

Chapter 3

Future Prospects

May 2017

This chapter should be cited as

ERIA (2017), 'Future Prospects', in Mori, N., Y. Nishida and T. Fujisawa (eds.), *2016 Progress Survey Report of Infrastructure Projects in CADP 2.0*. ERIA Research Project Report 2016-01, Jakarta: ERIA, pp.25-28.

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We wrap up this report by mentioning the projects under construction as of 2016 and the short-term outlook of CADP 2.0 projects by each tier.

(1) Tier 1 has 67 projects under construction: (i) 16 in the road or bridge sector (24%), (ii) 15 in the railway sector (22%), and (iii) 8 in the water supply sector (12%). The representative infrastructure projects for connectivity are Lach Huyen Port, which will be completed in 2017, and Jawa High Speed Railway construction in Indonesia, which started in February 2017. In this tier where urban amenities should be emphasised, some infrastructure for innovation have been under construction. The representative examples are the (i) MRT and light rail transit projects in Jakarta (Graphic 11), (ii) MRT projects in Bangkok, (iii) metro rail transit and light rail transit projects in Manila, and (iv) urban railway projects in Hanoi. These will advance to operational stage, at least partially, by 2020.

Some ASEAN member-countries have increased their budget for infrastructure because of urbanisation advancement and the influences of the Economic Community inauguration. Indonesia (Smith et al. 2016), Thailand (Limsamarnphun 2016), and the Philippines (de Vera, 2016) are such examples; Viet Nam has kept its infrastructure spending more than 5% of its gross domestic product (Le, 2016). Thus, *we* assume that the project progress in Tier 1, where the four countries' projects occupy 82%, will be faster.

Graphic 11. Jakarta MRT Construction Site (2016)



Source: EAIC Team.

(2) Tier 2 has 154 projects under construction: (i) 50 in the road *and* bridge sector, (ii) 50 in the energy sector, and (iii) 15 in the port sector. Moreover, there are many road projects which will strengthen and improve connectivity between middle-sized industrial districts. The representative examples are the National Road 1 project in Cambodia and Hyphon–Halon

Highway project¹¹ in Viet Nam, which are to be completed in 2017, and the Manado–Bitung Highway project¹² in Indonesia (Graphic 12), which will be *under* operation in 2018. Forty-two of the 50 energy projects belong to Mekong Subregion.¹³ Examples of these are (i) 8 coal-fired power plant projects in Viet Nam, (ii) 7 transmission projects in Cambodia, and (iii) 7 hydropower plant projects in the Lao PDR, etc., all of which are for completion by 2020.

The presentation *above* shows that projects by country (Indonesia, Thailand, Philippines, and Viet Nam) and energy projects by sector will make wide strides. However, the progress of some energy projects in Myanmar remains uncertain.

Graphic 12. Manado–Bitung Highway (2015)



Source: EAIC Team.

(3) Tier 3 has 38 projects under construction: (i) 14 in the road and bridge sector, (ii) 8 in the energy sector, and (iii) 6 in the airport sector, etc. The representative projects are the Balikpapan–Samarinda Toll Road in Indonesia and the national road development and improvement in the Lao PDR.

In the energy sector, most projects are geothermal and hydropower plants, which utilise regional-rich natural resources. Examples are the Lumut Balai Geothermal Power Plant, which is for completion in 2017; and the Nam Ou 1, Nam Ou 3, Nam Ou 4, and Nam Ou 7 hydropower plants in the Lao PDR, which are for completion in 2020.

Since Tier 3 projects consist mainly of those from Indonesia and the Lao PDR and the tier has

¹¹ <http://www.quangninh.gov.vn/en-US/Pages/Tin%20chi%20ti%E1%BA%BFt.aspx?newsid=2334&cid=1&dt=2016-04-25>

¹² <https://kppip.go.id/en/priority-projects/road/manado-bitung-toll-road/>

¹³ Many projects are in the construction stage in Tier 2 because electricity supply is a big challenge for Mekong region, and frameworks for accommodating electricity, such as the ASEAN Power Grid, have been developed.

many energy projects by sector, the proportion of projects for operation in this tier will be the highest.

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