



# Smarter infrastructure project delivery mechanisms in the EC development cooperation



**Roberto Ridolfi**

*Director for  
Sustainable Growth  
and Development*

EC – DG DEVCO -  
EuropeAid



## Summary - Outline

- **Policy Framework**
- **Innovative Financing: Blending**
- **Procurement: "Value for Money"**



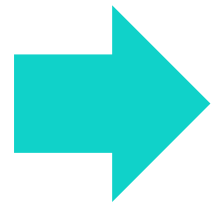
## In our new policy framework (A4C):

**Overarching objective:  
poverty alleviation, accompanied by**

- **Support to sustainable economic growth,**
- **Enhanced role for the private sector,**
- **Systematic use of blending potential,**
- **Promotion of trade and regional integration.**

## **NEW** - The EU Communication:

"A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries" (May 2014)



## Objectives :

- Update the EU strategy for **private sector development support**;
- Identify ways for **working closer, particularly in energy, agriculture and infrastructure**;
- Propose a framework **dialogue and joint action with business**;
- Strengthen the **role of the private sector in the post-2015** framework;
- Strengthen cooperation with the **Joint Research Centre & DG Enterprise**

## BLENDING

**Using grants strategically to unlock additional public and private financing to meet development challenges**



At project level, grant and non-grant resources are blended to create the right financing-mix

## Blending has various objectives:

- 1. FINANCIAL:** mobilize public and private resources for enhanced development impact and do more with less
- 2. NON-FINANCIAL:** improve project quality, innovation, targeting and speed
- 3. POLICY:** support reforms in line with EU policies
- 4. AID EFFECTIVENESS:** improve cooperation between EU and non-EU donors and financial institutions
- 5. VISIBILITY:** provide more visibility for EU development funding

## Blending in future – ENI + DCI + ACP

Regional enveloppes	2014 -2020 (million €)
Neighbourhood	1200
Latin America	350
Asia	490
Caribbean + Pacific	186
Africa	1155
Intra ACP (private sector)	600

**Additional financing will also come from  
the NIPs, where relevant  
(sector/country)**



European  
Commission



# Blending in future: "The Transparency Aspect"

**Importance of Transparency:**  
*Procurement/Contract systems  
under Blending Modalities*

Quality, social &  
environmental dimension



**BRICS etc.**

**European  
Contractors**

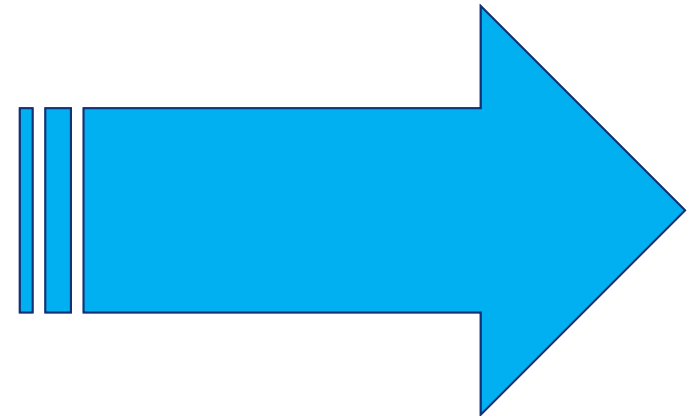
# From traditional project management to smarter project delivery

## TRADITIONAL

EC 100 % FINANCING

IMPLEMENTING  
THROUGH DESIGN, BID  
AND BUILD

PROCUREMENT RULES  
(PRACTICAL GUIDE)



**Lowest Bid Approach:**  
*-> Problems with Escalation  
of Prices, Claims etc. during  
implementation*

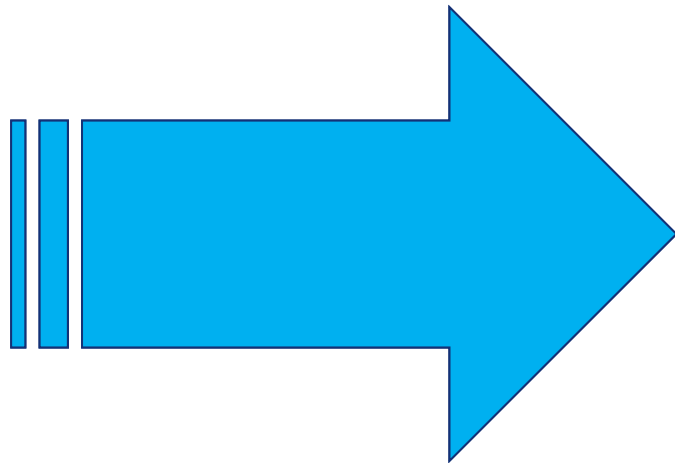
# From traditional project management to smarter project delivery

***NEW***

***BLENDING***

***DB AND DBO  
METHODS***

***ADAPTED  
PROCUREMENT  
PROCEDURES***



# DB and DBO methods:

- Traditional method: design, bid and build

## Main drawbacks:

- 1 – Inadequate design studies leading to cost overruns and disputes
- 2 – Under performance based contracts
- 3 – Frequent: skilful contractors for legal but not for technical issues



# ADVANTAGES OF DB IN DC:

- 1 - Costs and time are kept under a **better control**
- 2 - One contract with one skilled contractor: **less risk**
- 3 - CAs allowed to **better focus** their limited resources



# DBO - Complementary advantages

- More efficient and **sustainable** long term assets/facilities
- Enhancement of **quality and efficiency** of the end-user services
- Technology transfer -> **ownership**
- **Best value for money** vs. lowest price bid (CAPEX + OPEX)



European  
Commission



# Towards new procurement procedures. Best value for money

- **Substantial amendments** to the existing conditions for works contracts
- **Alignment** with new EU procurement directives
- **Introducing qualitative criteria** in the evaluation



- **Preferred sectors** for applying DB and DBO: **energy and water**

## THE WAY AHEAD:

- On-going studies / Discussion with EIC and Consulting federations
- Implementing “pilot” projects
- Identifying new DB & DBO projects
- EIC interaction at political level
- “in-house” work to adapt external aid regulations to new modalities







**Thank you for your  
kind attention**