Policy Brief on Blue Dot Network Infrastructure Certification

How can certification of quality infrastructure projects help to narrow the infrastructure financing gap and support governments' development and sustainability ambitions?

Key highlights

- The Blue Dot Network is a voluntary, project-level certification process that aims to help attract more private sector investment by providing a trusted signal to investors and other stakeholders on the quality of infrastructure projects.
- By building on existing international standards and frameworks that are relevant for quality infrastructure investment, the Blue Dot Network seeks to increase transparency, provide greater clarity for policymakers and investors, and to help operationalise the G20 Principles for Quality Infrastructure Investment (QII) at the project level.
- BDN certification helps to address the lack of confidence in the quality, integrity, viability and sustainability of infrastructure projects, which is often a significant obstacle to infrastructure investment, particularly in developing and emerging economies.
- BDN certification focuses on processes and arrangements that are in place at the project-level
 to address a variety of environmental, social, human rights, natural and human-made hazards,
 and corruption-related impacts and risks. Being BDN certified shows that a project has good
 processes in these respects.

What's the issue?

Infrastructure investment is central to achieving the Sustainable Development Goals (SDGs) and supporting the climate transition, particularly in developing and emerging economies, where the needs are greatest. However, current levels are insufficient to deliver inclusive and sustainable economic growth. It is therefore vital and urgent to scale-up both the quality and quantity of infrastructure investment. While large institutional investors hold vast amounts of capital, very little is deployed to infrastructure projects in developing and emerging economies. Such investors tend to lack both confidence in the robustness of projects in these regions as well as the necessary data to make informed investment decisions.

The Blue Dot Network is a voluntary, private-sector-focused and government-supported certification scheme for infrastructure projects. It aims to help catalyse investment into quality infrastructure by providing a trusted signal to investors and other stakeholders that projects are environmentally and socially sustainable, resilient, inclusive, open and transparent, and economically efficient.

The basis for BDN certification is an infrastructure project's alignment with sustainable quality infrastructure principles as expressed by the 10 Blue Dot Network elements.



Figure 1. Blue Dot Network Elements

Each of the 10 elements contains criteria and requirements that are distilled from commonly applied standards for infrastructure projects, such as the IFC Performance Standards and the Equator Principles. The development of the criteria and requirements also drew on a mapping of over 80 standards and assessment frameworks that are relevant for quality infrastructure investment. The mapping thus ensures that the framework is coherent with a broader set of standards, including a number of OECD standards. The certification framework was piloted on eight projects across different infrastructure sectors and regions of the world, including in Latin America.¹

Currently, the Blue Dot Network is led by a Steering Committee made up of Australia, Japan, Spain, Switzerland, Türkiye, the United Kingdom and the United States. It also benefits from a network of Member countries who support its objectives. The newest BDN Member is Peru. An Executive Consultation Group of over 200 business, civil society, trade union and academic leaders has supported the Blue Dot Network by contributing actively to the development of the certification framework. ECG members span the full infrastructure ecosystem, and include institutional investors, asset managers, commercial banks, MDBs, project developers, operators, contractors, engineering firms, technology companies and professional service firms.

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¹ Two pilot projects are located in Brazil and one in Colombia.

How does it work?

Blue Dot Network certification is strictly voluntary and conducted at the request of infrastructure project owners/sponsors (e.g. contracting authorities, project developers, investors, infrastructure operators, etc.). The certification process begins with a self-assessment by the applicant using a BDN template, which also involves the providence of evidence Thereafter, and in order to ensure that claims made are credible and evidence-based, the certification submission is subject to an independent certification process involving third-party certifiers. The decision to award a certification is then be made by the third-party certifier based on the results of the verification.

A Blue Dot certification designates a quality project that is environmentally and socially sustainable, robust, resilient, transparent and efficient.

The certification is designed to incentivise a race-to-the-top by recognising progressively higher levels of quality infrastructure. Projects that exceed the essential requirements either by aligning with more ambitious standards or incorporating innovative practices that generate a strong positive impact may receive two or three Blue Dots.

Box 1. What are the benefits of Blue Dot Network certification?

While meant primarily to inform the investment decisions of infrastructure financers, Blue Dot Network certification can serve a variety of purposes for different infrastructure actors and at different points in the infrastructure investment cycle. This includes recognising and communicating projects that have put in place robust risk mitigation strategies, highlighting the sustainability benefits of infrastructure projects, creating a level-playing field for high quality infrastructure projects, and providing a standardised and comparable framework for communicating infrastructure project benefits.

Figure 2. Value of a Blue Dot Network certification for stakeholders · Help identify investable projects · Create a global level playing field · Provide reassurance that key risks have · Streamline ESG standards and reporting been addressed · Meet requirements of major financing · Facilitate due diligence institutions · Compensate for weak governance and Assist in raising financing regulatory frameworks · Improve data availability Contractors and project developers **Communities** Governments · Local economic development Achieve sustainable development and · Access to quality infrastructure services climate goals · Improvements to well-being Attract private investors Local jobs · Ensure projects deliver value for money · Avoidance of harm to communities and Avoid negative impacts on communities the environment

Suggested Policy Actions

- Countries and infrastructure stakeholders who wish to learn more about the Blue Dot Network can:
 - Visit the <u>Blue Dot Network Website</u>.
 - o Review the Blue Dot Network Certification Framework.
 - Contact the Blue Dot Network Secretariat for more information: edwin.lau@oecd.org and juan.garin@oecd.org.
- Countries and infrastructure stakeholders who wish to further engage with the Blue Dot Network can:
 - Join as a BDN Member with a commitment to promote the BDN and to support its goals (no monetary contribution required).
 - Join as a BDN Steering Committee Member with a monetary contribution which gives them a decision-making role in the direction of the initiative.
 - Join the BDN Executive Consultation Group (for non-governmental stakeholders) in order to advise and promote the activities of the Blue Dot Network.
 - o **Propose infrastructure projects for certification**: <u>Blue Dot Network certification</u>: <u>Expression of interest form (office.com)</u>
 - Invite the BDN to present at investors' conferences, government infrastructure conferences or other gatherings with infrastructure stakeholders.
 - Invite their Development Finance Institutions (DFIs), National Development Banks or other infrastructure finance bodies to engage with the BDN to see how BDN certification can support a pipeline of investable infrastructure projects.

Further reading

• OECD (2022), The Blue Dot Network: A proposal for a global certification framework for quality infrastructure investment, www.oecd.org/daf/blue-dot-network-proposal-certification.pdf.