

### Infrastructure governance

High-quality infrastructure is one of the backbones for achieving long-term inclusive development. Nevertheless, infrastructure projects can sometimes fail to meet their time frame, budget and service delivery objectives. This is often due to shortcomings in the country's governance framework for infrastructure.

Good governance of infrastructure not only promotes value for money and affordability, but also helps to make the right projects happen in a manner that is trusted by users and citizens. Successful governance of infrastructure demands a clear regulatory and institutional framework, robust co-ordination across levels of governments and sustainable performance throughout the life cycle of the asset. In addition, it requires a comprehensive preparation phase, including overall strategic planning, open and transparent prioritisation mechanisms and decision processes that are based on affordability and cost-efficiency (OECD, 2017). However, designing a clear and coherent strategic vision is difficult due to the complex nature of infrastructure policy, as it needs to address multiple and potentially contradictory objectives such as growth, productivity, affordability, inclusive development and environmental concerns.

Strategic long-term planning is a key element for successful infrastructure development, but only about half of OECD countries have a long-term strategic infrastructure vision that cuts across all sectors. Complementing the long-term vision, governments should also identify a short list of priority projects, taking into account opposing policy goals, existing infrastructure needs and budget constraints. Based on data collected in 2016, 16 OECD countries prepare such a short list. Nine countries (Australia, Austria, Hungary, Italy, Korea, Netherlands, New Zealand, Turkey and the United Kingdom) combine both approaches. Transport bottlenecks and regional development goals are the most common drivers of strategic infrastructure plans in OECD countries. Only four countries report climate change as an important driver.

Prioritisation, approval and funding should be based on a formal set of criteria to ensure value for money, affordability, transparency and accountability. Value for money can be defined as what a government judges to be an optimal combination of quantity, quality, features and price (i.e. cost), expected over the whole of the project's lifetime. It can be measured in absolute cost-benefit terms or in relative terms in comparison to other delivery modalities. Value for money is essential for ensuring affordability and sustainability and helps policy-makers to prioritise projects so that the maximum value is generated for society as a whole.

While being part of a long-term strategic plan and having strong cost-benefit analysis are important criteria for shortlisting and financing a project, political motivation is usually a key driver of infrastructure investment decisions. Strong citizen or business interests are key for project

prioritisation, but are less important when it comes to funding and approving. Only about 50% of OECD countries have a systematic process for ensuring absolute value for money from infrastructure projects, and decisions between different delivery modes are not always based on quantitative, comparative analyses.

#### Methodology and definitions

Data in all figures come from the 2016 OECD Survey of Infrastructure Governance. The survey was conducted in the beginning of 2016, encompassing 26 OECD countries. Respondents to the questionnaire were predominately senior officials in the central/federal ministry of finance, as well as in other relevant line ministries.

The governance of infrastructure encompasses a range of processes, tools and norms of interaction, decision making and monitoring used by governments and their counterparts providing infrastructure services. It thus relates to the interactions between government institutions internally, as well as their interactions with private sector users and citizens.

Data on key pillars of strategic infrastructure plans and criteria for project prioritisation and approval are available online (see annex F).

#### Further reading

- OECD (2017), "Getting Infrastructure Right: A Framework for Better Governance", *OECD Publishing, Paris*.
- OECD (2017), "Review of Gaps and Governance Standards of Public Infrastructure in Chile", *OECD Publishing, Paris*.
- OECD (2012), *Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships*, *OECD Publishing, Paris*.

#### Figure Notes

- Data for Canada, Greece, Iceland, Israel, Latvia, Poland, Portugal, Slovak Republic, and United States are not available.
- 5.7: Ireland has an overall *medium-term* infrastructure plan of six to seven years, published in 2015. In Mexico, the plan refers to the central government from a sectoral perspective. In Austria, Spain and Hungary, the plan refers to the central government level only. Only countries that did not have an overall long-term strategic infrastructure plan were asked about their long-term sectoral infrastructure plan. In Australia and Belgium, regions and local authorities are mainly responsible for infrastructure investment, and the answers given refer to the central/federal government only.
- 5.9: Japan did not answer the question.

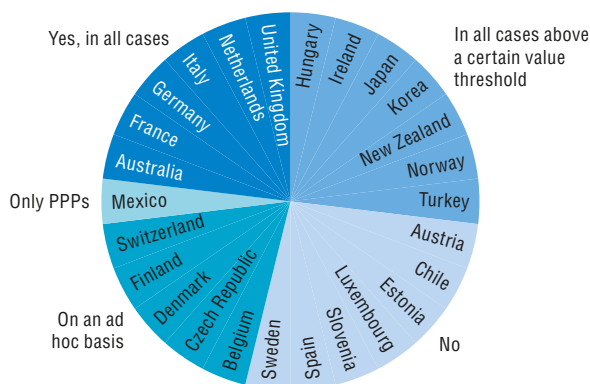
### 5.7. Existence of a Strategic approach to the planning and prioritisation of infrastructure projects, 2016

Country	Overall long term strategic infrastructure plan	Plan integrates central government and sub-national governments	Long-term sectoral infrastructure plan	Short list of priority projects
Australia	●	●	-	●
Austria	●	○	-	●
Belgium	○	-	●	○
Chile	○	-	●	●
Czech Republic	○	-	●	○
Denmark	○	-	○	●
Estonia	○	-	●	●
Finland	○	-	○	○
France	○	-	●	○
Germany	○	-	●	○
Hungary	●	○	●	●
Ireland	○	-	-	●
Italy	●	●	-	●
Japan	●	●	-	○
Korea	●	●	-	●
Luxembourg	○	-	○	●
Mexico	●	-	-	○
Netherlands	●	-	-	●
New Zealand	●	●	-	●
Norway	○	-	●	○
Slovenia	○	-	●	●
Spain	●	○	-	○
Sweden	●	●	-	○
Switzerland	○	-	●	●
Turkey	●	●	-	●
United Kingdom	●	●	-	●
<b>OECD total</b>				
● Yes	13	8	10	16
○ No	13	3	3	10


Source: OECD (2016), Survey of Infrastructure Governance, OECD, Paris.

StatLink  <http://dx.doi.org/10.1787/888933534955>

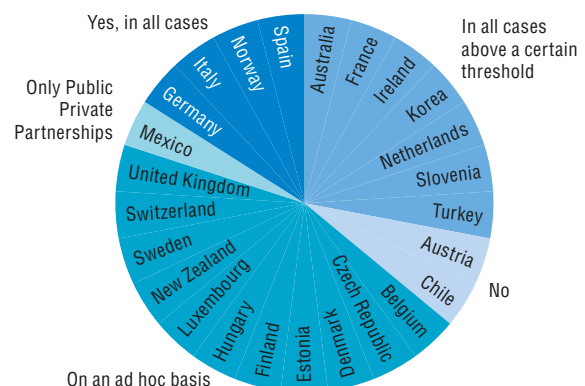
### 5.8. Formal process for ensuring absolute value for money from infrastructure projects, 2016



Source: OECD (2016) Survey of Infrastructure Governance, OECD, Paris.

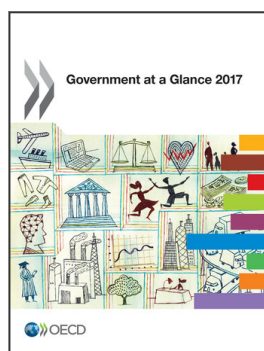
StatLink  <http://dx.doi.org/10.1787/888933532789>

### 5.9. Process for quantitative comparison between delivery modes, 2016



Source: OECD (2016) Survey of Infrastructure Governance, OECD, Paris.

StatLink  <http://dx.doi.org/10.1787/888933532808>



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