

WG on Private Investment in Infrastructure

OECD Workshop on Infrastructure as an Asset Class

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Our WG work and who in the world does what

Starting challenge:
Risk pricing failures in ST+LT contracts

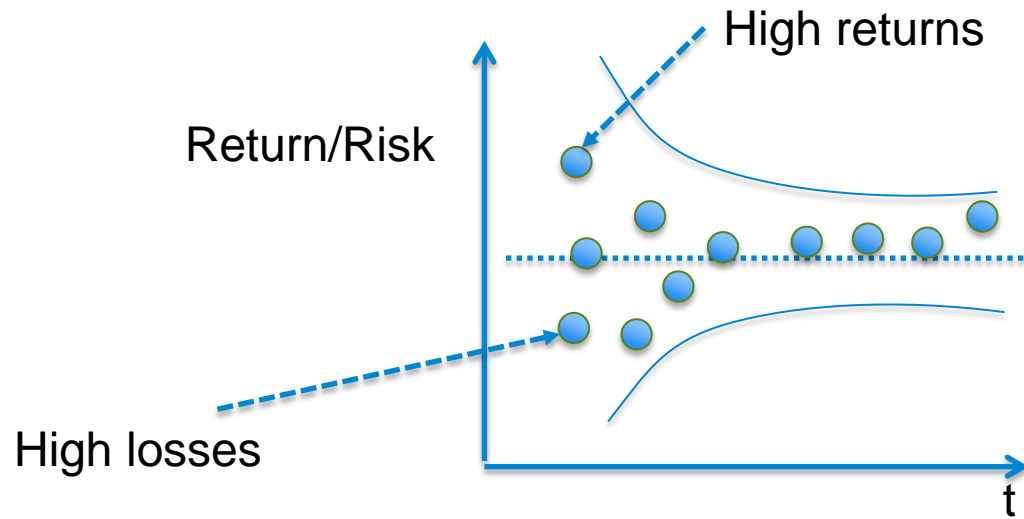
How to fix the
world for
investors



How to fix
the world for
suppliers

The risks in a project

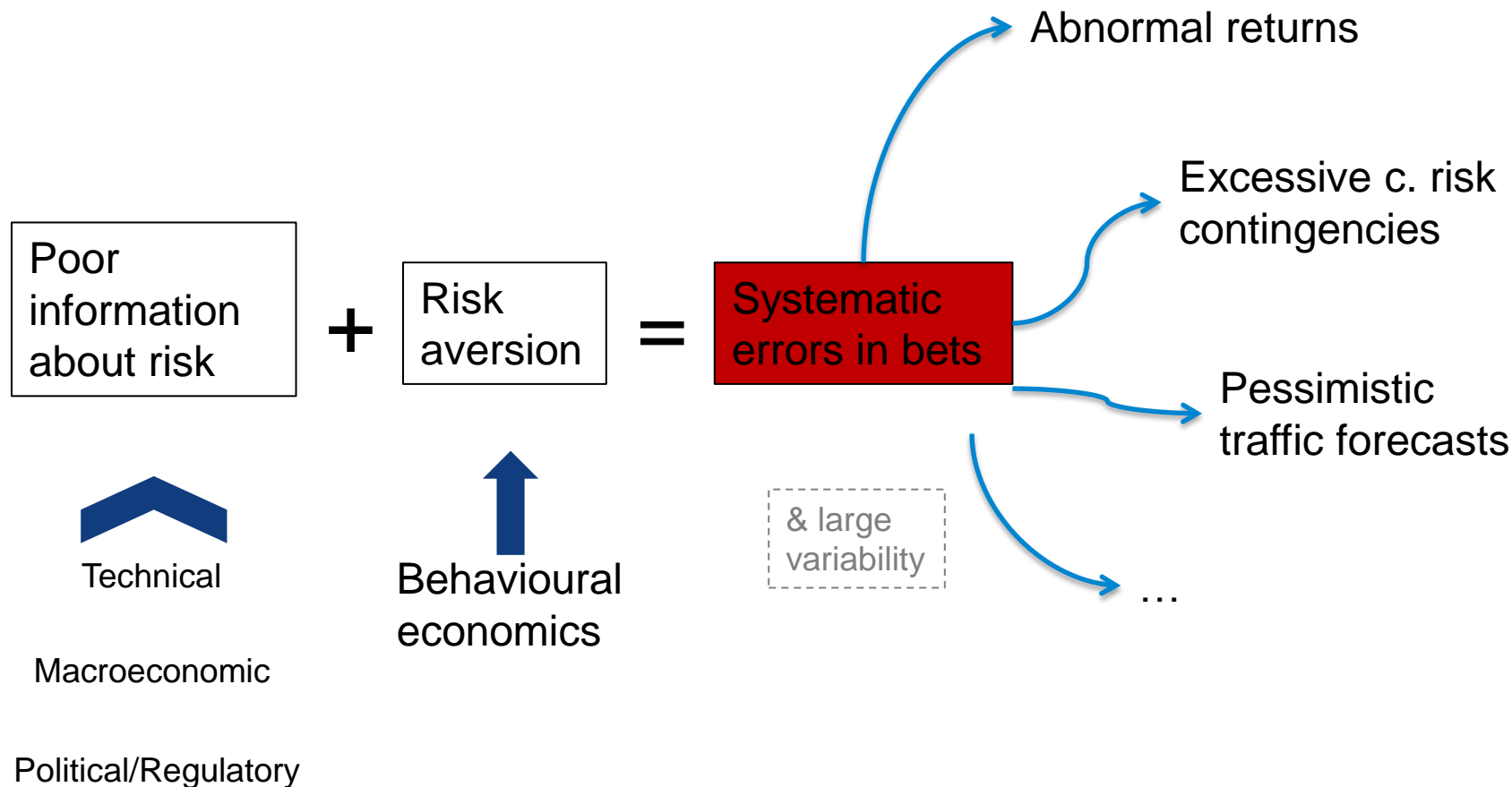
When is the price of risk “efficient”



EMH assumes that uncertainty will eventually dissolve in objective probabilities

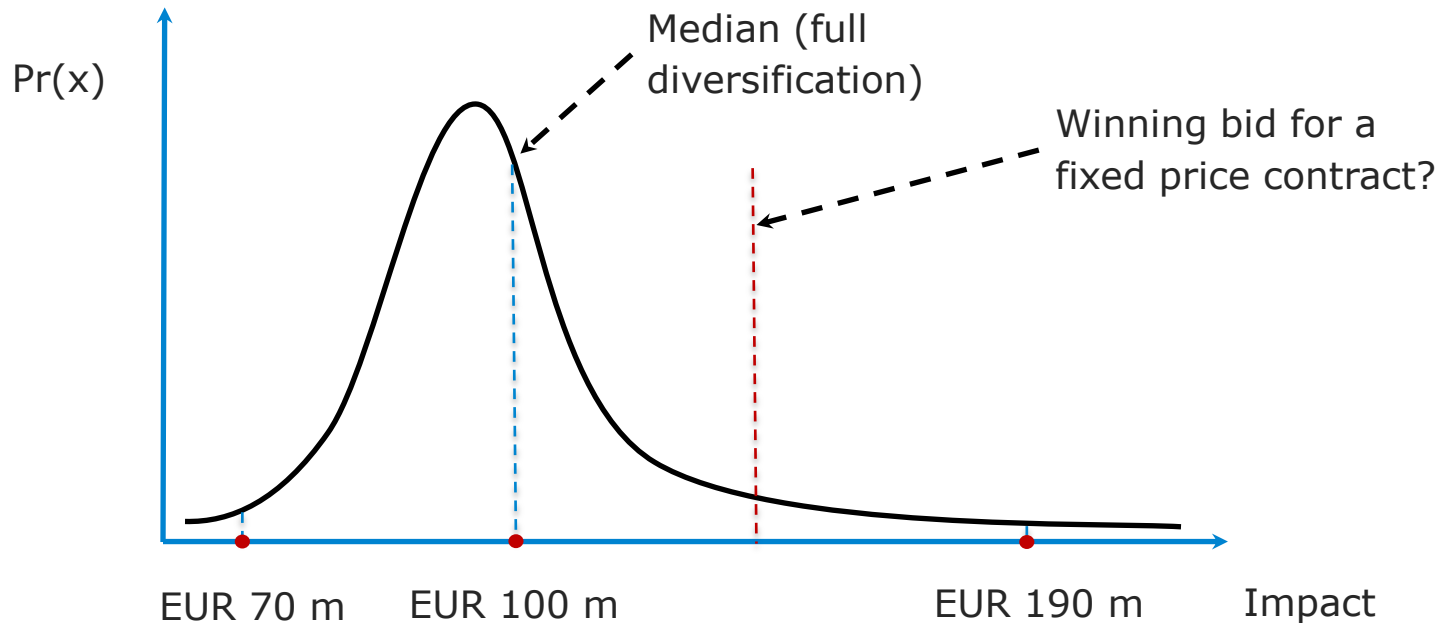


The symptoms of risk pricing inefficiency

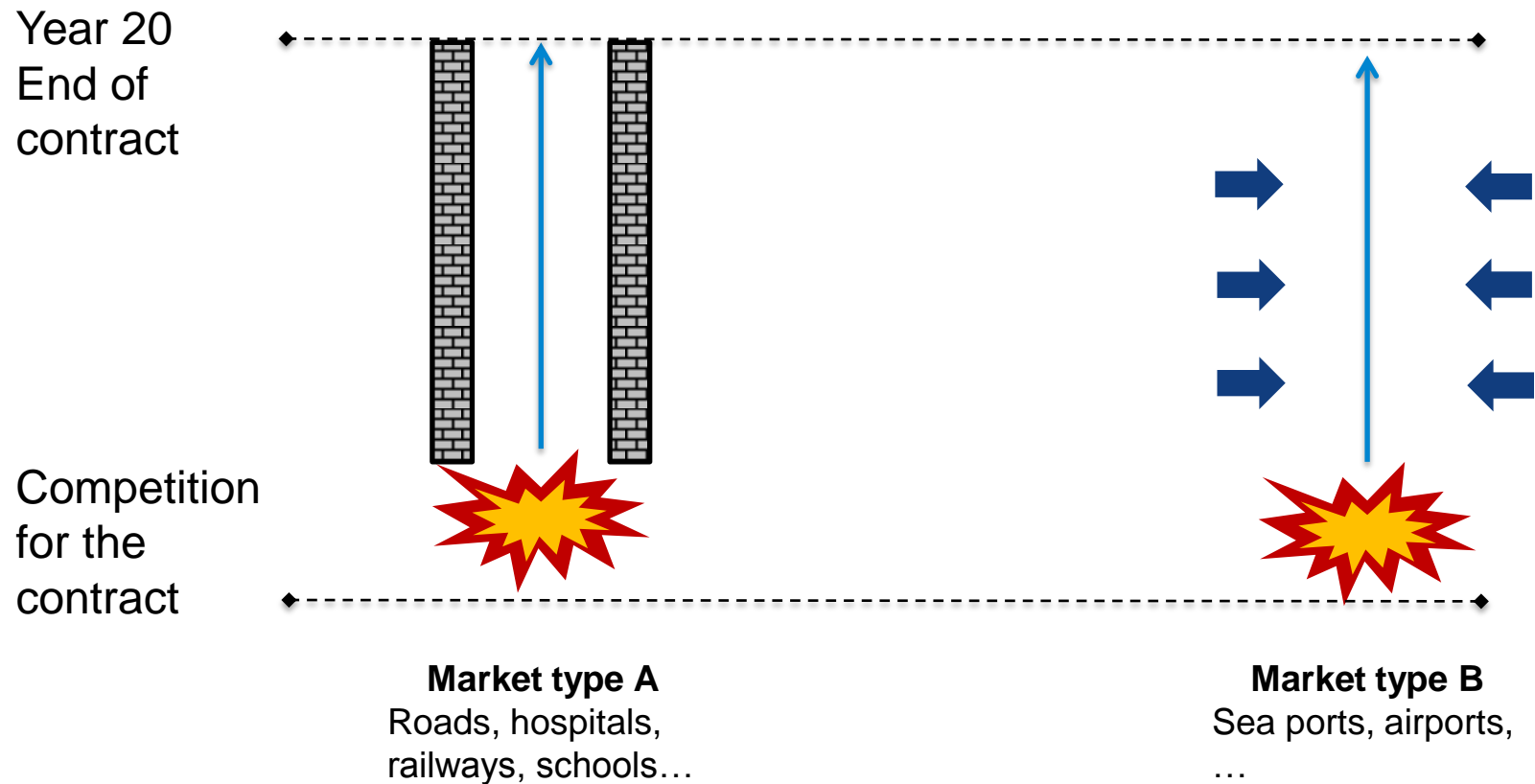


High-powered incentives and risk?

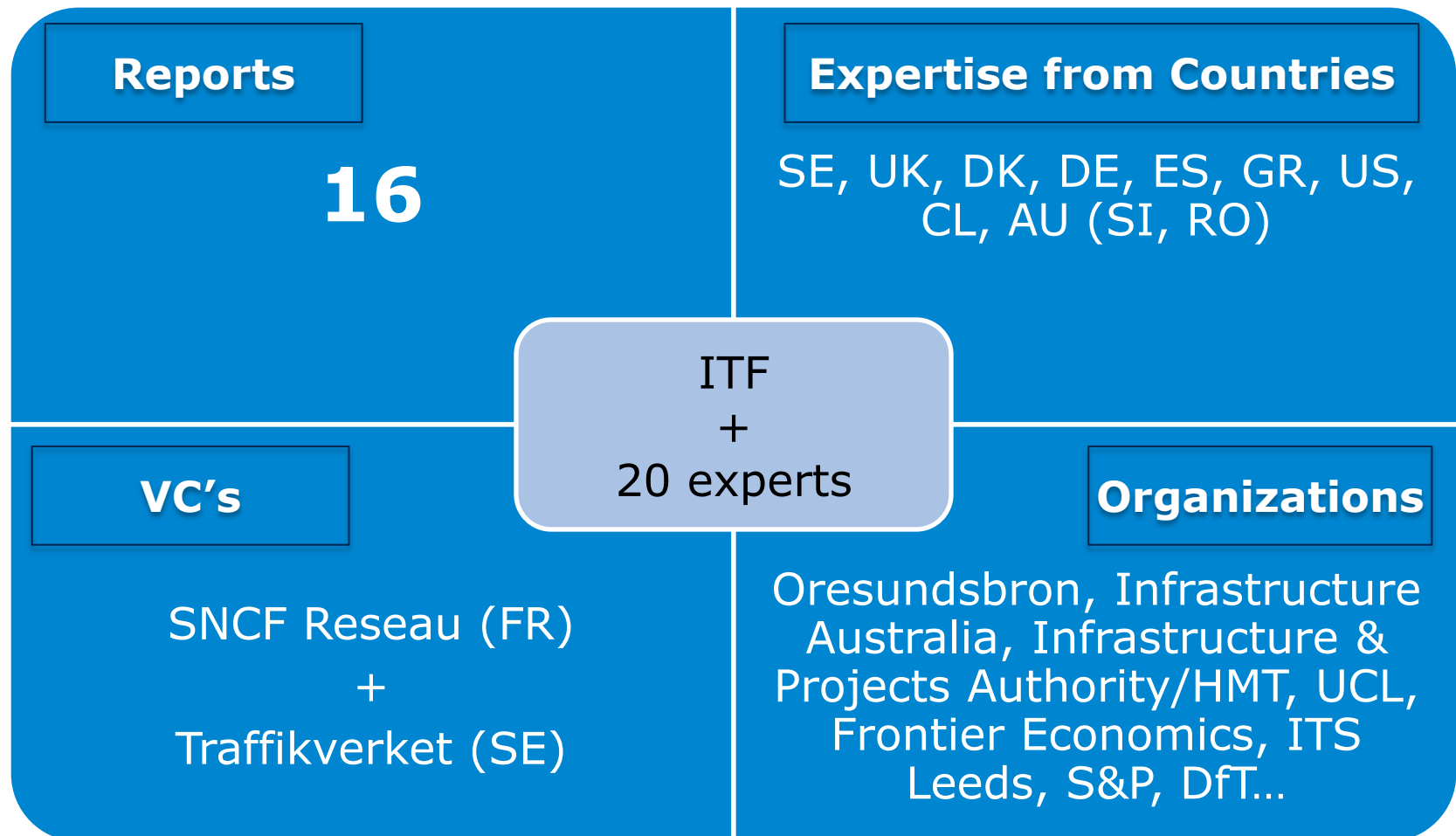
What if we place a very strict requirement (e.g. 100 % insurance) on an agent (contractor) with limited risk info?



LT contracts – which model where



Outputs (latest status)



Thank you!