

Keynote Presentation

Advancing Quality Growth through Sustainable Infrastructure in Asia and the Pacific

Bambang P. Brodjonegoro

Dean and CEO,
Asian Development Bank Institute (ADBI)





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Asia and the Pacific at a New Development Stage

Past Growth Model

How can we grow faster?

- ✓ **One of the Most Dynamic Region**
- ✓ **Drivers of Development**
 - Rapid Industrialization
 - Urbanization
 - Trade Expansion
 - Infrastructure Investment
- ✓ **Outcome**
 - Poverty Reduction
 - Reaching Middle-Income Economies

New Stage Paradigm

How can we achieve better and more sustainable?

- ✓ **Fundamentally Different Environment**
 - Population Aging
 - Climate Change and Natural Disasters
 - Digital Transformation and AI
 - Reconfiguration of Global Supply Chain
 - Growing Fiscal Pressure
- ✓ **A New Stage of Development**
 - **“Quality Growth”**
 - **Better, Resilient, Sustainable**



ADB I Flagship Study

1. A growth model reaching its limits

Diminishing returns on the old drivers of growth

As economies mature, growth once driven by abundant labor, capital accumulation, exports, and large-scale infrastructure investment faces diminishing returns.

2. The real challenge ahead

- Productivity, innovation, and stronger institutions must drive growth.
- Relevant beyond middle-income status, but broader than income alone.
- Can economies keep raising living standards and building resilience?
- ADB I's Flagship Study on Quality Growth begins from this challenge.



Shaping Asia's Future Prosperity with Quality Growth

ADB I Flagship Study highlights Five strategic priorities

ADB I has identified five priority areas

Quality Growth does not reject economic growth it asks how growth can become more productive, inclusive, resilient, and sustainable over the long-term.





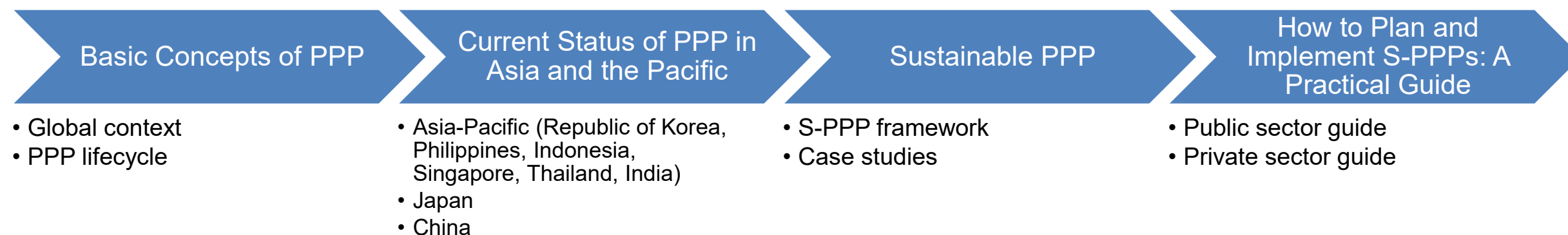
Forthcoming ADBI Publication: Sustainable Public-Private Partnerships: Theory and Practice

From PPP Fundamentals to Sustainable PPP Implementation

Purpose

The upcoming ADBI publication that introduces the concept of Sustainable Public-Private Partnerships (S-PPPs), drawing on experiences from Asia and the Pacific and providing practical guidance for policymakers and practitioners.

What the book covers



Featuring contributions from ADBI, ADB, and Toyo University



Forthcoming ADBI Publication: Sustainable Public-Private Partnerships: Theory and Practice

Key Messages

PPPs must evolve beyond financing and procurement

Success should be measured by **long-term development outcomes**, not only project delivery and risk transfer.

Sustainability must be integrated throughout the PPP lifecycle

From project planning and design to operation, monitoring, adaptation, and knowledge transfer.

S-PPPs require active collaboration between government and business

Success depends on appropriate planning, incentives, stakeholder engagement, monitoring, and adaptive management.

 Acceptance and Support of the Local Community

 Fiscal sustainability

 Financial sustainability

 Functional sustainability

 Technical sustainability

 Environmental sustainability

 Reproducibility

S-PPPs integrate seven dimensions of sustainability





Lessons from Japan's PPP Experience I

“PPP is a method of delivery, not a purpose in itself.”

Water & Sanitation Sector



- *Capital-intensive*
- *Long asset lifecycles*
- *Rehabilitation needs*
- *Reliable service delivery over the long term*

Japan's Experience:

1. PPP should be pursued to:

- ✓ Where governments have **sufficient capacity to manage partnership**
- ✓ Where PPP can contribute to **better service delivery**

2. Sound Enabling Framework

- ✓ Project Preparation
- ✓ Regulation and institutionalization
- ✓ Risk allocation
- ✓ Accountability

Effective PPP

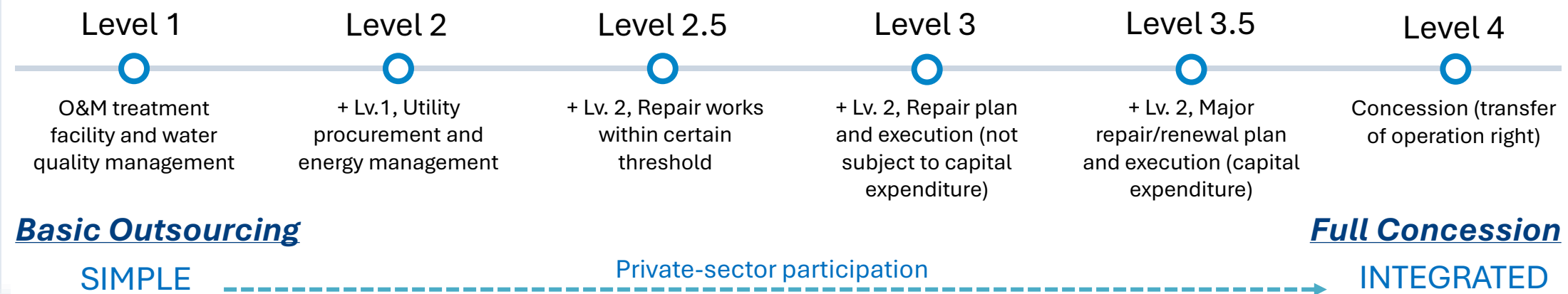
Better & Sustainable
Public Services



Lessons from Japan's PPP Experience II

“Effective PPP Capability Develops over Time.”

Degree of Private Participation in Japan's Water and Sanitation Sector (Source: Namba Yu)



1. Match Local Institutional Capacity

- Do not attempt to leapfrog prematurely into complex concessions.
- Choice of model must reflect regulatory, maturity, capacity, and project specifics

2. Safe & Gradual Scaling Up

- As public sector capability matures, safely transition into intermediate models (Level 2.5 & 3.5) where private management genuinely adds value

3. Build Local Market Foundations

- Long-term PPP progression is most sustainable when anchored by strong domestic private-sector capacity and deep local capital markets



Wrap-up & Way Forward

1. Quality Growth as the Broader Objective

- ✓ Respond to a **changing development environment**
- ✓ Pursue **better and more sustainable growth**

2. Sustainable Infrastructure & PPPs

- ✓ Focus on **public needs and long-term value**
- ✓ Adapt approaches to **different institutional and market conditions**
- ✓ Build PPP capability **progressively through experience**

3. Asia PPP Practitioners' Network (APN)

- ✓ **Exchange** practical experience
- ✓ **Learn** from one another



“Better and More Sustainable PPPs for Quality Growth in Asia and the Pacific”