

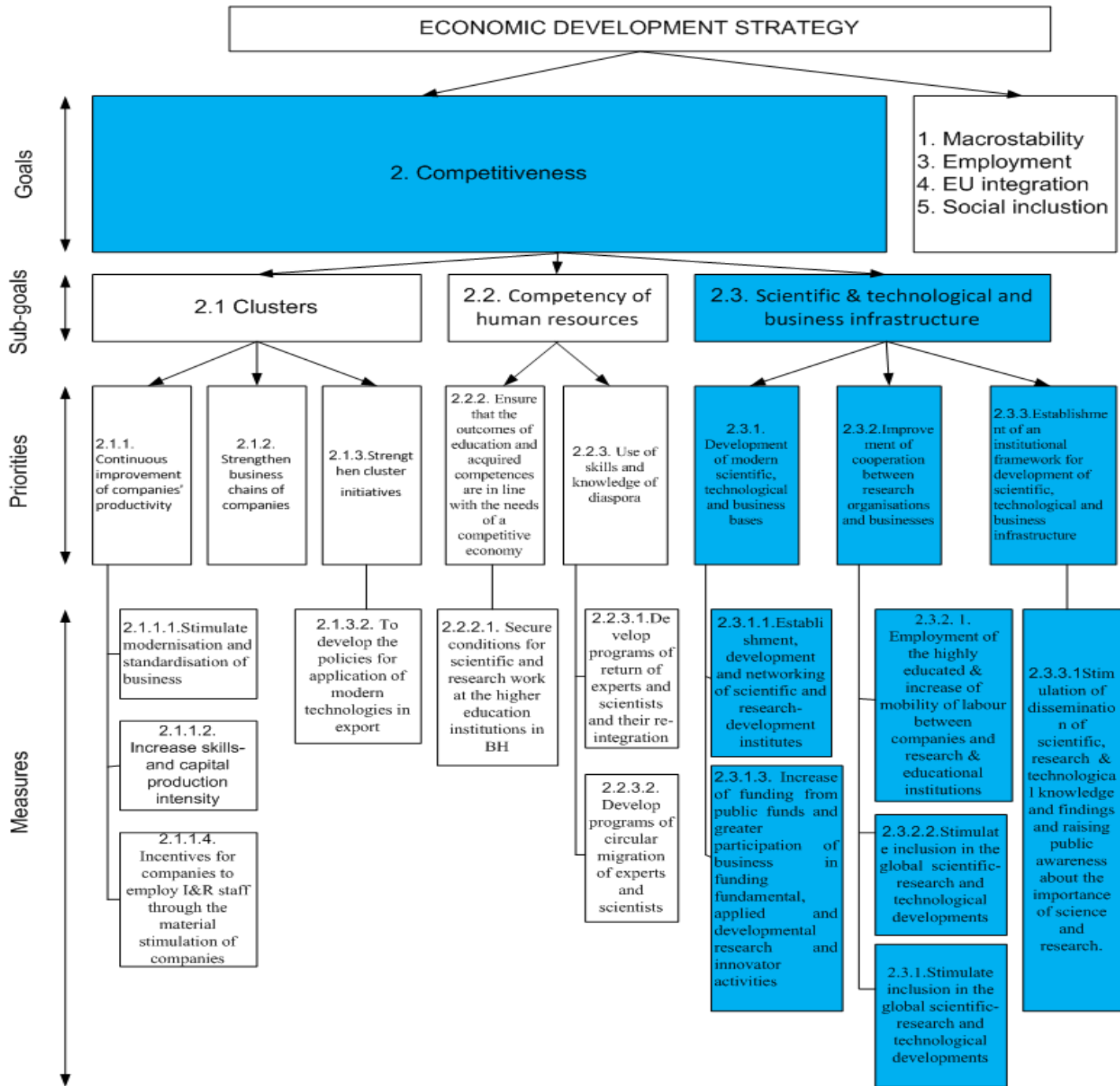
INNOVATION POLICY IN BIH

Sarajevo, 5-6 May, 2012

NEW GROWTH THEORY AND NEW DEVELOPMENT THEORY

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- New growth theory:
 - ▣ Land + labor + kapital + ?
 - ▣ Schumpeter (1934) was first to say where to search for the „black box“ (innovation)
 - ▣ Solow (1957) was the first to find “black box”
 - ▣ Romer (1996, 1994) found what is in
- New structural theory:
 - ▣ Rosenstein-Rodan (1943; “Problems of Industrialisation of Eastern and South-Eastern Europe”)



DEVELOPMENT POLICY PLANNING

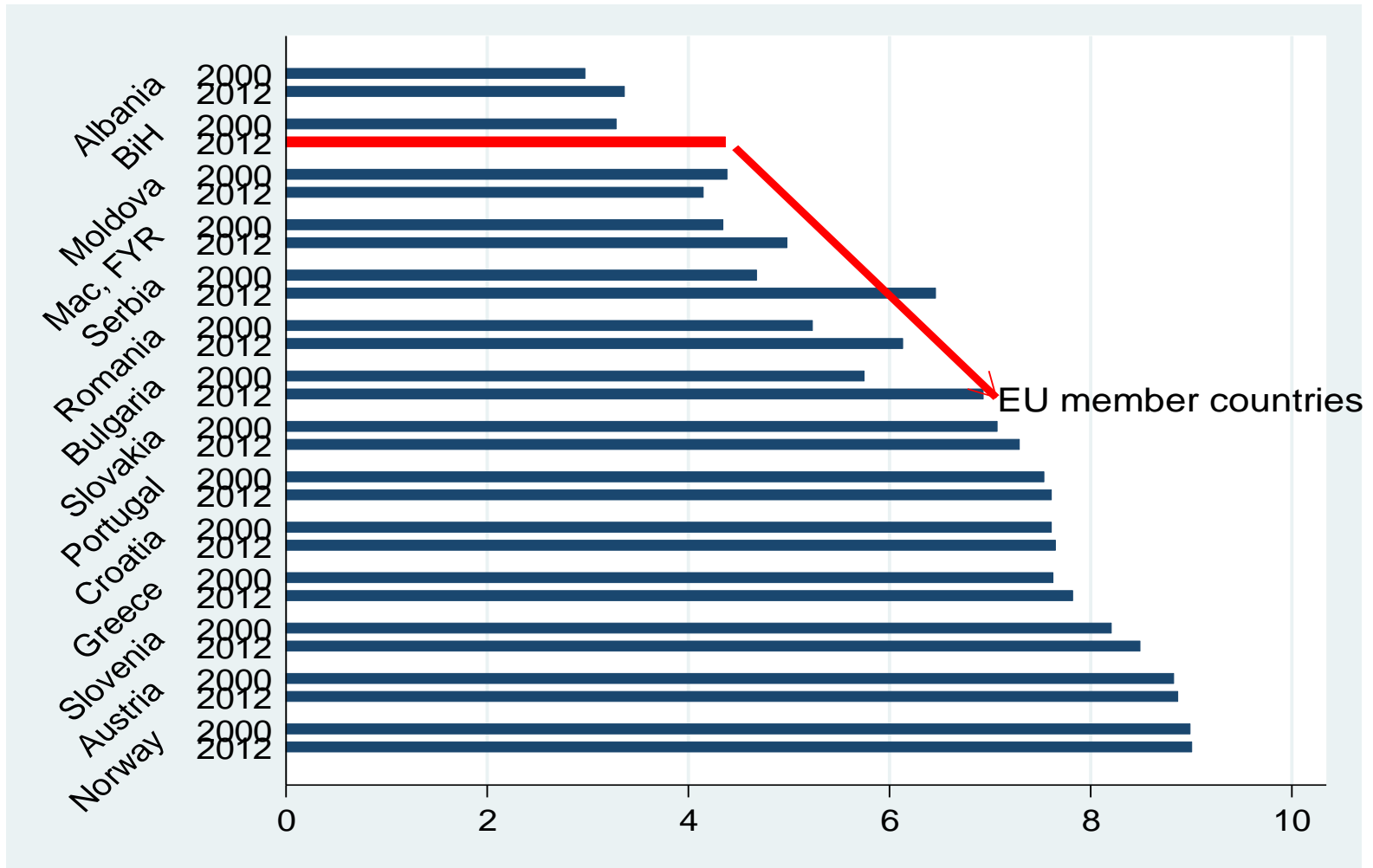
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- SME Strategy 2009-2011
 - missing an innovation policy or strategy and **an agency for innovation**
 - ... **either on the national or entity level**
 - **can integrate a special fund** (or it can be established as an independent institution)
- SDS 2010-2015 recommends that BiH reach an investment target of 1% of GDP by 2015
 - focused on R&D input **not on R&D outputs**, or rather on impact of investment on R&D
 - BiH invests 0.1-0.14% of GDP on R&D
- RS invests 0.30 % in 2009 and 0.25 % of GDP in 2010
- EGS's vision of the 85% exports/imports cover by 2015 criticized for being too ambitious.
- **EGS based on well-funded regional clusters and joint collaboration with universities and research institutes**

AIMS & INNOVATION POLICY

World Bank's innovation index

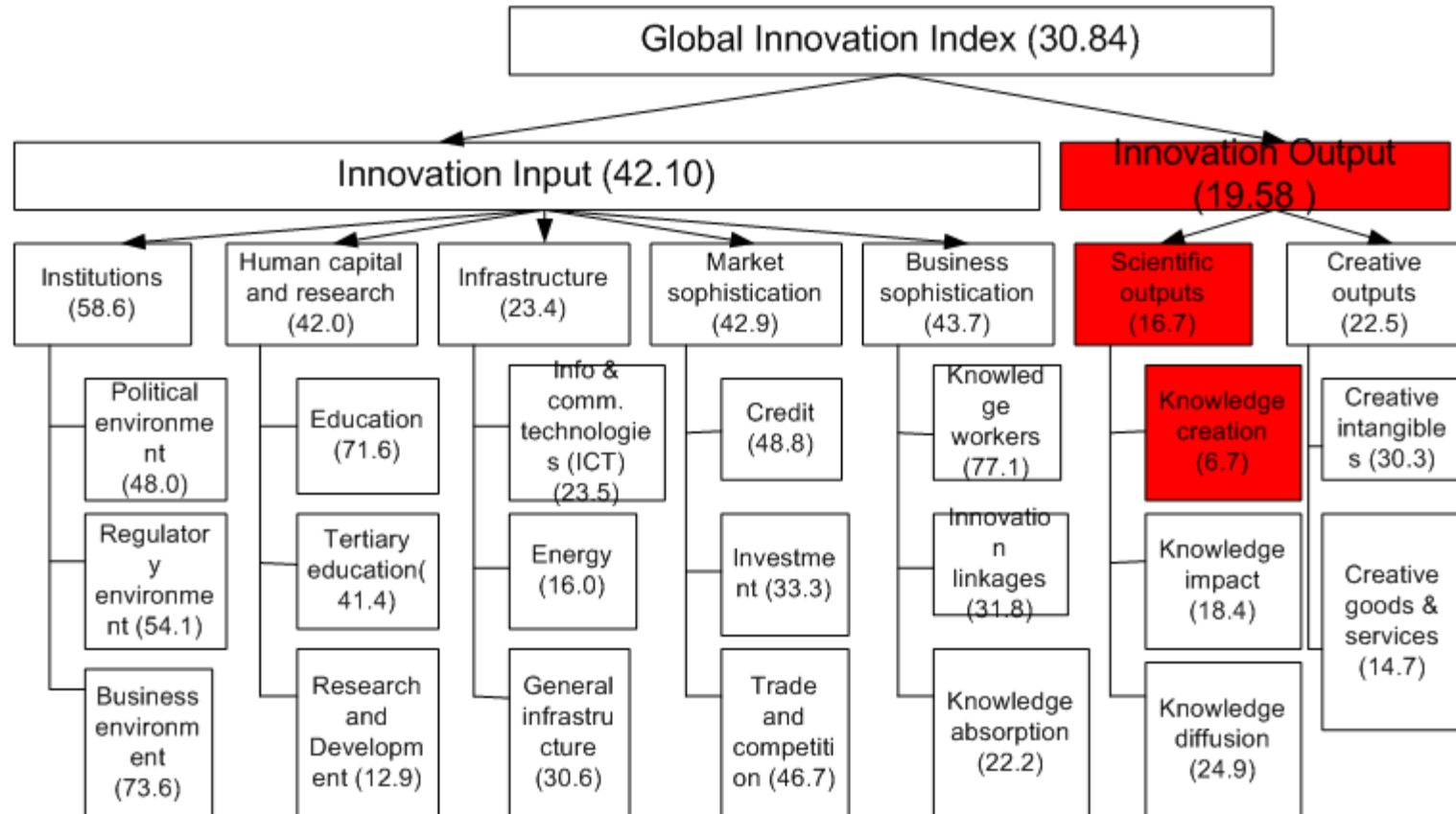
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AIMS & INNOVATION POLICY

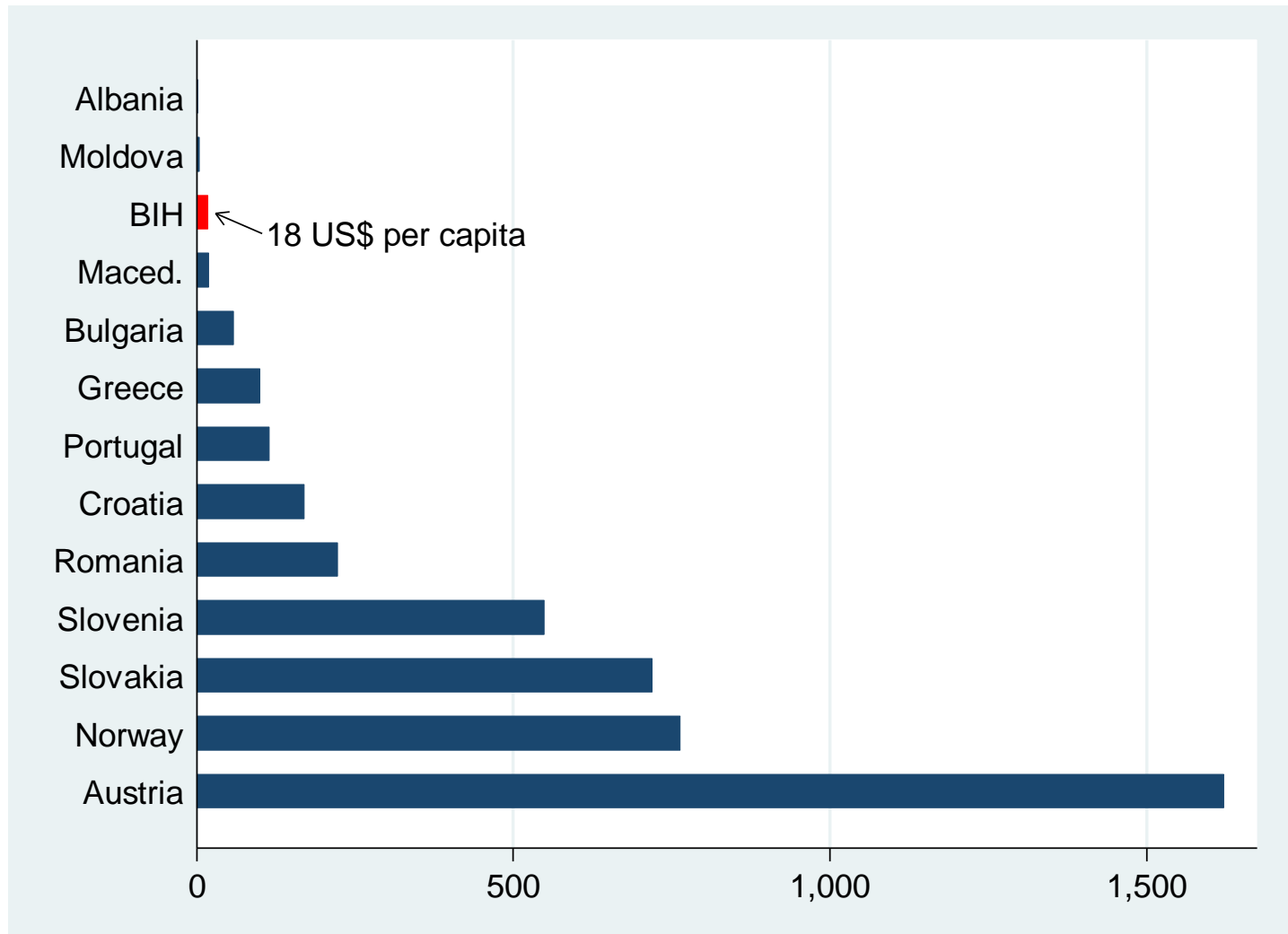
WORLD BANK & INSEAD

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AIMS & INNOVATION POLICY

7



NEXT STEPS

8



CONCLUSIONS

- Innovation system, strategy and policy in BiH have not been evolved to adjust to new demands since 1995;
- Several challenges for innovation policy in BiH are:
 - ▣ fragmented national innovation system and underdeveloped mechanisms of coordination and consultation
 - ▣ too low numbers of innovation policy tools
 - ▣ low volume and quality of R&D activities, poor participation of BiH firms in R&D, and weak ties between industry and education sectors;
 - ▣ low shares of innovating enterprises in the industry, as the main challenges for long-term development of the country

CONCLUSIONS

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- Building up a new innovation sector from scratch
- developing a skilled, educated work force, which is the single most critical element of innovation success
 - ▣ Centres of excellences
 - ▣ Training centres
 - ...attached to regional clusters