

TRADE AND DEVELOPMENT BOARD
Investment, Enterprise and Development Commission
Tenth session
Geneva, 3 December – 7 December 2018

Item 3 (a) - Report of the Multi-year Expert Meeting (MYEM) on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development on its sixth session, 2-3 July 2018

REPORTING NOTES

for

Mr. Uwe Petry, Head of the Economic Affairs Division, Permanent Mission of the Federal Republic of Germany to Geneva, Chairperson of the sixth session of the MYEM

Wednesday, 5 December 2018, 3.00 p.m. - Room XXVI

Mr./Madam Chairperson,

Distinguished delegates,

Ladies and Gentlemen,

I have the pleasure to report on the work of the Multi-year Expert Meeting (MYEM) on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development on its sixth session, which was held on 2 and 3 July 2018.

In accordance with the terms of reference established by the Trade and Development Board, the theme of the sixth session was on “Effectively harnessing science, technology and innovation to achieve the Sustainable Development Goals.” To facilitate the discussion, the UNCTAD Secretariat had prepared a background note with the same title, as contained in document

TD/B/C.II/MEM.4/17. The background note addressed ways to promote effective national and international policies and methodologies for harnessing science, technology and innovation; closing technology gaps and scaling up capacity-building at all levels to achieve the 2030 Agenda; and thus, considered ways to involve new actors and assimilate broader concepts of innovation systems and deploy alternative approaches to innovation.

These issues were addressed by a series of panel discussions comprising a total of 12 experts, and was deliberated with participants including 40 Member States, as well as a number of representatives from Intergovernmental organizations, United Nations organs and specialised agencies, non-governmental organizations, academia, and the private sector.

During the discussion on aligning STI policy with the 2030 Agenda for Sustainable Development, panelists noted the critical role of technology in solving an array of socio-economic challenges. However, they emphasized the need to gain a better understanding of the associated risks through foresight analysis, which would also enable a more effective integration of STI policies with development strategies. They also stressed that a reorientation towards a science, technology and innovation-led development elevated the need for a national innovation strategy, which in turn requires a set of actionable and measurable policies.

Panellists pointed out that the 2030 Agenda for Sustainable Development has triggered various multilateral initiatives on facilitating technology and innovation policy support. However, experts highlighted that a key concern was whether indicators were providing the feedback and data needed for evidence-based policymaking to enable the adjustments needed to achieve the 2030 Agenda. Capacity-building was another key concern raised by experts, as well as uncertainty regarding the sustainability of some of the initiatives.

Another challenge, as underlined by experts, was how to steer innovation efforts towards achieving the Goals. Education and business support were cited as possible drivers of innovation towards sustainability. Experts called for a more Goals-focused policy approach with space for experimentation. Policy learning was also required, to develop experiences that could be scaled up. Such efforts were closely linked to governance, which involved coordination and cooperation between many stakeholders. The provision of technical advice and the development of knowledge brokerage platforms were underlined as key factors in advancing science, technology and innovation, and both developing and developed countries are key players in forging new sustainable technological trajectories.

The Multi-year Expert Meeting also addressed the role of industries and enterprises for achieving the Sustainable Development Goals. Various support mechanisms for microenterprises and small and medium-sized enterprises were said to be able to complement national development strategies that focus on technology transfer and strengthening the national innovation system. Experts suggested that there were multiple benefits to investment in enterprises engaged in industries such as renewable and alternative energy, and that innovation could be found in strategy and business models as well as in technological fields.

It was also suggested that the key to driving innovation no longer lay in the cost of technology and its deployment but in leadership. However, experts pointed out that financing remains a persistent obstacle for many enterprises, as are information asymmetry, gender equality and human capital. From a policy perspective, experts suggested the need to engage with firms during the policy development process, rather than developing policy in isolation within public bodies.

Panellists argued that a large proportion of entrepreneurs in the least developed countries operated by necessity and therefore had a limited innovation capacity. It was suggested that when firms and entrepreneurs managed to grow and survive, technology transfer and tacit knowledge transfer became possible. It is desirable for public policy to support entrepreneurship and technology transfer through an active industrial policy, as well as South–South cooperation in areas such as renewable energy.

The discussion on social innovation and entrepreneurship for the SDGs, focused on the challenge of achieving impact for unmet social needs, which is central to the 2030 Agenda. Linkages, knowledge flows, mindset changes and leadership capabilities were important components. Experts noted that the key challenge for social entrepreneurs related to how to scale up without resulting in mission drift. Possible ways forward that were suggested included encouraging large firms to embed social innovation in ongoing commercial activities and adopting a “doing-well-by-doing-good approach.” The experts highlighted how platforms for assisting start-up communities, for a bottom-up approach to developing social innovation and supporting social entrepreneurs, are in operation worldwide and have potential to explore Goal-by-Goal innovative approaches.

Suggested policy support could entail improving regulatory processes, legal structures and financial support. More strategically, Governments could develop their own Goals-related maps. For example, legal structures related to the Goals could present challenges for social entrepreneurs. Obtaining access to capital was also difficult for social entrepreneurs as their socially-motivated business models were often a poor fit for the financing models used by banks and investors. It was suggested that the taxation of start-ups focusing on social innovation projects that help progress towards the Goals might require rethinking.

The prevailing low success rates of start-ups, which was often less than 20 per cent, was cited as a problem to tackle. Experts suggested that surveys of successful start-ups indicated that success factors included the human entrepreneurial qualities of passion, teamwork and environmental awareness. A suggested approach was to match competencies and aspirations with tasks and assignment at the firm level, meaning that initial hiring and assignment designations in start-ups were key considerations. The discussion underlined the importance of the role of educational institutions in forming mindsets that are critical to starting new ventures. Therefore, it was concluded that reviewing education curricula and retraining of teachers was a crucial element of an entrepreneurial ecosystem.

On the basis of this rich, constructive and useful discussion I, as Chairperson of the sixth session of the MYEM, produced a non-binding Chairperson's summary reflecting all the salient features of the discussions and forming a substantive part of the Report of this session, as contained in document TD/B/C.II/MEM.4/18 made available in this room.

10. **Mr./Madam** Chairperson, I am very pleased and honoured to submit now this Report for Consideration by the Commission and I wish to extend my appreciation and gratitude to all experts that actively took part in our deliberations and contributed to the results reached.

11. This concludes my report. I thank you Mr./Madam Chairperson.