

Implementation of the UN Programme of Action for Landlocked Developing Countries:

Overview of ADB Efforts and the Way Forward

A. Introduction

1. Landlocked countries among ADB's developing member countries. According to the United Nations criteria,¹ there are 12 ADB developing member countries (DMCs) that are landlocked developing countries (LLDCs).² LLDCs face special difficulties in economic growth due to high transport costs which impede their trade. They have to route their merchandise through longer routes passing through neighboring transit and coastal countries.

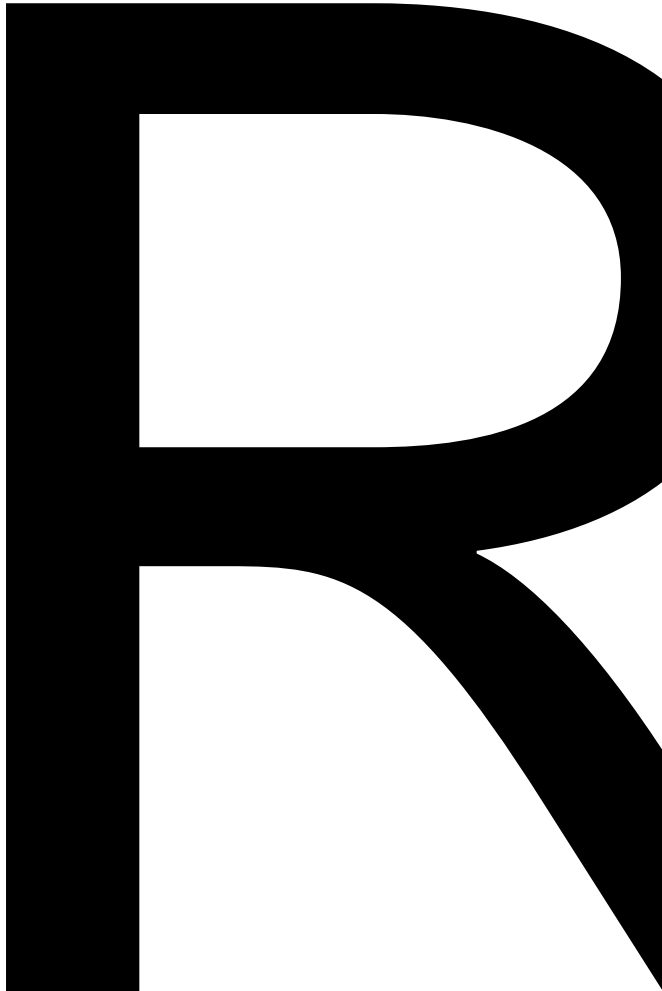
2. ADB's strategic direction for regional cooperation and integration in support of LLDCs. ADB's support for LLDCs has been integrated into its regional cooperation and integration (RCI) related strategies which promote economic cooperation among ADB's DMCs through subregional programs such as the Central Asia Regional Economic Cooperation Program (CAREC), the Greater Mekong Subregional Program (GMS), and the South Asia Subregional Economic Cooperation Program (SASEC) for which ADB serves as the secretariat and key financier. In 2006, ADB adopted its RCI Strategy.³ In 2008, ADB adopted Strategy 2030 which identified RCI as a strategic agenda and core area of operations. ADB's Strategy 2030 adopted in July 2018 continues to highlight RCI as one of the seven operational priorities for ADB's operations.⁴ In 2019, ADB approved the Strategy 2030 Operational Plan for RCI, which focuses ADB's support in three pillars: (i) greater and higher quality connectivity between economies; (ii) expanded global and regional trade and investment opportunities; and (iii) increased and diversified regional public goods.⁵

B. ADB Support for LLDCs 2019-2021

3. ADB's overall RCI lending and grants. Figure 1 presents an overall picture of RCI lending and grants (volume of commitments) in ADB DMCs over the period of 2019-2021. There was a significant jump in 2020 as ADB provided large-scale assistance under the COVID-19 Pandemic Response Option (CPRO). Loans and grants under CPRO made up nearly 60% of total RCI commitments in 2020. In 2021, overall RCI lending and grants returned to historical trends, although commitments remained above pre-pandemic levels as RCI continued to support

years, largely driven by the COVID 19 response packages. As a result, Public Sector Management (PSM) accounted for the lion's share of commitments at 35% of the total. The transport sector, which has been the traditional priority area for regional cooperation, accounted for the second largest share at about 25%. Health was the third largest sector at 17%. Due to APVAX, there was a significant expansion in the health sector's share of total RCI loans and grants from less than a percent in 2019 to 47% in 2021. ADBs also provided much needed assistance to the private sector in DMCs, especially SMEs, by supporting international trade through direct investments in businesses and indirectly through policy-based lending.

Source: ADB RCI Thematic Group based on data from ADB Strategy, Policy, and Review Department. Source: ADB RCI Thematic Group based on data from ADB Strategy, Policy, and Review Department.



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- (iv) The CAREC Tourism Strategy 2030 continues to support capacity building and skills development of CAREC LLDCs. Implementation of the Strategy follows a phased approach. During the initial phase (2021–2023), regional interventions will focus on domestic and intra-regional tourism. The CAREC tourism virtual portal is currently under development.
- (v) ADB is also implementing a regional TA that promotes health cooperation among CAREC LLDCs and America. Following the formulation of the CAREC Health Strategy 2030, a CAREC health investment framework (2022–2026) will be formulated to guide future CAREC investment in the health sector, as well as piloting digital health projects in selected CAREC countries. In 2021, ADB continues implementing a TA that supports America's regional cooperation through developing economic corridor in Western Caucasus to enhance trade and competitiveness in America. ADB has also processed a TA 'South Caucasus Gateway' to support America in developing a regional cooperation approach to maximize the benefits of economic cooperation in the South Caucasus leveraging the region's geostrategic importance offered by the 2020 America Azerbaijan Ceasefire Statement.

12 The COVID-19 pandemic has highlighted the necessity of regional cooperation and importance of strengthening resilience to risks arising from cross-border movement of goods and people. Trade continues to be a driver for achieving the sustainable development goals and CAREC countries' post-pandemic recovery. CAREC member countries continue to exchange information and experience with respect to trade measures implemented amid the COVID-19 pandemic with the objective of facilitating safe trade.⁸ Under the CAREC Integrated Trade Agenda 2030 and its strategic action plan for 2021–2023, investments and technical support are progressing in terms of (i) accession to World Trade Organization by Azerbaijan, Turkmenistan and Uzbekistan; (ii) regional improvement of border services for Kyrgyz Republic, Mongolia, Pakistan, and Tc

of \$271.21 million for 15 projects in 2020-2021, with the largest going into COVID-19 expenditure support (\$250 million)⁹, COVID-19 emergency response (\$3 million)¹⁰ and the rest for trade finance, supply chain, rural development support ADB under various Bhutan availed of \$5402 million for 13 projects for the same period with the bulk promoting social inclusion (\$30 million)¹¹ and COVID expenditure support (\$7 million)¹² and emergency response (\$2 million). Under the AFEX facility, ADB committed \$65 million in 2021 for Nepal's COVID vaccine deployment. Since 2019, ADB provided a total of \$1.3 billion in seven grant technical assistance (TA) grants to Nepal to prepare road and aviation infrastructure projects.

will support Phase 2 of Preparing for the Second Northern Greater Mekong Subregion Transport Network Improvement Project

23 Finally, in East Asia, firm projects for Mongolia in 2022-2024 include \$150 million for the Bogdhan Railway Bypass Investment Program, \$121 million Regional Road Development and Maintenance Phase 4, \$102.2 for the Aimag and Soum Centers Green and Resilient Regional Development Investment Program, and \$32 million for the Resilient and Integrated Border Services for Safe and Fast Trade. Firm TAs amounting to \$11 million will support transport (\$2.5 million), agriculture (\$2.4 million), energy (\$2.4 million) WUS (\$1.5 million), and ICT (\$1 million).

Appendix 1. RCI Loans and Projects in LLDCs, 2021

DMC	Region	Project Name	Commitment Amount (\$million)	Primary Sector (project-level)
AFG	Central and West Asia	COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility	50	Health
AZE	Central and West Asia	COVID-19 Active Response and Expenditure		

Year	Region	DMC	Project Name	Commitment Amount (\$million)	Sector
2021	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	30	Public Sector Management
2021	Central Asia	GZ	Road Network Climate and Disaster Resilience Improvement Project	50	Transport
2021	Central Asia	TAJ	Almaty-Bishkek Economic Corridor: Modern Agriculture Wholesale Market Development	81	Agriculture Natural Resources and Rural Development
2021	Central Asia	TAJ	Bishkek Economic Corridor Crossing Point Development Project	18	Transport
2021	Central Asia	TAJ	Development of the Bishkek Economic Corridor (Financing)	10	Transport
2021	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	30	Public Sector Management
2023	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	30	Agriculture Natural Resources and Rural Development
2024	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	30	Agriculture Natural Resources and Rural Development
2024	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	21	Transport
2024	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	75	Transport
2024	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	50	Transport
2024	Central Asia	TAJ	Business Environment Improvement through e-Governance Program Subprogram, PBL	30	Agriculture Natural Resources and Rural Development
2024	Central and West Asia	TAJ	Tourism Development Multisectoral Project	100	Transport Other Urban D Q Infrastructure and Services

Commitment Year	Region	DMC	Project Name	Commitment Amount
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