

# Enabling Better Infrastructure:

12 guiding principles for prioritising and planning infrastructure



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### Enabling Better Infrastructure: 12 guiding principles

## 1. Start by identifying your strategic objectives

Infrastructure is always a means to an end. Governments need to start with a clear view of what economic, social and environmental effects they want to achieve for their country. This will provide the context for identifying what outcomes are needed from the nation's infrastructure networks and which investments and policy measures are best placed to achieve them.

#### 2. The United Nations Sustainable Development Goals (UN SDGs) provide a baseline for this task

Governments always want to achieve more with their infrastructure programmes than just economic growth, but it can be hard to articulate these wider goals. The 17 UN SDGs are at the heart of a global plan of action to secure sustainable economic growth, improve human lives and protect the environment. Research shows that infrastructure has a role to play in achieving all 17 goals and over 80% of the detailed targets that sit below them.

#### 3. The best national strategic infrastructure planning systems embrace three stages: (i) they establish a vision, (ii) conduct a needs assessment and (iii) use that to build a national strategy

This does not mean that such a planning system is a one-size-fits-all model. These three stages can take many forms and come under different names; sometimes stages will be merged and some stages will start from a different point in the cycle. How they are delivered and by whom will also depend on local political institutions and traditions. The use of independent expert commissions to deliver impartial analysis to support the process is on the rise and is delivering positive results in terms of depoliticising the evidence base.

#### 4. The national vision needs to reflect a country's national characteristics, the challenges it has inherited and its aspirations for the future

A national vision must be truly national. Wide and inclusive stakeholder engagement will be needed to establish buy-in to a long-term view of the nation's needs. A good vision homes in on the specifics of a country's situation. We found, for example, that South Africa is dealing with the legacy of apartheid, oil-rich states are focusing on diversifying their economies, and the Netherlands needs to manage intense competition for land use. Objectives also change over time. Over the last half-century, Singapore and Hong Kong have moved from focusing on basic services and taking people out of poverty to enhancing the quality of the urban environment and environmental sustainability.

#### 5. The purpose of a needs assessment is to support evidencebased decision-making

Officials and politicians need to understand which infrastructure investments will be most effective in meeting national objectives. They also need to understand when nobuild or low-build solutions such as demand management, environmental improvements or changes to regulation are better options. The most comprehensive needs assessments have included an assessment of the performance of existing infrastructure and a cross-sector analysis of future needs and of the factors, such as population growth, ageing and climate change, that are driving them. The best assessments have also highlighted the uncertainties, options and trade-offs between competing goals.

## 6. An infrastructure strategy needs to cover all aspects of implementation

The best strategies are much more than a list of priority projects. Ideally, they will cover all of the factors that need to be aligned to meet national needs and realise the vision. These can include: policy and regulatory change, funding and financing arrangements, developing human capabilities in government and the private sector, resilience and recurrent maintenance expenses, coordination across tiers of government and with private-sector partners, data sharing, monitoring and evaluation of progress, and the management of uncertainty.

#### 7. Cost-benefit analysis (CBA) is vital for prioritising investments, but must embrace all of the environmental, social and governance (ESG) impacts of a proposal

Governments are interested in much more than the direct cash return from a project. Whatever CBA methodology is used it must capture the project's wider impact on the economy and any social or environmental benefits generated. Above all, whatever the benefits identified, the project must be a good strategic fit with what a government is trying to achieve and be deliverable with the resources available.

## 8. A measure of affordability can focus minds

Our study found that experts conducting needs assessments and drafting strategies welcomed governments setting a measure of affordability for their work, arguing that it focused minds on how best to use limited resources.

#### 9. Prioritisation can help avoid the affordability trap

Ruthless prioritisation is needed to allocate limited funds to those projects that bring the greatest development benefits over the long term. Developing countries without a large stock of basic infrastructure are particularly at risk of falling into an *affordability trap*, but not exclusively. There are investments that will deliver huge long-term benefits to a country but whose upfront costs appear prohibitive. States need to ensure that they understand how revenues generated by such schemes can make them affordable in the long run. Taking into consideration the longterm benefits of investment is therefore very important.

#### 10. Governments should identify where private-sector involvement will deliver benefits and be clear on how they will be engaged

The private sector can play a big part in financing, delivering and, ultimately, operating the infrastructure needed to deliver a strategy. To attract this support, governments need to be clear about the basis on which the private sector will be engaged and then create stable and predictable legal and regulatory frameworks to enable this to happen. Governments may also need to grow their in-house capability to use models such as Public Private Partnerships (PPPs) to develop projects and take them to market.

#### 11. High-quality consultation and stakeholder engagement should be an integral part of the process and should not be an afterthought

The best consultation processes do much more than try and secure public consent for a strategy or a specific project. They provide vital data and insight that allow changes to be made at an early stage, before their costs become prohibitive.

#### 12. Governments need to focus on data quality and interoperability to unlock the benefits of digital transformation

Failure to get on top of the data challenge and provide planners with access to highquality, right-time information will damage the credibility of the strategy and lead to poor decision-making. At the national level, governments have a key role to play in establishing interoperability, that is, the ability to share and manipulate data generated by different assets, networks and owners in order to provide a complete picture of the infrastructure system. This role is likely to include facilitating the creation of data standards and helping to overcome privacy and commercial barriers to data sharing.



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