



BREAKING SILOS: ACTIONS TO DEVELOP INFRASTRUCTURE AS AN ASSET CLASS AND ADDRESS THE INFORMATION GAP – AN AGENDA FOR G20

**Workshop on Infrastructure as An Asset Class and Data
collection for Long Term Investment –
Thursday 2nd of November Paris, OECD**

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Summary

1. About the LTI project
2. Breaking Silos and Developing Infrastructure as an Asset Class – Actions for G20



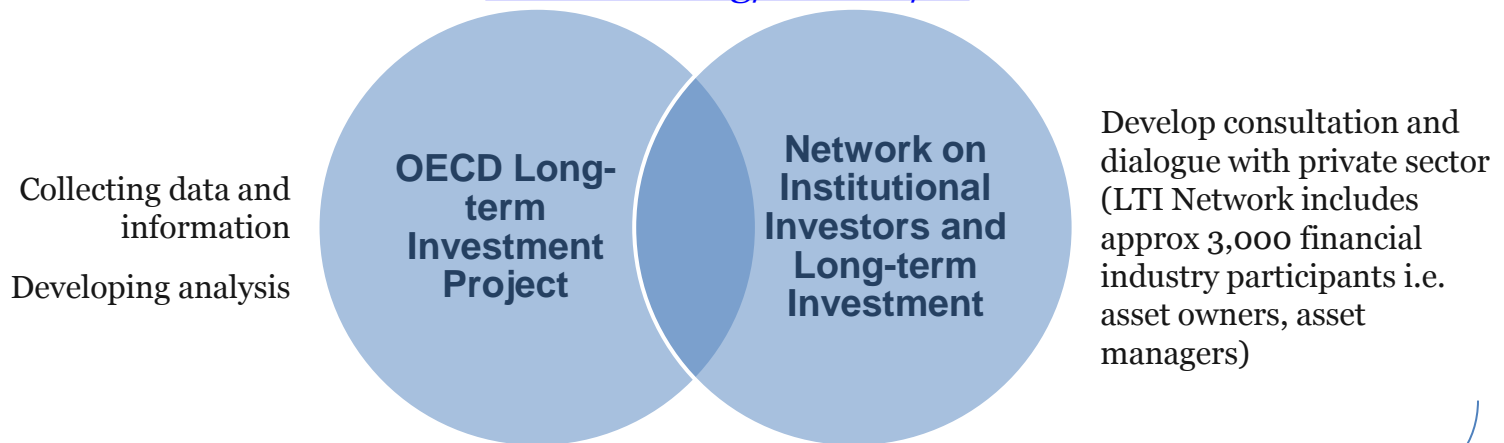
ABOUT THE LONG TERM INVESTMENT PROJECT



The OECD Project on Institutional Investors and Long-term Investment

The OECD is supporting the G20/APEC agenda on long-term investment through the **G20/OECD Taskforce on Institutional Investors and Long Term Investment Financing (G20/OECD Taskforce)**

See www.oecd.org/finance/lti



Towards a **holistic approach to long-term investment analysis** addressing private sector participants across the value chain (corporations, banks, institutional investors), including a broader range of issues (investment and financing), using better data and analytical tools

[G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs, endorsed by G20 Leaders, September 2016](#)



Recent/ Future LTI and related OECD events

LTI events

- 18th of October in Paris – Joint Forum with the Long-term Infrastructure Investors Association
- 19th October in Paris - Roundtable on Sustainable Financing of Infrastructure part of the OECD Committee on Financial Markets
- 2nd/3rd November, Paris – Meeting of the G20/OECD Taskforce on Institutional Investors and Long Term Investment
- 23rd to 25th of October, Mauritius – OECD/International Organisation of Pension Supervisors (IOPS), Global Forum on Private Pensions “Care for the Future: Think of Pensions”. The event includes a session on “African Pension Funds Investment in Infrastructure”.
- January 2018, Paris - First conference of the G20 Global Connectivity Infrastructure Alliance, launched by the Chinese Presidency in 2016 – to be organized with the World Bank
- March 2018, Tokyo (TBC) – OECD/ABAC quality infrastructure meeting, supported by the Japanese Government

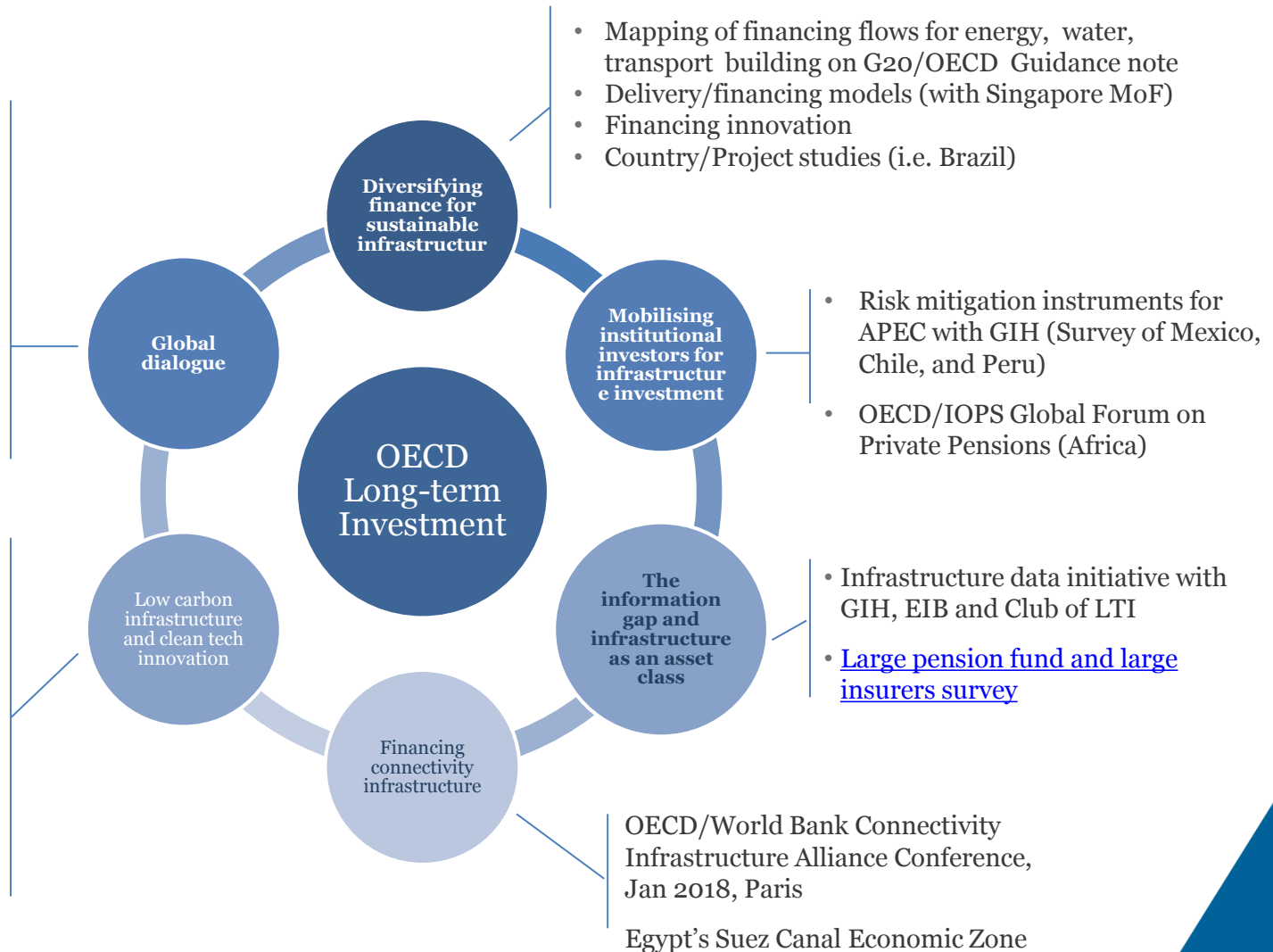
Other relevant events

- 24th and 25th of October in Paris – 4th OECD Green Investment Financing Forum
- 24-25 October, Manila, Philippines -- 3rd Asian Public Governance Forum on Public-Private Partnerships/ 4th Regional Policy Network Meeting on PPPs, Infrastructure and Connectivity
- 2nd and 3rd of November, South Africa - World Bank/OECD/GIH, AfDB, DBSA, NEPAD, ADB, ALSF and PPIAF, The first regional roundtable on infrastructure governance – New Approaches to Infrastructure Development: Unlocking Potential
- 29th January Paris : Blended Finance and Social Impact Investing Forum



Current and Expected Work on Mobilisation of Finance for LTI

- [OECD/ ADBI Seminar on Financing High Quality Investment in Infrastructure](#), December 2016, Hanoi, Vietnam
- OECD/Long Term Investor Club Conference on LTI, 18th of Oct, Paris
- G20/OECD Taskforce on LTI – Nov 2017, Paris
- [OECD workshop on Financing Green Infrastructure](#), November 2016, Paris
- [“Mobilising financing for the transition”](#) Chapter 7 of the report “Investing in Climate, Investing in Growth” launched 23rd May 2017, Berlin



Beyond this work, the OECD is active on the governance of infrastructure, blended finance etc..



Growth, Investment
and the Low-Carbon
Transition

Low carbon Infrastructure: Mobilizing Finance for the Transition in support of the 2017 German presidency of the G20

- May 2017: Launch the G20 report on “[Investing in Climate, Investing in Growth](#)” - See **chapter 7** on “*Mobilizing financing for the transition*”
- Workshop on “[Financing Green Infrastructure](#)” on November 3rd 2016 (See [summary of the discussions](#) for further details)
- Other relevant work includes the OECD report on [Investment-Governance-Integration-ESG-Factors](#). For more information see also [OECD Centre on Green Finance and Investment](#)



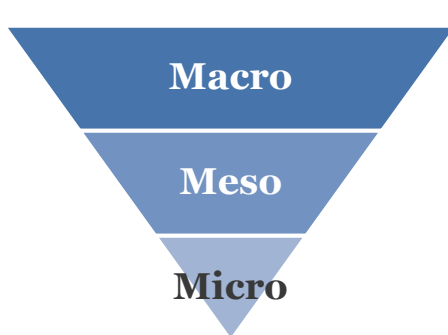
“Boosting economic growth does not mean locking the world into a high-emissions future, provided pro-growth reforms are combined with coherent climate policy and alignment of policies across the economy”



Information Gap and Infrastructure as an Asset Class: New Data Collection Initiative

- Improving the availability and quality of data and information on long-term investment and the creation of infrastructure as an asset class is recognised as a major G20/G7 priority for the next Argentinian and Canadian presidencies in 2018
- The OECD has been leading with other IOs, this work at the G20
 - FSB/IMF/OECD/WBG (2014) Development of quantitative indicators of long-term investment finance.
 - OECD (2015) *Addressing Data Gaps in LTI: An Agenda for Research* 2015, with BIS, Canada, Italy
 - OECD (2017) “Breaking silos: Addressing the Information Gap and Developing Infrastructure as An Asset Class”, 2017 Forthcoming

Data sources



Proposed work to G20 on data gaps (OECD 2015)

- OECD reports on the results of their surveys on (i) transport-related infrastructure, (ii) from-whom-to-whom financial accounts (possibly with IMF), and (iii) large pension funds.
- **Country-level statistical** policy notes
- Development of a **proposal for a preferred set of information** on investment and finance at the **macro- and meso- level**
- Development of a proposal for a **preferred set of information** for the analysis of infrastructure investment at **micro level**

A [workshop on data collection](#) was held in the 10th of May in Paris

A joint “**Infrastructure Data collection Initiative**” has been announced at the Workshop involving the Global Infrastructure Hub, the European Investment Bank, a group of private investors (the Club of LTI and LTIIA) and the OECD. The launch of the initiative is expected at the next G20/OECD Task Force on Institutional Investors and Long-Term Financing in November



Use of Micro Data for Infrastructure Analysis

There is a lack of comparable cross-country information on infrastructure investment as often comprehensive data by the government, SOEs and the private sector are not readily available.

The creation and maintenance of **databases gathering project and firm-level information** across a wide range of countries will allow more comprehensive analysis of infrastructure investment, complementing national account data

Available data and their respective sources

Measurement	Sources	Description	Items covered
1. Budget Spending on Infrastructure	Country Budget Offices	Capex in Transp, Comm, Energy, water made by GOVERNMENT Infra Investment by SOE using budget transfers	Capex by GENERAL GOVERNMENT in chosen infra sectors
2. Gross Fixed Capital Formation for General Government- GFCF (GG)	National Accounts	Public Investment by general government - national/subnational gov	Government investments in fixed assets (infra and non infra)
3. Private participation in infrastructure (project/firm)	Commercial databases	Investment in Transp, ICT, energy, water projects owned or managed by private companies	Updated and disaggregated figures by sector and region. Data on project and firm level. Some private investment with info from publicly available sources
4. Financial performance - Cash flows	Public Authorities, Investors, banks, investment funds	Investment and financing across sectors	cashflow at project level, investment and balance sheet data collected from infrastructure investors and creditors.

Source: Adapted from ADB 2017 and OECD 2015



**BREAKING SILOS
DEVELOPING
INFRASTRUCTURE AS AN
ASSET CLASS AND
ADDRESSING THE
INFORMATION GAP**



Addressing Data Gaps for LTI: *The Research Agenda*

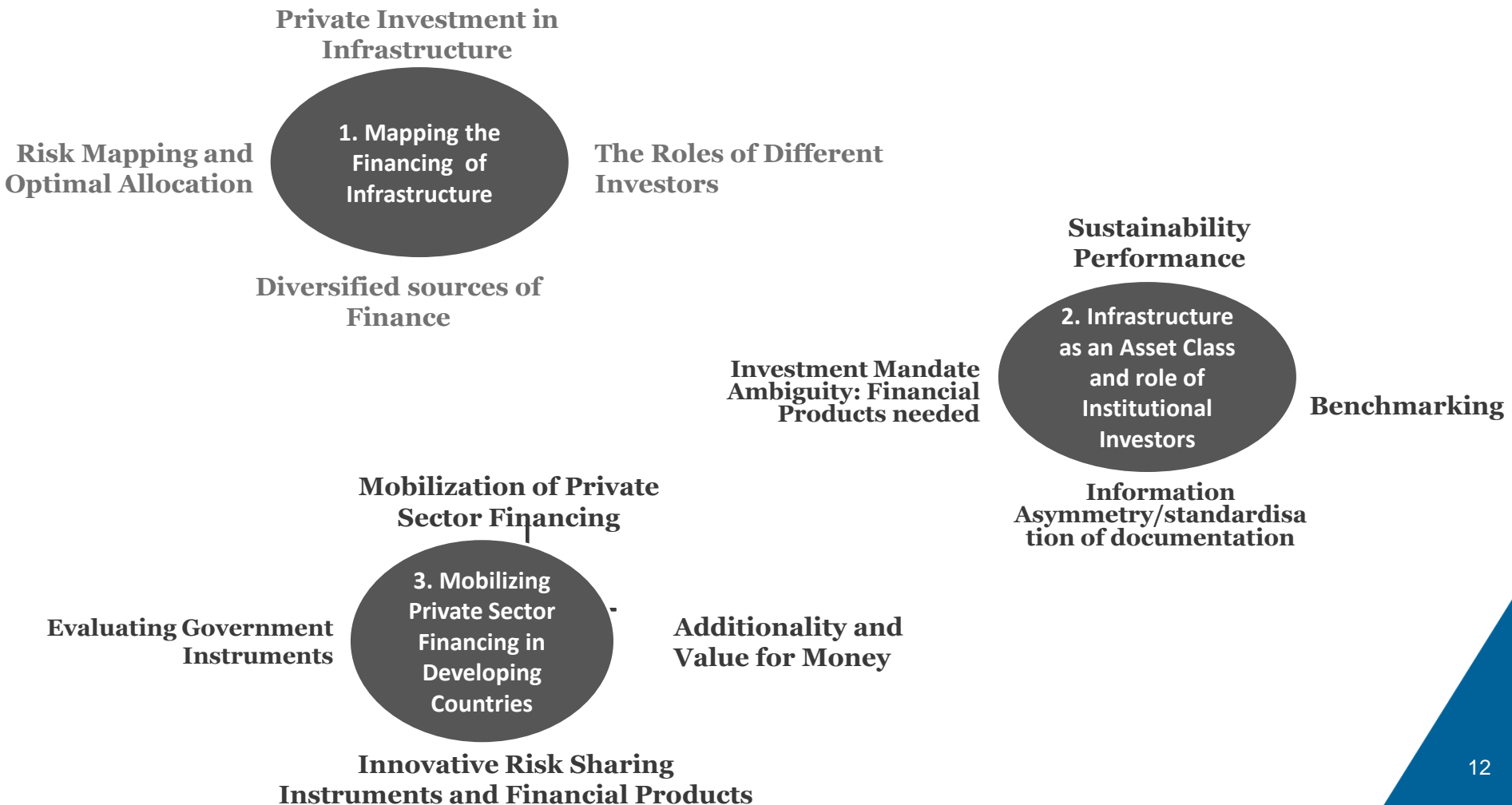
- Proposed work is focusing on **data gaps/analytical work on private sector financing of infrastructure** (but data gathered could be used for economic impact, sustainability, additionality etc)
- Aim is to **improve the efficiency of the use of resources** and **partner with the private sector** to meet infrastructure investment needs, given constraints on government budget and considerable current and future needs
- Breaking Silos approach in the G20 (i.e. Green, Development, Infra as an asset class, Crowding in private sector etc..)
- Benefits for public and private sector:
 - Opening new channels of funds for Investors and asset managers;
 - More effective and efficient regulation allowing intermediation of long term capital;
 - Improving bankability of projects through better risk sharing in public infrastructure procurement and avoiding crowding out of private sector

See OECD Forthcoming (2017) “Breaking silos Actions to Develop Infrastructure as an Asset Class and bridging the information gap: An agenda for G20”



Addressing Data Gaps for LTI: *The Research Agenda*

Three main streams of work have been identified, with related actions proposed for the G20 and reference work (OECD and other IOs) :





1. Mapping the financing and risk allocation in infrastructure



Areas of Work

- **What are the trends in financing infrastructure across regions and sectors** (i.e. energy, transport, ICT and water)
- **How much private investment goes into infrastructure? What is the level of foreign participation?**
- **Mobilising resources and mitigating risks** – traditional investors and new sources of commercial financing for development
- **Optimal allocation of risk and alignment of financial market policies**



Actions

- Mapping investment and financing channels for infrastructure
- Listing instruments and levels of public financial support
- Creation of a database of stock and flow of infrastructure projects
- Development of measures of information on investment and finance at the macro- and meso-level and micro level

Reference Work

- G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs, endorsed by G20 Leaders, September 2016
- “Mobilising financing for the transition” Chapter 7 of the OECD report “Investing in Climate, Investing in Growth”
- OECD led research Collaborative on Tracking Private Climate Finance
- IEA World Energy Investment
- OECD ITF Quantifying private and foreign investment in transport infrastructure



2. Investment Characteristics of Infrastructure as an Asset Class: Attracting Institutional Investors



Areas of Work

- How are Institutional Investors approaching infrastructure investment? How much is invested by pension funds, insurers and SWFs?
- How to align investors to long term assets? What are the products needed?
- What are the risk and returns of infrastructure assets?
Benchmarking and success metrics for infrastructure investment
- How to incorporate sustainability criteria in infrastructure investment?



Actions

- **Defining sustainable and quality infrastructure investment** to facilitate data collection on sustainability and resilience factors in infrastructure investment
- **Standardizing and harmonizing project documentation** and of **approaches to infrastructure valuation and analysis** (i.e. China Guidelines for PPPs)
- Promoting **international infrastructure data collection**, with the adoption of a template for a preferred set of information to be collected (historical cash flows and performance at project level, project characteristics, sustainability issues)
- Support initiatives to **create infrastructure benchmarks** (i.e. EDHEC)

Reference Work

- OECD Annual Survey of Large Pension Funds and Public Pension Reserve Funds (last published 2016)
- GIH Project Pipeline/ risk Matrix
- Infrastructure Information Support system
- 2 Degrees Initiative – Energy Transition Consortium



3. Mobilizing private sector investment in Developing Countries



Areas of Work

- **Tracking mobilization of private sector financing**
- **How to crowd-in private sector financing ensuring additionality and value for money?**
- **Developing, expanding and standardizing new risk-sharing instruments and financial products**



Actions

- Defining measurements and criteria to **assess the impact of initiatives** that leverage private sector capital in infrastructure
- Developing a **harmonized approach to leveraging private sector resources** and additionality
- Measuring **governments' instruments and techniques** to attract private sector financing in infrastructure
- Promoting the setting of **objectives for using NDBs** (and MDBs through countries participation in their governance) **balance sheets** to catalyze private investment

Reference Work

- OECD with GIH and ADB 2017 (*forthcoming*) Risk Mitigation and allocation in Infrastructure, Including PPPs in APEC Economies: Selected Good practices
- MDBs Task Force on Measuring Private Investment catalysation and MDBs optimisation of Balance Sheet
- DAC Blended Finance Principles
- G20 – IFA Principles of MDBs' strategy for crowding-in Private Sector Finance for growth and sustainable development