

**Economic and Social Commission for Asia and the Pacific**
Committee on Trade, Investment, Enterprise and Business Innovation**First session**

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Advancing public-private partnerships and private sector networks to accelerate climate action and the implementation of the 2030 Agenda for Sustainable Development**Advancing public-private partnerships and private sector networks to accelerate climate action and the implementation of the 2030 Agenda for Sustainable Development****Note by the secretariat***Summary*

Partnerships between the public and private sector, and those built between individual private sector entities, are vital for bringing about progress toward the achievement of the Sustainable Development Goals. In order to sustain investment in infrastructure of the magnitude necessary to achieve the Sustainable Development Goals, Governments must partner closely with the private sector to finance necessary projects in the transport, energy and other sectors.

While Governments play a key role in directing the policies needed to make the Sustainable Development Goals a reality, in vast areas of the economy, the private sector carries out the daily activities that help to realize social and economic progress. Achieving rapid decarbonization and attaining other important development goals can only happen with the full commitment of the private sector. For this reason, ensuring that private networks, associations and other partnerships align as much as possible with sustainable development aims is important.

The present document contains an outline of the case for the partnering of Governments with the private sector and for supporting private sector networks to make progress in line with the 2030 Agenda for Sustainable Development. It highlights the role of the Economic and Social Commission for Asia and the Pacific (ESCAP) in supporting public-private partnerships in infrastructure investment, and in aligning private sector actions through the ESCAP Sustainable Business Network. It also notes the requests made to Governments by private sector entities for a supportive policy environment for sustainable development.

The Committee on Trade, Investment, Enterprise and Business Innovation may wish to provide comments on the current work of the partnership networks supported by ESCAP: the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific, and the ESCAP Sustainable Business Network. Furthermore, the Committee may wish to indicate where the work of these networks can be strengthened and identify the needs of member States with respect to infrastructure financing and private sector contributions to sustainable development.

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** ESCAP/CTIEBI(1)/1/Rev.1.

I. Introduction

1. The present document is focused on partnerships between the public and private sectors, which can drive action for improved and greener outcomes, especially in the areas of infrastructure. In addition, the objectives and activities of both the Economic and Social Commission for Asia and the Pacific (ESCAP) Sustainable Business Network and the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific are highlighted, and the broader environment for private enterprise and infrastructure in the region is also considered. At its seventh session, the Committee on Trade and Investment recommended maintaining and further developing the work of the ESCAP Sustainable Business Network.¹

2. The Commission's work on infrastructure development is a direct response to the demands of countries in the Asia-Pacific region. In December 2017, the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development requested the ESCAP secretariat to lead a network on public-private partnerships and infrastructure financing to provide a regular platform on which experts could exchange best practices, share their experiences and knowledge products and provide capacity-building to support sustainable infrastructure development through the application of public-private partnerships. To this end, ESCAP has taken the initiative to serve member States' needs and successfully established the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific in September 2018.

3. In terms of the landscape for business in the Asia-Pacific region, it is by no means a tranquil one. Although the disruptions caused by the coronavirus disease (COVID-19) pandemic are starting to recede, consumers are releasing the considerable pent-up demand amassed during two years of lockdowns. It is not immediately apparent that the rate of business formation in the region notably went up or down during 2019 and 2020.² Due to government support measures put in place during the pandemic, the Organisation for Economic Co-operation and Development notes that bankruptcies actually declined during the crisis. Stimulus measures undertaken by Governments over the last two years to mitigate the impact of the crisis, however, are now being withdrawn. Several years of extremely low-interest rates in the largest and most networked economies of the world now appear to be ending. In the current environment of rising interest rates, and in view of the many businesses that are still struggling to adapt to the changes wrought on economies by the COVID-19 pandemic and, more recently, by geopolitical uncertainties, the world of private enterprise is facing many headwinds and is fraught with challenges.

4. The present document contains a review of the challenges and priority areas, and of the efforts of ESCAP related to infrastructure financing and public-private partnerships in Asia and the Pacific (sect. II). It also includes an outline of the role of private enterprise in contributing to sustainable development and the contributions of private sector networks in the region (sect. III). Finally, it contains suggestions on issues for consideration by the Committee on Trade, Investment, Enterprise and Business Innovation (sect. IV).

¹ ESCAP/CTI/2021/4, recommendation 6.

² World Bank, "Gender statistics", Entrepreneurship Database. Available at www.worldbank.org/en/programs/entrepreneurship/gender.

II. Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific: promoting public-private linkages to enhance sustainable development

A. Background and challenges

5. Infrastructure is crucial for development. From transport systems to power-generation facilities and water and sanitation networks, it provides the foundation that enables society to function and economies to thrive. This puts infrastructure at the very heart of efforts to meet the Sustainable Development Goals. Most of the Goals could only be achieved through infrastructure development, including those pertaining to health, education, and access to energy, clean water and sanitation. As the region seeks to meet ambitious targets related to the Sustainable Development Goals and the Paris Agreement on climate change, infrastructure is gradually becoming more widely recognized as a critical prerequisite for delivering this effort. Infrastructure, as a component of a system with a portfolio of assets, collectively holds significant potential to achieve the three pillars of the Goals: economic, environmental and social sustainability.

6. Regarding the economic impacts, infrastructure benefits include the jobs produced during construction and maintenance and the vast capacity of such benefits to stimulate economic activity in both the short and long term. Infrastructure, such as transportation and telecommunications, supports national economic goals by linking areas to cities, education and employment. Experts estimated that raising investment in line with economic needs could boost global gross domestic product by 0.6 per cent.³ This implies that the effect might be more evident in larger nations with infrastructure deficits.

7. Infrastructure assets are essential to environmental preservation, as they can fundamentally preserve natural resources and lessen the effects of climate change. For instance, facilities that produce clean energy are essential to decrease reliance on fossil fuels. Mass transport systems help to reduce pollution and greenhouse gas production by reducing the number of cars on the road. It has been calculated that a person who commutes 20 miles a day would effectively reduce their annual carbon footprint by 4,800 pounds if they switched from driving to taking public transportation.⁴

8. Society gains from infrastructure when fair access is guaranteed because it provides the utilities, such as education, power supplies, health-care services, sewage networks, and water and sanitation systems, which are necessary for pursuing sustainable development in any country. Infrastructure also advances gender equality. Providing reliable and robust public transportation can ease the burden for women in remote areas to participate in the workforce; when well designed, it also provides them with safety and security, and ensures that they have equal access to opportunities and services. Sanitation infrastructure is also crucial in ensuring equal participation in economic and education opportunities.

³ McKinsey Global Institute, *Bridging Global Infrastructure Gaps* (McKinsey & Company, June 2016). Available at www.un.org/pga/71/wp-content/uploads/sites/40/2017/06/Bridging-Global-Infrastructure-Gaps-Full-report-June-2016.pdf.

⁴ Economist Intelligence Unit, "The critical role of infrastructure for the Sustainable Development Goals" (London, 2019), p. 3.

9. Increasing sustainability and resilience in infrastructure is crucial to absorbing the impacts of adverse shocks while offering countries an opportunity to prepare for future risks as part of their recovery efforts. Doing so enables infrastructure development to contribute to sustainable development and overall societal resilience by ensuring that the vital services provided by critical infrastructure assets, particularly in the health-care, utilities, education and transportation sectors, are less vulnerable to extreme events and disruptions. During this process, the private sector in the region also increasingly recognizes its role in accelerating progress toward the achievement of the Sustainable Development Goals through sustainable investment and advocacy.

10. With the highest population growth rate in the world, delivering essential socioeconomic services in the Asia-Pacific region is inherently challenging. As greater populations move to urban areas, there is intense pressure on urban infrastructure development. By 2040, \$94 trillion will be needed globally for infrastructure development, and more than half of these investment needs are in the Asia-Pacific region.⁵ Given tight public sector budgets, particularly in developing countries, Governments will require private investment to close this huge financing gap for infrastructure development, with a focus on building sustainable, resilient and inclusive infrastructure.

11. Over the years, the Asia-Pacific region has seen the most significant amount of infrastructure investment made under public-private partnership contracts among developing countries. Moreover, the region is the only one that has demonstrated relatively steady growth in investment in public-private partnership infrastructure projects. Contrary to the global trend, public-private partnership investments in Asia and the Pacific were primarily directed to the transport sector, followed by the energy sector. Of particular note, the region's public-private partnership investment landscape is heavily concentrated in only a few nations: China; India; Indonesia; and Türkiye. These four economies contributed more than 70 per cent of the total private capital invested in the region's public-private partnership projects.⁶

B. Objectives

12. As part of the mandate of ESCAP to support member States in meeting the challenges presented by the 2030 Agenda for Sustainable Development and its related means of implementation, as outlined, inter alia, in the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, ESCAP has mainstreamed financing for sustainable development issues into its work programme, with an emphasis on infrastructure financing and capital market development.

13. ESCAP launched the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific in 2018 with the support of the China Public Private Partnerships Center under the Ministry of Finance of China to provide a regular platform on which Network members could exchange best practices, share their experiences and knowledge products, and provide capacity-building support.

⁵ Global Infrastructure Hub, "Global infrastructure outlook: infrastructure investment needs 56 countries, 7 sectors to 2040" (2018).

⁶ ESCAP, "Public-private partnership systems and sustainable development in Asia and the Pacific", MPFD Working Papers, No. WP/20/07 (Bangkok, 2020), p. 5.

14. The Network aims to allow member States to gain a better understanding of public-private partnership concepts and knowledge on project preparation leading to a more viable pipeline of such projects. In addition to building the capacities of national Governments to implement public-private partnership programmes through South-South exchange of experience and knowledge, much effort has been made to create a sustainable community of practice by building a web-based knowledge-sharing resource to consolidate information on public-private partnership institutions, project pipelines, investment demand and market environment in the region. To date, the Network includes 53 member States' public authorities that are currently implementing or planning to implement public-private partnerships, along with over a hundred financiers and development partners.

C. The way forward

1. Enhancing investments into infrastructure projects for climate action and the Sustainable Development Goals

15. To facilitate climate-resilient and sustainable project transactions, the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific has developed general criteria for identifying sustainable and resilient infrastructure projects. The purpose is to lay out a set of widely agreed upon sustainability and resilience criteria for projects with which the Network will engage. The document is aimed at helping to ensure that project design meets these criteria for sustainability and resilience, using the provided indicators to guide implementation. These criteria have been chosen based on the significance of their contribution to sustainability and resilience; their applicability to infrastructure and public-private partnerships projects; their alignment with the Sustainable Development Goals; and the feasibility of project implementation by Network members. It is expected that all projects associated with the Network, including submissions made through the web portal and showcased projects, will be aligned with and assessed against these criteria.

2. Growing importance of digital information technology

16. The Network was well placed to leverage the necessary adjustments required by the COVID-19 pandemic, both from a topical perspective and with regard to the implementation of the web portal aimed at facilitating the Network's objectives. Part of this effort entailed the devotion of a significant amount of time and resources to the development and functionality of the web portal design, including the need to systematically engage testers and users to consolidate feedback on the platform's usability. Given the importance of emerging technologies and advances in information technology, the Network realized the need for more dedicated resources for hiring information technology professionals fluent in the language of coding and user experience design. This would be a relevant consideration for future designs involving web portals.

3. Learning by doing

17. To ensure the effective delivery of technical assistance requests, the Network needs to have a broad understanding of the challenges facing the requesting country and the region and of the infrastructure financing landscape. To provide effective capacity-building on public-private partnerships, tailored approaches are required to encourage member States to accelerate their infrastructure projects via the public-private partnership modality through an approach focused on learning by doing. This is especially true for countries

whose public-private partnership development is at an early stage. In such an approach, ESCAP staff and the experts recruited by ESCAP would work with the Government to increase its operational capacity while securing its ownership in the process. Where possible, a practical approach is preferred when the Government plans to develop a project using the public-private partnership modality. This is done with the aim of showcasing pilot projects for Network meetings, as has often been done.

III. Role of private enterprise in contributing to sustainable development outcomes, and the support of the Economic and Social Commission for Asia and the Pacific

18. The Sustainable Development Goals comprise a comprehensive vision of what needs to be achieved to make the world a place where all humans can thrive and build satisfying lives. While enacting strategies to achieve the Sustainable Development Goals is primarily the role of the Governments of ESCAP member States, the full spectrum of the Goals will not be reached without a deep and harmonious partnership with the private sector. Throughout the Asia-Pacific region, private enterprises are vitally important in nearly all the sectors that provide for the day-to-day necessities of life, including agriculture, health care and education.

19. Throughout the Asia-Pacific region, private sector investment can be seen delivering health services, education, energy and clean water. Throughout the food and agro-based industries, private enterprises grow crops, package them for consumption and distribute them to consumers and markets. Most necessities used in daily life are provided through private enterprises. Nearly all of this economic activity is, of course, linked with greenhouse gas emissions, and thus the private sector must be actively involved in attempts to reduce emissions and successfully reach targets set out in the Paris Agreement. Problems including plastic pollution, resource overconsumption and deforestation are all inextricably linked to the private sector and the consumer economy. The private sector is likewise closely linked to all efforts to achieve more sustainable production and consumption patterns and to mitigate climate change.

A. Current trends and private sector initiatives for achieving a green transformation

20. While the realm of private enterprise consists of a multitude of diverse actors, not all of whom share the same views on development and corporate responsibility, there is a growing trend for companies to be concerned with their environmental and social impact. As reported to the Asia-Pacific Business Forum in August 2022, while it is true that businesses are profit-motivated, owners and managers are also concerned with improving their local communities and safeguarding the environment. Investors, too, are increasingly demanding that businesses commit to improving environmental, social and governance factors.⁷ In response to this, networks of businesspeople and enterprises have emerged to better understand and coordinate action towards a more sustainable future.

21. The ESCAP Sustainable Business Network, which consists of leading corporations from the region, has committed to advancing sustainable development and is an example of a private sector association that has been

⁷ McKinsey Sustainability, “Does ESG really matter—and why?”, 10 August 2022.

formed to address sustainability issues. At the Asia-Pacific Business Forum held in August 2022, the ESCAP Sustainable Business Network launched its latest initiative, the Asia-Pacific Green Deal for Business,⁸ which calls upon businesses to commit to the necessary green transformation of the economy by taking action aligned with five pillars that focus on:

- Green energy
- Green infrastructure and logistics
- Green finance
- Green innovation
- Green production, consumption and waste

22. By harnessing the reputation of leading businesses in the region that are members of the ESCAP Sustainable Business Network, the Asia-Pacific Green Deal for Business has the potential to bring together many more businesses in the Asia-Pacific region to commit to advancing the 2030 Agenda through the embedding of sustainability principles in their practices and operations.

23. Examples of business networks bringing together influential private sector companies and personalities are also evident outside of ESCAP. The United Nations Global Compact is a worldwide network of businesses that have made firm commitments to its 10 principles. These principles chiefly include commitments to human rights, labour, the environment and anti-corruption. More than 12,000 companies are participants in the Global Compact, representing a huge force for change aimed at a more equitable and greener economy.

24. Leaders of the Asia-Pacific Economic Cooperation (APEC) are provided with a yearly report by the APEC Business Advisory Council, in which the Council calls attention to critical issues and topics that require attention. In its 2022 report, which was prepared for APEC 2022, a summit held in Thailand in November 2022, the APEC Business Advisory Council clearly indicated the need to effectively act on climate change. Recognizing the vulnerability of millions of people in the Asia-Pacific region to changes in climate, the Council called for coordinated measures such as carbon taxation, the sharing of the technology necessary for decarbonization, and financial support for green transitions.

⁸ See www.unescap.org/projects/gd.

Focus on sustainability leads to new business opportunities

For many businesses, sustainability has become a core concern and a business model in itself. For example, a recent addition to both the ESCAP Sustainable Business Network and the United Nations Global Compact is Guava Amenities, a Singaporean provider of amenity packages to the hospitality industry. Guava Amenities realized that, in the minds of consumers, a strong commitment to sustainability and a reduction in plastic packaging could be firmly associated with premium brands and appealed to the ideals of informed consumers. As a result, the focus of the firm on reducing plastic packaging through material substitution and design innovation allowed it to position itself as a premium provider and attract higher-value, loyal clients.

The Asia-Pacific Green Deal for Business recognizes that such business models have the potential to contribute to a greener economy. Pillar 4 of the green deal, focusing on green innovation, and pillar 5, focusing on green production, consumption and waste, both draw attention to possibilities for improving business models by incorporating waste reduction into the design and introducing more cyclical elements, such as recycled packaging.

Another ESCAP Sustainable Business Network member, Infosys, has won recognition for its ambitious decarbonization strategy. This strategy, discussed by Narayana Murthy, the company's founder, at the Asia-Pacific Business Forum 2022, included achieving certified^a carbon-neutral status by 2020. The company's journey to decarbonization incorporated successes such as building some of the most energy-efficient work sites in the world and dedicating itself to sourcing renewable energy. As a member of the ESCAP Sustainable Business Network, Infosys will be able to provide guidance on the replication of these successes for other businesses under pillars 1 and 2, on green energy and green infrastructure and logistics, of the Asia-Pacific Green Deal for Business.

^a British Standards Institution, "PAS 2060 carbon neutrality: supporting the energy revolution towards net zero". Available at www.bsigroup.com/en-IN/PAS-2060-Carbon-Neutrality/.

B. Scaling up ambition to reach the Sustainable Development Goals and advance the Paris Agreement on climate change

25. The trends identified above show that acting for sustainable development, in harmony with the ongoing operations of private business, is an idea that has achieved substantial attention and commitment from influential businesses and businesspeople. Nevertheless, even prior to the COVID-19 pandemic, the region was not on track to achieve all the Sustainable Development Goals. The COVID-19 pandemic and the social and economic human devastation resulting from it have further derailed progress made in achieving the Goals and have compounded the challenges in fulfilling the commitments of the 2030 Agenda. While the existing commitments of private enterprises to sustainable development are noteworthy, there is nevertheless scope for implementing partnerships that can bring about a higher level of ambition from businesses to decarbonize, innovate for green change and aid the transition to a more sustainable economy.

26. There is definite potential for scaling up the efforts of private sector networks to create real change for decarbonization, greener economies and more responsible production. Frameworks such as the Asia-Pacific Green Deal for Business can provide a useful model for this. One of the barriers standing

in the way of more concerted action on sustainable business is a lack of understanding or visibility about what businesses can do to green their operations. Businesses in general, and micro-, small and medium-sized enterprises in particular, are often most interested in demonstrable approaches and good practices that have been adopted by other businesses in their sector and in learning about tangible and successful outcomes, as opposed to theoretical frameworks or ideas proposed by Governments. In this regard, providing more business-oriented platforms and enhancing the reach and visibility of existing platforms will be necessary to help increase the use of workable models for greener business in the community.

C. Enabling private sector contributions to a more sustainable and inclusive future: providing a supportive environment for green businesses

27. Businesses are fundamentally commercial enterprises that are sustained by profit. However, the motivations of people operating businesses can extend beyond just generating revenue. Many business owners and operators are interested in contributing to a sustainable future and do not wish to cause harm to the environment and community in which they are embedded. Businesses also recognize the damage that extreme weather events and shifts in the climate can have on their profitability and understand the necessity of coordinated climate change action. In this context, ESCAP can play a role in coordinating private sector actions to enhance sustainable development. The ESCAP Sustainable Business Network is a valuable regional forum for business leaders to meet and share ideas on advancing work toward the achievement of the Sustainable Development Goals and bringing about a green transformation. The Asia-Pacific Green Deal for Business will provide the guiding framework for organizing the ESCAP Sustainable Business Network's activities over the coming years. Throughout 2022 and 2023, ESCAP will provide secretariat support to the ESCAP Sustainable Business Network as the Network decides on the nature of its activities to implement the Asia-Pacific Green Deal for Business. The current task forces of the ESCAP Sustainable Business Network will be reoriented to focus on the five pillars of the Asia-Pacific Green Deal for Business, and new members will be sought to provide leadership for each of those pillars.

28. In addition to bringing together the private sector, ESCAP Sustainable Business Network can provide a platform for Governments and businesses to come together and can also help Governments in setting the rules of engagement for businesses. This is because businesses, while often wanting to act on sustainability imperatives, may not actually be able to dedicate additional resources to improving sustainability outcomes if their competitors do not do so, or if those outcomes do not directly improve their business bottom line and puts them at a competitive disadvantage. Hence, it is necessary for Governments to play an enabling role in facilitating the green transformation of businesses by requiring them to operate in a manner that is environmentally and socially sustainable and responsible and that encourages better environmental and social outcomes, where possible. Multiple private sector forums⁹ have noted that a coordinated approach to regulation is necessary in order to support private sector engagement on issues of sustainability and on achieving the Sustainable Development Goals. Recognizing this, businesses are calling upon Governments to lead the way by coordinating industry

⁹ See, for example, ESCAP/CTIEBI(1)/INF/2; or the APEC Business Advisory Council, *Report to APEC Economic Leaders* (2022), available at www2.abaconline.org/content/download/22629871.

regulation in such a manner that businesses would be required to address sustainability concerns in a coherent manner. The call for Governments to effectively set regulations, standards and codes was noted by multiple business leaders at the Asia-Pacific Business Forum 2022 and illustrates the potential for further engagement of the ESCAP Sustainable Business Network as a platform for offering advice to policymakers regarding enforcing sustainability requirements in private enterprises. Where businesses are internationally exposed through trade and finance, this may even lead to regional cooperation on appropriate regulations, for example, in carbon markets.

IV. Issues for consideration by the Committee

29. The Committee may wish to request the secretariat to continue to promote knowledge and understanding of private sector engagement and innovative financing to support sustainable and climate-resilient infrastructure in the region.

30. The Committee may also wish to consider taking the following actions:

(a) Support the strengthening of the secretariat's partnerships with multilateral organizations, specialized institutions and national public-private partnership units through the Infrastructure Financing and Public-Private Partnership Network of Asia and the Pacific;

(b) Provide guidance on the specific areas of capacity-building needs in order to promote the application of public-private partnerships and enhance investments into infrastructure projects for climate action and the Sustainable Development Goals;

(c) Provide guidance on the specific areas of research that would benefit from the engagement and insights of members of the ESCAP Sustainable Business Network and specific areas where capacity-building in the domestic private sectors of member States would be helpful, with a view to informing the design of prospective experience-sharing roadshows or workshops;

(d) Indicate to the secretariat its support of the Asia-Pacific Green Deal for Business initiative of the ESCAP Sustainable Business Network, and comment on specific topics related to the Asia-Pacific Green Deal for Business that it would want to see addressed at the Asia-Pacific Business Forum 2023 and other associated ESCAP Sustainable Business Network events.
