

PROJECT DOCUMENT TEMPLATE
13TH TRANCHE OF THE DEVELOPMENT ACCOUNT

1 EXECUTIVE SUMMARY

Project Code and Title:	N2124 Accelerating the transition towards a Circular Economy in the ECE region
Start date:	1 January 2021
End date:	31 December 2024
Budget:	\$549,000
UMOJA cost centre(s):	13821
UMOJA functional area(s):	20AC0004
Target countries:	Belarus, Georgia, Kazakhstan, Republic of Moldova, Serbia, Tajikistan
Executing Entity/Entities:	ECE (lead agency), UNEP (implementing partner)
Co-operating Entities within the United Nations Secretariat and System:	ESCAP, FAO, UNDP, UNCTs and Resident Coordinators

Brief description:

The Circular Economy is a paradigm which can contribute to reducing the economic, environmental and social costs of resource use, while at the same time strengthening economic competitiveness, reducing poverty, and providing a better quality of life, in line with relevant goals of the United Nations 2030 Agenda, and particularly SDG 12 aiming at advancing responsible consumption and production patterns. The Circular Economy can do so by keeping resource use at or below regeneration levels and designing waste and pollution out of production and consumption activities as far as feasible, inter alia through extending product lifecycles and broad sharing of assets. In so doing, it promises to improve economic efficiency and open up new economic opportunities, generating more and better jobs and higher incomes, and it will thus support countries in building-back-better after the COVID-19 pandemic.

The transition to a Circular Economy is a priority in the United Nations Economic Commission for Europe (ECE) region, and the proposed project will support selected beneficiary countries in accelerating such a transition in key target areas, including: traceability of products along international value chains; sustainable public procurement; the management of waste. The project will address relevant challenges and opportunities in these three thematic areas, by: (i) creating a multi-stakeholder knowledge sharing network to develop and disseminate evidence-based good policy practices; (ii) supporting countries in implementing such Circular Economy practices through (a) the conduct of gap analyses to assess experiences and lessons learned and the development of policy recommendations and guidelines for discussion at policy dialogues at regional and national level, and (b) the conduct of advisory services and capacity-building workshops in project target countries.

2 BACKGROUND

2.1 Context

The project – summary introduction

The United Nations 2030 Agenda for Sustainable Development commits Member States inter alia to “ensuring sustainable consumption and production” (Sustainable Development Goal (SDG) 12). The goal is to reduce the economic, environmental and social costs of resource use, while at the same time strengthening economic competitiveness, reducing poverty, and providing a better quality of life for all. The COVID-19 pandemic risks undermining progress towards achieving this goal.

The Circular Economy is a paradigm which can contribute to SDG 12 by keeping resource use at or below regeneration levels and designing waste and pollution out of production and consumption activities as far as feasible, inter alia through extending product lifecycles and broad sharing of assets. In so doing, it promises to improve economic efficiency and open up new economic opportunities, generating more and better jobs and higher incomes. United Nations Economic Commission for Europe (ECE) member States have chosen the Circular Economy and the sustainable use of natural resources in the ECE region as the theme of the 2021 session of ECE, a clear sign that they recognize the Circular Economy as a priority issue they wish to work on in the years to come.

As such, the Circular Economy also offers a vision for how to build back stronger after the Coronavirus pandemic. The pandemic and the restrictions on economic activity it necessitates have caused a global recession worse than the financial crisis of 2008–2009. As stated in the United Nations Secretary-General’s “Governments across the world are struggling to support economic activity in the short-term with monetary and fiscal stimulus packages and to lay the groundwork for a recovery once the pandemic is brought under control. While much of the financial resources is going towards propping up disposal incomes directly, a significant amount is available for investment. Governments have a choice here: direct investment predominantly into traditional economic activity in an effort to recreate the economy we had before COVID-19 or direct it towards Circular Economy activities to build a more sustainable and resilient future.

The proposed project is guided by

- the General Assembly’s resolution on the Global solidarity to fight the coronavirus disease 2019 (COVID-19) (A/RES/74/270) of 3 April 2020, in which Member States have reaffirmed their “full commitment to the decade of action and delivery for sustainable development” and have called on “the United Nations system, under the leadership of the Secretary General, to work with all relevant actors in order to mobilize a coordinated global response to the pandemic and its adverse social, economic and financial impact on all societies.”¹;
- the Secretary-General’s report on the Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19, which commits the United Nations family to support all Governments “to ensure [...] that the global economy and the people we serve emerge stronger from the crisis”;² and
- the UN framework for the immediate socio-economic response to COVID-19, which contains proposals for putting the Secretary General’s report into practice, and which inter alia calls for stimulus packages to “support the transition to a healthier, resource efficient and circular economy.”³

The proposed project will support selected beneficiary countries in accelerating the transition to the Circular Economy in selected priority areas and will thus support them in building-back-better after the pandemic. At the

¹ <https://undocs.org/en/A/RES/74/270>

² <https://unsdg.un.org/sites/default/files/2020-03/SG-Report-Socio-Economic-Impact-of-Covid19.pdf>

³ <https://unsdg.un.org/sites/default/files/2020-04/UN-framework-for-the-immediate-socio-economic-response-to-COVID-19.pdf>

same time, it is far from clear at the time of writing when the pandemic will be brought under control and when the restrictions imposed to fight it will be fully lifted. This introduces a measure of risk into the planning of the project, which will have to be contained through appropriate mitigation measures. In particular, it is unclear to what extent travel to beneficiary countries will be possible during the early stage of the project. Provisions will therefore be made to replace physical in-country activities with virtual meetings and content delivery as appropriate.

2.2 Mandates, comparative advantages and link to the Programme Budget

Economic Commission for Europe (ECE)

The ECE Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP) supports 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. Under CICPPP, ECE has developed an extensive portfolio of international good practices, principles, guidelines and standards, including on harnessing innovation for the Circular Economy and on “People-First”, i.e. SDG-compliant infrastructure PPPs, which the present project can draw on. ECE also has carried out detailed reviews of the national innovation systems, policies and performance of countries with economies in transition, including four target countries from the project’s tentative list (Belarus, Georgia, Kazakhstan, and Tajikistan). Based on the findings of these reviews, ECE has developed tailored recommendations for these countries on options for harnessing innovation for sustainable development, which the present project can also draw on, including on innovation-enhancing public procurement. ECE also has a programme of demand-driven policy advisory services and capacity-building activities, which inter alia supports countries in implementing policy recommendations from the reviews.

The United Nations Centre for Trade Facilitation and e-Business (UN/CEFACT) develops policy reviews and recommendations, standards and tools for sustainable and digital trade facilitation and sustainable and circular value chain management, and its subsidiary Advisory Group on Advanced Technologies (AGAT), explores the role that innovation in advanced technologies, including Blockchain, Internet of Things (IoT), Artificial Intelligence (AI) and Quantum Computing, can play in support of a transition to a resilient and sustainable economy. The Working Party, which leverages on the expertise of a network of about 1000 experts from the public, private sector, civil society and academia, also provides advisory services to project beneficiary countries in these areas, building upon its studies, recommendations, and instruments.

Normative work of ECE in Working Party 7 delivers tools assisting governments in addressing market failures and economic inequalities in agriculture trade through common measures and standards which allow better access to markets and better-quality production preventing environmental degradation. Internationally recognized commercial agricultural standards of ECE, and best practices used by a large community of governments and traders worldwide, are constantly upgraded to improve sustainability. This fosters a more equitable sharing of benefits reaped in the international trade of agricultural produce. New baseline normative trade standards support the integration into international agricultural trade of lesser developed countries and rural communities for a more inclusive rural development.

Work of ECE on food loss and waste under Working Party 7 addresses directly the decoupling of growth from environmental degradation and sustainable transformation for lasting inclusive structural changes in a circular economy by reducing food loss and waste along the entire food supply chain. ECE is developing smart food loss management tools (FeedUP@UN) and food loss and waste are addressed in assessments and practical studies. This is done to improve value chain integration and reuse of currently lost produce in view of more holistic agricultural trade ecosystem approaches and the implementation of the circular economy.

Since the outbreak of the COVID-19 pandemic ECE has taken stock of its existing analytical tools, conventions, protocols, policy recommendations, standards, and technical cooperation activities, and has identified, in close

cooperation with its member States and its stakeholder and expert communities, which ones can re-purpose to support building back better after the pandemic.

Relationship to the ECE proposed Programme Budget

The project builds on the work of various ECE Subprogrammes, thus contributing to strengthen synergies among working areas in the organization. In particular, it is directly linked to selected objectives of the following Subprogrammes:

- Subprogramme 1 “Environment” – Objective: to improve environmental governance and performance throughout the ECE region for safeguarding the environment and human health.
- Subprogramme 4 “Economic Cooperation and Integration” – Objective: to strengthen policies on innovation, competitiveness and public-private partnerships in the ECE region.
- Subprogramme 6 “Trade” – Objective: to enhance trade facilitation, agricultural quality standards and regulatory and trade-related economic cooperation for the transition to sustainable economic growth and sustainable production and consumption in the ECE region and beyond.

In addition, the project will make significant cross-cutting contributions to all four high-impact nexus areas at the crossroads of all ECE programmes and expertise:

- The Natural Resource Management (NRM) nexus bears the central concept of Circular Economy where focus lies on resource sustainability through the whole supply chain – from the raw product through processing and distribution to final consumption and disposal.
- The nexus on Sustainable and Smart Cities for all ages (SSC) is also highly relevant to the project, as many new technologies, partnerships, business ideas, and public procurement approaches, as well as many new systems, such as waste management and recycling, can be piloted in cities, often already hubs of innovation and economic activity, first to gain intel on cost and functionality.
- In addition, the project will contribute to the nexus on Sustainable Mobility and Smart Connectivity (SMSC). Mobility and efficient trade in goods, especially in Central Asia, are key priorities for advancing sustainable resource use, which governments must address.
- Measuring and monitoring progress towards SDGs will also help countries within the ECE region assess the stages of their transition to a Circular Economy, providing the foundation for informed decision-making and effective policy responses.

United Nations Environment Programme

Following the 1st United Nations Environment Programme (UNEP) World Congress on Justice, Governance and Law for Environmental Sustainability, held in 2012, Member States called upon UNEP to lead the United Nations system and support national governments in the development and implementation of environmental rule of law. In March 2019, the fourth United Nations Environment Assembly, UNEA-4, took place in Nairobi, Kenya, under the theme “Innovative solutions for environmental challenges and sustainable consumption and production”, and adopted a Ministerial Declaration, 23 resolutions and three decisions, addressing shared and emerging global environmental issues. These links to the achievement of green and sustainable economic growth lie at the centre of the Circular Economy concept upon which the proposed project builds.

Relationship to the UNEP proposed Programme Budget

For the project implementing partner UNEP, the relevant Subprogramme is:

Subprogramme 6: “Resource Efficiency” – Objective: *Countries transition to sustainable development through multiple pathways including inclusive green economy, and the adoption of sustainable consumption and production patterns, increasingly decoupling economic growth from unsustainable resource use and environmental impact while improving human well-being.*

UNEP results in this area are to promote an enabling policy environment for governments to adopt green economy policies, support the private sector in adopting sustainable management practices, and increased consumer awareness as a means of reducing the impact of economic growth on resource depletion and environmental degradation. UNEP works with its network of partners to strengthen the scientific basis for decision-making, and support governments, cities and other local authorities in designing and implementing tools and policies to increase resource efficiency, including sustainable consumption and production, circularity, and green economy practices, in the context of sustainable development and poverty eradication.

2.3 Country demand and target countries

While there is growing consensus about the importance of circular models of production and consumption for long-term sustainable development, many questions remain on how to implement and accelerate the transition from a linear to a circular economic model, especially without incurring substantial short-term economic and social costs. These concerns are even more pronounced among ECE member States with economies in transition, including countries heavily reliant on extractive industries such as oil and gas production, coal and mineral mining, countries reliant on energy and resource-intensive industrial production, and countries facing serious environmental risks, including air pollution and unregulated landfills. That is why this project centres around learning from what has worked and what has not in more advanced countries, and aims at adapting lessons learned to target countries with economies in transition.

Transition economies have also been hit hard by the COVID-19 pandemic, both in terms of infections and deaths, and in terms of economic disruptions. Short-term policy responses have been uneven, often due to constraints on the fiscal and monetary policy space. At the same time, multilateral financial institutions, such as the World Bank, the European Bank for Reconstruction and Development (EBRD), or the Asian Development Bank (ADB) have provided additional financial resources, as have bilateral development partners such as the European Union (EU). However, most transition economies still lack medium-term strategies on how to use these resources to build-back-better and achieve a resilient and sustainable recovery after the COVID-19 pandemic. Recovery packages need to trigger investment and societal changes with a focus on well-being, inclusiveness, as well as environmental sustainability. This requires a stronger alignment to long-term goals for reducing climate impacts, slowing-down of biodiversity loss, and enhancing the circularity of supply chains, to avoid support to “brown” activities and lock-in into emissions intensive pathways.

Based on the member States’ needs and interests, the following tentative list of potential target countries has been identified: Belarus, *Georgia, Kazakhstan, Republic of Moldova, Serbia and Tajikistan*. These countries have requested support in managing the transition to a more Circular Economy in several United Nations forums.

The United Nations High-Level Political Forum and related Voluntary National Reviews

- At the United Nations High-Level Political Forum (HLPF) in 2017, Tajikistan, together with 43 other countries from around the globe, demonstrated a strong commitment to achieving a sustainable future and economic outlook. The following year, in 2018, the Government of Tajikistan requested the Secretariat to assist in reviewing its national legislative framework vis-à-vis the Convention on Environmental Impact Assessment in a Transboundary Context (EIA) and the Strategic environmental assessment (SEA) Protocol and in developing recommendations on how to align the current legislation with the two treaties.
- Government officials from Georgia took part in the side event “The Growth we Want is Sustainable: Harnessing innovation for a Circular Economy for all” in the context of the HLPF held in July 2019 in New York and expressed interest in the continuing cooperation with ECE and UNEP towards transforming the economy’s existing system of production and consumption.⁴

⁴ <https://www.unece.org/info/media/news/trade/2019/the-growth-we-want-is-sustainable-harnessing-innovation-for-a-circular-economy-for-all/doc.html>

- In 2018, Kazakhstan adopted a Strategic Plan for Development until 2025 to achieve a qualitative change in its economic development model, where developing a Circular Economy is one of the main objectives under the “Green Economy and Environmental Protection” section.⁵ The most recent 2019 Voluntary National Review (VNR) of Kazakhstan⁶ states that the country aims to reach a new level of development with the support of international organizations through the achievement of inclusive economic growth, as well as of green growth based on the rational use of natural resources.
- The 2019 VNR of Serbia⁷ and the 2016 VNR of Georgia⁸ both highlight that a broad coordinated network of international partners will be essential to the pursuit of sustainable development possibilities and the implementation of 2030 Agenda as a whole. Achieving sustainable economic growth, as well as integrating green economy’s principles into the production processes of Belarus are emphasized in the country’s 2017 VNR as national objectives to be fulfilled with the support of the United Nations system.⁹
- The 2017 VNR of Tajikistan relays the need of effective coordination with donors and agencies towards the achievement of the SDGs where “United Nations institutions can play a unique role of a trustworthy and neutral mediator, ensuring and supporting agreed among the states norms and standards, controlling obligations and tracking outcomes, as well as promoting institutional adaptation and strengthening.”¹⁰
- The United Nations Partnership Framework for Sustainable Development (2018–2022) of the Republic of Moldova¹¹ further reinforces the strong partnership between the government and the United Nations agencies to achieve country priorities, including the transition towards sustainable, inclusive and equitable economic growth.

The 2018 to 2020 annual Regional Forums on Sustainable Development for the ECE region

Since 2018, at the annual Regional Forums on Sustainable Development for the ECE region, member States have been discussing challenges and opportunities of Circular Economy approaches. In the 2018 Forum, representatives of the Republic of Moldova gave an overview of the Government’s efforts to achieve sustainable production and consumption to make best use of the economy’s comparative advantage for organic agriculture. The progress of Serbia in developing a Circular Economy roadmap also gives an example of transition process already set in motion, where achieving the common vision of circularity is a top government priority.

The Batumi initiative on Green Economy (BIG-E)

Launched in 2018, the Batumi Initiative for a Green Economy (BIG-E) jointly led by ECE and UNEP, guides the transition to an inclusive green economy in the ECE region. Twenty-seven countries and thirteen organizations made individual commitments to transform and innovate towards the green economy – a steppingstone to a global inclusive and Circular Economy. In particular, transition economies, including Belarus, Georgia, Kazakhstan and the Republic of Moldova, committed to bring investment in innovation, foster the transfer of green technology and products, and stimulate sustainable consumers’ behaviour.¹²

2.4 Link to the SDGs

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<https://policy.thinkbluedata.com/sites/default/files/Strategic%20Development%20Plan%20until%202025%20%28RU%29.pdf>

⁶ <https://sustainabledevelopment.un.org/memberstates/kazakhstan>

⁷ <https://sustainabledevelopment.un.org/memberstates/serbia>

⁸ <https://sustainabledevelopment.un.org/memberstates/georgia>

⁹ <https://sustainabledevelopment.un.org/memberstates/belarus>

¹⁰ <https://sustainabledevelopment.un.org/memberstates/tajikistan>

¹¹ <https://moldova.un.org/sites/default/files/2019-10/UNDAF%20Moldova%20EN.pdf>

¹² <https://www.greengrowthknowledge.org/big-e/browse/country/155>

The proposed project will contribute to the implementation of the 2030 Agenda for Sustainable Development. As argued above the Circular Economy is central to the achievement of SDG 12 on sustainable production and consumption.

The thematic and sectoral focus of the project addresses in particular the following targets:

- Target 12.3 Halve global per capita food waste.
- Target 12.4 Responsible management of chemicals and waste.
- Target 12.5 Substantially reduce waste generation through prevention, reduction, recycling and re-use.
- Target 12.6 Encourage companies to adopt sustainable practices and sustainability reporting.
- Target 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.
- Target 12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.
- Target 12.A Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.

In addition, the Circular Economy and the project's emphasis on building-back-better after the COVID-19 pandemic also supports progress towards several other SDGs, such as SDG 3 on health and well-being for all (target 3.9), SDG 5 on gender equality (target 5.A), SDG 6 on water (targets 6.5 and 6.A), and SDG 7 on energy. On the latter, focus will be on the renewable energy and energy efficiency targets (targets 7.2, 7.3 and 7.A). Other relevant goals are SDG 8 on inclusive growth (and specifically target 8.4 and 8.A), SDG 9 on industry, innovation and infrastructure (target 9.4), SDG 11 on sustainable cities and communities (targets 11.6 and 11.B), SDG 13 on climate change (target 13.2), SDG 16 on peace, justice and strong institutions (16.7), and SDG 17 on partnership for the goals (17.6 and 17.10).

2.5 Lessons learned

The following presents selected lessons learned and achievements from past activities of the project partners in the target countries.

An analysis of the commitments undertaken by the target countries as part of BIG-E reveals the following priority areas linked to the circular economy transition:

- Sustainable consumption
- Organic agriculture
- Waste management
- Renewable energy and energy efficiency
- National Green Growth strategies
- Supporting small and medium enterprises (SMEs) in sustainable production.

Awareness raising about the needs for and benefits of sustainable consumption and production has been found to be critical in order to create and sustain support for reforms in the above areas. Successful examples include the “*Green Map*” and “*Paper Mill*” campaigns in Belarus, or a multi-stakeholder dialogue organized by ECE in Belgrade in March 2019 on renewable energy applying a Nexus Approach in Serbia and the Drina River.

The need to further **improve the evidence base for policy** is another key lesson. ECE has for instance supported Belarus and Georgia in enhancing SEA and EIA to prevent and mitigate damage to the environment and health from economic growth.

Another lesson is the benefit of promoting Circular Economy approaches through **well-chosen pilot projects** that can be scaled up later. An example is the Circular Economy Mitigation Strategy developed in the city of Almaty, Kazakhstan, where one of the first analyses for circular opportunities in Central Asia was completed.

Regarding the **COVID-19 pandemic** and its impact, preliminary analysis of suggest that there are significant differences across the target countries not only in the initial exposure to the coronavirus and the ability of healthcare systems to cope, but also in the policy responses and in the way they were communicated. The economic impact has differed somewhat across countries as different sectors have been hit to varying degrees by the pandemic and the associated lockdown measures. However, all countries have been affected severely, as negative shocks have been propagated through foreign trade, investment and capital flows, and remittances. It is also fair to say that the discussion on how to turn the disruptions caused by the pandemic into an opportunity for building back better, including by accelerating the transition to a circular economy, is still at a very early stage in all target countries.

3 ANALYSIS

3.1 Situation analysis

To make our economies more circular will require transformative change in how we live, work, consume, create value, and govern our societies. The central challenge is to set up the incentives and rules of the game needed, inter alia, to ensure resource and energy efficiency, to reduce food and resource waste along the whole supply chain and subsequent product life cycle, to optimize reuse and recycling of products and materials, and to design and build sustainable infrastructure. But it will also be important to contain the costs of the transition and to ensure that it supports a better quality of life for all and leaves no-one behind. Trade-offs need to be addressed, especially for economic activities and jobs that may become unsustainable.

The Circular Economy is still nascent. The Circularity Gap Report launched at the World Economic Forum in January 2018 estimated that less than 10 per cent of the global economy is currently circular. About 90 billion tonnes of resources such as metals, minerals, fossil fuels and biomass are consumed each year. Resource consumption has tripled since 1970 as a consequence of tremendous economic growth, and it continues to increase.

For businesses, the traditional, linear, make-sell-use-dispose model poses significant risks in the medium to long term. Business models that depend on scarce and non-renewable resources, generate excessive pollution, or are based on excessively rapid product cycles (such as “fast fashion”) will become increasingly unsustainable.

Many see the transition to a Circular Economy as a tremendous business opportunity: according to some estimates, circular business models could generate about \$1 trillion per year globally of materials cost savings alone by 2025 (Ellen MacArthur Foundation). Inter alia, electronic sharing platforms promise to derive more value from existing assets by creating markets for sharing under- or even unused household assets through platforms that bring supply and demand together in a convenient fashion. To help realize this potential, governments, in collaboration with business, civil society, and citizens, need systemic approaches to address the challenges to resource and energy efficiency.

To speed up the transition while reducing and compensating for the short-term costs, it will also be essential to steer the innovation efforts of the private sector towards the Circular Economy. Integrated packages of policy measures, such as externality pricing, fiscal incentives, investments in R&D, sustainable public procurement, incentives for innovation along the whole product life cycle, will be needed to drive the necessary changes, including the establishment of new business models and a broader cultural shift. Developing targeted skills and supporting life-long learning for the jobs of the future, and appropriate social protection, will ensure that no-one is left behind. This will require new models of governance and regulation, and cooperation across different policy areas and involving regional and local governments.

Increasingly, leading countries are taking concerted policy action to accelerate the transition to a more Circular Economy. For instance, the European Union’s Europe 2020 Strategy includes the Resource-Efficient Europe

Flagship Initiative and the EU Circular Economy Action Plan to support the EU shift towards sustainable and inclusive growth.

To scale up Circular Economy approaches, countries need clear, transparent rules of the game that gradually raise standards and adapt prices to reflect externalities, allowing enough room for companies to find and try out different solutions to meet or exceed those standards or experiment with different business models altogether (e.g. such as asset sharing and renting). Advancing the Circular Economy will also require transparency and traceability approaches for sustainable value chains, sustainability standards to strengthen consumers’ awareness, and adapting regulations within and across countries and phasing out policies that act as disincentives for sustainable resource use (e.g. such as fossil fuel and electricity subsidies). Systems for enforcing the new rules of the game and monitoring progress overall are also required, including market surveillance systems and engagement with watchdogs, such as non-governmental organizations (NGOs) and media.

There are positive developments that link Circular Economy and sustainable development globally. For example, the European Commission’s report on the Circular Economy Action Plan implemented in 54 countries worldwide finds that accelerating the transition to-wards a Circular Economy has contributed significantly to job creation, new business opportunities, models and markets. Specifically, “in 2016, circular activities such as repair, reuse or recycling generated almost €147 billion in value added while accounting for around €17.5 billion worth of investments”.

However, taking advantage of these types of opportunities can be a particular challenge for transition economies. They often lack the capacity to design and implement effective policies and to verify that commitments to more sustainable production and consumption patterns are met. There is ample need for concerted, pragmatic policy dialogue that learns from what has worked, what has not worked, and where future potential might lie.

The proposed project will build on this momentum by supporting the design and implementation of national policies for a Circular Economy, as well as of national programmes and strategies for promoting innovation in the selected priority areas. In particular, it will serve as an operational vehicle for catalysing country efforts to test and invest in innovative approaches to promote and enable circular economic growth in the three, tentatively identified priority areas:

- Improved traceability of products along international value chains
- Sustainable public procurement, and
- Waste management.

3.2 Country level situation analysis

Based on the member States’ needs and interests, the following tentative list of potential target countries has been identified: Belarus, Georgia, Kazakhstan, Republic of Moldova, Serbia and Tajikistan. These countries have requested support in managing the transition to a more Circular Economy in several United Nations forums, United Nations HLPF and in the related VNRs.

The table below presents relevant aspects of the current situation and realistic project outcomes based on insights from existing and past work of the project partners in the target countries:

Country	Status of affairs	Realistic outcomes
Belarus	<p>Sustainability and inclusiveness are at the centre of the transition to an inclusive Circular Economy.</p> <p>Achieving sustainable economic growth, as well as integrating green economy’s principles into the production processes of Belarus are emphasized in the country’s 2017 VNR as national objectives to be fulfilled with the support of the United Nations system.</p>	<p>Enhanced national capacity to implement Circular Economy approaches in selected priority areas, e.g. waste management, and ascertain compliance with national and international commitments and criteria for advancing circular</p>

Country	Status of affairs	Realistic outcomes
	<p>In 2018, under the BIG-E, Belarus committed to developing and implement a Green Economy National Action Plan, with the aim of shifting consumer behaviours towards more sustainable patterns; developing clean physical capital for sustainable production patterns and promoting green and fair trade; improving access to services, healthy living and well-being; and promoting public participation and education for sustainable development, in key sectors like agriculture; manufacturing; water resources; waste management; tourism; residential premises, buildings and constructions.</p> <p>The ECE Innovation for Sustainable Development Review of Belarus was completed in 2016, offering tailored policy recommendations on how to harness the power of innovation for achieving the countries' national SDG priorities.</p> <p>Belarus is also one of six pilot countries for the ECE Innovation Policy Outlook and a series of policy advisory and capacity-building activities have been held and will be delivered in 2019–2020 to assist the country in strengthening its innovation policies with a view to advancing sustainable development, including the Circular Economy.</p> <p>The specific gap(s) regarding circular economy policy support will be identified through a gap analysis during the early stage of the project.</p> <p>We will reach out to the Resident Coordinator's Office and to all relevant UN agencies and resident development partners to include them in the first sub-regional policy dialogue to be held during the early stage of the project in order to ensure that existing work feeds into the project and project activities complement existing work.</p>	<p>economy approaches, including through:</p> <ul style="list-style-type: none"> - policy dialogues at regional and subregional level for sharing of knowledge and good practices; - the performance of gap analysis identifying policy, regulatory and institutional limitations that hold back the Circular Economy transition; - the conduct of advisory services and capacity-building workshops, and the development of action plans and roadmaps.
Georgia	<p>Promoting knowledge-based development is an integral part of transforming production and consumption patterns in the country.</p> <p>In 2015, the Administration of Government of Georgia adopted a National Sustainable Development Strategy expressing high-level political support to prioritizing sustainable development in the country.</p> <p>In 2018, under the BIG-E, Georgia committed to develop a green growth economic strategy, to promote more efficient environmental management; incorporate environmental considerations into public policies;</p>	<p>Enhanced national capacity to implement Circular Economy approaches in selected priority areas, e.g. sustainable procurement, and ascertain compliance with national and international commitments and criteria for advancing such approaches, including through:</p> <ul style="list-style-type: none"> - policy dialogues at regional and subregional level for sharing of knowledge and good practices; - the performance of gap analysis identifying policy, regulatory

Country	Status of affairs	Realistic outcomes
	<p>develop sectoral sustainability strategies; and generate new growth opportunities through the promotion of green business, eco-innovation and technological development.</p> <p>The 2019 VNR of Georgia highlights that a broad coordinated network of international partners will be essential to the pursuit of sustainable development possibilities and the implementation of 2030 Agenda as a whole.</p> <p>Georgia is working with ECE on an Innovation for Sustainable Development Review to be completed in 2020. Innovation-enhancing public procurement is one of the focus topics of this review. Georgia is also one of six pilot countries for the ECE Innovation Policy Outlook.</p> <p>The specific gap(s) regarding circular economy policy support will be identified through a gap analysis during the early stage of the project.</p> <p>We will reach out to the Resident Coordinator’s Office and to all relevant UN agencies and resident development partners to include them in the first sub-regional policy dialogue to be held during the early stage of the project in order to ensure that existing work feeds into the project and project activities complement existing work.</p>	<p>and institutional limitations that hold back the Circular Economy transition;</p> <ul style="list-style-type: none"> - the conduct of advisory services and capacity-building workshops, and the development of action plans and roadmaps.
Kazakhstan	<p>Localization processes become an integral part of countries’ transition to a greener economy.</p> <p>In 2018, Kazakhstan adopted a Strategic Plan for Development until 2025 to achieve a qualitative change in its economic development model, where developing a Circular Economy is one of the main objectives under the “Green Economy and Environmental Protection” section, with a focus on improvement of waste management systems, enhancing the sustainable use of water resources, developing sustainable agriculture, and improving energy saving and efficiency.</p> <p>The most recent 2019 VNR of Kazakhstan states that the country aims to reach a new level of development with the support of international organizations through the achievement of inclusive economic growth, as well as of green growth based on the rational use of natural resources.</p> <p>A Strategy on Innovation for Sustainable Development is being developed for the countries of the United Nations Special Programme for the Economies of</p>	<p>Enhanced national capacity to implement Circular Economy approaches in selected priority areas, e.g. waste management, sustainable agriculture, and green technology and investment, and ascertain compliance with national and international commitments and criteria for advancing such approaches, including through:</p> <ul style="list-style-type: none"> - policy dialogues at regional and subregional level for sharing of knowledge and good practices; - the performance of gap analysis identifying policy, regulatory and institutional limitations that hold back the Circular Economy transition.; - the conduct of advisory services and capacity-building workshops, and the development of action plans and roadmaps.

Country	Status of affairs	Realistic outcomes
	<p>Central Asia (SPECA), including Kazakhstan. The strategy, which is expected to be adopted at the 2019 SPECA Governing Council, will identify areas for regional cooperation aiming to drive sustainable development, including the Circular Economy, by stimulating more innovation. Once the Strategy is adopted ECE and ESCAP will provide assistance to the SPECA countries for implementation.</p> <p>The specific gap(s) regarding circular economy policy support will be identified through a gap analysis during the early stage of the project.</p> <p>We will reach out to the Resident Coordinator’s Office and to all relevant UN agencies and resident development partners to include them in the first sub-regional policy dialogue to be held during the early stage of the project in order to ensure that existing work feeds into the project and project activities complement existing work.</p>	
<p>Republic of Moldova</p>	<p>Capacity-building is critical to addressing the existing knowledge gaps, issues of institutional coordination and data management for inclusive and sustainable growth.</p> <p>The United Nations Partnership Framework for Sustainable Development (2018–2022) of the Republic of Moldova further reinforces the strong partnership between the government and the United Nations agencies to achieve country priorities, including the transition towards sustainable, inclusive and equitable economic growth.</p> <p>ECE has been providing assistance for the integration of “green” economy principles into the national development plan of the Republic of Moldova. For example: in 2014, the National Climate Change Adaptation Strategy of the Republic of Moldova was adopted; in 2018 the Waste Law was adopted; and a recent project on the use of renewable energy to provide sustainable heating has resulted in annual emission reductions of 30,000 tons of CO₂, as well as job creation.</p> <p>Furthermore, in 2018, under the BIG-E, Republic of Moldova committed to promoting the green economy, with the aim of greening SMEs, advancing resource efficient and cleaner production, strengthening organic agriculture, and improving energy efficiency.</p>	<p>Enhanced national capacity to implement Circular Economy approaches in selected priority areas and ascertain compliance with national and international commitments and criteria for advancing such approaches, including through:</p> <ul style="list-style-type: none"> - policy dialogues at regional and subregional level for sharing of knowledge and good practices; - the performance of gap analysis identifying policy, regulatory and institutional limitations that hold back the Circular Economy transition; - the conduct of advisory services and capacity-building workshops, and the development of action plans and roadmaps.

Country	Status of affairs	Realistic outcomes
	<p>The specific gap(s) regarding circular economy policy support will be identified through a gap analysis during the early stage of the project.</p> <p>We will reach out to the Resident Coordinator’s Office and to all relevant UN agencies and resident development partners to include them in the first sub-regional policy dialogue to be held during the early stage of the project in order to ensure that existing work feeds into the project and project activities complement existing work.</p>	
Serbia	<p>The need of methodical engagement with Circular Economy approaches for sustainable development and inclusive growth is recognized.</p> <p>The 2019 VNR of Serbia highlights that a broad coordinated network of international partners will be essential to the pursuit of sustainable development approaches and the implementation of 2030 Agenda as a whole.</p> <p>A “Circular Economy Package” funded by the European Commission was launched in April 2018, introducing organized municipal waste collection services within the country.</p> <p>Serbia is the process of building a national Circular Economy platform for sustainable development as part of an ongoing UNDP- project on “Circular Economy Platform in Serbia”.</p> <p>The specific gap(s) regarding circular economy policy support will be identified through a gap analysis during the early stage of the project.</p> <p>We will reach out to the Resident Coordinator’s Office and to all relevant UN agencies and resident development partners to include them in the first sub-regional policy dialogue to be held during the early stage of the project in order to ensure that existing work feeds into the project and project activities complement existing work.</p>	<p>Enhanced national capacity to implement Circular Economy approaches in selected priority areas and ascertain compliance with national and international commitments and criteria for advancing such approaches, including through:</p> <ul style="list-style-type: none"> - policy dialogues at regional and subregional level for sharing of knowledge and good practices; - the performance of gap analysis identifying policy, regulatory and institutional limitations that hold back the Circular Economy transition; - the conduct of advisory services and capacity-building workshops, and the development of action plans and roadmaps.
Tajikistan	<p>The increase of resource security and lowering pressures on the environment are strategic priorities in the country.</p> <p>The 2017 VNR of Tajikistan relays the need of effective coordination with donors and agencies towards the achievement of the SDGs where “United Nations institutions can play a unique role of a trustworthy and neutral mediator, ensuring and supporting agreed</p>	<p>Enhanced national capacity to implement Circular Economy approaches in selected priority areas, e.g. traceability of sustainable value chains in the agri-food, mining and textiles sectors, and ascertain compliance with national and international commitments and</p>

Country	Status of affairs	Realistic outcomes
	<p>among the states norms and standards, controlling obligations and tracking outcomes, as well as promoting institutional adaptation and strengthening.”</p> <p>At the United Nations High-Level Political Forum (HLPF) in 2017, Tajikistan, together with 43 other countries from around the globe, demonstrated a strong commitment to achieving a sustainable future and economic outlook. The following year, in 2018, the Government of Tajikistan requested ECE to assist in reviewing its national legislative framework vis-à-vis the EIA Convention and the SEA Protocol and in developing recommendations on how to align the current legislation with the two treaties.</p> <p>The 2019 National Trade Facilitation Roadmap provides the country with a strategic vision and framework for actions in support of sustainable trade, with a focus on sectors like mining, textile and agri-food.</p> <p>The specific gap(s) regarding circular economy policy support will be identified through a gap analysis during the early stage of the project.</p> <p>We will reach out to the Resident Coordinator’s Office and to all relevant UN agencies and resident development partners to include them in the first sub-regional policy dialogue to be held during the early stage of the project in order to ensure that existing work feeds into the project and project activities complement existing work.</p>	<p>criteria for advancing such approaches, including through:</p> <ul style="list-style-type: none"> - policy dialogues at regional and subregional level for sharing of knowledge and good practices; - the performance of gap analysis identifying policy, regulatory and institutional limitations that hold back the Circular Economy transition; - the conduct of advisory services and capacity-building workshops, and the development of action plans and roadmaps.

3.3 Stakeholder analysis and capacity assessment

Non-United Nations 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,</i>	Providing inputs to the gap analysis; providing inputs to the roadmaps or action plans; participating in regional and	Convening power, authority to draft policies, laws and regulations areas critical for the project; knowledge and	Knowledge of international best practice on policies conducive to circular economy; policy coordination	Support for joint regional initiatives on circular economy approaches; improved national policy support for the	Improved national circular economy policies and improved regional cooperation can lead to more sustained and

Non-United Nations 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>environment; finance)</i>	national capacity-building activities; modify national policies; support implementation of circular economy approaches	expertise in economic and sustainable development	across line ministries; human resources; regional cooperation	circular economy transition	resource efficient economic growth and better environmental performance
<i>National agencies for innovation, enterprise development, environmental protection, public procurement; national PPP units</i>	Providing inputs to the gap analysis; participating in regional and national capacity-building activities; implementing modified policies and/or joint circular economy activities	Multi-stakeholder networks, knowledge and expertise in economic and sustainable development	Knowledge of international best practice on policies conducive to promoting sustainable consumption and production, circular economy, and sustainable development in general; human resources; financial resources; regional cooperation	Development of joint regional initiatives on circular economy; improved national support for circular economy actors	Learning about international good practices will improve the agencies' ability to deliver effective support to the circular economy transition; 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 gap analysis and the development of roadmaps or action plans; participating in regional and national capacity-building activities; participating in joint activities for advancing the circular economy transition	Authority to design education curricula and research programmes; 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 circular economy transition at national level; successful participation in joint regional initiatives on circular economy	Enhanced 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

Non-United Nations 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 chambers of commerce and other business associations</i>	Providing inputs to the gap analysis and the development of roadmaps or action plans; participating in joint innovation activities	Networks of innovative enterprises in the circular economy area; knowledge of the business climate and of markets in the target countries	Capacity of member enterprises to innovate for the circular economy; capacity to cooperate with academic institutions	Enhanced capacity of enterprises to contribute to the circular economy transition; successful participation in joint regional initiatives on circular economy	Improved policy support can help enterprises to innovate for advancing the circular economy; enhanced subregional cooperation can open up new economic opportunities

4 PROJECT STRATEGY: OBJECTIVE, OUTCOMES, INDICATORS, OUTPUTS

4.1 Project Strategy

The transition to a Circular Economy is a complex, cross-cutting challenge requiring policy interventions and coordination across many portfolios and dimensions. In addition to raising awareness of the issues described above and sharing good practice, the present project aims to also generate impact by demonstrating how real change can be affected through pilot projects. It will therefore focus on a limited set of selected interlinked themes in line with the mandates and expertise of the partnering agencies and with the priorities of selected beneficiary countries. At the time of the writing, three themes have been identified – subject to modification in line with beneficiary countries’ evolving policy priorities and demands:

- The first theme will be a **better traceability of products along international value chains**, as demonstrated in garment and footwear. This is a crucial issue because the imperative of making our consumption and production more sustainable does not mean that we should forego the efficiency advantages which the international division of labour and trade across borders affords. On the contrary, in order to contain the costs of making our economies more circular it will be essential to maintain international production networks and value chains – while making sure that they increasingly comply with circularity principles. The same holds for the ambition to not only build back, but to build-back-better after the COVID-19 pandemic. The Coronavirus did spread across borders through international travel and trade. And the lockdown measures that have been taken by national Governments have led to disruptions to international travel, trade and finance that have propagated negative economic shocks. But it would be a dangerous and costly illusion to think that any country could make its economy more resilient by pursuing autarky – or that it could create a vibrant economy that is circular strictly within national borders. The project will support the transition to a Circular Economy by improving the ability of customers to trace the products they buy along every step of the production process, including across borders. In this way, the project will contribute to much needed transparency in the market as to which products comply with circularity principles, and it will support demand for circularity-compliant products and will thus strengthen the incentives for producers to comply.
- The second theme will be **sustainable public procurement**. This is a crucial issue because the transition to the Circular Economy requires a simultaneous shift in production and consumption systems, and

systemic change is often hampered by network and co-ordination externalities and misalignment in pricing. Governments through their public procurement budgets, which often amount to 10 per cent of GDP or more, have a great lever at their disposal to catalyse this systemic change. In many cases, the fiscal stimulus packages deployed to fight the COVID-19 pandemic add additional heft to this lever. By integrating circularity principles into their public procurement criteria, Governments can not only make the consumption of the public sector itself more circular and set an example for consumers. They can also create a highly visible, reliable demand for circular products and services, which in turn can create powerful incentives for the business sector to make the necessary investments into sustainable production. In particular, innovation-enhancing procurement can be used to stimulate the development of new technologies, production processes and products that meet circularity criteria by tying tenders to impact indicators rather than technical specifications. Public procurement and investment are also crucial to install necessary infrastructure to support the Circular Economy. As is the case with the first priority theme above, the traceability of value chains, sustainable public procurement is also an important topic for maintaining open access to international markets: the WTO plurilateral Agreement on Government Procurement (GPA) regulates the access of foreign bidders to public procurement tenders. Of the target countries of the present project proposal, the Republic of Moldova is already a party to GPA, while several others are in the process of negotiating accession (Georgia, Kazakhstan, Tajikistan), or are observers (Belarus). Policies that prioritize sustainable, green or innovation-enhancing procurement would have to comply with the agreement.

- The third priority theme will be the **management of waste**. Waste management is central to SDG 12. Three of the targets under this SDG pertain to reducing food waste (12.3), the responsible management of waste (12.4), and, especially relevant to the Circular Economy, substantially reducing waste generation through prevention, reduction, recycling and re-use (12.5). ECE has developed a code of good practice for reducing losses in the handling of fresh fruit and vegetables and a methodology for measuring food loss and waste along supply chains. This theme is also related to the two others above. Waste is generated (or prevented) along international value chains, and indeed can be traded across borders for turning waste into energy or other resources and closing the loop of recovered materials. The UN/CEFACT Transboundary Movements of Waste (TMW) project has been launched to establish a global standard for the electronic interchange of waste movement related data. Waste management also requires appropriate public infrastructure, especially at the municipal level, which has to be provided through public investment – or through Public-Private Partnerships (PPPs). Power plants that turn waste into energy are one example.

The project will address the challenges and opportunities of accelerating the transition to the Circular Economy in these three thematic areas through two work streams.

- The first workstream directly contributes to improved knowledge of policy makers in the ECE region (OC1) by delivering three outputs: It will start by creating a new multi-stakeholder knowledge sharing network to develop and disseminate evidence-based international good policy practices, involving experts from regional and local governments, the business community, consumers and civil society, and the academic community from the ECE region. This will be followed by drafting three policy papers describing good practices and lessons learned from the implementation of Circular Economy approaches and providing policy recommendations and guidelines. Finally, the policy papers will inform experts' discussions at three policy dialogues organised at regional level.
- The second work stream directly contributes to enhanced national capacities in project target countries to implement Circular Economy approaches (OC2).
 - It will start by conducting gap analyses for three target countries to identify specific policy, regulatory and institutional limitations that hold back the Circular Economy transition in a specific policy area and sector identified in those countries.

- It will continue with advisory missions in project target countries to discuss with Governments and other stakeholders the implications of the gap analysis.
- The project will organize national workshops to train key national stakeholders on how policy recommendations that are derived from the gap analyses can be implemented.
- Based on the recommendations of policy papers, gap-analyses and the outcomes of the national workshops, the project will support and guide the development of pilot Circular Economy roadmaps or action plans in target countries in one priority area per country.

As a concluding activity, the project will organize a regional conference of the knowledge-sharing network on the Circular Economy to launch project outputs and share experiences and lessons learned from the project (at the ECE premises in Geneva).

The project will allow target countries to apply good practices drawing from the experiences of both peer and more advanced economies. The hub for these efforts will be a platform for concerted international policy dialogue, through a new international knowledge network for the Circular Economy that would unite more and less advanced economies in their country-specific areas of interest. In this manner, successful ideas would be effectively diffused and replicated, adjusted and adapted to the specific economic, environmental and social context of the country in question. This will increase the external validity of this project beyond the tentative list of target countries. Project activities have been planned, and will be continuously adapted, with the aim of creating momentum that can be sustained beyond the scope of this project.

The planned deliverables are expected to contribute to the project's overall objective, which is an improved capacity among government officials in the target countries within the ECE region to develop or amend policies, legal frameworks and administrative measures, in close collaboration with the implementing entities, to support a smooth transition to the Circular Economy and to sustainable development in the selected priority areas. Evidence of the result, if achieved, will include each participating country having revised or prepared at least one policy or administrative measure, or implemented a pilot project, for the application of a circular approach to the sustainable economic development of their country.

Leaving no one behind

The project will promote and advance social inclusion and equality, including between genders, in the following ways:

- Target countries and sectors in these countries: The Circular Economy so far has made significant progress only in a few advanced countries. By working with three middle or even low-income countries (Tajikistan), the project will help these countries not to fall further behind advanced countries in this important new area of sustainable development. By the same token, the project will target sectors, such as garment and footwear, or agriculture, which are labor-intensive and which typically employ many lower income workers and/or women. By building Circular Economy capacity in these sectors, and by doing so in a way that facilitates access for circular products to global markets, the project will contribute to creating new sustainable and competitive employment opportunities for vulnerable groups. In this way the project contributes both to not leaving behind less developed countries and to not leaving behind vulnerable groups within countries.
- Gap analyses: In the analyses of gaps which need to be filled in order for target countries to progress on the Circular Economy, we will include assessments of gaps facing vulnerable groups in each target country. Without pre-empting the results of the gap analyses, one example of a possible gap related to leaving no-one behind could be credit constraints that prevent poorer farmers or female entrepreneurs from financing the investments necessary to participate in the Circular Economy.
- Policy papers: The policy papers will cover, on the basis of an analysis of international good practice, examples and proposals for how Governments can make the transition to the Circular Economy socially inclusive. To the extent that the transition may require non-circular economic activities to be downsized and eventually to be phased out, the analysis may include policy options to provide an adequate social safety net for negatively affected workers and households.

- Knowledge sharing network: The knowledge-sharing network will be used both to solicit examples, including from advanced countries, of how to ensure that the transition to the Circular Economy does not exacerbate economic inequality and to disseminate good practices in this regard. Representatives of civil society groups will be invited to join the network.
- Pilot roadmaps and action plans: In the pilot projects, we will choose a representative group of partners and beneficiaries, including SMEs and women-led enterprises, for instance. In this way the project will ensure that it builds capacity in an inclusive way without leaving vulnerable groups behind.

Links between the project and the five Development Account rapid response projects developed in response to the COVID-19 crisis

The project aims to support countries in building back better in the aftermath of the crisis. The foundations for building back better should be laid as early as possible. The project links clearly to SMEs and to trade, in that SMEs will be among the key partners and beneficiaries of the pilot projects, and that particularly the pilot on traceability of value chains will have a strong component on cross-border trade as described above, while the pilot on procurement will comply with the relevant WTO rules.

4.2 Results Framework

Intervention logic	Indicators	Means of verification
Objective To strengthen the capacities of the Governments of three selected ECE countries to enable and accelerate the transition towards a Circular Economy in selected priority areas, to build-back-better after the COVID-19 pandemic.		
Outcome – OC1 Improved knowledge of policymakers in the ECE region, including from middle and low income countries, with a focus on the selected three priority countries, on strategies, policies, regulations, approaches that promote the transition to a Circular Economy in selected priority areas and existing gaps that hinder this transition;	IA1.1 By 2023, at least 5 countries will be part of the international knowledge-sharing network on the Circular Economy.	Number of countries actively contributing to the knowledge-sharing network through the sharing of relevant knowledge materials and reports. Reports of the ECE Team of Specialists on Innovation and Competitiveness Policies, and of the CICPPP and UN/CEFACT on circular economy approaches.
	IA1.2 By 2023, the network will have developed and disseminated at least 5 options for policy instruments to advance the Circular Economy on the selected themes.	Reports of the ECE Team of Specialists on Innovation and Competitiveness Policies, and of the CICPPP and UN/CEFACT including recommendations on policy options and instruments for the Circular economy transition.
Output OP1.1 Establishment of a regional multi-stakeholder knowledge-sharing network on the Circular Economy transition, including representatives of middle- and low-income countries from the ECE region and representatives of civil society.		
Output OP1.2 Organization, within the framework of this network, of three regional policy dialogues – one per year, possibly in conjunction with relevant events at international/regional level on selected themes (e.g. traceability of value chains in garment and footwear, sustainable public procurement, waste management in agri-food or energy) to facilitate the sharing of good practices, experiences and lessons learned in order to close knowledge gaps between advanced and less advanced countries and leaving no one behind in the		

Intervention logic	Indicators	Means of verification
<p>transition to the Circular Economy. The first policy dialogue will also be used to facilitate choosing which three countries will be the pilot countries for Outcome OC2 (to be selected from among Belarus, Georgia, Kazakhstan, Republic of Moldova, Serbia, and Tajikistan). In case travel restrictions persist in 2021, the first policy dialogue will be replaced by virtual webinars.</p>		
<p>Output OP1.3 Development of three policy papers with options for advancing the Circular Economy in an economically efficient, environmentally sustainable and socially inclusive way that can be tailored to the specific needs of the pilot countries for priority areas based on international experience with Circular Economy approaches, for discussion at the three regional policy dialogues. The policy papers will be developed under the guidance of the Knowledge-Sharing Platform (OP1.1) and will reflect existing good practice on policies that can accelerate the transition to a Circular Economy. Preliminary versions of the papers will serve as the basis for discussion at the regional dialogues (OP1.2). The papers will be finalized by incorporating the results of the dialogues. Subsequently, they will be used as the basis for the gap analyses, policy advice and capacity building under Outcome OC2..</p>		
<p>Outcome – OC2 Enhanced national capacities in target countries to implement Circular Economy approaches in selected priority areas and ascertain compliance with national commitments and criteria for advancing such approaches in priority areas and sectors.</p>	<p>IA2.1 By 2023, at least three countries will have identified gaps in regulatory and policy frameworks that hinder the transition to a Circular Economy in selected priority areas and sectors.</p>	<p>Number of countries for which a gap analysis report has been drafted in priority policy areas and sectors for the countries. Reports to the ECE Team of Specialists on Innovation and Competitiveness Policies, and of the CICPPP and UN/CEFACT including the gaps analysis for the beneficiary countries.</p>
	<p>IA2.2 By 2023, at least three pilot countries will have adopted at least one roadmap or action plan for the Circular Economy transition on a particular theme (e.g. traceability of value chains in garments and footwear, sustainable public procurement, waste management in food or energy).</p>	<p>Number of countries having adopted at least one roadmap or action plan on Circular Economy on a priority theme. Reports to the ECE Team of Specialists on Innovation and Competitiveness Policies, and of the CICPPP and UN/CEFACT including the adopted action plan/s or roadmap/s.</p>
<p>Output OP2.1 A gap analysis for the three target countries identifying policy, regulatory and institutional limitations that hold back the Circular Economy transition in a specific policy area and sector identified in those countries. It will draw on existing methodological work in this area and adapt it to the specific needs of the target countries. This gap analysis will be a key input to the advisory missions and national workshops and the formulation of Circular Economy roadmaps or action plans in the pilot countries (as described below). The gap analyses will include assessments of gaps facing vulnerable groups in society as appropriate. They will be carried out by international experts mobilized through the Knowledge-Sharing Platform (OP1.1) in close cooperation with Government experts and other stakeholders in the target countries and with inputs from resident UN agencies and development partners. Conceptually, they will be based on the policy papers (OP.1.3).</p>		
<p>Output OP2.2 Organization of at least three advisory missions in project target countries (one per country) to discuss with governments and other stakeholders the implications of the gap analyses (OP2.1) for possible Circular Economy transitions on priority themes (traceability of value chains, sustainable public procurement, waste management) and sectors (e.g. commodities, agri-food, garment and footwear, construction) and how policy options identified under OP1.3 can be tailored to fill the identified gaps. The missions will create a consensus on which theme and sector to target for the roadmaps and action plans (OP2.4). They will be led by the implementing partners and will involve international experts mobilized through the Knowledge-Sharing Platform.</p>		

Intervention logic	Indicators	Means of verification
<p>OP2.3 Organization of at least six national workshops (two per target country) to train key national stakeholders on how policy recommendations that are derived from the gap analyses can be implemented (two per beneficiary country) –. The workshops will be based on the shared understanding about national priorities developed through the advisory missions (OP2.2) and will build national capacity for Output 2.4 below. The project will reach out to all relevant national stakeholders to build capacity in an inclusive way without leaving vulnerable groups behind, including the capacity to co-create solutions. In case COVID-19 related travel restrictions persist in 2021, some of these workshops will be replaced by virtual webinars.</p>		
<p>OP2.4 Support and guide the development of Circular Economy roadmaps or action plans in project target countries in one priority area per country. The roadmaps or action plans will be based on the policy papers (OP1.3), gap-analyses (OP2.1) and national workshops (OP.2.2) and will cover the three prospective priority issues (one per country) of traceability of value chains, sustainable public procurement and waste management, including for turning of waste into resources and closing the loop of recovered materials. The roadmaps and action plans will be developed by the respective national Governments and stakeholders using the national capacities built through Output OP2.3 with support from the implementing partners and international experts from the Knowledge-Sharing Platform (OP1.1).</p>		
<p>OP2.5 Organization of one concluding regional conference of the knowledge-sharing network on the Circular Economy to launch project outputs and share experiences and lessons learned from the project (at the ECE premises in Geneva). The conference will bring together key stakeholders involved in creating the national roadmaps and action plans (OP2.4) with the wider network. It will discuss how the lessons from the pilots can be applied in other countries and how they can be applied to other themes or sectors in the pilot countries to accelerate the Circular Economy transition further.</p>		

4.3 Innovative aspects

The project is innovative in that (i) it addresses a relatively new topic, (ii) it is the first to demonstrate how the topic can be addressed through pilot projects in the ECE region with a particular focus on countries that might otherwise be left behind, and (iii) it supports policy innovation. First, the Circular Economy is an approach to sustainable consumption and production which is still relatively new even in advanced economies, and which can be considered to be at the innovative frontier for most if not all transition economies in the ECE region. Second, the project is the first attempt at forging closer cooperation to advance the circular transition in the ECE region in key thematic areas, including through the exchange of good practices and lessons learned drawing from the experiences of both peer and more advanced economies. At present, regional cooperation is scant, and rarely on circular economy approaches.

Third, the Circular Economy transition requires businesses and consumers to be innovative, to find and adopt new ways of designing, making, distributing, using and disposing of goods. It also requires Governments to be innovative, to devise new policies and to adapt existing ones to support the transition, including by developing new partnerships with businesses and consumers. Through the Knowledge Sharing Network, the regional policy conferences, the policy papers, the project will support Governments and other stakeholders to learn about policy innovations for the Circular Economy transition (OC1). Through the advisory missions and national workshops the project will support the Governments of the target countries in putting these policy innovations into practice (OC2)..

The project envisages to put in place a clear sequence of and a replicable methodology for a gap analysis, and the development of national action plans or roadmaps in priority sectors and thematic areas, and monitoring and evaluating progress, with the ECE CICPPP and UN/CEFACT as the main vehicles for discussion and approval with national focal points for interim coordination. This is intended to build on existing momentum while

gradually giving beneficiary countries 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 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 key performance indicators of the action plans and roadmaps, but also enjoy substantial reform momentum and political commitment – and where our capacity-building is highly likely to inform and contribute to this process.

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

4.4 Risks and mitigation actions

The project has been designed around a solid understanding of the challenges and priorities of beneficiary countries and the dynamics of regional cooperation and efforts aiming at advancing the circular economy transition. It allows for ample flexibility to respond to demand and build on existing or imminent momentum to maximize chances to attain the project objectives. 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 (e.g. Belarus)	Medium	Take instability risk into account when selecting three pilot countries from among the six short-listed ones.
Insufficient national buy-in resulting in lower than expected commitment of time and resources from beneficiary countries	Medium; although we have a mandate from member States in the thematic areas under for the project, it is less clear that they will commit substantial time and resources to, for instance, putting the roadmaps or action plans into practice.	Strengthen relations with nominated focal points from beneficiary countries. Adapt activities to respond as much as possible, within the proposed framework, to requests and priorities and build on existing momentum and clearly recognized opportunities in the region overall.
Lack of available, updated, and reliable data to inform the gap analysis	Medium	Engage recognized local consultants and key stakeholders and actors in each country to conduct the gap analysis and develop the roadmaps and action plans based on a unified methodology.
Prolonged travel restrictions due to the COVID-19 pandemic	Low/medium	If international travel continues to be restricted in 2021, the first regional conference and some of the national workshops will be postponed or replaced by virtual webinars.

4.5 Sustainability and scaling up

The achievements of the project will be sustained beyond its completion, as its activities encompass the building of knowledge and strengthening of national institutions in beneficiary countries, to identify circular economy priorities and strategic areas of action and implement relevant circular economy approaches.

More generally, the outputs developed in the project will feed back into ECE normative and capacity-building work, which will contribute to scale-up and expand geographically the project outcomes. They will help ECE and its project partners to mainstream Circular Economy approaches into the policy dialogues it organizes as

part of its inter-governmental forums, the national policy reviews it performs, and its international standards. In fact, the Circular Economy is at the heart of the EU Green Deal launched in 2020 to support the shift to a clean and sustainable economy and transform environmental challenges into opportunities for all sectors of the economy, and will be the theme of the 2021 session of the Economic Commission for Europe, which is a strong indication that the member States of ECE see the Circular Economy as an important priority they want to devote increased attention to in the years to come.

Finally, there is a great potential for leveraging additional funding for projects promoting the transition to a Circular Economy sustaining the achievements of the proposed project, as there is a growing momentum towards this approach, which is key driver towards the implementation of the 2030 Agenda for Sustainable Development. The conduct of gap-analysis, policy dialogues, and the development of national roadmaps and action plans for circular approaches in priority areas and sectors will be based on a methodology that has a high potential to replicated in other target countries of the ECE region, and beyond. The project will also foster partnerships among United Nations Agencies working in this area, and it is expected that follow-up activities will result from the different joint activities of the project.

5 MONITORING AND EVALUATION

5.1 Monitoring

The ECE 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 Director of the Economic Cooperation and Trade Division. Weekly section meetings will serve as the main internal vehicle of coordination.

UNEP, through its Regional Office for Europe, 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 coordination arrangements already set up between ECE and UNEP. Monthly calls with agendas and minutes will serve as the main vehicle.

The national focal points for the project will be identified and 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 the endorsement of outputs as envisaged, select topics for capacity-building, and engage delegates and participants for events.

ECE will prepare annual progress reports according to the established by the Capacity Development Office (CDO) of the Department of Economic and Social Affairs (DESA) deadlines and consult with experts at the annual meetings of CICPPP and UN/CEFACT. 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, ECE 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

ECE, in cooperation with UNEP, 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, United Nations organizations, and donors to ensure sustainability of

outcomes. The final report, together with evaluation report, will be submitted to DESA CDO by 31 March 2025. 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 with the Development Account Evaluation Framework and the ECE 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 ECE and, to be completed by all participants in project 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. The ECE Programme Management Unit will provide guidance and oversee the conduct of the project evaluation. The results of the evaluation will be published at Open ECE and shared with ECE member States through the annual evaluation report.

6 MANAGEMENT, PARTNERSHIP AND COORDINATION AGREEMENTS

6.1 Management and coordination

The ECE secretariat will carry the overall responsibility for administering and implementing the project. CICPPP and UN/CEFACT, where all beneficiary countries are represented, will serve as platforms to discuss and share policy documents, gap analysis and roadmaps or action plans developed under the project.

The project beneficiary countries will be requested to nominate national focal points for the implementation of project activities. The ECE secretariat and its implementing partner UNEP, will liaise regularly with these focal points to discuss, validate and coordinate activities and input and engage relevant actors and stakeholders from the member States.

6.2 Partnership arrangements

While ECE will fully administer the project, UNEP will play a crucial role throughout as a committed partner. This builds on a long-standing partnership with UNEP in the sustainable development and environmental governance area, including the thematic priorities for the project, overall and for several related activities in the ECE region and in the beneficiary countries, over the past years. UNEP will lead or co-lead several activities and provide venues for discussing project outputs through their relevant forums.

CICPPP and UN/CEFACT provide a useful mechanism to engage other United Nations agencies, and other key project stakeholders, including from the business sector and the world of academia and civil society for the envisaged capacity-building activities, as well as for project activities to contribute to a knowledge-sharing repository of good practices and experience on circular economy approaches developed under the project, that other United Nations organizations and other project stakeholders can use for similar events.

ESCAP, FAO, UNDP and the United Nations country offices (UNCTs) are already engaged in ECE activities in the project thematic areas. They will be particularly important for developing the policy papers and 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 United Nations Sustainable Development Cooperation Framework (UNSDCF).

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

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

The implementing partners will also engage with a number of non-profit think tanks that have developed thought leadership on the Circular Economy, such as the Ellen McArthur Foundation, the International Institute for Sustainable Development, and Chatham House. They will be invited to contribute key outside expertise to the international Knowledge Network on the Circular Economy (OC1) by speaking at the conferences organized within the network (OP1.2) and by peer-reviewing the policy papers (OP1.3).

7 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 <i>(Please use the budget classes listed in the table above)</i>	Amount (USD)	
		Year <i>(2021, 2022, 2023)</i>	Quarter <i>(Q1, Q2, Q3, Q4)</i>			
OC1	OP1.1	2021–2023	Q1–Q4	Other Staff Costs (GTA)	015	\$2,500
				Consultants and Experts	105	\$18,000
				Contractual Services	120	\$10,000
				General Operating Expenses	125	\$4,000
	OP1.2	2021–2023	Q4	Other Staff Costs (GTA)	015	\$5,000
				Consultants and Experts	105	\$12,000
				Travel of Staff	115	\$21,000
				Contractual Services	120	\$6,000
				General Operating Expenses	125	\$30,000
	OP1.3	2021–2023	Q1–Q4	Other Staff Costs (GTA)	015	\$1,250
				Consultants and Experts	105	\$54,000
	OC 2	OP2.1	2021–2023	Q1–Q4	Other Staff Costs (GTA)	015
Consultants and Experts					105	\$24,000
Travel of Staff					115	\$6,000
OP2.2		2021–2023	Q2	Other Staff Costs (GTA)	015	\$3,750
				Consultants and Experts	105	\$20,000
				Travel of Staff	115	\$12,000
OP2.3		2021–2023	Q2, Q4	Other Staff Costs (GTA)	015	\$5,000
				Consultants and Experts	105	\$12,000
				Travel of Staff	115	\$32,000
				Contractual Services	120	\$14,000
				General Operating Expenses	125	\$30,000
OP2.4		2021–2024	Q1–Q4	Other Staff Costs (GTA)	015	\$1,250
				Consultants and Experts	105	\$24,000
OP2.5		2024	Q4	Other Staff Costs (GTA)	015	\$5,000
				Travel of Staff	115	\$6,000
	General Operating Expenses			125	\$4,000	
	Grants and Contributions (Workshops / Study Tours / EGMs)			145	\$44,000	
External Evaluation				Consultants	105	\$21,000

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

Year	Planned annual budget expenditure	Cumulative financial implementation rate
2021	\$156,333	28%
2022	\$156,333	57%
2023 - 2024	\$236,333	100%
Total	\$549,000	100%

ANNEX 2: DETAILED JUSTIFICATION BY CODE

1. Other Staff Costs – GTA (015): \$25,000 (Total)

Temporary assistance to support the organization of activities, the processing of consultancy contracts and of the travel of staff, participants and consultants, in support of all outputs: (5 work months) x (\$5,000 per work month) = \$25,000.

COVID-19 risk mitigation: In case travel restrictions persist in 2021, regional and national events in beneficiary countries will be replaced by virtual webinars. This will require additional temporary assistance in the amount of \$20,000.

2. Consultants and Experts (105): \$185,000 (Total)

(a) *International consultants*

International consultants for the tasks of creating an international knowledge network, organizing regional policy dialogues, developing policy papers, developing a gap analysis and supporting the development of roadmaps or action plans, in support of outputs: OP1.1 (3 work-months), OP1.2 (1 work-month), OP1.3 (9 work months), OP2.1 (3 work months), OP2.2 (2 work months), OP2.4 (2 work months) x (\$6,000 per month) = \$120,000.

A provision of \$21,000 (3.8 per cent of project budget \$549,000) is requested to cover the cost of international consultants for final project evaluation.

(b) *National consultants*

OP2.1 (3 work months) and OP2.4 (6 months) x (\$2,000 per month) = \$18,000.

(c) *Consultant travel*

13 missions by international consultants for the purpose of organizing regional policy dialogues, carrying out advisory missions and providing substantive support at national workshops, in support of outputs OP1.2 (3 missions), OP2.2 (3–4 missions), and OP2.3 (6–7 missions). (\$2,000 average mission cost) x (13 missions) = \$26,000.

COVID-19 risk mitigation: In case travel restrictions persist in 2021, consultant travel will be reduced by \$6,000. Instead \$18,000 will be required to engage international consultants (12 work months x \$6,000) and national consultants (3 work months x \$2,000) to support virtual webinars (adapting materials for use in virtual webinars, support the development of webinar formats, support in ensuring participation of stakeholders, support in running the webinars).

3. Travel of Staff (115): \$77,000 (Total)

(a) *United Nations Staff from the implementing entity*

22 missions by United Nations staff for the purpose of organizing regional and national workshops in beneficiary countries, in support of outputs OP1.2, OP2.1, OP2.2 and OP2.3 (\$2,000 average mission cost) x (22 missions) = \$44,000.

COVID-19 risk mitigation: In case travel restrictions persist in 2021, staff travel will be reduced by \$6,000.

(b) *Staff from other United Nations entities collaborating in the project*

11 missions by other United Nations staff for the purpose of organizing and providing substantive support to regional policy dialogues and national workshops and to a regional conference (Geneva), in support of outputs OP1.2, OP2.3 and OP2.5 (11 missions). (\$3,000 average mission cost) x (11 missions) = \$33,000.

COVID-19 risk mitigation: In case travel restrictions persist in 2021, travel of staff of other United Nations entities will be reduced by \$6,000.

4. Contractual Services (120): \$30,000 (Total)

A provision of \$20,000 is required for interpretation services in support of outputs OP1.2 (3 meetings x 2 interpreter x \$1,000 [2 days x daily rate \$1,000]), OP2.3 (7 meetings x 2 interpreter x \$1,000 [2 days x daily rate \$1,000]).

A provision of \$10,000 is required for contracting regional and local institutions and/or NGOs assisting with the development of an online web-tool on the ECE website to support the sharing of project outputs and facilitate the knowledge sharing network in support of OP1.1.

COVID-19 risk mitigation: In case travel restrictions persist in 2021, an additional \$10,000 will be required to bolster the project's capability to connect beneficiaries and to ensure the flow of information and knowledge sharing in the absence of physical meetings.

5. General Operating Expenses (125): \$68,000 (Total)

(a) *Communications*

In support of OP1.1, OP2.5= \$8,000.

COVID-19 risk mitigation: In case travel restrictions persist in 2021, regional and national events in beneficiary countries will be replaced by virtual webinars. This will require significant additional communication efforts in order to ensure participation and media presence. An additional provision of \$8,000 would be required.

(b) *Other general operating expenses*

A provision of \$60,000 is required for contracting regional and local institutions and/or NGOs assisting with the organization of regional and national workshops in beneficiary countries, including for printing

publications, translation of documents, hiring of meetings locations, etc. in support of OP1.2 (3 meetings x 2 days/meeting x \$5,000/meeting) and OP2.3 (6 meetings x 2 days/meeting x \$2,500/meeting).

COVID-19 risk mitigation: In case travel restrictions persist in 2021, regional and national events in beneficiary countries will be replaced by virtual webinars. The above provision for meeting locations will in this case be used to procure a virtual platform with interpretation services.

6. Grants and Contributions (145): \$164,000 (Total)

Workshops, seminars & Expert Group Meetings

A provision of \$164,000 is required for regional meetings and international conference in support of OP1.2. (Duration of meeting: 2 days; (\$2,000 per participant/expert) x (20 participants and experts) x (3 meetings)) and OP2.5 (Duration of conference: 2 days; (\$2,200 per participant/expert) x (20 participants and experts) x (1 conference)).

COVID-19 risk mitigation: In case travel restrictions persist in 2021, grants and contributions will be reduced by \$40,000.

COVID-19 impact overall:

GTA	+ \$20,000
International consultants	+ \$12,000
National consultants	+ \$6,000
Consultant travel	- \$6,000
Travel of ECE staff	- \$6,000
Travel of other United Nations staff	- \$6,000
Contractual services	+\$10,000
General operating expenses	+ \$8,000
Grants and contributions	- \$40,000
Total	- \$2,000