

Quality Infrastructure and civil society

Arjun Phillips

Abstract

The article analyses Quality Infrastructure as a catalyst to achieve sustainable development considering the underlined emphasis it has received from G20. Quality Infrastructure conceptualises economic efficiency, safety, resilience against natural disaster, job creation, addressing social-environmental impacts and aligning with economic and development strategies. It will become an instrumental policy agenda because the Modi government's attention is geared towards elevating India's infrastructure status. With infrastructure carrying heavy weightage in the development basket, there is a need to make civil society an effective participant in its decision-making that ensures investments result in social good and all-round prosperity.

Author's profile

Arjun Phillips is Program Manager with Voluntary Action Network India (VANI), an apex body of voluntary development organisations. At VANI, he works on external environment of civil society that comes to include analysis of regulatory regimes for civil society organisations and their capacity building, amplifying narrative of the sector, South-South cooperation and global development issues related to increasing the space for civil society participation in multilateral forums. Recent research initiatives include 'Financing Sustainable Development: Civil Society Perspective on Asian Infrastructure Investment Bank', 'India's Civil Society Engagement Strategy for C20', 'India's Development Cooperation with ASEAN: Civil Society Perspective and Advancing Sustainable Development through SDG 17'.

Quality Infrastructure and civil society

The G20, as an economically decisive grouping, has paved the way for achieving sustainable development by leveraging quality infrastructure to drive away inequality, climate change, underdevelopment, social exclusion and other growth bottlenecks plaguing the planet. It was in China's Hangzhou in 2016 that world leaders gathered for the G20, acted on a recommendation submitted by 11 multilateral development banks (MDBs) known as the Joint Declaration of Aspirations on Actions to Support Infrastructure Investment, agreeing on its objective to encourage and promote Quality Infrastructure Investment (QII) as a catalyst for sustainable and inclusive growth outcomes. Since then, QII has moved notches up on the priority list for G20 with previous and current presidencies of Argentina and Japan conferring infrastructure as an asset class in 2018 and endorsing QII principles to legitimise it as a serious global commitment in 2019. The purpose: Making infrastructure a quality driven normative in opposition to excessive and inferior production that holds high potentiality of running into debt and its easy manifestation into financial volatility. At the heart of Quality Infrastructure lies the objective to scale up investment that lays the strong foundation for achieving national and local development priorities. Already, the global infrastructure gap stands at a whopping \$1 trillion annual investment that is deeply interwoven with achieving Sustainable Development Goals by 2030.

Pressed by the necessity for channelising finances into sound investments, the G20 envisages QII as an enabler that will maximise impact and produce positive spillovers by stimulating demand that can unlock supply side bottlenecks and produce employment opportunities in construction, manufacturing, operations and maintenance, and so on. Similarly, QII focuses on raising economic efficiency of infrastructure measures implemented and provide Value for Money (VfM) on investments while remaining affordable and accessible. The major groundswell for QII is rooted in yielding improved productivity, effective allocation of resources, augmenting capacities and upgrading skills for the utilisation of local economies. However, central to popularising QII is its cognizance of socio-development realities that emerge in project lifecycles of large-scale infrastructures. These have been adequately addressed in the QII principles that substantiate on integrating environmental and social considerations, promoting women's economic empowerment, creating resilient infrastructure against natural disasters, strengthening infrastructure governance, which includes multi-stakeholder participation with civil society and being open

and transparent during project lifecycles. Considering the adoption of all the principles and declarations, the G20 needs to quickly take concerted policy actions that tackle the burgeoning development challenges by assimilating them into their laws and practice. With global temperatures steadily increasing and not settling under the 1.5-degree threshold, a progressive livelihood deterioration of communities caused by mega-infrastructure projects/ measures and \$314 million loss estimated to be produced by natural disasters, QII will need to be effective at the ground level and produce transformational shifts in the socio-economic landscape.

In the Indian context, Quality Infrastructure can be an effective policy tool that triggers economic development and in turn reap a myriad of social benefits. Given the mammoth infrastructure investment required for the next 40 years almost bordering at \$526 billion (Economic Survey, 2018), it will be a challenge for India to reach the desired target. To urgently address this, since the last two G20s, Prime Minister Narendra Modi has ensured India's commitment to developing infrastructure that helps in promoting world economic growth.¹ Concurrently, his government has been forthcoming in inviting potential investors to invest heavily in Indian infrastructure. This has been crystallised via various bilateral MoUs entered by India with various G20 nations, foreign institutional investors and multilateral bodies such as World Bank, AIIB and NDB. To increase infrastructure investment, India launched the ambitious National Infrastructure Investment Fund (NIIF) for garnering dedicated financial support. However, there are chances that the current infrastructure push will only result in quantitative creation of physical assets minus qualitative social benefits. But by embedding Quality Infrastructure approach, desirable investment can be ensured to address the various socio-development laggards that do not get the required attention. The need for a QII mechanism emerges because there is no legitimate channel for citizenry to participate in decision making and governance of infrastructure investment because of the domination exercised by government and private sector that are swayed by accentuating commercial objectives without due consideration to social development. For example, a recent Down To Earth report² highlighted that 400 infrastructure projects would directly destroy major tiger corridors. Similarly, the ongoing struggle of tribal population in mineral rich belts of Chhattisgarh³ and fishing communities, whose livelihoods are directly affected by

¹ <https://www.livemint.com/news/india/rs-100-trillion-will-be-spent-on-infrastructure-creation-modi-1565844842535.html>

² <https://www.downtoearth.org.in/news/wildlife-biodiversity/about-400-proposed-infrastructure-projects-will-destroy-tiger-corridors-report-61318>

³ <https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/after-protests-by-tribals-chhattisgarh-stops-mining-in-bailadila-hills/articleshow/69743955.cms>

the ambitious port linking commerce facilitating Sagarmala project⁴, lack official channels where people can directly influence decision making in infrastructure development. It is against this backdrop that QII seeks to fill the gap and make government provide for representation of communities, civil society, groups and others that allow participation, policy influencing and public monitoring of projects.

QII as leverage for ensuring space of civil society

The Civil 20 or C20- one of G20's engagement groups consisting of global civil society actors welcomed QII and underscored on its transformative ability to facilitate change and reduce infrastructure inefficiency that has direct impacts over many socio-development facets. This is reflected in the official C20 policy⁵ pack as part of the recommendations in which some of them were successfully imbibed in the QII principles by the G20.⁶

- Alignment of QII with key international agreements and goals: In terms of reducing poverty, inequality and safeguarding human rights, QII can deliver international commitments such as the SDGs and the Paris Agreement. This demands inclusion of safeguards on economic, social and environmental impacts of investments at all stages of projects and delivery cycles.

- QII delivering on national strategies and priorities: It can assist governments in making right infrastructure investment decisions that involve civil society and citizens at all decision-making stages, invite public scrutiny and adopt a clean, transparent approach.

-Creating large-scale benefit and inclusion: Organising meaningful multi-stakeholder participation, which includes the voices of the marginalised, vulnerable and affected communities. QII needs to adopt an integrated approach which delivers benefits to the people from the design, construction, operation and maintenance of infrastructure.

-Adopting social and environmental safeguards: The key to quality and sustainable infrastructure is its implementation via participatory processes to identify, mitigate and manage social, environmental impacts. It is suggested that all financial institutions should adopt these safeguards and strengthen the procedural modalities in regulators and banks. The social standards come to include compliance with labour standards for construction workers, managing corruption in infrastructure investments, promoting transparency and

⁴ <https://www.thehindu.com/news/national/tamil-nadu/sagarmala-project-will-hurt-fishers/article19376274.ece>

⁵ C20 Policy Pack https://civil-20.org/2019/wp-content/uploads/2019/04/C20-POLICY-PACK-2019_web.pdf

⁶ G20 Principles for Quality Infrastructure Investment https://www.mof.go.jp/english/international_policy/convention/g20/annex6_1.pdf

accountability in the project lifecycles and finding adequate public financing through progressive taxation policies.

Despite G20's focus to graduate QII as the next level of global infrastructure development, civil society has flagged concerns on its keenness to rely on private investment to finance projects.⁷ To make QII more accessible and affordable it is imperative to strengthen the stake of public financing. Public financing guarantees sustainability through public accountability in comparison to private financing. Public-private partnerships (PPP) are the desirable routes and it is welcoming in treating infrastructure as an asset class. But the 'private first' approach, which gives precedence to private financing over public financing, needs to be toned down. This is because infrastructure is subject to inherent risks, unprofitability, and may result in dampening prospective investors. There is need for gearing QII to be effectively financed from sound public investments by streamlining taxation architectures to bolster financial inclusion for raising public debt.

According the World Economic Forum's report, Recycling our Infrastructure for Future Generations, adopting an asset-recycling approach can be an innovative way of raising capital by divesting old government assets and utilising its revenue for new projects despite lacking latter social-environmental impact assessment. In effect this reiterates the position on public financing, which is long-term, sustainable and can be subjected to public auditing and scrutiny in cases of corruption.

Corruption has a deleterious effect on infrastructure. An estimated US\$6 trillion loss to infrastructure is attributed to corruption, mismanagement and inefficiency. Additionally, the G20 under the Japanese Presidency has taken to action debt sustainability as a key metric for ensuring financial efficacy of infrastructure assets. Japan's pitch for QII is in response to the aggressive Chinese infrastructure spree in Asia and Africa that holds deep political economy ramifications. Commentators have remarked on Japan's encouragement for QII is towards countering the Belt and Road Initiative and deflect the debt-trap countries may face by defaulting on Chinese loans.

Utilising QII to address human rights

There is ample evidence and documentation, which describe the negative impact of inefficient infrastructure on the lives of local communities, women, children, disabled, elderly and so on. Fundamental to the rationale of encouraging QII is the need to adopt a human rights framework that is present all along the supply chain of projects. QII's focus should take

⁷ G20 Agenda on Infrastructure Financing https://civil-20.org/c20/wp-content/uploads/2018/07/C20-policy-paper_infrastructure-financing_.pdf

further steps in ensuring due diligence, risk analysis, monitoring compliance and be transparent in procurements. Globally, there is a demand to align QII with Universal Declaration of Human Rights principles to produce infrastructure that balances human prerequisites with investment commitments. The G20 should also promote operationalisation of country mechanisms to ensure that local implementation does not infringe on human rights of affected populations.

QII should integrate aspects of Free and Prior Informed Consent (FPIC) protocols in infrastructure investments to allow communities and groups to actively engage with investors. This is imperative for safeguarding communities from unwarranted risks of displacement, livelihood breakdown and forced migrations. Adequate redressal mechanisms by state should be given to protect the rights of communities and ensure speedy justice when wronged. Additionally, FPIC processes need to be strengthened across all spectrums of infrastructure investments and linked to QII objectives. The QII principles adopted during the Osaka G20, 2019 have addressed the inclusion of women and marginalised groups, which should be adopted at the country level national policies determining infrastructure investments. Adopting gendered and marginalised lens will ensure that projects and investments do not dilute their specific concerns and have a wider participatory planning process.

Addressing country level structural gaps

A flashback to March 2019 can remind us of a clear infrastructure failure, which took place in Mumbai. A pedestrian bridge over the Chhatrapati Shivaji Terminus, one of the oldest railway terminals in the world, came crashing down with six people killed and 34 sustaining grievous injuries. Amidst the authorities passing the buck, the collapse was a clear quality control issue, which was further intensified by lackadaisical factors. At the end, the authorities admitted that lack of proper auditing, corruption and opacity in procedural processes led to such an unfortunate event.

Such examples of human devastation caused by infrastructure failings are in preponderance across the globe. In order to mitigate such risks, QII should be embedded within the policy framework of the country to act as a bulwark against such failings that emerge mostly from governance slippages. This will ensure that infrastructure creation is controlled and monitored right from its inception to the final stages and subjected to periodic checks and assessments by independent agencies, civil society organisations and evaluators.

Concurrently, for an effective QII, the G20, MDBs, development financial institutions (DFIs), Global Infrastructure Hub along with private sector and global civil society community need to evolve a common pool of standards that can be customised and adopted at the country level for all types of infrastructure investments. These QII specific standards can help countries, especially the middle and lower income segment, to produce infrastructure that are qualitative and make populations reap its benefits.

Possible integration can be via official development assistance (ODA) mechanisms where development cooperation includes QII as an agreed instrument for facilitating development in aid-recipient countries. As a start, civil society should influence G20 to create QII mechanisms on funding of projects by MDBs in geographies that are infrastructurally deficient. Additionally, country level mechanisms should focus on creating infrastructure that helps in exploiting the low-hanging fruits of specific regions, which create positive multipliers along the supply chain and tackle the impending growth bottlenecks from further expanding.

Making India implement QII

At India's level, the Prime Minister ambitiously set the vision of \$5 trillion economy by 2022. India stands at the cusp of structural transformation witnessed by the series of intensive actions taken to increase the economic backbone of India by opening avenues for investment, liberalisation of regulatory regimes, rate cuts in borrowing in efforts to reach the goal of maturing into a developed nation. The recent affirmation provided by the Indian government towards the adoption of QII principles signaled its future roadmap for its infrastructure expansion. However, to achieve this vision it is vital that it integrates this at the policy level most notably in its PPP projects under the Ministry of Road, Transport and Highways. QII will be better placed in this segment considering that large-scale mega infra developed under this route involves displacement of communities, limitation on local livelihoods and disturbance of local ecology. The same is applicable for Ministry of Housing and Urban Affairs in the context of developing Smart Cities, an urban renewal programme of the government that aims to make selected cities sustainable and citizen friendly. Here Quality Infrastructure will play a dominant role in facilitating key developmental features associated with the state-of-the-art cities. Another ministry that should imbibe QII approach is the Ministry of Environment, Forests and Climate Change. The quantum of clearances required for large scale infrastructure in ecologically sensitive zones need to promote a balanced framework where environment, human displacement and biodiversity are given utmost precedence before commercial interests. In the past, corruption induced industry

clearances have been awarded contracts which threaten environment and human development. This needs urgent rectification through structural reform. To make QII workable, it is suggested that concerned line ministries that are involved in infrastructure development commonly create an institutional mechanism that acts as a check and balance for the stream of investments. Not only will QII benefit the scale and scope of investment but will follow a process-based approach that is open, transparent and participatory rather than unilateral action visited in decision-making for infrastructure projects.

Strengthening the means of participation with civil society

Civil society forms an important pillar for inputting citizen-centric concerns into infrastructure decisions. Because of its strategic position of working at the ground and grassroots, civil society is informed on the lacunae in delivery systems and can amplify issues that are most often overlooked by investors. By carving channels where data from the grassroots reaches decision-makers, civil society can increase its participation ability by sensitising them to see the business advantage of addressing socio-economic disruptions. This will assist civil society in increasing its collaborative space and strengthen its negotiating power with investors. Further, policy coherence will be initiated where investment objectives match ground level realities voiced by civil society. Importantly, civil society can help investors find suitable geographies where infrastructure investment has not blossomed and utilise on its opposition power against projects, which jeopardise local ecology, human safety and livelihood.

Moreover, QII is an opportunity that allows civil society an entry point in decision-making. There are discernible gaps in public delivery systems of infrastructure investments where services do not reach people. Civil society can play an extremely important role in providing the needed capacity building for utilising infrastructure and expand the scope of delivery and achieve much needed inclusion. Crucial to QII is promoting accountability and bringing transparency in infrastructure, which is reeling under opacity. As a measure, civil society can be an enabler in knowledge dissemination and empower people to approach investors and decision-makers for course correction in project pipelines. Already civil society initiatives such as 'Open Contracting' have gained traction, which provide digital monitoring and tracking of infrastructure investments.

Civil society will need to converge with the G20 on Quality Infrastructure on similar lines of its engagement with MDBs. By synthesis of various environmental, social safeguards and stakeholder participation strategies of various MDB policies, the G20 can be influenced in

moving towards an effective roadmap that allows civil society to be part of decision-making tiers. At the India level, civil society will have to be actively collectivised to influence the government on QII through convening negotiation tracks with different ministries and line departments. For a start, collating diverse MDB practices in India for evolving a customised Indian standard for QII can be a possible area for policy advocacy.

Way Forward

Civil society's demand is constructed on a simple premise: Make infrastructure sustainable, green, affordable and productive and QII presents this opportune moment to make the necessary push. Globally, it needs to advance on the achievement of critical development indicators requiring dire attention. With the SDGs already nearing and hardly a decade left to achieve them, the world will need to calibrate strategies to create quality and sustainable infrastructure, which will solve a half of the global development challenges. The next G20 will be under the presidency of Saudi Arabia for which civil society will require fleshing out a way forward that advances and builds on the achievements gained under Argentine and Japanese presidencies.⁸

A lot of ground requires coverage and as a start civil society organisations in G20 countries can collectivise to appeal their governments, private sector and DFIs to make Quality Infrastructure a practice for achieving sustainable development. Global multilaterals involved in the investment and creation of physical development should recognise the value of civil society as an important development partner, and solicit its engagement. As such, civil society participation needs to be inbuilt into the QII framework by making it involved right from the planning, implementation to the impact assessment phase. This will ensure that QII does not lose sight of its delivery goals. The C20 will make all efforts to utilise the channels for communication and pressure-building to elevate QII as the new normative for driving growth and development. At the same time, India's civil society should immediately strive for policy influencing on institutionalising QII under which premier projects utilising this approach can be showcased as successful models before the world during the Indian presidency of G20 in 2022.

Disclaimer: This article was prepared with the support of the Heinrich Böll Stiftung India. The views and analysis contained in the publication are those of the author and do not necessarily represent the views of the Heinrich Böll Stiftung.

⁸ G20 Osaka Leaders Declaration <https://www.japantimes.co.jp/news/2019/06/29/national/full-text-g20-osaka-leaders-declaration/>