Infrastructure Investment: Insights for tomorrow's decisions

Marie Lam-Frendo, CEO
Global Infrastructure Hub
Infrastructure Investment: Insights for tomorrow's decisions
Our annual flagship report on the state of investment in infrastructure

Enables policymakers, investors, and industry to steer toward more sustainable, resilient, and inclusive infrastructure.

Provides in-depth analysis of current, global private investment in infrastructure and infrastructure investment performance.
What does Infrastructure Monitor include?

Annual report
- Flagship report with in-depth analysis on private investment in infrastructure

Data insights
- Frequent data-driven insights that deepen understanding of emerging issues in infrastructure

Public policy articles
- Viewpoints of renowned experts and their policy recommendations

Priority topics
- 01 Private investment in infrastructure
- 02 Private infrastructure investment performance
- 03 Environmental, social and governance (ESG) factors in infrastructure
- 04 Infrastructure project preparation
How does Infrastructure Monitor deliver?

We aggregate data from a record number of infrastructure databases

Partnering with leading organizations

And leveraging data from
Key findings:
Infrastructure Monitor 2021
Private investment in infrastructure projects in primary markets was resilient to pandemic shocks, but has been stagnant 7 years.

Source: Global Infrastructure Hub based on IJGlobal data.
About three-quarters of private investment in infra projects occurs in high-income countries and was unhindered by the pandemic.
The pandemic impact varied by infrastructure subsector

Lockdowns and restrictions negatively impacted transport and non-renewable energy, while pandemic control and online activities strengthened the social and telecom sectors.

Private investment in infrastructure projects by subsector, 2010-2020 (USD bn and % growth in 2020)

Source: Global Infrastructure Hub based on IJGlobal data.
Renewable energy projects dominate private investment in infra, mostly in W. Europe and N. America, and in wind and solar

Private investment in infrastructure projects by sector and region, 2020 (USD millions)

Source: Global Infrastructure Hub based on IJ Global data.
Still a long road ahead: Most private investment in middle- and low-income countries is still in transport and non-renewable energy

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<tr>
<th>Sector</th>
<th>High-income</th>
<th>Middle- and low-income</th>
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<td>Telecom</td>
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<td>Non-renewable energy generation</td>
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<td>Social</td>
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<tr>
<td>Energy storage, transmission, and distribution</td>
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<td>Transport</td>
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<td>Waste</td>
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<td>Waste</td>
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Source: Global Infrastructure Hub based on IJ Global data.
Green investment is half of private investment in infra projects, but green investment outside the renewables sector remains low.

Much remains to be done.

Wind and solar capacity additions must quadruple by 2030 to reach net-zero targets, and carbon emissions reduction in other sectors needs to increase substantially.

Source: Global Infrastructure Hub based on IJ Global data.
Encouragingly, preliminary evidence shows superior performance for some sustainable infrastructure investments.

Source: EDHECInfra, MSCI.
Private investment in infra projects is mostly financed by financial services institutions, primarily commercial and investment banks.

Private investment in infrastructure projects by financier, 2020 (% of total value)

Source: Global Infrastructure Hub based on IIGlobal data.
75% of private infra investment in middle- and low-income countries needs co-financing from non-private institutions (e.g. development banks, export credit agencies, the public sector)

Private investment in infrastructure projects by income group and financier group (3-year moving average, % of total value)

Source: Global Infrastructure Hub based on IJ Global data.
Private investment in infra projects proved resilient to pandemic shocks but remained stagnant despite strong financial performance.

Cumulative gross returns performance (index)

Source: EDHECInfra, MSCI.

Infrastructure Monitor 2021
Infra debt consistently performs better than non-infra debt worldwide, and even more so in high-income countries.

20-year cumulative default rate by sector and income group

Infrastructure as an asset class provides attractive investment options for investors to diversify and optimise their portfolios.

Source: MSCI and EDHECInfra, S&P Global Bond Indices as of September 2021.
Note: Estimation methodology and calculations varies between index providers.
Lack of a bankable, investment-ready pipeline of infra projects is often considered a major bottleneck to attracting private capital.

Infrastructure planning score by country income group, 2020
(0=worst and 100=best)

Timeline of PPFs creation
(number)

Source: GI Hub InfraCompass (2020).

Source: GI Hub based on PPF sample.
Overall, there continues to be a massive potential for private investment in infrastructure, given the:

- Large and unmet infrastructure gap
- Stagnating level of private investment in infrastructure projects
- Ongoing attractive financial performance of infrastructure investments
- Promising early trends for sustainable investment
- Likelihood of significant new transactions as the USD3.2 trillion of infrastructure stimulus announced by G20 governments takes shape
- Potential for strengthening project preparation capabilities that will help create a bankable and investment-ready pipeline of infrastructure projects for investors
Thank you