



Outline

- ▶ Introduction
 - Innovation strategies in the OECD and in the European Union
 - What is innovation?
 - Innovation systems
- ▶ OECD Innovation Strategy (IS)
- ▶ IS Products - 2010
- ▶ Key findings
 1. Empowering people
 2. Unleashing innovation in firms
 3. Creating and applying knowledge
 4. Applying Innovation to address global and social challenges
 5. Improving the governance and measurement of policies of innovation
- ▶ Measurement Agenda
- ▶ Development Agenda
- ▶ Next steps

Introduction

- ▶ OECD Council at Ministerial Level OECD countries (2007)
 - New players in the market – Brazil, China, India, ...
 - Competition policy – innovation?
 - Aging population
 - Growth in productivity – innovation?
 - Health, education, training and immigration policies – innovation?
 - Global change
 - Sustainability or 'do no harm' – green innovation?
 - Conclusion: Innovation for sustainable productivity growth
- ▶ asked in 2007 for the Innovation Strategy for its meeting in May 2010

Introduction

- ▶ Parallel initiatives in European Union (EU)
 - Creating an Innovative Europe: Report of the Independent Expert Group on R&D and Innovation following the Hampton Court Summit (Aho report 2006)
 - *Putting Knowledge into Practice: A Broad-Based Innovation Strategy for the EU*, released in 2006
- ▶ Then (2008-2009) financial crisis
 - Bailouts – save the banks
 - Stimulus packages – build new and update old infrastructure
 - How to recover from the fiscal deficits – innovation?

Introduction

- What is innovation?
 - An *innovation* is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations*.
 - *Implementation* connects innovation to the market
 - The Oslo Manual supports **a language of discourse**

- The activity of innovation is not an isolated event

*Para 146 in OECD/Eurostat (2005), the 3rd edition of the Oslo Manual

Introduction

- **Innovation Systems**
- **A systems approach** is implicit in the **Innovation Strategy** and the **Oslo Manual**
 - Actors
 - Governments, education and health institutions, business, foreign institutions, ...
 - Activities
 - R&D, invention, innovation, diffusion of technologies and practices, HR development, ...
 - Linkages
 - Contracts, collaborations, co-publication, grants, monitoring, ...
 - Outcomes
 - Jobs, growth, wealth
 - Impacts
 - Wellbeing, culture change, global influence, ...
- The activity of innovation is **dynamic, complex, non-linear** and **global**

OECD Innovation Strategy

High-Level Observations

- ▶ Innovation involves a wide range of activities
- ▶ Science is not the least important, but
- ▶ Innovation encompasses **more than R&D**
- ▶ Collaboration is important – domestic and foreign
- ▶ Knowledge comes from many sources

IS Products - 2010

- ▶ *Key Findings*
- ▶ *The OECD Innovation Strategy, Getting a Head Start on Tomorrow* (analytical synthesis)
- ▶ *Measuring Innovation, A New Perspective*
- ▶ Thematic Reports
 - Two examples of many
 - *Innovation and the Development Agenda*
 - *Innovation in firms, A Microeconomic Perspective*

Key Findings

- ▶ Five areas
 1. Empowering people to innovate
 2. Unleashing innovation in firms
 3. Creating and applying knowledge
 4. Innovation to address global and social challenges
 5. Improving the governance and measurement of policies for innovation

1. Empowering people to innovate

- ▶ People are the basis for innovation
 - Curricula need to change to address innovation
 - Access to education and quality to increase
 - High quality tertiary education is essential
 - Vocational education to connect to the workplace
- ▶ Life-long learning matters
- ▶ Entrepreneurial culture to be fostered
- ▶ Remove gender differences

1. Empowering people to innovate

- ▶ Governments to facilitate mobility
- ▶ Support innovative workplaces
- ▶ Empower consumers
 - Consumer policy
 - Consumer education
 - Participation in and benefiting from innovation

2. Unleashing innovation in firms

- ▶ Main job growth from innovation is in firms
 - Reduce barriers to firm entry and exit
 - Neutral tax climate – not anti growth
 - Flexible labour market policies
 - Support SMEs
- ▶ Access to finance is critical for firms
 - Well developed financial markets
 - Ease of access for new and small innovative firms
 - Best practices in financial reporting
 - Consistent reporting of intangibles such as R&D, patents, software, databases, organizational capital...

2. Unleashing innovation in firms

- ▶ Sound framework conditions
 - Stable macro-economic policies
 - Open and competitive markets
 - To facilitate the spread of knowledge
 - Tax policies conducive to innovation
 - Sound framework conditions attract investment

2. Unleashing Innovation in Firms

- ▶ Foster markets for innovative products and processes
 - Governments can foster markets &
 - Efficient regulation
 - Public procurement
 - Public investment (Internet is an example)

3. Creating and applying knowledge

- ▶ Support public research
 - Science drives innovation
 - Excellence in public research institutions
 - New forms of finance
 - Improved technology transfer
- ▶ Foster Public Sector Innovation
 - All levels of government
 - New measurement issues

4. Innovation to address global and social challenges

- ▶ Improve international STI co-operation and technology transfer
- ▶ Predictable policy to support innovation in developing countries
- ▶ Advance innovation as a tool for development

5. Improving the governance and the measurement of policies for innovation

- ▶ Policy coherence by treating innovation as a central component of government policy
- ▶ Co-ordinate across regions
- ▶ Foster evidence based decision making and policy accountability by
 - Recognizing measurement as central to the Innovation Agenda

Measurement Agenda

1. Improve the measurement of broader innovation and its link to macro-economic performance
 2. Invest in high-quality and more comprehensive data infrastructure to measure the determinants and impacts of innovation
 3. Recognize the role of innovation in the public sector and promote its measurement
 4. Promote the design of new statistical methods and interdisciplinary approaches to data collection
 5. Promote the measurement of social goals and social impacts of innovation
- ▶ Rooted in Blue Sky II, OECD (2007)

Development Agenda

1. Getting innovation on to the development agenda
2. Improving knowledge about innovation policy for development
3. Building government capacities for innovation in developing countries
4. Enhancing the horizontality of innovation for development
5. Joint action by international organizations and donors

In Kraemer-Mbula and Wamae (OECD 2010)

Next Steps

- ▶ Consultation with OECD Member Countries
- ▶ Support for the agendas by OECD Committees
- ▶ Changing the way innovation is promoted, measured and discussed, including the use of high-level fora
- ▶ Keeping development on the innovation agenda and innovation on the development agenda.

Further Reading

- ▶ CEC (2010), *Europe 2020, A Strategy for Smart, Sustainable and Inclusive Growth*, Brussels
- ▶ Gault, Fred (2010), *Innovation Strategies for a Global Economy, Development, Implementation, Measurement and Management*, Cheltenham: Edward Elgar and Ottawa: IDRC.
- ▶ Kraemer-Mbula, Erika and Watu Wamae (eds), (2010), *Innovation and the Development Agenda*, Paris: OECD and Ottawa: IDRC.
- ▶ OECD (2009) *Innovation in Firms, A Microeconomic Perspective*, Paris: OECD.

Further Reading

- ▶ OECD (2010) at www.oecd.org
 - *The OECD Innovation Strategy, Getting a Head Start on Tomorrow*
 - *Measuring Innovation, A New Perspective*
 - www.oecd.org/innovation/
 - www.oecd.org/innovation/strategy
 - *Ministerial report on the OECD Innovation Strategy, Innovation to strengthen growth and address global and social challenges - Key Findings*
 - www.oecd.org/mcm20xx xx = 07, 09 and 10
- ▶ OECD (2007), *Science, Technology and Innovation Indicators for a Changing World, Responding to Policy Needs*, Paris: OECD.
- ▶ OECD/Eurostat (2005) *Oslo Manual – Guidelines for Collecting and Interpreting Innovation Data*, Paris: OECD. www.oecd.org/sti/oslomanual