

**Session III: Innovation  
Strategies in OECD and Catch  
Up Countries: A Comparative  
Perspective**

Alfred Watkins

# Guinet and Keenan

- Knowledge is interdisciplinary and international
- Primacy of R&D: Need R&D to absorb and adopt/adapt; not just to create new knowledge.
- Policy coordination and participatory governance
- Competition policy
- High level political support
- Political commitment and stability
- Governance of Public Research Organizations
- Incentives for science-industry linkages

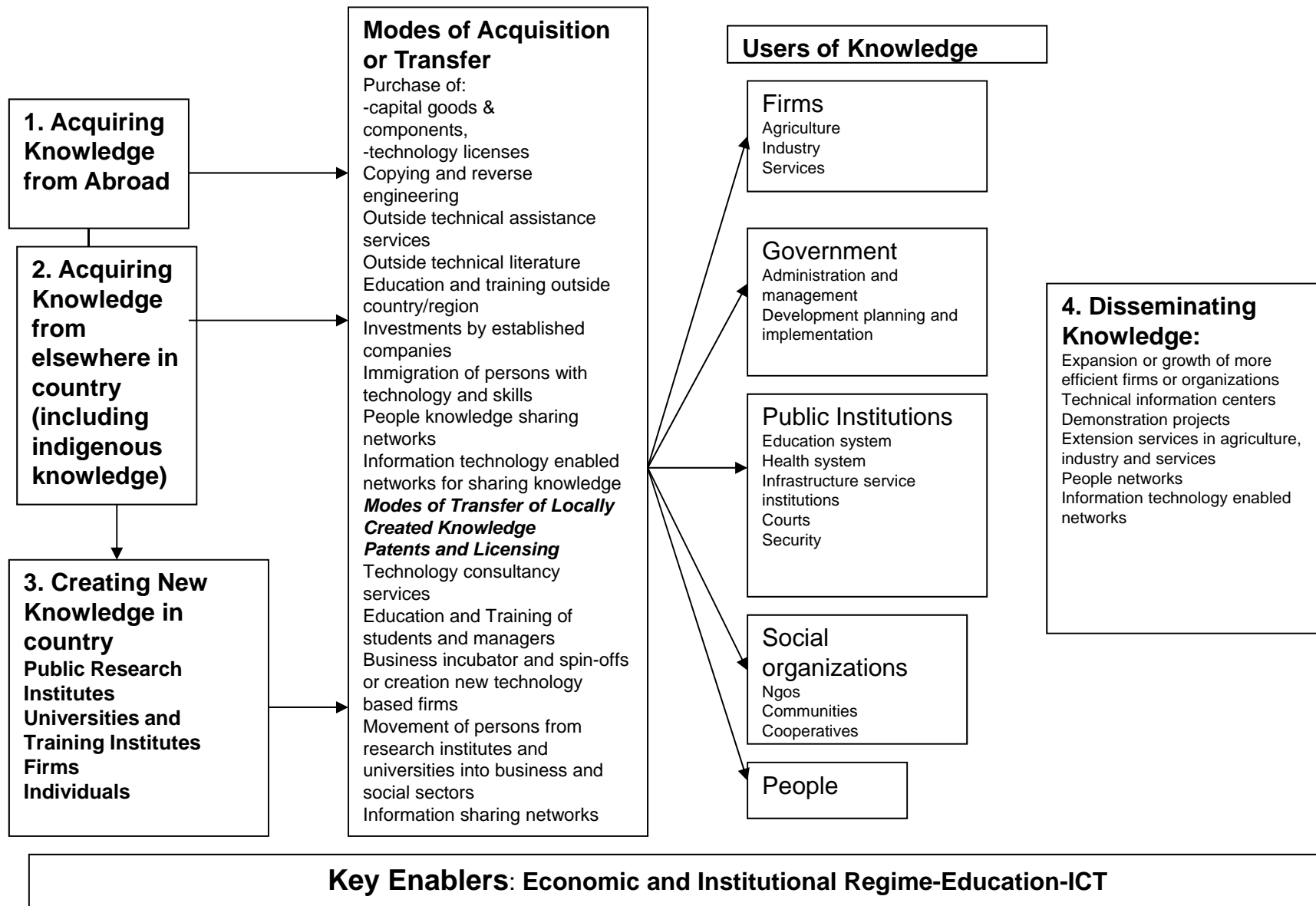
# Key Concepts from Dahlman

- Draw on global knowledge and don't focus only on the production of new knowledge vs. R&D
- Be open to the world to acquire knowledge and import capital goods
- Acquisition and dissemination of existing knowledge are critical development tasks
- Important determinants of all this are: structure of the economy; global integration; trade structure; consumption vs. investment; political system; role of government

# Key Concepts from Howitt

- Distance from frontier
- Competition
- Ease of entry (and exit)
- Different strategies depending on distance from frontier

# Innovation System in Developing Countries



# Operational Implications for LICs and non-BRICs

- Are we caught in a low level equilibrium trap? Does initial distance from the frontier determine destiny?
- Catch up is about running faster than the leaders who are already running fast and not slowing down to accommodate laggards
- Economic transformation: shifting from industries with low technological content to those with higher technological content
- Capacity building (technological literacy) – workers, enterprises, public policy institutions, education and research institutions
- What sort of distance reducing policies – what do you do? How do you do it?

# Operational Implications for LICs and non-BRICs (2)

- Adoption and adaptation vs. R&D (developing country governments, World Bank)
- Linking domestic R&D to global R&D does not always translate into greater domestic productivity – e.g., India, Russia
- Role of technology diffusion institutions
- With limited resources, where do you focus capacity building efforts – Justin Linn: comparative advantage following policies

[www.worldbank.org/sti](http://www.worldbank.org/sti)

