implementation of the Vienna Programme of Action (VPoA) and of the Political Declaration of the High-level Midterm Review. The report also reviews the performance of the LLDCs on the Sustainable Development Goals and recent socio-economic development and the progress made in implementing the Roadmap for Accelerated Implementation of the VPoA. Furthermore, it highlights COVID-19 recovery efforts in LLDCs and identifies areas that require further action and support. The report provides important input to the intergovernmental processes including of the Second Committee of the General Assembly.

II. An overview of socio-economic development in landlocked developing countries

II.I. Recent economic developments in Africa's LLDCs in 2021

5. After a significant contraction in 2020, landlocked developing countries (LLDCs) in Africa, as has been the case with most developing countries, have exhibited a rebound in 2021. African LLDCs' real GDP growth rebounded by average of 3.2 per cent in 2021 compared to a 4.7 per cent and a 6.4 per cent average growth for Africa as a whole and developing countries, respectively (Figure 1). Economic growth of African landlocked developing countries increased at an average rate of 3.6 per cent from 2015 to 2019, before contracting by 2.2 per cent in 2020. These economies are projected to continue rebounding by an average of 4.2 per cent in 2022 and 5.3 per cent in 2023. Among the 16 landlocked developing countries in Africa, Zimbabwe witnessed the greatest GDP rebound in 2021 as it came from a very low base (from -8.0 per cent in 2020 to 6.3 percent in 2021), followed by Botswana (5.7 per cent in 2021) and Burkina Faso (5.0 per cent in 2021). The economies endeavoured to tackle the health and economic impacts of the pandemic and stimulate their economic recovery. On average, the LLDCs in Africa have been recovering at a slower pace than African region as a whole and developing countries globally, mainly due to the impact of relatively persisting border closures around the globe, which have significant impact on these countries without territorial access to the sea for transportation.

6. These LLDCs experienced significant challenges in their transport networks in Africa, as their exports and imports have to pass through at least one neighbouring country, making trade more complex and relatively costly for them. Fiscal deficits in the African landlocked countries are shrinking compared to the 2020 level, but still higher than the pre-pandemic levels as the COVID-19 related spending remains high with relatively low revenue levels. Accommodative monetary policy was implemented to enhance liquidity and mitigate the effects of the pandemic over the period. Inflation across African LLDCs, however, continued with its upward trend Þ i flati Ä

Figure 1: Economic growth of LLDCs in Africa, 2015–2023.

,

full realization of the African Continental Free Trade Area. ECA conducted a

countries (Burundi, Central African Republic, Chad and Niger) still lack railway network connectivity (Figure 2).

Source: World Bank 2021

12. **There is need for massive investment in railways in African landlocked developing countries. The countries also need to provide rail operators with the tools to acquire**

air transport is suited for high-value or time-sensitive goods, much in contrast with lower value, export commodities of African landlocked developing countries. Thus, the landlocked developing countries face immense challenges securing financial capital for the expansion of air transport infrastructure.

14. **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 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. The implementation of the Single African Air Transport Market is expected to increase intra-African connectivity and the growth of African airlines. In 2020, UNECA, in collaboration with the African Union Commission (AUC) and the African Civil Aviation Commission (AFCAC), developed a checklist of key performance indicators to measure the compliance of African member States and eligible African airlines with the provisions of the Yamoussoukro Decision on the liberalization of air transport markets in Africa and its institutional and regulatory instruments – the Yamoussoukro Decision Regulations. In 2021, ECA configured the key performance indicators into a dashboard for tracking the performance of States that have signed the solemn commitment to the Single Air Transport Market. ECA has also initiated a project which uses the key performance indicators and the dashboard to assess the performance of States in implement the Yamoussoukro Decision, and to assist them in closing existing gaps. Inadequate financing for the operation and expansion of African airlines is compromising the realization of the full benefits of the Yamoussoukro Decision.**

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 . 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. 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.**

Table 1

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

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

26. The crisis in Ukraine has further challenged African economies due to the double-shock on demand and supply sides which further emphasize Africa's need to limit its high external dependency. The Ukraine crisis has impacted countries through three main pillars namely food, fuel, and finance. The supply chain disruptions and diversions from crisis affected areas increase the risk of food insecurity and poverty. The increase in fuel prices led to inflationary pressures and threaten to impact food inflation at the country and continental levels.

27. LLDCs direct trade links with Russia and Ukraine are relatively small compared to Africa although many countries are indirectly exposed to the crisis through one of the three pillars identified. Combined, LLDC's accounted for a 6.5% share of all African goods imported from Russia in 2020 and a 7% share of those imported from Ukraine . Burkina Faso was the largest importer from Russia amongst LLDCs with USD $178 million in imports, mainly petroleum products . From Ukraine, Ethiopia was the largest importer with USD $132 million and its largest single import was wheat . Although direct links are small the downstream effects of the crisis present LLDCs with challenges that threaten to take a toll high toll on vulnerable populations.

28. The crisis impact on markets for staple goods like wheat, maize, sunflower oil, and barley threaten food security for many LLDCs. As illustrated in figures 1a and 1b, the prices and the trajectories thereof for wheat and maize are higher in the wake of the crisis. The initial shock of the crisis caused wheat prices to rise 63% and maize 13%. Although volatility in these markets has fallen as the initial shock has faded prices are, on average, still higher with both wheat and maize prices up 34% YTD through early May 2022.

Figure 1a: Evolution of Wheat Prices, YTD

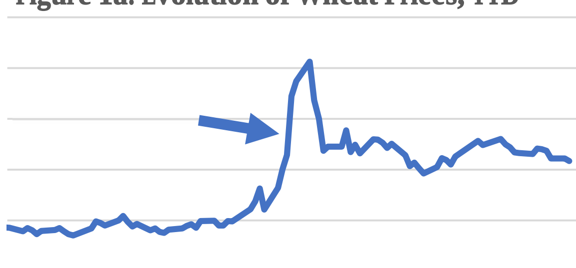
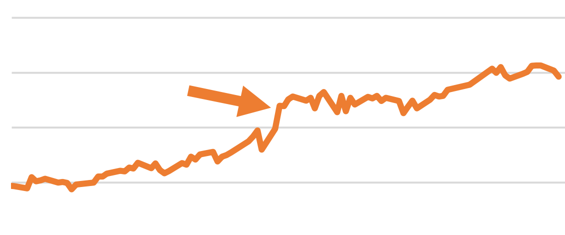


Figure 1b: Evolution of Maize Prices, YTD



Data from UNCTADStat, Accessed May 2022
Idib.
Idib.

32. Amongst LLDC's 10 countries (Burkina Faso, Burundi, Central African Republic, Eswatini, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, Zambia, and Zimbabwe) were net importers of crude oil and an additional 14 (Burkina Faso, Burundi, Central African

37. The effective implementation of the trade facilitation chapter of the agreement, as well as the implementation of the Boosting Intra-African Trade (BIAT) Action Plan, under which trade facilitation is a priority cluster, is also the number one stated priority for Aid for Trade, representing 60 per cent of trade policy related Aid for Trade disbursements in Africa. The results of the 2021 survey are summarized below. Figure 4 shows the lar u r ortariowfri , rfo

VI. African Continental Free Trade Area (AfCFTA): The continental Marshall Plan for African LLDCs to build back stronger

VI.1 The status and update on the AfCFTA and its implementation strategies

42. The African Continental Free Trade Area (AfCFTA) constitutes a powerful tool for African LLDCs to utilise in building forward better and address the severe social and economic implications of the Covid-19 and more resilient to more and more uncertain global environment. Africa can reap the most social and economic benefits from the 1.3 billion continental market only by ensuring a full implementation of the AfCFTA. The first phase of negotiations of the Agreement (almost completed) covers trade in services and goods as well as the establishment of the dispute settlement body. The ongoing second phase covers rules on intellectual property rights, investment, competition policy, digital trade and Women and Youth in Trade. Regarding the eCommerce negotiations, recent surveys by African businesses have suggested that countries shall prioritize the harmonization of laws for taxation, consumer protection regulations, laws on electronic trade, and data standards and privacy laws. As of May 2022, 54 of the 55 African Union member States had signed the AfCFTA, including all LLDCs. By the same date,43 countries had ratified the Agreement, including 14 LLDCs (see table 3).

Table 3: Status of AfCFTA ratification and signature

43. Even though the operational phase of the AfCFTA Agreement has started on 1 January 2021, trading under the AfCFTA has not yet taken place. There are still outstanding issues which need to be resolved from Phase 1 negotiations on trade in goods and services. For example, not all countries have submitted tariff schedules of concessions for goods (As of May 2022, 43 countries have submitted their tariff offers on goods representing 78 percent of AU Member States with consolidated submissions from 4 Customs Unions) and schedules of commitments in the five identified priority services. Besides, rules of origin still need to be finalized (87.7% of the tariff lines have agreed RoO) and only a few countries, including South Africa, Ghana, and Egypt, have the required AfCFTA related customs procedures in place to trade under the Agreement .Phase 2 negotiations have just started.

44. According to recent forecasts by United Nation Economic Commission for Africa (ECA), implementation of the AfCFTA Agreement would increase Africa's overall GDP by 0.5 per cent (or $55 billion), exports by 5.1 per cent (about $110 billion), imports by 4.7 per cent (around $110 billion), output by 0.3 per cent (nearly $55 billion) and welfare by 0.4 per cent (close to $3 billion) by 2045 as compared with a situation without AfCFTA . The World Bank (2020) estimates that the Agreement can contribute to lifting 30 million Africans out of extreme poverty .

45. These projected social and economic gains are not automatic but requires that the provisions of the Agreement are translated into national and regional frameworks and implemented. This can be done through deliberate actions by African Union Members States, including LLDCs. African countries '

47. From that perspective, ECA in collaboration with the AfCFTA Secretariat, UN sister agencies (e.g., UNCTAD and ITC) and the African Union Commission continue supporting several countries/RECs including several LLDCs develop AfCFTA national/regional AfCFTA implementation strategies with specific action plans. (Table 4)

Table 4: Status of development of AfCFTA national strategies (AfCFTA NS)

AfCFTA implementation strategies work at the

Table 3: The dimensions for the ACBI

53. **In the context of the Eighth Session of the Africa Regional Forum on Sustainable Development (ARFSD-8), ECA built strong partnership with United Nations Development Coordination Office (UN-DCO), UN Women and key regional business association to support utilizing this tool as a monitoring and evaluation mechanism to help implementing the AfCFTA in alignment with the private sector expectations . ECA in partnership with UN Global Compact is launching the AfCFTA Country Business Index Report on the margins of the fifty-fourth session of the Conference of African Ministers of Finance, Planning and Economic Development in Dakar (May 2022). The ACBI constitutes a powerful tool to ensure a sustainable and inclusive implementation of the AfCFTA of relevance for African countries especially LLDCs.**

VI.3 Digital trade and e-commerce in Africa: Context and brief overview

54. **African economies have become much more connected to the digital world in recent years. Internet and mobile money use, both important drivers of digital trade, have increased over the past decade. In 2020, 30 percent of Africa's population (excluding North Africa) had accessed to the internet. This is 30 times higher than the percentage of this population that used the internet in 2000. In terms of mobile money, over two-thirds of the world's transactions have taken place on the continent in 2021 .**

55. **In a context of liberalization and regional integration with the implementation of the Agreement establishing the African Continental Free Trade Area (AfCFTA), where governments are expected to face increasing regulatory challenges, the availability of data related to the regulatory governing digital trade on the continent is critical. Indeed, depending on the restrictiveness of regulations, digitization can help or hinder trade. Digitization also raises issues related to security, data integrity and protection, and property rights, which require clear but flexible rules to ensure that incentives for digital trade and e-commerce are not limited.**

56. **Against this background, the United Nations Economic Commission for Africa (ECA), through the African Trade Policy Centre (ATPC), has been conducting a training and research initiative starting in late 2020 to gauge the readiness of African countries to effectively engage in digital trade and e-commerce.**

As part of this initiative, data on regulations governing digital trade, focusing specifically on African countries' regulatory bottlenecks for digital services have been collected on the model of the Digital Services Trade Restrictiveness Index (Digital STRI) of the Organization for Economic Co-operation and Development (OECD). 28 African countries including LDCs have been covered so far. ÀLULFOHP H@LG

VI.4 Digital services trade in Africa: Main restrictions

57. Summarizing the findings for all the African countries covered, across the five main pillars of the Digital STRI (Figure 7) and for the year 2021 the following observations can be made:

Just over half of all restrictions to digital services trade concerned

. In this area, the major impediments from a regulatory point of view are restrictions on cross-border data flows and the use of communication services.

Next and accounting for 19 percent of total restrictions on digital services trade are

HUV LH 0€P `U•R 0€VWDWL **. These have to do mostly with requirements for local or commercial presence in the country to be able to offer cross-border services as well as with limitations on online contents, downloading and streaming.**

The third largest category of restrictions (with 16 percent of the total) to Africa's digital services trade is about electronic transactions; with the impossibility for non-resident foreign services providers to Â a # nc p di outde -ricr ah ihac o i r i The

VI.5 Digital services trade restriction in Africa: Country-level results

58. Looking at the 2021 Digital STRI scores, broken-down by main pillars, across the African countries covered (Figure 8), main takeaways are as follows:

On average, restrictions to digital services trade (from the sample of the African countries) tend to be relatively moderate. However, it should be noted that restrictions in Africa are still higher than in other regions, where similar information is available (i.e. OECD, Asia-Pacific, Latin America and the Caribbean).

Between 2014 and 2021, most of the analyzed countries either maintained or experienced a decrease in restrictions to digital services trade. Nevertheless, Egypt, Mozambique, Burundi, Sierra Leone, Tanzania, and Kenya saw a deterioration in their regulatory ! -

61. Africa should consider prioritizing specific regulatory reforms to enable digital services trade. In that regard, the following recommendations to African member States could be put forward: 1)Building and enabling required infrastructure and connectivity, including from a regulatory perspective is critical (e.g. limiting discriminatory Internet traffic, reducing restrictions on digital transactions); 2)Fast-tracking the enactment of data protection legislations to protect personal data (both processing & movement of data) is equally important; 3) Signing international treaties relevant to digital trade (e.g. WIPO treaties, New York Convention, Vienna Convention).

VII. Structural Transformation and Growth in LLDCs

62. The narrative of Africa's structural transformation and the need for its economies to shift resources from low to high value-added manufacturing and services sectors had been top priorities on the development Agenda. Yet, most African economies continue to rely heavily on the export of commodities while increasing services-sector employment in most economies is neither technologically dynamic, nor tradeable. The impacts of the COVID-19 pandemic and increased protectionism in some parts of the world can be interpreted as a ''renewed call'' for African countries to build resilient economies through structural transformation.

63. [illegible] output in Africa remains limited, ranging between 11 to 12 per cent from 2000 to 2020 (figures 7 and 8). Similar figures for

65. **Existing SEZs in Ethiopia and Rwanda driven by strong public and private partnerships in most instances, have managed to record high-capacity utilization rates, created jobs and linked businesses including SMEs and services startups to larger companies.**

Figure 7 : Manufacturing value added as a share of GDP, Africa and African LLDCs (2000 -2020)	**Figure 8: Manufacturing value added (constant 2015prices), Africa and African LLDCs (2000 – 2020)**
Source : UNIDO Statistcs database, accessed on 05/05/2020 **Note : Data for South Sudan was not available and therfore was not included**	

66. The bulk of labour force of the LLDCs across the continent is entrenched in low value-added agriculture sector.

Figure 9: Employment share by sector in African LLDCs (2010, 2015 and 2019)

Source: ECA based on data from ILOStat

67. The AfCFTA, as previously discussed, creates an environment to catalyse manufacturing performance in Africa. To fully take advantage of the opportunities offered by expanded markets, the LLDCs would need to increase economic competitiveness by addressing both hard and soft infrastructure deficits while quickly implementing trade reforms. Circumventing these challenges would entail for some countries to build integrated special economic zones as self-inclusive production and trade centers. These zones can provide businesses with cost-effective infrastructure assets and services to produce and trade towards AfCFTA and global markets. Economies of agglomeration of industrial and services activities in the SEZs translates into benefits including growth in FDI inflows, transfer of knowledge, ideas and technologies, which remain vital for innovation and growth of SMEs Existing SEZs in Ethiopia and Rwanda driven by strong public and private partnerships in most instances, have managed to record high-capacity

75. The pandemic has also highlighted the crucial role of infrastructure development in post-COVID-19 recovery plans for African LLDCs. There is a need for rethinking of planning and delivery of infrastructure assets, with a particular emphasis on diversification in finance, as most countries' finance priorities have been diverted to welfare and health. Sound policies, rules, regulations and laws are critical for the LLDCs' sustainable transport infrastructure and services development, particularly in the post-COVID-19 era.