

Status of VPoA implementation across North and Central Asian LLDCs

Savia Hasanova

A large, dark blue, abstract shape that starts as a thin line on the left and expands into a wide, curved base on the right, resembling a stylized wave or a modern graphic element.

Methodology

- Assess the progress in VPoA implementation since 2014 to the most recent date available
- Review national strategies
- Analyze gaps and suggest priority areas to be included in the next programme of action

Priority 1: Fundamental transit policy issues

- + Improved performance in terms of time and resources spent at the land borders (particularly, Kazakhstan, Tajikistan and Uzbekistan)
- + Reduced border compliance time for export (slightly less for import), except for Kyrgyzstan
- Heavy dependence on road transport (approx. 75% for LLDCs)
- Underdeveloped rail connectivity, especially in Central Asia
- Lack of harmonized border crossing procedures
- Lack of effective coordination mechanisms for managing the corridors

Priority 2: Infrastructure development and maintenance: Transport

+ Improved quality of roads
(espec. Tajikistan and Azerbaijan)

+ Large infrastructure projects
implemented

examples:

Trans-Caspian International Transport
Route (TITR)

Baku–Tbilisi–Kars railway

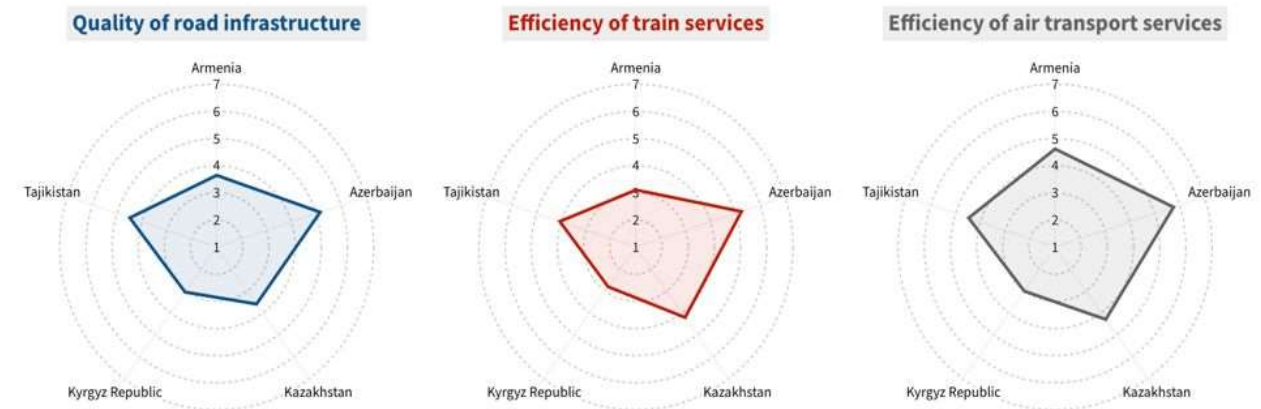
China-Kyrgyzstan-Uzbekistan Railroad

Agreement signed in 2022

— Poor physical infrastructure remain

Kyrgyzstan and Armenia have the lowest scores in terms of quality of road infrastructure and transport services

Pillar 2: Infrastructure of the Global Competitiveness Index in 2019, scores: 1-7 (best)



Source: Global Competitiveness report 2019

Priority 2: Infrastructure development and maintenance: Energy and ICT

Energy

- + Potential for hydro power
- + National policies to promote RE (Uzbekistan's Green Economy Transition Strategy, Azerbaijan's State Agency for Renewable Energy Sources)

ICT

- + Full mobile cellular coverage
- + Increase in internet users

Energy

- Decline in the average share of renewable energy consumption (from 12.1% to 11.7 %)
- Insignificant share of RE in Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan — less than 2%

ICT

- Kyrgyzstan, Tajikistan and Turkmenistan: still low access to internet (less than 50%)
- Infrastructure challenges, affordability challenges, non-universal access

Priority 3: International trade and trade facilitation

- Low participation in global trade, however
- + increased export-to-GDP shares
- Export is dominated by commodity sector
- + By 2022, all NCA LLDCs countries joined at least four international conventions
- + Armenia, Kazakhstan, Kyrgyzstan and Tajikistan signed WTO trade facilitation agreement
- + Uzbekistan's proclaimed intention to join WTO

Exports of goods and services (% of GDP)

Country	2014	2021
Armenia	28.6	35.0 ↑
Azerbaijan	43.3	46.7 ↑
Kazakhstan	39.3	32.6*
Kyrgyzstan	37.4	39.3
Tajikistan	9.2	17.3** ↑
Uzbekistan	16.0	23.7 ↑
Turkmenistan	46.8	Not available

Priority 4: Regional integration and cooperation

+ significant number of multilateral and bilateral trade agreements signed

	Cumulative Number of RTAs in force		incl. multilateral 2022	Share of trade agreement partners (last available year) *	
	2014	2022		In total imports of goods	In total exports of goods
Armenia	7	12	6	65.8	49.2
Azerbaijan	5	5	2	23.9	9.5
Kazakhstan	7	11	6	39.7	14.9
Kyrgyzstan	7	10	5	21.1	39.7
Tajikistan	3	2	1	30.1	51.8
Turkmenistan	5	5	1
Uzbekistan	4	4	1	28.5	20.6
NCA LLDCs	5.4	7.0			
Average, LLDCs	3.34	4.35			

*Data for Kazakhstan is presented for 2020, for the rest of the countries - for 2021

Sources: WTO, Regional Trade Agreements Information System, UN COMTRADE database

Priority 5: Structural economic transformation

+/- Mixed progress:

Shift towards industry and service sector in Uzbekistan, Armenia and Kazakhstan

Kyrgyzstan and Tajikistan remain dependant on agriculture in terms of employment, Azerbaijan (over 35%)

+ Focus on clusters, industrial parks and special economic zones development (Kazakhstan, Uzbekistan)

+ Improved business environment, but

— uneven progress in FDI attraction (COVID-19 outbreak imposed major challenge)

Priority 6: Means of implementation

- Little progress has been made in mobilizing adequate resources
- High level of external debt (limits the possibility to attract new borrowings)
- All the countries face challenges of designing financial strategies to address all aspects of economic and social development
- + Uzbekistan has become one of the first countries in the region to issue a Sovereign Sustainable Development Goals Bond

Challenges: summary

Priority	Challenges
<i>Priority 1: Fundamental transit policy issues</i>	Transport connectivity, reliance on road transport as primary transport mode, insufficient rail density and rail infrastructure
<i>Priority 2: Infrastructure development and maintenance</i>	Lack of renewable energy sources and infrastructure, Digital divide remains strong
<i>Priority 3: International trade and trade facilitation</i>	Lack of export diversification, dependence on commodities and minerals export
<i>Priority 4: Regional integration and cooperation</i>	Insufficient benefits from free trade in the region
<i>Priority 5: Structural economic transformation</i>	Undiversified economies, reliance on commodity sector, insufficient FDI attraction
<i>Priority 6: Means of implementation</i>	Design of financial strategies to address all aspects of economic and social development

Source: author's summary

Areas for further facilitation

- Assistance in implementation of international conventions
- Expansion of renewable energy sources and infrastructure
- Reducing digital divide
- Export diversification
- Economic diversification: *industrial parks and economic clusters development, sustainable tourism development*
- Increasing efficiency of ODA

Further discussion

Achieving gender equality

- Female labor force participation rate is low (45.7% of women versus 64.9% of men)
- Wage gap
- Rankings in Gender Inequality Index vary from 41 for Kazakhstan (being the best) to 87 for Kyrgyzstan having the highest gender inequality index in the region
- Not all of the NCA LLDCs directly prioritize the gender equality issues in their development strategies for the upcoming years

Data collection and monitoring

Current strategic documents do not explicitly mention the goals and tasks of the VPoA and the data for the relevant indicators is not being collected

saviya.hasanova@gmail.com