

LANDLOCKED DEVELOPING COUNTRIES

Things to **KNOW**, Things to **DO**



Office of the High Representative for the
Least Developed Countries, Landlocked Developing Countries
and Small Island Developing States (UN-OHRLLS)

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Afghanistan, UN Photo

ABOUT THE LANDLOCKED DEVELOPING COUNTRIES

What are Landlocked Developing Countries?

Landlocked Developing Countries (LLDCs) are developing countries that lack territorial access to the sea. Thus, they face the double challenge of development and limited access to international markets.

What are the major constraints facing Landlocked Developing Countries?

The LLDCs face special challenges that stem from their lack of territorial access to the sea, geographical remoteness and isolation from major world markets. For them, global trade has to inherently transit through other countries, mostly also developing countries – a process which involves dealing with cumbersome border-crossing procedures and inadequate transit transport infrastructure. These difficulties substantially increase transport and trade transaction costs for the LLDCs. On average, LLDCs pay more than double what the transit countries incur in transport costs and take longer time to send and receive merchandise from overseas markets. In 2014, the World Bank estimated that LLDCs spent \$3,204 to export a container of cargo, compared with \$1,268 for transit countries and \$3,884 for importing a container against \$1,434 for transit countries. The high transport costs erode LLDCs'

competitive edge, discourage investors, reduce economic growth and subsequently limit the capacity of landlocked countries to promote and achieve sustainable development. Overall, the level of development in LLDCs is about 20 per cent lower than it would have been if they were not landlocked. The economies of LLDCs are also characterized by dependence on a limited number of commodities and minerals, a large informal sector, weak human and institutional capacities, high unemployment and low productivity. Furthermore, LLDCs manifest a high trade concentration ratio when compared with other groups of countries, meaning their exports are highly concentrated in a limited number of products.

In November 2014, in Austria, Vienna, the Second United Nations Conference on Landlocked Developing Countries was held to comprehensively review the Almaty Programme of Action that was adopted in 2003 in an attempt to address the challenges of LLDCs, and to provide a new development blueprint that would address issues faced by LLDCs in the next decade. **The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024** was adopted at the conclusion of this Conference, as a successor to the Almaty Programme of Action.

Which countries are LLDCs?

There are 32 LLDCs, located on four continents and with a combined population of almost 480 million people (2015). The total combined land area of LLDCs is 15,927,656 square kilometers (2015)¹, representing 12.5 per cent of the world's total. The LLDCs are geographically distributed as follows:

Africa

16 countries: Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.

Asia

10 countries: Afghanistan, Bhutan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Mongolia, Nepal, Tajikistan, Turkmenistan, Uzbekistan.

¹

Europe

4 countries: Armenia, Azerbaijan, Republic of Moldova, The Former Yugoslav Republic of Macedonia.

South America

2 countries: Plurinational State of Bolivia, Paraguay.



Mali, Marco Dormino

What is the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024?

The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, adopted at the Second United Nations Conference on LLDCs in Vienna, Austria in November 2014, constitutes a renewed forward-looking approach by the international community to tackle the challenges that LLDCs face in a more comprehensive and coherent manner than before. The new Programme is a

the context of South-South and triangular cooperation, as well as strengthened partnerships with relevant international and regional organizations, and between the public and private sectors.

The objectives of the Programme are:

1. To promote unfettered, efficient and cost-effective access to and from the sea by all means of transport, on the basis of freedom of transit, and other related measures, in accordance with applicable rules of international law;
2. To reduce trade transaction 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 cost of imports, thereby contributing to the promotion of rapid and inclusive economic development;
3. To develop adequate transit transport infrastructure networks and complete missing links connecting LLDCs;
4. To effectively implement bilateral, regional and international instruments and strengthen regional integration;
5. 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
6. To enhance and strengthen international support for LLDCs to address needs and challenges arising from landlockedness in order to eradicate poverty and promote sustainable development.

The Six Priorities of the Vienna Programme of Action for LLDCs

The Vienna Programme aims to turn Landlocked Developing Countries into land-linked countries through concrete actions to be undertaken by all stakeholders within the following six inter-dependent priority areas:

- › Fundamental transit policy issues
- › Infrastructure development and maintenance
- › International trade and trade facilitation
- › Regional integration and cooperation
- › Structural economic transformation
- › Means of implementation

Things to KNOW

- › Freedom of transit and transit facilities play a key role in the overall development of landlocked developing countries. LLDCs should be provided with access to and from the sea in order to fully integrate into the global trading system.
- › LLDCs have been slow in ratifying agreements on transport and transit. Full and effective implementation of international conventions on transport and transit as well as bilateral, sub-regional and regional agreements, should be promoted.
- › The average logistics performance index for LLDCs in 2014 was 2.49, compared
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Things LLDCs need to DO

- › Accede to and/or ratify international, regional and sub-regional conventions and other legal instruments related to transit transport and trade facilitation.
- › Implement international and regional conventions and bilateral agreements on transit transport and trade facilitation.
- › Enhance coordination and cooperation between and among national agencies responsible for border and customs controls.
- › Create bilateral or regional mechanisms to address bottlenecks in the implementation of bilateral, regional and/or multilateral agreements.
- › Promote simplification, transparency and harmonization of legal and administrative regulations and requirements related to transit systems.
- › Develop effective logistic systems.
- › Enhance Public-Private Partnerships (PPP) and encourage private sector to participate in knowledge sharing and implementation of transit cooperation initiatives.
- › Collaborate and share trade and transport related data.
- › Formulate national transit policies and mechanisms that allow the participation of all stakeholders.

Things Development Partners need to DO

- › Support LLDCs and transit countries in implementing international conventions, agreements and initiatives.
- › Support LLDCs and transit countries in establishing efficient and sustainable transit transport regimes and sharing of best practices, experiences and policies.
- › Encourage regional and sub-regional organizations to provide technical and financial assistance to LLDCs to implement initiatives that promote transit transport cooperation.

(A) Transport Infrastructure

Things to KNOW

- › Despite some improvement, transport infrastructure in LLDCs remains of poor quality, fraught with missing links in both road and railway networks, lower logistics performance and receiving inadequate maintenance.



Azerbaijan, WorldBank

Things LLDCs and transit countries need to DO

- › LLDCs to implement comprehensive policies for infrastructure development and maintenance.
- › Promote sustainable transit systems through upgrading and maintenance of networks; development of corridors along transit routes; cross-border mechanisms, including one-stop border crossing; and economies of scale for transport systems through intermodal transport, inland container depots, dry ports etc.
- › Harmonize gauges to facilitate regional connectivity.
- › Promote multilateral and regional permit systems for road transport and expand multilateral quota systems among LLDCs and transit countries.
- › Gradually liberalize road transport services; and develop logistics hubs.
- › Develop policies to promote private sector participation and PPPs in infrastructure development and maintenance.
- › Develop inland transport networks, including ancillary infrastructure, such as all-weather road, river and riverside support infrastructure.

Things Development Partners need to DO

- › Support LLDCs in infrastructure development and maintenance, and in experience sharing with their transit neighbours.
- › Encourage multilateral and regional banks to provide more support to LLDCs and transit countries for infrastructure development.
- › Support completion of missing links in road and rail networks.



(B) Energy Information and Communications Technology Infrastructure

Things to KNOW

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- › ICTs play an important role in raising sectoral productivity, lowering costs, facilitating market expansion, enhancing access to services, transparency and participation in governance.

Specific Objectives

- (a) Expand and upgrade supply, transmission and distribution infrastructure for modern and renewable energy services.
- (b) LLDCs to make broadband policy universal.
- (c) Promote open and affordable access to the internet for all.
- (d) LLDCs to engage to address the digital divide.

Things LLDCs and transit countries need to DO

- › Promote cross-border energy trade and transit through transmission lines to third countries.
- › Develop national policies to promote modern, reliable and renewable energy, with a view to enhancing energy capacities and ensuring access to energy for all.
- › Modernize transit, transport, customs and other border facilities by utilizing ICTs.
- › Develop a national broadband policy to improve access to international high-capacity fiber-optic cables and high bandwidth networks.
- › Invest in ICT infrastructure and integrate it in all relevant areas for competitiveness enhancement.
- › Promote digital bridges for affordable broadband access and improvement of telecommunications and related services.

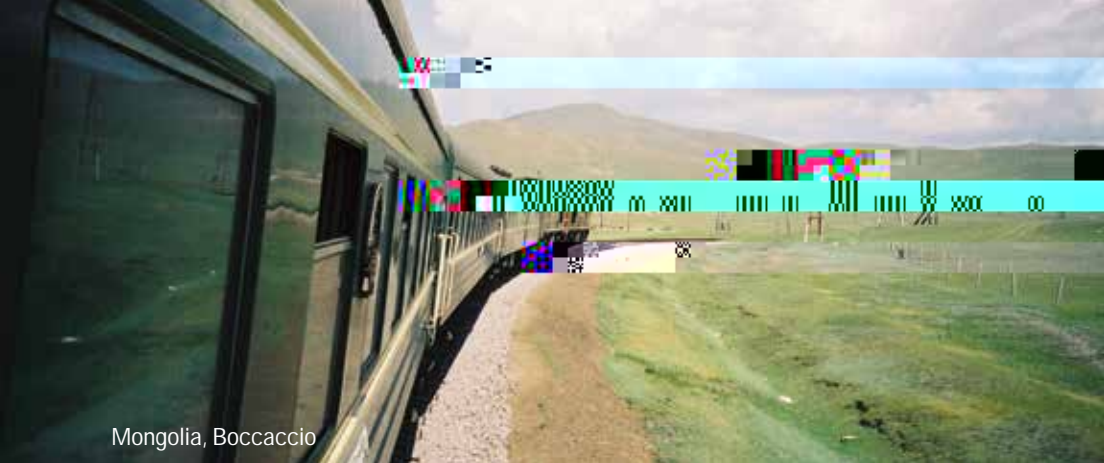
Things Development Partners need to DO

- › Support LLDCs' energy and ICT sector development, promote energy-efficiency investment and facilitate green economic transformation.
- › Support efforts to develop national broadband policy and necessary infrastructure in LLDCs.
- › Provide capacity-building measures in modern and affordable ICTs.
- › Support efforts of transit developing countries to facilitate LLDC access to ICTs and exchange of skills, knowledge and technology.

(A) International Trade

Things to KNOW

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Mongolia, Boccaccio

- (b) Increase the value added and manufactured component of LLDCs' exports to promote market and product diversification.
- (c) Strengthen economic and financial ties between LLDCs and countries in their region to deepen intra-regional trade.
- (d) Invite Member States to consider needs and challenges of LLDCs in international trade negotiations.

Things LLDCs need to DO

- › Develop national trade strategy and integrate trade policies into national development strategies.
- › Promote conducive environment for integration of national firms into regional and global value chains; and support national firms, especially SMEs, to participate in international trade.
- › Fully leverage bilateral and regional preferential trading arrangements.
- › Implement measures to increase economic and export diversification and value addition.

Things Transit Countries need to DO

- › Promote investment in LLDCs that would boost their productive and trading capacities and foster participation in regional trade arrangements.
- › Improve market access for LLDC products without arbitrary or non-tariff barriers.
- › Together with LLDCs, conduct studies on logistical costs and logistical competitiveness.

Things Development Partners need to DO

- › Support LLDCs to diversify their exports, integrate into value chains and effectively participate in trade negotiations.
- › Address non-tariff measures and reduce/eliminate arbitrary or unjustified non-tariff barriers.
- › Support strengthening of LLDC's institutions that foster trade and competitiveness, enhance private-public dialogue and capacity development.
- › Promote diffusion of sound technologies through investment or cooperation projects.
- › Offer technical assistance and capacity-building to support LLDCs' WTO accession, meet their commitments and integrate into the multilateral trading system.
- › Provide aid for trade to LLDCs.

(B) Trade Facilitation

Things to KNOW

- › Cumbersome customs procedures and documentation requirements, weak institutions and limited human capacities continue to make transport costs for LLDCs high.
- › It takes LLDCs 41 days on average to export, compared with 22 days for transit developing countries.
- › Streamlining customs and transit procedures and formalities, and transparent and efficient management of border agencies can have a concrete impact on reducing cost and stimulating competitive trade for LLDCs.
- › The Trade Facilitation Agreement has significant potential benefits for LLDCs as it aims to further expedite the movement, release and clearance of goods, including

Things Transit Countries need to DO

- › Support LLDCs in trade facilitation initiatives, including the implementation of WTO TFA.
- › Harmonize, simplify and standardize rules, requirements and procedures; enhance collaboration among customs and border-crossing agencies; improve transparency; establish one-stop border posts, joint customs controls and integrated border management at borders with LLDCs.
- › Share best practices in customs, border and corridor management and in implementation of trade facilitation policies.
- › Utilize available trade facilitation tools to build national capacity and promote secure and reliable transport across borders.

Things Development Partners need to DO

- › Support LLDCs in trade facilitation and simplification and harmonization of import, export and customs procedures.
- › Encourage international organizations to assist LLDCs in implementing the TFA and other related measures.
- › Encourage sharing of experiences and best trade facilitation practices to create environment that allows for multi-country customs transit guarantee regimes.
- › Support capacity-building, including training programmes, in the areas of customs, border clearance and transport.
- › Encourage regional aid for trade.

PRIORITY 4

Regional Integration and Cooperation



Lesotho, Franco Esposito, ALAFA

Things to KNOW

- › LLDCs have been increasingly participating in bilateral and regional trade and investment agreements, as well as adopting common regional programmes and policies on trade, transport and border-crossing procedures.
- › Regional integration and policies provide an opportunity for LLDCs to improve transit transport connectivity, lower transport costs, increase FDI and foster intra-regional trade.
- › There is need to promote meaningful regional integration to encompass cooperation among countries in a broader range of areas that go beyond trade and trade facilitation, such as investment, research and development, and policies aimed at accelerating regional industrial development and regional connectivity.

Things LLDCs need to DO

- › Prioritize regional integration by strengthening regional trade, transport, communication and energy networks.
- › Promote harmonization of regional policies to strengthen regional synergy, competitiveness and regional value chains.
- › Strengthen participation in bilateral and regional integration frameworks.



Paraguay, Claudia Lorena Gonzalez

Things Transit Countries need to DO

- › Develop coherent regional infrastructure, trade facilitation measures and regional trade agreements.
- › Establish efficient customs guarantee systems to help LLDCs overcome constraints resulting from landlockedness.

Things Development Partners need to DO

- › Support efforts made by LLDCs and their transit partners to deepen regional integration, through implementation of key regional transport projects and regional transport agreements.
- › Support ongoing regional integration processes involving LLDCs.
- › Share best practices in promoting regional integration.

Things to KNOW

- › Increased value addition and economic diversification are key for structural economic transformation of LLDCs, coupled with institutional and human capacity-building.
- › Value-added of manufacturing and agriculture, as a percentage of GDP, has been declining in LLDCs, from 12.3% in 2003 to 8.4% in 2014 (weighted average) and from 21.9% to 16.2%, respectively. At the same time, the share of services sector has been on the rise.
- › Emphasis should be placed on development of manufacturing, agriculture and the services sector, including finance, ICTs and tourism.
- › Conducive national policies, international support and FDI are necessary to facilitate access to science, technology and innovation.
- › In LLDCs, the private sector is involved in activities related to transit and trade facilitation, as well as a source of tax revenue, domestic investment and partner for FDI.

Specific Objectives

- (a) Increase value addition in the manufacturing and agricultural sectors, with the aim of achieving inclusive growth and sustainable development.
- (b) Increase economic and export diversification.
- (c) Promote service-based growth, including from tourism.
- (d) Encourage the inflow of foreign direct investment in high-value added sectors.

Things LLDCs need to DO

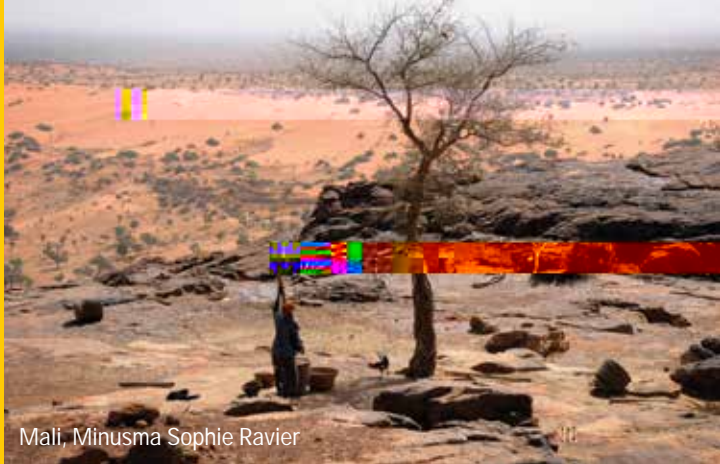
- › Develop a structural transformation strategy.
- › Develop PPPs and encourage innovative solutions, entrepreneurship and the use of modern technologies.
- › Build competitive productive capacity in manufacturing, agriculture and services.
- › Seek more diversified FDI through creation of conducive environment.
- › Modernize the services sector by strengthening links between and among financial intermediaries, creative industries and business, and legal and technical services.
- › Create industrial clusters, such as export-processing zones and regional centres of excellence.
- › Prioritize private sector development, in particular small and medium-sized enterprises.
- › Develop, implement and/or strengthen industrial policy and competition policy, supportive of business activity and strengthening the private sector.
- › Ratify and utilize the International Think Tank for LLDCs in sharing experiences, know-how, research and other resources on issues related to LLDCs.

Things Development Partners need to DO

- › Support efforts by LLDCs to improve their productive capacities, create economic diversification, and increase value addition.
- › Contribute to LLDCs' efforts to share innovative technologies, scientific knowledge, technical know-how, and best practices.
- › Support LLDCs in building institutional and human capacities aimed at attracting FDI in high-value added sectors and responsible investment.
- › Support LLDCs in pursuing effective partnerships necessary for structural transformation.
- › Support LLDCs in building resilience, developing capacity to respond to external shocks and addressing their specific supply-side constraints.

PRIORITY 6

Means of Implementation



Mali, Minusma Sophie Ravier

Things to KNOW

- › The development and progress of any country is the primary responsibility of that country itself.
- › LLDCs have made efforts to mobilize domestic resources for development of infrastructure and transit facilities, as well as for overall socio-economic development. However, lack of adequate financial resources and capacity limitations constrain LLDCs in achieving sustained growth and sustainable development.
- › Support of development partners is critical to successful implementation of Vienna Programme of Action (VPoA).
- › ODA flows remain a major source of external financing for many LLDCs. Net ODA to LLDCs amounted to \$25.9 billion in 2014.
- › Aid for Trade, in combination with complementary policies, has contributed to lower trade costs, enhanced trade capacity and improved infrastructure, border institutions and regulatory procedures.
- › FDI inflows to LLDCs fell in 2014 by 2.7 per cent, to \$29.2 billion.
- › South-South cooperation is not a substitute for, but rather a complement to North-South cooperation.

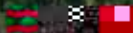
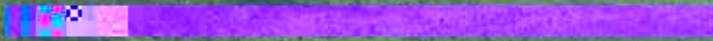
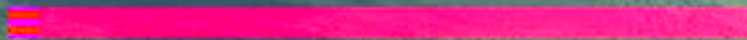
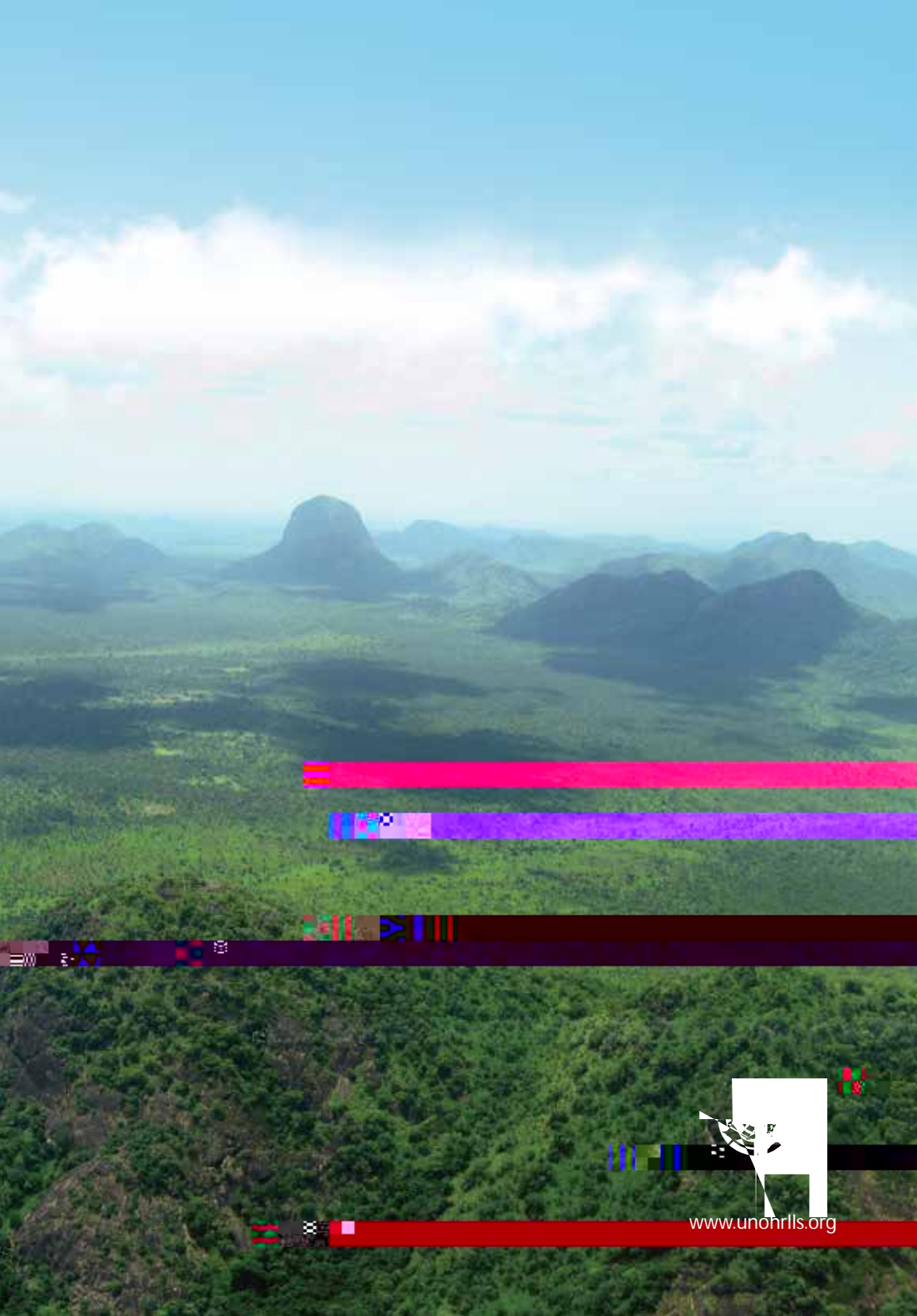


Things to DO at the Global Level

- › The UN General Assembly to continue undertaking annual reviews of the implementation of the VPoA through reports of the Secretary-General.
- › The Governing bodies of organizations in the UN system to mainstream the VPoA into their programme of work, and to conduct sectoral and thematic reviews as appropriate.
- › The private sector to be involved in the reviews at the global level.
- › In collaboration with other relevant stakeholders, UN-OHRLLS to develop relevant indicators for measuring progress in the implementation of VPoA in LLDCs.
- › The General Assembly to conduct a comprehensive high-level midterm review on the implementation of the VPoA.

For selected recommended reading please go to:

<http://unohrlls.org/about-lllcs/publications>



www.unohrlls.org