



Innovation for Inclusive Growth

Caroline Paunov
Directorate for Science, Technology and Innovation
OECD
Innovation for Inclusive Growth
OECD-CII-WB-UNU
Delhi – 10-12 February 2015





Inclusive Innovations



Mobile money



“Assembly line” cataract surgeries



3D printing from waste



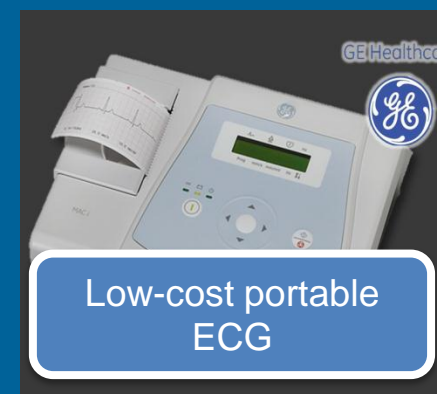
Off the grid electricity



2000\$ car



Community phone shop



Low-cost portable ECG



Inclusive Innovations



Mobile money



“Assembly line” cataract surgeries



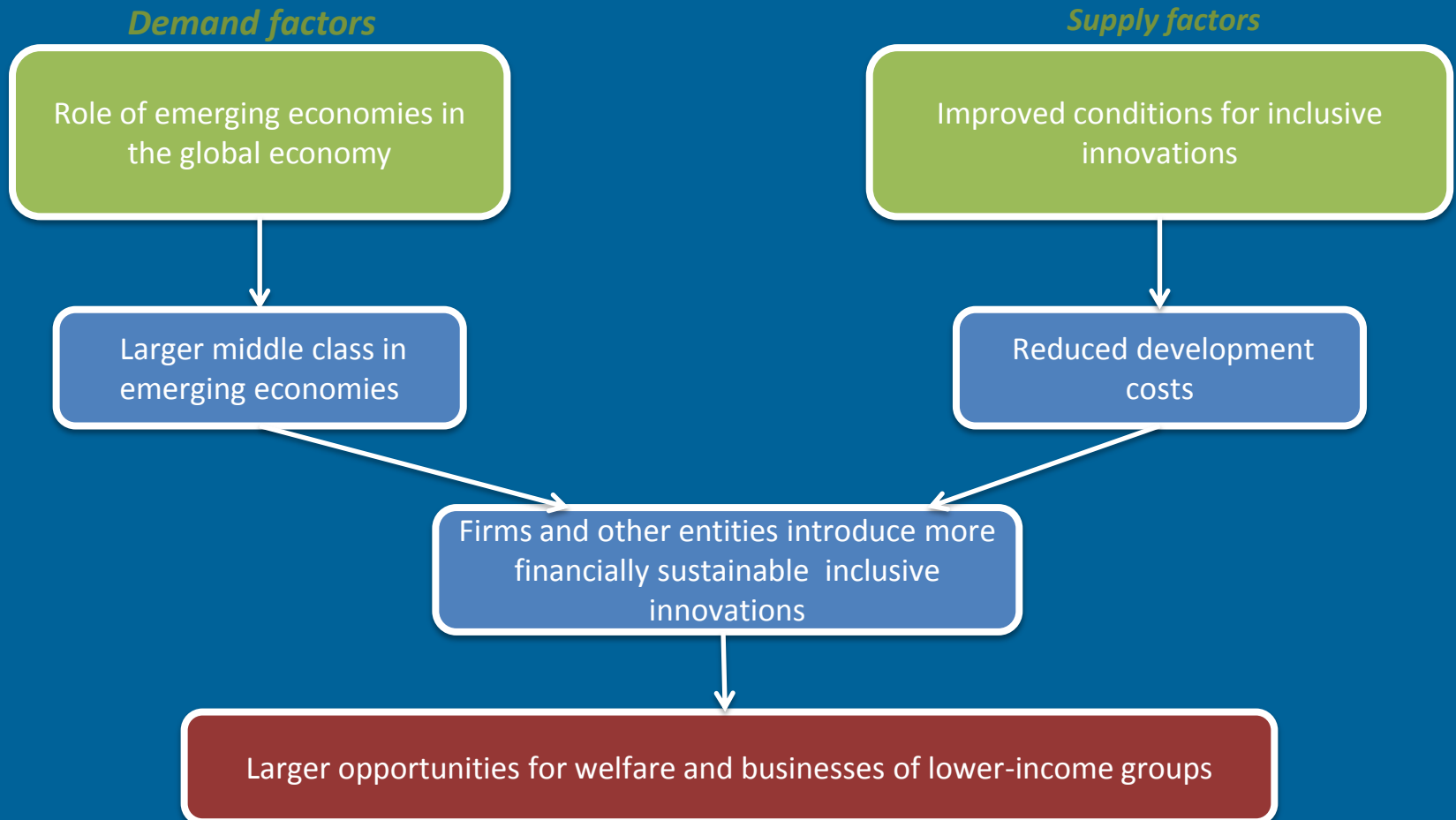
Community phone shop



Low-cost portable ECG



The Context for Inclusive Innovation





Distinctive Characteristics

Types and scale of innovations

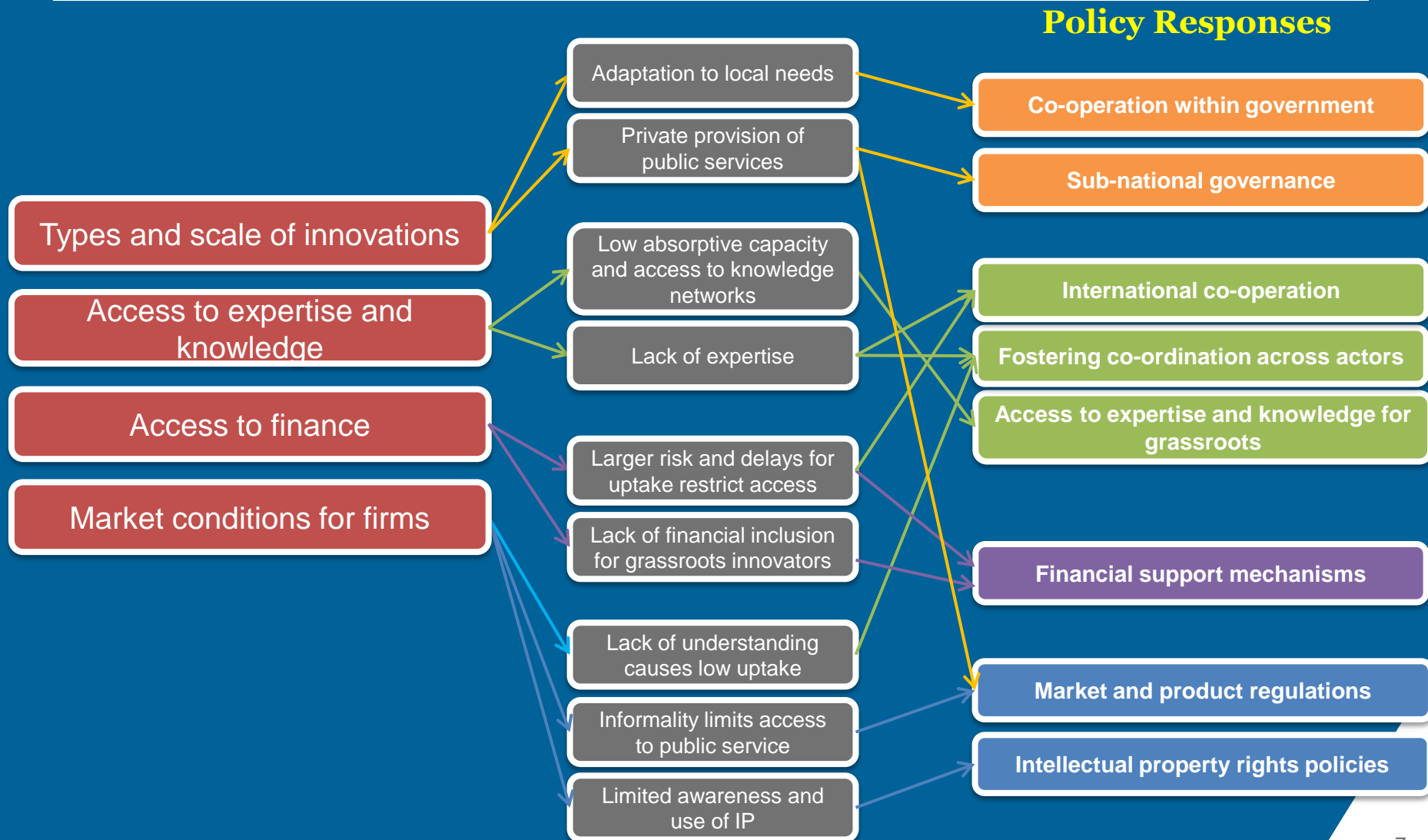
Access to expertise and knowledge

Access to finance

Market conditions for firms



Policy Approaches in Support





The Economics of Inclusiveness and Innovation

- Innovation-driven growth and **creative destruction**
- Global competition with “winners” and “losers”...
- Industrial and territorial inclusiveness **provide a link from innovation to social inclusiveness**

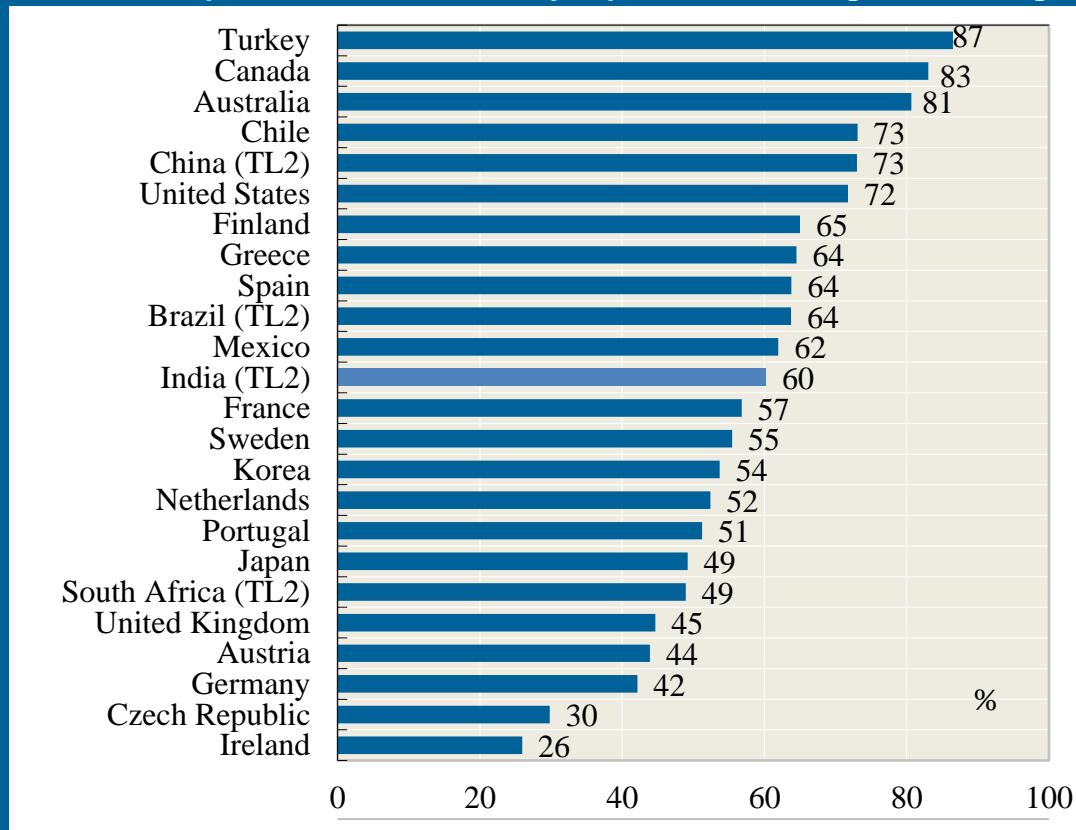




Industrial and Territorial Inclusiveness

- Concentration of innovative performance across actors within countries is substantial

National patent concentration by top 10% of TL3 regions, average 2008-10



What are the impacts
of **structural changes**
on the concentration
of innovation
activities?

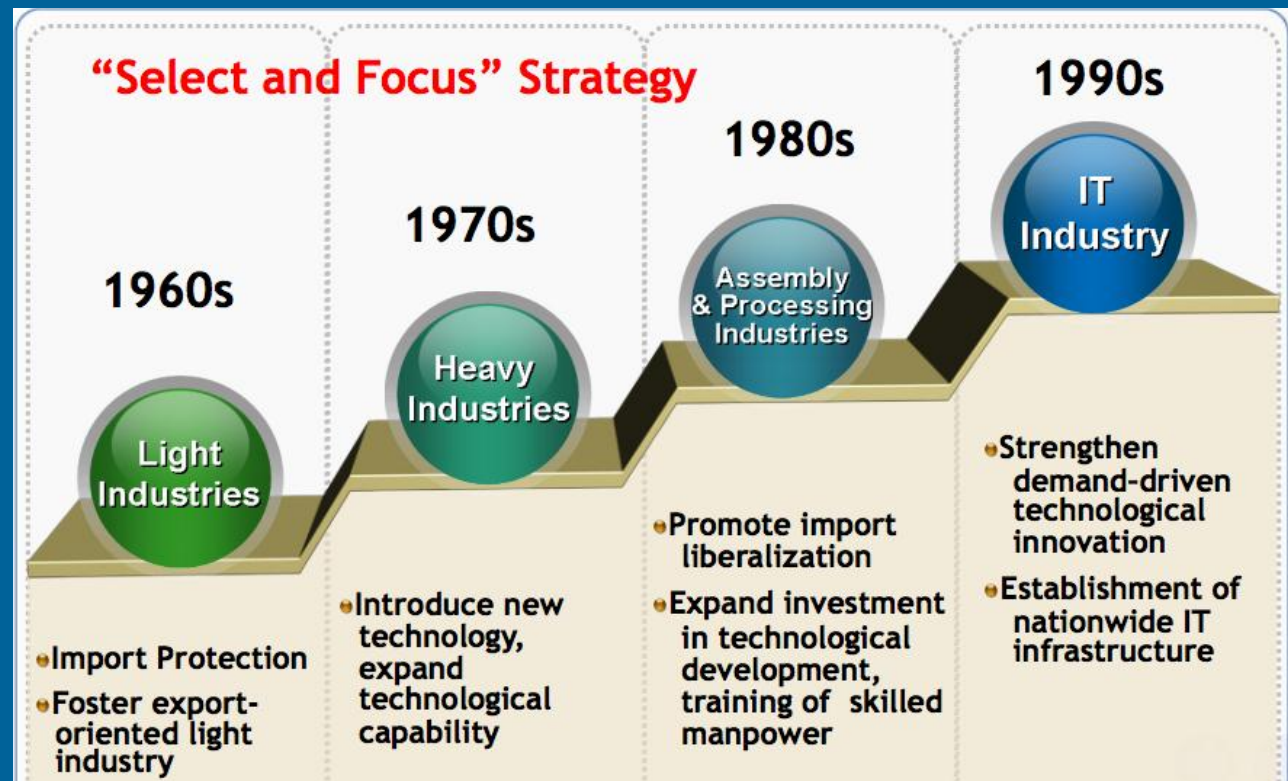


Implications for
for **inclusive**
growth



On the Importance of Being “Selective”

- Concentration of production in global value chains /quest for competitiveness
- Successful growth trajectories of the past: Korea





Increased Value from “Democratising Innovation”?

- **Not only technical innovation** is valuable & benefit of wider-spread contributions
- **ICT-based opportunities:** networks/platforms and reduction in “fixed costs”
- Increased **number of skilled individuals** can access demand more easily

INNOCENTIVE[®]

1-855-CROWDNOW • [Contact Us](#) • [Blog](#) | [Register](#) • [Login](#)

[My IC](#)

[Products/Services](#)

[For Solvers](#)

[Challenge Center](#)

[Resources](#)

[About Us](#)





Drivers of Policy Impacts on Inclusiveness?

The impacts of policies on inclusiveness depend on:
Strategic Objectives and *Outcomes*



Strategic Objectives impact on:

- ❖ “Democratisation of innovation”
- ❖ Concentration of innovation capacities
- ❖ “Trickle down” mechanisms



Business Conditions and Liberalization Effects on Indian Firms' R&D Investments

- **Largest firms only** benefits exceptionally from liberalization in less supportive environments

	Economic development		Financial development		Knowledge and skills base	
	High	Low	High	Low	High	Low
Liberalization*Smallest firms	-0.123 (0.088)	-0.056 (0.051)	-0.084 (0.064)	-0.043 (0.076)	-0.091 (0.113)	-0.067 (0.048)
Liberalization*Largest firms	0.052 (0.091)	0.185*** (0.059)	0.119 (0.074)	0.183** (0.074)	0.073 (0.121)	0.177*** (0.050)
Observations	7,597	8,610	8,277	7,930	4,792	11,415
R-squared	0.27	0.33	0.33	0.27	0.32	0.29

Source: Bas, M. and C. Paunov (2014), "The unequal effect of India's industrial liberalization on firms' decision to innovate: Do economic conditions matter?", *OECD Science, Technology and Industry Working Paper* [forthcoming].



Business Conditions and Liberalization Effects on Indian Firms' R&D Investments

- **Largest firms only** benefits exceptionally from liberalization in less supportive environments

	Economic development		Financial development		Knowledge and skills base	
	High	Low	High	Low	High	Low
Liberalization*Smallest firms	-0.123 (0.088)	-0.056 (0.051)	-0.084 (0.064)	-0.043 (0.076)	-0.091 (0.113)	-0.067 (0.048)
Liberalization*Largest firms	0.052 (0.091)	0.185*** (0.059)	0.119 (0.074)	0.183** (0.074)	0.073 (0.121)	0.177*** (0.050)
Observations	7,597	8,610	8,277	7,930	4,792	11,415
R-squared	0.27	0.33	0.33	0.27	0.32	0.29


Source: Bas, M. and C. Paunov (2014), "The unequal effect of India's industrial liberalization on firms' decision to innovate: Do economic conditions matter?", *OECD Science, Technology and Industry Working Paper* [forthcoming].



Initial Conclusions



- All economies face the **policy challenge of growth that is socially inclusive**
- **Innovation can contribute to the solution**, notably inclusive innovations & policy options exist
- **Innovation policies impacts** industrial and territorial inclusiveness



Caroline Paunov
Dominique Guellec
Cynthia Lavison
Isabel Vogler