

ADBI's Flagship Study

Infrastructure and Regional Cooperation

Presentation by

Biswa N BHATTACHARYAY

Task Manager and Special Adviser to Dean, ADBI

**Strengthening Private Sector Participation and Investment
in Physical Infrastructure**

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Background

- Infrastructure plays an important role in promoting rapid growth in Asia and making it sustainable;
- Rapid economic growth in several developing countries has caused huge and visible pressure on infrastructure;
- Lack of adequate infrastructure can hinder the potential economic growth of Asia, weaken their international competitiveness and adversely affect their poverty reduction efforts

Objective and Scope

- Examine key issues/challenges facing Asian infrastructure in region's ongoing efforts to support regional cooperation;
- Focus on broad/cross-cutting issues through both empirical and case studies;
- Examples of best practices mainly from key six sectors, such as, transport (roads, railways, airways, and ports) and energy (electricity and gas);
- Examine both software and hardware issues affecting infrastructure & regional cooperation;
- Provide policymakers, concerned officials from private & public sectors, and other experts involved in Asian infrastructure with information/guidance on key issues concerning developing regional infrastructure projects through regional cooperation;
- Outline policies & identify the best practices that the region needs to adopt to meet challenges and address issues.

Study Structure

Four broad research areas/themes of the study

- Trade and Logistics as they influence agglomeration, and are influenced by, economies of scope and scale;
- Policies and Institutions as they define the overall environment for PPP and promote effectiveness;
- Financing issues as they interact with the large pool of Asian savings and encourage private sector participation;
- Transnational infrastructure networks as they develop and support sustainable Asian growth

Sub themes

(1) Trade and Logistics

- Evaluation of intra-regional trade and tariff and non-tariff related trade costs;
- Analysis of the relationship between existing infrastructure and costs of major traded goods and services, as well as analysis of challenges and opportunities that can be overcome by improved logistics

(2) Policies and Institution

- Providing necessary information to enhance policy coordination and promote institutional effectiveness;
- Understanding what institutions and policies need to be in place to ensure financing needs are met in a cost-effective manner and to facilitate PPP;
- Examining effective institutional structure and policies to ensure sustainability in regional projects

Sub themes (cont.)

(3) Financing infrastructure

- How to motivate the private sector to fill in the huge gap in financing infrastructure investment in Asia?
- Examine experiences of Asia and other regions, and lessons learned
- enhancing public-private partnership in infrastructure investment; and
- building regional financial infrastructure for mobilizing Asian savings for infrastructure investment

(4) Transnational infrastructure networks

- Does enhancing regional connectivity result in net gains to the region?
- Examine sub-regional programs (i.e., GMS, SASEC, and CAREC) in bringing greater infrastructure connectivity and whether this helps expand markets and accelerate growth through greater efficiency and agglomeration economies
- How to identify regions in Asia as optimal economic spaces from the viewpoint of infrastructure connectivity?
- Understand and effectively manage the process of regional infrastructure projects based on experience of other regions

Questions for Stakeholder consultations

- In which areas can this study add most value?
- What issues need to be studied with respect to regional cooperation in cross-border infrastructure development?
- What should be the approach of the study, e.g., case studies and/or empirical studies?
- Are there additional issues in each theme which need to be considered?
- What issues are important to your country/middle income and low income countries/landlocked countries?
- What kind of information can this report produce that will be of most interest to policy makers?
- What specific issues should be addressed for cross-border infrastructure projects which differ from strictly domestic ones?
- Your own questions?