

## **Input by the UN Economic Commission for Europe to the Report of the Secretary-General “Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014 – 2024”**

The following UNECE member States are considered LLDCs: Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, North Macedonia, Republic of Moldova, Tajikistan, Turkmenistan and Uzbekistan. In the context of the Vienna Programme of Action (VPoA), UNECE works very closely with these nations, participating in UNDAF/UNSDCFs in the region as well as offering tailor-made capacity-building initiatives and policy review and advice. The COVID-19 crisis has undermined the very fabric of international economic relations: connectivity and trade. Connectivity has been impaired by restrictions to mobility and health compliance requirements. The fall of trade in the UNECE region due to the pandemic reached the double digits, being a major factor in the contraction of economic activity. Harnessing the potential of trade to support the recovery, and enhancing transport and transit connectivity, are essential components of an effective response to the COVID-19 crisis. As of 2022, the situation in the region is further complicated by the military invasion of Ukraine by the Russian Federation. The ensuing economic shocks, including rising energy and food prices, are likely to have negative impacts on the economies of most countries in the pan-European region, including the 9 above-mentioned LLDCs. The war is providing further impetus to concerns that had already emerged during the COVID-19 – in particular resilience and risk-prevention – and reinforcing the perception that connectivity and linkages can be a source of weaknesses. These concerns could lead to fragmentation and to forego the benefits of broader economic cooperation, with negative implications for growth.

### **Priority 1 - Fundamental Transit Policy Issues**

UNECE has developed multiple normative instruments on transport that facilitate connectivity, which are proving particularly useful in these circumstances. The TIR Convention, for example, is the only global customs transit system, facilitating trade and the seamless and secure movement of goods across borders connects over 75 economies around the world – including the European Union, China, India, , Iran (Islamic Republic of), Pakistan, Qatar, Russian Federation and Saudi Arabia, and landlocked developing countries including all of Central Asia, and Afghanistan.

TIR cuts transport times by nearly 60% and costs by up to 40%. This can help to maintain or resume trade flows safely and securely. The legal provisions providing the legal basis for the complete digitalization of the TIR Convention (the so-called eTIR) entered into force on 25 May 2021. Thus, eTIR has become a reality, opening new applications for the TIR system, in particular in the area of intermodal transport. Already, 48 out of 77 contracting parties (including LLDCs such as Azerbaijan, Kyrgyzstan and Uzbekistan) have expressed an interest in initiating discussions/projects on the interconnection of their national customs systems with the eTIR international system.

In the context of the pandemic, the digitalized “eTIR” system reduced virus transmission risks by minimizing physical contact between customs officers and truck drivers. Azerbaijan, Georgia, Tunisia, and Turkey have finalized the interconnection of their national custom systems with eTIR international system hosted by UNECE pending the performance of the conformance tests while Pakistan and Uzbekistan are about to finalize the projects. On behalf of its 27 member States, the European Commission finalized a proof of concept to interconnect the European Union’s New Computerized Transit System (NCTS) with the eTIR international system.

The Harmonization Convention, meanwhile, increases efficiencies and revenues by ensuring simple and speedy treatment of cargo at the borders. All UNECE's LLDC member States are contracting parties to the TIR and Harmonization Conventions.

The Convention on the Contract for the International Carriage of Goods by Road (CMR) and its two protocols (Protocol to CMR, and Additional Protocol to CMR concerning the electronic consignment note (e-CMR)) are also legal instruments which facilitate road transport services across borders by providing the basis for a contractual framework for the liability concerning the international carriage of goods by road. CMR paper consignment notes have been used by senders and carriers since the 1950s, with the introduction of eCMR electronic consignment notes in recent years given the growing movement towards digitalization of systems, processes, and documents. All UNECE's LLDC member States are contracting parties to CMR. Of these, six are contracting parties to the Protocol to CMR, and three are contracting parties to eCMR.

In the second half of 2020, the UNECE secretariat embarked on a capacity building project with the Economic Cooperation Organization, financed by the Islamic Development Bank, with the aim of promoting e-CMR and facilitating its implementation within Afghanistan, Azerbaijan, Iran (Islamic Republic of), Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, Turkey, and Uzbekistan. The project was completed successfully at the end of 2021 and key activities included two capacity building workshops as well as the recruitment of an international consultant who assisted the secretariat in the preparation of the conceptual specifications of a future eCMR system based on input received by ECO member States during the workshops.

At its 84<sup>th</sup> session in February 2022, the Inland Transport Committee endorsed the creation of a Group of Experts on the operationalization of eCMR for a duration of two years. The Group of Experts is expected to report about its achievements to the Working Party on Road Transport (SC.1) in October 2023. The objective of the Group of Experts is to discuss and, if possible, agree on the requirements of article 5 of the eCMR Additional Protocol including the objective/scope, the high-level architecture, and the conceptual specifications for a future environment that would support the conclusion and exchange of electronic consignment notes in accordance with the provisions of the CMR and eCMR Additional Protocol. Such work should also include an impact assessment of possible implementation scenarios of a future eCMR environment.

## **Priority 2 - Infrastructure Development and Maintenance**

### Transport infrastructure

UNECE's Euro-Asian Transport Links (EATL) project laid the foundation for an operational Euro-Asian transport network<sup>1</sup>. It paid particular attention to the specific needs of Landlocked Developing Countries and made a significant input to the implementation of the Almaty Programme of Action and its 2014 successor, the VPoA. Almost 40 countries in Asia and Europe participate. The EATL Project is currently in its Phase IV, aimed at operationalization to make transport between Europe and Asia safer, more efficient, and more environmentally friendly.

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<sup>1</sup> EATL outputs included:

- a) The identification of 9 road and 9 rail international routes, 17 water transport links, 53 inland and 70 maritime ports;
- b) the prioritization of infrastructure investment projects;
- c) the development of a Geographical Information System (GIS) database;
- d) the analysis of non-physical obstacles to transport;
- e) the comparison study between maritime and inland transport;
- f) the organization of a number of national capacity-building workshops on transport facilitation;
- g) the efforts to operationalize those corridors by preparing common time schedules and tariffs.

In 2021-2022, the Governments of Azerbaijan, Georgia, Kazakhstan, Turkey, and Ukraine with the support of the UNECE secretariat continued working towards the establishment of a Corridor Operationalization Management Mechanism and a Corridor Operationalization Performance Review Mechanism with a focus on the Trans-Caspian Corridor. A progress report on these efforts will be presented at the forthcoming thirty-fifth session of the UNECE Working Party on Transport Trends and Economics WP.5).

Among the current, key activities in support of the EATL operationalization is the Unified Railway Law (URL), and more specifically a URL Convention on the contract for international carriage of goods by rail, that is being developed by UNECE. The Convention will help increase the competitiveness of railways on the routes between Europe and Asia once it is adopted and in force.

In the framework of a completed UNDA 11<sup>th</sup> tranche project led by UNECE a comprehensive set of 215 Sustainable Inland Transport Connectivity Indicators (SITCIN) has been developed. Designated indicators are available for the road sector as well as for the rail and inland waterways sectors. SITCIN's main objective is to provide a self-assessment tool for Governments offering a universal set of measurable criteria enabling countries to monitor their degree of inland transport connectivity, both domestically and bilaterally/sub-regionally as well as in terms of soft and hard infrastructure.

Each interested Government user can evaluate and self-assess: the extent to which it implements the relevant UN legal instruments, agreements, and conventions effectively; and the degree to which its inland transport system is inter-operable with the systems within its respective (sub-)region. In doing so, SITCIN enables policymakers to assess their country's degree of external economic connectivity in terms of efficiency of inland transport, logistics, trade, customs, and border crossing facilitation processes. Governments can also use SITCIN to assess and report on their progress in implementing the transport related Sustainable Development Goals (i.e. 2030 Agenda) and their commitments under the Vienna Programme of Action for Landlocked Developing Countries (for the decade 2014-2024).

One of the key challenges towards sustainable infrastructure development in the Euro-Asian region remains the lack of funding. In response to this, an ECE-led International Transport Infrastructure Observatory (ITIO) has been developed and was launched in a test phase at the 75<sup>th</sup> Anniversary Session of the UNECE Inland Transport Committee (Geneva, February 2022). ITIO offers a multi-stakeholder, web-based GIS platform which hosts data on a large variety of transport infrastructure networks and nodes across different modes including road, rail, inland waterways, ports, airports, intermodal terminals, logistics centres and border crossing points.

Core ITIO user categories include Governments, Multilateral Development Banks (MDBs), Regional Cooperation Organizations (RCOs), and the broader public. ITIO operates as a virtual marketplace for financing transport infrastructure by providing an electronic interface between Multilateral Development Banks (MDBs) and Governments. By offering an inclusive platform, ITIO is also expected to enhance cooperation among the different transport infrastructure initiatives in Europe, Asia, and Africa.

Meanwhile, several UN legal instruments and UNECE resolutions on inland water transport are very relevant to LLDCs with navigable waterways and coastal navigation (for the routes included in the European Agreement on Main Inland Waterways of International Importance (AGN)) such as Azerbaijan, Kazakhstan, Turkmenistan, North Macedonia and the Republic of Moldova as well as for countries with pleasure navigation on their lakes such as Armenia and Kyrgyzstan

Efficient transport connectivity plays a key role in addressing the economic development challenges faced by landlocked countries. Since 1998, UNECE and ESCAP assist Central Asia and

South Caucasus countries to improve transport connectivity through regional cooperation in the SPECA Thematic Working Group on Sustainable Transport, Transit and Connectivity (WG-STTC). On 25/11/2021, representatives of five countries (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) joined forces to strengthen cooperation in inland transport infrastructure development, facilitation of border-crossing procedures, railway and inter-modal transport development and improvement of road safety.

The 26th TWG-STTC meeting started with session on COVID-19 pandemics influence on transport system, lessons learned and the way forward. Participants, UNECE and ESCAP reported on transport sector response to COVID-19 and post-pandemic recovery aimed to improve transport connectivity in the SPECA region. Other items included improvement of regional connectivity (infrastructure development, enhancing transport operational connectivity), accession to UN transport-related legal instruments, and road safety. Recovery of regional transport connectivity and building better transport system dominated this year and UNECE offered assistance to SPECA member countries in safeguarding transport connectivity and digitalization of transport services in international transport.

The Economic Forum on Sustainable Transport and Trade for Greener and Inclusive Economy after the Pandemic was successfully carried out in November 2021. It adopted the “Tashkent Declaration” to guide future implementation of the SPECA Work programme in the areas of transport, trade, connectivity, green and circular economy, sustainable tourism, etc.

More than 90 participants, including nine Ministers and Deputy Ministers of Transport from Central Asia and the Caucasus, members of United Nations system, Multi Development Banks and international organizations joined the Regional Dialogue on Strengthening transport connectivity in the SPECA region and beyond in the era of COVID-19 (29/10/2020). The UNECE-led Regional Dialogue facilitated an inclusive discussion and coordinated actions and plans on harmonization of international inland transport procedures to enhance connectivity in the SPECA region. Conclusions of the Dialogue, which promoted regional transport connectivity cooperation and emphasized immediate transport measures for COVID 19 recovery, adopted by the participating countries.

#### Energy infrastructure

**Sustainable management of natural resources** is fundamental to attainment of the 2030 Agenda, is at the heart of a circular economy, and is crucial for supporting green recovery from the COVID-19 socio-economic crisis. UNECE thus calls for further development, global dissemination, education and research, consultation, and engagement among stakeholders on the United Nations Framework Classification for Resources and its derivative United Nations Resource Management System

**Work on gases -- methane, CO<sub>2</sub>, and hydrogen -- and on high performance** buildings can have a major measurable near-term benefit for both climate and quality of life. That work should be a priority and should be pillars of strengthened country commitments. Further work is needed to enable a role for natural gas, hydrogen, and carbon capture, use, and storage, as well as on the management of anthropogenic methane emissions in the transition to a carbon neutral economy. Regarding buildings, transforming the built environment will drive sustainability and deliver quality of life in the broadest terms. It will be an important part of the world’s responses to multiple crises across environmental, social, health, and economic facets, and the transformation can be a leading force defining the society that emerges from today’s chaos.

Work in each of these areas will contribute to acceleration of the Vienna Programme of Action for LLDCs.

### Public-Private Partnerships (PPPs)

UNECE ensures that infrastructure development and maintenance in LLDCs of the UNECE region is SDG-compliant through “People-first PPPs”, with an emphasis on access and equity, environmental sustainability, economic effectiveness including fiscal sustainability, replicability, and stakeholder engagement. UNECE has also developed an evaluation methodology, the first version of the People-first PPP Evaluation Methodology, to evaluate and score PPP and other infrastructure projects in particular those in LLDCs (Kyrgyzstan) to ensure that projects are SDG-compliant. This Evaluation Methodology has also a focus on resilience, post COVID-19 recovery, circular economy and women’s empowerment.

Using the Evaluation Methodology, UNECE is working with Kyrgyzstan to identify infrastructure projects that are compliant with the People-first approach and the SDGs. Technical assistance is being provided to pilot the use of the Evaluation Methodology in Kyrgyzstan, and in particular the Self-assessment Tool developed on the basis of the Evaluation Methodology. As part of the next phase of the development of the Evaluation Methodology, UNECE is conducting an outreach programme with the bigger development agencies and banks to raise awareness on this tool and encourage its use in their due diligence processes and investment decisions for projects in LLDCs. Three other LLDCs, namely Armenia, Moldova and Uzbekistan, are already implementing the Evaluation Methodology in national projects, which were presented at UNECE’s 6<sup>th</sup> International PPP Forum in May 2022.

### **Priority 3 - International Trade and Trade Facilitation**

UNECE offers hundreds of freely available standards and recommendations for trade facilitation. These enable dematerialized trade processes that reduce physical contact throughout global supply chains, thereby enhancing their relevance in the context of the COVID-19 pandemic. These tools include Single Window, Single Submission Portals, eBusiness standards and many others.

Furthermore, through policy advice, UNECE helps countries remove regulatory and procedural barriers to trade. UNECE studies of regulatory and procedural barriers to trade have helped or are helping countries in Caucasus and Central Asia, to harness trade and integrate into regional and global value chains as a tool for sustainable development. Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, and the Republic of Moldova have so far benefitted from this analytical work. In 2021-2022, pursuant to the Government’s request to support the trade sector’s contribution to economic development post-COVID-19 and the achievement of the 2030 Agenda, UNECE has carried out such a study for Uzbekistan.

UNECE also offers technical assistance to LLDCs’ implementation of obligations under the WTO Agreement on Trade Facilitation (e.g. support on Trade Facilitation Roadmaps for Kyrgyzstan, Tajikistan); capacity building through development of easily accessible and free of charge training material and online resources (e.g. <http://tfig.unece.org>).

UNECE also offers technical guidance through the Global Survey on Digital and Sustainable Trade Facilitation, developed under the framework of the joint United Nations Economic Commissions (UNRCs) Approach to Trade Facilitation.<sup>2</sup> In the fourth edition of the survey, special attention was

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<sup>2</sup> This approach was agreed upon by the Executive Secretaries of the five UNRCs in Beirut in January 2010. Under this initiative, the UNRCs use synergies to provide their member countries with a platform to exchange experience on best practices in different areas of the world, to jointly develop outreach and support programmes, and to assess the trade facilitation needs and requirements for developing solutions for countries in the different regions. In 2021, UNECE and its four sister regional commissions launched the Fourth UN Global Survey on

devoted to the UNECE LLDC countries in this report with the aim to monitor their progress in the implementation of measures for sustainable and digital trade facilitation and serve as evidence base for policymaking helping to identify areas where efforts are most needed to address the remaining policy, legal, regulatory and technical obstacles as well as needs for capacity-building and technical assistance. Data was provided for all nine LLDC countries, namely Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, North Macedonia, The Republic of Moldova, Tajikistan, Turkmenistan and Uzbekistan. According to the Survey the average trade facilitation implementation rate in LLDCs is of is of 70%. However, a sub-group of trade facilitation - seamless cross-border exchange of trade-related data is still very low, hovering around 10%.

In response to the challenge that transit countries are not always aware of the benefits that individual items of the VPoA can bring, UNECE assists LLDCs to identify the opportunities for transit countries to benefit from trade. One example is UNECE's support to the development of Trade Facilitation Roadmaps: to ensure the benefits, UNECE developed a Trade Facilitation Roadmap for Tajikistan (published December 2019) and a National Trade Facilitation Roadmap of the Kyrgyz Republic 2021-2025 (launched in July 2021). Both Roadmaps include a strategic vision supported by goals and activities, based on broad stakeholder involvement. Moreover, the Roadmaps will allow for measuring progress, expanding the expert base, providing continuity to public agencies implementing reforms as well as constitute an important reference for international donors. For instance, over 20 per cent of measures outlined in the Kyrgyz Roadmap were implemented in the first year, including organizing three capacity building activities, producing six training modules, based on UN/CEFACT recommendations and tools, as well as training over 120 trade facilitation experts. Such efforts contribute to sustainable and long-term capacity building of the Kyrgyz Republic and other Central Asian countries as well as guide successful implementation of World Trade Organization Trade Facilitation Agreement.

UNECE carried out survey-based study on the impact of COVID-19 on micro, small and medium sized enterprises (MSMEs) supply chains in Armenia and the Republic of Moldova, which highlighted the magnitude of the MSMEs' economic vulnerability. The studies also provided detailed action-oriented recommendations, which were developed in consultation with governments for addressing emergency and long-term development needs for bringing about structural transformation.

With a view to enhancing efforts towards ensuing gender equality and the empowerment of women and girls, UNECE carries out analytical work to assess the impacts of COVID-19 on female owned MSMEs participation in international trade and development prospects (assessments underway in Armenia and Republic of Moldova).

Another key tool is UNECE's agricultural quality standards. Adhering to these internationally agreed standards helps agricultural products become more attractive to international trade. During the period 2015-2020 a number of events have been held for countries in Central Asia to increase the knowledge of and capacity to use quality standards in trade. Organized in collaboration with UNDP, GIZ and Hilfswerk International, the workshops increased the knowledge and capacity to use quality standards in trade. Countries in the region has also been increasingly engaged in the UNECE work on Agricultural Quality Standards. Based on an impact assessment done in 2020-21, the increased engagement in international UNECE standard setting resulted in the adoption of the first central Asia-led standard (for dried melon). Other impacts of the training included new sales contracts and exports to diversified destinations, improved quality of produce and longer shelf-life

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Digital and Sustainable Trade Facilitation which covered 143 countries. The 2021 edition included a new set of measures on 'Trade Facilitation in Times of Crisis' referring to immediate and long-term measures aimed at addressing crisis situations like the COVID-19 pandemic.

due to procurement of modern drying and packaging equipment, and expanded networking opportunities in the region through the establishment of a Central Asia Working Group.<sup>3</sup>

Another UNECE instrument to enhance access to global value chains for transition economies, including the LLDCs, is the toolbox produced under the global framework initiative “Enhancing Traceability and Transparency for Sustainable Value Chains in the Garment and Footwear Sector”, jointly implemented with the International Trade Centre, with support of the European Union, since 2019. UN/CEFACT adopted the toolbox (policy recommendations, guidelines, information exchange standards) in April 2021, at its 27<sup>th</sup> Plenary.

As part of the initiative, UNECE is piloting the toolbox in a blockchain environment to explore the potential of advanced technologies for due diligence and sustainability, in about twenty countries around the world. Among the beneficiary countries is Uzbekistan, where UNECE is partnering with the WB-IFC Tashkent office for a blockchain pilot use case focusing on the cotton sector. The pilot aims to trace forward the production of finished garments from field to shelf in collaboration with Indorama Corporation and to explore the use of DNA physical markers.

To further strengthen collaboration and capacity-building, in March 2022, UNECE jointly organized with the Confederation of Employers of Uzbekistan an international conference, back-to-back with the first Tashkent International Investment Forum. At the event, UNECE formalised an exchange of letters with the Uzbek Confederation of Employers and the Textile and Garment Industry Association “Uztextileprom”, which joined the UNECE Sustainability Pledge to develop a strategy for Environmental, Social, Governance (ESG) traceability and transparency in the textile industry by 2024, in partnership with GIZ. The pledge is accessible at: <http://thesustainabilitypledge.org/media/pledges/UZTextileProm.pdf>

#### **Priority 4 – Regional Integration and Cooperation**

UNECE, together with ESCAP, supports SPECA – the UN Special Programme for the Economies of Central Asia. SPECA is an effective platform for the Central Asian countries, along with Azerbaijan and Afghanistan, to collaborate on technical topics such as water management, the rational use of the region’s energy wealth, sustainable transport, trade, knowledge-based development, innovation, gender equality and strengthening statistical capacity for monitoring progress.

In November 2019, SPECA governments adopted:

- i. the Ashgabat Initiative on reducing barriers to transport and trade by using the UN legal norms, standards and best practice recommendations;
- ii. the SPECA Trade Facilitation Strategy; and
- iii. the SPECA Innovation Strategy for Sustainable Development.
- iv. The SPECA Principles on Sustainable Trade.

UNECE is actively supporting the implementation of the above via policy advice and capacity building. In 2020-2021, UNECE conducted a study on the implementation of the SPECA Principles of Sustainable Trade in the sub-region. This study indicated that most SPECA economies have made significant progress in the recent years to incorporate sustainable considerations in their trade policies, also with the view to support the diversification of economy. At the same time, more could be done to incorporate sustainable and circular approaches while SPECA countries are undergoing economic reforms.

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<sup>3</sup> For more information, see Results of the inter-agency impact assessment survey in Central Asia, available at: [https://unece.org/sites/default/files/2021-02/impact%20assessment%20Agri\\_CentralAsia.pdf](https://unece.org/sites/default/files/2021-02/impact%20assessment%20Agri_CentralAsia.pdf)

## **Priority 5 - Structural Economic Transformation**

### Circular economy

The region's circular material use rate has improved in recent years, but it remains at just 11.2% in the EU, according to the latest available data. In Europe and Central Asia, only around one third of waste materials are recovered through recycling and composting. Much work needs to be done on this area. UNECE is strongly engaged in developing the standards and guidelines needed to accelerate shift to a more circular economy, including in the food and textile industries, in transport, resource recovery and waste. Promoting the circular economy and sustainable use of natural resources in the UNECE region will be the theme of the sixty-ninth Session of the Commission, to be held in April 2021 and the topic of a capacity-building UNDA-project, “Accelerating the transition towards a circular economy in the UNECE region”, working with pilot transition countries on putting together their CE action plans.

The goal of the project is to accelerate the transition to a circular economy in the UNECE region, while supporting efforts to build-back-better after the COVID-19 pandemic. The project will support the design and implementation of national policies, programmes, and strategies for promoting a Circular Economy. The six project countries, including the LLDCs Kazakhstan, Republic of Moldova and Tajikistan, will cooperate with the UNECE secretariat to conduct a gap analysis and develop a national circular economy roadmap in a specific area selected by the countries.

Furthermore, UNECE creates several policy papers on different areas of circular economy, for example supply chain traceability or waste management, which all will have a focus section on transition economies. The knowledge provided in these analytical papers are also available to all LLDCs to build capacity in the countries.

Under this UNDA-project, the circular economy stakeholder engagement platform CIRCULAR STEP was established to connect stakeholders from the entire UNECE region, including the LLDCs. The goal of the platform is to encourage impactful cooperation among stakeholders, disseminate knowledge and form a clear understanding of the definition and principles of the Circular Economy among the public, private, and civil society actors in the UNECE region.

### Innovation

Innovation, or the process of trying out new ideas for creating value, organising production, or even governance itself, is essential to find out which ideas will be able to underpin sustainable development, especially in the wake of the COVID-19 pandemic. For LLDCs, innovation will be important to find ways to boost the potential of trade in the face of high transportation costs for physical goods by turning increasingly into tradeable services, from software development over teaching to businesses services such as accounting and market research and customer care.

LLDCs benefitting from Innovation for Sustainable Development (I4SD) Reviews that offer detailed policy recommendations, followed by capacity building to support development of national innovation systems, include Tajikistan (2014), Kyrgyzstan (2019), Moldova (2021) and Uzbekistan (2022), with a review of Armenia currently underway. The most recent I4SD Reviews will be followed by targeted capacity building activities, in agreement with the national authorities, to support the implementation of policy recommendations.

Seven LLDCs benefit from UNECE support to the UN SPECA Working Group on Technology and Innovation. This led, inter alia, to developing a SPECA Innovation Strategy for Sustainable Development to support the transition to knowledge-based development (Afghanistan, Azerbaijan,



Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), which was formally adopted at the SPECA Governing Council in 2019.

Currently, with UNDA funding, UNECE is conducting a range of activities aiming to put the strategy into practice, including developing action plans, monitoring frameworks, and national capacity building on reforms related to the SPECA strategy (on-going in Kyrgyzstan on innovation infrastructure; planned for Uzbekistan following the results of the on-going national review). With this support, an Action Plan for the SPECA Innovation Strategy for Sustainable Development was developed and adopted by the SPECA Governing Council in 2021. In addition, several publications on specific issues of concerns are planned, including policy handbooks for SPECA policy makers on business incubators for sustainable development, on policy measures to support innovative high-growth enterprises, and on new innovation policy for transition economies.

Furthermore, UNECE recently published a “Sub-regional Innovation Policy Outlook 2020: Eastern Europe and the South Caucasus” covering, among others, Armenia, Azerbaijan and the Republic of Moldova. The Innovation Policy Outlook (IPO) shows that further progress towards a diversified, increasingly knowledge-based economy is constrained by several factors: insufficient public support, weak investment into research and development, low levels of competitiveness and absorptive capacity in the private sector, and a mismatch of skills on the labour market. These issues need to be addressed, by systematically enabling experimentation across the economy. Policies, institutions, and mechanisms must be flexible, and incentives need to effectively support innovative development objectives. The UNECE Innovation Policy Outlook guides countries in responding to this imperative, by closely examining the scope and quality of the national innovation infrastructure, policies and processes across the sub-region.

The IPO methodology, now developed and tested in detail, could easily be replicated for other country groupings with similar features and challenges, such as those of SPECA. Continuously upgraded and repeated at regular intervals, UNECE hopes they will turn into regular flagship publications that serve as an important guide and reference for policy makers eager to put their commitment to promoting innovation into practice.