



Economic Commission for Europe

Committee on Innovation, Competitiveness and Public-Private Partnerships

Team of Specialists on Innovation and Competitiveness Policies**Thirteenth session**

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Item 4 of the provisional agenda

Innovation and Competitiveness Policies**Status of the fundraising activities to support ECE member States in building functioning national innovation systems****Note by the secretariat****I. Background**

1. Innovation is an essential driver of economic development, environmental sustainability, including circular economy, and social inclusiveness. Innovation creates new points of competitive advantage and consolidates and strengthens the existing ones to form the foundation and growth engines needed to reach the Sustainable Development Goals (SDGs), especially transition to a circular economy.
2. To foster sustainable development, including progress towards an increasingly circular economy and building resilience to events such as the COVID-19 pandemic, experimentation with ideas and technologies must become systematic across ECE member States' economies and societies. The Innovative Policies Development Section (IPDS) at the Economic Cooperation and Trade Division (ECTD) focuses on promoting such a supportive environment for innovative development and knowledge-based competitiveness.
3. Under its Sub-programme 4 on Economic Cooperation and Integration, the IPDS supports member States in building high-quality national innovation systems, setting up effective innovation policies and support mechanisms, as well as the institutions and processes to design and run them efficiently. Activities include policy dialogue, exchange of good practices, capacity building, and analytical reviews such as Innovation for Sustainable Development Review (I4SDR) and the sub-regional Innovation Policy Outlook (IPO). The IPDS also implements targeted capacity-building support to assist partner countries in their reform processes and implement the recommendations from the I4SDRs. Capacity-building support is provided at the member State request and is based on a mutually agreed plan to promote the ongoing or planned reforms.
4. The IPO supports multiple partner countries of the same sub-region through a comparative assessment of the quality and scope of innovation policies, institutions, processes, providing actionable policy recommendations at the national and sub-regional levels. Policymakers can draw on the IPO to identify strengths and weaknesses in policies

and institutions, to enlarge the evidence base for policy dialogue and learning, and to set priorities and design effective policy interventions.

5. The I4SDRs provide an in-depth calibrated assessment of individual countries' innovation systems for policy and structural reform. The reviews include elective chapters and recommendations on areas of relevance to the assessed countries, such as building business-science linkages or leveraging diaspora for innovative development. I4SDR recommendations have often formed the basis of countries' strategic and legal policy documents in innovation. In the past, the I4SDRs have triggered substantial reform momentum and requests for support in putting recommendations into practice.

6. Targeted capacity building is provided by the IPDS to assist partner countries in their reform processes and implement the sub-regional recommendations from the IPO and national recommendations from the I4SDRs. Capacity-building support is provided at the member State request and is based on a mutually agreed plan to promote the ongoing or planned reforms. Advisory missions, training workshops and other technical cooperation activities are conducted in response to countries' requests to assist in improving their innovation policies.

7. Following the first IPO in the Eastern Europe and South Caucasus (EESC) countries, as well as the I4SD reviews conducted in Georgia, Kyrgyzstan, there have been several member State requests to deepen cooperation with ECE on innovation. In the EESC region, the Government of Ukraine and the Government of Azerbaijan have requested a national I4SDR. The Governments of all EESC countries (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova, Ukraine) requested to conduct the second IPO assessment with the aim of institutionalising regional dialogue, good practice exchange and cooperation on topics emerging from the IPO assessment. In the UN Special Programme for the Economies of Central Asia (SPECA) region, the Governments of Kazakhstan, Tajikistan, Uzbekistan requested a sub-regional IPO for Central Asian countries. Additionally, the Government of Uzbekistan requested national capacity building following the ongoing I4SDR process, whereas the Government of Kazakhstan and the Government of Tajikistan requested national support. There has also been interest from the Governments in the Western Balkans.

II. The Fundraising Plan

8. To address the growing demand for cooperation on innovation in ECE member States, the IPDS has devised a plan to raise extra-budgetary funds to carry out this work. The process was based upon donor mapping, donor outreach and subsequent meetings exploring donor interest.

9. Donor mapping was carried out to examine the existing donor presence in the EESC, SPECA and the Western Balkans regions. The European Union, Germany, Japan, the Russian Federation, South Korea, Switzerland, the United States, have been leading in providing official development assistance (ODA) in economic development to the above-mentioned ECE areas and were therefore identified as the most relevant donors. To reach out to these potential donors, concept notes were developed to explain the importance of innovation in the SPECA and Western Balkans regions, the IPDS's flagship products, and the alignment of donor interests to ECE activities.

10. During the outreach stage, Permanent Missions in Geneva, Embassies in the SPECA and Western Balkans regions, as well as the UN Resident Coordinators Offices (UN RCO) were contacted. Several discussions indicated the donor's growing interest in strengthening national and regional innovation systems.

11. As a result, considerable interest was received to conduct the sub-regional IPO in the SPECA countries and the Western Balkans. Potential collaboration is being explored in conducting an I4SDR in selected countries of the Western Balkans and of Central Asia.

III. Timeline and further actions

12. To address the growing demand for ECE flagship products, the IPDS proposes the following plan of action:

- a. To develop concrete programme proposals for donors to assist ECE member States for 2022-2025;
- b. To travel to ECE member States to discuss cooperation with line Ministries and development agencies.

13. Members of the Team of Specialists on Innovation and Competitiveness Policies (ToS-ICP) are invited to inform relevant line ministries and agencies about this fundraising plan and liaising among the ECE Secretariat and relevant colleagues:

- a. For the IPDS, to liaise with country donor coordination mechanisms;
- b. For the participants of the ToS-ICP meeting, to discuss the fundraising plan;
- c. For member States, to engage relevant Ministries, Deputies, Ambassadors.