

Committee: Special Conference on Decent Work & Economic Growth (SPECON)

Issue: The question of lacking infrastructure and the relation to economic crises

Student Officer: Kostis Kyratsopoulos

Position: Deputy President

PERSONAL INTRODUCTION

Dear Delegates,

My name is Kostis Kyratsopoulos, and it is a great honor to serve as a Deputy President in this year's 5th ACGMUN's Special Conference on Decent Work and Economic Growth. ACGMUN was the first MUN conference that I had participated in as a delegate, so it is a pleasure to say that I will be now serving as a Student Officer. I am 16 years old, a junior, and I attend the International Baccalaureate Diploma Program of Ionios School.

Ever since I joined my school's MUN club it is safe to say that a whole new world full of growth stood right before me. After participating in many conferences, I am thrilled to say that MUN is not just a conference made to discuss important topical issues, but also a way to achieve mental growth, establish new bonds and be an active member of a community. Therefore, I am really glad that many new members are joining the MUN community and that old ones are still active.

This year's conference's topic, "Decent Work and Economic Growth," is one that is necessary after the global crisis that the world is facing; COVID-19. The virus has destroyed healthy and stable economies and continues to do so. The present topic, "The question of lacking infrastructure and the relation to economic crises," is closely related to this crisis since solid infrastructure is what saved many economies.

If in the process of your research, questions arise that you cannot find the answer to in this study guide, feel free to message me in this email: kirkostis@gmail.com at any hour and I'll reply as soon as I've seen your question. Looking forward to meeting all of you and having a fruitful conference!

Kind regards,

Konstantinos Kyratsopoulos

TOPIC INTRODUCTION

All Less Economically Developed economies across the globe have one really common characteristic: they all lack basic infrastructure. At a first glance, infrastructure and especially the one that is provided by the public sector such as roads, telecommunication towers, public transportation, etc. may seem like means that are created to serve the public and day-to-day activities. But once one further analyzes the issue, they understand the close bond between infrastructure and a healthy economy.

In the USA, the Bureau of Labor Statistics has collected data that state that more than 14 million workers have jobs that are directly related to either infrastructure creation or maintenance and support. As we can therefore understand, the infrastructure sector provides many job positions and a big percentage of revenue to the market. Furthermore, the number of people aged 30 and under that have a driver's license has decreased over the past few decades and is currently at its lowest point due to the use of public and private transportation in everyday activities. With urbanization being one of the most common phenomena of the 21st century, solid urban infrastructure will gradually become even more important for the economy.

With a really large percentage of the world's economic growth in the next few years coming from Less Economically Developed Countries (LEDCs) and stable medium-sized economies, the necessary infrastructure is needed. Exports and imports can be efficient and successful if supported by strong transportation, communication, and aviation systems. Due to the ongoing rise of globalization which amplifies the need for imports and exports within a country and due to international trade being a key factor to a successful economy, countries are more willing to trade with other countries that have established high-quality communication and power infrastructure that will prevent additional costs.

Finally, with most infrastructure being constructed by the public sector, it can and should be ensured that this construction is built through environmentally friendly means and can also ensure the future sustainability of these structures. The government also has the chance to set environmentally friendly regulations for corporations that are willing to use these infrastructures to further support their sustainable use.

As we can understand, this issue is one that needs great care and cooperation between countries and corporations since it will allow for economic growth globally with Less Economically Developed Countries (LEDCs) getting stronger and More Economically Developed Countries (MEDCs) maintaining a stable economy.

DEFINITION OF KEY TERMS

Critical Infrastructure

"Critical infrastructure makes up all the assets that are defined by the government as being crucial to the functioning of an economy. It includes assets used for shelter and heating, telecommunication, public health, agricultural facilities, etc. Examples of such assets: natural gas, drinking water, medicine."¹

Environmental Impact Assessment (EIA)

"Environmental Impact Assessment (EIA) is a process of evaluating the likely environmental impacts of a proposed project or development, taking into account inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse."²

Hard Infrastructure

"Hard infrastructure comprises all the physical systems that are crucial to running a modern, industrialized economy. It includes transport systems such as roads and highways and telecommunication services such as telephone lines and broadband systems"³

Infrastructure

"The basic equipment and structures (such as roads and bridges) that are needed for a country, region, or organization to function properly"⁴

Public-Private Partnership (PPP)

"Public-private partnerships (PPPs) are best described as a partnership or an arrangement between two or more private organizations and the public sector"⁵

Soft Infrastructure

"Soft infrastructure refers to all the institutions that help maintain a healthy economy. These usually require extensive human capital and are service-oriented toward the

¹ Corporate Finance Institute. "Public Infrastructure." *Corporate Finance Institute*, 10 Feb. 2021, corporatefinanceinstitute.com/resources/knowledge/economics/public-infrastructure/.

² "What is Impact Assessment?" *Convention on Biological Diversity*, 27 Apr. 2010, www.cbd.int/impact/whatis.shtml.

³ Corporate Finance Institute. "Public Infrastructure." *Corporate Finance Institute*, 10 Feb. 2021, corporatefinanceinstitute.com/resources/knowledge/economics/public-infrastructure/.

⁴ "Definition of INFRASTRUCTURE." *Dictionary by Merriam-Webster: America's Most-trusted Online Dictionary*, www.merriam-webster.com/dictionary/infrastructure.

⁵ Corporate Finance Institute. "Public Infrastructure." *Corporate Finance Institute*, 10 Feb. 2021, corporatefinanceinstitute.com/resources/knowledge/economics/public-infrastructure/.

population. Soft infrastructure includes all educational, health, financial, law and order, governmental systems (such as social security), and other institutions that are considered crucial to the well-being of an economy”⁶

Sustainability

The use and management of natural resources at a rate that allows full natural reproduction and full ecosystem recovery.

BACKGROUND INFORMATION

Types of Hard Infrastructure and their use

Transportation Infrastructure

Transportation is the means by which people and goods have been brought from one place to another since humanity existed. Even if it was by sailing boats in the 16th century, by train in the 18th century, or by plane in the 20th, transportation infrastructure has always been one of the pillars of a well-functioning society. With the constant development of technology and the constantly growing need for goods and services due to globalization, the transportation sector must keep up with modern social standards. Especially regarding the economy, this type of infrastructure facilitates the transportation of goods from the primary and secondary sector to the tertiary and serves specifically the tertiary on different issues such as tourist transportation, taxis, professional flights, etc.

If transportation infrastructure is of inferior quality, then an unfortunate infinite loop gets created until the party involved with it intervenes. Inadequate quality of transportation vehicles and services will lead to reduced demand for them which means excessive cost and low profits for the party providing them. This leads to transportation infrastructure not being able to generate profit unless high subsidies are being invested into its development.

⁶ Corporate Finance Institute. "Public Infrastructure." *Corporate Finance Institute*, 10 Feb. 2021, corporatefinanceinstitute.com/resources/knowledge/economics/public-infrastructure/.

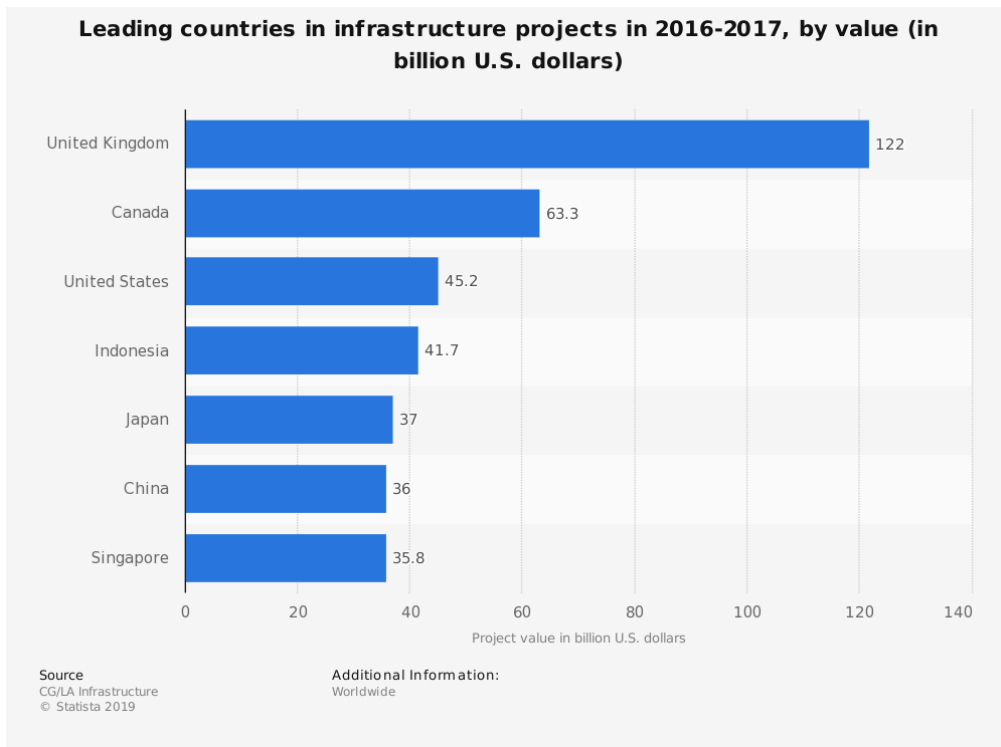


Figure 17: Graph depicting the leading countries in infrastructure projects in 2016-2017.

Water supply

Water supply infrastructure is the framework used to transfer, store, and deliver drinking water. It consists of all of the pumps, water treatment plants, water tanks, etc. that are used to safely transport water globally. It is an essential part of a functioning economy since water infrastructure is especially useful in the agricultural sector. Poor-quality infrastructure could lead to small and inferior quality yields due to scarcity of water, loss of exports which leads back to small yields and high demand-low supply for certain agricultural products, which would lead to extremely unaffordable prices of essential food sources.

Communications Infrastructure

Communication Infrastructure is the framework and tools used in order to assist the transfer of information between individuals. In modern-day communication, infrastructure has mainly focused on telecommunication and the internet. According to NEC Telecoms *“since the year 2020, the mobile broadband network is covering more than 90% of the world’s population”*. This has caused the communication infrastructure sector to take a whole novel approach and constantly develop and maintain infrastructure since demand is really high and

⁷ "Transport Infrastructure Projects - Leading Countries 2016-2017 | Statista." *Statista*, 6 Feb. 2017, www.statista.com/statistics/683174/transport-infrastructure-projects-leading-countries/.

that can cause system overloads and traffic explosions. Communication is also really important for a country's economy with regard to international trade. A country's corporations need to have a strong and stable communications system that can support financial transactions, constant internet access, and telecommunication services in order for other corporations to be willing to trade with them. Furthermore, only with the use of the internet can online financial transactions be made. Since online transactions are a lot safer, faster, and independent, meaning that you can easily transfer a lot of money, they are way more convenient both for day-to-day expenses for the public and huge transactions between corporations. According to Digital Commerce *"online sales represented 19.2% of total retail sales for 2021"* and with this percentage growing each year it becomes pretty clear that in order for an economy to develop, communication infrastructure is essential.

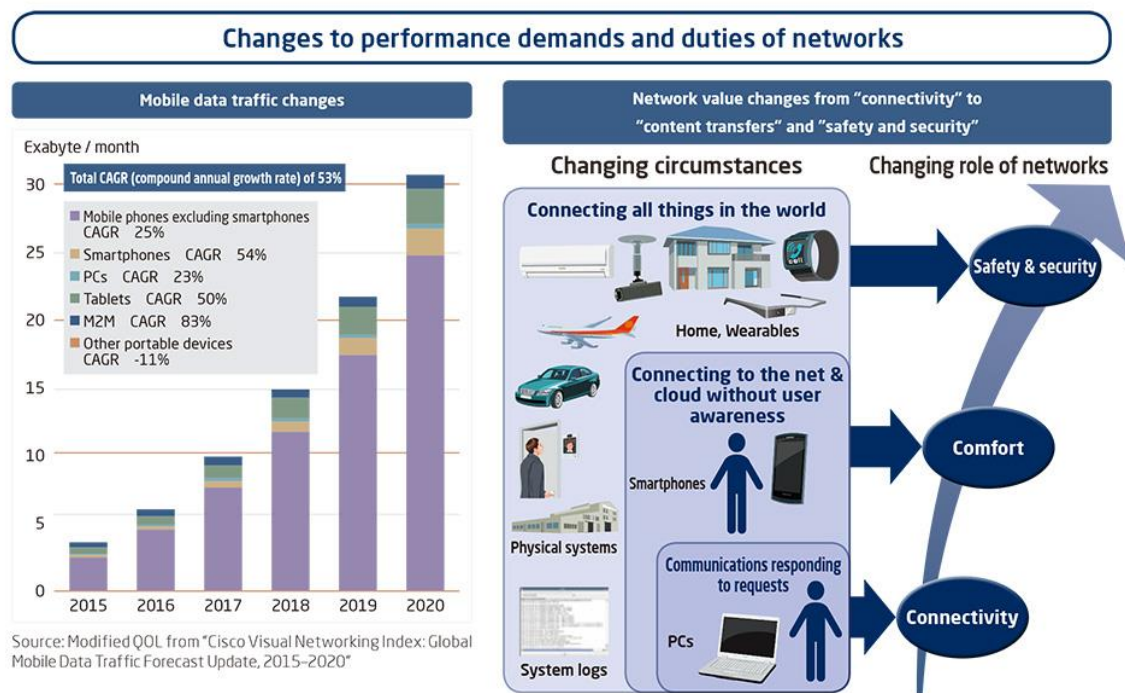


Figure 2⁸: Graph depicting the mobile data traffic changes and the network value changes in changing circumstances and role of networks.

Power and energy

Energy and power infrastructure are closely related, and communication infrastructure is dependent on those two. Energy infrastructure is utilities that store and transfer energy, mainly in the form of electricity and heat. These utilities are mainly electricity transmission lines and oil or gas pipelines. Power and energy

⁸ "What is the Information and Communications Infrastructure?" NEC, www.nec.com/en/global/insights/report/2020022505/index.html.

are vital to any modern society. Communication, transportation, information, heating, light, almost everything that a society uses in day-to-day activities is based on energy and power. The past few years, due to technology constantly changing, there is a need for a faster pace of development and investment in this particular sector.

However, because of the constant use of energy and power resources, another issue has surfaced. The main energy sources, such as lignite, petroleum, gas, and coal, are all non-renewable natural resources and in a few decades, they may all be on the brink of extinction. Therefore, in order for renewable sources to be of use, there must be change in the current power and energy infrastructure in order to support other forms of energy such as wind and solar energy.

Aviation

Aviation infrastructure could be considered a part of transportation infrastructure, but they are kept separate most of the time. It includes structures and facilities that are closely related to air transportation such as airports, satellites, airplanes, and air traffic control facilities. It is vital to today's economies since it assists in the transportation of both goods and mainly people to other parts and countries of the globe for the sake of international trade. Telecommunication and the internet surely assist in achieving international economic relations, but they cannot replace face-to-face communication, and thus, aviation provides the ability to do that quickly and conveniently.

Waste management

Waste management infrastructure includes all the tools, machinery, and facilities that are needed in order for waste to be harmlessly and sustainably managed. These include rubbish bins, trash collection trucks, transfer stations, waste to energy, recycling, composting facilities, etc. The proper management of waste is vital for a healthy, sustainable, and environmentally friendly economy. Waste transfer to energy can support the energy and power sector since it is a semi-renewable source of energy. Recycling can also be of use in the creation of new products in the industrial sector through the transfer of waste to materials such as plastic. Finally, composting is really beneficial to the agricultural sector and therefore no chemically made compost will be used in the process of growing crops which has, as a result, the provision of pure products to the consumers.

All of the above are ways that trash that can be recycled may be used. For the rest of the waste, landfills are created in order for waste to be stored and not disturb human activity and health. These landfills are extremely dangerous to both humans and the environment and therefore, innovative technologies and

infrastructure should be created that allow almost all waste to be recycled and used sustainably.

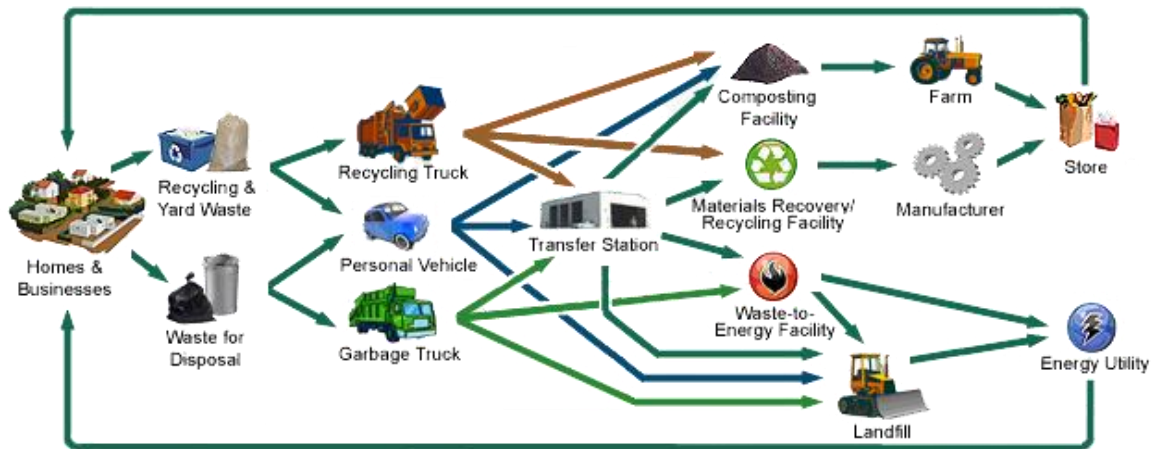


Figure 3⁹: Graph showing the process of waste management and the different waste management facilities and tools.

Types of Soft Infrastructure and their use

Governance Infrastructure

Governance infrastructure includes all the institutions in the system of governance and law enforcement. These may be courthouses, prisons, government offices, and decision-making bodies. They all are critical for a well-functioning economy since they have the duty to monitor it and take any necessary measures. Law enforcement is responsible for passing regulations that will assure the ethical behavior of corporations as well as prevent monopolies.

Emergency services are also a branch of governance infrastructure. These include the police force and fire protection. The police are of significant use to the economy since it assists in combating illicit financial flows such as the sale of illegal substances, human parts from trafficking, illegal firearms, etc. Fire protection prevents the destruction of natural capital and human-made facilities.

Social Infrastructure

Social Infrastructure involves all the facilities that are related to a society's development and well-being. Its main branches are the healthcare system, the educational system, and social welfare.

⁹ "Solid Waste." *ASCE's 2021 Infrastructure Report Card* |, 25 Mar. 2021, infrastructurereportcard.org/cat-item/solid-waste/.

The healthcare system is vital for a well-functioning society. Many countries include health care infrastructure in the sector of “Critical Infrastructure” since it is vital for a society to function properly. Well-functioning health infrastructure is dependent on many other infrastructures, such as power and water supply. In the case of pandemics and similar situations, there is the need for a high-quality healthcare system since it supports the economy and human activity to keep moving while it takes the main burden.

The educational system includes the main organ that provides human development that can then serve the economy. It supports humans through the process of gaining basic knowledge that will make them function well in society, especially in kindergarten and middle school, while high school and university aim to give an individual the necessary tools for their professional rehabilitation. Especially through corporation-university strategic alliances, the educational system can build a strong workforce framework for companies. It assists in creating special educational programs that will allow for high specialization workers to be available as staff in these corporations.

Social welfare or security is the provision of support to people living under extreme poverty, distress, or abuse, by the state. It helps combat social stratification, a phenomenon that leads to unhealthy economies since the social classes are constantly being recycled.

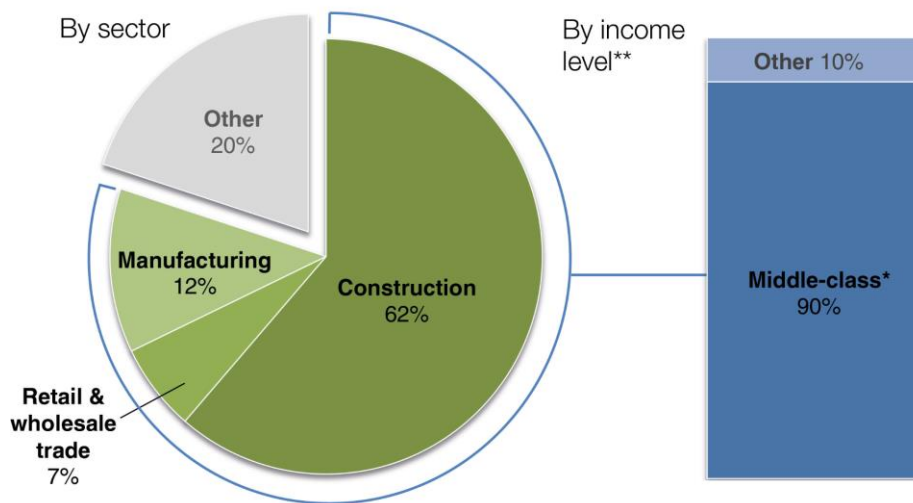
Economic Infrastructure

The main part of the economic infrastructure sector is financial institutions such as banks and payment and exchange systems. They are the basis of the economy and are responsible for financial transactions, loans, new money that enters the economic system, etc. Without them, an economy cannot exist since they are responsible for maintaining the flow of money in it which stabilizes and helps an economy develop.

Agricultural infrastructures are also a part of economic infrastructure. Storage facilities, transportation vehicles, food inspection facilities are all agricultural infrastructure. Without it, products would be unregulated which could lead to the spread of diseases while the supply of agricultural goods would not meet the high demand and many corporations in the secondary and tertiary sector would collapse.

Figure 3

Distribution of jobs created by infrastructure investment



* "Middle-class" jobs defined as those with wages between the 25th and 75th national percentiles.

** Construction, manufacturing, retail and whole wholesale trade sectors only.

Source: Treasury staff estimates based on 2010 BEA and BLS input-output tables.

Figure 4¹⁰: Graph analyzing the distribution of jobs created by infrastructure investment and the income level of the individuals that occupy those jobs.

The Public Sector

In most MEDCs, some of the Hard Infrastructure and almost all of the Soft Infrastructure facilities are provided by the state. This means that these institutions are funded through numerous ways that will be analyzed further down in this guide and that people can access these infrastructures for free. Public healthcare and education are the two main examples of infrastructure that are being provided by the state, in most countries, and therefore, because they are free, allow for social and economic development.

Taxation

Taxes are the main funding source for public-owned infrastructure. They include fees that citizens have to pay to the government. There are many distinct kinds of taxes, there are taxes in order for someone to use their car, taxes that they need to pay when they own property, tax per product, etc. The tax rate may vary according to the given country's needs and policies on infrastructure. Taxes may also be in the form of tolls, usually in transportation infrastructure, such as road tolls and train tickets. Finally, in countries that follow a Keynesian model, which will be analyzed further below, there is also the form of metered user fees, where

¹⁰ "Charts: A New Economic Analysis of Infrastructure Investment." *Front Page | U.S. Department of the Treasury*, 27 Mar. 2012, www.treasury.gov/resource-center/data-chart-center/pages/infrastructure-charts.aspx.

citizens pay for some particular services according to how much they have used them.

Keynesian Economics

Keynesian Economics is an economic theory first presented by economist John Maynard Keynes. It includes many macroeconomic theories that aim to combat inflation and unemployment. The theory, which is closely related to public infrastructure, is the one with the 3 essential goods. Keynes presented a model where the three essential goods of electricity, water, and telecommunications would be provided by the state. Since the state does not aim to make any profit, these will be provided at the lowest price possible, in order for them to be available to everyone.

International Trade

International Trade in the age of information and globalization has turned into a vital aspect of a stable economy. Due to constant development in thousands of sectors, it is impossible for any country to keep up with the constant growth and produce everything that is needed internally. Therefore, different countries have different sectors of specialization, because of the different resources available and the respective living conditions.

Exports and imports are methods that combat this issue. Through the transportation of various products, services, and resources from country to country there is availability of a variety of products in the best quality possible since they are made from countries that specialize in their making.

Transportation and communication infrastructure are the main parts of the infrastructure spectrum that are necessary for international trade. Imports and exports are made mainly by sea or by land. Hence, there is the necessity of a high-quality road transport system, including roads and bridges, but also an aquatic one, such as ports and waterways. Of course, prior to an import or export deal being undertaken there must be the necessary communication between the two parties. Through the use of the internet and telecommunications, this has become fast and convenient, but it requires a country to at least have the necessary infrastructure for this to be managed. According to Hoekman and Nicita (2008), a 10% increase in overall investment in infrastructure leads to a 5% increase in exports in LEDCs countries.

MAJOR COUNTRIES AND ORGANIZATIONS INVOLVED

India

India's government launched an infrastructure development program in March 2021 and plans to spend US\$ 1.4 trillion in the span of 4 years. India has the third strongest manufacturing sector globally and therefore this plan is going to bring a lot of economic growth to the country as it specializes in many different fields and has a wide variety of resources available for export. The country is also aiming to create these facilities as sustainably as possible.

China

China has expanded in many places of the world making infrastructure investments and deals with other nations in order to build its trade allies. Having expanded in a few countries in Africa while being the second biggest trader with them, after the US, and now expanding in the Middle East as the US keeps on moving away from the area, China sure plays a key role in the issue of lacking infrastructure. China is considered the main producer of technology-related products and since the US embargo, it aims to create new trade ties with other countries in the global spectrum.

United States of America

Even though the USA is the largest global superpower, it lacks infrastructure, especially outside urban areas. It focuses most on the public sector investment in the military, spending trillions each year, while at the same time it has a national debt of 133% compared to the country's Gross Domestic Product (GDP). According to the US Accountability Office *"1 in 4 bridges in the USA is deficient"*. Its aviation infrastructure is also in a really bad state. While the country does not lack in other infrastructure sectors, research shows, they need to invest twice as much money until 2030 in order for the transportation infrastructure sector to be of high quality.

Singapore

Singapore ranks first in all of the infrastructure categories. It has the best urban infrastructure in the world. It distributes public funds evenly to all infrastructure categories, undertakes many successful development projects, and has a really powerful economy. It is a prime example of how economic development and quality of life go hand-in-hand with good infrastructure. The main reason behind this growth is the fact that banks, lawyers, and businesspeople are aiming for foreign corporations to invest and settle in the country since Singapore also has a really low tax rate. The only infrastructure development sector that it lacks is "Sustainability and Innovation," ranking 12th globally, but the government has undertaken the "Green Plan 2030" in order to make Singapore even more sustainable.

Angola

Angola has the worst infrastructure globally. Due to it being a post-conflict country in the African area, the country's economy is in a really bad state. It is currently facing an economic crisis and the fact that the country invests little to no money in the infrastructure sector does not make things any better. Infrastructure has only contributed 1% to the country's total economic growth per capita in recent years.

Power Africa Initiative (USAID)

Power Africa is an organization/development program created by President Obama in July 2013 in order to build facilities that will provide access to electrical power to the sub-Saharan area of Africa. Because more than 2 out of 3 people in the sub-Saharan area do not have access to electricity, the US has formed an alliance with governments from all around the world and private corporations. Their aim is to add at least 30.000 megawatts of electrical energy in the sub-Saharan area by 2030.

Association of South-East Asia Nations (ASEAN)

ASEAN was founded in 1967 and operates on many different issues and topics with one of its three main pillars being the ASEAN Economic Community which aims to build strong facilities for growing economies in the area of South-East Asia. Furthermore, the organizations' main goal is to increase trade between the ASEAN community countries. Increased exports and imports mean that infrastructure is going to develop rapidly in these countries and that tariffs and taxes on products are going to be reduced. There have also been fruitful efforts to increase trade between the ASEAN community and other countries in the Eastern Asia area.

BLOCS EXPECTED

It is expected that the two alliances that will be formed will both be in favor of infrastructure development and will be as such:

Bloc 1

Alliance 1 should be formed around China because of the Chinese Belt and Road Initiative and include their partners in the program as well as other countries that show either interest or have close economic relations with the country.

Bloc 2

Alliance 2 should be formed around India, the EU, and the USA. It will comprise all the India-EU infrastructure development program members as well as economic partners of these countries and the USA.

TIMELINE OF EVENTS

| Date | Description of event |
|---------------------------------|---|
| August 8 th , 1967 | The ASEAN partnership was formed in Bangkok, Thailand. |
| 2013 | The <i>“Infrastructure Working Group”</i> was formed by the Organization for Economic Co-operation and Development (OECD) and the G20. |
| June 20 th , 2013 | The <i>“Reliable and stable transit of energy and its role in ensuring sustainable development and international cooperation”</i> resolution was adopted by the General Assembly. |
| July 2013 | The Power Africa Initiative was created by US president Barack Obama. |
| September 2013 | The Chinese Belt and Road Initiative was announced by China’s government, Xi Jinping. |
| October 17 th , 2013 | The <i>“Europe-Africa fixed link through the Strait of Gibraltar”</i> resolution was adopted by the Economic and Social Council. |
| October 2013 | The Asian Infrastructure Investment Bank was formed. |
| September 2015 | In the 2015 UN Summit in September, the 2030 Sustainable Development Goals were adopted that would last from the 1st of January 2016 until the 31st of December 2030. |
| March 2021 | The Indian government launched a huge infrastructure development program in the country. |
| April 19 th , 2021 | The European Council settled on adopting the <i>“EU Strategy for Cooperation in the Indo-Pacific.”</i> |

RELEVANT UN RESOLUTIONS, TREATIES AND EVENTS

The Sustainable Development Goals 2030

The UN Sustainable Development Goals 2030 were announced by the UN in 2015 at the UN Sustainable Development Summit. There are 17 goals in total that aim to create strong and healthy bonds between member states in order to eliminate poverty, develop the economy and infrastructure, while at the same time preserving and protecting the environment.

Almost all of them have a close correlation with the issue of *“The question of lacking infrastructure and the relation to economic crises”* since high quality, sustainable infrastructure has a major impact on all of them, but some are more closely related to the issue than others. These are SDG 3 *“Good Health & Well Being”*, SDG 4 *“Quality Education”*, SDG 6 *“Clean Water and Sanitation”*, SDG 7 *“Affordable and Clean Energy”*, SDG 8 *“Decent Work & Economic Growth”*, SDG 9 *“Industry, Innovation and Infrastructure”* and SDG 11 *“Sustainable Cities and Communities”*. They are all more closely related since they are connected with soft and hard infrastructure types, for example, Energy and Power with SDG 7. Sustainability plays a significant role in infrastructure development as it is necessary in order for the given infrastructure project to not overburden the environment and future generations.



Figure 5¹¹: Image depicting all the Sustainable Development Goals 2030.

¹¹ "Sustainable Development Goals and the 2030 Agenda. How IED Supports SDGs!" *Institute of Entrepreneurship Development*, 25 Sept. 2019, ied.eu/blog/sustainable-development-goals-and-the-2030-agenda-how-ied-supports-sdgs/.

E/RES/2013/7, adopted by the Economic and Social Council¹²

This resolution was adopted in New York on October 17th, 2013, by the Economic and Social Council (ECOSOC). More research, whose main aim will be the creation of a link that will connect Europe with Africa, should be made in the area. This research should be conducted both by UN bodies, other intergovernmental organizations, and also the European and African Economic Commissions. It also requests from the Secretary-General to provide their support to the issue and the necessary resources in order for the development project to be undertaken.

A/RES/67/263, adopted by the General Assembly¹³

This resolution was adopted in New York on June 20th, 2013, by the General Assembly. It recognizes and encourages the creation of pipelines that will create a reliable and stable transit of energy. It furthermore approves of the proposal by the Government of Turkmenistan that requests for a conference of experts upon the issue to occur. Finally, it asks the Secretary-General to gather every member-state's view upon the issue and relay them to the next meeting of the General Assembly.

International Monetary Fund (IMF) Governance

The IMF supports member-states in several ways in order to successfully manage their funds in infrastructure projects and consults them on infrastructure investment stability and inefficiencies. It conducts Public Investment Management Assessments (PIMA) for each country which provides them with an image of what the country does wrong. They also provide a Private Public Partnership Fiscal Risk Assessment Model that helps a given state's government to decide which private corporation it is better to create a partnership with before infrastructure development projects. Finally, the organization has many publications and books that deal with the issue of good infrastructure development and management.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

Chinese Belt and Road Initiative

The Belt and Road Initiative is a global infrastructure development project that started in China, and provides funds and workers to LEDCs, sometimes even with no expenses by the host countries, in order to build a steady market for China to trade internationally.

¹² "Europe-Africa Fixed Link Through the Strait of Gibraltar :." *United Nations Digital Library System*, digitallibrary.un.org/record/759674?ln=en.

¹³ "Reliable and Stable Transit of Energy and Its Role in Ensuring Sustainable Development and International Cooperation :." *United Nations Digital Library System*, digitallibrary.un.org/record/750829?ln=en.

The project promotes international country connectivity, and it aims to be a recreation of the ancient "Silk Road". It aspires to connect Asian, African, and European countries and address infrastructure gaps in these areas. It was announced in September 2013 by the Chinese government Xi Jinping and more than 70 countries are included in the project. In order for this, and other large-scale infrastructure projects in Asia to be financed, not even a month after the announcement, the Asian Infrastructure Investment Bank (AIIB) was created. Almost all of the Asian and some non-Asian countries are members of the organization, and it keeps growing larger year by year.

Since 2013, the countries engaged with the Belt and Road Initiative are more than 130 but the project has also raised criticism from independent pressure groups and intergovernmental bodies for the environmental risks that it includes. Organizations like the HSBC and the Worldwide Fund for Nature have raised objections since the roads and railways that are planned, go through natural ecosystems, and increase greenhouse gas emissions and use of natural resources.

The India- European Union (EU) initiative

In order to counter the China Belt and Road Initiative, India and the EU have joined forces and have started to invest millions in infrastructure projects both in India and European countries as well as connecting Asia with Europe, a strategic move that would prevent a Chinese monopoly over the area. On April 19th, 2021, the European Council settled on adopting an "EU Strategy for Cooperation in the Indo-Pacific". The region has become relatively important regarding global economies since it has many economies that have a lot of opportunities for development.

According to the European Commission *"together, the Indo-Pacific and Europe hold over 70% of the global trade in goods and services, as well as over 60% of foreign direct investment flows."* The EU is the top investor in the area of the Indo-Pacific and their top trading partner. Out of the seven main goals that this partnership aims for, 3 are closely related to the issue of *"The question of lacking infrastructure and the relation to economic crises"*. These are *"Sustainable and inclusive prosperity," "Green Transition" and "Connectivity."*

The Organization for Economic Co-operation and Development (OECD)

The *"Infrastructure Working Group (IWG)"* is a G20/OECD initiative first introduced under the name *"Study Group on Financing for Investment"* in 2013. It was then later transformed into *"Infrastructure Investment Working Group (IIWG)"* in 2014 and got its present name at the end of 2017. Its main aim is to provide standards and conduct research upon infrastructure development that will create a potential country attractive for investors.

Furthermore, the OECD has created along with the G20 the *“The G20 Roadmap to Infrastructure as an Asset Class”* which addresses obstacles in infrastructure all across the world that makes it not valid in order to be considered as an asset class. It also acts as a guide for private corporations to feel more motivated to invest in infrastructure development projects and be more likely to accept Public-Private Partnership proposals. The OECD along with the World Bank made many assessments and research on their own and made their own guide which they submitted to the G20. The document created many gaps that the G20 document did not include in their Roadmap and further supports their efforts.

POSSIBLE SOLUTIONS

Assessments

Before any attempts to resolve the issue are made, necessary assessments need to be made in each country in order to understand in which infrastructure fields it lacks. These assessments could be conducted by a third party in order to assure subjectivity. They should individually research every aspect of infrastructure in each country and create a global standard. They then should further point out how much the country is investing in infrastructure, how much it should, and how much this investment contributes to the country's economic growth.

Additionally, the countries should also be assessed on a scale of environmental impact. This may increase costs in the short run but in the long-term, due to good publicity, they will be more likely to obtain partnership offers from other countries and funds from the World Bank and similar organizations.

Finally, these assessments should be made on a regular basis. Regular assessments can lead to a country recognizing the mistakes it made previously, what it should change, where it should focus more, and how to achieve sustainable economic and environmental maintenance of the previous infrastructure.

New markets for infrastructure projects

Infrastructure is a sector where there is already much economic development and a lot of room for growth. Manufacturing, telecommunications, air transport, electricity, and power supply corporations are all in the sector of infrastructure. It is such an important sector of the economy because many other sectors are dependent on it. In order for more economic growth to be achieved through it, governments should encourage the creation of new infrastructure markets in order to increase healthy competition. The competition will lead to really high-quality infrastructure products and really low prices when these projects and products are made in the private sector. Governments should offer subsidies

and PPPs, especially to small infrastructure corporations, which will help them grow and bring innovative ideas as well as prevent monopolies by combatting large businesses.

If enhancing the size of the infrastructure sector market share is achieved, then this will create much growth in the economy as foreign companies will be more attracted to locate and invest in the country. Imports and exports will be higher, establishing a business will be easier and more chances of growth will appear making the country very appealing to potential foreign investors.

Intergovernmental Bodies Consulting

As mentioned before in the guide, many intergovernmental bodies have created organizations that are responsible for consulting countries with Infrastructure Governance and Management. Bodies like the UN and other organizations should either create a special department in an already existing body, in the UN's case this could happen in the International Labor Organization (ILO) or create a completely new body that will deal with consulting.

Adopting this strategy will be especially helpful to LEDCs since they will not have to spend funds or time in order to make assessments and decide which strategy they should adopt.

These organizations could host meetings, make special assessments for each country, and create informative documents in order to help governments better approach the issue. They should also promote international cooperation as such partnerships can simplify the issue of infrastructure links between different countries and promote interregional cooperation and international trade.

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