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Item 6 of the provisional agenda\*

**Statutory issues**

### **Report on the implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024**

#### **I. Introduction**

1. Africa is home to 16<sup>1</sup> of the world's 32 landlocked developing countries. Like such countries in other regions of the world, those in Africa face unique trade and development challenges, emanating from their lack of territorial access to the sea. Those challenges impose serious constraints on their overall socioeconomic development.

2. The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024 provides a coherent and holistic framework for addressing the special development challenges of this category of countries by prescribing priority areas of intervention. Its overarching objective is to promote inclusive economic growth and sustainable development to eradicate poverty, build resilience, bridge economic and social gaps, and ultimately transform landlocked developing countries into land-linked countries. The Vienna Programme of Action is an integral part of 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want, of the African Union.

3. The coronavirus disease (COVID-19) pandemic has exacerbated the peculiar challenges faced by landlocked developing countries. Because of their remoteness from global markets, dependence on commodity exports of agricultural, mining and energy products, and heavy reliance on international trade, combined with their fragile economic and social structures, they have been particularly exposed to the devastating effects of the pandemic. The situation of such countries in Africa was compounded by the closing of land borders, which further isolated them from world markets and undermined their efforts to mitigate the disruptions created by the pandemic. The resulting socioeconomic downturn has also reversed some of the gains that they have made towards achieving the goals of the Vienna Programme of Action and the 2030 Agenda.

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\* E/ECA/COE/40/1.

<sup>1</sup> Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Eswatini, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Uganda, Zambia and Zimbabwe.



4. The present report provides an overview of the efforts that have been made, progress achieved and challenges faced in implementing the Vienna Programme of Action since the previous report to the Conference of African Ministers of Finance, Planning and Economic Development during the fifty-third session of the Economic Commission for Africa (ECA).

## **II. Overview of socioeconomic development in African landlocked developing countries**

5. Although Africa recorded economic growth during the reporting period, the expansion was fragile and marked by uncertainty and exposure to repeated waves of COVID-19 infections (figures I and II).<sup>2</sup> Disruptions that resulted from the measures taken to stop the spread of the virus, such as lockdowns and travel bans, have rendered a return to pre-pandemic conditions difficult. Economic recovery in Africa has been weaker than in other regions of the world, with a projected increase in growth from 3.8. per cent in 2021 to 4.0 per cent in 2022, which will be driven by a gradual rollback of virus-containment measures, rising vaccination rates, higher commodity prices and incremental improvements in investment.

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<sup>2</sup> United Nations, *World Economic Situation and Prospects: 2022* (New York, 2022).

Figure I  
Real growth in Africa, by subregion  
Percentage

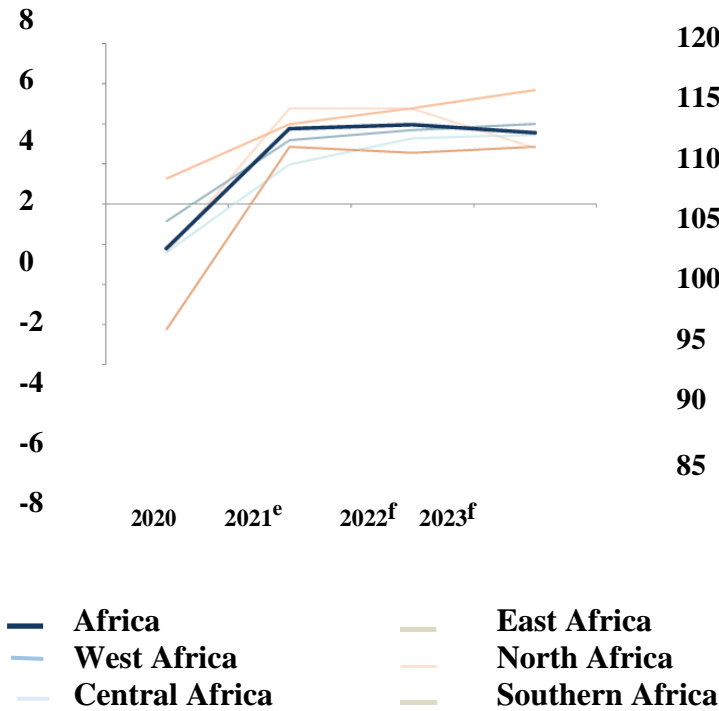
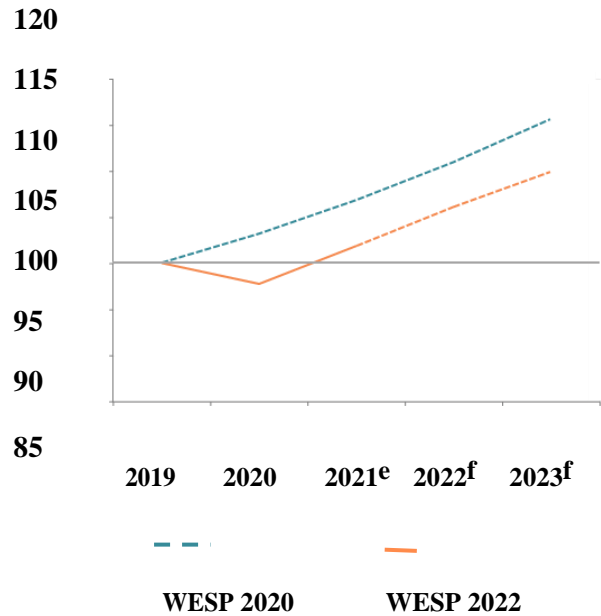


Figure II  
Real growth in Africa, overall  
Index, 2019 = 100



Sources: Based on projections produced using the World Economic Forecasting Model of the Department of Economic and Social Affairs of the United Nations Secretariat.

Abbreviations: WESP, World Economic Situation and Prospects; e, partial estimate; f, forecast.

Note: Excludes Libya. The dashed line in figure II indicates pre-crisis projections.

6. Like most African economies, those in landlocked developing countries are still experiencing the effects of the pandemic. Their poorly resourced health-care sectors have rendered them vulnerable to infectious diseases like COVID-19. Six of them rank among the 25 most vulnerable countries in the world.<sup>3</sup> The negative economic effects of the COVID-19 pandemic will have lasting consequences and medium-term effects on GDP growth, trade flows, investment, commodities prices, employment, inequality and poverty in those countries.

7. Some African landlocked developing countries have, since 2021, also grappled with social upheaval and other challenges arising from conflict and instability. These crises and the resulting political instability have exacerbated the economic challenges that those countries are facing due to the COVID-19 pandemic.

8. ECA has continued to work to ensure that African landlocked developing countries are not left behind in efforts to fight the pandemic and to mitigate the associated impact. Among other initiatives, ECA convened a webinar on 14 September 2020 on the theme “Keeping supply chains in place: The importance of cooperation between landlocked developing countries and their transit partners” to identify challenges that such countries face owing to border closures amid the COVID-19 pandemic. On 20 March 2021, ECA and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States jointly hosted an online meeting on the theme “Leveraging the African Continental Free Trade Area to promote smooth functioning of corridors for sustainable industrialization and diversification during COVID-19 era” to examine the effects of the pandemic on trade and economic growth in landlocked developing countries and their transit neighbours. In partnership with the African Union Commission and the African Union Development Agency and its New Partnership for Development programme, ECA prepared guidelines on facilitating trade during the COVID-19 pandemic, which were subsequently incorporated into the policymaking processes of the African Union. ECA continued to advocate on behalf of African landlocked developing countries in various forums, including at the tenth meeting of the Inter-Agency Consultative Group for Landlocked Developing Countries, as well as through the development and deployment of a road map for the accelerated implementation of the Vienna Programme of Action during the next five years.

### **III. Status of implementation of the priorities of the Vienna Programme of Action**

#### **A. Fundamental transit policy issues**

9. The Vienna Programme of Action underscores the significant roles that freedom of transit and transit facilities play in the overall development of landlocked developing countries and their integration into the global trading system. It calls for the harmonization, simplification and standardization of rules and documentation, together with the full and effective implementation of international conventions governing transport and transit and all bilateral, subregional and regional agreements, which are crucial to addressing cross-border trade challenges and related transport problems.

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<sup>3</sup> Melinda Moore and others, *Identifying Future Disease Hotspots: Infectious Disease Vulnerability Index* (Rand Corporation, Santa Monica, California, 2016). Available at [https://www.rand.org/pubs/research\\_reports/RR1605.html](https://www.rand.org/pubs/research_reports/RR1605.html).

10. The measures instituted to curtail the spread of COVID-19, in particular at borders between landlocked developing countries and transit countries, have exacerbated the difficulties in the movement of goods and services that landlocked developing countries were already facing. The border restrictions by transit countries significantly disrupted international supply chains and negatively affected timely delivery and access in landlocked developing countries to essential goods, such as pharmaceuticals, medical supplies, fuels and food. Landlocked developing countries had to contend with increased costs of trade and transport accruing from additional cross-border controls and checks.

11. Practical measures and interventions introduced by the regional economic communities, their member States and partners such as ECA, if implemented alongside existing guidelines, could help to limit the cross-border spread of COVID-19, while also reducing costs and increasing the efficiency of cross-border trade. However, the full implementation of the Agreement on Trade Facilitation of the World Trade Organization (WTO) is imperative for the smooth movement of goods and services and for keeping borders open during the pandemic and beyond.

## **B. Infrastructure development and maintenance**

12. While landlocked developing countries have made significant improvements in the expansion and upgrading of transport infrastructure, they still face major obstacles in developing viable and predictable transport systems. They continue to lack adequate physical infrastructure in rail transport, road transport, dry ports, inland waterways, pipelines and air transport. They also have lower road and rail network densities – measured as km per km<sup>2</sup> of land area – compared with transit developing countries and the global average.<sup>4</sup> The infrastructure deficit and high cost of logistics constitute major constraints to the growth of landlocked developing countries and to the full realization of the African Continental Free Trade Area.

13. According to data from the Programme for Infrastructure Development in Africa, corridor inefficiencies within the African transport infrastructure network cost more than \$75 billion per year, leading to reduced intraregional and international competitiveness of African countries. As remedies, the Programme has proposed the upgrading of African transport corridors in accordance with a model that emphasizes safety, mobility, automation and real-time traffic management. Such corridors employ the latest trade facilitation tools and applications, such as intelligent transport systems, to simplify transport administrative processes and provide real-time information to key stakeholders to monitor cargo clearance and movement and facilitate trade. Requirements for such corridors include strong management institutions and the implementation of WTO and World Customs Organization trade facilitation tools like a national single window, coordinated border management, one-stop border posts and electronic certification of origin. When fully operational, these initiatives will greatly benefit African landlocked developing countries. ECA has continued to support the implementation of the Programme for Infrastructure Development in Africa, including by serving as an active member of its steering committee, serving as the secretariat for the development of projects under the Programme's second priority action plan, and supporting the

<sup>4</sup> United Nations, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, *Improving Transport Connectivity for LLDCs and the Status of Implementation of the Vienna Programme of Action in the Africa Region* (2018). Available at [https://www.un.org/ohrrls/sites/www.un.org.ohrrls/files/improving\\_transport\\_connectivity\\_for\\_llcds\\_and\\_the\\_status\\_of\\_implementation\\_of\\_the\\_vpoa\\_in\\_the\\_africa\\_region\\_.pdf](https://www.un.org/ohrrls/sites/www.un.org.ohrrls/files/improving_transport_connectivity_for_llcds_and_the_status_of_implementation_of_the_vpoa_in_the_africa_region_.pdf).

implementation of the Africa Climate Resilient Investment Facility as part of those projects.

14. Road transport – the dominant mode of transport in Africa – constitutes between 80 and 90 percent of passenger and freight traffic. However, the average road access rate is a mere 34 per cent for African countries, far below the developing country average of 50 per cent. The Trans-African Highway is a network of transcontinental road projects in Africa that seeks to address the deficit in road transport and road connectivity across the continent. It comprises nine highways with a cumulative length of 56,683 km (35,221 miles). However, its operationalization continues to be hampered by missing links and poor maintenance in some key segments. Rail is the second most dominant mode of transport in Africa. However, 16 African countries, including 4 landlocked developing countries (Burundi, Central African Republic, Chad and Niger) still lack railway network connectivity.

15. COVID-19 has had a significant negative impact on the aviation industry in Africa. Between 2020 and 2021, the continent lost up to 3.5 million jobs in aviation and related industries, accounting for more than half of its 6.2 million aviation-related jobs and representing an increase of 400,000 since 2019.<sup>5</sup> Air traffic in Africa plummeted by 54 per cent (i.e. more than 80 million passenger journeys), with a resulting decrease in GDP across the continent of up to \$35 billion.<sup>6</sup> The slow pace of COVID-19 vaccination in Africa is expected to delay the recovery of international travel, with airlines in Africa projected to post a \$1.5 billion net loss in 2022, on top of a \$1.9 billion loss in 2021 (see table 1). The turbulence in the air transport industry occasioned by COVID-19 were even more acutely felt in landlocked developing countries.

16. The take-off guidance recently adopted by the Council Aviation Recovery Task Force of the International Civil Aviation Organization (ICAO), which provides a biosecurity framework for safe air transport, should help the sector to recover in African landlocked developing countries, provided that they can apply the recommendations consistently and uniformly. Rwanda is among the first countries in the world to fully comply with the ICAO biosecurity recommendations. The Single African Air Transport Market<sup>7</sup> will also play a major role in improving air connectivity for the continent's landlocked developing countries, 11 of which are among the 34 African States that have signed the solemn commitment to implement the Single African Air Transport Market.

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<sup>5</sup> International Air Transport Association, "Economic performance of the airline industry" (2021). Available at <https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---october-2021---report/>.

<sup>6</sup> Ibid.

<sup>7</sup> A flagship project within the framework of Agenda 2063 that was launched by the African Union in 2018 to create a single, unified air transport market in Africa and to advance the liberalization of civil aviation in Africa.

Table 1  
**Economic performance of the aviation industry in Africa as of December 2021** (change year over year)

	2019	2020	2021 <sup>e</sup>	2022 <sup>f</sup>
Net post-tax profit (billions of dollars)	-0.3	-2.2	-1.9	-1.5
Per passenger (dollars)	-2.7	-44.6	-31.6	-21.8
Revenue (percentage)	-1.8	-34.6	-24.5	-18.0
RPK growth (percentage)	4.7	-69.3	8.6	26.9
ASK growth (percentage)	4.5	-62.3	13.4	6.1
Load factor, ATK (percentage)	56.2	49.7	51.1	58.1
Break-even load factor, ATK (percentage)	55.6	60.5	57.5	63.8

*Abbreviations:* RPK, revenue passenger kilometres; ASK, available seat kilometres; ATK, available tonne kilometres; e, estimated; f, forecast.

*Source:* International Air Transport Association, “Economic performance of the airline industry” (2021).

17. The Vienna Programme of Action recognizes the importance of having access to affordable, reliable and renewable energy in enabling the modernization of information and communications technology and transit systems, with a view to enhancing the productivity and trade competitiveness of landlocked developing countries. However, energy access for such countries in Africa remains particularly low, with an average of only 44 percent of the population having access to electricity, far below the average of 81 per cent for developing countries. The use of clean fuels and technologies is even lower in African landlocked developing countries; an average of only 13.7 per cent of the population in those countries had access to clean fuels and technologies in 2016. The International Renewable Energy Agency (IRENA) has provided them support in tackling their energy access deficits through increased uptake of renewables, which are increasingly becoming cost-competitive and accessible because of rapidly falling costs. Nevertheless, more international and regional cooperation and partnerships will be required to accelerate universal access to energy and the development of renewable and efficient energy sources in landlocked developing countries.

18. In that regard, the recent move by the African Union Development Agency to collaborate with IRENA and the International Atomic Energy Agency in the development of the African Continental Power Systems Master Plan is welcome. The Plan serves as a blueprint for the development of energy master plans that promote access to affordable, reliable and sustainable electricity supplies across the continent. For its part, ECA has partnered with RES4Africa Foundation and IRENA to develop a joint report – *Towards a Prosperous and Sustainable Africa: Maximizing the Socioeconomic Gains of Africa’s Energy Transition* – which draws on the knowledge and experience of the three organizations to provide insights into the socioeconomic impact of clean energy investment in Africa, and to support overall development, sustainable economic transition and renewable energy development in emerging economies, including landlocked developing countries. ECA, in partnership with IRENA and other entities, has launched the Africa Renewable Energy Dialogue series to promote the accelerated delivery of distributed renewable energy to the last mile in Africa, by exploring the opportunities and resources required to reach consumers and producers and make renewable energy accessible to all. Landlocked developing countries will no doubt benefit from these initiatives.

19. Africa has made significant strides in the uptake of information and communications technology (ICT) in the past three decades. This growth has been witnessed especially in mobile telephony. Mobile phone penetration in Africa is now at over 60 per cent. African landlocked developing countries have

also witnessed a significant increase in mobile cellular subscriptions, from 64.3 per 100 people in 2014 to almost 80 per 100 people in 2020. There was also an acceleration in Internet use across the globe during the COVID-19 pandemic, from 54 per cent of the population in 2019 to 63 per cent in 2021. In the same period, Internet use in Africa as a whole jumped from 27 per cent in 2019 to 33 per cent in 2021, while in landlocked developing countries, the number of Internet users increased to 35 per cent of the population in 2021, up from 29 per cent in 2019.<sup>8</sup> This is still far below the world average of 63 per cent.<sup>9</sup>

20. Landlocked developing countries recorded major increases in subscriptions for active mobile broadband (37 per 100 inhabitants) and mobile-cellular telephone (79 per 100 inhabitants), and a small increase in subscriptions for fixed-broadband (3 per 100 inhabitants) in 2020. In 2020, 53 per cent of the population in the landlocked developing countries had access to 4G mobile network coverage, while 31 per cent had access to 3G coverage, and 10 per cent to 2G coverage.<sup>10</sup> However, high prices for ICT continue to hamper the capacity of landlocked developing countries to harness the full benefits of the digital economy and to reap maximum trade and development benefits that should accrue from the use of emerging technologies such as e-commerce, automated single windows, e-government and digital finance. More efforts are required to help such countries in Africa to develop affordable broadband Internet service for wider populations so as to achieve Sustainable Development Goal 9.c (on the provision of universal and affordable access to the Internet). Collaboration with the international community will be necessary to bridge the digital gap between landlocked developing countries and the rest of the world.

21. ECA continued to support the efforts of African landlocked developing countries to develop transport infrastructure and enhance their connectivity. ECA partnered with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, the African Development Bank and others to provide training to representatives of such countries on strengthening capacity to develop bankable transport infrastructure for enhanced connectivity. The training was the first in the series of workshops to be undertaken under the project “Strengthening the capacity of landlocked developing countries to design and implement policies that promote transport connectivity in line with the Belt and Road Initiative for the achievement of the SDGs”. The aim is to help landlocked developing countries and transit countries develop the capacity to formulate policies to guide the installation of hard and soft infrastructure for improved connectivity to global and regional markets. ECA has also recently concluded studies on the implications of the African Continental Free Trade Area for demand for transport infrastructure and services, and on the digitalization of transport infrastructure in the post-COVID-19 era, including in landlocked developing countries.

### **C. Infrastructure financing**

22. The infrastructure deficit in African landlocked developing countries has continued to grow, mainly because of insufficient investment by the countries in the sector. Reducing the infrastructure gap between those countries and the rest of the world requires greater efforts to improve the efficiency and quality of public investment in infrastructure and to mobilize public and private financing.

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<sup>8</sup> International Telecommunication Union. Statistics: Individuals Using the Internet – 2021. Accessed on 30 March 2022. Available at <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.



23. Some of the strategies adopted by landlocked developing countries in Africa to finance infrastructure include sovereign loans, grants, financing through domestic institutions, foreign direct investment and public-private partnerships. Many such countries have turned to public-private partnerships in particular as a mechanism for designing, building, financing and operating infrastructure projects that have traditionally been managed exclusively by the public sector. One infrastructure project initiated through such partnerships in Africa is the Ruzizi III Hydropower Plant project, an initiative of the Programme for the Development of Infrastructure in Africa that involves Burundi, the Democratic Republic of the Congo and Rwanda. As the first such subregional project managed through a public-private partnership in Africa, it is being implemented with 50 per cent commercial financing (a combination of debt and equity) and has majority private-sector ownership. ECA has also contributed to efforts to operationalize the Grand Inga Dam in the Democratic Republic of Congo, including through active participation in awareness-raising dialogues that were facilitated by Special Envoy on Energy of the African Union, former Kenyan Prime Minister Raila Odinga. At a pan-African conference on the Grand Inga Dam, ECA gave a presentation in which it outlined the potential benefits of the dam, including its potential to foster integration.

#### **D. International trade and trade facilitation**

24. Landlocked developing countries heavily depend on international trade, which has rendered them especially vulnerable to the disruptive effects of the COVID-19 pandemic, as seen in their services and manufacturing sectors. Rising social unrest, insecurity, unconstitutional changes in government and civil conflict occurred in several African landlocked developing countries, which restrained investment and consumer spending in those countries. Commodity price fluctuations, the unwinding of policy support and the adoption of austerity measures in several of those countries in an effort to tackle rising debt levels could further slow growth in the coming months.<sup>11</sup>

25. However, the rebound in commodity prices represents a source of hope for landlocked developing countries. While the prices of energy and non-energy commodities saw a year-on-year increase of 8.0 and 4.7 per cent, respectively, in January 2021, they had increased by 73.6 per cent and 20.5 per cent, respectively, by January 2022.<sup>12</sup> Only fertilizer prices fell (by 3.6 per cent), while those of agriculture commodities rose by 4.2 per cent, metals and minerals by 7.3 per cent, and precious metals by 1.7 per cent. Nevertheless, the limited diversification of the economies of landlocked developing countries will restrict their performance in world markets, since their dependence on exports of raw materials and reliance on world markets for imports of essential goods (such as fuel, food items and pharmaceuticals) exposes them to external shocks. Implementation of the African Continental Free Trade Area can help to cushion such countries against these vulnerabilities by reducing their dependence on remote markets. To that end, ECA has supported African countries in the development of national and subregional implementation strategies to assist them in reaping the full benefits of the African Continental Free Trade Area.

##### **Implementation of the WTO Trade Facilitation Agreement**

26. African landlocked developing and transit countries have made progress in ratifying the WTO Trade Facilitation Agreement, which entered into force in

<sup>11</sup> World Bank Group, *Commodity Markets Outlook: Urbanization and Commodity Demand – October 2021* (Washington, DC, 2021). Available at <https://www.worldbank.org/en/news/video/2021/11/03/soaring-energy-prices-metal-agriculture-urbanization-solar-climate-resilience>.

<sup>12</sup> Ibid.

2017, the aim of which is to expedite the movement, release and clearance of goods, including those in transit. As of February 2022, 41 African countries – including 15 transit countries and all the landlocked developing countries that are WTO members – had ratified the Agreement and submitted their category A,<sup>13</sup> B<sup>14</sup> and C<sup>15</sup> notifications. The relevant African landlocked developing countries have begun to implement the provisions of the Agreement.

27. An ECA survey on digital and sustainable trade facilitation conducted in 2021 showed variation in the extent of implementation among countries. Of the countries surveyed, several African landlocked developing countries reported implementation rates above the continental average of 49.98 per cent. Those include Botswana (56 per cent), Burundi (50.54 per cent), Malawi (60.22 per cent), Rwanda (78.49 per cent) and Zambia (60.22 per cent). Several other landlocked developing countries – Burkina Faso (41 per cent), Ethiopia (41.94 per cent), the Niger (36.56 per cent) and Zimbabwe (39.78 per cent) – had rates below the continental average, as shown in table 2.

Table 2

**Extent of implementation of trade facilitation measures by category in landlocked developing countries in 2021 (percentage)**

Category	Botswana	Ethiopia	Malawi	Rwanda	Zambia	Zimbabwe	Africa
Transparency	80	73	80	87	73	40	<b>55</b>
Formalities	83	75	67	88	63	58	<b>63</b>
Institutional arrangements and cooperation	89	56	89	100	89	78	<b>58</b>
Paperless trade	41	19	59	85	56	48	<b>50</b>
Cross-border paperless trade	11	0	50	39	39	11	<b>24</b>
<b>Total</b>	<b>57</b>	<b>42</b>	<b>66</b>	<b>79</b>	<b>60</b>	<b>45</b>	<b>50</b>

Source: United Nations “UN global survey on digital and sustainable trade facilitation: trade facilitation and paperless trade in Africa”. Accessed on 30 March 2022. Available at <https://www.untsurvey.org/region?id=ECA>.

28. Although African landlocked developing countries are making significant progress in the implementation of the Trade Facilitation Agreement, there is still room for improvement. Those countries can leverage the beginning of trading within the African Continental Free Trade Area in particular, in addition to the capacity-building facility of the Agreement, to enhance their ability to implement the Agreement’s provisions. ECA continued to provide technical support to African landlocked developing countries in the implementation of the Trade Facilitation Agreement, including by ensuring that they would be included in key interventions such as the preparation and roll out of national strategies to implement the African Continental Free Trade Area, and by assisting them in building macroeconomic modelling capacity, using the ECA macroeconomic modelling tool.

29. ECA has collaborated with the United Nations Industrial Development Organization and the African Development Bank mapping innovation and digitalization initiatives, policies, strategies and stakeholders across Africa, with a view to improving coordination and identifying potential synergies to

<sup>13</sup> Provisions to be implemented by the time the Agreement enters into force (or, in the case of a least-developed country member, within one year after entry into force).

<sup>14</sup> Provisions to be implemented after a transitional period following the entry into force of the Agreement.

<sup>15</sup> Provisions to be implemented on a date after a transitional period following the entry into force of the Agreement and requiring the acquisition of assistance and support for capacity-building.

support the implementation of the Digital Transformation Strategy for Africa (2020–2030), which has the capacity to unlock the trade potential of landlocked developing countries.

## **E. Regional integration and cooperation**

30. The Vienna Programme of Action has identified regional integration and cooperation as a sine qua non for the economic growth and development of landlocked developing countries. Regional integration is particularly crucial for achieving economies of scale, for cross-border infrastructure investment, and for the reduction of transit costs through harmonized and consolidated procedures.

31. With the start of trading under the African Continental Free Trade Area, landlocked developing countries are expected to reap scale benefits from the single African market, which has a combined GDP of \$3.4 trillion and the potential to lift 30 million people out of extreme poverty by 2035. As of February 2022, the Agreement Establishing African Continental Free Trade Area had been signed and ratified by 54 countries and 41 countries, respectively, with the latter including all African landlocked developing countries. Such countries are set to benefit immensely from the liberalization envisioned in the African Continental Free Trade Area, including through the elimination of tariffs and from the provision allowing a country to exclude 3 per cent of its tariff lines from liberalization provided that the value of the corresponding goods does not exceed 10 per cent of the country's total intra-African imports.

32. Landlocked developing countries will also benefit from the Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment, which was adopted in 2018. Enhanced and well-managed intra-African free movement of people will significantly improve the development prospects of African landlocked developing countries, 11 of which have signed the Protocol, of which 3 (Mali, Niger and Rwanda) are among the 4 countries that have ratified it. Eleven more ratifications are required for the Protocol to enter into force. ECA has worked with various stakeholders to encourage member States to ratify the Protocol and to assist them in its subsequent implementation.

## **F. Structural economic transformation**

33. The Vienna Programme of Action underscores the need for structural transformation of the economies of the landlocked developing countries, with a focus on value addition and economic diversification, to reduce the negative impact of their geographical disadvantages and external shocks. Although African landlocked developing countries have made significant efforts to expand their private sectors and to improve their capacity in the areas of manufacturing, science, technology and innovation, they still face the challenge of sustaining the structural transformation of their economies.

34. ECA has developed initiatives to help landlocked developing countries improve their competitiveness and increase their integration in regional and international markets. It has contributed to value-chain development, trade capacity-building, renewable energy generation and energy efficiency promotion (through its Sustainable Development Goal 7 initiative). ECA recognizes the importance of productive investments and investment policies that facilitate structural transformation, economic development and post-pandemic recovery in Africa.

35. It has been recognized, however, that the economic reform measures adopted by landlocked developing countries are still inadequate for tackling the

problem of weak productivity, in particular in the agricultural and manufacturing sectors. The share of agriculture and manufacturing in total output has remained relatively unchanged for most landlocked developing countries since 2014, when the Vienna Programme of Action was adopted. African landlocked developing countries, in particular, lack the local capacity necessary to absorb foreign technology and to keep pace with technological advances. Such countries need to build human capital through more investment and reforms in education and training systems. ECA contributed to efforts to build the capacity of the regional economic communities to which a number of landlocked developing countries belong to implement their community industrialization policies and strategies. It has supported the East African Community, the Economic Community of West African States and the Southern African Development Community (SADC) in formulating long-term visions, and helped SADC and the Common Market for East and Southern Africa to develop and deploy their long-term industrialization frameworks, which will be crucial to the structural transformation of landlocked developing countries.

## **G. Means of implementation**

36. The COVID-19 pandemic has had a negative impact on the trade flows of African landlocked developing countries and has increased their risk of debt distress, which has further limited the fiscal and policy space needed to make investments that are critical for recovery. Their external debt stock rose from 41.3 percent of GDP in 2015 to 51.6 per cent in 2019 – an increase of more than 10 percentage points in 5 years. In six African landlocked developing countries (Burkina Faso, Burundi, Eswatini, Rwanda, Zambia and Zimbabwe), the government's gross debt as a share of GDP rose by 10 percentage points in the same period. Eleven African landlocked developing countries are already classified as being highly indebted. Moreover, the external debt of such countries is predominantly private non-guaranteed debt, which is highly volatile. Because of their high external debt stocks, it has been challenging for those countries to mobilize the resources required to implement the Vienna Programme of Action and achieve the Sustainable Development Goals.

37. Foreign direct investment is crucial for the structural transformation of African landlocked developing countries, as it would increase the value of their domestic economies and link them more effectively to global value chains, thereby helping them to achieve some of the priorities set out in the Vienna Programme of Action. Landlocked developing countries and transit countries will also require official development assistance, including aid-for-trade support, if they are to effectively address the impact of the pandemic and sustain their post-pandemic recovery initiatives. Such support is needed to build the capacity to formulate trade policy, participate in trade negotiations and implement trade facilitation measures, finance trade, develop trade infrastructure, diversify exports and strengthen productive capacity, with a view to increasing their global market competitiveness. There is also a need for a comprehensive economic rescue plan that goes beyond emergency credit to enable landlocked developing countries to effectively implement the Vienna Programme of Action.

## **IV. Conclusion and recommendations**

38. African landlocked developing countries have made considerable efforts and progress towards implementing the Vienna Programme of Action, despite the challenges arising from the COVID-19 pandemic. However, that progress has not been sufficient to achieve the targets that are set out in the Vienna Programme of Action. Lack of financial resources and financing gaps are among

the main constraints to the full implementation of the Vienna Programme of Action and the achievement of the Sustainable Development Goals in landlocked developing countries. To achieve those aims, those countries will need support from policymakers, the private sector, multilateral and regional development banks, United Nations entities and other relevant international and regional organizations. A road map for the accelerated implementation of the Vienna Programme of Action in the remaining five years, which was issued on 19 August 2020, contains a call to all policymakers from landlocked developing countries, transit countries and development partners, to do the following:

(a) To develop strategies, policies and regulations that create enabling domestic environments for business, trade, digitalization, industrialization, economic growth, climate-change mitigation and adaptation and disaster-risk management;

(b) To promote innovative solutions in sectors such as agriculture, transport, ICT, finance, energy, health and water and sanitation, with a view to mobilizing additional public resources for the implementation of the Vienna Programme of Action;

(c) To provide targeted technical and financial support for the implementation of specific actions listed in the Vienna Programme of Action by actively engaging in South-South and triangular cooperation and dialogue in respect of the priority areas of the Vienna Programme of Action;

(d) To encourage the private sector to contribute to the implementation of the Vienna Programme of Action through various channels, including by increasing domestic and foreign investment in landlocked developing countries through public-private partnerships;

(e) To solicit support from multilateral and regional development banks and United Nations entities, including ECA, to deliver country-level solutions in the landlocked developing countries across the priority areas. In the same vein, landlocked developing countries and transit countries are encouraged to leverage existing regional frameworks to foster cooperation and to ratify and effectively implement international and regional conventions and agreements such as the Agreement Establishing the African Continental Free Trade Area and the Protocol to the Treaty Establishing the African Economic Community Relating to Free Movement of Persons, Right of Residence and Right of Establishment.

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