

Global System Initiative

Long-Term Investing, Infrastructure and Development

COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

The world needs to close its \$1 trillion annual infrastructure investment gap. **How?**

Overview

The World Economic Forum has aligned its activities to accelerate progress in tackling the most significant global challenges through sustained public-private collaboration.

The importance of infrastructure as a key driver of growth, competitiveness and social well-being is well established. Yet, a significant number of economically viable infrastructure investments are not moving forward.

Short political cycles, short-term investment horizons, a lack of viable financing structures, inappropriate risk assessment frameworks and a lack of long-term vision mean that much needed investment does not flow to infrastructure and development – causing a \$1 trillion annual shortfall towards a \$4 trillion demand in infrastructure alone.

Closing these gaps is paramount if the world is to stay on a path to inclusive economic growth and recovery. Enhanced participation from the private sector could do much to close this gap.

The **Global System Initiative on Long-Term Investing, Infrastructure and Development** aims to provide a more strategic dialogue that allows policy-makers to express their long-term vision for infrastructure and development, the benefits this would bring to society, and how to share those fairly with investors.

Get involved

Stakeholders engage by joining the Global System Core Community, and contributing leadership, insights, best-practice sharing and active engagement to the various projects linked to this Global System.

Interactions occur throughout the year, through physical events, virtual meetings and activities on the Forum's Global Agenda Platform. For business, participation in the Core Community requires engagement as a Global System Partner.

Members of the Core Community are eligible to be invited to join a group of Global Agenda Trustees, delivering strategic stewardship to the Global System Initiative activities and demonstrating global leadership to advance progress on the issue.

A unique global platform for action

To close the infrastructure financing gap, participants will:

- Build on the Forum's comprehensive knowledge repositories on the issue
- Collaborate with the world's foremost multilateral initiatives, including the Global Infrastructure Hub, the World Bank and EBRD
- Act as thought leaders in relevant areas such as blended finance and development of local capital markets
- Convene at Forum events to discuss constructive solutions that work for all stakeholders

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The World Economic Forum's initiative is the main catalyst to bring together the major driving forces of building strategic infrastructure.

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Gordon Brown, Chair, World Economic Forum Global Strategic Infrastructure Initiative; Prime Minister of the United Kingdom (2007-2010)



Taking the long view to build the future

Core projects

- **Regional/Country Infrastructure Acceleration**
Accelerates the implementation of key infrastructure projects at the country and regional level, working in close collaboration with policy-makers, private sector infrastructure companies, investors, financiers and multilateral agencies.
- **Redesigning Development Finance**
In collaboration with the OECD, brings together philanthropists, investors, multilateral agencies and government officials to design a new collaborative financing model that will catalyse investment in emerging and frontier markets. A major part of this initiative is the Sustainable Development Investment Partnership (SDIP).
- **Standardization and Risk Mitigation**
Addresses a key gap that currently prevents institutional investors from engaging more fully in the infrastructure space. While there are many risk mitigation tools available, investors either have limited awareness of find the tools hard to access. In addition, a lack of standards and benchmarks prevents infrastructure from reaching the desirable “asset class” status.
- **Accelerating the Development of Local Capital Markets**
Given the critical role that capital markets play in economic development and financing infrastructure, focuses on building a platform to advance public-private dialogue on how emerging economies can accelerate the process of developing local capital markets, which remain largely underdeveloped in the world’s fastest growing economies.
- **CEO Council on Transformational Projects**
Leverages the collective expertise of contractors/developers, investors, financiers, risk managers, academics and the public sector to develop innovative analysis and catalyze solutions that can help overcome well-known problems with megaprojects, as well as foster an environment where megaprojects can realize their full potential to positively transform markets, sectors, economies, and societies.

Key dates

June 2016		July 2016
<ul style="list-style-type: none"> • World Economic Forum on ASEAN (1-2 June, Kuala Lumpur, Malaysia) • CG/LA Infrastructure Forum (8-10 June, Buenos Aires, Argentina) • World Economic Forum on Latin America (16-17 June, Medellin, Colombia) 	<ul style="list-style-type: none"> • Annual Meeting of the New Champions (26-28 June, Tianjin, People’s Republic of China) • Risk Mitigation Roundtable (June 23, London) 	<ul style="list-style-type: none"> • Indonesia Business Working Group 2nd meeting (July 19, Jakarta Indonesia)

Making a difference in Indonesia

In April 2016, the Forum launched the Business Working Group Indonesia (BWG). Recognized and endorsed by the Indonesian government, the BWG serves as a platform for business leaders and key stakeholders to speak with a coordinated business voice, which can contribute to fostering an enabling environment for private sector participation in the financing of major infrastructure projects in Indonesia.

Ongoing and close collaboration with the private sector remains crucial to unlocking the capital necessary to bridge the enduring infrastructure financing gap. The Indonesian government has identified a substantial funding need for infrastructure investment of \$400 billion between 2015 and 2019, and it is estimated that some \$146 billion of this funding (37%) will need to come from the private sector. Through the BWG, the Forum is convening a multi-stakeholder group that can speak with a unified voice to help the Indonesian government focus on substantive issues of infrastructure financing and development to address ongoing bottlenecks.

Key Stakeholders Involved Include:

- Aeon Group
- Caisse de dépôt et placement du Québec
- Crescent Petroleum
- European Bank for Reconstruction and Development
- Global Infrastructure Hub (GIH)
- HSBC Holdings Plc
- International Organization of Securities Commissions (IOSCO)
- Organisation for Economic Co-operation and Development (OECD)
- Swiss Reinsurance Company
- McGraw Hill Financial
- Ministry of Finance and Public Credit of Colombia
- Ministry of Finance of Indonesia
- World Bank