

Chairman's Statement--Global Infrastructure Forum 2016

April 16, 2016

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Chairman's Statement

Global Infrastructure Forum, April 16, 2016

Co-hosted by MDBs (AfDB, AIIB, ADB, EBRD, EIB, IADB, IsDB, NDB and the WBG)

In partnership with UN Agencies and Development Partners

Mandated by the Addis Ababa Action Agenda (para 14), as an outcome of the Third International Conference on Financing for Development, the Global Infrastructure Forum is being established by the MDBs to help bridge the infrastructure gap, as key for achieving the Sustainable Development Goals (SDGs). This will provide a forum for countries and development partners to work together by building on existing multilateral collaboration mechanisms, and to *"improve alignment and coordination among established and new infrastructure initiatives, multilateral and national development banks, UN agencies, national institutions, development partners, and the private sector."* (AAAA Para 14) It will encourage a greater range of voices to be heard, particularly from developing countries, and identify and address infrastructure and capacity gaps in particular in LDCs, LLDCs, SIDS, sub-national entities in MICs, and African countries. It will highlight opportunities for investment and cooperation, and work to ensure that investments are environmentally, socially, and economically sustainable, climate-smart and climate-resilient, and in line with partner countries' national commitments under the United Nations Framework Convention on Climate Change.

The Forum will also support the infrastructure-related agendas of the G20, G-24, G-77 and g7+ by encouraging MDBs to take joint actions to demonstrate their commitment to infrastructure investment.

We, as MDBs and development partners, by nature of our roles and our convening power to partner with both the public and private sectors, and our ability to deploy a suite of knowledge, advice, financing, and commercial and non-commercial risk mitigation, are committed to working with countries and investors to support the provision of greater access to, and better quality of, affordable infrastructure services which are environmentally, socially, and economically sustainable. We will do this through a two-pronged approach.

- i) We will continue to support country-led approaches to planning, executing, supervising, and evaluating sustainable, resilient, inclusive, and well-prioritized infrastructure programs and robust infrastructure frameworks. In addition, we will continue to support the involvement of all stakeholders in planning, financing through domestic resource mobilization as well as national/international financing, and operating infrastructure services, including governments, consumers, the private sector and civil society; and
- ii) We will consolidate and scale up where possible existing multilateral mechanisms to promote greater knowledge transfer, project preparation, and implementation support in the form of global and regional platforms and tools, including de-risking and risk allocation mechanisms, that have already been developed in close cooperation by MDBs, such as the Global Infrastructure Facility, the Global Infrastructure Hub, the International Infrastructure Support System, the PPP Knowledge Lab, Infrascope, the PPP Certification program, and environmental, social and governance standards.

To achieve the objectives of the Forum, we resolve the following.

MDBs and development partners will endeavor to help client countries to achieve:

- better planning and prioritization of infrastructure, including improved provision of data, unit costs, and information on infrastructure, where feasible;
- more informed decisions by the public and private sectors around investment, which in the case of the public sector may imply access to support from good advisors;
- improved accountability in asset maintenance and service delivery;
- greater levels of disclosure and transparency; and
- a greater voice for users and the public at large.

To help achieve this, the MDBs and development partners agree to work together with client countries to improve data acquisition and develop systematic reporting where possible, on:

- MDB lending and advisory support to infrastructure, as well as metrics on catalyzation of private investment;
- infrastructure spending and investment (both actual and required), asset quality, service standards, and fostering disclosure and transparency;
- assessments that promote a sound enabling environment to attract increased investment for infrastructure; and
- private participation in the delivery of infrastructure services and the mobilization of long-term finance from investors, both domestic and international.

Promoting compatible, efficient approaches

While recognizing differing institutional characteristics, country objectives, needs, legal/regulatory frameworks, including those related to the SDGs and UNFCCC Paris Agreement, and the diversity of priorities and strategies of the mandates of the MDBs, the latter and development partners can reduce transaction costs of building and implementing sustainable infrastructure by continuing the promotion of efficient approaches to key bottlenecks or constraints, by:

- Promoting capacity development by policy support, and via project preparation and advisory facilities, technical assistance, and capacity building support.
- Supporting the planning and development of infrastructure in the context of Nationally Determined Contributions to the UNFCCC.
- Supporting, when appropriate, early stage project preparation through the International Infrastructure Support System.
- Further developing risk management principles and mechanisms for:
 - o approaches to risk allocations in different sectors and markets and associated contractual clauses; and
 - o planning investment under uncertainty, to build more resilient assets, notably taking into account climate change and disaster risks.
- Further developing tools for assessing:
 - o fiscal implications of public investment versus public-private partnerships (PPPs);
 - o risks of implementation of projects as PPPs or as a public option; and
 - o approaches for improving transparency on infrastructure contracts and projects.
- Strengthening the capacity of economic regulators to ensure that efficiency gains obtained throughout the lifecycle of infrastructure projects are shared fairly between service providers and users.
- Continuing our work on developing environmental, social, and governance standards, including through the work of the Multilateral Financial Institutions working group on environmental and social standards (MFI-WGESS).
- Continuing our coordination on climate finance methods, tools, and approaches for jointly improving the effectiveness of these resources, including for mobilizing new sources of capital for investment in low carbon and climate resilient infrastructure services.



Strengthening project preparation

MDBs and development partners agree on the need to develop sustainable infrastructure project pipelines regardless of whether they are funded publicly, privately, or in combination. MDBs and development partners will continue to support existing and planned project preparation facilities and related databases to support countries to prioritize and prepare bankable pipelines of infrastructure projects (including regional and cross-border projects), to better negotiate complex legal contracts, and to better manage projects.

Promoting financing for infrastructure

The MDBs and development partners will explore taking specific actions to:

- Achieve higher levels of private sector participation (PSP) in infrastructure, to leverage improved results regarding reduced time from construction to operation, asset management over the long-term, and overall management delivery;
- Promote cooperation between new and existing MDBs, with a particular focus on opening up co-financing opportunities on mutually beneficial terms;
- Pursue new innovative approaches to collaboration, including with providers of concessional sources of climate finance, donors, private foundations, and institutional investors;
- Foster the secondary market for infrastructure equity and debt, with MDBs supporting the development of secondary markets for equity and debt, to allow project developers to recycle their scarce capital in the secondary market into new PPPs coming to tender, and to create long term assets with a risk profile that is more attractive to institutional investors;
- Identify opportunities to support viability gap funding arrangements to help PPP projects meet bankability and affordability criteria;
- Further increase MDBs' financial capacity through the use of risk sharing instruments such as political risk insurance and reinsurance, partial risk and credit guarantees, issuance of green bonds, and other such instruments to crowd in other investors;
- Develop new tools to leverage MDB balance sheets and bring in new private sector capital, including from the insurance market and institutional investors; and
- Further strengthen domestic financial systems in client countries to support sustainable infrastructure financing.

Future meetings of the Global Infrastructure Forum and Reporting

We expect that the Global Infrastructure Forum will be held annually, to review progress. The responsibility for hosting the Forum will rotate among the MDBs. Preparations for the Forum will continue to be carried out in an inclusive manner, in cooperation with the UN system through UN-DESA. The outcomes of the Global Infrastructure Forum will be reported to UN Member States via the Financing for Development Forum.

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