

# OECD Reviews of Innovation Policy

A key customizing tool  
for the OECD Innovation Strategy

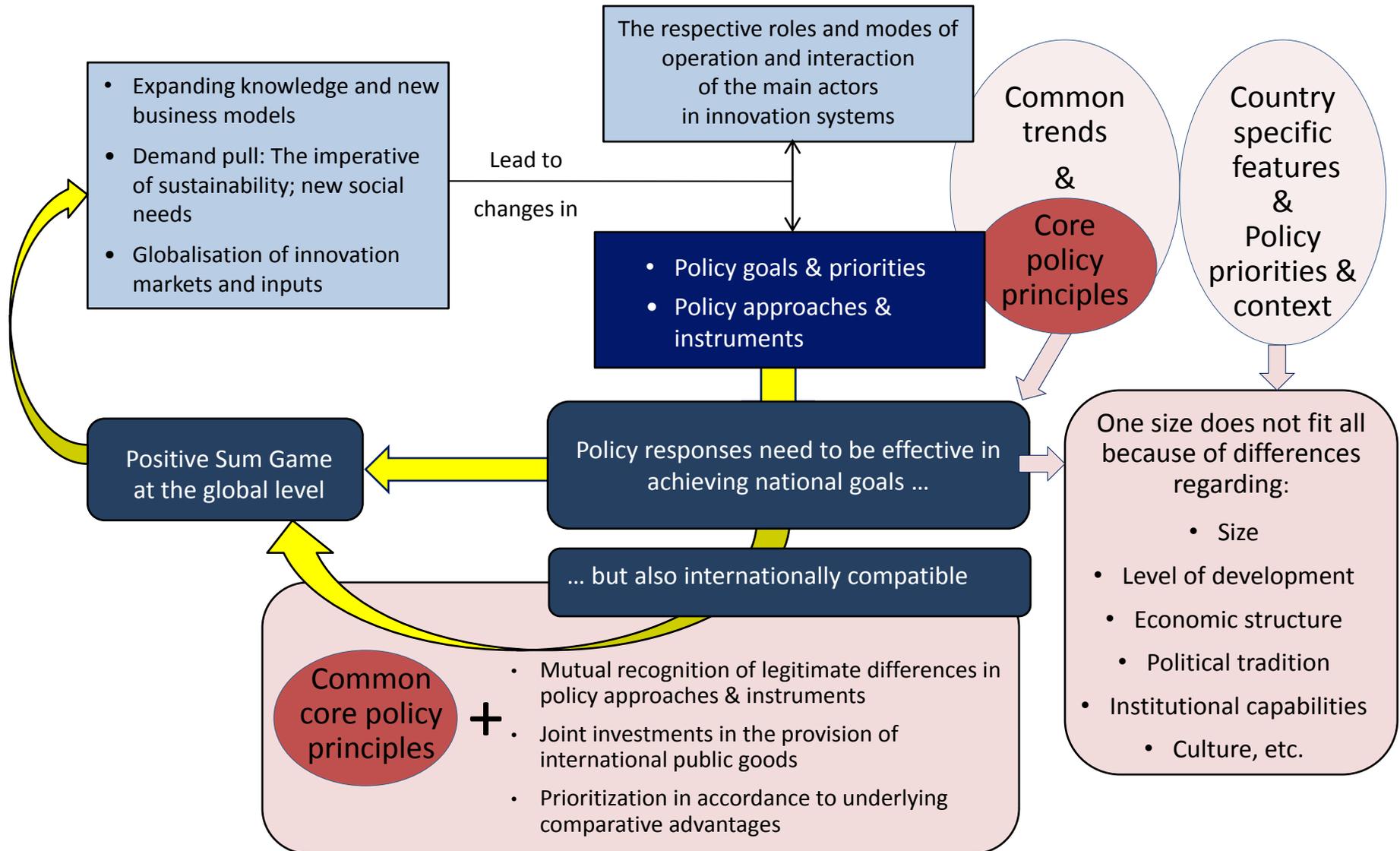
**Jean Guinet**

**Head, Country Studies and Outlook Division**

**OECD Directorate for Science, Technology and Industry**

**Roundtable on the Innovation Strategy, Istanbul, 4<sup>th</sup> June 2010**

# From common core principles to differentiated national policies that are internationally compatible

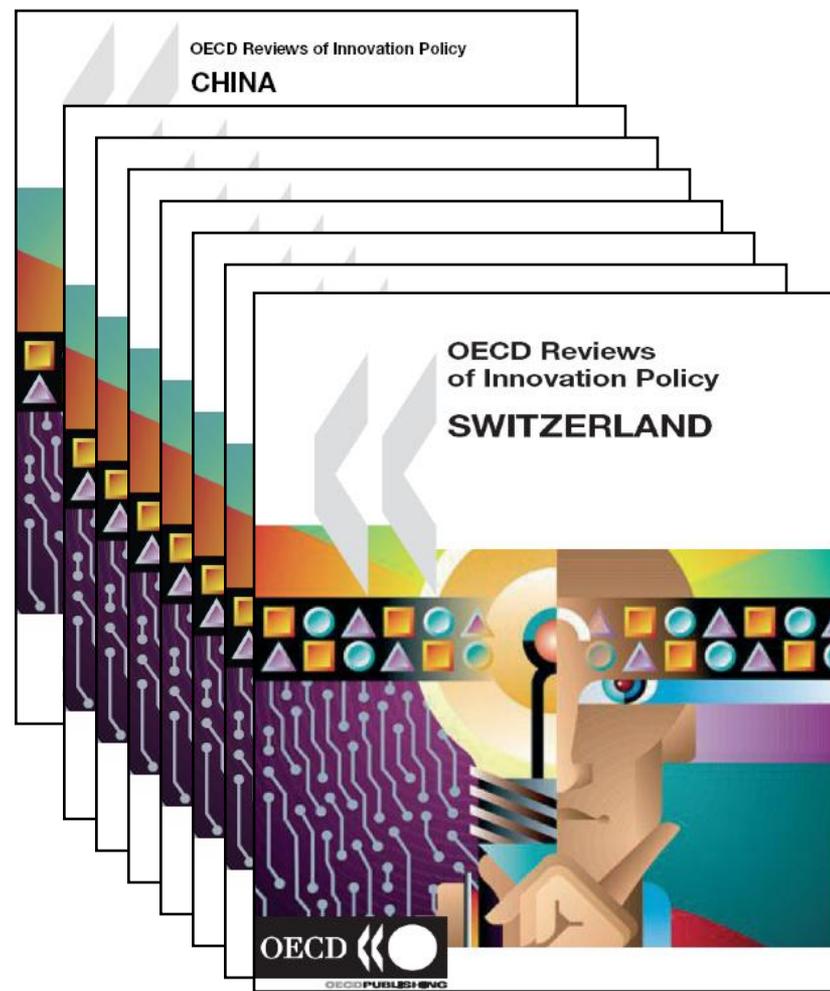


# Reviews of Innovation Policy: Objectives

- In 2005, the OECD/CSTP decided to “re”-launch a demand-driven programme of Country Reviews with three main objectives:
  - ✓ **“Additional service”**: help individual countries to derive more benefits from OECD work
  - ✓ **“Learning tool”**: deepen the understanding of priority issues in the area of science and innovation by analysing them in concrete national contexts
  - ✓ **“Outreach tool”**: facilitate the participation of selected non-member countries in mainstream OECD work and help diffuse OECD work
- The Reviews already undertaken provided key inputs to the work on the OECD Innovation Strategy
- The ongoing and upcoming Reviews will be now:
  - ✓ the key **“customizing tool”** in the follow-up work on the OECD Innovation Strategy, including the development of an OECD Innovation Policy Handbook

# Reviews of Innovation Policies: Current status

- Completed and published:  
Luxembourg, Switzerland,  
New Zealand, South Africa,  
Chile, Norway, China, Hungary,  
Korea, Mexico
- Ongoing and under launch:  
Greece, Russia, Slovenia, Peru,  
Turkey
- Others requested or under  
discussion, including with Brazil,  
Vietnam
- Regional Reviews: **South-East Asia**  
(ongoing), Latin America (under  
launch), MENA (under discussion)



See: [www.oecd.org/sti/innovation/reviews](http://www.oecd.org/sti/innovation/reviews)

# Review of Innovation in South-East Asia

- This Review is the first OECD innovation mapping in a trans-national region. The project was welcomed by the ASEAN Committee of Science and Technology (COST)
- In line with the decision by the OECD Ministerial Council Meeting 2007 to give high priority to outreach work with the SEA region
- Objectives:
  - ✓ Short term: 1) to uncover intra-regional and extra-regional S&T and innovation dynamics; 2) to provide country-specific information on the state and evolution of national innovation systems, including public policies, with a focus on Indonesia, Malaysia, Thailand, Singapore and Vietnam
  - ✓ Longer term: Establish a permanent platform for future OECD / ASEAN co-operation on Science, Technology and Innovation issues

# Some emerging lessons

- Firmer international consensus on the need for government to support innovation:
  - Not only by securing conducive framework condition ...
  - But also through active policies based on a broader rationale than the traditional market failure argument
- The adoption of a broader rationale (“cope with systemic failures”) creates new challenges in terms of policy coherence, and capability to manage a more complex set of instruments. The possibility of government failure increases with the scope of policy intervention
- International learning of good practices becomes therefore both more necessary and more difficult, given the variety of ongoing experiments in very diverse national contexts
- To facilitate such international learning the OECD ambitions to codify the knowledge gained through country reviews, notably in the framework of the planned Innovation Policy Handbook

# The innovation agenda of highly developed and emerging countries is converging

- A growing number of highly developed countries adopt more articulated and ambitious innovation strategies
- Economic development policy in countries as diverse as China, Chile, Korea, Mexico, South Africa or Vietnam reflects a change in the understanding of the role of and interplay between the creation and diffusion of technology
- The idea that countries need to “exhaust” their potential for catching up before entering “own” innovation and R&D activities is unhelpful
- This creates frictions of convergence: around IPRs, competition for talents, “forced technology transfer”, standards, etc.

The geographical scope and direction (South-South and no more only North-South) for international learning of best policy practices increases, as does the need for enhanced international co-operation in dealing with frictions and in producing the international public goods that are necessary to respond to global challenges

# But marginalization of low-income countries and low-skills in high-income countries is a risk

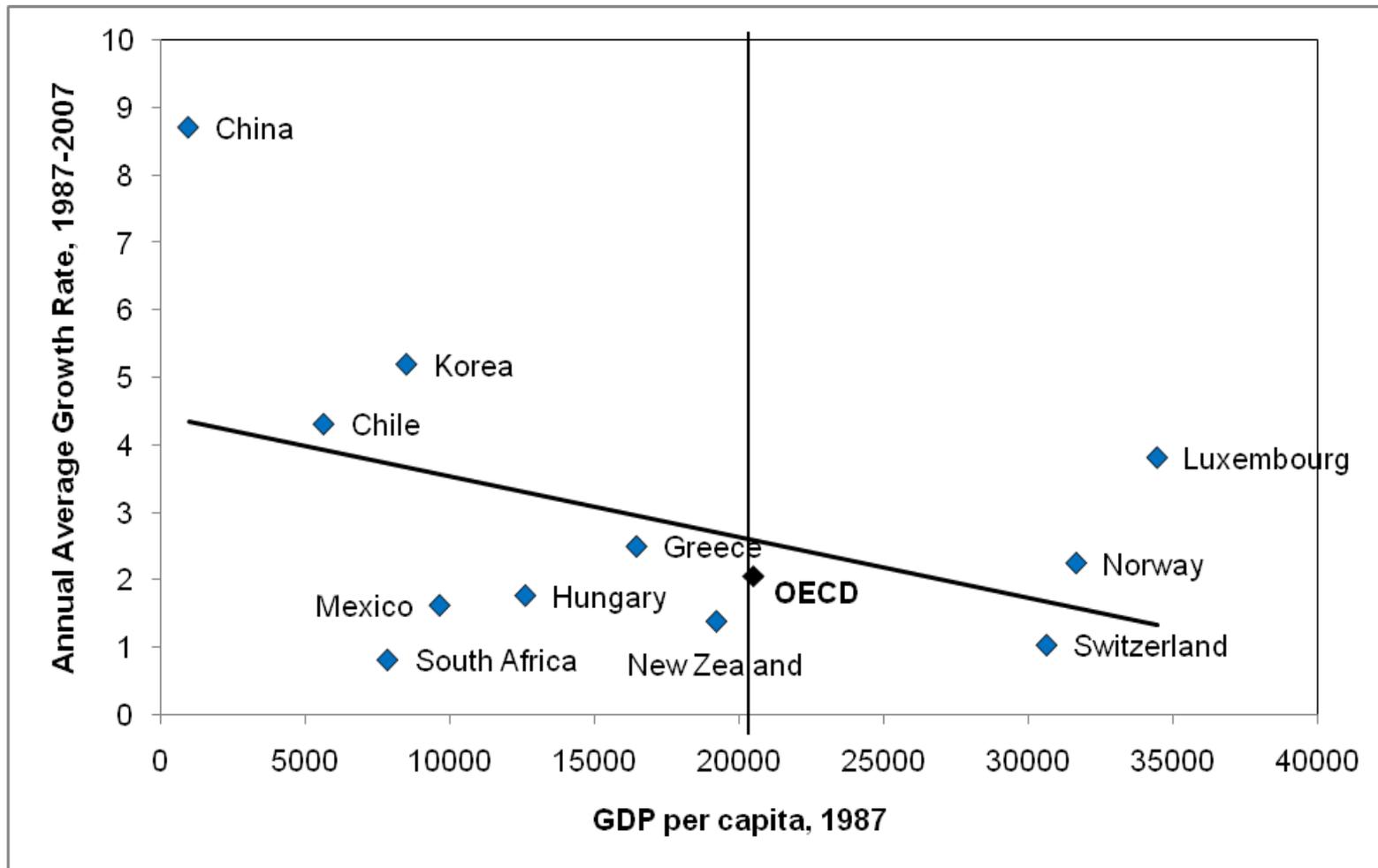
- Increasing returns on investment in knowledge may lead to geographical concentration of innovative activities
- Youngest populations are often located in areas with lower education and training capacities. Demand for low skills falls while global supply increases
- Growth strategy of rich countries / individuals contrasts with survival strategy of poor countries / individuals
- This creates conflicts of divergence within and among countries: immigration pressures, social unrest, insecurity, environmental damages (e.g. deforestation), counterfeiting and piracy, etc.

In addressing the risk of an « innovation divide » issues such as « innovation and development », « social impacts of innovation », or « socially inclusive innovation policy » should receive more attention

# Variety of countries already reviewed (1)

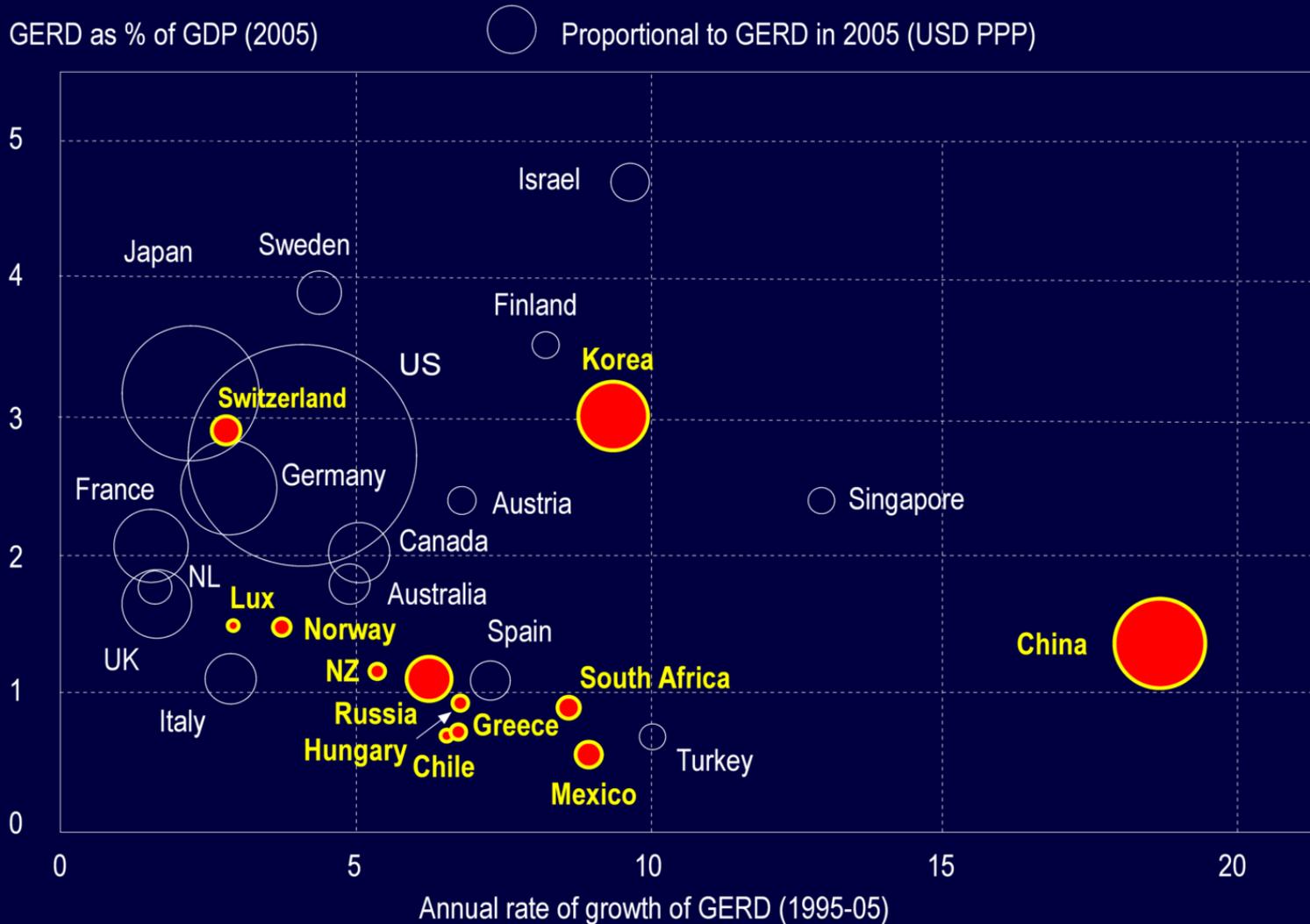
Level and pace of economic development

Initial conditions and medium-term dynamics in GDP per capita



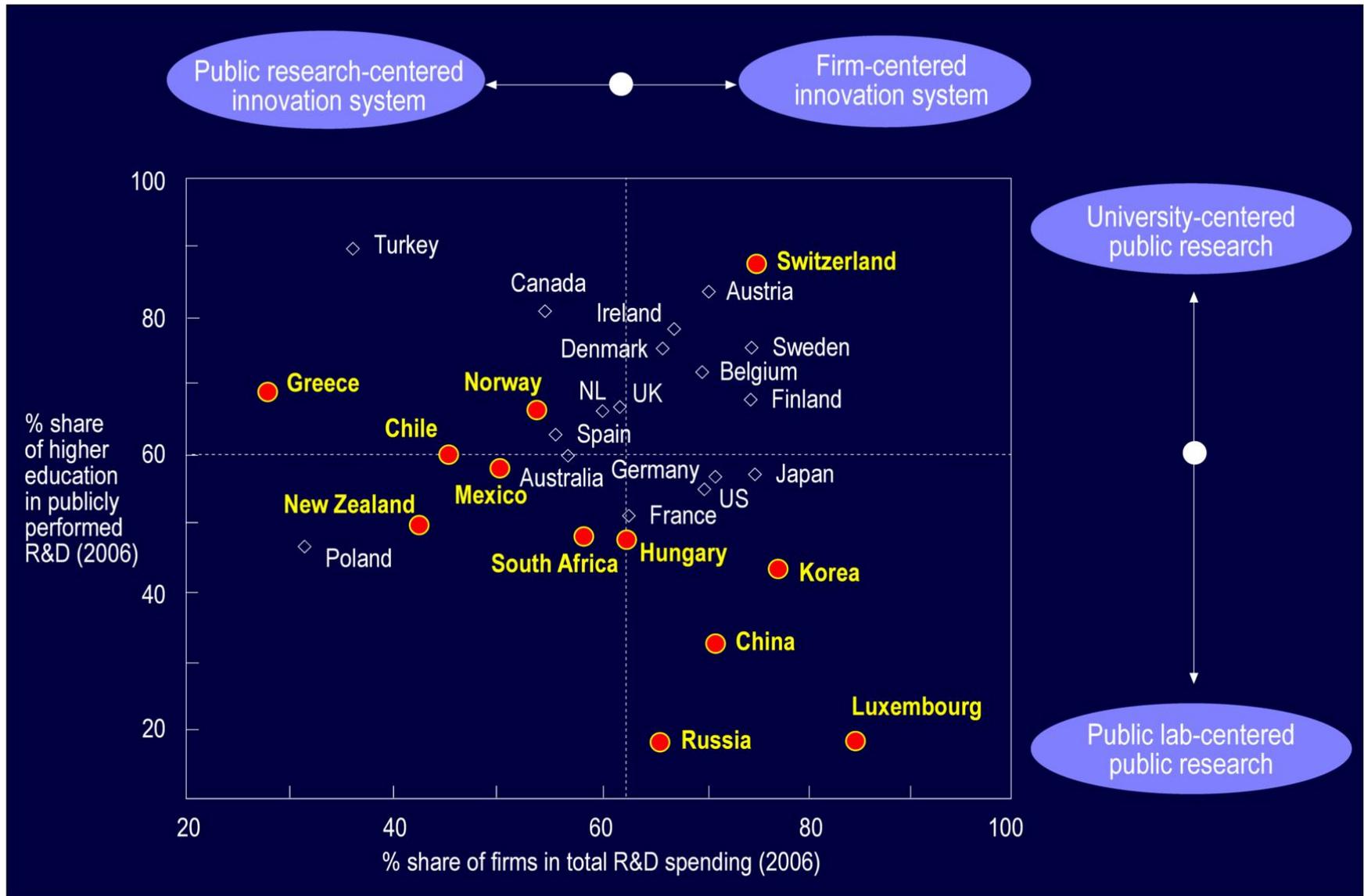
# Variety of countries already reviewed (2)

Size, growth and intensity of R&D expenditures



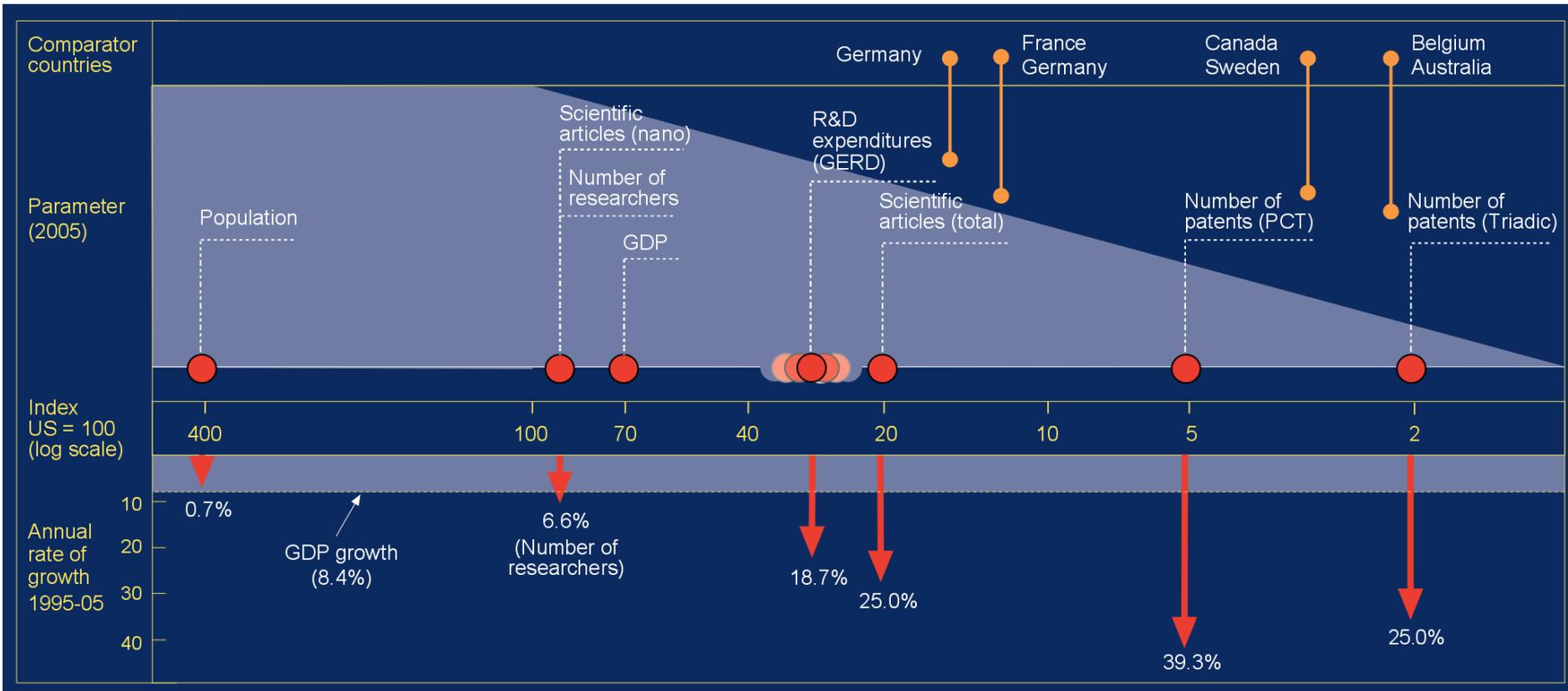
# Variety of countries already reviewed (3)

## Types of innovation system



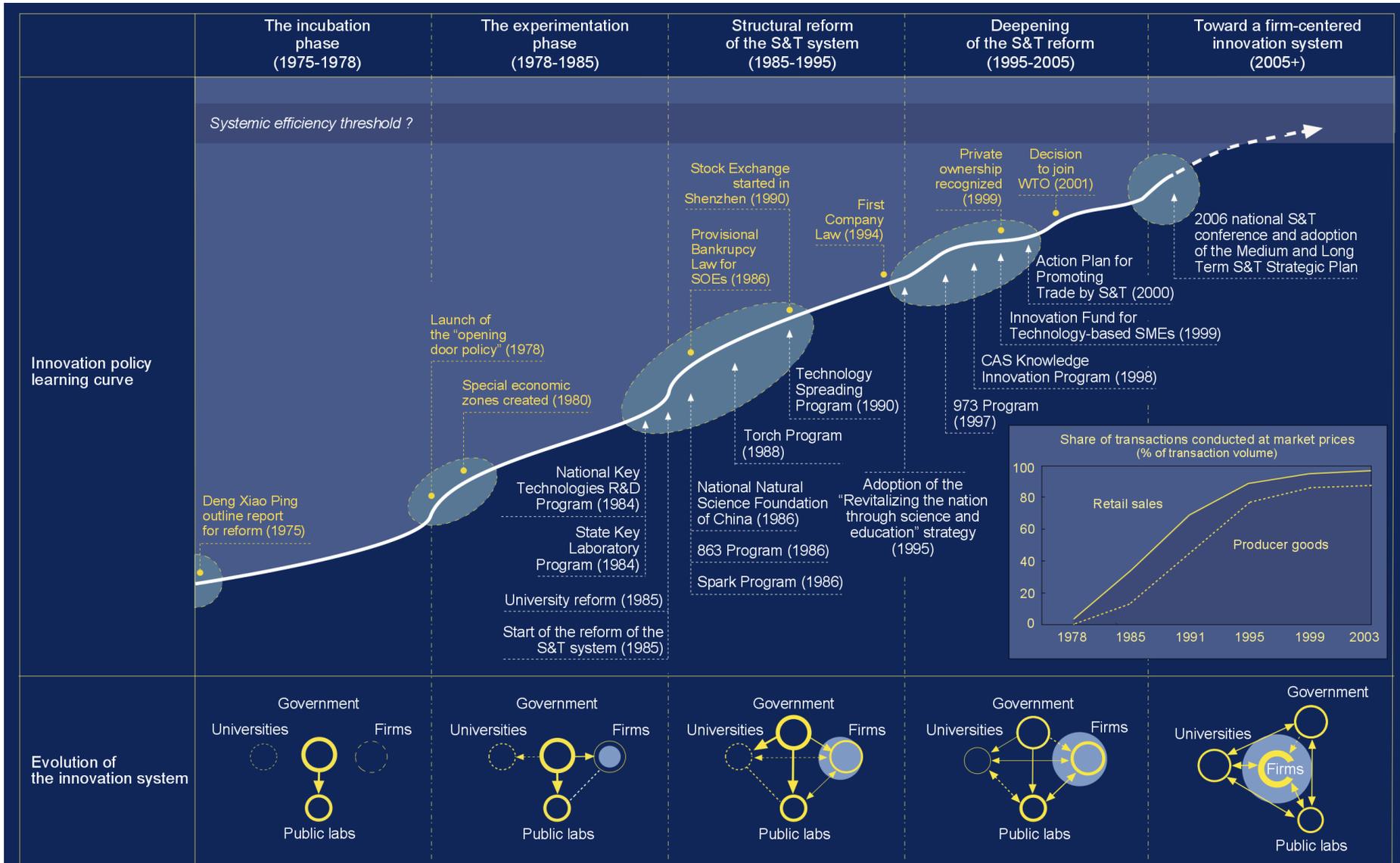
# Variety of countries already reviewed (4)

The high speed and depth of change in emerging economies may challenge international benchmarking: the example of China

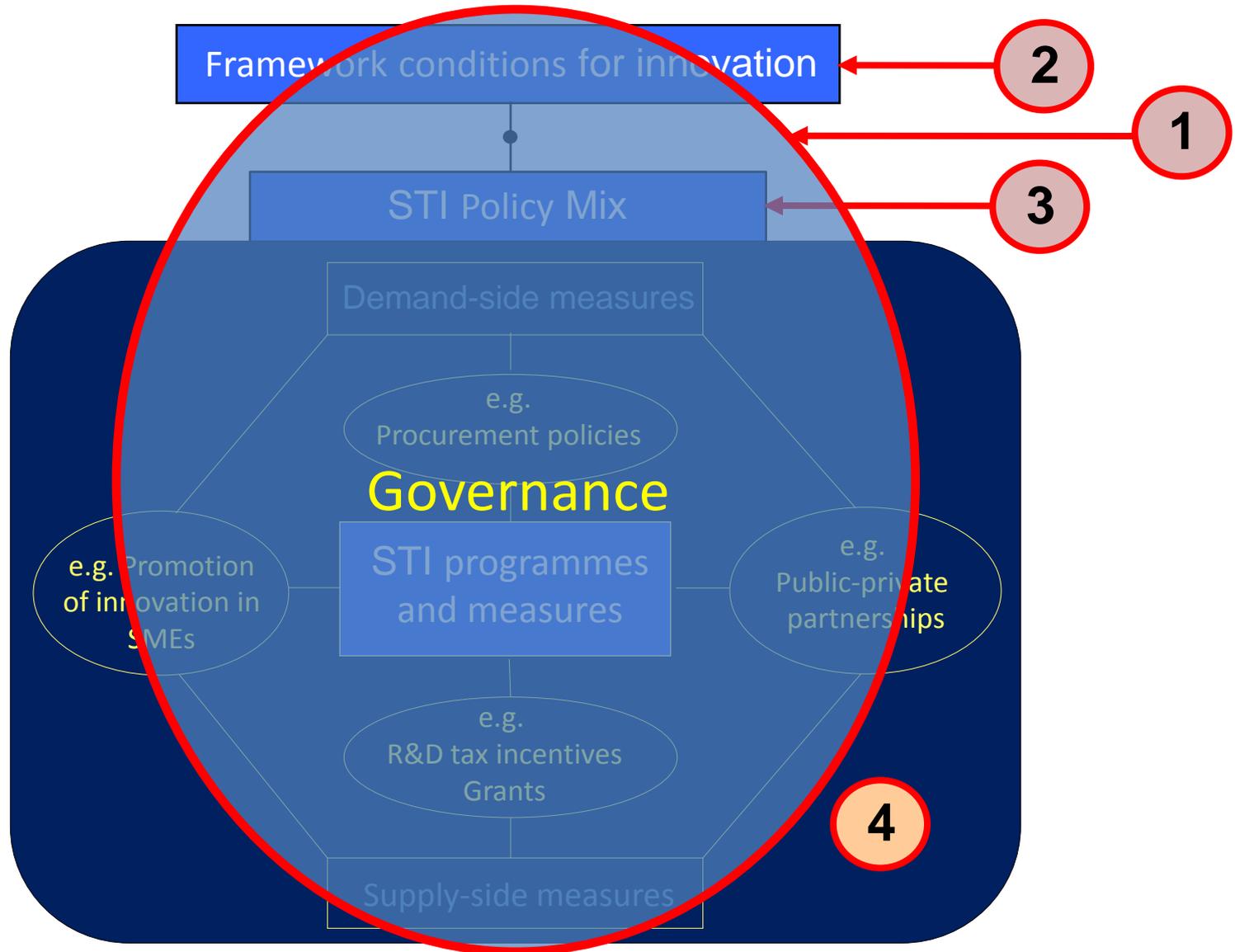


# Variety of countries already reviewed (5)

Institutional building, reforms and learning are key dimensions to take into account: the example of China

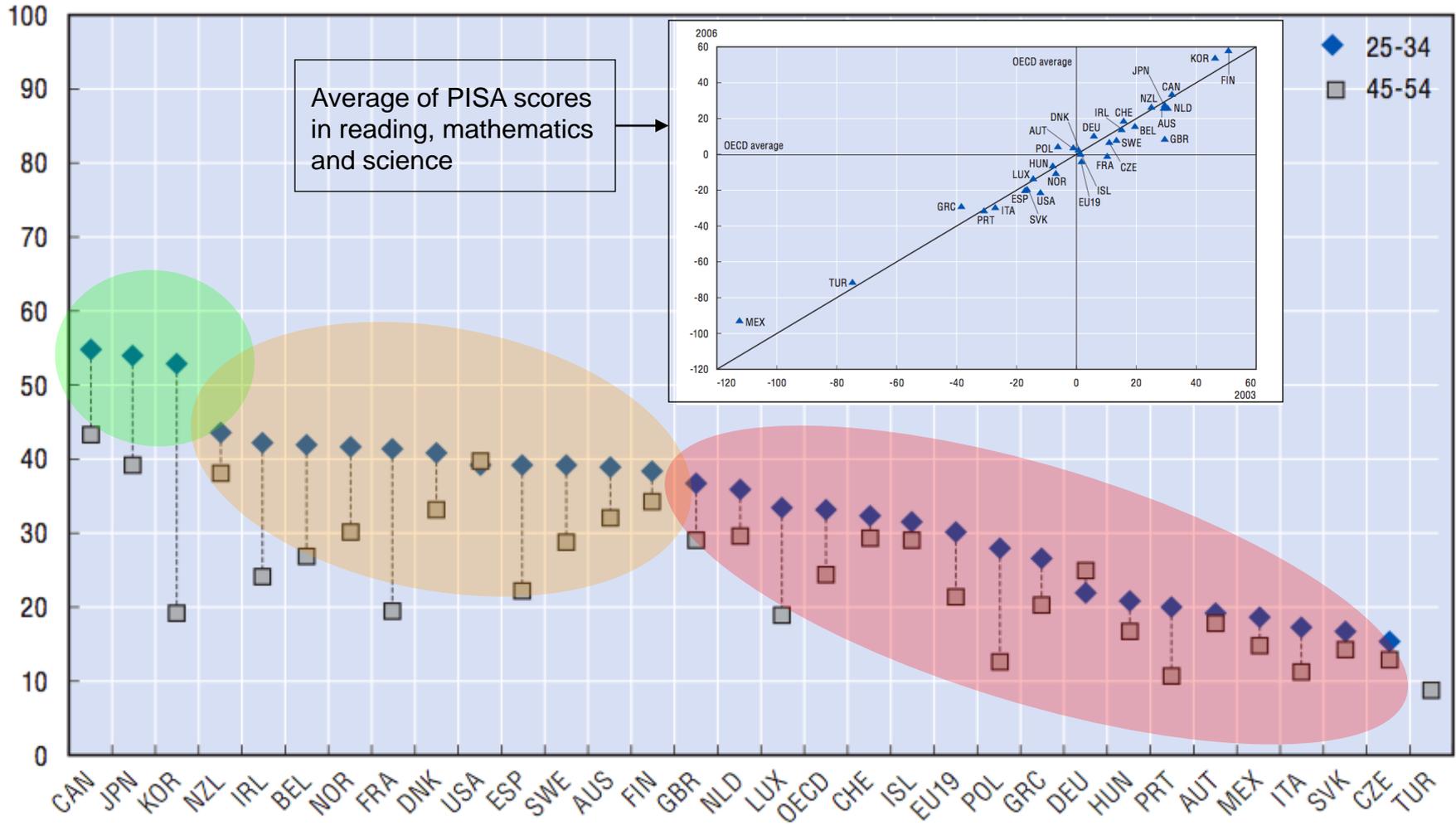


# Four levels of evaluation

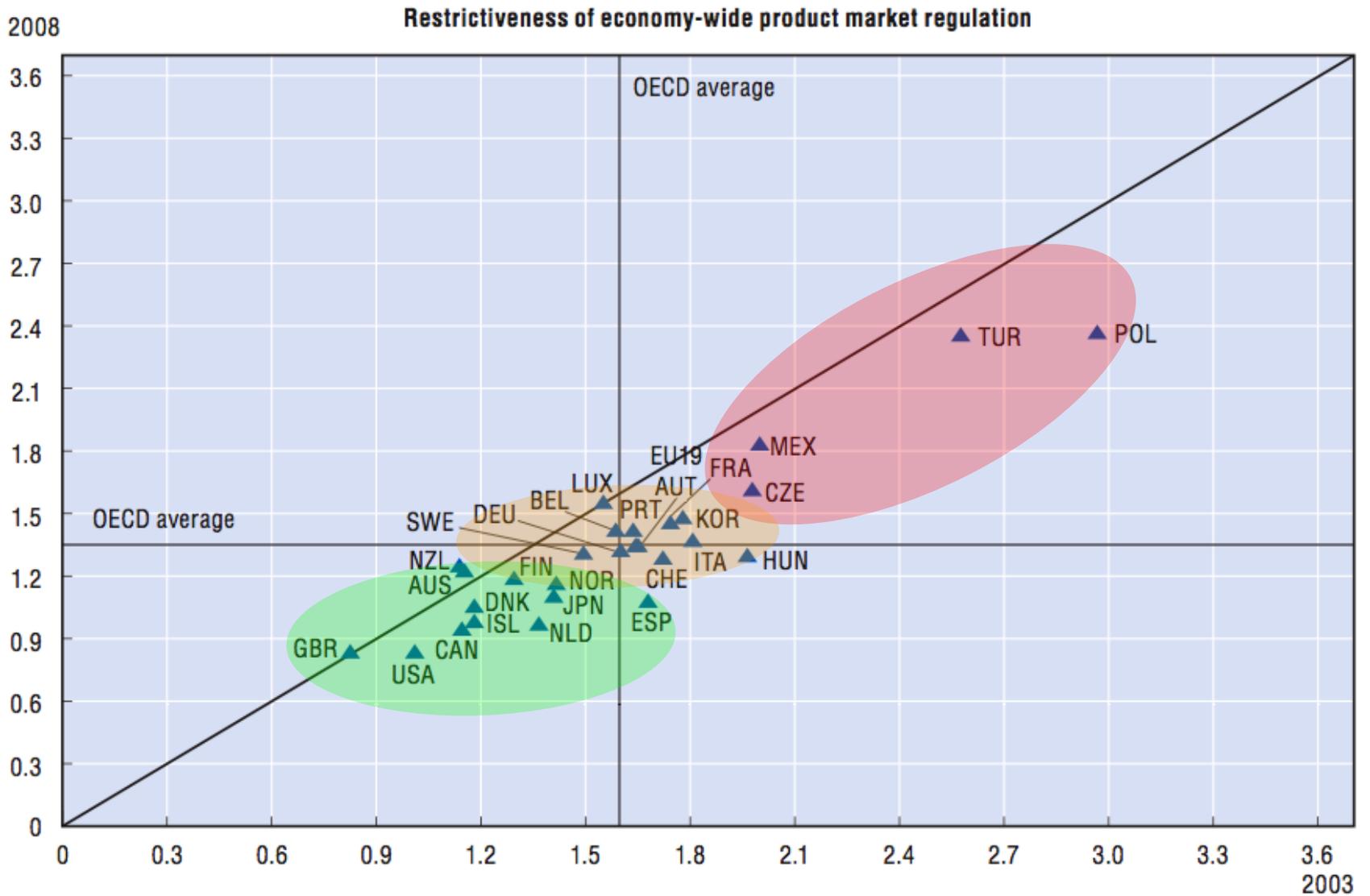


# Framework conditions (1): Educational achievements

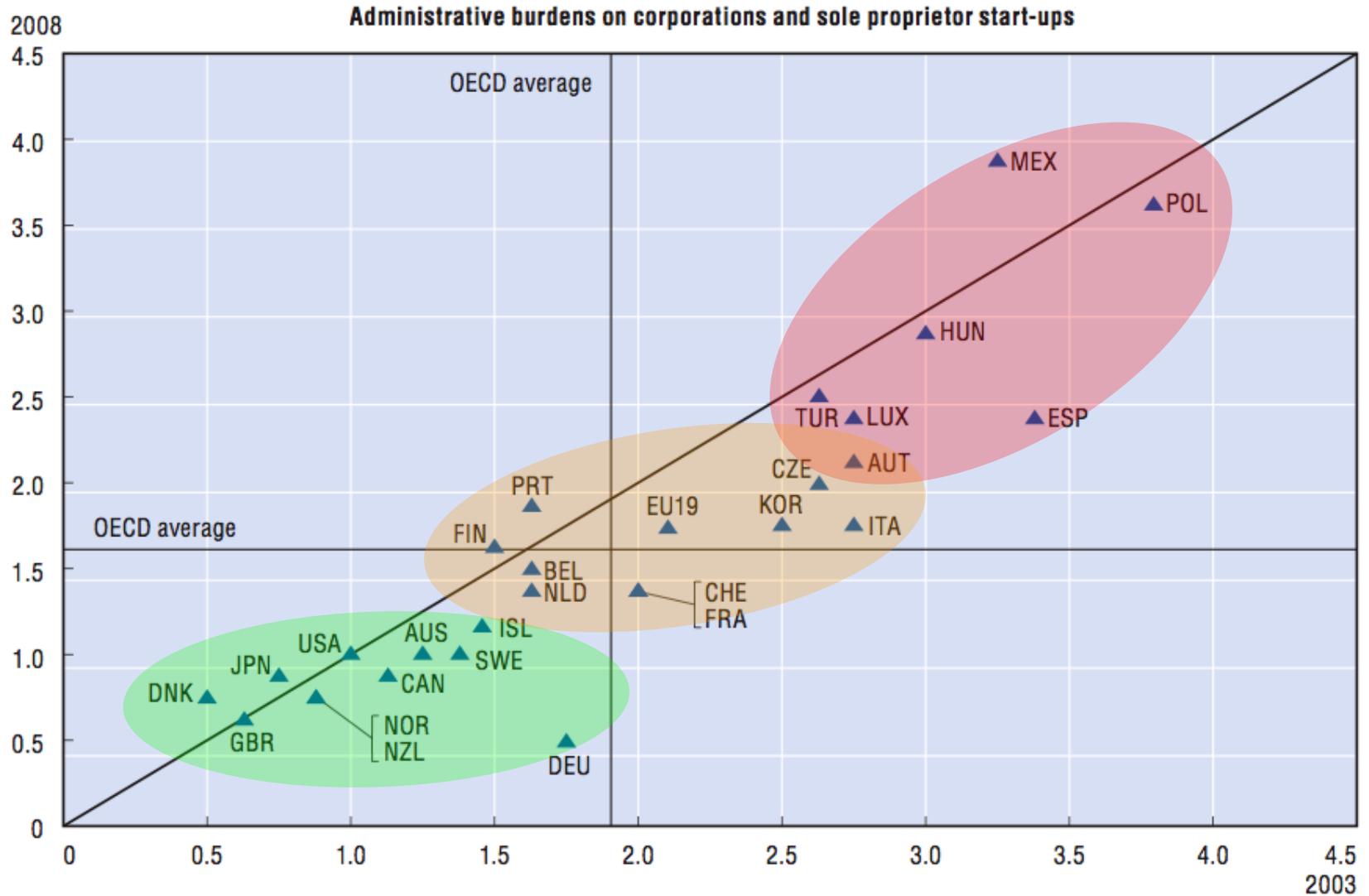
Percentage of population aged 25-34 and 45-54 with higher education, 2006



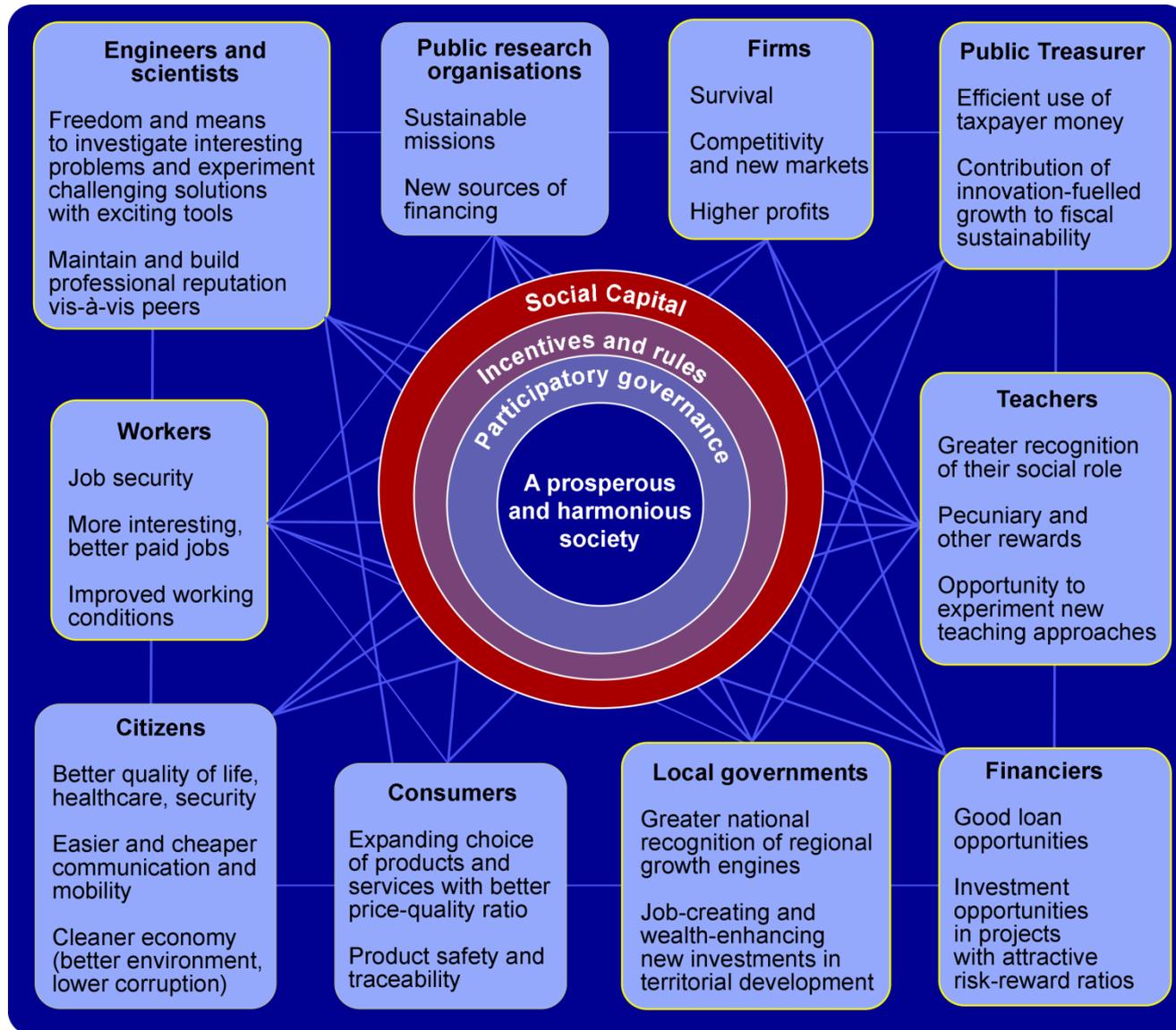
# Framework conditions (2): Efficiency of markets



# Framework conditions (3): Barriers to entrepreneurship

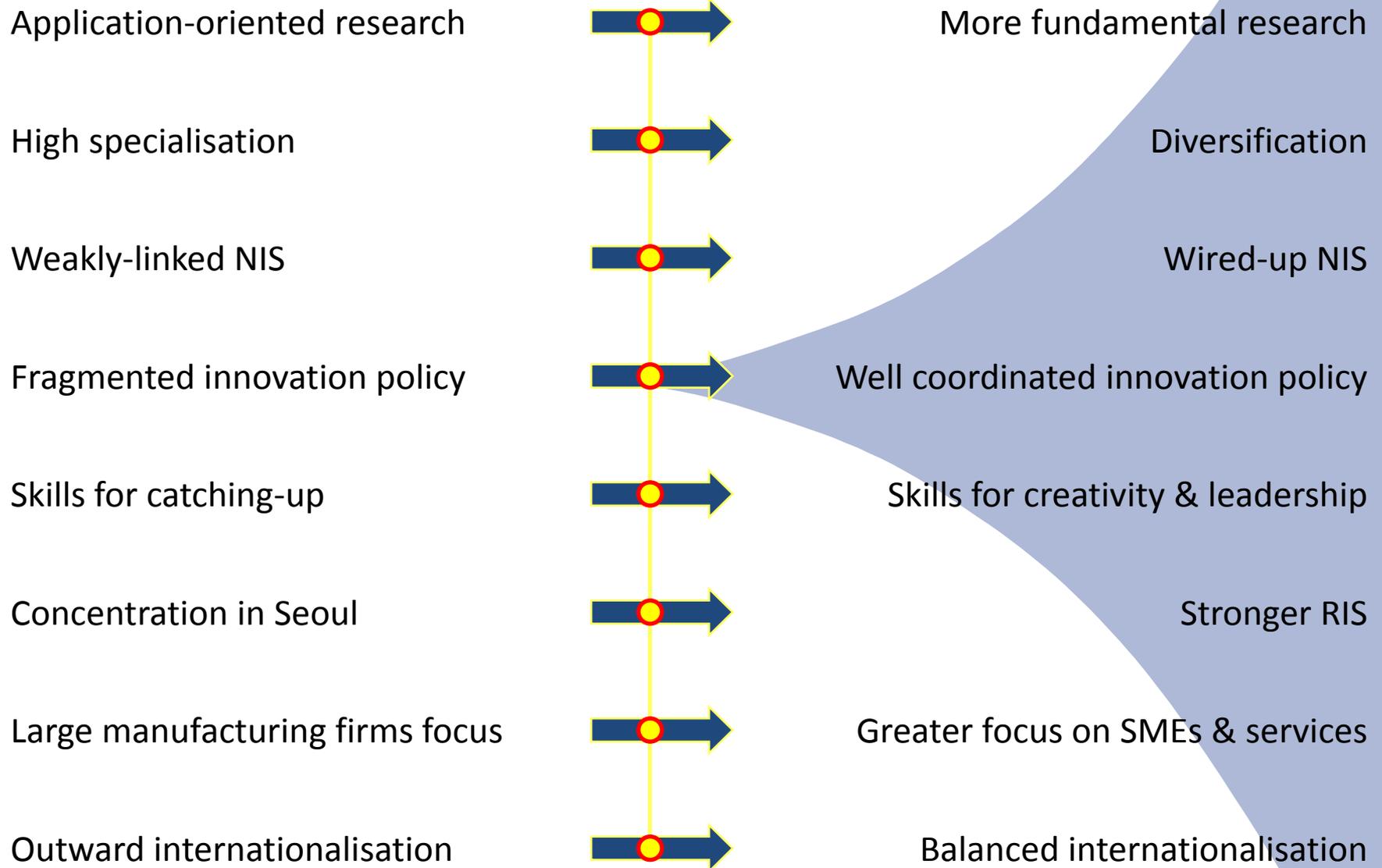


# Governance (1): Reconciling very diverse and, at time, conflicting expectations regarding benefits from innovation



## Governance (2): Defining overriding objectives

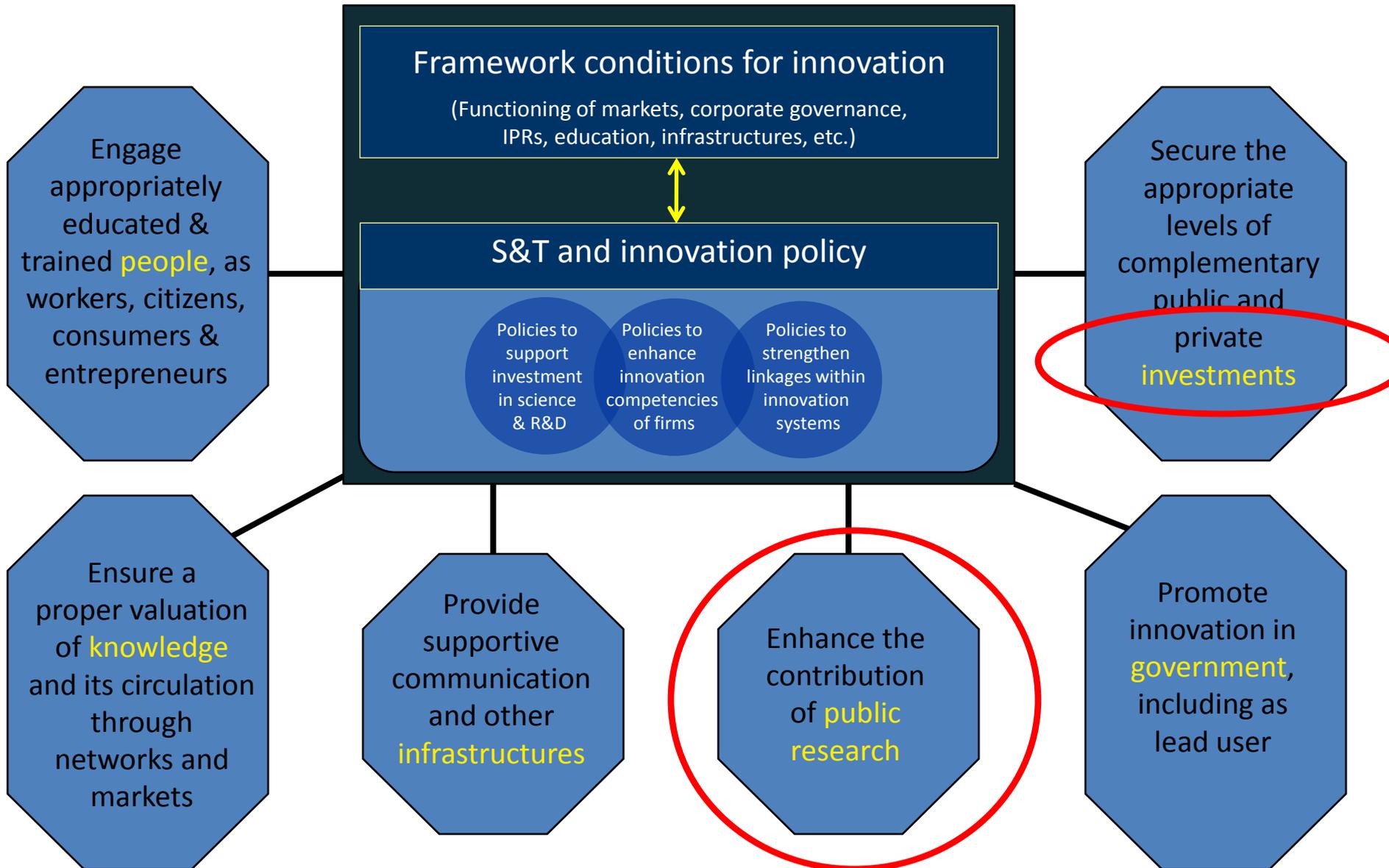
The example of Korea: Accelerating eight transitions to foster green growth



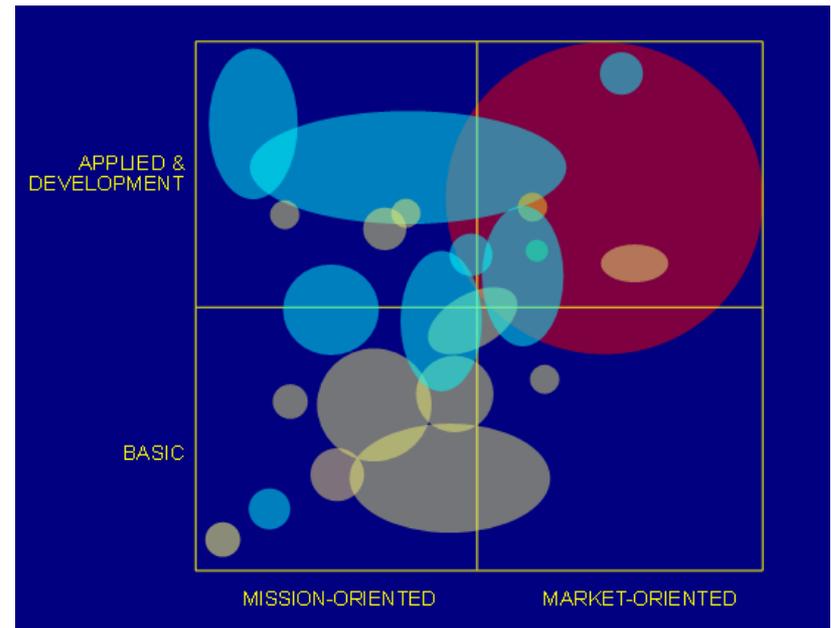
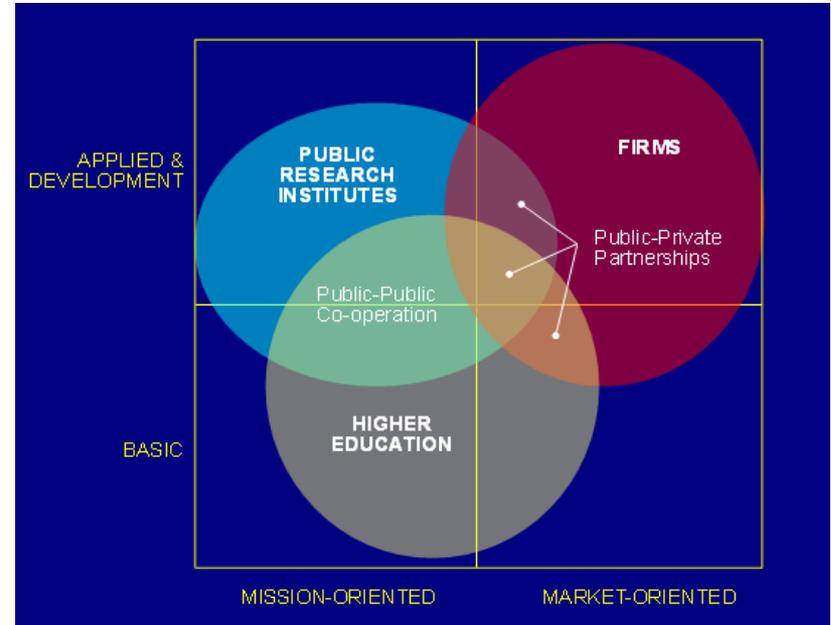
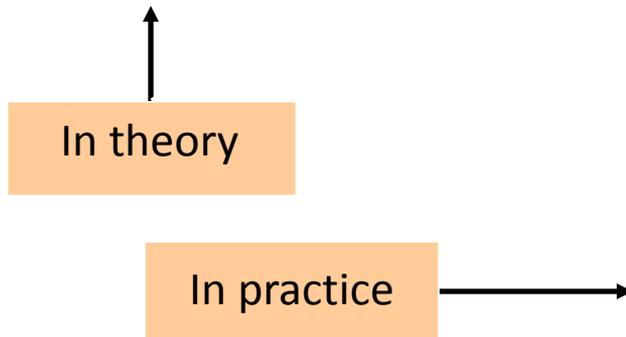
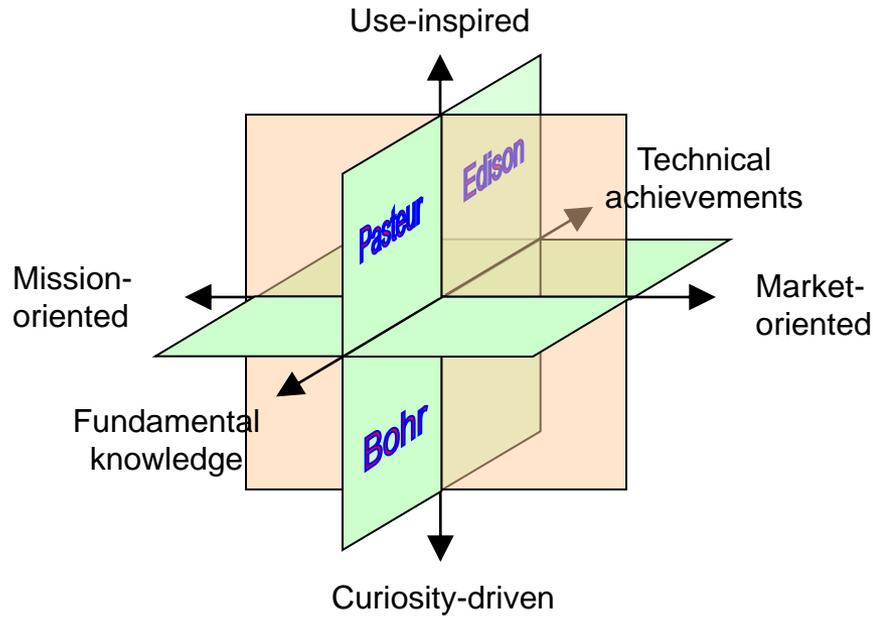
## Governance (3): Golden rules of success but country-specific institutional arrangements

- Vision, leadership, coordination and commitment
  - Develop a mobilizing vision through a participatory process engaging all main public and private decision makers
  - Coordinate relevant policies among different levels of government, including the international level
  - Secure budgetary resources to implement relevant public policies with a medium and long term perspective
- Legitimacy, efficiency and adaptability
  - Ensure the participation of all stakeholders in policy design
  - Develop and mobilise strategic intelligence in support of policy making
- Provide an efficient and stable platform anchored at the highest level of government, for coordinating actions
  - An Innovation Council (following the Finnish good practice) is a popular but not always effective solution; other arrangements can work (e.g. trust-based networks such as in Norway)

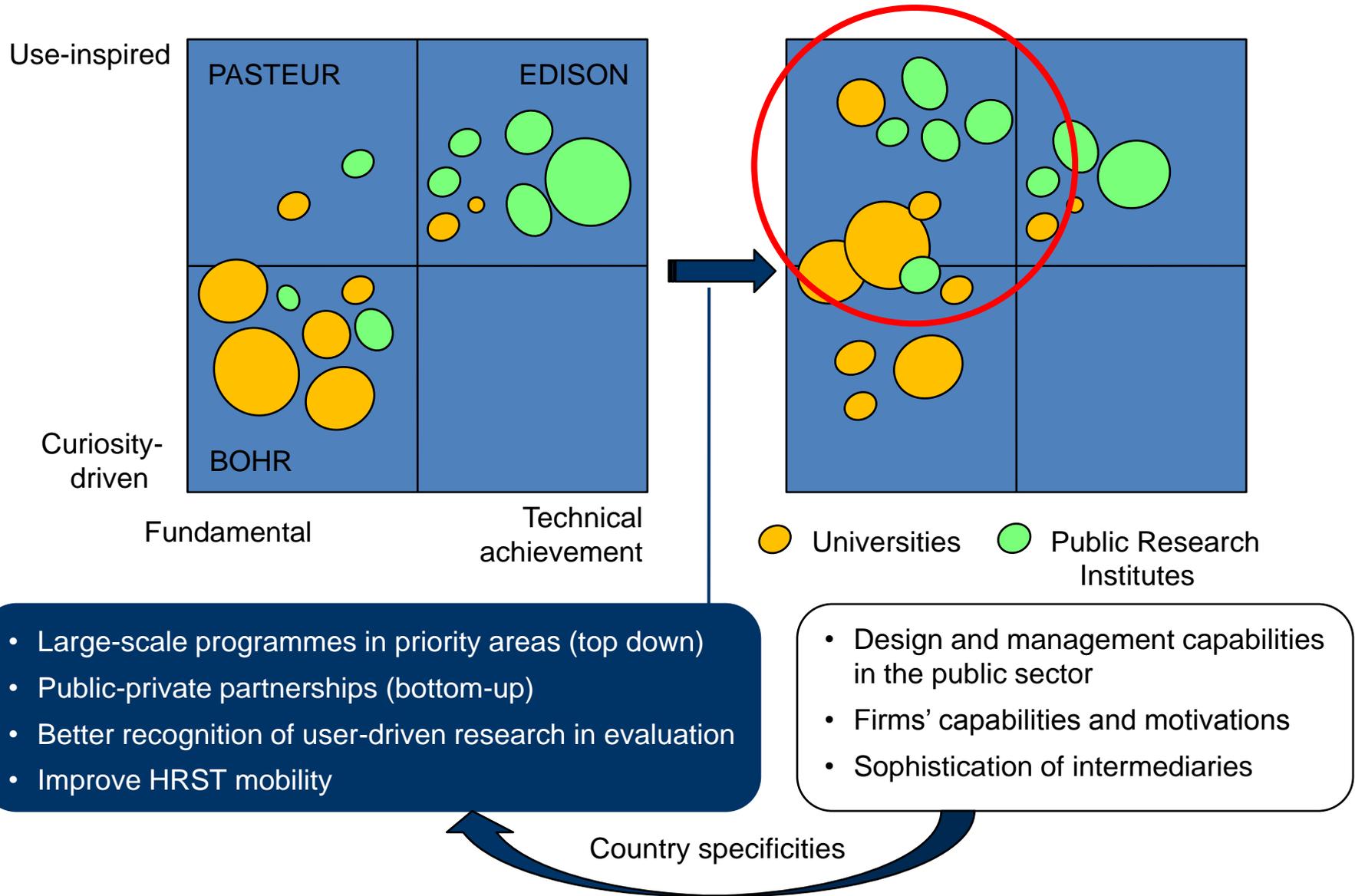
# Policy mix (1): Strategic tasks of innovation policy



# Policy mix (2): Clarifying the role of public research

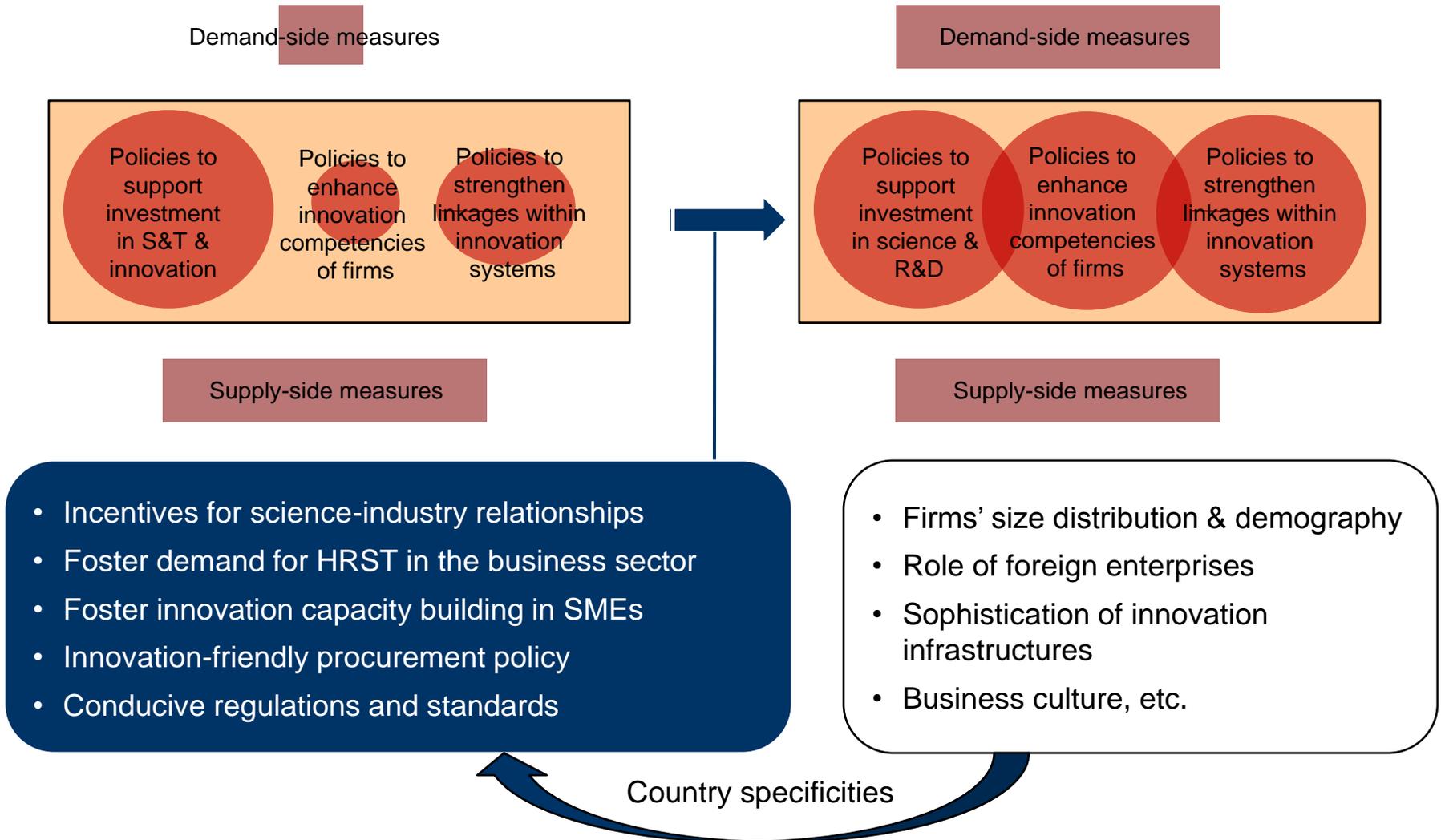


# Policy mix (3): Enhancing the contribution of public research to innovation



# Policy mix (4): Promoting business R&D and innovation

Rebalancing the main strategic objectives  
and demand-side *versus* supply-side measures



Thank you for your attention

[jean.guinet@oecd.org](mailto:jean.guinet@oecd.org)

[www.oecd.org/sti/innovation/reviews](http://www.oecd.org/sti/innovation/reviews)