

Intelligent Demand: Policy Rationale, Design and Potential Benefits

Policy interest in demand-side initiatives has grown in recent years. This may reflect an expectation that demand-side policy could be particularly effective in steering innovation to meet societal needs. In addition, owing to constrained public finances in most OECD countries, the possibility that demand-side policies might be less expensive than direct support measures is attractive. Interest may also reflect some degree of disappointment with the outcomes of traditional supply-side measures. This paper reviews demand-side innovation policies, their rationales and importance across countries, different approaches to their design, the challenges entailed in their implementation and evaluation, and good practices. Three main forms of demand-side policy are considered: innovation-oriented public procurement, innovation-oriented regulations, and standards. Emphasis is placed on innovation-oriented public procurement.

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