Outline

• The Innovation for Inclusive Growth Project
• Main Findings of the Report
• Future OECD Work on Innovation for Inclusive Growth
The *Innovation for Inclusive Growth*

Project:

**Horizontal OECD Initiative**
- Committee for Scientific and Technological Policy as lead committee
- Involves the Territorial Development Policy Committee and the Centre for Educational Research and Innovation
- OECD Inclusive Growth Initiative

**Network**
- Experts and researchers, Inter-American Development Bank, World Bank, Growth Dialogue, Global Research Alliance

**Advisory Group:**
- Austria
- Chile
- China
- Colombia
- Costa Rica
- India
- Indonesia
- Israel
- Korea
- Mexico
- South Africa
The Project Timeline (1/2)

Incubator phase:
- Gathering in South Africa (November 2012)
- Background document raising variety of topics (starting point)

Project set-up:
- CSTP project description
- set-up of Advisory Group & larger experts group
- Scoping questionnaire
- Newsletter and network

Start the analyses:
- Identify specific projects to respond to Advisory Group questions
- Advisory Group meeting in Istanbul (October 2013)
- Policy framework and background analyses
The Project Timeline (2/2)

Producing the evidence:
- Consolidate following feedback from experts from March & July 2014 Advisory Group meetings and Symposium

First phase final report:
- 18 June 2015

Conference:
- High-level conference in India in February 2015

Starting the 2015-16 phase of the project:
- New Advisory Group
- Creation of the community of practice
- Developing the work programme
Inclusive Growth:
“economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.”
Scaling Up Inclusive Innovations
Scaling Up Inclusive Innovations: Definition

- **Innovations** that improve the welfare of lower-income and excluded groups
  - For **consumption**
  - In **support of economic activities**

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**Pro-inclusive innovations:**
- poor as end consumers

**Grassroots innovations:**
- poor also innovators
Scaling Up Inclusive Innovations: Examples

- Mobile money
- 3D printing from waste
- “Assembly line” cataract surgeries
- Off the grid electricity
- 2000$ car
- Community phone shop
- Adapted curriculum
Scaling Up Inclusive Innovations: 
*In OECD context*

- "Sharing economy"
- Crowdfunding
- Low cost
Scaling Up Inclusive Innovations

Globalization, emerging economies and ICT

Demand factors

Emerging economies’ middle class

Supply factors

Reduced development costs of inclusive innovations

Number of Inclusive innovations introduced by firms

Social inclusiveness
Scaling Up Inclusive Innovations: Missing scale
Scaling Up Inclusive Innovations: Missing scale

Globalization, emerging economies and ICT

**Demand factors**
- Emerging economies’ middle class

**Supply factors**
- Reduced development costs of inclusive innovations

Number of Inclusive innovations introduced by firms

Missing scale

Social inclusiveness
Scaling Up Inclusive Innovations: Characteristics & Challenges

- Types and costs of innovations
- Information about consumer needs
- Access to expertise, knowledge and finance
- Market conditions for firms

- Regulation may constrain market entry
- Baseline conditions require more adaptations
- Uncertainty about uptake
- Low access to expertise for grassroots
- Reduced opportunities for traditional financing for pro-inclusive & low financial inclusion for grassroots
- Informality reduces access to public service
- Baseline conditions require more adaptations
- Uncertainty about uptake
- Low access to expertise for grassroots
- Reduced opportunities for traditional financing for pro-inclusive & low financial inclusion for grassroots
- Informality reduces access to public service
Scaling Up Inclusive Innovations: Rationale for policy intervention

Globalization, emerging economies and ICT

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Number of Inclusive innovations introduced by firms

Missing scale

Social inclusiveness

Policies in support of inclusive innovation

Characteristics
Challenges
Missing scale
Policies in Support of Inclusive Innovation
Policies in Support of Inclusive Innovation: *Actors*

- **Government**
  - Different ministries (innovation, health, education, etc.)
  - Regional government

- **Public research institutes and universities**

- **The poor**
  - Grassroot innovators
  - Consumers

- **Private sector**
  - MNEs
  - National companies
  - SMEs

- **NGOs**

- **Financial sector**
  - Banks
  - Impact investors
  - Aid and development agencies
  - Microfinance
Policies in Support of Inclusive Innovation

**Characteristics**
- Types and costs of innovations
- Information about consumer needs
- Access to expertise, knowledge and finance
- Market conditions for firms

**Challenges**
- Regulatory constraints
- Missing infrastructure
- Uncertain uptake
- Low access to knowledge networks
- Low access to traditional loans
- Lack of financial inclusion
- Informality constraints

**Policy response**
- Governmental co-operation
- Co-operation across actors
Governmental Cooperation

Coordination within government institutions
- Horizontal (between ministries)
- Vertical (local governments)

Government
- Different ministries (innovation, health, education, etc.)
- Regional government

The poor
- Grassroot innovators

NGOs

“Social Innovation Policy” (Colombia)
- A cross-cutting policy between different national institutions:
  - 6 regional nodes
Fostering Cooperation Between Actors

**National Innovation Foundation (India)**

- Partners with Honey Bee Network
- Documents grassroot innovations and traditional knowledge: 181,000 ideas
- Support commercialisation
  - Partnership with R&D institutions
  - Risk capital (Micro Venture and Innovation Fund)
- Promotes intellectual property use

**The poor**
- Grassroot innovators
- Consumers

**Government**
- Ministries (innovation, health, education, etc.)
- Regional government

**NGOs**

**Financial sector:**
- Banks
- Impact investors
- Aid and development agencies
- Microfinance institutions

**Private sector**
- MNEs
  - national companies
  - SMEs
- Public research institutes and universities
- Financial sector:
  - Banks
  - Impact investors
  - Aid and development agencies
  - Microfinance institutions
Policies in Support of Inclusive Innovation

**Characteristics**

- Types and costs of innovations
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**Challenges**

- Regulatory constraints
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**Policy response**

- Governmental co-operation
- Co-operation across actors
  - Financial support

**Co-operation across actors**
Financial Support

- Public- Private Partnerships (South Africa)
- World Bank Viet Nam Inclusive Innovation Project

The poor
- Grassroot innovators
- Consumers

Government
- ministries (innovation, health, education, etc.)
- Regional government

NGOs

Public research institutes and universities

Private sector
- MNEs
- national companies
- SMEs

Financial sector:
- Banks
- Impact investors
- Aid and development agencies
- Microfinance institutions
M-Pesa

- Better penetration than banking in Kenya
- Could not develop in South Africa due to stricter regulation

Access to expertise, knowledge and finance

Market conditions for firms

Low access to traditional loans
Lack of financial inclusion

Informality constraints

Low access to knowledge networks

Policy response

Governmental co-operation

Co-operation across actors

Financial support

Regulatory Framework
Policies in Support of Inclusive Innovation

Characteristics

- Types and costs of innovations
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- Access to expertise, knowledge and finance
- Market conditions for firms

Challenges

- Regulatory constraints
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Policy response

- Governmental co-operation
- Co-operation across actors
- Financial support
- Regulatory Framework
Innovation and Inclusive Growth
Inclusive Growth

• Inclusive Growth:

- Territorial
- Industrial
- Social
Innovation – Growth Nexus

Globalization, emerging economies and ICT

**Demand factors**
- Emerging economies’ middle class

**Supply factors**
- Reduced development costs of inclusive innovations

Increasing role of innovation for growth

Democratization of innovation

Islands of excellence / laggards

Number of Inclusive innovations

Missing scale

Policies in support of inclusive innovation

Innovation policies’ “inclusiveness footprint”

Social inclusiveness

Territorial and industrial inclusiveness
Innovation – Growth Nexus

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Social inclusiveness

Territorial and industrial inclusiveness
Concentration of Innovation

Globalization, emerging economies and ICT

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**Number of Inclusive innovations**

**Missing scale**

**Social inclusiveness**

**Policies in support of inclusive innovation**

**Increasing role of innovation for growth**
- Islands of excellence / laggards

**Territorial and industrial inclusiveness**
Democratisation of Innovation

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Democratization of innovation

Territorial and industrial inclusiveness

Policies in support of inclusive innovation
Innovation Policies and Inclusiveness

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Decrease

Increase

1. What are the implications of increasingly knowledge-based economies on income inequalities and social mobility?

2. What are the implications of policy choices aimed at supporting both growth and inclusiveness?
Further Information
The Publication

- **Chapter 1: Scaling up Inclusive Innovations**
  - The context of inclusive innovation
  - In what ways are inclusive innovations different?
  - What is the impact of inclusive innovations?

- **Chapter 2: Inclusive Innovations in Education**
  - Characteristics of inclusive innovations in education
  - Scaling up

- **Chapter 3: Policies in Support of Inclusive Innovation**
  - The role of innovation policies in supporting inclusive innovation
  - Co-operation challenges
  - Policy instruments supporting inclusive innovation

- **Chapter 4: The Search for Excellence and the Democratisation of Innovation**
  - Inclusive growth and innovation
  - Industrial inclusiveness
  - The democratisation of innovation
  - Trickle-down dynamics: Diffusion and its impacts on industrial inclusiveness
  - The impacts of innovation policies on inclusiveness
  - Open questions on the economics of innovation and inclusive growth
More about the project

• Visit the project’s website at:
  http://oe.cd/inclusive

• Email us to subscribe to the project’s newsletter

• Find out more about the report at
  http://oe.cd/inclusive-inno-report

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