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**Statement by Mr. Ján Kubiš
United Nations Under-Secretary-General
Executive Secretary of the United Nations
Economic Commission for Europe**

**At the International Conference “Knowledge-based Development
and Innovative Entrepreneurship”**

Baku, Azerbaijan, 24-25 November 2011

Excellencies,
Ladies and Gentlemen,
Dear colleagues and friends,

It is a pleasure to be with you today at this important International Conference, which the United Nations Economic Commission for Europe is organising in cooperation with the Ministry of Communications and Information Technologies. I would like to take this occasion to thank the Government of Azerbaijan for taking the initiative of hosting this International Conference and for the excellent cooperation with the Ministry of Communications and Information Technologies in its preparation.

Sustained and sustainable economic growth depends on the ability of countries to innovate, thus addressing competitive pressures and reducing resource intensity while improving living standards. At the heart of this innovation process, there is always the entrepreneur who takes risks, seizes opportunities and anticipates the future. A dynamic entrepreneurial culture is an essential element of an effective national innovation system.

The challenge for policy-makers is to encourage the development of this culture and to provide the appropriate conditions for entrepreneurial activities to flourish, as part of wider innovation policies. This Conference will provide the opportunity to exchange views among different innovation stakeholders on how policies can support innovative entrepreneurship, thus advancing knowledge-based development.

The Conference is taking place within the context of the 17th Azerbaijan International Exhibition and Conference Telecommunications and Information

Technologies (BAKUTEL). This provides a fitting and stimulating environment to discuss innovation issues, given the importance of information and communication technologies (ICT) to economic dynamism in modern economies. The contribution of ICT to innovation and economic development is far-reaching and extends well beyond the immediate impact of the sector. This is what makes ICT such as an important influence in economic transformation and structural change. As a "general purpose technology", the use of ICT is a driver of economic performance in many sectors, where it contributed to explain a large part of the productivity increases observed in recent years in many countries. ICT makes possible increases in efficiency that deliver cost savings across a wide range of activities. ICT solutions have often sometimes a radical transformative character that allows undertaking social and environmental challenges in completely different ways. There is, therefore, a close link between ICT and innovation.

The sector itself is a major source of innovation, as new products come regularly on stream, in an environment that is often characterized by vibrant competition and the ability of new companies to complement or challenge the products offered by incumbents. A strong degree of entrepreneurial initiative is often the hallmark of the success of the ICT sector in many countries.

In addition to its direct impact, one of the major contributions of ICT to innovation is the ability not only to generate new products and services but also to make possible new business models that can shake up entire economic sectors. ICT have the potential to contribute not only to incremental innovation but also to truly disruptive innovation with far reaching consequences. The whole global competitive landscape is being radically transformed as ICT facilitates access to world markets to new producers in different geographies.

Innovation is the result of a complex web of collaboration between different stakeholders, including across borders. The connectivity of the various component of the national innovation system is an important factor contributing to overall innovation performance. On this regard, ICT have also an important role to play. ICT are deeply embedded in our modern societies, opening a wide range of possibilities for the exchange and processing of information.

New forms of collaboration are being developed thanks to the channels provided by ICT, which harness the creative energy of many individuals and allows the pooling of resources and the distribution of complex tasks across multiple units. These new forms of collaboration have also an international character. In order that the possibilities opened by technology are materialised, international cooperation is required to develop mutual contacts, facilitate understanding and identify opportunities for collaboration. I am convinced this Conference will make a contribution to establishing new contacts and strengthening existing ones, so new possibilities of collaboration can be explored.

A well-developed ICT infrastructure is an important component of a favourable business environment. The public sector has an important role in developing this infrastructure, in close collaboration with the private sector. In the Conference, we will hear about how this collaboration can be structured in the form of public-private partnerships that share risks and pool resources between both sectors. The UNECE is recognized as a source of knowledge on public-private partnerships (PPP) and it has earned an influential place on the global stage in PPP, including

training and capacity building for government officials. We are now preparing a new initiative – establishing an International PPP Centre of Excellence in Geneva – which will support the dissemination of best practice in this area.

Besides this "hard" infrastructure, the development of information and ICT gives rise to a variety of legal and regulatory issues - the "soft" infrastructure - that need to be addressed to deliver efficient outcomes. These include, for example, the validity of electronic methods of contracting and the security risks associated with them, the concerns over cybercrime and the ability to protect intellectual property rights online. UNECE has developed guidelines on these questions and organised capacity-building activities in the region to increase awareness among policy-makers on these issues and the policy options available to address them.

Let me stress that UNECE assigns great importance to the support to innovation and knowledge-based development in its member States. Member States launched in 2006 a new Subprogramme on Economic Cooperation and Integration with the objective to promote a policy, financial and regulatory environment conducive to economic growth, innovative development and higher competitiveness of countries and businesses in the UNECE region and focusing mainly on countries with economies in transition.

The UNECE has recently developed a new initiative in this area, the undertaking of national Innovation Performance Reviews in requesting countries. The Innovation Performance Review is a participatory policy advisory service jointly undertaken by a group of international and national experts with the objective to review critically the national innovation system and come up with concrete policy recommendations for stimulating innovation activity in the country and enhancing its innovation capacity. The Reviews consider many of the factors influencing innovation that will be discussed in the course of the next two days.

The Conference that opens today with the participation of policy makers, business representatives and academics from many countries provides an important platform to exchange experiences and reflect together on different policy aspects related to the promotion of innovative entrepreneurship, including the role that ICT can play to advance knowledge-based development. I hope that this policy dialogue will contribute to our better understanding of the choices ahead and their implications, thus helping to improve policy design and strengthen the channels for international collaboration.

With this I would like to wish you a successful outcome of this International Exhibition and Conference.