



3rd OECD Forum on Governance of
Infrastructure
**In the Public Interest – Delivery of Sustainable,
Transparent and Inclusive Infrastructure**

SUMMARY

26th March 2018, OECD Headquarters, Paris

The **3rd OECD Forum on Governance of Infrastructure** addressed the key question of how to improve the public benefit of infrastructure investment, and to ensure that infrastructure projects are planned, prioritised, delivered and managed in a way that is not only economically efficient, but also sustainable, transparent and inclusive. The Forum supported the view that the challenges in Infrastructure Investment are unprecedented due the scale, urgency and transformational impact they could have.

Public governance standards, practices and capacities largely determine the success of a country in delivering quality infrastructure for its citizens as well as improving the economic impact of specific investment programmes. Quality infrastructure, as one of the key pre-conditions of sustainable economic growth, depends on the ability of governments to systematically apply core infrastructure management concepts of resilience, technology, innovation, public consultation and value for money, in an effective way, blending both public and private sector resources and capacities.

The Forum discussion demonstrated that a strong international consensus has emerged around the importance of strengthening governance of infrastructure. The meeting highlighted the challenges, as well as the corresponding innovative solutions that are now widely known across a broad range of issues, including consultation and stakeholder participation; the potential contribution from new technologies and digitalisation, as well as the benefits of making greater and systematic use of r better data to support transparent and evidence-based decision making.

This year the Forum brought together more than 170 decision-makers from the international community, notably senior Infrastructure and PPP delegates from OECD as well as non-OECD countries from centres of government, ministries of finance, infrastructure, transport, public works and development, at national and sub-national levels of governments. The event also benefited from a strong attendance of civil society organisations, private sector representatives, international bodies such as the IMF, the Asian and European Investment Banks, the G-20 Argentinian Presidency, GIH (Global Infrastructure Hub), SIF (Sustainable Infrastructure Foundation), and the OECD's key partners for the Event –LTIIA (the Long-term Infrastructure Investors Association), Infrastructure Transparency Initiative, the Sustainable Infrastructure Foundation, and the World Bank –.

The key messages identified in the presentations and open discussion included:

- Improved **Governance in Infrastructure** is crucial to the targeted scaling up Investment in Infrastructure, whether through new partnership arrangements between the public and the private and/or through mobilizing domestic resources and savings of national markets for investment in infrastructure. Strong institutions, effective policy frameworks and good governance are at the core of this initiative. A weak public framework will undermine the required private sector confidence to be a long term partner with the public sector in strategic infrastructure investment necessary to implement the SDGs and the G-20 objectives.
- **Private investment** is not only critical to meeting the public objectives of infrastructure investment, it is essential to closing the investment gap as the public sector has insufficient resources and skills to substitute for the private sector in this role. A growing proportion of infrastructure services has been delivered through PPPs In the last decade. According to the IMF, in advanced economies the PPP capital stock averaged around 1 percent of GDP in 2013, while in emerging and low-income developing countries PPP capital stock has increased more rapidly to an average of around 5 percent of GDP.
- There is an urgent need to adapt the **risk sharing and governance models** applied to each sector and each country so that they are fit to deliver the strategic objectives of the SDGs and the G-20 as well as country specific requirements. Even though private sector investment is already substantial, if not dominant in certain sectors, there is considerable

policy and market uncertainty on the future role and the sharing of risks between the public and private sectors. Good governance, including **transparency and openness**, is expected to increase public as well as market investor confidence and help to draw in private finance at sustainable levels.

- In the context of declining public trust in government, and limited available data, greater **citizen engagement and buy in** becomes crucial to restoring confidence and community acceptability of priority strategic investments. However, current approaches have oftentimes shown themselves to be inadequate and fail to avoid repeated confrontations over individual infrastructure projects. While transparency is key to restoring community confidence, a traditional approach is not sufficient to meet the challenge in an era of disruptive technologies where consultation must be adapted to the requirements of a Digital and multi-centred decision making. At the same time, too much consultation can slow down decision-making. Striking the right e balance depends on building trust among key stakeholders and requires long term commitment.
- **Digitalisation** creates opportunities to transform infrastructure policymaking, with benefits for government, business and citizens. Technology can help to make public management of infrastructure investment more effective, reduce transaction costs and support the quality of services via monitoring systems. The potential of **blockchain** technologies for infrastructure management is one area for exploration, but there are many others.
- **Data collection and processing**, such as the Source Network on Project pipelines instigated by the MDBS and the assessment tools of the OECD, MDBs and IMF as well as many valuable regional and national initiatives, offers opportunities to Governments, public authorities and the private sector to plan and operate infrastructure in a more integrated manner, linking across sectors and jurisdictions. This promises to make infrastructure policy more responsive to citizens needs and to the public interest. The development of more comprehensive data is also a precondition for capital market financing of infrastructure on a substantial scale and of the development of Infrastructure as an Asset Class, one of the key objectives of the G-20 Presidency.
- In fact G20 work on long-term investment finance has repeated that there is currently a shortage of readily accessible, consistent and comparable data on investments and the supply of and demand for long-term finance on which to base policy analysis and conclusions. The G20 and the **G20/OECD Taskforce on Long Term Investment** could play a key role in helping to advance the agenda for research on data gaps in long-term investment supporting sustainable investment in infrastructure and developing infrastructure as an asset class¹.
- The **commitment** of the International Community, Member States and the private sector to improving Infrastructure governance is deep and inspiring. However, as is evidenced by the persistence of the infrastructure gap over many years, it is not yet sufficient.
- The OECD Forum on Governance of Infrastructure is one of the many important and **collaborative steps** being taken by the OECD and its key institutional partners to develop a stronger policy narrative between the G-20, MDBs as well as regional and national institutions so as to enable them to deliver their strategic objectives.

¹ Suggested actions to be considered by the Taskforce and relevant IOs are included in the report [Breaking Silos: Actions to develop infrastructure as an asset class and address the information gap for the G20 \(2017\)](#) delivered to the G20 at the meetings of the Infrastructure Working Group on the 5th of December 2017 in Buenos Aires, Argentina