



WESTERN BALKANS

RESEARCH AND INNOVATION MEETING

Skopje - 21-22 March 2018

ДОБРЕДОЈДОВТЕ!

WELCOME!



Smart specialisation in the context of R&I capacity building

Update from the Western Balkan 6
Economic Reform Programme (ERP) measures
and smart specialisation activities

Albania

Smart Specialisation

Smart Specialisation Strategy in Albania

- Many national and regional strategies in place
- A new one? A new approach?

Potential Priorities

- ICT services (young population)
- Tourism
- Energy (especially renewable energies – water, solar)

Activities 2016

WORKSHOP (TAIEX funded)

“Smart Specialization & Innovation in Albania”

Tirana, on 20th of December 2016

Participants invited:

- HEIs
- Line ministries
- Central & local governments
- Business World (Employers' & Employees' organizations)
- ETF Turin
- EC Delegation in Tirana
- Experts etc.

Activities 2017

An INFORMAL WORKING GROUP was set up

Representatives from:

- Ministry of Education, Sports and Youth
- National Agency for Scientific Research and Innovation
- Association of employers
- Chambers of Commerce
- Agency for Regional Development nr. 2

Activities 2017

The informal group activities:

5 group meetings discussing on:

- ✓ Future steps to be done
- ✓ Identification of the potential priorities and level of the implementation of the strategy (regional or national)
- ✓ Desk research on the capacities for drafting and implementing the Smart Strategies (at national level and international best practices)
- ✓ Inclusion in the Multi-annual Action Plan for a Regional Economic Area in the Western Balkans – MAP REA

Registration on S3 platform database / JRC Seville

Activities 2018

Working Group for organizing and monitoring the activities related to the drafting of the National Strategy of Smart Specialization is set up by the Order of Minister of Education, Sports and Youth

Members - representatives from:

- Department of Development and Good Governance (Prime Minister office)
- Ministry of Education, Sports and Youth,
- Academia (HEIs)
- National Agency for Scientific Research and Innovation
- Municipality of Tirana
- Association of employers
- Chambers of Commerce
- Agency for Regional Development Nr. 2

Pilot Phase

Region 2

2 of the biggest cities

Population: 1.1 M

14 municipalities

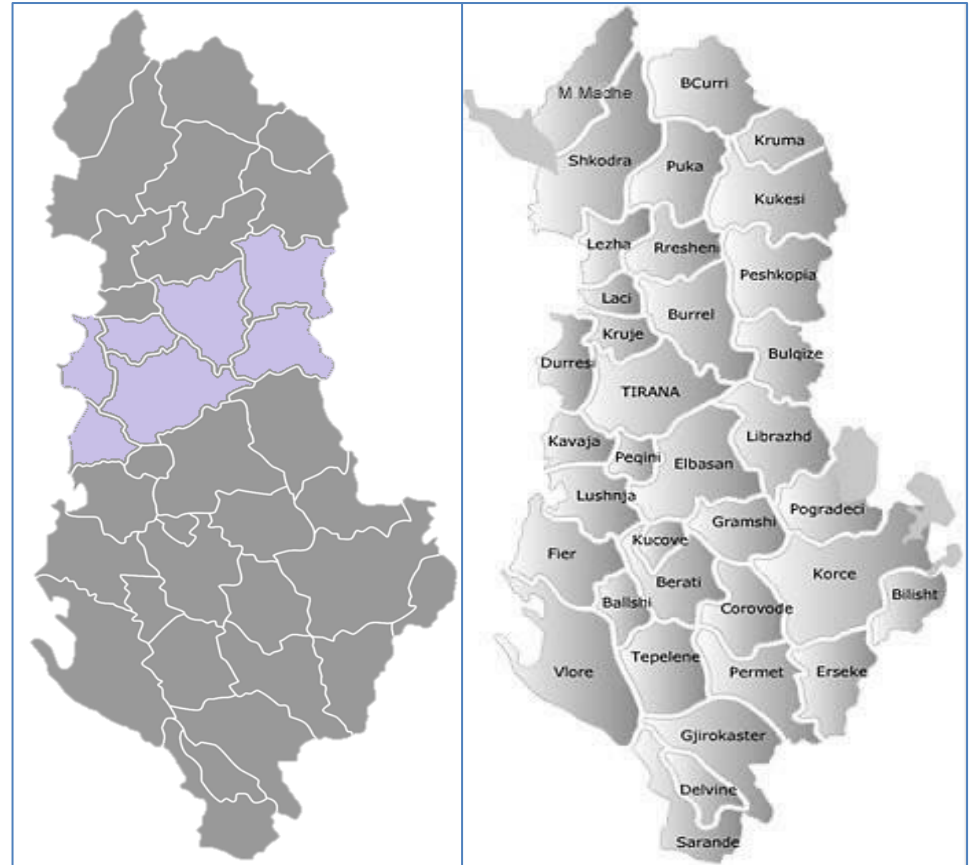
7 public HEIs

20 non public HEIs

Most of Industrial activities

Work in progress

- Workshop/expert mission on Roadmap (in cooperation with JRC – Seville)
- Discussion and conclusions based on the results of the survey conducted on skills needs (UNDP, Swiss Cooperation)



Areas of intervention (pilot phase)

Administrative Map of Albania

Bosnia and Herzegovina

Update I

- Revised Strategy on Development of Science in Bosnia and Herzegovina 2017-2022,
- A separate chapter on ERA priorities,
- No mention of S3,
- BiH participates in RCCs initiative on S3,
- At entity levels, the Republic of Srpska in the process of adopting S3 in the near future.

Update II

Strategy for the Scientific Development of the Federation of Bosnia and Herzegovina 2017-2027 – in the process

Strategy of Scientific and Technological Development of the Republic of Srpska 2017-2021 “Knowledge for Development” - six goals:

1. To encourage the quality and excellence in scientific research,
2. To encourage the internationalisation of science and innovation,
3. To encourage the cooperation between scientific research and innovation community and industry,
4. To create conditions for increased investments in science and innovation,
5. To develop human resources in science and innovation,
- 6. To encourage smart specialization.**

Priorities

Four broad priority fields:

- ICT,
- Food Production,
- Energy,
- Creative Industry.

These priorities recognized at the state level.

Upcoming

Federation of Bosnia and Herzegovina to initiate the S3 process in the future.

Republic of Srpska steps in 2018:

- Secure funds for drafting S3 in 2019,
- Hire experts to assist in Entrepreneurial Discovery Process – S3 Platform.

Kosovo*

(*This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ opinion on the Kosovo declaration of independence.)

State of play

- Support for the field of research and innovation in Kosovo* is low, with around 4.7 million Euros allocated per year for science and research. Based on the available data, Kosovo* spends 0.01% of GDP in research and innovation and the whole amount is allocated from the state budget. This is lower than the average EU-28, which is 2.2% of GDP for 2014.
- There are 12 scientific research institutions involved as partners in projects of Horizon 2020.
- According to our current data, Patent Office in MTI has approved 86 patents since 2016

Structural Obstacles

- Current support through vouchers for innovation for individuals and SME showed that SMEs did not show any interest for absorbing these vouchers. On the other hand, there are no state grants that are allocated specifically for enterprises for purposes of R&D. MEST has grants which are allocated to scientific research institutions and which are conditioned by the element of innovation. The total amount allocated by MEST amounts up to 600000 Euro. Such an investment represents the lowest rate of investments in R&D in Europe. Currently, there is no relevant legislation for research and development (R&D), and therefore there are no tax relieves for this activity.
- Projects developed so far in scientific research institutions are focused on scientific works, whereas the commercialization of the research – scientific activity showed no development. Steps taken in the field of IT for commercialization of activities of several SMEs cannot be included within the field of notion of R&D commercialization. **Scientific research institutions are more oriented on basic teaching and research. This resulted in the lack of results in commercialization.**

Structural Obstacles

- Based on the Law on Scientific – Research Activities, Kosovo* should allocate 0.7% of the annual budget, which when converted in money would amount to 11 million Euros, which will represent the lowest level of investments for scientific researches in Europe. However, the level of 0.01% provides no chance for progress and approximation in this field.
- **Impact of obstacles on competitiveness:** Research, development and innovation is a field of activity that has a direct impact on economic and social development of all countries and this is a guarantee for our economy and industry, adapting to the conditions of regional and European competition. Also, the transfer of knowledge and technology are premises for a smart specialization and for creating a society based on knowledge as well as social and economic prosperity.
- The lack of investments in this field, and especially the lack of private investments will contribute to the decrease of the ability for competitiveness of SMEs and country's economy.
- Lack of TT results in reduction of opportunities of SMEs and economy in creating new products and services and following the market opening, it might led the SMEs to risk their chance to survive the market conditions.

Capacity Building

- Improvement of policy and strategic framework and building capacities for research and innovation.
 - The purpose of this reform priority is to establish a solid strategic and legal basis and create an appropriate environment for increasing the scientific-research opportunities of the country to maintain the research as a developmental component. Based on this, the law on innovation and technology and knowledge transfer will help in creating the legal frameworks for cooperation of the academic and industrial community, while the National Science Programme will determine the methods of scientific development of the country towards European standards. Also, we will make efforts to increase the level of participation of SIs in European and regional programmes and projects, especially in Horizon 2020.

Arrangements for implementation of the measure: For the purpose of improving the strategic and legal framework, law on innovation and knowledge and technology transfer will be approved on 2017, including the review and approval of the draft strategy. During 2018, we will work on drafting and approving the secondary legislation deriving from the new innovation law, including the establishment of the state council for innovation and inter-ministerial mechanisms in the field of innovation. During 2019, the main activity includes the operationalization of the state council for innovation and inter-ministerial mechanisms in the field of innovation.

Support for Competitiveness

- **Cost and budgetary impact:** we plan that in this period investments must be at least 14 millions.
- **Expected impact on competitiveness:** With the current budget and opportunities created by such a budget, the possible impact of the country on competitiveness will be very symbolic. Without a more significant budget and without competitive capacities in international programmes, we cannot wait for significant effects within this period.
- **Expected impact on social issues:** As we mentioned, even in the aspect of social issues with existing capacities, the impact will be symbolic. However, in a situation where legal provisions related to the budget would apply, the measure would impact the development of the research and innovation sector in terms of increasing the ability of institutions and SME to hire new staff that would impact the increase of employment proportion for researchers compared to the total number of employees and number of employed researchers with the proportion of population (according to OECD).

Potential Risks

- The lack of budget and financial opportunities will automatically impact the stagnation and non-development of the sector and lack of the competitive ability even in the goods and service market, as well as in the international scientific and innovative competition. Another risk is the lack of budget and the failure to approve of the National Innovation Strategy.

Smart Specialisation Strategy Status

- Kosovo* for the moment doesn't have a strategic document for Smart specialization;
- There are 9 strategic and legal documents that deal with some aspects of smart specialization
 - **National program for research** (<https://www.uni-pr.edu/desk/inc/media/33DA1FD8-AADE-461B-BE70-87C51D3CD4E1.pdf>)
 - **Law on Scientific Activity** (http://www.assembly-kosova.org/common/docs/ligjet/2004_42_en.pdf)
 - **Law on higher Education** (<https://masht.rks-gov.net/uploads/2015/06/02-ligji-per-arsimin-e-larte-anglisht.pdf>)
 - **SME development strategy for Kosovo*** (<http://gapmonitor.org/data/Image/SMEstrategy.pdf>)
 - **Law on Innovation and Technology Transfer (in parliamentary procedure)**
 - **National Strategy for Innovation** (draft)
 - **Digital Agenda for Kosovo* 2013–2020** (http://www.kryeministri-ks.net/repository/docs/Electronic_Communication_Sector_Policy_2013-2020.pdf)
 - **Strategic plan for education in Kosovo* 2017-2020** (http://www.kryeministri-ks.net/repository/docs/PLANI_STRATEGJIK_I_ARSIMIT_NE_KOSOVE.pdf)
 - **Kosovo* IT Strategy** (http://www.kryeministri-ks.net/repository/docs/Kosovo_IT_Strategy.pdf)
 - **National Development Strategy 2016 – 2021**(http://www.kryeministri-ks.net/repository/docs/National_Development_Strategy_2016-2021_ENG.pdf)

The former Yugoslav Republic of Macedonia

Smart Specialisation

- Development of RIS3 Strategy activities started
- The Strategy will be developed within 2019 with support of JRC.
- IPA 1 Multi-country beneficiary Programme for 2018 - Support for Smart Specialisation – budget of 350.000 EUR provided
- Inter-ministerial working group for RIS3 established
- TAIEX 2 days workshop for RIS3 applied
- Letter of Intent to JRC S3 Platform sent
- JRC S3 Platform registration in process
- Workshop meeting with representatives of the JRC Institute for Prospective Technological Studies (IPTS), Sevilla follows

Montenegro

Economic Reform Programme (ERP) measures

- Measure 15: Establishment of the Science and Technology Park (STP) in Podgorica
- Joint project of the Government of Montenegro and the University of Montenegro
- Distributed infrastructure with the central unit in Podgorica and 3 impulse centres in Nikšić, Bar and Pljevlja
- Tehnopolis - officially opened in 2016, key factor in the innovation ecosystem, more than 100 business events in 2017, gained 5 EU cooperation projects, finalization of the pre-feasibility studies for 2 laboratories ongoing (MoS, 14.000 EUR), equipment specification and equipping from IPA II



Economic Reform Programme (ERP) measures

- Main goal: enable the creation of the necessary conditions for supporting the entrepreneurship and developing the high value products
- Home for 40-50 micro and SMEs (HiTech with a focus on ICT, energy, agriculture and medicine), CoE in BIO-ICT and R&I laboratories
- Entrepreneurial incubator, but also will accelerate research and innovative ideas coming from the academia bringing them closer to the market
- Costs: Conceptual Design (20.000 EUR MoS); Detailed Design (130.000 EUR WB); Construction works (8.32M Capital Budget of Montenegro); IPA 2018 Action document (training of staff and procurement of the equipment)
- Activities: 2018 (Conceptual and Detailed Design); 2019 (selection of the favorable bidder for the construction works); 2020-2021 (construction works)

innovation
ecosystem



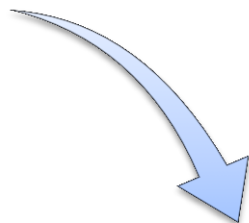
Smart Specialisation Activities



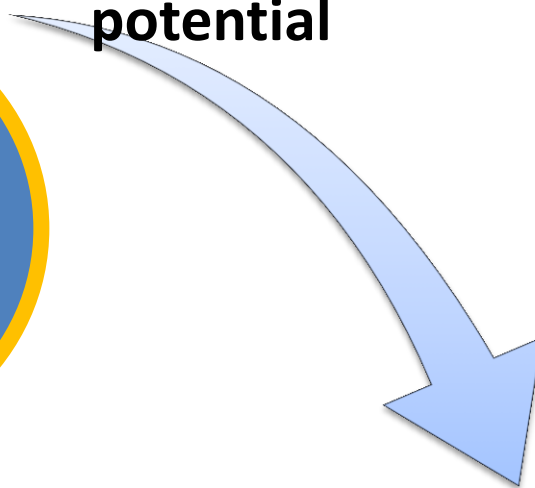
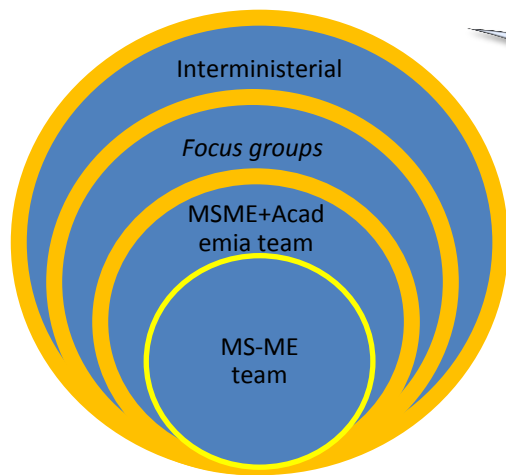
- Montenegro started the process of developing Strategy for Smart Specialization with support provided by the DG JRC
- Joined S3 Platform in August 2017
- National team for S3 preparation
- S3 (2018-2022) is seen as a high priority task and an Action plan for the development of S3 is in place
- S3 Awareness event within Open Science Days – October 2017
- Preliminary analytics and initial priorities for S3 prioritisation have been identified

Smart Specialisation Activities

JRC - S3 platform



Mapping of economic, innovative and scientific potential



Quantitative analysis of existing economic, scientific and innovative potential – final report completed in March 2018

Next step - Entrepreneurial Discovery Process (EDP) – training on EDP - 11-12 April 2018

Serbia

Research and Innovation Strategy for Smart Specialisation in the Republic of Serbia

The main participants involved in the process:

- Lead institutions: Ministry of Education, Science and Technological Development and Public Policy Secretariat of Republic of Serbia
- Interministerial Working Body of the Government of Serbia created on November 29, 2016
- Analytical team and Operational team of the Interministerial Working Body
- JRC - expert support

Research and Innovation Strategy for Smart Specialisation in the Republic of Serbia

Preparation process:

- RIS 3 Roadmap has been developed
- Serbia became targeted country for the period 2017-2018, stated by the JRC
- Analysis for ICT Sector in Republic of Serbia
- Document “Mapping of economic, innovative and scientific potential in Serbia” developed and presented to the stakeholders in Belgrade on December 13, 2017
- First Innovation camp in Serbia was organized on December 14-15, 2017
- EDP process started

Research and Innovation Strategy for Smart Specialisation in the Republic of Serbia

The next steps:

- Further analysis in order to reduce the number of priorities
- New events for EDP process and inclusion of new partners
- TAIEX Study visit to Poland, February 2018; expert support for Operational team for EDP
- TAIEX Expert mission for online Delphi; expert support for Analytical team
- February – September 2018, end of EDP process
- Defining priorities and Strategy draft until end of 2018

Economic Reform Programme (ERP) measures 2018-2020

- The Economic Reform Programme (ERP) is a document drafted by the Republic of Serbia, as an EU membership candidate state in its pre-accession period, to establish a platform for increasing the efficiency of fiscal planning and the coordination of economic policy.
- The ERP contains a mid-term framework for the macroeconomic and fiscal policy, as well as **specific priority structural reforms** directly supporting the macro-fiscal framework, eliminating obstacles to economic growth and increasing the competitiveness of the national economy.
- **Structural reform in the area of RESEARCH, DEVELOPMENT AND INNOVATION, AND DIGITAL ECONOMY**

Area Research, Development and Innovation, and Digital Economy

- Serbia has scientific and research potential, which should be further developed and more adequately used, if we want a “knowledge-based economy”.
- The key issues in this field are:
 - insufficiently efficient model of financing support to science
 - lack of support for business innovations
 - inadequate connection between business and academic community
 - “brain drain”, availability and introduction of digital technologies
 - products and services, standardisation of communication infrastructure
 - It is necessary to establish an institutional and legal framework supporting innovations and provide long-term sources of funding

Area Research, Development and Innovation, and Digital Economy

A strategic framework that brings together R&D and innovation was adopted in 2016:

- “Research for Innovation” Strategy 2016-2020 bringing together R&D and innovation policies under one strategic framework with specific actions defined by the AP.
- Moving forward, the strategic framework will be further enhanced through our work on the upcoming Smart Specialisation Strategy of Serbia.
- We are currently working on a new legal framework that will create a mix of merit-based institutional funding with highly-competitive project-based funding to improve both the excellence and relevance of our R&D.
- A new model of financing has been proposed and we will be faced with complex reforms in the next years.
- Seeing the importance of independent and expert policy implementation we are also currently considering the establishment of a Science Fund that will in the future implement research financing.

Area Research, Development and Innovation, and Digital Economy

- Even though we have seen significant success with the different instruments currently offered by the Innovation Fund, we need to both scale-up and widen these activities to be able to meet the needs of our innovative companies. We have already allocated much higher budgetary support for these financing instruments in 2018.
- Moving forward we will need to improve some aspects of the business environment that especially hurt innovative and high-growth SMEs and to improve the legal framework for venture capital investments.
- New strategic framework will ensure establishment of guidelines for an effective national research system which, through a more merit based system of financing and adequate stimulation to innovation, will contribute to economic growth.