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Team of Specialists on Innovation and Competitiveness Policies

Fourth session

Geneva, 12–13 May 2011

Report of the Team of Specialists on Innovation and Competitiveness Policies on its fourth session

I. Attendance

1. The Team of Specialists on Innovation and Competitiveness Policies (TOS-ICP) held its fourth session on 12 and 13 May 2011. Some 60 experts representing government agencies, academic institutions and the private sector from 26 UNECE member States, as well as international organizations and agencies participated in the session.

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

2. The provisional agenda (ECE/CECI/ICP/2011/1) was adopted.

3. The Team elected Ms. Daphne Getz (Senior Research Fellow at the Samuel Neaman Institute for National Policy Research, Technion, Israel) as new Vice-Chairperson. Ms. Liudmila Musina, Vice-Chairperson of the TOS-ICP chaired the fourth session of the Team.

III. Substantive segment (agenda item 2)

4. The presentation of the UNECE publication Innovation Performance Review of Belarus took place as part of the substantive segment of this session. The participatory policy advisory service behind this publication was carried out by a group of international experts and experts from the UNECE secretariat in close cooperation with the national authorities and local experts, responding to a request by the Government of the Republic of Belarus. The Director of the Economic Cooperation and Integration Division stressed that the Review was the outcome of a collective effort and thanked the Belarusian authorities, the local experts and the members of the Team who had participated in this project. The

Permanent Representative of the Republic of Belarus to the United Nations Office in Geneva expressed on behalf of his Government appreciation for the work done adding that the Review will make a useful contribution to shape innovation policies in Belarus. The Resident Coordinator of the United Nations Office in Belarus stressed the significance of this initiative, adding that the issues of innovation and modernization are at the centre of the new United Nations Development Assistance Framework.

5. The second part of the substantive segment included the Applied Policy Seminar “Policies for Innovation in the 21st Century: Broadening the Horizons of Collaboration and Risk Sharing”. The discussions were organized in four sessions, with a number of presentations by participating experts. The first day of the Applied Policy Seminar was moderated by a representative of the Technology, Innovation and Entrepreneurship Programme at the National Academies, United States. The second day moderation was provided by a representative from OPORA, Russian Federation. Four main areas were covered:

- (a) The territorial dimension of collaboration for innovation;
- (b) Collaboration as a tool for setting and implementing the innovation agenda;
- (c) Internationalization and innovation; and
- (d) A number of national policy experiences.

6. Collaboration is essential for innovation. Partnerships between small and large business, universities and research institutes contribute to regional growth and job creation. These collaborative arrangements and the public initiatives to support them have often a territorial dimension. Participants discussed:

(a) The importance of innovation clusters resulting from the combination of geographically concentrated research organizations, businesses with research and development (R&D) initiatives, other productive facilities and government sponsored programmes;

(b) The critical role of trust to foster the development of these networks of cooperation;

(c) The combination of cooperation and competition as driving forces of the economic dynamism of clusters;

(d) The practical experiences and challenges faced by technological parks and other initiatives such as incubators, innovation and business networks;

(e) The necessary ingredients for successful technology parks, including strong promoters, linkages to centres of excellence in research and the availability of early-stage financing. However, there is not a single way to succeed and policy schemes should be imaginative;

(f) The development of “smart specialisation” strategies, which build on entrepreneurial discoveries that are policy-supported, creating an environment where these entrepreneurial initiatives can flourish, assessing their potential impact and addressing coordination failures. These strategies lead to positive structural change;

(g) The key role that entrepreneurships should play in any initiative supporting innovation, including those that have a territorial focus;

(h) The policy dilemmas and challenges posed by bottom-up and top-down initiatives;

(i) The role of public authorities in supporting cluster development through a variety of means, including reduction of administrative hurdles, developing platforms for information-sharing and providing financing and advice;

(j) Different initiatives related to cluster promotion in Romania, including a cluster mapping exercise to facilitate a bottom-up approach;

(k) The role of science and technology parks in creating a conducive environment for risk-sharing;

(l) A number of programmes developed in the United Kingdom which envisage risk sharing as a way to support business development and innovation. These programmes include collaborative research and development initiatives, business services, procurement and finance provision; and

(m) The experiences of Sophia Antipolis (France), the Skolkovo Foundation (Russian Federation) and the Surrey Research Park (UK).

7. Collaboration can also concern the way in which decisions that shape the innovation agenda are adopted, including at the organisation level. Participants discussed a number of platforms and experiences related to this dimension of innovation, including:

(a) The need to gather dispersed knowledge and information to elaborate well-grounded strategies;

(b) Participative decision-making in the elaboration of the Research Strategy 2020 in Austria, including through the use of specialised software to manage the process of consultations;

(c) The balance between a non-coordinated bottom-up idea generation system and more top-down strategic initiatives;

(d) The lessons provided by Europe Innova as a collaboration platform, which has evolved from a sectoral to a thematic focus, creating cross-border partnerships between multiple innovation stakeholders; and

(e) The importance of collaborative models within organizations as a resource-efficient mechanism to foster innovation and inspire creativity.

8. In view of the recommendation to strengthen the international integration component in future activities made at the fifth session of CECI (ECE/CECI/2010/2), the programme of the Applied Seminar paid special attention to international aspects of collaboration and internationalization in the area of innovation. This session, which included presentations from different innovation agencies, discussed:

(a) The international activities of the National Innovation Office of Hungary;

(b) The priorities of the forthcoming Hungarian presidency of EUREKA, which include support to small and medium enterprises (SME), cooperation with other European R&D platforms, innovation financing, the promotion of regional initiatives and strengthening international cooperation;

(c) The strategy of Enterprise Ireland in developing a model of innovation where the needs of the customers are central and export orientation is an essential component;

(d) The cost and challenges involved in internationalization strategies and the importance of established institutional structures to facilitate collaborative R&D;

(e) The activities implemented by the Foundation for Assistance to Small Innovative Enterprises (Russian Federation) to support the commercialization of new

knowledge into new products and services, including through the development of various types of partnerships with domestic and foreign organizations;

(f) The value of international cooperation to increase the range of financing possibilities, facilitate access to new technologies and gain effective access to foreign markets;

(g) The initiatives developed by VINNOVA, the Swedish innovation agency, to foster strong research and innovation milieus. VINN Excellence Centres are an example of these initiatives, being hosted by a University with a thematic focus developed on the basis of a bottom-up approach. A pilot programme has been developed to support the internationalization strategy of these milieus; and

(h) The importance of international networks for research and innovation and the associated emergence of new geographic nodes of knowledge creation and utilization.

9. A number of presentations were made on different national policy experiences from different perspectives. The questions discussed included:

(a) An assessment of innovation policies in the Czech Republic, which emphasised the constraints created by insufficient human capital development, the need to link innovation policies with entrepreneurship, the blurred distinction between modernization and innovation and the tension between demand-based and top-down forms of support;

(b) An introduction to the activities of the Samuel Neaman Institute for National Policy Research, its role in shaping and influencing national initiatives on innovation in Israel and its participation in a number of international collaborative research efforts;

(c) A comprehensive overview of innovation policies initiatives in Kazakhstan, which paid particular attention to different forms of financial support, the public development of the innovation infrastructure, various foresight and programming mechanisms and international collaboration;

(d) A description of the national innovation system in Moldova, including main players and policy instruments. The discussion of existing constraints served a basis to introduce projected legal and policy changes, in particular in relation to the R&D system, education, new financing instrument and the overall financing strategy; and

(e) The mechanisms for promoting innovation in the Uzbekistan, including a range of tax and customs benefits, the activities of the Technology Transfer Agency, the funding of research and the role of innovation fairs in bringing different stakeholders together.

10. Moderators thanked speakers and acknowledged the good work of the secretariat in organizing the policy seminar. Team members were encouraged to benefit from the outcome of the discussions and the circulated material in their future work.

IV. Review of the work carried out since the third session (agenda item 3)

11. The secretariat briefed the Team members on the outcomes of the work done since the third session. These include two major publications, two policy documents presented at the fifth session of the Committee on Economic Cooperation and Integration (CECI) and contributions to various conferences and other capacity-building activities:

(a) Promoting Innovation in the Services Sector. Review of Experiences and Policies (ECE/CECI/9);

- (b) Innovation Performance Review of Belarus (ECE/CECI/11);
- (c) Policy Options for Promoting Innovation in the Services Sector (ECE/CECI/2010/5);
- (d) Synopsis of Good Practices and Policies to Address Financing and Entrepreneurial Challenges in High-Growth Innovative Firms (ECE/CECI/2010/6);
- (e) Contribution to the International Conference on Policies to Address Financing and Entrepreneurial Challenges in High-Growth Innovative Firms, Helsinki, Finland, 2-4 June 2010 (ECE/CECI/CONF.7/2);
- (f) Contribution to the International Conference “From Applied Research to Entrepreneurship: Promoting Innovation-driven Start-ups and Academic Spin-offs”, Kiev, Ukraine, 9-11 November 2010 (ECE/CECI/CONF.9/2);
- (g) Organization of the Session on “Promoting the Innovative Economy” within the V Kazan Venture Fair, Kazan, 22-23 April 2010; and
- (h) Organization of a Session on European Experiences of Innovative Development, as part of the XI Russian Venture Fair, Rostov, Russian Federation, 21-22 October 2010.

12. The secretariat informed the team on work done in the context of the project Innovation Performance Review of Belarus. The Review has been released as a UNECE publication and was presented at the substantive segment of this session. The main outcomes of this project, including its preliminary conclusions and recommendations, were discussed during the substantive segment of the fifth session of CECI (Geneva, 1 – 3 December 2010, ECE/CECI/2010/2). The final version of the Review reflects the results of this multi-stakeholder policy discussion, which took place with the participation of a high-level delegation from the Republic of Belarus and a wide range of experts, including many members from TOS-ICP.

13. Several participants and delegations expressed their high appreciation of the Innovation Performance Review of Belarus, which was inter alia recommended for emulation by other countries at the CIS Inter-state Committee on Technology and Innovation, which was held in Minsk on 22-23 March 2011.

14. A number of international conferences and other activities were carried out in cooperation with the Teams of Specialists and networks of experts active in other thematic areas of the programme of work of CECI, including:

- (a) Entrepreneurship and enterprise development;
- (b) Financing innovative development; and
- (c) Commercialization and protection of intellectual property rights.

15. This approach reflects the suggestion made at the fifth CECI session to consider the integration of efforts in some policy-oriented and capacity-building activities by addressing specific issues and topics that cut across several focus areas.

16. The secretariat made a demonstration to the Team of the training software “Promoting an Enabling Environment for Efficient Financial Intermediation in support of Innovative Development”. This software was developed thanks to the extrabudgetary contributions provided by the government of the Russian Federation.

17. This modular training tool can be used for self-learning and as a framework to structure seminars and encourage discussions on this area. The modules were tested in a classroom environment at the High-level Policy Seminar "Promoting Innovative Entrepreneurship", which was jointly organised by the UNECE and Israel's Agency for

International Development Cooperation (MASHAV) and took place at the Golda Meir Mount Carmel International Training Centre in Haifa, Israel, on 28 March-1 April 2011.

18. The secretariat informed participants that a Russian version will be available shortly and that a similar effort is currently under way regarding the preparation of training materials on promoting entrepreneurial opportunities and growth in new innovative firms. A number of participants in the High-level Policy Seminar in Haifa praised this training tool and mentioned a number of initiatives to disseminate this software in their countries.

19. The Chairperson of the session remarked that the Team was satisfied with the progress achieved so far in the implementation of the programme of work and underlined the usefulness of the materials produced as a result of the collective efforts of its members.

V. Implementation of the mandated work in 2011 and proposals for the programme of work in the next programmatic cycle (agenda item 4)

20. The secretariat informed the Team that the CECI Committee adopted its Programme of Work for 2011 at its fifth session (ECE/CECI/2010/2). The Committee also recommended the renewal of the mandate of the Team of Specialists on Innovation and Competitiveness Policies for the period of three years (2011-2013) in view of the envisaged alignment of the CECI biennial programming cycles with the UN biennial budgeting cycle starting from 2012-2013.

21. The secretariat also informed the Team that future activities could also be impacted by the outcomes of the ongoing review of the programmatic priorities of the UNECE carried out by member States and the possible budgetary cuts.

22. The secretariat briefed the Team on the preparation of the programme of work for the next programmatic cycle. It informed Team members that the programme of work for all thematic areas under the Committee for Economic Cooperation and Integration will be considered at the sixth session of CECI (30 November-2 December 2011). A draft programme of work will be elaborated in consultations with the Bureau of CECI, which will reflect the input received from members of the different Teams of Specialists and networks of experts.

23. The secretariat drew the attention of Team members to the ongoing evaluation exercise, which will provide an input to the Biennial Evaluation Plan for the Sub-programme for 2010-2011 (ECE/CECI/2010/2). It announced that a survey will be circulated among Team members and other experts to canvass the views of the CECI constituency on the relevance, impact and usefulness of past activities. The results of the evaluation should facilitate the ongoing fine-tuning of subprogramme priorities, the related distribution of resources and the identification of proposals for the new programmatic cycle.

24. The secretariat presented to the Team future activities planned in the rest of the year, including:

- (a) Innovation Performance Review of Kazakhstan;
- (b) International Conference "Promoting Eco-Innovation: Policies and Opportunities" (Tel Aviv 11-13 July 2011); and
- (c) International Conference on Knowledge-based Development and Innovative Entrepreneurship (Baku, 23-24 November 2011).

25. The secretariat informed participants that preparations for the Innovation Performance Review of Kazakhstan are already under way. After a preparatory mission by the secretariat, the main mission with the full team of international experts will take place

on 20-30 June 2011. The presentation at the substantive segment of this session made by the delegate from the National Innovation Fund of Kazakhstan, who is the main partner in this participatory policy advisory project, provided an opportunity to the Team to obtain first hand information on policy initiatives in this country. The provisional outcomes and recommendations of the Innovation Performance Review of Kazakhstan will be discussed at the substantive segment of the sixth session of the CECI.

26. The dates of the International Conference “Promoting Eco-Innovation: Policies and Opportunities”, which had been rescheduled due to unforeseen circumstances, have been now confirmed. The Conference, which is organised by the UNECE in cooperation with the Prime Minister’s Office and the Ministry of Foreign Affairs of the State of Israel, will take place on 11-13 July 2011 in Tel Aviv. Its outcomes will be an input to the UN Conference on Sustainable Development (Rio+20). The Conference will also include an extensive programme of visits to organisations active in this area. The Conference will serve as a basis for the elaboration of a short policy document “Policy options to foster the financing and development of clean technologies”, which will be presented at the sixth session of the CECI.

27. There has been an increasing demand from member States, in particular, those with economies in transition, for UNECE policy advisory services aimed at providing practical guidance and policy recommendations in the area of knowledge-based development. Responding to such demand, the TOS-ICP discussed and endorsed at its third session held on 25–26 March 2010 the initiative of undertaking national Innovation Performance Reviews (ECE/CECI/ICP/2010/2). After the pilot project in Belarus, the Review of Kazakhstan will continue work on this direction this year. The secretariat also informed participants about a request by the Republic of Moldova to provide advisory services in connection with certain aspects of its innovation strategy.

28. At its third session, the TOS-ICP also discussed modalities of its future work. In view of the specialised character of the envisaged work to be carried out, the TOS-ICP supported the proposal to consider the creation of task forces to work on specific topics or undertake concrete assignments. These task forces would report to the TOS-ICP and the CECI (ECE/CECI/ICP/2010/2).

29. The secretariat presented a proposal to establish an Innovation Policy Review and Advice Task Force (IPRA), which will undertake policy advisory services requested by member States.

30. The Team endorsed the establishing of an Innovation Policy Review and Advice Task Force until the end of 2013, subject to renewal, which shall operate in accordance with the terms of reference including in the Annex to this report. Participants suggested that in order to facilitate a fruitful exchange of experiences, the widening of networks involved in these exchanges would be useful, including for example the innovation committee of the European Parliament.

31. Participants at this session made a number of proposals regarding the future programme of work. These suggestions included:

(a) Further activities on the links between innovation and economic integration, building on the topic of this year's Applied Policy Seminar;

(b) The continuation of the fruitful cooperation with the secretariat of the Eurasian Economic Community (EurAsEC) and the Eurasian Development Bank to strengthen the innovation dimension of the customs union and the common economic space;

(c) Building on the International Conference on “Promoting Eco-innovation: Policies and Opportunities” to be held in Israel on 11-13 July 2011, to carry out further

work on the greening of economies through innovation, including aspects related to the impact of regulatory changes in driving eco-innovation and developing a corresponding R&D taxonomy;

(d) Development of methodologies and indicators in Innovation Performance Reviews which are internationally comparable so that the results of national reviews done by UNECE can be compared to each other and to similar work done elsewhere, including within the European Union. These international comparisons would complement the use of Innovation Policy Reviews as tools to benchmark the progress in innovation over time within countries; and

(e) Contribution to the review of the national innovation strategy of the Republic of Moldova.

32. The Team encouraged the secretariat to develop proposals for the future programme of work, in close collaboration with the Bureau and building on the outcomes of this and previous sessions of the Team.

VII. Other business (agenda item 5)

33. The Team agreed that its next meeting will be held tentatively on 10-11 May 2012, pending a decision of the Executive Committee of the Economic Commission for Europe on the renewal of the mandate of the Team and the adoption of the programme of work for the next programmatic cycle by the CECI. Any changes in these tentative dates will be determined in discussions with the Bureau.

34. Participants agreed that the secretariat should prepare the session's report no later than 10 days following the meeting and that it be reviewed and adopted by the Bureau members on behalf of the Team. The report would then be circulated to all members of the Team.

Annex I

Terms of reference of the Innovation Performance Review and Advice Task Force

I. Name

The name of the task force shall be Innovation Performance Review and Advice Task Force (hereafter referred to as the “IPRA Task Force”).

II. Mandate

The IPRA Task Force is initially established until the end of 2013, subject to renewal, and shall serve the following main functions:

- (a) Contribute to undertaking national Innovation Performance Reviews at the request of Governments of UNECE member States;
- (b) Advise respective Governments on follow-up steps including facilitating the implementation of Review recommendations; and
- (c) Provide related policy advisory and capacity-building services based on international good practices in innovation and competitiveness policies as promoted by the TOS-ICP.

III. Modalities of work

Upon a request by Governments of member States, the UNECE secretariat in consultation with the Bureau of TOS-ICP shall approach the IPRA Task Force with a call for taking part in projects for undertaking a national Innovation Performance Review which may involve, among others, the following activities:

- (a) Critical analysis of relevant documents (such as national legislation and regulations, publications, analytical materials and others) related to the national innovation system of the country under review;
- (b) Taking part in field missions to the requesting country for consultations with government officials and other relevant stakeholders on the national context and current innovation performance;
- (c) Contributing in writing to the analysis of innovation performance, including identifying the main factors that drive current innovation performance and problems that may exist as well as assessing the relationship between innovation performance and existing policies;
- (d) Contributing in writing to concrete policy recommendations including actions and measures aimed at stimulating innovation activity in the country, enhancing its innovation capacity and improving the overall efficiency of the national innovation system as well as addressing identified bottlenecks and problems;
- (e) When requested, taking part in consultations with the relevant Government bodies on the draft policy conclusions and recommendations;

(f) When requested, acting as independent reviewers of Innovation Performance Reviews prepared by other members of the IPRA Task Force, in particular on the draft policy conclusions and recommendations; and

(g) Taking part in joint expert meetings with the national authorities and other experts and stakeholders devoted to a critical appraisal of the main findings of a national Innovation Performance Review.

IV. Membership

The Membership shall be open to members of the TOS-ICP and its extended network of innovation and competitiveness policy practitioners with relevant expertise and experience in delivering policy advisory services on the topics covered by Innovation Performance Reviews. The secretariat shall:

(a) Inform the extended network of innovation and competitiveness policy practitioners of the creation of the Task Force and invite interested participants to join the roster of experts who express their desire and interest to participate in the activities of the IPR Task Force;

(b) Compile, maintain and update the roster of IPRA Task Force experts on a regular basis ;

(c) Identify, in consultations with the TOS-ICP Bureau, individuals on the roster to be invited to participate, subject to their interest and availability, in teams that would undertake specific IPR Task Force activities in requesting countries on an ad hoc basis, according to their expertise and experience; and

(d) Inform the members of the roster of forthcoming activities and completed tasks.

V. Reporting

The secretariat shall prepare an integrated report on IPRA Task Force activities between TOS-ICP sessions and shall submit for approval to the subsequent session of TOS-ICP.

VI. Expected beneficiaries of the IPRA Task Force services

Subject to available resources, UNECE member States are eligible to benefit from the services provided by the IPRA Task Force, with an emphasis on countries with economies in transition. The recommended process of applying for these services is through a formal request by a relevant Government entity to the UNECE secretariat.

VII. Costs

It is expected that the main costs associated with the activities of IPRA Task Force teams undertaking assignments in requesting countries (such as travel, local living costs, report writing, etc.) would be covered through targeted fund-raising from donors and/or other extrabudgetary resources. Member States are encouraged to identify and finance suitable experts who could participate in the activities of the IPRA Task Force. It is expected that host Government would also contribute to their activity by supporting relevant local costs of events in the host country (such as local logistical support, cost of venue of meetings, interpretation etc.).

VIII. Envisaged IPRA Task Force activities in 2011-2012

The UNECE secretariat has received expressions of interest for undertaking Innovation Performance Reviews as follows: Kazakhstan (in 2011) and Ukraine (in 2012). These projects will be implemented subject to the mobilization of adequate extrabudgetary resources.
