

How to Evaluate Innovation Ecosystems? Lessons Learned from Vietnam.



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Contents

1. The priority objectives and purpose of the evaluation
2. Evaluability, approach, methodology and data
3. Context analysis
4. Implementation, achievements
5. Findings and conclusions
6. Lessons learned and recommendations

1. The priority objectives and purpose of the evaluation

The **priority objectives** of the evaluation were to assess and analyse:

- The impact of IPP II in the development of the start-up ecosystem and innovation policy in Vietnam and its value and merit in the perspective of the key stakeholders.
- The role of IPP in supporting the transition from aid to trade between Finland and Vietnam.

The **purpose**: To provide information, lessons learnt and recommendations for:

- Ensuring the sustainability of the results of IPP II and the future development of the sector (for the MOST and other stakeholders).
- Planning and implementation of future STI programmes, especially in a transition context (for the MFA in other countries and the MOST with other partners, for other donors)
- The implementation of Finland's transition strategy for Vietnam 2016-2020 and the design of future transition strategies (for the MFA)

OECD/DAC evaluation criteria, coherence and added value



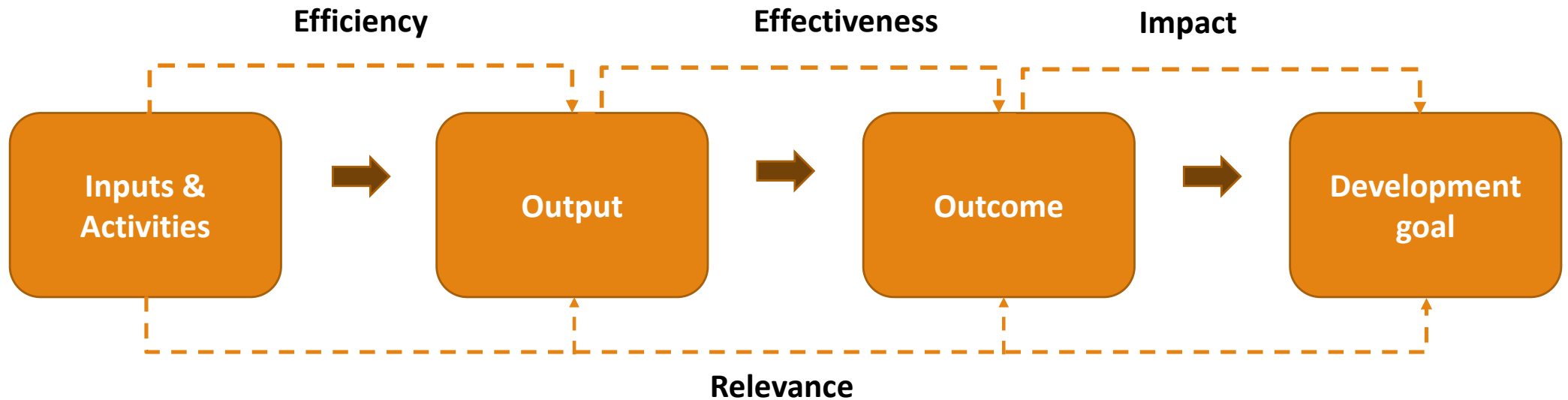
2. Evaluability, approach, methodology and data

Programme theory:

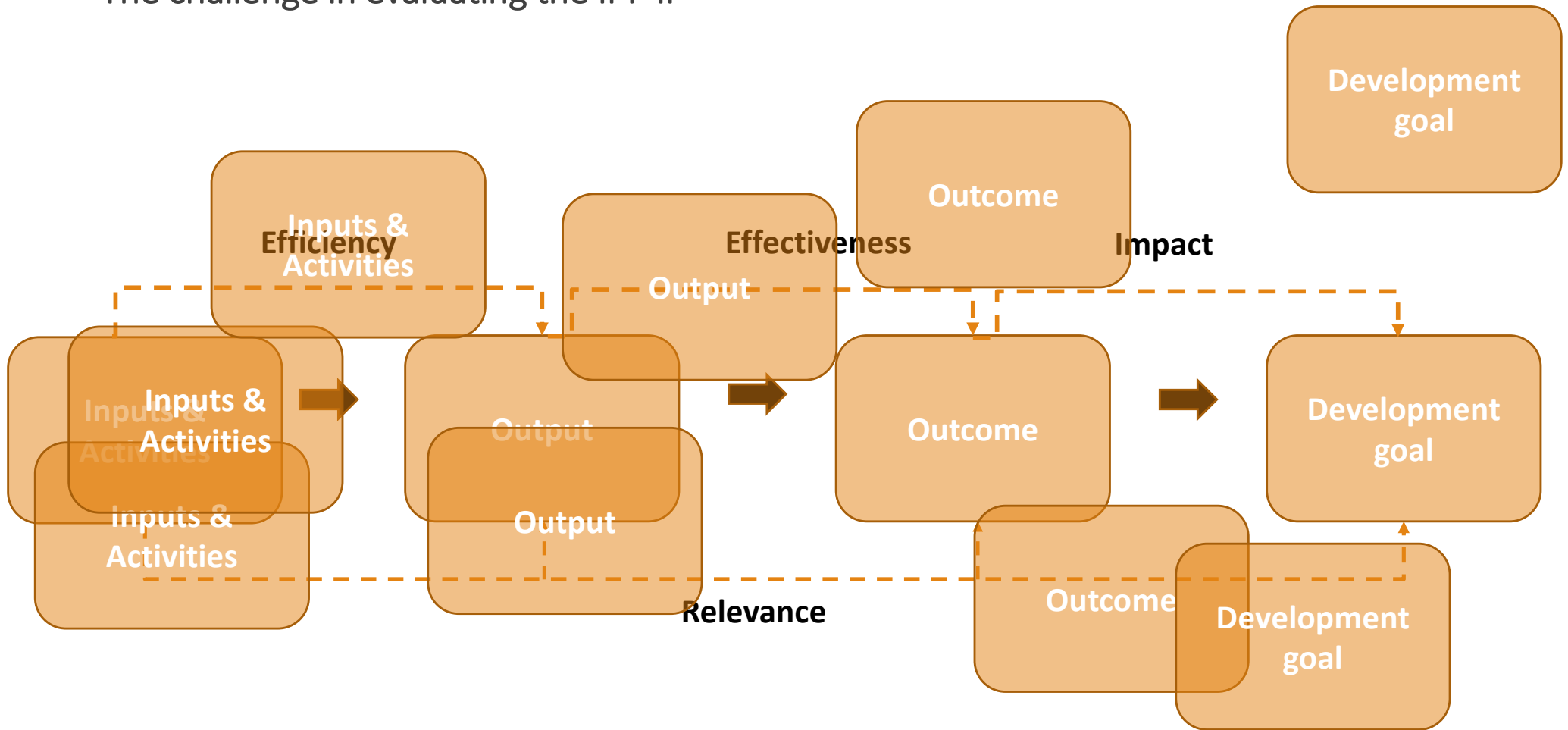
- A challenge: The creation of entrepreneurial culture or a change of mindsets or behaviour of various actors require systemic changes. The IPP II was implemented in an adaptive, manner.
- The design, monitoring and reporting structure of the IPP II follow the MFA standards - but in a forced, artificial manner.
- Constant changes of the intended (and then implemented) results chain, inputs, outputs, outcomes, indicators, even development objective and impact.
- Reasoning and justification behind changes not always explicit and/or well documented.
- The intended and implemented causal chains unclear.
- What to evaluate? Baseline, intended results , unintended consequences, direct or indirect impacts etc.?
- If assessed only on the basis of the traditional programme theory only, the programme would show considerable deficiencies. Now the overall assessment is mostly positive.

2. Evaluability, approach, methodology and data

Evaluation questions (TOR) of efficiency, effectiveness, impact and relevance



The challenge in evaluating the IPP II




2. Evaluability, approach, methodology and data

Solutions to the evaluability challenges:


- Focus on the results chain of the April 2017 Exit strategy in the programme theory-based evaluation + actively try to restore base-line and map the development path
- To assess the impact and understand the evolution of the programme: combine the "traditional" programme theory with system theory approaches and methods.

System theory, including network analysis:

- Factors and actors behind the change (mechanisms)
 - Emerging elements of the systemic change
 - Evolvement and evolution of the innovation networks and start-up ecosystem during the programme implementation
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2. Evaluability, approach, methodology and data

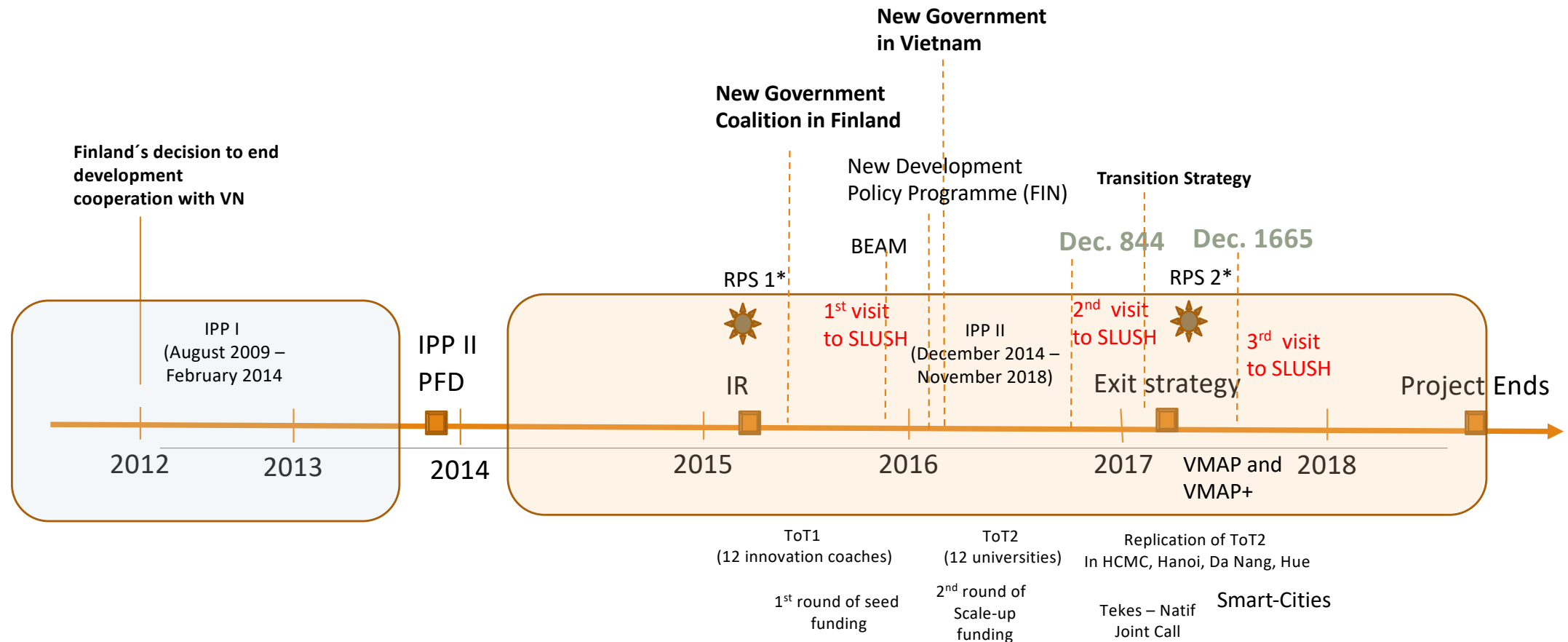
Data sources:

- MIS of the IPP II + other programme documentation and materials (e.g. policy papers)
 - Interviews in Vietnam: e.g. the key central government institutions (ministries, government agencies); local authorities in relevant locations, start-up companies; ecosystem service providers; higher education institutions; the development partners of Vietnam (ADB, UNDP, SECO etc.) (Obs: The list of the interviewed people in the Draft report not yet complete.)
 - Interviews in Finland: MFA; some VMAP companies; other governmental stakeholders (BF and MEE); other Team Finland stakeholders; cities; HEIs.
 - Network analysis, surveys (IPP2 follow-up surveys, 2 surveys carried out by the evaluation team)
 - Participatory observation and discussions in stakeholder events (Techfest, Da Nang)
 - Background documentation and literature
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3. Context analysis

- Generally favourable policy environment and timing.
- A change of the programme's focus to support start-up ecosystem and capacity building, change of regional/local focus > change of operational models
- Two critical changes in the external environment
 1. The change of the Vietnamese government in 2016 > strong commitment to develop the country into a "star-up nation" > favourable legislation and regulation, including 844 and 1665 (most probably contributed by the IPP II).
 2. The Transition strategy 2016 > Increasing inclusion of the transit-related elements starting 2016 (especially VMAP).
- These two were preceded by the programme's new focus on innovative start-ups (April 2015)
- The other strategic shift, the strengthening of transit-dimension happened at the Exit strategy phase

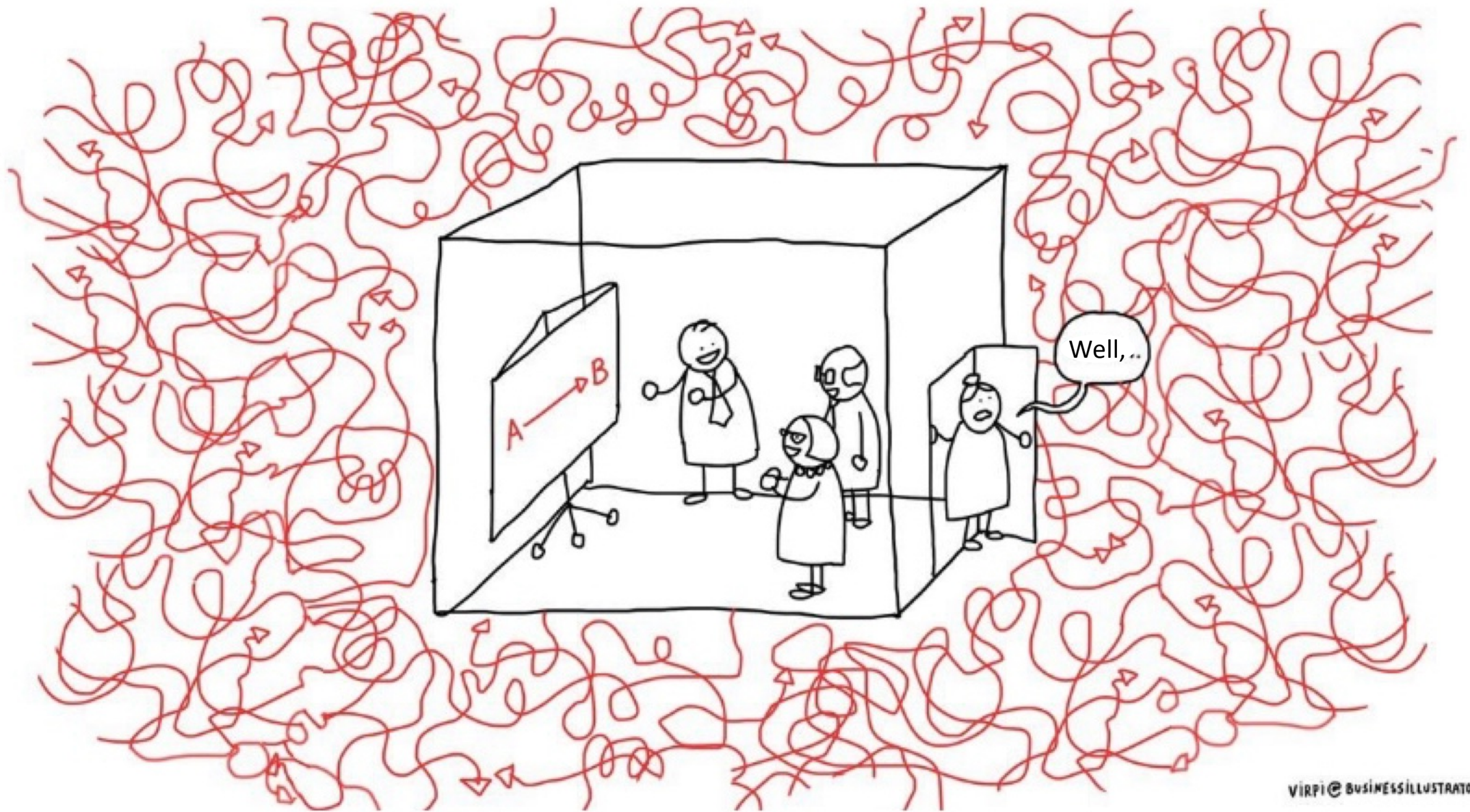
Context analysis



* = Remarcable Programme Shift

4. Implementation, achievements

- Mostly very positive assessment of the achievements by stakeholders, beneficiaries and other informants on the programme.
- Contribution e.g. to:
 - The policy work of the government (e.g. regulation like Dec. 844 and 1665)
 - The change of mind set at the central, regional and local government, universities, other stakeholders and start-up community (partly due the Executive training.)
 - Capacity building on different levels of government, throughout multi-helix system of innovation as well as start-up ecosystem (e.g. TOT-1, TOT-2)
 - Building and facilitating networks and partnerships in Vietnam and cross-border (incl. nine SMART city collaboration agreements).
 - Support to entrance, partnering and soft landing of Finnish companies in Vietnam (VMAP)



Systems approach

Feature	Description	Evaluation criteria
Agents	The system comprises large number of individual agents connected through multiple networks.	Inclusiveness of the networks. Dynamics of the systems. Number and type of agents.
Interactions	The agents interact dynamically, exchanging information and energy based upon heuristics that organize the interactions locally. Effects propagate through the system.	Type of interaction patterns and networks (weak ties or strong ties; loosely coupled or dense networks). Dissemination mechanisms and patterns. Role of subgroups or individual agents (brokerage, isolated nodes, centrality etc.)
Nonlinearity	The interactions are nonlinear, iterative, recursive, and self-referential. There are many direct and indirect feedback loops.	Type of dynamics Feedback mechanisms
System behaviour	The system is open, the behaviour of the system is determined by interactions, not the components, and behaviour of the system can only be understood by looking at the interactions.	Interaction patterns Learning type (single loop, double loop or triple loop learning)
Robustness and adaptation	The system displays both capacity to maintain its viability and the capacity to evolve. When the agents will adapt to each other, the system can reorganize its internal structure without the intervention of an external agent.	Capacity to adopt and evolve Level of trust Number of enabling or restricting structures or processes.

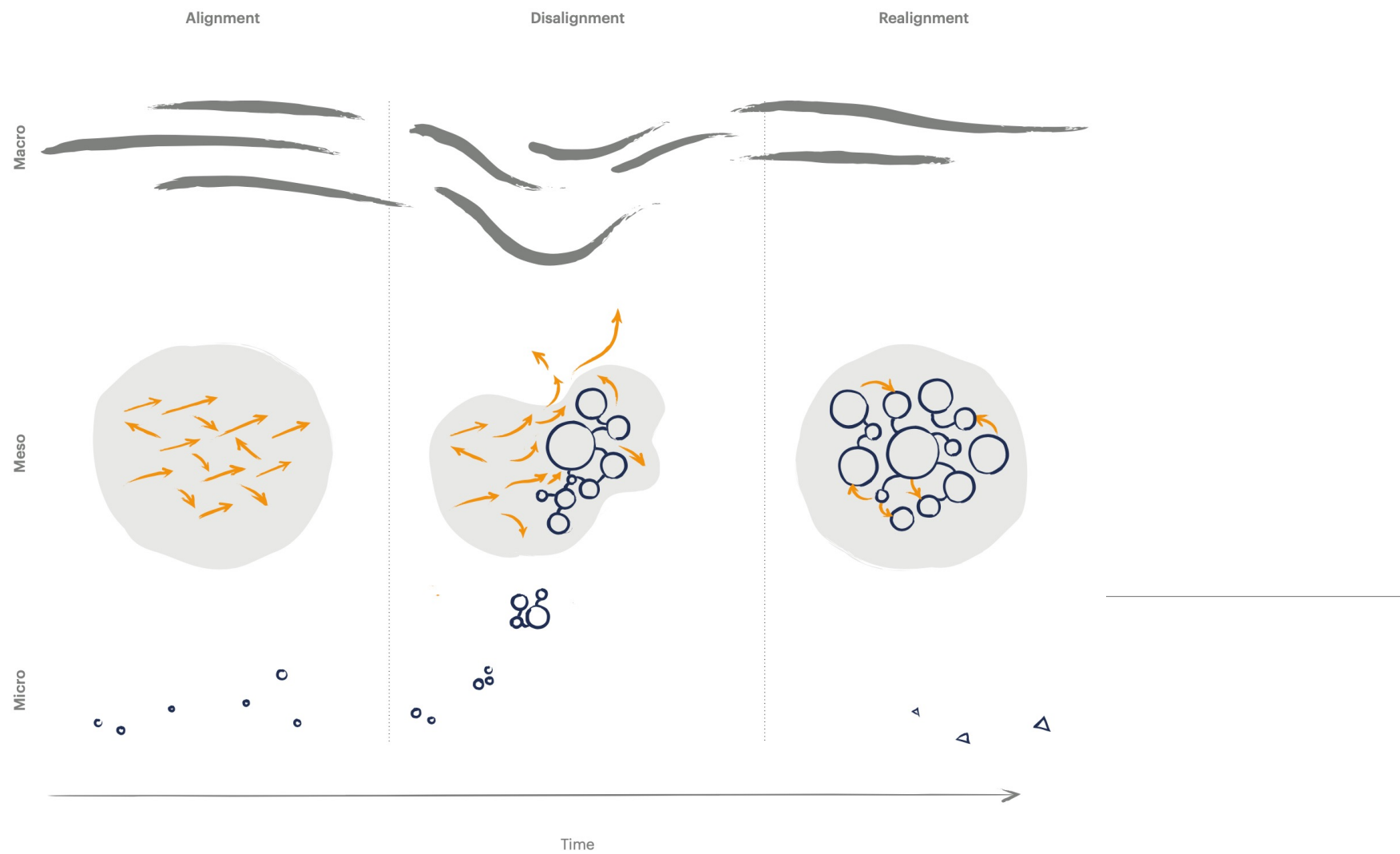
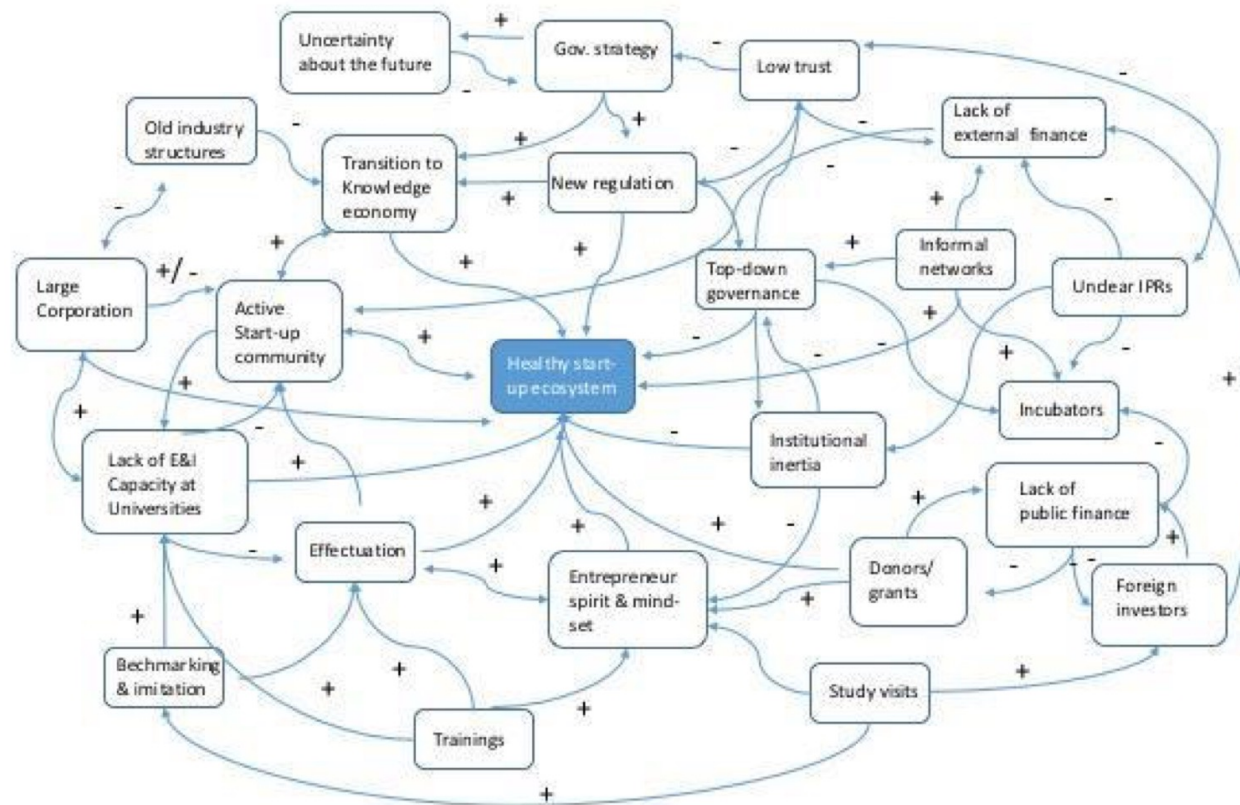


Figure 5. A Systemic impact path of the Vietnamese innovation ecosystem.



Network Analysis of the Innovation ecosystem development in Vietnam

Figure 6. Innovation Ecosystem Network in Vietnam in 2014.

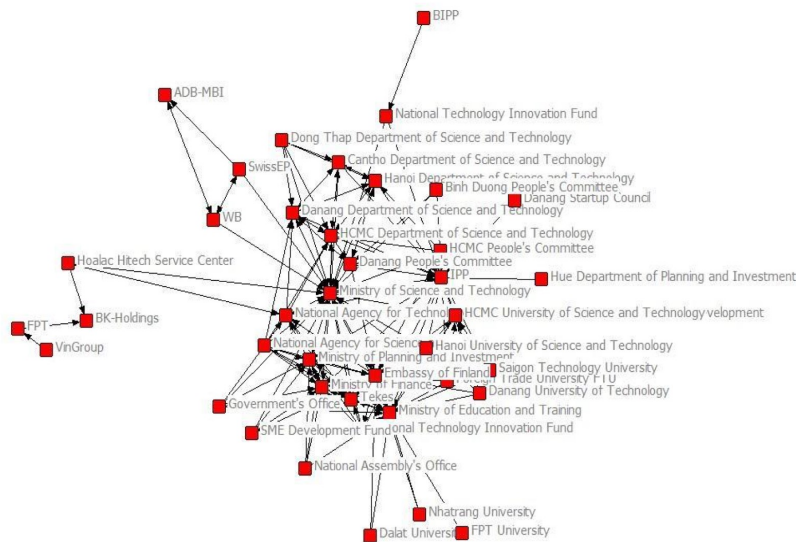
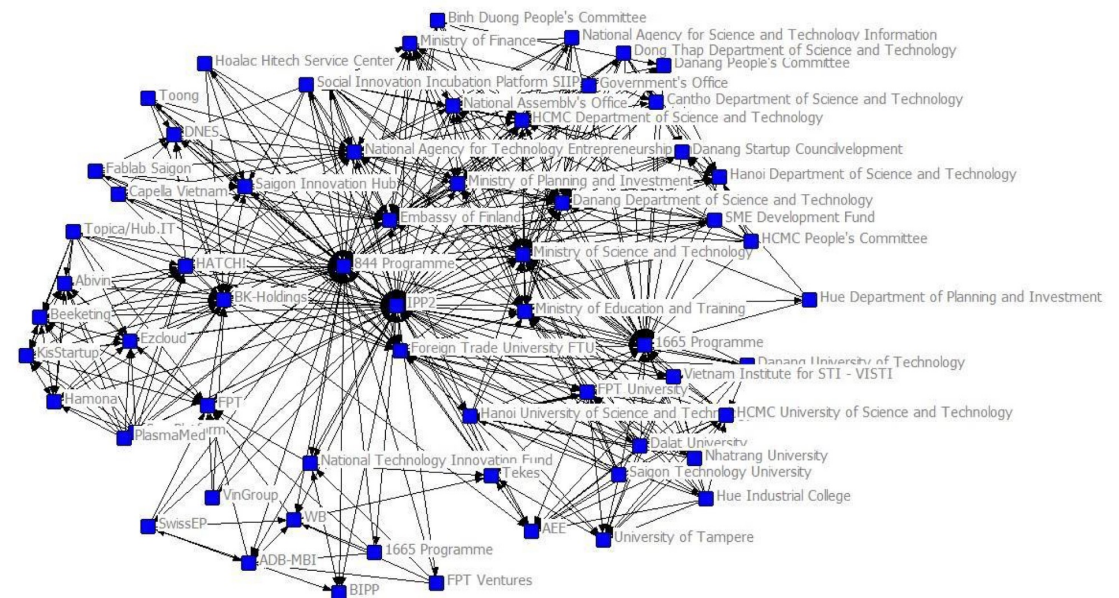
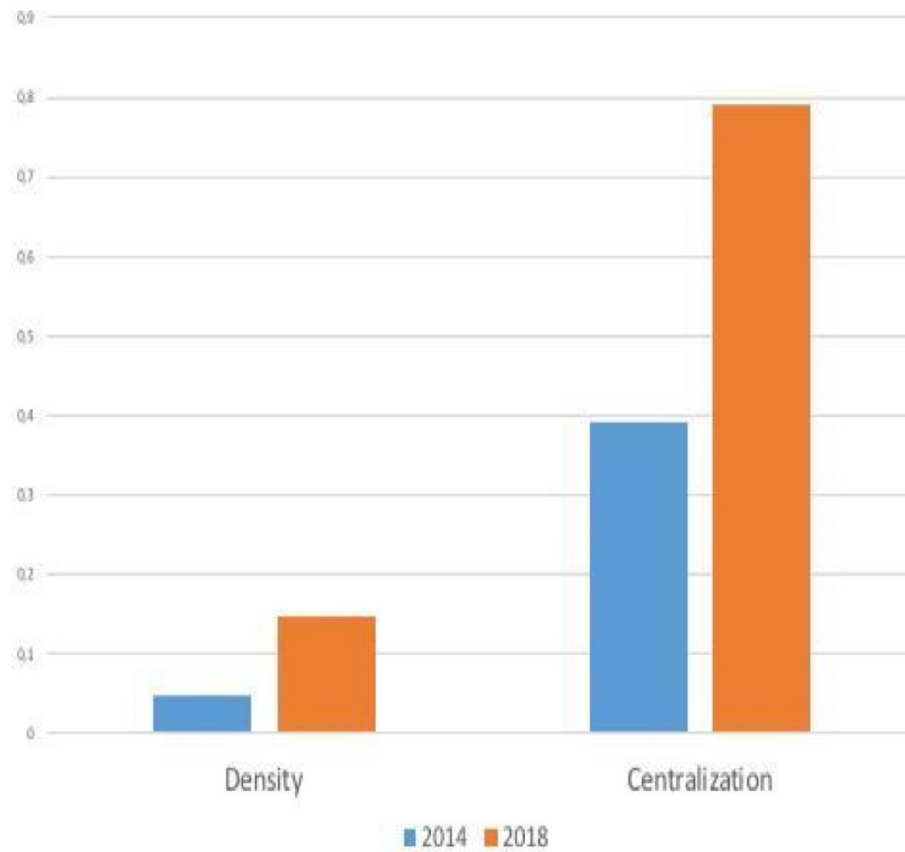


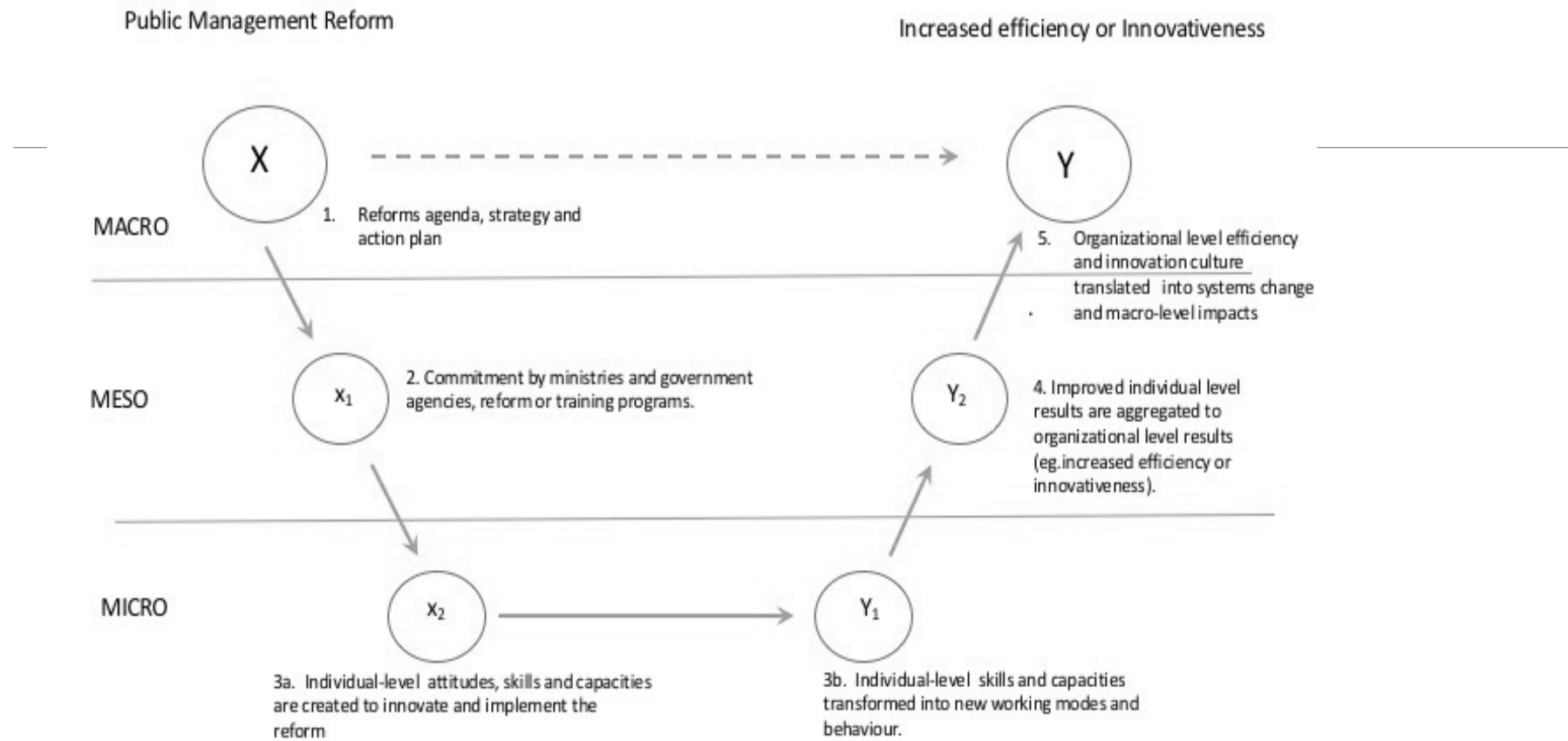
Figure 7. Innovation ecosystem in Vietnam in 2018.



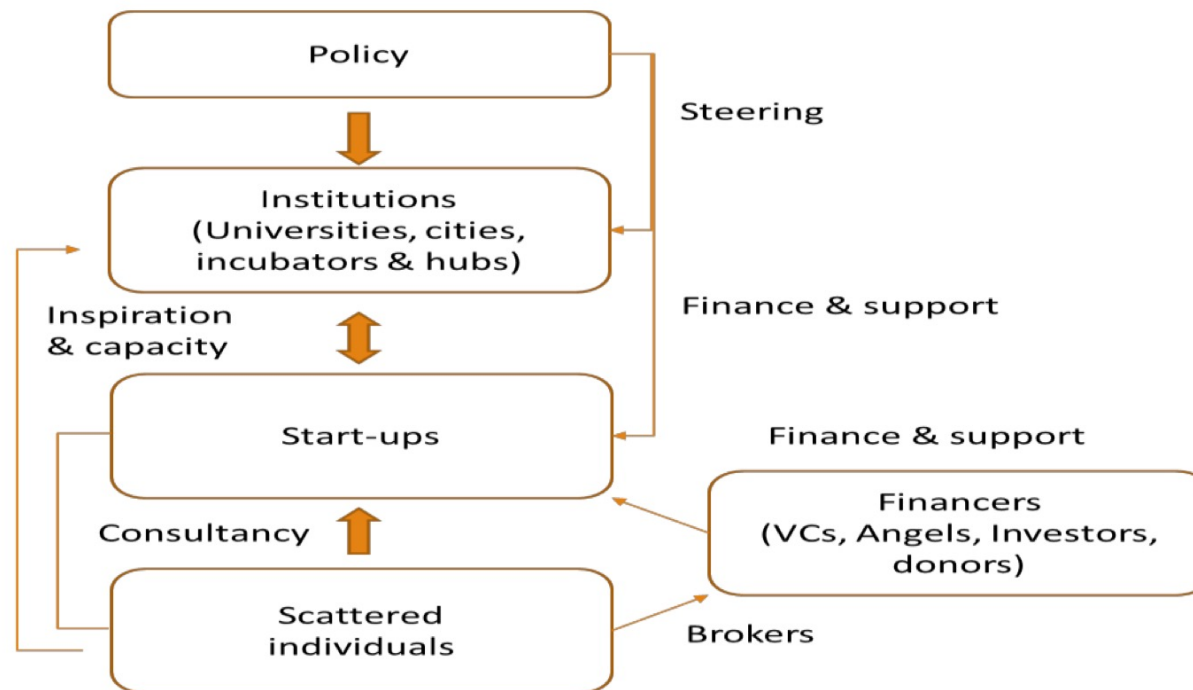
Results

Figure 9. Density and Centralization Scores in Vietnam's Innovation Network in 2014 and 2018.





Results



Recommendations for Gov. of Vietnam

- Vietnamese start-ups and innovation related regulatory framework need further attention and international assistance to become harmonised and encouraging.
- More attention for the cultivation of culture and mindset which encourage collaboration starting from ideas to co-creation and generation and facilitated by innovation specialized, professional network organisations, such as innovation hubs working closely with other ecosystem builders.
- More competition based dynamic environment, conditions, incentive based KPIs.
- Improvement of investors protection, especially to modernise the capital market and banking system in Vietnam to improve SMEs access to various forms of capital

Recommendations for Gov. of Finland

Finland should maintain the good visibility, brand and functionalities the IPP II has contributed to. It is important to continue the VMAP kind of soft-landing services for Finnish enterprises interested in Vietnamese markets. Such services could include e.g.

- Use of local experts to guide Finnish companies
- Open, transparent selection of participating businesses
- Training/preparing the Vietnamese consultants properly
- Preparing the participating Finnish enterprises for the exigencies of the programme and the market.
- Ensuring / setting as a prerequisite, that the partner country official counterpart organisations are mandated and resourced for the task,
- Ensuring information flows and cooperation between the different TF actors in Finland.