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(SPECA)**

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**CONCLUSIONS AND RECOMMENDATIONS OF
THE 2017 SPECA ECONOMIC FORUM
“Innovation for the SDGs in the SPECA region”**

The Economic Forum invites Governments of SPECA countries, relevant stakeholders and development partners to consider the following conclusions and recommendations taking into account the current situation in their countries and their specific needs.

- 1. Align national science, technology and innovation strategies and programmes with National Strategic Sustainable Development Programmes or National Development Plans (where this has not been done yet)**
 - National Strategic Sustainable Development Programmes and National Development Plans should highlight innovation as a key factor for achieving the SDGs, and in particular, should also define key national R&D and innovation objectives as well as mechanisms and instruments to support innovative sustainable development initiatives and inclusive innovation;
 - Similarly, national sustainable development priorities should be mainstreamed into national science, technology and innovation strategies and programmes;
 - The programmes should include campaigns to raise public awareness of the SDGs and innovative measures to achieve them;
 - Capitalise on comparative advantages for production and trade in the different SPECA countries; and
 - Take advantage of the potential for regional cooperation among SPECA countries to implement regional innovation projects;

2. Develop and upgrade national institutional capacity and capability to pursue innovation for sustainable development and inclusive innovation

- Identify a lead agency to drive national innovation, initiatives that support sustainable and inclusive development;
- Set up appropriate institutional mechanisms and structures that allow to develop appropriate science-policy-practice interfaces for the integrated implementation of the SDGs and more specifically, which can identify and develop policies to address bottlenecks to innovation for sustainable development and to inclusive innovation;
- Define context-driven incentives to engage stakeholders, particularly the private sector and business associations, in the process; and to promote a participatory approach to designing, implementing, and evaluating innovative sustainable development initiatives;
- Adopt plans to develop stakeholders' capacities to formulate, implement and evaluate innovation policies for sustainable and inclusive development; as well as supporting research on SDG-related statistics and compilation of good practices; and
- Help set up inclusive and participatory local innovation systems, which bring together local stakeholders in identifying and leading efforts to address key local problems, such as sustainable urban development, energy efficiency, green housing, e-government and environmentally sound infrastructure.

3. Adopt national action plans to strengthen innovation infrastructure and support institutions, including measures to improve links between actors of the national innovation system and to support inclusive innovation

- Based on an assessment of needs, the economic and institutional situation, and desired outcomes, create or improve the operation of existing, complementary innovation support institutions, such as business incubators, accelerators, science and technology parks, technology transfer centres, and business angel programmes that are especially focused on the support of innovative sustainable development initiatives;
- Establish some of these institutions as public-private partnerships to facilitate technology absorption and upgrading in the public and private sectors of the economy;
- Improve connectivity in innovation ecosystems by developing, for example, public private partnerships with innovative entrepreneurs, SMEs and grassroots innovative initiatives to be carried out with the assistance from innovation intermediaries and support institutions;
- To improve connectivity, in particular broadband infrastructure, and to promote linkages among different stakeholders of the innovation ecosystem, funding of research and innovation initiatives should progressively be made conditional on the establishment of collaborative linkages among innovation stakeholders; and

- To promote institutions that encourage inclusive innovation, consider introducing measures that support the monitoring and evaluation of the social, economic and environmental impact of innovation policies and new technologies.
- 4. Develop and introduce policies and instruments to facilitate the transfer of technological innovation and transfer important for sustainable development**
- Develop internationalization strategies targeting innovation for sustainable development, aligned with the National Strategic Sustainable Development Programmes;
 - Introduce incentives for business (including measures such as tax and tariff relief, access to subsidized credit, government guarantees) targeting the technological upgrading of production facilities in areas critical for sustainable development and facilitating trade through mechanisms such as Single Window, as well as automation of customs and TIR procedures;
 - Introduce policy instruments supporting international linkages with global technological value chains;
 - Develop a strategic approach to FDI by simplifying administrative procedures and offering additional incentives in cases FDI contributes to linkages to global technological value chains; provide organizational and political support for the sustainability of investments that support the building of domestic innovation capabilities and sustainable development;
 - Help develop new comparative advantages based on critical analysis of factor endowments, strengths and weaknesses, also at the national and subnational level (smart specialization strategies); and
 - To promote inclusive innovations that leave no one behind, promote the development, diffusion and adoption of appropriate technologies.
- 5. Enhance the system for financing of innovative entrepreneurship, especially in areas critical for sustainable development**
- Introduce measures for strengthening early stage financing of innovative entrepreneurs, social enterprises and SMEs (including support to start-ups and/or spin-offs) putting special emphasis on non-debt financing and on the option for mezzanine financing, which is a hybrid of debt and equity financing that gives the lender the rights to convert to an ownership or equity interest in the company in case of default, after venture capital companies and other senior lenders are paid; consider establishing publicly supported funds that emulate the operations of private early stage financing institutions;
 - Support the emergence and consolidation of business angels and/or venture capital firms, through appropriate measures, including regulatory frameworks and incentives;

- Consider establishing economy-wide microfinance-based entrepreneurship support scheme; envisage options for supporting entrepreneurship among underserved groups such as women and young entrepreneurs;
- Establish, in cooperation with international donors, financing institutions tasked with supporting social enterprises in their post-seed phase and employing instruments such as credit and equity guarantees, targeted credit lines, direct lending schemes and others;
- Consider policy measures facilitating the operations of online financing mechanisms for the funding of social enterprises;
- As indicated under item 4, support the provision of financing for importing, adopting and adapting knowledge and technology from abroad, that support the diffusion of technologies relevant for achieving the SDGs and for building domestic technological capabilities;
- Consider introducing financing instruments that facilitate risk and profit sharing between the public and the private sectors in innovative projects with a clear sustainable development benefit; and
- Support impact investing, i.e. investments that pursue not only an economic profit but also an environmental or social benefit.

6. Stimulate partnerships on innovation for sustainable development

- Identify critical sustainable development challenges where multi-stakeholder partnerships can find innovative solutions;
- Mobilize motivated innovation stakeholder communities (including public sector, academia and businesses and civil society groups) generating bottom-up innovative initiatives;
- Engage, through public initiatives, stakeholder networks to identify ways to mitigate and share project risks, especially for innovation initiatives supporting the achievement of the SDGs that would not be bankable otherwise; and
- Provide additional incentives to motivate partnership stakeholders to undertake and complete socially attractive innovation for sustainable development activities.

7. Stimulate demand and the emergence of markets for innovative solutions to sustainable development challenges

- Introduce binding regulations and/or voluntary standards, e.g. on energy efficiency in buildings, clean technology in transport, or ecologically sustainable water use in agriculture, which can only be met if consumers and firms adopt and deploy innovative technologies;

- Consider taxing environmentally harmful production and consumption activities (or subsidizing sustainable ones) in order to stimulate demand for innovative sustainable production processes and consumption patterns; and
- Eliminate existing policy inconsistencies, such as for instance subsidies for the consumption of fossil fuels, which undermine the demand for innovative clean and/or renewable energy technologies and the emergence of more sustainable consumption and production patterns.
- Mainstream inclusive and sustainable development priorities into public procurement; specify desired outcomes and performance criteria that providers have to meet and thereby challenge them to develop innovative solutions.

8. Develop an innovation strategy to promote sustainable development in the SPECA region

- The strategy should identify possible innovation policies to realize regional synergies and scale up economies for the achievement of SDGs and SD targets;
 - The strategy should provide for sharing and exchanging innovation practices, initiatives and policies in pursuing SDGs; and
 - A draft strategy should be discussed by the SPECA Working Group on Knowledge-based Development, for consideration and adoption by the SPECA Governing Council.
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