

Multi-year Expert Meeting on

TRADE, SERVICES AND DEVELOPMENT

Geneva, 15-17 April 2014

SESSION 6:

**REGIONAL COOPERATION ON INFRASTRUCTURE SERVICES
AS KEY INSTRUMENT FOR DEVELOPMENTAL INTEGRATION**

Mr. Rafael Farromeque

Senior Specialist

Management Sector Analysis and Programming

Development Bank of Latin America



Developing Regional Infrastructure Services

Latin America experience and current work



Multi-Year Expert Meeting on Trade, Services and Development

Geneva, Switzerland, 17 April 2014

Speaker: Rafael A. Farromeque



Infrastructure



Social Development



Environment

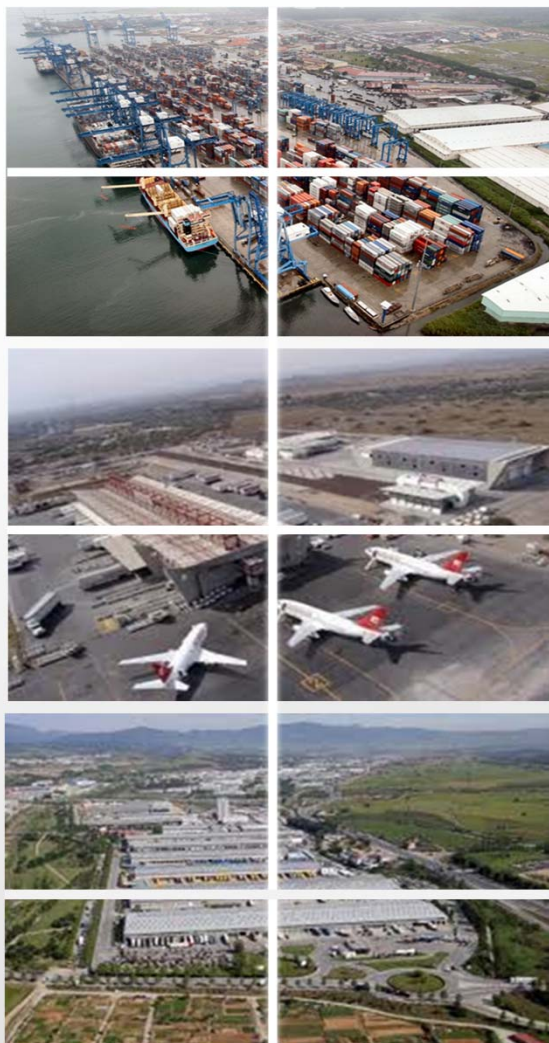


Public Policies



Corporate Sector

CONTENT



1

About CAF

- Areas of Action
- Model for Regional development
- CAF Financial mechanisms
- CAF Publications

2

Infrastructure Sector

- CAF objectives within infrastructure sector
- Important challenges in infrastructure / Transport Sector
- Latin America Infrastructure Agenda and Investment Needs

3

Conceptual Approach to Value Chain Analysis

- Mapping Value Chains in Latin America
- Value Chain Participation Conceptual Analysis
- Strategic Ambition Levels in Value Adding Services

The Development Bank of Latin America

Multilateral Bank of the Year 2013 (*Latin Finance*)

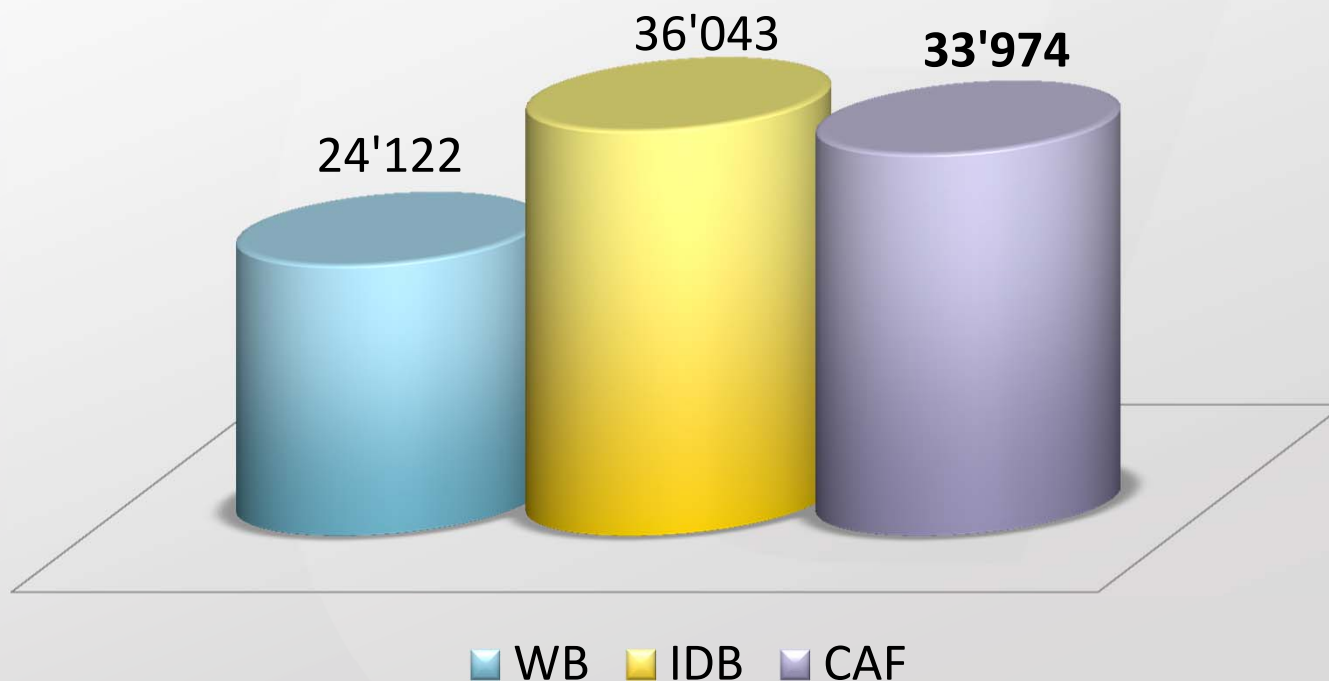
- CAF – Development Bank of Latin America
- Multilateral Bank of the Year 2013 (*Latin Finance*)
- Leading multilateral financial institution mobilizing financial resources from international markets to Latin America and the Caribbean
- Provides multiple banking services to both public and private sector within shareholder countries

CAF Evolution 1970 - 2014

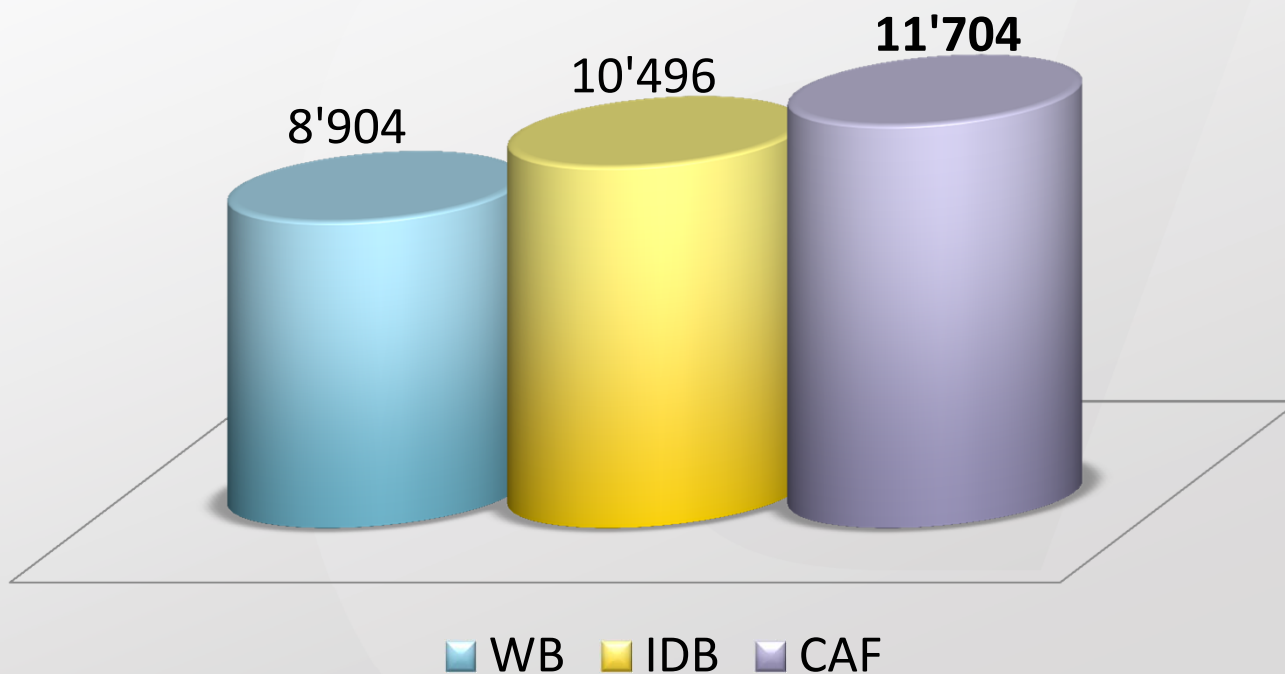
From Andean institution to Development Bank of Latin America



Infrastructure sector approvals in Latin America 2000-2012 (USD Millions)



Energy sector approvals in Latin America 2000-2012
(USD Millions)



Areas of Action

Three-Pillar Strategy for a Prosperous Latin America



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Areas of Action

Three-Pillar Strategy for a Prosperous Latin America



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Towards economic and social development

The challenge of high, sustained and quality growth



Infrastructure



Social Development



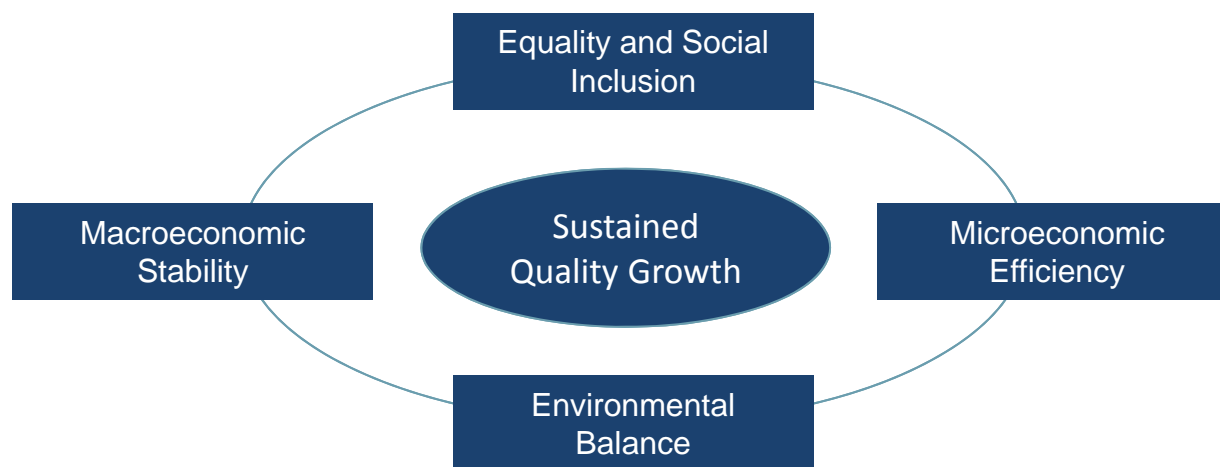
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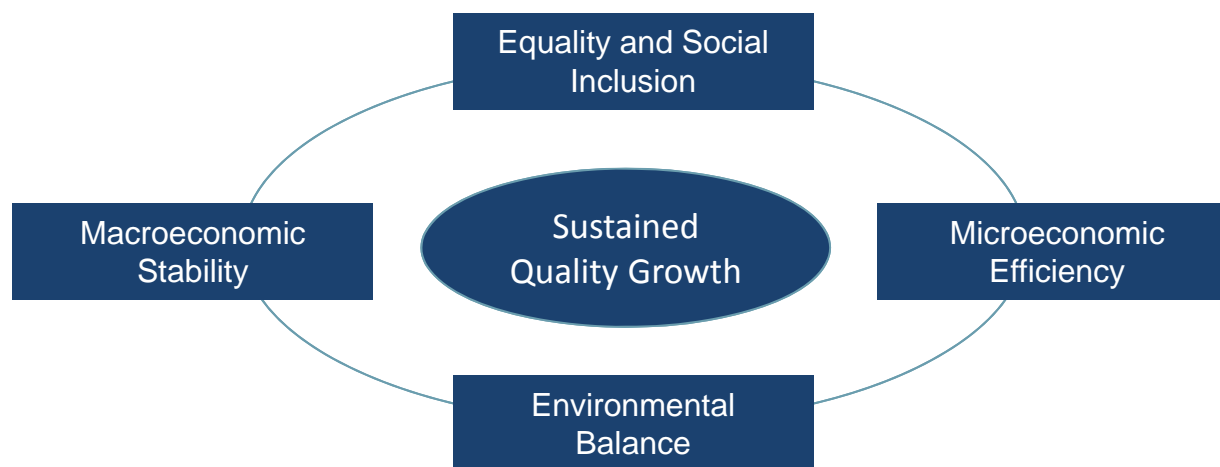
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Corporate Sector



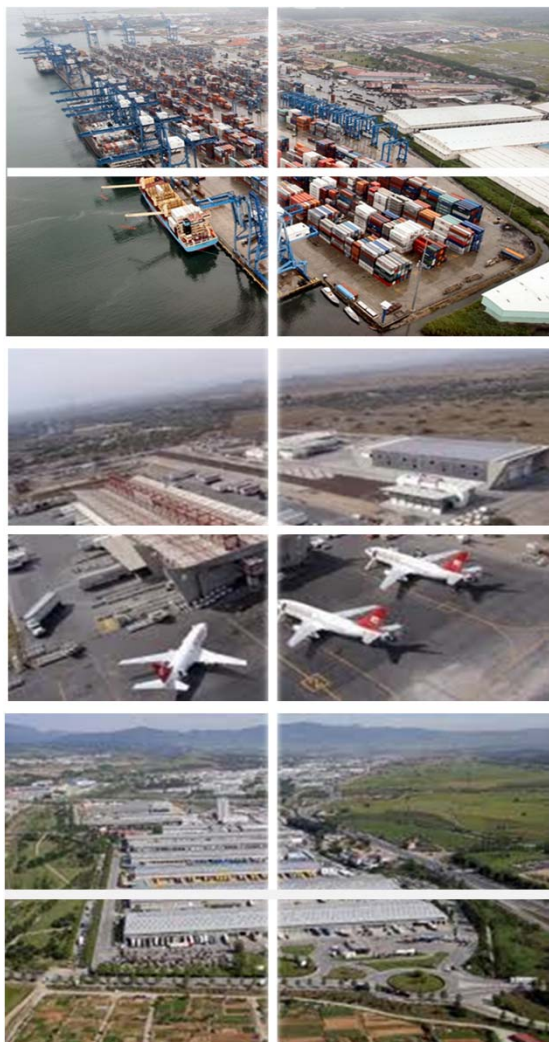
Financing Infrastructure Development

Some financial mechanisms CAF is currently using

- **Direct loans to central governments** with and without sovereign guaranteed (urban transport, roads, railways)
- **Direct loans to sub-national entities** (cities and states)
- **Structuring of PPPs** (ports and airports, roads)
- **Co-financing with other IFIs** (IDB, World Bank, etc.)
- **Co-financing with other regional development banks and agencies** (AFD, KFW, BNDES, CDB, etc.)



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- **Important challenges in infrastructure / Transport Sector**
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Infrastructure Sector Objectives

Transport – ICT – Energy – Educaition - Water



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Projects and programmes financing

- Proposals of high technical quality for financing infrastructure projects and programmes relevant to regional integration and sustainable development.



Leadership in infrastructure development

- Strengthen CAF leading role in infrastructure development, support physical integration in Latin America and foster competitive regional Logistics Systems.



Knowledge generation and dissemination

- Share knowledge and Latin America experiences about infrastructure and services development at local, regional and international level, aimed at improving the management of development projects and programmes.

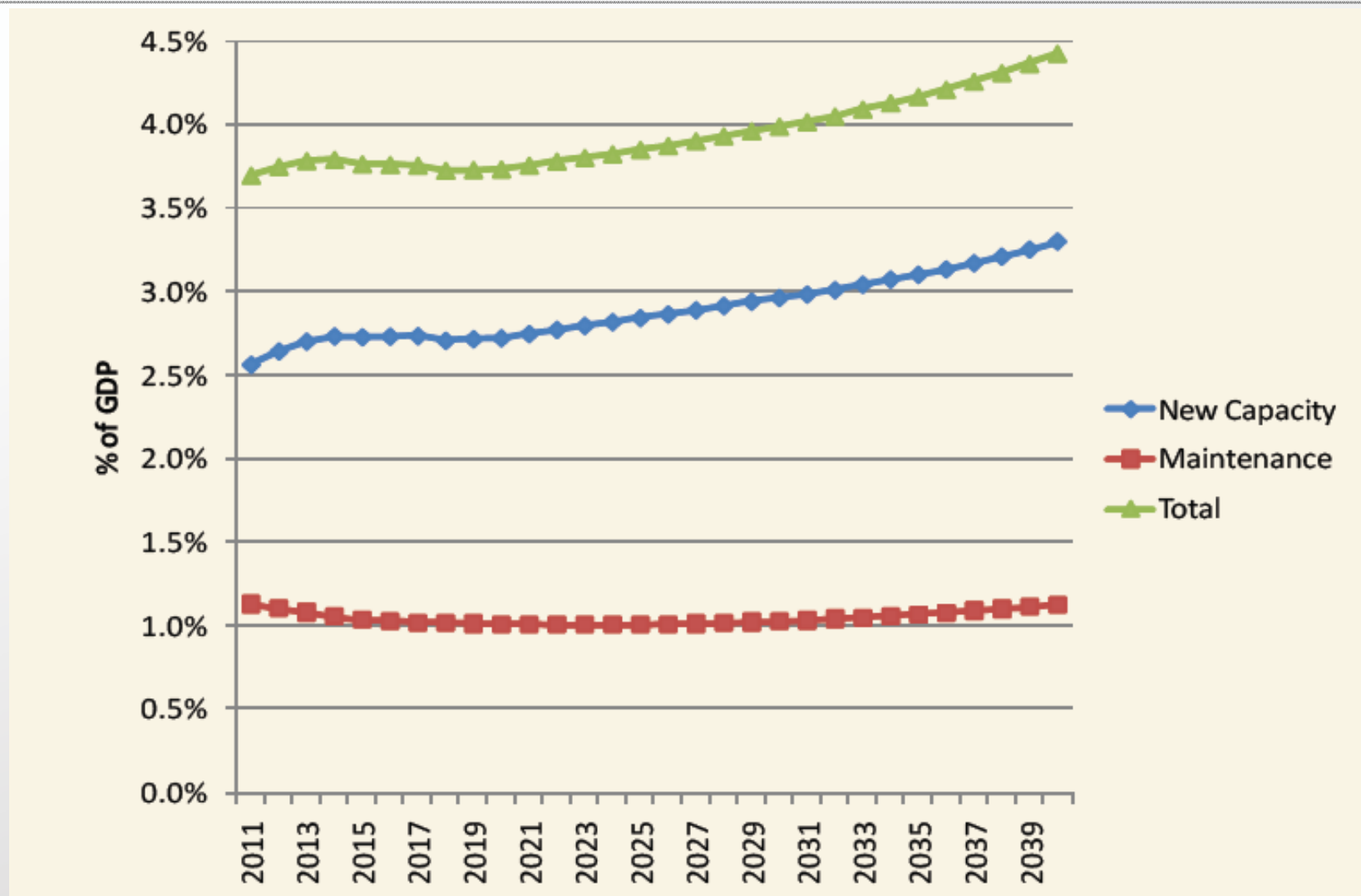
Important challenges in infrastructure

Significant investment is needed

- To overcome the deficit in infrastructure and keep up with growth and development, the region needs to invest annually between **4% and 8% of GDP**
- This does not take into account maintenance expenditures
- For the period 2011-2040, infrastructure financing requirements are around US\$ 13 Trillion for the period 2011-2040 (US\$ 9 Trillion in Energy Sector)
- We need important efforts by the public and private sectors with the support of IFIs

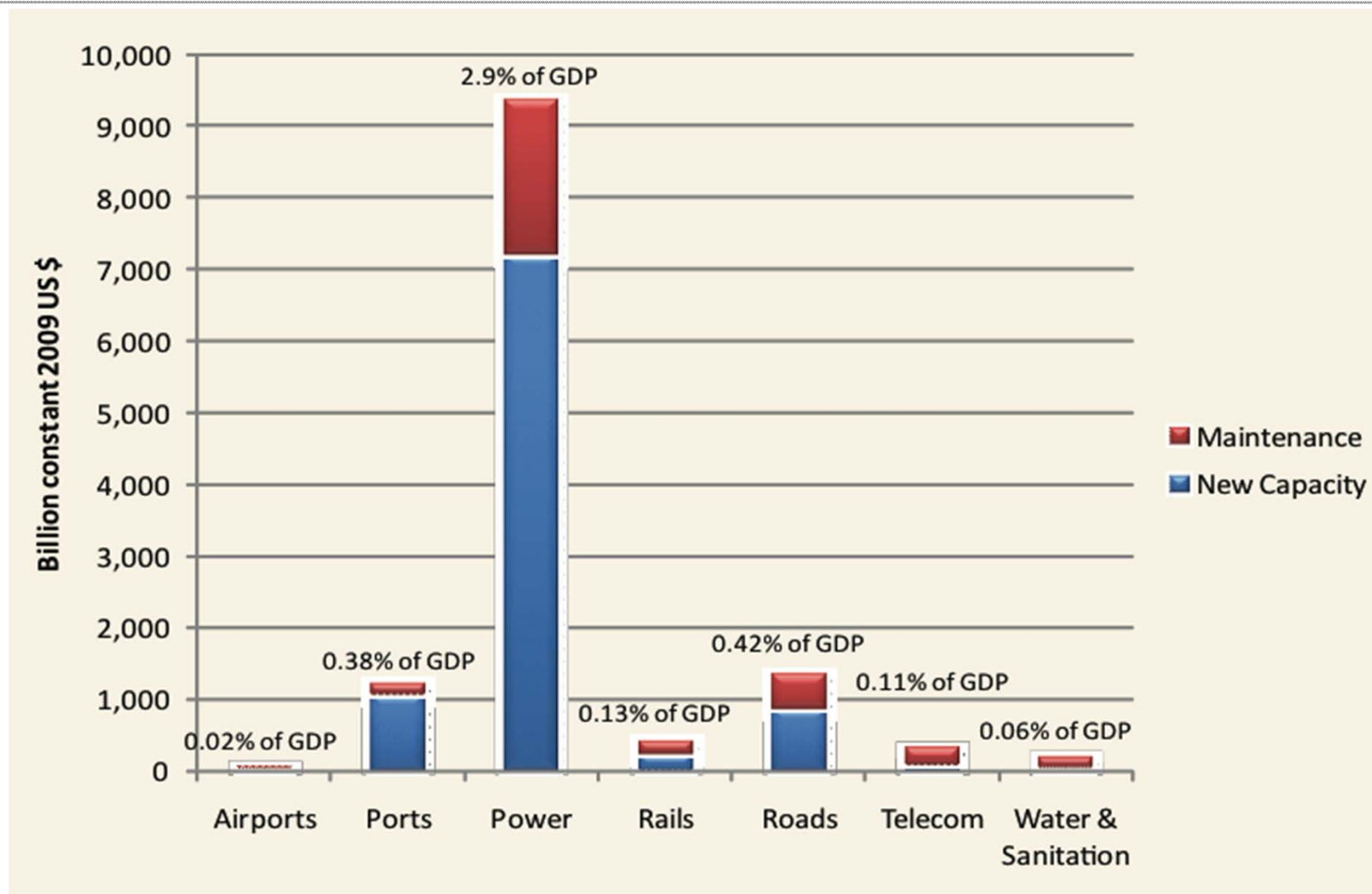
Possible scenarios for Latin America

Investment Requirements: All Sectors 2011-2040



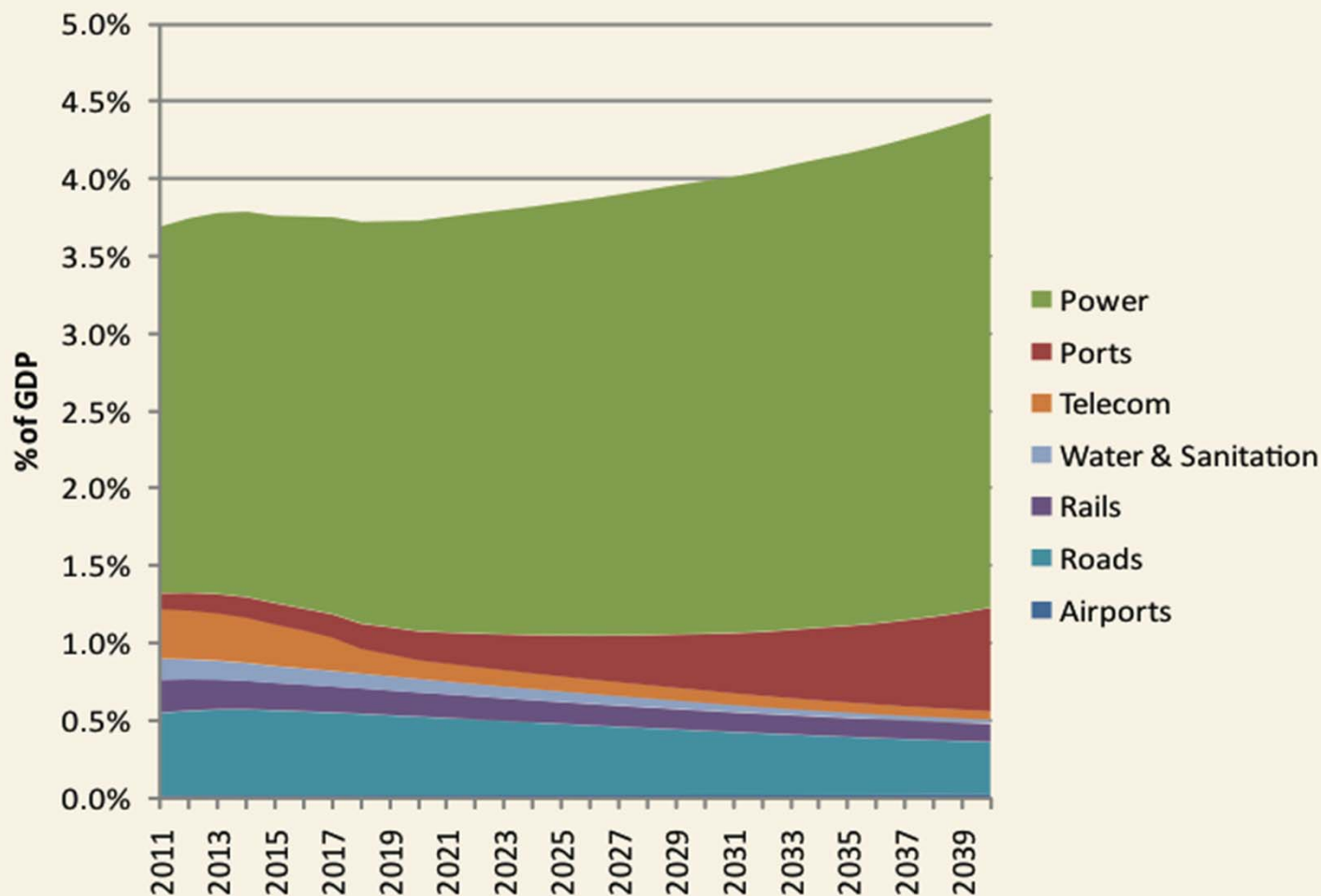
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Investment Requirements by Sector 2011-2040



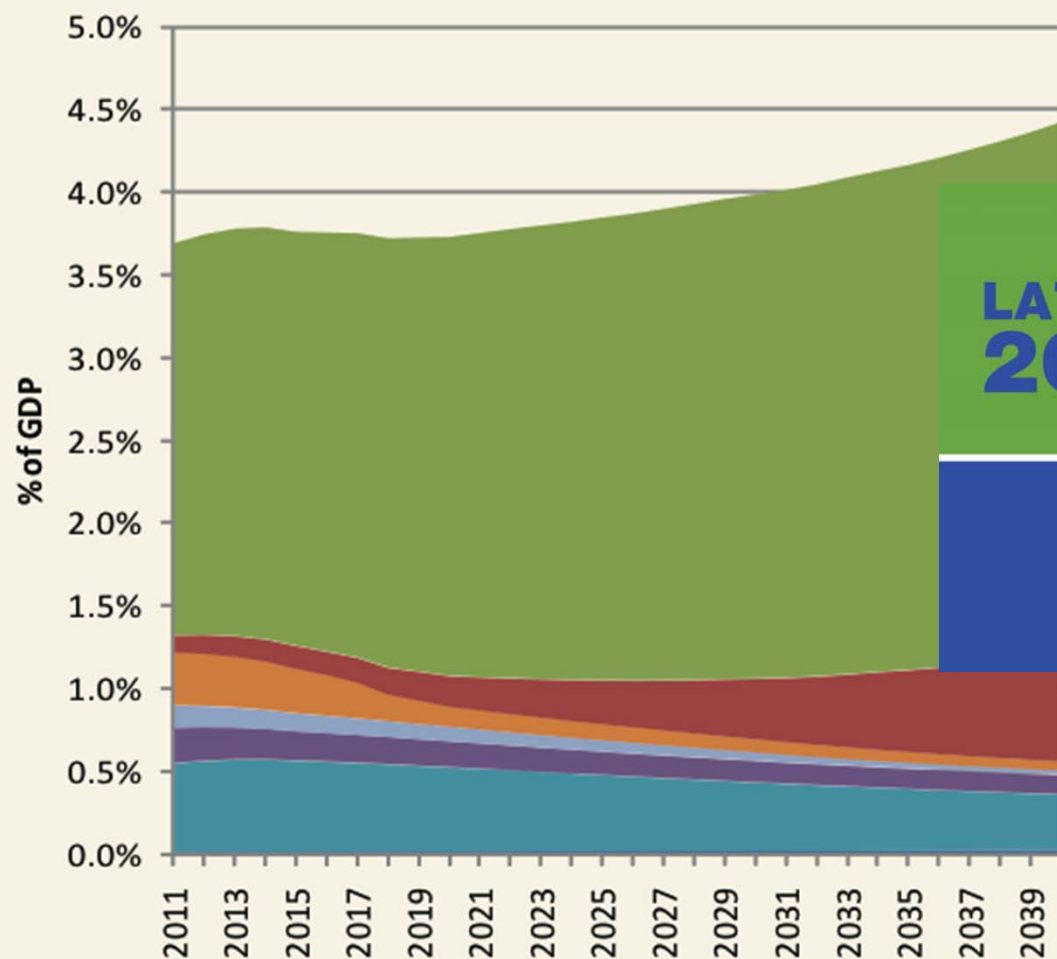
Possible scenarios for Latin America

Investment Needs by Sector as % of GDP: 2011-2040



Possible scenarios for Latin America

Investment Needs by Sector as % of GDP: 2011-2040



**LATIN AMERICA
2040**

**Breaking Away from Complacency:
An Agenda for Resurgence**

Source: CAF **LATIN AMERICA 2040 (2013)**

www.caf.com

The Way Forward

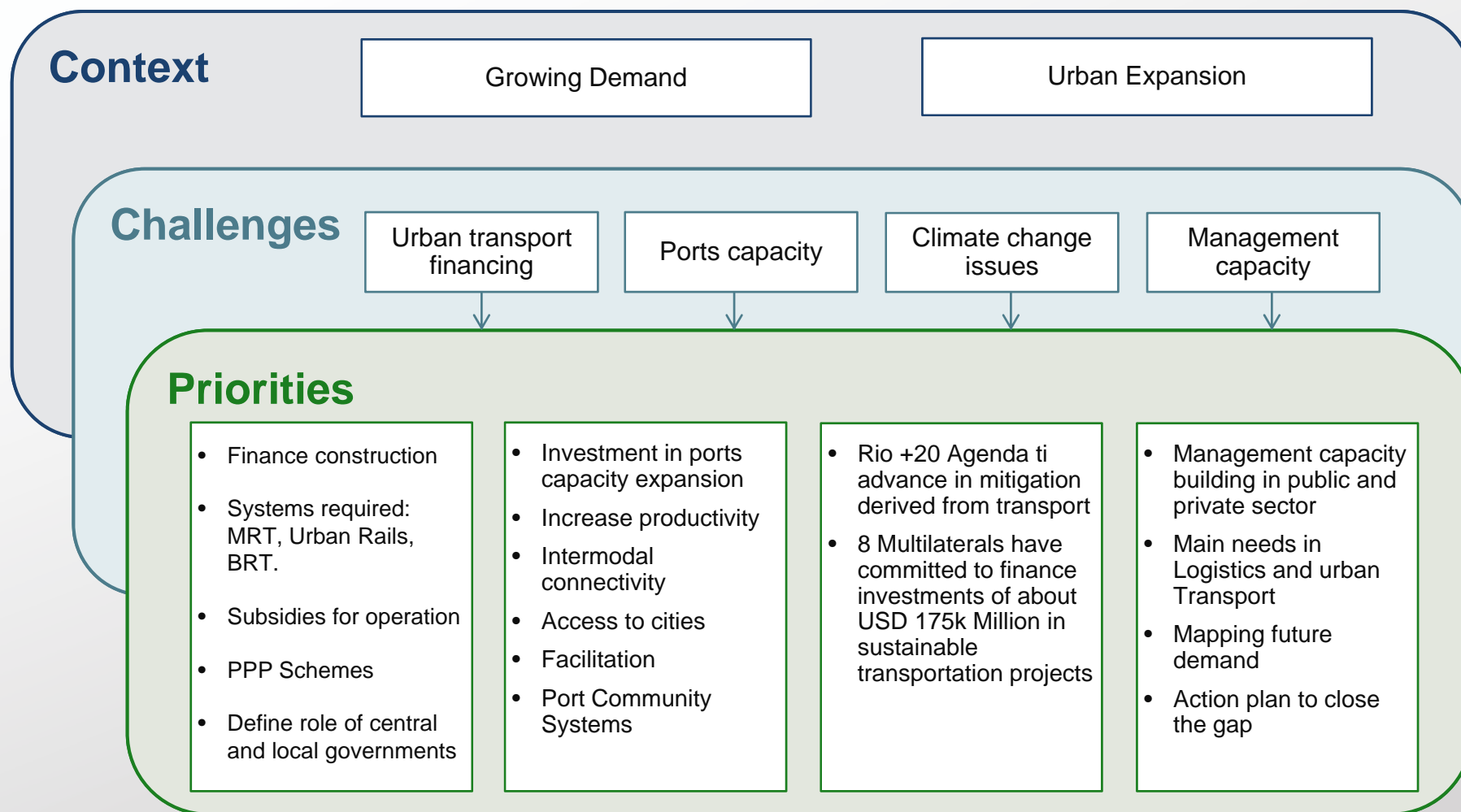
Latin America Infrastructure Strategic Agenda



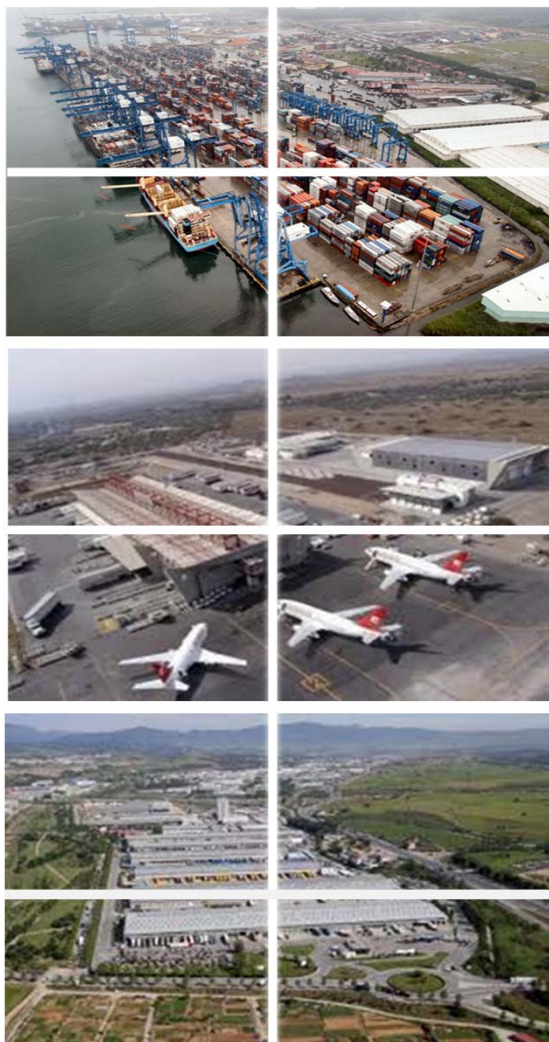
Source: **CAF IDeAL 2013**
www.caf.com

The Way Forward

Example: Transport Sector



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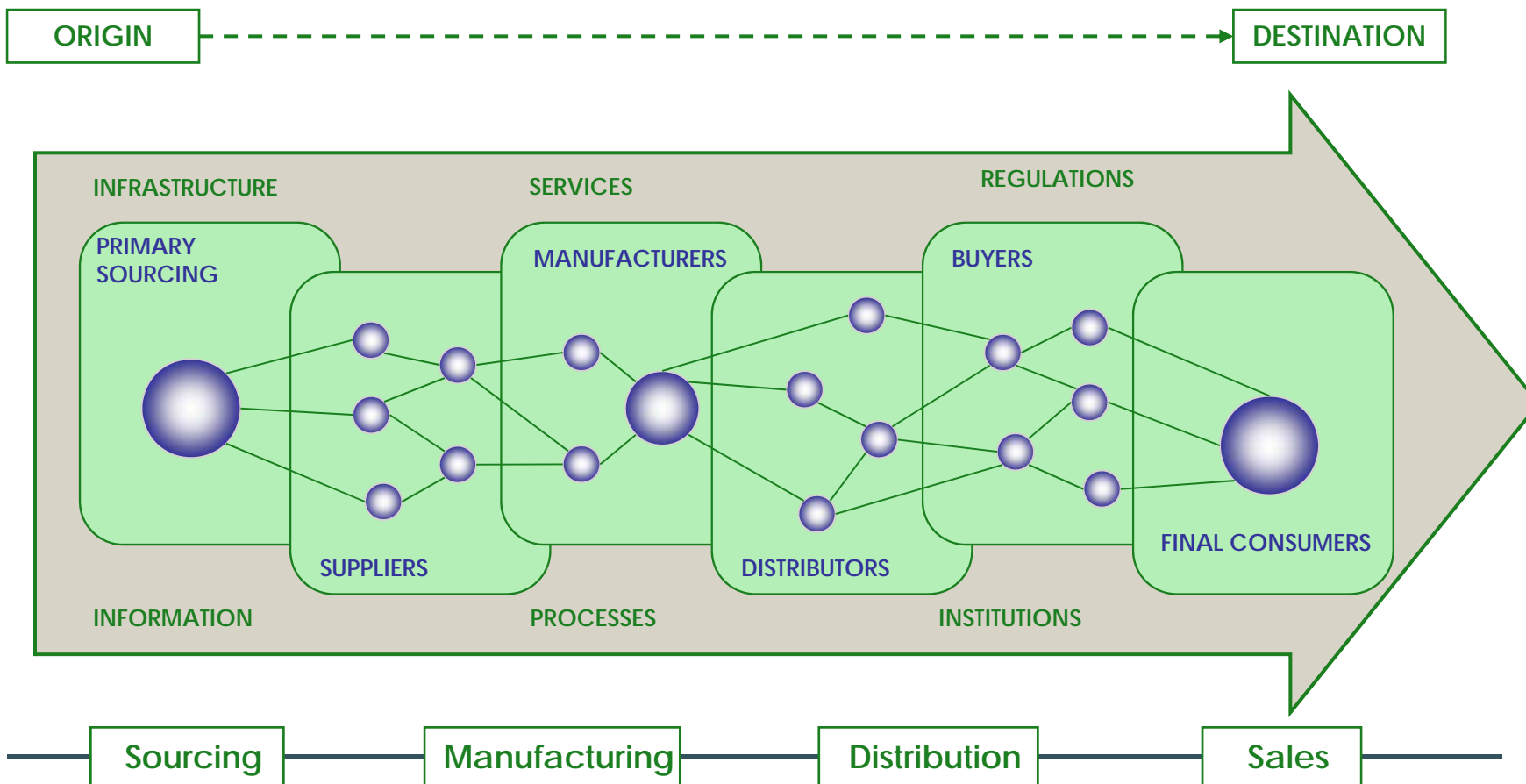


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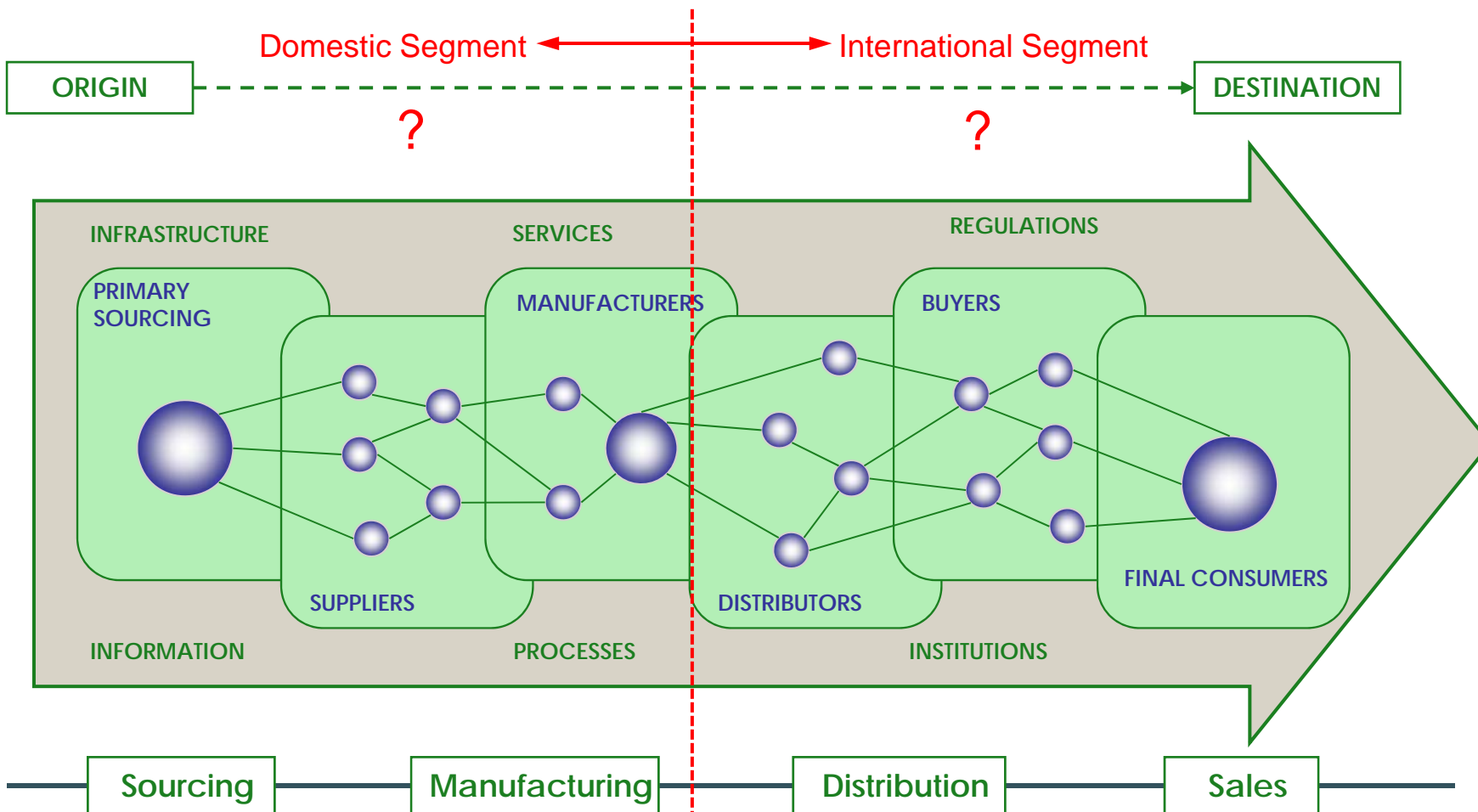
Supply Chain and Value Chain

Value-adding and Cost-adding activities



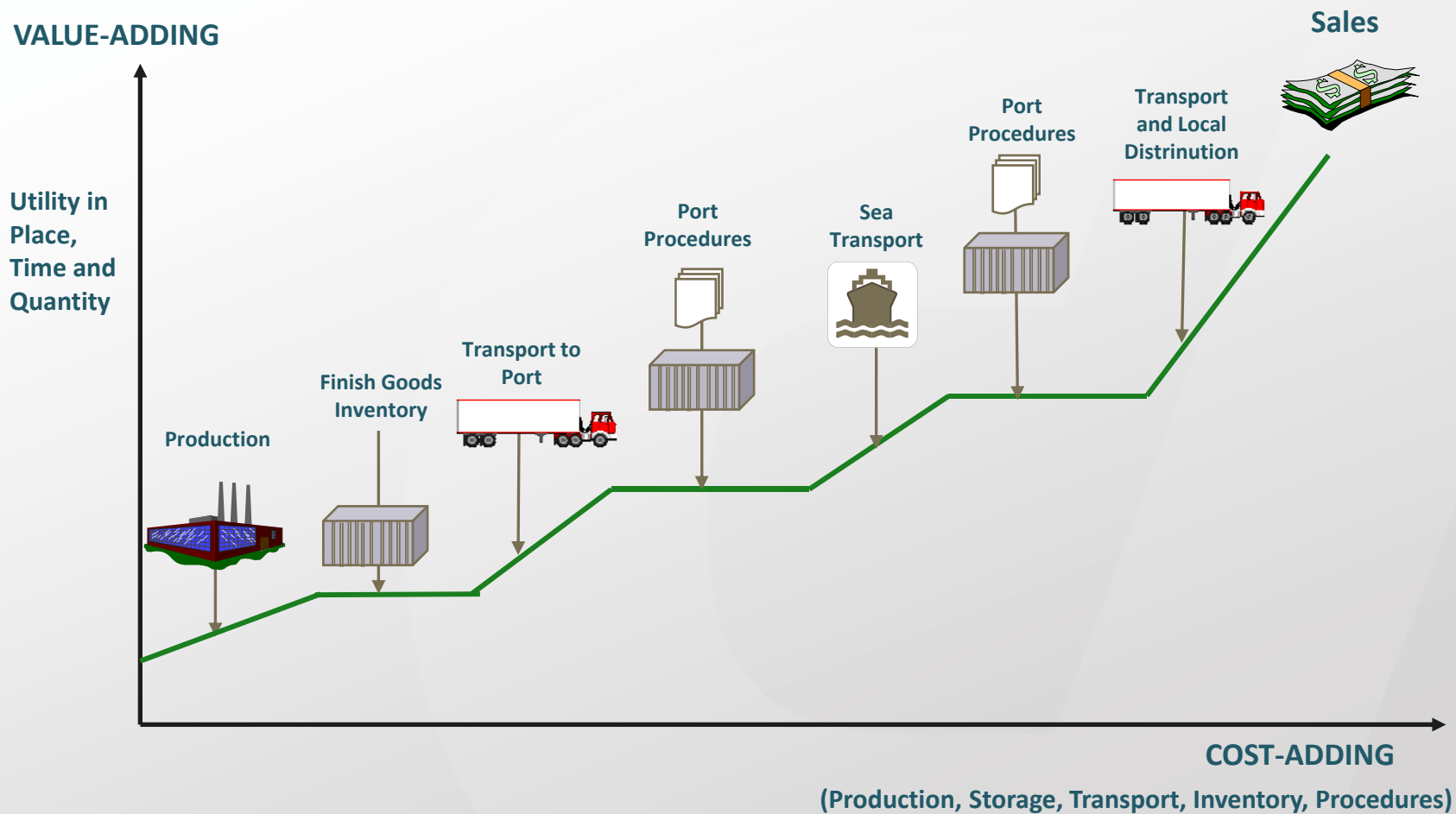
Supply Chain and Value Chain

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Value Chain Downstream Process

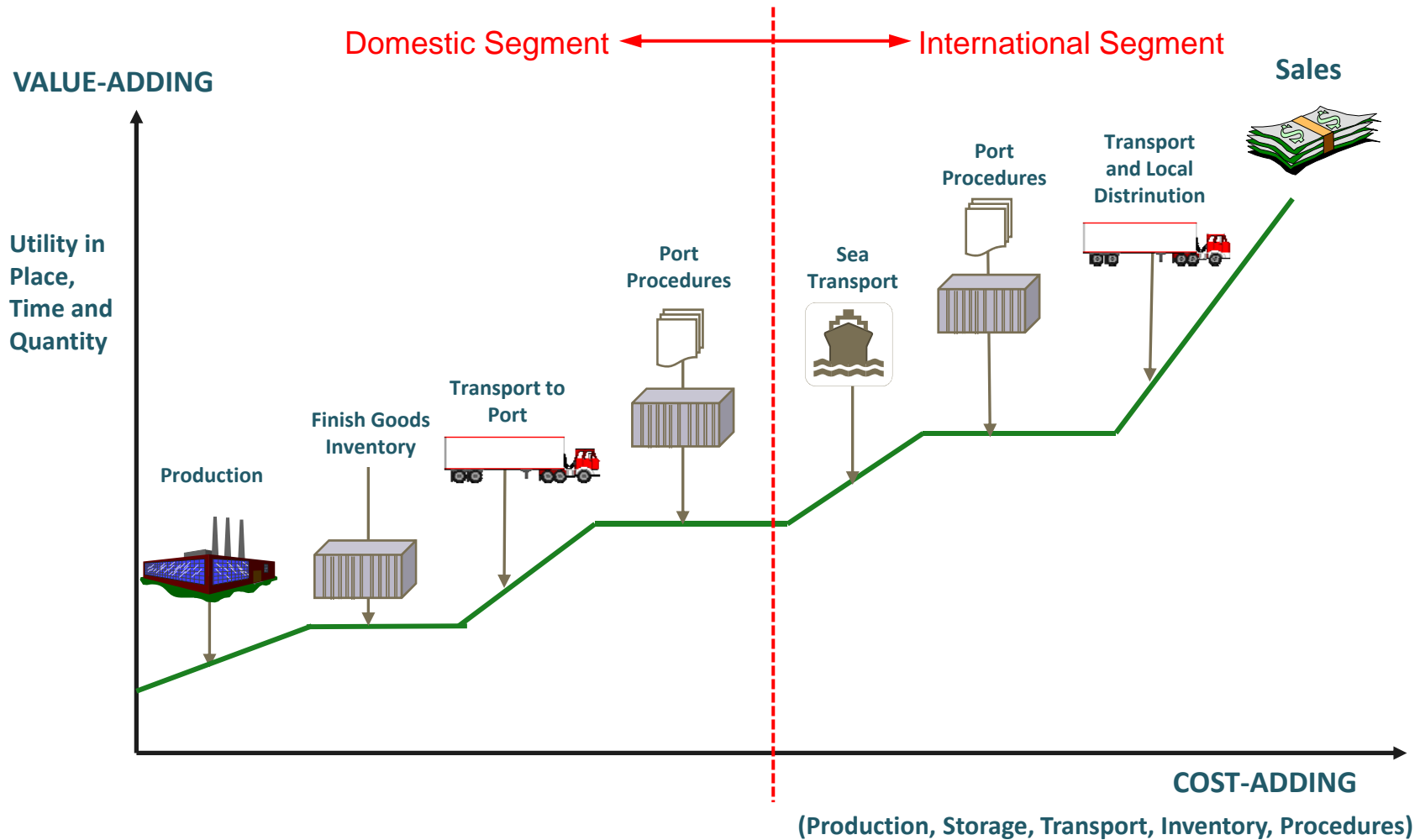
Value-adding and Cost-adding activities



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Value Chain Downstream Process

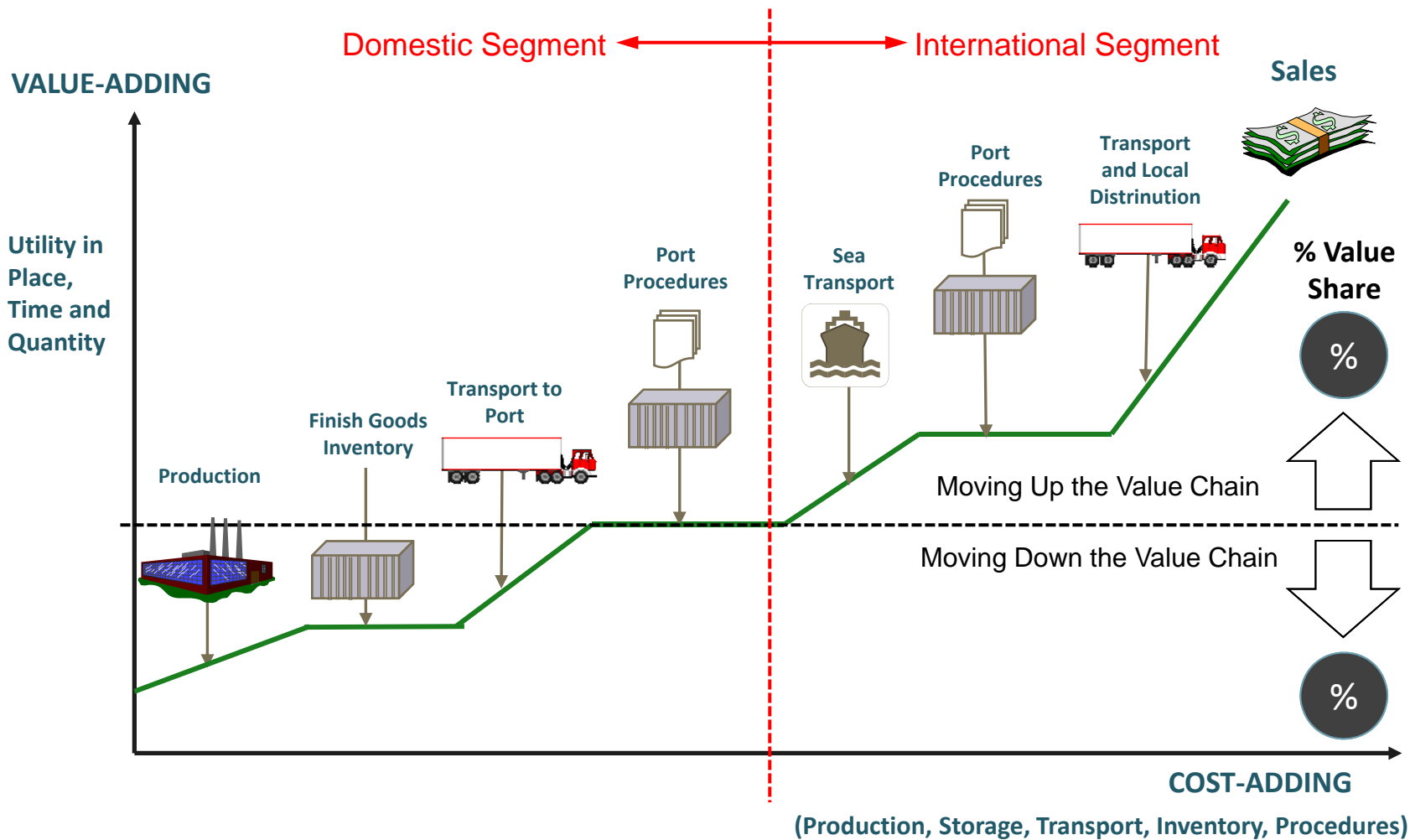
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Value Chain Downstream Process

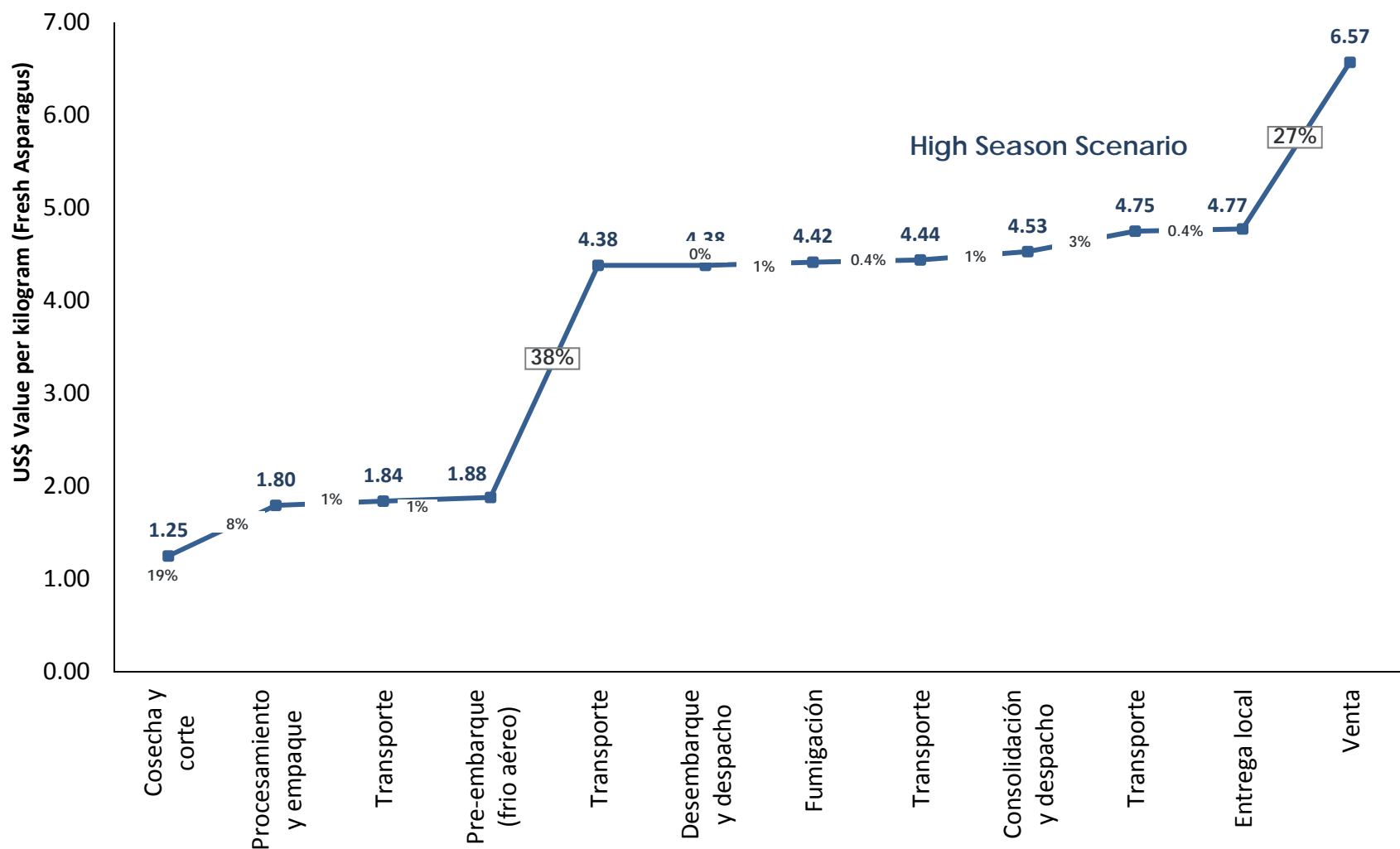
Value-adding and Cost-adding activities



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Value Chain Participation Analysis

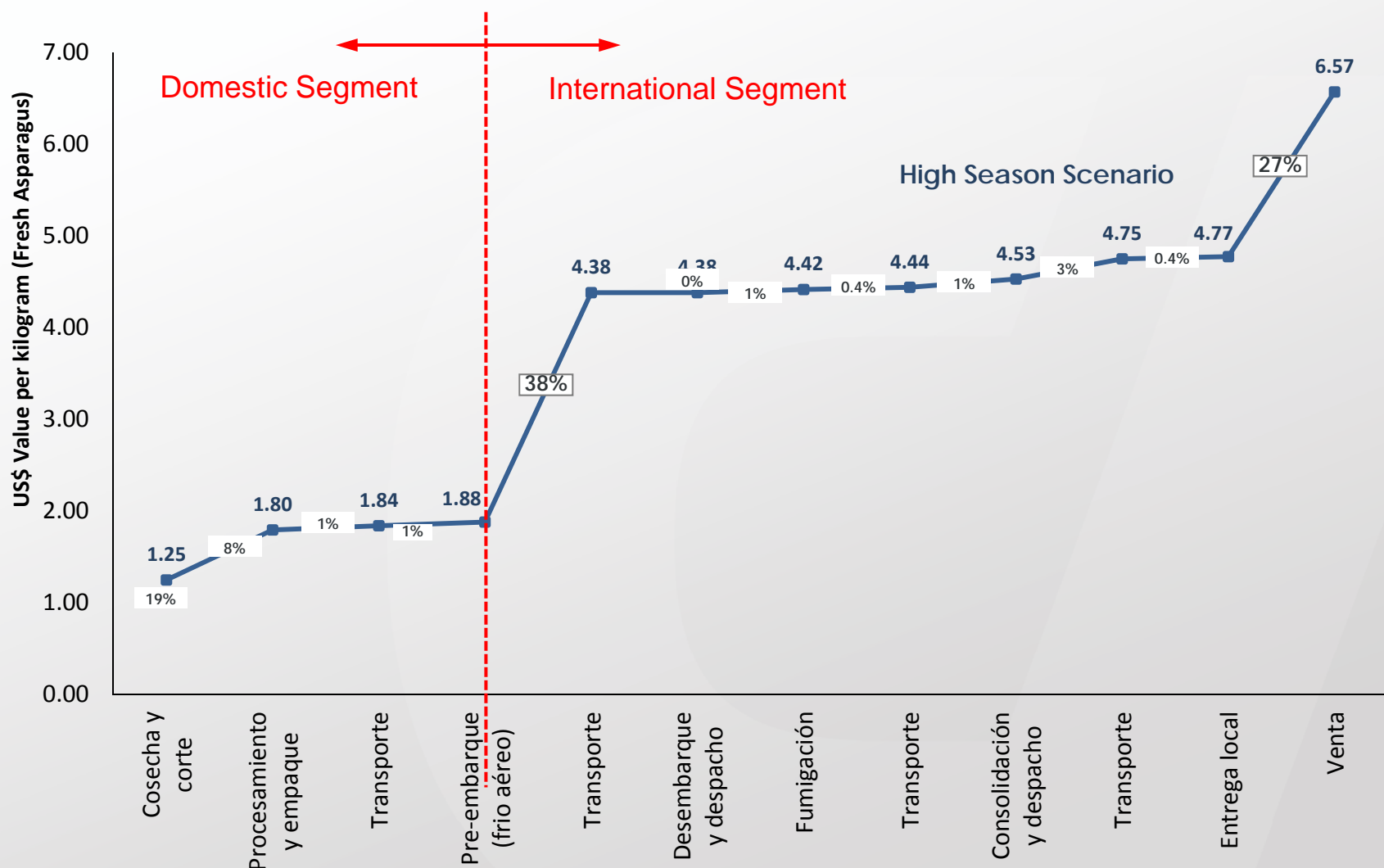
Cas Study: Fresh Asparagus exports Perú to USA



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Value Chain Participation Analysis

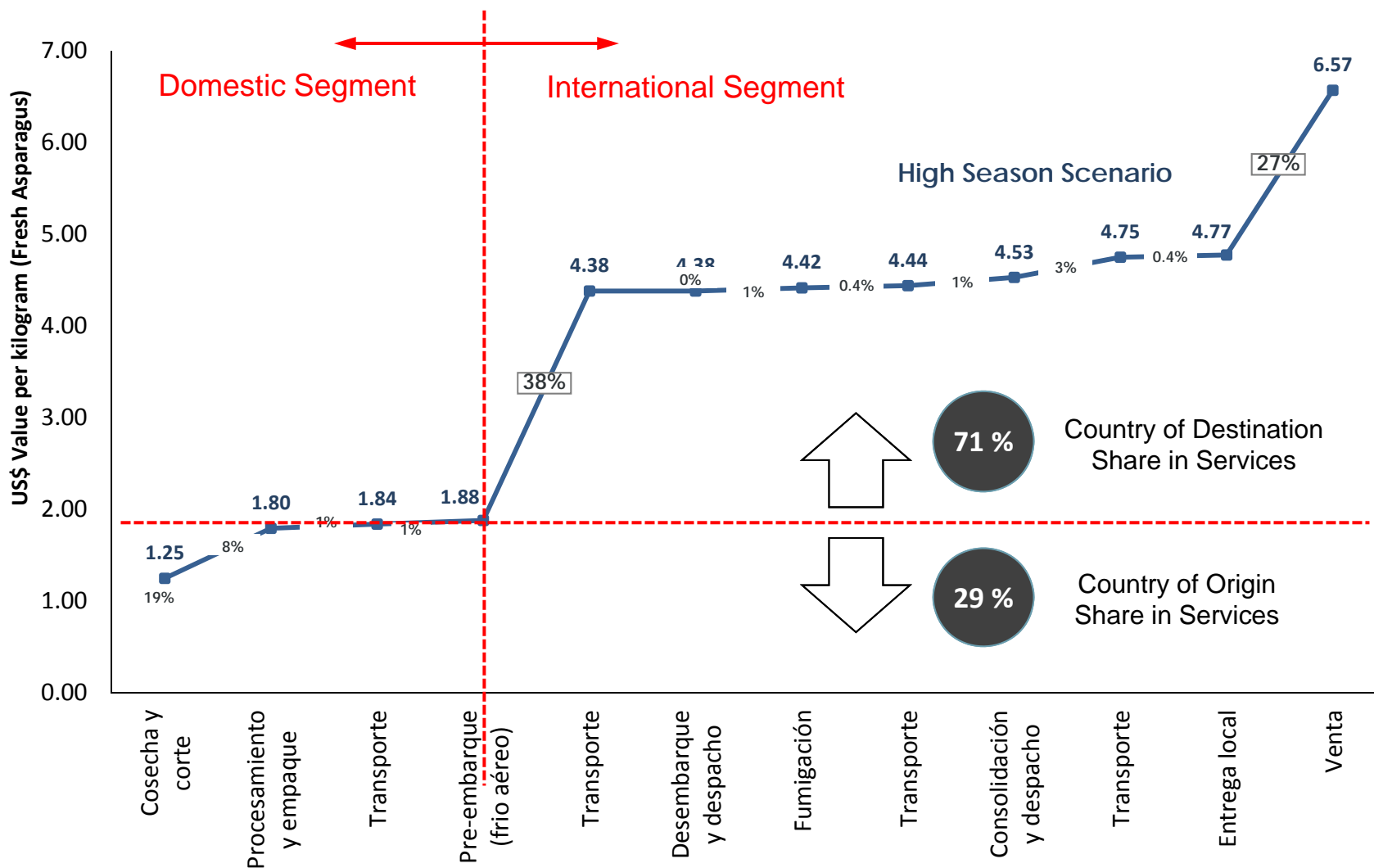
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Mapping Value Chains in Latin America

Key Value Chains Mapping – CAF LOGRA 2014

LATIN AMERICA

KEY VALUE CHAINS MAPPING

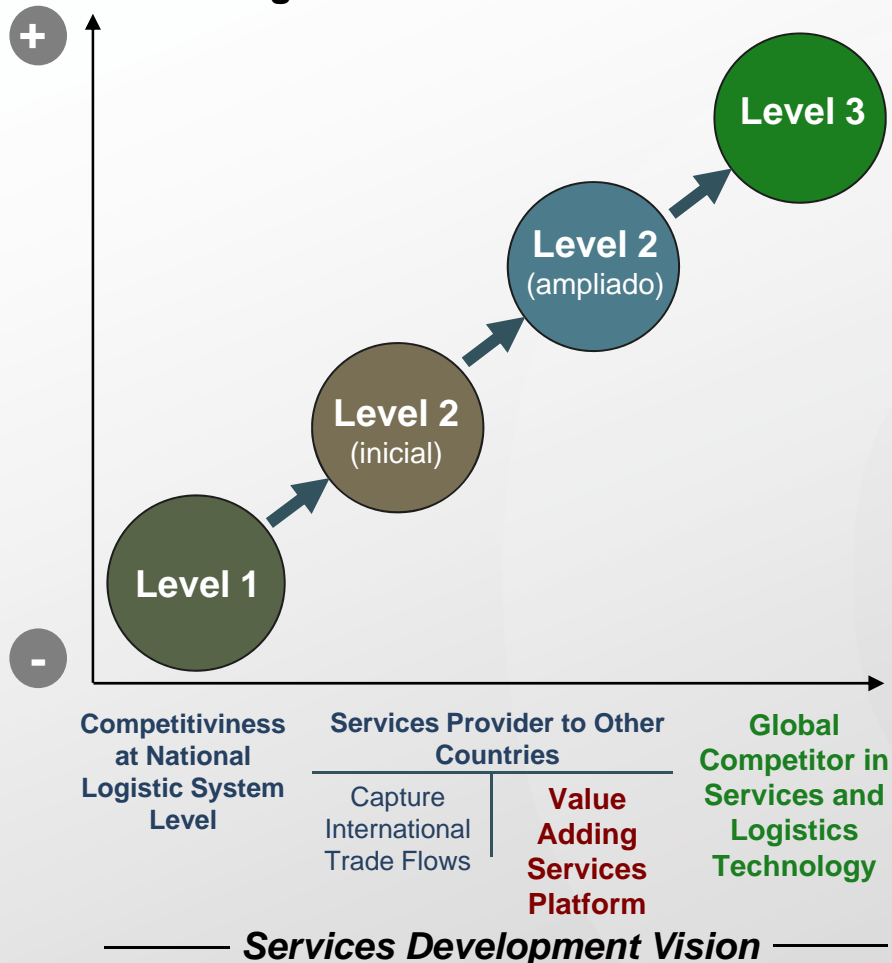
- International logistics networks
- Logistics value added services
- Transportation services
- Trade operations financing
- Domestic logistics services
- International logistics services
- Cross-border physical flows
- Cross-border logistics services
- Location of service facilities
- Manufacturing location
- Regulatory frameworks
- Institutional frameworks
- Management capacity
- Information Systems
- Trade facilitation processes
- Etc...



Strategic Ambition Levels

Gaining Participation in Value Adding Services

Strategic Ambition Levels in Services



Strategic Actions

- Positioning in Global Value Chains
 - Home Global Logistics Services Providers, 4PL, etc.
 - Foster World Class Services Companies (logistics)
 - Knowledge Generation Institutions
-
- Modules or Kits assembly
 - Postponement for Regional Markets
 - Repairs and Sparepart stock, reverse logistics
 - Customer service, call centers, telemarketing, others
-
- Transshipment Activities
 - Consolidation of cargo
 - Cargo Fragmentation and customer service
-
- Physical Infrastructure and intermodal connections
 - Processes optimization and facilitation
 - Services quality and management practices
 - ICT utilization



DEVELOPMENT BANK OF LATIN AMERICA

CAF Partners

- Argentina
- Bolivia
- Brasil
- Chile
- Colombia
- Costa Rica
- República Dominicana
- Ecuador
- Jamaica
- México
- Panamá
- Paraguay
- Perú
- Portugal
- España
- Trinidad y Tobago
- Uruguay
- Venezuela

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DEVELOPMENT BANK OF LATIN AMERICA