



Economic Commission for Europe**Committee on Innovation, Competitiveness and Public-Private Partnerships****Team of Specialists on Innovation and Competitiveness Policies****Thirteenth session**

Geneva (hybrid), 1 – 2 November 2021

Report of the Team of Specialists on Innovation and Competitiveness Policies on its Thirteenth session**I. Attendance**

1. The Team of Specialists on Innovation and Competitiveness Policies (ToS-ICP) held its thirteenth session on 1–2 November 2021.
2. A total of 75 delegates participated in the session representing national government ministries and agencies, academic institutions, the private sector, non-governmental organisations, and international organisations.
3. The meeting was held in a hybrid format with remote participation and in-person participation at the Palais des Nations, Geneva.
4. Representatives of the following ECE member States attended: Albania, Armenia, Austria, Azerbaijan, Belarus, The European Commission, Finland, Germany, Greece, Italy, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Romania, the Russian Federation, Serbia, Sweden, Tajikistan, Turkey, Ukraine, the United Kingdom, Uzbekistan.
5. Representatives of the Commonwealth of Independent States Organization, the Ellen Macarthur Foundation, the European Patent Office, the International Telecommunication Union, the United Nations Conference on Trade and Development, the United Nations Economic and Social Commission for Asia and the Pacific, the United Nations Industrial Development Organization, the World Bank, the World Trade Organization also attended the meeting.

**II. Adoption of the agenda and election of officers
(agenda item 1)**

6. Mr Salvatore Zecchini (Italy) opened the thirteenth session of ToS-ICP and welcomed the delegates. The Executive Secretary of ECE, Ms. Olga Algayerova, made an opening statement and subsequently the Chair proceeded to the election of officers.
7. Mr Siarhei Shuba (Belarus) completed two consecutive terms of office as the Vice-Chair of ToS-ICP; and Mr Goran Marklund (Sweden) completed one term of office as the Vice-Chair of ToS-ICP. The Team thanked them for their service.



8. The Team elected the following Bureau members in accordance with the Guidelines on Procedures and Practices for ECE Bodies (E/ECE/1468, Annex III para.V.8. p. 18):
 - Mr. Behruzbeq Botirov, Head of Global Ratings Division, Ministry of Innovative Development of Uzbekistan.
 - Ms. Ani Toroyan, Specialist at the High-Tech Department of the Ministry of High-Tech Industry of the Republic of Armenia.
9. The term of office of newly elected officers begins at this session.
10. Following the election of officers, the Team adopted its agenda as contained in document ECE/CECI/ICP/2021/1.

III. Substantive segment: policy seminar on “Leveraging Innovation for the Circular Economy” (agenda item 2)

11. The substantive segment of the thirteenth session of ToS-ICP was devoted to a policy seminar on “Leveraging Innovation for the Circular Economy”.
12. ToS-ICP has worked on innovation for the circular economy issues since 2017. In particular, its tenth session in 2017 was dedicated to the topic of innovation for sustainable consumption and production. The resulting policy paper ECE/CECI/2018/3,¹ “Towards the Circular Economy: innovation policy for sustainable production and consumption” identified best practices and policy recommendations for policy makers to boost innovation and the transition to the circular economy.
13. At its informal consultations in 2020, two webinars were dedicated to circular economy related issues. They resulted in two policy papers on the identification of good practices for the platform economy and on innovation-enhancing procurement for sustainable development.²
14. This year the policy seminar provided an opportunity for delegates to take stock of the progress made in the implementation of those recommendations and share experiences and best practices in the ECE region. The substantive segment responded to the outcomes of the sixty-ninth Commission session devoted to the topic “Circular Economy and the sustainable use of natural resources”, which was held on 20-21 April 2021. At the sixty-ninth session of the ECE, member States flagged “the importance of circular economy and the sustainable use of natural resources in achieving the Sustainable Development Goals (SDGs)”. The Commission emphasized “the need to further strengthen its work in this field within its existing mandate as appropriate and subject to available resources” as stated by ECE Executive Secretary.
15. Across ECE, all relevant subsidiary bodies are invited to engage on operationalizing the decisions taken, as appropriate, with a focus on enhancing the impact of relevant existing ECE instruments; replicating and scaling up existing approaches; and considering developing proposals for impactful and measurable solutions.
16. The policy seminar provided an opportunity for international knowledge sharing, exchanges of experience and policy learning in this area. It identified lessons learned and recommendations and further action needed for the circular economy transition. During the discussion particular attention was given to national innovation and circular economy roadmaps, the adoption of, support mechanisms for business, particularly to small and medium-sized enterprises (SMEs) and innovation-enhancing procurement. The Team’s past work on these topics was noted with appreciation, and opportunities for further action, including in response to the sixty-ninth Commission session were identified.

¹ UNECE Policy paper “Towards the Circular Economy – Innovation Policies for Sustainable Production and Consumption”, ECE/CECI/2018/3.

² UNECE Policy papers on “Building Back Better: using platforms to enable sharing and progress towards the circular economy”, ECE/CECI/2021/4; “Building Back Better: innovation-enhancing procurement for sustainable development”, ECE/CECI/2021/5.

17. In the last few years, the circular economy has become part of national and international policies. The European Union Green Deal, with the overarching objective for Europe to become the first climate neutral continent by 2050, calls for the circular economy transition. Today there are much better levels of understanding of the circular economy principles, embodied carbon, and the role this plays in reaching net zero carbon emissions ambitions. Implementing the principles of the circular economy a scale is needed to tackle climate change and global resource scarcity and the time to act is now.

18. However, the transition from a linear to a circular system of production and consumption will not happen suddenly. Currently less than ten per cent of global economic activity is circular. Progress will require a deep re-thinking of production and consumption patterns in all sectors, in line with the SDG 12 on “Ensure sustainable consumption and production patterns”. The circular economy offers an opportunity to move away from resource-intensive processes, maximising the use of existing assets, and creating new revenue streams. It can make production and consumption processes more sustainable and competitive. Innovation has a key role to play in the circular economy transition. There are numerous examples of new technologies, processes, services and business models that are re-shaping product life cycles from design through production and usage on to disposal and re-cycling. Similarly, innovative forms of sustainable consumption, such as sharing platforms, are emerging in areas such as transport, housing and others.

19. To reach double-digit circularity rates in the ECE region is paramount to accelerate momentum, try out ideas to see what works more systematically and boost innovation. For innovation to flourish, new markets need to be created and externalities from unsustainable production and consumption patterns need to be addressed. At the same time, innovation is not enough. To support a circular economy, innovation needs to be pursued with this objective in mind.

20. The Team flagged the importance of a systemic approach and the need to consider the system in which innovation happens. Today models, incentives and structures in place are largely designed for a linear model of production and have to be re-thought for a successful transition to the circular economy. Moreover, policy makers have to take in consideration what outcome is desired and what type of innovation is needed and how to innovate to achieve that outcome. The SDGs and particularly SDG12 and 11, should be the ultimate objective of the designated outcome. A system approach is needed to open circular economy opportunities, to drive supply and demand and establish the landscape for the circular economy to flourish.

21. The circular economy transition requires not only new, improved products, but innovative business practices overall – in design, production, delivery models, and life cycle management. On product and systems innovation, it is was noted the importance to analyse the impact of material alternatives, for example alternatives to plastic, as material changes need to be for the better and the downstream capacities need to match the alternatives adopted.

22. The Team noted the important role of business and the private sector in driving the circular economy transition. At the same time, policy makers, entrepreneurs and innovators need continuous, multi-level dialogue to understand opportunities, remove bottlenecks, and ensure that incentives are fit for purpose.

23. Fully realizing the potential of innovation for the circular economy requires dedicated and sustained policy efforts to create enabling frameworks and incentives for private innovation efforts in circular economy fields and to encourage consumers to rapidly and broadly adopt innovative and more sustainable consumption patterns. This will also require innovative approaches to regulation to provide incentives and eliminate barriers. And it will require a strong role for education, to empower consumers for circular choices.

24. The Team discussed and learned from the experience of Scotland, and the support mechanisms put in place by Zero Waste Scotland, among which, Business Support Service to help find new growth opportunities for small and medium sized businesses; the availability of an Investment Fund with eighteen million pounds invested in grant funding to SMEs who are helping to create a more circular economy; the establishment of a business support network to share and build on good practices for the transition and; circular economy

innovation workshops to increase knowledge and capabilities. While waste was an important element of the circular economy transition, today, circularity goes beyond waste, covering many other sectors of the economy.

25. The Team stressed the importance of partnerships and collaboration of international, national and sub-national entities, business and public sectors actors as well as consumers and local communities. Sharing of best practices and experiences, as happening at ToS-ICP, is an important element.

26. It was also highlighted how cities and regions can have a major role to play in implementing circular economy strategies and roadmaps and as a laboratory where to experiment with new ideas and adopt a bottom-up approach owned by citizens, consumers and business.

27. Research has shown that cities that ranked highly on culture and creativity are more likely to have a circular city plan. There is a strong relationship between sustainable development and culture. Adaptive re-use of cultural heritage – extending the dynamic lifespan of the buildings and cutting down on the waste from construction – can contribute to the circular economy transition. The regeneration of under-utilised assets can create new opportunities for business and new activities; it regenerates communities and stimulate responsibility and ownership.

28. The Team also learned from the experience of Finland, a small economy, and its circular economy roadmap and circular economy national strategy, which was adopted in April 2021. The discussion stressed the importance to identify policy action in support to circular business with the identification of key sectors such as food chains, transport, logistics and constructions. One of the policy actions identified as a priority is education and investment in capacity building to create and improve the skills for a circular business as well as to educate consumers. To this extent Finland identified sixty policy action, among which education has a prominent role. The point was made that innovation could help open circular economy-related business opportunities for sectors that are not considered circular at first glance (e.g. minerals and mining).

29. The Team also considered innovation-enhancing procurement as one of demand side policy tools to support the circular economy transition. Through innovation-enhancing procurement governments can stimulate better environmental and social performance of products and build circularity in their economies. Austria shared its experience with innovative procurement and innovation brokerage, the connection of innovative companies with the public procurers. They offer an innovation platform, networking and events, strategic consultancy, trainings, pilot projects and financial support. Innovation-enhancing procurement can include circular economy aspects in procurement criteria and it formulates tenders around the impact envisaged, allowing margins for bidders to come up with different solutions to achieve it. The construction sector, including housing and roads, a sector of great relevance for circularity, provides ample opportunities to apply innovative approaches to procurement. There is the need to fundamentally re-think public procurement and shift from being a tool used to just acquired goods, services and infrastructure, to a strategic policy tool to achieve mission-oriented policy objectives, such as sustainable development and the circular economy.

30. The Team also discussed the role of trade in boosting the circular economy; pollution control measures are indeed not only a cost but can also give rise to new opportunities (e.g. emerging from “trapped” pollution and residues). Trade can help scale up circular economy solutions. At the same time, it is important to avoid barriers to trade, giving attention to tariffs and Non-Tariff Measures.

31. Finally, the Team concluded on the need for cross-sectoral and institutional coordination and collaboration at the national and international levels for the circular economy transition. This is true also at ECE level where different work streams on e.g. innovation policy, trade, public-private partnerships (PPPs), and smart cities, are supporting member States in their efforts towards circularity.

IV. Review of the work of the Team of Specialists on Innovation and Competitiveness Policies since the twelfth session (agenda item 3)

32. The secretariat briefed the Team on the outcomes of the activities carried out since its twelfth session, which included:

(a) The policy documents: “Building Back Better: Using Platforms to Enable Sharing and Progress towards the Circular Economy” (ECE/CECI/2021/4) and on “Building Back Better: Innovation-enhancing Procurement for Sustainable Development” (ECE/CECI/2021/5), outcome of the policy dialogues organized for the informal consultations of ToS-ICP in 2020.

(b) A sub-regional webinar was held on 26 November 2020 to present and validate the draft findings of science, technology and innovation (STI) gap analyses carried out for the UN Special Programme for the Economies of Central Asia (SPECA) under the SPECA Innovation Strategy for Sustainable Development. Ongoing work on new industrial policy for technological upgrading in the SPECA countries was discussed, as well as work on business incubators for sustainable development in the SPECA sub-region. These activities were carried out with the support of the UN Development Account (UNDA) project “Strengthening innovation policies for SPECA countries in support of the 2030 Agenda for Sustainable Development” (2020-2023).

(c) The Sub-regional Innovation Policy Outlook 2020: Eastern Europe and South Caucasus was launched in November 2020 at a sub-regional high-level online launch event as well as at six national launch events in the period December 2020 – February 2021. The publication was published in March 2021.

(d) The Innovation for Sustainable Development Review of Georgia was launched on 16 December 2020. It contains detailed, evidence-based recommendations on improving innovation policy in Georgia and was issued as an official UN publication in December 2020.

(e) A series of three on-line trainings on the Handbook on “Supporting Innovative High-Growth Enterprises in Eastern Europe and the South Caucasus” for policymakers in the Eastern Europe and South Caucasus region was held on 16, 18 and 22 May 2021.

(f) Contributions to the Regional Forum for Sustainable Development in 2021.

(g) A webinar on diasporas to promote innovation for sustainable development was held prior to the session of the Committee on Innovation, Competitiveness and PPPs on 31 May 2021, to share experiences among countries and experts.

(h) A Task Force on Innovation Policy Principles was established and met for the first time on 27 May 2021, with outcomes of the discussion presented at the Committee on Innovation, Competitiveness and PPPs session in June 2021. The Task Force met a second time on 26 October 2021 to discuss a first draft of the principles.

(i) A handbook on “Supporting Innovative High-Growth Enterprises in Eastern Europe and the South Caucasus” was published in August 2021.

(j) A policy handbook on “Business incubators for sustainable development in the SPECA sub-region” was published in October 2021.

(k) As part of the capacity building programme for Georgia, a draft of a handbook on innovation-enhancing procurement for Georgia was developed.

(l) Work on Innovation for Sustainable Development Reviews of the Republic of Moldova and of Uzbekistan is ongoing (ECE/CECI/ICP2021/INF.1; ECE/CECI/ICP2021/INF.1). The Innovation for Sustainable Development Review of Moldova will be finalized and launched in late 2021. The assessment for the Innovation for Sustainable Development Review of Armenia started in October 2021.

(m) Contributions to the capacity building workstream of the UN Inter-agency Task Team on Science, Technology and Innovation for Sustainable Development.

(n) In cooperation with the ECE Trade sub-programme, support for selected member States on request in developing road maps or action plans for the circular economy transition in selected fields, including innovation-enhancing procurement, under the thirteenth tranche UNDA project “Accelerating the transition towards a circular economy in the ECE region”.

(o) Launch of pilot episodes of the podcast series Innovation Matters.

(p) The annual session of the Working Group on Innovation and Technology for Sustainable Development of SPECA was held with ESCAP on 21 October 2021 in a virtual mode with the government of Kyrgyzstan chairing. It was preceded by a sub-regional workshop on innovation and technology for sustainable development on 20-21 October 2021. The Working Group discussed and endorsed an Action Plan for the SPECA Innovation Strategy for Sustainable Development, developed based on the gap analyses carried out for all SPECA countries in 2020.

(q) A national capacity building webinar was provided to Kyrgyzstan following a request from the State Service of Intellectual Property and Innovation under the Cabinet of Ministers of the Kyrgyz Republic (Kyrgyzpatent) to support implementation of the recommendations of the Innovation for Sustainable Development Review of Kyrgyzstan (2019) and as part of UNDA project “Strengthening innovation policies for SPECA countries in support of the 2030 Agenda for Sustainable Development”. As a result, a draft Roadmap on Development of the Innovation Ecosystem of Kyrgyzstan was developed in consultation with national stakeholders and presented in September 2021.

(r) ECE has engaged in fundraising activities to deepen cooperation with member States in the area of innovation.

33. The Republic of Moldova expressed high appreciation for the work on the Innovation for Sustainable Development Review of Moldova, noting in particular the extensive consultation with over fifty national stakeholders and quick turnaround of the draft report. The analysis and policy recommendations are also highly appreciated to develop and implement innovation policy for sustainable development. The Republic of Uzbekistan also expressed high appreciation for the work undergoing on the Innovation for Sustainable Development Review of Uzbekistan, stressed the importance of innovation and science as drivers of growth and competitiveness and gave an update on the government’s latest measures to prioritize innovation and sciences and the transition to a circular economy. It also recalled that this year Uzbekistan is chairing the SPECA Economic Forum and will host the SPECA Governing Council on 17-19 November.

34. The Team expressed its gratitude to the governments of the Russian Federation and Sweden for their financial contribution to its work.

35. Following the intervention of the delegate from Greece in his capacity of Co-Chair of the ECE Working Party on PPPs and Vice – Chair of the Committee on Innovation, Competitiveness and PPPs, the Team agreed on the benefits of synergies between its work and the work of the Working Party on PPPs, especially on innovation-enhancing procurement, the circular economy and PPPs. The synergies will be further exploited in future work, including within the work of the Committee on Innovation, Competitiveness and PPPs.

36. The Team expressed its satisfaction with the outcomes of the work carried out, which has effectively responded to the needs of member States, in particular those with economies in transition, and in accordance with its mandate.

V. Inter-sessional implementation plan for 2021-2022 (agenda item 4)

37. The secretariat briefed the Team on the main outcomes of the fourteenth session of the Committee on Innovation, Competitiveness and PPPs held in Geneva in hybrid format on 1-2 June 2021.

38. The secretariat presented proposals for work to be undertaken in the remainder of 2021 and in 2022 in accordance with the Inter-sessional Implementation Plan for 2021-2022 of the Committee on Innovation, Competitiveness and PPPs (ECE/CECI/2021/2, Annex II).

39. The Team discussed and adopted its implementation plan for work to be undertaken in the remainder of 2021 and in 2022 in accordance with the Inter-sessional Implementation Plan for 2021-2022 of the Committee on Innovation, Competitiveness and PPPs (ECE/CECI/2021/2, Annex II).

40. The following outputs and activities will be delivered, subject to availability of extra-budgetary resources:

(a) A policy document on “Leveraging Innovation for the Circular Economy”, reflecting the results of the discussions under the substantive segment, and to be submitted for endorsement to the next session of the Committee on Innovation, Competitiveness and PPPs in spring 2022.

(b) The third session of the SPECA Working Group on Innovation and Technology for Sustainable Development will be organized together with ESCAP. A policy conference will be organised back-to-back with the session.

(c) Two national Innovation for Sustainable Development Reviews of Moldova and of Uzbekistan are being finalised in cooperation with the respective governments. The review of Moldova will be launched in late 2021 and the review of Uzbekistan will be launched in early 2022. An Innovation for Sustainable Development Review of Armenia was initiated in October 2021 and first fact-finding meetings with international experts and national stakeholders will be conducted in the first half of 2022. The review of Armenia will be developed through 2022 and an Innovation for Sustainable Development Review of Ukraine will be started in 2022.

(d) Regular meetings of the network of Innovation Policy Outlook national focal points will be organized to exchange good policy practices and build government capacity to implement policy recommendations from the Innovation Policy Outlook. A follow-up publication documenting progress and analysing selected policy issues in-depth will be developed in 2022 under the guidance of the network.

(e) A Task Force convened by the Team of Specialists on Innovation and Competitiveness Policies will further develop draft policy principles on selected aspects of innovation for sustainable development. A broad multi-stakeholder consultation process will be continued based on the first Task Force meeting in May 2021 and the second meeting in October 2022. An initial set of principles will be presented to the next session of the Committee on Innovation, Competitiveness and PPPs in spring 2022, and countries and delegates are invited to nominate additional Task Force members.

(f) As follow-up to the national Innovation for Sustainable Development Review of Georgia, ECE will complete a capacity building programme for Georgia on the topic of innovation-enhancing procurement, as agreed with the government. The capacity building activities include a handbook on innovation-enhancing procurement based on international best practices which will be finalized by the end of 2021, and a study tour for four Georgian officials to one of the ECE member States in 2022.

(g) Following the finalization of the Innovation for Sustainable Development review of Moldova, ECE will agree with the national authorities a capacity building programme for 2022.

(h) Under the SPECA Working Group on Innovation and Technology for Sustainable Development, an Action Plan for the SPECA Innovation Strategy for Sustainable Development and associated capacity building activities will be implemented with support under the UNDA project “Strengthening innovation policies for SPECA countries in support of the 2030 Agenda for Sustainable Development” and possible additional extrabudgetary funding.

(i) ECE will develop a handbook and conduct a training series on supporting innovative high-growth enterprises in the SPECA sub-region in Q4 2021 – Q1 2022. This

work is based on the similar handbook and training “Supporting Innovative High-Growth Enterprises in Eastern Europe and the South Caucasus”.

(j) ECE will organize a regional policy dialogue event in Moscow in Q1 2022 on new innovation policy for transition, based on the work undertaken with the SPECA countries and other transition economies in the ECE region. This will be followed by an official UN publication on this topic.

(k) ECE will continue contributing to the capacity building workstream of the UN Inter-agency Task Team on Science, Technology and Innovation for Sustainable Development following a successful pilot webinar in 2020 and contribute to other UN agencies workstreams, such as the United Nations Conference on Trade and Development P166 capacity building on Science, Technology and Innovation for ECE countries.

(l) ECE will develop further episodes of the new podcast series Innovation Matters and invites suggestions for topics and speakers.

(m) Building on the Team’s existing work on innovation for the circular economy and on innovation-enhancing procurement, and in cooperation with the ECE Trade sub-programme, ECE will support selected member States on request in developing road maps or action plans for the circular Economy transition in selected fields as part of the thirteenth tranche UNDA project “Accelerating the transition towards a circular economy in the ECE region”.

(n) ECE will implement the fundraising plan through 2022 and 2023.

41. The delegation of Germany expressed their interest in possible exchange of best practices among state funded innovation agencies, further work on innovation-enhancing procurement and more agile financing of innovation.

VI. Other business (agenda item 5)

42. The Team welcomed the fundraising plan presented by the secretariat, aiming to raise extrabudgetary funding for sub-regional programming for SPECA, Eastern Europe and the South Caucasus and the Western Balkans centred around sub-regional Innovation Policy Outlook publications, a series of national Innovation for Sustainable Development Reviews, and complementary national and regional policy dialogue and capacity building.

43. The Team agreed that its next session be held on 14-15 November 2022, subject to confirmation of room availability. Any changes in these dates will be made in consultation with the Bureau.

VII. Adoption of the Report of the session (agenda item 6)

44. The Team adopted the Report of the session.
