Comprehensive 10 Year Review Conference
on the Implementation of the Almaty Programme of Action

Brainstorming Meeting on the Priorities of a New Development Agenda for
the Landlocked Developing Countries

Concept Note

20 and 21 March 2013

Conference room 2726 in the Secretariat Building
United Nations Headquarters, New York
Background

Lack of territorial access to the sea, aggravated by remoteness and isolation from world markets, small domestic markets, cumbersome transit procedures, and high transit costs and risks, impose serious constraints to the overall socio-economic development of landlocked developing countries (LLDCs). As a result, LLDCs as a group are among the poorest countries in the world. There are many studies which have shown that the landlockedness reduces GDP growth in these countries by about 1.5 to 2 percent annually.

The First International Ministerial Conference of Landlocked Developing Countries, Transit Developing Countries and Development Partners held in Almaty, Kazakhstan in 2003 adopted the Almaty Programme of Action to address the special needs and challenges faced by the LLDCs in achieving their development goals, and set out actions to be undertaken by LLDCs, transit developing countries and development partners in five priority areas that include: fundamental transit policy issues; Infrastructure Development and Maintenance; International Trade and Trade Facilitation; International support measures and Implementation and Review.

There has been encouraging progress since the implementation of the Almaty Programme in 2003. The awareness of the challenges faced by LLDCs has increased globally. Despite large differences among individual LLDCs, economic and social development indicators have improved during the implementation of the Almaty Programme. Between 2003 and 2011, LLDCs as a group experienced an improvement in annual growth of GDP from about 5 per cent to about 6.5 percent. However, this growth was not steady. It fluctuated to as low as 3 percent in 2009, and as high as 8.2 percent in 2007. In addition, there were major variations in the rate of economic growth among the LLDCs, with some experiencing annual growth rates of more than 12% whilst 42 percent of the LLDCs experience an annual growth rate of less than 5%. In 13 LLDCs, GDP per capita has remained persistently below $1,000. The persistence of such low per capita incomes in LLDCs has resulted in less domestic revenue available for investment into the social sectors required to attain the Millennium Development Goals.

On the social front, significant gains have been recorded in several MDGs, including primary education, gender equality, combating the spread of HIV/AIDS and increasing the proportion of people with access to improved water source. However, many LLDCs are lagging behind other groups in achieving food security, eradicating poverty and reducing child and maternal mortality.

Aid-for-Trade commitments to LLDCs have risen steadily since 2002-2005. However the disbursements have to improve. Net transfers of total Official Development Aid to LLDCs from traditional donors to the LLDCs has more than doubled from 2003 to 2011, although there is wide variation in the amount received by each LLDC. Net inflows of foreign direct investment to LLDCs increased annually during the period 2003 to 2010 albeit a decrease in 2009 due to the global financial and economic crisis. There is also wide disparity between the LLDCs with some countries receiving a much higher levels of DFI than others.
Notable progress has also been made in the improvement of the hard infrastructure through the upgrading and expansion of road and railway transport infrastructure in all regions with LLDCs. Progress has also been achieved in the soft infrastructure – trade facilitation, policy and regulatory reforms. LLDCs have made some progress, albeit slow, in ratifying relevant international conventions and agreements on transit transport and trade facilitation. There has also been some progress in the establishment of regional and sub-regional agreements that could provide a basis for simplification and harmonisation of formalities, procedures and practices.

In addition, LLDCs and transit countries have implemented trade facilitation initiatives including: one-stop border posts; introduction of single window processing; harmonized road transit charges and road customs transit declaration document; third party motor insurance schemes; reduction of roadblocks; the TIR system, the establishment of e-tracking systems; and increased use of electronic systems for customs clearance. These initiatives are making it easier for LLDCs to use neighbouring countries' roads and ports.

As a result, international trade by LLDCs improved threefold over the period 2003 to 2011. However, despite this remarkable achievement, the share of the Group in global trade is still modest at 1.2 per cent (in 2011) and reflects a continued marginalization of the group of LLDCs from the world economy. The low contribution to global trade prevents LLDCs from reaping the full benefits of globalization, and using trade as an instrument for achieving their development objectives. Furthermore, many of the LLDCs have not achieved any structural transformation nor developed strong productive capacities to improve the competitiveness of their exports. LLDCs continue to be vulnerable to trade shocks due to high commodity dependence. In addition, there has been a lack of concrete policy interventions instigating a change in the mix of exports towards a higher share of services and products representing low bulk, high value goods that would help reduce the additional transaction costs that these countries incur in international trade owing to market distance and transit hurdles.

It is important to note that some LLDCs have not experienced any meaningful increase in their trade since 2003 because trade transaction costs remain prohibitively high. According to the World Bank’s Doing Business 2012, the average costs of exporting and importing a container for LLDCs are US$ 2600 and US$ 3300 respectively, while transit developing countries only pay 50 percent of these costs. A study by OHRLLS in 2012 applied a gravity model to data from 150 countries including LLDCs and coastal countries over the period 1980-2010 and found that the LLDCs incurred transport costs that were 45 percent higher than the representative coastal economy. In 2004, transport costs for LLDCs were 42 percent higher than the coastal economies, showing an increase over time. These high transport and trade transaction costs, among other things, diminish the comparative advantage, reduce export profits, inflate prices of imports, and discourage investment.

The same 2012 study by OHRLLS revealed that LLDCs on average had a lower trade volume when compared to a representative coastal economy. In 2010, the LLDCs’ trade volume was just 61 percent that of coastal countries. The effect of landlockedness on trade varies across the group, with some countries only able to trade just 33 percent or less of the trade volume of
coastal countries. None of the LLDCs trade more than the representative coastal economy. Thus, the cost of being landlocked, in terms of trade volumes, is indeed large and justifies the need to address the special needs of LLDCs through improving infrastructure, promoting trade facilitation, and strengthening transit corridors.

As regards to trade facilitation, the number of days that LLDCs take to import has decreased from 58 in 2006 to 49 in 2012, while the number of days to export have reduced from 49 to 43 days over the same period. That notwithstanding, these figures are still almost double that of transit countries. This calls for serious consideration of how to improve and enhance trade facilitation for these countries. Unfortunately, limited progress in the Doha Round of trade negotiations continues to withhold potential gains to landlocked developing countries that would accrue from improvements in trade facilitation. Furthermore, these challenges are exacerbated by emerging multiple global challenges that include rising food and energy prices, economic and financial crises and climate change.

While LLDCs and their neighbouring countries have made progress in improving the physical transit transport infrastructure, they continue to face significant financing gaps and lack the capacity to continue to expand, upgrade and close missing links in the transport infrastructure. Information and communication technology (ICT) and energy infrastructure is crucial for LLDCs to be integrated fully in the global market through improved logistics and connectivity, and reduced transit delays. Even though LLDCs have made remarkable progress in improving ICT infrastructure, particularly cellular phones and internet connectivity, the majority of the LLDCs are net importers of energy and need assistance to improve their energy infrastructure.

Mobilization of the required resources to invest in infrastructure development remains a major challenge. While LLDCs should try to continue finding ways of mobilizing domestic resources, the cost implications of meeting the requirements to establish and maintain an efficient transit transport systems, ICT and energy infrastructure are of such magnitude that the LLDCs must be supported by increased international support, including additional aid commitment earmarked for infrastructure development, Aid for trade, FDI flows, Public-Private Partnerships, and through South-South Cooperation initiatives. The LLDCs face the urgent need to harness the potential of regional economic integration especially in terms of improving connectivity through transport, energy and ICT networks.

The strengthening of international partnership and support to LLDCs is critical to overcome the special challenges that LLDCs face. It also plays an important role in stepping-up efforts to achieve the internationally agreed development goals, including the Millennium Development Goals. The ten-year review conference presents a good opportunity for the international community to address these problems. The ten-year Review Conference on the Implementation of the Almaty Programme of Action will be convened in 2014 as decided by the General Assembly in its resolutions 66/214 and 67/222 with the following substantive agenda:

a. To undertake a comprehensive appraisal of the implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a
New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries;

b. To identify effective international, regional, sub-regional and domestic policies in the area of international trade and transit transport cooperation and to review the current situation of transit and transport systems in light of new and emerging challenges and partnerships and opportunities and the means to address them;

c. To reaffirm the global commitment to addressing the special development needs and the challenges faced by the LLDCs as called for by major United Nations conferences and summits;

d. To mobilize international support and action in favour of the LLDCs and formulate and adopt a renewed development partnership framework for the next decade.

The preparatory process for the conference is being undertaken in three main tracks including: the intergovernmental track; the UN Inter-Agency track; and the Private Sector track. LLDCs have been requested to submit national reports on the implementation of the Almaty Programme that will directly feed into regional level reviews. The regional reviews are being held in 2013 in Europe and Asia, Africa and Latin America.

The UN Inter Agency track, is organizing thematic pre-conference events in areas such as infrastructure development, climate change, desertification and land degradation, commodity dependence, enhancing productive capacities and south-south cooperation. These events will enrich the inter-governmental debates. Two inter-agency meetings were held in February and December 2012, while the first thematic pre-conference event on International Trade, Trade Facilitation and Aid for Trade and was held in September 2012 in Almaty, Kazakhstan. Participants in the meeting noted that the new challenges that have emerged during the implementation period of the Almaty Programme including increased dependency on natural resource based commodities, rising food and energy costs, climate change and increased desertification and land degradation, have had negative impacts on the LLDCs. These challenges now pose a serious barrier to the LLDCs’ fight against poverty and hunger, and the achievement of the internationally agreed development goals.

Furthermore, the meeting noted that LLDCs had shown that they were very vulnerable to external shocks such as the financial and economic crises, and have limited resilience. Participants also noted that the new international environment is characterized by increased austerity measures. In addition, they underscored the critical role of the service industry, and the growing importance of South-South Cooperation. The meeting also stressed that there is need to address the trade issues of LLDCs in a more coherent and holistic manner ensuring that broader aspects of development that go beyond transport are also addressed. For example, they stressed that efforts to improve the effective participation of LLDCs in the international trading system need to be accompanied by efforts to build productive capacities, promote value addition, diversification, technology transfer, information and communication technologies (ICT), infrastructure development, and improved market access. The Meeting emphasized that the Ten-Year Review should take into account these new developments in order to develop a new agenda that would be more responsive to the needs of LLDCs.
It is in this context that the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, is organizing the brainstorming meeting.

**Objectives of the meeting**

The main objectives of the Meeting include:

- To analyze and assess the impact of geographical handicaps on the development prospects of LLDCs and their participation in international trade markets and their achievement of the internationally agreed development goals;
- To share ideas, lessons and best practices on how to address the key development needs and challenges of LLDCs, including the new landscape of international trade, the increasing role of commodities; the architecture in development cooperation and global economic and financial crises, climate change; and
- To exchange views on future policies, programmes and initiatives that can address these bottlenecks at bi-lateral, regional and global levels.

**Expected outcome**

The expected outcome of the meeting will include an identification of priority areas, policies and development initiatives for LLDCs at national, regional and global levels. The outcome will contribute to the substantive preparation of the new programme development agenda for LLDCs to be adopted at the ten-year review conference.

**Format of the meeting**

The meeting will consist of several sessions focused on discussing the key issues. For each session there will be a keynote presentation or some brief presentations by invited experts and discussants on the main issues to kick off discussions.

**Documentation**

OHRLLS has prepared a background document that reviews the trends and current situation of the overall development of LLDCs that will serve as the basis for facilitating the discussions.

The Almaty Programme of Action: Addressing the Special Needs and Problems of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries; the outcome of the Mid-Term Review;

The Reports of the Secretary-General on the progress in the implementation of the Almaty Programme of Action;
The outcome of the Global Thematic Meeting on International Trade and Trade Facilitation as Part of the Preparatory Process for the Comprehensive 10 Year Review Conference on the Almaty Programme of Action held in Almaty, Kazakhstan, on 13-14 September 2012

General Assembly Resolutions 66/214 and 67/222.

Invited experts and partners will also be requested to circulate background material related to the issues that they will be presenting on. The meeting will be held only in English.

**Participation and logistical issues**

Participants will include experts representing relevant stakeholders from LLDCs, transit developing and partner countries including selected representatives from key UN departments, offices and agencies and other international organizations.