

Global Infrastructure Cooperation Conference 2017
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ASEAN Infrastructure Fund (AIF)

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Outline

1. Financing needs for infrastructure development in South East Asia
2. ASEAN Initiative: AIF to channel regional savings into infrastructure development
3. AIF Operations
4. Opportunities

1. South East Asia's Infrastructure Needs

- 2009 Study: Asia's investment needs would reach a little more than \$8 trillion from 2010 to 2020, or about \$750 billion per year - of which only nearly \$300 billion worth of projects were planned or identified by 2009*
- 2017 Study: Southeast Asia needs to invest \$2.8 trillion between 2016 to 2030, or \$185 billion per year to maintain its growth momentum, eradicate poverty and respond to climate change - equivalent to 5% GDP, and 3x higher than current level**
- The estimation was based on projected capacity needs, and project development is also required to adequately identify feasible and bankable projects for financing

*ADB. 2009. *Infrastructure for a Seamless Asia*. Manila

**ADB. 2017. *Meeting Asia's Infrastructure Needs*. Manila



Estimated Infrastructure Investment Needs

By Asian Regions, 45 DMCs, 2016-2030

Region/Subregion	Projections			Baseline Estimates (\$ billion in 2015 prices)			Climate-adjusted Estimates (\$ billion in 2015 prices)		
	Annual GDP (%)	2030 UN Population (billion)	2030 GDP Per Capita (2015 \$)	Investment Needs	Annual Average	Investment Needs (% to GDP)	Investment Needs	Annual Average	Investment Needs (% to GDP)
Central Asia	3.1	0.096	6,202	492	33	6.8	565	38	7.8
East Asia	5.1	1.503	18,602	13,781	919	4.5	16,062	1,071	5.2
South Asia	6.5	2.059	3,446	5,477	365	7.6	6,347	423	8.8
Southeast Asia	5.1	0.723	7,040	2,759	184	5.0	3,147	210	5.7
The Pacific	3.1	0.014	2,889	42	2.8	8.2	46	3.1	9.1
Asia and the Pacific	5.3	4.396	9,227	22,551	1,503	5.1	26,166	1,744	5.9

Source: ADB. 2017. *Meeting Asia's Infrastructure Needs*. Manila



2. Why AIF?

Objective: Channel regional resources for long-term financing of regional infrastructure development

- Huge financing demand for infrastructure development
- Sizable regional savings and forex reserves

“If the wealth tied up in reserves were invested either domestically in infrastructure or in a fully diversified long-term way in global capital markets...this is comparable to the gains thought to be achievable from the next round of trade liberalization, to global foreign aid, or to spending on key social sectors in a number of countries.”—

Lawrence Summers, Reflections on Global Account Imbalances and Emerging Markets Reserve Accumulation, March 2006



AIF as an ASEAN Initiative

- In 2006, the ASEAN Finance Ministers called for the setting up of a fund to pool foreign exchange reserves to finance infrastructure development
- In 2009, ASEAN asked ADB to provide technical and financial support
- In 2011, the AIF Shareholders Agreement was signed
- In 2012, AIF was established as a corporate entity in Labuan, Malaysia and was granted exemptions from taxes and foreign exchange controls by the Malaysian Government.

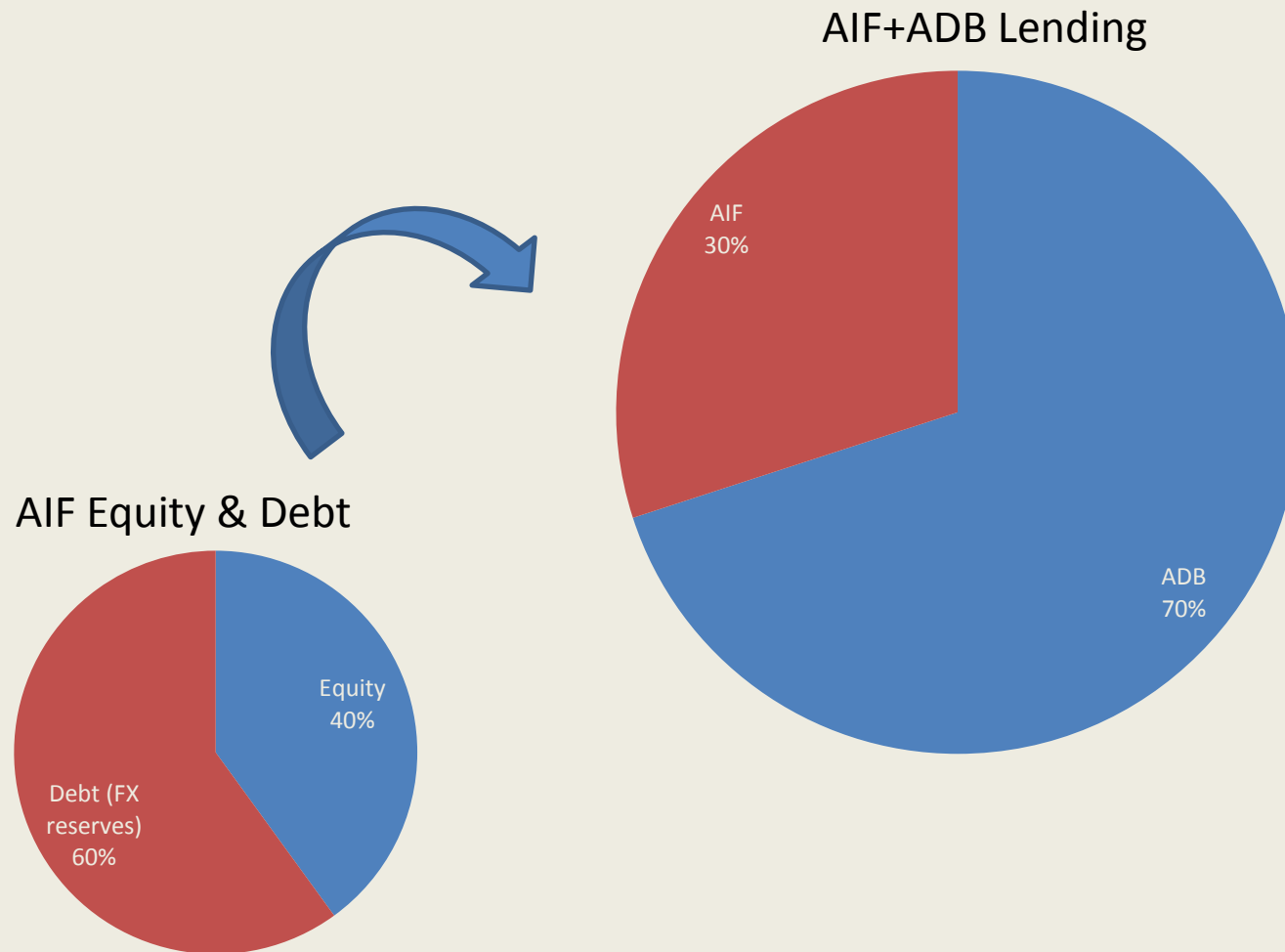
AIF Governance

- All 10 ASEAN member-states and ADB are AIF shareholders;
All equity fully paid-in
- All Shareholders are represented in the Board
- Board Chairmanship is every two years; Malaysia is current chair
- Two Board meetings held every year: (in May at ADB Headquarters and in November in country of incumbent ASEAN Chair; For 2017: Philippines)
- Fully administered by ADB

<https://www.adb.org/aif>

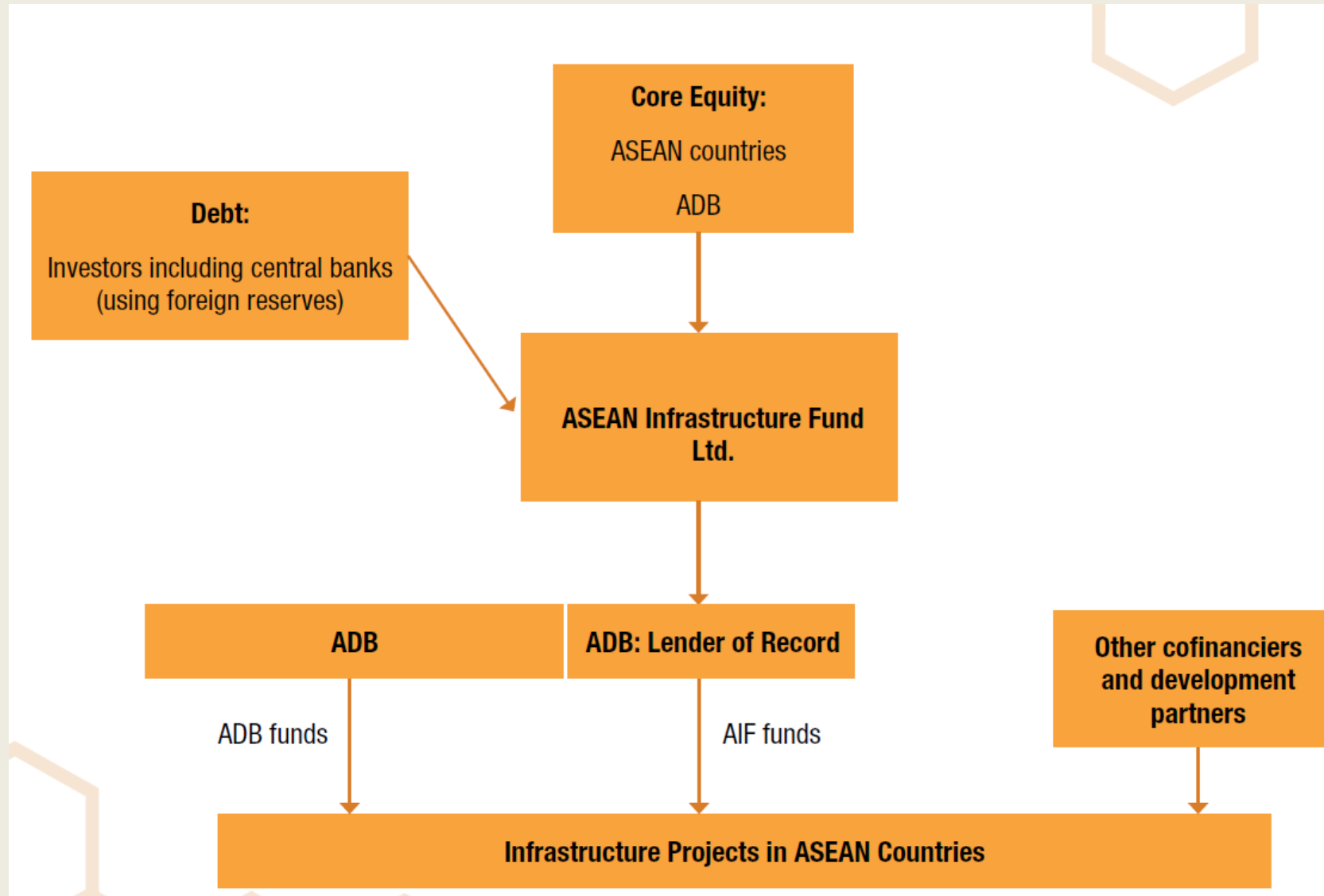


AIF Resources structure



Equity contribution	(\$million)
ASEAN	335.3
Brunei Darussalam	10.0
Cambodia	0.1
Indonesia	120.0
Lao PDR	0.1
Malaysia	150.0
Myanmar	0.1
Philippines	15.0
Singapore	15.0
Thailand	15.0
Viet Nam	10.0
ADB	150.0
TOTAL	485.3

AIF Operations Modality



The Role of ADB

- ADB has three important roles:
 - (i) Shareholder: ADB provided \$150 million equity
 - (ii) Administrator: ADB formed an inter-departmental working group to support AIF administration
 - (iii) Cofinancier: ADB provided cofinancing of \$2,089 million to all 8 AIF projects;
- All relevant ADB policies apply to AIF operations & administration



What they say about AIF...

- (AIF video embedded)



3. AIF Projects

(as of end-May 2017)

Country	Project	AIF Funding (\$ million)
Indonesia	Java–Bali 500kV Power Transmission Crossing Project	25
Indonesia	Metropolitan Sanitation Management Investment Project	40
Viet Nam	Ha Noi and Ho Chi Minh City Power Grid Development Sector Project	100
Indonesia	Sustainable and Inclusive Energy Program	100
Myanmar	GMS East–West Economic Corridor Eindu to Kawkareik Road Improvement Project	20
Lao PDR	Second GMS Corridor Towns Development Project	10
Indonesia	Electricity Grid Strengthening – Sumatra Program	25
Indonesia	Integrated Participatory Development and Management of Irrigation Program	100
TOTAL		420

AIF Portfolio

By Sector	Amount (\$million)	Share (%)
Energy	250	59.52
Urban/Water	50	11.90
Transport	20	4.76
Others	100	23.81
TOTAL (actual)	420	100.00
By Country	Amount (\$million)	Share (%)
Indonesia	290	69.05
Viet Nam	100	23.81
Myanmar	20	4.76
Lao PDR	10	2.38
TOTAL	420	100.00

The AIF portfolio is expected to reach \$700 million by the end of 2017.



4. Opportunities

- All AIF projects are administered by ADB
- All relevant ADB rules, regulations, procedures, guidelines etc. apply
- Procurement notice:


<https://www.adb.org/projects/tenders/group/goods/type/invitation-bids-1521>

- Consulting services notice:

<https://www.adb.org/projects/tenders/group/consulting>



Sample view

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Procurement of Goods, Works, and Consulting Services

1,279
tenders displayed

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Country

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All sectors

Status

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Title	Status	Date Posted	Deadline
 50062-001 Afghanistan Condition Survey	Active	28 Aug 2017	03 Sep 2017
 50062-001 Afghanistan GIS and Mapping Expert	Active	28 Aug 2017	03 Sep 2017
 42285-013 Cambodia Finance Assistant (FA)	Active	28 Aug 2017	08 Sep 2017
 50062-001 Afghanistan Roadway Economics and Financing Expert	Active	28 Aug 2017	03 Sep 2017
 51082-001 Mongolia Sovereign Wealth Fund Expert	Active	27 Aug 2017	02 Sep 2017
 51082-001 Mongolia Sovereign Wealth Fund Legal and Regulatory Expert	Active	27 Aug 2017	02 Sep 2017
 51082-001 Mongolia Capacity Development Planning and Coordinating Expert	Active	27 Aug 2017	02 Sep 2017
 51082-001 Mongolia Sovereign Wealth Fund Institutional Specialist	Active	27 Aug 2017	02 Sep 2017
 51082-001 Mongolia Sovereign Wealth Fund Management Specialist, Team Leader	Active	27 Aug 2017	02 Sep 2017
 44482-025 Afghanistan Recruitment of Transport Economist	Active	27 Aug 2017	16 Sep 2017
 37749-013 Philippines NPCO Project Accountant	Active	26 Aug 2017	01 Sep 2017



Concluding notes

- AIF demonstrates ASEAN countries' commitment to infrastructure development
- Financing demand and supply are there, and...
- ...more efforts are needed to deliver projects: from identification to implementation



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