

# HOOVER INSTITUTION

## THE FINANCE OF INFRASTRUCTURE SYMPOSIUM

May 17, 2019

HOOVER INSTITUTION, STANFORD UNIVERSITY

Organizers: Roman Kräussl and Joshua Rauh, Hoover Institution

### AGENDA

It is widely understood that there is an infrastructure "gap" between planned and desired infrastructure. But actual investment in infrastructure is rife with challenges, including agency/governance problems and outright corruption. Public-private partnership structures have evolved, allegedly to address these issues, but with mixed evidence of success. Meanwhile, some argue for an increase in institutional investor capital, including from public pension funds and other sources, to fund this infrastructure need. Advocates argue that infrastructure is a perfect investment for long-term capital, on the grounds that it can offer long-term, low-risk, inflation-protected, acyclical returns with high cash flow generation. Yet given the realities of infrastructure projects themselves, it has not yet been demonstrated that infrastructure as an asset class can in fact deliver on these promises.

Our one-day symposium brings together academics and practitioners to explore the challenges and opportunities for institutional investors in the infrastructure asset class. We will aim to understand and discuss the obstacles that exist to the private financing of infrastructure, and to discuss policy conclusions given these obstacles. Is infrastructure really an asset class that in some form can satisfy the promise of delivering a desirable risk/return profile for pension funds and other investors, or is the main benefit from infrastructure investment by institutional investors the potential for positive social externalities? Is it possible to structure infrastructure investments in a way that would place them on an optimized financial frontier for private investors, or will such investments always in some sense require conceding financial return for a given level of risk? How can infrastructure projects and investment vehicles best be structured to minimize the agency and governance problems, and what are the policy conclusions?



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### Annenerg Conference Room

7:30 am	Continental Breakfast
8:00 – 8:10 am	<i>Opening Remarks</i> by <b>Roman Kräussl</b> , University of Luxembourg and Hoover Institution, Stanford University
8:10 – 8:50 am	<i>Infrastructure as an Asset Class: An Overview</i> <b>Barbara Weber</b> , B Capital Partners AG
8:50 – 9:30 am	<i>The Subsidy to Infrastructure as an Asset Class</i> <b>Joshua Rauh</b> , Stanford University
9:30 – 10:10 am	<i>Investing Outside the Box: Evidence from Alternative Vehicles in Private Capital</i> <b>Josh Lerner</b> , Harvard Business School
10:10 – 10:30 am	Break
10:30 – 11:10 am	<i>Financing PPP Projects with PVR Contracts: Theory and Evidence from the UK and Chile</i> <b>Eduardo Engel</b> , University of Chile
11:10 – 11:50 am	<i>Do Public-Private Partnership Enabling Laws Increase Private Investment in Transportation Infrastructure</i> <b>Richard Geddes</b> , Cornell University
11:50am – 12:30 pm	<i>Take the Q Train: Value Capture of Public Infrastructure Projects</i> <b>Arpit Gupta</b> , New York University
12:30pm – 1:45pm	Lunch



## Hauck Auditorium

- 1:45pm – 2:45pm **Policy Keynote:** *The Role of International Financial Institutions in Supporting Infrastructure*  
**Sir Danny Alexander**, Asia Infrastructure Investment Bank
- 2:45 – 4:00 pm **Academic Keynote:** *Incentives, Infrastructure and Institutions: Building, Funding and Managing Public Works*  
**Edward Glaeser**, Harvard University
- 4:00 – 4:15 pm Break
- 4:15 – 5:45 pm **Panel Discussion** on *The Finance of Infrastructure: Present and Future*  
  
**Isela Bahena**, Nuveen/TIAA  
**Michael Bennon**, Stanford Global Projects Center  
**John Graves**, Washington State Investment Board  
**Adebayo Ogunlesi**, Global Infrastructure Partners  
**Roman Kräussl** (Moderator), University of Luxembourg and Hoover Institution, Stanford University
- 5:45 – 6:00 pm Closing Remarks by **Joshua Rauh**, Stanford University
- 6:00 – 7:00 pm Reception in the Courtyard

