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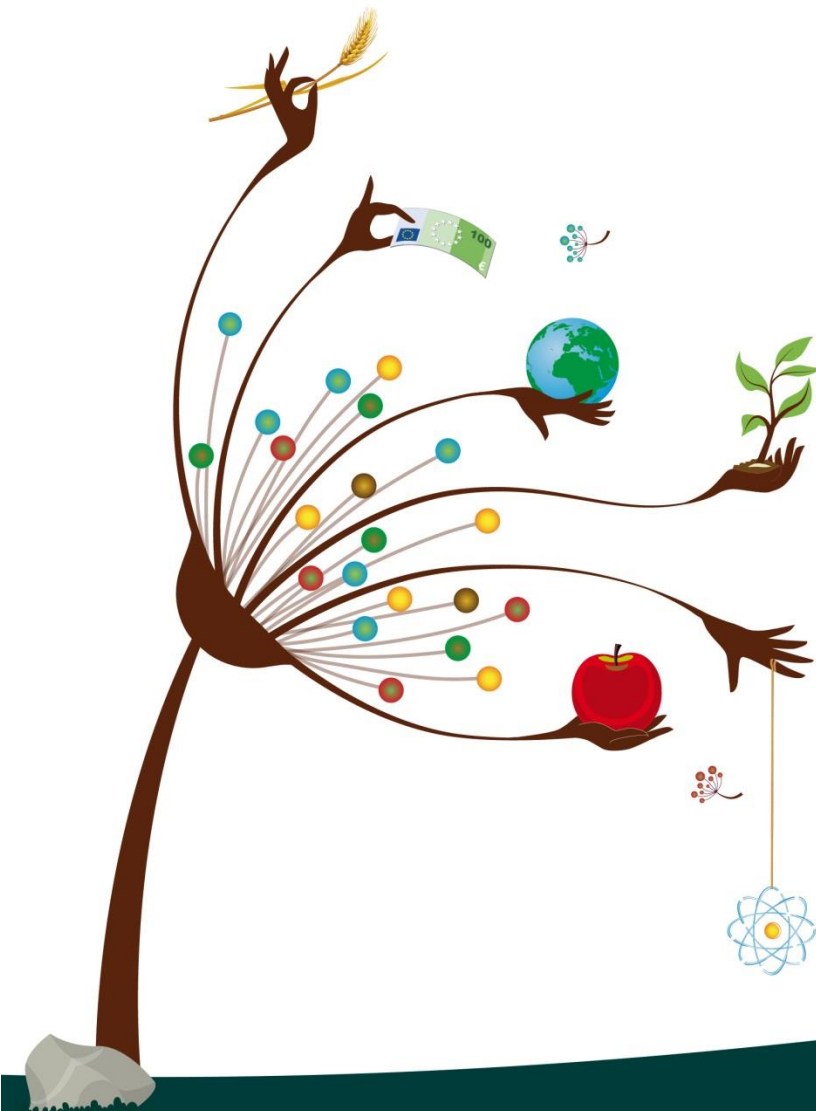
Joint Research Centre

**Overcoming strategic fever and
opening government**

**Developing coherent and inclusive
innovation policies in post-socialist
countries**

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Project outline

1. European Commission's pilot project on developing organisational capacities in 3 pilot countries, plus one joining the project
2. Focus on smart specialisation strategy as a place-based innovation policy and the need to adapt the methodology to cater for different administrative framework and institutional capacity
3. 4 pilot countries – Serbia (RS), Montenegro (ME), Moldova (MD), Ukraine (UA)
4. Focus on developing evidence-informed, synergetic, democratic and accountable policy processes
5. 2-year project, all the target countries now starting the bottom-up stakeholder dialogue (entrepreneurial discovery process)
6. Lessons learnt from the EU and benchmarking

Research design

Main question:

What are the institutional preconditions for starting a coherent and inclusive STI strategy process?

Specific questions:

1. What are the main institutional bottlenecks?
2. Under what conditions can they be overcome?

Analytical framework:

Institutional preconditions + learning = behavioural & policy change

Measurement:

- Qualitative assessment
- Survey and interviews of national STI teams
- Survey of the external stakeholders
- ³ Analysis of STI funding goals and prioritisation

Smart specialisation as an institutional challenge

- Ex-ante conditionality for TO1 (ERDF) for Member States; for EU candidate countries, a part of the approximation and harmonisation with the EU *acquis*
- Is a territorial (place-based) innovation policy focus on prioritising public investment in key domains
- Requires cooperation of a few departments/ministries, affects/builds on other policies at the development and implementation phase
- Requires making promises to external stakeholders and keeping them while operating within administrative boundaries
- Often insufficient own financial and organizational resources in national/regional administrations

Theoretical background

- Large body of literature on **institutional development and capacity building** for general policy design and implementation
- General importance of **institutional capacity building for innovation** policy (Lundvall 1992, Cooke 1997, Braczyk 1998, Edquist 1999, Wolthuis 2005)
- Insufficient literature on specific processes on **internal institutional processes** needed for effective innovation policies
- Concept of **economic development as self-discovery** and need for appropriate government policies (Rodrik & Hausmann 2002)
- Concept of **multi-actor governance, policy path dependency, institutional inertia** (Sotarauta et al, 2017)
- **Co-evolution** between theoretical ideas and policy design (Mytelka in Borrás 2011)
- **Government learning**, policy network learning, social learning (Borrás, 2011)

Some approaches to measurement

Innovation capacity index (The World Bank): good governance, public sector management, structural policies, macro-economy

INNO-Policy Trend Chart – ProINNO Europe (discontinued) – database of policy measures (EU-financed)

Public sector innovation framework (OECD): ways of working, rules and processes, knowledge, people

Innovation Performance Review of Ukraine (UNECE): policy choices, new work on regional innovation index

Framework for smart specialisation within E&I Action



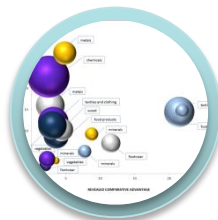
FINAL S3 STRATEGY



INSTITUTIONAL CAPACITY FOR IMPLEMENTATION



ENTREPRENEURIAL DISCOVERY PROCESS



MAPPING EXERCISE



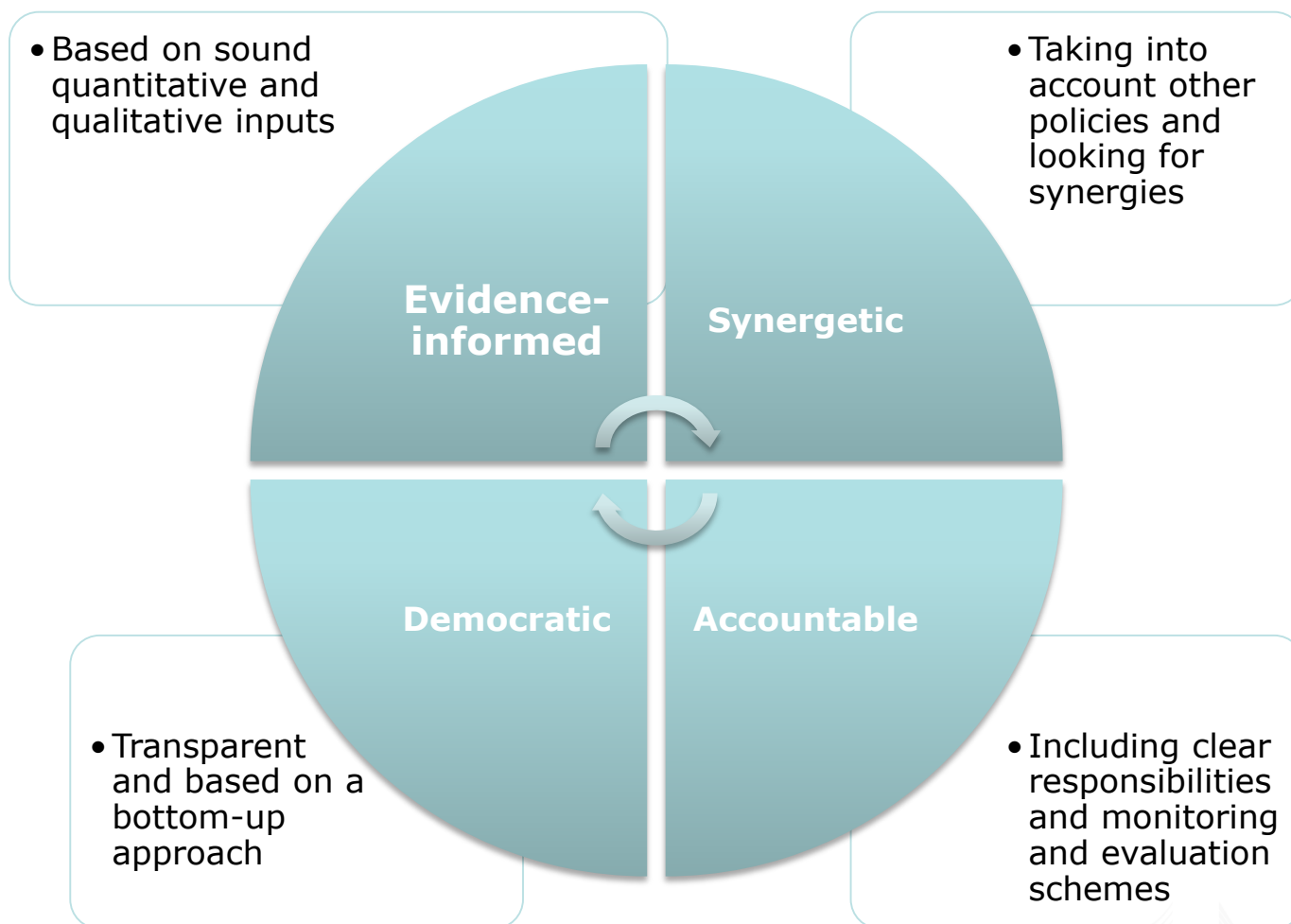
INSTITUTIONAL CAPACITY BUILDING

Case studies

Country	Popul. in million 2016	Share of rural popul.2016	Surface area in km ² 2017	GERD as % of GDP 2010-16	BERD % 2010-16	BTI Democracy status 2018	BTI Market economy 2018	BTI Governance Index 2018	BTI level of Difficulty 2018
Moldova	3.55	54.91	33,850	0.39	17.67	Defective democracy	Functional flaws	Moderate	Moderate
Montenegro	0.63	36.00	13,812	0.38	36.75	Defective democracy	Functioning	Good	Good
Serbia	7.06	44.33	88,360	0.79	20.11	Defective democracy	Functional flaws	Good	Minor
Ukraine	45	30.09	603,550	0.79	57.33	Defective democracy	Functional flaws	Moderate	Moderate

Source: Data from UNESCO, the World Bank and the Bertelsmann Transformation Index

Key features of innovation policy process promoted in the pilot countries



Main preconditions for effective STI policies in post-socialist countries

Framework conditions

- Sequencing the key structural reforms and policies being designed at the same time
- Appropriate data for evidence-informed policy-making
- More efficient bureaucratic procedures
- Alignment with donor- and external expert support

Organisational

- Inter-ministerial cooperation
- Clear policy mandates for STI, especially smart specialisation
- Matching high ambitions with human and financial resources
- Building analytical, operational and political capacities (Wu, Ramesh, Howlett 2015)

Systemic

- Change of mind-set for bottom-up policy-making
- Creating basic trust levels towards government
- Improved self-mobilisation and coordination of stakeholders and legitimate interest groups

Institutional discovery: from preconditions to learning

Preconditions: basic institutional requirements enabling effective formulation of STI policy

Learning: increasing level of knowledge, practical skills and motivation thanks to own efforts and external support (training, provision of international experts, workshops, technical guidance)

Measuring preconditions and learning (institutional discovery)

Analytical capacity

Factors	Preconditions				Learning process			
	MD	ME	RS	UA	MD	ME	RS	UA
Team of local experts	-	-	-	-	Within national team	Within national team	Separate team	Separate team at regional level
Understanding of methodology	-	-	-	-	Training, workshop, expert	Workshop, technical talks, expert	Training, workshops, expert	Training, workshop, expert, technical talks
Availability of data	-	-	-	-	Advanced	Basic	Advanced	Advanced
Ability to process data	-	-	Generic	-	Support needed	Support needed	Advanced	Basic
Ability to interpret data	-	-	Generic	-	Basic	Basic	Advanced	Basic

Measuring preconditions and learning (institutional discovery)

Operational capacity								
Factors	Preconditions				Learning process			
	MD	ME	RS	UA	MD	ME	RS	UA
National STI team	Formed	-	Formed	Formed	Reformed	Formed	Formed	Reformed
Mobilisation of internal stakeholders	Moderate	Moderate	Moderate	Very low	Increasing	Increasing	Increasing	Increased
Identification and mobilisation of external stakeholders	-	-	-	-	Ongoing with support	Performed	Ongoing	Ongoing with support
Organisation of meetings and events	Lack of resources	Resources mobilised	Lack of resources	Lack of resources	Support needed	Resources mobilised	Support needed	Resources mobilised
Interministerial cooperation and coordination	Insufficient	Moderate	Insufficient	Un-effective	Improving	Improving	Improving	Significantly improved

Measuring preconditions and learning (institutional discovery)

Political capacity								
Factors	Preconditions				Learning process			
	MD	ME	RS	UA	MD	ME	RS	UA
Political mandate for the development of STI policies	Weak	Strong	Weak	Strong	Strong	Strong	Strengthened	Changed
Clear leadership and responsibility	-	+	-	+	Changed	Defined	Defined	Defined
Formalisation of institutional arrangement	-	Govt decision	Govt decision	Decree	Ongoing	Continued	Continued	Ongoing
Presence of decision-makers on key meetings and events	-	-	-	-	Prime Minister	Minister	Assistant Minister	Vice Minister
Resources made available	Human	Human	Human	Human	Human	Human and financial	Human	Human and financial

Preliminary findings

Country	Analytical	Operational	Political
Moldova	Ad hoc body mainly for data gathering	Need for external support and civil service reform	Initially limited support, now growing with new lead ministry
Montenegro	National expert council	Established structures and resource mobilisation	Strong support by top leadership
Serbia	Established analytical team supported by PRO	Need for external support and resources	Initially limited support, now part of EU accession agenda
Ukraine	Weak but developing at national level, regional initiative for expert group	Need for external support and resources, now better resourced with new lead body	Initially limited support, now growing with new lead body

Key findings

1. The guidelines on smart specialisation concentrate strongly on mobilisation of external actors (quadruple helix), while it is often the institutional capacity and readiness that determine the success of the S3 process, especially outside EU.
2. Not sufficient effort is put on the proper identification, involvement and methods of participation of internal (public) stakeholders.
3. Because of the specific conceptualisation of S3, a set of institutional characteristics needed for the success of S3 design and implementation can be determined.
4. The institutional learning factor is very important for S3 design and implementation – it can be seen as a process of *institutional discovery* as important to the overall success as *entrepreneurial discovery* suggested by S3 guidelines.
5. Insufficient institutional readiness and involvement in the RIS3 design and implementation process, together with the mobilisation of external actors during the entrepreneurial discovery can have damaging effects on the level of trust to public sector in regional or national innovation system.

Thank you

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