



Ambassadorial Retreat on the Comprehensive High-level Midterm Review on the Implementation of the Vienna Programme of Action for the Decade 2014–2024

HNA Palisades Premier Conference Center, Palisades, New York

7-8 May 2019

Concept Note

Background

Lack of territorial access to the sea, isolation and remoteness from world markets and high transport and transit costs impose constraints on the overall socio-economic development and trade competitiveness of the 32 landlocked developing countries (LLDCs). To address the challenges of the LLDCs, the international community adopted in 2014 the Vienna Programme of Action (VPoA) for Landlocked Developing Countries for the Decade 2014-2024. The VPoA, which is also an integral part of the 2030 Agenda for Development, offers a holistic approach to improving the integration of LLDCs into the global economy through the following priority areas: Fundamental Transit Policy Issues; Infrastructure Development and Maintenance; International Trade and Trade Facilitation; Regional Integration and Cooperation, Structural Economic Transformation, and Means of Implementation. The full and effective implementation of the VPoA is critical for LLDCs in achieving the Sustainable Development Goals (SDGs).

As the midpoint of the Vienna Programme of Action draws near, the General Assembly of the United Nations decided to convene a comprehensive high-level midterm review on the implementation of the Vienna Programme of Action for the Decade 2014–2024, to be held in early December 2019 in New York. The high-level midterm review shall adopt an inter-governmentally negotiated and agreed outcome in the form of a political declaration.

Almost five years into the implementation of the Vienna Programme Action, some progress has been achieved, however some challenges need to be addressed. Key achievements include the ratification of the WTO Trade Facilitation Agreement by 24 of the 26 LLDCs that are WTO

Members and 24 transit countries. The WTO Trade Facilitation Agreement has the potential to address the trade related challenges of the LLDCs through improved trade facilitation by lowering trade transaction costs, improving efficiency and competitiveness, as well as easing integration into global value chains. More LLDCs and transit countries also became party to some of the main UNECE transport-related international agreements. During the review period, 6 LLDCs and 3 transit countries ratified the Revised Kyoto Convention. The ESCAP Intergovernmental Agreement on Dry Ports entered into force on 23 April 2016 and five LLDCs and six transit countries have ratified the Agreement.

LLDCs have also made progress in entering into sub-regional and bilateral agreements to improve transit. Despite the progress made, a majority of sub-regional and multilateral arrangements are, however, still not fully implemented in practice. More needs to be done to ensure the full and effective implementation of the agreements. Both LLDCs and transit countries face challenges, including capacity constraints and lack of effective coordination among the different stakeholders involved on transit issues.

Progress has been made on transport, energy and ICT infrastructure development and maintenance; however, it varies between countries and infrastructure investment gaps exists. Additional resources are critical to complement the domestic efforts of the LLDCs to meet the high infrastructure investment needs.

On international trade, merchandise exports from LLDCs declined from 2014 when about \$225 billion in merchandise exports was recorded, compared to about \$139 billion in 2016. A slight increase was recorded between 2017 and 2018 when the LLDCs recorded an estimated \$191 billion worth of merchandise exports in 2017 compared to \$161 in 2018. The LLDCs remain marginalized from global trade as they continue to account for less than 1% of the global merchandise trade. Their share of global merchandise exports declined from 1.18% in 2014 to an estimated 0.98% in 2018. The LLDCs are also not well integrated into the global and regional value chains as their exports mainly comprise of commodities which render the LLDCs vulnerable to volatile commodity prices and the impacts of climate change

On trade facilitation, many LLDCs and transit countries, with support from development partners are continuing to implement trade facilitation initiatives to speed up transit and border-crossing such as One Stop Border Posts, Electronic Single Windows, TIR carnets, ASYCUDA, Regional Third-Party Motor Vehicle Insurance, and others. However, despite positive changes in this area, the implementation rate of the measures in the WTO Trade Facilitation Agreement remains low as reflected in the notification of measures already implemented (Category A measures) by these countries. The LLDCs are fully implementing about 34% of the notifiable Trade Facilitation Agreement measures compared to about 61.5% for developing countries and 100% for developed countries. Capacity constraints, including financial and technical remain a challenge for the LLDCs.

On regional integration and cooperation, the majority of LLDCs have become more active participants in regional trade agreements and initiatives aimed to ease movement of goods and people across borders. The African continent reached a new regional integration milestone in 2018 when African Union member States signed the agreement on the establishment of the African

Continental Free Trade Area. The agreement includes provisions on trade facilitation, transit and customs cooperation that will be of particular benefit to LLDCs. To date, the continent has reached the twenty-two ratifications required for the Agreement to come into effect. In Asia, new mechanisms such as the ASEAN Economic Community and the Eurasian Economic Union were established during the VPoA review period and several existing initiatives involving LLDCs have been strengthened. The China-led Belt and Road Initiative shows promising prospects for LLDCs in terms of promoting regional integration, strengthening regional infrastructure and developing regional value chains. LLDCs have also entered into bilateral and multilateral trade, transport and transit-related agreements with their neighbours. This shows their commitment to improved regional connectivity, market expansion and increased trade potential. At the same time, it is important that these regional agreements are effectively implemented.

On structural economic transformation, it is important to note that some LLDCs have implemented domestic policies for fostering structural economic transformation and have made progress towards structurally transforming, upgrading and diversifying their economies. Majority of LLDCs have also shown improvements in creating enabling regulatory environments for private sector development. However, the trends in the value-added of manufacturing sector, a key indicator of industrialization, as a percentage of GDP in most LLDCs have continued to decline. In addition, the exports of LLDCs are concentrated in a very limited number of products, mostly raw agricultural commodities with little added value. LLDCs also face low technology intensity and their investments into research and development are low, which is not supportive of innovations required for facilitating economic transformation through knowledge acquisition and innovation. More efforts are needed to build productive capacities, develop the private sector, nurture industrialization and build the services sector in the LLDCs.

On Means of implementation, ODA and FDI flows to LLDCs remain important sources of financing for the LLDCs. ODA flows to LLDCs increased from \$24 billion in 2014 to \$28 billion in 2017 (in constant prices). However, only a few LLDCs accounted for more than 50% of the group's total ODA receipts.

In 2017, the share of FDI flows into LLDCs accounted for 1.6% of global inflows, a decrease from 2.1% in 2014. However, FDI flows remain concentrated in a few LLDCs, with the top five recipients accounting for more than 60% of total flows to the group. The majority of FDI flows to LLDCs are to the extractive sectors, such as mining, quarrying and petroleum, followed by manufacturing (including food, textiles, chemicals and coke). There is need to increase ODA flows to LLDCs and for the international community to find ways of assisting all LLDCs to attract and retain foreign direct investment.

The foregoing has shown that while some progress is being made to implement the VPoA, there are challenges that need to be addressed to accelerate the implementation of the VPoA in order to meaningfully improve the welfare of the lives of over 500 million people living in the LLDCs. The comprehensive high-level midterm review shall review progress made by the LLDCs, transit countries and development partners in the implementation of the Vienna Programme of Action. It is expected to highlight the key achievements, share best practices and lessons learned, identify obstacles and constraints encountered and suggest recommendations to further accelerate the implementation of the Vienna Programme of Action.

Objective

The main objective of the retreat is to provide an opportunity for LLDCs, transit countries and their development partners to exchange views on the outcome document of the Midterm Review of the Vienna Programme of Action and encourage deeper discussions among member states in an informal setting. The retreat will review the progress made so far and how lessons from the first five years of implementation of the VPoA can be applied to the remaining five years.

The reports of the pre-conference events, regional review meetings, national reports and other material would serve as background documents.

Expected outcome

The Meeting is expected to come up with concrete ideas and key elements for the preparation of the draft outcome document of the Midterm Review of the Vienna Programme of Action.

Participants

Participants of the retreat will include Ambassadors of the LLDCs, transit countries and donor partners. A limited number of representatives of key UN and other international agencies will be invited as resource persons.

Format

The event will comprise of a working dinner on Tuesday 7 May 2019 and a full day of thematic working sessions on Wednesday 8 May 2019. It will include presentations on specific topics followed by interactive discussions. A summary of the meeting focusing on the main areas of convergence from the thematic sessions will be prepared by OHRLLS.

Documentation

- i) The Vienna Programme of Action for the LLDCs for the Decade 2014-2024
- ii) The Reports of the Secretary-General on the progress in the implementation of the Vienna Programme of Action
- iii) General Assembly Resolutions 72/232, and 73/243.
- iv) National reports on the implementation of the Vienna Programme of Action (www.lldc2conference.org/national)
- v) Outcome documents for Regional Review Meetings – Africa(www.lldc2conference.org/africa-regional-midterm-review-meeting); and Euro-Asia (www.lldc2conference.org/unescap-un-ohrls-unece-euro-asian-regional-midterm-review)
- vi) Reports of pre-conference events (www.lldc2conference.org/global)