

Asia-Pacific Countries with Special Needs Development Report 2017

Investing in infrastructure for an inclusive and sustainable future



Tbilisi, 8 May 2017

Introduction

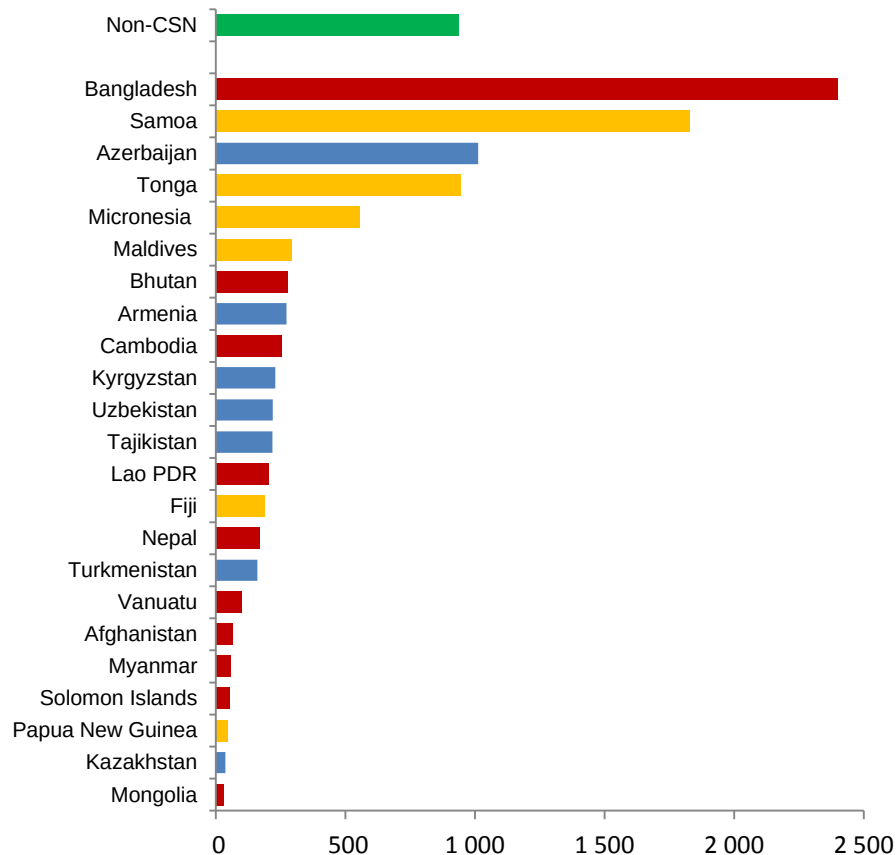
- Countries with special needs (CSN)
  - Include LDCs, LLDCs and SIDS
  - Continue to face structural challenges and vulnerability to external shocks
- Why infrastructure?
  - A critical element of inclusive and sustainable development
  - 2030 Agenda for Sustainable Development
  - Programmes of Action (IPoA, VPoA and SAMOA)

Introduction (continued)

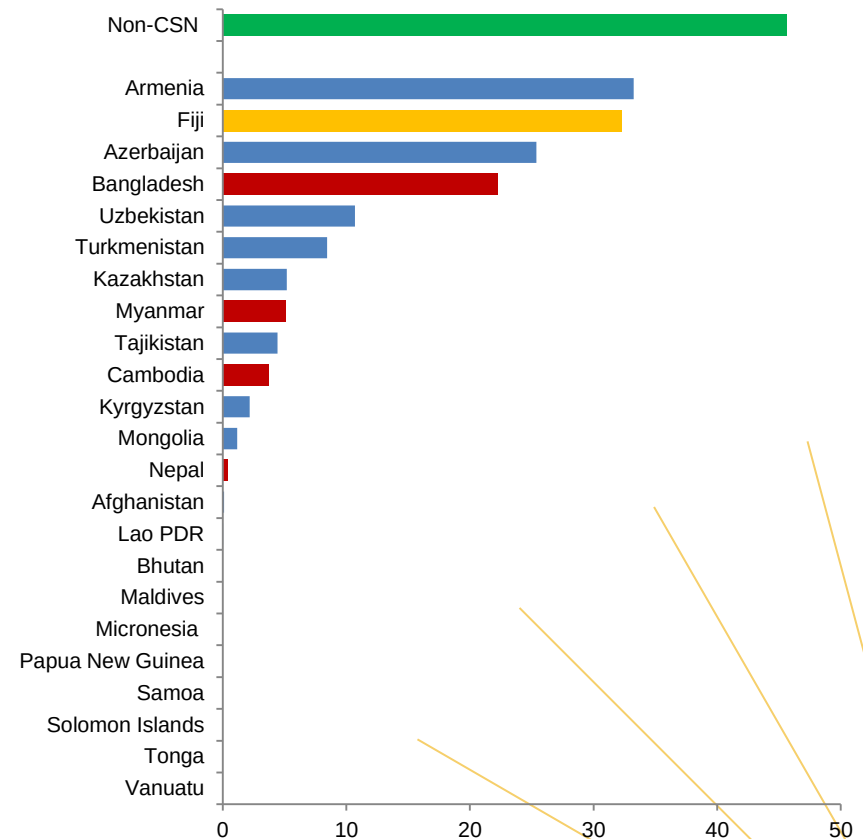
- “Infrastructure” encompasses physical infrastructure, social infrastructure and institutional infrastructure
- The *Report* focuses on
  - Four types of physical infrastructure (transport, energy, ICT, and water supply and sanitation)
  - Four sources of finance (public sector, private sector, bilateral donors and multilateral development banks)
- Report finds that LLDCs mainly focus on regional corridors and integration, for which transport infrastructure tops the list of priorities followed by the energy sector

Transport infrastructure

Road density (kilometres per 1,000 km² of land area), 2013-2015



Rail lines density (kilometres per 1,000 km² of land area), 2013-2015

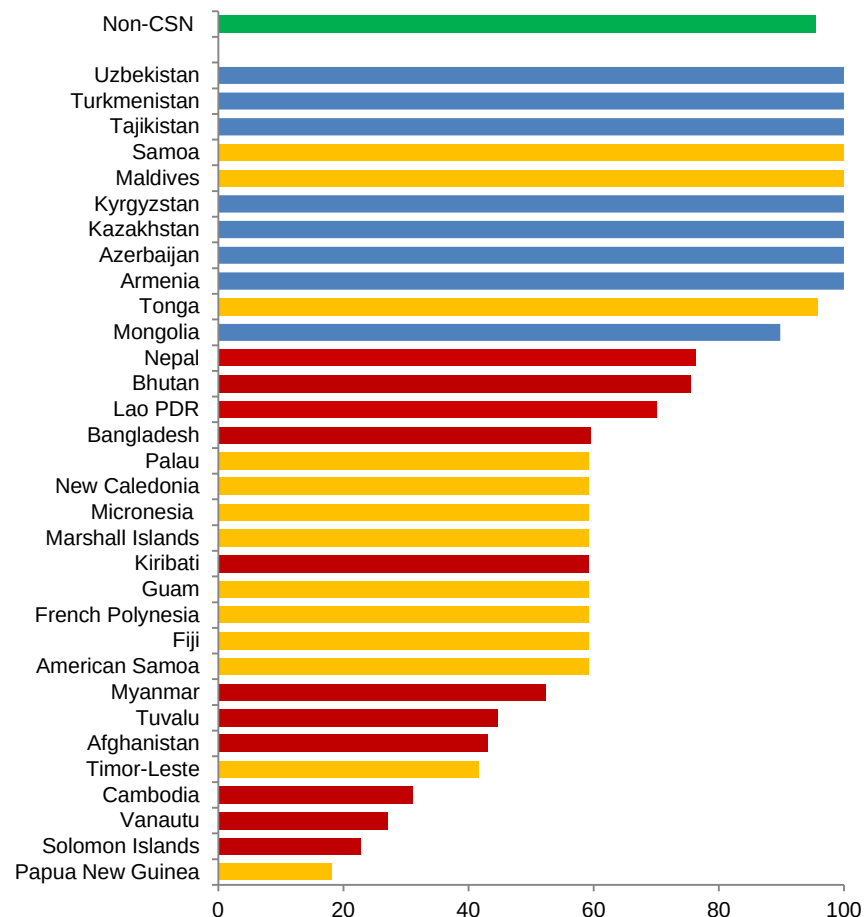


■ Least developed countries (including landlocked developing countries and small island developing States)

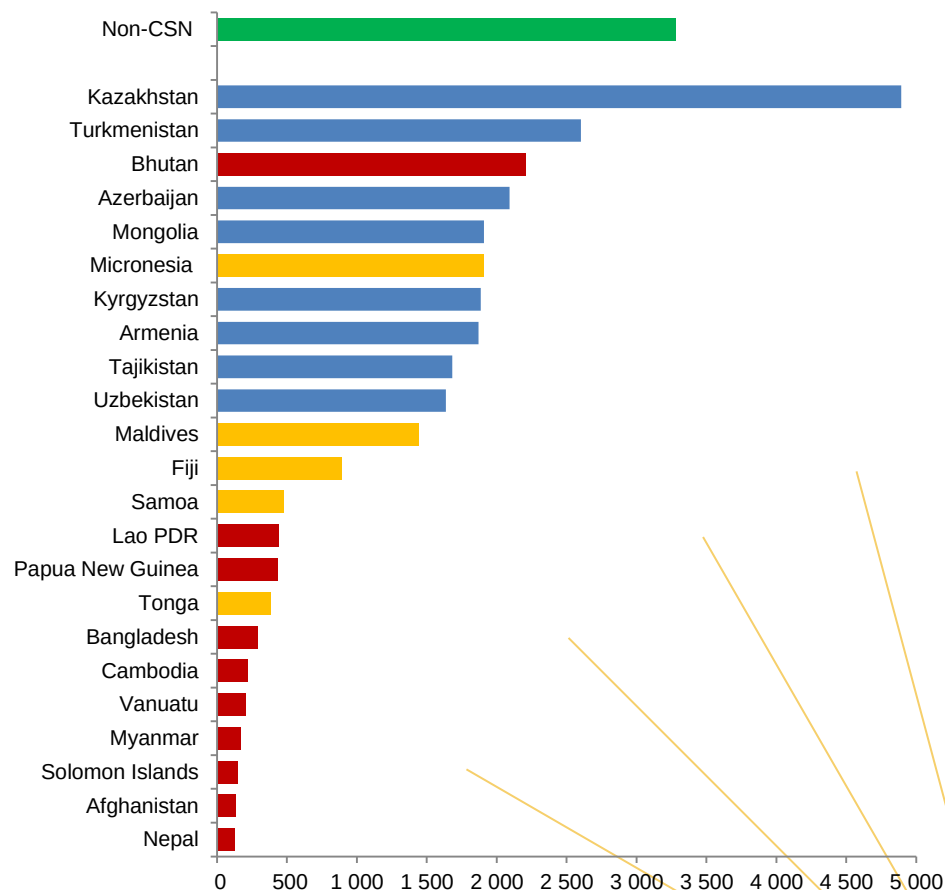
■ Landlocked developing countries ■ Small island developing States ■ Non-CSN developing economies

Energy infrastructure

Access to electricity (% of population, 2013-2015)



Electric power consumption (kWh per capita), 2012-2015



■ Least developed countries (including landlocked developing countries and small island developing States)

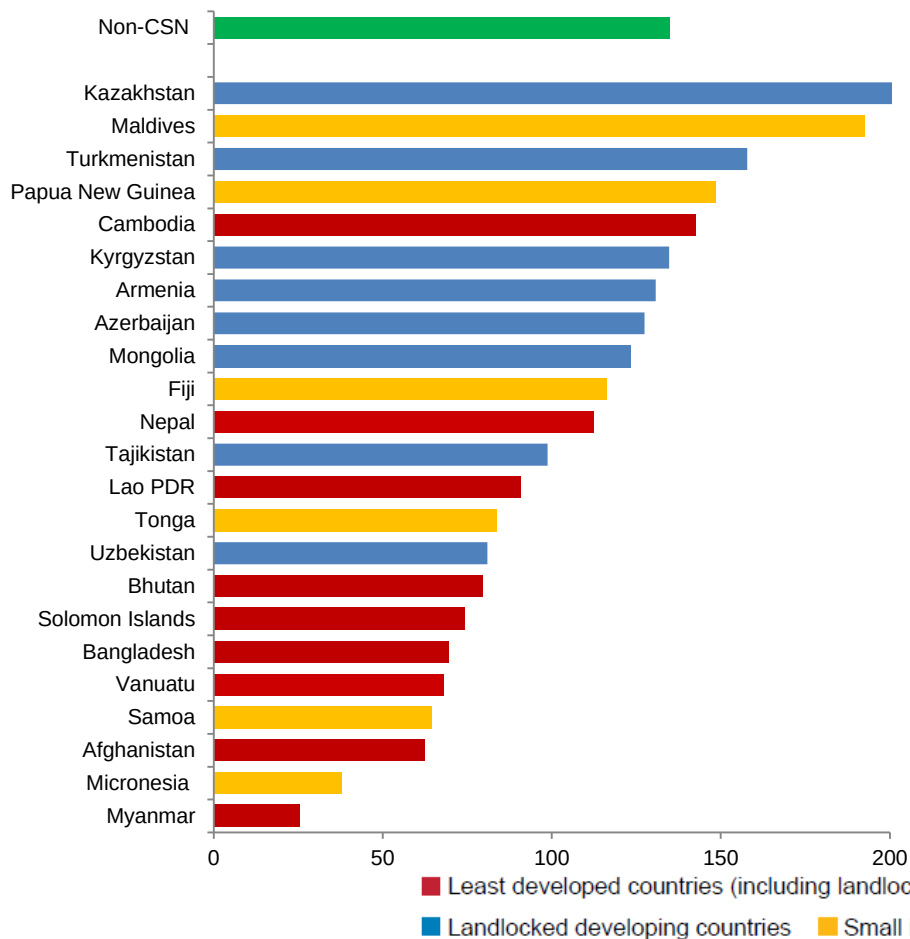
■ Landlocked developing countries

■ Small island developing States

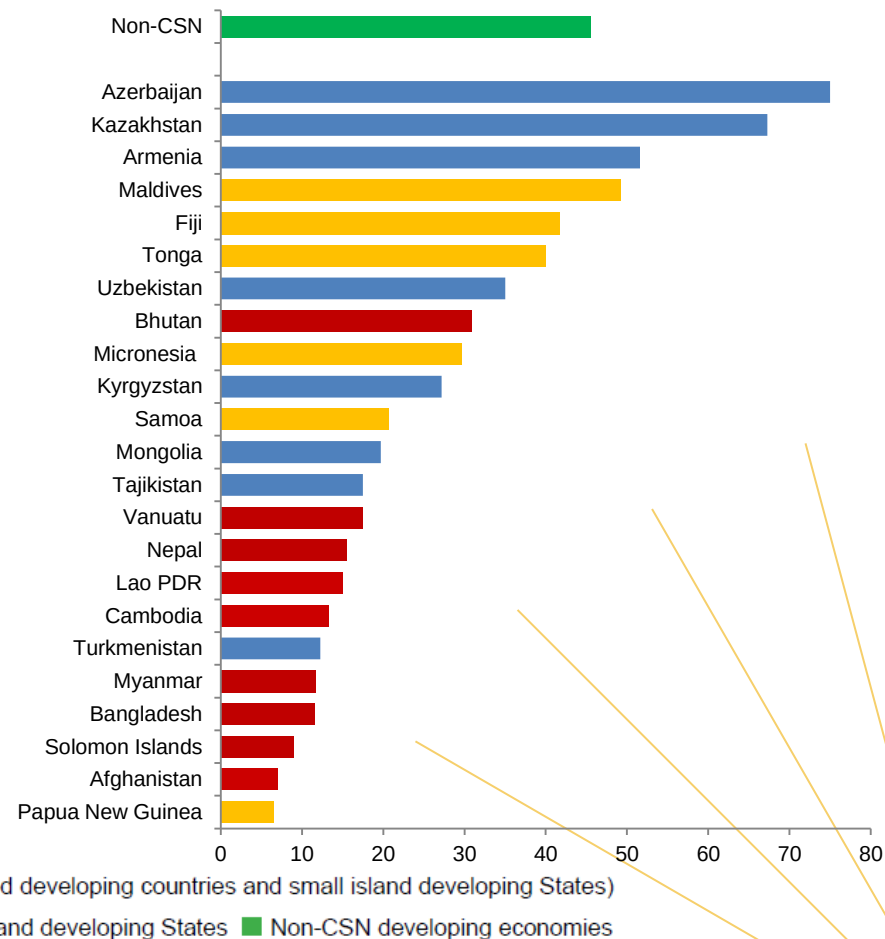
■ Non-CSN developing economies

ICT infrastructure

Telephone communication subscriptions per 100 population, 2013-2015

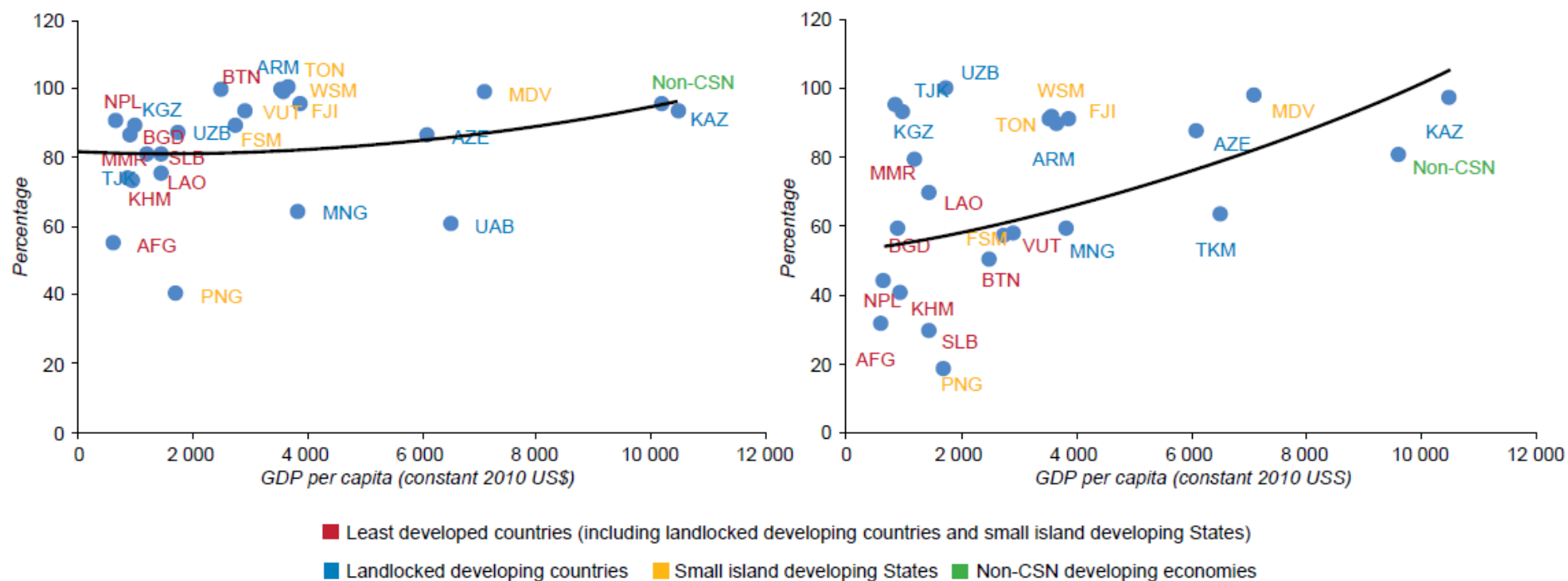


Internet users per 100 inhabitants, 2012-2015



Water supply and sanitation infrastructure

Access to improved water supply (left) and sanitation (right) and GDP per capita

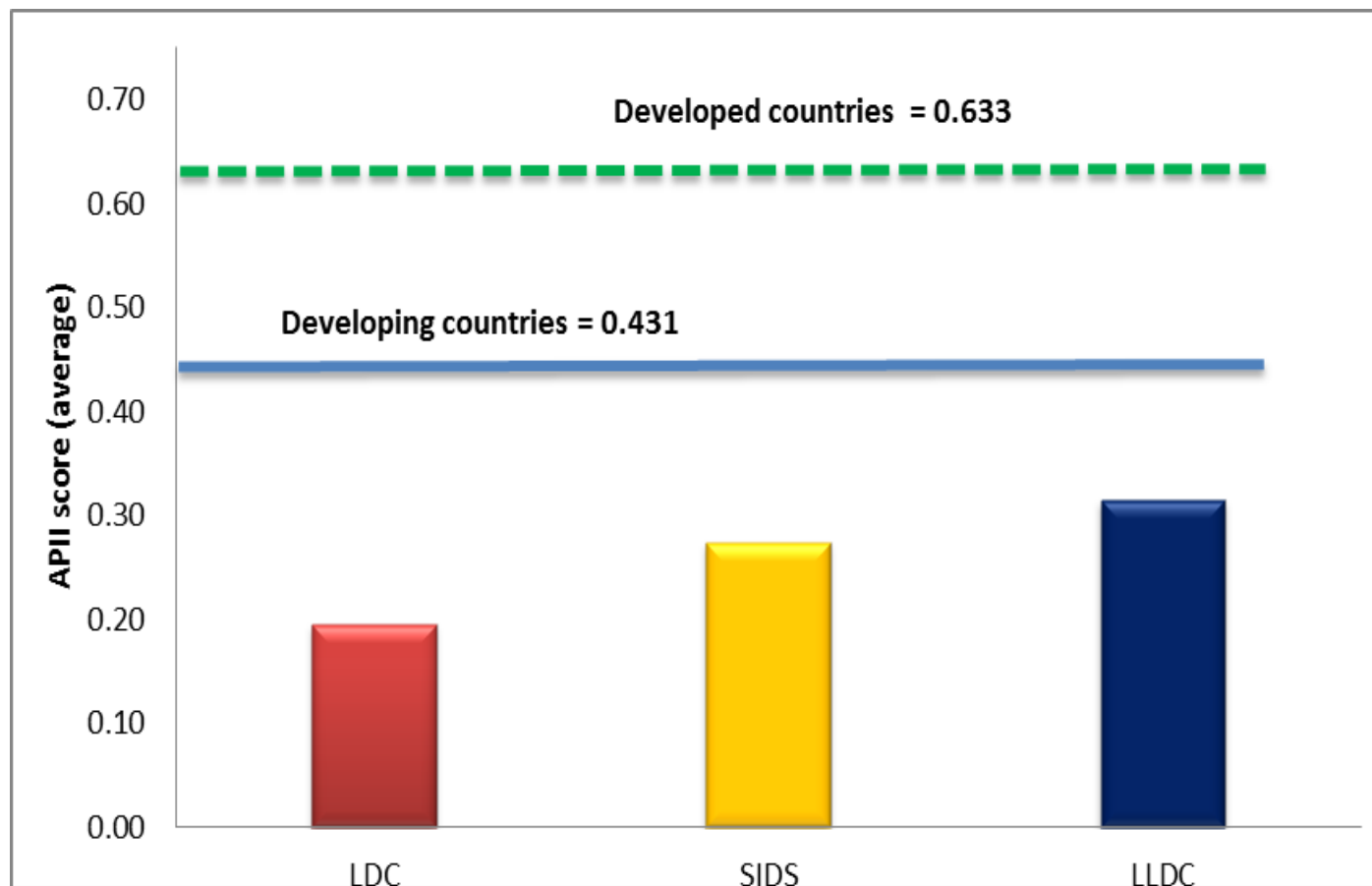


ESCAP Access to Physical Infrastructure Index (APII)



- **APII** : ESCAP APII captures 8 indicators, covering four dimensions (Transport, Energy, ICT, and water supply and sanitation)
- **Country coverage**: 41 countries in Asia and the Pacific, 23 CSN, 15 developing countries and 3 developed countries
- **Methodology**: Simple average (equal weights), and each of the four sectoral indices are based on the standardized indicators that is a combination of two indicators for each of the sectors
- **Benchmarking**: APII score of developed countries serves as a long-term benchmark of CSN to be achieved by 2030, while the average score for the 15 developing countries serves as the medium-term benchmark to be achieved between 2025 and 2030.

Infrastructure gap remains

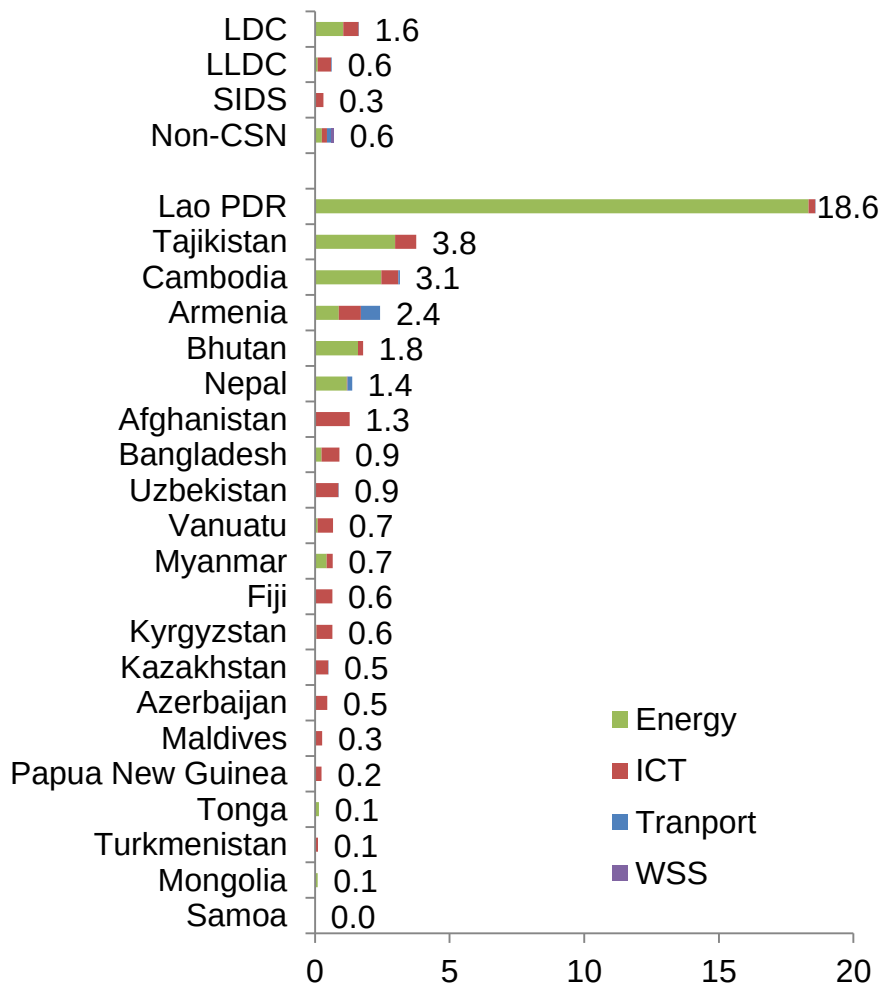


APII score

Country groupings	APII score	APII rank	Country groupings	APII score	APII rank
Countries with special needs	0.288		Developing countries	0.431	
Kazakhstan	0.520	6	Singapore	0.708	2
Azerbaijan	0.476	9	Korea, Republic of	0.664	3
Maldives	0.463	10	Malaysia	0.502	7
Armenia	0.453	11	Russian Federation	0.495	8
Fiji	0.394	17	Turkey	0.440	12
Tonga	0.371	20	Georgia	0.436	13
Kyrgyzstan	0.370	21	Viet Nam	0.419	14
Uzbekistan	0.365	22	Thailand	0.418	15
Samoa	0.350	23	Sri Lanka	0.407	16
Tajikistan	0.309	26	Islamic Republic of Iran	0.394	17
Bangladesh	0.277	28	China	0.391	19
Bhutan	0.269	29	Philippines	0.336	24
Turkmenistan	0.269	29	Pakistan	0.311	25
Mongolia	0.235	32	Indonesia	0.278	27
Micronesia	0.232	33	India	0.260	31
Lao PDR	0.225	34			
Nepal	0.217	35			
Vanuatu	0.200	36	Developed countries	0.633	
Myanmar	0.198	37	Japan	0.712	1
Cambodia	0.186	38	New Zealand	0.605	4
Solomon Islands	0.113	39	Australia	0.582	5
Afghanistan	0.072	40			
Papua New Guinea	0.070	41			

Public and private sectors

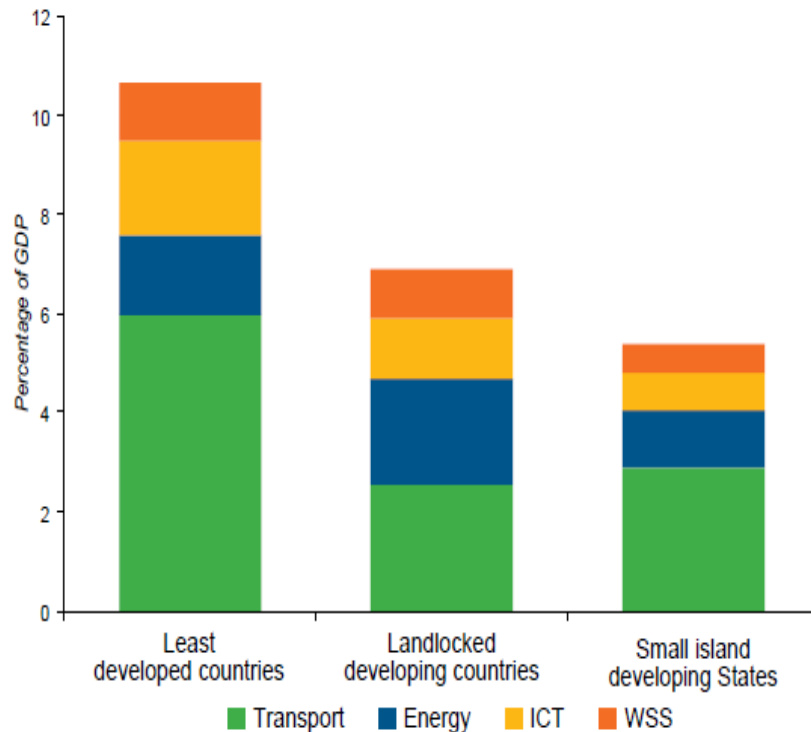
PPP, 2006-2015, % of GDP



- Domestic public finance
  - Traditional sources of finance
  - Expected to remain a significant source
  - Should be used to *crowd in* private investment
- Private sector participation
  - Concentrated in a few mega energy projects and privatization of ICT infrastructure
  - Has potential to play a bigger role but requires a stable “investor-friendly” climate

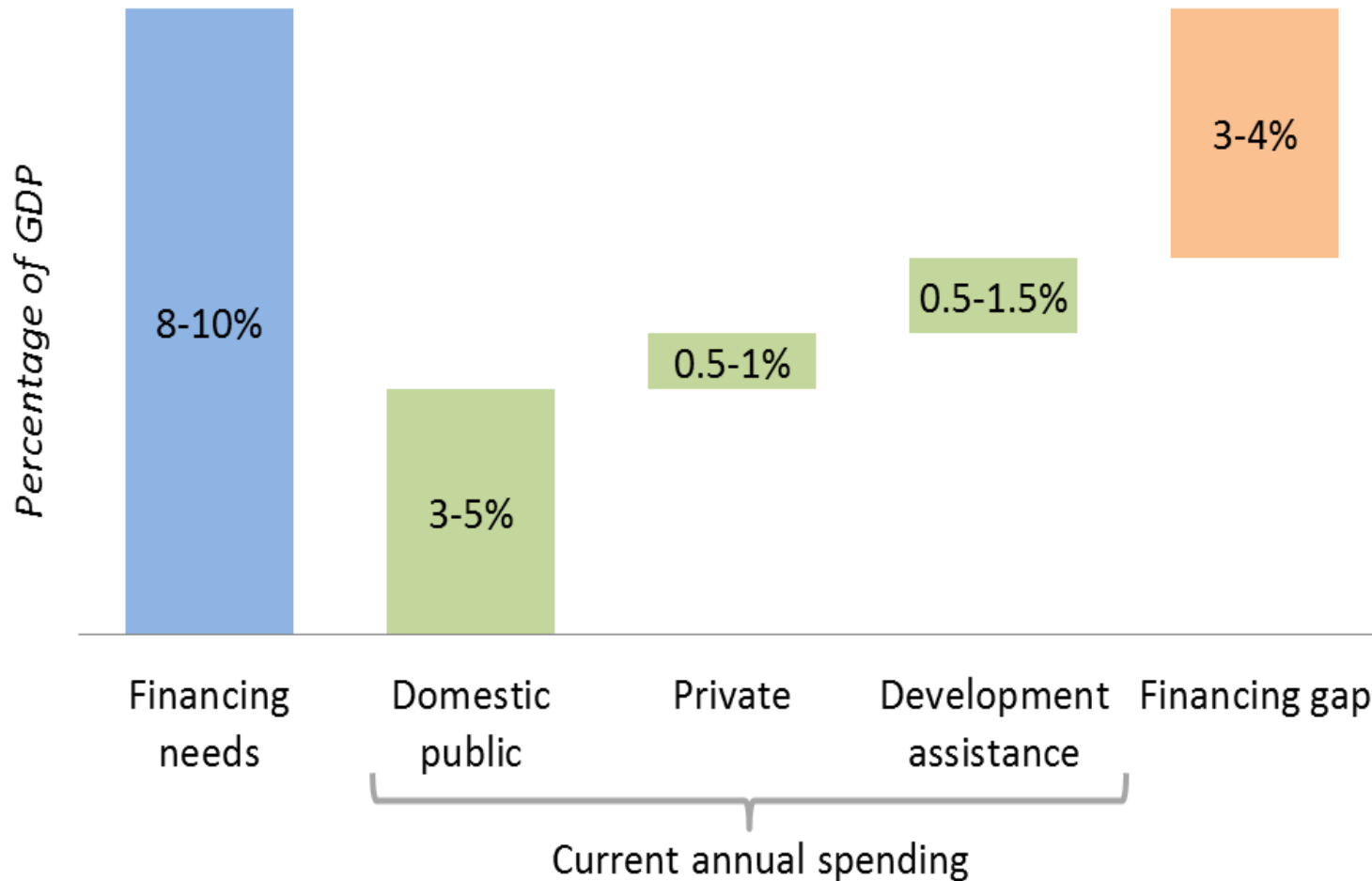
Infrastructure financing needs

Annual infrastructure financing needs, 2016-2030



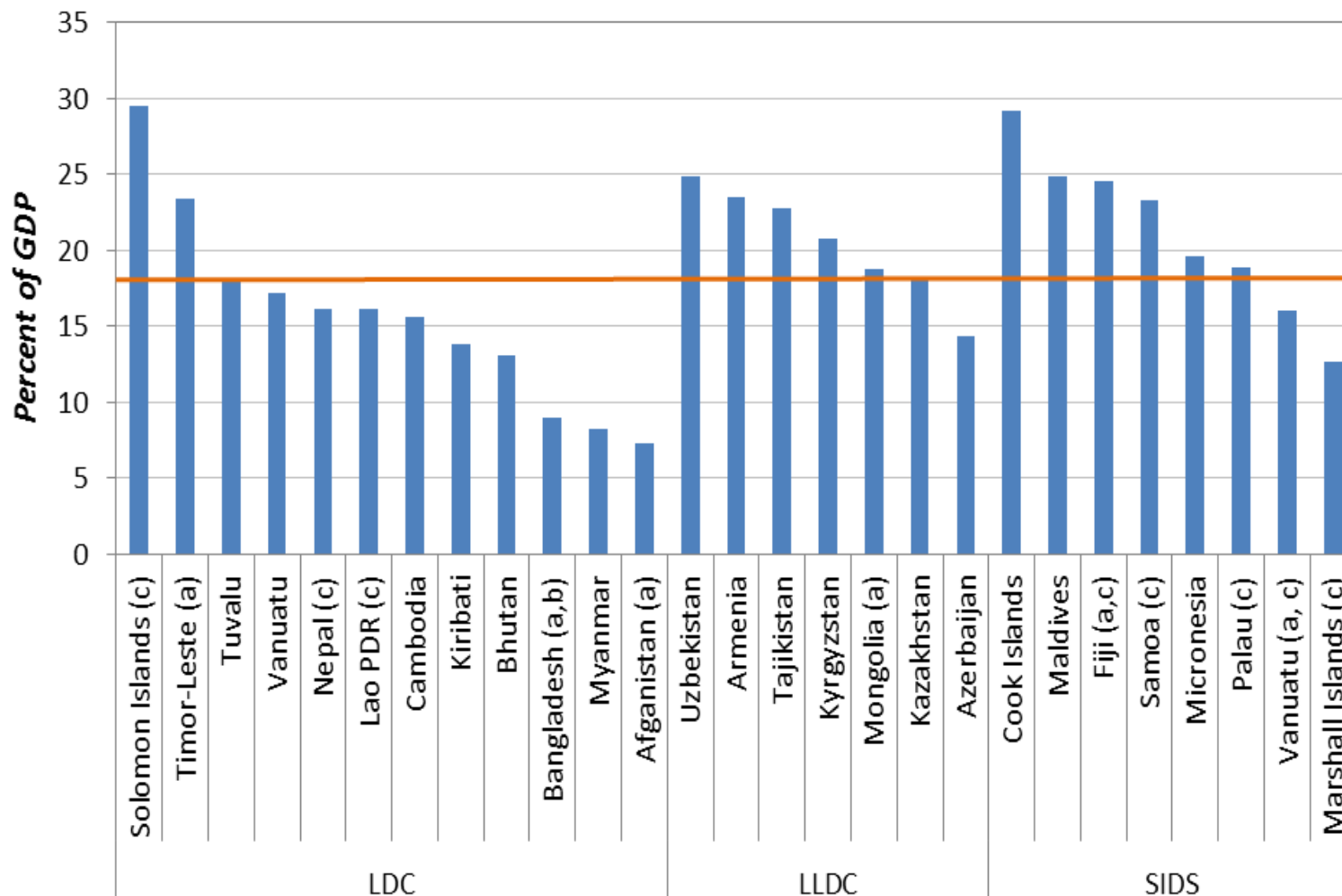
- Large infrastructure financing needs: **10.5% of GDP annually**
- A major portion is in the transport sector, but needs are growing for ICT and energy
- Climate change adaptation and mitigation will require additional **2.2% of GDP**

Infrastructure financing gaps



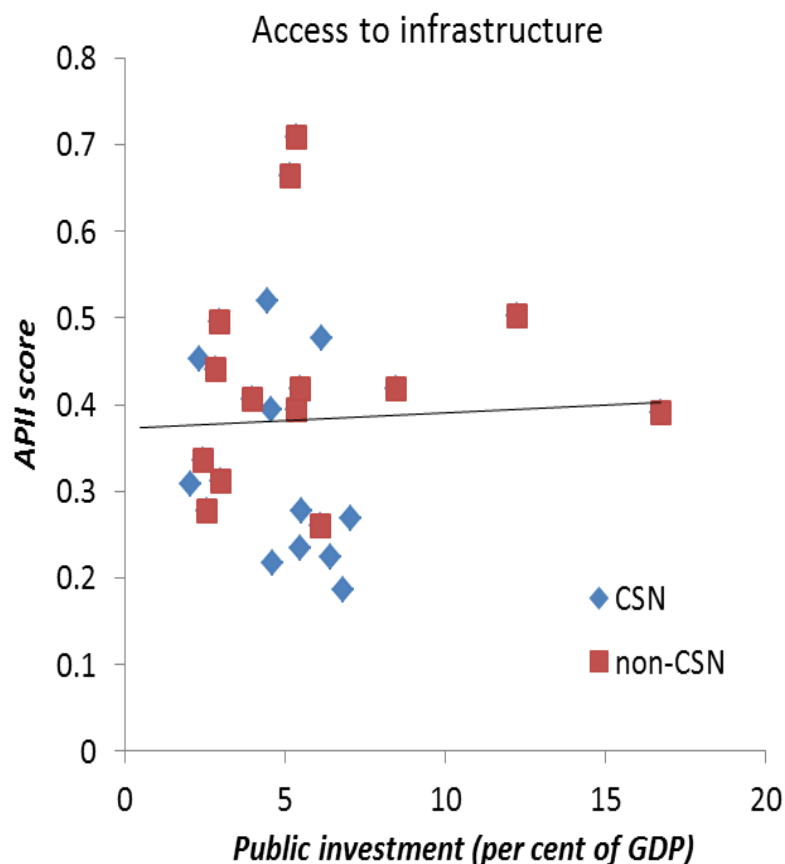
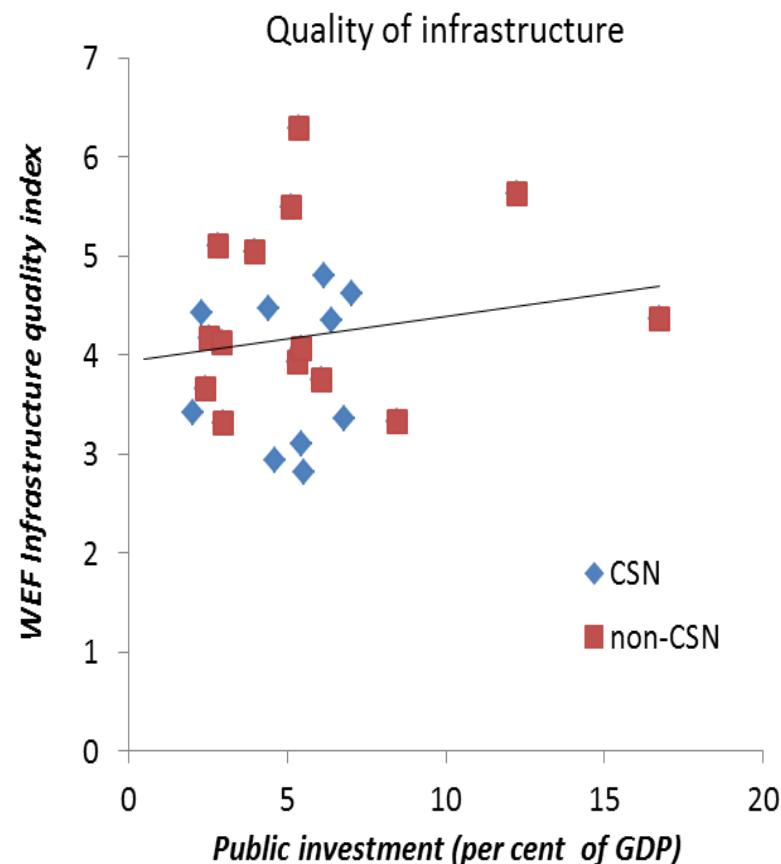
Filling the funding gap: 1 - tax collection

Tax-to-GDP ratios in selected Asia-Pacific countries, 2014



Filling the funding gap: 2 – public expenditure management

Public investment and infrastructure quality



Filling the funding gap:

3 – private sector engagement

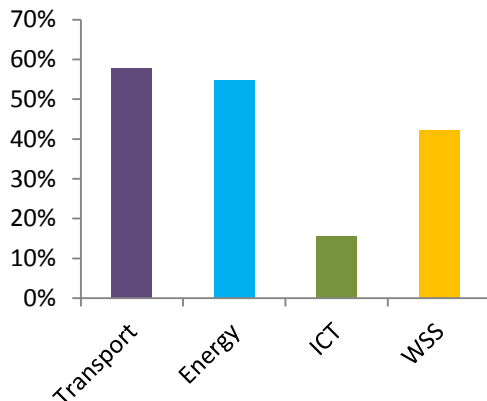
- Private sector engagement has been severely hampered
  - Risk-return profile needs to be adjusted by Government support measures
- Governments can also
  - Partner with multilateral development banks to increase financial viability
  - Enhance coordination across Government agencies to establish a infrastructure project pipeline
  - Facilitate innovative PPP
- No one-size-fits-all approach to development financing

The way forward

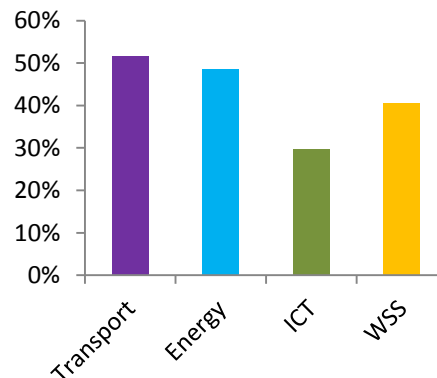
In the short term:

- Prioritize which sectors are to be developed
- Integrate policy approaches across sectors
- Identify priorities, partners, instruments and support measures

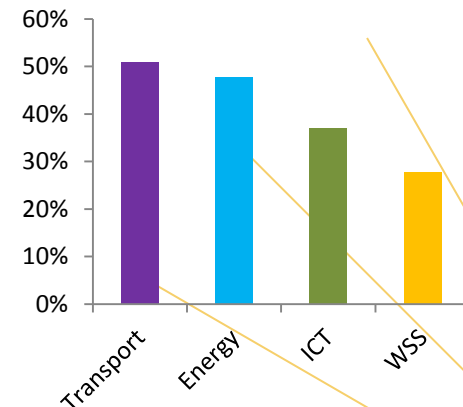
Short-term



Medium-term



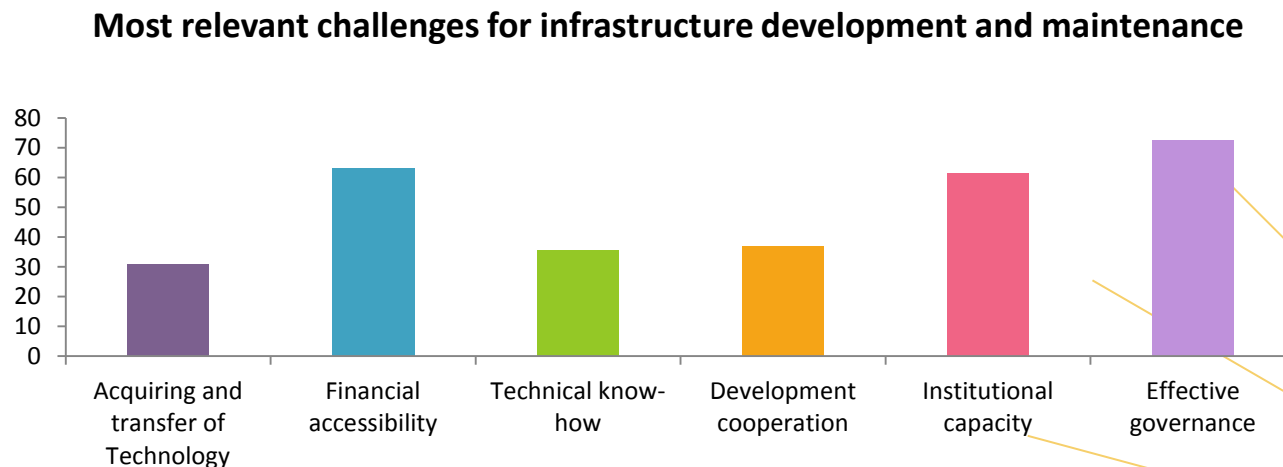
Long-term



The way forward

In the medium to long term:

- Mobilize domestic public finance
- Develop capital markets (if domestic markets are sufficiently large)
- Enhance institutional and technical capacity for planning, maintaining and managing infrastructure



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