

Asia's Developing Future



ASIAN DEVELOPMENT BANK INSTITUTE

T20 Japan ignites a G20 quality infrastructure boom

Think 20 is the research and policy advice network for the G20 which in 2019 is chaired by the Asian Development Bank Institute as part of Japan's G20 presidency. In this podcast, we will look at the T20's keys to quality infrastructure financing.

Rapid development is spiking global infrastructure demand and driving policy makers to seek trillions of dollars in funding for projects ranging from roads, ports, and airports to water and sanitation systems to digital networks.

Greater productivity, poverty reduction, and inclusive growth hinge on meeting these financing needs and advancing the build-up of quality infrastructure, says ADBI Dean Naoyuki Yoshino, who is the Chair of T20 Japan and lead co-chair of its infrastructure policy task force.

"...the definition of quality infrastructure in my sense is how much infrastructure can develop the region and how much it will mitigate income disparities; how much it will encourage female participation into the labor market."

"...if highway or railway is constructed, many small businesses can sell their own products at the station and females can start their own business then we need to provide finance to them at the same time financing infrastructure."

T20 Japan is equipping G20 countries with strategies to bridge investment gaps and facilitate quality infrastructure development. This support is especially critical in emerging economies coping high levels of urbanization and changing living conditions, says Dean Yoshino.

“If we go to many Asian cities in urban areas there is huge congestion of people, some people commute more than one hour and if it was rainy then [the] road will be stuck.”

Accommodating evolving consumption patterns is a significant challenge but can pay huge dividends for economies, Dean Yoshino adds.

“...water supply is in need and electricity is lacking so all kinds of infrastructure will create big economic impact into the region.”

T20 Japan experts have focused on promoting quality infrastructure measures that can increase returns on infrastructure project investment and encourage private sector participation.

This includes moving away from traditional reliance on user charges such as highway tolls in favor of leveraging tax revenues accumulated via infrastructure-led growth, as Dean Yoshino explains.

“...infrastructure can provide big spillover effects into the region and that will increase property tax revenues, corporate tax revenues, income tax revenues.”

“...all those tax revenues in the past went to the government but if 50% for example can be returned to infrastructure investors then the rate of return will significantly increase.”

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