



TOWARDS OPTIMAL PROVISION OF REGIONAL PUBLIC GOODS IN ASIA AND THE PACIFIC

Asian Development Bank Institute
8F Kasumigaseki Building, 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo, Japan
10–11 May 2018

Key Thematic Issues

With rapid technological advances, deepening regional integration requires Asia's policymakers to consider and develop new ways of regional policy cooperation to deal with the region's common challenges such as cross-border trade and investment, vulnerabilities to volatile capital flows and financial shocks, regional infrastructure gaps, technological adaptations, environmental challenges, natural disaster responses, and communicable diseases.

The region has benefitted from deepening regional cooperation and integration to tackle the region's common challenges, but more is needed. The concept of regional public goods (RPGs) draws on the need for regional economies' collective efforts to address common challenges for development, where independent actions of individual nation states may not lead to adequate provision of RPGs given the uncertainty of their impacts and/or the concerns over free riding problems.

This conference will gather leading academics, policymakers, and international organizations to discuss the theory, practice, and policy considerations of RPGs.

1. Issues and Challenges in the Provision of Regional Public Goods

Developing economies face many challenges in designing and implementing regional policies and projects whose intended impacts are transnational in their nature. Many factors can make the definition of RPGs more challenging than national or global goods. For instance, it is difficult to identify beneficiaries of RPGs. Both geographical and nongeographical barriers exist to hamper the provision of RPGs more than national or global goods. Market failures such as externalities may also lead to suboptimal RPG provision as the investment results may not directly benefit provider countries. The absence of a dominant nation may create a leadership problem where necessary provision may not be forthcoming.

- 1.1 What are the main challenges facing the region? How can RPGs help address these challenges?
- 1.2 What are good examples of RPGs for Asia and how do they compare vis-à-vis other regions' or global public goods?
- 1.3 Can we draw lessons from experiences where region's collective responses to meet the demand for RPGs? Given the heterogeneity of economies and other numerous challenges facing the region, what guiding principles or patterns are important to facilitate the best practices for RPG provision?

2. Concept, Theory, and Framework of RPGs

In a world more globalized than ever, the significance of transnational public goods has increased. Regional public goods represent a class of public goods that lie in between national and global goods in terms of their range of spillovers. Better support of RPGs from regional institutions can represent an important intermediary step towards meeting the demand of global public goods beyond addressing purely regional challenges. Theories and frameworks on provision of RPGs and potential roles of national and regional institutions should also be considered.

- 2.1 What are the properties of RPGs? How can the concepts of nonrivalry, nonexcludability, and aggregator technology be applied to different regional challenges to promote RPG solutions?

- 2.2 What are the determining factors in adequate level of RPG provision? How can national economies be incentivized to contribute?
- 2.3 What is the importance of the subsidiarity principle and how is it relevant for the Asian region or its different subregions?

3. Benefits of RPGs: Sectoral Approaches with Evidences and Implications

Given the broad scope of RPGs and ambiguity in its concept, there is no consensus on the use of data source and how to measure RPG and its benefits. According to the literature, there are two approaches in measuring RPGs. First, RPGs can be measured by the inputs used for their production or preservation. Examples of such inputs include the number of international treaties and the amount allocated by governments and international organizations to official development assistance (ODA). Second, RPGs can be measured by the outputs or benefits of RPGs. The methodologies usually involve theoretical and empirical models such as the computable general equilibrium model and econometric model.

- 3.1 What have been the trends of the inputs of RPGs in the region?
- 3.2 What have been the impacts/benefits of RPGs? what methodologies are available to estimate benefits of RPGs in Asia and by sectors?
- 3.3 What are the main challenges in data and measurement of RPGs? What solutions can be proposed to overcome these challenges?

4. Developing Countries' Perspective on RPG Provision: Sectors and Mechanisms

Developing economies may face greater constraints in providing RPGs. The potential absence of a leader nation makes coordination more difficult and may also constrain financial resources. Spillovers from developing economies may not reach donor countries which hampers assistance. Developing countries are also more prone to regional rivalries such as diplomatic or economic rivalry that affects neighboring countries.

- 4.1 What makes it difficult to provide RPGs adequately in developing countries? Are there any particular barriers to collective actions in providing RPGs? Are there any specific sectors where this is harder or easier to achieve?
- 4.2 Are there any existing regional mechanisms that can be improved to enhance cooperation? Is there a need to form other mechanisms for specific sectors or issues?
- 4.3 Is it necessary to seek assistance from donor countries or regional development banks? How can they operationally improve their assistance?

5. Case Studies and Lessons from International Experience in RPG Provision: Europe and Latin America

To enhance the analysis, empirical analysis can be supplemented by international case studies of RPGs on specific sectors in the European and Latin American regions. Potential sectors may include cross-border infrastructure, ICT, banking, climate change, natural disasters, and the control of infectious health epidemics. Implications and lessons applicable to Asia and the Pacific can be drawn from these case studies.

- 5.1 What lessons can be learned from other regions? Or from specific cases in various sectors on collective action towards RPGs?
- 5.2 What institutional aspects were crucial in successful implementation? Can these be directly applied to Asia?
- 5.3 Are there any broad differences between the experiences in Europe and Latin America? What can be the useful lessons for the Asia-Pacific region?

6. Regional Mechanism and the Role of MDBs on Provision of RPGs

Results from empirical estimation and findings from the case studies of RPGs can offer policy implications for practical solutions for RPG provisions in Asia and the Pacific. Policy considerations on regional mechanisms to promote cooperation for supply and distribution of RPGs will arise out of such research. Any potential regional cooperation mechanism needs to take into account the economic circumstances and political economic contexts of all participating economies in the region.

- 6.1 What can be policy considerations including measures and tools, to promote RPG provision in regional cooperation approaches?
- 6.2 What current institutional platforms, mechanisms, or strategies can be used to enhance cooperation? What institutional innovations can we consider advancing collective action on RPGs?
- 6.3 What can be roles of MDBs such as the ADB to facilitate and promote RPGs?

DRAFT AGENDA
(as of 07 May 2018, *subject to change*)

DAY 1: Thursday, 10 May 2018	
8:30 a.m. – 9:00 a.m.	Registration
Opening Session	
9:00 a.m. – 09:10 a.m.	Welcome Remarks Naoyuki Yoshino , Dean, Asian Development Bank Institute (ADBI)
9:10 a.m. – 09:20 a.m.	Opening Remarks Bambang Susantono , Vice President for Knowledge Management and Sustainable Development, Asian Development Bank (ADB)
9:20 a.m. – 10:00 a.m.	Keynote Presentation Scott Barrett , Columbia University
10:00 a.m. – 10:10 a.m.	Q & A
10:10 a.m. – 10:30 a.m.	Photo Session and Coffee Break
Session 1: Issues and Challenges in the Provision of Regional Public Goods <i>Moderator: Naoyuki Yoshino, Dean, ADBI</i>	
10:30 a.m. – 11:45 a.m.	Policy Panel 1 John Weiss , University of Bradford Peter Warr , Australian National University Tam Robert Nguyen , Global Head of External Affairs and Sustainability, Bechtel Corporation Junkyu Lee , Principal Economist, ADB Yasuo Takamura , Director, Regional Financial Cooperation Division, International Bureau, Ministry of Finance, Japan Alfredo Perdiguero , Director, ADB
11:45 a.m. – 12:00 nn	Open Floor Discussion
12:00 nn – 1:30 p.m.	Lunch
Session 2: Concept, Theory, and Framework of RPGs <i>Moderator: Alfredo Perdiguero, Director, ADB</i>	
1:30 p.m. – 2:10 p.m.	Paper 1: Protecting and Providing Regional Public Goods in Asia and the Pacific Presenter: Ursula Stiegler and Madita Weise , German International Cooperation (GIZ)

	Discussant: Se-il Mun , Kyoto University
2:10 p.m. – 2:50 p.m.	Paper 2: Joint Infrastructure Project by Multiple Governments Presenter: Se-il Mun , Kyoto University Discussant: John Weiss , University of Bradford
2:50 p.m. – 3:10 p.m.	Open Floor Discussion
3:10 p.m. – 3:30 p.m.	Coffee Break
Session 3: Benefits of RPGs: Sectoral Approaches with Evidences and Implications – Infrastructure, Technology, and Health Moderator: Yasuyuki Sawada , Chief Economist and Director General, ADB	
3:30 p.m. – 4:00 p.m.	<i>(Measuring benefits of RPGs)</i> Paper 3: Benefits and Spillovers of RPGs: Empirical Approaches on Sectoral Analysis Presenters: Junkyu Lee and Kijin Kim , ADB Discussant: Ursula Stiegler , German International Cooperation (GIZ)
4:00 p.m. – 4:30 p.m.	<i>(Infrastructure and Technology)</i> Paper 4: Economic Impact of Cross-border Infrastructure and Technology Presenter: Chang-Soo Lee , Kyung Hee University Discussant: Peter Warr , Australian National University
4:30 p.m. – 5:10 p.m.	<i>(Health)</i> Paper 5: Regional Health Security, One of the Key Regional Public Goods, through Regional Cooperation and Inter-sectoral Cooperation Presenter: Yukihiro Shiroishi , Kyushu University Discussant: Matthias Helble , ADBI
5:10 p.m. – 5:30 p.m.	Open Floor Discussion
6:00 p.m.	Dinner Reception Kazan Kaikan
DAY 2: Friday, 11 May 2018	
8:30 a.m. – 9:00 a.m.	Registration
9:00 a.m. – 9:20 a.m.	Keynote Presentation (via a pre-recorded video) Todd Sandler , University of Texas at Dallas
9:20 a.m. – 9:30 a.m.	Q & A (online)
Session 4: Developing Countries' Perspective on RPG Provision: Sectors and Mechanisms Moderator: Cyn-Young Park , Director, ADB	
09:30 a.m. – 10:45 a.m.	Policy Panel 2 Phan Ngoc Mai Phuong , Vice President, Viet Nam Institute for Development Strategies, Ministry of Planning and Investment Daw Kyi Kyi Win , Director, Financial Regulatory Department, Ministry of Planning and Finance, Myanmar Jigme Namgyel , Director, Directorate of Services, Ministry of Finance, Bhutan Gulnur Smagul , Deputy Director, Department of Foreign Trade Development, Ministry of National Economy, Republic of Kazakhstan
10:45 a.m. – 10:55 a.m.	Open Floor Discussion

10:55 a.m. – 11:05 a.m.	Coffee Break
Session 5: Case Studies and Lessons from International Experience in RPG Provision: Europe and Latin America	
Moderator: John Weiss, Emeritus Professor, University of Bradford	
11:05 a.m. – 11:45 a.m.	Case Studies and Lessons from Europe Presenters: Guntram Wolff, Bruegel (via a pre-recorded video) Discussants: Ursula Stiegler, GIZ and Taufan Kurnianto, Ministry of Finance, Indonesia
11:45 a.m. – 12:25 p.m.	Case Studies and Lessons from Latin America Presenter: Antoni Estevadeordal, Manager, IDB Discussants: Yukihiro Shiroishi, Kyushu University and Taufan Kurnianto, Ministry of Finance, Indonesia
12:25 p.m. – 12:40 p.m.	Open Floor Discussion
12:40 p.m. – 2:10 p.m.	Lunch
Session 6-1: Regional Mechanism and the Role of MDBs on Provision of RPGs	
Moderator: Matthias Helble, Co-Chair, Research Department, ADBI	
2:10 p.m. – 2:50 p.m.	Paper 6: Resilience of Trade Systems as a Regional Public Good Presenters: Arun Jacob, ESCAP and Ali Kharrazi, IIASA Discussant: Allya P Koesoema, Institut Teknologi Bandung, Indonesia
2:50 p.m. – 3:30 p.m.	Paper 7: Formation, Provision and Sustainability of Regional Public Goods: The Role of Informal and Sub-national Actors and Structures Presenter: Allya P Koesoema, Institut Teknologi Bandung, Indonesia and Irawan Koesoema, PT BITA Enarcon Engineering Discussant: Arun Jacob, ESCAP
3:30 p.m. – 3:40 p.m.	Open Floor Discussion
3:40 p.m. – 3:50 p.m.	Coffee Break
Session 6-2: Regional Mechanism and the Role of MDBs on Provision of RPGs	
Moderator: Yasuyuki Sawada, Chief Economist and Director General, ADB	
3:50 p.m. – 5:20 p.m.	Policy Panel 3: Lead Presenter: Scott Barrett, Columbia University – Presentation on a regional mechanism design for different types of public and club goods (10 min) Guntram Wolff, Bruegel (online) Aladdin D. Rillo, Deputy Secretary-General, ASEAN Adriyanto, Director for Macroeconomic Policy, Fiscal Policy Agency, Ministry of Finance, Indonesia Cyn-Young Park, Director, ADB Ursula Stiegler, GIZ
5:20 p.m. – 5:40 p.m.	Open Floor Discussion
5:40 p.m. – 5:45 p.m.	Closing Remarks Yasuyuki Sawada, Chief Economist and Director General, ADB