



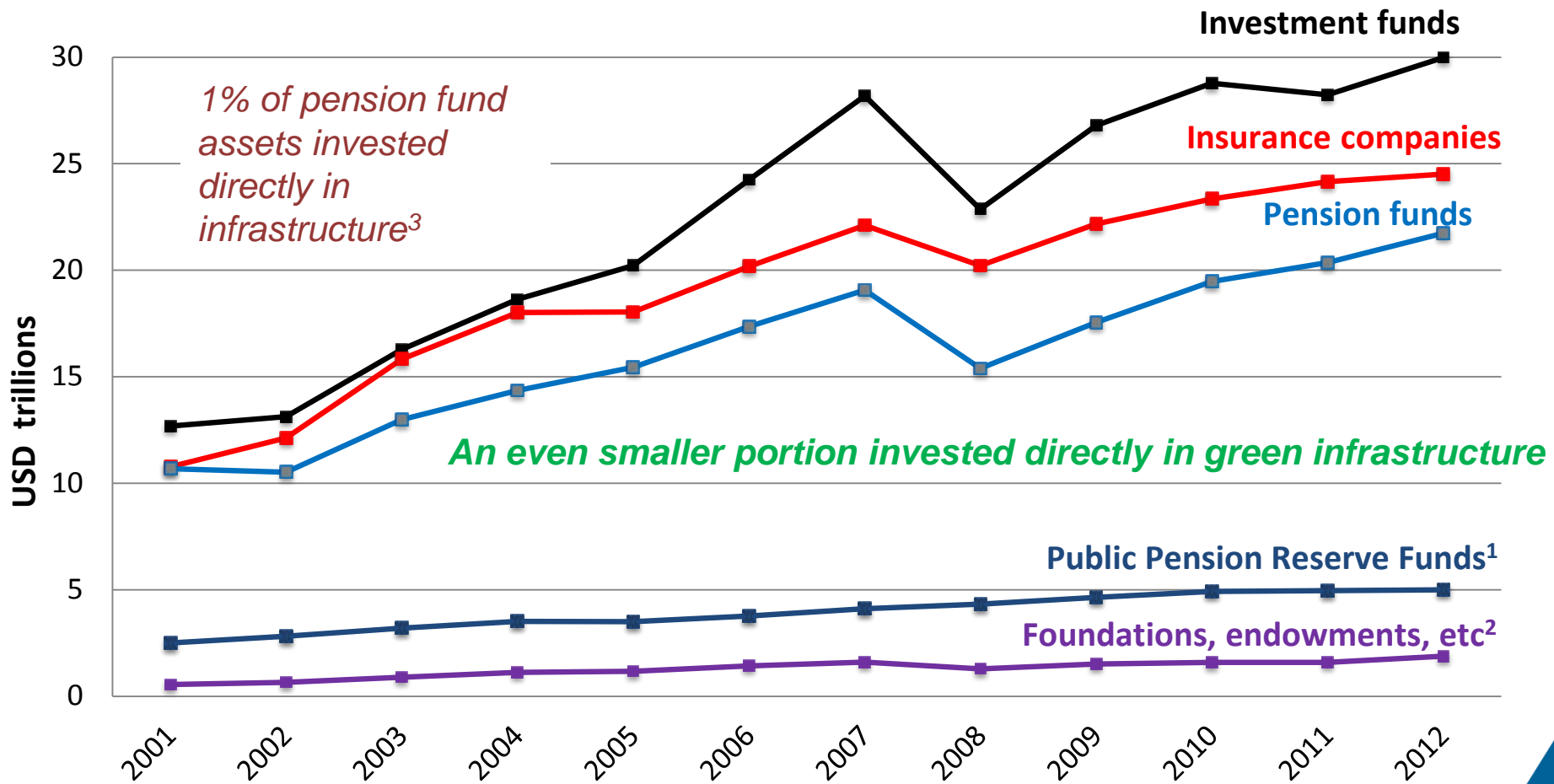
# GGSDF SESSION 2: HOW TO ATTRACT AFFORDABLE LONG-TERM FINANCE?

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# \$83 trillion in assets managed by institutional investors in the OECD (2012)



Note: Book reserves not included. Pension and insurance companies' assets include assets invested in mutual funds, which may be also counted in investment funds.

(1) Public Pension Reserve Funds (PPRFs) e.g. Government Pension Fund – Norway or United States' Social Security Trust Fund.

(2) Other forms of institutional savings include foundations and endowment funds, non-pension fund money managed by banks, private investment partnership and other forms of institutional investors.

(3) Source: OECD Large Pension Fund Survey (2013)

Source: OECD Global Pension Statistics, Global Insurance Statistics and Institutional Investors databases, and OECD estimates.



# What are the barriers to institutional investment in green infrastructure?

- **Weak, uncertain or counterproductive environmental, energy and climate policies**
- **Regulatory policies with unintended consequences**
- **A lack of suitable financial vehicles with attributes sought by institutional investors**
- **A shortage of objective information and data to assess transactions and underlying risks**



# Governments can take 7 actions to address investment barriers

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- **Ensure a stable and integrated policy environment**, which provides investors with clear and long-term incentives and predictability;
- **Address market failures (including a lack of carbon pricing).**
- **Provide a national infrastructure road map**
- **Facilitate the development of appropriate financing vehicles or de-risking instruments**
- **Reduce the transaction costs of green investment**
- **Promote public-private dialogue on green investments** with high level experts in private sector with energy, climate/environment, finance and infrastructure ministries
- **Promote market transparency and improve data on infrastructure investment**



Thank you!

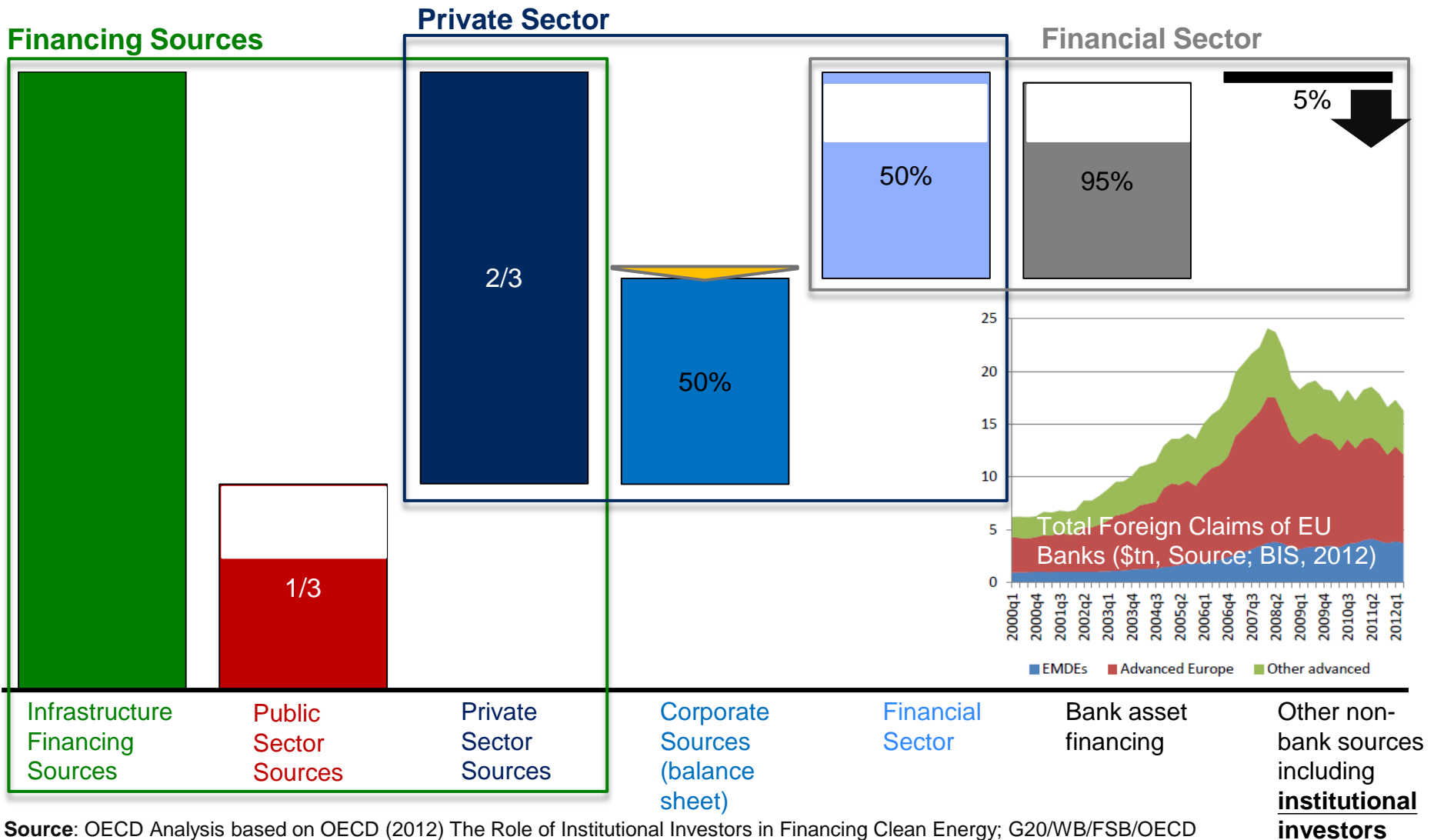
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<http://www.oecd.org/env/cc/financing.htm>

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# Landscape of investment financing sources for green infrastructure in OECD countries (illustrative example, varies by country)



**Source:** OECD Analysis based on OECD (2012) The Role of Institutional Investors in Financing Clean Energy; G20/WB/FSB/OECD (2012) European Bank Deleveraging and Global Credit Conditions; G20/OECD (2012) The Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development