

Economic Corridor Development: From Conceptual Framework to Practical Implementation

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ADB

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Introduction: Some preliminaries

- Spatial ECD and transport
- Spatial: FEAs
- Spatial: geographical area with good economic potential and “right infrastructure, right policies, right institutions” to attract and generate private activity
- Not a magic bullet: one of many tools for policy makers, but potentially with large benefits
- Potential negatives: environment, inequality (economic and social), wasteful expenditures, rent seeking and corruption

Outline

- I. Rationale for Refined ECD Framework and Operational Guidelines
- II. Proposed Refined ECD Framework
- III. Four Zones for Operationalizing the Framework
- IV. Guiding Principles for ECD
- V. Cross-cutting issues
- VI. Potential Pitfalls
- VII. Mainstreaming ECDs into ADB Operations: Issues and Considerations

Rationale for Refined ECD Framework and Operational Guidelines

- ADB early pioneer of ECD in RCI
 - Cross-border transport routes + transport and trade facilitation an RCI staple for over two decades
- This linear, transport-centric ECD model is diminishing in utility over time due to:

its own success

changes in international trade and value chains

accumulated experience

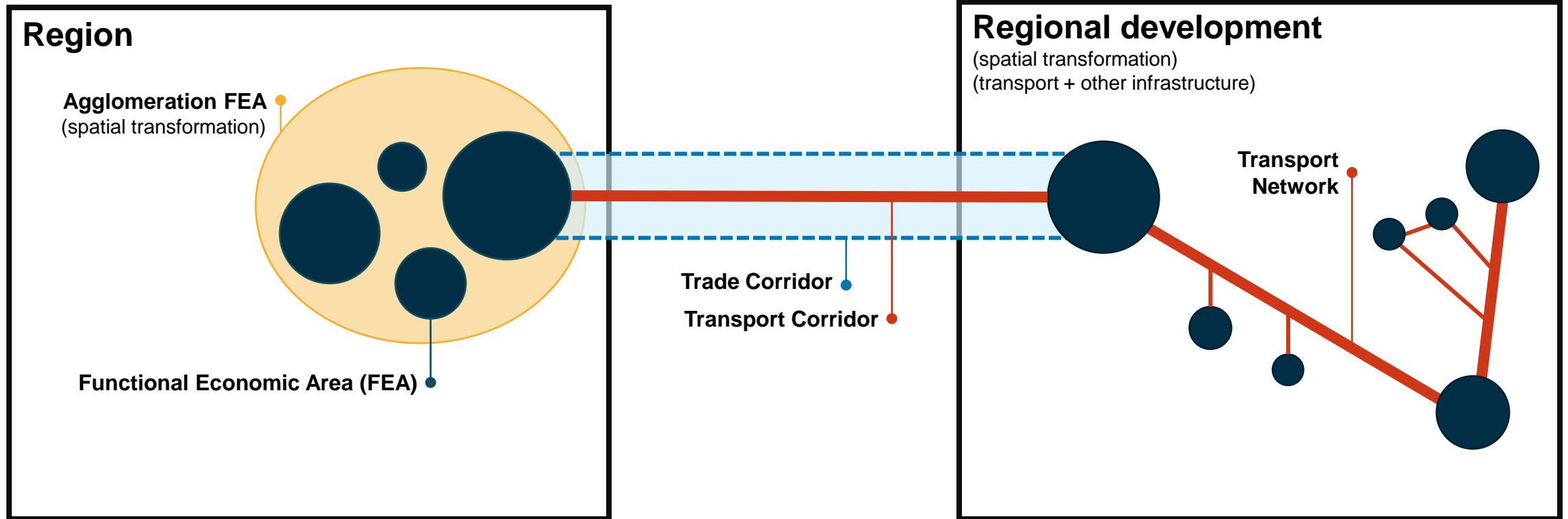
- Countries seek more ambitious ECD programs, shifting to spatial ECD approach

Proposed Refined ECD Framework

- *ECD is a spatial or area-based concept*

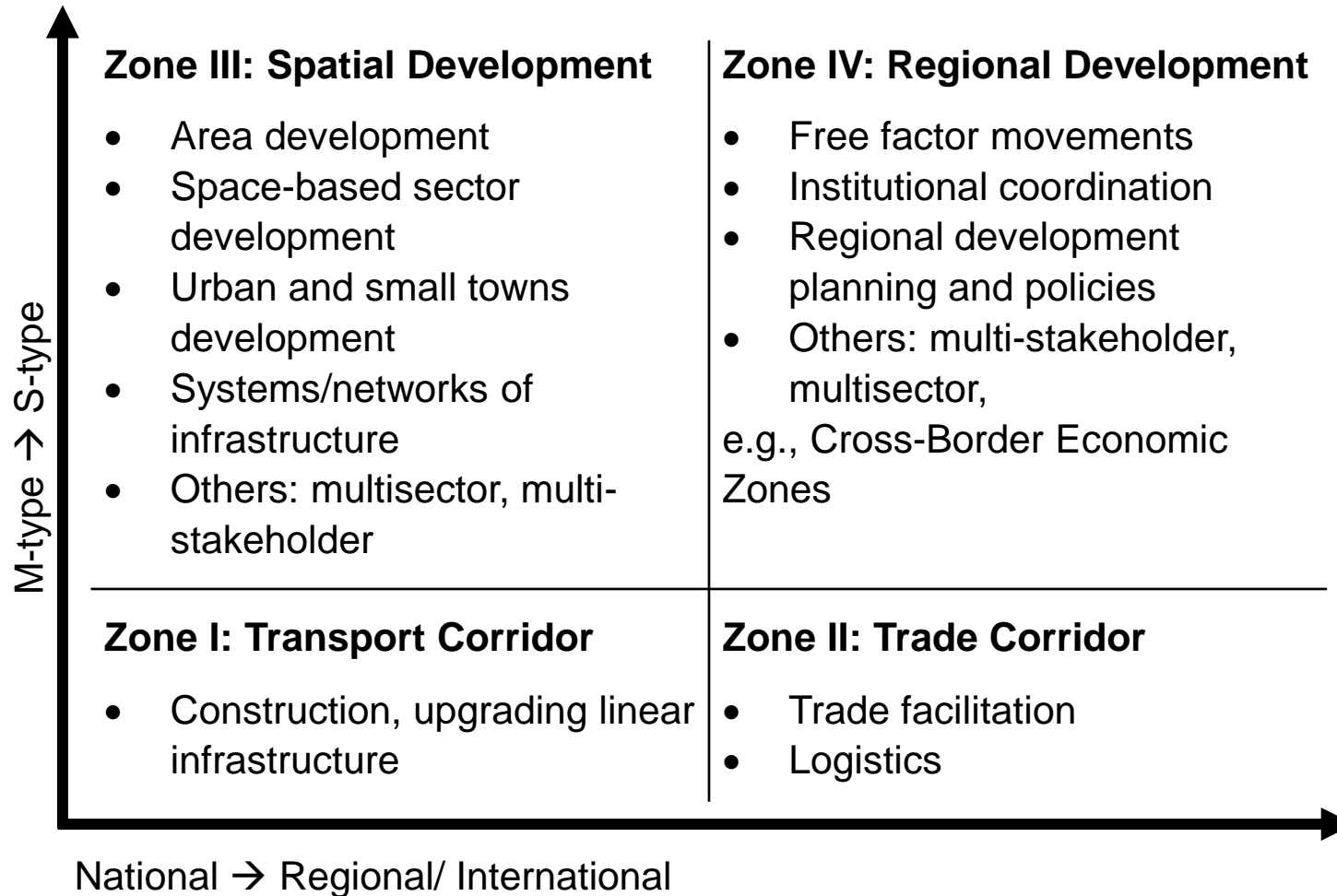
A process of widening and deepening economic activities in a defined area through integrated provision of diverse hard- and soft-infrastructure, sound economic incentives to attract private firms and investments, development of (new) markets, and strengthened institutions and regulations.

M-type versus S-type Corridors



**Spatial approach rejects the “Butterfly Model” of ECD underlying old approaches:
M-type corridors are not considered as ECD, only S-type corridors are ECD**

Four Zones for Operationalizing the Framework



Guiding Principles: Six Stages for ECD

- Operational stages in designing an ECD can be quite similar for all four ECD Zones

1

- **Corridor conceptualization and/or proof of concept**
 - The overall vision for the corridor considering its form, the problems it will solve, its technical justification etc.

2

- **Initial stakeholder consultations and early-stage MOU**
 - Participating governments show their support for the proposed ECD

Guiding Principles: Six Stages for ECD

3

- **Detailed strategic feasibility study**
 - Develop the proof-of-concept into a formal and extensive strategic feasibility study.

4a

- **Master plan, project prioritization and pipeline**
 - Plans need to be detailed and formalized. ECD master plan and project pipeline are incorporated into the development plans and investment programs.

Guiding Principles: Six Stages for ECD

4b

- **Institutional Coordination Mechanism**

- ECD will require extensive coordination and stakeholder consultations formalized mechanism through inter-government agreements or MOUs along with their financing.

4c

- **Resource mobilization, partnerships**

- Agreed masterplan should be accompanied by resource mobilization, particularly private sector and development partners

Guiding Principles: Six Stages for ECD

5

- **Individual project development, design and implementation**

6

- **Monitoring and Evaluation**

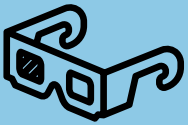
Cross Cutting Issues

- **Role of Public Sector:** higher in the earlier stages of ECD, particularly for cross-border territories. Public sector capacities will affect ECD design and implementation pace.
- **Governance issues:** Weak political and economic governance is a barrier to domestic and foreign investments; to negotiating amongst diverse stakeholders differentially affected by investments and policies.
- **Social inclusion and environmental impacts**

Potential Pitfalls

- Based on empirical experience, several potential pitfalls can interfere with successfully implementing an ECD program.
 - **lack of adequate institutional structures;**
 - ability of **vested interests** to continue corrupt practices;
 - **poor coordination** amongst multiple stakeholders;
 - **lack of consensus** amongst different governments; and
 - **implementation weaknesses** at project level for land acquisition, clearances and others.
 - **improper design** due to political interference or poor technical and economic analytical effort and inadequate resource mobilization.

Mainstreaming ECD into ADB Operations: Issues and Considerations



ADB will need to be innovative and take stronger approach



ADB starts with considerable advantages



But there are also some challenges

ADB

Thank you for your attention Q & A

