



## Infrastructure in the time of coronavirus

We are living through unprecedented times where a global pandemic is severely affecting a globalized economy already weakening after 10 years of uninterrupted expansion. The impact can be expected to be severe on all economic players, including on Infrastructure investors.

While it's still very early to assess the final damage and lasting consequences in terms of sectoral trends and users' behaviour, let us still make a few assumptions:

Though the coronavirus crisis is impacting negatively current infra spending – by impacting supply & demand – it may be an altogether different story over the next few months & years. In previous crises, extra public infra spending to stimulate the economy had been consistently resorted to, in several jurisdictions, plans are already being thought of. Combined with an ever-lower interest rate environment due to more accommodating monetary policies which may further depress returns on more conventional financial assets, this should push institutional investors to look to increase their real assets allocation to infrastructure.

On a more qualitative side, one can expect:

- A severe hit for transportation infra (airports or ports, in particular) combined with increased demand for the broader Telecoms sector: 5G-enabled, digital infra-based remote or telework technology (collaborative tools, electronic technology solutions, video conferencing...) as it not only limits such human interaction risks but also alleviates the pressure on physical transport infra and corresponding CO2 emissions. Telework, at least in services, might follow on the tracks of online selling in gradually relegating “brick and mortar” offices to second-best option...
- Further expansion of contactless infratech combined with facial recognition, to limit physical or close proximity human interaction whether in ticketing, payment, gatekeeping or passport control...
- And, of course, social infrastructure like health facilities, which suffered globally from chronic underinvestment in most countries, both public and private, since the last global financial crisis, will have to be thoroughly reassessed in light of this public health emergency.

Overall, this unprecedented crisis may also be a good opportunity to take a wider interpretation of the Environment Dimension in Sustainable Infrastructure): it's not just about the climate, or bio-diversity, just like governance is not limited to corruption or gender-diversity: sustainable infrastructure also has to take into account the pandemic or health-scare risks, when being designed, assessed, financially structured and priced...

# LTIIA-organized or co-sponsored Events

## Recently convened

LTIIA's scheduled event participation has been upended by the coronavirus crisis, as could be expected. Among the events which we took part in over the last 3 months are the following:

[30 Jan 2020: International Private Equity Market \(IPEM\) - Cannes, France](#)

LTIIA, along with several of its members, participated in the special Infrastructure Summit (by invitation only) for fund managers and investors.

[10 February 2020: OECD Dialogue with Asset Managers & Institutional Investors on Private investment in Infrastructure - OECD HQ, Paris, France](#)

This meeting, organized by the G20/OECD Task Force on Long-Term Investment, took place in a sequence of similar consultations by OECD or the G20-IWG (Infra Working Group). It was predicated on the assumption that Institutional Investors & Asset managers are well placed to provide insights into sustainable infra investment, including at the policy & regulatory levels & across economies. The aim was to identify obstacles & solutions to developing infrastructure asset class, promoting sustainable infrastructure and increasing the participation of institutional investors in financing infrastructure by giving the opportunity to representative investors, and professional associations like LTIIA to voice their issues & concerns with policy makers.

Four themes were addressed: Implementing G20 Roadmap: "Infra as asset class", Emerging markets (EM), Infra Data Initiative & Technology impact.

OECD should release a draft report on this theme in the coming weeks.

## Upcoming Events

[14-15 May 2020: European Infrastructure & Renewables Finance Exchange 2020 \(video-transmitted discussions only; physical meeting now rescheduled to 1-2 Oct 2020 in Lisbon\)](#)

This event will cover all the current issues investors in Europe are talking about including digital infrastructure growth, continued commodification of Europe's renewables market and a diversifying LP-investor base-seeking ESG and sustainability-driven strategies.



[27 May 2020 \(date to be rescheduled\): PWC-LTIIA Joint Forum on Infrastructure Funds, Investment Trends & Challenges - Luxembourg](#)

LTIIA, together with PWC Luxembourg, is organizing a Forum (by invitation only) on the latest trends & challenges in the field of infrastructure funds. The Forum will draw on insights & experience-sharing from LTIIA members (general & limited partners) as well as on PWC's Infrastructure practice in Luxembourg and their track record of delivering advisory services to many European infrastructure funds.

[18 June 2020 \(Rescheduled\): Joint LTIIA-Marsh JLT event – Paris, France](#)

This jointly-organized seminar will focus on "Managing Infrastructure Project Risks in Emerging Markets: How to Protect Your Investment and Personnel" detailing available insurance coverage solutions.

[16-17 June 2020: The Global Infrastructure Dialogue 2020 – Frankfurt, Germany](#)

Forum for senior representatives of the infrastructure industry to get together in a series of interactive sessions, 1:1 meetings and fireside chats to discuss the latest trends in infrastructure. Among the topics to be covered: latest investment strategies, Global & European Infrastructure trends as well as insights from developers that secured funding for mature and emerging market projects.



[12-15 October 2020 \(Rescheduled\) Infrastructure Investor Global Summit – Berlin, Germany](#)

With seven specialist forums covering everything from ESG to debt, multiple forums, private meeting spaces, public networking, seminars and streams all taking place under one roof, the Summit is an opportunity to gain valuable connections with the entire global infrastructure industry. This year again, LTIIA will be among the institutional sponsors and will be intervening as panel moderator and have a customized exhibition stand.

## Current Workstreams

LTIIA is leading or participating in the following methodological working groups, set-up with the intent to table proposals and participate in consultations with public decision-makers at regional (EU) or global levels.

[Paris Europlace/ Financing For Tomorrow Task Forces for:](#)

- EU Green Deal and Taxonomy with a view to incorporate in a "transition" approach & operationalize it for large financial establishments,
- Financing for Development (LTIIA = Lead) to produce a position paper by summer and expertise on the financing of transition developing countries.

[D20-LTIC: LTIIA to lead the work on "InfraTech"](#)

LTIIA is a member of the D20/Long-Term Investment Club comprising of major public financial institutions and institutional investors mainly from G20 countries. LTIC's overall work programme for 2020 includes a new working group on "InfraTech" to be led by LTIIA with a view to support the official G20-IWG agenda.

## Internal

### ESG Handbook:

LTIIA's working group on ESG is now in full drafting mode, piecing together and consolidating the inputs and concrete illustrations contributed by our members, with the aim to produce a ready-to-circulate version by June 2020. The intent remains to promote among our membership and beyond, a shift in addressing ESG issues from process-driven to outcome-driven as well as a more pro-active approach of engaging with the broader community.

### Working themes 2020:

A survey was sent to our members in late January 2020 to identify the main themes LTIIA should be working on this year. Responses showed a strong emphasis on ESG-related issues (all but 2 of the respondents intend to go beyond ESG and track dimensions like contribution/alignment to SDGs). Corresponding expectations in terms of LTIIA webinars/guidance focus on ESG & Sustainability, then impact of Infratech (Digitalization, automation, Blockchain...), followed by Impact investment, reviving PPPs... There is a consensus about LTIIA's potential role in drafting a narrative around private sector participation benefits for better institutional communication. And, all but one of responding members is interested in leveraging LTIIA support in convening, co-branding or hosting joint infrastructure-themed events.

## News from our Partners

### UNPRI:

The organization now has over 3,000 signatories around the world, representing approximately \$2.1tn in for internally-managed infrastructure assets under management. The PRI has a dedicated infrastructure workstream to provide tools and support knowledge sharing and education on responsible investment in infrastructure. Recently, it has undertaken a series of initiatives looking at the role of infrastructure in the achievement of the Sustainable Development Goals (SDGs), including an analysis of the role of the SDGs in countries' national infrastructure strategies and a review of current practices on the SDGs by infrastructure investors.

### European Long-Term Investors Association (ELTI):

This network of European National Promotional Banks & Institutions (with which LTIIA has a cross-membership agreement, just like with D20-LTIC) has been actively engaging with European Public authorities at all levels to discuss how best to react to the upcoming Covid-19 economic crisis while not sacrificing long-term financing required for a greener economy and improved infrastructure: schools, hospitals, digital infrastructure are key today – as fully demonstrated by this crisis – but also for the long-term prosperity of our economies. InvestEU, the Green Deal, programs such as the CEF or cohesion funds should not be sacrificed due to unintended fiscal constraints.

WORK, READ BOOKS, PLAY VIDEO GAMES, WATCH MOVIES, PLAY WITH YOUR KIDS, DRAW, THINK, WRITE, COOK, SLEEP, PLAY MUSIC, DANCE IN YOUR LIVING ROOM, SING, LISTEN TO MUSIC, PHONE OLD FRIENDS, DO NOTHING BUT...

# STAY

# AT HOME

IT HAS NEVER BEEN EASIER TO SAVE LIVES