Global Status of Transport Connectivity in LLDCs and Transit Countries

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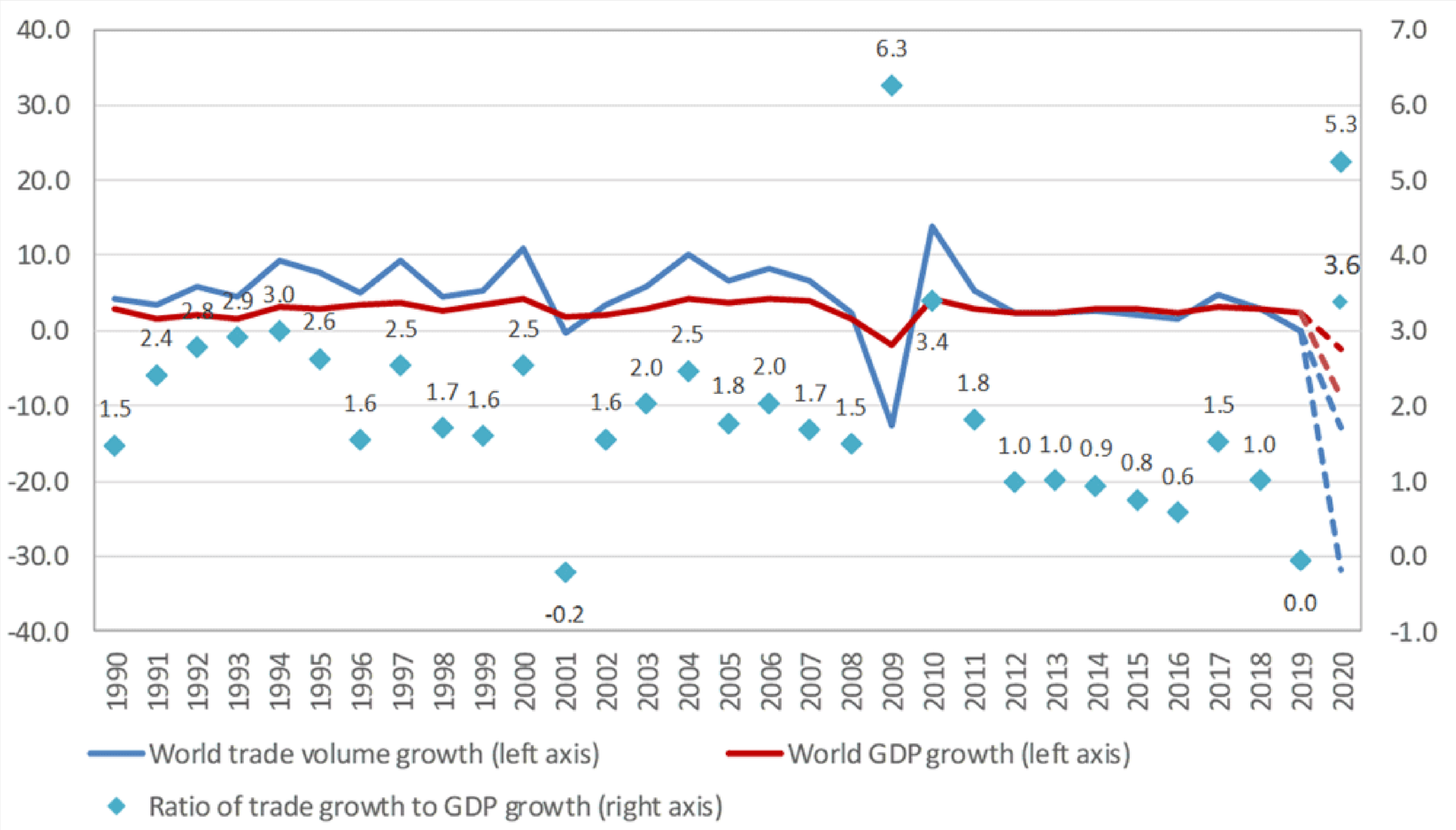
Transport connectivity in a nutshell

- Connectivity is defined as “connectedness” in terms of transport, trade, customs and logistics processes
- A developed transport connectivity system is **crucial for LLDCs**:
  - ✓ allows transport modes and infrastructure to be well-interlinked
  - ✓ improves accessibility expressed in reduction of travel time and transportation costs
- Properly designed transport policies that promote **sustainable transport connectivity** strengthen the competitiveness of the country through facilitation of trade within and across the regions and reinforcing access to markets.

Why facilitating trade?

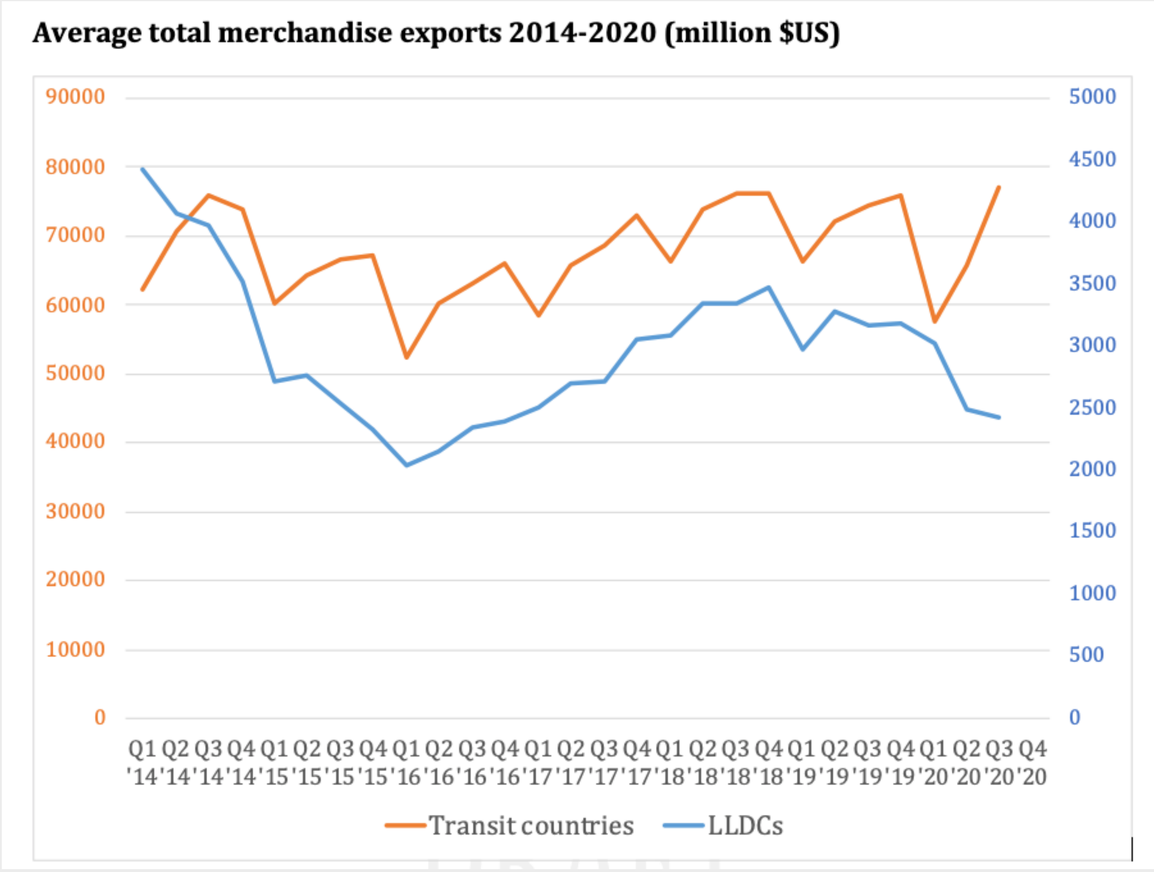
Ratio of world merchandise trade growth to world GDP growth, 1990-2020 (% change and ratio)



Source: WTO (https://www.wto.org/english/news_e/pres20_e/pr855_e.htm)

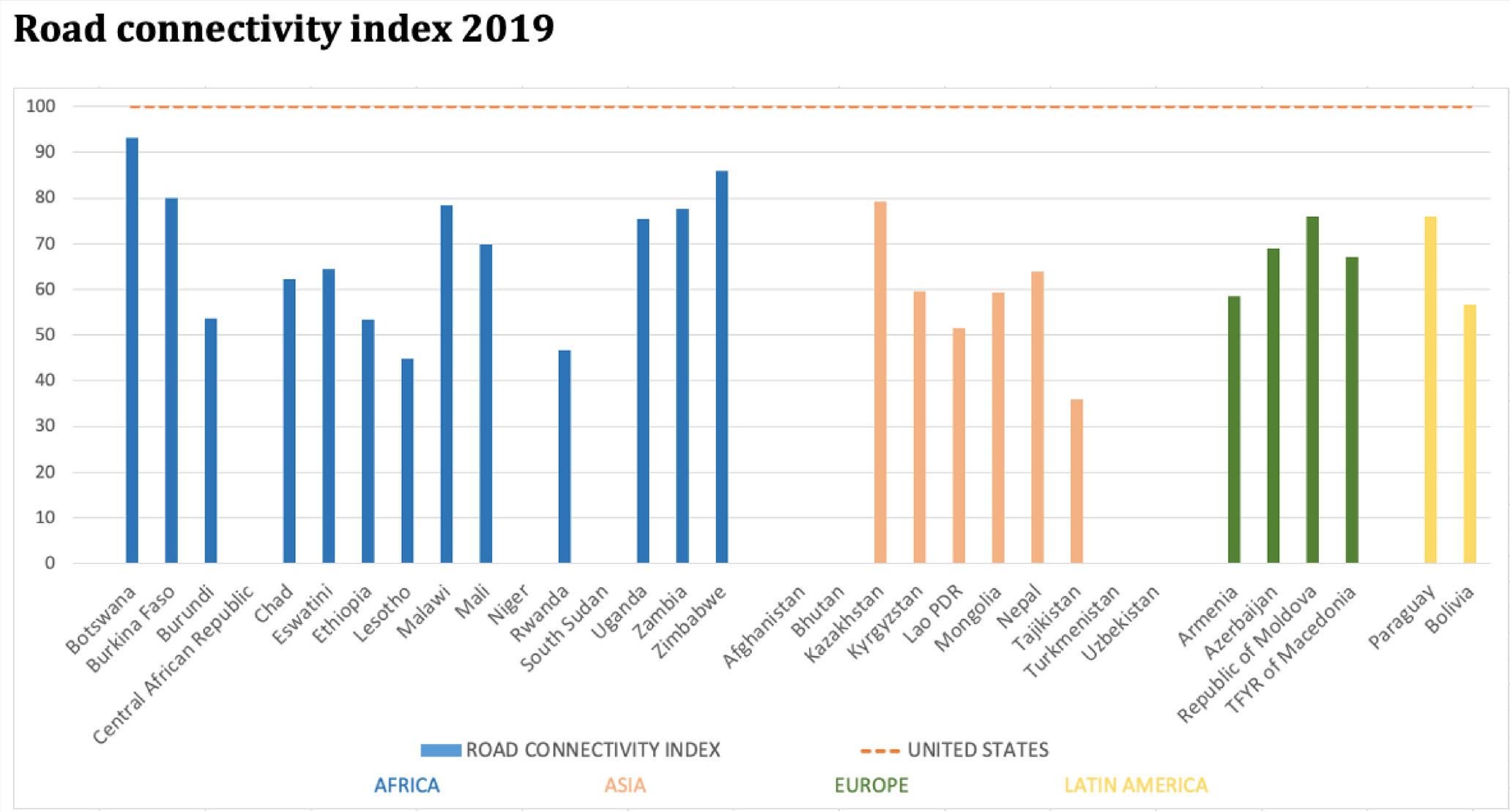
Share of LLDCs in global merchandise exports

Source: *UNCTADstat*



Source: *WTO (https://data.wto.org/)*

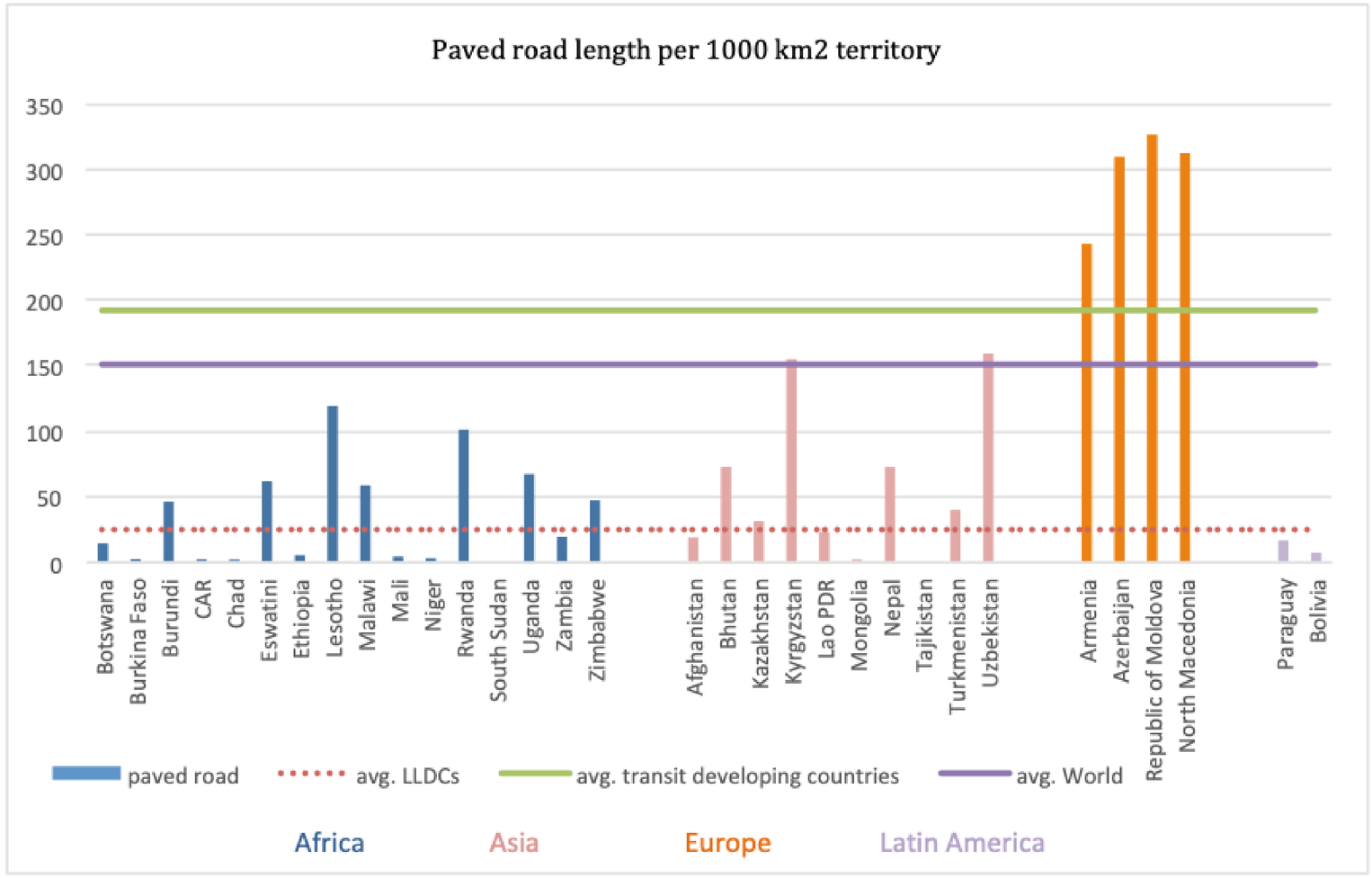
Road infrastructure



Source: World Economic Forum (2019)

Road infrastructure

Paved road density of LLDCs



Source: UNCTAD (2014) and UN-OHRLLS (2019)

To reach the global average of paved road in LLDCs, nearly 200,000 kms of paved roads would need to be constructed

Additional road needed in LLDCs

Region	Additional road length (km)
Sub-Saharan Africa East	53,900
Sub-Saharan Africa West	53,100
East Asia	8,300
South Asia	7,700
Eastern Europe and central Asia	57,900
Latin America	15,200
Total LLDCs	**196,100**

Source: UN-OHRLLS (2018)

Rail infrastructure

Potential advantages of rail over road transport:

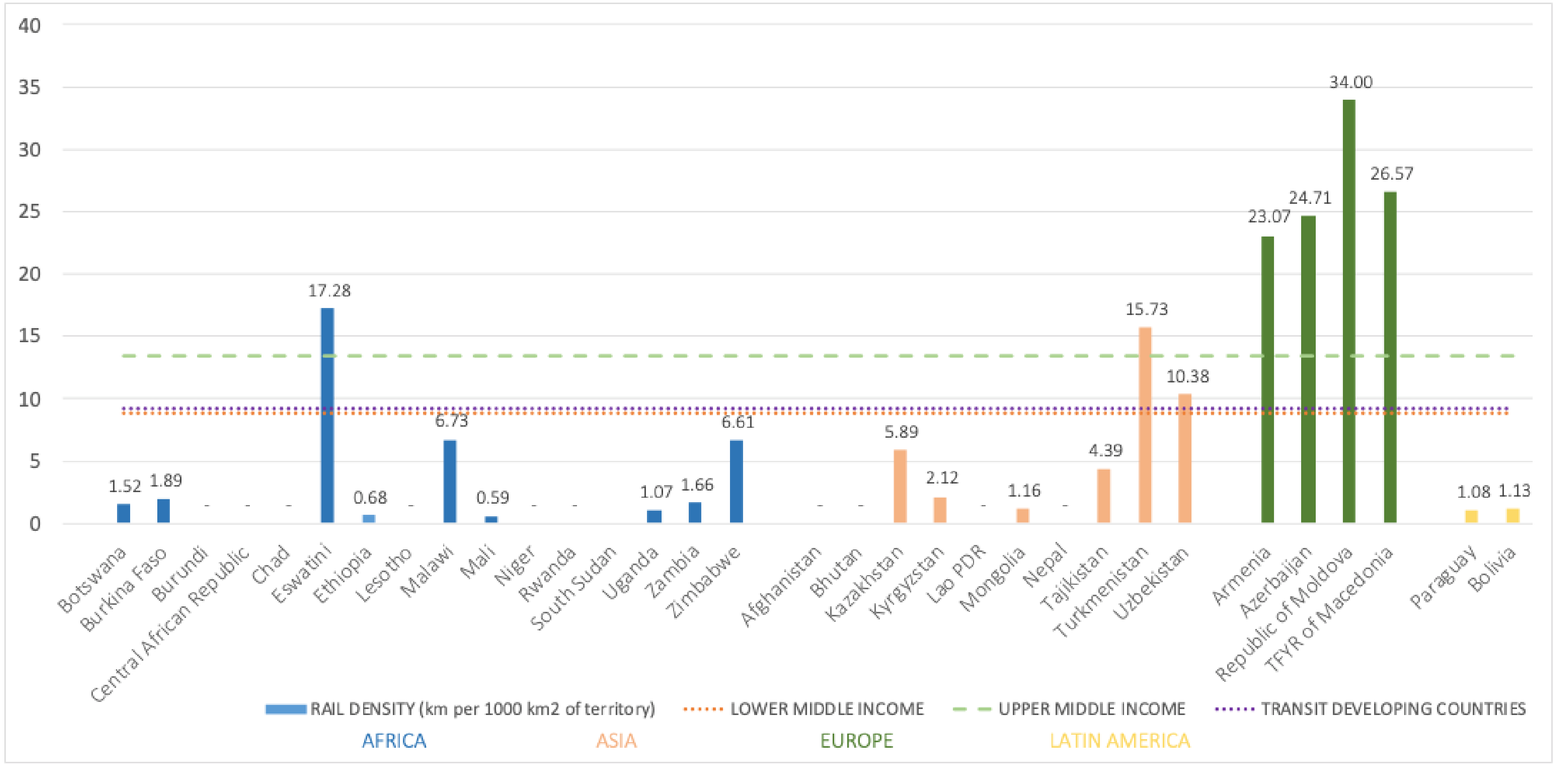
- Lower tariffs → ideal to transport low-value bulk goods
- Shorter and more reliable transit times due to fewer stops
- Fewer en-route delays
- Rail freight is resilient during the **COVID-19 pandemic**

Current situation:

- Low rail density, missing links, poor maintenance
- Cannot compete with road transport
- Further decline in rail transport and railways' finances

Rail infrastructure

Rail density



Source: World Bank

To reach the global average of railway density in LLDCs, more than 46,000 kms of railways would need to be constructed

Additional railways needed in LLDCs

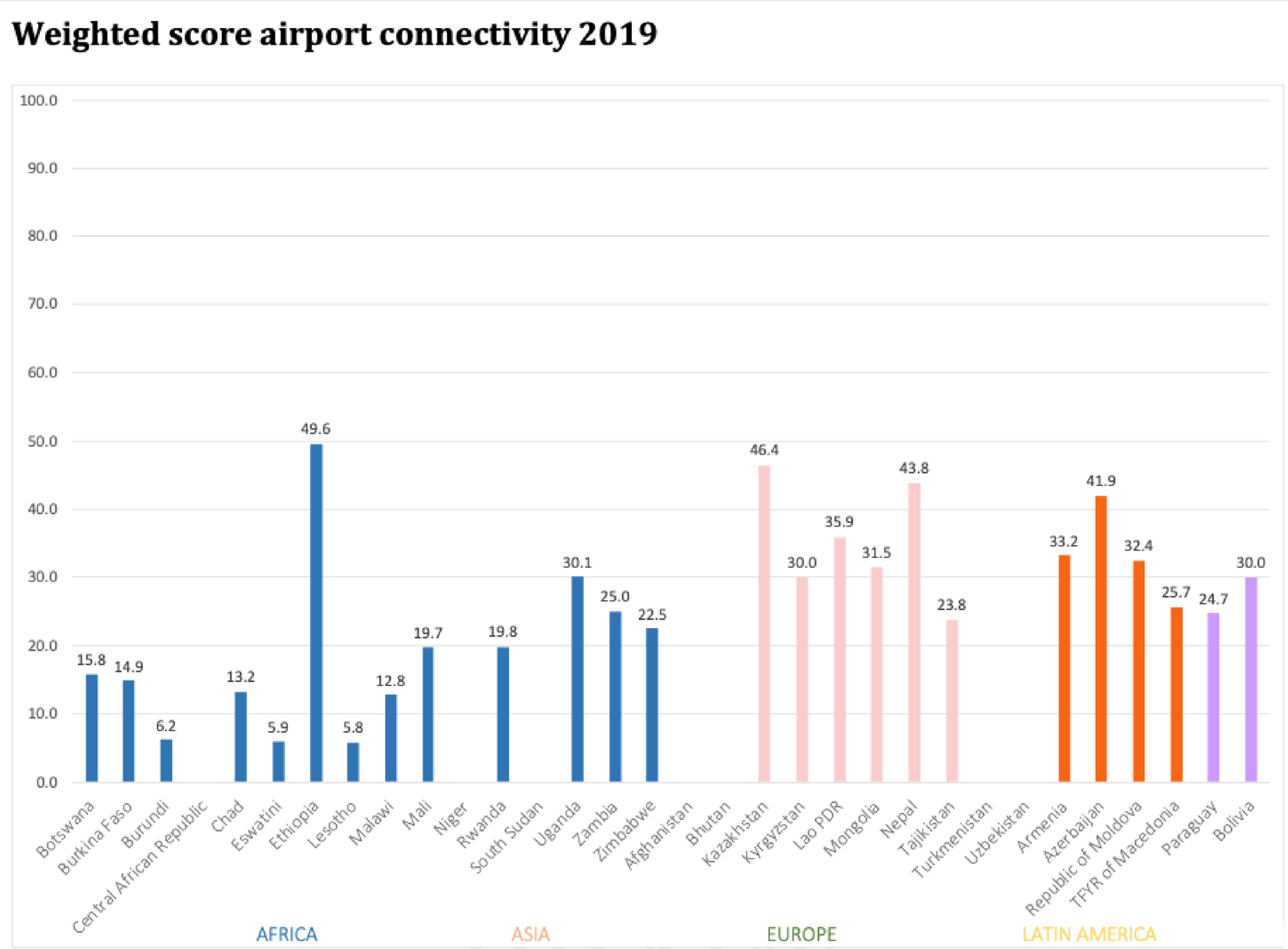
Region	Additional rail length (km)
Sub-Saharan Africa East	12,700
Sub-Saharan Africa West	8,000
East Asia	5,100
South Asia	4,700
Eastern Europe and central Asia	13,900
Latin America	1,800
Total LLDCs	**46,300**

Source: UN-OHRLLS (2018)

Air transport

- Vital role in promoting connectivity of LLDCs
- Important to foster exchange of goods and services, but also matters to boost the productivity and growth of economies
- Infrastructure demands very high investment → main bottleneck
- Suitable for high value or time-sensitive goods **><** low value addition of LLDCs' export commodities

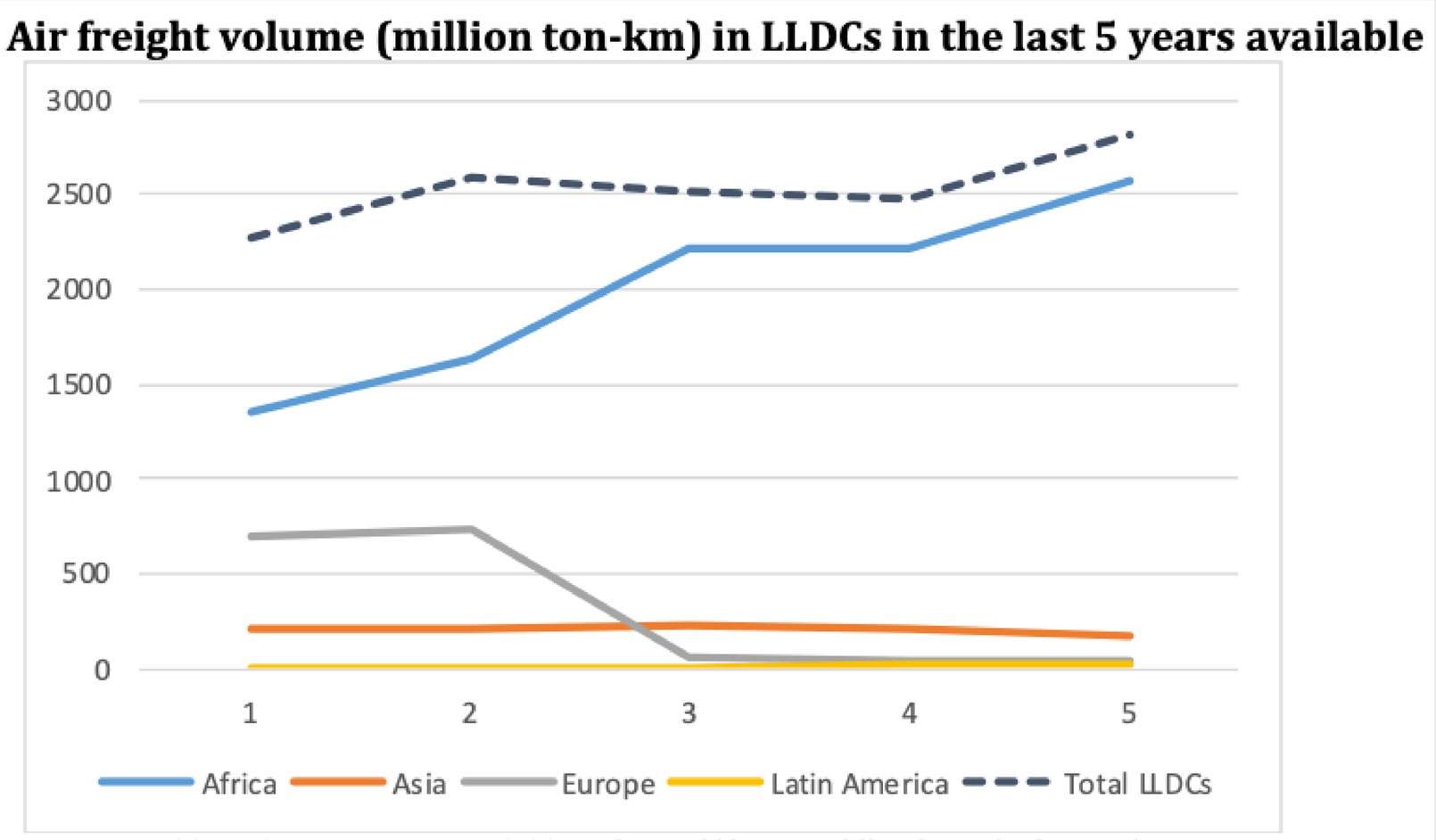
Air transport



Airport Connectivity Indicator developed by IATA measures the degree of integration of a country within the global air transport network.

Source: World Economic Forum (2019)

Air transport



SAATM launched in 2018 by the AU to push liberalization of the skies through the implementation of the **Yamoussoukro Decision**

Source: World Bank

Inland Water Transport (IWT)

Benefits:

- Competitive freight rates for low-value high-bulk commodities
- Positive impact on the environment
- Lower investment per km to improve the navigation condition
- Storage costs at river ports are lower

Inland waterways in LLDCs (km)

Asia		Africa		Latin America	
Afghanistan	1,200	Burundi		Paraguay	3,442
Kazakhstan	4,000	Central African Rep.		Bolivia	5,784
Kyrgyzstan	600	Rwanda			
Lao PDR	4,600	Uganda			
Mongolia	580				
Tajikistan	200	**Europe**			
Turkmenistan	1,300	Moldova	558		
Uzbekistan	1,100				

Source: UN-OHRLLS (2019)

After road transport, IWT is a principal means for international trade in Latin American LLDCs, not only as primary export/import channel, but also to access maritime ports in the transit countries.

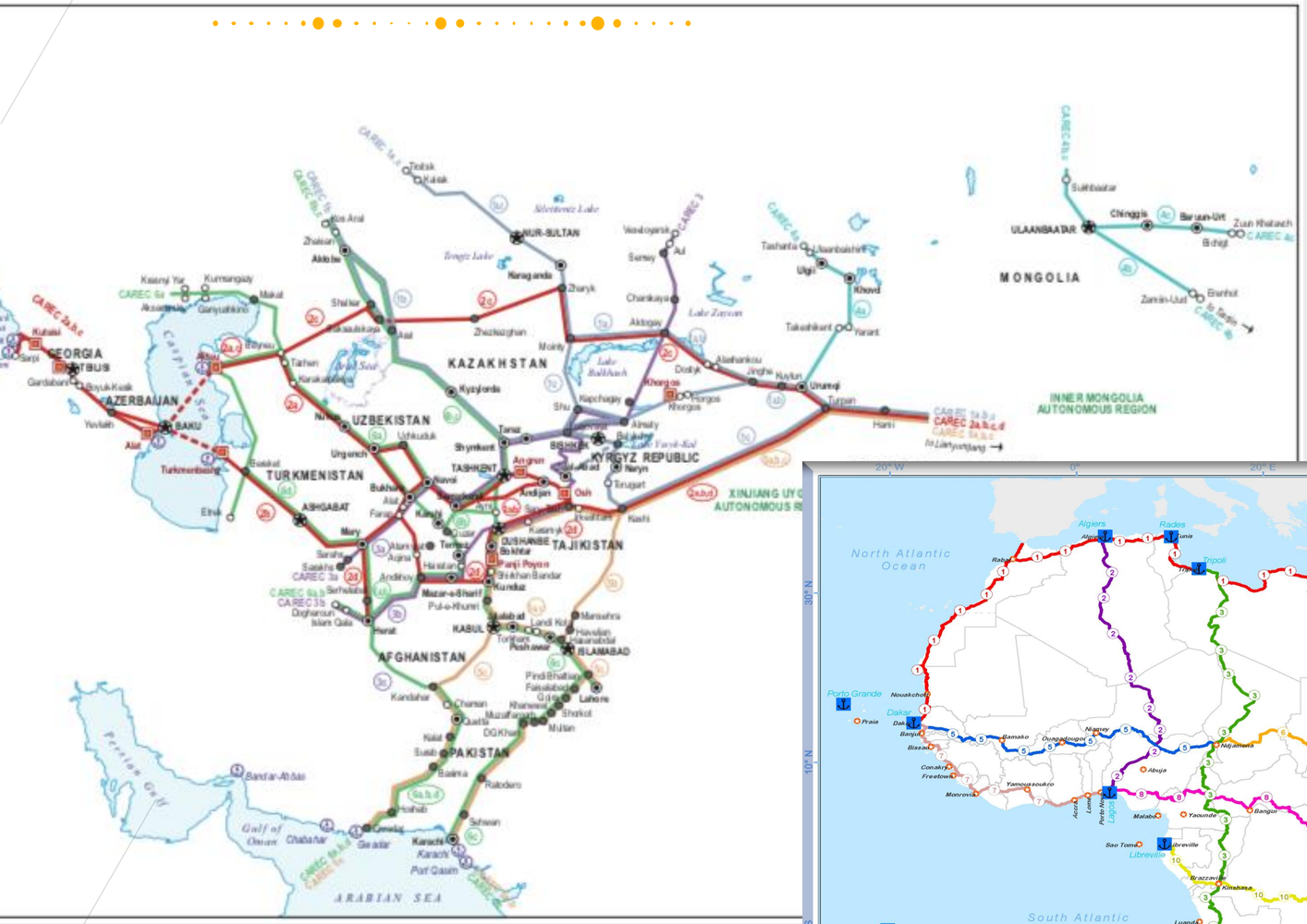
Dry port

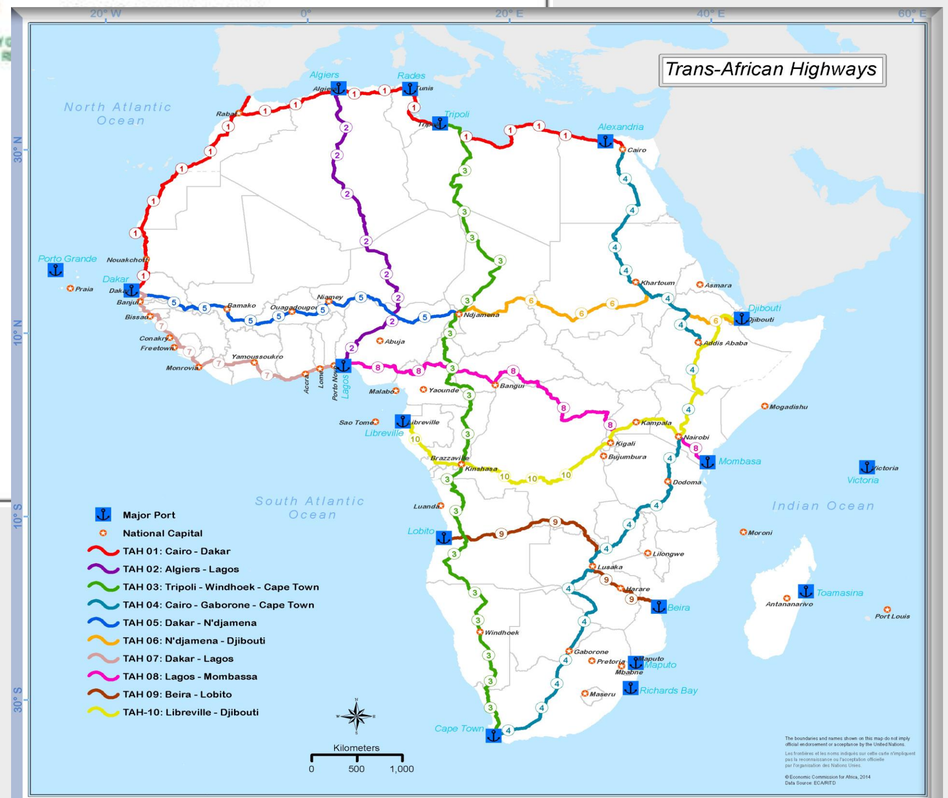
ESCAP: *a **dry port of international importance** refers to an inland location as a logistics center connected to one or more modes of transport for the handling, storage and regulatory inspection of goods moving in international trade and the execution of applicable customs control and formalities.*

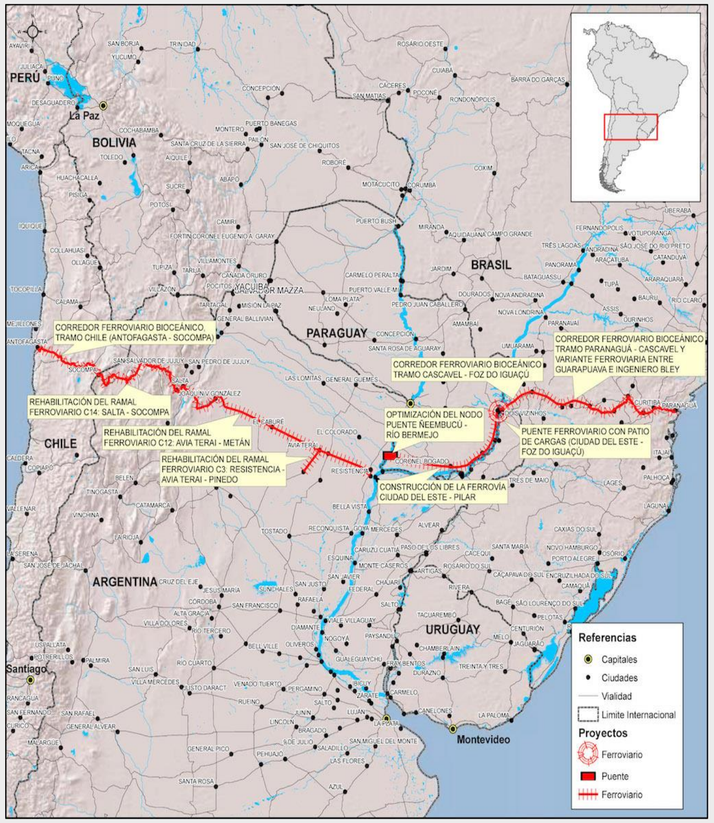
Benefits for LLDCs:

- High economic prospects as activities are moved from coastal area to hinterland
- Increase logistic performance
- Reduce transport and trade logistic costs
- Positive impact on the environment through the promotion of intermodality

Transport Corridor Infrastructure Development





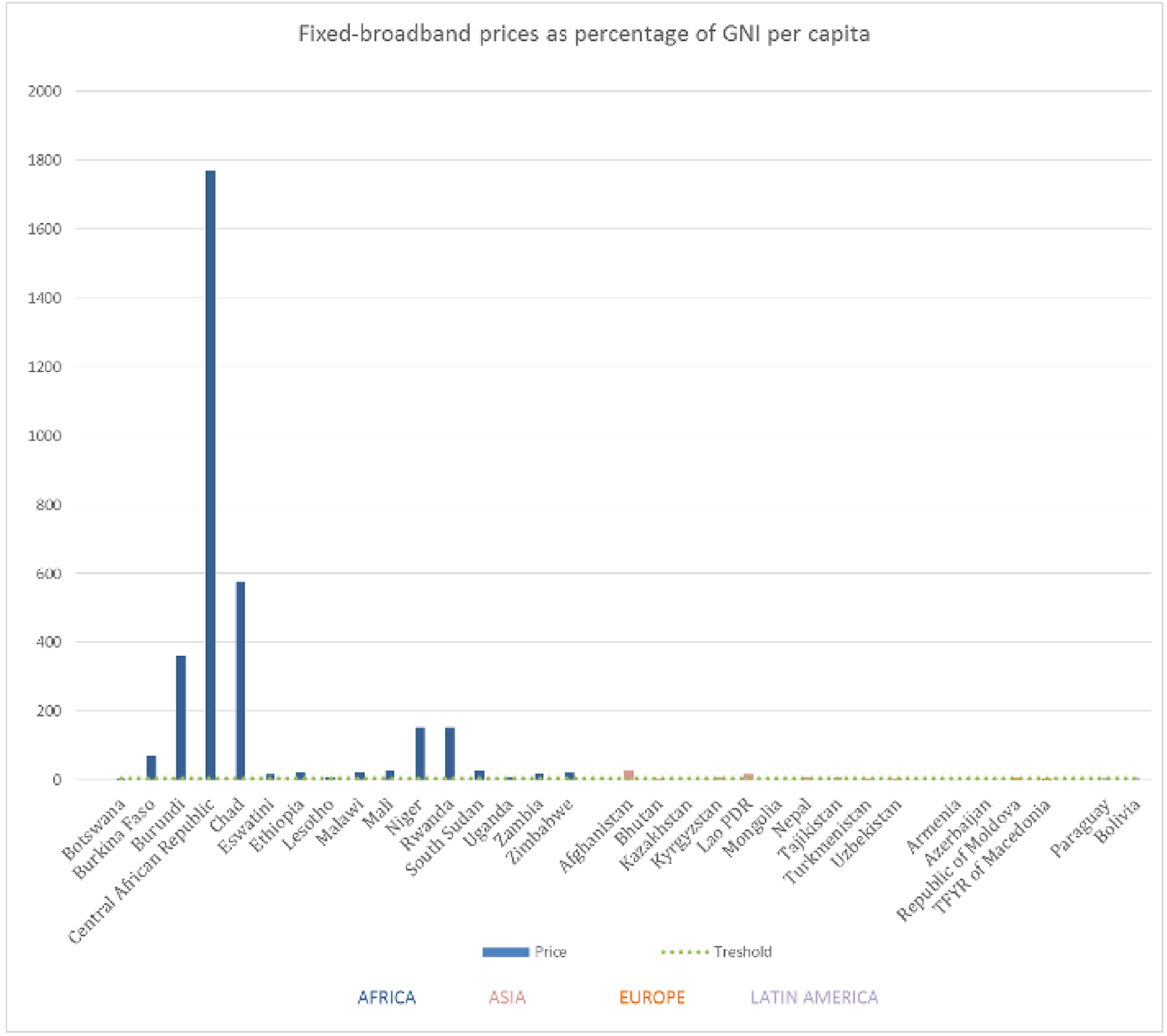


Telecommunication infrastructure

- Most value-added services do not depend primarily on highways and railways but on fast and efficient internet and telecommunications
- Telecommunications infrastructure is essential for border crossing facilitation
- Low ICT connectivity hinders the optimization of trade facilitation tools, such as automated single windows, automated system of customs data, and advance cargo information
- COVID-19 pandemic has brought to light the crucial role of digitalization:
  - Electronic cargo tracking system
  - Electronic exchange of information
  - Paperless solutions
  - Use of mobile banking and payment systems

Telecommunication infrastructure

Fixed-broadband prices in 2019 as percentage of GNI per capita



Central Africa Fibre-Optic Backbone Project is ongoing (since 2017) to install terrestrial optical fiber links that interconnect the countries of Central Africa in order to provide high-speed broadband internet access and to eliminate the missing links.

Source: ITU (2020)

Challenges to improve the infrastructure quality

1. Completing road and rail missing links
2. Developing robust maintenance programs
3. **Increasing the capacity on rail transport planning and economics**
4. Liberalization of air transport services
5. Improving the capacity in mobilizing sufficient financial resources to finance the improvement of aviation infrastructure
6. **Need to update the inventory of the current and potential capacity of IWT to develop a robust infrastructure development plan**
7. Most LLDCs do not have dedicated institutions in charge of the waterway's development and effective division of responsibilities and coordination mechanisms
8. Lowering the price of broadband services to be in line with the purchasing power, to fully harness the potential of digital economy

Thank you for listening.