



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

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Item 2 of the provisional agenda

Innovation and Competitiveness Policies**The sub-regional Innovation Policy Outlook - the way forward****Note by the Secretariat****I. Context**

1. The ECE Sub-regional Innovation Policy Outlook 2020: Eastern Europe and South Caucasus (henceforth referred to as IPO) is a pilot project, rolled out between September 2018 and February 2021. ECE was mandated by the Committee on Innovation, Competitiveness and Public-Private Partnership at its 12th session on 26 – 28 March 2018 to carry out the project, which was funded through an extrabudgetary contribution from the the Swedish International Development Cooperation Agency (Sida) under the project “Promoting innovation policy capacities in Eastern Europe and the Caucasus”.
2. The IPO assessed and benchmarked the quality and scope of innovation policies, institutions and decision-making processes in six countries of Eastern Europe and the South Caucasus (EESC): Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, and Ukraine. The project resulted in an ECE flagship publication, the [Sub-regional Innovation Policy Outlook 2020: Eastern Europe and South Caucasus](#), which was presented and launched through high-level webinars, globally on 25 November 2020 and at six country events in December 2020 and in February 2021.
3. The IPO offers policymakers and other stakeholders in EESC, and beyond, a framework for identifying and assessing strengths and weaknesses in their national innovation systems, for setting up effective innovation policies and support mechanisms, as well as for putting in place the institutions and processes to design, run, and evaluate them efficiently. The IPO also guides donors and private investors on opportunities to support and invest in innovation for sustainable development in the EESC sub-region.
4. Innovation policy often involves targeted public support for specific projects, which can be expensive and involve substantial, unintended trade-offs. The IPO assesses the role of policies, support mechanisms and institutions in translating innovation *inputs*, such as infrastructure and educational attainment, to *outputs*, such as private sector innovation and intellectual property registrations. Assessing these elements generates insights into whether scarce public resources are put to optimal use, whether policies systematically contribute to innovation for sustainable development and whether institutions, processes and incentives are able to put them into practice.

5. The IPO applies an assessment framework adapted to the economic, political, structural, historical and institutional features that strongly influence innovation-led development in this specific sub-region. Common features that set EESC countries apart from other countries at comparable output levels include: a legacy of economic planning, an atrophying yet tangible tradition of applied and frontier research, and high levels of educational attainment overall and in science, technology and engineering in particular.

II. Stakeholder feedback

6. The Secretariat has received positive feedback¹ on the IPO 2020 project and publication:

(i) EESC countries' deputy ministers in charge of innovation policy warmly welcomed the results and commended the valuable peer learning dynamic created by the project amongst EESC countries, and the usefulness of the IPO 2020 to identify policy and institutional strengths and weaknesses;

(ii) The members of the Team of Specialists on Innovation and Competitiveness Policies endorsed the results of the IPO 2020 at informal consultations in October 2020;

(iii) An independent evaluation commissioned as part of ECE's Evaluation Policy concluded in October 2020 that the IPO serves as an important complement to the ECE Innovation for Sustainable Development Reviews (ECE/CECI/2021/INF.2);

(iv) High-level representatives from international organisations working on innovation policy in EESC countries and beyond (including the World Intellectual Property Organisation; the Organisation for Economic Co-operation and Development Global Relations Secretariat; and the European Commission's Joint Research Centre) noted the high degree of complementarity between IPO and their own work in related areas;

(v) Several governmental and non-governmental stakeholders from EESC countries mentioned the potential of the IPO to guide the process of improving innovation policies, institutions and processes in line with good policy practices and principles on innovation and competitiveness elaborated through the work of the Committee, thereby enhancing productivity and competitiveness in EESC countries.

III. Follow-up activities to IPO 2020

7. The Secretariat has taken stock of the lessons learned from the pilot IPO, by consulting with EESC innovation stakeholders. This included EESC government institutions responsible for designing and implementing innovation policies, international and local innovation policy experts, EESC private sector associations, UN offices in EESC countries, embassies of ECE member States in EESC countries, and international organisations. The Secretariat will continue to take stock through 2021 to seek ways to enhance and streamline the IPO methodology and the overall research process.

8. EESC innovation stakeholders - including the Governments of Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, and Ukraine - have expressed interest in follow-up activities to the IPO to help participating member States with contemporaneous policy learning and fine-tuning policy reforms in light of the IPO 2020 piloting experience.

9. To respond to this interest and to ensure that the IPO has a tangible and lasting impact, the Secretariat proposes to begin follow-up activities on the IPO with EESC countries in 2021. The proposed activities would include:

(i) An interim assessment of key innovation policy reforms per EESC country;

(ii) Analysis of two to three in-depth important topics of concern to the EESC sub-region;

¹ The feedback listed in this section is based on official evaluation and meeting reports; it draws particularly on the meeting reports from the global and country-specific publication launch events.

(iii) Regular meetings of the IPO National Focal Points to exchange policy practices and build government capacity to implement the IPO 2020 policy recommendations;

(iv) An interim publication to be published in 2022, which would summarise key findings and recommendations from these activities.

10. EESC innovation stakeholders - including the Governments of Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, and Ukraine - have also expressed interest in participating in full-fledged IPO assessments in EESC countries at regular intervals of three-four years. This would enable countries to track their own policy progress, benchmark their performance vis-à-vis other EESC countries in a peer-learning context, and continue using the IPO as a tool to guide and measure effects of policy design and reform to build sustainable national innovation systems. The Secretariat requests the support of member States in securing extrabudgetary funding to carry out future, fully-fledged IPO assessments which would also ensure high sustainability of the results.

11. In order to use the experience with the pilot IPO to benefit additional ECE members states more widely, the Secretariat proposes to explore options for carrying out IPO assessments in other country groupings or sub-regions with common characteristics and where such assessments would complement existing innovation policy support. The Secretariat has identified the following options of country constellations to date:

(i) Western Balkans countries and Turkey;

(ii) Members of the UN Special Programme for the Economies of Central Asia;

(iii) Member States of the Commonwealth of Independent States;

(iv) Member States of the Eurasian Economic Union.

12. The Secretariat welcomes support from member States in securing extrabudgetary resources for this purpose.
