

Executive Summary

Infrastructure is one of the backbones of both *productivity* and *inclusiveness*: Firms derive much of their competitive edge from their ability to use modern infrastructures, while societies depend on good infrastructure to ensure equal opportunity and *equal access to services* for citizens. Nevertheless, infrastructure has always been difficult to get right. Apart from the technical challenges, poor governance of infrastructure is a major reason why infrastructure projects fail to meet their timeframe, budget, and service delivery objectives.

Substantial benefits can be realised by better governance of public infrastructure. This report presents a Framework for the Governance of Infrastructure that countries can use to assess the adequacy of their infrastructure management systems. The Framework covers ten key dimensions relating to how governments prioritise, plan, budget, deliver, regulate and evaluate infrastructure investment. Substantive work by the OECD Network of Senior Infrastructure and PPP Officials has identified the principal objective of policy in each area:

1. Establish a national long-term strategic vision that addresses infrastructure service needs
2. Manage the integrity and corruption threats at all stages of the process, from project conception to delivery
3. Establish clear criteria to guide the choice of delivery mode (PPP vs direct public provision, etc.)
4. Ensure good regulatory design and maintain a predictable regulatory framework for investment.
5. Integrate a consultation process early enough so that decisions benefit from real stakeholder engagement
6. Co-ordinate infrastructure policy across levels of government in such a way that investment decisions by central and subnational governments are coherent
7. Guard affordability and value for money by using and applying cost-benefit and other methods rigorously and consistently
8. Generate, analyse and disclose useful data to increase transparency and ensure accountability
9. Integrate mechanisms to evaluate the performance of assets throughout their lifecycle

10. Review existing infrastructure resilience in the face of evolving natural and man-made risks and develop guidelines to future proof new infrastructures.

An analysis of current practices in OECD member and non-member countries shows that for some dimensions good practices are common, while other practices suggested by the framework are less present and demand attention.

A deficit can be identified, for example, with respect to **long term planning, prioritisation and co-ordination** practices. While most countries have sectoral plans, this silo approach can make it difficult to achieve cross sectoral policy objectives such as regional development or adaptation to climate change and can miss chances for synergies between sectors such as energy, transport, housing and urban development.

Co-ordination of investment across levels of government is another area where more effort is required. Roles and responsibilities among different government entities are often unclear, capacities and skills at lower levels of government are sometimes weak, and co-ordination mechanisms, including mentoring, are insufficient.

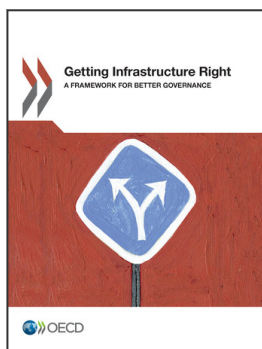
It can be difficult to monitor the **performance** of infrastructure and maintain value for money through the lifecycle of the asset. Most institutions are responsible for the development and delivery of infrastructure, not for ‘after sales service’. Although the preparation and construction phases inevitably require the majority of resources, responsibility for the assessment and monitoring of projects over the following decade or more of its lifespan needs to be clearly allocated. Currently, performance assessment for example is only mandated in half of the countries and audits by the Supreme Audit Institution (SAI) regarding infrastructure assets are mainly conducted on a case by case basis.

Pressure to give voice to citizens and stakeholders is reflected by widely used mandatory **consultation processes**. However, consultation takes place mainly during the project preparation phase, i.e., after the discussion on infrastructure strategy, needs and options has been completed.

As many actors in the public and private sectors can be vulnerable to **integrity risk** in infrastructure projects, a whole of government approach is essential to effectively address these risks. Most OECD countries have an explicit policy in place that regulates conflicts of interest in the tender panel, as well as formal appeal mechanisms in the tendering process. However, specific measures against corruption and integrity threats in infrastructure are only applied in half of the countries.

Governments must ensure that infrastructure projects are **affordable** and that the overall investment envelope is sustainable. Value for money is generally assessed using a combination of quantitative (such as cost/benefit analysis) and qualitative tools that seek to establish the overall societal return on investment. However, in many countries, this assessment is used on a case by case basis rather than systematically.

A constraint for clear decision making and evaluation is the **lack of data**. There is a lack of systematic data-collection regarding the cost and performance of infrastructure assets. While many countries do collect data, most of the data that would be required to compare the overall costs of projects financed through various alternative mechanisms is not systematically collected, processed or disclosed. As such, the real cost of many infrastructure assets and the return on the original investment are very opaque.



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