



The “One Belt, One Road” Initiative and the New Development Bank

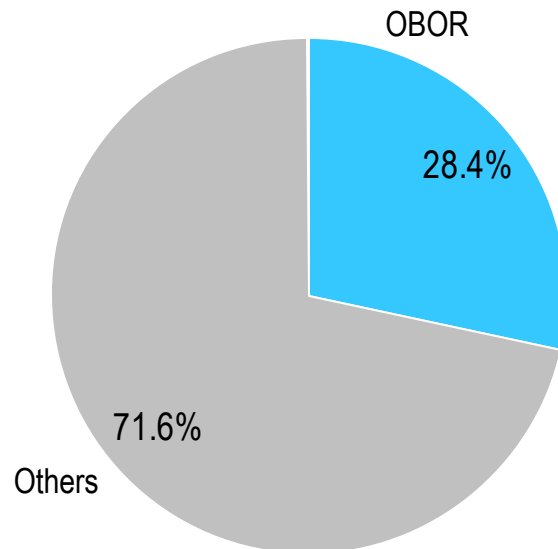
NEA Development Cooperation Forum 2016

Suzhou
Oct 28, 2016

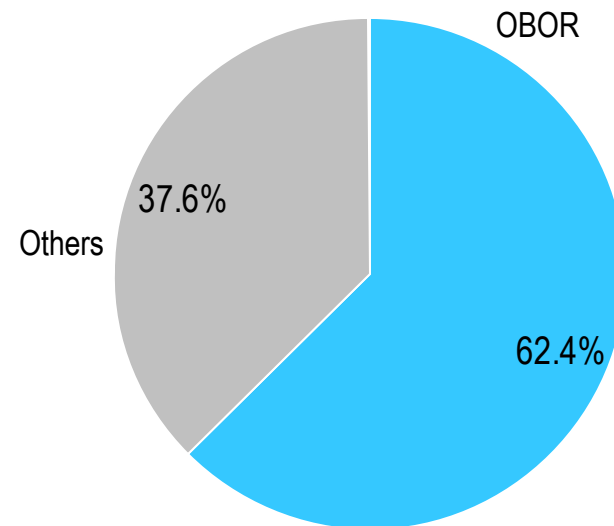
Snapshot of OBOR

The One Belt, One Road (OBOR) Initiative encompasses around 65 countries – almost 30% of world's total GDP and more than 60% of global population

Share of OBOR economies in global GDP



Share of OBOR countries in global population

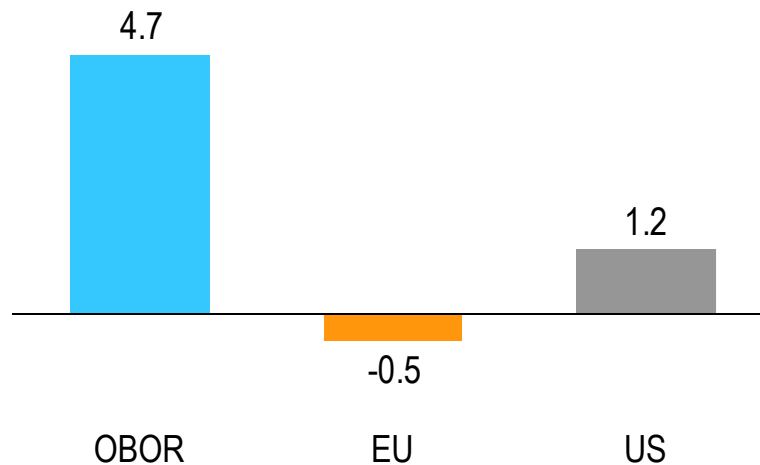


China has invested more than \$160 billion in OBOR countries, about 20% of China's overseas investment

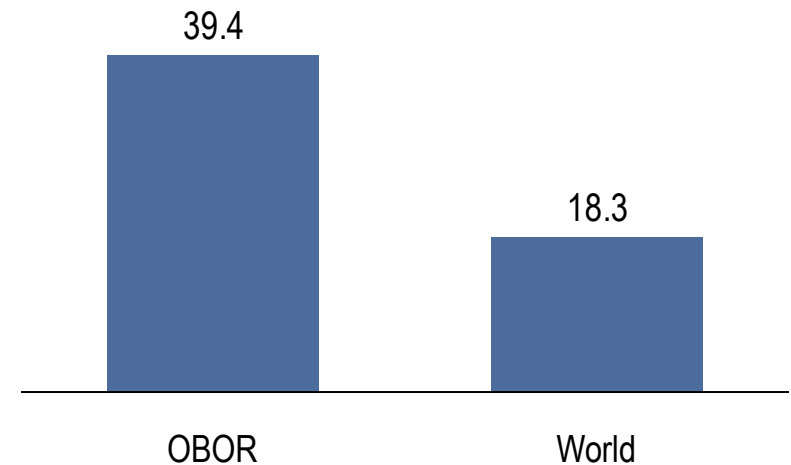
Snapshot of OBOR

Although OBOR countries enjoy a more rapid economic growth rate than developed economies, in terms of per capita GDP, OBOR's average is only 46.4% of world's average

Economic growth of OBOR countries in recent five years [%]



Per capita GDP of 27 less developed OBOR countries against regional/world average [%]

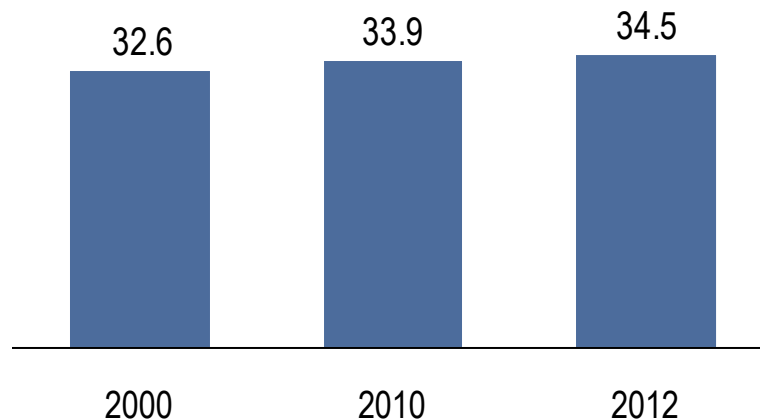


27 OBOR countries with less than \$2,000 in per capita GDP have a total population of 2.5 billion people

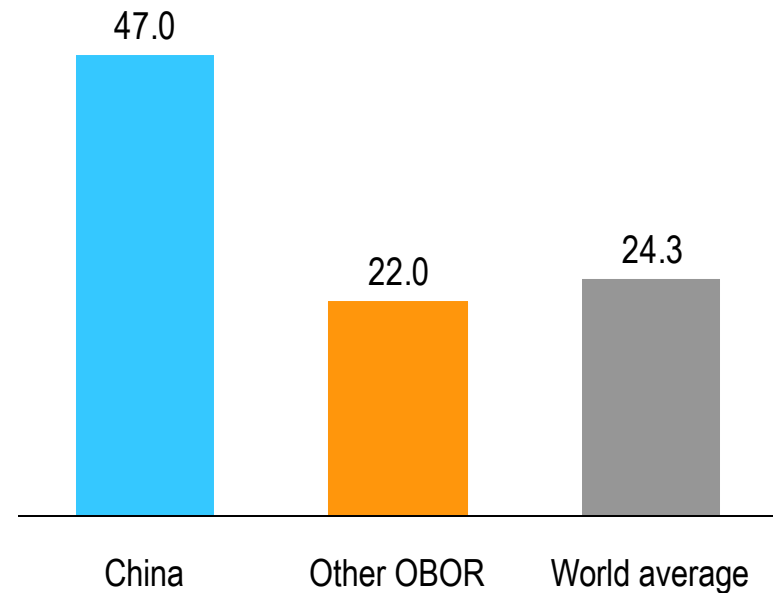
Snapshot of OBOR

Although share of trade in GDP keeps increasing in OBOR economies as a whole, the ratio for the rest of OBOR countries is still below world average if China is taken out

OBOR countries' share of trade in GDP [%]



Comparison of share of trade in GDP [%]

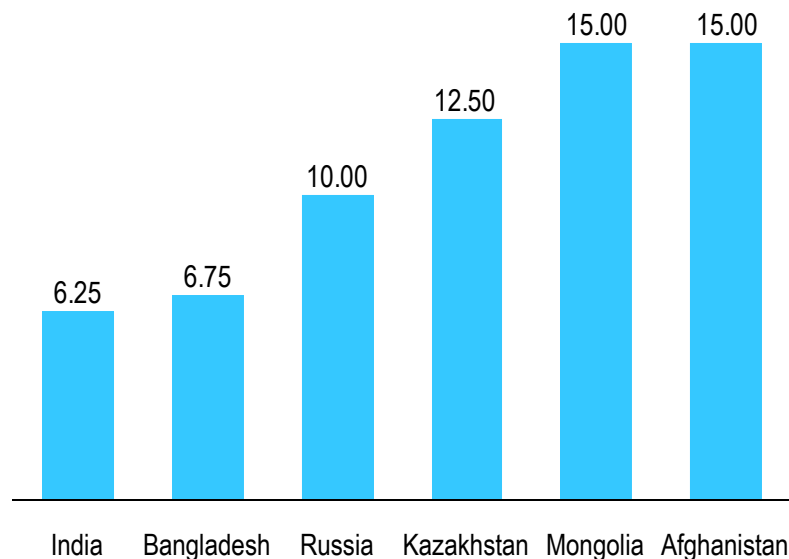


There is still a long way to go for many OBOR countries to further integrate into the global supply chain

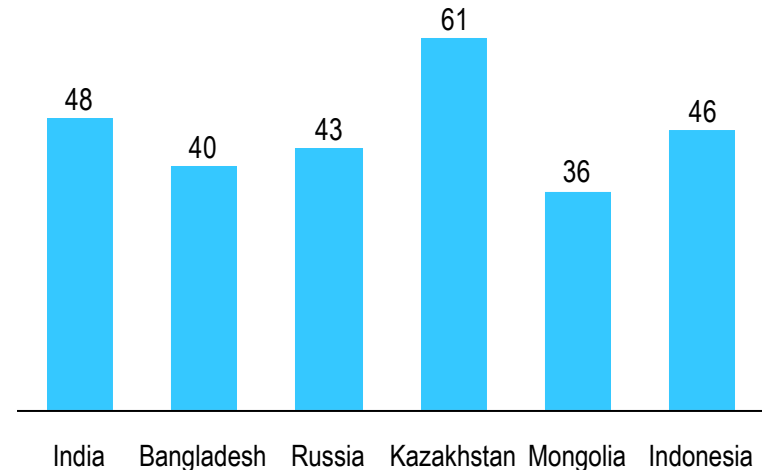
Lack of capital – cost of funding

Due to high interest rates both domestically and internationally, many OBOR countries face high financing costs in funding development initiatives, especially infrastructure

Interest rate of selected OBOR countries [%]



Credit rating of selected OBOR countries [%]

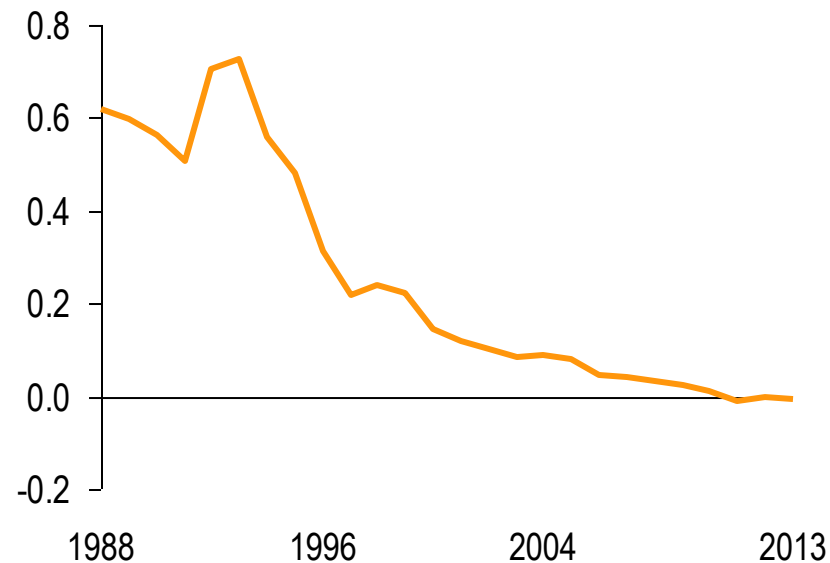


Without sufficient infrastructure, it is difficult to utilize factors even with comparative advantage

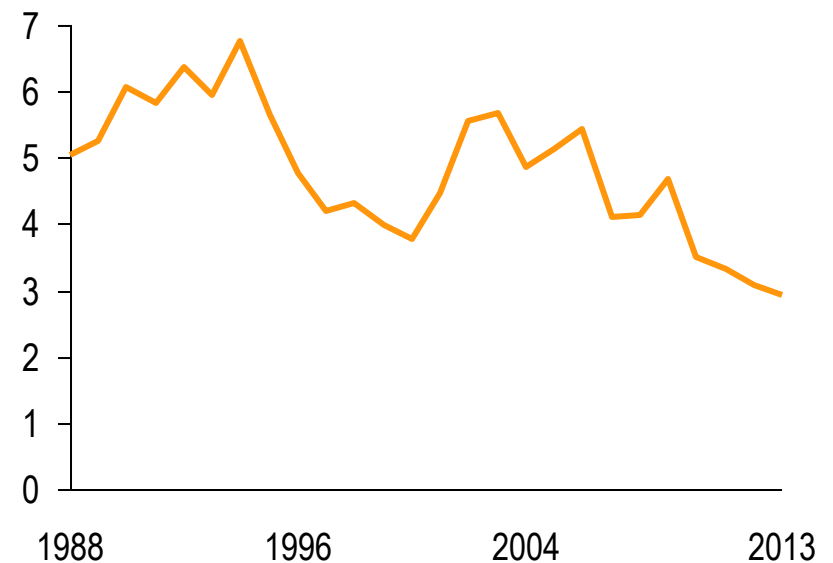
Lack of capital – ODA/MDB slowdown

The growth of ODA is slowing down globally, leading to ODA's diminishing share in GNI in the developing world; MDBs can merely support 10% of developing world's infrastructure spending

China [%]



Sub-Saharan Africa [%]

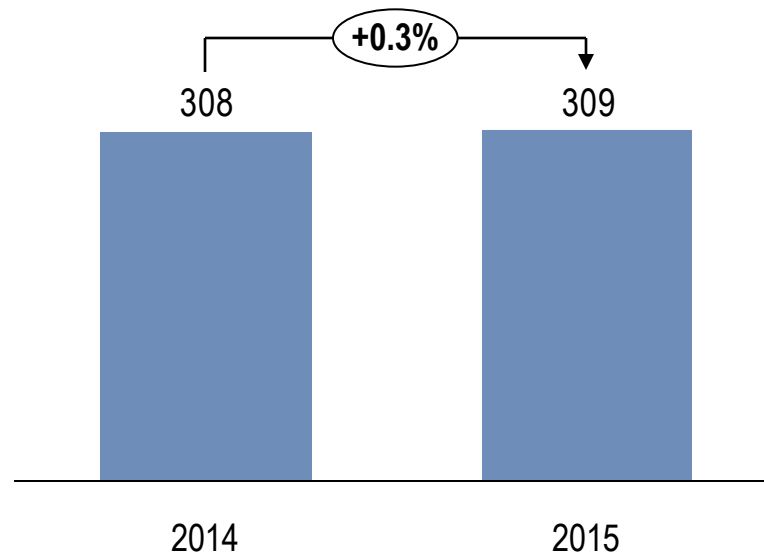


In the least developed countries, ODA was only 5.89% of GNI in 2013, compared with 11.28% in 1990

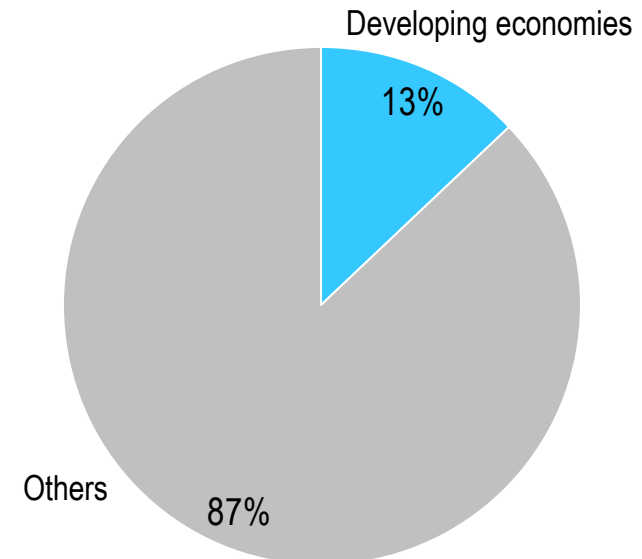
Lack of capital – risk appetite

In a stagnant global infrastructure market, infrastructure investment is shying away from developing economies also due to risk aversion reasons

Global infrastructure investment [\$ billion]



Infrastructure investment in developing economies [%]



Lack of capital and infrastructure is keeping many OBOR countries away from integrating into the global economy



The OBOR Initiative will contribute to global economic development in the following three ways

1 Global Governance Reform

OBOR is a development and economic integration strategy initiated by the developing world

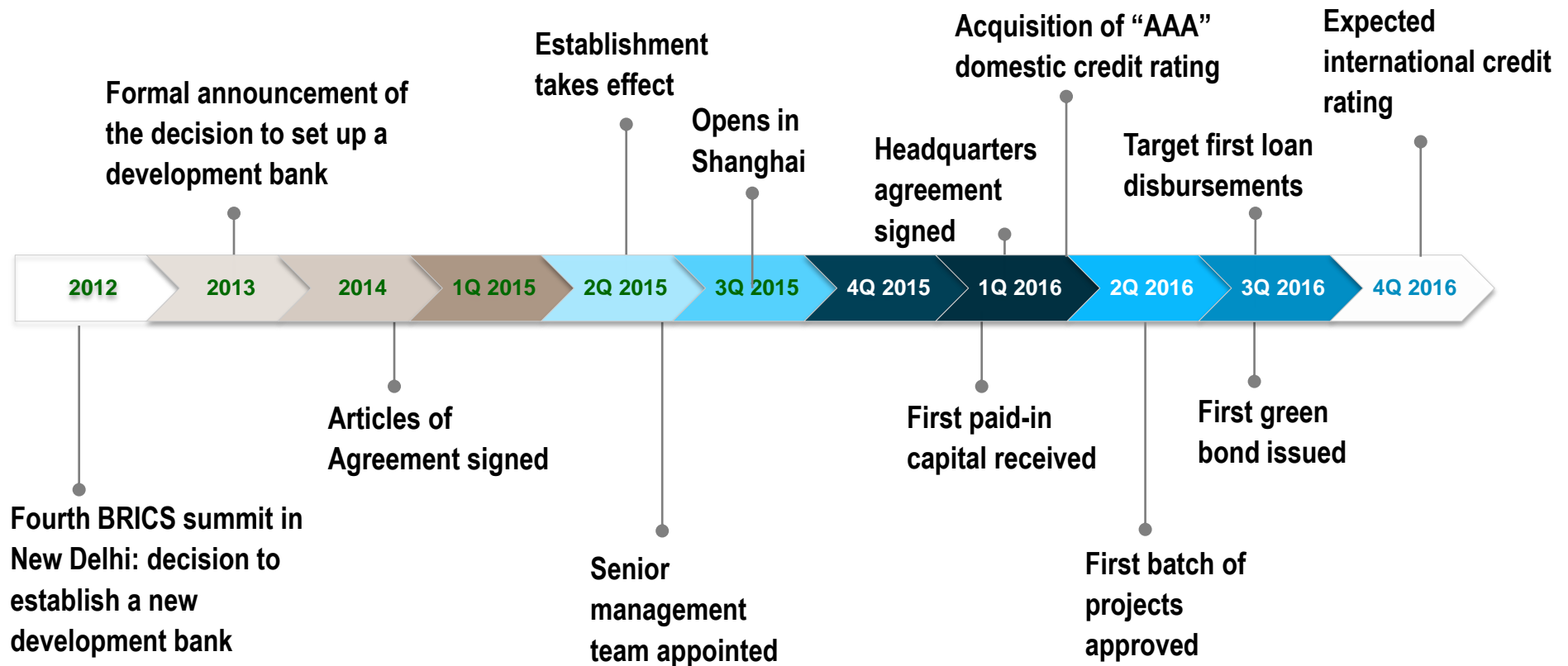
2 Comparative Advantage Utilization

With enough support in infrastructure development, developing OBOR countries will enjoy improved access to the global market and can better leverage comparative advantages

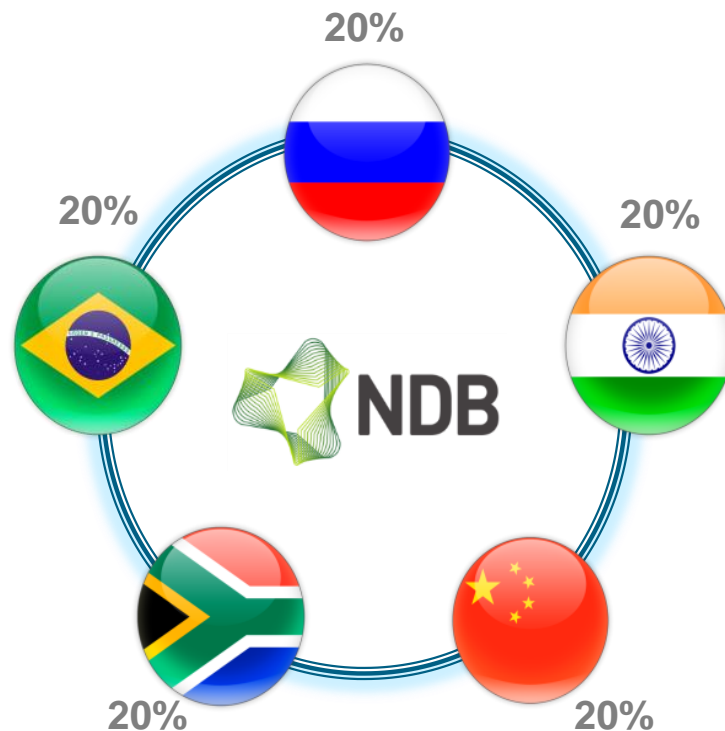
3 Market Demand Creation

Sustainable growth in OBOR economies will create market demand and contribute to global development

NDB milestones in preparation and full operations



NDB overview



Description

- First multilateral development bank (MDB) established by emerging countries: Brazil, China, India, Russia and South Africa
- Mandated to finance infrastructure and sustainable development projects
- Headquartered in Shanghai
- Customer-oriented lending approach aimed at timely and efficiently addressing infrastructure and sustainable development needs
- Website: www.ndb.int

First batch of projects from NDB totaling \$911 million



- **BNDES, Brazil**

600 MW renewable energy capacity – wind power
Amount: USD 300 million



- **Shanghai Lingang Hongbo New Energy Development Co., China**

100 MW of rooftop solar power capacity
Amount: local currency equivalent of USD 81 million



- **Canara Bank, India**

500 MW renewable energy capacity – solar power
Amount: USD 250 million




- **Nord-Hydro, Russia**

50 MW renewable energy capacity – hydro power
Amount: USD 100 million



- **Escom, South Africa**

Transmission lines to evacuate 670 MW generation and transformation
of 500 MW of renewable energy
Amount: USD 180 million



**Thank you for
your attention!**

He.Tian@ndb.int