

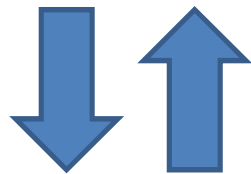


# Sustainable and Quality Infrastructure Investment and Finance

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Establishing Global Standards to Promote  
Quality Infrastructure and New Finance

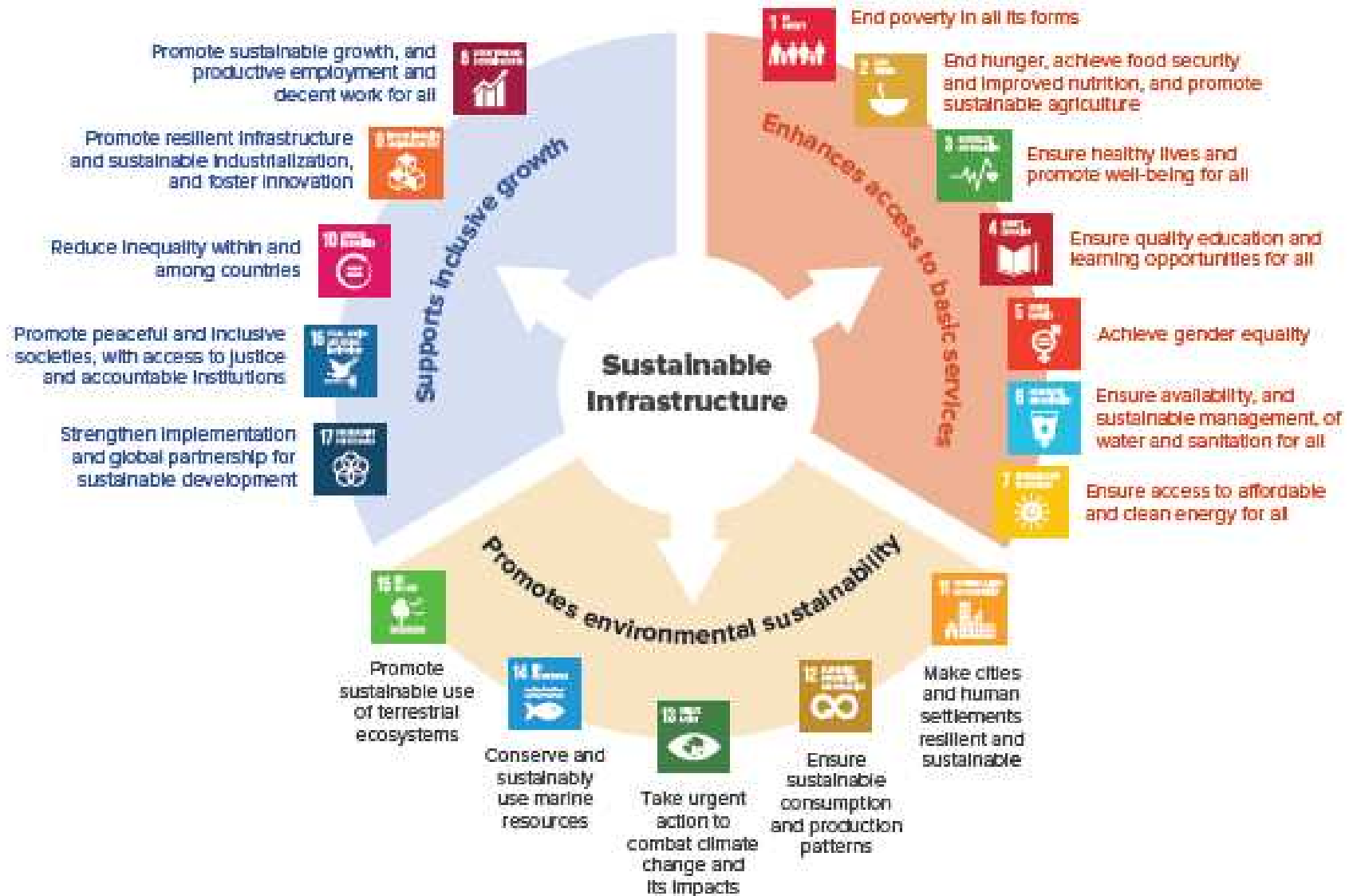


Sustainable and Quality Infrastructure  
and Finance

# Defining sustainable infrastructure

- **Socially sustainable:** Sustainable infrastructure is inclusive. It may be expressly designed to meet the needs of the poor by increasing access to basic services such as clean energy, water and sanitation, by supporting poverty reduction, and by reducing vulnerability to climate change.
- **Economically sustainable:** Economically sustainable infrastructure does not burden governments with un-payable debt, or impose painfully high costs on users. It helps create jobs and boost GDP, and may include opportunities to build capacity among local suppliers and developers and strengthen livelihoods.
- **Environmentally sustainable:** Environmentally sustainable infrastructure limits all types of pollution during both construction and operation, and supports the conservation and sustainable use of natural resources. It contributes to a low-carbon, resource-efficient economy. It is resilient to climate risks such as sea-level rise and extreme weather events.

# Sustainable infrastructure supports many of the Sustainable Development Goals



Source : Global Commission on the Economy and Climate 2016

## Drivers of demand for sustainable infrastructure investment

| Type of economy                         | Drivers of demand for sustainable infrastructure investment  |
|---|--|
| <b>Global</b>                           | <ul style="list-style-type: none"><li>• Rapid pace and nature of growth in emerging and developing economies relative to advanced economies</li><li>• Achieving climate and sustainable development objectives of the Paris Agreement and the SDGs requires early and systemic action and investment in new and existing infrastructure</li></ul>  |
| <b>Low-income developing economies*</b> | <ul style="list-style-type: none"><li>• Expanding access to basic services: housing, clean water and sanitation, energy, mobility and irrigation for agriculture</li><li>• Building resilience to climate change and other stresses</li><li>• Improving connectivity, e.g. through mobile networks for financial services, early warning systems and road networks for access to markets</li></ul> |

| Type of economy  | Drivers of demand for sustainable infrastructure investment   |
|--|---|
| <b>Emerging and middle-income developing economies</b> | <ul style="list-style-type: none"> <li>• Need to achieve greater access to basic services - water, energy, food, mobility - and address the infrastructure deficit</li> <li>• Trend of urbanization and regional connectivity in emerging and developing economies</li> <li>• Growing middle classes with rising incomes</li> <li>• Heightened focus on resilient, low-carbon infrastructure</li> </ul> |
| <b>Advanced economies</b>                              | <ul style="list-style-type: none"> <li>• Replacing or rehabilitating existing infrastructure, because past neglect of infrastructure has led to large backlogs, as well as water and efficiency losses</li> <li>• Opportunities provided by upgrades to improve the sustainability footprint of existing infrastructure</li> </ul>  |

Source: Global Commission on the Economy and Climate, 2016

# Ise-Shima Five principles of “Quality Infrastructure Investment”

## **PRINCIPLE 1**

Ensuring Economic Efficiency,  
Reliable Operation, Sustainability,  
Safety and resilience

## **PRINCIPLE 3**

Addressing Social and  
Environmental Impacts,  
International best practices

## **PRINCIPLE 2**

Contribution to Local Communities

## **PRINCIPLE 4**

Alignment with National and  
Regional Strategies

## **PRINCIPLE 5**

Resource Mobilization

# Sustainable and Quality Infrastructure Investment

**Alignment with National and  
Regional Priorities and Strategies**

**Economic  
Sustainability**

**Social Sustainability**

**Environment  
Sustainability**

**Resource Mobilization**



## The Case of Indonesia

- Total infrastructure investment needs 2015-19: USD370 billion
- Source of finance: 41% government, 22% SOEs, and 37% PPP or private sector
- First priority, to fulfill basic infrastructure
- Second priority, to build connectivity inter-modal to connect regional growth centers
- Third priority, to build sustainable urban transport as Indonesia's population is rapidly urbanizing

# Financing Strategy

1. Does not burden government with unpayable debt and does not impose high cost on users
2. Government financed basic infrastructure leveraged by community investment
3. Revenue generating infrastructure financed by SOEs and or Private sector through PPP scheme

#### 4. Enabling and environment needs:

- Sound public institution and foundation for public investment
- Policy enabling conditions for SOEs and Private sector to invest
- Capacity to mobilize domestic investment

**\*\*\*THANK YOU\*\*\***