

USING THE GII TO CHANGE POLICY AND ENHANCE INNOVATION CAPACITY **The Case of Viet Nam**

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1. Context and the use of GII as a management tool of the Government

- In 2014, the Government of Viet Nam (GoV) realized that *“the country’s economy is revealing many limitations and weaknesses and facing many difficulties and challenges; productivity, quality, efficiency and competitiveness are still low”*.
 - One of reasons is *“ministries, local governments and businesses are not fully aware of the importance of enhancing national competitiveness in the context of international integration and increasingly competition”*
 - In that context, on March 18, 2014, the GoV issued Resolution No. 19/NQ-CP on *“main tasks and solutions to improve the business environment and enhance national competitiveness”*.
- One of targets and tasks assigned was to improve business environment, promoting administrative procedures reform. The World Bank’s Doing Business Index was used as a benchmark. Target was to achieve the average level of ASEAN-6 in Doing Business by the end of 2015.

1. Context and the use of GII as a management tool of the Government

2014

- 5 indicators of the Doing Business (WB): ranked 99 in 2013

2015

- Doing Business (all 10 indicators): ranked 72 in 2014

2016

- Doing Business: ranked 78 in 2015
- Global Competitiveness Index (WEF): ranked 56 in 2015

2017

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- Doing Business: ranked 91 in 2016
- GCI: ranked 56 in 2016
- **Global Innovation Index (WIPO): ranked 59 in 2016**
- E-Government (UN): ranked xxx in 2017

1. Context and the use of GII as a management tool of the Government

Strengths (identified in GII 2016)

Input

- ❖ Expenditure on education
- ❖ Ease of getting credit
- ❖ Domestic credit to private sector
- ❖ Domestic market scale
- ❖ Knowledge absorption: High-tech imports, FDI net inflows

Output

- ❖ Knowledge impact: Growth rate of PPP\$ GDP/worker
- ❖ Knowledge diffusion: High-tech exports
- ❖ Intangible assets: Trademarks by origin/bn PPP\$ GDP
- ❖ Creative goods and services: Creative goods export

Weakness (identified in GII 2016)

Input

- ❖ Institutions: Business environment
- ❖ Human capital & research: Tertiary education, R&D
- ❖ Infrastructure: environmental performance
- ❖ Market sophistication: Investment
- ❖ Knowledge workers: knowledge-intensive employment
- ❖ Knowledge absorption: ICT services imports

Output

- ❖ Knowledge creation: New businesses
- ❖ Knowledge diffusion: ICT services exports
- ❖ Creative goods and services: Global entertainment & media market

Data

- ❖ Missing data: 10 indicators
- ❖ Outdated data: 09 indicators

1. Context and the use of GII as a management tool of the Government

2017:

→ Overall target: Mean of ASEAN-5.

→ Assigned each ministry to improve each indicator;

→ Ministry of Science and Technology (MOST) was assigned as focal point – coordinating other ministries and provinces in improving GII

No	Ministry/Agency	No. of indicators in charged	No. of indicators to be improve at provincial level
1	Ministry of Science and Technology (MOST)	24	09
2	Ministry of Information and Communication (MIC)	13	02
3	Ministry of Education and Training (MOET)	10	08
4	Ministry of Planning and Investment (MPI)	06	04
5	Ministry of Labor, Invalid and Social Affairs (MOLISA)	04	04
6	Ministry of Trade and Industry (MTI)	04	04
7	Ministry of Finance (MOF)	03	01
8	Ministry of Culture, Sport and Tourism (MOCST)	03	0
9	State Securities Commission of Viet Nam (SSC)	02	0
10	State Bank of Viet Nam (SBV)	02	01
11	Ministry of Natural Resources and Environment (MONRE)	02	02
12	Viet Nam Social Insurance	01	01
13	Ministry of Public Security (MPS)	01	01
14	Ministry of Justice (MOJ)	01	01
15	Supreme People's Court of Viet Nam	01	01
16	Government Office (GO)	01	01
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1. Context and the use of GII as a management tool of the Government

Specific targets

2017, 2018: rank 44 in 2020

2019: rank 42-43

- Information & communication technologies (ICTs)
- Knowledge-intensive employment
- University/industry research collaboration;
- ICTs & business model creation and ICTs & organizational model creation
- Online creativity

2021: ranked 37-40

2022: top 40 by 2025

- Tertiary education
- Information & communication technologies (ICTs)
- Environmental performance
- Knowledge-intensive employment
- University/industry research collaboration;
- ICT service imports and exports
- ICTs & organizational model creation
- Online creativity

1. Context and the use of GII as a management tool of the Government

Tasks of ministries and local governments (provinces)

- Studying the indicators and its performance, meaning of each indicator, method to assess and compute the data, sources of data, ect.
- Developing action plan for improving the performance of assigned indicators
 - ➔ Propose and implement actions/policies to improve performance (in cooperation with other ministries/agencies and provinces if necessary). At provincial level, the local governments assigned and tasks to line agencies in accordance with tasks allocation of the central level.
 - ➔ Cooperate and support other ministries, agencies and local governments in collecting data, submitting to relevant statistic agencies at provincial, national and international levels.

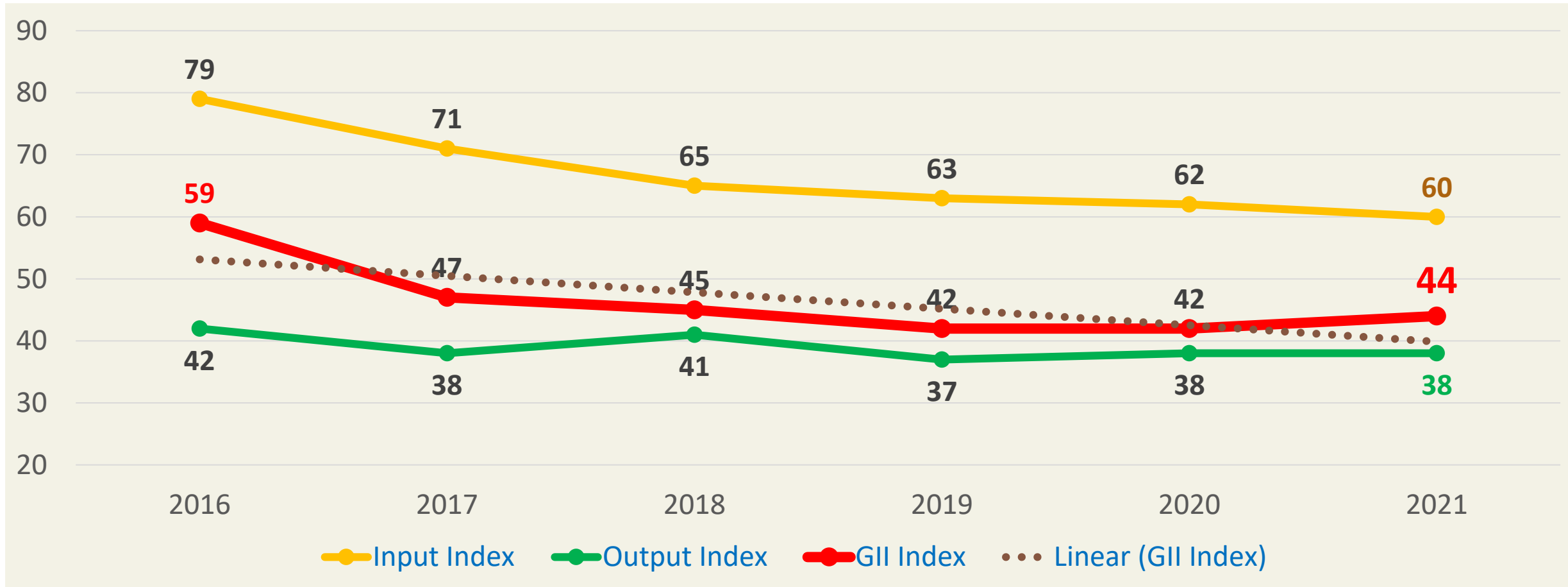
1. Context and the use of GII as a management tool of the Government

Tasks of the focal ministries/agencies

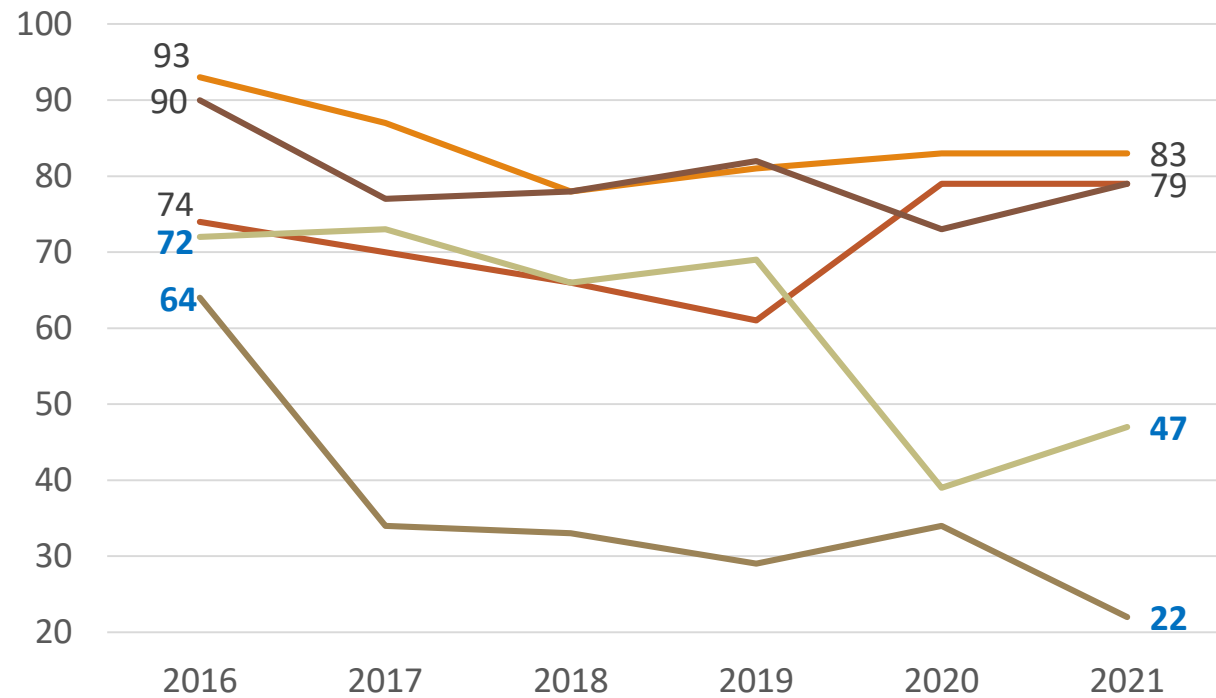
- ✓ Assign a coordinated person or unit;
- ✓ Monitor the indicators and action plan implementation; coordinate with other agencies at central and provincial levels;
- ✓ Collect and provide data to relevant agencies; regularly submit data to relevant international organizations
- ✓ For missing data → develop plan to for data collection and submit data to statistic organizations (General Statistic Organization at central level and provincial level);
- ✓ Regularly report the progress of implementation and results; report upon requests of leader. Submit quarter reports to the Government via MOST, MPI and GO;



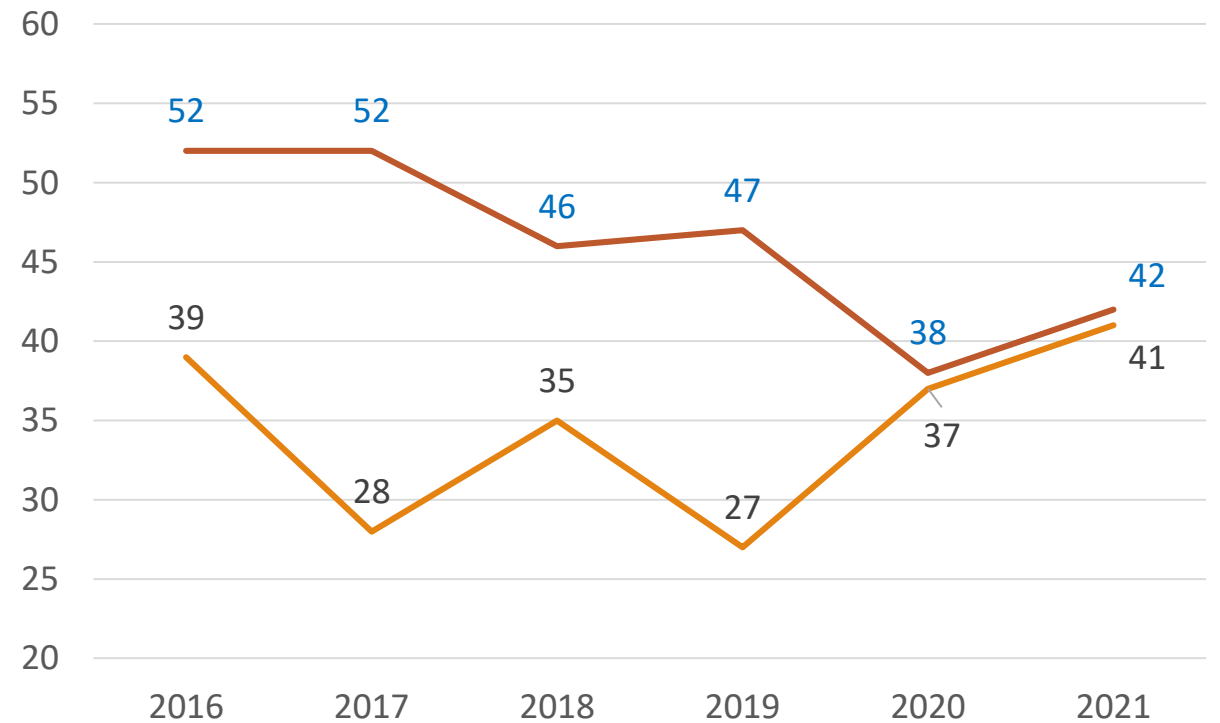
2. Results achieved – GII, Input and Output Ranking 2016-2021



2. Results achieved – Input and Output Pillars 2016-2021



- 1. Institution
- 2. Human capital and research
- 3. Infrastructure
- 4. Market sophistication
- 5. Business sophistication



- 6. Knowledge and technology outputs
- 7. Creative outputs

2. Results achieved - Pillars 2016-2021

	2016	2017	2018	2019	2020	2021
INPUT	79	71	65	63	62	60
1. Institutions	93	87	78	81	83	83
2. Human capital and research	74	70	66	61	79	79
3. Infrastructure	90	77	78	82	73	79
4. Market sophistication	64	34	33	29	34	22
5. Business sophistication	72	73	66	69	39	47
OUTPUT	42	38	41	37	38	38
6. Knowledge and technology outputs	39	28	35	27	37	41
7. Creative outputs	52	52	46	47	38	42
GII Ranking	59	47	45	42	42	44

2. Results achieved

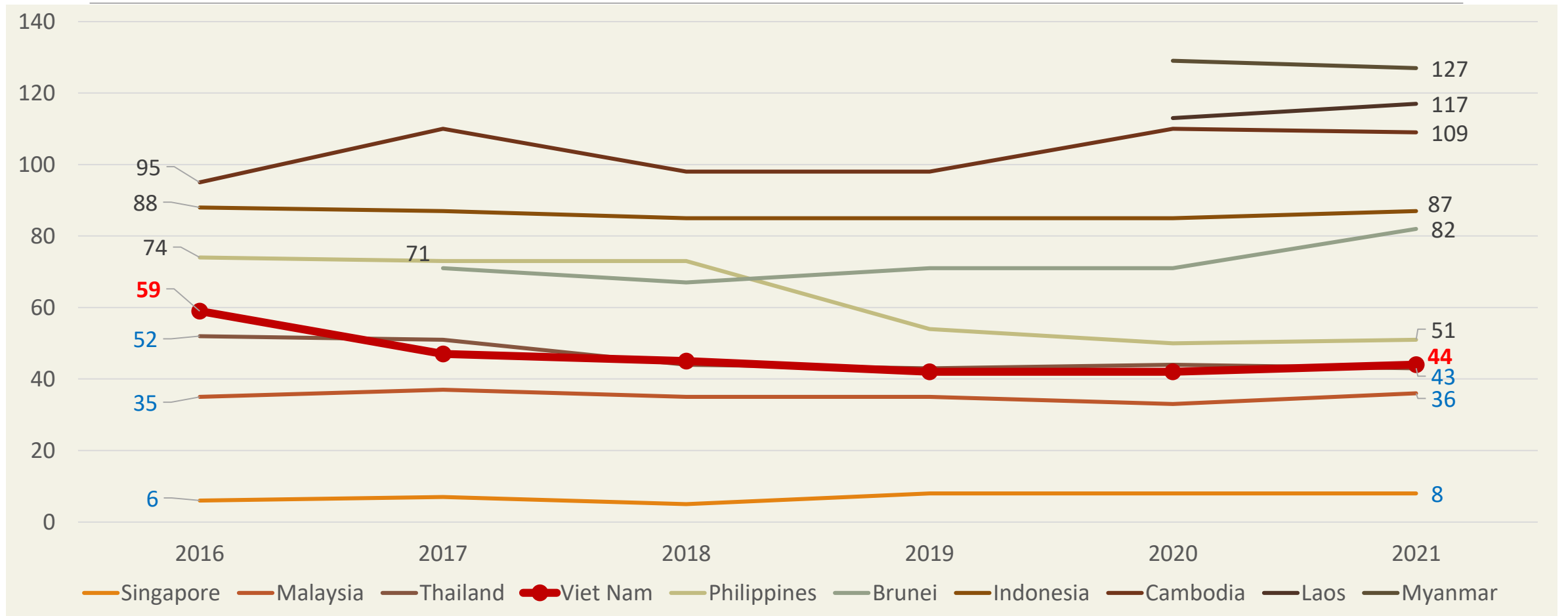
Vietnam's GII ranking in the low-middle income group

	2016	2017	2018	2019	2020	2021
Vietnam's GII ranking in the low-middle income group	3	1	2	1	1	1
Number of countries in the lower middle income group assessed and ranked	29	27	30	26	29	34

GII 2021:

- ✓ Viet Nam is an **Innovation Achiever** for 11 consecutive years. Relative to GDP, Viet Nam's performance is above expectations for its level of development. Among the economies above Viet Nam, 39 are high income and 05 high-middle income economies.
- ✓ TVIP economies (Turkey, Viet Nam, India and the Philippines) middle-income economies) are changing the global innovation landscape. The TVIP economies alone are systematically catching up.

2. Results achieved – GII ranking of ASEAN countries 2016-2021



2. Results achieved – Strengths and Weaknesses

Strengths (identified in GII 2021)

Input

- ❖ Credit: Domestic credit to private sector; Microfinance gross loan
- ❖ Trade, diversification, and market scale: Domestic industry diversification
- ❖ Business sophistication: GERD financed by business (%), High-tech imports, FDI net inflows

Output

- ❖ Knowledge impact: Labor productivity growth
- ❖ Knowledge diffusion: High-tech exports
- ❖ Creative goods and services: Creative goods export
- ❖ Online creativity: Mobile app creation

Weaknesses (identified in GII 2021)

Input

- ❖ Institutions: Business environment
- ❖ Human capital & research: Tertiary education, R&D
- ❖ Infrastructure: environmental performance
- ❖ Market sophistication: Investment
- ❖ Knowledge workers: knowledge-intensive employment
- ❖ Knowledge absorption: ICT services imports

Output

- ❖ Knowledge diffusion: Intellectual property receipts, ICT services exports
- ❖ Creative goods and services: Cultural and creative services exports, Entertainment & media market

Data

- ❖ Missing data: **02 indicators**
- ❖ Outdated data: 12 indicators



3. Lessons learnt

- GII is using system approach, applying a holistic view of innovation, evaluating the performance of a national innovation system (NIS) for both developed and emerging economies, identifying strengths and weaknesses of each economy. → GII is a good tool for action, providing evidence for policy and decision makers.
- should make the most of GII results from the general index to the individual indicators.
- Besides the GII framework and indicators, the GII reports also provide analysis on quality of innovation, S&T clusters → a good reference on innovation.
- In order to have a proper evaluation's result, data availability is very important - first action is to improve the statistical system, matching standards or methodologies of international organizations.

3. Lessons learnt

- The role of coordinating agency is crucial → a focal agency should be assigned to coordinate, monitor the implementation of ministries and provinces
- New approach → workshops, manual guides to be organized and provided to ministries and provinces to understand the meaning of GII and each indicators
- The participation of local governments (provinces) is limited as GII evaluates national performance
 - needs coordination of the ministries at central level with their line agencies at provincial level.
 - study/explore the possibility to develop a tool for evaluating innovation at provincial level

3. Lessons learnt

- Besides short-term solutions, in order to enhance NIS performance sustainably (reflected by GII), long-term policy solutions are crucial.
- Upon innovation and NIS characteristics of each economy, each economy may pay attention to different sub-index or pillars or indicators of GII.
- For Viet Nam, it is necessary to improve the inputs for innovation. Some of GII's implications are:
 - ✓ Innovation as driver of exports, value-addition, attractor of FDI. Need new model of growth – based on STI
 - ✓ Need for policies to leverage on FDI to upgrade domestic capabilities
 - ✓ Increase R&D expenditure (currently the GERD is 0.53%)
 - ✓ Need to connect firms, scientists, research institutes, entrepreneurs; Linkages between education, research and innovation in firms
 - ✓ Implementing IP strategy to local needs

Thank you for your attention!

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