

## **Great Expectations: Building a shared vision for the Belt and Road Initiative**

By Nicholas Rosellini

We live in a world of increasing interdependency and complexity, where international cooperation is necessary, however increasingly multifaceted and complicated. Global challenges such as climate change, global health and security issues require ever higher degrees of global effort and collaboration if they are to be overcome. This calls for new ideas on how to make global governance work better for all countries and people.

In light of this, the ambitious Belt and Road Initiative (BRI), potentially the world's largest economic corridor, is part of a new trend and an innovative contribution to global governance. It represents an opportunity to build a shared vision for common prosperity through regional cooperation, and could act as an accelerator for achieving the Sustainable Development Goals (SDGs).

The BRI covers a vast population of 4.4 billion and an economic output of \$21 trillion in more than 70 countries in the Asia and the Pacific, Europe and Africa. The majority of them are emerging and developing countries. Through connectivity, it aims to foster trade, financial integration, and people-to-people bonds, while promoting inclusiveness and win-win cooperation - hence reshaping the landscape of international cooperation.

In today's globalized world, economic and social linkages inevitably transcend borders, as does environmental sustainability. A key strength of the BRI is that it strategically targets recipient countries' development gaps. According to the ADB-ESCAP-UNDP joint study (*Making it Happen*, 2015), in the Asia Pacific Region alone total financing requirement for infrastructure is at US\$8.3 trillion between 2010 and 2020, or US\$750 billion per year. While the majority of financing is expected from government revenues, FDI will play an increasingly important role—making the BRI a powerful framework for facilitating its flow.

Some countries are already fully engaged and investment and trade are expanding rapidly. Outbound direct investment made by Chinese companies to BRI countries reached \$12 billion in the first three quarters of 2015, growing by 66% from same period a year earlier. For example in Pakistan, where the Pakistan Economic Corridor has been initiated, this will amount up to US\$46 billion mainly for the energy and logistics sector. Similarly, in the case of Indonesia, financing frameworks are set for around 52 planned projects, to be funded by the China Development Bank and local Indonesian financing institutions.

The question is how these investments can be a new wave that bring not only economic development, but human development benefits along the way. The BRI will contribute to improved infrastructure and industrialization, but it should not stop there, and must also transform local communities and bring about poverty reduction, environmental sustainability and inclusive social development, contributing to the achievement of Agenda 2030.

Highlighting sustainability is a critical aspect of the BRI's credibility, and the synergies and complementarities between BRI and SDGs can help create a win-win outcome. The BRI is intended primarily to be driven by commercial and economic priorities, relying heavily on the private sector, guided by market rules and international laws. Yet, its success will critically depend on the ability to contribute to national and local development objectives, and inter alia improving the livelihoods of local communities, through for example creating decent jobs, increasing capacities and overall living standards. Social cohesion should also be strengthened by the BRI through including the most vulnerable, hence address issues of equity, positively impacting migration flows and demographic changes. At the level of policies, the BRI should equally target policy harmonization to further facilitate investments with lowered risks and transaction costs.

The broader UN system, including agencies, such as UNDP, UNICEF and UNIDO, is ready to play a facilitating role to ensure alignment of the BRI with the SDGs. UNDP recently signed an agreement with the Government of China, aiming to support China and the other Belt and Road countries in achieving their development aspirations, building more consensus, providing analytical basis for policy makers to engage on the BRI, and identifying practical projects coupled with investments to ensure that common economic prosperity will go hand-in-hand with inclusive social and environmental gains.

This is just the beginning. We have a long road ahead of us, but we at UNDP truly believe that development can be achieved only through a broader vision bringing together ideas, resources and partners with capacity to reach the common goal of shared prosperity for sustainable development.

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(Source: People's Daily)