

G20 Finance Deputies Meeting

9th October, 2014

Session on Investment and Infrastructure Package for Leader's Summit

INTERVENTION

Dear Colleagues,

1. We appreciate Australian Presidency's efforts for prioritising infrastructure agenda this year to address the global infrastructure challenge.
2. We should not lose sight of the fact that in the Finance track, Investment in Infrastructure was brought in as an agenda following the concerted stand taken at the 2012 Los Cabos Summit regarding infrastructure financing. Let me quote from the Los Cabos Leaders Declaration where our Leaders had tasked our Finance Ministers and Central Bank Governors "to consider ways in which the G20 can foster investment in infrastructure and ensure the availability of sufficient funding for infrastructure projects, including Multilateral Development Banks' (MDBs) financing and technical support."
3. Australian Presidency rightly elevated the Study Group to an Investment and Infrastructure Working Group (IIWG), with a clear remit to look at the range of factors impacting on investment that can drive policy outcomes ahead of the Brisbane Summit. The mandate of IIWG was fourfold : (i) Improvement in domestic investment climate
(ii) Intermediation of global private savings to productive investment
(iii) Optimisation of MDBs involvement
(iv) Improvement of process and transparency of planning and prioritisation and structuring of bankable investment projects
4. The Global Infrastructure Initiative (GII), as an off-shoot of the above, has been welcomed by the Finance Ministers at their Cairns meeting 2 weeks ago. India feels that GII could form a sub-topic for discussion in the IIWG, but the focus may continue on the original mandate so that the necessary finances are available.
5. The World Bank's Global Infrastructure Facility(GIF) is seen as complementing this Initiative. We would welcome what is unveiled presently only as a first step. We do not think that there are enough resources on the table, nor is the governance conducive to bringing in more funds like the equity based Africa -50 for it to be relevant in this space in the long run.

6. On the Global Infrastructure Centre, India does not want duplication of efforts that exist today. **India can support the launch of the Centre by the Presidency, however we cannot agree for G20 to launch it.** We welcome the Centre's principle of voluntarism. We strongly support a knowledge-sharing platform through actively encouraging the sharing of knowledge, experience and leading practices. India has one of the largest number of PPP projects in the world and we are willing to share our best practices and experiences. We strongly believe that member countries can serve as regional knowledge hubs and the Presidency can network and coordinate institutions in member countries to facilitate global exchanges of information through cloud sharing, as well as training of personnel.

7. We welcome the Centre's proposal to provide assistance with implementation of the voluntary, non-binding Leading Practices, including by helping interested countries work out how each Leading Practice would be implemented. However we do not believe that creation of such a Centre will enable to bridge the infrastructure financing gap that exists in our countries. Besides, "standardised documentation", which appears as one of the mandates of the Centre, completely ignores country practices, laws and systems, which have to be factored in the design and implementation of projects.

8. Exchange of information on best practices is one thing, trying to rush through this structure is another. It appears as if in the absence of any concrete measures on activating long term financing of infrastructure, we are deciding to push through an Institution as a single literally brick and concrete contribution of over a year's discussions on Infrastructure financing.

9. India intends to make infrastructure development the lynchpin of economic growth as it can be a vector of change in addressing the other key areas including employment, competitiveness and trade. The lack of infrastructure not only results in reduced economic output, it also translates into additional costs in terms of time, effort and money to access essential services such as health care and education. But along with improving our domestic environment we need to find the necessary finances. We are working on a paper that we would circulate in this regard.

10. Thank you.