



## High-level Roundtable Discussion, Paris OECD Forum

### LONG TERM INVESTMENT ROUNDTABLE

WEDNESDAY, 23 MAY 2012 (11:00 -13:00)

Financing long-term investment - particularly infrastructure - is becoming increasingly challenging. The world economy's slow and fragile recovery, fiscal austerity, and new banking regulations are weighing on the traditional suppliers of long-term finance. Institutional investors, such as pension funds, insurers, sovereign wealth funds, and state development finance institutions should in principle be attracted to illiquid, long-term investments. Yet, currently they face various obstacles, from regulatory barriers to market failures.

This event, by invitation only, will examine these issues, bringing together senior representatives from government, business and finance communities to discuss new OECD policy-related research on "Institutional Investors and Long Term Investment"<sup>1</sup>. The aim of the discussion will be to identify good practices in both a policy setting and among market players that can facilitate long-term investment.

The discussions at this event will inform subsequent work of the OECD in this area as well as related projects in the G-20 framework.

#### ISSUES FOR DISCUSSION

- 1- **Exploring the need for Long Term Investment** : In a context of financial instability, budget constraints and new banking regulations, what role could long term investment play? In particular, how could these investments reduce pro-cyclical effects on financial markets, address liquidity imbalances among countries and foster sustainable growth and development?
- 2- **Sustainable growth in an integrated world economy** : Recent G20 activity of the French and Mexican Presidencies recognised the urgent need to deepen and

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<sup>1</sup> For further reference please see [www.oecd.org/finance/lti](http://www.oecd.org/finance/lti)



broaden capital markets for developing countries to put their own financial resources to productive use. How can a diversified sector of institutional investors be developed in emerging economies to channel long-term investment? How can it attract foreign capital flows ? Is there a need for a global level playing field among investors to promote cross-border long-term investment?

- 3- **Promoting the financing of infrastructure projects and the transition to a low carbon economy:** how could governments improve the regulatory and tax environment in order to promote investments in infrastructure? How could governments promote green infrastructure projects (such as non carbon energy-production, carbon sequestration, water supply and sanitation, waste recycling etc.)? What investment vehicles and financing instruments would facilitate long term investment?
- 4- **Corporate governance - the bridge between finance and enterprise:** Can corporate governance rules and regulations be improved to encourage funders, entrepreneurs and other drivers of long term growth? Does the dominance of institutional investors, the extensive use of indexed investing and growth of exchange traded funds affect the ability of the financial sector to identify and price long term investments and value creation at company level? What are the main risks and opportunities for emerging markets who want to make sure that the financial sector can serve the long term needs of the real economy?