Background Report for the Latin America regional review meeting on the implementation of the VPoA

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Priority 4 on Regional Integration

- Continued cooperation within the existing regional cooperation frameworks (Mercosur, Andean Community of Nations) have supported the LLDCs.
- For example in terms of trade – the largest proportion of goods are exported to Mercosur countries (34% of Bolivian exports, and more than 50% of Paraguayan exports).
- Cooperation on transport infrastructure development – for example cooperation to establish a Bi-oceanic Railway Corridor and bi-oceanic road corridor; cooperation between Paraguay and Brazil on construction of two international bridges;
- Cooperation on the development of the inland waterway and ports;
- Cooperation in the area of energy – Bolivia and Argentina natural gas, Bolivia and Brazil on energy, and Bolivia and Peru on Liquefied Petroleum Gas
- Need to consider to go beyond trade, transport – to include research and development, industrial development
Priority 5 Structural Transformation

- Both LLDCs experienced positive improvement in structural economic transformation.
- The share of manufactured goods in merchandise exports increased from 3.6% in 2014 to 4.8% in 2017 in Bolivia and in Paraguay it also increased from 9.5% to 11.2% in the same years. Although there was some improvement, both countries continue to have lower manufactured goods in their exports when compared to world average of 71%.
- Share of primary commodities, precious stones and non-monetary gold in merchandise exports Bolivia decreased from 96.1% (2014) to 94.7% (2017) Paraguay 91% - 89.6
- Although it has improved dependency on primary commodities still high.
- Continued enhanced value addition & diversification crucial.
Priority 6 Means of Implementation

• Between 2014 and 2018, the decrease in global demand and the drop in raw material prices exerted negative pressures on the public finances of Bolivia and Paraguay, yet despite these constraints both countries maintained their levels of investment in economic and services infrastructure. Domestic resources are not enough, ODA, FDI and other sources of finance including South-South is important.

• From 2014 to 2017, the total ODA flows to the two LLDCs in Latin America increased from US$672 million to US$1.1 billion.

• Aid-for-trade disbursements to the two Latin America LLDCs increased from US$370 million in 2014 to $485 million in 2017.


• Continued resource mobilisation is important to support infrastructure development and structural transformation.
Emerging challenges and opportunities

• Challenge
  • Climate change is affecting regional infrastructure and transport systems – there is need for climate resilient infrastructure.
  • Also affecting agriculture based economies – need to build resilience

Opportunity
• Digitalization and technological innovation are transforming logistics in a profound way and also an opportunity for e-commerce
• LLDCs need to take advantage of the opportunity.
Thank You

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