



Infrastructure Financing for Sustainable Development in Asia and the Pacific

**Expert Group Meeting
7-8 March 2019, Bangkok**

AGENDA

Background

While the development of quality, sustainable and resilient infrastructure is an important goal of the 2030 Agenda for Sustainable Development, the investment in infrastructure in most countries in Asia and the Pacific is clearly insufficient. This expert group meeting will address how developing countries in Asia and the Pacific can increase the infrastructure investment by highlighting the challenges faced by the developing countries in Asia and the Pacific along topical areas. It will also draw attention to the growing complexity of transnational aspects of the infrastructure investment in the region and propose innovative financing strategies to enhance both internal and external financial resource mobilization. The expert group meeting will also pay special attention to improve public sector efficiency and catalyze private sector involvement to achieve the United Nations’ Sustainable Development Goals.

Objectives

The meeting will discuss and peer-review the initial draft chapters of a forthcoming ESCAP book entitled ‘Infrastructure Financing in Asia and the Pacific for Sustainable Development’. The major objective is to provide feedback and direction to the authors to facilitate their preparation of the second and final draft chapters.

Programme

DAY 1	THURSDAY - 7 MARCH 2019
08:45 – 09:15	<i>Registration and welcome coffee</i>
09:15 – 09:45	Introductory remarks <ul style="list-style-type: none"> • Mr. Hamza Malik, Director, Macroeconomic Policy and Financing for Development Division (MPFD), ESCAP • Ms. Tientip Subhanij, Chief, Financing for Development Section (FFDS), MPFD, ESCAP
09:45 – 11:35	Foreign direct investment and the role of the private sector in sustainable cross-border infrastructure investment The number of cross border initiatives has been increasing over the past few years. Increasing integration of the Asia-Pacific region has led to a greater need to invest in cross-border

	<p>infrastructure projects. These projects are often larger in scale and expected to be more complex on many dimensions. At the same time, cross-border projects in the Asia-Pacific region continue to have limited private sector investors despite a wide-range of local investors. The need to have foreign investment in cross-border infrastructure projects may be even more acute. It is, therefore, important to identify potential challenges faced by countries in Asia-Pacific when planning cross-border projects and understand the major reasons for the slow progress of regional infrastructure investment and financing obstacles. This chapter examines a range of cross-border infrastructure development issues related to Asia and the Pacific, and critically reviews the relevant information that could enhance the feasibility and successful implementation of sustainable cross-border infrastructure and regional connectivity initiatives including ASEAN connectivity, Belt and Road Initiatives and CAREC.</p> <p><i>Moderator</i></p> <ul style="list-style-type: none"> • Mr. Alberto Isgut, Economic Affairs Officer, ESCAP, Bangkok, Thailand <p><i>Presenters</i></p> <ul style="list-style-type: none"> • Mr. Qingyang Gu, Associate Professor, Lee Kuan Yew School of Public Policy, National University of Singapore • Ms. Lili Li, Ph. D. Candidate, Lee Kuan Yew School of Public Policy, National University of Singapore • Ms. Jyoti Bisbey, Economic Affairs Officer, ESCAP, Bangkok, Thailand <p><i>Discussant</i></p> <ul style="list-style-type: none"> • Mr. Dicky Khaerul Wallad, Project Officer for ASEAN Connectivity, Jakarta, Indonesia • Ms. Jenny Chao, Public Private Partnerships Specialist, Singapore Infrastructure Hub, World Bank • Mr. Martin Nagele, Country Officer, IFC, Bishkek, Kyrgyz Republic <p><i>Open discussion</i></p>
11:35 – 11:45	<i>Group photo</i>
11:45 – 13:00	<i>Lunch</i>
13:00 – 14:50	<p>Leveraging capital markets for financing resilient and sustainable infrastructure</p> <p>While the banking sector has traditionally played a major financing role in infrastructure investment, stricter capital adequacy requirements and maturity mismatches may constrain infrastructure financing in the future. Capital markets, in this regard, should complement bank financing and provide an alternative intermediation mechanism between investors and project developers. The lack of efficient capital markets is one of the most important reasons for the heavy reliance on bank loans by most developing countries in the region. This chapter will discuss these critical issues and present selected country experiences and case studies to illustrate how to leverage capital markets for long-term investment, especially on resilient and sustainable infrastructure, and to tap the tremendous potential of private sector, including institutional investors in this regard.</p> <p><i>Moderator</i></p> <ul style="list-style-type: none"> • Mr. Alberto Isgut, Economics Affairs Officer, ESCAP, Bangkok, Thailand

	<p><i>Presenters</i></p> <ul style="list-style-type: none"> • Mr. Shubhomoy Ray, Managing Director and CEO, Finnacle Capital Advisors • Ms. Jyoti Bisbey, Economic Affairs Officer, ESCAP, Bangkok, Thailand <p><i>Discussant</i></p> <ul style="list-style-type: none"> • Mr. Mark Moseley, Chief Operating Officer, Global Infrastructure Hub, Sydney, Australia • Ms. Jenny Chao, Public Private Partnerships Specialist, Singapore Infrastructure Hub, World Bank <p><i>Open discussion</i></p>
14:50 – 15:10	<i>Coffee break</i>
15:10 – 17:00	<p>Infrastructure financing challenges in small island developing states and landlocked developing countries</p> <p>The geographic specificity of a country might greatly impact its needs in terms of infrastructure and the possible financing schemes available. UNDP’s survey on development finance in the Pacific revealed a lack of financing strategy linked to their sustainable development planning. Just as SIDS rely mainly on specific funding channels such as ODA or climate finance, LLDCs face enormous difficulties for funding infrastructure development and maintaining existing infrastructure. These countries present some specific limitations due to their limited pool of commercial partners and, consequently, need to improve transnational cooperation. This chapter focuses on the specific needs faced and solutions used by SIDS and LLDCs in the region, highlighting experiences drawn from the case studies done on landlocked developing countries and small island developing states in Asia and the Pacific.</p> <p><i>Moderator</i></p> <ul style="list-style-type: none"> • Ms. Jyoti Bisbey, Economics Affairs Officer, ESCAP, Bangkok, Thailand <p><i>Presenters</i></p> <ul style="list-style-type: none"> • Ms. Fauziah Zen, Senior Economist, ERIA • Mr. Ulukbek Usubaliev, Economics Affairs Officer, ESCAP, Bangkok, Thailand <p><i>Discussant</i></p> <ul style="list-style-type: none"> • Mr. Neelesh Gounder, Senior Lecturer, School of Economics, University of the South Pacific, Suva, Fiji • Mr. Chanin Manopiniwes, Senior Infrastructure Economist, World Bank, Bangkok, Thailand • Mr. Martin Nagele, Country Officer, IFC, Bishkek, Kyrgyz Republic <p><i>Open discussion</i></p>
DAY 2	FRIDAY – 8 MARCH 2019
09:00 – 10:15	<p>Good Governance structure of infrastructure investment by use of spillover tax revenues</p> <p>The rate of return on public infrastructure such as highways, railways and water supply is typically very low because transportation and water are public goods and there are limits on how much governments can charge to users of those services. However, Highways, railways, and water supply increase the value of land, stimulating the construction of new commercial and residential buildings and the start of new businesses along those lines. A case in point is the development of railways in Japan private railway companies internalized these positive externalities by purchasing farmland and developing residential areas along the railway lines and by building department stores near the stations. Moreover, land value capture policies are</p>

	<p>increasingly being utilized to finance infrastructure in developing countries, particularly in Latin America. This chapter discusses ways to capture positive externalities caused by infrastructure development to facilitate its financing.</p> <p><i>Moderator</i></p> <ul style="list-style-type: none"> • Ms. Tientip Subhanij, Chief, Financing for Development, ESCAP, Bangkok, Thailand <p><i>Presenter</i></p> <ul style="list-style-type: none"> • Mr. Naoyuki Yoshino, Dean, Asian Development Bank Institute, Tokyo, Japan <p><i>Discussants</i></p> <ul style="list-style-type: none"> • Mr. Samuel Tang, Advisor, World Green Organization, Hong Kong, China • Ms. Fauziah Zen, Senior Economist, ERIA, Jakarta, Indonesia <p><i>Open discussion</i></p>
10:15 – 10:30	<i>Coffee break</i>
10:30 – 12:15	<p>Financing resilient and sustainable infrastructure in Asia and the Pacific</p> <p>Developing sustainable infrastructure is a complex but critical element of the 2030 Agenda. Since Asia and the Pacific is responsible for more than half of the global greenhouse gas emissions, the future of the region depends on finding sustainable solutions for its infrastructure development, including transportation, energy, ICT, and water systems. The chapter focuses on a set of financial instruments and sources which would allow sustainable infrastructure projects to become more feasible, and it discusses how to create an enabling environment for the financing of such projects. The chapter also discusses the assumptions and conditions required for such financing and for the success of the projects, which vary from country to country depending on region-specific effects, legislation, structure of economy and stimulus for foreign direct investments and international bank loans.</p> <p><i>Moderator</i></p> <ul style="list-style-type: none"> • Ms. Jyoti Bisbey, Economics Affairs Officer, ESCAP, Bangkok, Thailand <p><i>Presenter</i></p> <ul style="list-style-type: none"> • Mr. Mathias Lund Larsen, Director of International Cooperation & Researcher, International Institute of Green Finance, Beijing <p><i>Discussant</i></p> <ul style="list-style-type: none"> • Mr. William Yu, CEO of World Green Organisation, Hong Kong, China • Mr. Guangrui Xiao, CEO, Beijing Bridata Technology Co. Beijing, China <p><i>Open discussion</i></p>
12:15 – 13:30	<i>Lunch</i>
13:30-15:15	<p>Enhancing the efficiency of infrastructure projects to improve access to finance</p> <p>Infrastructure investment projects are often poorly managed, with the total cost and the execution time frequently exceeding their targets. The poor performance of these projects creates uncertainty about their profitability and disincentives for the private sector to invest in them. Improvements in the planning, transparency and governance of public infrastructure projects will not only save scarce public resources but also make projects more attractive for private sector investors. Attention is paid to the advantages and limitations of government guarantees to foreign infrastructure investors. This chapter reviews the literature on ways to</p>

	<p>improve the way public infrastructure projects are executed, including the use of modern information technology, and presents the latest solutions that have been implemented to reduce costs overruns.</p> <p><i>Moderator</i></p> <ul style="list-style-type: none"> • Mr. Alberto Isgut, Economics Affairs Office, ESCAP, Bangkok, Thailand <p><i>Presenters</i></p> <ul style="list-style-type: none"> • Mr. Hossein Nourzad, Assistance Professor, University of Tehran, Iran • Ms. Jyoti Bisbey, Economic Affairs Officer, ESCAP, Bangkok, Thailand <p><i>Discussant</i></p> <ul style="list-style-type: none"> • Mr. Mark Moseley, Chief Operating Officer, Global Infrastructure Hub, Sydney, Australia • Mr. Valentine Gandhi, Principal Consultant and Head of Research, Innovation and ICT, The Development CAFÉ <p><i>Open discussion</i></p>
15:15 – 15:45	<p>Conclusions and next steps for the book</p> <ul style="list-style-type: none"> • Mr. Alberto Isgut, Economic Affairs Officer, ESCAP, Bangkok, Thailand • Ms. Jyoti Bisbey, Economic Affairs Officer, , ESCAP, Bangkok, Thailand <p><i>Open discussion</i></p>
15:45 – 16:00	<p>Closing remarks</p> <ul style="list-style-type: none"> • Ms. Tientip Subhanij, Chief, FFFDS, MPFD, ESCAP