UNECE Principles on Innovation Policy for Sustainable Development

Draft from Task Force
For Internal use
Rationale

• to promote innovation for economic growth and competitiveness and sustainable, inclusive, and resilient growth
Background

• Reflects the **mainstreaming** of innovation policy for sustainable development – i.e. development that meets the needs of the present without compromising the ability of future generations to meet theirs.

• Reflect the emergence of **new industrial policies** that aim to pursue a broad development policy agenda but within a generally favourable business climate framework.

• New industrial policies recognise the essential role of **markets** and the essential role of **government** and the institutional context conducive to **policy learning and experimentation**.
The Strategic Guiding Principles

• A strong need to improve the contribution of innovation policy to technology upgrading and innovation-based growth.

• This requires a qualitatively new innovation policy grounded in the research and policy practice.

• The criteria for designing and implementing innovation policies that are nationally specific and reflect the latest understanding of ‘what works’ given the diversity of income, technological, political and social contexts of the UNECE economies.
Key features

• Principles are non-binding and serve to provide general guidance for innovation policymaking

• Eleven strategic guiding principles

• Twelve Core Principles (recommendations) serve as criteria for establishing all components of the innovation policy system: innovation governance, policy mix and policy process.

• In all stages of the policy process, the strong focus is on institutional capacities for prioritization, design, implementation and learning capacity
Proposed structure for UN ECE Innovation Policy Principles (v3)

- Innovation governance
  - Policy priorities including sustainable development innovation projects
- Innovation policy mix
  - Program design and policy design capacities
- Institutional capacities
  - Program implementation and implementation capacities
- Innovation policy process
  - Program monitoring & evaluation and policy learning
Strategic Guiding Principles

1. Innovation should be directed towards **competitive, sustainable, resilient, and inclusive** development
2. **Broad** notion of innovation and innovation policy
3. Innovation policy integrated into the overall development strategy (**policy coherence**)
4. **Multi-stakeholder (collective)** nature of Innovation and Innovation policy
5. Innovation policy is a risky and uncertain process that should be tested based on **pilots** and international experiences
6. A successful policy represents a good **match between policy intention and institutional capacities** for its design and implementation

7. Innovation **governance** which builds on principles of representativeness, accountability, predictability, clarity, transparency, fairness, the rule of law, and the absence of corruption, is a precondition of impactful innovation policy

8. Policy mix should be driven by **market failure, system failure and capability failures** considerations and need to align innovation activities to **sustainable and resilient development**
Strategic Guiding Principles

9. Improving institutional capacity for innovation policy requires engaging with the private sector, coordinating across several public agencies, and ensuring continuity of policy whose effects usually extend beyond the electoral cycle.

10. Innovation policy should strive towards a dynamic policy cycle, i.e. a cycle where different stages in the policy process are mutually closely connected.

11. The policy prioritisation process requires the involvement of stakeholders in the organised process of public debates about the priorities and their participation in the policy co-creation.
GOVERNANCE, POLICY MIX, PROCESS

• **Innovation governance**: Good innovation governance rests on a participatory approach to policy development.

• **Innovation policy mix**: Innovation policy instruments should target not only knowledge generation through R&D but also knowledge absorption, knowledge diffusion, demand for knowledge, and knowledge linkages.

• **Innovation policy processes**: The innovation policy process should contain agenda setting and prioritisation; decision making about policies and programmes; implementation of policies and programmes; and policy evaluation, including monitoring.
Agenda setting and prioritisation

- Innovation policy agenda should be shaped not only by the government but *in consultation and with the active involvement of innovation governance stakeholders*. 
Program design and policy design capacities

• **Policy impact assessment procedures** should be employed in the selection and design of measures….. based on expected direct and indirect impacts (technology accumulation, sustainability, employment, export, etc)
Program implementation and implementation capacities

• Rules and conditions for the implementation of measures should be publicly available and transparent
• Whenever possible public support funds should be given based on performance requirements
• Program implementation & monitoring should be based on a sound understanding of the existing technical, operational and political capacities and capabilities
• Innovation policy requires dedicated M&E units within government or agencies with capacities to be engaged partially or fully in the M&E of innovation policies and instruments.

• Evaluations should not be confined to checking formal compliance but should also assess motivation, inputs, activities, outputs, outcomes, beneficiaries and impacts.

• In the case of limited in-house monitoring & evaluation capabilities, managing organisations can outsource evaluation and selection activities and agree on a program of building in-house M&E capacities.
Open questions

• Internationalization and globalization of innovation activities
• Social innovation
• Multilevel governance (regional vs national) in innovation policy
• Mission (‘grand challenges’) vs sectoral priorities
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Thank You