



Global Infrastructure Hub

Business for Smart Cities Kyiv, Ukraine

January 2019

About Global Infrastructure Hub (GI Hub)

1

G20 - initiative

2

Source of independent and open-source data

3

Focused on increasing supply of 'bankable' projects

4

Dedicated to infrastructure in developed and emerging markets

Key Initiatives



Promote **Leading Practice**



Global **Project Pipeline**



Address **Data Gaps**



Building Capacity



Create a global **Knowledge Network**

- Global Infrastructure Outlook
- InfraCompass
- PPP Risk Allocation matrix
- Global Infrastructure Project Pipeline
- PPP Contract Management

Global Outlook

Forecast infrastructure investment needs and gaps for **7 sectors** of **56 countries** from 2016 to 2040

Top 5 investment need and gap (\$US Billion 2016 – 2040)

Investment need	
1. China	\$28,393
2. United States	\$12,351
3. India	\$4,452
4. Japan	\$3,846
5. Brazil	\$2,713

Investment gap	
1. United States	\$3,808
2. China	\$1,925
3. Brazil	\$1,189
4. Russia	\$727
5. Mexico	\$544

Infrastructure Outlook

- Global Infrastructure Outlook launched July 2017
- Most comprehensive global assessment of infrastructure investment needs undertaken to date
- Highlights:
 - Global investment needs of \$94 trillion to 2040
 - \$97 trillion accounting for Sustainable Development Goals (\$3 trillion for SDGs)
 - Forecast investment based on current investment trends, revealing where gaps exist
 - Contrasting results
 - China - the largest need but a relatively small gap
 - US - Largest gap

Key Findings

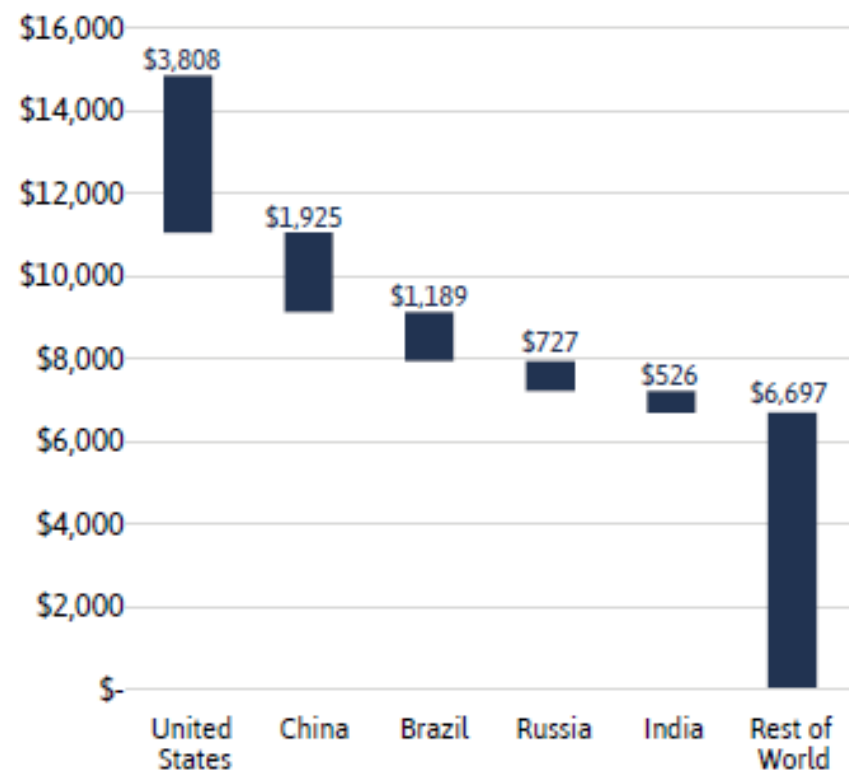
- Over half of investment needs are in Asia.
 - China, India and Japan drive need in Asia, and comprise 39% of global needs.
- China needs \$28 trillion in investment
 - more than half of Asia's total needs
 - 30% of global needs
 - Global infrastructure gap of \$15 trillion by 2040
- The Americas and Africa are forecast to have the largest infrastructure gaps, at 32% and 28% of their needs respectively.

Significant Variance Across Regions

- **Latin America:** Investment need is most pronounced in the road and electricity sectors.
- **North America:** The US's \$3.8 trillion infrastructure gap is the most significant of any country.
- **Europe & UK:** European countries performing well in meeting their infrastructure needs, with some exceptions
- **Asia:** Those that have a proportionally larger gap include India (\$526 billion), Turkey (\$405 billion), Bangladesh (\$192 billion), and Pakistan (\$124 billion).
- **Africa:** Most African countries have very large infrastructure needs and face significant investment gaps. South Africa, Nigeria and Egypt are forecast to meet 69% of their infrastructure need.
- **Oceania:** Australia and New Zealand are broadly on track to meet more than 90% of their infrastructure needs.

Infrastructure Investment Gaps

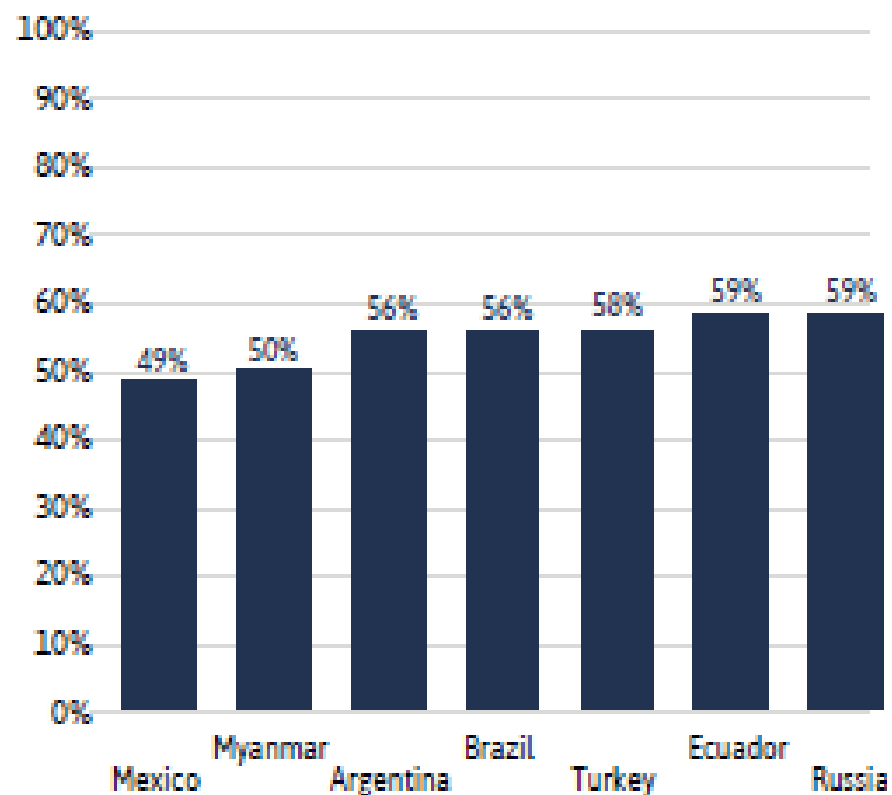
Figure 6: Total infrastructure spending gap per country 2016–2040 (\$ billion)



- 5 countries account for 55% of the global infrastructure investment gap.
- China's investment need twice that of the US, its investment gap of \$1.9 trillion is just 7% of its investment need compared with the investment need of the US, at \$3.8 trillion, 31% of its investment need.

Developing & Emerging Countries

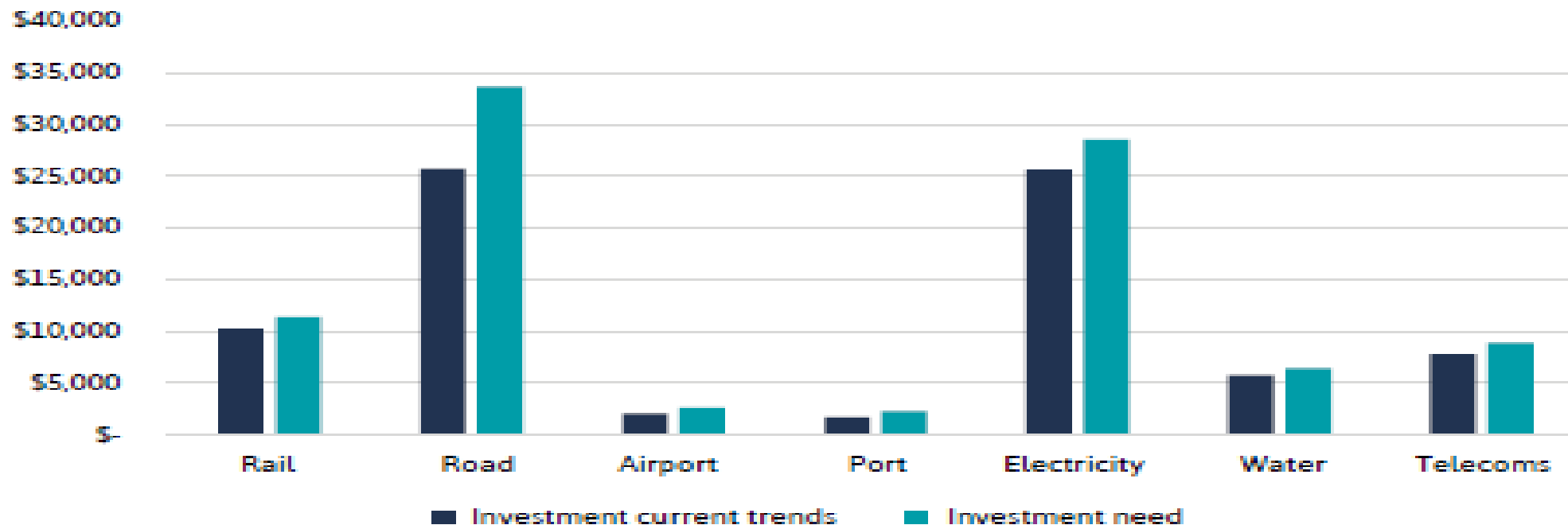
Figure 7: Current trends in investment relative to investment needs



- Developing and some emerging countries continue to have relatively large infrastructure needs and investment gaps.
- Mexico, Myanmar and Argentina may need to double investment to meet future forecast infrastructure needs.

Sector Investment Gaps & Competition for Capital

- \$8 trillion infrastructure investment gap in roads - half of the total global infrastructure investment gap.
- Electricity sector represents the second largest infrastructure investment gap at \$2.9 trillion, the majority of that gap is in developing and emerging countries.



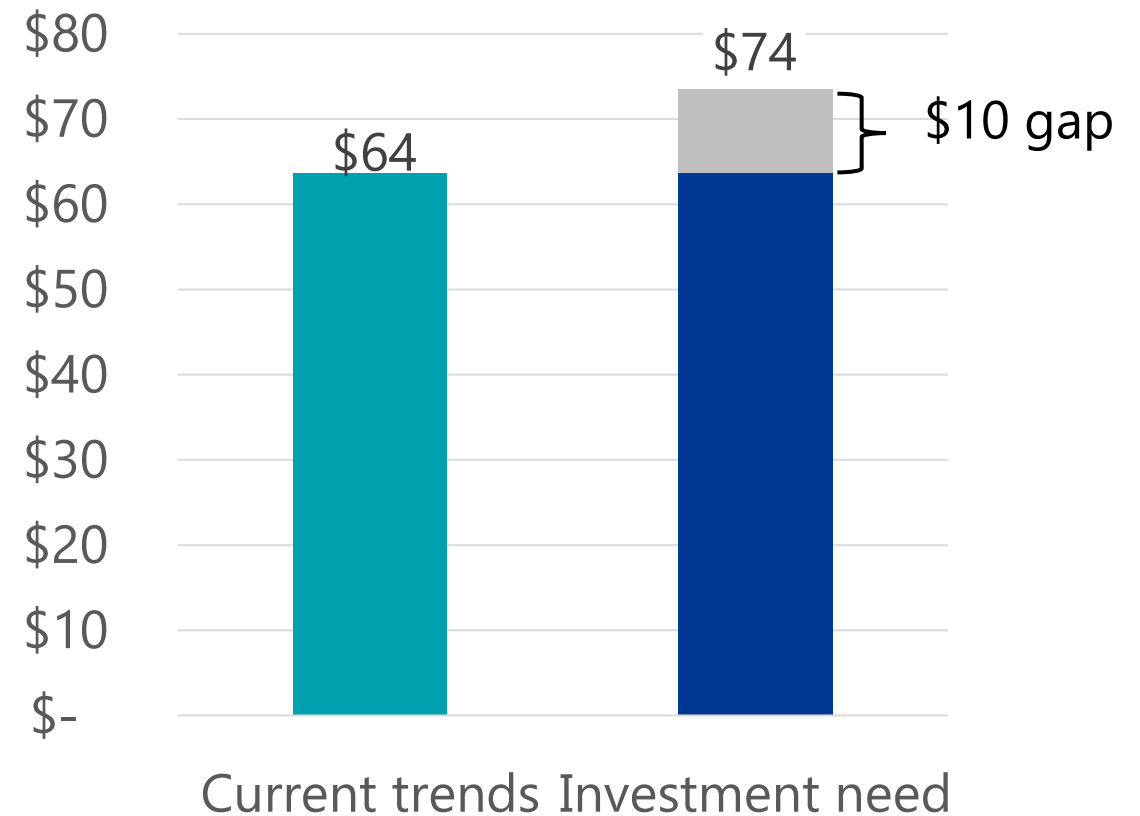
Forecast of investment need for Ukraine

Ukraine forecast of annual infrastructure investment

	Annual (\$US Bn)
Current trends	2.5
Investment need	2.9
Gap	0.4



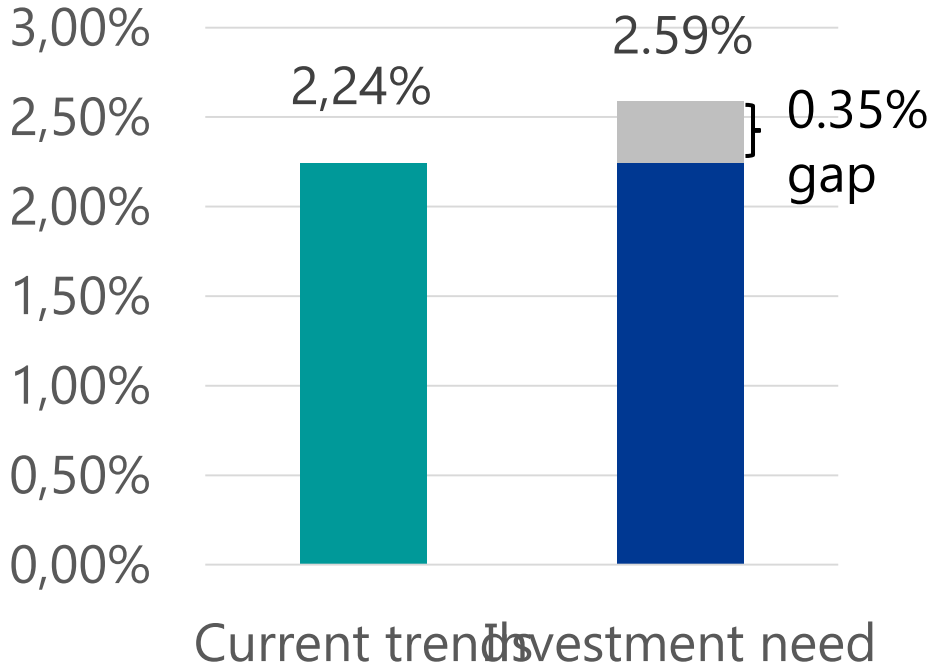
Ukraine forecast of cumulative infrastructure investment (2016 – 2040)



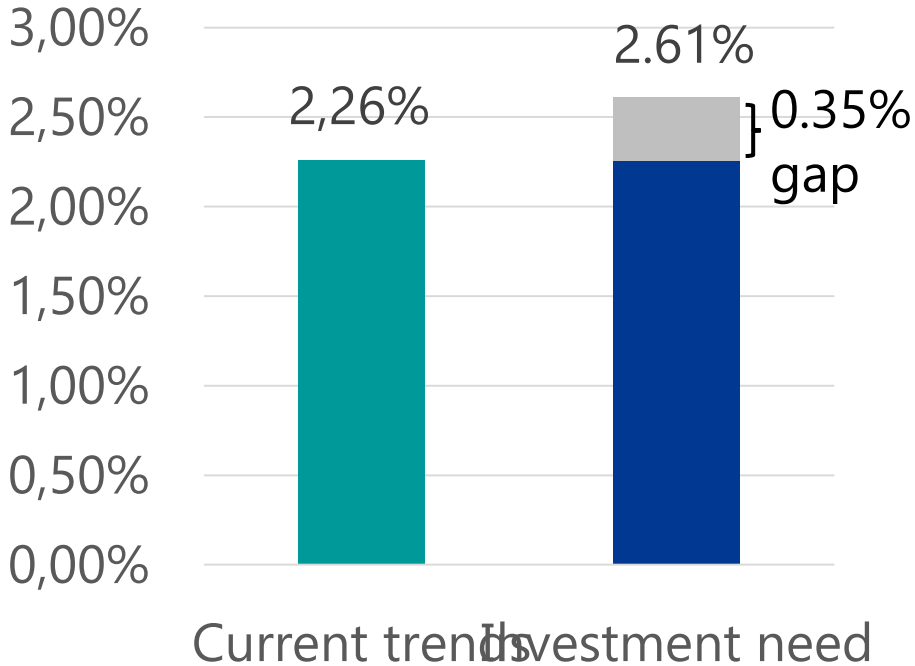
Source: GI Hub analysis, estimates are approximate.

Comparing Ukraine with European continent

Ukraine forecast of infrastructure investment as % of GDP (2016 – 2040)



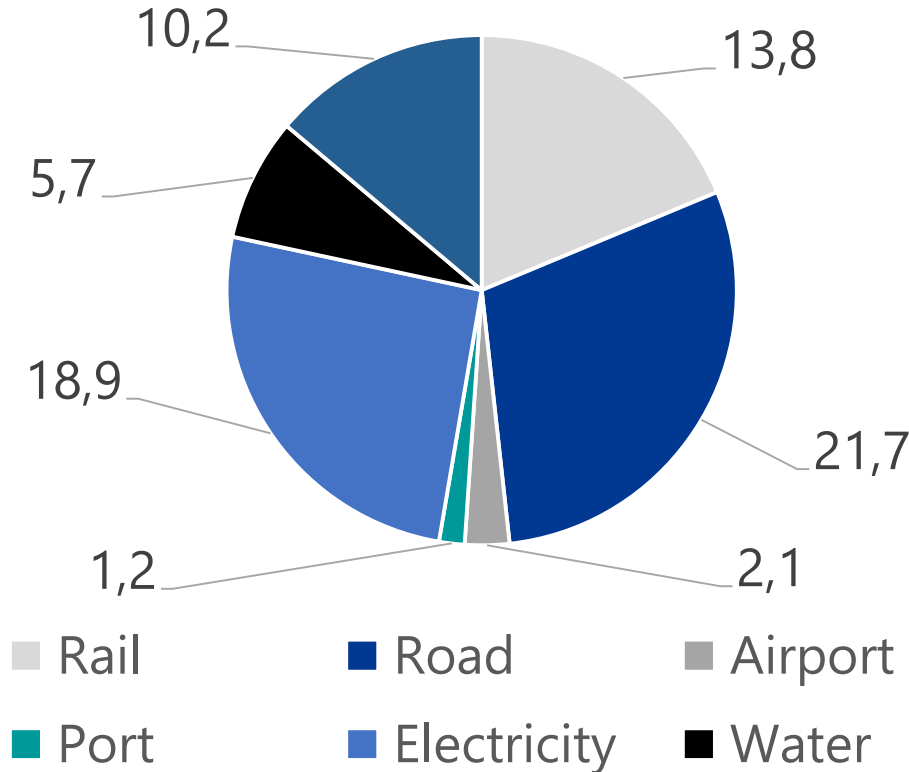
Europe forecast of infrastructure investment as % of GDP (2016 – 2040)



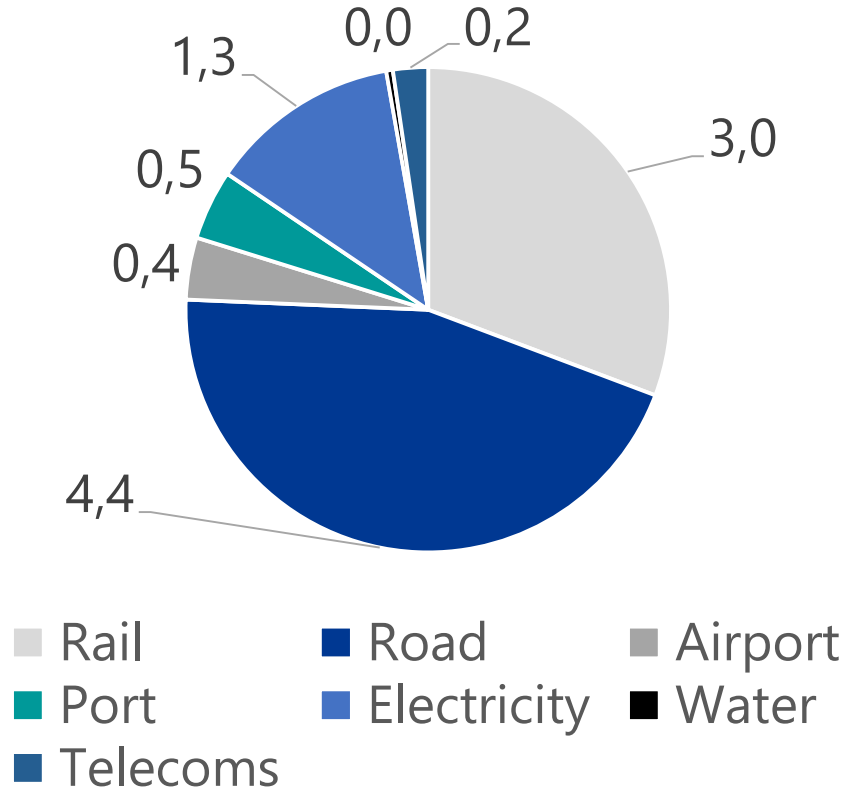
Source: GI Hub analysis, estimates are approximate.

Sector by sector analysis for Ukraine

Cumulative investment need per sector (2016 – 2040)



Cumulative investment gap per sector (2016 – 2040)



Source: GI Hub analysis, estimates are approximate.

Attributes of an attractive market

What are the key enablers of infrastructure investment?

- The **rule of law** is the strongest driver of investment across economies.
- Transparent, consultative **strategic plans**, backed up by a **pipeline of projects**, and followed through into investment by governments with **bipartisan support**
- **Emerging economies** are catching up with developed countries in terms of the quality of their infrastructure, with the **list of top improvers** over the past decade dominated by emerging countries.
- **Emerging countries** have seen rapid policy development, including:
 - better governance through lowering corruption levels and enhancing the rule of law
 - improved regulatory quality
 - simplifying permit procedures and land administration
 - transparent and competitive procurement processes.

Need for a Transparent Project Pipeline

- Market need for reliable information and global visibility;
- Early stage information enables timely investor engagement;
- Project information is endorsed directly and only inputted by public sectors;
- Project Pipeline assists in government coordination and timing of new projects to market.

A G20 INITIATIVE

Global Infrastructure Project Pipeline

A free to use digital platform that allows governments to promote public infrastructure projects to a global investor network.

Search projects

Search by 8 Project Stages



STAGE 1

Initial Government
Announcement



STAGE 2

Project Investigation



STAGE 3

Start of Project Feasibility /
Business Case



STAGE 4

Project Feasibility / Business Case
Complete



STAGE 5

Government Approval /
Procurement Stage



STAGE 6

Successful / Preferred Proponent



STAGE 7

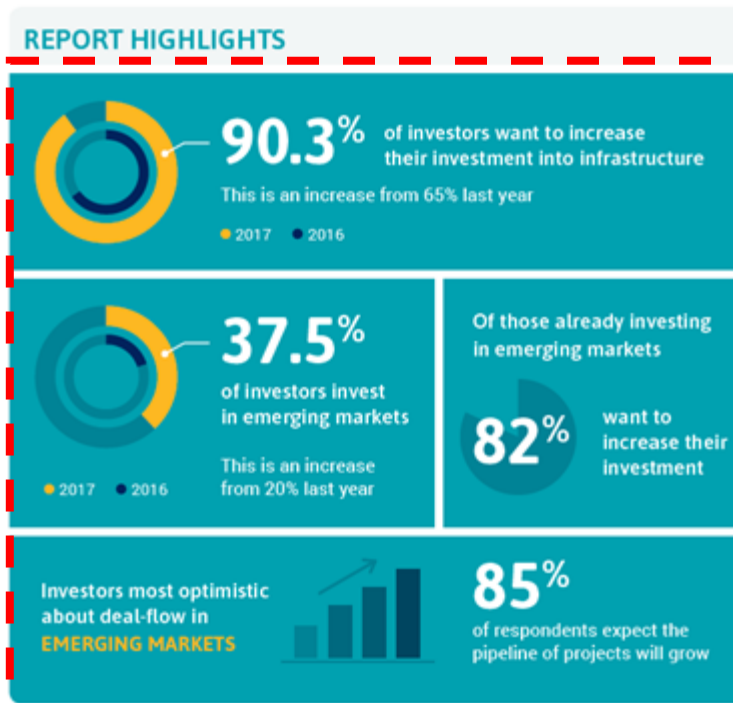
Financial Close / Start of
Construction



STAGE 8

Operations Phase / Construction
Complete

Emerging Market Investment Trends



- GI Hub / EDHEC survey, representing **\$US 7** trillion assets under management.
- Key findings highlighted in the graphics
- **49%** think well structured national Infrastructure Plans “help to improve attractiveness of investing in infrastructure in that country”

MOST 'ACTIVE' INFRASTRUCTURE MARKETS





Thank you

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