



### Objective

[The Sub-regional Innovation Policy Outlook \(IPO\)](#) is a UNECE flagship publication, which guides member States in assessing, reforming and strengthening efforts to enable and promote innovation for sustainable development in line with [the 2030 Agenda for Sustainable Development and the Sustainable Development Goals \(SDGs\)](#). It provides comprehensive assessment of the scope, quality and effectiveness of innovation policies, institutions, and processes across up to six countries within a region, with shared economic, structural and institutional features. The IPO complements international composite indices measuring innovation inputs, outputs and performance by looking more closely at the role that policies and institutions play in promoting innovation.

[The pilot IPO project](#), funded by [the Government of Sweden](#) and launched as an official UN publication in November 2020, examines the strengths and weaknesses of innovation policy in Eastern Europe and the South Caucasus (EESC) (Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, and Ukraine). Results of the first IPO iteration highlight the need for public support to enable and catalyze innovation more effectively, including creating opportunities to address increasingly complex socio-economic challenges, not least caused by COVID-19. To this end, robust and flexible regulations, strong institutions and evidence-based policies to respond to the changing environment, emerging constraints and new opportunities, and to foster sustainable economic resilience are central. Findings and recommendations have fed into [national strategies, programmes and initiatives in the EESC sub-region](#) and create synergies and complementarities with other UNECE work streams on innovation for sustainable development.

### Methodology

The IPO has 40 indicators structured around three pillars: Pillar I on *Innovation Governance*, Pillar II on *Innovation Policy Tools*, and Pillar III *Innovation Policy Process*. The indicators assess central issues of governance, tools and processes, and enable comparisons across pillars and countries.

Complementing existing international composite indices that measure innovation policy inputs and outputs, such as [the Global Innovation Index \(GII\)](#) developed by the World Intellectual Property Organization (WIPO), the three IPO pillars combined capture the central mechanisms that translate these inputs into outputs (figure 1). As innovation policy often involves targeted public support for specific projects, these issues are of utmost importance to ensure that scarce public resources are put to optimal use with minimal distortion.



**Innovation inputs**



Pillar I: Innovation Policy Governance  
Pillar II: Innovation Policy Tools  
Pillar III: Innovation Policy Processes



**Innovation outputs**

Figure 1: Efficiently translating innovation inputs into innovation outputs requires strong innovation governance, targeted innovation policy tools and effective innovation policy processes.



The first pillar, *Innovation Governance*, assesses the overarching strategic, institutional, and legal framework for innovation policy, as well as the competences and nature, quality and effectiveness of government coordination bodies and the processes involved in innovation policy. It reveals if the governance of innovation policy is sound and well structured.

The second pillar, *Innovation Policy Tools*, takes stock of policy tools and mechanisms that are put in place to enable and support the demand and supply of innovation. The pillar does not merely examine the scale and scope of these policy tools, but also their quality and implementation status across central policy areas related to innovation.

The third pillar, *Innovation Policy Processes*, examines the underlying process for innovation policy, by looking at the scope, nature and effectiveness of rules, procedures, mechanisms and, in particular, the role of evidence and data during policy design, implementation and post-implementation. It follows the policy-making path from its outset, such as agenda setting and rationale, through policy design, implementation, evaluation and learning (figure 2).



### **Innovation Policy Governance**

- Policy frameworks
- Policy coordination



### **Innovation Policy Tools**

- Knowledge absorption
- Innovation promotion
- Relationships and linkages
- Knowledge diffusion
- Research and education



### **Innovation Policy Processes**

- Policy preparation
- Policy design
- Policy implementation
- Policy post-implementation

Figure 2: The IPO analysis captures the essence of innovation policies in three pillars and 11 sub-pillars.

The indicators are transposed into questionnaires, containing multiple concrete questions per indicator. These questionnaires are filled out in a self-assessment by government bodies, coordinated by a National Government Focal Point in each country and in parallel by local, independent experts, who collected information from non-governmental stakeholders. After aggregating and aligning the results from the dual assessment process, the consolidated data and information forms the basis of the IPO assessment, revealing countries' performance and enabling cross-country comparisons.

## **How is the Sub-regional IPO different from other benchmarking instruments?**

The IPO is a new initiative, complementing other international indices on innovation performance, which provides quantifiable indicators that cover the scope and quality of policy processes and institutional capacities for implementation.

It attempts to capture central mechanisms that translate inputs to outputs, such as institutional capacities and policy design. As innovation policy often involves targeted public support for specific projects, these issues are of utmost importance to ensure that scarce public resources are put to optimal use.



The IPO is a new initiative, complementing other international indices on innovation performance, which provides quantifiable indicators that cover the scope and quality of policy processes and institutional capacities for implementation.

The IPO analysis is also based on a solid understanding of the economic, political, structural, historical, and institutional factors that strongly influence innovation-led development in UNECE countries. As many UNECE countries in transition share features that set them apart from other countries at comparable output levels, such as strong institutional legacies, high levels of educational attainment, and a legacy of frontier research, there is a clear need for indicators that capture these specificities to guide policy and institutional reform efforts.

To learn more about the IPO, please contact Jakob Martin Fexer: [Jakob.fexer@un.org](mailto:Jakob.fexer@un.org)

To stay up-to-date with the latest IPO developments, please visit our website: <https://unece.org/innovation-policy-outlook-ipo>

