

Nordic Influences in the Croatian Innovation Strategy

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Determinants of Innovation policy in Southeastern European Countries

- South European type of capitalism - the competitiveness characterises with **low level of quality based competition, little non-price coordination**, as well as strong emphasis on importance of small firm (cf. Amable, 2003: 104-106)
- Characteristics of the innovation process:
 - low R&D demand
 - weak business R&D investments
 - low level of inventive activities
 - brain drain
 - limited ICT use (cf. UNESCO, 2010);
- Leading sector – Government: through research infrastructure and programme funding,
- **Innovation process in these countries is consequence of the macro-economic framework**

The Balkans region and EU

- Use of *conditionality* as mechanism for the EU' dealing with the WB region (multi-purpose instrument, geared towards reconciliation, reconstruction and reform);
- Majority of the EU' efforts were invested into infrastructure and economic development – innovation activities as a crucial tool;

Challenges within the Balkan region

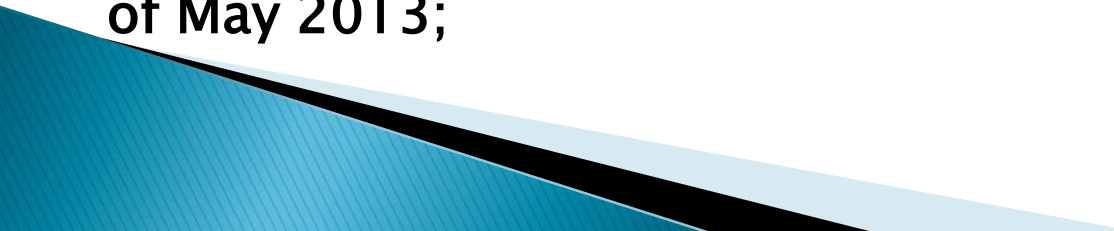
- WB countries differ from others in SEE, in terms of the EU approaching;
- Introduction of the post-accession monitoring tools, by the EU caused that Romania and Bulgaria are under auspicious (judicial reform, corruption and organized crime);
- Potential Greek debt default;

Bridging gap strategy?

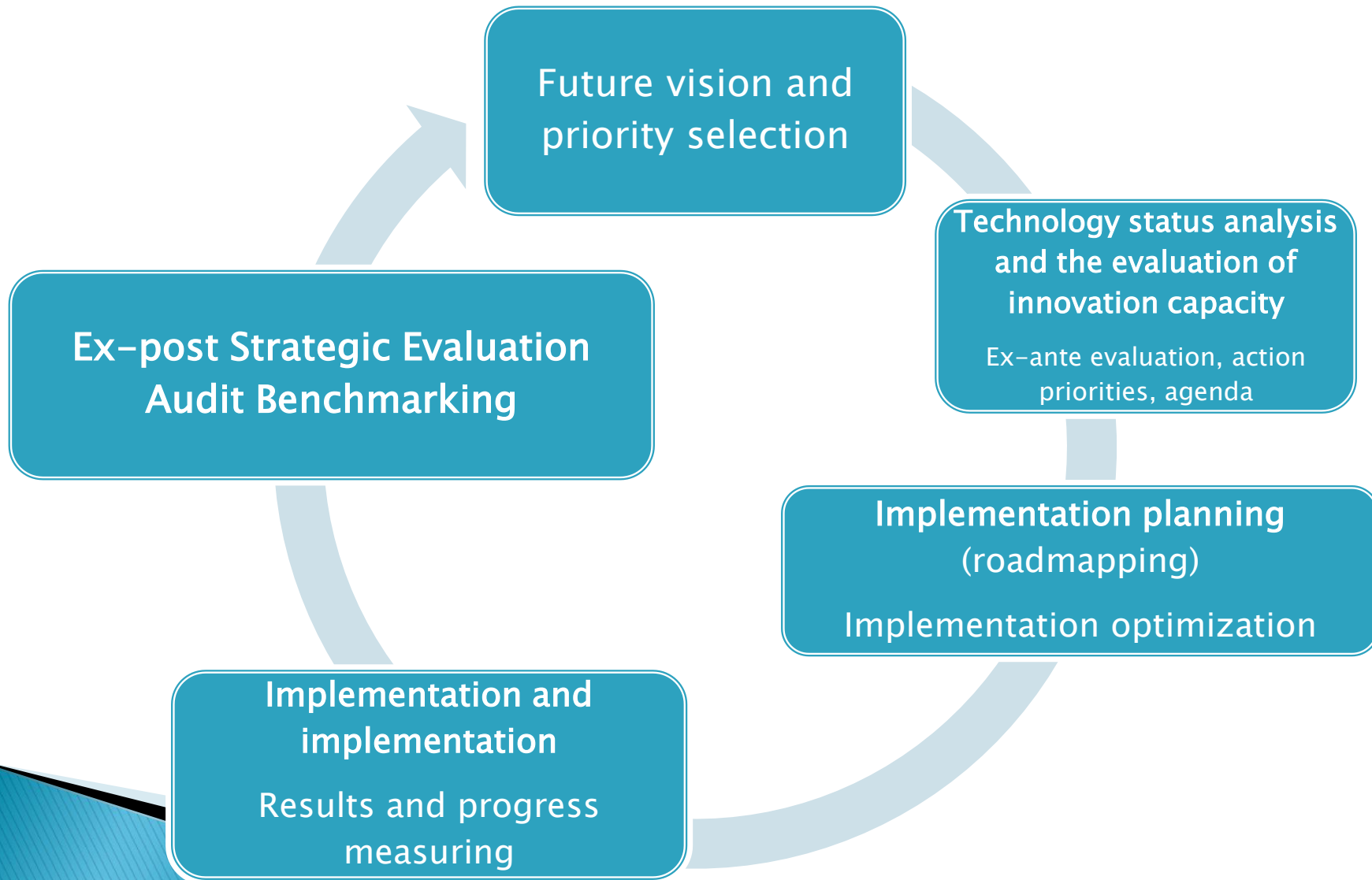
- **Political instability in the WB region** (International Commission on the Balkans' report, 2005).
- **Croatia (WB' role model) Progressive integration in terms of international trade and foreign direct investments, institutional underdevelopment** (Račić, Aralica, 2006)
- **The global crisis (from 2008 to onwards) affects the economic performance** (Contraction of external financing, decline of external economic activities and functioning problem of institutions)
- **New Economic Model within the Region** (role of innovation process is crucial) ???

Governance challenges in Croatia

State of the Art

- 1) National Innovation Strategy for the period 2013–2020 – **guidelines until july;**
 - 2) Science and Technology Policy – **until the end of the year**
 - 3) Industrial Policy until the year 2020; **guidelines until the end of the year;**
 - 4) Regional Strategy for Research and Development for WB countries **until the end of the year 2013;**
 - 5) Defining the national and sectoral strategies, structural reforms and indicators – **Defining the National Reform Plan, until the end of May 2013;**
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Strategic Policy Intelligence (Regastrat, 2008)



Regional Cooperation – Innovation Economics – WB countries

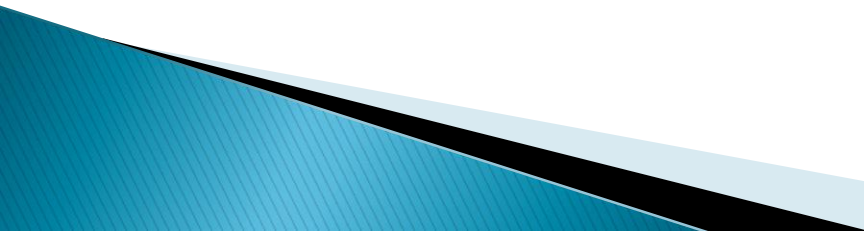
Initiatives	Objectives	Achievements in context of regional cooperation
WBC-INCO.NET	Support the bi-regional S&T dialogue; Identify RTD priorities in the region; Enhance the participation in European projects;	Specific regional research priorities
Regional Competitiveness Initiatives	Enhancing Innovation Absorption Capacity for Firms; Reducing Skill Gaps for Firms	Recognised a cooperation need among the participators from the business sector and science sector
Regional Strategy Research and Development for Innovation for WB Countries (RSRDFWBC)	To develop a comprehensive regional research strategy with emphasis on identifying existing research capacities;	-
Innovation policy learning from Norway in the Western Balkans (WBinNO)	The overall objective of WBinNO is to help policy makers in the Western Balkan countries to develop a system for innovation policy. This involves the development and implementation of new institutions and policy instruments in support of sustainable economic development.	Promotion of Innovation learning as a new mechanism for increasing efficiency of governing innovation within the WB region

Western Balkans' experience – regional cooperation in the field of innovation economics

Advantage of the projects

- Increase efficiency of the innovation policy in the WB region;
- Introducing new elements into their policy practices with ambitious overarching financial constraints imposed by the global crisis;
- Informal and formal platform among the participators from the WB region have been introduced in all analysed projects (foundation for new regionalism?);

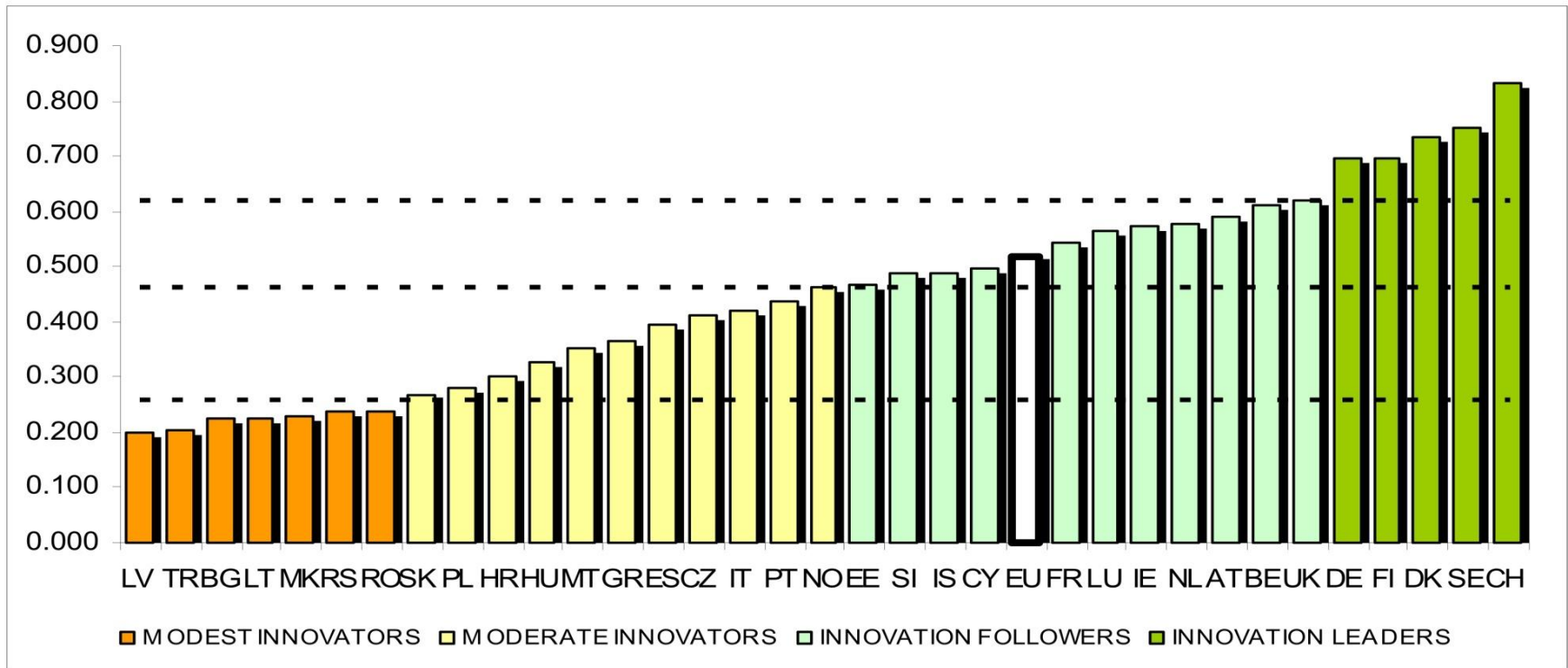
Lack of the projects

- Capacity building programs and fragmented projects;
 - Low level of visibility of the results, within the WB region;
 - Weak policy commitment parallel with quality of human resources;
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Norway vs. the WB countries

European Innovation Scoreboard

FIGURE 8: EUROPEAN COUNTRIES' INNOVATION PERFORMANCE



Note: Average performance is measured using a composite indicator building on data for 24 indicators going from a lowest possible performance of 0 to a maximum possible performance of 1. Average performance in 2010 reflects performance in 2008/2009 due to a lag in data availability.

Norwegian Case

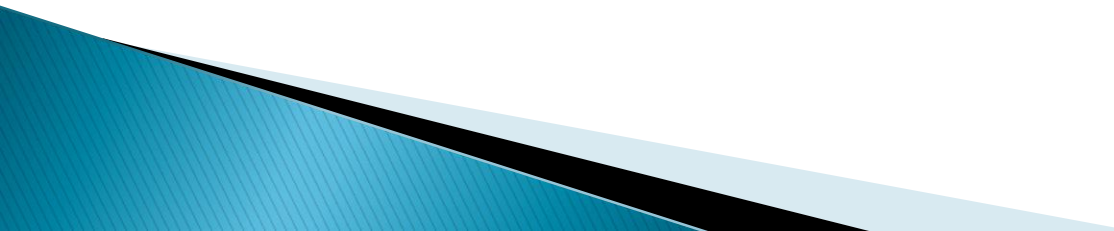
- Social Democratic type of capitalism

Product market competition – Quality competition, High involvement of the state in product markets, High degree of coordination through channels other than market signal, openness to foreign competition and investment;

Education – High level of public expenditures, high employment rates, emphasis on the quality of primary and secondary education, importance of vocational Training, emphasis on specific skills, importance of retraining, life long learning

- Innovation as a complementary resource
- Political commitment on the policy level
- New Institutionalism;
- Co-operation between the social partners = strong consensus on the desirability of technological change and productivity increase generated (OECD, 2008: 10);

Personal experience – Norway

- Critical review of various types of beliefs system engaged into innovation policy planning and innovation policy implementing;
 - Knowledge accumulation and institutional learning are important elements of the model;
 - Insights into non linear perspective of **innovation policy practice** associated with **policy commitment** (policy arena);
 - Innovation policy based on the national' path dependence;
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Croatian experience – Innovation Policy Governance

Planning and implementing activities preceded by the analysis of its compatibility with socio-economic framework

- ▶ Policy Planning Issues;
- ▶ Policy Implementation and monitoring issues;
- ▶ Policy Evaluation issues;

The policy analysis focused on the functioning of governmental bodies instead of policy efficiency analysis (cf. Petak, Petek, 2009)

Systematic acting only makes sense if there are objective circumstances, the threats that endanger its action (cf. Podunavac, Keane, Sparks, 2010: 26);

Croatia Innovation Policy Strategy

The longest consultative process 2011–2012

- June 2011, – MINGO and OECD – Preparatory Meeting about the project;
- July 2011, – MINGO and OECD – Round table about Innovation and Human Capital (stakeholders from business, governmental and science sector);
- April 2012, – MINGO and OECD (skype conference) – Working group for preparation National Innovation Strategy in Croatia 2013–2020;

Croatia Innovation Policy Strategy

- 14.4.–10.7.2012 – Draft Proposal of the National Innovation Strategy
- 12.4.–10.5. Guidelines for the proposal of the National Innovation Strategy
- 11.5.–10.7. Proposal National Innovation Strategy for Croatia 2013.–2020.“
- 11.7.–15.12. Revision strategies of the relevant institutions and adoption of Strategy and Action Plan by the Government and Parliament

- 11.7.–15.12.2012 – Operational Plan 2013–2014 and innovation indicators
- 11.7.–11.10. Proposal – Action Plan National Innovation Strategy 2013–2014
- 11.9.–15.12. Proposal – Innovation Indicator in science and economy“ plus additional two pilot projects (The analysis of innovation climate within within the selected scientific organization and company

- 12.4.2012–14.4.2013 – Review of Innovation Policy in Croatia

Ne MEMORANDUM OF COOPERATION ON THE PROJECT "NATIONAL STRATEGY FOR INNOVATION IN CROATIA 2013–2020"

Radimir Cacic, first Deputy Prime Minister and Minister of Economy and Zeljko Jovanovic, Minister of Science, Education and Sports signed on May 10, 2012 the Memorandum of Understanding and Cooperation on the project "National Strategy for the Croatian innovation 2013 – 2020, including an action plan for the period 2013–2014.

The Ministry of Economy, as the lead partner in cooperation with the Ministry of Science, Education and Sports and the Organization for Economic Cooperation and Development (OECD), officially presented the project "National Strategy for Innovation in Croatia 2013 – 2020.

The main objective of the strategy is to define the institutional environment and innovation policies regarding the optimal use of EU funding. The project will be implemented through coordination and harmonization of key participants in the process: government bodies, scientific organizations and economic sectors.

A key starting point for launching the project of the "National Innovation Strategy 2013–2020" is the fact that investments in research and development in the Republic of Croatia amounted to about 0.8% of GDP, while the other developed countries such as Finland spends about 3% of GDP to innovation (R & D, new technologies , patents, competence for innovation, etc). A major drawback is the lack of a capital fund for the target-oriented innovation funding (whether public or private).

Concluding Remarks

- Regardless the fact that international cooperation in Croatians' case (in last fifteen years) has been motivated by its approaching to the EU, policy learning (similar intensity of innovation activities, country size, belonging to recognised geographical regions, historically belonging to supra national countries)
- There are a few channels of policy learning on relation Norway (role model) and the Western Balkans countries;
- Policy consultations among the various stakeholders is definitely recognised as strategic policy tool in case of Innovation Strategy in Croatia;
- Better cooperation among the regional cooperation projects presents fruitful area for the institutional development on the national level for the Western Balkan countries;