

Global Agenda Council on Long-term Investing 2012-2014



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Understanding/Context

Many governments have started looking to institutional investors, such as pension funds and sovereign funds, to finance infrastructure. While some long-term investors have capital to invest in infrastructure (albeit not enough to meet demand), the available capital is often not invested for various structural reasons.

“Financially-oriented institutional investors – a primary focus of governments seeking capital – are constrained by their mandate to maximize risk-adjusted financial returns.”

The Global Agenda Council on Long-term Investing is focusing on identifying the key structural obstacles and the methods to address and overcome as many of them as possible.

Shaping the Agenda

Currently, the Council is focusing on overcoming the infrastructure finance gap between how institutional investors typically invest and the manner in which many governments would like it to be done. Financially-oriented institutional investors – a primary focus of governments seeking capital – are constrained by their mandate to maximize risk-adjusted financial returns. Moreover, institutional investors typically invest in existing assets in developed markets. In contrast, governments most often seek capital for yet-to-be-developed infrastructure in both developed and developing markets.

To help reduce the infrastructure-financing gap, the Council is developing a blueprint for policy-makers to create a framework that attracts capital for infrastructure. The

framework aims to provide policy-makers with an overview of who the long-term financial investors are and what attracts them to certain aspects of infrastructure investments. It will also highlight key policy and regulatory elements that drive or hinder the flow of capital towards infrastructure. Starting with the assumption that capital is scarce, the blueprint should enable government entities seeking to attract infrastructure capital to become more competitive, with a particular focus on equity capital while addressing debt financing as well.

Contact Information

Research Analyst: Ethan Huntington, Senior Associate, Global Agenda Councils, ethan.huntington@weforum.org

Council Manager: Irwin Mendelssohn, Associate Director, Head of Institutional Investors, irwin.mendelssohn@weforum.org

Forum Lead: Michael Drexler, Senior Director, Head of Investors Industries, michael.drexler@weforum.org