



Talking Points for the RCC Secretary General, Majlinda Bregu

Western Balkans Competitiveness and Innovation Accelerator

Tirana, 21 February 2020

Prime Minister Rama

Dear Martina,

Distinguish Ministers and representatives from the business sector

Dear participants,

- I am pleased finally we managed to prepare this kick off meeting on the Western Balkans Competitiveness and Innovation Accelerator, and this is for some reasons:
- **Firstly** this is the very first time the outstanding World Economic Forum (WEF) is focusing on the Western Balkans. The decision was theirs, and I'm honoured Regional Cooperation Council will be responsible for driving this trajectory in the region.
- **Secondly**, Accelerators on Competitiveness and Innovation have been successfully implemented by WEF to boost

economic development in different big countries. **While for the first time this approach is being implemented at a regional level. Again I feel good this moment has come, being cautiously worried that for the region soon would have been too late to shift course away from lagging behind in innovation.**

- **Thirdly**, Western Balkans is the region where the man that made the breakthrough in the development of the society and technology, Nikola Tesla, was born. Secondly, industrial revolution, I can say, started from this region, and the fourth will soon have a home here as well.
- Technology is shaping the world and economies everywhere.
- In the past quarter of a century, Western Balkans has achieved significant economic growth. Living standards increased almost six-fold in Bosnia and Herzegovina, nearly tripled in Albania, and almost doubled in Serbia. Yet, unemployment is still at high 16%, compared to 7% in the EU. Brain drain is daunting.
- And where are we, the Western Balkans in this global, technological movement?
- Well, Western Balkans investment on R&D on average is less than 0.4% of the GDP, while advance countries invest 10 times more. **Investment on innovative technologies would increase the GDP by 1%-1.5%.**

- Still, in reality innovation is much bigger. In the Western Balkans it is still a discovery process to check the capacity to incubate, accelerate new technologies, and make a U-turn of those above on investment.
- To further illustrate this, I will give you an exclusive sneak peek into the data from the new edition of our Balkan Barometer 2020, which is in the production process and not yet published.
- In baby steps during 2019, just 9% of companies in the Western Balkans said they had cooperated with universities on research and development or technology development projects, to help develop new products or services.
- In the past 3 years, 26% of them declare they made products new to our market and only 3% were first in the world innovations.
- The development of technologies cannot be done without the support of the private sector. 80% of the major breakthroughs have been funded by private companies worldwide.
- Same picture resonates in WB. An overwhelming majority or 79% of the regional innovators have developed innovative product by themselves, and just 4% received public and/or donor's financial support.
- **Without a strategic innovation function that can enhance the capacities to incubate and accelerate the new technologies, companies in this region will continue to stockpiling undeveloped inventions and this will not return in an investment.**

- **We risk falling into the trap of having breakthrough ideas that are incrementally executed. Innovation in the region is 33,7 % while at the level of 15 EU countries it stands at 50%.**
- Despite this, pockets of scientific and entrepreneurial excellence thrive in our region.
- Take for example Innovation Funds that reinforce innovative culture in some of our economies. Other economies plan to follow suit. A number of companies from the ICT sector expanded their businesses globally becoming a target for investors and corporate buyout. *What does it take to get us moving from the state of slow motion to running twice as fast as we are doing in transforming people's jobs, adapting education and competition policy so that schools and universities can provide coming generations with the skills they need to work in an emerging economy?!*
- What is that 'something' that would turn the tables to our advantage, accelerate the reforms and give a new impetus to the development of the region, and at the same time create good opportunities for citizens and stop the ever growing brain drain?!
- We need to reinvent ourselves economically and capitalize on the proximity to the European Union and enter to the global block chains. To achieve this, we must start working smarter!

- **That is why we are here today. Innovation requires thinking bigger. Rather than pigeonholing promising inventions into existing business units we have to find the robust innovation function for economic growth together.**
- We started partnering with the World Economic Forum to launch the Western Balkans Competitiveness and Innovation Accelerator this year. The Accelerator will help our policy makers and businesses improve the innovation ecosystems in their economies, accelerate economic progress and make them more competitive globally. That's its main goal.
- As history has shown during the industrial revolution, you should follow the pace of the transformation speed otherwise you will be in the verge of perishing. Competition is fierce in all fields.
- The successful exploitation of new ideas is crucial to business being able to improve its processes, bring new and improved products and services to a market, increase its efficiency and, most importantly, improve its profitability. Innovation enhances society's capacity to act, to resolve collective problems in a sustainable and efficient way, usually with new technology.
- Western Balkans has entered into a spiral of brain drain with the impact to the demographic composition of the economies. Bosnia and Herzegovina, North Macedonia and Serbia are

among the top 10 countries in the world with the highest brain drain in 2018.

- Let's make the right decision and work together even closer in the future to make the most out of the Fourth Industrial Revolution for our economies and our citizens.