Appendix B: Detailed methodology for reference tool

The objective of the analysis was to understand the broader economic and infrastructure context in the shortlisted countries and key elements of the existing project preparation ecosystem that drive public and private sector infrastructure investment growth.

1. Task 1: Selection of countries for the reference tool

The identification of country case studies for the preparation of the reference tool was driven by two-stage multi-factor criteria:

Stage I – Quantitative framework, and regional and income assessment

The country evaluation was based on two-step criteria:

- *Step 1 – Countries ranked in top 100 on quality of infrastructure in the infrastructure pillar of the WEF Global Competitiveness Index, 2017* – The Global Competitiveness Report published by the World Economic Forum (WEF) ranks 135 countries across 12 pillars – one of them being infrastructure. Within this pillar, each country is scored from 1 – 7 on the basis of: (i) quality of overall infrastructure; (ii) quality of transport infrastructure (roads, rail, ports, aviation); (iii) quality of electricity supply; and (iv) mobile cellular and fixed telephone line connections. Presence of quality infrastructure in a country could be considered as a proxy of strong project preparation processes, enabling large-scale infrastructure programs to be delivered in the country. ***For the reference tool, the top 100 ranked countries were shortlisted.***

- *Step 2 – Countries with a score of 45 and above in Project Preparation under Procuring Infrastructure PPPs 2018* – A study conducted by the World Bank ranks economies on the ability of governments to prepare, procure and manage PPP projects in the country. One of the pillars on which these countries have been scored includes the preparation of PPPs, which has been evaluated on 10 indicators covering: (i) approval for PPP projects by a central budgetary authority; (ii) integration of PPPs with public finance management; (iii) assessment of feasibility studies required to be conducted; and (iv) availability of standardised documentation and PPP contracts. ***Based on the above, 58 countries with a project preparation score of more than 45% were initially shortlisted for analysis.***

- *Regional and income distribution* – The initial shortlist of countries was passed through a regional and income filter to ensure wider adaptability of the reference tool. Although it is evident that the developed countries generally have better overall scores in the quantitative framework and in the general quality of project preparation, it was also important that the reference tool captured best practices from across regional and income brackets. ***A total of 28 top-ranked countries were shortlisted at this step.*** The number of countries shortlisted in each region is driven by the population of the region and its contribution to global GDP. Accordingly, the following countries were shortlisted after Stage I:

  - ***Middle East and Africa*** – A total of five countries were shortlisted for qualitative assessment, which included *UAE (High income), Mauritius and South Africa (Upper-middle income), Kenya (Lower-middle income), and Rwanda (Low income).*

  - ***Americas*** – The shortlisting of countries represented the high and upper-middle income segments. A total of six countries were shortlisted for qualitative assessment, which included *USA, Canada and Chile (High income), and Brazil, Mexico and Ecuador (Upper-middle income).*

  - ***Europe and Central Asia*** – A total of five countries were shortlisted for qualitative assessment, which included *the Netherlands, Switzerland, France, Germany and the UK (High income).* Since most of the countries in the region are in the high income segment, income segmentation was not considered for the shortlisting process.

  - ***South and East Asia, and the Pacific*** – A total of twelve countries were shortlisted for qualitative assessment, which included *Australia and New Zealand (Pacific – High income), Japan and the Republic of Korea[1] (High income), China and Malaysia (Upper-middle income), and India, Indonesia, the Philippines, Sri Lanka and Vietnam (Lower-middle income).* The shortlisting of countries selected represents both high and middle income segments.

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[1] Higher-ranked Hong Kong and Singapore were not considered due to their limited geographical area and population.

Stage II – Qualitative analysis

In addition, for the final selection, a qualitative filter was applied based on the collective experience of our expert team in working in these countries. The qualitative analysis gauged the effectiveness of shortlisted countries in shaping unique programs related to infrastructure and project preparation to meet their specific needs and in adopting good practices in project preparation.
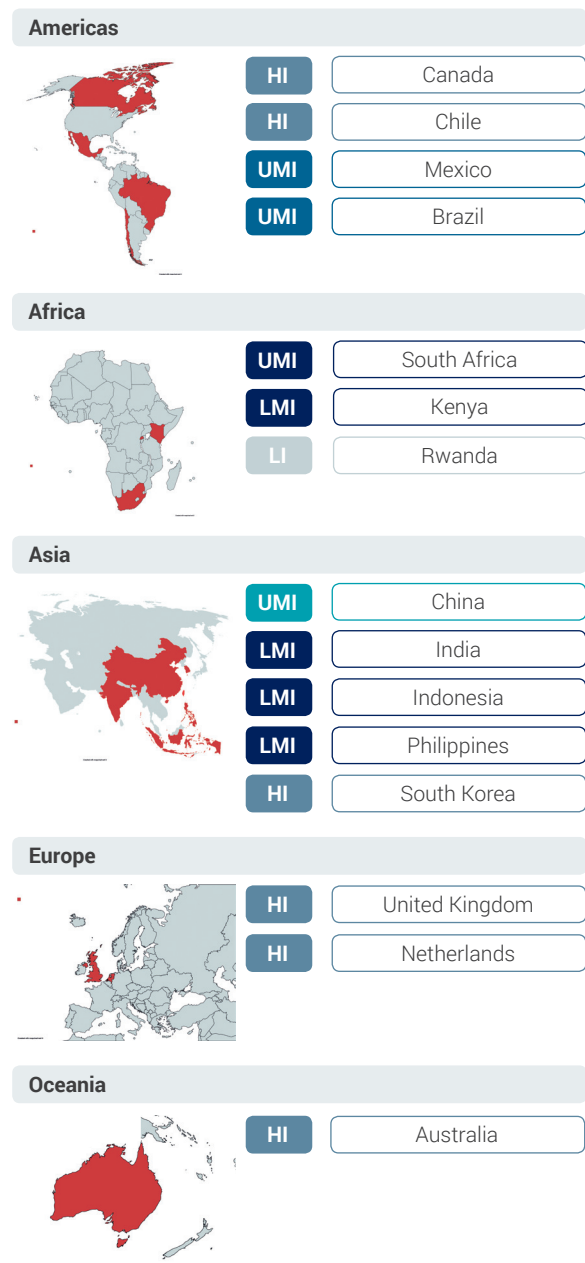
The qualitative framework for project selection is detailed below:

- **Income-based classification** – Under each region, countries were grouped according to their income category, to integrate country experiences in project preparation across income categories and better understand different solutions to meet varied socioeconomic needs. The income segmentation was based on the World Bank's Country and Lending Groups classification for the fiscal year 2019.

- **Private sector investment** – The countries were categorised based on the level of private sector investment that was attracted over the last five years against the total infrastructure investments made; the hypothesis being that the ability to tap private investments is generally indicative of the trust in the quality of project preparation processes in the country. The information on investments related to private sector and infrastructure was sourced from the country profiles under GI Hub's InfraCompass and was contextualised based on the knowledge of the expert team. The classification was based on the proportion of private sector investment to total investment and divided into the following categories: Less than 10% (Low), Between 10% and 15% (Moderate), 15% and above (Strong).

- **Elements of good practices in project preparation** – Finally, countries were studied on the distinctive elements or application of good principles in project preparation. This included assimilating key elements of select transformational infrastructure programs that have been relatively successful in preparing bankable projects and attracting private finance. Countries with clearly established legal, institutional and procedural frameworks for project preparation, systematic application of project preparation standards across projects/ programs and an established track record of successful project preparation were categorised as 'Strong'. Countries with an established legal, institutional and procedural framework,

but limited application in projects/programs were categorised as 'Moderate'. Countries with relatively lower project preparation standards, and limited success in application were categorised as 'Low'.

Based on a quantitative and qualitative approach used for country selection for the reference tool, 15 countries were shortlisted across all continents to maintain a regional balance. The list of countries selected forms an initial list of countries covered for the reference tool. There may be potential to update the reference tool from time to time, incorporating learnings from the original broader list of countries.

■ HI: High income ■ LMI: Lower-middle income
■ UMI: Upper-middle income ■ LI: Low income

Americas

HI	Canada
HI	Chile
UMI	Mexico
UMI	Brazil

Africa

UMI	South Africa
LMI	Kenya
LI	Rwanda

Asia

UMI	China
LMI	India
LMI	Indonesia
LMI	Philippines
HI	South Korea

Europe

| HI | United Kingdom |
| HI | Netherlands |

Oceania

| HI | Australia |

2. Task 2: Mapping the project preparation ecosystem in each country

This stage involved mapping the project preparation landscape in the shortlisted countries based on extensive secondary research and targeted consultations with country level key officials. The steps in mapping the project preparation ecosystem for each country is provided hereunder:

- **Identification of key officials from each country** – Based on an initial assessment of the project preparation landscape in the identified country, a preliminary list of institutions and key officials involved in project preparation were shortlisted. This included the apex institution or specialised agency for capacity building, and sectoral departments or agencies and support agencies in project preparation. The list of key officials was further strengthened with inputs from the GI Hub team and inputs from the experts working on the assignment. The final list of stakeholders reached out to during the course of preparation of the reference tool is attached in Appendix D.

- **A formal request** for support was sent to the key representatives of the agencies identified. As inputs for the call, the following documents were also prepared and shared with the country officials: i) a consultation docket, including a brief questionnaire on the project preparation scenario in the country, and an initial list of identified best practices in the country; and ii) an information docket, which includes an initial list of identified best practices from the country and an overview of the project preparation landscape, based on secondary research for validation and inputs. The information docket was prepared to create a shared understanding of the project preparation context in the country, covering the size of project preparation, the institutional responsibilities for project preparation and the key stakeholders.

- **Multiple rounds of interaction with country officials and preparation of country case study** – We initiated consultations (largely through telephonic consultations) with the officials across two stages: *Stage 1 – Consultations to identify the project preparation landscape in the country and examples of key successful projects; Stage 2 – Country case study review and validation.* The secondary research and the interactions were critical inputs to the preparation of the country case studies.

- **Shortlisting of project case studies** – The shortlisting of project case studies was driven by the suggestions of the country level officials, inputs from the GI Hub team and inputs from our expert team. The project case studies were selected to reflect learnings across the project preparation spectrum while ensuring sectoral representation. The information provided by the country officials was complemented by secondary research.

- **Mapping of noteworthy practices and tools for project preparation** – After mapping the project preparation landscape, we worked in close coordination with the GI Hub team to identify the noteworthy practices and the unique tools that assist in improving the quality of project preparation in each country. The noteworthy practices were identified across each element of project preparation including enabling environment, public sector capacity, project identification and concept definition, project feasibility and structuring, project approvals and processes, and project marketing and stakeholder engagement.

The findings from primary and secondary research were complemented with insights from our Project Team, which brings in experience in project preparation from across several countries in South Asia, South-East Asia, Africa, Latin America and Europe.

3. Task 3: Collating the ideas from tasks above as inputs to the reference tool

As a final step towards the study, we focused on preparing the overall project preparation reference tool. The reference tool was structured to address all aspects of project preparation that were relevant to governments and implementing agencies across the globe.

The reference tool reviewed key success factors underlying project preparation through a country-lens perspective. It was designed to be complementary to the G20 *IWG Principles for the Infrastructure Project Preparation Phase and the MDB Guidance Note on PPF Structure and Operations.*