SUSTAINABLE INFRASTRUCTURE POLICY INITIATIVE

Investment in sustainable infrastructure plays a crucial role for society and the economy. It makes an indispensable contribution to more inclusive economic, social and environmental conditions that can increase growth. Global policy actions are focused on both promoting higher levels of investment in infrastructure for sustainable growth and maximising its long-term benefits to society.

The need for action is urgent. OECD calculations show that an average of USD 6.9 trillion of investment in infrastructure will be required annually between 2016 and 2030 to support economic growth while meeting the Sustainable Development Goals (SDGs). The global economic cost of inadequate water supply and sanitation alone is estimated at USD 260 billion per year, and nearly one billion people worldwide still lack access to electricity. The delivery of sustainable infrastructure, however, faces major policy challenges and obstacles. This stems from inadequate national strategies and frameworks, ineffective governance, weak capacity, poor standardisation, limited transparency in processes and methodologies, and a lack of financing capabilities. This complex challenge requires a multi-disciplinary policy response.

A wealth of experience

The OECD has been working with governments to tackle the economic, social and governance challenges of a globalised economy for over 60 years. It is uniquely placed to help address the challenges of delivering sustainable infrastructure and to lead international policy work in this domain.

A multidisciplinary global platform for research, engagement, and action

The OECD has launched the Sustainable Infrastructure Policy Initiative to pilot the development of instruments, analysis and data related to sustainable infrastructure using expertise from 17 directorates and agencies across the organisation, and building on more than 100 OECD projects related to these issues. This work will provide all stakeholders with credible evidence-based guidance and support for implementing sustainable sub-national, national, and international infrastructure investment. The initiative will act as a global platform for exchange between policy makers and stakeholders.
The five pillars of the initiative

Evidence based research and data
- Dedicated reports and guidelines developed by OECD Directorates and bodies covering topics such as governance, infrastructure sectors (i.e. financial markets, transportation, energy, housing, digital), providing also geographic coverage at national, regional, and local levels, developed and developing countries
- Data collection including on financial performance, Environmental, Social and Governance (ESG) factors, and economic impacts consistent with the Infrastructure Data Initiative (IDI)
- New benchmarks and indicators for sustainable infrastructure performance measurement

Standard setting and guidance
- Integrated and multidisciplinary international good practices on implementing quality infrastructure investment building on the G20 Principles for Quality Infrastructure Investment
- Dedicated guidelines on specific issues such as women and infrastructure, asset recycling, and cost-benefit analysis
- A handbook on delivering sustainable infrastructure including policy guidance covering planning, financing and maintaining of infrastructure investments

Capacity building
- Assessment and implementation through infrastructure policy reviews of select OECD and non-OECD economies, and related technical assistance. Knowledge transfer, particularly related to new technologies and techniques that improve on efficiency and delivery of national programmes and projects is an important element of the Initiative. This makes sure that governments have the capacity to build strategies for sustainable infrastructure, while identifying gaps in implementation, taking into account development pathways, and individual country circumstance.

The five pillars of the initiative

- Evidence based research and data: Initiatives to mobilise data for sustainable infrastructure, financial and ESG performance benchmarking, research and analysis, and dedicated reports
- Standard setting and guidance: Integrated and multidisciplinary international good practices on implementing quality infrastructure investment, along with dedicated guidelines on specific issues such as women and infrastructure, asset recycling, and cost-benefit analysis
- Capacity building: Sustainable infrastructure policy reviews of select countries, policy technical assistance, ESG assessments, knowledge transfer
- Connecting the dots through key partners: A global network of more than 1,000 ministries and agencies, and over 3,000 contacts from the private sector, academia and other international organisations seeking to operationalise sustainable infrastructure policy tools
- Convening global policy makers: The OECD is the only international organisation with systematic reach across all branches of government
Convening power

The OECD is the only international organisation that can reach across all branches of government and institutions. Its policy research and advice is independent, evidence-based and reviewed by committees where members are drawn from governments. Its unrivalled convening power enables it to bring together ministers, senior policy makers and leaders in finance, industry and civil society from both OECD and non-OECD countries.

The Initiative will host a unique global policy forum to ensure effective co-ordination of OECD and international infrastructure work. This forum will also promote the alignment of global efforts such as those by the G20 and APEC.

Connecting the dots

This work is undertaken in close co-operation with all related OECD bodies and the governments and institutions they represent, bringing together a potential of more than 1 000 ministries and institutions, International Organisations, and stakeholders from the private sector, academia, and civil society. The OECD also works closely with other international fora, such as the G20, G7 and APEC, and engage with initiatives such as SOURCE, the multilateral project preparation platform. Targeted projects will be developed with key partners, including governments, the private sector, other international organisations and multilateral development banks to help operationalise quality infrastructure practices on the ground. Through its network of asset managers and asset owners, the OECD will strengthen the policy dialogue with the private sector to promote further private infrastructure investment.
A multi-dimensional approach and definition

Promoting sustainable and quality infrastructure investment requires an holistic approach so that infrastructure development can deliver the highest benefits at reasonable cost across project life-cycles. The OECD takes a comprehensive approach and definition of sustainable infrastructure that incorporates a multitude of interconnected subjects, including consideration of dimensions that go beyond physical and technological aspects. These include characteristics such as: usefulness, viability, openness, efficiency, stability, financial sustainability including contingent liabilities, integrity, governance, transparency, resilience, ESG dimensions, and relation to the SDGs.

Sustainable infrastructure investment demands a multi-dimensional approach

The OECD’s Sustainable Infrastructure Policy Initiative is fully aligned with initiatives taking place in other fora such as G7, G20, and APEC, notably:

- G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment (2016)
- G20 Principles for Quality Infrastructure Investment (2019)
- G20 2016 Leaders Declaration: Quality infrastructure investment aims to "ensure economic efficiency in view of life-cycle costs, safety, resilience against natural disaster, job creation, capacity building, and transfer of
expertise and know-how on mutually agreed terms and conditions, while addressing social and environmental impacts and aligning with economic and development strategies”

- APEC 2017 Leaders Declaration: “We reiterate the importance of quality infrastructure for sustainable economic growth and pledge to promote infrastructure in terms of both quantity and quality through adequate investment and strengthened public-private partnership”

- Roadmap for infrastructure as an asset class, endorsed by G20 Leaders 2018: Concerted action across several interconnected dimensions is thus required to deliver quality infrastructure. Quality infrastructure should also be affordable, accessible, inclusive and broadly beneficial while being tailored to individual country conditions and consistent with local laws and regulations

Opportunities for partners

Partners of the OECD’s Sustainable Infrastructure Policy Initiative will have a unique opportunity to take part in an international public-private platform that is delivering solutions for sustainable infrastructure development. The OECD is making its extensive expertise and networks accessible across a wide range of cutting-edge topics critical for responding to today’s infrastructure challenges. Partners can share their own insights with the international community of decision makers and regulators and contribute to the development of original research.

Potential partners include governments, private industries, philanthropies, funds, and other organisations looking to support sustainable infrastructure investment and maintain continuous momentum across governments at the international level.

Selected priority research topics

This non-exhaustive list includes examples of major work on governance, finance, environment, development as well as on technologies, inclusiveness, cities, policy assistance, sectoral expertise, and data.

**Good Governance Practices:** Developing a co-ordinated approach to infrastructure planning and delivery is key in order to strengthen infrastructure governance. Putting in place a robust governance framework for infrastructure development based on strong standards will be fundamental for countries across all levels of government and is a core objective of the updating of the OECD Framework for the Governance of Infrastructure. Further work could involve country reviews and targeted reviews of government practices and co-ordination of activities, along with a mapping of stakeholders, interactions and processes involved in project planning and preparation. Work specifically related to reviewing public procurement, PPPs, concession models, and delivery mechanisms are all key elements ensuring effective governance of infrastructure. The governance of critical infrastructure, including resilience to natural and man-made disasters, is also part of the OECD’s work on governance.

**IN PROGRESS**

- Indicators on the governance of infrastructure; updated OECD Framework for the governance of infrastructure; Governance of infrastructure forum

Get involved! We are calling on partners to join forces with us to focus on the transformative issues facing today’s society
**Finance**: Mobilisation of finance for sustainable infrastructure has been a key policy objective of governments as a way to sustain economic growth and to reach development objectives. The OECD, through the G20/OECD Task Force on Long-term Investment, has been leading the policy dialogue on institutional investor and capital markets participation in infrastructure investment, gathering statistics on investment levels, institutional investor preferences, and researching financial instruments (like equity, funds, project bonds, etc.), and risk mitigation instruments, helping to better describe sustainable infrastructure as an asset class. Financing work has important linkages to sustainability/quality elements of infrastructure, especially as investors apply long-term risk/return analysis frameworks. Policy guidance includes sharing effective approaches to the financing of infrastructure in OECD, G20, and APEC countries, and describing infrastructure as an asset class in order to facilitate investment.

**Innovative Environmental Solutions**: Many challenges exist in order to minimise adverse environmental impact of infrastructure. Increasingly, it is important to think about innovative approaches to environmental protection. For example, blending natural infrastructure with traditional built infrastructure can be a lever for achieving the SDGs while thinking about infrastructure systemically. Nature-based solutions can thus be viewed as a component to achieving the SDGs and for delivering high-quality infrastructure services. For example, managing watersheds that protect drinking water provide a high-quality service and ensure water security while also protecting habitat and carbon sequestration. This work would consider infrastructure systems, and the blending of traditional hard infrastructure with natural solutions in order to build resilience, while also protecting biodiversity.

**Enhancing Development Outcomes**: Developing further the evidence base necessary for effective policy decisions by donor governments and demonstrating to the private sector opportunities in infrastructure in developing countries could help to mobilise additional investment. This work would consider assessing blended finance funds and facilities with an infrastructure lens, in particular what are the blended finance instruments and policy settings necessary to deliver infrastructure in developing country settings. Ensuring that the most effective financing structure for infrastructure in developing countries are developed will require further evidence of cause and effect between blended finance instruments and sustainable infrastructure outcomes. Multi-dimensional country reviews through the OECD Development Centre are a means to further operationalise policy tools.

**Technology and Innovation in Infrastructure**: Key digital technologies such as IoT, AI, machine learning, and blockchain, amongst others, will have vast implications in infrastructure, both positive through efficiency gains and new business models, but also as a tech disruptor. These are critical issues for long-term investors to consider. Contributing to the work of the OECD Blockchain Policy Centre, a recent report on blockchain and infrastructure explores how emerging digital technologies are already impacting infrastructure systems.
Proposed future work would examine and identify key technologies with the potential to shape the infrastructure of the future, drawing from case studies of existing examples, and provide policy guidance on how to foster tech innovation that encourages long-term investment, and alignment with sustainability and quality initiatives.

**Blockchain technologies as a digital enabler for sustainable infrastructure**

**Inclusive Infrastructure**: Infrastructure plays a central role in sustainable development – such services and systems form the basis of human wellbeing. Yet how open and accessible is this infrastructure to its citizens? How can countries ensure that infrastructure is inclusive? Infrastructure investment can only reach its fullest potential by making sure that essential services reach underserved and vulnerable populations, persons with disabilities, and that it offers opportunities for women to participate fully in its benefits, while promoting safety. In many countries around the world, lack of access to energy, water, sanitation, transport and other infrastructure affects women most, hampering education, employment and other opportunities. This work would examine ways in which countries and investors can integrate a gender-sustainability perspective into infrastructure strategies, policies, and projects, including also a focus on vulnerable groups such as minorities, indigenous groups, and persons with disabilities.

**Closing the gender gap in infrastructure**

**Bridging Economic Divides**: Global cities with international reach are emerging as centres of wealth creation as the world economy becomes increasingly interconnected. Yet some regions and communities have been left behind. Quality infrastructure investment, particularly connectivity infrastructure, is needed in order to bridge the prosperity gap between global cities and outlying communities. Infrastructure services that provide access to greater economic opportunity, supporting local economic development and the well-being of communities are an essential ingredient to creating sustainable communities. This work would examine ways to catalyse long-term investments in sustainable communities, and to maximise economic impact of connectivity infrastructure.

**Infrastructure investment and the sub-national dimension**

**Policy Assistance**: Reviews of infrastructure investment policies, capacity building, and technical assistance are a key way to operationalise policy tools developed through the Initiative. Such reviews could provide a clear vision and operational guidelines on how to mobilise resources for sustainable infrastructure investment, across various stages of the infrastructure project lifecycle. For example, research and engagement with governments on addressing infrastructure challenges in fragile contexts and drawing the contours of policy research could be developed further. A recent example includes OECD assistance with the Suez Canal Economic Zone in developing investment frameworks, planning, governance, and mobilisation of finance.

**Regional development initiatives and country partnerships**

**Sectoral Expertise**: The International Transport Forum has developed a comprehensive programme of work spanning transport infrastructure planning, financing, and delivery. Future work could explore many topics, including increasing resilience of infrastructure plans through scenario-based forecasting and top-down approaches to planning, unlocking agglomeration benefits through integrated planning across sectors,
transport decarbonisation policy and options, and coordination of investment with fiscal and labour reforms. Another area of future work will build a transport infrastructure procurement decision support tool to optimise project outcomes, particularly with regards to contracting.

**Infrastructure Data:** The G20 Infrastructure Data Initiative (IDI), developed under the oversight of the G20 Infrastructure Working Group, aims to develop an appropriate framework for infrastructure data sharing, including data on ESG dimensions. Current work through the IDI focuses on ways to identify and to help federate existing sources of data by sharing common definitions and methodologies, providing a common portal to existing infrastructure data providers. International organisations including multilateral development banks, the OECD, and the GI Hub are leading the IDI, drawing also participation and expertise from the private sector and academia and support from governments. Further work would consider partnerships with private sector stakeholders on aggregating and sharing performance data on infrastructure investment.

**SELECTED PUBLICATIONS AND INITIATIVES**


OECD (2019), Sustainable connectivity: Closing the gender gap in infrastructure [https://doi.org/10.1787/6350ba66-en](https://doi.org/10.1787/6350ba66-en)


OECD Centre on Green Finance and Investment [www.oecd.org/cgfi](http://www.oecd.org/cgfi)

OECD Blockchain Policy Centre [www.oecd.org/daf/blockchain](http://www.oecd.org/daf/blockchain)

OECD Long-Term investment Project [www.oecd.org/finance/institutionalinvestorsandlong-terminvestment.htm](http://www.oecd.org/finance/institutionalinvestorsandlong-terminvestment.htm)
**Governance of the Initiative** – The initiative is guided by a Steering Group, composed of representatives of the core Committees and other bodies involved, as well as permanent delegations, to ensure substantive coherence and true horizontality of the work. A Bureau of the Steering Group has been established comprising representatives of bodies especially active in the areas covered by the project, as serviced by the following directorates: DAF, GOV, ENV, CFE and DEV (see below). The Steering Group is supported by the G20/OECD Task Force on Long-term Investment and the OECD Network of Senior Infrastructure and PPP Officials.

A Friends of Sustainable Infrastructure Group brings together Council members in an informal group allowing close and active link with Delegations.

A small, independent Expert Advisory Group made up of leading academics, practitioners in the field, and business and civil society leaders, may be established to provide key analytical input into the project, notably as regards the truly cross-cutting aspects of the work.

The project is coordinated by the Financial Markets Committee (CMF) and the Directorate for Financial and Enterprise Affairs (led by Greg Medcraft, Director), with close support from those Directorates represented in the Bureau of the Steering Group. The project leader is OECD Deputy Secretary General Masamichi Kono, and the project manager is André Laboul, OECD Coordinator for Infrastructure.

Most OECD directorates and agencies, along with their related committees and groups, are participating in the initiative:

- Centre for Entrepreneurship, SMEs, Regions and Cities (CFE)
- Centre for Tax Policy and Administration (CTP)
- Directorate for Employment, Labour and Social Affairs (ELS)
- Development Co-operation Directorate (DCD)
- Directorate for Financial and Enterprise Affairs (DAF)
- Public Governance and Territorial Development Directorate (GOV)
- International Transport Forum (ITF)
- Global Relations Secretariat (GRS)
- General Secretariat (SGE)
- Economics Department (ECO)
- Directorate for Education and Skills (EDU)
- Environment Directorate (ENV)
- International Energy Agency (IEA)
- Statistics and Data Directorate (SDD)
- Trade and Agriculture Directorate (TAD)
- Development Centre (DEV)
- Nuclear Energy Agency (NEA)

Contact us

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