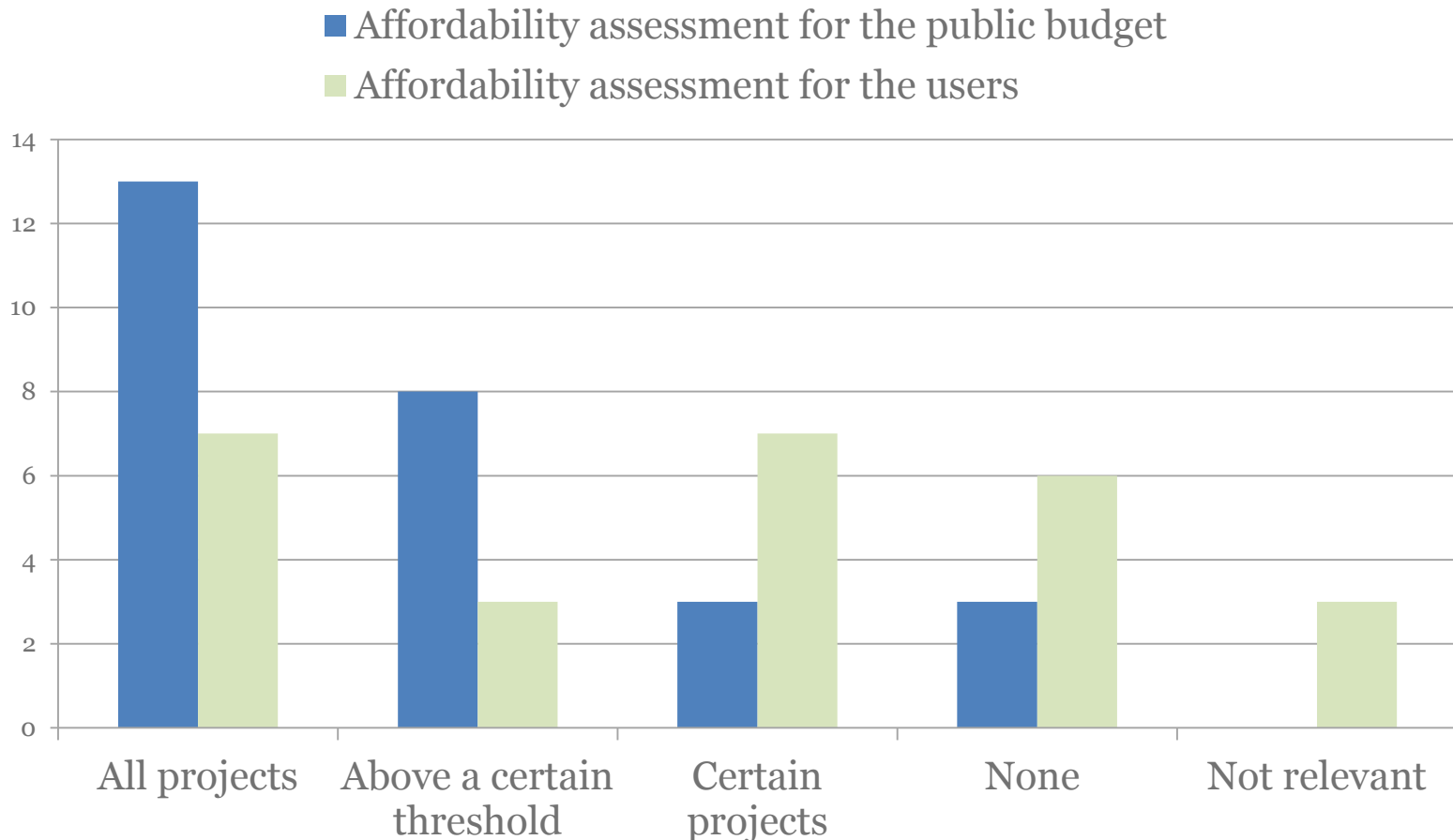
Is there a formal process/legal requirement for ensuring absolute value for money from infrastructure projects?

Yes in all cases	Above a certain value threshold	On an ad hoc basis	Only PPP Projects	No
Australia	Hungary	Czech Republic	France	Austria
Germany	Ireland	Denmark	Mexico	Chile
Italy	Japan	Finland		Estonia
UK	New Zealand	Switzerland		Luxembourg
	Norway	Belgium		Slovenia
	Korea			Spain
	Turkey			Sweden
	Non-OECD			
	South Africa			
	Philippines			



Most assess affordability for budget, users less

Affordability assessments



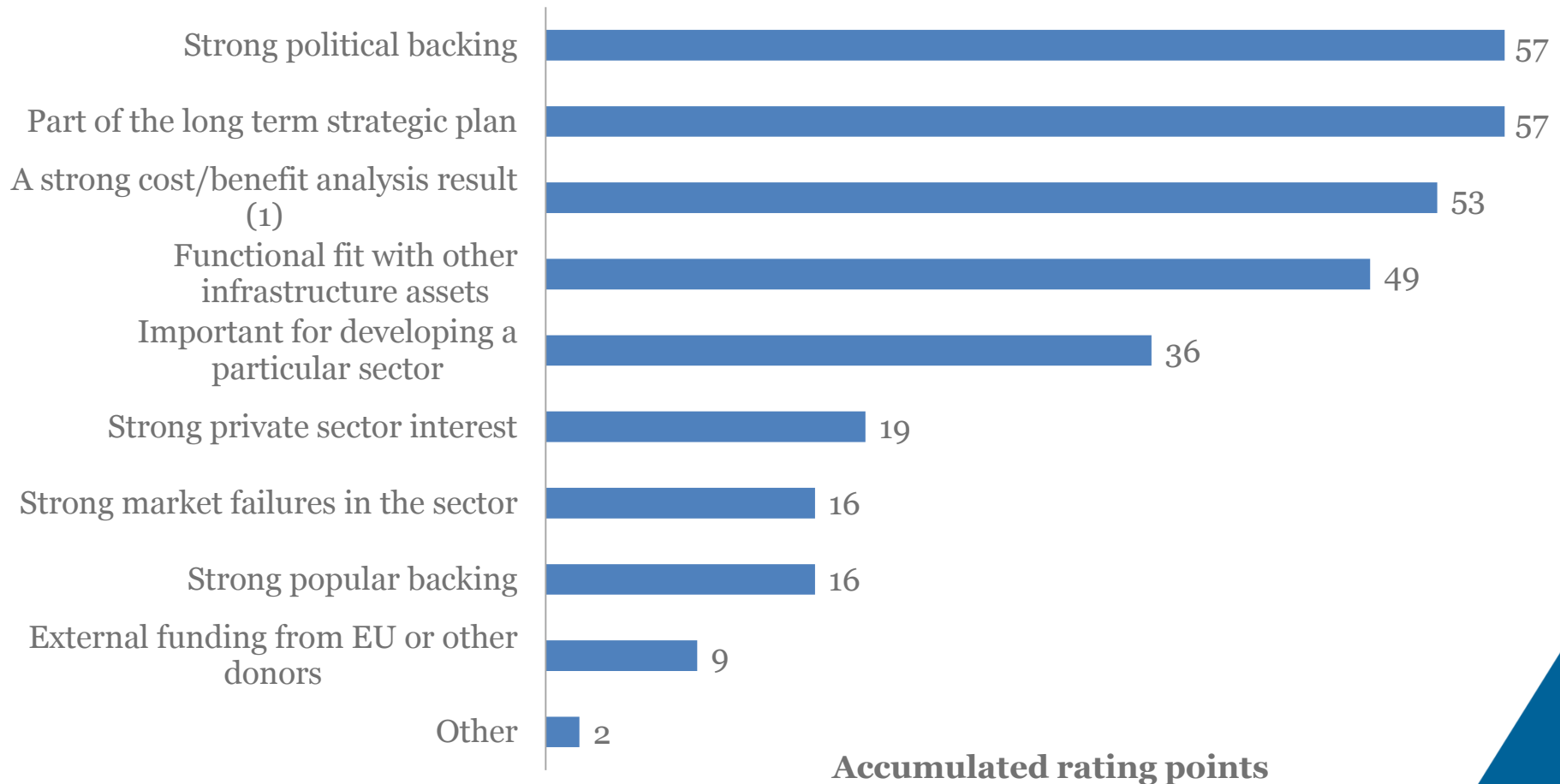
Note: Total respondents: 25

Source: OECD (2016), OECD Survey of Infrastructure Governance



Political motivation are often behind infrastructure investments

Determinants for project funding



1. i.e. strong absolute value for money/socioeconomic benefit



8- Generate, analyse and disclose useful data

- Why is this important?
 - Fundamental element of any value for money test
 - Effective monitoring of assets' performance
 - Lack of data impedes systematic ex-post learning
 - Data disclosure enhances transparency and accountability
- Benchmark indicators
 - Central unit for the collection, disclosure and analysis of data.
 - Key Performance Indicators to assess infrastructure performance
 - Disclosure of data in an open format (eg. website)



The lack of data impedes accurate analysis and evaluation of projects

Is there a central, systematic and formal collection of information on financial and non-financial performance of infrastructure?

Yes	No
Australia	Austria
Finland	Belgium
Japan	Chile
Mexico	Czech Republic
New Zealand	Denmark
Korea	Estonia
Spain	France
	Germany
	Ireland
	Italy
	Luxembourg
	Norway
	Slovenia
	Sweden
	Turkey
	Switzerland
	United Kingdom
	Hungary ^{na}
Non-OECD	Non-OECD
Philippines	South Africa

Who collects information on financial and non-financial performance of infrastructure?





9- Make sure the asset performs throughout its life

- Why is this important?
 - Maintaining value for money through the performance of the asset
 - Strengthens the public interest
 - Makes service providers more accountable
- Benchmark indicators
 - Policy document for ensuring performance from assets regulated by agency (sector regulator) or by contract with line department or similar
 - Strategy for re-negotiations
 - Ex-post evaluation of value for money



Performance throughout the life of an asset requires more attention

Is there a formal policy ensuring that the relevant line ministry or agency conducts performance assessment of each project?

Yes	No
Czech Republic	Australia
Finland	Austria
Germany	Belgium
Ireland	Chile
Italy	Denmark
Japan	Estonia
Mexico	France
New Zealand	Luxembourg
Korea	Norway
Spain	Slovenia
Turkey	Sweden
United Kingdom	Switzerland
Non-OECD	Hungary
Philippines	
South Africa	

Note: Total respondents: 25

Source: OECD (2016), OECD Survey of Infrastructure Governance



10- Ensure resilience of public infrastructure

- Why is this important?
 - Significant socio-economic and environmental impacts of disasters
 - Disaster may cut-off citizen's access to basic life lines
 - Functional dependencies and interdependencies between different sectors of critical infrastructure
- Benchmark indicators
 - The presence of a disaster risk assessment plan
 - The presence of designated authorities responsible for tackling disasters

Cases:

UK Committee on Climate Change



Main messages

- Infrastructure is high on the agenda, but there are still gaps in terms of institutions, tools and processes.
- Some dimensions are well recognised – e.g. corruption, budget affordability.
- Others need more work – e.g. strategic planning, coordination across levels of government, systematic data and learning.
- It's a field that is moving rapidly forward and hopefully we will see rapid change in the next 3-5 years.