



EXECUTIVE SUMMARY
CROSS-BORDER INFRASTRUCTURE MANAGEMENT
Managing Regional Public Goods Seminar-Workshop
12-15 November 2007

KEYNOTE SPEECH AND DISTINGUISHED SPEAKER SEMINAR
TODD SANDLER, REGIONAL PUBLIC GOODS, AID, AND DEVELOPMENT

In the keynote speech, Todd Sandler spoke about financing schemes, monitoring measures and infrastructure development in relation to Regional Public Goods in developing regions based on the right mix of “the three properties of publicness -- the non-rivalry of benefits, the non-excludability of benefit recipients and the aggregation technology.” He said that Regional Public Goods assist in the development of countries and of regionalization but that they are much harder to deal with compared to Global Public Goods. He also mentioned six key areas of infrastructure, regional security, health, environment, governance, and knowledge, which are essential to promote development and growth in cross-border countries and regions.

SESSION 1: ISSUES AND CHALLENGES IN THE MANAGEMENT OF CROSS-BORDER INFRASTRUCTURE DEVELOPMENT AND TRADE FACILITATION

In the first session, speakers presented both practical and theoretical examples that dealt with the management of cross-border infrastructure. In her presentation on “Transport and Infrastructure Networks and Trade and Transport Facilitation,” Geetha Karandawala differentiated between transport infrastructure and trade facilitation, which are two separate problems that should be considered in relation to each other. Haruya Koide spoke of “Strategic Transport Sector Development in Central and West Asia,” and imparted that there is a need for a regional transport sector strategy to address both the challenges and opportunities in the CAREC region which has three times larger landmass compared to other sub-regions in Asia.

SESSION 2: ISSUES AND CHALLENGES IN TRANSPORT AND LOGISTICS

In the second session, which focused on Issues and challenges on Transport and Logistics, Mariner Wang talked about “The Hub Ports Development Strategies in East Asia – From the perspective of Global Logistics” in which he explained the importance of logistics, and how both infrastructure and the private sector can contribute to the changing logistics in East Asia. Tetsuo Shibata of JETRO presented the “ASEAN Logistics Network Map” which provides useful information for bridging and strengthening the competitiveness between ASEAN countries and Japanese companies by providing policy recommendations and logistics information respectively. In connection with this, Ryuichi Yoshimoto from JILS spoke of “Changing Logistics in East Asia: Experiments by JETRO’s

“ASEAN Logistics Network Map,” a useful and practical case study that took into consideration the shipper’s needs, the Time-Cost factor, and the implications for infrastructure management at cross-border countries. Lastly, Motoko Kaneko of JICA-ALMEC and Tomoyoshi Suzuki, JICA expounded on “JICA Research on Cross-Border Transport Infrastructure,” a study that analyzed and reviewed the status of regionalization and CBTI development in the Greater Mekong Sub-region (GMS), identifying the issues and problems, examining the future vision of CBTI development for GMS with regards to JICA assistance and CBTI-related programs, and lastly, exploring the applicability of the results of the study to other regions.

SESSION 3: EXPERIENCES, LESSONS LEARNED AND STEPS FORWARD IN CROSS-BORDER INFRASTRUCTURE NETWORK AND TRADE FACILITATION IN DIFFERENT REGIONS

The 3rd session dealt with experience, lessons learned and steps with regards to the cross-border infrastructure network and trade facilitation in different regions. Geetha Karandawala of UNESCAP spoke of “Regional Infrastructure Network Development and Trade and Transport Facilitation in Asia,” in which she related how the development of the Asian Highway Network and the Trans-Asian Railway Network led to the advancement of the Asian Land Transport Infrastructure Development project (ALTID) which dealt largely with Transport Facilitation. “The possible Policy-Development for Creating Trans-Asian Transport Network” was discussed in an academic presentation by Kenji Ono of the MLIT. He discussed the current trends regarding trade, traffic and logistics in Asia. He said that transportation demand and economic growth are linked; and that CBT is the means and end towards regional prosperity and peace. In the last presentation, Ronnie Butiong of ADB combined two presentations on the “Issues and Challenges for the Regional Infrastructure Transportation Network Development Projects and Trade Facilitation Programs in GMS” and “Institutional Cooperation for Cross-Border Infrastructure Development and Trade Facilitation.” His presentation focused on the GMS Economic Cooperation Program, and how infrastructure shows direct links to growth and poverty reduction and social and economic development.

SESSION 4: CROSS-BORDER INFRASTRUCTURE AND ENVIRONMENTAL ISSUES

In the 4th session of the first day, Cornie Huizenga of CAI-Asia talked about “Cross-Border Infrastructure and Environmental Issues.” The presentation focused on the rapid changes in Asia that has brought about a growth in the demand of energy. He stressed that the increasing international trade in the Asian region, finds China as the prime driver propelling Asia’s growth. India was also mentioned as a significant player in intra-Asia trade and economic integration.

SESSION 5: INTRODUCTION TO METHODOLOGIES IN MANAGING CROSS BORDER INFRASTRUCTURE DEVELOPMENT AND TRADE FACILITATION

On the second day, the 5th session on methodologies on cross-border infrastructure development and trade facilitation was opened by Naonobu Minato with a presentation on “The Project Cycle Management (PCM) Method,” which was a general methodological framework that could be used as a tool to manage the whole project cycle (planning,

implementation and evaluation), fully utilizing the Project Design Matrix (PDM) which is a logical framework used by most donor agencies. Geetha Karandawala of UNESCAP presented the “Transit Route Analysis through ESCAP Time/Cost Distance Methodology,” which is basically an easy-to-use tool to analyze both the physical and non-physical bottlenecks at specific routes. Ryuichi Shibasaki of the National Institute of Land and Infrastructure Management presented academic research on “Assessing and Modeling the Impact of Cross-border Transit Infrastructure,” which analyzed port policies using the Model for International Container cargo Stimulation (MICCS). He also showed simulations using the model that included improvements for the entire land transport network and infrastructure improvement in the Lower Mekong Area and examples of the trade estimation model which is used in assessing the impact of trade policies such as FTAs. Lastly, Herath Gunatilake of ADB combined two presentations on “General Methodological Framework for Project Appraisal” and “Appraisal of Cross-Border infrastructure Projects.” He stressed that economic analysis is a continuous process that is relevant at all stages of the project cycle and that there is a need for institutional capacity building to lay the groundwork and orient them in evaluating and prioritizing options, and finally deciding upon a solution.

SESSION 6: ADBI'S FLAGSHIP PROGRAMS AND PROJECTS IN INFRASTRUCTURE AND REGIONAL COOPERATION

This session was prefaced with a presentation of ADBI's flagship programs and projects in infrastructure and regional cooperation. The objectives included the issues and challenges facing Asian infrastructure, the focus on empirical and case studies and their impact on large and small countries, presentation of best practices, examination of software and hardware issues, and the identification of policies that are needed to meet the current challenges. The session was moderated by Biswa Bhattacharyay and included presentations by Mario Lamberte (financing infrastructure), Susan Stone (transnational infrastructure networks), Douglas Brooks (trade and logistics) and by Biswa Bhattacharyay (policies and institutions). The session then segued into group discussions wherein participants broke into pre-assigned groups and discussed the topics presented by the speakers. The session ended with short presentations from each of the groups.

The participants then broke up into pre-assigned groups and discussed their topics with the help of their resource facilitators. The topics covered in the group discussions were: (1) the creation of a trans-Asian transport network towards a seamless Asia, (2) appraisal methods in cross-border infrastructure projects, (3) infrastructure and regional cooperation, (4) environmental issues in cross-border transport infrastructure. Each group made a presentation on their topic and these were followed by discussions and questions.

TRADE AND LOGISTICS

Douglas Brooks expounded on the topic of **trade and logistics**, saying that there is a need to focus on how trade has contributed to regional growth. He stressed that this interaction between infrastructure and trade goes both ways and that infrastructure serves to reduce trade costs, and in turn, some of the technological changes of production fragmentation, trade patterns, and composition are influencing demand. He also wanted to look at the indirect effect of infrastructure projects on the region's future growth and the subsequent impacts on trade.

In the group's discussion they tackled the usual problems of transport from one country to another and came to the conclusion that the most problems stemmed from border crossing problems and customs clearance. They also touched upon the need to harmonize the migration agreements, as they differ from country to country.

POLICIES AND INSTITUTIONS

Biswa Bhattacharyay tackled the topic of **policies and institution**, placing emphasis on acquiring the necessary information to enhance policy coordination and promote institutional effectiveness. He further added that there is a need to understand the kind of policies that should be put into place in order to ensure that financing needs are met in a cost-effective manner and to facilitate private sector participation (PPP). Lastly, he spoke of examining effective institutional structures and policies to ensure the sustainability of future projects.

The breakout group discussed issues on policies concerning cross-border and SAR countries. During their discussion the group also said that although they support case studies, they aren't as convinced about empirical studies. The effectiveness of implementation at the national level should also be studied. Lastly, they stressed that harmonization of policies was essential in a cross-border transit network.

FINANCING INFRASTRUCTURE

In the area of **financing infrastructure**, Mario Lamberte spoke of the issue on the financing gap and the ban on financing infrastructure; saying that there is a need to determine the existing supply and gaps is appropriate because the region already has a lot of savings and that a proper way to do it may be to find ways to utilize those savings properly. The bottlenecks or barriers that need to be addressed in order to build institutions or policies to utilize those savings may be done in a more risky manner, dealing with short-term capital instead of long-term capital.

The group discussion was centered on PPP and on the implementation of legal framework and general laws concerning cross-border issues in each country need to be promoted further at the national level. They discussed cross-border infrastructure and the need to look for projects that would best attract private investors.

TRANSNATIONAL INFRASTRUCTURE NETWORK

Susan Stone shared the overall study: "Infrastructure and regional cooperation." She also outlined the three components of the study: (1) identifying what is considered to be optimal economic space by exploring transport and economic corridors and develop principles and objective criteria to judge an optimal corridor, (2) identify best practices and lessons learned from transnational projects implemented in Asia, Latin America and the EU, and (3) to identify empirical evidence from projects such as the GMS and look at some economic impacts such as the impacts on households and poverty levels.

The group tried their best to cover all transnational issues. They pointed out that there is a need to come up with a regional master plan for the regulation of the economic space that will raise interest of policy-makers and hopefully get them involved. There is a need for

supra-national institutional support to solve or reduce the political issues within the countries.

SESSION 7 and 8: GROUP WORK, DISCUSSION AND PRESENTATION

THE CREATION OF A TRANS-ASIAN TRANSPORT NETWORK TOWARDS SEAMLESS ASIA

In their presentation, the group explained how they tried to find future common benefits. They enumerated some challenges, such as the lack of funds and the need to borrow money from donors as there was no money for maintenance. The group also stressed the need for capacity building and development of human resources in order to lessen the possible negative impacts of cross-border transportation. For the bankers, they can propose a concessional funding model and for the administrative directors, there is a need for external help in training the staff.

APPRAISAL METHODS IN CROSS-BORDER INFRASTRUCTURE PROJECTS

The group justified the topic by saying that the market is highly competitive and that cost is an essential factor to be considered. There is a need to improve connectivity, and this should be planned within the overall development studies of the country. They briefly outlined the aspects that have to be addressed for successful CB, as well as the barriers and challenges that it faces. To this they proposed some strategies such as political commitment and harmonized perspectives among others. They further recommended that a regional unified database be made for the region.

INFRASTRUCTURE AND REGIONAL COOPERATION

To preface the presentation, the group explained that they tackled this topic using the case study approach and were able to generate a wealth of info. The case studies were based upon the three stages of project implementation: (1) completed projects (Thailand and Myanmar), (2) ongoing initiatives (Kyrgyz Republic and other border countries), and, (3) conceptualization stage (Sri Lanka). They further discussed some issues and challenges and shared some recommendations which included the advantages of long-term agreements that include maintenance, etc.

ENVIRONMENTAL ISSUES IN CROSS-BORDER INFRASTRUCTURE

The group reported that there are more projects that deal with environmental issues (i.e., environment-friendly). They agreed with an earlier presentation that cutting through the forest especially in road development may cause possible further exploitation of natural resources. They also pointed out that there were no environmental concerns in resettlement areas and that there was low human resource capacity to manage positive impact. Issues such as human trafficking, goods trafficking, forest fires, smuggling, drugs and air pollution were also identified.

SESSION 9: Wrap-up comments

During the wrap-up session, Worapot Manupipatpong reported that the seminar-workshop had a lot of very comprehensive and fruitful discussions. He spoke of forecasts and models, and cautioned that personal views are only as good as the data and the assumptions upon which it was built. He said that coordination is required to avoid the overlapping of efforts.

Todd Sandler spoke of the need for coordination of bodies such as the ADB. He further stated that Asia has no lack of important nations to lead and show best practice. He observed that one of the common themes of the seminar-workshop was that no one until today wanted to use the word public goods. However, upon listening and reading the presentations, he was assured that they were indeed discussed. He said that there has got to be some splitting up of the regions, and looking at how institutions can assist sub-regions.

Mariner Wang commented on the hub port development in the region of eastern Asia. He urged that more emphasis be placed on the poor development and poor privatization in the region of eastern Asia. He also mentioned IT development in relation to international trade should be considered. The use of logistics in international inter-modal transport system is strongly advised.

Ronnie Butiong said that globalization is widening the choices for consumers. He said that this is closely aligned to transit cost considerations and that transit supply is a critical determinant of tourism. He enumerated action points on different levels, and also mentioned the non-physical barriers and how a weak logistics system may limit benefits and competitiveness at both the national and regional levels. Projects are currently overwhelmingly supply-driven; there should be a shift towards demand-driven and market-driven projects as they have yet to play a significant role in optimize structuring in the decision building process.

Toru Tatara noted that RPGs are not limited to the infrastructure network, but also encompass other environmental, health, issues. In future programs, those issues will be targeted. He also commented on privatization and which resources in private sector should be targeted. In order to enhance RPGs, he stressed that there is a need to know how much private companies are planning to allocate. He advised the body to look into how to tap these rich resources in the future, as they will be of big help.