

Global Competitiveness Principles

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The Global Federation of Competitiveness Councils (GFCC) is a network of leaders and organizations from around the world committed to the implementation of competitiveness strategies to drive innovation, productivity and prosperity for nations, regions and cities. The GFCC develops and implements ideas, concepts, initiatives and tools to understand and navigate the complex competitiveness landscape.

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Global Competitiveness

Originally launched in 2010 and endorsed by more than 30 national competitiveness organizations, the Global Federation of Competitiveness Council's *Global Competitiveness Principles* offer an overarching framework for policies and programs designed to foster innovation, competitiveness, and prosperity in the 21st century. The *Principles* emphasize key competitiveness drivers such as investment in research and development; education and training for all citizens; stewardship of natural resources; strong intellectual property rights; an environment that encourages business investment, formation, and growth; open trade; and enabling infrastructure.

Since originally launched, the GFCC *Global Competitiveness Principles* have been an ever-evolving body of knowledge collectively created and polished by the GFCC community. Over the years, we have revisited and reviewed them annually to consider the challenges and opportunities faced by GFCC members across the globe. In 2021, we made a major effort to update the Principles and tune them with the new economy that is emerging.

The *Principles* now incorporate a clear new focus on building the resilience of economies, accelerating innovation to address societal challenges and create new value, bringing more people into the innovation economy, tying growth to sustainable use of the planet's limited resources and economic and social models that are themselves sustainable, and forging the public-private partnerships needed to realize these goals.

Competitiveness is dynamic in today's turbulent and ever-evolving environment. The *Global Competitiveness Principles* offer a set of enduring values and principles to guide countries, cities, and stakeholders through this era of rapid change and uncertainty. At this crucial juncture in history, we call all concerned stakeholders — in industry, government, research, civil society, and multilateral organizations



A handwritten signature in black ink that reads "Charles O. Holliday, Jr." in a cursive script.

Charles O. Holliday, Jr.

Chairman, Global Federation of Competitiveness Councils

— to recognize that innovation, sustainability, resilience, inclusiveness, and partnerships have become imperatives for future competitiveness.

The COVID-19 pandemic is not over yet but has already left its mark and changed the world in many ways. It revealed that humanity can innovate much faster than what was

imagined, underscored the centrality of digital connectivity and inclusiveness, boosted digitalization, and transformed many business, education, and public service models.

Additionally, we are seeing the impact of our warming planet through more extreme weather events with some devastating impacts to people. As we improve our productivity, we must do it in a way that reduces our Green House Gas emissions and adapts our infrastructure to protect people from floods, droughts and extreme heat. All these challenges have underscored the importance of communities and local economies.

Place-based innovation is the core theme of the GFCC's 2022 agenda and this year's Global Innovation Summit, our first in-person major event in the aftermath of the pandemic and focused on "Building Competitiveness: From Local to Global." As cities and regions strive to build local economic engines to drive their competitiveness globally, the *Global Competitiveness Principles* apply and provide valuable insights for crafting strategies for the future.

While we focus on local and regional innovation and competitiveness, this year also marks the launch of a new GFCC product. In response to the suggestions of leaders in our community to generate practical recommendations for applying the *Principles*, and building on the unique expertise accumulated in our network over the years, we are proud to launch the Competitiveness Call to Action for place-based innovation. The Call to Action serves as a guide for translating the *Principles* into concrete, on-the-ground initiatives. It was created building on the collective knowledge, expertise, and wisdom of the GFCC community in more than 30 countries.

As we traverse a new era of global challenges and rapid change, we must take action to build the future state we hope to achieve, and point to potential pathways for progress toward revitalizing and expanding opportunities for growth, innovation, and prosperity worldwide. We urge businesses, governments, universities, researchers, innovators, and thinkers around the world to be guided by these principles and strive to implement the agenda outlined in our Call to Action.

Global Competitiveness Principles

1. Make **public-private partnerships** an essential component of any strategy or initiative to address sustainable development, and build future economies and societies.

Building innovative, sustainable, inclusive, and resilient economies and societies requires risk-taking, cross-sector collaboration, pooling of resources, and circulation of ideas, capital, people, IP, and other assets beyond organizational and sectoral boundaries. Public-private partnerships (PPPs) are an important tool to enable that and should be aimed at building the future, not simply accomplishing objectives for which one sector alone has the resources to address. The more complex challenges and innovative solutions are, the more society may benefit from public-private partnerships, cross-sector collaboration, and the circulation of resources. Regulatory frameworks should recognize that public-private collaboration may be needed when R&D costs and risks are high, speed in problem-solving is required, and solutions to challenges may otherwise not be developed in a timely manner or at all.



2. Build a future edge through purposeful **innovation** efforts that engage stakeholders across sectors and industries, focus on complex societal issues, and leverage the potential of novel models and tools for innovating.

Building more sustainable, productive, inclusive, and resilient economies and societies requires innovation and entrepreneurial behaviors in business and policy, together with a firm and long-term commitment to investments in research and development. Countries, regions, and cities need to boost and update their innovation capabilities, policies, and initiatives, using and promoting industry use of the best available models and techniques, such as new agile methods. They should also address the need for legal frameworks that allow and reward public-private collaboration, experimentation, and risk-taking. Fundamental changes in business, the economy, and society will happen only if leaders make purposeful efforts to both engage all citizens in the innovation economy, and address today's critical challenges such as sustainability, clean water, adequate food, clean energy, and economic disenfranchisement.



3. Make talent and skills development efforts more inclusive, leveraging real-world problems, data, and partnerships to build the human capital needed for future competitiveness.

Economies would benefit from the inclusion of all social and demographic groups into the innovation economy. That can happen only through intentional and continued efforts to develop talent pools. Skills and competencies are fundamental for any economy to thrive, be resilient, and tackle the complex issues related to sustainable development. Providing skills and competencies at speed and scale has become critical in a time of rapid change. However, no single entity can address future talent needs alone; national and local multi-stakeholder groups, public-private alliances, and coalitions must act. Changes in technology, society, organizations, and management have increased the demand for complex problem-solving capabilities, and new ways to engage people in work, the workforce, and education, including greater personalization. These demands and increasing access to learning can be addressed through more diverse and flexible talent development approaches including new delivery models, extensive use of digital technologies, experimentation, and involvement from a broader set of stakeholders.



4. Drive global change toward more innovative, sustainable, resilient, and inclusive economies and societies at the local and regional levels.

Action at the city and regional levels is fundamental to building more innovative, sustainable, and resilient economies and societies with opportunities for all citizens. Infrastructure, talent, capital, and demand for resources are concentrated in cities and exurban regions, and these areas serve as critical gateways for the innovation and trade that drive the global economy. These population centers are being affected by climate change and need to adapt, reduce their resource consumption and greenhouse gas emissions, and build resilience by design. Focusing on innovation to solve these challenges can create new economic opportunities. Global cases and best practices show that cities and regions can transform their economies but need to develop talent pools, invest in critical infrastructure, provide low friction business environments, nurture future industries, and connect globally. Cities and regions need strategies to build future prosperity through public-private partnerships, and relentless efforts to weave together the assets and capabilities of diverse stakeholders into local or regional innovation ecosystems.



5. Make **intellectual property systems functional, adaptable, data-centric, easy to use, and accessible to all social segments.**

IP regimes need to reward innovation and investments worldwide, and protect against IP infringement and theft. IP protection will also provide an incentive for innovators to develop technologies and solutions to address global challenges such as environmental sustainability, and new cost-competitive energy efficient and carbon neutral products. As the economic landscape becomes increasingly complex and dynamic due to digitalization, datafication of human activity, the rise of artificial intelligence, and the expanding flow of data they generate, data stewardship will gain importance and must be integrated into IP systems and policies. New organizational models, open innovation platforms, and open-source technologies present new opportunities for innovation, are increasingly part of corporate strategies, and need to be considered when updating IP systems. IP offices must recognize this evolving landscape, embrace experimentation and institutional learning, consult stakeholders in adapting IP processes, and emphasize the use of data. Globally, there is a need for a single, verifiable, reliable, enforceable, one-stop IP protection regime that could lower costs for entrepreneurs and boost innovation. Across geographies, efforts are required to prepare and support people to access and use IP systems.



6. Accelerate the deployment of sustainable and resilient **infrastructure**, creating opportunities for inclusion, sustainable growth, and prosperity, locally and globally.

Building a more prosperous future across nations will require both investment, to close the global infrastructure gap and secure the supply of energy and water, and efforts to build new and different types of infrastructure and reduce greenhouse gases (GHGs) in the atmosphere. Enhancing resiliency requires using new technologies to make infrastructure adaptable and reconfigurable, capable of performing under stress and in the face of extreme climate, sanitary, and social shocks. Financial incentives should encourage deployment of infrastructure that contributes to reducing GHG emissions. In the digital economy, inclusiveness depends on closing the cyberinfrastructure gap, and connecting all citizens and businesses to the digitalized economy. Cities and nations need public-private partnerships to close the digital divide and provide other types of infrastructure needed to connect all citizens to economic opportunities.



7. Establish regulatory frameworks that are clear and transparent, business friendly, highly adaptable, focused on risk, and that keep pace with technological change.

Low friction businesses environments are essential for entrepreneurship, innovation, and growth. Regulation must also draw a balance between the protection of citizens and the benefits of technological progress. New revolutionary technologies are reshaping the business landscape and society, blurring the boundaries of industries, and changing consumer behaviors. Future-proof regulatory frameworks must be able to adapt to rapid change, experiment with new approaches, foster speedy institutional and business learning, and implement timely updates. Regulators must operate across silos of policy and policymaking expertise to ensure they have an integrated view when weighing the costs and benefits of regulation. Governments should also shift the focus of regulation from process compliance to risk assessment. Cities and nations that succeed in this task will be better prepared to address future challenges, crises, and emerging economic opportunities, and can gain a competitive edge. New regulatory regimes should catalyze energy transition toward net-zero greenhouse gas emissions, and be coupled with policies to tackle the social and economic downsides of the transition to cleaner energy.



8. Re-imagine the economy and business from a systems perspective, and leverage technology to boost the productivity of natural resources, preserve biodiversity, advance sustainability, and build resilience.

Cities and nations that strive to dramatically increase the productivity of natural resources, and preserve nature and biodiversity can unleash value creation and gain a competitive edge. The opportunities for investment, industrial transformation, new business formation, jobs, and economic growth associated with such efforts are enormous. Science, technology, and innovation can provide a diversity of ways to expand the productivity of natural resources, lower humanity's footprint on the planet, fight climate change, and preserve nature. However, realizing the full potential presented by technology and breaking the trade-off between natural resource use and sustainability require systemic changes in value chains and the economy. System design must be emphasized and coupled with new incentives for deploying new business models and technologies that improve sustainability.



9. Take advantage of existing networks across all sectors to build trust and expand global engagement based on shared values.

Public and private stakeholders need to acknowledge that public support for global trade has eroded and that there are many challenges posed to the global order and institutions. They should act locally to uplift and transition to new opportunities segments of the economy and society negatively affected by globalization, regaining trust and buy-in. Negotiators should seek to develop fully functional global and multilateral frameworks that address economic and social challenges, create new value, and build momentum toward a renewed global trading system. In an evolving global landscape in which trade, data, technology, and internet policies are increasingly intertwined, countries need to update their foreign commercial, trade, and service institutions with new expertise and keep pace with rapid change. The need for trust-building and international institutions that can enable global collaboration, trade, and investment calls for concrete actions to address asymmetries in industry and government capabilities and performance across nations, but also a renewed commitment to transparency and respect for the rule of law.



10. Invest in benchmarking and institutional learning to prepare cities and nations to cope with uncertainty and disruption, and build future competitiveness.

The world is living through a time of accelerated transformation, uncertainty, and rising global risks in which competitiveness will increasingly depend on the capacity to respond and adapt to extreme economic, business, societal, and natural shocks and disruption. Benchmarking and institutional learning are the cornerstone of competitiveness, and must include a focus on best practices in crisis response and recovery. To prepare for future shock and disruption, cities and countries should begin now to develop platforms for sharing crisis data and information, co-creating resilience capabilities, and strengthening cross-sector and cross-border relationships. Perspectives must shift and see investments in preparedness as drivers for future resilience, global competitiveness, and value creation. At a global level, nations should collaborate in developing a facility to accelerate learning and fill persisting gaps in capabilities across nations.



United Nations Sustainable Development Goals

The 10 Principles of Competitiveness align with the United Nations Sustainable Development Goals (UN SDGs) launched in 2015. To learn more, visit sustainabledevelopment.un.org/sdgs.



End poverty in all its forms everywhere



End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Achieve gender equality and empower all women and girls



Ensure availability and sustainable management of water and sanitation for all



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Reduce inequality within and among countries



Take urgent action to combat climate change and its impacts*



Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Strengthen the means of implementation and revitalize the global partnership for sustainable development



Ensure healthy lives and promote well-being for all at all ages



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Ensure access to affordable, reliable, sustainable and modern energy for all



Promote sustained, inclusive and sustain-able economic growth, full and productive employment and decent work for all



Make cities and human settlements inclusive, safe, resilient and sustainable



Ensure sustainable consumption and production patterns



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

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