



4.1

Adopting policy, planning
and prioritisation
frameworks for efficient
regional cooperation

4.1 ADOPTING POLICY, PLANNING AND PRIORITISATION FRAMEWORKS FOR EFFICIENT REGIONAL COOPERATION

Policy and planning frameworks are essential to enable efficient cooperation and the achievement of mutual goals and objectives. In particular, they help project parties to:

- identify national and regional goals and objectives, and articulate these into a political vision (Section 4.1.1.)
- prioritise projects that can help achieve this vision within the context of national and regional infrastructure plans and broader economic development strategies (Section 4.1.2)
- ensure the institutional capacity required to deliver projects or programs in line with the aforementioned development strategies (Section 4.1.3).

Such frameworks are particularly pertinent where multiple national laws, regulations and decisionmaking bodies are involved. Not only do they facilitate delivery of a successful project that achieves development outcomes for all countries involved, but they can also contribute to the achievement of broader economy-wide benefits and investment spillovers.

Summary of key learnings for policy, planning and prioritisation frameworks

Key learnings suggest that governments should consider the following:

- A cross-border project requires a shared vision that addresses mutual development goals. Project champions can help advocate for the project using this vision and can be effective avenues for developing the project.
- Higher-level frameworks should be utilised to identify priority cross-border projects for countries or regions within their respective development strategies. Such frameworks can work with bilateral and multilateral trading agreements to optimise coordination.
- Cross-border projects require dedicated resources and coordinated planning between countries. Institutional capacity and coordination need to be maintained throughout the project lifecycle. International bodies, such as MDBs and international organisations (IOs), can help supplement and develop the institutional capacity of countries to deliver cross-border projects.

4.1.1 Identifying a political vision based on mutual development goals

It is critical that there is first a joint political vision for a cross-border project, built on the policies and priorities of the project partners (refer to Figure 2).



Figure 2:⁶ Growth trajectory of cooperative governance arrangements in a cross-border project

6 Szydarowski W., Tallberg P. 2013, Multi-level governance. European experience and key success factors for transport corridors and transborder integration areas. Task 3.2 report. BSR TransGovernance project, amended, <https://scandria-corridor.eu/index.php/en/component/phocadownload/category/18-bsr-transgovernance>

In theory, the idea of a cross-border project starts with an individual (a champion) who has a vision and advocates for the development of a cross-border infrastructure asset, building support among top-level decisionmakers and other key stakeholders. This individual may be an employee in a government department or may be outside government. The vision and narrative used to build support are born from the project's purpose, whether that purpose is related to geostrategy, trade, the economy, political friendship or another theme (refer to Section 4.2.2 for further detail on champions). If there is sufficient support for the project vision among the right people from both countries, the project idea then enters the planning stage, where it is positioned against the backdrop of governmental and intergovernmental development priorities and perceived benefits.

In reality, the individual who creates the vision for a cross-border project is often not the eventual champion who helps bring the project to fruition. Like most other infrastructure projects, cross-border projects usually have long lead times and go through several iterations of design and purpose. This is particularly true of those projects that are transformative or 'futuristic'.⁷ Good examples of this are the crossings of the English Channel and Øresund Sound (refer to Box 1: From vision to reality – The Channel Tunnel and Øresund Fixed Link).

A cross-border project may become transformative for several reasons. For example, it may:

- enable economic growth of the partner country or countries (refer to Box 2: Joint opportunities in the Coral Sea)
- be a catalyst for development in a wider geographical area (refer to Box 3: Bilateral cooperation on the Øresund Fixed Link) or a spatial development corridor (refer to Box 9: The corridor context of the N4 Toll Route)
- significantly boost the national income of the partner country or countries, provided the investment effects are strengthened by regulatory reforms and improvements to ancillary infrastructure (refer to Box 4: Economic opportunities for Lao PDR and China through high-speed rail link).

PROJECT

Box 1: From vision to reality – The Channel Tunnel and Øresund Fixed Link

Although these two projects were completed near the turn of the millennium, visions for both the Channel Tunnel and Øresund Fixed Link were first proposed in the 1800s.

The Channel Tunnel was first proposed in 1802, with Napoleon III and Queen Victoria even approving a design in 1867 and attempting construction in 1880, before dropping the project due to safety concerns. Several more proposals were raised over the next 150 years before François Mitterrand and Margaret Thatcher championed the idea again in the 1980s. Construction was completed in 1994.

The Øresund Fixed Link we know today could have been very different if the first proposal given to King Karl XV of Sweden in 1865 was pursued, as it was solely a tunnel instead of a bridge and tunnel. The Fixed Link that operates today was developed through proposals first sought in the 1930s and 1950s. The First Nordic Council meeting in 1953 saw political support for the project, and in 1973 an initial agreement to construct the link was signed between Denmark and Sweden. However, due to economic, energy and political crises affecting both countries, plans to construct the Fixed Link came to a standstill. It was not until 1991 that the two governments signed a new agreement to build the project. Construction was completed in 2000.

See the Channel Tunnel and Øresund Fixed Link case studies in Part B for further detail on these projects.

Source: http://www.omegacentre.bartlett.ucl.ac.uk/wp-content/uploads/2014/12/SWEDEN_ORESUND_PROFILE.pdf

⁷ For a detailed look at the future of infrastructure and the megatrends shaping the industry, refer to the GI Hub's Infrastructure Futures Report.

PROJECT

Box 2: Joint opportunities in the Coral Sea

For Papua New Guinea and Solomon Islands, the Coral Sea Cable System (CS²) has the potential to be transformative for economic growth. By providing cheaper, faster and more reliable internet service, it is expected to boost development opportunities for local businesses and communities in the two countries.

Through a complementary domestic network in Solomon Islands, key provincial centres should also benefit from the international cable system, extending the economic and social benefits of high-speed internet to more of the highly dispersed population.

In Papua New Guinea, the CS² is part of the vision to improve domestic connectivity and stably connect the country to the international network.

See the Coral Sea Cable System case study in Part B for further detail on this project.

PROJECT

Box 3: Bilateral cooperation on the Øresund Fixed Link

Denmark and Sweden decided to work together on the Øresund Fixed Link, sharing a vision of the investment as a catalyst for development in the entire region.

The joint investment led to benefits on both sides of the border. The Danish economy gained from an influx of labour, and the Swedish economy took advantage of the reduced unemployment and influx of capital to develop housing near the Swedish footprint of the Fixed Link.

See the Øresund Fixed Link case study in Part B for further detail on this project.

4.1.2 Using frameworks to prioritise projects and achieve mutual development goals

To formulate and achieve the mutual development goals established in the vision for a project, higher-level cooperation frameworks are an important component. These frameworks usually work with bilateral and multilateral trading agreements, multi-target action plans, and implementation and funding programs, which underpin broader multi-country cooperation arrangements. They should therefore be

based on a common development vision or common set of objectives.

In many cases, higher-level cooperation frameworks with a stated goal of increasing regional integration and connectivity have proven important in overcoming countries' reluctance to develop cross-border projects. These frameworks establish a coordinated method of prioritising infrastructure projects and sustaining commitment, with due attention to the soft dimension of investments, including procedures, regulations, tariffs and other rules applicable to trade and logistics services (refer to Box 4: Economic opportunities for Lao PDR and China through high-speed rail link).

PROJECT

Box 4: Economic opportunities for Lao PDR and China through high-speed rail link

The Lao-China high-speed railway is part of China's Belt and Road Initiative (BRI). A study by the World Bank estimates that the link could increase Lao PDR's aggregate income by up to 21% over the long term if the Lao Government implements regulatory framework reforms and improvements to ancillary infrastructure. These include developing logistics services, removing restrictions to entry and competition in the transport market, allowing access to rail infrastructure, and improving customs and border crossing procedures to reduce border delays.

Additionally, if the reforms are successfully implemented, the project could result in significantly lower land transport prices for both countries, with reductions of 40–50% between Vientiane and Kunming, China.

Source: <https://www.worldbank.org/en/country/lao/publication/transforming-lao-pdr-from-a-land-locked-to-a-land-linked-economy>

Cooperation frameworks may have a global dimension (refer to Box 5: The Belt and Road Initiative), a continental dimension (refer to Box 6: Projects of common interest by the European Commission), or a regional dimension (refer to Boxes 7 and 8 on COSIPLAN and the West Africa Power Pool).

Two of the major corridor network programs in Europe are the aforementioned TEN-T program and its counterpart the Trans-European Networks for Energy (TEN-E) program. These programs aim to improve, respectively, connections between different modes of transport and energy infrastructure within the European Union.

PROGRAM

Box 5: The Belt and Road Initiative

The Belt and Road Initiative (BRI) is a framework initially aimed at improving infrastructure links in participating economies, which collectively represent more than one-third of global GDP and over half of the world's population.

While it is considered to be an initiative focused on attracting further investment into infrastructure, President Xi of China has stated that the overall objectives and scope are much broader, encompassing the achievement of mutual benefits like shared development goals and better global integration, saying: "... we hope to achieve policy, infrastructure, trade, financial and people-to-people connectivity and thus build a new platform for international cooperation to create new drivers of shared development."

Source: <https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>

Development in these corridors will connect regions currently isolated from European transport connections or energy markets, strengthen existing cross-border interconnections and help integrate renewable energy. Figure 3 depicts the core TEN-T network, comprising nine corridors.

Projects on the TEN-T and TEN-E networks are eligible to receive EU grants, typically in the form of co-financing. For example, funds for TEN-T projects can come from:

- the TEN-T Annual Work Programme and Multi-Annual Work Programme
- cohesion funds
- other supports such as the Connecting Europe Facility (CEF) and European Investment Bank.

The Trans-European Transport Network Executive Agency (INEA), established by the European Commission, is responsible for managing the technical and financial implementation of the TEN-T program.

A list of 30 common priority infrastructure transport projects has been established by the EU member states. The Øresund Fixed Link was one of the flagship projects of the TEN-T program.

POLICY

Box 6: Projects of common interest for the European Commission

The European Commission and its executive agencies adopted the term 'project of common interest' (PCI) to denote key cross-border infrastructure projects that link the energy or transport systems of EU countries. They are intended to help the EU achieve its transport, energy and climate objectives, such as those in accordance with the Paris Agreement.

For example, to be denoted a PCI in the energy sector, a project must:

- have a significant impact on energy markets and market integration in at least two EU countries
- boost competition in energy markets and help the EU's energy security by diversifying sources
- contribute to the EU's climate and energy goals by integrating renewables.

The selection process gives preference to projects in priority corridors, as identified in the TEN-E and TEN-T programs.

PCIs may benefit from:

1. accelerated planning and permit granting
2. a single national authority for obtaining permits
3. improved regulatory conditions
4. lower administrative costs due to streamlined environmental assessment processes
5. increased public participation via consultations
6. increased visibility to investors
7. the right to apply for funding from the CEF.

The Celtic Interconnector between Ireland and France is an example of a PCI project that has benefited from CEF funding during the feasibility, initial design and consultation, and detailed design and construction phases. It had received a total of EUR537.5 million in funding as of October 2019.

Source: https://ec.europa.eu/energy/topics/infrastructure/projects-common-interest_en

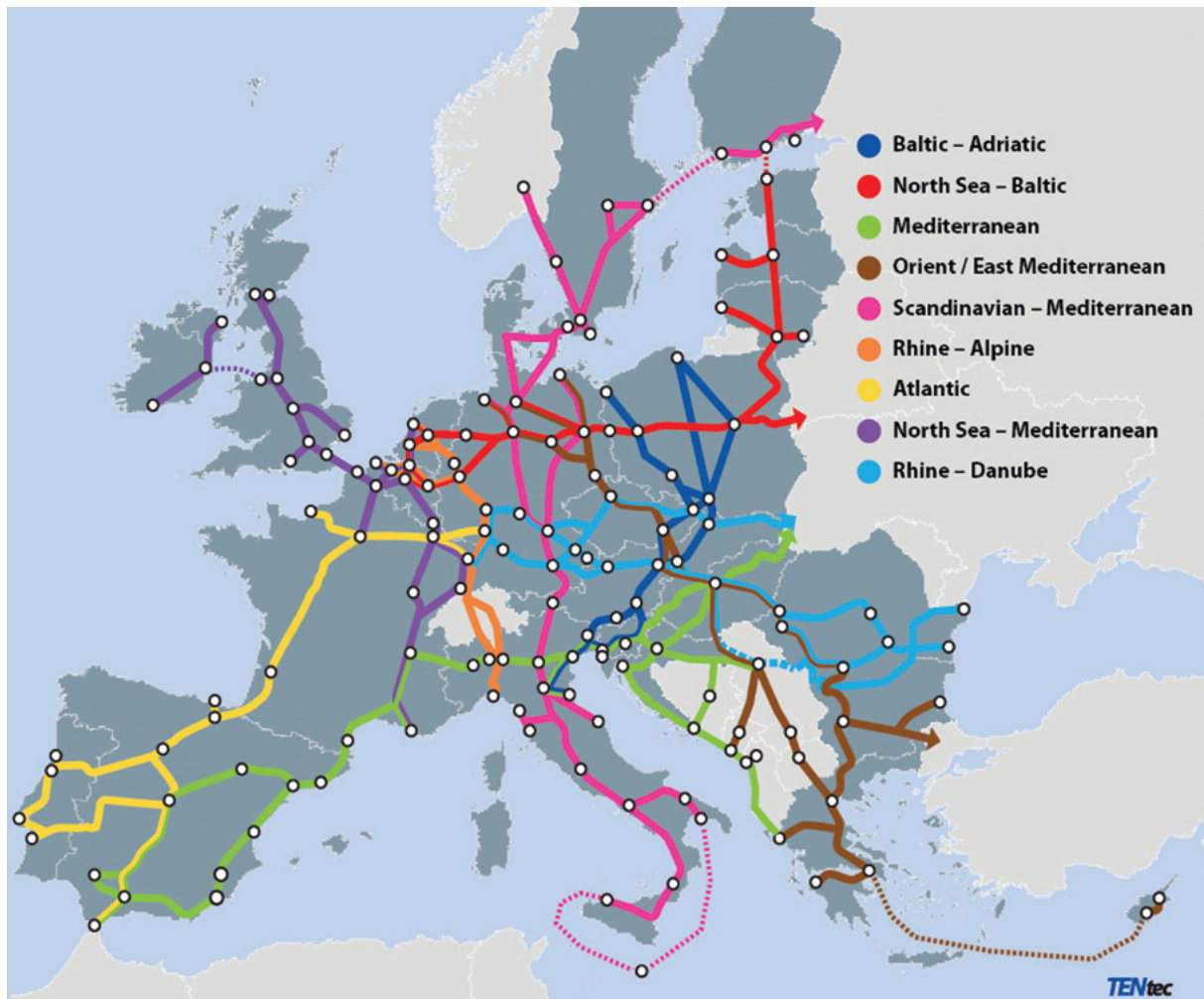


Figure 3: TEN-T core network corridors (Source: <http://www.ec.europa.eu>)

Projects on TEN-T and TEN-E networks can apply for project of common interest (PCI) status and thereby benefit from an accelerated permit granting process and improved regulatory treatment (refer to Box 6: Projects of common interest for the European Commission).

POLICY

Box 7: Cooperation in South America through COSIPLAN

The South American Council of Infrastructure and Planning (COSIPLAN) is the cooperation forum among the 12 member states of the Union of South American Nations (UNASUR). The Council aims, among other things, to:

- promote regional connectivity by building infrastructure networks
- design regional planning strategies for the development of infrastructure
- identify and encourage the execution of priority integration projects.

To accomplish the objectives, COSIPLAN designed its first Strategic Action Plan for 2012–2022. The plan outlines a series of actions executed through annual work plans approved by the COSIPLAN Ministers.

Source: <http://www.cosiplan.org/>

PROGRAM

Box 8: The West Africa Power Pool

The West Africa Power Pool (WAPP) was created to coordinate power exchange among 15 member countries of the Economic Community of West African States (ECOWAS).

The WAPP aims to integrate the states' national power systems into a unified regional electricity market, with the ultimate goal of providing citizens of the ECOWAS region with regular and reliable energy at competitive costs.

The CLSG Interconnector Project – which runs through Cote d'Ivoire, Liberia, Sierra Leone and Guinea – was accelerated as a priority project within the 2012 ECOWAS WAPP Master Plan, based on its anticipated ability to foster regional economic growth.

Source: www.ecowapp.org

One prominent type of cooperation framework is the implementation of corridor management bodies, such as that adopted on the Maputo Corridor Spatial Development Initiative (refer to Box 9: The corridor context of the N4 Toll Route project). Corridor management bodies can add value by positioning the cross-border investment in a broader geographic context. This is particularly valuable for landlocked countries, as they generally rely on cross-border infrastructure investment, or even investment along the relevant corridor in another country, to access international markets and products.

PROJECT

Box 9: The corridor context of the N4 Toll Route project

The N4 Toll Route enhances economic cooperation between the neighbouring countries South Africa and Mozambique, but also has wider ramifications for other regional Southern African Development Community (SADC) countries.

The rehabilitation of the N4 Route was contextualised as a rehabilitation of a development corridor, with the project being an essential element of the Maputo Corridor Spatial Development Initiative (SDI). The SDI program used public resources to leverage private investments in regions with a high potential for economic growth.

See the N4 Toll Route case study in Part B for further detail on this project.

4.1.3 Ensuring appropriate institutional capacity to deliver a project vision

A conducive enabling environment for infrastructure investment is often a key differentiating factor in the successful delivery of a cross-border project, and creation of a conducive enabling environment depends significantly on institutional capacity and the ability of public institutions to prioritise, plan and deliver infrastructure projects.⁸

To help optimise institutional capacity to deliver projects, governments can look to use frameworks to prioritise strategically important projects, as discussed in the section above. Many governments create a centralised agency tasked with the translation of medium- to long-term infrastructure plans into a prioritised pipeline of projects. In other cases, the function of preparing medium- and long-term plans

⁸ For more information on leading practices in achieving a conducive enabling environment for project preparation, see the GI Hub's Leading Practices in Governmental Processes Facilitating Infrastructure Project Preparation Reference Guide at <https://www.gihub.org/project-preparation/>

is vested with external specialised organisations. These agencies can be established for cross-border specific purposes. For example, one of the specific objectives of COSIPLAN (refer to Box 7: Cooperation in South America through COSIPLAN) is to “consolidate the Project Portfolio for the Integration of the South American Regional Infrastructure.” The COSIPLAN Project Portfolio currently includes 581 integration projects throughout the region, for which the body aims to obtain political support and viable financing conditions.⁹

Where this prioritisation function is not anchored in a capable and empowered institution, MDBs and IOs can help to address capacity challenges through initiatives such as Project Preparation Facilities (PPFs) and observatories (refer to Box 10: The IDB’s Mesoamerican Observatory on Freight Transport and Logistics), among others. Through these initiatives, MDBs may offer anything from upstream technical assistance to create a conducive enabling environment, to downstream project preparation support. Refer to Section 4.3.2.2 on the role of MDBs and IOs with respect to financial support for infrastructure projects.

Other IOs, such as GICA, offer capacity building support to governments through cooperation frameworks and knowledge exchange. GICA was launched by the G20 to close the knowledge gap related to infrastructure connectivity and is supported by MDBs and IOs, including the World Bank Group and the OECD. GICA provides a collection of maps of key connectivity initiatives from around the world.¹⁰

In Asia, there are several regional initiatives that aim to improve connectivity, many of which are supported by MDBs. For example, the ADB has supported the Central Asia Regional Economic Cooperation (CAREC) program;¹¹ the European Bank for Reconstruction and Development (EBRD) has been very active in the region, with a particular focus on Kazakhstan; and the relatively new Asian Infrastructure Investment Bank (AIIB), which began operations in January 2016, highlights connectivity and regional cooperation as a key thematic priority in its Corporate Strategy.¹²

PROGRAM

Box 10: The IDB’s Mesoamerican Observatory on Freight Transport and Logistics

Observatories, more common in the freight industry than other industries, are entities established to support robust policy development, modern economic regulation and sophisticated infrastructure planning.

The Inter-American Development Bank (IDB) launched the Mesoamerican Observatory on Freight Transport and Logistics with the aim of generating information and statistics to enhance policymaking for increased competitiveness in the region. Other key goals of the observatory include:

- enhancing knowledge of transport and logistics across the region
- measuring and comparing logistics performance
- harmonising information and developing regional databases
- providing training to improve performance
- joining the network of other observatories supported by the IDB in the region to create a regional network.

Source: https://www.iadb.org/en/news/news-releases/2012-10-11/mesoamerican-observatory-freight-transport-and-logistic,10156.html?wt.mc_id=NewsEmail_Long_10156&wtarticleid=10156&wtsrc=Email&wttype=Long

⁹ <http://www.iirsa.org/Page/Detail?menuItemId=32>

¹⁰ <https://www.gica.global/maps>

¹¹ The CAREC Program is a partnership of 11 countries and six multilateral development partners working to promote regional cooperation in four priority areas: transport, trade facilitation, energy and trade policy

¹² AIIB Corporate Strategy for 2021–2030 (https://www.aiib.org/en/policies-strategies/strategies/.content/index/_download/AIIB-Corporate-Strategy.pdf)