The Indo-Pacific region is critical to the interests of the United States. The pandemic presents challenges to infrastructure and economic development but also reveals openings for U.S. leadership to collaborate with allies, development banks and institutions, and the private sector to compete with China as the region seeks to accelerate recovery efforts and diversify its investment and development opportunities post-pandemic.

Even prior to the global Covid-19 pandemic, economic trends already forecast changes to global supply chains. More specifically, trends indicated an increase in global value chains, a heightened focus on closing the infrastructure gap, as well as greater digital expansion, diversification, and connectivity in the Indo-Pacific. China has dominated the infrastructure development space in the region in recent years with extensive funding and project allocation through its Digital Silk Road and broader Belt and Road Initiative (BRI).

The pandemic triggered a slowdown in funding for core infrastructure projects, an upsurge in concerns about debt sustainability issues in emerging countries, and a continued emphasis on enhancing digital and energy infrastructure in the Indo-Pacific.

INTRODUCTION

Over the last few decades, the Indo-Pacific region has experienced enormous change and unprecedented development. With the three largest global economies—the United States, China, and Japan—the region contributes 60 percent of global gross domestic product (GDP). This figure will rise because the region also includes some of the fastest growing developing economies in the world: India, Cambodia, Laos, Myanmar, Nepal, and the Philippines. Its prosperous economic transition is largely due to the expansion of market-based economies, many of which still have room for liberal economic advancement. More hospitable investment environments—particularly in the private sector—have removed barriers, increased transparency, and fostered greater economic prosperity.

Physical and digital connectivity have become both key pillars of and continuing goals for Indo-Pacific economies. The region holds nine of the ten most active seaports in the world and accounts for about 60 percent of global maritime trade, a third of which crosses the South China Sea alone. Open and free trade in the region remains a top priority for the United States, as it is the destination for a quarter of U.S. exports, with exports to India and China more than doubling in the past decade. Economic growth pushed many Indo-Pacific countries to either Upper Middle-Income Country (UMIC) or Advanced Middle-Income Country (AMIC) status while lifting billions of people out of poverty in the process. Economic reforms have prompted the region to triple its regional GDP over the last quarter century and categorize...
70 percent of the population as either economically secure or middle class. The AMICs in the region include China, Malaysia, Thailand, Fiji, Sri Lanka, and the Maldives—with Indonesia, Mongolia, the Philippines, and Vietnam set to join the group over the next decade (though this could take longer due to Covid-19).

Demand for infrastructure development in the Indo-Pacific has grown steadily. With increasing urbanization and government focus on new economic sectors, general construction in 2019 was expected to reach an 8.9 percent compound annual growth rate by 2023. The Asian Development Bank (ADB) in 2019 estimated that to keep up with economic growth and climate change, the region’s infrastructure development would require an investment of $1.7 trillion annually until 2030. Vast global and regional advances in technology and communication mechanisms have transformed supply chains; as they have become shorter and more efficient, governments have looked to expand their digital infrastructure capacity and diversify partnerships and investors to diverge from previous Chinese dominance in the region.

Over the last few decades, supply chains have increasingly become global value chains, where goods and services production cycles span multiple countries. Global value chains made up a total of 70 percent of global trade in 2019. A rapid digital transformation within the Indo-Pacific region is greatly needed in areas such as e-commerce platforms, cybersecurity measures, distance learning protocols, legal frameworks reforms, e-government services, and increasing local technical cooperation. Nevertheless, prior to the pandemic, the Indo-Pacific was on an unsustainable development track. Many countries were developing an overdependence on fossil fuels and were experiencing an increase in income inequality as they sought rapid development.

Covid-19 has severely exacerbated the obstacles to economic development in the region. Since the World Health Organization (WHO) recognized the coronavirus as a global pandemic in March 2020, Covid-19 has infected over 8.2 million people in the Indo-Pacific. In addition to its impact on health, the economic consequences of the pandemic—twin supply shocks (stalled production and supply of goods and services) and demand shocks (reduced incomes, greatly restricted mobility, and social distancing measures)—make recovery timelines for many countries unpredictable. The IMF predicts the slowest growth for the region in 60 years.

Healing the economic damage requires first addressing and containing the pandemic itself. Currently, the countries within the region that are on the fastest road to recovery are the ones that implemented rapid and effective containment measures (e.g., Singapore, Mongolia, Taiwan, and Korea). However, those that have struggled to contain Covid-19 face even more severe economic contractions going forward (e.g., India and the Philippines). These countries in particular have had to put infrastructure development projects on hold in order to prioritize addressing the immediate impacts of the Covid-19 crisis (e.g., health, poverty, unemployment, breakdown of supply chains and services, and struggling SMEs). Given that many of the countries struggling were already trying to break out of low and lower-middle income status (e.g., Papua New Guinea, Timor-Leste, Cambodia, and Myanmar), Covid-19 poses another challenging setback to their economic growth in the long term.

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Percent of Real GDP Growth in Developing Asia

Source: International Monetary Fund, World Economic Outlook Database: October 2020 Edition
U.S. APPROACH TO ECONOMIC AND INFRASTRUCTURE DEVELOPMENT IN THE INDO-PACIFIC

The Trump administration outlined its vision for a free and open Indo-Pacific in November of 2017, aimed at ensuring all of the countries in the region remain strong, independent, and prosperous. The Indo-Pacific Strategy (IPS) recognizes the importance of safeguarding a peaceful and open Indo-Pacific, not only for the billions of people who live there, but also for U.S. economic and strategic interests. Protecting the freedom of sea lanes, airways, and cyberspace in the region is essential to ensuring that this economic exchange, and the livelihoods that depend on it, can continue to grow. The Indo-Pacific Strategy seeks to accomplish this by focusing on three pillars: governance, security, and economics. The governance pillar seeks to ensure that Indo-Pacific countries are free from coercion by strengthening and supporting state sovereignty, regional bodies, civil society, and democratic institutions. The security pillar focuses on promoting partnerships in the region to protect regional stability, maritime security, freedom of navigation, and deter transnational crime, environmental degradation, and terrorism. The economics pillar aims to promote regional integration and economic growth by encouraging open, transparent, and fair investment environments and enhanced trade networks.

The Indo-Pacific Strategy calls for a whole-of-government approach to enacting these pillars. Alongside the many other agencies involved in the implementation of the Trump administration’s vision since its launch, USAID plays a leading role in meeting some of the vision’s flagship initiatives, especially those aimed specifically at economic and infrastructure development in the Indo-Pacific.

These include the Infrastructure Transaction and Assistance Network (ITAN), an interagency initiative aimed at promoting sustainable, transparent, and high-quality infrastructure across the Indo-Pacific. Within ITAN, USAID encourages private investment in the region and helps its regional partners manage projects that meet these sustainability and transparency standards. Another initiative is the Digital Connectivity and Cybersecurity Partnership (DCCP), whose goal is to promote a free, open, and secure internet in the Indo-Pacific, starting primarily with the implementation of regulatory standards and reforms as well as private sector network investments. A third initiative, known as Asia EDGE (Enhancing Development and Growth through Energy), seeks to develop sustainable and secure energy projects in the region, with USAID leading the effort to work with Indo-Pacific partners to support and promote energy access, diversification, and security across the region going forward.

Though USAID has played an outsized role in its implementation, the strategy’s whole-of-government approach has also relied on support from other government agencies. In 2018 alone—the first fiscal year since the IPS was announced—the Overseas Private Investment Corporation (OPIC) invested over $640 million into projects in the Asia region. This is a vast increase from the $503 million OPIC invested in 2017, and investments continue to increase now under the recently formed U.S. International Development Finance Corporation (DFC). Roughly around when the IPS entered into force, the Millennium Challenge Corporation (MCC) signed compacts in the region worth $830 million, and is currently developing compacts with Indonesia and Timor Leste that would grow the agency’s commitment even further. And from 2018–2019, the U.S. Trade and Development Agency (USDTA) spent over $24 million to support infrastructure development projects in the Indo-Pacific, second only to its similar investments in sub-Saharan Africa.

ECONOMIC AND INFRASTRUCTURE CHALLENGES AND OPPORTUNITIES FOR THE INDO-PACIFIC DURING COVID-19

CHALLENGES AND ECONOMIC IMPACTS

Some of the most significant consequences of the Covid-19 pandemic for the Indo-Pacific region are its unsustainable debt levels, digital transformation needs, and collapsing supply and value chains. The majority of Indo-Pacific countries are in great need of infrastructure development but do not currently possess the policy or fiscal space to revive economies and facilitate large scale infrastructure investments. More specifically, countries in the Indo-Pacific have large fiscal deficits (e.g., Vietnam and Cambodia), elevated levels of debt (e.g., Malaysia, Vietnam, Lao PDR, and Papua New Guinea), and an over-reliance on volatile capital (e.g., Cambodia and Indonesia). Moreover, key sectors such as tourism and manufacturing continue to struggle—leading the private sector to experience cuts to revenue and reduced access to capital. As a hub of international travel, the Indo-Pacific’s falling tourism numbers have led to an estimated loss of $1.04 trillion in annual GDP for the region. Many
businesses, small and large, are no longer able to sustain pre-pandemic levels of operations.\textsuperscript{25}

The Covid-19 pandemic has exposed vulnerabilities and structural flaws (e.g., factory lockdowns, transportation disruptions, and shortages caused by panic buying) in global supply and value chains that have led to trade restrictions and nationalist policies meant to impede globalization and dependent supply chains.\textsuperscript{26}

The aftereffects of the pandemic will likely require a redefinition of globalization since, even prior to the pandemic, a number of initiatives intended to address concerns and perceived vulnerabilities in global supply chains were put forward. Examples of these measures include altering cost structures to counteract East Asia’s shrinking cost advantage, facilitating the “re-localization of supply chains,” supporting investment in manufacturing technology (e.g., Taiwan Semiconductor Manufacturing building U.S. plants in Arizona), and lastly, augmenting certain sectors that have proven to be particularly vulnerable (e.g., biopharmaceuticals, medical tools, electrical and mechanical machinery, semiconductors, and aerospace).\textsuperscript{27,28} The implications of these actions for the future of infrastructure development in the Indo-Pacific remain unclear.

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In part, these globalization changes led Indo-Pacific countries to seek diversification of partners and opportunities to increase country capacity, thereby shifting demand.\textsuperscript{29} As China looks to leverage the pandemic for its own gains, other countries in the Indo-Pacific need to be given greater opportunities to partner with the United States, Australia, Japan, and other allies for their infrastructure development needs, especially during the upstream phase (i.e., project identification). Similarly, developed governments and multilateral institutions should seek to diversify sourcing and back critical production capacities in the region (e.g., pharmaceuticals and food supply) as well as engage the private sector in public private partnerships (PPPs). The public sector can amplify investment and economic growth, create more transparency, and facilitate energy efficient, high-quality projects for the Indo-Pacific.

\textbf{China’s Support for Indo-Pacific Infrastructure Developments}

Since 2013, China has become a significant source of infrastructure development financing in the Indo-Pacific under its Belt and Road Initiative (BRI).\textsuperscript{30} While promoted as a direct investment and diplomatic tool in emerging markets, the BRI has also promoted unsustainable, non-transparent, and debt-generating projects, often leaving countries worse off than they started. Covid-19 has created a situation in which Indo-Pacific countries likely face greater reliance on China’s threatening infrastructure financing unless effective alternatives are put forth.

However, China has halted or suspended numerous infrastructure and development projects in BRI countries due to the vast disruptions to global supply chains, workers repatriating from other countries, travel restrictions, and economic and social lockdowns.\textsuperscript{31} Furthermore, domestically, China’s current account struggled, seeing only 3.2 percent second quarter growth after an economic contraction of 6.8 percent of GDP in the first quarter of 2020.\textsuperscript{32}

Chinese firms are struggling with debt and sustainability issues regarding BRI initiatives, so Beijing has undergone an inward policy change (Dual Circulation policy) that stems from mounting public pressure to prioritize domestic investment over foreign investment. According to a survey conducted by China’s Ministry of Foreign Affairs in June, Covid-19 has impacted about 50 to 60 percent of the projects under China’s Belt and Road Initiative.\textsuperscript{33} Despite the global slowdown of economic activity, China’s economy is set to fully recover, and many predict BRI activity to increase in the long run, starting with initiatives under the Digital Silk Road.\textsuperscript{34}

Under the Digital Silk Road, Beijing has announced its efforts to directly infiltrate the region with the development and expansion of new 5G networks and data centers—along with software and surveillance programs that governments may abuse—thus possibly further inflating the gap for hidden strategic corruption and debt.\textsuperscript{35}

In addition to the ongoing “tech cold war” between China and the United States, Covid-19 has only increased efforts and drive from Chinese technology firms to win projects...
in the region. With the developing trends of Covid-19, China's Digital Silk Road faces many new opportunities for acceleration and expansion in the Indo-Pacific. China’s “whole of society” strategy and interoperability of Chinese tech platforms allows it to move faster to begin projects and gain influence in comparison to other countries such as the United States. Digital infrastructure projects tend to have lower costs, and as Covid-19 has underscored the significance of a digital economy in addressing both the pandemic and efforts to keep economies and societies operating, Indo-Pacific countries with fewer affordable alternatives are eyeing Chinese firms and financing.

IT infrastructure and data projects provide Beijing with ample opportunity to disrupt or manipulate information flows, access private data or information, track and monitor individuals, and much more. As China’s development strategies threaten the economic, environmental, and social sustainability in the region, Covid-19 has expedited the efforts of the United States and its allies to promote a free and open Indo-Pacific.

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Infrastructure Demands and Opportunities
Infrastructure has been greatly impacted by the Covid-19 pandemic, leading to a slowdown in investment and a decline in asset utilization and solvency challenges throughout the Indo-Pacific. Nevertheless, core infrastructure projects are still needed to address digital integration, economic growth, disaster risk reduction, gender disparities, and other issues. Specific sectors that will require increased attention include sustainable transport and efficient energy projects—primarily through the acquisition of distributed renewable energy resources and the integration of these resources into power grids. Moreover, countries can encourage their manufacturing industries to integrate renewable energy and storage technologies to become more resilient. These projects will become increasingly important as the global climate crisis worsens, and Indo-Pacific countries’ attention focuses on shifting toward an increasingly virtual world. These changes will require the region to integrate renewable energies, promote energy efficiency, and plan infrastructure for disaster risk management.

The Indo-Pacific presents a “digital frontier” where rapid digital transformation is needed. This includes robust internet infrastructure and cybersecurity; modernized data centers, e-commerce, and e-governance services; and enhanced digital literacy programs and legal frameworks to foster and protect economic growth and stability. The pandemic has revealed that a lack of digital development and connectivity has created larger vulnerabilities for entrepreneurship and SMEs, which comprise the clear majority of Asia’s employment opportunities. Implementing digital infrastructure and increasing connectivity is a complicated process that involves cybersecurity concerns, misinformation and disinformation campaigns, and other impediments to digital inclusion.

• Development of cybersecurity capacity and sufficient legal frameworks is critical to fostering sustainable digital growth, infrastructure, and connectivity while also protecting governance initiatives, democratic institutions, and digital markets. The Indo-Pacific region in particular has increased focus on building cyber capabilities for member states and deterring bad actors. Nonetheless, as Covid-19 catalyzes digital demand, cybersecurity will become an ever-increasing concern.

• In a progressively digital environment, misinformation and disinformation campaigns present a challenge to accurate communications, governance, and development. Covid-19 produced an enormous “infodemic,” an overload of information channels that wound up preventing reliable and trustworthy communications from providing guidance for citizens.

In the Indo-Pacific, governments, multilateral institutions, journalists, and individuals on social media platforms have made efforts to counteract misinformation and disinformation campaigns in response. A creative example is BBC’s initiative to contest the “infodemic” in Myanmar, Indonesia, India, Cambodia, and Nepal through traditional folk
However, countries such as the Philippines and Cambodia are also leveraging the existence of misinformation campaigns and government health policies during Covid-19 to justify increased authoritarian measures that target and charge political opponents and activists.

- Digital infrastructure programs should specifically target gaps in digital inclusion, technology literacy, and internet connectivity, as these will be essential to strengthening local economies during and after the pandemic. The Indo-Pacific region has already undergone much digital development—with 2.3 billion people in the region having access to the internet in 2019. Nevertheless, there remains a significant digital divide, as approximately 2 billion people in the region do not have internet access and 207 million women do not have access to mobile phones. This challenge disproportionately affects low-income and/or rural populations as well as women who are less “fluent” in digital resources, have less access to online and mobile networks, are the targets of various forms of digital harassment, and have fewer economic and social opportunities when targeted infrastructure development is lacking. Digital inclusion, connectivity, and literacy programming will need to be a central concern for Covid-19 recovery and economic development efforts by governments, investors, multilateral organizations, and aid agencies.

A large part of the success of the Vietnamese response efforts can be attributed to its effective use of information technology and online tools to spread health messaging and information. Prior to the pandemic, Vietnam had instituted various digital agendas to increase digital infrastructure. In December of 2019, Vietnam established the National Public Services Portal, a public service and e-government platform serving as a conduit between government, citizens, and businesses. This platform later became a central part of the Covid-19 response to disseminate public health announcements and information. Following the worst of Covid-19, the government instituted the National Digital Transformation Roadmap 2025 in June 2020, which laid out a multidimensional transition plan that prioritizes e-government, e-economy, and e-society initiatives.

1. E-government: this initiative aims to digitize documents, public services, and administrative capacities like the National Public Services Portal. Moreover, it seeks to expand national databases monitoring demographics, population, property, insurance, and business inventory.

2. E-economy: this initiative aims to have 30 percent of GDP based on digital activities by 2030 and to implement e-commerce in business and online markets. Vietnam hopes to increase domestic technological innovation by reaching a goal of 100,000 local tech firms.

3. E-society: this initiative aims to bridge digital gaps and increase digital inclusion. Strategies include increasing access to the internet and fiber optic broadbands, deploying 5G networks, promoting online spending, and diversifying e-payment methods. Additionally, it encourages investment into newer digital technologies of interest such as cloud computing, artificial intelligence, blockchains, and “the internet of things.”

Other related initiatives include supporting local tech firms and e-commerce platforms (e.g., Tiki and Sendo) and promoting local social media platforms as they compete with international corporations. Vietnam seeks support from the private sector to
help boost the economy following the pandemic and enhance its digital goals. Nonetheless, Vietnam faces various challenges to fostering innovation and digital development—such as censorship and weak legal systems. Heightened state censorship (e.g., its 2018 cybersecurity law), mandated government access to stored digital data from both foreign and domestic companies, and surveillance of homegrown social media platforms may impede digital capacity and economic growth. In addition, Vietnam’s current underdeveloped and adverse legal frameworks stifle innovation and technological advancements, which ultimately challenge its overarching digital agenda.

2020 presents opportunities for accelerated digital integration and investment, partner diversification, and refinement of digital infrastructure initiatives particularly in the context of national crises. Overall, the pandemic may assist in expediting digital development and investment in Vietnam and the wider regional and global context.

OPPORTUNITIES POST-PANDEMIC: RECOMMENDATIONS

To compete with China in the digital and hard infrastructure sector, USAID should adapt its approach to the economics pillar of the Indo-Pacific Strategy in the following ways:

PRIORITY THE EXPANSION OF ACCESS TO WATER, SANITATION, AND HOUSING

In 2019, the Indo-Pacific region became majority urban with at least 2.3 billion people living in urban areas across the region. By 2050, this number is expected to grow to 3.5 billion. While urbanization can be hugely beneficial for economic growth, it also brings its own set of infrastructure challenges. One of the most basic issues is a lack of adequate housing. Urban density in the Indo-Pacific is the highest of any region in the world, and one third of urban dwellers live in slums or slum-like conditions. Unsurprisingly, many of these residential areas lack basic services like piped water and sanitation (sewage). According to the ADB, in 2016, 1.7 billion people across the Indo-Pacific lacked access to basic sanitation, and in 48 member countries, less than 50 percent of the populations had access to piped water. These issues are not exclusive to urban areas—in fact, rural areas tend to have even less access to water and sanitation. USAID should seek to actively address these basic infrastructure gaps. Covid-19 has exacerbated the negative health consequences of overcrowding and lack of access to clean water. Even after the virus is contained, failure to address these growing basic needs will create a fertile breeding ground for future pandemics, as well as limit sorely needed economic growth.

Moreover, basic infrastructure provision provides an enormous strategic opportunity for the United States. By concentrating heavily on large-scale projects and digital infrastructure provision, China has somewhat neglected these sectors of infrastructure development. The U.S. development community is well positioned to fill this dearth by providing long-term gains toward livelihoods, government service provisions, and employment prospects in the process.

INVEST IN BROADBAND INTERNET—THE “NEW ELECTRICITY”

Not only are basic infrastructure needs not being met in the region, but so is broadband internet access—which Covid-19 has revealed is a necessity in today’s digital, globalized world. Less than 15 percent of the population in the Indo-Pacific has access to broadband internet. China has prioritized broadband internet provision throughout the region, but the need for broadband access is nowhere near satiated. As with water and sanitation, rural areas have even less access than urban ones. While some countries have rapidly improved in recent years, others are persistently behind—in Cambodia, Laos PDR, and Myanmar, broadband access was below 1 subscription per 100 households as late as 2017.

Post-Covid, broadband will be the “new electricity”. The pandemic has brought enormous economic challenges, but it has also transformed the way people live, work, and study—in many cases for the better. There has been more progress toward e-government, e-commerce, and distance learning in the last 30 weeks than in the last 30 years. These developments hold enormous potential for economic growth in the region going forward. However, for these gains to be realized, and for growth to be inclusive of all subregions and income-levels, the digital broadband they depend on will need to be expanded significantly. The UN Economic and Social Commission for Asia and the Pacific (ESCAP) member states in the Indo-Pacific region have recognized this gap and are actively seeking to address it through the Asia-Pacific Information Superhighway initiative (AP-IS), whose goal is to promote regional cooperation around building broadband activity.
To ensure that broadband infrastructure is built where it is most needed, and to strengthen regional coordination going forward, USAID should actively seek to expand broadband infrastructure development within the framework of the AP-IS Master Plan.68

High-quality infrastructure and proper connectivity have a direct impact on the delivery of public goods and services and overall economic efficiency, growth, and productivity. Digital infrastructure provides an enabling environment for mobilizing domestic and international private capital to support the broader agenda of economic development and human prosperity.69

CREATE A PIPELINE OF INVESTABLE AND BANKABLE PROJECTS

U.S. government agencies should collaborate by unifying program standards and actively working with countries in the Indo-Pacific to identify sector needs and promote digital and hard infrastructure while they recover from the effects of the pandemic. More specifically, USAID should work with the DFC and the United States Trade and Development Agency (USTDA) to create a reliable pipeline of investable (bankable) projects to take advantage of the large infrastructure gaps in the Indo-Pacific. Interagency collaboration will be essential for project implementation during the development, construction, operation, and evaluation stages of all projects.

USAID’s efforts and on-the-ground presence in the region is paramount for building the foundation of a functional project pipeline, but its ability to reposition businesses and provide tools to governments is limited without a dedicated interagency pipeline. USTDA can provide valuable connections to U.S. companies and assist throughout the entirety of a project process, especially during the upstream and project design phases, as well as during project renegotiations and when economic activity begins to resume. Likewise, the DFC will be crucial in attracting investment from the private sector to promote infrastructure development and resilient economic growth. This could include collaboration on the Blue Dot Network to further enable infrastructure projects and strengthen U.S. relationships from a single government front. In order to heighten project impact and opportunities, USAID, the DFC, and USTDA should also continue to coordinate their project objectives more closely—such as through the Infrastructure Transaction and Assistance Network (ITAN), while also enabling Indo-Pacific countries to establish their own national project development funds.

USAID and other U.S. agencies must recognize the importance of collaboration over competition as there is bound to be overlap in terms of relationships and expertise among the agencies.

CREATE A STRATEGIC INVESTMENT FUND FOR THE INDO-PACIFIC

The U.S. government should create a Strategic Investment Fund for the Indo-Pacific with the mission of providing the region with grants for digital infrastructure. The new fund should leverage USAID’s technical assistance expertise and the DFC’s expanded credit guarantee capabilities and increased investment tools to provide digital infrastructure in the Indo-Pacific that fosters long-term access to capital and a business enabling environment. In addition, where appropriate, Export-Import Bank financing could support projects launched under this fund. Such a fund could also pursue co-financing MOUs with the Asian Development Bank and other regional allies, such as Japan and Australia to further expand the pool of funding.

Countries who receive grants from the Strategic Investment Fund could become part of a Digital Connectivity Compact, which would ensure that the country’s digital infrastructure meets quality infrastructure standards. USAID and other U.S. development agencies would provide technical assistance to help these countries meet the required benchmarks. On larger-scale projects, the fund should seek to work with multilateral development banks, bilateral development finance institutions, and other development agencies to co-finance digital connectivity initiatives.

USAID’s ability to improve the digital infrastructure space and digital connectivity in the region will be central to meeting the objectives of the Indo-Pacific Strategy and countering China’s Digital Silk Road and Belt and Road Initiative. A Strategic Investment Fund provides a platform for incorporating digital thinking within Indo-Pacific development for the long-term. USAID and partner agencies should focus on building a business-enabling environment to facilitate U.S. private sector engagement in the Indo-Pacific digital conversation, lest Chinese telecom firms take their place.
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