



Regional: Asia Infrastructure Insights

Project Name	Asia Infrastructure Insights		
Project Number	51280-001		
Country / Economy	Regional		
Project Status	Active		
Project Type / Modality of Assistance	Technical Assistance		
Source of Funding / Amount	TA 9441-REG: Asia Infrastructure Insights		
	Technical Assistance Special Fund		US\$ 1.00 million
	TA 9441-REG: Asia Infrastructure Insights		
	Technical Assistance Special Fund		US\$ 141,000.00
Strategic Agendas	Inclusive economic growth Regional integration		
Drivers of Change	Gender Equity and Mainstreaming Knowledge solutions		
Sector / Subsector	Energy / Energy efficiency and conservation - Renewable energy generation - solar - Renewable energy generation - wind Transport / Road transport (non-urban) - Urban public transport Water and other urban infrastructure and services / Other urban services - Urban sanitation - Urban sewerage - Urban water supply		
Gender	Some gender elements		
Description	<p>The proposed knowledge and support technical assistance (TA) attempts to facilitate and integrate the development of strategic knowledge on infrastructure in the region, both inside and outside the Asian Development Bank (ADB). The TA will focus on three important areas: (i) creating knowledge products that focus on strategic issues regarding infrastructure and its financing modality; (ii) integrating infrastructure knowledge products in the region through a publication entitled Asia Infrastructure Insights, and convening of regular consultation workshops and knowledge-dissemination events; and (iii) contributing to the development of methods for compiling data on infrastructure investments and their financing, and enhancing the availability of data required for policy analysis on infrastructure.</p> <p>The TA is included in the ADB Management-approved annual work program of the ADB Economic Research and Regional Cooperation Department (ERCD), and is aligned with the three work areas identified in its work plan for 2017: (i) improve research quality, so as to be the leading source of knowledge on Asian development, regionally and globally; (ii) add value to ADB operations departments to enable them to become more responsive to client needs, and contribute to ADB knowledge solutions under the "one ADB" approach; and (iii) establish strong links with global and regional centers of excellence for research on critical development issues of relevance to Asia and the Pacific.</p>		

Project Rationale and Linkage to Country/Regional Strategy	<p>The Asia and Pacific region faces both a huge infrastructure investment gap, and high demand for knowledge on infrastructure, as discussed in the ADB Meeting Asia's Infrastructure Needs report. Policy dialogue with key stakeholders in the region during dissemination of the report revealed the large demand for knowledge on infrastructure to support necessary policy changes needed to close the infrastructure gap. Areas identified include innovative infrastructure financing, such as the increased role of bond (green) financing and land capture; high technology; public-private partnerships (PPPs); guarantees; insurance; and sector best practices in the region. The existence of unmitigated risk factors is considered to be a key reason for the lack of investor interest in infrastructure. Institutional investors have strong and increased interest in financing infrastructure in the region, but some significant constraints need to be addressed. Land-capture financing is a viable option to ease the government's fiscal constraints for selected infrastructure. There is strong interest from government stakeholders in the region regarding high-technology infrastructure, but a significant knowledge gap exists regarding the long-term benefits. While PPPs are being used in many countries in the region, the progress of developing PPPs remains relatively slow. ADB and other stakeholders have attempted to develop best practices across sectors, but knowledge generated from such operations is scattered, and not always published.</p> <p>A recent ADB study on the drivers of growth in middle-income countries finds that infrastructure investments and capital will play a major role in transcending middle-income status. For developing countries in Asia, the infrastructure investment gap (i.e., the difference between investment needs and current investment levels) is equivalent to 2.4% of the projected gross domestic product from 2016 to 2020. Traditional public resources for infrastructure investment have proven to be inadequate. More investments are needed in electricity, transport, telecommunication, and water and sanitation. Public sources comprise 92% of infrastructure investments in the region, but, in many countries they are unlikely to meet even 50% of the infrastructure gap between investment needs and current investment levels.</p> <p>With limited fiscal space and increased spending needs for health and education, expanding alternative nongovernment sources of infrastructure financing is imperative if the region is to achieve its infrastructure development target. To help meet the region's need for infrastructure financing, ADB will increase its operations to \$20 billion annually by 2020. Most private sector financing of infrastructure currently uses bank financing -- bond markets are at an early stage of development in many ADB developing member countries (DMCs), and the complementarity between banking and bond financing has not been widely utilized. At many forums, large investors in developed countries have expressed interest in financing infrastructure development in the region, but the actual infrastructure investments financed from this source have remained limited because of various constraints. Some countries have made good progress in reforming their regulatory framework to enable PPP financing, but results to date are very modest. Stakeholders in many DMCs are keen to explore innovative infrastructure financing alternatives to increase the role of the private sector, using modalities such as green bonds, land value capture, and take-out financing. In this context, policymakers have expressed the need for knowledge support to facilitate informed dialogue as they seek to develop enabling policies to increase private sector infrastructure and green financing, and develop other innovative approaches to meet various infrastructure needs.</p> <p>Adoption of high-level technology (HLT) will help maximize the development impact of infrastructure by facilitating a transition to low emission and climate-resilient growth. Appropriate HLT could also improve the functionality and efficiency of infrastructure and reduce its lifetime costs. DMCs have shown strong interest in HLT, and ADB has championed its application in its operations. Knowledge support to demonstrate the long-term benefits of HLT and to expand its adoption in various sectors, however, are still in an early stage of development.</p> <p>ADB has strived to develop sector best practice in its infrastructure operations in various sectors. However, much of the tacit and explicit knowledge produced in these operations is not published. Published materials are scattered and tend to be disseminated in a low-profile manner. Selected infrastructure stakeholders in the region have also published their experience, but its reach to policy makers has been limited. Development and integration of these scattered infrastructure knowledge products into a flagship regional publication would facilitate regional knowledge sharing to enhance policy dialogue, inform development of enabling policies, and accelerate adoption of HLT and new financing modalities for infrastructure. This is in line with the objectives of the ADB Knowledge Framework for Strategy 2030, which seeks to make ADB a major facilitator of tacit and explicit knowledge in the region.</p> <p>As noted in "Meeting Asia's Infrastructure Needs", data on actual infrastructure investments undertaken by countries is surprisingly scarce. Investments in infrastructure are undertaken by different entities, including national and subnational governments, state-owned enterprises (SOEs), and the private sector. Governments do not typically publish data on aggregate infrastructure investments, and there is no single way or international best practice approach to measure it. However, sufficiently disaggregated data on gross fixed capital formation (GFCF) from countries' national accounts statistics presents a possible approach. In this context, a methodological exercise conducted jointly with national accounts statisticians and budget experts from selected DMCs is required to prepare a set of easy-to-implement guidelines for measuring infrastructure investments more consistently across countries and over time than is currently possible. Moreover, coordination with similar efforts being undertaken in other developing regions by the World Bank (for Africa) and Inter-American Development Bank (for Latin America) could lead to the development of a global database on infrastructure investments by developing countries. In conjunction with existing databases on infrastructure investments and stocks, such a database, guided by principles and methodologies of open access, including bulk data and common data standards, would be very useful in undertaking policy analysis of infrastructure-related issues. The TA will also contribute to the creation of an infrastructure finance database.</p>
Impact	Better informed policy making on infrastructure and its financing made Innovative financing modality for infrastructure mainstreamed
Project Outcome	
Description of Outcome	Knowledge base and policy dialogue on infrastructure policies in Asia and the Pacific enhanced.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	Knowledge products on infrastructure and its financing modality published
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Regional
Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	
Business Opportunities	
Consulting Services	The TA will require consulting services that will be provided by a number of international and national experts, including economists, infrastructure specialists, statisticians, resource persons, and research assistants who have research experience in infrastructure financing. The exact requirements for each type of expertise and the length of input will vary according to the area and scope of research studies. Economists, infrastructure specialists, and statisticians will be hired using individual consultant selection, on output-based, lump sum contracts with a provision for fixed out-of-pocket expenditures. ADB will engage individual consultants in accordance with the ADB Procurement Policy (2017, as amended from time to time) and the associated project administration instructions and/or TA staff instructions.
Responsible ADB Officer	Hampel-Milagrosa, Aimee
Responsible ADB Department	Economic Research and Regional Cooperation Department
Responsible ADB Division	Economic Analysis and Operations Support Division
Executing Agencies	Asian Development Bank

Timetable	
Concept Clearance	08 Sep 2017
Fact Finding	-
MRM	-
Approval	04 Dec 2017
Last Review Mission	-
Last PDS Update	21 Dec 2017

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Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
04 Dec 2017	-	04 Dec 2017	31 Dec 2020	01 Dec 2022	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,141,000.00	0.00	0.00	0.00	0.00	0.00	1,141,000.00	19 Sep 2022	880,544.57

Project Page	https://www.adb.org/projects/51280-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51280-001
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