

TASK FORCE 1.2 – WELL-PREPARED PROJECTS IN LOW- AND MIDDLE-INCOME COUNTRIES

Strategies – Objectives

Extend the work of Taskforce 1.1 to specifically cover low- and middle-income countries, and focus on financing conditions, which often strongly determine the preparation of their road projects.

Involve in the analysis financing institutions that have demonstrated a strong interest in project preparation, such as Multilateral, Regional or Bilateral Development Banks, in particular the promoters of the SOURCE software through the Sustainable Infrastructure Foundation.

Review the main conclusions and topics of TF 1.1 as they relate to good project preparation, and further analyze those that appear more relevant for low- and middle-income countries, and draft corresponding recommendations.

Together with participants of TF 1.1, present a holistic report at the next World Congress in Prague.

Achievements of TF 1.1 on the topic of Well-Prepared Projects

The Taskforce TF 1.1 was set up early 2020. The detailed Terms of Reference were placed under the motto “How to improve bankability, acceptance, accountability and transparency”. The ten active members of the Taskforce originated from countries classified as either High Income countries (EU: France, Poland, Romania, Spain, Sweden; Canada-Quebec; Chile; United Kingdom) or Upper Middle-Income countries (China, Mexico).

TF 1.1 has produced in the first half of 2021 a report titled: “How countries undertake well-prepared projects: a review on ten countries”.

This literature review aims to identify good practices found in countries of different income levels and moreover of different cultures. All ten members of the task force were asked to describe their country’s processes. A template was prepared so that all members had a common framework.

Analysis of this data was done in several steps going from a country-by-country basis to a cross-countries analysis, and then finally a high-level analysis to offer an integrative synthesis with key points.

In addition to Task force monthly meetings and specific workshops, TF 1.1 members participated in webinars organized in the Covid-19 series (e.g., with a presentation on 29 April 2020 on Contractors Professional Associations’ Response to Covid-19), and by organizing on 3rd June 2021 a webinar on “Impacts of Covid on Road Projects: Financing, procurement, transparency and due diligence”. A webinar was also organized on 26 November 2020 specifically dedicated to a presentation of SOURCE by SIF (Sustainable Infrastructure Foundation), which allowed TF members to familiarize themselves with that project preparation software, which had to be assessed by the TF as per the Terms of Reference.

The Task force is currently working on case studies brought by TF members in respect of their respective countries. In addition, a case study will be presented on the SOURCE software by SIF (Sustainable Infrastructure Foundation), dealing with an example from Bangladesh. All 18 case studies will be presented in the final report due by end 2021.

Critical analysis of TF 1.1 achievements

In spite of the difficulties raised by the pandemic, and notably the impossibility to have more than one face-to-face meeting (i.e. the kick-off meeting in early February 2020), TF 1.1 succeeded in working reasonably well to produce the above-mentioned documents.

The shortcomings arose rather out of the absence of participants from Low and Middle Income Countries (LMICs), and the difficulty experienced in involving Multilateral Development Banks: although some of them had previously shown a great interest in PIARC approach, they could not be involved because of remote work.

This why it is proposed to create a new Taskforce specifically targeted at low- and middle-income countries classified in the LMIC category, which should necessarily include a substantial number of members coming from that category of countries.

New developments on Infrastructure projects preparation

Since the inception of TF 1.1 work, new developments related to Infrastructure project preparation have taken place, which should be taken into consideration by the proposed new Taskforce, notably:

Blue Dot Network

The Blue Dot initiative (BDN) launched by the United States in early 2020 with the support of Australia and Japan aims to provide an internationally recognized certification framework for quality infrastructure projects.

The OECD's Trust in Business Initiative has been engaged to provide high-level guidance and technical input to operationalize the global certification process and convene a global multi-stakeholder network led by an Executive Consultation Group.

Discussions are now taking place across three dedicated working groups discussing the design of certification criteria in the areas of investment efficiency and outcomes, environmental and social considerations and transparency and integrity. Some working group members have suggested that SOURCE, the project preparation software developed by Multilateral Development Banks, could be a good standard to start with for the proposed certification framework, which could also rest on the G20 Principles for Quality Infrastructure Investment established by the G20 end 2019 in Japan¹.

Although the outcome of the BDN discussions is not yet clear, the introduction of a project quality certification framework would certainly impact infrastructure project financing and project preparation; a follow-up of this initiative early 2022 would then be appropriate for the new taskforce to consider.

¹ As a reminder, here are the six basic principles endorsed by G20:

- Maximizing the positive impact of infrastructure to achieve sustainable growth and development;
- Raising Economic Efficiency in View of Life-Cycle Cost
- Integrating Environmental Considerations in Infrastructure Investments
- Building Resilience against Natural Disasters and Other Risks
- Integrating Social Considerations in Infrastructure Investment
- Strengthening Infrastructure Governance

They are very much in line with the findings of TF 1.1.

New EIB (European Investment Bank) Development Branch

The Board of Directors of the European Investment Bank (EIB) recently approved plans to strengthen its global development engagement, by setting up a development branch to increase the impact of its activities outside the European Union, thus responding to the call for action expressed in the “Council conclusions on the enhanced European financial architecture for development (2021)” adopted on 14 June 2021.

The bank will reinforce representations outside the EU and create several regional hubs, intensifying complementarity and cooperation with Multilateral Development Banks, national Development Finance Institutions and local partners. The first regional hub, strengthening EIB work in East Africa, will be in Nairobi.

This is of particular interest in respect to project preparation, considering that the EIB had previously set up a technical assistance facility, named JASPERS, for the twelve EU countries which joined the EU in 2004 and 2007, which provided support to prepare high quality major projects. The EIB may well extend JASPERS’ experience in other countries, including LMICs.

A follow-up of EIB’s initiatives in this respect should be therefore considered by the new taskforce, insofar as they could impact the preparation of EIB financed projects.

GLOPRAM

Following the above-mentioned webinar of June 3rd, this topic has been briefly discussed with some members of TC 1.1 and 1.2., who have shown some interest.

GLOPRAM is a project simulator aimed at addressing the “missing link” in project evaluations: most often one focuses exclusively on cost-benefit analyses that consider the benefits at large for the economy, but seldom on the benefits for the budget of the road authority itself.

This reflection is led by Jeanne Amar, Senior Lecturer at the University of Nice, and Vincent Piron (former Director of Strategy and Investments at Vinci Concessions). It started with an opinion expressed by the IMF (International Monetary Fund) i.e. that properly designed infrastructure investment will reduce rather than increase government debt burdens. Public infrastructure investments can pay for themselves.

More information available on their website (in construction): www.glopram.com

Although this tool is presently more at a research stage, a follow-up of its developments should be recommended for the new taskforce, since it has some potential to impact the governance of project preparation.

Methodology

The methodology to be adopted by the proposed taskforce should involve:

- The participation of a substantial number of low- and middle-income countries from the LMIC category;
- A contribution from financing institutions because financing is key for LMICs and often impacts project preparation activities. TF 1.1 showed that the criterion of bankability is usually not a major concern for High income or Upper Middle Income Countries, except in the specific case of PPP or concession projects, which are not a majority. A follow-up of EIB’s above-mentioned initiatives is therefore highly recommended in this respect;

PIARC Strategic Plan - 2020-2023

- Existing project preparation tools such as SOURCE, possibly by joining forces between the Sustainable Infrastructure Foundation (SIF, the organization promoting SOURCE) and PIARC in actions such as seminars at regional level;
- Finally, a follow-up of new tools available on the market, such as BDN and GLOPRAM, if and when these become available.

Outputs	Expected Deadlines
• Regional seminar on project preparation tools (e.g. SOURCE)	• December 2022
• Report on the impact of financing conditions on project preparation • Report on specific recommendations for LMICs regarding good project preparation	• June 2023