Third United Nations Conference on Landlocked Developing Countries

High-level Thematic Round Table 5

Thursday, 7 August 2025, 3-6 pm

Awaza, Turkmenistan

CONCEPT NOTE

High-level Thematic Round Table 5: Provision and mobilization ofresources, and strengthened global partnerships for sustainable development in landlocked developing countries

Introduction

Landlocked developing countries (LLDCs) face interconnected challenges in mobilizing resources. These include limited domestic resource mobilization, declining and unevenly distributed ODA, stagnant export earnings from goods and services, high debt, and uneven remittance flows with high transaction costs. Insufficient infrastructure and low productive capacity hinder their economic growth and competitiveness. Limited access to global markets and value chains further impedes their full participation in the global economy and international trading system.

An assessment of the implementation of the Vienna Programme of Action (VPoA) for Landlocked Developing Countries (LLDCs) found that progress was hindered by insufficient resources to meet the growing investment and spending needs required to achieve its priorities and the Sustainable Development Goals (SDGs).

Current landscape

Global trade faces an uncertain environment, characterized by persistent geopolitical tensions, rising protectionism, and the reconfiguration of supply chains. These shifts could disproportionately affect LLDCs, whose structural disadvantages - such as high transit costs, over-reliance on a few export commodities, and lack of direct access to seaports - are compounded by growing non-tariff barriers and increased freight rates.

Many LLDCs remain poorly integrated into global and regional value chains, limiting their ability to benefit from export-led growth and industrialization. The contraction of global demand in key sectors, combined with new digital and green trade standards, risks marginalizing LLDC exports further, unless deliberate efforts are made to strengthen trade facilitation, diversify export bases, and improve compliance capacity with emerging standards.

Domestic Resource Mobilization (DRM)

DRM is crucial for LLDCs to fund vital development projects sustainably without relying on external sources. However, gross domestic savings as a percentage of GDP in LLDCs remain significantly lower than the world average, indicating persistent development finance deficits. In 2021, domestic savings in LLDCs stood at 24.1 per cent, compared to the world average of 28 per cent. This gap underscores the need for LLDCs to broaden their tax base and improve tax collection system and efficiency. Development partners should also provide technical assistance and capacity-building support to help LLDCs strengthen their institutional frameworks for effective DRM.

Official Development Assistance (ODA)

ODA plays a vital role in helping LLDCs address the funding gap to promote sustainable development and achieve the SDGs. However, LLDCs consistently receive less ODA compared to other developing countries. Official Development Assistance towards Landlocked Developing Countries fell by more than 5.5% in 2023 to USD 32 billion, returning to pre-COVID levels.

In order to address the unique challenges faced by LLDCs, development partners should consider substantially increasing ODA towards LLDCs in a manner that is consistent with the transformative agenda contained in the Awaza Programme of Action for LLDCs.

Foreign Direct Investment

FDI flows to LLDCs have experienced a significant decline, falling from $28.9 billion in 2014 to $22 billion in 2019. The COVID-19 pandemic further exacerbated this trend, leading to a severe 35 per cent decline in 2020. Although FDI inflows recovered in 2021, the increase was below both the global and developing country averages. FDI flows were $24 billion in 2023, but fell by 10 percent in 2024. Factors contributing to the decline in FDI flows to LLDCs include weak integration into global and regional trade networks, increased competition for investment flows, low productive capacity, and uncompetitive investment regulations. Moreover, FDI flows have remained concentrated in a few countries within the LLDC group.

FDI in LLDCs has primarily targeted natural resources, with limited investment in manufacturing and services sectors. This focus on natural resources has perpetuated dependency and prevented leveraging the knowledge spillovers and other benefits associated with foreign investment for their structural transformation.

Remittances

Remittances play a vital role in the economic and social development of LLDCs. For many households in LLDCs, remittances provide a stable source of income which enhances economic stability and helps lift families out of poverty by providing funds for essential needs such as food, housing, and healthcare.

Remittances have the potential to stimulate entrepreneurship in LLDCs. These funds can be used to establish or expand small and medium-sized enterprises.

Between 2014 and 2022, remittance flows to LLDCs increased by 43 per cent, highlighting their growing importance. However, the distribution of remittances among LLDCs remains uneven, with some LLDCs receiving significantly higher amounts than others.

To maximize the positive impact of remittances, LLDCs, with the support of their development partners, should develop policies and infrastructure that facilitate the efficient and cost-effective transfer of funds, encourage the productive use of remittances, and create an enabling environment for SME growth.

Debt

External borrowing remains an important source of financing for LLDCs. As at March 2025, four LLDCs are classified as being in debt distress, while another 8 are classified as being at high risk of distress, and another seven are at moderate risk.

This highlights the pressing need for the international community to provide targeted support to LLDCs in managing their debt obligations and promoting long-term debt sustainability.

LLDCs are grappling with complex challenges in inflation control, financial stability, and sustainable economic recoveries, especially in the context of persistent geopolitical and economic uncertainties. High and rising interest rates threaten debt sustainability for many LLDCs with substantial external debt burdens. These countries need both short-term and long-term support to maintain debt sustainability. This support can include well-designed debt relief interventions, such as a combination of temporary standstills, debt reprofiling, and restructuring, as well as comprehensive long-term measures.

To ensure the effectiveness of debt relief measures, it is essential to adopt a holistic approach that considers the unique challenges and constraints faced by LLDCs and incorporate technical assistance for strengthening debt management capacities, promoting responsible lending and borrowing practices, and encouraging the participation of all relevant stakeholders, including public and private creditors and international financial institutions.

Way forward

To address these challenges and accelerate sustainable development in LLDCs, a comprehensive and targeted approach is necessary. The Awaza Programme of Action for the LLDCs (APoA) outlines several ambitious targets and commitments to strengthen the means of implementation for LLDCs. These include: substantially increasing the volume of development finance in support of LLDCs through traditional and innovative sources of finance; enhance the capacity of LLDCs to develop bankable projects and secure financing; substantially increase foreign direct investment flows to the LLDCs and mobilizing all existing investment promotion platforms to support the attraction of investment in LLDCs; and addressing the debt problems of LLDCs that are in debt distress or in high risk of it. The APoA also recognizes the important role, on a case-by-case basis, of debt relief, including debt cancellation, as appropriate, and debt restructuring as debt crisis prevention, management and resolution tools, while also recognizing the development needs of LLDCs.

In view of the above, this roundtable will concentrate on concrete strategies and actionable recommendations to enhance resource mobilization and strengthen global partnerships for LLDCs. Additionally, participants will discuss how to strengthen global partnerships to support LLDCs in overcoming their unique challenges and accelerating their progress towards achieving the SDGs.

Guiding Questions

1. How can LLDCs, with support of their development partners, increase revenues, mobilize domestic savings, and reduce inequalities, including gender inequalities?
2. What traditional and innovative financing mechanisms can LLDCs unlock to close the sustainable infrastructure finance gap?
3. What concrete measures can promote domestic and foreign investment in LDCs; and what role can the proposed agricultural research hubs and infrastructure financing facility play to support the LLDCs?
4. How can the increasing debt burden of LDCs be addressed and made sustainable; and how can the international debt architecture be made more favorable for LLDCs?
5. How can remittances contribute to structural transformation and fostering entrepreneurship in LLDCs; and how can transaction costs of remittances be reduced?