


Regional update: trends and issues in Asian development cooperation

A stylized globe in shades of blue and cyan, overlaid with a network of glowing yellow and white lines representing global connectivity and data flow.

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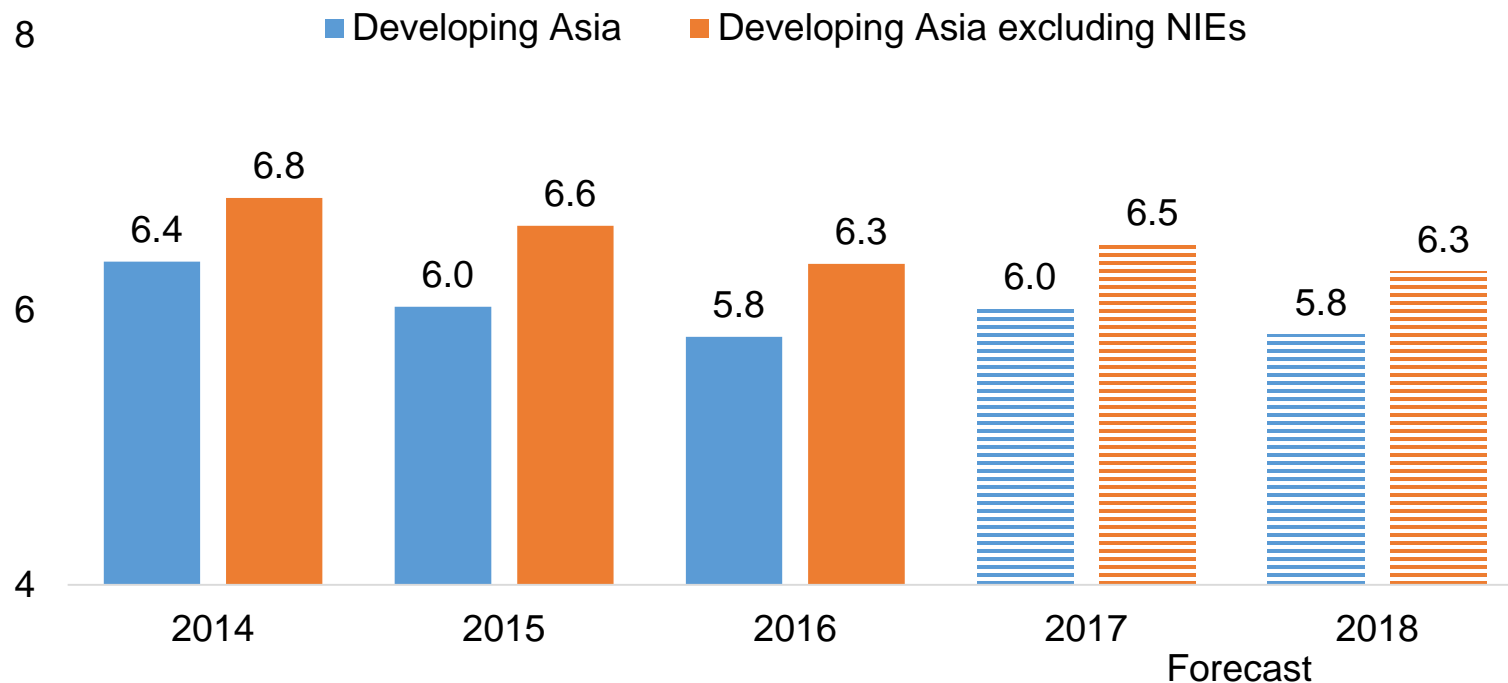
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Australasian Aid Conference

13 February 2018 | Australian National University

Developing Asia's continued growth....

GDP growth (%)

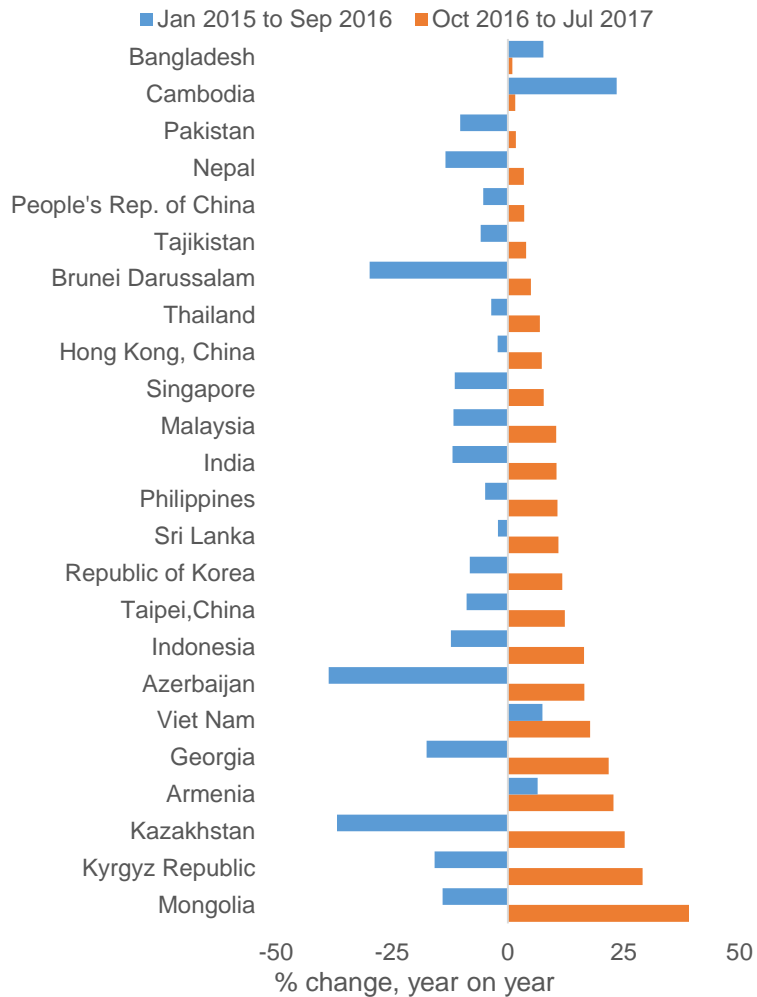


NIEs = newly industrialized economies of Hong Kong, China; Korea; Singapore; and Taipei, China.

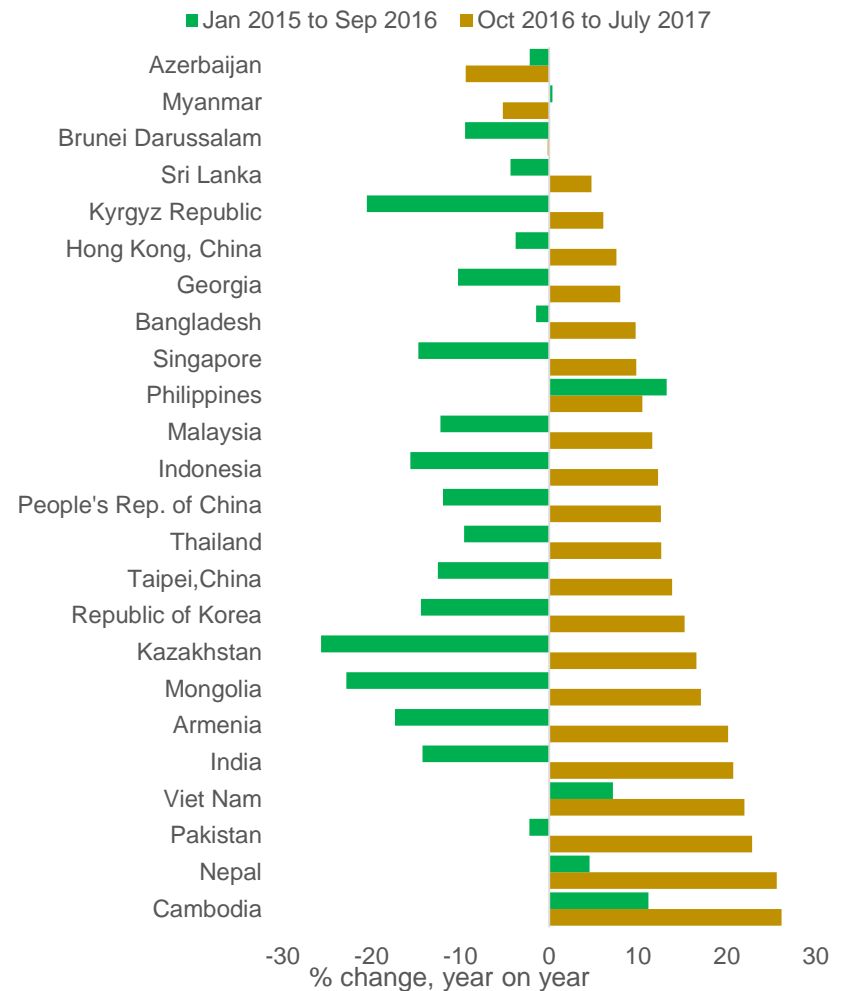
Source: *Asian Development Outlook December 2017 Supplement*.

is supported by a synchronized trade rebound

Growth in Nominal Exports



Growth in Nominal Imports

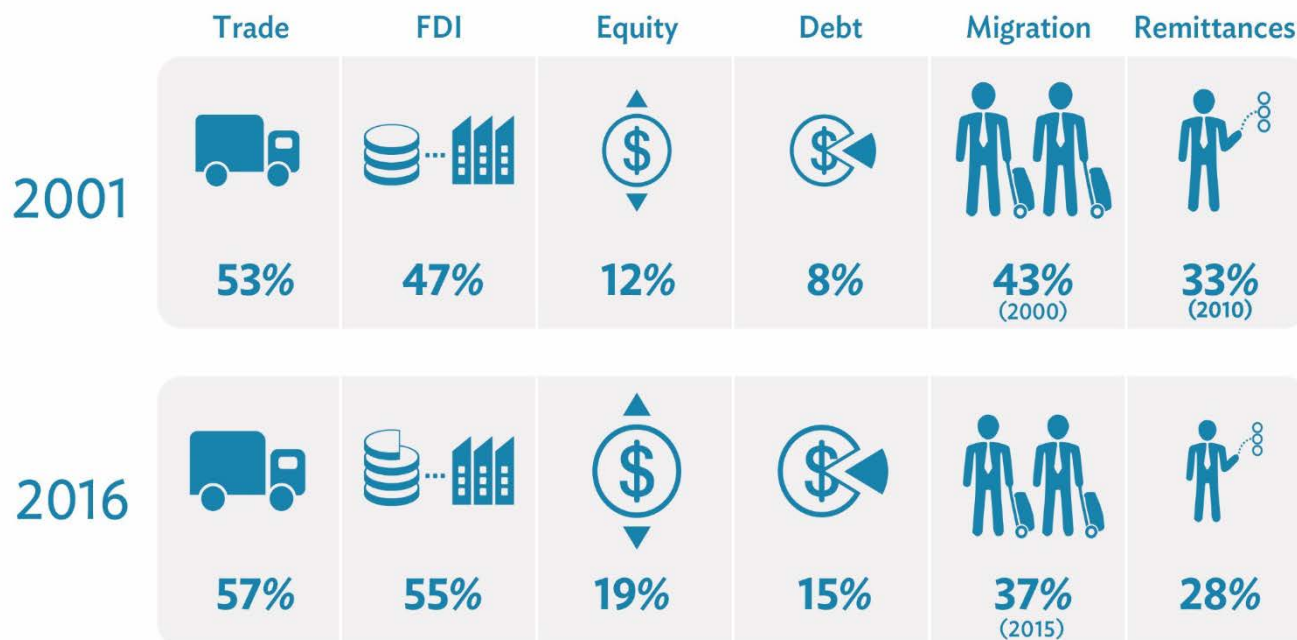


Note: Unless otherwise indicated, 2017 data refers to the period January to July 2017. KGZ 2017 data ends in April; Cambodia, in May; and Bangladesh and Brunei in June.

Sources: CEIC Data Company and Haver Analytics (accessed 15 September 2017).

Regional cooperation and integration (RCI) has been playing a pivotal role in Asian growth

Intraregional Shares (% of total)



— = data unavailable; FDI = foreign direct investment (flows data); Equity = equity asset holdings (stock data); Debt = debt asset holdings (stock data).
 Note: Where 2016 data is not available, the latest year for available data is indicated in parenthesis (year).
 Source: ADB calculations using data from ADB. *Asian Economic Integration Report 2017* (forthcoming).

....through subregional initiatives

CAREC

- Progress in road and railway projects surpassed 2020 targets
- 7 CAREC members ratified WTO TFA
- Power interconnection projects on track

GMS

- Completion of 3 new bridges along GMS economic corridor
- Major progress in GMS CBTA activities
- Harmonizing regional power trade policy

EAST ASIA

- Pilot PRC-Mongolia joint customs control
- Regional knowledge sharing on economic zones
- Continuous support for CAREC TF program

SASEC

- Improved links in Asian Highway Network
- Electronic cargo tracking system launched
- Arrangements for energy trade forged

PACIFIC

- Endorsement of the Framework for Pacific Regionalism
- Submarine cable projects
- ICT enabled projects

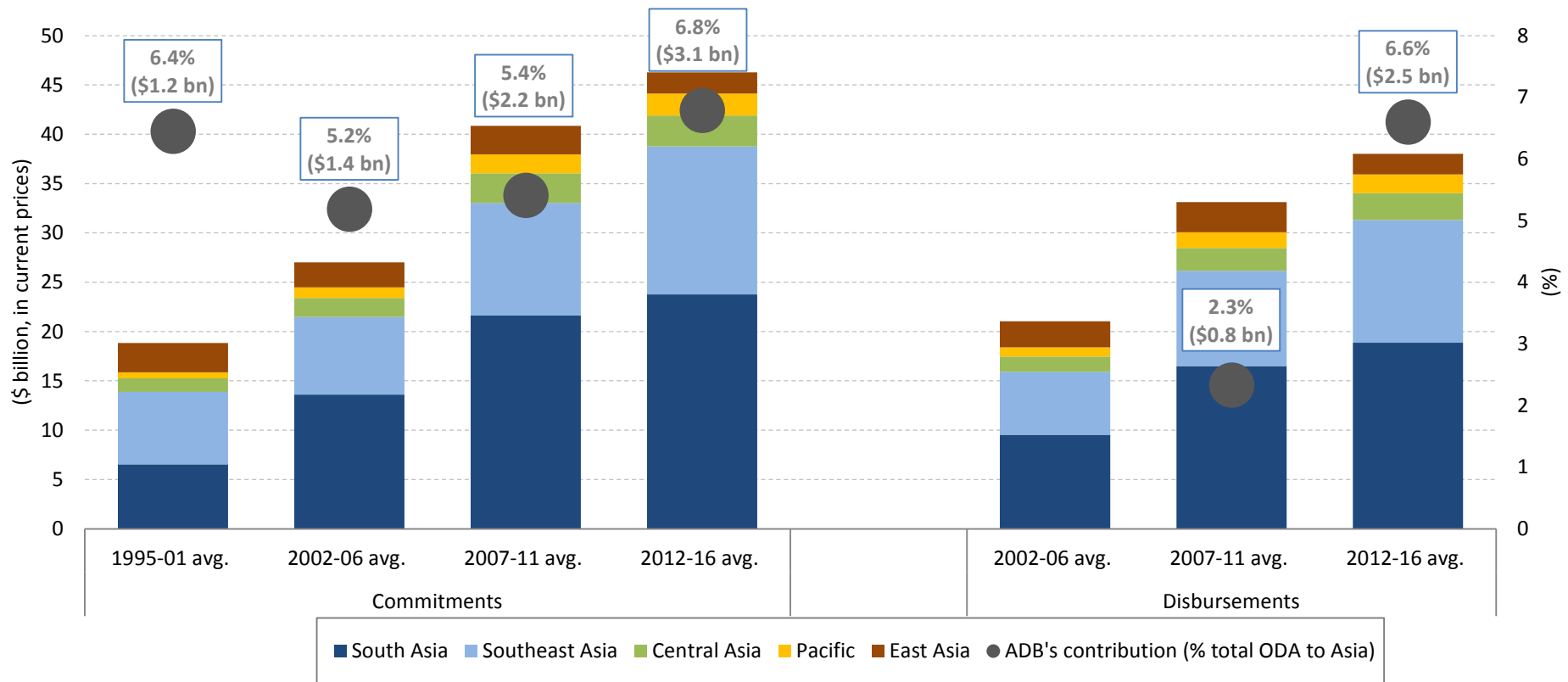


*Development assistance will continue to play a key role in mobilising resources to support the **SDGs***



Much of aid flows destined to South and Southeast Asia...

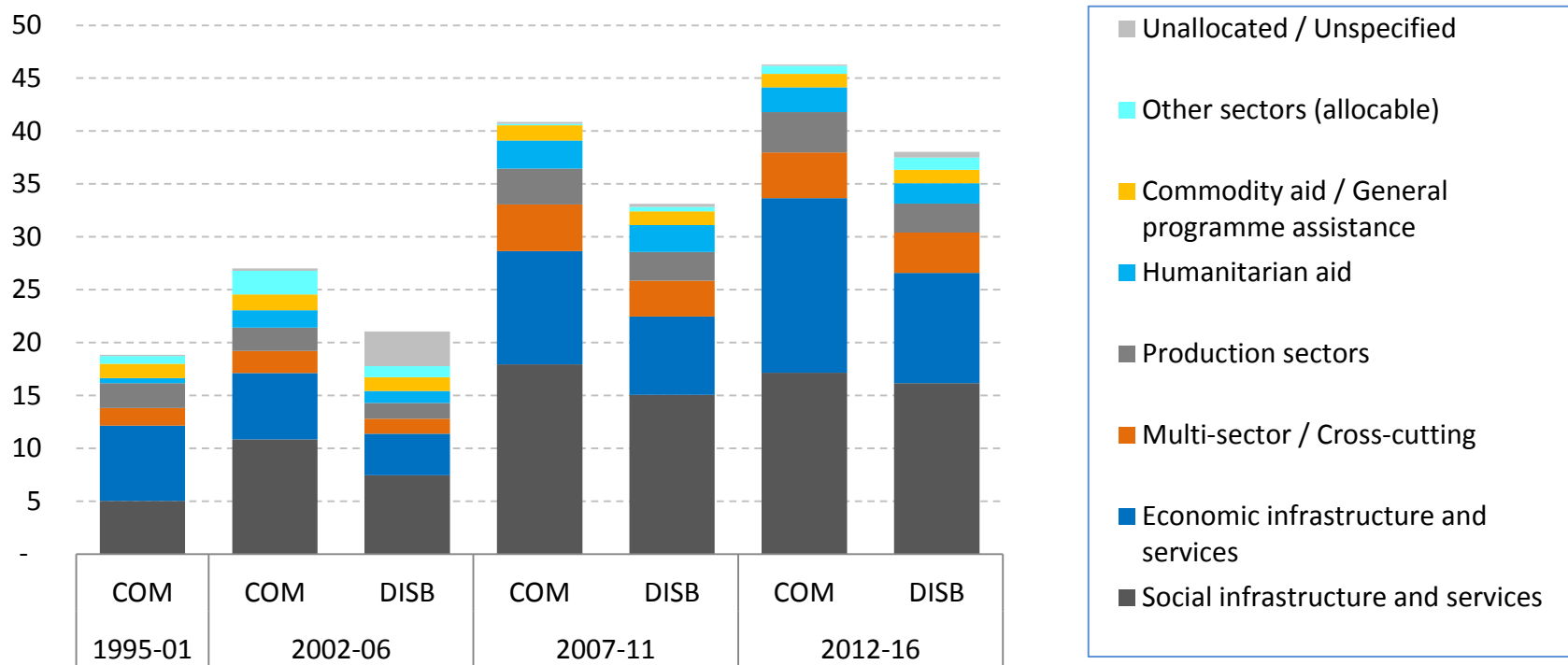
Total Aid Flows to Asia and the Pacific by Subregion, 1995–2016



Source: ADB calculations using data from OECD. Creditor Reporting System.

Bulk of ODA targeted towards social and economic infrastructure and services

Total Aid Flows to Asia and the Pacific by Broad Sector, 1995–2016
(\$ billion, in current prices)

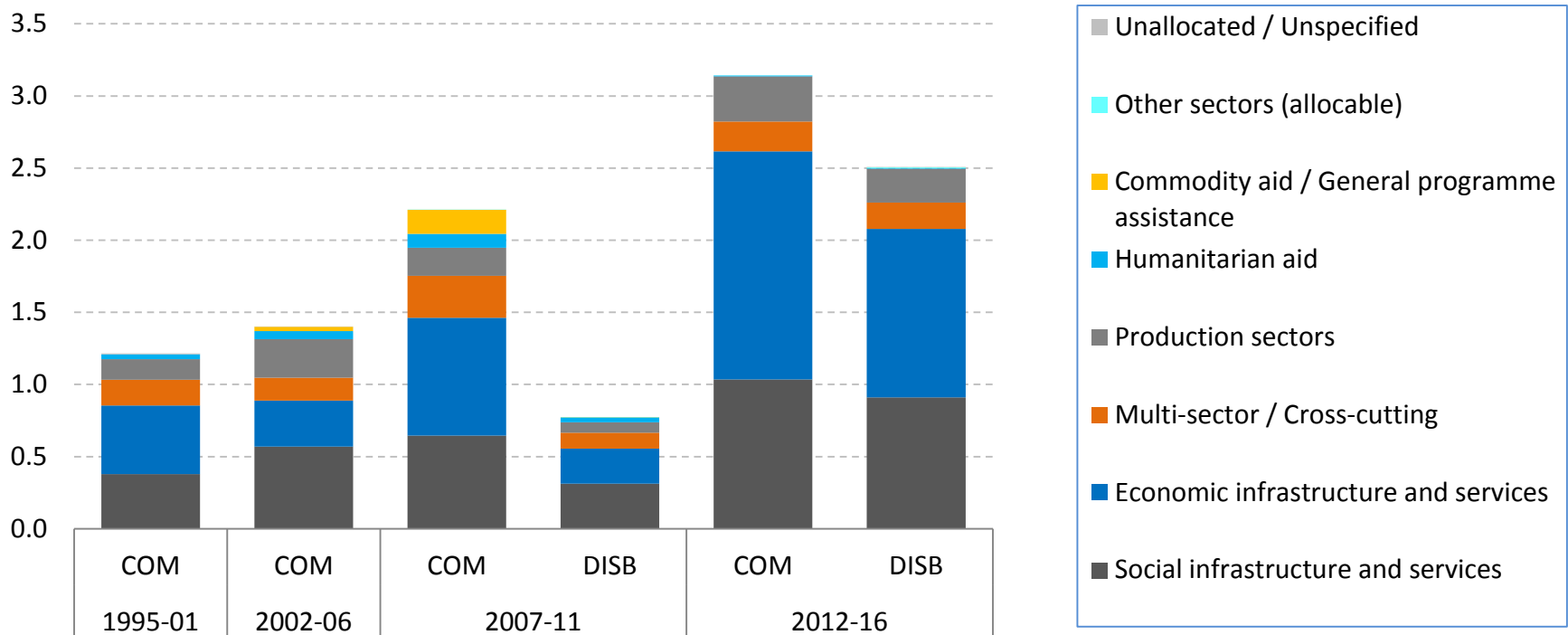


COM = commitments; DISB = disbursements.

Source: ADB calculations using data from OECD. Creditor Reporting System.

ADB's aid allocation mostly for economic infrastructure and services

ADB's Aid Allocation by Broad Sector, 1995–2016
(\$ billion, in current prices)

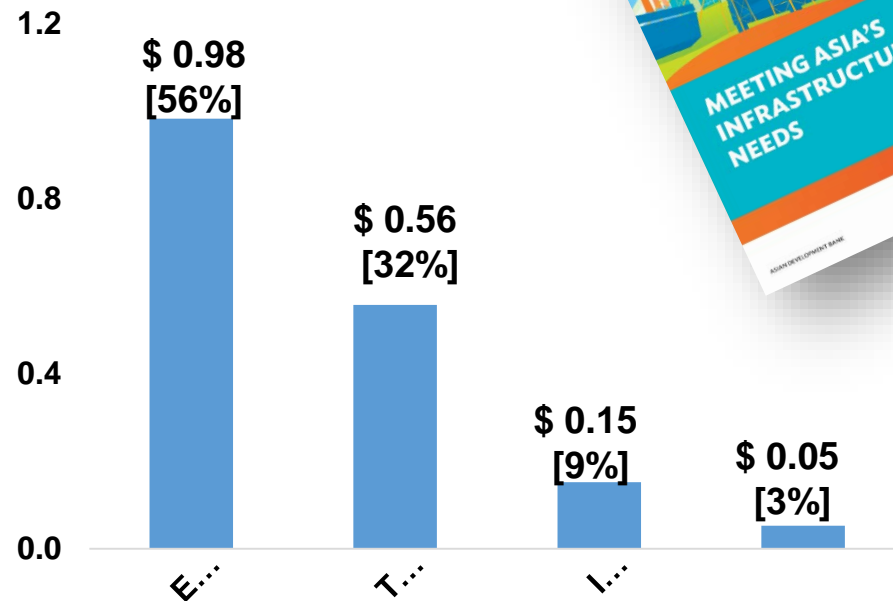


COM = commitments; DISB = disbursements.

Source: ADB calculations using data from OECD. Creditor Reporting System.

but Asia's infrastructure needs dwarf traditional funding sources

\$ trillion in 2015 prices



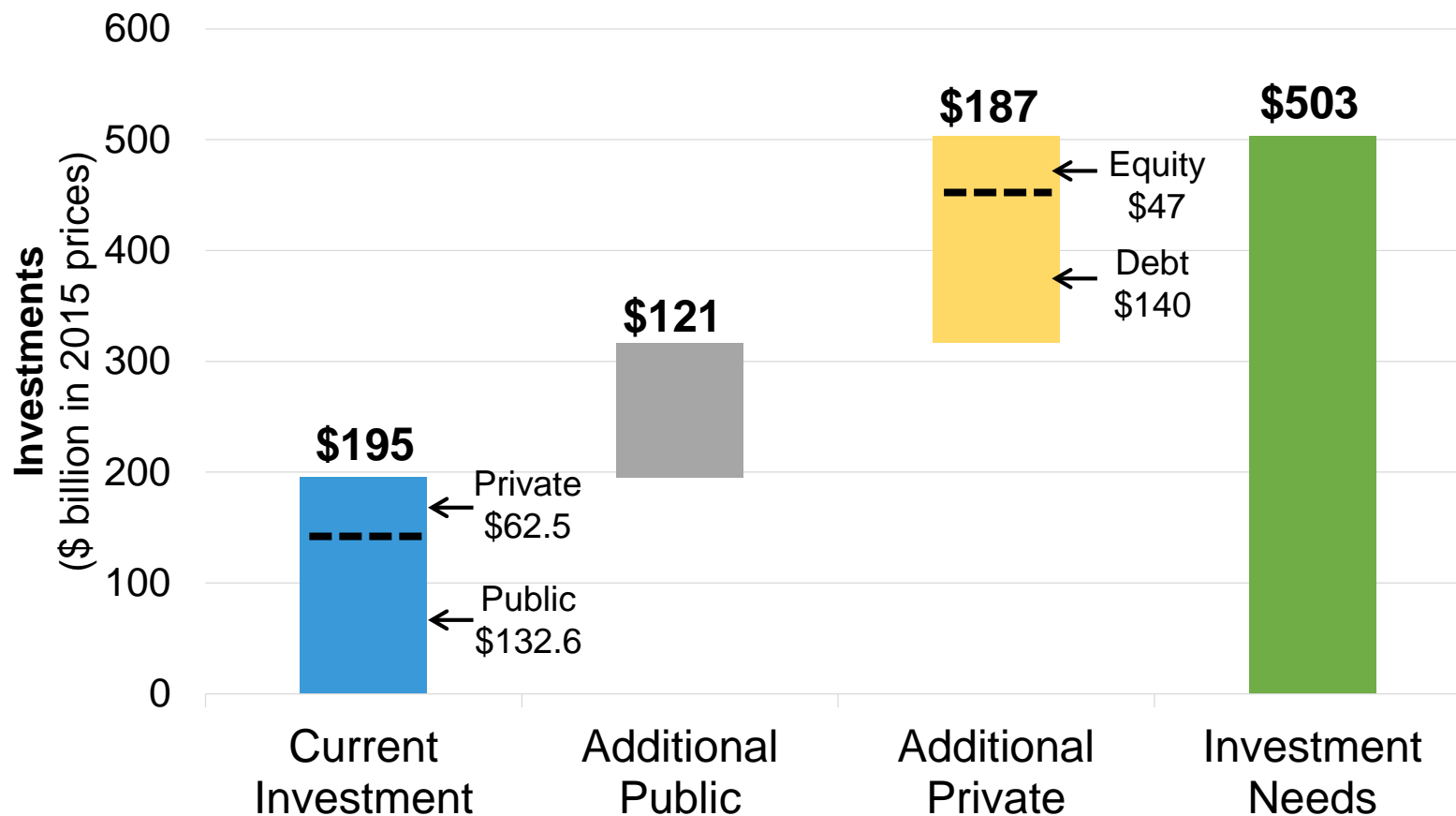
- **\$1.7 trillion** annual investment needed through 2030

ICT = Information and Communication Technology

Source: ADB estimates based on country sources and Private Participation in Infrastructure Database, World Bank; World Development Indicators, World Bank.

Bridging the gap

Infrastructure investment by financing source, excluding PRC,* 2016–2020, (annual average, \$ billion in 2015 prices)



* 25 countries minus the PRC

Note: Numbers may not add up to total due to rounding.

Source: ADB estimates based on data from country budget documents, NAS data from national statistic offices, IMF Investment and Capital Stock Dataset, Asian Development Bank Key Indicators 2016, World Bank World Development Indicators, World Bank Private Participation in Infrastructure Database.

Policies to close the gap

- **Fiscal reforms**
 - Tax reforms; spending reorientation; prudent borrowing; and nontax revenues
- **Promoting private participation**
 - Create conducive investment climate
 - Make greater use of public-private partnerships (PPPs)
 - Deepen capital markets
- **Role of MDBs**
 - MDB infrastructure financing in Asia is 2.5% of current investment
 - Growing share for the private sector
 - Needs for enhancing both quantity and quality....
 - To tap private investments, “**credit enhancement**” function of MDBs
 - Role of **new “emerging donors”**

AIIB, BRI, and ADB

AIIB

- ✓ **Cooperation to fill the infrastructure gap**
- ✓ **MOU signed in 2016**
- ✓ **4 co-financed projects on going and more in pipeline**

BRI

- ✓ **Important in potentially bridging the infra gap**
- ✓ **MOU signed between China and MDBs in 2017**
- ✓ **Positive social benefit indispensable**
- ✓ **Six identified CAREC Corridors overlap with key sections of BRI**



ADB's Finance ++ approach

Financing the Sustainable Development Goals requires a more integrated approach





Thank you!