

## THE EVALUATION PROCESS IN INNOVATION POLICY

*Research is relatively easy to measure: its output can be represented in terms of familiar broad parameters - such as peer review, numbers of publications, new knowledge, patents or even applications achieved or aimed at – that are often captured in quantitative or quantifiable ways as a matter of routine.*

*Innovation covers a much wider spectrum of activities and outputs - including among the activities, design, organization, management, knowledge and learning processes and finance. Innovation is a widely decentralised process while, to a large extent, research is driven by critical mass and typically features a certain level of centralisation and an orientation towards outputs that makes it much more convenient for appraisal.*

*Innovation is a specific process that needs to be carried out by every truly successful enterprise. Hence, the final desired outcome or impact of successful Innovation Programmes/Policies is an increased innovation performance and competitiveness of firms. This success can and should be evaluated.*

### **Pilot Initiative: Towards a European modular approach for the monitoring and evaluation of innovation support measures and programmes**

*In the field of innovation, the role of policy makers is not to engage with innovation but to strive towards the creation of an adaptive environment conducive to innovation.*

### **1. Overall context for the Pilot Initiative**

Since the use of evaluation varies very much from country to country, one may talk about different “evaluation cultures”. If Europe as a whole is to become more competitive, the evaluation culture within the Union must to become more unified – which is not to say homogenised - than is the case today; indeed, the Union’s heterogeneity may be capitalised through the sharing of Member States’ experiences. The proposed pilot initiative addresses this issue.

## Why a Pilot Initiative?

- A significant number of programmes and agencies supporting innovation have been set up at national levels to facilitate innovation in companies. Governments today face pressure to improve their systems of governance, but limited numbers of these public supported programmes and agencies are subject to adequate monitoring and evaluation practices. For example, due to the systemic and highly decentralised nature of innovation, the 'traditional evaluation' of one single instrument, which addresses multiple participants may be insufficient to assess its contribution to innovation capability building and the innovation performance of enterprises.

<b>Actors</b>		
<b>Instruments</b>	<b>Single</b>	<b>Multiple</b>
<b>Multiple</b>		<b>Systemic: a set of measures (delivers a set's impacts)</b>
<b>Single</b>	<b>Traditional measure and evaluation</b>	<b>Traditional policy and evaluation</b>

### **A systemic approach helps evaluate the portfolio of innovation measures**

- Accordingly, a growing number of policy-makers argue that innovation support programmes should be assessed not in terms of intrinsic content, but rather in terms of their impact on capability building and, ultimately, on innovation performance. **Programmes should only be a framework for achieving a given effect and evaluation is a tool to help policy makers improve the measures employed.**
- There is a need to move away from 'traditional evaluation based on control and audit concepts, towards a situation where evaluations are integrated in the planning of a policy measure. This calls for a clear evaluation strategy to be in place at the planning phase of the policy measure. For this reason, we endorse the concept of "**evaluability**", which refers to the definition of desired goals, and what indicators have to be implemented or used for the purpose of demonstrating the outcome of the innovation support initiative.
- Europe needs further coordinated work on both **policy learning** and **policy development**:
  - Policy learning: Innovation processes, as unique constructs can only be understood in their context. The initiative should be drafted to support innovation policy decision-making in each and every country and take into account the various existing, heterogeneous, evaluation policies in their specific innovation systems.

- Policy development:  
The pilot initiative must avoid being attractive only to those who are already convinced by the beneficial effect of an evaluation system of innovation.  
It should offer a method for strengthening a process-oriented approach to evaluations.

Both learning and development processes will benefit from using evaluation both as (i) validation and (ii) scoreboard tools.

- i. In validation/performance evaluations it is essential to validate that
  - policy measures/objectives are still valid for the system addressed
  - instruments chosen are valid for the objective
  - supported projects are valid for objectives set.
- ii. Scoreboard evaluations are used to measure outcome or impact of policy measures.

Properly used, evaluations are a most powerful learning instrument. This also involves **changing the role of the evaluators**: government and policy makers are not outside the policy, they are part of it.

## 2. Objectives of the Pilot initiative

The ultimate objective is to design and provide recommendations for the implementation of guiding principles, methods and operational tools for enhanced evaluation practices as a step towards a sound governance of innovation in Europe. This includes the implementation of a "handbook on evaluation practice" published as a separate toolbox.

Evaluation development involves attention to the identification and use of appropriate indicators. These will need to focus less on inputs (though data on these are still required for assessment of value-for-money and efficiency of programmes) and to focus more on the impact assessment of innovation performance.

The following points summarise the key goals to which the Pilot Initiative is intended to contribute.

Concerning the EU's role in Policy learning

- Solid knowledge provider
- Giving visibility to on-going good practices in Europe
- Help to implement the shift from today's focus on the innovation support programme evaluation concept to a focus on innovation policy impact analysis.
- Organise "learning conferences" of practitioners to encourage debate on the issues, methods, instruments, indicators, and ways of making evaluations useful and usable.

Concerning the EU's Role in Policy development

- There is a need for an EU platform that can help practitioners and policymakers understand the problems and issues within a comprehensive framework approach.
- Provide a real sense of portfolio management to sets of programmes and regulations
- Help in building an evaluation culture across organisational boundaries.

## Towards a European Innova Evaluation Framework

- The EC has started using "Europe Innova" as a "label" for activities creating an innovating environment.
- The EC should support a **modular approach for evaluation**, aimed at addressing programme managers and policy makers in terms they can relate to readily, while avoiding evaluators' jargon.
- EUROPE INNOVA EVALUATION **FRAMEWORK**.
  - Establish Guidelines for trans-organisational process
  - Training the trainers and evaluators (expertise spreading at EU level)
  - Set a Europe wide "Evaluation community" by summing up the empirical information on best practices in all Member States.

### 3. Target group

The Pilot Initiative has a dual dimension:

- At the policy-making level, (design and timing)
- At the implementation level (channel and timing)

At the policy-making level evaluations are either aimed at the (whole) innovation support system, or specific policy measures (scoreboard evaluations). At the implementation level evaluation is a validation tool (performance evaluations).

The target group includes not only policy makers and innovation programme managers at EU, National and Regional level (25 Member-States + G8 members), but also some of the intended beneficiaries, i.e. industry representatives and research organisations. Given European concerns with competitiveness, the study has a special focus on enterprises (though we should acknowledge that concerns about public sector modernisation also implies the evaluation of public sector-oriented, and hybrid, innovation programmes).

### 4. Format

The methodological guidelines and operational tools of the Pilot Initiative address the needs and expectations of the two main categories of stakeholders: policy-makers and innovation programme (and innovation agency) managers.

- **Delivering Experience and General guidance/guides**
  - Guide for ex-ante evaluation of affirmative actions
  - Guide for on-going and ex-post evaluation in the area of Innovation Programmes (and in some cases, broader policies) that receive financial support
  - Guide for system evaluation of institutions and subordinated administrative bodies
- **Delivering Terms of reference to commission evaluation**
  - ToR for the ex-post evaluation of programmes
  - Administrative frame for the evaluation activities

The Pilot Initiative provides recommendations for measuring the impact on innovation performance of innovation support programmes by:

- Identifying and classifying the different evaluation practices by category of innovation programmes/agencies;
- Identifying the different criteria to be used for each evaluation practice (quantitative / qualitative criteria, input/output indicators etc.)
- Presenting the best practices of how to collect and interpret the resulting data;
- Describing how to exploit the analysis of the data in policy-making process cycle.

## 5. Implementation

*A modular approach of evaluation for Innovation policy makers and Innovation programme managers will be made possible by delivering a full set (ex ante, on-going, ex-post) of guidance on preparing an evaluation plan for innovation measure, innovation programme or innovation system and policy*

The aim is the co-ordinated implementation of this new unified evaluation EU roadmap by volunteer Member-States via specific activities, the Trend Chart and one or several INNO-NET co-ordination action sponsored by DG Enterprise. The responsibility for the implementation lies on the Member-States, but the Commission has to give them advice and the means to co-ordinate activities into one or several implementation processes.

The initiative by the Commission will follow a **bottom up** approach, encouraging local and national initiatives by offering national programme managers and policy makers a framework to capture all learning effects, to strengthen their capabilities to further evaluate their own schemes to deliver more from the same assets.

## 6. Activities

This section sets out the activities needed to fulfill the objectives discussed above. The duration of these activities is largely a function of the resources allocated to them by the Commission and Member-States; the more resources are allocated the less time is needed for results. The responsibility for the voluntary implementation lies on the Member-States, but the Commission has to give them advice and means to co-ordinate activities into one or several implementation processes.

The activities can be grouped into two main categories: Policy learning and Policy development. Some proposed activities cover both of these aspects, others only one. However, many separate activities are needed to fulfill the objectives of the Pilot Initiative.

(At this point the listed activities have not been prioritized. Also the questions of duration and financial backing are mostly open.)

## 6.1 Activities to promote Policy learning

These activities will be the core of the Pilot Initiative at its early stage, until Member-States reach a common understanding of the necessity and nature of evaluation to be able to use it together for Policy development.

### 6.1.1. Handbook

The handbook to be used in the pilot activities, as well as activities outside the formal initiative, is published as a separate part of the *Final Report* of this project. The handbook contains operational tools for programme managers and guidelines for policy makers, as well as setting out arguments and evidence in support of innovation programme evaluation.

### 6.1.2. Methodologies and good practice

The *Final Report* also includes case studies, a survey and interviews dealing with this issue. By studying these any actor can perform a "self-assessment" and position themselves or their organization/country in terms of how "developed" are the evaluation practices in use. Also it might be possible to judge how the evaluation "culture" can be enhanced, and which parts of the pilot initiative will be the most useful in every situation to start with. The pilot initiative is to activate Member-States to position them in terms of evaluation procedures and "culture", to be able to pick up the appropriate other activities.

The goal is to ensure the use of the same terminology and "evaluation language" all over Europe.

### 6.1.3. International network

The Pilot Initiative should provide the means to build and maintain an international network of individuals and organizations interested in the evaluation of innovation policy. Members of the network could have either a general interest in the topic, or belong to one of many specialized interest groups. The network should have a website as one of its operational tools.

Goal: The network should have active members in every Member-State within 1 year. The network should be kept running for at least 4 years. This action needs Community financing.

### 6.1.4. Exchange of experience

The Pilot Initiative should provide several different means for exchange of experience such as a newsletter, website, workshops, larger conferences, bilateral visits, and directories of contact persons in every Member State (on several levels, if needed). Systematic reporting on evaluation activities in Member States should speed up the learning and adaptation process in other countries.

Goal: Every Member State should be involved one way or the other within 2 years. This learning platform should be kept running for at least 4 years. This action needs Community financing.

### **6.1.5. Research on evaluation of innovation environment and innovation support measures**

Both Member States and the Commission should undertake or sponsor research in order to identify good practice, and to investigate the linkage between good evaluations, better innovation policy, and economic growth. This action needs Community financing.

Goal: More than half of the Member-States should be conducting research within one year, and be reporting it under 6.1.4.

### **6.1.6. Training programmes**

In many countries the amount or intensity of evaluations is considered sufficient, but the level and their integration into policymaking is still seen as a problem. This can partly be changed through an enhancement of the evaluation "culture", but dedicated training is also needed. The Pilot Initiative should help stimulate the demand and supply of training to meet using activities mentioned above. If there is a need, training courses could be rated by a panel of experts.

Goal: Promote and strengthen the availability of good evaluators. More than half of the Member-States should be involved in training activities within one year.

### **6.1.7. Self-assessment**

The Pilot Action should develop and disseminate a tool for self-assessment of evaluation practices in Member-States, based on findings in the *Final Report*, enabling a smooth way of enhancing evaluation "culture" all over Europe.

Goal: The tool should be ready and tested within 1 year. Self-assessment should be a common practice in half of all Member-States within 2 years. This action needs Community financing.

### **6.1.8. State-of-the-art peer-reviews**

The Pilot Initiative should promote a methodology and process to develop the peer-reviewing of evaluation practice in Member-States. This could result in a regular benchmarking exercise for those interested.

Goal: All Member-States should be peer-reviewed within 1 year. This action needs Community financing.

## **6.2. Activities to promote Policy development**

These activities are more action oriented, aiming to help Member-States to develop and improve the development of innovation policies. Both self-assessment and peer-reviews can be used in policy development, if properly integrated into continuous evaluation and learning processes.

### **6.2.1. Availability of international expertise**

The Pilot Initiative should help Member States and the Commission in locating the available expertise needed for special evaluation related tasks. Many countries experience difficulties in finding internationally experienced evaluators. Some countries consider it necessary to involve non-residents in evaluation activities in order to be able to secure the quality of evaluations and to deliver a broader perspective.

Goal: Within 5 years more than 20 % of all evaluations of innovation programmes, and more than 50 % of all evaluations of innovation policies and agencies, should involve non-resident evaluators in every Member State. Most of this activity can be organized within the three previous activities. However, there seems to be a need to co-finance some new Member States getting started in using international experts. This action needs Community financing.

### **6.2.2. Involvement of stakeholders.**

The Pilot Initiative should allow and inspire Member-States to involve both enterprises and universities in appropriate aspects of evaluation. This to ensure that all stake-holders and beneficiaries are heard and used in enhancing the evaluation "culture" of any specific country. Also, at the end of the day, it is enhancement of the enterprise's ability to innovate that is the ultimate goal of this Pilot Initiative. Universities can play a role as "neutral" researchers and sources of evidence and training.

### **6.2.3. Transparent evaluation exercises.**

It would be very valuable if some Member-States would execute open transparent evaluations open for other Member-States to follow, meant as exchange of experience and learning processes. This way it would be possible also to discuss needs to develop the Handbook.

If no Member-States volunteer, training and the raising of awareness can also easily be achieved by letting Member-States monitor transparent evaluations of EC innovation programmes and policies. This would also lead to even better policies in the future, actively linked and complementary to policies in the Member-States. For the same reason this Pilot Initiative also should be openly evaluated in due course.

However, one single EU policy cannot be evaluated separately from national policies since enterprises are the main targets of innovation policies. Therefore these evaluations should assess how EU and national policies interact and complement each other.

Goal: Start of evaluation of at least one Member-State (or one EC) innovation programme, and one policy, within 1 year. This action needs Community financing.

## **6.3. Overall process for Pilot Initiative**

The Commission should dedicate resources enough to be able to run, monitor and evaluate the Pilot Initiative. This includes a standing Committee with representatives from the Member-States.