

# CHAIRMAN'S OUTCOME STATEMENT

Regional Roundtable on Infrastructure Governance | Cape Town, November 2-3, 2017

## INTRODUCTION

Excellencies, ladies and gentlemen,

The outcome of this Conference in Cape Town today is an important step toward implementing the 2015 Addis Ababa Action Agenda on financing for development. It has brought together high-level decision makers from the African political sphere, business and the investment community and civil society who are setting the direction for boosting Africa's infrastructure investment through better governance and standards.

We wish to thank the organisers of this event, most notably the Development Bank of Southern Africa (DBSA) and the co-sponsors, the African Development Bank (AfDB), the African Legal Support Facility (ALSF), the European Investment Bank (EIB), Global Infrastructure Hub (GIH), the multi-donor trust fund PPIAF, the World Bank Group (WBG) and the OECD.

This Conference has rightly articulated the importance in Africa of governments not only developing a strategic vision on how to implement sustainable infrastructure, but also that projects must be procured and delivered with integrity while taking account of citizens and stakeholders. This approach has been strongly supported by the 130 representatives. The discussions have also emphasized the role that infrastructure investment can play as a social equalizer and a driver of positive outcomes in gender equality, literacy and employment.

## BACKGROUND

This roundtable conference is the first in a series of conferences to bring together stakeholders and disseminate good practice on implementing the 2015 Addis Ababa Action Agenda on financing for development.

The principles set out by the United Nations in the 2015 Sustainable Development Goals (SDGs), were endorsed by the G-20 Hamburg Principles in 2017. Subsequently, the 2017 Global Infrastructure Forum called on development partners to focus on strengthening their client governments' governance, investment capacity and policy frameworks; and catalysing additional investment by maximizing private sector participation. Against that backdrop, this roundtable focused on improving infrastructure governance to ensure that the policy environment for procuring and delivering infrastructure follows best practice to reduce transaction costs, increase transparency, crowd-in private sector participation, and speed up the project cycle.

## OUTCOME FROM THE CAPE TOWN ROUNDTABLE

Sustainable infrastructure is recognised as a central requirement of the new global agenda for strong and inclusive growth; for delivery of the SDGs; and to meet the climate goals (two-degree target and climate resilience).

- 1) Additional investment in economically sustainable infrastructure is essential to improve access to services, provide employment, and help boost economic growth in Africa. Socially sustainable and inclusive development is critical to meet the needs of the poor and reduce their vulnerability to climate change. Environmentally sustainable infrastructure is required to mitigate carbon emissions and contributes to a lower-carbon economy. Climate resilient infrastructure is required to reduce the impacts of sea level rise and extreme weather events.

The application of these principles will lead to public expenditure savings, and efficiency and productivity gains.

- 2) The Cape Town participants recognise that difficulties have been experienced to date in meeting the sustainable infrastructure investment objectives. Poor public sector governance standards and capacities is one of the major reasons why infrastructure projects fail to meet their timeframe, budget and service delivery objectives.
- 3) The Cape Town discussion re-affirmed the critical importance of a clear plan for infrastructure programs to guide the selection of projects in line with development priorities and societal goals. Meaningful consultation with stakeholders throughout the project cycle and lead to significant time savings and buy-in. Importantly, it gives citizens reassurance that their interests and aspirations are being taken into consideration. This requires generating the right financial and non-financial information both as a basis for ex-ante decision-making and learning further into the project.
- 4) The Cape Town discussion emphasised the importance for all governments to give priority to the needs of the poorest members of society when selecting, designing, and implementing public infrastructure. The people who fall within the “last mile” of service delivery are those who suffer most when they do not have access to essential service, or when basic principles of integrity are not respected.
- 5) There is conclusive evidence that the private sector can play a catalytic role in bridging the gap in service delivery, as we have seen in some of the case studies discussed. However, for this to happen, the incentives of the private sector must be aligned with those of the public. It is only if an enabling policy and business environment exists that suitable financing will follow, even for good projects.
- 6) How the public sector should prioritize, plan, budget, procure, assess, deliver, and regulate infrastructure, as well as how it should engage with stakeholders, are issues that need further development and standardization. Currently weaknesses in these areas are preventing both the public and the private sector from fulfilling their potential in financing investment in infrastructure throughout Sub Saharan Africa. However, some tools have already been developed by development partners, including the Prioritization tool, or PFram, the fiscal assessment tool, the PPP Disclosure Framework, InfraScope, InfraCompass, the Benchmarking Procurement Study, the Standard Contractual PPP Provisions, and the PPP Risk Allocation Matrix, among others.
- 7) The Cape Town participants reiterated the call of the Global Infrastructure Forum and urge MDBs to assist governments in implementing these solutions, and to mainstream the tools and resources available to implement the ideas discussed here today in their respective countries or organizations.

## CONCLUSION

Infrastructure is of central importance for policy makers, practitioners and potential investors. Our shared vision is that greater use of data, tools, standards, and codes will help all practitioners better plan, prioritize and deliver sustainable infrastructure services and improve the lives of more citizens.