

## INFRASTRUCTURE NEEDS TO 2030

Governments need to take new approaches to funding infrastructure projects, says OECD

Countries around the world need to take urgent action to tackle the many challenges facing infrastructure development over the next 25 years in order to sustain economic growth and social development, according to a new OECD report.

The report on global infrastructure needs to 2030 notes that a gap is opening up in OECD countries between the investment in infrastructure needed for the future and the capacity of the public sector to meet those needs.

The long-term trends that governments need to take account of include growing pressures on public finances as a result of population ageing, the demands of expanding international trade, the consequences of climate change, and rising expectations with respect to the quality of the environment. Concerns around reliability and security are also likely to loom larger in future, according to the report.

To address these issues, a range of innovative approaches will be needed, both to finding additional funding, and to using infrastructures more efficiently through new technologies, demand management strategies, regulatory changes and improved planning.

The new approaches to financing infrastructures could include public/private partnerships and greater recourse to pension funds and other large institutional investors.

The role of pricing is also set to become increasingly critical in all these infrastructure sectors, to combat congestion, better manage demand or raise the required funding for investments. Public sector infrastructures that today depend heavily on taxes and appropriations, for example in road transport, will need to place more reliance on other potential sources of funding, such as road tolls.

There is also likely to be greater demand for workable frameworks for strategic decision-making on infrastructure, which connect effective long-term planning with reliable, long-term sources of investment. And more widespread, intelligent deployment of new technologies will be called for, which make more effective use of existing infrastructure systems.

Finally, governments will have to step up international co-operation to improve the efficiency, reliability and security of flows of goods, services and information across trans-border infrastructures. If infrastructures are to continue to provide the underpinnings of sound and sustainable economic performance, then their planning, development and financing need to be seen and addressed in a long-term policy perspective.

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