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Why Industry Players Need To Work Together To Build Vital Infrastructure

The demand for infrastructure in the GCC is huge, driven by growing populations, economic growth, urbanization and industrialization. To put it in perspective, the population of the GCC is set to triple in 50 years.

With fiscal challenges, and the sluggishness of the private sector to commit capital to long-term risky projects and structural issues, there is a danger that the supply of new infrastructure will not meet this demand. Meeting it will require improvements in the efficiency and quality of public investment in infrastructure and a greater use of private finance.

Public investment supports the delivery of key public services, and connects citizens and firms to economic opportunities. When we invest in infrastructure, we're not just investing in concrete, asphalt and steel, but in growth and productivity. The economic and social impact of public investment critically depends on its efficiency.

An IMF report in 2015 revealed average inefficiencies in public investment processes of around 30% across 100 countries globally. The economic dividends from closing this efficiency gap are substantial, with the most efficient public investors getting twice the growth for their public investment than the least efficient.

We can boost productivity by developing road, rail and cable networks to enable businesses and individuals to connect more quickly, cheaply and efficiently. Over the next 20 years, more people will want to lead more flexible lives, more part-time work, more people working from home, more connectivity than we've known before.

The infrastructure being developed needs to be adaptable to fast-growing technological change. From autonomous vehicles, to electric cars, to new forms of broadband.

However, the sector faces structural issues that limit performance. Fragmentation, wafer thin profit margins, working capital challenges and short-termism mean the sector can't invest in building new skills and the innovation that will boost productivity and improve delivery.

It is incumbent on infrastructure owners and government to help create the right framework for the sector to flourish. It is also vital that the expertise and energy of the private sector is tapped to drive innovation and better value for consumers.

Investors need to get the most out of their money so they can deliver improved performance and better outcomes. The focus needs to recognize the importance of whole life economic, social and environmental value. All players need to work together to benchmark performance, select the right projects, improve integrated planning, increase the uptake of new technologies and innovations and support smarter commercial relationships.

The focus should be on improving performance, with a collaborative commercial approach setting out a new model where interests and incentives are aligned. A more sustainable commercial model that helps industry perform to its maximum capability needs to be built.

Governments can encourage innovation by increasing supply through incentives, grants, subsidies and core innovation hubs, and increasing demand through common standards for technology and data procurement, with a presumption in favor of modern methods of construction built into processes.

Ultimately, we have to work together.

We have to ensure that infrastructure is delivered at speed, with value, with innovation, with a highly skilled workforce. And if we can do that we can ensure our productivity increases as an industry, and as a region.

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