

## Research and Innovation policy in Western Balkans – some recent developments

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### **1 Introduction**

In recent years the Western Balkan countries have made some important efforts to overcome the negative consequences of the economic and political transition and its impact on the region's research and innovation sectors: They adopted a variety of strategies, laws and programs to improve the performance of the sector on the national level and they improved the regional cooperation in R&D for example by committing themselves to "Western Balkans Regional R&D Strategy for Innovation" and Smart Growth pillar of the "South East European 2020 Strategy" (SEE 2020). All countries are also associated to Horizon 2020; the preliminary results show some first success stories however overall participation rate is quite low. WBC also agreed on the establishment of "Western Balkans Research and Innovation Centre" (WISE) by the end of 2015 aiming at strengthening the regional research, innovation and technology systems by providing support, advice, information and recommendations to the states, public and private institutions, non-governmental organizations and all other relevant stakeholders. However, social and political problems are still more pressing in WBC than the low level of R&D investment (Serbia and Montenegro spend on around 1% of GDP on R&D, while other countries in the region spend up to 0,3% of GDP) or support for technology transfer activities.

### **2 Improving the perspective of young generations is of "paramount importance in ensuring stability, sustainable development and progress of the region"**

The importance of the education, research and innovation for the overall success of the EU-integration efforts of the Western Balkans was again confirmed during the 1<sup>st</sup> Joint Science Conference held on July 15-17, 2015 in Halle and Berlin and during the second Summit Meeting on the Western Balkans held in Vienna on August 27, 2015 – both events in the framework of the Western Balkans Process, also known as the 'Berlin process'.

Furthermore, the participants of the Vienna Summit clearly recognized that improving the perspective of young generations is of "*paramount importance in ensuring stability, sustainable development and progress of the region*". Having in mind the weak economic structure, low level of industrial production, low performance results of the educational systems, high unemployment levels, as well as in some cases the lack of motivation, commitment and trust – to name just few challenges in the region which all had

negative impact on human capital development in the WB countries<sup>1</sup> while leading to severe brain drain from the region – it can only be welcomed that political commitment and strong emphasis is put on initiatives related to youth, such as the establishment of the “Regional Youth Cooperation Office of the Western Balkans” or proposal of the European Commission to organize an Enlargement Conference in the first half of 2016 focusing on youth issues.

Another challenge related to young people from the region is the fact that they are often formally well-educated but not necessarily equipped with the right skills needed<sup>2</sup> at the local labor market. Furthermore, the education system in this region does not encourage creativity and entrepreneurial culture among pupils and students at satisfactory level<sup>3</sup>. Specific direct and indirect measures would help to foster entrepreneurial culture in WBC, improve the perspective of young generations and subsequently contribute to long-term knowledge-based economic growth, as suggested by SEE2020 (South East European 2020 Strategy).

“Balkan Opinion Barometer”, a set of approximately 80 indicators showing the results of the public opinion survey on crucial economic and development issues in SEE and commissioned by Regional Cooperation Council (RCC) clearly shows that vast majority of interviewees in Albania, Bosnia and Herzegovina, Croatia, FYR of Macedonia, Kosovo\*, Montenegro and Serbia still prefer to work in the public sector (79%), only 16% prefer the employment in the private sector. Interestingly, 40% consider attending additional education / courses to help to find a job as not necessary and for almost 50% their education is not an obstacle in the labour market. Only 6% of interviewees are indeed self-employed (out of 45% of total employed). Asked about two main obstacles to those in the household who do not work to get a job, 63% indicated the lack of jobs while the second obstacle identified was “do not know the right people”. When asked about best ways to contribute to reconciliation in the region, 32% choose increased trade and commerce between the countries, 25% the shared understanding of history while only 6% see regional student exchange programmes as valuable to contribute to reconciliation. It must however be mentioned that only 7% of the interviewees (N=7000) are currently students or pupils, 56% have finished secondary education, and only 30% have high school or university education thus the vast majority is potentially not interested in R&D issues, student mobility and related topics.<sup>4</sup>

Different research studies and papers (e.g. see also country papers and background papers related to WBRIS) identified in the recent years quite detailed the major RTDI obstacles and challenges in the

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<sup>1</sup> Stankovic Bratislav (2014): „Innovation and Brain Drain in the Western Balkans“. In: Marinkovic/Dall (2014): “R&D and Innovation in Western Balkans. Moving Towards 2020.” WBC-INCO.NET

<sup>2</sup> Polajnar, Peter (2014): How Efforts on Research and Innovation Contribute to Economic Development and Integration into the European Union”. In: Marinkovic/Dall (2014): “R&D and Innovation in Western Balkans. Moving Towards 2020.” WBC-INCO.NET

<sup>3</sup> Marinkovic, Ines (2015): “Fostering an entrepreneurial culture in Western Balkans by establishment of creative and entrepreneurial framework with schools and universities”. To be published in September 2015 by WBCInno.

<sup>4</sup> Regional Cooperation Council (RCC) monitors the implementation of the SEE2020 Strategy; in this endeavour RCC is working closely with OECD to collect quantitative and qualitative indicators. SEEDS or SEE2020 development scoreboards are available on the RCC’s website. South East Europe Development Scoreboard or SEEDS is the RCC’s web-based platform showing how the region of South East Europe, and its individual economies, is faring in achieving the SEE 2020 Strategy targets and objectives. It consists of: SEE 2020 Progress Tracker, Balkan Opinion Barometer, and Balkan Business Barometer. Online: <http://www.rcc.int/seeds/home>

region. The policy focus in the years to come should be on implementation of different suggested and already started national and regional initiatives.

It goes without saying that initiatives towards youth mentioned in the conclusions of the Vienna Summit 2015, thus supported by high level experts and policy stakeholders from the region and EU (from strengthening reform efforts of the education systems in order to provide youth with relevant basic and transversal skills, to encouraging mobility of the youth within the region by promoting and enhancing existing programs such as CEEPUS (Central European Exchange Program for University Studies) to supporting the development of a vocational training system in the region and other initiatives mentioned in the text above) are to be seen in this context. Such initiatives are important, even essential measures to support the integration of the region into European Research Area (ERA) and in turn the European Union. Similar conclusions related to importance of the youth and youth policies were drawn by the participants of the 1<sup>st</sup> Joint Science Conference in Halle and Berlin.

### **3 Low level of R&D investment and assessment of public expenditures**

When it comes to the low level of R&D investment in the region (Serbia and Montenegro spend on research and development around 1% of GDP, while other countries in the region spend up to 0,3% of GDP)<sup>5</sup>, the recommendation to allocate 3% of national GDP (reaching the Lisbon agenda target) is desirable, however currently not very realistic as concluded lately by the participants of the Steering Platform on Research for the Western Balkan countries in Budapest in June 2015. As mentioned before, social and political problems are still more pressing in WBC than the low level of R&D investment. On the other hand, it is well known that the availability of data and reliable statistics in the region is another challenge to be met; some researchers even argue that the R&D spending in the region is already higher than the official estimations.

WBRIS (Western Balkan Regional R&D Strategy for Innovation)<sup>6</sup> therefore explicitly suggests generating and systematically updating R&D statistics in line with standard practices established by the Oslo manual and consistent with EURSTAT data, including data related to the scientific diaspora, the Community Innovation Surveys and other EU indicators. WBRIS suggests therefore to implement a monitoring and evaluation system enabling the assessment of public expenditures in research and innovation. The focus is again on implementation of suggested proposals at local level.

Furthermore, evaluations are one of the most essential tools for evidence-based decision making and especially true for regions characterized by an adoption and adaptation of new RTDI policies, programs and (support) institutions as well as transformation of funding towards competitive schemes<sup>7</sup>. At the

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<sup>5</sup> Source: EC Progress reports of Albania, Bosnia and Herzegovina, FYR of Macedonia, Kosovo, Montenegro and Serbia 2014. Online: [http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index\\_en.htm](http://ec.europa.eu/enlargement/countries/strategy-and-progress-report/index_en.htm)

<sup>6</sup> WBRIS (2013): Online: <http://www.worldbank.org/en/events/2013/10/24/balkans-innovation-event#2>

<sup>7</sup> Schuch, Klaus (2014): RTDI Evaluation in South East Europe – Reflections based on the experiences of EVAL-INNO. In: Marinkovic/Dall (2014): “R&D and Innovation in Western Balkans. Moving Towards 2020.” WBC-INCO.NET

same time, however, a lack of methodological and procedural know-how on the part of both evaluators and awarding authorities concerning purpose, design and use of evaluations is evident in WB countries. Based on the research conducted within EVAL-INNO project (Fostering Evaluation Competencies in Research, Technology and Innovation in the SEE Region), the key challenges for improved RTDI evaluations in the SEE region – which applies also for WBC – include: a) the lack of qualified evaluators for programme, institutional and policy evaluations in the field of RTDI, as well as methodological deficits and weaknesses; b) the lack of knowledge on professional tendering procedures (incl. public procurement laws) to obtain the best evaluation results; c) difficulties in accessing RTDI evaluation information and good practices, and a general lack of the usage of good-practices for RTDI programs, institutions and policy evaluations in the region<sup>8</sup>. Besides trainings organized, EVAL-INNO project also adopted and published in several languages a model of RTDI Evaluation Standards. These were also promoted and disseminated to all relevant stakeholders from policy and academia in WB countries.

#### **4 Conclusions**

Concluding, recent developments related to research and innovation policy – particularly on regional level are positive signals and possible great opportunities for researchers but also young scientists. Very often the scope, effectiveness and impact of good national and even regional R&D initiatives are limited because of a lack of solid political backing, and/or because the relevant political or academic players are not directly involved and/or implementation is hindered by change of government and related change of political priorities.

It is also a good sign that some new initiatives (such as Regional Youth Cooperation Office of the Western Balkans) and some on-going initiatives (such as Steering Platform on Research for Western Balkan countries) have political backing of the current heads of government, foreign ministers and economics ministers of Albania, Bosnia and Herzegovina, Kosovo\*, FYR of Macedonia, Montenegro, Serbia, as well as Croatia, Slovenia, Germany, France, Italy, Austria,, representatives of the European Commission and the European External Action Service and International Financial Institutions. Initial steps were taken, the next few months and years will show if and how the proposed measures and initiatives will be concretely supported and implemented on the regional, national and local level.

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<sup>8</sup> Sidiropoulos, Nikos (2014): Experiences from EVAL-INNO trainings. In: EVAL-INNO: “Developing RTDI Evaluation Culture in South East Europe”. LIT.