



PROSPECTS FOR GLOBAL INFRASTRUCTURE DEVELOPMENT

EIC Autumn Conference

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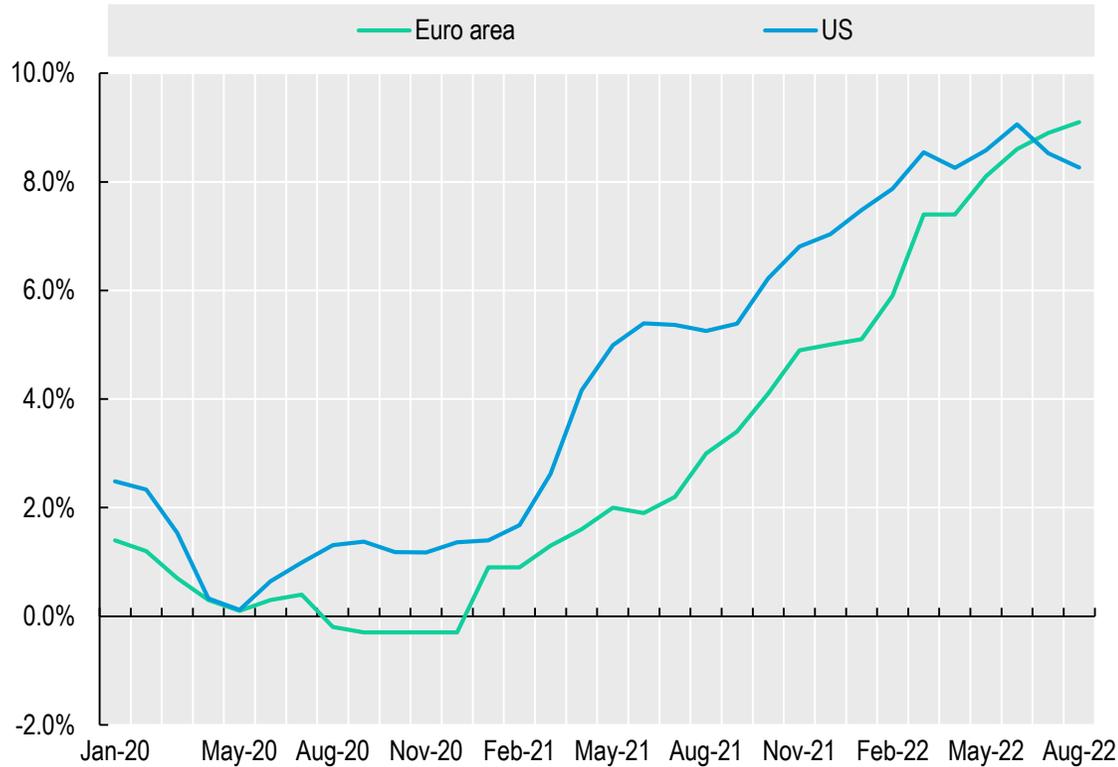
Overview

1. Current macroeconomic context and its impact on infrastructure financing
2. Infrastructure outlook and longer-term investment needs
3. Global responses and OECD work in the G20 context

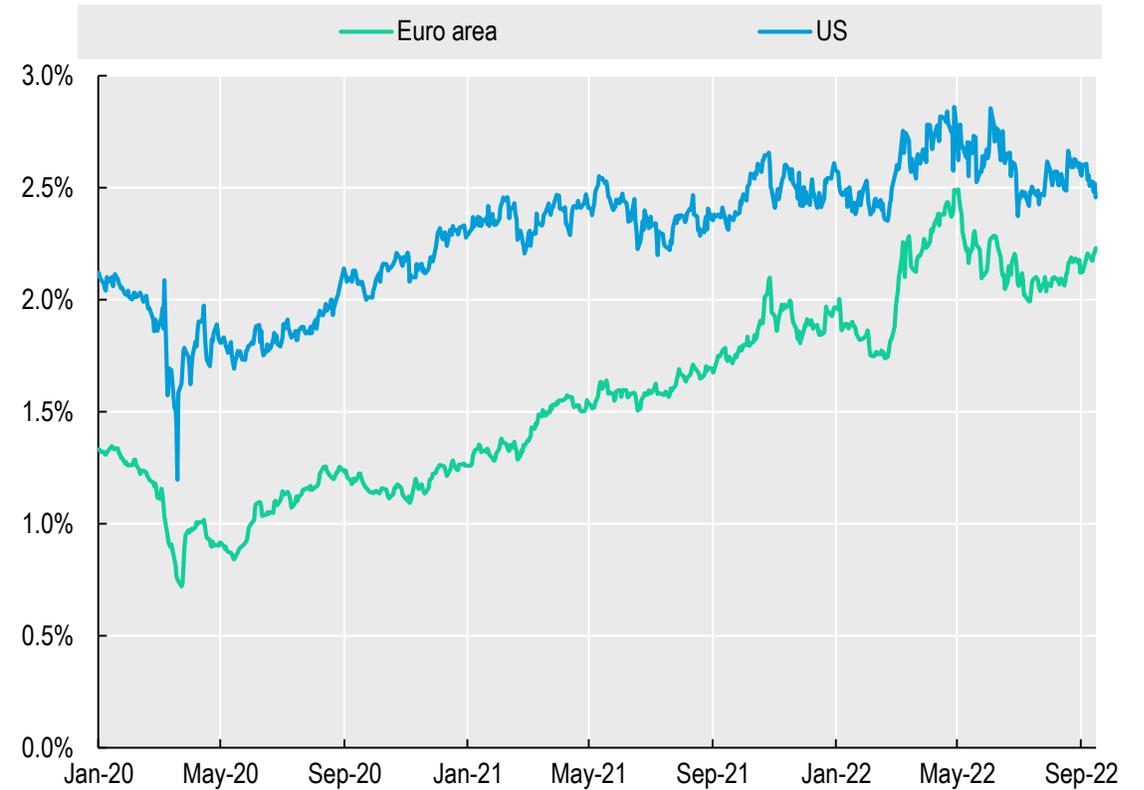


The pandemic and the war have caused substantial macroeconomic headwinds

Actual annual inflation



Market forward-looking inflation expectations

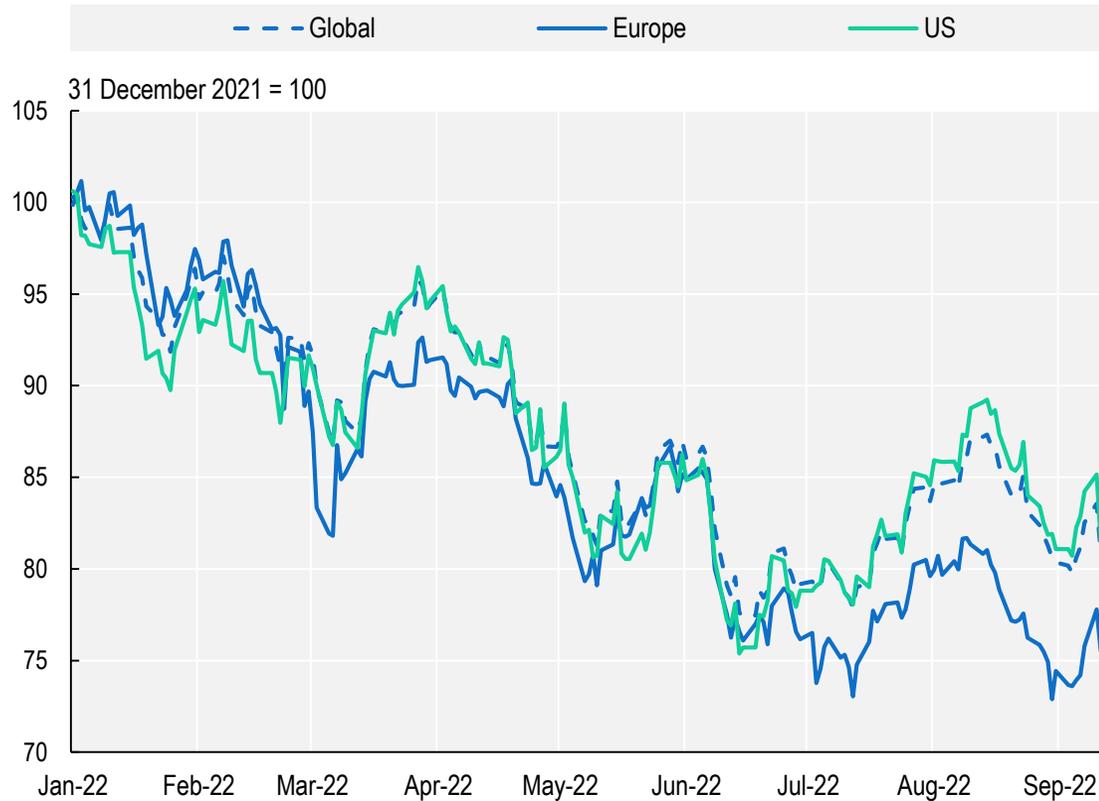


Note: Market inflation expectations based on 5 year by 5 year forward inflation linked swaps.
Source: Refinitiv.

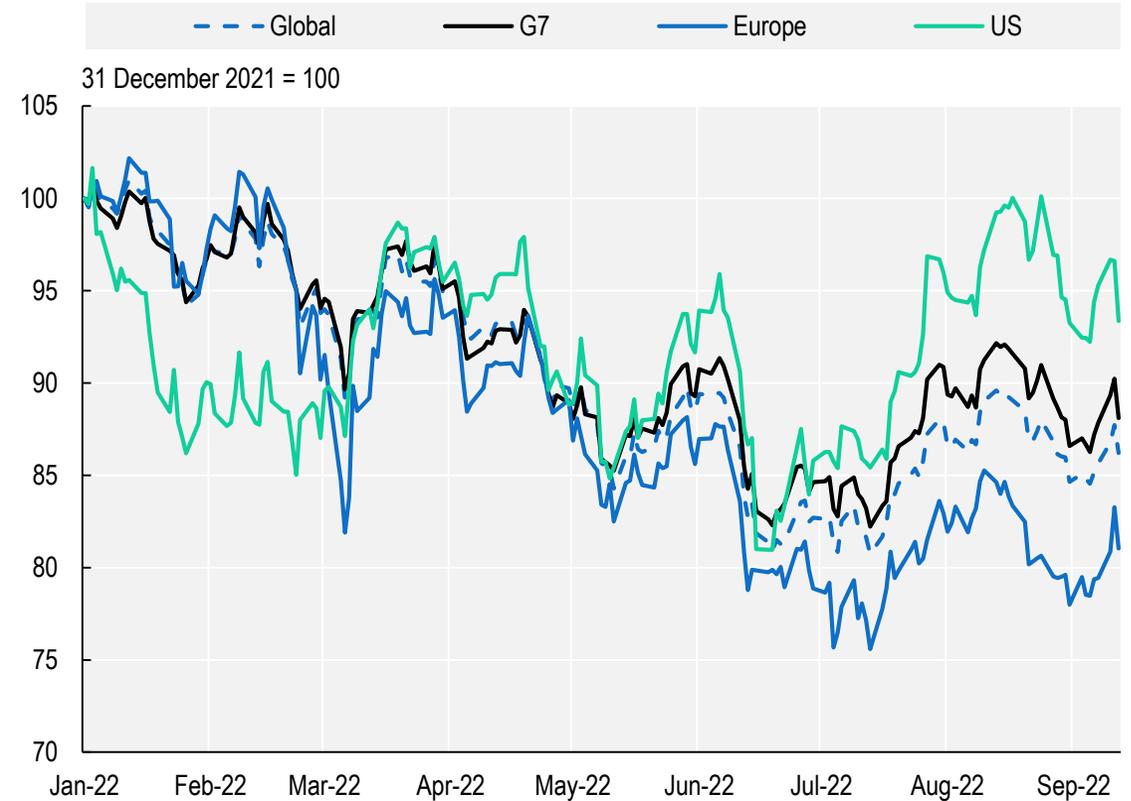


Infrastructure sectors have weathered the crisis better than the broader market

Broad Equity Index



Construction and Engineering Index



Note: Refinitiv indices.

Source: Refinitiv.



Addressing the infrastructure gap remains a key global priority

- OECD estimates an additional **USD 2.5 – 3.5 trillion in infrastructure investment** required each year



Private sector investment key to bridging the gap but currently not playing this role

- In recent years, public and private investment have seen a declining trend, affecting in particular social infrastructure.

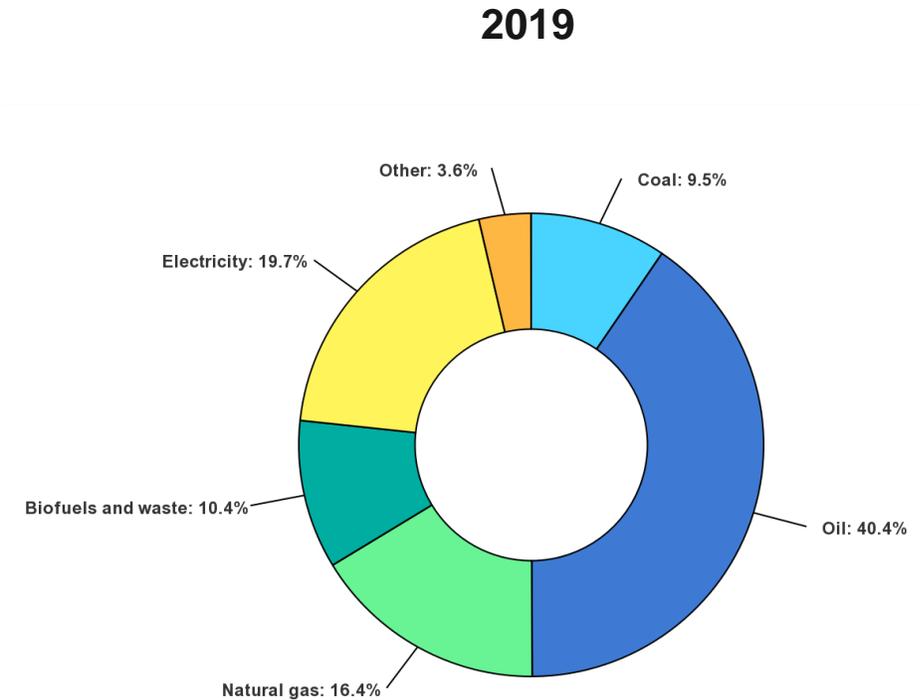
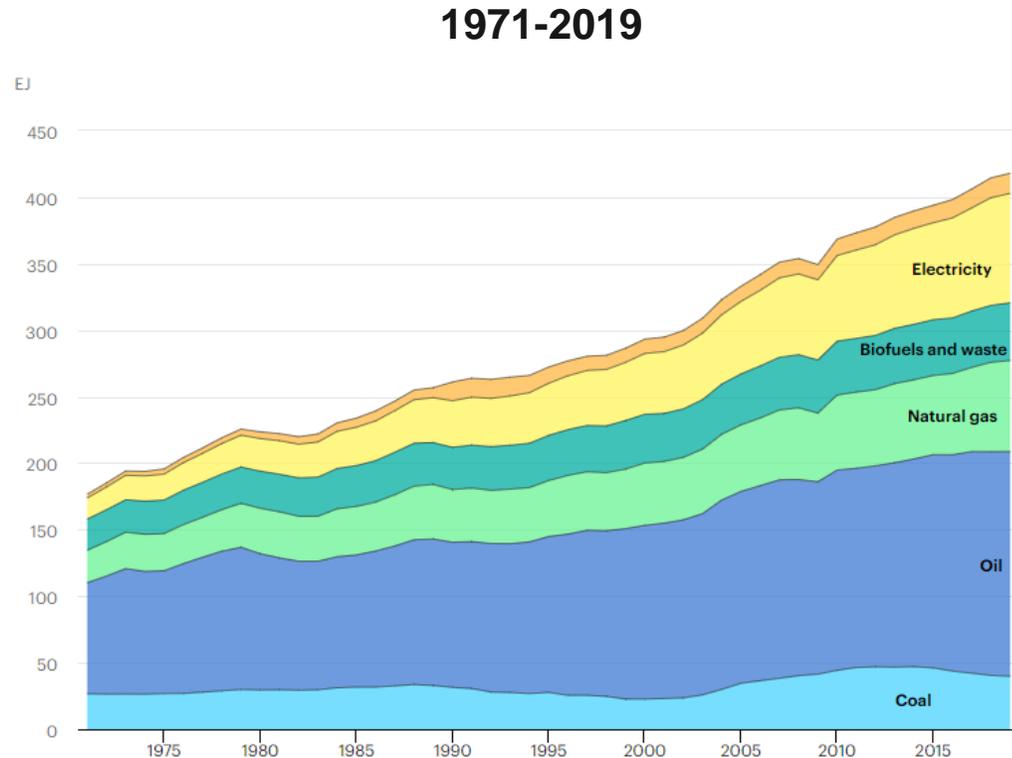


*As a result, the infrastructure investment gap is set to reach **USD 15 trillion by 2040***



Energy infrastructure will be a key sector going forward

World total final consumption by source (EJ)



- IEA: To reach net zero emissions by 2050, annual clean energy investment worldwide **will need to more than triple** by 2030 to around USD 4 trillion.



Governments have announced significant infrastructure spending plans in response to investment needs

US

- US to spend USD 1.2 trillion on "*the decade of infrastructure*".
 - President Biden landmark infrastructure spending bill, November 2021

UK

- UK's National Infrastructure and Construction Pipeline promises £650 billion over next decade
 - National Infrastructure and Construction Pipeline, 2021

EU

- European Commission's Green Deal aiming to secure a just transition to net zero by 2050
 - EU Green Deal, approved in 2020



Global ambitions to close the infrastructure investment gap

- A number of emerging international infrastructure initiatives seek to scale-up infrastructure investment by mobilising private and public investment grounded in shared values and international standards:
 - *Partnership for Global Infrastructure and Investment*
 - *EU Global Gateway*
 - *Clean Green Initiative*
 - *Indo Pacific Economic Framework*
- A common platform of shared international standards can limit duplication, promote alignment and reinforce the impact of these initiatives.



The Blue Dot Network: catalysing quality infrastructure

What is the aim of the Blue Dot Network?

- Provide a **trusted signal to investors, communities and other stakeholders** that a project is aligned with internationally-agreed standards of quality infrastructure investment and has addressed a number of key risks.
- The Blue Dot Network certification **operationalises quality infrastructure investment principles across all major infrastructure sectors and throughout the project life cycle** by certifying projects that are environmentally and socially sustainable, resilient, open and inclusive, transparent, fiscally sound, and economically efficient.

What are the benefits of the Blue Dot Network to contractors?

- Reduce the cost and burden of developing projects that meet the expectations of major financial institutions and other stakeholders through **streamlining and facilitating the implementation of existing widely-agreed standards**.
- **Establish a global level playing-field** by placing fair competition, open procurement, transparency and anti-corruption at the centre of project development.



A brief summary of OECD work in the G20 context

Definitional

National account based infrastructure data

Convergence of sustainable infrastructure

Agreed areas of ESG approaches and assessments

Data provision

Reflection on databases

Partnership

Governments, project managers, fund managers, data vendors

Data remains a major issue in the infrastructure sector - and better coordination and work is needed between stakeholders for sustainable infrastructure



Concluding remarks

Thank you for your attention!