

10th BUSINESS OPPORTUNITIES FAIR 2019

ADB

Thematic Opportunities —Regional Cooperation and Integration

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Overview



- RCI and ADB Strategy 2030
- RCI Trends and Challenges
- New RCI Operational Directions
- ADB RCI Portfolio 2016-2018
- Future RCI Operational Focus Areas
- RCI Business Opportunities
- RCI Issues for Consideration



RCI is one of the 7 Operational Priority Areas under Strategy 2030.

- **Historic area of comparative advantage for ADB**
 - Mandate and roles
 - Subregional groupings
- **Unique transboundary opportunities and challenges**
 - Address positive spillovers and negative externalities
 - Impact key economic sectors and thematic areas
- **Cooperation among DMCs**
 - Mechanisms for addressing transboundary issues
 - Stronger collective voice in global trade, investment, and environment/climate frameworks



RCI trends and challenges

Infrastructure connectivity

- Attention to quality subsector integration, software focus, and new technology for efficiency, and productivity of physical infrastructure connectivity
- Need 'Green' infrastructure (less energy-intensive and less natural resource-intensive)

Financial sector

- More interconnected but still too bank dominated
- Requires partnerships to support cross-border financial flows
- Requires policy and regulations for data flows and to protect against risks

Trade and investment

- Requires effective regional building blocks to underpin the multilateral trade system
- More countries, business segments and sectors to participate in the trade and investment flows and global value chains



RCI trends and challenges



Inequality

- Need to reduce the risk of widening of spatial and skills premium inequality from global and regional trade and FDI

Climate Change

- Economic growth, population changes and urbanization are creating green house gas emissions, natural resource consumption and pollution and related health risks for the region
- Regional action is needed to complement national efforts

RCI and the Sustainable Development Goals





New RCI Operational Directions

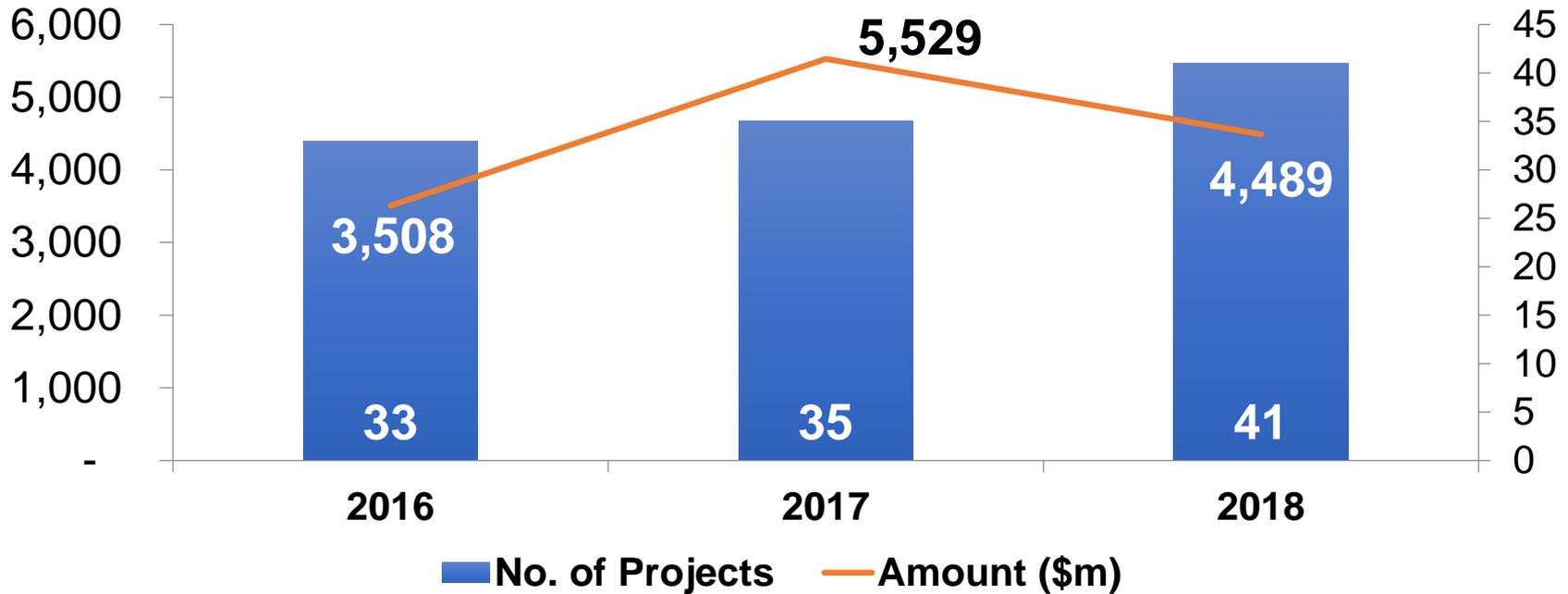
Strategic Operational Priorities	Operational Approaches
Greater and higher quality connectivity between economies	<ul style="list-style-type: none">○ Technologically advanced cross-border infrastructure○ ‘Soft’ infrastructure○ Renewable energy and sustainable transport connectivity○ Cooperation among DMCs
Global and regional trade and investment opportunities expanded	<ul style="list-style-type: none">○ DMC implementation of global and regional trade and investment agreements○ Economic corridors○ Regional financial cooperation○ Cooperation among DMCs
Regional public goods increased and diversified	<ul style="list-style-type: none">○ Regional climate change mitigation and adaptation○ Environment and sustainable tourism○ Regional education and health services○ Cooperation among DMCs



ADB RCI Portfolio 2016-2018



ADB RCI Project Commitments, 2016-2018



- 3-year average lending volume for 2016–2018 at \$4.5 billion
- RCI lending peaked in 2017 at \$5.5 billion



ADB RCI Portfolio 2016-2018

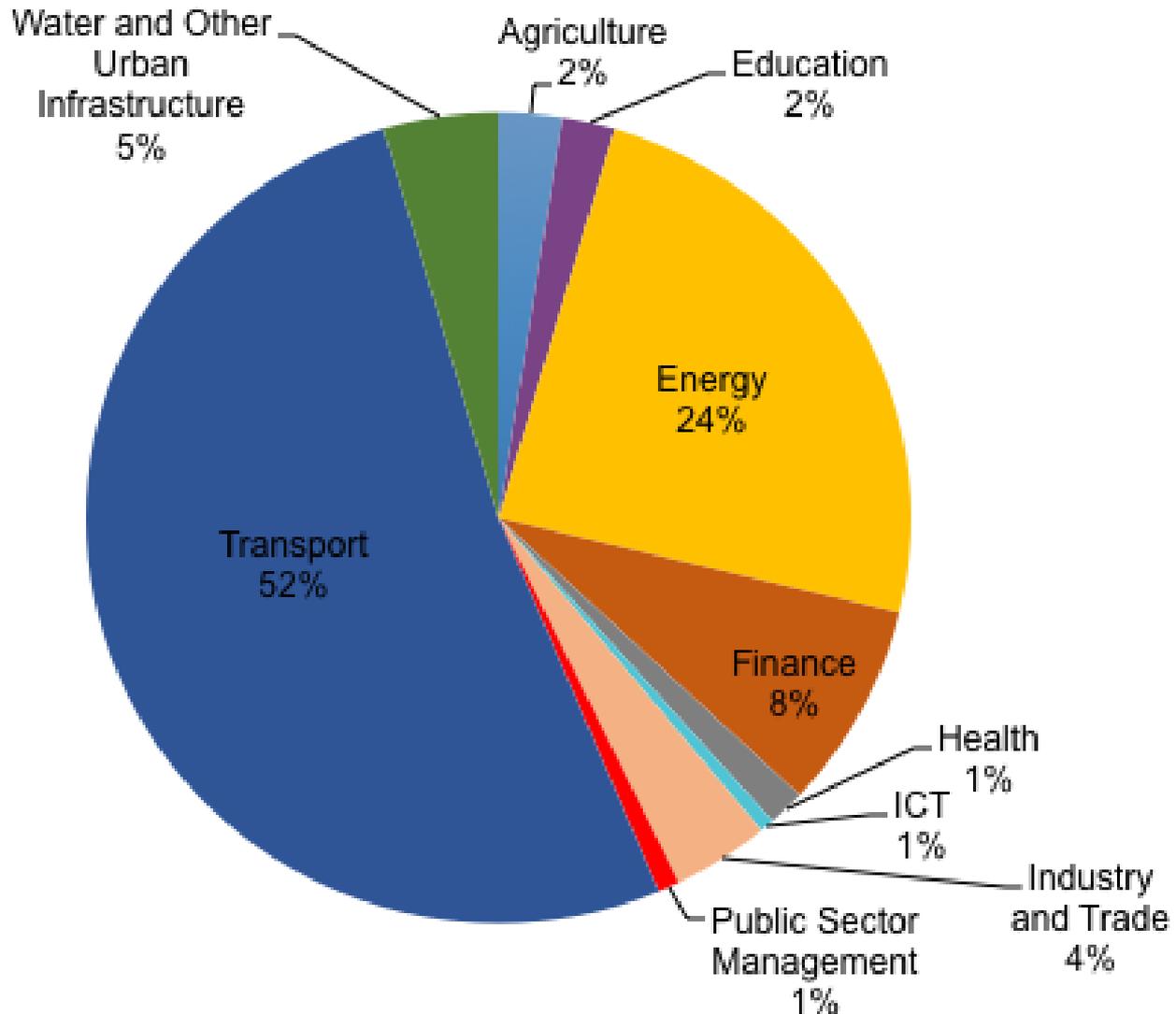


- TRANSPORT and ENERGY still comprised the bulk of RCI projects but year-on-year shares show a declining trend in these sectors.
- Support for more nascent sectors in RCI operations is expanding.
- Central and West Asia received the largest share of RCI funding.



ADB RCI Portfolio 2016-2018

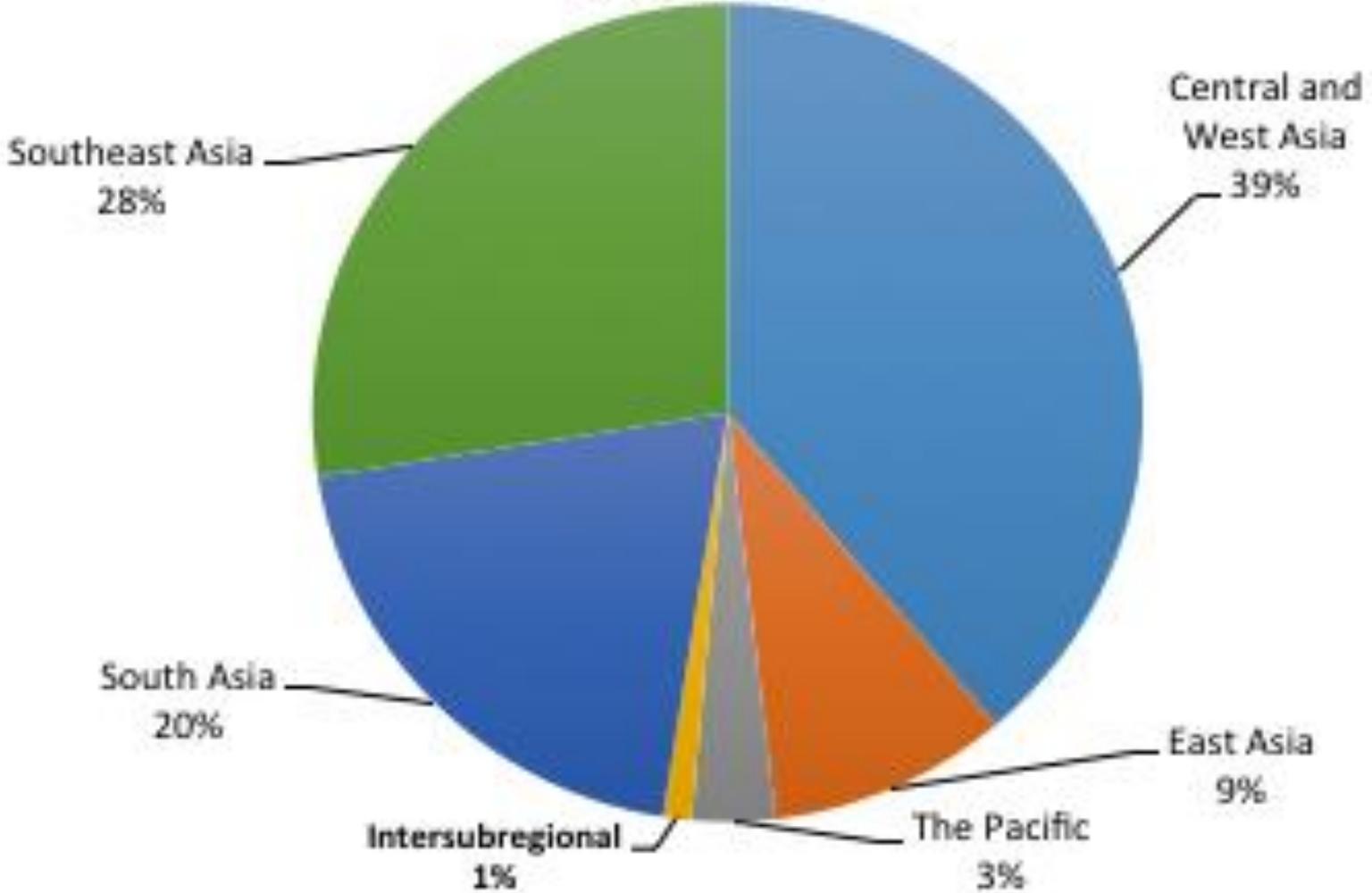
ADB RCI Commitments by Sector, 2016-2018





ADB RCI Portfolio 2016-2018

ADB RCI Commitments by Subregion, 2016-2018





Future RCI Operational Focus Areas



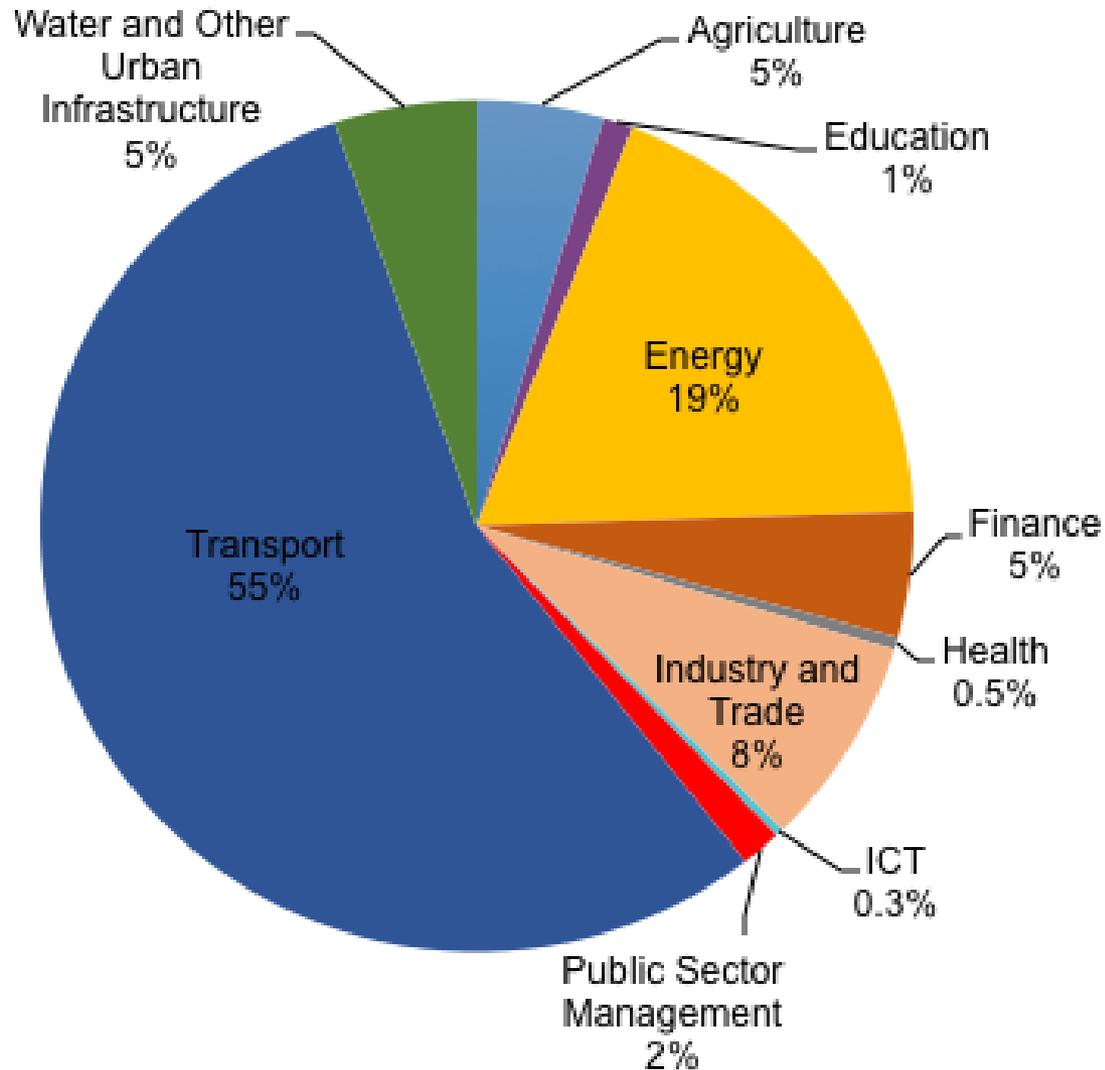
- Technologically advanced and multimodal cross-border transport, and ICT-based cross-border infrastructure
- Cleaner energy
- Cross-border economic corridors
- Regional cooperation among financial intermediaries, and regional financial stability
- Environmental protection and sustainable management of shared natural resources



Future RCI Operational Focus Areas

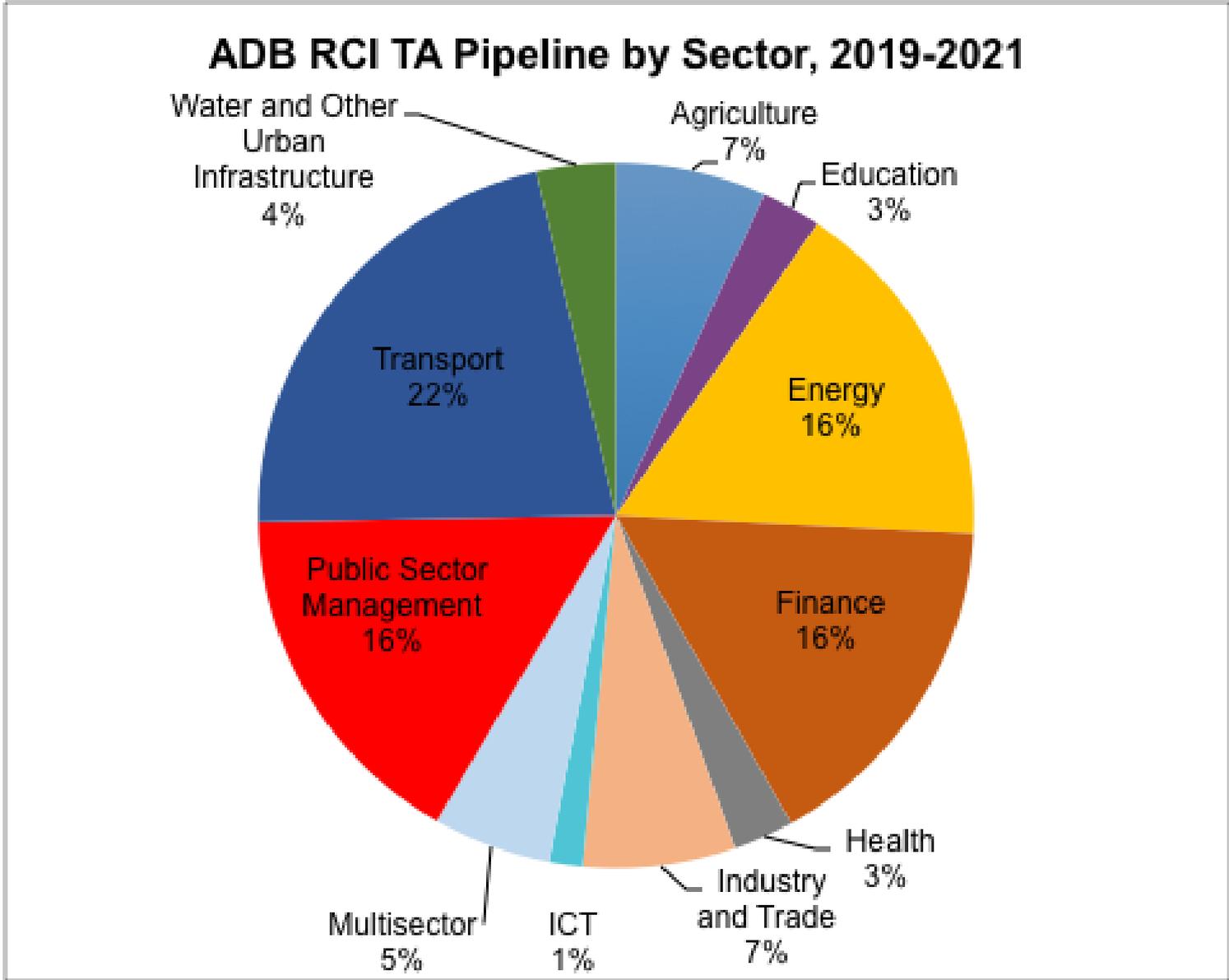


ADB RCI Project Pipeline by Sector, 2019-2021





Future RCI Operational Focus Areas





RCI Business Opportunities



Area	Examples
Procurement	Connectivity infrastructure Economic corridor projects
Consultancy services	Sector-based economic analysis and project preparation/design
Technical Assistance	Business research skills, RCI economics, financial sector integration
Nonsovereign projects across borders	Agricultural value chains, logistics systems, digital technologies at border crossing points, virtual trade



RCI Issues for Consideration



- Maintain strong support for RCI in the ADB portfolio
- Achieve greater diversity in the RCI portfolio by sector and subsector
- Increase non-sovereign and PPP projects (e.g. Agricultural Value Chain Development Project)
- Support inter-subregional RCI operations



Example – PRC IMAR RCI Promotion



- Support PRC-MON cooperation under CAREC
- Total cost \$840 mn, ADB loan \$420 mn
- Multisectoral and cross-thematic approach
- Key outputs
 - Cross-border connectivity (BCP/BEZ roads, quarantine/inspection facilities for agri/animal trade, logistics, trade exhibition centers, etc)
 - Environmental and medical services in border towns
 - SME development (FIL, BDS, pilot of BDS support for female entrepreneurs)
- Varieties of consulting services needed



Thank you!

For further information, please contact:

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