PRIF Week 2021
National
Infrastructure
Investment Pipelines

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Role of Infrastructure and COVID Recovery

• We anticipate that infrastructure will support the COVID-19 recovery effort for Pacific countries
• Infrastructure is also key for long term economic development and productivity
• Infrastructure has multiplier effects for the private sector, employment and the economy
• Infrastructure planning for COVID-19 recovery needs consideration of short-term stimulus for economic recovery and jobs as well as the long-term impacts – this requires different thinking and approaches
Actions Required

• Needs good planning to identify, assess and prioritize infrastructure projects

• Use economic recovery and employment as cross-cutting themes in infrastructure planning and implementation

• Build better - enhance resilience of projects in infrastructure programs

• Coordinate proposed investments and approaches between development partners and the private sector

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A systematic approach to Infrastructure Planning, Appraisal and Selection

Project Cycle

- Identification
- Planning and Prioritization
- Design and Construction
- Appraisal and Selection
- Operation and Maintenance
- Retirement or Decommission

Decision Point 1
- Decision Point 2

- Government’s aim to maximize socio-economic benefits
- Many sectors and infrastructure demands
- Limited development resources available – budget, donors, private sector
- How does a government decide which projects should proceed to feasibility studies and preparation for financing?
- How does a government appraise and select a project for implementation?
Why is Infrastructure Planning Important?

How does a government decide which projects should proceed to feasibility and preparation for financing?

**Ad-Hoc / Uninformed Project Selection**
- Inconsistent use of information
- Decisions based on nontechnical or political considerations
- Donor driven
- No link to national development strategy

**Infrastructure Planning Prioritization Approach**
- Objective and systematic method to assess project priority using the limited information available
- Prioritization based on national strategy linked criteria
- Allows cross-sector prioritization

**Appraisal and Selection Stage**
- Detailed project-level information available
- Expert technical and institutional capacity available
- Detailed cost estimates
- Extensive quantified and monetized social, environmental, financial and economic effects known
- Funding decision based on extensive information

**Identification and Concept Stage**
- Limited project-level information available
- Limited technical and institutional capacity available
- Indicative project cost estimates
- Some information on social, environmental, other economic effects

**Planning and Prioritizing**
PRIF National Infrastructure Investment Planning Services

• Approved a $2.9 million program for national infrastructure planning for member countries in June 2020

• Provide consultants to support the government develop plans, mainstream processes and build capacity

• PRIF can help develop priority infrastructure investment plans considering asset management, disaster resilience and climate change

• Also post COVID-19 infrastructure planning for economic stimulus and jobs

• Assist with coordination of priority pipelines among PRIF donor partners and private sector
Decision Point 1 – Prioritization of Project Pipelines

Work with central government to:
- Consider national development strategy and sector strategies.
- Develop multi criteria linked to government strategies, typically economic, social, sustainability.

Work with line ministries to:
- Develop the long-list of projects from ministries and agencies
- Develop project proposals for prioritization
- Establish a long list of infrastructure projects, to be included in the pipeline and prioritised

Work with central government to:
- Screen and validate project proposals
- Compare long lists with sector strategies and identify gaps
- Apply the MCA to score and rank projects

Assist Government Cabinet endorsement:
- Finalise NIIP report including high priority projects
- Consider financing options and envelopes
- NIIP pipeline database
- Assist publishing and launching

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Project Ranking Example

Weights applied to the four criteria groups were:

- climate change/environment: 30%
- economic: 20%
- social: 30%
- project sustainability: 20%

Renewable energy in Funafuti and outer Islands
Nui workboat harbour project
Domestic air services
Motufoua tarseal project
Submarine cable
Manu Folau replacement
Solid and organic waste management

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Line ministries and public enterprises develop the priority projects further often with the assistance of development partners:

- Preliminary designs
- Technical feasibility
- Institutional assessment
- Environmental and safeguard assessment
- Economic and financial analysis
Decision point 2 – Project Selection

• Need to have a process by which projects are systematically vetted for inclusion in the budget

• Projects should meet clear criteria such as:
  - In line with government’s development strategy
  - Technically feasible
  - Economically viable
  - Financially viable
  - Be within the government’s capacity to implement, operate and maintain
  - Have the institutional arrangements in place
  - Have environmental and social safeguards in place
  - Sufficient financing available
Infrastructure Planning Process

1. INFRASTRUCTURE DEVELOPMENT POLICY
   Setting strategic direction, goals, objectives and targets

2. Review existing assets: asset inventory, condition, performance assessment

3. Needs analysis: future demand, identify gap between current infrastructure service and future requirements, identify options

4. Existing assets (Maintenance Strategy)
   - Asset registers
   - Asset management plan

5. Capital investments (NIIP)
   - Prioritisation of required new/renewal assets
   - Funding strategies

6. Incorporate maintenance and capital strategies into government planning systems, recurrent and capital budget as well as development budget.
Summary – Key Takeaways

• Infrastructure has a major role to play to tackle COVID19 recovery.

• Adopting two decision points can support effective use of resources towards achieving national priorities.

• PRIF has over 10 years of experience and our NIIP program is here to help our member countries.

• We offer tailored support that considers your specific needs, while adhering to best practices.

• PRIF assists coordinate proposed investments and approaches between development partners and the private sector.
Thank you from the PRIF Team