

# “The One-Belt-and One-Road Initiative in the Global Context”

jointly organized by the National Institute of Global Strategy (NIGS), Chinese Academy of Social Sciences (CASS) and the Beijing Foreign Studies University (BFSU)

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## Session 3: Policy Suggestions on the “One Belt and One Road” Initiative (Phase 1)

### Policies and Mechanisms on Political Risk

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# Global Financial Institutions Compared

## WORLD BANK

1944

188  
MEMBER COUNTRIES

US  
LARGEST SHAREHOLDER

REDUCE POVERTY &  
SUSTAINABLE  
DEVELOPMENT  
GOAL

12,000 STAFF  
130 NATIONS

\$223 BILLION  
SUBSCRIBED CAPITAL

US  
VETO POWER

WASHINGTON

## IMF

1944

188  
MEMBER COUNTRIES

US  
LARGEST SHAREHOLDER

PROMOTE MONETARY  
STABILITY  
GOAL

2,600 STAFF  
147 NATIONS

\$370 BILLION  
SUBSCRIBED CAPITAL

US  
VETO POWER

WASHINGTON

## ADB

1966

67  
MEMBERS

JAPAN  
LARGEST SHAREHOLDER

REDUCE  
POVERTY  
GOAL

3,000 STAFF  
60 NATIONS

\$165 BILLION  
SUBSCRIBED CAPITAL

NO  
VETO POWER

MANILA

## AIIB

2015

57  
FOUNDING MEMBERS

CHINA  
LARGEST SHAREHOLDER

ADDRESS ASIA'S  
INFRASTRUCTURE GAP  
GOAL

IN PLANNING

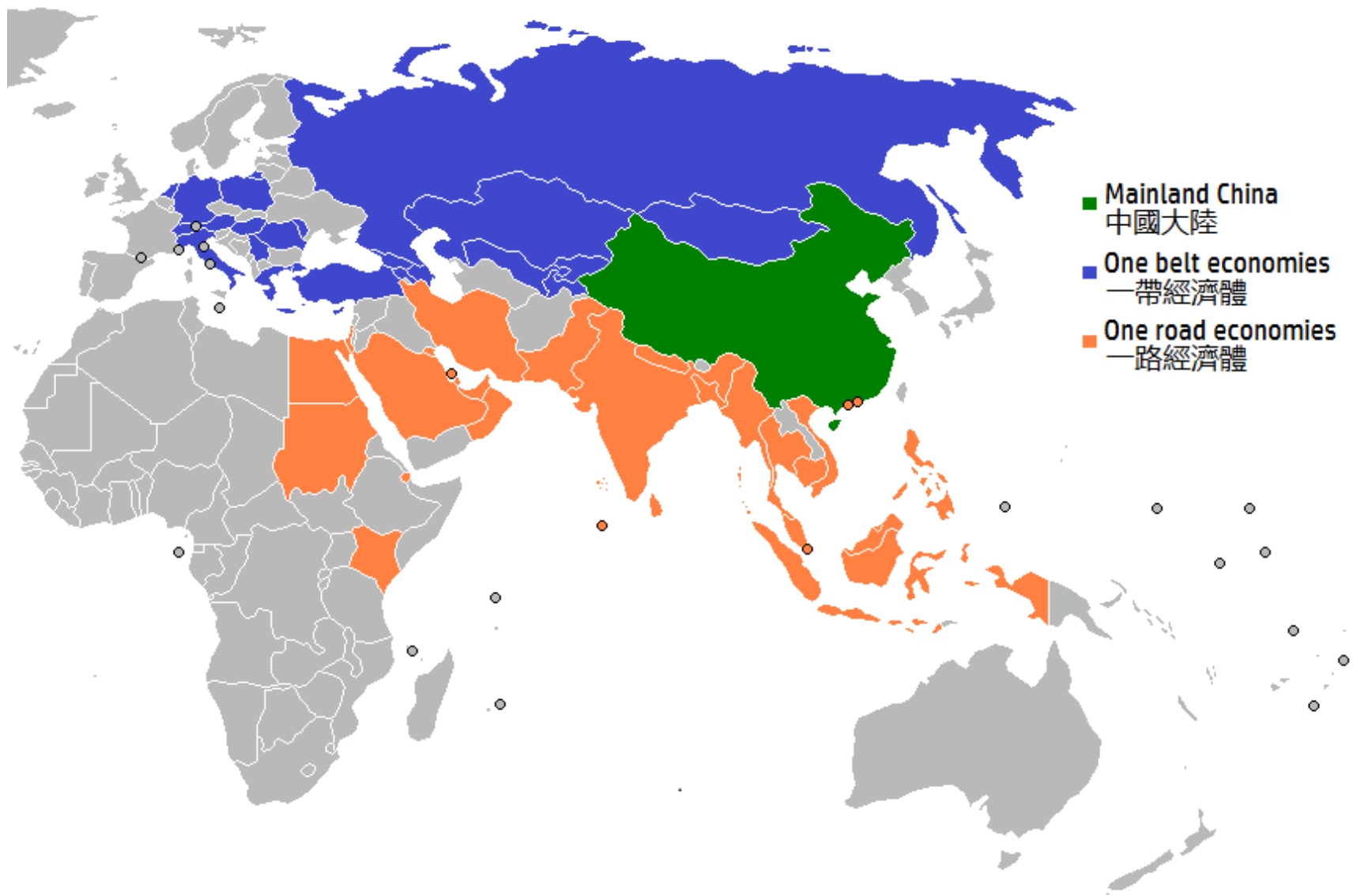
\$100 BILLION AND RISING  
SUBSCRIBED CAPITAL

CHINA  
TO FORGO VETO

BEIJING

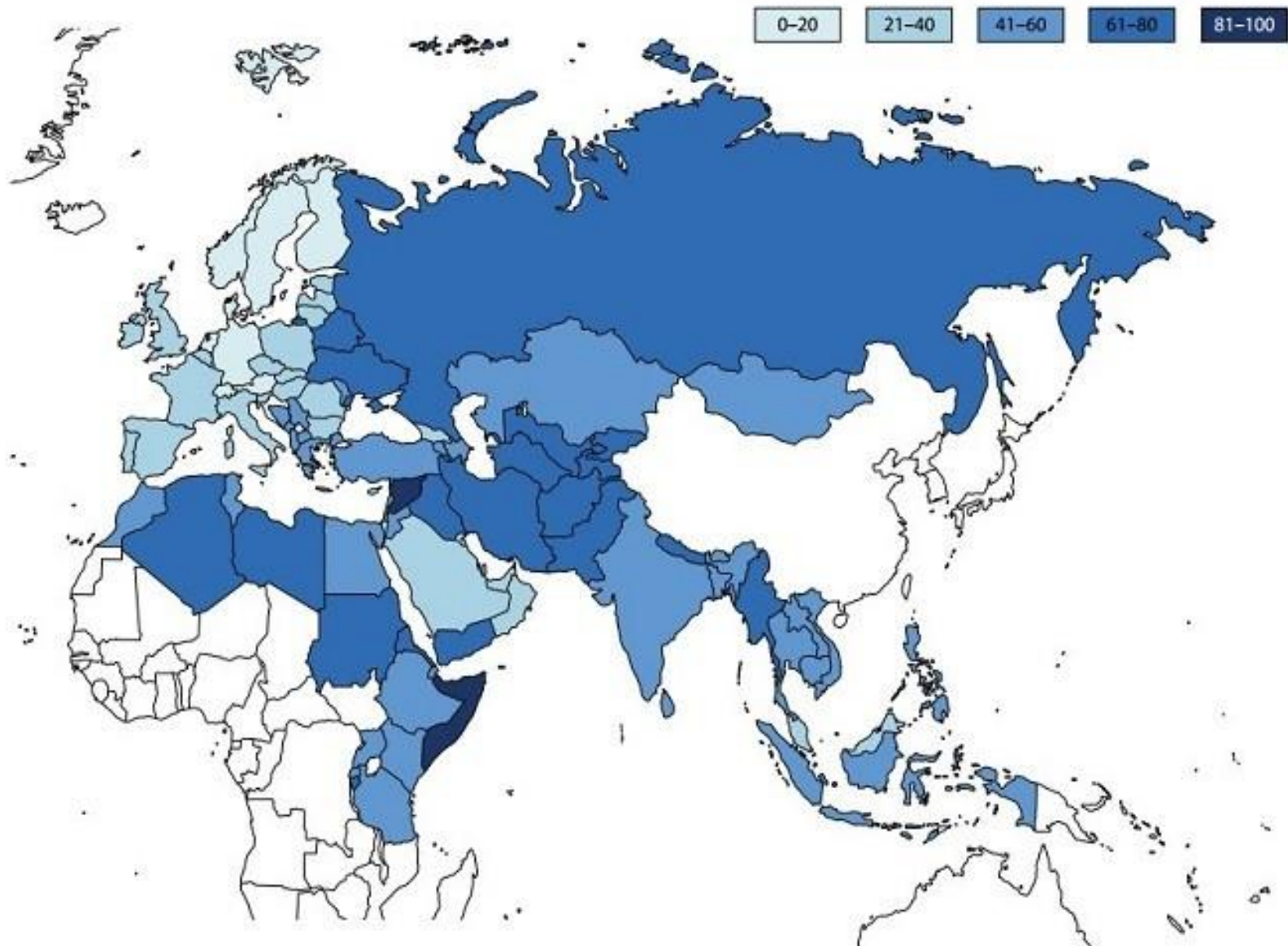
At this point, as OBOR/BRI gets underway, it is quite remarkable how much outside analysis and scholarly and technical assessments and inputs have been and are being made. All these – including this present conference – are to be welcomed, and the impression one gets is not only one of an immense and hugely ambitious undertaking, but also that of a collaborative one.

Through this “exercise” both the domestic and international stakeholders have become apprised of the rationale, intentions, goals and planning behind OBOR. It is as if the project cycle were compressed or pre-empted (and even some parts bypassed). The initial stages are now past, and we are now in implementing mode, so to speak. Compared to how similar projects elsewhere come into being or get underway, and especially in terms of scale, there is an element of rapidity and no less of daring. The attitude seems to be, “we have got going, so make your assessments as we go”. I am sure even the critics, detractors, and skeptics cannot fail but be impressed by the sheer immensity and the audacity. The challenges are there of course, but these can and will be dealt with. There is something of the sense of an expedition about it. A great deal can be elaborated on the political and other risks. But rather than expending huge amounts of time and effort upon weighing these risks beforehand, the attention and action are to be on dealing with the consequences as they arise. It is quite breath-taking in a way.



East Asia	West Asia	South Asia	Middle Asia	CIS	Mid-East Europe
Mongolia	Iran	India	Kazakhstan	Russia	Poland
Singapore	Iraq	Pakistan	Uzbekistan	Ukraine	Lithuania
Malaysia	Turkey	Bangladesh	Turkmenistan	Belarus	Estonia
Indonesia	Syria	Afghanistan	Tajikistan	Georgia	Latvia
Myanmar	Jordan	Sri Lanka	Kyrgyzstan	Azerbaijan	Czech Republic
Thailand	Lebanon	Maldives		Armenia	Slovakia
Laos	Israel	Nepal		Moldova	Hungary
Cambodia	Palestine	Bhutan			Slovenia
Vietnam	Saudi Arabia				Croatia
Brunei	Yemen				Bosnia & Herzegovina
Philippines	Oman				Montenegro
	UAE				Serbia
	Qatar				Albania
	Kuwait				Romania
	Bahrain				Bulgaria
	Greece				Macedonia
	Cyprus				
	Egypt				

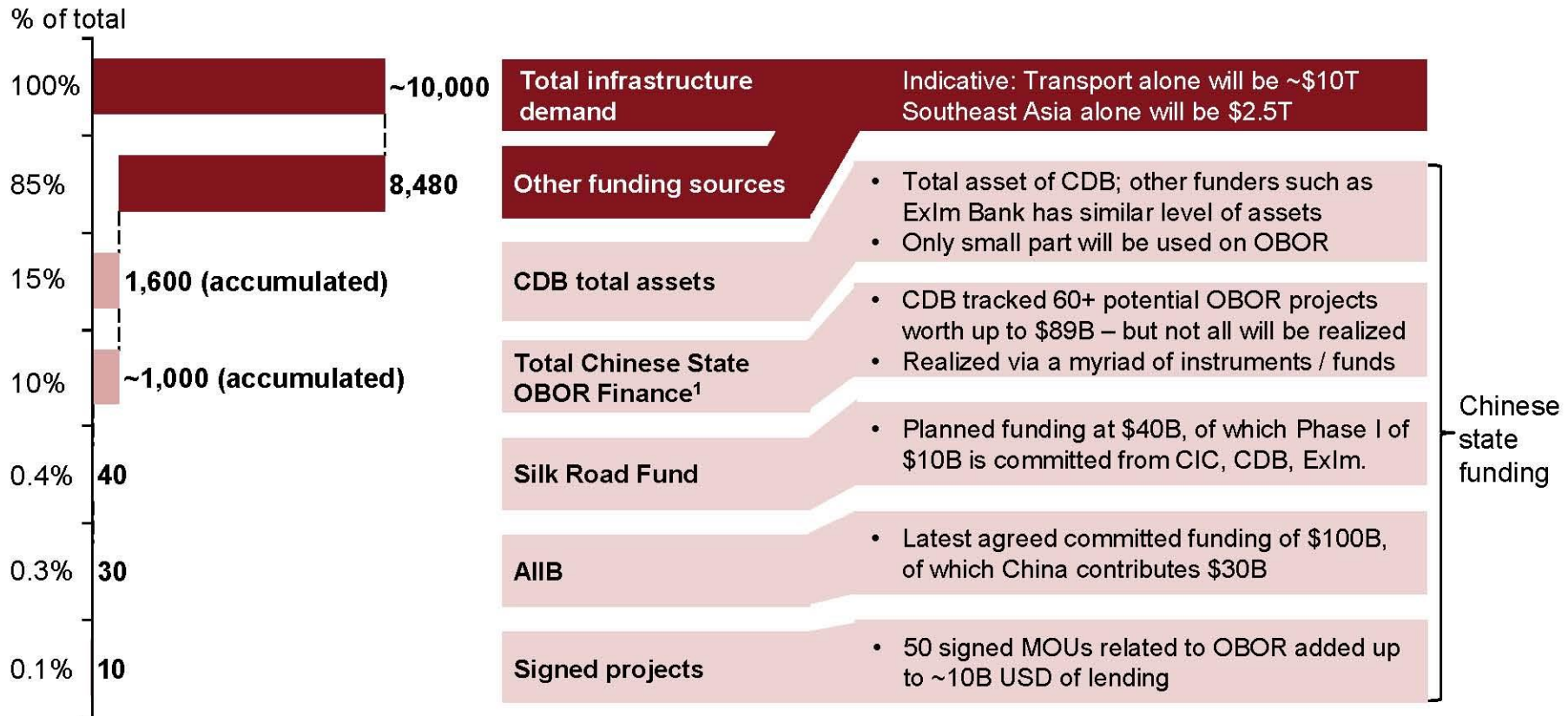
*Overall country operational risk on the Belt and Road (100=highest risk)*



# While China will fund up to trillion dollars to OBOR/FOCAC, this is only a fraction of global infrastructure demand

## Developing Markets Infrastructure Demand

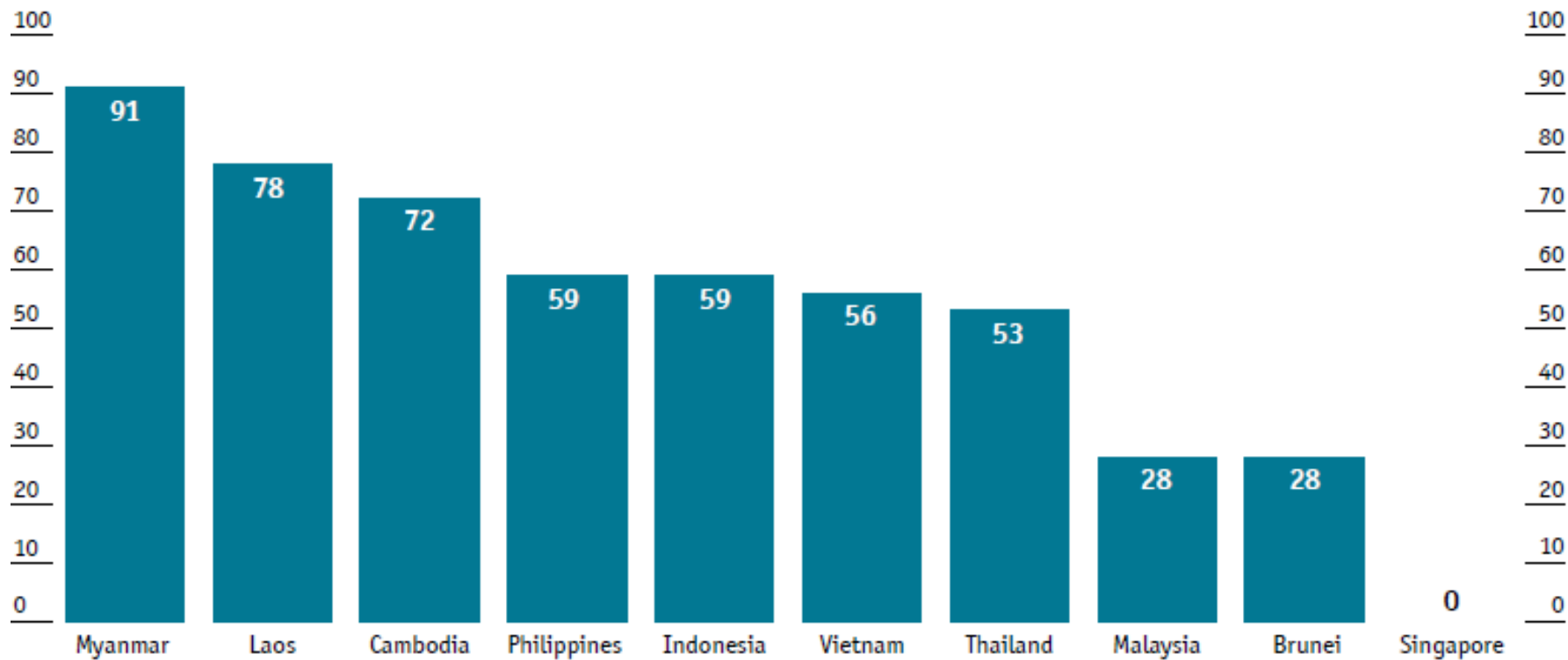
2015-2025 estimates, billion USD



1) CDB = China Development Bank; AIIB = Asian Infrastructure Investment Bank  
Source: Public sources, World Bank, Strategy& analysis

## Infrastructure risk in the Association for Southeast Asian Nations (ASEAN)

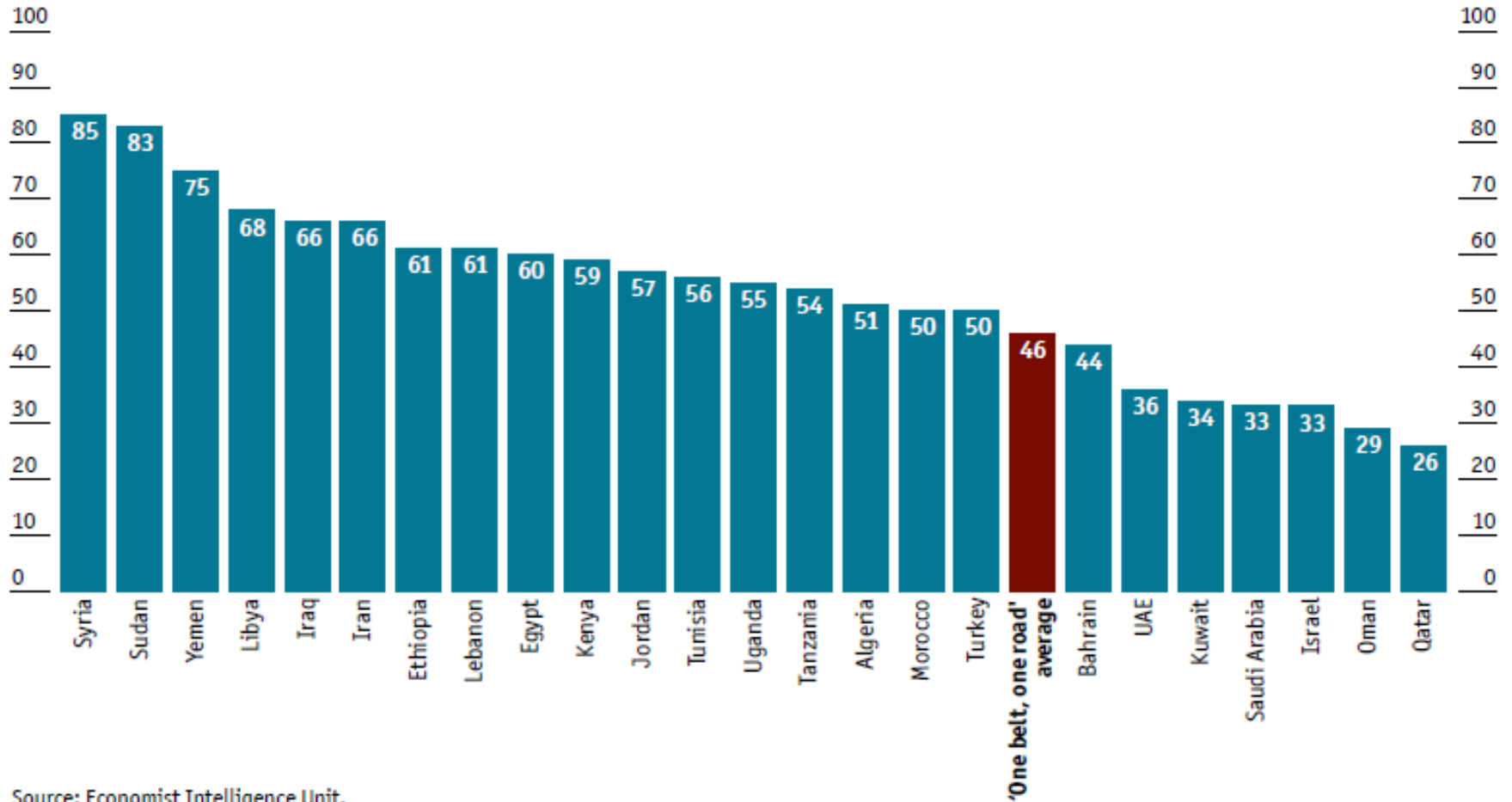
(100=highest risk)



Source: Economist Intelligence Unit.



## Overall country credit risk in the Middle East and Africa (100=highest risk)



Source: Economist Intelligence Unit.

# CONFLICT/POST CONFLICT

# FRAGILITY

(CPIA<3.2)

## HARMONIZED LIST

Ethiopia  
Mozambique  
Kenya (T)

Afghanistan  
Burundi  
CAR  
DRC  
Cote d'Ivoire  
Guinea Bissau  
Haiti  
Kosovo  
Liberia  
Mali  
Myanmar  
Sierra Leone  
Somalia  
South Sudan  
Sudan  
West Bank and Gaza  
Yemen

Chad  
Comoros  
Eritrea  
Gambia  
Kiribati  
Madagascar  
Marshall Is  
Micronesia, FS  
Solomon Island  
Togo  
Tuvalu

Cameroun  
Congo R  
Djibouti  
Guinea  
Malawi  
Sao Tome PR  
PNG

# VIOLENCE

Honduras

Angola  
Ecuador  
Equat Guinea  
Egypt  
Gabon  
Pakistan  
Swaziland  
Turkmenistan

Brazil  
Colombia  
El Salvador  
Guatemala  
Jamaica  
South Africa  
St Kitts and N  
St Vincent  
Trinidad and  
Tobago

Venezuela  
Belize

Zimbabwe

Bosnia-H  
Iraq  
Lebanon  
Libya  
Syria  
Timor Leste

Algeria  
Colombia\*  
Malaysia  
Nigeria  
Philippines  
Russia  
Thailand  
Turkey  
Ukraine

IDA

IBRD/  
BLEND

The operational risk model considers ten separate risk criteria:

- security
- political stability
- government effectiveness
- the legal and regulatory environment
- macroeconomic risks
- foreign trade and payments issues
- labour markets
- financial risks
- tax policy
- the standard of local infrastructure

Cooperation with the World Bank and ADB is very important and bodes well for the future -

*“I am very pleased today to sign this co-financing agreement together with World Bank Group President Kim,” **Jin said.** “The AIIB is very grateful for the generous and timely support offered by the World Bank Group throughout our establishment process, and we look forward to a long and fruitful relationship with ongoing cooperation in project co-financing and other areas.”*

The World Bank and the AIIB are currently discussing nearly one dozen co-financed projects in sectors that include transport, water and energy in Central Asia, South Asia and East Asia. Under the agreement, the World Bank will prepare and supervise the co-financed projects in accordance with its policies and procedures in areas like procurement, environment and social safeguards.

There is voluminous research and databases to draw upon, as well as expertise.

## Necessities on the matter of political and other risks

From the experience of other institutions and also from the experience of my country Myanmar as a case study –

The need for public diplomacy – broad public consultations and acceptance;

Labour issues – employment generation;

Sensitivity to environment and climate change;

Finally, the importance of area specialists and expertise.