

Summary Points

Quality Regional Connectivity for a Post Pandemic Future

27 May 2021

We are pleased to conclude the joint-MDB Webinar on Quality Regional Connectivity for a Post Pandemic Future.

Dr Joachim von Amsberg, Vice President (Policy and Strategy) of AIIB, kicked off the discussions by highlighting a few key shocks in recent years

- Political disruptions
- Technological shocks
- Environmental wake-up call
- Pandemic

As countries emerged from crisis, infrastructure investment would be a key opportunity for triple benefits: short term economic boost, securing long term growth, and accelerating transition to net-zero carbon economy. The coming post-crisis investment boom was thus an opportunity for more infrastructure investments. Multilateral development banks (MDBs) would not be able to meet all investment need but could help private sector through mitigating investment risks. Areas of opportunities included:

- Greening energy sources and systems
- Cross border energy trade – electricity and non-fossil fuels
- Relocation of production towards renewable sources
- Greening of transport and logistics – toward rail systems and cleaner fuels
- Digital infrastructure and services, technology that would generate economic values but with lower carbon emissions

Joachim stressed the need to set much more ambitious targets and to prevent complacency and business as usual from emerging.

Mr. Wang Zhongjing, CEO of the Multilateral Center of Development Finance (MCDF) shared that his institution would leverage resources to sustain the economic recovery. MCDF would work with three key features:

- Connectivity
- Quality

- Partnership

Firstly, digital connectivity played a decisive role in pandemic – contact tracing, digital payment systems and commerce. It was essential to scale this up to ensure inclusive economic growth.

Secondly, there was no shortcut to better future, and quality of infrastructure is a key principle. The whole value chain approach towards infrastructure investment was necessary for quality, starting from planning, to design, and to engineering. Upfront investment in project design could create high standards, improve project safeguard and reduce environment impact.

Thirdly, multilateralism remained key. The lack of coordination and capacity was a limiting factor towards connectivity projects. MCDF will work with partners to seek convergence towards high standards. There were good examples of such collaboration (e.g., cross border electricity trade from hydropower, trans-African highways). Zhongjing also shared that building trust across various stakeholder groups – whether bilateral or multilateral – was key to managing geopolitical shocks.

The infrastructure gap for developing economies was already large prior to pandemic. The lack of resources post crisis would represent an implementation risk. For example, developing economies need significant resources in their transition towards net zero. International cooperation would be needed to address this.

Dr. Pear Mohammad, Additional Secretary of MOF Bangladesh, highlighted that South Asia would continue to be the fastest growing economic region. The key was to ensure that “no one is left behind” in this growth process.

Bangladesh would utilize proposed plans for South Asia under South Asian Subregion Economic Cooperation (SASEC) and connectivity initiatives with the other regions. SASEC operational plans were updated in 2019 to address gaps in energy and transport networks. Bangladesh would seek to connect its main port with 3 economic corridors

- Bay of Bengal highway
- Nepal – Bhutan – Bangladesh North-South corridor
- North Bangladesh – India corridor

Pear shared that Bangladesh could become a transport hub between Myanmar and India, as well as for landlocked economies. Bangladesh gas pipeline was such an example, it could be expanded to connect and serve the region. South Asian economies should work together to help companies conduct regional sourcing. This could improve the resilience of production and value chains.

Dr. Kelvin Leung, CEO of DHL Global Forwarding, presented the latest DHL Global Connectedness Index (GCI), which measured the outcomes of connectivity – covering trade, information, capital, and people flows. GCI declined at the start of the pandemic but improved towards late 2020. Some highlights:

- Governments continued to allow infrastructure facilities to operate even during lockdowns, but people connectivity continued to be highly impacted
- More connected countries fared better during the pandemic
- Significant surge in data and information flow in second half of 2020. Governments were also accelerating their digitalization drive
- Sectors affected by US-China trade disputes saw decline in connectedness

Kelvin further added that production lines from China were already migrating to South East Asia, South Asia, and Africa prior to trade war or pandemic, due to cost pressures in China. The Regional Comprehensive Economic Partnership (RCEP) had the potential to boost regional connectivity.

It was important to note that flexible work arrangement would become permanent. Office locations would be spread out to multiple locations, in different clusters. Connectivity within the organization would become important for effective work. Finally, company boards now paid close attention to business continuity and supply chain risks. DHL would assist customers to map and address such risks.