



Economic Commission for Europe**Committee on Innovation, Competitiveness and Public-Private Partnerships****Sixteenth session**

Geneva, 31 May-2 June 2023

Item 4 (a) of the provisional agenda

Implementation of the Programme of Work – Team of Specialists on Innovation and Competitiveness Policies**Progress of the work of the SPECA Working Group on
Innovation and Technology for Sustainable Development****Note by the secretariat¹****I. Introduction**

1. The Working Group on Innovation and Technology for Sustainable Development of the UN Special Programme for the Economies of Central Asia (SPECA) was created by decision of the SPECA Governing Council in 2019. This followed a proposal by the SPECA Working Group on Knowledge-based Development to update its name and terms of reference to better reflect the priorities of the SPECA participating countries² under the 2030 Agenda. The Working Group serves as a platform to promote sub-regional cooperation on strategic approaches to harness innovation in support of the Sustainable Development Goals (SDGs). The secretariats of the United Nations Economic Commission for Europe (UNECE) and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) support the activities of the Working Group.

2. In 2019, the Working Group adopted the SPECA Innovation Strategy for Sustainable Development³, followed by the Action Plan for its implementation⁴ in 2021. The implementation of the Strategy carries great importance for the sub-region, given the necessity of innovation for achieving the SDGs, for digital and green transformation, and for integrating into global value chains, a goal that is of great relevance for countries acceding to the World Trade Organization. The key role of innovation in the sub-region is expected to be further highlighted in July 2023 at the High-level Political Forum under the auspices of the Economic and Social Council, where progress towards SDG 9 on industry, innovation and infrastructure will be reviewed and where 3 SPECA participating countries (Tajikistan,

¹ This document has not been formally edited.

² Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

³ The Strategy is available at

https://unece.org/fileadmin/DAM/SPECA/documents/gc/session14/SPECA_Innovation_Strategy_English.pdf

⁴ The Action Plan is available at https://unece.org/sites/default/files/2021-10/2%20Action%20Plan_SPECA%20Innovation%20Strategy%20for%20Sustainable%20Development_Draft_ENG.pdf

Turkmenistan and Uzbekistan) will present Voluntary National Reviews of their implementation of the 2030 Agenda.

3. On 17 April 2023, a Joint Ministerial Statement by the SPECA participating countries released in advance of the seventieth session of UNECE highlighted their goal to advance digitalization and green transformation in Central Asia, and welcomed the key theme of the Azerbaijani Chairmanship of SPECA for 2023 (“Transforming the SPECA region into a connectivity hub with global outreach”). The work on innovation and technology carried out by the Working Group is key in this context, as innovative new products, services and production processes are needed to achieve the desired transformative effect.

II. Meetings of the Working Group

4. Since the fifteenth session of the Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP), the Working Group has held its third annual session on 20 July 2022, preceded by an Expert Group Meeting on 19 July 2022. These meetings took place in hybrid format. They were co-organized by ESCAP and UNECE and were chaired by the Government of Kazakhstan.

5. At its session in July 2022, the Working Group welcomed the activities supported by UNECE since its previous meeting. Among other decisions, it endorsed the establishment of a SPECA Network of Business Incubators and Accelerators for Sustainable Development. The aim of the Network is to develop the potential of business incubators and accelerators to promote innovative entrepreneurship and deliver economic, social and environmental benefits across the SPECA sub-region. The Network has grown rapidly since its inception and has already organized several virtual trainings and policy dialogues, which were each attended by over 100 participants from the participating countries (see paragraph 10 and 11 below).

6. The Government of Uzbekistan has offered to host the fourth annual session of the SPECA Working Group on Innovation and Technology for Sustainable Development in Tashkent in October 2023. The event is planned to take place during the “Innoweek”, an initiative of the Ministry of Higher Education, Science and Innovation of Uzbekistan which gathers local and foreign research centres, innovators, investment funds, technology agencies, science parks and business incubators from across the region. This will allow the Working Group session to reach a broader audience, including through capacity building events and policy dialogues that will be held on the margins of the session, and will provide meeting participants with increased networking opportunities.

III. Sub-regional capacity building

7. Since the beginning of 2020, UNECE has been implementing the UN Development Account project “Strengthening innovation policies for SPECA countries in support of the 2030 Agenda for Sustainable Development”. The project activities that have taken place after the fifteenth session of CICPPP are presented below.

8. In March 2023, UNECE published the policy handbook “Supporting Innovative High-Growth Enterprises in the SPECA Sub-region”⁵. The handbook presents the most pertinent and impactful policies for exploiting the opportunities presented by innovative high-growth enterprises, as well as inspirational international experience in this domain.

9. Another policy handbook on “New Innovation Policy for Transition Economies in the SPECA Sub-region” is currently being finalized. The handbook will put forward policy principles that can help strengthen coordination between disparate innovation actors and can increase capacities in the private sector to absorb innovation, as well as in the public sector to drive and accompany policy transformations.

⁵ The publication is available at <https://unece.org/economic-cooperation-and-integration/publications/supporting-innovative-high-growth-enterprises-0>

10. Several online trainings have been organized under the SPECA Network of Business Incubators and Accelerators for Sustainable Development to develop the capacity of policymakers but also of entrepreneurs, of the staff of business support institutions and the universities and other organisations who host such institutions. The trainings have covered technical aspects related to the promotion of innovative entrepreneurship, such as education, project selection, financing etc. With over 100 participants attending each training, these events have disseminated the good practices contained in the UNECE policy handbook “Business Incubators for Sustainable Development in the SPECA Sub-region”⁶ to a broad audience. The events have also highlighted the importance of aligning the work of business support institutions with the SDGs. The list of online trainings is as follows:

(a) 19 September 2022: “Fostering innovative entrepreneurship through educational curricula in the SPECA sub-region”;

(b) 27-29 September 2022: “Effective management and development of business incubators and accelerators”;

(c) 21 February 2023: “Development of business incubators and start-up accelerators: educational programme for university management”; and

(d) 16 March 2023: “How to work with venture funds and business angels”.

11. On 3 April, UNECE organized a policy dialogue on “Fostering circular solutions through innovation”⁷ as a side event to the seventieth session of UNECE. The event, which had over 200 participants, provided members of the SPECA Network of Business Incubators and Accelerators for Sustainable Development with the opportunity to exchange experiences and learn from circular economy stakeholders from across the UNECE region about empowering start-ups, micro-, small, and medium-sized enterprises to innovate for the green and circular transition. Key messages from the discussions include a need for collaboration between big companies and start-ups, as well as between business incubation/acceleration programmes and leading international research institutions. These factors can help accelerate the innovation process and facilitate commercialisation of promising technologies. A whole-of-systems perspective and active consultation between the private and public sectors are crucial for circular innovations to reach scale. Governments should integrate the circular economy more deeply into the educational process. A long-term view must be taken. While it may take years for new research and technology to reach the business level, these will have a huge impact on the circular transition. The recording of the event is available online⁸.

12. Under the SPECA Network of Business Incubators and Accelerators for Sustainable Development, a policy dialogue on promoting women’s entrepreneurship in transition economies will be organized on 1 June 2023 as a side event of the sixteenth session of the CICPPP.

13. Based on the strong interest from the SPECA participating countries, further activities are planned under the Network throughout 2023, including study tours, policy dialogues and trainings.

IV. National-level capacity building

14. Pursuant to a request from the Government of Turkmenistan for a review of its national innovation system, UNECE organized a fact-finding mission to Ashgabat in November 2022. The aim of the mission was to discuss the scope of a possible joint review on innovation and trade with government and private sector stakeholders, to raise awareness of UNECE work on innovation and trade in Central Asia amongst international organisations

⁶ Available at <https://unece.org/economic-cooperation-and-integration/publications/business-incubators-sustainable-development-speca>

⁷ The agenda and report of the event are available at <https://unece.org/info/Economic-Cooperation-and-Integration/events/376914>

⁸ The recording of the event is available at <https://www.youtube.com/watch?v=VI3p9IMG1xE>, starting at 01:43:00 of the video.

and donors based in the country, to highlight synergies with development cooperation and to explore potential collaboration with a view to fundraising.

15. The Innovation for Sustainable Development Review (I4SDR) of Uzbekistan was published in March 2022. The Government has been implementing the recommendations contained in the I4SDR and has recorded strong progress, joining the top three innovation economies in Central and Southern Asia according to the WIPO Global Innovation Index⁹. In 2023, the Government requested follow-up capacity building to spur further implementation, highlighting a particular interest in the topic of innovation for the green and circular transition. In response to this request, UNECE staff and experts travelled to Tashkent on 1-3 May 2023 to launch a dedicated programme of activities, which will offer trainings, policy dialogues and other events for entrepreneurs, state-owned enterprises, business support institutions and policymakers throughout the rest of the year. The goal of the capacity building programme is to empower relevant private and public stakeholders to support the innovation process towards a circular economy.

16. Pursuant to a request from the Government of Azerbaijan, UNECE will launch in June 2023 a capacity building programme to support the development of a venture capital ecosystem in the country, which will include workshops on relevant legislation as well as operational aspects. The goal of the programme is to enhance the attractiveness of Azerbaijan to investors interested in innovative entrepreneurship.

V. Fundraising needs

17. The UN Development Account project mentioned in paragraph 6 will come to an end in 2023. In light of the positive impact achieved through the project, and with a view to ensuring the sustainability of these activities, the secretariat is currently fundraising to be able to continue offering relevant technical cooperation after 2023, as well as to respond to new requests for support from the SPECA participating countries. Four areas of particular interest are listed below.

(a) *Combined I4SDR and Regulatory and Procedural Barriers to Trade Study (RPBT) for Turkmenistan*: Based on strong interest from the Government, UNECE is taking preparatory steps to conduct a first I4SDR of Turkmenistan. This study is set to be undertaken jointly with a UNECE RPBT study.¹⁰ The preliminary steps will include a second planned visit to Ashgabat in 2023 for a capacity building workshop on the building blocks of a National Innovation System, based on policy experiences from other SPECA participating countries. The proposed activity is expected to generate high development impact, by supporting the efforts of Turkmenistan to diversify its economy and to progress towards the SDGs.

(b) *I4SDR for Azerbaijan*: A request has also been received from the Government of Azerbaijan for an I4SDR. Azerbaijan has never undergone an I4SDR and would greatly benefit from a comprehensive analysis of its national innovation system and recent policy developments. The I4SDR would help accelerate progress towards the SDGs by supporting the efforts of Azerbaijan to diversify away from petrochemicals and develop into a knowledge-based economy, thus making it more attractive to investors interested in financing sustainable development.

(c) *SPECA Network of Business Incubators and Accelerators for Sustainable Development*: There has been very strong interest from all the beneficiaries in the activities under this network, with over 100 participants joining each of the online trainings organized by UNECE. Although there has been significant progress in the past few years, innovative entrepreneurship remains underdeveloped in the sub-region, despite its potential to make a

⁹ The WIPO Global Innovation Index 2022 is available at <https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2022-en-main-report-global-innovation-index-2022-15th-edition.pdf>

¹⁰ To be carried out under the UNECE Steering Committee on Trade Capacity and Standards

significant contribution to the achievement of the SDGs.¹¹ Additional extra-budgetary funding for capacity building for policymakers, entrepreneurs, educators and business support institutions is needed in this context, in order to spur innovative private sector development in line with the SDGs.

(d) *Innovation Policy Outlook (IPO) for Central Asia*: In 2020, UNECE published the first IPO¹², which assessed and benchmarked innovation policies, institutions and processes in six countries of Eastern Europe and South Caucasus. Given the very positive response to this publication, the progress achieved by the beneficiary countries since 2020, and the continued engagement of these countries in the follow-up policy dialogue process, SPECA participating countries see great merit in carrying out a similar IPO for Central Asia. The secretariat is currently fundraising to this end.

18. The SPECA participating countries play a key strategic role in trade and transport in the UNECE region, and their integration into global value chains stands to benefit all UNECE member States. Comparative advantages such as high levels of education and young populations create a strong potential for innovation-led development, which can allow these countries to leapfrog into a higher economic status. Extra-budgetary funding is critically important for the Working Group's activities to continue promoting faster progress towards the SDGs. Donors and development partners are called upon to consider providing additional funding.

¹¹ Notable barriers include an insufficient number of effective business incubators and accelerators (as a result of which promising start-ups do not enjoy the support needed to become viable businesses) and a lack of understanding of the need for such institutions within the research organizations and universities that are best placed to host them.

¹² The publication is available at <https://unece.org/economic-cooperation-and-integration/publications/sub-regional-innovation-policy-outlook-2020>