UN-OHRLLS

FINANCING INFRASTRUCTURE DEVELOPMENT AND REGIONAL INTEGRATION FOR THE LANDLOCKED DEVELOPING COUNTRIES

Report of the High-Level Forum held on 15 July 2015, in Addis Ababa, Ethiopia in the margins of the Third International Conference on Financing for Development

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EXECUTIVE SUMMARY

This is a report of the High-Level Interactive Panel on Financing for Infrastructure Development and Regional Integration for the LLDCs that was held on 15 July 2015 in Addis Ababa, Ethiopia in the margins of The Third International Conference on Financing for Development. The meeting was jointly organized by The United Nations Office of the High-Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) and the Government of the Republic of Zambia, the Chair of the Group of Landlocked Developing Countries (LLDCs).

The purpose of the meeting was to raise awareness on Vienna Programme of Action (VPoA) for the LLDCs, in particular the key priority areas of infrastructure development and regional integration; discuss ways of enhancing resource mobilization for the LLDCs; share experiences and identify recommendations to accelerate the implementation of the VPoA.

The presentations and discussions held in the meeting reviewed in depth the importance of increased infrastructure development and enhanced regional integration for the successful development of the LLDCs. The meeting stressed that improved infrastructure development and regional integration is critical to promote connectivity, trading capacity and market expansion in the LLDCs. Participants noted that the LLDCs however experience major challenges in trying to secure adequate resources to invest into infrastructure development and maintenance.

The meeting identified the following measures needed to support the LLDCs to raise additional resources for their development in particular infrastructure development and regional integration.

- LLDCs and their transit neighbours should aim to enhance domestic resource mobilization and prioritize allocation towards infrastructure development and regional integration. Domestic resource mobilization could be enhanced through widening of the revenue base, improving tax collection, and combating tax evasion and illicit financial flows. Transparency is also important for enhancing resource mobilization. Investments should be channelled to both physical and soft infrastructure.
- LLDCs with abundant natural resources should consider leveraging their natural resources wealth to attract foreign investment or using the resource rents for investments in basic infrastructure.
- Official Development Assistance (ODA) remains critical, and should be leveraged, as appropriate, to attract additional financing for infrastructure development, to make loans more affordable for many LLDCs. Enhance Aid for Trade which is critical for assisting LLDCs in trade related infrastructure building;
- South-South and triangular cooperation is very important and needs to be strengthened.
- Strengthen cooperation at bilateral and regional levels, including through pooling of resources especially for cross-border infrastructure projects;
- A stronger role of the private sector is crucial including through public-private-partnerships in providing investment towards transport infrastructure development and maintenance and through instruments like infrastructure bonds. Governments should create enabling environments for the private sector to play an enhanced role;

- Innovative forms of financing instruments such as the Africa50 Fund and the Africa Growing Together Fund should be scaled up. Furthermore there is need to explore the potential use of all existing financial resources, including non-traditional sources such as capital markets, pension funds and sovereign wealth funds towards funding infrastructure development.
- Development banks, including multilateral financial institutions and regional banks, should address gaps in transport and transit related regional infrastructure in LLDCs and provide the LLDCs with special windows or specific trust funds to meet their needs. They should consider special instruments and vehicles that can help the LLDCs de-risk investments, attract new finances including through blended finances and targeted long-term concessional loans for critical infrastructure.
- The Global Infrastructure Forum proposed in the Addis Ababa Action Agenda should give due priority to the transit transport infrastructure development concerns of the LLDCs and their neighbours.
- Peace and stability is important for sustained infrastructure development and regional integration in this regard, there is need to address fragility and conflict in some LLDCs and transit countries.
- There is need to provide LLDCs and their transit countries with comprehensive and long term capacity building support in order to help them develop bankable projects and design public policies that can support sustainable infrastructure investments. Programmes such as the Tripartite Capacity Building Programme by the African Development Bank should be scaled up.
- LLDCs should work on schemes to attract investments in the aviation industry.
- LLDCs should widely share their experiences and learn from other countries' experiences in mobilizing resources for infrastructure development and maintenance.
- Improve market access for the LLDCs.

The meeting was informed of some relevant initiatives that were recently formed or launched or to be launched. The Global Partnership for Sustainable Transport recently initiated by the IRU and the UN Global Compact would play a special role in the area of supporting infrastructure development together with supporting auxiliary services. It was announced that the Global Partnership for Sustainable Transport will be launched in September 2015.

In order to keep the United Nations' focus on the implementation of the Vienna Programme of Action and on the special needs of the LLDCs, Sweden announced that it has taken the initiative to form a special "Friends of the LLDCs-Group" in New York to keep the issues of the LLDCs high up on the international agenda.

Discussions also noted the launch of the PIDA Continental Business Network in June 2015 which aims to facilitate private sector advice to African leaders in the implementation of infrastructure projects throughout the continent on a range of strategic issues like policy, investment risks, project structuring and specifically the existing constraints to the implementation of the PIDA projects.

A. Introduction

The United Nations Office of the High-Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) in collaboration with the Government of the Republic of Zambia organized a High-Level Interactive Panel on Financing for Infrastructure Development and Regional Integration for the LLDCs that was held on 15 July 2015 in the margins of The Third International Conference on Financing for Development in Addis Ababa, Ethiopia. The aim of the meeting was to raise awareness on infrastructure development and regional integration, key priority areas of the Vienna Programme of Action (VPoA) for the Landlocked Developing Countries (LLDCs); discuss ways of enhancing mobilization of resources for the LLDCs; share experiences and identify recommendations to accelerate the implementation of the VPoA.

The meeting was chaired by Honourable Alexander B. Chikwanda M.P. Minister of Finance of Zambia and Chair of the Group of LLDCs who also presented some opening remarks. Mr. Gyan Chandra Acharya, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries also presented some opening remarks.

The keynote speakers included: H.E. Mr. Sam Kutesa, President of the General Assembly, H.E. Mr. Per Bolund, Minister for Financial Markets and Consumer Affairs, Sweden, and H.E. Dr. Cisse Boubou, Minister of Mines, Republic of Mali. The panellists included: H.E. Dr. Elham M.A. Ibrahim, the Commissioner for Infrastructure and Energy Building, African Union Commission, Mr. Erik Solheim, Chair of the OECD Development Assistance Committee, Mr. Joakim Reiter, Deputy Secretary General, UNCTAD, Mr. Igor Runov, Under Secretary General, IRU, Mr. Cheikh Oumar Seydi, Regional Director for Eastern and Southern Africa, IFC, and Dr. Steve Kayizzi-Mugerwa, Chief Economist and Vice President of the African Development Bank. The presentations were followed by exchange of views and interactive discussion.

The meeting was attended by about 100 participants that included Ministers, Ambassadors and Permanent Representatives, and senior officials from LLDCs, transit developing and donor countries, and experts from United Nations System organizations, as well as international and regional organizations, the private sector, academia and other stakeholders as shown in the participant list in annex 1. The meeting followed the programme of work presented in annex 2.

B. Proceedings

Remarks by Honourable Alexander B. Chikwanda, MP, Minister of Finance of Zambia, Chair of the LLDC Group

The President of the General Assembly, H.E. Sam Kutesa,
The Honourable Ministers present,
Mr. Gyan Chandra Acharya, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States,
Excellencies,
Distinguished Ladies and Gentlemen.

I wish to welcome you all to this High-Level Interactive Panel on Financing for Infrastructure Development and Regional Integration for the LLDCs held on the margins of the Third International Conference on Financing for Development here in Addis Ababa.

The session focusses on enhancing efforts for infrastructure development and regional integration for the Landlocked Developing Countries as enablers of structural economic transformation and premised on a common agreement of the Vienna Programme of Action (VPoA).

Lack of territorial access to the sea, aggravated by remoteness and isolation from world markets, small domestic markets, cumbersome transit procedures, and high transit costs and risks, impose serious constraints to the overall socio-economic development of the thirty two LLDCs. The unique challenges are exacerbated by poor infrastructure.

It is therefore not surprising that traditionally, the LLDCs' challenges were understood in terms of physical infrastructure and dependence upon the transit country. While the VPoA has broadened the understanding of the development challenges in LLDCs, two of the six priority areas identified in the VPoA spell out the necessity of infrastructure development and maintenance as well as regional integration and cooperation in eradicating poverty and promoting sustainable development.

Regional integration and infrastructure development have been underscored in the framework for financing for development outcome. For example, a strong call to address gaps in trade, transport and transit related regional infrastructure, including completing missing links connecting LLDCs, within regional networks.

This is clear testimony that the challenges are overwhelming for LLDCs.

The importance of infrastructure development cannot be overemphasised. Among others, infrastructure development, including -- transport, energy and information and communications technology -- provides services that are part of the consumption bundle of citizens and residents in the country. It is also an input into building productive capacities to accelerate and sustain growth as well as increase access to regional and global value chains. However in our regions the transit transport infrastructure is still inadequate and contributes to why the LLDCs face high trading costs, which are double that of the coastal countries. Because of these high costs, the LLDCs account for a very low proportion of global exports of only 1.2%, demonstrating their marginalisation from the global markets. Overall estimates by OHRLLS show that the development of LLDCs is on average 20% lower than what it would have been were the countries not landlocked.

Regarding regional integration, LLDCs are highly dependent on their neighbours' infrastructure; the political relations with neighbours; political stability in the neighbouring and transit countries; and the quality and effectiveness of administration in the neighbouring and transit countries.

As such, regional integration through development of regional transportation networks, improved trade facilitation, and strengthened connectivity is critical for eradicating poverty and achieving sustainable development in LLDCs. It offers benefits of increased intra-regional trade and intra-regional foreign direct investment, increased market size and access to regional and global value chains and increased connectivity to regional energy and ICT networks.

Given the unprecedented challenges related to the issues of infrastructure development and regional integration in LLDCs, resolving these issues will require thinking outside the box. In the Vienna Programme of Action the international community agreed on the actions that need to be done in order to enhance infrastructure development and regional integration. The LLDCs now need to be provided with the means of implementation on a bigger scale in order for them to fully implement a new agenda.

It is my humble expectation that discussions this meeting shall help shed light on how we can mobilize additional resources to invest in these two critical areas that are pivotal to unlocking the development potential of the LLDCs.

I thank you.

Remarks by Mr. Gyan Chandra Acharya, Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

Excellency Honourable Alexander B. Chikwanda M.P. Minister of Finance of Zambia and Chair of the Group of LLDCs,
The President of the General Assembly, H.E. Mr. Sam Kutesa,
Excellencies, Ministers,
Distinguished delegates,
Ladies and gentlemen,

I wish to join our Chair of the Group of the LLDCs in welcoming you to this side event that is aimed at discussing the importance of infrastructure development and regional integration for the LLDCs in the context of Financing for Development (FFD). At this meeting we will be looking at how we can foster stronger global partnerships and enhance international support towards this area.

LLDCs are faced with a number of development challenges that are linked to their geographical position, distance, and remoteness and isolation from global markets. As a result, they incur high trade and transport costs and are also affected by other challenges linked to inadequate infrastructure, inefficiencies and delays at border crossings. The LLDCs are dependent on exports of primary commodities, have inadequate productive capacities and limited diversification, and as a result they are highly vulnerable to external shocks. This has huge implications for constraining structural transformation of these countries. Conversely, if they can manage to have a better and competitive infrastructure together with efficient transit facilities, landlockedness can be turned into land-linkedness with huge opportunities.

The Vienna Programme of Action for LLDCs therefore adopted a more holistic, ambitious and results-oriented programme with clear goals, priorities and specific objectives. Infrastructure development and regional integration are two of the six key priority areas of the Vienna Programme of Action, the other four being: Fundamental transit Policy Issues, International Trade and Trade Facilitation, Structural Economic Transformation, and Means of Implementation.

This year the world leaders will also adopt the Post-2015 Development Agenda that includes the Sustainable Development Goals, and host the Climate Change conference. The outcome of FFD will have a huge implication for the success of the two conferences. In order for the 32 LLDCs to be set on a trajectory to achieve rapid, inclusive and sustained economic growth, poverty reduction and sustainable development, their challenges and vulnerabilities and their expectations and aspirations need to be fully taken on board by the FFD here and throughout the global processes. This is very important to ensure that no one is left behind.

As some contribution to our discussions here today, let me briefly touch upon a few issues that are of critical importance for improving infrastructure development and regional integration in order to promote connectivity, trading capacity, and market expansion in the LLDCs.

First: I would like to reiterate the fact that historically all over the world, economic growth and development have been fuelled by infrastructure, energy and innovation supported by institutional development. This process cannot be different in LLDCs. On the contrary, there is a premium on efficient infrastructure, given the structural constraints of LLDCs. Therefore, infrastructure development and regional integration are key enablers of sustainable development in the LLDCs. As such, the investment needs are high. But resources and capacity are limited. The need for higher level of infrastructure financing is critical for them in terms of both quality and quantity. All reports and estimates from the World Bank to other development banks indicate the requirement is in the hundreds of billions of US dollars in Asia, Africa and Latin America to close the infrastructure gap. There are both physical infrastructural challenges as well as institutional and regulatory challenges facing LLDCs. We are glad that today we have countries like Sweden with us which have fulfilled their ODA commitments. We encourage others to fulfil the commitment at the earliest.

Second: Domestic resource mobilization for infrastructure financing remains critical in the LLDCs and their transit partners, as it is the most sustainable way to finance development needs. Policy measures at the national level for widening the revenue base, improving tax collection, combating tax evasion and illicit financial flow are important. However given the low level of development in many of the LLDCs, domestic public finance alone will hardly meet the total financing needs for infrastructure development and regional integration. All sources of finance – public and private, domestic and international –are essential, and they should be complementary and mutually-reinforcing.

Third: While the Vienna Programme of Action recognizes that the development of any country is the primary responsibility of the country itself, it underscores the importance of strengthened and expanded partnerships between LLDCs, their transit neighbours, their development partners and other stakeholders in addressing the challenges of landlockedness. ODA remains a critical source of external finance for many LLDCs. In 2013, net ODA to LLDCs increased slightly by 7.6% compared to 2012, to $24.7 billion. However, this is still well below the level of 2010. The Vienna Programme of Action calls upon development partners to urgently fulfil existing commitments on ODA. Linked to this is the need to enhance Aid for Trade which is critical for assisting LLDCs in trade related infrastructure building.

Fourth: There is great potential in South-South and Triangular cooperation. Some partners from the South have supported infrastructure development in many LLDCs particularly roads. Therefore developing countries should, under the spirit of South-South Cooperation, provide more support, in order to aid sustainable development efforts of the LLDCs.

Fifth: The role of multilateral and regional development banks, in providing financing as well as technical capacity building for infrastructure development is crucial. In line with the current discussions in the Financing for Development conference, they should address gaps in trade, transport and transit related regional infrastructure in LLDCs, including by completing missing links and improving regional connectivity. The efforts that they are currently undertaking are acknowledged and greatly appreciated. In 2014, The World Bank launched a new Global Infrastructure Facility. We also take note of and appreciate the recently established BRICS development bank and the Asian Infrastructure Investment Bank as new sources for infrastructure resources. As the infrastructure financing gap is large, more needs to be done. The Livingstone Call for Action that was adopted last month at a follow-up meeting to the Second UN Conference on the LLDCs requests multilateral financial and development institutions and regional development banks to establish dedicated infrastructure funding for the LLDCs. It also calls upon them to provide the LLDCs with a special window for allocation of resources for infrastructure development and maintenance. They need special instruments and vehicles that can help them de-risk investments, attract new finances including through blended finances.

Furthermore, what we are looking at is promoting the concept of economic corridor with infrastructure development so that the feeder roads can be developed to connect with and create new economic activities and link the informal economy with formal economy to promote scale and competitiveness.

The current draft outcome document of the Financing for Development calls for the establishment of a global infrastructure forum that builds on existing multilateral collaboration mechanisms led by multi-lateral development banks. It is important that when this forum is established issues of transit transport infrastructure development for LLDCs and their neighbours are given due priority.

Fifth: regional integration has a great role to play in making their economies competitive and enhancing their product diversity. Linking with regional value chain, linking up infrastructure with transit collaboration and customs modernization and coordination, including regional economic integration, will greatly help boost the economic potentials of LLDCs. Therefore they need to be fully supported by the international community to promote regional and sub-regional integration.

Sixth: I wish to underscore the need for enhanced role of the private sector, including through public-private partnerships (PPP) providing investment towards infrastructure development and maintenance. We need to mobilize more private finance for infrastructure development. Broader participation of the private sector including long-term investors such as insurance companies, pension funds and sovereign wealth funds can serve as alternative sources of financing, as the life cycles of infrastructure assets match their long-term liabilities. There should be targeted support to them to create right instruments and regulatory mechanisms to attract such investment in infrastructure.

Finally let me stress on capacity building. I understand that a major challenge related to financing for infrastructure development is the need to develop bankable projects – commercially viable and sustainable investments. I suggest that the LLDCs and their transit neighbours be provided with a comprehensive and long-term capacity building support in order to help them develop bankable projects.

Investments in infrastructure and regional integration have an immense potential to enhance economic growth through building productive capacity, competitiveness and diversification for structural transformation.

I hope that in our discussions today we will share experiences, perspectives and examples on how countries have secured increased resources to close the infrastructure financing gap. Better infrastructure will lead towards development of a dynamic and resilient economy which then contributes effectively towards poverty eradication and sustainable development. There are many good examples of that before us.

Allow me to conclude by expressing OHRLLS's full commitment to working with all Member States to support the LLDCs and transit neighbours to raise the resources that they need to improve infrastructure and deepen regional integration.

I thank you.

Keynote Statement by the President of the General Assembly at the High-Level Interactive Panel on Financing for Infrastructure Development and Regional Integration for the LLDCs

Honourable Alexander Chikwanda, Minister of Finance of Zambia, and Chair of the Group of Landlocked Developing Countries,
Honourable Ministers,
Mr. Gyan Chandra Acharya, High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States,
Excellencies, Ladies and gentlemen

I am pleased to address this meeting focused on addressing important issues affecting landlocked developing countries, with particular emphasis on *"Financing for Infrastructure Development and Regional Integration."*

Last November in Vienna, we adopted the Vienna Programme of Action. In doing so, we resolved to renew and strengthen the international community's commitment to addressing the special needs of landlocked developing countries. Most of these countries are also least developed. The lack of access to the sea, and remoteness from world markets compounds their challenges, including high trade and transportation costs, which reduce their competitiveness.

We agreed in Vienna, inter alia*,* to develop adequate transit transport infrastructure networks across LLDCs; and effectively implement bilateral, regional and international legal instruments and strengthen regional integration.

It is therefore timely that this event, in the context of financing for development, focuses on these two important priorities. We should spare no effort to ensure that concrete results in infrastructure development are achieved on the ground, especially at national and regional levels.

The draft outcome of the Third Financing for Development Conference to be adopted later this week recognizes the urgent need to bridge the infrastructure gap, through increased investments and access to long-term financing at concessional and affordable rates.

In this regard, developing secure, reliable, seamless and efficient transit transport systems is critical for cheaper and faster access of LLDCs to seaports and international markets. Concurrently, we should also ensure that other critical infrastructure, such as energy and ICT is in place, to improve competitiveness and connectivity to global markets.

Harnessing the full potential of inter- and intra-regional trade remains critical. While access to global markets, through a fair and transparent trading regime is important, full development of national and regional markets is a more sustainable way of supporting growth and development.

In this context, greater efforts should be made to enhance and deepen regional integration to expand markets and address all tariff and non-tariff barriers to trade.

At the LLDCs meeting last month in Livingstone, Zambia, it was agreed that annual investments for infrastructure from all sources should be doubled. The important question that needs to be asked is how can the needed additional resources for infrastructure development in LLDCs be raised?

The draft outcome of the Third FfD Conference contains key actions and measures in support of LLDCs, particularly on infrastructure development, foreign direct investment, trade, debt sustainability and capacity building. Once adopted, it will be important that all actors at the national, regional and international levels play their respective roles to effectively implement it.

Going forward, it will also be critical to ensure that the special needs of LLDCs, whose combined population is 450 million people, are fully incorporated into the Post-2015 Development Agenda. We need stronger partnerships, with sustained cooperation from bilateral, regional and international partners.

With regard to our focus today, I consider the following as some of the ways to increase funding for infrastructure.

i. First, Official Development Assistance (ODA) remains critical, and should be leveraged, as appropriate, to attract additional financing for infrastructure development, to make loans more affordable for many LLDCs. Aid for Trade should also be enhanced to support increased domestic resource mobilization;

ii. LLDCs should diversify and transform their economies. Industrialization, agro-processing and value addition to natural resources will improve domestic revenue to support growth. There is need for targeted long-term concessional loans for critical infrastructure, especially energy and transport;

iii. Third, strengthening cooperation at bilateral and regional level should be enhanced, including through pooling of resources especially for cross-border infrastructure projects;

iv. Fourth, with the private sector contributing over 70% of GDP in many LLDCs, its participation must be enhanced. Public-private partnerships, including through instruments like infrastructure bonds must be enhanced. Governments should provide an enabling environment for businesses to flourish; and

v. Fifth, we need to tap into all existing financial resources, including non-traditional sources such as capital markets, pension funds and sovereign wealth funds.

I thank you for your kind attention.

Keynote Statement by H.E. Mr. Per Bolund, Minister for Financial Markets and Consumer Affairs, Sweden

Excellences, Mr. President, honourable ministers,
Mr. Under-Secretary-General,
Heads of International and Regional Organizations and Distinguished Delegates,

I am very honoured to be representing the Swedish Government at this event, as well as at this critical Third international conference on Financing for Development.

Last year, Sweden had the pleasure to co-chair, together with Laos, the deliberations in New York and Vienna, which led to the forward-looking and action oriented Vienna Program of Action. We also participated actively in the successful follow-up meeting in Livingstone, Zambia, this June.

Our gathering here in Addis is a great opportunity to revisit practical ways to implement the Programme of Action and to look at ways to mobilize financial resources for the development of the LLDCs. Throughout negotiations of the programme last fall LLDCs raised structural transformation as a priority need. There was no way not to take this message very seriously, Sweden was therefore very pleased that, in the end, we managed to include this as a separate priority.

LLDCs notoriously face vast distances and high transport costs to major markets. This disadvantage is particularly pronounced in land-locked countries with poor, fragile or conflict-prone neighbours. In other words, it is easier to be Luxemburg or Switzerland than to be some of the LLDCs. Several landlocked developing countries have succeeded in rising above the 'tyranny of distance', which is testament to the power of their political prowess. Being landlocked has important implications for a country's development strategy, but it does not necessarily undermine the scope and potential for development.

The importance of building endurable partnerships cannot, however, be underestimated. Traditional relationships between donor and developing countries will remain a foundation of international development. At the same time, the importance of South-South and triangular cooperation is ever increasing. The private sector's role in fulfilling demands is pivotal, not least considering the vast needs in areas such as telecommunications and transport that still remain for landlocked countries. I am convinced that the private sector is increasingly realizing these business opportunities, and hopefully this conference will bring some concrete results also in this regard.

When LLDCs and their partners met in Livingstone this June, it was stressed that the global community should work towards, at the very least, doubling annual investments for infrastructure development in the LLDCs from all sources. Sweden stands ready to play its part in fulfilling this goal.

Free and fair trade works to enhance opportunities for LLDCs; this is a strong priority in Sweden for policies. So is bringing the benefits of ICT to developing countries, which is also of special importance to LLDCs.

My country also has a long-standing history of development cooperation. Our ODA has doubled over the past ten years and will remain at 1% of Gross National Income. (last year it was in effect 1.03%)

2015 is indeed a unique year for multilateral action, with us meeting here in Addis and finalizing the outcome document being but one crucial step. To ensure effective implementation of the Vienna Programme of Action, we also need to give it due attention and consideration as an important input to ongoing intergovernmental processes on the Sustainable Development Goals and the post-2015 agenda.

In order to keep the United Nations' focus on the implementation of the Vienna Programme of Action and on the special needs of the LLDCs, Sweden has taken the initiative to form a special "Friends of the LLDCs-Group" in New York to keep the issues high up on the international agenda.

Another issue that was discussed at length in New York last fall was the issue of climate change. This issue, however, barely made it into the Vienna Program of Action (para 15). And perhaps it's easy to forget that many landlocked countries are among the most affected by climate change. Desertification, land degradation and drought are serious obstacles to any kind of development, as well as obvious sources of civil unrest and conflict. Sweden is committed to ensure that climate financing is made available to countries in the most urgent need of adaptation to global warming, and has pledged to contribute 575 Million USD to the Green Climate Fund. This is the highest per capita contribution thus far. Naturally, we are also pushing for an ambitious, robust and long-lasting binding climate change agreement in Paris.

Sustainable water management is naturally also of the essence, and Sweden stands ready to contribute with both technical and financial support to solve the problems that many landlocked countries face.

Let me summarize my message today: LLDCs deserve access to global markets and goods. They merit strong international support and financing for all the priorities of the Vienna Program of Action.

On the part of landlocked countries themselves, the best recipe for development is to pursue a determined sustainable strategy for comparative advantage. 2015 offers opportunities for action on global development rarely seen before. The implementation of the Vienna Programme of Action has begun, and I would like to commend the work carried out by USG Acharya and his colleagues at UN-OHRLLS. Nonetheless, our continuous, common efforts are needed to keep the landlocked developing countries on track for a future with well-deserved development and prosperity.

I thank you.

Keynote Statement by H.E. Dr. Cisse Boubou, Minister of Mines, Republic of Mali

Chair of the Session,
Distinguished Guests,
Ladies and Gentlemen,
All protocols observed

It is a real honour and pleasure to be here this morning addressing this audience on an issue of critical importance to the landlocked developing countries like my own country. I am speaking on behalf of Minister Hachim Koumare, who is in charge of the ministry dealing with infrastructure in Mali. I know that he has already addressed this audience in a number of occasions in Vienna and Livingstone and had the opportunity to share with you his perspectives on the issue. So I will be brief in my remarks and would like to add to what he said the following three main points.

First, as some of you may already know, we have an economy in Mali that is based to a large extent upon agriculture and mining, two sectors accounting for over 80% of the country's exports. Mali's economy is heavily dependent on trade. The volume of trade reached USD 10 billion in 2013. This volume of international trade might be seen as reasonable, but studies have shown that it is still less than what one would expect, should the country have key and quality infrastructure and infrastructural services available (i.e. Roads, railways, telecommunications etc). If Mali had good physical infrastructure, which is crucial for moving efficiently goods and services from exporting to importing countries, this volume could have tripled, bringing more revenue to the government and ultimately raising the average standard of living of the Malians. This is the first reason why infrastructure is important for Mali and the landlocked developing countries and why it is important to finance it.

Second, and this is where I want to make the link with the mining sector, Mali is richly endowed with mineral resources, including gold, bauxite, manganese and others. We have a significant cache of resources but most of them are still unexploited because of lack of infrastructure. We are only producing gold today as the rest of the minerals are bulkier and more costly to transport, especially by road. Mali is the third largest producer of gold in Africa, generating 25% of our revenues and representing 20% of the total budget; however contribution from the extractive sector could be much better if there was adequately serviceable infrastructure. This is constraining us in expanding and diversifying not only our trade, but also our economy.

Third, it is important to focus not only on infrastructure in general, but specifically infrastructure financing, with this being my last point in which I call for support from our partners and multilateral development institutions. This is where they should be more flexible and bold, but instead they are even more difficult and an obstacle to resource mobilisation for infrastructure financing. For example, Mali is today under IMF/World Bank supported programmes which have some great advantages but with the major constraint of being limited on non-concessional external loans and debt. Because of that, contracting a debt with a grant element of less than 35% is prohibited. This is very constraining and limits Mali's capacity to raise funds for infrastructure projects. Mali and many other African countries are not countries with higher debt vulnerability.

So exceptions to the prohibition on non-concessional borrowing should be granted to such countries typically to finance large scale infrastructure projects. This would be the one targeted take away that I would like to leave with this audience as we are discussing financing for development during this conference.

I thank you

Presentation on How PIDA Priority Action Plan can contribute to the infrastructure development for the LLDCs by H. E. Dr. Elham M.A. Ibrahim, Commissioner for Infrastructure and Energy Building, African Union Commission

Background

Africa has 16 African landlocked countries that include: Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.

The Programme for Infrastructure Development in Africa (PIDA) is a continental programme that aims at developing regional integrated projects involving landlocked countries, as there are no specific infrastructure programs for the landlocked countries.

The table below shows the overall PIDA Priority Action Plan (PAP) programmes with a focus on landlocked countries.

Table 1. PIDA Priority Action Plan (PAP) programmes

Sector	PIDA-PAP programmes	Projects involving Landlocked countries
Energy	15	8
Transport	24	20
Water	9	4
ICT	3	3
Total	**51**	**35**

The total cost of PIDA PAP is estimated at USD 68 billion and the timeframe is 2012-2020. The second phase will be implemented from 2020 to 2030, and the third from 2030 to 2040.

Main barriers

The major constraints in implementing the PIDA programme include: Limited availability of adequate public resources for infrastructure development; Lack of local private sector involvement; Weakness of local financing advisory capacities; and Lack of projects that are properly prepared (40% of overall PIDA PAP projects are without feasibility studies). Many countries do not have capacity to prepare feasibility studies and this makes it difficult to obtain financing.

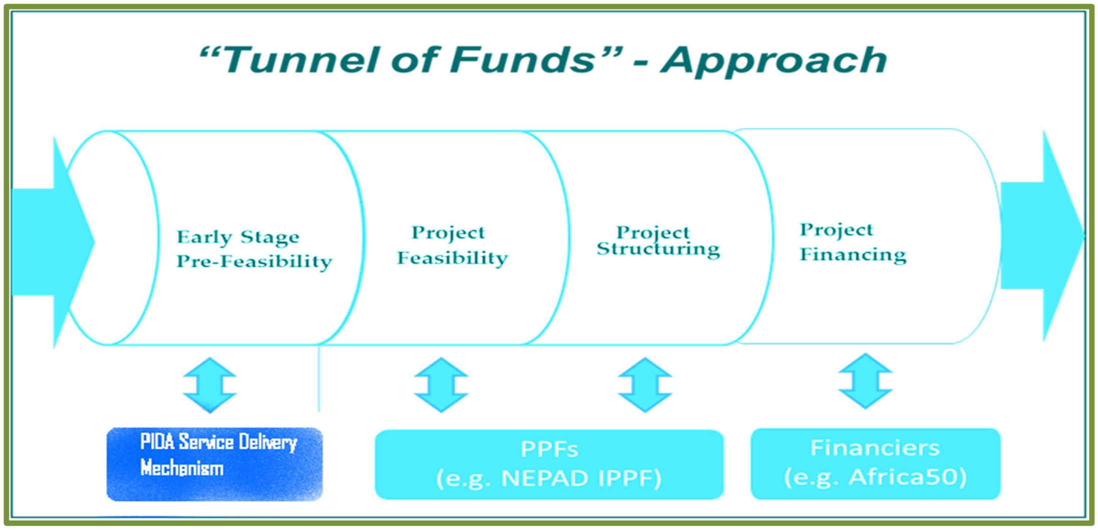
Financing approach and opportunities

The AUC is implementing the PIDA on a regional basis. As a result, the financing approach is not country-based and is a cross-cutting approach involving the countries, the Regional Economic Communities (RECs), African Development Bank (AfDB), NEPAD Planning and Coordinating Agency (NPCA), the private sector and the donors' community.

Approach

The approach that is used to implement the PIDA projects involves the pre-feasibility stage where the PIDA Service Delivery Mechanism provides resources used to procure high-quality expertise, to provide project preparation, origination and enabling environment advisory services - for national lead agencies and RECs - involved in the implementation of the PIDA PAP projects, to get them ready for feasibility studies. This is followed by the project feasibility and structuring stage with the support of Project Preparation Facilities (PPFs). The last phase is the project financing stage where financiers such as the Africa50 Fund can provide financing.

Figure 1. "Tunnel of Funds"- Approach to support implementation of PIDA



Source: AUC

Opportunities

1. *Public and development contribution*
   - PIDA Service Delivery Mechanism: to provide capacity/expertise for early stage project preparation until feasibility studies can be undertaken. So far, NPCA and German Government mobilized respectively USD 500,000 and Euro 450,000.
   - Infrastructure Project Preparation Facility (IPPF): NEPAD IPPF is a central instrument for PIDA project preparation.
   - Africa 50 Fund (a fund under supervision of African Development Bank): mobilization of public and particularly private sector for commercial projects. USD 10 billion committee in order to leverage USD 100 billion for projects implementation.
   - African Capital markets: there are 29 stock exchanges across the continent with USD 1 trillion of stock market capitalization.
   - African countries Sovereign bonds: African sovereign bonds as financing instrument for projects development as shown below for Sub Saharan countries from 2009 to 2014.

Table 2. African countries Sovereign bonds USD million

	2009	2010	2011	2012	2013	2014	Total
Angola				1,000			1,000
Cote d'Ivoire		2,330				750	3,080
Ethiopia						1,000	1,000
Gabon					1,500		1,500

Ghana					750	1,000	1,750
Kenya						2,000	2,000
Mozambique					850		850
Namibia			500				500
Nigeria			500		1,000		1,500
Rwanda					400		400
Senegal	200		500			500	1,200
Seychelles		168					168
Tanzania					600		600
Zambia				750		1,000	1750
Total	**200**	**2,498**	**1,500**	**1,750**	**5,100**	**6,250**	**17,298**

Source: Bloomberg, Dealogic, The Financial Times

Uses of the sovereign bonds (2013 and 2014)

Ethiopia	2014	Public infrastructure (Hydroelectricity)
Ghana	2013	Capital investment & refinancing
Nigeria	2013	Infrastructure (Electricity)
Tanzania	2013	Private placement
Ghana	2014	Refinancing & public expenditure
Senegal	2014	Public infrastructure (Electricity)

Source: The Financial Times

2. Global Private funds

According to the World Bank, in 2013 USD 150 billion in private finance was dedicated to infrastructure projects mainly in six countries: Brazil, Turkey, India, Mexico, Russia and China. Only 10% was devoted to projects in Sub-Saharan with large concentration in some countries and sectors: Telecoms $ 5.7 billion; Transport $ 4.7 billion; and Energy $ 4.5 billion.

3. Other initiatives

The Geothermal Risk Mitigation Facility (GRMF) has been established by the AUC, the German Federal Ministry for Economic Cooperation and Development and the EU-Africa Infrastructure Trust Fund to develop geothermal prospects for power generation in Eastern Africa by providing cost sharing grants for surface studies and drilling of reservoir confirmation wells. Four landlocked countries (Burundi, Rwanda, Uganda and Zambia) are part of the beneficiary countries of the initiative.

Presentation by Mr. Joakim Reiter, Deputy Secretary-General of UNCTAD

Many thanks for the invitation. UNCTAD has a longstanding commitment to Landlocked Developing Countries (LLDCs), as well as to Least Developed Countries (LDCs) and small island developing states (SIDS).

In fact, the mere global recognition of the circumstances of these groups of countries was a result of work by UNCTAD and decisions at UNCTAD conferences.

I will make four points:

1. Land-locked developing countries (LLDCs) are heterogeneous - their situations vary tremendously in terms of GDP, FDI-levels, aid-dependence, and natural resource endowments. But they clearly have one thing in common: all face particular, and sometimes big, challenges of connectivity to world markets.

   For example, the World Bank's Logistics Performance Index (LPI), a composite index comprising such measures as efficiency of customs and ability to track and trace international shipments, shows that LLDCs consistently perform worse than other countries - although luckily the gap in the LPI between LLDCs and other countries has been declining over time.

2. Why is this important? Deficiencies in connectivity increase the transaction costs of getting products from factory to market, or from farm to market, i.e. they hamper export competitiveness and reduce the attraction for FDI, especially trade and investment linked to global value chains (which is by far the fastest-growing segment of economic integration over last decade). As such, connectivity deficiencies act as an obstacle to diversification, private sector development, and thereby, development through structural transformation.

3. What is this all about? The "connectivity challenge" facing LLDCs takes many forms.

   Physical infrastructure is clearly one of the key issues. The percentage of paved roads in LLDCs in 2012 was 30 percent while the proportion for non-LLDCs developing countries was 73 percent. Only nine of the 32 LLDCs have more than 50 percent of their roads paved.

   Road density (kilometres of road per 100 square kilometres of land area) was seven percent in LLDCs compared to 37 percent in other developing countries. A sum of US $390 billion is needed annually to develop transportation infrastructure in LLDCs in Africa and Asia.

   Foreign direct investment (FDI) in LLDCs has risen from US $8.9 billion in 2003 to US $29.2 billion in 2014, but increases in foreign investment alone will not bridge the infrastructure gap in LLDCs, as FDI flows to LLDCs are heavily concentrated.

   In 2014, five countries attracted 70 percent of the total FDI sent to LLDCs, and the inflows remained concentrated in a few sectors (mainly oil and extractive activities), leaving the huge resources gap unaddressed.

One major change has been the emergence of developing Asia as the biggest recipient and investor in the world. Other key issues are soft infrastructure and infrastructure services. Customs and trade facilitation, logistics, distribution, energy services, financial services, and information and communications technology also work as lubricants for trade and for the economy as a whole.

4. How to address it? Much more needs to be done to overcome this "connectivity challenge," and to ensure that national and regional priorities are aligned.

   Nationally, a recent Africa report on soft infrastructure highlighted the importance of the domestic regulatory framework. The right regulatory framework increases the chances of getting FDI into soft infrastructure services sectors.

   UNCTAD has several tools to help governments reach this objective: It offers holistic reviews of investment and services policies, provides support in seizing opportunities related to the rise of electronic commerce, and contributes to reduced transaction costs and enhanced duty collection through its work on customs automation.

   On hard infrastructure, some LLDCs - though not all - may face financing issues where public-private partnerships can play important roles. But there is also a need to ensure the "right" policies to get the maximum benefits out of these partnerships.

   LLDCs with abundant natural resources can leverage their natural resources wealth to attract foreign investment or use the resource rents for investments in basic infrastructure.

   For countries that are less endowed with natural resources, official development assistance - as well as South-South cooperation and triangular cooperation - will continue to be an important source of infrastructure investment and a means of leveraging private sector involvement.

   Regionally, there is huge untapped potential. Not long ago, the time and cost of transport from inland border posts of Kenya to the Mombasa harbour was greater than the time and cost of transport from Mombasa to Rotterdam.

   Take another example, the Chirundu one-stop border post between Zambia and Zimbabwe.

   This border post lies on a main trade route connecting commercial ports in South Africa with Central and Eastern Africa.

   The most convenient trade route for Zambia is through Zimbabwe and South Africa. But the problem is the bottleneck at the Zambian-Zimbabwean border.

   By removing the duplication of customs checks on each side of the border, the time a truck takes to cross the border has been reduced from 2-3 days to 2 hours. The minimized transaction costs have spurred trade, which has increased revenues for the government of Zambia.

To cite one last example, the Ethiopia-Djibouti railway, set to launch this fall, will cut transportation time from 3 days to 10 hours, producing huge benefits for both countries. There is also a need to put services into regional integration priorities. Too many regional integration processes are politically driven; more enhanced private sector involvement is needed.

These measures can increase the chances of attracting FDI and make projects more bankable. It can also enhance negotiating power in public-private partnerships.

Thank you.

Presentation by Dr. Steve Kayizzi-Mugerwa, Chief Economist and Vice President of the African Development Bank

Introduction

Chairperson, on behalf of the African Development Bank (Bank), I would like to thank both Mr. Gyan Chandra Acharya – the Under-Secretary General and High Representative for the UN-OHRLLS and other organizers' for the invitation to this important side event in the margins of the Third International Conference on the Financing for Development.. Looking at the list of invitees and participants to the main Conference and to this Side Event, we believe that the theme of international mobilization of attention and additional resources to support the implementation of the Vienna Plan of Action (VPoA) will be achieved.

I wish to point out that the Bank is collaborating with the 16 landlocked developing countries (LLDCs) in Africa to address their development challenges particularly issues linked to remoteness and improving access to the sea. Our focus has therefore been to address transit issues to ensure smooth movement of goods and services.

By exploiting and optimally applying its strategies and financial instruments the Bank's interventions focus on addressing: country level fragility, hard and soft infrastructure issues, trade and transport facilitation, regional integration, corridor development and enhancing of trade, private sector development and governance and accountability.

What the Bank is doing to finance infrastructure development in LLDCs

Addressing Fragility

Some LLDCs' are economically fragile. However, in the African economies context fragility sometimes extend to non-LLDCs as well and therefore remedial measures have to be broad and encompassing.

Based on its development experience the Bank has adopted a Strategy on: "Addressing Fragility and Building Resilience across Africa" (2014-2019). The Strategy is the Bank's main instrument for responding to fragility and associated challenges in the LLDCs'.

Financing the Hard and Soft Infrastructure issues/Trade and Transport Facilitation

Given the huge infrastructure deficit in the Continent estimated at US$ 93 bill per year , the Bank is not only aware that the LLDCs shoulder part of this development burden but also that concerted efforts are required to meaningfully address the shortfalls. Even though we are part of the conversation on financing, our response to the infrastructure needs have been decisive.

Project preparation is a major component of what the Bank does. Our facility over the past 10 years has supported 34 feasibility studies with 15 projects implemented. Today, project preparation remains a key challenge to infrastructure development.

Over the last 10 years, the Bank has focused on infrastructure financing through various financing windows i.e. the concessional window African Development Fund (ADF), the commercial window African Development Bank (ADB), and the private sector window which leverages private sector financing through Partial Risk Guarantees (PRG) and Partial Credit Guarantees (PCG).

Infrastructure financing now constitutes nearly 60% of the Bank's lending. Since its inception to date, the Bank has realized 4,003 loans and grants totalling UA 67.22 bill (US$103 bill). In 2013 the Bank realized 317 operations totalling UA 4.39 bill (US$6.7 bill) of which 57.6% was for infrastructure. The 16 LLDCs have been major beneficiaries of the Bank's infrastructure development programmes

The Bank's experience demonstrates that, LLDCs hard infrastructure needs remain massive; to confront this challenge the Bank uses innovative financing instruments. To bridge the infrastructure gap therefore the Bank has come up with new innovative financing instruments which include the Africa50 Fund with a pipeline of 30 projects for 2014-18 and projected investments of US$ 3bn by 2018; the Africa Growing Together Fund (AGTF), a partnership with China with initial funding of US$ 2bill.

A major challenge in the Continent and particularly in the African LLDCs' is to ensure complementarity between trade and transport facilitation. Most of the soft infrastructure issues are linked to the steep costs for "doing business". In some countries non-tariff barriers (NTBs) constitute about 40% of all transport costs which are passed on to the consumer.

The Bank is increasingly blending investments in hard infrastructure with interventions in soft infrastructure such as promoting trade and transport facilitation along Africa's major transport/trade corridors. One example is the construction of One Stop Border Posts (OSBPs) along cross-border regional road projects similar to those being done at the Namanga border posts (Kenya/Tanzania), the Kazungula bridge project (Botswana/Zambia), and the Trans-Gambia Bridge (Senegal-Gambia). In this way, the Bank is responding to the VPoA (Vienna Programme of Action).

The Bank is aware that LLDCs' sustenance depends on ensuring that transit corridors are functional and dependable. In the foregoing regard most of the cross border trade and transport facilitation projects are similarly along transit corridors i.e. North-South Corridor, Lagos-Abidjan Corridor, Northern Corridor, Southern Corridor, South Sudan-Addis Ababa-Djibouti Corridor etc., just to name a few.

Supporting Economic Governance and Reforms

The Bank is aware of the governance and reform challenges that have greatly contributed to fragility in the LLDCs. It therefore promotes economic governance and reforms through the Economic Governance Programmes and the Africa Legal Support Facility (ALSF), a multi-donor funded initiative hosted by the Bank.

Mobilisation through ODA and Aid for Trade

The Bank recognizes that LLDCs' experience is evidence that market access is an insufficient condition for harnessing trade for development. To improve Continent's and the LLDCs' trade performance, key short and long term constraints to trade and investment have to be addressed.

These include insufficient infrastructure, poor productive capacities, weak policies and limited institutions, which are further compounded by non-tariff barriers and lack of implementation of trade agreements. Unless these problems are addressed economic transformation, the diversification of its exports away from a few primary commodities and its marginalization in global trade will continue to persist.

To complement the Bank's existing resources and instruments in addressing the challenges in the aid for trade work program, in March 2012, the Bank created the Africa Trade Fund (AfTra). AfTra is an accessible and responsive technical assistance facility for the Bank's 53 regional member countries (RMCs) and the RECs to support the growing impetus for regional economic integration and expanded trade opportunities by RMCs.

With assistance from the Government of Canada, the Bank has since mobilized USD 15million for promoting aid for trade in Africa, under AfTra. It is intended that AfTra becomes a multi-donor trust fund. The Bank has been having discussions with potential donor to join AfTra.

In order to strengthen the effectiveness of aid-for-trade in general and AfTra in particular the following areas are covered:-

- Improving trade facilitation in RECs and RMCs,
- Increasing the ability of African enterprises to access regional and global markets, with a focus on agricultural producers,
- Increasing the capacity of relevant national and regional African institutions to support trade facilitation and market access,
- Increasing the Bank capacity to support trade competitiveness and performance among RMCs.

Africa Trade Fund projects/disbursement rate 2013

Project Name	**Amount in USD**	**Strategic pillar**	**Distributed Amount**	**Distribution. Rate (%)**
Development of an Aid for Trade Strategy	76 530	Institutional Capacity Building	49 994	65%
Programme of Assistance to Trade Related Institutions in Liberia	861 747	Trade Facilitation	458 093	53%
Aid for Trade (AfT) Strategy for the East African Community	87 886	Institutional Capacity Building	82 356	94%
Trading for Peace Program	837 021	Capacity Building	656 306	78%
Total Commitment (2013)	1 863 184	Disbursement value/rate	1 246 749	67%

Source: AfDB

It is important to note that:

- Under the AfTra the Bank has continued to pursue greater economic integration within regions as exemplified by its policy instruments on fragility, regional integration and economic transformation etc.
- Greater emphasis has been placed on reducing the costs of doing business through strengthening regional approach to trade and transport facilitation and the development of regional development strategies that target value chains.
- Through AfTra the Bank has continued to model its interventions through well designed and structured aid-for-trade initiative.
- In most of the cross border programme the Bank inevitably works with other development partners and best practice institutions to deliver on its mandates.

Complementarity efforts to financing Regional Integration

The Bank recognizes that with the exception of Ethiopia, many LLDCs in the Continent are smaller and therefore suffer the consequences of remoteness, lack of market access, lack of economic diversification and fragmented markets.

Having regard to regional integration, trade and industrialization priorities the Bank has put in place a Regional Integration Policy and Strategy (2014-23) that greatly emphasizes on regional development through the specific Regional Integration Strategy Papers that cover North, Southern, West, Eastern and Central Africa.

The Bank's pursuit on regional integration is broad and it works closely with the regional economic communities, corridor management institutions, African Union Commission, Economic Commission for Africa etc., just to mention a few.

The Bank's leading role in regional integration is exemplified and responds to the LLDCs agenda through efforts to:

- Reduce the time and cost of importing and exporting merchandise.
- Promoting coordination between border agencies.
- Facilitating connectivity with stakeholders via a single electronic data exchange platform.
- Sharing best trade facilitation practices and build synergies.
- Undertaking Customs reforms and modernization

In the foregoing the Bank is responding to the Vienna Programme of Action.

The Bank is facilitating in consultation with COMESA, EAC and SADC a USD 7.5mn Tripartite Capacity Building Programme (TCBP). The TCBP cuts across 26 countries in Eastern, Southern and Northern Africa with a population of 587mn.

The programme provides technical assistance, supports trade facilitation and market access arrangements among the three RECs. The TCBP has significantly provided support to the Tripartite process and it is important to note that the Tripartite countries have, on 10 June 2015, signed their Free Trade Area Agreement that has now entered into implementation. As they do so the Bank will continue to support their efforts to finalise outstanding issues such as Rules of Origin, Investment, Intellectual Property Rights, Competition Policy issues etc.

Programmes such as the TCBP are important given that enhancing Africa's international trade while boosting its regional trade is a must. The Continent is poised to become a significant player as a market for goods and services and a destination for investment. In 2012, Africa's merchandise imports were valued at US$ 604 billion while exports stood at US$ 626 billion. Africa's export growth of 6.1% in 2012 was the highest of any region in the world. With a growing middle class consumer base and retail market Africa's potential is immense.

Summaries of the Other Presentations Made

Mr. Igor Runov, Under Secretary General, IRU indicated that the implementation of the Vienna Programme of Action is very important for increased trade by the LLDCs. He noted that thirty years ago trade was abstracted by lack of physical barriers in the transport infrastructure. Today the role of administrative and non-physical barriers has increased significantly. He stressed that there is need for investments in soft infrastructure. He also noted that there is need for changing the paradigm and transform transport corridors into development corridors which can help stimulate production services along major transport routes, which would lead to increased employment, new investment opportunities and poverty eradication. He indicated that traditional bilateral approaches to development of transport infrastructure should be reconsidered and strengthened by development of regional infrastructure investment facilities, which should finance creation of hard infrastructure together with supporting auxiliary services and introduction of appropriate administrative reforms. Only such integrated holistic approaches would allow for the achievement of sustainable development of hard and soft transport infrastructure and stimulate regional integration. In this context, the need for multi-stakeholder public-private partnerships is critical and the Global Partnership for Sustainable Transport recently initiated by the IRU and the UN Global Compact would play a special role. The Global Partnership for Sustainable Transport will be launched in September 2015.

Mr. Erik Solheim, Chair of the OECD Development Assistance Committee stressed that regional integration is an absolute key for enhancing the integration of the LLDCs into the global markets and supporting structural transformation. He indicated that regional integration would help link the LLDCs to regional and global value chains and support increased trade from the LLDCs. This will help spur industrialization in the LLDCs. He indicated that more official development assistance and foreign direct investment are important to support the development efforts of the LLDCs. He also stressed that ODA can be used to mobilize private revenue and more tax. He noted that political leadership was crucial for private sector investment which is important for expanding the manufacturing sector in the LLDCs.

Mr. Cheikh Oumar Seydi, IFC's Regional Director for East and Southern Africa, underscored that the private sector is very important for the implementation of the Vienna Programme of Action and in contributing towards the achievement of sustainable development. He noted that infrastructure was a key priority in improving the connectivity of the LLDCs to international markets. He stressed that development of bankable projects is an important challenge that needs to be addressed along the lines of IFC Infraventures Initiative, which involves early equity investment that often takes significant effort and time to materialize but is worth taking on. Other financing options that are critical to enhance infrastructure development include underwriting, which would involve a certain degree of risk together with tools such as blended finance aimed at de-risking certain projects. He highlighted the importance of regional integration for the LLDCs' development and underlined the need for enhanced collaboration between the international financial institutions to support regional integration efforts. He also noted that it is important to ensure that the right conditions are in place to attract investment and that governments need to build their capacity to negotiate investment opportunities, especially with large multinationals that benefit from comprehensive advice and support in all aspects of their operations.

C. Discussion

In the ensuing discussion, participants noted the importance of air transport to the LLDCs, as fifty one percent of travel for tourism globally is by air while 35% of global trade is transported by air. The meeting was informed that the International Civil Aviation Organization has schemes in place to help attract investments in the air industry and is open to work with LLDCs in this regard.

Senior representatives from the LLDCs shared experiences on the status of infrastructure development in their countries. They stressed the importance of improving investments into strategic transport infrastructure development. They highlighted the national efforts made to mobilise such resources. Participants noted that taxation and transparency are important for resource mobilization. The meeting noted that national efforts alone were not sufficient and stressed the need for continued support from development partners. The meeting noted that South-South cooperation continues to be crucial and needs further strengthening.

The meeting discussed the major challenges that confront LLDCs in attracting private investment and coming up with bankable infrastructure projects. Some of the identified challenges include lack of capacity to develop bankable projects and the risk associated with investment for the infrastructure sector such as escalation. The meeting noted that information exchange is important to remove risks. Some participants proposed that some LLDCs should try to get into partnerships with their richer neighbours in mobilising resources to support infrastructure development. Some participants suggested setting up of a quality team that could work with one case study landlocked country focussing on how to help it to address its special needs on infrastructure development including developing bankable projects to make it a success story that could be shared widely. The meeting noted that in the context of the outcome of the financing for development conference, a new Global Infrastructure Forum will be established to identify and address infrastructure gaps, highlight opportunities for investment and cooperation, and work to ensure that projects are environmentally, socially and economically sustainable.

Participants in the meeting emphasized the importance of regional integration for improving the connectivity of the LLDCs to the world market. The meeting noted that the LLDCs were facing more protection since the financial crisis, and stressed the need to improve market access for the LLDCs.

The meeting was informed about the formation of the Eurasian Economic Union which provides free movement of goods, services and labour to its members. The Union also aims to boost competitiveness and cooperation amongst member states. The discussions also noted the important role that the Asian Infrastructure Investment Bank will play going forward.

The meeting underscored the importance of developing and implementing regional infrastructure programmes such as the PIDA. In this regard, they stressed the need for resources from all sources to support the effective implementation of such regional programmes.

Discussions also noted the launch of the PIDA Continental Business Network in June 2015 which aims to facilitate private sector advice to African leaders in the implementation of infrastructure projects throughout the continent on a range of strategic issues like policy, investment risks, project structuring and specifically the existing constraints to the implementation of the PIDA projects. The Network will bring together African and international businesses, financing bodies and regional organisations.

The meeting noted that some countries were experiencing insecurity related challenges that were affecting the development and maintenance of infrastructure. The meeting suggested that there is a need to provide solutions that are differentiated for LLDCs given their special circumstances and fragility.

D. <u>Closing</u>

H.E. Honourable Alexander B. Chikwanda M.P. Minister of Finance of Zambia and Chair of the Group of LLDCs closed the meeting. In his closing remarks Hon. Chikwanda thanked all the participants for participating in the side event and recapped the major points that were raised on how to promote financing for infrastructure development and regional integration to support the better integration of the LLDCs into the global market. He encouraged all the participants to implement the Vienna Programme of Action.

E. Annex 1: List of Participants

Keynote Speakers

1. Honourable Alexander B. Chikwanda M.P. Minister of Finance of Zambia and Chair of the Group of LLDCs
2. Mr. Gyan Chandra Acharya, UN Under-Secretary-General and High Representative, UN-OHRLLS
3. H.E. Mr. Sam Kutesa, President of the General Assembly
4. H.E. Mr. Per Bolund, Minister for Financial Markets and Consumer Affairs, Sweden
5. H.E. Dr Cisse Boubou, Minister of Mines, Republic of Mali

Panellists

6. H. E. Dr. Elham M.A. Ibrahim the Commissioner for Infrastructure and Energy Building, African Union Commission
7. Mr. Erik Solheim, Chair of the OECD Development Assistance Committee
8. Mr. Joakim Reiter, Deputy Secretary General, UNCTAD
9. Mr. Igor Runov, Under Secretary General, IRU
10. Mr. Cheikh Oumar Seydi, Regional Director for Eastern and South Africa, IFC
11. Dr. Steve Kayizzi-Mugerwa, Chief Economist and Vice President of the African Development Bank.

Member States

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Botswana

13. Honourable V.T. Seretse, Minister of Trade and Industry, Botswana
14. H.E. B.G. Mphetlhe, Minister of Finance and Development Planning- Botswana- bmphetlhe@gov.bw
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84. Mr. Guillaume Delalande, OECD, guillaume.delalande@oecd.org

WIPO

85. Ms. Joyce Banya, Regional Bureau for Africa, joyce.banya@wipo.int

SIDA

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PMI

87. Kibrom Harle, PMI, kibrom.kh@umail.com

Right Vision International

88. Honourable Mrs. Mulu Solomon, Right Vision International, muluright@gmail.com

Turkemin Association of International Road Carriers (THADA)

89. Mr. Bekmyrat Eyeberdiyev, (THADA), bekthada@gmail.com

IRU

90. Ms. Marie-Helene Vanderpool, IRU, marie-helene.vanderpool@iru.org
91. Ms. Milana Parshina, IRU, milana.parshina@iru.org

World Bank

92. Ms. Veronica Piatkov, World Bank, vpiatkov@worldbankgroup.org

F. Annex 2. Programme of the High-Level Interactive Panel on Financing for infrastructure development and regional integration for the LLDCs

Side event - Third International Conference on Financing for Development

Wednesday 15 July 2015 (10:00 to 12:30)

Opening Remarks

- Opening Remarks by H.E. Honourable Alexander B. Chikwanda M.P. Minister of Finance of Zambia and Chair of the Group of LLDCs
- Opening Remarks by Mr. Gyan Chandra Acharya, UN Under-Secretary-General and High Representative, UN-OHRLLS

Keynote speakers

1. H.E. Mr. Sam Kutesa, President of the General Assembly
2. H.E. Mr. Per Bolund, Minister for Financial Markets and Consumer Affairs, Sweden
3. H.E. Dr. Cisse Boubou, Minister of Mines, Republic of Mali

Panellists

1. H. E. Dr. Elham M.A. Ibrahim the Commissioner for Infrastructure and Energy Building, African Union Commission
2. Mr. Erik Solheim, Chair of the OECD Development Assistance Committee
3. Mr. Joakim Reiter, Deputy Secretary General, UNCTAD
4. Mr. Igor Runov, Under Secretary General, IRU
5. Mr. Cheikh Oumar Seydi, Regional Director for Eastern and Southern Africa, IFC
6. Dr. Steve Kayizzi-Mugerwa, Chief Economist and Vice President of the African Development Bank.

Exchange of views and interactive discussion