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UN-OHRLS

Ministerial Meeting of the Landlocked Developing Countries on the theme “Enhancing equitable, affordable and inclusive transport connectivity as a driver for sustainable and resilient economies”

**14 - 15 December 2023
Yerevan, Armenia**

SESSION 1:

Lessons Learned on Transport Connectivity During the Implementation of the Vienna Programme of Action

14:30 - 16:00

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Issue Paper

The 32 Landlocked Developing Countries (LLDCs) are isolated from the major global markets because of their lack of direct territorial access to the sea. Their geographical constraints and remoteness create many challenges. Therefore, building resilient, sustainable and smart transport infrastructure, which incorporates ICT connectivity, energy infrastructure, sustainable quality finance and climate and disaster responsiveness and adaptability, is essential.

There were many challenges in the implementation of the Vienna Programme of Action. They include, inter alia, the shortage of financial and human resources for implementing the Vienna Programme of Action; the severe infrastructure financing deficit; the poor maintenance of existing infrastructure; the limited capacity for developing bankable projects; conflict and fragility in some landlocked developing countries that affected the implementation of regional infrastructure projects; the rising risk of debt distress; the low implementation rate of trade facilitation measures; and the lack of awareness about the legal instruments that support improvement in transit.

The other key capacity challenge experienced was a lack of reliable and regular data to inform policy and follow-up, on transport infrastructure, trade costs, and transit and trade facilitation measures.

The second half of the implementation period of the VPOA was marked by a series of mutually exacerbating global crises. The COVID-19 pandemic, climate change and geopolitical crises, exacerbated the vulnerabilities of the LLDCs. The pandemic underscored the crucial role of transit and transport networks and the necessity for LLDCs to resolve missing links to achieve resilient and risk responsive multimodal transit and transport networks.

Tropical cyclone Idai, which hit Mozambique, Malawi and Zimbabwe in March 2019, is estimated to have caused more than \$2 billion in recovery costs following its infrastructure and livelihood impacts in the three

countries. This exemplifies what LLDCs need to be prepared for to limit or eliminate the effects of such shocks.

The limited infrastructure facilities of LLDCs, further disconnects them from the rest of the world and hampers their development. On average, LLDCs pay more than double what the transit countries (countries through which exports flow) incur in transport costs and take a 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.

This seeming contradiction is at the heart of LLDCs' development challenge: how to balance trade costs that are up to 50% higher than those of coastal developing countries, and how to find the necessary financial resources to invest in sustainable transport.

It is worth noting that coming out of the VPoA, LLDCs and their transit neighbours have made progress in building transit transport infrastructure and economic corridors such as the Trans African Highway (TAH) and Euro-Asian Transit Links (EATL) for example. Progress was also made in reducing travel time and corresponding costs along corridors and the time spent at borders and at intermodal points. Some progress has also been made in transit developing countries towards the expansion and upgrading of railways, roads, ports, air transport, pipelines, and inland waterways.

In terms of the energy divide, while the average proportion of the population with access to electricity in LLDCs increased from 49.5 per cent in 2014 to 60.3 per cent in 2021, 215 million people in LLDCs continue to lack access (IRENA et al., 2021); leaving LLDCs well behind the world average of 91.4 per cent energy access. Although LLDCs experienced an increase in electricity in rural areas between 2014 and 2021, the gap between urban areas (89 per cent) and rural areas (49 per cent) is still significant. LLDCs compared to their neighbouring coastal countries face gaps in both access to electricity and the urban-rural divide. Closing the

energy divide through the development of a diversified energy mix that is affordable, reliable, sustainable, and modern, is crucial for LLDCs.

Multiple borders, cumbersome procedures or regulations at the borders and along transit routes, insufficient transport services, and other non-physical bottlenecks contribute to high transport and trade costs faced by LLDCs. Full implementation of the WTO Trade Facilitation Agreement (TFA) is therefore vitally important. As of June 2022, the rate of TFA implementation commitments for LLDCs was 34% compared to 60% for developing countries. For transit countries, it was estimated that they had implemented 64.7% of all commitments. Furthermore, the implementation of Article 11 is relatively lower in both LLDCs and transit countries. Implementation currently stands at about 58% for LLDCs and 60% for transit countries.

For fulfilment of TFA, the Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) and other inland transit facilitation agreements and arrangements, LLDCs also need to have the requisite ICT infrastructure. However, the proportion of individuals using the Internet in LLDCs was only 32.3% in 2021 compared to the world average of 63.1%. 16% of people cannot use the Internet because they are not covered by a broadband signal with limited or little data available on the STI and ICT sectors. LLDCs continue to face high costs for broadband and more efforts are required to lower prices. (SG report, 2023).

LLDCs have only 12% of the global paved road density, while for railways they have just over 55% (UN-OHRLLS). It is estimated that for LLDCs to reach the global average paved road and railway densities, nearly 200,000 kms of paved roads and over 46,000 kms of railways would need to be constructed at a cost of about US\$ 0.51 trillion (UN-OHRLLS, 2022). According to OHRLLS report, the investment cost of building this transport infrastructure would be in the order of 2% of GDP over a period of 20 years. LLDCs thus need to continue to make large investments in infrastructure development and maintenance.

As we transition from the VPoA, it is essential to adopt a balanced approach in developing both the hard (physical infrastructure) and soft (policy, regulatory and logistics frameworks) aspects of transport connectivity. LLDCs need further investment not only in road, rail and inland waterways, but also in air transport facilities.

It is equally important to focus on other crucial underlying factors, such as climate change, energy sustainability, ICT and digital connectivity and sustainable finance. Collectively, these factors can lead to the success of the LLDCs' sustainable development agenda. As such, to achieve truly successful transport connectivity, LLDCs need to address the resilience, energy, digital and financing divides.

LLDCs need to leverage bilateral and regional cooperation, global financial institutions, and mechanisms for bankable projects. Innovative financing mechanisms including the use of Public-Private Partnerships (PPPs), blended finance and sustainable infrastructure bonds also need to be explored.

This session will address the following key questions:

- What are the key achievements and best practices experienced in the implementation of the VPoA in the areas of transit transport and connectivity?
- What are the key challenges encountered in the implementation of the goals and commitments of the VPoA in the areas of transit transport and connectivity including in the face of global crises that emerged during the implementation period of the VPoA?
- Based on the lessons learned in the implementation of VPoA, what kind of measures/initiatives could be pursued for achieving accelerated progress in the fields of transit transport and connectivity in LLDCs, especially in the context of the next 10-year programme of action for LLDCs?