INFORMAL REPORT BY THE WTO SECRETARIAT TO THE AID-FOR-TRADE SESSION OF THE COMMITTEE ON TRADE AND DEVELOPMENT OF 17 FEBRUARY 2015

WORKSHOP ON AID FOR TRADE AND INFRASTRUCTURE: FINANCING THE GAP
16 FEBRUAURY 2015

On 16 February, a Workshop on Aid for Trade and Infrastructure was held that examined the global infrastructure gap and what initiatives, in terms of policy and practice, were needed to close this gap. A background paper, document WT/COMTD/AFT/56, on this topic was prepared for the workshop. The paper looks at the global infrastructure gap and its impact on the trade growth of developing countries. It also highlights a range of actions being taken by governments, donors and multilateral development banks to close this gap.

The first session examined regional, national and multilateral perspectives on the infrastructure financing gap. **Carmen Gisela Vergara, Secretary General of the Secretariat of Central American Economic Integration** profiled that the poor state of infrastructure in Central America had slowed trade integration – an impact that was aggravated by birder delays. The Secretary-General highlighted lessons learned from SIECA's experience in trying to remove regulatory bottlenecks – notably for perishable products. She also mentioned that Central America is working towards a Logistics Strategy which will look at sea, air and road integration at the regional level.

Ambassador David Adejuwon from the Permanent Mission of Nigeria recalled the role of infrastructure in trade and economic growth and the efforts of the Nigerian government to upgrade its hard and soft infrastructure, notably intermodal connectivity. He urged donors to continue to help bridge the infrastructure financing gap, at both the national and regional level – citing in this context a project in Okerete, Oyo State that would boost regional connectivity. The Ambassador also highlighted regional air connectivity as a major constraint, but also an opportunity for commercial investment.

James Zhan from UNCTAD outlined estimates of the global infrastructure financing gap, noting that while the financing required was enormous, funding was available. The challenge was to tap financing from the private sector. He outlined six principles for investing in the SDGs, including the need to strike an appropriate balance between liberalization and regulation in infrastructure markets, and paying particular attention to the needs of LDCs. Mr. Zhan further elaborated on these points in response to questions, in particular with reference to improving investments climates, managing risk and the sustainability/maintenance after construction.

The second session examined efforts to bridge the financing gap and began with a presentation by **Moono Mupotola of the African Development Bank.** Ms Mupotola outlined the Bank's long term strategy (2013 – 2022) with its focus on 5 operational areas and 3 focus areas to bridge the estimated USD45 billion annual infrastructure financing gap in Africa. She profiled the Programme for Infrastructure Development in Africa, country contributions and how the Bank is crowding in financing from the private sector through mechanisms such as the Infrastructure Project Preparation Facility, the Infrastructure Consortium for Africa and the recently launched Africa 50 fund.

Philippe Valahu from the Private Infrastructure Development Group picked up on the factors for Public-Private Partnership success and referred to the experience of the Private Infrastructure Development Group. PIDG is itself a PPP that uses pooled funding to bridge gaps in project cycle funding through four main vehicles. Their funding vehicles have mobilized some USD27 billion in private financing. He highlighted the dearth of bankable projects as one of the constraints being addressed through subsidiary vehicles namely - Infraco Asia and Infraco Africa – and work on this area through other mechanisms including the G-20. Mr. Valahu also provided examples of projects from Uganda, Ghana, Pakistan and in the Mekong region.

Joaquim Tres (IaDB) highlighted the practical impact of IaDB's work on trade in Central America through a video that recounted the experience of truck drivers with the International Transit of Merchandise scheme. IaDB aims to increase the average speed of trucking to reach 50 Kilometres per hour, from the current 16 km per hour, as part of what he termed the region's "unfinished business". This includes work on the "tight mesh" of free trade agreements; reducing border crossing times and freight costs which clog the freight arteries of the region due to low road networks, port congestion and insufficient intermodal connections. IaDB research suggested that each additional day of delay reduced perishable exports by 7%. Regional integration was one of the Bank's priority areas - and an area where the Bank planned to dedicate 15% of total Bank lending by the end of 2015.

Philippe Pelletier (WTO Secretariat) discussed trade policy elements related to infrastructure and relevant WTO agreements, notably, the General Agreement on Trade in Services and the plurilateral Agreement on Government Procurement. He noted the inclusion of government procurement chapters in Regional Trade Agreements and the special and differential treatment provisions in the revised GPA. While discussed potential benefits of participation in the GPA, together with practical and political challenges.

The background paper, presentations and a podcast of the workshop can be found on the WTO website.