UN DESA Project on Strengthening National Policy Capacities for jointly Building the Belt and Road towards the Sustainable Development Goals

July 2019
The Economic Analysis and Policy Division (EAPD) of the United Nations Department of Economic and Social Affairs (DESA) is implementing a multi-year, multi-country capacity development project, “Strengthening national capacities for jointly building the Belt and Road towards the Sustainable Development Goals” (hereafter referred to as the BRI-SDGs Project) until 2020.

Funded by the 2030 Agenda Sub-Fund of the UN Peace and Development Trust Fund, the project utilizes the World Economic Forecasting Model (WEFM) of EAPD/DESA as the basic analytical framework, expands its scope to cover more indicators associated with the SDGs, and includes policy instruments related to the priorities of the Belt and Road Initiative (BRI).

Aiming to strengthen capacities of national stakeholders to analyze and formulate more integrated policies, including through the use of modelling tools, the project contributes to enhancing engagement for policy dialogues among policymakers and experts from participating countries and international organizations.

Fourteen beneficiary countries have been covered by the project, including Azerbaijan, Bangladesh, Cambodia, Czech Republic, Georgia, Kazakhstan, Kyrgyzstan, Lao PDR, Mongolia, Myanmar, Romania, Serbia, Sri Lanka and Thailand. Target countries of the project are in various stages of development, and the project will promote knowledge sharing in the South-South and Triangular Cooperation frameworks.

Map: Beneficiary countries of the BRI-SDGs Project (2018–2020)
WEFM-e, an expanded version of the World Economic Forecasting Model, is a structural econometric macroeconomic model that provides quantitative analysis regarding impacts of infrastructure investment on GDP growth, productivity, labor, gender equality, poverty, debt sustainability, CO$_2$ emissions, etc. for the next 5 years.

**Project activities** include: 1) country specific research conducted by national consultants with the international modelling research team; 2) policy dialogues with national stakeholders; 3) regional workshops to share knowledge and coordinate policies; 4) global events to showcase progress towards SDGs and explore ways to maximize development impacts of BRI.

**Results are available on the project website** ([www.brisdgs.org](http://www.brisdgs.org)) which archives all the project documents and outputs, providing easy access for interested audience in the project countries and other Member States. The project website has been accessed by over 1,000 visitors from more than 30 countries on a monthly basis. The final report of the project will be made available in late 2020.

**Preliminary findings from selected target countries:**

**Bangladesh:** Significant impacts on poverty reduction and other socio-economic indicators are expected from simulated BRI investment based on historical trends. While the fiscal space and debt management should be closely monitored, the GDP growth boosted by infrastructure investment is expected to reduce poverty and gender gap in labor market. On the other hand, CO$_2$ emissions will rise along with income growth, calling for coordinated environmental policies.
Cambodia: Moderate growth impacts are indicated based on available limited investment data. While the potential output is expected to rise above the original trajectory while the investment lasts, the infrastructure investment plan based on the limited data may not have significant impacts on income growth, increase in labor market participation, and poverty reduction, as suggested by WEFM-e simulations.

Lao PDR: Significant social-economic spillovers with caution on the fiscal sustainability are expected from huge infrastructure investment (including high-speed railways and hydropower plants) financed under BRI. WEFM-e simulations suggest that positive and measurable impacts are indicated on: increases in labor force participation and jobs; boosted productivity growth; faster output growth; and reduced poverty level. Meanwhile, the planned investment could negatively affect fiscal space and debt sustainability to a remarkable extent, if no remedial policy measure is taken in those areas.
Kazakhstan: moderate economic impacts with possibly remarkable rise in CO₂ emissions is suggested based on the assumption of holding everything constant in the policy area. However, the data on BRI investment plans and progress is currently limited despite the large amount of investment announced in the country (e.g., transportation and energy sectors in particular). Further data availability may provide a more complete picture.

Kyrgyzstan: Despite the huge potential, the current investment flows are not big enough to bring significant impacts on income growth and poverty reduction. Currently, committed investment plans present only a slight increase in GDP growth while bringing substantive reduction in reducing gender gaps in labor market participation. If additional flows on infrastructure are secured, impacts on income growth, poverty reduction and gender equality could be further enhanced.
Thailand: Impacts on SDGs could be maximized with coordinated policies. Based on the projected investment in infrastructure, the preliminary simulation results indicate positive and measurable impacts on: poverty reduction; decreases in the gender employment gap; boosted productivity growth; and faster output growth. Meanwhile, fiscal position appears to remain relatively sound despite the huge planned investment scale.

WEFM-e will be further disseminated to provide diverse scenarios of infrastructure investment in all the beneficiary countries. The simulation results will be made available on the project website as a user-friendly online tool for policymakers, experts and other stakeholders.

Physical and virtual activities on enhancing national policy capacity are ongoing for all beneficiary countries. National policy dialogues to share initial findings with national stakeholders and to validate country-specific research will continue until the first half of 2020. Virtual policy discussion will be conducted on the project website to complement the national workshops, and to sustain the national policy capacity beyond the project cycle.

Knowledge sharing workshops will continue to be organized until 2020, including regional workshops in China, Georgia and Thailand, as well as global events during the High Level Political Forum, the South-South Cooperation Forum, the Development Cooperation Forum, and the Public Service Forum.