

Economic Commission for Europe

EXECUTIVE COMMITTEE

130th meeting

Geneva, 9 October 2023

Item 3 (a) of the provisional agenda

Informal document 2023/33

Meeting with the Chair of the Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP)

Report by the Chair

Report by the Chair of the Committee on Innovation, Competitiveness and Public-Private Partnerships

1. The Chair of the Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP), Mr. George Katapodis (Greece), is pleased to submit his report to the 130th meeting of the Executive Committee on 9 October 2023.

I. Introduction

2. This report describes the main achievements of the Committee and its subsidiary bodies over the last twelve months, as well as major activities planned for the remainder of 2023 and 2024.

3. The Committee's activities in the reporting period are based on:

- The Programmes of Work of the Economic Cooperation and Integration (ECI) subprogramme for 2022 and 2023 (ECE/CECI/2021/9) and ECE/CECI/2022/5); and
- The Intersessional Implementation Plans for 2022-2023 and 2023-2024 (ECE/CECI/2022/2, Annex II and ECE/CECI/2023/2, Annex II).

4. Under its two main work streams, innovation and competitiveness policies, and Public-Private Partnerships (PPPs), the Committee has developed a range of new international good policy practices, standards and guidelines, analysed and assessed innovation policies and PPP infrastructure projects in a number of member States, and supported Governments in building their capacities for innovation policy reform and PPP project development and implementation.

5. The Committee's work has significantly expanded the international knowledge base on how to harness the powers of innovation and of PPPs to advance the 2030 Agenda for Sustainable Development. The Committee's capacity building work has also contributed to significant progress in beneficiary countries on innovation policy reforms and on infrastructure PPPs for the SDGs.

6. In particular, the Committee's work has been contributing to progress on Sustainable Development Goal (SDG) 9 on industry, innovation, and infrastructure, and on implementing the entire 2030 Agenda (SDG 17). The Committee has also been contributing, under both work streams, to several other SDGs, in particular the circular economy transition, relevant to sustainable consumption and production patterns (SDG 12), and to digital and green transformations, in response to the respective decisions of the Economic Commission for Europe (ECE) at its sixty-ninth and seventieth sessions. More information is contained in the report of the Committee on its sixteenth session, which was held on 31 May–2 June 2023 in Geneva (ECE/CECI/2023/2).

7. The Committee noted with satisfaction the conclusions of the evaluation which the Office of Internal Oversight Services (OIOS) has carried out of subprogramme 4 and subprogramme 6 (implemented by the ECE Economic Cooperation and Trade Division, (ECTD))¹, notably that the Division had found its niche in a crowded space of trade and economic cooperation by leveraging its comparative advantages towards strengthening member States' economic cooperation and integration.

8. The Committee also welcomed the evaluation's recommendations, notably, that ECTD should establish a technical cooperation request tracking mechanism; develop a division-wide integrated strategic plan; develop divisional action plans to operationalize ECE strategies on resource mobilization, partnerships, and technical cooperation; and ensure integration of gender, environment, disability inclusion, and human rights considerations in its various work streams.

¹ See informal document 2023/21, presented to the 128th meeting of the Executive Committee on 15 May 2023.

II. Achievements since October 2022

A. Innovation and Competitiveness

9. Innovation plays a critical role for the 2030 Agenda for Sustainable Development. The Committee's activities supporting innovation policy include international policy dialogues and the development of good practices; national Innovation for Sustainable Development Reviews (I4SDRs) – in-depth analyses of national policies providing leading expertise and improvement-oriented recommendations in innovation policy; sub-regional Innovation Policy Outlooks (IPOs) – comparative assessments of innovation governance, policy and performance across several countries with shared characteristics; and national and sub-regional capacity building around specific reforms or instruments to enable and promote innovation across the economy and society. The latter work is reported in section VII below.

10. During the reporting period the Committee endorsed good practices emerging from the international policy dialogue at the Team of Specialists on Innovation and Competitiveness Policies (ToS-ICP), and the findings and recommendations of the I4SDR of Armenia and of the Interim IPO for Eastern Europe and South Caucasus. The Committee's work on innovation and competitiveness has triggered a range of reform initiatives, national and sub-regional action plans, and a range of requests for further support and input to government policy reforms.

1. Development of international good practices

11. As part of its fourteenth session in November 2022, the ToS-ICP held an international policy dialogue on "Exploring the power of transformative innovation". The Committee adopted the resulting policy document "Transformative innovation for a sustainable future" (ECE/CECI/2023/3), which presented the case for promoting transformative innovation; the characteristics of transformative innovation; the challenges to promoting it; policy options that could help solve these challenges; and the role the Committee could play in promoting transformative innovation.

12. The ECE Transformative Innovation Network (ETIN) was launched at the fourteenth session of TOS-ICP. Since then, ETIN has organized several thematic discussions on the potential of platforms to have a transformative impact and on mission-oriented innovation policies. The network has also contributed to a peer-learning roundtable on transformative innovation at the Regional Forum on Sustainable Development for the ECE Region in April 2023. The expertise of ETIN will also be made available to the efforts of the ECE secretariat to strengthen its own capacity for horizon scanning and foresight in order to ensure that the organization remains fit for purpose in a changing world.

13. In response to a recommendation from the OIOS evaluation on strengthening gender mainstreaming, and in cooperation with the Working Group on Innovation and Technology for Sustainable Development of the UN Special Programme for the Economies of Central Asia (SPECA), a side event to the sixteenth CICPPP session was organized on "Promoting women's entrepreneurship in transition economies for sustainable development".

2. National and sub-regional policy analysis and recommendations

14. The I4SDR of Armenia was published, and the Government endorsed its key recommendations at a high-level launch event in Yerevan on 7 June 2023.

15. Work on an I4SDRs of Ukraine is continuing with background research, the initial drafting of chapters and the preparation of fact finding dialogues.

16. The Interim IPO for Eastern Europe and South Caucasus was published and launched at the sixteenth session of the Committee.

17. All beneficiary countries provided highly positive feedback on the impact of the above work on their respective innovation policy reforms. Inter alia

- Armenia thanked Sweden for its financial support in carrying out the I4SDR of Armenia. The Review, which was to be launched officially in Armenia on 7 June

2023, would serve to strengthen innovation policy governance and coordination in the country;

- Georgia informed the Committee about progress with innovation policy reforms based on recommendations from the I4SDR of Georgia and the sub-regional IPO of the EESC sub-region, particularly on the legal framework supporting innovation-enhancing procurement;
- Kazakhstan had introduced a framework on science and innovation. an Innovation Council chaired by the prime minister, and a venture fund. The delegation expressed its appreciation for ECE trainings provided under the SPECA Network of Business Incubators and Accelerators, including on high-growth enterprises. Kazakhstan also was interested in participating in an IPO for Central Asia;
- Following the roadmap on innovation infrastructure development drawn up with ECE support, Kyrgyzstan had opened its first innovation centre, and had created business incubators in more than 30 universities and 40 innovation projects in 40 regions. Kyrgyzstan requested additional ECE support for promoting start-ups, including through study tours to more developed countries;
- The Republic of Moldova had followed up on the recommendations from its I4SDR by creating, with ECE capacity-building support, a technology transfer roadmap, which would be implemented through the new national programme on research and innovation 2024–2027;
- Uzbekistan had actively participated in ECE capacity-building through the SPECA Network on Business Incubators and Accelerators and was working on implementing the recommendations from the I4SDR. The country was also participating in ETIN.

B. Public-Private Partnerships (PPP)

18. The focus of the work on Public-Private Partnerships (PPPs) has been to support ECE member States in the use of PPPs to address a range of issues in the context of the two most recent cross-cutting Commission themes (i.e. Promoting circular economy and sustainable use of natural resources in the ECE region, and digital and green transformations for sustainable development in the ECE region), and more broadly sustainable economic recovery and reconstruction, corruption in PPPs, food security, women's empowerment, climate resilient infrastructure, access to essential public services, and accelerating achievement of the SDGs in the ECE region. The ECE Guiding Principles on PPPs in support of the SDGs continue to provide the normative basis for the work on PPPs.

19. The five desirable outcomes for “PPPs for the SDGs” – as elaborated in the Guiding Principles on PPPs in support of the SDGs and approved by the Committee – have become an authoritative and highly respected source for policy makers on the appropriate requirements for a PPP model aligned with the SDGs. Furthermore, a number of ECE member States are already implementing the PPP for the SDGs approach in their national policies and legislation to ensure that PPP projects are undertaken in full compliance with the SDGs.

20. The ECE “PPP and Infrastructure Evaluation and Rating System (PIERS): An Evaluation Methodology for the SDGs” has become a new flagship tool for assessing the sustainability credentials of PPP and infrastructure projects. To date, the PIERS methodology has been used in over 200 projects, and there is strong demand for assistance by ECE member States to use PIERS on their projects.

1. Development of standards, guiding principles, and recommendations

21. The Committee continued its work to elaborate standards, guidelines, and policy recommendations on PPPs for the SDGs. In the reporting period the Committee approved three new normative documents:

- The Standard on PPP/Concession Legal Framework in support of the SDGs (ECE/CECI/WP/PPP/2022/3). The Standard and its accompanying guide will be published as an ECE publication in 2023;
 - The Guidelines on Public-Private Partnerships for the United Nations Sustainable Development Goals in Waste-to-Energy Projects for Non-Recyclable Waste: Pathways towards the Circular Economy (ECE/CECI/WP/PPP/2022/3); and
 - The Guidelines on promoting Circular Economy in Public-Private Partnerships for the United Nations Sustainable Development Goals (ECE/CECI/WP/PPP/2022/4).
22. Twelve topics for PPP normative policy documents were identified, and work on five new practical guidelines was launched in 2023 on the following topics:
- Improving the delivery of PPPs through digital transformation throughout the project lifecycle in support of the SDGs;
 - PPPs in digital infrastructure: diagnostics in healthcare (telemedicine) and other digital public services;
 - Green and sustainable PPP procurement for the SDGs;
 - The state of PPP and infrastructure finance halfway to 2030; and
 - The pros and cons of simplifying and accelerating the delivery of PPP projects for the SDGs for sustainable economic recovery and reconstruction.

2. Analysis of case studies and assessment of projects

23. The secretariat continued expanding the compendium of case studies as part of a campaign to collect 500 case studies that demonstrate the ECE PPP for the SDGs outcomes. Over 200 case studies have been collected so far and scored against the five PPP for the SDGs outcomes using the PIERS methodology. Fifty projects from 33 countries competed in the ECE PPP and infrastructure award 2023 at the seventh edition of the ECE International PPP Forum, held in Athens, Greece, on 3–5 May 2023. The winner of the 2023 competition was the 1915 Çanakkale Bridge in Türkiye, and the runner up was the Energy Retrofit of Buildings in Ljubljana, Slovenia.

III. Major activities planned for 2023 and beyond

A. Innovation and Competitiveness

24. The fifteenth session of ToS-ICP will be held in Geneva on 22 and 23 November 2023, including an international policy dialogue on transformative innovation in response to the decision at the seventieth session of ECE to make digital and green transformations a key cross-cutting theme for the work of all ECE subprogrammes.

25. The 2023 session of the Working Group on Innovation and Technology for Sustainable Development of SPECA will be organized on 18 and 19 October 2023 in Tashkent, Uzbekistan, together with the UN Economic and Social Commission for Asia and the Pacific (ESCAP), and within the framework of the Tashkent Innoweek. A policy conference will be organised back-to-back with the session.

26. Work on the I4SDR of Ukraine will continue with a view to complete the analysis and recommendations and to publish the results in the course of 2024.

27. Regular policy dialogue meetings of the network of IPO national focal points will be organized to exchange good policy practices and build government capacity to implement policy recommendations from the Interim IPO.

28. In response to demand from Governments and subject to additional extra-budgetary funding, the sub-regional IPO could be repeated and extended to other country groups, such as the Western Balkans, and SPECA participating States.

29. Work will continue under the ECE Transformative Innovation Network (ETIN) with extra-budgetary financing from Germany. The network provides an additional platform for policy dialogue and mutual policy learning among innovation policy makers in the ECE region on how to accelerate sustainable development through innovation. Inter alia, ETIN will take a leading role in organising an international policy dialogue at the 2023 session of ToS-ICP.

B. Public-Private Partnerships

30. The seventh session of the Working Party on PPPs will be held in Geneva on 30 November and 1 December 2023. The session will further advance the work on developing international PPP standards, guidelines, and recommendations on PPPs for the SDGs, in particular practical guidelines on economic recovery and reconstruction. Furthermore, the Working Party will work on new standards and guides on stakeholder engagement and women's empowerment in PPP and infrastructure based on proposals by its Bureau and on existing resources.

31. The eighth edition of the ECE International PPP Forum will be organised on 8–10 May 2024.

32. Demand-driven national and sub-regional PPP policy advisory and capacity-building activities will be organized in 2023 and 2024 in ECE member States as part of ongoing capacity building projects.

33. Support will be provided to ECE member States in self-assessing their PPP projects using the PEIRS methodology.

34. The campaign to reach 500 PPP for the SDGs case studies will continue, and additional case studies will be collected and presented at the eighth International PPP Forum in May 2024.

IV. Any proposed change to the subsidiary structure of the Committee

35. There are no changes proposed to the subsidiary structure of the Committee. The organizational structure of the Committee is shown in the annex to this report.

36. At its sixteenth session, the Committee adopted the Programme of Work of the Economic Cooperation and Integration (ECI) subprogramme for 2024, as contained in document ECE/CECI/2023/5. The Committee also renewed the mandate of the ToS-ICP for two years until 2025. The Committee recommended the above decisions to the Executive Committee for approval.

V. Follow-up to the 2023 session of the Economic Commission for Europe

37. At its 119th meeting in December 2021, the Executive Committee designated “Digital and green transformations for sustainable development in the ECE region” as cross-cutting theme of the high-level segment of the seventieth session of the Commission. In decision B (70), adopted in April 2023, the Commission emphasized the need to further strengthen the work of the Commission in support of this theme and invited secretariat and subsidiary bodies to consider further action. The Committee is giving effect to the Commission's decision through its two subsidiary bodies.

38. At its sixteenth session, the Committee held an international policy dialogue on the potential for innovation and of PPPs in advancing the digital and green transformations. The discussions among policy makers and other stakeholders confirmed that both innovation and PPPs have a key role to play. The discussions also confirmed that, while businesses will have

to develop and deploy solutions for digital and green transformations, policy makers will have to take the lead in creating the right incentives and in removing obstacles.

39. ToS-ICP and ETIN will build on these preliminary discussions at the Committee through a sub-regional conference on transformative innovation for the Western Balkans in Pržno, Montenegro, on 20 and 21 September 2023, and an international policy dialogue at the fifteenth session of ToS-ICP on 22 and 23 November 2023. The resulting good practices on transformative innovation policies can serve as guidance for member States. The secretariat will also incorporate these good practices into national and sub-regional policy analyses to inform policy recommendations.

40. The Working Party on PPPs, at its sixth session in December 2022, launched work on three practical guidelines linked to the Commission's cross-cutting theme: two on PPPs and digital infrastructure, and one on green PPP procurement. Work on these guidelines started in 2023 and is expected to be concluded in 2024.

VI. Inter-sectoral activities: new activities and/or progress in existing inter-sectoral activities

41. The ECI subprogramme cooperates with the Trade subprogramme on a United Nations Development Account (UNDA) project on the circular economy transition. In line with the recommendations of the OIOS evaluation of both subprogrammes, the chair of CICPPP met with representatives of the Trade subprogramme and of other subprogrammes at the margins of the seventieth session of the ECE, to discuss prospects for additional cooperation, in particular on digital and green transformations. These discussions continued at the sixteenth session of the Committee, where representatives of several subprogrammes, including Trade, presented relevant work where synergies might be explored, and at the eighth session of the Steering Committee on Trade Capacity and Standards in June 2023, where the chair of CICPPP participated.

42. ToS-ICP is exploring possibilities for cooperation with ECE's Energy and Transport subprogrammes. The Working Party on PPPs cooperates with the Housing, Land Management and Population subprogramme on the financing smart cities infrastructure and with the Sustainable Energy Division on climate resilient infrastructure.

VII. Technical cooperation activities

A. Innovation and Competitiveness

43. The Committee welcomed the results of capacity building programmes supporting the implementation of policy recommendations from the I4SDRs of Georgia, the Republic of Moldova, and Uzbekistan. The Committee stressed the importance of continued capacity building to ensure that the analyses of national innovation policies result in tangible improvements of innovation performance in beneficiary countries. The Committee also emphasized the critical importance of extra-budgetary funding for continuing this work and called on donors and development partners to consider providing additional funding.

44. Sub-regional capacity building activities were carried out according to the SPECA Action Plan on Innovation for Sustainable Development, including under the SPECA Network of Business Incubators and Accelerators for Sustainable Development. These activities were based on two Handbooks on "Business Incubators to Promote Sustainable Development in the SPECA Sub-Region" and on "Supporting Innovative High-growth Enterprises in the SPECA Sub-Region".

45. In response to one of the recommendations from the OIOS evaluation, the Committee included in its agenda an item on the impact of its work since the fifteenth session. Under this item, the Governments of Armenia, Georgia, Kazakhstan, Kyrgyzstan, Republic of

Moldova, Ukraine, and Uzbekistan showcased the progress they have made with innovation policy reforms thanks to the normative, policy advisory and capacity building work undertaken under the auspices of the Committee.

46. Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Montenegro, North Macedonia, the Republic of Moldova, Turkmenistan, Ukraine and Uzbekistan expressed strong demand for additional technical cooperation on innovation policy.

B. Public-Private Partnerships

47. Overall, over 1,000 policy makers and practitioners from ECE member States benefitted from PPP capacity building and policy advisory activities. The PIERS methodology was at the centre of most activities, covering all of the ECE programme countries, with over 450 participants (excluding the International PPP Forum), mostly public officials, attending these events.

48. The PIERS methodology had already served as a blueprint for the ECE-wide compendium on thirty climate projects at pre-finance stage for a total investment value of \$20 billion. The compendium was presented at the ECE Regional Forum on Climate Initiatives to Finance Climate Action and the SDGs in October 2022 and submitted to the 2022 United Nations Climate Change Conference in November 2022 in Sharm-El-Sheikh, Egypt, commonly known as the twenty-seventh Conference of the Parties (COP27).

49. The seventh edition of the ECE International PPP Forum was held in Athens, Greece, on 3–5 May 2023, co-organised with the Municipality of Athens, and with the support of the Government of Greece. It attracted over 900 participants, with 300 participating in-person, and 130 speakers and panellists during 24 sessions over three days; 36 projects presented; seven policy debates; twelve parallel sessions; one roundtable discussion; and four side events. The Forum addressed challenges and opportunities at both national and city level, including economic recovery and reconstruction, the circular economy, digital transformation, sustainable finance, and resilient infrastructure. A highlight of the Forum was the ECE PPP and infrastructure award 2023, showcasing PPP and infrastructure projects from around the world. The focus of this year's competition was on PPPs for the circular economy. One concrete outcome of the Forum was the publication of a compendium featuring 49 projects with a total capital investment of 38.7 billion dollars.

VIII. Cooperation with other organizations

50. The established cooperation on innovation and competitiveness policies with ESCAP in the framework of SPECA will continue, including on the implementation of the Action Plan of the SPECA Innovation Strategy for Sustainable Development.

51. In the context of the IPO and the I4SDRs, ECE will further engage a range of partners systematically. These include:

- The Joint Research Centre of the European Commission (JRC), which has been contributing to country-level innovation policy analyses, including the pilot IPO, in the Moldova I4SD Review and in the interim IPO;
- The International Organisation for Migration (IOM), which has been contributing to growing work on engaging diaspora for innovation in national I4SDRs;
- The Organization for Economic Cooperation and Development (OECD), which has been serving as a peer reviewer for ECE's innovation policy analyses. The ECE secretariat will in turn continue to act as a peer reviewer for the "SME Policy Outlook" of the OECD;

- The World Intellectual Property Organization, where synergies will be further explored, namely how its Global Innovation Index data can inform the IPO, and vice-versa.

52. The secretariat will continue to engage with the United Nations Inter-Agency Task Team on Science, Technology and Innovation for Sustainable Development, including on capacity building.

53. In cooperation with the other four Regional Commissions, the United Nations Department of Economic and Social Affairs and the United Nations Conference on Trade and Development, ECE participates in a large capacity building project to promote effective partnerships between the public and private sector in countries.

54. In cooperation with the Economic Commission for Africa and the Economic Commission for Latin America and the Caribbean, ECE promotes the use of the PIERS methodology in developing countries.

Annex

The organizational structure of the Committee on Innovation, Competitiveness and Public-Private Partnerships

