

# 2019 OECD Public Procurement Workshop

Generating value out of growing complexity:  
delivering infrastructure



## Agenda

23 October 2019

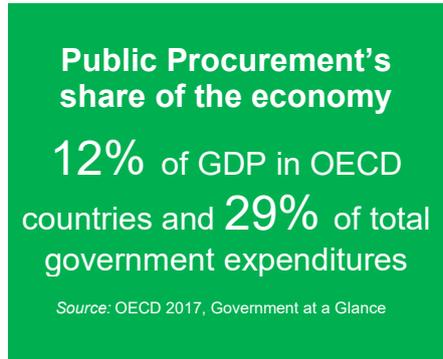
OECD Conference Centre

Paris, France

## Generating value out of growing complexity

Infrastructure investments are expected to support inclusive growth, productivity and well-being. Yet, these objectives could only be achieved if planned infrastructure, both physical and digital, are effectively delivered, if they hold to their initial ambitions and deliver the targeted benefits.

In OECD countries and beyond, some of the most common reasons for projects' successes or failures are to be found in the governance of infrastructure. This workshop will offer policy makers and practitioners a platform for discussing challenges and experiences and for reflecting on the way forward to effectively deliver infrastructure.



## 2019 OECD Public Procurement Week

The 2019 OECD Public Procurement Week starts with the high-level Forum on Mainstreaming effective responses to complex challenges on 22 October, a joint initiative of the Public Governance Directorate (GOV) and the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). The Forum is followed by a technical workshop on Generating value out of growing complexity: delivering infrastructure, on 23 October.

The meeting of the Working Party of the Leading Practitioners on Public Procurement (LPP) will share experiences and insights on how to align human capacities, strategies and procurement outcomes with a changing world on 24-25 October.

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09:00-09:40

**Introductory session**

Infrastructure is receiving ever-increasing attention across OECD countries and beyond given their long-time prospects of reinforced productivity, greater connectivity and inclusive growth. Yet, implementing infrastructure projects responding to governments' and citizens' needs is a complex-by-default activity. Further, they have to be implemented within frameworks that are oftentimes unfit for purpose and do not account for such complexity.

Recognising the multifaceted benefits and challenges brought by investing in quality infrastructure, the G20 called upon the OECD to develop a Compendium of Good Practices for Quality Infrastructure Investment. This Compendium acknowledges the central role played by governance in the development of quality infrastructure. In addition, to support countries in their efforts to address governance challenges in infrastructure development, it is proposed to update the existing 2015 Framework for the Governance of Infrastructure so that it can serve as a holistic standard addressing a host of public governance issues throughout the infrastructure development cycle.

This session will introduce the day by presenting those initiatives responding to G20 and OECD countries' request to strengthen the standards and tools supporting the effective development and implementation of infrastructure investments using comprehensive governance frameworks.

**Opening remarks**

**Mr. Marcos Bonturi**, Director, Public Governance Directorate, OECD

**Mr. Dag Strømsnes**, Chair of the Working Party of Leading Practitioners on Public Procurement, Chief Procurement Officer, Agency for Public Management and eGovernment (Difi), Norway

**Mr. Gabriele Pasquini**, Chair of the Network of Senior Infrastructure and Public-Private Partnerships Officials

**Keynote speaker**

**Mr. Masamichi Kono**, Deputy Secretary-General, OECD

09:40-10:40

**Session 1: Ensuring value for money throughout implementation and operation of infrastructure**

Complex projects entail complex assessments based on an increasing number of variables, from environmental impact, spill over effects on regional development, growth and productivity or impacts on citizens' experience with governments and public services delivery. Overall, these variables form the value governments assign to planned infrastructure projects. This value then compares against the investment – public or private – necessary to achieve these goals. However, initial assessments of value for money might not hold true over the infrastructure development cycle given the influence of externalities, response from private markets or public sectors' discretionary decisions.

Regularly reviewing value for money assessments over the project life cycle therefore becomes an imperative for governments, sponsors and citizens' alike. The session will discuss how value for money designed in the initial stages of the infrastructure cycle serves as a baseline to assess infrastructure development. This session will also discuss how parameters in assessment of

value for money are measured and how data accumulated throughout the infrastructure development cycle could reinforce this assessment. The session will further debate if and how those parameters frame the whole cycle of infrastructure, from infrastructure planning to delivery and operation of the asset.

#### **Moderator**

**Mr. Glenn Bain**, Executive Director Procurement ACT, Australia

#### **Panellists**

**Mr. José Andrés O'Meara Riveira**, Director General, Colombia Compra Eficiente

**Mr. Joseph Caruana**, Permanent Secretary, Ministry of Finance, Malta

**Ms. Hera Hussain**, Open Contracting Partnership

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**10:40-11:10** *Coffee break*

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### **11:10-12:00** Session 2: Managing risks in infrastructure implementation

The complexity, scale and time span for implementation expose infrastructure to a series of threats endangering their effective, transparent and accountable delivery. Further, infrastructure could imply inherent risks brought by new technologies such as fast obsolescence or data security. Therefore, governments need to account for this multitude of risks when selecting companies that will be responsible for delivering infrastructure. They also need to adequately allocate and strategically manage unavoidable risks.

This session will provide the opportunity to share insights and experience on strategies to mitigate risks and to design risk-conscious procurement strategies. The session will also discuss how risks linked to commercial maturity of suppliers are managed and how to mitigate potential low-balling strategies applied by suppliers when bidding for infrastructure. It will further debate potential risk premiums coming alongside decisions by public authorities on risks allocation between stakeholders involved in the delivery of infrastructure.

#### **Moderator**

**Mr. Dejan Makovsek**, Project Manager, International Transport Forum

#### **Panellists**

**Mr. Jean-Philippe Nadal**, Director of Public Procurement, Société du Canal Seine Nord Europe

**Mr. Gerry Cox**, Institute of Internal Auditors

**Ms. Jennifer Brake**, Director, Global Infrastructure Industry Executive, PricewaterhouseCoopers

### **12:00-13:00** Session 3: Matching skills with complexity

The development and execution of infrastructure requires that capability of the key stakeholders involved in its delivery match the complexity of the project environment. While an early understanding of this dynamic, and its implications, is not an assurance for success, not considering capability in

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infrastructure delivery certainly paves the way to failed projects. Yet, given the increasing complexity of infrastructure and trends towards developing user-centric solutions, capable key stakeholders are not only necessary in the public sector but also in private sector's partners and end-users.

This session will discuss how countries are assessing or supporting individual and institutional capacity for delivering infrastructure. It will debate about missing skills in public sector organisations for complex infrastructure projects and challenges relating to outsourced technical expertise. The session will also point to the benefits of stakeholder engagement as a means to increase collective capacity to deliver fit-for-purpose infrastructure. Finally, the session will touch upon the consequences of increasingly complex projects on private sector's participation and its capacity to deliver against more challenging requirements.

#### **Moderator**

**Ms. Katharina Knapton-Vierlich**, Acting Head of the Public Procurement Strategy Unit (G1), DG GROW, European Commission

#### **Speakers**

**Mr. Chris Bunny**, Deputy Chief Executive, Building, Resources and Markets, Ministry of Business, Innovation and Employment, New Zealand

**Mr. Runar Stalsberg**, Senior Vice-President, Sourcing Group, Avinor, Norway

**Ms. Maud De Vautibault**, Senior Policy Advisor, Global Infrastructure Hub

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**13:00-14:30** *Lunch break*

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### **14:30-15:30** **Session 4: Integrating technological change in the delivery of infrastructure**

The world is changing and this has immediate consequences for the design, construction and operation of infrastructure. The pace of technological and social change is much faster than the pace of infrastructure delivery. Further, infrastructures have life cycles sometimes exceeding 20 or 30 years. Therefore, procurement strategies applied to infrastructure must account for these evolving conditions to ensure that planned infrastructure remains relevant and that their maintenance makes the most of new technologies.

This session will discuss how to integrate technological change in the delivery of infrastructure, via adjustments to procurement systems and regulatory aspects, to ensure infrastructure are future-proofed. It will also discuss why traditional change control processes and negotiation methods during construction and operation need a complete overhaul and rethink in light of a fast-changing world.

#### **Moderator**

**Ms. Verena Weber**, Head of Communication Infrastructures and Services Unit, Directorate for Science, Technology and Innovation, OECD

#### **Panellists**

**Mr. Aleksander Froetscher**, Advisor, Technologies and Services for Mobility, AustriaTech, Austria

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**Mr. Olivier Genain**, Head of the Public-Private Partnerships Department, Ministère de la Transition écologique et solidaire, Ministère chargé des Transports, France

**Mr. Dominic Thasarathar**, Group Digital Delivery Director, Mott MacDonald

**Mr. John Hawkins**, Programme Manager, CoST

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**15:30-16:00** *Coffee break*

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**16:00-17:30** **Closing session: Moving forward the OECD Framework for the Governance of Infrastructure**

Understood as the many facets of governments' role into infrastructure development, governance frameworks must encompass an ever-increasing number of dimensions: from fiscal affordability, economic growth and regional development to value for money, innovation, sustainability and resilience to multiple risks. Further, these dimensions involve many policy options and sometimes trade-offs with underpinning political commitments.

Defining critical elements framing the effective development of quality infrastructure is therefore necessary to provide countries with a recognised and comprehensive standard supporting their efforts in reducing the infrastructure gap. The OECD developed in 2015 a Framework for the Governance of Infrastructure, which has been used in the G20 context (see the OECD/IMF G20 Reference note on Infrastructure Governance and the G20 Principles for Quality Infrastructure Investment) and served as a reference tool to improve infrastructure governance in OECD and non-OECD Members. After 5 years of implementation, the framework has been recognised as the main policy framework to ensure countries invest in the right projects, in a way that is cost effective, affordable and trusted by investors, users and citizens. It is proposed to update the framework and, in that process, embody it in an OECD Recommendation.

This session will offer the opportunity to reflect on the key dimensions of the Framework and proposed revisions, in view of past work and outcomes of the day's sessions, and to discuss the possibility of updating the 2015 Framework in the form of an OECD Recommendation. It will be the occasion for participants to highlight governance components that are conducive to the effective planning, delivery and operation of infrastructure.

**Moderator**

**Mr. Edwin Lau**, Head of the Budget and Management Division, Public Governance Directorate, OECD

**Panellists**

**Mr. Ed Hearne**, Delegate of Ireland to the Network of Senior Infrastructure and PPPs Officials

**Mr. Dag Strømsnes**, Chair of the Working Party of Leading Practitioners on Public Procurement, Chief Procurement Officer, Agency for Public Management and eGovernment (Difi), Norway

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**18:00-20:00** *Cocktail*

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