

**United Nations Office of the
High Representative for Least Developed Countries, Landlocked Developing
Countries, and Small Island Developing States**

Report of the Secretary-General

**Implementation of the Vienna Programme of Action for Landlocked Developing
Countries for the Decade 2014 - 2024**

**Inputs prepared by ESCAP
31 March 2021**

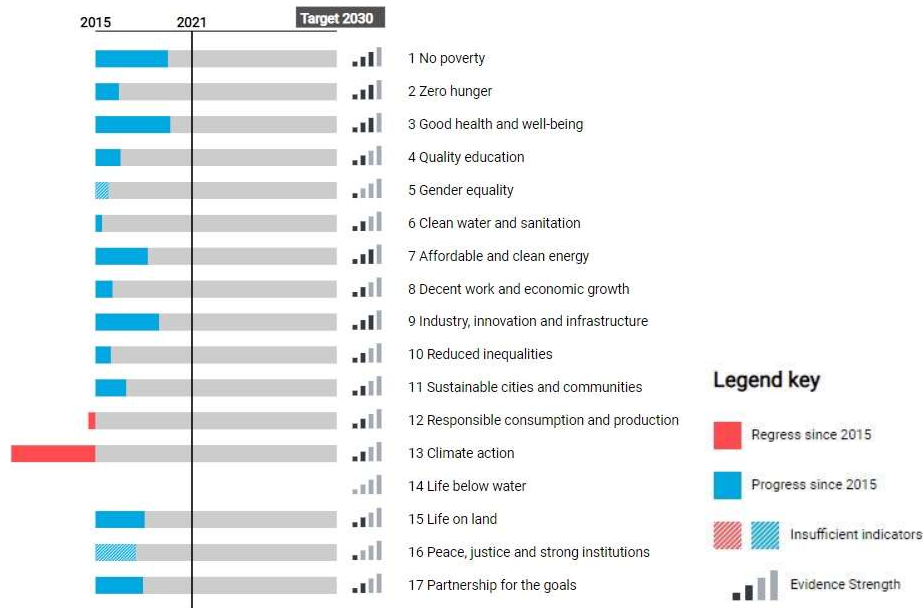
II. An overview of recent socio-economic development in LLDCs including impact of COVID-19 pandemic

The section will analyse recent developments in the social and economic situation of the LLDCs including progress made by LLDCs on the SDGs and the impact of COVID-19 pandemic on these countries. The analysis will integrate gender and human rights.

Robust economic growth in many of Asia's LLDCs during the first half of the VPoA implementation period allowed for significant strides in poverty reduction, particularly among Asia's landlocked least developed countries (LDCs).¹ However, these countries as a group were falling short of the expected progress for the year 2021 in the seventeen Sustainable Development Goals (see figure 1). While they have made some progress towards reaching Goals 1 (no poverty) and 3 (good health and well-being), they have regressed in efforts to realize Goals 12 (responsible consumption and production) and 13 (climate action) and made almost no progress on Goal 6 (clean water and sanitation). Furthermore, insufficient or dated data availability makes it difficult to gauge the progress in Goals 5 (gender equality) and 16 (peace, justice and strong institutions).

Figure 1: Snapshot of SDG progress made by Asian LLDCs, 2021

¹ There are 12 landlocked developing countries in the Asia-Pacific region: Afghanistan, Armenia, Azerbaijan, Bhutan, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Mongolia, Nepal, Tajikistan, Turkmenistan and Uzbekistan. Four of them (Afghanistan, Bhutan, Lao People's Democratic Republic and Nepal) are also least developed countries.



Source: ESCAP Asia-Pacific SDG Gateway. <https://data.unescap.org/data-analysis/sdg-progress/> (accessed on 2 March 2022).

Note: The progress is assessed based on latest data from ESCAP Asia-Pacific SDG Gateway. Data only partially captures the impact of the COVID-19 pandemic. For most indicators, data collection dates are 2019 or before (i.e., pre-pandemic).

The prospects to achieve the Goals by 2030 have worsened since the onset of the COVID-19 crisis.² For example, the pandemic has pushed an estimated additional 7.0 million people into poverty in these countries, based on an income poverty line of \$3.20 a day in 2021 (see figure 2) despite the goal of eliminating all forms of poverty by 2030 (Goal 1). Unemployment increased by 0.9 million by 2021, which corresponds to an unemployment rate that is 1.3 percentage points higher than 2019 (Goal 8), with greater impacts in the landlocked LDCs.³ Job and income losses have proven to be particularly severe for those engaged in the informal sector, with greater impacts on youth and female workers.⁴ Access to health care and education facilities particularly by the poor and vulnerable groups suffered significant setbacks. At the same time, a preliminary assessment reveals that existing policy responses to the pandemic have not promoted green development as most of them supported carbon-intensive sectors as many economies of the Asia-Pacific region provided subsidies, waived fees, or reduced taxes for environmentally harmful activities.⁵

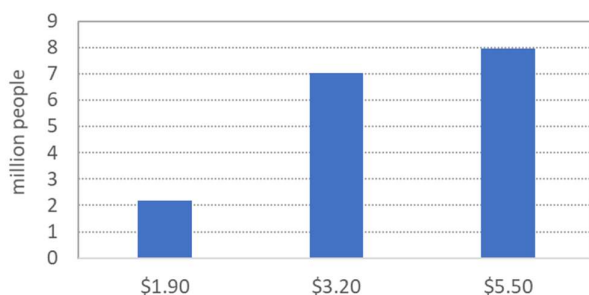
Figure 2: Number of people pushed into poverty due to the COVID-19 pandemic in Asian LLDCs by 2021

² For further details, see ESCAP’s forthcoming report, the *Asia-Pacific Countries with Special Needs Development Report 2022: Financing a Sustainable Recovery from COVID-19 and Beyond*.

³ Based on ILO modelled estimates available from ILOSTAT (accessed on 7 February 2021).

⁴ ESCAP (2021) *Asia-Pacific Countries with Special Needs Development Report 2021: Strengthening the resilience of least developed countries in the wake of the coronavirus disease pandemic*.

⁵ ESCAP (2021) *Economic and Social Survey of Asia and the Pacific 2021: Towards post-COVID-19 resilient economies*.



Source: ESCAP estimation based on data from the World Bank's Poverty and Inequality Platform pip.worldbank.org (accessed on 21 February 2021) and ESCAP's forthcoming report, the *Economic and Social Survey for Asia and the Pacific* 2022.

Note: The estimation methodology is based on Tateno, Yusuke, and Zakaria Zoundi (2021). Technical Note: Estimating the Short-term Impact of the COVID-19 Pandemic on Poverty in Asia-Pacific LDCs. ESCAP.

III. Status of implementation of the priorities of the Vienna Programme of Action

The section will assess the progress made in the implementation of the VPoA highlighting the major progress and challenges experienced including due to COVID-19. It will be prepared using inputs submitted by Member States, UN system organizations and other relevant international organizations and analysis of available relevant statistical data for each priority area. The specific sub sections will be namely

- *Fundamental Transit Policy issues.*
- *Infrastructure Development and Maintenance*
- *International Trade and Trade Facilitation*
- *Regional Integration and cooperation*
- *Structural economic transformation*
- *Means of implementation*

Priority 1: Fundamental Transit Policy issues

Since the adoption of VPoA, the LLDCs in Asia-Pacific have been exerting continuous efforts to ensure secure, efficient, and reliable transit transport. Many LLDCs and transit countries acceded to, and ratified international conventions and agreements related to transit facilitation⁶ and are now taking practical steps to implement them. For example, the completion of ratification process of several protocols of ASEAN Framework Agreement on the Facilitation of Goods in Transit in 1998 made it possible to operationalize the ASEAN Customs Transit System among six ASEAN Member States⁷ in 2020. However, the COVID-19 pandemic has posed huge challenges to transit transport for LLDCs due to asynchronous approaches in planning and implementing border crossing formalities particularly for road transport and, has resulted in a decline in the participation of LLDCs in global trade. Nevertheless, the importance of transport connectivity for LLDCs' during the pandemic was reaffirmed through various national and regional initiatives. For example, in 2021, the railways authority of the two Central Asian LLDCs, namely, Kazakhstan and Turkmenistan signed a memorandum of understanding with the railways authority of the Islamic Republic of Iran to establish a permanent working group for commercial operations along the railway corridor including enhancing access to seaports.

⁶ Convention on Road Traffic (1968) (Myanmar 2019, Thailand in 2020 - transit countries); Lao People's Democratic Republic and Azerbaijan joined ESCAP intergovernmental agreement on Dry Port in 2019 and 2020 respectively.

⁷ The countries include Lao People's Democratic Republic (LLDC), Cambodia, Malaysia, Singapore, Thailand, and Viet Nam (transit countries).

Despite the adverse impacts of the pandemic, railway transport demonstrated its resilience as indicated by the continually rising trend in rail freight along the various routes of the Trans-Asian Railway network. The number of China-Europe freight train journeys rose from a mere 17 in 2011 to 12,406 in 2020, a 730-fold increase over approximately a decade. Even in the first half of 2021, 7377 freight train journeys had been undertaken demonstrating the resilience of railway transport.⁸ Also, the transit times at the railway border crossings as well as transportation times along long-distance transport corridors have reduced substantively in recent years. Moreover, during the pandemic, while the cost of transport of a forty feet container between Europe and Asia by sea rose from around US\$2,000 to nearly \$10,000 - the corresponding cost by rail transport fell from US\$3,700 to US\$3,500⁹ making it around two and half times cheaper. Though the exorbitant increase in sea freight might be temporary, the effects of the pandemic has established railway transport as a competitive solution for sustainable transport between Asia and Europe and vice versa with huge positive spillovers for LLDCs in the Asia-Pacific region.

Priority 2: Infrastructure Development and Maintenance

- Transport infrastructure

Low quality road infrastructure and maintenance as well as missing links on railway network among Asia-Pacific LLDCs continue to hamper efficient transit connectivity and therefore reduces the competitiveness of these countries in harnessing the full benefits of regional and global trade networks. Development of intermodal transport infrastructure remains a high priority for the LLDCs as illustrated by their increased participation in the Intergovernmental Agreement on Dry Ports, maintained by ESCAP.¹⁰

The data on the status of the Asian Highway network for LLDCs provides some insights on road infrastructure and the need to significantly improve the quality of roads. Only eight per cent of the roads in LLDCs are classified as primary or class I as compared to 35 per cent for the entire network.¹¹ For railways, despite the progress made such as the recently completed 414 km Lao-China rail, there are still approximately 12,000 km of missing links along the 118,000 km of Trans-Asian Railway network¹² preventing seamless rail connectivity in the region. Additionally, to integrate road and rail network with dry ports, many countries in the region are making investments in intermodal logistics facilities. For example, Kazakhstan is investing in railway terminals to enhance container handling capacity. Towards this it is constructing four new container terminals at Dostyk Station to increase the handling capacity to one million TEUs (twenty-foot equivalent unit) over 2021-2024 period with an investment of around US\$84 million.¹³

- Energy and ICT infrastructure

⁸ ESCAP, Towards an efficient and resilient transport and logistics network and mobility- Background document at Ministerial Conference on Transport 2021.

⁹ UTLC ERA www.index1520.com

¹⁰ Uzbekistan joined the Agreement in 2021 and Lao PDR in 2019. For more information, see <https://www.unescap.org/resources/intergovernmental-agreement-dry-ports>.

¹¹ Based on ESCAP ASIAN Highway Database and 9th meeting of WG on the AH (June 2021).

¹² Building missing links along the Trans-Asian Railway network, Fifth meeting of the Working Group on Trans-Asian Railway network (2017). [https://staging-legacy.unescap.org/sites/default/files/e-E_ESCAP_TARN_WG\(5\)4_E.pdf](https://staging-legacy.unescap.org/sites/default/files/e-E_ESCAP_TARN_WG(5)4_E.pdf)

¹³ ESCAP, Smart Railway Solution, (2021) https://www.unescap.org/sites/default/d8files/knowledge-products/SmartRailwaySolutions_11May.pdf.

Despite investments in energy infrastructure by LLDCs in the Asia Pacific region, progress across most of the targets for SDG 7 falls short of the pace needed to achieve them. To address this, ESCAP has been supporting LLDCs in expanding energy access, and renewable energy, while enhancing energy efficiency. Through the National Expert SDG Tool for Energy Planning, ESCAP has partnered with several LLDCs to develop national SDG 7 roadmaps to optimise the types of technologies and policies to close the remaining gaps and identify the estimated investment requirements. SDG 7 roadmaps have been completed for Nepal and Bhutan and are being completed for Lao People's Democratic Republic, Kyrgyzstan and Tajikistan. In addition, four more LLDCs are expected to join this initiative under a project supported by the Development Account 14th tranche.

In addition, at the 77th Commission Session, ESCAP member States endorsed the Regional Roadmap on Power System Connectivity. This offers a vision and set of strategies to interconnect the region's grid and promote cross-border power trade. Many LLDCs in Asia have significant untapped potential for developing renewable energy resources, but insufficient domestic demand to justify this development. Cross-border power system integration can support the development of renewable energy while also offering export opportunities for LLDCs such as Bhutan, Lao People's Democratic Republic, Mongolia, Nepal and Tajikistan.

In terms of ICT connectivity, following the recommendations of the Committee on Information and Communications Technology, Science, Technology, and Innovation (CICTSTI-3),¹⁴ that was held in August 2020, the ESCAP secretariat set up a drafting group, and organized two meetings (held in May and September 2021) as part of the [Asia-Pacific Information Superhighway Steering Committee](#)¹⁵ to develop an action plan for the next phase of implementation of the Asia-Pacific Information Superhighway, for 2022–2026. The draft was adopted at the Steering Committee meeting held in November and submitted, for consideration and adoption by the Committee at its fourth session in August 2022.

To support LLDCs in the Asia-Pacific region, ESCAP developed three interactive online tools¹⁶: (i) the e-resilience monitoring dashboard; a prototype of the partnership portal for ICT infrastructure co-deployment with; (ii) energy and road transport infrastructure; and (iii) the infrastructure corridor simulator, for the practical application of advancing transboundary connectivity, bridging the digital divide among LLDCs and beyond, and securing a digital future for all. The first tool, the e-resilience monitoring dashboard, together with its methodological toolkits for digital foresight planning, monitors the readiness of digital networks to withstand and recover from shocks. Such monitoring is essential during crises, particularly for the successful implementation of initiatives, such as e-health, online education, e-commerce, and the distribution of social protection schemes. Country-level practices show that infrastructure co-deployment is a cost-effective means of bringing connectivity to sparsely populated areas or challenging terrains. To further support policymakers and regulators, ESCAP also developed a partnership portal for infrastructure co-deployment. This collaborative online workspace provides information on ICT, transport, and energy infrastructure pipeline projects that have the potential for co-deployment. The third tool is the infrastructure corridor simulator which models economic corridor efficiencies and measures the compatibility of the infrastructures. Analytical

¹⁴ United Nations Economic and Social Commission for Asia and the Pacific, Fifth Session of the Asia-Pacific Information Superhighway (AP-IS) Steering Committee. Meeting. 25 November 2021. Available at <https://www.unescap.org/events/2021/fifth-session-asia-pacific-information-superhighway-ap-steering-committee>

¹⁵ <https://www.unescap.org/our-work/ict-and-disaster-risk-reduction/asia-pacific-information-superhighway-platform>

¹⁶ ESCAP, Regional Dialogue on Linking Past and Future Regional Cooperation and Partnerships. Meeting. 26 January 2022. Available at <https://www.unescap.org/events/2022/regional-dialogue-linking-past-and-future-regional-cooperation-and-partnerships>.

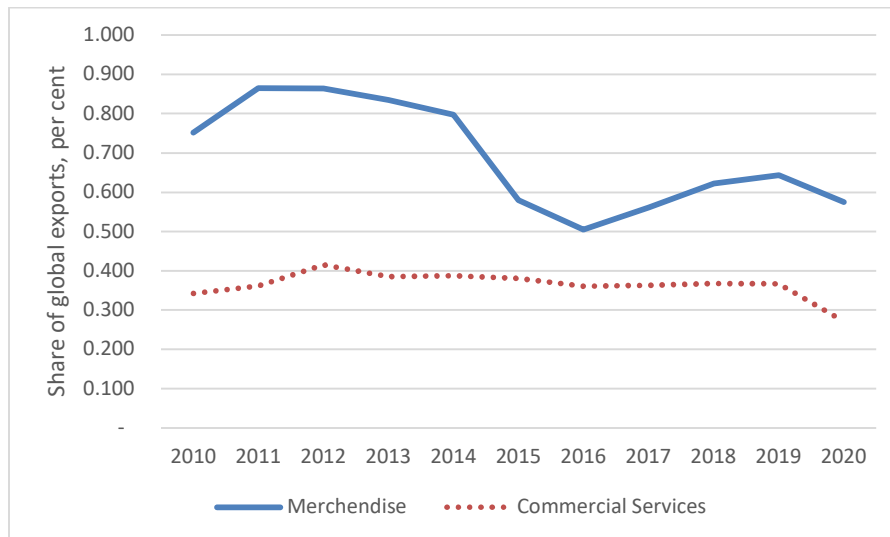
toolkits were pilot tested at the three interstate corridors in Central Asia regions, namely: (1) between Almaty (Kazakhstan) – Cholpon Ata (Kyrgyzstan); (2) between Semei (Kazakhstan) – Rubtsovsk (the Russian Federation); and (3) between Urzhar (Kazakhstan) – Chuguchak (China). The results of the analysis indicate that, of the three corridors, the corridor between Semei (Kazakhstan) – Rubtsovsk (the Russian Federation) is the most attractive economic scenario with regard to the co-deployment of fibre-optic infrastructures and the new power line.¹⁷

Priority 3: International Trade and Trade Facilitation

- International trade

Priority 3 emphasizes the importance of increasing LLDCs’ global share of exports to boost revenue from trade and to help fulfill the United Nations SDG target 17.11, which aims to significantly increase developing countries’ share of global exports, in particular doubling the share of least developed countries. The global share of Asian LLDCs’ merchandise exports remained at 0.58 per cent in 2020, the same as it was in 2015 - the year VPoA was launched. At the same time, their global share of commercial services exports has declined from 0.38 per cent to 0.27 per cent during the same period (figure 3). Notably, with exceptions of Lao People’s Democratic Republic, Mongolia, Armenia and, until recently Afghanistan, export values have remained largely unchanged since 2010 (figure 4).

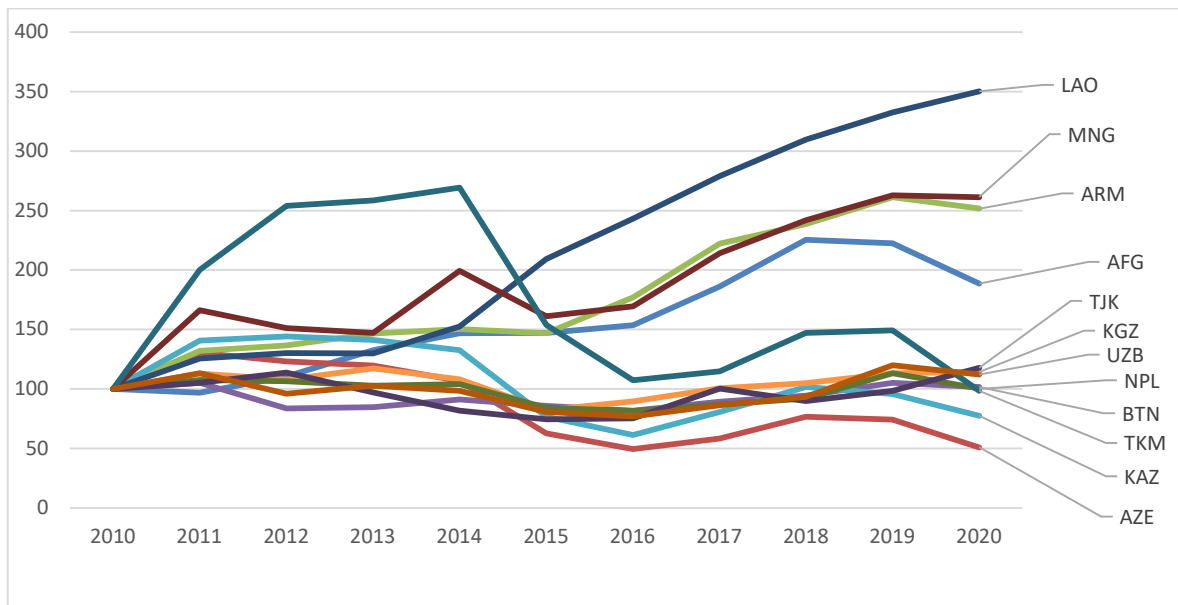
Figure 3: Global shares of merchandise and commercial services exports for Asian LLDCs (2010 -2020)



Source: ESCAP based on WTO data (<https://stats.wto.org/>), accessed March 2022.

¹⁷ Vadim Kaptur and Aida Karazhanova, “Infrastructure Corridor Development Series Part III: Calculation Results for Determining the Most Promising Model for Infrastructure Corridor Development”, Asia-Pacific Information Superhighway Series, June 2021. Available at: <https://repository.unescap.org/bitstream/handle/20.500.12870/3717/ESCAP-2021-WP-Infrastructure-corridor-development-part-III-eng.pdf?sequence=2&isAllowed=y>

Figure 4: Export value (index at 100 at 2010) in Asian LLDCs, by economy (2010 -2020)

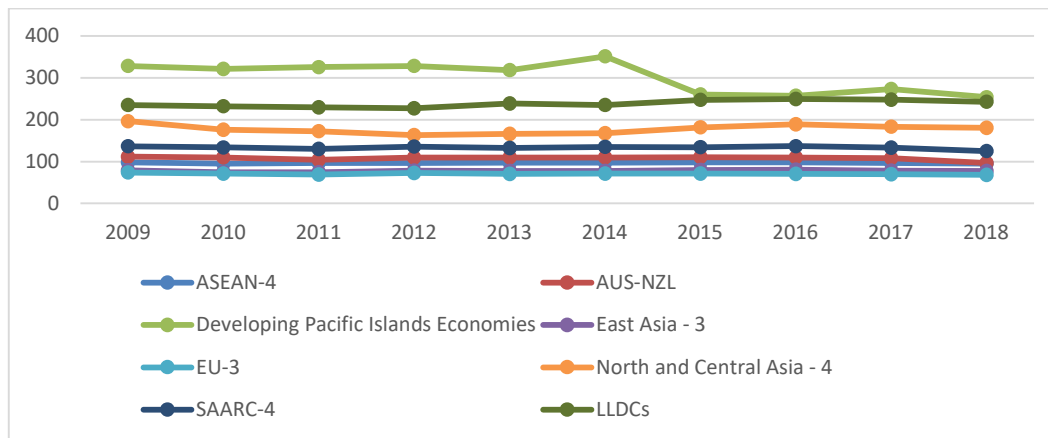


Source: ESCAP based on WTO data (<https://stats.wto.org/>), accessed March 2022

Throughout the period, merchandise trade in Asian LLDCs has been very volatile. The COVID-19 pandemic has exacerbated these predicaments. Between 2019 and 2020, merchandise export in Asian LLDCs have fallen by 17.2 cent (with the global contraction of 7.4%), down from a 0.5 per cent growth the previous year (compared to global contraction of 2.8% in 2018/2019). Services have been hit harder than merchandise trade: commercial services exports, plummeted by 40.9 per cent in 2020 (vis-à-vis global contraction of 20.1 per cent). The travel sector has been particularly impacted, falling by a staggering 80.1 per cent. Merchandise imports, on the other hand, fell by 9.4 per cent in 2019/2020 (vs a growth of 11% in 2018/2019), and commercial services imports fell by 31.3 per cent (vs a marginal growth of 0.1 per cent in 2018/2010).

A lack of sea access, distance from international markets and high trade and transit costs, and dependence on exports of a limited number of low value-added products persistently discourage LLDCs' exports. Figure 5 reports the evolution of average trade costs between Asia-Pacific subregions and LLDCs and large developed countries during 2009-2018. Trade cost of LLDCs have remained stable during the period, at two to three times the average trade costs of subregions such as East and Southeast Asia, ranging from 243% to 249% AVE (ad valorem equivalent).

Figure 5: Trade cost of Asia-Pacific subregions and LLDCs with major developed markets



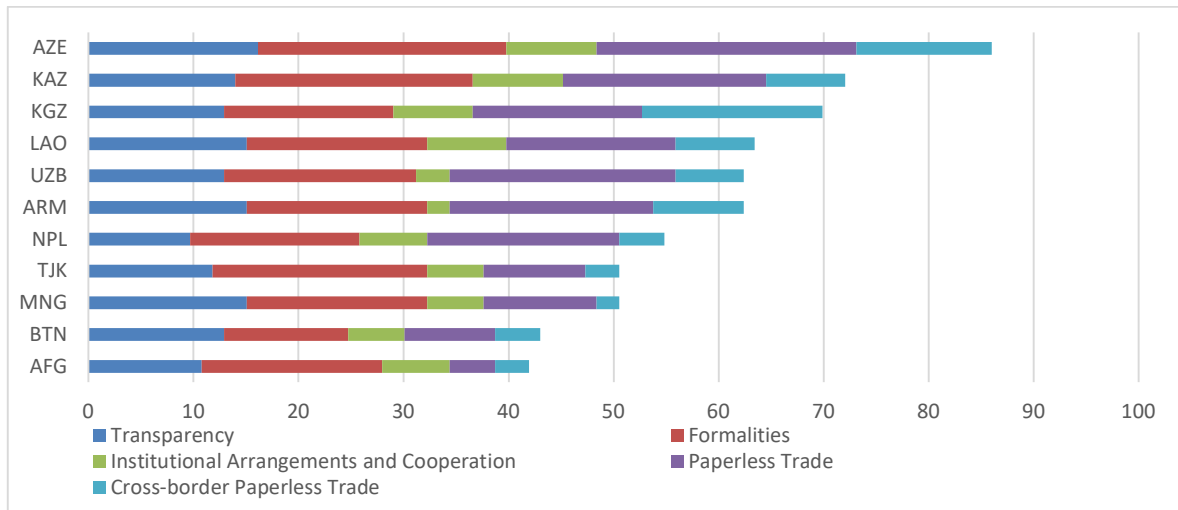
Source: ESCAP-World Bank Trade Costs Database, online available at <https://www.unescap.org/resources/escap-world-bank-trade-cost-database>.

- Trade Facilitation

Trade facilitation is one of the keys to advance LLDCs' integration into global trade. Although implementation of the trade facilitation measures specified in the WTO Trade Facilitation Agreement are relatively high, implementation of paperless trade – particularly cross-border paperless trade – remains limited. As of 2021, Azerbaijan maintained its position as the top performer in trade facilitation across Asian LLDCs. It remains the only Asian LLDC that has ratified the Framework Agreement on Facilitation of Cross Border Paperless Trade in Asia and the Pacific, a UN treaty for accelerating the implementation of digital trade facilitation measures for trade and development in the region which entered into force on 20 February 2021. Analysis using the latest data shows that LLDCs in Central Asia could reduce trade costs by 11.4% by fully implementing the WTO TFA, and by 20.1% once they achieve full implementation of cross-border paperless trade.¹⁸

Figure 6: Digital and Sustainable Trade Facilitation in Asian LLDCs, 2021

¹⁸ See Asia-Pacific 2021 Report on Digital and Sustainable Trade Facilitation (page 39). <https://www.unescap.org/kp/2021/untf-survey-2021-regional?ref=untfsurvey.org>



Source: ESCAP based on <https://untfsurvey.org> data, accessed March 2022.

ESCAP has assisted several LLDCs in joining the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific. ESCAP organized a [webinar](#) on 20 October 2020 to help officials of the State Customs Committee of the Republic of Uzbekistan better understand implementation issues in paperless trade. ESCAP has also provided technical assistance to Mongolia and Tajikistan in their completion of domestic procedures for accession to the Framework Agreement in 2020, under the [accession/ratification accelerator programme](#). ESCAP also provided capacity building for public and private sector stakeholders from five LLDCs (Azerbaijan, Georgia, Lao People’s Democratic Republic, Mongolia and Nepal) on trade facilitation through the seven-week ESCAP-ARTNeT-ITD Online Course on Trade Facilitation for Sustainable Development held from 3 August – 20 September 2020. ESCAP also supported a study on North and Central Asian countries on adopting trade facilitation measures in response to the COVID-19 pandemic. These measures include: (a) establishing intragovernmental bodies to coordinate their COVID-19 responses (although often lacking the mandate on trade facilitation measures); (b) simplification of customs procedures for essential goods; (c) simplifying and digitizing procedures on both road and rail; (d) and creation of online outreach portals and attempts to digitize various government services. However, countries' success on effective trade facilitation measures varies greatly depending on the existing state of their paperless trade systems and infrastructure, which again highlighted the importance for these countries to accelerate their trade digitalization efforts.¹⁹

In addition, ESCAP has been supporting Asian LLDCs in evidence-based policymaking and trade negotiations. These include providing policy advisory and tools such as for making evidence-based trade and investment policies, including the [Trade Intelligence and Negotiation Adviser \(TINA\)](#) and the [Regional Integration and Value Chain Analyzer \(RIVA\)](#).

Priority 4: Regional Integration and cooperation

Asian LLDCs further promoted regional integration and cooperation through utilizing existing partnerships with neighbouring countries in addressing transboundary issues. Mongolia has

¹⁹ For more information, see Yelena Vassilevskaya, “Trade facilitation in times of pandemic: practices from North and Central Asia”, Asia Pacific Research and Training Network on Trade (ARTNeT) Working Paper, No.197 (Bangkok, ESCAP, 2020); <https://www.unescap.org/resources/trade-facilitation-times-pandemic-practices-north-and-central-asia>

utilized the trilateral partnerships of the China-Mongolia-Russia Economic Corridor Program to advance the implementation of joint projects which are also in line with the VPoA priority areas. There are 32 approved projects under the Corridor Program covering several fields of cooperation (i.e. transportation infrastructure, industrial sector, border-crossing points development, trade facilitation and customs procedures, energy, environment and ecology, agriculture, education and technology, humanitarian). ESCAP has provided technical assistance to enhance the capacity of Mongolia in expediting the implementation of priority projects under the Corridor Program in line with sustainable development. Economic corridors usually cover a wide range of cooperation areas, and as such, could be used as effective tools in supporting the interlinked priorities under VPoA.

At a broader level, the UN Special Programme for the Economies of Central Asia (SPECA) serves as a unique platform for cooperation among LLDCs in the North and Central Asia subregion. All SPECA countries are LLDCs. In the outcome document of the 2021 SPECA Economic Forum (“Tashkent Statement”)²⁰, countries noted the need to reinforce regional economic cooperation, with a focus on productive sectors and green technologies, for further integration into global value chains. Acknowledging the impact of COVID-19, SPECA countries committed to strengthened cooperation on measures to maintain undisrupted supply chains and international transport through seamless, contactless and collaborative solutions. ESCAP and UNECE has provided joint capacity-building support and policy advisory in these areas of work. SPECA countries also requested support from development partners to realize the Roadmap for the Implementation of the Vienna Programme of Action for LLDCs²¹.

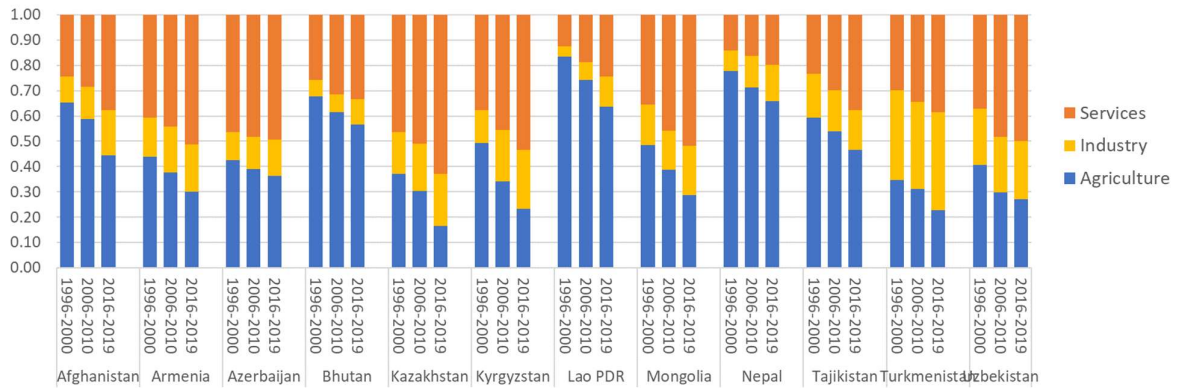
Priority 5: Structural economic transformation

Asian LLDCs have made gradual but steady changes in the composition of their employment by major sectors, reflecting some progress in structural economic transformation (see figure 7). Armenia, Azerbaijan, Kyrgyzstan and Mongolia are “structurally developing” as services have emerged as the largest sector in terms of employment, while the share of industry is still less than that of agriculture. In Kazakhstan, Turkmenistan and Uzbekistan, industry has already surpassed agriculture to the extent that these economies are considered as “structurally developed”. In contrast, all four landlocked LDCs and Tajikistan are categorized as “structurally underdeveloped”, as agriculture still accounts for the largest share of employment.

Figure 7: Trends in employment shares in Asian LLDCs, 2000, 2010 and 2019

²⁰ https://unece.org/sites/default/files/2022-01/TASHKENT%20STATEMENT_ENG_0.pdf

²¹ https://unece.org/sites/default/files/2022-01/Decisions%20of%20the%2016th%20session%20of%20the%20SPECA%20Governing%20Council_ENG.pdf



Source: ESCAP based on data from ILOSTAT (accessed on 3 March 2022).

However, the trends reveal that several Asian LLDCs may suffer from premature de-industrialisation, whereby the share of manufacturing peaks at a lower level of GDP as compared to earlier industrialisers. Even within industry, there has been limited upgrading of production structures in LLDCs, whereas other developing countries have made greater strides in producing more complex products. A measure of production capacities, the Economic Complexity Index, indicates that, in relative terms, Asian LLDCs are currently less capable of producing sophisticated and complex products as compared with two decades ago.²² Moreover, transformation towards services often does not result in widespread productivity gains either, and hence its contribution to poverty reduction is limited, as new job opportunities are in services characterised by low productivity.

Priority 6: Means of implementation [MPFD, SONCA]

Public and private resource mobilisation is critical to ensuring VPoA's effective implementation and impact. However, since the COVID-19 pandemic, countries across the Asia-Pacific region including the LLDCs have experienced rising debt levels and reduced fiscal space. For the average LLDC in Asia and the Pacific, the total external debt increased 8.1 per cent between 2019 and 2020, continuing a trend of fast growth since 2010. Rising debt levels along with the increasing debt services payments will constrain fiscal space further in the future, threatening the development gains of the past decade and increasing the risk of vulnerable populations falling back into poverty.

To mobilize resources and redirect financing towards development gains, ESCAP has prepared a number of trainings and policy papers, and it has provided technical assistance to Asia's LLDCs and the broader region. ESCAP has undertaken and is planning capacity-building workshops on fiscal policy and sustainable recovery tailored to country needs, specifically Kyrgyzstan. Most recently, the Countries with Special Needs Development Report 2022 focused on the theme of "Financing a sustainable recovery from COVID-19 and beyond" that discusses the development financing constraints and options of LLDCs in addition to LDCs and SIDS in the context of the pandemic. ESCAP has also spearheaded a capacity-building project that aims to further integrate sustainable development into macroeconomic modelling in Mongolia and Nepal. The initiative is developing country-level macroeconomic models and national studies that examine the socio-

²² ESCAP (2019) *Asia's Landlocked Developing Countries: Structural Transformation, Poverty Reduction and Financing for Development*. Available at www.unescap.org/resources/asia-lldc-report-2019.

economic and environmental implications of selected policy scenarios in both beneficiary countries.

In relation to rising debt levels and addressing debt distress, ESCAP has published materials and policy notes on debt-for-climate swaps as a tool to tackle debt burdens while achieving development and climate outcomes. ESCAP will hold a regional debt conference in April 2022 which will convene debtors and creditors to discuss and explore sustainable regional and national options and strategies to address the debt stress vulnerabilities of ESCAP member States and associated members associated to both the COVID-19 pandemic and to climate risks. The lessons from this conference, which will also discuss innovative instruments such as debt for climate swaps, may be useful to LLDCs facing constrained fiscal spaces and increases in public debts.

Dialogue, regional cooperation and coordination (aligned with Priority 4) is also critical to the implementation of the VPoA. In November 2021, the third session of the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development was held. As an outcome of the Committee, Asia-Pacific member States decided to establish a Consultative Group on Financing Strategies for the Sustainable Development Goals. The group will facilitate regular and substantive communications open to all member States with the objective of driving financing strategies towards SDG outcomes.

IV. Follow-up and review and progress on Roadmap for accelerated implementation of the Vienna Programme of Action in the remaining five years

ESCAP's inputs are in the matrix of activities.

V. Conclusions and recommendations

This section will provide key recommendations to accelerate the implementation of the Vienna Programme of Action based on the analysis provided in the report.

Priority 1: Fundamental Transit Policy issues

As far as policy recommendations on fundamental transit policy issues are concerned, the pandemic has reinforced the importance of international railway transport, and countries should use this opportunity to address outstanding issues to further strengthen international railway transport that would immensely benefit the LLDCs in the region. A significant step in this direction has been taken with the proposal on introduction of a new annex to the intergovernmental agreement on Trans-Asian Railway network that stipulates the guiding principles on electronic information exchange among railways and between railways and control agencies.²³

For international road transport, extensive use of digitalization through automatic customs transit transport systems, electronic cargo tracking systems, digital exchange of road permits and other related documents could further help meet the objectives under the fundamental transit policy issues.

²³ A proposal to amend the agreement was introduced by Railways of Islamic Republic of Iran at the Seventh meeting of the Working Group on Trans-Asian Railway network in May 2021.

Priority 2: Infrastructure Development and Maintenance

- Transport infrastructure

On infrastructure development and maintenance, there is need to prioritize maintenance and upgradation of the infrastructure quality of the regional transport network, composed of Asian Highways, Trans-Asian Railways and Dry Ports. Construction of missing links on the Trans-Asian Railway Network by the member States and their development partners and enabling rail digital infrastructure along the network would enhance the access of LLDCs to regional and global markets. Integrating road and rail network with dry ports and maritime networks is imperative to building intermodal facilities in LLDCs and the initiatives currently underway need to be supported by the development partners.

- Energy and ICT infrastructure

The nine strategies in the [Regional Roadmap on Power System Connectivity](#) are particularly relevant to LLDCs. For example, working with neighbouring countries to coordinate cross-border system planning and operations and to develop common cross-border grid plans can reveal opportunities for developing renewable energy resources that would otherwise go unnoticed. Intergovernmental agreements and harmonised policy and regulatory frameworks can open the possibility for export driven growth in renewable energy resource development. Ensuring that cross-border power system integration enables the development of renewable energy resources, however, requires countries to develop frameworks and policies that ensure the coherence of energy connectivity initiatives with the Sustainable Development Goals.

Critical infrastructures, such as energy, transport, and ICT infrastructures, are without exception in LLDCs, vulnerable to the impacts of climate change. The integration of disaster and climate risk analysis into policymaking can help achieve more of the SDG targets and prepare for future crises. To further promote regional cooperation and partnership for a digital future, the ESCAP secretariat will continue to facilitate the exchange of experiences, in certain areas of ICT, between countries and their businesses. The focus will be on creating e-resilience readiness through membership-driven processes, which are illustrated through simple visualizations, such as online dashboards and graphs, allowing policymakers to pinpoint areas for intervention, and identify regional best practices. Given that the Internet is a global public good, which universally serves and benefits everyone, data-driven and smart, evidence-based, monitoring action is needed now more than ever in LLDCs.

Priority 3: International Trade and Trade Facilitation

The following recommendations can be made to accelerate the implementation of VPoA in terms of trade and trade facilitation:

- Improve the trade and investment regimes by making them more open, transparent and predictable;
- Creating strong foundations for the digital economy and digital trade to thrive in LLDCs is equally important as global marketplaces and transactions have rapidly come together around digital platforms; and

- Accede to the Framework Agreement on Facilitation of Cross-border Paperless Trade at the earliest to improve trade connectivity in the region and beyond, and development partners are requested to extend their support to LLDCs in their accession to the Framework Agreement and its implementation. To assist Asian LLDCs in their accession, ESCAP has established the [online guide](#) for self-assessments of legal and technical readiness on cross-border paperless trade.

Priority 4: Regional Integration and cooperation

Asian LLDCs need to enhance regional integration among neighbouring countries and strengthen cooperation with relevant regional and international entities, especially in the priority areas of the Vienna Programme of Action. Countries can utilize existing regional and subregional platforms to demonstrate their readiness to coordinate actions and policies. A coordinated approach, especially in the development of cross-border systems, can facilitate flows of goods, services, capital and people, which are essential to socioeconomic development in LLDCs. Additionally, LLDCs need to reinforce their ownership of the regional platforms and resources made available to support them. These infrastructures that have been put in place need to be led by and respond to the needs of the LLDCs.

Priority 5: Structural economic transformation

To advance structural economic transformation, Asian LLDCs will need to accelerate economic diversification to reduce dependence on the extractive sector, together with the related policy of strategizing FDI towards more value-added activities, such as manufacturing. This will help prevent and mitigate the risk of premature de-industrialization, or even a “primitivisation” of the industrial base. The emphasis should be on improving productive capacities and facilitating business for the private sector. Special economic zones are an effective strategy for attracting FDI to desired industrial sectors and for speeding up development. Rural modernization is of particular importance for Asian landlocked LDCs where agriculture employs a significant share of the labour force. Efforts should be made to increase labour productivity in agriculture by modernizing the sector through mechanization, access to finance and strengthening supply chains. This could also enable the emergence of non-farm rural activities.

Priority 6: Means of implementation

To further support the means of implementation, domestic resource mobilisation will remain a primary source of financing. However, LLDCs should look to new and innovative financing mechanisms to raise capital. This can be in the form of debt for development swaps, or debt instruments such as thematic bonds or targeted guarantees as risk assurance for debt capital, among other options. Blended and concessional financing alongside FDI can also be considered where applicable.

Additionally, implementation requires coordination. South-South and triangular cooperation will support LLDCs in building capacities and adopting policies and mechanisms to achieve the VPoA.