

# **Draft UNCTAD Input to the Report of the Secretary-General on the Implementation of the Vienna Programme of Action for the Landlocked Developing Countries for the Decade 2014-2024**

## **1. Background**

Socioeconomic vulnerability of landlocked developing countries (LLDCs) has been intensified since the onslaughts of the COVID-19. Disruptions to global shipping and port operations reduced LLDC's access to maritime trade, including for processing the import of urgently needed medical goods to fight the pandemic. In addition, sanitary measures led to border closures and increased processing times for border crossings, increasing trade costs for LLDCs. Moreover, rapidly falling international commodities prices reduced their export revenues just when the pandemic required increased domestic spending. This has resulted in mounting debt-burdens in many LLDCs. Even before the pandemic hit, LLDCs were falling behind the goals of the Vienna Programme of Action. Average growth-rates in the group fell from 7% in the period from 2000 to 2013 to a mere 3.2% in 2016. Growth later recovered to 4.4% in 2019 but remained far below the levels achieved before. Similarly, the share of LLDCs in global merchandise exports decreased by almost 30% between 2014 and 2016, from 1.2% to 0.87%, and in 2020, it remained below 1%. Annual Foreign Direct Investment (FDI) flows to the LLDCs have also fallen sharply with the combined share of LLDCs being less than 1.5% of global FDI inflows during the same year. There is a concern that LLDCs are less likely to meet SDGs and most of the targets of the Vienna Programme of Action.

Against this background, the Ministerial Meeting<sup>1</sup> of LLDCs was held in Geneva on 2 September 2021 in preparation for the 15<sup>th</sup> Session of the United Nations Conference on Trade and Development (UNCTAD-15). The Ministerial Meeting adopted a political declaration, calling for “global solidarity in fighting the pandemic in the most vulnerable countries, including ensuring equitable access to vaccines and medical equipment, and provision of support to mitigate the economic and social impact of the pandemic”. The declaration also called for “the Debt Service Suspension Initiative of the G20 and the Global Financial Institutions to be extended until the end of the pandemic and broadened to include private sector creditors”. The declaration further “called on development partners to substantially increase the allocation of ODA and Aid for Trade funds to landlocked developing countries with a focus on sectors of significant potential for export diversification, value addition and jobs creation”. These calls for increased partnership and global solidarity in support of LLDCs which as a group account for about 10 per cent of the world population but less than one percent of global trade and output must be heeded if LLDCs are to address their socioeconomic vulnerability and marginalization in global trade and investment flows.

The outcome document<sup>2</sup> of UNCTAD XV titled: “Bridgetown Covenant: From Inequality and Vulnerability to Prosperity for All, calls on UNCTAD to “address the special trade, investment and development needs of landlocked developing countries, including through continuing its support for effective implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024” (paragraph 5c) and “support LLDCs, most

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<sup>1</sup> The Ministerial was attended by more than 60 representatives of member States, international organizations, and non-governmental organizations and chaired by the Ministers of Foreign Affairs of Mongolia.

<sup>2</sup> TD/541/Add.2

notably on trade and investment facilitation, transport and digital connectivity, and on enhancing productive capacities”.

## **2. Key activities of UNCTAD in implementing the Vienna Programme of Action (VPoA)**

In the reporting period, UNCTAD continued to undertake a series of activities to support the implementation of the priorities of the Vienna Programme of Action and the Roadmap for accelerated implementation of the VPoA in areas within its mandates and comparative advantages. Key activities of UNCTAD in support of LLDCs are highlighted as hereafter in accordance with the structure of the Vienna Programme of Action.

### **2.1. Fundamental Transit Policy Issues**

UNCTAD has supported many LLDCs and their partners transit developing countries during 2020 with implementation of trade facilitation and transit obligations, mainly in the framework of the WTO Trade Facilitation Agreement (TFA), but also in the context of regional and sub-regional trade agreements and Customs arrangements such as the AfCFTA, ALAFI, EAC, ECCAS, ECOWAS, SPECA, and the GMS agreement.

Transit is one of the fundamental articles of the WTO TFA, addressing the issue in detail in Article 11, as well as in a number of other of the obligations of the agreement, such as in relation to Transparency, Fees and Charges, Formalities such as Pre-arrival processing, and Border Agency Cooperation. Article 11.16 and 17 contains recommendations regarding the coordination of transit within and between countries and the appointment of so-called Transit Coordinators. The issues are not elaborated in detail in the said articles. UNCTAD has therefore developed a specific workshop on Transit Coordination that is particularly interesting for regional organizations and groupings of land-locked and transit countries with a view to developing their transit collaboration and also to clarify the role of national transit coordinators. During 2021, UNCTAD conducted transit coordination workshops with ECCAS and SPECA countries. UNCTAD further updated its Technical Notes on trade facilitation, including the following notes on transit and related issues with direct relevance for transit: Freedom of Transit, Bonded Customs Regimes (Customs Transit Regimes and transit guarantees), and Border Agency Coordination/Cooperation.

In 2021, UNCTAD assisted 20 LLDCs<sup>3</sup> and 16 transit developing countries<sup>4</sup> with technical assistance and capacity building in the field of trade facilitation and transit.

### **2.2. Infrastructure Development and Maintenance**

While UNCTAD is not engaged in projects to build hard infrastructure, it has a number of programmes to support the soft infrastructure related to transport and ICTs, including streamlining procedures and improving policies and measures to optimize the development impact of infrastructure networks.

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<sup>3</sup> Bolivia, Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Eswatini, Kazakhstan, Kyrgyz Republic, Lesotho, Malawi, Mali, Mongolia, Paraguay, Rwanda, Tajikistan, Uganda, Uzbekistan, Zambia, Zimbabwe

<sup>4</sup> Angola, Cambodia, Cameroun, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Kenya, Liberia, Myanmar, Namibia, Nigeria, Peru, Somalia, Tanzania, Togo

As part of its work on transport and transit corridors, UNCTAD continued its collaboration with the Islamic Development Bank, supporting the promotion and the commercialization of the Trans-Saharan Road Corridor (TSR) which comprises six countries (Algeria, Chad, Mali, Niger, Nigeria, and Tunisia). Recognizing the growing importance of transport and trade corridors worldwide and its relevance for regional, national, and local economic development for any given country, and the overall importance of regional economic integration, especially in the case of LLDCs, UNCTAD carried a substantive analytical assessment of the TSR corridor, highlighting its performances, challenges and obstacles undermining its operations, as well as potential solutions. In its study, UNCTAD put forward recommendations with a view to establishing a suitable TSR corridor management mechanism as key instrument to promote TSR and its evolution towards an economic corridor.<sup>5</sup>

With regard to maritime transport, UNCTAD carried out quantitative and qualitative assessment of the impacts on countries and States, including LLDCs, of the proposed short-term IMO GHG reduction measure.<sup>6</sup>

As part of its work on transport connectivity, sustainable transport infrastructure, and finance (namely public-private partnerships - PPPs), UNCTAD also collaborated with UN-OHRLLS by contributing to various trainings for LLDC policymakers on how to develop policies to promote transport connectivity and development/maintenance of climate resilient transport infrastructure; how to respond to impact of COVID-19 on transport connectivity and how to formulate, prioritise, mobilise resources and implement viable bankable transport infrastructure projects, including through PPPs. UNCTAD is also supporting Zambia and Burkina Faso in developing and implementing PPPs and innovative finance for sustainable transport, as part of a joint-UNDA project on “Towards an integrated national financing framework” (2021-2024), which is led by UNDESA and brings together existing capacity and policy support from various UN agencies and UN commissions for SDG financing by implementing entities in an integrated offer to target countries.

In the area of transport policy and legislation, UNCTAD continued to actively contribute to collaborative initiatives in support of climate change risk assessment, adaptation and DRR for transport infrastructure and services. This includes particularly (i) ongoing work under the auspices of the UNECE Group of Experts on Assessment of Climate Change Impacts and Adaptation for Inland Transport, notably co-design and delivery of a workshop on ‘Consideration of physical climate change risks in transport planning and operational processes’, and work on the development of guidelines for adaptation; (ii) contribution to the 2021 revision of Global Climate Action Pathways for ‘Transport’ and ‘Resilience’ (Marrakech Partnership for Global Climate Action); and (iii) participation in the Advisory Group of a TC project on ‘Adaptation for Transport Resilience to Climate Change in African and Asian LICs’, (Applied Research Programme in High Volume Transport, funded by the Foreign, Commonwealth & Development Office (FCDO), which led to the development of a ‘Policy Guide for Climate Resilient Transport’, published in 2022.

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<sup>5</sup> For further information: <https://unctad.org/project/commercialization-trans-saharan-road-corridor-through-development-regional-corridor>

<sup>6</sup> See: [https://unctad.org/system/files/official-document/dtltlb2021d2\\_en.pdf](https://unctad.org/system/files/official-document/dtltlb2021d2_en.pdf)

In respect of legal and regulatory issues, UNCTAD is leading the international commercial transport and trade law component of an ongoing multi-agency (UNCTAD and regional Commissions) UNDA project (2023X) on ‘Transport and trade connectivity in the age of pandemics’ (2020-2022). In 2021, two substantive briefing notes were prepared on: “COVID-19 implications for commercial contracts: carriage of goods by sea and related cargo claims”, and on “COVID-19 implications for commercial contracts: International sale of goods on CIF and FOB terms”, to highlight some of the complex commercial law issues that arise in the context of the pandemic and its aftermath for contracting parties to commercial contracts throughout the supply chain. In addition, an in-depth analytical report on “Contracts for the carriage of goods by sea and multimodal transport - Key issues arising from the impacts of the Covid-19 pandemic”, was published in 2022. The report identifies the main types of issues arising from the pandemic in the context of the performance of contracts for the carriage of goods, as well as implications for different types of contracts of carriage; and provides some recommendations for contractual parties as well as related considerations for policymakers. Further related work is in preparation.

UNCTAD also contributed to work on the legal and regulatory framework for multimodal transport including several UNESCAP Expert meetings on harmonizing multimodal legal frameworks in Asia and the Pacific, as well as several Expert Group Meetings under the auspices of UNCITRAL as part of its preparatory work on negotiable multimodal transport documents.

In the area of ICT infrastructure, UNCTAD, through its E-commerce and Digital Economy (ECDE) work programme, continued to support developing countries, including LLDCs, to unlock the potential of e-commerce and digital development for the achievement of the Sustainable Development Goals.

The eTrade Readiness Assessments (also known as eT Readies), first launched in 2017, have been designed to assist developing countries evaluate their e-commerce ecosystem and provide key policy recommendations to enhance their capacity to engage in and benefit from e-commerce. As of early 2022 the following LLDCs have been covered by the eTready assessments: Afghanistan, Bhutan, Burkina Faso, Lao PDR, Lesotho, Malawi, Mali, Nepal, Niger, Uganda and Zambia. New assessments are expected to be started in 2022/2023 in Eswatini, Mongolia and Zimbabwe. Requests have furthermore been received from Burundi and South Sudan.

The assessments have been conducted in collaboration with various *eTrade for all* partners, who have provided inputs to the analyses, and in some cases also technical support for the implementation of a number of eT Ready policy recommendations. Table 1 shows a non-exhaustive list of partners with whom UNCTAD has collaborated in the conduct of the assessments:

**Table 1: Partners involved in various eTrade Readiness Assessments**

<b>eTrade for all Policy Areas</b>	<b>Partners</b>
E-commerce strategy	EIF, ITC, UNCTAD, UPU, WBG
ICT infrastructure	EIF, , UNESCAP, WBG
Payment solutions	ITC, UNCDF, UNCITRAL, UNESCAP, UPU, WBG
Legal frameworks	ITU, UNCITRAL, UNCTAD, WBG
Trade logistics and facilitation	BSI, ITC, UNESCAP, UNCTAD, UNECE, UPU, WBG

Skills development	ILO, ITC,
Financing SMEs	ITC, UNCDF, WBG

UNCTAD has also been able to associate eTrade for all partners with donor roundtable discussions organized during the launch of the assessments at the country level with some concrete results. Since its creation in 2016, the eTrade for all initiative has been a driver of cooperation and has helped to ‘connect the dots’ between 34 partners in support of e-commerce for development in developing countries, including LLDCs.

UNCTAD has put in place an Implementation Support Mechanism (ISM) through which regular reviews are conducted in LLDCs that benefited from an eT Ready. The reviews allow to track progress in implementing eT Ready recommendations, share good practices and lessons learned among peers, as well as highlight policy impacts. A second implementation review was done in 2021 and several LLDCs were covered. The reviews show how LLDCs are taking a wide range of actions, although at varying speeds, to strengthen their e-commerce ecosystems based on eT Ready recommendations. The LLDCs taking active part in the ISM have gained better knowledge on how to decide on effective actions to leverage e-commerce for development, but the reviews also indicate that more support is needed. The implementation reviews are conducted in close collaboration with eTrade for all partners as well as UN Resident Coordinator Offices in the respective beneficiary countries. They provide Governments and development partners with evidence, which serves as a basis to further mobilize support for the implementation of the eT Ready policy recommendations and investment projects in line with countries’ priorities.

UNCTAD has also provided support to Botswana and Rwanda in 2021 for the development of a national e-commerce strategy. Moreover, in 2021, UNCTAD assisted the Government of Kazakhstan in examining the issues at stake in the Joint Statement Initiative (draft of 14th December 2020) to propose policy options in view of the development of an e-commerce framework.

Under the eTrade for Women initiative, two eTrade for Women Advocates are from LLDCs, Ms Nina Angelovska (North Macedonia) and Clarisse Iribagiza (Rwanda). A number of women digital entrepreneurs from LLDCs (Bolivia, Chad, Ethiopia, Mali, Niger, North Macedonia, Rwanda, Uganda and Zambia) are members of the eTrade for Women Communities.

Furthermore, UNCTAD continued to strengthen the capacities of policymakers and practitioners in the management and use of infrastructure, including ports and ICT infrastructure. Since 2014, TrainForTrade has strengthened the capacities of 1 011 trade practitioners (28% women) from 31 LLDCs for a total of 50’189 hours or 9’021 days of blended learning in the fields of statistics, port management and e-commerce. The overall satisfaction rate is currently at 86%.

More broadly, science, technology and innovation (STI) play a central role in the achievement of sustainable development goals (SDGs) and its importance is recognized more than ever before in the global fight against COVID-19. UNCTAD has continued providing technical assistance and capacity-building to LLDCs in respect of STI policy-making, research capabilities and technological capabilities for implementing the 2030 Agenda and achieving the SDGs.

UNCTAD has been providing technical assistance and capacity-building through its long-standing STI Policy (STIP) Review programme, that helps countries shape their STI policy in line with economically, socially and environmentally sustainable goals. These STIP reviews and related trainings improved the capacity of public and private stakeholders to assess their national STI capacities, with a view to identifying gaps and incoherencies in policies, and to identify priority actions. Especially through participating in the review and follow up activities, policymakers in these countries enhanced their capacity to design and implement coherent science, technology and innovation policies that align with the overall development strategies of countries for the achievement of the SDGs.

The Science, Technology and Innovation Policy Review of Uganda was published in October 2020<sup>7</sup> and UNCTAD agreed with the Government of Uganda to implement follow-up activities. Based on the assessment provided in the review, UNCTAD is supporting the development of a national policy framework for STI. A draft STI policy was delivered in March 2021. In-person trainings was delivered using the STI Policy Review during two workshops in 2019. Further capacity-building will be offered using the STI e-learning platform, currently being developed. The Government aims to further strengthen the coordination of the National Innovation Eco-System. The policy focus is to increase the application of appropriate technology in the production and service delivery processes to support economic growth and improvements labour productivity through identifying, facilitating, nurturing, and commercializing novel innovations and technologies, and their transfer and appropriate adoption, including innovative solutions for the implementation of the Sustainable Development Goals.

After the STI Policy Review report for Ethiopia was published in March 2020<sup>8</sup>, Ethiopia has embarked on the road to formulate, with advisory support from UNCTAD, the country's new STI Policy, based on the findings and recommendations of the STIP Review. The government set up a Drafting Committee. It is noteworthy that the STI policy review examined the use of STI in the textiles and apparels industry, which is Ethiopia's main foreign exchange earner, as well as pharmaceutical industry. Both industries are identified as high priorities of the national development plan.

The STI policy review for Zambia was completed in December 2021 with release scheduled in March 2022. The review provides perspectives on the national system of innovation of Zambia. It also discusses, in greater detail, the role and contribution of STI in Zambia for digital transformation, gender equality, a functional food system and the mining sector. The STI policy review highlights the need to raise STI Policy to the highest level in national development planning and how this will require greater efforts in capacity-building for STI policy design and implementation. Reflecting on a number of the recommendations, and following national elections in 2021, a new and independent Ministry of Technology and Science was created, which will carry

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<sup>7</sup> The STI policy review report for Uganda is available at <https://unctad.org/webflyer/science-technology-and-innovation-policy-review-uganda>.

<sup>8</sup> For more information on the STI policy review report: <https://unctad.org/webflyer/science-technology-and-innovation-policy-review-ethiopia>

the STI mandate. The analysis in the review will serve to develop capacity-building for policymakers in Zambia using the UNCTAD e-learning vehicle, currently under development.

Based on a request from the Ministry for Tertiary Education Research Science and Technology of Botswana, UNCTAD is undertaking an STI policy review in collaboration with the Ministry's Department for Research Science and Technology. It is notable that the Government of Botswana is financing the project, the first African review fully financed by the beneficiary country. Project implementation was delayed by the Covid19 pandemic, which prevented physical travel and in-person meetings. It was decided to undertake the review entirely virtually through online interviews, discussions and research. Project implementation began with a scoping mission in September 2020. Based on the experience of that mission, revisions were made to the modalities for further implementation. Research along with a series of interviews and discussions was conducted during 2021. A first full draft is being prepared, with parallel planning for the implementation of a foresight exercise as part of the review. The review and the foresight exercise are designed to support Botswana in its process of revising its policy framework for STI and strengthening its capacity to effectively harness STI as a key tool to move from a natural-resource based towards a knowledge-based economy.

These STI policy reviews and related trainings improved the capacity of public and private stakeholders to assess their national STI capacities, with a view to identifying gaps and incoherencies in policies, and to identify priority actions. Especially through participating in the review and follow up activities, policymakers in these countries enhanced their capacity to design and implement coherent STI policies that align with the overall development strategies of countries for the achievement of the SDGs.

It is imperative that developing countries enhance scientific research in order to reap the potential of STI. UNCTAD and Okayama University launched a Young Female Scientist Programme in November 2020. Two female researchers from Botswana, and one from Ethiopia were selected along with 4 female researchers from other 4 developing or least developed countries. Once international travel conditions improve subsequent to alleviation of the covid19 pandemic, they will conduct the cutting-edge research in their respective fields of sciences in Japan for 2-4 weeks and bring back home their experiences to contribute to their countries' research and development. The three female researchers have chosen health sciences or environmental and life science. These are key areas to address COVID-19 challenges, but also important for the implementation of SDG 3 on health and well-being. The program will also contribute to gender equality and empowerment in scientific research.

UNCTAD is also supporting LLDCs to build their technological capabilities through south-south cooperation. Food security is a concern for many LLDCs due to low production and vulnerability to natural hazards, climate change and pests. CropWatch is a technology that has served as a world-leading crop monitoring system for assessing national agro-information and crop production using remote sensing indicators. It allows countries to monitor crops in real or near real time, and even assess natural disasters such as flooding. However, many LLDCs do not have access to this technology. To help developing countries including LLDCs among them access this technology for promoting national food security, UNCTAD launched the CropWatch Cooperation Programme in 2020 in partnership with the Alliance of International Science Organizations and the Chinese Academy of Sciences through its Aerospace Information Research Institute. The programme

started in March 2021 and aims to facilitate and stimulate agricultural monitoring of developing countries in support of SDG 2 on “zero hunger”. In May 2021, participants from three LLDCs (Afghanistan, Malawi and Zambia) had completed a two-month online workshop on the application of a crop monitoring system using satellite data. In 2022 the programme will go into the next phase namely virtual field missions and CropWatch customization for technology transfer. The CropWatch-ICP will allow developing countries that need CropWatch to access the technology directly and use it for crop monitoring and food security purposes, both during and after programme delivery.

### **2.3. International Trade and Trade Facilitation**

**UNCTAD continued to provide technical support** to LLDCs in their engagement in multilateral and regional trade negotiations, and in identifying trade and development policies to build resilience and foster sustained economic growth.

In 2021, UNCTAD implemented a comprehensive project to conduct a service policy review of Uzbekistan that aims at analysing the constraints facing specific services sectors. UNCTAD further provided support to strengthen the capacities of national and regional policymakers and stakeholders to measure and analyze value chains and design services policies aimed at enabling higher integration into global and regional value chains on the UNDA project “Strengthening services trade policy-making for Africa's integration into regional value chains in support of the 2030 Agenda”. In 2021, UNCTAD participated in the “National Validation Workshop, Ethiopia’s transport services sector: Value chain analysis and COVID-19 impact and response studies”, (8-9 June 2021).

In the area of Non-Tariff Measures (NTMs), UNCTAD has been working with five LLDCs in 2021 to increase regulatory transparency: Chad, Lesotho, Burundi, Niger and South Sudan. Capacity building workshops were held in these countries to strengthen the understanding of the impact and policy implication of NTMs, and the benefits of regulatory transparency. Data collection is advanced and expected to be completed in early 2022. More than 200 regulations have already been collected and classified. Data validation and capacity building workshops will be held in Q1/2022.

After these capacity building efforts, all trade-related regulations are collected with/by the governments. UNCTAD then analyses the regulations and classifies the NTMs and respective affected products. The data is publicly available through the UNCTAD TRAINS database ([trainsonline.unctad.org](http://trainsonline.unctad.org)) and the UNCTAD-WTO-ITC Global Trade Helpdesk ([globaltradeshelpdesk.com](http://globaltradeshelpdesk.com)). Users can freely access the data without registration. Policymakers or government analysts can gather information on NTMs applied by export partners or review existing NTMs in their country or region, to explore opportunities for strengthening policy coherence and regulatory cooperation. Importers and exporters can compare regulatory requirements across markets for specific through interactive charts. Researchers can access large data sets for statistical analyses.

UNCTAD together with UN ECE supported the development of a trade portal in Kyrgyzstan that exchanges data with the UNCTAD database on trade related regulations (UNCTAD Non-Tariff Measures database TRAINS). The database includes all relevant information on import and export



requirements of Kyrgyzstan in a single data pool maintained by Kyrgyzstan enhancing the transparency of trade related regulations. Transparency alone can already reduce trade costs by 25 per cent. Furthermore, since UNCTAD TRAINS also contains data for their trading partners, this facilitates regulatory cooperation which also can reduce trade costs without compromising on the protection and safety of consumers and the environment.

Given the increasing demand for sustainable products, i.e. products that do not hurt the environment or the people who made them, Voluntary Sustainability Standards (VSS) and eco labels can be used to enhance LLDCs competitiveness and their inclusion to global value chains. Up to 2020, the uptake of VSS, i.e. the number of VSS utilized in a country, was considerably low in LLDCs in comparison to world's average. On average, LLDCs utilization of VSS was 30 per cent lower than the world's average. Also, only 6 out of 31 LLDCs (South Sudan have no available data) showed higher VSS uptake scores in comparison to the world's average.

This can be attributed to the potential challenges smallholder farmers and small and medium-sized enterprises (SMEs) may face in complying with additional procurement and export requirements. Increasing and aiding in the VSS uptake in these countries could thus result in higher sustainable trade opportunities.

During the period under consideration, UNCTAD further implemented a series of activities aimed at supporting land-locked developing countries, with a focus on gender and economic issues. Such activities were implemented in line with one of the "Calls for action and key asks" of the VPoA Roadmap, namely, Enhance efforts towards ensuring gender equality and the empowerment of women and girls"

UNCTAD's Trade, Gender and Development Programme has continued deepening the scope of its analysis and broadening the range of its activities to raise knowledge and understanding of the links between trade and gender equality in land-locked developing countries in all regions.

As a component of its capacity-building activities on trade and gender, UNCTAD has developed a teaching package that includes teaching modules and online courses. The objective of this distance learning initiative is to equip policymakers, academics, and civil society representatives in developing, landlocked and least developed countries with analytical tools to analyze the two-way relationship between trade and gender, and produce gender-responsive policy, research and advocacy.

Within this framework and in cooperation with the Enhanced Integrated Framework (EIF), UNCTAD developed and published an additional teaching module: Trade and Gender Linkages - An analysis of the least developed countries. The module was made available as well in French.

The study represented the basis for a new online course that enriched UNCTAD's portfolio of online courses on trade and gender. Between 31 May – 25 July 2021, UNCTAD, in cooperation with the EIF, delivered the 2021 iteration of the "standard" online course on trade and gender with the optional module on the LDCs. The course was delivered in English, French and Spanish. Out of 163 selected participants (90 women and 73 men), 14 were from LLDCs.

The Gender and Development Forum at UNCTAD 15 (26-28 September 2021) provided a critical space of debate and reflection through a gender lens on a wide range of issues - ranging from agriculture to industrial policies, from education and training to labour market needs, from environmental challenges to trade and regional integration. The discussions were framed under the

theme “From Inequality and Vulnerabilities to Prosperity for All”, the overall theme of UNCTAD’s 15th Ministerial conference. H.E. Ms. Béata Habyarimana, Minister of Trade and Industry, Republic of Rwanda, was among the high-level speakers of the Forum.

In the area of trade facilitation, UNCTAD supports the automation of customs clearance processes through its ASYCUDA programme. As of the end of 2021, ASYCUDA systems are running or being implemented in 20 LLDCs out of 32 (63%), including Afghanistan, Bolivia, Burkina Faso, Burundi, Central African Republic, Chad, Eswatini, Kazakhstan, Lao People’s Democratic Republic, Lesotho, Malawi, Mali, Moldova, Nepal, Niger, Rwanda, Turkmenistan, Uganda, Zambia and Zimbabwe. Burundi, Kazakhstan, Rwanda, Turkmenistan and Uganda are currently implementing an ASYCUDA-based Customs-centric Single Window for trade. Annex I provides a list of countries using different ASYCUDA installations. Operational ASYCUDA projects in LLDCs are funded by their Governments, the African Development Bank, COMESA, ECOWAS, the European Union, Expertise France, GiZ, TradeMark East Africa, UNDP and the World Bank.

In 2021, ASYCUDA technical assistance projects were signed with 8 LLDCs of which 3 are funded by the beneficiary Governments. Chad and the Republic of Central Africa requested ASYCUDA’s support for the migration from ASYCUDA++ (3rd generation of ASYCUDA software) to ASYCUDAWorld (4th and latest generation of ASYCUDA software). Afghanistan, Kazakhstan, Mali and Moldova aim at upgrading ASYCUDAWorld to its latest version and enhance it with new modules and features such as the Valuation Control module and the management of exemptions. In Burkina Faso, ASYCUDA and Customs are developing interfaces for the automatic exchange of data between ASYCUDAWorld and a mobile banking system for the electronic payment of taxes and duties using credit cards. The Zimbabwe Revenue Authority and ASYCUDA are cooperating for the development and launch of a Customs-centric Single Window system for trade facilitation.

Following the successful launch of the ASYCUDA road transit solution in the corridor Abidjan-Ouagadougou in 2020, the tool was extended in 2021 to automate, manage and monitor rail transit. ASYCUDA assisted Burkina Faso and Cote d’Ivoire in the development and integration of rail transport interfaces for the exchange of rail transit data between both countries’ ASYCUDAWorld systems.

In Burundi, the ASYCUDA-based Single Window was enhanced to allow for the alignment with new regulations implemented at the Ministry of Health and at the Ministry of Agriculture.

In Kazakhstan, the ASYCUDA-based ASTANA-1 system was enhanced with an improved and tailored version of the payment and guarantee management module to allow for a better handling of guarantee and management of deferred payments. Interfaces were also implemented to allow for the automatic exchange of data with the national railway company (KTZH) and with Customs Administrations of the EAEU (Eurasian Economic Union) Customs Union for an automatic follow-up and control of transit/transshipment procedures.

In Moldova, ASYCUDA conducted an analysis of the current operational environment and Customs procedures related to express consignments for the customization of the ASYCUDAWorld pre-arrival processing module that facilitates the submission and processing of electronic manifest pre-arrival (import and export). The solution was then integrated into the operational ASYCUDAWorld environment.

In Turkmenistan, within the framework of the implementation of the ASYCUDA-based Customs-centric Single Window, an Inter-agency Commission composed of relevant ministries and sectorial institutions was established to coordinate the operation of the “Single Window for Export-Import Operations” system. A National Project Team was then designated. With the assistance of ASYCUDA, it conducted a preliminary analysis of the legislation, procedures, documents and inter-agency business processes on export and import, and then explained the roles and responsibilities of each stakeholder to establish a strong consensus and ensure ownership. An awareness session of the project and its activities was held for the State Customs Service of Turkmenistan and 16 Partner Governmental Agencies.

In Uganda, additional modules were deployed under the ASYCUDA Single Transaction Portal live environment that include the Dairy Development Authority, the Pre-export verification of Conformity for Uganda National Bureau of Standards (UNBS) and the Uganda Free Zones Authority (UFZA) and the exemptions management module used by the Ministry of Agriculture, the Uganda Revenue Authority and the Ministry of Finance.

In Zimbabwe, within the framework of the implementation of the ASYCUDA-based Customs-centric Single Window, ASYCUDA provided a comprehensive list of Hardware and software components requirements. An ASYCUDAWorld technical training was conducted for the local IT Customs team to improve practical skills design, develop, implement, maintain, and support the ASYCUDAWorld platform. A Zimbabwe Electronic Web Portal draft was designed with the support of the Programme and a detailed process analysis was started for the Port Health for automation.

The implementation of ASYCUDA continues to have a positive impact on trade facilitation indicators in several LLDCs. The Rwanda Revenue Authority collected 1,654.5 billion RWF in the fiscal year 2020-2021, which shows a 9.4% increase in comparison with 2019-2020 (<https://bit.ly/3ue7fu2>). Through the ASYCUDA-based Uganda Electronic Single Window system, in 2021, 23'070 certificates of origin requests, 10'128 Pre-export verification of Conformity applications submitted by importers and 760 applications from clearing agencies were processed.

The UN Global Survey on Digital and Sustainable Trade Facilitation (<https://www.untfsurvey.org/>) assesses trade facilitation and paperless trade in the world and monitors the implementation of trade measures. Afghanistan was rewarded a score of 41.94% in 2021 compared to 15.05% in 2019, with an impressive improvement of transparency in trade (from 40% in 2019 to 66.67% in 2021). Kazakhstan went from 65.59% in 2019 to 72.04% in 2021 with an improvement of the Cross-Border Paperless Trade (from 27.78% in 2019 to 38.89% in 2021). The Lao People’s Democratic Republic was rewarded a score of 63.44% in 2021 compared to 58.06% in 2019. Zimbabwe was rewarded a score of 39.78% in 2021 compared to 30.11% in 2019, with an urgent improvement of the Cross-Border Paperless Trade (from 0% in 2019 to 16.67% in 2021).

Following the publication of a survey for ASYCUDA user-countries to share their measures to decrease the impact of the COVID-19 pandemic in 2020, ASYCUDA published a report in 2021 that analyzes the data gathered from the 46 respondent user-countries and shares recommendations in order for Customs Administrations to better cope with the pandemic in terms of trade facilitation, paperless environment implementation and customization of the ASYCUDA system and servers (<https://unctad.org/webflyer/asycudaworld-covid-19-survey-guidelines-customs->

administrations). 10 LLDCs participated in the survey, namely Afghanistan, Lao People's Democratic Republic, Lesotho, Nepal, Niger, Rwanda, Turkmenistan, Uganda, Zambia and Zimbabwe.

LLDCs also benefitted from ad-hoc ASYCUDA assistance to further automate procedures, reduce face-to-face interaction and implement fully paperless processes. Because of the travel restrictions, remote assistance and virtual trainings complemented the Programme's on-site support.

## **2.4. Regional Integration and cooperation**

In 2021, UNCTAD provided technical and substantive support towards the implementation of the African Continental Free Trade Area (AfCFTA), including 16 LLDC member countries (Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia, and Zimbabwe), to identify trade and development policies and negotiating strategies at national, regional, and international levels to address the challenges faced by African economies. In cooperation with the African Union Commission, UNCTAD supported African LLDCs in the areas of trade in goods and services, in finalizing market access offers and implementing tariff reduction commitments in a manner supportive of their development needs.

In cooperation with UNECA and AfDB UNCTAD provided input into the 2021 Assessing Regional Integration in Africa report (ARIA X).

In particular, UNCTAD provided support to the implementation of the AfCFTA Agreement on Non-Tariff Barriers. An UNCTAD report estimates that addressing non-tariff barriers (NTBs) across Africa can bring gains of US\$20 billion each year to AfCFTA Member States / State Parties – of which 16 are LLDCs. This is three-to-four times more than the gains from eliminating intra-African tariffs. NTBs include, for example, excessive delays, ad hoc fees at the border, cumbersome document requirements, restrictive product standards and regulations. The lack of transparency on NTBs, including regulatory and behind-the-border measures, is estimated to account for a quarter of the cost of Non-Tariff Measures (NTMs). Through comprehensive data collection and dissemination to the public and private sector, UNCTAD contributes to reducing these costs.

The AfCFTA Annexes on Sanitary and Phytosanitary (SPS) Measures, Technical Barriers to Trade (TBT), Trade Facilitation, Customs Cooperation and Mutual Administrative Assistance all include transparency provisions which give a mandate to this effort. UNCTAD work with AfCFTA Member States continues and expands previous data collection efforts across Africa and is embedded in a global NTM transparency initiative that already has a coverage of over 100 countries.

As part of the AfCFTA, UNCTAD worked with the African Union to develop and implement the continent's NTB Online Reporting, Monitoring and Eliminating Mechanism, which is based on Annex 5 of the AfCFTA Protocol on Trade in Goods. The NTB Online Mechanism was launched by Africa Heads of States at the 12th Extraordinary Summit of the African Union. Any company,

including MSMEs, women, youth and informal traders, can register and report an NTB through the online platform at [tradebarriers.africa](http://tradebarriers.africa). The simple and user-friendly website allows traders to report NTBs they encounter when trading within Africa. Governments have committed themselves to respond and eliminate the barriers. National Focal Points were nominated by Member States' Ministers and were trained by the African Union and UNCTAD. National Focal Points receive NTB complaints in real-time and are mandated by the AfCFTA NTB Annex to resolve NTBs within given deadlines.

In 2021, UNCTAD supported the organization and substantive preparation of the first meeting of the AfCFTA Sub-Committee for Non-Tariff Barriers on 17-18 November 2021. The meeting was attended by 149 delegates from 24 State Parties and 10 Member States – including the following eleven LLDCs: Botswana, Burkina Faso, Burundi, Eswatini, Ethiopia, Lesotho, Niger, Rwanda, Uganda, Zambia and Zimbabwe. UNCTAD also assisted Member States / State Parties in the drafting of the 2021-2022 workplan, which was adopted at the Sub-Committee meeting. The workplan sets an ambitious and impact-driven agenda for 2022 and designates UNCTAD as the main technical partner for many activities.

UNCTAD also implemented additional awareness raising activities for the private sector on the AfCFTA NTB Online Mechanism and the development of an offline reporting feature via SMS text messaging to enable participation of small and informal traders at remote border crossings. UNCTAD specifically worked with the Economic Community of Central African States (ECCAS / CEEAC) to discuss an effective implementation of a regional NTB elimination mechanism. ECCAS / CEEAC includes the following LLDCs: Burundi, Central African Republic, Chad, and Rwanda. After several meetings of technical experts and senior trade officials in earlier 2021, the Ministers Responsible for Trade in the ECCAS States adopted the proposal to implement an ECCAS sub-system of the AfCFTA NTB Online Mechanism. This ensures perfect compatibility and synergy between the platforms and minimizes any possible confusion for the private sector. UNCTAD will work on implementing the sub-regional tool in 2022.

## **2.5. Structural economic transformation**

With 26 out of the world's 32 LLDCs dependent on commodities for more than 60% of their export revenue, UNCTAD continues to support LLDCs in working towards structural economic transformation and export diversification. One of the key prerequisites for the achievement of economic diversification and structural transformation is the building of productive capacities.

On 8 February 2021, the Secretary-General of UNCTAD formally launched the Productive Capacities Index, as a new composite index that aims to capture the concept of productive capacities and allow policymakers in developing countries to benchmark their performance on building productive capacities. The PCI uses data from 193 countries, collected between 2000 and 2018, and 46 indicators, to measure performance across eight components of productive capacities – natural capital, human capital, energy, institutions, structural change, information and communications technologies (ICT), transport and the private sector. The index scores a country's performance on productive capacities on a scale of 1 to 100, assessing the effectiveness of policies and strategies as well as existing gaps and limitations. It can help governments formulate and

implement their policies better and benchmark their achievements. The PCI data has been made publicly available through UNCTAD's statistics portal, [UNCTADStats.unctad.org](https://unctadstats.unctad.org), as well as on a dedicated website.<sup>9</sup>

In addition, UNCTAD finalized and released two publications on the PCI, one outlining the finalized methodology, and one specifically analyzing the performance of LLDCs in building productive capacities, in comparison to other country groups. The study finds that LLDCs underperform other developing countries in all categories of the PCI except for natural capital.<sup>10</sup>

As part of the remaining activities under the project, in April 2021, UNCTAD, with support from UNIDO, delivered two statistical capacity-building trainings on the Productive Capacities Index (PCI) for officials in Rwanda and Lao PDR. The participants were statisticians from the relevant Ministries, as well as the National Institutes of Statistics. In light of the prevailing health situation, the training sessions were held in hybrid format, with participants gathered in Vientiane and Kigali respectively receiving a remote training from UNCTAD and UNIDO colleagues based in Geneva and Vienna. The training-sessions were a follow-up to earlier such trainings held in person in 2019 (Lao PDR) and early 2020 (Rwanda).

Building on the work on productive capacities and the PCI, in 2021 UNCTAD launched a new project with funding from the 2030 Agenda Sustainable Development Sub-Fund. The project aims to assist eight developing economies in Africa, including 4 LLDCs (Botswana, Ethiopia, Rwanda, and Zimbabwe) to harness the transformative potential of Chinese partnership in Africa, including in the context of the Belt and Road Initiative, for building productive capacities and furthering their economic development.

The planned outcomes of the project will be threefold. Firstly, a detailed analysis of the binding constraints to growth and fostering productive capacities in each of the African developing countries targeted, as well as the identification of key sectors with potential for significant growth and productivity-gains, and recommendations for harnessing trade and investment links with China to overcome these constraints, will be carried out. Secondly, eight country-specific roadmaps for wholistic multi-year technical assistance and capacity-building programmes to support the lifting of binding constraints and fostering productive capacities, as well strengthening sectors and industries with particular development potential, will be developed. The programmes will draw on UNCTAD's expertise across different aspects of development, including investment policy, entrepreneurship development, trade policy, transport and transit policy and customs systems automatization. Thirdly and finally, the project will support the capacities of national policy-makers to identify binding constraints to development, including through tools such as UNCTAD's Productive Capacities Index, and formulate policies to address them, including through partnerships with China and the Chinese private sector, as well as strengthen inter-ministerial collaboration and cooperation with the private sector and NGOs to achieve development objectives.

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<sup>9</sup> [www.pci.unctad.org](https://www.pci.unctad.org)

<sup>10</sup> The study is available on: <https://unctad.org/webflyer/unctad-productive-capacities-index-focus-landlocked-developing-countries>

Delivery of the project outputs has been delayed by the Covid-19 pandemic and related travel restrictions. However, UNCTAD has taken measures to adapt the project implementation plan, and has re-focused its initial activities on background desk research to assess the levels of productive capacities in the beneficiary countries by using UNCTAD's new Productive Capacities Index, and identifying binding constraints to building productive capacities in some of them. In addition, UNCTAD is planning missions to Botswana and Ethiopia to formally launch project activities in early 2022.

Furthermore, UNCTAD implemented concrete projects to foster export diversification and structural transformation in LLDCs by identifying sectors with export potential and outlining the policies and measures needed to harness this potential. One project aims to build the capacities of selected landlocked developing countries to harness the export potential of health food commodities and nutraceuticals, as well as of bioprospecting. The project draws on global and national studies of the potential of selected LLDCs in developing the health food or nutraceutical sector, as well as bioprospecting, and potential export markets. In addition, the project aims to identify the principal obstacles to the development and expansion of exports in these sectors and propose policies and measures to address them.

In 2021, UNCTAD published a study on “Harnessing the potential of nutraceutical products for export diversification and development in Landlocked Developing Countries (LLDCs): Assessment of Comparative Advantages and Binding Constraints”. The publication reviews the potential of three nutraceutical products in each of six LLDCs: Azerbaijan, Bhutan, Bolivia, Burkina Faso, Ethiopia, and Nepal, and identifies policies and measures required to increase exports and strengthen value-added in their production. The publication also identifies relevant standards to be met by nutraceuticals exports of developing countries in key export markets.

The study notes that Burkina Faso, for example, could significantly expand its sesame exports by strengthening the use of fertilizer and high-quality seeds, improving access to finance for sesame farmers, and expanding linkages with buyers in Asia. Burkina Faso has potential to develop the sesame-hulling industry. Achieving these goals, however, will also require greater investments in transport and electricity infrastructure. In the case of Ethiopia, the study highlights the potential of teff to become a flagship export. However, the production of teff faces a number of challenges to meet before its expansion: Harvesting and processing is still artisanal owing to low levels of mechanization, and results in a lack of efficiency and quality control which threatens to make the grain uncompetitive. To overcome these obstacles, the government should consider liberalizing teff exports, improving mechanization and extension services for teff production, adding teff to the Ethiopian Commodities Exchange, and promoting the production and certification of organic teff.

UNCTAD plans to disseminate the findings of the study and provide for an exchange of views among LLDCs on the potential of the health food sector and the measures needed to harness them. However, to date, the health measures imposed to combat the Covid-19 pandemic have made it impossible to organize national or regional workshops in the beneficiary countries. UNCTAD hopes to be able to organize related technical cooperation and capacity-building workshops as soon as the health-situation permits in 2022.

Drawing on its work on nutraceuticals, UNCTAD and the Common Fund for Commodities (CFC) also proposed the organization of a joint side-event at the forthcoming LDC V Conference, originally planned to be held in Doha, Qatar, from 23 to 27 January 2022. The side event, entitled “Productive capacities and impact investing in LDCs, with a focus on nutraceuticals and fisheries” will aim to raise awareness about the role of productive capacities and export diversification in development, and outline concrete investment instruments (impact investment) as well as sectors with unexploited potential for value-added and export diversification, such as the nutraceuticals, fisheries and aquaculture sectors. Following the postponement of the LDC V Conference to March 2023, planning for the Side Event will resume later in 2022.

UNCTAD implemented the project on “Integrating landlocked commodity-dependent developing countries into regional and global value chains” even though it was not in the context of the Vienna Programme of Action for the Landlocked Developing Countries (VPoA). The project benefitted four landlocked developing countries, namely Ethiopia, Lao People’s Democratic Republic (PDR), Mongolia, and Uzbekistan. The project, which closed on 31 December 2021, focused on promoting the international integration of agri-food value chains by strengthening targeted domestic value chains and the efforts of stakeholders in accessing new international markets in the four project countries (roasted coffee in Ethiopia, maize in the Lao People’s Democratic Republic, meat in Mongolia and dried fruit in Uzbekistan).

In 2021, UNCTAD completed the implementation of the activities of the project in the four beneficiary countries. During the period, the project issued six publications, including two multi-country studies and studies of targeted individual value chains in beneficiary countries. The latter were presented and discussed in three national workshops that took place in hybrid or online form in Ethiopia (March 11th), Mongolia (January 28th), and Uzbekistan (February 4th). During these national workshops, empirical findings of the project and the resulting policy proposals were discussed with public and private sector stakeholders, as well as with experts from other development partners. Following the implementation of national workshops, and in line with the project’s findings concerning the need for capacity-building in each country-sector, UNCTAD carried out capacity-building activities in the beneficiary countries for both public and private sector stakeholders, working with domestic partners to maximise impact. In order to help exporters of targeted sectors better integrate into international value chains, UNCTAD also implemented four activities aimed at connecting traders/exporters in the four countries with potential buyers. Finally, in November 24-25 of 2021, UNCTAD implemented the final workshop of the project in hybrid form in Geneva, Switzerland, bringing together senior officials from all beneficiary countries, development partner experts and academics. During the final workshop, two empirical multi-country studies were presented, focusing on the roles of producer groups for increasing the prices received by smallholder farmers, and on the trade costs faced by agricultural exports from landlocked developing countries. The policy recommendations of these studies, as well as the experiences of each of the four beneficiary countries were discussed, in order to strengthen the sectoral policies implemented by each of the latter.

To further support LLDCs in their efforts to diversify their economies and achieve structural transformation, UNCTAD delivered a wide range of services in the field of Investment and Enterprise. LLDCs have benefitted particularly from their participation in and focused discussions on these countries’ concerns at the World Investment Forum; the review of recent trends and



challenges faced in the World Investment Report 2021; their involvement in initiatives on special economic zones (SEZs); targeted assistance on international investment agreements, investment promotion and facilitation, business facilitation, enterprise development, policy frameworks for enterprise sustainability and SDG reporting, and intellectual property; and their involvement in the Sustainable Stock Exchanges (SSE) initiative.

The 7th World Investment Forum devised ways and means to make investment work better for sustainable development. Attended by over 8,000 participants, the forum comprised some 95 events organized by UNCTAD, including three summits, three ministerial round-table discussions and four high-profile award ceremonies. The Forum included the Least Developed Countries Ministerial and Business Executive Round Table in partnership with the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. The high-level roundtable offered the opportunity for ministers and business executives to discuss the role of FDI in economic recovery and advance initiatives to diversify investment and increase investment in SDG-related projects. H.E. Mr. Armen Sarkissian, President of the Republic of Armenia and H.E. Mr. Mokgweetsi Eric Keabetswe Masisi, President of the Republic of Botswana addressed the Opening Summit and eleven ministers, ambassadors, and senior officials from nine other LLDCs spoke during other sessions (in particular the Ministerial Round Table on Investment for Sustainable Development, Ministerial Round Table on Entrepreneurship and Sustainable Recovery Post-COVID-19, and Forum Closing: Ambassadors Roundtable).<sup>11</sup>

UNCTAD's World Investment Report 2021: Investing in Sustainable Recovery noted that the FDI flows to LLDCs fell by 31 percent to \$15 billion in 2020, lowest level experienced since 2007. The pandemic caused major and unique disruptions in LLDCs' economic activities, characterized by border closures and other measures restricting the international movement of goods, services and people that amplified LLDCs' geographic vulnerability, further hindering their access to international transportation and seaports. The consequent FDI downturn affected the large majority

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<sup>11</sup> H.E. Mr. Mikayil Jabbarov, Minister of Economy, Republic of Azerbaijan – Ministerial Round Table on Investment for Sustainable Development; H.E. Mr. Kreshnik Bekteshi, Minister of Economy, North Macedonia – Ministerial Round Table on Investment for Sustainable Development; Hon. David Bahati, Minister of State for Trade, Industry and Co-operatives, Uganda – Ministerial Round Table on Entrepreneurship and Sustainable Recovery Post-COVID-19; H.E. Sithembiso G.G Nyoni, M.P, Minister of Women Affairs, Community, Small and Medium Enterprises Development, Zimbabwe – Ministerial Round Table on Entrepreneurship and Sustainable Recovery Post-COVID-19; H.E. Dr. Arkebe Oqubay Metiku, Senior Minister and Special Adviser to the Prime Minister of Ethiopia – Academic Track Opening Plenary; Tripartite Dialogue of Parliamentarians, Policy Makers and Business Leaders; Special Economic Zones in Africa; Mr. Harouna Niang, Consultant, and Former Minister of Industry, Trade and Investment Promotion, Mali – Special Economic Zones in Africa; Ministerial Round Table on Investment for Sustainable Development; Mr. Sadi Qodirzoda, Chairman of the State Committee on Investment and State Property Management, Republic of Tajikistan – Ministerial Round Table on Investment for Sustainable Development; H.E. Ms. Maira Mariela Macdonal Alvarez, Ambassador and Permanent Representative of the Plurinational State of Bolivia to the UN and other International Organisations in Geneva – Forum Closing: Ambassadors Roundtable; H.E. Mr. Zenebe Kebede Korcho, Ambassador and Permanent Representative of Ethiopia to the UN and other International Organisations in Geneva – Forum Closing: Ambassadors Roundtable; H.E. Ms. Zhanar Aitzhanova, Ambassador and Permanent Representative of Kazakhstan to the UN and other International Organisations in Geneva – Forum Closing: Ambassadors Roundtable; Ms. Arman Bekturova, Director, Ministry of Finance of Kazakhstan and Chair ISAR 36 – ISAR Honours

of economies in this group, with the notable exceptions of Kazakhstan, the Lao People's Democratic Republic and Paraguay, where inflows increased.

The report noted that due to their limited access to international transportation and dependence on neighbouring countries' infrastructure, FDI inflows are expected to remain weak for LLDCs in the coming years as investors show increased preference for more cost-effective and resilient locations. Additionally, the report highlighted that the FDI inflows to LLDCs originated from a few key investor countries. China ranked first in 2019, as its FDI stock in LLDCs increased by almost one-half, from \$26 billion in 2015 to \$38 billion in 2019, reflecting the impact of Chinese policies promoting outward FDI under the framework of the Belt and Road Initiative. Three other developing and transition economies – the Russian Federation, South Africa and Thailand – also ranked among the top 10 foreign investors, which highlighted the importance of intraregional investment and investment between developing countries.

The report noted that government interventions in investment promotion and facilitation can play key roles in countering the negative effects of the pandemic recovery, but these interventions are limited by resource constraints, rescue and recovery packages. In this aspect, countries are heterogeneous in their endowments. A few LLDCs such as Azerbaijan, Kazakhstan, Uzbekistan and Botswana have more resources than others because of their strategies of accumulating funds in State-owned entities, including sovereign wealth funds. Schemes such as loan support, tax exemptions, low-interest loans and targeted finance that are not always directed towards investment but can have direct impact on FDI inflows. On the other hand, governments with more limited financial resources have developed alternative schemes to assist foreign investors. Examples include Ethiopia's initiative to assist foreign investors in establishing facilities to manufacture PPE, Zimbabwe's adoption of Investment and Development Agency Act in 2020 to establish One-Stop Investment Services Centre and provide for the creation of Special Economic Zones (SEZs). Such interventions are likely to help attract FDI, contributing to the LLDCs' recovery from the pandemic but the success hinges on how rapidly demand in the international market for their exported goods and services recovers and on the assistance of the international community.

During its 2021 World Investment Forum, UNCTAD launched the Handbook on Special Economic Zones (SEZs) in Africa, Towards Economic Diversification across the Continent. The Handbook takes stock of the current state of play of African special economic zones. It identifies several good practices through the analysis of case studies selected to cover critical aspects of SEZs from diverse regions across the continent. The Handbook was developed with the support of the German Federal Ministry for Economic Cooperation and Development through the German Development Cooperation Agency (GIZ), and with the valuable collaboration of the African Union Commission and Secretariat.

Building on the Handbook's results, and in supporting SEZs to adjust to the new trade and investment environment in Africa after the full implementation of AfCFTA, UNCTAD, together with GIZ and the African Union, will continue to carry out a series of capacity building activities and high-level discussions across Africa. These will take the form of webinars and national workshops. The first of these events took place in Ethiopia in September 2021. The event was held in a hybrid format and gathered officials from the African Union Commission, including the

Commission for Trade and Industry, the Special Advisor to the Prime Minister of Ethiopia and general managers of two of the most successful zones in Ethiopia (Bole Lemi and Hawassa IP) as well as the Secretary General of the African Association of Economic Zones. In total, the event gathered some 40 participants, one third of whom were women.

To support developing countries in their efforts to diversify their economies, attract higher levels of FDI and promote sustainable development, UNCTAD conducts diagnostic studies of the legal, regulatory, institutional, and operational environment for investment through Investment Policy Reviews (IPRs). Over the reporting period, UNCTAD supported the implementation of IPR recommendations and provided follow-up technical assistance and advisory services to a number of LLDCs, namely Uzbekistan, Tajikistan and the French-speaking African countries. In 2021, UNCTAD assessed the implementation of the IPR recommendations in Uzbekistan upon request and advised on measures that could be taken to further improve the investment environment and attract quality FDI. Furthermore, the “Live implementation matrix” online tool was introduced and operationalized in Uzbekistan and Tajikistan in 2021 to provide timely and up-to-date information on investment policy reform.

Official requests for IPRs are in the pipeline for 11 LLDCs: Azerbaijan, Bhutan, the Plurinational State of Bolivia, the Central African Republic, Eswatini, Kazakhstan, Malawi, Mali, Niger, South Sudan and Turkmenistan.

UNCTAD continued its support to LLDCs on the reform of the international investment regime through research and policy analysis, consensus building, and technical assistance activities. In 2021, several LLDCs carried out International Investment Agreement (IIA) reforms by amending or terminating their outdated treaties, drafting new model IIAs, and engaging with regional IIAs to promote and facilitate responsible and sustainable investment. In response to requests from member States, UNCTAD provided IIA assistance for the countries in the Common Market for Eastern and Southern Africa (COMESA) in December, to which 7 LLDCs belong: Burundi, Ethiopia, Malawi, Rwanda, Uganda, Zambia and Zimbabwe. In addition, UNCTAD continued to provide support to the development of the Negotiating Principles for the Protocol on Sustainable Investment of AfCFTA, to which majority of African LLDCs belong, through its Investment Policy Framework for Sustainable Development and its IIA Reform Accelerator.

UNCTAD’s investment promotion programme provides tailor-made training, advisory and networking services and prepares publications related to investment policies, investment promotion strategies and practices, investment facilitation, aftercare services, and institutional arrangements and good governance in attracting and retaining sustainable FDI. In 2021, special attention was paid to strengthening investment promotion programmes in LLDCs. As part of the United Nations Development Account Project on Facilitating investment into SDG sectors, of which beneficiaries include countries from the East African Community (EAC) and the Southern African Development Community (SADC), UNCTAD organized a “High-Level Interregional Dialogue on Facilitating Investment in SDG projects”. The event focused particularly on projects related to healthcare, digital infrastructure, renewables, and the blue economy. Furthermore, UNCTAD organized several roundtables and meetings where LLDC national investment experts participated to discuss investment promotion and facilitation. Namely, these included the Investment Promotion Agencies (IPA) Executive Meeting, “Facilitating the Special Economic

Zone-City Link” meeting and LDC Ministerial and Business Executive roundtable meetings held in October.

A webinar was also organized with the Eswatini Investment Promotion Agency (EIPA), several Eswatini ministries, the local private sector and UNDP, on a strategy to mainstream, facilitate and promote investment in SDG projects in Eswatini. UNCTAD presented the strategy with particular attention for SDG related investment in agriculture/agri-business, which is a priority sector for the Government of Eswatini. The webinar will be followed up by an EIPA staff training and an Action Plan that we will prepare for the implementation of the strategy. Furthermore, UNCTAD’s advisory services to LLDCs in 2021 included an advisory report prepared for the Uganda Investment Authority titled Promoting and Facilitating Investment in the Uganda Health Sector, which highlighted action plan for investment promotion in health-related projects. Another report was prepared for the Eswatini Investment and Trade Promotion Authority titled A Strategy for Mainstreaming, Promoting and Facilitating Investment in SDG Projects in Eswatini, which outlined a strategic approach to attract investment in SDG-related projects especially in the agriculture and agribusiness sectors.

In 2021, UNCTAD continued to provide important technical input on key intellectual property (IP) rights issues in its work with LLDCs. As part of the project that UNCTAD is implementing on investment incentives for local production of essential antibiotics in East Africa, UNCTAD undertook studies on the manufacturing and supply of antibiotics and the policy framework for investment in Ethiopia and Uganda at national level and in East African Community at a regional level. The draft advisory reports and their recommendations were reviewed during an international expert meeting. This was also followed by a series of national consultative and validation workshops that were held throughout the year.

In 2021, UNCTAD continued its deployment of business facilitation tools through its programme of web-based online electronic (e-government) systems, namely e-regulation, e-registration and trade portals, in several LLDCs, thereby helping to improve their business climate. UNCTAD supported the launch and expansion of trade information portals in Rwanda and Uganda. Through a licensing partnership with ITC, Burkina Faso, Burundi and Kyrgyzstan also launched their trade information portals in 2021.

In Bhutan, Lesotho and Mali, online single windows were launched and expanded. In the more recent pandemic context, these e-government platforms enabled countries to continue providing essential services and new fiscal measures to businesses through launch of the online single windows. The use of e-government systems has significantly increased transparency, speed, automation and simplification of investment-related procedures in LLDCs. For example, in Lesotho, the launch of an online single window for business licenses led to the proportion of women applying for new permits increasing by 31 percent. Similarly, in Bhutan, 52 percent of those applying to register their cottage industries (sole proprietorship) are now women and it became the fastest place in the world in 2021 to register a sole proprietorship (cottage industry) online with less than a minute needed. This is a notable development in business registration procedures for the country as the mountain kingdom’s entrepreneurs previously had to trek through the Himalayas of one to six government offices and wait for five days for registration. South-South cooperation also increased within business facilitation in 2021; in a notable example, a Burundian

delegation that visited Benin's one-stop shop for business creation to understand the simplification and automation of procedures through eRegistrations. Additionally, 2021 saw Mali's Investment Promotion Agency delivering its first electronic certificates authenticated with QR code.

In the context of the UN Joint project on Global Initiative towards post-COVID-19 resurgence of the MSME sector (MSME Surge Project), UNCTAD supported Uganda in designing and implementing National Entrepreneurship Policy based on UNCTAD's Entrepreneurship Policy Framework (EPF) in 2021. Additionally, as part of supporting MSMEs, UNCTAD collaborated with the Southern African Development Community to develop "Techni Africa", a portal for MSMEs to access technology and innovation. Under the same initiative, course and training modules for technology and innovation for African businesses were also delivered over the reporting period. In 2021, UNCTAD supported the Asia-Pacific LLDCs by convening the First Meeting of the Asia-Pacific Policymakers and built a policymakers' network to exchange best practices on entrepreneurship and post-pandemic development. The LLDCs' participation included representatives from Bhutan, Lao People's Democratic Republic and Mongolia.

Furthermore, UNCTAD has also equipped women cross-border traders in Malawi, Botswana and Zambia with entrepreneurship skills to navigate the COVID-19 crisis through workshops and guides in their local languages based on the Empretec training methodology. As of 2022, six Empretec centres are active in LLDCs<sup>12</sup>, and they have actively participated in the Empretec Global Summit in April and have been organizing training workshops and courses.

With its partners in the Sustainable Stock Exchanges (SSE) initiative, UNCTAD promotes the alignment of capital market signals with public policy goals on sustainable development. SSE builds the capacity of stock exchanges and securities market regulators through the implementation of activity pillars of research, consensus-building and technical assistance, to promote responsible investment in sustainable development and advance corporate performance on environmental, social and governance issues. In 2021, the SSE welcomed three new partner exchanges from Bhutan, Kyrgyzstan, Paraguay, which increased the number of participating exchanges in LLDCs to 11 among the 111 total member exchanges of the SSE. Several capacity building activities were held in the form of workshop training and webinars, such as the regional webinar in Africa on the topic of climate awareness education for asset owners and asset managers. Additionally, Task Force on Climate-related Financial Disclosures (TCFD) Workshops were held free of charge for African Securities Exchanges Association (ASEA) and Committee of SADC Stock Exchanges (CoSSE) to provide markets with high-quality training on climate disclose and provide overview of the TCFD recommendations. Furthermore, additional TCFD workshops were held for Kazakhstan and Kyrgyzstan in November where participants had the opportunity to peer-review each other's TCFD reports and wider good practices to identify internal processes necessary to support climate risk & opportunity reporting as well as overcoming common implementation challenges.

Ethiopia has been identified as a pilot country in the UNCTAD's project on "South-South Integration and the SDGs: Enhancing Structural Transformation in Key Partner Countries of the Belt and Road Initiative". To assist Ethiopia's structural transformation UNCTAD is sharing successful policy experiences of other developing countries, including China, Indonesia and Sri

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<sup>12</sup> Empretec centres active in LLDCs are found in Botswana, Ethiopia, Paraguay, Uganda, Zambia, and Zimbabwe.

Lanka in the areas of trade, industrialization, digital economy, macroeconomic & finance assessment and debt sustainability.

UNCTAD's Debt Management and Financial Analysis (DMFAS) Programme continued to support 18 LLDCs<sup>13</sup> that use the DMFAS software. It adapted its support to meet countries' challenges related to the COVID-19 crisis, including COVID-related debt reorganization initiatives such as the Debt Service Suspension Initiative. Key results included 88% of supported LLDCs having comprehensive central government external debt records and 80% having complete domestic debt records in DMFAS. In relation to debt data transparency, 10 countries published statistical bulletins and most reported punctually to international databases managed by the World Bank.

### **3. Conclusions and the way forward**

From the above-discussed activities, LLDCs individually and collectively have benefited UNCTAD's extensive engagements in supporting their trade and development objectives. It can also be discerned that the demand for UNCTAD's support has continued to increase, outstripping the resources available to respond to the needs and demands of LLDCs. This necessitates redoubling efforts to mobilize extra-budgetary and budgetary resources to effectively address the complex trade and development challenges facing LLDCs.

At the policy and institutional levels, effectively, addressing LLDCs' trade and development challenges requires a holistic, multi-sectoral "programme-based" approach instead of traditional "project-based" interventions. Such an approach needs to place a particular focus on developing productive capacities and structural economic transformation for building socioeconomic reliance in these countries. These are critically important for robust, sustained, and inclusive growth and development, particularly in reshaping post-covid recovery strategies. The emphasis should be on long-term and sustainable growth as opposed to short-term and vulnerable episodes of growth.

In the context of LLDCs, developing productive capacities requires addressing three equally important issues: building new capacities, utilizing current capacities, and maintaining existing ones. This will have significant policy implications for LLDCs and calls for the need to go beyond "business as usual" approach to their development. This means that a new generation of domestic trade and development policies and strategies, including in the context of the post-COVID19 is urgently needed. Such policies should put fostering productive capacities, export diversification and structural economic transformation at the center. Likewise, international support measures (ISMs) in favor of LLDCs should go beyond the confines of the although still necessary official development assistance (ODA), market access and debt restructuring. There is an urgent need to focus ISMs on accelerating productive capacities and structural economic transformation. This in turn should focus more on how best to ensure that developing productive capacities can go hand-in-hand with fully utilizing and maintaining existing capacities. Moreover, developing new productive capacities, while utilizing and maintaining existing ones, should be carefully sequenced. This should include having a clearly defined timeframe and considering initial

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<sup>13</sup> List of [Landlocked Developing Countries](#) which are active DMFAS users: Armenia; Azerbaijan; Bolivia; Burkina Faso; Burundi; Central African Republic; Chad; Ethiopia; Lao PDR; Mongolia; Paraguay; Republic of Moldova; Rwanda; Tajikistan; Uganda ; Uzbekistan; Zambia; Zimbabwe.

conditions and resource endowments in each country. Operationally, this means that while the medium- to long-term goal should be to build new capacities, in the short term, the focus should be on how to maintain and utilize existing capacities. Full and effective utilization of existing productive capacities will require adequate availability of inputs, better infrastructure, developing skills of the workforce and coordinated implementation of trade, investment, and overall development policies.

Annex I

List of Landlocked Developing countries with ASYCUDA Projects

\* A++= ASYCUDA++; AW = ASYCUDAWorld; SW= Single Window

<b>LLD Country</b>	<b>System Version*</b>
Afghanistan	AW
Bolivia (Plurinational State of)	A++
Burkina Faso	AW
Burundi	AW-SW
Central African Republic	A++ (started migration to AW)
Chad	A++ (started migration to AW)
Eswatini	AW
Kazakhstan	AW – SW
Lao People’s Democratic Republic	AW
Lesotho	AW
Malawi	AW
Mali	AW
Nepal	AW
Niger	AW
Republic of Moldova	AW
Rwanda	AW – SW
Turkmenistan	AW–SW
Uganda	AW –SW
Zambia	AW
Zimbabwe	AW–SW