



Building Strong Institutions and Capacity Building



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Importance of building strong institution

- Many barriers to transport development are institutional in nature
- Institutional strength in transport development is vital **to attract financiers**
- Financiers examine:
 - Governance capacity
 - Organisational experience
 - Availability and implementation of transparent procurement rules and procedures
 - Coordination among ministries → collaborative effort to successfully implement a project
 - Human capital within institutions
 - ❖ Technical skills to develop/implement a project
 - ❖ Transport management skills

A successful bankable project requires having people with the right skills, knowledge and ability to deliver the project and ensure its longer-term sustainability

Importance of building strong institution



- *Governance is a **learning process** that feeds on the lessons learned within a policy framework* (Dolowitz and Marsh, 2000)
- Public sector reform is a major driver of policy in developing countries and those in transition. Market liberalization, privatization and decentralization each characterizes the reform process.
- Reforms in transport sector governance institutions are needed in most developing countries, including LLDCs
- To improve institutional performance, LLDCs should improve transfer of knowledge and experience among themselves on institutional, economic and social aspects and build capacity by training or education of government officials and professionals
- Enhance capacity to mobilize domestic resources for transport infrastructure development through taxation and an efficient use of these resources

Stakeholders in transport sector



- Ministry of Transport/Infrastructure Development
 - *Sets transport policies, write legislation, regulate the sector, prepare strategic plans and monitoring implementation*
- Ministry of Finance/Economic Development
 - *Formulates economic policies, sets out proposals as to how the sectors are to be funded (PPP, user charges)*
- PPP Units
- Financial institutions
- Procurement Regulatory Authorities
- Project Sponsors/Developers
- Community Groups
- ...

Stakeholders in transport sector



- Their mandates can be often overlapping
- The laws may require the institutions to coordinate with each other but may not mention any mechanism for this purpose. If it does, it is maybe not effective to deal with complex multi-sectoral issues, such as transport.
- Single purposes ministries do not work so well in a multi-purpose world of mixed policy objectives → continued reinvention of ministry portfolios
- Transport is often paired with Works, Energy and Infrastructure
- Governance of the transport sector is constantly in transition to take contemporary issues on board (climate change, demography, technology and trade)
- Transport planning agencies must be multidisciplinary and cross-sectoral to apply a holistic approach, to ensure integration between modes of transport and adequately cover cross cutting issues

Enabling environment to increase infrastructure funding

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The following ground works need to be done to have sufficient capacity to develop a pipeline of bankable infrastructure projects to meet investors' requirements:

- Long-term holistic national transport infrastructure plan, to secure project pipelines
 - Increase capacity to develop feasibility studies
 - Ensure economic, political & social stability and extend fiscal & non-fiscal incentives
 - If applicable, develop PPP laws involving
 - creation of a common regulatory framework to ensure that legal environment is attractive for investors
 - Government's commitments and risk transfer mechanisms
- **deliver confidence to government officials to adopt PPP**

Support for attracting climate finance

- Trainings are needed to increase the capacity of LLDCs to design project proposals for this specific purpose to be submitted to relevant donors that provide climate funds
→ *Donors are encouraged to provide such trainings*
- Countries and transport corridor secretariats are urged to utilize International Transport Infrastructure Observatory to locate bottlenecks (e.g. sections with high landslide risks) along international routes, as such to help LLDCs with the first step of identifying possible climate resilient projects to be funded.





Thank you for listening.

