Symposium on Governance of Infrastructure – 29. February 2016

The high level symposium on infrastructure governance, held on 29th February, focused on the emerging theme of infrastructure governance **following up on the OECD paper endorsed by the MCM and G20 in 2015**. More than 120 delegates from member countries, partner countries, international organisations and other stakeholders assembled in Paris to address three major issues:

i) "What is the problem? Mapping the gaps in infrastructure governance today"

ii) "What is good planning? Deciding how to procure, operate, allocate risk, and make the right public sector skills available."

iii) "How to ensure projects are clean – managing corruption, stakeholders, and transparency."

The following messages emerged from countries' experiences, input from key decision-makers working on projects such as the new Mexico Airport, Crossrail in London, and reflections from financiers, civil society and other experts:

- The lack of an integrated view of the governance of infrastructure has impeded government's abilities to make strategic, productivity-enhancing and inclusive infrastructure services available throughout OECD and non-OECD countries.
- If infrastructure is to play the role as one of the 'booster rockets' of investment for the global economy, this gap in strategy and knowledge needs to be urgently addressed.
- In order to meet the infrastructure governance gap, the OECD and partners need to develop a more detailed framework that can be applied to countries.
- It should take into consideration key issues such as strategic focus, green growth, inclusive development, affordability, value for money, corruption, co-ordination across levels of government, the role of regulators and managing consultation with stakeholders.
- It is worth considering how this can help align the institutional investor's interest in financing with the public sector's needs for tapping the market. One way could be to develop a standard that explicitly addresses the infrastructure governance issues – enhancing the robustness of frameworks and investor confidence.
- The work should continue to feed into global decision forums such as the G7, G20 and Sustainable Development Goal processes.
- In addition, the OECD should collect comparative knowledge, collecting case studies and work with countries that are willing to lead the way.

The symposium was hosted by the Network of Senior PPP and Infrastructure Officials.

9th Annual Network of Senior PPP and Infrastructure Officials – 1. March 2016

The Network meeting built on the conclusions from the following day, while increasing the focus on more specific issues in the infrastructure and PPP field.

- First, new trends were discussed. Canada, Turkey and Italy discussed their current PPP/Infrastructure program developments, IJ Global presented detailed data on the state of play in the private finance market and KPMG highlighted a number of trends and issues. Among the notable trends were disruptive technologies e.g. lower cost of renewable infrastructure/driverless cars, a greater role for security-enhancement in infrastructure, the coming of age of institutional debt for infrastructure and the closing of the quality gap between public and private procurement routes. With respect to the last, traditional procurement has learned much from PPPs over the past 25 years and this may be one of the reasons for the reduction in the number of PPPs in developed PPP markets.

- Second, a new issue for the network was how, going forward, infrastructure frameworks might best mainstream a project's carbon footprint in infrastructure bid evaluation criteria and, indeed, in the payment terms in infrastructure (PPP or otherwise), in order to deliver on the promise of COP21.

- Third, with an increasing stock of PPPs, the operational phase and strategies for maintaining and enhancing value is emerging as a pressing issue. There is still work to be done in terms of improving the capabilities of those managing contracts on the public sector side and to value what they do. Related to this is data. Although we seek more data on PPPs, there is paradoxically more data on PPPs than on conventionally procured projects' performance.

- Fourth, the World Bank opened an important discussion on disclosure. Clearly, the times for disclosure and transparency have arrived. The benefits of transparency are recognised in terms of legitimacy in the public square and, indeed, in combating corruption and fraud. Countries supported the framework which aligns well with OECD work in the area.

- Finally, the Network looked at infrastructure finance and in particular at how projects might attract more institutional funding. The institutional investor interest is present, but the asset class is lacking. In the discussion of what models might work best, the issue of making private finance of infrastructure (PPP) an economically regulated industry emerged. The answer has so far been no, but it is clear that investors are more familiar with the functioning of a regulated industry's assets. Going forward increasing elements from the world of economic regulation will therefore probably be incorporated in infrastructure projects to attract private finance.