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New directions and initiatives in the ECE programme of work

New directions and initiatives in the Special Programme for the Economies of Central Asia and in the field of innovation

Note by the secretariat

I. Mandate

1. At its thirty-ninth meeting on 16 December 2010, the Executive Committee of the Economic Commission for Europe (ECE) endorsed the provisional agenda of the sixty-fourth session of ECE. The rules of procedure of the Commission require basic documents to be prepared in relation to the agenda items as appropriate. This document is being submitted to support the discussions under item 4 at the sixty-fourth session of ECE.

II. New developments under the Special Programme for the Economies of Central Asia

2. The United Nations Special Programme for the Economies of Central Asia (SPECA) was launched in 1998 to strengthen subregional cooperation in Central Asia and its integration into the world economy. The member countries of SPECA are Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The ECE and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) jointly provide overall support to the activities under this programme.

3. The Programme has six Project Working Groups (PWGs): Water and Energy, Transport and Border Crossing, Trade, Statistics, Knowledge-based Development, and Gender and Economy. As a result of the comprehensive reform of SPECA adopted in 2005, technical cooperation assistance provided to member countries in the framework of the Programme has been rapidly expanding in recent years. The 2010–2011 SPECA Work Plan approved by the 2009 session of the Governing Council in Bishkek contains 54 projects, of which 35 have secured or expected funding. The total budget of projects with secured or expected funding is almost double of the amount for the previous biennium.

4. Part I of this document focuses on some important recent developments under SPECA.

A. Activities under the chairmanship of Turkmenistan

5. The Government of Turkmenistan has recently demonstrated keen interest in strengthening regional economic cooperation in Central Asia. At its annual session held on 19 October 2010 in Geneva, the SPECA Governing Council elected Turkmenistan as the Chair of the Programme for 2011.

6. Turkmenistan is also actively contributing to international stabilization and development efforts in Afghanistan. It is a key stakeholder in the planned TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline and it is a strong supporter of involving Afghanistan in the joint management of shared water resources of the Amudarya basin. These priorities are also very high on the SPECA agenda.

7. Acting upon a proposal by Afghanistan made at the 2009 session of the Governing Council in Bishkek, SPECA is devoting increased attention to supporting cooperation between Afghanistan and Central Asian countries. Among others, the 2010 SPECA Economic Forum discussed how strengthened trade, transport and investment links between Central Asia and Afghanistan as well as joint management of shared resources can contribute to the reconstruction and stability of Afghanistan. SPECA has been invited at the Fourth Regional Economic Cooperation Conference on Afghanistan held in Istanbul in November 2010 to join the High-level Core Group of the Regional Economic Cooperation Council on Afghanistan (RECCA), together with the World Bank, the Asian Development Bank (ADB), the Central Asia Regional Economic Cooperation (CAREC) group and partner organizations and institutions.

8. The Turkmen Chairmanship of SPECA is expected to play an active role in translating the political will by the member countries of the Programme to strengthen cooperation between Central Asia and Afghanistan. In the first half of 2011, Turkmenistan will host a follow-up meeting of the 2010 SPECA Economic Forum entitled "Strengthening regional cooperation in Central Asia: a contribution to long-term stability and sustainable development in Afghanistan".

9. It is envisaged that the 2011 follow-up meeting hosted by Turkmenistan will contribute to translating the recommendations formulated by the 2010 SPECA Economic Forum into a comprehensive set of concrete project proposals. The 2011 follow-up meeting will be organized in close cooperation with the Government, as the Chair of the Programme, the United Nations Regional Centre for Preventive Diplomacy in Central Asia and the RECCA Secretariat in Kabul.

10. Turkmenistan will also host the 2011 SPECA Economic Forum and the next session of the SPECA Governing Council in the second half of 2011.

11. In order to ensure close coordination and cooperation with the Turkmen Chairmanship of SPECA, from January 2011 a liaison officer of ECE is being deployed to the United Nations Regional Centre for Preventive Diplomacy in Ashgabat. The liaison officer will actively participate in the preparation of SPECA events to be hosted by the Government of Turkmenistan in 2011.

B. New SPECA office in Almaty

12. The non-resident status of the ECE and ESCAP which jointly provide overall support to the activities under SPECA does not always allow for an effective delivery of

capacity building programmes in SPECA member countries. The opening of the Joint ESCAP-ECE Office for SPECA¹ in Almaty in 2011 is expected to significantly improve the effectiveness and efficiency of programme delivery.

13. The SPECA Governing Council at its 2010 session welcomed the planned opening of the joint ESCAP-ECE Office in Central Asia. It expressed its hope that the joint office would provide effective support to the implementation of the SPECA Work Plan as well as coordination and cooperation with partner organizations and institutions.

14. The Joint Office is expected to facilitate needs assessments, fundraising and promote the effective implementation of activities undertaken in the SPECA framework as well as other regional activities undertaken by ECE and ESCAP in the SPECA area. In particular, the Office will:

(a) Establish and maintain regular contacts and facilitate ESCAP and ECE interaction with relevant ministries and agencies of SPECA Governments, private sector associations and the academic community, and assist in identifying opportunities for further synergies in the work and activities that could be jointly carried out by ECE and ESCAP in the SPECA region;

(b) Establish contacts, hold regular consultations and facilitate ESCAP and ECE cooperation with relevant regional organizations in the SPECA region, including the International Fund for Saving the Aral Sea and the Interstate Commission for Sustainable Development, as well as regional representations of the Eurasian Economic Community (EurAsEC) and the European Union;

(c) Establish contacts, regularly consult and encourage ESCAP and ECE cooperation with the regional offices of partner organizations and institutions, in particular the United Nations Development Programme (UNDP) Regional Hub, the regional offices of other United Nations agencies, the CAREC programme of ADB, etc. to facilitate inputs from regional offices of other organizations in SPECA-related activities, as may be appropriate;

(d) Establish and maintain contacts and facilitate ESCAP and ECE cooperation with the regional offices of multilateral and bilateral donors (the World Bank, ADB, the European Bank for Reconstruction and Development (EBRD), the Eurasian Development Bank (EDB), the Islamic Development Bank (IsDB), the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), the United States Agency for International Development (USAID), etc.);

(e) Support the implementation of ongoing programmes and projects, including monitoring the follow-up of decisions and other outcomes of activities by the PWGs and other SPECA bodies and provide logistical support to projects and activities of PWGs, whenever feasible;

(f) Assist in identifying national and regional experts for participation in activities carried out by ESCAP and ECE within the framework of SPECA, as well as in other ECE activities, as may be required;

(g) Establish and maintain a list of completed, ongoing and planned projects and programmes within the SPECA framework and regularly monitor the follow-up of sessions of SPECA PWGs and implementation of their decisions, as well as activities and projects;

(h) Promote SPECA, inter alia, by disseminating knowledge about the Programme, its capacity-building activities and its potential as well as the international

¹ For ESCAP this joint office serves as the Subregional Office for North and Central Asia.

legal instruments, norms and standards of which ECE is custodian through its contacts with the governments, regional organizations and institutions, partner organizations, associations of the private sector, the academic community, the civil society and media;

(i) Submit regular (bi-monthly) reports to ESCAP and ECE on developments in the region relevant to SPECA work (activities by partner organizations, regional meetings, conferences, any local developments regarding participation/ratification of the ECE conventions and legal instruments, etc.); and

(j) Assist in the organization of visits of the Executive Secretaries of ESCAP and ECE, as well as missions of staff and project personnel to Almaty.

15. At present, the joint ESCAP-ECE Office for SPECA in Almaty has three professional posts and one national officer post.

16. The ESCAP session in 2010 in Incheon, Republic of Korea, endorsed a resolution to strengthen the capacity of the Subregional Office for North and Central Asia. In the context of the 2012–2013 budget proposal, ESCAP is exploring the possibility of adding a D1 post to this Office.

C. The Aid-for-Trade Road Map for SPECA

17. SPECA activities in the area of trade entered a new phase in 2010, with the launching of a Regional Aid-for-Trade (AfT) Implementation and Monitoring Council. The launching of the Council was one of the principal results of the Ministerial Conference on the AfT Road Map for SPECA, held in Baku, Azerbaijan from 1 to 2 December 2010.

18. The Baku Conference, which brought together 122 delegates, including high-level officials from SPECA countries, experts and representatives from development partners, was the first high-level AfT event for transition economies since the launching of the AfT initiative at the 2005 World Trade Organization (WTO) Hong Kong Ministerial Conference.²

19. The mandate of the Implementation and Monitoring Council, as set out in the Ministerial Declaration, is to ensure that all regional trade development priorities identified by SPECA countries are adequately supported by projects and funding. These priorities involve the following three areas:

(a) Developing national supply side capacity, including productive capacity and institutional frameworks;

(b) Harnessing cross-border cooperation; and

(c) Facilitating the beneficial integration of SPECA countries into the multilateral trading system.

20. In fulfilling its mandate, the Council should promote the creation of synergies between national and regional trade policies, and ensure coordination and cooperation in regional trade development efforts. In particular, the Council is expected to:

(a) Strengthen the ability of development partners to respond to SPECA countries' emerging needs;

(b) Provide leadership for an integrated regional AfT programme that includes all stakeholders;

² Documents available at: <http://www.unece.org/trade/SPECA-AfTBaku2010/welcome.html>.

- (c) Identify, in consultation with countries, bankable projects that meet country priorities and matching resources;
- (d) Revise AfT activities and priorities in line with evolving trade and economic developments;
- (e) Monitor AfT regional and national action plans to identify gaps where bankable projects need to be developed; and
- (f) Address, through its unique membership, strategic AfT issues in the region.

21. Until now SPECA countries have not been among the major beneficiaries of the WTO-led AfT initiative. Available statistics show that with the exception of Afghanistan, which figures among the top 20 AfT recipients, relatively little AfT assistance goes to other SPECA countries. According to data from the Organization for Economic Cooperation and Development (OECD), while Asia witnessed a 40 per cent increase in donor commitments for AfT in 2008 in relation to 2002, SPECA countries saw a modest increase of 8 per cent, with Afghanistan included, and a reduction in total commitments of 16 per cent without Afghanistan.

22. The intensification of efforts by SPECA countries to support regional trade integration forms part of a broader effort to address long-standing economic vulnerabilities that have rendered these countries susceptible to income volatility. Most of these countries need to undertake further efforts in economic diversification in order to reduce reliance on extractive industries (in Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan), agriculture (especially Afghanistan), and industrial activities with low value-added.

23. The organization of the Baku Conference was coordinated by ECE and benefited from the financial, organizational and advisory support of a number of United Nations agencies and specialized institutions, making it an important example of the United Nations “delivering as one”. The members of this steering group included: ECE, UNDP, the United Nations Industrial Development Organization (UNIDO), the International Trade Centre (ITC) and the International Islamic Trade Finance Corporation (ITFC) which is a member of the Islamic Development Bank Group. Financing was provided by the Finnish Government (for the background assessment studies) and the ITFC (for the expert meeting and the Ministerial Conference).

III. Innovation Performance Reviews

24. Innovation is a key driver of growth, competitiveness, and prosperity in the modern economy. Therefore, governments are in constant search of possible policy actions aimed at stimulating innovation activity, enhancing the innovative capacity of the economy and improving the efficiency of the national innovation system. Fostering international cooperation in this area is one of the main focus areas of the ECE Committee on International Cooperation and Integration (CECI).

25. Recently there has been an increasing demand from member States, in particular, those with economies in transition, for a new type of ECE policy advisory services aimed at providing practical guidance and policy recommendations in the area of knowledge-based development. Responding to such demand, the Economic Cooperation and Integration Division, in consultation with key stakeholders, has come up with the initiative of undertaking national Innovation Performance Reviews.

26. The Innovation Performance Review is a participatory policy advisory service jointly undertaken by a group of international and national experts with the objective to

review critically the national innovation system and the institutional framework of innovation policy and come up with concrete policy recommendations in these areas. The Team of Specialists on Innovation and Competitiveness Policies (TOS-ICP) at its third session (Geneva, 25–26 March 2010) fully endorsed the initiative for this new activity (document ECE/CECI/ICP/2010/2).

27. Project implementation envisages three main phases. In the initial phase, the ECE secretariat establishes contacts with relevant institutions in the host country. In the second phase, the group of international experts visits the country under review to hold consultations with representatives of the Government and other stakeholders on the existing situation and national innovation performance. The team then drafts parts of the Review in consultation with national experts. Finally, ECE organizes a joint meeting with the participation of nominated government representatives, the Review team as well as other experts and stakeholders to discuss the Review and, in particular, the suggested policy recommendations.

28. Responding to a request by the Government of the Republic of Belarus, the secretariat undertook in 2010 a pilot project “Innovation Performance Review of Belarus”. The implementation of such a project, which envisages the mobilization of leading international experts and a range of field-based activities, requires backing by adequate extrabudgetary financial resources. The project “Innovation Performance Review of Belarus” was supported through an extrabudgetary financial contribution by the Eurasian Development Bank (EDB). This extrabudgetary project was endorsed by the ECE Executive Committee at its thirty-sixth meeting in Geneva on 12 July 2010.

29. The ECE secretariat mobilized members of the TOS-ICP who are leading experts on innovation policy for the implementation of this pilot project. During the implementation phase, the group of international experts and experts from the secretariat worked in close cooperation with the national authorities and local experts. The project and its field-based implementation activities enjoyed strong support from the Belarusian authorities, in particular, the State Committee on Science and Technology of the Republic of Belarus, which was the leading local partner.

30. The main outcomes of the project, including its main conclusions and recommendations, were presented and discussed during the Substantive Segment of the fifth session of CECI, Geneva, 1–3 December 2010 (see summary of the discussions in document ECE/CECI/2010/2). In the course of deliberations, a number of delegates shared their high appreciation of the results of this pilot project, its relevance and usefulness for policy making and commended the secretariat for undertaking it.

31. CECI noted with satisfaction the results of the pilot project “Innovation Performance Review of Belarus” and the high quality of the reports presented to the Substantive Segment of the session. It thanked the TOS-ICP and the secretariat for their contributions to the Review and expressed its appreciation for the excellent cooperation with the Government of Belarus in undertaking this project.

32. The representative of the Eurasian Development Bank which provided extrabudgetary financial support for the project also expressed satisfaction with the outcomes of this pilot project and noted that the Eurasian Development Bank would be interested to consider funding similar projects in other countries of common interest.

33. Noting the high quality and relevance of the Innovation Performance Review of Belarus, the delegation of the Republic of Kazakhstan invited the secretariat to consider undertaking an Innovation Performance Review in Kazakhstan in 2011, pointing out that such a project would enjoy strong support by the national authorities. The delegation of Ukraine also submitted an official request to the secretariat to consider undertaking an Innovation Performance Review of Ukraine in 2012.

34. CECI noted that the preparation of national Innovation Performance Reviews, subject to the request of interested countries and the availability of resources, could become an important focus for the activity under the subprogramme on Economic Cooperation and Integration. The assessment resulting from such Reviews could serve to better identify the specific needs of individual countries, so these can be addressed through follow-up capacity-building activities. The preparation of the Reviews would also provide opportunities for targeted training and knowledge-sharing workshops involving international and national experts.

35. The experience of ECE in promoting knowledge-based development, including through the undertaking of Innovation Performance Reviews, is being disseminated through a series of conferences and other capacity-building events focusing on different aspects of innovation policy. At the request of the Government of the State of Israel, an international conference “Promoting Eco-innovation: Policies and Opportunities” is being organized in Tel Aviv in the first half of 2011. This international conference will focus on the role of innovation policies in addressing environmental challenges and will also be part of the 2012 United Nations Conference on Sustainable Development process.

IV. Proposals

36. The Commission is invited to express its views and provide any policy guidance on the above reported developments in relation to the SPECA programme, as well as the new work area of Innovative Performance Reviews.
