

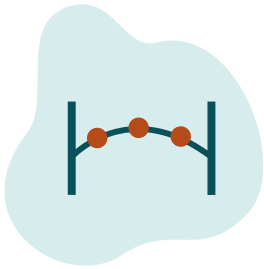
New Innovation Policy for transition economies

New approaches to innovation policy in transition economies of the SPECA sub-region

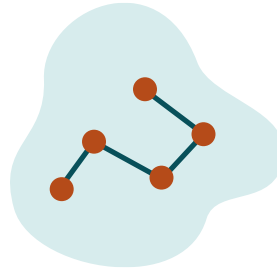
Background information

- Clear rationale to put innovation at the centre of the development agenda of SPECA countries.
- But challenges abound, with a mixed result on innovation. Underlying weaknesses in business environment and innovation systems are holding back a stronger innovation performance.
- The New Innovation Policy (NIP) develops a comprehensive framework to guide policymakers.

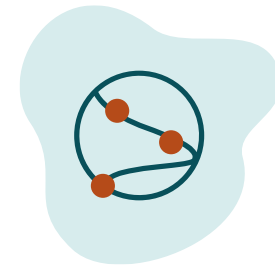
Selected principles of the NIP



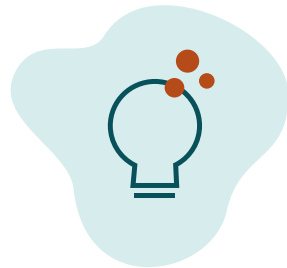
Foster a close interaction between government and other innovation actors



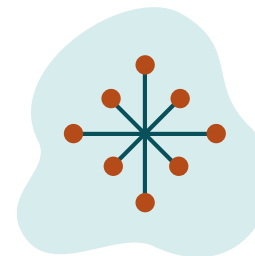
The identification of suitable STI policies hinges on an honest assessment of implementation capabilities



Investments in the hard infrastructure of STI support need to be matched with improvements in the soft infrastructure



Adopt a broad view of what innovation entails and focus more attention to technology upgrading



Coordination across government (including at the subnational level) is key



How to put these principles into practice?

Nine concrete areas for improvement

Each time with a learning model and key lessons learned

1. Improve coordination and linkages



1

Across the region, there is poor coordination, even in countries that have taken action

2

Malaysia may be an appropriate learning model

3

The creation of a National Innovation Council was a milestone

Clear separation of strategic and operational functions

Clarify mandate for key actors, with sufficient financial resources, access to information and autonomy

2. Raise the accountability and transparency of the public sector



1

The business environment would benefit from more public sector transparency, e.g. on who receives support

Some progress has been made, but there is a long way to go

2

Slovenia is a potential learning model, having enacted significant reforms

3

E-governance practices can be more fully embraced (as for example the case with Taza Koom in Kyrzygstan)

Implementation is key - small steps that are rigourously implemented are preferred over ambitious reforms that make little impact

Needs strong political commitment

3. Strengthen monitoring and evaluation



1

Monitoring and evaluation exercises are not that common

Units responsible often lack skills, resources and stature
This makes it very hard to implement the pilot approach

2

Lithuania's Strategic Analysis Centre (STRATA) may be an appropriate learning model

3

This is dedicated unit responsible for M&E, acting as a centre of excellence, reference point and support unit

It is responsible to assess if the strategic plan is on track

The lack of skills to conduct M&E exercises is a major challenge

4. Map STI activities, including at the subnational level



1

The evidence base on regional eco-systems is currently weak
This impedes the "entrepreneurial discovery"

2

Serbia may be an appropriate learning model

3

A mapping exercise was conducted at different regions of the country,
together with international experts

This forced data collection bodies to step up their game (e.g. more
indicators, linking databases, more reliable information)

Constituted a necessary step to develop a smart specialisation strategy

5. Include the private sector more



1

Engagements with the private sector are uncommon with little involvement in the design and implementation of STI policy making

2

Moldova may be an appropriate learning model

3

They set up an online platform for private consultations, together with USAID

With more scope to raise awareness of the platform to the business community, and to embed the results in the national economic council

6. Harness global value chains and knowledge imports



1

There is untapped potential to adopt foreign innovation
But economies are largely insular, and have poor logistics

2

Georgia and the Czech Republic are learning models

3

Georgia has made great progress in improving the soft trade infrastructure

Export promotion agencies could also be developed more in the SPECA sub-region

Czechinvest made considerable efforts to create linkages between multinationals and indigenous enterprises

7. Provide more support for businesses to access (equity) finance



1

Finance represents a major hurdle for companies to innovate

Especially equity-type sources and for high-potential firms

At the same time, there are not that many dedicated policies in place

2

Turkey developed a broad range of policies in this area

SPECA countries could adopt some of these policies

3

Some could be piloted on a small scale and then scaled up if successful

The poll may be illustrative on what policies should be prioritised

8. Strengthen adult learning and training, with special modules for managers



1

Skills shortages are becoming more pronounced

The provision of adult learning and training is in a long-term decline in most SPECA countries

Dedicated management training activities are uncommon

2

Ireland may be an appropriate learning model

Several strong service providers are active in the country (Skillnet and the National Training Fund)

3

The National Skills Council (NSC) is an essential diagnostic tool to align the needs of the local labour market with the available skills

Entrepreneurial training is well embedded in the education curriculum, with many local initiatives in place

9. Commercialise research



There is a pronounced gap between research and the market

1

With limited connections between the business and academic world

2

Few policy instruments exist in the SPECA sub-region

Scotland or Montenegro may be an appropriate learning models

3

Innovation vouchers are an underexplored tool

Could be implemented in a context with limited capabilities

Successful pilots could be replicated with relative ease and with a limited budget attached



Thank you



efiscentre.eu



info@efiscentre.eu



+32 2 895 3685

Kris Boschmans

Senior Researcher

Boschmans@efiscentre.eu