

Seminar on
Quality Infrastructure Investment

AGENDA

12-13 September 2018
Tokyo, Japan



■ About the Ministry of Finance (MoF), Japanese Government

The Ministry of Finance is an organization that is responsible for managing public finance, preparing annual budgets, planning tax policy, and handling international finance issues. Within this mandate, it is in charge of the G20 cooperation on a finance-track, including the Infrastructure Working Group (IWG). The Ministry is actively promoting quality infrastructure in various international fora.

■ About the OECD

The OECD is a forum in which governments compare and exchange policy experiences, identify good practices in light of emerging challenges, and promote decisions and recommendations to produce better policies for better lives. The OECD's mission is to promote policies that improve economic and social well-being of people around the world.

■ About the OECD Long-term Investment Project

The increasingly short supply of long-term capital since the 2008 financial crisis has profound implications for growth and financial stability. Launched in 2012, this project aims to facilitate long-term investment by institutional investors such as pension funds, insurance companies, and sovereign wealth funds, addressing both potential regulatory obstacles and market failures.

■ About the World Bank Group

Established in 1944, the World Bank Group is a unique global partnership comprised of five institutions working for sustainable solutions that reduce poverty and build shared prosperity in more than 100 developing countries around the world. It provides financial support as well as technical assistance through policy advice, research, and analysis.

■ About the Tokyo Development Learning Center (TDLC) Program

The Tokyo Development Learning Center (TDLC) Program is a partnership of the Government of Japan and the Social, Urban, Rural and Resilience Global Practice (SURR) of the World Bank based in Tokyo, Japan. TDLC supports and facilitates strategic WBG and client country collaboration with select Japanese cities, agencies and partners for joint research, knowledge exchange, capacity building and other activities that develop opportunities to link Japanese and global expertise with specific project-level engagements in developing countries to maximize development impact. The program is global in reach and thematically focused on urban planning, urban service provision, urban management, social development, land management, territorial development, sustainable tourism, local economic development, competitiveness, and municipal finance. TDLC also serves as a vehicle for the dissemination of development knowledge and activities with the Japanese public sector, private sector and public.

■ About the Asian Development Bank Institute

Established in 1997, the Asian Development Bank Institute (ADBI) is the think tank of the Asian Development Bank (ADB). Its objective is to share knowledge and skills to reduce poverty and support long-term growth and competitiveness in developing Asia and the Pacific. The ADBI also provides fora for sharing development practices and country experiences in a wide range of research areas such as financial inclusion.

■ Contents and Agenda

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13:30 – 14:00	Registration
14:15 – 14:30	Ministry of Finance of Japan
14:30 – 16:00	<p>SESSION I: Highlighting significance of quality infrastructure investment and developing common understanding and good practices of such investment</p> <p>Quality infrastructure investment has become a priority at the G20, as well as in other global fora and international organisations. At the 2016 G20 Hangzhou summit, quality infrastructure investment was identified as key to ensuring economic efficiency in view of life-cycle costs, safety, resilience against natural disasters, job creation, capacity building, and transfer of expertise and know-how on mutually agreed terms and conditions. It is also essential for addressing social and environmental impacts and aligning with economic and development strategies.</p> <p>There are emerging challenges facing quality infrastructure investment as well. With the increasing need to maximise development impacts of quality infrastructure investment to support strong, sustainable, and inclusive growth, elements that configure quality infrastructure investment need to be elaborated. Quality infrastructure is expected to create virtuous cycles for economic growth by mutually-enhancing different economic channels, both on supply and demand sides.</p> <p>In addition to the above-mentioned key attributes, quality infrastructure also needs to be open to local residents and other users, so that positive impact of infrastructure will extend to the local economy. Openness of procurement processes is important as well. Further, quality infrastructure investment must take into consideration debt sustainability concerns.</p> <p>Working towards describing good practices regarding quality infrastructure investment is important to policymakers, presenting a unique opportunity to invest in the infrastructure needed to support growth, while addressing risks, challenges, and maximising social benefits.</p> <p>Moderator: Mr. Masamichi Kono, Deputy Secretary General, OECD</p> <p>Lead discussants:</p> <ul style="list-style-type: none"> • Ms. Haruko Kamei, Senior Director, South Asia Division 3, South Asia Department, Japanese International Cooperation Agency (JICA) • Mr. André Laboul, Special Advisor to the OECD G20 Sherpa and Senior Counsellor, Directorate for Financial and Enterprise Affairs, OECD • Ms. Lotte Schou-Zibell, Director, Capital Markets, Asian Development Bank • Mr. Jordan Schwartz, Director Infrastructure, PPPs and Guarantees, World Bank Group • Mr. Yoshiki Takeuchi, Director-General of the International Bureau, Ministry of Finance of Japan
16:00 – 16:30	Coffee break

16:30 – 17:45	<p>SESSION II: Data collection and benchmarks for quality infrastructure investment</p> <p>To facilitate a common understanding of quality standards for infrastructure, the elements of quality infrastructure, to the extent possible, need to be measured through appropriate indicators. This could require not only financial data, but also elements of sustainability (such as environmental, social and governance) to allow benchmarking and comparison of quality dimensions. In this context, existing initiatives as well as the Infrastructure Data Initiative are aiming to support investors in identifying quality infrastructure investment opportunities, seeking also to enhance the mobilisation of private financing for quality infrastructure by reducing information asymmetries. Improved data availability will also support governments and MDBs in their ambitions of providing quality infrastructure as well as to set the right quality priorities and objectives.</p> <p>Efforts are needed to identify existing methodologies to develop appropriate ESG-related performance indicators for infrastructure, while also identifying gaps in data and information that could further support the creation of benchmarks and performance measurement criteria for quality infrastructure investment. In this regard, the Infrastructure Data Initiative is addressing the issue of establishing infrastructure as an asset class through data collection and improving the availability of infrastructure investment data and aims to create a centralised and publicly available repository on historical long-term data on infrastructure at an asset level.</p> <p>Moderator: Mr. Raffaele Della Croce, Lead Manager, Long-term Investment Project, Financial Affairs Division, Directorate for Financial and Enterprise Affairs, OECD</p> <p>Lead discussants:</p> <ul style="list-style-type: none"> • Mr. Carl Chastenay, Senior Syndications Officer, Co-Investor Solutions Unit, International Financial Corporation (IFC) • Mr. Mark Moseley, Chief Operating Officer, Global Infrastructure Hub • Ms. Katharina Schneider-Roos, CEO, Global Infrastructure Basel • Ms. Tomoko Takagi, Executive Officer, CSR Design Green Investment Advisory • Mr. Eugene Zhuchenko, Executive Director, Long-term Infrastructure Investors' Association
17:45 – 18:00	<ul style="list-style-type: none"> • Mr. Christopher Legg, Chief Adviser, Macroeconomic Group, Australian Treasury • Mr. Marco Rocha, Coordinator-General for International Financial Affairs, Ministry of Finance of Brazil
18:00 – 19:30	Cocktail event

08:30 – 09:00	Registration
09:00 – 09:15	Mr. Joaquim Vieira Ferreira Levy , Managing Director and World Bank Group Chief Financial Officer, World Bank Group
09:15 – 10:45	<p>SESSION III: Effective approaches to financing quality infrastructure investment and mobilising resources</p> <p>Quality infrastructure investment that emphasises long-term value creation, cost efficiency, effective risk mitigation and allocation, and that takes into account the entire life cycle of the infrastructure, from construction to operation to maintenance phases can create long-term investment opportunities. Such infrastructure could involve a closer link between sustainability and design of infrastructure assets and services with financial markets, and risk mitigation techniques in order to create long-term investment opportunities that are attractive to private investors, yet are funded based on models that are sustainable. Examples of financing models, financing instruments, and risk mitigation will be part of this session.</p> <p>Endorsed by the G20 in September 2016, the G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs provides key policy and regulatory guidance on mobilising private investment in infrastructure. The selected voluntary policy recommendations seek to assist governments in tackling key challenges linked to mobilising private financing for infrastructure and SMEs, in particular from institutional investors and capital markets and, diversifying financial instruments. The use of risk mitigation techniques and various funding models for infrastructure are also important parts of the recommendations.</p> <p>Moderator: Mr. Greg Medcraft, Director, Directorate for Financial and Enterprise Affairs, OECD</p> <p>Lead discussants:</p> <ul style="list-style-type: none"> • Ms. Teiko Kudo, Managing Executive Officer and Deputy Head of Wholesale Banking and Financial Solution Units, Sumitomo Mitsui Banking Corporation • Mr. Kumar V Pratap, Head of the Indian Delegation at G20 Infrastructure Working Group, Department of Economic Affairs, Ministry of Finance • Mr. Fumio Suzuki, Director General, New Energy and Power Finance Department II, Japan Bank for International Cooperation (JBIC) • Mr. Naoyuki Yoshino, Dean, Asian Development Bank Institute (ADBI)
10:45 – 11:15	Coffee break

11:15 – 12:30	<p>SESSION IV: Effective governance for quality infrastructure</p> <p>Analysis from multilateral development banks and governments reveals that better development outcomes from investment requires strong governance of public investment throughout its life-cycle; and that the quality of public investment management is linked to growth outcomes. Conversely, poor public-sector capacity in the infrastructure space is a major reason why projects fail to meet their time and delivery objectives, or attract external financing. The answer to this challenge is a strengthening of the entire governance architecture for investment in order to deliver the right strategic infrastructure on time, within budget, and in a manner that commands the confidence of the market and civil society.</p> <p>This session will address the main barriers to good governance of infrastructure and steps that governments have taken to bring transparency, openness, accountability, and public confidence into their investment programs. Issues in relation to debt sustainability and financial integrity (e.g., anti-corruption) could be also discussed in this context.</p> <p>Moderator: Ms. Deborah Wetzel, Senior Director, Governance Global Practice World Bank Group</p> <p>Lead discussants:</p> <ul style="list-style-type: none"> • Mr. Andrew Davies, Senior Counsellor, Governance Directorate, OECD • Mr. Sergio Forte Gomez, Deputy CEO of Infrastructure Promotion, BANOBRAS • Mr. Michel Masson, CEO, Infrastructure Victoria
12:30 - 13:30	Lunch
13:30 - 14:45	<p>SESSION V: Environmental and social aspects in infrastructure investment</p> <p>Quality infrastructure investment is vital to the achievement of the Sustainable Development Goals, including the transformational changes required to limit climate risks in line with the Paris Agreement, ensure water and food security and safeguard terrestrial and marine biodiversity and ecosystem services, while enhancing societal and economic productivity and resilience. Such infrastructures are designed to minimise – and in some cases will need to eliminate - pollution and degradation of the environment while also enhancing resilience to disasters and extreme events.</p> <p>Because many infrastructure assets are long-lived, design that takes into account the pathways needed to achieve sustainable development and the potential for nature-based solutions can reduce future costs and risks. Regarding social wellbeing, infrastructures that have a strong positive impact on productivity, while not jeopardising the environmental preconditions of future wellbeing, will help build resilient and sustainable societies, providing prosperity and reducing economic inequality and poverty.</p> <p>Moderator: Ms. Karin Shepardson, Lead Environmental Specialist, World Bank Group</p> <p>Lead discussants:</p> <ul style="list-style-type: none"> • Mr. Simon Buckle, Head of Division, Climate Change, Biodiversity and Water, Environment Directorate, OECD • Mr. Hisamitsu Iida, Manager, Investment and Loan Department, Sompo Japan Nipponkoa Insurance Inc. • Ms. Julia Prescott, Chief Strategy Officer, Meridiam Infrastructure • Ms. Cristina Tébar Less, Head, Responsible Business Conduct Unit, Investment Division, Directorate for Financial and Enterprise Affairs, OECD • Pr. Charles Vörösmarty, Presidential Professor, the City College of New York

<p>14:45 – 16:00</p>	<p>SESSION VI: Project preparation, planning and procurement – practices to support resilient and sustainable infrastructure investment</p> <p>The lack of government capacity to prepare, structure and procure infrastructure projects results in insufficient investment and lower development outcomes from those investments that are made. Commercial banks, institutional investors, project companies, MDBs and international organizations, when surveyed, universally describe the “lack of well-prepared projects” as a primary bottleneck to investment in infrastructure. In the wake of this recognition, MDBs and G20 member countries have built a variety of facilities with financial and human resources devoted to the design, preparation and structuring of commercially viable and sustainable infrastructure projects and programs.</p> <p>One of the acknowledged examples is the procurement reform at the World Bank Group agreed in 2016. For instance, under the new procurement framework, there are four key innovations to help businesses and country clients: (i) The needs and risks of a project are analysed through a Project Procurement Strategy for Development (PPSD); (ii) Value for Money has been introduced as a core procurement principle in all procurements financed by the World Bank; (iii) The approach to resolving procurement-related complaints has been significantly improved with capacity to promptly respond to any concerns during the procurement process; and (iv) More involvement in contract management of procurements with high value and high risk to ensure the best possible outcomes and that problems are resolved quickly.</p> <p>MDBs and governments may consider efforts for incorporating similar approaches in their procurement framework.</p> <p>This session will explore which steps have been taken to expand the capacity of governments to bring well-prepared infrastructure projects to market, and what more can be further done in this arena.</p> <p>Moderator: Ms. Fatouma Toure Ibrahima, Operations Adviser, World Bank Singapore and Program Manager, Quality Infrastructure Investment, World Bank Group</p> <p>Lead discussants:</p> <ul style="list-style-type: none"> • Ms. Sally Belfield, Acting Deputy Director, International Institutions and Policy, HM Treasury • Ms. Towfiqua Hoque, Lead Infrastructure Finance Specialist, Global Infrastructure Facility, World Bank Group • Mr. Tulus Hutagalung, Deputy Minister for Transportation, Coordinating Ministry for Economic Affairs, Government of Indonesia • Mr. Matthew Jordan-Tank, Head of Unit, Infrastructure Policy, Infrastructure Business Group, European Bank for Reconstruction and Development (EBRD) • Mr. Adam Schwartzman, Global Manager, Upstream Infrastructure and Natural Resources, International Finance Corporation (IFC)
<p>16:00 - 16:30</p>	<p>Coffee break</p>

16:30 - 17:45	<p>SESSION VII: Technology and innovation in support of quality investment in infrastructure</p> <p>Embracing technologies that enable new ways of improving infrastructure performance is a key aspect of supporting quality investment in infrastructure. In this regard, a number of digital innovations are emerging in the infrastructure space offering the potential to transform how physical systems operate by making infrastructure more connected, intelligent, and efficient. It is not difficult to imagine the many ways that technology can enhance the performance of infrastructure, in areas such as design, construction, operation and maintenance.</p> <p>Knowledge transfer is another important aspect in discussing technology in support of quality infrastructure investment. Developing infrastructure projects that provide opportunities for recipient countries to learn technologies, expertise and knowhow from multilateral/bilateral donors on the ground is an opportunity to be seized upon. This aspect of quality infrastructure investment would help realize long-term impacts on growth and development of recipient countries.</p> <p>Moderator: Mr. Joel Paula, Economist, Long-term Investment Project, Financial Affairs Division, Directorate for Financial and Enterprise Affairs, OECD</p> <p>Lead discussants:</p> <ul style="list-style-type: none"> • Mr. Shinya Kukita, Chief Engineer, Global Business Unit, NEC Corporation • Mr. Greg Medcraft, Director, Directorate for Financial and Enterprise Affairs, OECD • Mr. Takashi Okura, Senior Manager, International Policy Division, International Affairs & Public Policy Department Government & External Relations Group, Hitachi Ltd. • Mr. Peter Wiedmann, Blockchain Institute, Deloitte Consulting
17:45 - 18:00	<p>Mr. Masamichi Kono, Deputy Secretary General, OECD</p>