PIARC Webinar
on Impacts of COVID-19 on road projects: financing, procurement, transparency and due diligence.

Welcome!

3 June 2021
Our program today

1- Welcome and introduction to the webinar, Miguel Caso Florez, PIARC Technical Director (10 minutes).

2- Procurement in post-Covid times: what and how?, Dejan Makovšek, OECD (20 minutes).


4- Post-Covid Projects Acceleration Strategy, Valérie Maltais, Ministry of Transport of Quebec (20 minutes).

5- Speeding up investment in public works in Italy, Fabio Pasquali, ANAS (20 minutes).

6- New Alliances – Improving Infrastructure Delivery through Collaborative Contracting and Modern Methods of Construction, Paul Raphael, Atkins Acuity, (20 minutes).

7- What's in for developing countries?, Michel Démarre, CICA, (20 minutes).

8- Questions & Answers from participants through the Chat, moderated by Verónica Arias, PIARC Technical Advisor (20 minutes).

9- Conclusions & next steps, Miguel Caso Florez, PIARC Technical Director (1 minute).

Aproximative duration: 2h30
Participation in the webinar.

Your camera and microphone must remain off.

You can ask questions in the chat at any time. At the end of all presentations, Verónica Arias will check the chat and ask questions orally to the panelists.

A limited number of questions can be answered due to the large number of participants.

Tip: Close the chat window to see the full presentations. Choose see only the speaker to see him/her in bigger screen.
Introduction to the Webinar

Miguel Caso Florez
Technical Director, PIARC

#PIARCCOVID19
How to ask a question, raise an issue, or share a practice?

- **This is strongly encouraged!**
- Only questions that are specific to roads or road transport

- **Use the “Chat” feature in Zoom**
  - It can be found at the bottom right of the main window under “Chat” or “…”
  - Send a message to “All participants” (this is one of the “chat” options)
  - If you want to direct the question to a panelist, start with “Question to…”

- That channel is monitored by Verónica Arias and Jun Takeuchi (Chair of PIARC TC 1.1)
About your name in Zoom

- We recommend that participants accurately name themselves in the Zoom application:
  - First Name Last Name - Country

- This fosters interaction between participants
Participation in the Webinar

This Seminar is being recorded and will be made public on PIARC’s website and YouTube channel.
Key Concept: Focus on the short-term

The world is going through a crisis and every day counts.

This is knowledge and practice that is not yet confirmed as valid or effective.

A good idea now can save lives, improve business resilience and could minimize disruption of service.

Urgently share knowledge and practices among PIARC member countries to provide support in near real-time.

What works in one country may not work in another, but it can inspire you.

Note: PIARC is also working on the medium and long term, for when the pandemic is in a manageable state and substantially under control.
Disclaimer

Since time is of the essence, it is likely that knowledge and practice that is shared will not have been officially approved by each country’s official authorities.

“The ideas and examples shared here are for illustration only. They do not necessarily represent official policy. Ideas presented will be subject to further evaluation and use in deriving recommendations on policy and practice in due course. While care has been taken in the preparation of this material, no responsibility is accepted for any damage that may be caused.”
What is PIARC?

• PIARC is the new name of the World Road Association

• We were founded in 1909 as a non-profit, non-political association

• Our goal is to organise exchange of knowledge on all matters related to roads and road transport

• We have 125 member governments, as well as regions, groups/companies and individuals.

• It is the first global forum for the exchange of knowledge, policy and practice on roads and road transport.
PIARC's four key missions

- Be a leading international forum for the analysis and discussion of the whole spectrum of transport issues related to roads and road transport.

- Identify, develop and disseminate good practices and give better access to international information.

- Consider within our activities the needs of countries with developing economies and economies in transition fully.

- Design, produce and promote efficient tools for decision making on matters related to roads and road transport.

The Association mobilizes the experience and knowledge of 1,200 experts from more than 80 countries in 25 Technical Committees and Task Forces.
PIARC COVID-19 website


- The recordings of the **30+ webinars** held on "COVID-19 and roads"
  - Including the lively and informative Q&A sessions
- The presentations from these seminars in PDF
  - Available in English, French and Spanish in most cases
- PIARC Technical Reports related to pandemic management
- Synthesis Notes
More than thirty COVID&Roads webinars…

… in English, French, and Spanish

1. Ensuring employees health and safety
   - Primary concern for contractors and their Professional Associations (PA)
   - In many countries, recommendations were published regarding appropriate safety measures to be adopted by contractors
   - Often drawn up jointly by government and PAs
   - Either general or specific (e.g. in France, road contractors, pipelines…)
   - Also differences urban/rural environment, building/infrastructure
   - PAs have organized training sessions (mainly aimed at SMEs), pilot job sites

Covid-19 Phase 0 – Economic consequences for a NRA

- The decrease of traffic
  - was higher in the toll motorway network than in the non-tolled motorways and the ordinary roads
  - was higher for light traffic than heavy traffic

The road transport situation

- Generalisation of electronic toll collection on motorways and limitation of the loading of toll cards on line
- Prohibition of inter-city travel without highly justified authorization
- Abolition of collective means of transport except for taxis with only one passenger per taxi
- Limitation of vehicular movements in the residential area except for justified professional necessity

Freight & Logistics

- On site: main concerns are
  - Drivers health and food
  - Employees health and safety (O&M is Egis
  Exploitation Aquitaine, 100 people)
  - Maintain area clean and secure
  - Service provider economic sustainability (limited turnover) – 4 service stations (total approx. 100 employees)

World Road Association - Association mondiale de la Route - World Road Association - www.piarc.org
Key issues on COVID-19 and roads

- Ensure as far as possible the health and safety of employees and road users
- Maintain activity and continuity of service
- Response to impact on transportation
- Manage impacts on the economy and supply chains; Revive the economy after the crisis
- Relationships and collaboration with customers, users and other interested parties
- Security (including cyber security)
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PROCUREMENT IN POST-COVID TIMES

WHAT AND HOW?

Dejan Makovšek
Infrastructure and Public Procurement Division
Public Governance Directorate
Context

• The first Covid response was about keeping the essential services running. Now the focus is on economic recovery!

• To make a real difference, investment impact must come fast (next 4 years)

• Can we ad hoc increase the volume of infra investment? Or shift towards greener, more resilient, equitable?
The “WHAT”
Lessons from past crisis and growth stims

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Targeted</th>
<th>Timely</th>
<th>Temporary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>Resources should be allocated to spending with higher benefits (economic and social) compared to costs.</td>
<td></td>
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</tr>
<tr>
<td>Equity</td>
<td>The impact of investment projects on different groups and sectors should be consistent with established political priorities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The stimulus should be fast and big enough</td>
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</tbody>
</table>
Key points on project selection

• Projects appraised pre crisis should have their assumptions reassessed

• Capacity issues in the public sector (project preparation) and on the construction market need to be considered (delivery)
Key trade-offs on achieving sufficient scale of investment (the stimulus must be large to matter)

- **Speed vs. Efficiency**: Ad-hoc “acceleration” of project preparation will do more harm than good

- **Equity vs. efficiency**: highest CBA v highest relative improvement (e.g. city v rural) – as per political consensus

- **Equity vs. efficiency**: giving more money to regional authorities to procure more might add to scale but...
Can we #build back better and keep the TTT principles?

• The best candidates are maintenance projects with low preparation requirements

• Reprioritizing or replacing projects in pipelines in the short term is not realistic
  – That though does not mean that the nature of the projects can’t change (e.g. they can give greater consideration to people with mobility issues if not already the case)
The „HOW“?
...but major changes are underway...

Projects grew over time

2-3x in real terms in 20th century

Changes

Expansion of alternative contracting models after 1990

Public sector transferred ever more risk out

On-time/ budget became an issue

Popularized by B. Flyvbjerg
What is the state of the art in informing procurement choices now?

• The focus of the procurement debate is on the delivery model and risk allocation

• It seems as if the choice of the delivery model is the key question/decision to be made

• But is that the right question?
The focus of the procurement debate

<table>
<thead>
<tr>
<th>Importance of Criteria in Rows</th>
<th>Design-Bid-Build (Traditional)</th>
<th>Design&amp;Build</th>
<th>PPP</th>
<th>Early Contractor Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed of delivery</td>
<td>0.2 +</td>
<td>+++</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>On time delivery</td>
<td>0.2 +</td>
<td>++</td>
<td>+++</td>
<td>+</td>
</tr>
<tr>
<td>On Budget delivery</td>
<td>0.3 +</td>
<td>++</td>
<td>+++</td>
<td>+</td>
</tr>
<tr>
<td>Innovation potential</td>
<td>0.2 +</td>
<td>++</td>
<td>+</td>
<td>+++</td>
</tr>
<tr>
<td>Suited for complex projects</td>
<td>0.1 +</td>
<td>++</td>
<td>++</td>
<td>+++</td>
</tr>
</tbody>
</table>

Note: The values entered are for illustration purposes only and do not necessarily reflect relative delivery model performance.
The focus of the procurement debate (III)

Start of risk allocation considerations

Steps in a procurement strategy:

1. Make-or-buy
2. Contract scoping
3. Bidder selection
4. Delivery model
5. Incentive power (payment mechanisms and penalties)

How a decision is made:

1. (judgmental) Start of risk allocation considerations
2. (judgmental) Make-or-buy
3. (scientific & enshrined in legislation) Contract scoping
4. (basic guidance) Bidder selection
5. (mainly predetermined by choice of delivery model) Delivery model
6. Incentive power (payment mechanisms and penalties)
Why is the make or buy (contract scoping) so important?
The challenge of hold-up
...and lastly risk allocation
The approach we are piloting
The steps in our approach

1. Breaking down the project into technologically bounded, financially non-trivial activities

2. Evaluating the activities via clear questions to determine select properties (derived from economic theory)

3. Using the information on the properties to sequentially inform contract scope, bundling across phases, and whether the contract should pursue collaboration or low price competition
An example of activity breakdown from a real project in Australia

<table>
<thead>
<tr>
<th>Design</th>
<th>Construction</th>
<th>Operations &amp; Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design of construction</td>
<td>Cut and cover tunnels</td>
<td>59. Intelligent Transport Systems and traffic operations</td>
</tr>
<tr>
<td>1. Civil and structural engineering design</td>
<td>9. Relocation of existing public utility plant</td>
<td>60. Inspections &amp; data collection, including implementation of reactive routine and programmed maintenance to all parts in project (including driven tunnel) - roads/pavement and furniture</td>
</tr>
<tr>
<td>2. Civil and structural engineering design to the driven tunnel</td>
<td>10. Removal works</td>
<td>61. Inspections &amp; data collection, including implementation of reactive (emergency) maintenance</td>
</tr>
<tr>
<td>3. Traffic engineering design</td>
<td>11. Traffic management</td>
<td></td>
</tr>
<tr>
<td>4. Mechanical and electrical engineering design including: air quality and ventilation</td>
<td>12. Bored piles</td>
<td></td>
</tr>
<tr>
<td>5. Fire safety design for tunnels</td>
<td>13. Excavate and shotcrete</td>
<td></td>
</tr>
<tr>
<td>Design of performance specification of maintenance</td>
<td>15. Structural</td>
<td></td>
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<tr>
<td>8. Plan for reactive and programmed maintenance to specialist linings, mechanical and electrical and fire elements in driven tunnel</td>
<td>17. Waterproofing</td>
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<tr>
<td></td>
<td>Driven tunnel</td>
<td>18. Drainage</td>
</tr>
<tr>
<td></td>
<td>23. Excavation in tunnel and shotcrete</td>
<td>19. Pavement</td>
</tr>
<tr>
<td></td>
<td>24. Waterproofing</td>
<td>20. Modifications to existing bridge and footpath</td>
</tr>
<tr>
<td></td>
<td>26. Precast concrete - barriers, kerbs and wall</td>
<td>22. Re-alignment of rail track</td>
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<tr>
<td></td>
<td>27. Drainage</td>
<td></td>
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<td></td>
<td>28. Trimming and backfill of main tunnel</td>
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<td></td>
<td>29. Pavement</td>
<td></td>
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<td></td>
<td>30. Ventilation fan</td>
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<tr>
<td></td>
<td>Road at grade</td>
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<tr>
<td></td>
<td>31. Bulk excavation</td>
<td>32. Subgrade preparation</td>
</tr>
<tr>
<td></td>
<td>33. Drainage</td>
<td>34. Concrete pavement</td>
</tr>
<tr>
<td></td>
<td>35. Precast concrete: barriers, kerbs</td>
<td>36. Retaining walls</td>
</tr>
<tr>
<td></td>
<td>37. Asphalt pavement</td>
<td>38. Re-alignment of existing busway</td>
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<tr>
<td></td>
<td>39. Traffic management</td>
<td></td>
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<tr>
<td></td>
<td>Bridge, ramps, median, walkway and bikeway structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>40. Traffic management</td>
<td>41. Earthworks</td>
</tr>
<tr>
<td></td>
<td>42. Pile foundation</td>
<td>43. Structural works</td>
</tr>
<tr>
<td></td>
<td>44. Precast concrete: barriers, kerbs</td>
<td>45. Bus stations</td>
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<tr>
<td></td>
<td>Bus stations</td>
<td>46. Water and stormwater</td>
</tr>
<tr>
<td></td>
<td>47. Electrical and communication</td>
<td>48. Pile foundations</td>
</tr>
<tr>
<td></td>
<td>49. Cast in situ concrete (lift well, platforms, and bus bays)</td>
<td>50. Structural steelwork</td>
</tr>
<tr>
<td></td>
<td>51. Roofing and drainage</td>
<td>52. Cladding and louvres</td>
</tr>
<tr>
<td></td>
<td>53. Mechanical services</td>
<td>54. Lift installation in bus stations</td>
</tr>
<tr>
<td></td>
<td>Remaining construction activities in multiple parts of the project</td>
<td></td>
</tr>
</tbody>
</table>

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Which activity properties will we be evaluating?

- Frequency (Coase/Williamson – Nobel prizes)
- Uncertainty (Williamson – Nobel prize)
- Asset specificity (Williamson – Nobel prize)
- Rarity (Barney)
- Costly to imitate (Barney)

Why these variables were chosen and why do they come together will be explained at the next workshop!
How the activity properties interact gives six states of the market or bargaining positions:

- **Make**
  - 1: Hold-up is the primary concern; competition is not an issue
  - 2: Neither hold-up nor competition are serious issues
  - 3: Competition failure is the primary concern; hold-up can occur as well

- **Buy**
  - 4
  - 5
  - 6

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The core of the analysis is similar to a shape matching toy… but shape needs to be determined first.
Going through the questions fills up a table
(Example: Construction of tunnels – Activities 23-29 and 10-22)

<table>
<thead>
<tr>
<th>Level</th>
<th>Dominant Logic</th>
<th>Asset Specificity (TCE)</th>
<th>Uncertainty (TCE)</th>
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<th>Mode of Governance (Make-or-Buy)</th>
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<td>Product &amp;/or Organizational Capability (RBT)</td>
<td>High</td>
<td>Low or High</td>
<td>High</td>
<td>High</td>
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<td>Internal</td>
</tr>
<tr>
<td>3</td>
<td>Organizational Competence (Coase’s thesis)</td>
<td>Low or High</td>
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<td>High</td>
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<tr>
<td>4</td>
<td>Hold-up (TCE) (govt. frequent user of activity)</td>
<td>High</td>
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<td>High</td>
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Where we want to get to

Steps in a procurement strategy:
- Make-or-buy
- Contract scoping
- Bidder selection
- Delivery model
- Incentive power (payment mechanisms and penalties)

How a decision is made:
- (scientific)
- (scientific)
- (scientific & enshrined in legislation)
- (scientific)
- (mainly predetermined by choice of delivery model)
Desired Outcomes

• Lower cost

• No increase or reduction in conflict/litigation with contractor

• No major loss in innovation potential
THANK YOU
Reserve slides
What happened in the 20th century

• The traditional Design-Bid-Build model has been the back-bone of infrastructure procurement to date

• The average project was smaller

• The state retained most of the risk
From the DBB to a panoply of options…

**Financing method**
- Publicly financed ("Traditional")
- Privately financed ("PPP")

**Delivery models**
- Design Bid Build (DBB)
- Design Build (DB)
- Alliancing
- Engineering, Procurement & Construction (EPC) + MO

**Contract power**
- Contractor required to price a narrow scope
- Contractor engaged on low-powered contract
- Contractor required to price a wide scope
- A high powered contract

Note – Solid lines denote predominant choice, with dashed lines representing less common but observed options
Apropos alternative contracting models…

• The separation of the design and build also allowed more scope for incomplete contracts and in consequence opportunistic behaviour of contractors, leading to adversarial relationships and legal challenges.

• In the 1990-ies, DB and EPC (through PPPs) started their march, based on an output specification for a fixed price and date.

• In 1998, the Egan report was published in the UK, calling for (many things and ) a more collaborative approach to contracting, essentially abandoning low price competition. It explicitly stated that “there will be fewer but bigger winners.”
Delivery models and procurement

- Political-economic
- Psychological
- Technical

As estimate should be

Start of implementation phase

Cost over-run
Cost savings

Design-Bid-Build
Design-Build
PPP (EPC)
Collaborative contracting

Competitive trigger

Conceptual → Initial design → Final design → Construction

Denotes point of civil contractor engagement
Today’s structure of the major infrastructure market in the EU

- Projects > EUR 10 M
- Top 8 players=60% of the market
- All projects
Latest market developments

• Some major contractors have begun rejecting fixed price contracts after suffering losses/winners curse in major projects (e.g. SNC Lavalin, Skanska AB US)

• There is also evidence that these are disproportionately more costly than traditional DBB contracts.

• The industry is strongly promoting that governments embrace collaborative procurement approaches (ECRI partnership with WEF). UK and AU are at the frontier.
The focus of the procurement debate (I)

An example of a very advanced economy (Australia; similar to UK):

- Step 1: Data gathering (objectives, risks; agency’s and market capability, unique project characteristics)
- Step 2: Shortlist delivery models (consider suitability of PPP, Alliancing, Managing contractor model)
- Step 3: Validation (what precedents exist for this project? What does the market think?)
- Step 4: Delivery model options analysis (Which model best achieves objectives and reduces risk?)
- Step 5: Preferred delivery model (structure preferred delivery model, consider risk; approve; execute gateway review)
Going through the questions fills up a table
(Example: Construction of civil works – Activities 31-53, 57)

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Based on...

Procurement Choices and Infrastructure Costs

Dejan Makovšek & Adrian Bridge

...which got us to where we are today (III)

- Pre-contract information exchange in the EU. Use in transport infrastructure 2006 – 2016:

Note: Rail/road infra projects above EUR 50 m.
Source: Base on data in Roumboutsos (2019).
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Aproximative duration: 2h30
MOBILITY AND RECOVERY IN EUROPE: IMPACTS OF THE COVID-19 CRISIS

A EUROPEAN COMPARATIVE STUDY
CONTEXT OF THE STUDY

- Study conducted by a consortium of construction and road trade organisations
- A first international benchmark study on new mobility and road infra. was released in 2020
- Considering the COVID-19 outbreak, a new study was proposed with a European focus
## CONTEXT OF THE STUDY

It covers 11 countries:

<table>
<thead>
<tr>
<th>EU countries</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain ES</td>
<td>Netherlands NL</td>
</tr>
<tr>
<td>France FR</td>
<td>Sweden SE</td>
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<td>Italy IT</td>
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<td>Czech Republic CZ</td>
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<tr>
<td>Belgium BE</td>
<td>Croatia HR</td>
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<td>+ United Kingdom GB</td>
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Organised around 4 axes

1. Impact of the COVID-19 crisis on mobility behaviours in 2020 and beyond
2. National recovery strategy
3. Existing national and EU strategies
4. EU recovery framework
The production in construction fell by **11.8% at Q2 2020** compared to Q1 2020.

A net **14.3% rebound during Q3 2020** compared to Q2 2020 shows the role of the industry in the recovery.

In civil engineering, **production fell by 9.2% in Q2 2020** and rebounded of 11.7% at Q3 2020.
THE ROLE OF THE EU RECOVERY FRAMEWORK

RECOVERY AND RESILIENCE FACILITY

How will Member States access €672.5 billion in EU recovery funding?

Commission raises necessary funds on markets by issuing bonds.

- **MEMBER STATE**: Countries submit national plans of investments and reforms, with clear milestones and targets.
  - As a rule by 30 April

- **COMMISSION**: The European Commission assesses these recovery and resilience plans.
  - Within two months of receipt

- **COUNCIL**: The Council approves national plans on a case-by-case basis.
  - Within one month

- **COMMISSION**: The EU pays 15% of the total support upfront to kick-start the recovery.
  - Within two months

- **MEMBER STATE**: Member States request further disbursements upon reaching agreed milestones and targets.
  - Up to twice a year

- **COMMISSION**: The Commission prepares preliminary assessment of the request.
  - Within two months

- **MEMBER STATE**: Member States receive installment of EU financial support.
  - After consulting expert committee
THE ROLE OF THE EU RECOVERY FRAMEWORK

Subventions de la facilité pour la reprise et la résilience
(en milliards d’euros)

Monétaires perçus par les États membres dans le cadre de la facilité pour la reprise et la résilience
Source : Commission européenne
PLACED OF THE ROAD INFRASTRUCTURE IN RECOVERY AND RESILIENCE PLANS

• Most of the infrastructure envelope is going to the rail (Italy, France, Germany, Spain), even if transport is well targeted for climate reasons

• Road infra. is already targeted in ongoing transport policies (Germany), outside of the recovery framework

• Road infra. is structurally not considered and seen as a costly and polluting mobility asset, even if concretes efforts are made on greening vehicle fleets and deploying a consistent charging infrastructure

• It is less the case in Central Europe countries (Czech Republic)

• Many countries are proposing simplified rules and procedures regarding public procurement to accelerate projects execution (Italy, Spain, UK)
CONSIDERATIONS ON THE ROLE OF THE ROAD IN THE RECOVERY

• Road transport contributes to almost ¾ of emissions in the transport sector in the EU.

• **Road transport will decrease but remain dominant in transport** (80% for passenger transport | 70% in freight transport in 2018) – homeworking, modal shift to rail etc..

• Road is therefore **the first social network** and must ensure daily and safe mobility for EU citizens (first wave of COVID-19).

• Road infra. is a considerable economic asset which needs **to be maintained, repaired and funded** in accordance with its role.
RECOMMENDATIONS ON THE ROLE OF THE ROAD IN THE RECOVERY

• New road infrastructure maintenance and rehabilitation projects should be launched after chronic lack of maintenance investment over the last 10 years.

• A road in poor condition constitutes an increase of up to 10% in emissions from vehicles on the road, not to mention road safety issues.

• To secure maintenance budgets over the long term, the use of multi-annual maintenance and rehabilitation contracts based on performance would be a suitable solution.
THANK YOU!
Our program today

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Aproximative duration: 2h30
Canada-Québec
Strategy to Accelerate Projects, Post-Pandemic

Valérie Maltais, ing. PMP
General Director, for ministère des Transports du Québec (MTQ)

June 3rd, 2021
COVID-19 global pandemic

- Certain roadwork projects suspended
- Preparation of certain projects slowed down
Strategy to Accelerate Projects, Post-Pandemic

1. Act respecting the acceleration of certain infrastructure projects

2. Objective: accelerated start. How to really benefit from the Act?

3. Example of the Highway 30 Project
1. Act respecting the acceleration of certain infrastructure projects
1. Act respecting the acceleration of certain infrastructure projects

- Government’s commitment: in order to help compensate for the impacts of the COVID-19 pandemic, the objective is to promote Québec’s economic recovery and accelerate certain infrastructure projects;
- Passed in December 2020.
1. Act respecting the acceleration of certain infrastructure projects

- Projects in transportation, education and higher education, and the health sector (including retirement homes, government buildings [courthouse, administrative offices], etc.);
- Until December 2025 or until the project is completed;
- Biannual reports planned.
1. Act respecting the acceleration of certain infrastructure projects

- The act provides for some flexibility in four areas:
  - Environment
  - Real estate acquisition
  - Land use planning and development
  - Domain of the State
1. Act respecting the acceleration of certain infrastructure projects

**ENVIRONMENT**

- Adaptation of certain processes applicable under the *Environment Quality Act*, in particular those relating to the obligation to obtain a ministerial authorization to carry on activities and those applicable to the environmental impact assessment and review procedure.
1. Act respecting the acceleration of certain infrastructure projects

ENVIRONMENT

Exemption from the obligation to obtain an authorization pursuant to the sections in force

- Simplification of the characterization of wetlands and bodies of water concerning works for which an authorization must be requested pursuant to the sections in force;

- Possibility to submit a phased contaminated land rehabilitation plan;

- Acceleration of the environmental impact assessment and review procedure.
1. Act respecting the acceleration of certain infrastructure projects

**ENVIRONMENT**

Accelerated environmental impact assessment and review procedure

Acceleration of the environmental impact assessment and review procedure for certain infrastructure projects to boost the economic recovery by:

- Reducing by more than half the time needed to process projects;
- Focussing the procedure on the analysis of issues (enhanced analysis level);
- Simplifying and combining two steps of the analysis: admissibility of the impact study and environmental acceptability of the project;
- Optimizing the BAPE public consultation phase;
- Eliminating administrative delays and wait times.
1. Act respecting the acceleration of certain infrastructure projects

**ENVIRONMENT**

Accelerated environmental impact assessment and review procedure

- The process is accelerated, but not necessarily facilitated.
- Obligation to comply with the requirements of the Environment Quality Act maintained despite regulatory adjustments.
1. Act respecting the acceleration of certain infrastructure projects

REAL ESTATE ACQUISITION

A simplified expropriation procedure under the *Expropriation Act*.

- Delays are reduced;
- It is not possible to challenge the right to expropriate;
- The indemnity is fixed.
1. Act respecting the acceleration of certain infrastructure projects

Exemption for government interventions from the application of the Act respecting land use planning and development as well as the simplification of the procedure to obtain a municipal authorization.
1. Act respecting the acceleration of certain infrastructure projects

**DOMAIN OF THE STATE**

The possibility of undertaking work on part of the domain of the State before the required rights are obtained.
1. Act respecting the acceleration of certain infrastructure projects

**Selection Criteria for MTQ Projects Presented in the Schedule**

- Progress
- Complexity
- Community approval
- Measures make it possible to save time based on the project’s progress (1 year)
- Maintenance of assets
- Road safety
- Mobility

51 transportation projects on a government list with a total of 180 projects
2. Objective: accelerated start. How to really benefit from the Act?
2. Objective: accelerated start. How to really benefit from the Act?

Execution strategies:

- Phased construction
- Advance the preparation of plans and specifications
- Relocation of utilities during construction
2. Objective: accelerated start. How to really benefit from the Act?

**Contractual component:**
- Contracts in cascade
- In-house measures to prioritize the process of selected files
- Working committee
2. Objective: accelerated start. How to really benefit from the Act?

Administrative component:

- Management of stakeholders
- Additional in-house resources
3. Example of the Highway 30 Project
3. Example of the Highway 30 Project

- The purpose of the A-30 improvement project, which extends on approximately 20 km, is to improve mobility and accessibility in the Greater Montréal area
- Substantial time saving
- Plans and specifications stage advanced
- Call for tenders in cascade
- Solutions that foster community approval
- Strategy: Phased construction works
3. Example of the Highway 30 Project

WITH ACCELERATION

- Call for tenders (contract in cascade)
- Design, with priority to lot 1
- Call for tenders for lot 1
- Work on lot 1
- Identification of parameters for other lots and the whole project
- Design for other lots
- Call for tenders for other lots
- Work on other lots
- Work
- Plans and specifications
- BAPE
- Beginning of the work

WITHOUT ACCELERATION

- Opportunity
- Identification of parameters
Questions?
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Aproximative duration: 2h30
Webinar PIARC Covid-19 Series
Impacts of Covid on road projects: financing, procurement, transparency and due diligence

Speeding up investment in public works in Italy

Fabio PASQUALI
Member of the PIARC Response Team Member, Chair of PIARC TC 1.2 - Planning Road Infrastructure and Transport to Economic and Social Development
Head of Planning, ANAS SpA (Italian State Road Agency)

Webinar, 3rd June 2021
The momentum for the infrastructures - The RR Facility

- Italy will use both grants (some €69 bn in total) and loans (an estimated €122bn), funding both already budgeted items and new projects. Italy has added its own resources to complement the EU-based ones.

- To be eligible for RRF funds, each country must prepare a detailed Recovery Plan, which includes a coherent package of projects, reforms and investments in six policy areas, with 37% devoted to the green transition, and 20% to the digital transformation.

- For each measure, the Plans have to indicate the contribution to the achievement of the green and digital goals.

- All projects, actions, programmes, must be completed by 2026.
The investments foreseen in the period 2022-26 for infrastructures worth 62bn, about 25% of the whole Italian NPRR

Core areas: HS lines, ports, green transition for mobility, urban and local transport, innovation

Anas: digitalization of structures, extraordinary maintenance (as core part of the Programme Contract), Smart Roads and ecological transition of mobility
The legacy of the past - The IPPC and the need to simplify it

“Italian public procurement law is strongly oriented towards formal elements without sufficiently taking into consideration the goals of public procurement, i.e. generating outcomes such as value for money for the public administration. This has resulted in a lengthy, complex and onerous procurement code, which contracting authorities and economic operators have difficulties to work with.”

EC - Public procurement – Study on administrative capacity in the EU - Italy Country Profile, 2016

- Procurement for infrastructures is based in Italy on the Public Contract Code, revised in 2016 for adopting the new EU rules and improved with special amendments every year thereafter.

- Both the 2016 PPC and the amendments passed in 2017, 2019 and 2020 have improved the legislative framework in many areas (1):
  - application of the MEAT (most economic advantageous tender) in all complex tenders vs. the best price criterion
  - use of negotiated procedures without previous publication of a call for tender only under very special cases
  - introduction of a system of qualification, whereby reducing the number of contracting authorities
  - establishment of a rating system of contracting companies based on their past performance
  - more flexible legislative instruments for secondary legislation through guidance documents, or guidelines

(1) Nazim Belhocine and La-Bhus Fah Jirasavetakul, Lessons from Two Public Sector Reforms in Italy, IMF Paper, 2020
The legacy of the past - The accumulation and growth gap

- According to the literature (2), public investments have a positive effect on the economic system, which in the short-term can be overpassed by the negative effect due to the increase of taxes to finance the programs: in this case, two factors play a positive role: a) the high percentage of grants, b) the post-COVID rebound

- The core problem is then to implement the investment programs in the allowed time-frame, by using the huge financial resources in the best way and within the strict time constraints

Simplification and rationalization of current legislation on PCs

- Decreto “Sblocca contratti” (Unblocking Construction Works), June 2019 and
- Decreto “Semplificazioni” (Simplifications), September 2020

  • Simplified award of contracts for services and supplies without call for tender
  • Simplified award of contracts with negotiated procedure and without prior publication of the notice, by inviting 5/15 operators (according to the amount of the tender)
  • Reductions of the duration of various steps of the procurement procedures:
    • Less time to decide allowed to branches of the PA involved in the authorization phases
    • Less standstill time during the procurement stages in which this is foreseen
    • Mandatory time for completing the tendering phases by the contracting agency, with individual responsibility of the owner of the tendering process in the PA
    • Less legal cases in which a suspension of public works is allowed
    • Simplified procedure to try to settle litigation related to the awarding phase
    • Possibility to award without public tender session
    • Full dematerialisation of the tender procedures, high recourse to online tendering (public sessions in streaming, )
    • Procedural inversion (for MEATs, technical assessment first and administrative assessment only for the preferred bidder)
Simplification and rationalization of current legislation on PCs

- Decreto “Governance of NPRR”, 31 May 2021
  - The coordination of the NPRRR is ensured by several bodies
    - a national “control room” coordinated by the Premier with variable composition (relevant ministries, administrations, experts, …), depending on the projects discussed, backed by a permanent Technical Secretariat, in charge of the NPRR until 2026 – beyond the cyclical duration of a government
    - a national “unity for the improvement of the regulation” of the involved sectors (crucial for infrastructures)
    - a permanent “consultation table for the partnership”, with a role of consultation of the social parties
    - a centralised office for “monitoring of anti—corruption”
  - The possibility of the Central Administration to step in if a responsible body is inactive or in case of deny of authorisation or opposition, by PA bodies or administrations
  - Reduction of time for the Env. Imp. Assessm through the creation of a ad hoc pro-NPRR body
  - Possibility to sub-contract up to 50% of the amount of the contract, 100% from November 2021, with possibility of the contracting agency to specify some parts of the contract to be directly implemented by the awarded company
  - Possibility to award through an Integrated Contract, only with the MEAT tendering criterion
The momentum for the infrastructures - Conclusions

We are now experiencing a unique moment, due to the unprecedented coincidence of four key factors:

- Huge financial resources available
- Strong commitment and control by the Government and adequate governance for the management of the program
- Contemporary reforms to be applied to many areas of the Public Administration
- Reinforcement of the PA through injection of qualified human resources

But there is still a wide gap to be filled up very quickly

- Innovation, changeover, efficiency, performance, again simplification

The players are ready – the Government, the Ministry, the Contracting agencies, the Contractors, the market, the European arena…

Sharing knowledge and experience is one of the key factors for succeeding
Thank you for the attention! I’m ready for questions

Fabio Pasquali
f.pasquali@stradeanas.it

World Road Association (PIARC)
Grande Arche – Paroi Sud – 5°étage
92055 – La Défense Cedex – France

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Aproximative duration: 2h30
New Alliances – Improving Infrastructure Delivery through Collaborative Contracting and Modern Methods of Construction

PIARC Webinar

June 2021
Contents

› COVID 19 - *Update*

› TRADITIONAL DELIVERY MODEL – *Indicative Project*
  Challenges

› SETUP COLLABORATIVE MODEL – *Key Steps and Tools*

› ENABLERS OF COLLABORATIVE MODEL

› INTEGRATED PROGRAM DELIVERY – *through MMC*

› BENEFITS USING COLLABORATIVE MODELS
COVID-19 – Global Outlook

167,316,260
Total Cases

3,473,247
Total Deaths

454,200
New Daily Cases

9,035
New Daily Deaths

2.1%
Case-Fatality Ratio
COVID-19 – GCC Outlook

1,143,122
Total Cases

10,105
Total Deaths

4,514
New Daily Cases

12
New Daily Deaths

0.9%
Case-Fatality Ratio

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<th>Location</th>
<th>Total Cases</th>
<th>Total Deaths</th>
<th>Total Cases (per million people)</th>
<th>Total Deaths (per million people)</th>
<th>Case-Fatality Ratio</th>
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<td><strong>19.486</strong></td>
<td><strong>172</strong></td>
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TRADITIONAL DELIVERY MODEL – Project Challenges

Costly / inefficient project requirements – in absence of early contractor input on the best strategy may lead to cost escalations.

No incentives for parties to identify and address problems early or outside of their contractual boundaries?

The Consultant has not incorporated the Servicing strategy accurately while developing the Schematic Design.

We are spending lot of time sorting out conflicts between contractors, designer, and stakeholders?

We need to receive timely design inputs from our stakeholders else the Concept Design will get delayed.

Contracts only start when all pre-requested inputs are there to minimize overlap and increases time and cost.

Can we measure a common thread of progress across the project lifecycle?

Mis-match of BIM technology with Client, Consultant and to be appointed Contractor?

Is the cost / budget aligned – can we do Value Engineering now – hope its not too late?

We need to receive timely design inputs from our stakeholders else the Concept Design will get delayed.

Contracts only start when all pre-requested inputs are there to minimize overlap and increases time and cost.

Can we measure a common thread of progress across the project lifecycle?

Mis-match of BIM technology with Client, Consultant and to be appointed Contractor?

We are spending lot of time sorting out conflicts between contractors, designer, and stakeholders?
TRADITIONAL DELIVERY MODEL – Project Challenges
SETUP THE COLLABORATIVE MODEL – Key Tools

1. ASSESS PROJECT READINESS
   - Project Status Assessment
   - Revised Delivery Program
   - Project Financial Model Phase

2. IDENTIFY BENEFITS AND ARTICULATE OUTCOMES
   - Clear Value Definition
   - Stakeholder Engagement
   - Clear Goals and Targets

3. BEHAVIOURS AND CAPABILITIES
   - Committed Leadership
   - High Performing Team Culture and Behaviours
   - Ecosystem for an Integrated Delivery Model

4. DESIGN THE COLLABORATION MODEL
   - Commercial Model
   - Organization Model
   - Integrator Partner

5. DEFINE COLLECTIVE OWNERSHIP
   - Performance Measurement
   - Revised Delivery Program
   - Risk and Reward Mechanism
ENABLERS OF COLLABORATIVE CONTRACTS

What are specific project features that Collaborative Model can help maximize benefits

1. Define VfM*, KPI's, Pain and Gain share

2. Owner and Project Stakeholder involvement

3. Identify the Right Contractor and Consultant

VfM* - value for money
MODULAR CONSTRUCTION – Through Integrated Program Delivery

ACCELERATING SHOVEL-READY INFRASTRUCTURE | INTEGRATOR PITCH
SNC-LAVALIN

INFRASTRUCTURE PROGRAM DELIVERY PARTNERSHIP
NATIONAL VIRTUAL PRODUCTION HUB

COORDINATE SUPPLY CHAIN
ACCELERATE DESIGN

PRODUCTION HUB (OFF SITE)

ASSEMBLY (ON SITE)
HANOVER ASSET MANAGEMENT

GOLDEN THREAD: INTEGRATOR RUNS THROUGH ENTIRE PROCESS, ENSURING AN END-TO-END OFFERING.

MODERN METHODS OF CONSTRUCTION - MODULARIZATION
BENEFITS USING COLLABORATIVE MODEL

Time: 30 to 50% savings
- Less procurement time on the contractor
- Optimizing the overall program
- Less oversight from the parties

Cost: 5 – 15% savings
- Lesser parties thus bringing in efficiencies
  - Design is optimized to suit the construction methodology
  - Less wastage with the Contractor – Optimizing modular design
  - One source of information – One set of project reporting

Quality: Improved delivery KPI's
- Requirements management providing traceability throughout the process
- Client / Consultant teams as part of the Integrated Project Delivery - to define the quality of the suppliers
- Technology by using singular 3D BIM across all parties
- Integrated Project Delivery Structure to define Change Management process without impact on claims

The Collaborative Model will have an impact on Time, Cost and Quality parameters of the project, by identifying the right Collaborative Model and partners to enable the success of the project
Thank You
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Aproximative duration: 2h30
Impacts of Covid on Road Projects:
Financing, procurement, transparency and due diligence

What's in for developing countries?

Michel Démarre
SEFI-FNTP Senior International Advisor

Paris - 3rd June 2021
Introduction

- Worked with the French govt for 20 years; last 30 years with private sector (road construction)
- Past-president of EIC (European Intl Contractors; 2008-2012)
- Advisor to SEFI (French Assn of Intl Contractors)
- Longtime member of PIARC (since 1989)
  - Participated in 3 Technical Committees since 2004
  - President of the French Natl Committee (2008-2012)
  - Currently French-speaking secretary of TF 1.1 on Well-Prepared Projects
- I will make this presentation on behalf of CICA
CICA
Confederation of International Contractors’ Associations

- Head office in Paris
- Members are regional or national associations as well as individual companies
- Detailed information at www.cica.net
- CICA has been collecting Covid-19-related information from their members and others since March 25, 2020
- Global benchmark updated on a regular basis
- http://www.cica.net/cica-covid-19-overview/

CICA General Assembly Seoul May 2019
1. Which developing countries (DCs) are we talking about?

- The Chinese member of TF 1.1 reminds us that China is a DC.
- However, not all DCs are equal regarding road project preparation, even less Covid-19.
- Focus will be more on LICs-LMICs, typically, but not exclusively, Subsaharan (SSA) countries.
  - Out of 29 Low Income Countries, 21 are SSA countries (GNI < $1,035).
  - Out of 50 Lower Middle Income Countries, 18 are SSA countries ($1,036 < GNI < $4,045).
2. Covid-19 status (1)

- Vaccine rollout, although uneven, is gaining momentum
- Government stimulus is likely to provide a major boost to economic activity

- Upside scenario based on fast deployment of vaccines around the world and fast release of pent-up savings
- Downside scenario based on slow production and deployment of vaccines, reducing confidence and slowing spending
2. Covid-19 status (2)

- But situation is more subdued for SSA countries
- 48 SSA governments are expected to need at least $12.5 billion to vaccinate 70% of their population, which does not bode well for achieving herd immunity soon
- COVAX commitment: 41 SSA countries will have 20% of their population covered by end 2021

Source: Worldbank blogs - COVID-19 vaccine doses administered per 100 people
3. Financing (1)

- Needs are huge and compounded by climate change
- "The world needs to invest more than $900 billion in its roads annually" (McKinsey & IRF, April 2018)
- USA: American Jobs Plan includes $115 billion to be spent on roads and bridges with a focus on resilience (over 8 years)
- Infrastructure needs at large for EMDEs (Emerging Markets and Developing Economies):
  - 4.3% of GDP (~USD 1 trillion/year), 4.5% to achieve SDGs and limit warming to 2°C
  - plus operations & maintenance: and additional 2.7% of GDP each year (Source: "Closing the Infrastructure Gap" by Swiss Re Institute and Global Infrastructure Facility)
3. Financing (2)

- Developed countries have made financial commitments towards recovery, yet still in the legislative making (USA, EU…)
- SSA countries caught in "The Policymaker's Trilemma" (IMF blog):
  - Huge demand for government spending for development
  - Rising concerns about debt (DSSI: Debt Service Suspension Initiative)
  - Limited progress in raising tax revenues
  - "The long shadow of informality" (see recent report by the World Bank)

*Source: IMF blog*
4. Procurement

- Since a large part of financing is brought by Bi- or Multilateral Donors, procurement is scrutinized by Donors
- Progress has been achieved by allowing more freedom in procurement schemes (e.g. adoption of FIDIC 2017 suite by most MDBs)
- Key issue is capacity building to manage innovative contracts (not specific to developing countries…)
- Essential focus is on project preparation
- Numerous Project Preparation Facilities (PPF)
- See ICA (Infrastructure Consortium for Africa) study and recommendations (2012), which still remain to be implemented for better coordination:
- SOURCE: project preparation software (promoted during the recent Summit on Financing African Economies), already in use in some developing countries (https://public.sif-source.org/)
5. Transparency and due diligence

- The IMF has pressed for better governance and transparency for countries receiving IMF financing during the crisis
- Governance measures and Safeguards Assessments
- Implementation of these practices have proved challenging in some cases
- Some countries however have adopted these measures on a permanent basis, beyond pandemic-related spending
6. Conclusions

- Achieving herd immunity is of paramount interest to everybody, hence the need to focus on Developing Countries.
- Solving the "Policymaker's trilemma" will require substantial support from more affluent countries.
- Global organizations will have an essential role to play on the road to recovery:
  - by fighting the pandemic at global level;
  - by providing adequate financing and mobilizing resources from all public and private actors concerned.
Thank you for your attention!

- Michel Démarre
- demarrem@fntp.fr
Our program today

1- Welcome and introduction to the webinar, Miguel Caso Florez, PIARC Technical Director (10 minutes).

2- Procurement in post-Covid times: what and how?, Dejan Makovšek, OECD (20 minutes).


4- Post-Covid Projects Acceleration Strategy, Valérie Maltais, Ministry of Transport of Quebec (20 minutes).

5- Speeding up investment in public works in Italy, Fabio Pasquali, ANAS (20 minutes).

6- New Alliances – Improving Infrastructure Delivery through Collaborative Contracting and Modern Methods of Construction, Paul Raphael, Atkins Acuity, (20 minutes).

7- What's in for developing countries?, Michel Démarre, CICA, (20 minutes).

8- Questions & Answers from participants through the Chat, moderated by Verónica Arias, PIARC Technical Advisor (20 minutes).

9- Conclusions & next steps, Miguel Caso Florez, PIARC Technical Director (1 minute).

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Thank you for your attention!

Presentatin slides and recording available in www.piarc.org from next week.

3 June 2021