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**DEVELOPMENT CENTRE
GOVERNING BOARD OF THE DEVELOPMENT CENTRE**

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POLICY DIALOGUES

**BUILDING THE FUTURE: THE ROLE OF QUALITY INFRASTRUCTURE IN BRIDGING
TRANSPORT INFRASTRUCTURE GAPS IN DEVELOPING COUNTRIES**

Key Outcomes

This document summarises the key outcomes emerged from the Roundtable “Building the Future: The Role of Quality Infrastructure in bridging transport infrastructure gaps in developing countries” took place on 23 November 2022 in collaboration with the G20 Development Working Group (DWG). The Roundtable was followed by the debates with the G20 DWG delegations and invited participants focused on the role of G20 countries in supporting closing infrastructure gaps and improving the effectiveness of the G20 Principles for Quality Infrastructure Investment in developing countries. The event was hosted at the OECD headquarters in Paris in a hybrid format, as a side event of the 7th edition of the OECD-UNDP-G20 DWG workshop.

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1. The Roundtable “Building the Future: The Role of Quality Infrastructure in bridging transport infrastructure gaps in developing countries” took place on 23 November 2022 in collaboration with the G20 Development Working Group (DWG). The event was hosted at the OECD headquarters in Paris in a hybrid format, as a side event of the 7th edition of the OECD-UNDP-G20 DWG workshop.
2. The event involved the G20 DWG delegations, international organisations and the OECD Development Centre’s Governing Board member countries representing 28 non-OECD countries and 25 OECD countries. Over 130 participants joined the event.
3. The event was structured two parts (see the Annex for the Agenda). The first part consisted of a Roundtable with high level representatives from Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) that took stock of what is being done to bridge transport infrastructure gaps in developing countries, followed by a debate with G20 DWG delegations and invited participants on the role of G20 countries in supporting closing infrastructure gaps and improving the effectiveness of the G20 Principles for Quality Infrastructure Investment (QII) in developing countries (Box 1).
4. Participants praised the role of the OECD Development Centre in fostering dialogue and peer learning among G20 members, developing countries and partners. Participants noted the timeliness and relevance of a continuous collaboration between the OECD Development Centre and the G20 DWG on infrastructure for development.

Box 1. G20 Principles for Quality Infrastructure Investment

In June 2019, the G20 leaders endorsed [the G20 Principles for Quality Infrastructure Investment](#), which strive to maximise the spillover effects of infrastructure for sustainable and inclusive development by ensuring infrastructure accessibility, affordability and inclusiveness. These voluntary and non-binding principles provide indications on how to make infrastructure work for sustainable development. In 2020, the G20 leaders endorsed [the G20 Guidelines on Quality Infrastructure for Regional Connectivity](#). The OECD published [the Compendium of Policy Good Practices for Quality Infrastructure Investment \(QII\)](#), which compiles a set of existing integrated and multidisciplinary international good practices and measures relevant to policymakers and practitioners. The Compendium is complemented by [the OECD Implementation Handbook for Quality Infrastructure Investment](#), which provides operational guidance with concrete examples and case studies to illustrate the suggested solutions. In 2022, the G20 leaders further endorsed [the G20 Compendium for Quality Infrastructure Investment Indicators](#) that provides a menu of voluntary, non-binding, non-prescriptive and customisable indicators.

The following paragraphs summarise the Key Outcomes of the meeting:

5. Infrastructure investments need to support developing countries achieving the Sustainable Development Goals (SDGs) and match environmental sustainability, inclusiveness, and resilience objectives. A paramount issue is to shift from the conventional logic of looking at investments in infrastructure as growth and job generation drivers to encompass the major and transformational development impact of quality infrastructure.
6. **It is important to consider a forward-looking perspective when talking about investment in infrastructure.** The digital transformation is blurring boundaries between physical and digital infrastructure, opening up opportunities in making infrastructure a lever for technological and innovation development, through for example the use of artificial intelligence and robotics for prevention, monitoring and maintenance activities¹. In this respect the experience of several countries, including Japan in the use of cutting-edge technology for strategic maintenance is paramount.
7. **Sustainability and social inclusivity need to be part of the whole project value chain, and not an afterthought.** Community engagement is paramount. The Japan International Cooperation Agency (JICA), for instance, supported the Philippines to enhance the ability of local government to take public ownership of

infrastructure projects while involving local residents in the decision-making process. Transport planning should incorporate climate, equality and safety objectives for children, women and the poor who have traditionally tended to have less access to private motor transport.

8. **Despite progress, the infrastructure needs of developing countries are significant and growing.** Developing countries need an estimated USD 1 – 1.5 trillion to bridge their infrastructure gap.² OECD has estimated that globally about 43% of investment needs are concentrated in transport, followed by energy (34%).³ Other important areas include water and sanitation, and telecommunications.

9. Governments, MDBs and DFIs, as well as national development banks and private sector need to join forces to meet infrastructure gaps in developing countries. Governments have a key role to play. MDBs and DFIs are key players in this field and are active in terms of financing, technical assistance, de-risking investments through guarantee schemes and by ultimately acting as levers for raising private investments. For instance, the African Development Bank (AfDB), in partnership with the African Union, Africa50, as well as other global partners launched the Alliance for Green Infrastructure in Africa (AGIA) in November 2022 at COP27.⁴ The Alliance aims at raising capital to accelerate Africa's just and equitable transition to net zero emissions, including through technical assistance and capacity building for project preparation/development, project ratings, co-financing and de-risking, and mobilisation of funds from global and African institutional investors. To meet the growing infrastructure needs in developing countries and to ensure that infrastructure is planned, built, and managed taking into account sustainability, inclusiveness and the potential of the digital economy, increasing the capitalisation of MDBs would be important to allow them meeting the growing demand.

10. **MDBs and DFIs are introducing innovations in their operations to increase impact of their actions in developing countries.** For example, local currency financing can help develop local capital market solutions and mitigates foreign exchange risk. For example, the New Development Bank (NDB) aims to increase local financing to 30% of total by 2026. MDBs and DFIs are also experimenting with new tools to enable infrastructure projects to meet sustainability priorities. Asian Infrastructure Investment Bank (AIIB)'s climate finance amounted to USD 2.9 billion, representing 48% of total approved financing in 2021 and aims to raise this share to 50% by 2025. About 78% of climate financing was absorbed by mitigation projects. The Development Bank of Latin America (CAF) is leading the Latin American and Caribbean Initiative for the Development of the Carbon Market (ILACC), a regional effort to boost the global competitiveness of the supply of carbon credits, in collaboration with ten National Development Banks with a view to reducing greenhouse gas emissions, mobilising new financial resources to face climate change and responding consistently and innovatively.⁵

11. **MDBs and DFIs are crucial in mobilising investments in cross-border projects.** For example, the IADB engages in cross-border infrastructure, with a view to helping countries in Latin America and the Caribbean to strengthen their participation in regional and global value chains. IADB for example is financing a 33.1 kilometre of highway in Botijlaca-Caquiviri in Bolivia to reduce travel costs and times, that will connect several municipalities, and provide access to the Peruvian border (more than 80% of Bolivian exports are by road).⁶

12. The G20 has a crucial role to play in unleashing the role of infrastructure in supporting economic transformation in developing countries. Not only are G20 countries important global investors, but they have a role as a leader of standards and creators of common framework. The G20 Principles for Quality Infrastructure Investment (QII) in developing countries is a case in point, being one of the globally recognised common standards by diverse stakeholders involved in infrastructure investment and development. Advancing in harmonisation and consistency across different standards, principles, and certificates coupled with regulatory transparency will be critical. Globally, information and data on infrastructure still needs to be developed. This is highly limited in developing countries and identified as a major barrier to entry by private investors.

Next Steps:

The OECD Development Centre, in collaboration with the Government of Japan (Ministry of Foreign Affairs and Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is committed to continue supporting international peer dialogue on G20 quality infrastructure principles.

Building on the success of this first Roundtable, a second Roundtable on Quality Infrastructure will be organised in 2023 back-to-back with the OECD/UNDP G20 Workshop.

Through a partnership with MLIT a [Compendium of Good Practices on Quality Infrastructure focusing on infrastructure resilient to natural disasters](#) is being elaborated and will be released in 2023.

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Annex: Agenda of ‘Building the Future: The Role of Quality Infrastructure in bridging transport infrastructure gaps in developing countries’

BACKGROUND INFORMATION

Investing in transport infrastructure is a key component of economic recovery and resilience worldwide. Despite some progress, the needs of developing countries are significant and growing. Investment must accelerate in order to future-proof infrastructure, make it more inclusive and environmentally sustainable, and to nurture an economic recovery based on inclusiveness and sustainability.

Development finance institutions (DFIs) and multilateral development banks (MDBs) play a key role in mobilising investments to close infrastructure gaps in developing countries. They are also undertaking a number of new initiatives to ensure effective project preparation and implementation.

This roundtable, organised in collaboration with the G20 Development Working Group (DWG), lines up representatives from DFIs and MDBs to take stock of what is being done and to discuss the role of the G20 Principles for Quality Infrastructure Investment (QII) in this respect.

AGENDA	
11:00 – 11:30	WELCOME COFFEE
11:30 – 11:45	OPENING <ul style="list-style-type: none"> ▪ Ayumi Yuasa, Deputy Director, OECD Development Centre ▪ Scenaider CH Siahaan, Chair of G20 DWG - Deputy Minister for Development Funding, Ministry of National Development Planning (Bappenas), Indonesia
11:45 – 13:15	ROUNDTABLE <ul style="list-style-type: none"> - How are DFIs and MDBs responding to the needs of developing countries in closing transport infrastructure gaps? - How can the G20 QII principles support developing countries in closing their transport infrastructure gaps? - Which are the new initiatives that DFIs and MDBs are undertaking to support investment in infrastructure in developing countries? - How to increase public and private financing for transport infrastructure in developing countries? <ul style="list-style-type: none"> ▪ Megumi Muto, Vice President, Development Finance, Partnership and Mobilisation, Japan International Cooperation Agency (JICA) ▪ Marcos Troyjo, President, New Development Bank ▪ Rigoberto Ariel Yopez-Garcia, Director, Infrastructure and Energy, Inter-American Development Bank ▪ Antonio Silveira, Vice President, Physical Infrastructure and Digital Transformation, Development Bank of Latin America (CAF) ▪ Erik Berglof, Chief Economist, Asian Infrastructure Investment Bank ▪ Mike Salawou, Director for Infrastructure (a.i.), African Development Bank <p>Moderator:</p> <ul style="list-style-type: none"> ▪ Annalisa Primi, Head, Economic Transformation and Development Division, OECD Development Centre
13:15 – 13:55	DEBATE WITH THE G20 DEVELOPMENT WORKING GROUP and INVITED PARTICIPANTS <ul style="list-style-type: none"> - What can the G20 do to support closing infrastructure gaps in developing countries? - Which recommendations do you suggest for improving the effectiveness of G20 QII in

developing countries?

- **Takero Mori**, Director, Development Assistance Policy Planning Division, International Cooperation Bureau, Ministry of Foreign Affairs, **Japan**
- **Eenam Gambhir**, Joint Secretary, Ministry of External Affairs, **India**
- **Stephen Perkins**, Head, International Transport Forum (ITF) Research Centre, **OECD**

Moderator:

- **Federico Bonaglia**, Deputy Director, **OECD Development Centre**

CONCLUSIONS

13:55 – 14:00

- **Nicolas Pinaud**, Deputy Director, Directorate for Financial and Enterprise Affairs, **OECD**

¹ OECD (2022), "Building and financing the transport infrastructure of tomorrow: The case of Colombia", *OECD Development Policy Papers*, No. 45, OECD Publishing, Paris, <https://doi.org/10.1787/3292ad01-en>.

² United Nations (2015), *Addis Ababa Action Agenda of the Third International Conference on Financing for Development*, https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf, accessed in March 2023

³ OECD (2017), *Investing in Climate, Investing in Growth*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264273528-en>.

⁴ The 27th Conference of the Parties to the United Nations Framework Convention on Climate Change took place in Sharm el-Sheikh, Egypt in November 2022.

⁵ Carbon markets consist of countries transferring emissions reductions voluntarily or bindingly among themselves. Although they are not yet regulated, countries agreed to start streamlining the necessary mechanisms for their operation at COP 26 in Glasgow. CAF (May 2022), *CAF will articulate the creation of a carbon market in Latin America and the Caribbean*, <https://www.caf.com/es/actualidad/noticias/2022/05/caf-articulara-la-creacion-de-un-mercado-del-carbono-en-america-latina-y-el-caribe/>, accessed in March 2023

⁶ IDB (December 2022), *Bolivia to Improve Road Connections in La Paz with IDB support*, <https://www.iadb.org/en/news/bolivia-improve-road-connections-la-paz-idb-support>, accessed in March 2023