

# REVIEW OF THE RENEWAL OF THE GLOBAL INFRASTRUCTURE HUB'S MANDATE

SUBMITTED TO THE BOARD OF THE GI HUB  
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## Summary of Recommendations

This review of the GI Hub's mandate and performance recommends that:

- The GI Hub's mandate should be renewed for an additional 4 years, with funding at least at the current baseline.
- The GI Hub's management, guided by its Board, should work with stakeholders to develop a strategic plan for the next four years of its mandate. The mandate is in broad terms still appropriate, but the GI Hub's priorities need to be more focused with stronger performance measurement.
- The Board should commission a paper which would outline options such that the GI Hub Governance can benefit from more input from infrastructure specialists in the public sector and from the private sector

## Background

The Global Infrastructure Hub Ltd (GI Hub) was created as part of the Global Infrastructure Initiative (GII) agreed by G20 Leaders in November 2014 in Brisbane.<sup>1</sup> The GI Hub was incorporated on 24 December 2014, and the CEO was appointed in April 2015 and commenced on 15 June 2015.<sup>2</sup>

The GII was a multi-year initiative to increase the flow and lift quality of public and private infrastructure. The GI Hub was expected to contribute to developing a knowledge-sharing platform and network between governments, the private sector, multilateral development banks (MDBs) and other international organizations (IOs) as well as to foster collaboration among these groups to

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<sup>1</sup> G20 Leaders' Communiqué, Brisbane Summit, November 2014 para 6

<sup>2</sup> The GI Hub office was opened late in 2015

improve the functioning and financing of infrastructure markets.<sup>3</sup> The GI Hub was asked to focus on five key areas:

1. Creating a global Knowledge Network of infrastructure leaders and practitioners in Governments, International Organizations & the Private Sector
2. Building Capacity within public sector and other stakeholders
3. Identifying and addressing Data Gaps that matter to investors
4. Promoting Best Practices that can be replicated at scale for transformational impact
5. Building a global Project Pipeline to help match investors and projects

The GI Hub was to have an initial 4-year term; with a review after 3 years to assess its effectiveness.<sup>4</sup>

In April 2017 the Board asked its two independent directors to undertake this review in accordance with the Terms of Reference set out in Annex 1.

As most of the GI Hub's products have only been recently released, which is understandable given the relatively short time it has been operational, and as the work program approved by the Board did not specify outcome metrics, the review team did not have access to data which could be used to evaluate outcomes. Instead, the review methodology (Annex 2) consisted of structured, in-depth interviews with stakeholders from Governments, MDBs and other interested IOs, the private sector, and academia. Some 45 interviews were conducted.<sup>5</sup>

## Findings

### **Finding 1: The achievement by the GI Hub of the November 2014 mandate**

The GI Hub, after a slow start up, has produced products that are being recognized in the market as providing value. The GI Hub's *Knowledge Networks*, specifically around events and knowledge sharing, were well received, as were the quality, and collaborative nature of its team.

Stakeholders are in particular supportive of the GI Hub's role in addressing *Data Gaps*. *InfraCompass* and the *Risk Matrix* tool were most frequently singled out for

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<sup>3</sup> G20 Leaders' Communiqué, Brisbane Summit, November 2014 para 6

<sup>4</sup> G20 Note on the Global Infrastructure Initiative and the Hub, November 2104 attached as an agreed document to the Communiqué from the Brisbane Summit para 11

<sup>5</sup> In some cases the interviews were by way of written responses to the interview questions (China, Korea, New Zealand and Turkey)

praise, with some very enthusiastic comments about these products and their impact. There is appreciation of the quality that the GI Hub has brought to its data offerings, and an acknowledgement that they are additive to the space. Criticism of these tools was limited, but included the observation that with tools like *InfraCompass* the potential impact is lessened when the GI Hub is not able to rank countries according to capability. The GI Hub, and the Board, were urged to be braver in their actions, and not be afraid to upset countries/organizations.

This criticism was also true of the report on *MDB Internal Incentives for Crowding-in Private Investment in Infrastructure*. While the report was largely well received, including by 50% of the MDBs themselves, there was also comment that that report ‘had its teeth removed’, and could have had more impact if it had been allowed to be more critical of the MDBs. Inevitably there was pushback from some MDBs on the report, and the precedent that it set. Those that were critical were concerned that the G20 had mandated the GI Hub to “police” them and didn’t feel that it was the GI Hub’s role to tell them how to operate, they already have oversight from funders and boards. That said, there was support from outside the MDB community for the GI Hub to play a role as neutral and trusted evaluator of MDB performance to help drive change – which we discuss below.

There were a reasonable number of stakeholders that were complimentary about the ***Project Pipeline***, although no one saw it as a complete product – instead it was rated as a potentially promising work in progress, but needed significantly more effort put behind its implementation. Some concerns were raised on the possibility of delivering a global project pipeline, other IOs and commercial publications have tried, and none have succeeded. The ability of the GI Hub to solve a problem that others haven’t been able to was questioned. MDBs maintained that this would best be delivered in collaboration with Source.<sup>6</sup>

Interestingly, those that have worked closest with the GI Hub were most enthusiastic about the GI Hub and what it had done for them – but this wasn’t a view that was shared widely enough. This lack of enthusiasm should be understood in the context of more than half of stakeholders also saying that it was unrealistic to expect real impact after such a short period of time, especially considering the slow pace of the infrastructure market. There was an expectation that the GI Hub would improve upon the delivery of impact – especially if it would narrow its focus in implementing the mandate and become more focused on fewer projects to really drive impact.

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<sup>6</sup> A product of the Sustainable Infrastructure Foundation (SIF) <https://public.sif-source.org/#about-sif> - SIF coordinates the provision of Source to global users to aid capacity building on a long-term and sustainable basis

## **Finding 2: The overall performance of the GI Hub since its inception**

This response was heavily caveated by all those interviewed. None of the interviewees were able to say that the GI Hub had delivered against all five areas of the mandate – but there was significant comment that given the timeframe the GI Hub had made a start on meeting the mandate, and in some instances was doing well.

The GI Hub has filled a niche while avoiding unnecessary overlaps by navigating an increasingly complex web of institutions that provide support for infrastructure delivery. But the market is changing rapidly, and the GI Hub will need to continuously adapt.

The most common criticism of the GI Hub was that in attempting to deliver against its broad mandate it had failed to focus in on areas where it could deliver real impact. The private sector was particularly vocal in calling for activities with measurable outcomes.

At the same time, there was little consistent understanding about the specifics of what the GI Hub is designed to deliver. What this lack of visibility leads to is a sense of indifference, or negativity, on the part of around 50% of those stakeholders the GI Hub should be engaging with. This should be addressed as the GI Hub finalizes its more focused strategic plan.

The GI Hub's primary unique selling proposition was seen to be its relationship with the G20, both as an organization that could advocate for infrastructure at the G20, and one that could leverage G20 support to drive change. It was seen as important that the G20 give the GI Hub the authority to apply pressure, particularly to the MDBs, to improve infrastructure outcomes. It needed to be assured of this support, and to leverage this support so as to be more disruptive in the infrastructure market.

As an institution set apart from the MDBs and IOs, its independence, sole focus on infrastructure, no commercial agenda and lack of overarching bureaucracy slowing it down were seen as its other unique values. Some MDBs recognized that, while some of the GI Hub's initiatives may have overlapped with their own, the GI Hub was able to deliver more swiftly than they had been able to.

## **Finding 3: Whether the principles underlying the GI Hub's mandate with regard to its unique positioning are still valid**

The GI Hub's Mandate is still highly relevant – but going forward the GI Hub's focus needs to be sharpened. There was criticism of the mandate being short on specifics, impossible to deliver against, imposed without consensus, and overlapping with the MDBs mandate – but there was also a sense that as an overarching mandate rather than a set of deliverables it was appropriate.

There was slightly less consensus on whether the GI Hub had, or could, fill a gap in the market. And again these responses came heavily caveated with comments on short timeframe, and market challenges. The more accurate response to the question is not 'yes it has filled the gap', but rather 'it is starting the process of filling the gap, but will likely not be able close it on its own'.

It was noted that this is becoming an increasingly crowded area, and that the gap that the GI Hub was designed to fill has been narrowed as other organizations are launched to address the infrastructure challenge. This doesn't necessarily negate the value of the GI Hub, but it does mean that the GI Hub's focus to deliver this mandate needs to be strengthened. Indeed, there was comment that this challenge needs as much resource behind it as possible and some overlaps are expected/welcome.

There was a sense that while collaboration with the GI Hub and MDBs had improved over time, there was still room for greater collaboration, and cooperation. Various MDB products (infraScope, Source, PPP capacity building) were held up as areas where collaboration could have been better – but interestingly some of these areas were also singled out as areas where the GI Hub had done a better job than the MDBs.

Half of MDBs interviewed felt that the GI Hub was doubling up on the work that it was doing – but the other half recognized the value of having another organization working alongside them to address the challenge. There was an acknowledgement that there were duplications and overlaps amongst the MDBs themselves, so trying to find only 'blue sky' in which to operate was unrealistic.

The review also surfaced two areas where there were very different views from stakeholders on key parts of the mandate. As discussed below, these concerned: with whom should the GI Hub be engaging; and where it should direct its focus.

### **(a) Who should the GI Hub be engaging with, and how**

Throughout the interviews the question of whom the GI Hub served was raised. Is its role to crowd private finance into its sponsors or G20's infrastructure projects? Or is it an organization that is designed to support emerging economies?

The question of its relationship with MDBs, as mentioned above, also came up regularly. Along with the suggestion/concern that the GI Hub was to evaluate the MDBs, there was also comment on how it might better support them. Should the GI Hub be a distribution channel for MDB tools and initiatives? Should the GI Hub be working with them on solutions rather than trying to produce their own? Should the GI Hub be a resource that the MDBs can call on? This is obviously an important and challenging issue to resolve, and there was no real consensus around what this might look like. Clarifying the GI Hub's role in relation to the MDBs would remove much of the suspicion, and improve their working relationship.

Where there was consensus was around the GI Hub's engagement with the private sector, which was seen to be weak. The perception was that the GI Hub has been focused on governments, MDBs and IOs, with little substantive engagement with the private sector. Some members of the private sector expressed frustration around the lack of outreach or collaboration by the GI Hub. If the GI Hub wants to be seen as a conduit to crowding in private finance it will need to increase engagement.

### **(b) Where should the GI Hub be focusing**

While most thought the GI Hub needed to increase its focus, where this focus should be aimed was less clear.

Mobilizing private finance was clearly a priority for both the public and private sectors, but the suggestions of how this should happen varied, including educating:

- the private sector of investment opportunities
- the public sector on how to make projects attractive to the private sector
- the public on the value of private finance.

Even areas that may seem clear in the mandate, like Knowledge Networks, were understood very differently by different respondents. It was talked about as a series of events, a virtual library of all the content on infrastructure globally, and a library of the GI Hub's own content. Some clarity and clear deliverables should help the GI Hub focus on impact. What was appreciated by those interviewed was the GI Hub's ability to bring together both public and private sectors, along with MDBs, to share experiences and best practices. The GI Hub's events were highly thought of, but were also seen to need to be delivered more frequently and with more consistency.

Playing a coordinating role in the development of infrastructure benchmarks using data currently held by MDBs was seen as important, but was also acknowledged as necessary rather than interesting.

The area of greatest controversy was capacity building – how to define it and if the GI Hub was the best place to deliver it, or if this was best left to the MDBs. There is a clear need for capacity building, but it was argued that real capacity building is more than just a two day conference, it needs on the ground constant support. Some questioned if the GI Hub was the best place for this given that the MDBs were already focused on this area, while others suggested a role for working with governments, for example by providing advice on best practice policy and institutional frameworks, would be useful. The GI Hub's independence, and lack of agenda, was seen a strength in this area.

As filling data gaps was seen as one of the GI Hub's great successes, it was thought that more of this would be valuable. Comment was made that the GI Hub

needed to maintain the existing tools and benchmarks, updating on an annual basis to embed them into the market.

**Finding 4: The structure of the GI Hub as an organization and whether its resources fit its purpose**

There was consensus that the GI Hub's structure and size is currently largely fit to purpose.

At the same time, there is a risk of losing staff and value from the initial investment if there is uncertainty over funding. A signal of medium term funding at the current baseline is essential to ensure continuity of staffing and continued value from the recent set of tools and products. However, the results of a strategic exercise to address the input from this review could indicate the need for additional fundraising over and beyond today's baseline. For example, how capacity building is defined, and GI Hub's direct role in it, how it partners with other institutions, could change the staffing dynamics.

The GI Hub's Sydney location was seen as an issue by some two-thirds of those interviewed. The concerns were not just about distance, or how its time-zones impact ease of engagement with a global market, but also that being based in Sydney makes the GI Hub appear to be an Australian focused organization rather than a global one. Those that supported Sydney as a location referred to its access to the important Asian market, and how technology can overcome other distance barriers. Those who thought it was an impediment were more vocal in their concerns than those who approved it.

To be considered a truly global knowledge institution, GI Hub should consider recruiting senior hires to be located in key markets, especially as recruitment of the most senior experts is limited by the Sydney location. Experience to date also indicates this hampers achieving diversity amongst the senior staff.

**Finding 5: The need for the GI Hub to continue to exist after the expiration of its current mandate in December 2018**

There was a strong consensus that the GI Hub's mandate should be renewed for at least a further four years. However, there was a range of opinions on the conditions under which a renewal should be approved.

A few simply stated that the GI Hub should definitely be renewed without caveats. Most asked that a renewal come with a clearer more focused plan for implementation of the mandate. We suggest that a refinement of the mandate implementation be developed, taking into account the feedback from the review and in consultation with stakeholders. A participatory approach will help build partnerships, build trust even further, and help ensure that the resulting work programs are targeted on areas that will add the most value. The revised

implementation plan to meet the mandate should be more results driven so that progress can be easily tracked against a set of defined KPIs.

## **Recommendations**

Based on the Findings set out above we make the following recommendations.

### **Recommendation 1: The GI Hub's mandate should be renewed for another four years**

There was a strong consensus that the GI Hub should be renewed. Nonetheless, there were concerns expressed on the breadth of activities being supported under the mandate and different perceptions on where the GI Hub should be focused. Renewal should come with funding at least at the current baseline for the next four years.

### **Recommendation 2: GI Hub management, guided by the Board, should work with key stakeholders to develop a strategic plan for the next 4 years of its mandate implementation.**

The feedback gave us a real sense that all stakeholders thought the activities being supported under the mandate were very broad, and therefore not having as much impact as a more focused work program could have. The review surfaced a lack of consistent understanding among stakeholders as to what the GI Hub's priorities were, and what success looked like for the GI Hub. Clearly defined targets were needed.

### **Recommendation 3: More specialist infrastructure knowledge and private sector input could strengthen the GI Hub's governance**

The Board should commission a short paper to provide options. This should consider, for example, whether Board members should be nominated from governments' specialized arms (e.g., responsible for infrastructure), and how best to engage with the private sector. The current research suggests a rotating private sector advisory group would add value when integrated with a more active Board agenda.

## **Attachments**

- 1. Annex 1 Terms of Reference**
- 2. Annex 2 Methodology**
- 3. Annex 3 List of interviewees**

## **Annex 1: Terms of Reference**

### **Annex A to the Circulating Resolution of the GI Hub Board of 22 May 2017 Terms of Reference of the Board Subcommittee for the Review of the GI Hub's performance since inception**

1. In accordance with the decision taken at the GI Hub Board Meeting of 19 April 2017 to establish a subcommittee to review the renewal of the GI Hub mandate for a further term by reference to the achievements of the GI Hub, the following Terms of Reference are hereby established for the subcommittee.
2. The subcommittee shall review and report on;
  - (a) the achievement by the GI Hub of the November 2014 mandate
  - (b) the overall performance of the GI Hub since its inception.
  - (c) whether the principles underlying the GI Hub's mandate with regard to its unique positioning are still valid
  - (d) the structure of the GI Hub as an organisation and whether its resources fit its purpose
  - (e) The need for the GI Hub to continue to exist after the expiration of its current mandate in December 2018
3. The review shall include an examination of the scope, breadth and impact of the GI Hub's activities and products, as assessed by key stakeholders, including G20 member countries (both donors and non-donors); other countries (both donors and non-donors); representatives of the private sector; multilateral development banks; and other international organizations. In doing so, the subcommittee shall consider potential future activities of the GI Hub, as proposed by the GI Hub's management and by other stakeholders, and stakeholder views on the term of the renewal period and the funding model.
4. The subcommittee may engage consultants for the purpose of assisting with the preparation of its report, and the subcommittee may request administrative assistance from GI Hub staff, as necessary. <sup>7</sup>
5. The subcommittee shall be made up of the GI Hub's two independent directors, Robert Milliner and Katherine Sierra

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<sup>7</sup> The subcommittee appointed Kay Scott, a private independent consultant based in London with a deep infrastructure industry background, to assist in conducting some of the interviews and compiling the report. The subcommittee also received administrative assistance from senior management at the GI Hub

## Annex 2: Methodology

The Review of the GI Hub was design to understand stakeholder perceptions of how well the GI Hub has delivered against its November 2014 mandate.

We asked questions covering four areas:

- The overall performance of the GI Hub since its inception
- If the principles underlying the GI Hub's mandate are still valid
- Should the GI Hub continue to exist after the expiration of its current mandate in December 2018
- If the GI Hub's organizational structure and resource fit its purpose.

These questions were designed to elicit both binary answers to questions around the GI Hub's continued existence, and qualitative to collect feedback on impact to date, and suggestions for future activities from those who are active in the global infrastructure market.

However, when presenting the binary questions most respondents were uncomfortable with giving straight yes/no answers, and wanted to caveat their answers.

A list of organizations approached to be interviewed is listed in Annex 3, with those declining to be interviewed or not responding also identified.

## Annex 3: List of interviewees

### Interviewed:

- AIIB
- Asian Development Bank
- Australian Treasury
- B20
- Bancomext
- Bank of Brazil
- Brookings
- Castalia
- Consult Australia
- CPPIB
- Dirección General de Política de Promoción de la Inversión Privada, Peru
- European Bank for Reconstruction and Development
- European Investment Bank
- Financial Stability Board
- Global Infrastructure Investor Association
- Harvard University
- HM Treasury
- IFM Investors
- IMF
- InfraCo Asia
- Infrastructure and Projects Authority, UK
- Infrastructure Australia
- Inter-American Development Bank
- Korea Development Institute
- KPMG Group
- Macquarie
- Meridiam/Long Term Infrastructure Association
- Ministry of Finance, Mexico
- Ministry of Finance, Brazil
- Ministry of Finance, Canada
- Ministry of Finance, China
- Ministry of Finance, Germany
- Ministry of Finance, India
- Ministry of Finance, Indonesia
- Ministry of Finance, Japan
- Ministry of Strategy and Finance, Korea
- Ministry of Finance, Russia
- Ministry of Finance, Singapore
- Ministry of Treasury, Argentina
- Treasury, New Zealand
- QIC
- Treasury, Turkey
- United Nations Economic Commission for Europe International PPP Centre of Excellence
- World Bank Group
- World Economic Forum

Declined, or did not respond

- African Development Bank
- CDPQ
- Central Bank of Argentina
- China PPP Centre
- Credit Suisse
- International Project Finance Association (IPFA)
- Ministero dell'Economia e delle Finanze, Italy
- Ministry of Maritime Affairs and Tourism, Greece
- Ministry of Finance, France
- Ministry of Finance, Indonesia (PPP Centre)
- Ministry of Finance, Saudi Arabia
- Norton Rose Fulbright
- OECD
- Oxford Economics
- PwC
- US Department of Transport