How to Scale Up Inclusive Innovations? Policy Lessons From a Cross-Country Perspective

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Based on forthcoming working paper: *How to Scale-Up Inclusive Innovation? Policy Lessons from a Cross-Country Perspective*

This background paper will be the *basis for Section B* of the final publication.
Overview

1. Defining Inclusive Innovations
2. Characteristics of Inclusive Innovations
3. Scaling Up Inclusive Innovations
4. Policy Approaches in Support of Inclusive Innovations
1. Defining Inclusive Innovations

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

- Other critical factors:
  - **Quality**
  - **Scale**
1. Defining Inclusive Innovations

- **Micro indicators**
  - Needs-based indicators

- A few case-specific scaling indicators

**Share of the population with an account at a formal financial institution by income segment, 2011**

(% age 15+)

- Colombia: 15, 44, 47
- China: 75, 44, 44
- India: 27, 26, 10
- Indonesia: 63, 41, 16
- South Africa: 86, 63, 29
- Low income: 92, 53, 31
- Middle income: 86, 53, 31
- High income: 92, 86, 31

Source: World Bank Findex

**Mobile money and financial inclusion by income segment in Kenya, 2011**

(% age 15+)

- Mobile phone used to receive money
- Mobile phone used to send money
- Account at a formal financial institution

Source: World Bank Findex
1. Defining Inclusive Innovations

• Macro indicators
  – Challenge

Government funding of health-related R&D, 2012
As a percentage of GDP

Source: STI Scoreboard 2013
2. Characteristics of Inclusive Innovations

- Inclusive innovation **differ from traditional innovations** in several dimensions

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3. Factors of Success for Scaling Up

- Accurately captured the demand
- **Private businesses** play central role
- Importance of innovation (incl. process)
- Building on existing infrastructure and ecosystems
- **Regulatory framework** facilitated development

→ Role of government: **Facilitator**
4. Policy Approaches

1. Type of Innovation and Impacts
2. Scale of Innovations
3. Access to Expertise and Knowledge
4. Access to Finance
5. Information about Consumer Needs
6. Characteristics of Demand
7. Costs of Providing Innovation
8. Market Conditions

- Governmental Co-operation
  - Fostering co-ordination across other actors

- Access to Finance

- Regulatory Framework

- Other incentives
4. Obstacles and Responses

1. Type of Innovation and Impacts
2. Scale of Innovations
3. Access to Expertise and Knowledge
4. Access to Finance
5. Information about Consumer Needs
6. Characteristics of Demand
7. Costs of Providing Innovation
8. Market Conditions

Definition and measurement

Governmental Co-operation
- cross-institutional co-operation
- Involving local governance

Fostering co-ordination across actors

Incentives to universities and PRIs, intermediary institutions

International co-operation

Direct funding, PPPs, fostering private investment

Product Regulatory FWs
Market Regulatory FWs
IP Rights
Prizes and Competitions

Definition and measurement