UN-OHRLLS

Improving Transport Connectivity for the LLDCs

Background note

Session 1

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1. Introduction

Transport connectivity is a key issue for the LLDCs who lack direct access to the sea. The average distance to the nearest seaport for the LLDCs is 1,370 km. The LLDCs are dependent on their transit neighbours' infrastructure and administrative procedures for transportation of their exports and their imports. However, transit transport infrastructure is inadequate to support their greater integration into regional and global trading networks due to poor maintenance, missing and substandard links and lack of integration between networks. Furthermore, complex and non-harmonized cross-border and transit transport documentation, formalities and procedures affect the connectivity of LLDCs. As a result, LLDCs pay more than double what the transit countries incur in transport costs and take longer time to send and receive merchandise from overseas markets.

The establishment of a secure, reliable and efficient transit transport system is critical for LLDCs to be able to reduce transport costs and enhance their competitiveness and become fully integrated in the global market. In this regard, the development and maintenance of physical infrastructure including the development of the transport infrastructure in both landlocked and transit developing countries, closing of the missing links, development of ancillary infrastructure and soft infrastructure which includes the legal and regulatory framework and institutions is important as indicated in Priority Areas 1 and 2 of the Vienna Programme of Action. In 2015 the Sustainable Development Goals were adopted – aimed at improving all dimensions of development economic, social, and environmental - end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 2030 Agenda for Sustainable Development acknowledges that LLDCs deserve special attention and that sustainable transport is crucial for the achievement of all the SDGs. The Addis Ababa Action Agenda also recognizes the special needs of the LLDCs on transport connectivity.

Trade is an important means to achieve the SDGs through revenue generation from exports and imports; mobilization of private sector finance and foreign direct investment; technology transfer and other means. However, the high trade costs make it difficult for the LLDCs to fully utilize trade as a means for achieving their sustainable development. Improving transport connectivity can help lower transport costs and support the achievement of the SDGs by the LLDCs.

It is in this context that this background note provides highlights on the progress that has been made towards improving transport connectivity for the LLDCs. It first presents the status of development of the physical or hard transport infrastructure in LLDCs and transit countries. It then presents progress in improving the soft infrastructure issues that facilitates transit of transport for the LLDCs to the seaports. In each of the sections, the note identifies the key challenges and priority areas for action for improving transport connectivity. In the last section, the note highlights efforts aimed at closing the infrastructure gap and the implications for partnerships.

2. Status of Transport infrastructure development

In terms of transport infrastructure, landlocked developing countries lag behind almost every other group of countries. The topography of LLDCs includes many high and steep mountain ranges, extensive deserts, flood prone river valleys, and other features that can pose physical obstacles and make the construction of transport infrastructure particularly challenging and costly. Tunnelling is often not possible or too costly, and mountain roads or rails are treacherous, if not outright

dangerous. In most LLDCs the population density is very low and this can make the costs of providing access to rural roads disproportionally high. Many LLDCs are therefore negatively affected by their topography and their geography, which can cause higher than average costs of constructing the necessary transport infrastructure.

Road transport

The road transport system is the leading mode of transport for most LLDCs, followed by rail. The LLDCs have relatively poor road network when compared to their transit neighbours and they lag behind the averages of all developing countries, developed countries and world.

In Asia, the Asian Highway network consisting of 143,000 km plays a key role in fostering coordinated development of regional roads and connect many LLDCs to internationally recognized transport networks. Member countries have made progress in upgrading Asian Highway routes during the period 2006-2014, the proportion of the network that falls in class III (regarded as the minimum desirable standard) or better increased from 91% in 2006 to 92.1% in 2014. The 2015 update of the Asian Highway Database showed that about 10,147 km, representing 8% of the network, do not yet meet the minimum desirable standards.

While substantial progress has been made in the development and upgrading of the Asian Highway network in LLDCs, 55% of the network in these countries is still at the standard of class III (38%) or below class III (17%). A particular concern is that many of the Asian Highway sections below the minimum standard of class III are also those that connect with neighbouring countries. The LLDCs in Asia are working on different projects to modernize and upgrade sections of the Asian Highway that fall in their territories in order to improve connectivity and several countries commissioned road highway projects.

In Africa, the Trans-African Highway, which is at the heart of regional connectivity for the continent has a total length of 54,120 km distributed along nine corridors. However, it is characterized by missing links and poor maintenance in some key segments. The percentage of paved roads is still low in sub-Saharan Africa where most of the LLDCs are located -it was estimated to be about 13% in 2015. To provide a meaningful level of continental connectivity, between 60,000 and 100,000 km of regional roads are required. Efforts to improve the road network in Africa include the implementation of the Programme for Infrastructure Development in Africa (PIDA) that provides a long-term vision for Africa's infrastructure development as well as a platform for African countries to engage with investors and development partners. A total of 51 priority regional projects were identified in PIDA Priority Action Plan (PAP) as the continental framework for infrastructure development from 2012 to 2040. To emphasize the strategy of corridor development, PIDA includes 16 projects geared towards corridor development out of the 24 transport infrastructure projects in PAP. Some road network projects under PIDA have been completed or are under construction in some LLDCs and transit countries and details are available on http://www.au-pida.org/pida-projects/.

In the Latin America region, efforts are underway to improve the road network – nationally within the LLDCs and in their transit neighbours. Both Paraguay and Bolivia are working on road transport infrastructure development projects to improve their connectivity.

Overall, despite the progress in all regions with LLDCs, more is needed to establish a transit road network that improves the connectivity of the LLDCs to the global markets.

Rail transport

With regard to railway infrastructure in the LLDCs, some efforts are being made in all regions to expand and improve the existing network. 9 LLDCs do not have a railway network. The Asian LLDCs are engaged in implementing several projects to improve and modernize their railway systems and improve their connectivity with their neighbours and transit countries under the framework of the Intergovernmental Agreement on the Trans-Asian Railway Network) as well as by the Euro-Asia inland transport links (EATL) project. The Trans-Asian Railway networks cover over 118,000 kilometres and some progress has been made in improving the railway network through closing of some of the missing links. However according to ESCAP, 2017 note by the Secretariat on Building the missing links in the Trans-Asian Railway network, the Trans-Asian railway network still has more than 12,4001 km of missing links representing 10.5% of the network. This is the sum of the line sections which have been nominated by member States to be part of the network but have yet to be constructed. The total investment required to put in place these missing links is estimated at $75.6 billion.

The African railway network of 74,775 km has very low density and is mostly in North Africa and Southern Africa. There are over 26,362 km of missing links in the rail network. Part of the network is closed due to war damage, natural disasters, or general neglect and lack of funds. 17 African countries are without railways, five of which are landlocked countries. Some railway projects are underway under the PIDA programme and corridor development by the subregions.

In Latin America, Bolivia and Paraguay signed a memorandum of understanding in 2017 for the rail project that will connect the two countries. The railway segment will interface with the bio-oceanic railway corridor that will connect the Atlantic and the Pacific Oceans via a 3,700km line starting from Port of Santos, Brazil, through Bolivia, and ending in Ilo, Peru.

The major challenges facing the development and maintenance of railway network in all the regions include aging track—insufficient ballast, rail wear, deteriorating earthworks, and formation; inadequate maintenance - most structures are in poor condition; and rail signalling and telecommunications—obsolete equipment and a lack of spare parts. The closing of the missing links is important as is harmonizing different infrastructure standards, including railway gauges. The slow interchange of rolling stock between railway networks not only holds up goods in transit but also results in poor utilization of railway assets, thus reducing their revenues.

Air Transport

Air transport is particularly important for the LLDCs because it is a mode of transport that provides them with direct access to international markets without having to pass through transit countries. However, in most LLDCs, connectivity by air is very limited. According to the United Nations SDG Indicators Global Database, the volume of passenger traffic transported by air from LLDCs rose from 11.2 million to 30 million between 2000 and 2015. However, it still represents just 0.9% share of the world's passenger volume. Use of airfreight has also increased in some LLDCs. Freight volume by air transport for LLDCs was 1.6 billion tonne kilometres in 2015 and accounts for just under 1% of global freight volume. While there has been growth in passenger and freight volumes, LLDCs lag behind other countries in the quality of their air transport infrastructure.

LLDCs are often in the flight path of long distance aircraft shuttling between global commercial centres in Europe, East Asia, North America, or South Africa, but most airports in LLDCs receive

[1] 5th meeting of the ESCAP Working Group on the Trans-Asian Railway Network on Building the missing links in the Trans-Asian Railway network held in Busan, Republic of Korea, 13-14 June 2017, E/ESCAP/TARN/WG(5)/4

only limited number of flights a week, and costs of air travel per passenger are disproportionally high. The other challenges faced in improving air connectivity include: high scale of investment that is needed for infrastructure development, maintenance, rehabilitation and replacement of aged fleet, and upgrading of airports and terminals and need for skilled manpower, new technologies and capacity building.

With the global air traffic projected to double by 2030, the pressure on existing aviation infrastructure will increase in LLDCs. They therefore need support towards both the physical infrastructure, and the soft infrastructure which includes the policies, legal and regulatory frameworks and institutions. Larger investments will be needed to modernize and expand aviation infrastructure in LLDCs. To maximize the benefits from aviation, LLDCs, are encouraged to incorporate the aviation sector into the integrated transport system and prioritize aviation in their development plans. The special needs and structural characteristics of LLDCs should be taken into account in the coordination, prioritization, facilitation and implementation of assistance programmes.

Inland water transport

Inland water transport offers competitive freight rates for low-value, high-bulk commodities and is particularly important for accessing the markets. Inland waterways are particularly used in LLDCs in Latin America, South-East Asia and Central Africa. The major challenges of inland waterways include: the reduction in water level at low periods; silting; and other physical/material constraints as well as operational/management-related and regulatory issues. To realize its potential and safeguard navigational safety and environmental protection, inland water transport involved in transit trade need improvement in infrastructure to improve navigability. It is also important to effectively implement multilateral agreements that are on paper. The further development and maintenance of inland transport is important to enhance the implementation of the VPoA.

Sea Ports

The share of port throughput for the transit developing countries as measured by the number of containers that pass through the port has increased by more than 37% from 2010 to 2015, while the world's throughput was by 25%. Asian transit countries' ports dominate for port throughput at 38% while Latin America and Africa grew by 1.3% and 1.5% respectively during the same time period. China continues to lead the world in terms of port throughput and efficiency and increasingly as a provider of expertise in port construction and management.

Major challenges to port infrastructure include natural disasters and the impact of climate change in particular coastal flooding. This heightens the need for adaptation strategies to improve the resilience of port infrastructure and systems.

Dry ports

More recently, strong attention has been paid to the development of dry ports, which is of great importance for landlocked developing countries as they are very useful for facilitating customs clearance procedures intermodal transfers and for other diverse cargo handling, warehousing, and logistics services. ESCAP defines dry port to be - a secure inland location for handling, temporary storage, inspection and customs clearance of freight moving in international trade.

The major benefits of dry ports include - helping bring economic development from coastal area to hinterland, improved supply chain logistics leading to reductions in transportation costs, relief of capacity constraints at seaport especially associated with customs clearance of goods and modal

shift to a more efficient mode of transport. Thus, overall dry ports will allow greater integration between infrastructure networks and increase the efficiency of transport in the region.

Many LLDCs have or are making progress in establishing dry ports in all regions. For example: Burkina Faso, Ethiopia, Botswana, Uganda, Zambia, Zimbabwe, Bolivia, Paraguay, Afghanistan, Armenia, Azerbaijan, Bhutan, Mongolia, Kazakhstan, Kyrgyzstan, Uzbekistan, Lao Peoples Democratic Republic, Nepal, and Tajikistan. For example, the "Khorgos-East Gate" free economic area located in the south-east of Kazakhstan and a kilometre away from Kazakhstan's border with China is one such example. Expected to be completed by 2020 at an estimated cost of US$3.5 billion, the project will go a long way in prompting cross border trade and contribute significantly to regional integration. The major challenges facing development of dry ports include: high costs for establishing the facility, availability of land, lack of efficient logistics facilities and support systems, shortage of skilled manpower and lack of coordination between different stakeholders.

Impact of climate change on transport infrastructure

Climate change and its impacts poses additional risks, challenges and costs for LLDCs, which further compromise the limited available resources for development. In line with precautionary principles, any future construction of transport infrastructure in LLDCs will need to be planned and built in a climate resilient manner in line with the Paris Agreement. Investments in climate-resilient and sustainable infrastructure can serve as a foundation for economic development and growth, help lift families out of poverty and make communities more resilient to climate change. While cost-effective in the long-run, resilient infrastructure would add significant costs to current development plans. De-carbonization of transport is also a priority, through higher vehicle efficiency, low emission sources of transport, and low- to zero-emission vehicles. There is need to continue promoting integration of science, technology and innovation (STI) in transport systems, including for the promotion of green transport, to ensure sustainable transport and assist to achieve of the SDGs.

3. Progress in improving soft infrastructure for transport connectivity

Flow of transport from LLDCs can face substantial difficulties accessing the seaports due to various non-physical barriers such as roadblocks and weighbridges, cumbersome procedures or regulations at the borders and along transit routes, poor transport services, environmental restrictions, licensing or permits, insurance, visas, and others. Improved administrative procedures which form the soft infrastructure have a significant role to play to facilitate the efficient and smooth movement of goods, passengers and vehicles by road and rail from LLDCs through the promotion of transport facilitation measures, including at border crossings, and between the borders. Thus, investment into the policy and regulatory reforms including making transit and border regulations more transparent, streamlining administrative procedures, harmonising and standardizing rules and documentation and simplifying border control and procedures are important and necessary.

Legal framework to improve transport connectivity

LLDCs need agreements with not only their immediate neighbours, but also all other transit countries en-route to the market for their goods. The legal instruments are important for facilitating collaboration, cooperation and management of transit issues between the different parties at different levels – international, regional, sub-regional and bi-lateral levels. The Vienna Programme of Action for the LLDCs recognizes the importance of freedom of transit for the LLDCs and the need to reduce the high transit and trade transaction costs that the LLDCs incur. One of the important objectives in the VPoA is to "promote unfettered, efficient and cost-effective access to

and from the sea by all means of transport, on the basis of freedom of transit". The VPoA stresses that the ratification of the relevant international and regional legal instruments is crucial for the successful implementation of the programme.

Ratification and effective implementation of the relevant international conventions and agreements to improve transit and border crossing procedures for LLDCs by both the LLDCs and the transit countries is necessary for simplifying, harmonizing and standardising transit operations and therefore plays a significant role in reducing transit delays and costs. For over 100 years, international agreements have been developed to provide freedom of transit for the landlocked countries. The principle of freedom of transit has been enshrined in international conventions including the Barcelona Statute on freedom of transit (1921), Article V of the GATT 1947, the New York Convention on Transit Trade of Landlocked Countries (1965), and the United Nations Convention on the Law of the Sea (UNCLOS) (1982). The UNECE managed Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) of 1975, implemented in Europe and parts of the Middle East, North Africa and Asia, is usually considered a successful example of an international treaty that promotes transit. The TIR Convention facilitates border crossing through an internationally recognized and harmonized procedure with a single internationally valid customs document and guarantee, while providing governments with simple and secure revenue protection. The LLDCs that are party to the TIR Convention benefit from faster transit from the TIR system.

The World Customs Organisation (WCO) manages the International Convention on the Simplification and Harmonization of Customs Convention (the Revised Kyoto Convention). The Revised Kyoto Convention provides a set of comprehensive Customs procedures to facilitate legitimate international trade while effecting customs controls, including the protection of customs revenue and society. It deals with key principles of simplified and harmonized customs procedures, such as transparency and predictability of customs actions, standardization and simplification of the goods declaration and supporting documents, simplified procedures for authorized persons, coordinated interventions with other border agencies, and minimum necessary customs control to ensure compliance with regulations. The Revised Kyoto Convention has also modernized the customs procedures by incorporating risk management techniques and use of information and communication technology.

The entering into force of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) on 22 February 2017 was an important step forward in ensuring a common platform for improving freedom of transit and increased implementation and widespread use of trade facilitation measures at the global level. The Agreement has as its main objectives to reduce the bureaucracy in trade, improve the flow of goods through borders and reduce trade transaction costs. It has provisions for expediting the movement, release and clearance of goods, including goods in transit and clarifies and improves the relevant articles V, VII and X of the General Agreement on Tariffs and Trade (GATT) 1994. Of particular importance for LLDCs are the provisions covering goods in transit, as well as the requirements on customs-related fees, procedures and documentation; transparency; trade facilitation measures; and improving cooperation between different countries' customs authorities and border agencies. Additionally, the Agreement contains innovative special and differential treatment provisions for developing countries, which will be related to the capacity of each country.

Table 1 presents the status of ratification of selected key international legal instruments promoting transit interests of the LLDCs and transport and trade facilitation and the status of their ratification by the LLDCs and the transit countries.

Table 1: Status of Ratification of Key International Conventions on the Rights of Transit of the Landlocked Countries and to promote International Trade and Transport Facilitation

Convention	LLDCs	Transit Countries	World Total
World Trade Organization Trade Facilitation Agreement (2013)	21	25	135
The Revised Kyoto Convention (2006) (WCO)	19	23	113
United Nations Convention on the Law of the Sea (1982)	20	29	168
Customs Convention on the International Transport of Goods under Cover of the TIR Carnets (1975)	11	7	73
Convention on Transit Trade of Landlocked Countries (New York, 1965)	18	5	43
Convention on freedom of transit (Barcelona, 1921)	7	7	53

Source: UN OLA Treaty Collection, UNECE, WCO, WTO.
Data was updated on 20 April 2018.

When landlocked and transit developing countries become party to relevant conventions and effectively implement them, both parties will tend to benefit from the mutual cooperation. While progress is being made to ratify relevant international conventions, more needs to be done. Both LLDCs and transit countries face challenges such as: lack of awareness about the legal instruments; limited information on the potential benefits from ratification; information on conventions not available in the language that can be easily utilized; cumbersome domestication; lack of sharing of experience; and capacity constraints.

More work is needed to create greater awareness and understanding of the implications of accession to the international conventions through capacity building among policymakers and administrators, in-depth studies on the costs and benefits of joining the conventions and guidelines for the implementation of the conventions. Mainstreaming of the conventions at the national level is also important as it will allow their incorporation in national development plans and budgetary allocations. Guidelines could be developed for the implementation of the conventions and agreements. The WCO launched transit guidelines in July 2017 to assist their member states on how to apply the standards set in international conventions in order to facilitate faster customs and border procedures and reduce the high trade costs that the LLDCs face.

Regional agreements and bilateral transport or transit transport agreements are important for facilitating transit and improving transit connectivity. It is important to stress that regional and sub-regional agreements should reflect the standards that are set in the relevant international conventions such as the WTO Trade Facilitation Agreement, Revised Kyoto Convention, UNCLOS and others. It is also important to ensure that the regional and bilateral transit agreements are effectively implemented.

Corridor arrangement approach

During recent years a complementary approach to transit agreements that has been used is transit corridor and cluster arrangements. Although limited to a certain geographical area, they tend to be inclusive and offer approaches which allow for the development of a good physical infrastructure and harmonized and simple procedures along a transit corridor between several countries, including all stakeholders, public and private. The corridor approach for the integration and coordination of different transport modes is essential to the region's economic integration, in particular for landlocked countries and remote hinterland areas.

It allows countries to identify projects of common interest, thereby aligning national initiatives with regional priorities. Experiences in the Asian region show that the concept of international intermodal transport corridors is now well accepted across the region and some major initiatives include the Euro-Asian Transport Links (EATL), Central Asian Regional Economic Cooperation (CAREC) corridors and Greater Mekong Subregion (GMS) economic corridors. One of the most recent inclusive frameworks for such corridors to be developed is the Belt and Road initiative put in place by the Government of China to instil new forces in realizing economic integration through enhanced intercountry connectivity. In recent years, in collaboration with a range of international partners including train operators and logistics companies, the railways of China have launched a number of new intermodal services to demonstrate the potential of such corridors.

Some of the corridors that have a multi-lateral agreement in place in Africa include the Northern Corridor Transit Agreement and Central Corridor whilst other corridors could be operating under a memorandum of agreement. The agreements could be on the ports, transit, road or rail or inland waterway transport. The Maputo Corridor is one corridor that has been noted to be successful. It has experienced tremendous growth, attracted large industrial and transport investments, and strengthened ties between neighbouring countries.

Progress on Vienna Programme of Action indicators on transit

The priority area on fundamental transit policy issues of the VPoA has a specific objective aim at reducing travel time along corridors with the aim of allowing transit cargo to move 300-400 kilometres every 24 hours. Data that can be used to monitor this specific objective is available only for some corridors that will be highlighted below. Data on overall road corridor performance in the Central Asia Regional Economic Cooperation Program (which serves eight LLDCs) shows an overall average of 550 km/24hrs in 2014 that increased to 556 km/24hrs in 2015 indicating that the region has already achieved the target.

In Africa, data from the Northern Corridor Transport Observatory Report Coordination Authority collected between October 2015 to March 2016, show that the transit speed in km/24hrs from Mombasa to: Kampala was 205; to Juba 164; and Kigali 127. All the routes on that corridor were much less than the VPoA target indicating that more needs to be done to achieve the VPoA target. Data from the 2015 Central Corridor Transport Observatory Annual Report show the average transit speed in km/24hrs from Dar es Salaam port to Bujumbura: 393; Kigali: 398; and Kampala: 432. This data shows that this corridor region has achieved the VPoA target.

In Latin America, according to ECLAC, the average travel time for transit cargo for the LLDCs in the region is below the VPoA target, due to the transport infrastructure constraints in both landlocked and transit countries and inefficient procedures at border crossings.

Overall there is need for specific studies to determine the travel time along corridors used by the LLDCs.

Another specific objective of the VPoA priority area on Fundamental transit policy issues is aimed at reducing the time spent at intermodal points - the transfer from port to rail or road. Although data to measure progress on this specific objective is not readily available, World Bank studies indicate that the average cargo dwell time in most ports in East Asia or in Europe is close to 4 days. In Africa, some progress has been made to reduce cargo dwell time from 14 in 2012 to 9 days in 2016 at Dar es Salaam port and 11 to 6 days for Mombasa port over the same period. The port dwell times were: in Durban – 4 days; Douala -19 days; Lomé 18 days and Tema – 20 days. More efforts are needed to reduce the port dwelling times and there is need to capture data and regularly update it in order to monitor this specific objective.

4. Closing the infrastructure gap to improve transport connectivity

The investment needs for hard and soft infrastructure development to support the connectivity of LLDCs to the global markets are high. The need for higher levels of Infrastructure financing is critical in terms of both quality and quantity. The Addis Ababa Action Agenda notes that the annual infrastructure gap in developing countries is about $1 trillion to $1.5 trillion. For the Africa region, US$93 billion is needed annually for infrastructure development and maintenance. According to ECLAC data and analysis Latin American countries should invest around 6.2% of their annual Gross Domestic Product (GDP) to meet their infrastructure needs. However, according to 2015 data released by ECLAC, investment in the region only amounts to 2.3% of GDP. In the Asian region the Asian Development Bank's latest report on "Meeting Asia's Infrastructure Needs" indicates that, from 2016 to 2030, developing Asia would need to invest $26 trillion -- or $1.7 trillion a year -- to maintain the region's growth momentum, and eradicate poverty.

Closing the existing infrastructure gap in LLDCs and transit countries is critical for the successful implementation of the VPoA. This requires all sources of infrastructure financing including public, private, public-private partnerships, official development assistance and innovative sources of financing such as infrastructure investment funds.

The Inter-American Development Bank has more than doubled its loan approvals in terms of US dollars per inhabitant to the landlocked borrowing member countries between the period 2004-2013 and 2014-2016. In per capita terms, sovereign-guaranteed loan approvals to landlocked countries were nearly seven times those to non-landlocked countries for 2014-2016. In the area of infrastructure development and maintenance, average annual sovereign-guaranteed loan approvals for landlocked countries rose from US$127 million for the period 2004-2013 to US$319 million for 2014-2016.

In Africa, several programmes are supporting infrastructure development including: PIDA and the NEPAD Infrastructure Champion Initiative (PICI), consisting of eight projects championed by African Heads of State and Government drawn mostly from PIDA projects. Under South-South cooperation, China has supported infrastructure investment in several African LLDCs. Other sources of infrastructure resources are from the development bank led by Brazil, Russia, India, China and South Africa and Power Africa, a US initiative that has so far received US$20bn worth of pledges from public and private institutions. The Africa 50 Fund was created under the African Development Bank (AfDB) and held its constitutive session in 2015, where 20 countries and AfDB subscribed for an initial aggregate amount of US$830 million in share capital. Africa 50 started developing and financing projects by the end of 2015. The Africa region is also undertaking the 5% Agenda campaign aimed at increasing the allocations of African asset owners to African

infrastructure from its currently low base of approximately 1.5% of their Assets Under Management (AUM) to an impactful 5% of AUM. The purpose of the 5% Agenda campaign is to work with Pension and Sovereign Wealth Funds including Ministers of Finance to gradually increase infrastructure investments, using financial resources available on the continent and strengthen public-private partnerships to mobilize financial and global institutional investments. There is need therefore, for policy makers to create an environment for pension and SWFs which will enable them to invest in large-scale infrastructure projects in Africa under the appropriate reform of national and regional regulatory frameworks that will guide institutional investment in Africa.

In the Asian region several sources of infrastructure funding including the following: the Asian Development Bank; the Asian Infrastructure Investment Bank (AIIB) which in its first year of operation 2016 approved more than $27million for a project in the transport sector in Tajikistan; the ASEAN Infrastructure Fund. The contribution of China to transport infrastructure development in LLDCs, particularly through its one road one belt initiative is very important especially in Central Asia.

The other challenge for the LLDCs and neighbouring countries is to ensure that investment is to sustainable and resilient infrastructure in transport, would be the prerequisite to further economic development and achieving SDG targets. The infrastructure needs will be greater so as to respond to climate change.

The World Bank mobilized resources for IDA 18 which closed at US$75 Billion from 52 donors, an increase compared to IDA 17. What does this mean for LLDCs: In total, IDA-eligible LLDCs (23 out of the 32 countries LLDCs) would receive an indicative allocation of about US$17.4 billion in Concessional Core financing during IDA18. This represents over a USD5 billion increase from IDA17 commitments. In addition to the concessional core financing, additional resources would be available to all IDA countries under the non-core regimes (e.g. Crisis Response Window, Regional Program, and Private Sector Window).

At the 2017 Global Infrastructure Forum, the multi-lateral development banks agreed to deepen their collaboration to encourage private sector investment in vital infrastructure needed to support sustainable and inclusive economic growth. The multi-lateral development banks pledged not only to leverage their resources by joining forces to co-finance projects, but also to help generate interest among private sector investors in Public-Private Partnerships and the development of infrastructure as an asset class for institutional investors.

Development partners on a bilateral level have provided support for infrastructure development.

To make an impact on the ground, sharing of best practices on policy development and implementation, improving access to financing, building of an enabling environment, strengthening regional cooperation, streamlining administrative procedures, harmonising and standardizing rules and documentation and simplifying border control and procedures and technological innovation are all crucial steps in moving forward. It is also important to foster transit solutions that can enable the LLDCs to be better integrated into the international market.

AIM OF THE SESSION: *The session will discuss and share experiences on progress made, challenges, opportunities and best practices in improving transport connectivity for the LLDCs including both the hard and soft infrastructure since the adoption of the Vienna Programme of Action and suggest recommendations.*

Possible questions for discussion:

1. *What have been the key achievements in improving transport connectivity for the LLDCs – in terms of both the physical infrastructure and the soft infrastructure? What have been the major challenges?*
2. *What are the best practices and lessons learned from the development and management of transit transport corridors in different (sub-)regions?*
3. *What are the key recommendations to strengthen financing for supporting sustainable transport in the LLDCs? (including the role of domestic resources mobilization, private sector, ODA, Financial Institutions and other sources) and what kind of partnerships (national, regional and international, public-private) have been successful in supporting sustainable transport and what are the key reasons for their success?*
4. *What are the most effective ways and successful experiences of mobilizing international resources for infrastructure development and maintenance at national, regional and international levels in LLDCs and transit countries that can be shared?*
5. *How can private sector involvement in national and regional infrastructure projects be enhanced?*
6. *Which innovative sources of financing can the LLDCs utilise?*