

WESTERN BALKANS REGIONAL R&D STRATEGY FOR INNOVATION

THE WESTERN BALKANS INNOVATION STRATEGY EXERCISE FACILITY (WISE)

Policy stability and continuity of reform are critical challenges faced by Western Balkan countries in improving the quality of public expenditures on research and innovation. In addition, the sector also needs to address the governance-related obstacles common to developed economies. The Western Balkans Regional R&D Strategy for Innovation identified a number of strategic objectives and policy reforms that—if implemented—could significantly increase the impact of the research and innovation sector on the region's economic growth and job creation.

Objective The objective of the Western Balkans Innovation Strategy Exercise Facility (WISE Facility) is to promote policy stability and continuity of reform in the Western Balkans' research and innovation sector. This sector-wide approach will ultimately help improve the quality of public expenditures on research and innovation and thereby increase the sector's contribution to economic growth and job creation.

The WISE Facility will (1) advocate for the implementation of the policy reform agenda for the research and innovation sector and (2) manage the implementation of the four proposed regional programs in collaboration with national partners. In addition, the WISE Facility will provide a platform for the coordination, monitoring, and evaluation of donors' support to research and innovation in the region, including serving as a "technical secretariat" for the discussions under the R&I pillar of the SEE 2020.

Description Conceived as a small and agile not-for-profit organization with a strong emphasis on results orientation and rigorous evaluation, the WISE Facility will concentrate on two main components:

- ▶ *Technical assistance and capacity building.* The technical assistance and capacity building component will perform the following functions: (1) facilitate policy dialogue among policy makers in the region in which the WISE Facility will play an enabling role; (2) provide analysis and advisory services, which will consist of studies on technology and policy trends, international good practices, and the like, according to the reform and program needed; (3) conduct monitoring and evaluation (M&E), including monitoring the implementation of the policy reform, measuring progress, and evaluating its impact; and (4) providing a data infrastructure.
- ▶ *Program design, monitoring, and evaluation.* This component will consist of the design, monitoring, and evaluation of the four proposed programs: the Research Excellence Fund, the Networks of Excellence Program, the Technology Transfer Program, and the Early-Stage Start-Up Program. All four are detailed in separate project proposals.

Structure and Governance A Supervisory Board (SB) for the WISE Facility composed of one representative from each beneficiary country will be appointed. The SB will be responsible for overseeing and guiding the operations of the facility. The structure of the facility will include an executive director, two directors (one for technical assistance and one for program design, monitoring, and evaluation), and eight sector or program managers, corresponding to each of the activities described in figure on reverse.

The Joint Statement of the Ministerial Conference — held in Sarajevo 2009 — expressed the interest of the region in developing a joint strategy on research and innovation.

The World Bank and the European Commission in September 2011 signed an agreement to support the development of the strategy. The technical assistance is financed with EUR 1,5 million through a Multi-Beneficiary Instrument of Pre-Accession Assistance (IPA).

The regional strategy complements and strengthens national strategies, policies, and programs. It adds to a number of regional initiatives and serves, in particular, as the core of the research and innovation (R&I) pillar for the South East Europe 2020 Strategy. It also develops the research and technology transfer segments of the "innovation chain" in the region, aiming to leverage other innovation-centric initiatives such as the Enterprise Development and Innovation Facility.

WISE Facility activities will include the coordination of periodic regional meetings, the advocacy of policy reforms, and the dissemination of good practices and policy guidelines. It will also strengthen the capacity of Western Balkan countries to conduct monitoring and evaluation of innovation policies.

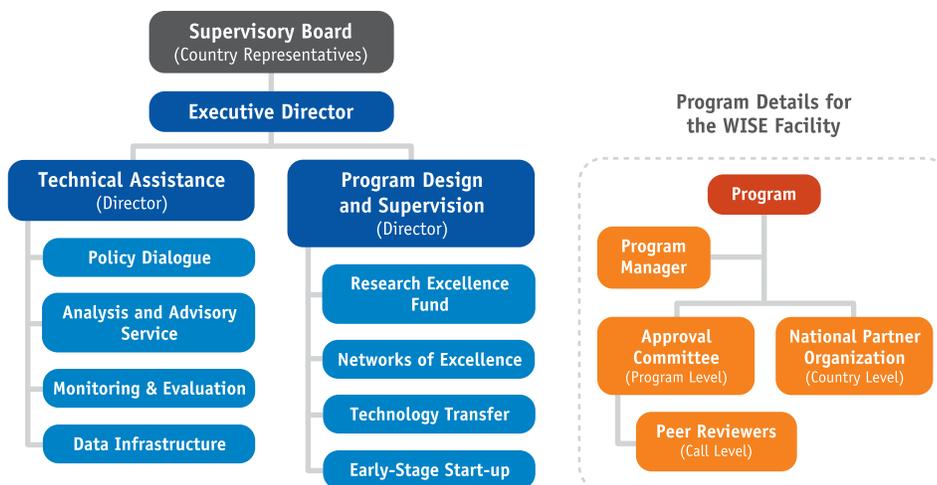
- ▶ The SB will choose the executive director and the two directors. Program managers will be selected by the three directors in consultation with the SB.
- ▶ All 11 managerial positions will be chosen through an internationally competitive selection process, for a defined period of time (three years, for example) that can be renewed, based on performance.
- ▶ To the extent possible, performance contracts will be signed with all 11 managerial positions.

In collaboration with necessary consultants, the director-general will be responsible for the preparation of the legal and nonlegal documents for the development of the facility. A business plan for the first two years will be presented and approved by the SB.

Operational procedures The WISE Facility will design, monitor, and evaluate the four proposed programs. The implementation and supervision of selected projects will be handled at the national level either through a national partner organization (NPO) to be appointed by the corresponding government or Project Implementation Unit (PIU), also to be created by the beneficiary country — depending on the government’s preference during implementation. The call for proposals will be issued jointly by the facility and the NPOs/PIUs.

- ▶ An Approval Committee (AC) for each program comprising regional and international experts (a maximum of five) will select the project proposals through a public, transparent, and cost-effective process based on the recommendations of an international peer review panel (see *Program Details* in figure below).
- ▶ A peer review panel will be established by the AC for each call for proposals. Members of the WISE Facility or the NPO/PIU will not participate in the selection of projects (as peer reviewers or as AC members).
- ▶ Each program will set up, at the outset, the process for gathering the information necessary for implementing a rigorous impact evaluation in collaboration with the corresponding sector units of the facility (Data Infrastructure and M&E).

Access to information As a general rule, aggregate information about the facility should be publicly available. Procedures will preferably be carried out electronically. To the extent possible, monitoring of the application process and project implementation will also be available online. The facility will provide public annual reports and be submitted to annual auditing.



EXPECTED OUTPUTS

- ▶ General administration salaries: 14 Semiannual meetings of SB for the executive director plus financial, procurement specialist; information technology specialist; assistant
- ▶ Technical assistance salaries (4 persons); consultancy services
- ▶ Program supervision salaries: (4 persons); administrative; costs for calls and approval process

EXPECTED OUTCOMES

- ▶ Technical advice for the R&D pillar of the SEE 2020
- ▶ Capacity building activities provided
- ▶ Coordination of regional policy dialogue and promotion of reforms
- ▶ Strengthening the governance of research and innovation policies
- ▶ Improved public expenditures in R&D

ESTIMATED COST

- ▶ General administration Supervisory board; Executive director (administrative team) — € 2 million
 - ▶ Technical Assistance Department — € 2 million
 - ▶ Program Supervision Department — € 2 million
 - ▶ Operational costs — € 3 million
 - ▶ Equipment — € 1 million
- Total Cost — € 10 million**



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