



SAI20 THEME 1 FRAMING

UNLOCKING AND LEVERAGING PUBLIC INFRASTRUCTURE
FUNDING FOR EQUALITY, SUSTAINABLE GROWTH AND
BRINGING IMPROVEMENT TO THE LIVES OF CITIZENS

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Infrastructure development and funding as a global economic development priority

Key to the realisation of solidarity, equality and sustainability is public infrastructure which serves as an important enabler and underpin to the ability of governments to drive inclusive economic growth, industrialisation, employment and to mitigate inequality. Investments in energy, telecommunications, transport networks and water supply directly impact growth as they serve as essential inputs in any production of goods and services. In addition, infrastructure can also reduce the cost of delivered goods, facilitate the physical mobility of people and products, remove productivity constraints and increase competitiveness¹.

It is for that reason that Goal 9 of the Sustainable Development Goals (SDGs) seeks to build resilient infrastructure, promote sustainable industrialisation and foster innovation. Economic growth, social development and climate action are heavily dependent on investments in infrastructure, sustainable industrial development and technological progress. Investments in infrastructure – transport, irrigation, energy and information and communication technology – are crucial to achieving sustainable development and empowering communities in many countries².

Insufficient or poor infrastructure limits citizens' access to markets, as well as livelihood opportunities and services such as clean water, education, health, transport and communications. In 2010, an International Labour Organisation (ILO) report noted that although infrastructure development was not identified as a direct Millennium Development Goal (MDG) target or indicator, without it many of the targets would not be met and that sustainable infrastructure was not only an essential part in improving livelihoods of the poor; but it also provided opportunities for creating jobs during development, operation and maintenance³.

According to the World Economic Forum (WEF), almost 14% of global GDP is invested in infrastructure, with most of that divided across : (a) transportation infrastructure (roads, railroad, airports, ports); (b) electric power supply and distribution; (c) water supply and sewage; and (d) communications infrastructure⁴.

For Africa, infrastructure development is central to its future. According to the African Development Bank (AfDB) it accounts for over 50% of the recent improvement in economic growth and has the potential to achieve even more. It can significantly contribute to achieving Africa's Agenda 2063 ambitions⁵. Infrastructure projects that connect countries and regions, such as those envisaged as part of enabling the African Continental Free Trade Agreement (AfCFTA) promote regional integration and cooperation, facilitating trade, investment, and economic collaboration. Cross-border infrastructure, such as roads, railways, and ports enhances connectivity, fosters economic ties and opens up new markets, contributing to regional stability and prosperity⁵.

Infrastructure development and funding as a G20 priority

Analysis of the G20 declarations since inception provides a clear indication that the infrastructure investment challenge:

¹ <https://blogs.worldbank.org/en/digital-development/how-does-infrastructure-support-sustainable-growth>

² <https://www.un.org/sustainabledevelopment/infrastructure-industrialization/>

³ https://www.afdb.org/sites/default/files/documents/publications/working_paper_160_-_infrastructure_investment_and_economic_growth_in_south_africa_a_granger_causality_analysis.pdf

⁴ <https://www.zurich.com/knowledge/topics/global-risks/the-risks-of-rapid-urbanization-in-developing-countries>

⁵ <https://www.engineeringnews.co.za/article/the-importance-of-infrastructure-development-in-africa-2024-04-17>

- (a) has remained a key and persistent issue of significance to global economic development and thus to the G20 for decades;
- (b) Persists to this day;
- (c) Is driven by the primary challenge of mobilising significant, adequate investment allocation, especially private capital, towards infrastructure investment. Unlocking and mobilising the increase in private capital allocations towards infrastructure development in turn requires that countries systematically deal with key impediments to significantly greater allocation of capital, especially private sector capital, towards infrastructure investment.

Testament to the significance and complexity of challenge to global economic development, it has featured on the agenda and been engaged with by the G20 nations from multiple different perspectives since inception, key among these being:

Project Origination and Governance Factors

Key issues	G20 position
Infrastructure deficits	Prioritise action on addressing critical bottlenecks
Infrastructure spending	Enhance/increase
	Structural reforms by advanced surplus economies tailored to country circumstances to increase spend to help boost productive capacity and reduce supply bottlenecks
Prioritisation, planning and funding of projects	Improving processes and transparency in prioritisation, planning and funding of investment projects
	Making better use of project preparation funds
	Endorsement of InfraTracker 2.0 which will enable both public and private sectors towards post-COVID-19 transformative infrastructure investment by providing insights into long-term infrastructure strategies and plans
	Encourage stakeholders to draw upon G20 Principles for Financing Cities of Tomorrow in their planning and financing of urban infrastructure and share experiences from early pilot cases
	Call on multilateral development banks, working with countries involved and in accordance with regional priorities, to prioritise project preparation financing
	Developed guidelines and best practices for public-private partnership (PPP) models to improve investment preparation, prioritisation and execution processes
	Advancing efforts and developing toolkits to unlock ways and means for countries to better prepare, prioritise and finance infrastructure projects
Infrastructure shortfalls	Tackling global investment and infrastructure shortfalls is crucial to lifting growth, job creation and productivity
Quality infrastructure	Endorse Global Infrastructure Initiative, a multi-year work programme to lift quality public and private infrastructure investment
	Adopt leading practices to promote and prioritise quality investment
	Developed country-specific investment strategies, which bring together concrete policies and actions to improve the investment ecosystem, foster efficient and quality infrastructure
	Commitment to promote infrastructure investment in terms of both quantity and quality
	Quantitative ambitions of multilateral development banks for high-quality infrastructure projects
	Importance of quality infrastructure investment
	G20 Principles for Quality Infrastructure

Key issues	G20 position
	Quality infrastructure is an essential part of G20's efforts to close infrastructure gap
	Explore possible indicators on quality infrastructure investment
	Quality Infrastructure Investment (QII) Indicators and associated guidance notes
Infrastructure governance	Strengthen
Use of technology in infrastructure	Use of technology with the aim of improving investment decisions, enhancing value for money, and promoting quality infrastructure investments
Sustainable development	Significant role of digital public infrastructure in helping to advance financial inclusion in support of inclusive growth and sustainable development
	Infrastructure is a key driver of economic prosperity, sustainable development and inclusive growth

Financing Factors

Key issues	G20 position
Mobilisation of resources	Ask multilateral development banks to bring forward actions to mobilise and provide additional financing within their mandates, to support achievement of SDGs including through sustainable infrastructure investments
	Develop further collaboration between the public and private investors to mobilise private capital
Public infrastructure financing	Contribute to building an enabling environment for private and public infrastructure financing, especially for regional projects by supporting increased transparency in the construction sector, review of the Debt Sustainability Framework and harmonising of multilateral development bank procurement rules and practices towards mutual recognition of procedures and eligibility rules
Financial instruments for infrastructure finance	G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure
Financing gap	Address persistent infrastructure financing gap by reaffirming commitment to attract more private capital to infrastructure investment
	Address financing gap through enhancing innovative financing mechanisms, including blended finance, while noticing the importance of transparency and mutual accountability
Infrastructure as an asset class	Endorse Roadmap to Infrastructure as an Asset Class to achieve attraction of more private capital to infrastructure investment
	Advance elements to develop infrastructure as an asset class
Sustainable debt financing	Work towards enhancing debt transparency and sustainability
	Support of the Debt Sustainability Framework taking into account the investment-growth nexus
Multilateral Development Banks	Welcome introduction of new facilities by the World Bank in areas of infrastructure and trade finance
	World Bank, working with the regional development banks and other international organisations, should strengthen support for private-sector led growth and infrastructure
	Consider ways in which the G20 can foster investment in infrastructure and ensure availability of sufficient funding for infrastructure projects, including through multilateral development bank financing and technical support
	Will continue to work with multilateral development banks and encourage national development banks to optimise use of their balance sheets to

Key issues	G20 position
	provide additional lending and ensure that work on infrastructure benefits low-income countries

Private sector involvement

Key issues	G20 position
Mobilisation of resources	Mobilisation of private sector resources and capacity building assistance to support developing countries to advance towards timely implementation of SDGs in areas such as quality infrastructure
	Develop further collaboration between the public and private investors to mobilise private capital
	Address persistent infrastructure financing gap by reaffirming commitment to attract more private capital to infrastructure investment
	Public financing of infrastructure development projects in developing countries remains essential; however, it should be complemented by private sector investment
	Ask finance ministers and central bank governors to explore ways in which private financing and capital markets can be better mobilised
	Sizeable investment, including from private sources, will be needed in the G20 and other economies in energy infrastructure
	Endorse the multilateral development banks' Joint Principles and Ambitions on Crowding-In Private Finance
	Endorse the G20/GI Hub Framework on How to Best Leverage Private Sector Participation to Scale Up Sustainable Infrastructure Investment
Private-sector led infrastructure	Strengthen support for private sector-led growth and infrastructure to enhance opportunities
	Support efforts to improve capacities and facilitate mobilisation of resources for infrastructure projects initiated by public and private sector
Impediments to private capital	Comprehensive approach required to identify and address impediments to the mobilisation of private capital and improving underlying investment conditions
	Welcome the G20/OECD Report on the Collaboration with Institutional Investors and Asset Managers on Infrastructure Investment, which reflects investors' view on issues and challenges affecting private investment in infrastructure
Public-private partnerships	Particular attention to be given to ways to improve the design of and conditions for productive public-private partnership arrangements
	Public-private partnerships sourcebook by the World Bank
	Developed guidelines and best practices for public-private partnership models to improve investment preparation, prioritisation and execution processes
Gender Inclusivity	Note Preliminary Findings Report on Gender Inclusive Approaches in Private Participation in Infrastructure aimed at promoting gender considerations during infrastructure lifecycle

Low Income, Emerging and Developing Countries

Key issues	G20 position
Finance availability and access	Make finance available through global financial institutions to support growth in emerging market and developing countries
	Emerging countries' access to credit and private capital flows are critical for sustainable growth and development, including ongoing infrastructure investment

Key issues	G20 position
	Intensify efforts to create a more conducive environment for development in developing countries, including supporting infrastructure investment
	Importance of properly perceiving the risks posed, as well as opportunities offered, by long-term infrastructure investment in low-income countries
	Work underway by the World Bank and regional development banks to mobilise and catalyse additional finance for infrastructure investment, particularly in emerging markets and developing countries
Protection of infrastructure spend	Concern about the adverse impact of global crisis on low-income countries' capacity to protect infrastructure spend
Infrastructure risk	Welcome the Annotated Public-Private Partnership (PPP) Risk Allocation Matrices completed by the GH to help developing countries better assess infrastructure risk
Africa	G20 Initiative on Supporting Industrialisation in Africa and Least Developed Countries to strengthen inclusive growth and development potential including exploring ways to develop cooperation on sustainable and resilient infrastructure and industries
	Welcome outcomes of the G20 Africa Partnership Conference in Berlin which highlighted need for joint measures to enhance sustainable infrastructure, improve investment frameworks as well as support education and capacity building
Infrastructure investment	Investing in infrastructure in developing countries, especially low-income countries, unlocks new sources of growth and achievement of sustainable development

Sustainability Factors

Key issues	G20 position
Sustainable infrastructure	Committed to promoting investment in sustainable infrastructure and industry
	Sustainable electricity infrastructure where feasible
Resilient infrastructure	Acknowledge that resilient, properly funded, well maintained and optimally managed systems are essential to preserve infrastructure assets over their lifecycles
Maintenance	Endorse G20 Policy Agenda on Infrastructure Maintenance
Protection	It is essential defend all the purposes and principles enshrined in the Charter of the United Nations, including the protection of infrastructure in armed conflicts

Force multipliers of infrastructure investment

Key issues	G20 position
Infrastructure connectivity	Infrastructure connectivity is key to achieving sustainable development and shared prosperity
	Endorse Global Infrastructure Connectivity Alliance launched to enhance synergy and cooperation among various infrastructure connectivity programs in a holistic way
	Welcome the work of multilateral development banks optimising balance sheets and boosting investment in infrastructure and connectivity
	Grid interconnections and regional/cross-border power systems integration enhance energy security, fostering economic growth and facilitating universal energy access for all
Collaboration	Agree to establish a global infrastructure hub which will contribute to developing a knowledge-sharing platform and network between governments, the private sector, development banks and other

Key issues	G20 position
	international organisations while fostering collaboration among them to improve the functioning and financing of infrastructure markets
	Further collaboration among existing and new multilateral development banks
	G20/OECD Report on the Collaboration with Institutional Investors and Asset Managers on Infrastructure Investment
	Develop further collaboration between the public and private investors to mobilise private capital

Infrastructure Use Cases

Key issues	G20 position
Low carbon technologies and infrastructure	Transition towards clean, innovative, resource efficient, low carbon technologies and infrastructure
	Commonly interested in assessing existing obstacles and identifying opportunities to facilitate more investment into more smart and low-carbon energy infrastructure, particularly in clean and sustainable electricity infrastructure where feasible
	Most appropriate policy mix to move towards low-greenhouse gas emission economies including investment in sustainable infrastructure and innovative technologies that promote decarbonisation and circular economy
Energy Infrastructure	Sizeable investment, including from private sources, will be needed in the G20 and other economies in energy infrastructure in the years ahead to support global growth and development
	Commonly interested in assessing existing obstacles and identifying opportunities to facilitate more investment into more smart and low-carbon energy infrastructure, particularly in clean and sustainable electricity infrastructure where feasible
	Acknowledge the importance of global energy security as one of the guiding principles for the transformation of energy systems, including resilience, safety and development of infrastructure and undisputed flow of energy from various sources, suppliers and routes
	Recognise the role of grid interconnections, resilient energy infrastructure and regional/cross-border power systems integration, where applicable, in enhancing energy security, fostering economic growth and facilitating universal energy access for all
Low carbon technologies and infrastructure	Transition towards clean, innovative, resource efficient, low carbon technologies and infrastructure
New industrial infrastructure	Commit to new industrial infrastructure, and support industrialisation
Digital infrastructure	Promote measures to improve digital government, digital infrastructure and measurement of the digital economy to maximise the benefits of digitalisation and emerging technologies for innovative growth and productivity
	Sustainable investment in quality digital infrastructure can greatly contribute to reducing the digital divide
	Universal, secure, affordable, advanced and well-functioning digital infrastructure is an important driver for economic recovery
	G20 Guidelines for Financing and Fostering High-Quality Broadband Connectivity for a Digital World
	Improve access to digital services and digital public infrastructure, and leverage digital transformation opportunities to boost sustainable and inclusive growth

	G20 Policy Recommendations for Advancing Financial Inclusion and Productivity Gains Through Digital Public Infrastructure
	Significant role of digital public infrastructure in helping to advance financial inclusion in support of inclusive growth and sustainable development
Affordable care infrastructure	Commit to promoting women's economic empowerment, including by working with the private sector to improve labour conditions for all, such as through access to quality and affordable care infrastructure
Inclusive infrastructure	Importance of promoting knowledge sharing between local authorities and national governments to foster more inclusive infrastructure
Connectivity infrastructure	Acknowledge the importance of ensuring security in connectivity infrastructure
Urban infrastructure	Encourage stakeholders to explore the potential of drawing upon the G20 Principles for Financing Cities of Tomorrow in their planning and financing of urban infrastructure
	Welcome the report on best practices for urban mass transport infrastructure projects in medium and large cities in developing countries

Relevance of SAIs to the infrastructure development and funding challenge

The unique nature and role of supreme audit institutions

INTOSAI describes supreme audit institutions (SAIs) as public oversight institutions which audit government's use of public funds. They serve as a critical link in a country's accountability chain. Some of the key characteristics of SAIs ideally include:

- (a) Have an all of government perspective as they audit all public institutions;
- (b) Legislatively enshrined independence;
- (c) By scrutinising public financial management and reporting they provide assurance that resources are used as prescribed;
- (d) Mostly derive their mandates from the constitution and/or legislation;
- (e) Empowered to audit the: (i) use of public monies, resources, or assets, by a recipient or beneficiary regardless of its legal nature; (ii) collection of revenues owed to the government or public entities; (iii) legality and regularity of government or public entities accounts; (iv) quality of financial management and reporting; (v) economy, efficiency, and effectiveness of government or public entities operations; and (vi) government performance (in some jurisdictions);
- (f) Being a credible source of independent and objective insight and guidance to support beneficial change in the public sector;
- (g) Undertake financial audits of organisations' accounting procedures and financial statements, and compliance audits reviewing the legality of transactions made by the audited body. They also conduct performance audits to scrutinise the efficiency, effectiveness or economy of government's undertakings;
- (h) Have adequate powers to obtain timely, unfettered, direct and free access to all necessary documents and information, for the proper discharge of their statutory responsibilities;

- (i) Have the right and obligation to report on their work and the freedom to decide the content and timing of audit reports and to publish and disseminate them - their audit reports and recommendations contribute to accountability and transparency in public finance management, and in turn to good governance;
- (j) Through delivering on their mandates, SAIs may uncover irregular conduct (non-compliance), misspending, mismanagement, and poor performance. They also consider risks for misuse, evaluate entities' control environment, and uncover weaknesses (or red flags) that may be indicative of corruption and fraud;
- (k) Examine the effectiveness of other assurance providers and governance structures such as internal audit, audit committees and boards of directors;
- (l) Submit their reports to the legislature, one of their commissions, or an auditee's governing board, as appropriate, for review and follow-up on specific recommendations and corrective actions;
- (m) Enable those charged with public sector governance to discharge their responsibilities in responding to audit findings and recommendations and taking appropriate corrective action;
- (n) Expert capabilities in identification, assessment and mitigation of risks to the economy, efficiency and effectiveness of government's use of public funds.

Relevance of SAIs to addressing the infrastructure gap

On the one hand, understanding the myriad of issues pertaining to the infrastructure investment and funding challenge; and on the other hand, also understanding the role, mandate, capabilities and perspectives that SAIs have – particularly on the workings of government and the outcomes thereof – SAIs are uniquely positioned to support their governments in addressing the infrastructure gap in the following key ways:

Project Origination and Governance Factors

- (a) Providing government with assurance and recommendations regarding infrastructure delivery thereby supporting government to optimise infrastructure spend and thus increasing the rate by which government might narrow the infrastructure gap through identifying wastage, inefficiency and resource leakage in the delivery of infrastructure projects and recommending appropriate controls to mitigate those;
- (b) Providing government with assurance and recommendations regarding the compliance of prioritisation, planning and funding processes to best practice and compliance thereof to regulations and making recommendation on how process efficiency and effectiveness might be enhanced;
- (c) Provide government with assurance and recommendations regarding the alignment between current priorities, plans and funding decisions and long-term infrastructure strategies and plans;
- (d) Providing government with assurance and recommendations regarding the application of and compliance to relevant guidelines and best practices relating to public-private partnerships;
- (e) Providing government with assurance and recommendations regarding the use of project preparation funds;
- (f) Reporting on shortfalls in infrastructure spending by government and linking those to the adverse implications on growth, job creation and productivity;
- (g) Provide government with assurance and recommendations on the quantity and quality of infrastructure relative to resources spent and outcomes expected;

- (h) Report on the existence of concrete investment strategies, policies and action plans to improve the investment ecosystem and the alignment thereof with global best practice, principles and frameworks;
- (i) Provide government with assurance regarding infrastructure governance and recommendations on how it might be strengthened;
- (j) Provide government with assurance regarding the effectiveness, efficiency and security of technology use across the entire infrastructure lifecycle;
- (k) Share individualised and/or consolidated infrastructure insights with legislative oversight bodies to assist them to better understand and exercise appropriate governance over infrastructure investment activities;
- (l) Evaluating changing and emerging risks in the infrastructure sector and designing procedures to respond to these risks promptly such as inadequate infrastructure maintenance that results in dilapidated infrastructure and increased refurbishment costs or funding approval;
- (m) Provide assurance on government infrastructure-related performance reporting by commenting on general performance reports that include infrastructure, specific infrastructure performance reports, performance reports to funders/donors relating to infrastructure, reports on infrastructure-related financing.

Financing Factors

- (a) Provide government with assurance and recommendations with regard government's investment readiness for potential multilateral development bank and private sector infrastructure funding and the existence and significance of possible impediments thereto;
- (b) Provide government with assurance and recommendations and create transparency with regard to infrastructure debt sustainability;
- (c) Provide government with assurance and recommendations and create transparency with regard to the risks associated with government's potential or actual use of innovative financing mechanisms;
- (d) Provide government with the independent assurance required to enable access to multilateral development bank and private sector infrastructure funding and facilities;
- (e) Provide government with assurance and recommendations relating to technical capability requirements of infrastructure projects vis-à-vis actual capability on delivery team. Recommendations can include guidance on the appropriate technical assistance to seek out.

Private Sector Involvement

- (a) Providing government with assurance and recommendations with regard to processes for procuring and selecting private sector funders and partners;
- (b) Provide government with assurance and recommendations regarding private sector partner profile and compliance with terms of partnership;
- (c) Provide government with assurance and recommendations regarding adherence and alignment of public-private partnership processes to relevant laws, regulations and standards;
- (d) Provide government with assurance and recommendations with regard to adherence to gender inclusivity considerations across infrastructure lifecycle.

Low Income, Emerging and Developing Countries

- (a) Providing government with assurance and recommendations regarding risks posed and opportunities offered by long-term infrastructure investment;
- (b) Provide government with assurance and recommendations with regard to susceptibility of country's infrastructure spend capacity to crisis.

Sustainability Factors

- (a) Provide government with assurance and recommendations with regard to the sustainability and resilience of infrastructure;
- (b) Provide government with assurance and recommendations with regard to occurrence, efficiency and alignment to standards of infrastructure maintenance activities;
- (c) Provide government with assurance and recommendations with regard to protection of infrastructure.

Force Multipliers of Infrastructure Investment

- (a) Provide government with assurance regarding alignment of infrastructure-to-infrastructure connectivity standards;
- (b) Provide government with recommendations on how to optimise its balance sheet to boost ability to mobilise infrastructure funding;
- (c) Leverage insights on individual projects, organs and agencies to highlight opportunities for enhanced collaboration and to facilitate knowledge sharing.