Public-Private Partnership System and Sustainable Development in Asia and the Pacific

Rui Almeida, Amaury Cassang, Daniel Lin and Masato Abe
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Abstract

Engaging the private sector in infrastructure financing through public-private partnership (PPP) can contribute significantly to the achievement of the 2030 Agenda for Sustainable Development. However, PPP has yet to realize its potential fully in several Asia-Pacific economies. To promote this blended financing modality, a more conducive environment for PPP need to be ensured by establishing an efficient eco-system in a country. This may include, among others, policy and legal frameworks, institutional arrangements and financial support mechanisms for PPP implementation. This paper examines the findings of a survey conducted among 20 member States of the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific and discusses the common strategies and practices adopted by developing countries in Asia and the Pacific regarding PPP systems. The paper also highlights the role of an effective PPP system in the pursuit of Sustainable Development Goals.

Keywords: Asia and the Pacific; Infrastructure financing, Public-private partnerships; Sustainable Development Goals

JEL Codes: G18, G38, F55, H54

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1. Introduction

Pursuing sustainable development without prioritizing investments in infrastructure is unrealistic. Although only Sustainable Development Goal 9 explicitly highlights the need for “quality, reliable, sustainable and resilient infrastructure”, it is embedded in almost all SDGs (ESCAP, 2019c). While infrastructure development entails several benefits for the economy, it requires large investments. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) estimates that, in order for developing Asia-Pacific countries to meet the Sustainable Development Goals, an additional annual investment of about $196 billion will be necessary for the transport, ICT, and water and sanitation sectors (ESCAP, 2019a). This amount corresponds to an additional investment of 1.3 per cent of the region’s GDP. When we consider countries most in need, such as least developed countries, landlocked developing countries, or Pacific small island developing States, the financing gap is much higher, ranging from 3.0 to 3.5 per cent of GDP.

Despite evidence showing that governments are typically the main investors in infrastructure, their sole contribution will not be enough to meet the high investment needs faced by Asia and the Pacific. The Asian Development Bank (ADB) suggests that two-thirds of the total annual infrastructure investment comes from the public sector (ADB, 2017). Nonetheless, ADB also reveals that only about 40 per cent of the financing gap can be met by increasing public investment due to constraints in expanding fiscal space. Therefore, it is imperative to mobilize private-sector finance for infrastructure development.

However, the private sector is often reluctant to invest in infrastructure. This reluctance is due to, among others, a lack of bankable projects, adequate incentive structures and favourable risk perceptions. Private investors seek well-prepared projects with clear rationales to anticipate the rates of return that compensate the large investment sums required, which are often hard to find. The insufficient number of bankable projects is usually a result of the authorities’ lack of capacity to deal with the complexities of infrastructure planning and designing.

Furthermore, incentive structures for private sector financing are often not appropriate for long-term investments, which needs to accommodate the lengthy maturation cycles of infrastructure projects into a private company’s investment plans. Finally, there are many uncertainties surrounding infrastructure development, including political, social and environmental risks. Public guarantee mechanisms should also be put in place to assist the private sector in the worst-case scenarios.

The Addis Ababa Action Agenda of the Third International Conference on Financing for Development recognizes these issues and highlights the potential of public-private partnerships (PPPs) as a way forward. PPPs are long-term contractual agreements between a public and a private entity on projects aimed at providing a public service and infrastructure, in which responsibilities and rewards are shared. PPPs in infrastructure can target economic sectors (e.g., transport, electricity), as well as social sectors (e.g., health, education). An example of a PPP arrangement in infrastructure is assigning a private company to design, build, finance, operate and maintain a public road in exchange for toll charges.


3 “We recognize that both public and private investment[s] have key roles to play in infrastructure financing, including through development banks, development finance institutions and tools and mechanisms such as public-private partnerships” (United Nations, 2015a; para. 48).
The success and attractiveness of PPPs depend on a varied list of factors which together form a PPP enabling environment. These factors include macroeconomic stability, general regulatory and institutional quality, financial markets development, experience with PPPs, and an effective PPP system (ESCAP, 2018). In this paper, we define PPP system as the set of adopted: i) frameworks for PPP regulation, ii) institutional arrangements regarding the implementation of PPP projects (for instance, the existence and mandate of PPP units), and iii) other mechanisms provided by governments, namely support funds and public guarantees⁴. The implementation of a PPP system is the responsibility of governments.

This paper analyses the PPP systems of selected Asia-Pacific economies to recommend policy action towards a more enabling PPP environment. To this end, we surveyed 20 member States of the Infrastructure Financing and PPP Network of Asia and the Pacific (hereafter referred to as ‘the Network’). This international platform was launched by ESCAP in 2018, in collaboration with the Government of China, and aims at facilitating the exchange of experiences, disseminating knowledge and building consensus on infrastructure financing through PPPs as well as related transactions. The Network brings together member States from the Asia-Pacific region, representatives from the private sector, and several development partners, including multilateral development banks and regional development agencies.

The scope and method of this paper are comparable to an earlier research on the subject. ESCAP (2017b), for instance, reports the findings of a study with similar objectives to the present one, as it examined the national PPP systems of several Asia-Pacific countries. The conclusions were derived from a survey distributed amongst 23 member States and secondary research. Other agencies such as the Global Infrastructure Hub (GIH) and the Economist Intelligence Unit (EIU) have developed indexes to rank countries’ capacities to implement PPP projects – the InfraCompass and Infrascope indexes, respectively (EIU, 2018; GIH, 2017). Their indexes comprise a wide range of critical factors, one of them being PPP systems. Furthermore, the World Bank conducts annual surveys to assess the regulatory frameworks and good practices that govern PPPs in a comprehensive data collection process that involves over 130 economies worldwide (World Bank, 2018).

This paper on PPP systems aims to shed new light on the matter with a novel approach. First, our research has a regional focus and was led under the umbrella of ESCAP, the leading intergovernmental agency of Asia and the Pacific. Consequently, we collect information on countries that might often be excluded from other organisations’ studies, especially smaller and less developed economies in Asia and the Pacific. Second, by building on ESCAP (2017b), we are able to produce results that are roughly comparable to previous literature. Third, we introduced new issues to understand countries’ considerations for the SDGs when pursuing PPP arrangements at the national level as well as their challenges and needs in so doing.

This paper is organised as follows: section 2 elaborates on the emergence and use of PPPs, with a special focus on Asia and the Pacific; section 3 describes the research methodology and data collection techniques applied; section 4 presents the results of the survey, including sample profiles; section 5 discusses the implications of the survey results; and section 6 concludes the paper while acknowledging limitations of the study.

⁴ This definition is slightly different from Kim, et al. (2018), as we do not consider the implementation process of PPPs.
2. Background

Private participation in infrastructure can be attracted through several ways, with PPPs being the most widely discussed mechanism for doing so. PPP as a concept does not enjoy a universally accepted definition since each country sets its own legal classification. In this study, we follow the World Bank’s PPP Reference Guide and define PPP as a “long-term contract between a private party and a government entity for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance” (World Bank, 2017). A broad definition such as this allows for easier cross-country comparisons. Moreover, given that our research also uses the World Bank data, adopting this definition ensures the consistency of the analysis. Also, the World Bank’s PPP Reference Guide is in accordance with the United Nations’ stance on the matter, as it is the result of a collaboration between several international organisations such as ESCAP and the Organisation for Economic Co-operation and Development (OECD).

Although PPPs are a system for governments to procure and develop public infrastructure, they differ from traditional procurement in three key aspects: funding, contract duration, and risk allocation. First, traditional procurement projects are financed by national budgets, and payments are made upfront during the construction phase. On the other hand, PPP projects are mainly financed by the private sector, which receives payments over the lifetime of the project, most often via user fees or availability payments. Second, the duration of a traditional infrastructure procurement contract is much shorter than that of a PPP contract. In the former, the relationship between the public agency and the private contractor ends once the construction phase is over; in the latter, the private partner can be responsible for operating the infrastructure over numerous years, typically more than 20 years. Third, risks are borne solely by the public sector in traditional procurement but shared with the private sector in PPP contracts. Typically, risks are reviewed at the outset in PPPs and the project is, in turn, structured to allocate risks to the partner best-equipped to manage them.

Apart from the ability to capture capital otherwise not available to the often budgetarily constrained public sector, PPPs exhibit some advantages. First, they allow for the realization of efficiency gains due to the involvement of expert and dynamic private companies in the development of infrastructure. The private sector is typically better at ensuring efficient delivery, operation and management of the asset as well as greater access to technology. Second, the long-term feature of PPP contracts potentiates the adequate provision of public infrastructure. For example, when a private company is under contract to construct and operate an infrastructure project, it will be in the company’s interest to guarantee a high-quality design and construction of the asset to lower operation and maintenance costs. Longer-term contracts like PPPs also favour the adoption of whole life-cycle approaches in a project’s assessment. Lastly, by transferring risk to the private sector, government finances are protected against threats such as cost overruns and construction delay, which are significant and common in infrastructure projects.

Notwithstanding these benefits, PPP arrangements also have some limitations. These include, for example, high transaction costs (derived from their complexity) and limited flexibility (once the contract has started, modifying project specifications can be very costly). Moreover, PPPs are sensitive from a political point of view, and may potentially raise public discontent due to the ‘user-pay principle’ which they are typically based on. Finally, local companies do not always have the capacity to deliver the expected outputs of a PPP arrangement. Because of this and other reasons, PPPs are

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5 In the case of user payments, the private partner is given the right to charge individuals for using the infrastructure (e.g., tolls in a highway road). In the case of availability payments, the private operator is paid based on the quality of the asset over time, according to predefined criteria.
not suitable for all types of infrastructure projects. Careful assessment of the infrastructure needs must be conducted first, weighing all the pros and cons of implementing such a partnership.

While the public and private sectors have long been collaborating towards the development of infrastructure, the concept of ‘public-private partnerships’ only emerged in the 1980s, when new economic ideas started arguing for the liberalization and privatization of infrastructure activities (PPIAF, 2009). One of the first countries to develop a systematic PPP programme was the United Kingdom, with the creation of the Private Finance Initiative in 1992 (Benjamin & Jones, 2017). Ever since, PPP contracts have been increasingly implemented in developed countries, which account for a major share of the PPP projects being implemented worldwide. Evidence shows that, from 2000 to 2016, member countries of the OECD realized 90 per cent of the PPP projects in social sectors such as education, health care or housing (Deep, Kim, & Lee, 2019).

Figure 1: Infrastructure investment under PPPs in developing countries by region

Source: Authors, based on data derived from the Private Participation in Infrastructure database, World Bank.

Among the developing world, the Asia-Pacific region has recorded the highest volume of investment in infrastructure under PPP contracts over the years (figure 1). Between 1990 and 2018, the average annual investment under PPPs in the region was nearly $30,000 billion, compared with $18,000 billion in Latin America and the Caribbean. Moreover, Asia and the Pacific is the only region that has shown relatively steady increase in PPP infrastructure projects’ investment over the years. Between 2011-2014 and 2015-2018, for instance, it experienced a 24 per cent increase in the funds invested in PPP projects.

Contrary to the global trend, PPP investments in Asia and the Pacific were mainly channelled to the transport sector (57 per cent) followed by the energy sector (32 per cent) from 2015 to 2018. In other regions, the energy sector was the main priority (attracting over 50 per cent of the investment funds), except for Europe where investments were channelled to the transport, energy, and water and waste sectors evenly. The high investment in the transport sector signifies the emphasis placed by the Asia-Pacific region on enhancing connectivity between national and international markets. At
the global level, investment in information and communication technologies (ICTs) via PPPs was minimal, representing less than 3 per cent of the total investment per region.

It is worth noting that the Asia-Pacific PPP investment landscape is highly concentrated in a small number of countries, namely China, India, Indonesia and Turkey. From 2015 to 2018, these four economies attracted more than 70 per cent of the total private capital invested in the PPP projects of the region. For decades, the Russian Federation also exhibited substantial private participation in infrastructure, but these levels have been declining in the past few years. The large sums of money invested via PPPs are not driven only by the large scale of the projects implemented but also the high number of contracts being implemented in these four countries. Indeed, they attracted 80 per cent of the total number of contracts in Asia and the Pacific between 2015 and 2018. China alone accounts for half of the number of PPP contracts implemented in the same region and period.

Considering the relatively low adoption rates of PPPs in Asia and the Pacific except for a small number of countries, further efforts should be made to promote the universalization of PPP arrangements in the region. In this regard, the international community can play a particularly important role. International organizations’ initiatives have been implemented towards the creation of knowledge products on PPPs (e.g., World Bank’s PPP Reference Guide, Global Infrastructure Hub’s Infrastructure Tools), assistance on policy development and project preparation (e.g., ADB’s Asia Pacific Project Preparation Facility, World Bank’s Public-Private Infrastructure Advisory Facility, and World Bank’s Global Infrastructure Facility) or funding support (e.g., International Finance Corporation, Multilateral Investment Guarantee Agency). Finally, regional dialogue platforms have been set up to showcase infrastructure knowledge and know-how, as well as strengthen partnerships (e.g., Infrastructure Financing and PPP Network of Asia and the Pacific, Asia infrastructure Forum).

3. Objectives of the study

This paper aims to examine the PPP systems of countries in Asia and the Pacific through the lens of the 2030 Agenda for Sustainable Development. PPP systems are a key factor in the creation of a PPP enabling environment; therefore, understanding their current state allows us to suggest better and focused policy recommendations.

In this paper, we also discuss the importance of PPPs to accelerate sustainable development in two ways. One, they contribute to the reduction of infrastructure gaps, which are essential to overcome economic, social and environmental challenges. Two, policymakers need to ensure that their PPP systems follow the principles of the 2030 Agenda with due consideration for gender equality, stakeholder engagement, and environmental sustainability.

This study was developed under the mandate of the Infrastructure Financing and PPP Network of Asia and the Pacific in the hopes of creating a solid knowledge base on PPP systems and to motivate collective policy action. One of the objectives of ESCAP as the facilitator of the Network is to provide capacity-building support to its member States, which is only possible after gathering detailed knowledge of the current state of affairs.

4. Methodology and data collection

In this paper we adopted the survey research-strategy. Surveys are often used for exploratory and descriptive research as they allow the collection of a large amount of both quantitative and qualitative data from sizeable populations. The data collection technique utilized was the self-
administered Internet-mediated questionnaire\(^6\). This type of questionnaire is advantageous because it generates easily comparable results. Additionally, it is relatively easy to conduct when respondents are as geographically dispersed as in this case.

The questionnaire’s design and dissemination were led by the Macroeconomic Policy and Financing for Development Division of ESCAP. The form (shown in Appendix) includes a total of 91 questions, of which 48 are multiple-choice questions (both single and multiple response types), 26 are rating questions, 13 are open-ended questions, and three are ranking questions. Of all these, 11 questions do not mandatorily require an answer.

Each question is distributed among one of the following three categories, according to its subject of inquiry:

i. General information
ii. PPP systems
   a. Policy and legal frameworks
   b. Institutional arrangements
   c. Support mechanisms
iii. 2030 Agenda for Sustainable Development

The design of the questionnaire is fundamentally based on the earlier work of ESCAP (2017b), especially the category “PPP systems”. Building on the previous work, we further inquire about the member States’ considerations for the SDGs and their difficulties in implementing sustainable PPP systems. This new section of the questionnaire is in line with the monitoring and capacity-building roles played by ESCAP in the Asia-Pacific region.

The questionnaire was sent via e-mail at the end of June 2018 to, at that point, 23 member States of the Network\(^7\). It was disseminated among central government officials with some degree of responsibility in the PPP system of their countries. Each country could complete one questionnaire only. Together with the questionnaire, an invitation to participate in the first meeting of the Network, held in Guiyang, China in September 2018, was sent to the government officials. Although responding to the questionnaire was not required to participate in the event, member States were strongly incentivised to collaborate with the survey research. Reminders were sent at two different points in time, reinforcing the importance of the information surveyed and restating the deadline dates. The last answer was received by early September 2018.

A total of 20 responses were received, which corresponds to a completion rate of around 87 per cent. Member States who participated in this survey are: Afghanistan, Bhutan, Cambodia, China, Fiji, Indonesia, Islamic Republic of Iran, Kazakhstan, Lao People’s Democratic Republic (Lao PDR), Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Tajikistan, Samoa, Sri Lanka, Thailand and Vanuatu. There were no partial or disqualified responses.

5. Results

This section first briefly characterizes the sample of respondents and their countries’ experiences in implementing PPP projects, and then focuses on the description of the PPP systems

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\(^6\) Such questionnaires are administered electronically and are fully completed by the respondents without the presence of an interviewer. In this case, the questionnaire was designed on the platform “Microsoft Forms” and disseminated via e-mail.

\(^7\) At the time of writing, the Network already accounts to 30 member States, and is expected to further expand in the future.
adopted throughout the region. Lastly, responses are analysed according to PPP units’ concerns for SDGs and the difficulties they face.

5.1. Sample profile

The survey was answered by representatives of 20 member States of the Network, which approximately corresponds to the same sample size of ESCAP (2017b). Nevertheless, countries surveyed in these two studies were not precisely the same - the sample coincides in 13 of the 20 countries\(^8\). Table 1 provides a list of the member States included in our present sample, as well as some descriptive statistics. The largest economies, as measured by the size of the GDP, are China and Indonesia, above $1 trillion each. Samoa and Vanuatu are the smallest, with GDP levels below $1 billion. This disparity in GDP adequately portrays the economic diversity of the Asia-Pacific region.

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\(^8\) In ESCAP (2017b), the countries surveyed were: Afghanistan, Bangladesh, Brunei Darussalam, Cambodia, China, India, Indonesia, Kazakhstan, Lao PDR, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, the Republic of Korea, Tajikistan, Thailand, Turkey and Viet Nam.
Table 1: Surveyed member States

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan*</td>
<td>19,363</td>
<td>521</td>
<td>Low</td>
<td>LDC and LLDC</td>
<td>19</td>
</tr>
<tr>
<td>Bhutan</td>
<td>2,535</td>
<td>3,360</td>
<td>Lower-middle</td>
<td>LDC and LLDC</td>
<td>-</td>
</tr>
<tr>
<td>Cambodia*</td>
<td>24,572</td>
<td>1,512</td>
<td>Lower-middle</td>
<td>LDC</td>
<td>1,113</td>
</tr>
<tr>
<td>China*</td>
<td>13,608,152</td>
<td>9,771</td>
<td>Upper-middle</td>
<td>-</td>
<td>59,092</td>
</tr>
<tr>
<td>Fiji</td>
<td>5,480</td>
<td>6,202</td>
<td>Upper-middle</td>
<td>SIDS</td>
<td>-</td>
</tr>
<tr>
<td>Indonesia*</td>
<td>1,042,173</td>
<td>3,894</td>
<td>Lower-middle</td>
<td>-</td>
<td>31,221</td>
</tr>
<tr>
<td>Iran (Islamic Republic of)</td>
<td>454,013</td>
<td>5,628</td>
<td>Upper-middle</td>
<td>-</td>
<td>330</td>
</tr>
<tr>
<td>Kazakhstan*</td>
<td>170,539</td>
<td>9,331</td>
<td>Upper-middle</td>
<td>LLDC</td>
<td>839</td>
</tr>
<tr>
<td>Lao PDR*</td>
<td>18,131</td>
<td>2,568</td>
<td>Lower-middle</td>
<td>LDC and LLDC</td>
<td>1,850</td>
</tr>
<tr>
<td>Malaysia*</td>
<td>354,348</td>
<td>11,239</td>
<td>Upper-middle</td>
<td>-</td>
<td>4,724</td>
</tr>
<tr>
<td>Mongolia*</td>
<td>13,010</td>
<td>4,104</td>
<td>Lower-middle</td>
<td>LLDC</td>
<td>302</td>
</tr>
<tr>
<td>Myanmar</td>
<td>71,215</td>
<td>1,326</td>
<td>Lower-middle</td>
<td>LDC</td>
<td>2,212</td>
</tr>
<tr>
<td>Nepal*</td>
<td>28,812</td>
<td>1,026</td>
<td>Low</td>
<td>LDC and LLDC</td>
<td>549</td>
</tr>
<tr>
<td>Pakistan*</td>
<td>312,570</td>
<td>1,473</td>
<td>Lower-middle</td>
<td>-</td>
<td>9,658</td>
</tr>
<tr>
<td>Philippines*</td>
<td>330,910</td>
<td>3,103</td>
<td>Lower-middle</td>
<td>-</td>
<td>13,824</td>
</tr>
<tr>
<td>Samoa</td>
<td>861</td>
<td>4,392</td>
<td>Upper-middle</td>
<td>SIDS</td>
<td>-</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>88,901</td>
<td>4,102</td>
<td>Upper-middle</td>
<td>-</td>
<td>202</td>
</tr>
<tr>
<td>Tajikistan*</td>
<td>7,523</td>
<td>827</td>
<td>Low</td>
<td>LLDC</td>
<td>-</td>
</tr>
<tr>
<td>Thailand*</td>
<td>504,993</td>
<td>7,274</td>
<td>Upper-middle</td>
<td>-</td>
<td>8,222</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>888</td>
<td>3,033</td>
<td>Lower-middle</td>
<td>LDC and SIDS</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Authors, based on data derived from the World Development Indicators database, World Bank.

Notes: *Datapoint for Iran (the Islamic Republic of) refers to the year 2017; *Member State was surveyed by ESCAP (2017b); CSN: countries with special needs; LDC: least-developed country; LLDC: land-locked developing country; SIDS: small island developing State; PPP: public-private partnerships.

Table 1 also presents information to assess the economic status of the member States in our sample. The level of GDP per capita allows us to classify member States concerning their income (as defined by the World Bank). Our study focuses on developing Asia-Pacific (i.e., low- and middle-income countries), in contrast to ESCAP (2017b), which also surveyed high-income countries. Advanced economies typically exhibit well established PPP systems and, hence, are not targeted by the Network (whose primary goal is to enhance countries’ capacities in order to “leave no one behind”).

Twelve countries, over half of the present sample, are categorised as countries with special needs (CSNs) either because they are least-developed countries (LDCs), landlocked developing countries (LLDCs), small island developing States (SIDS), or a combination of the above. This number is higher than that of ESCAP (2017b), which only surveyed nine CSN. Both samples exhibit a larger

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* The high-income countries surveyed by ESCAP (2017b) were: Brunei Darussalam, New Zealand and the Republic of Korea.
number of LLDCs, followed by LDCs and SIDS – this is a sign of greater interest from CSNs to improve their PPP capacities actively.\(^\text{10}\)

Countries in the present sample are also well spread out across the region. Geographically, the two better-represented subregions are South-East Asia and South and South-West Asia, which is somewhat representative of the regional PPP landscape since they are the most dynamic subregions in attracting private sector investment for infrastructure (ESCAP, 2019b). In terms of subregional dispersion, our sample is very similar to that of ESCAP (2017b).

Table 1 also shows the levels of investment made in infrastructure through PPPs in each sampled member State from 2015 to 2018, serving as an indicator of a country’s experience in implementing PPPs. The most PPP active countries in our sample are China, followed by Indonesia and the Philippines - each having mobilised over US$ 10 billion for infrastructure development under PPPs. Some of the less active countries include Afghanistan, Sri Lanka and Mongolia. A total of five countries – Bhutan, Fiji, Samoa, Tajikistan and Vanuatu – have not recorded any PPP investment since 2015, perhaps as an indicator of less developed PPP systems.

The questionnaire was sent to government officials with duties falling under the PPP systems of their countries. According to figure 2, most of the respondents hold a senior-level management role, such as director, chief or chairperson, suggesting that the respondents are highly suitable to answer the questions. Senior-level managers typically possess a more comprehensive knowledge of the PPP systems developed in their respective countries (they are more familiar with the ‘bigger picture’ of things). Fifteen per cent of the respondents reported as being officers or managers, whereas only 10 per cent are advisors.

Figure 2: Job position of respondents

<table>
<thead>
<tr>
<th>Job Position</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director/Chief/Chairperson</td>
<td>13</td>
</tr>
<tr>
<td>Officer/Manager</td>
<td>3</td>
</tr>
<tr>
<td>Advisor</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Authors.

Figure 3 provides information on which sectors were targeted for PPPs. The great majority of member States have implemented or plans to implement PPP projects in the energy and transport sectors followed by water and social assets (i.e., health and education). The information and communication technologies (ICT) sector is rarely a target for PPPs, in line with the notion that sectors

\(^\text{10}\) Given that the overall region has 12 LDCs, 12 LLDCs and 14 SIDS, and a request to participate in the survey was sent without discrimination.
exposed to rapid changes such as ICT are not well-suited for PPPs due to their contracts’ long-term characteristics.

Figure 4 shows the most frequent funding source of PPP projects; over 70 per cent of the respondents reported bank loans. Between 2015-2018, the average share of funds raised for infrastructure finance from bank loans was the highest at 50.1 per cent (ESCAP, 2019b). The second most typical source of funding of PPP projects is debt or equity securities, that is, bonds or stocks (60 per cent of the respondents). This trend can be the result of the advent of project finance, which provides a more attractive risk sharing. Despite these results, previous research shows that infrastructure financing through capital markets is still at its infancy in Asia and the Pacific (ESCAP, 2019b). Official development assistance (ODA) also plays an important role as a second-choice source of capital for PPP projects, which is not surprising, given a large number of CSN countries in the sample.

5.2. PPP systems

This paper defines a PPP system as the combination of i) the PPP policy and legal frameworks, ii) the PPP institutional arrangements, and iii) the financial support mechanisms provided by governments towards the implementation of PPP projects. Following the work of ESCAP (2017b), we inquired member States about each one of these dimensions in this survey.

Policy and legal frameworks

The distinction between policy and legal frameworks, which together form the regulatory framework, is often not very clear. In this study, ‘policies’ are government documents that state the

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11 In project finance, as opposed to corporate finance, capital is allocated to individual stand-alone infrastructure projects and is paid back exclusively by the cashflows generated by the project (without recourse to other flows generated by the issuer entity) (OECD, 2015b).
intention of using PPPs as a course of action to deliver public services, as well as the principles that
guide that course of action, whereas the ‘legal’ framework encompasses all laws and regulations that
govern the PPP project cycle (World Bank, 2017). Policy documents may also describe how PPPs are
implemented and, for this purpose, could be referred to as guidelines. Because policy statements are
easier to modify than laws and regulations, they tend to be adopted in the early days of a PPP
programme (ESCAP, 2017b). In this context, policy and legal frameworks are not mutually exclusive,
which fundamentally diverges from ESCAP (2017b).

Figure 5 suggests that policy and legal frameworks are well-established in the region. Only
two countries, Fiji and Myanmar, reported not having implemented any PPP regulatory document; however, they both showed interest in doing so soon. Among the remaining 18 surveyed member States that have adopted a policy and legal framework, no clear preference is observed for either one
or the other - 10 and 11 countries have enacted policy and legal documents, respectively. Only three
countries’ PPP systems are operating under both frameworks.

![Figure 5: Implemented policy and legal frameworks](image)

Notes: More than one answer allowed if answer different from “No framework”.

Source: Authors.

Within the legal framework, three types of documents can be decreed: PPP laws, concessions
law and regulations (figure 5 again). Of these, the most widely chosen in the region are PPP laws that
demonstrate political commitment to PPPs and ensure a more stable and predictable regulatory
environment for the stakeholders involved in the PPP process. PPP laws are typically enacted in
countries with civil law systems, as corroborated by the present survey’s results - only two of the seven
sampled countries that reported having PPP laws (Pakistan and the Philippines) are non-civil law
States12. It is worth noting that most countries would only either have Concessions or PPP Laws, since
they both address or cover similar areas.

Most of the countries surveyed plan to strengthen their policy and legal frameworks with 16
countries having a policy or a legal document under development. This reflects a generalised concern
for the continuous improvement of the regulatory framework related to PPP contracts, which are

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12 According to the World Factbook, Pakistan is a common-law country with Islamic law influence, and the
Philippines has a mixed legal system of civil, common, Islamic (sharia), and customary law (CIA, 2019).
complex and need to be constantly updated and monitored. It can also be an indicator of the infancy of the regulatory framework in some of the member States.

**Institutional arrangements**

Facing the high complexity of PPPs, governments often establish dedicated agencies aggregating staff with specialized knowledge on PPPs. They are called ‘PPP units’ and can exhibit various structures and functions. They have been an essential element of a successful PPP system; thus, governments prioritize their existence and efficiency.

As observed in figure 6, 17 of the sampled countries have active PPP units. Within this group, we observe an increase in the number of member States with PPP units since the last survey (ESCAP, 2017) as Bhutan, Cambodia, the Islamic Republic of Iran, and Lao PDR have newly established dedicated PPP units. Indonesia has several PPP units, and thus the responsibilities are not centralised but spread across different ministries. Fiji, Myanmar, and Vanuatu have still not launched PPP units despite Vanuatu having reported that one is currently being developed. These three countries are excluded from further discussion.

![Figure 6: Existence of PPP units](image)

**Source:** Authors.

The present survey provides no clear answer to where PPP units should be located within the governmental structure. It seems that the choice of the institutional framework is greatly attributed to the designated functions to each PPP unit. For instance, a PPP unit which is mainly responsible for reviewing and overseeing the management of PPP projects for enhancing efficiency and affordability is often located within the Ministry of Finance. On the other hand, if a PPP unit focuses greatly on the promotion of PPPs, it is usually part of an investment promotion agency. Figure 7 shows that the vast majority of countries chose to create a PPP unit within their Ministries of Finance (65 per cent). Around one-third responded “other ministries”, which include the Ministry of Planning and Investment, the Ministry of Public Enterprises, among others. Mongolia holds its PPP unit under a non-line-ministry agency called the National Development Agency.

Apart from establishing a dedicated PPP unit in the central government, countries may also designate responsibilities to subnational offices and subsectoral agencies that could provide better tailored support to each project. The delegation of subnational offices occurs in 13 of the 17 surveyed countries that have PPP units: five countries have PPP units at the subnational level, five other
countries have them at the sectoral level, and three countries at both levels. This variation of subnational delegation reflects the diversified arrangements of PPP units in the region.

PPP units can be further characterized in terms of the number and status of staff they employ. Survey results in figure 8 show that size varies immensely as most of the countries (58 per cent) report having PPP units composed of either “1-5” or “over 30” staff. Smaller countries typically exhibit smaller PPP units, as is the case of Bhutan, Lao PDR and Samoa. Generally, PPP units are relatively large, since around 60 per cent of the countries employ over 11 people. A large proportion, approximately three-quarters, of the PPP units in the sampled countries have staff under civil servant contracts, most likely under a rigid public-sector payroll system (figure 9). Whereas, the remaining quarter of countries, adopt alternate hiring arrangements, which provides flexibility to attract technical expertise.

The funding source for the majority of the PPP units surveyed primarily relies upon the public budget at 82 per cent as illustrated in figure 10. Given that PPP units are located within the governmental structure, this reliance on government financing is expected. Only two countries reported having their PPP units funded by external donors, namely Afghanistan and Sri Lanka. It is worth noting that no PPP unit operates a self-sustainable model, in which funds are obtained from charging fees to a third party. Respondents were not obliged to provide an answer to this question if the funding source had not yet been decided. Indeed, Pakistan abstained from answering the question, which may be explained by the early-stage development of its PPP unit, launched only in June 2018.

13 The size of the unit could also be a function of the date of its inception. However, there is no such pattern in the examples given, as the PPP units of Samoa, Bhutan and Lao PDR were created in 2015, 2016 and 2018, respectively (this information was part of the survey).
PPP units vary in organizational structure as well as in their functions. This diversity reflects the wide range of priorities and constraints facing PPP programmes within each government. Moreover, functions assigned to PPP units tend to change over time along with the expansion of a country’s PPP system. These functions are examined in the following paragraphs and include: i) policy formulation; ii) standardization; iii) coordination; iv) capacity building; v) promotion and dissemination; vi) technical support; and vii) quality control.

Sources: Authors.
Policy formulation is a function shared by most PPP units in the region. This function is linked to the implementation of a regulatory framework, as discussed before. If a PPP unit is the main body responsible for drafting laws, regulations, policies or guidelines, it is said to have a “policy formulation” function. Currently, only the PPP unit in Mongolia does not have any such duties, most likely because it is not located under a line ministry. However, it plans to start developing policies and strategies in the future. Within the three duties falling under policy formulation, the most widely adopted is the development of PPP policies and strategies (over 90 per cent of the PPP units), whereas the advisory role on legislation and regulation is present in less than 80 per cent of the PPP units.

Over 80 per cent of the PPP units have some degree of responsibility in standardization, which involves the development of model contracts or standardized bidding documents that can be tailored to different cases. This function is important because it increases not only public sector efficiency, but also enhances transparency in tendering and procurement process. It is consensual that developing PPP model contracts is the desired role for a PPP unit since all the respondents reported that their units already possess this function or plan to do so in the future. Currently, the PPP units of Afghanistan and Nepal are the only ones which do not have any standardization duties, even though these are planned to be implemented in the future.

During the PPP process, coordination is often hard to achieve, given the large number of players involved – from private investors and civil society to line ministries and governmental agencies. For this reason, mandating PPP units to play a coordinating role among stakeholders would facilitate the implementation of PPP projects and improve the efficiency of the whole process. For instance, PPP units could provide support in securing permits and other required approvals. In the present sample, less than half of the member States have PPP units with this responsibility. Overall, this is the least assigned function to the PPP units of the region, with less than 50 per cent of the PPP units currently performing the role and over 30 per cent of the units not being targeted to do it in the future.

Capacity building can be provided through research or training. PPP units have privileged access to information on the PPP landscape of their respective countries and can thus produce relevant and practical research outputs regarding past PPP experiences or current challenges. The expertise of the unit’s staff could also be shared with other government officials via training programmes, not only to raise awareness on specific issues but also to educate them on the good practices of PPP project development. The survey results show that surveyed PPP units are equally dedicated to both tasks, as each one is done by exactly 70 per cent of the units. Moreover, nearly all member States recognise the importance of this function and plan to fully mandate their PPP units to conduct it in the future (except for Mongolia regarding the organization of training courses).

Another function often assigned to PPP units is the promotion PPP projects and dissemination of PPP related information, both within and beyond the government range – to potential private suppliers or investors, for example. Dissemination can be done by creating a database of the pipeline of PPP projects and then sharing it with the public. Presently, nine out of 17 PPP units report doing both of these tasks, and three do not prioritise the combination of the two while the remaining member States are planning to assign these responsibilities to their PPP units fully. The issuance of requests for PPP proposals is another task that contributes to the promotion and dissemination of PPP projects. Most units do not currently undertake this role, and a relatively large minority, 30 per cent, does not plan to do so in the future either. The request for PPP proposals is precisely the task that generated more dispersion in responses, as eight respondents said “yes”, four said “planned in the future” and five said “no”.

15
Dedicated PPP units are one of the best-suited bodies in a country’s PPP system to provide technical support. They can help projects’ implementation throughout their entire lifecycle, which encompasses identification, preparation, procurement and contract management. Based on the survey responses, PPP units in the Asia-Pacific region tend to be more involved in the early stages of the project implementation. For example, over 70 per cent of the units currently provide support related to project identification, but only about 40 per cent do so in negotiations on the terms of agreements for PPP contracts (i.e., contract management).

Furthermore, technical support is the function that records the highest number of units under a planning stage: three tasks within this function registered five units with responsibilities under development, a number not observed in any other function. This distribution denotes an increasing interest of member States in developing this capacity. The least desired task within the technical support category is participating in the procurement process of PPP projects since around 35 per cent of the units do not plan to implement this in the future. This is an interesting result since they would be the best team to conduct those efforts given their expertise.\footnote{Since the subnational or sectoral PPP unit is more familiar with local projects, the central PPP unit may not be responsible for this particular task. In the case of China, the China PPP Centre under the Ministry of Finance is not engaged in the procurement of local PPP projects in which a subnational PPP unit must be involved. This situation may be the same to some other countries. In fact, all but one country (i.e. Bhutan) that answered “planned” or “no” to this question possess subnational or sectoral PPP units.}

One last function potentially assigned to PPP units is quality control, i.e. ensuring that PPP proposals meet the requirements for successful implementation and overseeing the management of the project. This function is also known as gatekeeping as it allows PPP units to decide which projects are let into the pipeline. The great majority of the member States recognizes the advisory role in the approval process as a priority (70 per cent). It is worth noting that this was the only task of the survey that have not registered any “planned in the future” response, and that the rates of not aiming to implement it are also quite high (30 per cent).\footnote{Similar to the above, subnational or sectoral PPP units may oversee the management of local PPP projects. At least, it is true in China.} On the other hand, the idea of PPP units being the approving body for PPP projects is less widely contested since almost 90 per cent of the member States either have already assigned or plan to assign that role to their units in the future.
In order to assess the popularity of the different functions across member States, we developed an index to rank them by dimensions for each function as follows: if the respondent answered “Yes” (i.e., the PPP unit plays that role), we attributed a full score of 1; if the answer is “Planned in the future”, the outcome is 0.5; and if the answer is “No”, that dimension will score 0. For
each dimension, we then sum the scores of all countries. The final index score for each function is obtained by averaging the individual scores of its dimensions, and finally converting it to an index ranging from 0 to 100. This number is indicative of how important a particular function is to our sample of countries – the higher the score, the more important that function is to the 17 PPP units surveyed (either because the unit already plays that role, or because it is expected to do so in the future). Ultimately, if a given function’s index score is 100, that would mean that every country is presently assigning all the dimensions of that function to their PPP units.

The results of the aforementioned index can be seen in figure 12. It becomes clear that policy formulation is the top priority for member States since not only it is the most widely assigned among the surveyed PPP units (12 of the 17 units play this role in all its dimensions), but also many of those which have not fully assigned policy formulation to their units plan to do so in the future. The following two most important functions are capacity building and standardization. On the other hand, functions like coordination and technical support are the least typically assigned and prioritized. This result suggests an overall preference for PPP units that do not actively participate in the implementation of infrastructure projects but for those that are more involved in regulatory and policy-making roles.

![Figure 12: Index score of preferred functions for PPP units](image)

**Source:** Authors.

**Financial support mechanisms**

While PPPs are an infrastructure financing modality used to attract private sector investment into infrastructure development, governments’ financial support is often necessary to ensure the viability of the project. The rationale behind financial support is to avoid excessive risk premiums for infrastructure development, provide incentives to the private sector, and enhance the availability of finance or reduce its cost, especially in face of underdeveloped or disrupted capital markets (World Bank, 2017).

Governments can intervene financially in PPP projects through different mechanisms. Classified into two broad categories, there are support funds and public guarantees. The former encompasses real and monetary transfers (for example, lands and subsidies), tax exemptions, and public investment under the form of debt or equity instruments. The latter aims to cover some of the
risks that the private sector might not be willing to undertake, such as revenue shortfalls, cost overruns, and the uncertainty around currency exchanges and interest rates.

When asked about the availability of government financial support for PPP projects, only four member States indicated not having a mechanism of such kind (table 2). Among the two categories, support funds are the most widely adopted in the surveyed countries. Moreover, survey results show that public guarantees alone do not suffice – all member States that provide these guarantees also provide support funds.

Table 2: Available financial support mechanisms

<table>
<thead>
<tr>
<th>Country</th>
<th>Support funds</th>
<th>Public guarantees</th>
<th>None</th>
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</thead>
<tbody>
<tr>
<td>Afghanistan</td>
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<td>●</td>
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<tr>
<td>Bhutan*</td>
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<tr>
<td>Cambodia</td>
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<td>●</td>
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<tr>
<td>China*</td>
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<td>Fiji</td>
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<tr>
<td>Indonesia*</td>
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<tr>
<td>Iran (Islamic Republic of)</td>
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<td>Kazakhstan*</td>
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<td>Lao PDR</td>
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<td>Philippines*</td>
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<td>Samoa</td>
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<td>Sri Lanka*</td>
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<td>Tajikistan</td>
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<td>Thailand</td>
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<td>Vanuatu</td>
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</tbody>
</table>

Note: *Member State frames financial support mechanisms in a legal document.
Source: Authors.

Many countries have improved the availability of support mechanisms for PPPs since the previous survey-based research led by ESCAP (2017b). Indeed, China, Lao PDR, Nepal, Pakistan and Thailand, which did not provide support funds nor public guarantees, now have support mechanisms. Kazakhstan and the Philippines, which had only one mechanism in place earlier, have recently added another one. Overall, the number of member States without any mechanism has decreased over time.

For these support mechanisms to be in place, they do not have to be recognised in a legally binding document. However, if that is the case, the private sector would be more optimistic about PPP investments. Under the present analysis presented by figure 13, only six countries have enacted a legal document that envisages financial support to PPPs. Realising the benefits of doing so, eight other countries are currently developing one. Consequently, 80 per cent of the sampled countries are expected to possess such a legal framework in the future.
Despite the importance of financial support mechanisms to promote an enabling PPP environment, they have prejudicial effects on government budgets by creating the so-called contingent liabilities in the long run. Put simply, when a government provides guarantees that cover a particular risk variable, it must ensure the payment commitments should unforeseen circumstances occur in the future. To overcome this issue, the government may introduce a particular provision in its budget for contingent liabilities under PPP projects, such as adding a contingency line in the respective budgets or creating a contingent liability fund (see box 1) (Cebotari, 2008). In the present sample of Asia-Pacific countries, only one-third have such contingency provisions in place, and one-fifth are not working towards that end. This is an issue that must be addressed as it may jeopardize the sustainability of the financial support mechanisms. Compare with the first ESCAP survey (ESCAP, 2017b), the present results still reveal positive but slow progress. Only Indonesia and Nepal have established the contingency provisions since the last survey in 2017, while Afghanistan, Lao PDR and Thailand are now planning to develop such a provision\textsuperscript{16}.

Figure 13: Existence of a mechanism to manage contingent liabilities

\begin{figure}
\centering
\includegraphics[width=0.5\textwidth]{Figure13.png}
\caption{Existence of a mechanism to manage contingent liabilities}
\end{figure}

\textit{Source: Authors.}

\textsuperscript{16} It is noteworthy that in the first ESCAP survey in 2017, Cambodia and Malaysia responded that they already have PPP support mechanisms in place (ESCAP, 2017b). In this second survey, however, two of the same member States responded “under development” when asked the exact same question.
Box 1: Indonesia Infrastructure Guarantee Fund

An example of a contingent liability fund for PPPs is the Indonesia Infrastructure Guarantee Fund (IIGF), a state-owned enterprise established by the government regulation and a 2009 Ministry of Finance decree. As one of the fiscal tools, IIGF is under direct supervision of the Ministry of Finance and has a mandate to provide guarantees for infrastructure projects under of PPP schemes.

IIGF is part of the government’s efforts to accelerate infrastructure development in Indonesia, by providing contingency support/guarantee for the risks caused by the government’s action or inaction. The Fund operates as a single window for appraising, structuring and providing guarantees for PPP infrastructure projects. The single window aims to ensure a consistent policy for appraising guarantees and a single process for claims while enhancing transparency and consistency in the PPP process which is critical for market confidence. IIGF provides guarantees against specific risks based on private sector demand in a variety of sectors—including power, water, toll roads, railways, bridges, ports and others.


Overall assessment of PPP systems

After analysing the three dimensions of PPP systems in Asia and the Pacific, we now provide a general overview. Table 3 synthesizes the information discussed so far by outlining how the surveyed countries have addressed the three dimensions of the PPP system. If a member State has issued any policies, guidelines or laws concerning PPPs, it is said to address a ‘policy and legal framework’. ‘Institutional arrangements’ corresponds to whether or not the member State has a PPP unit. Finally, those member States which either provide support funds or guarantees are marked as having ‘financial support mechanisms’.

In table 3, we can also observe which countries have incomplete PPP systems - that is which countries have yet to address all the three dimensions. Seven countries are in this category, which corresponds to roughly one-third of the sample. The less addressed dimension is ‘financial support mechanisms’, followed by ‘institutional arrangements’ and ‘policy and legal frameworks’. In this group of the surveyed countries, Fiji and Myanmar stand out as clear outliers as they are the only two countries that have addressed only one PPP-system dimension. All the other countries have at least worked on two dimensions. Moreover, these two countries lack both policy and legal frameworks and institutional arrangements, something which is not seen in any of the remaining countries.
Table 3: PPP systems in sampled Asia-Pacific developing countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Policy and legal frameworks</th>
<th>Institutional arrangements</th>
<th>Financial support mechanisms</th>
<th>Incomplete PPP system</th>
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<tbody>
<tr>
<td>Afghanistan</td>
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Source: Authors.

The classification of countries as having complete or incomplete PPP systems is an indicator of the degree of development of their PPP systems. Member States are either ‘fairly developed’ if they have implemented all three dimensions or ‘less developed’ PPP systems if they are still lacking one or more. It is worth noting that this classification only considers the existence, and not the efficiency, of the dimensions in their PPP systems.\(^{17}\)

5.3. Sustainable Development Goals and PPP Systems

In 2015, world leaders adopted the 2030 Agenda for Sustainable Development, which sets 17 Sustainable Development Goals or SDGs that must be achieved so that future generations can live in a more inclusive, sustainable, and prosperous world. To meet the SDGs by 2030, all stakeholders, including governments, businesses, regional and international bodies, and civil society organisations, are called to take action. Policymakers, however, have a special responsibility to take SDGs into consideration during their decision-making processes since their potential for change is larger and has a wider impact on society. In particular, the 2030 Agenda must not be overlooked in the management of a country’s PPP system.

We surveyed the member States of the Network about their practices in pursuing the SDGs when implementing PPP systems. Although infrastructure development through PPP schemes is, in

\(^{17}\) This is the reason why we adopt the term ‘fairly’.
itself, a mechanism to promote sustainable development (through the provision of basic services like sanitation, for instance), this section aims to assess if the ‘externalities’ captured by PPP systems positively contribute to the achievement of the 17 SDGs. In other words, what efforts are governments doing to promote overall progress towards sustainable development within their PPP systems’ structures?

The Preamble of the 2030 Agenda introduces five areas of action that need to be addressed: people, planet, prosperity, peace and partnerships (United Nations, 2015b). Each SDG falls into one or more of these dimensions. In the present survey research, we followed this framework to assess governments’ efforts to mainstream the SDGs in their PPP systems. We did not inquire about all the Goals related to each area of action but focused on the ones that were more evidently connected to the development of a PPP system.

**People**

This action area impels us to care for the well-being of humankind. Not only are we entitled to combat all forms of poverty and hunger, but we must also recognise the dignity of every human being, by ensuring access to a healthy environment and by fighting poverty and inequality. Goal 5 is of particular relevance to this dimension since it urges us to “Achieve gender equality and empower all women and girls”.

A few member States have already taken measures towards the achievement of Goal 5 in their governance structures, namely by imposing a minimum share of women employees in their staff. In our survey, we inquired if there was a legal document imposing the consideration for gender equality issues in both the assessment and implementation of PPPs. Even though this might be the current practice without the need to legally enforce it, a government’s commitment to working towards Goal 5 is better perceived through existing legislation.

According to figure 14, 40 per cent of the surveyed member States have a legislation to regulate gender equality in their pursuit of PPPs. Many countries do not make any efforts to legally enforce gender equality in PPP contracts. All eight countries that responded “No” to the question in figure 14 also did so in figure 15. Recognising gender equality issues in the assessment of PPPs is more common than in their implementation (8 respondents versus 2). By comparing figures 14 and 15, however, numbers are more optimistic in the assessment phase of PPPs than during their implementation; 60 per cent of the countries are committed to legally recognising gender issues in the assessment of a PPP project, as opposed to 35 per cent as either having or currently developing such a document for PPP implementation.
We must take action to protect the planet we live in. It is imperative to carefully manage the limited natural resources available and fight climate change and all the threats that it brings, namely increased disaster risk. Infrastructure can play a vital role in ensuring that our planet can meet the needs of future generations. For example, infrastructure can greatly contribute to mitigate disaster risk. If done improperly, however, infrastructure development can negatively impact on the environment.

Under the present survey research, member States were inquired about the existence of legislation demanding any environmentally friendly obligations either in the assessment or implementation of PPPs projects. Examples of this include the requirement to comply with a set of environmental and social (E&S) standards or the prohibition to use certain harmful materials.

As per figure 16, majority of the countries (80 per cent) has implemented a legal framework that raises environmental concerns while assessing a PPP project. Figure 17 elaborates on the phase of implementation of a PPP project with 60 per cent of the sampled member States admitted having expressed interest in legislating environmental concerns. Furthermore, it is worth noting that the rates of response of “under development” are relatively low, between 10 and 15 per cent.
Prosperity

The 2030 Agenda places a central emphasis on economic and technological progress. This means that, among others, we must take action to ensure quality education, economic growth, decent work, and sustainable urbanization. To this end, fostering innovation can play a vital role. This is especially highlighted by Goal 9, which sets the enhancement of domestic technology and research as a key target.

One of the great advantages of PPPs is that they bring the expertise and dynamism of private companies to a sector that would otherwise be dominated by bureaucratic and inefficient public institutions. The private sector typically reacts more avidly to market incentives such as competition and is, therefore, an important driver of innovation. In turn, the innovation generated with infrastructure development can often be applied to other sectors, thus bringing considerable positive spill over effects to the economy. In this regard, governments can play an important role by creating incentives for technology transfer and by fostering innovation through PPPs.

Member States of the Network were asked if there is any regulatory framework related to technology transfer when pursuing PPPs (figure 18). They were also questioned about the existence of any governmental measure or policy to support innovation during PPP implementation, such as grants or tax exemptions for research and development (R&D) (figure 19). For both questions, exactly half of the countries responded negatively. This proves that capturing positive externalities regarding technological advancement and innovation is not yet a priority in most countries of the region. According to figure 19, the preferred mechanisms of government support for innovation are contractual obligations and tax exemptions, while grants for joint R&D and disposal of public resources are less popular.
While the absence of war and violence is a fundamental pillar that sustains a peaceful society, good governance is also crucial to achieve the 2030 Agenda. Good governance requires promoting the rule of law, human rights, fundamental freedoms and equal access to fair justice systems, as well as combating corruption. Citizens should also be included in important decision-making processes. These critical factors are well stipulated by Goal 16.

In the present survey, we focus on the transparency and inclusive approach of the PPP programmes to measure the level of governance on PPPs. First, figure 20 reveals that when inquired about the tendering processes of a PPP project, over half of the respondents are legally required to be fully transparent. Thirty-five per cent of the surveyed member States are currently working on issuing legislation in this direction whereas 10 per cent of them do not plan to do so. There is, therefore, a general commitment to improve the governance structure covering the PPP process.

Second, over two-thirds of the surveyed countries engage in stakeholders’ consultation (figure 21). Infrastructure projects are complex endeavours involving several agents. Therefore, it is of extreme importance that infrastructure planning institutions consult with key stakeholders from private sector and civil society, especially the end-users, to ensure that the widest range of economic, social and environmental opportunities and challenges associated with infrastructure development are fully considered (ESCAP, 2019c). Figure 21 also suggests that among the countries that consult with stakeholders, the majority do so partially, namely by inquiring into the appropriate user charges. The surveyed countries justify this with the fact that stakeholder engagement typically is costly and time consuming.
Partnerships

We live in a global community in which countries’ actions have profound impacts on one another. The 2030 Agenda recognises the economic, social, and environmental links that inadvertently connect countries around the world and calls for a renewed partnership with all countries and stakeholders working on solidarity to achieve the Goals. Goal 17 outlines the most important components of these sustainable partnerships, namely improved mobilization of financial resources and stronger capacity-building efforts.

Member States in Asia and the Pacific have committed to foster stronger partnerships with respect to infrastructure financing and PPPs. In 2017, during the first session of ESCAP’s Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development, they requested the ESCAP secretariat to develop a “network on public-private partnerships and infrastructure financing to provide a regular platform on which experts can exchange best practices, share their experiences and knowledge products, and provide capacity-building support” (ESCAP, 2017a, para. 6).

The ESCAP secretariat responded to this request by launching the **Infrastructure Financing and PPPs Network of Asia and the Pacific** in 2018. Under the mandate of the Network, three meetings have been organised thus far. The first one occurred in Guiyang, China, in September 2018 with the objective of enhancing the knowledge and capacity of PPP units in the region. The second and third meetings took place in Manila, Philippines, and Ningbo, China, in August and September 2019, respectively. The former focused primarily on enhancing private sector participation, whereas the latter was aimed at improving participants’ capacity concerning early-stage infrastructure projects’ development. Participation in these events is further proof of the commitment of the member States to align efforts towards stronger partnerships.

The motivation behind the creation of the Network is closely in line with SDG 17 in two ways. First, it aims to support the mobilization of “additional financial resources for developing countries” (United Nations, 2015b, Goal 17.3). In our context, this means mobilising more private finance into infrastructure development. Second, the Network wishes to “enhance international support for implementing effective and targeted capacity-building in developing countries” (United Nations, 2015b, Goal 17.9). This is possible through the events organised by the Network, which comprised a
knowledge and experience sharing component. To provide appropriate support in these two dimensions, the Network must be aware of the difficulties faced by member States in attracting private finance in infrastructure, as well as the specific needs they encounter when trying to improve their institutional capacities. Recognizing these issues clearly would contribute to the achievement of tighter partnerships. In the present survey, we, therefore, inquired the member States about their challenges and needs regarding infrastructure financing and capacity-building.

To begin, member States were asked to rank a list of their most pressing challenges when mobilizing financial resources under PPPs. Figure 22 graphs these challenges and how many respondents positioned each challenge as three of the most critical ones. We can conclude that many countries in the region see the fragility of their PPP legal frameworks as a major issue; it was the most voted challenge in both first and second choices (8 respondents in total). Two of the challenges most frequently selected (independently of their ranks) are limited experience with PPPs and the lack of capacity for PPP implementation, followed by weak investment climate and finance facilities and lack of bankable projects.

On the other hand, the least pressing challenge of the list was the lack of information about the industry where the PPP project is being developed. This was not selected as the main barrier by any country, and only two respondents admitted this being either their second or third most crucial challenges. This implies that member States’ PPP systems are well-prepared for having to deal with PPP projects from different sectors. The lack of standards for contingent liability accounting and weak coordination and oversight of PPP projects are two other challenges not widely expressed by the countries in our sample. It is worth noting that both challenges are associated with the later stages of the PPP process, i.e. contract management. The reason why they are currently not considered pressing challenges might due to countries’ limited experience with PPPs.

To conclude, the challenges faced by member States in attracting private finance in infrastructure can be grouped into two dimensions: one related to the legal and institutional framework and the other to the capacity development and skills of the local stakeholders. Recognizing these issues clearly would contribute to the achievement of tighter partnerships.
In order to strengthen international cooperation, we also aim to lay the groundwork for improved capacity-building efforts. For this purpose, we questioned member States of the Network about their training needs. Figure 23 presents the distribution of three of the most critical needs among the member States. The main need for most countries is receiving training on value-for-money assessments, i.e. judging the least costly way of achieving the outlined benefits and whether the project’s cost-benefit is justified. Respondents are also generally interested in learning more about the good practices in designing an efficient PPP system. When examining the overall top three ranking, the most widely voted requirement was gaining technical expertise, regardless of rank. This is an essential requisite for developing feasibility studies, for instance\(^{18}\).

As for the least relevant capacity-building topics, member States indicated international cooperation. This shows some degree of confidence in collaborating with neighbouring countries, multilateral organizations and development banks - an obvious example being their membership status at the Network. Another topic which is not identified as urgent is the mainstreaming of the SDGs in governments’ PPP programmes. This might be due to member States already having the necessary expertise on how to integrate the SDGs in their PPP systems or that member States do not consider this issue a priority in their development agendas. If the latter, this research might offer merits for reconsideration.

Source: Authors.

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\(^{18}\) Feasibility studies are conducted to ensure that the PPP project is technically feasible, and the technology adopted is easily available in the market and unlikely to become obsolete in the medium term. They provide estimations of the capital, machinery, labour, materials and other inputs required to implement the project (World Bank, 2017).
Attempting to evaluate which areas of the 2030 Agenda are better prioritised by member States is a difficult endeavour. First, in the present survey we did not measure the full dimension of each area (for instance, we focused only on gender equality when examining People). Therefore, our results are not completely informative of governments’ efforts to mainstream the SDGs. Second, given the nature of the questions asked, we are not able to produce a score that allows us to accurately compare the results across the five areas of action.

Nevertheless, a few conclusions can be drawn. Environmental issues are centrally placed on the PPP programmes of the sampled countries. There seems to be a common view that PPP projects play a vital role in fighting climate change and ensuring our planet’s health. On the other hand, concerns regarding gender equality and innovation still face little recognition on the overall PPP landscape of the region. Perhaps member States are simply not aware that attaining sustainable PPP systems also involves dealing with these issues.

6. Policy implications

While the survey analysis helps us understand the current landscape of the Asia-Pacific region regarding PPP systems, the identified gaps show that there is plenty of room for improvement. In this section, we draw policy recommendations to leverage the potential of PPP systems towards sustainable development in Asia and the Pacific.

The great majority of the sampled countries have already established policy and legal frameworks for PPP projects. This is highly beneficial for a PPP environment, as it makes the PPP process more transparent, predictable, and fair. Fiji and Myanmar are the only two countries that have not yet enacted any regulatory document. These member States could start by producing PPP policies or guidelines, given their less rigid nature. The Network could be a good platform to share experiences and good practices in this regard.

Among the group of countries that have already implemented a policy or legal framework, not many have specific PPP laws. These are essential for scaling up private sector participation in infrastructure beyond a certain level of development. PPP laws should include: i) the definition and scope of a PPP; ii) the principles by which PPP contracts will be structured, procured, managed and reported; iii) the modalities by which project risks will be allocated; and iv) the institutional structure and processes established for managing and overseeing PPPs (OECD, 2015a). Many countries in the region still require enhancing their fragile regulatory frameworks for PPPs as a major issue.

Regarding institutional arrangements, the implications of our research depend on whether the member States have established dedicated PPP units. These bodies are essential for the sound development of a PPP system since they centralize all the PPP-related issues and ensure that they are handled by expert staff. There are currently three countries in our sample without a PPP unit: Fiji, Myanmar and Vanuatu. For the reasons mentioned above, institutionalizing such a body would greatly improve the PPP environment of these countries. During the early stage, their PPP units could be mandated to formulate the policy and legal frameworks, which is still lacking in Fiji and Myanmar.

Survey results show that most PPP units play a policy formulation role. At the same time, however, most respondents identified inadequate PPP legislation as a major challenge. This reveals a certain level of inefficiency, most likely resulting from the lack of capacity to deal with complex
matters surrounding PPPs. This is an issue that can be tackled by the international community sharing knowledge and building institutional capacity, especially through the Network.

Another key recommendation is that it is not uncommon for PPP units to be responsible for coordination and technical support. These functions are equally important to drive the PPP process forward as private agents can be easily overwhelmed by the complexities of PPP projects and hence need expert assistance. This is especially relevant for countries with special needs, which often lack a vibrant private sector capable of facing the challenges of infrastructure development. Our analysis shows that the member States are aware of the importance of these functions and wish to implement them soon having identified technicalities such as feasibility studies and value-for-money assessments as major training needs.

Furthermore, the promotion of PPP projects and dissemination of their information are roles not played by many PPP units in the region. This can be achieved through the creation of a database that shares the pipeline of projects and their relevant information, mainly aiming to attract private investors. When member States lack the capacity to implement such a database, the international community could intervene and set up a regional web-portal accessible to a wider range of investors, for instance. An online resource platform is currently being developed under the mandate of the Network. This platform’s objective is to consolidate information on PPP institutions, project pipelines, investment demand, and market environment in the region. Since this tool is a regional initiative, it can be particularly relevant in the case of cross-border infrastructure projects. Moreover, the Network organizes meetings that bring together government officials and private sector representatives, among others, and provide good opportunities for member States to showcase projects in their pipelines and better disseminate information.

Financial support mechanisms are another vital component of a country’s PPP system, even though our sample reveals that it is not always prioritized – some countries have yet to implement any such mechanisms, which usually take the form of support funds or public guarantees. While support funds concern economic incentives like tax exemptions or grants, public guarantees are provided to cover some of the risks arising in infrastructure development under PPPs. Between the two, smaller and less developed countries should especially consider the allocation of support funds to PPP programmes. These could prove more successful in kick-starting private-sector participation in infrastructure, as private companies in such economies typically cannot provide the capital needed for infrastructure development.

Even when these mechanisms are already in place, not enough attention is often paid to the management of contingent liabilities. In other words, when public guarantees are promised, governments must be appropriately prepared to ease the private sector’s losses in the negative scenarios. The member States did not identify this issue as a great challenge, but it can escalate once several PPP projects are being developed simultaneously. Possible solutions are new budgeting mechanisms (e.g., adding a contingency line) or the creation of contingent liability funds.

Mainstreaming the 2030 Agenda while pursuing PPP programmes is critically important yet it tends to be overlooked by member States. PPP projects are large in scale and impact; if the SDGs are considered during their implementation, the potential for positive spill-over effects is increased. Respondents’ low preference for training related to the SDGs indicates that countries might not yet have realized the full potential of integrating all the five action areas of the 2030 Agenda – people, planet, prosperity, peace and partnerships – in their PPP programmes. While the links between PPP infrastructure development, environmental concerns, and regional cooperation are often taken into consideration, member States are advised to consider the merits of adopting a holistic approach in
the implementation of their PPP programmes with due consideration of social, technological, and governance issues.

On the issue of regional cooperation, special attention should be given to cross-border PPP infrastructure projects. As noted, PPP investment in Asia and the Pacific is most often channelled into the transport sector, with the objective of enhancing connectivity within and among nations in an increasingly interdependent region. The new challenges brought about by transboundary infrastructure projects, such as increased exchange-rate risks or heterogeneous technical standards and business practices, must be recognised and addressed cooperatively. This is especially true for PPP projects, which, because implemented internationally, will involve several public agencies and private entities from different countries, adding new layers of complexity to the process. The Bangkok Declaration on Regional Economic Cooperation and Integration (RECI) formally calls for action on this subject, claiming that infrastructure gaps seriously “hamper economic growth by limiting economic diversification, movement of goods, people-to-people contacts, access to energy and the development of global value chains” (ESCAP, 2017b, p. viii).

Finally, the Network can play a fundamental role in strengthening cooperation on PPPs in Asia and the Pacific. So far, the three meetings organised have been important in promoting dialogue and build consensus regarding good practices on PPPs. Future action could be taken on two fronts. On the one hand, member States could benefit from gaining connection with experts from other regions that face similar constraints to infrastructure financing. While the Network has furthered this front through collaboration with member States of the United Nations Economic Commission for Africa (ECA) during the second and the third meetings, member States will also benefit from greater connection to European countries, which are the most experienced in PPPs, or small island developing States in the Caribbean, whose successes could perhaps be replicated in the Pacific.

On the other hand, the private sector could be more effectively mobilised as part of the Network’s activities. Representatives from the ESCAP Sustainable Business Network (ESBN) have already participated in some of the Network’s meetings, but a more active and consistent partnership is required. The regional online platform previously mentioned, still under development, though, could be an effective tool to achieve this. By disseminating up-to-date information of interest to private investors, such as a pipeline of infrastructure projects or the contact information of national PPP units, both parties would benefit.

7. Conclusions

Engaging the private sector in infrastructure development through PPP arrangements can contribute to the achievement of the 2030 Agenda. However, implementation of PPPs in the Asia-Pacific region is still not prevalent, except for a handful of more experienced countries. In order to promote this form of blended finance mechanism, we must ensure a more conducive environment for PPPs by establishing efficient eco-systems in a country. These include the policy and legal frameworks, institutional arrangements, and financial support mechanisms for PPP implementation.

19 The Bangkok Declaration on Regional Economic Cooperation and Integration in Asia and the Pacific was adopted in December 2013 at the first Ministerial Conference on Regional Economic Cooperation and Integration. It set an agenda consisting of four elements: (i) moving towards the formation of an integrated market, (ii) development of seamless connectivity in the region, (iii) enhancing financial cooperation, and (iv) increasing economic cooperation to address shared vulnerabilities and risks.
A survey conducted among 20 member States of the Infrastructure Financing and PPP Network of Asia and the Pacific allowed us to examine the common practices adopted in the region regarding PPP systems. By better understanding countries’ efforts and priorities, we aim to strengthen regional cooperation through policy recommendation and capacity-building. These objectives are at the core of the activities of the Network.

Almost five years have passed since the universal adoption of the 2030 Agenda, providing sufficient time to assess member States’ efforts to mainstream SDGs in their policymaking decisions. To this end, this study also serves to highlight the importance attributed to the SDGs by Asia-Pacific member States while implementing and developing PPP systems. It is time to accelerate progress towards sustainable development by holistically integrating the 2030 Agenda on governments’ programmes.

Moving forward, it also important to recognize the limitations of this research work, which is primarily derived from the survey strategy applied. First, respondents might not always provide accurate answers, either because they are uncertain and hazard a guess or are biased and do not respond impartially. The resulting potential inaccuracies might affect the pertinence of our conclusions. Second, surveys do not allow for the analysis of country-specific difficulties, as they enquire upon broad questions to generate comparability of responses. For this reason, it is difficult to draw tailored policy recommendations at the national level. For this to happen, detailed case-studies are required, possibly involving in-depth interviews. Further studies may benefit from surveying the same sampled countries to evaluate evolutions over time, including a larger number of countries, thereby, drawing a more comprehensive PPP landscape of the region. Detailed quantitative information could also be inquired, such as the volume of PPP investment or the average duration of a contract, to better assess the level of development of the PPP system of a country.
References


Appendix: Questionnaire form

Signage:

__________  Open-ended question
( )  Multiple-choice, single-response
[ ]  Multiple-choice, multiple-response
{}  Ranking
1 ... n
( ) ... ( )  Rating

1. Please indicate your name: __________

2. Please indicate your e-mail address: __________

3. Please indicate your position: __________

4. Please indicate your phone number: __________

5. Which country are you working for? __________

6. Which documents constitute the PPP legal and regulatory framework in your country (e.g. laws, guidelines, policies)?
   [ ] PPP law
   [ ] Concession law
   [ ] Law related to a particular resource/industry (e.g. law on energy investment, law on water supply)
   [ ] No document
   [ ] Other: __________

7. Is any of the following documents under development (or is planned to be developed)?
   [ ] PPP law
   [ ] Concession law
   [ ] Law related to a particular resource/industry (e.g. law on energy investment, law on water supply)
   [ ] No document
   [ ] Other: __________

8. Is there a dedicated central PPP unit?
   ( ) Yes
   ( ) No
   ( ) Under development
   ( ) Spread responsibilities among ministries/agencies

9. Are there PPP units/agencies at the subnational or sectoral/other ministerial levels?
   ( ) Yes, at the subnational level (e.g. states, provinces)
   ( ) Yes, at the sectoral level (e.g. transport, energy)
   ( ) Yes, at both the municipal and sectoral levels
   ( ) No
10. What type and where is the PPP unit located?
   ( ) Centralized unit within the Ministry of Finance or equivalent Ministry
   ( ) Dedicated unit located in other Ministry/entity
   ( ) Independent agency

11. If you chose the second or third options in question 7, please state the Ministry/Entity where the unit is located or to which agency it is reporting to: __________

12. When was the PPP unit created?
   ( ) dd/mm/yyyy

13. Has the PPP unit already seen multiple major transformations in its structures (e.g. evolution of responsibilities, power)? If yes, please briefly explain: __________

14. How many projects has the PPP unit been involved with? __________

15. What is the total budget of the projects on which the PPP unit was involved? (In US$ million) __________

16. How many staff members work in the PPP unit? (leave it blank only if there is no PPP unit or the number of staff members for the PPP unit has not been decided yet)
   ( ) 1-5
   ( ) 6-10
   ( ) 11-20
   ( ) 21-30
   ( ) Over 30 people
   ( ) I don’t know

17. What is the status of the PPP unit staff members? (leave it blank only if there is no PPP unit or the number of staff members for the PPP unit has not been decided yet)
   ( ) Civil servant
   ( ) Other status giving more flexibility

18. What is the funding source of the PPP unit? (leave it blank only if there is no PPP unit or the funding source for the future PPP unit has not been decided yet)
   ( ) Government budget
   ( ) Donor funding
   ( ) Fees from successful transactions
   ( ) Fees charged to other ministries/agencies
19. What is the approximate annual budget of the PPP unit? (please leave blank if no idea) ________

20. What is the approving body for PPP projects?
   ( ) Cabinet
   ( ) Inter-ministerial committee
   ( ) Other: ________

21. What is the role of the PPP unit? Please checkmark the option relevant to the current state.

<table>
<thead>
<tr>
<th>Role</th>
<th>Yes</th>
<th>Planned in the future</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing PPP policy and strategy</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Advising PPP law and regulation</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Developing PPP guidelines (project selection, tendering, etc.)</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Developing standardized bidding documents</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Developing PPP model contracts</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Acting as the contact point between the investors and the different agencies/ministries involved in a project (e.g. helping to secure permits and other required approvals)</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Organizing training courses for public sector officials interested or engaged in PPPs</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Conducting research on PPP-related terms</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Promoting PPP as an alternative approach for infrastructure development</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Disseminating a pipeline project</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
</tbody>
</table>

22. What is the role of the PPP unit? Please checkmark the option relevant to the current state.

<table>
<thead>
<tr>
<th>Role</th>
<th>Yes</th>
<th>Planned in the future</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collecting PPP data and managing a project database</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Issuing requests for proposals with procurement documents</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
<tr>
<td>Assisting line ministries during the project cycle, including project identification, evaluation, procurement and contract management</td>
<td>( )</td>
<td>( )</td>
<td>( )</td>
</tr>
</tbody>
</table>
23. Which sector projects have been implemented or are under consideration?

- [ ] Energy
- [ ] Education
- [ ] Water
- [ ] Health
- [ ] Transportation
- [ ] Other: __________

24. Please rank the challenges faced by your government while financing infrastructure via PPP.

   - [ ] Inadequate or no PPP law
   - [ ] Lack of standards for contingent liability accounting
   - [ ] Weak investment climate and financial facilities
   - [ ] Weak political support
   - [ ] Lack of skill and technical capacity necessary for PPPs
   - [ ] Limited experience in PPPs
   - [ ] Weak coordination and oversight
   - [ ] Lack of relation with the industry/lack of information about the industry
   - [ ] Lack of bankable projects
   - [ ] Other (please specify in question 25)

25. If you identify another challenge faced, please write it here: __________

26. Please grade these challenges according to how critical they are (1 = not critical, 5 = very critical).

<table>
<thead>
<tr>
<th>Challenge</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate or no PPP law</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of standards for contingent liability accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
27. Are end-users and commuters included in the PPP process?
   ( ) Yes, they are consulted about every aspect of the PPP
   ( ) Yes, they are consulted only about end-users’ charge fees
   ( ) No
   ( ) Other: __________

28. What kind of information is publicly available about PPP projects?
   [ ] All the information (i.e. feasibility studies, value-for-money assessments, tendering process, etc.)
   [ ] Nothing
   [ ] Only partial information (e.g. only tendering process information, value-for-money assessments)
   [ ] Other: __________

29. Is there any legal text that regulates the tendering process in order to make it fully transparent?
   ( ) Yes
   ( ) No
   ( ) Under development
   ( ) Other: __________

30. Does the country have a system that guarantees the support of PPP by government even if it changes?
   ( ) Yes
   ( ) No
   ( ) Under development
   ( ) Other: __________

31. Is there any form of financial assistance for PPP defined on a legally binding document?
   ( ) Yes
   ( ) No, but it is the usage
   ( ) No, but it is under development
32. What form does this assistance take?
   ( ) Direct support (e.g. provide land, subsidies)
   ( ) Tax exemptions
   ( ) Providing help to the partners like loans or equity investment
   ( ) Guarantees
   ( ) Indemnities (e.g. to compensate revenue shortfalls or cost overruns)
   ( ) Hedging the risks (e.g. exchange rate risk, interest rate risk)
   ( ) Use of contingent debt
   ( ) None
   ( ) Other: __________

33. Is there any regulation to incite technology transfer?
   ( ) Yes
   ( ) No, but it is the usage
   ( ) No, but it is under development
   ( ) No
   ( ) Other: __________

34. What forms do these incentives for technology transfer take?
   ( ) Tax exemptions
   ( ) Obligation (contractual or law)
   ( ) Creation of joint venture
   ( ) No measure nor policy
   ( ) Other: __________

35. Is there any measure/policy supporting innovation during the PPP?
   ( ) Specific measure for PPP
   ( ) Global measure for public investment
   ( ) Global measure for private investment
   ( ) No, but it is under development
   ( ) No
   ( ) Other: __________

36. What forms do these incentives take?
   ( ) Tax exemption
   ( ) Contractual obligation
   ( ) Disposal of public resources (human and material)
   ( ) Grants for joint R&D
   ( ) No measure or policy
   ( ) Other: __________

37. Are any environmental concerns taken into account while assessing a PPP project?
   ( ) Yes, assessed by NGO
   ( ) Yes, assessed by the government (or an affiliated agency)
   ( ) Yes, by a private partner
   ( ) No, but it is under development
38. Is there any disposition constraining the consortium to care about environmental issues?
   ( ) Yes
   ( ) No, but it is the usage
   ( ) No, but it is under development
   ( ) No
   ( ) Other: __________

39. Are any gender equality concerns taken into account while assessing a PPP project?
   ( ) Yes, assessed by NGO
   ( ) Yes, assessed by the government (or an affiliated agency)
   ( ) Yes, by a private partner
   ( ) No, but it is under development
   ( ) No
   ( ) Other: __________

40. Is there any disposition constraining the consortium to care about gender equality issue?
   ( ) Yes
   ( ) No, but it is the usage
   ( ) No, but it is under development
   ( ) No
   ( ) Other: __________

41. Is there any disposition constraining the consortium to involve the local SMEs on the project?
   ( ) Yes
   ( ) No, but it is the usage
   ( ) No, but it is under development
   ( ) No
   ( ) Other: __________

42. Is there any mechanism to manage the possible contract re-negotiation that may occur during PPP projects?
   ( ) Yes
   ( ) Under development
   ( ) No

43. Is there any mechanism to manage contingent liabilities that can result from public guarantees provided for PPP projects?
   ( ) Yes
   ( ) Under development
   ( ) No

44. What are your needs in terms of training or advice? Please rank the possible options from the most important first to the least important last.
   { } Value-for-money assessment
   { } Technical assistance in the infrastructure (e.g. feasibility studies)
   { } Market research (e.g. research about the demand for the infrastructure, expected returns)
( ) Financial training (e.g. what tools can be used as a complement to PPP)
( ) Design of the PPP program in general (e.g. general review of the PPP system, best framework)
( ) Attracting and dealing with private partners
( ) Integration of SDG into PPP process
( ) International cooperation
( ) Technical assistance on specific PPP program point (e.g. contract design, how to incite to technology transfer)
( ) Other

45. What are your needs in terms of training or advice? Please grade the possible options according to how critical they are (5 = very critical; 1 = not critical).

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Value-for-money assessment</th>
<th>Technical assistance in the infrastructure (e.g. feasibility studies)</th>
<th>Market research (e.g. research about the demand for the infrastructure, expected returns)</th>
<th>Financial training (e.g. what tools can be used as a complement to PPP)</th>
<th>Design of the PPP program in general (e.g. general review of the PPP system, best framework)</th>
<th>Attracting and dealing with private partners</th>
<th>Integration of SDG into PPP process</th>
<th>International cooperation</th>
<th>Technical assistance on specific PPP program point (e.g. contract design, how to incite to technology transfer)</th>
<th>Other</th>
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46. Please precise what you put in other (leave blank if nothing): ___________

47. What is the most typical funding source for PPP projects? Please rank the possible options.
( ) Bank loans
( ) Bonds
48. Please precise what you put in other (leave blank if nothing): __________

49. What is the most typical funding source for PPP projects? Please grade the possible option.

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50. Do you have any comment about the survey (e.g. unclear question, proposal of an extra question)? (leave blank if no): __________
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Director
Macroeconomic Policy and Financing for Development Division
ESCAP, United Nations Building Rajadamnern Nok Avenue Bangkok 10200, THAILAND

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**QUESTIONNAIRE**

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1. **Please indicate your assessment of the quality of the publication on:**

   - Presentation/format
   - Readability
   - Timeliness of information
   - Coverage of subject matter
   - Analytical rigour
   - Overall quality

<table>
<thead>
<tr>
<th>Excellent</th>
<th>Very Good</th>
<th>Average</th>
<th>Poor</th>
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2. **How useful is the publication for your work?**

   - Provision of information
   - Clarification of issues
   - Its findings
   - Policy suggestions
   - Overall usefulness

<table>
<thead>
<tr>
<th>Excellent</th>
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3. **Please give examples of how this publication has contributed to your work:**

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4. Suggestions for improving the publication:

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