



Economic Commission for Europe

Committee on Innovation, Competitiveness and Public-Private Partnerships

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

Geneva (hybrid), 14 and 15 November 2022

Item 3 of the provisional agenda

Review of the work of the Team of Specialists on Innovation and Competitiveness Policies since its thirteenth session**Progress report on the work of the Task Force on Innovation Policy Principles****Note by the secretariat****I. Purpose and modalities**

1. The purpose of developing High-Level Policy Principles on Innovation for Sustainable Development is to clearly articulate and consolidate the expertise acquired by the Team of Specialists on Innovation and Competitiveness Policies, increase the visibility of this expertise, and strengthen dissemination and application.
2. The Principles capture overall consensus on what characterises and enables good innovation policies, institutions and processes across the UNECE region, including for member States with economies in transition.
3. The Principles summarize the conceptual foundation for the work of the Team on Innovation for Sustainable Development, particularly for the national reviews and the sub-regional Innovation Policy Outlooks.
4. The Principles also serve as a reference for national policy making more broadly, to guide national reform efforts and to help innovation policy makers lobby for increased policy co-ordination.
5. They can also serve to highlight issues to be addressed regionally or sub-regionally through the Committee on Innovation, Competitiveness and Public-Private Partnerships, the Team of Specialists, and the Working Group on Innovation and Technology for Sustainable Development of the United Nations Special Programme for the Economies of Central Asia.
6. The Principles are drafted by the Task Force on High-Level Policy Principles on Innovation for Sustainable Development, in consultation with the Team of Specialists and other stakeholders. The final Principles will be adopted by the Team and endorsed by the Committee.
7. The Principles are non-binding and are intended as a “living document” that will be reviewed periodically with a view to revising or updating them in light of new evidence on

innovation policy for sustainable development and the newly arising needs of member States.

8. The present note reports on the progress of the work of the Task Force.

II. Current status

9. The Task Force has produced a draft of the Principles, which has then been revised to incorporate initial feedback. The current second draft contains 11 strategic guiding principles, followed by a set of implementation recommendations and annotations.

10. The draft strategic guiding principles cover the following issues:

- i. Sustainable development focus: policy should direct innovation efforts towards achieving economic prosperity within planetary boundaries for all people.
- ii. Broad view of innovation: policy should promote technological and non-technological innovation; innovation in the private and public sectors; and innovation that is new globally, nationally, sectorally, or at firm-level.
- iii. Policy coherence: national strategies on innovation and on sustainable development should be integrated, and innovation policies should be coordinated across government departments.
- iv. Multi-stakeholder approach: innovation policies should be designed in consultation with relevant stakeholders, including the business community and civil society. Room should be created for stakeholders to co-create policies with Governments as appropriate.
- v. Piloting: to manage risk, policies should be tested on a small scale, to be scaled up if successful - and to be aborted if not.
- vi. Matching of policy ambition with resources and capabilities: policy programmes should be adequately funded, including investments to build the capacities of implementing agencies.
- vii. Governance: Good public governance is a pre-condition for successful policy.
- viii. Matching innovation policy programmes to the problems to be solved: innovation policy aims to address market, systems and capability failures; based on an analysis of the existing failures and gaps, an appropriate policy mix should be designed to address these failures effectively and efficiently.
- ix. Capacity building: Build capacity both in public sector and among innovation stakeholders.
- x. Dynamic policy cycle: policy should be evidence-based, and systematic policy learning should be integrated into the policy process by monitoring and evaluating existing policies, and then feeding lessons learned back into the design and implementation of new policies.
- xi. Policy prioritization: Innovation policy competes for resources with other policy imperatives; policies should be designed based on a thorough analysis and clear understanding of where interventions will have the greatest impact.

III. Way forward

11. There are a number of directions in which to further develop the current draft.
 12. One of the key directions is to further strengthen the sustainable development orientation, including by incorporating insights emanating from recent policy dialogues at the Team of Specialists and the Committee. These can pertain, among others, to digital and green transformations, the transition to a circular economy, and support to SMEs.
 13. More discussion is needed on how to incorporate new industrial policies, including mission-driven innovation ("societal challenges") aiming to accelerate progress towards Sustainable Development.
 14. Another related new development is the concept of transformative innovation policy i.e. policy that aims to promote the transformation of entire societal or economic systems, such as individual mobility or the built environment, by means of innovation. The new UNECE Transformative Innovation Network (ETIN) will have a workstream developing good practices on governing transformative innovation and designing and implementing appropriate policies. The Principles should reflect and complement this work.
 15. The above new policy approaches make considerable demands on the capacity of Governments and other stakeholders to govern, design and implement policy. It is therefore particularly important to further elaborate criteria for designing and implementing policies that are nationally specific given the different capacities of UNECE economies.
 16. More work is also needed to clarify which principles apply universally, and to which extent it is possible to identify principles that are of particular relevance to transition economies.
 17. In a similar vein, the current draft of the Principles also contains a lot of material that can be considered general principles of good policy making that apply to any policy field. Further discussion may be needed on how much room to give to these general principles and how much to focus on principles that are specific to innovation policy.
 18. Another key area for further work is to elaborate on policies supporting internationalization and globalization of innovation activities beyond the focus on national innovation systems, towards open innovation. This includes principles for cross-border cooperation on innovation.
 19. Complementing an outward orientation, more work could also be done to address questions of multilevel innovation policy governance within countries, in other words at national, regional and local levels. Good practices from smart specialization approaches could be integrated there.
 20. Another key area for further discussion is how best to position the UNECE Principles compared to other existing instruments and how to best present and promote them to the intended audience, i.e. policy makers.
 21. In light of the above directions for further work, and the expertise required to advance, it may be advisable to explore ways of expanding the Task Force and possibly creating separate work streams within it.
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