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Discussion on progress with the Innovation Policy Outlook

Progress report in the implementation of the Subregional Innovation Policy Outlook

Note by the secretariat

I. Objectives of the subregional Innovation Policy Outlook

1. At its 12th session on 26-28 May 2018, the UNECE Committee on Innovation, Competitiveness and Public-Private Partnerships (CICPPP) decided to undertake a pilot subregional Innovation Policy Outlook (ECE/CECI/2018/2 decision 4.8.9, p.6). The Outlook aims to assess the scope and quality of innovation policies, institutions, and processes across up to six countries in Eastern Europe and the Caucasus (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) and publish the results in a UNECE publication in the course of 2020.
2. The project serves to identify strengths and weaknesses, to enlarge the evidence base for mutual policy learning, and to improve innovation policies, institutions and processes, and enhance their productivity and competitiveness.
3. The Subregional Innovation Policy Outlook develops quantifiable indicators to cover the scope and quality of policy processes and institutional capacities for implementation. It is based on a solid understanding of the economic, political, structural, historical, and institutional factors that strongly influence innovation-led development in ECE countries.
4. As many ECE countries in transition share features that set them apart from other countries at comparable output levels, such as strong institutional legacies, high levels of educational attainment, and a legacy of frontier research, there is a clear need for indicators that capture these specificities to guide policy and institutional reform efforts.



5. The main objectives of the Outlook are summarised in Table 1.

Table 1: Objectives of the UNECE Subregional Innovation Policy Outlook

<i>Structured assessment</i>	- Evaluate progress in innovation policy and institutional reform on a comparative, regional basis - Assess and compare countries' performance across multiple areas
<i>Targeted support for improvement</i>	- Identify, monitor, and evaluate policy priorities and support needs
<i>Regional collaboration and policy dialogue</i>	- Encourage more effective policy dialogue through a common evaluation framework thereby enabling peer learning and sharing good practices - Foster inter-ministerial and inter-agency co-ordination
<i>Public and private sector involvement</i>	- Offer a transparent and straightforward communication tool for all innovation policy stakeholders - Establish public/private consultation
<i>Planning and resource allocation</i>	- Facilitate medium-term planning, particularly for pillars that require multi-year programs - Provide a tool for resource mobilisation and allocation

II. Methodology

6. The Innovation Policy Outlook is composed 55 indicators, which are structured around three pillars:

- (a) Innovation Governance
- (b) Innovation Policy Tools
- (c) Innovation Policy Process

7. Each pillar is broken down into key themes (sub-pillars) that are relevant for the pillar in question.

8. The three pillars combined aim to capture not so much input and output measures for innovation policy, but rather central mechanisms that translate inputs to outputs, such as institutional capacities and policy design. As innovation policy often involves targeted public support for specific projects, these issues are of utmost importance to ensure that scarce public resources are put to optimal use with minimal distortion.

9. The first Pillar, Innovation Governance, assesses the overarching strategic, institutional, and legal framework for innovation policy, as well as the competences of and co-ordination among government bodies involved in innovation policy. It reveals, if the governance of innovation policy is sound and well structured.

10. Its sub-pillars include:

- Framework
- Co-operation

11. The second pillar, Policy Tools to Foster and Support Innovation, takes stock of policy tools that are put in place to support innovation demand and supply. The pillar does not merely examine the scale and scope of these policy tools, but also their quality and implementation status.

12. Its sub-pillars include:

- Knowledge Absorption
- Innovation Promotion
- Relationships and Linkages
- Knowledge Diffusion
- Research and Education

13. The third pillar, The Innovation Policy Process, examines the underlying process for innovation policy. It looks at the details and, even more importantly, the evidence of data-driven consequences in decision-making and subsequent policy design. It follows the policy-making path from its outset (agenda setting and rationale) through policy design, implementation, evaluation and learning.

14. Its sub-pillars include:

- Preparation
- Design
- Implementation
- Post-implementation

15. The indicators in each sub-pillar are transposed into questionnaires, containing multiple questions per indicator. These questionnaires have been filled out in a government self-assessment by government bodies co-ordinated by a National Government Focal Point in each country; they have also been filled out by UNECE in parallel with the support of independent, local experts and relying on on-governmental stakeholders. This approach was inspired by the OECD SME Policy Index methodology.

16. The Subregional Innovation Policy Outlook applies a straightforward scoring methodology in Pillars I and II of the assessment to give a quantitative dimension to the project's qualitative findings and distil them into an easily graspable form. The scoring will facilitate the identification of country strengths and areas for improvement and enable individual governments to prioritise reforms and resource allocation. Countries will not be ranked and comparisons between countries will be limited. The aim is rather to provide governments with a communication tool that can easily be internalised by local innovation stakeholders.

17. The first pillar of the Subregional Innovation Policy Outlook is focused on the evaluation of overarching institutional and legal frameworks of national science and innovation policy. Each indicator of the first pillar is assessed using a score from 1 to 3 depending on the degree of development of a policy initiative and its proximity to international good practice. For example, it is assessed whether and overarching innovation policy strategy, or equivalent, exists and how it guides innovation policy making.

18. The second pillar of the analyses the policy tools put in place to support innovation demand and supply in the economy. Priorities of government bodies in each country are identified along with the separate policy measures which are being implemented in different focus areas of innovative development. Following the IPO scoring methodology, existing policy instruments will be thus evaluated upon four levels of scores depending of the maturity stage of each measure.

19. The third pillar on innovation policy processes is not scored quantitatively, given that it examines one policy measure only as a case study and in a purely qualitative way.

III. Progress Update

20. Since the beginning of 2019, the methodology of the project has been fully developed and tested, political support and country engagement have been secured, country-assessments have been launched and advanced in all six partner countries, and data analysis is in progress. Consultation missions have been concluded in five of the six partner countries to test first findings and fill remaining information gaps. Concretely, the following phases have been completed:

21. **Phase I (January 2019 – March 2019)** developed the concept and methodology and initiated and promoted the project in the subregion. The project scope and methodology of the were conceptualised in a background paper, which was shared with project partners in the six partner countries. The IPO timeline and budget plan were finalised and the UNECE internal project team was set-up. The IPO project was promoted with relevant co-ordination structures, including countries' UN Missions in Geneva, local UN offices and international partners. In-country IPO coordination structures were set-up in all six countries: national focal points were appointed, and high-level political endorsements were communicated. The IPO assessment framework, which defines the scope and indicators to of the IPO assessment, was drafted and shared with experts and partner countries. The assessment framework was transposed into an assessment questionnaire of approximately 300 questions. A subregional meeting to present the methodology and process for the IPO involving all six countries was held in Minsk on 6 March. During the 11th session of the UNECE Committee for Innovation, Competitiveness, and PPPs in March 2019, progress with the IPO was presented and discussed with delegates, with several participating countries reaffirming their commitment to the initiative and underscoring its importance for policy reform in their countries and in the sub-region.

22. **Phase II (March – May 2019)** consisted of testing and evaluating the project methodology by applying it to Georgia as a test-case. The UNECE team undertook two missions to Georgia during this phase:

- 18-22 March 2019 to launch the pilot during an innovation stakeholder roundtable, hosted by the Georgian Innovation and Technology Agency and attended by 30 innovation stakeholders. UNECE also organised a half-day training on the government self-assessment questionnaire and process. The mission was also leveraged to meet various innovation stakeholders for fact finding.
- 5-9 May 2019 to conclude the pilot and identify lessons learnt. The evaluation results were used to perfect and finalise the methodology. The mission also served to test first findings with innovation stakeholders.

23. **Phase III (May – September 2019)** consisted of the assessment phase. Subsequent to the pilot assessment in Georgia, assessments were launched in Ukraine, Armenia, Azerbaijan, Belarus, and Moldova at large innovation stakeholder conferences. Stakeholder trainings were organised to train relevant institutions in filling out the assessment questionnaire. The launch missions were leveraged to meet various innovation stakeholders for fact finding. Responses to the questionnaires have been gathered by UNECE and analysis has advanced for all six countries.

IV. Timeline going forward

24. The IPO project is currently in **Phase IV (October 2019 – March 2020)**, which focuses on consultations with innovation stakeholders to discuss first findings and fill final information gaps - this phase has involved another round of country missions with large stakeholder consultation for this purpose. This phase culminates in a subregional meeting to

discuss and validate key regional findings and recommendations. The subregional meeting will take place in mid-March 2020 in Geneva and will involve the National Focal Points, local experts and international experts.

25. **Phase V (April – September 2020)** consists of the drafting of the publication manuscript, consultations with stakeholders and experts, peer reviews, professional editing, translation, and preparing the final manuscript.

26. **Phase VI (October – December 2020)** prints, publishes and launches the UNECE publication “Subregional Innovation Policy Outlook 2020” at a high-level conference in Geneva, as well as during country launches.
