

**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 is expected to be in 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.

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 70 economies around the world – including the EU, China, India, Pakistan, the Russian Federation, Iran, Saudi Arabia and Qatar, 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) will enter into force on 25 May 2021. eTIR will thus soon become a reality, opening new applications for the TIR system, in particular in the area of intermodal transport. Already, 48 contracting parties out of 76 have expressed their 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 can reduce virus transmission risks by minimising physical contact between customs officers and truck drivers.

The Harmonization Convention, meanwhile, increases efficiencies and revenues by ensuring simple and speedy treatment of cargo at the borders. All of 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 of 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 is currently underway and key activities include two capacity building workshops as well as the recruitment of an international consultant who will undertake work on technical aspects between the workshops.

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 network¹. 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.

During informal consultations in November 2020 aimed at identifying next steps for the operationalization of the Euro-Asian Transport Links, Azerbaijan, Georgia, Turkey, Ukraine and Kazakhstan all of which are either landlocked or transit developing countries, expressed their interest to contribute towards the development of a corridor management mechanism proposal clearly defining its principles, role for each stakeholder as well as a draft institutional set-up. These Governments also expressed their readiness to participate in the pilot implementation of such a corridor management mechanism (possibly on the Baku-Tbilisi-Kars, Baku-Poti and Baku-Batumi sections of EATL Rail Route 3 and/or other segments or routes) including the preparation of a concrete and prioritized list of actions and activities to be undertaken under a concrete time schedule. Further informal consultations will be held in 2021 aimed at collecting inputs from countries concerned for discussion and endorsement of concrete next steps in September 2021.

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, being developed under UNECE. The Convention will help increase the competitiveness of railways on the routes between Europe and Asia once it is adopted and in force.

Another activity is the ongoing UNECE-led UNDA project on developing a set of Sustainable Inland Transport Connectivity Indicators, of which Kazakhstan and Paraguay are LLDC beneficiaries. The main objective of the project is to develop a tool enabling countries to measure their degree of transport connectivity: both domestically & bilaterally/sub-regionally as well as in terms of soft & hard infrastructure. Governments could also use these indicators to assess and report on their progress in implementing the transport related SDGs and their commitments under the VPoA.

¹ 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.

One of the key challenges towards sustainable infrastructure development in the Euro-Asian region remains the lack of funding. In response to this, under the auspices of the UNECE an International Transport Infrastructure Observatory is being developed. Once operational, it will provide LLDCs with a practical tool to upload their planned transport infrastructure projects (in need of funding) onto a Geographical Information System (GIS) platform where they will be accessible for any Multilateral Development Bank or International Financial Institution to see, evaluate and eventually fund. The Observatory is expected to be presented to the UNECE Working Party on Transport Trends and Economics for endorsement in September 2021.

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

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, CO2, 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, the UNECE is working with Kyrgyzstan to identify infrastructure projects that are compliant with the People-first approach and the SDGs. Technical assistance is also 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. At a next phase of the development of the Evaluation Methodology, UNECE will launch 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.

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. These studies 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. Kazakhstan, Tajikistan, Kyrgyzstan and the Republic of Moldova have so far been covered.

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>).

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 is currently developing one for Kyrgyzstan. The Roadmap, which includes a strategic vision supported by goals and activities, ensures that all stakeholders will share the same priorities and will move in the same direction. It will also allow to measure progress and provide continuity to public agencies implementing reforms and will constitute an important reference for international donors.

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.

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.

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 nascent UNDA-project, working with pilot transition countries on putting together their CE action plans.

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) with reviews of Armenia, the Republic of Moldova and Uzbekistan underway to be presented in 2021.

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 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). In addition, several SPECA publications on specific issues of concern are planned, starting with a policy handbook on setting up and running business incubators and related kinds of innovation infrastructure, drawing lessons in large part from peer countries such as Georgia, Russia, and Estonia.

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.