

Maximizing the Development Impact of Economic Corridor Development

Drawing from International Experience

September 6, 2023

RCI Conference

Tbilisi, Georgia

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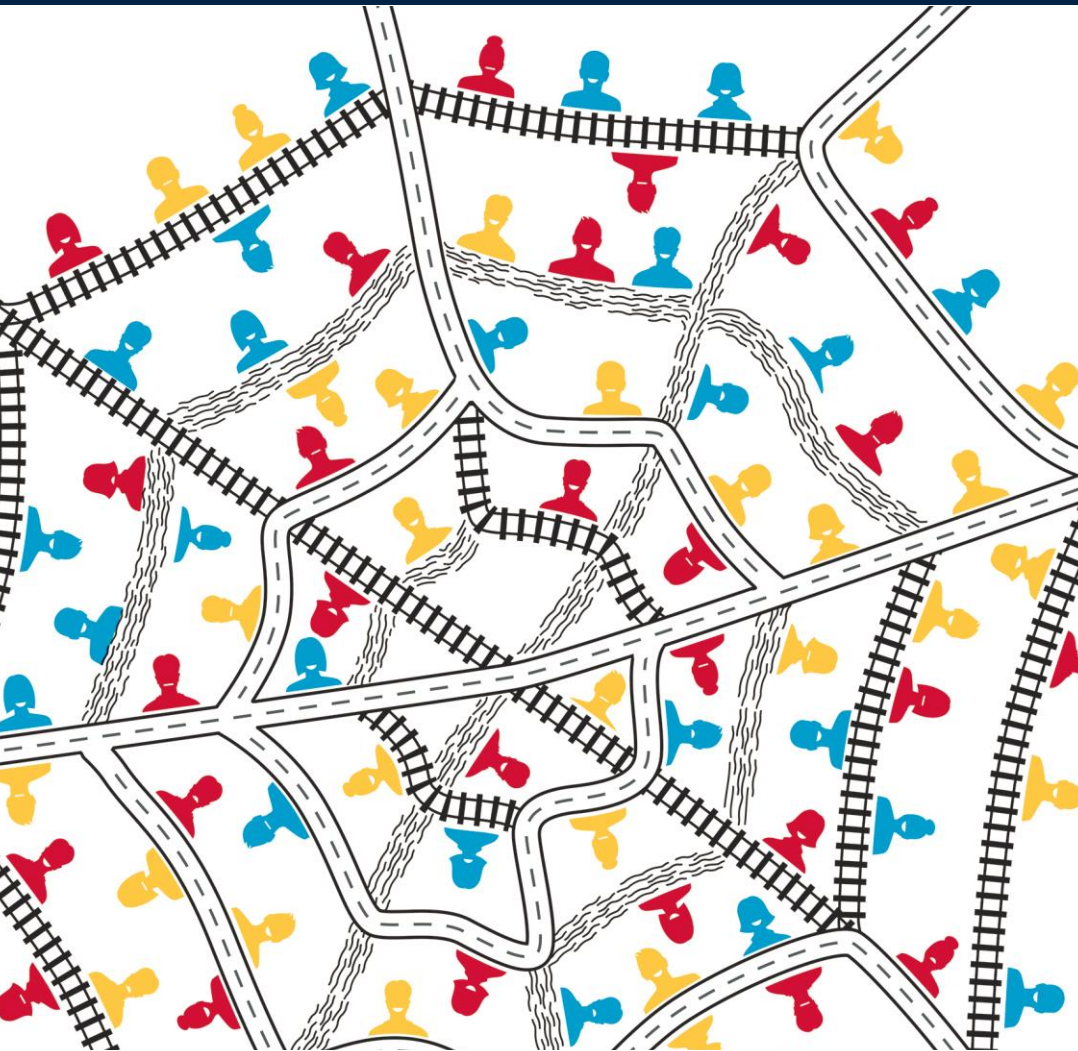


Overview

1. ECD and Wider Economic Benefits
2. Case 1: WeCARE (South Asia)
3. Case 2: ACCESS Project (South Asia)
4. Case 3: Maputo Corridor (Africa)
5. Opportunities for the Middle Corridor
6. Role of Development Partners



Economic Corridor Development (ECD): a tool for regional integration and meeting broader development goals



- What is the premise? Corridors stimulate economic activity through **agglomeration economies** and **changes in geography of production**
- How to select the most promising proposals? Assess the **economic fundamentals upfront**, as there are usually competing routes and investments
- What are the trade offs? Tremendous risks and forgone development opportunities if a **holistic appraisal methodology** is absent
- What's important? Ensure benefits of the corridor are extended to local populations through which the corridor passes, thereby generating **Wider Economic Benefits (WEBs)**

The Wider Economic Benefits (WEB): why is it important?



- Countries invest in these corridors hoping to create **large economic surpluses** that can spread throughout the economy and society
- But if the corridors do not generate the expected surpluses, they can become **wasteful white elephants**—transport infrastructure without much traffic
- And, if any net benefits are not fairly distributed across the population, corridors risk becoming **inequitable investments**

Case 1: WeCARE Project Context: An integrated approach over a longer time horizon



Transform a 260km of national highway (Bhomra-Satkhira-Navaron-Jashore-Jhenaidah-Bonpara-Hatikumrul) in the Western Region of Bangladesh into an “**Economic Corridor**”



Upgrade Program Corridor from existing two-lane single carriageway to four-lane with separate services lanes for slow-moving vehicles on each side.



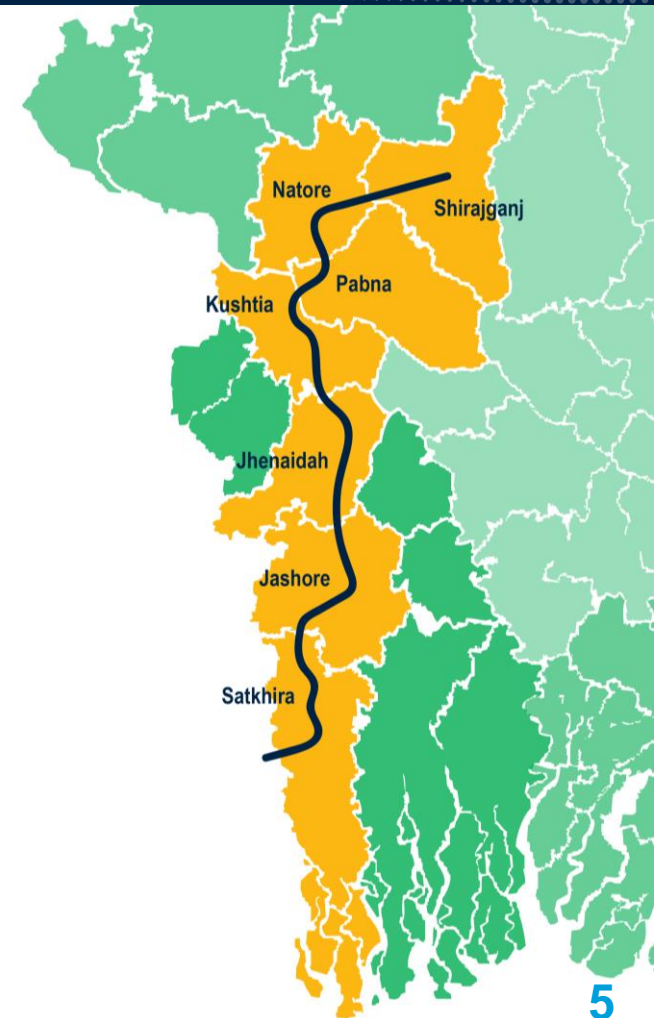
Deploy OFC along corridor to enhance digital connectivity in the Western Region and facilitate application of Intelligent Transport System (ITS)



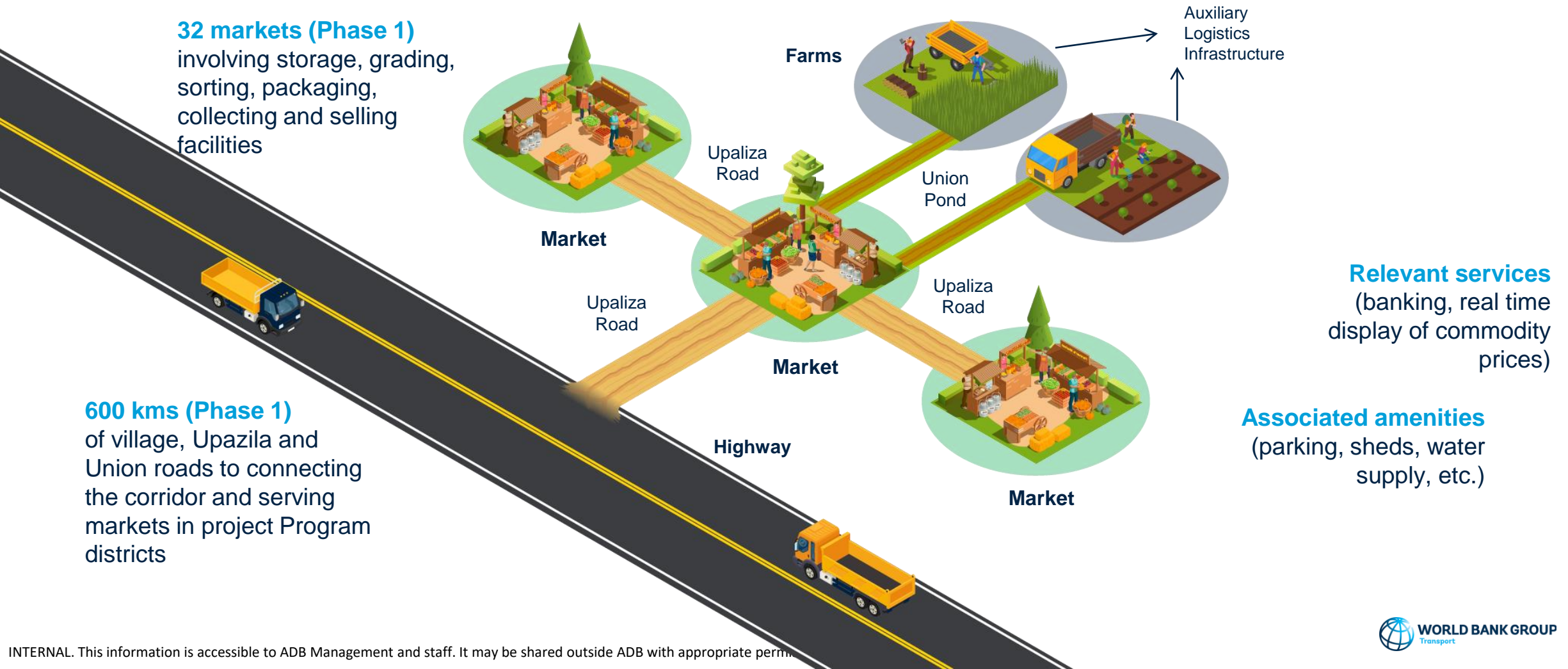
Contribute to employment generation and **economic recovery following the COVID-19 pandemic**



Pilot a **safe corridor demonstration program** to demonstrate the impact on reducing road crash deaths and injuries



Case 1: WeCARE Project Takeaway: selection of anchor investment and complementary interventions optimize the benefits of corridors



Case 2: Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS) Project Context

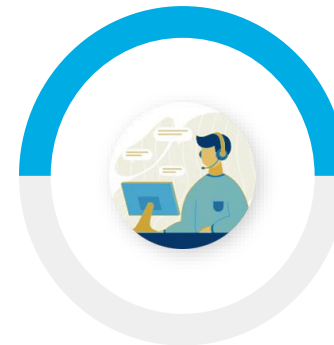
Multi-Phase Programmatic Approach: A series of linked transport and trade facilitation projects in the eastern South Asia designed to increase the efficiency and resilience of trade and transport along selected regional corridors.

- Multi-Phase Programmatic Approach (MPA)
- MPA Financing Envelope: US\$ 1.12 billion
- Approved June 28, 2022
- Duration: 2022-2029
- Phase 1 Nepal: US\$ 275 million (FY22)
- Phase 1 Bangladesh: US\$ 753million (FY22)
- Phase 2 Bhutan: US 100 million (FY23/24)

Participation in the MPA enables IDA countries to access additional financing through the World Bank's **Regional IDA Window**.

Program Development Objective: To increase the efficiency and resilience of trade and transport along selected regional corridors in the eastern South Asia

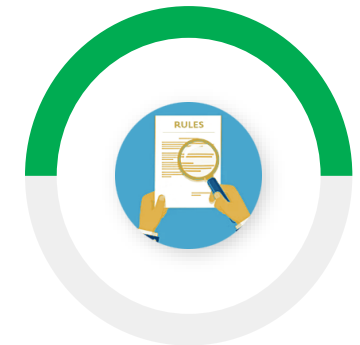
Program Framework:



**Digital Systems
for Trade**



**Green and Resilient
Transport and Trade
Infrastructure**



**Institutional and policy
strengthening for
transport and trade**



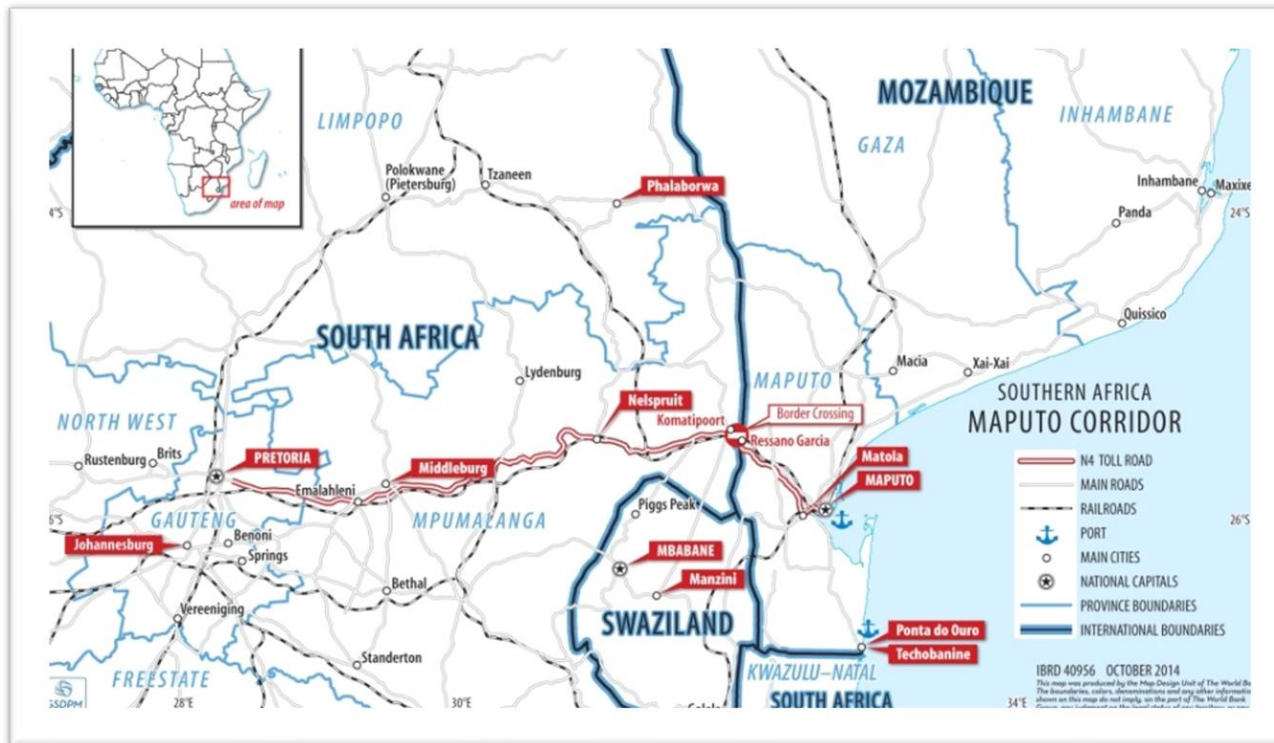
Case 2: ACCESS Project Takeaway: beyond physical infrastructure development, focus on harmonization of policies and improving efficiency of trade/transport facilitation



- **Harmonization of policies/procedures** essential for unlocking efficiencies; e.g., rolling out One Stop Border Posts (OSBPs), implementation of WTO TFA provisions
- **Enhancing port efficiency** through digitization e.g., the development of a digital border management system; simplified and paperless processes
- **Peer learning and capacity building platforms** can promote common understanding among countries, enhance technical cooperation, and address NTBs



Case 3: Maputo Corridor Context: an example from Africa



- **Long history of collaboration** between Mozambique and South Africa, going back to the late 1800s.
- **Conceived as a spatial development initiative (SDI)** to "unlock the inherent potential" of specific spatial locations in both countries
- **Dev of corridor infrastructure** with objective to rehabilitate the primary infrastructure network along the corridor, notably road, rail, port dredging, and border posts
- **Holistic investments** included transmission lines, Joburg-Maputo Highway PPP, Port of Maputo PPP, Pande-Secuda Gas line PPP, Joburg to Maputo Railway line upgrade

Case 3: Maputo Corridor Takeaway: multi-stakeholder participation, political support, private financing, and institutional setup ensure sustainability

What has been the impact?

Improved corridor performance

Increase in tourism and trade flows

Investment in infra and services

Expansion of cities/centers

Strong multi-stakeholder participation

Active platform to address operational efficiencies

- **Multi-stakeholder engagement:** engage relevant stakeholders in corridor activities, although the set of relevant stakeholders may vary over time
- **Political leadership/will:** alignment of regional and national interests across participating countries; central buy-in and coordination
- **Institutional framework:** developing institutions which can operate across geopolitical boundaries and attract private investment
- **Private financing:** concessioning infra to link usage to financing; conditional on 3rd party access

Opportunities for the Middle Corridor: Connecting Europe to Asia



- Increasing importance due to **geopolitical developments** in the region
- Need to **understand its potential to support trade and development** in the countries it crosses and the current constraints that need to be addressed e.g.,:
 - Understand the nodes that are going to benefit;
 - Capacity constraints to be addressed thru infra investment;
 - Policies that could help reduce delays;
 - Potential to develop new value chains
- The **WB is currently preparing a study** on the MC to better understand these issues

Corridors - Creating Opportunities through Partnership: How can development partners support the ECD agenda?

- **Co-finance well-designed ECD projects:** Collaborate to continue co-financing ECD projects, and mobilizing financing
- **Coordinate to ensure complementary approach:** Sharing information on pipeline/current projects, holistic and complementary interventions, and lessons learned
- **Promote knowledge, advocacy + communications:** Building the evidence base thru analytical/knowledge work on ECD and dissemination
- **Build trust and enhance political will:** identify corridor champions, promote peer learning platforms, build technical cooperation/understanding





THANK YOU

Shruti Vijayakumar

svijayakumar@worldbank.org

