

Table of Contents

Introduction	7
1. Innovation ecosystem	15
1.1. Structure of the economy	17
1.1.1. Sectoral structure	17
1.1.2. Firm organisation and entrepreneurship performance.....	18
1.1.3. Integration in global value chains	19
1.1.4. Productivity	20
1.2. Business environment.....	21
1.2.1. Ease of doing business / barriers to entrepreneurship.....	21
1.2.2. Access to finance	23
1.2.3. Digital infrastructure and services.....	24
1.3. Public sector innovation.....	26
1.3.1. Public sector modernisation agenda	26
1.3.2. Public sector innovation culture	27
1.4. Civil society innovation	29
1.4.1. Citizen science initiatives	30
1.4.2. Role of non-profits in supporting innovation.....	31
1.4.3. Mediating structures	32
1.5. Supply of human resources	33
2. R&D and innovation structure and actors	36
2.1. Government	36
2.2. Academia	39
2.3. Business	44
2.4. Networks, cluster, platforms, linkages	50
3. Innovation challenges	54
3.1. Innovation challenge 1. Increase the intensity of private R&D.....	54
3.2. Innovation challenge 2. Strengthen the cooperation between science and industry	56

3.3. Innovation challenge 3. Increase the quality of the public research base	58
3.4. Innovation challenge 4. Priority setting in the R&I system...	63
4. Innovation policy.....	67
4.1. Recent developments in innovation policy	67
4.1.1. Background information	67
4.1.2. Changes to the R&I policy mix – funding schemes	69
4.1.3. Changes to the R&I policy mix – legislation.....	73
4.1.4. Strategy for Responsible Development.....	81
4.1.5. European Semester report and Country-Specific Recommendations	85
4.2. National and Regional Smart Specialisation Strategies	87
4.3. Stakeholders' initiatives	91
4.4. Monitoring and evaluation culture.....	93
5. Creating and stimulating markets.....	96
5.1. Demand driven innovation	96
5.2. Regulations and standards	99
5.3. Increasing the internationalisation of companies	101
6. Conclusions	107
Annex 1 – References	114
Annex 2 – Abbreviations	128
Annex 3 – Top R&D performers	132
Annex 4 – Overview of R&I support measures.....	133
Annex 5 – Governance of the R&I system	142
List of Figures	145
List of Tables	145