Keynote Presentation

Advancing Quality Growth through Sustainable Infrastructure in Asia and the Pacific

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Asian Development Bank Institute

Asia and the Pacific at a New Development Stage

Past Growth Model

How can we grow faster?

- ✓ **One of the Most Dynamic Region**
- ✓ **Drivers of Development**
  - Rapid Industrialization
  - Urbanization
  - Trade Expansion
  - Infrastructure Investment
- ✓ **Outcome**
  - Poverty Reduction
  - Reaching Middle-Income Economies

New Stage Paradigm

How can we achieve better and more sustainable?

- ✓ **Fundamentally Different Environment**
  - Population Aging
  - Climate Change and Natural Disasters
  - Digital Transformation and AI
  - Reconfiguration of Global Supply Chaing
  - Growing Fiscal Pressure
- ✓ **A New Stage of Development**
  - ***"Quality Growth"***
  - **Better, Resilient, Sustainable**

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ADBI Flagship Study

1. A growth model reaching its limits

Diminishing returns on the old drivers of growth

As economies mature, growth once driven by abundant labor, capital accumulation, exports, and large-scale infrastructure investment faces diminishing returns.

2. The real challenge ahead

- Productivity, innovation, and stronger institutions must drive growth.
- Relevant beyond middle-income status, but broader than income alone.
- Can economies keep raising living standards and building resilience?
- ADBI's Flagship Study on Quality Growth begins from this challenge.

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Shaping Asia's Future Prosperity with Quality Growth

ADBI Flagship Study highlights Five strategic priorities

ADBI has identified five priority areas

Quality Growth does not reject economic growth it asks how growth can become more productive, inclusive, resilient, and sustainable over the long-term.

Pillar 1

Macroeconomic Stability & International Finance

Pillar 2

Regional Integration, Trade & Industrial Policy

Pillar 3

Digital Transformation & Innovation

Pillar 4

Quality, Inclusive Development

Pillar 5

Sustainable Infrastructure & Climate Resilience

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Forthcoming ADBI Publication: Sustainable Public-Private Partnerships: Theory and Practice

From PPP Fundamentals to Sustainable PPP Implementation

Purpose

The upcoming ADBI publication that introduces the concept of Sustainable Public-Private Partnerships (S-PPPs), drawing on experiences from Asia and the Pacific and providing practical guidance for policymakers and practitioners.

What the book covers

Basic Concepts of PPP
- Global context
- PPP lifecycle

Current Status of PPP in Asia and the Pacific
- Asia-Pacific (Republic of Korea, Philippines, Indonesia, Singapore, Thailand, India)
- Japan
- China

Sustainable PPP
- S-PPP framework
- Case studies

How to Plan and Implement S-PPPs: A Practical Guide
- Public sector guide
- Private sector guide

Featuring contributions from ADBI, ADB, and Toyo University

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Forthcoming ADBI Publication: Sustainable Public-Private Partnerships: Theory and Practice

Key Messages

PPPs must evolve beyond financing and procurement

Success should be measured by **long-term development outcomes,** not only project delivery and risk transfer.

Sustainability must be integrated throughout the PPP lifecycle

From project planning and design to operation, monitoring, adaptation, and knowledge transfer.

S-PPPs require active collaboration between government and business

Success depends on appropriate planning, incentives, stakeholder engagement, monitoring, and adaptive management.

- Acceptance and Support of the Local Community
- Fiscal sustainability
- Financial sustainability
- Functional sustainability
- Technical sustainability
- Environmental sustainability
- Reproducibility

S-PPPs integrate **seven** dimensions of sustainability

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Lessons from Japan's PPP Experience I

> *"PPP is a method of delivery, not a purpose in itself."*

Water & Sanitation Sector

- *Capital-intensive*
- *Long asset lifecycles*
- *Rehabilitation needs*
- *Reliable service delivery over the long term*

Japan's Experience:

1. PPP should be pursued to:

- ✓ Where governments have **sufficient capacity to manage partnership**
- ✓ Where PPP can contribute to **better service delivery**

2. Sound Enabling Framework

- ✓ Project Preparation
- ✓ Regulation and institutionalization
- ✓ Risk allocation
- ✓ Accountability

Effective PPP

Better & Sustainable Public Services

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Lessons from Japan's PPP Experience II

> *"Effective PPP Capability Develops over Time."*

Degree of Private Participation in Japan's Water and Sanitation Sector (Source: Namba Yu)

Level 1	Level 2	Level 2.5	Level 3	Level 3.5	Level 4
O&M treatment facility and water quality management	+ Lv.1, Utility procurement and energy management	+ Lv. 2, Repair works within certain threshold	+ Lv. 2, Repair plan and execution (not subject to capital expenditure)	+ Lv. 2, Major repair/renewal plan and execution (capital expenditure)	Concession (transfer of operation right)

Basic Outsourcing — SIMPLE

Private-sector participation →

Full Concession — INTEGRATED

1. Match Local Institutional Capacity

- Do not attempt to leapfrog prematurely into complex concessions.
- Choice of model must reflect regulatory, maturity, capacity, and project specifics

2. Safe & Gradual Scaling Up

- As public sector capability, matures, safely transition into intermediate models (Level 2.5 & 3.5) where private management genuinely adds value

3. Build Local Market Foundations

- Long-term PPP progression is most sustainable when anchored by strong domestic private-sector capacity and deep local capital markets

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Wrap-up & Way Forward

1. Quality Growth as the Broader Objective

- ✓ Respond to a **changing development environment**
- ✓ Pursue **better and more sustainable growth**

2. Sustainable Infrastructure & PPPs

- ✓ Focus on **public needs and long-term value**
- ✓ Adapt approaches to **different institutional and market conditions**
- ✓ Build PPP capability **progressively through experience**

3. Asia PPP Practitioners' Network (APN)

- ✓ **Exchange** practical experience
- ✓ **Learn** from one another

"Better and More Sustainable PPPs for Quality Growth in Asia and the Pacific"

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Thank You