



SESSION 5: OPPORTUNITIES AND CHALLENGES FOR THE FUTURE

Governance of Infrastructure and Considerations for Korea

16 – 17 December 2019

Andrew Blazey
Public Governance Directorate
andrew.blazey@oecd.org



Outline

- Introduction
- Opportunities and challenges
- Evidence from across OECD countries
- Considerations for Korea
- Future direction



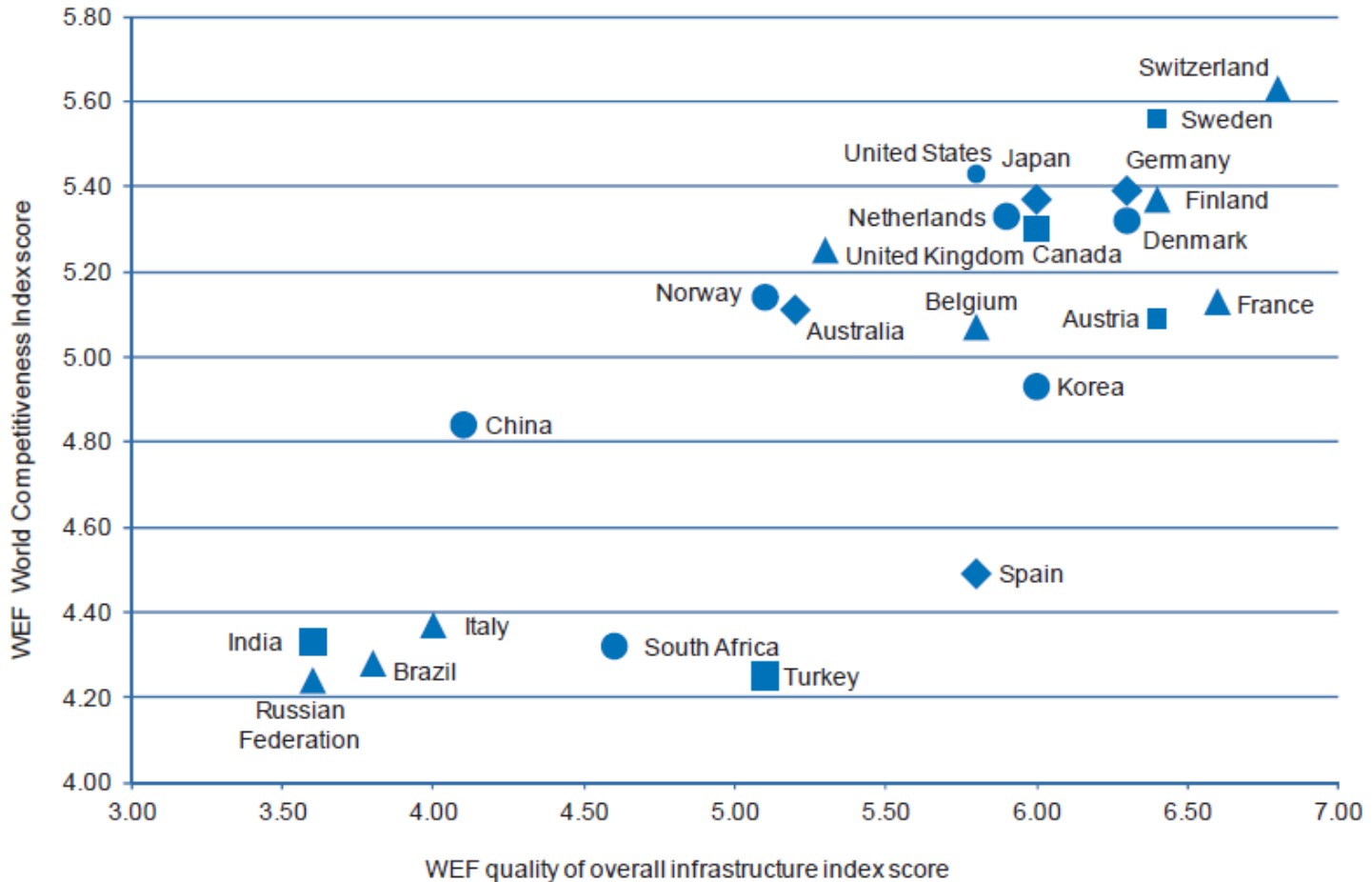
Introduction

- **Better governance improves the returns on public investment, and draws in more private financing for infrastructure**
- Governance failures inhibit the delivery of high-quality infrastructure
- Citizens are concerned that their perspective is not (or not visibly) taken into account
- Investors expect a predictable government to be a competent and reliable partner, and to promote a stable business climate for investment.



Infrastructure and competitiveness go hand-in-hand

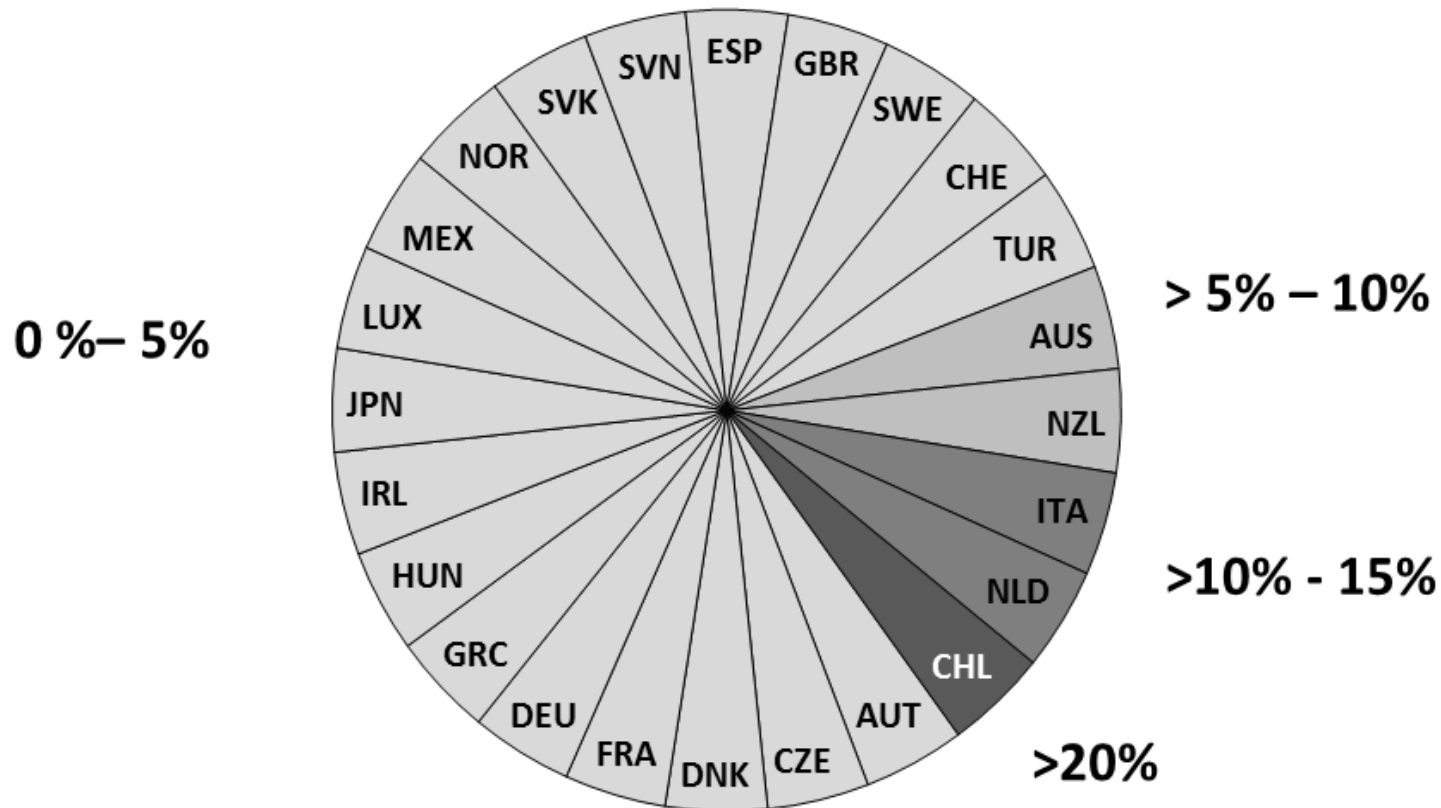
Competitiveness and quality of overall infrastructure





Most infrastructure investment is (still) delivered through public procurement

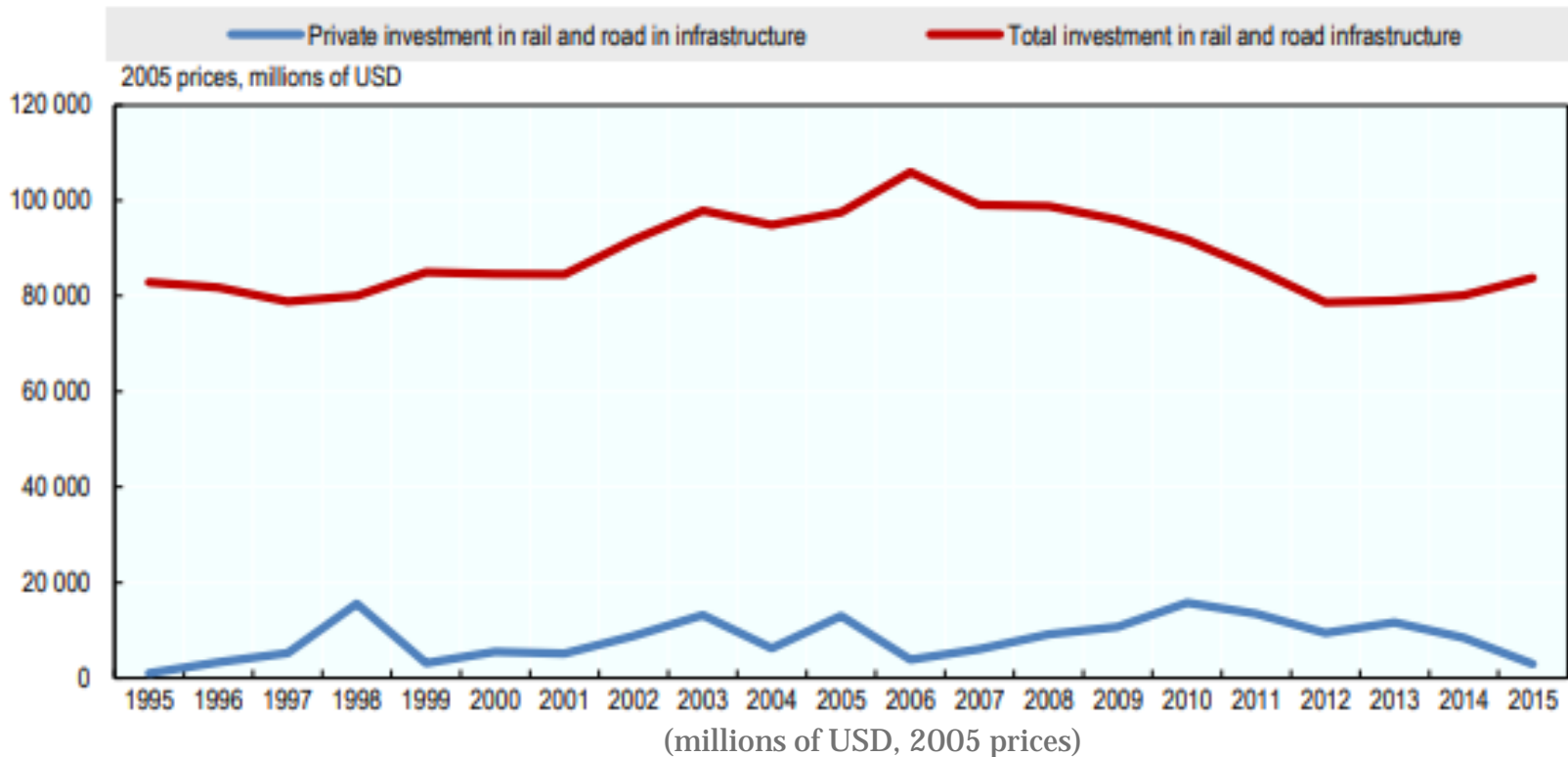
Share of PPPs in total public sector infrastructure investment





Most infrastructure investment is (still) financed by public funds

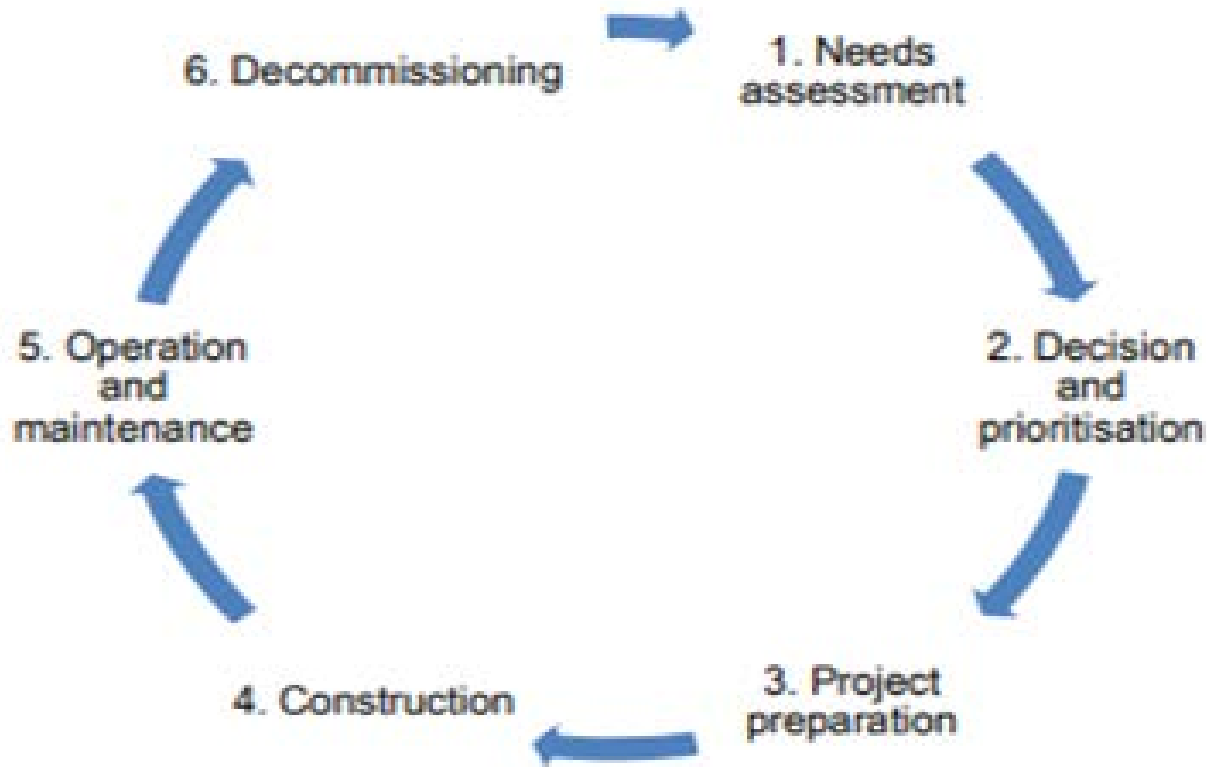
Private and total investment in road and rail infrastructure in OECD countries





Public Investment Management Systems

Investment management systems underpin the governance of infrastructure investment





Governance opportunities and challenges

- Governance opportunities and challenges are strategic and specific

Strategic

- The period it takes to develop and sustain an enabling environment conducive to delivering and maintaining quality infrastructure
- Understanding the interconnected impact of good governance throughout the investment process
- Strengthening trust in government through public investment management



Governance opportunities and challenges

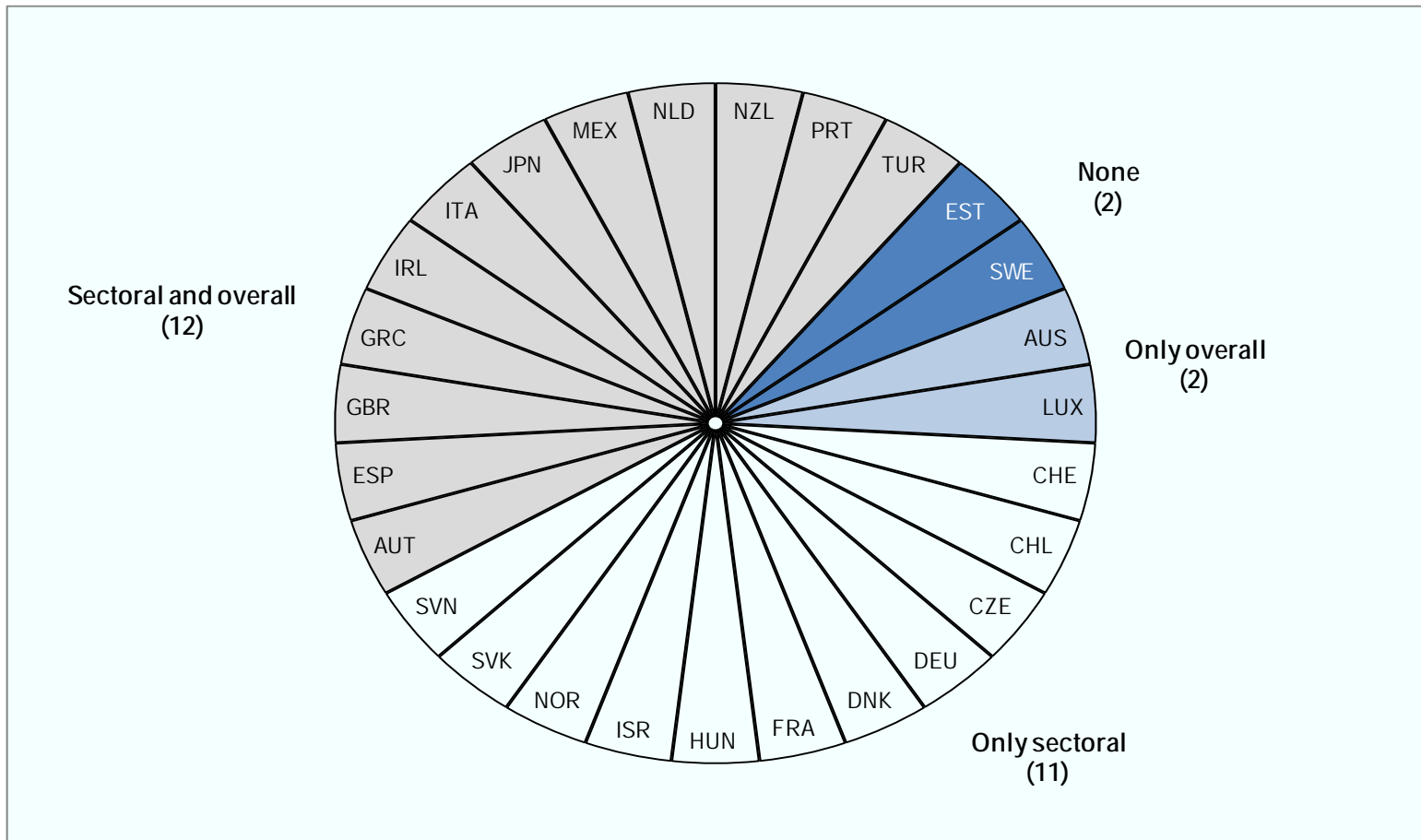
Specific

- Long-term strategic planning
- Robust co-ordination across levels of government
- Ensuring value for money
- A lack of data, analysis and evaluation to inform decisions
- Limited focus on the performance of an investment through its lifecycle



Integrated long-term strategic infrastructure plans

Around half of the surveyed countries have an integrated strategic infrastructure plan, and many countries rely on sector-based plans





Robust coordination mechanisms across levels of government are lacking

National PPP units and/or Infrastructure Units in central government to strengthen the capacities of sub-national governments to design and run infrastructure projects.

Yes	No
Australia*	Austria
France*	Chile
Germany*	Denmark
Italy*	Estonia
Republic of Korea*	Finland
Spain*	Hungary
United Kingdom*	Japan
Czech Republic	Luxembourg
Ireland	New Zealand
Turkey	Norway
	Slovenia
<u>Non-OECD</u>	Sweden
Philippines	Switzerland
South Africa	Mexico

Note: Total respondents: 23; * Without mandate.

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



Ensuring absolute value for money from infrastructure projects is not always formalised

Is there a formal process/legal requirement for ensuring value for money from infrastructure projects?

Yes in all cases	In all cases above a certain value	On an ad hoc basis	Only PPP Projects	No
Australia	Hungary	Czech Republic	France	Austria
Germany	Ireland	Denmark	Mexico	Chile
Italy	Japan	Finland		Estonia
United Kingdom	New Zealand	Switzerland		Luxembourg
	Norway	Belgium		Slovenia
	Republic of Korea			Spain
	Turkey			Sweden
	Non-OECD			
	South Africa			
	Philippines			



The lack of data impedes accurate analysis and evaluation of projects

Is there a central, systematic collection of information on the performance of infrastructure?

Yes	No
Australia	Austria
Finland	Belgium
Japan	Chile
Mexico	Czech Republic
New Zealand	Denmark
Korea	Estonia
Spain	France
	Germany
	Ireland
	Italy
	Luxembourg
	Norway
	Slovenia
	Sweden
	Turkey
	Switzerland
	United Kingdom
	Hungary
Non-OECD	Non-OECD
Philippines	South Africa

Who collects information on the performance of infrastructure?





Performance throughout the life of an asset requires more attention

Is there a policy to ensure that the relevant line ministry or agency conducts performance assessment of each project?

Yes	No
Czech Republic	Australia
Finland	Austria
Germany	Belgium
Ireland	Chile
Italy	Denmark
Japan	Estonia
Mexico	France
New Zealand	Luxembourg
Korea	Norway
Spain	Slovenia
Turkey	Sweden
United Kingdom	Switzerland
<u>Non-OECD</u>	Hungary
Philippines	
South Africa	



Strengthening trust in government through public investment management

- Public investment involves decisions on long-life assets
- The quality of public investment management can influence the public's trust in government as the investments contribute to the delivery of public services
- Attributes that influence trust include:
 - Credibility of institutions
 - Representative
 - Sustainability
 - Transparency



Considerations in Korea

Based on research undertaken by the KDI and the OECD:

- A distinction between trust in public service institutions e.g. healthcare, and political institutions.
- Relevant considerations include:
 - Establish national priorities and ensure consistency between the plan and how it is applied
 - Promote transparency in government
 - Review risk management frameworks and responses
 - Address gaps in policies and vulnerabilities e.g. women and elderly

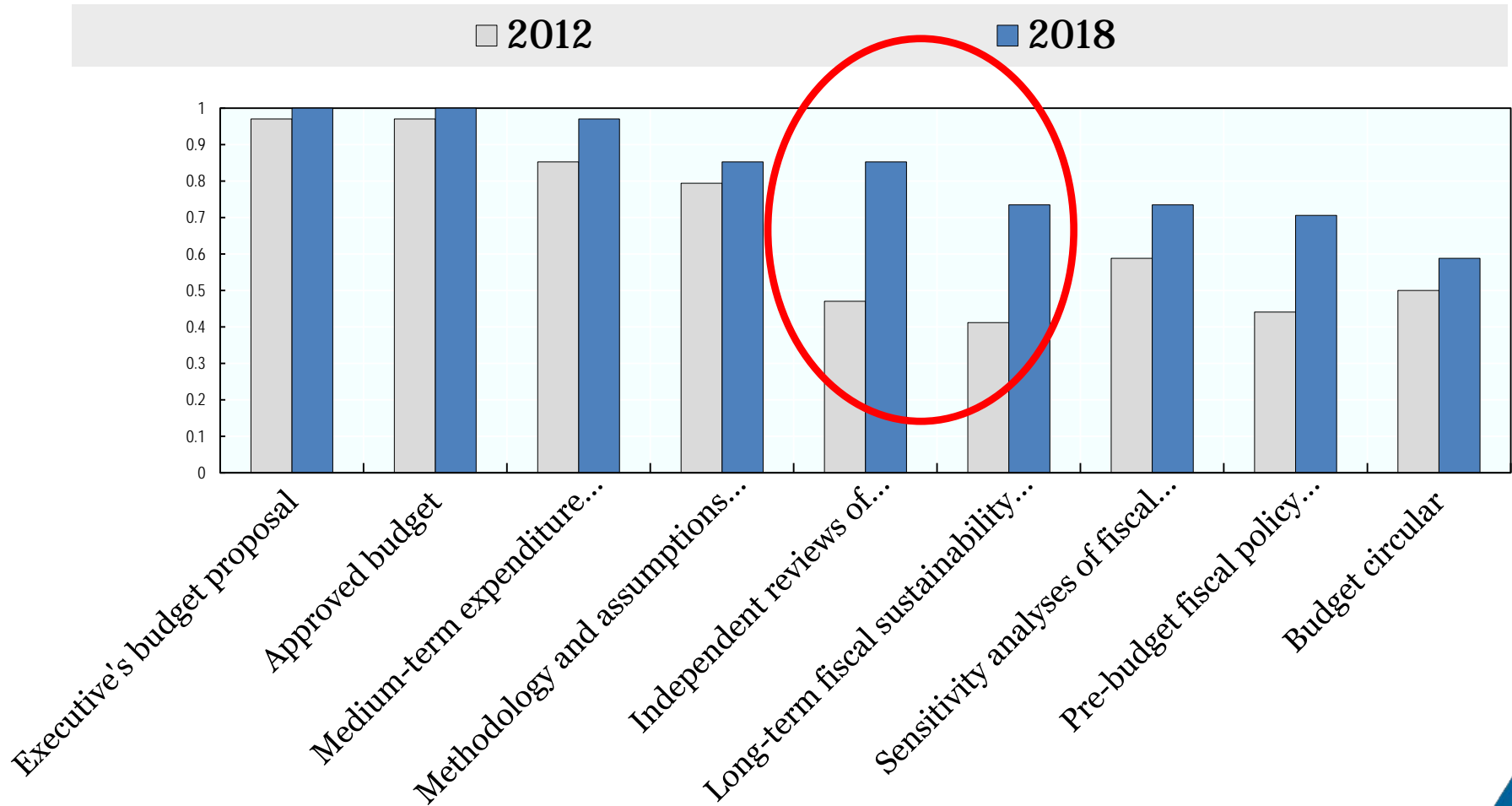


Five drivers of trust in Korea:

- Integrity
- Openness
- Fairness
- Gender
- Generation



Transparency and openness





Future direction



- ✓ Ten dimensions or “success factors”
- ✓ Policy options to identify an enabling environment
- ✓ Building on several OECD instruments

STRATEGIC VISION AND PLANNING

- Vision
- Delivery
- Coordination

ENABLING FRAMEWORK

- Integrity
- Regulation
- Consultation

AFFORDABILITY, FINANCING AND VALUE FOR MONEY

- Affordability and value for money
- Data

LIFE-CYCLE PERSPECTIVE

- Performance
- Resilience



Upgrading the OECD Framework

- ✓ Raises the Framework to a whole-of-government level
- ✓ Includes elements that were missing or not fully highlighted in the Framework
- ✓ Takes into account work done by different policy communities, new recommendations and lessons learned
- ✓ Ensure strong support for implementation and periodic review to ensure that it remains relevant, including by:
 - ✓ Developing and using indicators; and
 - ✓ Using the Framework as a benchmark to support country and regional reform programmes.



www.oecd.org/gov/budgeting/

Andrew Blazey
andrew.blazey@oecd.org
Public Governance Directorate



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