



# Session 1: Updates on GMS Program Initiatives



6<sup>th</sup> GMS Urban Development Working Group (UDWG-6) Meeting  
21 June 2023



## 1. Context and Rationale



As one of its six innovative approaches, **GMS-2030 refers to the “embracing private sector solutions”** to leverage the knowledge, technical resources, and capital of domestic, regional, and global private sector across the GMS Program’s operations.



**Private Sector is critical for the success of the GMS Program.** There is global consensus that the private sector plays a key role in achieving sustainable development.



Despite its significant role **in the GMS countries’ economy, the private sector’s potential as a driver of inclusive economic growth remains largely unutilized.** To varying degrees, GMS countries share common constraints for private sector development.



Despite valuable efforts by the GMS Secretariat, the GMS Business Council and individual GMS countries, **the participation of private sector at institutional and sector levels of the GMS Program remains weak.**



**Although private sector financing in the GMS Regional Investment Framework (RIF) has increased, it is still limited.**



**The existing institutional architecture of the GMS Program, its close partnership with ADB, as well as its open platform nature, provide an excellent basis for defining and realizing a valuable role for the private sector** to support sustainable development in the GMS.



# 2. Proposed Approach

The GMS Secretariat is to undertake a scoping study with the aim of identifying ways to enhance the role of private sector in the GMS Program. The study will:

- i. assess current status of private sector development in GMS countries, highlighting constraints and challenges
- ii. review past and ongoing engagement of private sector in the GMS Program
- iii. identify good practices and lessons learnt from other regional cooperation initiatives.
- iv. define a framework for deepening the engagement with private sector in the GMS Program, namely at three main levels. (a) institutional (b) sectoral/thematical (c) project.
- v. identify entry points for the GMS Program to strengthen the role of the private sector, and
- vi. provide a list of indicative initiatives and activities for the GMS Program, supporting the identified entry points.



The SOM shall review the final results of the Scoping Study and provide guidance and clearance for finalizing a **Framework Paper for Private Sector Participation in the GMS Program**.



Such paper will consist mainly of items (iv), (v) and (vi) of the Scoping Study with an **added focus on specific steps required to implement the proposed initiatives and activities**.



### 3. Timeline and Workplan

#### Scoping Study

- **May 2023:** Mobilization of consultant
- **May-June 2023:** Desktop research
- **July 2023:** ADB internal consultation
- **August 2023:** GMS countries consultations.
- **September 2023:** Final drafting of Scoping Study
- **October 2023:** Circulation of Scoping Study to GMS Senior Officials

#### Framework Paper

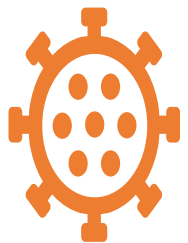
- **October 2023:** First draft developed
- **October 2023:** ADB and GMS countries consultations
- **November:** Second draft developed
- **December 2023:** Final draft presented at SOM



## 1. Rationale



**Global rapid spread of ICTs and digitalization**, which is transforming the economy and society and has great potential to accelerate human progress and to develop knowledge societies.

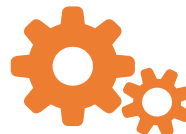


**COVID-19 has accelerated the pace and need for digital transformation in the economy and society.** Fostering innovation is critical to mitigate the impact of the pandemic and achieve inclusive and sustainable economic recovery and growth.



**GMS countries share common challenges** hindering the subregion from fully integrating into a digital economy:

- limited access and use of the internet,
- digital divide within and between countries,
- low digital literacy,
- few digital policies,
- poor support to improving business ecosystems,
- limited engagement of the private sector.



**A regional approach towards digitalization in the GMS is essential** to fully benefit from transition to a digital economy. **The GMS Program, as an Open Platform**, can support ongoing initiatives by organizations such as ASEAN and UNESCAP.



## 2. Proposed Approach - Step 1



**The GMS Secretariat is to undertake a scoping study to provide the basis for drafting a Digital Strategy.** The study will:

- define the scopes and dimensions of digitalization (at the policy and technical levels) for the GMS Program;
- assess the current context of digitalization in the GMS countries, including levels of digitalization, national strategies and policies to enhance digitalization, driving forces and risks of digital transformation, and challenges and barriers for the digital economy;
- provide an overview of ongoing global and regional cooperation initiatives on digitalization which GMS countries are part of;
- identify preliminary entry points for the GMS program to support its member countries in the process of digital transformation and enhance digital economy, and
- propose the basis for the vision, objectives and structure of a Digital Strategy for the GMS Program.



## 3. Proposed Approach - Step 2



Further to guidance from Senior Officials the **GMS Secretariat will develop a Digital Strategy for the GMS Program**. While the Scoping Study will ultimately provide the detailed substance for the Digital Strategy, it is proposed as of now for the latter to consist of:

- a defined mission, vision and set of objectives;
- a structured approach across key pillars of digitalization that will enhance innovation in the GMS Program;
- a set of indicative initiatives, programs and activities across the key sectors and themes of the GMS Program;
- a set of tools and actions aimed at supporting the implementation of the objectives of the strategy.



The GMS Secretariat will ensure that the **Digital Strategy is fully aligned with:**

- the GMS-2030
- GMS Digital Economy Cooperation Initiative
- ongoing activities of the GMS Program that include a focus on digitalization
- national digital strategies of GMS Countries as well as strategic and planning initiatives from relevant regional organizations



## 4. Timeline and Workplan

### Scoping Study

- **April 2023:** Mobilization of consultant
- **April-May 2023:** Desktop research
- **May 2023:** ADB internal consultation
- **June 2023:** GMS countries consultations.
- **July 2023:** Final drafting of Scoping Study
- **August 2023:** Circulation of Scoping Study to GMS Senior Officials

### Digital Strategy

- **August 2023:** Mobilization of consultant
- **September 2023:** First draft developed
- **September-October 2023:** ADB and GMS countries consultations
- **November:** Second draft developed
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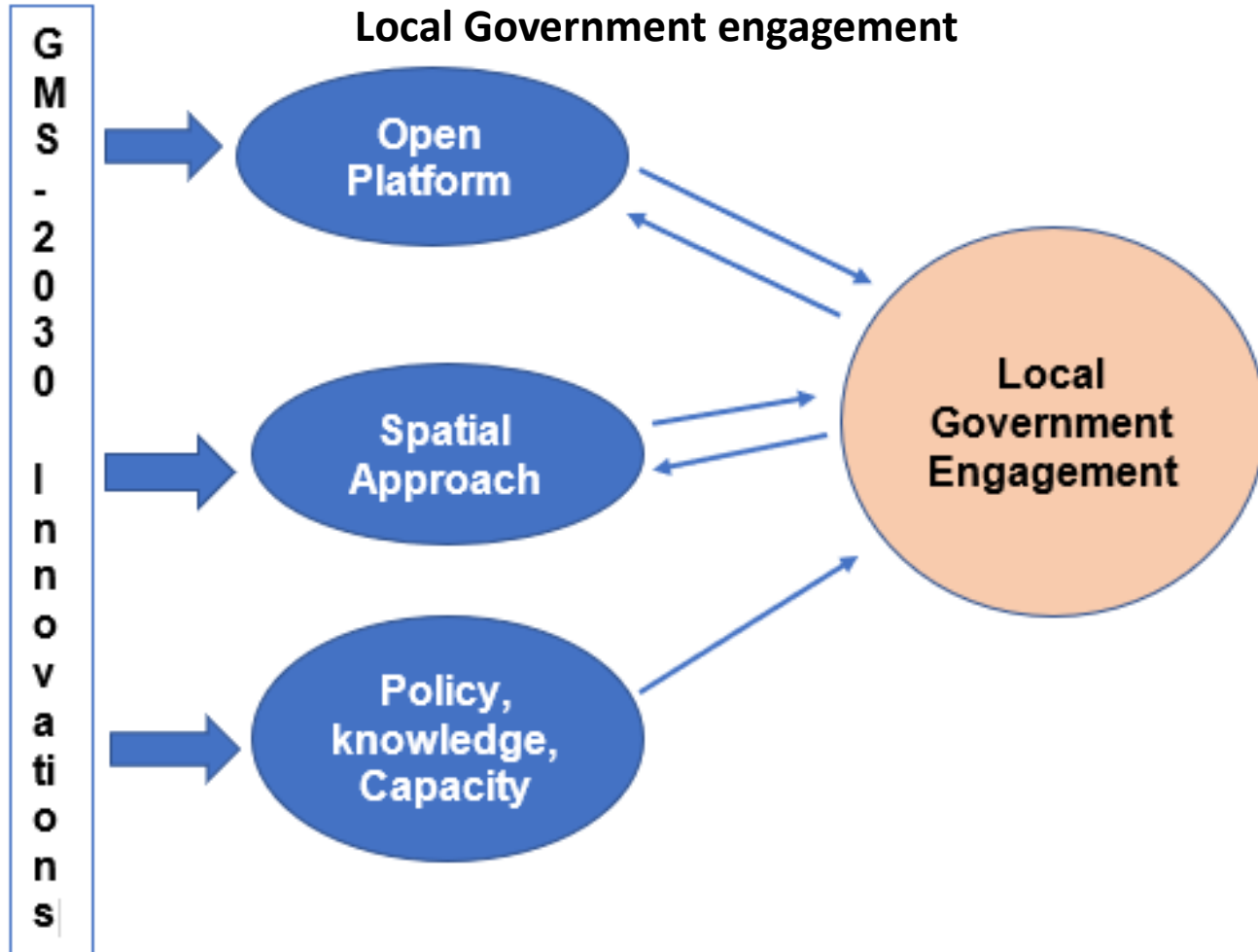
## Introduction

- ❑ **GMS 2030** defined new Vision and Mission for the GMS program:
  - Enhance core strengths of community, connectivity and competitiveness with environmental sustainability, external and internal integration, and inclusivity
- ❑ Open and Inclusive GMS platform needs increased engagement with all GMS stakeholders including provincial and local governments.
- ❑ GMS 2030 called for reinvigorating existing mechanisms and further strengthening local government participation
- ❑ An initial concept paper presented in 2021 at 12<sup>th</sup> ECF hosted virtually by Viet Nam. Welcomed by all countries.



## Framework and Issues (1/2)

Figure 1. Three GMS 2030 Cross-Cutting Areas of Innovation central to increased Local Government engagement



Source: GMS Secretariat

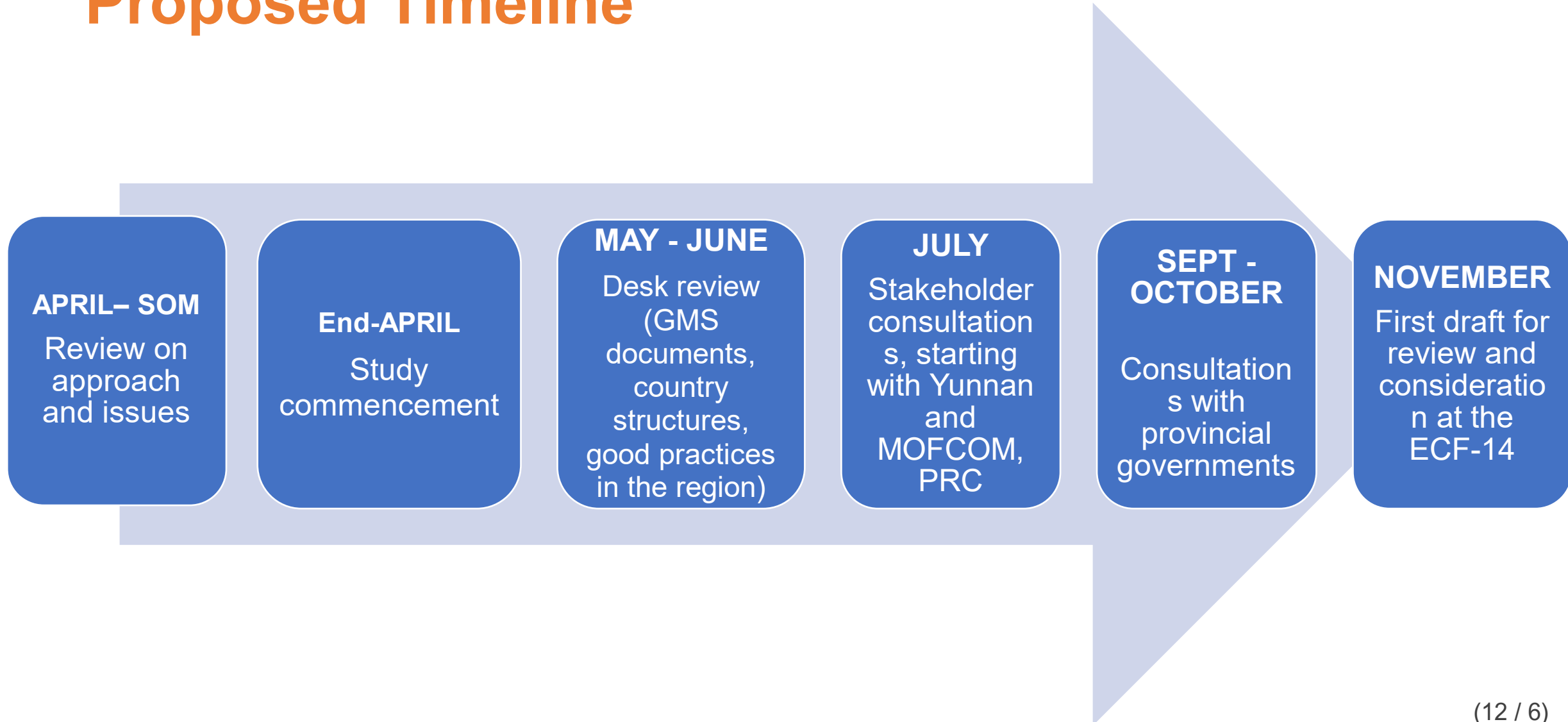


## Framework and Issues (2/2)

- ❑ Five pathways in Figure 1: Open GMS and LGP (local government participation) covers institutional design of the program. Spatial approach and LGP overlaps strongly with ECD, RIF and project implementation. Policy, knowledge and capacity broadly nourish the roots of the GMS program at community level.
- ❑ Need to look at reinvigorating Governor's Forum – design, content, other mechanisms, such as Local Government Meetings proposed by the initial concept paper and welcomed by member countries
- ❑ Role of Cities in urbanizing region
- ❑ Best practices from other RCI programs in LGP



## Proposed Timeline





# The Proliferation of SEZ

Number increased to around 5400 with 500 in the pipeline\*

Success is not universal but high hopes pinned with increasing efforts to make them competitive the world over.



02 Enormous geographical spread to 147 countries including the developed countries of US and EU.

03 Proliferation not only in the number and geographical spread but also variety to adapt to changing international economic landscape from time to time.



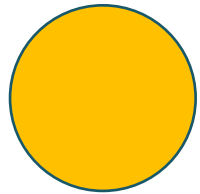
# Changing economic landscape once again with new megatrends emerging



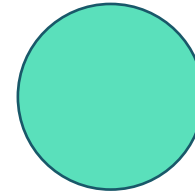
- 01. Slowing down of GVCs and rise of RVCs (stimulated by Covid effect)**
- 02. Sustainable development imperatives**
- 03. Industrial revolution 4.0**
- 04. Emergence of new production centres globally**
- 05. Transport connectivity and increasing regionalisation**
- 06. Fast expanding urbanization**



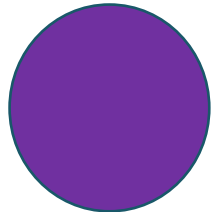
## Heightened relevance of reassessing and reorienting SEZ strategies



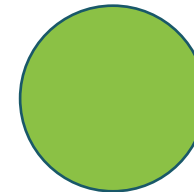
With new production centers emerging globally, competition for FDI and export markets is intensifying



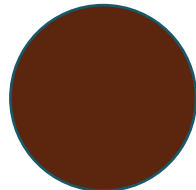
Traditional competitive advantages may no longer be relevant for SEZs with new SD imperatives emerging



Regionally competitive strategies to attract FDI in SEZs may be counter productive with rise in RVCs and scale economies.



New technological breakthroughs pose challenges to SEZs



Increasing urbanisation poses pressures on SEZ localities for urban infrastructure.

Need to reassess and reorient SEZ strategies and performance to leverage the potential of SEZs as a tool to structurally transform the economy .



# Purpose of the study



- 01 Outline the relevance of SEZs**  
The relevance of SEZs in the changing contexts and establish the need to reassess and reorient the strategies.
- 02 Map**  
Map the SEZs, and their features and institutional and legal frameworks.
- 03 Assess**  
Assess their features and institutional and legal frameworks in the backdrop of the changing scenario and global best practices
- 04 Evaluate**  
Evaluate whether the SEZs are achieving their stated objectives and spill over effects
- 05 Recommend**  
Recommend guidelines that reflect international rules & best practices to improve their performance in the changing economic contexts .





# Methodology

## Desk research

- The relevance of SEZs in the changing global contexts
- Mapping the SEZs and their features and institutional and legal framework
- Assessing the features and institutions against the global best practices suggested and adopted.

## Field Surveys and data analysis

- Evaluating the performance of SEZs
- Their regional impacts

## Individual case studies

- Success and unsuccessful stories

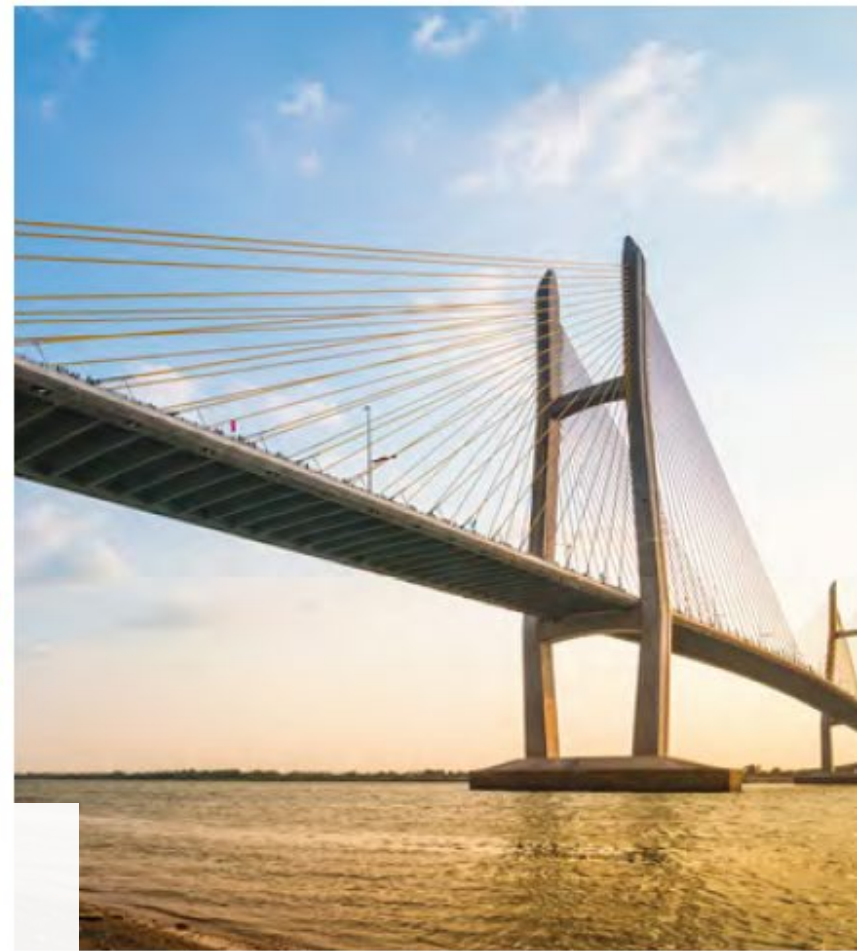
## Recommendations

- A 3-layered strategy with the regional, national and SEZ level recommendations



# Timeline

Time frame (2023)	Milestones
<b>1 July – 15 August</b>	Desktop research, data gathering and preliminary drafts by the local team (in consultation with ADB expert).
<b>15 August – 15 October</b>	Country consultations and key informant interviews
<b>15 October – 30 November</b>	First draft (by the ADB expert with support from the local team)



**THANK YOU!**

