

The complexity, scale, timespan and risks involved in infrastructure projects call for specialised delivery and procurement strategies that enable decision makers to deliver projects in a way that maximises the value generated for society throughout the entire assets' life cycle. The OECD Recommendation on the Governance of infrastructure highlights 1) selecting contractors based on criteria combining qualitative and financial elements and including an assessment of costs, benefits and impacts incurred throughout the life cycle of the asset; 2) carefully evaluating optimal risk allocation and the use of value for money analytical tools to compare assessments of service delivery options; and 3) implementing balanced contractual relationships, holding contractors accountable for project specifications and professional standards.

Delivering sustainable infrastructure involves retuning procurement processes to take into account multiple policy dimensions. Procurement processes that exclusively focus on costs, or fail to consider the whole of the project's lifetime, may not support the delivery of an optimal combination of quality, technical features (e.g. resilience, environmental sustainability) and price. A vast majority of OECD countries surveyed (28 out of 30, or 93%) employ a combination of financial and qualitative criteria to select proposals. However, there is room for improvement in the use of life cycle costs for awarding contracts, including through different budgetary cycles, as only 12 out of 30 OECD countries (40%) use this mechanism, directly, reducing their ability to reduce inefficiencies and costs over the long term (Figure 11.5).

Infrastructure assets have long life and are particularly prone to risks such as inefficiency, lack of quality, cost overruns, economic and financial uncertainty, and integrity breaches. These risks can threaten projects' value for money and capacity to deliver the intended services. When procuring major infrastructure projects, the majority of OECD countries already identify, allocate and mitigate risks at each stage of the investment life cycle. According to the OECD Survey of Infrastructure Governance, 18 out of 29 OECD countries (62%) conduct risk management activities covering the entire infrastructure procurement life cycle, which is aligned with previous findings from the implementation report (2019) (Figure 11.6).

Contracting authorities play a key role in overseeing compliance with technical specifications and can develop a system of effective and enforceable sanctions if contractors are in breach. OECD countries have in place a wide range of mechanisms aiming to hold contractors accountable for project specifications and professional standards. Most OECD countries (24 out of 30, or 80%) employ tools to enforce

contractual clauses, closely followed by dedicated on-site supervision (21 countries, or 70%). While just over half (16 out of 30, or 53%) already conduct periodical assessments of contractors' performance against key performance indicators, this practice could become more widely adopted (Figure 11.7).

Methodology and definitions

Data are drawn from the 2020 OECD Survey of Infrastructure Governance. The survey was conducted in January 2021, with responses from 30 OECD countries and Costa Rica. Respondents were predominantly senior officials in central/federal ministries of infrastructure, public works and finance, as well as in infrastructure agencies and other line ministries.

The life cycle of public assets means all the stages during the lifetime of a public infrastructure asset, starting from planning, prioritisation and funding, to design, procurement, construction, operation, maintenance and decommissioning.

Value for money is what a government judges to be an optimal combination of quality, features and price, calculated over the whole of the project's lifetime.

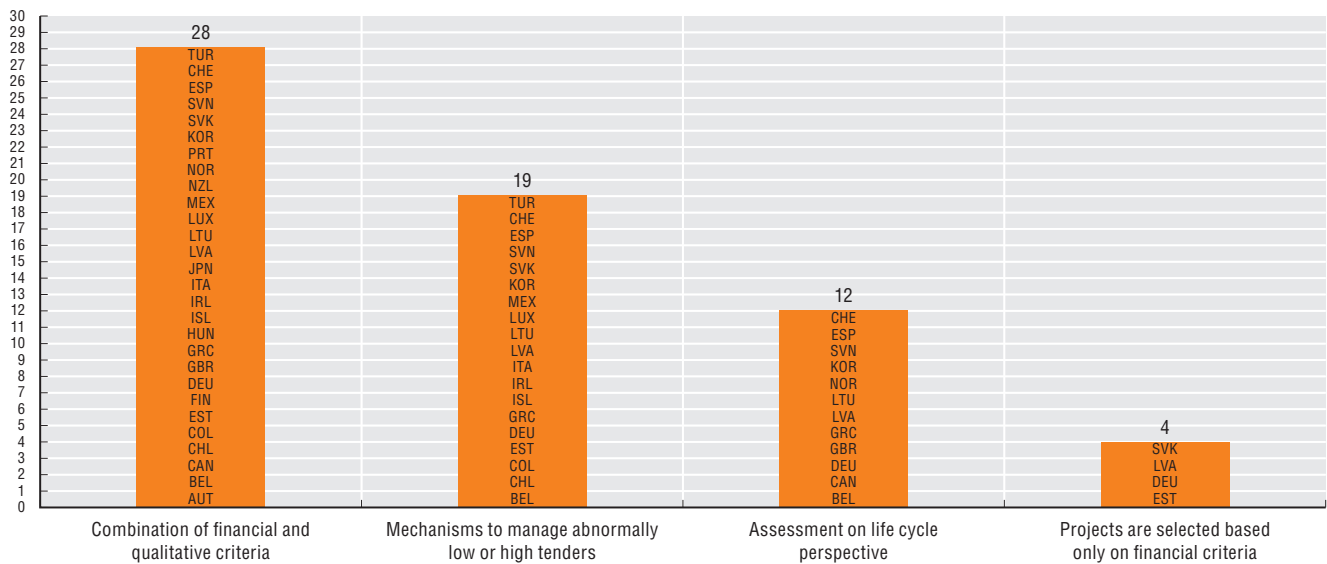
Further reading

- OECD (2020a), Recommendation of the Council on the Governance of Infrastructure, OECD, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0460>.
- OECD (2020b), "Public procurement and infrastructure governance: Initial policy responses to the coronavirus (Covid-19) crisis", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/c0ab0a96-en>.
- OECD (2019), *Reforming Public Procurement: Progress in Implementing the 2015 OECD Recommendation*, OECD Public Governance Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/1de41738-en>.

Figure notes

Data for 2020 for Australia, the Czech Republic, Denmark, France, Israel, the Netherlands, Poland and Sweden are not available. 2020 data for Belgium are based on responses from Flanders only. The United States does not generally rely on public procurement for infrastructure projects at the federal level.

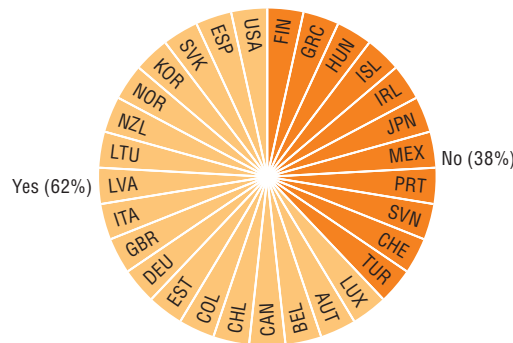
11.5. Mechanisms to help identify proposals offering the best value for money, 2020



Source: OECD (2020), Survey on the Governance of Infrastructure.

StatLink <https://doi.org/10.1787/888934258933>

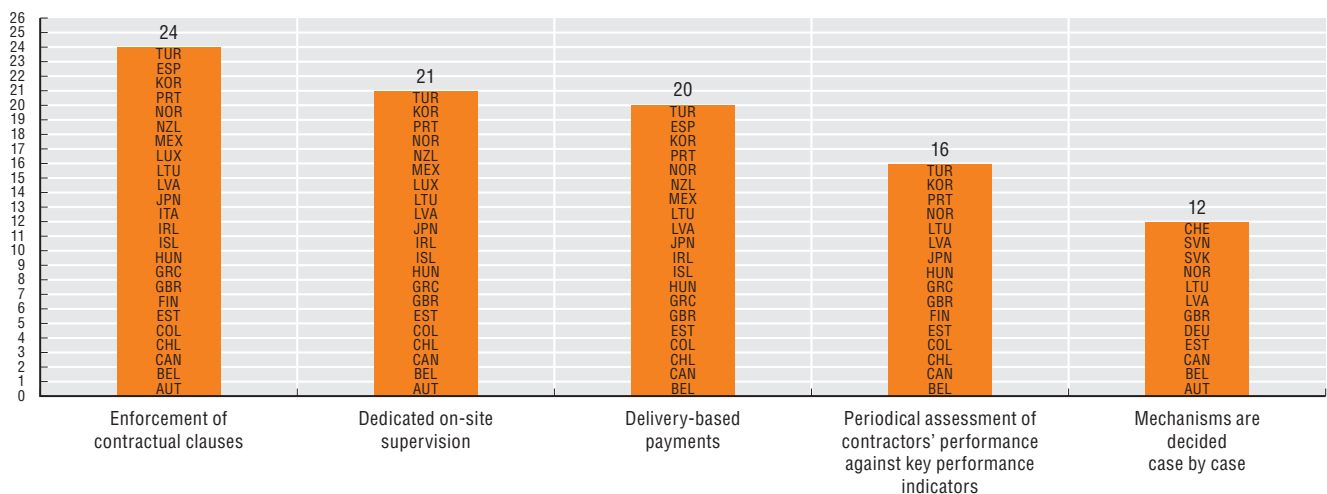
11.6. Adoption of risk management activities that cover the entire infrastructure procurement life cycle, 2020



Source: OECD (2020), Survey on the Governance of Infrastructure.

StatLink <https://doi.org/10.1787/888934258952>

11.7. Mechanisms employed to hold contractors accountable for project specifications and professional standards, 2020



Source: OECD (2020), Survey on the Governance of Infrastructure.

StatLink <https://doi.org/10.1787/888934258971>



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