



UN-OHRLLS

Retreat of Ambassadors in preparation of the Second United Nations Conference on LLDCs

9 and 10 May 2014¹

Concept Note

Background

Lack of territorial access to the sea, remoteness and isolation from world markets, additional border crossings, cumbersome transit procedures, inefficient logistics systems, weak institutions and poor infrastructure make the 32 landlocked developing countries (LLDCs) to incur substantially higher transport and other trade transaction costs when compared to coastal countries.

The First International Ministerial Conference of Landlocked and Transit Developing Countries and Development Partners held in Almaty, Kazakhstan in 2003 adopted the Almaty Programme of Action (APoA) to address the special needs and challenges faced by the LLDCs in achieving their development goals. The APoA addresses the special needs of the LLDCs through five priority areas including (a) fundamental transit policy issues; (b) infrastructure development and maintenance; (c) international trade and trade facilitation; (d) international support measures; and (e) implementation and review.

There have been encouraging positive benefits achieved from the implementation of the Almaty Programme since 2003. There has been increased visibility and recognition of LLDCs and their special needs on the international level and in the United Nations. The economic and social development in LLDCs improved during the implementation of the Almaty Programme, despite large differences among individual LLDCs. During the period 2003 to 2013, the LLDCs as a group experienced an improvement in annual growth of GDP from about 4.7 per cent in 2003 to about 6%. However this growth has not been steady, it has fluctuated to as low as 3% in 2009 and as high as 8.2% in 2007 and there is wide disparity in the growth rate and level of GDP per capita across the LLDCs. GDP per capita for 19 of the LLDCs is well below US\$1,000.

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Although the share of LLDCs in world trade has improved since 2003 and the value of their merchandise exports in nominal terms increased from US \$33 billion in 2003 to US \$227 billion in 2012, the LLDCs account for a very low proportion of global exports of only 1.2%, showing their marginalization.

On the social front, gains have been recorded in some 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, achieving food security, eradicating poverty and reducing child and maternal mortality remain major social development challenges in many LLDCs. The LLDCs also account for half of the countries with the lowest Human Development Index (HDI).

LLDCs have limited productive capacities and structural weaknesses which impede their growth prospects and constrain their ability to produce efficiently and competitively. They heavily rely on natural resource-based commodities thereby making them highly vulnerable to commodity price fluctuations. Whilst the export concentration ratios for other developing countries have remained relatively stable below 0.15, since 2000, they have dramatically increased for the LLDCs from 0.17 in 2000 to 0.38 in 2011.

LLDCs have been experiencing declining agricultural productivity and deindustrialization. Total value addition from agriculture for LLDCs declined from 22.8 per cent in 2001 to 18.2 per cent in 2011. Value addition from manufacturing has also been on the decline. The manufacturing value added - a basic indicator of the level of industrialization - has declined from a peak of 18.1 per cent in 1992 to 11.5 per cent in 2011. In most of the LLDCs there is little indication structural transformation towards productivity-led and higher-value-added economies. Other development challenges faced by LLDCs include low level of skills and technological base. Furthermore, the trade costs of LLDCs are still very high. According to the World Bank's Doing Business 2014 Report, the average costs of exporting a container for LLDCs are higher than transit countries and have increased from US\$ 2200 in 2006 to US\$ 3200 in 2014, while transit developing countries are only paying 50% of this cost.

A recent study published by OHRLLS entitled 'The Development Economics of Landlockedness' revealed that landlockedness impacts both economic and non-economic dimensions of development. It estimated that development of LLDCs is on average 20% lower than what it would have been were the countries not landlocked. In this context, the strengthening of international partnership and support to LLDCs is critical to overcome the special challenges that LLDCs face. The ten-year review conference presents a good opportunity for the international community to address these problems.

Preparations for the Second United Nations Conference on the Landlocked Developing Countries:

In its resolution 66/214, the United Nations General Assembly decided to hold a comprehensive ten-year review conference of the Almaty Programme of Action in 2014. The Assembly also decided that the conference should be preceded by regional and global, as well as thematic preparations. The comprehensive ten-year review conference of the Almaty Programme of Action is also known as the second United

Nations conference on landlocked developing countries. The conference will have the following substantive agenda as decided by the General Assembly in its resolutions 67/222:

- (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, subregional and national policies in the area of international trade and transit transport cooperation and to review the current situation of transit transport systems in the light of new and emerging challenges, partnerships and opportunities and the means to address them;
- (c) To reaffirm the global commitment to addressing the special development needs of and the challenges faced by the landlocked developing countries as called for at major United Nations conferences and summits;
- (d) To mobilize international support and action by and in favour of the landlocked developing countries and formulate and adopt a renewed development partnership framework for the next decade.

The Second UN Conference on LLDCs will provide the international community with an opportunity to renew its commitment to a global partnership with the LLDCs to enhance and strengthen international support measures in their favor. It is important for the international community to come up with a new results-oriented partnership framework embedded in a broader vision for LLDCs' sustainable development and economic growth for the next decade.

Progress has been achieved in the preparations for the Conference. Twenty LLDCs have submitted national reports which highlighted progress made in the implementation of the APoA and identified best practices as well as remaining and new challenges. All the three regional reviews (Euro-Asia, Africa and Latin America) were successfully organized in 2013. Fourteen pre-conference events were successfully organized in 2012 and 2013.

The outcome documents of the regional meetings and thematic pre-conference events have presented an assessment of the implementation of the Almaty Programme and provided valuable proposals for the next development decade. They have highlighted that while improved trade and transport remain crucial for greater integration of LLDCs into the international market, there is a need to address LLDCs issues in a more coherent and holistic manner, ensuring that broader aspects of development are also addressed. Efforts to improve transit transport infrastructure and trade facilitation need to be accompanied by efforts to build productive capacity, promote value addition, industrialization and diversification of economies, as well technology transfer, and increased use of information and communication technologies, increased regional cooperation, and resilience building to withstand external shocks including the effects of climate change, desertification, land degradation and drought.

Objective:

The drafting of a new programme of action needs to start before the first meeting of the Preparatory Committee for the Second UN Conference on the LLDCs to be held 12 to 13 June 2014. The main objective of the retreat is to encourage an informal

exchange of views and building of a common agenda among member states about their expectations for a new Programme of Action, in particular, the key substantive elements for the outcome document.

The new PoA should be based on an assessment of the strengths and weaknesses of the APoA and take into account lessons learned and best practices as well as current research on the factors that can contribute to structural transformation of LLDCs and their achievement of a sustainable and inclusive economic growth that delivers decent jobs, accelerates poverty reduction and leads to the achievement of higher levels of wellbeing of their people. The reports of the pre-conference events, regional review meetings, national reports and other material would serve as background material.

The meeting will also analyze emerging issues that have uniquely affected the development of LLDCs, for example, how the geographical challenges have set back the achievement of internationally agreed development goals in LLDCs. Other challenges include the food, energy, economic and financial crises, climate change and the changes in the international aid architecture. In a similar vein, the meeting will review the opportunities that have arisen during the implementation of the Almaty Programme of Action. Based on the review and analysis, the meeting will identify priorities for a renewed framework.

The effectiveness of the mechanisms for the implementation of the Almaty Programme, follow-up, monitoring and review at national, regional and global levels would also be considered, including lessons learnt and options for a revision of the existing monitoring and reporting mechanisms.

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 Second UN Conference on LLDCs.

Participants

Participants for 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.

Documentation

- i) 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;
- ii) The Reports of the Secretary-General on the progress in the implementation of the Almaty Programme of Action;
- iii) General Assembly Resolutions 66/214, 67/222 and 68/225.
- iv) OHRLLS study “The Development Economics of Landlockedness: Understanding the development costs of being landlocked”

- v) World Bank document “Improving Trade and Transport for Landlocked Developing Countries”.
- vi) 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
- vii) Reports of pre-conference events.