

Concept Note: Leveraging the Potential of the Private Sector for Integration of Landlocked Developing Countries into Global and Regional Value Chains

Virtual meeting: 17 November 2021
(10:00 am-12:00 pm ET)

Background

Prior to the COVID-19 pandemic, landlocked developing countries (LLDCs) showed mixed progress in terms of economic growth, structural transformation and diversification of their economies. The COVID-19 pandemic has abruptly halted progress towards these key economic objectives and broadly across all priority areas of the Vienna Programme of Action for LLDCs. Growth in real gross domestic product (GDP) has decreased from 4.3 per cent in 2019 to -2.4 per cent in 2020. Foreign direct investment (FDI) contracted by 31 per cent to \$15 billion in 2020, the lowest aggregate level since 2007. Fiscal demands of the pandemic and falling revenues have exacerbated resource constraints in all LLDCs making the recovery even more challenging.

Against this backdrop, leveraging the potential of the private sector to aid recovery in LLDCs and provide renewed impetus to the pursuit of the sustainable development agenda and the Vienna Programme of Action has become paramount. There are multiple ways in which the private sector can contribute to the development objectives of LLDCs. At the most basic level, entrepreneurship can spark dynamism in LLDC economies and enable people to create economic opportunities in response to local needs and circumstances. Similarly, micro, small and medium enterprises can be creators of decent employment opportunities and facilitate the capitalization of emerging opportunities in the global economy. At the international level, investment by and trade with multinational enterprises (MNEs) can help LLDCs integrate in global and regional value chains which can in turn lead to a host of positive externalities in the form of knowledge spillovers, human capital development and structural change. Integration into GVCs is especially important for LLDCs as it can provide impetus to structural transformation efforts, increase their trade linkages and facilitate spillovers of technology and innovative capacity.

Global value chains which were already being transformed due to a gradual reversal of economic liberalism, the sustainability imperative and accelerating digitalization, have undergone irreversible changes due to the COVID-19 pandemic. This is creating new opportunities and challenges and redrawing the map of international production networks. Two changes are particularly salient. Firstly, there is a shift towards regional value chains due to the need to build redundancies in international supply chains and increasing ad-hoc and localized trade agreements. Second, the adoption of digital tools, technology and automation in production processes has accelerated. For LLDCs to adjust to the new economic realities, actively engaging with the private sector to increase their participation in global and regional value chains is imperative. LLDCs currently have a peripheral role in global value chains, and

foreign investment is largely natural resource seeking. To promote structural transformation and upskill their populations in response to emerging economic realities, integrating in global value chains should be a key economic policy priority.

This meeting will discuss how integration into global and regional value chains can contribute to LLDCs' development priorities and how the private sector can facilitate this. Based on data and statistics from LLDCs and real-world cases, this meeting will enable stakeholders to benefit from the expertise of a diverse panel representing international organizations, development finance institutions and the private sector.

Objectives

The specific objectives of this meeting include:

- Highlight the critical role of the private sector in aiding economic recovery in LLDCs in the aftermath of the COVID-19 pandemic, in promoting integration of LLDCs into global value chains and regional value chains as well as achieving the objectives of the sustainable development agenda and the Vienna Programme of Action
- Share findings from UN-OHRLLS' report on Enhancing LLDCs' participation in Global and Regional Value Chains
- Provide a platform to discuss policies and measures that could help harness the role of the private sector to achieve LLDCs' development objectives and recovery from the COVID-19 pandemic
- Identify technical assistance and capacity building areas

Format

The Meeting will feature high-level opening remarks by the Under Secretary General for LDCs, LLDCs and SIDS. It will be followed by a presentation on key results from UN-OHRLLS' report on The Role of Global and Regional Value Chains for Development in Landlocked Developing Countries. Finally, there will be a panel discussion The Role of the Private sector for the Implementation of the Vienna Programme of Action for LLDCs.

Participants

Representatives from LLDCs, transit counties, development partners, development banks, UN system entities, other international and regional organizations and the private sector will be invited to attend.

Language

The meeting will be in English.

Contact Persons

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