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

Geneva, 24–26 June 2024

**Report of the Committee on Innovation, Competitiveness and Public-Private Partnerships on its seventeenth session****I. Overview**

1. The United Nations Economic Commission for Europe (ECE) Committee on Innovation, Competitiveness and Public-Private Partnerships held its seventeenth session from 24 to 26 June 2024.
2. The Chair Mr. George Katapodis (Greece) opened the meeting and welcomed the participants.
3. In her opening remarks, the Executive Secretary of ECE observed that the ECE region was not on track to meet the Sustainable Development Goals by 2030. She stressed the importance of the Committee's work for accelerating progress by promoting innovative solutions and mobilizing private sector financing through Public-Private Partnerships (PPPs). She looked forward to the results of the Committee's international policy dialogue on climate action and resilient infrastructure and on the circular economy transition, which was contributing to key existing and forthcoming priorities of the Economic Commission for Europe as a whole.

**II. Attendance**

4. Around 230 participants attended the session, including representatives from the following ECE member States: Albania, Armenia, Azerbaijan, Belgium, Canada, Croatia, Finland, France, Georgia, Germany, Greece, Italy, Kazakhstan, Kyrgyzstan, Montenegro, Netherlands, North Macedonia, Norway, Republic of Moldova, Russian Federation, Slovenia, Tajikistan, Türkiye, Turkmenistan, Ukraine, United Kingdom, United States, and Uzbekistan.
5. Representatives of the following non-ECE member States also attended: Brazil, Burundi, Burkina Faso, Chad, Côte d'Ivoire, Egypt, the Gambia, Qatar, Peru, Sierra Leone, Somalia, United Arab Emirates.
6. Representatives of the European Commission also participated.
7. The following specialized agencies, funds, programmes and regional commissions in the United Nations (UN) system also attended: International Labour Office, UN Trade and Development (UNCTAD), UN Economic and Social Commission for Asia and the Pacific (ESCAP), UN Environment (UNEP), United Nations Development Programme (UNDP),

United Nations Industrial Development Organisation (UNIDO), United Nations Refugee Agency (UNHCR), World Food Programme (WFP), Food and Agriculture Organisation of the United Nations (FAO).

8. Other organizations (local authorities, academic institutions, international organizations outside the UN system, including the Organisation for Economic Co-operation and Development (OECD), non-governmental organizations and private sector entities) participated at the invitation of the secretariat.

### **III. Adoption of the agenda (Agenda item 1)**

#### **Decision 2024 - 1**

The Committee adopted the agenda for its seventeenth session (ECE/CECI/2024/1).

### **IV. Election of officers (Agenda item 2)**

9. The secretariat informed the Committee that Mr Uzunkaya (Türkiye) had completed one term of office as vice-chair and had been nominated by the Government of Türkiye for a second term. The secretariat had also received nominations from the Governments of Armenia, Azerbaijan and Belgium of candidates for vice-chair positions. The secretariat recalled that there was no statutory limit to the number of vice-chairs that could be elected.

#### **Decision 2024 – 2**

The Committee re-elected Mr Mehmet Uzunkaya of Türkiye and elected Mr Hamlet Mkrtychyan of Armenia, Ms Turkan Vusat of Azerbaijan, and Mr Steven van Garsse of Belgium as vice-chairs for terms of two years starting at the present session.

### **V. Implementation of the programme of work (Agenda item 3)**

#### **A. Team of Specialists on Innovation and Competitiveness Policies (Agenda item 3(a))**

##### **(i) Reporting on the work done since the sixteenth session of the Committee**

10. The secretariat provided a status report of the work of the Team of Specialists on Innovation and Competitiveness Policies (TOS-ICP) since the sixteenth session of the Committee (ECE/CECI/ICP/2023/2).

11. The ECE work on innovation and competitiveness continued to support member States in achieving the Sustainable Development Goals by developing international good policy practices, benchmarking national policies against them on request, developing recommendations for policy reforms, and building national capacities for implementing them.

##### ***International policy dialogue***

12. As part of its fifteenth session, the Team of Specialists on Innovation and Competitiveness Policies held an international policy dialogue on “Exploring the dynamics of experimentation and learning”. The resulting policy document “Digital and green transformations: exploring the strategic dynamics of experimentation and learning” (ECE/CECI/2024/3) argues that digital and green transformations require innovation policies that provide directionality for innovators, foster behavioural change on the consumer side, are coordinated horizontally and vertically across Government departments, and allow for constant adjustment along the way.

13. TOS-ICP made the following recommendations for transformative innovation policy:

- Ensure flexibility and agility through strategic intelligence, innovation foresight, and formative evaluation;

- Mainstream experimentation and learning through tools such as regulatory sandboxes, living labs and dedicated innovation teams;
- Ensure coherence through effective multi-level governance and a mix of demand, supply and system-level policy instruments.

14. In the subsequent discussion, the Finnish Innovation Fund Sitra invited the Committee to join hands in carrying out policy experiments on behavioural change as a driver of sustainability transformations and on the use of Artificial Intelligence (AI) for radical innovations. Overall, the discussion confirmed the value of sharing experiences, and the important role of the [UN-ECE Transformative Innovation Network \(ETIN\)](#) in promoting a more systematic approach to strategic learning for transformative innovation policy.

#### *UN-ECE Transformative Innovation Network (ETIN)*

15. The secretariat briefed delegates on the progress of the work of ETIN (ECE/CECI/2024/INF.2). ETIN provided a platform for peer learning in which policymakers, innovation agencies, entrepreneurs, industry representatives and experts in the field of transformative innovation discussed and jointly explored policies, practices and tools to promote innovative processes that increase competitiveness and accelerate sustainable transformation in the ECE region.

#### *Innovation for Sustainable Development Reviews*

16. The secretariat presented for information a note on progress on the Innovation for Sustainable Development Review (I4SDR) of Ukraine (ECE/CECI/2024/INF.1). The Review focuses on (i) providing context by drawing on relevant case studies from other major conflicts, (ii) identifying options for effective innovation policy making under the current, very challenging circumstances, and (iii) developing scenarios for policies promoting innovation for reconstruction and, ultimately, sustainable development.

17. The secretariat had undertaken a mission to Kyiv in May 2024 and had co-organized with the Academy of Sciences of Ukraine a seminar on science, technology and innovation indicators and their use in monitoring the effects of innovation policy. ECE Executive Secretary Tatiana Molcean had visited Kyiv from 4 to 6 June to discuss ECE support for the country's reconstruction and recovery, including innovation policy support, with Ukrainian government officials, the United Nations Country Team, the Delegation of the European Union to Ukraine, and other international partners.

#### *United Nations Special Programme for the Economies of Central Asia (SPECA)*

18. Uzbekistan hosted the 2023 annual session of the SPECA Working Group on Innovation and Technology for Sustainable Development, which is jointly managed with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

19. The Working Group continued to be guided by the Action Plan of the SPECA Innovation Strategy for Sustainable Development. Through a series of sub-regional and national capacity building events and a new policy handbook, the Working Group supported the SPECA Network of Business Incubators and Accelerators for Sustainable Development and other beneficiaries in implementing policy reforms based on ECE good practices and recommendations in areas such as

- Innovation for the circular economy (Uzbekistan, sub-regional);
- Building a venture capital ecosystem (Azerbaijan);
- Innovation for digital transformation (sub-regional).

20. The Government of Georgia hosted two study tours for policymakers from the SPECA sub-region, in which they shared good practices based on earlier analytical and capacity building support from ECE.

#### **(ii) Impact of the work done since the sixteenth session**

21. The work reported above would not have been possible without financial support from the Government of Sweden under the multi-year extrabudgetary project "Promoting innovation capacities in Eastern Europe and the Caucasus". As the project was coming to a

close, ECE engaged an independent external evaluator to assess the relevance, effectiveness and efficiency of the project and the sustainability of its outcomes.

22. The independent evaluator presented the main findings and recommendations of the evaluation to the Committee. Overall, project beneficiaries rated the project highly on effectiveness (73.1 percent positive responses) and very highly on relevance, efficiency and sustainability (positive response rates between 86 and 94 percent).

23. The evaluator made the following recommendations, which the secretariat accepted:

- To seek follow-on funding for innovation policy support to Eastern Europe and the South Caucasus and for replicating the project in other sub-regions, such as the Western Balkans and Central Asia;
- To better integrate gender balance and disability inclusion into similar projects in the future, and to ensure accountability in this regard, the secretariat should do more to collect relevant statistical data.

24. The following member States reported back to the Committee on the impact its work on innovation policy was having at the country level: Armenia, Georgia, Kyrgyzstan, Ukraine, Uzbekistan. All delegations emphasized that they consider innovation a strategic priority for their economic and sustainable development and expressed their appreciation for ECE's support and expertise:

- The I4SDR of Armenia had provided a thorough analysis of the national innovation system and had developed a clear roadmap for supporting innovation-led sustainable development in the country. Based on the recommendations from the Review, Armenia was in the process of developing a new strategy for high-tech industries. The delegation requested ECE support for implementing this new strategy.
- Georgia had created new initiatives on promoting innovation in agri-tech and in Artificial Intelligence based on recommendations from the I4SDR of Georgia and the sub-regional IPO of the EESC subregion and subsequent capacity building support. Georgia had also hosted several study tours for policymakers from Central Asia to share the knowledge and experience it had gained in its cooperation with ECE.
- Following the roadmap on innovation infrastructure development drawn up with ECE support, Kyrgyzstan had opened its first innovation centre at the Kyrgyz National University. A new law on Venture Capital financing had been drafted and was being reviewed by the Cabinet of Ministers before adoption.
- Ukraine expressed its appreciation for ECE's ongoing support on innovation policy reform, including inputs into the national innovation strategy and a new strategy on intellectual property rights that were being developed.
- Following policy recommendations from the national I4SDR, Uzbekistan had strengthened innovation policy coordination by assigning focal points in each ministry, creating chief innovation officer positions in companies, and assigning responsibility for innovation to rectors of all universities. Uzbekistan had increased state funding for research commercialization and had invested heavily in improving the quality of universities and increasing student enrolment in tertiary education.
- Uzbekistan had also expanded policy support for start-ups and entrepreneurship as part of the SPECA Network of Business Incubators and Accelerators, and several Venture Capital funds had set up operations in the country. Uzbekistan was also participating in ETIN.

#### **Decision 2024 – 3a.1**

The Committee expressed its satisfaction with the work of the Team of Specialists on Innovation and Competitiveness Policies as described in the report of the Team's fifteenth

session (ECE/CECI/ICP/2023/2) and thanked the Team's bureau for its guidance and the secretariat for its support of this work.

#### **Decision 2024 – 3a.2**

The Committee endorsed the policy recommendations on “Digital and green transformations: exploring the strategic dynamics of experimentation and learning” (ECE/CECI/2024/3) and emphasized the need for further normative and capacity building work on this important topic. It requested the secretariat to electronically disseminate the policy recommendations and to use them in future capacity building activities and policy advisory work. The Committee also emphasized the critical importance of extrabudgetary funding for implementing its recommendations and called on donors and development partners to consider providing such funding.

#### **Decision 2024 – 3a.3**

The Committee welcomed the progress on the Innovation for Sustainable Development Review of Ukraine. The Committee also welcomed the results of capacity building supporting the implementation of policy recommendations from the Innovation for Sustainable Development Review of Uzbekistan. The Committee also emphasized the critical importance of offering demand-based policy analyses and advisory services grounded in international good practice as developed under its auspices, and stressed the importance of continued capacity building to ensure that the analyses of national innovation policies result in tangible improvements of innovation performance in beneficiary countries. It thanked the Government of Sweden for its generous financial support to the Committee's policy analysis and capacity building work. The Committee also emphasized the critical importance of extrabudgetary funding for continuing this work and called on donors and development partners to consider providing additional funding.

#### **Decision 2024 – 3a.4**

The Committee welcomed the work done under the UN-ECE Transformative Innovation Network (ETIN). It emphasized the crucial role of policies supporting truly transformative innovation for accelerating progress towards sustainable development and the potential of this work to contribute substantially to the cross-sectoral priority themes of the Economic Commission for Europe, i.e., the circular economy transition, and digital and green transformations. The Committee noted with appreciation that ETIN has expanded to involve innovation policy stakeholders from programme countries, including Central Asia, Eastern Europe and the South Caucasus, and the Western Balkans. It welcomed the organization of two seminars with innovation policymakers and practitioners from the Western Balkans focusing on the potential of transformative innovation and on innovation in the service sector, respectively. The Committee thanked the Government of Germany for its generous financial support to this work. It called on donors and development partners to consider providing additional funding to enable continuation of these activities beyond 2024.

#### **Decision 2024 – 3a.5**

The Committee welcomed the progress made by the SPECA Working Group on Innovation and Technology for Sustainable Development in support of the SPECA Strategy on Innovation for Sustainable Development, notably the policy handbook on “New Innovation Policy for Transition Economies in the SPECA sub-region” that was recently issued as an official UN publication and a range of other capacity building activities.

The Committee re-affirmed the benefits of sub-regional dialogue and exchanges of experience on innovation policy grounded in international good practices for the SPECA region to progress towards the Sustainable Development Goals. The Committee thanked the secretariat for supporting this process. It emphasized the critical importance of extrabudgetary funding to maintain the activities under the SPECA Strategy on Innovation for Sustainable Development, including those of the SPECA Network of Business Incubators

and Accelerators for Sustainable Development, and called on donors and development partners to consider providing additional funding.

## **B. Working Party on Public-Private Partnerships (Agenda item 3(b))**

### **(i) Reporting on the work done since the sixteenth session of the Committee**

25. The secretariat provided a status report of the PPP work since the sixteenth session of the Committee (ECE/CECI/WP/2023/2). The ECE PPP work continued to focus on the SDGs by promoting five desirable outcomes through PPP standards, guiding principles, the PPP and Infrastructure Evaluation and Rating System (PIERS): An Evaluation Methodology for the SDGs, best practices and recommendations, and their voluntary use and implementation in countries.

#### ***Working Party session***

26. The policy discussion at the seventh session of the Working Party featured panel discussions on digital and green technologies for sustainable recovery and reconstruction, women empowerment, and stakeholder engagement.

27. The Working Party endorsed the Guidelines on delivering PPP projects for sustainable economic recovery and reconstruction in support of the Sustainable Development Goals (ECE/CECI/WP/PPP/2023/10).

28. The Working Party also took note of seven documents reissued to reflect the change of name in line with the Committee's decision 2022 – 4b.2:

- Standard on a Zero Tolerance Approach to Corruption in PPP Procurement (ECE/CECI/WP/PPP/2023/3);
- Declaration on a Zero Tolerance Approach to Corruption in PPP Procurement (ECE/CECI/WP/PPP/2023/4);
- Putting the Guiding Principles in Public-Private Partnerships in support of the United Nations Sustainable Development Goals into practice (ECE/CECI/WP/PPP/2023/5);
- Standard on Public-Private Partnerships in Railways (ECE/CECI/WP/PPP/2023/6);
- Standard on Public-Private Partnerships in Renewable Energy (ECE/CECI/WP/PPP/2023/7);
- Standard on Public-Private Partnerships in Roads (ECE/CECI/WP/PPP/2023/8); and
- Involving reliable and independent experts to develop Public-Private Partnerships projects in support of the Sustainable Development Goals in low and middle-income countries (ECE/CECI/WP/PPP/2023/9).

#### ***International PPP Forum***

29. The 8<sup>th</sup> edition of the UNECE International PPP Forum was held in Istanbul, Türkiye from 8 to 10 May 2024, co-organized with the Government of Türkiye. The Forum attracted over 600 participants from 93 countries, representing governments, the private sector, academia, and civil society. It featured 26 sessions with 180 speakers and panellists, including at ministerial and CEO level.

30. The Forum addressed challenges and opportunities for PPPs to help close the SDG infrastructure financing gap at national and city levels, as well as across borders. It covered a range of projects, including on digital and green transformations, economic recovery and reconstruction, climate resilience, and road safety. The Forum also discussed small-scale PPPs and the role of generative artificial intelligence in lowering project costs. Last not least, the Forum championed a human-rights based approach to PPPs, gender equality, inclusivity and women's empowerment, equal access to public services, and stakeholder engagement.

31. A standard feature of the Forum is the showcasing of PPP and infrastructure projects from around the world. More than 20 projects were submitted and evaluated using PIERS, 15 of which were presented. A site visit to the Northern Marmara Motorway project, which connects Europe to Asia over the Bosphorus, was also organized for the participants.

32. A compendium was published featuring 19 projects with a total capital investment of three billion dollars. This compendium was contributing towards the campaign to reach 500 projects that aspire to be SDG-compliant.

32bis. The Chair expressed his appreciation, also on behalf of the Committee, to the Government of Türkiye for hosting the Forum in Istanbul, which was considered very successful by the participants.

33. The representative of Türkiye gave a summary of the general content of the Forum and thanked the ECE secretariat and the Bureau of the Working Party for the collective efforts during the preparation process of the Forum, which provided a valuable platform for knowledge exchange, reinforcing the critical role of PPP and infrastructure finance in advancing the SDGs.

#### *Normative work*

34. There are currently nine PPP standards and guidelines at various stages of preparation, with the four launched in 2023 expected to be finalised in the coming months and submitted to the Working Party at its next session in November 2024.<sup>1</sup> The Working Party launched five new workstreams in 2024 to develop standards and guidelines on the following topics:

- Enhancing stakeholder engagement in PPPs for the SDGs;
- Supporting the use of off-grid rural electrification renewable energy and energy efficient PPP solutions for the SDGs;
- Promoting gender equality and women's empowerment through PPPs for the SDGs;
- Promoting climate resilient PPP and infrastructure projects in support of the SDGs; and
- Promoting international best practices in small-scale PPP projects in support of the SDGs.

35. The Chair asked the respective project leads to provide an update on the work on the policy documents under preparation:

(a) Ms. Doris Chevalier provided an update on the guide on sustainable finance due to be finalised in 2024 and the guide on gender equality and women's empowerment where work started in 2024 and is due to be finalised in 2025:

- Referring to the guide on sustainable finance, she informed the Committee that the document examines existing tools compatible with the SDGs and provides methods for selecting the appropriate financial instruments to attract lenders and debt providers in PPPs. She noted that the growing emphasis on green and impact finance in the financial world made the publication of this guide very timely.
- In relation to the guide on gender equality and women empowerment, she pointed out that the document seeks to provide practical tools for implementing gender equality practices and empowering women effectively in PPPs for the SDGs. The document is expected to be finalised in time for the next edition of the UNECE International PPP Forum in 2025.

(b) Mr. Steven van Garsse provided an overview of the ongoing work to develop two new guides: the guide on green and sustainable PPP procurement and the guide on small-scale PPPs:

- The guide on green and sustainable PPP procurement aims to help governments integrate sustainable practices into PPP procurement and implementation, focusing

<sup>1</sup> These are a guide on green and sustainable PPP procurement, two guides on digital transformation in PPPs for sustainable development, and a guide on sustainable finance.

on both policy and project levels, including planning, work procedures, and contract management.

- The guide on small-scale PPPs aims at capturing best practices to enhance learning, reduce transaction costs, improve bankability, and create additional financing means for such projects. The collaborative effort has involved numerous sessions to gather input from all stakeholders, with a notable session during the 8<sup>th</sup> edition of the UNECE International PPP Forum in Istanbul.

(c) When describing the topic of climate resilient infrastructure, Mr. David Dodd highlighted the pressing and escalating crisis where climate change and disasters are severely impacting infrastructure worldwide. He cited estimates from the United Nations Environment Programme, noting that the adaptation gap stood at \$127 billion in 2023, and is projected to rise to \$240 billion by 2030. He also pointed out that the United Nations Office for Disaster Risk Reduction has estimated that annual economic damages from disasters are nearing a trillion dollars, equivalent to over 1 percent of global economic output. To address this, he added, preparatory work began in 2024 to develop a guide on integrating climate resilience into PPP and infrastructure projects. A proposal for this guide was submitted to the Bureau of the Working Party for its consideration and, if approved, a multi-stakeholder drafting team will be formed in July 2024 to produce a draft in time for the next edition of the UNECE International PPP Forum in 2025.

#### ***Capacity building activities and policy advisory services***

36. The secretariat informed the Committee that PIERS was at the centre of most of the ten capacity building activities (five national, two regional and three international) organized in the past twelve months. Over 1,000 participants benefited from these activities with the participation of government officials from the ECE 17 programme countries and the involvement of international partners. These included UN agencies (UNCTAD, DESA and the other four UN Regional Commissions); UN country offices (Tajikistan, Türkiye and Turkmenistan); multilateral development banks (Eurasian Development Bank and EBRD); the US Department of Commerce; and national governments from programme countries.

37. As a contribution to the cross-cutting theme of the 70<sup>th</sup> session of the Economic Commission for Europe (April 2023) dedicated to “digital and green transformations for sustainable development in the ECE region,” the secretariat launched the PIERS digital platform. The latter is a web-based tool that enables users to self-assess the sustainability of their PPP and infrastructure projects by using the PIERS indicators and generate reports with the results of their assessments. Since its launch in December 2023, 93 projects from 44 countries in 18 sectors with a total value of 41.4 billion US dollars were assessed.

38. A regional event was co-organized with UNCTAD in Geneva on 21 March 2024, on “Integrated National Financing Frameworks (INFFs)”, which supported member States to mobilize additional financing to achieve the SDGs, including through PPPs. At this event, member States from ECE programme countries discussed how the PPPs for the SDGs approach can help to identify, develop and finance infrastructure projects in support of the SDGs.

39. A masterclass was organised at the European Bank for Reconstruction and Development (EBRD) office in Istanbul, Türkiye on 7 May 2024. The event entitled “Understanding and Leveraging the UNECE PPPs for the SDGs approach through Standards, Tools and Guides for Sustainable Infrastructures” introduced government officials from the ECE region and beyond to the essential PPP tools developed by ECE in support of the SDGs.

40. A new capacity building project financed from the UN Development Account was launched in 2024 together with two Regional Commissions: the Economic Commission for Africa (ECA) and the Economic Commission for Latin America and the Caribbean (ECLAC). The project aims at training public officials in six Member States on the use of the PIERS methodology. In addition, 40 PPP and infrastructure projects will be evaluated as part of the project, which will also provide seed funding for future editions of the UNECE International PPP Forum.

41. The secretariat informed the Committee that it continued to increase its visibility on social media – LinkedIn in particular – to promote the Committee’s PPP activities and outputs



for maximum impact. The ECE PPP LinkedIn community has more than doubled in a year, reaching close to 6,000 followers. Furthermore, the secretariat developed a new PPPs for the SDGs logo, including an animated version launched at the UNECE International PPP Forum in Istanbul, which it uses on social media and in other printed and digital material.

42. There was a growing need for extrabudgetary funding to match the demands for PPP support from member States. Fund raising is being prioritised by the secretariat, and funding requests are being sent to donors for financial support.

**(ii) Impact of the work done since the sixteenth session**

43. The ECE extrabudgetary project E267 “International Centre of Excellence on Public-Private Partnership: development and implementation of PPP standards and recommendations” was evaluated in 2023 by an external independent evaluator. The Chair presented the five recommendations made by the evaluator, while the secretariat informed the Committee that all the recommendations were accepted in its management response.<sup>2</sup>

44. Azerbaijan and Kyrgyzstan reported back to the Committee on the impact its work on PPPs was having at the country level. Both delegations emphasized that they consider PPPs a priority for their economic and sustainable development and expressed their appreciation for ECE’s support and expertise:

- The representative of Azerbaijan highlighted the country’s early-stage journey in implementing PPPs. Recently, Azerbaijan enacted a PPP law and secondary regulations, and its first PPP project – a water desalination facility – was currently in the tendering process. The representative expressed gratitude for the support provided by ECE and underscored the importance of institutional readiness and the PIERS methodology for implementing impactful PPP projects contributing to the SDGs. Additionally, the representative praised the 8<sup>th</sup> edition of the UNECE International PPP Forum and the ECE PPP Masterclass, which provided valuable insights and knowledge. Despite challenges in the capacity of public partners in Azerbaijan, the PPP Unit of Azerbaijan remained committed to implementing PPPs for the SDGs and to cooperation and knowledge sharing with international institutions such as ECE.
- The representative of Kyrgyzstan highlighted the positive collaboration with ECE. Acknowledging the support received from ECE on PPPs for the SDGs over the past year, the representative highlighted the two training sessions organized by the ECE in Kyrgyzstan in September 2023. These sessions involved key stakeholders from government agencies directly engaged in PPP implementation and focused on the PPPs for the SDGs approach and the use of the PIERS methodology. He also thanked ECE for evaluating 8 PPP projects in Kyrgyzstan using the PIERS methodology. These evaluations allowed Kyrgyzstan to increase its knowledge on the use of the PIERS methodology and to strengthen its PPP pipeline in line with the SDGs.

**Decision 2024 – 3b.1**

The Committee expressed its satisfaction with the work of the Working Party on Public Private-Partnerships (PPPs) and endorsed the report of its seventh session (ECE/CECI/WP/PPP/2023/2) held on 30 November and 1 December 2023, and thanked the Working Party’s Bureau for its guidance and the secretariat for its support of this work.

**Decision 2024 – 3b.2**

The Committee approved the Guidelines on delivering Public-Private Partnerships projects for sustainable economic recovery and reconstruction in support of the Sustainable Development Goals (ECE/CECI/WP/PPP/2023/10).

The Committee requested the secretariat to support the implementation and use of these guidelines through demand-driven capacity building and policy advisory services to ECE

<sup>2</sup> See evaluation report and management response on the ECE website: <https://unece.org/evaluation-reports>

member States. The Committee also emphasized the critical importance of extrabudgetary funding for implementing the ECE PPP standards, tools and guidelines and called on donors and development partners to consider providing such funding.

#### **Decision 2024 – 3b.3**

The Committee noted with appreciation the plans to finalise work in 2024 on the practical guides launched by the Working Party in 2023 on digital transformation, green PPP procurement, and PPP and infrastructure finance.

#### **Decision 2024 – 3b.4**

The Committee noted with appreciation the Working Party's contribution since 2022 to promoting digital and green transformations in PPPs and infrastructure in response to the 70th Commission session (Decision 69B). In addition to the two guides on digital transformation and the guide on green PPP procurement under preparation, the Committee welcomed the efforts by the secretariat to provide a new user-friendly PIERS digital platform for the use of member States and other stakeholders. The Committee also noted with appreciation that since the PIERS digital platform was launched in December 2023, a total of 93 PPP projects from 44 countries in 18 sectors for a total of 41.4 billion US dollars were assessed.

#### **Decision 2024 – 3b.5**

The Committee welcomed the launch by the Working Party of five new PPP workstreams in 2024 on practical guides and standards on stakeholder engagement in PPPs, gender equality and women's empowerment in PPPs, off-grid renewable energy PPP projects, climate resilient PPP and infrastructure projects, and small-scale PPPs. The Committee noted that these policy documents can play an important role to guide public officials in ensuring that PPPs contribute to the SDGs.

#### **Decision 2024 – 3b.6**

The Committee welcomed the PPP policy advisory and capacity building work carried out since its last session, in particular the 8<sup>th</sup> edition of the UNECE International PPP Forum in May 2024 addressing topical issues such as digital and green transformations for sustainable development, economic recovery and reconstruction, climate resilience, equal access to public services and a human-rights based approach to PPPs, gender equality, inclusivity and women's empowerment, stakeholder engagement, small-scale PPPs, generative artificial intelligence and PPPs, and PPPs for road safety. The Committee expressed its appreciation to the Government of Türkiye for hosting the Forum in Istanbul.

The Committee also emphasized the critical importance of extrabudgetary funding for continuing its work on PPP policy advice and capacity building and called on donors and development partners to consider providing additional funding.

## **VI. Programme of Work for 2025, Intersessional Implementation Plan for 2024–2025, and recommendations on key components of the Programme of Work for 2026 (Agenda item 4)**

45. The secretariat presented the draft Intersessional Implementation Plan for 2024–2025 with activities planned for the remainder of 2024 and until the next session in 2025 (ECE/CECI/2024/INF.3).

46. The secretariat also briefed the Committee on requests received for technical cooperation and the efforts underway to raise the necessary additional extrabudgetary resources (ECE/CECI/2024/INF.4).

47. The secretariat also presented the draft Programme of Work of the Economic Cooperation and Integration subprogramme for 2025 (ECE/CECI/2024/4), including the publications programme, for decision.

48. The secretariat reminded delegates that the draft Programme of Work reflected the annual format approved by General Assembly resolution 77/267 adopted on 30 December 2022.

49. The secretariat also presented the “Outline of key components of the programme of work of the Economic Cooperation and Integration subprogramme for 2026” (ECE/CECI/2024/INF.5) as an opportunity for the Committee to provide recommendations, as necessary, for inclusion in the proposed programme plan of the ECI subprogramme for 2026.

50. The following member States requested additional technical cooperation activities: Azerbaijan, Kyrgyzstan, Montenegro. All delegations emphasized the usefulness of their cooperation with ECE. These requests would require additional extrabudgetary funding.

- The representative of Azerbaijan highlighted the valuable cooperation with ECE on climate resilience and PPPs. She mentioned the UN Climate Change Conference COP 29 which will be hosted by Azerbaijan in November 2024 and invited the members of the Committee to participate. In this regard, work has begun to organize a side event on climate resilience and PPPs for the SDGs in cooperation with ECE. Discussions are also being held with ECE to identify potential topics and experts to invite to COP29.
- She also expressed interest in contributing to the new workstream on climate resilience and PPPs. Finally, she requested the ECE to organize a training event on the PIERS methodology for government officials from different ministries and agencies in Azerbaijan.
- The representative of Kyrgyzstan invited the members of the Committee to an International PPP conference in Bishkek on 26 and 27 September 2024 being organised by the PPP Center of Kyrgyzstan and other international organisations. This event would be dedicated to issues and prospects for the development of PPPs in Kyrgyzstan and Central Asia and would also mark the fifth anniversary of the establishment of the PPP Center.
- He also requested the ECE to co-organise a session at the conference on small-scale PPPs, which are very important for Kyrgyzstan and the region. In this regard, Kyrgyzstan is looking forward to the development of the ECE guide on small-scale PPPs for the SDGs.
- Following two successful sub-regional conferences for the Western Balkans organized by ECE in 2023 and 2024, Montenegro emphasized that innovation was central to achieving the Sustainable Development Goals in the sub-region and requested more such events to support sub-regional cooperation on innovation policy reforms.
- Uzbekistan requested additional ECE support in implementing the policy recommendations from its national I4SDR, specifically to prepare guidelines for SME self-auditing to build sustainable enterprises.

#### **Decision 2024 – 4.1**

The Committee emphasized the large scope that its existing normative and technical cooperation work on innovation and PPPs for the SDGs holds for supporting member States in advancing on ECE’s cross cutting issues, i.e., the circular economy transition and the sustainable use of natural resources (69th Commission Session) and digital and green transformations for sustainable development (70th Commission Session).

#### **Decision 2024 – 4.2**

The Committee adopted the Intersessional Implementation Plan for the activities to be undertaken in 2024 and until the next session in 2025. The Committee requested the final Intersessional Implementation Plan for 2024 - 2025 to be annexed to the report of the seventeenth session of the Committee.

**Decision 2024 – 4.3**

The Committee, recognising the growing importance of the UNECE International PPP Forum, decided to hold the 9<sup>th</sup> edition of the Forum in May 2025 and requested the Working Party to decide on its venue in consultation with the Bureaux and with the facilitation of the secretariat.

**Decision 2024 – 4.4**

The Committee noted the usefulness of its policy and project assessments and capacity building work, as evidenced by the growing demand from member States for additional support in these areas. The Committee requested the secretariat to follow up on this demand subject to the availability of additional resources. The Committee in this regard welcomed the efforts of the secretariat to systematically identify fund raising needs and opportunities and encouraged prospective donors to contribute additional resources to the Committee's work.

**Decision 2024 – 4.5**

The Committee adopted the Programme of Work of the ECI subprogramme for 2025 (ECE/CECI/2024/4), including the proposed publications.

**Decision 2024 – 4.6**

The Committee agreed on the "Outline of key components of the programme of work of the Economic Cooperation and Integration subprogramme for 2026" (ECE/CECI/2024/INF.5) without recommendations for changes.

## **VII. Areas of common interest with other Economic Commission for Europe bodies and international organisations (Agenda item 5)**

51. The Chair emphasized that the two main areas of work of the Committee, innovation and PPPs, were cross-cutting, horizontal issues, as recognized in the 2030 Agenda for Sustainable Development, where SDG 17 Partnership for the Goals identifies science, technology and innovation, and public-private partnerships as means of implementation for the entire agenda. As such there were many areas where the Committee's work touched that of other committees at ECE and vice versa, and where there were common interests and existing cooperation with other international organizations. The Circular STEP network, which operated under the joint auspices of the Committee and the Steering Committee on Trade Capacity and Standards, was a very good example of this cooperation.

52. The secretariats of the following international organizations and ECE bodies briefed the Committee on potential synergies and opportunities for cooperation:

- Organisation for Economic Co-operation and Development (OECD)
- United Nations Trade and Development (UNCTAD)
- United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
- ECE Committee on Sustainable Energy
- ECE Committee on Environmental Policy
- ECE Steering Committee on Trade Capacity and Standards
- ECE-hosted UN/CEFACT

53. The OECD briefed the Committee on the recent ministerial-level meeting of the OECD Committee on Scientific and Technological Policies. The meeting had adopted a Declaration on Transformative Science, Technology and Innovation (STI) Policies. ECE had commented on the various drafts of the Declaration, and the Executive Secretary of ECE had addressed the Ministerial Plenary. The Declaration called for implementing an ambitious Agenda on Transformative STI Policies, including through analytical work, exchanges of experiences and capacity building. Given the overlap in membership and given the

Committee's work on transformative innovation policy within ETIN, there was clear scope for exploring additional cooperation with the OECD on supporting member States in implementing transformative innovation policies.

54. UNCTAD briefed the Committee on the work of the Inter-Agency Task Team on Science, Technology and Innovation for Sustainable Development, which had been created as part of the 2030 Agenda, particularly its capacity building workstream, which offered trainings on innovation policy, including at regional level.

55. ESCAP and ECE were already collaborating extensively on the financing of clean energy infrastructure and on green PPPs. ESCAP was eager to deepen and broaden cooperation.

56. The Committee on Sustainable Energy (CSE) was inter alia working on financing the energy transition and had contributed to a compendium of projects presented at the UN Climate Change Conference COP 28. CSE was working on critical raw materials for green transformations, where innovation was central. The director of the Sustainable Energy Division extended a standing invitation to the Committee to join in these and other workstreams. He also mentioned the ongoing cooperation with the United Nations Climate Change High-Level Champions (Climate Champions), and how the PIERS methodology was being featured at a regional finance forum, a precursor event to COP 29, that will be held in Hamburg, Germany, in October 2024.

57. The Committee on Environmental Policy (CEP) briefed the Committee on a new Platform for Action for Green Recovery in Ukraine which ECE had recently launched together with the OECD and UN Environment. The new Platform aimed to support a green recovery by defining milestones and developing suitable financial instruments. A green recovery would require innovation to move away from traditional industries and consumption and production patterns and develop more sustainable alternatives.

58. The Steering Committee on Trade Capacity and Standards (SCTCS)' country studies on Regulatory and Procedural Barriers to Trade were discussing inter alia how to reduce barriers to export diversification. Given that diversifying the economy is also a key goal of innovation policy, there was scope for synergies. The country studies were also discussing how to improve trade-related infrastructure, and there was scope for incorporating a role for PPPs into this. The Steering Committee was also embarking on work on regulatory and standardization policies for digital innovations, where synergies could be explored.

59. UN/CEFACT was developing standards and recommendations in close partnership between public and private sector actors. UN/CEFACT saw scope for cooperating with the Committee on building capacity in programme countries to implement these standards. For instance, its Team of Specialists on Environmental, Social and Governance Traceability of Sustainable Value Chains in the Circular Economy had developed an innovative blockchain system for tracing textiles along the value chain as a pre-condition for making value chains sustainable.

#### **Decision 2024 - 5**

The Committee reaffirmed the benefits of cooperation and coordination with other ECE bodies and international organizations, including on: the circular economy transition with the Steering Committee on Trade Capacity and Standards and the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT); on digital and green transformations for sustainable development and on climate action and sustainable PPPs and infrastructure in the ECE region with several other sectoral committees, including the Committee on Sustainable Energy; on capacity building with United Nations Trade and Development, the United Nations Inter-agency Task Team on Science, Technology and Innovation for Sustainable Development, and the Regional Cooperation Council; and on national and sub-regional innovation policy assessments and transformative innovation with the Organisation for Economic Co-operation and Development and the World Intellectual Property Organization.

The Committee invited its bureau and the secretariat to explore additional opportunities for collaboration with other ECE bodies and international organizations in implementing the 2030 Agenda for Sustainable Development.

## VIII. Follow-up to the evaluation of the Economic Cooperation and Integration subprogramme and the Trade subprogramme by the Office of Internal Oversight (Agenda item 6)

60. In 2022, the United Nations Office of Internal Oversight Services (OIOS) evaluated the relevance, effectiveness, coherence, sustainability, and integration of cross-cutting issues in ECE's subprogrammes 4 (Economic Cooperation and Integration) and 6 (Trade) for the period 2018–2021. The evaluation was part of the secretariat's regular programme periodically evaluating selected aspects of its operations. The secretariat had presented the findings, recommendations and management response to the sixteenth session of the Committee in 2023. The secretariat briefed the Committee on progress with implementing the recommendations of the evaluation, noting that implementation was solidly on track.

61. An ECE-wide technical cooperation request tracking mechanism was being rolled out. Summaries of requests were submitted to the sixteenth and seventeenth sessions of the Committee (ECE/CECI/2024/INF.4). The secretariat was in the process of reviewing experience gained from pilot initiatives to develop an integrated strategic plan for the Economic Cooperation and Trade Division, including division-wide responses to cross-cutting priority themes such as the Regional Conference on the Circular Economy Transition held jointly between the Committee and the Steering Committee on Trade Capacity and Standards on 26 June 2024. The Committee had integrated environment considerations into its work by focusing on the circular economy transition, on climate action, infrastructure resilience and green transformations. The secretariat had also taken steps to strengthen gender aspects and disability inclusion and a human-rights-based approach in its work.

### Decision 2024 – 6

The Committee welcomed the progress made on implementing the recommendations of the evaluation of subprogramme 4 and subprogramme 6 (implemented by the ECE Economic Cooperation and Trade Division (ECTD), undertaken by the Office of Internal Oversight Services (OIOS) ([ECE Executive Committee informal document no. 2023/21](#)), notably on a technical cooperation request tracking mechanism.

The Committee invited its Bureau to work with the secretariat on the implementation of the recommendations and to report back in 2025, and called on member States and development partners to work with the secretariat in support of the implementation of the ECE strategies on resource mobilisation, partnerships and technical cooperation.

## IX. Other business (Agenda item 7)

62. The secretariat briefed the Committee on the impact of the persistent liquidity crisis in the United Nations regular budget. To manage liquidity, the United Nations secretariat had postponed hiring on many vacant and temporarily vacant posts, and had greatly reduced staff travel and spending on external expertise (consultants and contractual services). Thanks to these workaround solutions the secretariat had been able to continue supporting the Committee in delivering on its mandates. However, the spending restrictions had resulted in fewer and shorter parliamentary documents, delayed implementation of extrabudgetary projects due to a shortage of regular budget staff time to manage them, and delays in website migration and updating of critical links. The secretariat called on delegations to help resolve the situation.

63. The secretariat proposed that the eighteenth session of the Committee would be held in Geneva from 25 to 27 June 2025.

### Decision 2024 - 7

The Committee agreed that its eighteenth session would take place in Geneva from 25 to 27 June 2025, subject to confirmation of room availability and interpretation services.

## X. Adoption of the report (Agenda item 8)

### Decision 2024 - 8

The Committee invited the secretariat to prepare a draft report and distribute it to the Geneva Permanent Missions for subsequent approval by silence procedure in accordance with paragraph 21 of Appendix III of document E/ECE/1464 (Guidelines on procedures and practices for ECE bodies). Once the report is adopted, it will be published in English, French and Russian.

## XI. International Policy Dialogue (Agenda item 9)

### A. Accelerating progress towards the Sustainable Development Goals: the role of innovation and Public-Private Partnerships (Agenda item 9(a)) and

### B. Accelerating the Circular Economy transition in the Economic Commission for Europe region (Agenda item 9(b))

64. Building on its existing expertise and prior work, the Committee exchanged experiences, shared case studies, reviewed progress, and identified knowledge gaps as a basis for further work to promote innovations and PPPs that can accelerate progress towards the SDGs in general and the Circular Economy transition in particular.

65. The Committee thanked the speakers and participants for their contributions to the discussion. The Chair's summary of the discussions under both items 9(a) and 9(b) is in Annex I.<sup>3</sup>

### Decision 2024 – 9

The Committee welcomed the timely discussions under the substantive segment (agenda item 9) and emphasized the importance of strengthening policy support for innovation and PPPs to accelerate progress on climate action and sustainable infrastructure. The panel discussions on transformative innovation for climate action, on innovation and PPPs for smart, resilient infrastructure, and on harnessing generative artificial intelligence to lower PPP transaction costs, were appreciated by the delegates. The Committee invited the secretariat to annex the Chair's conclusions to the report of its seventeenth session, and to make use of the results of the international policy dialogue in implementing the Programme of Work.

The Committee in particular recognized the significant support which its work on the Circular Economy transition, including in the context of the Circular STEP network, has provided to the transition to a circular economy in the ECE region since the sixty-ninth session in 2021. It welcomed the timely discussions during the Regional Conference on Circular Economy. The Committee emphasized the importance of its workstreams on innovation-enhancing procurement and on PPPs for the SDGs guidelines in advancing the circular economy agenda. The Committee requested the secretariat to compile a comprehensive report summarizing the outcomes and recommendations of the Regional Conference on the Circular Economy for dissemination among member states and relevant stakeholders, with a view to informing future policy and action in this area.

<sup>3</sup> The second policy dialogue, on accelerating the circular economy transition, formed part of a ECE Regional Conference on the Circular Economy Transition, which was organized jointly with the ECE Steering Committee on Trade Capacity and Standards as part of the Circular STEP network on 26 June 2024. A separate summary of the results of the entire conference will be published on the website of Circular STEP at [UNECE Regional Conference on the Circular Economy | UNECE](#)

**Annex I**

[English only]

**Chair's summary of the international policy dialogue****A. Accelerating progress towards the Sustainable Development Goals: the role of innovation and Public-Private Partnerships (Agenda item 9(a))**

1. The 2024 ECE SDG Progress Report found that the ECE region is on track to achieve only 20 of the SDG targets by 2030, down from 21 and 26 in 2023 and 2022, respectively, with 80 requiring accelerations, and 17 requiring a reversal of trend. The 2024 Regional Forum on Sustainable Development for the ECE Region had called on member States to increase momentum for the SDGs and to take strong messages forward to the High-level Political Forum in July 2024 and the Summit of the Future in September 2024 to underscore the ECE region's role as a global champion of sustainable development.

2. In an opening, framing session and four thematic panels, policymakers, business leaders and leading academic experts discussed policy options to strengthen science, technology and innovation and sustainable finance, including PPPs, to accelerate key transitions and advance cooperation towards achievement of the SDGs in the region, focusing on climate action and resilient infrastructure.<sup>4</sup>

**I. Opening Panel**

3. Despite considerable advances on climate-saving technologies, progress on climate action remains far too slow. According to NASA, every single month in the past twelve has been the hottest on record. Extreme weather events are becoming increasingly frequent and cause ever more damage to our infrastructures.

4. The panel agreed that the ECE region needs to step up its efforts to mitigate climate change. This will require innovations to decarbonize the economy and get to net zero or even net negative climate gas emissions. But mitigation is no longer enough. The region must also urgently step up efforts to adapt to the climate change that is happening. Making critical infrastructures more resilient is fundamentally important. The public and private investments needed to achieve this are estimated at 6.9 trillion US dollars per year.

5. Accordingly, the new Pact for the Future, which the UN Summit of the Future was expected to adopt later in 2024, calls inter alia for supporting private sector investment in science, technology and innovation, and deepening public-private partnerships in order to combat climate change and to adapt to its impact.

6. The panel agreed that getting to net zero required transformative innovation at the level of entire socio-economic systems, such as cities, and across all industries. The panel also agreed that experimentation and learning at the policy level would be critical to achieve this, as would be institutional and behavioural change.

7. Governments, innovators, investors, businesses large and small, and consumers and civil society all need to collaborate to accelerate the development, deployment and scale-up of innovative solutions to the climate challenge, including across borders. The UN-ECE Transformative Innovation Network (ETIN) is one such collaboration effort. Another is the Climate Knowledge and Innovation Community (Climate KIC), a leading multi-stakeholder

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<sup>4</sup> At its session on 1 July 2024, the Executive Committee of the Economic Commission for Europe decided that "Climate action and resilient infrastructure for a sustainable future" would be the theme of the biannual session of the Economic Commission for Europe in 2025.



partnership working on developing and scaling transformative innovations for climate action in the European Union.

8. PPPs can play a key role in both climate change mitigation and adaptation by mobilizing not only the financial resources but also the knowhow of the private sector to build and retrofit critical infrastructure and to manage it in a long-term, sustainable and resilient way. Examples from Belgium were cited, such as storm surge barriers and flood protection systems, which include renewable energy generation. This innovative approach to finance the green transition not only safeguards against floods but also creates income to repay loans through the sale of energy.

9. The panel shared examples of the challenges and opportunities for climate action in ECE member States at different levels of economic development, including Belgium, Finland, Georgia, Norway, Ukraine and Uzbekistan. Public procurement, including through PPPs, can be a very important policy lever, but even in high-income countries habits, incentives, and lack of knowledge of what will work in the public sector pose a significant obstacle to harnessing this potential.

## **II. Changing the Game: Transformative innovation policies for climate action**

10. Building on the framing session, the first thematic panel explored the current state of transformative innovation policies for climate action. Panellists showcased real world examples of truly transformative innovations that drive climate action, net zero transitions and resilience in key sectors, such as aviation and energy. They discussed why, nonetheless, science, technology and innovation had not led to faster progress to the net zero transition and climate change adaptation and what policymakers could do to accelerate the transition.

11. Panellists agreed that innovation for climate action has been held back by a combination of misaligned incentives, insufficient financing, weak links between science and business, and insufficient coordination of policies. There are still too many subsidies for fossil fuels, climate gas emissions often remain under-priced, markets for green financing instruments are under-developed, and policy is all too often made in silos.

12. The panel also discussed the specific complexities of promoting systemic transformations. This requires various actors to make investments in R&D and capital assets whose returns depend on other actors making complementary investments at the right times in the right locations. The decarbonization of the aviation industry is a case in point, where aircraft manufacturers and their suppliers, airlines, energy and utility companies, and airports all must innovate and co-invest.

13. Many policies that can support innovation for climate action are already well-known, and the panellists advocated for expanding them, such as public R&D, tax incentives for private R&D, support for start-up eco-systems, mission-oriented policies, innovation-enhancing public procurement, or regulation and regulatory harmonization and competition.

14. However, expanding these policies can be difficult if there is a lack of trust in society that innovation will deliver broad-based benefits. The panel therefore also highlighted the need to go beyond narrowly conceived innovation policies, and to bridge gaps between science and society, as well as to build more trust in technology and in public policy.

## **III. Smarter not harder? Opportunities and challenges of artificial intelligence in solving climate change**

15. Recent breakthroughs in Artificial Intelligence (AI) hold the promise of dramatically increasing the productivity and hence pace of research, science, technology and innovation in all areas, including climate action. At the same time, many applications of AI today have large energy and environmental footprints. As these applications grow exponentially, they risk creating large scale new demands on energy supply and distribution. They also pose significant new challenges for data security, data privacy, data access and ownership, and ensuring that AI is used for the common good.

16. In the second thematic panel, leading experts and policymakers explored this tension and how to resolve it by drawing on cutting edge use cases from the ECE region. They discussed how AI can accelerate breakthrough innovations for climate change mitigation and adaptation, how innovation can reduce the footprint of AI itself, and what policymakers can do to support this process.

17. Panellists showcased examples from the ECE region and beyond of AI being used to accelerate both climate change mitigation and adaptation. AI can be a tool to cope with the complexities of driving sustainability transitions, of interpreting vast amounts of data, of predicting negative climate impacts and identifying priority areas for intervention, of modelling the responses of complex socio-economic systems (such as transport or the built environment) to possible policy changes, and of informing foresight exercises.

18. The panel argued that by thinking of AI and energy as one integrated value chain, it is possible to create “positive loops” where advances in AI speed up innovations in clean energy, and innovations in clean energy reduce the climate footprint of AI. The panel provided specific examples from the ECE region where energy companies were investing in AI to drive the clean energy transition, and technology companies were investing in clean energy to meet their net zero commitments. They also provided examples of AI being used to improve the matching of energy supply and demand and the efficiency of electricity grids.

19. In terms of policy, the panel recommended investing in key enablers, such as data and data centers, computing capacity and talent, including multi-disciplinary capabilities of Government ministries and agencies. The panel also discussed the need for risk-based regulation, for open and harmonized data standards, and for greater transparency on the actual climate footprint of different AI applications.

#### **IV. Integrating Climate Resilience into PPP and Infrastructure Projects for Climate Action**

20. The third thematic panel addressed the pressing issue of integrating climate resilience into PPP and infrastructure projects, a critical need in light of worsening climate conditions and the escalating frequency and intensity of natural disasters globally. The discussion focused on the potential of PPPs to enhance the climate resilience and adaptability of both new and existing infrastructures to better cope with natural disasters like floods and earthquakes.

21. Panellists highlighted the potential of PPPs in both the prevention and recovery phases of disaster management. In this regard, the importance of involving affected populations was emphasized, ensuring that resilience measures are both effective and inclusive. Communication with and input from local communities during the recovery period was noted as crucial for creating a sense of ownership and for the success of these projects. A structured climate impact assessment by the Federal Ministry of Transport of Germany was given as an example that includes evaluating the exposure of, the potential damages to, and the significance of affected infrastructures.

22. The panel also discussed the physical and economic impacts of climate change on infrastructure. These include the stress on materials due to higher temperatures and increased water levels, and the broad economic disruptions following disasters. The importance of high-quality and complete forecasting and data to inform effective adaptation measures was underscored. The panellists discussed specific adaptation strategies, such as efficient space use, greening urban areas, improving water infiltration systems, and creating flood zones. They emphasize the necessity of using sustainable building materials and nature-based solutions to ensure infrastructure resilience without exacerbating climate change.

23. The discussion identified important challenges in scaling up climate resilience in infrastructure through PPPs, including the uncertainties in predicting climate events and misalignments in policy, particularly regarding public procurement. Panellists also stressed the inadequacy of current financial incentives for the private sector to invest in climate resilience. They argued for the necessity of strategic risk allocation in PPP contracts to ensure fair distribution among partners and emphasized the role of PPPs in offering long-term,

sustainable solutions in infrastructure and in fostering innovative approaches of the private sector.

24. The panel stressed the need for guidelines that address the integration of climate resilience into PPP projects and policy frameworks. They praised the new ECE workstream on PPPs for the SDGs in climate resilience, highlighting the importance of international cooperation and sharing best practices. In this regard, this workstream can benefit from the existing knowledge within ECE and from collaboration with other subprogrammes.

## V. Generative AI and PPPs: Opportunities and Challenges

25. The fourth thematic panel explored the transformative potential of employing generative artificial intelligence (AI) in the PPP lifecycle. Panellists debated the balance between the accelerated efficiency and effectiveness that AI introduces, and the accompanying challenges and risks.

26. It was acknowledged that AI could revolutionize PPPs by reducing transaction costs, speeding up the development process, and improving the accuracy and efficiency of infrastructure needs assessment, risk evaluation and documentation generation. For example, at the identification stage, AI could help forecast infrastructure usage and help prioritize projects by understanding the interaction between different infrastructure projects. AI could also speed up the development stage of projects by automating tender preparation and managing the bidding process. There is also potential during the operation and maintenance stages where AI could identify and detect issues or disasters before they arise.

27. However, the discussion also centred on the substantial legal, ethical, and technical challenges that arise with the integration of AI. The main risks consist in reliability limitation, the lack of transparency in the algorithms and the data, and the lack of controllability. The panellists also discussed ways to address these challenges and mitigate the risks. They stressed the importance of raising awareness, fostering competition, and establishing governance and regulation for AI.

28. The issue of regulation was raised during the ensuing discussion, cognizant of the fact that the Committee does not have a mandate to regulate AI. However, it was argued that regulation on the one hand should remain flexible and agile enough not to stifle AI innovation, and on the other hand should ensure that any potential risks are managed adequately.

29. There was a consensus on the need for more research and comprehensive guidelines to realize the opportunities and navigate the challenges posed by AI, ensuring that its application in PPPs is both ethical and effective, and in support of the SDGs.

## B. Accelerating the Circular Economy transition in the Economic Commission for Europe region (Agenda item 9(b))

30. One SDG where there has been backsliding globally and in the ECE region is SDG 12 on Sustainable Consumption and Production. Following the decision of the 69<sup>th</sup> session of the Economic Commission for Europe, ECE has been working on accelerating the transition to a more circular economy in the region. It has created [Circular STEP](#), a stakeholder engagement platform to fill gaps and create synergies among the many practical and value-creating initiatives in the sphere of the circular economy. All ECE programme countries have nominated Government focal points for the network. The platform focuses on the following eight areas: trade, innovation-enhancing procurement, waste management, small and medium-sized enterprises, traceability of value chains, financing, digital solutions, and institutional arrangements.

31. In the second part of the Committee's international policy dialogue, member States and leading international experts took stock of the work on the circular economy transition that had been done in the areas of the Committee's mandate, including as part of the Circular

STEP project, in particular innovation-enhancing procurement and PPPs in waste-to-energy,<sup>5</sup> and discussed existing obstacles and possible policies to overcome them in order to reverse the negative trend on circularity.<sup>6</sup>

## VI. Opening and keynote

32. The Circular Economy transition has been broadly recognized as a key policy issue at the international level. Well over 100 countries have either adopted national Circular Economy roadmaps, or have at least references to the Circular Economy transition in their national Sustainable Development strategies.

33. However, according to the 2024 Global Circularity Gap Report,<sup>7</sup> the world consumed almost as many materials in the past six years as in the whole 20<sup>th</sup> century, while circularity, i.e., the share of secondary materials in total materials used, has declined steadily from 9.1 percent in 2018 to 7.2 percent in 2023. The bulk of the overshoot of planetary boundaries on climate gases, nitrogen, freshwater use and land use change occurs in higher- and middle-income countries, many of them ECE member States.

34. The speakers agreed that even though circularity is widely discussed today, these discussions have not yet translated into sufficient impact on the ground. The productivity of circular business models has not increased as much as was hoped, and in many sectors, legacy technologies and misaligned incentives still encourage wasteful practices. As a result, material consumption and waste generation have not sustainably decoupled from economic growth.

35. To accelerate the transition, it will be important to improve policy coherence and coordination across portfolios, including at the international level, as currently, a plethora of uncoordinated national policy frameworks creates barriers to international trade. Speakers also agreed that it will be important to better address fairness concerns in the circularity transition. A key enabler in this regard is investment in Circular Economy skills.

36. Speakers also agreed that there is not enough systematic information and analysis on how financing, including policy support, for the circularity transition is allocated across regions and sectors. Improving the evidence base for policy making will be critical to accelerating the transition.

## VII. Reversing Course: Innovation-Enhancing Procurement for the Circularity Transition

37. Innovation-enhancing public procurement can be a powerful tool to generate ideas that are conducive to the systemic shifts in production and consumption patterns that are needed for the circular transition. To successfully mainstream innovation, circularity and sustainability into procurement practices, governments need to know how to manage risks, improve the skills of public procurement officials, enhance data collection and monitor results, and try out new forms of partnerships and co-ordination. This panel explored the policy experience with innovation-enhancing public procurement as a possible catalyst for the innovation needed to progress towards the circular economy.

38. The panel discussed the different objectives which innovation-enhancing procurement can pursue. IEP can aim from merely incremental change (procuring marginally improved products) or for procuring completely new goods. It can also aim for shifting entire business

<sup>5</sup> See document ECE/CECI/WP/PPP/2022/3 Guidelines on PPP for the SDGs in waste-to-energy projects for non-recyclable waste: pathways towards a circular economy, and document ECE/CECI/WP/PPP/2022/4 Guidelines on promoting circular economy in PPPs for the UN SDGs.

<sup>6</sup> This part of the policy dialogue also formed the first segment of a Circular STEP Regional Conference. The second segment was a policy dialogue covering the other, trade-related focus areas of Circular STEP and was held as part of the [2024 session of the ECE Steering Committee on Trade Capacity and Standards](#) in the afternoon of Wednesday, 26 June 2024.

<sup>7</sup> [CGR Global 2024 - Report.pdf \(greenindustryplatform.org\)](#)

models (e.g. products to services), or even for creating entire new circular eco-systems where the waste of one actor becomes the resource of another. The complexity of the process, and the demands on the capacity of public procurement agencies, increases with the level of ambition.

39. The Committee had endorsed a Policy Guidance on Innovation-enhancing Procurement (ECE/CECI/2021/5), which was rolled-out, including in Georgia through the national Innovation for Sustainable Development Review (I4SDR), a tailored policy handbook and a study tour for public officials to Norway. The case of implementing innovation-enhancing Procurement (IEP) in Georgia proved to be a transformational experience, with a new public procurement law developed from the ground up and significant efforts put into training public procurements officers including through peer learning.

40. However, panellists agreed that even in countries that are at the forefront of innovation-enhancing public procurement, such as Norway, innovative solutions often do not scale but remain at the stage of pilot and demonstration projects, in part due to excessive risk aversion, a lack of skills and misaligned incentives in procurement agencies, but also due to a lack of coordination between procurers.

41. ETIN is working on ways to overcome these challenges, including by integrating a more entrepreneurial, venture mindset into procurement processes, and by changing the focus from trying to control the outcome of individual procurement projects to creating a process that will contribute to systemic change. Demand Acceleration, a framework established in Sweden, was presented as an example. Another example was the United Kingdom's efforts to mainstream data-driven and open approaches to IEP and investments in creating cross functional teams across government stakeholders.

## **VIII. Implementing ECE PPP for the SDGs Guidelines to Promote the Circular Economy**

42. The second panel of this dialogue focused on the critical task of implementing two Circular Economy PPP guidelines to support member States in integrating Circular Economy into PPP and infrastructure projects in support of the SDGs: the Guidelines on Promoting Circular Economy in PPPs (ECE/CECI/WP/PPP/2022/4) and the Guidelines on Waste-to-Energy Projects for Non-Recyclable Waste (ECE/CECI/WP/PPP/2022/3). Panellists acknowledged that developing these guidelines was just the first step. The real challenge lies in their successful implementation, which requires robust political support and stringent regulations to foster investment and adherence to Circular Economy principles.

43. The discussion highlighted the need for PPP projects to be designed in an integrated manner, considering them as interconnected systems rather than isolated initiatives. This systemic approach ensures that all aspects of Circular Economy are addressed comprehensively, leading to more sustainable and effective outcomes.

44. Panellists then explored enablers for implementing ECE Circular Economy guidelines and initiatives. Key enablers include stakeholder involvement and education, sound labour policies, strong political will, acceptance of private financial proposals, and effective media strategies to raise public awareness. Engaging and educating all stakeholders - from government bodies to local communities and businesses - was also highlighted as it builds a collective understanding and commitment to Circular Economy goals. The panel also emphasized the importance of fair and sustainable labour conditions to support the workforce and promote the overall sustainability of Circular Economy projects.

45. In contrast, key barriers to implementing ECE guidelines and Circular Economy initiatives in PPP projects were also discussed, particularly in the context of developing countries. These barriers include a lack of knowledge and understanding and insufficient investment strategies. The panel stressed that addressing these barriers through strategic planning, seminars, and international collaboration is essential for advancing Circular Economy initiatives.

46. One concrete example on the use of Circular Economy principles in a PPP project showcased in this panel was the A6 highway project in Germany. During construction, the

project recycled 100 percent of the existing motorway pavements, exceeding German standards for recycling asphalt in pavement layers. Extensive testing ensured that recycled pavement met quality and durability requirements, while significantly reducing the need for virgin materials. In the operational phase, a tool was developed to record, analyse, and reduce all project emissions aiming for CO<sub>2</sub> Net Zero. The project's sustainable measures led to the development of a pilot certification by the German Sustainable Building Council, setting guidelines for future sustainable motorway projects and contributing to the Circular Economy.

47. The panel agreed that raising awareness of the two ECE PPP Circular Economy guidelines and of the Circular Economy model in PPPs among all stakeholders would be essential to ensure successful implementation in infrastructure and PPP projects. The panel also agreed that the secretariat should continue supporting exchanges of experience and policy learning among member States. North Macedonia was given as an example where the regulatory framework was in place, but where ECE support in finetuning the investment strategy and reviewing the prevailing preference for investments by international donors over PPPs would be beneficial.

## Annex II

### Intersessional Implementation Plan for 2024-2025

#### I. Introduction

1. The present document is based on the programme of work of the Committee for 2024 (ECE/CECI/2023/5). It provides additional information on activities planned and proposed for the period between the seventeenth and eighteenth sessions of the Committee. The document presents activities grouped by the main thematic areas covered by the Committee, that is, Innovation and Competitiveness, and Public-Private Partnerships.
2. The plans and proposals reflect demand expressed by member States as well as the resources available to the secretariat.

#### II. Innovation and Competitiveness Policies

3. The work on innovation and competitiveness focuses on promoting a policy environment supportive of innovative development and knowledge-based competitiveness in support of the UN 2030 Agenda on Sustainable Development. Activities include policy dialogue, policy recommendations and good practices, analytical reviews, and capacity-building events at national and sub-regional levels.

##### *International policy dialogue and development of good policy practice*

4. The sixteenth session of the Team of Specialists on Innovation and Competitiveness Policies will be held in Geneva on 27 and 28 October 2024. As part of the session, an international policy conference will provide an opportunity for experts from across the ECE region to exchange experiences on innovation policy. The Bureau of the Team will decide on the specific topic in consultation with the Team members. A policy document synthesizing international good practice on the topic will be submitted to the seventeenth session of the Committee for adoption.
5. The fifth session of the Working Group on Innovation and Technology for Sustainable Development (WG on ITSD) of the UN Special Programme for the Economies of Central Asia (SPECA) will be organized together with ESCAP on 27 June 2024 in Kyrgyzstan. A policy conference will be organised back-to-back with the session.
6. The sixth session of the SPECA WG on ITSD will be organized in 2025 together with ESCAP and held back-to-back with a subregional policy conference for the SPECA-participating States.

##### *National and subregional policy analysis and recommendations*

###### *Innovation for Sustainable Development Review (I4SDRs)*

7. The Innovation for Sustainable Development Review of Ukraine will be completed. Azerbaijan and Turkmenistan have requested ECE to carry out I4SDRs. These requests may be met subject to available resources.

###### *Innovation Policy Outlook (IPO)*

8. Work may begin in 2025 on an IPO for Central Asia, with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan as beneficiaries, subject to available funding.

##### *Capacity building*

9. Regular policy dialogue meetings of the network of Innovation Policy Outlook national focal points will continue to be organized to exchange good policy practices and build government capacity to implement policy recommendations from the Outlook.
10. In follow-up to the national Innovation for Sustainable Development Review of Armenia, ECE is working together with the Government of Armenia on potential capacity

building activities to help implement the recommendations of the Review. In March 2024, ECE co-organised a workshop on the “Crafting Armenia's High-Tech Industry Vision” together with the Ministry of High-Tech Industry of Armenia, UNIDO and USAID in Yerevan. Following the outcomes of the workshop, ECE staff and experts will support Armenia in developing the next strategic priorities for the country in STI. The aim is for the outcomes of the I4SDR and the workshop to feed into national strategic documents of the Armenian Government to be developed in the next two years.

11. Implementation of recommendations from the I4SDR of Uzbekistan may be supported subject to extrabudgetary funding, including a request from the Government to prepare guidelines for SME self-auditing towards building sustainable enterprises.

12. Further capacity building activities to support implementation of recommendations from existing policy analyses at the national level may be undertaken upon request and subject to available resources.

13. Under the SPECA Working Group on Innovation and Technology for Sustainable Development, ECE will continue to implement subregional capacity building activities, subject to demand and the availability of extrabudgetary resources. Based on strong interest from the SPECA-participating States, study tours, policy dialogues and trainings will continue to be organized under the SPECA Network of Business Incubators and Accelerators for Sustainable Development, subject to the availability of extrabudgetary resources.

14. ECE will continue contributing to the capacity building workstream of the UN Inter-agency Task Team on Science, Technology, and Innovation for Sustainable Development as appropriate, subject to available resources.

15. Work on developing international good practice on transformative innovation policy and on building the capacity of national innovation agencies on this topic will continue under the auspices of the ECE Transformative Innovation Network (ETIN).

### III. Public-Private Partnerships

16. The focus of the work on Public-Private Partnerships (PPPs) is supporting ECE member States' use of PPPs for the SDGs. In this context, work will address a range of issues relevant to the cross-cutting Commission themes. These include sustainable economic recovery and reconstruction, corruption in PPPs, pandemic preparedness and response, food security, women's empowerment, and accelerating achievement of the SDGs in the ECE region. The ECE Guiding Principles on PPPs for the SDGs provide the normative basis for the work on PPPs.

#### *International policy dialogue*

17. The eighth session of the Working Party on PPPs will be held in Geneva on 25-26 November 2024.

18. The 9<sup>th</sup> edition of the International PPP Forum will be organised by ECE in May 2025.<sup>8</sup>

#### *Standards, recommendations, guidelines, and best practices*

19. The work on practical guides on green and sustainable PPP procurement; digital transformation in PPPs for sustainable development; and sustainable finance, launched in early 2023, will be finalised in 2024.

20. The work on standards and practical guides on gender equality and women empowerment; stakeholder engagement; off-grid rural electrification renewable energy PPP

<sup>8</sup> The dates of the Forum will be fixed with UNOG Conference Services. A competition for the best PPP infrastructure projects that contribute to digital and green transformations in support of sustainable development will be organised by the secretariat at the Forum, and a letter of recognition will be given to the winners. The competition will contribute to expanding the database of case studies and to promote the use of the PIERS methodology.



solutions;<sup>9</sup> small-scale PPPs;<sup>10</sup> and climate resilient infrastructure initiated in 2024, will continue based on existing resources.

21. The work on online training learning material for policymakers from ECE PPP policy documents and tools (the PPP and Infrastructure Evaluation and Rating System (PIERS): An Evaluation Methodology for the SDGs, in particular), launched in 2024, will continue based on existing resources.

22. The initiation of work on new topics for future standards and practical guides will be prioritised by the Working Party at its next session, on the recommendation of its Bureau.<sup>11</sup>

### ***Capacity building***

23. Capacity building projects<sup>12</sup> to promote effective partnerships between the public and the private sectors through PPPs for the SDGs will continue to be implemented in 2024 and 2025 subject to available extrabudgetary resources.

24. Support will be provided by the secretariat to requesting Governments in self-assessing PPP and infrastructure projects using the PIERS methodology, including to quantify and monitor the wider environmental and socioeconomic value of these projects.<sup>13</sup>

25. The campaign to reach 500 PPPs for the SDGs case studies will continue to be promoted, and additional case studies will be collected and presented at the ninth International PPP Forum in 2025.

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<sup>9</sup> The standard is being developed with input from the ECE Group of Experts on Renewable Energy, serviced by the Sustainable Energy Division.

<sup>10</sup> At its meeting on 1 March 2024, the Bureau of the Working Party on PPPs agreed that the practical guide should be developed as a joint ECE-WAPPP document to be submitted to the Working Party on PPPs at its next session.

<sup>11</sup> The topics for new policy documents approved by the Working Party on PPPs are included in Annex II of document [ECE/CECI/WP/PPP/2023/2](#).

<sup>12</sup> Projects funded by the UN Development Account and/or from extrabudgetary resources approved by the ECE Executive Committee.

<sup>13</sup> The secretariat will prepare terms of reference for the voluntary ex post evaluation of projects using PIERS to quantify and monitor the wider benefits of PPPs and infrastructure projects.