

## Innovation for development: The challenges ahead (OECD Science, Technology and Industry Outlook 2012)

This chapter addresses three related aspects of innovation for development in developing and emerging economies. Why is it important for emerging and developing countries to encourage innovation? How can innovation affect social inequalities (inclusive development)? How can emerging and developing countries seize the opportunities offered by globalisation to harness innovation? In discussing the role of innovation for development it shows that innovation plays a fundamental role as a driver of growth and as a means of addressing social challenges. Notably, building up innovation capacity, promoting niche competences and gaining competitiveness in frontier industries are objectives that support growth. It looks at inclusive innovation and the implications for different groups in the society, with attention to innovative products for and by middle- and low-income households and the effects of innovation on productivity differences and inequality. The implications of the global context for these countries' innovation objectives are also considered. While openness offers opportunities to tap into global knowledge stocks, the development of innovation capacity in national industries requires supportive policy measures. The discussion also addresses trade-induced specialisation patterns and the question of industrial policies.

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