



Economic Commission for Europe

Committee on Innovation, Competitiveness and Public-Private Partnerships

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

Geneva, 22 and 23 November 2023

Item 3 of the provisional agenda

**Review of the work of the Team of Specialists on Innovation and Competitiveness Policies
since its fourteenth session****Supporting ECE member States in promoting innovation for
sustainable development: an overview of fundraising needs
and opportunities****Note by the secretariat¹****I. Introduction**

1. Innovation is an essential driver of sustainable development, including its economic, environmental, and social dimensions. This is reflected in Sustainable Development Goal 17, which recognizes innovation as a means of implementation for the entire 2030 Agenda for Sustainable Development and Sustainable Development Goal 9, which aims to foster innovation. As such, innovation will also be critical in achieving the transition to a circular economy, and the digital and green transformations which are the cross-cutting theme for ECE work in the period 2023 – 2025.
2. ECE supports member States in building high-quality national innovation systems in line with the 2030 Agenda for Sustainable Development, setting up effective innovation policies and support mechanisms, as well as the institutions and processes to design and run them efficiently.
3. Activities include, among others:
 - (a) inter-governmental policy dialogues at regional and sub-regional level to exchange experience, including through networks;
 - (b) the development of international good practices, policy recommendations, guidelines, practical tools and standards;
 - (c) policy analyses such as national Innovation for Sustainable Development Reviews (I4SDRs) and the Sub-regional Innovation Policy Outlook (IPO) to develop national policy recommendations based on international good practice; and

¹ This document has not been formally edited.

(d) capacity building to assist member States to implement international good practices, policy recommendations, guidelines, practical tools and standards, such as the recommendations from the I4SDRs and IPO.

4. ECE also provides policy analyses, advice and capacity building in the framework of the Working Group on Innovation and Technology for Sustainable Development under the UN Special Programme for the Economies of Central Asia (SPECAs).

5. While regional policy dialogues and the development of international good practices, standards and policy recommendations are covered by the UN regular budget, country and issue-specific policy analyses and the subsequent capacity building support are provided at the request of individual member States and can be undertaken only if extrabudgetary funding is available.

6. This is particularly so for the work undertaken in and with the programme countries of the ECE region, i.e. Central Asia, Eastern Europe and the South Caucasus (EESC), and in the Western Balkans. This also applies to work on specific topics, such as transformative innovation.

II. Growing need for additional funding, including extrabudgetary, to meet demand for technical cooperation

7. Over the past years, demand from member States for policy analysis and capacity building at the national and sub-regional level has been growing. This growing demand reflects the success of ECE earlier work in the Central Asia, EESC, and Western Balkan sub-regions and its positive impact on member States.

8. Member States focal points revealed that the IPO process had an influence in shaping national innovation strategies in member States (including the Republic of Moldova and Armenia). It has also created a notable peer-learning dynamic, and overall helped member States mitigate the negative economic consequences of the pandemic.

9. ECE work with Uzbekistan has supported the development of a national strategy for innovation development and a corresponding roadmap. Ongoing implementation of the policy recommendations has started and has contributed to Uzbekistan climbing up the World Intellectual Property Organization (WIPO) Global Innovating Index by four ranks, turning the country into the leader on innovation in Central Asia.

10. The secretariat raised significant resources, mostly in extrabudgetary funding, some from the United Nations Development Account, as well as the Regular Programme for Technical Cooperation (RTPC). However more will be needed to meet the growing demand for bilateral and sub-regional technical cooperation in a timely and effective manner. The need to supplement regular budget resources with more predictable additional extrabudgetary funding is also recognized in the ECE Resource Mobilization Strategy adopted by the Executive Committee on 20th May 2020, as well as in the evaluation by the Office of Internal Oversight Services of the ECE Economic Cooperation and Integration sub-programme, which was presented to the Executive Committee on 15 May 2023.

11. ECE received requests and expressions of interest from the following countries during the fifteenth session of the Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP) in May 2022, during the fourteenth session of the Team of Specialists on Innovation and Competitiveness Policies (ToS-ICP) in November 2022, and during the sixteenth session of the Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP) in May/June 2023: Albania, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, North Macedonia, Montenegro, Serbia, Turkmenistan, Ukraine, and Uzbekistan.

12. Requests centered on:
- (a) support for the implementation of recommendations from national Innovation for Sustainable Development Reviews and the Innovation Policy Outlook of the EESC sub-region;
 - (b) new national Innovation for Sustainable Development Reviews;
 - (c) a second IPO evaluation of the EESC sub-region aimed at institutionalising regional dialogue. This second IPO is planned for 2024, provided sufficient extrabudgetary funding can be secured;
 - (d) sub-regional IPOs for the Western Balkans and for Central Asia. The IPOs would build on the experience of the IPO of the EESC sub-region and on the work of the SPECA Working Group on Innovation and Technology for Sustainable Development to help member states achieve sustainable innovation-led development.

III. Current status and opportunities for fundraising

13. To address the growing demand by ECE member States for technical assistance and capacity building, the secretariat devised a plan to raise additional extrabudgetary funding. Based on donor mapping and subsequent exploratory meetings, the process examined the existing donor presence in EESC, Central Asia and the Western Balkans, and identified the leading official development assistance (ODA) providers for each country or sub-region. The plan also reflects the best practice suggestions from the ECE Resource Mobilization Strategy focusing on building a network of strategic partnerships, promoting national ownership by tailoring proposals to the needs of member States, and including actions to promote sub-regional dialogue and expertise exchange among beneficiaries in the proposals.

14. Through the initial steps set out in the plan, the secretariat identified and liaised with several potential donors, shared concept notes for each region or individual member State and organized three fundraising missions. Among others, the secretariat held bilateral meetings with the European Commission, Germany, Italy, Sweden, Türkiye, the Central European Initiative, the Adriatic Ionian Initiative, the United States, the World Bank, the Islamic Development Bank, the Asian Development Bank, the Eurasian Development Bank and the International Trade Center to discuss funding opportunities.

15. During the outreach stage, the secretariat worked closely with the permanent missions in Geneva, embassies in the Central Asia and Western Balkans sub-regions, as well as the UN Resident Coordinator Offices (UN RCOs).

16. In follow-up to the bilateral meetings and building on the concept notes, the secretariat developed several concrete project proposals, particularly for IPOs of Central Asia and the Western Balkans, and for national I4SDRs. The proposals reflect the priorities and demands of beneficiary countries, and outline ECE strengths and expertise that would support the beneficiary countries. In line with the ECE Recourse Mobilization Strategy, the documents also present all applicable direct and indirect costs including the expenses associated with the hire of new project assistants and managers in the budget, and reflect the principle of deepening strategic partnerships, such as with the Regional Cooperation Council in the case of the Western Balkans.

IV. Next steps

17. To address the growing demand for policy analysis, capacity building and policy advisory services expressed by member States, and to help implementing relevant decisions taken by CICPPP at its fifteenth and sixteenth sessions and ToS-ICP at its fourteenth session, the secretariat proposes the following plan of action:

- (a) to continue developing and presenting concrete project proposals for donors to assist ECE member States for 2023-2027 based on the above demands;
- (b) to continue engaging with potential donors to discuss cooperation.

18. Delegates are invited to discuss this fundraising plan at the fifteenth session of ToS-ICP and to support fundraising efforts, e.g. by informing relevant line ministries and agencies about funding needs and opportunities and liaising between the secretariat and relevant national or international partners.

19. This would inter alia respond to the Office of Internal Oversight Services' recent evaluation of the work of the ECE Economic Cooperation and Trade Division, which recommended to track technical assistance and capacity building requests by ECE member States and called for greater sustainability and continuation of activities.

Annex

Table

Planned activities, implementation subject to the availability of XB funds. All activities are based on concrete requests from ECE member States

<i>Member States</i>	<i>Technical assistance and capacity-building needs</i>	<i>Planned Deliverables</i>	<i>Fundraising needs (USD)</i>
Armenia	<p>Armenia participated in the IPO evaluation in 2020 and underwent an I4SDR in 2023. After the conclusion of the I4SDR of Armenia, ECE plans to support the country in the implementation of the review recommendations. The follow-up capacity-building support can focus on the following topics:</p> <ul style="list-style-type: none"> - improving the collection and use of innovation statistics; - building mechanisms to coordinate and mainstream innovation across all government agencies; - expanding State support for innovation infrastructure and building a better legal and regulatory framework. 	Support for implementation of the I4SDR recommendations through a capacity building programme	90 000
Azerbaijan	Azerbaijan participated in the IPO evaluation in 2020. To sustain and advance the momentum created by the IPO, the government of Azerbaijan expressed interest in support from ECE, in particular to review the impact of the policy and institutional changes. ECE is looking to initiate an I4SDR review of Azerbaijan to address this demand and provide a detailed and updated overview of Azerbaijan innovation ecosystem.	I4SDR of Azerbaijan	240 000
Ukraine	Ukraine participated in the IPO evaluation in 2020 and is currently undergoing an I4SDR. With the initial stages of the research process of the I4SDR of Ukraine underway, the secretariat is looking to raise additional funds to better support the finalisation of the I4SDR, in the manner best responding to the current circumstances, and thereafter, to provide follow-up capacity building.	I4SDR of Ukraine; Capacity building to implement the I4SDR recommendations	200 000
Uzbekistan	Through the I4SDR research process and extensive engagement with Uzbekistan through SPECA, ECE identified the following challenge: skills gaps among public officials, entrepreneurs and educators, which hinder the country's ability to fully harness innovation and sustainable development opportunities. A follow-up capacity building project could enhance	Capacity building programme	300 000

<i>Member States</i>	<i>Technical assistance and capacity-building needs</i>	<i>Planned Deliverables</i>	<i>Fundraising needs (USD)</i>
	innovation skills among entrepreneurs, public officials and educators through trainings, workshops, dialogue sessions, competitions, study tours and more.		
Turkmenistan	Innovation will be central for the diversification and greening of Turkmenistan economy also in view of potential future WTO accession. Based on the strong momentum created by ECE visit to Ashgabat in November 2022, and the continued interest of the Government of Turkmenistan in a review of its national innovation system, the secretariat is looking for funds to launch the first I4SDR of Turkmenistan.	I4SDR of Turkmenistan	240 000
SPECA participating countries	There was very strong interest from all the beneficiaries in the activities under the SPECA Network of Business Incubators and Accelerators for Sustainable Development. Over 100 participants joined each of the online trainings proposed by ECE. There is wide recognition of the potentially significant contribution that innovative entrepreneurship can make to the achievement of the SDGs. To maintain momentum, and build on the initial success, ECE plans to provide further capacity building for policymakers, entrepreneurs, educators and business support institutions.	Trainings and dialogue sessions for policymakers, entrepreneurs, educators, and business support institutions	70 000
Sub-region: Eastern Europe and South Caucasus	The Eastern Europe and South Caucasus sub-region underwent an IPO review from 2019 to 2020. It was the most comprehensive, comparative evaluation of innovation policies and institutions of countries from the sub-region to date. A second IPO evaluation would enable these countries to track progress through time and compare policy development vis-à-vis their peers.	IPO of Eastern Europe and the South Caucasus	480 000
Sub-region: Western Balkans	The Western Balkan sub-region made significant progress in innovation and sustainable development, but still faces challenges in export diversification towards high-value-added goods and innovation in non-ICT sectors. To address the demand of the Western Balkan member States, the secretariat plans to conduct an IPO review of the sub-region. Based on the feedback from national stakeholders, the evaluation would focus on transformative innovation to support the sub-region in building competitiveness and fostering cooperation especially in the context of the European Union accession. An IPO would be complementary to other initiatives in the region, by focussing on innovation governance, as well as how policy makers can foster transformative innovation specifically.	IPO of the Western Balkan sub-region with a focus on transformative innovation	410 000

<i>Member States</i>	<i>Technical assistance and capacity-building needs</i>	<i>Planned Deliverables</i>	<i>Fundraising needs (USD)</i>
Sub-region: Central Asia	Innovation is high on Central Asian countries' policy agenda, yet innovation policy efforts are recent and rarely monitored and evaluated. Given the very positive response to the IPO (2020) publication in the sub-region of Eastern Europe and the South Caucasus, the progress achieved by those beneficiary countries since 2020, and the continued engagement of these countries in the follow-up policy dialogue process, ECE sees great merit in carrying out a similar IPO for Central Asia. It could serve as a change management and policy monitoring/evaluation tool for practitioners, as well as support the implementation of the SPECA Innovation Strategy for Sustainable Development.	IPO of Central Asia	560 000