

Foreword

Over the last decade, Asian countries have emerged as the growth center of the global economy. The fallout from the global financial crisis that began in 2008 and the subsequent Asian-led recovery have highlighted the importance of Asia's economic growth and development in the increasingly connected global economic system. One of the major factors behind Asia's rise has been its commitment to investment in infrastructure and regional connectivity, which has facilitated its international trade and foreign direct investment. In order to maintain this positive trend in the coming decades, countries in Asia need to continue to strengthen regional connectivity and integration, particularly through cross-border infrastructure investment.

Greater regional connectivity in Asia would create business opportunities for firms and increase access to markets and jobs for individuals. It would narrow the development gap at national and subregional levels, thus promoting inclusive and sustainable growth. Better infrastructure would also support market conditions that are conducive to growth by improving competitiveness, productivity, and environmental sustainability, and would therefore support social and economic progress. As a result, a more peaceful, prosperous, integrated and inclusive society can be achieved.

Asia's competitiveness in the global marketplace will depend heavily on its ability to address the serious infrastructure bottlenecks and constraints that exist in many economies. The wide geographical, social and economic diversity of the region poses many challenges to regional infrastructure connectivity. These include deficiencies in hard infrastructure (such as transport, energy, and information and communication technology infrastructure) as well as soft infrastructure (such as policies, regulations, systems and procedures, knowledge and capacity, strategies, and institutions to support the development and operation of physical structures). Asia's rapid growth has placed considerable pressure on the existing infrastructure. Growing populations, expanding middle classes, rapid industrialization and urbanization, and depletion of resources are creating huge and visible pressures on the region's existing infrastructure and these are preventing many Asian countries from providing even basic

services – such as electricity, drinking water and sanitation systems – to their citizens, particularly in rural areas.

Meeting financing needs remains a major challenge for Asia. Asian economies face many constraints, including lack of private sector participation, inadequacies in planning and implementation, and risks and uncertainties associated with cross-border infrastructure investments. Asian countries need to prepare comprehensive infrastructure plans, identify their priorities, mitigate negative social and environmental impacts, and distribute benefits more equitably across people, countries and subregions.

In order to keep up the growth momentum, Asian countries need to rely on regional opportunities. While several Asian countries are leading the way, many remain far behind, with insufficient infrastructure connectivity at national, subregional and regional levels. While building infrastructure, Asian countries need to develop policies and effective institutions nationally, subregionally and regionally to ensure cooperation and coordination that will enhance regional integration.

This book, edited by Biswa Nath Bhattacharyay, Advisor, Office of Regional Economic Integration, Asian Development Bank, Philippines; Masahiro Kawai, Dean and Chief Executive Officer (CEO) of the ADBI; and Rajat M. Nag, Managing Director General of the Asian Development Bank (ADB), is the second publication under the ADB and ADBI flagship project Infrastructure and Regional Cooperation. The first, *Infrastructure for a Seamless Asia*, which received considerable attention from policy-makers, academics, practitioners and the media, highlighted the need to develop infrastructure connectivity within the region and beyond. This book builds upon the findings and recommendations of *Infrastructure for a Seamless Asia*, and discusses in detail the issues and challenges associated with infrastructure connectivity in Asia. It looks at regional infrastructure in Asia until 2020; provides examples of national, regional and global best practices; and presents policy recommendations. The study suggests several measures, including creating effective new projects and regional and national institutions, to strengthen financing, regulations, coordination and cooperation in infrastructure in Asia. To address the substantial infrastructure financing gap, the study advocates the promotion of public–private partnerships in regional infrastructure development in Asia.

By highlighting regional and national infrastructure demand, investment and benefits in the Asian region, this book provides a robust assessment of the impacts of infrastructure on growth, households, poverty, social inclusiveness and quality of life. In doing so, it emphasizes the importance of infrastructure connectivity in Asia, and

I hope it will be a valuable reference for policymakers, academics and practitioners.

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