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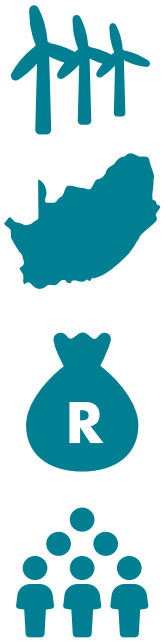
LEVERAGING MONETARY POLICY TO SUPPORT THE TRANSITIONAL NEEDS OF SOUTH AFRICAN WORKERS



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SUMMARY

South Africa's Just Energy Transition Partnership (JETP) is a financing deal between South Africa and the governments of France, Germany, the United Kingdom, the United States, and the European Union, which aims to mobilise $8.5 billion over three to five years to support the implementation of South Africa's revised Nationally Determined Contribution. While the JETP aims to stimulate private sector investment in climate and developmental projects through state subsidies and policy concessions, most of the committed finance in the JETP is directed towards electricity infrastructure, rather than economic diversification.

Sustained investment in minerals and energy has led to uneven investment in other industries and has not led to spillover effects, such as wider investment and growth in the South African economy. Rather than investing in job-creating activities, mining companies have diverted external credit and investment towards speculative investments in mining assets and operations. Total investment is well below the 25% of GDP seen as a necessary threshold for dynamic economic growth.

This Policy Brief finds that South Africa's growth model and approach to monetary governance reinforces the capital-intensive structure and patterns of inequality in the country. The persistence of quantity-based credit rationing across a range of

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sizable banking systems suggests that the market-determined interest rate is not a reliable indicator of efficient credit allocation. South African banks have a low appetite for risk, and typically provide most of their financing to households and small to medium enterprises. Allocating 10% of the banks' ten-year average lending towards a developmental government agenda would utilise approximately R52.41bn.

There is even more underexploited liquidity within South Africa's retirement industry. A return to a maximum offshore investment limit of 30% would increase onshore assets held by the retirement industry by an estimated R600bn, with the current infrastructure investment exposure limit being worth an additional estimated R180bn in that scenario.

This foregrounds the need for a 'promotional' form of central banking, with coordination between the National Treasury (NT) and the South African Reserve Bank (SARB). Recent innovations in the central banking practices have so far not provided the platform for developmental climate policies, and so a reassessment of the SARB's present approach to central bank independence, inflation targeting and capital mobility is needed.

Reforms to South Africa's Green Finance Taxonomy (SAGFT) are needed so that the transition needs of workers can be embedded at the heart of sustainable monetary policy. The inclusion of 'transition' support and engagement for workers in the definition of 'green' in the taxonomy, alongside mandatory disclosure of relevant taxonomy-related information, and a wider industrial and monetary strategy, are recommended. Likewise, the transition needs of workers can be better supported through the inclusion of environmental footprints in risk assessments of firms, and the development of mandatory transition plans that require firms to engage deeply with the impacts of transitions on workers.

There are a range of credit allocation policies available to the SARB and the NT. Indirect, price-based policies, such as sector-targeted refinancing lines and differentiated green capital requirements, could be designed to incentivise lenders, by adjusting the relative costs of providing capital to different sectors. Direct price-based controls, such as dual or subsidised interest rates, or state investment banks, would determine the price of credit, while the quantity of credit allocated by the pension fund industry could be set directly by the South African government, through asset prescription or exposure limits to offshore asset.

INTRODUCTION

South Africa stands to be at the centre of the Global South's just transition planning through the historic Just Energy Transition Partnership (JETP). This financing deal between South Africa and the governments of France, Germany, the United Kingdom, the United States, and the European Union aims to mobilise $8.5 billion over three to five years, to support the implementation of South Africa's revised Nationally Determined Contribution.

The JETP was initially proposed as a means of accelerating climate action and channelling climate finance to developing countries. However, it remains questionable as to whether this financing model is appropriate for the specific developmental and transition trajectories of South Africa. The JETP aims to stimulate private sector investment in climate and developmental projects through state subsidies and policy concessions, committing most of the allocated JETP money towards electricity infrastructure rather than economic diversification. This leaves the JETP unlikely to improve expected returns on renewable energy, doing little to reshape the financial and industrial status quo which has generated sectoral and geographic patterns of income and wealth inequality in South Africa. A continued reliance on this model exposes South Africa to the risks of higher inflation and financial instability in the future.

The purpose of this Policy Brief is three-fold. First, it aims to explain how South Africa's growth model and approach to monetary governance reinforce the capital-intensive structure of the economy, and so reproduce the country's sectoral and geographic patterns of income and wealth inequality. Second, it aims to demonstrate the scale of unexploited liquidity within South Africa's financial system. Third, it aims to outline possible monetary policies that may be used to identify potential investments that will support workers during economic transition, and allocate credit to those projects.

SOUTH AFRICA'S GROWTH MODEL

Historically, South Africa's industrial policy has harnessed cheap coal and cheap labour for export-oriented mining and minerals beneficiation, often referred to as the 'Mineral Energy Complex' (MEC) (Baker, 2015) .The relationship between the financial system and the MEC exerts considerable influence over sectoral and geographic patterns of income and wealth inequality in South Africa (Newman, 2019). The country has a much higher asset-to-GDP ratio than most emerging market economies, with most of these assets held in the banking sector (FSCA, 2022).

The South African banking system operates with relatively little global competition and is risk averse, with banks holding capital well above the 10.5% minimum regulatory requirement for capital adequacy (Elsner & Neumann, 2023). These banks typically provide most of their financing to households and small to medium enterprises, leaving large companies to access credit from equity markets (SARB, 2014). There have consequently been low levels of overall investment, which are primarily concentrated in highly capital-intensive sectors, such as mining (Ashman, Fine, & Karwowski, 2021).

The traditional banking sector is not the only potential source of credit in the contemporary financial system. A considerable variety of institutions and activities outside of the regulated banking system — so called market-based finance or non-bank financial institutions (NBFIs) — can also create credit (Bieri, 2020). This lending typically occurs through short-term contractual agreements between banks and other large financial institutions, called 'repurchase agreements' or 'repo'. In such instances, a lender provides cash up front in exchange for some collateral to secure against default.

NBFIs such as pension funds and asset managers are already a significant source of finance for the South African oil, gas, and coal industries. In 2023, these institutional investors held $17.1 billion in coal, oil and gas companies in South Africa, placing South Africa 19/74 countries globally for money invested in fossil fuel companies (Centre for Environmental Rights, 2023). Overall, the NBFI sector is a significant source of funding for South African banks, although its relative importance in South Africa has fallen over the longer term (Financial Stability Board, 2023).

These trends have resulted in low overall levels of private investment in fixed capital. Investment is concentrated in MEC sectors and investment in non-MEC manufacturing is uneven, with motor vehicles and parts being one of the few sectors that has avoided stagnant or declining capital stock (Newman S., 2014). This has also stymied possible spillover effects, whereby investment in the MEC sector could promote wider investment and growth in the South African economy. Rather than investing in productive activities that create jobs, mining companies have diverted external credit and investment towards speculative investments in mining assets and exploration operations as sources of potential profit (Karwowski, 2015). Total investment is well below the 25% of GDP seen as a necessary threshold for dynamic growth (Ashman, Fine, & Karwowski, 2021).

There is also little indication that finance will 'green itself' at anywhere near the pace needed to avoid a climate crisis (Grote & Zook, 2022; Vestergaard, 2024) . The short-termism of private investor sentiment and risk/reward analyses are misaligned with the longer-term time horizons needed to develop and expand renewable energy projects or adaptation infrastructure in a sustainable way (Christophers, 2019). Consequently, the growth of the renewable energy sector has been impeded by deteriorating profit margins (Christophers, 2024).

South Africa's MEC is not merely a barrier to economic restructuring, the creation of sustainable jobs, and inclusive economic growth. A continued reliance on these sectors exposes South Africa to the risks of higher inflation and financial instability. These risks fall under the mandated responsibilities of the SARB and threaten to worsen living standards and exacerbate existing inequalities in the future.

It is increasingly clear that climate change contributes to inflationary pressures in both advanced economies and the Global South (Parker, 2018). However, price inflation will disproportionately affect those countries that are already most at risk of changing climatic conditions, devaluing in real terms the 'amount of capital' currently thought to be needed 'for adaptation and mitigation' in the Global South (Jackson, 2024). It is reasonable to view South Africa as being exposed to these inflationary risks. The main drivers of inflation in South Africa are oil prices, food prices, and exchange rate volatility, two of which are influenced by transition and physical climate change risk. This is also considered to place countries in Southern Africa at risk of financial instability (Ayele & Fisseha, 2024).

SOUTH AFRICA'S APPROACH TO MONETARY GOVERNANCE

South Africa's model of monetary governance inhibits the country's economic dynamism, and climate adaptation and mitigation efforts. SARB was made independent from government control in the 1993 interim constitution, and it is one of three African central banks that adopted a formal inflation-targeting approach to monetary policy (Wambui, Feyertag, & Monnin, 2023). Senior staff at the SARB have attributed the lower and more stable inflation rates that South Africa has experienced since the 2000s to the implementation of its inflation-targeting regime (Mminele, 2019). However, this policy approach, and the setting of higher rates, have channelled money towards 'speculative financial sectors' at the expense of investment in productive sectors with job creating potential (Hickel, 2021).

Operational independence restricts the SARB's capacity to address the acute problems that dominate South Africa's economic landscape and means that it is unable to coordinate fiscal and monetary policy with the NT for developmentalist purposes (Heintz & Ndikumana, 2011).

South Africa's inflation-targeting regime places constraints on the SARB as a potential engine for economic growth and higher employment rates. Not only is the central bank mandated to prioritise price stability over higher levels of employment (Epstein, 2019), but it is more likely to reach its inflation target if employment is concentrated in lower paid sectors.

Alternative anchors for monetary policy have the potential to support a more developmental central banking agenda. For example, central banks that adopt monetary aggregate targets as an anchor for monetary policy predominantly intervene through domestic credit monetary policy operations. This type of operation is particularly appropriate for targeted refinancing that aligns with the transition to net zero (Wambui, Feyertag, & Monnin, 2023).

South Africa's approach to capital mobility has combined long-term controls on capital outflows with "a relatively hands-off approach to managing capital inflows" (Kahn, 2015). However, the main examples of successful industrialisation through direct state investment have occurred in contexts where capital controls were in place (Mikheeva & Ryan-Collins, 2022) Moreover, initial modelling research by the Banca D'Italia suggests that capital controls on inflows would be suitable for the policy challenges faced by South Africa, as they discourage capital inflows to carbon-intensive firms, and reduce the environmental impact of the carbon-intensive sector (Moro, 2021).

Recent innovations in central banking practices have so far not provided the platform for developmental climate policies. For one, the use of more interventionist monetary policies during and after the 2008 Global Financial Crisis — such as asset purchases and quantitative easing techniques — has not provided central banks with significantly more autonomy to shape financial markets. Central banks have positioned themselves as 'investors of last resort' by purchasing and guaranteeing assets in capital markets to depress borrowing costs and stave-off devaluations - this has not fundamentally enhanced their ability to direct market dynamics (Langley & Morris, 2020). A cornerstone of these unconventional monetary policies has been the principle of 'market neutrality', which purportedly prevents central banks from making normative decisions about the likely beneficiaries from asset purchases (Dafermos, 2021). Central bank neutrality therefore preserves existing patterns of investment in a financial system and economy (Kedward, Gabor, & Ryan-Collins, 2024).

On the other hand, the 'green central banking' movement is still in a nascent stage. The issue of climate change and the green transition has splintered the previous consensus thinking amongst central banks about the validity and desirability of market neutrality (Best, 2024). More activist central banks, such as the European Central Bank (ECB), now acknowledge that central bankers shape and make markets (Thiemann, Buttner, & Kessler). Founded in 2017, the Network for Greening the Financial System (NGFS) is a coalition of central banks and financial supervisors which aims to promote finance for sustainable development, conduct analytical work on climate-related financial issues, and disseminate best practices for sustainable finance, regulation and supervision.

Despite joining the NGFS in 2019, the SARB ranked eleventh out of twenty central banks in the 2024 edition of Positive Money's 'Green Central Banking Scorecard.' The SARB has focused its sustainability efforts on research and advocacy, implementing monetary policies that are rated as having low impact (Positive Money, 2024). This demonstrates that the emergence of central banks as "climate governors of last resort" (Langley & Morris, 2020) has not yet led to significant policy activism within South Africa.

THE SCALE OF UNDEREXPLOITED LIQUIDITY WITHIN THE FINANCIAL SYSTEM

Given the way that South Africa's growth model and approach to monetary governance reinforce the capital-intensive structure of the South African economy, there is a need for a 'promotional' form of central banking which seeks to "align monetary policies with green industrial strategy" and foster countries' social and economic development (Kedward, Gabor, & Ryan-Collins, 2022) The persistence of quantity-based credit rationing across a range of functioning and sizable banking systems suggests that the market-determined interest rate is not a reliable indicator of efficient credit allocation (Kedward, Gabor, & Ryan-Collins, 2022). Even if there are firms willing to pay a higher interest rate for loans, banks will still not issue additional loans beyond a certain limit (Waters, 2012).

Allocative credit policies represent a logical approach to influence banks' willingness to supply credit. Such an approach would harness monetary policy levers to deliberately alter existing patterns of investment, either by stimulating lending to renewable projects or discouraging lending to carbon-intensive MEC activities. These policies would require greater coordination and less independence between key financial agencies such as the NT and the SARB (IEJ and CLiFT, 2023).

Our analysis of the South African banking sector and retirement industry has estimated the scale of finance that could potentially be mobilised through credit allocation. The potential investment that could be allocated from the South African banking system is captured in Table 1.

Table 1: The potential scale of bank credit for a just transition

Percentage of average gross lending allocated	Amount that would be allocated over 10 years (R)	Amount that would be allocated over 8 years (R)	Amount that would be allocated over 5 years (R)	Amount that would be allocated over 3 years (R)
10%	52.41bn	41.2bn	26.21bn	15.7bn
8%	41.93bn	33.5bn	20.96bn	12.58bn
5%	26.2bn	20.96bn	13.1bn	7.86bn
2%	10.48bn	8.39bn	5.24bn	3.14bn

Source: Author's calculations and construction.

The retirement industry contains considerably more potential liquidity than the banking system. While the share of total financial assets held by the South African NBFI sector has fallen over time (Financial Stability Board, 2023), the country's highly liquid pension funds remain a promising source of credit. The South African retirement industry holds around R4 trillion in assets (FSCA, 2022), which is equivalent to approximately 50% of the country's GDP (Pillay & Fedderke, 2022). In 2022 the Pension Funds Act 24 of 1956 was amended to stimulate greater investment in infrastructure and economic development. The NT sought to facilitate economic development by introducing a definition of 'infrastructure', and set an exposure limit of 45% for infrastructure investment (National Treasury, 2022). After widespread criticism of the narrow definition offered in earlier drafts, the NT revised its definition of 'infrastructure' so that it applied to "any asset that has or operates with a primary objective of developing, constructing and/or maintaining physical assets and technology structures and systems for the provision of utilities, services or facilities for the economy, businesses, or the public" (National Treasury, 2022). However, further recent regulatory changes have also allowed pension funds to invest more of their assets offshore. The maximum limit on assets that funds can hold offshore was increased from 30% to 45% (Van Dijk, 2022).

The manifesto of the African National Congress (ANC) (ANC, 2024) for the 2024 general election included a commitment to reintroduce the prescribed assets policy employed by South African governments between 1956 and 1989. This approach would require pension funds to directly invest in government projects. The potential investment that could be either directly or indirectly allocated from the South African retirement industry, under a range of limits to offshore investment, is captured in Table 2.

The shaded row captures the possible investment under the current limits imposed by the NT. A return to a maximum offshore investment limit of 30% would increase onshore assets held by the retirement industry by an estimated R600 billion, with the current infrastructure investment limit being worth an additional estimated R180 billion in that scenario.

Table 2: The potential scale of retirement industry investment in a just transition

Limit to offshore assets (%)	Amount to be held onshore (R)	Potential investment in onshore 'infrastructure'				
		Under proposed 45% limit (R)	With 10% prescribed assets (R)	With 8% prescribed assets (R)	With 5% prescribed assets (R)	With 2% prescribed assets (R)
20	3.2trn	1.44trn	32bn	25.6bn	16bn	6.4bn
30	2.8trn	1.26trn	28bn	22.4bn	14bn	5.6bn
45	2.2trn	990bn	22bn	17.6bn	11bn	4.4bn

Source: Author's calculations

OPTIONS FOR WORKER-CENTRED MONETARY POLICY

We have argued that JETP financing has the potential to further entrench the MEC, in which much of the liquidity in the South African financial system is not directed towards productive industry or economic diversification. Moreover, we have made the case that South Africa's model of monetary governance inhibits the country's economic dynamism and climate adaptation and mitigation efforts. This section outlines options for policy reform to enable a promotional central banking that allocates credit towards a just climate transition in South Africa.

EMBEDDING THE TRANSITIONAL NEEDS OF WORKERS WITHIN A GREEN FINANCIAL TAXONOMY

The foundation for a just monetary policy is a taxonomy that correctly identifies sustainable, renewable and employment-generating investments. The NT published the first edition of the South African Green Taxonomy (National Treasury) (SAGFT) in March 2022. A year later there was very limited implementation (IDOS, 2023). Three reforms would increase the likelihood of wider adoption, as well as deepening the scope of the definition of sustainability.

First, the SAGFT does not require mandatory disclosure of relevant taxonomy-related information, which is likely to leave information gaps and limit regulators' capacity to analyse physical and transition climate and credit risks.

Second, to be both effective and widely implemented, the SAGFT cannot be rolled out as a stand-alone decarbonisation tool and instead must be meaningfully integrated within an overarching sustainable finance strategy. Without wider governmental action, a lack of potentially profitable green projects reduces the leverage of a taxonomy by rendering green standards relatively anachronistic (IDOS, 2023).

Finally, there is a need to pay greater attention to the social risks that economic restructuring poses to workers. Both the SAGFT and other core green taxonomies all hold labour and human rights protections to be a qualifying criterion for an environmentally sustainable activity. While labour rights are included in the minimum safeguards embedded in core green taxonomies, there is more that can be done to include the priorities of workers in these taxonomies. For example, the inclusion of 'transition support' for workers within the taxonomies would place a greater responsibility on employers to train workers, so that they can produce sustainable outputs.

EMBEDDING THE TRANSITIONAL NEEDS OF WORKERS WITHIN A GREEN FINANCIAL TAXONOMY

The Basel Committee on Banking Supervision's capital framework seeks to insulate banks from market stresses, by provisioning a ratio of loss-absorbing capital to the risks associated with certain classes of asset (Goodhart, 2011). These assets are assigned a 'risk weighting' which is an estimation of the market and credit risks that they face (Langley, 2015). Such risk weights can impact the profitability of lending, as they determine how expensive a loan is for a bank, in terms of the capital needed to grant that loan (Dafermos, Gabor, Nikolaidi, & van Lerven, 2021). However, the risk models that are currently used to estimate capital requirements have not explicitly incorporated environmental risks. This means that they neither capture the risk exposure of financial institutions to environment-related financial risks, nor do they incentivise banks to increase the financing of green activities, or penalise them for financing carbon-emitting activities (Dafermos & Nikolaidi, Greening Capital Requirements, 2022) Basing a green capital framework on environmental footprint would appear to better capture climate-related risks.

The South African government and SARB can improve their understanding of transition risk by making it mandatory for firms to produce a corporate transition plan. These plans are "detailed multi-year accounts of targets and actions to plan how a given firm will ensure that its business model and strategy are aligned and compatible with a specific environmental objective", such as a target temperature for global warming (Dikau, Robins, Smolenska, van 't Klooster, & Volz, 2022). While transition plans currently require firms to outline how their business model and strategy would remain profitable during economic restructuring away from emissions-intensive activities, there are several workforce-oriented disclosures that would improve the equity of the transition process and help the government to assess transition risks and design mitigation strategies:

- Outline skills and competencies needed for employment at the firm during the transition period;
- Describe measures the firm will take to increase the relevant skills, knowledge and training of those currently employed at the firm;
- Outline how the firm intends to recruit for future roles;
- Disclose the extent to which the firm identifies and manages the impacts and dependencies of change on its workforce, value chain counterparts, and customers;
- Disclose the extent to which the firm has assessed and taken into account the impacts and dependencies of the transition plan on its workforce, value chain counterparts, and customers;
- Disclose the extent to which, and how, the firm's current workforce has been included and consulted in the transition planning process; and
- Disclose the methodologies used by the firm to arrive at any projections employed in the transition plan.

CREDIT ALLOCATION

Our proposals for the identification of potential investments and assessment of risk have sought to embed the transitional needs of workers within the classification of an investment as sustainable. With these necessary foundations of an environmentally just monetary policy in place, we discuss policy options for how credit might be allocated in the South African economy. There are different ways in which credit allocation can be operationalised, and allocation can be categorised as being direct or indirect (Kedward, Gabor, & Ryan-Collins,

2022). Direct credit allocation deploys coercive policies designed to directly set sector-specific prices or quantities of credit, while indirect allocation is designed to incentivise lenders by adjusting the relative costs of providing capital to different sectors.

Direct price-based controls

State investment banks (SIBs) are a well-established mechanism for the direct provision of appropriately-priced credit to support industrial development (Mikheeva & Ryan-Collins, 2022). When SIBs enable large-scale public investment, they allow policymakers to allocate credit through a direct, quantity-based mechanism, thereby providing a direct immediate response to the problem of quantity-based credit rationing by banks. Their access to low borrowing costs and public guarantees allows them to offer lower interest rates to specific sectors, which then set a pricing benchmark for private lending (Kedward, Gabor, & Ryan-Collins, 2022).

Alternatively, interest rate policies have the potential to directly guide investment towards renewable energy generation and local renewable sector manufacturing, because borrowing costs are a main determinant of investment costs in green projects (Aguila & Wullweber, 2024). Dual or subsidised interest rates are one mechanism for central banks to offer lower discounting rates to banks that finance projects in specific sectors (Costa, 2024). If designed correctly, a dual or subsidised interest rate policy could protect public and private renewable energy projects from being disproportionately impacted by any interest rate increases implemented by the SARB to fulfil its price stability mandate (Aguila & Wullweber, 2024).

Indirect price-based policies

The rate at which central banks re-finance private financial institutions through Longer-Term Refinancing Operations (LTROs) has been identified as a viable monetary policy lever for credit guidance (van 't Klooster & van Tilburg, 2020). Such 'targeted' refinancing operations would provide discounted funding to private banks, conditional on how they, in turn, lend to other institutions and firms. Targeting discounted refinancing according to climate transition goals would effectively link the interest rate that banks pay to the SARB to how their lending to specific sectors complies with the SAGFT. Proposals for green-targeted LTROs argue that the interest rate a bank pays should be determined by the volume of taxonomy-aligned loans issued by the bank (van 't Klooster & van Tilburg, 2020). Likewise, certain volumes of taxonomy non-compliant loans could be penalised with more expensive refinancing rates (Baloyi & Krinsky, 2022).

Green-differentiated capital requirements, based on environmental footprint, are intended to properly incentivise the reallocation of finance away from environmentally harmful activities. Including a Green Supporting Factor would lower the risk weight on green loans, while the use of a Dirty Penalising Factor would raise the risk weight on loans linked to carbon emissions. These mechanisms are designed to make green loans more affordable and attractive than loans to carbon emitters. In such a way they can influence both credit availability and the cost of borrowing. The positive impact of green differentiated capital requirements on the credit reallocation channel makes these desirable for the transition and economic restructuring needs of South Africa (Dafermos & Nikolaidi, 2022).

The introduction of a green supporting factor alone is not recommended, as it has the potential to increase the leverage of banks, or introduce a significant amount of credit default risk into bank loan books (Dafermos & Nikolaidi, 2022). Analysis of the potential impact of green-differentiated capital requirements on bank balance sheets suggests that the use of green-supporting factors and carbon emission-penalising factors together can help banks to counterbalance relative changes in credit availability or liquidity positions that the use of only one type of capital requirement may induce.

Direct quantity-based policies

Monetary policy mechanisms to harness the considerable liquidity in South Africa's retirement industry must be explored. Increasing the limit on the quantity of offshore assets that can be held by pensions will expand the potential investment for economic diversification and sustainable industry. There remains a debate about whether asset prescription would be the most effective mechanism for allocating credit. The ANC's recent proposal for a return to prescribed assets has been publicly criticised by the Financial Sector Conduct Authority (FSCA), which raises doubts about its near-term feasibility (Khumalo, 2024). Critics of asset prescription point to poor returns on prescribed assets when they were previously implemented in South Africa (Moonstone Information Refinery, 2024) The introduction of the exposure limit of 45% for investments that satisfy the regulatory definition of 'infrastructure' is often cited as a reason that asset prescription is not needed.

While our analysis shows that the potential scale of investment in 'infrastructure' is considerably higher under the current approach being taken, there is no guarantee that significantly higher levels of investment would be extended to sectors such as energy efficient housing or adaptation infrastructure, without direct prescription. There remain doubts that maximum limits would go far enough (Kedward, Gabor, & Ryan-Collins, 2024). For example, despite the introduction of the infrastructure exposure limit, there has been little reallocation towards alternative asset classes such as 'infrastructure' (Moonstone Information Refinery, 2024).

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