Financing the SDGs in Africa’s landlocked developing countries (LLDCs) and least developed countries (LDCs) through strengthened trade ties within the framework of the AfCFTA

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BACKGROUND

- International trade is an engine for inclusive economic growth and poverty reduction, and an important means to achieve the SDGs.
- 2030 Agenda acknowledges that the most vulnerable countries, including Least Developed Countries (LDCs) and Landlocked Developing Countries (LLDCs) deserve special attention.
- Of the world’s 47 LDCs, 33 are African, 13 of which are landlocked.
- High transit costs for LLDCs when importing and exporting goods are a fundamental challenge to development.
- UN System support to the LLDCs:
  - UN’s Almaty Programme of Action for the LLDCs
  - The Vienna Programme of Action (VPOA)
• Istanbul Programme of Action for the LDCs targets a growth rate of at least 7 per cent per annum.
• Progress towards achieving the SDGs and Agenda 2063 has been mixed in LDCs and LLDCs.
• African LDCs have not yet attained universal access to reliable electricity.

**LLDCs’ Challenges:**

- Geographical impediments
- Delays at borders
- Customs procedures
- Border crossing regulations
- Productivity constraints
Prospects and Challenges of achieving the SDGs in the LDCs and LLDCs through greater financial and infrastructure integration

AfCFTA expected to boost/expand intra-African trade, stimulate sustained economic growth and foster inclusive development.

The weak institutions of the LDCs and LLDCs, and the difficult geographic position of the LLDCs make the financial and physical integration challenging.

LLDCs are highly reliant on very few products to bring in export earnings. This is problematic as commodity exports frequently have a low value-to-volume ratio, and require extensive transport and port infrastructure to reach the world market.

- Non-African LDCs outperform the African LDCs and LLDCs in the actual physical mechanics of trading.
Mobilizing resources for achieving the SDGs is particularly difficult for Africa’s LDCs and LLDCs because of their debt burden. This reduces their chances to finance SDG initiatives.

Addressing illicit financial flows also has the potential to free-up billions of dollars in the LLDCs and LDCs.

Tackling corruption would strengthen the relationship between the public and private sectors to better deliver on SDG-related projects.

Creating an enabling environment for higher FDI that enhances productivity, capacity, transfer know-how and job creation is also important for funding the SDGs.
How can AfCFTA be leveraged to address the SDGs needs of the LDCs and LLDCs?

• AFCFTA presents opportunities to mainstream the needs of LDCs and LLDCs.
• Benefits of trade integration through the AfCFTA:
  ➢ Integration into regional and global value chains
  ➢ Tariffs reduction
  ➢ Production of goods and services with comparative advantages
  ➢ Structural transformation
  ➢ Expansion of trade and productive capabilities
  ➢ Provisions on trade facilitation, transit and customs cooperation
  ➢ Economies of scale
  ➢ Foreign direct investment
• The growing demand for funding against a backdrop of declining ODA funding has indirectly pushed for domestic resource mobilization (DRM).
• Operationalization of the AfCFTA contributes to fair outcomes and more balanced and mutually beneficial regional integration process in support of the LDCs and LLDCs
Questions for discussions

What are the greatest challenges to inclusiveness and equality in LDCs and LLDCs and how can they be addressed leveraging on AfCFTA?

Taking into account the significant levels of debt in Africa’s LDCs and LLDCs, what approaches should be prioritized for mobilizing greater resources for achievement of the SDGs in these countries?

What are the primary infrastructure bottlenecks that will reduce the potential benefits of the AfCFTA in LDCs and LLDCs? How can the effect of these bottlenecks be mitigated in the short term, and eliminated in the long term?
THANK YOU!