EXECUTIVE SUMMARY

INFRASTRUCTURE, DELIVERED RIGHT, PROMOTES ECONOMIC GROWTH AND LIFTS COMMUNITIES OUT OF POVERTY. BUT OFTEN, INFRASTRUCTURE PROJECTS FAIL TO DELIVER THEIR FULL POTENTIAL BECAUSE THEY ARE STYMIED BY WEAK GOVERNANCE OR REGULATORY STRUCTURES, LOST IN BUREAUCRATIC DENSITY, OR POORLY PLANNED.

The infrastructure challenge has been discussed at length, but with very little clarity around the solution. InfraCompass defines the factors that contribute to quality infrastructure and increase private sector participation across the full infrastructure lifecycle.

InfraCompass identifies the key drivers of successful planning and delivery, and allows jurisdictions to focus on the most important drivers affecting their infrastructure market.

InfraCompass – An evidence based approach to delivering quality infrastructure

The nature of infrastructure means that capital commitments are high, ongoing operation and maintenance is expensive and investment decisions can be heavily politicised. Infrastructure markets are complex in nature – they involve the coordination of long term funding and planning, government, community and private markets.

At the same time, low levels of consistent and comparable data across countries make it difficult for decision-makers to fine tune their policies towards better outcomes and learn from best practice among their peers.

InfraCompass breaks down this complexity and identifies the most important drivers of quality infrastructure planning and delivery:

- Robust governance, leadership and capable institutions that support the rule of law, transparency and consultation, and effective and independent decision making structures for infrastructure investment
- Consistent and predictable regulatory frameworks that are transparent, and welcoming of investment and competition
- Permits, approvals and land acquisition processes that are timely, predictable and navigable, and which minimise red tape to appropriate and justifiable levels
- Planning, not just of projects, but transparent setting of strategic social-economic--environment goals and integrated sectoral and system plans, enabling projects to be measured against clear objectives
- Procurement practices that are transparent, enable efficient risk allocation and innovation, deliver value-for-money,
KEY FINDINGS

The 49 countries analysed by InfraCompass account for just over 90% of global GDP and slightly less than 75% of global population. Approximately two-thirds of the countries are classified by the World Bank as ‘high income’ (also referred to as ‘developed’), with the balance classified as either middle or lower income (collectively, ‘emerging’).

Emerging economics 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. Central to this strong performance is that many 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.

Across economies, there are few stronger drivers of investment than the rule of law. Upstream enabling environment reforms are key to unlocking quality infrastructure environment in over 20 of the countries analysed.

Permits, land acquisitions and environmental approvals policies vary considerably across economies, suggesting there is an opportunity to look for best practice amongst peers. While several emerging and developed countries have very efficient management practices in these areas, some countries struggle to implement these processes efficiently. This has a direct impact on the timely and cost-effective delivery of infrastructure.

The same is true for regulatory and competition frameworks, with fewer restrictions on investment and capital flows, and more consistent and predictable sector regulation that incentivises competition, investment and innovation, needed to fuel global growth.

Emerging economies are catching up with advanced countries, highlighting the challenges for emerging economies as they look to deliver infrastructure more effectively.

In addition to effective planning, procurement and approvals processes, the capability and talent of those following the process - and their leadership, especially when things don’t go to plan - are key determining factors in attracting investment and establishing a track record of delivery.

Transparent, consultative strategic plans, backed up by a pipeline of projects, and followed through into investment by governments with bipartisan support, differentiate a few top performers from the rest. Emerging markets, in particular, have improved their public planning processes over recent years with the publication of integrated sector plans and signals to market on investment priorities.

More than half the countries analysed have consistent and equitable procurement interfaces with the private sector. However, countries could reduce their transaction costs and improve deal flow through more consistent, standardised information and tendering processes leading up to procurement.

- Delivery and operation of infrastructure assets that continue to provide economic benefits after construction is complete.

All of these drivers contribute to the best possible environment for infrastructure markets.

Further, InfraCompass expands on these drivers to highlight where they are best represented around the world, and in the process serves several important functions:

- Identifies the most important data sources for comparison between countries, and provides a consistent, single source of comparable data.
- Identifies and prioritises the reforms that have the greatest impact on infrastructure markets, to allow countries to understand the options for better practice from across the globe.
- Measures performance data effectively to, for example, establish a country’s track record of delivery. This capability allows countries to emulate the private sector, using data as a means of understanding performance against key deliverables.

- Encourages openness and transparency in the sharing of infrastructure data, enabling greater dialogue with communities, government and private sector on infrastructure goals.

In the longer term, by tracking progress over time, InfraCompass can be used to continue to improve infrastructure practices, incentivise reform and innovation, deliver quality infrastructure, and ultimately grow GDP.

This report outlines how InfraCompass defines and assesses the drivers of infrastructure delivery in various jurisdictions. It focuses on six key drivers – three related to policy and three related to delivery – and describes the 38 metrics used to measure performance against these drivers across 49 countries. (The methodology used to identify these 38 metrics is discussed in the Technical Appendix.) A discussion of each key driver is accompanied by commentary on the global context and major findings from the analysis. Case studies provide real life examples of the improvements that can be achieved by focusing on the most valuable drivers for a particular country or jurisdiction.
INFRACOMPASS includes 49 countries accounting for over 90% of global GDP and almost 75% of global population.

Infracompass identifies the key drivers of successful planning and delivery and allows jurisdictions to focus on the most important drivers affecting their infrastructure market.