

**Chairman's Statement – Second Regional Roundtable for Infrastructure Governance
Grand Bassam, Cote d'Ivoire June 21-22, 2018**

Excellencies, ladies and gentlemen,

On behalf of all the participants, it has been a pleasure to sit with you and discuss how to improve infrastructure governance. I would like to express my sincere appreciation to our host the African Development Bank for co-hosting and to our development partners who helped to plan and finance this roundtable. I want to thank the OECD, the European Investment Bank, the Global Infrastructure Hub (GIH), Foundation Konrad Adenauer (KAS), the Millennium Challenge Corporation. We are grateful to have 5 Ministers and 129 respected and experienced policy makers from 31 countries gathered to take part as panelists and discussants in today's meeting.

This is the second meeting in this program of Regional Roundtables that puts the infrastructure governance challenge and the tools to meet it at the forefront of the global infrastructure debate. This dialogue brings together francophone and anglophone as well as the four corners of the African continent. We call on you to be the messengers and the enactors of the conclusion of this Roundtable.

Infrastructure is difficult to get right throughout the world. As we discussed today, the underlying causes are complex. Issues with projects discussed today include projects not meeting their social and economic goals, corruption scandals and cost overruns. Poor public-sector capacity is a major reason why infrastructure projects do not meet their timeframe, budget, and service delivery objectives. There is unmistakable evidence that proper infrastructure governance could lead to savings and enhanced productivity and access to finance. The answer to this challenge demands a strengthening of the entire institutional architecture of governance to deliver the right strategic infrastructure on time and within budget, that commands the confidence of all stakeholders.

The public sector has been providing the bulk of infrastructure investment, given the inherent public-goods nature of infrastructure. However, public resources are now strained in emerging markets and developing economies, as governments are faced with rising fiscal vulnerabilities at a time of growing demand from citizens for infrastructure and services. At the same time, funding from development institutions and donor agencies is unlikely to fill the infrastructure gap.

Research by the World Bank and IMF estimates that more than US\$100 trillion is held by pension funds, sovereign-wealth funds, mutual funds, and other institutional investors. These institutional investors are a potential source of financing for infrastructure projects. Much of our work aims to de-risk and enhance private sector participation and that work must move forward. However, access to these funding sources requires the public sector to prioritize, plan, budget, assess, deliver, regulate infrastructure as well as how engage with all stakeholders and civil society in an open and efficient manner. These are many of the constraints which are now preventing the private sector from investing in infrastructure in Africa.

Meeting today's needs requires giving voice to stakeholders. The combination of careful outreach to stakeholders on planned projects and key decisions throughout the project cycle will lead to significant time savings and buy-in. This will give citizens confidence that their interests, opinions, and tax dollars are taken into consideration, and will in turn generate social capital between them and the state, thereby increasing legitimacy in a virtuous cycle.

This is crucial because when we disregard good governance principles, like engaging with stakeholders, it is the most vulnerable in our societies that suffer the most. It is these people that fall within the “last mile” of service delivery, those that are left out of the intended project results and the reality on the ground. We must make it our priority to serve this group and ensure that the last mile encompasses all intended recipients. When there are issues with governance, transparency is the best antiseptic.

We affirmed the importance of a vision of our infrastructure project pipeline to guide efficient and sustainable project selection in line with our development goals. We identified the main governance issues and bottlenecks to successful infrastructure investments; such as lack of adequate project preparation, coordination across levels of government and technical skills; lessons learned from projects cases successful and projects that faced serious challenges. Most importantly we agreed that to move forward we must implement the policies and supporting processes to ensure that projects are affordable, sustainable and procured in a transparent process.

This goes beyond simply selecting infrastructure projects, it means changing the incentive structure within our countries to create a culture of good governance in how we plan, implement and monitor infrastructure services.

We looked at how to maximize finance for development. We know that to achieve the sustainable development goals by 2030 the World Bank estimates will require 4.5 trillion dollars annually, far more than any multilateral development bank or donor can provide as a group. The World Bank estimates that Africa needed to spend about \$93-billion annually until 2020 to bridge its infrastructure gap. The maximizing finance for development group discussed how governments and other stakeholders can identify and crowd in private sector solutions while optimizing the use of scarce public resources. This discussion led to the conclusion that one does not assume automatically a private sector solution. A government should ask Is there a sustainable private sector solution that is affordable and bankable and is there a proper regulatory environment. If the answer is yes only than would a government promote such a private sector option.

Delegates discussed infrastructure governance in fragile, conflict and violence affected countries, which affects the lives of two billion people worldwide. It is not just conflict that leads to fragility. Climate change, rising inequality and demographic change may also create fragility risks. We concluded there is a need for the international community to support infrastructure development, emphasizing early intervention as a tool to promote peace. While private investment opportunities may be constrained by conflict and fragility, it is important that that the international community engage even during conflict, and coordinate effectively among government, humanitarian, security, development partners and work with SMEs on the ground.

The discussion on unblocking pipelines emphasized strong coordination horizontally among Ministries and vertically between national and sub-national entities tied to a practical vision that linked to a strategy with integrity as a guiding principle.

The discussion on fiscal risks recognized that despite the presence of broadly recognized good practices and tools, governments around the world still fall behind in preparing, procuring, and managing effective public-private partnerships Public Private Partnerships (PPPs) that meet the needs of their citizens. A recent report presented at this roundtable, *Procuring Infrastructure PPPs 2018*, offers

recommendations to governments to improve the quality of their regulations and better deliver infrastructure service through PPPs. In recognition of the importance of the fiscal implications, delegates noted that governments need to improve how they record fiscal costs in providing and maintaining infrastructure services regardless of how it is financed. The roundtable presented a variety of tools to help government address these concerns such as the PPP Risk Assessment Tool (PFRAM) and Nigerian PPP Disclosure Framework and the tool for crowding the use of SMEs in fragile states.

Delegates debated the rise in the use unsolicited proposal the use of which is growing in the region. While noting that this can leverage private sector innovation and funding, it also poses several governance risks and challenges due to lack of technical capacities for governments to review and implement these projects. Delegates agreed that the use of competition as well as the development of the project by the public sector can help to mitigate governance risks.

We have also discussed the tools and resources available to you when you want to implement the ideas discussed here today. The World Bank group and our development partners stands ready to assist at each step of the way.

The objective of this program of Regional Roundtables is not to create an isolated series of meetings. It is the start of a movement and creation of a community of practice toward disseminating existing knowledge on good governance principles and a movement toward operationalizing good governance practices across the globe. We will take what we have discussed here today as the foundation of knowledge for how we can move forward on this important topic. We will move on from here and host Roundtables in Asia and Latin America over the next 12 months.

To continue to grow this movement, we want to build a community of infrastructure decision makers and practitioners that remain in touch and share best practices. Secondly, we count on your commitment to help establish infrastructure governance principles based on the work of these roundtables and white paper being prepared by the OECD in consultation with our development partners and delegates to the roundtables

I want to thank all government delegates, civil society and the private sector who have joined us today. We hope you will be with us as we move forward and that our discussions and the tools and case studies will affect your view as you apply the lessons learned in your infrastructure work.

This second Roundtable enables us to expand the community of practice, present more in-depth discussions on fragile and conflict economies, maximizing finance for development, unsolicited proposals, managing fiscal impacts of infrastructure procurement, un-blocking pipelines and stakeholder consultation. To go further, we must develop these deliberations today and develop a consensus on good infrastructure governance principles and apply them in the institutional apparatus of our organizations