

# Advisory Group Meeting of the “Innovation for Inclusive Growth” Project

Paris, France – 3 July 2014

## Preliminary Summary Record

### Introduction

During its meeting, the Advisory Group discussed the main conclusions and the full set of documents of the forthcoming project publication on the agenda. Korea, Israel and Colombia gave an overview of the challenges and policy responses they had identified with respect to supporting inclusive development. The group also discussed the final event in February 2015 in New Delhi, India. Finally, the meeting served as a first discussion of the objectives for the 2015-2016 follow-up project.

### A – Important Items / Follow-up

**Feedback request:** Comments on the topics discussed are very welcome including, in particular, comments on the document “How to Scale-Up Inclusive Innovation? Policy Lessons from a Cross-Country Perspective”. Please provide us with your comments by 21 July 2014. If you would like to submit comments subsequently, we will do our best to include additional comments we received until the end of August 2014.

**Country studies deadline:** The OECD would welcome country studies and policy examples by 18 July 2014 that can help provide insights on industrial, territorial and social inclusiveness. Any documents will be needed by end August 2014 for them to be included in the publication.

**Forthcoming publication:** The OECD team will draft chapters for the forthcoming publication in the coming months (July-September) incorporating feedback received. The publication will be submitted to the Committee for Science and Technology Policy in October and finalised by January 2015.

**Launch event:** The OECD team will inform the Advisory Group about the specific date and location for the launch event of January/February 2015. Suggestions for possible country presentations are welcome.

**2015-2016 activities:** There will be a second phase for the project in 2015-16. The Advisory Group discussed possible developments for this horizon, including an expansion of the country coverage and creating a community of practice on the Innovation Policy Platform for interactive policy discussion. The project will also provide for the 2015 CSTP Ministerial Meeting to be held in Seoul, Korea.

### B- Overview of Project Developments

An overview of the project was provided ([presentation](#)). The project findings will be presented to the OECD Committee for Scientific and Technological Policy (CSTP) on 21-22 October 2014. The CSTP will decide on the declassification of the report. The project publication is to be realised in January/February 2015. The tentative outline of the final publication is as indicated below:

- A. Innovation and impacts on inclusive growth
  - *Chapter 1: Trends and mechanisms describing the impacts of innovation on inclusive growth*
  - *Chapter 2: Perspectives on industrial and territorial inclusiveness*
  - *Chapter 3: Policy lessons*
  
- B. Inclusive innovation
  - *Chapter 4: Scaling inclusive innovations*
  - *Chapter 5: Focus on inclusive innovations in education*
  - *Chapter 6: Policy lessons*

**A presentation of the preliminary conclusions of the publication was given by Caroline Paunov ([presentation](#)).**

Members of the Advisory Group emphasized it would be critical to focus on the novel key messages in the report. Linking the section on innovation and its impacts on inclusiveness and the discussion of inclusive innovation was identified as critical.

The group also discussed future avenues for the follow-up 2015 – 2016 project. Particularly interesting options included the following:

- **Developing specific country policy analyses** that would apply the framework the project developed and discuss in more detail how innovation policies affect inclusiveness and what can be done to improve impacts;
- Creating a **community of practice on the Innovation Policy Platform** for interactive policy discussions on the topics;
- **Expanding the group of countries** to countries in Latin America, in Southeast Asia but also to OECD economies many of which face important challenges with respect to inclusiveness;
- **Exploring questions of inclusive innovation at the global level** and how overseas development assistance (ODA) can help build innovation capacities globally was also discussed. This will have particular importance in the context of the meeting of the CSTP at ministerial level in October 2015 in Korea.

## C – Ongoing Work and Preliminary Findings

### 1 - Defining and Scaling Up Inclusive Innovation

**Presentation on the Scaling of Inclusive Innovations ([presentation](#))** – Cynthia Lavisson, OECD

Cynthia presented an overview of a background study conducted by the OECD team for part B of the final publication.

**Perspectives on Scaling up Inclusive Innovations ([presentation](#))** – Christina Rosendhal, GIZ, Germany

Christina provided comments on the background paper “Scaling Up Inclusive Innovation, Policy Lessons from a Cross Country Perspectives”. She emphasised two trends that make inclusive innovation particularly relevant: the **lack of success of traditional development strategies** and the **recent and rapid development of the middle class in emerging economies**. She underscored the **role of business model innovation** in the scaling process, and recommends linking inclusive innovation policy to the broader realm of inclusive business policy. She also suggests developing policy recommendations further and investigating compulsory serving of certain markets as a policy option to support inclusive innovation.

#### Discussion

- **Linking the policy recommendations for inclusive innovation with contextual elements/policy priorities** would be helpful but can be challenging.
- **Creating a “global repository of Inclusive Innovation”** could facilitate replication, dissemination and scaling as similar initiatives have been developed in different places. **A fund for inclusive innovation** could also be developed as part of a global ODA strategy.
- **Product life-cycle dynamics** where products price go down and access widens with time could be discussed in relation to inclusive innovations.

### 2 – Inclusive Innovation in Education

**Inclusive Innovations in Education ([presentation](#))** – Alfonso Echazarra, OECD

Alfonso Echazarra presented the preliminary findings of background research for chapter 5 of the final publication dealing with inclusive innovations in education. The chapter draws on a survey of inclusive innovation initiatives. A workshop to be held in New Delhi in July 2014 will provide additional insights for the report.

#### Discussion

- Education has several dimensions (*learning* but also *doing* and *being*). As a consequence, **a lot of the strategies traditionally used in inclusive innovations to cut costs will not be as relevant** (notably as teachers are often still

critical particularly for educating small children).

- **Changing trends in innovation will impact educational needs**, with a shift away from unskilled jobs due to mechanisation, the demands on the education sector will change.
- It is worth discussing to what extent the contributions of innovation in the education sector differ from those in other areas such as health where a lot of progress has been made.

### 3 - Innovation and its Impacts on Inclusive Growth

**Presentation on Innovation and Inclusive Growth ([presentation](#))** - Caroline Paunov / Dominique Guellec, OECD

Caroline presented preliminary conclusions for Part A of the upcoming publication, drawing from several econometric background studies.

### 4 – Innovation and Regional Inclusiveness

**Presentation on Territorial Inclusiveness ([presentation](#))** – Rüdiger Ahrend / Alexander Lembcke, OECD

Rüdiger and Alexander presented the preliminary findings of a quantitative study conducted as background for the publication.

The limited availability of indicators to describe non-technological innovations is a particular challenge to describe regional inequalities in innovation performance more comprehensively.

## D – Policy Perspectives

**Perspectives from Korea** – Yongsuk Jang, STEPI, Korea

Korea will contribute a policy paper to the project that focuses on how innovation, which played a critical role in Korea's development, affected territorial and industrial inclusiveness. Yongsuk identified the following important characteristics:

**Korea's growth strategy affected industrial inclusiveness:** A small number of large conglomerates (e.g. Samsung) represent over 30% of the total R&D expenditure. Small and medium-sized enterprises (SMEs) have generally very low investment in R&D. To reduce these gaps, the current administration has rolled out a series of measures supporting innovation in SMEs. Greater efforts were also set on fostering links between large and small companies.

**Territorial inclusiveness** has been strongly shaped by Korea's growth trajectory. One fourth of the Korean population is concentrated in Seoul metropolitan area reflecting the concentration of economic activity there. A "balance to development" initiative has been launched to foster a more spread out growth, financial and technical support to innovation dispensed to actors in other regions of the country.

**Korea recently developed an initiative for international aid in support of science, technology and innovation.** Having evolved from ODA recipient to ODA donor, Korea is particularly interested in sharing their model with developing economies and in particular finds it critical to build innovation capabilities for development.

**Perspectives from Colombia** - Nazly Frias, National Planning Department, Colombia

Colombia's "Social Innovation" policy aims to identify and scale inclusive innovation initiatives, by creating a favourable environment for business initiatives to address the problems of excluded groups in the country. The policy draws on three approaches to inclusive innovation:

**An economic approach**, i.e. supporting the development of innovative goods and services to satisfy a need or overcome a problem in a more efficient way than existing approaches. Notably, Colombia's Social innovation policy aims to change the institutional capacities for the health system and the educational system.

**A sociological approach** that focuses on fostering alliances between different sectors and actors for innovation. In Colombia, socio-economic problems are intertwined with the conflict history. The inclusive innovation policy therefore sets a strong emphasis on involving citizens (solving issues “at the root”) and community empowerment.

**A political science approach** of inclusive innovation which aims at changing the balance of power in the society through inclusive innovation. Colombia’s inclusive innovation policy is not restricted to the lower-income group, even though poverty alleviation is a priority area.

#### **Perspectives from Israel – Rita Goldstein / Omer Laor, Permanent Delegation of Israel to the OECD**

**Inclusive innovation is relevant for developed countries.** Israel has been very successful as “start-up nation” and is a leader in many science, technology and innovation indicators. However, such excellence in performance is not general across the economy but driven by a few “islands of excellence”. Benefits do not automatically accrue to the remainder of the economy. This results in **geographical imbalances** with the periphery lagging behind the Tel Aviv area, as well as **imbalances between high- and low-tech sectors**. Funding support for innovation, which puts emphasis on projects of high potential, very often provides support to those “islands of excellence”. Identifying potential policy options that would address imbalances without compromising a commitment to excellence would be interesting. An example of a policy that is currently being considered is an R&D fund for traditional knowledge. Such imbalances illustrate that growth does not necessarily imply widespread benefits. The implications of imbalances on social inclusiveness have been an important item on Israel’s policy agenda since 2011.

#### **E - Final Event in January/February 2015**

The Advisory Group supports the idea of organising a global event for sharing and discussing the project’s main conclusions with stakeholders, experts and policy makers. The event will be an opportunity to launch the forthcoming report on Innovation for Inclusive Growth, and to build a global community of practice around those topics. The OECD will jointly with Professor Mashelkar explore the possibility of organising an event in January/February 2015.

The event could consist in a one-day high-level series of sessions. Participation would include high-level representatives from India, from the OECD and from other countries that participated in the first phase of the project (China, Indonesia, South Africa and Colombia) as well as from OECD countries (Korea, Germany, Israel and others) and other countries (notably economies from Latin America such as Chile and Mexico and Southeast Asia such as Malaysia). The discussion would focus on the implications of the inclusive development agenda for innovation policies, involving both practitioners and analysts and based on the newly launched report.

Following the main event, there would be two days of workshop discussions involving researchers and other experts to discuss specific dimensions of innovation for inclusive development. This would provide an opportunity to also discuss and present specific inclusive innovations and their experiences. The second part of the event could be organised in association with the MEIDE Conference.

The event would help designing future work on innovation and inclusiveness (2015-16) and would be a major milestone in preparing the discussion on global inclusiveness to be held at the CSTP ministerial meeting of October 2015.