

Overview of Quality Infrastructure- What is Quality Infrastructure and why is it important?

Masaru Honma, Senior Visiting Research Fellow, PRI, Ministry of Finance, Japan

ASEM Seminar on Sustainable Connectivity and Quality Infrastructure

Mita Conference Hall, Tokyo, 12 September 2018

1. What is Quality Infrastructure?

- some commonly identified elements of Quality Infrastructure

- Economic efficiency in view of life-cycle cost
- Resilience against disaster, terrorism and cyber-attack
- Safety
- Local employment
- Technology transfer
- Environmental consideration
- Financial soundness (debt sustainability)
- Social consideration
- Connectivity enhancement
- Industry development
- Partnership with private sector (e.g. PPP)
- Effective resource mobilization
 - source: MOFA

2.1 Asia's Infrastructure Investment Needs by Region, 2016-30: ADB estimates (2017)

(\$ billion in 2015 prices)

Region/Subregion	Baseline Estimates		
	Investment Needs	Annual Average	Investment Needs as % of GDP
Central Asia	492	33	6.8
East Asia	13,781	919	4.5
PRC	13,120	875	5.0
South Asia*	5,477	365	7.6
India	4,363	291	7.4
Southeast Asia	2,759	184	5.0
Indonesia	1,108	74	5.5
The Pacific	42	2.8	8.2
Asia and the Pacific	22,551	1,503	5.1

2.2 Asia's Infrastructure Investment Needs by Sector, 2016-30

Sector	Baseline Estimates		
	Investment Needs	Annual Average	Share of Total
Power	11,689	779	51.8
Transport	7,796	520	34.6
Telecommunications	2,279	152	10.1
Water and Sanitation	787	52	3.5
Total	22,551	1,503	100.0

3.1 Rise of International Awareness on Quality Infrastructure



G7 Ise-Shima Principles

- ✓ **Economy in view of life-cycle cost**
- ✓ **Social/Environmental consideration**
- ✓ **Local job creation and tech. transfer**
- ✓ **Align w/ local development strategy**
- ✓ **Effective mobilization of resources**

3.2 Key emerging concepts of Quality Infrastructure

Infrastructure forms the backbone of **economic growth** and **sustainable development**



For infrastructure to be effective, it must...

✓ **strengthen connectivity** with the region/world

In order to strengthen connectivity, it must...

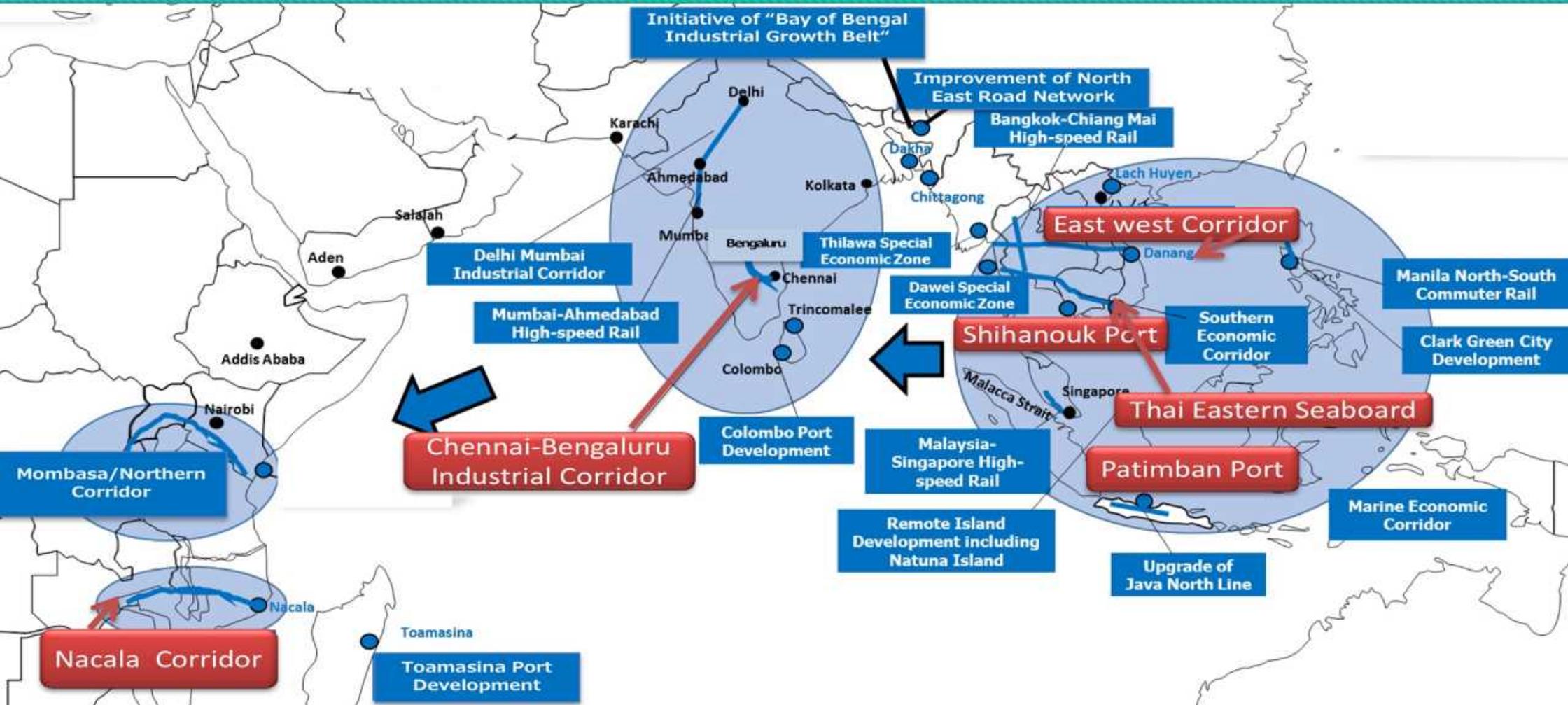
✓ ensure **open access**, so that it is put to use

4. 1 Japan's Initiatives for Quality Infrastructure

- "Partnership for Quality Infrastructure" May 2015
 - To provide, in collaboration with the Asian Development Bank, approximately \$110 billion for quality infrastructure investment in Asia from 2016 to 2020
- "Expanded Partnership for Quality Infrastructure" May 2016
 - To provide approximately \$200 billion from 2017 to 2021 for infrastructure projects across the world
- "G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment" May 2016
- "Free and Open Indo-Pacific Strategy" Aug 2016
 - Promoting stability and prosperity of the region by strengthening the connectivity between Asia and Africa through two free and open seas (the Pacific and Indian Oceans)

4.2 Strengthening Connectivity

“Free and Open Indo-Pacific Strategy”



4.3 Strengthening Connectivity: Mekong Connectivity Initiative

- Connects the two ends of the Indochina peninsula through ports, bridges and roads, thereby linking the East China Sea with the Sea of Bengal
- Increased GDP of Mekong states by 2 to 4 times between 2000 and 2013.



- ① Laos National Highway
- ② Second Mekong Bridge
- ③ Hai Van Tunnel
- ④ Danang Port
- ⑤ Pakse Bridge



⑪ Shihanoukville Port



⑩ Can Tho Birdge



⑥ Kizuna Birdge



⑦ Neak Loeung Bridge



⑧ Cambodia National Highway



⑨ Cai Mep Thi Vai Port

Characteristics that “strengthen connectivity”

- ① Alignment with **local development strategy**.
- ② Not limited to a single outlet, but **connect region as a whole**.
- ③ A **long term** (20-30 year) development plan.
- ④ **Environmental and social consideration**.

4.4 Ensuring Open-access: Laem Chabang Port

- The creation of an **open access port** in what was previously a fishing village.
- Surpassed Bangkok to become the **largest commercial port in Thailand** contributing a **2.5 fold increase to its GDP**.



Photo: ESCO (Eastern Sea Leam Chabang Terminal Co.,Ltd)

Characteristics that “ensure open access”

- ① Alignment with **local development strategy**.
- ② Ensure **public (non-exclusive) use** that facilitates free movement of goods, people and capital.
- ③ Respect of **sovereignty** and assistance that **ensure debt sustainability**.

5. ASEM Connectivity: Progress

- 11th ASEM Summit in Jul 2016 in Ulaan Baatar
 - ASEM leaders agreed that increased focus in ASEM activities on connectivity will contribute to the relevance of ASEM.
 - agreed to establish a Pathfinder Group on Connectivity (APGC) for a term of 2 years
- APGC had meetings in Jun, Sept and Nov 2017
- 13th ASEM Foreign Ministers Meeting in Nov 2017
 - Ministers endorsed the work of APGC (the definition of ASEM connectivity, scope of work, etc)
- APGC Meetings in 2018: Jun in Vienna; Sept in Tokyo; Oct in Brussels
- 12th ASEM Summit in Oct 2018 in Brussels

6. First Session: Discussion on the following theme and Q & A (35 min)

- Theme:
 - Importance of establishing Quality Infrastructure as an international standard to address investment needs?
 - Principles of sustainable connectivity and quality infrastructure (based on the ASEM connectivity definition of Nov 2017: openness, transparency, market principles, sustainability, equal access etc.), and the Importance and Challenges for ensuring the adherence to such principles in ASEM

**Thank you
for your
attention**