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Title: Infrastructure and the Constructive Corporation

The private corporation will play a critical role in ensuring that public infrastructure is fit for purpose in the future. An estimated $4 trillion of investment per year to 2035 is necessary for infrastructure to keep pace with projected economic growth and meet the SDGs. The public sector does not have the capacity to make investments of this scale. Here, we introduce a novel basis of collaboration across a range of stakeholders, that we argue can unlock capital for investment in infrastructure, principally by improving the ‘bankability’ of the underlying projects. We challenge the received wisdom around project bankability, by proposing a portfolio management approach that blends infrastructure assets, altering their aggregate risk and return attributes.

Our model makes a series of assumptions and assertions, that we group into five layers. The first of these, the Capitals layer, considers the rational behavioural motivations of the corporation, along with other stakeholders. Second, the Finance layer concerns the adjustments and alignments necessary for blended and green finance to deliver against their vaunted potential. Third, in the Management layer, we explore how non-financial returns on an infrastructure portfolio can be generated, measured, managed and integrated within the investment process. Fourth, in the Asset layer, we develop our argument that infrastructure blending can make more projects bankable, by lowering risk and reducing uncertainty. Finally, the Income layer addresses questions of operational sustainability. Our work is grounded in empirical research on water infrastructure that is underway at our field sites in Mexico.