

Connecting the Connectivities Symposium

11 June 2018

Thailand



WORLD BANK GROUP

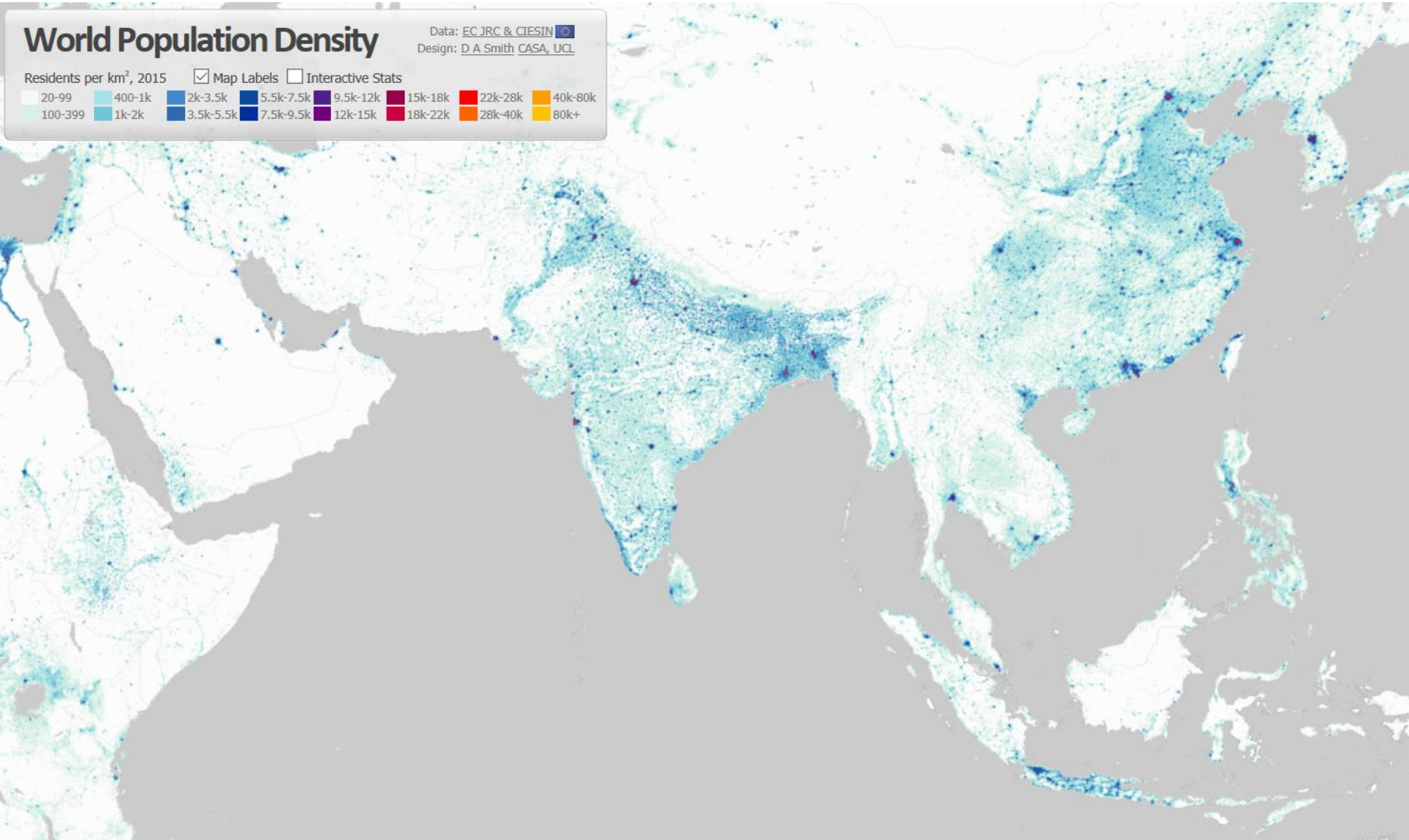
Fatouma Toure Ibrahima
Operations Adviser
Infrastructure and Urban Development Hub
Singapore

World Population Density

Data: [EC JRC & CIESIN](#)
Design: [D.A. Smith](#) [CASA, UCL](#)

Residents per km², 2015

Map Labels Interactive Stats



POPULATION NOT EVENLY DISTRIBUTED AROUND THE WORLD

Exporter
EAST ASIA EXCLUDING CHINA

Importer
ALL COUNTRIES

Commodity
ALL COMMODITIES

Year
2015

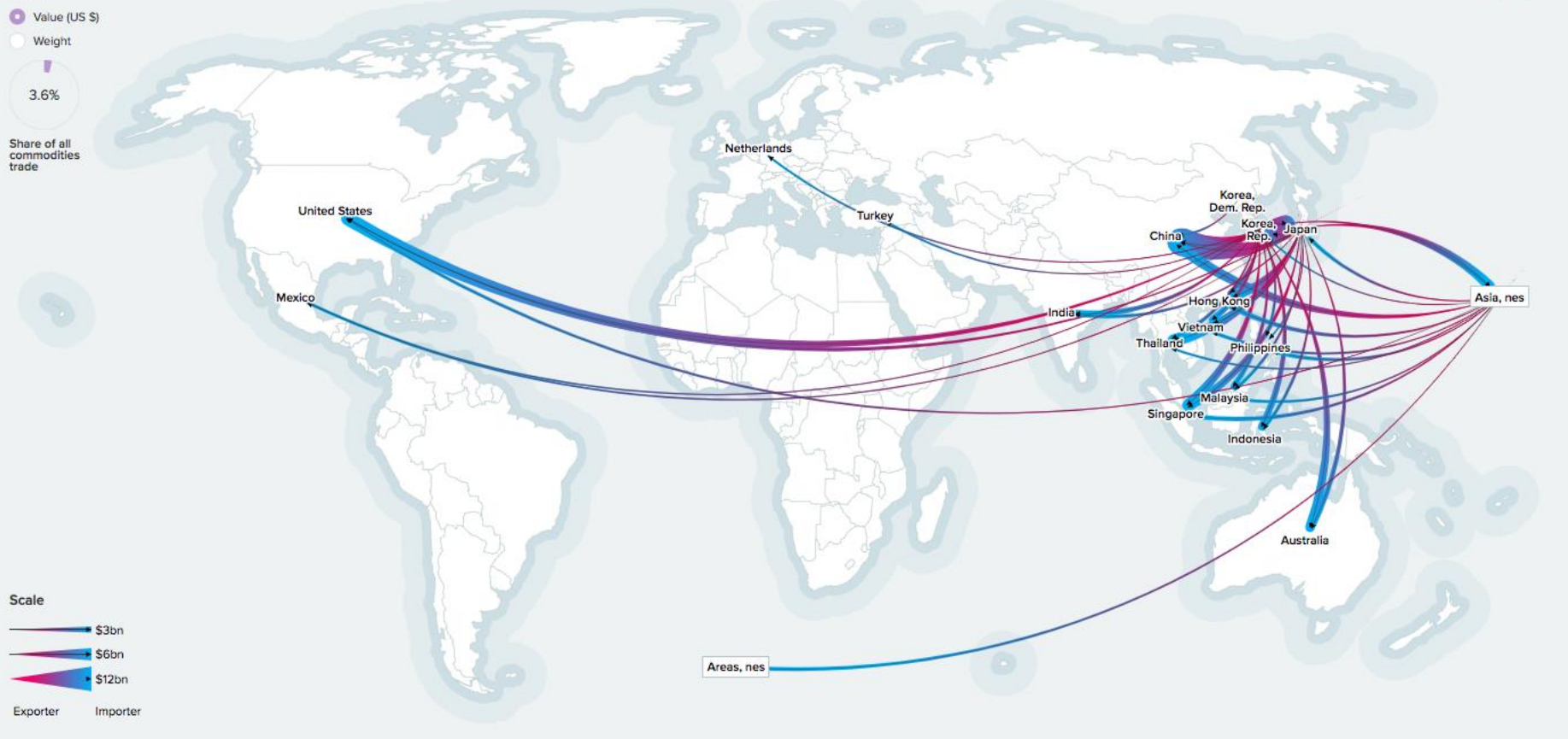
Units

Value (US \$)
Weight

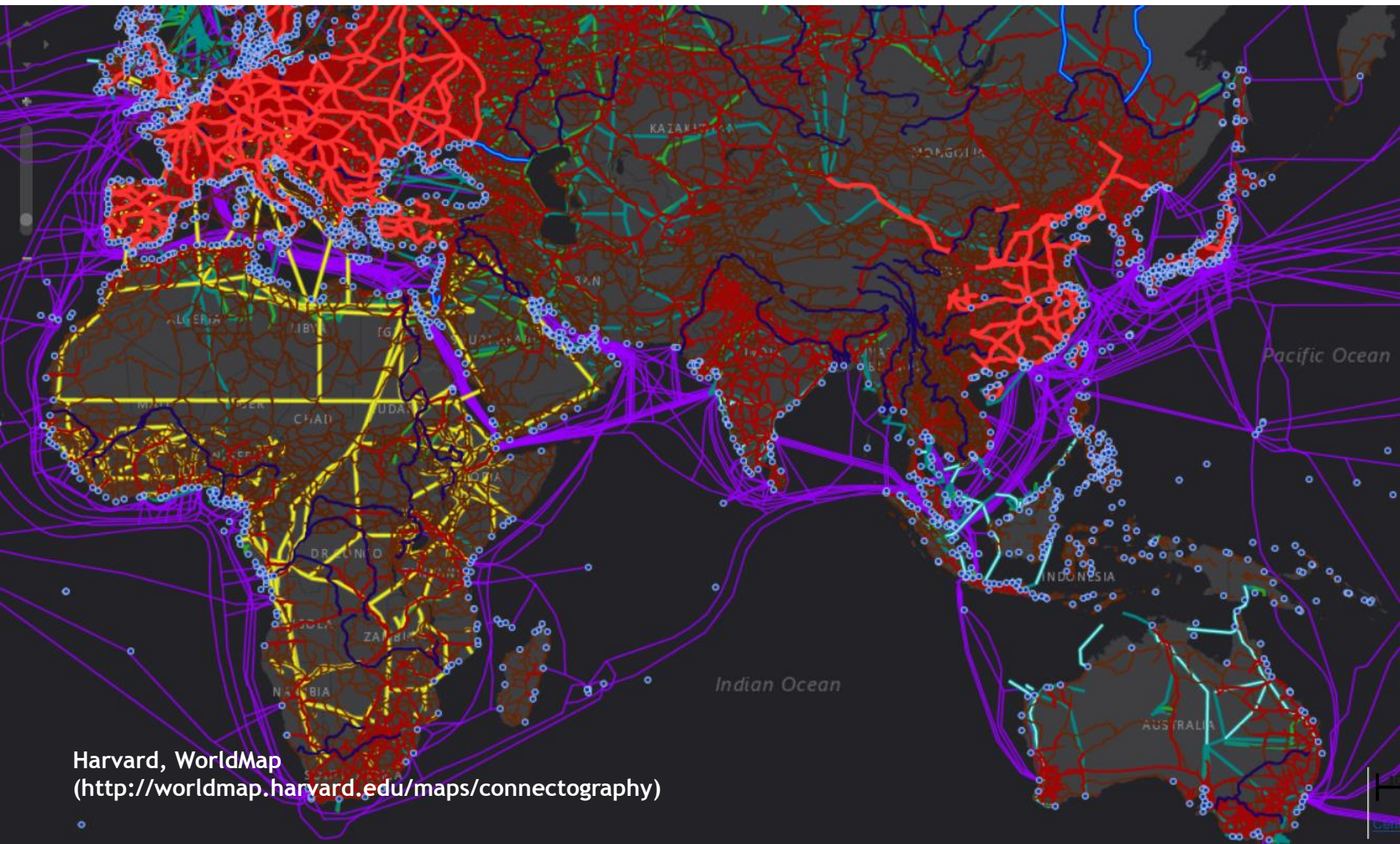
3.6%

Share of all
commodities
trade

Share

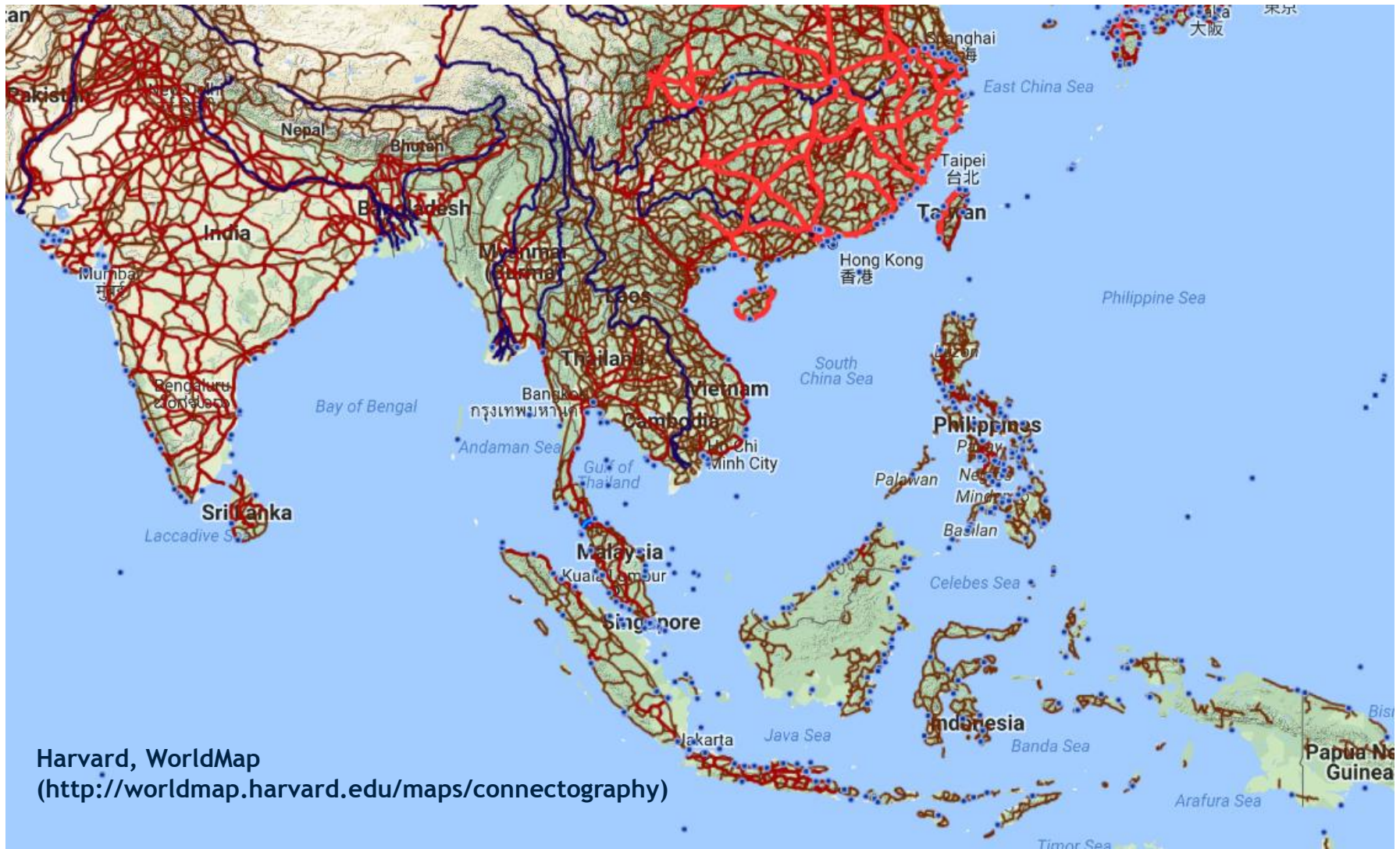


TRADE FLOWS OF COMMODITIES FROM ASEAN TO THE REST OF THE WORLD



Harvard, WorldMap
(<http://worldmap.harvard.edu/maps/connectography>)

EXISTING CONNECTIVITY INFRASTRUCTURE



ROADS IN SOUTH EAST ASIA

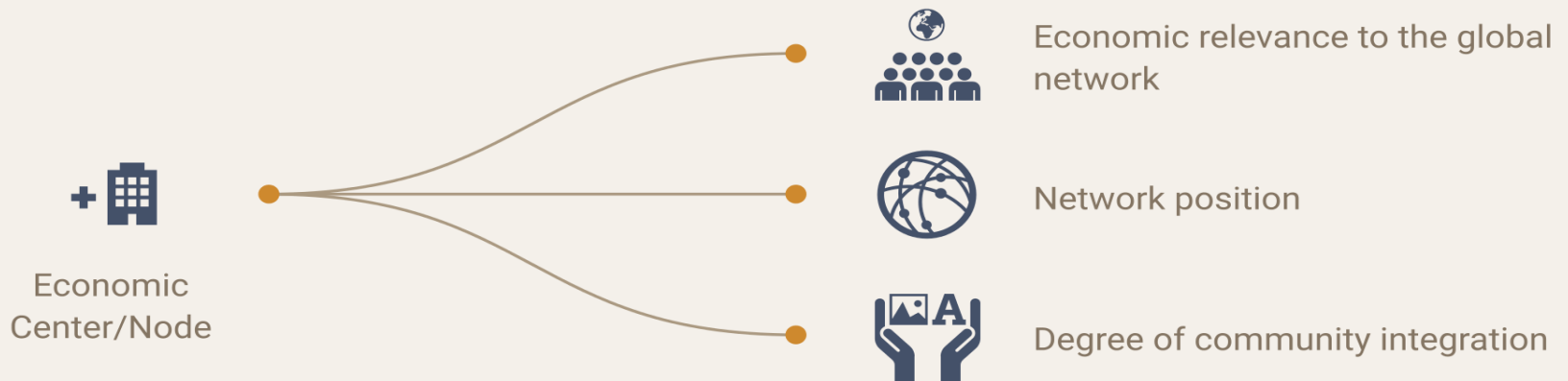


MODEL OF LOCALIZED GDP ALONG SELECTED CORRIDORS



These varying densities in population, in trade, in existing networks and in GDP will have a profound effect on how the connectivity corridors get developed in the future, and what impact new projects will have.

NETWORK LEVEL CONNECTIVITY



- The maps are all different ways of showing various networks which are a set of interconnected economic centers or nodes.
- Networks grow by connecting new nodes, with a bias towards other better connected nodes such as major cities.

ECONOMIC RELEVANCE



Economic output



Economic Diversity
(service/agriculture/manufacturing)



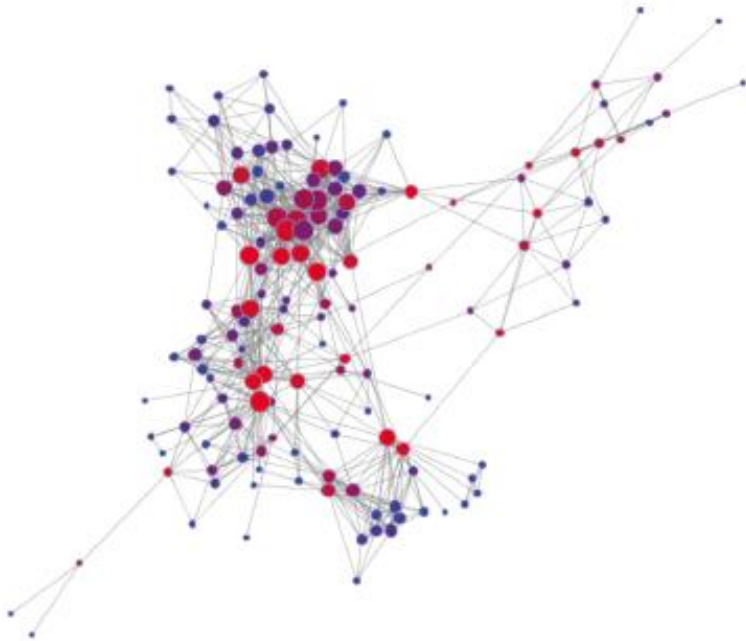
Population



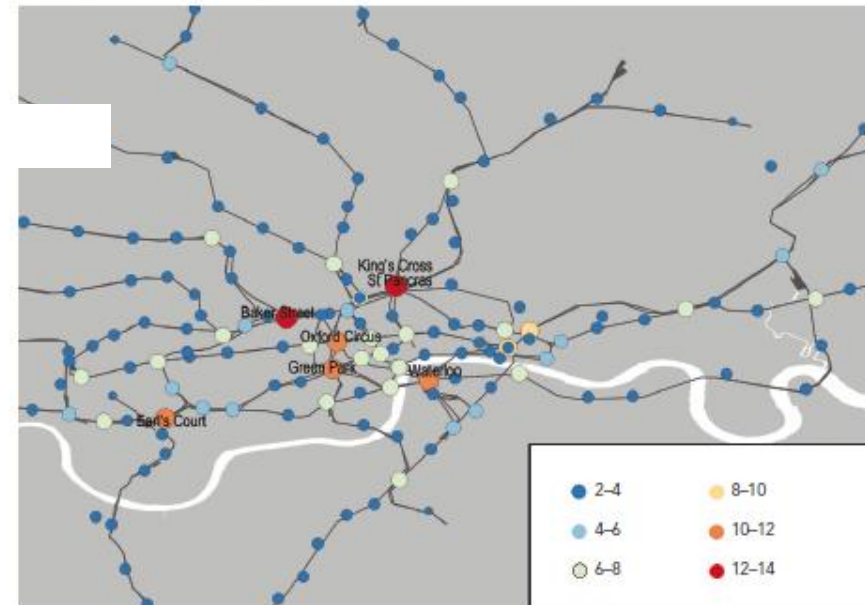
Place in urban hierarchy

- A node's economic relevance (defined by many factors) determines its place in the network.
- Economic density influences the topology of networks and the magnitude of their impacts.
- This is critical to understanding how to plan regional connectivity infrastructure

FIGURE 2.4 Degree and Betweenness Centrality of the Facebook Network



MAP 2.1 Degree Centrality of Subway Stations in London



Source: © Urban Morphology and Complex Systems Institute. Used with the permission of UMCSII. Further permission required for reuse.

Source: World Bank: Transforming Cities through Transit Oriented Development: The 3V Approach (Salat and Ollivier)

Networks, when visualized, all tend to have the same look: a few large nodes and several smaller nodes, connected together.

WHY CONNECT?



People: Broaden live, work, learn and play opportunities



People: Access better products through competition



Country: Enhance stability by deepening common interest



Country: Increase economic footprint, growth, productivity, and competitiveness



Country: Access to critical resources



Country: Increase resilience and territorial integrity



City and Firm: Access to markets and products

- **Connectivity allows access to opportunities, resources, products, and increasing resilience and stability.**
- **Connectivity is about increasing interactions, productivity, competition, and market opportunities**

CONNECTIVITY CONSTRAINTS



Different geopolitical interests



Misaligned interests at regional and local levels



Economic distance (time, costs, reliability)



Geographic barriers (distance, obstacles)



Admin barriers (border and technical transshipment)



Poor and costly connectivity for low volume markets



Insufficient long term financing for connectivity



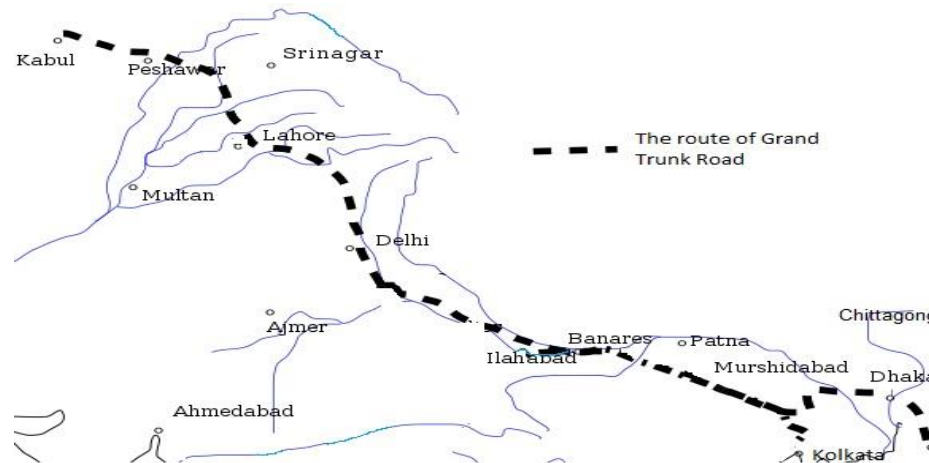
Protectionism in logistics and transport services



Potential vulnerability of overly connected systems

Regional connectivity involves planning at a supra-national level, which can run into different political economy issues, as well other geographic and administrative barriers.

TRANSPORT CORRIDORS TO SPUR REGIONAL TRADE AND FOSTER DEVELOPMENT



The Grand Trunk Road during the Maurya Empire (322-185 BCE).

Report by ADB, DFID, JICA, WBG

Countries invest in these corridors hoping to create large economic surpluses that can spread throughout the economy and society.

- But if the corridors do not generate the expected surpluses, they can become wasteful white elephants—transport infrastructure without much traffic.
- And, if any net benefits are not fairly distributed across the population, corridors risk becoming inequitable investments.

A LARGE FINANCING GAP FOR CONNECTIVITY INFRASTRUCTURE



ADB estimates that Asia-Pacific needs to invest some \$26 trillion by 2030 in connectivity infrastructure

- It is important that scarce resources go towards investing in the right connectivity infrastructure and that the various corridor initiatives are complementary rather than competing to avoid fragmentation of limited resources

WHAT IS MAXIMIZING FINANCE FOR DEVELOPMENT?

“Pursuing **private sector solutions** where they can help achieve **development goals**, and **reserving scarce public finance** for where it is most needed.” –*Development Committee Paper, 2017*

Maximizing finance for development

MFD requires identifying the right investments, taking the financial risk to initiate them, and implementing them effectively and efficiently.

by leveraging the private sector

Creates imperative to leverage the private sector for economically beneficial, sustainable investments that contribute to development goals.

and optimizing the use of scarce public resources

Public sector faces limitations in meeting this need, including in fiscal space, capacity, and governance.

SINGAPORE INFRASTRUCTURE AND URBAN DEVELOPMENT HUB



- The Singapore Hub collocates the main WBG institutions
- It strategic support on MFD
- Examples of activities managed by the Hub
 - The Rolling Priority Pipeline List of Potential ASEAN Infrastructure Projects (ongoing)
 - The Global Infrastructure Connectivity Alliance (GICA) (ongoing)
 - Harnessing Technology for Sustainable Urban Development (being initiated)
 - Trade facilitation and connectivity support in ASEAN (being initiated)

Master Plan on ASEAN Connectivity 2025

VISION

“To achieve a seamlessly and comprehensively connected and integrated ASEAN that will promote competitiveness, inclusiveness and a greater sense of Community”



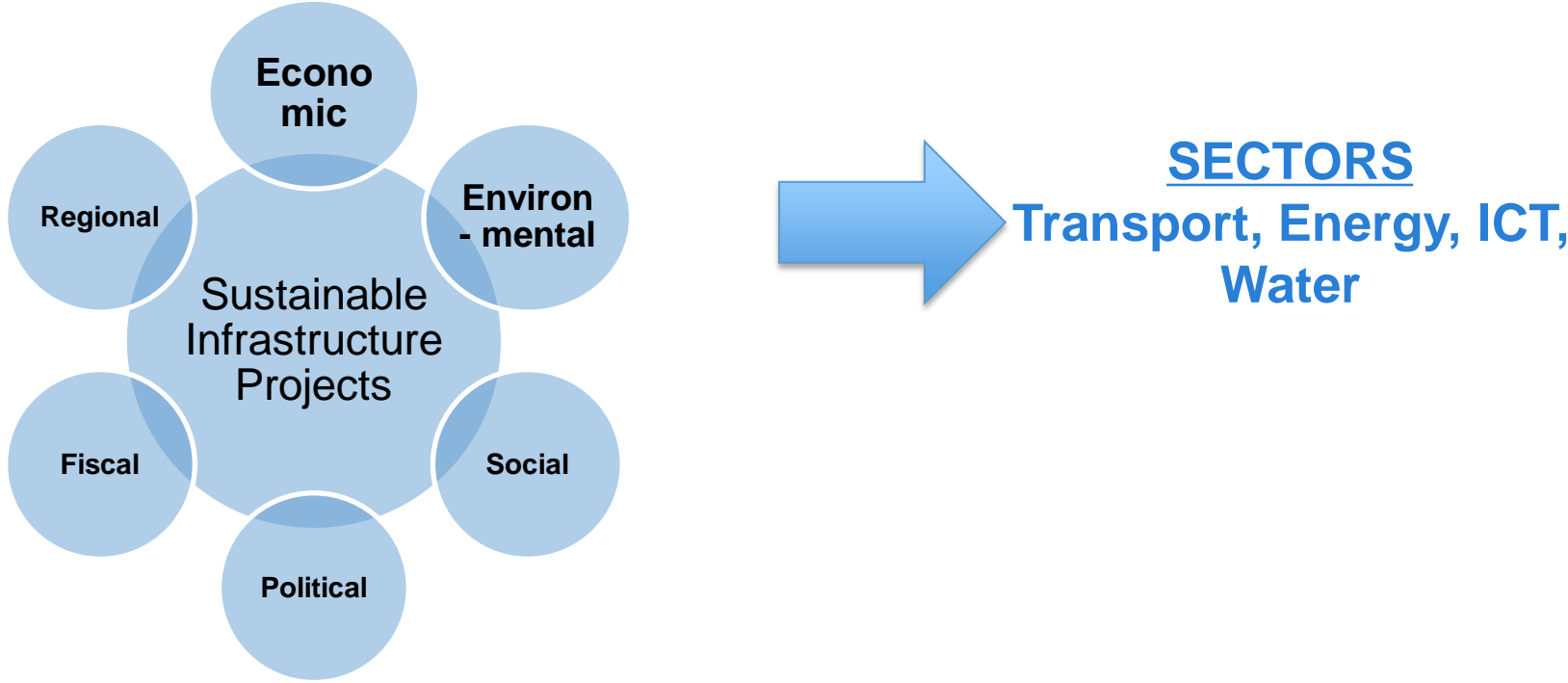
- MPAC 2025 identifies sustainable infrastructure as a key area of focus with an objective to increase public and private investment in infrastructure in each member state.
- A key initiative is to: “Establish a rolling priority pipeline of potential ASEAN infrastructure projects.”
- The WB:
 - Provides support in developing the pipeline’s criteria and screening methodology to create an initial list of potential projects.
 - Will also advise on financing options (i.e., publicly or privately financed).

This Pipeline is designed to help ASEAN Member States

- Enhance regional connectivity among ASEAN member states.
- Develop the first ASEAN supported connectivity **pipeline**.
- Design a framework for AMS to identify, prioritize, develop and procure projects which have strong connectivity impacts.
- Assess the appropriate funding/financing structure for a project.
- Carry out a structured pre-feasibility study for selected projects
- Showcase prioritized projects to potential funders/donors, investors and financiers.



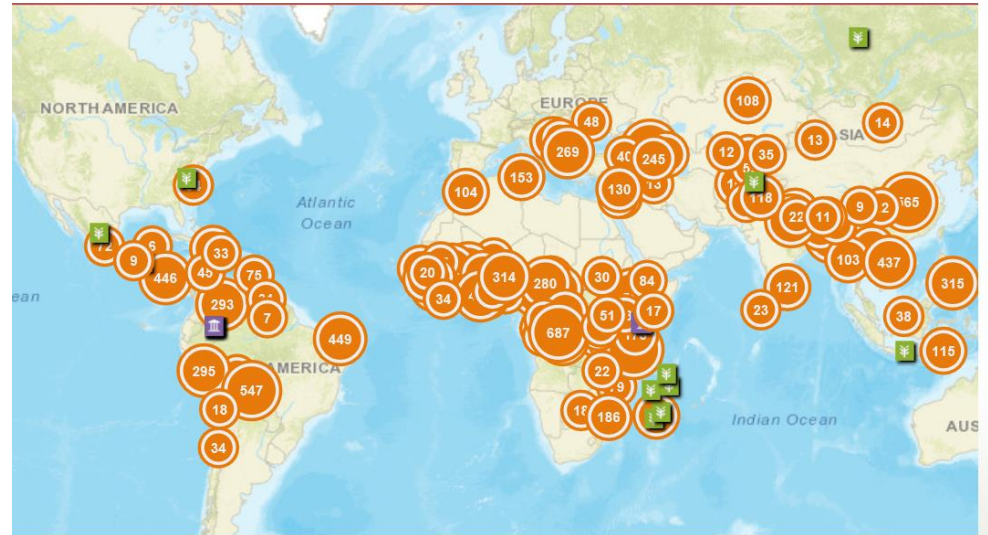
What Type of Projects is ASEAN Looking to Include in the Priority Pipeline?



The key is to find the projects that are sustainable- from a regional, fiscal, political, social, environmental and economic perspective.

The World Bank and Regional Integration

The World Bank Group helps its client countries to promote regional integration through common physical and institutional infrastructure. In FY 2017, WBG engaged in **130 regional integration projects** amounting to over **\$10 billion**.



Sectors include:

- Trade, investment and domestic regulation;
- Transport, ICT and energy infrastructure;
- Macroeconomic and financial policy;
- The provision of other common public goods (e.g. shared natural resources, security, education).

What is the World Bank doing on the regional initiatives?

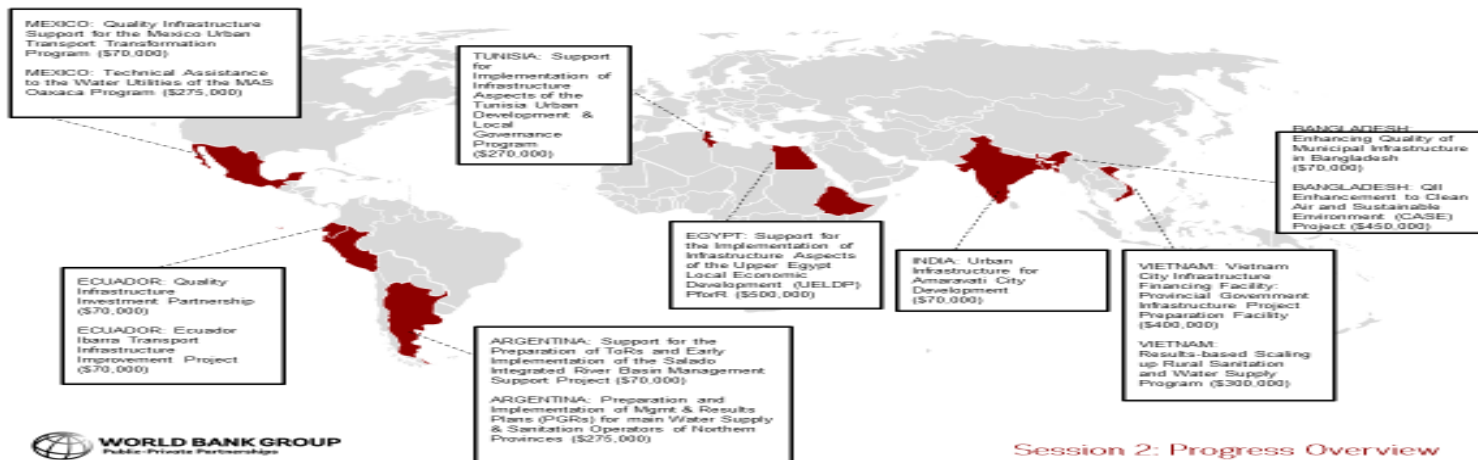
Belt and Road:

- Assessment of the connectivity gaps in the broad BRI region (e.g. transport, communications, trade, investment)
- Assessment of the economic effects of the proposed BRI infrastructure improvements, including the impact on international trade, cross-border investment, allocation of economic activity, and inclusive and sustainable growth in the BRI countries.
- Identification of complementary policies and institutions that will support welfare maximization for all BRI countries, including, for example, trade, investment and procurement reforms, and social, environmental and governance safeguards

What is the World Bank doing on the regional initiatives?

Quality Infrastructure Initiative:

Global Reach of QII: Snapshot of Key Projects



- QII Partnership between the Government of Japan and the World Bank raises awareness to quality dimensions of infrastructure projects in developing countries; safety; environmental and social sustainability; local economic and social contribution; and resilience against natural disasters).
- This is done through financial support for project preparation and implementation, and through knowledge dissemination.

What is the World Bank doing on the regional initiatives?

Grand Mekong Sub-region and MPAC/ BIMP- East Asia Growth Area projects:

- Our Energy team has been giving **technical assistance** to GMS countries on implementing the **GMS investment framework**, including on specific interconnector projects such as the Laos-Vietnam inter-connector project
- Our Transport GP has been **advising** on various corridor developments including on **toll road developments** that are part of the ASEAN Highway Network



ABOUT THE GLOBAL INFRASTRUCTURE CONNECTIVITY ALLIANCE

GICA is a G20 initiative that strives to promote global infrastructure connectivity through



cooperation



knowledge
exchange



meaningful
progress

our core focus: the **cross-border** and **cross-sectoral** element of infrastructure connectivity

www.gica.global

Key Elements for Success

- **Integrate the future of connectivity in planning**
- **Conduct robust project selection and planning**
- **Co-ordinate and harmonize**
- **Ensure debt sustainability, sharing of cost and benefits**
- **Maximize finance for development**
- **Apply supporting trade, service and investment policies**

“ The Heart of ASEAN Integration Lies in ASEAN
Connectivity”

Thank You!

Source: Invitation letter from S. Chindawongse, Director General, Department of ASEAN Affairs, Ministry of Foreign Affairs of Thailand