



Strengthening capacity in developing bankable transport infrastructure projects for enhanced connectivity

Initiatives to support transport connectivity and sustainable infrastructure development

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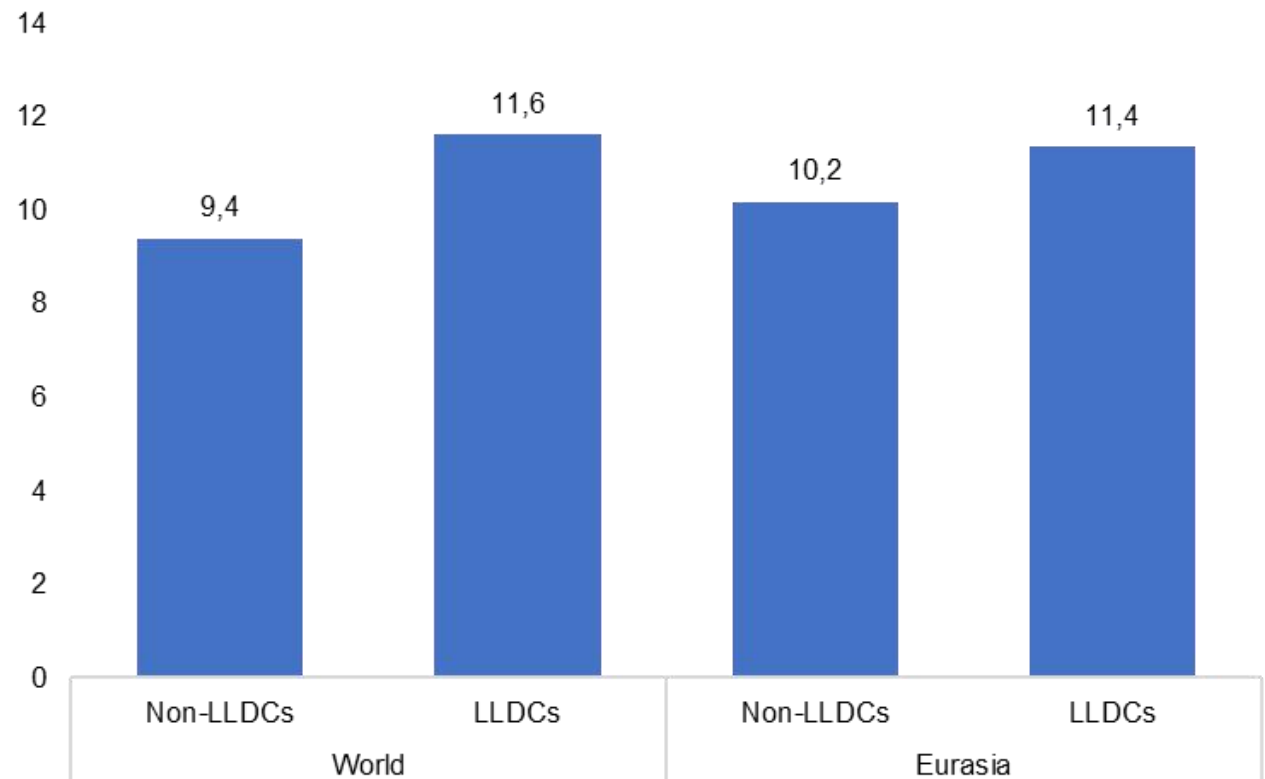
Transport infrastructure and connectivity, transit and trade facilitation are critical for LLDCs trade and development

- The main problems for LLDCs to access world markets and supply chains are well known, being both **physical**, in terms of lack of direct access to the sea and remoteness from world overseas partners; and **operational**, in terms of dependence upon trade and transit facilities and procedures existing in neighboring coastal countries.
- This this result in **high transport and transit costs**.

How much do LLDCs pay for the transport of their imports?

In 2016, average transport costs represented about 11.6% of the value of imports for LLDCs compared with an average of 9.4% for Non-LLDCs.

Transport cost (all modes) for goods imports, per cent of FOB value

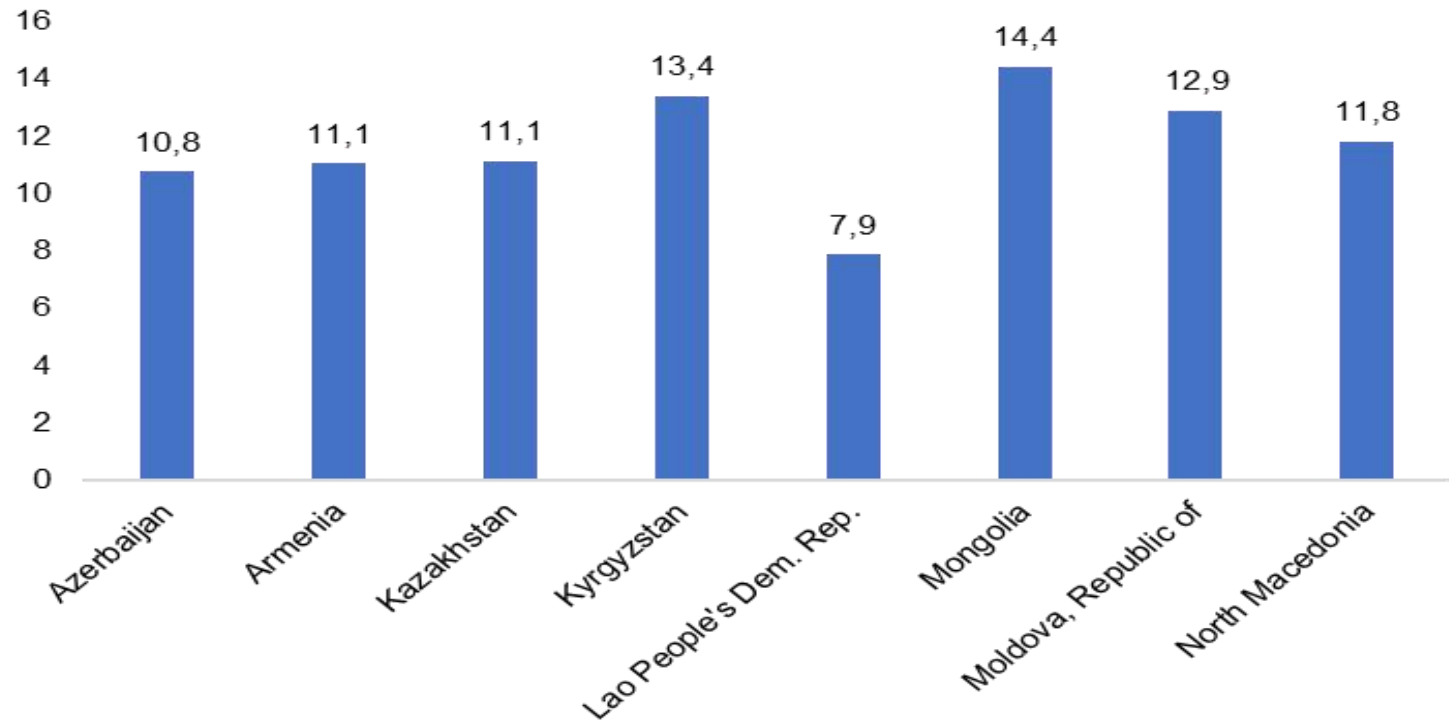


Source: Global Transport Costs Dataset for International Trade, built by UNCTAD, the World Bank, and Equitable Maritime Consulting based on Comtrade Plus data



How much Euro-Asia LLDCs pay for the transport of their imports?

Transport cost (all modes) for goods imports, per cent of FOB value

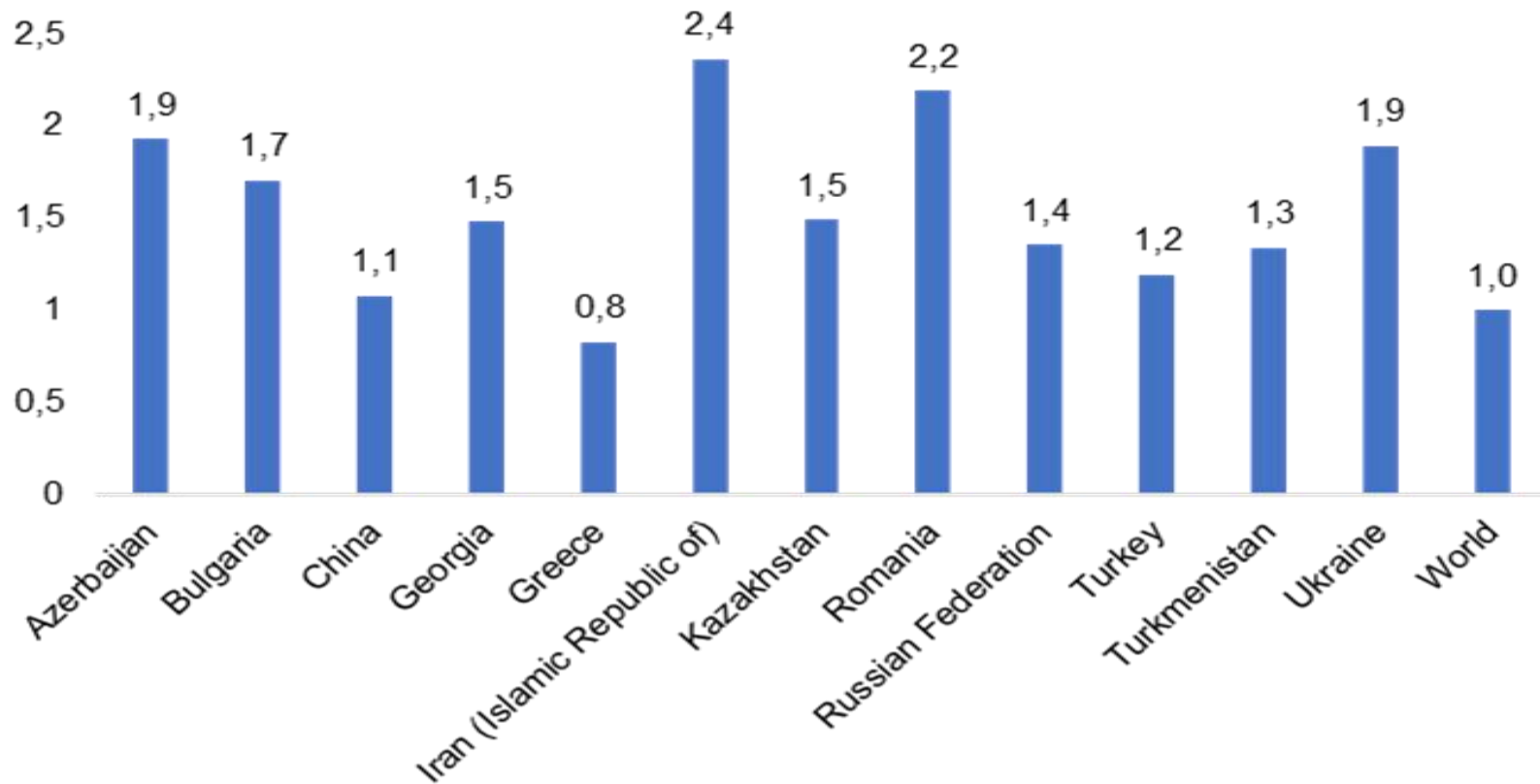


Source: Global Transport Costs Dataset for International Trade, built by UNCTAD, the World Bank, and Equitable Maritime Consulting based on Comtrade Plus data



Ports in transport networks : importance of port efficiency

Time spent in ports (days), main ports for Euro-Asia connectivity





Harnessing trade and development in LLDCs cannot be achieved without investing in improved transport infrastructure and services and enhanced connectivity.

- Transport infrastructure and services challenges are found at both ends of the transport chains, i.e. in the transit port/country, and the origin/destination in the landlocked country.
- Challenges are not only **physical deficits** but also a lack of adequate **soft infrastructure**, and **logistics services**.
- Often accentuated by the lack of **integrated solutions**.



Bridging the transport infrastructure investment gap

Around \$95 trillion of investments (excluding climate change concerns) are estimated to be required in infrastructure (energy, transport, water, and telecoms) over the 2016-2030 period. **Transport accounts for 43%** or \$41 trillion of the required investments (OECD).

Total investment in economic infrastructure – power, transport (roads, rails and ports), telecoms and water and sanitation – in developing countries is **less than \$1 trillion per year** and will **need to rise to between \$1.6 trillion and \$2.5 trillion annually until 2030** (UNCTAD).

Alleviating the persistent infrastructure gap require **scaling up investments**, and further mobilization of domestic resources, as well as **taping other financing sources** and new **mechanisms**, including blended finance, FDI, green and climate finance - including green bonds, as well as private sector participation in the form of PPPs.



Investing in transport efficiency, sustainability and resilience is key

The **growing sustainability imperative** (as well as the COVID-19 disruption) heightened the need to achieve objectives such as efficiency, sustainability, and resilience-building in transport.

Investing in resilient and sustainable transport infrastructure generates **co-benefits** beyond GHG reductions. These include quality and climate proofing infrastructure, improved connectivity, accessibility, improved local air quality and associated health benefits, and reduced traffic congestion. It can also generate financial gains.

Bankable projects entails the ability to develop sustainable transport.

Considering **environmental, social and corporate governance (ESG)** criteria within the investment process has also been mainstreamed over the past decade.

This gives the opportunity to consider from inception a sustainable approach to progress towards **smart/digital, greener, energy-efficient, low-carbon and more climate resilient transport development.**



Sustainable Transit Transport/Economic Corridors have proven to be a useful concept that can support **integrated trade and investment strategies and solutions**

Corridors are strategic mechanisms that allow for a coordinated and integrated approach to transport, transit, trade facilitation, trade and investment issues between LLDCs and transit countries, and promote coordination and cooperation among all relevant stakeholders, public, private and financiers.

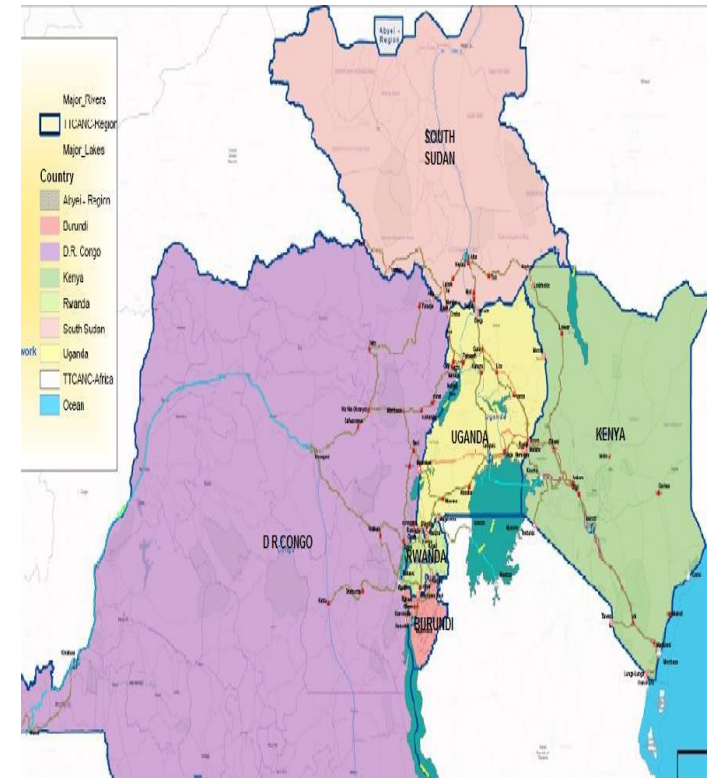
However, this require **the adoption and implementation of an adequate institutional framework and management structure** to support corridors' performance and for effective coordination and collaboration among stakeholders both from the public and private sectors.



An example of a Corridor : Transport, Transit and Trade Facilitation (1)

Northern Corridor One of the busiest corridor in East & Central Africa handling over 30 million tonnes of cargo per annum - is a multimodal corridor encompassing: road, rail, pipeline and inland waterways transport - linking the Great Lakes LLDCs of Burundi, DRC, Rwanda, South Sudan and Uganda to Kenyan seaport of Mombasa. It serves also Northern Tanzania, Ethiopia and Somalia.

- ❖ The Northern Corridor Transit and Transport Coordination Authority (NC-TTCA) was established in 1985 to coordinate and oversee the implementation of **the Northern Corridor Transit and Transport Agreement + 11 Protocols**, ratified in 1986.
- ❖ The Agreement was revised in 2007 to take in account new vision of Partners States aiming at transforming the Corridor into an **economic development corridor** that stimulates investments, encourage sustainable development and poverty reduction, in addition to offering safe and competitive transport and transit services that secure regional trade.





An example of a Corridor : Transport, Transit and Trade Facilitation (2)

NC reforms and measures applied (e.g. Single Customs Territory, a regional customs transit system, real-time sharing of customs information, digital tracking systems, introducing cargo tracking systems, building one-stop border posts; the development of the NC Transport Observatory and the NC Performance Dashboard - web based systems to monitor the corridor performance) have resulted in:

- Dwell time in Mombasa port reduced from **an average of 13 days in 2006 to 2–3 days** in 2016.
- Time to move cargo from **Mombasa to Kampala** down from **18 days** to **3 days** and from **Mombasa to Kigali** from **21 days** to **6 days**.
- Border **clearance times** down from **24 hours** to **6 hours** at Malaba border crossing point between Kenya and Uganda.
- Cost of transport from **Mombasa** to:

Nairobi -56%; Uganda (Kampala)- 26%; Rwanda (Kigali) -28%; DRC (GOMA): -38%; South Sudan (Juba) -37%; Burundi (Bujumbura) -23%.



UNCTAD work in Transport, Logistics and Finance

UNCTAD through its three pillars of work, is dedicating particular attention in supporting effective integration of developing countries into the global/regional trade and value chains through, efficient, cost-effective, environmentally- and climate-friendly, and socially inclusive freight transport systems (infrastructure, services and logistics). Areas of intervention include:

- a. Supporting transport and transit corridor management development**
- b. Promoting sustainable transport systems/strategies and finance (including for corridors)**



Example of UNCTAD ongoing technical assistance :

a) **Building institutional capacity through corridor management arrangements and regulatory framework**

Strengthen the operational performance and management of corridors to become a successful region **Economic Corridor**; and promote coordination and collaboration among corridors stakeholders, public regulators, private operators, etc. **E.g. promotion and the commercialization of the Trans-Saharan Road Corridor (joint UNCTAD-IsDB project).**

b) **Building capacities to assess, develop and implement sustainable freight transport (SFT) and investment strategy.**

UNCTAD SFT programme offers tools and instruments to support countries and corridors to mainstreaming sustainability criteria into their freight transport systems and strategies. This includes: **Quick SFT Assessment tool**; **Framework for SFT Strategy** (that includes operational, technological and institutional measures, KPIs, and financing); and **Training modules** (including SFT and Finance) **E.g. Northern and Central Corridors in East Africa**

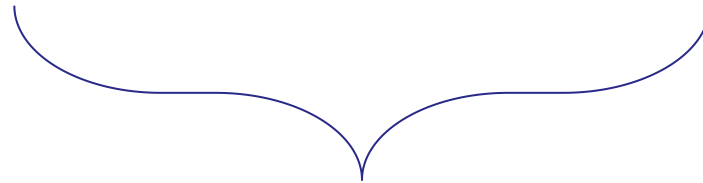


c) Financing sustainable transport infrastructure and services

UNCTAD is currently collaborating in UN-wide project on SDGs finance in improving access to finance to transport infrastructure and services through **PPPs and innovative finance**. Activities include (i) an assessment/country's diagnostic for PPPs and innovative finance; and (ii) building capacities of key stakeholders to identify and formulate adequate measures and financing actions and mechanisms (including through PPPs and green bonds) to support potential transport projects.

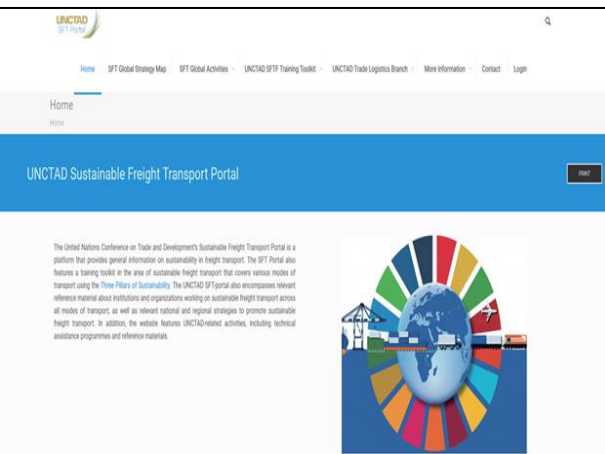


UNCTAD SFT TOOLKIT



1) UNCTAD SFT Portal

<https://unctadsftportal.org/>



2) Training Programme



3) UNCTAD SFT Framework

<https://sft-framework.org/>



For more information: <https://unctad.org/topic/transport-and-trade-logistics/infrastructure-and-services>

Thank you

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