Optimizing development impact of Belt and Road investment on Sustainable Development Goals

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Ulaanbaatar
5 September 2019
Jointly Building Belt and Road towards SDGs

Outline

Sustainable Development Goals

Initiation of the BRI-SDGs project

Collaboration between DESA and Mongolia
UN Sustainable Development Goals (2016-2030)

- Overarching and transforming agenda
- 17 goals and 169 targets
- poverty, inequality, education, health, industry, jobs, environment, and many more.
- Public and private sector, NGOs, academia, international partners to implement together
UN SDGs – synergies and trade-offs

- Income growth
- Job creation
- Poverty reduction
- Inequality
- Quality of education
- Health
- Environment
- Disaster risk reduction
Belt and Road Initiative

Five Cooperation Priorities

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

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

3. **Financial Integration**
   - Deepening financial cooperation and promoting financial system development

4. **Facilities Connectivity**
   - Strengthening infrastructure planning and construction, and achieving facilities connectivity

5. **Unimpeded Trade**
   - Removing investment and trade barriers, and creating a sound business environment
Infrastructure gap

Quality of Transport Infrastructures

Source: World Economic Forum Global Competitive Index 2017
UN DESA project on BRI and SDGs

- **RESEARCH:** Careful analyses of the potential socio-economic impacts of BRI on trade, investment, employment, growth, and the environment.

- **NETWORKING:** Develop an institutional network among the countries along the BRI to promote and harness these activities for the acceleration of the SDGs;

- **TRAINING:** Build national capacity to use the forecasting and analysis tool
UN DESA BRI-SDGs project countries
UN DESA project activities

www.brisdgs.org

Modelling tool
- Simulations based on national data
- Online user-friendly tool
- In-depth training if requested
- National consultant

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

Reports (policy recommendations)
- National report (interim 2019, final 2020)
- Global synthesis report (interim 2019, final 2020)
UN DESA support to Mongolia

- Align the project with monitoring and implementing SDGs in Mongolia
- Country specific information on SDGs
- Participation or co-organization of national workshops, regional workshops, and global events (e.g., HLPF).
- In-depth training workshop on modelling

Any other way of working together?
Jointly Building Belt and Road towards SDGs

THANK YOU!

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Lessons learned from others
Policy dialogue in Kyrgyzstan

• Policy dialogue on 16 October 2018 in Bishkek, Kyrgyzstan.
• Kyrgyzstan aims to utilize its transit potential and attract foreign investment into its own transport infrastructure projects.
• Important to evaluate the possible effects of investment and the needed policies and institutional reforms.
• Some of the infrastructure and policy reforms envisaged will be difficult to implement, creating risks ranging from fiscal sustainability, to negative environmental and social implications.
• There are also potential economic shocks created by the reduced trade costs that will require policies to deal with the adjustment and the lagging and negatively affected territories.
• Opportunities for growth and poverty reduction will likely be contingent on appropriate macroeconomic conditions and supportive institutions and will differ for different regions and different social groups depending on their comparative advantage, initial conditions and ability to reform.
Policy dialogue in Lao PDR

- Policy dialogue on 6 November 2018 in Vientiane, Lao PDR
- The quantitative analysis from the WEFM model is highly expected to provide policy options to the Lao government in order to maximize the gain from investment activities respected to the limitation of Lao economy and its resources.
- Interested to assess the impact of China-Lao railway project and its spillovers on the SDGs at the national level. The project is suggested to do analysis at the provincial level or local communities, so as to answer questions like what economic sectors in which areas/locations along the route of railway that Laos should promote to maximize the benefits for the country.
- Concerns on data availability for the analysis and WEFM model since the data particularly several indicators of SDGs in Laos and other macro statistics is limited.
Policy dialogue in Cambodia

- Policy dialogue on 11 December in Phnom Penh, Cambodia.
- Reviewed the national strategies and plans, in particular the “Socio-economic Policy Agenda” - the Rectangular Strategy-Phase IV. The identified priorities namely, human resource development, economic diversification, promotion of private sector development and employment and inclusive and sustainable development are believed to be well aligned with SDGs.
- Reviewed available data to support project research, and agreed that availability of data is the main key constraint for this project. Not all investment activities have appropriate data available. the data on gross fixed capital formation by type of fixed assets and industries and FDI inflow by industry and sub-industries as well as other relevant data at a disaggregated level are not available for public consumption.
- Concerns also were raised about the debt. A policy maker from Ministry of Economy Finance responded that the government was very cautious about debt level. The Government only borrowed for productive sector such as building road bridge and other infrastructure. As a small open economy and low-income country Cambodia should borrow to increase future production capacity.
Policy dialogue in Kazakhstan

• Policy dialogue on 13 December, Almaty, Kazakhstan.
• Concerns were raised on how the national policy is shaped to fully capture the opportunities provided by the investment and to mitigate its possible risks.
• Investment in connectivity would most probably positively impact some of the SDGs, such as: Goal 1 No Poverty; Goal 8 – Decent work and economic growth; Goal 9 Industry, Innovation and Infrastructure; Goal 17 Partnerships for the Goals.
• For other SDGs the comprehensive state policy is required in order to increase the positive impact and mitigate risks, especially concerning the environmental impact and sustainable development. In general, the infrastructure development and industrial production are more relevant to Kazakhstan.
• Reviewed the availability of the data and noted that there are several issues in concern: There is no publicly available register of the projects with the status update on the implementation of the large investment projects; the transparency of the deals between private enterprises that got funding from outside donors in regards to the terms of such arrangements. This could potentially lead to inaccuracy of the data that will be used for the analysis and WEFM model; On the trade statistics there is an issue with significant discrepancies.
Policy dialogue in Thailand

• Policy dialogue on 15 January 2019, in Bangkok, Thailand.

• Six ongoing large scale investment projects. The focus of the research is on the Bangkok-Nong Khai railway projects.

• Examined the macroeconomic accounts and financing details on Bangkok-Nong Khai rail projects, agreed that the Bangkok-Nong Khai rail projects would represent a significant portion of infrastructure expenditure with external debt to be taken on.

• Investment projects’ impact on the SDGs and highlighted at least 3 SDGs to be directly influenced. Goal 1, Eliminating Poverty: Thailand’s national goal is to become a high-income economy; Goal 9, Industry, Innovation and Infrastructure: the Thai government aims to provide effective, green and safe, inclusive and innovative transport for all, under Thailand’s 20 year Transportation Development Strategy; Goal 15, Life on Land: Thai government has committed to increasing forest cover area to 40% of total land area.

• The government should engage with stakeholders to share an understanding of the potential impacts of the rail projects, on the environment, economy and society. It is believed that building the High-Speed Rail may have a broader positive impact on tourism, access to public services, construction and logistics industries as well as reduction of pollution.
Cross-Border Economic Zone
- Thai Ministry of Commerce signed an MOU with the Mekong Institute.
- 4 Chinese-funded projects will promote trade amongst Lancang-Mekong countries.

Denchai-Chiang Khong
- Dual track construction, bidding expected in March 2019
- Budget - 85 bn baht

Bang Yai-Kanchanaburi Motorway
- Motorway will potentially connect with Dawei Special Economic Zone in Myanmar
- Budget - 49.1 bn baht

Bangkok - Nong Khai
- High-speed rail from Bangkok-Nong Khai
- Dual track upgrade from Bangkok-Nong Khai

Laem Chabang-Qinzhou
- Thai and Chinese government MOU: aims to increase the frequency of freight traffic to every day.

Thailand-Cambodia Railway
- Ban Klong Luk Border Station construction is nearly complete and expected to be operational in 2019.