



Republic of Zambia

SIDE EVENT AT: The Third International Conference on Financing for Development

High-Level Interactive Panel on Financing for infrastructure development and regional integration for the LLDCs

Wednesday 15 July 2015 Morning (10:00 to 1:00pm)

Hilton Hotel, Ballroom I

Concept note

1. Background

The landlocked developing countries (LLDCs) face development challenges owing to their geographical disadvantage of lacking direct territorial access to the sea and their remoteness and isolation from world markets. The overall weak transport infrastructure in LLDCs and the reliance on transit through neighbouring countries are reflected in high levels of transport and trade transaction costs. Ultimately, these challenges substantially erode LLDCs' opportunities to competitively integrate into global markets.

Improved transport infrastructure development and maintenance and regional integration underpins economic development and achievement of overall sustainable development in the LLDCs. The financing needs for infrastructure development and maintenance are quite high. For example according to a 2013 report by the World Bank, Reducing Poverty by Closing South Asia's Infrastructure Gap, South Asian countries (the region has 8 countries and 3 are LLDCs) will have to invest as much as \$691 billion to bridge its transport infrastructure gap. In Africa, the Programme for Infrastructure Development in Africa (PIDA) estimated that US\$68 billion is required by 2020. Of the US\$68 billion – 38% towards transport; 58% towards energy; 3% to water and 1% to ICT. According to ECLAC, South America currently invests about 2.3% of its GDP per year on infrastructure (some US\$ 53.5 billion at constant 2000 prices). But the subregion would need to invest an annual average of between US\$ 128 billion and US\$ 180 billion at constant 2000 prices (or between 5.7% and 8.1% of regional GDP) in the capacity expansion and maintenance needed to close the infrastructure gap.

Closing the infrastructure financing gap to achieve seamless connectivity of the 32 LLDCs to the world markets requires a wide array of domestic and international resources. It requires enhanced domestic finance and harnessing of remittances; enhanced Official Development Assistance (ODA); forging sub-regional and regional cooperation on infrastructure projects; increased foreign direct investment; strengthened South-South and triangular cooperation and enhancing the role of the private sector in infrastructure development. It is also important to explore innovative financing mechanisms including the use of Public-Private Partnerships (PPPs) and infrastructure bonds. Special financing for the LLDCs, or special window in the multi-lateral resources is very important. New and innovative sources of development finance are particularly important for infrastructure development.

The development needs due to the special challenges imposed by their particular geographic situation of the LLDCs were affirmed in the Vienna Programme of Action for the LLDCs for the Decade 2014 – 2024 (VPoA) adopted in November 2014 at the Second UN Conference on the LLDCs. The United Nations General Assembly on 12 December 2014 further endorsed the VPoA in resolution 69/137. The VPoA is a holistic and results-oriented programme comprising of an overarching goal, six specific goals as well as time bound specific objectives in six priority areas namely: 1) fundamental transit policy issues, 2) infrastructure development and maintenance, 3) international trade and trade facilitation, 4) regional integration and cooperation, 5) structural economic transformation and 6) means of implementation. The priority areas include 21 specific objectives and 87 actions to be undertaken by LLDCs, transit developing countries and development partners to help ensure the achievement of the goals of the Vienna Programme of Action.

The VPoA has six specific goals namely: (a) to promote unfettered, efficient and cost-effective access to and from the sea by all means of transport, on the basis of the freedom of transit, and other related measures, in accordance with applicable rules of international law; (b) to reduce trade transaction costs and transport costs and improve international trade services through simplification and standardization of rules and regulations, so as to increase the competitiveness of exports of LLDCs and reduce the costs of imports, thereby contributing to the promotion of rapid and inclusive economic development; (c) to develop adequate transit transport infrastructure networks and complete missing links connecting LLDCs; (d) to effectively implement bilateral, regional and international legal instruments and strengthen regional integration; (e) to promote growth and increased participation in global trade, through structural transformation related to enhanced productive capacity development, value addition, diversification and reduction of dependency on commodities; and (f) to enhance and strengthen international support for LLDCs to enable them to meet challenges arising from landlockedness in order to eradicate poverty and promote sustainable development.

Infrastructure Development and Maintenance and Regional Integration and Cooperation are very important for achieving these goals of the VPoA. The successful implementation of the VPoA will require not only renewed and strengthened partnerships between LLDCs, transit countries and development partners, but also enhanced support and partnership efforts with relevant international and regional organizations, between private and public sectors and stronger and widened North- South and South-South cooperation.

The Livingstone Call for Action for the Accelerated Implementation of the VPoA adopted at the High-Level Follow-up Meeting to the Second United Nations Conference on the LLDCs that was held in Livingstone, Zambia from 2 to 4 June 2015 stresses the key actions required to ensure that the VPoA's priority areas of infrastructure development and maintenance and regional integration are successfully achieved. It stresses that the international community should work towards at-least doubling annual investments for infrastructure development in the LLDCs from all sources, domestic resources, official development assistance, north-south, south-south and triangular cooperation and public-private partnerships and national and multilateral development banks, in order to bridge the infrastructure gap and close the missing links. New and additional funding from development banks will be especially instrumental in efforts to reach this goal. The Livingstone Call for Action also requests multilateral financial and development institutions and regional development banks to establish dedicated infrastructure funding for the LLDCs and provide the LLDCs with a special window for allocation of resources for infrastructure development and maintenance.

Looking forward, and as the Post 2015 development agenda emerges, how can financing for development for the LLDCs be secured? The financing needs are so large that business-as-usual approaches would not achieve the ambitious goals being set for the SDGs and those in the VPoA. Recognizing the need for being innovative in exploring means of scaling up financing, this side event will discuss the ways of raising additional resources for LLDCs and actions to be taken by multiple stakeholders to catalyse financing where it can be sourced.

2. Objectives

The main objective of the side event is to mobilize international attention and additional resources to support the implementation of the VPoA. The event will feature details on how to enhance mobilization of financing for development for the LLDCs especially for infrastructure development and regional integration. In particular, ways of enhancing mobilization of the following financial sources will be discussed: domestic resources, official development assistance, public and private sectors partnerships, South-South and Triangular cooperation, dedicated trust funds and special windows for the LLDCs in multi-lateral resources, and innovative sources of funding. The LLDCs, other countries and partners will share experiences and concrete recommendations important for accelerating the implementation of the Post 2015 development agenda and the VPoA.

3. Expected outcome

A list of recommendations on the ways of raising additional resources for financing development of the LLDCs and actions to be taken by multiple stakeholders to catalyse financing where it can be sourced. The identified recommendations should help the LLDCs to raise additional resources for their development in order to overcome their inherent geographical pitfalls and support their efforts to eradicate poverty, sustain economic growth for their better integration into the global economy.

4. Speakers/Participants

Participants invited to attend the event will include High-level officials from LLDCs and other Member States, high-level officials of the United Nations, UN agencies, development partners, multi-lateral institutions, civil society, private sector, academia, and NGOs.

5. Format

The meeting will be held over the 3 hours in the side-lines of the Third international conference on the financing for development. The session will involve a panel composed of high level representatives of LLDCs, and different development partners (donors, transit countries, private sector, multilateral development banks, regional development banks and others) who will present key issues to kick off discussions. The presentations and discussions will focus on practical resource mobilisation initiatives that are important for the effective implementation of the VPoA.

6. Contacts

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