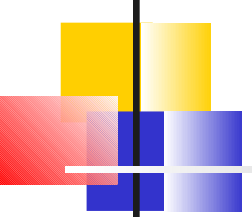




Knowledge and Sustainable Development metrics in the context of WBC regional STI strategy development process

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Outlines

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- WB region performance affected by the global crisis;
 - Regional Strategy for Research and Development for Innovation for the Western Balkans (RSRDfIfWB);
 - Metrics in the context of the RSRDfIfWB;

Science and research sector characteristics within the WB countries

- Economic model a strong reliance on capital inflows and external knowledge from the EU countries;
- A six-fold difference among the WB countries in per-capita income between the richest (Croatia) and poorest (Kosovo, UNMIK);
- Low R&D demand, weak business R&D investments, low level of inventive activities, brain drain as well as limitation utilization of ICT;



WBC – the global crisis shapes innovation performance in the region

- First phase of the global crisis (cf. Bartlett, Monastiriotis, 2010):
 - 1) Contraction of their foreign trade mainly with European countries;
 - 2) Decline of credit growth;
 - 3) A rapid fall in inflow of FDI;
 - 4) Decline in remittances from migrant workers for other WB countries except Croatia;
- Second phase of the global crisis:
 - 1) Functioning of institutions;
 - 2) Public investments into research and development, education, innovation under threat of their reduction;



Next phase of the prosperity in the WB region, efficient use of materials energy as well as financial resources!

- The national innovation system as a viable analytical tool in the field of economic policy;
- The potential areas for innovation development in the WB countries is the public sector;
- Regional cooperation - mechanism for the promotion of excellent practice fostering human capacity on the national and regional level;



IPA Multi-beneficiary Programme 2010

- **Location:** Western Balkans: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo under UNSCR 1244/99.
- **Contracting Authority:** European Community represented by the Commission of the European Communities on behalf of the beneficiaries
- **Implementing Agency:** The World Bank
- **Beneficiaries:** Research Community in the Western Balkans, including education institutes, research centres, businesses as well as public authorities/ administrations dealing with Research and Development policies
- **Final date** for contracting: 30 November 2011
- **Indicative Project Duration:** 24 months



Regional Strategy for Research and Development for Innovation for the Western Balkans (RSRDfIfWB)

- **Constituting Phase: April 2009 - November 2011;**

Ministerial conference organized by the RCC and the Czech Republic Presidency of the Council of the EU

- **RCC hosted Follow-up Meeting to the Ministerial Conference;**
- **Preparatory Meeting for the Ministerial Conference on the Regional Strategy for Research and Development for Innovation for the Western Balkans (July 2011);**
- **Operational period: November 2011 - November 2013**
- **Completion: November 2013**



Overarching goal =Increasing the contribution of R&D to innovation, competitiveness and economic growth in the Western Balkans.

- **Improving policy-making, implementation, monitoring, evaluation, and governance of national innovation systems;**
- **Strengthening the science-base;**
- **Accelerating commercialization and deepening collaboration with the business sector;**
- **Increasing business R&D and facilitating innovative start-up companies;**



Expected Results !

- **Regional priorities in R&D** (i) policy of structural and institutional transformation of R&D systems outlined; (ii) prerequisites for development of cooperation of R&D, higher education and business sector defined; (iii) regional centers of excellence in R&D mapped;
- **Conditions for stronger relationship with the EU in the R&D area** identified, including: (i) measures to improve the absorption capacity of available European funds; and (ii) conditions for better integration in European Research Area;
- **Framework for monitoring and evaluation established:** (i) action plans defining further steps in strengthening cooperation at national and regional levels clearly set; and (ii) a system of monitoring of cooperation development and criteria of assessment of the results of cooperation outlined.



Implementation of the project (November 2011-2013)

- A first phase** = knowledge sharing among the beneficiary entities and preparation of the draft strategy and action plans (one year);
- A second phase** = the consultation/dissemination of the draft strategy among the different stakeholders in the region and preparation of the final draft and action plans;
- **Country Briefings** = Analysis of human resources in R&D sectors; and the quality of the existing R&D and ICT infrastructure;
 - **Reports on Best Practices**;
 - **Reports** regarding **Western Balkan regional innovation and research** policy challenges;

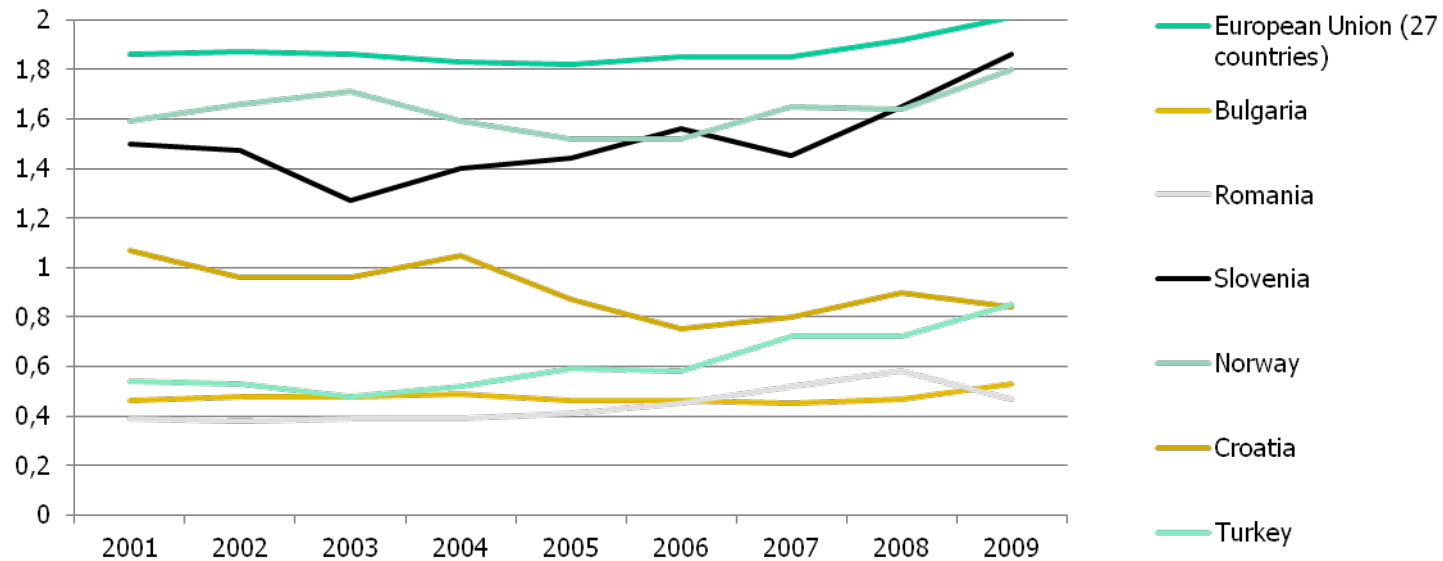
The World Bank's new (old) ideas



- **Budget allocation towards concrete socio economic objectives** (e.g. in Croatia ninety percent of the budget resources (89.88%) allocated in general expenses (CBS, 2011: 2);
- **Re-allocation of the budget funds towards applied research;**
- **Concentrating in fields related to the economic needs/potential of the region;**
- **Emphasis on global challenges (e.g Climate change);**
- **Foresight exercise;**

Back to the Reality = Croatia's GERD

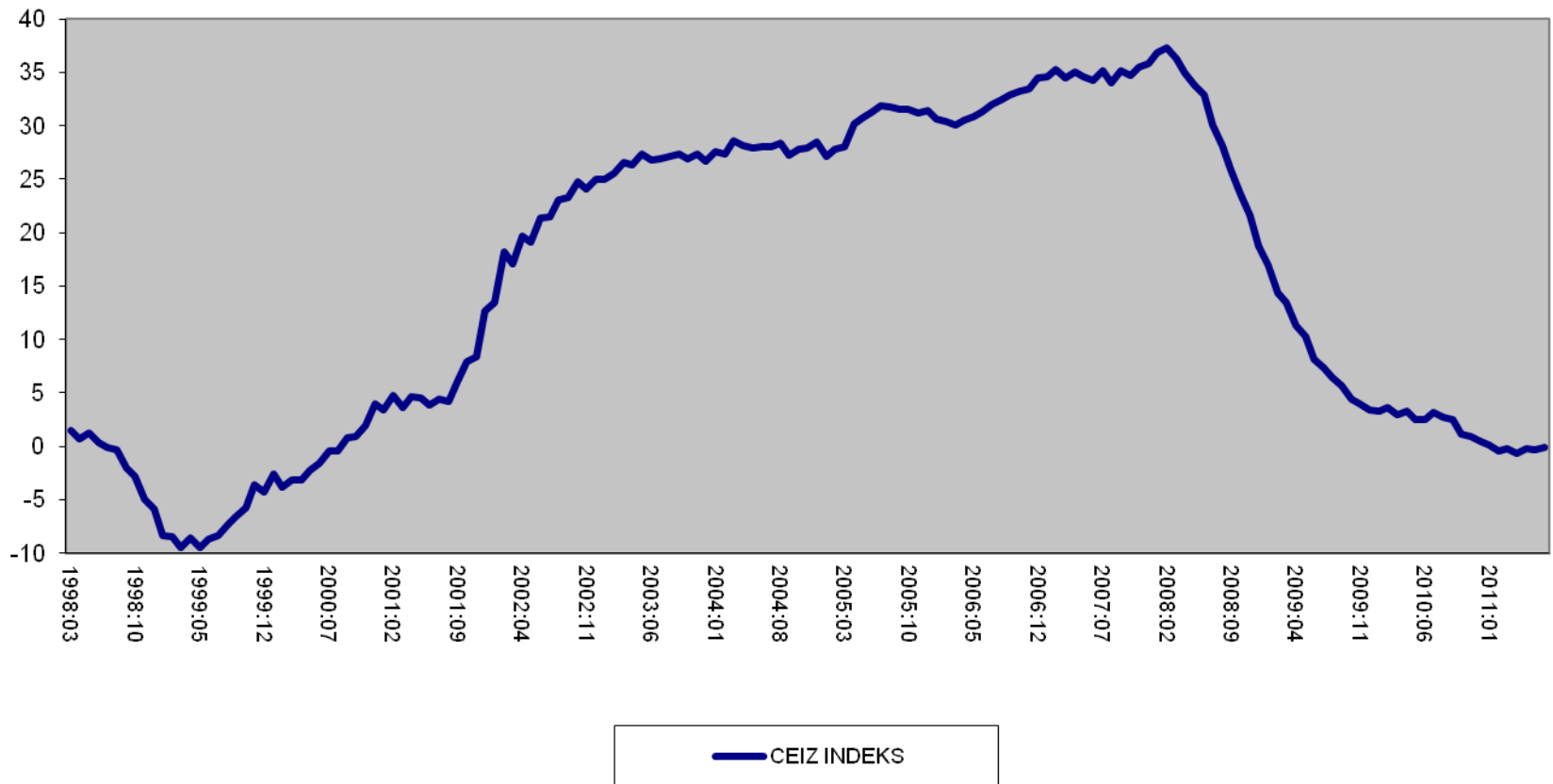
Gross expenditure on research and development (% GDP) during the period 2001-2009



Source: EUROSTAT, authors' calculation based on the CBS (Croatia's value for the year 2001)

The Global Crisis is strengthening! (Vizek et al., 2011)

COINCIDENT INDICATOR OF CROATIAN BUSINESS CYCLE





Concluding remarks!!!

- Recognition of the constraints imposed during the global crisis (efficient use of the technology, energy and financial resources);
- Improving setting of the policy objectives within the WB region (Foresight Studies, National Science and Technology Strategy, international cooperation);
- Emphasis on the functioning the national innovation system in the national economies within the WB region (The question of the socio economic needs in the field of science and research sector within the countries);