

PROJECT DOCUMENT
12TH TRANCHE OF THE DEVELOPMENT ACCOUNT

1. EXECUTIVE SUMMARY

Project Code and Title:	2023N Strengthening innovation policies for SPECA countries in support of the 2030 Agenda for Sustainable Development.
Start date:	01.01.2020
End date:	31.06.2023
Budget:	\$483,316
UMOJA cost centre(s):	13821
UMOJA functional area(s):	20AC0004
Target countries:	SPECA participating countries: Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.
Executing Entity/Entities:	UNECE
Co-operating Entities within the UN Secretariat and System:	UNESCAP UN country teams UNCTAD The UN Inter-Agency Task Team on Science, Technology, and Innovation for Sustainable Development, through its work stream 6 on capacity building.
Project Manager:	Andres Jonnson

Brief description:

This project will support seven SPECA countries in their efforts to spur innovation as a central driver of the increasingly urgent transition from a low productivity and resource-intensive model of economic development to knowledge-based and more sustainable economic growth, in line with the SDGs. It builds on a clear mandate: SPECA countries, recognizing this challenge, formally decided at the 12th session of the SPECA Governing Council in 2017 to “Develop an innovation strategy to promote sustainable development in the SPECA region” – a process that, with UNECE and ESCAP support, has led to a final draft that will be submitted for approval at the 2019 SPECA governing council.

In this context, the project aims to support and create sustainable further momentum around the first steps towards putting this strategy into practice. Specifically, the objective is to strengthen institutional capacities to harness innovation as a driver of sustainable development and regional integration.

The first outcome is strengthened co-operation on innovation among SPECA countries. Central to this outcome is to work with SPECA countries to put together a concrete first action plan under the strategy, including several joint initiatives. This involves a detailed gap analysis covering all seven countries to inform the development of the draft action plan, which will be discussed in detail at a sub-regional workshop before finalization and submission for approval. Towards the end of the implementation period, a sub-regional workshop will serve to measure implementation progress based on the indicators in the action plan.

The second outcome on enhanced capacity to design and carry out effective innovation policy and institutional reform, aims to address some of the leading constraints in putting the strategy into practice among SPECA countries. This involves both a series of sub-regional seminars on selected issues of common concern, as well as in-depth trainings for at least three countries. Importantly, this proposal foresees substantial flexibility to respond to country requests and priorities and to build on existing or impending momentum.

ESCAP, as the co-lead in providing Secretariat support to the SPECA Working Group on Knowledge-Based Development, will play a role in or lead on most activities. In addition, several UN organizations will be involved, in part through the Inter-Agency Task Team on Science, Technology and Innovation. The donor community will be engaged throughout, with the clear purpose of finding projects that contribute to the strategy and the action plan that qualify for donor funding – sustaining the momentum beyond the closure of this project.

2. BACKGROUND

2.1. Context

The UN 2030 Agenda for Sustainable Development recognizes science, technology and innovation as a critical means of implementation, important to all 17 Sustainable Development Goals (SDGs). SDG9 specifically calls on all UN Member States to foster innovation. The proposed project will contribute to the 2030 Agenda by strengthening the capacity of policy makers in the target countries to improve national innovation policies and to align them with national sustainable development priorities.

Innovation, or finding and trying out new ways of doing things and scaling up what works, is essential for UNECE countries in general and for the sub-region of the *UN Special Programme for the Economies of Central Asia (SPECA)* in particular to reach the goals and targets of the 2030 Agenda for Sustainable Development. The potential should be high in a region rich in natural resources, with a strategic location along current and future transport routes between China and Europe, and a strong legacy of high education levels, public research institutes, and both applied and frontier research.

At the same time, several factors stand in the way: national innovation systems do not function properly, with little dynamism and with several pieces not working or missing, fiscal space is limited, even for hydrocarbon exporters as the world moves away from its reliance on oil and gas, and firm capacities to experiment with and absorb new ideas are low. Despite governments proclaiming the importance of innovation and launching ambitious policies, many of the policies, instruments, institutions, and processes in place to enable and promote innovation are often ineffective, nationally oriented, poorly targeted, and at times lead to rent-seeking and market distortions that further inhibit innovation. Regional co-operation on economic development and on innovation specifically has so far been scant, despite several attempts – the most ambitious attempt being the Eurasian Economic Union, which includes only two SPECA countries, Kyrgyzstan and Kazakhstan.

In the medium to long term, innovation, broadly defined as new-to-the-market products, services and production processes in both the public and the private sector, is one of the most important drivers of not only economic development, but sustainable development overall. While high-income countries need strong capacities in developing ideas that are new to the world, in the SPECA member countries, like in all low or middle-income countries, the central challenge is to take ideas and technologies that have worked elsewhere and use them well, modifying them as appropriate. Innovation is also critical to sustainable development more broadly, i.e. to finding new and better ways of using resources judiciously, mitigate and adapt to climate change, and combating waste and pollution – while ensuring job growth, poverty alleviation and prosperity. Moving forward in addressing these limitations and challenges requires strengthening of countries' policies and approaches to innovation, enabling experimentation and creating the right markets, prices, and incentives for innovation that contributes to sustainable development.

SPECA countries have reiterated the importance of this issue at both the 9th session of the SPECA Working Group on Knowledge-based Development (WG on KBD) and the 2017 SPECA Governing Council, calling for greater policy coordination within the SPECA sub-region on innovation for sustainable development and for a concerted SPECA Innovation strategy for sustainable development. This need has also been clearly highlighted in recent Innovation for Sustainable Development reviews of SPECA countries, such as the one of Kyrgyzstan launched in 2019. Responding to this mandate, UNECE and ESCAP has prepared and vetted a draft strategy and submitted for approval at the next Governing Council.

The SPECA Innovation Strategy and its subsidiary Action Plan, the first of which will be developed under this project, will include inputs reflecting national development priorities under Agenda 2030, to guide work under the SPECA Working Group on Knowledge-based Development (WG on KBD). The Action Plan will have objectives and activities of common interest identified through national gap analyses. UNECE and ESCAP, the two UN regional commissions that jointly support SPECA, will, inter alia under the proposed project, support SPECA countries in formulating and implementing this Action Plan.

The WG on KBD will serve to guide and oversee activities under the SPECA Strategy and Action Plan. UNECE and ESCAP combine features that are essential for this project. First, credibility as actors with an in-depth knowledge of the economic, political, and institutional features of SPECA countries and the related opportunities, challenges, and constraints that face innovation policy institutions. Second, a strong network of experts, policy makers, and academic experts. Third, well-established and appropriate and institutions - SPECA, coupled with UNECE intergovernmental mechanisms and the reporting and policy dialogue on innovation policy reforms that underpins them. Finally, strong mandates for the activities from SPECA and individual governments.

The expected result of this project would be the strengthened capacities of the SPECA countries to harness innovation as a driver of sustainable growth and regional integration in the context of the 2030 Agenda for Sustainable Development. This project should result in national level and joint initiatives between SPECA countries to harness innovation for sustainable development actions. The expected result would be evidenced by the adoption of an Action Plan for the SPECA Innovation Strategy for Sustainable Development with strong buy in and inputs in terms of concrete legislation/initiatives/strategies agreed or proposed for adoption at the national and regional level as well as early-stage implementation of initiatives included in this Action Plan during the period January 2022-December 2023. The expected result would demonstrate progress towards the collective attainments of the objectives of the project and of the SPECA Innovation Strategy for Sustainable Development to 2030.

2.2. Mandates, comparative advantages and link to the Programme Budget

The UN General Assembly confirmed recently in resolution A/RES/72/228 (dated 18 January 2018) the importance of “helping Governments, upon request, to ensure that science, technology and innovation policies are integrated into and are supportive of national development strategies and sustainable development in their countries and that their science, technology and innovation policies and programmes support national development agendas”. The UNECE Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP) and its subsidiary Team of Specialists on Innovation and Competitiveness Policies, set up in 2006, help “all countries in the region to promote a policy, financial and regulatory environment conducive to economic growth, innovative development,... higher competitiveness,... economic cooperation and integration, as well as sustainable development”. The Team of Specialists constitutes a network of international experts on innovation policy, whose expertise can be mobilized for the present project. Based on this expertise, UNECE has developed an extensive portfolio of international good practices on various aspects of innovation policy, including on innovation for sustainable development, which the present project can draw on. UNECE also has carried out detailed reviews of the national innovation systems, policies and performance of countries with economies in transition, including three SPECA member countries (Kazakhstan, Kyrgyzstan and Tajikistan). Based on the findings of these reviews, UNECE has developed tailored recommendations for these countries on options for improving their innovation policies, which the present project can also draw on. UNECE also has a programme of demand-driven policy advisory services and other capacity-building activities, which inter alia supports countries in implementing policy recommendations from the reviews. The experience from this programme will also be a useful asset in carrying out the proposed project.

Recommendation 1 of the second session of the ESCAP Committee on Information and Communications Technology, Science, Technology and Innovation in Bangkok, 29-31 August 2018, where delegates were briefed on the draft outline of the SPECA Innovation Strategy for Sustainable Development, stated that “The Committee emphasizes the importance of science, technology and innovation for the achievement of the Sustainable Development Goals and recommends that the secretariat prioritize science, technology and innovation as a key means of the implementation of the Sustainable Development Goals.” The anchor for this project will be the joint UNECE-ESCAP UN Special Programme for the Economies of Central Asia (SPECA), a unique mechanism bringing together all countries in the sub-region around economic development and integration. Its interrelated and complementary activities and expected accomplishments, all strongly aligned with the expertise, work programmes and mechanisms of UNECE and ESCAP, builds on this mandate to strengthen SPECA innovation policies and institutions to meet this challenge.

The project is directly linked to the Proposed Programme Budget 2020:

UNECE

Subprogramme 4 “Economic cooperation and integration” of UNECE has the objective to strengthen innovation, competitiveness and Public-Private Partnerships policies in the UNECE region. The work will take place within the framework of and contribute to the work programme of the UN Special Programme for the Economies of Central Asia (SPECA). SPECA’s overall objective, as per the terms of reference, is to facilitate regional economic cooperation in Central Asia.

The project contributes to the UNECE nexus areas recently launched. This includes “**Sustainable Mobility and Smart Connectivity**”, as connectivity, trade, including service trade, and enabling experimentation across the board feature centrally. Activities also relate to the nexus “**Sustainable and Smart Cities**”, drawing from long-standing co-operation between Kazakhstan and other Central Asian countries and UNECE on this topic – especially as cities, with easier access to talent, universities, policy makers, capital, and entrepreneurs, are often the best venues for trying out new ways of doing business, setting standards, designing public-private partnerships, creating platforms, and using public procurement as a driver of innovation. The nexus on “**Natural Resource Management**” is relevant to the need for innovation to reduce or replace resource consumption – and to find economic activities that can gradually compensate for the likely medium-term decline in world demand for hydrocarbons. Finally, the nexus on **Measuring SDGs** is relevant to the need for clear, SDG and UNDAF relevant performance metrics of the Action Plan that UNECE will develop in this project.

ESCAP

ESCAP has a mandate to strengthen the regional STI agenda. Resolution 71/1, adopted by the Economic and Social Council on 22 July 2015 reconstituted ‘the Committee on Information and Communications Technology as the Committee on Information and Communications Technology, Science, Technology and Innovation’, and requested this Committee to address the ‘Development of human and institutional capacity in the use of information and communications technology and in the use of science and technology for innovation’.

The proposed project will contribute to the ESCAP Subprogramme 2. “Trade, Investment and Innovation” and its objective to support capacity of ESCAP member States to formulate and implement policies on trade, investment, innovation, enterprise development and technology transfer for inclusive and sustainable development, including those that are gender-responsive.

Drawing on expertise and achievements from the past, as well as joint support provided to SPECA for more than 20 years, UNECE

and UN ESCAP hold comparative advantage with respect to the project implementation relative to other agencies.

2.3. Country demand and target countries

The target countries of the project are the SPECA member countries Afghanistan¹, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. They must transform their economies for long-term sustainable economic development. The SPECA countries recognize the urgent need to diversify into innovative, higher value-added activities, to make them internationally competitive, to create more and better paying jobs, and to achieve the SDGs.

This is evidenced by the request from the SPECA Governing Council to develop a SPECA Innovation Strategy for Sustainable Development. The 12th session of the SPECA Governing Council endorsed recommendation 8 of the SPECA Economic Forum to “Develop an innovation strategy to promote sustainable development in the SPECA region” that should identify possible innovation policies to realize regional synergies and economies of scale for the achievement of SDGs and sustainable development targets and provide for sharing and exchanging innovation practices, initiatives and policies in pursuing SDGs. To facilitate the process, UNECE with support of UN RPTC funding initiated the preparation of a [Draft Outline of a SPECA Innovation Strategy for Sustainable Development](#), which was further elaborated with inputs from a Regional Capacity Building Workshop on “Innovation Strategy, Technology Applications and Infrastructure for the SDGs” and welcomed by the Tenth session of the SPECA Working Group on Knowledge-based Development (Baku, 4-5 July 2018), for consideration by the thirteenth session of the SPECA Governing Council in Almaty on 21 September 2018 along with a [Roadmap for elaborating the final strategy](#). The SPECA WG on KBD at its 11th session in Bishkek in June 2019 noted with satisfaction the draft SPECA Innovation Strategy for Sustainable Development. It requested that the document be updated and further elaborated to reflect the comments made by delegates and submitted to the next SPECA Governing Council in November 2019 for consideration and endorsement.

Country demand is also evidenced by the follow-up to the national Innovation Performance Reviews viz. Innovation for Sustainable Development Reviews which the Governments of Kazakhstan, Kyrgyzstan and Tajikistan have requested UNECE to undertake. The reviews produced tailored recommendations to improve innovation policies, including on enhanced cooperation with foreign partners, and the receiving countries have requested UNECE to provide additional policy advice and capacity building assistance to facilitate the implementation of policy reforms. A national action plan is currently being drafted for Kyrgyzstan, which will also be shared with the donor community to mobilize additional support for implementation.

The proposed project will build on this momentum and the SPECA Innovation Strategy itself to strengthen the SPECA countries’ capacities to cooperate on economic and innovation policy. In particular, the SPECA Innovation Strategy calls for developing an Action Plan, which must be jointly agreed by the SPECA countries and include inputs reflecting national development priorities under Agenda 2030. Adoption of an Action Plan to implement the SPECA Innovation Strategy will be a key trigger to drive change on the ground through practical policy actions. This Action Plan will be one of the key deliverables of the present project. The Action Plan will target objectives and activities of common interest to address “gaps” in national capacities and be elaborated with the support of the SPECA countries. To ensure the required support of national stakeholders, the Action Plan will be elaborated in a participatory process involving national authorities and consultants and a sub-regional workshop. The sub-regional component will ensure that projects and initiatives included in the Action Plan include, as well as national inputs, joint initiatives with a sub-regional dimension and involving two or more of the SPECA countries.

2.4. Link to the SDGs

Relationship to the SDGs and targets: 8.2, 8.3, 9.4, 9.5, 9.b, 12.a, 17.6, 17.7, 17.8

The project will contribute to the following SDGs and targets.

- (i) SDG 8 (“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”), particularly targets 8.2 (“Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”) and 8.3 (“Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services”);

In particular, the project will provide support for innovation for sustainable development (as indicated in OC2 - IA 2.1) and contribute to the improvement of indicators 8.2.1 (“Annual growth rate of real GDP per employed person”) and 8.3.1 (“Proportion of informal employment in non-agriculture employment, by sex”) through targeted national capacity building around specific reform issues (as indicated in OP2.1 “Organize a sub-regional seminar on innovation policies and institutions for sustainable development.” and OP2.3 “Organize 3 national or joint national workshops, upon demand from SPECA countries, to build national capacities and address key issues at the national level identified by the gap analysis as part of national consultations carried out under OP1.1, as reflected in the SPECA Innovation Strategy Action Plan.”), thereby also strengthening institutional capacities and supporting economic development.

¹ Afghanistan, a member of SPECA but not of ECE, will take part in subregional activities supported by UNESCAP, of which Afghanistan is a member.

- (ii) SDG 9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”), in particular targets 9.4 (“By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities”), 9.5 (“Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending”) and 9.b (“Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities”);

In particular, the project will contribute to SDG targets 9.4 and 9.5.b through the development of “training materials (to be used in support of OP2.3) on good practices on innovation policies and institutions for sustainable development, including technology transfer and science and technology parks (based on activities with ESCAP and IATT on science, technology, and innovation under A2.1)” (as indicated in OC2 – OP2.2); to the improvement of SDG target indicators 9.5.1 (“Research and development expenditure as a proportion of GDP”) and 9.5.2 (“Researchers (in full-time equivalent) per million inhabitants”) by identifying gaps in the existing policies related to research and development to be reflected in a draft action plan with clear KPIs (as indicated in OC1 - OP1.1); to SDG target 9.b by the organization of national workshops “to build national capacities and address key issues at the national level identified by the gap analysis as part of national consultations carried out under OP1.1” (as indicated in OC2 – OP.2.3).

- (iii) SDG 12 (“Ensure sustainable consumption and production patterns”) in particular target 12.a (“Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production”), building on existing work on the circular economy, emphasize economic opportunities in the area;

In particular, under the project’s first outcome “Strengthened co-operation on innovation to promote sustainable development and deliver Agenda 2030 in the SPECA subregion” contribution will be made to SDG target 12.a through the preparation of a sub-regional gap analysis and a subsequent “Action Plan for the SPECA innovation strategy with performance indicators aligned with the SDGs” (as indicated in OC1 – IA1.1). Additionally, the project will contribute to SDG target 12.a through the development of “training materials on good practices on innovation policies and institutions for sustainable development, including technology transfer and science and technology parks (based on activities with ESCAP and IATT on science, technology, and innovation under A2.1)” (as indicated in OC2 – OP2.2).

- (iv) SDG 17 (“Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development”), particularly targets 17.6 (“Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism”), and 17.7 (“Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed”).

In particular, the first outcome of the project will be “strengthened co-operation on innovation to promote sustainable development and deliver Agenda 2030 in the SPECA subregion” (OC1) which contributes to the improvement in SDG targets 17.6 and 17.7, specifically indicator 17.6.1 (“Number of science and/or technology cooperation agreements and programmes between countries, by type of cooperation”), through joint initiatives on innovation for sustainable development (as indicated in OP1 - IA 1.1). In addition, the second outcome of the project “Enhanced capacity of national policymakers and stakeholders to design and carry out effective innovation policy and institutional reform” (OC2) contributes to SDG target 17.7 through the development of “training materials (to be used in support of OP2.3) on good practices on innovation policies and institutions for sustainable development, including technology transfer and science and technology parks (based on activities with ESCAP and IATT on science, technology, and innovation under A2.1)” (as indicated in OC2 – OP2.2).

2.5. Innovative aspects

Innovation is central to the present project in that it is about promoting innovation as a means for sustainable development. This stands in contrast to how innovation is treated de facto in most SPECA countries, with a focus on basic research and, increasingly, technology start-ups. This perspective needs to be broadened to include a systemic approach to innovation, the “national innovation system”, as well as a broader sustainable development perspective, given that innovation, or trying out, learning from, and scaling up new-to-the-country ways of creating economic value, of formulating the rules of the game, of policy making, of partnerships, and

of designing and delivering public inputs and services will be central for these countries to make substantial progress towards the SDGs.

The project is the first attempt at forging closer cooperation within the SPECA sub-region on innovation, which is a neglected but high-potential area. At present, regional cooperation in SPECA is scant, partial (EEU), and rarely on economic development. At the same time, the potential for closer cooperation is unlimited, with intra-SPECA trade accounting for only a few percent of the countries' overall trade, most of which is transit trade.

The project envisages to put in place a clear sequence of and a replicable methodology for a gap analysis, the first of regularly updated action plans under the strategy, and monitoring and evaluating progress, with the KBD working group serving as the main vehicle for discussion and approval with national focal points for interim coordination. This is intended to build on existing momentum while gradually giving SPECA member states the tools and the skills to vet, test, and continue this process after project activities have finished.

Unlike traditional capacity building projects, the exact targets and topics for national capacity building in advance will not be determined in advance, and will instead be agreed through a transparent process of selection. Central to this selection process will be to identify reform initiatives that not only contribute to the goals of the strategy and the KPIs of the action plan, but also enjoy substantial reform momentum and political commitment – and where our capacity building is highly likely to inform and contribute to this process. Examples include initiatives to set up a public-private venture capital fund in Kazakhstan and to set up a science park in the Kyrgyz Republic, both of which are not only very likely to happen as confirmed in multiple discussions, but also involve substantial public investment and risk – and hence stand to benefit from a range of good – and less good – practices in the area.

There is a strong ambition and intent to engage closely with the donor and IFI community in all activities, with a view to triggering and guiding funding for putting the strategy and the action plan into practice.

3. ANALYSIS

3.1. Situation analysis

The capacity to innovate has never been more important to the future of individual countries and of the world as a whole. The opportunities to harness innovation to solve national and global challenges have also never been greater. The challenge which the global community expressed in the UN 2030 Agenda for Sustainable Development, to achieve economic prosperity within planetary boundaries, for all, cannot be met without innovation. Since the challenge is global, it is not enough for the most advanced countries to expand the knowledge and technology frontier. It is equally essential for less advanced countries to introduce this knowledge into their economies, and to adopt, absorb and adapt it rapidly and at scale. Cooperation across national borders therefore becomes increasingly important. At the same time, technological innovation can create its own challenges for economies and societies because it results in changing patterns and sources of comparative advantage, causing some jobs to disappear and affecting the distribution of incomes within and across countries.

The SPECA countries face a range of common opportunities and challenges in harnessing the power of innovation for sustainable development. Like the world as a whole, they are currently not on track to meet the Sustainable Development Goals by 2030. Being land-locked, they also face particularly high transport costs for their raw materials and manufactured exports. Several of them have large reserves of oil and gas, and labor-intensive industries with low value-added struggle to compete with the extractive industries. Innovation holds the potential to overcome some of these challenges by helping these countries to diversify into higher-value-added activities and services exports.

The potential to innovate more is there. The UNECE national Innovation for Sustainable Development reviews of Kazakhstan, Kyrgyzstan and Tajikistan have highlighted high levels of education relative to their level of economic development, especially in science and engineering, and atrophying but still prominent networks of both applied and basic research institutions – some still operating at the global knowledge frontier. Many SPECA economies also still possess a critical mass of productive capacities that could be put to better use. However, currently they are not able to generate sufficient innovation, neither at the global knowledge frontier, nor by importing and adapting foreign innovations, in part because of weak linkages within national innovation systems and across borders.

Exploiting and expanding their innovation potential requires broad reforms. There is a need to develop enabling environments – from judicial efficiency over infrastructure to adapting vocational and higher education and training more closely to private sector needs. This is especially needed in the target countries which have a long history of centralization and often only budding partnerships with the private sector. In addition, innovation often requires not only a conducive business climate, but an entrepreneurship culture with companies, especially SMEs, that have the capacities needed to absorb and commercialize new technologies, production methods, or approaches to customer engagement. Concerted, targeted policies are needed to bring about innovative activities that may not take place otherwise but bear strong promise of social return for the economy. There is also a clear need to intensify cooperation in

education, science, research and innovation, both within the SPECA sub-region and with outside partners[A1] .[A2]

Considerations of gender and inequality should be center stage of reform efforts. These are not only important issues by themselves, but essential for sustainable development, which requires making better use of the single most important factor in the region: human resources. Cultural and legal constraints coupled with missing or misdirected social policies often prevent women from participating in the work force, especially after bearing children. People in rural areas increasingly miss out on the opportunities in dynamic cities, with few mechanisms to diffuse innovation to the rest of the country in place. Perhaps most importantly, the effects of the changes brought by rapid technological change, sometimes termed the fourth industrial revolution, is likely to further increase the already substantial premium attached to certain skills, with the less educated population struggling to find even modestly paid jobs, compounding the often precarious situation they face for other reasons.

Here, too, the answer is innovation – SPECA countries need to create the right incentives and mechanisms for all stakeholders, especially entrepreneurs, to experiment with different ways of creating value. In a land-locked country with few productive capacities, many of these opportunities will lie in trading a growing range of services, from basic data entry over tutoring to writing radiology reports or valuing transactions. This is the key to providing a range of opportunities that, for instance, women taking care of children and unable to take up full-time employment, and people in less developed rural areas can take advantage of. A central element to this, however, is education – not only Science, Technology, Engineering and Mathematics (STEM) subjects in higher education, but Technical and Vocational Education and Training (TVET) and continuing education. Innovation and competitive pressure will inevitably make a growing number of existing activities unprofitable; what is important is to shift from a focus on saving existing activities to offering the right educational opportunities to people who will be looking for jobs.

In this context, the activities we propose will be able to address, inter alia, the following:

- Through the gap analysis in each country and subsequent dialogue, forge an understanding of the potential for innovation in each SPECA country, the current situation, and reform priorities among policy makers;
- Through the national capacity building events in three countries around a specific issue with substantial momentum, help policy makers design and make implementation arrangements for a specific reform in line with one or more of the priorities identified in the gap analysis;
- Through the action plan and joint initiatives to be developed in the first year of the project, forge consensus among SPECA countries about realistic, actionable activities to put the strategy into practice and engage potential donors to fund these;
- Develop and pilot a concerted monitoring and evaluation round, building on the KPIs of the agreed action plan, with the aim of creating a methodology that can easily be replicated by the Working Group and SPECA member countries beyond the scope of the project;
- Systematic inclusion of gender and inequality into all activities where appropriate, especially for the gap analysis, the action plan, and related KPIs.

3.2. Country level situation analysis

Country	Status of affairs	Realistic outcomes
Afghanistan	<p>Level of development and issue at hand Afghanistan is a low-income country (GDP per capita in 2018 \$543 at nominal and \$2,016 at PPP adjusted exchange rates), with landlocked economy and abundant mineral reserves, yet predominantly dependent on foreign aid. Agriculture remains the largest sector, although much of the arable land remains uncultivated. Foreign trade has been gradually increasing in recent years, however, the country’s biggest economic challenge is finding sustainable sources of growth in a country still plagued by conflict. Thus, as a donor dependent country, Afghanistan will require significant support from its international development partners to modernize the economy to achieve SDGs implementation, as highlighted in its Voluntary National Review (VNR), 2017.</p> <p>Progress towards innovation and SDGs As to the 2030 Agenda for Sustainable Development, the SDG Index and Dashboard Report suggests that Afghanistan exhibits major gaps in almost all SDGs for which data were available, the lone exceptions being SDG 12 (Responsible consumption and production) and 13 (Combatting climate change), in part a result of</p>	<p>Improved understanding of the need for policy reforms to promote the adoption and adaptation of proven innovations as well as of the opportunities for regional economic cooperation with other SPECA countries.</p> <p>Increased co-operation with other SPECA member countries on policy learning about how to promote the adoption and adaptation of proven innovations for sustainable development and</p>

Country	Status of affairs	Realistic outcomes
	<p>low levels of economic activity overall. The country's VNR (2017), however, relays the progress achieved in building infrastructure in line with the National Infrastructure Plan 2017-2020. With increased connectivity more opportunities arise for the inclusion of innovative technologies in various sectors of the economy.</p> <p>Support provided by UN agencies UN entities continuously work towards the sustainable development of the Afghan economy by strengthening institutional capacity and advancing regional cooperation for stability and integration. USAID is providing legal and policy advice to the Ministry of Mines and Petroleum and other government entities to create a regulatory environment that will attract foreign investment and technologies in Afghanistan's mining sector. In addition, the Afghan Ministry of Economy took part in the South Asia Forum on the Sustainable Development Goals organized by UN ESCAP in 2018 sharing perspectives on the SDGs implementation process and alignment with national programs. Furthermore, the UN Assistance Mission in Afghanistan (UNAMA) in close collaboration with the UN Country Team supports the government in development planning, resource mobilization, and coordination of international donors and organizations.</p> <p>Assets for innovative development Afghanistan's strategic geographic location, government commitment to investment climate reforms, as well as the range of bilateral and multi-lateral trade agreements (APTTA, ECOTA, SAFTA) create investment possibilities on the domestic market can could attract foreign technologies into the Afghan industry. Specifically, the flexible tax and duty regime, as well as the liberal investment law serve to attract foreign investors and increase the country's competitiveness. In addition, mining is well developed in the economy with Afghanistan's mineral wealth estimated at USD 1 trillion.</p> <p>Principal gaps to be addressed Afghanistan is not covered in either the Global Innovation Index or the Global Competitiveness Index due to a lack of internationally comparable data. The business environment is unstable, slowing private investment and entrepreneurship in the country. Corruption and weak rule of law further discourage business activity, and rising unemployment reduces living standards. Investment in research and development has slowed down in recent years, falling behind the regional and income group average. Main foreign innovation initiatives are focused on modernizing the economy's agricultural sector, e.g. training a highly-skilled, modern agricultural workforce, strengthening the capacity of research institutions, adopting innovative solutions to the practical challenges of Afghan farmers and agribusinesses.</p> <p>Country Voluntary National Review Afghanistan's latest VNR (2017) highlights several key issues that the country's future economic performance and social development depends on - access to affordable and sustainable energy, irrigation infrastructure, sustainable roads, technological know-how and competence institutions. The country's interest in continuous cooperation with its international partners is also emphasized, with assistance needed in transferring technological innovation in different</p>	<p>deliver Agenda 2030, including the potential development of joint initiatives, such as applied research projects (exchange of R&D staff and students, joint research publications)</p> <p>Strengthened governmental capacity to support businesses in adopting and adapting proven innovations through an expert analysis of country's priorities, reform efforts and key performance indicators included in the SPECA innovation Strategy Action Plan, as well as through the delivery of sub-regional seminars on innovation policies and institutions for sustainable development</p>

Country	Status of affairs	Realistic outcomes
	sectors of the economy and developing programs to help the country shift to modern methods based on new technologies.	
Azerbaijan	<p>Level of development and issue at hand</p> <p>Azerbaijan is a resource-rich country that has seen its economy expand rapidly over the past decades due to its ample oil reserves, reaching a per capita GDP of US\$4,569 (US\$18.075 on a PPP basis) in 2018 (World Economic Outlook Database 2019) – making it an upper-middle income country. In view of the reliance on commodity prices, the long-term shift towards renewable resources and the lack of investment into other, export-oriented areas of the economy, the country is struggling with diversifying its economy and promoting innovation efficiently, especially by channeling oil wealth into other sectors that could form the basis for long-term sustainable development.</p> <p>Progress towards innovation and SDGs</p> <p>Azerbaijan is investing in innovation initiatives and innovative ideas within the spectrum of SDG accelerators. In 2018 alone, the national innovation contest attracted 220 proposals from young Azerbaijani entrepreneurs, researchers and scientists focused on solutions to some of the pressing challenges towards the implementation of the SDGs. Specifically, the country’s second Voluntary National Review (2019) emphasizes that the target for implementation of the Employment Strategy (2019-2030) of the Republic of Azerbaijan includes the increase of non-agricultural employment to population ratio up to 80% by 2030, and expansion of the coverage of the self-employment program by up to 6 times by 2020. Strengthening innovation and export potential is another target area highlighted in this year’s VNR.</p> <p>As to the 2030 Agenda for Sustainable Development, the SDG Index and Dashboard Report suggests that Azerbaijan has already made progress towards ending poverty (SDG 1) and towards SDGs 4 (Inclusive education and life-long learning), 7 (Sustainable energy), 11 (Smart sustainable cities), 12 (Responsible consumption and production), and 15 (Sustainable use of eco-systems and forests). The largest gaps remain on SDGs 2 (Food security and sustainable agriculture), 5 (Gender equality and women’s empowerment), and 8 (Inclusive and sustainable growth, and full employment).</p> <p>Support provided by UN agencies</p> <p>The NCCSD and UN system in Azerbaijan continue to co-organize SDG-related platforms engaging various stakeholders and segments of the society. UN ESCAP led the regional workshop on Innovative technology applications and infrastructure for SDGs, as well as the 10th Session of the SPECA Working Group (WG) on Knowledge-based Development (KBD) in Baku, 2018.</p> <p>Assets for innovative development</p> <p>According to the Global Innovation Index, Azerbaijan ranks 90th globally on innovation outputs. In contrast to most SPECA countries, Azerbaijan scores relatively highly on university-industry linkages and cluster development, which as the principal assets of the country. In addition, the business environment is relatively positive, and there are some strengths in certain human capital indicators, such as a high percentage of science and</p>	<p>Improved understanding of the need for policy reforms to promote innovation as well as of the opportunities for regional economic cooperation with other SPECA countries.</p> <p>Increased co-operation with other SPECA member countries on innovation to promote sustainable development and deliver Agenda 2030, including the potential development of joint initiatives, such as research projects (exchange of R&D staff and students, joint research publications); jointly operated facilities (e.g. business incubators, techno parks);</p> <p>Strengthened governmental capacity for the development of innovative policies through an expert analysis of country’s priorities, reform efforts and key performance indicators included in the SPECA innovation Strategy Action Plan, as well as through the delivery of sub-regional seminars on innovation policies and institutions for sustainable development</p>

Country	Status of affairs	Realistic outcomes
	<p>engineering graduates or the share of female employees with advanced degrees.</p> <p>Principal gaps to be addressed Innovation is high on the agenda in Azerbaijan politically, however, substantial constraints remain, such as the weakness of the private sector, the dominance of the state in the economy, and institutional quality, coordination, and monitoring and evaluation to ensure that valuable public resources are put to optimal use. Furthermore, major gaps are identified in the ability to absorb knowledge from abroad which remains a glaring weakness holding back innovation performance.</p> <p>Country Voluntary National Review The 2019 VNR of Azerbaijan discusses two initiatives on conducting Republic Innovation Contests realized as a result of the successful joint action of the Ministry of Economy and the UN Office in Azerbaijan with the aim of implementing the goals of the 2030 Agenda by adapting to the targets in this area, encouraging innovation, promoting high-added-value areas, and supporting the implementation of the “Azerbaijan 2020: Look into the Future” Development Concept and the “Strategic Road Maps for the national economy and main economic sectors.” Although a solid foundation of the innovation ecosystem in the country, these initiatives need to be further strengthened to achieve the economy’s transition to a high-productivity balanced growth path.</p>	
Kazakhstan	<p>Level of development and issues at hand Kazakhstan is a large resource-dependent economy with considerable agricultural potential and rapid economic progress over the past decades – turning it into an upper-middle income country with the highest GDP in the region: in 2018 \$9,236 nominally and \$27,549 on a PPP basis. Extractive industries play an important role in the dynamism of the economy, making the country highly dependent on oil and gas exports mainly to China and Russia with other areas of the export-oriented economy lagging far behind despite concerted efforts. This, coupled with an underdeveloped financial sector, impedes diversification through innovation to drive long-term sustainable development.</p> <p>As Kazakhstan is the largest landlocked country in the world, this imposes constraints on the country's economic growth, limiting the integration of Kazakh producers into global value chains, increasing transport costs for businesses and hampering the growth of the country's export capacity, as reflected in the country’s Voluntary National Review of Kazakhstan 2019.</p> <p>Progress made towards innovation and SDGs Kazakhstan is putting a growing emphasis on the promotion of innovation as a driver of economic development through diversification, as reflected in concerted efforts to improve the national innovation system, such as setting up several public innovation-support institutions and funding mechanisms. Increasingly, other policy targets have received attention, including improvement in firm performance, regional aspects or the demand for innovation. Kazakhstan has made a significant effort in improving educational standards and providing opportunities to study abroad. However, the range of</p>	<p>Improved understanding of the need for policy reforms to promote innovation as well as of the opportunities for regional economic cooperation with other SPECA countries. Strengthened co-operation with other SPECA member countries on innovation to promote sustainable development and deliver Agenda 2030, including the potential development of joint initiatives, such as research projects (exchange of R&D staff and students, joint research publications); jointly operated facilities (e.g. business incubators, techno parks); and drawing on already existing cross-border economic zones</p>

Country	Status of affairs	Realistic outcomes
	<p>skills required to support innovation is very varied and must be developed in close cooperation with the private sector.</p> <p>The SDG Index and Dashboard Report indicates that Kazakhstan has already radically reduced poverty (SDG 1) and has made progress on SDGs 4 (Inclusive education and life-long learning), 5 (Gender equality and women’s empowerment), 6 (Sustainable water and sanitation), 7 (Sustainable energy) and 8 (Inclusive and sustainable growth, and full employment). The most significant gaps remain on SDGs 2 (Food security and sustainable agriculture), 3 (Healthy lives and well-being), 9 (Sustainable infrastructure, industry and innovation), 10 (Reduced inequality), and 13 (Combat climate change). Specifically, the Voluntary National Review of Kazakhstan (2019) highlights that key government priorities in supporting economic growth are securing higher productivity, developing human capital, and supporting the growth of small and medium-sized enterprises, which contributes to the creation of decent jobs – issues directly related to innovation and addressed by the project. In addition, a large-scale national program, ‘‘Digital Kazakhstan’’, is currently under implementation, which contributes to the digitization of the existing economy – a stepping stone towards the achievement of SDG 9 (resilient infrastructure, inclusive and sustainable industrialization and innovative development).</p> <p>Support provided by UN agencies</p> <p>UN ESCAP has provided support to Kazakhstan towards innovative development and achievement of SDGs through various activities, including a workshop on linking Central Asian SMEs with foreign companies and investors in 2017, and a Development Account project on sustainable and inclusive policies and mechanisms for trans-boundary infrastructure connectivity within the context of 2030 Agenda for Sustainable Development in 2018. In 2019, UNCTAD has assisted the CA nation to adopt a single window approach in boosting trade - an online one-stop-shop that will save importers and exporters time and money, thereby modernizing Kazakhstan’s customs clearance procedures using the UN trade and development body’s integrated customs management system known as the Automated System for Customs Data (ASYCUDA).</p> <p>Assets for innovative development</p> <p>According to the Global Innovation Index, Kazakhstan ranks 92nd globally on innovation outputs. There has been a significant improvement in the country’s business environment in recent years, including not only regulatory and tax aspects but also the quality of infrastructure and other factors influencing economic activity. The country performs relatively well on several human capital indicators, including the quality of its universities and the number of knowledge workers. It also scores relatively highly on its regulatory and business environment, infrastructure, trade openness and market size.</p> <p>Principal gaps to be addressed</p> <p>However, its innovation performance is held back by underdeveloped innovation linkages and a weak capacity to absorb knowledge from abroad, especially in the private sector, which still plays a limited role in the generation of knowledge in Kazakhstan. The structure of R&D, which reflects the legacy of the former planned economy, with the still prominent role of</p>	<p>(China-Kazakhstan Khorgos ICBC free trade zone)</p> <p>Strengthened governmental capacity for the development of innovative policies through an expert analysis of country’s priorities, reform efforts and key performance indicators included in the SPECA innovation Strategy Action Plan, as well as through the delivery of sub-regional seminars on innovation policies and institutions for sustainable development</p>

Country	Status of affairs	Realistic outcomes
	<p>sectoral research institutes, is not conducive to commercial success, given the detachment from the market. Market-driven demand for technology is also low, reflecting the pattern of productive specialization. Improving the innovation impact of industry-science linkages (ISL) will require coordinated policy actions at all levels of the innovation system, employing a wide range of policy instruments as part of a systemic, comprehensive approach. The relatively weak support to technology businesses, especially newly emerging ones, limits the effectiveness of support measures targeting later stages in the development of a company. In addition, linkages and the connectivity between various components are still relatively weak.</p> <p>Country Voluntary National Review According to the 2019 VNR of Kazakhstan, next steps towards strengthening innovation within the economy include enabling an environment for the transfer and adaptation of international technologies, increasing productivity by modernizing existing industries, as well as placing an emphasis on science and technology, thereby taking the country from a resource to a high-tech economy – issues directly addressed by the project’s objectives.</p>	
Kyrgyzstan	<p>Level of development and issue at hand Kyrgyzstan is a lower-middle income country, with GDP per capita in 2018 at \$1,268 nominally and \$3,843 on a PPP basis, with great potential for innovation-driven sustainable development based mainly on absorbing and adapting proven innovations. Despite being the most open economy in the SPECA sub-region, legion challenges in the enabling environment remain. As the recent UNECE Innovation review from 2019 demonstrates, the national innovation system of Kyrgyzstan has potential but is underdeveloped. Innovation governance is fragmented, and resources often do not match mandates. The private sector needs more policy support to develop their absorptive capacities. There are noteworthy policy initiatives to strengthen science and academic research. but more needs to be done to encourage institutions for higher education and research and development to join forces with the private sector. The policy instruments and institutions in place require reform to strengthen innovation.</p> <p>Progress made towards innovation and SDGs As to the 2030 Agenda for Sustainable Development, the SDG Index and Dashboard Report suggests that Kyrgyzstan has made progress on Sustainable Development Goals 6 (Sustainable water and sanitation), 7 (Sustainable energy), 10 (Reduced inequality), 11 (Smart sustainable cities), and 13 (Combat climate change). The largest gaps remain on SDGs 3 (Healthy lives and well-being), 8 (Inclusive and sustainable growth, and full employment), and 9 (Sustainable infrastructure, industry and innovation). Specifically, public policy on scientific and technological was extended to include a concept on scientific and innovative development in 2017. In addition, the National Academy of Sciences (NAS) took part in 43 international projects raising USD 0.76 million for research. Among the innovative tools of financing, microcredit is relatively well developed in Kyrgyzstan and could be drawn on to support innovative entrepreneurship, contributing to the implementation of</p>	<p>Improved understanding of the need for policy reforms to promote innovation, particularly the adaptation and absorption of proven innovations, as well as of the opportunities for regional economic cooperation with other SPECA countries. Increased co-operation with other SPECA member countries in policy learning on how to promote innovation for sustainable development and deliver Agenda 2030, including the potential development of joint initiatives, such as applied research projects (exchange of R&D staff and students, joint research publications); jointly operated facilities (e.g. business incubators, techno parks);</p>

Country	Status of affairs	Realistic outcomes
	<p data-bbox="410 191 1127 247">SDG 9 (resilient infrastructure, inclusive and sustainable industrialization and innovative development).</p> <p data-bbox="410 281 797 310">Support provided by UN agencies</p> <p data-bbox="410 310 1127 856">In 2019, UN ESCAP has led several initiatives in Kyrgyzstan aimed at sustainable development, such as the “Workshop on Leaving No One Behind: Inequality and Social Protection in North and Central Asia (NCA)”, and the “North and Central Asia Multi-Stakeholder Forum on Implementation of the Sustainable Development Goals”. In addition, several UNDP-funded projects are currently in progress in Kyrgyzstan, including Aid for Trade in Central Asia, and Capacity development for national SDGs adaptation since 2018. Furthermore, the fourth development dialogue co-organized by the UN system and the University of Central Asia (UCA) in Bishkek, 2019, focused on the “Industrial and Technological Development of Kyrgyzstan” supporting the long-term national policy on key industrial development issues in the country. UNICEF further supported the International Labor Organization (ILO) in organizing an event on the Alliance 8.7 project aimed at driving innovation to address child labor in Kyrgyzstan at the Central Asian Hackfest in 2018.</p> <p data-bbox="410 890 807 919">Assets for innovative development</p> <p data-bbox="410 919 1127 1373">Despite being ranked 111th globally in innovation outputs by the Global Innovation Index, Kyrgyzstan scores high on education, business environment and financial development which are the economy’s principal assets in addressing those issues. Specifically, government spending on education is one of the highest in the region – 7.2 percent of GDP, and investor protection has grown immensely in recent years, via increased shareholder rights and strengthened directors’ independence, improving the business climate and the potential for diffusion of foreign technology through investment in the country. Also, 62 percent of firms offer formal training to employees placing Kyrgyzstan well ahead of other countries in the region. Abundant natural reserves, a dominant agricultural sector and strong potential in hydroelectricity further offer opportunities for export diversification and innovation.</p> <p data-bbox="410 1407 756 1436">Principal gaps to be addressed</p> <p data-bbox="410 1436 1127 1772">Among the main weaknesses in its innovation system are low spending on R&D (0.1 percent of GDP), weak domestic competition, a small domestic market, poorly developed linkages between research institutions and industry, and a relatively weak capacity to absorb knowledge and technology from abroad. The ICT sector remains underdeveloped and there is little high-value-added manufacturing in the country impeding knowledge and technology outputs. Policy instruments to support technological innovation are very limited in scale and scope, with private sources of finance for innovation projects largely unavailable.</p> <p data-bbox="410 1806 834 1835">UNDAF Declaration of Commitment</p> <p data-bbox="410 1835 1127 1984">The government of Kyrgyzstan has committed to working together with the UN Country team under the United Nations Development Assistance Framework (UNDAF) 2017-2022 towards the achievement of sustainable and inclusive economic growth. Capacity development initiatives on sound capacity</p>	<p data-bbox="1208 218 1468 827">Strengthened governmental capacity for the development of innovative policies through an expert analysis of country’s priorities, reform efforts and key performance indicators included in the SPECA innovation Strategy Action Plan, as well as through the delivery of sub-regional seminars on innovation policies and institutions for sustainable development</p>

Country	Status of affairs	Realistic outcomes
	<p>assessments and innovative measures to address institutional bottlenecks, as well as higher levels of economic productivity achieved through diversification, technological upgrading and innovation are among the objectives identified in the country's declaration of commitment.</p>	
Tajikistan	<p>Level of development and issue at hand With a per capita GDP of \$2,200 in 2012, Tajikistan is a low-income country highly dependent on remittances, resource exports, mainly from mining and hydropower, and agriculture scarred by conflict after the fall of the Soviet Union.</p> <p>According to the Global Innovation Index (GII) 2019, Tajikistan ranks 83rd globally on innovation outputs. However, this is entirely driven by two indicators in this index, GDP growth per worker and utility models per unit of GDP, which are arguably not very revealing of actual innovation performance. On most output indicators, Tajikistan ranks below 100th. The country also ranks low across the board on innovation input indicators</p> <p>Progress made towards innovation and SDGs Tajikistan is still in the early stages of establishing its national innovation system and the range of recommendations for its enhancement is understandably broad. The country has made significant progress, particularly in private sector development via a series of reform – in 2018, the state has made starting a business easier by raising the revenue threshold for mandatory value added tax registration and registering property easier by eliminating procedures and reducing registration time. In addition, Tajikistan facilitated trading across borders by streamlining customs clearance with Uzbekistan through the Simplified Customs Corridor agreement in 2019. However, capacity to implement broad-ranging reforms to Tajikistan's innovation system remains limited, especially given the demands on policy capacity in other fields.</p> <p>As to the 2030 Agenda for Sustainable Development, the SDG Index and Dashboard Report suggests that Tajikistan has made progress on SDGs 1 (Ending poverty), 4 (Inclusive education and life-long learning), 6 (Sustainable water and sanitation), 7 (Sustainable energy), and 15 (Sustainable use of eco-systems and forests).</p> <p>Support provided by UN agencies The UN country team in Tajikistan works towards enhancing implementation of SDGs by supporting the government in preparation of the country's first national SDG report scheduled for 2020. UNESCO Almaty has recently organized a media and information training for journalists, in addition to inventory trainings aimed at capacity building, human resource development and improved connectivity in 2019.</p> <p>Assets for innovative development Tajikistan is strategically positioned along the ancient Silk Road which offers diverse investment opportunities related to cross-Asian trade. Political stability and sound macroeconomic management coupled with positive reform dynamics further encourages business activity in the country. A system of guarantees and preferences for investors ensures a number of tax exemptions and rights, including the right to use natural resources – a principal asset with over 400 deposits across the</p>	<p>Improved understanding of the need for policy reforms to promote the adoption and adaptation of proven innovations as well as of the opportunities for regional economic cooperation with other SPECA countries.</p> <p>Increased co-operation with other SPECA member countries on policy learning about how to promote the adoption and adaptation of proven innovations for sustainable development and deliver Agenda 2030, including the potential development of joint initiatives, such as applied research projects (exchange of R&D staff and students, joint research publications)</p> <p>Strengthened governmental capacity for the development of innovative policies through an expert analysis of country's priorities, reform efforts and key performance indicators included in the SPECA innovation Strategy Action Plan, as well as through the delivery of sub-regional seminars on innovation policies and institutions for sustainable development</p>

Country	Status of affairs	Realistic outcomes
	<p>country. Additionally, Tajikistan has a significant hydropower potential – a key area of sustainable development offering various possibilities for the inclusion of innovative technologies.</p> <p>Principal gaps to be addressed Tajikistan’s innovation system needs to focus on issues critical for the functioning of the national innovation system and which would produce visible results quickly without requiring substantial financial and human resources. In relation to this, the national innovation policy agenda is defined by several inter-related limiting factors and constraints linked to a substantial lack of skills, knowledge, resources, incentives and opportunities for innovative business development. The most promising policy reforms are those that could relax these constraints - at least to some extent, including the upgrading of skills, facilitating access to knowledge, making additional resources available, more efficient use of existing resources, and improving incentives and opportunities in the business sector. Thus, the principal gaps remain on SDGs 2 (Food security and sustainable agriculture), 3 (Healthy lives and well-being), 8 (Inclusive and sustainable growth, and full employment), and 9 (Sustainable infrastructure, industry and innovation).</p> <p>Country Voluntary National Review The latest country VNR (2017) highlights the need to address the issues of industrialization, innovation and infrastructure within the SDG 9. Following the international commitments of Tajikistan on the SDGs, it is planned to follow the principle of inclusiveness in the National Development Strategy (NDS-2030), which considers the needs and representation in the development processes of all groups of population contributing towards SDG 8 (sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all).</p>	
Turkmenistan	<p>Level of development and issue at hand Turkmenistan is a fast-growing economy with abundant natural resources of gas and oil, that has experienced robust economic growth in recent years – with per capita GDP reaching \$11,630 in 2016 placing it in the upper middle-income bracket. The country is estimated to have the world’s fourth largest gas reserves, accounting for 10% of global total (World Bank 2019). However, its overreliance on gas exports to China, coupled with excessive government control of the economy have slowed the economy, triggering a severe crisis and a rapid fall in the currency. The government’s introduction of strict limitations on currency conversion and pursuit of an import substitution policy obstruct international trade. Foreign businesses in Turkmenistan face steep barriers to realizing return on investment, reducing attraction of FDI on the domestic market. Along with the fast pace of economic development, it becomes evident that attention must increasingly be focused on investment in institution building and human resource development as the main pillars of sustainable growth. Economic diversification is still in the initial stages and energy exports continue to play a key role in the country’s economy.</p> <p>Turkmenistan is not covered in neither the Global Innovation Index nor the Global Competitiveness Index due to a lack of</p>	<p>Improved understanding of the need for policy reforms to promote innovation as well as of the opportunities for regional economic cooperation with other SPECA countries.</p> <p>Increased co-operation with other SPECA member countries on innovation to promote sustainable development and deliver Agenda 2030, including the potential development of joint initiatives, such as research projects (exchange of R&D staff and students,</p>

Country	Status of affairs	Realistic outcomes
	<p>internationally comparable data and survey results. The existing governance framework of innovation is reflected in the National Program for socio-economic development of Turkmenistan for 2011—2030 which defines goals of long-term public policy in the field of international and scientific technological cooperation. Specifically, the program for the development of innovative activities in Turkmenistan for 2015—2020 sets tasks on the study of international experience of introducing technologies, its adaptation to the needs of the production system and search for innovative solutions to the issues of the national economy. The main governance body in the country is the Academy of Science of Turkmenistan, with 11 research institutes currently working under its authority.</p> <p>Despite the existing outline on a national level, few innovation policies are implemented, shedding light on the need to strengthen institutional capacity, research and industry-science linkages in the country to enable a functioning innovation environment.</p> <p>Progress made towards innovation and SDGs Current projects of science and technology policy in Turkmenistan are the EC-funded Central Asian Research and Education Network (CAREN) and UN Asian and Pacific Training Centre for Information and Communication Technology for Development (APCICT). Significant progress in social policy has marked the beginning of market transformations of Turkmenistan. By improving its public finance management system through fiscal regulation, the country has mobilized domestic resources. The recent privatization of the transport system is aimed at increasing the economy's competitiveness and investment.</p> <p>As to the 2030 Agenda for Sustainable Development, the SDG Index and Dashboard Report suggests that Turkmenistan has already ended poverty (SDG 1) and has made progress on SDGs 5 (Gender equality and women's empowerment), 7 (Sustainable energy), and 12 (Responsible consumption and production). The biggest gaps remain on SDGs 3 (Healthy lives and well-being), 6 (Sustainable water and sanitation), 8 (Inclusive and sustainable growth, and full employment), 9 (Sustainable infrastructure, industry and innovation) and 13 (Combatting climate change). The 2019 VNR of Turkmenistan highlights the country's commitment to sustainable development and international partnerships with key targets: to provide access to innovative financing; to develop market relations; and to achieve inclusivity of national reforms ensuring equal opportunities and leaving no one behind.</p> <p>Support provided by UN agencies In 2019, UN ESCAP led a training workshop on system thinking and integration of the SDGs into national planning in Turkmenistan. Additionally, UNICEF's program on reducing social inequalities in the country targets the national social protection system which is expected to provide inclusive quality community-based support services by the end of 2020.</p> <p>Assets for innovative development The strategic geographic location between the Middle East, Europe and Asia is one of the economy's biggest assets - situated along the</p>	<p>joint research publications); jointly operated facilities (e.g. business incubators, techno parks);</p> <p>Strengthened governmental capacity for to support businesses in adopting and adapting proven innovations through an expert analysis of country's priorities, reform efforts and key performance indicators included in the SPECA innovation Strategy Action Plan, as well as through the delivery of sub-regional seminars on innovation policies and institutions for sustainable development</p>

Country	Status of affairs	Realistic outcomes
	<p>ancient Silk Road, the country can benefit from improved international trade cooperation and foreign investment. The private sector of Turkmenistan dominates in agriculture, trade and transport - opportunities exist for gas-to-liquid (GTL) technology providers, as the state is currently building two GTL plants and plans to develop this sector. With development of new gas and oil fields and the rehabilitation of old fields, there is also a need for new pipeline networks and related infrastructure, such as compressor stations.</p> <p>Principal gaps to be addressed The business activity in the country is seriously impeded by state interference, assets appropriation, corruption and instability discouraging foreign investors. Additionally, the education system in Turkmenistan is one of the weakest links in the innovative development of the country. The state funding to the National Academy of Sciences has been recently set to halt further isolating Turkmen HEIs. Several research institutes are due to be merged within universities as part of the reform aimed at cut spending, while others are consolidated within a single entity.</p> <p>Country Voluntary National Review The 2019 VNR of Turkmenistan relays the interest of the country in continuing collaboration with the UN agencies relying on their assistance in working towards an inclusive environment and balanced innovative development.</p>	
Uzbekistan	<p>Level of development and issue at hand Uzbekistan is a fast-growing transition economy with a GDP per capita in 2017 of \$6,900, relying predominantly on exports of natural gas and gold. The country is also the world's fifth-largest exporter and seventh-largest producer of cotton globally.</p> <p>Uzbekistan is not covered in either the Global Innovation Index or the Global Competitiveness Index due to a lack of internationally comparable data. The <i>National Strategy of Innovative Development</i> developed jointly with UNDP plans to lead Uzbekistan into the top 50 innovative economies in the world. In 2018, the state has prioritized the promotion of entrepreneurship, innovative ideas and technologies to create favorable conditions for the import and introduction of high-tech inputs in the production process. However, only a few innovation policies have taken affect over the past several years, revealing the need to strengthen institutional capacity and provide more incentives for the consumption of innovative technologies on the domestic market.</p> <p>Progress towards innovation and SDGs Although the country lacks an advanced innovation system, efforts have been made towards the development of national innovation strategy and the inclusion of innovative technologies in different sectors of the economy, including several pockets of advanced manufacturing such as automotive assembly. The Ministry of innovative development of the Republic of Uzbekistan together with the National academy of sciences are currently involved with the launch of research laboratories, techno parks, as well as the acceleration program "Tech Central Asia" which would serve as a platform for entrepreneurs and tech start-ups. State support of innovation is provided directly</p>	<p>Improved understanding of the need for policy reforms to promote innovation as well as of the opportunities for regional economic cooperation with other SPECA countries. Increased co-operation with other SPECA member countries on innovation to promote sustainable development and deliver Agenda 2030, including the potential development of joint initiatives, such as research projects (exchange of R&D staff and students, joint research publications); jointly operated facilities (e.g. business incubators, techno parks); and drawing on already existing cross-border economic zones (The</p>

Country	Status of affairs	Realistic outcomes
	<p>to specific programs rather than to the individual research institutions, creating bridges between the public research sector and industrial enterprises.</p> <p>As to the 2030 Agenda for Sustainable Development, the SDG Index and Dashboard Report suggests that Uzbekistan is making progress on SDGs 4 (Inclusive education and life-long learning), 7 (Sustainable energy), 11 (Smart sustainable cities), 12 (Responsible consumption and production) and 13 (Combating climate change). Significant challenges remain for the other goals, with the major gaps in SDGs 6 (Sustainable water and sanitation) and 9 (Sustainable infrastructure, industry and innovation).</p> <p>Support provided by UN agencies In 2018, UNDP jointly with the state senate, the research center “Scientific basis and problems of economic development”, as well as Tashkent State Economic University organized a conference on “Innovative development of the economy of Uzbekistan” where different channels towards the achievement of SDG 9 were discussed. Additionally, UN ESCAP has led several initiatives in Uzbekistan, including a training workshop on promotion and facilitation of FDI in 2017, a national trade facilitation consultation conducted by in Tashkent, 2019, as well as a conference on promoting connectivity for inclusiveness jointly organized with the Asian Development Bank (ADB) and the World Trade Organization (WTO) in 2018.</p> <p>Assets for innovative development The overall business environment in Uzbekistan is stable, and the role of small business and private entrepreneurship in the country’s GDP and economy is increasing. A relatively well-developed tourism sector and textile industry, as well as an existing information system to control investment projects serve to attract FDI. Deposits in foreign currency have an average annual rate of 4.5 percent</p> <p>Principal gaps to be addressed The rule of law in Uzbekistan remains very weak, damaged by corruption and deficient legal framework. This impedes business activity on the domestic market. Protectionism and high government intervention in various aspects of the economy further hamper growth and obstruct attraction of foreign investment.</p>	<p>Navoi Free Industrial Economic Zone of the Republic of Uzbekistan for innovative, high-tech, export-oriented and import-substituting industries; the Uzbekistan Special economic zone (SEZ) in Jizzakh Province)</p> <p>Strengthened governmental capacity for the development of innovative policies through an expert analysis of country’s priorities, reform efforts and key performance indicators included in the SPECA innovation Strategy Action Plan, as well as through the delivery of sub-regional seminars on innovation policies and institutions for sustainable development</p>

3.3. Stakeholder analysis and capacity assessment

Non UN Stakeholders listed in order of level of involvement in the project	Type and level of involvement in the project	Capacity assets	Capacity Gaps	Desired future outcomes	Incentives

<i>National policy makers (ministries of economy, industry, education, science, technology, environment)</i>	Providing inputs to the sub-regional gap analysis, Providing inputs to the Action Plan, participating in sub-regional and national capacity building activities, modify national policies, support implementation of joint innovation initiatives	Convening power, authority to draft laws and regulations areas critical for the project; knowledge and expertise in economic and sustainable development, and in science, technology and innovation	Knowledge of international best practice on innovation policies conducive to sustainable development; policy coordination across line ministries; human resources; sub-regional cooperation	Support for joint sub-regional initiatives on innovation for sustainable development involving two or more SPECA countries; improved national policy support for innovation for sustainable development	Improved national innovation policies and improved sub-regional cooperation can lead to more sustained and more broad-based economic growth and better environmental performance
<i>National innovation agencies and/or enterprise development agencies</i>	Providing inputs to the sub-regional gap analysis, participating in sub-regional and national capacity building activities, implementing modified policies and/or joint innovation activities	Multi-stakeholder networks, knowledge and expertise in economic and sustainable development, and in science, technology and innovation	Knowledge of international best practice on innovation support conducive to sustainable development human resources; financial resources; sub-regional cooperation	Development of joint sub-regional initiatives on innovation for sustainable development involving two or more SPECA countries; improved national support for innovators	Learning about international good practices will improve the agencies' ability to deliver effective innovation support; increased human capacity may lead to more financial resources
<i>National state committees, academies of sciences, universities and research institutes</i>	Providing inputs to the sub-regional gap analysis, participating in sub-regional and national capacity building activities, participating in joint innovation activities	Authority to design education curricula and research programs, authority to allocate funding for education, science and research	Human resources, financial resources, understanding of international best practice on cooperation between academic institutions and the business sector	More relevant contributions of education and science to the national innovation system; successful participation in joint sub-regional initiatives on innovation for sustainable development involving two or more SPECA countries;	Enhanced sub-regional cooperation may lead to more efficient use of scarce resources, improved understanding of science-industry linkages may raise the relevance of education and research and lead to additional funding
<i>National chambers of commerce and other business associations</i>	Providing inputs to the sub-regional gap analysis, participating in joint innovation activities	Networks of innovative enterprises, knowledge of the business climate and of markets in the target countries	Capacity of member enterprises to innovate, capacity to cooperate with academic institutions	Enhanced capacity of enterprises to innovate; successful participation in joint sub-regional initiatives on innovation for sustainable development involving two or more SPECA countries;	Improved policy support can help enterprises to innovate; enhanced sub-regional cooperation can open up new economic opportunities

4. PROJECT STRATEGY: OBJECTIVE, OUTCOMES, INDICATORS, OUTPUTS

4.1. Project Strategy

The objective of the project is to strengthen institutional capacities of the landlocked SPECA countries to harness innovation as a driver of sustainable development and regional integration. The activities build upon the long-standing SPECA Programme and its working groups, which led, inter alia, to a SPECA innovation for sustainable development strategy which is slated for formal adoption at the 2019 SPECA Governing Council after several rounds of consultation coordinated by the UNECE secretariat in cooperation with ESCAP. The working group and the national focal points formally nominated by SPECA governments for the strategy will serve as the main vehicles for coordination with SPECA countries and oversight of project activities.

The project will have two work streams. The first, tied to outcome OC1 on strengthened cooperation among SPECA countries, serves to produce a pilot action plan as well as to develop at least two concrete initiatives for sub-regional cooperation on innovation in detail – aiming to take the first steps and create momentum to put the formally endorsed strategy into practice. UNECE and ESCAP will pay particular attention to engaging donors and IFIs to maximize the chances that funding and commitment will become available to implement the joint initiatives in particular and further activities in line with the strategy in general.

This work stream starts with a gap analysis covering all SPECA countries and assessing needs, priorities, and capacities in each with a view to the objectives of the strategy (OP1.1). The results of this analysis will be presented and validated at a first sub-regional workshop (OP1.2). Once validated, they will serve as central inputs to a first draft of an action plan for implementing the strategy, which will be discussed in detail at a second sub-regional workshop (OP1.3). This workshop will also serve to develop at least two specific pilot joint cooperation projects that could be used to kick-start the implementation of the action plan. The Action Plan will then be finalised and submitted for validation at the working group and adoption by the SPECA governing council (OP1.4). Towards the end of the project, we will develop a methodology for and conduct an initial assessment of progress towards the key performance indicators of the strategy and discuss the methodology, the results, and the next steps in a sub-regional workshop (OP1.5).

The second work stream, tied to OC2 on enhanced capacity for effective reform of innovation policy, aims to support SPECA countries in developing specific reforms that will contribute to the objectives of the SPECA innovation strategy. This will start with a sub-regional seminar on selected policy areas identified in the strategy for all SPECA countries (OP2.1). Dedicated training materials will be developed based on the gap analysis and action plan (OP2.2). For at least three countries, selected on the basis of priorities, available expertise, commitment, and reform momentum, we will then provide national trainings that target clearly defined reform efforts where our interventions are most likely to make a tangible difference (OP 2.3).

Gender equality and social inclusion will feature across all activities. This starts with the gap analysis, which will investigate employment structure and education in particular. The action plan will feature several KPIs related to gender, poverty, and the urban-rural divide. Capacity building will look at these issues systematically as relevant to the topic or reform effort selected by the target countries.

4.2. Results Framework

<u>Intervention logic</u>	<u>Indicators</u>	<u>Means of verification</u>
Objective: Strengthen institutional capacities of the landlocked SPECA countries to harness innovation as a driver of sustainable growth and regional integration.		
Outcome – OC1 Strengthened co-operation on innovation to promote sustainable development and deliver Agenda 2030 in the SPECA subregion.	IA 1.1 An Action Plan for the SPECA innovation strategy with performance indicators aligned with the SDGs is developed and agreed with SPECA countries and adopted by the SPECA Governing Council.	Reports of the SPECA Working Group on Knowledge-Based Development and the SPECA Governing Council. Reports of the UNECE Team of Specialists on Innovation and Competitiveness Policies and the Sectorial Committee
	IA 1.2 At least two joint initiatives on innovation for sustainable development involving two or more SPECA countries developed and endorsed by the beneficiary countries.	Number of joint initiatives agreed by two or more SPECA countries. Reports of the SPECA Working Group on Knowledge-Based Development and the SPECA Governing Council

<p>OP1.1 Develop a sub-regional gap analysis covering the 7 SPECA countries to inform the first Action Plan for the SPECA Innovation Strategy</p> <p>As a first step, UNECE, with ESCAP support, will engage a senior international expert with solid knowledge of the region and innovation policy, to develop a methodology for the gap analysis. UNECE will then carefully select, in cooperation with the national focal points, local expert in each country that will gather data and conduct the analysis based on this methodology. Based on this initial assessment, the lead expert will prepare a draft gap analysis paper. Based on this initial assessment, the lead expert will prepare a draft action plan with clear KPIs, based on applicable constraints, aligned with country priorities and reform efforts, and with a strong focus on short-term opportunities for regional cooperation. In consultation with the focal points, local experts will consult with stakeholders in their countries on this action plan, proposing modifications and additions based on clear criteria. Before the sub-regional workshop in OP1.2, we will then put together and share with focal points and delegates a report on the gap analysis as well as a draft action plan for further discussion.</p>		
<p>OP1.2 Organize a sub-regional workshop to present and validate the gap analysis</p> <p>In conjunction with the annual meeting of the KBD working group, the next step is a sub-regional workshop with all SPECA countries to present, discuss, and vet the gap analysis. The workshop will bring together the representatives of the SPECA countries, the local consultants involved in the gap analysis, as well as additional experts mobilized by UNECE and ESCAP. The results of the workshop will then be incorporated into the final draft of the gap analysis, which will be a key input for output OP1.3.</p>		
<p>OP1.3 Organize a sub-regional workshop to develop an Action Plan and its performance indicators and develop joint activities between countries on innovation for sustainable development</p> <p>Based on the gap analysis, UNECE, with input from ESCAP and in close consultation with the SPECA country representatives, will develop a draft Action Plan with clear KPIs, based on applicable constraints, aligned with country priorities and reform efforts, and with a strong focus on short-term opportunities for regional cooperation. The draft will be discussed and validated at a second sub-regional workshop. It will also serve to develop at least two specific proposals for pilot joint cooperation projects that could serve to kick-start implementation of the Action Plan. The workshop will bring together SPECA country representatives and national and international experts. It will also integrate UN agencies and potential donors to fund the activities that delegates agree to. The results of the workshop will be the key input to output OP1.4.</p>		
<p>OP1.4 Produce a final draft of the SPECA Innovation Strategy Action Plan and secure its formal approval by the SPECA Governing Council, with attendance of the national focal points and experts (a session within the framework of the SPECA Economic Forum and the SPECA Governing Council).</p> <p>Based on the results and comments from the workshop in OP1.3, UNECE and ESCAP will produce an updated version of the Action Plan including proposals for the two joint initiatives. This document, after final input from national focal points for the strategy, will be submitted to delegates at the SPECA governing council in advance, and presented at the annual meeting for final approval.</p>		
<p>OP1.5 Organize a sub-regional workshop to measure the implementation progress of the Action Plan based on its key performance indicators</p> <p>Towards the end of the project implementation period, UNECE, ESCAP, and the expert engaged to write the action plan, will put together a straightforward pilot evaluation framework based on the KPIs in the action plan. The focal points for the strategy, with some support from local consultants, will then receive a questionnaire to assemble the necessary data to conduct this pilot evaluation. This is important not only to measure progress, but to put in place and test a framework that could be replicated on a regular basis at the end of the scope of each action plan with less or no UN Secretariat engagement. SPECA KBD delegates and focal points will review the first draft of this evaluation report in advance and at a dedicated sub-regional workshop. Based on feedback from this event, UNECE and ESCAP will prepare a final evaluation.</p>		
<p>Outcome - OC2 Enhanced capacity of national policymakers and stakeholders to design and carry out effective innovation policy and institutional reform.</p>	<p>IA 2.1 At least 3 of the 7 SPECA countries designed at least one initiative to improve support for innovation for sustainable development.</p>	<p>Reports of the SPECA Working Group on Knowledge-Based Development and the SPECA Governing Council and the UNECE Team of Specialists on Innovation and Competitiveness Policies</p>

OP2.1. Develop training materials on good practices on innovation policies and institutions for sustainable development, including technology transfer and science and technology parks (based on activities with ESCAP and IATT on science, technology, and innovation under A2.1).

To ensure sustainability of the project and to contribute to IATT STI work stream 6 on capacity building, we will develop before these events a range of training materials. This will include manuals for participants and instructors, presentations, case studies, and evaluation forms. This will serve as a repository that countries and other organizations can use, adapt and update for similar events. Depending on interest, this may also support the development of a policy handbook on a specific topic, such as incubators and technology parks drawing from a recently published policy handbook by ESCAP on this topic for the Asia Pacific region – but with a clear focus on the SPECA sub-region.

OP2.2 Within the framework of a national capacity building agreement with 3 SPECA countries, organize 6 national workshops (2 for each country) on a specific topic to address key issues at the national level identified by the gap analysis as part of national consultations carried out under OP1.1, as reflected in the SPECA Innovation Strategy Action Plan. In parallel with these events, UNECE and ESCAP will provide targeted support to three countries on three specific issues. These countries and issues will be determined in a transparent process with clear criteria, such as:

- The gap analysis and action plan, coupled with previous UNECE analytical work, clearly identify the policy area as a reform priority;
- There is reform momentum, as evinced in legislation, stated priorities, budget allocation, and written support from the higher echelons of Government;
- The policy area fits well with the expertise and mandate of UNECE and contributes to the goals in the strategy and action plan; and
- Action in the policy area can conceivably lead to measurable improvement – as shown in the KPIs to be elaborated for the action plan.

Rather than relying solely on one-off events, UNECE’s and ESCAP’s approach foresees an extended but flexible support process closely aligned to reform efforts and momentum in the country. The process will be as follows: develop an agreement with each of the three SPECA countries on the capacity building programme for that country, the expected results, the time-line, and the roles and responsibilities;

Engage an international expert on the subject area in question along with a local consultant to help with research and organisation of events and translation; Hold the first event, aiming to discuss good practices, analyse the current situation, and outline a roadmap to be developed; The international consultants develops a thorough analysis and a roadmap for reform, which is distributed to local stakeholders in advance of the second event; Hold the second event to present and discuss the analysis and the roadmap;

The international consultant finalizes the roadmap based on these discussions.

4.3. Risks and mitigation actions

The project has been designed around a solid understanding of the challenges and priorities of SPECA countries and the difficulties and dynamics of regional cooperation in general and under SPECA in particular. It allows for ample flexibility to respond to demand and build on existing or imminent momentum to maximize chances to attain the objective. It also engages the donor community in all activities, with a view to triggering complementary and follow-up funding to support countries further.

Risks	Likelihoods of risks	Mitigating Actions
Political and economic instability and conflicts	Medium; high for Afghanistan	Monitor developments carefully and adapt activities as required.
Insufficient commitment of time and resources from SPECA member states	Medium; although we have a clear mandate from member states, it is less clear that they will commit substantial time and resources to, for instance, putting the action plan and initiatives into practice.	Solidify and intensify relations with nominated focal points from each member state. Adapt activities to respond as much as possible, within the proposed framework, to respond to requests and priorities and build on existing momentum and clearly recognized opportunities in the sub-region overall.

Risks	Likelihoods of risks	Mitigating Actions
Lack of engagement from some member states, such as Turkmenistan and Uzbekistan	Medium; while the risk that either Turkmenistan or Uzbekistan or both would not engage fully is individually significant, the overall risk to the project is medium since success does not require all seven SPECA countries to fully engage at every step	As Turkmenistan and Uzbekistan, for instance, have been less active within SPECA in the past, we intend to make several efforts to engage them in project activities. Substantial progress has already been made with Uzbekistan, and UNECE cooperation with Turkmenistan is also increasing, such as with the new Caspian Forum. ESCAP will lead on engaging Afghanistan further.
Project activities are not sufficient to lead to substantial reform without significant momentum and resources	Medium	Project activities will be adapted to support initiatives that enjoy momentum and political support. Importantly, we will engage the donor community in all activities and support countries in preparing proposals for projects for donor funding or IFI financing related to project outputs.
Lack of available, updated, and reliable data to inform the gap analysis	Medium as this risk is only very high in Afghanistan and relatively high in Turkmenistan and Uzbekistan.	Engage ESCAP for Afghanistan. Concerted efforts to engage Turkmenistan and Uzbekistan. Engage reputable local consultants in each country to conduct the gap analysis based on a unified methodology.

4.4. Sustainability

The project has been designed specifically to buttress and contribute to the sustainability of the ambitious mandate from SPECA countries for the SPECA Working Group on Knowledge-Based Development to develop and put into practice a concerted innovation strategy. The project will make an essential contribution to secure agreement on an action plan and pilot selected activities in line with the action plan and national priorities. This should create momentum that triggers other activities beyond those that UNECE and ESCAP secretariats are able to deliver.

To this end two elements feature at the core of our approach. The first is to start with engaging all countries in a concerted gap analysis that will not only identify priorities, but also scout areas of existing or potential momentum that the action plan could include and the project activities could catalyse. The second is to engage systematically within the project period, as well as beyond through KBD WG meetings and SPECA activities overall, with potential donors and lenders, especially IFIs, and help countries formulate project ideas likely to attract funding, especially for the reform initiatives that we have submitted as central indicators in this proposal. UNECE and ESCAP will be able to support momentum during and after the end of the project through its intergovernmental mechanisms, SPECA working group meeting, and analytical and capacity building activities, using resources from RPTC and extrabudgetary sources.

Another important element to ensure sustainability is the central role accorded to the long-standing regional co-ordination mechanisms set up under SPECA, which reflects a remarkable achievement in a region that, despite several initiatives, has not set up a critical amount of regional co-ordination institutions with a broad mandate. In the SPECA Working Group on Knowledge-Based Development, the project benefits from the outset from an established steering mechanism and network of policy makers from the sub-region. Project activities will also help strengthen the working group further, so that it will be able to support countries with action plan activities both during and after the project. Project activities have also been designed to allow enough space to respond to requests, priorities, and existing or impending momentum in the member states, especially for national capacity building intended to support efforts to put the strategy and the action plan into practice. This approach is similar to the one UNECE takes, depending on resources available, to follow up on national innovation reviews, such as the one of Kyrgyzstan launched in 2019 that led to ongoing work on legislative reform. We will also take a flexible approach on how deeply individual SPECA countries engage in the initial stage, moving forward with those countries most ready to cooperate. There are examples of successful cross-country policy learning in SPECA, including in the area of innovation policy. Initial successes of the pilot activities under this project are expected to encourage SPECA countries to follow suit and enhance participation beyond the scope of the project and with decreasing Secretariat support for individual activities. In any case, cooperation

“among the willing” could be sustained even if not all SPECA countries participated on a regular basis, although the ultimate aim, and the spirit of the strategy, should be to enable and encourage active participation of all countries.

IFIs and existing and potential donors will be engaged in all activities, with a view to help countries and SPECA secure funding for activities that follow up on the project and contribute to the strategy and the action plan. Building on the analytical activities of the project, UNECE and ESCAP can support countries in developing concrete ideas for donor funding.

Finally, the first action plan and the performance metrics aim to develop and vet the procedures, documents, and roles and responsibilities needed for SPECA member states to put the strategy they formally requested into practice. Importantly, UNECE and ESCAP will align all activities on innovation policy with Central Asian countries with this strategy. The intent is firmly to establish this means of regional cooperation with strong potential to grow in scope and gain momentum.

5. MONITORING AND EVALUATION

5.1. Monitoring

The UNECE project manager will be responsible for regular monitoring of the project implementation, with support from staff members involved in activities and under the overall guidance of the Chief of the Innovative policies development section. Weekly section meetings will serve as the main internal vehicle of coordination.

ESCAP, through its divisions for ICT and disaster risk reduction as well as for trade, investment and innovation, will be the most important project partner, involved in all activities and leading on some (see partnership arrangements). The project will use and expand existing co-ordination arrangements already set up between UNECE and ESCAP to provide Secretariat support to SPECA overall and the KBD working group in particular. Monthly calls with agendas and minutes will serve as the main vehicle.

The national focal points for the strategy will be involved in all activities on a regular basis and serve as vehicles to interact with all parts of the Government, assemble data, validate results, ensure information flow within government to, in particular, ensure GC endorsement of outputs as envisaged, select topics for capacity building, and engage delegates and participants for events.

UNECE will prepare annual progress reports according to the established by DESA CDO deadlines and consult with experts at the annual meetings of WG KBD. The progress of the project implementation will be monitored against the project work plan continuously to prevent significant delays in delivering the project activities. Any deviations from the plan will be highlighted at an early stage in this manner.

In addition, UNECE will develop detailed evaluation forms for participants in all activities to assess the impact of the project activities and – and to adapt subsequent activities based on this important feedback. The questionnaire will be circulated regularly, after each workshop in the beneficiary countries among participants in the workshops, as well as towards the end of the project as input for the final report and evaluation, aiming inter alia to reassess impact of activities in reality and report on these.

5.2. Final Report

UNECE, in cooperation with ESCAP, will prepare a final report in line with template provided by DESA. The report will provide an overview of the project and its achievements and will include learning and recommendations for subsequent activities, both for countries, UN organizations, and donors to ensure sustainability of outcomes. Final report together with evaluation report will be submitted to DESA CDO by 31 March 2024. A draft of the final report will be made available to the external evaluator of the project.

5.3. External Evaluation

The project will be evaluated in line Development Account Evaluation Framework ² and UNECE Evaluation Policy. The evaluation of the project will be conducted by an external evaluator during the last six months of the project. The evaluator will have access to project progress reports, workshop reports, as well as evaluation forms, which include a basic set of workshop evaluation questions in UNECE and, are completed by all participants in the workshops. The evaluator will also conduct interviews with key project stakeholders from target countries and partner organizations, conduct desk research and prepare the evaluation report. UNECE Programme Management Unit will provide guidance and oversee the conduct of the project evaluation. The results of the evaluation will be published at Open UNECE and shared with UNECE member States through the annual evaluation report.

² [https://www.un.org/development/desa/da/wp-content/uploads/sites/52/da-project-management-documents/2256_1571321768_UN%20DA%20Evaluation%20Framework%20\(Final\).pdf](https://www.un.org/development/desa/da/wp-content/uploads/sites/52/da-project-management-documents/2256_1571321768_UN%20DA%20Evaluation%20Framework%20(Final).pdf)

6. MANAGEMENT, PARTNERSHIP AND COORDINATION AGREEMENTS

Management and coordination

The UNECE secretariat will carry the overall responsibility for administering and implementing the project.

The SPECA Governing Council will serve as the means to obtain formal approval of the strategy and the action plan. The central mechanism for engaging and obtaining commitment for and endorsement of project outputs from SPECA member states will be the SPECA working group, in which all countries are represented.

SPECA countries have nominated national focal points for the SPECA strategy. UNECE and implementing partners will liaise regularly with these focal points to discuss, validate and coordinate activities and input and engage appropriate participants from the member states.

Partnership arrangements

While UNECE will fully administer the project, ESCAP will play a crucial role throughout as a committed equal partner. This builds on a long-standing partnership with ESCAP for SPECA overall and the working group in particular, as well as for several related activities catering to the sub-region over the past years. ESCAP will lead or co-lead several activities, provide venues for discussing project outputs through their biannual high-level Asia-Pacific Innovation Fora and committee meetings, and in particular engage Afghanistan, which is a member of SPECA but not of UNECE.

The Inter-Agency Task Team on Science, Technology, and Innovation is, through its work stream 6 on capacity building, a useful mechanism to engage other UN agencies, especially UNCTAD, UNIDO, and UNESCO, for the envisaged capacity building activities; as well as for project activities to contribute to a growing repository of training materials that other UN organizations can use for similar events. UNECE cooperation with this work stream is already underway, with two pilot activities led by UNECE in 2019.

The UN country offices and UNDP are already engaged as a matter of course for UNECE activities in the area of innovation policies. They will be particularly important for conducting the intended gap analysis in each country and for engaging the right participants and the donor community. Project activities will be integrated in the UNSDCF.

UNCTs and UNDP will be involved in relevant project activities. This includes coordinating with RC offices ahead of each activity and inviting UNCTs to contribute to and act as formal reviewers of all outputs.

The UNSCFs at the country level will serve as the starting point and reference for the national gap analysis and the development of the action plan, so that all activities proposed clearly contribute to their implementation. All activities at the national level will be included in the JWPs of UNSDCF.

ANNEXES

ANNEX 1: RESULT-BASED WORK PLAN AND BUDGET DETAILS

Table 1.1 – Results based work plan and budget

Outcome	Output #	Timeframe by output		Budget class and Code		Amount (USD)
		Year	Quarter			
OC1	OP1.1	2020	Q1-Q3	Other Staff Costs (GTA)	15	0
	OP1.1	2020	Q1-Q3	Consultants and Experts	105	70,000
	OP1.1	2020	Q1-Q3	Travel of Staff	115	0
	OP1.1	2020	Q1-Q3	Contractual Services	120	6,000
	OP1.1	2020	Q1-Q3	General Operating Expenses	125	0
	OP1.1	2020	Q1-Q3	Grants and Contributions	145	0
OC2	OP1.2	2020	Q3	Other Staff Costs (GTA)	015	0
	OP1.2	2020	Q3	Consultants and Experts	105	33,000
	OP1.2	2020	Q3	Travel of Staff	115	9,000
	OP1.2	2020	Q3	Contractual Services	120	2,750
	OP1.2	2020	Q3	General Operating Expenses	125	1,875
	OP1.2	2020	Q3	Grants and Contributions	145	28,000
OC3	OP1.3	2021	Q3	Other Staff Costs (GTA)	015	0
	OP1.3	2021	Q3	Consultants and Experts	105	13,000
	OP1.3	2021	Q3	Travel of Staff	115	9,000
	OP1.3	2021	Q3	Contractual Services	120	2,750
	OP1.3	2021	Q3	General Operating Expenses	125	1,875
OC4	OP1.4	2021	Q4	Grants and Contributions	145	28,000
	OP1.4	2021	Q4	Other Staff Costs (GTA)	015	0
	OP1.4	2021	Q4	Consultants and Experts	105	9,000
	OP1.4	2021	Q4	Travel of Staff	115	9,000
	OP1.4	2021	Q4	Contractual Services	120	2,750
OC5	OP1.4	2021	Q4	General Operating Expenses	125	1,000
	OP1.5	2023	Q2	Grants and Contributions	145	28,000
	OP1.5	2023	Q2	Other Staff Costs (GTA)	015	0
	OP1.5	2023	Q2	Consultants and Experts	105	11,000
	OP1.5	2023	Q2	Travel of Staff	115	9,000
OC2	OP1.5	2023	Q2	Contractual Services	120	2,750
	OP1.5	2023	Q2	General Operating Expenses	125	1,875
	OP1.5	2023	Q2	Grants and Contributions	145	32,000
	OP2.1	2021-2022		Other Staff Costs (GTA)	015	0
	OP2.1	2021-2022		Consultants and Experts	105	14,000
	OP2.1	2021-2022		Travel of Staff	115	0
	OP2.1	2021-2022		Contractual Services	120	1,000
	OP2.1	2021-2022		General Operating Expenses	125	1,875
	OP2.1	2021-2022		Grants and Contributions	145	0
	OP2.2	2021-2023	2 workshops/year	Other Staff Costs (GTA)	015	25,000
OP2.2	2021-2023	2 workshops/year	Consultants and Experts	105	54,000	
OP2.2	2021-2023	2 workshops/year	Travel of Staff	115	45,000	
OP2.2	2021-2023	2 workshops/year	Contractual Services	120	5,500	
OP2.2	2021-2023	2 workshops/year	General Operating Expenses	125	8,000	
OP2.2	2021-2023	2 workshops/year	Grants and Contributions	145	0	
External evaluation (4% of project budget reserved)						17,316

Table 1.2 – Planned annual budget expenditure and cumulative financial implementation rate.

Year	Planned annual budget expenditure	Cumulative financial implementation rate
2020	\$150,625	31.7
2021	\$161,812	65.8
2022	\$103,438	86.0
2023	\$67,441	100.00
Total	\$483,316	

ANNEX 2: DETAILED JUSTIFICATION BY CODE (total budget \$483,316)

1. **Other staff costs - GTA (015) \$25,000 (Total)**

Temporary assistance to perform the tasks of logistical and administrative tasks in support of outputs:
OP2.2 (5 work months) x (\$5,000 per work month) = \$25,000

2. **Consultants and Experts (105): \$221,316 (Total)**

(a) *International consultants*

International consultants to develop the national assessment methodology, gap analysis and Action Plan with performance indicators for the SPECA Innovation Strategy for Sustainable Development, preparing reports on assessments, providing substantive inputs to the capacity-building activities and finalizing the SPECA Innovation Strategy Action Plan, in support of outputs: OP1.1 (2 work months), OP1.2 (1 work month), OP1.3 (1 work month), OP1.4 (1 work month), OP1.5 (1 work month), OP2.1 (2 work months), and OP2.2 (3 work months) x (\$7,000 per month). Total international consultants = \$77,000.

Project evaluation – \$17,316

(b) *National / Regional consultants*

National/regional consultants in support of outputs OP1.1 (14 work months), OP1.2 (3 work months), OP1.3 (1 work month) = 18 months x \$4,000 = \$72,000;
OP2.2 (5 work months) x (\$3,000 per month) = \$15,000;
Total national/ regional consultants = \$87,000.

(c) *Consultant travel*

9 missions by international consultants in support of outputs OP1.2 (1 mission), OP1.3 (1 mission), OP1.4 (1 mission), OP1.5 (1 mission) = 4 missions x (\$2,000) = \$8,000;
OP2.2 (6 missions) x (\$3,000) = \$ 18,000.
Total international consultant travels \$26,000.

7 missions by national/regional consultants in support of outputs OP1.2 (6 missions) and OP1.5 (1 missions) x (\$2,000)
Total national/ regional consultants = \$14,000.

3. **Travel of Staff (115): \$81,000 (Total)**

(a) *UN Staff from the implementing entity*

Missions by UNECE staff in support of outputs OP1.2 (2 missions), OP1.3 (3 missions), OP1.4 (2 missions), OP1.5 (3 missions) = 10 missions x (\$2,250 average mission cost) = \$22,500, and OP2.2 (12 missions) (\$2,500 average mission cost) = \$30,000; Total \$52,500.

(b) *Staff from other UN entities collaborating in project*

11 missions by ESCAP staff in support of outputs OP1.2 (2 missions), OP1.3 (1 mission), OP1.4 (2 missions), OP1.5 (1 mission) = 6 missions x (\$2,250 average mission cost) = \$13,500, and OP2.2 (6 missions) x (\$2,500 average mission cost) = \$15,000; Total \$28,500.

4. **Contractual services (120): \$23,500 (Total)**

In support of activities OP1.1 (editing, translation) \$6,000;

In support of activities OP1.2, OP1.3, OP1.4, OP1.5, and OP2.1 (interpretation, translation and other local expenditures, via UNDP financial authorization) \$12,000;

In support of activities OP2.2 \$5,500;

5. **General operating expenses (125): \$16,500 (Total)**

(a) *Other general operating expenses for each sub-regional conference and each national workshop*

In support of OP1.4 (side event at SPECA Governing Council) = \$1,000

In support of regional workshops OP1.2, OP1.3, and OP1.5 and OP2.1 = \$7,500

In support of 6 national workshops OP2.2 = \$8,000

6. **Grants and Contributions (145): \$ 116,000 (Total)**

(a) *Workshops & seminars*

In support of activity OP1.2 (\$2,000) x 14 participants = \$28,000

In support of activity OP1.3 (\$2,000) x 14 participants = \$28,000

In support of activity OP.4 (\$2,000) x 14 participants = \$28,000

In support of activity OP1.5 (\$2,000) x 16 participants = \$32,000