



STATEMENT BY THE HEADS OF THE MULTILATERAL DEVELOPMENT BANKS AND THE IMF ON INFRASTRUCTURE

1. We, the Heads of the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank, the World Bank Group and the International Monetary Fund, welcome the emphasis the G20 has placed on infrastructure over the past few years and the advances made this year under the Australian Presidency. We also welcome the new G20 Global Infrastructure Initiative and look forward to contributing to its implementation.

2. Infrastructure is key to tackling poverty and promoting inclusive growth. Infrastructure helps improve access to basic services, especially for poor people, links producers to markets and connects countries to the opportunities in the global economy. Well-functioning infrastructure is essential to overcome bottlenecks to growth in emerging and developing economies, and as an enabler of private sector led growth. No country has developed without access to well-functioning infrastructure. At a time when the outlook for global growth is disappointing, investment in infrastructure can play an important role in boosting short-term demand, as well as bolstering longer-term supply capacity.

3. MDBs are major players in infrastructure, providing over US\$130 billion of financing for infrastructure annually. We work on the ground in countries at all levels of development, under country-owned and country-led strategies to support the full life cycle of infrastructure development -- from advice on sectoral and business climate reforms, and project preparation, transaction structuring and financing, through to implementation and ongoing maintenance, as well as monitoring and evaluation of development impact. We help countries not only to build resilient infrastructure, but also to build the institutional capacity to manage that infrastructure over the longer term.

4. Just as important as the quantity of spending is the *quality* of infrastructure spending. Infrastructure investments need to be sustainable: fiscally, economically, socially and environmentally. MDBs help countries to select the right projects, and design them for effectiveness and efficiency, maximizing their impact on growth and jobs. Through policy dialogue, we assist countries in thinking through what the public sector is best placed to provide, and where partnering with the private sector can promote greater efficiency, in the context of each country's institutional capacity and policy environment. We work with countries to identify, allocate and mitigate the full range of risks associated with infrastructure projects, including, with the IMF, fiscal commitments arising from certain kinds of participation of the private sector in provision of public infrastructure. The IMF also works with countries to put in place sound fiscal frameworks and integrated budget processes that enhance management of the public investment budget, while also monitoring and containing risks stemming from any associated accumulation of public debt.

5. The needs are immense: the infrastructure gap in emerging and developing economies is broadly estimated at over US\$1 trillion per annum. Meeting these needs will require renewed efforts to mobilize resources from existing as well as new sources of finance, including from institutional investors. MDBs have the knowledge and experience to leverage greater private sector involvement in the infrastructure sector worldwide and are developing new platforms to mobilize private finance on a larger scale.

6. Upstream, we are working with countries to create an enabling environment to mobilize investment through regulatory reforms and robust tender processes and legal frameworks for Public Private Partnerships (PPP). We are scaling up our efforts to develop the information base necessary to attract investors, working with partners to undertake assessments of country readiness for PPPs and building databases of projects and information on project documentation and project performance. We are

developing a greater range of financing instruments, with new or improved capacity to deliver project structures that will attract the involvement of the private sector without recourse to sovereign guarantees.

7. The critical barrier to achieving an uplift in infrastructure investment in emerging and developing economies is not a lack of available finance, but an insufficient pipeline of bankable projects ready to be implemented. In response, MDBs are strengthening project preparation through specific or dedicated project preparation facilities (PPFs). In addition to our existing PPFs, (e.g., the IDB's InfraFund, the AfDB's NEPAD Infrastructure Project Preparation Facility (IPPF), and EIB-hosted initiatives such as the Joint Assistance to Support Projects in European Regions and the Arab Financing Facility Technical Assistance Fund (AFFI-TAF) co-managed by IsDB and IFC), we are ramping up our efforts through complementary new initiatives such as EBRD's Infrastructure Project Preparation Facility (IPPF) and AsDB's Asia Pacific Project Preparation Facility (AP3F), as well as and the African Development Bank's Africa50 Initiative, which will focus on both project preparation and project finance. The Global Infrastructure Facility (GIF), a World Bank Group Partnership, will provide an open global platform for greater collaboration in preparation and structuring of complex infrastructure projects – working with a number of MDBs as technical partners, and with the private sector, governments and bilateral and national development finance institutions to boost private sector investment in infrastructure in emerging markets and developing economies, and structuring projects to enable participation by institutional investors or other private providers of long-term financing.

8. MDBs have a strong record of cooperation on infrastructure. At the policy level, MDBs work together to develop global public goods and knowledge sharing tools, including standard documentation covering project identification, preparation, procurement, monitoring and supervision, and capacity-building. We are promoting a harmonized approach among MDBs to project preparation and supervision, including through use of standardized procurement policies and documents and environmental and social safeguards; similar requirements for ex-ante cost-benefit analysis and project “executability” assessments; and the use of concrete metrics to monitor and report on development effectiveness. The IMF is developing a set of concrete guidelines on strengthening public investment management practices across countries at differing levels of development.

9. We stand ready to bring our experiences and skills to the G20's work on infrastructure and to support a proposed new Global Infrastructure Hub. We are well placed to contribute to knowledge sharing and creation of infrastructure networks. The MDBs active networks bring together in-depth and global expertise on infrastructure policy and design, as well as practitioners engaged in the business of structuring, financing and implementing projects. They include the wide range of private sector players with which we regularly work on projects, as well as counterparts in governments (national and subnational) and national development banks. We look forward to partnering with the G20 to convene events to share knowledge and develop practical tools to assist infrastructure policy-makers and practitioners. We would also be able to bring to the table our existing collaboration on knowledge and capacity-building initiatives as part of this to help countries learn from each other how complex projects have been planned, structured, tendered and implemented using real world examples. We would be happy to work with the Turkish Presidency and the G20 to host a first meeting on infrastructure issues in early 2015.

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