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## Economic Commission for Europe

Committee on Economic Cooperation and Integration

Team of Specialists on Innovation and Competitiveness Policies

### Fifth session

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Item 3 of the provisional agenda

**Review of the implementation of the programme of work since the fourth session  
and review of the activities of the Team of Specialists on Innovation and  
Competitiveness Policies since the 2005 ECE reform**

## **Report on the review of the work of the Team of Specialists on Innovation and Competitiveness Policies since the 2005 ECE reform**

**Note by the secretariat**

### **I. Mandate of the Team**

1. The Team of Specialists on Innovation and Competitiveness Policies (TOS-ICP) supports the implementation of the parts of the Programme of Work of the Committee on Economic Cooperation and Integration (CECI) related to the thematic area “Strengthening the competitiveness of member States’ economies by promoting the knowledge-based economy and innovation”. The TOS-ICP addresses issues related to the creation of a supportive environment for innovative development and knowledge-based competitiveness of the UNECE member States, with specific focus on transition economies. Its activities aim at facilitating the exchange of experiences gained and lessons learned, as well as of good practices in these areas among UNECE member States. In its work, the TOS-ICP responds to the needs of governments, and takes into account the needs of the private sector, consumers, the academic and business communities, and civil society.

2. In accordance with UNECE guidelines, the Team was established initially for a period of two years (2007-2008). At its third session, CECI recommended to renew the mandate of the TOS-ICP for the period 2009-2010. The Economic Commission for Europe Executive Committee (EXCOM) endorsed this decision at its twenty-eight meeting. The Committee on Economic Cooperation and Integration at its fifth session recommended the renewal of the mandate of the Team for a 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. In view of the ongoing review of the 2005 ECE reform, the EXCOM decided to extend the mandate of TOS-ICP for the year 2011 only. It was also decided that TOS-ICP could continue to function until the end of the review process in the last quarter of 2012, when the programme of work of CECI will be submitted for formal consideration by the EXCOM. At its sixth session, the Committee on Economic Cooperation and Integration noted with satisfaction the work carried out by its Teams of Specialists and emphasized the role of the Teams as important pillars of CECI activities (ECE/CECI/2011/2).

## II. Work Programme

3. The overall direction of the work of the TOS-ICP has been to identify good practices and policy options in innovation and competitiveness policies and to support their broad dissemination and implementation in UNECE member States, including through conferences, workshops and other capacity-building activities in requesting countries. While countries with economies in transition have been the focus of capacity-building activities, the exchange of policy experiences has taken place in a wider context, including many other UNECE member States.
4. The activities of the TOS-ICP focused initially on a broad comparative review of policy experiences on innovation. The scope and outline of this review was agreed at the first session of the Team on 8-9 March 2007. This exercise drew on the varied geographic and professional composition of its members which provided the necessary materials to successfully undertake this initiative. In line with the mandate of the Team, special attention was given in this comparative review to the specific problems of countries with economies in transition. The review, which was concluded in the first year of the existence of the Team, served not only to deliver a well received publication but also to establish a common framework for the understanding of innovation policies and give an initial impetus to the creation of networks to support work in this thematic area.
5. In 2008, comparative work on the identification of good practices continued to be the main thrust of the TOS-ICP activities, but with a new, more concrete focus that put firms at the centre of innovation activity and reviewed different country experiences in supporting their innovation performance. The format of the publication also changed, with more space dedicated to the provision of guidelines, checklists and recommendations for action, so it could become easier to use by policymakers and other innovation stakeholders.
6. The two publications issued in 2007-2008 were followed by shorter policy-oriented synopsis and discussed at the sessions of the Committee on Economic Cooperation and Integration.
7. After these two initial years, where the main focus of activity was normative work, increased prominence was given to capacity-building and dissemination activities in the Programme of Work of CECI for 2009-2010. The translation of this shift into practice was made possible thanks to the growing success in raising extrabudgetary financial contributions but also to the increased support from many experts who offered their time free of charge to the activities organized in this area. Another emerging trend was the collaboration with Teams of Specialists and expert groups in other thematic areas under CECI to carry out integrated activities that dealt with various aspects of knowledge-based development and innovation.
8. In 2009, TOS-ICP took a leading role in the organisation of three international conferences (two in Geneva and one in Minsk). Collaboration between different thematic

areas also drove the organization of a regional capacity-building seminar in Bishkek, that took place following the session of the annual session of the SPECA governing council.

9. There was no formal session of TOS-ICP in 2009. Team members participating in the fourth session of CECI met informally, together with members of the Team of Specialists on Intellectual Property (TOS-IP). Both Teams worked in the preparation of the international conference that was the substantive segment of this session. The conference addressed the implications for innovation policies of the new economic and financial landscape which had emerged after the crisis. TOS-ICP members were involved in the preparation of a survey that identified possible changes in priorities and appropriate responses to this economic environment.

10. TOS-ICP held a formal session again in 2010, continuing the practice of combining a substantive segment, in the format of an applied policy seminar, with the formal segment dedicated to the review of activities, proposals for future work and adoption of decisions. Members of the Team discussed policy aspects related to the promotion of innovation in services, a relatively new topic that has received increased attention in national and international innovation policy agendas. The seminar resulted in a policy-oriented publication which presented the contributions of leading experts from national governments, academia, business and other international organizations.

11. TOS-ICP was also a major contributor to a cross-cutting International Conference organized in Helsinki on financing and entrepreneurial challenges in high-growth innovative firms. The event combined the two main orientations in the activities of the Team: knowledge sharing and policy learning, blending together the exchange of policy experiences in a wide international context with a capacity-building dimension focusing on countries with economies in transition, including through the opportunity to have access to some practical experiences thanks to a number of site visits.

12. The Team started a new policy advisory activity in 2010, with the preparation of the pilot Innovation Performance Review of Belarus, which identified policy actions aiming at stimulating innovation capacity and improving the efficiency of the national innovation system. The Review was conducted by members of the Team and other experts. It drew on the accumulated experience in the identification of good practices and the development of a framework for the understanding of innovation policy issues which was the outcome of early activities. This initiative was made possible thanks to the extrabudgetary funding raised from the Eurasian Development Bank.

13. The substantive segment of the fourth session of the Team, which was held on 12-13 May 2011, inaugurated a new series of policy discussions, the "Policies for Innovation in the 21<sup>st</sup> Century". It is expected that this will be a regular feature of future sessions of the Team. The inaugural Applied Policy Seminar "Broadening the Horizons of Collaboration and Risk Sharing" focused on collaborative arrangements as key dimension of the design and implementation of modern innovation policies.

14. In 2011, the Innovation Performance Review of Kazakhstan was initiated, following the success of the pilot review of Belarus. Members of the Team were also involved in the provision of advisory services to the Republic of Moldova on certain aspects of its innovation strategy. An Innovation Policy Review and Advice Task Force was established until the end of 2013 to undertake policy advisory services requested by member States.

15. The Team members contributed to the preparation of two major international conferences in 2011. The Conference "Promoting Eco-innovation: Policies and Opportunities", which was organized in Tel Aviv, Israel, covered highly topical issues of global concern, while ensuring that countries with economies in transition were adequately represented. The Conference on Knowledge-based Development and Innovative Entrepreneurship, which was held in Baku, Azerbaijan, combined a wide exchange of

policy experiences with attention to the specific problems of SPECA member countries, bringing an international context to the consideration of subregional problems.

16. The Baku Conference is one example of how the activities carried out by TOS-ICP have actively contributed to the achievement of the mandate of the SPECA Project Working Group on Knowledge-based Development. Delegates from SPECA member countries have regularly attended meetings organized by TOS-ICP and Team's members have participated in activities that were part of the programme of work of this Project Working Group. The aim of this subsidiary body within the governing structure of SPECA is supporting the strengthening of the national capacity in these countries in advancing knowledge-based development, including through capacity-building activities.

### **III. Main results and efficiency of work**

17. The work carried out by the Team initiated an area of activity which was new to the UNECE. A major challenge was the creation of supporting networks which could facilitate the fulfilment of its mandate: the exchange of experiences and good practices, serving the needs of governments but also involving other innovation stakeholders.

18. The group of experts initially nominated by member States has been complemented by a large number of further nominations of other experts with different backgrounds and expertise. This growing community of innovation stakeholders has allowed TOS-ICP to undertake different tasks with a changing thematic focus in a flexible and cost-efficient way, as these experts have most often provided their time and skills free of charge. The annual sessions of TOS-ICP have been attended by around 60 experts. There is a core of regular participants but the composition of the group changes reflecting the topic considered at the substantive segment. Overall, more than 300 experts are currently involved in the activities of the group and provide also a channel for the dissemination of the results achieved.

19. Collaboration with other international organizations has also been important. The sessions of the TOS-ICP and its growing community of associated experts have provided a platform to inform about the activities and experiences of these organizations. Experts from the EU, OECD, UNCTAD and WIPO have participated regularly in the sessions of the Team and other activities organized by it, including events with a capacity-building component which have taken place outside Geneva.

20. The Team has produced a varied range of publications. Following the initial focus on the elaboration of an overall framework for the understanding of innovation policies and the identification of good practices, later publications focused on more practical outputs, providing concrete policy options, guidelines and advice. The Team has also started the preparation of training and self-study materials based on these previous outputs.

21. As a result of the activities carried out with the contribution of TOS-ICP, experts from countries with economies in transition have had the opportunity to gain access to the latest policy thinking on major innovation issues. Besides the events linked to the sessions of TOS-ICP in Geneva, conferences, seminars and workshops have been organized in countries with economies in transition but also in other member States, often including site visits to ensure the presence of a strong capacity-building component, in line with the mandate of the Team. These activities have also contributed to strengthen the links between experts in countries with economies in transition, thus facilitating the exchange of experience on their specific problems against the wider context provided by the international background of these events.

22. The activities carried out with the contribution of the TOS-ICP have been consistently assessed highly by participants and other beneficiaries. Evaluation questionnaires distributed after conferences and seminars show good or excellent ratings of around 90%.

23. Innovation Policy Reviews have been conducted in two countries - Belarus and Kazakhstan. The Innovation Policy Review of Belarus has been very well received by the Government of the Republic of Belarus and other stakeholders involved. At the 64th Commission's session, the representative of the EurAsEC secretariat invited the UNECE to conduct such a project in all EurAsEc member countries. Ukraine has formally requested the implementation of an Innovation Performance Review, which will take place in 2012, subject to the availability of extrabudgetary funding. At the sixth session of CECI (ECE/CECI/2011/2), the delegations of Azerbaijan and Moldova invited the secretariat to consider undertaking innovation performance reviews for their countries.

24. The expanding range of activities could be achieved only thanks to a significant increase in extra-budgetary resources. In 2010, total expenditure in programmatic activities (which includes also the estimated value of in-kind contributions), was 4.5 times higher than in 2007, when TOS-ICP started its operations. The growth of extrabudgetary contributions fully explains the increased ability to undertake new activities. The share of these contributions in financing programmatic expenditures has increased steadily, accounting for 86% of the total in the period 2007-2010. Overall, extra-budgetary contributions in 2010 were almost 16 times higher than in 2007.

25. Taking into account staff costs (which have been estimated on the basis of standard staff costs and the allocation of professional staff to this thematic area), the resulting dynamics also show an increased importance of extrabudgetary contributions. While in 2007 these contributions accounted for only just above 2% of total financing available (including staff costs), this share increased to almost 25% by 2010. Over this period, the amount of extrabudgetary financing raised by each staff member rose by 14 times. The annex has more details on these dynamics.

#### **IV. Relevance and added value**

26. The mandate of TOS-ICP remains highly relevant in the current economic circumstances, as the promotion of innovation is generally acknowledged as a necessary policy response to provide a sustainable basis for economic prosperity, to overcome resource constraints and to address environmental challenges. There is a strong international component on many of the issues raised regarding innovation, which are better understood in an international context.

27. The platform provided by the regular sessions of the Team and its other activities are unique mechanisms to facilitate the policy dialogue and exchange of experiences on innovation and competitiveness issues, bringing together industrialized countries and emerging economies in the UNECE region. The wide and flexible composition of the Team makes it a very useful tool for the identification of good practices and knowledge transfer across a group of countries with very different levels of development.

28. The biennial performance evaluation of the CECI subprogramme for 2010-2011 showed that 71 percent of respondents considered the value added of the activities in the cluster "Creating a supportive environment for innovative development" to be "high" or "unique/indispensable", and more than 97 percent considered it "significant" or higher.

29. The Innovation Performance Reviews illustrates well some of the main assets developed in the area of innovation and competitiveness policies, including the ability to draw on a wide pool of experts and the accumulation of international experiences on innovation policies as a result of the early activities of TOS-ICP. The knowledge and expertise on countries with economies in transition has been traditional UNECE characteristics, which have been developed further in this new area of activity. This singular combination of features gives the Team a strong position in helping member States to find solutions to practical problems. The Reviews are a unique product that is not offered by any other international organization in countries with economies in transition.

30. The work of the TOS-ICP also supports the broad UN agenda in areas related to its mandate, thus addressing the demands for specialized expertise in the area of innovation. The outcomes of the International Conference “Promoting Eco-Innovation: Policies and Opportunities”, Tel Aviv, Israel, 11-13 July 2011 (ECE/CECI/CONF.10/2) is a good example of another aspect of the relevance of the activities of TOS-ICP: the growing importance of innovation-related issues for other policy areas and sectors. TOS-ICP can therefore be a focal point on innovation questions within the UNECE that contributes to bring an innovation perspective to the questions considered in other subprogrammes of work, sharing its networks of experts and developing synergies.

## V. The way ahead

31. The TOS-ICP has been a key element in advancing the mandate of the Committee on Economic Cooperation and Integration. It has proved its ability to undertake a variety of assignments and has reacted flexibly to changing circumstances, working on topical policy issues and supporting the mandated shift towards increased capacity-building activities. TOS-ICP can continue to play a useful role as a central reference point for a broad reflection on policies, including the lessons that can be derived from the capacity-building activities implemented.

32. The integration of activities of different thematic areas under CECI has been an important trend that has facilitated the delivery of capacity-building activities that reflect the needs of member States. Given its broad orientation and the flexibility of its methods of work, the TOS-ICP appears well suited to play a central role in the integration of different CECI activities under a single knowledge-development cluster, as proposed in the Programme of Work for 2012-2013 (ECE/CECI/2011/2).

33. The Team will continue to provide the core support for the implementation of the Innovation Performance Reviews, including the initial preparation of the drafts and the assessment of the preliminary conclusions and recommendations. The Reviews are based on a thorough analysis of the innovation capacities of the country under consideration, thus facilitating the identification of areas which could benefit from capacity-building activities. The Team would be closely involved in the implementation of these follow-up activities that may be derived from the conclusions and recommendations of these Reviews.

34. The work of the Team plays a central position in the overall CECI activities on knowledge-based development. Its flexible composition has allowed it to undertake new tasks while preserving continuity in membership. This intergovernmental group provides a space for a broad consideration of policy issues and gives direction and guidance for other activities, including those that may be undertaken with other subprogrammes or reflect global UN mandates.

## Annex

Year	RB staff and staff costs		Expenditures on programmatic activities				Total financing, US\$		
			RB expenditures	XB financial contribution	XB in-kind contribution	Total expenditure, US\$	RB	XB	Total
2007	362,725	Total, \$	23,425	8,750	-	32,175	386,150	8,750	394,900
	-	Total, %	72.8	27.2	-	100	97.8	2.2	100
2008	387,188	Total, \$	10,609	45,731	11,494	67,834	397,797	57,225	455,022
	-	Total, %	15.6	67.4	16.9	100	87.4	12.6	100
2009	388,500	Total, \$	12,393	42,590	52,303	110,255	400,893	94,893	495,785
	-	Total, %	11.2	38.6	47.4	100	80.9	19.1	100
2010	470,600	Total, \$	-	126,951	18,130	145,081	470,600	145,081	615,681
	-	Total, %	-	87.5	12.5	100	76.4	23.6	100
2007 - 2010	1,609,013	Total, \$	46,427	224,022	81,927	355,345	1,655,439	305,949	1,961,388
	-	Total, %	13.1	63.0	23.1	100	84.4	15.6	100