

The European Commission's science and knowledge service

Joint Research Centre

Institutional Preconditions and Learning

Designing coherent and inclusive
innovation policies in post-socialist
countries

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Project outline

1. European Commission 2y project on **developing organisational capacities in 3+1 pilot countries** (Serbia, Montenegro, Moldova, Ukraine)
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. Focus on developing evidence-informed, synergetic, democratic and accountable policy processes
4. Pilot countries now starting the bottom-up stakeholder dialogue (entrepreneurial discovery process)
5. Lessons learnt from the EU and benchmarking

Smart specialisation as an institutional challenge

- Ex-ante conditionality for TO1 (ERDF) for EU Member States; for EU enlargement & neighbourhood countries part of the approximation and harmonisation with the EU *acquis*
- A territorial (place-based) innovation policy focus on prioritising public investment in key domains in countries with limited regional governance capacity
- Requires cooperation of several departments/ministries, affects and builds on other policies
- 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



FINAL S3 STRATEGY

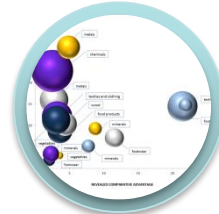


INSTITUTIONAL
CAPACITY FOR
IMPLEMENTATION



ENTREPRENEURIAL
DISCOVERY PROCESS

INSTITUTIONAL
CAPACITY BUILDING



MAPPING EXERCISE

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)
- But limited literature on specific processes on **internal institutional processes** needed for effective innovation policies
- Concept of **econ development as self-discovery** via appropriate govt policies & social coalitions (Rodrik & Hausmann 2002, Doner & Schneider 2016)
- **Government learning**, policy network learning, social learning (Borras, 2011)

Some approaches to measurement

Innovation Capacity Index (World Bank, Lopéz-Claros & Mata): good governance, public sector management, structural policies, macroeconomy

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

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 external stakeholders
- Analysis of STI funding goals and prioritisation

Main preconditions for effective STI policies in post-socialist countries

Framework conditions

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

Institutional

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

Case studies

Country	Pop. in m 2016	Share of rural pop. 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	55	33,850	0.39	17.67	Defective democracy	Functional flaws	Moderate	Moderate
Montenegro	0.63	36	13,812	0.38	36.75	Defective democracy	Functioning	Good	Good
Serbia	7.06	44	88,360	0.79	20.11	Defective democracy	Functional flaws	Good	Minor
Ukraine	45	30	603,550	0.79	57.33	Defective democracy	Functional flaws	Moderate	Moderate

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

Institutional discovery - from preconditions to learning

Preconditions: basic institutional requirements enabling effective formulation of STI policy (**analytical, operational & political capacities**)

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'* (1)

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, workshop, expert	Training, workshop expert, technical talks
Availability of data	+	+	++	--	Advanced	Basic	Advanced	Advanced
Ability to process data	-	-	+	-	Support needed	Support needed	Advanced	Basic
Ability to interpret data	-	-	+/-	-	Basic	Basic	Advanced	Basic

Measuring preconditions and learning – *'institutional discovery'* (2)

Operational capacity								
Factors	Preconditions				Learning process			
	MD	ME	RS	UA	MD	ME	RS	UA
National STI team	+	+	+	-/+	Reformed	Formed	Formed	Reformed
Mobilisation of internal stakeholders	-	++	+/-	-	Improving	Improving	Improving	Improving
Identification and mobilisation of external stakeholders	n/a	+(?)	n/a	n/a	Ongoing with support	Performed	Ongoing	Ongoing with support
Organisation of meetings and events	-	++	+	+/-	Support needed	Resources mobilised	Support needed	Resources mobilised
Interministerial cooperation and coordination	-	++	+	-	Improving	Improving	Improving	Significantly improved

Measuring preconditions and learning – *'institutional discovery' (3)*

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

Preliminary findings

Country	Analytical	Operational	Political
Moldova	Ad hoc body mainly for data gathering	Need for external support after civil service reform	Initially limited support, now growing with new lead ministry
Montenegro	National expert council	Established structures & 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 groups	Need for external support and resources, now better resourced with new lead body	Initially limited support, now growing with new lead body

More general findings so far

1. Guidelines on smart specialisation concentrate strongly on mobilisation of external actors (quadruple helix) – what about **institutional capacity and readiness inside govt?**
2. More **efforts needed to properly identify and involve internal (public) stakeholders.**
3. Since smart specialisation is context-specific, a **set of institutional characteristics are needed** for a successful process.
4. Institutional learning is a key factor – it can be seen as a process of ***institutional discovery*** that is equally important for the overall success as *entrepreneurial discovery*.
5. Insufficient institutional readiness and government coherence can have **damaging effects on the level of trust** in the public sector in regional or national innovation systems.

Thank you & stay in touch

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