



Public Sector and Infrastructure Projects: Capacity and Coordination Challenges across Levels of Government

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1 – The Need for a Methodological Approach

- ❖ OECD contribution to “Quality of Government” Objective, in particular for Infrastructure Projects : Principles for Integrity in Public Procurement (2009), in Lobbying (2010)
 - ...The issue is not just a “Developing Countries” problem
- ❖ Central Level of Government vs. Sub National Levels of Government
 - ...an old Fiscal Federalism and Decentralisation debate

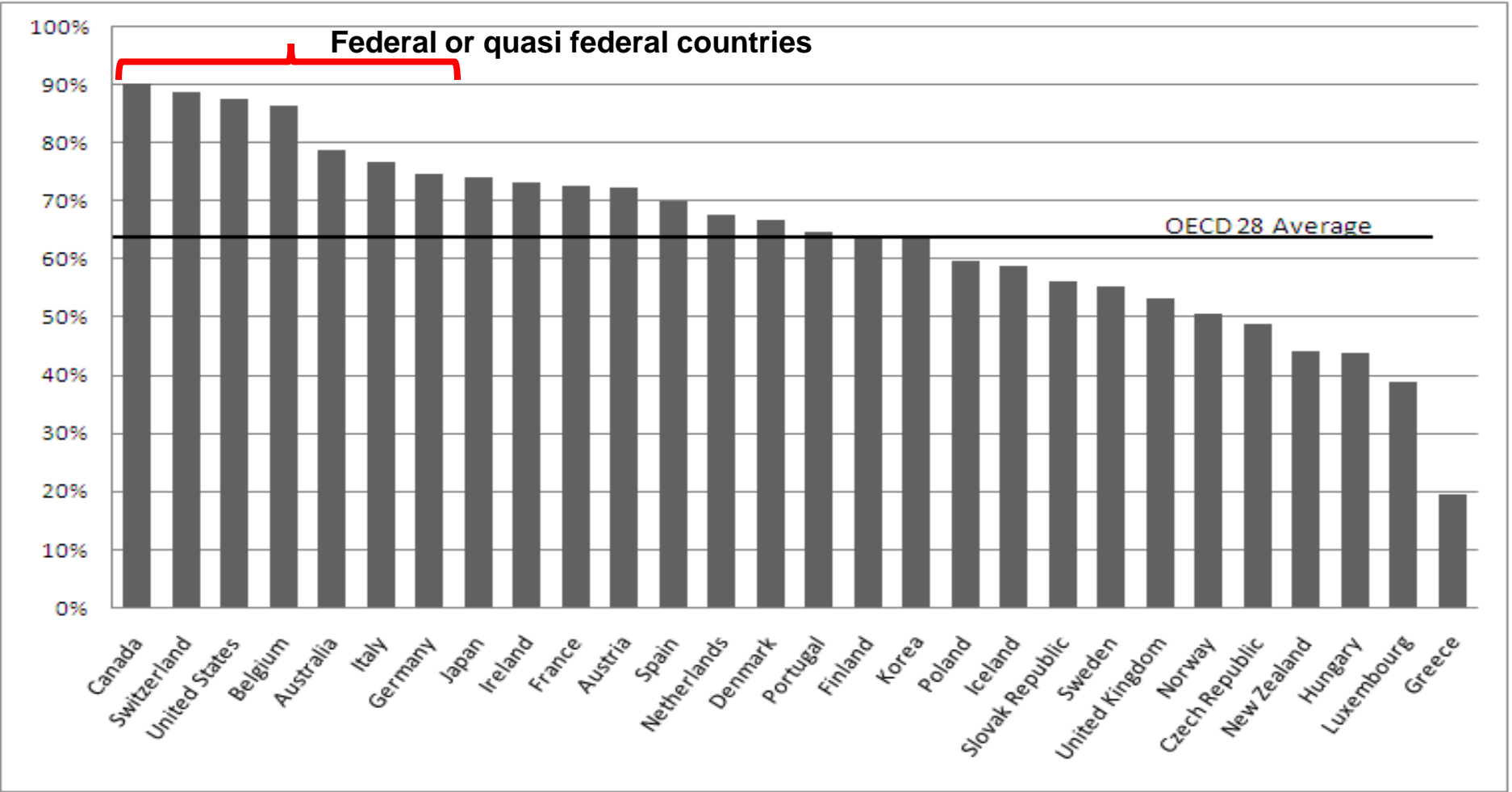
What are and how addressing bottlenecks in policy design and implementation for making the most of infrastructure policy?

...The answer requires a **diagnosis** for shedding light on **complementarities...often at the territorial level**, a **comparative approach** and the selection of a set of **incentives for *capacity building and coordination*** of public administration actions


=> No one size fits-all answer !

2 - An important role for subnational authorities in public investment

Share of sub-central government in public investment (2007)



Source: OECD National accounts



3 - A comprehensive approach of the quality of (sub national) governments

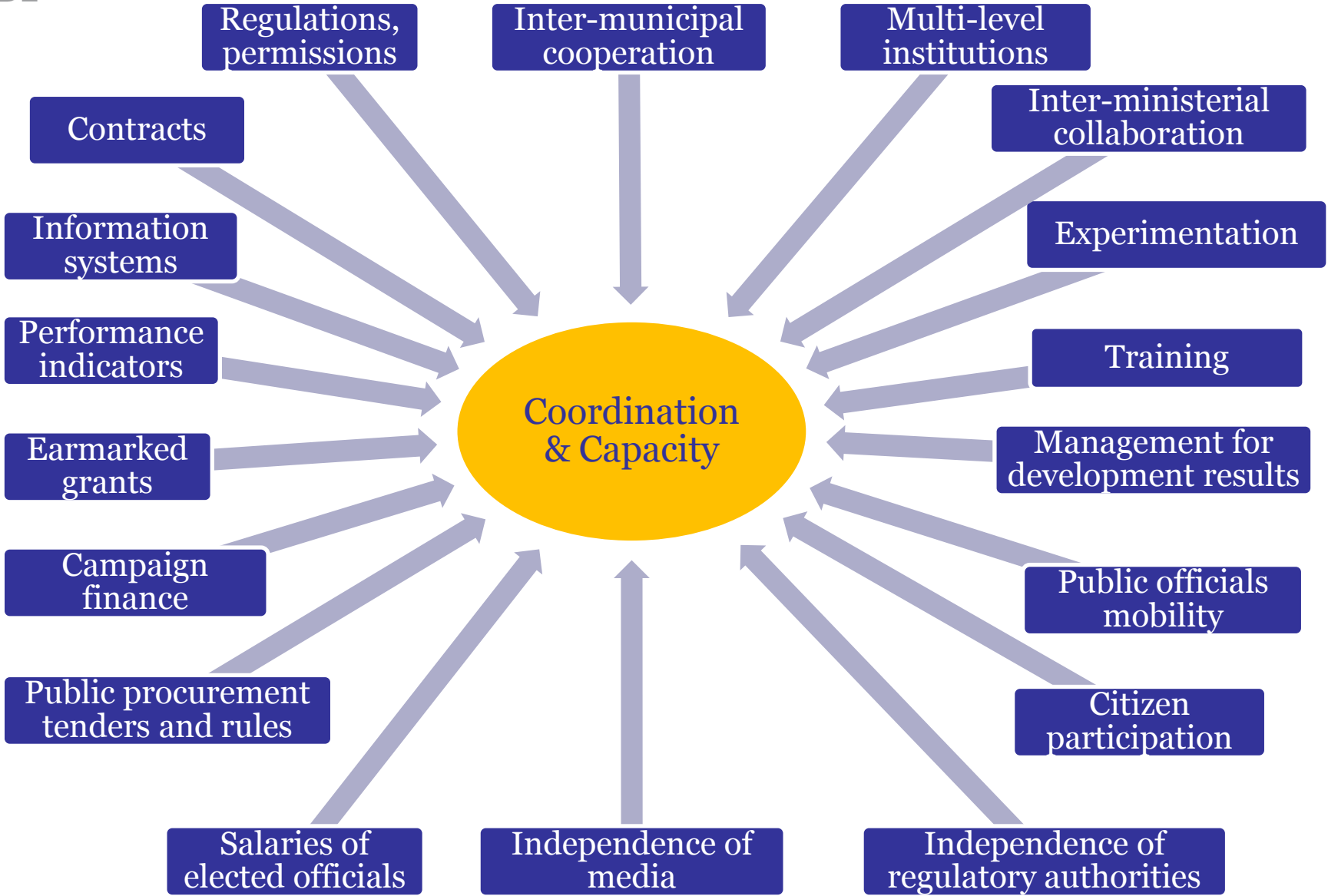
- ❖ Degree of autonomy of sub national governments infrastructure spending power:
 - **Policy autonomy**
 - **Budget autonomy**
 - **Input autonomy**
 - **Output autonomy**
 - **Monitoring and evaluation**
- ❖ Economic weight of sub national governments (externalities)
 - **Metropolitan areas**
 - **Urban, and**
 - **Rural communes**
- ❖ Stage in the public investment/spending decision process
 - **Strategic planning and prioritisation**
 - **Budgeting and Public Finance Management**
 - **Procurement System**
 - **Evaluation**
- ❖ Degree of interdependency among levels of government...

4 - “Mind the Gaps” : a Tool for a Diagnosis

Information gap	Asymmetries of information (quantity, quality, type) between different stakeholders, either voluntary or not => Need for instruments for revealing & sharing information
Funding gap	Unstable or insufficient revenues undermining effective implementation of responsibilities at sub national level => Need for shared financing mechanisms
Policy gap	Sectoral fragmentation across ministries and agencies => Need for mechanisms to create multidimensional/systemic approaches, and to exercise political leadership and commitment.
Capacity gap	Insufficient scientific, technical, infrastructural capacity of local actors => Need for instruments to build capacity
Administrative gap	“Mismatch” between functional areas and administrative boundaries => Need for instruments for reaching “effective size”
Objective gap	Different rationalities creating obstacles for adopting convergent targets => Need for instruments to align objectives
Accountability gap	Difficulty to ensure the transparency of practices across the different constituencies => Need for institutional quality

5 - Bridge the coordination and capacity gaps

Contracts	France, Italy, European Union, Canada
Performance Measurement & Transparent evaluation	Norway , United Kingdom, United States
Grants, co-funding agreements, tax instruments	All countries : general purpose grants vs. earmarked; tax systems; etc.
Strategic planning requirements, Multi-annual budget	Along with investment contracts
Inter-municipal coordination	Mergers (Denmark, Japan) v. inter-municipal cooperation (Spain, France, Brazil etc.)
Inter-sectoral collaboration	Finland, France ... One ministry vs. inter ministerial mechanisms
Agencies	United Kingdom, Canada, Chile
Experimentation policies	Sweden, United States, Finland
Legal mechanisms and standard settings	All countries, but more or less implemented
Citizens' participation, e-govt	A question of degree
Private sector participation	From strategy design... to vested interest
Institutional capacity indicators	Italy for sub national level



7 - Preliminary conclusions

- ❖ There is often a need to **associate several mechanisms for quality of (Sub national) governments:**
 - Direct tools like “watch dogs” systems (citizens, NGOs, Accounting Courts,...) but limited social demand, especially when trust has been deeply affected
 - Mix of Policy instruments for reinforcing capacity and addressing quality of government challenges
 - ❖ All solutions are not feasible everywhere; **feasibility study** and **experimentation practices** are key tools for learning;
 - ❖ Strong political leadership and commitment is essential to **reform processes**
- => **A key challenge for grantors is to define and agree on common simple *conditionalities* (adaptable to a variety of situations)**
- => **A key challenge for National and Sub National Public Administration is to develop the capacity for strategic planning (often more difficult than other stages for public infrastructure projects)**
- => **From public administration...to public companies: the role of State Monopolies in building infrastructure**