



**Well-Prepared  
Projects**

**Sustainable  
Development**

**Blended Finance and  
PPPs**

**Procurement  
fairness, Ethics and  
Anti-corruption**



# **MULTILATERAL DEVELOPMENT BANKS**

To achieve this goal of ending extreme poverty by 2030 and to achieve the post-2015 Sustainable Development Goals' agenda, in general CICA believes that it is incumbent to the MDBs and DFIs to develop innovative financial instruments to maximize the mitigation of risks for the private sector not to bear risks that do not fall within its competence. Secondly, MDBs should play a major role in ensuring a political support to the public authorities to favor a broader participation of companies in the calls for tenders, guaranteeing a wider, fairer and more transparent competition.

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# Introduction

To reach the goal of ending extreme poverty by 2030 and to achieve the post-2015 Sustainable Development Goals' agenda, resilient public services infrastructure will play a major role. Infrastructure is the backbone of economic growth and development. Transportation, energy, clean water and sanitation, health infrastructure and education infrastructure are crucial to increase socioeconomic development in particular in Low and Middle Income Countries (LMIC).

Despite its importance, an infrastructure funding gap is to be deplored. To PwC and Oxford Economics, "overall, close to \$78 trillion is expected to be spent globally between now and 2025 on capital projects and infrastructure"<sup>1</sup>. What's more and as former World Bank Vice President for the Africa region, Obiageli Ezekwesili stated: "Investing more funds without tackling inefficiencies would be like pouring water into a leaking bucket."<sup>2</sup>

Multilateral Development Banks (MDBs) emphasize on their long experience to develop strategies to optimize their funding, guarantees and advisory services, also mobilizing the largely available private resources, to develop projects which have the best impact on the poorest populations.

MDBs and Development Finance Institutions (DFIs)'s annual financial contribution remains insufficient but the effectiveness of their institutional, societal and ethical requirements as well as their contribution to good governance are essential. They contribute to the creation of a pipeline of sustainable, resilient, replicable and bankable projects.

CICA encourages the MDBs and DFIs' actions, strong and sustained over time, aiming at strengthening the capacities of the various public entities, in particular in low- and middle-income countries. It is essential to strengthen the capacities of national and local public authorities who play a role, in one way or another, in the design, preparation, procurement, execution and operation phases of the projects.

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<sup>1</sup> Source : "Capital project and infrastructure spending, Outlook to 2025 », PwC and Oxford Economics,

<sup>2</sup> Source :

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,print:Y~isCURL:Y~contentMDK:22386290~menuPK:258658~pagePK:2865106~piPK:2865128~theSitePK:258644,00.html>



## CICA supports Well-Prepared Projects with Transformational Impacts on Communities

The World Bank and other MDBs contribute to the good preparation of the projects underlying the importance of having adequate quantitative and qualitative analysis tools and methodologies.

According to CICA, a good preparation of the infrastructure projects should imply an environment favorable to their definition and the identification of the different components of their feasibility; the conditions of their structuring; the good accompaniment of the upstream phase until the issuing of tenders; and procedures for evaluation and monitoring of results and further improvement during the whole life cycle of the projects.

### → **Recommendation #1**

MDBs and DFIs, separately or preferably in a coordinated way, should take into account the satisfaction of needs by recommending and accompanying the implementation of specific studies.

Socio-economic studies, which may, or may not, reveal positive net externalities, should be done to assess the impact on public budgets and tax revenues generated by infrastructure throughout their life cycle. They should also assess potential time savings; the consequences of the projects on public health; the frequency, severity, and costs of different kinds of accidents.

Climate change and environmental impact studies should also assess CO<sup>2</sup>, particles' emissions and other pollutants; recycling of industrial and domestic waste; energy savings; species protection and biodiversity conservation; landscape conservation, etc.

All these studies are indispensable to ensure the acceptance of the projects by the concerned populations. These studies provide the demonstration of the infrastructure's usefulness and sustainability, not only economic, financial and budgetary, but also environmental, societal and social. For companies, only the prior acceptability of projects by the social bodies of the countries in which they will be brought into play will prevent blockages, cost and time drifts that would otherwise affect the projects and have adverse pecuniary and reputation consequences for the contractors.

### → **Recommendation #2**

One concern is the difficulties sometimes met by the public authorities of some Low- and Middle-Income Countries (LMIC) to collect the necessary information to assess the financial and economic feasibility of the projects. A major improvement would be to facilitate the data collection in these countries.

### → **Recommendation #3**

On the ground it is relevant to engage in a dialogue with all the stakeholders in the earliest steps of the infrastructure project. Large information campaigns should be foreseen to inform the potential users and population about the positive impacts of the project.

#### → **Recommendation #4**

CICA is supportive of initiatives that facilitate the good preparation of the projects since their very upstream stage. In that sense, CICA has been supporting the SOURCE Platform, a collaborative digital tool developed by the Sustainable Infrastructure Foundation (SIF). It allows a global vision and facilitates exchanges between the different stakeholders and increase the level of transparency reducing also the possibility for collusion or corruption.



## **CICA promotes a long term vision for Sustainable Development and strengthened local private sector in the aid recipient countries**

CICA has been involved in the International Advisory Group on Procurement set up by the World Bank and followed up the reform of the Bank's Procurement Policy which was innovative with its sustainable approach. Through the concept of "Value for Money", sustainable development criteria are introduced and highlighted. CICA also participated in the successive consultations of the World Bank related to the reform of its Environmental and Social Safeguard Policies.

#### → **Recommendation #5**

CICA promotes the inclusion of Social and Environmental requirements in World Bank-financed contracts. In this regard, CICA follows up the works done by bilateral agencies such as KfW (Germany) and AFD (France). Environmental, Social, Health and Safety requirements should be clearly specified in the bidding documents so that the contractors can anticipate and reflect the costs in their prices. CICA is in favor of including such criteria as early as possible, in the prequalification phase.

#### → **Recommendation #6**

CICA promotes the strengthening of the local private sector in the countries of operation of the MDBs. Training the local workers as well as encouraging the transfer of know-how is essential. Local contractors should be associated to the development of their countries and encouraged to partner with international companies. In that sense, the maintenance of the infrastructure should not be neglected since local companies are more easily associated in the maintenance phase.

CICA promotes the inclusion of technical and managerial professional training for local workers in the Bank-financed contracts to reinforce the capacities of local contractors who could become co-contractors in the future.

#### → **Recommendation #7**

CICA promotes the facilitation of the access of Medium-Sizes Companies to international infrastructure markets. For instance, in 2015 CICA met with Ivorian Chamber of Commerce and Industry in Abidjan: representatives of the Ivorian private sector pointed out that local small and medium-sizes companies need more information on public tenders, but also access to financing and insurance guarantees.



## CICA encourages Blended Finance and an adequate use of Public-Private Partnerships

*“Increasingly over the past two decades, the [World] Bank Group has provided financing and advice to clients on public-private partnerships (PPPs) and their impact on infrastructure and service delivery—particularly in emerging markets.”<sup>3</sup>*

### → Recommendation #8

PPPs are a way to mobilize private funding. **CICA supports the views that for successful PPPs, it is needed to have a clear and stable institutional and regulatory framework, a mature financial market and strengthened capacities to manage the projects in Public Agencies and private companies<sup>4</sup>.**

### → Recommendation #9

**CICA recommends using blended finance and catalyzing non-developmental finance for public sector infrastructure projects with sovereign borrowers.** *DFIs activities should shift over time from direct lending to facilitating the mobilization of resources from the world’s large private savings pools—international and domestic—for development oriented investments through: a wider use of risk mitigation instruments to alleviate part of the risk faced by investors; and a stronger direct support for capacity building to strengthen the enabling environment for investment”<sup>5</sup>*



## CICA advocates for Procurement fairness, Ethics and Anti-corruption

The Procurement phase of the projects catalyzes many issues and concerns. Contractors attach great importance to it. This is why CICA and its member federations constantly maintain close exchanges and collaboration with Procurement departments of MDBs and DFIs.

<sup>3</sup> World Bank Annual Report 2015

<sup>4</sup> Cf. CICA Position Paper on Public-Private Partnerships

<sup>5</sup> **World Economic Forum**, “Building on the Monterrey Consensus: The Untapped Potential of Development Finance Institutions to Catalyze Private Investment”, 2006

➔ **Recommendation #10**

**CICA is supportive of any measures contributing to improve the countries' general framework to ensure the legibility and stability of the various components of the investment climate.** It provides incentives for both local and foreign contractors, and encourages the increased participation of a greater number of contractors, especially those of medium-sizes, to the tenders launched by the States and sub-sovereign entities.

➔ **Recommendation #11**

**CICA is strongly in favor of fighting against abnormally low tenders (ALT).**

The acceptance of an ALT frequently results in numerous problems and issues for the subsequent contract implementation phase and contractors should be discouraged from submitting tender prices which put the project delivery at risk. CICA is in favor of the introduction of provisions into the MDBs Procurement documents which would permit the rejection of an ALT provided that, following a detailed clarification process, a tenderer is unable to justify its low price.

➔ **Recommendation #12**

**CICA is committed to fight against corruption and promotes the inclusion in the loan agreement of clauses stating that the Borrower is committed to fully respect and comply with the World Bank or other Multilateral Development Bank's integrity requirements.**



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