

Innovation through partnership

– Government investments in Strategic Innovation Partnership Programmes and Strategic Innovation Programmes

Summary and recommendations

Strategic Innovation Programmes (SIP) and Strategic Innovation Partnership Programmes (SIPP) are to help to strengthen Sweden's innovative capacity and competitiveness and to meet global societal challenges. A common idea of both types of programmes is that the central government contributes to partnership between business, academia, the public sector and research institutions. There are 17 Strategic Innovation Programmes and 5 Strategic Innovation Partnership Programmes.

The overall audit question is whether the central government has created the conditions necessary for effectiveness in the SIP and SIPP. The audit includes the Government, the Government Offices, the Swedish Agency for Innovation Systems (Vinnova), the Swedish Energy Agency and the Swedish Research Council for Environment, Agricultural Sciences and Spatial Planning (Formas). The reason for the audit is that these types of programmes involve large amounts of public funds and that innovation investments are associated with risks. In 2016, the OECD identified potential problems with the SIP that we assess are also relevant to the SIPP. Against this background, the audit has focused on the following sub-questions:

1. Are the division of responsibilities and the organisation conducive to effective implementation?
2. Have the agencies responsible made and documented systematic priorities and assessments?
3. Are monitoring and evaluation used to
 - a. test and develop the programmes and
 - b. provide fair reporting to the Riksdag?

Audit findings

The Swedish NAO has drawn two common conclusions for the SIP and the SIPP. The first is that individuals contracted externally in the role of experts have a major impact on the content and orientation of the programmes, without the agencies systematically making and documenting independent assessments before decisions are made. The second is that the Government, at the start of the programme types, gave the agencies responsible little time to make assessments and to plan the implementation. Other conclusions are separate for the SIP and the SIPP, and are set out in the following two sections.

Strategic Innovation Programmes

The Swedish NAO's overall assessment for the SIP is that the central government, in a number of respects, has created the conditions necessary for effectiveness. However, there are deficiencies in all the sub-questions which, taken together, risk jeopardising the achievement of the Government's objectives of the SIP.

The Government's appropriation directions to the agencies give a mixed message about how they should select programmes. The responsibility of the agencies for several aspects of the implementation, such as evaluation and the composition of the programme's portfolio, was unclear and at risk of falling between stools. The agencies have divided up their responsibility for the programmes and established a well-functioning collaboration. However, there are shortcomings in the documentation of the organisation and the guidance material for case officers. This provides a weak organisational memory and means that administrative procedures are not fully consistent.

The agencies' method of selecting programmes provides a good basis for systematic selection. According to the agencies, it follows international practice. The selection takes place in competition, through a process where applications are assessed by externally contracted groups of evaluators on the basis of given assessment criteria. The agencies have taken into account the Government's aims and objectives of the SIP when designing the calls for proposals. But the agencies do not seem to have made any assessments of the programme portfolio as a whole. For example, no assessments have been made of the appropriate number of programmes or the appropriate design of the programme portfolio in relation to the Government's objectives. The programme applications vary in themes and potential. The contracted evaluators dealt with many applications in a short period of time and based on many complex assessment criteria, without internal weighting or prioritisation. The deciding factors for selection and the agencies' own assessments on the basis of the evaluators' recommendations are in most cases not documented.

There is a detailed evaluation process for the SIP, in which each programme is evaluated every three years by contracted evaluators. The evaluators' recommendations are mainly used to develop the programmes. The evaluations are the only occasions when the agencies review the continued funding of the programmes. However, the Swedish NAO consider the conditions for review as weak. The programmes are evaluated based on their own merits and impact logic and, unlike in the selection process, programmes are not compared with each other. There are no clearly expressed expectations for the programmes and many programmes are deficient in terms of impact logic, for example. So far, the agencies have followed the evaluators' recommendations to continue the funding of the programmes without documenting their own considerations. Overall conclusions from the evaluations are set out in the agencies' annual reports, but not in the Government's reporting to the Riksdag.

Strategic Innovation Partnership Programmes

The overall assessment for the SIPP is that the conditions for effectiveness are consistently weak. There are no systematic processes for prioritisation of initiatives. The Government has appointed a partnership group for each programme, consisting of people from different sectors. The implementation of the SIPP relies heavily on the groups' ability to immediately identify and implement relevant initiatives. The SIPP is not systematically monitored and evaluated. Nevertheless, the Government assesses the programmes as successful when reporting to the Riksdag.

According to the Government, the SIP is a central tool for implementing SIPP. Vinnova has carried out two calls for project proposals in order to contribute to the priority areas of the SIPP. The first and the largest call for proposals was implemented at short notice, which seems to have benefited well established innovation and partnership areas.

Recommendations

In the light of the overall assessments the Swedish NAO makes the following recommendations to the Government:

- Address the lack of clarity in the agencies' mandates concerning the SIP. Clarifications should include the individual and joint responsibility of the agencies for the programme form, their interaction with each other and the prioritisation of innovation areas and certain crucial issues, such as taking into account lessons learned from Swedish and international experience and following up, evaluating and reviewing programmes.
- Consider evaluating the strategic partnership programmes that have been implemented and ensure that the programmes announced in July 2019 are

subject to follow-up and evaluation in accordance with statements by the Committee on Industry and Trade.

- Ahead of future innovation initiatives, ensure that mandates are given with timeframes that allow for preparation and planning. This is to enable the agencies to base their assessments for implementation on a solid analysis of experiences, needs and objectives.

In the light of the overall assessments, the Swedish NAO makes the following recommendations to Vinnova, the Swedish Energy Agency and Formas in their further work on the SIP:

- Develop criteria defining what the programmes should have achieved at different times. The agencies may use the criteria to assess whether programmes are to be granted continued funding, on the basis of information contained in the evaluations.
- Ensure that the agencies carry out and document their own assessments of the recommendations of the external evaluators, on the basis of the purpose and objectives of the SIP, in contexts where external evaluators influence the programme portfolio.
- Improve the organisational memory of the agencies by documenting the organisation, division of responsibility and working methods as well as changes to them.