

Madhur, Srinivasa; Wignaraja, Ganeshan; Darjes, Peter

Working Paper

Roads for Asian Integration: Measuring ADB's Contribution to the Asian Highway Network

ADB Working Paper Series on Regional Economic Integration, No. 37

Provided in Cooperation with:

Asian Development Bank (ADB), Manila

Suggested Citation: Madhur, Srinivasa; Wignaraja, Ganeshan; Darjes, Peter (2009) : Roads for Asian Integration: Measuring ADB's Contribution to the Asian Highway Network, ADB Working Paper Series on Regional Economic Integration, No. 37, Asian Development Bank (ADB), Manila, <https://hdl.handle.net/11540/2342>

This Version is available at:

<https://hdl.handle.net/10419/109544>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<http://creativecommons.org/licenses/by/3.0/igo>

ADB Working Paper Series on Regional Economic Integration



Roads for Asian Integration: Measuring ADB's Contribution to the Asian Highway Network

Srinivasa Madhur, Ganeshan Wignaraja, and Peter Darjes

No. 37 | November 2009

Asian Development Bank



ADB Working Paper Series on Regional Economic Integration

Roads for Asian Integration: Measuring ADB's Contribution to the Asian Highway Network

Srinivasa Madhur^{*}, Ganeshan Wignaraja^{**}, and Peter Darjes^{***}

No. 37 | November 2009

The authors would like to thank Rafaelita Aldaba and Ivan de Leon for their invaluable contributions to the preparation of this paper. The views expressed in this paper are those of the authors and do not necessarily reflect the views or policies of ADB, its Board of Directors, or the governments they represent.

^{*}Srinivasa Madhur is the Senior Director, Office of Regional Economic Integration, Asian Development Bank, 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines. Tel +632 632 5744, Fax +632 636 2183, smadhur@adb.org

^{**}Ganeshan Wignaraja is Principal Economist, Office of Regional Economic Integration, Asian Development Bank, 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines. Tel +632 632 6116, Fax +632 636 2183, gwignaraja@adb.org

^{***}Peter Darjes is consultant, Office of Regional Economic Integration, Asian Development Bank, 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines.

Asian Development Bank

The ADB Working Paper Series on Regional Economic Integration focuses on topics relating to regional cooperation and integration in the areas of infrastructure and software, trade and investment, money and finance, and regional public goods. The Series is a quick-disseminating, informal publication that seeks to provide information, generate discussion, and elicit comments. Working papers published under this Series may subsequently be published elsewhere.

Disclaimer:

The views expressed in this paper are those of the author(s) and do not necessarily reflect the views and policies of the Asian Development Bank or its Board of Governors or the governments they represent.

The Asian Development Bank does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use.

By making any designation of or reference to a particular territory or geographic area, or by using the term "country" in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

Unless otherwise noted, \$ refers to US dollars.

Contents

Abstract	iv
1. Introduction	1
2. Emerging Regional Cooperation and Integration, and Regional Road Needs in Asia	2
3. A Yardstick for Regional Roads: The AH Network	4
3.1 Classification and Design Standards	4
3.2 Asian Highway Database	7
3.3 Measuring ADB's Contribution to the Asian Highway Network	8
4. Findings on ADB's Contribution to Regional Roads	10
4.1 Regional Roads in ADB's Portfolio	10
4.2 ADB's Contribution to the AH Network	15
5. Conclusion	18
References	26
ADB Working Paper Series on Regional Economic Integration	28
Tables	
1. Summary of Asian Highway Design Standards	6
2. Asian Highway Sections by ADB Developing Member Country (DMC)	6
3. ADB Road Projects by Type of Road (km)	10
4. ADB Transport Projects by Road Type and Regional/Subregional Group (km)	13
5. Indicators of ADB Contributions to the Asian Highway Network	17
Figures	
1. ADB-Financed Highway Projects (km)	11
2. Composition of ADB-Financed Highway Projects (%)	11
3. Construction Costs and Financing (Million \$, 2008 Prices)	12
4. The Asian Highway Route Map	16
Appendix	
1. Asian Highway Design Standards	20
2. Generic Networking Planning Process	21
3. ADB Loans for Road Projects—Loan Documents Reviewed	22

4.	ADB Road Projects by Category, Construction Cost, and ADB Loan Amount	23
5.	Development and Project Costs, and ADB Financing (\$ Million, Nominal and 2008 Prices)	24
6.	Development and Composition of ADB Highway Projects	24
7.	Asian Highway Roads and ADB-Financed Regional Roads (km)	25

Abstract

Against the backdrop of growing momentum for regional cooperation and integration (RCI) in Asia, this paper examines the link between regional roads and Asian Development Bank (ADB) support between 1966 and 2008. The novel methodology used in this paper includes an Asia-wide definition of regional roads that fall on the Asian Highway (AH) network. The AH network is a system of about 140,000 kilometers (km) of standardized roads crisscrossing many Asian countries and with linkages to Europe. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) conducts research on Asian roads and works with member countries to identify financing sources for AH network development. In relation to assessing ADB's contribution to regional roads, three tasks are attempted in this paper: (i) an identification of ADB-financed regional roads and other kinds of roads in ADB's portfolio, (ii) an estimation of ADB's contribution to the AH network, and (iii) the development of a map where ADB's contribution to regional road construction and infrastructure can be easily juxtaposed with the AH network. The paper finds that regional highways have been a notable and growing part of ADB's road portfolio since the 1990s, particularly in ADB's subregional programs such as the Greater Mekong Subregion (GMS) and Central Asia Regional Economic Cooperation (CAREC) programs. It also finds that ADB road investment has made a significant contribution to the AH network, representing about two thirds of the network's core roads. While parts of the AH network have been completed, substantial gaps still exist, including an estimated \$43.8 billion required for priority projects. As part of its mandate to promote better integration of Asian infrastructure, ADB may have a role to play in addressing the financing, planning, and institutional development of the AH network. Furthermore, strengthened coordination among ADB, UNESCAP, and other actors can enhance both the AH network and the process of regional road development in Asia.

Keywords: Asian highway, regional roads, regional cooperation, infrastructure development, multilateral development bank

JEL Classification: R42, F15, N75

1. Introduction

"Good roads, canals, and navigable rivers, by diminishing the expense of carriage, put the remote parts of the country more nearly upon a level with those in the neighborhood of the town. They are upon that account the greatest of all improvements." (Smith, 1776, I, p. 165)

Connecting countries through roads is a pivotal element of regional integration. Such connectivity across borders brings many benefits, including improved competitiveness of production networks, better trade flows, and reductions in development gaps between rich and poor countries. Building roads has been a core area of the Asian Development Bank's (ADB) operational support for the region's economic development since the 1960s and remains an important part of its future strategy as manifest in ADB's *Strategy 2020*. The link between regional road development and ADB support, however, remains unexplored. In part, this may be due to the concept of regional roads being somewhat elusive in an empirical context: is a regional road simply a road that connects two countries or something broader connecting Asia as a whole? In reality, both definitions may have merit depending on the purpose. In this context, the paper addresses an important question: how much has ADB, as the region's development bank, contributed to the development of regional roads?

This paper uses an Asia-wide definition of regional roads as it is convenient for empirical analysis and assumes that regional roads are those that fall on the Asian Highway (AH) network. While the notion of the AH network is not new to the region, the Intergovernmental Agreement on the Asian Highway Network, which provides a framework for coordinated international highway development in Asia, only became effective in 2005. UNESCAP has been working with member countries to identify financing sources for AH network development. The paper undertakes three interrelated tasks in relation to assessing ADB's contribution to regional roads: (i) identify ADB-financed regional roads and other kinds of roads in ADB's portfolio, (ii) estimate ADB's contribution to the AH network, and (iii) develop a map where ADB's contribution to regional road construction and infrastructure can be easily juxtaposed with the AH network. These tasks include a stocktaking of ADB's loan and grant road projects since 1966, as well as the development of a map and database of ADB-financed transport projects that fall on AH routes.

The rest of the paper is structured as follows. Section 2 provides a brief background of the regional cooperation and integration (RCI) process in Asia, gains from investment in regional infrastructure, and estimates of future regional road needs in Asia. Section 3 discusses the application of the AH network as a yardstick for regional roads and develops a methodology to measure ADB's contribution to the network. Section 4 presents the results for regional roads in ADB's portfolio and its contribution to the AH network. Section 5 concludes with suggestions.

2. Emerging Regional Cooperation and Integration, and Regional Road Needs in Asia

Earlier assessments of problems and priorities in Asian road systems and infrastructure are instructive for this paper (e.g., Leinbach, 1989). In most Asian countries, a basic network of national and provincial roads is in place as the result of past investments in roads and transport planning. Indonesia and the Philippines may be exceptions to this trend, given the special road connectivity issues accompanying countries that comprise a large number of dispersed islands. In East Asia, a predominantly public sector effort has conceived, financed, and regulated road and infrastructure development (Mody ed., 1997). This effort was guided by a strategic vision and propelled by a substantial and sustained drive. Nonetheless, in Asia there still remains a pressing need to expand and upgrade road infrastructure; connect national roads with regional roads; better coordinate transport planning, particularly at the regional level; and develop new means of financing road infrastructure that involve regional organizations. These issues continue to attract policy and development interest in Asia. More generally, the impact of transport infrastructure investment on regional development—particularly issues relating to planning, investment, coordination, and financing—have emerged at the forefront of transport economics and policy (World Bank, 1994; Roth, 1996; Polak and Heertje ed., 2000; OECD, 2002; and Small and Verhoef, 2007).

This paper is written within the context of a visible shift in Asia's economic orientation towards closer RCI as well as progressive globalization and rising economic prosperity in the region over the last two decades. Underlying Asia's remarkable export-led growth in recent decades is the development of production networks in which manufacturing activities are split into small steps, with each step assigned to the most cost-effective location across the region (Borras, Ernst, and Haggard ed., 2000). Production networks exist in key industries (e.g., electronics and automobiles) and facilitate exports from East Asian firms. These networks, which initially developed among members of the Association of Southeast Asian Nations (ASEAN) in the 1980s and 1990s, have expanded to include the People's Republic of China's (PRC) massive economy (Kuroiwa and Heng ed., 2008). With the upgrading of local suppliers and falling logistics costs over time, production networks have become more regionalized as intra-regional trade has expanded. For instance, in East Asia alone, the share of intra-regional trade as a portion of total trade rose from 43% to 53% between 1990 and 2008, which is indicative of increasingly intertwined economic activity among Asian economies (ADB, 2008). This brand of export-oriented "open regionalism" has created supply chains and regional hubs for global production networks, which, in turn, have boosted productivity, cut costs, enticed investment, and fostered technology transfers. The consolidation of these gains and the future competitiveness of Asia's trade and production networks depend on efficient, reliable, and seamless infrastructure links.

The last two decades have seen unprecedented prosperity in Asia. Not only does Asia account for one third of the world's gross domestic product (GDP), but three of the region's economies have emerged among the world's richest. The process of RCI in Asia has been driven by several factors, including falling barriers to intraregional trade and investment, reduced logistics costs, renewed emphasis on formal regional

integration initiatives (e.g., ASEAN, ASEAN+3, East Asia Summit, Asia–Pacific Economic Cooperation [APEC]), the spread of free trade agreements, and, above all, regional infrastructure investment in roads and energy (Mody ed., 1997; Krumm and Kharas ed., 2003; Kawai, 2005; and ADB, 2008).

Computable general equilibrium (CGE) studies have been used to identify potential gains from regional and subregional infrastructure investment in Asia. These studies have found that Asian countries would gain significantly, as would the rest of the world, if appropriate investments in regional infrastructure were made along with the adoption of supportive trade policies. Large gains are attainable through major pan-Asian integration schemes. A recent CGE study suggests that linking East and South Asia through a comprehensive trade agreement and increased regional infrastructure investment would lead to lower trade costs and minimum global welfare gains of \$261 billion by 2017 (Francois and Wignaraja, 2008). Subregional infrastructure, which is an important building block for Asian integration, also yields notable gains in such studies. Another CGE study suggested that static welfare gains of \$8.1 billion could be attained from moderate improvements in physical land transport and trade facilitation in the Greater Mekong Subregion (GMS) (Stone and Strutt, 2009). While these are relatively large numbers, the estimates are likely to understate the actual gains from regional infrastructure investment and policy changes at the regional and subregional level. The CGE models do not fully capture the externalities from infrastructure investment and comprehensive trade agreements in a dynamic context. Accordingly, these estimates can be interpreted as the minimum gains from regional and subregional infrastructure and policy programs. Therefore, actual gains could be substantially larger than the results indicated by CGE models.

Within infrastructure, investment in roads remains at the heart of the process of RCI in Asia (Rietveld and Nijkamp, 2000; Kumar and De, 2008; ADB and Asian Development Bank Institute [ADBI], 2009). Four arguments are relevant in this vein. First, the manufacturing competitiveness of Asia—driven by complex production networks in electronics, automobiles, and textiles—relies on efficient and cost-effective roads to link factories, ports, and markets. The location of core factories in production networks and the dispersion of inputs and raw materials are heavily influenced by the efficiency of transport systems. Second, road connectivity improves the flow of goods, services, and people across borders, leading to better allocative efficiency, improved economies of scale, and more cross-border transactions. Third, cross-border roads and better trade facilitation are essential to realizing the benefits of regional trade agreements, particularly among neighbors. Fourth, road connectivity can contribute to a reduction in development gaps between rich and poor Asian countries by spreading the benefits of economic development. This, in turn, can make the process of regional integration smoother, as it is politically much easier to promote regional economic integration across countries with lower inter-country development gaps. Indeed, without adequate road connectivity to link national markets, future progress in RCI and prosperity in Asia may be muted.

Arguments about the centrality of regional roads in Asia's RCI process have focused recent attention on the financing requirements necessary to develop a modern and

integrated regional road system in Asia. Financing transportation networks is a mature field in transport economics, with recent attention focusing on road pricing and congestion charging (Levinson, 2002). Surprisingly, however, only a handful of detailed studies address investment needs in roads and financing in Asia using different methods and data sources. Not surprisingly, studies differ in the magnitude of investment needs for roads. For instance, a joint study in 2005 by ADB, the Japan Bank for International Cooperation (JBIC), and the World Bank suggested that about \$170 billion was required for road investments between 2006 and 2010, or \$34 billion per year. Other studies, however, suggest considerably larger requirements for road investments in Asia. In 2006, UNESCAP estimated that \$1.84 trillion was required over the period 2005–2015, or \$183.5 billion per year. More recently, ADB and ADBI (2009) arrived at a revised figure of \$2.3 trillion for road investment over the period 2010–2020, or \$234.1 billion per year. Of this total investment in roads, about 73% is required for new roads and about 27% is needed for road maintenance. The available evidence, therefore, points to significant future investment requirements for roads in Asia.

In assessing infrastructure development for ASEAN economic integration, Bhattacharyay (2009) indicated that the potential for trade enhancement within ASEAN is significant because of the relatively low level of intraregional trade—in comparison to intraregional trade among members of the North American Free Trade Agreement (NAFTA) and the European Union (EU)—as the result of high logistics costs. The high costs were attributed to poor infrastructure quality and complicated regulatory frameworks and custom procedures. The paper recommends a greater role for multilateral development banks, such as ADB and the World Bank, as well as bilateral organizations such as JBIC, in addressing financing gaps. In part, this may be due to the ability of these institutions to readily mobilize finance and technical expertise for large regional infrastructure projects as well as to act as an honest broker for regional deals. As the next section elaborates, UNESCAP has contributed to research on Asian roads and engaged in an intergovernmental process to foster AH network development in Asia. UNESCAP is also working with member countries to identify financial sources for the development of the AH network. It would be mutually beneficial for a number of the key actors involved in the development of the AH network—multilateral development banks, bilateral organizations, UNESCAP, and others—to coordinate closely on future regional road development in Asia. The benefits of such coordination might include information exchanges, collaborative research activities, mutual learning opportunities, shared meeting costs, joint feasibility studies, and co-financing of projects.

3. A Yardstick for Regional Roads: The AH Network

3.1. Classification and Design Standards

The AH project was initiated in 1959 with the aim of promoting international road transport for Asia.¹ More recently, the Intergovernmental Agreement on the Asian

¹ See <http://www.unescap.org> for more details. Also see Arnold (2009) for a historical overview of the Asian Highway and Trans-Asian Railway.

Highway Network provides a framework for the coordinated, region-wide development of highways in Asia. It was adopted on 18 November 2003 in Bangkok, Thailand and entered into force on 4 July 2005. UNESCAP has been closely involved in supporting the development of the Intergovernmental Agreement on the Asian Highway Network through research and advocacy, and as chair for high-level meetings. Currently, there are 28 member state signatories, of which 23 are parties. Among these, 18 are ADB developing member countries (DMCs).²

The main obligations of the contracting parties are to:

- adopt the AH network as a coordinated plan for the development of highway routes of international importance,
- bring the network into conformity with AH classification and design standards, and
- facilitate navigation along the routes through the placement of adequate signage.

Based on the agreement, the AH network consists of highway routes of international importance within Asia, including those that are (i) substantially crossing more than one subregion; (ii) located within subregions, including those connecting to neighboring subregions; (iii) and located within member states and providing access to capitals; main industrial and agricultural centers; major air, sea, and river ports; major container terminals and depots; and major tourist attractions.

The AH classification and design standards provide minimum standards and guidelines for the construction, improvement, and maintenance of AH routes (Table 1). More detailed dimensions—such as right-of-way width, lane width, shoulder width, median strip width, pavement slope, and shoulder slope—are presented in Appendix 1 for each highway classification.

Currently, not all designated AH roads conform to the above minimum standards. However, there are about 140,000 km of roads that qualify as “Asian Highways” based on the network criteria described above. Of the 140,000 km, about 106,000 km are located in ADB DMCs (Table 2). The design characteristics of the AH network vary considerably depending upon the relevant standards—ranging from expressways and access controlled roads, to dual and single carriageway highways, to single lane unpaved roads.

² Afghanistan, Azerbaijan, Bhutan, Cambodia, People's Republic of China, Georgia, India, Japan, Kyrgyz Republic, Mongolia, Myanmar, Pakistan, Republic of Korea, Sri Lanka, Tajikistan, Thailand, Uzbekistan, and Viet Nam.

Table 1: Summary of Asian Highway Design Standards

Type	Number of Lanes	Width of Lanes (Meters)	Pavement Type
PRIMARY	4 or more	3.50	Asphalt/cement concrete
CLASS I	4 or more	3.50	Asphalt/cement concrete
CLASS II	2	3.50	Asphalt/cement concrete
CLASS III	2	3.00–3.25	Double bituminous treatment

Note: Primary class refers to access controlled highways (used exclusively by automobiles).

Source: ESCAP (2003).

Table 2: Asian Highway Sections by ADB Developing Member Country (DMC)

ADB DMC	Primary	Class I	Class II	Class III	Below III	Other	Total
Afghanistan	–	–	621	77	3,549	–	4,247
Armenia	–	142	377	479	–	–	998
Azerbaijan	–	82	1,012	348	–	228	1,670
Bangladesh	–	20	441	476	868	–	1,805
Bhutan	–	–	6	–	161	–	167
Cambodia	–	–	398	743	199	–	1,340
PRC	4,140	189	2,749	2,008	1,443	15,400	25,929
Georgia	–	8	788	358	–	–	1,154
India	–	484	–	10,869	105	–	11,458
Indonesia	335	18	1,600	1,965	–	34	3,952
Kazakhstan	–	72	767	10,004	2,364	–	13,207
Kyrgyzstan	–	–	464	511	720	–	1,695
Lao PDR	–	–	–	2,375	–	3	2,378
Malaysia	795	67	733	–	–	–	1,595
Mongolia	–	–	440	345	3,501	–	4,286
Myanmar	–	147	144	983	1,729	–	3,003
Nepal	–	–	311	1,003	12	–	1,326
Pakistan	358	1,116	160	2,569	1,174	–	5,377
Philippines	–	17	27	2,872	451	150	3,517
Republic of Korea	466	197	244	–	–	–	907
Sri Lanka	–	–	269	190	191	–	650
Tajikistan	–	–	289	603	1,033	–	1,925
Thailand	182	2,572	1,226	1,128	–	4	5,112
Turkmenistan	–	–	–	2,180	24	–	2,204
Uzbekistan	–	255	765	1,618	328	–	2,966

ADB DMC	Primary	Class I	Class II	Class III	Below III	Other	Total
Viet Nam	–	408	1,915	104	251	–	2,678
TOTAL	6,276	5,794	15,746	43,808	18,103	15,819	105,546

Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: UNESCAP and updates from member states.

Based on physical road conditions and design standards, the core AH network comprises about 28,000 km of recently improved roads that are categorized as either primary, class I, or class II. These roads tend to have two lanes or more and are mostly characterized by an asphalt/cement concrete pavement. The remaining 78,000 km of roads in class III and below have two lanes or less, are not universally paved, and are in various states of repair.

Upgrading and improving the AH network is an obligation of contracting parties to the AH Intergovernmental Agreement. Given that many sections of the network are still below the agreed minimum standards, upgrading the AH network is a necessity. In a 2006 assessment, UNESCAP estimated that about 26,000 km of the AH network in DMCs needed to be upgraded and improved.³ The 121 priority projects involved were estimated to cost around \$18 billion, with \$7.3 billion for Central and West Asia, and \$4.6 billion for Southeast Asia. A revised estimate by ADB and ADBI (2009) suggests a considerably higher total of \$43.8 billion, which is based on a larger number of priority projects and updated costs.

3.2 Asian Highway Database

Since 1996, UNESCAP has maintained a database of the AH network to identify road status and problem sections of the network. The database provides detailed, country-level information (route number, start and end node city or junction, AH classification); road characteristics (length, terrain, number of lanes, surface type and condition, cross sectional configuration, bridge and tunnel information); traffic volume; recent rehabilitation and improvements; and traffic accident data.

The physical condition information contained in UNESCAP's database has raised expectations that it could also be used interactively as an asset management system. However, the potential for this is very limited. Road asset management entails managing a road network to satisfy the requirements of the economy and road users, at the lowest possible cost over a long period of time.⁴ The management aim is to schedule timely maintenance interventions and to optimize the life cycle cost of road networks. As such, road asset management relies on real-time information on road conditions.

In updating the database, UNESCAP has relied on inputs from member countries. Regularly updating the database has been a major issue, however, due to the failure of

³ UNESCAP (2006).

⁴ County Surveyors' Society (2004).

some member countries to submit basic information and/or information on updates to the AH network. Since inputs are not provided evenly and consistently by all member countries, the intervals at which the AH database is updated seem to be too long to make the data operationally useful.

Apart from frequent updating, the AH database needs to be integrated closely with national road planning processes and systems. In order to be effectively utilized as a tool for network planning and/or road asset management, additional critical planning steps must be carried out to ensure that the proposed road works are viable. Such steps include network analysis, evaluation of options, and feasibility analysis,⁵ all of which remain the domain of national authorities. Thus, while the AH network criteria discussed above provide a *prima facie* justification for road sections to be included in the AH network, not all roads that are currently on the AH map may pass national-level planning hurdles. Feasibility analysis might indicate that some of the proposed road works are not viable. Thus, strengthening the link between the AH Network “as a coordinated plan for the development of highway routes of international importance” and the planning processes of the member countries is necessary to make the database a more effective planning tool.⁶

3.3 Measuring ADB’s Contribution to the Asian Highway Network

The approach adopted in this paper can be summarized as follows: ADB’s contribution to the AH network was measured by calculating the proportion of ADB-funded regional road projects falling on the AH network to the total road length of the network. Expressed in road length, this is represented by the equation below:

$$ADB\ Contribution = \frac{\sum_{i=1}^n X_{ij}}{Y} \quad (1)$$

where:

X: length of regional road falling on the AH network that is funded through ADB loans (expressed in km)

Y: total distance covered by the AH network (expressed in km) going through ADB DMCs

i: member country of ADB

j: ADB regional road project that falls on the AH network

The data used to assess ADB’s contribution to the AH network are based primarily on loan documents of transport projects financed by ADB. A review was carried out of 176 approved loans covering 168 projects in 27 DMCs from 1966 through October 2008 to

⁵ See Appendix 2 for an illustration of a generic highway planning process.

⁶ UNESCAP (2003).

determine which road projects fall under the AH network. At the same time, all maps provided in the loan documents were coded to facilitate development of a single AH network map. Based on the loan documents, the following data were collected and tabulated:

- ADB loan numbers to identify the projects,
- type of road (e.g., regional, national, feeder),
- construction design standards for regional and national roads,
- cost of construction (total and unit cost per km in US dollars),
- date of completion, and
- ADB financing (in terms of loan amount in US dollars).

In general, roads can be classified into three categories: regional, national, and feeder. It is evident from the equation above that in assessing ADB's contribution to the AH network, a clear definition and proper classification of roads is crucial to generating a realistic estimate. Based on the AH network classification and design standards discussed in the previous section, the definitions given below were adopted.

Regional roads were defined using the AH network classification and design standards to include all border access roads, roads shown on the AH map, and key arteries through countries forming a transport corridor. Not all identified regional (ADB-financed) roads are shown on the AH maps. For instance, many expressways in the PRC that are regional in character are not shown on AH maps. Another example of this discrepancy is the East–West Highway in Malaysia, which received ADB project financing. Although the East–West Highway was constructed two decades ago and meets the AH criteria, it is not shown on AH maps. While this road and other examples are not included in either the AH database or AH maps, they were considered regional roads for the purpose of this paper.

National roads include all roads marked as national roads on official country maps and trunk roads discernible as such without numbering on the maps. **Feeder roads** include all roads characterized as such in loan documentation, as well as provincial roads and all roads covered under maintenance sector projects. Finally, in most road classifications, regional roads are considered national roads, but not all national roads are regional roads. In such cases, regional roads were not counted again under the national road category.

ADB has financed a number of sector programs focusing on road maintenance that comprise specified scopes of work mostly expressed in terms of road length. While these programs have in some cases covered the entire road hierarchy, the sections were not specified in the loan documents and, therefore, could not be geographically identified. Most of these roads were included in the group of feeder roads.

4. Findings on ADB's Contribution to Regional Roads

4.1 Regional Roads in ADB's Portfolio

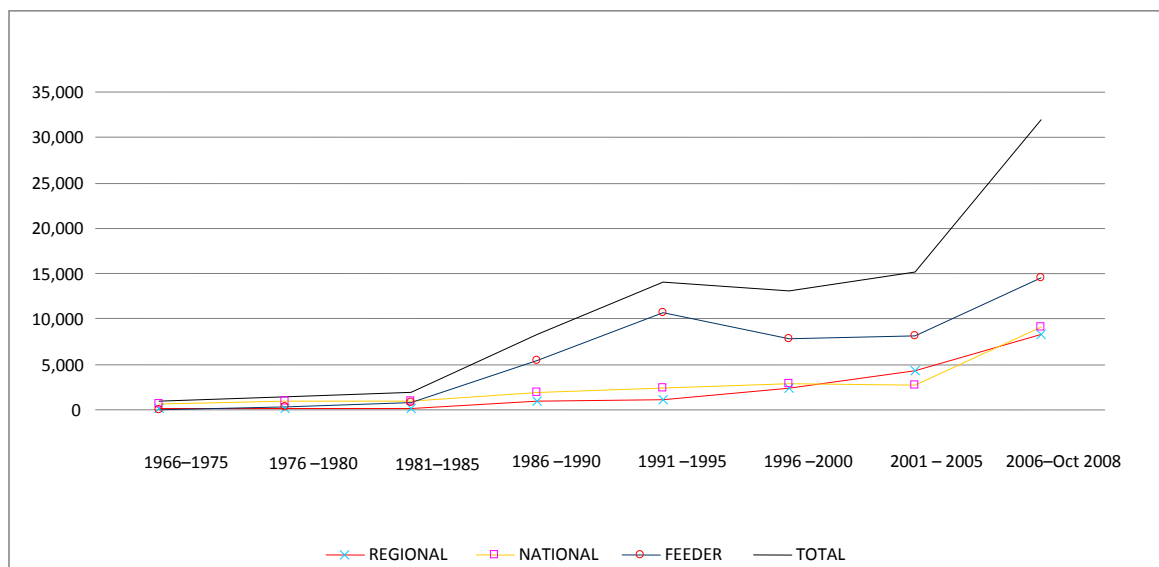
From 1966 through October 2008, ADB financed the construction of 87,003 km of roads in 27 DMCs. Of this total, 17,754 km (20.4%) comprised regional highways, 21,466 km (24.7%) comprised national roads, and 47,782 km (54.9%) comprised feeder roads (Table 3). Appendix 4 gives the ADB contribution for each DMC by road category. All regional roads and a portion of the national roads—totaling about 37,000 km—can be traced on the maps that were coded.

Table 3: ADB Road Projects by Type of Road (km)

Period	Regional	%	National	%	Feeder	%	Total
1966–1975	206	21.5	719	75.0	34	3.5	959
1976–1980	216	14.8	887	60.6	361	24.7	1464
1981–1985	203	10.8	949	50.4	730	38.8	1882
1986–1990	897	10.8	1952	23.6	5,436	65.6	8285
1991–1995	1,149	8.1	2,323	16.4	10,650	75.4	14,122
1996–2000	2,452	18.7	2,863	21.8	7,803	59.5	13,118
2001–2005	4,248	28.0	2,694	17.8	8,223	54.2	15,164
2006– Oct 2008	8,384	26.2	9,079	28.4	14,545	45.4	32,009
Total	17,754	20.4	21,466	24.7	47,782	54.9	87,003

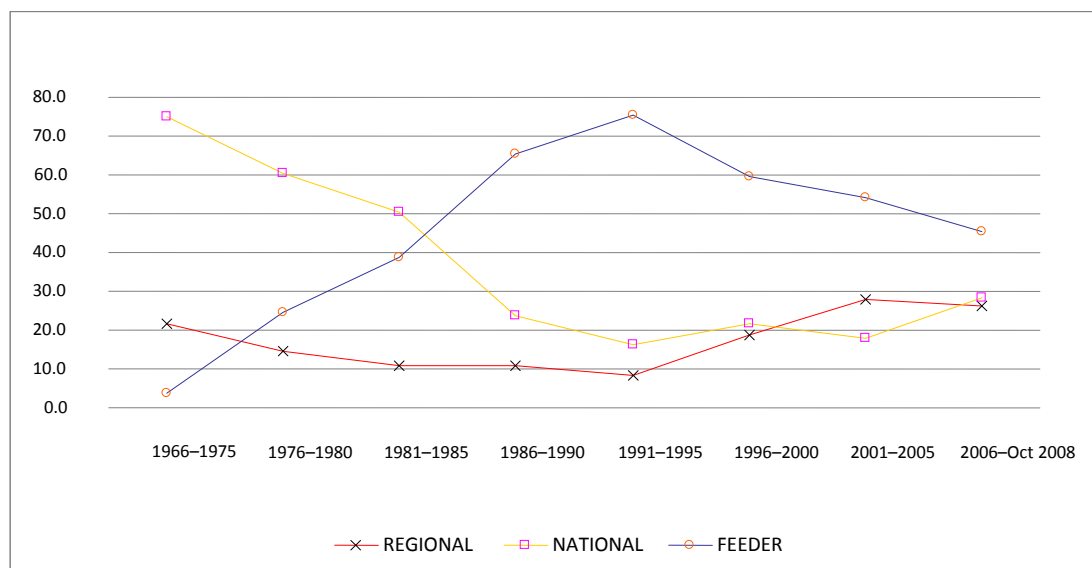
Source: ADB loan documents.

Figure 1: ADB-Financed Highway Projects (km)



Source: Author's estimates.

Figure 2: Composition of ADB-Financed Highway Projects (%)

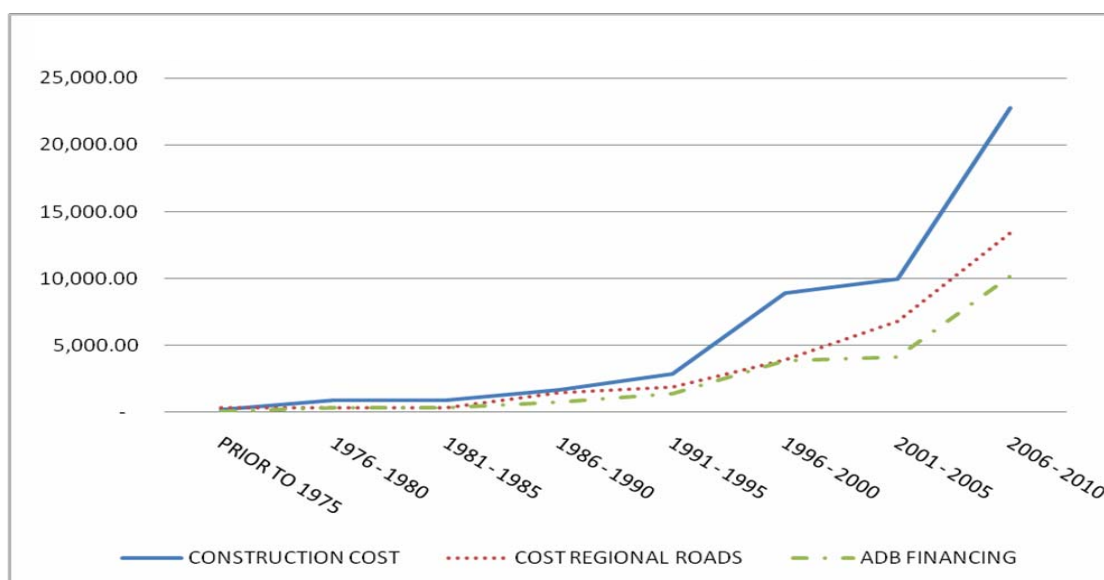


Source: Author's estimates.

Figure 2 shows the composition of ADB's financial assistance to the road sector from 1966 through October 2008. The share of regional roads as a portion of the total has been on a rising trend since the period 1991–1995. While Figure 2 indicates that this trend may have slowed after 2006, the loan projects that are currently in the ADB pipeline and others pending approval have not been included. Once updated to include 2009, the database will most likely reflect a continuation of the rise in the share of regional roads as a portion of all ADB-financed roads.

In terms of project costs, the total amounted to \$42,017 million, with accumulated ADB loans of around \$18,478 million (Appendix 5).⁷ Based on 2008 prices, the total cost is estimated at \$48,145 million, while the corresponding ADB financing reached \$21,141 million.⁸ Figure 3 shows the development of construction costs and ADB financing in real terms. The rising trend in the cost of regional roads reflects the increase in design standards in later years. For example, some regional roads were constructed to four-lane, access-controlled expressway standards.

Figure 3: Construction Costs and Financing (Million \$, 2008 Prices)



Source: Author's estimates.

⁷ The project costs figure includes both actual cost of completed projects and cost estimates related to ongoing projects.

⁸ The original costs and loan amounts were adjusted to 2008 prices by using an index derived from construction costs and the weighted average of the ADB projects in terms of construction standards. The index was applied to the mid-point of the respective 5-year periods.

Table 4 shows the composition of ADB road programs by type of road in two regional groups, ASEAN and South Asian Association for Regional Cooperation (SAARC),⁹ as well as in ADB's subregional groups comprising GMS, CAREC, and South Asia Subregional Economic Cooperation (SASEC).¹⁰ Regional roads comprise around 20.4% of ADB's total road programs. The focus on transport that is common to ADB's subregional programs is reflected in the significantly higher share of regional road projects in their respective total road programs. Table 4 shows the share of regional roads at 32.6% in GMS, 40.4% in CAREC, and 28.6% in SASEC. In SAARC, the composition of regional road projects is around 20%, which is consistent with ADB's total share. In ASEAN as a whole, the share of regional roads is about 16%. However, two ADB member countries, Singapore and Brunei, have not received any ADB assistance and are not represented in the road data.

Table 4: ADB Transport Projects by Road Type and Regional/Subregional Group (km)

	Regional	National	Feeder	Total
SAARC	4,330	6,002	11,361	21,693
% share	20.0	27.7	52.4	100.0
GMS	3,917	3,174	4,934	12,024
% share	32.6	26.4	41.0	100.0
CAREC	4,100	1,646	4,403	10,149
% share	40.4	16.2	43.4	100.0
SASEC	3,762	4,598	4,808	13,169
% share	28.6	34.9	36.5	100.0
ADB Total	17,754	21,466	47,782	87,003
% share	20.4	24.7	54.9	100.0

Source: ADB loan documents.

Notes: CAREC = Central Asia Regional Economic Cooperation, GMS = Greater Mekong Subregion Project, SAARC= South Asian Association for Regional Cooperation, SASEC = South Asia Subregional Economic Cooperation.

GMS and SASEC have regional road shares of 26% and 35%, respectively, which are relatively higher than the total share for ADB, while the CAREC countries have the lowest share of regional roads at only about 16%.

⁹ Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

¹⁰ Bangladesh, Bhutan, Nepal, and the eastern states of India.

Due to their unique geographic situations, there are several national roads that are not considered to be regional roads, according to AH classification, even though they play crucial roles in linking together different parts of the country. For example:

- Malaysia's East–West Highway, which cuts across the Malaysian peninsula and is a strategic link between the eastern and western parts of the country, neither meets the AH criteria nor the criteria adopted for regional roads. Yet, while the East–West Highway is likely as significant as the North–South Corridor connecting Malaysia with Thailand and Singapore, the North–South Corridor is a part of the AH network and the East–West Highway is not. ADB has contributed to the rehabilitation and upgrading of the East–West Highway in two phases.¹¹ Accordingly, in this paper, the East–West Highway is considered a regional road.
- The Panay Island Road project¹² is representative of several similar road projects financed by ADB in archipelagic countries like the Philippines. The road is of strategic significance for the island's economy and for the integrity of the country as a whole. Due to its location on the periphery of regional transport corridors, the road does not qualify as a regional road.
- Road projects in ADB's Pacific developing member countries (PDMCs) mostly escape the regional classification. Good examples include the Hiritano Highway,¹³ which is a major road on the southern part of the Papua peninsula, and the Highlands Highway,¹⁴ which is a strategic link between the southern and northern part of the same peninsula. The PDMCs do not figure at all in the AH project nor can their roads be regarded as regional.
- Hunan Province in the PRC is a landlocked province that does not border other countries. The population and geographic size of the province are comparable to Thailand and the Philippines. However, due to its geographic peculiarities, Hunan roads cannot be considered regional in nature. A case in point is the Hunan Expressway Project that connects the provincial capital with other parts of the provincial network.¹⁵

Feeder roads, whose cumulative share reached 55%, accounted for the largest share of ADB's total road programs. In ASEAN, feeder roads accounted for about 64% of ADB's total road programs. In SAARC, the same ratio was around 52%. With respect to feeder roads among ADB subregions, a share of 41% was registered in GMS, 43% in CAREC, and 37% in SASEC.

¹¹ ADB Loan No. 588-MAL: East–West Highway Project. Approved in 1982.

¹² ADB Loan No. 477-PHI: Second Road Improvement Project. Approved in 1988.

¹³ ADB Loan No. 116-PNG: Hiritano Highway Project. Approved in 1972.

¹⁴ ADB Loan No. 327-PNG: Highlands Highway Project. Approved in 1977.

¹⁵ Loan No. 1261-PRC: Hunan Expressway Project. Approved in 1993.

On the whole, ADB's transport projects have contributed significantly to the development of balanced national networks that comprise a hierarchy of roads. Roads foster spatial integration and trade within a national economy and among national economies. Regional roads have become more important given the increasing pace of globalization and economic integration in Asia. In addition, regional roads derive their significance from national and feeder roads that provide them with traffic. From this perspective, ADB's contribution to the development of national networks has been well-balanced and proportionate to the significance of various roads within each network's hierarchy.

4.2 ADB's Contribution to the AH Network

ADB has financed a total of 17,754 km of regional roads. Table 5 lists the regional roads supported by ADB in DMCs, while Figure 4 plots ADB-financed roads on the AH map as indicated by the highlighted sections.

To measure ADB's contribution to the AH network, the ratio of ADB regional roads to the 2006 AH database was calculated. As a caveat, this indicator is prone to potential inaccuracies due to the following: (i) regional roads financed by ADB that were started or completed after 2006 may not be reflected in the respective category of the AH database against which ADB regional road projects were compared; (ii) the contents of the AH database may have changed since 2006, as some roads financed from sources other than ADB may have been upgraded and, therefore, were moved to a different AH category; (iii) some ADB roads have received repeated ADB assistance over time to maintain the value of the road,¹⁶ while the AH data base of 2006, on the other hand, may show sections that have been improved or may have fallen into disrepair in the interim; and (iv) not all ADB regional roads are recognized as AH roads.

These words of caution notwithstanding, ADB's contribution to the AH network was measured in three ways:

- First, as a proportion of the core AH network consisting of 27,816 km of roads with two or more lanes and covering primary, class I, and class II highway category standards.
- Second, as a proportion of a broader reference base that would apply to all AH sections with two or more lanes and covering primary, class I, class II, and class III highway category standards.
- Third, as a proportion of the total AH network including roads below class III, and others, totaling 105,546 km.

These indicators are shown in Table 5 below. The first indicator shows that ADB's contribution represented around 64% of AH core roads comprising primary, class I, and class II roads. Based on the 2006 data, these AH categories have a total of 27,816 km and contain upgraded roads. Most ADB regional roads have conformed to the standards of these categories.

¹⁶ The East–West Highway in Bhutan is an example. Due to the rapid and often unpredictable deterioration of the road, ADB has so far made three loans to maintain the road at serviceable conditions.

Figure 4: The Asian Highway Route Map

Sources: Author's estimates based on ADB and UNESCAP data.

The second indicator applies a broader definition of AH roads to include class III roads. Based on this, ADB's contribution is about 20% of AH roads with two or more lanes covering primary, class I, class II, and class III roads, and representing a total of about 90,000 km. The roads with two lanes or less are not universally paved and are in various state of repair. Most of the AH roads in categories III and below need upgrading. It is in this class where the bulk of improvement work should be concentrated, not only to meet the required design standards, but also to bring the roads to serviceable conditions.

Table 5: Indicators of ADB Contributions to the Asian Highway Network

DMC	Asian Highway Road Sections (km)				ADB Contribution		
	Core AH Network: Primary, Class 1, Class II	Broader Reference Base: Primary, Class 1, Class II, Class III	Total Asian Highway	ADB Regional Roads	As % of Core AH Network	As % of Broader Reference Base	As % of Total AH Network
Afghanistan	621	4,247	4,247	660	106.28	15.54	15.54
Armenia	519	998	998				
Azerbaijan	1,094	1,442	1,670	186	17.00	12.90	11.14
Bangladesh	461	1,805	1,805	857	185.90	47.48	47.48
Bhutan	6	167	167	1,067.3	17,788.33	639.10	639.10
Cambodia	398	1,340	1,340	328	82.41	24.48	24.48
PRC	7,078	10,529	25,929	2,624.7	37.08	24.93	10.12
Georgia	796	1,154	1,154				
India	484	11,458	11,458	1,096	226.45	9.57	9.57
Indonesia	1,953	3,918	3,952	1,542	78.96	39.36	39.02
Kazakhstan	839	13,207	13,207	929	110.73	7.03	7.03
Kyrgyzstan	464	1,695	1,695	748.2	161.25	44.14	44.14
Lao PDR		2,375	2,378	1,321.3		55.63	55.56
Malaysia	1,595	1,595	1,595	300.4	18.83	18.83	18.83
Mongolia	440	4,286	4,286	1,359	308.86	31.71	31.71
Myanmar	291	3,003	3,003	253.2	87.01	8.43	8.43
Nepal	311	1,326	1,326	741.8	238.52	55.94	55.94
Pakistan	1,634	5,377	5,377	218	13.34	4.05	4.05
Philippines	44	3,367	3,517	206	468.18	6.12	5.86
Republic of Korea	907	907	907	114.8	12.66	12.66	12.66
Sri Lanka	269	650	650	349.4	129.89	53.75	53.75
Tajikistan	289	1,925	1,925	453.9	157.06	23.58	23.58
Thailand	3,980	5,108	5,112	783	19.67	15.33	15.32
Turkmenistan		2,204	2,204				
Uzbekistan	1,020	2,966	2,966	131	12.84	4.42	4.42
Viet Nam	2,323	2,678	2,678	1,484.3	63.90	55.43	55.43
Total	27,816	89,727	105,546	17,754.3	63.83	19.79	16.82

Note: This paper compares the actual length of roads belonging to the AH concept with roads defined in this paper as regional roads. By AH definition, these roads could qualify as AH roads. For that reason, ADB's contribution to the regional network in Asia in some countries exceeds the AH network considerably.

AH = Asian highway, DMC = developing member country, km = kilometers, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China.

Source: Authors' estimates.

The third indicator uses the total length of AH roads, including a category of unspecified “other means of transport” such as ferry crossings, bridges, and earth roads. Using this as a measure, ADB’s contribution is about 17%.

5. Conclusion

Several important findings are noteworthy.

ADB has made a significant contribution to the AH network since its inception. ADB’s contribution represents around 64% of the network’s core roads, which has a total of 27,816 km of primary, class I, and class II roads. In terms of a broader definition of the AH network’s roads, which includes class III roads and comprises a total of about 90,000 km, ADB’s contribution is about 20%.

Furthermore, within ADB’s portfolio, the share of regional roads has risen since the early 1990s and this trend is expected to continue in the near future, reflecting greater ADB emphasis on promoting RCI in its *Strategy 2020*. ADB’s subregional programs were found to have a strong focus on transport as reflected in the relatively high share of regional road projects in their respective total road programs. In GMS, the regional share stood at 32.6%, CAREC registered a share of 40.4%, while SASEC had 28.6%.

This paper recommends the following:

- There is merit in regularly updating the AH database. The map of ADB’s contribution to the network should be regularly updated to take into account future ADB road projects.
- The Asia Regional Integration Center (ARIC) website, managed by ADB’s Office of Regional Economic Integration (OREI), can manage the database on ADB projects that support the AH network and upload this information onto the ARIC website under the infrastructure and software pillar.
- A discussion of the report’s findings among ADB’s regional departments would be helpful in improving the report’s estimates and addressing any inconsistencies that may exist.
- As a next step, sharing the report with UNESCAP would be useful to attain closer synchronization between the AH project and the road planning exercises of the DMCs that are frequently assisted by ADB.
- ADB should also explore with UNESCAP how the nature of the evolution of the AH project in the future to determine whether the project should be considered a continuous work-in-progress or if it will cease to exist once its original scope has been achieved.
- If ADB sees merit in an evolving and dynamic AH concept, it should consider providing support to UNESCAP in regularly updating its database, given that UNESCAP’s past efforts relied mostly on bilateral assistance. A sustained partnership between ADB and UNESCAP could provide a more solid underpinning to the AH project.

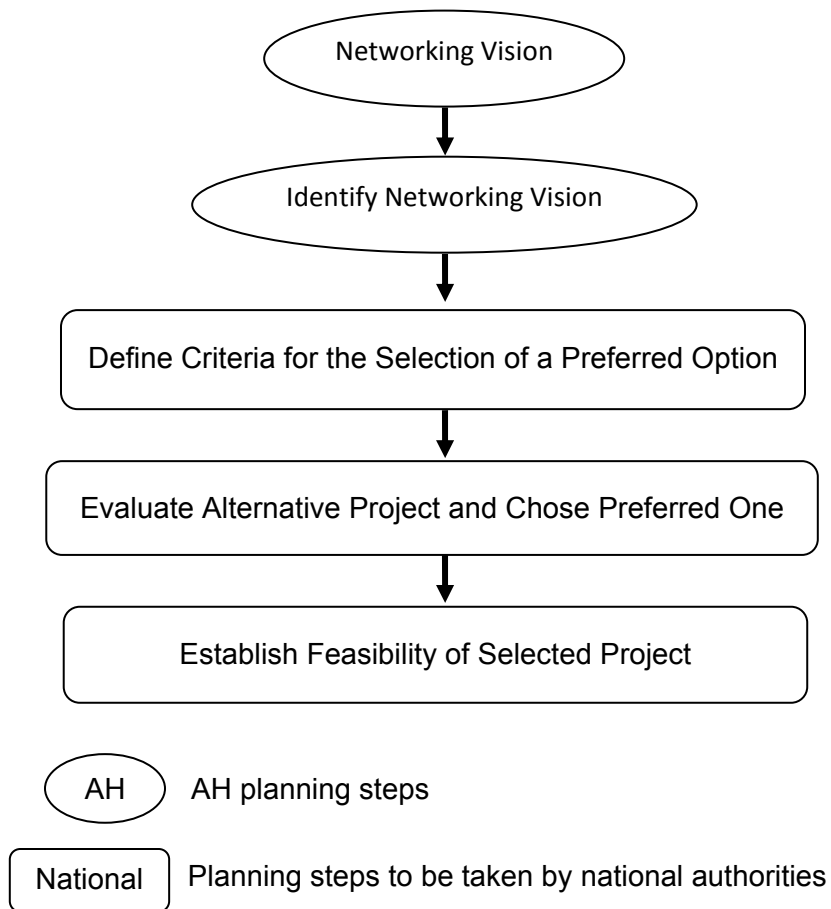
The need for a regional approach in infrastructure development serves as a major challenge to ADB. As the AH regional initiative has shown, RCI is crucial to the development of infrastructure. As Asia's premier development institution, ADB has a major role to play in closing infrastructure gaps in the AH network. ADB, along with other international and regional institutions, can help strengthen AH financing and planning in coordination with UNESCAP.

Appendix 1: Asian Highway Design Standards

Highway classification	Primary (4 or more lanes)				Class I (4 or more lanes)				Class II (2 lanes)				Class III (2 lanes)			
Terrain classification	L	R	M	S	L	R	M	S	L	R	M	S	L	R	M	S
Design speed (km/h)	120	100	80	60	100	80	50	100	80	60	50	40	60	50	40	30
Width (m)	Right of way				(50)				(40)				(40)			
	Lane				3.50				3.50				3.50			
	Shoulder				3.00				2.50				2.50			
	Median strip				4.00				3.00				N/A			
Pavement slope (%)	2				2				2				2-5			
Shoulder slope (%)	3-6				3-6				3-6				3-6			
Type of pavement	Asphalt/cement concrete				Asphalt/cement concrete				Asphalt/cement concrete				Dbl. bituminous treatment			
Max. super elevation (%)	10				10				10				10			
Max. vertical grade (%)	4	5	6	7	4	5	6	7	4	5	6	7	4	5	6	7
Structure loading (minimum)	HS20-44				HS20-44				HS20-44				HS20-44			

Source: UNESCAP (2003).

Appendix 2: Generic Networking Planning Process



Source: Author's estimates

Appendix 3: ADB Loans for Road Projects—Loan Documents Reviewed

LOAN NO		LOAN NO		LOAN NO		LOAN NO		LOAN NO	
1	1306-THA	38	588-MAL	73	2393-PRC	111	2413/1711-SRI	151	TBD-KAZ
2	1391-THA	39	238-MAL	74	2345-PRC	112	2217-SRI	152	1774-KAZ
3	1176-THA	40	176/7-MAL	75	2339-PRC	113	1986-SRI	153	1455-KAZ
4	1098-THA			76	2295-PRC	114	1649-SRI		
5	1027-THA	41	1473-PHI	77	2247-PRC	115	1567-SRI	154	R164-07
6	943-THA	42	1058-PHI	78	2219-PRC	116	865-SRI	155	2106-KGZ
7	503-THA	43	1322/801-PHI	79	2181-PRC	117	864-SRI	156	1853-KGZ
8	383-THA	44	597-PHI	80	2125-PRC	118	753-SRI	157	1775-KGZ
9	259-THA	45	477-PHI	81	2094-PRC	119	471-SRI	158	1775-KGZ
10	178-THA	46	308-PHI	82	2089-PRC			159	1444-KGZ
		47	136-PHI	83	2014-PRC	120	2330-IND		
11	2184-INO	48	106-PHI	84	2004-PRC	121	2154-IND	160	2359-TAJ
12	1798-INO	49	56-PHI	85	1967-PRC	122	2029-IND	161	2196-TAJ
13	1335-INO			86	1851-PRC	123	1959-IND	162	2062-TAJ
14	966-INO	50	1164-FIJ	87	1783/4-PRC	124	1839-IND	163	2062-TAJ
15	863-INO	51	912-FIJ	88	1701-PRC	125	1747-IND		
16	741-INO	52	704-SOL	89	1691-PRC	126	1274-IND	164	2403-UZB
17	692-INO	53	1303-TON	90	1641/42-PRC	127	1041-IND		
18	575-INO	54	1709/2243-PNG	91	1638-PRC	128	0918-IND	165	127-AFG
19	484-INO	55	1153-PNG	92	1617-PRC	129	0918-IND	166	1997-AFG
20	429-INO	56	690-PNG	93	1484-PRC	130	0918-IND	167	2140-AFG
21	347-INO	57	631-PNG	94	1483-PRC			168	2257-AFG
22	277-INO	58	327-PNG	95	1470-PRC	131	2021-BAN		
23	261-INO	59	116-PNG	96	1388-PRC	132	1920-BAN		
				97	1387-PRC	133	1789-BAN		
24	644-MYA	60	2406-CAM	98	1325-PRC	134	1708-BAN		
		61	2373-CAM	99	1324-PRC	135	1298-BAN		
25	1989-LAO	62	1945-CAM	100	1261-PRC	136	1287-BAN		
26	1727-LAO	63	1697-CAM	101	1168-PRC	137	839-BAN		
27	1369-LAO	64	1659-CAM			138	298-BAN		
28	1533-LAO			102	G107-MON				
29	1234-LAO	65	2392-VIE	103	2087-MON	139	2401-PAK		
30	1108/9-LAO	66	2372-VIE	104	1700-MON	140	2231-PAK		
31	788-LAO	67	1888-VIE	105	1364-MON	141	2210-PAK		
32	866-LAO	68	1728-VIE			142	1891/92-PAK		
33	643-LAO	69	1660-VIE	106	228-KOR	143	1185-PAK		
		70	1653-VIE	107	313-KOR	144	917-PAK		
34	2187-BHU	71	1487-VIE	108	592-KOR	145	758-PAK		
35	1763-BHU	72	1272-VIE	109	847-KOR				
36	1265-BHU			110	935-KOR	146	1876-NEP		
37	790-BHU					147	1377-NEP		
						148	982-NEP		
						149	806-NEP		
						150	117/274-NEP		

Source: ADB.

Appendix 4: ADB Road Projects by Category, Construction Cost, and ADB Loan Amount

	REGIONAL	NATIONAL	FEEDER	TOTAL	COST (MILLION \$)		ADB LOANS
		KM			PER KM	TOTAL	(MILLION \$)
SUMMARY THAILAND	783 24.4%	971.4 30.2%	1459 45.4%	3213.4	0.35	1130.6	631.2
SUMMARY MALAYSIA	300.4 82.4%	0 0.0%	64 17.6%	364.4	0.40	145.3	49.5
SUMMARY INDONESIA	1542 7%	3727 17%	16770 76%	22039	0.08	1790.5	1036.2
SUMMARY PHILIPPINES	206 3.9%	1502 28.2%	3829 71.8%	5537	0.22	1202.4	536.4
SUMMARY MYANMAR	253.2 100.0%	0 0.0%	0 0.0%	253.2	0.50	127.1	34.4
SUMMARY OTHER COUNTRIES	0 0.0%	2558.1 100.0%	0 0.0%	2558.1	0.20	499.6	275.7
SUMMARY SRI LANKA	349.4 10.6%	404 12.3%	2528 77.0%	3281.4	0.31	1030.2	584.5
SUMMARY INDIA	1096 16.3%	2994.4 44.5%	2633.6 39.2%	6724	0.54	3635.1	2314.4
SUMMARY BANGLADESH	857 24.0%	1274 35.6%	1443.6 40.4%	3574.6	0.48	1710	769.8
SUMMARY NEPAL	741.8 43.6%	330 19.4%	628 36.9%	1699.8	0.14	245.1	180.7
SUMMARY BHUTAN	1067.3 91.2%	0 0.0%	103 8.8%	1170.3	0.05	63.55	47.8
SUMMARY PAKISTAN	218 4.2%	1000 19.1%	4025 76.8%	5243	0.45	2346.1	1766.2
SUMMARY AFGHANISTAN	660 57.5%	454.2 39.6%	34 3.0%	1148.2	0.29	331.4	302.8
SUMMARY AZERBAIJAN	186 50.1%	0 0.0%	185 49.9%	371	0.92	342.2	252
SUMMARY KAZAKHSTAN	929 82.9%	192 17.1%	0 0.0%	1121	0.51	576.6	433.6
SUMMARY KYRGYZ REPUBLIC	748.2 85.7%	0 0.0%	125 14.3%	873.2	0.37	326	186.6
SUMMARY TAJIKISTAN	453.9 88.3%	0 0.0%	60 11.7%	513.9	0.33	167.1	72
SUMMARY UZBEKISTAN	131 100.0%	0 0.0%	0 0.0%	131	1.32	173.5	75.3
SUMMARY LAO PDR	1321.30 74.8%	171.30 9.7%	275.00 15.6%	1767.6	0.24	416.9	298.2
SUMMARY VIET NAM	1484.30 29.0%	435.00 8.5%	3200.00 62.5%	5119.3	0.44	2246.8	1705.3
SUMMARY CAMBODIA	328.00 17.0%	1596.00 83.0%	0.00 0.0%	1924	0.14	260.3	151.0
SUMMARY PRC	2624.70 17.1%	2557.40 16.7%	10139.20 66.2%	15321.3	1.43	21853.5	6331.0
SUMMARY MONGOLIA	1359.00 97.6%	0.00 0.0%	34.00 2.4%	1393	0.18	252.0	109.6
SUMMARY KOREA	114.80 6.9%	1299.60 78.2%	246.90 14.9%	1661.3	0.69	1145.3	333.7
ADB TOTAL	17754.30 20.4%	21466.40 24.7%	47782.30 54.9%	87003 100.0%	0.48	42017.2 100.0%	18477.9 44.0%

Source: Author's estimates based on ADB data.

Appendix 5: Development and Project Costs, and ADB Financing
(\$ Million, Nominal and 2008 Prices)

	TOTAL COST		REGIONAL	ADB FINANCING	
	ALL ROADS		ROADS		
	actual	real (2008)	real (2008)	actual	real (2008)
PRIOR TO 1975	74.40	195.60	329.60	32.80	86.23
1976 - 1980	399.30	914.40	346.24	145.70	333.65
1981 - 1985	442.80	882.94	324.16	184.40	367.69
1986 - 1990	968.20	1,681.76	1,434.40	467.30	811.70
1991 - 1995	1,947.70	2,853.06	1,838.40	986.20	1,422.98
1996 - 2000	6,757.20	8,905.99	3,922.88	2,903.60	3,826.94
2001 - 2005	8,672.95	9,956.55	6,796.16	3,608.40	4,142.44
2006 - 2010	22,754.60	22,754.60	13,415.04	10,149.50	10,149.50
	42,017.15	48,144.90	28,406.88	18,477.90	21,141.14

Source: Author's estimates based on ADB data.

Appendix 6: Development and Composition of ADB Highway Projects

	REGIONAL	NATIONAL	FEEDER	TOTAL
	KM			
1975 AND BEFORE	206	719	34	959
1976 - 1980	216.4	886.8	361	1464
1981 - 1985	203	949	730	1882
1986 - 1990	897	1952	5436	8285
1991 - 1995	1149	2323	10650	14122
1996 - 2000	2452	2863	7803	13118
2001 - 2005	4248	2694	8223	15164
2006 AND LATER	8384	9079	14545	32009
TOTAL ADB	17754	21466	47782	87003

Source: Author's estimates based on ADB data.

Appendix 7: Asian Highway Roads and ADB-Financed Regional Roads (km)

ADB DMCs	AH ROADS (KM)			ADB REGIONAL ROADS			
	PRIMARY TO	CLASS III	TOTAL	ADB TOTAL	ADB SHARES IN AH CLASS		
	CLASS II	AND BELOW	AH ROADS	KM	PRIMARY TO	CLASS III	TOTAL
					CLASS II	AND BELOW	AH ROADS
THAILAND	3,980	5,108	5,112	783	19.7%	15.3%	15.3%
MALAYSIA	1,595	1,595	1,595	300	18.8%	18.8%	18.8%
INDONESIA	1,953	3,918	2,966	1542	79.0%	39.4%	52.0%
PHILIPPINES	2,323	2,427	3,952	206	8.9%	8.5%	5.2%
MYANMAR	291	1,274	3,003	253	87.0%	19.9%	8.4%
PDMCs	-	-	-				
LAOS	-	2,375	2,378	1321		55.6%	55.6%
VIETNAM	2,323	2,427	2,678	1484	63.9%	61.2%	55.4%
CAMBODIA	398	1,141	1,340	328	82.4%	28.7%	24.5%
PRC	7,078	9,086	25,929	2625	37.1%	28.9%	10.1%
MONGOLIA	440	785	4,286	1359	308.9%	31.7%	31.7%
KOREA	907	907	907	115	12.7%	12.7%	12.7%
SRI LANKA	269	459	650	349	0.0%	76.1%	53.8%
INDIA	484	11,353	11,458	1096	226.4%	9.6%	9.6%
NEPAL	44	2,916	3,517	742	1685.9%	25.4%	21.1%
BANGLADESH	461	937	1,805	857	94.5%	94.5%	94.5%
BHUTAN	6	6	167	1067	17788.3%	17788.3%	639.1%
PAKISTAN	1,634	4,203	5,377	218	49.5%	27.8%	5.1%
AFGHANISTAN	621	698	4,247	660	106.3%	94.6%	15.5%
ARMENIA	-	-	-				
AZERBAIJAN	1,094	1,442	1,670	186	17.0%	12.9%	11.1%
KAZAKHSTAN	839	10,843	13,207	929	110.7%	8.6%	7.0%
KYRGYZ REP.	464	975	1,695	748	161.3%	76.7%	44.1%
TAJIKISTAN	289	892	1,925	454	0.0%	50.9%	23.6%
UZBEKISTAN	1,020	2,638	2,966	131	12.8%	5.0%	4.4%
TURKMENISTAN		2,180	2,204				
TOTAL	27,816	89,727	105,546	17754	64%	20%	17%

Source: Author's estimates based on ADB data.

References

- Asian Development Bank (ADB). 2008. *Emerging Asian Regionalism: A Partnership for Shared Prosperity*. Manila.
- ADB and Asian Development Bank Institute. 2009. *Infrastructure for a Seamless Asia*. Manila and Tokyo.
- ADB, Japan Bank for International Cooperation and World Bank. 2005. *Connecting East Asia: A New Framework for Infrastructure*. Manila, Tokyo, and Washington DC.
- Arnold, J. 2009. The Role of Logistics Infrastructure and Trade Facilitation in Asian Trade. In Francois, J., P. B. Rana and G. Wignaraja, eds. *Pan Asian Integration: Linking East and South Asia*. Basingstoke (UK): Palgrave Macmillan Press.
- Bhattacharyay, B.N. 2009. Infrastructure Development for ASEAN Economic Integration. *ADB Working Paper Series*. No. 138.
- Borras, M., D. Ernst, and S. Haggard, eds. 2000. *International Production Networks in Asia: Rivalry or Riches*. London: Routledge.
- Country Surveyors Society. 2004. *Framework for Highway Asset Management*. Shrewsbury, UK: Country Surveyors Society.
- Francois, J.F. and G. Wignaraja. 2008. Economic Implications of Asian Integration. *Global Economy Journal*. 6(3). pp.1- 46.
- Kawai, M. 2005. East Asian Economic Regionalism: Progress and Challenges. *Journal of Asian Economics*. 16:1 (February). pp. 29–55.
- Krumm, K. and H. Kharas, eds. 2003. *East Asia Integrates: A Trade Policy for Agenda for Shared Growth*. Washington D.C: World Bank.
- Kumar, N. and P. De. 2008. East Asian Infrastructure Development in a Comparative Global Perspective: An Analysis of RIS Infrastructure Index. *New Delhi: Research and Information System for Developing Countries RIS Discussion Paper No. 135*.
- Kuroiwa, I. and T.M. Heng, eds. 2008. *Production Networks and Industrial Clusters: Integrating Economies in Southeast Asia*. Singapore: Institute of Southeast Asian Studies.
- Leinbach, T.R. 1989. Road and Rail Transport Systems. In Leinbach, T.R. and C.L. Sien, ed. *South-East Asian Transport: Issues in Development*. Singapore: Oxford University Press.
- Levinson, D.M. 2002. *Financing Transportation Networks*. Cheltenham, UK: Edward Elgar.

- Mody, A., ed. 2007. *Infrastructure Strategies in East Asia: The Untold Story*. Washington D.C.: Economic Development Institute of the World Bank.
- Organisation for Economic Cooperation and Development. 2002. *Impact of Transport Infrastructure Investment on Regional Development*. Paris.
- Polak, J.B. and A. Heertje, ed. 2000. *Analytical Transport Economics: An International Perspective*. Cheltenham, UK: Edward Elgar.
- Rietveld, P. and P. Nijkamp. 2000. Transport Infrastructure and Regional Development. In Polak, J.B. and A. Heertje, ed. *Analytical Transport Economics: An International Perspective*. Cheltenham, UK: Edward Elgar.
- Roth, G. 1996. *Roads in a Market Economy*. Aldershot, UK: Avebury Technical.
- Small, K.A. and E.T. Verhoef. 2007. *The Economics of Urban Transportation*. London: Routledge.
- Smith, A. 1776. *An Inquiry into the Nature and Causes of the Wealth of Nations* volume 1 of Edwin Cannan's edition. Chicago: University of Chicago Press.
- Stone, S. and A. Strutt. 2009. Transport Infrastructure and Trade Facilitation in the Greater Mekong Subregion. *ADB Working Paper Series* No. 130.
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). 2003. *Asian Highway Handbook*. Bangkok.
- _____. 2006. *Priority Investment Needs for the Development of the Asian Highway Network*. Bangkok.
- World Bank. 1994. *World Development Report: Infrastructure for Development*. Washington D.C.

ADB Working Paper Series on Regional Economic Integration*

1. "The ASEAN Economic Community and the European Experience" by Michael G. Plummer
2. "Economic Integration in East Asia: Trends, Prospects, and a Possible Roadmap" by Pradumna B. Rana
3. "Central Asia after Fifteen Years of Transition: Growth, Regional Cooperation, and Policy Choices" by Malcolm Dowling and Ganeshan Wignaraja
4. "Global Imbalances and the Asian Economies: Implications for Regional Cooperation" by Barry Eichengreen
5. "Toward Win-Win Regionalism in Asia: Issues and Challenges in Forming Efficient Trade Agreements" by Michael G. Plummer
6. "Liberalizing Cross-Border Capital Flows: How Effective Are Institutional Arrangements against Crisis in Southeast Asia" by Alfred Steinherr, Alessandro Cisotta, Erik Klär, and Kenan Šehović
7. "Managing the Noodle Bowl: The Fragility of East Asian Regionalism" by Richard E. Baldwin
8. "Measuring Regional Market Integration in Developing Asia: a Dynamic Factor Error Correction Model (DF-ECM) Approach" by Duo Qin, Marie Anne Cagas, Geoffrey Ducanes, Nedelyn Magtibay-Ramos, and Pilipinas F. Quising
9. "The Post-Crisis Sequencing of Economic Integration in Asia: Trade as a Complement to a Monetary Future" by Michael G. Plummer and Ganeshan Wignaraja
10. "Trade Intensity and Business Cycle Synchronization: The Case of East Asia" by Pradumna B. Rana
11. "Inequality and Growth Revisited" by Robert J. Barro
12. "Securitization in East Asia" by Paul Lejot, Douglas Arner, and Lotte Schou-Zibell
13. "Patterns and Determinants of Cross-border Financial Asset Holdings in East Asia" by Jong-Wha Lee
14. "Regionalism as an Engine of Multilateralism: A Case for a Single East Asian FTA" by Masahiro Kawai and Ganeshan Wignaraja
15. "The Impact of Capital Inflows on Emerging East Asian Economies: Is Too Much Money Chasing Too Little Good?" by Soyoung Kim and Doo Yong Yang
16. "Emerging East Asian Banking Systems Ten Years after the 1997/98 Crisis" by Charles Adams
17. "Real and Financial Integration in East Asia" by Soyoung Kim and Jong-Wha Lee
18. "Global Financial Turmoil: Impact and Challenges for Asia's Financial Systems" by Jong-Wha Lee and Cyn-Young Park
19. "Cambodia's Persistent Dollarization: Causes and Policy Options" by Jayant Menon

20. "Welfare Implications of International Financial Integration" by Jong-Wha Lee and Kwanho Shin
21. "Is the ASEAN-Korea Free Trade Area (AKFTA) an Optimal Free Trade Area?" by Donghyun Park, Innwon Park, and Gemma Esther B. Estrada
22. "India's Bond Market—Developments and Challenges Ahead" by Stephen Wells and Lotte Schou- Zibell
23. "Commodity Prices and Monetary Policy in Emerging East Asia" by Hsiao Chink Tang
24. "Does Trade Integration Contribute to Peace?" by Jong-Wha Lee and Ju Hyun Pyun
25. "Aging in Asia: Trends, Impacts, and Responses" by Jayant Menon and Anna Melendez-Nakamura
26. "Re-considering Asian Financial Regionalism in the 1990s" by Shintaro Hamanaka
27. "Managing Success in Viet Nam: Macroeconomic Consequences of Large Capital Inflows with Limited Policy Tools" by Jayant Menon
28. "The Building Block versus Stumbling Block Debate of Regionalism: From the Perspective of Service Trade Liberalization in Asia" by Shintaro Hamanaka
29. "East Asian and European Economic Integration: A Comparative Analysis" by Giovanni Capannelli and Carlo Filippini
30. "Promoting Trade and Investment in India's Northeastern Region" by M. Govinda Rao
31. "Emerging Asia: Decoupling or Recoupling" by Soyoung Kim, Jong-Wha Lee, and Cyn-Young Park
32. "India's Role in South Asia Trade and Investment Integration" by Rajiv Kumar and Manjeeta Singh
33. "Developing Indicators for Regional Economic Integration and Cooperation" by Giovanni Capannelli, Jong-Wha Lee, and Peter Petri
34. "Beyond the Crisis: Financial Regulatory Reform in Emerging Asia" by Chee Sung Lee and Cyn-Young Park
35. "Regional Economic Impacts of Cross-Border Infrastructure: A General Equilibrium Application to Thailand and Lao PDR" by Peter Warr, Jayant Menon, and Arief Anshory Yusuf
36. "Exchange Rate Regimes in the Asia-Pacific Region and the Global Financial Crisis" by Warwick J. McKibbin and Waranya Pim Chanthapun

* These papers can be downloaded from: (ARIC) <http://aric.adb.org/reipapers/> or (ADB) www.adb.org/publications/category.asp?id=2805

Roads for Asian Integration: Measuring ADB's Contribution to the Asian Highway Network

In this paper, Srinivasa Madhur, Ganeshan Wignaraja and Peter Darjes examine the link between regional roads and ADB support in Asia between 1966 and 2008. The paper finds that regional highways are a notable and growing part of ADB's road portfolio since the 1990s, particularly in the Banks' subregional programs like the Greater Mekong Subregion (GMS) and the Central Asia Regional Economic Cooperation Program (CAREC). It also finds that ADB road investment has made a significant contribution to the Asian Highway itself, representing about two-thirds of Asian Highway core roads. Furthermore, strengthened coordination between ADB, UNESCAP and other actors can enhance the Asian Highway network and the process of regional road development in Asia.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.