



Economic Commission for Europe**Committee on Innovation, Competitiveness and Public-Private Partnerships****Team of Specialists on Innovation and Competitiveness Policies****Thirteenth session**

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Item 3 of the provisional agenda

Innovation and Competitiveness Policies**Progress report on the Innovation for Sustainable Development Review of Uzbekistan****Note by the secretariat****I. Background**

1. UNECE began a programme of Innovation Performance Reviews (henceforth Reviews)¹ in 2010. Armenia, Belarus, Kazakhstan, Tajikistan and Ukraine underwent such Reviews, released as official UN publications. In 2015, the methodology was updated to reflect the Sustainable Development Goals (SDGs) by mainstreaming sustainable development more fully into the reviews and including lessons learned from past Reviews to incorporate recent advances in thinking about innovation policy. UNECE plans to continuously reform, upgrade and streamline the review process by further aligning it with other relevant work streams, such as the UNECE Sub-regional Innovation Policy Outlook (IPO), and in line with Agenda 2030 and to support the transition towards circular economy.

2. Since 2015, UNECE Innovation for Sustainable Development Reviews (henceforth I4SDRs) have been completed and published for Belarus and Kyrgyzstan. Subsequent to a second methodological update in 2020, Georgia became the first country to select elective in-depth chapters addressing national policy priorities for sustainable development². The Government of Georgia selected two topics for these in-depth chapters: “Public procurement and financing as drivers of innovative development” and “Innovation and growth dynamics in Georgian enterprises”.³

3. Requested by the government of Uzbekistan, the Innovation for Sustainable Development Review of Uzbekistan was included in the inter-sessional implementation plan 2020-2021 endorsed by the 14th session of the UNECE Committee on Innovation,

¹ These Reviews are country-led and participatory, where international experts assess the national innovation system, policies, institutions and propose a set of policy recommendations for further improvements for reforms. Following an international peer review and publication, UNECE works with the country to support subsequent reform efforts.

² ECE/CECI/ICP/2018/INF.1

³ See <https://unece.org/economic-cooperation-and-integration/publications/innovation-sustainabledevelopment-review-georgia>

Competitiveness Policies (Decision 2021 – 4b.4) held in Geneva (hybrid) 2-4 June 2021. Uzbekistan selected the following elective topics for in-depth chapters: “Boosting the innovation infrastructure of Uzbekistan” and “Strengthening science-industry linkages”.

4. The in-depth elective chapters were developed together with leading international expert Dr. Nadejda Komendantova, Research Group Leader and Senior Research Scholar at the International Institute for Applied Systems Analysis, Austria⁴, and Prof. Slavo Radošević, Professor of Industry and Innovation Studies at the University College London, United Kingdom⁵, respectively.

5. Extrabudgetary support for the I4SDR of Uzbekistan is provided by the Russian Federation under the project “Strengthening the capacity of CIS countries to promote innovation for sustainable development in the context of the digital economy and Industry 4.0”.

6. In July 2021, Executive Secretary Ms. Olga Algayerova, together with other colleagues from the UNECE Secretariat, visited Tashkent and met with H.E. Mr. Ibrokhim Yu. Abdurakhmonov, Minister of Innovative Development of Uzbekistan, to discuss UNECE support efforts for the country, including synergies between the forthcoming I4SDR and the recently launched UNECE Environmental Performance Review (EPR) for Uzbekistan. At the meeting, parties agreed to strengthen ties in order to identify new areas of cooperation going forward.

II. Status of the project

6. Draft chapters of the I4SDR have been developed based on desk research (March 2020 – April 2021) and an extensive, virtual⁶ fact-finding process involving interviews and focus group meetings with national innovation stakeholders (April – June 2021) on economic conditions, innovation performance, the national innovation system, its governance, institutions and policies. Findings and policy recommendations are to be peer-reviewed in a virtual process planned to begin in Q3 2021.

7. Following the incorporation of changes to reflect the peer review process, the I4SDR will be finalised, a high-level national launch event organised, and the final manuscript submitted as an official UN publication by early 2022.

8. The UNECE secretariat thanks the Russian Federation for the project-funding and, as national focal point, the Ministry for Innovative Development of Uzbekistan, for its continuous support during the project implementation.

III. Initial findings

9. Uzbekistan, a double landlocked, lower-middle income economy, stands out among post-Soviet countries by avoiding much of post-independence slump in output that come with rapid structural change. A cautious, gradual approach to trade and investment as well as direct and indirect subsidies were elements of a cautious approach to the transition to a market economy and helped maintain a critical mass of the productive capacities in the country. Exports of natural resources allowed Uzbekistan to attain pre-independence GDP levels already in 2001 and sustain solid albeit fluctuating growth since.

10. More recently, the strong political commitment to economic reform, sustainable development, and innovation policy, has opened up the economy to the private sector, trade, and investment. However, the country’s strong reliance on low value-added commodities for

⁴ Dr. Komendantova previously worked with the United Nations Industrial Development Organization (UNIDO) on policy support for industrial development in Kyrgyzstan.

⁵ Prof. Radošević has previously worked with UNECE on the I4SDR for Georgia and Moldova (forthcoming) and is member of the UNECE Policy Principles Task Force.

⁶ Fact-finding meetings with national stakeholders were held virtually due to COVID-19 travel restrictions.

export revenue creates vulnerability to price fluctuations and shocks and has seen limited positive spill-over effects and diversification of the economy.

11. Innovation, the process of trying out new ideas for creating value more systematically, will be essential to diversify and upgrade the economy, emerging as the driving force for long-term sustainable development. This requires developing a strong private sector with solid capacities to absorb innovation.

12. Uzbekistan can build on several strengths for innovation-led growth, including high levels of educational attainment, especially in science and engineering and a legacy of public research with commercial potential. At the same time, relatively low levels of investment in research and development, low enrolment rates in tertiary education, low levels of technological complexity and constraints in commercialisation of research results provide further room for improvement.

12. Recognising this, Uzbekistan has put innovation high on the political agenda. This includes setting up a dedicated Ministry of Innovative Development in 2017, introducing various start-up support mechanisms, such as accelerators, incubators and science and technology parks, and launching a series of support initiatives to promote entrepreneurship. However, given the recency of these efforts, the National Innovation System (NIS) of Uzbekistan is still nascent and remains largely fragmented.

13. In the run-up to the new, medium-term innovation strategy for 2022-2030, reviewing these innovation policy initiatives is especially important to ensure their effectiveness for innovative development in the country. Preliminary findings of the I4SDR of Uzbekistan show that the framework conditions and infrastructural elements of the innovation ecosystem are not yet fully developed, whereas the capacities in service provision need to be reinforced. Further, the current capacities of research and development organisations and the private sector do not yet fully exploit opportunities to ensure technology upgrading and knowledge transfer in the private sector.

14. Findings and recommendations of the I4SDR will support the government of Uzbekistan in structuring innovation policies, enhance key institutions, and improve policy processes and instruments and results will feed into the new strategy for innovative development 2022-2030. UNECE stands ready to continue the support to innovation policy in Uzbekistan through subsequent national capacity building activities and other normative work, for example through sub-regional initiatives such as the UNECE Sub-regional Innovation Policy Outlook.