Statement by

Ms. Fekitamoeloa Katoa ‘Utoikamanu,
Under-Secretary-General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

at the Expert Group Meeting on Financing Infrastructure Development for enhanced integration of the LLDCs into global trade

4 October 2017, 15:00

Conference Room 11
Excellencies
Distinguished Delegates
Ladies and Gentleman

I would like to warmly welcome you all to this Expert Group Meeting.

We all know from our own personal experiences how good and reliable transport, energy, and ICT infrastructure and networks open up and also close opportunity.

You and I practically live with our phones!

I do not need to tell an audience like you how central infrastructure development is to fostering economic growth and trade, poverty alleviation, famine prevention, better health outcomes, schooling and overall sustainable development.

Yet, we need to acknowledge that we live on a planet with highly unequal infrastructure development and highly unequal access to the financing of infrastructure development. This is especially the case for the LLDCs and SDG 9 recognises this.

The topic of this important Expert Group Meeting could not be more important and allows us indeed to take a closer look at the Financing for Infrastructure Development for the enhanced integration of the LLDCs into global trade.

A 2015 World Bank Research Paper states it clearly and I quote:

“The developing world suffers from an undersupply of infrastructure, constraining economic growth rates, leaving the world’s most vulnerable communities without access to basic services, and hampering attempts to achieve broad-based poverty reduction.

Currently, it is estimated that some $700 billion to $800 billion is invested worldwide ($550 billion in emerging markets and developing economies (EMDE)) in infrastructure every year, although data are scarce. “ (end of quote)

The study concludes indicating and I quote “The annual infrastructure investment requirements for EMDE countries is $836 billion or 6.1% of current GDP per year over 2014-2020. “ (end of quote)

In terms of current investment gaps at the exclusion of China, the study estimated an investment gap for EMDE countries of $452 billion over the period 2014-2020 which amounts to a need to double infrastructure investment!
This says it all and we need urgent action not to leave the LLDCs behind.

LLDCS experience substantial infrastructure deficits, existing infrastructure assets are overstretched, not well maintained and often inefficient. There are missing links in the road and rail networks in all regions with LLDCs, and only a small proportion of the roads are paved. Infrastructure for air transport and inland waterways need further development. More needs to be done to achieve universal access to sustainable energy and to close the digital divide in ICT. We also need to ensure that infrastructure development is not based on past technologies but capable of resilience to natural disasters and climate change while remaining cost efficient and affordable.

This is a tall order but one we must tackle.

The international community recognised these needs in various agreements such as the Vienna Programme of Action - the comprehensive framework that was agreed upon to tackle the LLDCs’ structural limitations, the 2030 Agenda for Sustainable Development in underscoring the important role of energy, resilient infrastructure, sustainable transport systems, and ICTs in sustainable development. The Addis Ababa Action Agenda and the 2030 Agenda explicitly recognize the special challenges and needs of the LLDCs.

While the issue is recognized, analysed we must now ensure rapid scaled up funding for quality infrastructure development.

For the LLDCs financing is key.

The LLDCs continue to experience severe constraints in accessing finance given lack of scale, lack of the capacity to mobilise substantial local investment, institutional capacity constraints, poor or non-existent credit ratings, as well as low project cycle management capacities and skills and capacities needed to deploy financing models of blended finance to attract more funds.

In many LLDCS a further challenge pertains to the capacity to create the enabling frameworks and conditions to attract private sector investment including foreign direct investment.

There are no two ways about it and we can only try to fill these considerable funding gaps and overcome challenges, if:

we accelerate the development of clear and realistic financing strategies and
we accelerate capacity development for effective planning and management.

3
This must entail capacity-building, improving mobilization of domestic resources, forging international, regional, subregional and bilateral cooperation on infrastructure projects, effective deployment of international development assistance and multilateral financing, leveraging the private sector including strengthening Public Private Partnerships, improving access to capital markets and tapping new sources and initiatives, such as climate finance.

The LLDCs also require special instruments and vehicles that can help them de-risk investments, attract new finances including through blended finances.

I am very encouraged that at this year’s Global Infrastructure Forum the Multi-lateral Development Banks pledged not only to work on increasing their financing to infrastructure development, but also to leverage their resources by joining forces to co-finance projects, to help generate interest among private sector investors in Public-Private Partnerships and the development of infrastructure as an asset class for institutional investors. I hope that these efforts will help the LLDCs and transit countries to make progress in addressing their infrastructure needs.

It is of special concern to me that at the same time we pursue substantial investment in capacity-building and legal, regulatory and policy reform to create an environment supportive of greater public and private investments in infrastructure coupled with the requisite implementation capacities.

If we are to realise SDG9, it is important to help landlocked developing countries to build the capacity they need to prepare bankable, large-scale infrastructure projects and to explore innovative financing mechanisms for infrastructure development.

Distinguished Delegates, Ladies and Gentleman

The issue of infrastructure development in LLDCs is a key priority for all of us in OHRLLS.

What is needed is tangible practical guidance that we can provide to the LLDCs on how they can enhance their ability to mobilize additional resources to address their infrastructure needs.

As we see it, we must look at current and projected trends in financing towards infrastructure development in these countries and their neighbouring countries.
We must better understand what is working well, why it is working or what is not working and how can we scale up and replicate successful efforts.

We must ask ourselves what are the major challenges that they face and how can they be addressed?

We must ask ourselves what the different stakeholders can do each with their comparative advantage to assist the LLDCs to close the infrastructure gap that is so important to enhance connectivity, transit, trade and overall sustainable development?

This very important Expert Group meeting getting together today and tomorrow provides us just this very opportunity to discuss these issues in detail.

I also hope for a platform that shares ideas, lessons and best practices and thinks out of the box. I hope for a platform that addresses how and through what means we can improve use of the different sources of financing and finally, a platform that identifies alternative and innovative sources of finance in support of infrastructure development.

This is my challenge to you all.

Most importantly, I hope for a meeting offering practical suggestions on how we can support the LLDCs to enhance their capacities to mobilize additional funding for infrastructure development and maintenance.

OHRLLS stands ready to further partner with all the stakeholders, governments, development partners, international and regional organisations and the private sector, to strengthen our joint response to meeting the challenges of sustainable infrastructure development for the LLDCs.

No one should be left behind!

I look forward to fruitful deliberations.

I thank you.