REVIEW OF THE IMPLEMENTATION OF THE VIENNA PROGRAMME OF ACTION IN THE AFRICA REGION

UN-OHRLLS and UNECA

Executive Summary of the Background report for the High-level Africa Regional Review of the Vienna Programme of Action for the Landlocked Developing Countries for the Decade 2014–2024

Note
Dr. Gift Mugano is gratefully acknowledged for preparing the draft report.
The views expressed do not necessarily reflect those of the United Nations.

tariff barriers to trade and infrastructure gaps, with border posts facilitation being accorded the highest priority in interventions involving corridor transport value chains.

Evidence shows that since the launch of the VPoA there hasn't been meaningful progress made on the development of the transport infrastructure. Although several interventions are being implemented with a view to upgrade the transport infrastructure, the transport infrastructure in the African LLDCs remains largely constrained due to the need to rehabilitate and replace old fleets and upgrade airports and terminals; the high scale of investment needed for infrastructure development and maintenance; lack of physical and human resources and new technologies; poor airport infrastructures; limited connectivity; and lack of transit facilities.

In view of the foregoing observation, the following recommendations are proposed:

- It is critical that the Africa region and LLDCs, assisted by AUDA-NEPAD, and the RECs prioritize projects to the few that have greater impact on connectivity, economic development of LLDCs and other African states.
- LLDCs should ensure that there is a pipeline of bankable priority infrastructure projects for investment through the various funding mechanisms that have been identified in this report and the states should identify the various funding mechanisms for both project preparation and capital investment.
- Given that Africa's infrastructure gap continues to widen, there is urgent need to liberalize infrastructure investment and financing, through promotion of private sector investment

In view of structural rigidities in energy supply, there is need for African LLDCs to increase investments in improving energy efficiency.

In order to address challenges to access to power and energy resources, African LLDCs need to intensify the implementation of Rural Electrification Programmes to promote Universal Access to electricity. These are funded through public private partnerships and state fiscal mechanisms.

There is need to scale up initiatives such as the light-up Africa by the African Development Bank.

It is critical to ensure that development partners, among them the UN family renders support for capacity building at national, regional and continental levels;

LLDCs need to take full advantage of climate funding especially for energy, water and transport projects, as these have proved to be a formidable force in funding of project preparation and capital investment.

Priority Area 2: Infrastructure Development and Maintenance (ICT Development)

African LLDCs have witnessed a significant increase in mobile cellular subscriptions, from 64.3 per 100 people in 2014 to almost 80 per 100 people in 2020. The use of internet in Africa increased from 27% in 2019 to 33%

LLDCs should be encouraged to provide for mechanisms to facilitate the deployment of networks and services in non-profitable areas for operators, whether public investment, public-private scheme, or other types of incentive.

There is need for LLDCs to work with cellular service providers with the view to reduce the cost of broadband access, which remains a major challenge, and can also be addressed in the medium term through increased licensing of service providers.

The international community should provide capacity-building support to LLDCs to improve the business environment in and the ability to attract and retain the private sector in the ICT.

Priority Area 3: International Trade and Trade Facilitation

a) International Trade

Since the launch of the VPoA, the performance of exports of African LLDCs, African economies and LLDCs was a lacklustre. African LLDCs' share of merchandise exports in global exports has remained stubbornly low and flat hovering around at 0.24% in 2021, that is, 0.01% drop from 2014. This trend is consistent with the share of African and LLDCs' share of merchandise exports in global exports (UNCTAD, 2022). Africa's share of merchandise in global exports stood at 3% in 2014 but maintained a sustained marginal decline to 2.5% by 2021. LLDCs also witnessed a decline of their share of merchandise exports in global exports from 1.20% in 2014 to 0.98% in 2021 (UNCTAD, 2022). Likewise, the share of intra-African trade for African LLDCs is the lowest in the world at 6%, compared with the continental average of 16%

The SMMEs form a large part of the private sector in the LLDCs and it is therefore initiatives being implemented to facilitate trade in the region are one stop border post, tripartite Vehicle regulations and standards, third-party vehicle insurance, market liberalization measures, COMESA-EAC-SADC tripartite trade facilitation, COMESA virtual trade facilitation system, tripartite trade and transport facilitation program, African Union SMART corridor concept, national single windows, coordinated border management, harmonized road user charges and overload control.

Priority Area 4: Regional Integration and Cooperation

During the VPoA implementation period, the African Continental Free Trade Area (AfCFTA) was established with a view to, among others, mitigate the problems associated with overlapping membership. In addition, given that amongst the regional blocs, the AfCFTA is the minimum level of market integration that has been achieved and in order to further deepen regional integration and address challenges associated with overlapping membership and contradictory RECs, African states resolved to establish the AfCFTA.

Resultantly, on 30 May 2019, the economic integration of African economies reached a new milestone when the agreement establishing the AfCFTA entered into force after 24 countries deposited their instruments of ratification. The operational phase of the AfCFTA process was subsequently launched in Niamey, the Niger on 7 July 2019. As of February 2022, the Agreement has been signed and ratified by 54 and 41 African countries, respectively, including all Africa's LLDCs. African countries who ratified the AfCFTA have consented to liberalize up to 97% of tariff lines on intra-African trade in fifteen years' time. The agreement on AfCFTA is envisioned to result in reduced tariffs and the elimination of non-tariff barriers and more importantly expected to ease trade facilitation hurdles among the African LLDCs since it contains provisions on trade facilitation, transit and customs cooperation (UNECA, 2022).

Using the Regional Integration Index, this report shows that African LLDCs have not deepened their regional integration. The major binding constraints which are weighing heavily of African LLDCs are production constraints, lack of complementarity of goods, multiple membership,

Priority Area 5: Structural Economic Transformation

The value added from agriculture is generally high for most LLDCs in Africa ranging from 30% to 54%. However, 6 LLDCs have low value added share of agriculture varying from 6 to 12%

With respect to official development assistance, in 2020, African LLDCs received $21.5 billion, that is, a real increase of 34.3% since the adoption of the VPoA. However, official development assistance was unevenly distributed among them, with the top four countries receiving 46% of the total amount.

In addition, African LLDCs have remained at the bottom of the value chains and continue to depend on a handful of commodities. This evidence shows that, in direct contrast with the VPoA's goal of fostering African LLDCs' participation in global trade, value addition, diversification and reduction of dependency on commodities.

With respect to trade facilitation, most African LLDCs ratified the WTO TFA but implementation I low due to lack of capacity.

On regional integration and cooperation and economic structural transformation, although African LLDCs are part to several RECs, they have not deepened their regional integration and as such intra regional trade and their global trade has remained stagnant. African LLDCs' exports have remained concentrated few primary commodities. The major binding constraints which are weighing heavily on African LLDCs are production constraints, lack of complementarity of goods, multiple membership, macroeconomic instability and shortage of key infrastructures such as transport, water and energy.

In view of the fact that all the six areas of priority under the VPoA are still outstanding, there is need for rolling over these focus areas in the forthcoming programme. However, the following areas of focus must be included as part of the expanded programme:

The AfCFTA and peculiar needs of the African LLDCs;

Building resilience of African LLDCs: Post COVID-19 recovery; climate change adaptation and mitigation; and addressing external shocks caused by the war in Ukraine;

Capacity building programmes covering aspects such as development of bankable projects, implementation of trade agreement and border controls.