CENTRE ON GREEN FINANCE AND INVESTMENT FORUM 2018

SESSION NOTE

Planning and Delivering Sustainable Infrastructure

14 November 2018- 09:45- 11:00

This panel will discuss the role of "project pipelines", a common concept in infrastructure planning and investment discussions. Project pipelines have become a key focal point in countries' efforts to implement their climate and development commitments, including the Nationally Determined Contributions and the broader Sustainable Development Goals. Meeting climate mitigation objectives requires the successful implementation of many new low-carbon infrastructure projects (constituting a pipeline of projects), delivered at the right time, providing the right level of service, and involving the right institutions.

The latest figures from the OECD Investing in Climate, Investing in Growth report (OECD, 2017) suggest that global annual investment of around USD 6.9 trillion over the period 2016 to 2030 may be necessary to put emissions on a pathway in line with a 2°C scenario; perhaps double current annual infrastructure volumes. Public finance cannot fill this gap alone. Instead, governments and public institutions need to find ways to scale up and mobilise private sources of capital, technologies and skills.

Investment currently falls short of what is needed not because of a lack of capital, but because there are not enough identifiable, investment-ready and bankable projects. As noted in recent OECD work, G20 countries' infrastructure project planning is characterised by a lack of detail and inadequate links to climate policy and the broader development goals. Crucially, this comes at a time when we need clarity on what and where project investments are needed, when they should be built, how to finance them, and if they are sufficient to meet long-term objectives. This information is essential if governments are to put forward robust infrastructure plans that align with their long-term climate objectives.

This panel highlights the role of better planning and government action to drive investment in "good" projects, while maintaining foresight to support "better" projects as ambition increases and preparation facilities to help bring projects to a bankable status. The panel brings together experts from public and private spheres to discuss these topics, and particular attention will be paid to the tools and steps that should be taken to encourage project developers and other equity providers to commit time, effort and funding to these projects.

The following questions frame discussions:

- What is holding back project developers and equity investment in sustainable infrastructure?
- How to ensure infrastructure planning processes prioritise and fast-track sustainable infrastructure projects over unsustainable alternatives?
- Discussion of the messages from recent OECD report "Developing Robust Project Pipelines for Low-Carbon Infrastructure" (see below)

Highlights: Developing Robust Project Pipelines for Low-Carbon Infrastructure

Governments and other public institutions are at the heart of policymaking. As such, they are central, essential actors in project pipeline development, although investors, financiers, project developers and other private sector actors are also important. Governments can greatly influence the development of project pipelines through, for instance, the numerous actions, policies and institutions at their disposal to: emphasise specific and upcoming investment opportunities in their countries; fast-track valuable projects; or support certain projects to overcome barriers to their development.

The purpose of the report Developing Robust Project Pipelines for Low-Carbon Infrastructure (oe.cd/project-pipelines) is to provide policy makers with a comprehensive examination of project pipelines. The report was structured around some basic but important guiding questions, including: What is meant by project pipelines? How can we characterise them? What concrete approaches and actions can governments and other public institutions take to develop project pipelines and mobilise private finance into these projects? This close look at pipelines suggests that they can only be as robust as the investment-ready and bankable projects that constitute them, as effective as institutions that deliver them, and as ambitious as the objectives to which they are linked.

Through a series of case studies, the report focuses on the concrete actions needed to develop low-carbon project pipelines. Among other key questions, it considers what constitutes good practice in infrastructure planning, what it means for governments to build robust project pipelines, and what is being done to strengthen them. The report highlights that while governments and public institutions are already taking actions to develop robust pipelines in a range of country settings, these actions nevertheless need to be strengthened significantly to meet long-term climate mitigation objectives.

Useful Links

- OECD (2018), Developing Robust Project Pipelines for Low-Carbon Infrastructure, OECD Publishing, Paris, https://doi.org/10.1787/9789264307827-en.
- OECD / The World Bank / UN Environment (2018), *Financing Climate Futures: Rethinking Infrastructure*, OECD Publishing, Paris, www.oecd.org/environment/cc/climate-futures
- OECD (2017), *Getting Infrastructure Right: A framework for better governance*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264272453-en.
- OECD (2017), *Investing in Climate, Investing in Growth*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264273528-en.
- Bielenberg, A. et al. (2016), *Financing change: How to mobilize private-sector financing for sustainable infrastructure*, McKinsey & Company, London, http://newclimateeconomy.report/workingpapers/wp-content/uploads/sites/5/2016/04/Financing_change_How_to_mobilize_private-sector_financing_for_sustainable-_infrastructure.pdf
- GCEC (2016), *The Sustainable Infrastructure Imperative: Financing for Better Growth and Development - The 2016 New Climate Economy Report*, Global Commission on the Economy and Climate, http://newclimateeconomy.report/2016/wp-content/uploads/sites/4/2014/08/NCE_2016Report.pdf
- Granoff et al. (2016), Nested barriers to low-carbon infrastructure investment, https://www.nature.com/articles/nclimate3142
- Group of 24 (G24) (2015), "Infrastructure Finance in the Developing World: Infrastructure Pipeline and Need for Robust Project Preparation", Kortekaas, Brendon, https://www.g24.org/wp-content/uploads/2016/05/MARGGK-WP04.pdf
- Mercer and Inter-American Development Bank (IDB) (2016), *Building a Bridge to Sustainable Infrastructure: Mapping the Global Initiatives*, http://dx.doi.org/10.18235/0000674.
- Nassiry, D., S. Nakhooda and S. Barnard (2016), *Finding the pipeline: Project preparation for sustainable infrastructure*, Overseas Development Institute, https://www.odi.org/sites/odi.org.uk/files/resource-documents/11075.pdf