



# **ASEAN Connectivity and Infrastructure Financing Challenges**

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*Policy Dialogue on Infrastructure Financing Strategies for South-  
East Asia*

Makati City, Philippines  
29-30 August 2017



# Connectivity in ASEAN has 3 Dimensions: Physical, Institutional and People-to-People

Aspects which improve the regulatory environment which can enhance connectivity within member states

Promoting exchange of culture, tourism, education and know-how



Infrastructure that will support greater connectivity among and within member states

# ASEAN Connectivity 2025 will have 5 strategic areas

Vision

## ASEAN Connectivity 2025

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

Physical connectivity



Institutional connectivity



People-to-people connectivity



### Strategic objectives



**Sustainable infrastructure**



**Digital innovation**



**Seamless logistics**



**Regulatory excellence**



**People mobility**

- Increase public and private infrastructure investment across the ASEAN Member States
- Significantly enhance the evaluation and sharing of best practices on infrastructure productivity in ASEAN
- Increase the deployment of smart urbanisation models across ASEAN
- Establish best practice data-management frameworks across ASEAN Member States
- Support access to financial services through digital technologies
- Increase the adoption of technology by SMEs
- Enhance the impact of open data across ASEAN
- Lower supply-chain costs in each ASEAN Member State
- Improve speed of supply chains in each ASEAN Member State
- Lower trade-distorting non-tariff measures across all ASEAN Member States
- Harmonise or mutually recognise product, conformance, and technical standards in key sectors
- Support ease of travel throughout ASEAN
- Increase intra-ASEAN mobility of university students
- Reduce the gaps between vocational skills demand and supply across ASEAN

Strategies

# ASEAN Infrastructure Financing Needs

	UNCTAD (2015)	McKinsey Global (2014)	Goldman Sachs (2013)	Bhattachar yay et al. (2012)	ADB-ADBI (2009)
<b>Annual Est. (US\$B)</b>	110	196	69	100	60
<b>Sectors covered</b>	Power, transport, telecoms, WSS	Power, transport, telecoms, WSS	Power, transport	Power, transport, telecoms, WSS	Power, transport, telecom, WSS
<b>Period covered</b>	2015-25	2014-30	2013-30	2010-30	2010-20
<b>AMS Covered</b>	All ASEAN Member States	All ASEAN Member States	Only IND, MAL, PHI and THA	All except BRU and SIN	All except BRU and SIN

Source: ASEAN Secretariat, McKinsey Global Institute, UNCTAD



### What are the strategic objectives?

- 1 Increase public and private (both domestic and international) infrastructure investment in each ASEAN Member State, as needed
- 2 Significantly enhance the evaluation and sharing of best practices on infrastructure productivity in ASEAN
- 3 Increase the deployment of smart urbanisation models across ASEAN



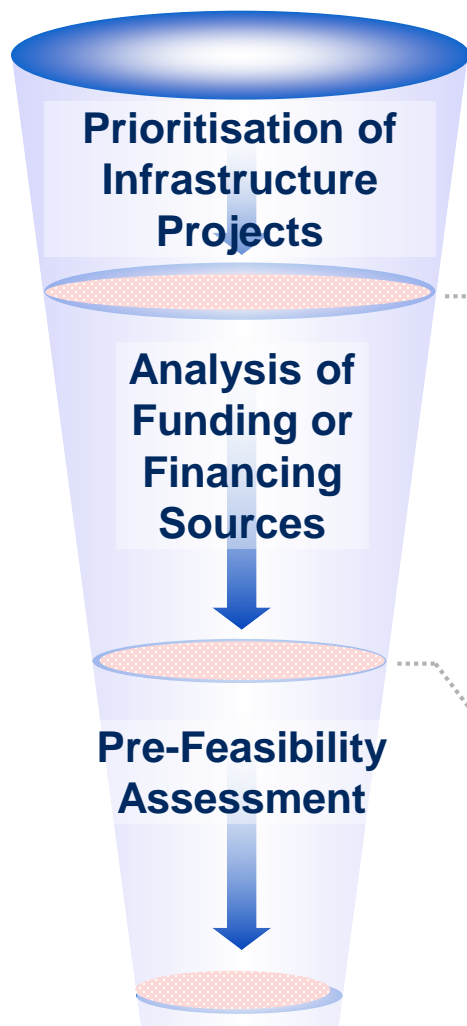
### What are the key initiatives?

- 1 Establish a rolling priority pipeline list of potential ASEAN infrastructure projects and sources of funds
- 2 Establish an ASEAN platform to measure and improve infrastructure productivity
- 3 Develop sustainable urbanisation strategies in ASEAN Cities

# Establishment of a Rolling Priority Infrastructure Pipeline

EXAMPLE

## Steps



- I ■ develop clear criteria for inclusion in the rolling priority pipeline
  - develop a standardised template
  - support the ASEAN Member States in submitting projects
- II ■ to assess funding and financing options for each of the infrastructure projects indicate which projects are most likely to be privately financed with little government risk, which ones are more likely to be privately financed with some government risk (such as providing a guarantee or availability payment), and which ones are likely to require all or significant amounts of public funding.
- III ■ to assess the readiness of projects to be implemented or to be presented to potential investors or to assess the necessity to undertake further full feasibility studies.

# Infrastructure Financing Challenges in Implementing MPAC 2025

- Clear and enabling regulations and policies
- Financing large infrastructure requirements
- Capacity for project development, operations and management
- Coordinating the delivery of sustainable infrastructure projects under the MPAC 2025

# ASEAN Efforts on Infrastructure Financing and PPP

**ASEAN PPP  
Program with  
World Bank**

**ASEAN PPP  
Guidelines with  
ERIA**

**ASEAN Principles  
for PPP  
Frameworks with  
OECD**

**ASEAN Risk  
Mitigation  
Instruments with  
OECD**

**ASEAN  
Infrastructure  
Fund with ADB**

**ASEAN Investment  
Report 2015:  
Infrastructure  
Investment and  
Connectivity with  
UNCTAD**



# Current ASEAN Efforts on Infrastructure Financing and PPP

**Establishment of the Initial  
List of Rolling Infrastructure  
Priority Pipeline of ASEAN  
and Conduct of Pre-Feasibility  
Assessments**

**Establishment of the  
Lead Implementing  
Body for the MPAC  
2025 Strategic Area  
on Sustainable  
Infrastructure**

**Engagement with  
various ASEAN  
Dialogue Partners  
and External Parties**



# Connecting Today Connected Tomorrow

