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# Keynote Address as Delivered by Dr. Noeleen Heyzer, United Nations Under-Secretary-General & Executive Secretary of the Economic and Social Commission for Asia and the Pacific

High-level Expert Group Meeting (EGM) on Infrastructure Public Private Partnerships for Sustainable Development 11 November 2012, Teheran, Islamic Republic of Iran

Excellencies,
Distinguished delegates,
Ladies and Gentlemen,

## Introduction

I am very pleased to welcome you to this High-level Expert Group Meeting on Public-Private Partnerships (PPP) for Sustainable Infrastructure Development.

Our goal, in organizing this meeting, as the Economic and Social Commission for Asia and the Pacific (ESCAP), is to stimulate new ideas to address the development challenges and opportunities of our region, to reduce inequalities through more inclusive growth, and to tackle the growing needs of the people of Asia and the Pacific through better partnerships.

Balancing the three pillars of sustainable development – economic growth, social equity, and environmental protection – is the critical challenge of this generation, and smarter, greener, more resilient infrastructure holds the key.

Our discussion on PPP started five years ago in Seoul, and continued two years ago in Jakarta. This High-Level Expert Group Meeting has been convened as a forum for knowledge-sharing, exchanging good practices, setting standards, and for networking with regional and international experts.

I would like to thank you all for your participation today, and to extend our sincere appreciation to the Government of the Islamic Republic of Iran for its generous support for this meeting. I would also like to thank our PPP experts, who have kindly agreed to share their time and insights to help us strengthen our partnerships for sustainable development.

Excellencies, Ladies and Gentlemen,

## **Infrastructure for Sustainable Development**

Human activity is already consuming the equivalent resources of one and a half Earths, and 'Business as usual' projections estimate that, by 2030, we will need two planets to meet our annual demands<sup>1</sup>. At the same time, persistent poverty remains in Asia-Pacific, with more than 800 million people still living in extreme poverty.

The recent United Nations Conference on Sustainable Development – Rio+20 – called for economic growth to be balanced and reconciled with both poverty reduction and responsible stewardship of our natural resources. Realizing these objectives, requires us to explore

<sup>&</sup>lt;sup>1</sup> "Living Planet Report 2012", World Wide Fund for Nature (WWF).

sustainable ways of providing public infrastructure and services. That is why we are here today.

Excellencies, Ladies and Gentlemen,

## PPP as a Modality for Financing Infrastructure

It has been estimated that Asia's total infrastructure needs for this decade will require investment of almost US\$8 trillion, of which more than two thirds (US\$5.4 trillion) is for new capacity, whilst about US\$2.6 trillion is for maintenance and replacement of existing assets. This amounts to about \$750 billion per year.

Understandably, regional investment on this scale, cannot be raised entirely from public budgets – which are already stretched by the global financial crisis, changing demographics, volatile and high energy prices, and the impacts of climate change.

Roads, railways, power grids, water treatment plants, schools and health facilities – these are the types of infrastructure which support sustainable development. They also offer great potential for PPP, and we should redouble efforts to realize this potential. We know that continued infrastructure deficits in the region can stifle economic growth, increase inequalities, and result in higher future implementation costs. In short, we must catch up and keep up.

It is also important that we do so together, in a more coordinated way, and at a comparable pace, using successful models, so that we can lift the living standards of people across the entire region. A more carefully aligned regional approach to PPP will also allow us to open the bidding processes beyond national borders, bringing cutting-edge innovation and expertise to bear, and most significantly, will accelerate regional economic integration to help build Asia-Pacific resilience to external shocks like the current global financial crisis.

Excellencies, Ladies and Gentlemen,

## **Setting New Standards for PPP in Asia-Pacific**

Public-Private Partnerships have been a feature of infrastructure investment planning for a number of decades. However, they remains underutilized, and uptake in many parts of Asia and the Pacific is still sluggish, due in part to legitimate concerns and the lack of open dialogue between governments and business on these issues. I will speak in more detail about these matters during the Ministerial meeting later this week.

Governments must acknowledge that business is the primary driver of economic globalization and has the inherent capability to ensure that markets, technology and finance advance in ways that can contribute to wealth generation. However, it has to be accountable and must also contribute to a more sustainable and inclusive economy.

For its part, business must recognize that it has a vital interest in strong, equally accountable governments that can enforce fiscal rules, regulate competition, set fair and transparent norms, correct excesses, respond quickly to crises and integrate independent business activities into broader national development planning, to deliver for our people and our planet.

The governments of our region must find ways to better align the delivery of efficient infrastructure, with business interests and sustainable development objectives. Our strategy should be to engage all stakeholders in the design and implementation of investment

programmes – demanding participation, decency, transparency, accountability, fairness and efficiency from all partners. These are the new standards that we should set for PPP.

Excellencies, Ladies and Gentlemen,

### 5 Point Plan for Better PPP

Beyond a renewal of standards, we must also examine our *approach* to PPP in Asia and the Pacific. I would like to propose five action areas in which PPP models can be improved. We should:

- 1. Extend the traditional definition of the private sector to also include the whole community of non-traditional actors such as social entrepreneurs and foundations;
- 2. Focus on the critical role of small and medium-sized enterprises as much as large multinationals;
- 3. Work more closely with firms and foundations dedicated to social entrepreneurship, who see the synergetic value of profits, social good, and environmental protection;
- 4. Find ways to ensure that our investments help least developed countries to indentify and scale-up innovative solutions that create decent and productive jobs; and
- 5. Learn from good practices across the region.

In all of these areas ESCAP stands ready to partner with you in developing PPP to achieve the greatest possible sustainable development impact.

Excellencies, Ladies and Gentlemen,

#### Conclusion

In conclusion, this High-level Expert Group Meeting will continue the dialogue we began in Seoul and Jakarta, and will allow us to report on the progress made in implementing the Jakarta Declaration in April 2010.

Tomorrow, you will be invited to review the draft Tehran Declaration on Public Private Partnerships for Sustainable Infrastructure Development in Asia and the Pacific, which will be submitted by the Government of the Islamic Republic of Iran to the third Asia-Pacific Ministerial Conference on Public Private Partnerships for Infrastructure Development on Wednesday.

The Declaration provides a framework for strengthening regional cooperation in promoting the use of PPP modalities, and I call on you to present it to your respective Governments for adoption.

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