Jointly Building Belt and Road towards SDGs

DESA BRI-SDGs project and preliminary research findings for Myanmar

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Outline:

1. Implications of BRI for Sustainable Development
2. DESA BRI-SDGs project
3. Preliminary findings from Myanmar case study
Five Cooperation Priorities

**People-to-people Bond**
Promoting people-to-people exchanges and friendly cooperation

**Policy Coordination**
Promoting inter-governmental cooperation and building a mechanism for policy exchange and communication

**Financial Integration**
Deepening financial cooperation and promoting financial system development

**Unimpeded Trade**
Removing investment and trade barriers, and creating a sound business environment

**Facilities Connectivity**
Strengthening infrastructure planning and construction, and achieving facilities connectivity
Sectoral and Regional Analysis

Investments in BRI corridor economies by industry:
- Energy and electric power: 48%
- Chemical engineering: 13%
- Transportation and shipping: 25%
- Construction and real estate: 7%
- Metallurgy and mining: 4%
- Other: 5%

Investments in BRI corridor economies by region:
- East Asia and Pacific: 34%
- Europe and Central Asia: 32%
- Sub-Saharan Africa: 2%
- Middle East and North Africa: 13%
- South Asia: 19%

Source: World Bank, based on USD577bn of investments in the World Bank’s assumptions. This includes projects in the planning phase.
Implications of BRI in relation with the UN SDGs

➢ **Goal 1** - Eliminating Poverty: It is estimated that BRI transport projects could help lift 7.6 million people from extreme poverty ($1.90 a day) and 32 million people from moderate poverty ($3.20 a day).

➢ **Goal 8** - Decent Work and Economic Growth: World Bank suggests that trade will grow from between 2.8-9.7% for corridor economies and between 1.7-6.2% for the world.

➢ **Goal 9** - Industry, Innovation & Infrastructure: Low-income countries are expected to see a significant 7.6% increase in FDI due to the new transport links.

➢ **Goal 10** - Reduced Inequalities: affordable public transport could help to reduce inequalities, particularly public service access inequalities.
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UN DESA BRI-SDGs project: www.brisdgs.org
Project activities: www.brisdgs.org

- Modelling tool
  - Simulations of investment/policy
  - Online user-friendly tool
  - In-depth training if requested

- Policy dialogue & capacity building
  - National workshop
  - Regional workshop
  - Global events (HLPF, DCF, SSCF)

- Analysis and reports (policy recommendations)
  - National report (interim 2019, final 2020)
  - Global synthesis report (interim 2019, final 2020)
Enhanced WEFM (WEFM-e)

Create simplified (reduced-form) version of complex non-linear relationships for

- TFP adjustment with gov./private infrastructure investment and human capital - skilled ratio of labor force
- Employment - Male/female! labor participation rate
- Consumption and investment behavior in relation to expected growth and the real interest rate
- Fiscal sustainability
- Poverty reduction - World Bank LTGM
- Environmental impact - CO2 emission
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Myanmar and BRI

- Myanmar mid-term macroeconomic outlook remains favorable (though with some near-term downside risks).
- SDG spending gaps in health, education and infrastructure are large - estimated additional investment at 13% of GDP needed.
- The China-Myanmar Economic Corridor (CMEC), signed in Sept. 2018, will run from China’s Yunnan Province to Mandalay in central Myanmar, and then east to Yangon and west to the Kyaukphyu Special Economic Zone.
- Priorities under BRI cooperation: infrastructure; manufacturing; agriculture; transport; finance; human resource development etc.
Simulation for Myanmar case

- Official BRI data is very limited

- Hypothetical $10 billion investment in a limited 5-year period (2015-2019)
  - to be updated with real data
WEFM-e Simulation results (1)
WEFM-e Simulation results (2)
WEFM-e Simulation results (3)
WEFM-e Simulation results (4)

Budget Balance

Debt-to-GDP ratio
WEFM-e Simulation results (5)
WEFM-e Simulation results (6) - employment

Labor force participation

- Modified_Female
- Modified_Male
- Original
- Modified
WEFM-e Simulation results (7) - Environmental Impact

CO$_2$ emission (kt)
Key messages:

- Faster TFP growth, faster growth of trend productivity, faster potential output growth.
- GDP grows faster during the hypothesized BRI investment, and recover to higher rate after the hypothesized BRI investment ends.
- Output gaps hikes during the hypothesized BRI investment period (2015-2019), and afterwards approaches to the original forecasting path.
- Debt is increasing quickly, partially due to the assumption of no remedial policy by the Government.
- Country risk premium also raises sharply, which leads real interest rate to grow.
- Poverty headcount rate increases initially (probably due to the original economic slowdown); however, once the BRI investment comes in force and drives up the GDP, headcount rate falls steadily in subsequent periods.
- CO2 emissions rise moderately.
Future work on WEFM-e

- Data!
- Environment and other areas
- Calibrations
- Region-integrated simulations
- + Qualitative studies
Q & A
Thank you!

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