

UNITED NATIONS DEVELOPMENT PROGRAMME



# Landlocked Developing Countries: Looking Back and Ahead



Accelerating Action in the next 10 Years



July  
2025

## Acknowledgements

The report was prepared by Renata Rubian, Dajna Sorensen, Rishi Chakraborty, and Kevin Li (King's College/LSE). The report benefited from the overall strategic guidance and steering of Marcos Neto, Director of the UNDP Bureau for Policy and Programme Support (BPPS); Francine Pickup, Deputy Director of UNDP BPPS; and George Gray Molina, Chief Economist and Director of Inclusive Growth, UNDP BPPS.

Adela Pozder-Cengic, Aleida Ferreyra, Alessandro Ercolani, Carolina Rivera, Dan Malinovich, Dilshod Akbarov, Evelyne Bamba, Gerardo Noto, Jacob Assa, Jonathan Zigrand, Krisanhty Supangkat, Lars Jensen, Luciana Trinidad de Aguiar, Luisa Bernal, Mandeep Dhaliwal, Midori Paxton, Mthokozisi Tshuma, Natalia Linou, Nazik Abdyeva, Nizar Kaddouh, Owen Shumba, Rania Mohamed Osman Mohamed Hadra, Raquel Lagunas, Raymond Gilpin, Riad Meddeb, Robert Gerenge, Roy Small, Sahba Sobhani, Sangita Khadka, Santiago Cunial, Stefano Pistolese, Suffaneena Sufian, Tim Scott, Umberto Labate, Uyanga Gankhuyag, Veronique Gerard, Vesna Dzuteska-Bisheva, and Yuping Chan, are thanked for their in-depth technical reviews. Andrew Rizk, Kelly McBride, and Saira Bilal are thanked for their contributions on the budget expenditures for the past 10 years across UNDP country offices located in LLDCs.

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United Nations Development Programme  
One United Nations Plaza  
New York, NY, 100017 USA  
[www.undp.org](http://www.undp.org)

# Executive Summary

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Over the past ten years, UNDP has partnered with all 32 Landlocked Developing Countries (LLDCs) to support the implementation of the Vienna Programme of Action, investing over USD 12.5 billion across areas such as governance, climate resilience, economic transformation, and financing for development. With a universal presence in LLDCs, UNDP translated global expertise into context-specific solutions through its country offices. Below is a synopsis of UNDP's policy and programmatic work aligned with national priorities.

- 1 Governance Systems and Institutional Capacity:** Effective governance is essential for sustainable development in LLDCs, shaping inclusive service delivery, trust, and institutional resilience. UNDP addresses challenges such as democratic backsliding, digital transformation, and weak accountability through support for decentralization, capacity building, and participatory governance. In countries such as Nepal, Moldova, Lao PDR, and Mali, these efforts have strengthened institutions amid complex crises. Looking ahead, the Awaza Programme of Action and UNDP's priorities in the coming years position governance as central to structural transformation, with a focus on digital infrastructure, inclusive economic governance, and local engagement.
- 2 Regional Connectivity and Trade in LLDCs:** Over the past decade, UNDP has supported LLDCs in enhancing trade infrastructure, harmonizing cross-border procedures, and aligning national strategies with regional frameworks such as the African Continental Free Trade Area (AfCFTA). Through the Enhanced Integrated Framework (EIF) and Aid for Trade programmes, UNDP has delivered impactful support in countries like South Sudan, Lesotho, Bhutan, and across Central Asia — boosting MSME competitiveness, expanding access to digital and regional markets, and advancing inclusive trade policies. These efforts have improved institutional capacity, created jobs, strengthened value chains, and enabled women-led enterprises to access new trade opportunities. Looking ahead, UNDP will scale support for trade and transit reforms, digital trade, and sustainable value chain integration, aligned with the Awaza Programme of Action and UNDP's priorities.
- 3 Local Economic Development and MSMEs in LLDCs:** MSMEs are the backbone of LLDC economies, yet face persistent barriers to finance, markets, and technology — challenges compounded for women, youth, and informal workers. UNDP has supported all LLDCs in strengthening inclusive local economies by enhancing MSME productivity, market access, digital inclusion, and value chain development. Through initiatives like the SDG Value Chains Programme, Aid for Trade, and national platforms such as Malawi's Innovation Challenge Fund and Botswana's Supplier Development Programme, UNDP has expanded financing, created jobs, empowered women entrepreneurs, and built resilience in sectors from agriculture to e-commerce. Looking ahead, UNDP will continue advancing inclusive, digitally enabled, and gender-responsive MSME ecosystems to drive equitable growth and local development across LLDCs.

## EXECUTIVE SUMMARY

- 4 Climate Resilience and Energy Transitions in LLDCs:** Landlocked Developing Countries face critical energy access gaps and heightened vulnerability to climate impacts, with over 215 million people lacking reliable electricity and rural access far below global averages. UNDP has supported 31 LLDCs through its Climate Promise initiative, helping countries enhance their climate commitments, mobilize finance, and integrate mitigation and adaptation strategies. Flagship programmes like the Africa Minigrids Program and targeted support in countries such as Paraguay have advanced clean energy access, e-mobility, and nature-based solutions. Through policy, technical, and financial assistance, UNDP is helping LLDCs diversify energy sources, close access gaps, and build climate-resilient, low-carbon economies, aligned with the Awaza Programme of Action.
- 5 Natural Resource Management in LLDCs:** Landlocked Developing Countries face acute environmental pressures, ranging from land degradation and water scarcity to climate shocks, due to their heavy reliance on agriculture, mining, and forestry, especially in fragile ecosystems. Approximately 54% of LLDCs' land consists of drylands, home to 60% of their populations, making these countries particularly vulnerable to climate change and environmental degradation. UNDP supports LLDCs in restoring landscapes, improving resource governance, and promoting nature-based solutions through its Nature Pledge and partnerships with the GEF and GCF. From dryland restoration in Niger and Chad to climate-smart agriculture in Burkina Faso and forest management in Bhutan and Bolivia, UNDP helps countries integrate environmental priorities into national strategies while supporting local communities. Looking ahead, UNDP will expand efforts in land restoration, inclusive governance, and green finance to help LLDCs transform natural resource vulnerabilities into pathways for resilience and sustainable development.
- 6 Harnessing Extractives for Sustainable Development in LLDCs:** Extractive industries, especially critical and development minerals, are central to the economies of many LLDCs, driving exports, jobs, and public revenues. As global demand for transition minerals rises, UNDP supports LLDCs in ensuring resource governance delivers inclusive and sustainable development. Through policy support, partnerships, and initiatives like the ACP-EU Development Minerals Programme, UNDP has helped countries such as Burkina Faso, Zambia, and Mongolia advance local value addition, environmental safeguards, and community benefits, including artisanal and small-scale mining formalization. Aligned with the UN Secretary-General's Panel on Critical Minerals and the Awaza Programme of Action, UNDP is scaling up its support for responsible mining, regional cooperation, and economic diversification to help LLDCs move up the value chain and benefit more equitably from the global energy transition.
- 7 Access to Services in LLDCs:** Persistent barriers ranging from fiscal constraints to geographic isolation continue to limit access to essential services like health, education, and social protection in LLDCs. UNDP helps countries overcome these barriers by strengthening public systems and leveraging digital innovations to improve service delivery. In Zimbabwe, UNDP's long-standing partnership with the Global Fund contributed to a major turnaround in the HIV response, while in Kazakhstan, the Digital Family Card now connects millions to social benefits. Recognizing that service access underpins human resilience and inclusive development, UNDP prioritizes modernizing systems, expanding digital infrastructure, and supporting universal access to basic services especially for women, youth, and vulnerable communities in remote areas.

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- 8 Investing in Human Capital and Skills in LLDCs:** Building strong human capital is vital for LLDCs to overcome structural constraints and foster inclusive, resilient economies. With average HDI and education outcomes lagging behind global levels, UNDP works across LLDCs to expand access to quality education, strengthen vocational training, and improve livelihoods—especially for youth, women, and marginalized groups. From digital and green skills development in Azerbaijan to entrepreneurship training in South Sudan and TVET modernization in Bhutan, UNDP promotes skills that align with evolving labour markets. UNDP will intensify investments in human capital to support job-rich economic diversification, expand digital learning, and help LLDCs unlock the full potential of their people for long-term development.
- 9 Driving Digital Transformation in LLDCs:** LLDCs face deep digital divides, with only 27% of their populations using the internet, compared to 90% in developed countries. UNDP is supporting digital inclusion by expanding infrastructure, building skills, and designing inclusive digital services. From smart health systems in Malawi to digital social protection in Kazakhstan and AI strategies in Mongolia, UNDP helps LLDCs harness digital technologies for better governance, service delivery, and economic opportunity. In South Sudan, digitizing community lending platforms reduced interest rates and expanded financial access for border communities. Looking ahead, UNDP will deepen its support to LLDCs in scaling connectivity, building digital public infrastructure, and shaping responsible AI use, ensuring digital transformation accelerates not undermines, but boosts inclusive development.
- 10 Financing Sustainable Development in LLDCs:** Since the Addis Ababa Action Agenda, financing for development has evolved rapidly, yet LLDCs still face persistent challenges—aid dependence, rising debt risks, and limited private capital access. Over a third are in or near debt distress, and FDI remains low and narrowly focused. UNDP has played a catalytic role in strengthening financial governance, diversifying finance, and aligning public and private investments with development goals. In 23 LLDCs, it has supported Integrated National Financing Frameworks, advanced gender-responsive and climate finance, and promoted inclusive public-private dialogue. These efforts are enhancing fiscal resilience and inclusion. UNDP will continue helping LLDCs build sustainable, forward-looking financing systems to drive long-term development.
- 11 Sustainable LDC Graduation of LLDCs:** Sixteen of the world's 32 LLDCs are also classified as Least Developed Countries (LDCs), facing compounded vulnerabilities from geographic isolation, structural economic weaknesses, and exposure to external shocks. Graduation from LDC status remains challenging, with only Bhutan having successfully graduated as an LLDC (since Botswana in 1994). UNDP supports LLDC-LDCs countries through tailored policy advice, capacity building, and smooth transition strategies to help safeguard development gains post-graduation. In Bhutan and Nepal, UNDP has strengthened national planning, decentralization, and institutional resilience to support inclusive transitions. Aligned with the Awaza and Doha Programmes of Action, UNDP will continue to support LLDC-LDCs in advancing sustainable graduation pathways by linking national policies with global frameworks and building long-term resilience against shocks.

# UNDP's Strategic Engagement with Landlocked Developing Countries: A Decade of Impact and a Commitment for the Future

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The United Nations Development Programme (UNDP) has been a steadfast partner through the years to Landlocked Developing Countries (LLDCs), supporting their efforts to overcome structural challenges and achieve sustainable development under the framework of the Vienna Programme of Action (VPoA) 2014–2024. Over the past decade, UNDP has worked closely with all 32 LLDCs to advance progress across the six priority areas of the VPoA, leveraging its technical expertise, expansive network of country offices, and ability to mobilize financial resources to promote inclusive, resilient, and sustainable development.

UNDP's country offices serve as the operational backbone of UNDP's support, ensuring that global knowledge, financing, and technical expertise are translated into context-specific, nationally owned solutions. Country offices in nations such as Zambia, Nepal, Kazakhstan, Ethiopia, Bolivia, and Armenia, among others, have played pivotal roles in supporting national development plans, implementing climate and governance programmes, and helping governments access and manage international financing instruments. UNDP's in-country presence enables it to provide agile, responsive, and sustained support across diverse development and crisis contexts.

LLDCs face deep structural constraints due to their geographical location, with no direct access to seaports, leading to high transport costs, logistical inefficiencies, and reduced trade competitiveness. These countries represent about 7% of the global population yet account for only 1.1% of global merchandise exports. Their economies remain vulnerable to external shocks, heavily dependent on primary commodities, and marked by low levels of industrialization and economic diversification. The COVID-19 pandemic, climate-induced disasters, and rising debt burdens have further exacerbated these vulnerabilities. Several LLDCs are now classified as being in or at high risk of debt distress. At the same time, Official Development Assistance (ODA) remains both insufficient and unevenly distributed — with five LLDCs receiving nearly half of all ODA disbursed to the group between 2014 and 2023.

Against this backdrop, UNDP has delivered targeted support across key areas, including strengthening governance, climate resilience, economic transformation, financing for development, regional connectivity and trade, MSMEs, health and social protection, human capital and skills development, and digital transformation. At the country level, this includes strengthening decentralized governance in Moldova and Nepal, advancing electoral and constitutional reform in Mali, and supporting disaster risk reduction and justice sector reform across the Sahel. Through global initiatives like the Integrated National Financing Frameworks (INFFs), UNDP has supported 23 LLDCs to align public and private resources with SDG priorities, improving fiscal governance, investment frameworks, and policy coherence.

As LLDCs transition to the next phase of their development journey under the Programme of Action for LLDCs for the Decade 2024–2034, UNDP remains committed to deepening its engagement. The new

## INTRODUCTON

agenda calls for action across five key pillars: transformative economic diversification and structural change, enhanced regional connectivity and trade, improved governance and institutional capacities, resilience to climate and external shocks, and sustainable financing. These priorities are closely aligned with UNDP's, which focuses on integrated development solutions to promote human development and achieve prosperity for all within the planetary boundaries.

**FIGURE 1**

**AWAZA Programme of Action (2024 - 2034) Key Priorities**



Looking ahead, UNDP will strengthen its role as a trusted partner by scaling investments in catalytic areas such as:

- Investing in inclusive and effective governance to foster civic trust, peace, and institutional resilience;
- Promoting economic transformation and digitalization to unlock productivity, trade opportunities and inclusive value chains;
- Supporting climate adaptation, energy transition, and natural resource management, while leveraging nature-positive solutions, especially in high-risk areas;
- Capitalizing on the demographic youth dividend by investing in human capital development and skills for today and tomorrow; and
- Boosting financing for development, including through public and private blended finance solutions.

With over a decade of partnership, evidence-based programming, and deep presence in 31 out of the 32 LLDCs, UNDP is well positioned to help these countries turn structural constraints into drivers of sustainable and inclusive development. The coming decade is an opportunity to accelerate progress, strengthen resilience, and ensure that LLDCs are not only included but empowered within the global development architecture.

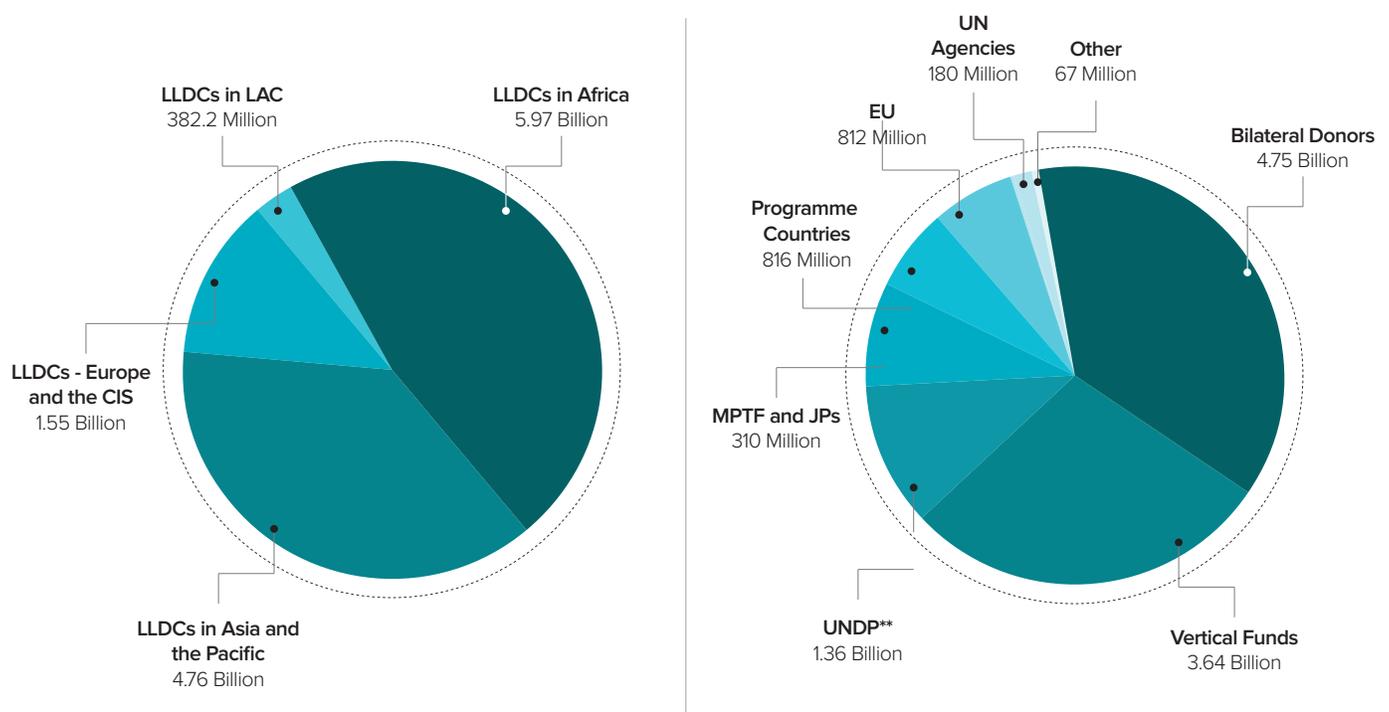
## INTRODUCTION

# UNDP's technical expertise and financial resources have played a critical role in advancing sustainable development in LLDC

In the past decade, UNDP invested over USD 12.5 billion across the 32 programmatic countries. In the earlier part of this timeframe, the Asia-Pacific region saw a high concentration of UNDP investments in LLDCs, largely due to significant funding directed to Afghanistan. Afghanistan's unique challenges — stemming from ongoing conflict, socio-economic instability, and complex humanitarian needs — required substantial UNDP support, which led to an overall Asia-Pacific investment figure of approximately USD 4.76 billion over the decade (*Fig. 2*). This figure, while reflecting a broad regional focus, was heavily influenced by Afghanistan's substantial needs rather than a uniformly distributed investment across the LLDCs in the region. As the decade progressed, African LLDCs emerged as the primary recipients of LLDC funding, receiving approximately USD 5.97 billion by the end of 2023. This reorientation not only reflects UNDP's adaptive strategy to align resources with evolving regional needs but also acknowledges the larger population share in African LLDCs, where nearly 57% of the total LLDC population resides. Persistent structural challenges in these countries such as infrastructure deficits, trade barriers, and climate vulnerabilities require intensified support.

**FIGURE 2**

**UNDP Investment in LLDCs by Region and Source of Funding (2014 - 2023)**



\* This includes Thematic Funding Windows and other sources.

## INTRODUCTION

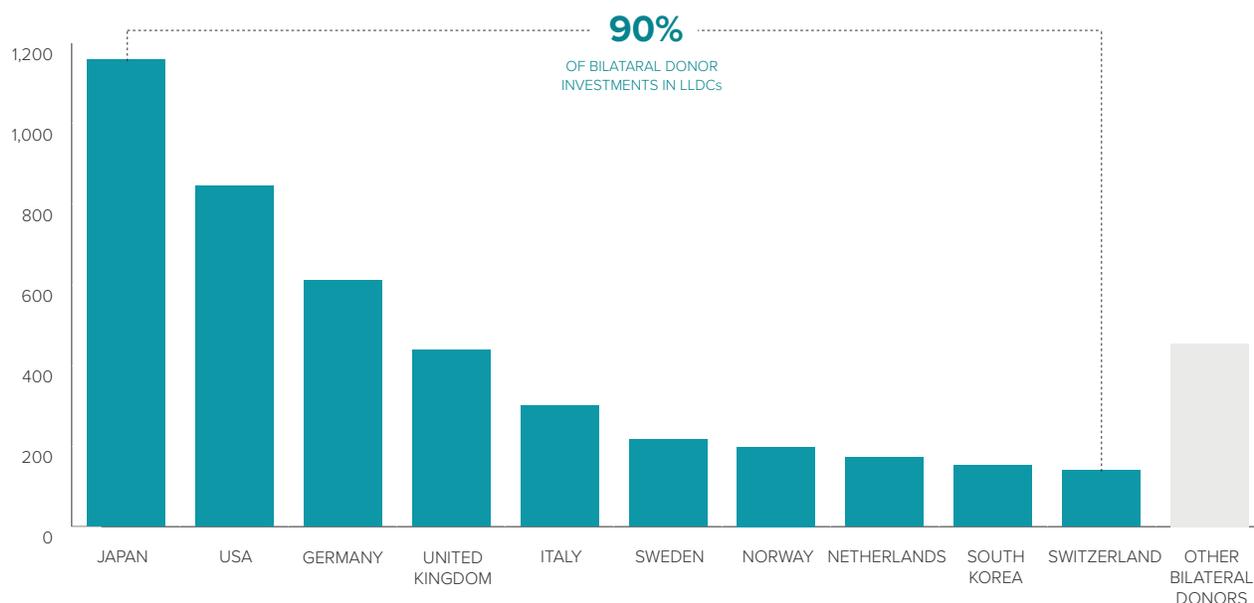
This allocation over the 10-year period illustrates UNDP's commitment to addressing both immediate, crisis-driven needs in countries like Afghanistan and longer-term developmental barriers in African LLDCs. Meanwhile, Europe and the CIS received a cumulative investment of USD 1.55 billion, and Latin America and the Caribbean (LAC) received USD 382.2 million, indicating a steady but more moderate level of support in these regions, aimed at addressing their specific, though comparatively less acute, developmental challenges.

The funding distribution during the decade reveals a diverse and multi-layered support system. The largest share, USD 4.75 billion, came from bilateral donors, emphasizing the crucial role of individual countries (*Fig. 3*) in backing UNDP's efforts in LLDCs. Vertical funds contributed the second-largest share at USD 3.64 billion, indicating targeted investments that address thematic priorities such as climate resilience and health. UNDP's own resources amounted to USD 1.36 billion, underscoring its commitment to these countries' development needs alongside external funding. Programme countries themselves contributed USD 816 million, showing a trend toward domestic co-financing, which enhances the ownership and sustainability of development initiatives. The European Union, UN agencies, Multi-Partner Trust Funds (MPTFs), Joint Programmes, and other sources collectively contributed over USD 1.3 billion, showcasing strong partnerships and collaboration within the UN system to support sustainable development in LLDCs. Together, this blend of funding sources enabled UNDP to pursue both targeted and holistic approaches to address the unique challenges faced by LLDCs.

UNDP has allocated, on average, 34% of its regular resources to LLDCs over the past decade. Within this allocation, African LLDCs have received the majority share, accounting for 76.6% of the regular resources directed to these countries (*Fig. 4*). LLDCs in Asia have received 15.5%, while those in Europe and the CIS have received 5.5%. LAC LLDCs received the smallest portion, with just 1% of the allocated resources. This distribution underscores UNDP's focus on African LLDCs, recognizing the persistent and significant development challenges they face compared to LLDCs in other regions.

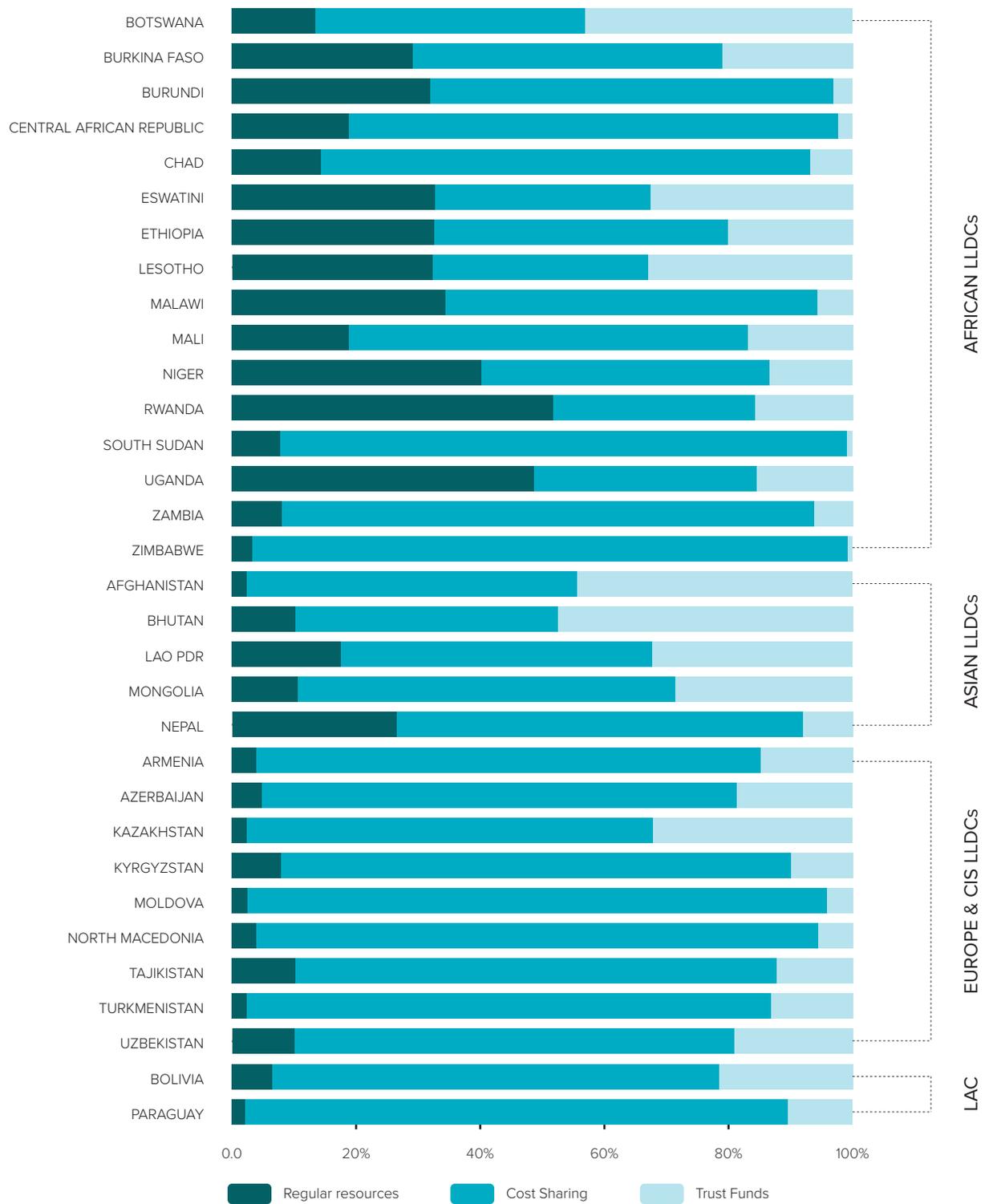
**FIGURE 3**

**Expenditures by the top 10 Bilateral Donors 2014-2023** (hundred million USD)



## INTRODUCTION

**FIGURE 4**  
**UNDP Investment in LLDCs by Type of Funding (2014 - 2023)\***



## INTRODUCTION

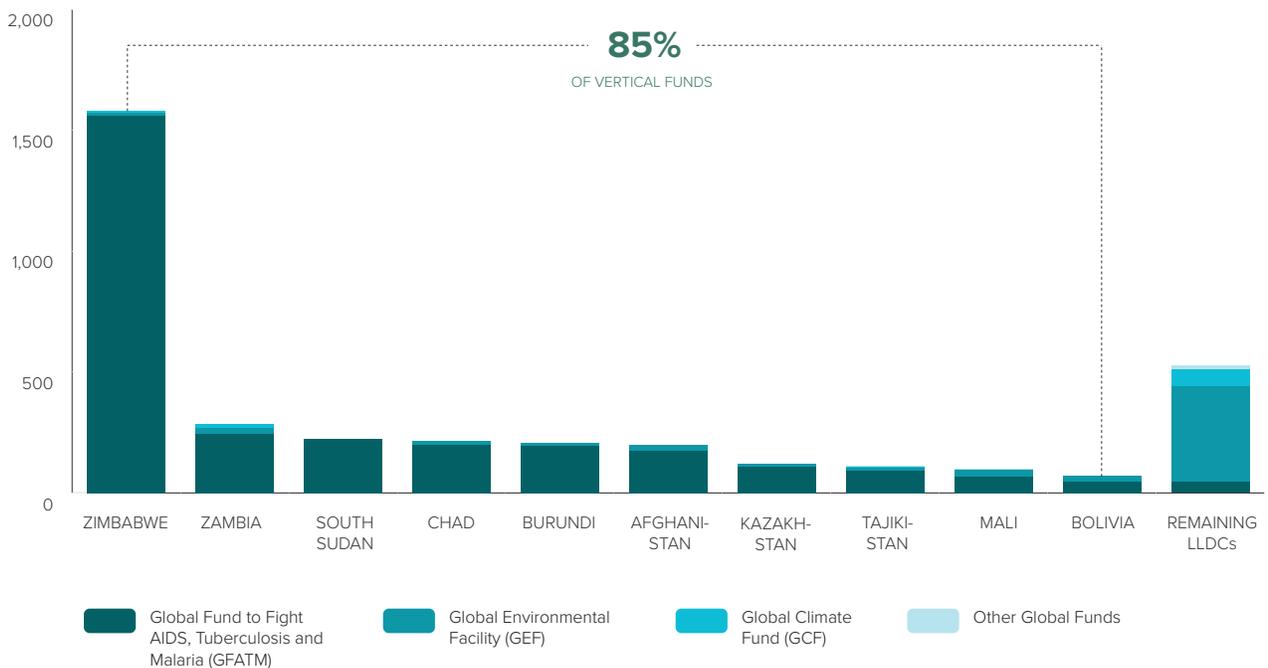
Within the vertical funds key sources include the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM), the Global Environmental Facility (GEF), and the Global Climate Fund (GCF). An overwhelming majority of these funds, approximately USD 2.96 billion, come from the GFATM, underscoring the emphasis on health interventions in LLDCs. The GEF is the next largest contributor with USD 546 million, followed by the GCF at USD 100 million. Together, these vertical funds are structured to address critical areas such as health crises, environmental protection, and climate resilience, thereby supporting sustainable development in these high-need contexts.

As depicted in the funding distribution (*Fig. 5*), Zimbabwe is the largest recipient of vertical fund investments among LLDCs, receiving a substantial share primarily from GFATM. This high allocation reflects the country's significant health challenges and the need for intensive support to combat diseases like HIV/AIDS, tuberculosis, and malaria. Following Zimbabwe, Zambia, South Sudan, Chad, and Burundi also received notable funding, with these countries similarly facing health, environmental, and climate-related challenges that vertical funds are structured to address.

Beyond health-related funds, the Global Environmental Facility (GEF) and the Global Climate Fund (GCF) have also played critical roles in supporting LLDCs. These funds are primarily directed toward countries facing acute environmental and climate vulnerabilities, ensuring that resources are allocated to mitigate climate risks, protect biodiversity, and promote sustainable development. The distribution of funds across these major recipients illustrates how vertical funds enable focused interventions, supporting countries with the greatest needs within thematic areas of health and environmental sustainability. This targeted approach helps address specific development gaps while complementing broader investments in LLDCs.

**FIGURE 5**

**Top 10 LLDC Recipients of Vertical Funds 2013-2024** (hundred million USD)



## Governance Systems that Deliver: Enhancing Institutional Capacity

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Governance is central to sustainable development, shaping how societies make decisions, uphold the rule of law, and deliver essential services. When governance systems are inclusive, transparent, and accountable, they foster trust between people and institutions, promote stability, and enable equitable access to opportunities. Conversely, weak or exclusionary governance undermines social cohesion, deepens inequality, and increases the risk of conflict or instability.

Today, several major trends are reshaping the governance landscape. First, democratic backsliding and shrinking civic space have emerged as pressing concerns in many contexts, with rising restrictions on freedoms of expression, assembly, and association. These dynamics limit citizen participation, weaken institutional legitimacy, and threaten social contracts essential for peace and development.

Second, rapid digital transformation is redefining how governance operates, offering opportunities to improve service delivery and transparency, but also posing challenges related to equity, privacy, and institutional capacity. Harnessing digital tools effectively requires modernizing governance frameworks to ensure technology benefits all segments of society and reinforces, rather than undermines, accountability and inclusion.

Third, persistent corruption and weak integrity systems remain significant barriers to effective governance, diverting resources from development priorities and eroding public confidence. Strengthening anti-corruption mechanisms and fostering a culture of integrity are critical to building resilient institutions and advancing the SDGs.

Finally, integrated, multi-level governance approaches are increasingly vital, as complex global challenges like climate change, pandemics, and economic shocks demand coherent responses that engage actors across local, national, and international levels. Ensuring governance systems are responsive, inclusive, and adaptable is essential for societies to navigate uncertainty and build shared prosperity.

UNDP's governance-related work in LLDCs is grounded in a comprehensive approach that seeks to strengthen local and national institutions, promote inclusive and accountable governance, and accelerate progress toward sustainable development. Recognizing the diversity of local contexts, UNDP supports a wide range of interventions including capacity building for elected representatives, public officials and civil servants, policy formulation, and institutional development. These efforts aim to enhance democratic participation and representation, improve public service delivery, and foster transparency, accountability, and human rights at all levels of government. UNDP's support for decentralization and local governance reforms is particularly prominent, aiming to empower subnational governments to manage the opportunities and responsibilities arising from devolution, and to ensure governance systems are responsive to the needs of marginalized and vulnerable populations. This work is closely linked to broader development objectives, such as building resilience to crises, fostering inclusive economic development, promoting gender equality, and advancing environmental sustainability, and is carried out in partnership with national stakeholders and the international community.

## PROGRAMMATIC AREA 1

Over the past decade, UNDP's governance interventions in LLDCs have prioritized strengthening legal and institutional frameworks for decentralization; building the capacity of local governments for participatory planning, budgeting, and service delivery; enhancing transparency, accountability, and inclusive participation in local governance; and mainstreaming cross-cutting issues – such as gender equality, health (including HIV/AIDS) and social inclusion – into local planning processes.



In **Nepal**, UNDP supported the strengthening of the planning and monitoring capacity of the National Planning Commission and the implementation of participatory district development and local governance programmes. These interventions contributed to decentralization by empowering local governments to plan, implement, and monitor development activities, and by promoting inclusive participation in local governance structures.



In **Moldova**, the Decentralization Strategy laid the groundwork for a decade of reforms aimed at consolidating local governance. UNDP supported the implementation of this strategy by promoting greater transparency, accountability, and efficiency in both central and local public authorities. This support included capacity development for local officials, facilitation of participatory planning, and strengthening of administrative governance.



In **Lao PDR**, UNDP's support involved advocacy for decentralization, piloting projects to demonstrate the benefits of local participation, and building the capacity of local officials in planning and programme development. These interventions were essential in contexts where local officials were unfamiliar with basic governance concepts such as action planning and annual programming. The focus was on demonstrating that local participation is both feasible and beneficial for advancing human development.



In **Burkina Faso**, UNDP supports decentralization and local development across 10 of the country's 13 regions and 114 out of 350 municipalities. These efforts benefit over 10 million people by improving living conditions, expanding access to services (such as civil registration and healthcare) and strengthening transparency and accountability in local governance and planning processes.



In **Chad**, from the outset to the conclusion of the transition process, UNDP played a pivotal role in supporting the return to constitutional order through the establishment and management of a basket fund dedicated to the transition. This support included embedded electoral technical assistance and surge capacity to key electoral institutions, such as the National Agency for the Management of Elections (ANGE) and the Constitutional Council. UNDP also procured electoral materials to enhance the credibility and inclusiveness of the process, and supported civic awareness and women's empowerment through grants to CSOs and national campaigns. For the first time, election materials were pre-positioned two weeks ahead of voting. Women's participation exceeded government quotas, and election costs were reduced by over 20%. Despite these advances, concerns remain around the transparency of the process.



In **Ethiopia**, UNDP's SEEDS 2 Project (2023–2027) builds on the success of SEEDS 1 to strengthen electoral systems and promote inclusive, transparent, and accountable democratic processes. It supports the National Elections Board of Ethiopia by enhancing institutional capacity, promoting inclusive participation, and improving the legal and information environment for credible elections.

## PROGRAMMATIC AREA 1



In **Mali**, the PROSMED programme and the Sahel Resilience Project have contributed to improved access to justice, conflict prevention, and basic services across 22 districts<sup>1</sup>. Since 2021, PROSMED has trained nearly 2,800 formal and informal actors—including women and youth—on women’s rights and conflict management, revitalized over 320 land commissions, and resolved 239 local conflicts<sup>2</sup>. It also piloted legal assistance in Mopti, supported gender-based violence cases, and aided the development of a national anti-corruption strategy<sup>3</sup>. In parallel, the programme implemented over 60 community initiatives to prevent violent extremism, including training for religious leaders and students in six central-southern districts<sup>4</sup>.



In **Armenia**, the “Modern Parliament for a Modern Armenia” (MAP) project, implemented by UNDP Armenia in its first phase (2019–2023), significantly contributed to strengthening the National Assembly’s institutional capacities, transparency, and public engagement. It supported the development of e-parliament tools, modernized legislative procedures, and enhanced the skills of parliamentary staff and committees. Building on these results, MAP 2.0 (2023–2026) aims to deepen reforms by advancing digital transformation, promoting gender equality and youth engagement, and strengthening the parliament’s responsiveness, oversight, and connection with citizens.

## LOOKING AHEAD

The Awaza Programme of Action places governance as a central element of its vision for sustainable and resilient development in LLDCs. It recognizes effective, transparent, and accountable institutions as foundational for achieving structural transformation, fostering inclusive growth, and enhancing social cohesion. It emphasizes that strong governance is not only essential for facilitating trade and investment but also for upholding human rights, reducing inequality, and building trust between governments and citizens. By framing governance as a central pillar rather than a peripheral enabler, it marks a clear evolution in the LLDC development agenda.

UNDP’s strategic priorities place effective governance at the very core of its ambition to support countries in navigating complex, interconnected challenges. Governance is framed not merely as a technical domain but as a foundational enabler of systemic change, echoing Awaza’s call for accountable and resilient institutions to underpin sustainable development in LLDCs. UNDP commits to supporting public institutions at both national and local levels to enhance service delivery, foster social cohesion, and improve resilience to shocks. Recognizing the growing importance of digital transformation, UNDP will expand support for digital public infrastructure, helping countries build more responsive, transparent, and citizen-centered governance systems, with special emphasis on using AI and data to improve public services and policymaking.

More importantly, governance is strategically placed within a systems approach, integrating it across prosperity, environmental sustainability, and crisis resilience objectives — ensuring governance reforms are not siloed but contribute to broader transformations sought by Awaza and other Programmes of Actions. UNDP will intensify its work on economic governance to make public finance more equitable and accountable, catalyze anti-corruption efforts, and strengthen public-private partnerships. Furthermore, UNDP’s investments in local governance, conflict analysis, community security, and participatory processes will help LLDCs address root causes of instability, complementing Awaza’s emphasis on governance as a tool for resilience in the face of crises.

## Facilitating Regional Connectivity and Trade for LLDCs

LLDCs disproportionately face high trade costs due to inadequate infrastructure and their lack of direct access to seaports. For instance, the average distance of a landlocked country to a seaport is 1,370 kilometres, delaying the movement of goods and services and causing higher transportation costs<sup>5</sup>. Given these challenges, regional integration and trade facilitation serve as critical pathways to increased economic resilience and competitiveness, inclusive growth, and sustainable development across LLDCs.

For LLDCs, reaching international markets depend not only on their own policies and infrastructure but also on those of neighboring countries, making regional integration, including the harmonization of investment frameworks essential for improving transit transport connectivity and expanding regional markets.<sup>6</sup> From 2014 to 2023, LLDCs concluded at least 100 new international investment agreements (IIAs), including 71 bilateral investment treaties and 29 treaties with investment provisions, with at least 58 of these new IIAs entering into force during this period.<sup>7</sup> At least 14 IIAs were concluded between LLDCs or between LLDCs and neighboring countries.<sup>8</sup> This points to a broader trend of growing regionalization as LLDCs seek a strategic balance between global trade integration and regional economic resilience, marking a significant advancement in regional cooperation among LLDCs and other developing countries.

UNDP supports LLDCs in strengthening their participation in regional trade and investment frameworks by providing technical assistance, policy development and planning, and capacity-building to improve trade facilitation, reduce non-tariff barriers, and harmonize cross-border procedures. Through initiatives such as the Aid for Trade Programme and targeted support for the implementation of the AfCFTA, UNDP has helped LLDCs align national strategies with regional commitments, enhance institutional coordination, and improve infrastructure planning. This support has contributed to increased intra-regional trade, and expanded market access for SMEs, laying the groundwork for more inclusive and sustainable economic development among LLDCs and their regional trade partners.

### ENHANCED INTEGRATED FRAMEWORK (EIF)

*The EIF is the only multilateral partnership dedicated to assisting LDCs in leveraging trade as an engine for growth, sustainable development and poverty reduction.<sup>9</sup> First established in 1997 and having completed its second phase (2015 - 2024).<sup>10</sup> EIF consists of 51 countries, 26 donors, and eight partner agencies working closely with governments, development organizations, and civil society.<sup>11</sup> Since its inception, EIF has invested more than USD 220<sup>12</sup> million in trade-for-development initiatives with partner countries, generating more than USD 1 billion in exports, and extending support to 37 countries to integrate trade into their national development plans.<sup>13</sup> 61% of EIF productive capacity beneficiaries are women.<sup>14</sup>*

## PROGRAMMATIC AREA 2

*UNDP has played a key role in supporting the EIF partnership in providing technical support in formulating and implementing trade policies, and strengthening trade-related institutions, across several LLDCs, including Bhutan, Central African Republic, Chad, Lesotho, South Sudan and Uganda, while also supporting capacity assessments in Burkina Faso and Malawi.*

In **South Sudan**, which became the world's youngest nation after its secession from Sudan in 2011, UNDP's support under the EIF has been pivotal in strengthening trade institutions and promoting inclusive, trade-led development in a post-conflict setting. UNDP supported the country's first EIF Diagnostic Trade Integration Study (DTIS) and its 2022 update, integration of trade into national development strategies, and capacity building on economic diplomacy and regional trade.<sup>15</sup> The partnership also led to the launch of South Sudan's first e-commerce platform, Dukaanye, and a dedicated e-commerce hub to support MSMEs, particularly women-led enterprises. Support extended to WTO accession efforts, AfCFTA engagement, and market access initiatives in the shea butter value chain.<sup>16</sup>

In **Lesotho**, the UNDP-EIF partnership has significantly strengthened agricultural value chains and trade capacity, particularly in the horticulture sector. Working with the International Trade Centre, the partnership supported the development of the 2021–2025 National Trade Strategy and helped boost MSME exports in key sectors. Through greenhouse installations, pest surveillance, and provision of hybrid seeds, vegetable production among supported farmers increased by 20%, and over 650 horticulture jobs were created.<sup>17</sup> More than 100 smallholder greenhouse operators were trained in business management and traceability, improving formal market access.<sup>18</sup> The programme also enhanced Lesotho's engagement in AfCFTA negotiations, sensitized over 120 MSMEs across 3 districts on export procedures, and expanded training and capacity building for journalists on trade policies.<sup>19</sup>

In **Bhutan**, the UNDP-EIF partnership has played a significant role in advancing inclusive trade development aligned with the country's unique Gross National Happiness (GNH) approach and its successful graduation from LDC status in 2023. Since 2009, EIF has supported institutional capacity-building, trade policy formulation, and human resource development through the National Implementation Unit (NIU), enabling effective inter-ministerial coordination and Aid for Trade (AfT) implementation. Bhutan's National Export Strategy (2022), developed with support from UNDP through the EIF, serves as a roadmap for boosting export growth by identifying key constraints and proposing reforms to address institutional, legal, and infrastructure gaps, improve standards and certification, strengthen productive capacities, and enhance export promotion. Other key achievements include the development of e-governance platforms, e-commerce policy guidelines, and an e-regulation portal, which has attracted over USD 14.5 million in FDI and USD 350 million of domestic investment projects since its launch in 2020.<sup>20</sup> With support from the EIF, in 2017, Bhutan launched an online auction system for potatoes, among the nation's main exports, to improve price transparency and reduce transaction costs<sup>21</sup>, enabling over 3,000 farmers (61% of them women) to access market information, increase profits, and reduce processing time, with the initiative later expanded to other commodities like cardamom.

The "Made in Bhutan" branding initiative and Seal of Excellence have enhanced export visibility and MSME participation in international markets and trade fairs. The partnership has also supported the Bhutan Association of Women Enterprises, with over 4,000 members, by providing training on microfinance and financial literacy, along with fostering financial inclusion by installing portable ATMs across districts where communities have no access to banks.<sup>22</sup>

## PROGRAMMATIC AREA 2

### AID FOR TRADE IN CENTRAL ASIA

*UNDP's Aid for Trade in Central Asia programme focuses on supporting LLDCs in Central Asia (Kyrgyzstan, Tajikistan, and Uzbekistan) in pursuing inclusive and sustainable economic development by increasing private sector and MSME competitiveness, advancing economic diversification and resilience, supporting regional trade cooperation, connectivity, and integration, and enhancing value addition and promoting green value chains.<sup>23</sup> In particular, the programme addresses the challenges of LLDCs in Central Asia in transitioning from commodity-dependent growth to more inclusive and sustainable development by diversifying their economies, expanding private sector productive capacities, fomenting regional trade integration, accessing new markets, and strengthening job creation across sectors such as agriculture, food processing, and tourism, with a strong focus on gender equality and environmental sustainability.<sup>24</sup> Implemented since 2009 and currently in its fifth phase (2022 - 2025), the programme has supported the development of inclusive trade development policies and support services, while strengthening the economic competitiveness of MSMEs, especially during crises (such as the COVID-19 pandemic), enhancing firm-level efficiencies and productive capacities, increased value addition, and the development of green, employment-rich, and resilient value chains.<sup>25</sup>*

In **Kyrgyzstan**, efforts focused on strengthening the legal framework for trade, improving digital export platforms, and promoting market access for MSMEs, particularly in key sectors like tourism and e-commerce.<sup>26</sup>

In **Uzbekistan**, the project worked closely with national partners to refine trade regulations, enhance investment policies, and support women-led enterprises through mentorship and business development initiatives.<sup>27</sup>

In **Tajikistan**, emphasis was placed on assessing and removing regulatory barriers for trade, developing an Export Promotion Law, and modernizing trade support services to improve market access.<sup>28</sup>

At the regional level, the initiative supported the harmonization of quality standards and improved international market access for key agricultural exports, organization of regional workshops and capacity building on Free-Trade Agreements negotiations, and training over 250 trade and export marketing specialists, MSME exporters, and trade support professionals in Kyrgyzstan, Tajikistan, and Uzbekistan on identifying new export opportunities.<sup>29</sup>

### LOOKING AHEAD

The Awaza Programme of Action prioritizes trade, trade facilitation, and regional integration as critical levers for sustainable development in LLDCs, emphasizing the need to simplify customs procedures, reduce non-tariff barriers, enhance transit connectivity and infrastructure, develop transport corridors, and promote digital trade. Aligned with these priorities, UNDP will reinvigorate and scale up its strategic partnerships with UNCTAD, UNIDO, and other development partners to deliver targeted support that enhances LLDCs' trade competitiveness and connectivity. This includes deepening trade capacity-building, supporting transit and infrastructure reforms, and fostering inclusive participation in regional and global value chains. In line with its strategic priorities, UNDP will also connect trade facilitation to sustainable value chain development, local economic development, and MSME empowerment, supporting LLDCs in realizing more diversified, inclusive, and resilient economies.

## Unlocking Local Economic Development: Support to MSMEs in LLDCs

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Micro, small and medium enterprises (MSMEs) account for about 90% of businesses and more than 50% of employment worldwide.<sup>30</sup> In developing countries, including LLDCs, this share is even higher after accounting for the informal sector.<sup>31</sup> Across LLDCs, MSMEs play a critical role in enabling local economic development and inclusive growth, employment creation and income generation, enhancement of trade and value chain beneficiation, and poverty alleviation.<sup>32</sup> Approximately 60% of the population in LLDCs is under 25, representing a large source of potential and innovation.<sup>33</sup> Yet, youth in LLDCs face high unemployment, inadequate educational and training opportunities in STEM fields, and lack affordable ICT access<sup>34</sup>, and many are self-employed or employed in the informal sector.<sup>35</sup>

Despite representing the vast majority of firms in LLDCs, MSMEs frequently encounter significant barriers, such as limited access to finance (characterized by high interest rates, excessive collateral requirements, and underdeveloped financial systems), infrastructure deficits, regulatory and bureaucratic hurdles, and difficulty accessing trade finance and formal markets.<sup>36</sup> In addition, MSMEs often struggle with low productivity, poor working conditions and high vulnerability to economic, political and environmental shocks. Women, young workers and entrepreneurs operating in the informal economy are particularly vulnerable, and face additional constraints.<sup>37</sup>

Enabling access to reliable financing instruments and digital technologies can play a vital role in supporting MSMEs to overcome structural challenges and serve as engines for inclusive growth, job creation, and poverty reduction in LLDCs. Enhancing MSME access to digital technologies can increase transparency of markets, enabling buyers and sellers to interact and trade securely, improve and formalize trade networks, provide access to reliable and cost-effective online payment platforms, simplify cross-border logistics and customs procedures (especially for small businesses), and unlock alternative financing options through fintech innovations such as crowdfunding and AI-powered financial tools, ultimately advancing financial inclusion and competitiveness for MSMEs in LLDCs.<sup>38</sup>

UNDP provides support to over 100 countries<sup>39</sup>, including all LLDCs, in unlocking the full potential of MSMEs to drive inclusive, human-centred, and resilient growth by fostering an enabling environment for expanding market access, enhancing productivity, advancing entrepreneurship and innovation, and promoting jobs, livelihoods, and decent work. This includes several projects that support agricultural capacities, trade and exports, and economic resilience, with the production, development, and transformation of value chains, directly contributing to men and women's livelihoods.<sup>40</sup> In Mali, UNDP has supported women-led mango cooperatives, which equipped women farmers the right skills to grow and treat their produce for export. The programme helped lead to a nearly fourfold increase in Mali's mango exports.<sup>41</sup>

UNDP's SDG Value Chains Programme provides countries with technical assistance and innovative methodologies to support the development of inclusive value chains, including MSMEs, enhancing their integration into regional, national, and international supply chains. Using a market-driven approach, the programme enhances the local capacities of MSMEs to overcome structural barriers, such as access to finance, investments in digitalization and innovation, regulatory burdens, and broader challenges in the

### PROGRAMMATIC AREA 3

enabling environment, with a strong focus on social norm transformation, gender equality, and women's economic empowerment. During the COVID-19 pandemic, the initiative focused on strengthening the economic resilience of SMEs, enabling them to serve as critical sources of employment and economic prosperity across communities<sup>42</sup>, while becoming a strong driver of sustained economic recovery and relief strategies. The SDG Value Chains Programme began in Mexico in 2008 with the Supplier Development Methodology (SDP). Globally, the SDG Value Chains Programme now operates across 16 countries in Latin America and the Caribbean, Africa, Eastern Europe, and Asia,<sup>43</sup> including LLDCs such as Botswana and Paraguay. In **Paraguay**, the programme has demonstrated transformative impact through the En Marcha pilot in Concepción in 2024, which strengthened core business management capacities of MSMEs, more than half were women-led, leading to an increase in average monthly sales, improved profitability, and advanced gender-responsive business strategies.<sup>44</sup>

In **Botswana**, the SDP strengthened the resilience of women and youth-owned MSMEs during the COVID-19 crisis by strengthening their productive capacity and connecting them to large national buyers in key sectors like agriculture, health, and technology.<sup>45</sup> Through close mentorship, access to finance, and strategic partnerships — including with First National Bank Botswana, the SDP empowered SMEs to improve quality, increase revenues, and build long-term resilience in a challenging, resource-dependent economy. Through a partnership with the Ministry of Youth, Sports and Culture and the Botswana Innovation Hub, UNDP is rolling out the #YouthConnekt platform to support youth entrepreneurs with tailored training and mentorship, while reaching young people through digital engagement, market linkages, and access to finance and networks.<sup>46</sup>

Launched in 2014 under UNDP **Malawi's** Private Sector Development programme, the Malawi Innovation Challenge Fund (MICF) has mobilized catalytic grant financing and technical assistance to support economic diversification, job creation and income generation, enhanced productivity, and innovation across the private sector and MSMEs, especially to increase the inclusiveness and competitiveness of value chains in crucial sectors, such as agriculture, manufacturing,<sup>47</sup> and tourism.<sup>48</sup> The programme accepts applications from MSMEs, small businesses, and the private sector in Malawi and matches their funding to scale inclusive business models. As of 2022, over 9 thematic rounds were launched, with USD 32 million of investments in the programme, and 56 MSMEs and private sector companies contracted to develop inclusive business models, while supporting livelihoods and income generation opportunities for nearly 600,000 individuals across more than 55,000 households, and securing permanent employment for more than 2,400 unskilled and low-income workers.<sup>49</sup> Over 7,200 MSMEs have accessed loans and improved financial services through the disbursement of MK 2.3 billion of SME loans through MICF.<sup>50</sup> Through innovation, MICF projects have launched new or enhanced products that have brought access to basic services for low-income consumers.<sup>51</sup> Over 40% of MICF's beneficiaries are women, and 27% of MICF projects are led by female owners and managers of MSMEs and businesses in Malawi's private sector.<sup>52</sup>

#### COUNTRY EXAMPLE: AFGHANISTAN

*UNDP's integrated support has provided a lifeline to 8 million women across Afghanistan, extending access to basic services and infrastructure, creating jobs, supporting MSMEs strengthening community resilience against hazards and climate risks, expanding access to renewable energy, and providing livelihood support to farmers. In addition to fostering social cohesion and solidarity in the workplace, UNDP's integrated approach also includes the development of digital skills, to empower women to overcome mobility restrictions and effectively market their products. The provision of solar power to MSMEs employing women, reduces reliance on expensive, polluting generators, reducing emissions and cutting operational costs.<sup>53</sup>*

### PROGRAMMATIC AREA 3

The resulting savings are then reinvested to expand capacity and create more employment for women. For example, in 2024, a seed investment of US \$4 million from UNDP's core resources unlocked over US \$34 million of non-core funding to advance women's socio-economic empowerment in Afghanistan. These investments supported almost 80,000 female-led MSMEs nationwide, and have generated nearly 400,000 jobs, mostly for women, and have indirectly benefited over 2.7 million Afghan citizens. Despite harsh restrictions, community savings and loan groups have further supported over 27,000 women in starting and expanding their businesses, enhancing the economic resilience of their communities.<sup>54</sup> By expanding access to financial inclusion, women have also contributed to their families, creating a chain of prosperity that revitalizes communities and can potentially improve the lives of generations to come. A preliminary assessment of the programme, in 2024, provides evidence of positive impact, with an overall boost in production and a 100 percent increase in income for surveyed women, who benefited from the integrated interventions.<sup>55</sup>

Since 2022, UNDP's partnership with the European Union has fostered inclusive economic recovery and resilience in Afghanistan, particularly through sustained support to women-led MSMEs, focusing on protecting community-based livelihoods, expanding access to finance, and strengthening women's role in the local economy.<sup>56</sup>

### LOOKING AHEAD

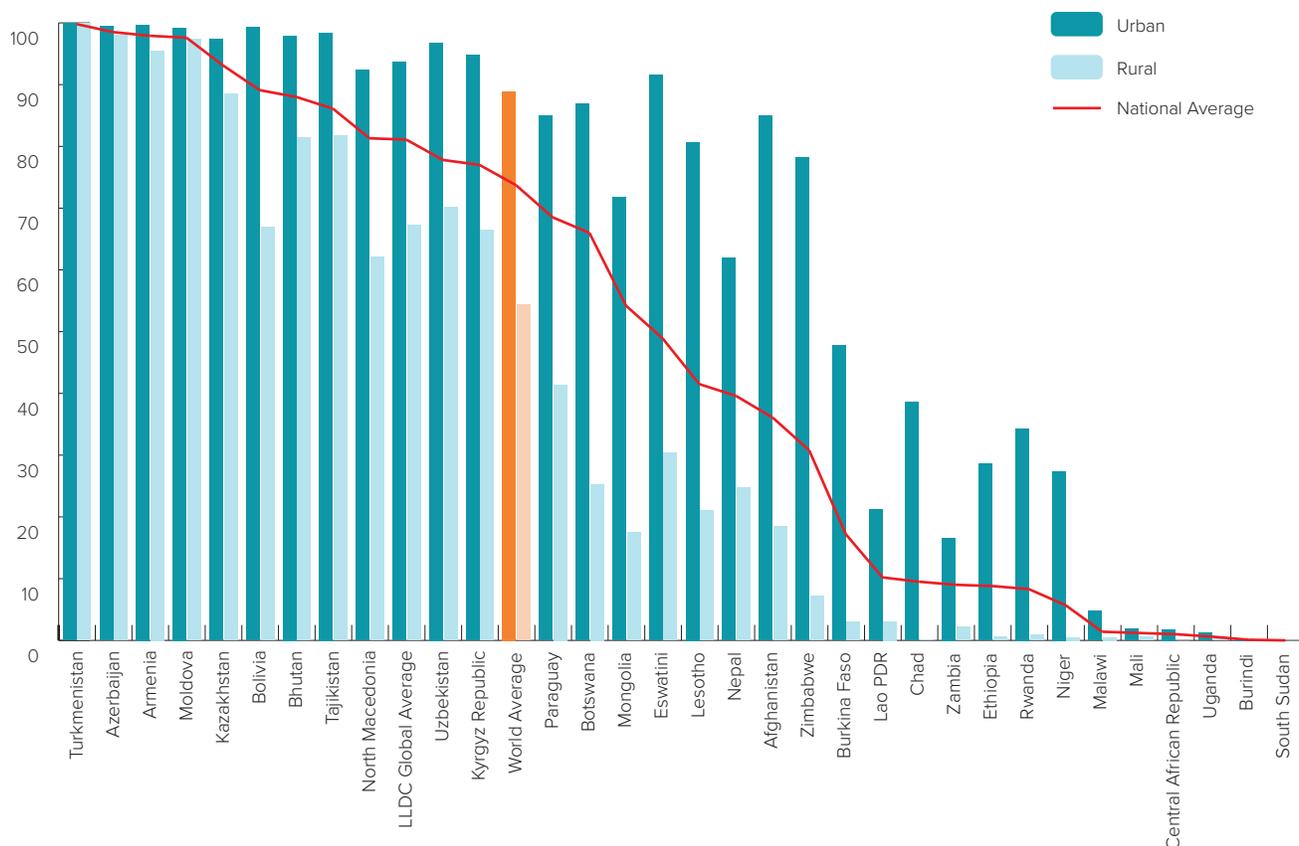
UNDP will continue to accelerate human development by advancing its support to MSMEs and inclusive value chains across LLDCs, based on its approach to creating prosperity for all by expanding opportunities for MSMEs to access productive assets, decent jobs and livelihoods, and build human capital, while strengthening socio-economic resilience against shocks, crises, and multidimensional vulnerabilities. This entails equipping MSMEs with financing, skills, knowledge, and technologies to cultivate entrepreneurial ecosystems through business incubation and supportive policy frameworks, such as trade policies that connect local producers to regional and global value chains. It also includes expanding access to affordable credit, digital financial services, income generation, and asset-building opportunities, particularly for women, youth, and vulnerable communities. By facilitating decent job creation, improving financial inclusion, linking local producers to national and global value chains, and deepening partnerships with the private sector and civil society to unlock innovation, capital, and expertise, UNDP will continue working closely with governments and development partners across LLDCs to build inclusive and resilient economies that leave no one behind.

## Building Climate Resilience and Advancing Energy Transitions in LLDCs

LLDCs face innumerable challenges, including infrastructure and energy access deficiencies, inadequate maintenance, losses from disasters, and significant vulnerabilities to accelerating climate and environmental impacts. Regarding energy access, a staggering 215 million people live with limited or no electricity in LLDCs. The situation is more aggravated in rural areas, where more than 50 percent are living without energy.<sup>57</sup>

Disparities between electricity access across LLDCs prevail. While 15 LLDCs have achieved electricity access rates above 90% as of 2023, 12 LLDCs still had access rates below 60%, all of which are in Sub-Saharan Africa.<sup>58</sup> More so, a significant imbalance remains between urban and rural population groups in LLDCs, with 86% and 62% having access to electricity in 2023, respectively. Meanwhile, the global urban average was at 98% in 2023 and the rural average was 84%, significantly higher in comparison to the average energy access rate for LLDCs.<sup>59</sup>

**FIGURE 6**  
Share of Population with Access to Electricity by LLDC in 2023



Source: World Bank Open Data (2023)

## PROGRAMMATIC AREA 4

The share of LLDCs' overall population with access to clean cooking fuel increased from 40% in 2012 to 45% in 2022.<sup>60</sup> There is a significant access deficit in rural areas, which have a 35% access rate, compared with 61% in urban areas in 2022.<sup>61</sup> Women are disproportionately impacted by energy poverty in the LLDCs, more so due to domestic reliance on charcoal and wood, and their associated health implications.<sup>62</sup>

Between 2016 to 2025, renewable energy capacity has grown at an annual rate of less than 10% in developing countries, and within this subset, LLDCs recorded a much lower growth rate of only 2.4%.<sup>63</sup> With such annual growth rates and without further interventions, LLDCs are likely to take more than 38 years to achieve the renewables deployment rate similar to the average level across developing countries in 2022.<sup>64</sup>

Under the Climate Promise Initiative, UNDP is delivering the UN system's largest portfolio of support on climate action in more than 140 countries and territories.<sup>65</sup> This portfolio is worth over US\$2 billion in grant financing and also builds on UNDP's expertise on gender equality and inclusion, energy, poverty, health, climate security, nature and biodiversity, among others.<sup>66</sup> Since 2019, UNDP's Climate Promise supports developing countries in strengthening their climate action by setting and implementing more ambitious goals to reduce emissions (especially through enhanced Nationally Determined Contributions (NDCs) under the Paris Agreement), bolstering climate resilience, and mobilizing financing. Through five key pillars of adaptation, mitigation, carbon markets, forests, and policy, UNDP is supporting countries in designing and implementing bold climate actions aligned with national development goals, including NDCs, adaptation plans, long-term strategies, and green recovery initiatives.

UNDP Climate Promise's portfolio of 140 countries and territories includes support to 31 landlocked countries, namely 5 countries in Asia Pacific (Afghanistan, Bhutan, Lao PDR, Mongolia, and Nepal), 8 in Europe and Central Asia (Armenia, Azerbaijan, Kazakhstan, Kyrgyz Republic, North Macedonia, Tajikistan, Turkmenistan, and Uzbekistan), 16 in Africa (Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Eswatini, Ethiopia, Lesotho, Malawi, Mali, Niger, Rwanda, South Sudan, Uganda, Zambia, and Zimbabwe), and 2 in Latin America and the Caribbean region (Bolivia and Paraguay).<sup>67</sup>

Among its flagship initiatives, the Africa Minigrids Program (AMP) enhances clean energy access across 21 countries, including 9 LLDCs (Burkina Faso, Eswatini, Ethiopia, Malawi, Chad, Mali, Niger, Zambia, and Burundi) by promoting sustainable, scalable solar minigrid investments.<sup>68</sup> AMP is a USD 50 million country-led technical assistance programme, funded by Global Environment Facility (GEF) and implemented by UNDP in partnership with RMI (founded as Rocky Mountain Institute) and the African Development Bank (AfDB).<sup>69</sup> Renewable energy minigrids, and in particular solar-battery minigrids, offer great potential to address the 733 million people globally who currently don't have access to electricity – including 567 million, or three quarters of the world's unelectrified population, in sub-Saharan Africa.<sup>70</sup> In this regard, the program aims to electrify 265 million people across its portfolio of 21 countries by 2030.<sup>71</sup>

In addition, in May 2023, the Government of Japan provided<sup>72</sup> funding to respond to the growing demand of developing countries supported by UNDP to take climate action and deliver on national climate pledges (also known as NDCs). This includes provision of assistance to 16 countries<sup>73</sup> across Asia-Pacific, Europe and Central Asia, Africa, and Arab State regions through UNDP's Climate Promise initiative, including seven landlocked countries: Armenia, Bhutan, Georgia, Kyrgyz Republic, Malawi, Nepal, and Serbia. The partnership has enabled UNDP to advance clean energy solutions and ambitious climate action policies across regions.

## PROGRAMMATIC AREA 4

### PARAGUAY'S ENERGY TRANSITION: CHALLENGES AND OPPORTUNITIES

*Paraguay stands out globally for its nearly 100% renewable electricity supply, sourced almost entirely from hydropower. While this offers a clean energy advantage, the overdependence on a single source of energy presents structural risks — particularly as climate change affects water availability and electricity demand continues to rise. Simultaneously, the transport and industrial sectors remain reliant on imported fossil fuels, limiting the country's energy autonomy and sustainability.*

UNDP, in collaboration with national institutions and international partners, supported the design of a transformative project to accelerate electric mobility and public transport modernization in the Asunción Metropolitan Area. The project aimed to mobilize over USD 20 million in climate finance to unlock more than USD 150 million in total investment — enabling the deployment of 300 electric buses. This initiative combined public and private funding through innovative financial instruments, structured with strong commitments from multilateral banks and development agencies. The project has completed its technical design phase and is currently in advanced negotiations with international investors, including green funds, sovereign wealth funds, and multilateral development banks. It stands as a clear example of how targeted technical assistance and international climate finance can be leveraged to unlock large-scale investment and drive systemic transformation in the transport and energy sectors.

### LOOKING AHEAD

Looking ahead, UNDP remains committed to supporting LLDCs in overcoming energy poverty and building climate-resilient, low-carbon futures. The Awaza Programme of Action<sup>75</sup> emphasizes protecting people's livelihoods and avoiding disruptions to trade and transport through strengthened resilience in LLDCs against accelerating climate impacts by rapidly scaling up climate finance and infrastructure investments to support both mitigation and adaptation efforts, incorporating disaster risk reduction strategies into all development policies and strengthening early warning systems, and promoting biodiversity conservation and the sustainable use of natural resources, especially given LLDCs' increasing exposure to land degradation and biodiversity loss. These priorities are fully aligned with UNDP's priorities, which emphasize systemic, scalable change through key levers such as nature-based solutions, sustainable energy transitions, climate adaptation and resilience, circular economy approaches, and the integrated management of land, forests, and water systems, critical for advancing sustainable development and climate action in LLDCs.

Guided by these priorities, UNDP will continue to scale up support in key areas such as sustainable energy transitions, energy diversification, and strengthening energy security, particularly in Sub-Saharan Africa where the access gap is most acute. In parallel, climate adaptation will remain central, with increased investments in nature-based solutions (NbS) and integrated approaches that link energy access with community resilience and gender equality. Across country and regional contexts, UNDP will deepen its technical, policy, and financial assistance to LLDCs to ensure no country, place, or community is left behind in the global energy and climate transition.

## **Managing Natural Resources for a Sustainable Future in LLDCs**

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Landlocked Developing Countries face a distinctive set of structural constraints that severely affect their ability to sustainably manage natural resources. With no direct access to coastlines, LLDCs depend heavily on agriculture, mining, and forestry – sectors that are not only vulnerable to environmental degradation but also highly sensitive to global market fluctuations.

Over half the land in LLDCs consists of drylands, which are increasingly under stress due to desertification, poor land management, and climate change. This geographical reality exacerbates food insecurity, limits water availability, and accelerates land degradation – making the sustainable management of natural assets both a development necessity and a resilience imperative.

The implications are stark: many LLDCs rely on land-based livelihoods, yet they struggle to maintain the ecological integrity of their landscapes. Resource degradation directly undermines food systems and economic productivity. With rising temperatures, erratic rainfall patterns, and increasing demand for finite water and soil resources, these countries face an urgent need to adapt. In LLDCs such as Burkina Faso, Mali, and Ethiopia, climate shocks (especially droughts and floods) frequently devastate already fragile ecosystems, deepen poverty, and trigger migration. Without sustainable natural resource governance, LLDCs remain vulnerable to a vicious cycle of environmental decline and socio-economic instability.

### **UNDP's Strategic Response and Nature Pledge**

Recognizing the critical nexus between environment, development, and resilience, UNDP has embedded nature-positive development across its portfolio. Through its Nature Pledge, UNDP has committed to help more than 140 countries implement biodiversity and ecosystem-focused solutions by 2030. For LLDCs, this commitment translates into concrete support for restoring degraded landscapes, strengthening natural resource governance, and unlocking nature-based economic opportunities. UNDP's strategic priorities position nature and climate as one of four core areas of integrated development, emphasizing the link between biodiversity, climate resilience, and sustainable livelihoods.

Through the Global Environment Facility (GEF), the Green Climate Fund (GCF), and its own financing mechanisms, UNDP has supported LLDCs in mainstreaming ecosystem management into national development strategies, enhancing community-based natural resource governance, and improving access to sustainable land and water use technologies. Examples include climate-resilient agroforestry projects in Lesotho, water resource management in Tajikistan, and dryland restoration efforts in Niger and Chad. These interventions not only aim to preserve biodiversity but also enhance food security and economic resilience, especially for rural populations living in dryland zones.

## PROGRAMMATIC AREA 5

### Country-Level Impact: Tailored, Transformative Interventions

At the country level, UNDP's support reflects a deep commitment to building local capacity and ensuring inclusive benefits. In **Bolivia**, a country highly dependent on extractive resources and prone to environmental degradation, UNDP has worked with indigenous communities to promote sustainable forest management and integrate environmental governance into subnational planning. In **Mongolia**, UNDP has facilitated partnerships that promote ecosystem-based adaptation in rangelands, which are critical for pastoralist communities vulnerable to desertification.

In **Bhutan**, which is both landlocked and environmentally vulnerable despite being carbon-negative, UNDP has supported sustainable forest and watershed management as part of the country's graduation strategy from LDC status. In **Burkina Faso**, UNDP has enabled communities to adopt climate-smart agriculture practices, enhancing soil fertility and reversing land degradation in critical dryland zones. Overall, UNDP's country programming in the Sahel has increasingly focused on integrating peacebuilding and natural resource management to address root causes of displacement and insecurity.

### LOOKING AHEAD

As LLDCs align with the new 2024–2034 Programme of Action, the centrality of sustainable natural resource management becomes even more pronounced. The new agenda calls for integrated approaches to land restoration, sustainable agriculture, and climate adaptation, especially across drylands and arid zones that are home to the majority of LLDC populations. These approaches must be grounded in inclusive governance and gender-responsive planning to ensure broad-based benefits and long-term sustainability.

Looking ahead, UNDP will scale up support in four key areas: (1) Restoration and protection of drylands and fragile ecosystems using nature-based solutions; (2) Policy and institutional support for transparent and participatory natural resource governance; (3) Integration of environmental priorities into national SDG and climate strategies through tools like INFFs and NDCs; and (4) Mobilization of blended finance and private sector investment in sustainable land and resource management. These efforts will be underpinned by a digital and data-driven approach to track ecosystem health and resource use efficiency.

In an era marked by climate uncertainty and geopolitical complexity, LLDCs have the potential to lead models of sustainable land use, climate adaptation, and community-based resource management. With its track record, in-country presence, and partnerships, UNDP remains a trusted development partner, ready to help LLDCs transform environmental vulnerabilities into engines of resilience and inclusive prosperity.

## Harnessing Extractives for Sustainable Development in LLDCs

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Extractive industries, particularly the mining and processing of critical minerals, are integral to the economies of LLDCs, representing a significant share of their GDP and labour force. Mineral-rich LLDCs (such as Mali, Burkina Faso, Zambia, Democratic Republic of Congo, and Mongolia) have some of the highest share of mining as a proportion of their total exports globally. Constrained by their lack of direct access to maritime trade routes, several LLDCs rely on their abundant mineral resources to drive economic growth, boost export industries, attract foreign investment, generate employment, and strengthen public finances.<sup>76</sup> Critical energy transition minerals, such as copper, lithium, nickel, cobalt, and rare earth elements, are indispensable to the transition to clean energy technologies (ranging from wind turbines and solar panels to electric vehicles and battery storage)<sup>77</sup> powering the shift from fossil fuels to renewables, with global demand projected to nearly triple by 2030.<sup>78</sup> In fact, the production of certain minerals, such as graphite, lithium and cobalt, could increase by nearly 500% by 2050, to meet the growing demand for clean energy technologies,<sup>79</sup> promising opportunities for economic growth, job creation, poverty reduction, and local development for mineral-rich LLDCs.

Nevertheless, realizing these benefits depends on effective governance. As mineral extraction accelerates to bridge the needs of the energy transition, it is crucial to ensure that the countries and local communities endowed with these resources are the ones to benefit the most, accelerating inclusive growth that leaves no one and no place behind.<sup>80</sup> Without proper management, the increasing demand for critical minerals risks perpetuating commodity dependence, exacerbating geopolitical tensions and environmental and social challenges, including impacts on livelihoods, the environment, health, human security and human rights, and can undermine efforts towards the energy transition.<sup>81</sup> Furthermore, evidence suggests that moving from raw mineral extraction to manufacturing battery packs and EVs, each step downstream in the production process results in a corresponding increase in the economic and traded value-added of the products in the supply chain.<sup>82</sup>

Many mineral-rich LLDCs risk being locked in the initial stages of low value-added raw material extraction activities, forgoing broader economic development opportunities such as industrialization, export diversification, and increased value addition from subsequent stages in the critical minerals production and supply chains.

In April 2024, the UN Secretary-General (SG) launched the Panel on Critical Energy Transition Minerals to foster trust among governments, communities, and industry by developing voluntary principles that support a just and equitable energy transition, promote local value addition and inclusive economic benefits from mineral resources, and enhance international cooperation through aligned standards and multilateral action.<sup>83</sup> In September 2024, the Panel published its report “Resourcing the energy transition”, outlining seven Guiding Principles and five Actionable Recommendations, as depicted in the Figure below.<sup>84</sup>

## PROGRAMMATIC AREA 6

### FIGURE 7

A UN framework guiding responsible and equitable mineral value chains for the energy transition.

## GUIDING PRINCIPLES ON CRITICAL ENERGY TRANSITION MINERALS

The United Nations Secretary General's Panel on Critical Energy Transition Minerals proposes seven voluntary Guiding Principles, building on existing norms, commitments and legal obligations outlined in United Nations texts:

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### PRINCIPLE 1

Human rights must be at the core of all mineral value chains.

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### PRINCIPLE 2

The integrity of the planet, its environment and biodiversity must be safeguarded.

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### PRINCIPLE 3

Justice and equity must underpin mineral value chains.

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### PRINCIPLE 4

Development must be fostered through benefit sharing, value addition, and economic diversification

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### PRINCIPLE 5

Investment, finance and trade must be responsible and fair.

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### PRINCIPLE 6

Transparency, accountability and anti-corruption measures are necessary to ensure good governance.

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### PRINCIPLE 7

Multilateral and international cooperation must underpin global action and promote peace and security.

## ACTIONABLE RECOMMENDATIONS

To embed and maintain these Guiding Principles across critical energy transition mineral value chains, the Panel has made a number of actionable recommendations that leverage the United Nations in the creation of key bodies and processes. These include the establishment of:

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A High-Level Expert Advisory Group to accelerate greater benefit-sharing, value addition and economic diversification in critical energy transition minerals value chains as well as responsible and fair trade, investment, finance and taxation.

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A global traceability, transparency and accountability framework along the entire mineral value chain – from mining to recycling – to strengthen due diligence, facilitate corporate accountability and build a global market for critical energy transition minerals, though the framework should not be used as a unilateral trade barrier.

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A Global Mining Legacy Fund to build trust and address legacy issues as a result of derelict, ownerless or abandoned mines, and strengthen financial assurance mechanisms for mine closure and rehabilitation.

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An initiative that empowers artisanal and small-scale miners to become agents of transformation to foster development, environmental stewardship and human rights.

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Equitable targets and timelines for the implementation of material efficiency and circularity approaches across the entire life cycle of critical energy transition minerals.

Source: United Nations (2024). Resourcing the Energy Transition: Principles to Guide Critical Energy Transition Minerals Towards Equity and Justice. United Nations Secretary-General's Panel on Critical Energy Transition Minerals. Available at: <https://www.unep.org/re-sources/report/resourcing-energy-transition>

## PROGRAMMATIC AREA 6

UNDP provides strategic and technical support across mineral-rich LLDCs in facilitating multi-stakeholder partnerships, regional cooperation, negotiations and agreements, knowledge exchange, resource mobilization and access to financing, strengthening of governance processes, due diligence and impact assessments, creation of guidelines, tools, and best practices, and the establishment of policy and regulatory frameworks to ensure that mining and the extraction of critical minerals are inextricably linked to inclusive growth, sustainable development, and a just energy transition that leaves no one behind.

In collaboration with UNCTAD, UNEP, and UN Regional Economic Commissions, UNDP is leading the operationalization of the Guiding Principles and Actionable Recommendations of the SG Panel's report, through the UN Working Group on Transforming the Extractive Industries for Sustainable Development. Furthermore, UNDP has provided special attention to Artisanal and Small-Scale Mining (ASM)<sup>85</sup>, supporting initiatives that promote formalization, improve health and safety standards, enhance environmental sustainability, and ensure that local communities, especially women, youth, ASM workers, and marginalized groups, can benefit from inclusive mineral resource development.

### FLAGSHIP INITIATIVE: ACP-EU DEVELOPMENT MINERALS PROGRAMME

*To improve mining conditions, local economic development, and lower mercury pollution, with over €30 million of support from the EU since 2015, UNDP has implemented three phases of the ACP-EU development minerals programme, which provides institutional support to the African Union's African Minerals Development Centre in improving the livelihoods and inclusion of artisanal and small-scale miners.<sup>86</sup> The programme operates in multiple LLDCs, including Uganda, Burkina Faso, and Zambia. ACP-EU has supported ASM mining in these countries, creating jobs, increasing income, and placing environmental and social safeguards. Support has included training on health, safety, and sustainable mining practices, as well as professionalizing small-scale mining cooperatives and enterprises.<sup>87</sup> Overall, the programme has led to strong support of ASMEs and the artisanal mining sector, which has improved the wellbeing of miners, and more sustainable and safe mining practices being implemented. The impact of this programme is especially strong in areas dependent on mining, such as the Kassanda District in central Uganda.*

### COUNTRY EXAMPLE: MONGOLIA

Mining and critical minerals are pivotal to **Mongolia's** economy, accounting for roughly 27% of GDP,<sup>88</sup> clearly underpinning national income, investment, and livelihoods, while accounting for 71% of Mongolia's industrial sector, 77% of foreign direct investment (FDI), and 92% of Mongolia's exports.<sup>89</sup>

Mongolia is heavily dependent on coal, underpinning nearly 86% of its total electricity generation and 68% of its total energy supply<sup>90</sup>, exposing the country to significant economic and environmental vulnerabilities. Along with economic vulnerabilities, such as price fluctuations and the global transition to clean energy, resulting from overdependence on coal, Mongolia is also exposed to major negative public health and environmental hazards of mining, coal production, and coal-power generation, including severe air pollution in Ulaanbaatar, which causes over 7,100 annual deaths annually, and economic losses reaching 10% of Mongolia's GDP.<sup>91</sup> 80% of the air pollution in Ulaanbaatar is caused by the use of coal stoves.<sup>92</sup>

## PROGRAMMATIC AREA 2

UNDP is leading a UN joint programme, funded by the Joint SDG Fund, to accelerate Mongolia's transition to green and renewable energy. The project involves creating a national framework for energy transition, developing a climate financing framework, and ensuring a safe and healthy environment, especially for vulnerable populations<sup>93</sup>. The project not only solved environmental issues, but also presented new opportunities for growth, resilience, and equity, including the development of the renewable energy sector, important for generating economic growth and fighting poverty.<sup>94</sup> This project has contributed to pollution levels in Ulaanbaatar steadily decreasing in the last decade.<sup>95</sup> However, there is still more work to be done to quicken the transition towards renewable energy.

## LOOKING AHEAD

UNDP remains committed to supporting mineral-rich LLDCs over the next decade in harnessing their extractive industries and critical minerals in alignment with the priorities of the Awaza Programme of Action (APoA) for LLDCs (2024–2034). In line with the UN SG Panel report's seven Guiding Principles and five Actionable Recommendations and APoA's emphasis on productive capacity, structural transformation, and resilient infrastructure,<sup>96</sup> UNDP will also scale efforts to support artisanal and small-scale mining, while ensuring environmental and social safeguards are mainstreamed across mining value chains. As global demand for transition minerals surges, UNDP will continue to support capacity building, facilitate regional and transit cooperation, and strengthen institutions to help mineral-rich LLDCs advance value addition, jobs and livelihoods, local beneficiation, and responsible investment frameworks, while transforming their extractive dependency towards inclusive, diversified, and climate-resilient economies.

## Access to Services in LLDCs: A Cornerstone for Human Development

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Access to basic services such as health care, education, social protection, clean energy, and safe water is foundational to human well-being and a necessary precondition for inclusive and sustainable development. Yet, for many LLDCs, persistent barriers rooted in geographic isolation, structural vulnerabilities, and limited fiscal space have made the delivery of such services a continuing challenge. Being landlocked often translates into higher transportation costs and logistical hurdles, which can delay or constrain the flow of essential supplies. At the same time, many LLDCs grapple with narrow economic bases, limited institutional capacity, and high levels of informality, which make service delivery at scale a challenge. Fiscal constraints, exacerbated by modest domestic revenues and significant debt servicing obligations, further limit the ability of governments to invest in expanding or improving essential services. These deficits not only hinder progress on the SDGs, but also deepen poverty, exacerbate inequality, and leave large segments of the population, particularly women, youth, and rural communities, without the support they need to thrive.

Among the most critical services are health and social protection, which serve as fundamental enablers of resilience, productivity, and economic participation. Health systems in LLDCs are often underfunded, overburdened, and geographically uneven, while social protection systems tend to have limited coverage, fragmented delivery mechanisms, and weak responsiveness in times of crisis.

### Health Systems Under Pressure

LLDCs are home to some of the world's most vulnerable populations, with 16 of them also classified as LDCs. Public health outcomes in these countries continue to lag behind global averages. Health expenditure as a percentage of GDP varies widely, from 1.87% in the Lao People's Democratic Republic (PDR) to 11.38% in Malawi, yet the average for LLDCs remains at just 6.12%, well below the global average of 9.94%<sup>97</sup>. This low level of investment constrains service delivery and limits progress in improving life expectancy, which has increased at a slower pace in LLDCs compared to neighbouring and similarly situated countries.

Historical trends further underscore these challenges. For example, several countries, including Botswana, Lesotho, Eswatini, Zambia, and Zimbabwe, suffered dramatic declines in life expectancy during the HIV/AIDS epidemic between 1985 and the early 2000s, with long-term socio-economic consequences. While life expectancy has since improved in many cases, vulnerabilities remain acute.

Compounding health-related challenges is the high prevalence of undernourishment and food insecurity. As of 2016, 23.2% of the population in LLDCs was undernourished, and over half (51.6%) experienced food insecurity — figures that have likely worsened with the impacts of climate change and recent global food price shocks. Lack of access to electricity — affecting roughly 40% of the population — further hampers the functioning of health facilities and limits the reach of essential services.

## PROGRAMMATIC AREA 7

### Social Protection: Expanding the Safety Net

Social protection systems in LLDCs are often nascent, fragmented, or heavily donor-dependent. Informality dominates labour markets, with limited access to contributory schemes such as pensions or unemployment insurance. In many LLDCs, safety nets do not adequately reach the poorest and most vulnerable, leaving large gaps in coverage and deepening exclusion. The proportion of people covered by at least one social protection benefit in 2023 was significantly lower in LLDCs, with 27.6% compared to the global average of 52.4%.<sup>98</sup>

UNDP supports countries in building inclusive, adaptive, and sustainable social protection systems as a core pillar of human development and resilience. In the context of LLDCs, where structural vulnerabilities, geographic isolation, and exposure to external shocks often exacerbate poverty and exclusion, UNDP's approach emphasizes integrated and nationally owned systems that can progressively expand coverage, reduce fragmentation, and respond to life-cycle risks. UNDP works to strengthen the design and financing of social protection, improve coordination across ministries and levels of government, and align social protection strategies with broader development goals, such as employment generation, gender equality, and climate resilience. In many LLDCs, this includes linking cash transfer programmes with livelihoods, skills, and access to services, while also embedding social protection within longer-term planning and crisis response frameworks.

Digital technologies offer a promising pathway for expanding coverage and improving efficiency. However, digital divides — both in connectivity and in digital literacy—pose challenges that require sustained policy and financial investment. There is also a critical need to strengthen data systems to ensure better identification of needs, targeting services, and monitoring of outcomes.

### UNDP's Contribution

UNDP works across LLDCs to improve access to services through integrated, context-specific approaches that address both supply and demand side barriers. This includes strengthening public health systems, improving the reach and efficiency of social protection programmes, and leveraging digital technologies to connect vulnerable groups with the services they need.

#### COUNTRY CASE: TURNING THE TIDE ON HIV IN ZIMBABWE

At the height of the HIV/AIDS crisis in 2000, Zimbabwe faced one of the highest infection rates in the world, with over 25% of the population living with HIV<sup>99</sup>, and AIDS-related deaths exceeding 130,000 annually.<sup>100</sup> The epidemic threatened the country's human capital, food security, and economic stability.<sup>101</sup> In response, UNDP partnered with the Global Fund in 2009 to launch a large-scale, sustained intervention. Over the past decade, more than USD 1 billion was invested in prevention, testing, and treatment. By 2023, 1.2 million people were on life-saving antiretroviral therapy, and Zimbabwe had achieved the UNAIDS 95-95-95 targets three years ahead of the 2025 milestone.<sup>102</sup> New infections fell to 75%, including a 70% reduction among adolescent girls and young women.<sup>103</sup>

UNDP's support extended beyond treatment to strengthening Zimbabwe's health system—retaining 27,000 health workers in 2024, supporting village health workers in remote areas, opening a medical warehouse in Masvingo to expand storage and improve distribution, and equipping over 1,000 health facilities with solar power. They now serve 65% of health facilities nationwide, avoiding over 16,000 tons of CO<sub>2</sub> emissions annually. Today, Zimbabwe is on track to end AIDS by 2030<sup>104</sup>. It is a powerful example of how sustained investment, strong partnerships, and health system innovation can deliver a foundation for recovery and resilience.

## PROGRAMMATIC AREA 7

### COUNTRY CASE: DIGITAL SOCIAL PROTECTION CARDS IN KAZAKHSTAN

In Kazakhstan, more than 980,000 families previously lacked official income records, social protection, or regular access to Government services leaving over 3 million people without a social safety net. In response, UNDP supported the Government of Kazakhstan in developing and implementing the Digital Family Card, a transformative digital platform that enables real-time identification of vulnerable families and streamlines access to services.

Launched in 2022, the platform now covers all 5.9 million families in the country and has facilitated the delivery of more than 2.2 million social services. Its companion mobile application serves as a single point of contact between citizens and government institutions, simplifying benefit applications and improving inclusion. This digital innovation has been central to modernizing Kazakhstan's social protection system and ensuring that vulnerable populations are not left behind in the country's development trajectory.

### LOOKING AHEAD

While the Programme of Action for LLDCs for the Decade 2024–2034 does not feature access to services as a standalone priority, it underscores their importance within broader commitments to resilience-building, structural transformation, and inclusive development. The Programme highlights the need to strengthen human capital and risk-informed systems, recognizing that limited access to health care and social protection increases the vulnerability of LLDC populations to shocks such as pandemics, climate-related disasters, and economic downturns. It calls for enhanced international cooperation to support the expansion of social protection systems, particularly in contexts where constrained fiscal space hampers domestic capacity to scale up safety nets. Investments in resilient infrastructure, digital public services, and basic human development are presented as essential to ensuring that no one is left behind — especially in remote and underserved areas of LLDCs.

In direct response to the priorities articulated in the Programme of Action for LLDCs for the Decade 2024–2034, UNDP will continue to place strong emphasis on expanding equitable access to essential services, particularly health and social protection, as a foundation for inclusive development, resilience-building, and structural transformation. Recognizing the heightened vulnerability of LLDC populations to shocks such as pandemics, climate-related disasters, and economic downturns, UNDP will support countries in modernizing social protection systems to be more adaptive, inclusive, and fiscally sustainable. This will include leveraging digital public infrastructure — such as interoperable ID systems and digital payment platforms — to improve transparency, efficiency, and reach of service delivery, especially in remote and underserved regions.

UNDP will also continue to strengthen national health systems and pandemic preparedness through partnerships with WHO, UNICEF, the Global Fund, and other actors. In contexts where constrained fiscal space limits domestic capacity, UNDP will help countries access innovative financing solutions and develop integrated national planning and financing frameworks to align resources with human development goals. UNDP will work to enhance institutional capabilities at national and subnational levels to ensure the delivery of responsive, rights-based services, and will uphold its commitment to crisis resilience by helping to maintain continuity of essential services in fragile and conflict-affected LLDCs.

## Investing in People: Human Capital and Skills Development in LLDCs

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Investing in human capital is critical for LLDCs to overcome the challenges they face, particularly their limited connectivity and narrow economic bases. Strengthening education, health, nutrition, and social protection systems equips people with the skills, resilience, and well-being needed to drive economic diversification, reduce poverty, and enhance social cohesion. Human capital development also enables LLDCs to better harness opportunities in regional and global markets by improving productivity and fostering innovation. Yet, as highlighted by the 2025 UNDP Human Development Report (HDR), global progress on human development has slowed dramatically, marking the weakest growth since 1990 outside of crisis years. LLDCs, particularly those that are also LDCs have fallen further behind, with many not yet recovering to pre-pandemic benchmarks, underscoring the urgency of accelerating investments in human capital to avoid widening inequalities. The HDR argues that without targeted investments in marginalized groups, including women, rural populations, and people with disabilities, efforts to improve human capital risk entrenching, rather than reducing, inequality.<sup>105</sup>

One of the most widely used measures to track progress in human capital and well-being is the Human Development Index (HDI), which provides a composite snapshot of health, education, and income outcomes. The range of HDI values among LLDCs is considerable, spanning from just 0.388 in South Sudan up to 0.837 in Kazakhstan, which ranks among the highest in the group and underscores the heterogeneity within LLDCs (*Fig. 7*). LLDCs that are also LDCs tend to cluster at the lower end of this spectrum. The 2025 HDR emphasizes that disparities in HDI between countries are deepening, and that without deliberate policies to reduce inequality in human capital development, many countries, particularly LDCs, risk being locked into low human development traps.<sup>106</sup>

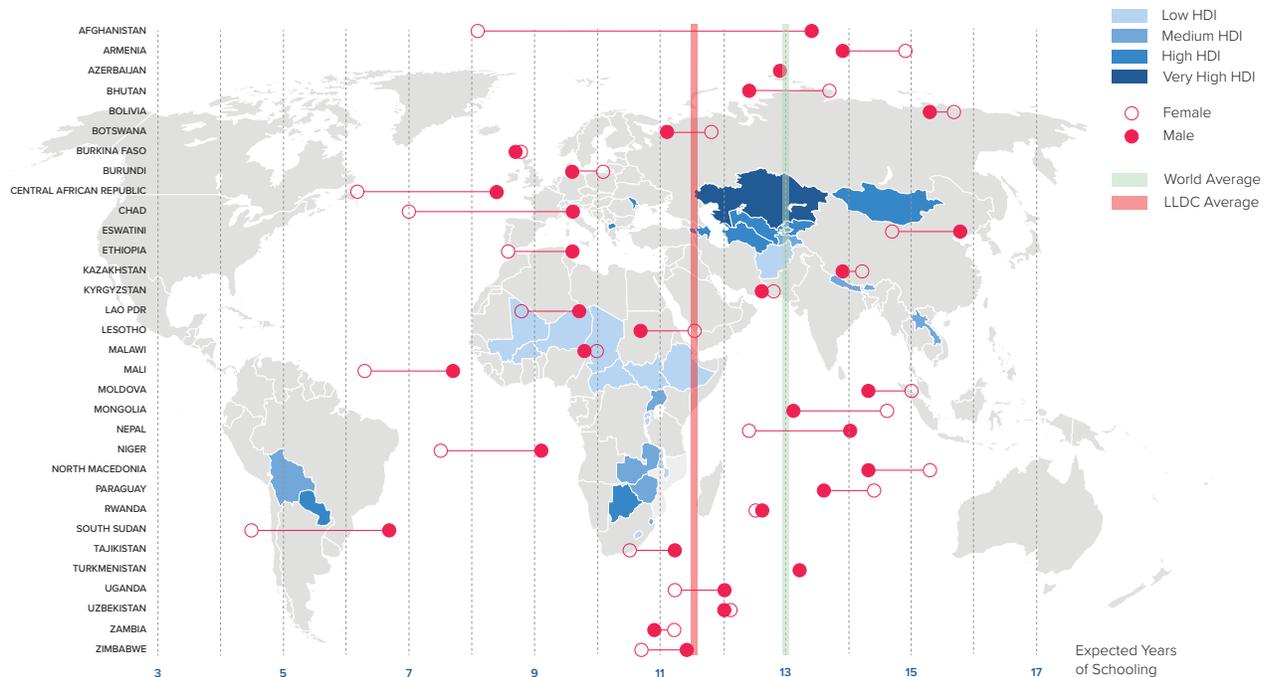
Education and technical training lie at the heart of human capital development, yet LLDCs face profound disparities in educational opportunities, especially along gender lines, which undermine prospects for inclusive growth and social cohesion. Significant gaps exist between expected years of schooling for girls and boys across many LLDCs, with female students often facing shorter schooling trajectories. In countries like South Sudan, Niger, and Chad, these gender gaps are particularly pronounced, reflecting systemic barriers that disproportionately affect girls' ability to complete even basic education. Conversely, LLDCs such as Mongolia and Kazakhstan show narrower differences between genders and higher overall expected years of schooling.

The 2025 HDR warns of unprecedented declines in learning outcomes, especially among young children, which threaten long-term skill-building and highlight the urgent need for remedial education, stronger teacher training, and quality learning environments. At the same time, the rapid advance of artificial intelligence presents both challenges and opportunities. As highlighted in both the 2019 and 2025 HDRs, equipping people with digital and AI-related skills is now essential for enabling populations to seize new economic opportunities and avoid falling further behind in the Fourth Industrial Revolution.<sup>107</sup>

## PROGRAMMATIC AREA 8

**FIGURE 8**

**Top 10 LLDC Recipients of Vertical Funds 2013-2024** (hundred million USD)



Data Source: UNDP Human Development Report 2025 Statistical Annexes.

### UNDP's Contribution

Building on the foundations already set out on social protection and health, this section now turns to UNDP's contributions in developing skills and expanding employment opportunities, key elements of human capital development that enable LLDCs to diversify their economies, increase productivity, and foster inclusive growth. Across LLDCs and other vulnerable contexts, UNDP works with governments, the private sector, and communities to strengthen vocational education and training systems, promote active labour market policies, and improve access to entrepreneurship support. By focusing on inclusive job creation and practical skills development, UNDP helps ensure that women, youth, and marginalized groups can participate more fully in the economy. These interventions aim to align training with labour market needs, foster sustainable livelihoods, and support economic transformation in some of the world's most geographically disadvantaged countries.



In **Armenia**, in 2024, UNDP supported more than 125,000 people, including displaced populations, with livelihood support and vocational training, modernizing VET centers, delivering competency-based training in areas like welding and solar energy, and rolling out on-the-job training.



In **Azerbaijan**, UNDP piloted digital and green skills curricula in VET programs, expanded dual VET slots across 30 specializations, and introduced inclusive VET courses targeting different groups, including persons with disabilities, and ultimately improving job placement rates.

## PROGRAMMATIC AREA 8



In **Bhutan**, UNDP has strengthened career guidance services in technical training institutes and worked with national agencies to develop competency-based curricula, increasing alignment between graduates' skills and private sector demands.



In **Mongolia**, UNDP revised national employment programs to shift from welfare-based to employment-promoting systems, including profiling tools, apprenticeships, and inclusive vocational curricula for people with disabilities, improving alignment between VET and labour market needs.



In **Kyrgyzstan**, under the SDG Investor Map, UNDP identified technical and vocational education as a key investment opportunity area, helping attract private finance into expanding modern, market-relevant training programs in priority sectors like irrigation and logistics.



In **Lao People's Democratic Republic**, UNDP collaborated with national ministries to revise occupational standards and strengthen the TVET system, including training of trainers in green skills, enhancing the employability of rural youth and facilitating transitions into sustainable jobs.



In **South Sudan**, UNDP trained more than 6,000 youth (over 60% women) in vocational and entrepreneurial skills, provided startup grants, and supported micro-enterprises, directly creating livelihoods and strengthening economic resilience in conflict-affected contexts.

### COUNTRY EXAMPLE: NORTH MACEDONIA

North Macedonia has made notable progress in employment indicators over the past decade, with the employment rate rising from 38.9% in 2011 to 44.1% in 2017, reflecting job creation and economic growth efforts. Unemployment has continued to decline, reaching 12.5% as of June 2024. However, structural challenges persist more than half of the working-age population remains unemployed or outside the labor force, and informal employment accounts for roughly 22% of total employment, particularly in agriculture. The informal economy is estimated to represent 38% of GDP, contributing to job insecurity and limiting access to social protection. Gender disparities remain pronounced, with a 25-percentage-point gap in labor force participation between women (44.3%) and men (69.3%), alongside a 17.5% average gender wage gap and limited representation of women, especially minority women, in formal employment. Youth unemployment, compounded by emigration trends, continues to erode human capital, undermining prospects for inclusive and sustainable development.

UNDP has played a central role in addressing employment challenges in North Macedonia by supporting active labor market measures, skills development, and social inclusion initiatives. Employment and livelihoods have been a top priority, and key interventions include:

- **Active Labor Market Measures and Entrepreneurship:** UNDP has co-implemented flagship initiatives such as “Creating Jobs for All” and the “Self-Employment Programme,” through which more than 35,000 people have applied since 2007 to establish small businesses, supported by training, mentorship, and startup assistance.

## PROGRAMMATIC AREA 8

- **Skills Development and Job Matching:** Piloting targeted training modules in key industries (e.g., textiles, construction, renewable energy) and coordinating with private companies to better align training with labor market needs. Initiatives like youth information clubs have facilitated internships and career exploration opportunities.
- **Social Inclusion and Targeted Support:** Tailored employment programs for vulnerable groups, including Roma, women, persons with disabilities, and youth, have provided mentorship, skills training, and support for formalizing work in emerging areas such as the care economy.
- **Private Sector and SME Support:** Through platforms like “bizz4all.mk,” UNDP has promoted entrepreneurship and SME growth to foster an innovative business ecosystem and connect job seekers with business opportunities.
- **Policy and Institutional Strengthening:** UNDP has contributed to shaping national employment policies and strengthening institutional capacities of key stakeholders, improving frameworks for inclusive and productive employment.

## LOOKING AHEAD

The Awaza Programme of Action (2024–2034) recognizes that investing in human capital is essential for LLDCs to overcome the compounded challenges of geographic isolation, limited connectivity, and narrow economic bases, identifying it as a top priority for the decade ahead. It commits LLDCs and their partners to strengthen health, nutrition, and social protection systems, while ensuring universal access to inclusive, equitable, and quality education — including early childhood, primary, secondary, and affordable technical, vocational, and tertiary education. The plan underscores the need to modernize technical and vocational education and training (TVET) systems and develop digital skills to enable participation in modern, diversified economies. It also stresses creating decent, productive employment opportunities for youth, women, and marginalized groups through job-rich economic diversification and support for entrepreneurship and MSMEs. Recognizing that half of the LLDCs are also LDCs, the Awaza PoA aligns closely with the Doha Programme of Action for LDCs, which shares these commitments to enhancing human assets through integrated investments in education, skills development, health, social protection, and decent work.

UNDP places human capital at the center of its strategic objective Prosperity for All, emphasizing the expansion of opportunities for decent jobs, livelihoods, and productive assets, while modernizing social protection systems to address evolving vulnerabilities, including those stemming from climate and technological change. UNDP recognizes the urgency of equipping people with digital and entrepreneurial skills, strengthening entrepreneurial ecosystems, and advancing financial inclusion, especially for women, youth, and rural communities. As such, it emphasizes targeted support to integrate women’s economic agency and to build institutional capacity for aligning national development strategies with financing mechanisms that expand human capital. Importantly, UNDP explicitly commits to supporting both the Awaza and Doha Programmes of Action, and looking ahead, will intensify efforts to help LLDCs strengthen health and education systems, close digital divides, modernize TVET, and foster inclusive labor markets. Through these integrated solutions, UNDP will support LLDCs and LDCs in building resilient, inclusive, and competitive economies, accelerating progress toward the Sustainable Development Goals and ensuring that no one is left behind.

## Financing Sustainable Development in LLDCs: Debt isn't just a burden - it is a crisis hindering the path to sustainable development and inclusive growth

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The development financing landscape of LLDCs is characterized by persistent aid dependence, rising debt vulnerabilities, and limited access to productive investments, reflecting both the structural constraints LLDCs face and the broader challenges of financing development in a volatile global environment.

**Official Development Assistance (ODA) has remained an important pillar of external financing for LLDCs over the past decade.** Between 2014 and 2023, total ODA disbursed to LLDCs rose from USD 26.1 billion to USD 32.1 billion, reflecting a modest but steady increase in nominal terms. However, this growth has not translated into increased significance relative to national economies: the median ODA-to-GNI ratio across LLDCs has remained broadly stagnant, fluctuating around 2 percent over the past decade. This suggests that while ODA volumes have grown, their proportional impact relative to the size of LLDC economies has not kept pace. While LLDCs account for a small share of global ODA (approximately 8–10 percent), they consistently receive higher levels of ODA on a per capita basis than other developing country groupings, nearly double the global average<sup>108</sup>. The significance of these flows within national budgets is large. In many LLDCs, particularly those in Sub-Saharan Africa and South Asia, ODA constitutes over 20 percent of government expenditure, underscoring the continued reliance on external support to meet development objectives.

**ODA allocations to LLDCs have also remained highly uneven and concentrated.** A small number of countries, including Afghanistan, Ethiopia, Uganda, South Sudan, and Mali, have consistently received a substantial share of total ODA to the group. As illustrated in Figure 11, these five countries alone accounted for nearly half of all ODA disbursements to LLDCs between 2014 and 2023. This concentration reflects both geopolitical priorities and relative absorptive capacity.

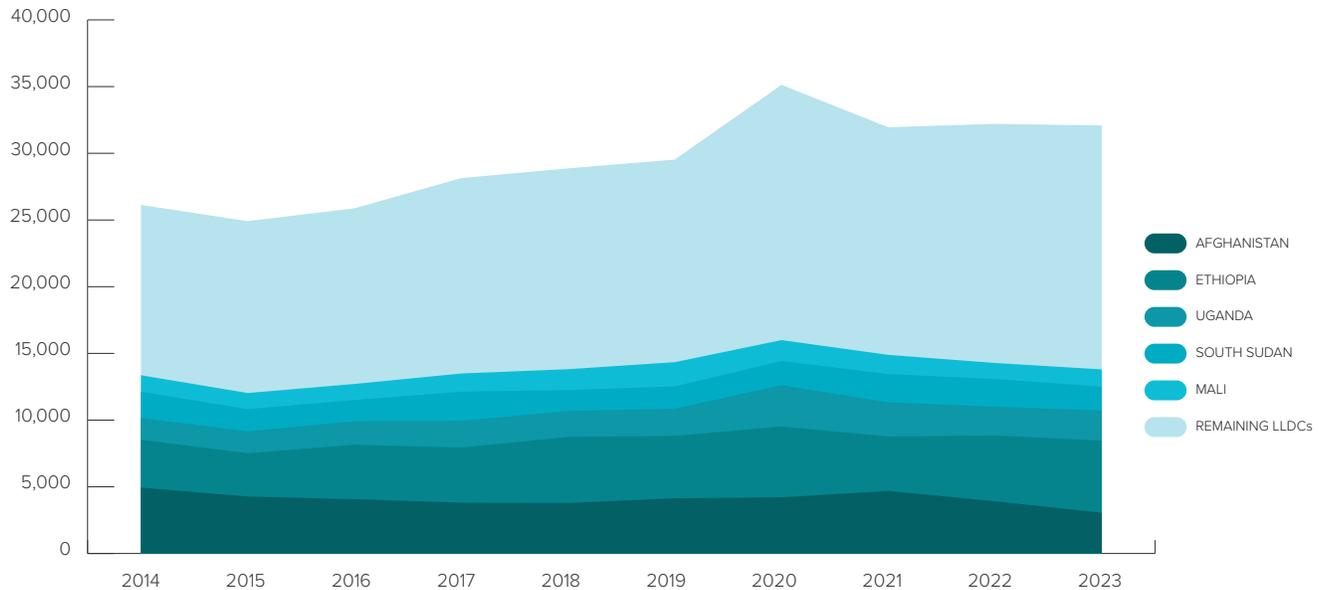
At the same time, public debt in LLDCs has surged dramatically, driven by a combination of external economic shocks, limited access to trade, and growing dependency on external financing to fund essential infrastructure and development projects. According to the IMF, as of September 2024, five of the eleven countries classified as being in debt distress are LLDCs, including Ethiopia, Malawi, Laos, Zimbabwe, and Zambia, facing acute challenges in meeting their debt obligations, while seven more are at high risk, leaving them highly vulnerable to external shocks that could further destabilize their fiscal positions.

Since around 2011, developing economies have experienced what has been termed the “fourth wave of debt”- a period marked by a sustained and widespread rise in public and private borrowing across emerging markets and low-income countries. Unlike previous debt waves, this one has unfolded amid sluggish economic growth, persistently tight global financial conditions, and a shrinking pool of concessional finance. Successive shocks, including the COVID-19 pandemic, climate-related disasters, and heightened geopolitical instability, have further intensified fiscal pressures. For many countries, including LLDCs, this has created a vicious cycle, where rising debt service burdens constrain investments in development.

## PROGRAMMATIC AREA 9

**FIGURE 9**

**Official Development Assistance Disbursements 2014 - 2023** (million USD)



Source: Based on IMF World Economic Outlook, October 2024

These global dynamics are playing out with a growing intensity at the country level. Net interest payments as a share of government revenue have increased steeply over the past decade, with the median ratio for developing economies projected to reach 9.5 percent by 2025, the highest level in more than two decades<sup>109</sup>. While LLDCs are generally below this median (Fig. 10), they have not been spared from the upward trajectory, recording steady increases in debt service burdens, although with somewhat less severe exposure than the most indebted peers. Nonetheless, LLDCs remain structurally disadvantaged: facing higher effective borrowing costs, limited access to concessional finance, and constrained revenue bases, which amplify the fiscal strain. The widening interquartile range in recent years also signals growing divergence among countries, with some LLDCs moving closer to high-risk thresholds.

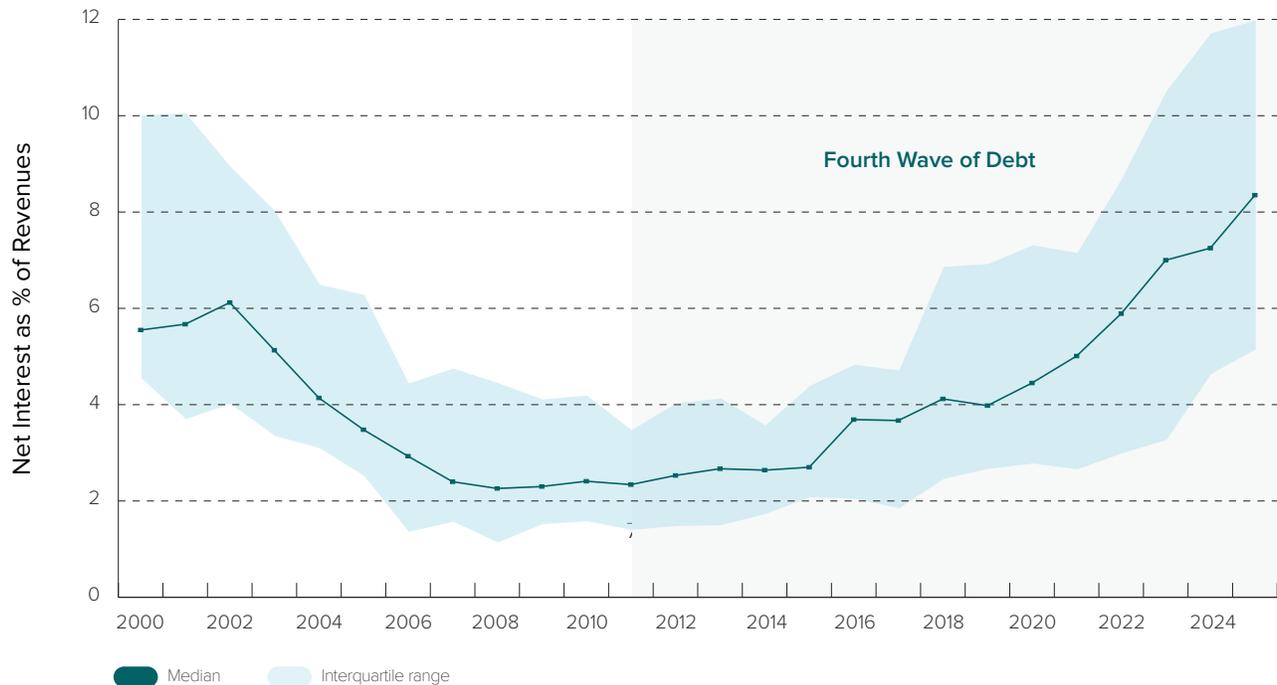
In Africa, LLDCs have seen particularly sharp debt increases due to volatile commodity prices, high borrowing costs, and the impacts of climate change, which strain fiscal resources and compel countries to rely heavily on international debt. In Central Asia, LLDCs face similar debt pressures, amplified by reduced economic growth, political instability, and limited diversification in economic sectors, leaving them vulnerable to external shifts in energy and resource markets. The rise in debt levels threatens development progress, and underscores the need for innovative financing solutions and global support tailored to the unique vulnerabilities of LLDCs.

Despite its potential to catalyse sustainable development, **FDI in LLDCs has remained insufficient and highly concentrated**. According to UNCTAD, FDI flows to the 32 LLDCs reached US \$24 billion in 2023, but these inflows declined on average by 2 percent per year since 2014. As a result, the LLDC share of global developing-country FDI shrank from 4.3 percent in 2014 to just 2.8 percent in 2023. Moreover, FDI remains dominated by a few economies, Kazakhstan, Ethiopia, Turkmenistan, Uzbekistan, and Uganda, which together received about 60 percent of total inflows during that period. While sectoral distributions have shifted, greenfield investment in extractives dropped from 32% to 20%, and services

## PROGRAMMATIC AREA 9

projects rose from 27% to 47%, most investments continue to be confined to primary sectors rather than manufacturing or infrastructure. Although some LLDCs have successfully increased public–private partnerships in power and transport, overall FDI remains both narrow in sectoral scope and insufficient in scale to significantly boost productive capacities or diversify economies<sup>10</sup>.

**FIGURE 10**  
General Government Net Interest Payments as Percentage of Revenue (2000–2025)



Source: Based on IMF World Economic Outlook, October 2024

Note: Net interests are calculated as the difference between the overall and primary balance.

Accessible at: Updated figures available at <https://data.undp.org/insights/debt-in-developing-economies>.

projects rose from 27% to 47%, most investments continue to be confined to primary sectors rather than manufacturing or infrastructure. Although some LLDCs have successfully increased public–private partnerships in power and transport, overall FDI remains both narrow in sectoral scope and insufficient in scale to significantly boost productive capacities or diversify economies<sup>4</sup>.

*During the implementation of the Vienna Programme of Action, UNDP has played a catalytic role in supporting systemic reforms in financing for development, particularly by promoting investments aligned with the SDGs. Through targeted partnerships and country-level engagement, UNDP has worked to identify SDG-aligned investment opportunities and convene dialogues to raise awareness among investors about the development and commercial potential of such investments in LLDC contexts.*

## PROGRAMMATIC AREA 9

### FLAGSHIP PROGRAMME: INTEGRATED NATIONAL FINANCING FRAMEWORK (INFF) FACILITY

The INFF Facility is a joint initiative led by UNDP, UN DESA, OECD, UNICEF, the European Union, and the governments of Italy, Spain, and Sweden. It supports countries in designing and operationalizing an INFF, aimed at strengthening the alignment of public and private financing with national development strategies. The Facility provides tailored technical assistance, fosters collaboration across government, private sector, and civil society, and offers a platform for peer learning and access to innovative tools and guidance.

To date, over 85 countries globally have adopted the INFF approach including 23 of the 32 LLDCs and with a focus on strengthening financial governance, mobilizing diverse sources of finance, and promoting inclusive financing strategies. These efforts aim to create sustainable, transparent, and efficient financial ecosystems that accelerate progress toward the SDGs and reflect the specific development constraints and opportunities faced by LLDCs.



#### Examples:



In **Malawi**, the INFF process aims to strengthen the country's financing architecture in support of essential social service delivery at the local level.



In **Kazakhstan**, the INFF will support the government's ambition to improve the efficiency, effectiveness and transparency of the use of public funds and governance of private finance.



**Burkina Faso** aims to mobilize all internal and external sources of finance in support of its national development plan and the SDGs.

**Strengthening financial governance, mobilizing diverse resources, and promoting inclusive financing are core pillars of the INFF approach in LLDCs.** Countries such as Armenia, Bhutan, Botswana, and Burkina Faso are improving public financial management and domestic resource mobilization, while Malawi, and Mongolia are diversifying finance through investments in green energy and increased private sector engagement.

**Inclusive financing strategies** are advancing in Burundi, Lesotho, Lao PDR, and Kyrgyzstan, with a focus on public–private collaboration and stakeholder engagement. In Nepal and Tajikistan, financing plans are being tailored to address the needs of marginalized groups, including women and rural communities.

UNDP has supported **Development Finance Assessments** in 11 LLDCs. Many of these countries are now transitioning from diagnostic to action, developing integrated financing strategies and establishing INFF Oversight Committees to institutionalize reforms, strengthen inter-ministerial coordination, and reinforce national ownership of financing priorities.

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### COUNTRY EXAMPLE: LESOTHO

*In Lesotho, UNDP's support to the INFF, in collaboration with UNICEF and IOM, has catalyzed a strategic shift toward gender-responsive and sustainable financing. Facing declining revenues from the Southern African Customs Union and ODA, and a growing fiscal deficit, Lesotho is leveraging the INFF process to bridge a LSL 3.3 billion financing gap in its National Strategic Development Plan II and advance SDG implementation.*

*A key innovation has been the mainstreaming of gender equality into the country's financing architecture. Building on insights from the 2021 DFA, where over a quarter of recommendations focused on women's empowerment, the INFF integrates UN Women's guidance on gender mainstreaming. This has led to gender audits in key ministries, revisions to labour regulations, and the piloting of gender-responsive budgeting by the Ministry of Finance.<sup>111</sup> Support for the National Gender and Development Policy (2018–2030), developed jointly with UNFPA, has further institutionalized gender equality across development planning.*

*Lesotho's INFF now promotes inclusive public-private partnerships and has established new CSO engagement frameworks for budget accountability, with an emphasis on gender and climate. These efforts are helping to advance fiscal sustainability, empower women, and strengthen alignment with international and regional development commitments.*

### LOOKING AHEAD

The **Programme of Action for LLDCs for the Decade 2024–2034** acknowledges that many LLDCs are already in, or at high risk of, debt distress, aggravated by limited economic diversification, declining FDI, and dependence on a narrow range of commodities. These internal vulnerabilities are compounded by external shocks, including global market volatility and trade pressures. Notably, recent analyses highlight the disproportionate impact of U.S. tariffs on developing countries, which in some cases may harm export revenues and resilience more than the absence of aid<sup>5</sup>. High debt burdens are constraining fiscal space and limiting the policy choices available to invest in infrastructure, social protection, and structural transformation. In response, the Programme calls for stronger international cooperation to support debt sustainability through concessional finance, debt restructuring, and capacity-building in debt management. It also stresses the need to reduce illicit financial flows and enhance domestic resource mobilization to build a more resilient and self-reliant development path.

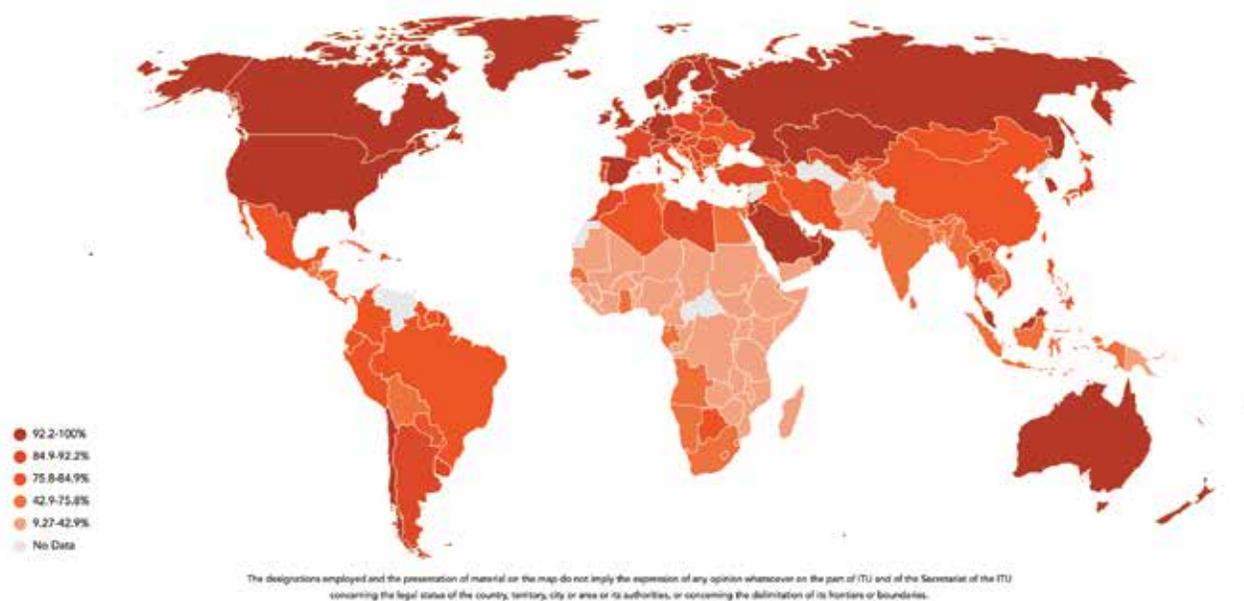
**UNDP views financing as a critical accelerator for sustainable development**, with its Strategic Plan placing strong emphasis on transforming how development is financed. In contexts where debt distress and limited fiscal space hinder progress, UNDP supports countries in building integrated, inclusive, and forward-looking financing systems. This includes helping governments design and implement Integrated National Financing Frameworks, enhance public financial management, leverage private and blended finance, and access climate and concessional financing. Recognizing that finance must work for people and the planet, UNDP also promotes gender-responsive and risk-informed budgeting, stronger tax systems, and transparency in public spending. In LLDCs, where structural vulnerabilities intersect with constrained connectivity and external shocks, UNDP's offer aims to unlock investments in resilience, productivity, and regional integration. Through policy advice, digital tools, capacity-building, and partnerships across sectors, UNDP works to ensure that financing becomes a transformative enabler — not a bottleneck — for inclusive, green, and sustainable development.

## Driving Digital Transformation in LLDCs

The digital landscape of LLDCs is characterized by significant gaps in internet and digital connectivity. Only 27% of the population in LLDCs uses the Internet, whereas nearly 90% of people in developed countries have Internet access.<sup>112</sup> This gap is primarily due to affordability, lack of necessary skills, and insufficient local content. These obstacles hinder technological innovation and economic development. Expanding connectivity and digital transformation in LLDCs is crucial, focusing on connecting hard-to-reach communities - enabling the provision of digital services to vulnerable and isolated communities. LLDCs need support to develop and expand broadband networks and mobile connectivity, promote digital literacy programs, and create platforms for their people, particularly young people, to access digital technologies, improving digital skills and digital literacy.

**FIGURE 10**

**Proportion of individuals who used the Internet from any location (via a fixed or mobile network) in the last three months (%)**



Source: <https://datahub.itu.int/data/?i=11624> (ITU)

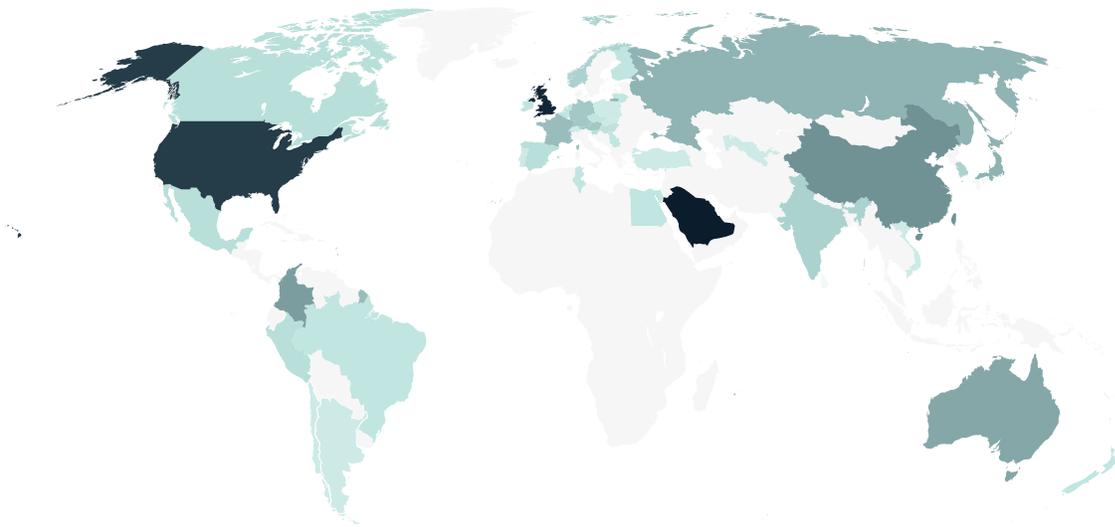
Digital technologies have the capacity to transform development priorities. Internet connectivity presents excellent opportunities for LLDCs, which encounter geographical and structural challenges. Improving internet connectivity in LLDCs would enable the exchange of information and services, enabling businesses to access global markets without being heavily dependent on physical infrastructure. Furthermore, ICTs can improve transportation and logistics efficiency, lower trade costs, and enhance public service delivery in areas such as education and health. LLDCs have great potential in ICTs, but they are not competitive in this area and rely heavily on importing ICT goods. Over the past decade, the percentage of ICT goods that LLDCs export compared to their total trade has stayed below 1%, just 0.6% in 2021. This is very different from the global trend, which saw a 4% increase in ICT goods exports after COVID-19.

## PROGRAMMATIC AREA 10

Recent advancements in artificial intelligence (AI) also provide huge opportunities for development. AI can increase productivity, support education and human capital development, generate real-time insights from non-conventional data to inform policy, and drive sustainable development.<sup>113</sup> However, irresponsible use of AI can cause data privacy violations, cybersecurity risks, misinformation and erosion of trust, and environmental damage.<sup>114</sup> Unequal access to AI will amplify the existing digital divide and create further inequality.<sup>115</sup> To harness the potential of AI, while ensuring its responsible and equitable use in supporting development, countries will need strategies and frameworks for the regulation of AI. However, almost no LLDCs have comprehensive strategies regarding AI.

**FIGURE 11**

**Countries with national strategies, agendas, and plans regarding AI.**



Source: [https://oecd.ai/en/dashboards/policy-instruments/Emerging\\_technology\\_regulation](https://oecd.ai/en/dashboards/policy-instruments/Emerging_technology_regulation) (OECD AI and GPAI).

### UNDP's Contribution

In Armenia, Bolivia, Kyrgyzstan, North Macedonia, and Moldova, UNDP has conducted Digital Readiness Assessments to design digital interventions and implement inclusive public services. UNDP has also supported the development of national AI Landscape Assessment (AILA) and has supported the development of a national AI strategy in Mongolia.

In Armenia<sup>117</sup>, Kyrgyzstan<sup>118</sup>, Kazakhstan<sup>119</sup>, and Uzbekistan<sup>120</sup>, UNDP has initiated programmes that provide training for digital literacy and human capital development, allowing individuals to better utilise digital technologies for learning, income generation, and entrepreneurship. These programmes target the youth, as LLDCs often have large youth populations, but often deal with major youth unemployment.

UNDP has worked with 13+ countries, including LLDCs such as Malawi, in developing Smart Health Facilities: digitally enabled infrastructure that address challenges facing health systems<sup>121</sup> These smart health facilities can support supply chain logistics, medical waste management, health information systems, effective care delivery, and pandemic preparedness and response. Through the programme, 45,000 smart health facilities have been in operation worldwide, helping deliver over 2.7 billion Covid-19 vaccines, and saving \$3 for health facilities for every \$1 invested.<sup>122</sup>

## PROGRAMMATIC AREA 10

UNDP has supported the development of innovative digital solutions for development challenges with the Digital X project.<sup>123</sup> UNDP supported the implementation of Digital Governance Innovation and Transformation (DGIT) legal identity systems in Malawi, which allowed 10 million digital ID cards to be issued to provide access to various government services.<sup>124</sup> UNDP also supported Safe YOU, an app that allows victims of gender based violence to issue emergency alerts to authorities and connect with other victims for support, which has saved at least 2 lives and has led to several cases of prosecution in Armenia.<sup>125</sup>

In Kyrgyzstan, UNDP is supporting the digital transformation of climate risk and disaster risk reduction through the integration of new technologies for communicating risk information, including updating national disaster monitoring systems with modern software and hardware that enables satellite data access. Early-warning avalanche stations improved risk assessments and early warnings to over 60,000 residents, and fire and rescue systems benefitted around 400,000 people.<sup>126</sup>

### COUNTRY CASE: SOUTH SUDAN

In South Sudan, communities traditionally have saved money using a financial institution called sanduk, which means “box”.<sup>127</sup> The sanduk pools the savings of community members, and lends the funds to those in need at an interest rate set by the community. However, communities depending on sanduk now face challenges such as high-interest rates and limited access to credit, limiting the funds available for entrepreneurs and informal cross border traders. For example, in 2021, sanduk interest rates were set at 30% in the Wararawar Peace market. These challenges have led to mounting debt and financial strain for communities who live in vulnerable borderland communities, who have little access to formal financial services.<sup>128</sup>

UNDP has led interventions to support the digitization of sanduk to improve access to capital, increase transparency, and support saving.<sup>129</sup> The digitalization was done by mapping the concept of sanduk onto mobile digital platforms. This facilitated the accurate tracking of transactions, as well as created group financial profiles, which allowed banks and other formal institutions to extend financial services to members.

Through the programme, the implementation of digital sanduk caused a significant decrease in interest rates, dropping from a high of 30% in 2021 to between 15%-20%.<sup>130</sup> This reduction of interest rates increased community participation in sanduk, which subsequently increased the lending power of sanduk. Thus, more members were able to access loans for education and emergency medical treatment. Access to financial services for vulnerable populations, who otherwise have limited access to formal financial services, has significantly increased. The success of the digitalization of sanduk in bringing more accessible financial services to vulnerable borderland communities provides a framework for future programmes aiming to digitize and expand access to financial services.

### LOOKING AHEAD

Looking forward, the rapid development of Artificial Intelligence (AI) also poses future challenges for development. UNDP will need to support the implementation of national AI landscape assessments in LLDCs.<sup>131</sup> UNDP will also need to support countries with AI for human capital development, training, market trends, and forecasting skills, allowing individuals and LLDCs to harness the productive and economic benefits of AI.

## **PROGRAMMATIC AREA 10**

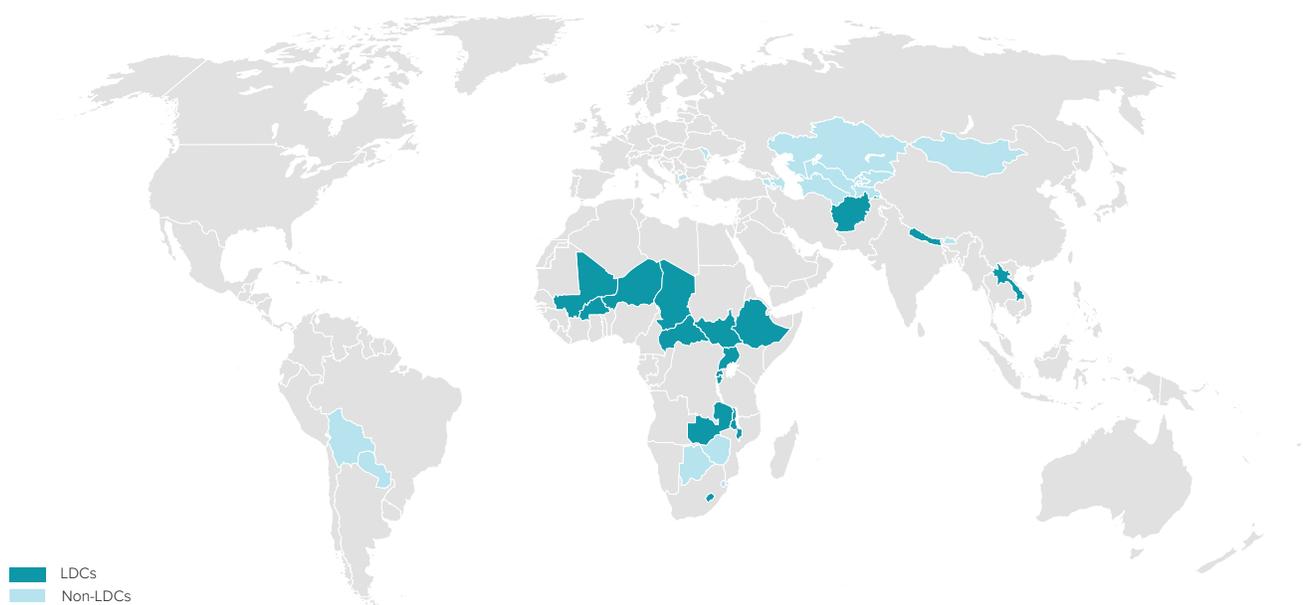
A major focus of future interventions should revolve around youth in LLDCs. LLDCs are disproportionately young, with youth making up a larger proportion of the population than other countries. To support youth in an increasingly digitised world, and reduce youth unemployment trends common in many LLDCs, interventions need to focus on increasing digital literacy and human capital development.

The development of the digital services economy, such as IT, digital creative industry, or financial service exports, are important for LLDCs, as they can be exported without being impacted by the geographical limitations that landlocked countries face. Future interventions need to consider the possibility that AI can exacerbate existing inequalities and further the digital divide. Digital is everywhere, and is becoming essential for individuals to operate in society, access government and financial services, and conduct everyday transactions. Thus, there is the risk for those without access to digital technologies to be excluded from services if everything is digitalized. UNDP must continue to work with LLDCs to expand digital infrastructure and connectivity, increasing the number of individuals in LLDCs that have access to the internet and digital services. Future interventions need to ensure that those without access to digital services can either obtain access or have the ability to access services.

# Enabling Sustainable Graduation: On the Path Out of LDC Status

16 of the 32 LLDCs are also classified as LDCs, a dual status that reflects the compounded development challenges they face due to both geographic isolation and deep structural economic vulnerabilities.<sup>132</sup> These countries encounter persistent barriers like high trade costs, limited infrastructure connectivity, and dependence on a narrow range of commodities, all of which impede sustained progress on key human and economic development indicators.<sup>133</sup>

**FIGURE 13**  
Mapping LDCs among LLDCs



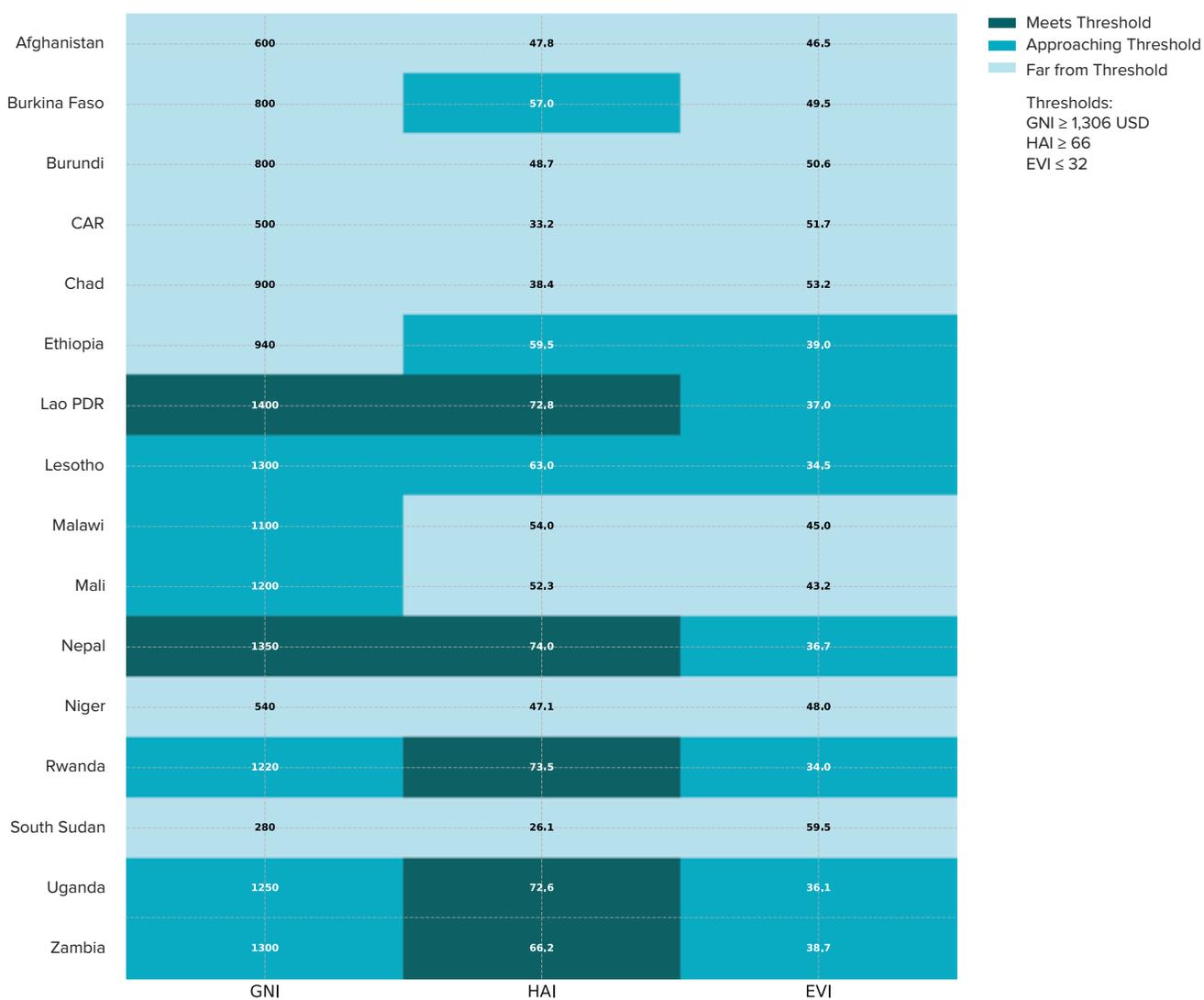
Latin American	Eastern Europe & Central Asia	Sub-Saharan Africa	Sub-Saharan Africa	East Asia and the Pacific
BOLIVIA	ARMENIA	BOTSWANA	MALAWI	LAO PDR
PARAGUAY	AZERBAIJAN	<b>BURKINA FASO</b>	MALI	MONGOLIA
	KAZAKHSTAN	<b>BURUNDI</b>	NIGER	
	KYRGYZSTAN	<b>CENTRAL AFRICAN REP.</b>	RWANDA	<b>South Asia</b>
	NORTH MACEDONIA	<b>CHAD</b>	<b>SOUTH SUDAN</b>	<b>AFGHANISTAN</b>
	REPUBLIC OF MOLDOVA	ESWATINI	UGANDA	BHUTAN
	TAJIKISTAN	<b>ETHIOPIA</b>	ZAMBIA	<b>NEPAL</b>
	TURKMENISTAN	<b>LESOTHO</b>	ZIMBABWE	
	UZBEKISTAN			

The UN Committee for Development Policy (CDP) uses three criteria to determine graduation from LDC status: Gross National Income (GNI) per capita, the Human Assets Index (HAI), and the Economic and Environmental Vulnerability Index (EVI). Many LLDC-LDCs struggle with consistently low scores on the HAI and EVI, reflecting chronic poverty, weak education and health systems, and heightened exposure to external shocks<sup>134</sup>. These challenges are compounded by their landlocked geography, which increases average trade costs by up to 50 percent compared to coastal LDCs, limiting competitiveness and discouraging investment in value-added industries.<sup>135</sup>

projects rose from 27% to 47%, most investments continue to be confined to primary sectors rather than manufacturing or infrastructure. Although some LLDCs have successfully increased public–private partnerships in power and transport, overall FDI remains both narrow in sectoral scope and insufficient in scale to significantly boost productive capacities or diversify economies.

Nonetheless, there have been important signs of progress. Bhutan became the first LLDC to graduate from LDC status in nearly three decades when it successfully transitioned in December 2023. Bhutan’s graduation followed years of steady economic growth, social investments, and effective coordination of its transition strategy with UN agencies, demonstrating that even landlocked countries can meet graduation thresholds with strong governance and targeted support.<sup>136</sup> Meanwhile, Nepal and Laos have met the graduation criteria in consecutive reviews (2018 and 2021) and are scheduled to graduate in November 2026, pending successful implementation of their preparatory and smooth transition strategies.<sup>137</sup>

**FIGURE 14**  
**LDC Graduation Criteria Status**



However, for many other LLDC-LDCs, graduation remains a distant prospect. Countries like Afghanistan, Burkina Faso, Burundi, Central African Republic, Malawi, Mali, Niger and South Sudan continue to face instability, protracted crises, and vulnerability to external shocks, including commodity price volatility and climate-related disasters, that stall progress on both income and human assets indicators.<sup>138</sup>

Recognizing these challenges, countries approaching graduation require smooth transition strategies lasting at least three years post-graduation. These strategies aim to consolidate development gains, maintain access to key international support measures, and strengthen resilience to shocks, ensuring that graduation is both sustainable and inclusive.<sup>139</sup>

Over the past decade, UNDP has played a critical role in supporting the graduation of LLDCs that are also LDCs, recognizing the vulnerabilities these countries face due to remoteness from global markets, structural economic weaknesses, and heightened exposure to external shocks.<sup>140</sup> UNDP's assistance has included technical advice on meeting graduation criteria, capacity-building for national statistical and planning institutions, and support to develop smooth transition strategies that aim to consolidate graduation gains and minimize risks of reversal.<sup>141</sup>

For Bhutan and Nepal, UNDP has provided extensive policy and programmatic support tailored to their unique contexts. In Bhutan, UNDP's engagement was aligned with the 12th Five-Year Plan which prioritized the strengthening of governance institutions to ensure sustainable graduation<sup>11</sup>. Recognizing that strong and efficient governance is essential for maintaining progress post-graduation, UNDP supported the Royal Government of Bhutan's commitment to decentralization, including a pledge to allocate 50 percent of the national budget to local governments. Between 2018 and 2019, UNDP helped lead a comprehensive review of Bhutan's local governance structures and relevant normative Acts—an effort directly overseen by the Prime Minister<sup>11</sup>. Although the onset of COVID-19 in 2020 required UNDP and the government to redirect resources toward immediate health and crisis response, this flexibility helped Bhutan avoid setbacks that could have threatened its graduation, while continued support for the Local Government Election ensured democratic processes and institutional resilience were preserved.<sup>142</sup>

In Nepal, UNDP has worked with the National Planning Commission to develop integrated planning frameworks aligned with both the graduation agenda and the SDGs, ensuring that social, economic, and environmental dimensions are addressed in tandem. In both countries, UNDP has partnered with Ministries of Finance and Planning to prepare for the eventual loss of LDC-specific international support measures, including trade preferences and concessional financing.<sup>143</sup>

UNDP has strengthened the evidence base on graduation challenges by analyzing emerging issues affecting African LDCs in today's development landscape and examining the implications of graduation for trade preferences and development financing in Asia-Pacific. These insights are captured in two recent publications: *Graduation of African Least Developed Countries (LDC): Emerging Issues in a New Development Landscape (2021)*, and *Graduation from LDC Status: Implications for Trade Preference and Development Financing in Asia-Pacific*.

UNDP plays a convening role by bringing together governments, regional bodies, development partners, and the private sector to coordinate support for LLDC-LDCs. This integrated approach aligns national policies with international frameworks such as the Awaza Declaration and Plan of Action for LLDCs (2024–2034), and the Doha Programme of Action for LDCs (2022–2031) to ensure that graduating countries are better prepared to sustain progress and continue advancing towards middle-income status after graduation.<sup>144</sup>

## Looking Ahead: UNDP and the Next Decade of Partnership with LLDCs

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As Landlocked Developing Countries enter a new phase under the Programme of Action for the Decade 2024–2034, UNDP stands ready to deepen its longstanding partnership. Building on 60 years of global development experience and a decade of targeted support under the Vienna Programme of Action, UNDP brings a robust platform of integrated policy, financing, and implementation support to help LLDCs navigate the structural and emerging challenges of this new era.

Today’s development landscape is shaped by intersecting crises: economic instability, debt distress, climate shocks, and technological disruption. Many LLDCs, particularly those also classified as Least Developed Countries (LDCs), face compounded vulnerabilities that demand more agile, anticipatory, and systemic responses. In this context, LLDCs are not only at the frontline of global development challenges, but also pivotal to global solutions—strategically located at the heart of regional value chains, climate-vulnerable ecosystems, and migration pathways. The next decade must be about unlocking this untapped potential.

UNDP’s priorities for the future are aligned with the priorities of the new LLDC agenda, placing emphasis on “prosperity for all”, effective governance, crisis resilience, and a healthy planet, with accelerators in digital and AI transformation, gender equality, and sustainable finance. These areas are deeply relevant for LLDCs. Going forward, UNDP will:

- Advance integrated, country-led solutions to support economic diversification, regional connectivity, and resilience to external shocks;
- Scale up support to human capital development, focusing on future-ready skills, employment, and inclusive social protection systems;
- Promote sustainable financing, including expanded use of Integrated National Financing Frameworks and access to blended finance for LLDC priorities;
- Support climate resilience and energy transitions, particularly in high-risk and resource-constrained LLDCs;
- Leverage digital transformation to improve access, efficiency, and participation in governance, markets, and services;
- Enable structural transformation in critical sectors such as natural resource governance, extractive industries, and MSMEs.

Crucially, UNDP’s embedded presence in all 32 LLDCs ensures that these global goals are translated into locally owned, nationally led development solutions. With its trusted partnerships, commitment to leaving no one behind, and experience in fragile and complex settings, UNDP is uniquely positioned to help LLDCs not only adapt but lead in this uncertain global context.

Together with LLDCs and the international community, UNDP will co-create a future where landlocked geography is no longer a constraint, but a platform for innovation, inclusion, and sustainable prosperity.

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One United Nations Plaza,  
NEW YORK, NY10017, USA

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