

VLAAMSE RAAD
VOOR WETENSCHAP
EN INNOVATIE

NOTA BENE

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INTERNATIONAL ADVISORY BOARD - IAB
VLAANDEREN IN
INTERNATIONAAL PERSPECTIEF



TIME TO WALK THE TALK
THE IAB ADVISORY REPORT
AND ITS RECOMMENDATIONS



EDITORIAAL

De samenstelling van nieuwe beleidsploegen op Vlaams, federaal en Europees vlak betekent traditioneel drukke tijden voor de betrokken ondersteunende administraties, adviesraden en stakeholders. Het is immers het moment bij uitstek om de prioriteiten voor Vlaanderen aan te scherpen en, waar nodig, bij te stellen.

Ook de International Advisory Board – de onafhankelijke internationale reflectiekamer ondersteund door het VRWI-secretariaat – publiceerde recentelijk zijn eerste rapport. In deze Nota Bene zoomt de VRWI even in op de werkzaamheden en bevindingen van deze International Advisory Board.

De IAB leverde een beknopt, maar eenduidig adviesrapport af over het Vlaamse Wetenschaps- en Innovatiebeleid. De vier IAB-leden vertrokken voor hun eerste rapport vanuit een breed systeem perspectief. Daarbij focusten ze duidelijk op hoe het W&I-beleid nog meer kan resulteren in maatschappelijke en economische meerwaardecreatie.

Hoewel gecompriemd, valt er heel wat te zeggen over de inhoud van dit advies. Met dit rapport onderstreept de IAB vooral het belang van actie. De titel 'Time to walk the talk', dekt dan ook de volledige lading. Zoals de IAB-leden zelf benadrukken: Vlaanderen heeft sterke troeven, maar er is geen tijd om achterover te leunen. Om hun boodschap nog meer kracht bij te zetten, schreven de IAB-leden een bijhorende Open Letter aan de voltallige ontslagnemende Vlaamse Regering en aan alle regeringsonderhandelaars. In deze Nota Bene laten we de IAB-leden zelf aan het woord over hun beweegredenen en de rationale achter hun aanbevelingen. We wensen u veel leesplezier.

Danielle Raspoet
Algemeen Secretaris

Dirk Boogmans
voorzitter VRWI



Het oprichtingsdecreet van de VRWI stelt als een van de taken van de Raad het instellen van een "internationale reflectiekamer, waarin ten minste drie experts zetelen die niet in België werken en die op het vlak van wetenschaps- en innovatiebeleid als toonaangevend worden erkend".

Dit heeft geresulteerd in het oprichten van de IAB (International Advisory Board).

SAMENSTELLING

De International Advisory Board (IAB) telt vier leden.



Claus Hvuid Christensen is voorzitter van de IAB. Als directeur in *DONG Energy* (de grootste energiematschappij van Denemarken) staat hij aan het hoofd van de afdeling Windenergie. Hij is raadslid van het Deense Innovatiefonds en was tot voor kort voorzitter van de Deense Raad voor Wetenschapsbeleid, de Deense evenknie van de VRWI.



Ann Mettler is executive director en medeoprichter van de *Lisbon Council*, een onafhankelijke denktank in Brussel, die in 2003 werd opgericht en zich voornamelijk focust op de kenniseconomie en innovatiebeleid. Voordien werkte zij voor het *World Economic Forum* als directeur voor Europa.





VLNR: DOMINIQUE FORAY, ELS COMPERNOLLE, ANN METTLER, CLAUS HVIID CHRISTENSEN, DANIELLE RASPOET

MISSIE

Vanuit een sterk internationale invalshoek formuleert de IAB adviezen over de positie van het Vlaamse wetenschaps- en innovatiebestel, over de uitdagingen waarmee het geconfronteerd wordt en mogelijke antwoorden hierop.

Minstens eenmaal per jaar brengt de IAB onafhankelijk advies uit aan de Vlaamse Minister voor Innovatie en de Vlaamse Regering.

IAB: VLAANDEREN IN INTERNATIONAAL PERSPECTIEF



Arnoud De Meyer is president (rector) van de *Singapore Management University*. Voordien was hij decaan van de *Judge Business School* aan de Universiteit van Cambridge. Als lid van beide Soete expertgroepen heeft hij een ruime expertise in het Vlaamse innovatielandschap.



De IAB wordt vervolledigd door **Dominique Foray**. Hij is professor aan de *Ecole Polytechnique Fédérale* van Lausanne, waar hij de *Chair of Economics and Management of Innovation* bekleedt. Hij is onder meer lid van de Zwitserse Nationale Onderzoeksraad.

De IAB brengt W&I-experten samen van over de hele wereld. Engels is dan ook de voertaal in zowel hun eerste rapport als de interviews hierna.



IAB MEMBERS ON FLEMISH STI POLICY

A MEET AND GREET

On Friday 25th of April, the members of the International Advisory Board came together in Brussels to discuss their first advisory report. The sun was beaming – as it always seems to do when the IAB comes together here. And – even though correlation between two events does not necessarily imply causation – we would dare suggest that perhaps the IAB should get together on a more regular basis, just in case. Because, while Flanders has many strengths, fine weather is not one of them.

This meeting was a perfect occasion to ask them a number of questions.

“Ann, Arnoud, Claus and Dominique, let me take you back to the setting-up phase of the IAB. When the Flemish government established the VRWI (the Flemish Council for Science and In-

novation) as the successor to the VRWB (the Flemish Council for Science Policy) in 2009, the corresponding Flemish Parliament Act stipulated that one of the tasks of the VRWI would be to “set up an international reflection room, which consists of at least three experts who do not work in Belgium and who are considered leaders in the field of science and innovation policy”. The Flemish government should be commended for this decision to actively look for international, independent and expert feedback and advice on its own performance. Indeed, Flanders is quite unique in this respect.

A lot of thought and discussion went into the composition of the IAB - finding both strong individual profiles as well as establishing a good mix of competences and expertise. Questions that were addressed were: Which countries should



“We need to rely more and more on regional policy to enhance the innovative capacities dormant in industry and services.”

DOMINIQUE FORAY

definitely be represented in the IAB? How to capture both the academic and the industrial angle? What specific competences are we looking for? And so on. The members of the VRWI provided plenty of useful suggestions and input. The Chairman of the VRWI was also strongly involved in the process.

Finally, we came to the four of you with the request to become our to-be-established International Advisory Board. And you agreed, even though all of you already have totally overloaded schedules. So, what tipped you over the edge? What were your personal reasons to say yes?”

Ann: “For me, it was living in Belgium as a dual citizen of Germany and Sweden and having engaged with many leading regions over the years. Therefore, I was naturally intrigued about the opportunity to join the International Advisory Board. Also, I have always held Flanders in high esteem and known it as a leading region in Europe. So I welcomed a chance to learn more about its innovation strategy and decipher the ‘nuts and bolts’ of its success – as well as some of the reasons that stand in the way of achieving greater impact and better performance.”

Arnoud: “Innovation policy and management has been my passion for the last thirty years. As an academic I have studied it, and as an entrepreneur I have been involved in six innovative companies and start-ups. When I was asked to join the IAB, I enthusiastically agreed because I hoped that my experience could make a small contribution to render Flanders more innovative. Indeed in the past I was already a member of the committees chaired by Luc Soete, which analysed the portfolio of innovation stimuli and policies that exist in Flanders. I have thus quite a good understanding of what is available. At the same time I have lived the last 35 years outside Belgium and I have been closely involved with innovation policies in the United Kingdom and Singapore.”





“Many nations struggle with similar problems in their science, research and innovation policies. As policy makers and policy advisors it is high time we get this right.”

CLAUS HVIID CHRISTENSEN

Dominique: “For me it is clear that we need to rely more and more on regional policy to enhance the innovative capacities dormant in industry and services. The regional level is the level where we can develop the most fruitful and productive interactions between government, agencies and the private sector.

Also, Flanders is a top region in Europe and demonstrates a strong political commitment to innovation. The fact that Flanders currently leads the Vanguard Initiative on Smart Specialization is certainly a plus for me, as I was closely involved in developing the concept of smart specialisation.”

Claus: “During the last years, I have had the opportunity to see how many nations struggle with similar problems in their science, research and innovation policies. Personally, I think we have significant untapped potential in this area and I would just appreciate to contribute slightly to get this right. I also think that – as policy makers and policy advisors – it is high time we get this right.”

DEFINING THE ROLE OF AN INTERNATIONAL ADVISORY BOARD

What points of view would you like to emphasise as member of the IAB?

Dominique: “I strongly believe that measures for the promotion of long-term economic growth and development will only be effective if they are based on insight and understanding on how innovation is generated, distributed and exploited by several actors in the economy. This is what we focus on in the research laboratory I head up in Lausanne, where I hold the Chair of Economics and Management of Innovation. It is also something I want to focus our attention on in this advisory group.”

Arnoud: “I would like to stress that Flanders needs to stimulate and support more innovation, even more so than other small countries or regions, because it has less home-grown large companies than some of its competitors. Large companies often provide the ecosystem in which their smaller entrepreneurial suppliers and subcontractors can flourish. In Flanders we don't have that many such companies.



“The IAB can take a fresh look at the political realities and underlying strategies – and say things that may be politically inconvenient but necessary if Flanders wants to advance.”



ANN METLER

Also, I would like to share some of my own learnings from having been closely involved with innovation policies in several countries. In the UK I was a member of the management board of the Department of Business, Enterprise and Regulatory Reform (BERR) from 2007 till 2009 and Dean of the Business School at the University of Cambridge. Cambridge is still one of the most vibrant entrepreneurial ‘valleys’ of Europe, and I learned a lot there about how academic discoveries can be commercialized.

In Singapore I am closely involved in innovation policy-making in my capacity as President – in Europe one would say Rector – of one of its Universities. I am convinced that this Singapore experience is a relevant one to Flanders: Singapore is also a small country, with a very dynamic industrial network, and aiming at being a leader in innovation. It has in fifty years made a journey from being a third world country to one of the top five countries in the world in terms of GDP per head of population. And it has created a few very innovative and large companies over the last thirty years, such as Keppel in maritime construction and water treatment (known in Flanders through Keppel-Seghers), Hyflux in water purification, or the port operator PSA (which owns more than 90% of Antwerps’ port activities)."

Claus: “From an insider’s perspective – currently I am a Member of the Board of Denmark’s Innovation Foundation and until recently I was the Chairman of the Danish Council for Research Policy – I can see how Denmark faces an ‘innovation jungle’, just as you do in Flanders. Even though Denmark

is an innovation leader in a European perspective, I believe we are fooling ourselves if we only benchmark against other European countries. The reality is that we are all competing on a global scale. It is this sense of urgency that I want to bring across in our IAB meetings.”

What contribution can the IAB make to policy and policy makers in Flanders?

Claus: “I believe that most people underestimate how important the STI area is for maintaining and developing any nation’s long-term competitiveness. Similarly, I think that many politicians underestimate how much politics is involved in advancing this area and which levers can be used to move the system in one direction or another. There have been too many consensus decisions or non-decisions for a long time in Flanders. Making this clear to politicians would be an important contribution.”

Ann: “I concur. The IAB can take a fresh look at the political realities and underlying strategies – and say things that may be politically inconvenient but necessary if Flanders wants to advance. I have to say that it is to Flanders’ credit that it invites such external scrutiny and examination. This is in my opinion a sign of a mature, highly developed and politically open system, all of which are of course vital ingredients for innovative and dynamic societies.”

Dominique: “It is our role to connect the policy practices developed in Flanders with new insights and knowledge stemming from academic policy research. Also, the combined international experience of the IAB members allows us to rela-



te these policy practices to experiences in other regions and countries, so that we can suggest avenues for improvement and progress.”

Arnoud: “Indeed, bringing together a group of international experts from different strands of life implies combines a lot of experience from elsewhere – as Dominique just pointed out. But it also has a second advantage, as such a group has no personal stakes in how policies evolve. Local advisory boards are often populated with individuals who have to defend their turf and pursue their own or their organizations’ objectives. That is normal and similar in other countries. But it implies that their recommendations are often the result of compromises and trade-offs of interests. As an international board we suffer less from this.

But let’s not be naïve either. International advisory boards bring a lot of international experience, but not all of it may be relevant to Flanders. What works well in a large country like the US or a mid-sized country like the United Kingdom or France may not work in a small economy like Flanders: a small economy has to make more choices, and perhaps has to take more risks than a larger economy that can pursue a portfolio approach to innovation. Thus the receivers of the recommendation need to have the wisdom and the courage to make difficult choices about which recommendations to follow.”

And what should we definitely not expect from the IAB?

Ann: “By definition, a board that is composed of (predominantly) non-Belgians cannot possess

the political insights and in-depth expertise that Flemish contributors would have. So it would be a mistake to look to us and expect detailed and minute knowledge of all the institutions and organisations that contribute to delivering innovation in Flanders. We also found that many of the challenges in the Flemish innovation eco-system had already been studied extensively, for instance by the Soete expert groups, so we had to reflect on how best to contribute and say something that can be considered genuinely valuable and novel.”

Claus: “An international advisory board can only pinpoint possible options. True leadership is with the politicians. They need to implement changes in various systems that may be more risk- and change-averse compared to many others.”

Arnoud: “Indeed. An advisory board does not take decisions, and should never become a scapegoat or a screen to hide behind. We also cannot come up with a totally new and well-polished set of policies. An advisory board provides advice on what you propose. It is not our task to write your innovation policy or do a full audit.

As an aside - My experience as a member of other international advisory boards elsewhere is that they are most effective if they can do the oral reporting directly to the policy-makers, and, even more importantly, if these policy-makers make the commitment to report to these Advisory Boards on what they have done with the recommendations. That does not mean that they have to adopt all the recommendations. Even explaining why the recommendations are not adopted is important. But one should see the feedback to the recommendations.”



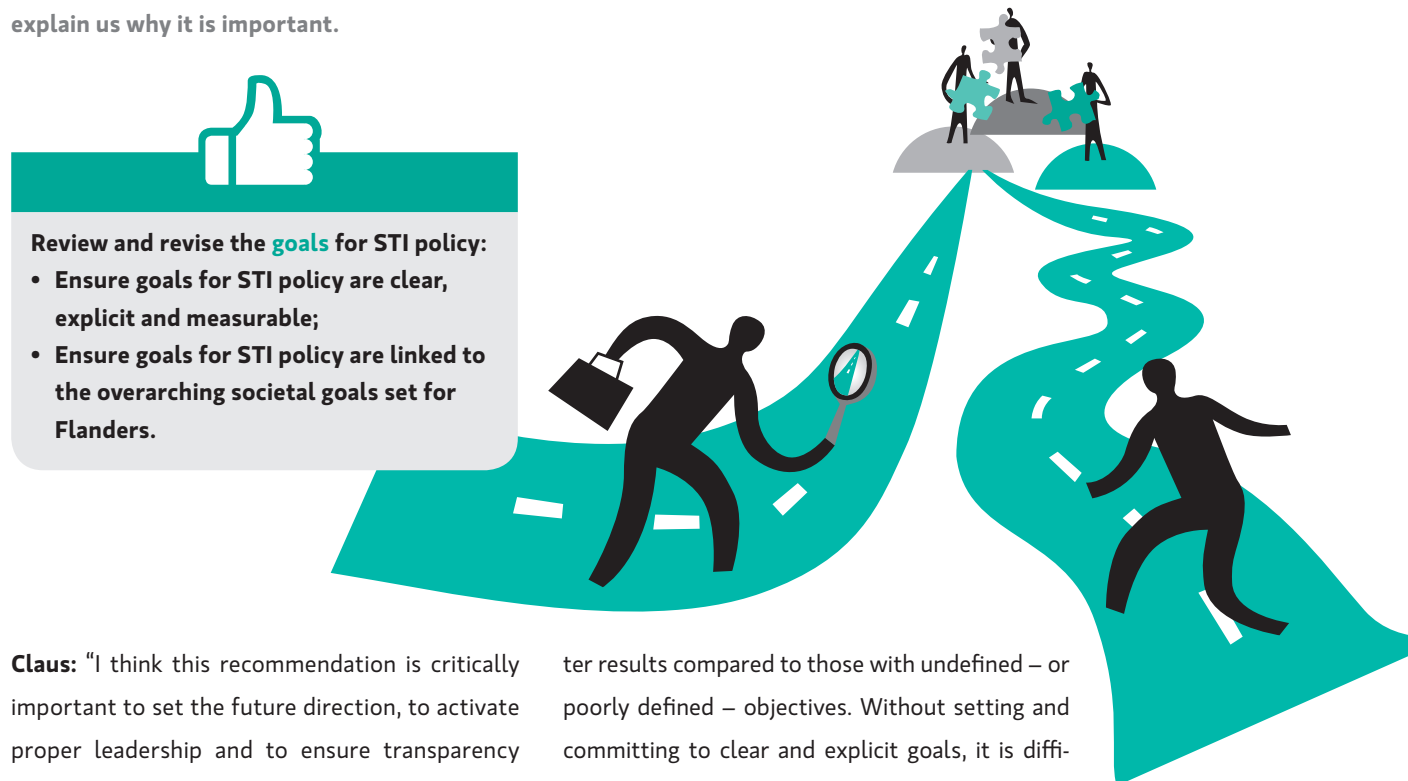
“Local advisory boards are often populated with individuals who have to defend their turf. As an international board we suffer less from this.”

ARNOUD DE MEYER

TIME TO WALK THE TALK

THE IAB ADVISORY REPORT AND ITS RECOMMENDATIONS

The first advisory report of the International Advisory Board is concise – its body is a mere 6 pages. This was a very deliberate decision: everyone agreed that there have already been a lot of studies and reports on STI policy in Flanders and elsewhere. Thus what is needed is not another large report, but a call for action. Hence, the title ‘Time to walk the talk’. The report makes four main recommendations. For this interview we asked each IAB member to pick out one of these and explain us why it is important.



Review and revise the **goals** for STI policy:

- Ensure goals for STI policy are clear, explicit and measurable;
- Ensure goals for STI policy are linked to the overarching societal goals set for Flanders.

Claus: “I think this recommendation is critically important to set the future direction, to activate proper leadership and to ensure transparency and accountability. It is equally critical to communicate what goals have been set and what achieving these ambitions will involve. It is the only way we can maintain the momentum needed in the transition process. In that sense the first recommendation is a prerequisite for the other recommendations in our report.

As to its importance, one overall observation from my entire professional experience is that in the long run all endeavours with well-defined goals achieve more focus and consequently deliver bet-

ter results compared to those with undefined – or poorly defined – objectives. Without setting and committing to clear and explicit goals, it is difficult to create sufficient momentum, to secure resources are used efficiently or to adjust the course when needed. It has been said that “if you’re not keeping score, it’s just practice”. Well, we cannot and will not excel in STI if we stick to just practising. We need to insist on improving our ability to translate science and research into societal value creation. The science base in Flanders – just as in many other places in Europe – is so strong that we can actually do much better in delivering on science-based value creation. In fact, I think we have an obligation to do so.”



Enforce **simplification** wherever possible.

STI policy in Flanders can be – and should be – fundamentally streamlined, reducing the number of institutions, agencies and instruments, and simplifying those that remain.

Arnoud: “My personal preference among the recommendations we make, is to simplify and differentiate the set of policies that the Flanders government has put in place to stimulate innovation.

All governments all over the world have studied the recommendations made by the OECD, the United Nations, the World Bank, think tanks and many other international organizations. So they all have more or less put in place similar portfolios of stimuli and policies.

Moreover, innovation is popular. Therefore all new ministers in charge of the economy have wanted to put in place their own policy initiatives. Flanders has thus one of the most complete portfolios of innovation policies,



accompanying small, medium and large enterprises on their innovation trajectory.

Is this effective? Do companies participate? Frankly speaking, you almost need a PhD to understand what is available to you and how to make use of all the benefits provided by the



IMEC VALUES

INTEGRITY
PASSION
CONNECTEDNESS
CELLEN

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VLNR: DIRK BOOGMANS, DANIELLE RASPOET, ARNOUD DE MEYER, SANDRA ROSVELDS, KAREN MAEX, CLAUS HVIID ANDERSEN, LUC VAN DEN HOVE, GILBERT DECLERCK



ARNOUD DE MEYER

“Frankly speaking, you almost need a PhD to understand how to make use of all the benefits provided by the government. Yes, I know I’m exaggerating, but really...”

government. Yes, I know I’m exaggerating, but really: I now see consultants who specialize in advising companies on how to benefit from innovation policies. That is a bad omen!

My plea is to simplify the set of innovation policies, and ensure that any policy has a sunset rule. And I also hope Flanders will find a way to differentiate itself from other small economies. Yes, of course we can learn from Denmark, Finland, Singapore or Ireland. But still, we need to be

different and offer something distinctive to our companies and foreign investors.

Flanders has a lot going for it: it has excellent research at its universities, it has a competent and skilled workforce, it is well connected to the world, and is located in the middle of a vast and wealthy market. But it needs to keep innovating. That does not require umpteen measures and policies, but rather a simple and effective portfolio consisting of a few distinctive policies and stimuli.”



When creating **new instruments**, ensure they meet the following criteria:

- Link instruments to goals set for STI policy;
- Implement ex-ante evaluation as standard practice;
- Incorporate sunset clauses.



DOMINIQUE FORAY

“There is a lot of empirical evidence that shows that policies devised with similar goals can produce very different results and outcomes. Policy design matters - it matters a lot.”

Dominique: “There is a lot of empirical evidence that shows that policies devised with similar goals – namely to foster innovation and economic growth and to create jobs – can produce very different results and outcomes. This is not only caused by local and historical circumstances, but also because differences in the design of these

policies – i.e. the collection of programmes and instruments. Policy design matters – it matters a lot. Well-designed policies preserve and respect the virtues of the decentralized entrepreneurial dynamics and they avoid distorting and interfering with the market process. At the same time, well-designed policies allow the government to make choices and to set priorities in terms of activities and technologies. It is for example crucial to avoid supporting projects for unlimited time, even the successful ones, because this undermines the logic of how best to allocate public resources. That is why principles such as a sunset clause for withdrawing support after an appropriate period of time, and systematic evaluation procedures based on clear benchmarks for success, close monitoring and explicit mechanisms for reversing course are crucial to introduce flexibility and reversibility in political decisions and choices.”

Ann: “I would prioritise a very simple message: don’t just talk innovation, *do* innovation. The expectations in innovation policy are huge – growth, jobs, disruption, dynamism, entrepreneurship – but the steps policy makers propose and dare to take are too often incremental and timid. In other words, there is a complete disconnect between small and modest policy decisions and the expected outcomes. To be clear and put this topic in a larger economic perspective: innovation drives as much as 80% of productivity



“I would prioritise a very simple message: don't just talk innovation, *do* innovation.”

ANN METTLER



growth in advanced economies, so if we say we want growth, we need to want – and be able to deliver – innovation. And innovation is never the result of doing more of the same. That's a 'no-brainer' for an analyst like me but much more difficult for policy makers to deliver in practice. That's why we have purposefully addressed what I would describe as the 'political economy of reform', namely managing vested interests while trying to empower – and give greater voice to – the entrepreneurs, disruptors and innovators that can shake up the status quo and deliver the innovation that Flanders needs – and says it wants.

I have been a student of the political economy of reform for as long as I can remember. First in my previous job at the World Economic Forum and now as the leader of a European think tank, the Lisbon Council. What has consistently struck me is that on paper we in Europe usually say – and propose – all the right things but we fall far short on the implementation. When I first set up

my organization in 2003, everything that could possibly have been said about the lack of competitiveness and high unemployment had already been said. There had been countless expert groups and wise men fora but somehow it didn't translate into the desired results. In fairness, I have to say that policy makers often try to deliver but are then overwhelmed – and shouted down – by the opposition they encounter from the 'vested interests' that have a stake in keeping the status quo. That's why it is so important to have political systems that are open and that give a voice to people who actually embrace change and have entrepreneurial ambitions. As is, too many of these kinds of 'doers' have left Europe, often for Silicon Valley and other sprawling hubs that reward entrepreneurship, risk-taking and hard work.”



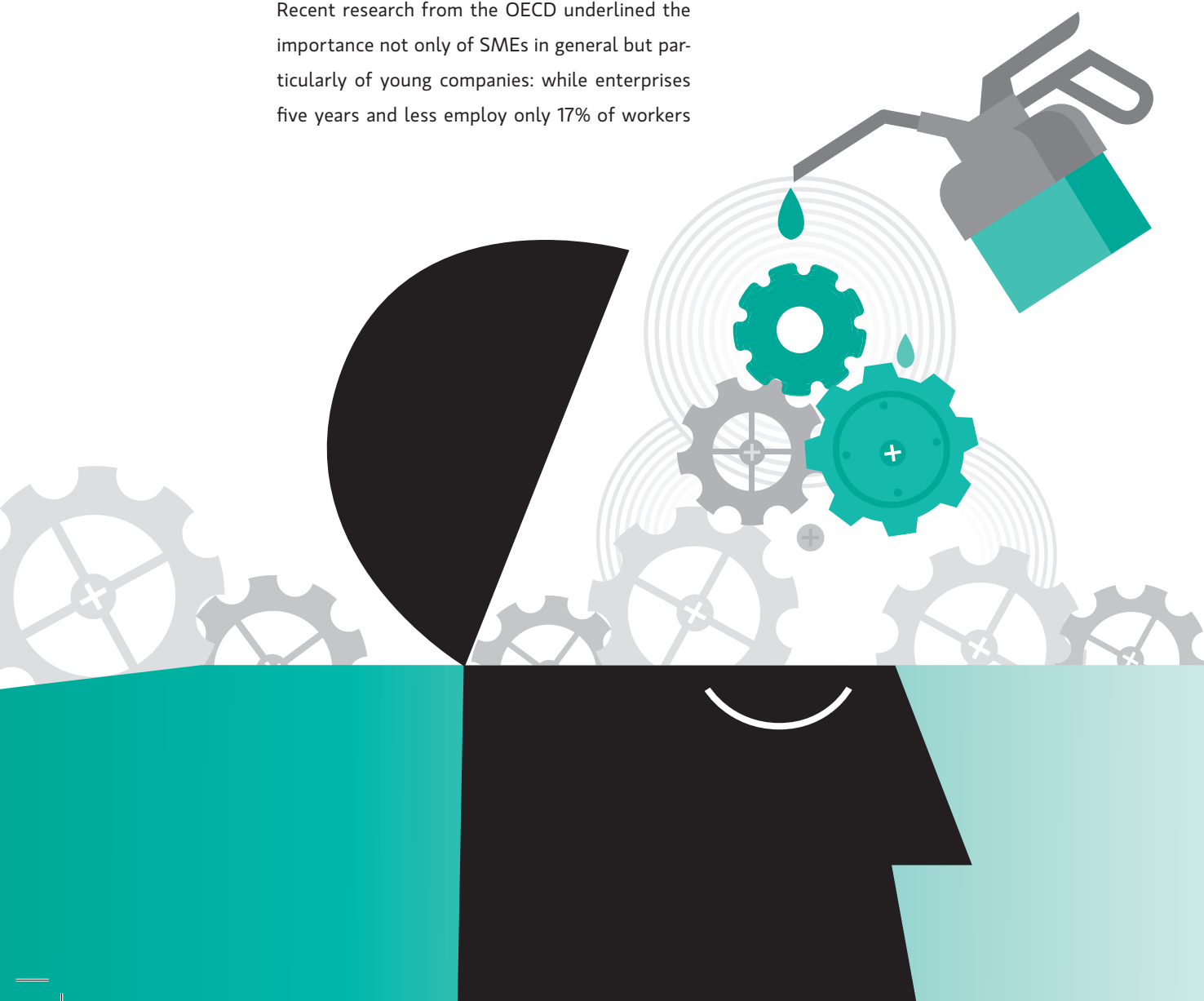


Recognise that **entrepreneurship** is particularly important for small territories, making it imperative that entrepreneurship be incentivised – and celebrated – throughout the system. Special focus should be on innovation-intensive ventures that have a high potential for growth, both in turnover and staff numbers.

Why is entrepreneurship so important?

Ann: “It is not sufficiently recognized but entrepreneurship is a key driver of innovation, particularly in smaller territories such as Flanders. Entrepreneurship delivers the kind of dynamism and disruption that is part and parcel of any successful economy. It is also a key driver of employment growth, another weak spot in Flanders. Recent research from the OECD underlined the importance not only of SMEs in general but particularly of young companies: while enterprises five years and less employ only 17% of workers

across the 18 countries analysed, they contributed over 42% of total job creation. This is an important insight for policy makers and should be a key concern for Flanders, where entrepreneurship is not flourishing and a disproportionate number of companies are going out of business. That’s why we decided to also point to the larger framework conditions for doing business in Belgium, particularly for SMEs, which the advisory board considered rather poor and in need of improvement. We of course recognized that this was not within the scope of our analysis but we encourage Flanders to address these issues – tax, employment, regulation – because it is difficult to see how a quantum leap in innovation performance is possible at the regional level without addressing these underlying challenges at the federal level.”

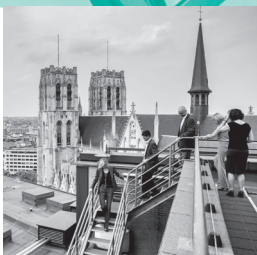




ONLINE DIGIZINE

Ook deze Nota Bene kun je als online digizine lezen.

In deze editie brengen we extra achtergrondinfo over Wetenschaps- en Innovatiebeleid in de thuislanden van de IAB-leden. Ook geven we bijkomende internationale data over Vlaanderen op WTI-vlak. Neem dus zeker een kijkje via <http://notabene.vrwi.be/>





VLAAMSE RAAD VOOR WETENSCHAP EN INNOVATIE

De VRWI is het strategische adviesorgaan van de Vlaamse Regering en het Vlaams Parlement voor alle aangelegenheden inzake wetenschaps- en innovatiebeleid.

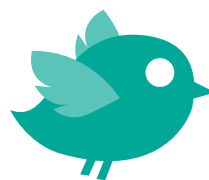
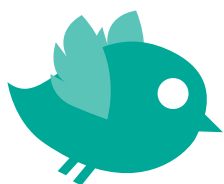
De VRWI is een uniek forum, waar actoren uit zowel de academische en onderzoekswereld als uit de sociaal-economische middens nadenken over de algemene krachtlijnen van het wetenschaps- en innovatiebeleid in Vlaanderen.

VISIE

Excellente en performante wetenschap en innovatie zijn bepalend voor welvaart en welzijn in Vlaanderen. Dit vraagt een efficiënt en doelgericht beleid.

MISSIE

De VRWI wil met zijn advies impact hebben op het beleid om het omgevingskader vorm te geven en wetenschap en innovatie te stimuleren.



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COLOFON

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