

## **Connecting East Asia: A New Framework for Infrastructure**

### **Asian Development Bank, World Bank and Japan Bank for International Cooperation**

#### **Summary**

Infrastructure has always played a central role in the East Asian development model: to promote economic growth, to share the benefits of growth with poorer groups and communities, and to connect countries within the region and with the rest of the world. There is little doubt that infrastructure development – by both the public and private sectors -- has contributed to the region's enviable record on growth and poverty reduction.

At the same time, questions and concerns have often been raised about the impact of infrastructure development on the environment and local communities, about waste through corruption in public spending and private contracts, and about the appropriate roles of the public and private sectors in infrastructure financing, ownership and management. While infrastructure can be a force for good, we also have to make sure it is done well.

These questions are the motivation for this joint study by the Asian Development Bank, the Japan Bank for International Cooperation and the World Bank. The report is organized around four main themes: inclusive development, coordination, accountability and risk management. It is aimed at senior policymakers and development practitioners who have to look at infrastructure in the context of country-wide policies and programs. It does not provide detailed recommendations by country and sector. But it does provide a new way of thinking about infrastructure issues – which is relevant to all countries in the region.

Our three agencies support infrastructure development through project financing and guarantees, as well as by assisting governments to put in place policies to improve public sector performance and to attract private investment. Therefore this study is also very relevant to our own operations. We will look closely at the implications for our technical assistance, capacity building, financing and guarantee activities. Each agency will follow its own operational strategy in each country. But we hope this new framework will enable us to take a more coherent and consistent approach. We will also look for opportunities to work closely together – as evidenced recently in Indonesia.

The recent Indian Ocean tsunami took many lives and devastated communities in its path. In Indonesia alone, the damages and losses are estimated at US\$4.5 billion, of which about 20 percent would be to rebuild infrastructure. This report is not about the tsunami. But many of the policy lessons – about coordination, community involvement and accountability, for example – are also relevant to infrastructure reconstruction. Similarly, in the design of new infrastructure projects, we must take account of their vulnerability to natural disasters, to reduce the risk of damage in the future.

We offer this report as a contribution to the ongoing debates about the role of infrastructure in promoting growth and reducing poverty. We realize from our own consultations that policymakers in the region do not have to be convinced about the importance of infrastructure. But they are keen to learn from the experiences of other countries on how to do it better. We hope you will find that this report provides a refreshing and sometimes provocative look at familiar issues – and sheds new light on the way forward.