

ICED Evidence Library

Moving ahead: a new agenda for cities, infrastructure and trade

Tags: Infrastructure, Trade, Cities, Urban, Economic Development



DFID has placed trade firmly on the economic development agenda, with the objective of harnessing the potential of new trade relationships to boost job creation and investment to the world's poorest countries.

In DFID's 2017 Economic Development Strategy (EDS), the Secretary of State writes that, "DFID's ambition will be at the heart of the Government's emerging agenda on international trade and investment, led by the Department for International Trade...work[ing] across Government to agree trade and investment deals that bring the benefits of trade to every corner of the world". DFID's commitment to trade facilitation can be delivered through investments in the enabling environment for infrastructure, urban development and manufacturing that catalyse complementary investments by the private sector and Development Finance Institutions.

Well-functioning infrastructure is crucial to driving sustained, inclusive economic growth, poverty reduction and human development. DFID's EDS identified trade as a vital engine

for poverty reduction. Improved physical infrastructure is a key condition for trade facilitation, but developing countries still face formidable obstacles to trade in their infrastructure networks, including burdensome regulations, high transport costs, delays at customs and weak infrastructure.

Cities play a central role in global trade networks. Cities bring supply chains closer to producers and customers and cluster high value manufacturing and service industries to harness the benefits of agglomeration. Well-functioning cities also act as magnets for innovation, ideas and talent. Research shows that exports are concentrated in a small number of specialist firms who create opportunities for local suppliers and distributors, and that sub-national trade and investment promotion agencies are increasingly attracting more interest than those at the national level.

Yet cities in Africa and South Asia remain "disconnected, crowded and costly". There is a need to reform land markets, support exporting firms to access markets, and to improve the coordination of connective infrastructure investments, especially in special economic zones, to make cities productive nodes in global trading networks, creating jobs and opportunities for the people who live there.

ICED has been working to tackle these issues and support infrastructure and urban development that has a positive impact on trade. For example, in Jordan we conducted a study exploring ways in which DFID could catalyse investments into Jordanian SEZs, taking advantage of the trade opportunities opened up in United Kingdom by the Jordan Compact. The ICED team conducted in country stakeholder engagement with DFID, Jordanian government ministries and agencies, donors and MDBs, and the private sector to develop a set of long-term programming options and shorter-term quick wins.

ICED can support Country Offices to implement DFID's aid and trade agenda in the following ways:

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- Identifying trade opportunities as part of DFID’s “Delivery Dashboard”, and connecting COs with potential UK trading counterparts and investors.
- Mainstreaming trade perspectives into infrastructure, urban and economic development programming.
- Promoting a global Britain through harnessing opportunities for urban and infrastructure investments that promote trade and economic development.

The ICED urban and economic development team can mobilise a diverse range of technical experts to provide support to DFID Country Offices in conducting scoping studies, preparing business cases, developing analytical tools, and delivering tailored knowledge and learning services. If you would like ICED support or to know more about how we can help you, please get in touch with us at connect@icedfacility.org