

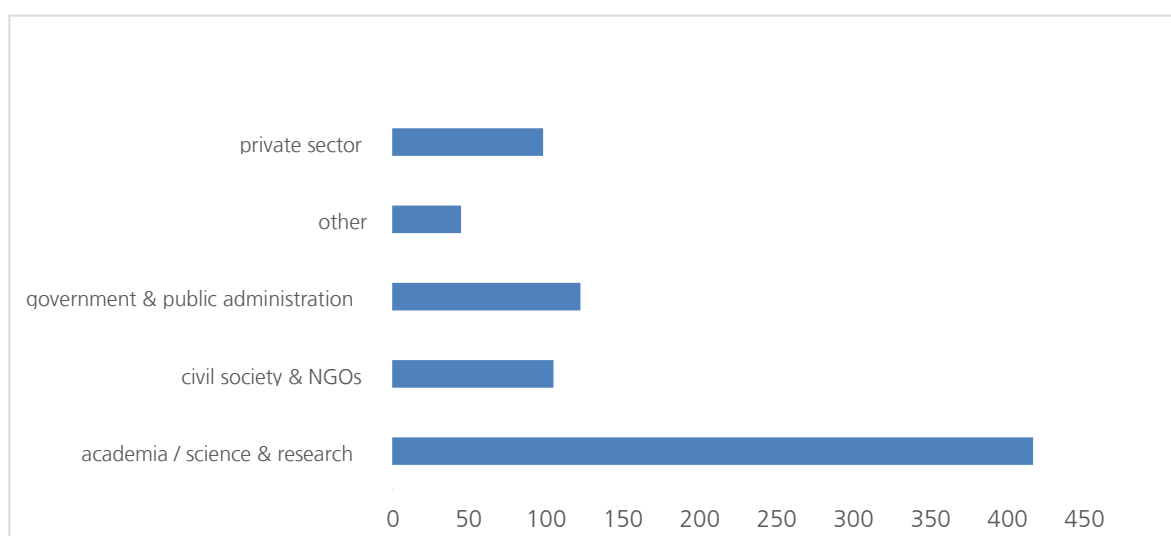
STRATEGIC FORESIGHT STUDY ON THE FUTURE OF RESEARCH AND INNOVATION IN THE SIX WESTERN BALKAN ECONOMIES

Results from the 1st round of the online Delphi

Of the more than 3,000 people from the so-called WB6 countries (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, Northern Macedonia, Serbia) who were contacted by us in the course of a first Delphi survey, **710 experts gave us their opinion on the four future scenarios we developed**, which are set in the year 2035. This corresponds to a **response rate of well over 20%**.

Figure 1 shows the distribution in terms of the type of organisation to which the experts assigned themselves. **53% of the experts classified themselves as belonging to the research sector, 16% to the policy-making or public administration sector, 13% to NGOs or civil society, and 13% to the private corporate sector.** The remainder (about 6%) could not be assigned to any of these areas.

Figure 1: Participation by organisation type



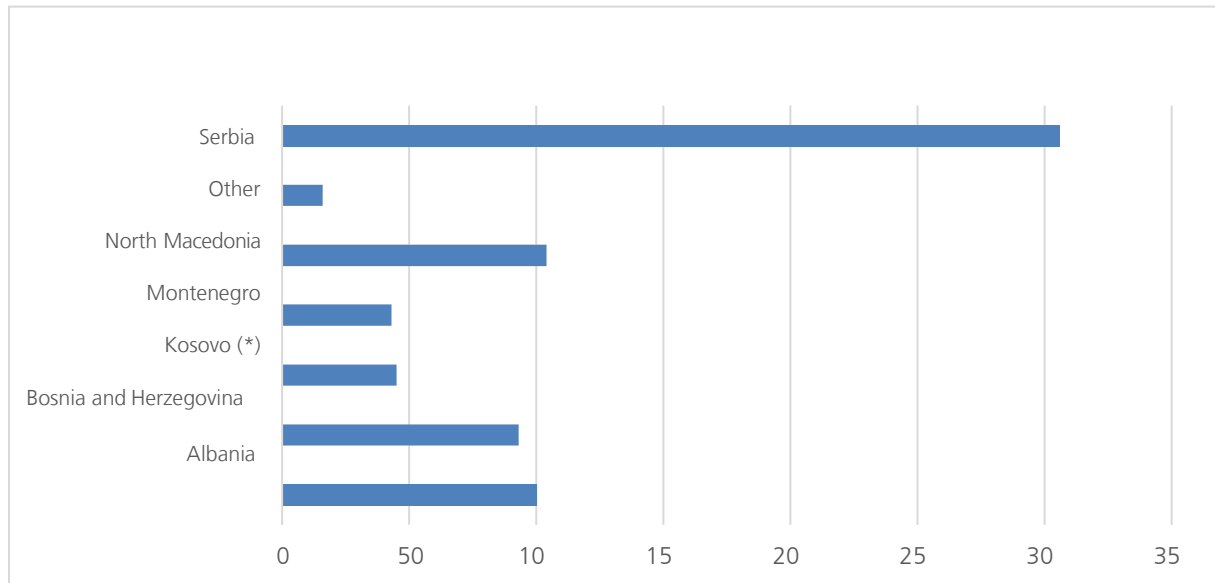
Note: The experts could assign themselves to several types of organisations due to double affiliation. (multiple choice)

Most responses came from Serbia (42%), followed by North Macedonia (15%), Albania (14%), Bosnia and Herzegovina (14%), Kosovo* (6%) and Montenegro (6%) (see Figure 2). In all economies, except Albania, the participation from the research sector was highest. In Albania, the policy-making and public administration sector had a stronger participation in the survey than the research sector.

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.



Figure 2: Participation by economy



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In the survey, the following four draft future scenarios were tested. The full scenarios will be published in the final report in September 2019. For the purpose of this survey, brief summaries were provided:

Future scenario 1: Joining the common market

Appeasement in the WB6 enabled the EU accession of the first three economies until 2035. Foreign Direct Investments (FDIs) increased, which further contributed to the integration of WB6 economies into higher-tier European value chains. SMEs also benefit from an increased knowledge and technology transfer and closer connection with the diaspora and business communities in Europe. Simultaneously, many traditional companies were forced to shut down as they were unable to meet EU regulations and compete with EU peers. The freedom of movement within the EU did not prevent the exodus of well-educated professionals and researchers.

Future scenario 2: Looking beyond EU borders

The EU enlargement is not a political priority any more. The geopolitical vacuum in the region was soon filled by competing economic and military interests from Russia, China, Turkey, the Arab countries and the United States. Foreign powers invest primarily in the exploitation of natural resources in WB6, but they also provide internationalisation and export opportunities for selected WB6 companies and sectors. Non-European governments have also started to invest in the educational and vocational sector, resulting in significant privatisation within the education sector.



Future scenario 3: Prolonging the past

Haunted by the inertia of the past' is the title of a report published by a think tank in May 2035. The bleak status quo can mainly be traced back to the standstill in EU accession talks. This is the result of the limited political determination of WB6 leaders to initiate sustainable reforms in important economic sectors in order to improve national RD&I systems and solve bilateral disputes. Recognising their potential, the WB6 are trying to modernise the business sector by introducing accelerator and support programmes.

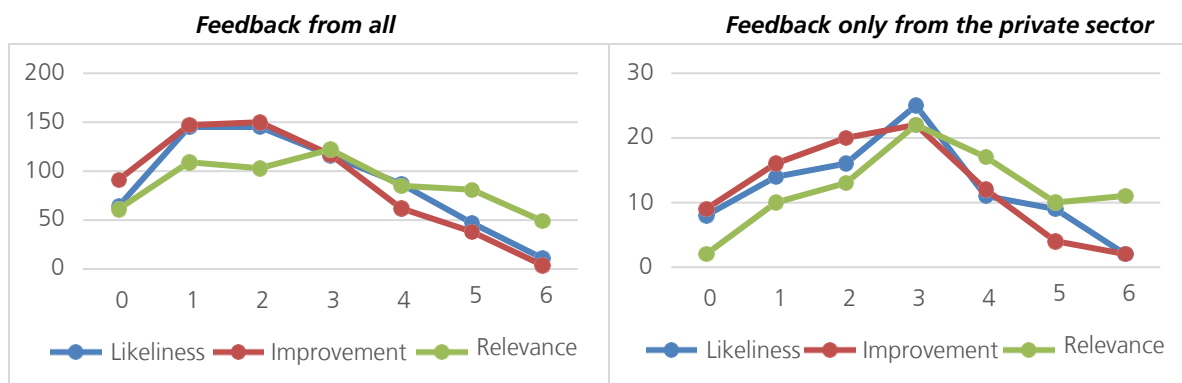
Future scenario 4: Putting business first

While the EU accession remains an unmet milestone for the WB6, a Regional Economic Area could be established by 2035. It fosters economic revival, yet aggravates social and geographical disparities with attractive labour markets in economically vibrant areas. While investments continue to come mostly from European companies, their peers from Eurasia and Asia are raising their FDI to the WB6. Business R&D experiences a strong upswing at the expense of economically less relevant research fields. Eventually, some universities' faculties reorient themselves and start to offer tailor-made cooperation with companies.

For each of the four scenarios, a selection of dedicated statements was drafted and the experts were asked to provide feedback on the likeliness, relevance and the socio-economic implication of each statement.

The full analysis of the feedback is beyond the scope of this paper, but Figure 3 gives an example of one of the statements produced in relation to the scenario "*Looking beyond EU borders*" and the distribution of responses to it.

Figure 3: Assessment of the likeliness, relevance and socio-economic implication of the statement
"By 2035, the privatisation of the education sector effectively replaced most public educational institutions."



On the left side of Figure 3 one can see the feedback from all participants across all sectors. On the right side only the feedback from participants from the private corporate sector is shown. In general (left side), the likelihood of this statement occurring in WB6 countries in 2035 is estimated to be very low. The relevance for the research and innovation sector is assessed as predominantly below average and the socio-economic implication as predominantly negative. If we now compare

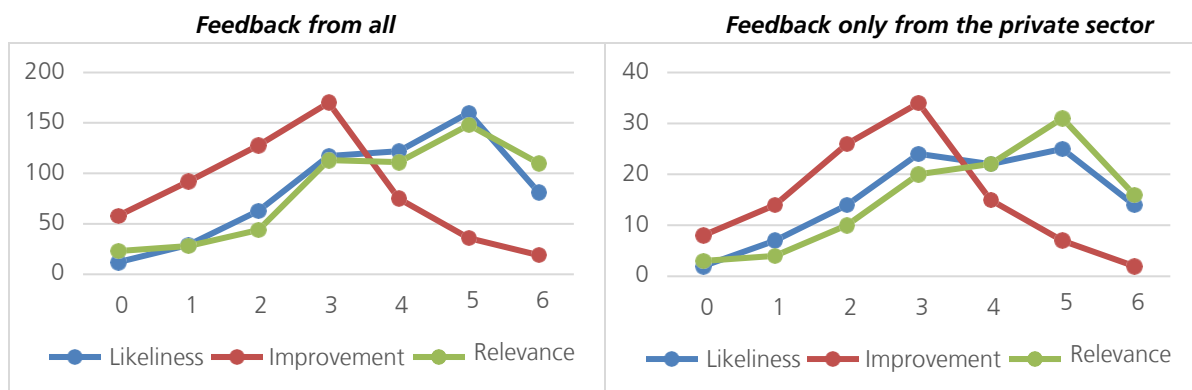


these cross- sectoral responses with the response profile of the private corporate sector (right-hand side), clear differences emerge. The private corporate sector estimates the probability, relevance and socio- economic implication as comparatively average, but significantly higher than the cross-sectoral assessment (left side). In particular, the socio-economic implication of privatising the education sector is seen much more positively by the private corporate sector than by the general feedback. This suggests that in this scenario the privatisation of the education sector is not seen as disadvantageous for the economy.

Another example concerns the "Prolonging the Past" scenario. We have put forward the following statement for discussion: *'In 2035, the lack of political determination has prevented WB6 leaders to initiate lasting and sustainable reforms in the most important economy sectors.'*

Figure 4 again shows the answers. On the left side you see the answers across sectors from all experts. On the right side are only the answers from the policy-making and policy-administrating sector. The result is sobering. If in this scenario the socio-political conditions simply continue ('business as usual'), then the statement will come true and it is highly relevant in a predominantly fatalistic socio-economic sense.

Figure 4: Assessment of the likeliness, relevance and socio-economic implication of the statement "In 2035, the lack of political determination has prevented WB6 leaders to initiate lasting and sustainable reforms in the most important economy sectors."



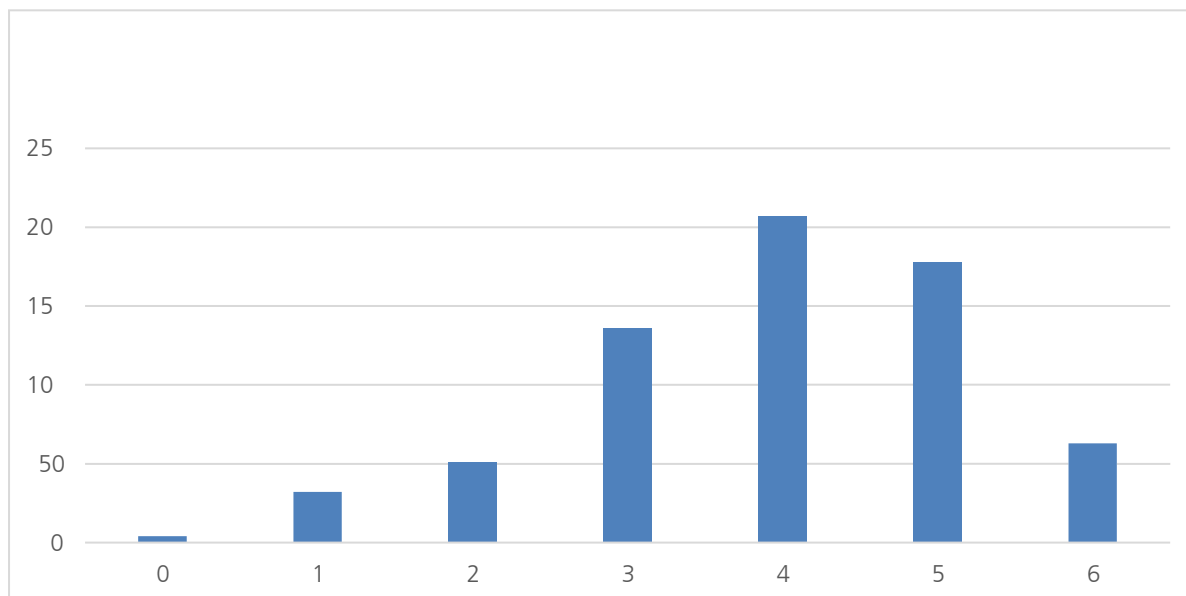
In total, we asked about two statements for each scenario to assess likelihood, relevance and socio- economic impact, as well as three additional questions. We have also asked questions that are independent of scenarios. Figure 4 is an example for this. Here we have asked the following question: *To which extent do you expect sustainable reforms for establishing digital infrastructures be realised in your economy until 2035?*

The result is quite clear. 2/3 rather expect digital infrastructures to be in place sustainably in WB6 by 2035. Not even 13% are really skeptical. This confirms that the megatrend of digitalisation also applies to the WB6, at least in the infrastructure sector, and is seen as an important field of action to be fulfilled by 2035 with high expectations.



International Service Facility
of the European Commission

Figure 5: To which extent do you expect sustainable reforms for establishing digital infrastructures be realised in your economy, until 2035?



Note: 0..not at all, 6..very high extent

Future Outlook

Based on the analysis of the first round of this Delphi Survey, the International Service Facility (ISF) has further adapted the scenarios. During the second round of the Delphi survey, which is currently being conducted, additional questions regarding the Research & Innovation sectors in the WB6 in 2035 will be examined. On this basis, the draft scenarios will be further adapted and finetuned. Regional and national workshops will allow for in depth-discussions on the aspects covered in the surveys and scenarios. **The co-drafted scenarios will be presented in a final report that will be published in September 2021.**