Talking points of Mr. Ali Mahmoud, Senior Cooperation Specialist, Islamic Development Bank Group (IDBG) for the 5th Meeting of the Trade Ministers of the LLDCs

- As highlighted by SDGs, strengthening of the global trading system and reduction of trade barriers would add significant momentum in reduction of poverty. The role of trade in addressing poverty is even more important in poor and least developed countries, particularly those of landlocked geography. Out of the 32 LLDCs 12 are IDB Member Countries (5 in Africa and 7 in Central and West Asia).

- Geographical remoteness of LLDCs from the sea is a serious disadvantage for their access to global markets. They face several development challenges linked to their landlockedness including long distance to the nearest seaports, dependency on transit countries, additional border crossings, inadequate physical infrastructure and logistical and institutional bottlenecks that all lead to increased time and cost of external trade. This justifies the endeavors of these countries to address their “Special Need: Easy Access to Sea” through improving infrastructure, promoting trade facilitation, and strengthening transit corridors through neighboring countries.

- IDBG is of the opinion that out of the various needs of LLDCs, the Access to Sea stands at the top of their agenda and should also be extended the same importance by the international community. In this context, there is need to concentrate on the development and activation of commercially competitive corridors for connecting LLDCs to Maritime ports with concessional facilities for transit of goods from and to LLDCs.

- With a view to reduce time and cost of trade and to promote infrastructure connectivity in the region, IDB is following a “network-cum-corridor” approach through supporting development of “Regional OIC Wide Infrastructure Networks” and the activation of “Transport/Trade Corridors” in its different sub-regions.

- The corridor initiatives include a comprehensive package of solutions to commercialize trade and transport operations. Establishment of trans-national corridor management systems would help the LLDCs and their neighboring countries to address both physical infrastructure (i.e., roads, railways, warehouses, border posts, seaports, and intermodal facilities) as well as institutional and procedural frameworks required for trade and transport with lower cost and time. Due to special character of trade corridors, they could even be developed and treated as public goods.

- In line with its 10 Year Strategic Framework which has identified connectivity as a priority pillar, IDBG is working on flagship corridor development initiatives with a focus on provision of LLDCs with the access to seaports. In this context, I can refer to the Trans-Saharan Road corridor in Africa. IDB has contributed about $ 280 million to this project aiming to open up the vast Sahara desert regions and to connect the Maghreb and Sub-Saharan sub-regions through four sections linking two capitals of Maghreb (Algiers and Tunis) to four Sub-Saharan capitals i.e. Bamako, Niamey, N'Djamena and Lagos over a distance of 9,400 km. It consists of a main axis from Algiers to Lagos (4,500 km) and three connection branches towards Gabes in Tunisia (810 km), Bamako in Mali (2,250 km) and
N'Djamena in Chad (1,300 km). Another initiative is the Kazakhstan-Turkmenistan-Iran (KTI) Railway corridor in Central Asia. IDB has invested over US$ 370 million in this corridor connecting LLDCs in Central Asian to Iranian Bandar Abbas Port in the south.

- Within its corridor development initiatives, in addition to infrastructure connectivity, the IDB supports the establishment of multi-country corridor management structures and corridor development plans. It is based on a realistic commodity study, trade flows analysis and diagnostics analysis of real life transportation with a view to reduce time and cost of the trade along the corridor. Coordination and job division between corridor development stakeholders at national and regional levels are of significance in the success of these initiatives. The corridor development plans should ensure the active involvement of national authorities, regional organizations and development community including MDBs and bilateral development institutions.

- The SPCA is a subregional program for regional cooperation among member countries of the IDB in Central Asia which was approved at the annual meeting. It supports regional cooperation initiatives in transport, trade, energy and agriculture sectors. The SPCA shall support projects with high regional impact by using various conventional and innovative financing modes, including ordinary and concessional resources, PPP financing, direct investment as well as other mobilization mechanisms such as co-financing, establishment of special trust funds and project development funds, issuing sukukas and other of-balance sheet resources. The total financing for the programme is estimated to US$6 billion.