



USAID
FROM THE AMERICAN PEOPLE



ADVANCING SUSTAINABLE INFRASTRUCTURE IN THE INDO-PACIFIC REGION

The Infrastructure Transaction and Assistance Network (ITAN) is a whole-of-government initiative to advance sustainable, transparent, high-quality infrastructure across the Indo-Pacific region.

Launched in July 2018, ITAN furthers the U.S. vision for a free and open Indo-Pacific to ensure peace, stability, and growing prosperity in the region. Under ITAN, USAID plays a leading role helping its Indo-Pacific partners to catalyze private sector investment—including from the United States—by strengthening their ability to implement and manage sustainable, transparent, and high-quality infrastructure projects.

UNPRECEDENTED INFRASTRUCTURE NEED

Spanning the California coast to the western shores of India, the Indo-Pacific region is home to the world's fastest growing markets and offers unprecedented potential to strengthen the U.S. economy while improving lives in Asia and around the world. The region's rapid expansion has resulted in tremendous demand for infrastructure, for which the financing shortfall is massive. By Asian Development Bank estimates, Asia needs \$1.7 trillion in infrastructure investment each year for the foreseeable future to maintain growth. Today, Asia invests \$881 billion annually—barely half of what is needed.

The availability of seemingly quick and non-transparent financing has resulted in unsustainable debt for some countries. Furthermore, infrastructure deals without best-value analysis or appropriate environmental and social safeguards have led to irresponsible infrastructure development that threatens the livelihoods of vulnerable populations and erodes natural resources vital to the long-term growth of partner countries. This consequently compromises country sovereignty and sustainable growth.

With the region's annual infrastructure investments falling far shorter than required, improved enabling environments and increased capacity to attract—and maintain—private sector investment for infrastructure development are crucial to helping Asia overcome this key constraint to growth and stability.

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USAID is leveraging its technical expertise, enduring in-country presence, and convening power to help the Indo-Pacific region overcome its infrastructure constraints to long-term growth. To unlock private sector investment, USAID helps advance reforms to laws, regulations, and policies to ensure fair and open market competition and level the playing field for legitimate players—including the U.S. private sector. In addition to creating an enabling environment for infrastructure development, we focus on assisting our partner countries in effectively planning for—and pursuing—their infrastructure needs.

We build on past success and experience in this area. For example, in the Philippines, USAID worked in partnership with national and local authorities to better identify, plan, and build infrastructure. These efforts have reduced transport and logistics costs and enhanced industry competitiveness, resulting in approximately \$5 billion worth of new investments from 2012 to 2017 in road infrastructure, power, and business development. USAID also collaborated with the Philippine government to draft and pass a successful Right of Way law in 2016 that removed a critical bottleneck to national infrastructure projects and helped spur economic growth.

Under ITAN, USAID is launching new programs and expanding efforts that help countries to:

- foster open and transparent procurement processes;
- build capacity of countries to conduct feasibility studies and bid documents;
- prioritize public-private partnerships in infrastructure development to reduce dependence on predatory credit financing arrangements;
- allocate government resources on infrastructure projects with the highest returns in order to optimize use of fiscal resources;
- implement robust infrastructure-related environmental and social safeguards; and,
- enhance government revenue through measures that make tax administration more efficient and public financial management more effective in order to improve countries' sovereign credit ratings necessary to attract more legitimate investors and creditors.

For example, in Maldives, USAID is providing technical assistance to the government on public financial management best practices for responsible resource allocation in its annual budget. USAID interventions are also helping to prioritize public infrastructure investment, explore opportunities for public-private partnership, and promote procurement reform. In Vietnam, we are advising the government on implementing its Power Development Plan and attracting private sector investment. And in the Philippines, we have launched a new project focused on increasing technical assistance to support the country's ambitious infrastructure development strategy.

ITAN'S TRANSACTION ADVISORY FUND (TAF): To supplement the above activities, USAID is implementing ITAN's TAF, which provides partner countries with access to legal and technical assistance needed to ensure sustainable, transparent, high-quality infrastructure development. This includes advisory services to help boost partner countries' capacity to evaluate contracts and assess the financial and environmental impacts of potential infrastructure projects. TAF services range from legal services, to pre-feasibility studies, debt sustainability analyses, and bid/proposal evaluation.

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