



# OECD Innovation for Inclusive Growth Project

## Summary of Scoping Advisory Group Meetings

*New Delhi, 11 February 2015*

*Paris, 26 March 2015*

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### A. Update

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- We have created a **Community of Practice (CoP)** on the [Innovation Policy Platform](#) (IPP) to allow for online discussions on the project and efficient information sharing.
- **The publication of the first phase of the project will be released in June 2015.** A preliminary brochure is available [here](#). You will find materials from the India conference [here](#).
- **The OECD Committee for Scientific and Technological Policy (CSTP) met on 24 and 25 March. Its Ministerial Meeting which will be held in October 2015 in Korea was discussed. Global inclusiveness will be one of the core themes;** the project findings will directly contribute to the discussions.
- We will develop a detailed work plan for the 2015-16 project phase and start work on the project modules. Activities will include a) **communicating findings from the first project phase, b) developing an analytical framework on how innovation and inequality relate.** We will also c) identify policy examples based on a collection of **policy evidence on best practice.**

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### Objectives of the Advisory Group Meetings

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The Advisory Group meetings of 11 February and 26 March focused on:

- Identifying ways to **communicate results of the 2012-14 project phase and its publication** to a wider community and other engagements (incl. the Community of Practice of the Innovation Policy Platform, national events presenting findings, etc.)
- **Defining the overall framework for analysing** how innovation affects inclusive growth and what innovation policies can do in support. This involved discussions of experts and country policy makers on the question of innovation and inclusive growth.
- **Scoping the future work agenda and tentative timeline** for the 2015-16 project for the 2 project modules.
- **Discussing Advisory Group project contributions.**

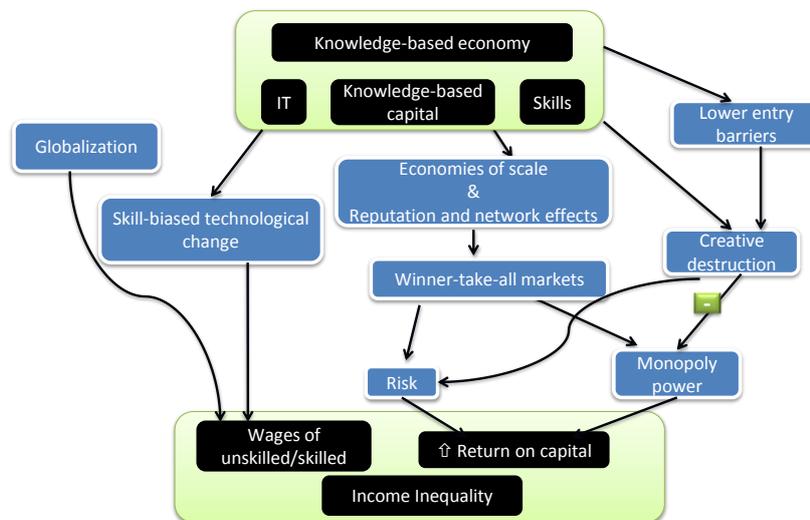


## C. Summary of the Scoping Meeting for Module 1 (26 March 2015)

### Module 1: Innovation Policies and Inequality

This module investigates possible mechanisms in a knowledge-based economy that might cause divergence or convergence in incomes.

#### Possible Innovation-Inequality Linkages



The project “Innovation for Inclusive Growth” will contribute to an OECD-wide initiative on inclusive growth. Alain de Serres (ECO) and Luiz de Mello (GOV) presented the findings of the Inclusive Growth project and relevant work done on governance. The project aims to better understand the impact of growth on inequalities interpreted in a more multidimensional way (i.e., taking into consideration other factors, such as health, jobs, wealth in addition to income). Conceptualizing the channels through which innovation affects the non-income dimensions of well-being within and across regions can play a critical role.

#### Comments on proposed framework

Several issues were raised with regards to the proposed framework. These included the factors described below. There was general agreement that while several aspects need to be integrated it will be critical for the project to keep its focus on the link with innovation. Other contributing factors will of course be acknowledged.

Comments on the proposed framework included the following:

- The hypothesis that a certain degree of inequality in the allocation of resources goes hand in hand with innovation activities was acknowledged. Yet, the degree of inequality might differ and there is a question as to how efficiency is affected by higher and/or lower levels of inequality.



- It is necessary to take into account different country characteristics when thinking about adequate innovation/inequality policy options. One of the major factors in the growing economic gap between the North and the South is the difference in innovative capacities. OECD countries can contribute to reducing this gap by fostering the share of knowledge, particularly intellectual property (IP); emerging countries should prepare adequate national innovation strategies – the adaptation of relevant strategies in every new development phase was one of the success factors in Korea’s fast catching-up process in innovation.
- The place-based dimensions of within-country innovation performance can easily be integrated as part of the framework. Innovation activities are often concentrated and agglomeration mostly favours leading businesses.
- It is important to clearly understand how the knowledge-based economy differs from the past. This includes investigating whether “winner-takes-all” or “winner-take-most” markets emerge more in today’s economic context compared to the past.
- The possible effects of incentives, re-distribution policies and advanced manufacturing (industry 4.0) on innovation and employment could be relevant to study.
- The respective role of the best and the “remainder of the economy” matters not only from the perspective of inequality but also from that of efficiency of national innovation performance.
- The importance of the educational role of universities as capacity building for the innovation system should not be underestimated. This might require a different approach to supporting universities from one exclusively focused on excellence.
- Institutions play an important role when it comes to defining ultimate outcomes. The conditions over ownership of intellectual property are one critical element in the knowledge-based economy.

### Country perspectives

Country presentations focused on the different topics, highlighting that inequality is a challenge for all economies not merely for developing countries.

- Israel is generally a very innovative country but its innovation activities are spatially and socially very concentrated, therefore the country launched innovation programmes with the aim of disseminating the results of innovation to the broadest possible segments of society (supporting, for instance, traditional industries or vulnerable groups). In this regard, Israel is interested in the best practices of other countries and proposes the compilation of a list of best practices enabling innovation to trickle down to different groups in society.
- Costa Rica’s approach to innovation policy focuses on how it stands to contribute to inclusive growth. ICT can contribute critically also to policy design and, therefore, the



government seeks a critical role in helping develop the computing infrastructure necessary. Sustainability is also critical for the development of a future-oriented innovation policy agenda.

- China's innovation policy aims at achieving a balance between fairness and efficiency in society. Inclusiveness at social, territorial and industrial levels are all part of the policy considerations. CASTED has conducted research so as to provide perspectives from China to this project. China would welcome sharing policy practice and a unified vocabulary of the issues would be helpful.
- Issues that have been raised in Austria's context include the role of higher-education institutions and the question whether excellence should be chosen over support on a widespread basis. Labour market segmentation and the question of technological unemployment are also discussed.
- Korea is well known for its "select & focus" development strategy. While very successful, it created challenges with regards to territorial and industrial inclusiveness. This growth experience provides valuable material for a case study on the Korean case.

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## **D. Summary of the Meeting of 11 February**

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### **Module 2: Innovation for Development**

This module focuses on novel approaches for innovation to support development: The case of inclusive innovations shows how innovation can directly help address development challenges, not only by critically supporting growth. However, multiple challenges, often characteristic of development contexts, complicate more inclusive innovation processes. They also challenge the design of innovation policies and might require different approaches to optimise policy learning. The module will also focus on questions related to global inclusiveness. The latter also refers to the role innovation plays on the development agenda.

#### **General Perspective on the Module**

Members agreed that the work should be focused rather than become too broad so that specific policy recommendations can be set out. Setting out bold policy messages will have much larger impacts.

Communicating findings of the first project phase to the wider policy audience will also be important to help create awareness about the relevance of inclusive innovation for development.

Practically, one way to provide next steps is to have additional policy case studies. This may include case studies of projects that have been running for a long time (several initiatives in India would be relevant here). Analysis of failures will also be significant for policy learning.



## Themes for Further Analysis

Themes that were discussed include the following:

- **Impacts of new technologies** – related to ongoing OECD work on “the next production revolution” – on inclusive development. Disruptive technologies can be critical sources of inclusive innovations. But policy efforts may be necessary to exploit their potential. The **employment opportunities** that arise will also shape social impacts of technologies. Policies regarding new technologies should include preventing future exclusion and enhancing shared benefits among their objectives.
- The **specific challenges related to inclusive innovations with regards to addressing environmental and health issues are also important**. Both sectors have very specific characteristics and regulatory environments, requiring attention to provide a level playing field for inclusive innovation in these domains. Ensuring better articulation of health and environment policies with innovation policies is, therefore, crucial.
- **Grassroots innovation** is important. Inclusive innovation should not be interpreted as innovation *for* the poor only. Involving excluded groups matters and failure to do so has often hindered an inclusive innovation’s adoption.
- **Global inclusiveness** is relevant for the analysis of the module. Innovation and policy dialogue are important for global inclusiveness. Enhancing the role innovation plays on the development aid agendas of countries matters as does placing greater efforts in strengthening policy learning schemes on S&T matters. It is not only governments but also other international bodies, such as the Global Research Alliance (GRA), that can critically support the process. It is, therefore, a core issue for the discussion of the CSTP Ministerial Meeting of October 2015.
- The need for **measuring inclusive innovations** is another theme of interest. It is critical to develop common definitions and a common taxonomy; it is relevant to think about **indicators** as they will be indispensable to monitor impacts beyond the success of projects: Measuring impacts on excluded populations at large is an important step, despite substantial challenges in developing such indicators.

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## E. Participants

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The project team would like to thank the country representatives and experts for participating in the scoping meetings: Aldo Aldama; Guillaume Allègre; Rita Goldstein-Galperin; Miguel Adolfo Guajardo Mendoza, Yongsuk Jang, Daniela Jara, Professor Venni Krishna, Professor Mashelkar, Luiz de Mello, Nonhlanhla Mkhize, Professor Pierre Mohnen, Professor Rajneesh Narula, Santiago Núñez-Corrales, Imraan Patel, Wolfgang Polt, Alain de Serres, Xavier Timbeau, Yu Shi, Professor Bart Verspagen.

Project team members involved in organizing the meetings included: Dominique Guellec, Cynthia Lavison, Karen Maguire, Joaquim Oliveira Martins, Caroline Paunov, Gábor Szüdi, Stéphan Vincent-Lancrin, Andrew Wyckoff, Maximilian Zillner.