

# MAJORING ON THE BENEFITS

**Lawrence Slade** is chief executive of the Global Infrastructure Investor Association. He tells **Paul Jarvis** why it is such a vital time for the organisation

The Global Infrastructure Investor Association (GIIA) was formed in March 2015 with an ambition to strengthen the ties between infrastructure investors and governments around the world.

Fast forward six years, and the organisation's mission has never seemed so important. The Covid-19 pandemic has sapped governments of cash as they sought to prop up their economies while protecting the public with a series of lockdowns, while at the same time the focus on tackling climate change has intensified.

In this context, the GIIA's role in engaging with governments and helping them recognise the opportunities that using private investment can afford them has made the organisation a critical player in the infrastructure space.

"We have seen a change in the last two years," says GIIA chief executive Lawrence Slade, discussing the way in which governments view private investors.

"Countries that may previously have said private investment was 'important' have elevated it to be considered 'a critical part of the economic recovery'."

While in theory this should make the GIIA's job easier, potentially pushing at an open door, in many cases the organisation's work is important in



helping to inform policymakers and officials on the types of investment opportunities that could work for their needs. "It's not all or nothing," continues Slade. "There are areas that are ready-made for private investment, for example fibre rollout - but even there rural areas might need to take a different approach to get private sector investment than a city."

As opportunities grow, so does the need for dialogue, and the GIIA is well placed to act as the conduit. That is perhaps one reason why the organisation has continued to attract more investors to its cause: earlier this year the organisation reached a milestone, with its members now responsible for over \$1trn of investments in infrastructure.

"Going forward, in terms of adaptation, resilience and new infrastructure, I see that figure growing very quickly," says Slade. "In the main, infrastructure has proven to be resilient compared with other assets."

So what is Slade and the GIIA's current focus? "It's about creating the right conditions for investment," he says. In the UK and Europe, there is no doubt how that is manifesting itself, with the focus squarely falling on the Net Zero agenda.

"It is fascinating looking at the speed with which this whole agenda is developing," he continues. "Net Zero is combining with other elements of ESG: we are seeing a much bigger emphasis on the environmental and social impacts of what we are doing as investors, owners and operators.

"This is creating a licence to invest because it is showing what investors are doing to serve the local communities in which they are working."

The speed of



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change in this area has been impressive, with efforts to tackle carbon emissions at all levels of the infrastructure cycle now being at the top of the agenda for public sector bodies, investors and the public at large.

"That is really positive," he continues, "because it shows the alertness of investors to what is needed and the determination to deal with that. There has been no slacking off in funding."

Rather, the difficulty remains the lack of projects for investors to put their money into. "There have been lots of good headlines from governments but they need to accelerate the process of that being broken down into hard policy and regulatory frameworks," says Slade. Only then will the private sector know how it can best engage in the process.

Slade argues that there is still a lot of creative thinking required on how to best combine government funding with private money. "The more imaginative ways in which you can do that, you are going to get more done in a shorter space of time," he suggests.

"Whether it is PPP, the RAB model, Contracts for Difference or other approaches, there is a financial toolbox that can be used. We are helping policymakers understand where these tools can be used and where private sector involvement can be of benefit."

This focus on Net Zero and the impact of energy generation and consumption on investors' portfolios is something that Slade is well-placed to consider. Before joining the GIIA as its new chief executive in January 2020, Slade had spent 25 years involved in the energy sector.

Starting out in market intelligence in upstream oil and gas, Slade then moved into energy generation more broadly. That led him to trade association Energy UK, where he was chief executive. After a decade at that organisation, it was time for Slade to move to the GIIA.

"It is a wonderful opportunity to be able to influence how we are going to be managing, building and delivering infrastructure over the next decade, which is a really exciting time," he says of the move. "That was too good an opportunity to miss."

Changes such as the Net Zero agenda and the rapid rate of technological progress will mean that every aspect of infrastructure will be affected over the next decade, he says.

"The role of the GIIA is to be at the heart of discussions putting the case for continued investment and what the private sector can bring to the scene. The opportunities for us to engage and influence are huge."

Slade gives credit here to the "fantastic team" within the GIIA secretariat helping to ensure the message gets across to the different organisations and

authorities across the world.

While Slade and his team are fully focused on positioning the investor community at the heart of the infrastructure debate wherever in the world that might be taking place, there is one area that he believes could be a game-changer for the industry. Whereas traditional markets like the UK and Europe, for example, are seeing continuing development, it is the US that Slade picks out as the area of greatest opportunity when it comes to growth.

"We know the capital needs to be spent," says Slade. "If it's structured correctly, states have the fiscal flexibility to invest in communities."

With the infrastructure package promoted by President Joe Biden and then debated in Congress, infrastructure has probably never had such a high priority in American politics. The president's commitment to a bipartisan approach has also meant more debate, with proposals getting drawn up, knocked about and redrawn by the different sides. Regardless of whether the eventual document specifically includes plans for PPPs and other private finance initiatives, most in the market believe there will be an important role for private investors when the package eventually trickles down into actual projects on the ground.

The role of the GIIA is to take whatever eventually comes from the US Congress and explain where private investment can provide the greatest benefit. "We're going to be working hard with our partners to make that happen," Slade says.

"There will be opportunities where it is best for federal money to be spent, but in other areas where competition can be brought to bear, the government can let the private sector come in."

Over recent months, issues around tolling have again become a hot topic, both in the US where local politicians have railed against tolls to deliver new bridges, and in other parts of the world. In July, the Ukrainian infrastructure ministry was forced to deny tolls would be used on its planned PPP roads, underlining that it intended to use an availability based model after local media had confused 'PPPs' for 'tolls'.

"This is part of the discussion that has to be had with policymakers to ensure everything being paid for is being paid for in the best way possible," says Slade. "We are trying to get the message across that most if not all of these sorts of issues can be dealt with at the contracting stage. If you get the contracting right, you can get communities buying into it because it will directly positively benefit their life."

"If you get away from talking about money and onto the benefits, you will get a different view. It is important for us in the infrastructure sector to major on the benefits."

No small task, but with so much opportunity across the globe, and so much need from governments looking for ways to stimulate a post-Covid recovery, Slade and his team are excited by the challenge. 