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## **New and emerging issues and science-policy interface; Sustainable consumption and production; and Small Island Developing States, Least Developed Countries and Land Locked Developing Countries**

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## **I. Introduction**

1. In July 2013, the General Assembly established the High-Level Political Forum on Sustainable Development and adopted decisions on its format and organizational aspects. The inaugural meeting of the Forum, in September 2013, and the second meeting, in July 2014, highlighted the pivotal role of the Forum in promoting and reviewing the implementation of the post-2015 development agenda and the sustainable development goals. At its 2014 meeting, the Forum adopted its theme for 2015, “Strengthening integration, implementation and review: the Forum after 2015”. The 2015 meeting will be held from 26 June to 8 July 2015, including a three-day ministerial segment from 6 to 8 July 2015. In addition to the issues highlighted in the theme, other topics to be discussed during the meeting include new and emerging issues and the science-policy interface; sustainable consumption and production; and small island developing States, least developed countries and landlocked developing countries. Given that the outcomes of the Africa Regional Forum on Sustainable Development will serve as Africa’s collective input to the 2015 meeting, the African Regional Forum will deliberate on key issues to be discussed during the meeting of the High-Level Political Forum.

2. The present report discusses the following thematic issues in the context of furthering sustainable development in Africa: new and emerging issues and the science-policy interface; sustainable consumption and production; and small island developing States, least developed countries and landlocked developing countries. The report is intended to inform the deliberations of the African Regional Forum, to be held in June 2015, which is expected to lead to a consensus on the key messages that will constitute Africa’s collective input to the 2015 meeting of the High-Level Political Forum.

## **II. New and emerging issues and the science-policy interface**

### **A. Introduction**

3. Despite the continent’s abundant natural resources, more than 70 per cent of Africans live on less than US\$ 2 per day and inequality is rising. Energy access is a serious challenge and is affecting sustainable development in Africa. Of the 1.4 billion people without access to electricity worldwide, 40 per cent (622 million) are in Africa (International Energy Agency, 2014). According to the Agency, \$48 billion needs to be invested annually in the energy sector from now until 2030 to meet universal energy access goals, particularly in Africa. In other words, improving global energy access depends largely on what happens to the energy sector in Africa.

4. Another significant challenge facing young Africans and Africa in general is youth unemployment and underemployment. Young people make up 60 per cent of Africa’s population and according to the International Labour Organization, 40 per cent of them are unemployed (International Labour Organization, 2013). One of the main factors behind rising youth unemployment is the low level of education of young people.

5. Climate change is also a challenge. The continent is particularly vulnerable to the impacts of climate change. An increase in global temperatures of 2°C or more would be a real disaster for the continent. Climate change will increase the severity and frequency of

droughts, floods and storms, which will cause more water stress. Accordingly to experts, some 200 million Africans are insecure, and for many their livelihoods depend on climate-sensitive economic sectors.

6. It is recognized that these new and emerging issues and challenges can be addressed by developing sound science-policy interfaces. However, Africa has been slow to adapt and develop its science and technology sectors and commercialize its innovations. The continent spends just 0.42 per cent of gross domestic product (GDP) on research and development, a long way off international targets. Spending on research and development needs to jump to 1 per cent in order to foster growth; at present only Tunisia has reached this target. Although Africa accounts for 13.4 per cent of the world's people, it produces just 1.1 per cent of the scientific knowledge. Africa cannot ensure sustainable development without science, technology and innovation, in order to transform traditional knowledge into competitive products at the regional and international levels.

7. In this regard, participants at the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in June 2012, emphasized the role of science, technology and innovation and called for the promotion of the science-policy interface through inclusive, evidence-based and transparent scientific assessments, as well as access to reliable, relevant and timely data in areas related to the three dimensions of sustainable development, building on existing mechanisms, as appropriate. They emphasized the need to strengthen the participation of all countries in international sustainable development processes and capacity-building, especially developing countries, including in conducting their own monitoring and assessments.

8. In the light of the above, this section highlights some of the key new and emerging priority issues affecting Africa's sustainable development and the challenges ahead, and draws conclusions and policy recommendations. The aim is to deepen the discussion among stakeholders, raise awareness about the issues and promote the consideration of the science-policy interface, with a view to enhancing sustainable development in member States and the continent as a whole.

## **B. Climate change and development**

9. Africa is particularly vulnerable to the impacts of climate change. There are a number of reasons for this. The three most important ones are interrelated and mutually reinforcing: one, recent data suggests that the continent is warming faster than the global average; two, its major economic sectors (agriculture, fishing, pastoralism, etc.) are climate-sensitive; and three, the level of human development (income, education, health care, etc.) is low. Furthermore, the high prevalence of adverse factors such as conflict and disease hinders adaptive capacity.

10. For instance, recent modelling results indicate that a temperature increase of 2°C in Africa could mean a loss of 4.7 per cent of gross national product, most of it as a result of losses in the agriculture sector. A temperature rise of 2.5 to 5°C could see 128 million people exposed to hunger and 108 million affected by flooding, as well as a rise in sea levels of 15 to 90 cm. The continent is already experiencing increased negative impacts as a result of climate change, including persistent drought, extreme weather events, rising sea levels, coastal erosion and ocean acidification, all of which further threaten food security and hamper efforts

to eradicate poverty and achieve sustainable development. Climate change adaptation policies must be made an immediate and urgent regional priority.

11. In this regard, science-informed and evidence-based policy, planning and practices are essential for ensuring that Africa's development is sustainable, more resilient and less vulnerable to the negative impacts of climate change. The African Climate Change Resilience Alliance consortium has identified five characteristics of adaptive capacity, namely, reliable climate information; in-depth scientific knowledge on the drivers of climate change; knowledge of adaptation options, to ensure that systems are in place to disseminate relevant knowledge at both national and regional levels (e.g. early warning systems); meteorological data and forecasting; and climate impact data.

### **C. Energy**

12. Sustainable energy development has the potential to contribute to addressing Africa's developmental challenges. It can drive industrial development, contribute to poverty reduction, provide for basic human needs and social development, and reduce deforestation. Access to modern forms of energy has been a structural constraint to socioeconomic development in Africa. Sustainable energy is a critical foundation for development (United Nations Development Programme, 2009), and access to energy services and energy security is widely recognized as an important policy target for meeting the Millennium Development Goals. However, the energy situation in Africa remains poor: only about 7 per cent of Africa's enormous hydro potential has been harnessed and few initiatives have been undertaken to date.

13. Electricity access levels in Africa are among the lowest in the world. The regional average is just 32 per cent (1 per cent in South Sudan, 2 per cent in Burundi, 11 per cent in the Democratic Republic of the Congo and 16 per cent in Kenya), leaving hundreds of millions of people without access to electricity. Much still needs to be done to build on the "Sustainable Energy for All" initiative launched by the Secretary-General in 2011. In this regard, renewable energy technologies could contribute significantly to the development of the energy sector in Africa.

14. Science, technology and innovation can and must play an integral role in transforming the energy system. Science and technology policies enable the use of an appropriate mix of energy to meet developmental needs. This includes increased use of renewable energy sources and other low-emission technologies for poor people living in rural and remote areas, utilization of more efficient energy, greater reliance on advanced energy technologies, including cleaner fossil fuel technologies, and the sustainable use of traditional energy resources. Such policies could promote sustainable modern energy services for all through national and subnational efforts, inter alia on electrification and dissemination of sustainable cooking and heating solutions, including through collaborative actions to share best practices and adopt policies at the regional level, as appropriate.

### **D. Knowledge and technology transfer**

15. Improving access to and the quality of know-how on science and technology across Africa is a key part of improving human resource development. Science and technology offer a multitude of benefits for the continent, from improving education and knowledge-sharing

and increasing the exposure for African innovation to improving the living conditions of the continent's people.

16. Only three African universities are among the top 500 worldwide (AfDB Human Capital Strategy for Africa, 2013). The weak development of science, technology and innovation has delayed the emergence of African countries as knowledge economies (AfDB Human Capital Strategy for Africa, 2013). There is a need to establish a substantial scientific and technological base, as well as local, national and regional core competency in leadership and management of innovation, for Africa to make breakthroughs in science and technology. This requires great scientists backed by advanced research facilities. Africa still relies on imported technologies for the purpose of modernizing and developing its economies.

17. Given the continent's low rate of technological development adoption, it is important to benefit from the internationally agreed provisions on technology transfer, finance, access to information and intellectual property rights, as agreed in the Johannesburg Plan of Implementation, in particular its call to promote, facilitate and finance, as appropriate, access to and the development, transfer and diffusion of environmentally sound technologies and corresponding know-how, in particular to developing countries, on favourable terms, including on concessional and preferential terms, as mutually agreed.

#### **E. New digital technology and innovation**

18. The critical role of technology as well as the importance of promoting innovation in developing countries and in particular in Africa is of paramount importance. For more than a decade, information and communications technology (ICT) has been a key driver of socioeconomic transformation by increasing efficiency, providing access to new markets and services, creating new opportunities for income generation and giving poor people a voice. ICT can be a catalyst for transformation when it is properly integrated with strategic economic and social development policies.

19. Apart from the economic benefits, as expressed in its positive impact on GDP, ICT positively impacts many socioeconomic sectors. In the agriculture sector, for example, farmers rely on technology to obtain accurate measure and control over the amount of minerals in the soil. They also rely on the Internet to forecast weather conditions, market their products and find high-quality and cheap supplies. ICT and smart technology can also provide a basis for improved control systems for managing energy consumption and other changes in the behaviour of households and businesses. While environmental sustainability goals and the drive to achieve a more inclusive and interconnected information society have some conflicting priorities, the expectation is that innovations in ICT will stimulate economic growth through investment in broadband infrastructure or in so-called e-applications in the health, education, agriculture, commerce, government and other sectors.

#### **F. Focusing on young people**

20. Africa is home to over 1.1 billion people, 41 percent of whom are under the age of 14. There is, therefore, a need to tap into the talent of Africa's youth and nurture the best and brightest minds for the benefit of the continent. It is recognized that action on the social and environmental determinants of health, both for the poor and vulnerable as well as the entire population, is important to create an inclusive, equitable and economically productive society.

21. According to the African Child Policy Forum, one additional year of education per person increases GDP per capita by an average of 6 per cent. On an individual level, one additional year of primary school increases salary levels by 5 to 15 per cent, while one additional year of secondary education increases salary levels by 15 to 25 per cent. In fact, education broadens people's overall mindsets, increases human development, contributes to good governance and reduces the likelihood of conflict.

22. Many young people, who make up over 60 per cent of the population of the continent, continue to face unemployment, underemployment, lack of skills and relevant education, and inadequate access to capital. At the United Nations Conference on Sustainable Development, all Governments were urged to address the global challenge of youth employment by developing and implementing strategies and policies that provide young people everywhere with access to decent and productive work, as over the coming decades decent jobs will need to be created to ensure sustainable and inclusive development and reduce poverty.

23. In the McKinsey Global Institute 2014 report entitled "Africa at work: job creation and inclusive growth" (McKinsey, 2014), the employment growth elasticities have been calculated by sector. Interestingly, high job-creating elasticities are found in mining and utilities. The report notes that despite a lot of efforts made by African countries in the development of the ICT sector, the employment elasticity is low. Evidence suggests that ICT has strong potential to create economic growth through positive impacts on the labour market. In addition, studies conclude that ICT creates employment and generates income, particularly in rural, remote and disadvantaged communities, and notably among women, young people and persons with disabilities.

24. This can be achieved by promoting job creation through investing in and developing sound, effective and efficient economic and social infrastructure and productive capacities for sustainable development and providing an environment that fosters the development of young people, allows them to realize their potential in the information society and promotes ICT skills development. Furthermore, it is critical to consider systematically trends and forecasts of population components at the national, rural and urban levels to design tailor-made policies and development strategies. Lastly, forward-looking planning may allow the continent to reap the benefits of demographic change and address related challenges.

### **G. Smart cities**

25. The world's population is projected to exceed 9 billion by 2050, with an estimated 70 per cent living in cities. The population of African cities is set to triple over the next 40 years.<sup>1</sup> According to the International Energy Agency, cities consume high amounts of energy, with roughly 75 per cent of total energy consumption (155,505 TW-h, or  $5.59818 \times 10^{20}$  joules), and 80 per cent of greenhouse gas emissions are generated in cities. It is expected that by 2020 there will be more than 50 billion connected devices in African cities, and the transportation sector is expected to grow more than any other in 2020 (International Energy Agency, 2014).

26. Africa is expected to have 585 million urban citizens by 2030. The current urbanization rate is around 35 per cent and is expected to reach 40 per cent in 2015 and 50 per

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<sup>1</sup> <http://www.bbc.com/news/world-africa-11823146>.

cent by 2050. The level of urbanization varies a great deal across the continent, from 10 per cent in Rwanda and Burundi to 80 per cent in Gabon. Many African cities are characterized by over-congestion (both urban density and traffic volume) caused by unprecedented rapid urbanization over the past 10 to 20 years, insufficient basic transport and communication infrastructure, particularly in low-income areas, and a lack of technical and entrepreneurial skills (both technical and managerial)(Smarter Cities Challenge, 2014).

27. It is recognized that new technologies can contribute to the development of effective and sustainable services for citizens and companies, including public transport, mobility (car-sharing, carpooling), road works, traffic, parking, energy, waste collection, street lighting and street furniture. ICT can play an important role in promoting an integrated approach to planning and building sustainable cities and urban settlements, including through inclusive housing and social services; a safe and healthy living environment for all (in particular for children, young people, women, elderly people and people with disabilities); affordable and sustainable transport and energy; the promotion, protection and restoration of safe and green urban spaces; safe and clean drinking water and sanitation; healthy air quality; the generation of decent jobs; and improved urban planning and slum upgrading.

28. In that regard, a number of African countries, including Ghana, Nigeria, Rwanda and Senegal, are looking to harness ICT to transform their urban cities through the integration of digital technologies across networked infrastructures, including mobile connectivity. However, many challenges still need to be resolved, such as traffic congestion, waste disposal and rising energy usage. There is, therefore, a need to increase efforts to achieve sustainable development via investment in technology parks and other IT infrastructure, and to boost knowledge-sharing and technology transfer, among others. Furthermore, the importance of supporting sustainable management of waste through the application of the three “Rs” (reduce, reuse and recycle) as a policy orientation is of paramount importance.

## **H. Addressing the challenges**

29. One of the key objectives of the science, technology and innovation policy is to help overcome the challenges and problems across all sectors of the economy. In this regard, a number of opportunities to tackle the challenges of the new and emerging issues to Africa’s sustainable development exist, and the special role of science and technology is worth highlighting. Recent initiatives include:

(a) Science, Technology and Innovation Strategy for Africa2024, which is the first of the 10-year incremental phasing strategies and is intended to respond to the demand for science, technology and innovation from various impact sectors, including agriculture, health, infrastructure development, mining, security, water, energy and the environment;

(b) Intergovernmental Panel on Climate Change, which caters to the need to generate scientific findings, using models for climate change scenarios and to predict climate change impacts. Models that take into account Africa’s circumstances and specificities are needed for scenario-building and impact predictions that are relevant to Africa;

(c) Intergovernmental Platform on Biodiversity and Ecosystem Services, established in 2012;

(d) African Observatory of Science, Technology and Innovation, part of the African Union;

(e) African Ministerial Council on Science and Technology;

(f) ClimDev-Africa Programme, the RCM-Africa Cluster on Science and Technology, the work of ECA on technology and innovation, green economy, mineral resources development, the African Climate Policy Centre, etc.

## **I. Conclusion and recommendations**

30. African countries have shown an interest in adopting a science-policy interface approach to tackle the key emerging issues. However, a number of challenges still need to be addressed to ensure that countries gain the full benefits of science, technology and innovation.

31. In the light of the discussions above, the Africa Regional Forum on Sustainable Development may wish to consider the following messages to inform its collective input to the High-Level Political Forum:

### **(a) Policy orientation**

African countries lag behind, not only in terms of adapting technologies but also with regard to developing regional research and development capacities. Africa still does not have the culture of innovation it needs to support its development agenda. To this end, African countries need to put in place proper policy orientation towards creating an enabling framework that fosters environmentally sound technology, research, development and innovation, in line with sustainable development and poverty eradication.

### **(b) Appropriate mitigation and adaptation measures**

While it is well recognized that Africa contributes little to global greenhouse gas emissions, the continent is not immune to the resulting impact of climate change. In this regard, while it is important to promote the green economy agenda towards more sustainable development planning, it is equally important to tackle the adverse effects of climate change. To this end, African countries need to introduce policies and strategies to undertake appropriate mitigation and adaptation measures in order to reverse the impact of climate change.

### **(c) *Innovative technologies for energy access and use***

Access to modern energy services for cooking, heating, lighting and communications, and mechanical power for productive uses is a huge area of unmet needs in the continent. Nearly 97 per cent of the people who live without access to modern energy globally are in sub-Saharan Africa. It is therefore critical to look into alternative energy sources and the efficient use of available energy sources by adopting innovative technologies. In this regard, there is therefore a need to create an enabling environment for the development and adoption of innovative technological approaches to enhance energy access and efficient use of energy. There is also a need to encourage the participation of the private sector in introducing new and emerging technologies for enhancing energy access and energy efficiency.

(d) ***Promoting youth entrepreneurship and employment***

Africa's youthful population is both an opportunity and a challenge. If young people are given access to proper training and the chance to develop entrepreneurial skills, they could be an engine for growth and make a meaningful contribution to development. However, a growing unemployed youth population could put pressure on socioeconomic growth and threaten the stability of the economy. In this context, African countries need to develop national capacities and access to technologies and innovation to promote entrepreneurship and intensive employment policies among young people.

(e) ***Harnessing ICT to address the challenges of urbanization***

The spread and use of ICT in urban areas in the continent are creating employment opportunities and enhancing growth. However, due to the enabling environment and support for capacity-building, in many countries there is a low level of innovative use of ICT. There is therefore a need to develop and implement policies and strategies to harness ICT, including mobile/wireless access and broadband connectivity, to help address the diverse challenges of urbanization, such as traffic congestion, waste disposal and rising energy usage.

(f) ***Creating innovative financing mechanisms for sustainable development***

While the role of the private sector has been invaluable to the recent economic growth in Africa, much of the investment in infrastructure and development programmes comes from Governments in many countries. It is therefore important to diversify the sources of funding for development to ensure its sustainability. In this regard, African countries need to create innovative financing mechanisms and mobilize resources from a wide variety of sources, including but not limited to public and private, bilateral and multilateral, domestic and international, and innovative sources of finance.

### **III. Sustainable consumption and production: promoting sustainable consumption and production for inclusive green growth and transformation in Africa**

#### **A. Introduction**

32. The United Nations Conference on Sustainable Development adopted the 10-year framework of programmes on sustainable consumption and production, the first multilaterally agreed framework for action in this area. This followed commitments made in the Rio Declaration on Environment and Development, Agenda 21 and the Johannesburg Plan of Implementation. The outcome document of the United Nations Conference on Sustainable Development, entitled "The Future We Want", outlines poverty eradication, the promotion of sustainable consumption and production and the protection and management of natural resources as the "overarching objectives of and essential requirements for sustainable development" (paragraph 4). Sustainable consumption and production will gain renewed traction in development strategies as it will become a constitutive part of the post-2015 development agenda. The General Assembly decided that the High-Level Political Forum on Sustainable Development can provide recommendations to the board of the 10-year

framework of programmes for sustainable consumption and production, as well as to the United Nations Environment Programme, as the secretariat of the framework.

33. The African 10-year framework of programmes on sustainable consumption and production<sup>2</sup> has a strategic focus of linking sustainable consumption and production with the challenges of meeting basic needs sustainably, and has four thematic areas of focus: energy; water and sanitation; habitat and sustainable urban development; and renewable resource-based industries. Regional institutional focal mechanisms– the African Round Table on Sustainable Consumption and Production and the Marrakech Task Force on Cooperation with Africa – were subsequently established. Also of note are the development of an African eco-labelling mechanism and national and local sustainable consumption and production programmes within the framework of the Marrakech Task Force.<sup>3</sup> Political leadership, commitment and will have been instrumental in these achievements.

34. Currently, 29 African countries<sup>4</sup> have nominated their sustainable consumption and production national focal points and alternates. Some of them are already taking action on supporting the vision, objectives and goals of the 10-year framework; organizing inter-ministerial national roundtables and dialogues to coordinate countries' participation and support for the framework; exchanging and disseminating relevant information on sustainable consumption and production plans, programmes and activities, through, inter alia, the Global Sustainable Consumption and Production Clearing house; and developing national sustainable consumption and production action plans and programmes.<sup>5</sup> In Africa, the overall aim of reducing poverty and inequalities while achieving structural transformation and attaining sustainability can be accomplished through the application of sustainable consumption and production principles and approaches. As African Governments and other actors consider how to scale up energy, food, water and industrial production and achieve sustainable structural transformation,<sup>6</sup> promoting and implementing holistic and integrated policies and actions towards sustainable consumption and production will help to address these development objectives.<sup>7</sup>

## **B. Sustainable consumption and production and its significance for Africa**

35. The importance of changing unsustainable patterns of consumption and production has been highlighted by Governments and stakeholders in the consultations for the post-2015 development agenda. They recalled that sustainable consumption and production is one of the

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<sup>2</sup>Approved in March 2005 by the African Ministerial Conference on Environment. The region is the first to have developed and launched its own 10-year framework of programmes on sustainable consumption and production.

<sup>3</sup>Source: [http://www.unep.org/roa/amcen/Amcen\\_Events/13th\\_Session/Docs/RIM\\_CSD.pdf](http://www.unep.org/roa/amcen/Amcen_Events/13th_Session/Docs/RIM_CSD.pdf).

<sup>4</sup>Algeria, Angola, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Ethiopia, Guinea, Lesotho, Libya, Madagascar, Mali, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Sierra Leone, South Africa, Togo, Uganda, United Republic of Tanzania and Zimbabwe.

Source: <http://www.unep.org/10yfp/Portals/50150/National%20Focal%20Points%20Directory%20for%20web.pdf>.

<sup>5</sup>Source: <http://www.unep.org/10yfp/ActorsStructure/NationalFocalPoints/tabid/106261/Default.aspx>.

<sup>6</sup>Conceptually, structural transformation entails systematic changes in sector contributions to output as economies grow. Essentially, four interrelated processes define the structural transformation process: (i) a declining share of agriculture in GDP and employment; (ii) the rapid process of urbanization as people migrate from rural to urban areas; (iii) the rise of a modern industrial and service economy; (iv) a demographic transition from high rates of births and deaths; (v) socio-cultural change (Timmer, 2012).

<sup>7</sup>Source: [http://www.unep.org/roa/amcen/Amcen\\_Events/13th\\_Session/Docs/RIM\\_CSD.pdf](http://www.unep.org/roa/amcen/Amcen_Events/13th_Session/Docs/RIM_CSD.pdf).

three overarching objectives and essential requirements for sustainable development. The High-Level Panel of Eminent Persons on the post-2015 development agenda has reaffirmed that the adoption of sustainable consumption and production in a world of limited resources is an essential requirement for sustainable development.<sup>8</sup> African countries are now among the list of fastest growing economies in the world (World Bank, 2013). For instance, the region's economic growth was 3.9 per cent in 2014; only the East and South Asia region grew faster, at 5.9 per cent (ECA, 2015a). Notwithstanding this growth, the situation is uneven and the continent as a whole is still confronting enormous challenges for the coming decades. The region remains home to the world's highest proportion of poor people and is not on track to meet other key Millennium Development Goals. According to data from the World Bank (2014), 366 million people in Africa will be living on less than \$1.25 a day in 2015.

36. However, unsustainable patterns of production and consumption are already undermining environmental sustainability in Africa. There is growing evidence of difficulty in achieving sustainable water resources management as more and more people are living in water-stressed environments. Forests and biodiversity continue to decline due to increasing direct and indirect pressures, and climate-related disasters have increased in frequency and severity (ECA, 2015b). Between 1970 and 2012, 1,319 climate-related disasters occurred in Africa, killing a total of 698,380 people and with an economic loss amounting to \$26.6 billion (World Meteorological Organization, 2014). Furthermore, the most recent estimates, from 2010, of adjusted net savings for Africa show that the whole continent has a figure of -2.38, meaning that Africa is depleting its natural resources and not sufficiently building up other forms of capital (produced and human) and diversifying its economies, thus resulting in an unsustainable development path. Exports from the continent have also remained concentrated in a few commodities, such as minerals, oil and metals.

37. For Africa, the overarching objective of poverty reduction will require improving the welfare and quality of life of people. This will definitely be accompanied by an inherent increase in consumption, in particular due to demand for food, shelter, energy and water (ECA, 2012). Therefore, there is no doubt that Africa needs to grow differently, meeting economic development objectives while at the same time focusing on the quality of growth. Sustainable consumption and production offers opportunities to reverse trends in environmental degradation and pave the way towards sustainability, reducing emissions and accidental release of hazardous substances, consequently avoiding damage to ecosystems and reducing mankind's vulnerability to disasters in the long term. Improving the resilience of economic and socio-ecological systems in order to reduce the exposure and vulnerability of African countries to disasters is also essential to ensure a stable macro-environment for structural transformation and eradicate poverty over the long term. Resource efficiency and low waste contributes to minimizing direct harmful effects on humans and to reducing pressure on ecosystems and their ability to provide essential goods and services.

38. The core storyline of sustainable development recognizes the legitimate developmental aspirations of people across the globe and the fact that generalizing wealth for all under the current development paradigm would over-burden the world's natural resources and ecosystems. Economic growth and structural transformation are necessary to satisfy the legitimate needs of Africa's poor. Economic growth should therefore be promoted, but achieved in ways that are environmentally benign and socially just. Justice, in the context of

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<sup>8</sup>Source: <http://www.unep.org/10yfp/Portals/50150/HLPF%2010YFP.pdf>.

sustainable development, refers not only to distribution within the present generation, but also across future generations (UNEP, 2013).

39. A UNEP report<sup>9</sup> notes that several regional energy infrastructure projects, off-grid systems based on renewable energy, have been developed in rural areas of many African countries. In the area of water and sanitation, some countries have made notable progress, while many others are undertaking policy, legal and institutional reforms and developing strategies on the same. Similar trends have been reported in the areas of transport-related problems in cities, cleaner production, industrial environmental policies, agricultural production, chemicals and waste, and tourism. In addition, some universities have introduced sustainable development into their education and training programmes. However, few economic instruments are in use in African countries and little progress has been made in the area of sustainable public procurement, resulting in limited impact and penetration of sustainable consumption and production activities. This is partly because sustainable consumption and production is a relatively new concept in Africa and partly due to its level of development and inadequate capacity to promote sustainable consumption and production, particularly sustainable consumption. Therefore, capacity development is a key factor to promoting sustainable consumption and production in Africa.

### **C. Sustainable consumption and production, inclusive green growth and structural transformation in Africa**

40. Sustainable consumption and production in corporate public and private decisions affecting production and spending for goods and services to satisfy basic needs for better quality of life, all while reducing the use of natural resources and the amount of waste and emissions over the life cycle of a service or product (UNEP, 2013). Thus the sustainable consumption and production approach dovetails with the green economy concept and has the potential to foster inclusive green growth in selected sectors of the economy, including the priority areas of the African 10-year framework.

41. ECA (2015b) defines inclusive green growth as economic growth that is inclusive, creates jobs, improves human welfare (including poverty reduction), is resource efficient and enhances environmental assets, thus contributing to sustainable development. An inclusive green growth approach provides an opportunity for equitable and sustainable transformation in Africa. Such a transformation can be achieved through various strategies, including commodity-based industrialization that leverages comparative advantages in terms of resource endowment. Inclusivity and the maintenance of environmental integrity are central to the successful implementation of this transformation agenda. The two approaches of inclusive green growth and sustainable consumption and production are mutually reinforcing. The inclusive green growth approach provides countries with the opportunity to adopt a step-wise approach that allows for lesson learning to inform the transition and contribute to structural transformation.

42. And just like sustainable consumption and production, which emphasizes resource efficiency and clean production, inclusive green growth requires enablers such as financing, technology and capacity-building. In this context, growth in employment and income, and poverty reduction, are driven by public and private investment into such economic activities,

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<sup>9</sup>Source: [http://www.unep.org/roa/amcen/Amcen\\_Events/13th\\_Session/Docs/RIM\\_CSD.pdf](http://www.unep.org/roa/amcen/Amcen_Events/13th_Session/Docs/RIM_CSD.pdf).

infrastructure and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services. These green investments need to be enabled and supported by targeted public expenditure, policy reforms and changes in taxation and regulation. Green growth outlines a development path that understands natural capital as a critical economic asset and a source of public benefits, especially for poor people whose livelihoods depend on natural resources (UNEP, 2013).

43. Sustainable consumption and production and green growth all refer to diverse but complementary approaches and ways for achieving sustainable structural transformation in Africa. The two notions of sustainable consumption and production and green growth are both critical for sustainable structural transformation in Africa. Inclusive green growth, coupled with sustainable consumption and production policies and strategies, should therefore be designed and implemented in order to address key development challenges and opportunities, including natural capital depletion, poverty and inequality, the impact of climate change on the economy, society and the environment; infrastructure (transport, energy, water); technological and industrial upgrading; value addition, rapid economic growth, structural transformation; economic integration and international trade.

44. Therefore, the adoption and effective implementation of sustainable consumption and production principles and approaches in Africa should contribute to sustainable transformation and development. It should strengthen the necessary environment to harness Africa's natural resources in support of an incremental structural transformation of its various economies. African countries have recognized that structural transformation is a priority and industrialization is the top strategy for realizing Africa's transformation. In the common African position on the post-2015 development agenda (presented on 31 January 2014), Heads of State and Government of the African Union affirmed their collective interests, which include the pursuit of structural economic transformation for inclusive and people-centred development. African states commended the strong emphasis in the process of framing Agenda 2063 on the central role that industrialization must play in ensuring that Africa attains its aspirations for a structural transformation.

45. Applying a sustainable consumption and production approach will strengthen policy frameworks for inclusive green growth investments and structural transformation with the aim of ensuring efficient, equitable and sustainable use of Africa's natural resources, and reducing the adverse impacts of economic growth. These investments will determine what kinds of technologies, processes and practices are used to produce goods and services, and how various economic sectors structurally transform in a way that produces desirable outcomes in all three dimensions of sustainable development.

46. The following areas are particularly relevant:

(a) *Food production, consumption and security*: Sustainable consumption and production technologies should promote sustainable and inclusive agriculture principles and practices in order to improve food security across Africa.

(b) *Ecosystem goods and services*: The adoption of sustainable consumption and production principles in the sustainable exploitation of ecosystem goods and services is likely

to support the livelihoods of the poor, drive industrialization and a green growth path in most African countries.

(c) *Energy*: Sustainable consumption and production-related technologies can contribute to addressing the challenges of energy insecurity and access by reducing energy intensity and enhancing clean energy mix, thus triggering growth in economic sectors.

(d) *Industry value addition and corporate social responsibility*: The adoption of sustainable consumption and production policy instruments for responsible production and processing is likely to contribute to transforming African economies from agrarian and resource-based, to more industrialized ones and lead the continent towards a sustainable development pathway.

(e) *Water and sanitation*: Water and sanitation projects provide an ideal opportunity for promoting and applying sustainable consumption and production principles in Africa for inclusive green growth related co-benefits.

(f) *Habitat and urban development*: Shifting urban growth in line with sustainable consumption and production and inclusive green growth principles means that Governments should strengthen the governance capacities of intermediate and smaller cities to prepare for the rapid increase in new and additional demand for sustainable urban spatial planning, housing, services and livelihoods.

(g) *Chemicals and hazardous waste management*: Sustainable consumption and production approaches can tackle the challenge of harnessing the benefits of chemicals use while minimizing the health and environmental risks posed by their production, distribution and end-of-life disposal. This is particularly relevant for Africa, as it forges ahead with its industrialization and structural transformation agenda.

(h) *Cleaner production and eco-efficiency*: There is an increase in demand for cleaner production in energy, water and material use. This requires awareness-raising and training, demonstrations and assessments, and technical support for cleaner and low waste production.

(i) *Trade*: Trade has the potential to drive sustainable consumption and production and green growth in Africa, if comparative advantages in sustainably produced goods and services are exploited.

(j) *Sustainable tourism development*: Most African Governments have now included tourism in their national development strategies. Countries have also started adopting policies that unlock opportunities for the poor within tourism through the application of sustainable consumption and production approaches.

#### **D. Conclusion and recommendations**

47. The appreciable economic growth rates and the renewed drive for structural transformation in Africa offer a unique opportunity to establish more sustainable consumption and production patterns. There are many opportunities to “leapfrog” towards more sustainable consumption and production patterns that foster inclusive green growth and structural

transformation in the region. This will permit Africa to avoid the levels of production and consumption-driven impacts observed in developed countries, safeguarding against unsustainable patterns of structural transformation in the future.

48. However, the application of sustainable consumption and production principles and approaches demands considerable investments to acquire the technology and develop the needed capacity, which is beyond the capabilities of most African countries. Africa is the poorest and least developed region of the world, where people are still struggling with the most basic needs such as food security, water, sanitation and health services. Therefore, the region requires support to meet the costs associated with sustainable consumption and production requirements. Notwithstanding, even with international support, sustainable consumption and production approaches should be home grown and tailored to countries' transformation path. The traditional ways of production and consumption, which are rooted in sustainability, should be improved and factored into modern sustainable consumption and production frameworks in order to enhance uptake.

49. In the light of the above, the Africa Regional Forum for Sustainable Development may wish to consider the following messages to inform its collective input to the High-Level Political Forum.

- (a) ***Technological innovation is one of the most important elements of sustainable consumption and production.*** Africa considers that access to safe, clean and sustainable consumption and production-related technologies adapted to local needs and circumstances would help the region to exploit its rich natural resource base without undermining its sustainability, thereby contributing to sustainable transformation in the region. But most African countries do not have adequate access to these technologies, as they lack the technological know-how, skills, resources, infrastructure, including institutions, and business environment necessary to stimulate technology development. International and regional cooperation can stimulate and promote the development and transfer of existing and emerging technologies through collaboration with the private sector, scientists and public institutions, as well as via North-South, South-South and triangular cooperation.
- (b) ***Research and development are at the core of context-based sustainable consumption and production innovation and development but are underdeveloped in Africa, where research institutions lack adequate human and financial resources.*** Strategies to promote and strengthen regional, subregional and national institutions in science, research, technology and innovation in the area of sustainable consumption and production should be developed and implemented. This can be achieved through increased human and financial resources, as well as partnerships within and outside the region, and promoting industry-academia-government partnerships.
- (c) ***Indigenous and local knowledge should form an integral part of sustainable consumption and production promotion in Africa.*** Traditional knowledge can provide Africa with the ability and the resources to establish and pursue sustainable consumption and production relevant to its development context. Traditional knowledge and resources, in the form of animals, plants, practices,

processes, and so forth, are the basis for sound environmental management, and biodiversity and ecosystem preservation. They should be protected and harnessed.

- (d) ***Capacity development is crucial to successfully deploy sustainable consumption and production that promotes inclusive green growth and structural transformation in Africa.*** Capacity development plays a fundamental role in realizing sustainable consumption and production objectives and sustainable structural transformation. Crucially, sustainable consumption and production needs to be incorporated into the formulation and implementation of development policies, strategies, plans and programmes, as well as budgets at the sectoral, national and international levels. In order to effectively meet this on a sustainable basis, capability for in-country and intra-region planning, delivery, coordination, monitoring and reporting of capacity development should be built. Countries need to clearly define their sustainable consumption and production capacity development needs. They should be supported to conduct national capacity self-assessments, and formulate and implement comprehensive capacity development plans or strategies for sustainable consumption and production.
- (e) ***A shift from the current investment trends to more sustainable ones is essential to foster sustainable consumption and production in key strategic areas in Africa,*** such as energy efficiency, resource efficiency and industrial symbiosis. In addition to traditional funding mechanisms, countries should explore the establishment of innovative funding sources to scale up sustainable consumption and production approaches and practices. Funding sources that can be tapped into include revenues from resource rents, sovereign funds, taxes, subsidies, private green funds, development partners and carbon credits. Initiatives in this area should also aim at linking policy and industry stakeholders to facilitate access to finance for sustainable consumption and production.
- (f) ***Mainstreaming sustainable consumption and production in education and training curricula at all levels will contribute to its successful application in Africa.*** In that regard, all learning institutions and sectors should be targeted, including schools, colleges, public service, business and industry. It is important that countries and partners ensure necessary institutional, policy, technical and financial support to stakeholders wanting to promote low-resource and low-waste intensity economies and lifestyles, share information, and foster alternative ways of consuming, producing and trading.
- (g) ***Africa's political, business, civil society and technological leaders need to champion sustainable consumption and production technology development and transfer.*** They should target a broad range of policy interventions in order to influence activities in key economic areas, including through the mainstreaming of sustainable consumption and production into national development frameworks and the implementation of target-oriented action plans.

## **IV. Small island developing States**

### **A. Introduction**

1. The African small island developing States comprise six islands Cabo Verde, the Comoros, Guinea-Bissau, Mauritius, Sao Tome and Principe and Seychelles. African small island developing States are inherently diverse in social, political, economic and geographical settings. However, they share similar characteristics with other small island developing States in terms of the development challenges they face. Their small land mass, small population with high concentration in coastal areas, low adaptive capacity, their heavy reliance on imports and dependency on global markets, all challenge their development by posing disproportionate costs in communication, energy, infrastructure and transport investments (Boto and Biasca, 2012; Nurse, and others, 2014).

2. In addition to socioeconomic challenges, the effects of sea level rise, ocean acidification, sea surface temperature change and extreme climate change events, such as cyclones and storm surges, are seriously affecting the economic development of small island developing States, in particular farming, fisheries and tourism – the mainstay of most African small island developing states. The Intergovernmental Panel on Climate Change (IPCC) fifth assessment report predicts that these events are set to continue and pose a serious threat to their very survival, even though these countries are responsible for only 0.02 per cent of greenhouse gases emission (IPCC, 2014).

3. Recognizing their peculiar circumstances and the formidable threats that the effects of climate variability and change pose to the attainment of the sustainable development goals, African small island developing States are looking into ways to turn their physical limitation and the challenges they face due to the effects of climate change, into development opportunities by exploiting their ocean space. While the African small island developing States are small in terms of land mass, their ocean space is large (e.g. the exclusive economic zone of African small island developing States is large with on average 639,638 km<sup>2</sup> per country compared to 6,244km<sup>2</sup> of land area). By looking at the ocean as development space and taking their rightful share, the African small island developing States believe their ability to keep the effects of climate change at bay will be enhanced, and allow them to accelerate economic growth towards sustainable development.

### **B. Development challenges in key economic sectors of the African small island developing States**

4. African small island developing States are considered vulnerable because of their small population and size; insularity and remoteness; overreliance on limited natural resources; high dependence on imports and geopolitical weaknesses (Boto and Biasca, 2012; Nurse, and others, 2014). In addition, small island developing States are very exposed to both irreversible and life threatening damages from climate variability and change. Changes in weather patterns and extreme climate change events have, or will have, serious repercussion for the economies of African small island developing States as the projected costs of “loss and damage” will be huge, given the small size of their economies and their heavy reliance on climate sensitive development sectors (e.g. farming, fisheries and tourism). Hence, adaptation and resilience to climate change are of paramount importance to protecting the economy, lives and livelihoods of African small island developing States.

5. Farming is one of the sectors most susceptible to changes in climate. Projected decreases in rainfall coupled with an increase in temperature will considerably reduce crop yields in African small island developing States. This is already becoming a phenomenon in the Comoros, where reductions in maize and banana yields threaten the country's food security. Similarly, in Guinea-Bissau, where 80 per cent of the population relies on farming for their livelihoods, changing rainfall patterns and sea level rising affects crop yields considerably, and exacerbate poverty (Republic of Guinea-Bissau, 2006).

6. Tourism is a major source of revenue and holds huge potential for growth and development in African small island developing States. It is an important sector for the Comoros and Guinea-Bissau, where the tourism sector is much less developed, notwithstanding their potential. In Seychelles, for instance, the tourism industry contributes more than 60 per cent of the gross domestic product (GDP) (Republic of Seychelles, 2013). But the predicted sea level rise between 0.45 m to 0.82 m, as a result of climate change, will have serious consequences for the industry because of infrastructure damage, aggravated coastal erosion and inundate beaches (Nicholls, 2014). Similarly, ocean acidification will degrade coral reefs and harm marine life, while rising temperatures will reduce water availability and obliterate biodiversity – the key tourist attractions.

7. The fisheries industry is of great importance to African small island developing States for livelihoods and employment, food security and foreign exchange earnings. However, the fisheries sector is also highly vulnerable to climate change. Under a warming scenario of 2° C, by 2050, climate change is projected to cause a loss to the global fishery of between \$17 million and \$41 million (Holmyard, 2014). Anecdotal evidence in Guinea-Bissau has indicated that the reduction in precipitation and increase in temperatures has contributed to the decline of some lake fish species (Republic of Guinea-Bissau, 2006).

8. Likewise, in the Comoros, ocean acidification has led to coral bleaching and the subsequent reduction in stocks of some fish species, which in turn has led to the reduction of household income (Union of the Comoros, 2006). The changes in temperature and bleaching of the coral reef also greatly impacts the spawning cycle of reef fish and other marine biodiversity dependent on coral reefs. The increasing intensity and frequency of extreme climate events in African small island developing States, decrease safety at sea and disrupt fishing activities, thereby affecting livelihoods of coastal populations and national economies considerably (Daw, Adger and Brown, 2009).

9. Unique ecosystems, including biodiversity, coral reefs and other resources, are among the major pillars of key economic sectors of African small island developing States, although they are increasingly threatened by changes in climate. For instance, coral reefs are extremely important biodiversity and provide a home to over 25 per cent of all marine life and are vital for various ecosystem services. They provide nurseries for commercially important fish species, protect coastal areas from storm waves, and are a significant attraction for the tourism industry. However, increasing greenhouse gas emissions could cause ocean temperatures to rise and induce coral bleaching. Some of the valuable species in these unique ecosystems do also have less adaptive mechanisms, as they lack ecological corridors and escape routes due to their confinement in tight spaces. Hence, the global agreement to curb greenhouse gas emissions is imperative for the economies of African small island developing States and livelihoods of the people, and a failure to reach an agreement would be a tragedy for them whose very existence depends on biodiversity integrity.

10. Energy poverty is a major developmental impediment in many African small island developing States, where the majority of their population lives in rural area and do not have access to electricity. Heavy reliance on imported fossil fuels impacted the economy of African small island developing States due to the high cost of oil in the world market (Chen, and others, 2007). Moreover, lack of improved energy technologies and their high prices make energy inaccessible to poor households. Provision of cheap clean energy technologies, however, benefits poor women disproportionately as they are often responsible to find fuel for household use and are subjected to adverse health effects (by being exposed to smoke and other particulates during cooking). Thus, in order to capitalize on small island developing States' potential to renewable energy, affordable technologies should be promoted.

11. African small island developing States face huge governance and institutional challenges, including: prevalent illegal, unreported and unregulated fishing; their large exclusive economic zone, and the lack or limited capacity to control and secure economic zones; intrusion of distant fishing vessels into their waters and their limited inability to control own water boundaries; and overexploitation of highly valuable tuna stocks and other species (e.g. demersal snappers, crustaceans and molluscs). Overfishing in the East African countries' exclusive economic zone waters also depletes fish stocks in African small island developing States, as the pelagic species migrate between different exclusive economic zone jurisdictions.

12. Piracy in the West Indian Ocean waters also poses a serious threat to the peace and security of African small island developing States, and exerts enormous pressure on their economies as they have none or small fleets to patrol their waters. Consequently, weak institutional capacity in African small island developing States has resulted in the depletion of fish stocks, increased insecurity and disruption of economic activities. To curtail these enormous challenges, concerted regional and international efforts are therefore needed.

### **C. Opportunities to transform the economies of African small island developing States, and keep the effects of climate change at bay**

13. Transforming the economies of African small island developing States, and making it resilient to climate change impacts, could be achieved by harnessing their intrinsic potentials and by reforming their development policies, programmes and strategies to embrace both adaptation and mitigation. As a result, the countries could earn long lasting development, and create employment opportunities and ensure peoples livelihoods. Accordingly, a robust framework of pro-poor development policies is required to enhance resilience in key economic sectors and reduce losses and damages emanating from the effects of climate change. Some opportunities, such as transitioning towards a green economy, safeguarding the natural resource-base of the economy, institutional capacity and regional cooperation, among others, are suggested to ensure sustainable development in the African small island developing States.

14. A significant amount of domestic food consumed in African small island developing States is imported, which renders them vulnerable to price fluctuations. Hence, sound strategies that increase agricultural productivity and domestic food production, and orienting consumption towards local food could improve food security. Improving agricultural productivity and food production will require improved farming methods, appropriate

production technologies, water use efficiency, and innovation in production, productivity and post-harvest processing, and investment in climate information.

15. Fisheries are the most important renewable resource that African small island developing States have for food security, employment and foreign exchange. It is therefore essential to capitalize on these marine resources by: entering into favourable trade agreements that facilitate fish export markets; implementing policies that improve small fishers' access to finance, insurance and market information; and improving the capacity of producer and trader organizations. Strengthening institutional capacity, effectively managing the exclusive economic zone, investing in modern infrastructure and equipment, and developing human capital will also be important in future management of fish resources. In this regard, African small island developing States will need to implement protection and conservation policies, rationally harness marine resources and mainstream climate into development processes, and enhance the resilience of coastal and integrity of marine biodiversity in order to ensure the sustainability of fisheries. Further, research for development will be critical for African small island developing States in the production and processing of fish products locally, which generate high economic returns and expand employment opportunities.

16. Tourism is an important industry with a significant contribution to the national economies of African small island developing States, especially in Cabo Verde, Mauritius and Seychelles. To sustain growth in the tourism sector will require strategic planning to reduce leakage and increase the extent to which tourism operations are nationally owned. Linkages to key economic sectors and local industries, such as agriculture, will also ensure that tourism enhances economic growth and inclusive development through increased local ownership and participation. Designating preservation areas of ecological importance, developing high-level tourism products and improving energy efficiency in the tourism, as well as innovative provision of avenue for tourists to offset their flights by donating to sustainable energy schemes in the country, could ensure sustainable tourism in the long term.

17. There is significant potential to develop and implement renewable energy technology in African small island developing States. Harnessing renewable energy resources such as hydropower, wind, solar, geothermal, biomass and wave power, have the potential to reduce their heavy reliance on costly oil imports, and create employment and business opportunities. A range of tools is available to increase market access, including public-private partnerships. However, this demands appropriate policies to be in place to encourage investment as renewable energy is capital intensive and requires a significant commitment. Hence, a mix of four key reforms (political prioritization to attract investment; market framework for investment; technical planning for investment; and capacity-building to implement investment) may attract investment for cost effective renewable energy resources in the African small island developing States. International financing and technological support will be crucial for the realization of such potentials. For the private sectors, there are significant opportunities for investment in renewable energy in the African small island developing States, by capitalizing on the current potentials and national policy reforms that have created the enabling business environment in turning the paradox of small and remoteness into development opportunities.

18. Building resilience to climate change in the small island developing States demands the strengthening of adaptive capacity, reducing the risk of climatic hazards and dealing with inequality (Perch, 2010b). Governments can effectively address both climate change and

development through national policies that promote coherence with subnational policies that simplify and combine programmes (Perch, 2010a). No single sector can tackle the effects of climate change on its own, it is imperative for Governments to integrate policies and promote coordination amongst line ministries that may have conflicting priorities, while multi-dimensional frameworks that look at the nexus between climate change, poverty, gender and other environmental concerns. Accordingly, enhancing resilience to ensure inclusive growth and sustainable development requires strong institutions that incorporate the needs of a range of stakeholders, cross-sectoral collaboration, plus policies and regulatory frameworks that can advance green and blue economy initiatives in small island developing States.

19. Regional cooperation is required in order for African small island developing States to deal with the enormous development challenges they face, and the effects of climate change emanating from their peculiar circumstances of smallness, insularity, remoteness, the heavy reliance on limited terrestrial resource base, high dependency on imports and global market, and geopolitical weakness. Small island developing States need to enhance their understanding of how the effects of climate change can affect development, and enhance potential strategies to deal with them, including the combination of risk management approaches most suited to a variety of contexts, and investing in climate information services. They cannot do this on their own, capacity constraints and limited financial resources have stalled their initiatives of tackling the multitude of problems in order to build resilient economies.

20. In this regard, regional cooperation could play a role in trade, effective management of ocean as economic space, development of renewable energy, security of the seas and prohibition of illegal fishing, and disaster risk management in African small island developing States. For instance, they could benefit from the establishment of a regional institution to provide a platform for sharing of expertise and oversight. To this end, within the Samoa Pathway, the African Climate Policy Centre at the Economic Commission for Africa (ECA) is supporting African small island developing States in building and strengthening climate information services through the Clim-Dev Africa Initiative. It is also supporting the development of strategy and guidelines for blue economy development in East African small island developing States.

#### **D. Conclusion and recommendations**

21. In terms of development, the major obstacle for African small island developing States is their narrow terrestrial base – sustainability for these islands States is all about the ability to use oceanic space as opportunities for development. Efficient and optimal use of rich marine resources, while respecting environmental and ecological parameters, offers the prospect of sustained environmentally sound and socially inclusive economic growth, which can significantly transform economies of African small island developing States. They are however, vulnerable to the effects of climate change in all its manifestation, and countries need to enhance their understanding of the effects of climate change in relation to development, and develop strategies to deal with them.

22. Climate change will undoubtedly complicate matters for African small island developing States, and coping with the challenges caused by the effects of climate change require enormous financial resources, technology transfer and, most importantly, effective national, regional and global policy and governance frameworks. National ownership of these

measures is critical. Effective national, regional and global policy, and governance frameworks of ocean space as a common good and favourable international partnership in support of small island developing States in development, will go a long way in ensuring their sustainable development and survival.

23. In the light of the foregoing, the Africa Regional Forum for Sustainable Development may wish to consider the following messages to inform its collective input to the 2015 High-level Political Forum (HLPF-2015):

(a) **Support small island developing States move towards blue economy.** African small island developing States' terrestrial resources are limited, therefore, they should explore the large resources in the ocean and coastal system functions that present excellent opportunities for development while protecting environmental integrity;

(b) **Promote sustainable governance structure for oceans.** African small island developing States should promote their governance structure for fisheries, shipping, use of sea bed mineral wealth potential, sustainable tourism, managing emissions and sea pollution, as they are critical for development;

(c) **Support for renewable energy development.** African small island developing States should consider the many commercially feasible options they have for providing energy, such as wind, solar and geothermal. Ocean energy expansion of renewable energy infrastructure would help African small island developing States to reduce their dependence on imported fuel;

(d) **Facilitate technology innovation and transfer.** Key economic sectors such as farming, water, energy, tourism, and ecosystem functions, are vital for the economic transformation and sustainability of African small island developing States. Achieving sustainable energy for all, commodity value chain, tourism and sea bed mining as well as information networks for early warning on climate services, requires innovative approaches and adoption of appropriate technologies.

(e) **Mobilize financial resources and human capital.** Small island developing States face enormous challenges of development and resilience to impacts of climate change due to their peculiar circumstance. Attention should be given to effectively deal with these problems, especially adaptation to the effects of climate change, which requires sufficient financing from both domestic and international sources as well as skilled labour, which are limited in small island states.

(f) **Enhance partnerships and regional integration.** Considering should be given to enhancing partnership, which is critical in island States. Sustainable use and management of ocean wealth requires effective management of ocean space and significant investments. Small island developing States cannot do this alone, and should therefore seek public-private partnerships at domestic, regional and international level to enable them to leverage new spaces for economic development, and new resources to ensure protection of sensitive areas.

## V. Least developed countries

### A. Introduction

24. Least developed countries refer to a group of the world's poorest countries characterized by weak human and institutional capacities, low and unequally distributed income and scarcity of domestic financial resources. Their economies are largely agrarian, with low productivity and low investment. They rely on the export of few primary commodities as major source of export and fiscal earnings, which makes them highly vulnerable to terms-of-trade and external shocks. There are 48 countries with this status, of which 34 are in Africa<sup>10</sup>.

25. The category of least developed countries was officially established in 1971 by the General Assembly in recognition of their specific challenges and needs for support in considering them. Since then, four of the United Nations Conference on the Least Developed Countries have taken place, with a view to attracting special international support for the most vulnerable and disadvantaged members of the United Nations family. Specific programmes of action were adopted at each of the conferences, the Istanbul Programme of Action being the latest of the series.

26. The Istanbul Programme of Action was adopted during the fourth United Nations Conference on the Least Developed Countries in 2011. It spans the period 2011–2020 with the overarching goal of overcoming the structural challenges faced by this group in order to eradicate poverty and achieve internationally agreed development goals, specifically the Millennium Development Goals. Additionally, it aims to enable at least half of all least developed countries to graduate from their status over the period 2011–2020.

27. The Istanbul Programme of Action is broken down into the following eight priority areas, in which progress among least developed countries is measured: productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilizing financial resources for development and capacity-building; and good governance at all levels. Graduating from the least developed country category is decided upon improvement in three criteria: the gross national income per capita (GNI per capita); the human assets index (HAI), constructed from indicators of nutrition, health, education and literacy; and the economic vulnerability index (EVI), based on indicators of the instability of agricultural production and exports, merchandise export concentration, economic importance of non-traditional activities and the handicap of economic smallness.

28. The Rio+20 Conference in 2012, agreed to effectively implement the Istanbul Programme of Action and to fully integrate its priority areas into its framework action, with the ultimate aspiration of enabling least developed countries to meet the criteria of graduation by 2020.

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<sup>10</sup>Least developed countries in Africa are: Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, the Comoros, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauretania, Mozambique, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, South Sudan, the Sudan, Togo, Uganda, the United Republic of Tanzania, and Zambia.

29. The General Assembly in resolution 67/290 establishing HLPF, recalled the Istanbul Programme of Action for the decade 2011–2020, and decided that the meetings of the Forum would devote adequate time to discuss the sustainable development challenges facing least developed countries, and other vulnerable countries.

30. The year 2015 is a pivotal year in development with a series of watershed events, which will have significant implications for all least developed countries. The three major events are the Financing for Development Conference (July in Addis Ababa); the adoption of the post-2015 development agenda (September in New York); and the United Nations Framework Convention on Climate Change (November in Paris). The importance of official development assistance in the financing portfolio of least developed countries, coupled with the uncertainties in development financing posed by the global financial crisis, make the Financing for Development Conference outcomes of keen interest for this category of countries.

31. Similarly, given the vulnerability of least developed countries to the effects of climate change and the financial implications of climate change adaptation, the outcomes of the United Nations Framework Convention on Climate Change will be of particular relevance for these countries. In addition, to the extent that the sustainable development goals reinforce global support for, and commitment to, the special needs of least developed countries, the collective outcomes of the three events will be instrumental in helping, and ultimately have a bearing on, the graduation prospects of these countries in general.

32. This section of the report provides an update on the social and economic conditions of the least developed countries, by focusing on the progress in implementing some priority areas of the Istanbul Programme of Action. It then reports on their progress on graduation and smooth transition from least developed country status, and finally conclusions and recommendations, especially in view of the upcoming mid-term review of the Programme and the major global development events happening in 2015.

## **B. Progress in the implementation of the priority areas of the Istanbul Programme of Action for least developed countries**

### **Productive capacities**

33. Good infrastructures, especially road and rail, and also rising labour productivity are vital for strengthening the competitiveness of least developed countries in regional and global markets. African least developed countries continue to face infrastructure deficits and an under skilled labour force, which constrain their ongoing efforts and those of their development partners to promote sustainable development. Notwithstanding a series of ongoing regional infrastructure projects initiated in Africa, recent data suggests that, after rising sharply in 2007, road infrastructure has deteriorated ever since, while rail infrastructure has remained stagnant. For example, accessible road networks declined between 2009 and 2011 from 50,000 km to 35,000 km, offsetting the positive evolution observed between 2007 and 2009. GDP per person employed is a means of evaluating labour productivity. African least developed countries also experienced a sharp decline in labour productivity in 2011, but it rebounded in 2012, an increase of about 10 per cent.

34. The countries are faced with limited job opportunities resulting from population growth, as can be seen from the employment-to-population ratio, which stagnated at around 71 per cent since 2010, following a modest increase of 2 percentage points between 2005 and 2010 (UNSD, 2014). Strengthening capacities for value addition and economic diversification is vital to increasing the employment-to-population ratio. Leveraging productive capacities will require complementary investments in infrastructures, health and education.

### **Agriculture, food security and malnutrition**

35. The average food production index for African least developed countries increased from 100 in 2005 to 131 in 2012. Further, all of the 15 countries with data available for 2010–2012 reveal reductions in malnutrition prevalence, compared with the preceding available year. However, a worrying trend in this regard is government expenditure on agriculture. Among the 13 African least developed countries with data for the period 2001–2013, there is a clear downward trend in that regard, with the average agricultural expenditure as a share of total government expenditure falling from 4.6 per cent in 2001 to 2.9 per cent in 2011. Zambia is a very good exception in this picture, ranking among the top ten countries in the world on government expenditure on agriculture.

### **Trade**

36. Participation in the global economy remains extremely low for African least developed countries. The countries accounted for 0.79 per cent of global trade in merchandise exports and services in 2012, while the least developed countries of the Asia-Pacific region contributed 0.3 per cent of the total. Primary commodities accounted for a substantial share (93.9 per cent) of exports from African least developed countries, compared with 40.4 per cent from the least developed countries of the Asia-Pacific region. This underscores the limited transformation of the economies of African least developed countries and their heightened vulnerability to economic shocks.

### **Human and social development**

37. There have been improvements in health sector indicators, particularly in child mortality (decline of 28 per cent in under-five mortality and 18 per cent in infant mortality between 2005 and 2013); maternal mortality (average deaths per 100,000 live births fell from 676 in 2005 to 506 in 2013) and malnourishment (UNSD, 2014). Additional investments in basic health generate substantial improvements in human development, hence the need to increase such investments. However, the Ebola pandemic in Guinea, Liberia and Sierra Leone has tested the functionality of health systems in Africa's post conflict States, and exposed their fragility.

38. With respect to education, net primary enrolment has improved with the average adjusted net enrolment rate amounting to 79 per cent over the period 2010–2013. But the quality of primary education remains low; one in two pupils in an African least developed country is likely to drop out from school. Such outcomes are inevitably reflected in literacy rates. Estimates from the United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics reveal that the 2015 average literacy rate among young people (15–24 years of age) in African least developed countries is 70 per cent, while for adults (15 years of age and over) is 60 per cent. Some positive changes were also recorded

with regard to gender parity in education. Improvements are greater at higher education levels. Gender parity at the secondary level increased from 0.78 to 0.85 between 2005 and 2012, and from 0.54 to 0.62 in tertiary education. Some least developed countries, such as Lesotho, consistently display a disparity against boys (e.g. ratios greater than 1) reflecting a higher representation of females over males.

39. The representation of women in national parliaments of African least developed countries has been impressive, rising by 50 per cent between 2005 and 2014. In 2014, seven least developed countries had women holding at least 30 per cent of the seats in national parliaments, while the representation of women in national parliaments was less than 10 per cent in three countries. Rwanda has emerged as a pioneer on this indicator, with the proportion of women holding seats in the national parliament reaching an unprecedented level of 64 per cent in 2014 (UNSD, 2014).

40. Social protection programmes are cushioning households from economic shocks, and reducing poverty while helping to narrow inequalities. In recent years, African least developed countries have put in place a number of formal social safety nets such as school-feeding programmes. Social safety nets however tend to be fragmented pilot projects and largely donor financed, hence unsustainable. The Ethiopian Productive Safety Net Programme, for instance, is fully funded by donors (UN-OHRLLS<sup>11</sup>, 2014). Social safety nets in Rwanda and the United Republic of Tanzania have, however, been assessed to be more institutionalized and sustainable (World Bank, 2014b).

### **Mobilizing financial resources for development and capacity-building**

41. Since 2005, African least developed countries have exceeded or equalled the average gross domestic savings. The performance was boosted by very high savings in natural-resource-rich countries, particularly Angola and Equatorial Guinea. Gross domestic savings increased on average during the 2005–2013 periods from 4.9 per cent to 9.5 per cent, with large disparities among countries, and Angola recording the highest level at 37.7 per cent.

42. Despite these improvements in savings, African least developed countries face relatively low capacity to mobilize domestic financial resources to fund their public expenditures. The Government revenue, excluding grants, as a percentage of GDP stood at about 22 per cent in 2012 for Asian least developed countries as opposed to 18 per cent for African least developed countries, while the figures were about 14 per cent and 23 per cent respectively in 2007. This shows a setback for African least developed countries, which have now been surpassed by Asian ones. The low domestic resources mobilization makes African least developed countries highly dependent on official development assistance (UNSD, 2014).

43. The weak global recovery from the financial crisis of 2008 has dimmed the prospects for increased official development assistance in the foreseeable future. Indeed, it declined in 2012 in real terms over the 2011 level, and country-programmable aid was projected to have abated by 5 per cent in 2014 due to limited access to grants, a key source of development financing in least developed countries (Organization for Economic Cooperation and

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<sup>11</sup> UN-OHRLLS: United Nations, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States.

Development, 2014). Official development assistance to African least developed countries has not been commensurate with their representation in the category of least developed countries. Over the period 2005–2013, the share of official development assistance flows averaged 20 per cent for these countries as a whole, and 15 per cent for African least developed countries (UNSD, 2014).

44. FDI inflows to African least developed countries have shown an upward trend in recent years, increasing by an average of 6 per cent of GDP over the period 2004–2013 (World Bank, 2014). In terms of absolute values, net FDI inflows to African least developed countries more than doubled, standing at 7.2 billion in 2004 and 17.3 billion in 2013, in current United States dollars. FDI to African least developed countries is concentrated in natural-resource-rich countries. Mozambique (\$6.69 billion), Equatorial Guinea (\$1.9 billion), the Democratic Republic of the Congo (\$1.69 billion) and Mauritania (\$1.1 billion) were the top destinations for FDIs among the African least developed countries.

### **C. Progress toward graduation and smooth transition**

45. To be recommended for graduation, the three eligibility criteria mentioned in the introduction must be met in two consecutive 3-year periods. The following graduation thresholds are for the 2015 review: GNI per capita – \$1,242 or more; HAI – 66 or above; and EVI – 32 or below. There is a second rule whereby least developed countries can graduate: the income-only rule. It has one criterion only, that countries double the standard GNI threshold of \$1,242. With that rule, countries don't need to satisfy the requirements for HAI and EVI for graduation, they must just satisfy a GNI per capita of \$2,484 or above. There are currently 10 least developed countries that are eligible for graduation based on the 2015 thresholds, 2 of which are from Africa. Angola and Equatorial Guinea have met the income-only criterion for the second time. Sao Tome and Principe met the GNI and HAI criteria for the first time in 2015, and is likely to be eligible for graduation relatively soon if it keeps up the good progress. Sao Tome and Principe is the only African country meeting two of the three criteria for graduation.

46. In general, eight African least developed countries<sup>12</sup> have GNI per capita equal to or higher than the 2015 graduation threshold of \$1,242. However, only two countries (Angola and Equatorial Guinea) have gross national incomes that are more than double the threshold (e.g. \$2,484), which makes them eligible for graduation based solely on the GNI criterion.

47. For African least developed countries, HAI averaged 45.11 over the period 2011–2013, which is far below the threshold of 66 required for graduation. The HAI criterion is a challenge for this group, whose graduation has been buttressed by natural resources and consequently, has been achieved primarily through the income criterion. Even after or during the process of graduating, improvement on the HAI is slow. Botswana, which graduated in 1994, still had a HAI score of 64.4 in 2006<sup>13</sup>. Recent estimates reveal improvements on the index for Angola (41.9) and Equatorial Guinea (54.8), but those scores are still below the graduation threshold of 66. Sao Tome and Principe however met the HAI criteria, scoring a HAI of 77.4.

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<sup>12</sup>Angola, Djibouti, Equatorial Guinea, Lesotho, Mauritania, Sao Tome and Principe, the Sudan and Zambia.

<sup>13</sup> See [http://esango.un.org/sp/ldc\\_data/web/StatPlanet.html](http://esango.un.org/sp/ldc_data/web/StatPlanet.html).

48. Based on 2012 data, African least developed countries scored poorly on EVI,<sup>14</sup> with an average of 44.9 as compared to the graduation threshold of 32. The top five performers among African least developed countries are the Democratic Republic of the Congo, Ethiopia, Guinea, Togo and United Republic of Tanzania, with scores ranging from 28.6 to 35.4. African least developed countries are highly dependent on exports of mineral resources and commodities, which might affect their export revenues and economic growth rates in the light of the declining oil prices and world iron ore prices, as recorded recently. On the other hand, this situation might turn out to be beneficial to net oil-importing countries, since it will reduce their import costs. Angola and Equatorial Guinea, the two African least developed countries that are closest to being considered for graduation, scored 39.5 each on EVI in 2015, standing still a number of points away from the desired threshold of 32. The recent decline in the price of oil, a resource on which the two countries are heavily dependent, might affect their prospects for a smooth exit from the least developed countries category.

#### **D. Impact of the Ebola virus disease on least developed countries**

49. The recent outbreak of the Ebola virus disease in West Africa will inevitably impact the performance of at least the three most affected least developed countries (Guinea, Liberia and Sierra Leone) by deterioration in their GNI, HAI and EVI. Overall, the Ebola crisis has had a negative impact on economic and social activity in these countries, particularly agricultural output and consumption, investments, government revenue, health services, education, employment, tourism, mining output and mine expansion, imports and exports, inflation, balance of payments, the budget deficit, and national and personal security. All these factors have been deteriorating and will continue to do so if immediate recovery strategies are not implemented.

#### **E. Conclusion and recommendations**

50. African least developed countries have registered improvements in some of the priority areas of the Istanbul Programme of Action, such as health and education, but there are still many challenges and gaps to meet some of the globally agreed targets. Key among the challenges are Africa's vulnerability to external shocks and high dependence on official development assistance, demonstrated by the catastrophic effect of, and response to, the recent outbreak of the Ebola virus disease in parts of West Africa.

51. In the light of the foregoing, the Africa Regional Forum for Sustainable Development may wish to consider the following messages to inform its collective input to HLPF-2015:

(a) **African least developed countries need to strengthen their resilience to shocks and improve global competitiveness in order to address their challenges and sustain gains.** Indeed, African countries are continuing to pursue structural transformation in order to build their economic resilience, but this must be complemented with sound, innovative and effective industrial policy institutions, mechanisms and processes, and also complementary investments in infrastructure, health and education.

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<sup>14</sup> EVI: economic vulnerability index.

(b) **Support African least developed countries transformation agenda.** Regional institutions should aim at creating synergies and adopting strategies that can better address the concerns of African least developed countries.

(c) **African least developed countries also require the support of development partners in pursuing and achieving their development aspirations.** Development partners should provide least developed countries with additional, enhanced, preferential, concessional and most favourable treatment in the areas of finance, technologies, know-how and other resources. Additionally, they should provide differential and flexible treatment to least developed countries in undertaking international commitments and obligations that are not commensurate with their capacity, needs and stage of development.

(d) **In the above context, the importance of 2015 in the global development landscape cannot be overstated.** Least developed countries should take advantage of the upcoming major global events in a way that facilitates their graduation and transformation aspirations.

## **VI. Landlocked developing countries**

### **A. Introduction**

52. Rio+20 invited member States, including development partners, organizations of the United Nations system and other relevant international, regional and subregional organizations, to further speed up the implementation of the specific actions in the five priorities agreed upon in the Almaty Programme of Action, and those contained in the declaration on the midterm review of the Almaty Programme of Action, in a better coordinated manner.

53. The General Assembly in resolution 67/290 establishing HLPF recalled the Almaty Programme of Action: *Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries*. In this connection, the General Assembly decided that the meetings of the Forum will devote adequate time to discussion of the sustainable development challenges facing developing countries and the most vulnerable countries, including landlocked developing countries.

54. Africa has half of the 32 landlocked developing countries in the world.<sup>15</sup> These countries are confronted with special challenges in achieving sustainable development because of their lack of direct territorial access to the sea and remoteness. Among other challenges, landlocked developing countries are largely isolated from the world markets, and as such, their share in world trade is very low. They have inadequate transit transport infrastructure and are subject to cumbersome border-crossing procedures. The lack of modern road and rail infrastructure puts African landlocked developing countries at a particular disadvantaged position.

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<sup>15</sup> Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Swaziland, Uganda, Zambia, Zimbabwe – in the ECA 2015 contribution to the Secretary-General's Report to the General Assembly.

55. Landlocked developing countries are also not attractive to certain types of FDI<sup>16</sup> such as efficiency-seeking FDI that is focused on export and FDI that is dependent on imported inputs. The high cost of transportation in this connection discourages investors and erodes the countries' competitiveness. Overall, these challenges have greatly contributed to the marginalization of landlocked developing countries in the global economy. Additionally, they experience low rates of economic growth, and are therefore among the poorest countries and their ability to promote sustainable development is constrained.

56. In the light of the above challenges, the Almaty Programme of Action, which was adopted in 2003, provided for specific actions to be implemented in the following five priority areas: fundamental transit policy issues, infrastructure development and maintenance, international trade and trade facilitation, international support measures, and implementation and review. A comprehensive review of the Almaty Programme of Action was carried out during the second United Nations Conference on Landlocked Developing Countries, held in Vienna, from 3 to 5 November 2014. The outcome of that Conference was the Vienna Programme of Action for the decade 2014–2024, adopted as a successor to the Almaty Programme of Action.

57. The Vienna Programme of Action seeks to confront the special development needs and challenges of landlocked developing countries, arising from remoteness and geographical constraints, in a more coherent manner and thus contribute to an enhanced rate of sustainable and inclusive growth, which can contribute to the eradication of poverty. The Programme identifies specific objectives and actions to be pursued in the following six priority areas: fundamental transit policy issues; infrastructure development and maintenance; international trade and trade facilitation; regional integration and cooperation; structural economic transformation; and means of implementation. The Vienna Programme of Action was endorsed by the General Assembly through resolution 69/137.

58. The 2015 Conference of Ministers,<sup>17</sup> urged the African landlocked countries to mainstream the Vienna Programme of Action into their national and sectoral development strategies, in order to ensure its effective implementation. In addition, the Ministers called upon ECA, the African Union Commission, the African Development Bank, regional economic communities, and all other regional and subregional organizations, to provide the necessary support to African landlocked developing countries through their respective work programmes in accordance with their respective mandates.

## **B. Progress, challenges and opportunities**

59. The Almaty Programme of Action provided impetus and catalysed multi-level actions by various stakeholders to tackle the sustainable development challenge of landlocked developing countries. The Vienna Programme of Action has renewed commitment and injected new momentum to this agenda. Some of the progress made by landlocked developing

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<sup>16</sup> FDI: foreign direct investment.

<sup>17</sup> For the eighth Joint Annual Meetings of the African Union Specialized Technical Committee on Finance, Monetary Affairs, Economic Planning and Integration and the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development, deliberated on and endorsed the Vienna Programme.

countries in Africa, the persistent and emerging challenges, and opportunities are outlined below.

## **Progress**

60. The African Heads of State and Government adopted Agenda 2063 at the twenty-fourth ordinary session of the Assembly of the African Union held in January 2015 in Addis Ababa. Agenda 2063, aims to achieve Africa's structural transformation. The Agenda is designed to attain aspirations which could facilitate the achievement of the goals of the Vienna Programme of Action.

61. Fundamental transit policy issues – policies to guide transit transport operations have been developed in the region. Policies developed by regional economic communities, relate to issues such as road transit charges, road customs transit declaration documents, regional customs bond and border posts operations. Corridor management organizations have also been established to improve the efficiency and cost effectiveness of trade routes, including those linking landlocked developing countries not only to their coastal neighbours, but also to the rest of the world. Coordination mechanisms have also been established. For instance, the regional economic community transport coordination committee (REC-TCC), and the Africa Corridor Management Alliance, undertake coordination at regional level.

62. Infrastructure development and maintenance – the African Union has adopted the Programme for Infrastructure Development in Africa (PIDA). This programme provides a long-term vision for Africa's infrastructure development as well as a platform for African countries, both individually and collectively, to engage with investors and development partners. A Priority Actions Plan (PAP), made up of 51 projects and programmes, for short- and medium-term implementation has been developed. PIDA draws largely from the infrastructure master plans of regional economic communities.

63. The New Partnership for Africa's Development (NEPAD) Presidential Infrastructure Champion Initiative (PICl), consisting of eight projects championed by the African Heads of State and Government and drawn mostly from PIDA projects, provides further impetus to the implementation of regional infrastructure projects in Africa. In addition to PIDA and PICl projects, several regional corridors have been designed to link Africa's landlocked countries to the sea. The most prominent of these regional programmes is the Trans-African Highways network. All African landlocked countries, with the exception of Lesotho and Swaziland (which are well linked to South Africa), are directly linked to projects that are part of the main continental infrastructure programmes – Trans-African Highways, PIDA and PICl.

64. International trade – landlocked developing countries have sharply increased their participation in international trade. Exports of goods and services originating from these countries increased from \$12 billion in the year 2000, to \$24 billion in 2012. During the same period, imports to African landlocked developing countries rose from \$16 billion to \$37 billion. Nevertheless, these countries still play a marginal role in the global market, accounting for slightly more than 1 per cent of world trade. The landlocked developing country group as a whole, has recorded a net trade surplus since 2010, however, most of these countries (except those that are natural-resource-rich) are characterized by a structural deficit in their trade balance. This is particularly true for African landlocked developing countries, most of which run consistent trade deficit in both services and merchandise trade. With regard

to trading partners, landlocked developing countries have typically displayed a high share of trade directed to the same region, mainly through the transit countries. This is true for African landlocked developing countries except a few, such as Chad and Lesotho. This highlights regional integration as an opportunity that could contribute to accelerating the development of landlocked developing countries.

### **Challenges**

65. Notwithstanding the progress made, a number of both structural and trade policy impediments constrain international trade in Africa. These impediments weigh down the competitiveness of producers, particularly in landlocked developing countries and for manufactured goods, which require more articulated transformation or longer value chains. Examples of these constraints are: inadequate infrastructure and inefficient logistics; limited availability of skills and inputs of adequate quality; poor provision of credit and financial services; and limited level of industrialization. This, by itself, constrains the scope for intra-industry trade and emergence of regional value chains.

66. Structural economic transformation in Africa as a whole, has been limited. The transformation has not led to increased productivity and GDP growth as it was often because of a shift in resources, especially labour, from traditional agriculture and rural activities to low-productivity services sector, and often informal activities.

67. Compared to coastal countries, landlocked countries have a large share of agriculture (29 per cent versus 23 per cent); lower industry (26 per cent versus 30 per cent) and lower share of services (44 per cent versus 47 per cent).

68. Means of implementation: Revenue, excluding grants, as a percentage of GDP, increased marginally from 16.5 per cent in 2005 (based on 16 landlocked developing countries) to 18.8 per cent in 2012 (based on 14 countries). However, this was below the level in 2007 (22 per cent). The relatively low ratios reflect the low capacity of African landlocked developing countries to mobilize domestic resources. From 2004 to 2013, FDI flows to these countries increased from \$2.46 billion to \$6.8 billion. However, the increase was significantly lower than FDI flows to African non-landlocked developing countries, where there was a rise from \$13.88 billion to \$46.30 billion. Moreover, African landlocked developing countries accounted for only 12.8 per cent of FDI flows to Africa in 2013, although 25.5 per cent of the African population lives there.<sup>18</sup> Additionally, over the past decade, African landlocked developing countries have, on average, realized lower figures of FDI as a percentage of GDP than other country groupings such as African non-landlocked developing countries, non-African landlocked developing countries or non-African non-landlocked developing countries.

### **Opportunities**

69. Regional integration and cooperation feature among strategic priorities of African policymakers, as testified by the large number of regional trade arrangements and establishment of regional economic communities. The regional integration agenda has been

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<sup>18</sup>These figures exclude South Sudan.

picking up momentum since January 2012. Accordingly, negotiations on the establishment of the Continental Free Trade Area will be launched in July 2015, and are expected to conclude by 2017.

70. Adoption of the Vienna Programme of Action have spurred renewed commitment and enhanced momentum for the development agenda of landlocked developing countries. The United Nations system and other relevant international organizations have been providing continuous assistance to landlocked developing countries. This support includes capacity-building programmes, advisory services, support to transport infrastructure development, and the promotion of legal instruments related to trade and transport facilitation. For example, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, has coordinated activities in the United Nations system.

71. For its part, ECA has provided support to the African regional economic communities to the implementation of the Almaty Programme of Action, and technical assistance on trade facilitation to landlocked developing countries and transit countries. ECA has also contributed to the development of PIDA, PICI, and other cross border infrastructure programmes through wide-ranging interventions, including research to improve understanding of the challenges to their implementation; knowledge generation; capacity-building of government officials; and advocacy for global support. ECA has also provided support to development of pro-poor public-private partnerships for rural energy provision; promotion of energy efficiency investments; localisation of clean energy technologies; and modern biofuel development in Africa.

72. ECA, the African Union Commission, the African Development Bank, the World Bank and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, have all supported African countries with regard to the Trans-African Highway network. The African Development Bank had also made an important contribution to the growth of regional infrastructure. In February 2014, it was reported that the Bank had financed more than 70 multinational operations. That included the construction and rehabilitation of cross border roads and cross border transmission lines, valued at more than \$3.8 billion since 2009.

### **C. Conclusion and recommendations**

73. The Almaty Programme of Action served to focus attention and rally support at various levels, to examine the unique development challenges faced by landlocked developing countries. The Vienna Programme of Action, which is based on the renewed and strengthened partnerships between landlocked developing countries and the transit countries and their development partners, is set to support landlocked developing countries to deal with the enduring challenges and thus, consolidate the achievements made and accelerate progress toward achieving sustainable development in these countries. African countries need to leverage the progress that has been made in the implementation of the Almaty Programme of Action and continue to build robust institutions that maintain and improve the business environment, economic governance and macroeconomic management.

74. In the light of the foregoing, the Africa Regional Forum on Sustainable Development may wish to consider the following messages to inform its collective input to the HLPPF-2015.

(a) **At regional level, Agenda 2063 provides a unique opportunity to galvanize international, regional and national support to tackle the challenges facing the continent, including the African landlocked developing countries.** The ten-year plan for the implementation of Agenda 2063 should therefore incorporate the measures set out in the Vienna Programme of Action for Landlocked Developing Countries. Moreover, African landlocked developing countries should domesticate the Vienna Programme of Action. The action areas, in the Vienna Programme of Action, should feature as development priorities to inform the policies and programmes of Africa's development partners, including bilateral and multilateral support agencies.

(b) **Regional integration is a cornerstone for integration of African landlocked developing countries to the regional and global markets.** In this context, these countries should vigorously pursue policies, strategies and programmes to promote regional integration. In this regard, the decision to launch negotiations on the establishment of the Continental Free Trade Area in July 2015 and conclude by 2017, and the Action Plan for Boosting Intra-African Trade, should be fully supported and implemented

(c) **Developing the industrial sector is crucial for structural transformation of African economies.** African landlocked developing countries should therefore consider designing and implementing industrial policies to increase value addition in commodity and resource exports, where many countries already have a comparative advantage; and in other activities, where economies can develop that advantage. However, given the financing constraints, Africa's economic transformation has to rely increasingly on domestic sources of finance. As such, African countries need to develop innovative approaches to development financing from both internal and external sources.

(d) **Africa needs to improve the quality and coverage of its infrastructure (roads, railways, ports, information and communications technology) and boost its energy production and distribution networks.** Particular attention should be given to transit transport corridors and regional infrastructure projects, especially those that are part of the PIDA Priority Actions Plan and PICI. This is vital to closing the competitiveness gap faced by African firms, particularly those of landlocked developing countries, to make trade and trade policy to promote industrialization. Infrastructure policies and regulation of services provided through the infrastructure network also have to be improved to overcome non-physical barriers to trade and transport.

(e) **Africa's financing gap is growing and the region needs to plug this gap by focusing on expanding domestic resource mobilization and innovative financing, particularly for its landlocked developing countries.** Closing this gap requires enhanced efforts by member States and support from development partners to explore and develop innovative financing sources, including channelling remittances to productive sectors of the African economy.

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