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Session 4: Enhancing development financing through South-South and triangular cooperation for inclusive, equitable and affordable connectivity of landlocked developing countries

Landlocked developing countries (LLDCs) face distinctive development challenges arising from their lack of direct territorial access to the sea and isolation from the global markets. These structural disadvantages are compounded by critical infrastructure deficits, including major gaps in rail, road, and air transport, dry ports, inland waterways, pipelines, energy systems, and digital networks — all of which constrain LLDCs' ability to connect effectively to regional and global markets. Closing these gaps is estimated to require a scale of financing that far exceeds the capacities of LLDCs' domestic resources and official development assistance (ODA) flows alone.

Under the Vienna Programme of Action (VPoA), important progress has been made in advancing transit transport infrastructure and developing economic corridors, for example through initiatives such as the Trans African Highway (TAH) and the Euro-Asian Transit Links (EATL). Some progress was made in extending energy grids, improving cross-border electricity interconnections, and promoting renewable energy projects. During this period, internet use in LLDCs more than doubled. Regional initiatives such as the Asia-Pacific Information Superhighway have helped bridge the digital divide, expanding ICT infrastructure and connectivity in several landlocked countries.

Despite these achievements, the COVID-19 pandemic and ongoing geopolitical shocks have further exposed the vulnerabilities of LLDCs, amplifying existing structural constraints. While many LLDCs have integrated ambitious infrastructure projects into their national development plans, they continue to grapple with persistent barriers in mobilizing sufficient, affordable, and long-term financing for large-scale connectivity projects. Challenges include high perceived risk impacting on sovereign credit ratings, elevated investment risks, challenges in preparing bankable projects, and the absence of financing instruments specifically tailored to the unique circumstances of landlocked economies. These constraints not only delay critical infrastructure development but also hinder LLDCs' broader efforts to build resilience, diversify their economies, and achieve sustainable development.

The Awaza Programme of Action (APoA) for LLDCs (2024-2034) highlights connectivity as the lifeblood of economic diversification, productive capacity building, and sustainable development of LLDCs. The APoA also reaffirms the importance of promoting unfettered, efficient and cost-effective access to and from the sea by all means of transport, and underscores that transit corridors should be considered as economic development corridors. It emphasizes that connectivity challenges — ranging from limited transit transport infrastructure to the lack of reliable and stable energy connectivity and digital divides — continue to impose disproportionately high trade and transaction costs on LLDCs, undermining their competitiveness and resilience.

The 4th International Conference on Financing for Development (FfD4) reaffirmed global commitments to mobilize scaled-up, inclusive, and innovative financing for sustainable development. For the world's 32 LLDCs, the outcomes of the FfD4 Conference provide a critical opportunity to reposition development financing as a catalyst for addressing long-standing connectivity gaps that hinder their structural transformation and integration into regional and global markets.

Expanding access to innovative financing mechanisms is crucial to close the LLDC connectivity investment gap. Facilities such as the proposed LLDC Infrastructure Investment Financing Facility, envisioned under the APoA, offer a promising vehicle to mobilize blended finance from public, private, and philanthropic sources for high-priority projects. By combining these funding streams, LLDCs can unlock new capital while distributing risks across multiple stakeholders.

In parallel, mobilizing regional and subregional funds through the South-South cooperation framework can play an instrumental role in reducing investment risks and increasing the bankability of cross-border infrastructure projects. Pooled financing arrangements under the framework help align investments with regional development priorities and draw on peer expertise to enhance project design, implementation, and sustainability.

Strengthening public-private partnerships (PPPs) offers another key avenue for advancing LLDC connectivity. South-South cooperation can provide technical support and shared experience for designing and managing PPP models that are tailored to the specific risks and needs of LLDCs. Well-structured PPPs not only help attract private investment but also bring innovation, operational efficiencies, and technical expertise to the delivery of complex infrastructure projects.

Leveraging digital cooperation platforms is equally essential. Regional digital initiatives — such as those advanced under the Belt and Road Initiative (BRI) and the Trans-Eurasian Information Superhighway — provide LLDCs with opportunities to expand broadband infrastructure, develop digital trade corridors, and establish robust e-commerce ecosystems. These digital linkages can reduce overreliance on physical transport routes and open new pathways for economic diversification, inclusion, and participation in the global digital economy. Similarly, Africa's Programme for Infrastructure Development in Africa (PIDA) offers LLDCs a framework for collaborative infrastructure development at the continental level.

At the same time, enhancing national capacity for project preparation and implementation remains foundational. South-South and triangular cooperation frameworks can deliver targeted technical assistance, institutional support, and capacity-building programmes to strengthen LLDCs' ability to identify, prepare, and execute high-quality, bankable infrastructure projects.

South-South partnerships facilitate cost-effective solutions, peer learning, and shared risk management. Triangular cooperation — involving the engagement of multilateral development banks (MDBs), international financial institutions (IFIs), and donor countries — amplifies the reach and impact of South-South initiatives.

By aligning the implementation of the APoA with the financing priorities emerging from the FfD4 Conference, the LLDC3 Conference provides a timely and important platform to explore how strengthened financing partnerships can drive inclusive, equitable, and affordable connectivity for LLDCs.

Questions:

- How can South-South and triangular cooperation be more effectively leveraged to mobilize innovative, inclusive, and long-term financing for LLDCs' connectivity priorities?

- What policy and institutional measures are needed at the national and regional levels to improve the bankability of LLDC infrastructure projects and reduce investment risks that deter private sector engagement?

- How can LLDCs better align their national development plans with regional and subregional initiatives to ensure that transit corridors function as broader economic development corridors?

- What role should development partners, including multilateral development banks and international financial institutions, play in supporting capacity-building efforts for project preparation and implementation in LLDCs under the South-South and triangular cooperation framework?