International Conference „Practical steps towards a knowledge-based economy“
Session I: Innovation Performance Review of Tajikistan

Framework conditions, innovation policies and instruments

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Objective and content of chapter 3

- Systematic description and analysis of innovation related framework conditions in Tajikistan
  - General business environment, Entrepreneurship and innovation culture, Human capital and education, IPR Regime, (Innovation financing: separate chapter)
- Systematic description and analysis of legal and regulatory framework for innovation
  - Focus on 8 most relevant laws, government resolutions, judgments and decrees
  - Question of priority setting and foresight exercises
- Innovation policy initiatives and instruments
  - Description and analysis of 5 most important instruments
- Strengths and weaknesses
- Recommendations
Methodological approach

1. Review of existing studies and reports (e.g. The World Bank, UNDP, UNECE, OECD MSTI)
2. Review of official/policy documents by The Republic of Tajikistan (laws, decrees, strategies, decrees)
3. In-depths interviews with experts, business-, science- and government representatives
4. Systematic assessment of results and information in the form of a strengths- and weakness analysis
5. Recommendations based on main results and international experience of UNECE experts
Basic assumptions

- Innovations are market related; most innovative countries are those where primarily private companies are the main innovators
- Public sector innovations and innovations by state companies can complementary to market innovations
- Public research organisations, universities, teaching organizations support innovations (innovation input) but generate also demand
- Policy: Priority-setting crucial - given the limited public budget and manifold societal challenges; refers to different macro-policies as well as innovation support
- Importance of considering a combination of innovation support as an integrated part of (existing) macro policies and as a (new) set-up of a self-standing meso-policy
- Recommendations should be verified on the basis of these two options
Main Conclusions 1

- Low level of *entrepreneurship* and firm formation activities; the Tajik manufacturing sector – predestined for innovations – is characterized by a dominance of light industries with a low level of innovation, technological development and absorptive capacity for external knowledge and technologies

- *Agriculture sector* exhibits no or very little innovation activities

- *Qualification level* within the Tajik business sector quite low, with a lack of entrepreneurial and technical capabilities and managerial skills; however, expenditure on education as % of GDP increased since 2000 to 3.9%

- Despite positive trends (insolvency law, income tax rates, eliminating unnecessary procedures), *over-regulation and bureaucratic burdens* affecting business operation and entrepreneurship are still major hindrances (according “Doing Business Report” Tajikistan ranks 106th)
Recommendation 3.1

Advance the process of structural reform and that of improving the business environment

- Creating a culture entrepreneurship and entrepreneurial independence in science, education, business, administration and society as a whole through the creation of favorable framework conditions
- Increasing the skill levels of the labor force – initiate a national campaign for (better) education
- Lowering bureaucratic obstacles, reducing over-regulation and harmonizing legislation
- Improve the provision of complementary advisory services (e.g. on IPR topics, business plan development, financing, technological development and innovation, marketing and sales, export)
Main Conclusions II

- Integration of *sector-specific policies* in general and innovation policy in specific areas not clear (e.g. labour-intensive industries like clothing, natural resource based like cotton, new sectors like ICT services)
- Many *sector-specific regulatory and administrative barriers* to company formation, investment, and innovation
- No or *fragmented value chains* with limited capacities to integrate up- and downstream tiers
Recommendation 3.2

Removal of sector-specific obstacles

- Providing information on specific industries and companies (database with company profiles, technologies used and needed) or through the support of joint cooperation activities
- Removing sector-specific regulatory and administrative barriers to company formation, investment and innovation (e.g. land ownership in agriculture)
- Design sector-specific investment promotion packages to attract potential investors, including upgrading of sector-specific infrastructure and capabilities
- To stimulate investment and innovation in agriculture fundamental problems like poor infrastructure, inaccessible markets, poor storage methods, lack of processing facilities etc. need to be tackled
Main Conclusions III

- **Poor implementation of innovation policies** – although many laws, resolutions, decrees and strategies exist

- Given the size of the country fragmentation of support schemes and respective institutions to be avoided

- Importance of the *State Fund for Entrepreneurial Development* stands in sharp contrast to other measures which are not yet implemented – apart from the establishment of bureaucratic institutions

- *Managerial and administrative experience* and competencies with large-scale instruments (State Fund) and smaller ones (AoS, Technical University…)

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Recommendation 3.3

Streamline and improve existing funding schemes and address poor implementation of innovation policies

- Strengthen the role of the State Fund for Entrepreneurial Development on the basis of a solid analysis of achievements so far
- Think about implementing one large, self-standing initiative with the objective of supporting pre-commercial research, technological development, innovation and market preparatory activities
- Strengthen “successful” approaches of single institutions like the Academy of Science, the Technical University or the Agrarian University – supporting “bottom-up” initiatives, which includes a certain degree of financial and organizational autonomy
- Verifying the public procurement system in general and regarding innovation support in particular
Main Conclusions IV

- A coherent and comprehensible innovation strategy has not been adopted yet
- A process of horizontal and vertical coordination and cooperation within the government system has been initiated recently but the consideration of important strategic instruments leave room for improvement
- Lack of experience and capacity on the level of different ministries and organisations (partly also due to a limited autonomy)
- A few strategies contain draft templates for indicators and monitoring systems, but no implementation yet
Recommendation 3.4

**Improve the capacity for “strategic intelligence” at all levels of the administration**

- Improve the application of strategic instruments like consulting processes, SWOT-analysis, technological roadmapping, scenario techniques, vision-building
- Initiate a strategy process on innovation policy, including cross-departmental and sectoral cooperation and coordination
- Initiate a consultation process by involving the main representatives of policy, administration, industry, science, civil society and regional authorities or agencies
- Consider including external (independent) knowledge from national or international experts as moderator and enabler of a strategy process
Main Conclusions V

- On national level no *data* available indicating public budget for innovation policy and budget allocated to different ministries (no fixed budget lines)

- Reliable *data on input and output of specific innovation support programs* as well as on innovation activities in Tajikistan are missing; with the exception of the State Fund for Entrepreneurial Development no data on funded projects, organisations, budget was handed over to the expert team

- *Monitoring Data for indicators* mentioned in some policy documents are missing

- Difficult for expert team to differentiate between “wishful thinking” and reality – intransparency of funding system
**Recommendation 3.5**

*Improve transparency, evidence-base and policy learning*

- Generating and providing innovation-related statistics and data which fulfill international standards
- Implement systematic evaluation and monitoring systems with a focus on specific funding and support instruments
- System to include the development and application of output and impact indicators
- Guaranteeing transparency of public activities and their results
- Carrying out special analyses on particularly important developments regarding innovation and technology (e.g. sectoral studies, impact analyses, regional analyses)
Thank you!

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