

**REPORT OF THE MINISTERIAL CONFERENCE  
ON PUBLIC-PRIVATE PARTNERSHIPS FOR INFRASTRUCTURE  
DEVELOPMENT IN ASIA AND THE PACIFIC**

**Seoul, 5 October 2007**



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## I. ORGANIZATION OF THE MEETING

### A. Opening, duration and organization of the Conference

1. The Ministerial Conference on Public-Private Partnerships for Infrastructure Development in Asia and the Pacific was organized and hosted by the Government of the Republic of Korea, through the Ministry of Planning and Budget, in Seoul on 5 October 2007, with support provided by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

2. H.E. Mr. Chang Byoung Wan, Minister of Planning and Budget of the Republic of Korea, gave an opening address. Mrs. Noeleen Heyzer, Executive Secretary of UNESCAP, read out a message from the Secretary-General of the United Nations, and delivered a statement.

#### *1. Opening address by the Minister of Planning and Budget*

3. The Minister of Planning and Budget of the Republic of Korea extended his warmest welcome to the delegates and acknowledged with appreciation the high-level of participation in the Conference. He underscored the importance of infrastructure investment to the socio-economic development of the Asian and Pacific region, and observed that the total annual financing needs for infrastructure development in the region in the next five years would be around US\$160 billion, representing about 6 per cent of GDP. Limited public budget could only fulfil about half of that demand.

4. Highlighting the significant role that public-private partnerships (PPPs) played in increasing available resources and enhancing efficiency and sustainability of public services, the Minister said that this had brought many challenges, giving rise to the need to foster greater understanding of the issues relating to PPPs as well as to exchange information and experiences among regional leaders. It was therefore essential to provide a regional platform whereby diverse experiences could be exchanged and important policy issues addressed as well as to strengthen the role of regional cooperation in tackling the challenges in this field.

5. The Minister noted that countries in the region had different political, economic, social and cultural backgrounds and, therefore, there was no PPP model that could be considered equally suitable for all countries. However, despite these significant differences between nations, one fact applied to everyone: building partnerships and sharing responsibilities between the public and private sectors would contribute towards ensuring successful implementation of PPPs. He also noted that the provision of an institutional framework for PPPs and promotion of good governance were critical issues requiring greater

government effort.

6. In the Republic of Korea, demand for public investment in other sectors such as social welfare, educational and defense facilities had limited the Government's ability to set aside funds for infrastructure development. In order to bridge the gap between demand for infrastructure investment and supply, focus of attention had been placed increasingly on enhancing private sector investment in infrastructure development. In this context, the Minister noted that his Government's spending had focused mainly on ensuring future growth and meeting the basic needs of the people, while private investment was utilized in those areas that required the efficiency and effectiveness of the private sector. He also mentioned that, in August 1994, the Private Participation in Infrastructure (PPI) system was first introduced by virtue of the PPI Act. The Act was revised in 2005 to embrace social infrastructure such as educational, cultural and social welfare facilities. By the end of 2006, the share of private investment to public investment in infrastructure development exceeded 17 per cent.

7. In concluding, the Minister expressed the view that member countries of the region needed to share best practices and come together to discuss issues of common concern, thereby facilitating the institutionalization of the PPP system in each country. He also underscored the importance of the expected outcome of the Conference, namely the Seoul Declaration on Public-Private Partnerships for Infrastructure Development in Asia and the Pacific, which would provide an effective instrument for fostering collaboration among countries in the region. He also expressed confidence that the Conference would serve as a major step forward in the establishment of a regional network and revitalizing PPPs.

#### *2. Message from the Secretary-General of the United Nations*

8. In his message, the Secretary-General extended his heartfelt greetings to the delegations and said that the issues to be placed before the Conference were among his priority concerns. He thanked the Government and people of the Republic of Korea and the UNESCAP for making the Conference possible.

9. The Millennium Development Goals were adopted to create an unstoppable momentum towards bringing the benefits of globalization to all. In this respect, great efforts were being made by both the public and private sectors to translate the Goals into reality for millions of disadvantaged human beings. This required developing adequate infrastructure for transport, energy, water and health services which, in turn, needed investments, goods and expertise that could not be provided by

the public sector alone. As a result, Governments needed to create an enabling environment through strategic long-term planning and supportive policies as well as to work with the private sector to develop innovative solutions to financing and delivering services. In this context, PPPs enabled businesses around the world to actively and productively contribute to critical infrastructure projects.

10. Transparency and trust were vital components of PPPs. Through the United Nations Global Compact - the world's largest corporate citizenship initiative - the United Nations was working with businesses, Governments and civil society to advance notions of corporate responsibility, thereby establishing an atmosphere of accountability and trust that allowed for more collaborative solution-finding.

11. The Conference would help shape the future of a region which was home to more than half of the world's population and which accounted for a quarter of international trade. Beyond the accountability of Governments to their electorate and the responsibility of companies to their shareholders, everyone had a joint mission to give citizens of this region the tools to create their own prosperity. With this exciting challenge ahead, the Secretary-General conveyed his best wishes for successful deliberations.

### *3. Statement by the Executive Secretary of UNESCAP*

12. The Executive Secretary extended a warm welcome to the delegations and expressed deep gratitude to the Government and people of the Republic of Korea for the wonderful arrangements made for the Conference, and for the warm hospitality extended to all delegations. She also expressed sincere appreciation to the Minister of Planning and Budget for his presence at the Conference. The hard work and dedication of the officials and staff at the Ministry of Planning and Budget, the Korea Development Institute and other institutions in the preparatory process were deeply valued. She said that the assembly of such a distinguished group of participants at the Conference was in itself a PPP, and expressed the hope that the deliberations would foreshadow what was expected of best partnerships – a combination of strengths, styles and perspectives.

13. The Executive Secretary noted that although the Asia-Pacific region was one of the world's most dynamic, it was also home to more than half of the world's extreme poor of more than 630 million. She also observe that in the region we see: poor rural communities cut off by bad roads; farmers who cannot communicate with their markets; decrepit hospitals that are short of the most

basic equipment; women walking miles to fetch water; schools with classrooms that may be nothing more than four bare walls and a blackboard. She then raised the question “What would it take to build those roads, those communication systems, those water supplies, those hospitals and those schools.”

14. UNESCAP had estimated that over the period to 2010 the region would need to invest US\$608 billion annually, while the actual investment in recent years had been in the region of US\$388 billion. This meant that the projected overall demand for infrastructure finance would far outstrip supply. Furthermore, larger emerging economies in Asia had greater access to infrastructure finance than other developing countries, particularly the least developed countries, landlocked developing countries, the Pacific island developing countries and the countries with economies in transition. Consequently, there was an urgent need for governments, the private sector, central and multilateral development banks, the United Nations and bilateral development agencies to work more closely together to address the infrastructure financing needs in the region, including the rural and isolated areas as well as the exploding urban cities. In this context, it was noted that PPPs had the potential to combine the strengths of governments which had the responsibility to ensure the provision of public goods with the strengths of the private sector, particularly its ability to deliver high-quality services within the budget and on time.

15. As an intergovernmental body with universal membership in the region, the UNESCAP had a pivotal role to play in efforts that had transnational and cross-regional dimensions. It could help look across the region to track developments and highlight critical areas. For example, the importance of capacity-building was being addressed through the interregional Development Account Project implemented jointly with the United Nations Regional Commissions in Europe and Africa. The High-Level Expert Group Meeting which preceded the Conference recognized the importance of expanding this cross-regional work through regional and global alliances, prompting the UNESCAP secretariat to include this as one of its key priorities over the next 18 months. In addition, a diagnostic tool had been developed by the UNESCAP to help governments analyze the key issues of PPPs and prepare the necessary action plans.

16. The Executive Secretary observed that the region was testament to the fact that a strong PPP could help generate inclusive and sustainable economic growth. In this context, she expressed the hope that everyone concerned would come together to seize new opportunities not only to build on the

experience, but also to develop a more integrated economic and social framework that would drive the region forward. For its part, the UNESCAP was ready to play its full part in this endeavour, not just through its efforts within the secretariat, but also as a place for a meeting of minds.

17. In concluding, the Executive Secretary called on the delegations to put forward suggestions on ways in which the UNESCAP could play its full part in facilitating PPPs to advance inclusive and sustainable economic, social and environmental development in Asia and the Pacific.

#### *4. Welcome message from the Prime Minister of the Republic of Korea*

18. A welcome message from H.E. Mr. Han Duck-soo, the Prime Minister of the Republic of Korea, was circulated to the delegations.

19. The Prime Minister of the Republic of Korea welcomed the delegations and noted that the presence of ministers and vice ministers from the Asian and Pacific region demonstrated the interest of member countries in promoting PPPs in infrastructure development. He also conveyed his congratulations on the opening of the Conference which marked an important milestone in the region's efforts to achieve sustainable economic and social development.

20. The Prime Minister observed that the Asian and Pacific region was richly endowed with human and natural resources and had an enormous potential for growth. In order to stimulate economic growth and spread benefits to all citizens, there was a need to accelerate the development of infrastructure facilities and services. However, in the face of growing fiscal demands for various sectors, available funding had fallen short of the investment needs, with the result that private sector participation in infrastructure development had emerged as an alternative means of overcoming this challenge. Fortunately, due to high global liquidity of financial resources in recent years, there was a good outlook

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