Opportunities for Increased Multilateral Engagement with B3W

By Conor M. Savoy and Shannon McKeown

THE ISSUE

- The nascent Build Back Better World (B3W) initiative presents a unique opportunity to reaffirm principles of transparency, good governance, and quality infrastructure.¹

- The Biden administration should spearhead efforts to engage with a myriad of partners, including the multilateral organizations explicitly mentioned in the June 2021 G7 communiqué, while also considering other “nontraditional” multilateral partners that could provide unique technical expertise, including from the UN system.

- Technical partners should be considered as separate and distinct from multilateral development banks (MDBs) and other development finance institutions (DFIs), who will be critical partners in helping mobilize private capital. Private sector mobilization and engagement will be critical to funding B3W’s ambitious agenda of $40 trillion in investments by 2035.

INTRODUCTION

As the world continues to rapidly digitize and grapples with the short- and long-term impacts of climate change, new forms of innovative and resilient infrastructure are increasingly necessary. The estimated $3.3 trillion annual gap in infrastructure investment cannot be paid for with official development assistance (ODA) alone but will require significant private sector financing and local government resources. A coordinated, multi-stakeholder effort that includes governments, the private sector, and civil society is needed to leverage all available resources and funding to address these challenges as well as implement the UN quality infrastructure agenda.²

G7 countries—Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States—have recognized the need for a global infrastructure plan that responds to the problems of today and proactively plans for the issues of tomorrow. In June 2021, the G7 unveiled the Build Back Better World (B3W) initiative, which seeks to leverage the private sector for $40 trillion in infrastructure investment by 2035 under the initiative’s four pillars: (1) healthcare, (2) gender equality and equity, (3) climate and environment, and (4) digital technology. The initiative also includes several economic and trade provisions to promote greater connectivity and allow countries to benefit from this investment.

The B3W strategy is designed to be inclusive and rely upon input from a whole spectrum of local organizations, donors, and recipient countries to define an infrastructure strategy, projects, and implementation priorities. The guiding principles of B3W include value-driven high standards, transparency, climate-compatible projects, private sector investment, and a commitment to multilateralism. B3W shares standards with and builds upon two previous initiatives: the Blue Dot Network (BDN) and the Better Utilization of Investment Leading to Development (BUILD) Act. BDN is a U.S.-led effort that certifies infrastructure projects against robust criteria and environmental,
social, and governance (ESG) standards. The BUILD Act is a bipartisan bill that created the U.S. Development Finance Corporation (USDFC) to introduce private sector investment in low- and lower-middle-income countries. These two initiatives have thankfully laid the groundwork for B3W’s objectives and principles.

Given the initiative’s infrastructure focus, B3W is being positioned as an affirmative alternative to other state-directed infrastructure financing models, such as China’s Belt and Road Initiative. Its emphasis on good governance, consideration of environmental and social impacts, and adherence to transparency is meant to draw a stark contrast with other models that involve more questionable labor and environmental standards, alleged corruption, and murky debt financing.

B3W has an opportunity to distinguish itself as an important alternative through high standards and the buy-in of multilateral partners and stakeholders. The United States can be the driving force of this engagement through its unique ties to the UN system, including being the largest member country donor. Partnering with specialized UN agencies, committees, and related entities that work in the various B3W pillars will (1) make B3W more of a legitimate initiative with a greater global collaboration; (2) better position B3W projects to succeed with the right resources, networks, and capital; and (3) fill the knowledge and resource gap from the private sector.

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This policy brief will suggest several UN agencies the U.S. government could better engage with on B3W that fall within the scope of the four pillars and offer recommendations for the Biden administration on operationalizing B3W.

### THE BLUE DOT NETWORK

The Blue Dot Network (BDN) is a multilateral effort launched by the United States, Japan, and Australia that certifies infrastructure projects against robust criteria and international standards to promote quality and sustainable infrastructure development. The certification strives to guarantee quality, transparent, and sustainable infrastructure projects supported by multilateral agreements, providing a recognizable standard to mobilize private sector investment to development assistance. Similar to the efforts of B3W, BDN helps close the infrastructure gap, leverage different avenues of finance, and benefit partner countries. Countries with projects certified by the BDN benefit from transparency and openness, compliance with local standards, alignment with climate goals, reducing financial risks, and increasing investor confidence and commitments.

**BACKGROUND**

The introduction of B3W is timely for addressing current and emerging global challenges. These efforts are also complementary alongside existing [international consensus on quality infrastructure](#) led by the G7 and G20. The notion of “quality infrastructure” was first posited in May 2015 by then-Japanese prime minister Shinzo Abe, who announced a multibillion-dollar infrastructure aid package intended to create durable, environmentally sustainable, and disaster-resistant infrastructure around the world. At the Ise Shima summit in 2016, the G7 adopted a set of principles that conceptualized “quality infrastructure.” These principles have since been adopted elsewhere and serve as the basis for other relevant policy documents on quality infrastructure.

The UN system is a natural partner for the Biden administration’s multilateral engagement on B3W. Furthermore, the United Nations has specialized global expertise and understands the developing world uniquely well. The UN Sustainable Development Goals (SDGs) also serve as an important platform and set of indicators to convene around. The United Nations has been a crucial partner in supporting the quality infrastructure agenda and serves as a neutral actor. For example, SDG 9 contains a number of quality infrastructure targets, such as improving the resource-use efficiency and use of green technologies in infrastructure industries by 2030 as well as promoting inclusive and sustainable industrialization to double the industry’s share of employment and GDP in least developed countries. Working with the United Nations would be an easy way for the Biden administration to “sync-up” U.S. SDG commitments and B3W. For instance, to achieve...
SDG 7 on advancing sustainable energy for all, the United States could push for more B3W projects that help increase access to reliable and modern energy by mobilizing private sector capital in climate change mitigation and adaptation. Moreover, many multinational companies in the United States and the European Union have adopted the SDGs as part of their corporate social responsibility portfolios. The SDGs provide a natural “matchmaking service” with companies and nongovernmental organizations (NGOs), including the UN system.

In the June 2021 G7 communiqué, many different UN agencies, committees, and related entities were explicitly mentioned, including the Office of the United Nations High Commissioner for Human Rights, the UN Children’s Fund, the World Health Organization (WHO), the International Civil Aviation Organization, the International Maritime Organization, the International Labor Organization, and UN Environment Assembly, among others. As B3W takes off over the next year, it will be important for the Biden administration and the rest of the G7 countries to broaden their engagement with partners and successfully leverage the comparative advantages of various UN agencies.

The ambitious scale of B3W will require a similarly coordinated effort among a myriad of stakeholders to accomplish the various objectives in each of the four pillars. To that end, the Biden administration—the champion of B3W—should lead the way in its engagement and consultations with multilateral partners who have the expertise and networks in their respective fields. In doing so, the Biden administration can align B3W projects with the UN SDGs ahead of their crucial 2030 implementation deadline and reaffirm B3W’s commitment to multilateralism.

**HEALTH PILLAR**

After two years of battling the Covid-19 pandemic, many countries have implemented or are beginning to implement a “living with Covid-19” policy. However, the pandemic is far from over, and there is still a significant portion of the global population that needs to be vaccinated. According to Our World in Data, only 14 percent of people in low-income countries have received at least one dose of the vaccine. In turn, at least 71.3 percent of people in high-income countries have been vaccinated with at least one dose, and about 63.7 percent of the world population has received at least one dose.

The immediate goal of the healthcare pillar of B3W is to end the Covid-19 pandemic this year, primarily through providing 1 billion doses of Covid-19 vaccines to COVAX over the next year. Beyond the current pandemic, the
healthcare pillar also seeks to improve healthcare resilience over the long term to prevent and mitigate future global health crises and build a health workforce of the future. The pillar also includes mass vaccination efforts (and equitable access), investments in research and innovation, and measures to strengthen global health infrastructure and early-warning systems. For this purpose, B3W’s health segment mentions its support to fragile countries in dealing with the pandemic and other diseases. This could be achieved through a structured cooperation between the U.S. Centers for Disease Control and Prevention (CDC) and other regional centers for disease control and prevention, such as the Africa Centres for Disease Control and Prevention and similar organizations in Central and Latin America and Asia.

The health pillar names several multilateral partners for engagement, including the ACT-A Facilitation Council Working Group, the WHO, the World Trade Organization, the Coalition for Epidemic Preparedness Innovations, the Global Fund, and UNITAID. All of these organizations will be essential in helping the Biden administration and G7 countries make progress on coordinating a global vaccine supply network and sharing information about supply chains. More broadly, this pillar emphasizes the crucial role that B3W members will have in strengthening the global health system, working with each other and with multilateral organizations. Throughout the developing world, many kinds of health infrastructure are needed, ranging from clinics, hospitals, and maternity wards to healthcare supplies and specific medical trainings.

Furthermore, the Covid-19 pandemic has shed light on health infrastructure gaps, particularly medical equipment, healthcare workers, and water and sanitation systems. There are opportunities for B3W to invest in the creation of new health-related technologies, such as a pandemic warning system, that can monitor for new diseases and threats around the world. This would encourage greater collaboration and synthesis across different multilateral health-related organizations. Furthermore, low levels of interoperability of healthcare information systems mean that healthcare organizations are limited when exchanging data both internally and across different organizations, ministries, and borders. The United Nations and B3W are well positioned to improve interoperability, such as improving health data exchange standards and privacy.

To develop more hard infrastructure related to healthcare, the Biden administration could consider working with organizations such as the UN Office for Project Services (UNOPS), which has relevant experience. UNOPS is the operational arm of the United Nations and has a wide infrastructure mandate, specializing in infrastructure guidance, procurement assistance, project management, human resources, and financial management services. UNOPS is partnering with the Mexican government to procure healthcare supplies and address medical shortages and healthcare inequalities plaguing the Mexican healthcare system amid the Covid-19 pandemic. In Kenya, UNOPS has been assessing and rehabilitating dozens of clinics with green technology retrofits and solar-powered solutions to minimize electricity usage and provide access to water services. It has also provided training to over 14,000 health workers and volunteers, expanding access to healthcare facilities for thousands of people and contributing to a reduction in maternal mortality. Given its extensive experience in this space, UNOPS could be a natural partner for helping countries develop an infrastructure strategy to scale up their healthcare facilities.

**GENDER PILLAR**

Another pillar of B3W is gender equity and equality, including addressing gaps in meaningful employment, equal pay, education, and sexual and reproductive health and rights. The need for B3W to address these gender concerns is imperative amid the Covid-19 pandemic, which has worsened circumstances for women in many instances. Women spend at least twice as much time as men on domestic and volunteer work, and the pandemic has shed light on the responsibilities that fall on women but not their male counterparts. In fact, the Covid-19 pandemic has opened the debate in the United States about whether caregiving should be considered as an infrastructure issue or not, given that child care, for example, enables people to work. Although B3W primarily focuses on strategic infrastructure investments, its guiding principles of good governance and strong standards complement UN Women’s work in governance and national planning.

The June 2021 communiqué mentions the Gender Equality Advisory Council (GEAC) that is housed under UN Women. It establishes that the GEAC will be a standing feature of all G7 presidencies and invites this body to work with the G7 Accountability Working Group and the Taormina Roadmap for the purpose of monitoring G7 commitments to achieve gender equality on an annual basis. UN Women is dedicated to gender equality and the empowerment of women worldwide and supports UN partners as they work with governments and civil society to design laws, policies, programs, and services to ensure that gender equality standards are met. The organization has four
strategic priorities for gender equity, which include the role of women in governance systems, income security and economic autonomy, freedom from violence, and women’s contributions to sustainable peace and resilience. UN Women’s work focuses on priority areas such as leadership and political participation, economic empowerment, gender-based violence, peace and security, humanitarian action, governance and national planning, youth and gender equality, women and girls with disabilities, the 2030 Agenda, and HIV and AIDS. Infrastructure must also incorporate gender into how countries, the private sector, and others design a development strategy and implement specific projects. For example, during the construction of Bossaso’s new local market in northern Somalia, UNOPS implemented gender mainstreaming through community engagement and skill-building training. Over 200 traders, 90 percent of whom were women, received business skills training and business start-up kits.

However, it is still unclear what actionable steps will be made to achieve gender equality and equity given the lack of action items explicitly mentioned for this pillar. The pillar mostly affirms existing commitments and pledges on gender and does not propose any new programming or objectives. It is yet to be seen whether the Biden administration will put forth a more comprehensive memo that outlines strategic goals in B3W’s gender pillar beyond the June communiqué. Regardless, any efforts to reaffirm the communiqué text should consider leveraging UN Women’s powerful network and thought leadership in this space as well as sustaining political will among decisionmakers, financial institutions, and leaders worldwide to ensure women’s equal voice and opportunities.

CLIMATE AND ENVIRONMENT PILLAR
B3W recognizes that the ongoing threat of climate change requires new and more climate-resilient infrastructure and that developing countries will bear the brunt of these negative climate impacts. B3W’s climate pillar draws attention to a technologically driven transition to net zero by 2050 following the International Energy Agency’s roadmap and the 26th UN Climate Change Conference (COP26) commitments. Consequently, this pillar focuses on the most urgent and polluting sectors and activities: energy production and consumption; coal power generation; transport and mobility; industry and innovation; homes and buildings; and agriculture, land use, and forestry. It also underscores the importance of biodiversity protection and conservation, given the impact of climate change on the planet and people everywhere.

B3W could invest in projects that can help transform countries’ economies to clean energy at a time when global supply chains and economic interconnections have never been more important. By designing transport infrastructure with sea-level rise in mind and pursuing wind and solar projects, for example, B3W projects can take into consideration local resources, bureaucratic processes, and social and environmental impacts. Furthermore, investments in sustainable, low-carbon construction materials, including more efficient material design or low-carbon cement, could have a noticeable impact on carbon emissions. This innovation and growth in capacity needs to be pursued at a local and regional level in order for it to be successful.

The Biden administration should consider engaging the UN Environment Programme (UNEP), given its wide climate mandate in research for scaling new technologies and climate solutions, development of nature-based solutions, and role in creating partnerships with the private sector. UNEP organizes its operations across areas such as climate change, disasters and conflicts, ecosystem management, environmental governance, chemicals and waste, resource efficiency, and decisionmaking. The organization works with member states and other stakeholders to address environmental challenges and oversee crucial multilateral environmental agreements and research bodies. UNEP’s other services include sustainable development, investment planning, and technologies and tools to address the impact of climate, which could be particularly useful in any B3W projects related to climate-resilient infrastructure.

A report published by UNOPS and Oxford University in 2018 highlighted that infrastructure systems have an impact on the achievement of up to 92 percent of all SDG targets. UNEP could continue to partner with UNOPS, which has extensive experience working at the intersection of climate and infrastructure. UNOPS has worked in many fragile countries—those likely to be the most affected from climate change—and is well positioned to work alongside UNEP to implement the necessary climate infrastructure and oversee procurement and project management. In the past, UNOPS has worked with UNEP in diverse areas related to climate and environment, including water pollution, biodiversity, and extreme weather conditions. In February, UNEP launched the UNEP Copenhagen Climate Centre (UNEP-CCC), which will be operationally supported by UNOPS and strengthen their collaboration in climate and environmental issues. UNEP-CCC is an advisory institution on energy, climate, and sustainable development that “supports developing and middle-income countries in
their efforts to progress towards a climate-resilient, low-carbon future and to integrate climate priorities in national development planning.”

Finally, another group of stakeholders B3W should engage with is the industry associations for infrastructure, energy, or transportation. These entities likely have articulated ESG goals linked to the SDGs, which could serve as natural overlap between B3W, the private sector, and the UN system. For example, in 2015 the Mexican bank Grupo Financiero Banamex developed the Sustainable and Competitive Cities Index in collaboration with several stakeholders including government departments responsible for energy, housing, and public works, and academia members. Every year there is an award for Mexican cities that meet the index’s criteria. Similar programs could be adopted to incentivize different stakeholders to work together for the goals articulated in the climate and environment pillar, as well as the relevant SDGs.

DIGITAL PILLAR
The world is continuing to digitize at a rapid pace, which requires new investments, infrastructure, and cybersecurity to foster a more “values-driven” digital environment. As the Covid-19 pandemic has underscored, there are vast discrepancies around the world in access to fast, reliable broadband and digital payment systems. Countries with less access to broadband networks were less able to switch online and implement effective online learning, making them fall further behind better connected countries. Approximately 2.9 billion people still remain offline, and 96 percent of that population lives in developing countries. There is also a lack of resilient development data in many developing countries. An opportunity here would be to support more down-scalable and affordable global data sets and to invest in technology that can collect valuable data remotely, which should increase speed and affordability. With the advent of “smart cities,” technology that increases safety (e.g., early warning systems, speed cameras, lighting) and makes public services more accessible (e.g., technology that facilitates public transportation or water and waste management) should be prioritized.

B3W should consider these challenges when examining what projects and countries to support. The initiative’s digital pillar discusses cooperation and dialogue around the following areas: the free flow of data, transferable electronic records, internet safety, secure supply chains, and digital competition. The components of this pillar also encapsulate the agreed-upon norms for the United States and other like-minded democracies that can help foster and govern a more free and less surveilled cyberspace. The International Telecommunication Union (ITU) is a specialized UN organization for information and communications technology. The ITU coordinates activities in the radiocommunication, technical standardization, and telecommunication development sectors and is notably missing from the B3W communiqué, though its research, expertise, and partnerships complement the goals of the digital pillar. Building on the ITU’s capabilities and expansive network, B3W projects can effectively reach the developing world in the digital sector and digital education.

B3W’s digital pillar also recognizes the importance of strong research and development to reduce future risks of systemic crises and natural disasters. The United Nations Development Program (UNDP) recently started supporting digital projects aimed at reducing disaster risks and enhancing crisis response in low- and middle-income countries. For example, UNDP, the government of Japan, and the Japan Bonsai Platform (JBP) launched an initiative under the DX4Resilience project to boost vulnerable groups’ resilience to disasters and the impacts of climate change through the co-creation of innovative digital solutions for Nepal, the Philippines, and Sri Lanka. B3W’s projects under the digital pillar could consider this co-creation approach to advance a secure, accessible, and “values-driven” digital environment in low- and middle-income countries.

RECOMMENDATIONS
1. Create a practical and specific donor engagement plan beyond the G7.

B3W was purposely designed and launched at the G7 to be an inclusive, multilateral effort supported by the world’s most influential democracies. B3W programming will need to include a wide range of bilateral and multilateral partners, including the private sector, civil society, NGOs, development implementers, and other relevant stakeholders, for it to be successful. While infrastructure is largely a public-run provision, the Biden administration needs to engage the private sector to unlock the market-based private capital to finance its projects from institutional investors and DFIs. Private investment and blended finance will require strong coordination and open dialogue between the public and private sectors.

To that end, the Biden administration should convene a working group of key private sector companies to consult on finding the right funding opportunities. This collaboration

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should also include formal partnerships with multinational companies to promote a “global to local” approach that uses local and regional small and medium-sized enterprises in their supply chains. Engagement with the MDBs and DFIs will also be important for mobilizing capital given these institutions’ close ties with the private sector. The Biden administration’s multilateral engagement for B3W should also leverage the technical advisory and support capabilities of the UN specialized agencies and bodies. A stronger B3W coalition will mean more positive results and will show the rest of the world that democracies are capable of acting on big promises and executing them in a values-oriented and principled way.

2. **Use the SDGs as an entry point to engage the private sector on B3W.**

So far, the official B3W announcement (and subsequent announcements) have centered around affirming existing work or commitments on the four pillars. However, the Biden administration has yet to put forth actionable policy objectives that include ways to operationalize the B3W commitments, particularly for its gender pillar. This will be necessary in order for B3W to take off and not simply be a symbolic initiative. An easy way to do this would be to explicitly align the B3W goals with the SDGs. An estimated **$97 trillion** of investment in infrastructure is required globally by 2040 in order to achieve the SDGs. Consequently, it would make sense for B3W to align its objectives and principles with the UN SDG framework for several reasons: (1) they can be mutually beneficial, (2) the world is not on track to achieve Agenda 2030, and (3) B3W already shares many of the same targets and indicators as some of the SDGs. Connecting B3W programming with the SDGs would also serve as an entry point for private sector engagement and working with companies with ESG plans that also align with the SDGs.

3. **Establish a convening platform for continued engagement.**

While B3W is a U.S.-led initiative, it was conceived at the G7 and requires multilateral buy-in to be successful. To facilitate continuous dialogue among the B3W partner countries, a platform for continued engagement should be established. This could be as simple as informal, regular communication between respective government agencies or teams. A platform would serve to hold G7 countries accountable for their promises, would allow for easier collaboration across different agencies, and could help track the indicators for progress.

An alternative would be to use an existing platform, such as the World Economic Forum or the United Nations. This would likely be easier to coordinate than establishing a brand-new platform. The First Movers Coalition, for example, could be a possible starting point for engaging “forward-thinking” companies that share similar goals with B3W. The First Movers Coalition is a public-private partnership between the U.S. State Department, through Special Presidential Envoy for Climate John Kerry, and the World Economic Forum and is supported by the U.S. Department of Commerce. This coalition could be very important given its proven interest in B3W sectors, and it should be consulted and engaged with in future B3W programming.

4. **Bolster the hard infrastructure portfolio.**

Developing countries want and need more hard infrastructure, such as roads, bridges, and ports. Countries with poor infrastructure were hit harder during the pandemic due to supply chain breakdowns, and many lower- and lower-middle-income countries lacked the cold storage to properly store some Covid-19 vaccines, leading to many wasted doses. Furthermore, lower-income countries will continue to bear the brunt of the climate crisis and will require climate-resilient infrastructure to mitigate these impacts, whether that be through clean energy sources, more resilient water systems, or other projects. B3W has a unique opportunity to invest in hard infrastructure within its stated pillars, particularly under the “climate” and “digital” pillars. So far, B3W plans on investing in “five to ten large infrastructure projects around the world,” which pales in comparison to the Belt and Road Initiative infrastructure portfolio. The Biden administration should consider doubling or tripling the number of infrastructure projects that it invests due to the clear demand from the developing world. Furthermore, these investments should be coupled with technical assistance on transparent, fair, and open public procurement.

**CONCLUSION**

Despite the ambitious nature of the B3W initiative, it could remain limited in scope given the lack of new and additional public sector funding. As a result, the key to the success of B3W will be to reduce infrastructure spending by boosting productivity. Several companies have highlighted this reality, and in the case of B3W, there are several ways to deliver savings. First, it is critical to make the most of existing infrastructure—which has already been discussed—that fall within the four pillars are being categorized as
B3W projects. Second, B3W needs to choose the right combination of projects and move beyond the project-to-project mindset. And lastly, project delivery should be organized in an efficient way, by exploring how the design and contract phase can encourage the adoption of new construction techniques, such as prefabrication.

B3W not only seeks to help lower- and middle-income developing countries but will also help further G7 country interests by promoting prosperity via jobs and exports at home, boosting economic growth, and strengthening stability and security. To accomplish these goals, B3W will likely need additional financing to scale up, but the appetite from other G7 countries is yet to be seen beyond the initial convening last June. To achieve success and to live up to the commitments in the June 2021 communiqué, the Biden administration will need to engage across sectors and different partners, particularly the United Nations and the MDBs, that have proven expertise in working in the B3W sectors. The UN system is uniquely positioned to help provide convening power and expertise, while the SDGs can serve as the metrics of progress or inspire new B3W targets.

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ENDNOTES

1 B3W is a new global infrastructure initiative launched by President Biden and G7 partners to provide a values-driven, high-standard, and transparent infrastructure partnership to support different infrastructure development needs in low- and middle-income countries around the world.

2 The definition of quality infrastructure is based on the International Network on Quality Infrastructure’s definition: “The system comprising the organizations (public and private) together with the policies, relevant legal and regulatory framework, and practices needed to support and enhance the quality, safety and environmental soundness of goods, services and processes. The quality infrastructure is required for the effective operation of domestic markets, and its international recognition is important to enable access to foreign markets. It is a critical element in promoting and sustaining economic development, as well as environmental and social wellbeing.”

3 These include the G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment, the Charlevoix Commitment on Innovative Financing for Development, the Roadmap to Infrastructure as an Asset Class, and the important G20 Principles for Quality Infrastructure Investment.